
Excellence is a Habit Not An Act
(Aristotle)

Sub Contents

Operational Review

Risk Management

"In comprehensively managing risks, Danamon has implemented Integrated Risk Management to identify, measure, monitor and control the various risks in each business line and supporting function of Danamon and its subsidiaries."

Integrated risk management takes into account the relationships between one risk and the other, both for the Bank as well as its subsidiaries, individually and integrated as a financial conglomerate, which cover all risks faced by Danamon and its subsidiaries in conducting business activities.

RISK MANAGEMENT PILLARS AND PRINCIPLES

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

First Pillar Good Corporate Governance

Involving the monitoring and supervision of the Board of Commissioners, Board of Directors, and Syariah Supervisory Board (for the Syariah Business Unit) and the establishment of 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. All business lines and their supporting functions operate based on such guidelines.

Third Pillar Risk Management Standards

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

Fourth Pilar Accounting Standards

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

Fifth Pilar 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 Pilar 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 certifications issued by a Professional Certification Agency accredited by regulators.

Seventh Pilar Risk Awareness and Culture

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

Three Lines of Defense

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:

Supervision of the Board of Commissioners		
Supervision of the Board of Directors		
First Line of Defense	**Second Line of Defense**	**Third Line of Defense**
• Business Unit • Support Function	• Integrated Risk Management • Compliance	• Internal Audit
Business unit and support functions as risk owners are the first line of defense with responsibility in daily risk management in each work unit.	Integrated Risk Management and Compliance Division are the second line of defense to perform risk management monitoring functions independently.	Internal Audit is the third line of defense responsible for control through tests and independent audits on the accuracy of business unit and supporting units processes as well as ensuring that they carry out functions and responsibilities in accordance with the existing policies and procedures.

Integrated Risk Management

Danamon's integrated risk management is formulated by consolidating all risks to anticipate possibilities of interaction between one risk exposure and another, ensuring that all different types of risks, both on and off balance sheet, will be managed effectively.

The implementation of Integrated Risk Management will ensure that Danamon has applied a comprehensive approach towards all types of risks, assessed and recorded all risks accurately, monitored and reported all risk exposures adequately, managed risks in a structured and appropriate manner in each business line, implemented risk management consistently in accordance with the policies, and maintained adequate systems and technology to manage risks, as well as having adequate and competent human resources to manage risks at all levels and business lines.

RISK MANAGEMENT GOVERNANCE POLICY

In implementing the risk management framework, Danamon has a set of risk management policy to identify and analyze risks faced by the Bank, establishing the adequate risk limits and controls, as well as monitoring the risk and compliance with the established limits. The risk management policy and system are reviewed periodically to reflect changes in the conditions of the market as well as the products and services being offered.

Danamon's Integrated Risk Management Policy has been reviewed and approved in line with the Regulations of Financial Services Authotiry ("OJK"). This policy serves as reference in managing integrated risk management in the Bank and its subsidiaries. In addition, in accordance with the Regulation of OJK on risk management of subsidiaries' activities, subsidiaries have risk officers and the Bank, through its risk management, monitors 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 risk policy principles, which serve as reference for Danamon credit businesses. This Group is also responsible for defining and updating the policy and procedural umbrella to identify, measure, analyze, and control the risks in all business lines. The Integrated Risk Management Group then disseminates the risk strategies and policies to all relevant business units in an effort to create a sound risk culture and risk awareness in Danamon and its subsidiaries

Danamon integrated risk management practices enable management to manage risks of all 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 business strategies. Additionally it also enhances the quality of the risk management process, thus improving capital management effectiveness and efficiency.

Integrated risk management leads to the establishment of a risk appetite or tolerance limits that the Bank may absorb within a portfolio, in line with thorough consideration of the cost of the risk as reflected in the magnitude of the anticipated risk while simultaneously supporting 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. Allowing the entire Company to be aware that risk management is essentially a common responsibility.

Risk Culture

A strong risk management culture can be created if all employees are aware of and understand the risks they encounter in all of their activities. On that account, Danamon is determined to nurture a combination of unique values, trust, implementation, and management supervision that will ensure that Danamon's operations will be conducted in a prudent manner, based on best practices.

The risk culture 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.

- Compliance with all policies, procedures, and applicable laws and regulations.

Danamon is determined to consistently nurture the awareness of a risk culture at all organizational levels through:
- Communication on the importance of managing risks.
- Communication on the level of Bank risk tolerance and anticipated risk profiles through setting limits 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's Risk Appetite Statement articulates the level and nature of risk that the Bank is willing to take in order to achieve its articulated mission on the behalf of its shareholders, subject to constraints imposed by regulators. 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.

SPECIFIC RISK MANAGEMENT

Risk Management for New Products and Activities
In accordance with the Bank Business Plan, Danamon has formulated policies on regulating the issuance and monitoring procedures of products as well as implementing risk management on new products/activities in accordance with prevailing regulations.

New products are prepared and recommended by the Business Unit and/or Product Unit and/or subsidiaries who own the products. Integrated Risk Management together with other relevant divisions such as Legal and Compliance Division will perform a review of the new products. The Product Program will also undergo a compliance test before being launched. Product approval authority is categorized based on the level of risk, where the President Director must approve high-risk products. The level of risk is evaluated based on product performance, target customers, complexity of operational processes and market conditions. Syariah products must also get clearance from the Syariah Supervisory Board.

Syariah Business Risk Management
The implementation of risk management on the Syariah Unit is based on POJK Regulation No. 65/POJK.03/2016 on the Implementation of Risk Management for 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 complied with by all lines of business and subsidiaries, including the Syariah unit. In addition, the Syariah unit is also guided by the Syariah Principles, which are the Islamic laws in banking activities based on fatwa issued by the relevant religious authorities.

Products/activities of the Syariah Unit are reviewed by Intergrated Risk Management and other relevant Divisions, and also undergo a Compliance Test. Risk Measurement is carried out by using methodologies matching the characteristics of Syariah Business. Such measurement is accomplished through risk profile levels, evaluated on a three-monthly basis and subsequently submitted to regulators.

In terms of risk management relevant to the fulfillment of Syariah principles, the Syariah Supervisory Board (DPS) gives approval to policies, procedures, systems, and products relevant to the fulfillment of Syariah principles and compliance of the contracts to be used. Implementation of risk management in the Syariah unit follow Bank policy and must be comply with Syariah principles. The Syariah Director is a member of the Risk Management Committee.

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.

Integrated Risk Management 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 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 on 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 a 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.

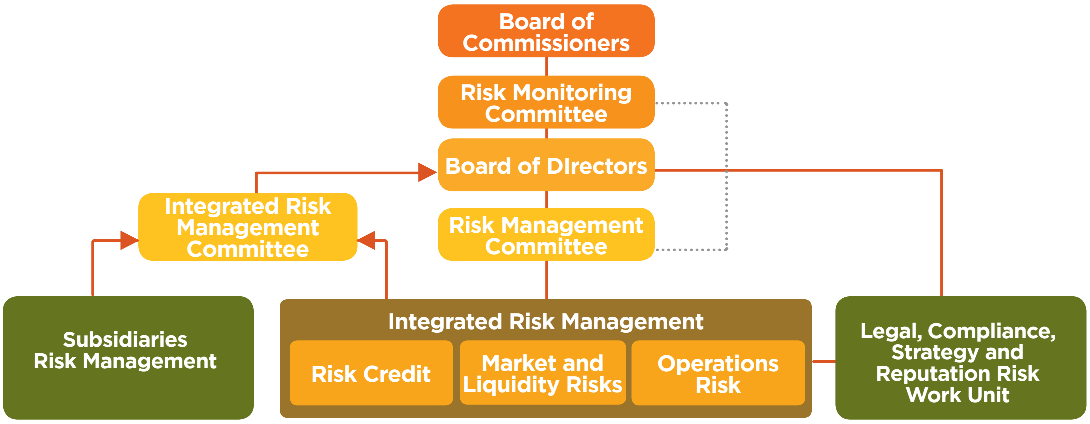
RISK MANAGEMENT ORGANIZATION STRUCTURE

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

The Risk Monitoring Committee is the highest authority in risk management at the level of the Board of Commissioners. This committee serves as a supervisory council to monitor the implementation of risk management strategy and 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 has been established to manage risks comprehensively in the Bank as well as in the subsidiaries. This Committee is responsible 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 and the Fraud Risk Management Committee, which is a sub-committee of the Risk Management Committee.

Risk Management Organization Structure



Referring to the OJK regulation on Integrated Risk Management of Financial Conglomeration, Danamon has established an Integrated Risk Management Committee with the Chairman as Integrated Risk Director and members consisting of appointed subsidieries Directors and Division Heads of Integrated Risk Management.The main function of the Integrated Risk Management Committee is to provide recommendations to the Danamon Board of Directors related to the preparation or improvement of Integrated Risk Management Policy based on the evaluation of implementation.

In line with OJK regulation and industry best practices, Danamon has established an Integrated Risk Management function, which combines credit, market, liquidity and operational risk under one structure. This function is fully staffed with experienced senior professionals. This independent function act as a second line of defense.

The Integrated Risk Management develops risk management strategies covering policies, methodology, framework, limits and procedures as well as 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 the 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, SYARIAH SUPERVISORY BOARD AND BOARD OF DIRECTORS

The Board of Commissioners, Syariah Supervisory Board, and Board of Directors actively monitor the risk framework as one of the key success indicators for risk management implementation. Danamon has segregated the monitoring duties of each party, as described below.

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 Services Authority (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

The risk management system implemented by Danamon includes risk management process, and risk management information system, as well as internal control.

Risk Management Process

Danamon conducts identification, measurement, monitoring and control over all the risks encountered both at main entity and subsidiary levels 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 exposures managed by each risk holder, specifically functional units.

Business lines and subsidiaries are operational work units who are responsible for managing risks from the beginning up to the end of their scope of responsibilities. They must clearly identify, measure, monitor and control. Prior to entering on a risk-bearing activity, risk mitigation should be considered.

Risks in operational work units are managed by the Business Risk Head of the business line. In assuming its roles as monitor and risk controller in operational work units, Integrated Risk Management will evaluate all business plans, policies, programs and products.

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 Risk Management Information System is intended to detect unfavorable developments at an early stage. Therefore, corrective measures can be taken to minimize the Bank's potential loss.

Internal Control

Implementation of internal control in Danamon's risk management includes:

a. Establishment of an organization structure, by clearly defining functions between operational business units and risk management units.
b. Establishment of Integrated Risk Management, which is an independent business unit that formulates risk management policies, risk assessment methodology, and validates data/ models.
c. Review and monitor each transaction and functional activity with risk exposures, as necessary, by each business unit.

In addition, 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 of the risk management process and monitoring of the follow-ups of audit findings.

EVALUATION ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

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 rIsk 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 a monthly basis to discuss issues relevant with 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).

The following is the Bank's consolidated risk profile as of 31 December 2016:

Risk Profile	Consolidated Risk Profile Assessment as of 31 December 2016		
	Inherent Risk	Quality of Risk Management Implementation	Risk Level Rating
Credit Risk	Low to Moderate	Satisfactory	Low to Moderate
Market Risk	Low to Moderate	Satisfactory	Low to Moderate
Liquidity Risk	Low to Moderate	Satisfactory	Low to Moderate
Operational Risk	Moderate	Satisfactory	Low to Moderate
Legal Risk	Low to Moderate	Satisfactory	Low to Moderate
Strategic Risk	Low to Moderate	Satisfactory	Low to Moderate
Compliance Risk	Low to Moderate	Satisfactory	Low to Moderate
Reputation Risk	Low to Moderate	Satisfactory	Low to Moderate
Rate of Return Risk	Low to Moderate	Satisfactory	Low to Moderate
Investment Risk	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 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 organizes Portfolio Meetings to evaluate the portfolio risk conditions on the Bank and its subsidiaries.

FOCUS AND ACTIVITIES OF RISK MANAGEMENT IN 2016

In line with the Bank' business plan, Danamon continues with the various programs which have been implemented in the previous year and a implement a number of new programs with the following description.

Risks	Activities
Integrated	• Implementation of Integrated Risk Management in the Bank and its subsidiaries within the Financial Conglomeration. • Integrated risk management that includes Intragroup Risk transactions, and Insurance Risk. • Refinement of Risk Appetite Statement parameters. • Refinement of Risk Profile report in accordance with regulator requirements. • Refinement of Risk Academy, including improvement in training materials and preparation of risk academy roadmap for employees. • Implementation of stress test including annual regular stress test and ad-hoc stress test (FSAP Stress Test). • ICAAP implementation.

Credit	• Development of bank wide negative list database to improve underwriting process.
	• Implementation internal rating model for Corporate andCommercial segment.
	  • Development of internal scorecard model for consumer segment (unsecured loans, mortgages).
	  • Development and several implementation of internal scorecard model for micro banking segment.
	  • Development of internal scorecard model for vehicle financing through subsidiaries.
	  • Development of internal scorecrad model for SME segment.
	• "Danamon Rating Scale" mapped into the Probability of Default ("PD") to be applied on the internal scorecard and rating model developed in each business unit.
	• Enhancing the Central Liability System ("CLS").

Operations, BCM, and Fraud	• Improve the independence of functions and roles of operational risk officer in business lines, support functions and subsidiaries. • Refining the 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 educational modules, 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 of the importance of operational risk management. • Successfully maintain ISO 22301:2012 certification for Business Continuity Management System (BCMS), by carrying out Maintenance Audits in 2015 without unconforming items. • Meeting alignment between the second line and third line of defense to improve coordination between ORM, IAU and Compliance. • Implementation of ORPA (Operational Risk Pre Assessment) to review risks on new strategic initiatives, as well as the risk mitigation recommendations. • Control Environment Assessment implementation for the human resources functions.
Market and Liquidity	• Updating the limit structure and policies of Market and Liqudity Risks of the Bank. • Implementation of the ALM SunGard System. • Implementation of LCR calculation • Validation on the market and liquidity risk's assessment methodology. • Implementation of limit structure and Market and Liquidity Risk policies on the subsidiaries as in line with the Bank as the main entity.

RISK PROFILE

Risk Profile includes an assessment of the inherent risks and quality of Risk Management implementation, which reflects the risk control system, both individually and in consolidation. 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, Rate of Return Risk and Investment Risk. Meanwhile, Integrated Risk Management includes Intragroup Transactions Risk and Insurance Risk. In assessing the risk profile, the Bank is required to refer to the conditions stipulated by OJK regulations, which define the assessment on the Bank's soundness. Responsibility to coordinate the preparation of the Risk Profile Report lies with Integrated Risk Management.

Based on monitoring results of the core risks of Danamon in 2016, the composite rank for the Bank's overall risk profile as of December 31, 2016 remained at 2 (Low to Moderate).

RISK MANAGEMENT EFFORTS THROUGH RISK EXPOSURE DISCLOSURE AND RISK MANAGEMENT IMPLEMENTATION

A. Credit Risk

Credit risk is the potential failure of a borrower or counterparty to fulfill its obligations as stipulated in the agreement. Credit risk exposure is a risk that mainly arises from the Bank's lending activities. However, credit risk can also arise from a variety of other activities in the Bank, such as trade finance, treasury and investment. Credit risk may increase due to the concentration of lending, i.e. from geographic regions as well as debtor characteristics.

1. Credit Risk Management

Credit Risk Management implementation is conducted by the Bank both individually and in an integrated manner with its Subsidiaries with an active role of the Board of Commissioners and Board of Directors. Danamon continuously implements the prudence principle and risk management in every credit aspects.

The Bank has a Credit Risk Policy, which is a core policy and key framework reference in implementing credit risk management both at the Bank and its subsidieries. These policies, along with the credit risk guidelines in the lines of business and subsidiary 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, containing Industry analysis and marketing strategies, criteria for credit approval, product performance, as well as the implementation of risk management; • Periodically review Line of Business Product Program as well as subsidiaries, containing industry analysis and marketing strategies, criteria for credit approval, product performance, as well as the implementation of risk management; • Establish credit approval criteria based on the 5C approach: Character, Capacity to Repay, Capital, Collateral, and Conditions of Economy as well as making adjustments to the risk appetite, risk profile, and the Bank's business plan.
Assessment	• Develop and implement credit risk assessment methodologies, such as internal credit rating and credit scorecards that are consistently enhanced and validated to evaluate loan disbursments as well as other faciilities related to credit and investment decisions; • Establishing credit risk assessment parameters as well as the trigger score and limits 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 towards portfolios, revenues, as well as Bank capital conditions.

Process	Implementation Measures
Monitoring	• Monitor product performance and Bank portfolio both comprehensively and in a line of business level, through a reliable Management Information System; • Evaluate the adequacy of risk management implementation, which may provide improvement and adjustment measures towards risk management strategies.
Control	• Periodically establish and review the Policies and Guidelines on the implementation of credit risk management, both applicable in general and in specific terms on business units; • Implement adequate four eyes principles on every process of credit facility approvals; • Delegate authority on credit approvals to members of the Credit Committee selected based on qualifications and competencies; • Set Legal Lending Limit for both individual and group debtors, both affiliated or non-affiliated parties; • Set the risk level and concentration limit on certain industrial sectors; • Identify non-performing loans at an early stage, allowing mediation processes to be conducted in proper and efficient manners; • Build-up reserves in line with the existing regulations; • Develop independent and sustainable internal control system mechanism;

The Credit Risk Management process is carried out comprehensively at every line of the Bank's defense. The lines of business and subsidiaries as risk taking units contribute to the first line of defense, which assume a key role in the risk management implementation adequacy. Integrated Risk Management 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 Compliance Division 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 Division, which contributes to the third line of defense, which actively provides recommendations for improvement and development of risk management implementation in the all units of the Bank.

Credit Risk Rating Model

Danamon has established the Risk Analytic team and develop several Rating or Scorecard models for the following businesses:

- Corporate
- Commerce
- Financing Company
- Financial Institution
- Credit Card
- Micro Business
- Unsecured Loan (in development)
- Small and Medium Enterprise Loan (in development)
- Mortgage (in development)
- Consumer financing for vehicle purchase.

The abovestated models include the calibrated PD using the long-term neutral cycle from Central Tendency. Danamon has also implemented "Danamon Rating Scale" mapped to PD Model, and scores/ ratings applicable at all business lines.

The rating is used as one of the many parameters for reference in loan decision-making, acquisition and portfolio monitoring. The rating model is expected to improve the overall quality of the Bank's portfolio.

2. Credit Concentration Risk

Credit risk concentration arises 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 Assessment and Control Mechanisms

Danamon intensively and closely monitors the performance, as well as events, that may impact the behavior of its loan portfolios, including subsidiaries within the Financial Conglomerate. Reviews on credit portfolios are carried out starting from the business line as a risk-taking unit and up to Integrated Risk Management. Periodic monitoring is also conducted by the 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 assessments on past due loans and impaired loans, including past due loans in the form of financial assets, both in part and as a whole, including interest payments being overdue by more than 90 (ninety) days and impaired loans, which are financial assets with objective evidence of value deterioration based on an estimated future cash flow. Evaluation on loan repayments with an impaired value are categorized into two main segments, specifically wholesale and mass market. In the wholesale segment, the assessment covers four main categories, namely repayment status, debtor financial performance, assessment of debtor's repayment capacity, and restructured loans. For the mass market segment, the assessment is conducted collectively based on portfolio, collectibility, and restructuring conditions instead of assessment on an individual basis.

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 and its subsidiaries, both for conventional credit as well as Syariah financing which conform to the existing conditions and regulations of the provision.

A calculation of LLP is established based on the Indonesian Banking Accounting Standard (PAPI) referred to as loan impairment. The calculation of LLP is based on value impairment using the methodology developed by the Bank and approved by the Board of Directors.

Calculation of LLP is define as follows:

- Individual method is individual impairment calculation using discounted cash flow method in which the difference between present fair value and present fair value before impairment.
- Collective the provisioning on financial assets value impairment that is evaluated collectively, which is when the objective evidence of asset value impairment being evaluated individually is not present.

For wholesale credit segment (Corporate and Commercial), and SME segment, Danamon apply migration loss method. While mass market segment, collective impairment calculation will use net flow rate method or vintage analysis.

Banks are required to calculate PPA against productive and non-productive assets, refering to OJK regulations.

5. Disclosure of Danamon Quantitative Credit Risk

Danamon quantitative credit risk calculations for 2016 are disclosed in the following table.

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

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

(Rp million)

No	Portfolio Category	December 31, 2016							
		Net Receivables Based on Region							
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	24,977,493	117	-	170	-	-	61	24,977,841
2	Receivables on Public Sector Entities	1,131,733	11	-	201	113	185	21	1,132,264
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	5,941,166	91,707	292,016	41,443	10	5,072	48,740	6,420,154
5	Loans Secured by Residential Property	2,009,860	114,564	139,004	25,093	52,314	65,361	56,340	2,462,536
6	Loans Secured by Commercial Real Estate	795,228	1,191	132,342	13,668	19,604	64,089	34,647	1,060,769
7	Employee/ Pensioner Loans	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	9,707,124	2,983,062	4,531,899	4,350,231	2,543,964	6,989,604	3,093,832	34,199,716
9	Receivables on Corporate	42,218,116	2,788,352	6,197,851	2,707,031	2,609,339	5,883,150	3,071,870	65,475,709
10	Past Due Receivables	663,555	127,846	304,497	202,965	234,990	374,546	180,175	2,088,574
11	Other Assets	3,427,345	189,771	445,337	438,624	268,363	580,642	313,392	5,663,474
12	Exposures at Syariah Based Business Activity Unit *)								
	Total	**90,871,620**	**6,296,621**	**12,042,946**	**7,779,426**	**5,728,697**	**13,962,649**	**6,799,078**	**143,481,037**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each 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
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	28,706,123	375	37	-	-	227	-	28,706,762
	1,149,878	57	-	267	-	475	71	1,150,748
	-	-	-	-	-	-	-	-
	9,428,150	8,233	249,310	30,409	12	2,418	86,542	9,805,074
	1,708,361	74,550	160,014	29,371	87,515	87,702	57,006	2,204,519
	726,203	2,578	156,694	15,428	17,632	80,059	20,087	1,018,681
	-	-	-	-	-	-	-	-
	11,021,464	3,588,255	5,826,541	5,043,889	3,208,754	8,273,650	3,987,174	40,949,727
	40,764,515	2,556,853	5,234,941	2,374,864	2,439,159	5,348,941	2,656,055	61,375,328
	521,538	119,996	273,337	224,108	234,619	403,029	191,908	1,968,535
	3,634,467	240,235	477,445	528,711	350,952	628,092	384,518	6,244,420
	2,285,831	204,460	589,707	155,268	43,508	239,986	96,100	3,614,860
	99,946,530	**6,795,592**	**12,968,026**	**8,402,315**	**6,382,151**	**15,064,579**	**7,479,461**	**157,038,654**

1.2. Disclosure of Net Receivables Based on Region-Consolidated

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

(Rp million)

No	Portfolio Category	December 31, 2016							
		Net Receivables Based on Region							
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	24,977,494	147	-	461	7	-	61	24,978,170
2	Receivables on Public Sector Entities	1,131,942	315	48	247	125	566	21	1,133,264
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	6,398,596	106,998	306,819	66,223	20,164	22,576	62,956	6,984,332
5	Loans Secured by Residential Property	2,009,860	114,564	139,004	25,093	52,314	65,361	56,340	2,462,536
6	Loans Secured by Commercial Real Estate	795,228	1,191	132,342	13,668	19,604	64,089	34,647	1,060,769
7	Employee/ Pensioner Loans	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	15,794,458	5,700,535	8,734,543	8,037,475	4,460,790	11,506,421	6,015,197	60,249,419
9	Receivables on Corporate	41,618,182	2,788,352	6,197,851	2,707,031	2,609,339	5,883,150	3,071,878	64,875,783
10	Past Due Receivables	748,588	160,963	352,273	244,214	260,872	432,851	206,007	2,405,768
11	Other Assets	3,838,623	247,042	527,429	499,231	320,051	681,493	354,391	6,468,260
12	Exposures at Syariah Based Business Activity Unit *)								
	Total	**97,312,971**	**9,120,107**	**16,390,309**	**11,593,643**	**7,743,266**	**18,656,507**	**9,801,498**	**170,618,301**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each 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
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	28,706,123	384	42	21	-	228	87	28,706,885
	1,149,878	61	43	278	28	957	74	1,151,319
	-	-	-	-	-	-	-	-
	10,459,601	22,973	268,981	57,193	26,848	21,359	109,060	10,966,015
	1,708,361	74,550	160,014	29,371	87,515	87,702	57,006	2,204,519
	726,203	2,578	156,694	15,428	17,632	80,059	20,087	1,018,681
	-	-	-	-	-	-	-	-
	17,079,774	5,886,990	9,734,262	8,275,386	5,254,973	12,822,134	7,020,870	66,074,389
	40,969,035	2,556,853	5,234,941	2,374,864	2,439,159	5,348,941	2,656,072	61,579,865
	605,553	158,616	322,319	259,450	274,311	479,263	221,994	2,321,506
	4,320,759	295,144	549,308	588,598	395,726	726,984	424,077	7,300,596
	2,285,831	204,460	589,707	155,268	43,508	239,986	96,100	3,614,860
	108,011,117	**9,202,609**	**17,016,311**	**11,755,857**	**8,539,700**	**19,807,613**	**10,605,427**	**184,938,634**

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

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

(Rp million)

No.	Portfolio Category	December 31, 2016					
		Net Receivables by Remaining 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	13,886,409	2,821,522	793,760	307,123	7,169,027	24,977,841
2	Receivables on Public Sector Entities	1,045,432	59,938	26,488	406	-	1,132,264
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	3,930,691	1,796,740	471,582	202,546	18,595	6,420,154
5	Loans Secured by Residential Property	25,252	172,283	325,020	1,939,952	29	2,462,536
6	Loans Secured by Commercial Real Estate	692,788	36,557	296,017	35,407	-	1,060,769
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	7,618,720	18,117,581	7,330,842	1,099,816	32,757	34,199,716
9	Receivables on Corporate	47,304,135	6,868,547	6,020,994	5,236,274	45,759	65,475,709
10	Past Due Receivables	478,428	563,833	282,373	101,848	662,092	2,088,574
11	Other Assets	-	-	-	-	5,663,474	5,663,474
12	Exposures at Syariah Based Business Activity Unit *)						
	TOTAL	**74,981,855**	**30,437,001**	**15,547,076**	**8,923,372**	**13,591,733**	**143,481,037**

Note:
*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

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

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

(Rp million)

No.	Portfolio Category	December 31, 2016					
		Net Receivables by Remaining 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	13,886,435	2,821,572	794,013	307,123	7,169,027	24,978,170
2	Receivables on Public Sector Entities	1,045,590	60,599	26,669	406	-	1,133,264
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	4,399,879	1,891,730	471,582	202,546	18,595	6,984,332
5	Loans Secured by Residential Property	25,252	172,283	325,020	1,939,952	29	2,462,536
6	Loans Secured by Commercial Real Estate	692,788	36,557	296,017	35,407	-	1,060,769
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	12,286,572	34,739,651	12,051,417	1,139,022	32,757	60,249,419
9	Receivables on Corporate	46,554,493	6,988,460	6,050,797	5,236,274	45,759	64,875,783
10	Past Due Receivables	561,140	761,724	318,964	101,848	662,092	2,405,768
11	Other Assets	262,336	22,514	2,366	54	6,180,990	6,468,260
12	Exposures at Syariah Based Business Activity Unit *)						
	TOTAL	**79,714,485**	**47,495,090**	**20,336,845**	**8,962,632**	**14,109,249**	**170,618,301**

Note:
*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

	December 31, 2015					
	Net Receivables by Remaining Contractual Maturity					
	≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	15,622,053	2,869,008	249,197	598,863	9,367,641	28,706,762
	937,499	213,062	187	-	-	1,150,748
	-	-	-	-	-	-
	8,091,220	1,218,220	258,568	198,253	38,813	9,805,074
	16,934	240,143	285,109	1,662,333	-	2,204,519
	595,269	63,919	185,061	173,616	816	1,018,681
	-	-	-	-	-	-
	8,200,867	22,521,361	9,048,017	1,140,223	39,259	40,949,727
	45,343,961	6,856,418	5,141,430	4,010,362	23,157	61,375,328
	389,825	620,026	345,664	78,968	534,052	1,968,535
	-	-	-	-	6,244,420	6,244,420
	814,823	1,081,339	1,170,375	523,613	24,710	3,614,860
	80,012,451	**35,683,496**	**16,683,608**	**8,386,231**	**16,272,868**	**157,038,654**

	December 31, 2015					
	Net Receivables by Remaining Contractual Maturity					
	≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	15,622,059	2,869,124	249,198	598,863	9,367,641	28,706,885
	937,574	213,077	668	-	-	1,151,319
	-	-	-	-	-	-
	9,031,659	1,438,722	258,568	198,253	38,813	10,966,015
	16,934	240,143	285,109	1,662,333	-	2,204,519
	595,269	63,919	185,061	173,616	816	1,018,681
	-	-	-	-	-	-
	12,525,568	39,374,634	12,994,705	1,140,223	39,259	66,074,389
	45,387,968	6,980,310	5,178,068	4,010,362	23,157	61,579,865
	486,396	853,618	368,472	78,968	534,052	2,321,506
	561,499	95,556	107,533	834	6,535,174	7,300,596
	814,823	1,081,339	1,170,375	523,613	24,710	3,614,860
	85,979,749	**53,210,442**	**20,797,757**	**8,387,065**	**16,563,622**	**184,938,635**

3.1. 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, 2016				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	17,038	-	-
7	Wholesale and Retail Trading	-	-	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	20,086	-	843,228
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	348	320	-	-
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	-	210	-	-
20	Others	24,977,493	1,094,610	-	5,576,926
	Total	**24,977,841**	**1,132,264**	**-**	**6,420,154**
	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**

Notes:

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

**) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

	Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit **)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	1,105,676	1,747,653	48,266	-	
	-	-	-	82,830	15,694	2,766	-	
	-	-	-	62,492	490,802	126,062	-	
	-	-	-	1,499,941	15,156,148	263,359	-	
	-	-	-	24,039	131,568	-	-	
	-	503,121	-	146,779	889,876	27,987	-	
	-	-	-	11,129,354	24,366,479	993,845	-	
	-	-	-	780,675	1,069,219	40,275	-	
	-	-	-	941,884	3,267,609	179,913	-	
	-	-	-	77,942	5,035,502	8,342	-	
	-	557,648	-	725,166	1,372,949	90,607	-	
	-	-	-	562	-	52	-	
	-	-	-	17,382	10,130	303	-	
	-	-	-	131,870	30,753	3,957	-	
	-	-	-	797,243	390,957	38,431	-	
	-	-	-	2,546	-	113	-	
	-	-	-	561	-	140	-	
	-	-	-	-	-	-	-	
	2,462,536	-	-	15,669,781	1,235,150	264,156	-	
	-	-	-	1,002,993	10,265,220	-	5,663,474	
	2,462,536	**1,060,769**	**-**	**34,199,716**	**65,475,709**	**2,088,574**	**5,663,474**	
	-	-	-	1,653,473	1,944,106	54,329	-	40,387
	-	-	-	74,962	14,499	3,229	-	-
	-	-	-	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**

3.2 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, 2016				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	17,038	-	-
7	Wholesale and Retail Trading	-	-	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	20,086	-	1,407,407
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	662	1,097	-	-
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	14	433	-	-
20	Others	24,977,494	1,094,610	-	5,576,925
	Total	**24,978,170**	**1,133,264**	**-**	**6,984,332**
	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**

Notes:

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

**) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

	Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit **)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	1,362,016	1,747,653	50,210	-	
	-	-	-	107,431	15,694	2,894	-	
	-	-	-	102,762	490,802	126,488	-	
	-	-	-	1,731,482	15,156,148	265,491	-	
	-	-	-	36,304	131,568	94	-	
	-	503,121	-	234,173	891,695	28,910	-	
	-	-	-	13,158,045	24,366,479	1,016,877	-	
	-	-	-	827,136	1,069,219	40,669	-	
	-	-	-	1,414,548	3,268,058	186,370	-	
	-	-	-	86,655	4,333,164	8,364	-	
	-	557,648	-	908,886	1,372,949	94,091	-	
	-	-	-	975	-	53	-	
	-	-	-	21,269	10,130	326	-	
	-	-	-	134,205	30,753	3,958	-	
	-	-	-	855,914	390,957	39,228	-	
	-	-	-	3,355	-	215	-	
	-	-	-	561	-	140	-	
	-	-	-	209,721	166,215	21,737	-	
	2,462,536	-	-	38,050,987	1,169,078	519,653	-	
	-	-	-	1,002,994	10,265,221	-	6,468,260	
	2,462,536	**1,060,769**	**-**	**60,249,419**	**64,875,783**	**2,405,768**	**6,468,260**	
	-	-	-	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**

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

(Rp million)

No	Portfolio Category	December 31, 2016							
		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	99,447,384	6,350,480	12,164,691	7,941,619	5,806,442	14,191,004	6,901,422	152,803,042
2	Impaired Receivables								
	a. Non Past Due	2,795,280	93,813	235,776	156,881	221,170	311,939	118,665	3,933,524
	b. Past Due	785,209	125,986	274,521	290,155	160,043	390,321	205,999	2,232,234
3	Allowance for Impairment Losses-Individual	855,917	2,030	20,693	102	14,446	3,034	11,724	907,946
4	Allowance for Impairment Losses-Collective	814,426	172,051	328,140	292,095	174,379	463,203	215,834	2,460,128
5	Written-Off Receivables	1,144,779	273,655	413,339	406,734	229,324	737,482	307,459	3,512,772

(*) restated

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

(Rp million)

No	Portfolio Category	December 31, 2016							
		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	101,257,842	9,202,920	16,531,049	11,773,745	7,835,622	18,909,221	9,914,950	175,425,350
2	Impaired Receivables								
	a. Non Past Due	2,817,354	131,430	237,344	169,811	282,382	333,597	134,409	4,106,327
	b. Past Due	911,826	175,494	342,576	352,922	244,138	511,589	253,694	2,792,239
3	Allowance for Impairment Losses-Individual	855,917	2,030	20,693	102	14,446	3,034	11,724	907,946
4	Allowance for Impairment Losses-Collective	1,114,570	307,412	542,472	435,737	265,171	671,443	364,478	3,701,283
5	Written-Off Receivables	1,144,779	273,655	413,339	406,734	229,324	737,482	307,459	3,512,772

	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
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	107,155,816	6,909,281	13,140,509	8,630,245	6,507,661	15,442,990	7,665,800	165,452,302
	2,677,772	133,127	243,475	223,382	289,463	400,537	211,918	4,179,674
	502,930	138,166	330,228	313,794	200,372	459,375	199,681	2,144,546
	710,009	1,776	17,206	104	29,730	16,378	10,501	785,704
	871,075	197,114	331,001	291,744	165,594	480,812	245,968	2,583,308
	1,167,530	253,810	400,427	366,682	247,796	626,781	383,272	3,446,298

	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
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	110,738,648	9,405,671	17,252,827	12,044,832	8,702,155	20,266,095	10,831,103	189,241,331
	2,739,247	133,174	244,568	229,808	334,321	425,245	230,475	4,336,838
	637,430	190,221	402,657	373,420	308,208	581,260	272,160	2,765,356
	710,009	1,776	17,206	104	29,730	16,378	10,501	785,704
	1,152,717	306,210	520,489	399,640	256,609	682,549	380,886	3,699,100
	1,167,530	253,810	400,427	366,682	247,796	626,781	383,272	3,446,298

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

December 31, 2016 (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	2,967,008	73,901	106,700	10,347	90,593	112,565
2	Fishery	104,584	3,910	5,768	-	5,373	7,697
3	Mining and Quarrying	1,292,040	551,580	416,824	611,676	4,681	14,236
4	Manufacturing	16,980,664	633,482	118,049	37,051	215,928	359,779
5	Electricity, Gas and Water	155,613	1,159	-	-	1,554	12
6	Construction	1,586,968	33,547	5,214	122	20,742	10,480
7	Wholesale and Retail Trading	37,009,200	879,676	838,335	69,852	983,946	1,381,875
8	Hotel and Food & Beverage	1,929,338	115,462	64,255	2,532	61,339	98,421
9	Transportation, Warehousing and Communications	4,521,912	1,036,918	127,625	112,052	71,743	84,384
10	Financial Intermediary	11,493,459	73,242	26,975	-	69,816	4,129
11	Real Estate, Rental and Business Services	2,824,804	409,573	55,374	64,317	68,329	99,524
12	Public Administration, Defense and Compulsory Social Security	1,284	-	53	-	31	-
13	Education Services	28,353	1,831	806	-	927	1,786
14	Health Services and Social Activity	171,241	7,851	7,730	-	6,893	7,268
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,266,299	43,809	67,485	-	59,485	91,438
16	Personal Services Serving Households	2,839	569	249	-	223	243
17	International Institution and Other Extra International Agencies	1,076	567	502	-	375	442
18	Undefined Activities	57,335	-	-	-	1,628	43
19	Non Business Field	19,748,676	66,421	389,789	-	755,084	1,231,195
20	Others	50,660,350	26	501	-	41,433	7,255
	Total	**152,803,042**	**3,933,524**	**2,232,234**	**907,946**	**2,460,128**	**3,512,772**

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	52,741,695	-	499	-	9,080	3,527
	Total	**165,452,302**	**4,179,674**	**2,144,546**	**785,704**	**2,583,308**	**3,446,298**

(*) restated

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

December 31, 2016 (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	3,226,282	81,731	115,699	10,347	98,096	112,565
2	Fishery	129,439	4,060	6,231	-	6,157	7,697
3	Mining and Quarrying	1,332,810	553,454	417,616	611,676	5,798	14,236
4	Manufacturing	17,215,663	638,272	125,374	37,051	223,512	359,779
5	Electricity, Gas and Water	167,975	1,159	97	-	1,905	12
6	Construction	1,677,453	34,991	8,645	122	23,529	10,480
7	Wholesale and Retail Trading	39,071,161	920,089	908,913	69,852	1,049,439	1,381,875
8	Hotel and Food & Beverage	1,976,377	116,039	65,906	2,532	62,791	98,421
9	Transportation, Warehousing and Communications	5,004,673	1,053,936	155,750	112,052	86,974	84,384
10	Financial Intermediary	11,890,726	73,242	26,998	-	70,100	4,129
11	Real Estate, Rental and Business Services	3,012,609	413,616	61,083	64,314	73,981	99,524
12	Public Administration, Defense and Compulsory Social Security	2,789	-	54	-	79	-
13	Education Services	32,265	1,831	819	-	1,043	1,786
14	Health Services and Social Activity	173,577	7,851	7,731	-	6,962	7,268
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,325,957	45,500	69,952	-	61,192	91,438
16	Personal Services Serving Households	3,756	662	354	-	247	243
17	International Institution and Other Extra International Agencies	1,076	567	502	-	375	442
18	Undefined Activities	458,081	2,993	27,189	-	14,853	43
19	Non Business Field	42,500,750	156,308	792,825	-	1,872,817	1,231,195
20	Others	46,221,931	26	501	-	41,433	7,255
	Total	**175,425,350**	**4,106,327**	**2,792,239**	**907,946**	**3,701,283**	**3,512,772**

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**

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

(Rp million)

No	Description	December 31, 2016		December 31, 2015	
		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	785,704	2,583,308	593,536	2,236,487
2	Additional/reversal allowance for impairment losses during the year (net)	759,224	2,203,701	928,393	2,543,119
3	Allowance for impairment losses used to cover written off receivables during the year	(633,830)	(2,878,942)	(649,605)	(2,796,693)
4	Other additional (reversal) allowance during the year	(3,152)	552,061	(86,620)	600,395
Ending Balance of Allowance for Impairment Losses		**907,946**	**2,460,128**	**785,704**	**2,583,308**

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

(Rp million)

No	Description	December 31, 2016		December 31, 2015	
		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	785,704	3,699,100	593,536	3,382,877
2	Additional/reversal allowance for impairment losses during the year (net)	759,224	3,852,591	928,393	4,336,085
3	Allowance for impairment losses used to cover written off receivables during the year	(633,830)	(4,402,470)	(649,605)	(4,620,257)
4	Other additional (reversal) allowance during the year	(3,152)	552,062	(86,620)	600,395
Ending Balance of Allowance for Impairment Losses		**907,946**	**3,701,283**	**785,704**	**3,699,100**

6. Assessment and Mitigation of Credit Risk Through Standardized Approach

In calculating the Risk Weighted Average (RWA) for credit risk, Danamon applies the standardized approach, which meets prevailing regulations of OJK, specifically the Circular Letter of OJK No. 42/SEOJK.03/2016 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 is based on the calculation of risk weight according to the portfolio category, which has been established by regulators.

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

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

December, 31 2016 (Rp million)

	Portfolio Category	Company Rating	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 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		-	-	-	14,662,634
2	Receivables on Public Sector Entities		40,815	119,146	-	75,843
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,354,903	151,146	-	486,272
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		775,716	428,290	447,766	60,845
10	Past Due Receivables					
11	Other Assets					
	TOTAL		**2,171,434**	**698,582**	**447,766**	**15,285,594**

December 31, 2015 (Rp million)

	Portfolio Category	Company Rating	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 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/Pensioner 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 *)		50,778	-	-	-
	TOTAL		**1,415,992**	**825,690**	**566,195**	**8,234,969**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

	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)		
	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)
	-	-	-	-	-	-	-	10,315,207	24,977,841
	-	-	-	-	-	-	-	896,460	1,132,264
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	4,427,833	6,420,154
								2,462,536	2,462,536
								1,060,769	1,060,769
								-	-
								34,199,716	34,199,716
	-	-	-	-	-	-	-	63,763,092	65,475,709
								2,088,574	2,088,574
								5,663,474	5,663,474
	-	**-**	**-**	**-**	**-**	**-**	**-**	**124,877,661**	**143,481,037**

	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)		
	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**

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

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

December, 31 2016 (Rp million)

(1)	Portfolio Category (2)	Rating Company (3)	Long Term Rating (4)	(5)	(6)	(7)
		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 Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
1	Receivables on Sovereigns		-	-	-	14,662,635
2	Receivables on Public Sector Entities		40,815	119,146	-	75,843
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,354,903	151,146	-	486,272
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		775,716	428,290	447,766	60,845
10	Past Due Receivables					
11	Other Assets					
	TOTAL		**2,171,434**	**698,582**	**447,766**	**15,285,595**

31 Desember 2015 (Rp million)

(1)	Portfolio Category (2)	Rating Company (3)	Long Term Rating (4)	(5)	(6)	(7)
		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 Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
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/Pensioner 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 *)		50,778	-	-	-
	TOTAL		**1,415,992**	**825,690**	**566,195**	**8,234,969**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

	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)		
	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)
	-	-	-	-	-	-	-	10,315,535	24,978,170
	-	-	-	-	-	-	-	897,460	1,133,264
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	4,992,011	6,984,332
								2,462,536	2,462,536
								1,060,769	1,060,769
								-	-
								60,249,419	60,249,419
	-	-	-	-	-	-	-	63,163,166	64,875,783
								2,405,768	2,405,768
								6,468,260	6,468,260
	-	**-**	**-**	**-**	**-**	**-**	**-**	**152,014,924**	**170,618,301**

	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)		
	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
	-	-	-	-	-	-	-	3,564,081	3,614,859
	60,626	**-**	**-**	**-**	**-**	**-**	**-**	**173,835,162**	**184,938,634**

7. Credit Risk Due to Failure of Counter Party

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

- Transactions influenced by the movement of fair value or market value.
- Fair value of transactions are influenced by 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's failure is over the counter derivative transactions and repo/reverse repo transactions, for positions in both the Trading Book and Banking Book.

For both Repo and Reverse Repo transactions, the Bank refers to the Circular Letter of OJK No. 42/SEOJK.03/2016 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 LLP from receivables.

The following table details the disclosure of counterparty credit risk.

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

(Rp million)

No	Underlying Variables	December 31, 2016							
		Notional Amount			Derivative Receivables	Derivative Payables	Net Receivables before CRM	CRM	Net Receivables after CRM
		≤1 year	>1 year-≤5 years	>5 years					
BANK STAND ALONE									
1	Interest Rate	202,088	487,211	-	155	-	2,591	-	2,591
2	Exchange Rate	6,508,748	459,816	-	39,369	49,468	127,448	-	127,448
3	Others	-	-	-	-	-	-	-	-
	TOTAL	**6,710,836**	**947,027**	**-**	**39,524**	**49,468**	**130,039**	**-**	**130,039**
CONSOLIDATED									
1	Interest Rate	1,279,888	3,484,842	-	155	-	17,579	-	17,579
2	Exchange Rate	7,586,548	3,457,447	-	258,968	49,468	507,707	-	507,707
3	Shares	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metal other than Gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
	TOTAL	**8,866,436**	**6,942,289**	**-**	**259,123**	**49,468**	**525,286**	**-**	**525,286**

(Rp million)

No	Underlying Variables	December 31, 2015							
		Notional Amount			Derivative Receivables	Derivative Payables	Net Receivables before CRM	CRM	Net Receivables after CRM
		≤1 year	>1 year-≤5 years	>5 years					
BANK STANDALONE									
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**

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

(Rp million)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		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	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
	TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

(Rp million)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		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	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-	-	-

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

(Rp million)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		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	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-	-	-

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

(Rp million)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		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	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
	TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

8. Credit Risk Mitigation Disclosure

Collateral is one the credit mitigation techniques with the main purpose to limit the risk of loss in the event debtors are unable to fulfil obligations to the Bank and to protect against future loss that is unexpected and associated with credit exposure. However, Danamon does not consider collateral as a sole basis of credit decision-making, nor as a main source of loan repayment.

Danamon has collateral policy and specifies the acceptable collateral, among others:

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

Internal or external appraisers can conduct collateral valuation. For collateral valuation, Danamon will always ensure that the appraisers have the knowledge, education and experience in the field of valuation. The Bank's external appraisers must have good qualifications, be certified and not have a relationship with the borrower. External appraisers must be appointed by the Bank.

In the event of result differences between the internal and external appraisers, the most conservative value prevails. Assessment results are documented in the Credit file.

In the event of changes of collateral, Danamon will reevaluate 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.

Collateral assessment is performed in the initial period of the credit and reevaluated 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 RWA (Credit Risk), Danamon use the MRK (Credit Risk Mitigation) - collateral. The eligible financial collateral must comply with 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.

9.1 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, 2016										
		Net Receivables After Calculating Credit Risk Mitigation Impacts										RWA
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
A	**Exposure on Balance Sheet**											
1	Receivables on Sovereigns	24,957,966	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	43	159,960	-	-	-	941,949	-	-	-	-	502,967
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	1,922	3,347,214	-	-	-	2,996,486	-	-	-	-	2,167,686
5	Loans Secured by Residential Property	-	-	2,461,677	-	-	-	-	-	-	-	861,587
6	Loans Secured by Commercial Real Estate	89,691	-	-	-	-	-	-	971,078	-	-	971,078
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	90,208	-	-	-	-	-	33,230,101	-	-	-	24,922,575
9	Receivables on Corporate	1,758,967	1,204,007	-	-	-	447,766	-	59,231,421	-	-	59,696,105
10	Past Due Receivables	-	-	-	-	-	-	-	58,825	2,029,749	-	3,103,448
11	Other Assets	2,072,614	-	-	-	-	-	-	3,452,871	137,989	-	3,659,855
12	Exposures at Syariah Business Unit *)											
	Total Exposure on Balance Sheet	**28,971,411**	**4,711,181**	**2,461,677**	**-**	**-**	**4,386,201**	**33,230,101**	**63,714,195**	**2,167,738**	**-**	**95,885,301**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**											
1	Receivables on Sovereigns	-	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	30,312	-	-	-	-	15,156
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	2,627	-	-	-	2,500	-	-	-	-	1,775
5	Loans Secured by Residential Property	-	-	859	-	-	-	-	-	-	-	301
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	26,803	-	-	-	-	-	843,426	-	-	-	632,569
9	Receivables on Corporate	134,822	-	-	-	-	-	-	2,667,145	-	-	2,667,146
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-
11	Exposures at Syariah Business Unit *)											
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**161,625**	**2,627**	**859**	**-**	**-**	**32,812**	**843,426**	**2,667,145**	**-**	**-**	**3,316,947**
C	**Exposure on Counterparty Credit Risk**											
1	Receivables on Sovereigns	19,875	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	37,455	-	-	-	31,950	-	-	-	-	23,466
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	9,178	-	-	-	6,883
6	Receivables on Corporate	-	-	-	-	-	-	-	31,581	-	-	31,581
7	Exposures at Syariah Business Unit *)											
	Total Counterparty Credit Risk Exposures	**19,875**	**37,455**	**-**	**-**	**-**	**31,950**	**9,178**	**31,581**	**-**	**-**	**61,930**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

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

	Capital Charge (9% x RWA)	December 31, 2015										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)
	-	28,693,263	-	-	-	-	-	-	-	-	-	-	-
	45,267	158	149,835	-	-	-	940,054	-	-	-	-	499,994	44,999
	-	-	-	-	-	-	-	-	-	-	-	-	-
	195,092	402	5,703,752	-	-	-	3,749,087	-	-	-	-	3,015,294	271,376
	77,543	-	-	1,990,869	211,990	-	-	-	-	-	-	781,600	70,344
	87,397	93,829	-	-	-	-	-	-	924,844	-	-	924,844	83,236
	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,243,032	99,858	-	-	-	-	-	40,025,972	-	-	-	30,019,479	2,701,753
	5,372,649	2,349,103	1,197,040	-	-	-	566,195	-	54,612,419	-	-	55,134,924	4,962,143
	279,310	-	-	-	-	-	-	-	38,614	1,929,921	-	2,933,496	264,015
	329,387	2,559,237	-	-	-	-	-	-	3,680,804	4,379	-	3,687,373	331,864
		358,593	50,778	5,121	-	-	303,723	75,783	2,803,595	15,282	-	3,047,165	274,245
	8,629,677	**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**	**9,003,975**
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,364	571	-	-	-	-	60,130	-	-	-	-	30,065	2,706
	-	-	-	-	-	-	-	-	-	-	-	-	-
	160	-	1,776	-	-	-	5,042	-	-	-	-	2,876	259
	27	-	-	1,600	60	-	-	-	-	-	-	584	53
	-	-	-	-	-	-	-	-	8	-	-	8	1
	-	-	-	-	-	-	-	-	-	-	-	-	-
	56,931	23,118	-	-	-	-	-	787,358	-	-	-	590,519	53,147
	240,043	120,800	-	-	-	-	-	-	2,435,897	-	-	2,435,896	219,231
	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	1,984	-	-	1,984	179
	298,525	**144,489**	**1,776**	**1,600**	**60**	**-**	**65,172**	**787,358**	**2,437,889**	**-**	**-**	**3,061,932**	**275,576**
	-	13,499	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,112	-	38,073	-	-	-	306,942	-	-	-	-	161,087	14,498
	619	-	-	-	-	-	-	13,421	-	-	-	10,066	906
	2,842	-	-	-	-	-	-	-	93,874	-	-	93,874	8,449
		-	-	-	-	-	-	-	-	-	-	-	-
	5,573	**13,499**	**38,073**	**-**	**-**	**-**	**306,942**	**13,421**	**93,874**	**-**	**-**	**265,027**	**23,853**

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

(Rp million)

No.	Portfolio Category	December 31, 2016										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	24,958,295	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	43	159,960	-	-	-	942,949	-	-	-	-	503,467
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	1,922	3,516,145	-	-	-	2,996,486	-	-	-	-	2,201,472
5	Loans Secured by Residential Property	-	-	2,461,677	-	-	-	-	-	-	-	861,587
6	Loans Secured by Commercial Real Estate	89,691	-	-	-	-	-	-	971,078	-	-	971,078
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	90,208	-	-	-	-	-	59,279,804	-	-	-	44,459,853
9	Receivables on Corporate	1,758,967	1,133,323	-	-	-	447,766	-	58,702,180	-	-	59,152,727
10	Past Due Receivables	-	-	-	-	-	-	-	58,825	2,346,943	-	3,579,240
11	Other Assets	2,264,928	-	-	-	-	-	-	4,065,343	137,989	-	4,272,326
12	Exposures at Syariah Business Unit *)											
	Total Exposure on Balance Sheet	**29,164,054**	**4,809,427**	**2,461,677**	**-**	**-**	**4,387,201**	**59,279,804**	**63,797,426**	**2,484,932**	**-**	**116,001,750**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**											
1	Receivables on Sovereigns	-	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	30,312	-	-	-	-	15,156
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	2,627	-	-	-	2,500	-	-	-	-	1,775
5	Loans Secured by Residential Property	-	-	859	-	-	-	-	-	-	-	301
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	26,803	-	-	-	-	-	843,426	-	-	-	632,569
9	Receivables on Corporate	134,822	-	-	-	-	-	-	2,667,145	-	-	2,667,146
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-
11	Exposures at Syariah Business Unit *)											
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**161,625**	**2,627**	**859**	**-**	**-**	**32,812**	**843,426**	**2,667,145**	**-**	**-**	**3,316,947**
C	**Exposure on Counterparty Credit Risk**											
1	Receivables on Sovereigns	19,875	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	37,455	-	-	-	427,197	-	-	-	-	221,090
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	9,178	-	-	-	6,883
6	Receivables on Corporate	-	-	-	-	-	-	-	31,581	-	-	31,581
7	Exposures at Syariah Business Unit *)											
Total Counterparty Credit Risk Exposures		**19,875**	**37,455**	**-**	**-**	**-**	**427,197**	**9,178**	**31,581**	**-**	**-**	**259,554**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

	Capital Charge (9% x RWA)	December 31, 2015										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)
	-	28,693,386	-	-	-	-	-	-	-	-	-	-	-
	45,312	158	149,835	-	-	-	940,625	-	-	-	-	500,279	45,025
	-	-	-	-	-	-	-	-	-	-	-	-	-
	198,133	402	5,978,745	-	-	-	3,749,087	-	-	-	-	3,070,292	276,326
	77,543	-	-	1,990,869	211,990	-	-	-	-	-	-	781,600	70,344
	87,397	93,829	-	-	-	-	-	-	924,844	-	-	924,844	83,236
	-	-	-	-	-	-	-	-	-	-	-	-	-
	4,001,387	99,858	-	-	-	-	-	65,150,634	-	-	-	48,862,976	4,397,668
	5,323,745	2,349,103	1,126,818	-	-	-	566,195	-	54,887,178	-	-	55,395,640	4,985,607
	322,132	-	-	-	-	-	-	-	38,614	2,282,892	-	3,462,952	311,666
	384,509	2,717,547	-	-	-	-	-	-	4,578,670	4,379	-	4,585,239	412,672
		358,593	50,778	5,121	-	-	303,723	75,783	2,803,595	15,282	-	3,047,165	274,245
	10,440,158	**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**	**10,856,789**
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,364	571	-	-	-	-	60,130	-	-	-	-	30,065	2,706
	-	-	-	-	-	-	-	-	-	-	-	-	-
	160	-	1,776	-	-	-	5,042	-	-	-	-	2,876	259
	27	-	-	1,600	60	-	-	-	-	-	-	584	53
	-	-	-	-	-	-	-	-	8	-	-	8	1
	-	-	-	-	-	-	-	-	-	-	-	-	-
	56,931	23,118	-	-	-	-	-	787,358	-	-	-	590,519	53,147
	240,043	120,800	-	-	-	-	-	-	2,435,897	-	-	2,435,896	219,231
	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	1,984	-	-	1,984	179
	298,525	**144,489**	**1,776**	**1,600**	**60**	**-**	**65,172**	**787,358**	**2,437,889**	**-**	**-**	**3,061,932**	**275,576**
	-	13,499	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	19,898	-	38,073	-	-	-	1,192,890	-	-	-	-	604,061	54,366
	619	-	-	-	-	-	-	13,421	-	-	-	10,066	906
	2,842	-	-	-	-	-	-	-	93,874	-	-	93,874	8,449
		-	-	-	-	-	-	-	-	-	-	-	-
	23,359	**13,499**	**38,073**	**-**	**-**	**-**	**1,192,890**	**13,421**	**93,874**	**-**	**-**	**708,001**	**63,721**

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

(Rp million)

No.	Portfolio Category	December 31, 2016					
		Net Receivables	Exposure which is Secured by				Unsecured Exposure
			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	24,957,966	-	-	-	-	24,957,966
2	Receivables on Public Sector Entities	1,101,952	43	-	-	-	1,101,909
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,345,622	1,922	-	-	-	6,343,700
5	Loans Secured by Residential Property	2,461,677	-	-	-	-	2,461,677
6	Loans Secured by Commercial Real Estate	1,060,769	89,691	-	-	-	971,078
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	33,320,309	90,208	-	-	-	33,230,101
9	Receivables on Corporate	62,642,161	1,758,967	-	-	-	60,883,194
10	Past Due Receivables	2,088,574	-	-	-	-	2,088,574
11	Other Assets	5,663,474	-	-	-	-	5,663,474
12	Exposures at Syariah Business Unit *)						
	Total Exposure on Balance sheet	**139,642,504**	**1,940,831**	**-**	**-**	**-**	**137,701,673**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**						
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	30,312	-	-	-	-	30,312
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	5,127	-	-	-	-	5,127
5	Loans Secured by Residential Property	859	-	-	-	-	859
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	870,229	26,803	-	-	-	843,426
9	Receivables on Corporate	2,801,967	134,822	-	-	-	2,667,145
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Syariah Business Unit *)						
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	**3,708,494**	**161,625**	**-**	**-**	**-**	**3,546,869**
C	**Exposure on Counterparty Credit Risk**						
1	Receivables on Sovereigns	19,875	-	-	-	-	19,875
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	69,405	-	-	-	-	69,405
5	Receivables on Micro, Small Business & Retail Portfolio	9,178	-	-	-	-	9,178
6	Receivables on Corporate	31,581	-	-	-	-	31,581
7	Exposures at Syariah Business Unit *)						
	Total Counterparty Credit Risk Exposures	**130,039**	**-**	**-**	**-**	**-**	**130,039**
Total (A+B+C)		**143,481,037**	**2,102,456**	**-**	**-**	**-**	**141,378,581**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

	December 31, 2015					
	Net Receivables	Exposure which is Secured by				Unsecured Exposure
		Collateral	Guarantee	Credit Insurance	Others	
	(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
	28,693,263	-	-	-	-	28,693,263
	1,090,047	158	-	-	-	1,089,889
	-	-	-	-	-	-
	9,453,241	402	-	-	-	9,452,839
	2,202,859	-	-	-	-	2,202,859
	1,018,673	93,829	-	-	-	924,844
	-	-	-	-	-	-
	40,125,830	99,858	-	-	-	40,025,972
	58,724,757	2,349,103	-	-	-	56,375,654
	1,968,535	-	-	-	-	1,968,535
	6,244,420		-	-	-	6,244,420
	3,612,876	130	-	-	-	3,612,746
	153,134,501	**2,543,480**	**-**	**-**	**-**	**150,591,021**
	-	-	-	-	-	-
	60,701	571	-	-	-	60,130
	-	-	-	-	-	-
	6,818	-	-	-	-	6,818
	1,660	-	-	-	-	1,660
	8	-	-	-	-	8
	-	-	-	-	-	-
	810,476	23,118	-	-	-	787,358
	2,556,697	120,800	-	-	-	2,435,897
	-	-	-	-	-	-
	1,984	-	-	-	-	1,984
	3,438,344	**144,489**	**-**	**-**	**-**	**3,293,855**
	13,499	-	-	-	-	13,499
	-	-	-	-	-	-
	-	-	-	-	-	-
	345,015	-	-	-	-	345,015
	13,421	-	-	-	-	13,421
	93,874	-	-	-	-	93,874
	-	-	-	-	-	-
	465,809	**-**	**-**	**-**	**-**	**465,809**
	157,038,654	**2,687,969**	**-**	**-**	**-**	**154,350,685**

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

(Rp million)

No.	Portfolio Category	December 31, 2016					
		Net Receivables	Exposure which is Secured by				Unsecured Exposure
			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	24,958,295	-	-	-	-	24,958,295
2	Receivables on Public Sector Entities	1,102,952	43	-	-	-	1,102,909
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,514,553	1,922	-	-	-	6,512,631
5	Loans Secured by Residential Property	2,461,677	-	-	-	-	2,461,677
6	Loans Secured by Commercial Real Estate	1,060,769	89,691	-	-	-	971,078
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	59,370,010	90,208	-	-	-	59,279,802
9	Receivables on Corporate	62,042,235	1,758,967	-	-	-	60,283,268
10	Past Due Receivables	2,405,768	-	-	-	-	2,405,768
11	Other Assets	6,468,260	-	-	-	-	6,468,260
12	Exposures at Syariah Business Unit *)						
	Total Exposure on Balance Sheet	**166,384,520**	**1,940,831**	**-**	**-**	**-**	**164,443,688**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**						
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	30,312	-	-	-	-	30,312
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	5,127	-	-	-	-	5,127
5	Loans Secured by Residential Property	859	-	-	-	-	859
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	870,229	26,803	-	-	-	843,426
9	Receivables on Corporate	2,801,967	134,822	-	-	-	2,667,145
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Syariah Business Unit *)						
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	**3,708,495**	**161,625**	**-**	**-**	**-**	**3,546,869**
C	**Exposure on Counterparty Credit Risk**						
1	Receivables on Sovereigns	19,875	-	-	-	-	19,875
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	464,652	-	-	-	-	464,652
5	Receivables on Micro, Small Business & Retail Portfolio	9,178	-	-	-	-	9,178
6	Receivables on Corporate	31,581	-	-	-	-	31,581
7	Exposures at Syariah Business Unit *)						
	Total Counterparty Credit Risk Exposures	**525,286**	**-**	**-**	**-**	**-**	**525,286**
Total (A+B+C)		**170,618,301**	**2,102,456**	**-**	**-**	**-**	**168,515,843**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

December 31, 2015					
Net Receivables	Exposure which is Secured by				Unsecured Exposure
	Collateral	Guarantee	Credit Insurance	Others	
(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
28,693,386	-	-	-	-	28,693,386
1,090,618	158	-	-	-	1,090,460
-	-	-	-	-	-
9,728,234	402	-	-	-	9,727,832
2,202,859	-	-	-	-	2,202,859
1,018,673	93,829	-	-	-	924,844
-	-	-	-	-	-
65,250,492	99,858	-	-	-	65,150,634
58,929,294	2,349,103	-	-	-	56,580,191
2,321,506	-	-	-	-	2,321,506
7,300,596	-	-	-	-	7,300,596
3,612,875	130	-	-	-	3,612,745
180,148,533	**2,543,480**	**-**	**-**	**-**	**177,605,053**
-	-	-	-	-	-
60,701	571	-	-	-	60,130
-	-	-	-	-	-
6,818	-	-	-	-	6,818
1,660	-	-	-	-	1,660
8	-	-	-	-	8
-	-	-	-	-	-
810,476	23,118	-	-	-	787,358
2,556,697	120,800	-	-	-	2,435,897
-	-	-	-	-	-
1,984	-	-	-	-	1,984
3,438,344	**144,489**	**-**	**-**	**-**	**3,293,855**
13,499	-	-	-	-	13,499
-	-	-	-	-	-
-	-	-	-	-	-
1,230,963	-	-	-	-	1,230,963
13,421	-	-	-	-	13,421
93,874	-	-	-	-	93,874
-	-	-	-	-	-
1,351,757	**-**	**-**	**-**	**-**	**1,351,757**
184,938,634	**2,687,969**	**-**	**-**	**-**	**182,250,665**

9. Disclosure of Assets Securitization

Securitization is a process of taking non-liquid assets or asset groups and through financial engineering transforming them into securities. Securities 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.

The position of KIK EBA Assets as of 31 December 2016 and 31 December 2015 are as seen in the below table:

11.1 Disclosure of Securitization Transactions-Bank Stand Alone

(Rp million)

No.	Securitization Exposure	December 31, 2016					
		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	-	-	-	-	-	-
	Exposure Types: Asset Backed Securities						
	b. Junior Tranche	-	-	-	-		-

11.2. Disclosure of Securitization Transactions-Consolidated

(Rp million)

No.	Securitization Exposure	December 31, 2016					
		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	-	-	-	-	-	-
	Exposure Types: Asset Backed Securities						
	b. Junior Tranche	-	-	-	-		-

	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			
	(9)	(10)	(11)	(12)	(13)	(14)
	-			-		
	-	-	-	-		
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-					
	-	-	-	-	2,041	-
	-	-	-	-		-

	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			
	(9)	(10)	(11)	(12)	(13)	(14)
	-			-		
	-	-	-	-		
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-					
	-	-	-	-	2,041	-
	-	-	-	-		-

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

a. Disclosure of Asset Exposures in the Balance Sheet

(Rp million)

No.	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	24,957,966	-	-	28,693,263	-	-
2	Receivables on Public Sector Entities	1,101,952	502,988	502,967	1,090,047	500,073	499,994
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,345,622	2,168,647	2,167,686	9,453,241	3,015,495	3,015,294
5	Loans Secured by Residential Property	2,461,677	861,587	861,587	2,202,859	781,600	781,600
6	Loans Secured by Commercial Real Estate	1,060,769	1,060,769	971,078	1,018,673	1,018,673	924,844
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	33,320,309	24,990,231	24,922,575	40,125,830	30,094,372	30,019,479
9	Receivables on Corporate	62,642,161	61,455,073	59,696,105	58,724,757	57,484,027	55,134,924
10	Past Due Receivables	2,088,574	3,103,448	3,103,448	1,968,535	2,933,496	2,933,496
11	Other Assets	5,663,474	-	3,659,855	6,244,420	-	3,687,373
TOTAL		139,642,504	94,142,743	95,885,301	149,521,625	95,827,736	96,997,004

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

(Rp million)

No.	Portfolio Category	December 31, 2016			December 31, 2015		
		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	30,312	15,156	15,156	60,701	30,351	30,065
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	5,127	1,775	1,775	6,818	2,876	2,876
5	Loans Secured by Residential Property	859	301	301	1,660	584	584
6	Loans Secured by Commercial Real Estate	-	-	-	8	8	8
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	870,229	652,671	632,569	810,476	607,857	590,519
9	Receivables on Corporate	2,801,967	2,801,967	2,667,146	2,556,697	2,556,697	2,435,896
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		3,708,494	3,471,870	3,316,947	3,436,360	3,198,373	3,059,948

c. Disclosure of Exposures causing Counterparty Credit Risk

(Rp million)

No.	Portfolio Category	December 31, 2016			December 31, 2015		
		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	19,875	-	-	13,499	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	69,405	23,466	23,466	345,015	161,087	161,087
5	Receivables on Micro, Small Business & Retail Portfolio	9,178	6,883	6,883	13,421	10,066	10,066
6	Receivables on Corporate	31,581	31,581	31,581	93,874	93,874	93,874
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			-			-
TOTAL		130,039	61,930	61,930	465,809	265,027	265,027

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

(Rp million)

No.	Type of Transactions	December 31, 2016			December 31, 2015		
		Exposure Value	Capital Deduction Factor	RWA after CRM	Exposure Value	Capital Deduction Factor	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		**-**	**-**	**-**	**-**	**-**	**-**

e. Disclosure of Securitization Exposures

(Rp million)

No.	Type of Transactions	December 31, 2016		December 31, 2015	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
(1)	(2)	(3)	(4)	(5)	(6)
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
6	Unqualified Purchase of Assets-Backed Security	-	-	-	-
7	Securitization Exposure which is not included in the regulation regarding prudent principles in activating banks assets securitization	-	-	-	-
TOTAL		**-**	**-**	**-**	**2,041**

f. Disclosure of Exposures in Syariah Business Unit *)

(Rp million)

No.	Explanation	December 31, 2016		December 31, 2015	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Exposure			-	3.049.149
TOTAL				**-**	**3.049.149**

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

g. Disclosure of Total Credit Risks Measurement

(Rp million)

	December 31, 2016	December 31, 2015
Total Credit Risk RWA	**99,264,178**	**103,373,168**
Total Capital Deduction Factor	**-**	**-**

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

a. Disclosure of Assets Exposures in the Balance Sheet

(Rp million)

No.	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	24,958,295	-	-	28,693,386	-	-
2	Receivables on Public Sector Entities	1,102,952	503,488	503,467	1,090,618	500,358	500,279
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,514,553	2,202,433	2,201,472	9,728,234	3,070,493	3,070,292
5	Loans Secured by Residential Property	2,461,677	861,587	861,587	2,202,859	781,600	781,600
6	Loans Secured by Commercial Real Estate	1,060,769	1,060,769	971,078	1,018,673	1,018,673	924,844
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	59,370,012	44,527,509	44,459,853	65,250,492	48,937,869	48,862,976
9	Receivables on Corporate Portfolio	62,042,235	60,911,694	59,152,727	58,929,294	57,744,743	55,395,640
10	Past Due Receivables	2,405,768	3,579,240	3,579,240	2,321,506	3,462,952	3,462,952
11	Other Assets	6,468,260	-	4,272,326	7,300,596	-	4,585,239
TOTAL		166,384,520	113,646,720	116,001,750	176,535,658	115,516,688	117,583,822

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

(Rp million)

No.	Portfolio Category	December 31, 2016			December 31, 2015		
		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	30,312	15,156	15,156	60,701	30,351	30,065
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	5,127	1,775	1,775	6,818	2,876	2,876
5	Loans Secured by Residential Property	859	301	301	1,660	584	584
6	Loans Secured by Commercial Real Estate	-	-	-	8	8	8
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	870,229	652,671	632,569	810,476	607,857	590,519
9	Receivables on Corporate Portfolio	2,801,967	2,801,967	2,667,146	2,556,697	2,556,697	2,435,896
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		3,708,495	3,471,870	3,316,947	3,436,360	3,198,373	3,059,948

c. Disclosure of Exposures causing Counterparty Credit Risk

(Rp million)

No.	Portfolio Category	December 31, 2016			December 31, 2015		
		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	19,875	-	-	13,499	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	464,652	221,090	221,090	1,230,963	604,060	604,060
5	Receivables on Micro, Small Business & Retail Portfolio	9,178	6,883	6,883	13,421	10,066	10,066
6	Receivables on Corporate	31,581	31,581	31,581	93,874	93,874	93,874
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			-			-
TOTAL		525,286	259,554	259,554	1,351,757	708,000	708,000

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

(Rp million)

No.	Type of Transactions	December 31, 2016			December 31, 2015		
		Exposure Value	Capital Deduction Factor	RWA after CRM	Exposure Value	Capital Deduction Factor	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		**-**	**-**	**-**	**-**	**-**	**-**

e. Disclosure of Securitization Exposures

(Rp million)

No.	Type of Transactions	December 31, 2016		December 31, 2015	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
(1)	(2)	(3)	(4)	(5)	(6)
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
6	Unqualified Purchase of Assets-Backed Security	-	-	-	-
7	Securitization Exposure which is not included in the regulation regarding prudent principles in activating banks assets securitization	-	-	-	-
TOTAL		**-**	**-**	**-**	**2,041**

f. Disclosure of Exposures in Syariah Business Unit *)

(Rp million)

No.	Explanation	December 31, 2016		December 31, 2015	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Exposure			-	3,049,149
TOTAL				**-**	**3,049,149**

Note:

*) There are differences in the presentation of Syariah Business Unit exposures between period December 31, 2016 and December 31, 2015 due to report format changes based on Financial Service Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016. Syariah Business Unit exposures for period December 31, 2015 were presented in aggregate while for period December 31, 2016 were presented combined with Conventional Bank as its Parent Company by each portfolio category.

g. Disclosure of Total Credit Risks Measurement

(Rp million)

	December 31, 2016	December 31, 2015
Total RWA for Credit Risk	**119,578,251**	**124,402,960**
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 (interest rates and foreign exchange rates).

Market risks arise from two different areas and are separately managed. First, there is risk from treasury trading activities (Trading Book risk) and second, there is risk due to the gap of interest rates on the balance sheet (Banking Book risk). 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 the 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 is carried out through a process of identification, measurement, monitoring and controlling, supported by the implementation of management information systems. Market risk is monitored by Market and Liquidity Risk (MLR) Division (as the Second line of Defense), 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, 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) division on a daily basis.

2. Interest Rate Risk in Banking Book

   Interest rate risk is an exposure on the financial conditions of a bank, moving opposite to the movement of interest rates (adverse movement). This risk element is an inherent part of the banking business. Proper risk management could turn an exposure to be an additional source of income, which could increase 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 MLR 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, both on or off-balance sheet. Fundamental market risk factors that will be included in the risk measurement systems are foreign exchange rates (FX), interest rates, equity and commodity.

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.

Assessment, Monitoring, and Control of Market Risk

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.

Danamon manages the interest rate risk by using sensitivity analysis based on the repricing gap format and Earning-at-Risk (EAR) method. The EAR measures the impact of interest rate changes to the Bank's net income for a maximum period of 1 year. To improve the management of interest rate risk, the Bank also uses the Economic Value of Equity (EVE) method. EVE provides measurements of interest rate risk for a longer period of time, as well as providing an estimate of the impact of interest rate changes on the Bank's capital.

EAR and EVE measurements are conducted periodically (daily) for non-maturing instruments as well as repricing/contractual maturity assumptions of each Banking and Trading Book instruments with an increase or decrease in market interest rates that are symmetrical on the yield curve, both in normal and stressed conditions. The assumptions used are reviewed periodically based on relevance to the generally applied methodology.

The monitoring and controlling processes are carried out by applying a market limit mechanism, both on the limits on the Trading and Banking Books' parameters, which include 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.

As of 31 December 2016, the limit utilization of the EAR (Earning at Risk) parameter in the Bank, both individually and as consolidated, are still in the internal threshold corridor. Individual and consolidated IDR EAR showed limit utilization of 45-50%. Meanwhile individual and consolidated FCY EAR showed limit utilization of 37%.

Limit utilization for the EVE (Economic Value of Equity) parameter in the Bank, both individually and as consolidated, is also within the internal threshold corridor. Individual and consolidated IDR EVE showed limit utilization of 22-26%. Meanwhile individual and consolidated FCY EVE showed a limit utilization of 11%.

In general, based on the current composition of assets and liabilities (a combination of tenor and fixed/floating rates), the interest rate risk affecting the bank's Capital, both individually and as consolidated, is still relatively small.

Minimum Capital Adequacy

The Bank is committed to meet the Minimum Capital Adequacy (CAR) stipulated by the regulator. Therefore, each month the Bank will calculate RWA 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.

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 the Trading Book while the latter is defined as the Interest Rate Risk in the Banking Book. Market Risk Management applies to both risks.

1. Disclosure of Market Risks by Using Standardized Approach

(Rp million)

No.	Type of Risk	December 31, 2016				December 31, 2015			
		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		146,961		146,963		345,338		345,338
	a. Specific Risk	-	-	-	-	-	-	-	-
	b. General Risk	11,757	146,961	11,757	146,963	27,627	345,338	27,627	345,338
2	Foreign Exchange Risk	13,707	171,335	13,751	171,888	7,491	93,634	7,536	94,200
3	Equity Risk			-	-			-	-
4	Commodity Risk			-	-			-	-
5	Option Risk	-	-	-	-	-	-	-	-
	Total	**25,464**	**318,296**	**25,508**	**318,850**	**35,118**	**438,972**	**35,163**	**439,538**

C. LIQUIDITY RISK

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 Danamon'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.
- Appropriate funding strategy (including sources of funding options).
- Readiness of infrastructure to ensure alignment with Basel III Liquidity Risk.

Liquidity risk is one of the keys 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 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 the structure of assets, liabilities and funding strategies of the Bank. ALCO focuses on liquidity management with the following objectives:

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

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

Liquidity Risk Indicators

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

Internal Indicator	Market Indicator
1. Excessive concentration on specific assets and sources of funding. 2. The increase in overall funding costs. 3. Sudden increase of assets through instable wholesale funding. 4. Decrease in cash flow position indicated by the widening of negative position on maturity disparity especially in the short term.	1. Rating downgrade 2. Ongoing decline of Bank's stock prices. 3. Increasing trend of deposit withdrawal from the bank. 4. External financial crisis. 5. Prolonged tight liquidity conditions.

Liquidity Risk Assessment

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

Currently, Danamon has conducted regulatory liquidity risk measurements, which include:

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 funds, covering current accounts, savings accounts, and time deposits, 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 Requirement
   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.

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

   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.

Disclosure on LCR

Nilai LCR (%)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(1)	(2)	(3)	(4)
Individual	N/A	N/A	100.67%	90.97%
Consolidated	N/A	N/A	97.85%	89.35%

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

In accordance with POJK Regulation No. 42/POJK.03/2015, the Bank is obliged to perform the Bank's Individual and Consolidated quarterly reporting for BUKU 3, effective from the 3rd Quarter in 2016 position report based on the average position of the end of the month in the quarter.

The reported position for the 4th quarter of 2016 is the average position of the end of October-November-December 2016. Danamon's Individual and Consolidated LCR ratio for the 3rd and 4th Quarter of 2016 remained above the defined ratio set forth in POJK No. 42/POJK.03/2015, which is 70%.

Calculation of consolidated LCR is the combination of Danamon's LCR with subsidiaries's LCR (in this case, financial institution subsidiaries engaged in multi finance). On a consolidated basis, the incorporation of the subsidiaries' LCR has a marginal impact on the HQLA through the addition of cash or cash equivalents, as well as increasing cash outflow through bond issuance and interbank borrowing and increase cash inflows through retail instalment payments and interbank assets.

Danamon's HQLA composition (Rupiah and foreign exchange) is dominated by Placements with Bank Indonesia and Securities issued by the Central Government and Bank Indonesia with reference to POJK No. 32/POJK.03/2016 Article 36A (effective on 30 September 2016 position). The POJK stipulates the regulations on securities issued by the Central Government and Bank Indonesia in foreign currency, which can only be rated as Level 1 HQLA maximum for cash outflow needs in the referred foreign currency.

Third Party Funds Composition Analysis as an outflow component, the majority is with Danamon, which remains diversified in the wholesale and retail financing segments. Supervision of the funding concentration limit is monitored daily.

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

Apart from the regulatory liquidity risk assessment, the Bank may apply other internal assessments that are commonly used in liquidity risk management.

Currently, Danamon has also assessed the Basel III Liquidity Risk standards based on the latest OJK Consultative Paper, namely the Net Stable Funding Ratio (NSFR). The liquidity standards aim to increase resilience in a longer time frame (1 year) by setting additional incentives to the Bank to finance the operations of the Bank with more stable and sustainable funding sources.

The implementation of NSFR in Indonesia complies with the regulations and guidelines issued by OJK. Thus, the Bank must be able to meet the NSFR standards when such standard has officially been implemented by OJK.

Assessment, Monitoring, and Control of Liquidity Risk

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

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

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

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

(Rp million)

No.	Items	December 31, 2016					
		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	1,895,129	1,895,129	-	-	-	-
	2. Placements with Bank Indonesia	8,887,310	6,555,376	496,999	1,024,271	810,664	-
	3. Placements with Other Banks	3,999,261	450,150	271,469	120,210	1,166,836	1,990,596
	4. Marketable Securities	11,042,543	1,317,505	2,106,893	2,155,587	1,479,358	3,983,200
	5. Loans	87,826,305	11,652,442	13,450,192	14,810,895	19,081,783	28,830,993
	6. Other Receivables	298,771	72,569	160,950	56,670	-	8,582
	7. Others	825,381	114,954	16,994	8,474	-	684,959
	Total Assets	**114,774,700**	**22,058,125**	**16,503,497**	**18,176,107**	**22,538,641**	**35,498,330**
	B. Liabilities						
	1. Deposits from Customers	82,209,773	33,281,113	8,161,745	4,581,918	4,472,845	31,712,152
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	3,185,353	2,049,903	302,176	292,844	448,751	91,679
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	14,629	-	-	-	-	14,629
	6. Other Liabilities	226,872	20,532	22,048	10,729	-	173,563
	7. Others	2,769,880	16,993	2,936	63	-	2,749,888
	Total Liabilities	**88,406,507**	**35,368,541**	**8,488,905**	**4,885,554**	**4,921,596**	**34,741,911**
	On Balance Sheet Assets and Liabilities Differences	**26,368,193**	**(13,310,416)**	**8,014,592**	**13,290,553**	**17,617,045**	**756,419**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	-	-	-	-	-	-
	2. Contingencies	39,670	25,140	14,530	-	-	-
	Total Off Balance Sheet Receivables	39,670	25,140	14,530	-	-	-
	B. Off Balance Sheet Payables						
	1. Commitments	32,975,120	2,504,404	3,642,113	5,690,204	12,867,133	8,271,266
	2. Contingencies	3,418,549	482,268	580,832	773,773	1,382,883	198,793
	Total Off Balance Sheet Payables	36,393,669	2,986,672	4,222,945	6,463,977	14,250,016	8,470,059
	Off Balance Sheet Receivables and Payables Differences	(36,353,999)	(2,961,532)	(4,208,415)	(6,463,977)	(14,250,016)	(8,470,059)
	Differences [(IA-IB)+(IIA-IIB)]	(9,985,806)	(16,271,948)	3,806,177	6,826,576	3,367,029	(7,713,640)
	Cummulative Differences	(9,985,806)	(16,271,948)	(12,465,771)	(5,639,195)	(2,272,166)	(9,985,806)

	December 31, 2015					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,428,659	2,428,659	-	-	-	-
	8,661,508	7,241,898	842,196	242,628	334,786	-
	3,003,677	626,161	561,458	81,604	578,788	1,155,666
	7,301,345	485,634	836,443	703,097	910,907	4,365,264
	92,842,556	8,664,398	12,486,170	9,974,646	11,144,608	50,572,734
	548,466	102,682	205,274	235,485	-	5,025
	883,128	58,227	25,218	6,161	-	793,522
	115,669,339	**19,607,659**	**14,956,759**	**11,243,621**	**12,969,089**	**56,892,211**
	86,309,735	10,287,746	5,982,820	2,918,659	1,807,881	65,312,629
	-	-	-	-	-	-
	2,402,148	1,896,528	246,789	249,696	9,135	-
	-	-	-	-	-	-
	7,130	-	-	-	-	7,130
	316,970	15,055	19,310	3,569	15,866	263,170
	2,410,984	13,120	1,645	-	-	2,396,219
	91,446,967	**12,212,449**	**6,250,564**	**3,171,924**	**1,832,882**	**67,979,148**
	24,222,372	**7,395,210**	**8,706,195**	**8,071,697**	**11,136,207**	**(11,086,937)**
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	31,298,005	22,420,624	440,043	680,886	1,649,779	6,106,673
	2,984,967	461,917	410,756	715,752	1,045,238	351,304
	34,282,972	22,882,541	850,799	1,396,638	2,695,017	6,457,977
	(34,282,972)	(22,882,541)	(850,799)	(1,396,638)	(2,695,017)	(6,457,977)
	(10,060,600)	(15,487,331)	7,855,396	6,675,059	8,441,190	(17,544,914)
	(10,060,600)	(15,487,331)	(7,631,935)	(956,876)	7,484,314	(10,060,600)

1.1.b Disclosure of Maturity Profile for Rupiah-Consolidated

(Rp million)

No.	Items	December 31, 2016					
		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	2,087,443	2,087,443	-	-	-	-
	2. Placements with Bank Indonesia	8,887,310	6,555,376	496,999	1,024,271	810,664	-
	3. Placements with Other Banks	4,167,692	618,581	271,469	120,210	1,166,836	1,990,596
	4. Marketable Securities	10,973,028	1,317,505	2,106,893	2,155,587	1,479,358	3,913,685
	5. Loans	113,600,949	11,760,888	13,738,700	15,739,995	22,417,014	49,944,352
	6. Other Receivables	1,196,463	74,293	168,569	89,881	116,344	747,376
	7. Others	1,310,714	539,805	31,278	16,493	3,173	719,965
	Total Assets	**142,223,599**	**22,953,891**	**16,813,908**	**19,146,437**	**25,993,389**	**57,315,974**
	B. Liabilities						
	1. Deposits from Customers	81,485,748	32,557,088	8,161,745	4,581,918	4,472,845	31,712,152
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	3,185,353	2,049,903	302,176	292,844	448,751	91,679
	4. Securities issued	8,554,979	-	72,953	362,842	2,388,412	5,730,772
	5. Borrowings	7,568,673	200,000	2,650,000	3,046,017	1,672,434	222
	6. Other Liabilities	226,912	20,572	22,048	10,729	-	173,563
	7. Others	5,274,369	1,230,180	432,176	63,219	338,701	3,210,093
	Total Liabilities	**106,296,034**	**36,057,743**	**11,641,098**	**8,357,569**	**9,321,143**	**40,918,481**
	On Balance Sheet Assets and Liabilities Differences	**35,927,565**	**(13,103,852)**	**5,172,810**	**10,788,868**	**16,672,246**	**16,397,493**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	-	-	-	-	-	-
	2. Contingencies	39,670	25,140	14,530	-	-	-
	Total Off Balance Sheet Receivables	39,670	25,140	14,530	-	-	-
	B. Off Balance Sheet Payables						
	1. Commitments	32,975,120	2,504,404	3,642,113	5,690,204	12,867,133	8,271,266
	2. Contingencies	3,418,549	482,268	580,832	773,773	1,382,883	198,793
	Total Off Balance Sheet Payables	36,393,669	2,986,672	4,222,945	6,463,977	14,250,016	8,470,059
	Off Balance Sheet Receivables and Payables Differences	(36,353,999)	(2,961,532)	(4,208,415)	(6,463,977)	(14,250,016)	(8,470,059)
	Differences [(IA-IB)+(IIA-IIB)]	(426,434)	(16,065,384)	964,395	4,324,891	2,422,230	7,927,434
	Cummulative Differences	(426,434)	(16,065,384)	(15,100,989)	(10,776,098)	(8,353,868)	(426,434)

	December 31, 2015					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,586,969	2,586,969	-	-	-	-
	8,661,508	7,241,898	842,196	242,628	334,786	-
	3,278,159	900,643	561,458	81,604	578,788	1,155,666
	7,232,291	485,634	836,443	703,097	910,907	4,296,210
	117,407,859	8,807,217	12,769,296	10,844,833	14,349,219	70,637,294
	2,109,839	107,574	209,825	253,827	52,503	1,486,110
	1,349,045	455,685	35,012	21,426	2,710	834,212
	142,625,670	**20,585,620**	**15,254,230**	**12,147,415**	**16,228,913**	**78,409,492**
	85,562,425	9,540,436	5,982,820	2,918,659	1,807,881	65,312,629
	-	-	-	-	-	-
	2,402,148	1,896,528	246,789	249,696	9,135	-
	9,851,134	-	838,866	-	3,342,910	5,669,358
	6,622,878	1,550,000	1,790,486	1,652,693	1,629,646	53
	322,048	19,961	19,320	3,598	15,943	263,226
	4,512,164	1,198,665	317,715	226,592	1,120	2,768,072
	109,272,797	**14,205,590**	**9,195,996**	**5,051,238**	**6,806,635**	**74,013,338**
	33,352,873	**6,380,030**	**6,058,234**	**7,096,177**	**9,422,278**	**4,396,154**
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	31,298,005	22,420,624	440,043	680,886	1,649,779	6,106,673
	2,984,967	461,917	410,756	715,752	1,045,238	351,304
	34,282,972	22,882,541	850,799	1,396,638	2,695,017	6,457,977
	(34,282,972)	(22,882,541)	(850,799)	(1,396,638)	(2,695,017)	(6,457,977)
	(930,099)	(16,502,511)	5,207,435	5,699,539	6,727,261	(2,061,823)
	(930,099)	(16,502,511)	(11,295,076)	(5,595,537)	1,131,724	(930,099)

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

(Rp million)

No.	Items	December 31, 2016					
		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	177,487	177,487	-	-	-	-
	2. Placements with Bank Indonesia	8,825,108	5,146,980	-	2,008,319	1,669,809	-
	3. Placements with Other Banks	2,012,104	1,523,861	1,832	419,116	-	67,295
	4. Marketable Securities	4,894,170	740,288	1,329,655	1,371,959	-	1,452,268
	5. Loans	7,328,177	2,201,824	1,466,603	1,430,308	488,957	1,740,485
	6. Other Receivables	1,625,270	583,966	827,387	195,324	18,431	162
	7. Others	101,162	39,742	28,158	6,304	-	26,958
	Total Assets	**24,963,478**	**10,414,148**	**3,653,635**	**5,431,330**	**2,177,197**	**3,287,168**
	B. Liabilities						
	1. Deposits from Customers	22,346,539	6,728,907	5,553,270	2,782,570	1,911,249	5,370,543
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	1,662,008	602,558	829,771	197,493	23,025	9,161
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	445,212	-	-	-	-	445,212
	6. Other Liabilities	16,073	5,713	27	27	-	10,306
	7. Others	115,526	22,674	256	1,832	-	90,764
	Total Liabilities	**24,585,358**	**7,359,852**	**6,383,324**	**2,981,922**	**1,934,274**	**5,925,986**
	On Balance Sheet Assets and Liabilities Differences	**378,120**	**3,054,296**	**(2,729,689)**	**2,449,408**	**242,923**	**(2,638,818)**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	4,215,545	3,102,555	608,957	474,906	1,724	27,403
	2. Contingencies	30,192	-	-	20,761	9,431	-
	Total Off Balance Sheet Receivables	4,245,737	3,102,555	608,957	495,667	11,155	27,403
	B. Off Balance Sheet Payables						
	1. Commitments	10,348,645	3,309,964	3,466,030	1,298,965	1,426,549	847,137
	2. Contingencies	403,677	29,922	19,091	243,219	106,177	5,268
	Total Off Balance Sheet Payables	10,752,322	3,339,886	3,485,121	1,542,184	1,532,726	852,405
	Off Balance Sheet Receivables and Payables Differences	(6,506,585)	(237,331)	(2,876,164)	(1,046,517)	(1,521,571)	(825,002)
	Differences [(IA-IB)+(IIA-IIB)]	(6,128,465)	2,816,965	(5,605,853)	1,402,891	(1,278,648)	(3,463,820)
	Cummulative Differences	(6,128,465)	2,816,965	(2,788,888)	(1,385,997)	(2,664,645)	(6,128,465)

	December 31, 2015					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	140,704	140,704	-	-	-	-
	14,605,877	12,331,352	2,274,525	-	-	-
	6,621,224	4,635,092	1,599,010	2,325	128	384,669
	2,565,712	709,211	3,373	-	446,824	1,406,304
	9,093,499	2,473,727	1,860,788	1,243,001	624,655	2,891,328
	4,531,880	790,717	2,112,158	1,600,087	28,404	514
	83,734	26,530	4,322	11,589	-	41,293
	37,642,630	**21,107,333**	**7,854,176**	**2,857,002**	**1,100,011**	**4,724,108**
	29,723,795	5,809,810	3,396,406	2,071,675	1,199,785	17,246,119
	-	-	-	-	-	-
	5,516,970	870,779	2,768,795	1,600,041	277,355	-
	-	-	-	-	-	-
	682,804	-	-	-	-	682,804
	71,624	30,963	270	351	-	40,040
	139,314	1,352	5,202	2,176	-	130,584
	36,134,507	**6,712,904**	**6,170,673**	**3,674,243**	**1,477,140**	**18,099,547**
	1,508,123	**14,394,429**	**1,683,503**	**(817,241)**	**(377,129)**	**(13,375,439)**
	3,187,821	1,957,289	703,358	5,181	68,925	453,068
	130,296	53,086	-	-	77,210	-
	3,318,117	2,010,375	703,358	5,181	146,135	453,068
	10,919,320	7,425,142	1,146,665	229,265	501,471	1,616,777
	457,797	34,218	14,971	81,327	219,685	107,596
	11,377,117	7,459,360	1,161,636	310,592	721,156	1,724,373
	(8,059,000)	(5,448,985)	(458,278)	(305,411)	(575,021)	(1,271,305)
	(6,550,877)	8,945,444	1,225,225	(1,122,652)	(952,150)	(14,646,744)
	(6,550,877)	8,945,444	10,170,669	9,048,017	8,095,867	(6,550,877)

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

(Rp million)

No.	Items	December 31, 2016					
		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	177,487	177,487	-	-	-	-
	2. Placements with Bank Indonesia	8,825,108	5,146,980	-	2,008,319	1,669,809	-
	3. Placements with Other Banks	2,012,604	1,524,361	1,832	419,116	-	67,295
	4. Marketable Securities	4,894,170	740,288	1,329,655	1,371,959	-	1,452,268
	5. Loans	7,328,177	2,201,824	1,466,603	1,430,308	488,957	1,740,485
	6. Other Receivables	1,844,869	591,482	831,251	238,045	88,939	95,152
	7. Others	101,162	39,742	28,158	6,304	-	26,958
	Total Assets	**25,183,577**	**10,422,164**	**3,657,499**	**5,474,051**	**2,247,705**	**3,382,158**
	B. Liabilities						
	1. Deposits from Customers	22,346,487	6,728,855	5,553,270	2,782,570	1,911,249	5,370,543
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	1,662,008	602,558	829,771	197,493	23,025	9,161
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	4,496,287	89,790	44,873	313,639	627,051	3,420,934
	6. Other Liabilities	16,073	5,713	27	27	-	10,306
	7. Others	164,932	52,783	19,553	1,832	-	90,764
	Total Liabilities	**28,685,787**	**7,479,699**	**6,447,494**	**3,295,561**	**2,561,325**	**8,901,708**
	On Balance Sheet Assets and Liabilities Differences	**(3,502,210)**	**2,942,465**	**(2,789,995)**	**2,178,490**	**(313,620)**	**(5,519,550)**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	4,215,545	3,102,555	608,957	474,906	1,724	27,403
	2. Contingencies	30,192	-	-	20,761	9,431	-
	Total Off Balance Sheet Receivables	4,245,737	3,102,555	608,957	495,667	11,155	27,403
	B. Off Balance Sheet Payables						
	1. Commitments	10,348,645	3,309,964	3,466,030	1,298,965	1,426,549	847,137
	2. Contingencies	403,677	29,922	19,091	243,219	106,177	5,268
	Total Off Balance Sheet Payables	10,752,322	3,339,886	3,485,121	1,542,184	1,532,726	852,405
	Off Balance Sheet Receivables and Payables Differences	(6,506,585)	(237,331)	(2,876,164)	(1,046,517)	(1,521,571)	(825,002)
	Differences [(IA-IB)+(IIA-IIB)]	(10,008,795)	2,705,134	(5,666,159)	1,131,973	(1,835,191)	(6,344,552)
	Cummulative Differences	(10,008,795)	2,705,134	(2,961,025)	(1,829,052)	(3,664,243)	(10,008,795)

	December 31, 2015					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	140,704	140,704	-	-	-	-
	14,605,877	12,331,352	2,274,525	-	-	-
	6,621,735	4,635,603	1,599,010	2,325	128	384,669
	2,565,712	709,211	3,373	-	446,824	1,406,304
	9,093,499	2,473,727	1,860,788	1,243,001	624,655	2,891,328
	5,189,514	790,717	2,112,158	1,666,988	79,744	539,907
	83,734	26,530	4,322	11,589	-	41,293
	38,300,775	**21,107,844**	**7,854,176**	**2,923,903**	**1,151,351**	**5,263,501**
	29,723,738	5,809,753	3,396,406	2,071,675	1,199,785	17,246,119
	-	-	-	-	-	-
	5,516,970	870,779	2,768,795	1,600,041	277,355	-
	-	-	-	-	-	-
	5,448,412	-	-	412,696	365,985	4,669,731
	71,624	30,963	270	351	-	40,040
	204,841	38,890	33,191	2,176	-	130,584
	40,965,585	**6,750,385**	**6,198,662**	**4,086,939**	**1,843,125**	**22,086,474**
	(2,664,810)	**14,357,459**	**1,655,514**	**(1,163,036)**	**(691,774)**	**(16,822,973)**
	3,187,821	1,957,289	703,358	5,181	68,925	453,068
	130,296	53,086	-	-	77,210	-
	3,318,117	2,010,375	703,358	5,181	146,135	453,068
	10,919,320	7,425,142	1,146,665	229,265	501,471	1,616,777
	457,797	34,218	14,971	81,327	219,685	107,596
	11,377,117	7,459,360	1,161,636	310,592	721,156	1,724,373
	(8,059,000)	(5,448,985)	(458,278)	(305,411)	(575,021)	(1,271,305)
	(10,723,810)	8,908,474	1,197,236	(1,468,447)	(1,266,795)	(18,094,278)
	(10,723,810)	8,908,474	10,105,710	8,637,263	7,370,468	(10,723,810)

Contingency Funding Plan

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

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

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

D. OPERATIONAL RISK

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

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

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

1. Three Lines of Defense.
   In the implementation of the ORM framework, the "Three Lines of Defense" concept is applied, with the following description:
   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 operational risk management implementation. 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 maintaining 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 effectiveness.

   Meanwhile, the Internal Auditor independently performs the role as the third line of defense to identify any weaknesses found in operational risk management and assess whether the implementation of operational risk management has been in line with regulations.

   The Board of Directors and Board of Commissioners are responsible for overseeing the effectiveness of the overall implementation of the operational risk management framework.

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

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

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

The measurement of operational risks uses 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 is 15% of the average gross income during the last three years.

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

1.a. Quantitative Exposure of Operational Risks-Bank Stand Alone
(Rp million)

No.	Indicator Approach	December 31, 2016			December 31, 2015 (*)		
		Average Gross Income in the last 3 years	Capital Charge	RWA	Average Gross Income in the last 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	12,997,229	1,949,584	24,369,804	13,051,455	1,957,718	24,471,478
	Total	**12,997,229**	**1,949,584**	**24,369,804**	**13,051,455**	**1,957,718**	**24,471,478**

(*) Restated

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

No.	Indicator Approach	December 31, 2016			December 31, 2015		
		Average Gross Income in the last 3 years	Capital Charge	RWA	Average Gross Income in the last 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	18,236,164	2,735,425	34,192,807	18,092,372	2,713,856	33,923,198
	Total	**18,236,164**	**2,735,425**	**34,192,807**	**18,092,372**	**2,713,856**	**33,923,198**

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

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 of the importance of operational risk. 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 a worst case scenario that could affect the Bank's operational sustainability, and provides a framework to develop resilience and the ability to respond in an effective manner to safeguard the stakeholders' interests, reputation, brand, and essential business activities. The BCM program and framework are designed for effective implementation down to the subsidiaries, with the following objectives:

1. Ensuring sustainability of business processes in a timely manner from all functions/units during times of crisis;
2. Maintaining the main resources needed to support the recovery of the Bank's activities;
3. Reducing impacts to services of the Bank;
4. Reducing reputation risk;
5. Improving the public and macro financial system's trust in the Bank;
6. Increasing the resilience of the Bank or its recovery ability; and
7. Maintaining the on-going operations of the Bank and subsidiaries.

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 the solid involvement and support, Danamon has been able to maintain and refine its sustainability in handling all incidents throughout 2017 and successfully retained the ISO22301:2012-BCMS certification.

Fraud & QA

The Bank mitigates and manages risks arising from fraud through the anti-fraud strategy framework described in "Fraud Management Policies and Framework", which has been implemented nationally and in the 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, and on which Danamon has reported to 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 strategy with various initiatives by involving employees and systems, including continuous improvement on the effectiveness of internal control, active supervision from the management, as well as development of 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 measurements 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 Units in the Bank and subsidiaries.

E. LEGAL RISK

Legal risk is a risk arising from lawsuits or claims from the customers or third parties through the courts of law or outside the court taken either by internal or external parties and/or from weakness of juridical aspects of the Bank, including 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 scope of Danamon's business and dynamic product development as influenced by many factors, the level of legal risk needs to be properly managed. Basically, the main objective of legal risk management implementation is to ensure that the risk management process can minimize the possibility of negative impacts of juridical weakness, the absence and/or amendments of legislation and litigation processes in the activities of Danamon and its subsidiaries.

Danamon Legal Risk Management Organization

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

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

Legal Risk Implementation Policy and Procedures

The Bank already has a Legal Term of Reference and Legal Risk Implementation SOP, which are evaluated periodically based on Danamon's internal/external development as well as changes in the applicable legislation, adapted to the regulation of Bank Indonesia related to risk management.

Legal Risk Management and Control Mechanism

Legal Risk Management is conducted through a process of identification, assessment, monitoring, and risk control as well as through a management 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 that have an impact on the Bank's financial position and reputation. Identification of risk also includes legal risk assessments 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/changes in the regulations/legislation.

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

- Implementation of legal risks monitoring by Danamon Senior Management (especially legal cases).
- Realization of Legal Term of Reference and SOP Manual of legal risk management, as mentioned above, which among other matters, 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 no great impact as a trigger for other risks.

The implementation of a comprehensive legal risk management process with monitoring of legal risk is expected to be consistent, with active participation of all concerned parties. Through joint efforts with the Legal Division and Litigation Division as the division in charge, the existing risks are expected not to exceed the risk appetite determined by 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

Strategic risk can be sourced from weaknesses or inaccuracies of strategy formulation, as well as failure to anticipate changes in the business environment. Strategic risk management is intended to address a variety of risks due to inadequate strategy establishment and implementation.

Strategic Risk Management Organization

The Strategic Risk Unit plays a role in managing strategic risk and is under active supervision of the Board of Commissioners and Board of Directors. The Bank's Strategic Risk Unit covers all business lines and support functions that work closely with the finance division in analyzing and monitoring of strategic risk.

Strategic Risk Management

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

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

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

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

Furthermore, in assessing the quality of strategic risk management, the factors considered were:

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

Inherent Strategic Risk

Danamon and subsidiaries have managed the inherent strategic risk well. In essence, the Bank and subsidiaries have a clear and well-defined vision and mission as well as good organisational culture in line with the business processes and structure. The Bank and subsidiaries also have a clear, aligned and measurable business strategy.

Danamon and subsidiaries have anticipated the increase in business competition by providing better services to attract new customers and maintain the existing ones.

Danamon and subsidiaries also understand that the macroeconomic conditions may cause a strategic risk. Therefore, the Bank and subsidiaries continue to monitor a number of indicators, such as inflation rate, BI interest rate and changes in Rupiah exchange rate. The Bank and its subsidiaries are actively adjusting some activities, such as lending and seeking to improve operational cost efficiency.

Competition in customer service directly affects the competition between companies in acquiring qualified human resources. Employee turnover and performance as well as vacant positions in several divisions and subsidiaries, has become a concern of management. To that end, Danamon and subsidiaries have optimized the recruitment system to support business requirements and conduct regular analysis/ evaluation to ensure employee competence is aligned with business needs. Danamon and subsidiaries also conducted a survey to in order to improve employee satisfaction and prepare HR bench strength.

Strategic Risk Management Implementation Quality

Although risk management has been implemented satisfactorily, Danamon continues to fine-tune the process. The formulation of the risk appetite is sufficient in terms of limits, policy and procedures. Risk managers have been placed in each division and the subsidiaries to support the implementation.

Danamon and subsidiaries also continue to monitor various relevant strategic risk elements and regularly update the mitigation action plan in response to changing situations.

G. COMPLIANCE RISK

Compliance risk may arise from a bank's activities that do not meet the applicable requirements, regulations, and legislation, including the Syariah principles for the Syariah Business Unit. Effective management of Compliance Risk is essential to minimize the impact of this risk as quickly as possible. For that reason, a comprehensive review of the compliance aspect was conducted on policies/products/systems at the Bank. Compliance Risk Management is also conducted for the Bank's compliance risk on an individual basis, and on a consolidated basis with the subsidiaries.

Compliance Risk Management Organization

The management of compliance risk is supported by an adequate governance structure, including Board of Commissioners, Risk Monitoring Committee, Board of Directors, Compliance Committee, Business Units, and Supporting Units. The Board of Commissioners, through the Risk Monitoring Committee, is responsible for overseeing the Bank's Compliance function, including ensuring that risks have been monitored and are being managed properly.

The Board of Directors plays an important 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 with responsibilities including to formulate strategies to encourage a compliance culture, to establish policy, systems and procedures of compliance, to ensure the compliance of the Bank's activities, to minimize compliance risk and to prevent management decisions that might risk non-compliance. The Compliance Director thus plays an important role in the management of compliance risk.

The Compliance Working Unit is an independent unit, free from the influence of other units, which was established to support the implementation of the Compliance Director's duties and responsibilities. The Compliance Unit also performs the functions of the Integrated Compliance Working Unit, supported by experienced resources and has professional compliance competence covering all Bank business activities, including Syariah Business Unit and Subsidiaries.

At business units/branch offices, the Bank has appointed a Business Unit Compliance Coordinator (BUCO) and Business Unit Compliance Officer (BUFO), as the persons in charge of planning, implementing and monitoring compliance with prevailing laws and regulations applicable to respective 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 defense 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 assessment, monitoring and controlling risk and a management information system. The process of compliance risk identification and assessment 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, applicable laws and regulations, as well as the prudence principles and sound business ethics standards. 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 an effective and controlled manner.

Compliance Risk Monitoring and Control Mechanisms

Danamon conducts monitoring and control of compliance risk through compliance test results, assessment results, self-assessment compliance results, and the commitment to Bank Indonesia/ Financial Services Authority, including the fulfilment of the main regulation requirements of the Bank and subsidiaries. The Bank as the main entity also monitors and evaluates the implementation of compliance functions on the subsidiaries through coordination with the compliance functions on each subsidiary.

To control compliance risk, 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 procedures are in line with the provisions of Bank Indonesia and the Financial Services Authority, and relevant external provisions, as well as the implementation in the Bank.

Implementation of Regulatory Provisions

Danamon strives to comply with the provisions set by the regulators including the Bank's and Subsidiaries' Implementation of Integrated Governance and Integrated Risk Management. In line with fulfilling such regulations, the Bank has prepared the structure and infrastructure, which include policy establishment, committee establishment, and other necessary adjustments.

H. REPUTATION RISK

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

Reputation Risk Management Organization

The Corporate Secretary Unit, in coordination with the Risk Management Unit, the Public Affairs Unit, the Customer Complaints Handling Unit, the Compliance Unit, the Financial Unit, and other relevant units, manages Danamon's reputation risk.

Given its importance, reputation risk management is conducted in an integrated manner with the full support of the 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, Danamon's reputation risk management team works closely with PT Adira Dinamika Multi Finance, Tbk. and PT Adira Quantum Multi Finance's risk management team.

Policy and Mechanism of Reputation Risk Management

The policy and mechanisms of reputation risk management are aligned with the applicable regulations that 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 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 the quality of human resources.

Risk Management During Crisis

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 accordance with the intended policies and procedures.

I. INVESTMENT RISK

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

Financing based on a mudharabah contract takes the form of business cooperation between the Bank, which provides all the capital, and the customers, who act as fund managers, by sharing in 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.

Organization and Policy of Investment Risk Management

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 a working unit empowered and responsible for analyzing reports containing actual realization against the business targets. The Bank maintains adequate infrastructure to monitor business performance and operations of those financed by the Bank or are regarded as partners.

Investment Risk Mitigation

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

J. RATE OF RETURN RISK

Rate of Return Risk is risk arising from changes in the level of return rate paid by the Bank to a customer, due to 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 Return Risk Management also applies to the Syariah Business Unit (UUS) business. The process of Return of Risk Management refers to provisions of OJK.

K. INTRAGROUP TRANSACTION RISK

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

Organization and Policy of Intragroup Transaction Risk

Intragroup Risk is managed by the Bank, as the Main Entity, and its subsidiaries, as members of the Financial Group, in managing intragroup risks. The 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 that are periodically monitored. The implementation of Intragroup Transaction Risk Management is conducted through the identification, assessment, monitoring, and risk control, as well as the Management Information System.

Management of Intragroup Transaction Risk

As the Main Entity, the Bank involves its subsidiaries as members of the Financial Group in identifying types of intragroup transactions, which may expose the Financial Group to risks as well as assuming responsibilities in conducting assessment on 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 and its subsidiaries as members of the Financial Group are committed to control intragroup transactions that 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 integrated intragroup transaction risk profiles for the Financial Group with the subsidiaries. Reports on intragroup transaction risks management will be prepared comprehensively and periodically so that the management and regulators can monitor, assess, and evaluate risks in a sustainable manner.

L. INSURANCE RISK

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

Organization and Policy of Insurance Risk Management

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

Insurance Risk Management

The implementation of insurance risk management is accomplished through identification, assessment, monitoring, and risk control as well as the management information system. The insurance subsidiary is responsible for identifying and assessing insurance risks which may arise in each product as well as in various insurance activities.

The insurance subsidiary is also responsible for monitoring and controlling inherent insurance risks. The 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 stage of risk management.

The Bank and its insurance subsidiary implement insurance risks profiles for the Financial Group. Reports on insurance risk management are prepared comprehensively and periodically so that the management and regulator can sustainably monitor, assess, and evaluate risks.

DESCRIPTION OF BASEL III

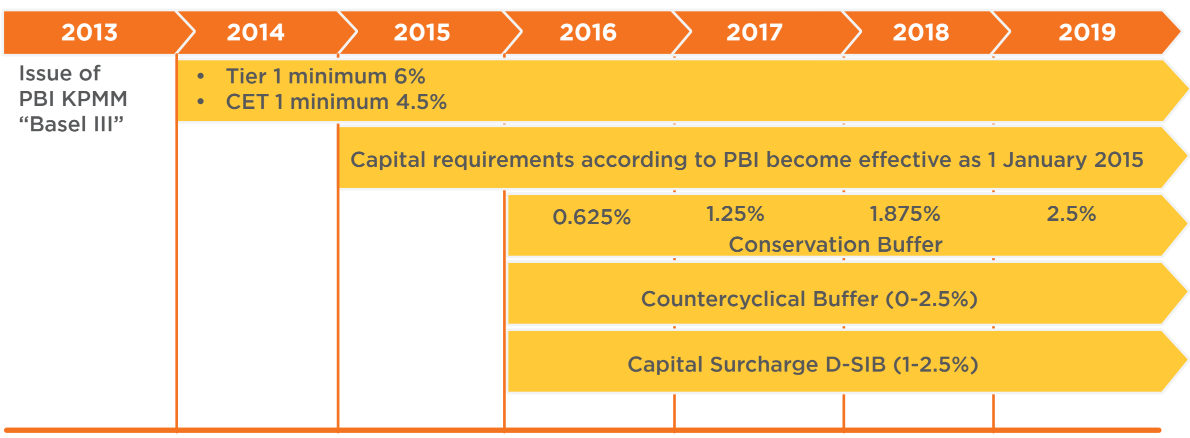
The banking industry enhanced the existing capital framework through various discussions organized at the global level through the concept of Basel II improvement, namely Basel III. Basel III has the objectives to manage banking issues by improving the capacity of the banking sector to absorb risks that may arise from financial and economic crisis as well as to prevent financial events influencing the economic sectors; improving the quality of risk management, governance, transparency, and disclosure; and providing the best solution for systematically important cross border banking. Basel III is expected to strengthen micro prudential management to increase the robustness and resilience 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 buffers during boom periods of the economy in order to absorb losses during a crisis (bust period), namely countercyclical capital buffer, as well as 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 the global banking level.

The 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 the 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 its impacts to the 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 (OJK) issued a Consultative Paper (CP OJK) on the Basel III Framework Liquidity Coverage Ratio (LCR) in 2014, proceeded with the issuance of the Draft Regulation of the Financial Services Authority (RPOJK) on the Fulfilment of Liquidity Coverage Ratio for commercial banks in August 2015, POJK No.42/POJK.03/2015 on the Liquidity Coverage Ratio (LCR) for Commercial Banks in December 2015, and POJK No.32/POJK.03/2016 on the Transparency an Publication on Bank's report in August 2016

Referring to OJK regulation, the implementation of the LCR framework is implemented gradually. As a Bank in the BUKU 3 Group, Danamon is included in the Second Phase scheme period. The trial period 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. LCR aspects related to the calculation, implementation period, reporting, publication, and others are based on POJK.

In addition to the LCR, BASEL will also introduce an additional ratio, namely the Net Stable Funding Ratio (NSFR) as a supplement to the liquidity risk management, and 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 the 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 CP OJK.Danamon has been preparing the implementation of NSFR which refers to Basel III and CP OJK as well.

RISK MANAGEMENT ACTIVITIES PLAN IN 2017

As presented in the Economic Prospects for 2017, the Indonesian economy is predicted to rebound in 2017, despite future challenges. This is especially due to the impact of the global economic slowdown,especially in China, and volatility of global financial markets. The following are several challenges to be likely encountered in 2017:

- There is a possibility of pressure to the exchange rate (Rupiah) this year due to the negative sentiment in the financial market, impacted by the rise in the US interest rate.
- Inflation may rise to 4.57% compared to 2016 affected by the higher oil price. Therefore, we expect BI to raise the benchmark interest rate (7-day Repo rate) by 0.25% to 5%.
- Commodity prices started to increase and may bring positive impact to the manufacturing and commodity exports. However, we still have to monitor further the uncertainty in the global economy and the fluctuation of international commodity price.
- The implementation of government fiscal stimulus policy will bring positive impact to the economy.

  In anticipating various external conditions, Danamon has prepared a number of initiatives in conjunction with the risk management in 2017, including.

1. Management of Integrated Risk
    a. Periodically review Risk Appetite Statement;
    b. Improve monitoring and risk control functions in line with Integrated Risk Management Implementation for the Financial Group;
    c. Comprehensively review risk monitoring and assessment in an integrated manner;
    d. Maintain Bank business growth at an acceptable level while keeping prudence;
    e. Maintain optimum level of healthy liquidity risk as per approved limits.
2. Credit Risk Management.
    a. Periodically reviewing Credit Policy;
    b. Continuing the development of internal rating model for credit risks in all business lines gradually, such as the development of Scorecards for SME (Small and Medium Enterprise) and Mortgage (Housing Loans);
    c. Implementing ICAAP framework;
    d. Using Standardized Approach for credit risk RWA calculation;
    e. Periodic validation for existing rating/scorecard model;
    f. Performing stress testing at a minimum of once a year at Bank-wide 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 the regulators;
    g. Performing quarterly back testing for Impairment Provision adequacy for all business lines;
    h. Preparing for the development of the Internal Model for IFRS9/PSAK71 for the preparation of Expected Credit Loss (ECL) calculation in accordance with IFRS9/PSAK71;
    i. Developing and updating the Internal Rating, Early Warning System (EWS) model for the wholesale segment;
3. Management of Operational Risks and Fraud.
    a. Implementation of ORM cycle has and will consistently continue, including identification, assessment, supervision, and operational risk control both at the Bank and 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 the detection pillar and reporting and sanction pillar covering credit and non-credit areas;
    c. Risk identification process performed through the implementation of risk registration and risk assessments on both existing and new products, processes, and systems to identify inherent risks as well as the 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 quarterly basis, report relevant risks and monitor operational risks through the Key Risk Indicators (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. Asset and financial insurance as one of the forms in essential operational risk mitigation as coordinated by insurance coordinator in the ORM Division;
    g. ORM workshop/dissemination 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 subsidiaries continue to implement a comprehensive Business Continuity Management (BCM) to ensure business sustainability from such disruptions as disasters or crises;
    i. Escalation process improved and self-raise issue campaign enacted to ensure all Bank employees identify risks proactively, then subsequently carry out the necessity action before operational risk incidents occur.
4. Market and Liquidity Risk Management.
    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) assessment through the ALM system as in line with OJK and Bank Indonesia regulations;
    c. Perform studies and preparation on Models in line with OJK and Bank Indonesia regulations.

Human Resources

In order to support business growth, Danamon prepares employees through learning and development of soft and hard skills through an experiential learning approach.

As one of Danamon's main assets, employees capabilities and performances are continuously enhanced holistically starting from employee selection through employee separation, supported by the latest IT and management framework.

Aside from the latest IT and the most suitable management framework, In order to support business growth targets and increase the Bank's competitiveness, Danamon also prepares employees through learning and development programs for hardskill and softskill through an experiential learning approach Moreover, management is focused on strengthening the company's culture in order to improve employees engagement level.

Vision and Mission of Human Resources Management

The Human Capital Management Unit of Danamon actively serves as strategic partner and center of excellence for business units. Human Capital Management's vision is aligned with Danamon's vision, which is to become The Employer of Choice and is known as a High-Performing Organization. In line with this vision, Human Capital Management formulated its role as stated in its mission, which is to provide customer-centric solutions and services with the support of modern technology in order to elevate Danamon as a high-performing financial institution.

HR Management Policy

Danamon's employee management policies, established by the Human Capital Committee, were adapted to current conditions, so that their implementations can effectively improve employee productivity and performance in support of the Company's goals. During 2016 several new policies were implemented.

HR Recruitment Policy

Recruitment is one of the main keys to acquire employees with capabilities and standards in accordance with the Bank's requirements. The latest recruitment model to find the most suitable candidates is applied through openness of information via various media such as social media and career websites advertising. At the same time, Danamon works with reputable Executive Search firms to fill some critical positions.

On the other hand, the Bank also provides opportunity for existing employees to fill vacant positions through internal job postings, as well as obtaining the best talents in Danamon through internal hiring process.

Compensation Policy

Compensation is a very important component for the Bank to motivate, attract and retain the best talents, to encourage a high performance culture, through promoting the principles of meritocracy, market benchmarking, and the Bank's capabilities, in order for the Bank to be competitive in managing talents. This policy is outlined in the SIPASTI ("Reward System Based on Contribution") concept. This compensation principle is based on fairness and internal equity tailored to the financial capabilities of the Bank. Several new policies were implemented to strengthen the implementation of SIPASTI, including creating a new incentive model, new incentive philosophy and guidelines,

HR Management Roadmap

Danamon sets out its employee management vision,mission and policies in a Human Capital Strategic Roadmap to guide employees on their strategic role requiring competence and professionalism in order to support Danamon in enhancing relationships and trust with stakeholder encompassing all elements of the organizations, to work together in enhancing Danamon's performance according to the goals set..

2016 – 2017 Fixing and Learning	2017 – 2018 Improving	2018 – 2019 Excelling and Sustaining
Attend to critical Bank foundations	Bring the basics to the next level with quality and efficiency on at par with market leading practice	Institutionalize HR process to sustain a high performing organization
• HR system/platform enhancement • Business Process Improvement • Teams with adequate capability	• Fully Integrated HR system/ platform • Cultivate Culture To Drive HPO • Respectable DCU • Well recognized Business Partner • Leveraged on Social media and digital capability	• Respected Human Capital • Innovative Organization • Sustainable high performance based on productivity

Human Resources Development Strategy

In line with the Human Capital Strategy Roadmap, in 2016 and 2017 Danamon is implementing a talent development strategy based on learning and capacity development, with a focus on increasing employees' capabilities to encourage a high performance culture, talent and leadership development, organization / segment alignment, and change management related to human resources.

HR Performance

In 2016, Danamon made many changes in strategies and operating models to adjust to changing development and business needs, primarily related to demographic and employee turnover impact.

Recruitment

During 2016, Danamon recruited 5,180 employees, a drop of 28% compared with the previous year's recruitment of 7,235 employees. On the other hand, the level of turnover was 38%, including 2.6% who opted for early retirement. The above turnover figures were down by 18% compared to the previous year.

Based on seniority, during 2016 Danamon recruited 34 employees at the senior management level, 108 employees at the middle management level, 1,021 employees at the level of first-line management and 4,017 employees at the clerical level. In the recruitment process, Danamon optimized the use of internal job postings and social media, as well as collaborated with recruitment services providers,particularly for middle and senior management levels.

Training and Competence Development

In 2016, Danamon implemented employee training and development programs for 87,074 employees with 87,372 man days. The trainings were divided into 374 programs and 1,275 batches held at Danamon Corporate University ("DCU") and at Danamon training centers.

During 2016, 979 employees participated in the Risk Management Certification ("SMR") training and examinations, in which 823 employees successfully passed the program and another 716 employees attended refreshment courses. In addition, other certification programs such as Lean Six Sigma and Project Management Professional Project were held to improve the Bank's performance.

Danamon's Human Capital Management Unit also held Management Trainee ("MT") programs specifically for Consumer & SME Banking for talented S1 (Bachelors degree)/ S2 (Masters degree) graduates with strong motivation to become future leaders of Danamon. The Officer Development Program ("ODP") for the Operations Division and the Auditor Development Program ("ADP") for Internal Audit ("SKAI") were held for 59 participants.

Training Program Statistics

Training Program	2016	2015	2014	2013	2012
Number of Training Programs [1)]	3,109	2,580	2,948	3,329	4,230
Number of Participants [1)]	207,739	64,216	70,278	90,864	83,277
Total Man-days [1)]	167,428	157,056	175,059	237,446	203,397
Total Investment on Training (Rp million)	248,355	182,170	225,942	261,079	265,705
Average Investment per Employee (Rp million)	1.20	2.84	3.21	2.87	3.19

Employee Competence Development Costs

Danamon invested Rp248.4 billion for training in 2016, an increase of 36.3% compared to 2015. The training investment increase funded new modules for both in-class and e-learning, aimed to increase employee competency.

Based on 2016 evaluation results, Danamon's Human Capital Management Unit reached a training ratio above 6%, in line with Bank Indonesia's regulation requirement of minimum training ratio of 5%. Meanwhile training deployment reached 90%, facilitated by optimizing several in-class training and e-learning programs.

Internalization of the Company Values

In 2016, Danamon conducted trainings to instill the Company values of Caring, Honesty, Passion to Excel, Teamwork, and Disciplined Professionalism. Additionally, a new e-learning based corporate values module accessible by every employee were implemented to refresh Company values and their applications in the work environment.

Employee Engagement

Danamon's employee engagement initiatives were implemented to manage changes and improvements that occurred within the organization. As a continuation of the Employee Engagement Survey conducted the previous year, in 2016 Employee Engagement Champion Team were formed to ensure follow up programs were conducted in each Line of Business ("LOB"). Employee engagement initiatives were conducted by each LOB through sharing sessions, coaching programs, award programs for employees and others. Follow up from the Employee Engagement Survey was monitored regularly during 2016 through the Mood Ring Pulse Check Survey.

Another initiative conducted is dialogue sessions between employees and leadership representatives in all regions to ensure that strategic and operational communications were delivered effectively, aside from email blasts, newsletters and others. Such dialogue sessions were expected to align perceptions of all parties on the latest conditions, current issues and follow up items.

Employer Branding

Danamon believes good Employer Branding is a powerful aspect of attracting prospective employees and retaining current ones. Externally, employer branding is developed through recruitment cooperation with various universities, training opportunities, and Corporate Social Responsibility.

Human Capital Information System

In 2016, Danamon's Human Capital Management Unit developed an integrated automation information system to accelerate the entire process of employee management, resulting in a better quality and timely support of the Bank's strategy. The system was developed to help Danamon's Human Capital Management Unit develop partnerships with other stakeholders in a better and timely manner.

Risk Management

Danamon's Human Capital Management Unit improved risk management by conducting Risk Control Self Assessment ("RCSA") in order to control operational risks and Compliance Risk Self Assessment ("CRSA") to ensure compliance with existing regulations in Human Resources units. Danamon's Human Capital Management Unit also continues to improve processes to reduce operational risks, including usage improvement of applications, such as Recruitment System, Industrial Tracking System and e-LRF (Training Registration).

Talent Management and Employee Career Development

Talent management is an important part of Danamon's Human Capital Management Unit; therefore, the talent management program was designed in a comprehensive and sustainable manner, with the aim of ensuring the availability and readiness of the next generation of leaders and other key positions.

The program started with talent identification process by mapping two criteria, namely performance and potential. Assessment and talent reviews identify and manage the best talents to be developed according to individual needs. Increasing engagement levels of the talent involve implementing Bank-wide or division wide initiatives Implementing a succession planning process helps ensure that Danamon's performance is maintained by preparing cadres of leaders capable to become future leaders.

In order to support the Company's strategy, Danamon's Human Capital Management Unit is currently developing an employee career development system, one of the way is to improve employees' competency through soft skills, technical skills, and tiered leadership trainings. The Leadership programs include people management program for first-linemanagers and middle management, and senior leadership program for senior management. It is expected that with the increase in employee potential, they will gain the opportunity to perform more challenging assignments.

Remuneration strategy

Danamon's remuneration strategy is based on meritocracy in which the Bank rewards people based on competence and work performance. This strategy is realized through the SIPASTI Program (System of Rewards based on Contribution) which has been consistently applied since 2015 in the form of short-term and long term incentive programs, both through financial and non-financial rewards.

Employee remuneration consists of fixed components, based on the job title, job type, and the scarcity of such position-holders in the market, as well as the market benchmark and variable components in the form of performance bonuses and incentives.

Performance bonuses are awarded based on the Bank achievement against targets and industry benchmarks, as well as operating unit and individual achievements. Meanwhile incentives given to positions that directly bring in revenue such as sales and collection staff are designed to enhance motivation and to form effective sales and collection behaviors. By having a fair and balanced compensation system, the Bank expects a productive working atmosphere to boost employees' performance and motivation to continue to work and contribute.

Employee welfare

In terms of employee welfare, in addition to providing BPJS health and pension ("JHT") benefits, Danamon provides health insurance, pension funds, and Mortgage Loan and Vehicle Loan ("KKB") for employees. Danamon also provides loans for the purchase of computers. In 2016, the Bank made changes to employees' transportation benefits to be on a cash basis.

Performance Management

Employee performance assessments are conducted two times a year to assess employee's performance based on key performance indicators ("KPI") that had been agreed previously and to assess whether the employee's behavior is in line with Company's values. Based on this performance assessment, superiors and subordinates can carry out discussions and communication (coaching & counseling) as well as guidance to help employees achieve targets.

For employees categorized as "low performers", Danamon's Human Capital Management Unit together with the related business functions aims to increase these employees' performance by renewing the Performance Improvement Plan ("PIP") to become more dynamic and be effectively implemented. At the senior management level, a promotion committee has been formed to support the establishment of the strong organization and leadership ranks required by the Bank.

Employee Turnover Rate Management

Danamon controls its employee turnover rate by creating an employee retention program in collaboration with Line Managers. This program is important to retain the best employees in the Bank, minimize employee turnover and increase the comfort level of employees.

In 2016, Danamon's Human Capital Management Unit improved its Performance Management System ("PMS") in order to optimize the role of unit leaders as coaches, to empowering his/her team and to sustain employee engagement. The PMS system has been implemented this year in an annual lifecycle and disseminated to 1,064 line managers, continuing the socialization that was conducted in the previous year.

In 2016, HR also followed up on the results of the 2015 Employee Engagement Survey and ensured employees cared and executed the resulting initiatives, as well as reviewed the policies and rewards system in order to improve employee retention.

Work Culture

Danamon encourages employees to adopt a high performance work culture. This has been implemented by the Human Capital Management Unit from the recruitment stage, through which the prospective employee is evaluated for alignment of his/her workculture with that of Danamon. The Human Capital Management Unit also fosters a high-performance culture through the implementation of SIPASTI to appreciate employees with high contributions, and to conduct mentoring to improve the performance of employees.

Pension

Danamon has a pension plan according to government regulations. In order to assist employees who will soon retire, Danamon provides a Retirement Preparation Workshop. This training is conducted so that employees who will reach retirement age will be better prepared for their retirement. The training covers mental and financial preparation for retirement period activities.

Industrial relations

In 2016, Danamon Management conducted industrial relations with the Labor Union in the form of consolidation and communication related to the expectations raised by the Union, and collaborated with the Ministry of Labor, conducted trainings on Labor Laws, on the conditions of work and Industrial Relations, and on other topics. The trainings were intended to build a positive image between Management and Labor Union to create harmonious industrial relations. Currently Management and Labor Union are preparing a plan to discuss the renewal of the Collective Labor Agreement.

Data Headcount Danamon Per December 2016 (Consolidated)

Company	2016	2015	2014	2013	2012
Danamon	22,832	27,223	31,660	35,423	33,939
Adira Finance	20,094	21,351	26,098	28,519	28,093
Adira Quantum	8	524	1,691	2,863	2,439
Adira Insurance	1,085	1,128	1,169	922	867
Total	44,019	50,226	60,618	67,727	65,338

Employee Composition Based on Position (Consolidated)

Grade	2016	2015	2014	2013	2012
Top Management & Technical Advisor	27	23	39	49	45
Senior Manager	378	384	422	407	362
Manager	3,108	3,229	4,045	3,495	2,909
Officer	12,487	13,751	16,818	16,894	15,618
Staff	28,019	32,839	39,294	46,882	46,404
Total	44,019	50,226	60,618	67,727	65,338

Employee Composition Based on Employment Period (Consolidated)

Year of Service	2016	2015	2014	2013	2012
0-3 years	13,872	18,380	25,128	36,053	39,385
3-5 years	6,770	10,391	14,555	11,676	8,066
5-10 years	14,700	12,576	10,896	11,479	10,311
10-20 years	6,562	7,450	8,774	7,354	6,534
>20 years	2,115	1,429	1,265	1,165	1,042
Total	44,019	50,226	60,618	67,727	65,338

Employee Composition Based on Age (Consolidated)

Age	2016	2015	2014	2013	2012
<25 years	3,912	4,655	6,343	9,066	9,364
25-34 years	25,120	29,616	36,584	41,983	40,960
35-44 years	11,875	12,996	14,520	13,966	12,764
>45 years	3,112	2,959	3,171	2,712	2,250
Total	44,019	50,226	60,618	67,727	65,338

Employee Composition Based on Education (Consolidated)

Education	2016	2015	2014	2013	2012
Post Graduate	438	445	542	573	577
Bachelor	29,137	31,963	37,834	42,361	41,162
Diploma	8,399	9,719	11,982	14,007	13,678
Senior High School	6,022	8,065	10,161	10,671	9,789
Junior High School/Elementary School	23	34	99	115	132
Total	44,019	50,226	60,618	67,727	65,338

Employee Composition Based on Employement Status (Consolidated)

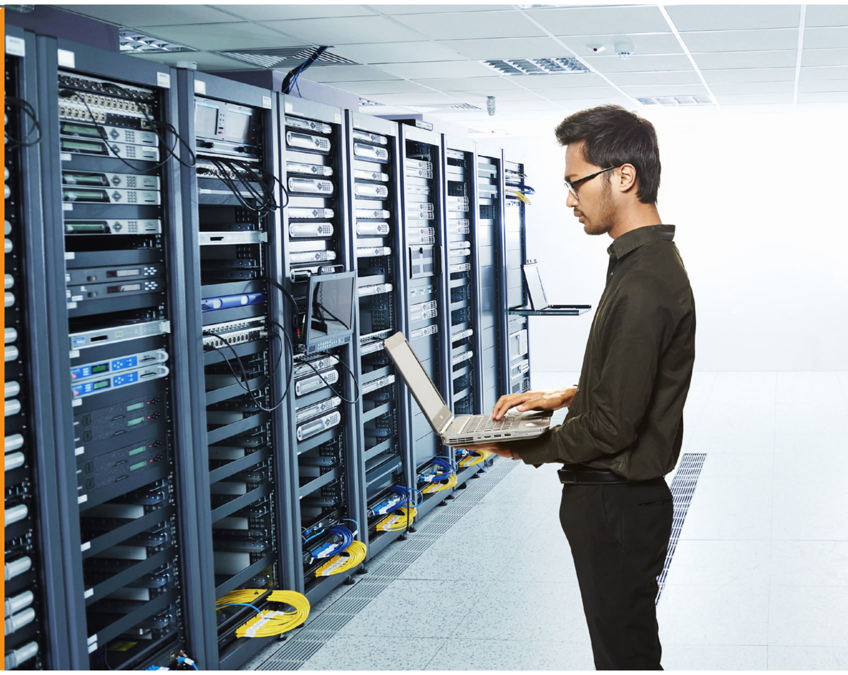
Employement Status	2016	2015	2014	2013	2012
Permanent 1)	31,950	35,606	42,476	47,075	47,186
Non Permanent 2)	12,069	14,620	18,142	20,652	18,152
Total	44,019	50,226	60,618	67,727	65,338

Notes:
1) Permanent Employees include permanent and probationary.
2) Non Permanent employees include contracts, trainees, honorarium and expatriates. Data exclude outsourcing.

HR Strategy and Business Plan for 2017

Danamon has formulated a strategy and business plan for the Human Capital Management Unit for 2017 with a Fixing & Learning theme, where the Human Capital Management Unit will increase its capabilities and excellence as a strategic business partner by integrating all systems at the Human Capital Management Unit, improve business processes, increase team abilities to meet business growth and needs, develop talent management and succession plan models, increase employer branding, foster a culture to encourage a High Performance Organization, optimize the function of Danamon Corporate University, become a business partner with a good reputation, and optimize the capacity of social and digital media.

Information Technology



Danamon is building the digital capability that will serve as the foundation for Danamon's service platform in future years as an organization driven by the needs of its customers.

Danamon Information Technology continues to strengthen its infrastructure, processes and people to support the Bank's strategic direction, with key focus areas on digital, and moving towards an analytics driven organization.

Moving towards a digital enterprise will mean streamlining processes, creating a better customer experience for all transactions, creating more comprehensive services on the digital platform and more.

At the same time Danamon believes that the customer experience includes better uptime and availability.

Due to fraud and cyber security threats, continuous improvement in our IT security infrastructure is extremely important in providing confidence to our customers in doing banking transactions. Therefore, Danamon is in the process of implementing world-class security systems to prevent and detect malicious transactions and cyber attacks.

Information Technology within the Bank is directed toward:

- Supporting the business growth of the Bank and its subsidiaries;
- Ensuring a secured, uninterrupted and efficient operation of the Bank;
- Optimizing the availability and mitigating the interruption rate of services.

To achieve these goals, Danamon carried out a number of significant IT initiatives in 2016, including:

Enhancing Business & Digital Strategy

The Bank is in the process of selecting an enterprise CRM system to improve customer management relationship as well as to provide a holistic view of the customer.

In its continued efforts at improving digital services to customers, the Digital Branch is being envisioned which will include digitization of the customers' journey. Danamon continues to improve electronic channels by enhancing and providing more features.

Danamon is in the process of implementing a Holistic Reward Points Solution and the rewards point redemption will be available through online channels.

The Bank continued to enhance Trade Finance solutions to provide for trade transactions via channels and improvements in Trade Office processing.

In order to improve the capability of the Bank to do advanced analytics, the Bank has implemented an Enterprise Data Lake system as well as other technology to move towards advanced analytics.

Technology Infrastructure

Replacement of the Virtual Tape Library was completed in May 2016, which provides for additional capacity and provides an opportunity to reduce costs. The Bank continued its virtualization endeavors and has now virtualized 70% of the servers.

To improve customer experience the Bank is in the process of implementing transactional monitoring services that can provide for early detection of bottlenecks.

Danamon is implementing the Enterprise Mobility Management to provide the infrastructure for users to securely access Bank applications through mobile devices.

Strengthening IT Security

Cyber-crime increasingly targets customers through unprotected devices like computers and mobile phones, which are easily infected by malware and are the weakest entry point. Danamon is in the process of implementing anti-malware solutions to detect and protect customers against threats and identity theft.

In terms of security infrastructure the Bank has implemented anti-phishing services, Web Application Firewalls, end-to-end encryption for ATM transactions and upgrading of anti-DDoS attack protocols.

Danamon has implemented Fraud Detection solutions for potential fraud in Applications and continues to enhance solutions for transactional fraud detection and prevention.

Regulatory, Compliance and IT Governance

In line with regulator initiatives to provide financial inclusion, the Bank has implemented Laku Pandai through Adira channels.

Danamon has embarked on an enterprise Rule Based Engine to centralize and simplify the credit decision processes. The Bank will increase the use of the solutions for sub-processes where decisions are required.

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

OUTLOOK for 2017

Danamon will continue to replace out-dated ATMs and CDMs as part of its channel strategy for new technology and updated security.

The Bank continues to enhance our digital offerings to both consumer and enterprise customers. The Bank will enhance the middleware and implement Omnichannel solutions to provide customers with seamless and consistent interaction across multiple channels.

Danamon will continue with virtualization efforts by adding capacity and migrating to virtualized servers.

The Bank will refresh network infrastructure (backbone routers, core and distribution switches), especially those that will have reached the end-of-support status by end of 2017.

As part of Data Center improvement in capacity, scalability and reliability, Danamon will move the non-purpose built Data Center located at Kebon Sirih to a new Data Center, meeting minimal Tier-3 Data Center standard.

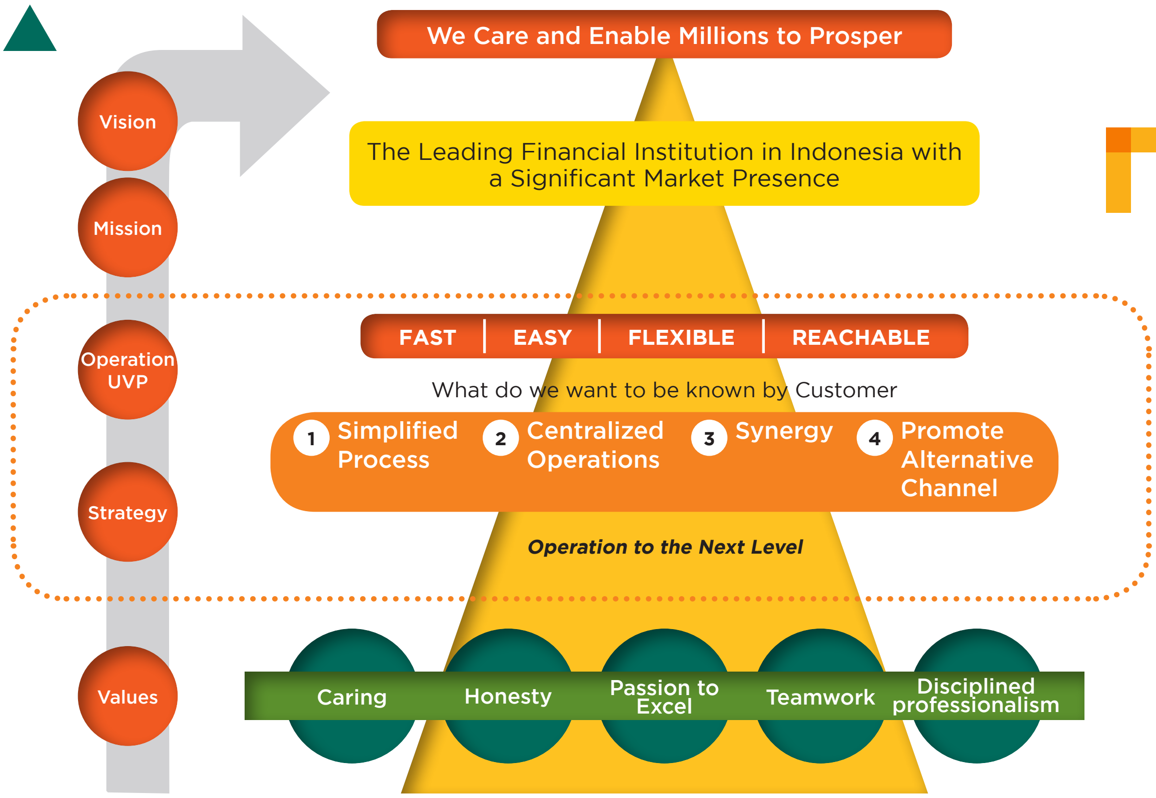
End-to-End transaction monitoring will be extended to support other services. To support mobility, cost efficiency and increased productivity, the Bank will embark on Virtual Application solutions.

To keep up with changing trends in security technology, current log management will be enhanced to provide deeper visibility on network traffic communication, events correlation and better view of security posture. Danamon will implement Security Center Vulnerability Scanners to detect device vulnerability. The Bank will also improve the current SOC (Security Operation Center) cyber security monitoring by implementing Advanced SOC to provide capability to detect and respond to advanced cyber security threats. The Bank will implement Advanced Threat Detection to detect advanced malware that cannot be detected by traditional methods. The Bank will establish a Threat Management Team to analyze and respond to cyber security threats.

To expand the Bank's capability in data analytics, Danamon has initiated Master Data Management and Data Integration for Structured and Unstructured Data.

As part of compliance to BI/OJK regulations, Danamon will implement IFRS9 and do continuous improvement and enhancement of our existing regulatory applications.

Operations



Danamon continues to take its operational activities to the next level with simplified processes, centralized operations, synergy across lines of business, and the utilization of alternative e-channels.

In accordance with the 2016 Bank Business Plan, the Operations unit of Danamon supported the Bank's business strategy and business growth through the implementation of organizational restructuring in branches, regional offices and Head Office, as well as the revitalization of Operations' frontliners at branches within the newly-implemented Sales & Distribution (S&D) network. The organization's hierarchical levels were reduced by extending scopes of control and streamlining operational functions. Automation of reconciliation processes for transactions in ATM and CDM e-channels, as well as implementation of a variety of application systems, enhanced the overall quality of the Bank's operations.

2016 Performance

In 2016, the Operations unit successfully increased Danamon's operational capacity through implementation of shared services. Organizational restructuring, regionalization, and consolidation of operational processes at various business units improved cost efficiency and optimized resource utilization.

Following the Bank Business Plan, a number of branch openings and closures took place, including co-location of conventional and DSP units at 37 branches.

Implementations of Operations Dashboard in Centralized Lending Services (CLS) and Payments, as well as Big Bill PLN Syariah Transaction Tools were completed in 2016. The Bank also upgraded its systems related to various regulatory purposes, including the JITU RTGS Gen-2, URS S-Invest, and the LHBU/LKPBU reporting. Danamon has also collaborated with the Directorate General of Citizenship and Civil Registry in developing an application for the validation of electronic-ID (e-KTP) in order to prevent the use of fake IDs in account openings.

Another priority program was the improvement in human resources at the Operations unit through initiatives in recruitment, training and competence development, including through the Officer Development Program (ODP). These programs fulfill the strategic objective to prepare Bank officers with comprehensive knowledge of Bank Danamon's changing operational policies. Training programs include electronic modules that can be accessed online by Operations personnel, and each Operations employee additionally receives a minimum of two-workdays training during the year.

2016 Awards

Bank Indonesia as regulator awarded Danamon as the Best Bank in Black List Management 2016, giving good indication as to the high quality of the Bank's operations in 2016.

The Bank's performance in 2016 was also recognized by Mark Plus in its WOW Service Excellence Silver Champion award for Jakarta, Bogor, Depok, Tangerang and Bekasi areas, the Best Champion award for Banda Aceh, Pontianak, Balikpapan, Bandung, Banjarmasin, Denpasar and Jabodetabek areas, and the Champion award for Jayapura, Makasar, Medan, Padang, Pekanbaru, Semarang and Surabaya areas.

Danamon was also awarded by MRI with Best Teller Performance from 10 Banks and by AsiaMoney with Best Cash Management Bank & Services award. JP Morgan meanwhile recognized the Bank with the Elite Quality Recognition Award for US Dollar Clearing with STP Rating 99.61% MT 103 and the Elite Quality Recognition Award for US Dollar Clearing with STP Rating 99.99% MT 202.

2017 Strategy and Work Plan

In 2017, the Operations unit will continue with a number of carried-forward programs from 2016 as well as new initiatives. The on-going programs from 2016 include the collaboration with the Directorate General of Citizenship and Civil Registry of the Ministry of Home Affairs in the validation of Citizenship Identification Number, citizenship data and e-KTP through the installation of e-KTP reader equipment at 9 Danamon branches in the Greater Jakarta area.

The Bank's Operations unit will also continue with the on-going operational transformation initiatives involving restructuring, re-engineering, automation, and strategic initiatives for business growth related to the optimization of distribution network (branch opening, closure and relocation). Operations will continue to hold the Operations Initiative Award (OIA) competition to generate creative ideas from among the Operations personnel and to promote the spirit of innovation.

Enhancement of operational processes will continue through the implementation of systems such as the E-CIF System for more integrated CIF management, and Document Management System for more efficient and faster processes at branches and at the Head Office. The unit will also continue with the implementation of the automatic reconciliation system for credit card settlement and other reconciliation processes, as well as the New Trade Finance System. Following the schedule from Financial Services Authority, SLIK (Compliance) Reporting System will replace the SID Reporting system in 2017, complete with validation system on data reporting quality.

Meanwhile, new initiatives planned for 2017 include the restructuring of the Operations organization through the separation of operational innovation and development function from the daily operational activities (business as usual) function. In line with the re-positioning and business re-focusing of Danamon Simpan Pinjam (DSP) business unit, the Bank will consolidate the Credit Document and Collateral Processing (CDCP) organization.

Enhancement to operational processes will be undertaken through the implementation of systems at the Payment Service Hub using a middleware at the SKN unit, at RTGS and Remittance systems improving the STP rate, and at document processing centers using Optical Character Recognition (OCR) technology. Other initiatives planned include automation in document control, reconciliation, reporting and archiving, automation of internal tax payment PPh 4(2) and Notary tax, and User ID Registration workflow to simplify the management of User IDs towards faster services to customers.