



PT Bank Danamon Indonesia, Tbk.

Registered with and Supervised by the Financial Service Authority

2017

Annual Report



EMPOWERING CUSTOMERS





EMPOWERING CUSTOMERS

Danamon continuously strives to fulfill the financial needs of customers at every stage of their lives. We start by gaining deep insights into the different customer segments we serve and their unique needs. These insights are then translated into products and services, underpinned by leading edge technology and digital solutions. At Danamon, we empower customers to realize their full potential in life.

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Consolidated Financial Statements

2017

Financial Highlights

37% NPAT Growth in Its Full Year 2017 Results

Danamon booked a 37% growth in net income to Rp3.82 trillion. The profit growth is a result of better funding cost, discipline in operating expenses, and improvement in asset quality.



Growing Composition Of Low-Cost Funds

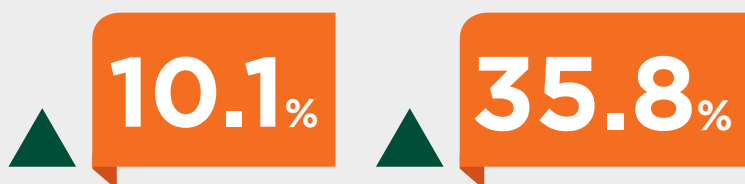
Current and Savings Accounts (CASA) increased to 48.3% compared to 46.0% in 2016.



Improvement in Loan Growth

The total loan portfolio excluding micro financing, grew by 5.0% y-o-y.

SME and Consumer Mortgage loans recorded double-digit growth of 10.1% and 35.8% y-o-y, respectively.



Improvement in Asset Quality

Improvement in gross NPL ratio to 2.8%, from 3.1% in 2016. Credit cost ratio also decreased to 2.8% from 2016's 3.5%.



Healthy Capital

Capital Adequacy Ratio was at 22.1%, compare to 20.9% in 2016.



(In billions of Rupiah except share data)	2017	2016*)	2015*)
CONSOLIDATED BALANCE SHEET			
Assets	178,257	174,437	188,332
Earning Assets-gross ^{a)}	168,345	166,651	180,106
Loans-Gross ^{b)}	124,766	122,385	129,367
Non Performing Loans	3,412	3,735	3,895
Marketable Securities-Gross	16,101	17,408	6,392
Government Bonds	10,974	9,563	6,916
Deposits	104,646	106,612	116,778
Total Funding ^{c)}	124,612	113,890	128,993
Total Liabilities	139,085	138,059	154,117
Equity and Minority Interest	39,172	36,378	34,215
Investments-Net	123	165	158
Number of Shares Issued and Fully Paid (in units)	9,584,643,365	9,584,643,365	9,584,643,365
CONSOLIDATED INCOME STATEMENTS			
Interest Income	20,052	20,655	22,420
Interest Expense	5,903	6,876	8,772
Net Interest and Underwriting Income	14,149	13,779	13,648
Other Operating Income	3,755	4,071	4,082
General and Administrative Expenses	2,988	3,020	3,415
Salaries and Employee Benefits	5,023	4,879	4,834
Allowance for Impairment Losses	3,513	4,441	5,082
Net Operating Income	5,585	4,934	3,819
Non-Operating Expenses-Net	218	541	(638)
Income Before Tax and Minority Interest	5,367	4,393	3,281
Income Tax Expense	1,539	1,600	812
Net Income	3,828	2,793	2,469
Net Income-attributable to parent entity	3,682	2,669	2,393
Other Comprehensive Income/(Expense)	(119)	41	69
Total Comprehensive Income	3,709	2,834	2,538
Basic Earnings Per Share	384.11	278.52	249.70
Total Comprehensive income-attributable to equity holders of the parent entity	3,573	2,715	2,459
Total Comprehensive income-attributable to non-controlling interest	136	119	78

(In billions of Rupiah except share data)		2017	2016*)	2015*)
KEY FINANCIAL RATIOS (%)				
I. Capital				
1.	Capital Adequacy Ratio (CAR) Consolidated	22.1	20.9	19.7
	Tier I	21.3	20.1	18.8
	Tier II	0.8	0.8	0.8
2.	Assets to Equity	4.6	4.8	5.5
II. Earning Assets				
1.	Non Performing Earning Assets and Non Productive Assets to Total Earnings and Non Productive Assets	1.8	1.9	2.0
2.	Non Performing Earning Assets to Total Productive Assets	2.2	2.4	2.5
3.	Non Performing Loans (NPL) to Total Loans-Gross	2.8	3.1	3.0
4.	Non Performing Loan (NPL) to Total Loans-Net	1.8	1.8	1.9
5.	Allowance for Impairment Losses for Financial Assets to Productive Assets e)	2.8	3.0	2.9
6.	Loan Loss Coverage	119.2	117.7	112.0
III. Rentability				
1.	Return on Average Assets (ROAA)	3.1	2.5	1.7
2.	Return on Average Equity (ROAE)	10.5	8.0	7.4
3.	Debt to Assets	0.78	0.79	0.82
4.	Debt to Equity	3.55	3.80	4.50
5.	Net Interest Margin (NIM)	9.3	8.9	8.3
6.	Cost to Income	49.0	48.8	52.0
7.	Fee Income	22.1	22.1	21.2
8.	Operating Expense to Operating Income	72.1	77.3	83.4
9.	Cost of Funds	4.5	5.1	5.9

(In billions of Rupiah except share data)	2017	2016*)	2015*)
IV. Liquidity			
1. LFR ^{d)}	93.3	91.0	87.5
2. CASA Ratio	48.3	46.0	42.6
V. Compliance			
1.a Percentage of Violations of Legal Lending Limit			
a.1. Related Parties	0.0	0.0	0.0
a.2. Third Parties	0.0	0.0	0.0
1.b Percentage of Excess of Legal Lending Limit			
b.1. Related Parties	0.0	0.0	0.0
b.2. Third Parties	0.0	0.0	0.0
2. GWM Rupiah ^{e)}	19.4	16.6	15.7
Primary	6.5	6.6	7.6
Secondary	12.8	10.0	8.1
3. Minimum Reserve Requirement in Foreign Exchange	8.1	8.1	8.1
4. Net Open Position	0.8	0.7	0.3
VI. Others			
1. Total Employees ^{f)}	36,410	44,019	50,226
2. Total Branches	992	1,235	1,290
3. Total ATMs	1,396	1,431	1,454

The figures are derived from consolidated financial statements 2017 which have been audited by Public Accounting Firm Tanudiredja, Wibisana, Rintis & Rekan (a member of the PricewaterhouseCoopers network of firms) and 2016 and 2015 which have been audited by Public Accounting Firm Purwantono, Suherman & Surja (a member firm of Ernst & Young Limited).

Note:

- a) Including loans, receivables from consumer financing of Adira Finance and Adira Kredit, lease receivable from Adira Finance, current account with BI and other banks, placement with BI and other banks, marketable securities, derivative receivable, acceptance receivables.
- b) Including receivables from consumer financing of Adira Finance and Adira Kredit.
- c) Including customers time deposit, time deposit from other banks, Securities Issued and long term funding (>1 year maturity).
- d) Excluding funding from other banks.
- e) In line with BI regulation No. 15/15/PBI/2013 dated 24 December 2013 regarding "Giro Wajib Minimum (GWM) of Commercial Banks in Rupiah and Foreign Currency For Conventional Bank" and its amendments BI Regulation No.19/6/PBI/2017 dated 17 April 2017, Primary GWM for Rupiah Currency is set at 6.5% from total third party funds in Rupiah and Secondary GWM is set at 4% from total third party funds in Rupiah. GWM in foreign currency is set at 8% from total third party funds in foreign currency.
- f) Including Adira Finance, Adira Kredit and Adira Insurance.

*) Restated

SOURCES AND DISTRIBUTION ZAKAT FUNDS**Danamon Syariah Business Unit**

(Rp million)

No.	Description	2017	2016	2015
1.	Initial Balance of Zakat Funds	306	160	1,844
2.	Source of Zakat Funds:			
	a. Internal UUS	-	-	-
	b. External UUS	2,335	5,452	393
3.	Distribution zakat funds to zakat administrator entity			
	a. Amil Zakat Institution	172	5,307	2,077
	b. Amil Zakat Board	-	-	-
4.	Increase (decrease) zakat funds	2,163	145	(1,684)
5.	Ending balance of zakat funds	2,470	306	160

SOURCES AND DISTRIBUTION QARDH FUNDS

(Rp million)

NO.	Description	2017	2016	2015
1.	Sources of Qardh funds			
	a. Infaq and Shadaqah	116	232	2
	b. Penalties	666	744	688
	c. Donations/grants			
	d. Non-halal income			
	e. Others			
	Total Qardh funds	782	976	690
2.	Utilisation of Qardh funds			
	a. Financing			
	b. Donation	1,061	845	1,414
	c. Others			
	Total Utilisation of Qardh funds	1,061	845	1,414
3.	Increase on utilisation of funds	(279)	132	(724)
4.	Qardh funds at the beginning of the year	756	624	1,348
5.	Qardh funds at the end of the year	477	756	624

Margin Distribution

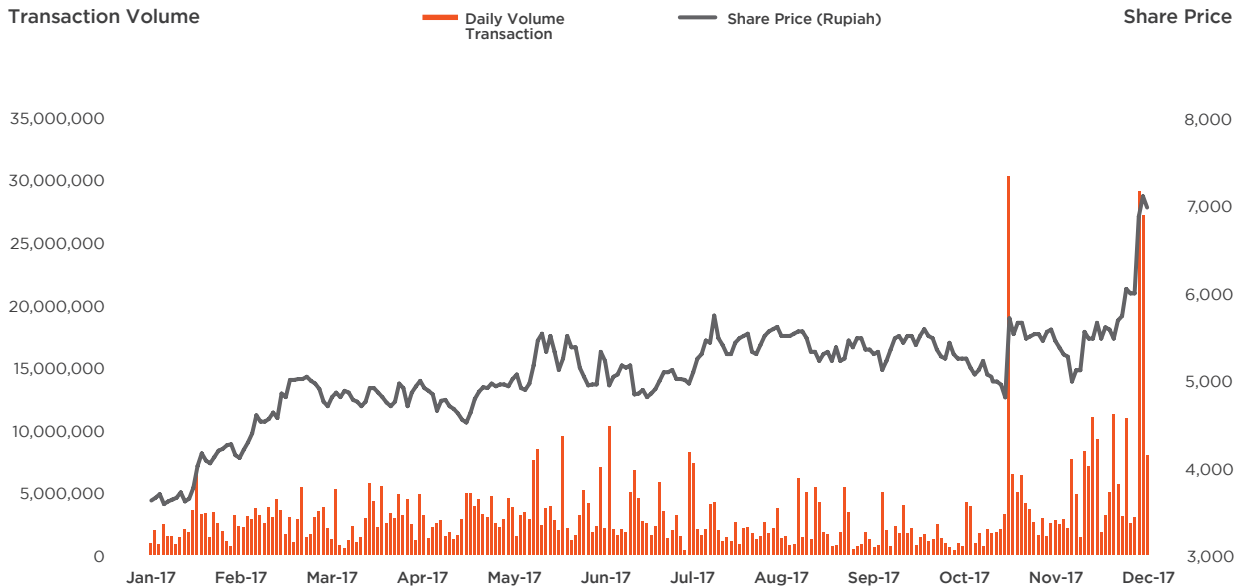
(Rp million)

No.	Type of funding	2017				
		Average balance	Revenues to be distributed	Depositor's portion		
				Ratio (%)	Total bonus & profit sharing	Rate of return indication (%)
		A	B	C	D	E
A. FINANCING						
1.	Bank	257,425	2,166	-	-	-
2.	Non Bank	3,087,187	26,082	-	-	-
B. FUNDING						
1	Wadiah current accounts					
a.	Bank	4,958	42	-	-	-
b.	Non Bank	267,097	2,275	-	-	-
2	Mudharabah current accounts					
a.	Bank	35,510	302	42.0	30	1.0
b.	Non Bank	322,171	2,744	42.0	274	1.0
3	Wadiah savings					
a.	Bank	-	-	-	-	-
b.	Non Bank	4,759	41	-	-	-
4	Mudharabah savings					
a.	Bank	25,436	217	13.0	28	1.3
b.	Non Bank	528,974	4,505	13.0	586	1.3
5.	Mudharabah deposits					
a.	Bank					
-	1 month	679,432	5,786	42.0	2,430	4.2
-	3 months	13,694	117	42.0	49	4.2
-	6 months	-	-	45.0	-	-
-	12 months	6,785	58	42.0	24	4.2
b.	Non Bank					
-	1 month	2,062,882	17,568	42.0	7,379	4.2
-	3 months	152,766	1,301	42.0	546	4.2
-	6 months	118,702	1,011	42.0	425	4.2
-	12 months	41,133	350	42.0	147	4.2
TOTAL		4,264,299	36,317			

2016					2015				
Average balance	Revenues to be distributed	Depositor's portion			Average balance	Revenues to be distributed	Depositor's portion		
		Ratio (%)	Total bonus & profit sharing	Rate of return indication (%)			Ratio (%)	Total bonus & profit sharing	Rate of return indication (%)
A	B	C	D	E	A	B	C	D	E
317,875	3,332	-	-	-	285,118	2,979	-	-	-
3,006,326	30,865	-	-	-	2,884,449	29,246	-	-	-
5,592	47	-	-	-	5,182	44	-	-	-
276,156	2,345	-	-	-	263,301	2,243	-	-	-
27,657	235	10.0	24	1.0	13,492	115	10.0	11	1.0
269,235	2,287	10.0	229	1.0	207,731	1,770	10.0	177	1.0
-	-	-	-	-	-	-	-	-	-
6,348	54	-	-	-	-	2,389	20	-	-
24,989	212	13.0	28	1.3	19,686	168	13.0	22	1.3
335,330	2,848	13.0	370	1.3	259,245	2,208	13.0	287	1.3
639,555	5,432	42.0	2,281	4.2	420,314	3,581	42.0	1,504	4.2
13,677	116	42.0	49	4.2	6,629	56	42.0	24	4.2
2,839	24	45.0	11	4.5	0	0	42.0	0	4.2
4,949	42	42.0	18	4.2	5,189	44	42.0	19	4.2
1,644,289	13,965	42.0	5,865	4.2	1,535,582	13,081	42.0	5,494	4.2
101,383	861	42.0	362	4.2	33,884	289	42.0	121	4.2
135,875	1,154	42.0	485	4.2	17,164	146	42.0	61	4.2
11,994	102	42.0	43	4.2	10,367	88	42.0	37	4.2
3,499,868	29,724				2,800,157	23,854	42.0	7,757	4.2

Share and Bond Highlights

Danamon on the Indonesia Stock Exchange (BDMN) 2017

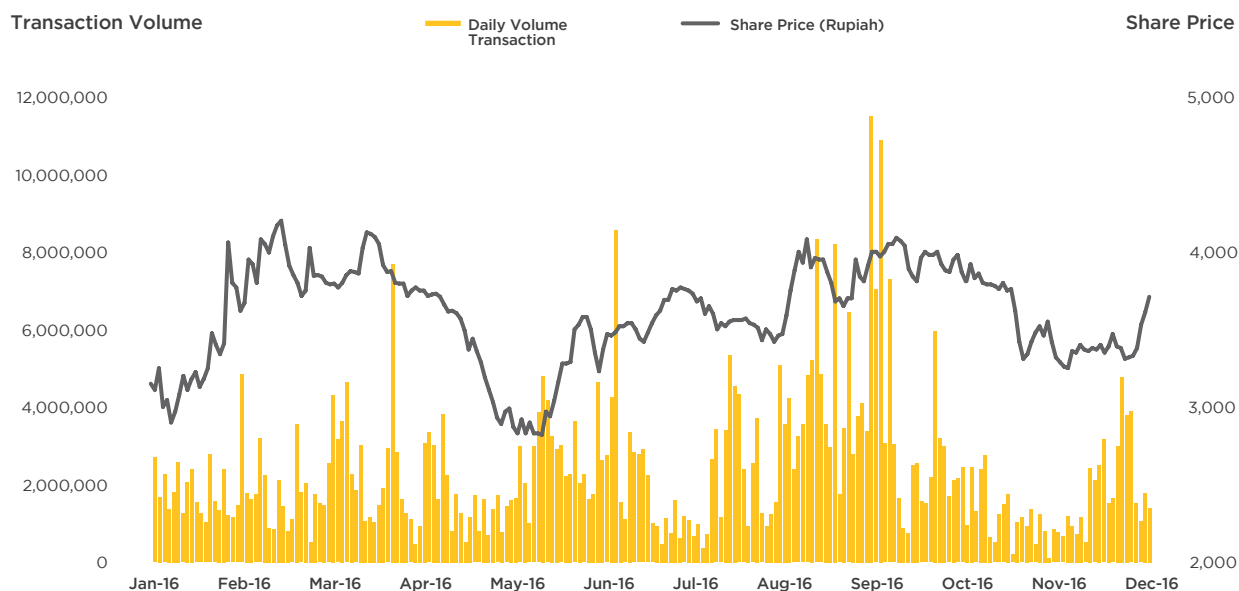


Volume and Share Price

Share Price (Rp)	2017					2016				
	Highest	Lowest	Closing	Average	Market Cap (Rp million)	Highest	Lowest	Closing	Average	Market Cap (Rp million)
First Quarter	5,025	3,620	4,700	4,468	44,597,346	4,220	2,900	3,800	3,680	36,421,646
Second Quarter	5,500	4,520	5,125	4,991	48,630,084	3,810	2,780	3,540	3,360	33,929,638
Third Quarter	5,700	4,800	5,200	5,270	49,341,744	4,090	3,360	4,050	3,724	38,817,806
Fourth Quarter	7,075	4,850	6,960	5,493	66,042,027	4,090	3,250	3,710	3,629	35,559,028

Volume	Highest	Lowest	Closing	Average	Highest	Lowest	Closing	Average
First Quarter	6,486,700	330,200	4,341,300	2,529,960	7,689,800	478,300	3,345,300	2,076,836
Second Quarter	10,227,700	973,800	1,683,000	3,203,512	8,558,800	367,700	3,426,200	2,123,762
Third Quarter	8,088,000	223,500	1,831,000	2,385,353	11,492,600	751,900	2,764,700	3,489,559
Fourth Quarter	30,379,700	168,200	7,881,200	4,478,023	5,283,000	108,500	2,824,500	1,523,551

Danamon on the Indonesia Stock Exchange (BDMN) 2016



Volume and Share Price

Share Price (Rp)	2016					2015				
	Highest	Lowest	Closing	Average	Market Cap (Rp million)	Highest	Lowest	Closing	Average	Market Cap (Rp million)
First Quarter	4,220	2,900	3,800	3,680	36,421,646	5,200	4,400	5,125	4,716	49,121,298
Second Quarter	3,810	2,780	3,540	3,360	33,929,638	5,175	3,870	4,300	4,398	41,213,967
Third Quarter	4,090	3,360	4,050	3,724	38,817,806	4,390	2,710	2,895	3,714	27,747,543
Fourth Quarter	4,090	3,250	3,710	3,629	35,559,028	3,360	2,665	3,200	2,976	30,670,859

Volume	Highest	Lowest	Closing	Average	Highest	Lowest	Closing	Average
First Quarter	7,689,800	478,300	3,345,300	2,076,836	20,257,100	533,100	3,573,300	3,067,934
Second Quarter	8,558,800	367,700	3,426,200	2,123,762	6,464,300	527,900	2,319,600	1,982,241
Third Quarter	11,492,600	751,900	2,764,700	3,489,559	8,063,700	284,000	8,062,700	2,126,577
Fourth Quarter	5,283,000	108,500	2,824,500	1,523,551	34,707,900	438,000	2,796,900	3,010,800

Stock Performance	2017	2016	2015
AUTHORIZED CAPITAL			
Total Number of Shares			
A Shares	22,400,000	22,400,000	22,400,000
B Shares	17,760,000,000	17,760,000,000	17,760,000,000
Total par value (Rp million)			
A Shares	1,120,000	1,120,000	1,120,000
B Shares	8,880,000	8,880,000	8,880,000
Issued and fully paid Capital			
Total Number of Shares			
A Shares	22,400,000	22,400,000	22,400,000
B Shares	9,562,243,365	9,562,243,365	9,562,243,365
Total par value (Rp million)			
A Shares	1,120,000	1,120,000	1,120,000
B Shares	4,781,122	4,781,122	4,781,122
Unissued Capital			
Total Number of Shares			
A Share Series	0	0	0
B Share Series	8,197,756,635	8,197,756,635	8,197,756,635
Total Dividends (Rp million)	TBD*	934,311	717,890
Earnings per Share (Rupiah)	TBD*	279	250
Dividend Payout Ratio (%)	TBD*	35	30
Dividend Growth (%)	TBD*	30.1	(8.1)
AGMS Dates	20 March 2018	12 April 2017	28 April 2016
Dividend Payment Date	TBD*	TBD*	27 May 2016
Price Earnings Ratio**	18.1	13.3	12.9
Book Value of Shares (Rupiah)	4,033	3,750	3,540

Securities Ratings

PT Bank Danamon Securities Rating

Pefindo Dec-17	Outlook Corporate Rating	Stable idAAA
Fitch Rating Jun-17	Outlook LT issuer Default rating ST issuer default rating National long term National short term Viability rating Support rating Support rating floor	Stable BB+ B AA+(IDN) F1+(IDN) BB+ 3 BB
Moodys Sep-17	Outlook Bank Deposits Baseline Credit Assessment Adjusted Baseline Credit Assessment	Positive Baa3/P-3 ba1 baa3

Information on Bonds/Sukuk

Name of the Bonds/Nominal Amount/Rating	FSA Effective Date/ IDX Listing Date	Series	Nominal Amount (Rp bn)	Fixed Interest Rate p.a. /First Payment/Last Payment	Due Date	Principal Installment
Sustainable Bonds III Phase V 2017	25 June 2015	A	913	7.50%/ 22 June 2017/ 02 April 2018	02 April 2018	02 April 2018 (bullet payment on due date)
		B	860	8.60%/ 22 June 2017/ 22 March 2020	22 March 2020	22 March 2020 (bullet payment on due date)
		C	241	8.90%/ 22 June 2017/ 22 March 2022	22 March 2022	22 March 2022 (bullet payment on due date)

Sustainable Bonds III Phase VI 2017	25 June 2015	A	251	7.10%/ 14 October 2017/ 24 July 2018	24 July 2018	24 July 2018 (bullet payment on due date)
		B	450	8.10%/ 14 October 2017/ 14 July 2020	14 July 2020	14 July 2020 (bullet payment on due date)
		C	68	8.40%/ 14 October 2017/ 14 July 2022	14 July 2022	14 July 2022 (bullet payment on due date)

Net Initial Public Offering Fund (Rp bn)	Use of Proceeds	The Capital Market Institutions and Professionals	Coupon paid in 2017	Total Coupon Payment in 2017 (Rp bn)	Description
2,008	The proceeds have been fully used for automotive financing (Letter No. 072/ADMF/CS/IV/17 dated 20 April 2017)	Custodian : PT Bank Negara Indonesia (Persero) Tbk		51,356	
		Public Accountant : KAP Purwantono, Sungkoro & Surja		55,470	
		Legal Consultant : Thamrin & Rachman			
		Rating Agency : Pefindo	Coupon 1, 2, 3		Fully Paid
		Joint Lead Underwriter : PT BCA Sekuritas PT CIMB Sekuritas Indonesia PT DBS Vickers Sekuritas Indonesia PT Indo Premier Sekuritas PT Mandiri Sekuritas PT OCBC Sekuritas Indonesia PT Trimegah Sekuritas Indonesia Tbk		16,087	
766	The proceeds have been fully used for automotive financing (Letter No. 173/ADMF/CS/IX/17 dated 5 September 2017 and letter No. 180/ADMF/CS/IX/17 dated 6 September 2017)	Custodian : PT Bank Negara Indonesia (Persero) Tbk		4,455	
		Public Accountant : KAP Purwantono, Sungkoro & Surja		9,113	
		Legal Consultant : Thamrin & Rachman	Coupon 1		Fully Paid
		Rating Agency : Pefindo		1,428	
		Joint Lead Underwriter : PT OCBC Sekuritas Indonesia PT CIMB Sekuritas Indonesia PT DBS Vickers Sekuritas Indonesia PT Indo Premier Sekuritas			

Name of the Bonds/Nominal Amount/Rating	FSA Effective Date/ IDX Listing Date	Series	Nominal Amount (Rp bn)	Fixed Interest Rate p.a./First Payment/Last Payment	Due Date	Principal Installment
Adira Finance Sustainable Mudharabah Sukuk II Phase III 2017		A	274	7.50%/ 22 June 2017/ 2 April 2018	2 April 2018	2 April 2018 (bullet payment on due date)
		B	105	8.60%/ 22 June 2017/ 22 March 2020	22 March 2020	22 March 2020 (bullet payment on due date)
		C	7	8.90%/ 22 June 2017/ 22 March 2022	22 March 2022	22 March 2022 (bullet payment on due date)

25 June 2015

Sustainable Bonds IV Phase I 2017	4 December 2017	A	316	6.15%/ 12 March 2018/ 22 December 2018	22 December 2018	22 December 2018 (bullet payment on due date)
		B	893	7.45%/ 12 March 2018/ 12 December 2020	12 December 2020	12 December 2020 (bullet payment on due date)
		C	91	7.55%/ 12 March 2018/ 12 December 2022	12 December 2022	12 December 2022 (bullet payment on due date)

Net Initial Public Offering Fund (Rp bn)	Use of Proceeds	The Capital Market Institutions and Professionals	Coupon paid in 2017	Total Coupon Payment in 2017 (Rp bn)	Description
385	The proceeds have been fully used for automotive financing (Letter No. 073/ADMF/CS/IV/17 dated 20 April 2017 and Letter No. 076/ADMF/CS/IV/17 dated 25 April 2017)	Custodian : PT Bank Negara Indonesia (Persero) Tbk		15,412	
				6,773	
		Public Accountant : KAP Purwantono, Sungkoro & Surja			
		Legal Consultant : Thamrin & Rachman	Coupon 1, 2, 3		Fully Paid
		Rating Agency : Pefindo		467	
1,295	The proceeds have been fully used for automotive financing (Letter No. 003/ADMF/CS/I/18 dated 8 January 2018)	Joint Lead Underwriter : PT BCA Sekuritas PT CIMB Sekuritas Indonesia PT DBS Vickers Sekuritas Indonesia PT Indo Premier Sekuritas PT Mandiri Sekuritas PT Trimegah Sekuritas Indonesia Tbk			
		Custodian : PT Bank Negara Indonesia (Persero) Tbk	-	-	
				-	
		Public Accountant : KAP Tanudiredja, Wibisana, Rintis & Partner		-	
		Legal Consultant : Thamrin & Rachman			Fully Paid
		Rating Agency : Pefindo			
		Joint Lead Underwriter : PT DBS Vickers Sekuritas Indonesia PT Indo Premier Sekuritas PT Mandiri Sekuritas PT RHB Sekuritas Indonesia PT Trimegah Sekuritas Indonesia Tbk			

Name of the Bonds/Nominal Amount/Rating	FSA Effective Date/ IDX Listing Date	Series	Nominal Amount (Rp bn)	Fixed Interest Rate p.a./First Payment/Last Payment	Due Date	Principal Installment
Adira Finance Sustainable Mudharabah Sukuk III Phase I 2017	4 December 2017	A	90	6.15%/ 12 March 2018/ 22 December 2018	22 December 2018	22 December 2018 (bullet payment on due date)
		B	55	7.45%/ 12 March 2018/ 12 December 2020	12 December 2020	12 December 2020 (bullet payment on due date)
		C	55	7.55%/ 12 March 2018/ 12 December 2022	12 December 2022	12 December 2022 (bullet payment on due date)

	Net Initial Public Offering Fund (Rp bn)	Use of Proceeds	The Capital Market Institutions and Professionals	Coupon paid in 2017	Total Coupon Payment in 2017 (Rp bn)	Description
	199	The proceeds have been fully used for automotive financing (Letter No. 004/ADMF/CS/I/18 dated 8 January 2018)	Custodian : PT Bank Negara Indonesia (Persero) Tbk Public Accountant : KAP Tanudiredja, Wibisana, Rintis & Partner Legal Consultant : Thamrin & Rachman Rating Agency : Pefindo Joint Lead Underwriter : PT DBS Vickers Sekuritas Indonesia PT Indo Premier Sekuritas PT Mandiri Sekuritas PT RHB Sekuritas Indonesia PT Trimegah Sekuritas Indonesia Tbk	-	-	Fully Paid

2017 Events Highlights

01 March



Danamon Announced 2016 Financial Results
SME, Wholesale and Consumer Mortgage Loans Portfolio, rose 10%, 11%, and 21%, respectively; cost to income ratio improved to 48.8%.

12 April



Danamon's Annual and Extraordinary General Shareholders' Meeting
Dividend Payout Ratio at 35% of the Net Profit for 2016 or IDR 97.48 per Share; Changes in Board of Director and Board of Commissioner Compositions; and Changes in the Company's Articles of Association.

26 April



Danamon Announces First Quarter 2017 Results
Enterprise, SME, and Mortgage Loans Portfolio grew 9%, 13%, and 25%, respectively.

09 May



Danamon Launches D-Point for Customers
D-Point is an integrated point rewards system that manages points generated from customers' banking activities. This system is a form of Danamon's appreciation for customers' loyalty, rewarding them for a variety of activities conducted with Danamon, including savings, lending, as well as other products and services.

17 May



Danamon Launches Danamon Connect for Businesses

Danamon Connect is an integrated transaction service that provides convenience to customers from the Enterprise Banking segments (Corporate, Commercial, Financial Institutions, and Small Medium Enterprises). This service makes Danamon as the first private bank in Indonesia with an integrated internet banking service for Cash Management and Financial Supply Chain.

19 May



Danamon Launches Proteksi Prima Amanah

In partnership with Manulife Indonesia, Danamon launches Proteksi Prima Amanah (PPA), a term life insurance with syariah principles.

31 May



Danamon and Adira Held Fast Breaking Gathering with the Media

Danamon, Adira Finance, and Adira Insurance held a fast breaking gathering with the media, which featured a talk show titled "Umrah Pilgrimage and the Financial Service Industry."

25 July



Danamon Announces Second Quarter 2017 Results

SME, Enterprise and Mortgage Loans Portfolio grew 9%, 6%, and 25%, respectively.

04 August



Danamon Festival

Launched the Danamon Red Match Soccer Camp program, featured Manchester United Ambassador Dwight Yorke, and introduced the D-Point rewards program.

10 September



Danamon Run 2017

Danamon held its inaugural Danamon Run at Festival Beach, Ancol Taman Impian, North Jakarta. The event was participated by around 3,900 runners and featured a pioneering concept, first in Indonesia, whereby each runner can choose his or her finish line while running.

30 October



Danamon Announces Third Quarter 2017 Financial Results

Net profit after taxes (NPAT) of IDR 3.0 trillion in the nine month period of 2017, which is a 21% growth as compared to a year earlier.

06 December



Danamon held the Danamon Entrepreneur Awards 2017

Danamon held the awarding night for Danamon Entrepreneur Awards (DEA) 2017 in Soehanna Hall Jakarta. DEA is an initiative of Danamon to appreciate the achievements of Indonesian entrepreneurs.



Report of the Board of Commissioners

Dear Valued Shareholders,

“Danamon made significant all around progress in its transformation journey and achieved a strong set of operating results in 2017. Net Income grew 37% to reach Rp3.82 trillion for the year.”

ECONOMIC AND INDUSTRY OVERVIEW

The global economy performed well in 2017 with the developed and other major economies achieving positive growth.

In Indonesia, economic growth likewise improved, albeit moderately. GDP grew by 5.07% in 2017. Meanwhile, inflation was well controlled at less than 4%, enabling Bank Indonesia to make downward adjustments to its benchmark interest rate from 4.75% to 4.25%.

Total bank assets grew by 9.7% as of November 2017 to reach Rp7,222.4 trillion whilst loans grew by 7.5% to Rp4,605.1 trillion. Liquidity remained steady with Third Party Funds reaching Rp5,199.5 trillion, growing by 9.8%. Loan to Deposit Ratio moderated to 89.0% compared to 90.7% at the end of 2016.

DANAMON AND BOARD OF DIRECTORS PERFORMANCE

The Bank's Net Income increased by 37% to reach Rp3.82 trillion in 2017. Return on Equity improved to 10.5% compared to 8.0% the preceding year.

The Bank continued to reconstitute its loan portfolio to a more diversified loan book and less reliance on the mass market. The move to expand the coverage of SME customers gained traction with loans to this segment growing by 10% to Rp29.2 trillion whilst loans to the Consumer segment grew by 20% to reach Rp9.1 trillion.

The Bank continued to maintain prudence, with a sharp focus on credit quality and risk management, whilst expanding its loans. The Cost of Credit improved to 2.8% from 3.5%.



Ng Kee Choe
President Commissioner

During the year the Bank implemented a comprehensive sales and service training in its Sales and Distribution network. The application of the 'Danamon Way' throughout the whole organization will go towards enhancing the overall sales culture and productivity, and customer centricity.

Danamon continues to maintain a strong capital position: the Bank's Capital Adequacy Ratio stood at 23.2 % which was amongst the highest in the banking industry. This provides the Bank with the capacity to grow as well as the strength to meet unforeseen adverse developments.

The Board of Commissioners (BOC) commends the Board of Directors (BOD) in achieving the strong performance.

INVESTMENT BY MUFG

On 29 December 2017 The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), the commercial banking entity of Mitsubishi UFJ Financial Group, Inc. (MUFG), completed the acquisition of a 19.9% shareholding in Danamon. MUFG will acquire an additional 20.1% of the total issued shares of Danamon, subject to obtaining regulatory and other relevant approvals. Thereafter, MUFG intends to seek the necessary approvals to increase their shareholding in Danamon beyond 40%.

MUFG is one of the world's largest financial groups and its investment in Danamon will allow the Bank to tap on the financial strength, expertise and network of MUFG to facilitate its growth.

COMMITTEE PERFORMANCE IN 2017

The BOC has established six Board Committees to assist to perform its stewardship and supervisory role. The Board Committees have discharged their duties satisfactorily, and provided sound recommendations to the BOC.

Audit Committee

The Audit Committee (AC) has ensured the integrity of financial reports and audit findings. Additionally, the AC is satisfied with the effectiveness of the internal controls within the Bank. The AC, after due evaluation, recommended the appointment of the external auditor for FY 2018.

Risk Monitoring Committee

The Risk Monitoring Committee (RMC) oversees all aspects of risk management within the Bank and provided constructive feedback to the Bank to improve asset quality, market and liquidity positions, and overall control environment. The Bank maintained its overall risk profile for 2017.

Corporate Governance Committee

The Corporate Governance Committee (CGC) oversees the consistent adoption and practice of good corporate governance in the Bank. The Bank adheres to high standard of corporate governance the practice of which contributes to the standing of the Bank and the trust of all its stakeholders. In 2017, the Bank was, once again, granted the best corporate governance award amongst other banks.

Integrated Governance Committee

The Integrated Governance Committee (IGC) oversees the implementation of good corporate governance across the Bank and its subsidiaries, and towards this end, made recommendations to the BOC to enhance the practice of good corporate governance. Adira Finance was recognized as a financial institution with the best corporate governance amongst other non-bank financial institutions.

Nomination Committee

The Nomination Committee (NC) oversees the appointment of Commissioners and Directors within the Bank and its subsidiaries. The NC recommended the appointments to various independent parties to serve on the various Board Committees during the year as well as the appointment of senior management personnel.

Remuneration Committee

In 2017, the Remuneration Committee (RC) assessed and recommended to the BOC the remuneration of the Commissioners, Directors and senior management personnel.

INTEGRATED CORPORATE GOVERNANCE AND RISK MANAGEMENT

Danamon is committed to the adoption of integrated corporate governance and risk management across the Bank and its subsidiaries, and implementation thereof has been satisfactory. Initiatives in 2017 included improving employees' awareness of

Danamon's Code of Conduct, ethics and risk culture; implementation of the whistle blowing policy, and sharpening focus on cyber security.

Danamon believes that the steadfast implementation of integrated corporate governance and risk management will strengthen the organization and help generate long term value.

IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY

The Board of Commissioners supports Danamon in performing its Corporate Social Responsibility activities through Yayasan Danamon Peduli (YDP). YDP implements the various social investments of Danamon, reflecting Danamon's commitment to the welfare of society.

In 2017, YDP continued to focus on, among others, emergency disaster relief, responding to a variety of natural disaster occurrences such as earthquakes, floods, landslides and fires.

YDP also facilitated disaster mitigation and emergency response training for communities at traditional markets near Danamon's offices. This activity won an award from Indonesia Museum of Records as the most prolific training in fire mitigation and disaster management conducted in traditional markets.

In addition, YDP was also engaged in a traditional market revitalization program as a form of social action. This program is expected to lead to improved life quality of the communities.

In conducting these activities, Yayasan Danamon Peduli mobilizes on volunteers, not only from among Danamon employees but also employees of its subsidiaries.

CHANGES IN BOARD OF COMMISSIONERS COMPOSITION

In 2017, there was a change in the composition of the Board of Commissioners with the resignation of Emirsyah Satar as Independent Commissioner. The Board of Commissioners would like to thank him for his dedication and contribution to Danamon during his term in office.

LOOKING FORWARD

With the global and Indonesian economy expected to continue to perform well in 2018, the BOC is optimistic of the prospects for Danamon in the coming year.

The Bank will continue on its transformation journey in 2018. Danamon will spare no efforts to serve its customers well with a comprehensive range of competitive products as well as reliable and quality services, supported by the utilization of technology and digital platforms.

CONCLUDING REMARKS

The BOC would like to thank all stakeholders for their trust and support. We would like to especially acknowledge the support and guidance of the Financial Service Authority (OJK); the patronage of our customers; and the support of our shareholders.

The BOC is deeply appreciative of the BOD and all staff of Danamon and its subsidiaries, for their contributions and efforts in achieving the improved results for FY 2017.

We look forward to the continuing support of all stakeholders in 2018 and beyond.



Ng Kee Choe
President Commissioner

Board of Commissioners





From left to right

Made Sukada
Independent Commissioner

J.B. Kristiadi
Vice President Commissioner/
Independent Commissioner

Ng Kee Choe
President Commissioner

Gan Chee Yen
Commissioner

Manggi Taruna Habir
Independent Commissioner

Ernest Wong Yuen Weng
Commissioner

Report of the Board of Directors

Dear Valued Shareholder,

“In 2017, Danamon gained further momentum from the execution of our long-term strategy formulated in 2015. In particular, the diversification of our growth engines, i.e. Consumer Mortgages, Small & Medium Enterprise (SME) and Enterprise Banking are showing positive trends as well as the strengthening of our customer-centric service culture and the investments made in technology and digital solutions. I am pleased to report that the execution of these initiatives has shown encouraging signs of success and expect that this will continue for the foreseeable future. “

ECONOMIC AND INDUSTRY OVERVIEW

Indonesia's economy showed a positive performance in 2017. Annual GDP growth was 5.07% in 2017 compared to 5.02% in 2016. In recognition of the improving economy, rating agencies Standard & Poor's, Moody's, and Fitch have all upgraded Indonesia's sovereign rating to Investment Grade status. This will further help the economy to attract additional foreign investment as well boost the debt and equity markets.

Indonesia's economic performance was mainly driven by increased exports and investments. Supported by the recovery of commodity prices, Indonesia's Trade Balance posted a surplus of US\$11.7 billion in 2017, a 25% increase from the 2016 balance. At the same time, investment realization increased by 13.2% year-on-year as of the third quarter 2017 to Rp513.2 trillion.



Sng Seow Wah
President Director

Notwithstanding the overall improving economy, growth in the banking sector was lacklustre. Up to November 2017, overall loan growth in the industry was only 7.5%. At the same time, third-party funds grew by 9.8% over the previous year.

As at November 2017, the Non-Performing Loan (NPL) ratio was recorded at 2.9%, a slight improvement from 3.0% at year-end 2016.

2017 was also marked by the changing of consumer transaction behaviors. Increasingly, consumers prefer to transact using digital channels. Thus, there is a real need to improve on digital channels.

STRATEGIC PRIORITIES AND INITIATIVES IN 2017

Our strategic priorities in 2017 continued based on the long-term strategic roadmap established in 2015.

As part of the diversification of growth engines strategy, Danamon's SME Banking expanded geographical coverage focusing on smaller SME customers. The year also highlighted other important initiatives, such as the nation-wide implementation of a faster credit approval process, as well as the introduction of shophouse-based loan products. During the year, Danamon gained market share in the SME segment.

Enterprise Banking (EB) underwent reorganization with the amalgamation of Corporate, Commercial Banking and Financial Institutions segments into a single EB division. This realignment, along with process and policy simplifications as well as the investment into credit training for all EB staff, has resulted in a more effective and efficient Enterprise Banking organization with stronger risk awareness and customer focus. Key areas of focus have been; i) developing a strong client proposition; ii) robust governance over new business opportunities; iii) development of tools for early warning; and iv) more effective remedial asset management.

In addition, we continued to overhaul our Micro Banking business through branch optimization, human resources quality enhancement and wide-ranging automation of credit processes. Significant results have been achieved via reduction in the Cost of Credit for the Micro Banking segment which have aided our NPAT growth in 2017.

Another important initiative is our effort to strengthen the Sales & Distribution (S&D) capability by introducing a sales and service culture and process known as "Danamon Way". The implementation of Danamon Way is aimed at improving the sales discipline and leadership skills of our sales team through 3 core modules; i) Above Average Sales Leadership; ii) Proactive Relationship Banking; and iii) Professional Sport Coaching. The desired end result is increased effectiveness of operational rhythm at branches, which eventually will translate into higher productivity and better service to customers. We are very encouraged by the results shown so far.

We continued to improve our credit risk management by integrating all credit approval functions previously reporting to each of the business segments to now report under the Chief Credit Officer (CCO). The CCO reports directly to the President Director and is a key part of the senior management team. This has led to a more independent credit approval function, maintenance of our portfolio quality and improving the credit approval process.

Additionally, we also invested in digital technology solutions in order to provide improved customer service. Our customers in Consumer Banking are now able to open new savings and deposits accounts through D-Mobile without visiting a branch. Transaction Banking also launched Danamon Cash Connect and Trade Connect solutions to cater to our customer's business needs. Danamon continues to find opportunities to automate our operational processes. A key project in this regard that was successfully implemented was our Document Management System (DMS) to archive customer documents digitally.

INVESTMENT BY MUFG

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), the commercial banking entity of Mitsubishi UFJ Financial Group, Inc. (MUFG), completed the acquisition of 19.9% of the total issued shares of Danamon on 29 December 2017. Subject to obtaining regulatory and other relevant approvals, MUFG intends to increase their shareholding ownership in Danamon to 40% and above. Given MUFG's credentials as one of the largest financial services groups in the world, the investment by MUFG will help Danamon to grow and expand our capabilities. In the meantime, management will ensure that our focus to deliver Danamon's financial goals in a prudent manner is uninterrupted.

FINANCIAL PERFORMANCE IN 2017

By implementing a number of management initiatives and strategies, Danamon successfully navigated challenges that otherwise could have adversely impacted the performance of the Bank. Compared to the previous year, in 2017, Danamon recorded a 37% increase in Net Income to Rp3.82 trillion.

Loan Performance

Danamon managed to achieve good growth in a number of business segments. Loans in the SME segment grew by 10% in 2017 to Rp29.2 trillion. The Consumer segment grew by 20% to Rp9.1 trillion, boosted by a 36% increase in mortgage loans.

At the same time, in line with the slow trend in industry loan growth, Danamon loans in some segments were not growing as well as initially expected. Enterprise Banking portfolio grew by only 2% to Rp39.3 trillion. Consistent with the previous years' strategy, Micro Banking portfolio was reduced to Rp6.8 trillion, or only 5% of the total bankwide loan and trade finance portfolio. Loans from Adira Dinamika Multi Finance (ADMF) also grew by only 2% in 2017 to Rp44.7 trillion, due to weak consumer demand in particular for the 2 wheeler segment. However this is a significant improvement as compared to the 5% ADMF loan decline in 2016.

Danamon succeeded in reducing total Non-Performing Loans (NPLs) by 9% to Rp3.4 trillion. Thus, the NPL ratio was reduced by 30 bps to 2.8%. This NPL ratio is well below the NPL 5% limit established by regulators. In 2017, the cost of credit (CoC) ratio improved from 3.5% in 2016 to 2.8%.

Funding and Liquidity Performance

Liquidity throughout 2017 was well managed, with Loan to Funding Ratio (LFR) of 93.3 % as of the end of the year. Decrease in interest rate and improvements in the deposit gathering process, enabled Danamon to reduce the overall cost of funds. At the same time, the proportion of current accounts and saving accounts to total third-party deposits improved to 48.3% from 46.0% in the previous year. Danamon is compliant with all mandatory liquidity ratios, such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). These are closely monitored by the Market and Liquidity Risk function with oversight provided by the Asset - Liability Committee (ALCO) of the Bank.

Target versus Actual Results

Overall loans, including marketable securities related to trade finance, grew by 2% in 2017 which was slightly lower than the target for loan growth of 3%. This is partly driven by lower than expected loan growth from ADMF, whereas, the decline in micro loans was largely offset by the growth in SME, Consumer and Enterprise Banking portfolios.

Danamon's NPL ratio as of 31 December 2017 was, however, 30 bps better than the NPL target of 3.1%. Similarly, CoC improvement was also better than target. The improvement in asset quality reflected better than expected loan recovery, in particular for micro loans and improved overall risk management.

Danamon's NPAT of Rp3.7 trillion exceeded our target of Rp3.3 trillion. The high profitability growth was contributed by the discipline to keep operating expenses flat and improvement in the cost of credit.

SUBSIDIARIES' PERFORMANCE

Danamon operates two subsidiaries, ADMF and PT Asuransi Adira Dinamika. In 2017, both these subsidiaries recorded positive performance.

ADMF managed to maintain good performance despite sluggish demand in the national automotive market, especially motorcycles. ADMF continued to diversify its financing activities from motorcycles to passenger cars, used vehicles and durable goods financings.

In addition, ADMF developed various non-dealer financing channels through Keday agents, mini-market outlets, and popular e-commerce platforms. The company has also launched its own e-commerce platform, www.momobil.co.id.

ADMF's performance in 2017 was also helped by management's effort to achieve higher interest income, lower cost of funding, lower cost of credit and maintain overall operational efficiency.

Meanwhile, Asuransi Adira continued with its strategy to cross-sell its services to Danamon's customers. In spite of the slowdown in the automotive industry, the cross-selling strategy has allowed the company to bolster growth in the non-automotive segment. The company has also taken various initiatives to strengthen its risk management, underwriting and insurance claim processing.

HUMAN CAPITAL

Human Resource plays a crucial, on-going role in supporting the performance of Danamon's business. In 2017, we focused on building capabilities of future leaders through a variety of well-structured training programs. We have also implemented a new Human Capital Management System (HCMS). HCMS provides an integrated employee communication

platform incorporating social media features, as well as administrative features (e.g., recruitment, training, appraisals, leave management, etc.) which are accessible to employees electronically/via smart phones.

Specific training programs have been initiated in 2017. These include the Senior Leadership Development Project to prepare future leaders, robust Credit Training for Enterprise Banking, Cyber Security Training for all senior managers and the D'Tech program for technical competency development.

SIPASTI (Sistem Penghargaan Sesuai Kontribusi) is a meritocracy principle designed to recognize, reward and develop talent in the Bank. Consistently applying this principle in evaluating employee performance will help the Bank evolve a high performance culture across the organization.

Our commitment to human resources development is also evident from the number of investments made during the year. In 2017, expenditure for training reached Rp235 billion. Through utilization of e-Learning in addition to classroom trainings, Danamon was able to improve the efficiency of its training programs. Danamon has a program to ensure that all staff undergoes mandatory training on key topics such as risk, compliance and employee conduct.

CORPORATE GOVERNANCE

Good Corporate Governance (GCG) is embedded in Danamon business activities. Our commitment is to continuously improve the GCG quality in line with developments in regulations and the external business environment.

We believe GCG implementation and development within the organization and its subsidiaries go beyond compliance with regulations established by our regulators. This commitment is evident in the Corporate Governance Award received by Danamon and ADMF from the Indonesian Institute for Corporate Directorship (IICD).

CORPORATE SOCIAL RESPONSIBILITY

Danamon conducts Corporate Social Responsibility (CSR) under Yayasan Danamon Peduli (YDP). YDP translates Danamon's vision for CSR and values into actual activity programs. Throughout 2017, a number of activities were implemented.

In the area of environment, for instance, we have a Market Prosperity program focusing on improving the environmental quality of traditional wet markets in areas where Danamon operates. Other important activities include renovation of public facilities at the markets, construction of sanitation facilities and infrastructure, tree planting, biopore drilling and clean water facilities.

YDP also conducted financial literacy training for Micro and Small Medium Enterprise (MSME) players to improve financial literacy among families and small businesses. This is in line with Financial Services Authority (OJK) directives regarding the blueprint for national strategy on financial literacy program, as well as OJK Regulation No. 76/POJK.07/2016 regarding Improving Financial Literacy and Inclusiveness in the Financial Sector for Consumers and Society. YDP conducted 12 financial literacy trainings in 7 cities throughout the year.

Through its Rapid Disaster Response program, YDP responded to both natural and man-made disasters with the support of staff and resources from Danamon and subsidiaries' branches throughout Indonesia. In 2017, YDP responded to 17 natural disasters across Indonesia with 21,780 beneficiaries.

For these activities, YDP was awarded the Sri Kehati Award by SWA Magazine and Yayasan Keanekaragaman Hayati Indonesia. In 2017, MURI (Indonesia Museum of Records) also recognized YDP as providing the most training in fire mitigation and disaster management conducted in traditional markets.

EVALUATION OF COMMITTEES UNDER THE BOARD OF DIRECTORS

At the end of 2017, Danamon had six executive committees under the Board of Directors. These committees assist management in prudent risk-taking and strategic decision-making to achieve established business targets.

Risk Management Committee successfully provided governance and oversight with respect to bank-wide risk management issues and key risk priorities. The Committee was aided by the submission of periodic reports on the quality of the Credit Portfolio, Market & Liquidity Risk parameters, Operational & Fraud Risk events and developments related to Risk Models, Capital Adequacy, Stress Testing, IFRS-9. In addition, the Information Risk department was enhanced with the aim to strengthen the Bank's risk mitigation framework against Data & Information Loss as well as Cyber & IT Security. In 2017, a new Risk Appetite Statement was approved by the Board of Directors and Board of Commissioners and was implemented across all of the Business segments.

The Committee regularly reviewed the risk management policies and the operational framework to ensure they remain robust and suitable for changes in the external environment as well as to our risk profile as a result of the Bank's various transformation activities. In 2017, Operational Risk Management Committee and Fraud Committee were merged as part of Risk Management Committee.

Integrated Risk Management Committee was established by Danamon in order to enable proper and aligned integrated risk management implementation across the entities that are members of Danamon Group. The committee has provided good recommendations regarding the development of integrated risk management policies and improvements to integrated risk management practices. This has been undertaken in accordance with Danamon's role and function as a financial conglomerate.

Asset & Liability Committee has done a good job with balance sheet planning and management of the Bank's interest rate risk, liquidity and capital. The Committee determines policies and guidelines to help Danamon maintain adequate liquidity and capital levels, stable and diversified funding profile and compliance with all relevant regulations.

Information Technology Committee has provided valuable assistance in overseeing issues related to banking technology. The Committee oversees decisions on Technology (IT) strategy, projects and architecture. The Committee has also ensured that investments in IT are aligned with Danamon's objectives and business strategies.

Human Resources Committee has satisfactorily assisted Danamon management in formulating Human Resources-related strategies and policies. The new committee regularly reviews HR policies to ensure that these policies are still aligned with our vision and mission statements as well as with the core values of Danamon, thereby supporting the Bank's established strategies. Human Resources Committee also reviewed compensation and benefits, people development programs as well as other people issues. In 2017, the revised Code of Conduct was approved and implemented across the Bank.

CHANGES IN BOARD OF DIRECTORS COMPOSITION

There were changes in the composition of the Board of Directors in 2017. In April 2017, Muliadi Rahardja retired from his position as Vice President Director. In December 2017, Vera Eve Lim resigned from her position as Finance Director. The Bank is grateful for their past contributions.

AWARDS

During 2017, Danamon received a number of awards as a form of recognition from relevant stakeholders. These include:

1. Retail Banker International Asia Trailblazer Awards 2017 (Best Digital Marketing Campaign and Best Marketing Campaign Overall) from Retail Banking International.
2. The Assets Triple A - Treasury, Trade, Supply Chain, And Risk Management Awards 2017 (Best Cash Management Solutions/with Investree) from The Assets Magazine.
3. Customer Experience In Financial Services Summit & Awards 2017 (Best Industry Customer Experience - Cards) from Retail Banking International & Private Banker International.
4. Infobank Awards 2017 ("Very Good" classification for its financial performance for 15 consecutive years) from Infobank Magazine.
5. Banking Service Excellence Awards 2017 (3rd Best Overall Performance) from Marketing Research Indonesia (MRI) and Infobank Magazine.
6. Sri Kehati Award from SWA & Yayasan Keranekaragaman Hayati Indonesia.
7. IICD Corporate Governance Award. Best in the Financial Sector, Large Capitalization category, for Danamon, and for Adira in the Mid Capitalization category.

CHALLENGES AND OPPORTUNITIES IN 2018

The Government has projected economic growth in the coming year to reach 5.4%, an improvement compared to the growth in 2017. Meanwhile, inflation is also predicted to be maintained at below 4.0%. Despite lacklustre loan growth in the last few years, Danamon has been able to gain positive traction in the implementation of its strategies. The 2018 projected improvements in the economy will help Danamon's performance to gain further momentum.

Prudent top-line growth in SME Banking, Consumer Banking, Enterprise Banking, ADMF and Adira Insurance will be management's key priority for 2018. Danamon and its subsidiaries have spent the last few years improving various processes and increasing overall operational efficiency. Supported by a strong capital base, we are well poised to respond to the anticipated increase in demand for our products and services.

The changing trend of consumer behavior in conducting economic transactions, from conventional to digital, will accelerate. Danamon will continue its digital journey in order to maintain service excellence, and remain relevant to its customers.

CLOSING REMARKS

On behalf of the Board of Directors, I would like to convey our gratitude to the Board of Commissioners for their support and guidance given to the management team in 2017.

I also wish to express our appreciation to all Danamon and subsidiaries' employees for their dedication and commitment.

We are grateful to our customers for their confidence and loyalty to Danamon, especially to those who have been with us for many years.

Last but not least, we convey our deep appreciation to our regulators, especially The Financial Services Authority (OJK) for their prudent guidance and assistance.

The Bank was able to come this far because of the support from all our key stakeholders. You can look forward to Danamon's continued success in the years ahead.



Sng Seow Wah
President Director

Board of Directors





From left to right

Adnan Qayum Khan
Director

Heriyanto Agung Putra
Director

Sng Seow Wah
President Director

Michellina Laksmi Triwardhany
Director

Herry Hykmanto
Director

Rita Mirasari
Independent Director

Satinder Pal Singh Ahluwalia
Director

Senior Executive Officers



Vivian Widjaja
Chief Transformation Officer

Herman Savio
Treasury and Capital Market Head

Evi Damayanti
Chief Internal Audit

Yen Yen Setiawan
Enterprise Banking, Financial Institution
and Transaction Banking Head

Mary Bernadette James
Chief Information Officer

Dadi Budiana
Chief Credit Officer

Syariah

Supervisory Board



Din Syamsuddin
Chairman

Hasanudin
Member

Report from the Syariah Supervisory Board

Assalamu'alaikum
Warahmatullahi Wabarakaatuh
Bismillaahirrahmaanirrahiim

All praises and gratitude be to Allah, the Lord of the universe. Praise be to Allah Subhanahu Wata'ala above all pleasure, ease and grace to all of us, so Allah Ta'ala enable us to carry out the duties and mandates entrusted to us, shalawat and greetings we convey to Prophet Muhammad (peace be upon him).

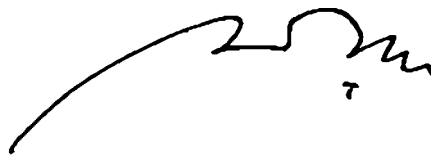
The Syariah Supervisory Board of Danamon Syariah Business Unit (UUS) is the body mandated to supervise and ensure product and business conformity are carried out in accordance with Syariah principles. In accordance with the regulatory mandate and the applicable Syariah Supervisory Board Charter, Danamon Syariah Supervisory Board has carried out its functions and duties, conducted supervision, and provided opinions on new product proposals, policies and procedures, and other matters related to the fulfillment of Syariah principles as a whole in UUS Danamon.

We as Syariah Supervisory Board (DPS) UUS Danamon is of the opinion that the Syariah banking operated by UUS Danamon in 2017 is in accordance with the DSN-MUI fatwa and opinions issued by us as the Syariah Supervisory Board.

On this occasion, we are grateful and express our appreciation for the cooperation, support the Board of Directors and all of Danamon Bank Management's staff have given us, and we congratulate for the performance achievements in 2017, and in the efforts to maintain consistency in the application of Syariah principles in banking transactions. Hopefully in the future ahead, UUS Danamon be more successful and always ahead.

Wassalaamu'alaikum
Warahmatullahi Wabarakaatuh

On behalf of the Syariah Supervisory Board



Prof. Dr. H. M. Din Syamsuddin
Chairman

Overview of Plans, Policies and Strategies

The national economy in 2017 continued to improve, sustained by increase in exports and investment. Indonesia's GDP grew 5.07% in 2017, slightly higher than the 5.02% growth in 2016.

In 2017, Indonesia's inflation was maintained below the 4% level. The low inflation environment gave Bank Indonesia an opportunity to reduce the benchmark interest rate further to 4.25%. The lower borrowing rate was expected to help the national economy to shift toward an upward trend.

STRATEGIC FOCUS IN 2017

In 2017, Danamon remained focus on long-term strategic directions set a few years ago. The Bank implemented Initiatives to diversify growth engines to Non-Mass Market, strengthen customer-centric mindset and improve efficiency. These are also supported by strong technology and digital solutions. Through these initiatives, Danamon aims to empower customers by serving both their business and personal financial needs.

Danamon's SME banking embarked on initiatives to strengthen its value proposition for customers in this segment. The initiatives includes implementation of fast credit approval process, introduction of product

bundles based on customer's holistic needs, and enhancement of transaction banking services.

SME Banking expanded geographical coverage of Emerging SME business, focusing on smaller SME customers. At the same time, a number of new products were also offered, such as Term Installment Loan (KAB) BISA and Shop House Business Loan (KTU) with attractive features for customers.

Enterprise Banking also implemented various strategic initiatives in 2017. One key initiative was the merge of Corporate and Commercial Banking organizations into a more efficient Enterprise Banking structure. In addition, customers acquisition process was also enhanced, from the product-oriented approach to a more customer-centric model. Skills and knowledge enhancements of Enterprise Banking staffs were the foundation for successful implementation of the above strategies.

In 2017, Danamon strengthened its Sales & Distribution (S&D) model by introducing Danamon Way, a sales and service culture to improve productivity and service level. While it is still early in the implementation process, the result has been encouraging. Loan growth in the SME and Consumer Banking segments were positively impacted.

To balance loan growth with prudence, Danamon improved its credit risk management. The Bank integrated all segments' loan approval function into the Chief Credit Officer's organization. This set up allowed loan approval to be more independent, thus improving management of credit quality.

Information technology and digital solutions are essential parts of the Bank's strategy. To that end, Danamon increased digital penetration by developing competitiveness in all segments. In 2017, Danamon expanded Transaction Banking's digital capabilities by linking with the e-commerce ecosystem including Payment Gateway, Merchants and Peer to Peer Lending. During the same year, Danamon also launched Danamon Cash Connect and Danamon Trade Connect as an easy and fast cash management and trade finance solution for SME and Enterprise Banking customers.

Danamon continued to enhance its online and mobile application for the Consumer segment. The newest features include time deposit placement and new account opening via online and mobile channels.

Danamon also formulated strategic changes within its Operations Division. In 2017, the division's organization structure was streamlined to improve service and control. In addition, digital processes and system automation were more widely adopted to reduce manual data entry for back-end processes. Danamon's subsidiaries, Adira Finance (ADMF) and Adira Insurance, were also busy executing their long-term strategic directions. In 2017, ADMF streamlined its organizational structure. It reformed

the sales and service functions in all of its branches and adopted a sales & distribution model. Adira Finance has also diversified its financing products. In addition to motorcycle financing, ADMF expanded new passenger car, used vehicle and durable goods financings. To diversify referral sources, Adira Finance introduced non-dealer sales channels through agents, mini-marts, e-commerce channels, as well as ADMF's own e-commerce portal, the momobil.co.id website. Adira Insurance also increased its penetration to the group channel through cross-selling with Danamon business units as well Adira Finance.

INITIATIVES IN 2018

In 2018, Danamon will continue to pursue various initiatives within the long-term strategic directives set forth. Some strategic policies that will be implemented in 2018 are:

- Continue growth in the key segments
- Emphasize Danamon Way as an effective process to be applied uniformly throughout Danamon's Sales & Distribution network in order to boost productivity and improve customer service.
- Raise the awareness for credit risk and other risks while improving the efficiency of loan approval procedures.
- Deepen digital penetration in all business segments
- Enhance the capabilities of human resources through training, job rotation, and talent management. In 2018, Danamon's Human Capital journey is expected to reach the Excelling and Sustaining stage where the improvement from previous years will be institutionalized in order to form a sustainable high performing organization.

Responsibility for Annual Reporting

BOARD OF COMMISSIONERS' AND BOARD OF DIRECTORS' STATEMENT ON THE RESPONSIBILITY FOR THE 2017 ANNUAL REPORT OF PT BANK DANAMON INDONESIA, TBK.

We, the undersigned, testify that all information contained in the 2017 Annual Report of PT Bank Danamon Indonesia, Tbk. has been presented in its entirety, and assume full responsibility for the accuracy of the contents of the Company's Annual Report.

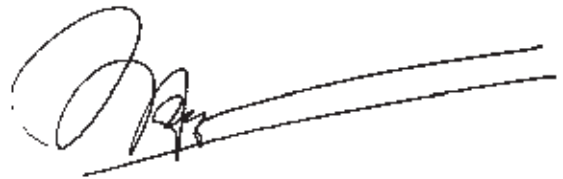
This statement is hereby made in all truthfulness.

Jakarta, 19 February 2018

Board of Commissioners



Ng Kee Choe
President Commissioner



J.B. Kristiadi
Vice President Commissioner/
Independent Commissioner



Ernest Wong Yuen Weng
Commissioner



Gan Chee Yen
Commissioner



Manggi Taruna Habir
Independent Commissioner



Made Sukada
Independent Commissioner

Board of Directors



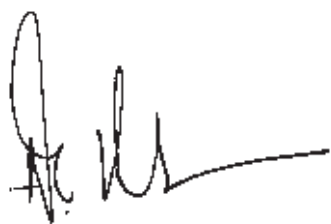
Sng Seow Wah
President Director



Michellina Laksmi Triwardhany
Director



Satinder Pal Singh Ahluwalia
Director



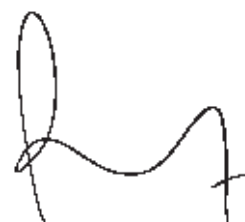
Adnan Gayum Khan
Director



Heriyanto Agung Putra
Director



Herry Hykmanto
Director



Rita Mirasari
Independent Director

Danamon At A Glance

PT Bank Danamon Indonesia, Tbk. ("Danamon") was established in 1956 and has since grown and developed to become one of Indonesia's largest financial institutions, guided by its vision, which is "To Care and Enable Millions to Prosper".

Danamon serves all segments of banking customers in the Consumer segment, Small Medium Enterprises, Micro businesses and Enterprise (Commercial and Corporate) Banking segments. The Bank provides a comprehensive range of banking and financial products and services including Syariah banking services. In addition, Danamon provides financing for automotive and consumer goods through Adira Finance as well as general insurance products through Adira Insurance.

Danamon operates an extensive distribution network spread out from Aceh to Papua, with more than 1,600 branches and service outlets comprising conventional branches, Danamon Simpan Pinjam (DSP) units, Syariah units and the branch networks of Adira Finance and Adira Insurance. With a Sales & Distribution network structure under the single captainship concept, Danamon provides integrated product offerings that greatly enhance service quality to customers.

Danamon's distribution network is supported by an e-channel platform comprising of 1,396 proprietary ATMs and 70 CDMs (Cash Deposit Machines), with access to ATMs in the ATM Bersama, ALTO and Prima networks. Danamon also deploys comprehensive digital services including SMS Banking, Internet banking and mobile banking, constantly upgrading features and capabilities to meet the demand of the banking public in the digital era for faster and easier transactions.

With total assets of Rp153.5 trillion as of December 31, 2017, the shares of Danamon are owned by Asia Financial (Indonesia) Pte. Ltd. (52.93%), The Bank of Tokyo-Mitsubishi UFJ LTD(19.90%), JPMCB-Franklin Templeton Investment Funds (6.20%) and the public (20.97%).

Corporate Identity

Name: PT Bank Danamon Indonesia, Tbk.	Authorized Capital: Rp10 trillions
	Issued and Fully Paid Capital : Rp5.9 trillions
Business: Banking Services	Stock Exchange: Indonesian Stock Exchange
Date of Establishment: 16 July 1956	Share Code: BDMN
	ISIN Code: ID1000094204
Legal Basis of Establishment: Notarial deed No. 134 dated on July 16, 1956 of Meester Raden Soedja, S.H. ratified by the Minister of Justice of Republic of Indonesia in its decision letter No. J.A.5/40/8 dated on April 24, 1957 and was published in Supplement No. 664 to the State Gazette of Republic of Indonesia No. 46 dated on June 7, 1957.	SWIFT Code: BDINIDJA
	Global Intermediary identification Number (GIIN): WZU780.99999.SL.360
	Share Ownership Composition: Asia Financial (Indonesia) Pte. Ltd.: 52.93% The Bank of Tokyo-Mitsubishi UFJ, LTD: 19.90% JPMCB-Franklin Templeton Investment Funds: 6.20% Public: 20.97%
Office Network As of 31 December 2017, Danamon maintains a network of around 1,600 offices consisting of conventional offices, DSP units, and Syariah units as well as branch offices of the subsidiaries. Through the Sales & Distribution Network, Danamon has 9 regional offices. The list of Danamon branch offices can be viewed under the Chapter on Corporate Data of this report.	Head Office: Menara Bank Danamon, 17 th Floor, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, Jakarta 12920, Indonesia Phone: (+62 21) 8064 5000
	Website and Email: www.danamon.co.id corpsec@danamon.co.id investor.relations@danamon.co.id public.affairs@danamon.co.id

Subsidiaries

PT Adira Dinamika Multi Finance, Tbk. (Adira Finance)

Business:
Financing

Head Office:
Landmark Centre Tower A,
26th – 31st Floor
Jl. Jend. Sudirman No. 1
South Jakarta 12910
Phone: (+62 21) 5296 3232,
5296 3322
Fax: (+62 21) 5296 4159
Email: af.investor.relation@adira.co.id

Website and Email:
www.adira.co.id
af.investor.relation@adira.co.id

PT Asuransi Adira Dinamika (Adira Insurance)

Business:
Insurance

Head Office:
Graha Adira
Jl. MT. Haryono Kav. 42,
South Jakarta 12780
Phone: (+62 21) 2966 7373
Fax: (+62 21) 2966 7374

Website and Email:
www.asuransiadira.com
adiracare@asuransiadira.co.id

Information on Corporate Website

Danamon's corporate website features two language versions, Indonesian and English. In compliance with OJK Regulation No. 8/POJK.04/2015 on Websites of Issuers or Listed Companies, the website comprises four major areas of information:

- General information on Issuer or Listed Company;
- Information for Shareholders or Investors;
- Information on Corporate Governance; and
- Information on Corporate Social Responsibility.

The corporate website also features additional information that serves to expand knowledge on issues related to Danamon's business.

Brief History



2014

- Launching of D-Mobile, Danamon Mobile Banking Application
- Launching of Tabungan BISA iB and Tabungan BISA Qurban iB Danamon Syariah
- Joint Program Literacy and Financial

Education with Financial Services Authority (OJK) through Si MOBil LitErase Keuangan (SiMOLEK)

- Signing of Memorandum of Understanding with Indosat to promote strategic

partnership between telecommunication and banking services

- Signing of Memorandum of Understanding with International Finance Corporation (IFC),

a member of World Bank to develop design model of financing especially for agribusiness sector of Danamon Simpan Pinjam business unit.

2015

- Cooperation with the International Islamic Trade Finance Corporation (ITFC) regarding Syariah Joint Trade Financing facilities.
- Launch of Mobil DSP for Micro customers.
- Launch of Bisa Umrah Savings iB.
- Launch of e-commerce feature for Danamon Online Banking.

2016

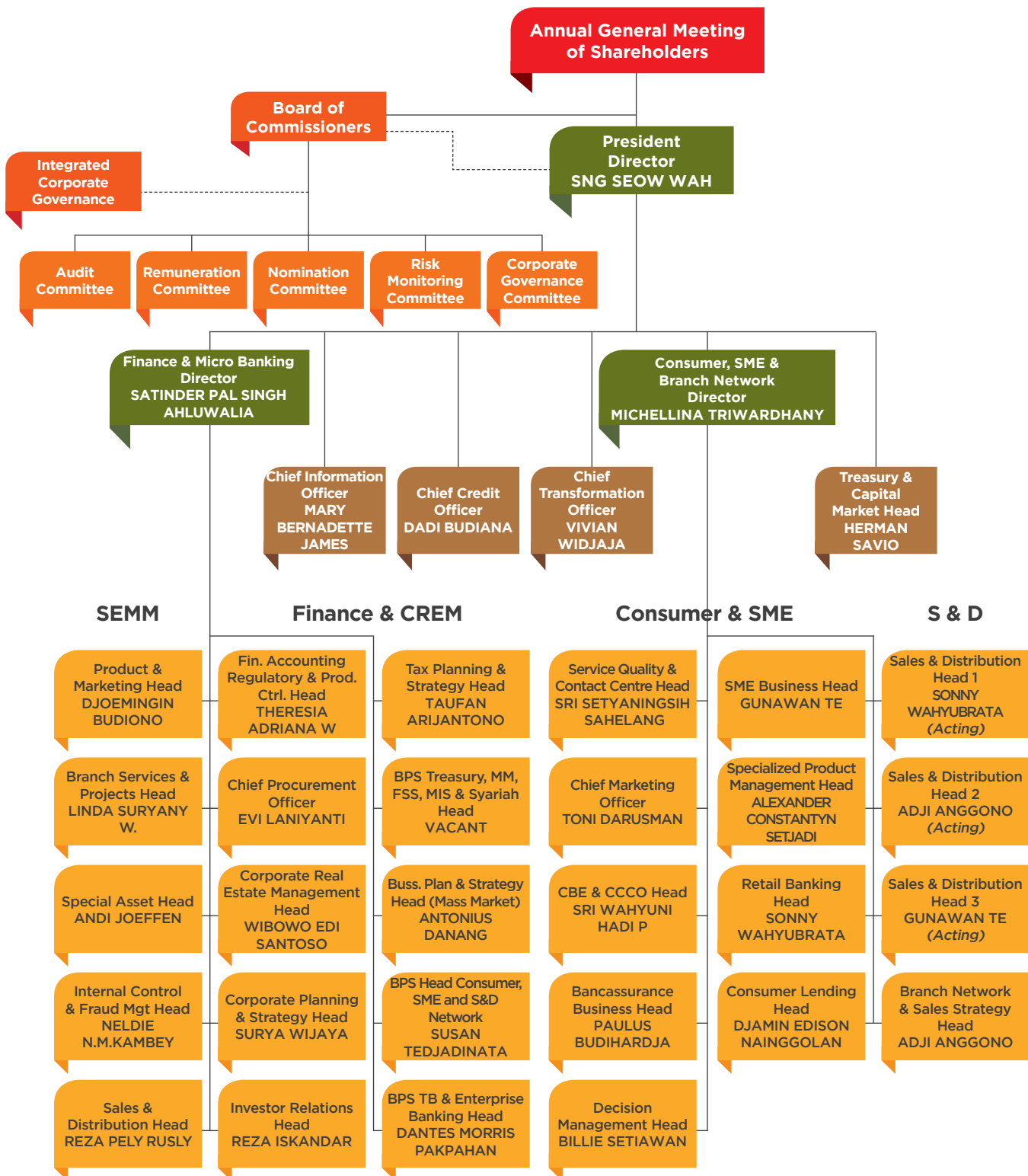
- The 60th Anniversary of Danamon and the inauguration of the new head office "Menara Bank Danamon"
- Roll-out of S&D network.
- Launching of D-Cash, a mobile phone feature that enables customers to provide cash through D-Mobile application.

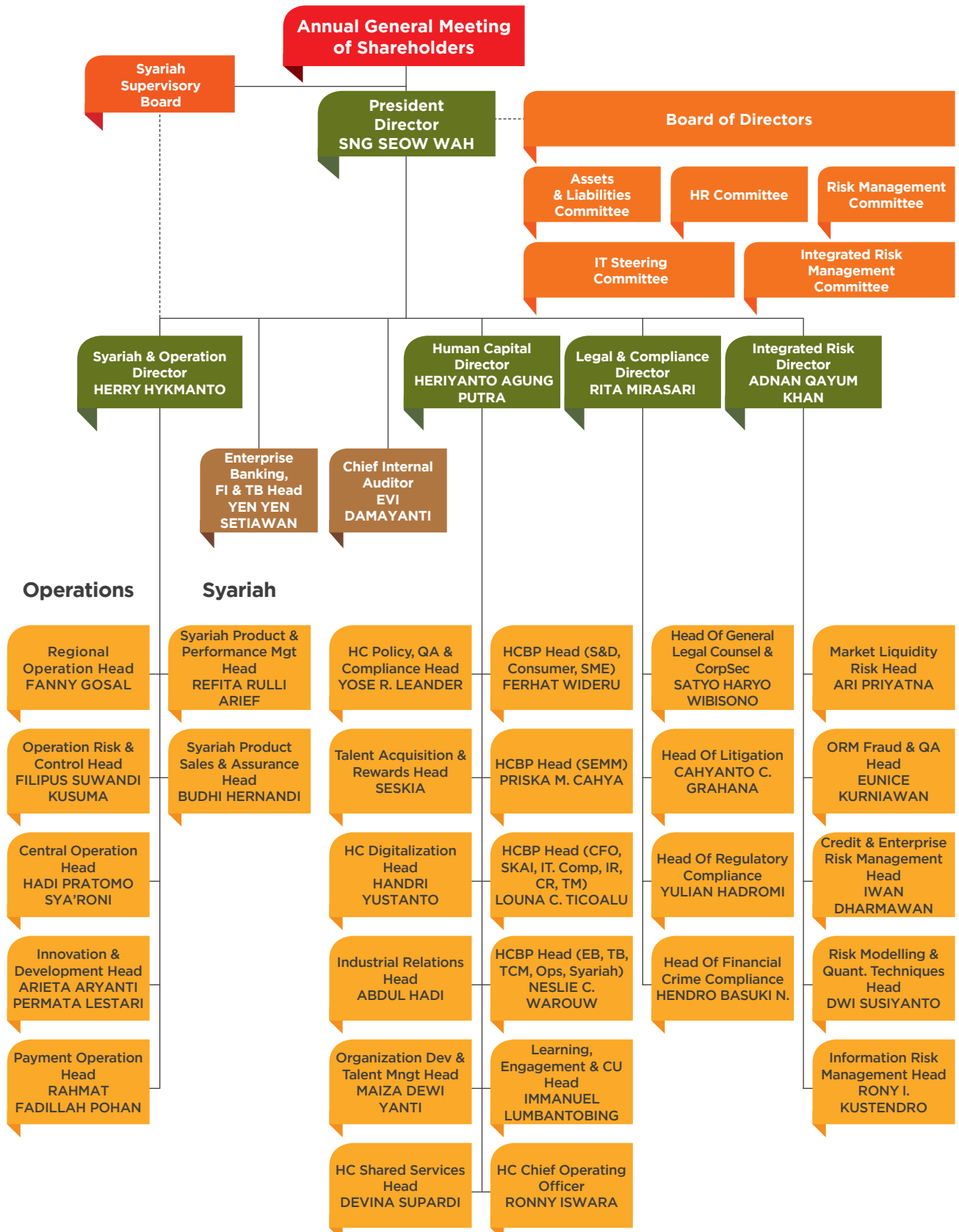
- Launching of D-Card application for Danamon Credit Cardholders.
- Yayasan Danamon Peduli became one of Indonesia's representatives in UN Habitat III Conference in Quito, Ecuador

2017

- **Launching of D-Point, point rewards system for all banking activities**
- **Launching of D-Connect, digital banking services for business society**
- **Launching of Syariah Insurance Proteksi Prima Amanah, in collaboration with Manulife Indonesia**
- **Holding the Danamon Run 2017, the first running event by Danamon, with the concept of free to choose the finish line during the run.**
- **Launching of Danamon Red Match Soccer Camp, providing opportunities for customers' children to be trained under trainer from Manchester United Soccer School.**

Organization Structure





Vision, Mission, and Corporate Values

Vision

We Care and Enable Millions to Prosper

Danamon believes that its purpose is to care for others: its customers, employees, and society at large, enabling them to thrive, grow, and achieve prosperity.

Mission

Danamon pursues its vision through the following missions:

Danamon aims to be "The Leading Financial Institution in Indonesia" with a significant market presence.

- Danamon believes its strength as a financial intermediary is a catalyst for welfare and prosperity.
- To optimize its role in the growth of the economy, it is imperative for Danamon to be well regarded and occupy a leading position among its peers, as a:
 - Business partner to its customers, and;
 - Valuable and caring corporate citizen to the public.

A customer centric organization covering all customer segments, each with a unique value proposition, centered on sales and service excellence, supported by world class technology.

- In carrying out its role, Danamon always strives to understand the needs of each customer and responds appropriately to fulfill them.
- It aims to offer solutions through unique approaches which create value not offered by any other financial institution in the marketplace, and does so through knowledge from research and use of technology.
- In doing so, Danamon places emphasis on the delivery of its services, utilizing the appropriate technology with utmost care and responsibility.
- It is key for Danamon employees to satisfy customers, be respectful and provide services that society will appreciate.
- Danamon views that the following positive attitudes are required:
 - Be adaptable, open and willing to continuously learn to respond to change.
 - Understand and focus on self and others' development.

We aspire to be an employer of choice and to be respected by our customers, employees, shareholders, regulators and the community.

- Danamon invests to cultivate a culture conducive to achieving its goals.
- Danamon builds collaborations with internal and external stakeholders to create valuable contributions to many beneficiaries where they are most needed.

Corporate Values

The corporate values is the value that guides, structures, and controls the behavior of employees, the Board of Directors and the Board of Commissioners of Danamon in carrying out their duties and responsibilities for achieving objectives in line with the Bank’s vision and mission.

- | | |
|--------------------------------------|--|
| ● Caring | Giving a genuine concern for the well-being and advancement of others will bring out the best in us. |
| ● Honesty | Always hold the truth to ourselves and others without any hidden agenda. |
| ● Passion to Excel | Always dare to come up with better ways of doing things, to achieve the best result, whilst mitigating the risk involved and without compromising the solidity of our company. |
| ● Teamwork | Leverage the diversity amongst us as the strength of our team to achieve common goals. |
| ● Disciplined Professionalism | Deliver our responsibility with the highest standards of ethics and professionalism, through disciplined people, disciplined thoughts and disciplined actions. |

Board of Commissioners’ and Board of Directors’ Approval

In establishing Danamon’s annual objectives and strategies, the vision and mission of Danamon have been referenced and the Board of Commissioners and Board of Directors have deemed the vision and mission still appropriate as the foundation to carry out Danamon’s business activities.

Operational Areas



Danamon has a network throughout Indonesia from Aceh to Papua

Regional Office	Network	Address
1	Jakarta includes: Lampung, Tangerang, Bogor, Serang, Cilegon, Bekasi, Karawang	Jl. Matraman Raya No.52, East Jakarta
2	Bandung includes: Sukabumi, Tasikmalaya, Purwakarta, Cirebon	Jl. Merdeka No.40, Bandung, West Java
3	Surabaya includes: Kediri, Malang, Jember	Jl. Gubernur Suryo No. 12, Surabaya, East Java
4	Makassar includes: Jayapura, Ambon, Palu, Pare, Kendari, Ternate, Manado, Gorontalo	Jl. A. Yani No. 11-13, Makassar, South Sulawesi
5	Balikpapan includes: Pontianak, Palangkaraya, Banjarmasin, Samarinda, Tarakan	Jl. Sudirman No. 54, Balikpapan, East Kalimantan
6	Medan includes: Banda Aceh, Lhokseumawe, Siantar, Sibolga, Batam	Jl. Diponegoro No. 35, Medan, North Sumatera
7	Semarang includes: Solo, Purwokerto, Yogyakarta, Kudus, Tegal	Jl. Pemuda No. 175, Semarang, Central Java
8	Denpasar includes: Mataram, Kupang	Jl. Hayam Wuruk No. 246, Denpasar, Bali
9	Palembang includes: Palembang, Padang, Bengkulu, Jambi, Pekanbaru	Jl. Jendral Sudirman No.440, Palembang, South Sumatra

Board of Commissioners' Profile

Ng Kee Choe
President Commissioner



Singapore citizen. 73. Domiciled in Singapore. Has served as President Commissioner of Danamon since 2006 and reappointed as President Commissioner in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Graduated from the University of Singapore with a Bachelor of Science (Honours) in 1966.

Work Experience

Starting his career in DBS from 1970-2003, with the last positions as Vice Chairman at DBS Group Holdings. Director of Singapore Exchange Limited (2003-2014). Chairman NTUC Income from 2000-2013. Member of Temasek Advisory Panel, Advisory of Temasek International Holdings (Private) Ltd, (2003-2014).

A member of International Advisory Council of China Development Bank and Chairman of Tanah Merah Country Club (2008-present), Director of Fullerton Financial Holdings Pte Ltd. (2008-present), Non Executive Chairman CapitaLand Limited and AusNet Services Holdings Pty Ltd.

JB. Kristiadi
Vice President Commissioner

Indonesian citizen. Age 71. Domiciled in Indonesia. Has served as Vice President Commissioner of Danamon since 2005 and reappointed as Vice President Commissioner and Independent Commissioner in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Obtained his PhD (Public Administration) from Sorbonne University, France, in 1979.

Work Experience

Director of State Wealth Management in the Directorate General of Monetary Affairs MoF (1980-1987), Director of Budget, the Ministry of Finance (1987-1990) and Chairman of the National Institute of Administration (LAN) (1990-1998). Assistant to the Coordinating Minister for Development Supervision and Administrative Reform (1999-2001), Deputy Minister for Administrative Reform (2001-2003). Secretary General of the Ministry of Communication and Information (2003-2005), Secretary General of the Ministry of Finance (2005), Senior Advisor to the Minister of Finance (2009-2011), Secretary Team of Tax and Customs Reform (2010). He currently serves as a member of National Task Force for Bureaucracy Reforms (chaired by the Vice President of the Republic of Indonesia).

Commissioner in several State-Owned Enterprises, namely PT Tambang Batubara Bukit Asam (1980), Bank Dagang Negara (1982), PT Aneka Tambang (1986) and Bank BNI (2005). Currently he serves as Professor at Padjadjaran University, Bandung, since 2007.



Gan Chee Yen
Commissioner



Singapore citizen. Age 58. Domiciled in Singapore. Has served as Commissioner of Danamon since 2003 and reappointed as Commissioner in the Bank's AGMS on April 12, 2017.

Qualification/ Education Background

Graduated with a Bachelor degree in Accounting from the National University of Singapore.

Work Experience

He began his career as an auditor at PricewaterhouseCoopers (1984), joined Showa Leasing (S) Pte. Ltd. (1986), joined Singapore Technologies Marine Ltd. (1988) and was the Senior Finance Manager before he left to join Singapore Technologies Pte. Ltd. for 8 years, where he was the Director of Finance.

He was with Temasek International Pte Ltd from 2003 to 2011, with last position as Co-Chief Investment Officer and Senior Managing Director, Special Projects.

Currently, he is the Chief Executive Officer of Fullerton Financial Holdings (International) Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings Pte. Ltd. and Director of TJ Holdings (II) Pte. Ltd. since June 9, 2015.

Ernest Wong Yuen Weng
Commissioner

Singapore citizen. Age 72. Domiciled in Singapore. Has served as Commissioner of Danamon since April 2010 and was reappointed as Commissioner in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Graduated with a First Class Honours degree in Chemical Engineering from the University of Surrey, United Kingdom, in 1967.

Work Experience

He started his career in Singapore with the Economic Development Board and the Ministry of Finance (1967-1971). He joined the United Overseas Bank (UOB) Group (1972) and was appointed Board Member and Group President (1990-2000). He was Chairman of the Association of Banks in Singapore, and joined MediaCorp as the Group CEO (2000-2005).

He currently also serves as Chairman of Fullerton Financial Holdings Pte. Ltd (2011 - now), Board Trustee & Chairman (Investment Committee) of Nanyang Technological University (2006 - now), Board Member of Pavilion Capital Holdings Pte. Ltd. (2012 - now), Chairman of A. Menarini Asia-Pacific Holdings Pte Ltd. (2012 - now) and Chairman of MediaCorp since July 2016 - now.



Manggi T. Habir Independent Commissioner



Indonesian citizen. Age 64. Domiciled in Indonesia. Has served as Independent Commissioner of Danamon since 2005 and reappointed as Independent Commissioner in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Holds a Master degree in Business Administration from University of Michigan and Master in Public Administration from Harvard University.

Work Experience

Early in his career he was business and economic correspondent for the Far Eastern Economic Review and held various key positions at Citibank N.A. Jakarta (1985 – 1991).

A Research Director at PT Bahana Securities (1995-1998) and the President Director of PT Pefindo (1998-2001). Last position before joining Danamon was Director at Standard & Poor's, Singapore.

Currently, Chairman of the Supervisory Board of Yayasan Danamon Peduli and President Commissioner of PT Asuransi Adira Dinamika, a subsidiary of Danamon.

Made Sukada Independent Commissioner

Indonesian citizen. Age 65. Domiciled in Indonesia. Has served as Independent Commissioner of Danamon since 2014 and reappointed as Independent Commissioner in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Graduated from Padjadjaran University in Bandung in 1977 and obtained a Masters degree in Economics from the University of Pittsburgh, in 1984.

Work Experience

Began his career with Bank Indonesia in 1979 as Credit Analyst. Associate Representative of Bank Indonesia, New York office (1993-1995), and Deputy Director of Monetary Policy Management Directorate (1995), Executive Director of the same department (1998). He was seconded to IMF Office – Washington D.C. as an alternate Executive Director (2004-2006) before returning back to Bank Indonesia as the Executive Director of Economic Research and Monetary Policy Department (2006-2010).

His latest position was as an Adviser to the Board of Governors of Bank Indonesia before he fully retired in April 2014. He was also an independent party of Risk Monitoring Committee of Bank Permata (2010-2014).



Independent Parties' Profile

Yusuf Nawawi



Indonesian citizen. Age 62. Domiciled in Indonesia. Has served as Independent Party and member of Audit Committee and Risk Monitoring Committee of Danamon since 2014.

Qualifications/Education Background

Graduated with a Bachelor's Degree of in Economy from the University of Sriwijaya (1983) and Master of Business Administration from Weatherhead School of Management, Case Western Reserve University USA (1994).

Work Experience

2015 – present : Member/Independent Party in PT Bank Danamon Indonesia Tbk
 2010 – 2014 : President Director of BRI Pension Fund
 2006 – 2010 : Head of Education and Training Division of BRI
 2004 – 2006 : Head of Micro Banking BRI
 2001 – 2004 : Director, International Visitors Program
 1978 – 1984 : Staff at the Directorate General of Budget, Department of Finance of RI

Roles and Responsibilities

Appointed as Independent Party/ Independent Member of the Audit Committee and the Risk Monitoring Committee.

Angela Simatupang

Indonesian citizen. Age 42. Domiciled in Indonesia. Has served as Independent Party and member of Risk Monitoring Committee and Independent Audit Committee of Danamon since 2014, as well as member of Integrated Governance Committee since 2015.

Qualifications/Education Background

Obtained Master of Commerce degree in International Business and Management of Technology from University of Sydney, Australia in 2002.

She holds a number of professional certification in governance, risk and control, namely Certified Internal Auditor (CIA) and Certificate in Risk Management Assurance (CRMA) issued by the Institute of Internal Auditors, Certified Internal Control Institute (CICS) issued by the Institute of Internal Control, Enterprise Risk Management Certified Professional (ERMCP) issued by the ERMA, and Certified in Risk & Information Systems Control (CRISC) issued by the ISACA.

Work Experience

She is one of team member that has delivered Good Corporate Governance Indonesia, Good Public Governance Indonesia, and Whistleblowing System Guidebook issued by the Indonesia National Committee on Governance publication, a non-profit institution established by the Government of Indonesia. Appointed as Governor at Institute Internal Auditors (IIA) Indonesia (2013-2017).

She was seconded to RSM Australia in 2005, lecturer for internal audit & risk management at the Master of Accounting and Professional Accountant Program at the University of Indonesia (2008-2010), and written various articles to disseminate and promote public awareness of governance (2007-2011).

Currently serves as Partner of RSM Indonesia. In the RSM Global organization, she is appointed as member of RSM Asia Pacific Risk Advisory Sub Committee and International Contact Partner for Indonesia.

Roles and Responsibilities

Appointed as Independent Party/Independent Member of the Audit Committee, the Risk Monitoring Committee and Integrated Governance Committee.



Board of Directors' Profile

Sng Seow Wah
President Director



Singaporean citizen. Age 59. Domiciled in Indonesia. Appointed as the President Director of Danamon in the Bank's EGMS on 2015 and reappointed as President Director in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Holds a Bachelor of Accountancy from the National University of Singapore (awarded in 1982) and attended the Advanced Management Program at The Wharton School, University of Pennsylvania in 2006, as well as the Corporate and Investment Banking Program at Macquarie University, Australia in 1992.

Work Experience

He is an experienced banker with more than 30 years experience displaying strong performance in well-respected regional and international banks.

Previously, he held the position of Managing Director of the Local Corporate Group, Citibank Singapore before he joined OCBC Bank Singapore as the Head of Enterprise Banking where he led the successful transformation of the business into a sustainable, high performing unit with a strong reputation for employee engagement, customer focus and service. He then served as the Executive Vice President at Fullerton Financial Holding (2008-2010), a wholly-owned subsidiary of Temasek Holdings, where he held several directorships across Asian region. Prior to joining Danamon, he successfully accomplished his assignment in Malaysia as Group Chief Executive Officer of Alliance Bank Malaysia Berhad (2010-2014).

Currently, he also serves as President Commissioner of PT Adira Dinamika Multi Finance, Tbk., a subsidiary of PT Bank Danamon Indonesia, Tbk.

Roles and Responsibilities

He leads Danamon's Board of Directors and oversees the Bank's overall business and operations which include Sales & Distribution, Mass Market, Consumer & SME Banking, Enterprise Banking, Transaction Banking, Treasury & Capital Market, and Syariah Banking. He also oversees the Bank's Internal Audit, Human Capital, Integrated Risk, Finance, Information Technology, Corporate Secretary, Legal & Compliance, Operations, and the Bank's two subsidiaries, namely: PT Adira Dinamika Multi Finance Tbk and PT Asuransi Adira Dinamika.

Michellina Laksmi Triwardhany
Director



Indonesian citizen. Age 51. Domiciled in Indonesia. Appointed as a Director of Danamon in April 2010 and reappointed as Director in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Graduated in 1987 from North Texas State University with a BS degree in Computer Science. Received an MBA degree from the University of Texas at Austin with distinction in 1990.

Work Experience

Starting her career as Management Trainee in Citibank Indonesia in 1990, with the last position as Cards Business Director (2001). Standard Chartered Bank in Hong Kong (2001-2003), Country Retail in Citibank in Philippines (2003-2007). Country Business Head in Citibank Malaysia covering cards, mortgage, personal loan, and retail bank (2007-2009). Joined Danamon as Head of Consumer Banking in 2009.

Roles and Responsibilities

Consumer Banking, SME and Sales & Distribution.

Satinder Pal Singh Ahluwalia
Director

Canadian citizen. Age 55. Domiciled in Indonesia. Appointed as Director of Danamon since 2010 and reappointed as Director in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

A Chartered Accountant and holds a Masters of Commerce degree from Mumbai University.

Work Experience

Started his career in Standard Chartered Bank from 1987 until 2002, with last position as Head of Credit, Consumer Banking Malaysia.

Subsequently worked for Mashreqbank, United Arab Emirates as Vice President and Head Retail Credit until 2005. ABN Amro NV Bank, Dubai as Senior Vice President and Regional Head, Consumer Lending Group Risk Management (December 2005-April 2006).

PT Bank International Indonesia, Tbk. as Managing Director and Chief Risk Officer (2006-2010). Commissioner in WOM Finance, BII's subsidiary (2009-2010).

Roles and Responsibilities

Finance & Micro Banking.



Adnan Qayum Khan Director



Pakistani citizen. Age 49. Domiciled in Jakarta. He was appointed since 2016 and and reappointed as Director in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Received his Masters degree in Business Administration from the Lahore University of Management Sciences in 1990.

Work Experience

Began his career with Bank of America NT&SA, Pakistan as a Management Trainee, since 1990 and with the last position as Vice President.

In 2000-2007, joined ABN AMRO Bank NV, Pakistan as Vice President, Branch Manager for Islamabad and Lahore.

Managing Director & Chief Risk Officer, Middle East & Africa in Royal Bank of Scotland PLC (2012-2013). Managing Director & Senior Credit for Asia Pacific in the Royal Bank of Scotland PLC (2010-2016).

Roles and Responsibilities

In charge of Integrated Risk.

Heriyanto Agung Putra Director

Indonesian citizen. Age 53. Domiciled in Indonesia. Appointed as Director of Danamon since 2016 and reappointed as Director in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

He completed his Masters program at University of Indonesia in 2002.

Work Experience

He started his career at PT Garuda Indonesia (Persero) Tbk as Vice President of Business Support in 2005 and starting from 2011 until presently, He has been serving as Commissioner of PT Garuda Maintenance Facility (GMFAA) Garuda subsidiary and as the Director of Human Capital and Corporate Affairs of PT Garuda Indonesia (Persero) Tbk.

Roles and Responsibilities

Human Capital



Herry Hykmanto Director



Indonesian citizen. Age 49. Domiciled in Indonesia. Appointed as Director of Danamon since 2008 and reappointed as Director in the Bank's AGMS on April 12, 2017.

Qualifications/Education Background

Graduated from Padjadjaran University, Bandung.

Work Experience

Started his career as the International Operation Head in Bank Universal (1992-2000). Standard Chartered Indonesia as Senior Cash Management & Trade Business Development Manager (2000-2003). In 2003 joined Danamon as Head of Transaction Banking.

The first Indonesian banker holding international certification in letter of credit from the International Chamber of Commerce France.

Roles and Responsibilities

Operations & Syariah Banking

Since 2011, he has been fully in charge of the development and practices of Danamon's Syariah Business Unit, and starting 2016 he is also in charge as Operations Director.

Rita Mirasari Independent Director

Indonesian citizen. Age 48 years. Domiciled in Indonesia. She was appointed as an Independent Director of Danamon since 2016 and reappointed at the AGMS on April 12, 2017.

Qualifications/Education Background

Obtained Bachelor of Law at University of Indonesia in 1991.

Work Experience

Starting her Banking career in 1991, Compliance Director/Country Head Legal & Compliance at Standard Chartered Bank Indonesia (1998-2006). Director, Country Compliance Representative at ABN AMRO NV Indonesia (2006-2009). Legal, Compliance, and Corporate Secretary Director at PT Bank International Indonesia Tbk. (now PT Bank Maybank Indonesia Tbk.) (2009-2013).

Director, Regulatory Compliance & Financial Crime at The Hongkong Shanghai Banking HSBC Limited, Indonesia (2013-2016).

Roles and Responsibilities

Compliance, Anti Money Laundering, Legal and Corporate Secretary.



Board of Senior Executive Officers' Profile

Dadi Budiana
Chief Credit Officer



Indonesian citizen. Age 52. Domiciled in Indonesia. Has served as Chief Credit Officer of Danamon since 18 April 2017.

Qualifications/Education Background

Obtained a Bachelor of Arts in Economics from Binghamton University, USA.

Work Experience

Started his career as Management Trainee at United Overseas Bank Bali (1992). Continued his career as Investment Banking Team Leader at Bank Modern (1994). Joined HSBC in 1998 and during his time with HSBC, assumed various senior roles such as Senior Vice President in Business Banking, Human Resources, Global Banking, Credit Risk Management, etc. In 2009, was assigned by HSBC to Credit Risk Management Consultant in Bank Ekonomi. In 2010, he was appointed as Head of Corporate Banking of Bank Ekonomi, in addition to his role in the various Board level committees. His last position at HSBC Group was as Chief Risk Officer at Bank Ekonomi since 2014 and President Commissioner of PT HSBC Securities Indonesia since 2016.

Yen Yen Setiawan
Enterprise Banking, Financial Institution and Transaction Banking Head

Indonesian citizen. Age 45. Domiciled in Indonesia. Has served as Enterprise Banking, Financial Institution and Transaction Banking Head of Danamon since 2017.

Qualifications/Education Background

Obtained a Bachelor of Science degree in Finance from University of Southern California, USA and an MBA from Loyola Marymount University, USA.

Work Experience

Joined Danamon as Head of Transaction Banking in 2015. Yen Yen started her career as Management Associate with Citibank N.A. (1995-1996), Equity Sales with Peregrine Sewu Securities (1997), Senior Banker with Citigroup Corporate and Investment Bank (1997- 2004), Director for Client Coverage at Deutsche Bank (2008) and Managing Director at Standard Chartered Bank (2005-2015) for Transaction Banking Indonesia and subsequently Transaction Banking Taiwan.



Evi Damayanti
Chief Internal Audit



Indonesian citizen. Age 43. Domiciled in Indonesia. Appointed as Chief Internal Audit Danamon since June 2016.

Qualifications/Education Background

She holds a Bachelor Degree in Accounting from University of Indonesia. She is also a CFA charterholder.

Work Experience

Joined Danamon in 2016 as Internal Audit Head. Previously worked as Associate at Abacus Capital - Jakarta (1997 - 1999), Citibank Switzerland (Zurich) as Trainee (1999-2000), Citibank United Kingdom (London) as Auditor/Audit Manager for Citi Private Bank, Alternative Investments and Support functions in Europe and Middle East, Barclays Global Investors as Audit Manager (2006 - 2007), Citibank United Kingdom as Program Director - Audit and Risk Review (2008-2012), Afterward was transferred to Citibank Indonesia (Jakarta) to set up the In Business Controls Group (2012-2016).

Mary Bernadette James
Chief Information Officer

Malaysian citizen. Age 60. Domiciled in Indonesia. Has served as Chief Information Officer of Danamon since March 2016.

Qualifications/Education Background

Obtained a Bachelor of Arts degree majoring in both Finance and International Business from University of Texas at Austin, USA.

Work Experience

Joined Danamon as Chief Information Officer in March 2016. She served previously as Group Chief Information Officer and Head of Infrastructure for Alliance Bank, Malaysia (2010 - 2016), CIO at NIB, Pakistan (2009 - 2010) and Danamon (2005 - 2009).



Herman Savio Treasury and Capital Market Head



Indonesian citizen. Age 48. Domiciled in Indonesia. Has served as Treasury and Capital Market Head of Danamon since 2013.

Qualifications/Education Background

He holds a degree in Electrical Engineering from Trisakti University, 1992 and is BSMR certified for level 3 and LSPP level 4.

Work Experience

He joined Danamon as Head of Treasury and Capital Market in 2013. Previously he worked as FX Trader in Bank Dharmala (1992-1994), Treasury Sales in Bank Credit Lyonnais Indonesia (1994-1995), Chief Dealer in Bank Sumitomo Mitsui Indonesia (1996-2005), joined Citibank, N.A. as Senior Risk Treasury Trader (2005-2008), Head of Risk Treasury (2008-2013) and Acting Country Treasurer (2013).

Vivian Widjaja Chief Transformation Officer

Indonesian citizen. Age 47. Domiciled in Indonesia. Has served as Chief Transformation Officer of Danamon since November 2016.

Qualifications/Education Background

Holds a Bachelor of Science degree in Accounting & Finance from Oregon State University, USA and an MBA from University of Texas at San Antonio, USA.

Work Experience

Joined Danamon as Chief Transformation Officer in November 2016. Started her career with Citibank N.A. (1995) as Management Associate, and served in various departments in Operations and Technology Group-Consumer Bank as Project Manager (1995-1998), Funds Transfer & Credit Cards Payments Processing Unit Head (1998-1999). In 1999, she was given opportunity to expand her experience to Sales area in Global Consumer Banking Group, Citibank N.A. as Personal Banking Head (1999-2001); CitiGold Head (2001-2003); Deputy Branch Manager (2003-2004); Branch Business Manager (2004-2006); Regional Branch Business Manager (2006-2007) and Head of Sales & Distribution, Re-engineering, Control & Surveillance and Telebanking (2007-2009). Her last position in Citibank N.A. is as Director, Head of CitiBusiness (2009-2014). Later joined PT Bank Mega Tbk as Chief of Staff to the President Director (2014-2016).



Syariah Supervisory Board's Profile

Din Syamsuddin Chairman



Indonesian citizen, age 59 years. Residing in Indonesia. He has been serving as Chairman of Syariah Supervisory Board, Syariah Business Unit PT Bank Danamon Indonesia, Tbk. since 2002 and reappointed with the same position in the Bank's AGMS on April 12, 2017.

Qualifications/Academic Background

He earned his Bachelor degree from IAIN Syarif Hidayatullah, Jakarta (1979), and earned his M.A. in 1988 and a Ph.D from the University of California Los Angeles (UCLA), USA in 1991.

Work Experience

He is Professor of Islamic Politics, UIN Jakarta, Chairman of PP Muhammadiyah (2005-2015), Chairman of MUI Advisory Council (2014-2015), Vice Chairman of ICMI Central Advisory Board (2010-2015), President of Asian Conference on Religions for Peace (2006-present), Chairman of the World Peace Forum (WPF) (2006-present), Chairman of the Center for Dialogue and Cooperation among Civilizations (CDCC) (2006-present), Co-President of World Conference on Religions for Peace (WCRP) (2007-present), Chairman of the Syariah Supervisory Board at Bank Syariah Bukopin (2008-present), Member of the Leadership Council of United Nations Sustainable Development Solutions Network (2015-present), and Member of Group for Strategic Vision Russia-Islamic World 2006-present), Special Envoy of the President of the Republic of Indonesia for Interfaith and Intercultural Dialogue and Cooperation (2017-present).

Hasanudin Member

Indonesian citizen, 57 years old. Residing in Indonesia. He has been serving as Member of Syariah Supervisory Board, Syariah Business Unit PT Bank Danamon Indonesia, Tbk. since 2002 and reappointed with the same position in the Bank's AGMS on April 12, 2017.

Qualifications/Academic Background

He earned his Bachelor's Degree, Master of Religion (M.Ag) in 1989 and Doctorate from IAIN Syarif Hidayatullah, Jakarta (1997).

Work Experience

He is a Lecturer at UIN Syarif Hidayatullah (1990-present), Lecturer at the Faculty of Shari'ah Institute of Al-Qur'an Science (IIQ) Jakarta Under-Graduate & Post-Graduate (1992-2010), Secretary of the Fatwa Commission of Majelis Ulama Indonesia (1997-2010) Deputy Chairman of the Fatwa Commission of the Indonesian Council of Ulama (2010-present), Deputy Secretary of the Daily Implementing Agency (BPH) of the National Syariah Council MUI (1999-2015), Deputy Chairman of the Daily Implementation Board (BPH) National Syariah Council MUI (2015-present) Syariah Supervisory Board at BNI Syariah Bank, Syariah Business Unit of Bank Danamon; TAFS Syariah, and Trimegah (2002-present), Member of Board of Syari'ah Standard Accounting (DSAS) - Indonesian Accountant Association (IAI) (2010 to 2016), Working Member KPJKS OJK (2014-2016), Member of Capital Market Development Team Syariah Bursa Efek Indonesia (IDX), and Training Instructor organized by DSN-MUI in syariah banking, Takaful, Syariah financing companies, Syariah capital market, and Syariah cooperatives.



Karnaen A. Perwataatmadja (*)
Member

Indonesian citizen, was 77 years old. Resided in Indonesia. Appointed as Member of Syariah Supervisory Board, Syariah Business Unit PT Bank Danamon Indonesia, Tbk. in 2010 and reappointed with the same position in the Bank's AGMS on April 12, 2017. *

Qualifications/Academic Background

He earned his Bachelor of Economics (Drs) from Gadjah Mada University (1967), and a Master's degree in Public Administration (MPA) from Syracuse University, Maxwell School, USA (1979).

Work Experience

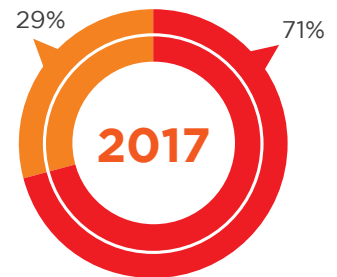
He was the Head of the School of Islamic Economics (STEI) Husnayain (2006-2015), Post Graduate Lecturer of University of Indonesia (2000-2017), Graduate Lecturer of Trisakti University (2005-2017), Post Graduate Lecturer of Islamic University As Syafi'iyah (2005-2017), Plenary Members of the National Syariah Council - MUI (2004-2017), DPS at BPRS Harta Insan Karimah (2004-2015), Syariah Insurance Star Unit (2006-2017) and Manulife Insurance Syariah Unit (2009-2017)

(*) on July 10, 2017, Drs H. Karnaen A. Perwataatmadja, MPA, FIIIS has passed away and has been reported to the BDI Branch Service of the Financial Service Authority (OJK) number B. 408-DIR dated July 13, 2017 concerning notices related to members of the Syariah Supervisory Board of PT Bank Danamon Indonesia Tbk (Perseroan).

Number of Employees

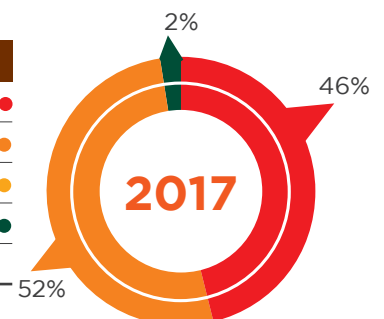
Employee Composition Based on Gender (Consolidated)

Gender	2017	2016	2015	2014	2013
Male	25,750	31,688	36,653	47,547	48,864
Female	10,660	12,331	13,573	13,071	18,865
Total	36,410	44,019	50,226	60,618	67,729



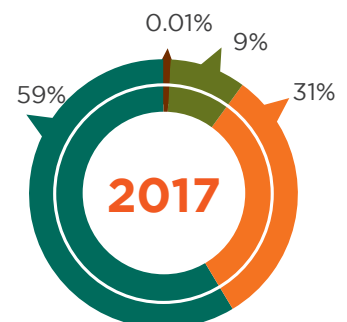
Data Headcount Danamon Per December 2017 (Consolidated)

Company	2017	2016	2015	2014	2013
Danamon	16,811	22,832	27,223	31,660	35,423
Adira Finance	18,760	20,094	21,351	26,098	28,519
Adira Quantum	-	8	524	1,691	2,863
Adira Insurance	839	1,085	1,128	1,169	922
Total	36,410	44,019	50,226	60,618	67,727



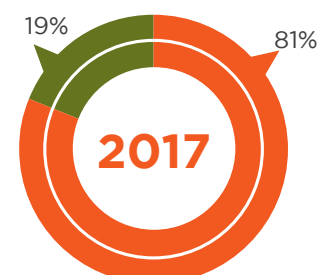
Employee Composition Based on Position (Consolidated)

Grade	2017	2016	2015	2014	2013
Top Management & Technical Advisor	24	27	23	39	49
Senior Manager	340	378	384	422	407
Manager	3,376	3,108	3,229	4,045	3,495
Officer	11,369	12,487	13,751	16,818	16,894
Staff	21,301	28,019	32,839	39,294	46,882
Total	36,410	44,019	50,226	60,618	67,727



Employee Composition Based on Employment Status (Consolidated)

Employment Status	2017	2016	2015	2014	2013
Permanen ¹⁾	29,596	31,950	35,606	42,476	47,075
Non Permanen ²⁾	6,814	12,069	14,620	18,142	20,652
Total	36,410	44,019	50,226	60,618	67,727



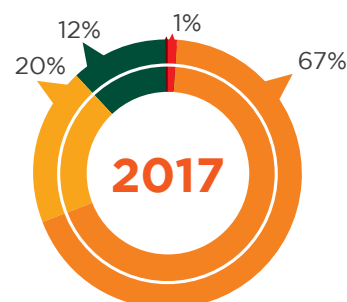
Notes:

1) Permanent Employees include permanent and probation.

2) Non Permanent employees include contracts, trainees, honorarium and expatriates. Data exclude

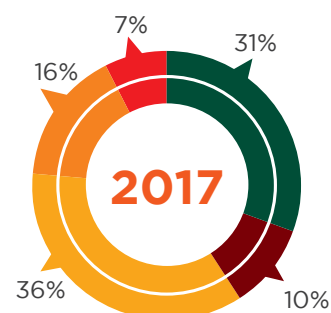
Employee Composition Based on Education (Consolidated)

Education	2017	2016	2015	2014	2013
Post Graduate	461	438	445	542	573
Bachelor	24,733	29,137	31,963	37,834	42,361
Diploma	6,932	8,399	9,719	11,982	14,007
Senior High School	4,272	6,022	8,065	10,161	10,671
Junior High School/Elementary School	12	23	34	99	115
Total	36,410	44,019	50,226	60,618	67,727



Employee Composition Based on Employment Period (Consolidated)

Year of Service	2017	2016	2015	2014	2013
0-3 years	11,213	13,872	18,380	25,128	36,053
3-5 years	3,757	6,770	10,391	14,555	11,676
5-10 years	12,998	14,700	12,576	10,896	11,479
10-20 years	5,883	6,562	7,450	8,774	7,354
>20 years	2,649	2,115	1,429	1,265	1,165
Total	36,410	44,019	50,226	60,618	67,727



Note:

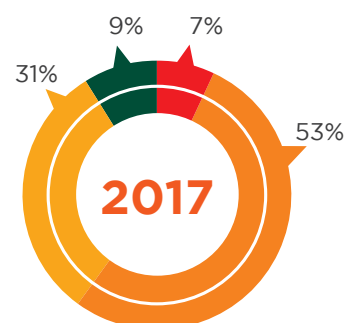
* Data of employee include permanent, probation, contract, trainee, honorarium and expatriate employee.

* The aforementioned data exclude outsourced employees.

* Data of Top Management & Technical as of December 2015 exclude Commissioners, Audit Committee and Syariah Supervisory Board

Employee Composition Based on Age (Consolidated)

Age	2017	2016	2015	2014	2013
<25 years	2,603	3,912	4,655	6,343	9,066
25-34 years	19,252	25,120	29,616	36,584	41,983
35-44 years	11,34	11,875	12,996	14,520	13,966
>45 years	3,215	3,112	2,959	3,171	2,712
Total	36,410	44,019	50,226	60,618	67,727

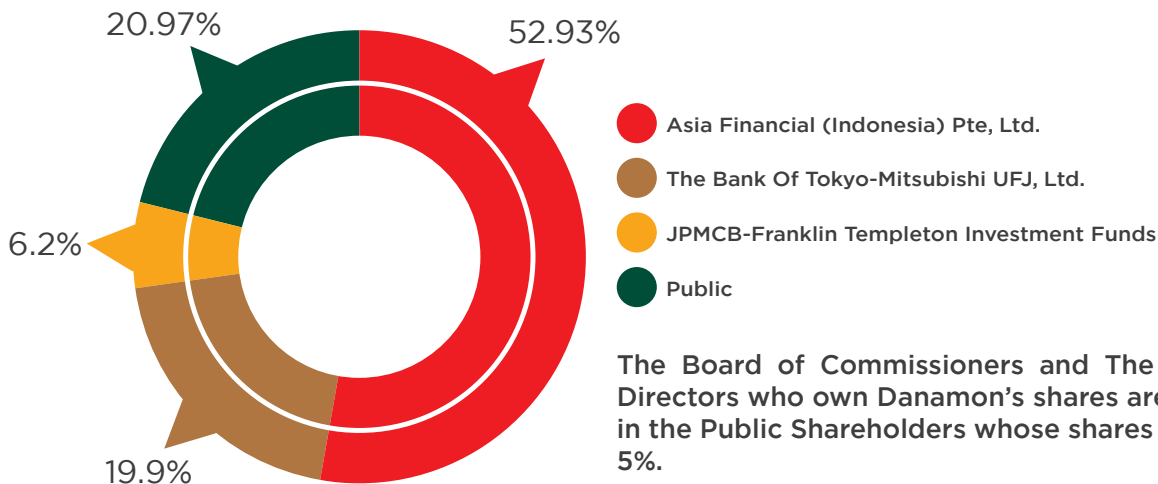


Training Program Statistics

Training Program	2017	2016	2015	2014	2013
Number of Training Programs ¹⁾	1,411	3,109	2,580	2,948	3,329
Number of Participants ¹⁾	164,554	207,739	64,216	70,278	90,864
Total Man-days ¹⁾	139,637	167,428	157,056	175,059	237,446
Total Investment on Training (Rp million)	235,517	248,355	182,170	225,942	261,079
Average Investment per Employee (Rp million)	1.43	1.20	2.84	3.21	2.87

Shareholders' Composition

Per 31 December 2017



Share Ownership Composition as of December 31, 2017

Shareholders	Number of Shares Issued and Fully Paid	Ownership Percentage	Total Nominal (in million Rupiah)
Series A Shares (Nominal Value Rp 50,000 (full value) per share)			
Public (Ownership below 5% respectively)	22,400,000	0.23%	1,120,000
Series B Shares (Nominal Value Rp 500 (full value) per share)			
Asia Financial (Indonesia) Pte. Ltd.	5,073,451,580	52.93%	2,536,726
The Bank of Tokyo - Mitsubishi UFJ. Ltd.	1,907,344,030	19.90%	953,672
JPMCB - Franklin Templeton Investment Funds	594,274,323	6.20%	297,137
Public (Ownership below 5% respectively, excluding ownership by the Board of Commissioners and Board of Directors)	1,983,211,401	20.70%	991,606
Board of Commissioners and Board of Directors			
Ng Kee Choe	94,275	0.00%	47
Sng Seow Wah	2,325,400	0.02%	1,163
Herry Hykmanto	131,856	0.00%	66
Satinder Pal Singh Ahluwalia	396,300	0.01%	198
Michellina Laksmi Triwardhany	1,014,200	0.01%	507
Total Shares of A Series and B Series	9,584,643,365	100%	5,901,122

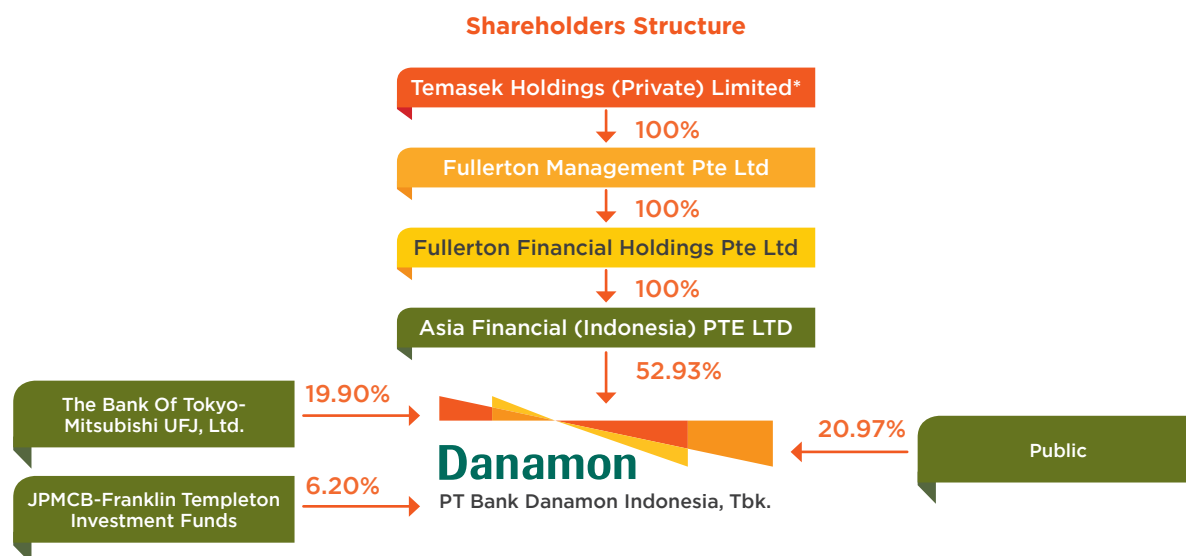
20 Largest Shareholders as of December 31, 2017

No.	Shareholders	Ownership	%
1	ASIA FINANCIAL(INDONESIA)PTE. LTD.	5,073,451,580	52.93%
2	THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	1,907,344,030	19.90%
3	JPMBL SA UCITS CLT RE-FRANKLIN TEMPLETON INVESTMENT FUNDS	594,274,323	6.20%
4	MORGAN STANLEY AND CO INTL PLC - IPB CLIENT ACCOUNT	285,312,600	2.98%
5	JPMCB NA AIF CLT RE-TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC	123,025,633	1.28%
6	PT GUNA DHARMA	95,846,434	1.00%
7	BBH BOSTON S/A VANGRD EMG MKTS STK INF	54,299,860	0.57%
8	JPMCB NA RE-VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	39,857,576	0.42%
9	CITIBANK NEW YORK S/A DIMENSIONAL EMERGING MARKETS VALUE FUND	35,689,154	0.37%
10	INDRA WIDJAJA	34,008,600	0.35%
11	GIC S/A GOVERNMENT OF SINGAPORE	33,865,455	0.35%
12	BNYMSANV RE BNYMLB RE EMPLOYEES PROVIDENTFD BOARD-2039844119	27,672,274	0.29%
13	SSB 2Q27 S/A ISHARES CORE MSCI EMERGING MARKETS ETF-2144613424	25,716,700	0.27%
14	RBC IST S/A CANADA POST CORPORATION PENSION PLAN	25,429,885	0.27%
15	SSB OBIH S/A ISHARES MSCI EMERGING MARKETS ETF-2144609616	25,172,816	0.26%
16	JPMCB NA RE-TEMPLETON DEVELOPING MARKETS TRUST	24,485,600	0.26%
17	PT AIA FINL - UL EQUITY	23,112,300	0.24%
18	SSB S9RJ S/A MONETARY AUTHORITY OF SINGAPORE-2144614139	22,069,400	0.23%
19	ALLIANZ LIFE IND - Smartlink Rupiah Equity Fund	21,378,000	0.22%
20	SSB 1BA9 ACF MSCI EQUITY INDEX FUND B-INDONESIA - 2144609619	20,549,189	0.21%

The profile of public shareholders with ownership below 5% as of December 31, 2017 are as follows

No.	Ownership Status	Number of Shareholders	Total Shares	Ownership Percentage
National Shareholders				
1	Individual Indonesian	24,001	114,973,652	1.2%
2	Mutual Funds	410	100,556,118	1.0%
3	Danareksa	9	2,586	0.0%
4	Insurance	63	120,411,684	1.3%
5	Foundation	89	12,836,889	0.1%
6	Cooperative	39	491,191	0.0%
7	Others	122	59,599,591	0.6%
	sub total	24,733	408,871,711	4.3%
Foreign Shareholders				
1	Individual Foreign	179	9,738,642	0.1%
2	Foreign Entity	840	9,166,033,012	95.6%
3	Others	0	0	0.0%
	sub total	1,019	9,175,771,654	95.7%
	TOTAL	25,752	9,584,643,365	100.0%

Majority and Controlling Shareholders



About Temasek Holdings (Private) Limited

Incorporated in 1974, Temasek is an investment company headquartered in Singapore. Supported by 10 offices internationally, Temasek owns a S\$275 billion (US\$197b, €184b, £158b, RMB1.35t) portfolio as of 31 March 2017, mainly in Singapore and the rest of Asia.

Our portfolio covers a broad spectrum of industries: financial services; telecommunications, media & technology; transportation & industrials; consumer & real estate; life sciences & agriculture; as well as energy & resources. Our investment activities are guided by four investment themes and the long term trends they represent:

- Transforming Economies;
- Growing Middle Income Populations;
- Deepening Comparative Advantages; and
- Emerging Champions.

Our compounded annualised Total Shareholder Return since inception in 1974 is 15% in Singapore dollar terms, or 17% in US dollar terms.

Temasek has had an overall corporate credit rating of Aaa/AAA by rating agencies Moody's Investors Service and S&P Global Ratings respectively, since our inaugural credit rating in 2004.

Along with our Singapore headquarters, our offices are also located in New York, San Francisco, São Paulo and Mexico City in the Americas; London in Europe; Beijing and Shanghai in China; Mumbai in India; and Hanoi in Vietnam.

As an institution, we have a stake in the well-being of our larger community. We recognize that environmental, social and governance factors can impact our stakeholders as well as the long term sustainability of companies and businesses.

Asia Financial (Indonesia) Pte Ltd has 52.93% shareholding in PT Bank Danamon Indonesia Tbk as of 31 December 2017. Asia Financial (Indonesia) Pte Ltd. Is wholly-owned by Fullerton Financial holdings Pte Ltd, which in turn is an indirect, wholly-owned subsidiary of Temasek.

For more information on Temasek, please visit www.temasek.com.sg
For the latest Temasek Review, please visit www.temasekreview.com.sg

Share Listing Chronology

Danamon's shares are listed on the Indonesia Stock Exchange with the ticker symbol BDMN.

Total issued shares are 9,584,643,365 shares. Total unlisted shares to meet Regulation No. 29 year 1999 regarding shares trading of commercial bank is 95,846,434 shares under the name of PT Guna Dharma.

In 2017, there was no corporate action conducted by Danamon which impacted the shares issued.

Series A Shares	
Shares from Initial Public Offering in 1989	12.000.000
Founders' shares	22.400.000
Bonus shares from capitalization of additional paid-up capital - capital paid in excess of par value in 1992	34.400.000
Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) I in 1993	224.000.000
Bonus shares from capitalization of additional paid-up capital - capital paid in excess of par value in 1995	112.000.000
Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) II in 1996	560.000.000
Founders' shares in 1996	155.200.000
Shares resulting from stock split in 1997	1.120.000.000
	2.240.000.000
Increase in par value to: 20 Rp10,000 (full amount) per share through reduction in total number of shares (reverse stock split) in 2001	: 20
	112.000.000
Increase in par value to Rp50,000 (full amount) per share through reduction in total number of shares (reverse stock split) in 2003	: 5
	22.400.000
Total Series A Shares as of December 31, 2017	22.400.000

Series B Shares	
Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) III in 1999	215.040.000.000
Shares issued in connection with the Bank's merger with the former PDFCI in 1999	45.375.000.000
Shares issued in connection with the Bank's merger with Bank Tiara in 2000	35.557.200.000
Shares issued in connection with the Bank's merger with 7 Taken-Over Banks* (BTOs) in 2000	192.480.000.000
	488.452.200.000
Increase in par value to Rp100 (full amount) per share through reduction in total number of shares (reverse stock split) in 2001	: 20 24.422.610.000
Increase in par value to Rp500 (full amount) per share through reduction in total number of shares (reverse stock split) in 2003	: 5 4.884.522.000
Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) IV in 2009	3.314.893.116
Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) V in 2011	1.162.285.399
Shares issued in connection with Employee/Management Stock Option Program (tranche I-III)	
-2005	13.972.000
-2006	24.863.000
-2007	87.315.900
-2008	13.057.800
-2009	29.359.300
-2010	26.742.350
-2011	5.232.500
Total Series B Shares as of December 31, 2017	9.562.243.365

Other Securities Listing Chronology

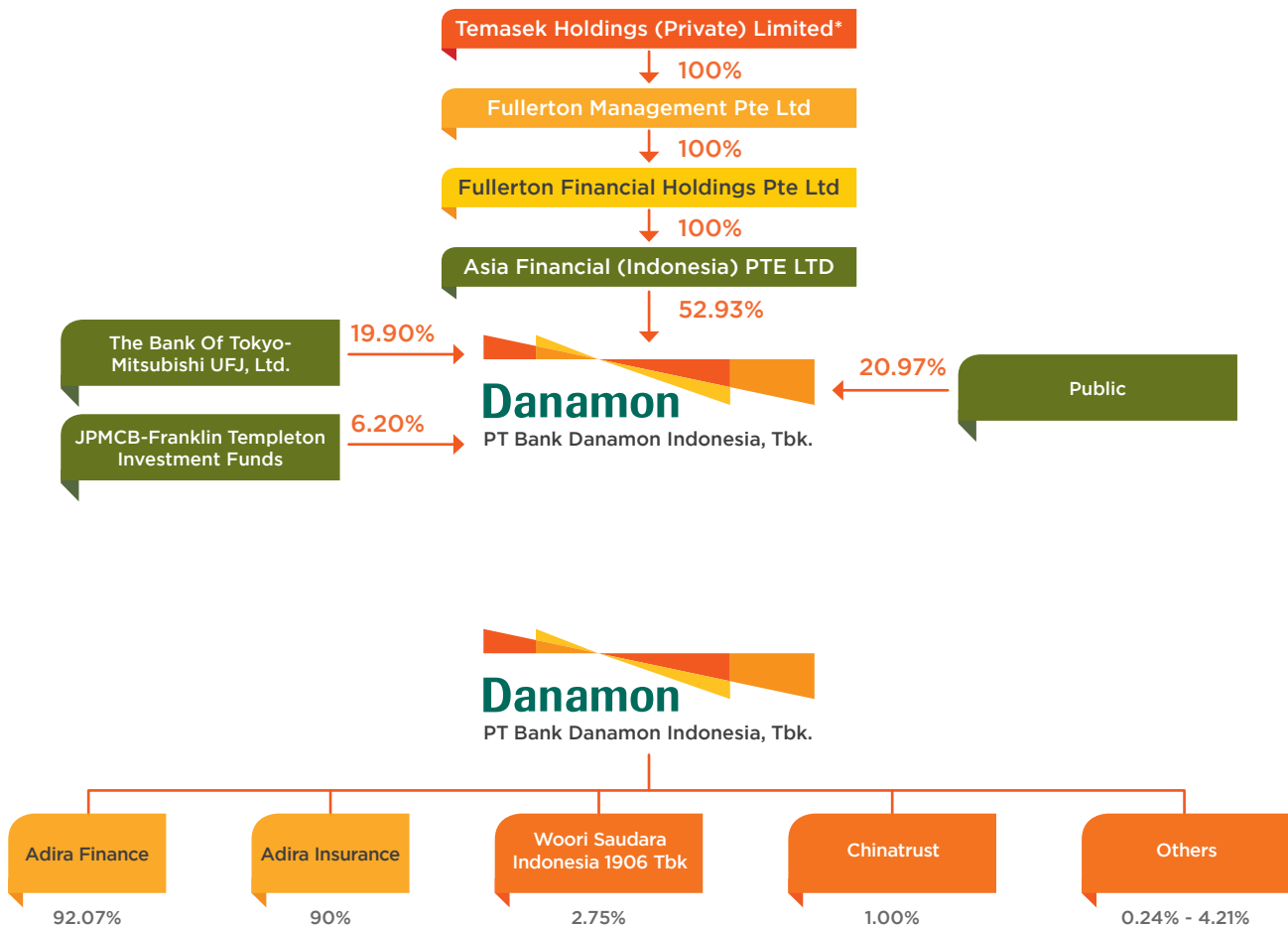
Bond Listing Chronology

Bond/ Trading Code/ Listing Agency	Number of Core and Interest Rate	Issuance Date	Due Date	Status	Trustee	Rating Agency	Annual Rating
Subordinated Debt Code: CI	US\$300 7.65%	30 March 2004	30 Mar 2014 (Option Settlement 30 March 2009)	Buy back/ Settlement 30 March 2009	DB Trustees (Hong Kong) Limited	Moody's Investors Service, Inc. Fitch, Inc	2004: B3 2005: B2 2006: Ba3 2007: Ba2 2008: B1 2004: B
Singapore Stock Exchange						S&P	2005: B 2006: B 2007: B 2008:BB-
Bond Series IA Year 2007 Code: BDMN01A Indonesia Stock Exchange	Rp250.000.000.000 9.40%	20 April 2007	19 April 2010	Fully Paid	PT Bank Mega Tbk	PT Pemeringkat Efek Indonesia	2007:AA- 2008: id AA+ 2009: id AA+ 2010: idAA+
Bond Series IB Year 2007 Code: BDMN01B Indonesia Stock Exchange	Rp1.250.000.000.000 10.60%	20 April 2007	19 April 2012	Fully Paid	PT Bank Mega Tbk	PT Pemeringkat Efek Indonesia	2007:AA- 2008: id AA+ 2009: id AA+ 2010: idAA+ 2011: id AA+ 2012: id AA+
Bond Series IIA Year 2010 Code: BDMN02A Indonesia Stock Exchange	Rp1.879.000.000.000 8.75%	10 December 2010	9 December 2013	Fully Paid	PT Bank Mandiri (Persero) Tbk	PT Pemeringkat Efek Indonesia	2010: idAA+ 2011: id AA+ 2012: id AA+ 2013: id AA+
Bond Series IIB Year 2010 Code: BDMN02B Indonesia Stock Exchange	Rp921.000.000.000 9%	10 December 2010	9 December 2015	Fully Paid	PT Bank Mandiri (Persero) Tbk	PT Pemeringkat Efek Indonesia	2010: idAA+ 2011: id AA+ 2012: id AA+ 2013: id AA+ 2014:idAAA 2015:idAAA

Corporate Action

In 2017 Danamon did not conduct any corporate actions which caused a change in number of total issued shares.

Corporate Group Structure



* Temasek is owned by the Singapore Ministry of Finance

PT Adira Quantum Multifinance

Ownership: 99%

Since 22 August, 2017, Adira Quantum has entered the dissolution and liquidation process pursuant to Deed of Shareholder Decision No. 126 dated 22 August 2017 made before Hasbullah Abdul Rasyid, SH, M.Kn. in South Jakarta. In connection with the liquidation of this subsidiary, Danamon has fulfilled all relevant documents required by the Financial Services Authority.

As a result of the shareholders' decision with regard to the liquidation of Adira Quantum, Danamon has ceased to report the annual performance of Adira Quantum as of this annual report.

Subsidiaries and Affiliated Companies



Company	Bussiness Activity	% Ownership
Subsidiaries		
PT Adira Dinamika Multi Finance Tbk (Adira Finance)	Multifinance	92.07
PT Asuransi Adira Dinamika (Adira Insurance)	Insurance	90
PT Adira Quantum Multifinance (Adira Kredit)	None	99
Affiliates		
PT Bank Woori Saudara Indonesia 1906 Tbk	Commercial Bank	2.75
PT Bank Chinatrust Indonesia	Commercial Bank	1.00
Others	Modal Ventura Telecommunication	0.25

The addresses of Danamon's subsidiaries' head offices can be viewed in the Corporate Data chapter.

ADIRA FINANCE

On January 26, 2004, the Bank has signed a Call Option Agreement, which was last modified by the "Fourth Amendment to the Amended and Restated Call Option Agreement" dated December 22, 2006. Based on the Call Option Agreement, the Bank is entitled to purchase up to 20%, of the total shares issued by Adira Finance at a certain price that has been approved. Call Option was due on April 30, 2009. On April 8, 2009, the Bank has signed "Extensions to the Amended and Restated Call Option Agreement" which extended the maturity of the Call Option to July 31, 2009. At the date of issuance of the Call Option, Bank paid a premium of Rp186,875 on this call option.

On November 22, 2005, BI gave formal approval on its investment in Adira Finance with a portion of share ownership of 95%.

On July 9, 2009, the Bank has executed its call option to buy 20% stake in Adira Finance with the acquisition value of Rp1,628,812 million, which amount includes the premium paid for the call option amounted to Rp186,875 million. Thus, since the date of July 9, 2009, the Bank has a 95% stake in Adira Finance and is entitled to an additional 20% of the net profit of Adira Finance since January 1, 2009. Adira Finance Statutes have been amended several times, the latest amendment by notarial deed P. Sutrisno A. Tampubolon, SH, M.Kn. No. 19 dated May 21, 2015 were carried out in connection with the amendment of Article 3, Article 11 Paragraph 5, Article 12, paragraph 9, Article 13, paragraph 11, Article 14, paragraph 6, Article 15 paragraph 4, Article 15, paragraph 7, Article 15, paragraph 9, Article 16 paragraph 11, Article 17 paragraph 3 letter a, Article 21, Article 22, Article 23, Article 24, Article 25, paragraph 2, Article 25 paragraph 5, Article 27 paragraph 6, Article 28 paragraph 1, Article 29, paragraph 7, Article 29 paragraph 8, and (i) has obtained approval from the Minister of Law and Human Rights of the Republic of Indonesia No. AHU.0935663.AH.01.02. 2015 dated May 22, 2015; (ii) has been notified to and accepted by the Director General of General Law Administration of the Department of Law and Human Rights of the Republic of Indonesia in accordance with and recorded on May 22, 2015 in the Sisminbakum Database based on the Letter of Acceptance Notification Amendments to the Articles of Association No. AHU.AH.01.03-0933929;

and (iii) registered in the Company Register No. AHU-3508102.AH.01.11 2015 dated May 22, 2015 by the Minister of Law and Human Rights of the Republic of Indonesia.

ADIRA INSURANCE

Minister of Finance in a letter dated 30 September 2009 has approved the transfer of ownership of shares of PT Adira Adira Dinamika Investindo to the Bank. On July 9, 2009, PT Adira Dinamika Investindo has signed an agreement on transfer of 90% stake in Adira Insurance to the Bank. So now the Bank has a 90% stake in Adira Insurance.

The affirmation and approval of the transfer transaction has been obtained at the Adira Insurance EGM as contained in the Deed of General Meeting of Shareholders Extraordinary No. 8 dated July 9, 2009 made by P. Sutrisno A. Tampubolon, SH, M.Kn., Notary in Jakarta, which has been accepted and recorded in the Database System Administration Ministry of Laws and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-12574 dated August 7, 2009. Adira Insurance Statutes have been amended several times, the latest amendment by notarial deed P. Sutrisno A. Tampubolon, S.H., M.Kn., No. 12 dated June 11, 2015 regarding changes in the composition of the Board of Commissioners. This notification has been received by the Minister of Law and Human Rights of the Republic of Indonesia in the Letter of Acceptance Notification of Change Data Company No. AHU-AH.01.03-0940062 dated June 11, 2015.

BI in a letter dated December 14, 2010 has approved the Bank's plan to increase capital investment Adira Insurance and additional paid up capital insurer of Rp15,000 to Rp100,000. Adira Insurance paid-up capital increase to Rp100,000 has been published in Deed of Shareholders No. 26 dated December 21, 2010 made by Charlon Situmeang, SH, replacement of P. Sutrisno A. Tampubolon, SH, M.Kn., Notary in Jakarta. This change has been accepted by the Minister of Law and Human Rights of the Republic of Indonesia in the Letter of Acceptance Notification of Company Data Change No. AHU-AH.01.10-33415 dated December 28, 2010.

Capital Markets Supporting Institutions & Professionals

Name of Company

PT Bank Danamon Indonesia, Tbk.

Date of Establishment

16 July 1956

Rating Companies

Moody's Singapore Pte Ltd

50 Raffles Place #23-06
Singapore Land Tower 048623
Tel: (65) 6398 8300
Fax: (65) 6398 8301
Website: www.moodys.com

PT Fitch Ratings Indonesia

DBS Bank Tower, Lantai 24, Suite 2403
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta - Indonesia 12940
Tel: (62-21) 29886800
Fax: (62-21) 29886822
Website: www.fitchratings.com

PT Pemeringkat Efek Indonesia

(Pefindo)
Panin Tower Senayan City, Lantai 17
Jl. Asia Afrika Lot 19
Jakarta - Indonesia 10270
Tel: (62-21) 7278 2380
Fax: (62-21) 7278 2370
Website: www.pefindo.co.id

Notary

P. Sutrisno A. Tampubolon, S.H.,M.Kn

Jl. Sunda Nomor 7
(Sarinah - Thamrin - Menteng)
Jakarta - Indonesia 10350
Phone: (62-21) 3157 129 - 3921 128
Fax: (62-21) 3157 130

Custodian

PT Bank Mandiri (Persero) Tbk.

Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta - Indonesia 12190
Phone: (62-21) 5265 045, 5265 095
Fax: (62-21) 5274 477, 5275 577
Website: www.bankmandiri.co.id

Securities Services - Financial Institution

PT Bank Danamon Indonesia, Tbk.

Menara Bank Danamon, Lantai 2
Jl. H.R Rasuna Said Kav C no. 10
Jakarta - Indonesia 12940
Tel: (62-21) 8064 5000 Ext. 8936, 8928, 8944
Fax: (62-21) 8064 5008

Registered Public Accountant

Public Accounting Firm: KAP Tanudiredja, Wibisana, Rintis & Rekan (a member firm of PwC global network)

Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6
Jakarta - Indonesia 12940
<http://www.pwc.com/id>
Tel: +62 21 5212901
Fax: +62 21 52905555/52905050

Capital Market Institutions

Stock Exchange

PT Bursa Efek Indonesia
Indonesia Stock Exchange Building Tower 1
Jl. Jend. Sudirman Kav. 52-53
Jakarta - Indonesia 12190
Phone: (+62 21) 5150 515
Fax: (+62 21) 5154 153
Email: listing@idx.co.id
Website: www.idx.co.id

Collective Custody

PT Kustodian Sentral Efek Indonesia
Indonesia Stock Exchange Building Tower 1, 5th Floor
Jl. Jend. Sudirman Kav. 52-53,
Jakarta - Indonesia 12190
Phone: (+62 21) 5152 855
Fax: (+62 21) 5299 1199
Toll Free: 0800-186-5734
Email: helpdesk@ksei.co.id
Website: www.ksei.co.id

Share Administration Bureau

PT Raya Saham Registra
Plaza Sentral 2th Floor
Jl. Jend. Sudirman Kav. 47-48
Jakarta - Indonesia 12930
Phone: (+62 21) 2525 666
Fax: (+62 21) 2525 028

Contact Us

For information on products and services as well as customer complaints.

Hello Danamon (24 hour)

Fixed Line and Mobile Phone: 1-500-090
(For all cities in Indonesia)
Mobile Phone: 67777
Email: hellodanamon@danamon.co.id
Twitter: @HelloDanamon

For Corporate information:**Corporate Secretary**

Menara Bank Danamon, Lt. 17
Jl. HR. Rasuna Said Blok C No. 10
Karet Setiabudi, Jakarta - Indonesia 12920
Telp. +622180645000, ext 8706, 8794
Fax. +622180645033
Email: corpsec@danamon.co.id

For Investor information:**Investor Relations**

Menara Bank Danamon, 16 Floor
Jl. HR. Rasuna Said Blok C No. 10
Karet Setiabudi, Jakarta - Indonesia 12920
Telp. +622180645000, ext. 8621, 8628
Email: investor.relations@danamon.co.id

If You are a member of the Press:**Corporate Communications**

Menara Bank Danamon, 21 Floor
Jl. HR. Rasuna Said Blok C No. 10
Karet Setiabudi, Jakarta - Indonesia 12920
Telp. +622180645000, ext. 8301, 8361, 8328, 8323, 8327
Fax. +622180645030
Email: corporate.communications@danamon.co.id

Awards



Indonesia Prestige Brand Award (Brand's Used Most Often) from Warta Ekonomi



Retail Banker International Asia Trailblazer Awards 2017 (Best Digital Marketing Campaign and Best Marketing Campaign Overall) from Retail Banking International



Public Relations Indonesia Awards 2017 (PR Sub Category Corporate Social Responsibility) from PR Indonesia



TOP CSR 2017 (TOP Leader on CSR Commitment and TOP CSR 2017 on Nawacita 6: Traditional Market) from Business News



The Assets Triple A – Treasury, Trade, Supply Chain, And Risk Management Awards 2017 (Best Cash Management Solutions /with Investree) from The Assets Magazine



Customer Experience In Financial Services Summit & Awards 2017 (Best Industry Customer Experience - Cards) from Retail Banking International & Private Banker International



Infobank Awards 2017 ("Very Good" predicate for its financial performance in 15 consecutive years) from Infobank Magazine



Indonesia Banking Awards 2017 (Best Bank in Digital Services) (assets between IDR 100 – 250 trillion)



Yayasan Danamon Peduli received Indonesia's Best Corporate Initiatives 2017 award for Outstanding Philanthropy from MIX Marketing and Communication Magazine



Banking Service Excellence Awards 2017 (3rd Best Overall Performance) from Marketing Research Indonesia (MRI) and Infobank



The 9th Indonesian Institute of Corporate Directorship (IICD) Corporate Governance Conference and Award (Best in the Financial Sector – Top 50 Market Cap Category) from IICD

EMPOWERING

► Management Discussion & Analysis

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Macro Economy



“The global economy’s encouraging trends in 2017 lent a hand in maintaining Indonesia’s economic growth. In 2017, Indonesia recorded economic growth of 5.07%, slightly better than the 5.02% growth rate during the previous year.”

GLOBAL ECONOMY

The global economy demonstrated a positive trend in 2017. Developed countries were the main drivers of the global economy, amid moderate growth among emerging economies.

The economic recovery of the United States of America was shored up mainly by increases in consumption, accompanied by improving labor conditions. The optimism for economic growth was also reinforced by the Federal Reserve’s policy of raising its benchmark rate three times this year (March, June and December) to 1.50% from 0.75% from last year.

In the European Union, economic growth exceeded estimates with Germany, France and Italy experiencing significant gains, mainly buoyed by an upsurge in consumption. The main catalyst for the economic recovery in the EU can be observed from rising retail sales, as well as household and corporate credit growth.

This condition was the driving force of industrial and manufacturing sectors towards an expansive growth course. Along with this economic recovery, the European Central Bank (ECB) is committed to cut monetary stimulus, in the form of halving bond purchases to 30 billion euros per month starting January next year.

The improving economies of developed countries and the increasing volume of world trade have had a positive impact on China's economy. China's economic growth in 2017 was higher at 6.85% year on year. China's plan to change its economic structure from investment to consumption, has begun to demonstrate initial signs of success. This is evident from the increase in household credit and consumer confidence.

In line with the positive developments in developed and developing countries as the main motors of the world economy, the World Bank estimated that the world economy will grow by 3.1% in 2018 compared to the 3.0% growth of 2017. The strengthening of world economic growth will be sustained by the impacts of developing countries with projected GDP growth of around 4.5%, in addition to the contribution of developed economies at 2.2% GDP growth.

INDONESIAN ECONOMY

In parallel with Asian economic growth, Indonesia's economic growth was well maintained and grew slightly better in 2017 compared to that of the previous year. For the whole year, the economy anticipated to grow 5.07%, slightly better than the previous year at 5.02%.

The resurgence in exports and investment performance was able to sustain economic growth amidst slowing consumption growth. The average consumption growth reached 4.95%, lower than the same period in the previous year at 5.01%. Although tending to soften, consumption remained a driver of economic growth. There were many factors hampering consumption one of which was the decline in the purchasing power of the lower classes who were affected by the increase in electricity prices, while the upper middle class experienced a shift in consumption behavior affected by lifestyle adjustments (prefer more to eating out and recreation) and tend to reduce the consumption of other retail goods (i.e. clothing, electronic, household appliances etc).

Inflation throughout 2017 remained under control albeit depressed by the government's decision to raise the price of electricity. The government's success in sustaining ample food supply resulted in a low inflation rate, amidst the still low levels of public consumption, and was in the lower range of Bank Indonesia's target of 4% ($\pm 1\%$).

Falling inflation since mid-2017 has given room for BI to adjust its benchmark interest rate. Bank Indonesia's 7-Day Repo Rate was lowered twice in a row (August and September 2017) to 4.25% from 4.75%.

The improvement of Indonesia's economy was also supported by steady investment, both domestic investment (PMDN) and foreign investment (PMA). Investment realization in 2017 grew 13.1% to Rp692.8 trillion compared to the same period in 2016 of Rp612.8 trillion. The increase in investment was supported by the strengthening of foreign direct investment which reached Rp430.5 trillion in 2017, up 8.5% from Rp395.6 trillion in the previous year. Meanwhile, domestic investment realization recorded a 21.3% growth to Rp262.3 trillion compared to 2016's position at Rp216.2 trillion.

In addition to the encouraging proliferation in actual investment, Indonesia's economic recovery was also supported by Indonesia's improving trade balance. Amidst the challenges of the global economic slowdown, as of the end of year, Indonesia Trade Balance (NPI) posted a trade surplus of US\$18.9 billion, up from 2016 at US\$15.3 billion. The increase in the trade surplus was mainly due to the relatively better performance of exports supported by the recovery of commodity prices. Amidst the declining oil production, Indonesia export performance has consistently been boosted by significant contribution of non-oil/gas exports, at 86% of total exports, during the last five years.

The combined surplus from the increased trade and both direct and portfolio investment was a driving factor in increasing foreign exchange reserves. Indonesia's foreign exchange reserves increased by 11.9% to US \$130.2 billion compared to 2016's position at US \$ 116.4 billion. This higher reserves provides Bank Indonesia with the flexibility to intervene in the market if necessary, primarily to mitigate fluctuations of the Rupiah against other currencies amidst dynamic global financial markets, including to face the threat of tightening global liquidity with any further upsurge in the Federal Reserve's interest rate and of the European Central Bank's unwinding of the monetary policy stimulus.

The prospect for the Indonesian economy in 2018 is of an improved situation in line with the outlook for continued global economic recovery. Danamon is optimistic that Indonesia's economy will grow by 5.3%, better than this year's realization. In addition, inflation is expected to be contain at around 3.64% and the Rupiah slightly weaker at Rp13,520 per US\$. Moreover, the global economy expansion is expected to have a positive effect on exported commodity prices. The full projection of economic indicators can be seen in the following table.

Economic Indicators

Indicators	Unit	2016	2017	2018E
Real GDP	(%, yoy)	5.02	5.07	5.27
Trade Balance	USD billion	15.3	18.9	17.6
Current Account	(Rp/US\$)	-1.8	-1.7	-2.0
International Reserves	USD billion	116.4	130.2	136.8
Currency	USD year end	13,436	13,548	13,575
Currency	USD average	13,308	13,383	13,520
BI 7-Day Reverse Repo rate	% year end	4.75	4.25	4.25
Consumer Prices	% year end	3.02	3.61	3.64
Fiscal Balance	% of GDP	-2.46	-2.42	-2.52

2018 (E) Source: Danamon

The estimated improvement of the economy in 2018 is backed by increased contributions in consumption by both households and government expenditures. A controlled inflation outlook is expected to fuel a 5.0% growth in household consumption while government consumption will increase by 3.8% as the government continues spending on infrastructure development.

The infrastructure budget in 2018 is Rp 410.7 trillion, greater than that of the previous year's budget of Rp 388.3 trillion. In addition to providing basic community services, infrastructure development is directed to encourage connectivity improvements, logistics distribution, transportation, and electrification which will have further positive impacts on improving competitiveness, supporting productivity, and overall economic efficiency.

The success of economic development in Indonesia is owing in part to the confidence of foreign investors in the Indonesian economy. Indonesia's sovereign debt rating has been categorized as worthy of investment

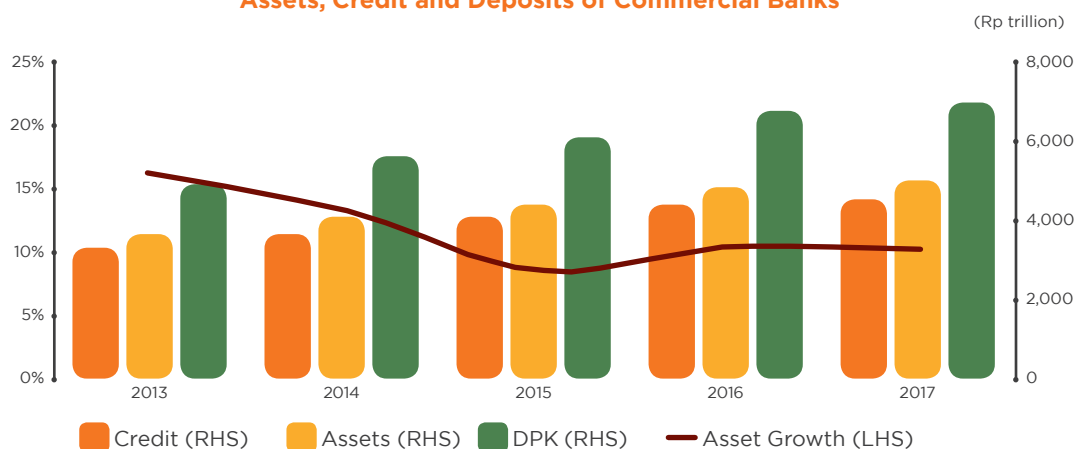
by three international rating agencies after Standard & Poor's (S&P) upgraded Indonesia's debt position to BBB- with a stable outlook on May 19, 2017. Not long after, Fitch raises Indonesia's sovereign debt rating by another notch above the lowest investment grade level (from BBB- to BBB). Meanwhile, Moody's credit rating for Indonesia is Baa3 with a positive outlook set last on February 8, 2017.

BANKING BUSINESS REVIEW

Banks intermediary function has a strong affiliation with Indonesia's economic growth. The mounting national economic activities entail the support of financing, especially by the banking sector. Conversely, slower economic growth will affect the performance of national banking intermediation. The limited growth of the economy in 2017 put pressure on growth in bank credit which grew in single digits at 7.5% (as per November 2017), although better than 2016's achievement.

Bank lending grew by 7.5% yoy to Rp4,605.1 trillion in 2017. Supported by the growth in loan portfolio, bond assets increased by 9.7% to Rp7,222.4 trillion compared to banking assets of Rp 6,729.8 trillion at the end of 2016. This is also supported by the ability of banks to collect larger third party funds. Third Party Funds (DPK) reached Rp5,199.5 trillion in 2017 or grew by 9.8%. The development of loans, assets and DPK in the last five years is explained in the following graph.

Assets, Credit and Deposits of Commercial Banks



Sources: OJK

In terms of disbursement, consumer loans posted the highest growth of 10.3% to Rp1,307.5 trillion as of November 2017. Meanwhile, working capital loans grew by 7.5% to Rp2,138.9 trillion as corporate business expansion requirements enlarged. Nevertheless, investment credit growth slowed by 4.5% to Rp1,158.8 trillion amid the challenges of Indonesia's economic slowdown. Cumulatively, working capital loans has the largest market share of 47%, followed by consumer loans (28%) and investment (25%).

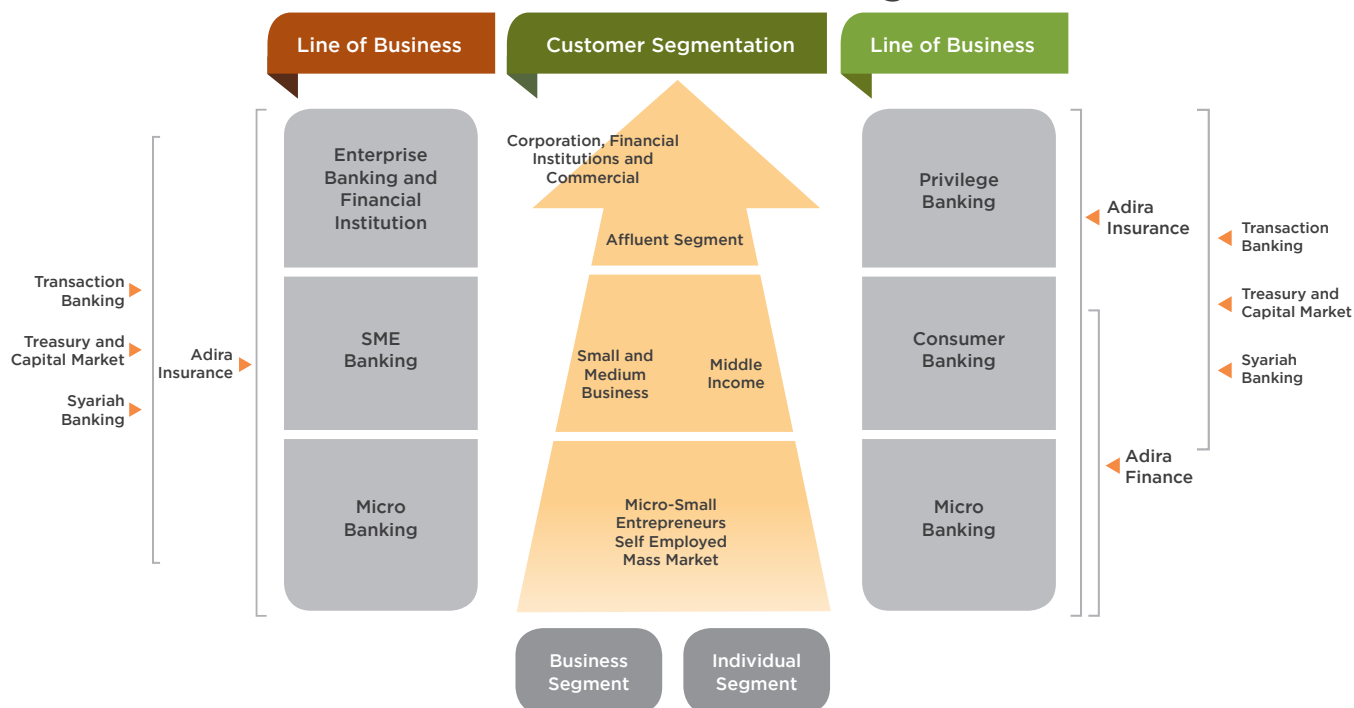
In terms of loan disbursement to third parties, there are three recipients of bank credit namely corporate business, household, and non-corporate loans. The loan portfolios for these three types of loans are relatively stable at 72%; 23%; and 5%. Loans for business expansion grew by 6.3% to Rp3,282.3 trillion primarily due to increased credit in the construction, agriculture and financial services sectors aligned with intensive infrastructure development. Household loans grew by 10.2% to Rp1,353.6 trillion primarily due to an increase in both KPR and KPA property loans.

In terms of third party funding, time deposits remained dominant at 46% of total deposits. Time deposits grew by 9.9% to Rp2,369.3 trillion in 2017. Meanwhile, CASA grew by 9.8% compared to the previous year's growth of only 5%.

In terms of performance, Indonesia's banking industry booked a stronger capital structure with a CAR of 23.4% in November of 2017 compared to the previous year's 22.9% CAR, buoyed by credit growth. Nevertheless, the decline in Bank Indonesia's interest rate this year impacted the industry-wide Net Interest Margin (NIM), which declined to 5.3% compared to the end of 2016 of 5.6%. On the other hand, banking operational performance became more efficient as reflected by the operating expenses to operating income (BOPO) falling to 78.4% in 2017 from 82.2% in the previous year. Supported by banks operational efficiency, the Banking Return on Assets (ROA) in 2017 improved to 2.48% compared to 2.23% in 2016.

Business Segment Review

Lines of Business and Customer Segmentation



Business Segments Financial Highlights

Rp billion	2017					2016				
	Retail ¹⁾	Mid size ²⁾	Wholesale ³⁾	Others	Total	Retail	Mid size	Wholesale	Others	Total
Assets	60,532	44,523	53,804	19,397	178,257	65,534	39,484	52,688	17,730	174,437
Liabilities	63,663	19,329	43,513	12,580	139,085	65,604	18,764	42,145	11,545	138,059
Net Interest Income	10,071	2,789	1,289		14,149	9,911	2,706	1,162		13,779
Non-Interest Income	2,847	381	282		3,510	3,270	378	280		3,928
Income from Operations	12,918	3,171	1,570		17,659	13,181	3,084	1,443		17,707
Operational Expenses	(6,998)	(1,070)	(304)		(8,371)	(7,254)	(1,075)	(121)		(8,450)
Loan Expenses	(2,478)	(619)	(368)		(3,466)	(3,601)	(445)	(313)		(4,358)
Non-Operational Income & Expenses	23	(4)	(199)	(274)	(454)	105	(1)	(81)	(529)	(506)
Profit Before Tax	3,465	1,477	699	(274)	5,367	2,430	1,563	928	(529)	4,393
Income Tax Expenses	(975)	(389)	(244)	69	(1,539)	(821)	(411)	(500)	132	(1,600)
Net Income (Loss) After Tax	2,490	1,088	455	(205)	3,828	1,609	1,152	428	(397)	2,793

* Note:

1) Include micro, credit card, syariah, insurance, consumer financing, pawnshop, and retail banking.

2) Include SME and commercial.

3) Include corporate, financial institution, and treasury.

📍 Enterprise Banking and Financial Institution



“Danamon’s Enterprise Banking performance reached the set target in 2017 and will continue to acquire new clients within our target market as well as capture the end to end value chain of our existing clients.”

Enterprise Banking serves the Corporate, Commercial, and Financial Institution segments. Enterprise Banking provides comprehensive financial solutions to help our clients. Solutions provided include lending, cash management, trade finance, and treasury services.

Through understanding our client needs, Enterprise Banking aspires to be the preferred transactional bank.

PRODUCTS AND SERVICES

To date, products and services provided through Enterprise Banking are as follows:

- Working Capital Loans (Trade Finance & Financial Supply Chain)
- Investment Loans
- Cash Management (Payment, Collections and Liquidity Management)
- Foreign Exchange
- Custody

STRATEGIES AND INITIATIVES 2017

Enterprise Banking continues to focus on deepening relationship with its existing clients. Danamon will also grow Enterprise Banking portfolio through new client acquisition within our target market and tapping into end-to-end value chains.

As part of Enterprise Banking transformation, our end-to-end credit process has been improved to better serve our clients while ensuring a prudent risk culture.

Enterprise Banking is committed to investing in human capital by attracting and retaining talents, implementing extensive training programme, and driving a performance-based organization.

With regard to loans, Danamon's established strategy in 2017 was cautiously to expand through more robust clients' selection and improved loan approval process.

With regard to funding, in 2017, Enterprise Banking offers cash management solutions to assist clients with their transactional needs; focusing on facilitating their collection and payment.

PERFORMANCE 2017

Enterprise Banking Loan Portfolio (including marketable securities) reached Rp 39.3 trillion, 2% year-on-year increase. In line with the Bank's strategy to release high cost funding, third party funds grew moderately by 3.4% year-on-year, to Rp34.1 trillion.

Performance Comparison, 2017 and 2016

	YOY	2017 (Rp billion)	2016 (Rp billion)
Loans*	2.2%	39,340	38,549
Third Party Funds (DPK)	3.4%	34,179	33,053
Non-Performing Loans	-3.3%	783	810

**including marketable securities*

STRATEGIES AND INITIATIVES 2018

To prepare 2018's challenges, Enterprise Banking will implement the following strategies:

- Acquire new clients within our target market and capture the end to end value chain of our existing clients.
- Continue to nurture third party funds by offering a comprehensive cash management solution.
- Invest in human capital. Continue to attract and retain talents.

📍 Treasury and Capital Market



“As of 2017, TCM is one of the most active Government Bonds player in Indonesia.”

Treasury and Capital Market (TCM) focuses on efficient and prudent balance sheet management as well as being a product partner of Bank Danamon business lines in providing solutions, especially for customers with Treasury needs for both basic operational needs and those needing protection against foreign currency and interest rate fluctuation risks.

TCM assumes the responsibility from the Asset and Liability Committee (ALCO) to manage the Bank's liquidity risk. In this regard, TCM plays an important role to ensure that the Bank's liquidity requirements are always fulfilled to support business expansion under prudent principles. TCM is also tasked with managing interest rate risk inherent within the Bank's balance sheet.

PRODUCTS AND SERVICES

TCM offers a wide range of products and services geared to meet the needs of customers as well as undertaking trading activities by utilizing advantage of market volatility to provide optimum competitive pricing for the products offered, such as Foreign Exchange Today (FX-TOD), Foreign Exchange Tomorrow (FX-TOM), Foreign Exchange Spot (FX-SPOT), Foreign Exchange Forward (FX-FWD), Foreign Exchange Swap (FX-SWAP), Interest Rate Swap (IRS), Cross Currency Swap (CCS), and Government Securities (SBN) both under conventional and Syariah schemes.

STRATEGIES AND INITIATIVES 2017

As of 2017, TCM facilitated additional foreign currency in FX transactions as a solution to customer needs and as primary dealer also supports the government financing actions through government securities issuances. TCM is also geared for the introduction of new products to fulfill customers' financial needs.

The Treasury system utilized by the Bank was continuously updated in 2017 to minimize operational risks and to support new products to be developed by TCM.

PERFORMANCE 2017

In 2017, TCM supported the government's development plan, and was active in Government Securities auction activities, especially in the new series of Government Securities published in 2017. Other than that TCM also offers alternative solution for clients to obtain financing in reduced cost by utilizing treasury products.

STRATEGIES AND INITIATIVES 2018

In 2018, TCM will carry on expanding its retail, commercial and corporate customer bases. To achieve customer base, one of strategies is to approach companies that perform export and import activities. For offering alternative products, the strategy is to enable fulfillment of both financial objectives and risk profile of customers in accordance with applicable regulations.

With the strategies and plans to be implemented in 2018, TCM will continue to support the Bank's overall strategy and remain focused on risk management while upholding prudent principles as well as strong management of operations, costs and processes.

📍 Transaction Banking (Cash Management, Trade Finance & Financial Supply Chain)



“Transaction Banking will continue to rapidly growing in digital industry as well as focus on Financial Supply Chain, Danamon Cash Connect, and Trade Connect to offer better customers experience and deliver excellent services.”

Danamon Transaction Banking has various products to cater to the needs of enterprises and entrepreneurs, whether corporate, commercial or SME clients. By leveraging Cash Management, Trade Finance and Financial Supply Chain capabilities, Danamon can provide customers with suitable, competitive and efficient transaction banking solutions.

This business service also focuses on technology-based development. This is realized through development and improvement in the internet banking platform for customers' benefit. This platform allows users to enjoy an integrated service between Cash Management, Trade Finance and Financial Supply Chain in order to improve the efficiency of business activities.

PRODUCTS AND SERVICES

Transaction Banking provides a variety of products and services to facilitate customer's needs as follows:

- Cash Management
These comprehensive cash management solutions are designed to support customers in managing cash flow,

liquidity, and daily transactions effectively and efficiently, thus maximizing customer's profitability. By utilizing "Danamon Cash Management", customer's efforts can be more strategically focused on their core business.

- **Trade Finance & Services**
"Danamon Trade Finance & Services" facilitates customer's needs in conducting trade transactions and trade loans, both in international trade (imports or exports), and domestic trade.
- **Financial Supply Chain**
Danamon "Financial Supply Chain" can improve payment cycle between distributor and principal (anchor) by providing loan facilities for distributors, including comprehensive reporting and monitoring. Supplier's Payment Financing is also a part of the financial supply chain solutions.

STRATEGIES AND INITIATIVES 2017

To enable customers to control their business in today's digital age, Danamon has launched Danamon Cash Connect in 2017, the latest generation of internet banking for business clients. Through this platform, Danamon provides up-to-date features ranging from account and information management, payment and collection services, up to liquidity management. This represents a comprehensive services for corporate and business customers.

Danamon Cash Connect was designed with highest security standards in banking industry with secured authentication and advanced encryption technology. Danamon Cash Connect is also available in Android and iOS mobile application platform for easy access.

Business strategies implemented in 2017 also include:

- Enhanced digital capabilities to support e-commerce ecosystem (Payment Gateway, Merchants, and Peer to Peer or P2P Landing).
- Focused on Financial Supply Chain as a source of funding.
- Promoted campaign programs such as BPR program and Remittance Program.
- Improved virtual account capabilities.

PERFORMANCE 2017

Through various strategies and solutions implemented in 2017, Transaction Banking has managed to record consistent performance growth. This was evident from the increase in assets by 6% to Rp 12,894 billion.

From the cash@work usage numbers, it has increased by 45% from 14,338 in 2016 to 20,828 in 2017. Details of Transaction Banking performance as follows:

Transaction Banking Performance

	YOY	2017	2016
Assets (in IDR billion)	0%	12,746	12,745
Number of Users (cash @ work)	5.0%	15,721	14,978
Amount of Cash Management Transactions (cash @ work) *	-0.9%	6,745,067	6,806,397
Volume of cash management transactions (cash @ work) *	1.9%	478,772	469,710

STRATEGY AND INITIATIVES 2018

In 2018, Transaction Banking will continue to deliver major strategic initiatives, which have been put into action in the previous years.

In line with the rapidly-growing digital industry, in 2018 Transaction Banking will continue to penetrate into online and e-commerce ecosystem.

Danamon will also focus on improving Financial Supply Chain, Danamon Cash Connect, and Trade Connect systems to offer better customer experience and to deliver excellent service.

📍 Small Medium Enterprise Banking (SME)

“Danamon SME Banking loan portfolio stood at Rp29 trillion, an increase of approximately 10% from the previous year.”

In line with the Bank's vision of “We Care and Enable Millions to Prosper”, Danamon's Small Medium Enterprise (SME) Banking offer solutions in banking products and services suited to the needs of such businesses. Danamon SME Banking focuses on SME customers with total annual sales of between annual sales of Rp 1 billion to Rp 50 billion.

PRODUCTS AND SERVICES

Danamon SME Banking offers a variety of loan products to serve the SME segment as follows:

- **Overdraft Facility**
A short-term loan for working capital purposes with an option for annual renewal. This product offers high flexibility, allowing debtors to withdraw cash at any time up to the prescribed loan limit via the debtor's current account.
- **Demand Loan**
A short-term loan for working capital purposes of a cyclical nature. Loan withdrawals can be done at any time and repetitiously up to the prescribed loan limit using a Promissory Note, which also contains the terms of payment.

- **Installment Loan**
Financing facilities for working capital or long-term investments with competitive interest rate, such as the KAB - Business Premises Loan (KAB-KTU). KAB-KTU is a long-term investment loan for the purchase or refinancing of business premises, a shop-house, small-office home-office, warehouses, workshops, strata-titled commercial stalls, and similar facilities. Loan tenor can be up to 20 years for various types of business premises. This product can also be bundled with Danamon's CASA and e-Channel products. Other products includes KAB-Asset Based Financing facilities.
- **Other Products**
Other loan products available to SME Banking customers include the Rural Bank (BPR) Loan, Employee Cooperative Loan, Distributor Financing, and trade finance facilities.

Danamon SME Banking also provides a wide range of Funding and Transactional products such as Giro Bisa, Giro Lebih, and D-Connect to support SME customers' business growth and business operational needs.

STRATEGY AND INITIATIVES 2017

In 2017, consistent with its strategy in previous years, SME Banking continued to focus on sustainable loan growth and customer deposits from the SME segment. Key to this strategy is emphasis on disbursements of high-quality loans to smaller-sized business groups to better manage credit risk while supporting sustainable, and high quality loan growth.

In 2017 SME Banking placed strong focus on improving credit underwriting process and developing the Emerging SME business with maximum loan limit of Rp2 billion.

In terms of credit risk, SME Banking remained prudent especially in loan disbursements to sectors that are still vulnerable to changes in the global economy. Credit risk management is undertaken within the corridors set by regulators as well as internal policies. The allocation of loans consider factors such as market condition, availability of collateral, and other factors.

In response to rapid changes in market towards digitalization, SME Banking also started to explore and engaged in partnership with digital lending aggregators as well as major e-Commerce and Fintech players. This push toward digital lending will continue to be our focus in 2018.

SME Banking also consistently pursued cooperation with a variety of business communities through the Distributor Financing (DF) and Financial Supply Chain (FSC) programs, offering lending, funding, and transactional products and services to distributor businesses as customers of Danamon. Existing cooperation with other business lines such as Enterprise Banking, DSP and Adira Group was also enhanced.

2017 PERFORMANCE

Amid challenging economic conditions throughout 2017, SME Banking succeeded in achieving Rp29.2 trillion in the SME loans portfolio, an increase of around 10% from the previous year.

Furthermore, the growth in the loan portfolio during 2017 was also accompanied by proper credit processes, as evident in the level of Non-Performing Loans (NPL) which was maintained at around 3.2%, the same as in the previous year.

STRATEGIES AND INITIATIVES 2018

In 2018, SME Banking will largely continue with execution of key strategic initiatives from previous years, spearheaded by sales force capacity increase in the Emerging SME business, optimization of lead generation initiatives, as well as full implementation of Danamon Way to optimize the performance of S&D and Emerging SME structure.

SME Banking will continue to push its value proposition as a one-stop banking solution providing integrated financing and funding solutions to small and medium-size businesses through the provision of comprehensive product bundling solutions i.e. lending, funding, protection, and transactional product and services.

SALES AND DISTRIBUTION (S&D)

The implementation of the S&D structure has improved branch staffs capability to provide a holistic product dan services to customers.

The S&D strategy has contributed to the increase of Danamon's fee based income, better cross-selling opportunities, with sales personnel now able to offer other Danamon banking products to customers according to their banking needs and segments. Upon having a multi-product relationship with Danamon, these customers are more likely to actively conduct transaction with the bank.

Furthermore, S&D delivers positive impact towards Danamon SME Banking's loan growth, while re-alignment of credit processes at the SME Banking unit has resulted in a significantly faster credit approval process. This makes Danamon one of the banks with the fastest SME loan approval turn-around time in Indonesia.

📍 Consumer Banking



“Danamon constantly helps customers to achieve their financial goals through scores of innovative programs, making their everyday life a great deal less complicated.”

Consumer Banking provides holistic banking services for individual customers, entrepreneurs and employees. Indonesia's rapid economic growth and large population presents a big market opportunity for Danamon Consumer Banking.

PRODUCTS AND SERVICES

To fulfill customers needs, Consumer Banking offers the following products and services:

- **Deposits**
There is a couple of variants for deposit products that are tailored to meet the needs of relevant market segments. The variants are: saving accounts, checking accounts and time deposits.
- **Loans**
Consumer Banking loans offer a variety of products both secured (mortgage) and unsecured (credit card, personal loan).

- Investment and Bancassurance

For investment and Bancassurance products, Consumer Banking provides many product options through partnerships with well-known and reputable third-party institutions in Indonesia. To meet the needs of the affluent customers, Consumer Banking also provides personalized and exclusive services.

STRATEGIES AND INITIATIVES 2017

In line with the objective of Consumer Banking to empower customers in fulfilling their financial dreams, several initiatives were undertaken in 2017.

One of the initiatives was fostering customer loyalty through holistic customer reward program. Through this program customers can accumulate reward points from various banking activities (purchases, savings, transactions, investments, and others), which customers can convert to a reward of their choice.

Enhancement in digital capability was undertaken with the launch of D-Card application and new payment features through internet and mobile banking platform.

With the credit card business, Consumer Banking has made a number of changes in the target segments, sales model, services and fees. Through this repositioning, the credit card business is expected to have a significantly higher contribution in the future.

Consumer Banking will also continuously work to improve brand image through various marketing activities.

PERFORMANCE 2017

Through the undertaking of appropriate initiatives and strategies, Danamon managed to raise its performance in Consumer Banking.

STRATEGIES AND INITIATIVES 2018

In 2018, one of Consumer Banking's main initiative is to leverage the digital infrastructure to better serve the market. Activities to acquire customers through digital platform will be launched. Digital platform will also be further enhanced with new capabilities such as mutual funds and insurance purchases.

Danamon will also continue to evaluate the shifting needs of the market segments, and make the appropriate adjustments to its products and services. Ensuring that they remain competitive in the market.

The Bank will also strengthen its relationship with customers through D-Point loyalty program and other activation programs.

Syariah products will also be further developed with the plan to introduce Haj Savings and Ijarah Muntahiya Bittamlik (IMBT) financing scheme.

At the same time, Danamon will also constantly improve its risk management to ensure sustainable business growth.

📍 Marketing Strategy

“To become the most preferred bank, Danamon’s marketing empowered consumers to take control over their financial activities.”



The level of competition in the financial industry, especially the banking sector is becoming ever tighter, driven by the on-going development in market expectations, in this case, of customer expectations. This is a challenge for Danamon to continuously adapt to relevant changes.

Cultivation of innovation in order to remain relevant and consistent with customer needs is an added value that will bring Danamon into becoming one of the banks of choice for the customers.

OPERATIONAL ORGANIZATION

Marketing is organized under the Directorate of Consumer, SME, and Branch Network. However, its role also includes “bankwide marketing” as well as business units, such as Enterprise Banking, Syariah, and SEMM.

Interrelated with the role of “bankwide marketing”, marketing aims to build Danamon’s brand image as a leading trusted bank, raise awareness and brand recognition. Business-related marketing aims to improve customer acquisition and customer loyalty, giving leverage to the positioning of Danamon products and services in achieving business targets.

The Chief Marketing Officer (CMO) heads the Marketing Group, and is directly responsible to the Director of Consumer, SME and Branch Network. Several functions undertaken by the Marketing Group are: internal and external/public communication, digital marketing, as well as being responsible for the planning of marketing strategy.

MARKETING STRATEGIES AND INITIATIVES

Throughout 2017, implemented marketing efforts were as follows:

- a. Rejuvenation of communication campaigns & key visuals for all Danamon products & services, aimed at realigning and reviving the spirit of “Time to Take Control.”

Some of the Danamon’s accomplishments are: Danamon Lebih (partnership with Blibli for NTB), Fleximax (with special interest rates), E-Channel (partnership with Samsung to increase transactions), D-Point (earn & redeem) and SME Solutions.

At the business unit level, several new products have been promoted, such as D-Connect, Virtual Account, Syariah New Direction, and SEMM DP500.

- b. For the first time, Danamon has its own event platform, namely: Danamon Run, which was successfully participated in by more than 3,500 runners to experience the notion of “Decide your Own Finish line” as part of the spirit of “Time to Take Back Control.” The Danamon Run was held at an iconic location in Jakarta (Taman Impian Jaya Ancol), which resulted in high media exposure in the media and keen participation from both participants and co-sponsors.





- c. Re-mapping billboards to more strategic locations; placing brand awareness materials at Terminal 3 (T3) Soekarno-Hatta International Airport, and at several commuter train stations, as well as train wrap for Railink.
- d. Arranged the Danamon Festival as a product launch for D-Point; sponsored the Travel Fair in Yogyakarta and Surabaya.
- e. Unveiled Danamon's new Instagram format with high exposure, highlighted Danamon's presence in digital channels, and introduced the new Danamon Corporate Website.
- f. Formulated a new program to give an unforgettable experience for the customers, utilizing Danamon's partnership with Manchester United in the form of Red Match Football Camp & Kids Mascot.
- g. Generated a product bundling program in selected branches to provide a variety of product packages to suit customer needs.

- h. Designed a revamped branch offices (interior & exterior), and opened several new branches in an effort to provide services closer to customers.

ACTION PLAN AND STRATEGY 2018

For 2018, Danamon has prepared a number of marketing initiatives to support achievement of business targets, with a focus on new customer acquisition from targeted segment.

In accordance with developments in customer transaction behavior, marketing activities will also be directed toward strengthening Danamon's presence in digital channels relevant with the acquisition of the younger market segment.

To enhance added value for customers, Danamon’s marketing activities will also cooperate or establish partnerships with other product providers. This venture is anticipated to strengthen customer loyalty.

Equally important, Danamon’s marketing activity will also continue organizing events for customers and general consumers with appropriate themes featuring the latest trends, such as: the Danamon Run and the Travel Fair.



📍 Syariah Banking



“In 2017, Danamon Syariah’s finance portfolio reached Rp3.6 trillion, an increase of 8% or Rp254 billion compared to 2016.”

Syariah Banking is a Danamon business segment based on Syariah principles, managed by its Syariah Banking Unit (UUS) within Danamon organization.

The Syariah banking sector in Indonesia offers tremendous growth potential, bearing in mind that approximately 80% of Indonesia’s population is Muslim. The Syariah banking market share is still relatively small, being about 5.6% of total Indonesian banking assets. The Syariah banking market is an opportunity that can be further cultivated in the future. This is indicated by the overall growth of Islamic banking assets reaching 19%, considerably outpacing the growth of conventional banking.

Highlighting the vision of Helping Millions to Prosper under Syariah Principles, the goal of Danamon's Syariah Banking Unit is to build customer-oriented Islamic Banking as a solution for small and medium-sized retail businesses sustained by the infrastructure and technology of the parent Bank.

PRODUCTS AND SERVICES

The development of distinctive and creative products is the key to the success of Danamon Syariah Banking, in order to make the products and services competitive and customer oriented. Currently, Danamon Syariah has a variety of unique and competitive products and services able to meet all customers requirements, as follows;

- Financing products: Tabungan Bisa iB, Tabungan Bisa Umroh iB (Umroh savings account), Tabungan Bisa Qurban iB (Qurban savings account), Giro Bisa iB (Checking Account) and iB Deposit.
- Financing Products: Employee Cooperative Financing, Syariah Working Capital Financing, Syariah Investment Financing, Syariah Trade Financing, Syariah Leasing, and Syariah House Ownership Financing
- Bancassurance Products: Prima Amanah Protection (PPA)
- Services: Cash Management, Electronic Channel, and Big Bill Electricity Payment

STRATEGIES AND INITIATIVES 2017

Various strategies and initiatives were undertaken by Danamon Syariah to capture a larger Syariah banking market share. In 2017, Danamon Syariah developed prestigious products to meet customers' needs. Danamon Syariah encompasses financing for the retail market segment from motor vehicle and home ownership financing, to financing for apartments and shophouses.

In line with the development of innovative products, Danamon Syariah's flagship products, Syariah Leasing and Tabungan Umroh, Syariah Insurance products, namely Prima Amanah Protection and Sacrificial Savings are intensively promoted throughout Danamon's new distribution network.

To further augment Danamon Syariah's market share, sales and distribution strategies were put in place. Previously sales and distribution had been more products oriented, whereas in 2017 more focus was put on being customer centric.

Danamon Syariah has continued to improve its human resources productivity. By enhancing knowledge and capability, especially in the area of Syariah banking as well as socializing Syariah products intensively.

Danamon Syariah has continued to improve risk management and good governance. One approach was to upgrade and refine the infrastructure and technology to be more integrated, so as to improve customer service levels by manually minimizing and integrating several processes within the parent bank system.

PERFORMANCE 2017

Through implemented strategies and policies, Danamon Syariah was able to meet its set targets in 2017. Nevertheless, there are numerous aspects within Syariah products requiring further improvements in order to secure more significant growth.

- Syariah Financing portfolio
In 2017, Danamon Syariah focused on the development of Syariah Leasing Financing and Employee Cooperatives Financing. Thus, the amount of financing disbursements by the end of 2017 grew from Rp 3.3 trillion in 2016 to Rp 3.6 trillion in 2017, an increase of 8% or Rp 254 billion.

- Syariah Fund Portfolio

In 2017, the amount of deposits reached Rp 4.5 trillion, compared to 2016's figure of Rp 3.7 trillion. This represented an increase of 22% or Rp 810 billion.

The increase was due to the leveraging strategy undertaken, and as a result, the Danamon Syariah branch office network expanded, leading to greater growth in the accumulation of third party funds, in particular in the 38% growth of low cost funds.

Syariah Banking Performance (Rp billion)

	YOY	2017	2016
Financing	8%	3,575	3,321
Funding	22%	4,504	3,694

- Other Achievements

In 2017, Danamon Syariah received various awards related to bank products and services, as follows:

- Ranked second in the category of Syariah Business Unit by Infobank Digital Brand 2017 Awards
- The most efficient Syariah business unit (UUS), awarded by Karim consulting
- Ranked second in Syariah branch service category UUS in Banking Service Excellence Awards by MRI
- The most reliable Syariah business unit (UUS) awarded by Warta Ekonomi.

STRATEGY AND INITIATIVES 2018

Danamon has conceived a number of strategic initiatives to further expand its Syariah-based banking services in 2018. This policy is adopted in view of the ever changing external conditions, as well as the company's internal circumstances.

Danamon remains committed to improve and maintain the quality and performance of Syariah product sales. On the basis of these considerations, in 2018, Danamon will continue to push forward with the addition of branch offices across the country and to improve Syariah service quality across all branch offices as a frontline of services to customers.

Concurrently, Danamon will continue to bring forth innovative and smart products dedicated to customers. Products to be developed will be oriented to the needs of customers and be more competitive compared to other services and products offered by competitors.



📍 Micro Banking

“Through focus on asset quality, Danamon Simpan Pinjam reduced Cost of Credit from over Rp1 trillion in the previous year to Rp283 billion in 2017.”

Danamon Micro Banking, or Danamon Simpan Pinjam (DSP), provides business capital loans for micro and small businesses throughout Indonesia.

Micro and small businesses (MSMEs) are those with gross annual sales ranging from Rp300 million to Rp2.5 billion. In general, MSMEs are concentrated within traditional markets. MSMEs contribute significantly to the development of the national economy.

PRODUCTS AND SERVICES

In promoting its products and services, Danamon Simpan Pinjam (DSP) engages a community-based approach, highlighting a unique concept of Easy, Fast, and Convenient. In addition, DSP branch offices are located in the heart of community, right for customers to have an easy access to DSP services.

To meet customer needs, DSP offers Savings, Loans, Bancassurance products, and service as follows:

- Saving
DSP offers several types of saving products such as TabunganKu, Danamon Lebih, Sipinter, Savings Cita-Citaku, and Time Deposit.
- Loan
DSP Loan Products offers a span of services encompassing non-collateral and collateral loans ranging from Rp50 million to Rp1.5 billion, with tenures ranging from 12 months to 60 months.
- Bancassurance
Bancassurance products are offered to meet customers' specific needs
- Service
Money transfer service is provided in collaboration with Western Union

STRATEGIES AND INITIATIVES 2017

In 2017, Danamon Simpan Pinjam continued to face challenges, both from internal and external factors. Internal challenges included high cost infrastructure base, operational quality, need for personalised collections and availability of quality human resources. This has been exacerbated by the wide geographical spread of branches, with many being located in remote areas. External challenges mainly emanated from macroeconomic conditions and tight competition.

To overcome these challenges, DSP recast its strategy to focus on collections and credit quality improvement. Internal processes were reinforced to reduce fraud risk.

To strengthen fraud prevention management, DSP developed a fraud early-detection system, implemented Know-Your-Customer (KYC) principles among employees, imposed strict employee disciplinary policies and reinforced stronger internal control.

DSP also streamlined its branch network to optimize distribution capability and improve cost management. Extensive studies were undertaken, taking into account factors such as market potential, human resource availability, financial performance, and loan quality of each branch. Closure of branches was carried out in accordance with applicable laws and regulations, while maintaining effective communication with our customers.

PERFORMANCE 2017

By the end of 2017, Danamon Simpan Pinjam registered total outstanding loans at Rp6,988 trillion, a 31% reduction compared to the previous year's outstanding loans of Rp10,188 trillion. Likewise with third party fund raising, DSP logged a 27% decline to Rp447 billion, compared to Rp613.8 billion in 2016.

This loan reduction was due to our focus on credit quality and more selective new loan approvals. Whilst there was corresponding revenue decrease, these efforts helped DSP to reduce overall Cost of Credit (COC) significantly, from over Rp1 trillion in the previous year to Rp283 billion in 2017.

Micro Banking Performance

	2017	2016
Loan Portfolio	6,988	10,188
Third Party Fundraising	447	614
Main DSP contribution to the Bank in 2017, in terms of Cost of Credit Improvement (COC)	283	1,021

STRATEGY AND INITIATIVES 2018

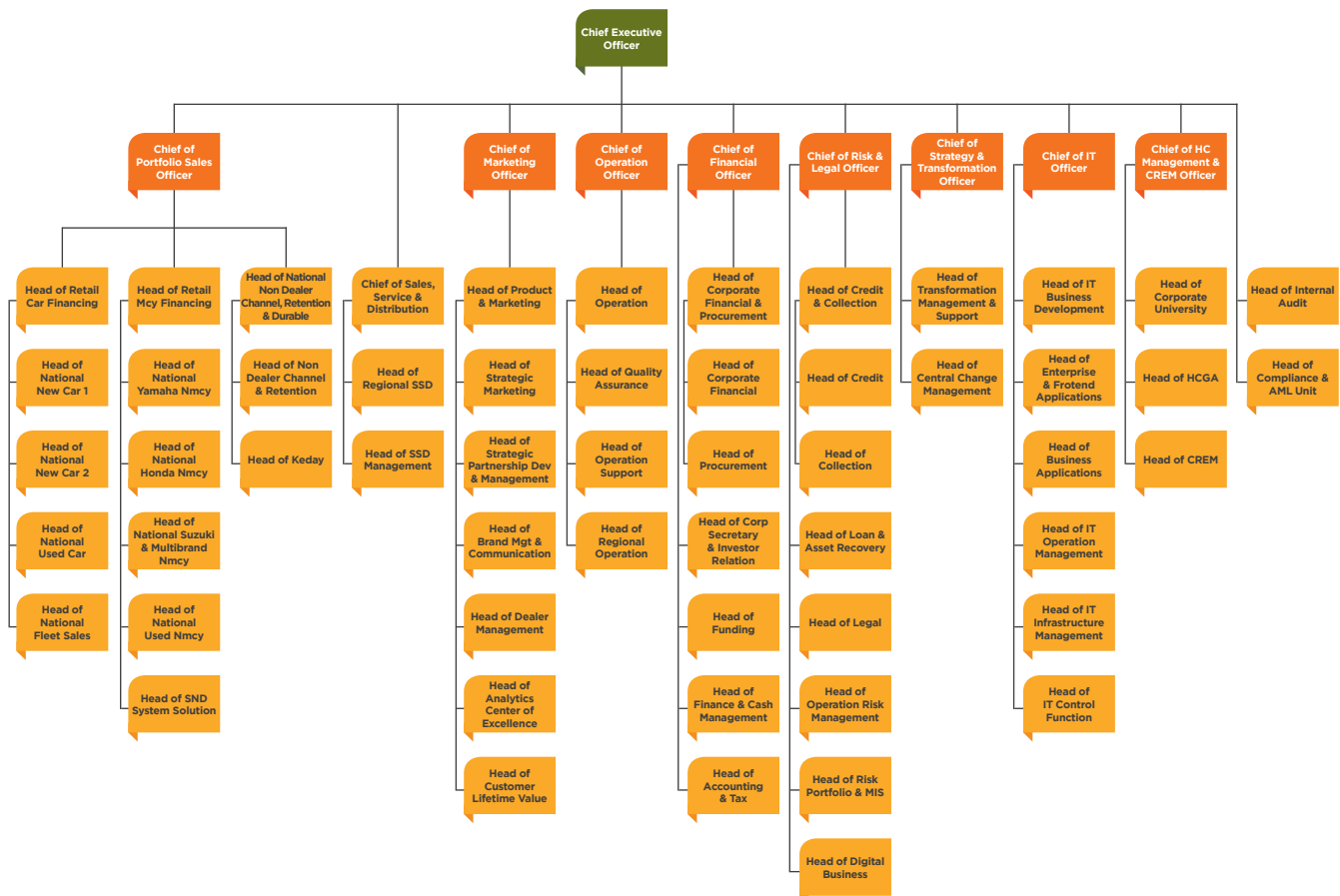
In 2018, we will continue to focus on improving credit quality, collections and recoveries as well as on streamlining our network.

● Subsidiaries Business Review

Adira Finance

“Adira Finance continues to diversify its financing focus and simplify various processes within the Company.”

ADIRA FINANCE ORGANIZATION STRUCTURE





PROFILE

PT Adira Dinamika Multi Finance Tbk (Adira Finance) was founded in 1990, commencing operations in 1991. In 2004, Adira Finance began to conduct an Initial Public Offering and Bank Danamon became the majority shareholder with 75% ownership, and, after a number of corporate actions, currently has 92.07% ownership of Adira Finance.

The Company is committed to building long-term cooperative relationships with customers and business partners under the label Faithful Friends Forever. This attribute is a manifestation of long-term business strategy with a conviction to shore up sustainable performance.



Adira Finance strives to serve customers at different stages of their life, in order to establish long-term relationships with life-long customers. In line with its “Sahabat Adira” vision, The Company hopes that its customers will look at the Company as a friend they can turn for solution. The term “Sahabat” (Companion) embodies the Company’s philosophy has a very profound meaning for the Company. It reflects the values that Adira Finance shows toward its customers: *cerdaS* (intelligence), *dipercAya* (trustworthiness), *ramaH* (friendliness), *AdirA memBeri kemudahan* (convenience), *mAu peduli* (compassion), and *komiTmen* (commitment).

PRODUCTS AND SERVICES

The business scope of Adira Finance covers the following: investment financing, working capital financing, multipurpose financing, other financing business activity as approved by Financial Services Authority, as well as operating leases and/or other fee-based activities to the extent that these do not conflict with applicable laws and regulation in the financial sector as well as Syariah based financing principles. The scope of the Company’s Syariah business unit covers financing of sale and purchase, investment financing, and service financing.



STRATEGY AND WORK PROGRAM 2017

Adira Finance has set the strategy and work program since the beginning of the year. A part of what has been achieved throughout 2017 is as follows:

1. Continued to diversify financing focus

Motor vehicle financing remains the main business of Adira. Nevertheless, the Company endeavored to increase contribution of other products and services such as:

- Used vehicle financing, both motorcycle and car, by intensifying collaborative efforts with partner dealers and other distribution channels
- New car, principally passenger vehicle segment through competitive financing programs, insurance product bundling and straightforward credit application processes
- Durables with fast and straightforward application approval.

2. Optimum funding management

Proper funding management is attained by maintaining an adequate level of liquidity and ensuring fund availability essential for financing purposes, operations, and payment of maturing loans and bonds. In addition, Adira Finance seeks to maintain the gearing ratio to not exceed the limits set by the supervisory body under OJK Regulation No. 29/2014, which is set at a maximum

of 10 times of equity. Moreover, Adira Finance diversifies its funding sources, which are derived from bank loans, both on-shore and off-shore loan, as well as from the capital market through bond and Sukuk (Syariah “compliant” bonds) issuance, with the intention of obtaining the optimum cost of fund.

3. Increased efficiency and effectiveness of operations

The ultimate objective is to improve productivity and manage operating expenditure levels in accordance with business growth through simplification of processes within the Company, policy revision to accommodate the latest development in the business environment, and process automation, wherever possible, by means of information technology.

PERFORMANCE 2017

2017 business performance is depicted in the table below:

Detail	Y-o-Y	2017		2016
		Target	Achievement	
New Financing (Rp Trillion)	6.0	32-34	32.7	30.9
Non-Performing Financing (%)	0.1	< 2	1.6	1.5
Market Share-Motorcycles (%)	-1.0	13,9	11.3	12.3
Market Share-Car (%)	0.0	5.4	4.4	4,5

STRATEGIES 2018

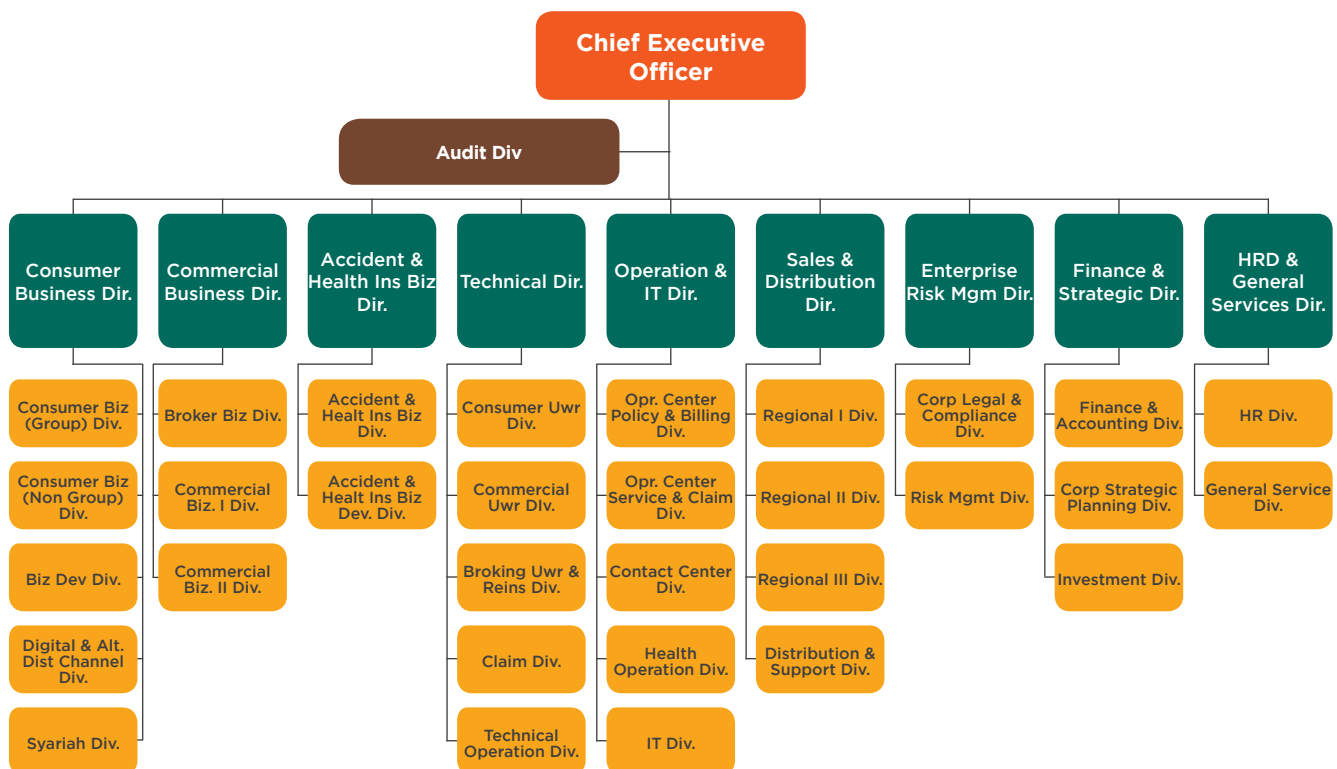
- Carry on with the Customer Relationship Management (CRM) improvement efforts, enhance customer engagement towards customer-for-life beginning with presenting products that satisfy customer needs, application procedures simplification, expedite credit approval lead time, after approval service, as well as developing supplementary products to cater consumers' other needs so as to present customer experience in every cycle of their lives as a 'one-stop solution' for all of their banking needs.
- Carry on diversifying financing business for pre-owned vehicles, electronic and home appliances (durables), and multipurpose finance.
- Build up various distribution channels in the dissemination of financing (multi-channel).
- Manage liquidity ensuring compliance between funded tenure maturities and financing assets disbursed, and optimal funding costs through diversification of funding sources.
- Carry on improving Human Resource quality in order to sustain Company's business expansion through cultural transformation and diverse training programs, internally and externally, with the ultimate goal of boosting employee productivity at the same time strengthening employee engagement.
- Improve operational efficiency and effectiveness through procedure simplification made possible by means of information technology.

● Subsidiaries Business Review

Adira Insurance

“Adira Insurance continued to optimize penetration to existing business channels, while enhancing the capacity of its human resources.”

ADIRA INSURANCE ORGANIZATION STRUCTURE





PROFILE

PT Asuransi Adira Dinamika (“Adira Insurance”) is a part of the Danamon Group, which is in the general insurance business. The Company was established on January 24, 2002.

Aligned with its vision of “To be the Insurer of Choice”, Adira Insurance distributes products through direct and indirect distribution channels. Direct distribution channel are insurance agents, telemarketers, branch’s sales person and company’s website.

Whereas indirect distribution channels are multi-finance companies, banks, other retailers and digital marketplaces.

Adira Insurance’s official website, www.asuransiadira.com, provides corporate information as well as products, and services. For some products, the website provides premium simulation feature and convenient way of procuring insurance policy (simple and reliable).

PRODUCTS AND SERVICES

Supported by 38 outlets, Adira Insurance presents in 31 cities in Indonesia. In 2017, Adira managed 8.4 million active policies from various products both conventional and Syariah-based insurance products for personal and corporate.

Adira Insurance products among others are Autocillin (car insurance), Motopro (motorcycle insurance), Medicillin (health insurance), and Travellin (travel insurance). Adira Insurance also offers insurance coverage for personal accident, property, heavy equipment, marine hull, engineering, surety bonds, cargo, trade credit, and other insurance products.

For customer convenience, Adira Insurance provides services such as Contact Center “Adira Care”, SMS communication channel, social media interaction as well as Autocillin Rescue.

For travel insurance product “Travellin”, Adira Insurance has a specific official website www.travellin.co.id which provides a fast and simple solution to procure travel insurance from product selection, policy issuance up to premium payment. The product selection varies from domestic and international travel for both individual and family or group traveler. For car insurance claim submission, Autocillin Mobile Claim Apps is available to provide real time submission. This app allows customer to upload damaged vehicle photos, select the nearest or preferred workshop and repair schedule.

STRATEGIES AND INITIATIVES 2017

In 2017, Adira Insurance expanded its market penetration in the existing business channels prudently. The company remain its focus on products with high-volume, homogenous and spread-out characteristics, such as motor vehicles, property insurance & personal accident.

Adira Insurance also enhanced its human resources capacity on both front-liner and direct support functions, such as the Underwriting Development & Actuary Development Programs. In banking sector, Adira Insurance developed its Sales and Distribution front-liners. Digital-based services were also enhanced responding to market demands to deliver Adira Insurance’s unique value propositions: Caring, Simple and Reliable.

In 2017, Adira Insurance keep improving its business process in order to streamline while enhancing service quality prioritizing on core processes to obtain cost efficiency in policy production, premium collection and claim process.

PERFORMANCE 2017

Overall, in 2017 Adira Insurance business performance achieved the same level of premium as previous year of Rp2.34 trillion. In non-motor portfolio, the highest premium growth was in General Accident with 14% growth resulting in total of Rp287 billion and Property of 10% growth resulting in total of Rp236 billion, while the largest drop of premium income was from Health, of -23% dropped resulting in total of Rp 245 billion.

Gross Written Premium Portfolio 2017

	YOY	2017	2016
Motor Vehicle Portfolio (Rp Billion)	2%	1,391	1,366
Non Motor Vehicle Portfolio (Rp Billion)	-3%	958	982
Total	0%	2,349	2,349

At consolidated book, Adira Insurance contributed Rp535 billion compared to Rp495 billion last year. The following table illustrates the performance comparison compared to the previous year.

STRATEGY AND INITIATIVES 2018

1. Business

Group business – optimizing 4-millions groups' customers as distribution channels, including reaching out to Adira Finance dealers as cash-buyer channels.

Product strategy

Creating products using technology tailoring to customers' needs, such as telematics based add-on products.

2. People

Developing human resource capability in analytical skills to be able to keep pace with market changes.

3. Efficiency

Efficiency can be optimized using technology and reducing manual processes to improve productivity.

4. Digital

Team up with aggregators to reach a wider customer base.

📍 Financial Review



“Danamon booked a 37% growth in net income Rp3.82 trillion. The profit growth is a result of a better funding cost, discipline in operating expenses, and improvement in asset quality.”

Bank Danamon, in 2017, was able to demonstrate a better performance compared to 2016, despite lacklustre macro environment. Danamon's assets grew by 2.2% to Rp178.26 trillion in 2017 driven by higher credit disbursement that grew 2.3% to Rp120.49 trillion with third party funding of Rp104.6 trillion. On top of that, Danamon booked a 37% growth in net income to Rp3.82 trillion. The profit growth is a result of a better funding cost, discipline in operating expenses, and improvement in asset quality.

The financial review outlined herein refers to the year-end Financial Statements as of December 31, 2017. The Financial Statements have been audited by Tanudiredja, Wibisana, Rintis, and Partners (A member firm of PwC global network) Public Accounting Firm under the Audit Standards established by the Indonesian Institute of Certified Public Accountants with the entity's financial information presented fairly in all material respects.

FINANCIAL POSITION REPORT

ASSETS

As a banking institution that disbursed loan to institutional and individual customers, loans are the largest portion of Bank Danamon's asset structure. In 2017, Danamon's total loan portfolio grew by 2.3% to Rp120.49 trillion in 2017 compared to Rp117.81 trillion last year. This has helped the bank's asset increased to Rp178.26 trillion or 2.2% growth compare to Rp174.44 trillion in 2016.

Rp billion	Full Year						% Total
	YoY	2017	% Total	2016	% Total	2015	
Cash	12.4%	2,546	1.4%	2,265	1.3%	2,728	1.4%
Current accounts with Bank Indonesia	2.8%	7,556	4.2%	7,352	4.2%	9,511	5.1%
Current accounts with other Banks	14.9%	2,032	1.1%	1,768	1.0%	3,866	2.1%
Placements with other banks and Bank Indonesia	-12.4%	5,199	2.9%	5,937	3.4%	17,983	9.5%
Marketable Securities	-7.7%	16,060	9%	17,408	10.0%	6,392	3.4%
Loans*	2.3%	120,495	67.6%	117,817	67.5%	124,891	66.3%
Government Bonds	14.8%	10,974	6.2%	9,563	5.5%	6,916	3.7%
Fixed Assets	-8.7%	2,288	1.3%	2,506	1.4%	2,559	1.4%
Others	13.1%	11,107	6.2%	9,821	5.6%	13,486	7.2%
Total	2.2%	178,257		174,437		188,332	

*Includes Danamon Loan and Consumer Receivable from Adira Finance

Current Asset

Current asset consist of cash, current account of Bank Indonesia and other banks, placement at other banks and Bank Indonesia, securities available for sale and trade as well as government bonds available for sale and trade which are managed with good prudence and adequate levels of liquidity and in accordance with applicable regulations.

In 2017, total current asset was Rp39.5 trillions or 1% growth compare to last year.

Cash

Danamon's cash position reached Rp2.55 trillion as of December 31, 2017, an increase of 12.4% compared to its cash position of Rp2.27 trillion as of December 31, 2016. Cash position to total assets of Danamon in 2017 was 1.4% which is higher compare to 1.3% contribution last year.

Current Accounts with Bank Indonesia

Bank Danamon was able to maintain Primary Minimum Reserve Requirements (GWM) in Rupiah and Foreign Currency for Conventional Banks above Bank Indonesia's provisions of 6.5% each for Primary GWM denominated in Rupiah from third party funds in Rupiah and secondary reserve requirement of 4% of third party funds in Rupiah and 8% for Minimum Reserve Requirements (GWM) in foreign currency. Danamon's GWM ratio in Rupiah was 19.4% while the reserve requirement in foreign currency was 8.1% in 2017.

Along with the increase in third party funds raised by Danamon, current accounts with Bank Indonesia increased to Rp7.56 trillion in 2017 compared to Rp7.35 trillion in 2016.

Current Account at Other Banks

Danamon's current account portion of total assets reached 1.1% in 2017 compared to 1.0% in 2016 on the back of an increase in its asset component, which reached Rp2.03 trillion in 2017. Current accounts with other banks in 2017 grew by 14.9% compared to Rp1.77 trillion last year.

Placements with Other Banks and Bank Indonesia

As of December 2017, placements with other banks and BI reached Rp5.20 trillion, down 12.4% compared to Rp5.94 trillion in 2016. The reduction was primarily due to reduced placements with Bank Indonesia in the form of Bank Indonesia Deposit Facility (FASBI) of Rp1.53 trillion in 2017. This position was 47.9% lower than placement in FASBI of Rp2.94 trillion in 2016.

Other placement instruments in the form of deposit certificates and time deposits also declined by 21.0% and 11.6%, to Rp1.35 trillion and Rp991.13 billion respectively. Along with this decline, FASBI's portion dropped to 34.2% in 2017 from 49.5% in 2016. On the other hand, call money actually rose significantly to Rp1.08 trillion from only Rp170.00 billion in 2016. In line with this increase, the contribution of call money rose sharply to 20.9% in 2017 from only 2.9% of total placements at other banks and BI.

Danamon allocated reserves for impairment of 2017 placements with other banks and BI amounting to Rp2.51 billion, lower compared to 2016's figure of Rp2.67 billion.

Marketable Securities

Danamon booked a reduction in investment on securities by 7.7% to Rp16.06 trillion as of December 31, 2017. The decrease was primarily due to lower investment in securities especially in Bank Indonesia Certificates (SBI) of 69.7% to Rp2.05 trillion from Rp6.77 trillion in 2016. Along with the declining effect of SBI, SBI's portion of the investment of Bank Danamon's securities fell to 12.70% from 38.9% in 2016.

Meanwhile, investment in securities in the form of corporate bonds increased by 8.7% to Rp4.58 trillion. The highest growth was booked by securities investments in BI certificates of deposit, which rose sharply to Rp3.81 trillion in 2017 from only Rp647.28 billion in 2016.

Rp billion	Full Year			
	YoY	2017	2016	2015
Cash	12.4%	2,546	2,265	2,728
Current accounts with Bank Indonesia	2.8%	7,556	7,352	9,511
Current accounts with other bank	14.9%	2,032	1,768	3,866
Placements with other banks and Bank Indonesia	-12.4%	5,199	5,937	17,983
Marketable securities	-10.3%	11,197	12,486	6,176
Government Bonds	14.8%	10,974	9,563	6,916
Total Current Asset	0.7%	39,504	39,371	47,180

Loans

On a consolidated basis, loans grew by 1.9% to Rp124.77 trillion in 2017 compared to Rp122.39 trillion in 2016 mainly due to improvement on Danamon's SME and Consumer Banking loans, as well as on consumer finance portfolio from Danamon's subsidiary Adira Finance. More specific details are provided in the following paragraphs regarding consolidated loans consisting of loans granted by Bank Danamon, consumer financing, and finance lease receivables by Subsidiaries.

Danamon's Consumption loan grew by 5.1% to Rp49.15 trillion in 2017 compare to Rp46.77 trillion last year. Working capital loan also grew by 4.8% to Rp52.38 trillion compare to Rp50.01 trillion in 2016.

Rp billion	Full Year			
	YoY	2017	2016	2015
Consumption*)	5.1%	49,152	46,773	46,545
Working Capital	4.8%	52,385	50,008	52,378
Investment	-9.0%	21,670	23,807	28,073
Export	-13.2%	1,559	1,797	1,951
Loan to Commissioners and Senior Management			-	420
Total	1.9%	124,766	122,385	129,367

*) Includes consumer financing receivables from Adira Finance and finance lease receivables

Base on segment, household and consumer financing contributes to 39.4% of total Danamon loan or grew 5.3% to Rp49.15 trillion compare to last year. Additionally, grocery and retail sector that contributed to 29.0% to Danamon's total loan grew 0.9% to Rp36.22 trillion compare to 2016.

Rp billion	Full Year				
	YoY	% Total	2017	2016	2015
Household and Consumer Financing	5.3%	39.4%	49,147	46,678	46,935
Grocery and Retail	0.9%	29.0%	36,224	35,894	39,838
Manufacturing	7.7%	14.6%	18,190	16,895	17,521
Real Estate, Leasing, Services and Servicing Companies	-0.6%	2.0%	2,544	2,558	3,575
Transportation, Warehousing, Communications	26.0%	3.7%	4,643	3,684	5,582
Others	-15.9%	11.3%	14,018	16,676	15,916
Total	1.9%	100.0%	124,766	122,385	129,367

Jabodetabek area was still the main contributor of Danamon's loan followed by North Sumatra Area, East Java, Sulawesi, Maluku and Papua. In terms of growth, Jabodetabek area also grew by 6.3% to Rp47.26 trillion compare to Rp44.47 trillion in 2016.

Rp billion	Full Year				
	YoY	% Total	2017	2016	2015
Jakarta, Bogor, Tangerang, Karawang, Bekasi and Lampung	6.3%	48.7%	47,260	44,476	47,636
West Java	-4.2%	6.0%	5,857	6,117	6,615
East Java	-0.5%	9.9%	9,633	9,679	10,653
Sulawesi, Maluku and Papua	-3.5%	7.4%	7,182	7,444	8,029
Kalimantan	-0.1%	5.7%	5,492	5,499	6,109
North Sumatra	8.0%	10.7%	10,387	9,618	9,838
Central Java and Yogyakarta	-8.6%	6.2%	5,974	6,538	7,218
Bali, NTT and NTB	5.6%	2.1%	2,068	1,957	1,903
South Sumatra	-19.8%	3.2%	3,116	3,887	4,842
Total	1.8%		96,969	95,215	102,843

Bank Danamon was able to manage the quality of productive assets. This was noticeable by the reduction in non performing loan (NPL) gross and net NPL ratio to 2.8% and 1.8% in 2017 from 3.1% and 1.8% in 2016, respectively. Along with the decline in both NPLs, the allowance for impairment losses on loans also declined to Rp2.92 trillion in 2017 compared to Rp3.33 trillion in 2016.

Loan Collectability

	2017	2016	2015
Non Performing Loan	2.8%	3.1%	3.0%
Special Mention	11.0%	9.9%	10.1%
Performing	86.2%	87.0%	86.9%

Loan Based on Interest Rate and Currency

Based on interest rate, Danamon loan with fixed rate contributes to 53.6% of total loan. Most of the loan with the fixed rate was disbursed to mass market. While, contribution of loan with floating rate was 46.4% from Danamon total loan. This loan was disbursed to SME Banking and Enterprise Banking customers.

Rp billion	Floating	Fixed	Total
Loan	55,891	38,154	94,045
CFR	-	26,080	26,080
Leasing	-	369	369
	55,891	64,603	120,494

Based on currency type, most of Danamon's loan was in Rupiah which contributes around 95% of total loan or around Rp118.12 trillion. While foreign currency loan only contributed to 5% of total loan or around Rp6.65 trillion.

Rp billion	Loan	CFR	Leasing	Total
IDR	90,321	27,413	384	118,119
Foreign Currency	6,647	-	-	6,647
Total	96,968	27,413	384	124,766

Non Performing Loan Based on Segment

As a total, Danamon's NPL ratio declined to 2.8% in 2017 compare to 3.1% in 2016. Mass Market NPL improved the most in 2017 to 2.8% compare to 3.4% in 2016

NPL	2017	2016	2015
Wholesale	1.9%	2.2%	1.0%
SME & Commercial	3.0%	2.8%	3.1%
Consumer	2.2%	2.7%	2.3%
Mass Market	2.8%	3.4%	3.7%
Total	2.8%	3.1%	3.0%

Consumer Financing and Lease Financing Receivables

In addition to bank loans, Danamon's loans were consolidated in the form of consumer financing receivables and finance lease receivables. Adira Finance's financing receivables grew by 4.1% to Rp26.08 trillion in 2017, compared to Rp25.06 trillion in 2016. Adira's own consumer financing had a dominant share in 2017 and reached Rp32.07 trillion, growing by 3.2% compared to 2016's position.

Consumer Financing and Lease Receivables Table

Rp billion	Full Year			
	YoY	2017	2016	2015
Joint Financing	10.5%	7.368,34	6.666,97	6.814,60
Self Financing	3.2%	32.075,11	31.086,05	29.820,03
Unearned Consumer Financing Receivables	4.8%	(12.030,34)	(11.480,64)	(11.667,75)
Allowances	10.1%	(1.333,04)	(1.210,61)	(1.080,78)
	4.1%	26.080,07	25.061,77	23.886,10

Government Bonds

Bank Danamon's investment in government bonds reached Rp10.97 trillion in 2017, up by 14.8% compared to 2016's position of Rp9.56 trillion. Danamon's government bonds in Rupiah and US Dollar denominations reached Rp6.50 trillion and Rp4.47 trillion respectively in 2017, higher than 2016's position of Rp6.05 trillion and Rp3.51 trillion.

Fixed Assets

Bank Danamon's fixed assets in 2017 decreased by 8.7% to Rp2.29 trillion compared to 2016's position of Rp2.51 trillion. The decrease was primarily due to the decline in value of motor vehicle assets to Rp459 billion in 2017 from Rp642.95 billion in 2016.

Other Assets

Bank Danamon's other assets, consisting of accounts other than those described above, amounted to Rp11.11 trillion in 2017, higher than 2016's figure of Rp9.82 trillion. The increase in other assets was mainly affected by an increase in prepaid expenses to Rp3.70 trillion in 2017 from Rp2.39 trillion in 2016.

LIABILITIES

To support credit growth, Danamon diversified Third Party Funds (DPK) derived from deposits from other banks, issued securities and borrowings received other than the main source of funding for customers' savings, especially those at lower costs such as demand deposits/current accounts and savings. Danamon was able to manage its Third Party Funds well in 2017, reflected by CASA ratio of 48.3% compared to 46.1% in 2016.

Rp billion	YoY	2017	2016	2015	Long Term Borrowing	% Total
Deposits from Customers	-1.8%	101,897	103,740	115,141		74.7%
Deposits from other banks	61.3%	4,635	2,873	1,826		1.2%
Securities sold under repurchase agreements	100.0%	10	-	-		0%
Bonds issued	21.1%	10,171	8,398	9,714	9,714	6.3%
Borrowings	-14.2%	9,794	11,415	13,086	2,297	8.5%
Subordinated debts	0.0%	-	-	-		0%
Others	8.1%	12,578	11,633	14,350		9.3%
Total	0.7%	139,085	138,059	154,117	12,011	100%

Customer Deposits

Customers deposit is a major contributor to Danamon's liabilities with a total contribution of 74.7% to total liabilities. Danamon's total amount of customer deposits reached Rp101.90 trillion, slightly lower than Rp103.74 trillion in 2016. Danamon has consistently prioritized lower cost funding sources by mounting funding derived from current accounts/demand deposits and savings. The CASA ratio in 2017 increased to 48.3% compared to 46.1% in 2016. This progress is in line with the decreasing portion of time deposits to Rp53.18 trillion in 2017 from Rp56.27 trillion in 2016, down by 5.5%.

Rp billion	Full Year			
	YoY	2017	2016	2015
Deposits from Customers				
Current Account	-2.2%	14,646	14,974	15,905
Savings	4.8%	34,073	32,499	32,853
Time Deposits	-5.5%	53,178	56,267	66,383
Total Deposit from Customers	-1.8%	101,897	103,741	115,141
Deposits from other bank	61.3%	4,634	2,873	1,826
Total Third Party Fund	-0.1%	106,531	106,613	116,967

Deposits from Other Banks

Deposits from other banks in 2017 increased by 61.3% to Rp4.63 trillion from Rp2.87 trillion in 2016. The significant increase was mainly due to the increase in rupiah demand deposits to Rp1.64 trillion in 2017 compared to only Rp888.43 billion in 2016.

Borrowing

In 2017, funding increased 0.8% compare to Rp19.97 trillion last year. This was mainly due to increased in Adira Dinamika Multi Finance bonds by 21.1% to Rp10.17 trillion.

Rp billion	Full Year			
	YoY	2017	2016	2015
Danamon Bonds	-	-	-	-
Adira Dinamika Multi Finance Bonds	21.1%	10,171	8,398	9,714
PT. Bank Pan Indonesia Tbk	-23.3%	2,300	3,000	3,500
PT. Bank Central Asia Tbk	-35.3%	932	1,440	1,614
Citibank. NA, Jakarta Branch	-100.0%	-	250	475
The Hongkong and Shanghai Banking Corporation Ltd., Indonesia	-	-	-	400
PT. Bank DKI	100.0%	400	200	100
PT Bank Victoria International Tbk	-100.0%	-	400	300
PT Bank National Nobu Tbk	-33.4%	100	150	149
PT. Bank BCA Syariah	-79.5%	38	183	10
Pinjaman dari bank/lembaga keuangan lain	0.0%	50	50	50
PT. Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	100.0%	100	-	200
International Finance Corporation	-100.0%	-	445	683
Wells Fargo Bank	-	-	-	689
PT. Bank Panin Dubai Syariah Tbk	77.3%	83	47	50
PT Bank DBS Indonesia	100.0%	3,047	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd	-100.0%	-	350	-
Bank BNP Paribas (Singapura)	-51.8%	1,953	4,051	4,353
PT Bank Mega Tbk	180.8%	699	249	-
PT Bank Mandiri (Persero) Tbk	100.0%	92	-	-
PT Bank KEB Hana Indonesia	-100.0%	-	100	100
PT Bank Sumitomo Mitsui Indonesia	-100.0%	-	500	-
Australia New Zealand Banking Group Ltd., Indonesia Branch	-	-	-	413
Total	0.8%	19,965	19,813	22,800

Securities Issued

Bank Danamon, through its Subsidiary, Adira Finance, issued bonds to support the financing business. Adira Finance's total outstanding bonds, minus underwriting fee and others, amounted to Rp9.51 trillion as of December 31, 2017, up from Rp8.21 trillion for the same period in 2016. In addition, Adira Finance had unmatured Sukuk Mudharabah amounting to Rp661 billion as of December 31, 2017, higher than in Rp190 billion in 2016. Cumulatively, the issued securities amounted to Rp10.17 trillion or an increase of 21.1% compared to 2016's Rp8.40 trillion. All bonds and sukuk issued by Adira Finance were rated AAA by PT Pemeringkat Efek Indonesia (Pefindo).

Other Liabilities

Other liabilities consisting of accounts, other than those mentioned above, increased in 2017 by 8.1%

to Rp12.58 trillion. The escalation in other liabilities compared to the 2016's Rp11.63 trillion was mainly due to accrued expenses, which rose by 17.7% to Rp8.11 trillion in 2017 from 2016's Rp6.89 trillion.

EQUITY

Bank Danamon has consistently been able to improve its equities in the past three years. Danamon's equity grew by 7.7% to Rp39.17 trillion in 2017 compared to Rp36.38 trillion in 2016. The improvement in equity was mainly due to increase in its retained earnings by 11.7% to Rp25.38 trillion compared to Rp22.72 trillion last year. Retained earnings contributed 64.8% of Danamon equity in 2017. Meanwhile, the issued and paid up capital and additional paid up capital at Rp5.90 trillion and Rp7.26 trillion respectively in 2017.

Rp billion	Full Year			
	YoY	2017	2016	2015
Issued and fully paid up capital	0.0%	5,901	5,901	5,901
Additional paid up capital	0.1%	7,256	7,250	7,237
Other equity components	59.2%	121	76	65
Retained earnings	11.7%	25,382	22,716	20,729
Non-controlling interests	17.7%	512	435	283
Total Equity	7.7%	39,172	36,378	34,215

PROFIT/LOSS REPORT

Danamon was able to book a 37% increase in net income to Rp3.82 trillion in 2017 amidst lacklustre economic environment. Despite limited credit growth, Danamon's ability to manage its interest expense as well as operational cost was key factors for Danamon's profitability. Danamon's comprehensive income rose 31.6% to Rp3.57 trillion in 2017, while earning per share rose to Rp384.11 per share.

Rp billion	Full Year			
	YoY	2017	2016	2015 *)
Net Interest Income	2.7%	14,149	13,779	13,648
Net Underwriting Income	-0.9%	615	621	527
Net Interest Income and Net Underwriting Income	2.5%	14,764	14,400	14,175
Other Operating Income	-7.8%	3,755	4,071	4,082
Other Operating Expense	-4.5%	12,934	13,537	14,437
Net Operating Income	13.2%	5,585	4,934	3,820
Non Operating Income	-59.7%	218	541	538
Income Before Tax	22.2%	5,367	4,393	3,282
Income Tax Expenses	-3.8%	1,539	1,600	812
Income After Income Tax Expenses	37.0%	3,828	2,793	2,470
Net Income Attributable to Non-Controlling Interest	19.5%	147	123	76
Net Income Attributable to Equity Holders of the Parent Entity	37.9%	3,682	2,669	2,394
Basic Earnings Per Share	37.9%	384.11	278.52	250
Comprehensive Income Attributable to Equity Holders of the Parent Entity	31.6%	3,573	2,715	2,459
Comprehensive Income Attributable to Non-Controlling Interest	14.3%	136	119	78

*) Restated

Net Interest Income

Danamon's net interest income rose 2.7% to Rp14.15 trillion compare to Rp 13.8 trillion in 2016. Danamon's net interest expense was well managed and decreased by 14.2% to Rp5.90 trillion in 2017 compare to Rp6.88 trillion in the same period last year.

Net Insurance Underwriting Revenue

Danamon net underwriting reached Rp615.35 billion, a slight decrease of 0.9% from its position in 2016. This decline was due to the decrease in insurance premium income in 2017, which reached Rp1.78 trillion' lower than the Rp1.83 trillion level in 2016.

Net Interest Income and Underwriting

Supported by higher net interest income as well as net insurance underwriting income, net interest and underwriting of Danamon grew by 2.5% to Rp14.76 trillion in 2017 compare to Rp14.40 trillion in 2016.

Other Operating Income

Danamon's other operating income in 2017 fell by 7.8% to Rp3.75 trillion. The decrease was mainly influenced by the reduction in service benefits, which fell by 6.7% to Rp1.91 trillion.

Other Operating Expenses

Danamon also shown its operational excellence which decreased its other operating expenses by 4.5% to Rp12.93 trillion in 2017. The increase of 3% to Rp5.02 trillion in salaries & employee benefits was offset by lower general and administrative expenses and allowance for impairment losses. General and administrative expenses decreased by 1% to Rp2.99 trillion. Allowance for impairment losses also decline to Rp3.51 trillion compare to Rp4.44 trillion in 2016.

Net Operating Income

Danamon's net operating income increased by 13.2% to Rp5.59 trillion in 2017. The improvement was mainly due to increase in interest income and reduction in allowance for impairment losses.

Net Non-Operating Expenses

Net non-operating expenses decreased by 59.7% to Rp218.4 billion in 2017 compared to Rp541.18 billion in 2016, primarily due to lower non-operating expenses. Danamon was able to manage non-operating expenses well, which came down by Rp322.07 billion compared to Rp628.83 billion in 2016. Meanwhile, Danamon's non-operating income reached Rp103.68 billion, higher compare to Rp87.66 billion in 2016.

Income Before Income tax

Due to increase in net operating profit in 2017, Danamon posted a pre-tax profit growth of 22.2% or Rp5.37 trillion.

Income Tax Expense

Income tax expense reached Rp1.54 trillion in 2017, declining by 3.8% compare to Rp1.60 trillion in 2016.

Net Income

Danamon's net income, grew by 37% to Rp3.82 trillion after taking into account income tax expense in 2017. Danamon's earning per share increased by 37.9% to Rp384.11 per share compare to Rp278.52 per share in 2016.

Total Comprehensive Income

Danamon's comprehensive after-tax income in 2017 consisted of an actuarial loss of defined benefit plan, income tax relating to other comprehensive income, available-for-sale financial assets, and hedge cash flow. Cumulatively, other comprehensive income/ expenses amounted Rp119.14 billion in 2017. Despite the decline in other comprehensive income, total comprehensive income after tax still reached Rp3.71 trillion in 2017 compared to Rp2.83 trillion in 2016.

CASH FLOW REPORT

Rp billion	Full Year			
	YoY	2017	2016	2015
Net Cash Flows (Used in) Operating Activities	90.8%	3,749	(1,965)	7,330
Net Cash Flows (Used in) Investing Activities	74.8%	(3,189)	(12,658)	2,757
Net Cash Flows from Financing Activities	101.1%	23	(2,051)	(5,166)
Net (Decrease)/Increase in Cash and Cash Equivalents	103.5%	583	(16,674)	4,921
Net Effect on Changes in Exchange Rates on Cash and Cash Equivalents	185.2%	98	(115)	1,665
Cash and Cash Equivalents at Beginning of The Year	-52.6%	15,154	31,943	25,357
Cash and Cash Equivalents at end of The Year	4.5%	15,835	15,154	31,943

Cash Flow from Operations

Bank Danamon posted a surplus net cash flow from operations of Rp3.75 trillion in 2017, compared to a deficit of Rp1.96 trillion in 2016. This was mainly due to the increase in interest income, fees and commissions to Rp11.76 trillion compared to 2016 of Rp10.46 trillion. In addition, interest, provision and commission payments, which fell to Rp5.37 trillion from Rp6.32 trillion in 2016, contributed to a surplus net cash flow from operations. Danamon was able to reduce its total expenditure in 2017 to Rp13.43 trillion compared to Rp14.36 trillion in 2016.

Cash Flows from Investments

Net cash flows generated from investments during 2017 amounted to negative Rp3.19 trillion, primarily derived from the purchase of securities and government bonds of Rp27.81 trillion, lower than the 2016 position of Rp34.68 trillion. On the other hand, Danamon booked cash flows from marketable and matured securities and government bonds of Rp26.14 trillion in 2017, up by 18.9% from Rp21.99 trillion in 2016.

Cash Flow from Financing

Bank Danamon posted a cash flow surplus of Rp23.08 billion of funding against the deficit in its cash flow of Rp2.05 trillion in 2016. This was underpinned by loan receipts increasing to Rp27.74 trillion in 2017 compared to the 2016 position of Rp19.47 trillion. In addition, Danamon, through Adira Finance, increased its cash flow from bond issuance to Rp4.59 trillion from Rp2.86 trillion in 2016. This increase in cash flow from financing operations was able to cover an increase in loan repayments, reaching Rp28.49 trillion in 2017 up from Rp19.51 trillion in 2016.

Commitment and Contingency

Bank Danamon is committed to providing loan facilities to customers as well as contingency in the form of income from settlements and bank guarantees received. Danamon had a liability commitment of Rp2.15 trillion in 2017, higher than the Rp2.06 trillion of 2016. On the other hand, Danamon's net liability contingency amounted to Rp3.15 trillion compared to 2016's figure of Rp3.17 trillion. Cumulatively, commitment liabilities and net contingencies reached Rp5.30 trillion, compared to Rp5.23 trillion in 2016, an increase of 1.2%.

Commitment and Contingency	Full Year			
	YoY	2017	2016	2015
Unused loan facilities to - debtors	-21.3%	259	329	369
Outstanding irrevocable - letters of credit	9.4%	1,894	1,732	1,626
Total commitment payables	4.5%	2,153	2,061	1,995
Contingent Receivables				
Guarantees from other bank	-58.6%	29	70	130
Interest receivable on	-20.6%	459	578	494
Total contingent receivables	-24.7%	488	648	624
Contingent payables				
Guarantees issued in the form of Bank guarantees	-7.0%	3,469	3,731	3,357
Standby letters of credits	81.3%	165	91	86
Total contingent payables	-4.9%	3,634	3,822	3,443
Contingent payables - net	-0.9%	3,146	3,174	2,819
Commitment payables and contingent payables - net	1.2%	5,299	5,235	4,814

KEY FINANCIAL RATIOS

	2017	2016	2015
CAR	22.1	20.9	19.7
NPL	2.8	3.1	3.0
NIM	9.3	8.9	8.2
BOPO	72.1	77.3	83.4
ROA	3.0	2.3	1.7
LFR	93.3	91.0	87.5

ABILITY TO SETTLE ACCOUNTS PAYABLE AND COLLECTIBLES

Danamon's ability to meet all its obligations, both long-term and short-term liabilities, is measured through several ratios, including solvency ratios, profitability ratios and liquidity ratios. The following indicate the financial ratios of banks to measure solvency, collectibility and profitability.

Bank Solvency

Bank Danamon ensures the Bank's capital adequacy in order to meet the risks of fund disbursement and market risk through the Capital Adequacy Ratio (CAR), which measures solvency. Danamon's, CAR which takes into account the risk of fund disbursement, market risk and operating risk, is 22.1%. This ratio is above the 11.75% minimum limit set by OJK for 2017.

Bankability

The profitability performance of Bank Danamon is measured using Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and Operating Cost to Operating Revenue (BOPO) ratios. Danamon was able to show an improvement in ROA and ROE by 3.0% and 2.3%, respectively, compared to 2016. Meanwhile, the NIM also improved to 9.3% supported by BOPO's ratio improving to 71.1%.

Bank Liquidity

Bank liquidity management is crucial because it is influenced by funding structure, asset liquidity, liabilities to counter party and commitment to provide financing to debtors. Bank Danamon measures liquidity risk in liquidity management using Loan to Funding Ratio (LFR) ratio. Danamon's LFR position by the end of 2017 was 93.3% higher than in 2016, due to lower third party funding as Danamon consistently prioritized lower cost funding sources by increasing funding from current savings or regular savings.

CAPITAL STRUCTURE

The Bank's current capital structure consists of:

- I. The core capital (tier 1) consists of paid up capital and additional reserves of capital minus deferred tax calculations, intangible assets and inclusion in subsidiaries.

Additional capital reserves consist of premiums of stock, general reserves, profits of past years, current year earnings, other comprehensive income, less net excess of PPA and allowance for impairment losses on earning assets, and PPA on non-earning assets that must be calculated.

- II. Tier 2 capital consists of general reserves of PPA on the required productive assets (maximum of 1.25% of the RWA for credit risk).

Details of Capital Structure

Rp billion	Bank				Consolidated			
	YoY	2017	2016	2015	YoY	2017	2016	2015
Capital Components								
a. Core Capital (Tier 1)	6.4%	28,219	26,527	25,607	7.6%	33,357	30,997	29,892
b. Complementary Capital (Tier 2)	1.7%	1,137	1,119	1,197	0.9%	1,261	1,250	1,336
Total Core and Complementary Capital (a+b)	6.2%	29,356	27,646	26,804	7.4%	34,619	32,248	31,228
Risk Weighted Assets after Calculations of Credit Risk, Market Risk and Operational Risk	1.9%	126,334	123,952	128,284	1.9%	157,002	154,090	158,766
CAR	0.9%	23.24%	22.30%	20.89%	1.1%	22.05%	20.93%	19.67%

Capital Structure Policy

According to the above BI regulation, to be able to strengthen banking industry resilience in facing various economic challenges, banks were required to increase Tier 1 core capital ratio from 5% to 6%, effective January 1, 2014 and establish additional capital as a buffer effective from January 1, 2016 to January 1, 2019. The provisions on the fulfillment of this buffer are further stipulated in Bank Indonesia Regulation No. 17/22/PBI/2015 dated December 23, 2015 regarding the Obligation of Countercyclical Buffer and POJK. 46/POJK.03/2015 dated December 23, 2015 on the Stipulation of Systemically Important Bank and Capital Surcharge.

The Basis for Management on Capital Structure Policy Stipulation

The percentage of buffer to Risk Weighted Asset (RWA) that had to be fulfilled by Danamon as of December 31, 2017 and 2016 are as follows:

- Capital Conservation Buffer 1.250% and 0.625%,
- Countercyclical Buffer 0.000% and 0.000%,
- Capital Surcharge for D-SIB 0.500% and 0.250%.

The results of the assessment demonstrated that Danamon is able to meet minimum CAR requirements in accordance with the risk profile and is able to meet additional capital (buffer) requirements for both Bank and consolidated.

The Bank supports the policies that have been issued by BI and OJK, and is prepared to meet the various provisions issued in order to achieve sustainable business growth. The Bank is optimistic in meeting the capital requirement to achieve business growth.

Capital Management Strategy

In accordance with OJK regulation No.11/POJK.03/2016 dated January 29, 2016 concerning the Minimum Capital Adequacy Requirement (KPMM) of Commercial Bank and its amendment under OJK No.34/POJK.03/2016 regulation dated September 22, 2016 and OJK Circular Letter No.26/SEOJK.03/2016 dated July 14, 2016, regarding KPMM according to Risk and Equivalency Capital Equivalency Maintained Assets ("CEMA") profile, Danamon is required to perform minimum CAR calculation based on risk profile and perform ICAAP. Danamon measures capital adequacy based on CAR requirements from OJK as well as the adequacy of internal capital to ensure sustainable capital adequacy in support of bank operations.

Internal Capital Adequacy Assessment Process

ICAAP is an assessment conducted by Danamon pursuant to Pillar 2, Basel & OJK Regulations, which not only consider capital adequacy from Pillar 1 (Credit Risk, Market & Operational) but also to cover other risks. In addition to the minimum adequacy of minimum maturity based on the Risk Profile

Rating under OJK rules, Danamon also uses internal calculations to calculate any risks from:

- Credit concentration risk
- Interest Rate Risk in bank book
- Liquidity Risk
- Stress Test Impact

In accordance with Bank Indonesia's provisions, the implementation of ICAAP in Danamon is accompanied by the supervision of the Board of Directors and Board of Commissioners, the process of capital adequacy assessment, risk monitoring and reporting process, and adequate internal control processes. Danamon's Internal Audit Unit conducts an annual review of the ICAAP process independently.

Stress Test

Danamon conducts the Stress Test to estimate the potential impact of extreme events on income and capital. The stress test results are also integrated into the Danamon ICAAP framework. The economist team prepares several scenarios that could cause problems for Danamon at diverse severity levels. These scenarios will be formulated into parameters and approved by the Management.

Every line of business and credit risk, market, and liquidity calculations are subjected to these scenarios. The outcomes will be analyzed and reported to the Board of Directors and the Board of Commissioners.

MATERIAL RELATED TO THE INVESTMENT OF CAPITAL GOODS

The material bonds owned by Danamon are intended as a commitment to purchase capital goods that have been planned in the Bank Business Plan (RBB).

Source of Funds

The source of funds for the purchase of capital goods comes from Danamon's capital, which has been budgeted for the year.

Currency

All transactions conducted in the framework of material binding for capital expenditure are denominated in Rupiah.

Currency Risk Protection Measures

As all bonds and capital expenditure transactions are conducted in Rupiah, Danamon does not need to safeguard against currency risk.

INVESTMENT OF CAPITAL GOODS

Danamon invested in fixed assets in 2017, consisting of buildings, office equipment, motor vehicles and in-progress assets, aimed at supporting the Bank's operating efficiency. Investment in capital goods in 2017 reached Rp265.65 billion, down by 45.8%, compared to 2016, to anticipate relatively limited economic growth in Indonesia.

From 2015 to 2017, Danamon did not enter into any specific binding in capital investment, which the Company needs to disclose.

Capital Expenditures

Rp million	Full Year			
	YoY	2017	2016	2015
Land	-100.0%	-	2,082	52,104
Buildings	42.8%	32,880	23,019	33,568
Office Equipment	-9.6%	206,358	228,213	189,215
Motor Vehicles	-70.6%	12,531	42,559	220,356
Construction in Progress	-92.9%	13,878	194,522	194,734
Total	-45.8%	265,647	490,395	689,977

IMPACT OF INTEREST RATE CHANGES, CURRENCY FLUCTUATIONS, AND CHANGES IN REGULATION ON DANAMON'S PERFORMANCE

Impact of Interest Rate Changes

In all business operations, Danamon actively monitors external conditions that potentially affect the Company's overall performance.

Danamon carries out periodic sensitivity analysis to measure the impact of changes in interest rates by calculating the interest rate gap from the earnings perspective and the economic value perspective. The calculations are based on assumptions and scenarios, both under normal and stress conditions, which have undergone evaluations by Danamon's Management.

Based on the result of measurements, Danamon and its subsidiaries are more able to anticipate the impact of interest rates changes on overall Bank's performance.

The interest rate risk management strategy in the banking book and trading book is managed well through measurement, supervision and internal limit control by taking into account Danamon's and its subsidiaries' business plan as a whole.

Impact of Exchange Rate Fluctuations

The Rupiah exchange rate against foreign currencies is subject to change especially against the USD in 2017, and was within the tolerable limits acceptable by Danamon. Danamon regularly conducts sensitivity analysis to observe the impact of exchange rate changes on Danamon's profitability.

The exchange rate risk control instrument is complemented by the measurement of risk sensitivity to exchange rate changes in the market and backed by a well-established market risk control system in Danamon. Measurement of internal parameters and regulatory requirements are monitored periodically in both the trading book and banking book.

Regular exchange rate monitoring and control has provided positive support on Treasury performance, particularly related to foreign currency portfolio. The volatility of the Rupiah in 2017 was relatively low compared to other Asian currencies.

TARGET ACHIEVEMENT IN 2017

Although not all of Danamon's financial target were achieved, the performance remained satisfactory. The challenge of limited economic growth have affected not only Danamon, but also the banking industry in general. Largely due to the decline in Micro loans, Danamon booked lower than target loan growth. In line with the low growth, Bank Danamon also gathered lower than target total funding balance.

Nonetheless, Danamon was able to book a better than target net interest income. At the same time, Danamon's achievement in fee income was in line with target, amidst banks' intense competition for fee income.

Even though operational expenses slightly increased, the Bank was able to achieve better net profit after tax than target. This is largely the result of reduction in cost of credit, as asset quality improved.

MATERIAL INFORMATION AND FACTS OCCURRING AFTER DATE OF ACCOUNTANT AUDIT REPORTS

No material subsequent event after reporting date.

SIGNIFICANT EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

There was no material events subsequent to the date of accountant report.

OTHER IMPORTANT TRANSACTIONS OF SIGNIFICANT AMOUNT

During 2017, there were no significant transactions conducted by Bank Danamon.

DIVIDEND POLICY

The dividend policy is determined annually through the approval of the Annual General Meeting of Shareholders (AGMS). In 2017, Bank Danamon paid a cash dividend of Rp934.32 billion or 35% of its net profit for fiscal year 2016.

Profits from Year	Date of AGMS	% Net Income	Dividend per Share for Series A and Series B (Rp full amount)	Total Dividend Payment*	Date of Cash Dividend Payment	General & Statutory Reserves*
2014	7 April 2015	30%	81.50	781.15	8 May 2015	26.04
2015	28 April 2016	30%	74.90	717.89	27 May 2016	23.93
2016	12 April 2017	35%	97.48	934.32	12 May 2017	26.70

* In billion Rupiah

SHARE OWNERSHIP PROGRAM FOR MANAGEMENT AND EMPLOYEES

In 2017, Danamon did not have a stock option program for the Board of Directors, Board of Commissioners or employees.

SIGNIFICANT CHANGES OCCURRING IN THE BANK AND BANK'S BUSINESS GROUP IN 2017

No significant changes occurred in the Bank and the Bank's business group up to the period ending December 2017 affecting Danamon's financial position.

MATERIAL INFORMATION ON INVESTMENT, EXPANSION, DIVESTATION, ACQUISITION, OR RESTRUCTURING OF PAYMENT AND CAPITAL

In 2017, Danamon did not undertake any investment, expansion, divestation, acquisition nor restructuring of payment and capital

REALIZATION OF PUBLIC OFFERING PROCEEDS

In 2017, Danamon as a parent company did not conduct any public offering neither bond nor stock issuance.

MATERIAL TRANSACTION INFORMATION CONTAINING CONFLICTS OF INTEREST

In 2017, Danamon did not undertake any material transactions containing conflicts of interest policy with Affiliated Parties Transaction.

DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES

Danamon conducts various transactions with related parties in the conduct of its business activities which do not cause any conflict of interest transactions. Such transactions are carried out according to normal commercial terms such as transactions conducted with non-related parties. More details related to transactions with related parties can be seen in the notes of the 2017 audited financial statements of PT Bank Danamon Tbk (note No. 45).

Related Parties

No	Parties with Special Relations with the Bank	Relationship with the Bank	Type of Transaction	Value of Transaction Danamon (in billion Rupiah)*
1	Standard Chartered Bank PLC	Owned by the same shareholders	Placement	193,13
2	Standard Chartered Bank, Singapore	Owned by the same shareholders	Derivative Acceptance	0,41
3	PT Bank DBS Indonesia	Owned by the same shareholders	Marketable securities	5,59
4	PT Bank Permata Tbk	Owned by the same shareholders	Marketable securities	14,36
5	PT Bank Permata Tbk	Owned by the same shareholders	Placement	15,76
6	PT Bank DBS Indonesia	Owned by the same shareholders	Premium Receivables	1,47
7	PT Bank DBS Indonesia	Owned by the same shareholders	Placement	1,65
8	PT Bank Permata Tbk	Owned by the same shareholders	Bill Acceptance	2,35
9	PT Bank DBS Indonesia	Owned by the same shareholders	Bill Acceptance	0,12
10	Development Bank of Singapore, Ltd	Owned by the same shareholders	Placement	10,54
11	Board of Commissioners, Board of Directors, and Key Employees	Key Executives and Employees	Loan Disbursed	27,20
12	PT Matahari Putra Prima Tbk	Owned by the same shareholders	Loan Disbursed	45
Total				317,57

*) The above figures are presented before the established PPAP is deducted.

CHANGES IN LEGISLATION HAVING A SIGNIFICANT EFFECT ON THE BANK

Some of the new banking regulations issued by the Financial Services Authority and Bank Indonesia in 2017 and their impact on Bank Danamon are outlined in the following table:

Regulations	Description	Impact on Bank Danamon Indonesia
Bank Indonesia Regulation No.19/6/PBI/2017 Concerning the Fifth Amendment to Bank Indonesia Regulation No.15/15/PBI/2013 About Minimum Reserve Requirement for Commercial Banks in Rupiah and Foreign Currency for Conventional Commercial Banks.	<p>Amendments to PBI 19/6/PBI/2017 against previous PBIs are PBI 18/14/PBI/2016 are as follows:</p> <ol style="list-style-type: none"> 1. Obligation of Primary Statutory Reserves - Rupiah for an average of 6.5% (six point five percent) of Deposits in rupiahs for a specified 2 weeks: <ol style="list-style-type: none"> a. daily by 5% (five percent); b. on average for a given reporting period of 1.5% (one point five percent). 2. The period of calculation of Third Party Funds in the fulfillment of the Primary Statutory Reserves and Secondary Reserve Requirement (in Rupiah) at Bank Indonesia previously in 1 (one) reporting period into 2 (two) reporting periods. 3. In the case of Primary Statutory Reserves and Secondary Statutory Reserves (in Rupiah), the Bank shall compile the position of the balance of the Rupiah Account of the Bank at Bank Indonesia at the end of each day within 2 (two) reporting periods against the daily average number of DPK in rupiah at 4 (four) of the previous reporting period. 4. Excess reserve is not treated in the secondary reserve requirement - Rupiah. <p>This Bank Indonesia Regulation came into force on 1 July 2017</p>	This GWM calculation provides more flexibility for the Bank in managing the liquidity of the Rupiah. Banks may meet Rupiah Statutory Reserves of 1.5% on average in a given period. To fulfill the Rupiah Statutory Reserves of 5% is still done everyday.
Regulation of the Financial Services Authority No. 14/POJK.03/2017 on the Plan of Action (Bank Recovery Plan)	<p>Scope of Dispositions:</p> <ol style="list-style-type: none"> 1. Systemic Bank Obligation in preparing and submitting an action plan (Recovery Plan). 2. The Recovery Plan contains at least the following: 3. Executive summary; 4. Systemic Overview of Systemic Banks; 5. Recovery Options; and 6. Disclosure of the Plan of Action (Recovery Plan). 7. Submission of Recovery Plan to OJK shall be no later than 6 (six) months since its establishment as a Systemic Bank. For banks designated as Systemic Banks, the first submission shall be no later than 29 Dec 2017. 8. Provision of sanctions on the Recovery Plan. <p>This Regulation of the Financial Services Authority was enforced on 7 April 2017</p>	The Bank has established and delivered a recovery plan to OJK in accordance with the provisions of this regulation.

Regulations	Description	Impact on Bank Danamon Indonesia
Regulation of the Minister of Finance No.73/PMK.03/2017 on Amendment to Regulation of the Minister of Finance No.70/PMK.03/2017 About Technical Guide Regarding Access to Financial Information for Tax Interests	<p>This Regulation is issued under Government Regulation no.1 of 2017 which allows the Directorate General of Taxation (“DGT”) to access financial information from financial institutions for tax purposes and to comply with Indonesia’s commitments in international agreements relating to Automatic Exchange of Financial Account Information (“AEOI”).</p> <ol style="list-style-type: none"> 1. Access financial information for tax purposes <ol style="list-style-type: none"> a. The Bank shall report the financial information of the customers to the DGT on a regular basis or on request. In addition, the DGT may request other financial information within the framework of inspection/collection/tax disputes. b. Threshold Routine Report on customer’s financial information as of December 31 of each year: <ol style="list-style-type: none"> 1) Individual Customer (minimum balance Rp 1 billion); or 2) Non-Individual Customer (without any balance limitation). c. Financial information reported in the Routine Report includes: d. The Routine Report shall be submitted no later than 30 April from the end of the reporting period. 2. Access to AEOI- related financial information <ol style="list-style-type: none"> a. Financial information reported to the Financial Services Authority (“OJK”) includes: b. Reports are submitted by 1 August from the end of the reporting period. c. From 1 July 2017, Banks are required to perform identification procedures related to the account holder’s tax residency and ensure that account holders, financial and controlling accounts of such accounts need to be reported on the basis of international tax treaty standards. d. Financial accounts held by Non-Individuals and opened before 1 July 2017 whose balances do not exceed USD 250,000 are exempt from this reporting. <p>This rule is valid from 2 June 2017.</p>	The Bank will apply these terms starting from the December 31, 2017 reporting period.

Regulations	Description	Impact on Bank Danamon Indonesia
Regulation of the Financial Services Authority No.50/POJK.03/2017 on Obligation of Fulfillment of Net Stable Funding Ratio for Commercial Banks	<p>Scope of Dispositions:</p> <ol style="list-style-type: none"> Liabilities of banks BOOK 3 and BOOK 4 in conveying liquidity risk in the form of obligations to meet the Net Stable Funding Ratio (NSFR) aimed at reducing liquidity risk related to funding sources for a longer period by requiring the Bank to fund activities with sources' sufficient funds to mitigate future financial hardship risks. $NSFR = ASF / RSF \geq 100\%$ $ASF = \text{total liabilities and equity are stable for a period of 1 (one) year.}$ $RSF = \text{total assets and off-balance sheet transactions that need to be funded by stable funding.}$ Banks are required to monitor NSFR compliance and submit NSFR reports, either individually or consolidatively, to the Financial Services Authority. Monitoring of the NSFR report is made monthly, which takes effect for the position of the final report of January 2018. Submission of NSFR Report and Bank NSFR Working Paper to OJK shall be conducted every 3 months, which come into effect for the position of report of March 31, 2018. In addition, Banks are required to publish NSFR Reports every 3 months, which come into effect for the position of report of March 31, 2018, through: <ol style="list-style-type: none"> Bank website for NSFR Report end of report quarter; and At least 1 (one) daily broad-sheet print newspaper published in the Indonesian language, Bank website, and online for the NSFR percentage value of the end position of the quarterly report included in the quarterly publication report. Provisions on sanctions for Banks that do not meet this provision. <p>This Regulation of the Financial Services Authority came into force on 17 July 2017</p>	Currently, there was no impact on FY 2017. However, this regulation will take in place as of 2018

CHANGES IN ACCOUNTING POLICIES

The implementation of the above standards did not result in changes to accounting policies and had no significant impact to the consolidated finance statements for current or prior financial years.

Effective on or after 1 January 2017:

- SFAS No. 1 (Amendment), "Presentation of Financial Statements".
- SFAS No. 3 (Amendment), "Interim Reports".
- SFAS No. 24 (Annual Improvement 2016), "Employee Benefits".
- SFAS No. 58 (Annual Improvements 2016), "Impairment of Assets".

- SFAS No. 60 (Annual Improvement 2016), "Financial Instruments: Disclosures".
- SFAS No. 102 (Amendment), "Murabahah Accounting".
- SFAS No. 103 (Amendment), "Salam Accounting".
- SFAS No. 104 (Amendment), "Istishna Accounting".
- SFAS No. 107 (Amendment), "Ijarah Accounting".
- SFAS No. 108 (Amendment), "Syariah Insurance Transactions Accounting".
- ISFAS No. 32, "Interpretation on Definition and Hierarchy of Financial Accounting Standard".

The implementation of the above standards did not result in changes to accounting policies and had no significant impact to the consolidated finance statements for current or prior financial years.



OPTIMISTIC

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📍 Risk Management

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

VISION AND MISSION

Vision

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

Mission

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

PILLARS AND PRINCIPLES OF RISK MANAGEMENT

Seven Pillars of Risk Management

Danamon's risk management principles are based on the Seven Pillars of Risk Management which focused on the following seven areas:

- First Pillar: Good Corporate Governance**
Involve active monitoring and supervision of the Board of Commissioners, Directors and Syariah Supervisory Board (for Syariah Business) and establish several committees to support the implementation of risk management governance.
- Second Pillar: Risk Framework**
Each employee is required to understand and participate in risk management according to his or her function and responsibility. Integrated Risk Management Directorate as a second line of defense is responsible to define the Risk Architecture and prepares the basic guidance for managing and monitoring the risks. All lines of business and supporting functions will work based on these guidelines.
- Third Pillar: Risk Management Standards**
Risk management is carried out through the consistent and discipline implementation and approach to the identification, measurement,

monitoring and control for each risk comprehensively and effectively.

d. Fourth Pillar: Accounting Standards

All financial accounting, reports and records that provided to regulators and external stakeholders should be in accordance with the prevailing accounting standards.

e. Fifth Pillar: Technology & MIS

Implementation of safe and reliable information technology and management system are tailored to the size of business activity as well as Danamon's risk management framework.

f. Sixth Pillar: Human Resources

Ensure that the officers who manage the risks at all levels are competent and experienced according to the condition, size, and complexity of business operational. Danamon requires the candidates and relevant officers to obtain risk management certification issued by professional certification agency which is accredited by the regulator.

g. Seventh Pillar: Risk Awareness and Culture

Implementation of prudent approach in developing business strategies are tailored to the risk appetite.



Three Lines of Defense Approach

Furthermore, to monitor, control and manage the risk, Danamon implements the Three Lines of Defense approach as follows:

Board of Commissioners Supervision		
Board of Directors Supervision		
First Line of Defense	Second Line of Defense	Third Line of Defense
<ul style="list-style-type: none"> Line of Business Support Function 	<ul style="list-style-type: none"> Integrated Risk Management Compliance 	<ul style="list-style-type: none"> Internal Audit
Lines of business and support functions as risk owners are the first line of defense who are responsible to daily risk management in each working unit.	Integrated Risk Management Directorate and Compliance Division have a role as second line of defense to perform the function of risk management monitoring independently.	Internal Audit has a role as the third line of defense who control through independent testings and audits on the accuracy of lines of business and supporting units' processes as well as ensuring that they carry out functions and responsibilities in accordance with prevailing policies and procedures.

Integrated Risk Management

In accordance with the Financial Services Authority's (OJK) regulation on the financial conglomeration, Danamon as the main entity, has formulated integrated risk management by consolidating all risks of the Bank and its Subsidiaries to anticipate possible interaction between one risk exposure to other risk exposure so it can ensure

that all different types of risk are managed effectively. Danamon as the main entity manage and monitor ten risks i.e. credit, market, liquidity, operational, legal, reputation, strategic, compliance, investment, and rate of return risks, and additional two risks that are managed in the implementation of integrated risk management i.e. intragroup transactions and insurance risk.

The key elements that support Danamon risk management governance structure are:

- Active supervision of the Board of Commissioners and the Board of Directors.
- Adequacy of policies, procedures and limit setting.

- Risk Management Process and Risk Management System.
- Internal Risk Management Control System.

ACTIVE SUPERVISION OF BOARD OF COMMISSIONERS, SYARIAH SUPERVISORY BOARD AND BOARD OF DIRECTORS

The Board of Commissioners, Syariah Supervisory Board (for Syariah Unit) and Board of Directors are the determinants of the success of risk management through their active supervision. Recognizing the strategic role of the three boards, Danamon has determined the allocation of supervisory duties to each board as follows:

Active Monitoring Function		
Board of Commissioners	Syariah Supervisory Board	Board of Directors
The Board of Commissioners may delegate risk monitoring function to the Risk Monitoring Committee. However, the Board of Commissioners remains the ultimate responsible party.	Danamon appoints the Syariah Supervisory Board at Syariah Unit in accordance with the recommendation from the National Syariah Council - Indonesian Council of Ulama and approval from Financial Services Authority (OJK).	<ul style="list-style-type: none"> • As the responsible party for implementation of operational activities, including monitoring the implementation of risk management. The Board of Directors has a role in determining the direction of risk management policy and strategy comprehensively including its implementation. • The Board of Directors has established the Risk Management Committee to support their functions and responsibilities.
a) Conduct monitoring of the risks and evaluate the accountability of Board of Director on the implementation of risk management policies and strategy, and risk exposures through periodic review with Board of Directors. b) Approve business activities which require the Board of Commissioners approval. c) Approve policy which requires Board of Commissioners approval as mandated by Financial Services Authority (OJK)/Bank Indonesia (BI) regulations. d) Carry out the risk management function as stipulated in the regulations. e) Delegate authority to the Board of Directors that enable them to approve business activities and other tasks. f) Directing, monitoring and evaluating information technology strategic plans and policy related to the use of information technology.	a) Ensure the implementation of Integrated Risk Management is not contrary to Syariah principles. b) Assess and ensure the compliance with Syariah Principles for the Syariah products, policies, procedures and business activities within the Bank and/or Subsidiaries, individually and integrated, also do monitoring in order to comply with the fatwa of 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 regarding matters related to Syariah principles. d) Coordinate with the National Syariah Council to discuss the Bank's proposals and recommendations on product and service development which need the review and decision from National Syariah Council. e) Evaluate the risk management policies related to 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 the implementation of risk management policies, strategies, and framework. b) Approve business activities that require the Board of Directors approval. c) Develop risk management culture at all level of organization. d) Monitor the quality of risk performance compared to prevailing norms. e) Ensure the Management adopts prudent and conservative approach in developing their business. f) Determine risk appetite. g) Periodically review the risk management framework, process and policy. h) Ensure the corrective action for problems or irregularities in the business activities that found by Internal Audit (SKAI). i) Ensure the effectiveness of management and improvement of human resources competency related to the implementation of risk management. j) Assign competent officers in the unit according to the nature, quantity and complexity. k). Develop and put in place the mechanism of transaction approval including those which exceed the authority limit for each level of the position.

RISK MANAGEMENT POLICIES, PROCEDURES, AND DETERMINATION OF RISK LIMIT

Danamon has Integrated Risk Management Policy which cover the risk management in general and each type of risk. This policy describes the implementation of risk management, policies and procedures; identification, measurement, monitoring, risk control, risk management information system and internal control system for each type of risk that are managed by Danamon and its Subsidiaries.

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

However, since the Subsidiaries are the separated entities from the Bank, the implementation of the Integrated Risk Management should consider the laws of Limited Liability Companies and the Capital Market, also other related external regulations. The Bank as main entity and its Subsidiaries as the member of financial conglomeration have developed their own detailed guidelines and procedures. Those guidelines and procedures are in line with the Integrated Risk Management Policy and other related external regulations.

Danamon has had Credit Risk Policy, Operational Risk Management Policy, Market and Liquidity Risk Management Policy, Information Security Policy and Business Continuity Management Policy which are prepared separately and refer to the Integrated Risk Management Policy.

Danamon risk management policy is implemented through integrated risk management that enables its management to oversee the risks across all lines of business in an integrated manner, including Subsidiaries. Integrated risk management is a combination of strategies, processes, resources, competencies and technologies that aimed in evaluating and managing the risk for the purpose of providing value add to shareholder in line with

business strategy and increase the quality of the risk management process, so the capital management can be more effective and efficient.

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

The Bank and Subsidiaries, both individually and integrated, have established the risk limits in accordance to the level of risk to be taken, risk tolerance and financial conglomeration's strategies. Establishment of risk limit is done at the group level and then cascaded to lines of business and Subsidiaries. The policies, procedures, risk limits, and risk management systems are reviewed periodically to adapt to changes in market conditions, products, and services being offered.

THE ORGANIZATION STRUCTURE OF RISK MANAGEMENT

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

Risk Monitoring Committee

The Risk Monitoring Committee is the highest risk management authority at the Board of Commissioners level that serves as a supervisory board to monitor the implementation of risk management strategies, policies, and to evaluate the Board of Directors' accountability in managing the risk exposure.

Risk Management Committee

At the Board of Directors level, a Risk Management Committee has been established to responsible in managing overall risks in Danamon as well as in its Subsidiaries by overseeing the implementation of risk management strategy, policies and evaluating significant risk issues.

Integrated Risk Management Committee

In line with OJK regulation regarding Risk Management for Financial Conglomeration, Danamon has established an Integrated Risk Management Committee that is chaired by the Integrated Risk Director and the member of committee consists of appointed Directors from each Subsidiary and the Division Heads of Integrated Risk Management Directorate.

Integrated Risk Management Directorate

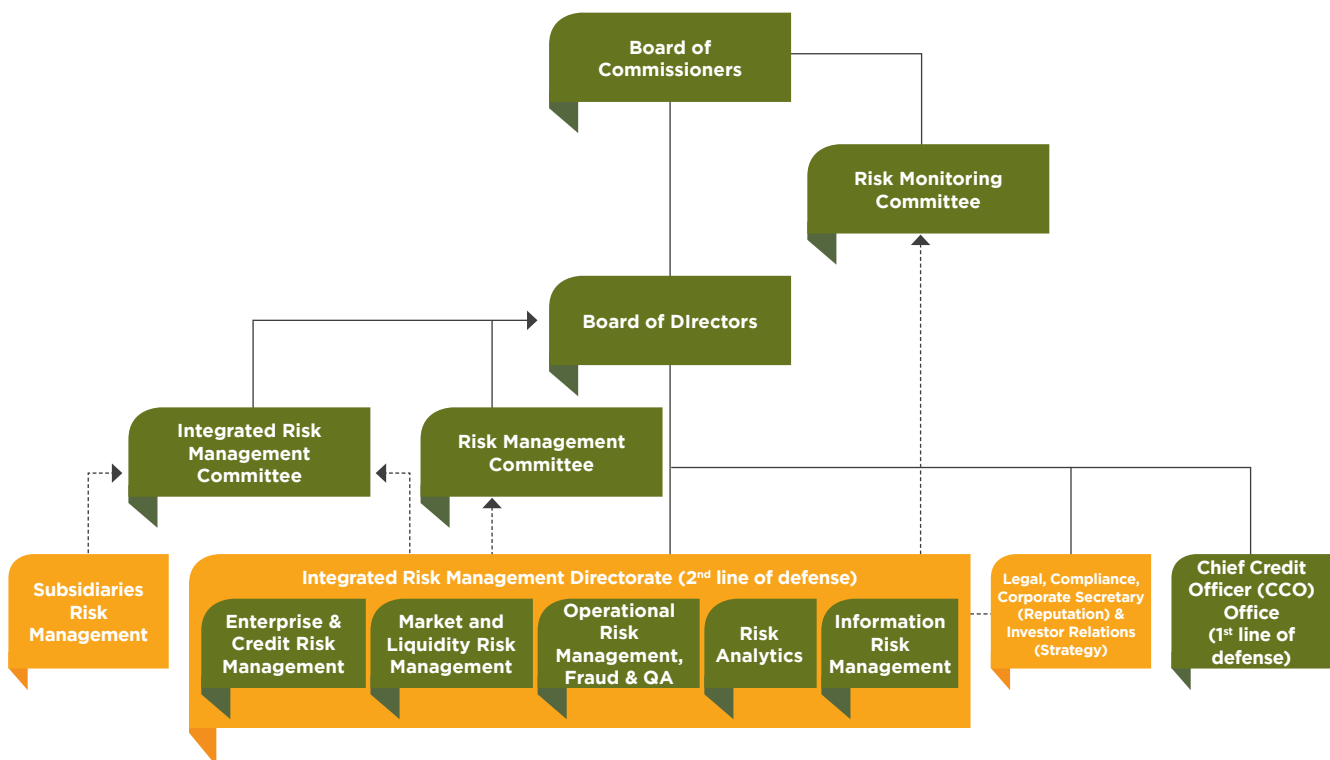
The Risk Management Directorate covers the unit that combines credit risk, market, liquidity, operational risk and information risk within a single organization. In the implementation of integrated risk management, the adjustments have been done to the Risk

Management Directorate by adding an integrated risk management function to ensure that the integrated risk identification, measurement, monitoring and control processes can be done and reported in accordance with the risk management framework and the regulatory regulation.

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

The Integrated Risk Management Directorate develops an overall risk management strategy that includes the policies, methodologies, frameworks, limits, procedures and control for all lines of business including Subsidiaries.

Risk Management Organization Structure



To ensure the Risk Management function has operated independently, since April 2017, the Bank has established the Chief Credit Officer working unit (CCO Office) that is independently responsible for managing credit risk effectively as the first line of defense. This unit is separated from Integrated Risk Management Directorate.

In February 2017, under the Integrated Risk Management Directorate, the Bank has established a special division, called as Information Risk Management Division. This division is intended to establish the policy, procedures, tools and governance frameworks to help managing the operational risks related to Information Technology,

Information & Data Security and Business Continuity Management. This division consists of three units as follows:

- a. IT Risk Management Unit, responsible to manage the potential risk related to the extensive use of information technology systems within the Bank, it includes providing risk review, opinion and recommendation to any new products and services that are supported by Information Technology systems from the perspective of risk management,
- b. Information Security Unit, responsible to manage the potential risk related to information & data security within the Bank. The aim of the Unit is to provide relevant policy, frameworks and guidelines from a risk management perspective, as a baseline or a basis for Information Security implementation within the Bank.
- c. Business Continuity Management Unit, responsible to manage the risk related to the potential impact on business operations of the Bank as a result of any emergency incident and/or security event. The aim of the Unit is to provide the necessary policy, contingency procedures and guidelines

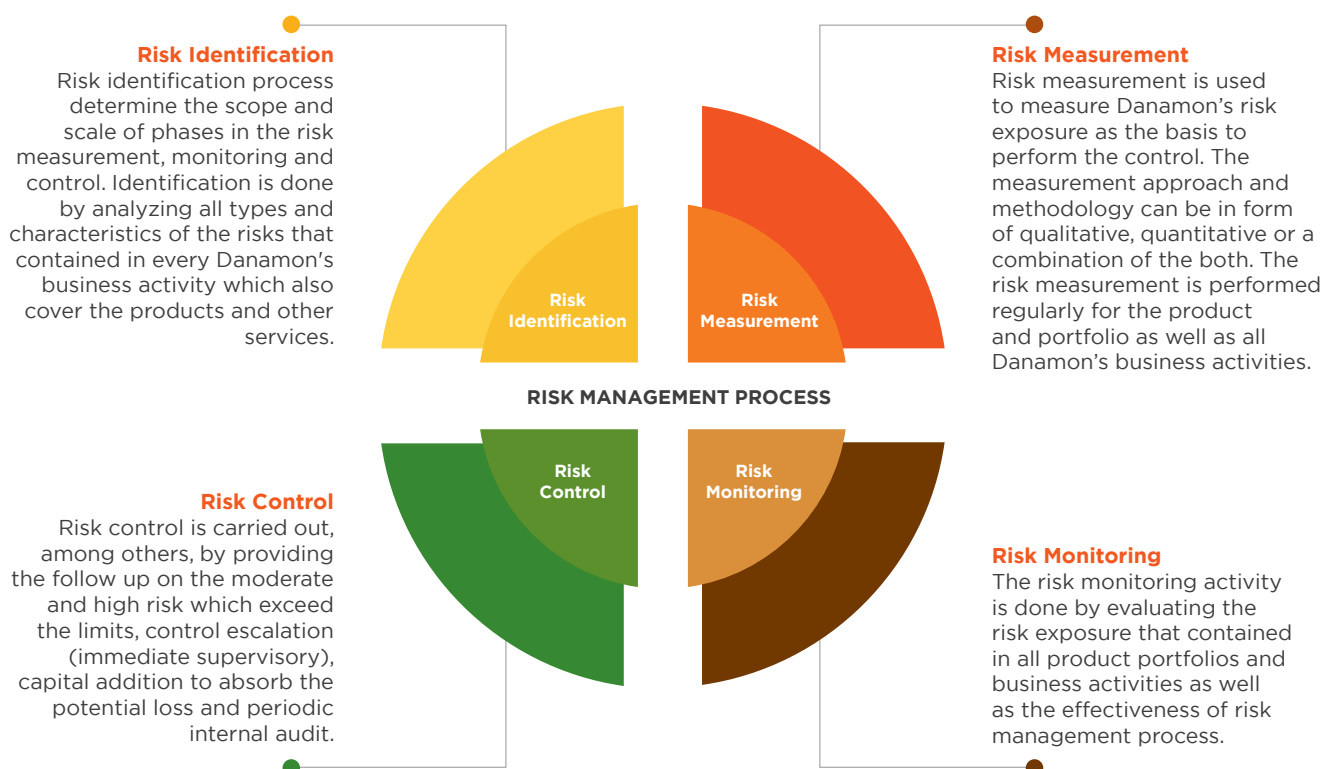
to help the lines of business maintain effective operational activities and provide customers with uninterrupted services while safeguarding the security of our staff and our physical assets in the event of an emergency.

These three units, as mentioned above, perform all activities related to the identification of potential vulnerabilities and threats that may harm the Bank while continuing their normal business activities, including providing guidance in the safe guarding private and confidential data and securing the technology infrastructure. The units are responsible for providing policy, procedures and tools that will help to mitigate against the identified potential operational risk.

Risk Management Process and Risk Management Information System

Danamon has performed the process of identification, measurement, monitoring and control over all risks encountered both at main entity and subsidiary level. This process is included in the policy and work guidance at every line of business and Subsidiaries.

The overview of risk management process is as follow:



Within the Risk Management structure applied by Danamon, the Integrated Risk Management Directorate consolidates all Danamon's risk exposures that managed by each risk holder, which is functional units.

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

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

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

INTERNAL CONTROL

Implementation of internal control in risk management include:

- a. Establishment of organization structure by performing a clear separation of functions between the operational unit and the risk management unit. This is in line with the Three Lines of Defense principle.
- b. Establishment of Integrated Risk Management Directorate which is an independent unit that creates risk management policies and methodology for risk measurement, establishes risk limits and performs the validation of data and model.
- c. Review and monitoring of every transaction and functional activity that has risk exposure, as required by each line of business.

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

Danamon also periodically review the effectiveness of risk management implementation including the adequacy of policies, procedures and management information systems. Including conduct internal audits on the risk management process and monitoring the corrective action on audit findings.

Human Resources

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

Risk Culture

A strong risk management culture can be created if all employees are aware of and understand the risks they encounter in doing their activities. In this case, Danamon is committed to establish a combination of unique values, belief, implementation and management supervision that will ensure that all levels in Danamon conduct Bank operational in a prudent manner and based on best practices.

Risk culture is defined through:

- The 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.

The risk awareness and culture at all organizational levels is established through:

- Communicate the importance of managing the risks.
- Communicate the level of expected risk tolerance and risk profile through setting various limits and portfolio management.

- Empower the employees to manage the risk in their activities prudently, including provide adequate risk mitigation.
- Monitor the effectiveness of risk management in all areas.

SPECIFIC RISK MANAGEMENT

- a. Risk Management of New Products and Activities
- In accordance with the Bank's business plan, Danamon has formulated a policy that governs the procedures of product issuance and monitoring. Including the implementation of risk management on new product/activity in accordance with prevailing regulation.

New products are prepared and recommended by the Lines of Business and/or Product Units and/or Subsidiaries who own the product. Integrated Risk Management Directorate and other related working units, such as Legal Division and Compliance Division, will conduct a review of the new products. The Product Program must also pass a compliance test before being launched.

New products must be approved by the Board of Commissioners. The authorization of approval for product extension is differentiated based on the risk level. Product risk level is evaluated based on product performance, targeted customer, the complexity of operational process and market condition. For Syariah product, it should be consulted and obtain approval from the Syariah Supervisory Board.

- b. Risk Management of Syariah Unit

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

Product/activity undertaken by the Syariah Unit are also reviewed by the Integrated Risk Management Directorate and other related working unit as well as obtaining the Compliance Test. Risk measurement is performed by using an appropriate methodology for the characteristics of Syariah business, through the measurement of risk profile level that evaluated on a quarterly basis and subsequently submitted to the regulator.

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

- c. Risk Management of Subsidiaries

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

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

Monitoring and evaluation outcomes of Subsidiaries' risk exposure are reported periodically. The monitoring covers the detailed and depth analysis of Subsidiaries'

portfolio performance, including but not limited to portfolio restrictions that have been approved in the Product Program. The Subsidiaries' risk management is one of the major focuses of corporate management because it plays an important role in supporting Danamon's strategy plan.

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

EVALUATION ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

To carry out an evaluation on the effectiveness of risk management, the Board of Commissioners and the Board of Directors actively oversee the implementation of risk management through the subordinate committees.

To obtain sufficient data and overview of the actions taken in risk management, the committees meet regularly to discuss risk related issues and provide the recommendation to the Board of Commissioners and Board of Directors.

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

RISK PROFILE

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

In accordance with the monitoring results of each main risk group that are analyzed by Danamon during 2017, the composite rating for Danamon's individual, consolidated and integrated risk profile as of 31 December 2017 is ranked 2 (Low to Moderate).

The following is the Bank's consolidated Risk Profile as of 31 December 2017:

Risk Profile	Consolidated Risk Profile Assessment as of 31 December 2017		
	Inherent Risk	Quality of Risk Management Implementation	Risk Level Rating
Credit Risk	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
Reputational 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

IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

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

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

- Established an Integrated Risk Management Committee that is chaired by Integrated Risk Director and the members consist of appointed Director of each Subsidiary and Division Heads of the Integrated Risk Management Directorate.
- Adjusted the organization structure by establishing an Integrated Risk Management Directorate that monitors the risks of Financial Conglomeration.
- Established an Integrated Risk Management Policy.
- Prepared and submitted an Integrated Risk Profile Report.
- Applied Group Risk Appetite Statement to the lines of business and Subsidiaries.
- Continuous coordination, communication and socialization with Subsidiaries.

The roles and responsibilities of the Integrated Risk Management Committee are to provide the recommendations to the Board of Directors regarding the preparation of the Integrated Risk Management Policy and the improvement of the Integrated Risk Management Policy based on the results of the implementation evaluation.

During 2017, the Integrated Risk Management Committee held periodically meeting to discuss regarding:

- Integrated Risk Profile Report
- Risk Profile Report and Update from Subsidiaries
- Group Risk Appetite Statement
- Recovery Plan
- Other issues that require the recommendations from the Committee.

RISK MANAGEMENT FOCUS AND ACTIVITIES IN 2017

In accordance with the Bank's business plan, in 2017, Danamon continued to conduct the previous year programs and implement a number of new programs as follows:

Risks	Activities
Integrated	<ul style="list-style-type: none"> • Implementation of Integrated Risk Management in the Bank and its Subsidiaries within the Financial Conglomeration. • Integrated risk management that includes Intragroup Transactions Risk and Insurance Risk. • Improvement of Risk Profile report in accordance with regulatory requirements. • Update Risk Appetite Statement (RAS) and applied to the lines of business and Subsidiaries. • Establishment of Recovery Plan in accordance with the Financial Services Authority Regulation No. 14/POJK.03/2017 for the Systemic Bank. • Setting up Risk Management School on an ongoing basis as a means of risk management learning for all Bank employees through face-to-face classroom training. • Carrying out bank-wide stress tests according to Basel II at least once a year. • Implementation of ICAAP framework that already had by the Bank continuously. • Establish a special division which is Information Risk Management Division that is responsible to manage the risk related to the usage of Information Technology, Information Security and Business Continuity.

Risks	Activities
Credit	<ul style="list-style-type: none"> • Implementation of bankwide negative list database to improve underwriting process. • Update Internal Rating Model for Corporate line of business, Commercial line of business, Financial Institution and Financing Company which cover the review on segmentation and logic of Internal Model, Model Refinement and Model Validation including PD, LGD and EAD calibration. • Development of Early Warning Indicator for Corporate and Commercial line of business. • Development of Risk Based Pricing Model for Corporate and Commercial line of business. • Development of Scorecard and Internal Rating Model for Small Medium Enterprise (SME) line of business. • Development of Scorecard Model for Housing Loans (KPR) and Multi Purpose Loan (KMG) product. • Development of Cross Selling Scorecard Model for credit card & unsecured loan based on customer's cash flow accounts data. • Development of PSAK 71 or IFRS9 Model for Corporate, Commercial, Financial Institution, Financing Company, SME, KPR, KMG, Credit Card, KTA, Micro Credit (SEMM), Auto Loan, Investment and Insurance. • Establishment of CCO (Chief Credit Officer) Office that functions independently and focuses as credit approver and provides remedial solutions. • The Bank already has put into effect a Credit Risk Policy that has been implemented in all Bank Lines of Business including Subsidiaries. The Bank has also established an Enterprise Banking Credit Guideline. • Established and categorized different types of industries into industrial groups of high, medium, and low risk levels. The Bank focus its growth on industries with medium and low risk levels. • Continue the focus on acquiring new loans in low risk lines of business such as Mortgage and conduct Cross Sell. • Reduce lending to high risk segments such as ABF, SEMM and UPL. • Implementation of credit infrastructure system such as Credit Processing System (CPS) in SME line of business and Rules Based Engine in SME and SEMM line of business. • Regularly review of all relevant procedures, policies and limit, and make adjustment if necessary, including any adjustments required by OJK/BI regulation and other relevant authorities. • Regularly review of product programs in the possession of the Bank, in terms of portfolio, criteria, and restrictions and other requirements, and make necessary adjustments. • Perform backtesting periodically to assess the adequacy of credit provision. If necessary, addition of credit provision will be done based on that backtesting results. • In the SEMM business, several initiatives have been undertaken, including the separation of DSP SEMM units into 2 groups i.e. Micro Banking and Special Asset. <ul style="list-style-type: none"> - Micro Banking, the unit identified as having potential and become the work unit that sustains SEMM loan growth. Collection and initiation will be part of 'Single Captain' expected to encourage a healthier loan growth. - Special Assets (SA) cover all units which are focused on handling collection process i.e. credit payments, settlement and closing of credit facility. The major standpoint of the collection unit within SA units is a good step in improving loan quality.
Operational, Fraud and QA	<ul style="list-style-type: none"> • Improve the independence of functions and roles of operational risk officer in lines of business, support functions and Subsidiaries. • Refine the Operational Risk Management System (ORMS) application to improve effectiveness in operational risk management comprehensively both in the Bank and its Subsidiaries. • Build awareness of Operational Risk Management through e-learning, risk management school modules, e-mail blast, anti-fraud awareness videos, The purpose is to enhance awareness throughout all of management and employees of the importance of operational risk management. • Implementation of ORPA (Operational Risk Pre Assessment) to review risks on new strategic initiatives, as well as the risk mitigation recommendations. • Self Raise Campaign to provide a tool for employees in raising an issue that has the potential to cause operational risk. • Apply escalation mechanisms to potential/operational risk events. • Implementation of Risk Acceptance to ensure uncompleted operational risk action plan that exceeds 12 months has received management approval.

Risks	Activities
Information Technology, Information Security and Business Continuity	<ul style="list-style-type: none"> Establish the Bank's Information Security Policy as a baseline and minimum requirements to provide guidance for the risk management implementation related to the Information Security aspects in Bank Danamon Indonesia. Conduct Cyber Security Workshop for the Board of Commissioners, Board of Management as well as for the members of the Incident Management Team (IMT). This aspect is inline with the Bank's business strategy in the era of digitalization, to increase the awareness of cyber risk management. Develop a standard template containing controls requirements to facilitate the risk review activity of any projects, new products and/or services, which is supported by Information Technology. By having this standard template, the risk review process can be more measureable and with uniform quality, Continue and enhance the comprehensive Business Continuity Management (BCM) implementation to maintain the contingency of the business activities and operational in the event of emergency. The implementation of BCM covers both, critical and non-critical business function, by doing a coordination in Business Continuity Plan (BCP) development, monitoring of the BCP test, and incident handling management. Implement the BCP Automation program to electronically store the BCP documentation inside the ORMS system. Increase awareness related to Information Risk Management, covering BCM and Information Security aspects, for all lines of management and employees through many medias and sessions, for example: Line of Business Sharing Session, Risk Academy, distribution of educational and awareness improvement materials via periodic eMail broadcasting, etc. It also includes the development of online training material (e-Learning).
Market and Liquidity	<ul style="list-style-type: none"> Updating the Bank's Market and Liquidity Risks limit structure and policies of the Bank. Enhancement in LCR calculation and reporting aligned with OJK regulation. Enhancement of NSFR calculation aligning with OJK regulation to be applied in 2018. Validation of the market and liquidity risk measurement methodology. Implementation of ALM SunGard System in the Subsidiaries in line with the Bank as the main entity.

RISK MANAGEMENT EFFORTS WITH DISCLOSURE OF EXPOSURE AND IMPLEMENTATION OF RISK MANAGEMENT

A. Credit Risk

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

1) Credit Risk Management

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

The Bank has the Credit Risk Policy, which is the core policy and the main frame of reference in implementing credit risk management both at the Bank and its Subsidiaries. This policy, 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 being synchronized to Danamon's risk appetite level.

Process	Implementation Measures
Identification	<ul style="list-style-type: none"> 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 adjusting the risk appetite, risk profile, and the Bank's business plan.
Assessment	<ul style="list-style-type: none"> Develop and implement credit risk assessment methodology, such as internal credit rating and credit scorecards that are consistently enhanced and validated to evaluate loan disbursements as well as other facilities related to credit; Establish 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.
Monitoring	<ul style="list-style-type: none"> Periodically monitor risks taken in accordance with risk appetite and business performance remain within the desired limits; 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	<ul style="list-style-type: none"> Periodically establish and review the Policies and Guidelines on the implementation of credit risk management, applicable to business units in both general and specific terms; Implement adequate four eyes principles in every process of credit facility approvals; Delegate authority on credit approvals to selected members of the Credit Committee, based on qualifications and competencies; Set Legal Lending Limit for both individual and group debtors, both affiliated and non-affiliated 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 a proper and productive manner; Build-up reserves in line with the existing regulations; Develop an independent and sustainable internal control system.

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

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

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

Credit Risk Internal Rating and Scorecard Model

Danamon has established the Risk Modeling and Quantitative Technique team to develop, implement, monitor, and review the risk modeling, methodology, and quantitative technique. And to make sure that the bank has its robust risk modeling for prudent portfolio

management, for the credit business as follows:

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

In addition to the above models, also development of Probability of Default (PD) model, implementation “Danamon Rating Scale” (DRS) which is mapped to PD Model and scores/rating that are applicable to all lines of business.

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

2) Credit Concentration Risk

The risk of credit concentration arises when borrowers are engaged in similar business activities, have business activities in the same geographical area, or have similar characteristics that may affect the ability of the customer not to fulfill his contractual obligations, and are equally affected by changes in economic conditions or other conditions.

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

3) Measurement and Control Mechanism of Credit Risk

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

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

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

4) Provisioning

The loan provision for Danamon is conducted through Loan Loss Provision (LLP) methodology, as well as through Provision for Assets (PPA), which are applicable for the Danamon line of business and its Subsidiaries, for both conventional credit and syariah financing that comply with the existing conditions and regulations.

The LLP calculation is referred to the Indonesian Banking Accounting Standard (PAPI) that is stated as loan impairment. The calculation of Loan Loss Provision (LLP) is based on impaired loans amount using the methodology which are developed by Danamon and approved by the Board of Directors.

Calculation of LLP is defined as follows:

- Individual LLP is provision for impairment of financial assets which are evaluated individually using the discounted cash flow method, which calculated the difference between the fair value of the current asset and the fair value of the asset prior to the impairment.
- Collective LLP is provision for impairment of financial assets which are evaluated collectively, if there is no objective evidence of assets impairment that is evaluated individually.

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

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

5) Disclosure of Danamon Quantitative Credit Risk

Danamon quantitative credit risk calculations for 2017 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

No	Portfolio Category	December 31, 2017									
		Net Receivables Based on Region									
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
1	Receivables on Sovereigns	24,906,212	17	-	245	-	-	42	-	-	
2	Receivables on Public Sector Entities	1,372,103	-	51	121	293	104	46	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	
4	Receivables on Banks	5,582,431	67,896	35,169	60,633	3	3,083	38,811	159,113	40	
5	Loans Secured by Residential Property	2,644,851	180,466	233,383	29,676	22,002	67,540	85,869	85,799	4,396	
6	Loans Secured by Commercial Real Estate	961,258	-	115,722	12,279	22,074	75,450	21,285	28,069	9,549	
7	Employee/ Pensioner Loans	-	-	-	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	9,917,251	2,530,312	3,297,956	4,125,227	2,430,753	5,271,468	2,441,895	527,167	1,276,042	
9	Receivables on Corporate	43,874,182	2,985,027	5,579,035	2,708,738	2,815,693	4,778,381	3,199,387	1,382,948	1,662,376	
10	Past Due Receivables	808,162	94,241	198,123	198,290	177,875	181,161	175,621	75,557	126,239	
11	Other Assets	4,248,066	213,138	262,479	489,063	332,075	374,354	357,095	208,755	270,909	
Total		94,314,516	6,071,097	9,721,918	7,624,272	5,800,768	10,751,541	6,320,051	2,467,408	3,349,551	

(Rp million)

		December 31, 2016									
		Net Receivables Based on Region									
	Total	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra	Total
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)			(18)
	24,906,516	24,977,493	117	-	170	-	-	61	-	-	24,977,841
	1,372,718	1,131,733	11	-	201	113	185	21	-	-	1,132,264
	-	-	-	-	-	-	-	-	-	-	-
	5,947,179	5,941,165	91,707	94,280	41,443	10	4,943	48,740	197,737	129	6,420,154
	3,353,982	2,009,860	114,564	86,612	25,093	52,314	55,112	56,340	52,392	10,249	2,462,536
	1,245,686	795,229	1,191	108,438	13,668	19,604	61,355	34,647	23,904	2,733	1,060,769
	-	-	-	-	-	-	-	-	-	-	-
	31,818,071	9,707,124	2,983,062	3,986,941	4,350,231	2,543,964	5,036,624	3,093,832	544,958	1,952,980	34,199,716
	68,985,767	42,218,115	2,788,352	5,101,930	2,707,031	2,609,339	4,249,986	3,071,870	1,095,922	1,633,164	65,475,709
	2,035,269	663,555	127,846	262,727	202,965	234,990	192,217	180,175	41,770	182,329	2,088,574
	6,755,934	3,427,345	189,771	260,192	438,624	268,363	352,673	313,392	185,145	227,969	5,663,474
	146,421,122	90,871,619	6,296,621	9,901,120	7,779,426	5,728,697	9,953,095	6,799,078	2,141,828	4,009,553	143,481,037

1.2. Disclosure of Net Receivables Based on Region-Consolidated

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

No	Portfolio Category	December 31, 2017									
		Net Receivables Based on Region									
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
1	Receivables on Sovereigns	24,906,212	440	-	483	-	-	44	-	-	
2	Receivables on Public Sector Entities	1,372,251	134	73	379	328	117	52	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	
4	Receivables on Banks	5,990,532	67,896	47,269	87,600	21,593	15,326	46,246	159,113	40	
5	Loans Secured by Residential Property	2,646,535	180,779	233,383	29,676	22,002	67,540	85,869	85,799	4,396	
6	Loans Secured by Commercial Real Estate	961,258	-	115,722	12,279	22,074	75,450	21,285	28,069	9,549	
7	Employee/ Pensioner Loans	-	-	-	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	16,500,337	5,362,644	7,393,759	7,816,482	4,297,892	9,951,457	5,179,312	527,167	1,276,042	
9	Receivables on Corporate	43,231,256	2,985,027	5,581,198	2,708,738	2,815,693	4,778,381	3,200,573	1,382,948	1,662,376	
10	Past Due Receivables	918,256	153,506	262,164	252,265	205,830	243,900	210,424	75,557	126,239	
11	Other Assets	4,684,885	271,399	341,678	560,840	379,412	474,584	402,437	208,755	270,909	
Total		101,211,522	9,021,825	13,975,246	11,468,742	7,764,824	15,606,755	9,146,242	2,467,408	3,349,551	

(Rp million)

		December 31, 2016									
		Net Receivables Based on Region									
	Total	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra	Total
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)			(18)
	24,907,179	24,977,494	147	-	461	7	-	61	-	-	24,978,170
	1,373,334	1,131,942	315	48	247	125	566	21	-	-	1,133,264
	-	-	-	-	-	-	-	-	-	-	-
	6,435,615	6,398,595	106,998	109,083	66,223	20,164	22,447	62,956	197,737	129	6,984,332
	3,355,979	2,009,860	114,564	86,612	25,093	52,314	55,112	56,340	52,392	10,249	2,462,536
	1,245,686	795,229	1,191	108,438	13,668	19,604	61,355	34,647	23,904	2,733	1,060,769
	-	-	-	-	-	-	-	-	-	-	-
	58,305,092	15,794,458	5,700,535	8,189,585	8,037,475	4,460,790	9,553,441	6,015,197	544,958	1,952,980	60,249,419
	68,346,190	41,618,181	2,788,352	5,101,930	2,707,031	2,609,339	4,249,986	3,071,878	1,095,922	1,633,164	64,875,783
	2,448,141	748,588	160,963	310,503	244,214	260,872	250,522	206,007	41,770	182,329	2,405,768
	7,594,899	3,838,623	247,042	342,284	499,231	320,051	453,524	354,391	185,145	227,969	6,468,260
	174,012,115	97,312,970	9,120,107	14,248,483	11,593,643	7,743,266	14,646,953	9,801,498	2,141,828	4,009,553	170,618,301

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

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

No.	Portfolio Category	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	12,409,899	4,787,829	361,602	546	7,346,640	24,906,516	
2	Receivables on Public Sector Entities	1,093,120	272,207	7,276	115	-	1,372,718	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	4,310,154	1,213,732	234,625	181,003	7,665	5,947,179	
5	Loans Secured by Residential Property	15,441	149,399	473,517	2,715,623	2	3,353,982	
6	Loans Secured by Commercial Real Estate	781,044	47,005	206,086	211,551	-	1,245,686	
7	Employee/Pensioner Loans	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	6,537,976	15,254,604	8,641,549	1,349,434	34,508	31,818,071	
9	Receivables on Corporate	50,048,346	6,948,716	6,436,481	5,486,512	65,712	68,985,767	
10	Past Due Receivables	248,188	561,965	238,498	136,662	849,956	2,035,269	
11	Other Assets	397,839	15,510	-	4,628	6,337,957	6,755,934	
TOTAL		75,842,007	29,250,967	16,599,634	10,086,074	14,642,440	146,421,122	

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

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

No.	Portfolio Category	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	12,409,914	4,787,859	362,220	546	7,346,640	24,907,179	
2	Receivables on Public Sector Entities	1,093,189	272,714	7,316	115	-	1,373,334	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	4,776,638	1,235,684	234,625	181,003	7,665	6,435,615	
5	Loans Secured by Residential Property	15,441	149,587	475,326	2,715,623	2	3,355,979	
6	Loans Secured by Commercial Real Estate	781,044	47,005	206,086	211,551	-	1,245,686	
7	Employee/Pensioner Loans	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	11,111,229	32,625,366	13,164,999	1,368,990	34,508	58,305,092	
9	Receivables on Corporate	49,259,392	7,060,336	6,474,238	5,486,512	65,712	68,346,190	
10	Past Due Receivables	344,571	832,862	284,090	136,662	849,956	2,448,141	
11	Other Assets	708,747	28,218	31,633	4,628	6,821,673	7,594,899	
TOTAL		80,500,165	47,039,631	21,240,533	10,105,630	15,126,156	174,012,115	

(Rp million)

	December 31, 2016					
	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)
	13,886,409	2,821,522	793,760	307,123	7,169,027	24,977,841
	1,045,432	59,938	26,488	406	-	1,132,264
	-	-	-	-	-	-
	3,930,691	1,796,740	471,582	202,546	18,595	6,420,154
	25,252	172,283	325,020	1,939,952	29	2,462,536
	692,788	36,557	296,017	35,407	-	1,060,769
	-	-	-	-	-	-
	7,618,720	18,117,581	7,330,842	1,099,816	32,757	34,199,716
	47,304,135	6,868,547	6,020,994	5,236,274	45,759	65,475,709
	478,428	563,833	282,373	101,848	662,092	2,088,574
	-	-	-	-	5,663,474	5,663,474
	74,981,855	30,437,001	15,547,076	8,923,372	13,591,733	143,481,037

(Rp million)

	December 31, 2016					
	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)
	13,886,435	2,821,572	794,013	307,123	7,169,027	24,978,170
	1,045,590	60,599	26,669	406	-	1,133,264
	-	-	-	-	-	-
	4,399,879	1,891,730	471,582	202,546	18,595	6,984,332
	25,252	172,283	325,020	1,939,952	29	2,462,536
	692,788	36,557	296,017	35,407	-	1,060,769
	-	-	-	-	-	-
	12,286,572	34,739,651	12,051,417	1,139,022	32,757	60,249,419
	46,554,493	6,988,460	6,050,797	5,236,274	45,759	64,875,783
	561,140	761,724	318,964	101,848	662,092	2,405,768
	262,336	22,514	2,366	54	6,180,990	6,468,260
	79,714,485	47,495,090	20,336,845	8,962,632	14,109,249	170,618,301

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

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

No.	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	
(1)	(2)	(3)	(4)	(5)	(6)	
December 31, 2017						
1	Agriculture, Hunting and Forestry	-	-	-	-	
2	Fishery	-	-	-	-	
3	Mining and Quarrying	-	-	-	-	
4	Manufacturing	-	-	-	-	
5	Electricity, Gas and Water	-	-	-	-	
6	Construction	-	33,525	-	-	
7	Wholesale and Retail Trading	-	-	-	-	
8	Hotel and Food & Beverage	-	-	-	-	
9	Transportation, Warehousing and Communications	-	-	-	-	
10	Financial Intermediary	-	14,264	-	762,625	
11	Real Estate, Rental and Business Services	-	-	-	-	
12	Public Administration, Defense and Compulsory Social Security	162	569	-	-	
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	142	217	-	-	
20	Others	24,906,212	1,324,143	-	5,184,554	
Total		24,906,516	1,372,718	-	5,947,179	
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	

Note:

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"

(Rp million)

	Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	969,368	2,194,836	24,060	-
	-	-	-	88,381	21,203	2,510	-
	-	-	-	81,957	566,303	811	-
	-	-	-	1,340,941	16,396,137	400,231	-
	-	-	-	46,834	33,508	415	-
	-	705,954	-	185,695	1,095,124	14,455	-
	-	-	-	8,984,539	25,849,142	994,607	-
	-	-	-	593,780	1,123,559	30,412	-
	-	-	-	878,708	3,356,765	186,866	-
	-	-	-	67,374	5,096,457	404	-
	-	539,732	-	659,798	1,293,912	42,210	-
	-	-	-	171	-	-	-
	6	-	-	13,301	16,439	334	-
	-	-	-	91,114	34,655	3,014	-
	-	-	-	545,412	268,306	28,629	-
	-	-	-	2,048	-	103	-
	-	-	-	413	-	-	-
	-	-	-	49	-	-	-
	3,353,976	-	-	16,176,998	1,565,449	294,778	-
	-	-	-	1,091,190	10,073,972	11,430	6,755,934
	3,353,982	1,245,686	-	31,818,071	68,985,767	2,035,269	6,755,934
	-	-	-	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

3.2 Disclosure of Net Receivables Based on Economic Sector-Consolidated

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

No.	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	
(1)	(2)	(3)	(4)	(5)	(6)	
December 31, 2017						
1	Agriculture, Hunting and Forestry	-	-	-	-	
2	Fishery	-	-	-	-	
3	Mining and Quarrying	-	-	-	-	
4	Manufacturing	-	-	-	-	
5	Electricity, Gas and Water	-	-	-	-	
6	Construction	-	33,525	-	-	
7	Wholesale and Retail Trading	-	-	-	-	
8	Hotel and Food & Beverage	-	-	-	-	
9	Transportation, Warehousing and Communications	-	-	-	-	
10	Financial Intermediary	-	14,264	-	1,251,061	
11	Real Estate, Rental and Business Services	-	-	-	-	
12	Public Administration, Defense and Compulsory Social Security	162	569	-	-	
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	805	833	-	-	
20	Others	24,906,212	1,324,143	-	5,184,554	
Total		24,907,179	1,373,334	-	6,435,615	
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	

Note:

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"

(Rp million)

	Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	969,368	2,194,836	24,060	-
	-	-	-	88,381	21,203	2,510	-
	-	-	-	81,957	566,303	811	-
	-	-	-	1,340,941	16,396,137	400,231	-
	-	-	-	46,834	33,508	415	-
	-	705,954	-	185,695	1,095,124	14,455	-
	-	-	-	8,984,538	25,849,142	994,607	-
	-	-	-	593,780	1,123,559	30,412	-
	-	-	-	878,708	3,356,765	186,866	-
	-	-	-	67,374	4,295,616	404	-
	-	539,732	-	659,798	1,293,912	42,210	-
	-	-	-	171	-	-	-
	6	-	-	13,301	16,439	334	-
	-	-	-	91,114	34,655	3,014	-
	-	-	-	545,412	268,306	28,629	-
	-	-	-	2,048	-	103	-
	-	-	-	413	-	-	-
	-	-	-	49	-	-	-
	3,355,973	-	-	42,664,019	1,726,713	707,650	-
	-	-	-	1,091,191	10,073,972	11,430	7,594,899
	3,355,979	1,245,686	-	58,305,092	68,346,190	2,448,141	7,594,899
	-	-	-	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

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

No	Portfolio Category	December 31, 2017								
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
1	Receivables	103,862,196	6,108,684	9,770,097	7,723,114	5,860,066	10,827,748	6,370,604	2,477,759	3,410,294
2	Impaired Receivables									
	a. Non Past Due	1,755,533	88,945	230,986	115,421	157,855	129,172	96,436	43,690	124,168
	b. Past Due	893,046	92,007	126,820	215,440	103,514	167,804	104,435	21,514	121,790
3	Allowance for Impairment Losses-Individual	868,524	1,982	14,397	623	18,645	20,365	976	92	-
4	Allowance for Impairment Losses-Collective	741,923	139,940	224,770	226,382	143,566	243,460	173,407	47,862	101,565
5	Written-Off Receivables	1,229,251	237,173	352,145	354,111	212,525	270,973	239,147	35,715	257,605

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

No	Portfolio Category	December 31, 2017								
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
1	Receivables	105,570,880	9,092,757	14,051,054	11,593,308	7,838,242	15,708,077	9,212,262	2,477,759	3,410,294
2	Impaired Receivables									
	a. Non Past Due	1,768,383	98,077	232,029	119,015	179,504	147,631	104,551	43,690	124,169
	b. Past Due	1,013,684	192,392	214,236	292,910	177,388	283,737	157,842	21,514	121,791
3	Allowance for Impairment Losses-Individual	868,524	1,982	14,397	623	18,644	20,365	977	92	-
4	Allowance for Impairment Losses-Collective	1,081,054	294,734	445,009	383,386	241,270	469,285	326,565	47,862	101,565
5	Written-Off Receivables	1,229,251	237,173	352,145	354,111	212,525	270,973	239,147	35,714	257,606

(Rp million)

	Total	December 31, 2016									
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra	Total
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)			(18)
	156,410,562	99,447,384	6,350,480	9,893,364	7,941,619	5,806,442	10,040,868	6,901,422	2,271,327	4,150,136	152,803,042
	2,742,206	2,795,280	93,813	225,564	156,881	221,170	120,743	118,665	10,212	191,196	3,933,524
	1,846,370	785,209	125,986	239,726	290,155	160,043	168,451	205,999	34,795	221,870	2,232,234
	925,604	855,917	2,030	20,693	102	14,446	404	11,724	-	2,630	907,946
	2,042,875	814,426	172,051	287,832	292,095	174,379	265,089	215,834	40,308	198,114	2,460,128
	3,188,645	1,144,779	273,655	402,540	406,734	229,324	328,243	307,459	10,799	409,239	3,512,772

(Rp million)

	Total	December 31, 2016									
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	Central Java and Yogyakarta	Bali, NTT and NTB	South Sumatra	Total
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)			(18)
	178,954,633	101,257,842	9,202,920	14,259,722	11,773,745	7,835,622	14,759,085	9,914,950	2,271,327	4,150,137	175,425,350
	2,817,049	2,817,354	131,430	227,132	169,811	282,382	142,401	134,409	10,212	191,196	4,106,327
	2,475,494	911,826	175,494	307,781	352,922	244,138	289,719	253,694	34,795	221,870	2,792,239
	925,604	855,917	2,030	20,693	102	14,446	404	11,724	-	2,630	907,946
	3,390,730	1,114,570	307,412	502,164	435,737	265,171	473,329	364,478	40,308	198,113	3,701,282
	3,188,645	1,144,779	273,655	402,540	406,734	229,324	328,243	307,459	10,799	409,239	3,512,772

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

December 31, 2017

(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	3,208,149	62,167	34,829	1,620	55,905	88,343
2	Fishery	114,073	2,233	4,280	-	4,428	4,494
3	Mining and Quarrying	1,008,195	506,444	4,016	358,541	3,999	422,593
4	Manufacturing	18,275,035	82,520	392,422	110,276	216,745	244,896
5	Electricity, Gas and Water	80,902	748	557	-	1,525	-
6	Construction	2,036,425	13,789	4,578	771	24,363	11,511
7	Wholesale and Retail Trading	36,272,846	778,573	612,575	200,539	787,756	1,136,051
8	Hotel and Food & Beverage	1,773,214	86,352	41,804	1,317	43,207	68,352
9	Transportation, Warehousing and Communications	4,667,287	919,916	181,177	232,374	58,559	89,837
10	Financial Intermediary	10,965,488	70,730	6,018	-	55,366	17,653
11	Real Estate, Rental and Business Services	2,558,428	127,844	36,820	19,969	49,231	44,519
12	Public Administration, Defense and Compulsory Social Security	902	-	-	-	22	-
13	Education Services	30,245	938	489	-	528	695
14	Human Health and Social Work Activities	132,055	3,805	6,007	-	4,643	8,028
15	Public, Socio-Culture, Entertainment and Other Personal Services	868,723	28,025	50,710	-	38,439	64,828
16	Activities of Households as Employers	2,286	52	237	-	182	51
17	International Institution and Other Extra International Agencies	582	412	165	-	169	212
18	Undefined Activities	37,343	-	-	-	941	26
19	Non Business Field	21,495,416	57,658	391,942	-	651,953	981,362
20	Others	52,882,968	-	77,744	197	44,914	5,194
Total		156,410,562	2,742,206	1,846,370	925,604	2,042,875	3,188,645

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	Human Health and Social Work Activities	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	Activities of Households as Employers	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	50,660,349	26	501	-	41,433	7,255
Total		152,803,042	3,933,524	2,232,234	907,946	2,460,128	3,512,772

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

December 31, 2017

(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	3,480,397	65,790	42,288	1,620	63,949	88,343
2	Fishery	141,066	2,486	4,711	-	5,250	4,494
3	Mining and Quarrying	1,062,076	507,774	5,611	358,541	5,583	422,593
4	Manufacturing	18,485,885	85,200	400,171	110,276	223,660	244,896
5	Electricity, Gas and Water	101,513	748	844	-	2,126	-
6	Construction	2,139,989	14,442	7,186	771	27,307	11,511
7	Wholesale and Retail Trading	37,872,832	797,770	680,626	200,539	840,643	1,136,051
8	Hotel and Food & Beverage	1,822,537	87,430	43,615	1,317	44,830	68,352
9	Transportation, Warehousing and Communications	5,123,389	928,467	200,920	232,374	71,636	89,837
10	Financial Intermediary	11,328,919	70,730	6,298	-	55,599	17,653
11	Real Estate, Rental and Business Services	2,747,802	129,377	42,455	19,969	55,560	44,519
12	Public Administration, Defense and Compulsory Social Security	2,176	-	-	-	60	-
13	Education Services	34,183	938	489	-	638	695
14	Human Health and Social Work Activities	134,680	3,805	6,019	-	4,728	8,028
15	Public, Socio-Culture, Entertainment and Other Personal Services	907,113	28,576	52,776	-	39,705	64,828
16	Activities of Households as Employers	3,410	52	255	-	230	51
17	International Institution and Other Extra International Agencies	582	412	165	-	169	212
18	Undefined Activities	247,821	7,478	6,533	-	7,563	26
19	Non Business Field	45,483,226	85,574	896,788	-	1,896,580	981,362
20	Others	47,835,037	-	77,744	197	44,914	5,194
Total		178,954,633	2,817,049	2,475,494	925,604	3,390,730	3,188,645

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	Human Health and Social Work Activities	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	Activities of Households as Employers	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	-	41,432	7,255
Total		175,425,350	4,106,327	2,792,239	907,946	3,701,282	3,512,772

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

(Rp million)

No	Description	December 31, 2017		December 31, 2016	
		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	907,946	2,460,128	785,704	2,583,308
2	Additional/reversal allowance for impairment losses during the year (net)	938,528	1,009,100	759,224	2,203,700
3	Allowance for impairment losses used to cover written off receivables during the year	(1,066,616)	(2,122,029)	(633,830)	(2,878,942)
4	Other additional (reversal) allowance during the year	145,746	695,676	(3,152)	552,062
Ending Balance of Allowance for Impairment Losses		925,604	2,042,875	907,946	2,460,128

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

(Rp million)

No	Description	December 31, 2017		December 31, 2016	
		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	907,946	3,701,282	785,704	3,699,100
2	Additional/reversal allowance for impairment losses during the year (net)	938,528	2,665,027	759,224	3,852,590
3	Allowance for impairment losses used to cover written off receivables during the year	(1,066,616)	(3,671,255)	(633,830)	(4,402,470)
4	Other additional (reversal) allowance during the year	145,746	695,676	(3,152)	552,062
Ending Balance of Allowance for Impairment Losses		925,604	3,390,730	907,946	3,701,282

Credit Risk Measurement using Standardized Approach

The Risk Weighted Assets (RWA) calculation for Credit Risk, Danamon applies the Standardized Approach, which is comply with OJK regulation, the OJK Circular Letter No. 42/SEOJK.03/2016 regarding Calculation Guideline of Credit Risk Weighted Assets (RWA) based on Standardize Approach.

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, 2017

	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		-	-	-	12,261,072
2	Receivables on Public Sector Entities		184,463	20,309	-	174,430
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,197,123	61,683	-	330,842
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		1,192,740	653,750	238,861	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			2,574,326	735,742	238,861	12,766,344

December 31, 2016

	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

(Rp million)

Net Receivables									
Short Term Rating								Unrated	Total
BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3			
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3			
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less 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)	Less 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	Less than idA4			
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
-	-	-	-	-	-	-	12,645,444	24,906,516	
-	-	-	-	-	-	-	993,516	1,372,718	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	4,357,531	5,947,179	
							3,353,982	3,353,982	
							1,245,686	1,245,686	
							-	-	
							31,818,071	31,818,071	
-	-	-	-	-	-	-	66,900,416	68,985,767	
							2,035,269	2,035,269	
							6,755,934	6,755,934	
-	-	-	-	-	-	-	130,105,849	146,421,122	

(Rp million)

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

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, 2017

	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		-	-	-	12,261,073
2	Receivables on Public Sector Entities		184,463	20,309	-	174,430
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,197,123	61,683	-	330,842
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		1,192,740	653,750	238,861	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			2,574,326	735,742	238,861	12,766,345

December 31, 2016

	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		-	-	-	14,662,635
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

(Rp million)

Net Receivables									
				Short Term Rating				Unrated	Total
BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3			
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3			
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less 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)	Less 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	Less than idA4			
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
-	-	-	-	-	-	-	12,646,106	24,907,179	
-	-	-	-	-	-	-	994,132	1,373,334	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	4,845,967	6,435,615	
							3,355,979	3,355,979	
							1,245,686	1,245,686	
							-	-	
							58,305,092	58,305,092	
-	-	-	-	-	-	-	66,260,839	68,346,190	
							2,448,141	2,448,141	
							7,594,899	7,594,899	
-	-	-	-	-	-	-	157,696,841	174,012,115	

(Rp million)

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

Credit Risk Due to Failure of Counterparty

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

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

One of the transactions which may incite credit risk due to the counterparty's failure is Over The Counter (OTC) derivative and repo/reverse repo transactions, for positions in both the Trading Book and Banking Book.

For both Repo and Reverse Repo transactions, the Bank refers to OJK Circular Letter No. 42/SEOJK.03/2016 regarding Guidelines on Risk Weighted Assets calculation for Credit Risk, based on a Standardized Approach. For Repo Transactions, Danamon records a positive difference between the net carrying values of securities as the underlying repo with carrying values of the obligated repo. Net carrying value is the value recorded after deducting loan loss provisions (CKPN) from securities. As for Reverse Repo Transactions, the Bank recorded reverse repo receivables after deducting the CKPN 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, 2017							
		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	277,817	463,821	-	15	-	2,334	-	2,334
2	Exchange Rate	12,738,027	463,821	-	18,210	15,732	168,781	-	168,781
3	Others	-	-	-	-	-	-	-	-
TOTAL		13,015,844	927,642	-	18,225	15,732	171,115	-	171,115
CONSOLIDATED									
1	Interest Rate	3,477,486	2,295,434	-	15	-	11,492	-	11,492
2	Exchange Rate	15,937,696	2,295,434	-	103,891	22,939	378,039	-	378,039
3	Shares	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metal other than Gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
TOTAL		19,415,182	4,590,868	-	103,906	22,939	389,531	-	389,531

(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

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

(Rp million)

No	Portfolio Category	December 31, 2017				December 31, 2016			
		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
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	-	10,434	-	-	-	-	-	-
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	-	10,434	-	-	-	-	-	-

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

(Rp million)

No	Portfolio Category	December 31, 2017				December 31, 2016			
		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	-	10,434	-	-	-	-	-	-
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		-	10,434	-	-	-	-	-	-

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

(Rp million)

No	Portfolio Category	December 31, 2017				December 31, 2016			
		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	298,699	-	298,699	-	-	-	-	-
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		298,699	-	298,699	-	-	-	-	-

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

(Rp million)

No	Portfolio Category	December 31, 2017				December 31, 2016			
		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	298,699	-	298,699	-	-	-	-	-
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		298,699	-	298,699	-	-	-	-	-

CREDIT RISK MITIGATION DISCLOSURE

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

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

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

- Cash and cash equivalent
- Government and Bank Indonesia Securities
- Standby L/C of prime bank
- Land and building
- Machinery
- Personnel guarantee
- Corporate guarantee

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

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

Credit Risk Mitigation Methods for Standardized Approach

To calculate credit risk mitigation as RWA deductions (Credit Risk), Danamon uses the MRK (Credit Risk Mitigation) - collateral. The eligible financial collateral

must comply with regulations i.e, cash, savings, current accounts, savings deposits, security deposits, gold and securities that have certain criteria which set by OJK/Bank Indonesia.

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

No.	Portfolio Category	December 31, 2017										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	24,607,817	-	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	204,772	-	-	-	1,166,509	-	-	-	-	-	624,209
3	Receivables on Multilateral Development Banks and International Institutions	-										-	-
4	Receivables on Banks	11,450	3,330,175	-	-	-	2,457,142	-	-	-	-	-	1,894,606
5	Loans Secured by Residential Property	-	-	3,353,680	-	-	-	-	-	-	-	-	1,173,788
6	Loans Secured by Commercial Real Estate	122,063	-	-	-	-	-	-	1,123,623	-	-	-	1,123,623
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	80,336	-	-	-	-	-	30,804,277	-	-	-	-	23,103,208
9	Receivables on Corporate	1,592,893	1,846,491	-	-	-	238,861	-	62,490,064	-	-	-	62,978,792
10	Past Due Receivables	13,000	-	-	-	-	-	-	77,941	1,944,328	-	-	2,994,434
11	Other Assets	2,325,799	-	-	-	-	-	-	3,915,896	514,239	-	-	4,687,252
	Total Exposure on Balance Sheet	28,753,358	5,381,438	3,353,680	-	-	3,862,512	30,804,277	67,607,524	2,458,567	-	-	98,579,912
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions												
1	Receivables on Sovereigns	-	-	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	1,437	-	-	-	-	-	719
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	6,784	-	-	-	2,500	-	-	-	-	-	2,607
5	Loans Secured by Residential Property	-	-	302	-	-	-	-	-	-	-	-	106
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	21,961	-	-	-	-	-	884,787	-	-	-	-	663,590
9	Receivables on Corporate	106,929	-	-	-	-	-	-	2,705,252	-	-	-	2,705,252
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-	-
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	128,890	6,784	302	-	-	3,937	884,787	2,705,252	-	-	-	3,372,274
C	Exposure on Counterparty Credit Risk												
1	Receivables on Sovereigns	298,699	-	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	104,770	-	-	-	34,359	-	-	-	-	-	38,133
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	26,709	-	-	-	-	20,032
6	Receivables on Corporate	-	-	-	-	-	-	-	5,277	-	-	-	5,277
	Total Counterparty Credit Risk Exposures	298,699	104,770	-	-	-	34,359	26,709	5,277	-	-	-	63,442

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

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

(Rp million)

	Capital Charge (9% x RWA)	December 31, 2016										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)
	-	24,957,966	-	-	-	-	-	-	-	-	-	-	-
	56,179	43	159,960	-	-	-	941,949	-	-	-	-	502,967	45,267
	-	-	-	-	-	-	-	-	-	-	-	-	-
	170,515	1,922	3,347,214	-	-	-	2,996,486	-	-	-	-	2,167,686	195,092
	105,641	-	-	2,461,677	-	-	-	-	-	-	-	861,587	77,543
	101,126	89,691	-	-	-	-	-	-	971,078	-	-	971,078	87,397
	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,079,289	90,208	-	-	-	-	-	33,230,101	-	-	-	24,922,575	2,243,032
	5,668,091	1,758,967	1,204,007	-	-	-	447,766	-	59,231,421	-	-	59,696,105	5,372,649
	269,499	-	-	-	-	-	-	-	58,825	2,029,749	-	3,103,448	279,310
	421,853	2,072,614	-	-	-	-	-	-	3,452,871	137,989	-	3,659,855	329,387
	8,872,193	28,971,411	4,711,181	2,461,677	-	-	4,386,201	33,230,101	63,714,195	2,167,738	-	95,885,301	8,629,677
	-	-	-	-	-	-	-	-	-	-	-	-	-
	65	-	-	-	-	-	30,312	-	-	-	-	15,156	1,364
	-	-	-	-	-	-	-	-	-	-	-	-	-
	235	-	2,627	-	-	-	2,500	-	-	-	-	1,775	160
	10	-	-	859	-	-	-	-	-	-	-	301	27
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	59,723	26,803	-	-	-	-	-	843,426	-	-	-	632,569	56,931
	243,473	134,822	-	-	-	-	-	-	2,667,145	-	-	2,667,146	240,043
	-	-	-	-	-	-	-	-	-	-	-	-	-
	303,506	161,625	2,627	859	-	-	32,812	843,426	2,667,145	-	-	3,316,947	298,525
	-	19,875	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	3,432	-	37,455	-	-	-	31,950	-	-	-	-	23,466	2,112
	1,803	-	-	-	-	-	-	9,178	-	-	-	6,883	619
	475	-	-	-	-	-	-	-	31,581	-	-	31,581	2,842
	5,710	19,875	37,455	-	-	-	31,950	9,178	31,581	-	-	61,930	5,573

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

No.	Portfolio Category	December 31, 2017										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	24,608,480	-	-	-	-	-	-	-	-	-	-	-	
2	Receivables on Public Sector Entities	-	204,771	-	-	-	1,167,126	-	-	-	-	-	624,517	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-	-	
4	Receivables on Banks	11,450	3,600,194	-	-	-	2,457,142	-	-	-	-	-	1,948,610	
5	Loans Secured by Residential Property	-	-	3,355,677	-	-	-	-	-	-	-	-	1,174,487	
6	Loans Secured by Commercial Real Estate	122,063	-	-	-	-	-	-	1,123,623	-	-	-	1,123,623	
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	80,336	-	-	-	-	-	57,291,298	-	-	-	-	42,968,473	
9	Receivables on Corporate	1,592,894	1,838,161	-	-	-	238,861	-	61,858,816	-	-	-	62,345,878	
10	Past Due Receivables	13,000	-	-	-	-	-	-	77,941	2,357,200	-	-	3,613,742	
11	Other Assets	2,546,272	-	-	-	-	-	-	4,534,388	514,239	-	-	5,305,747	
	Total Exposure on Balance Sheet	28,974,495	5,643,126	3,355,677	-	-	3,863,129	57,291,298	67,594,768	2,871,439	-	-	119,105,077	
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions													
1	Receivables on Sovereigns	-	-	-	-	-	-	-	-	-	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	-	-	1,437	-	-	-	-	-	719	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-	-	
4	Receivables on Banks	-	6,784	-	-	-	2,500	-	-	-	-	-	2,607	
5	Loans Secured by Residential Property	-	-	302	-	-	-	-	-	-	-	-	106	
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-	
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	21,961	-	-	-	-	-	884,787	-	-	-	-	663,590	
9	Receivables on Corporate	106,929	-	-	-	-	-	-	2,705,252	-	-	-	2,705,252	
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	128,890	6,784	302	-	-	3,937	884,787	2,705,252	-	-	-	3,372,274	
C	Exposure on Counterparty Credit Risk													
1	Receivables on Sovereigns	298,699	-	-	-	-	-	-	-	-	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-	-	
4	Receivables on Banks	-	104,770	-	-	-	252,775	-	-	-	-	-	147,341	
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	26,709	-	-	-	-	20,032	
6	Receivables on Corporate	-	-	-	-	-	-	-	5,277	-	-	-	5,277	
	Total Counterparty Credit Risk Exposures	298,699	104,770	-	-	-	252,775	26,709	5,277	-	-	-	172,650	

(Rp million)

	Capital Charge (9% x RWA)	December 31, 2016										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)
	-	24,958,295	-	-	-	-	-	-	-	-	-	-	-
	56,207	43	159,960	-	-	-	942,949	-	-	-	-	503,467	45,312
	-	-	-	-	-	-	-	-	-	-	-	-	-
	175,375	1,922	3,516,145	-	-	-	2,996,486	-	-	-	-	2,201,472	198,133
	105,704	-	-	2,461,677	-	-	-	-	-	-	-	861,587	77,543
	101,126	89,691	-	-	-	-	-	-	971,078	-	-	971,078	87,397
	-	-	-	-	-	-	-	-	-	-	-	-	-
	3,867,163	90,208	-	-	-	-	-	59,279,804	-	-	-	44,459,853	4,001,387
	5,611,129	1,758,967	1,133,323	-	-	-	447,766	-	58,702,180	-	-	59,152,727	5,323,745
	325,237	-	-	-	-	-	-	-	58,825	2,346,943	-	3,579,240	322,132
	477,517	2,264,928	-	-	-	-	-	-	4,065,343	137,989	-	4,272,326	384,509
	10,719,458	29,164,054	4,809,427	2,461,677	-	-	4,387,201	59,279,804	63,797,426	2,484,932	-	116,001,750	10,440,158
	-	-	-	-	-	-	-	-	-	-	-	-	-
	65	-	-	-	-	-	30,312	-	-	-	-	15,156	1,364
	-	-	-	-	-	-	-	-	-	-	-	-	-
	235	-	2,627	-	-	-	2,500	-	-	-	-	1,775	160
	10	-	-	859	-	-	-	-	-	-	-	301	27
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	59,723	26,803	-	-	-	-	-	843,426	-	-	-	632,569	56,931
	243,473	134,822	-	-	-	-	-	-	2,667,145	-	-	2,667,146	240,043
	-	-	-	-	-	-	-	-	-	-	-	-	-
	303,506	161,625	2,627	859	-	-	32,812	843,426	2,667,145	-	-	3,316,947	298,525
	-	19,875	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	13,261	-	37,455	-	-	-	427,197	-	-	-	-	221,090	19,898
	1,803	-	-	-	-	-	-	9,178	-	-	-	6,883	619
	475	-	-	-	-	-	-	-	31,581	-	-	31,581	2,842
	15,539	19,875	37,455	-	-	-	427,197	9,178	31,581	-	-	259,554	23,359

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

No.	Portfolio Category	December 31, 2017						
		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	24,607,817	-	-	-	-	24,607,817	
2	Receivables on Public Sector Entities	1,371,281	-	-	-	-	1,371,281	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	5,798,767	11,450	-	-	-	5,787,317	
5	Loans Secured by Residential Property	3,353,680	-	-	-	-	3,353,680	
6	Loans Secured by Commercial Real Estate	1,245,686	122,063	-	-	-	1,123,623	
7	Employee/Pensioner Loans	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	30,884,613	80,336	-	-	-	30,804,277	
9	Receivables on Corporate	66,168,309	1,592,893	-	-	-	64,575,416	
10	Past Due Receivables	2,035,269	13,000	-	-	-	2,022,269	
11	Other Assets	6,755,934	-	-	-	-	6,755,934	
	Total Exposure on Balance Sheet	142,221,356	1,819,742	-	-	-	140,401,614	
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions							
1	Receivables on Sovereigns	-	-	-	-	-	-	
2	Receivables on Public Sector Entities	1,437	-	-	-	-	1,437	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	9,284	-	-	-	-	9,284	
5	Loans Secured by Residential Property	302	-	-	-	-	302	
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	
7	Employee/Pensioner Loans	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	906,748	21,961	-	-	-	884,787	
9	Receivables on Corporate	2,812,181	106,929	-	-	-	2,705,252	
10	Past Due Receivables	-	-	-	-	-	-	
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	3,729,952	128,890	-	-	-	3,601,062	
C	Exposure on Counterparty Credit Risk							
1	Receivables on Sovereigns	298,699	-	-	-	-	298,699	
2	Receivables on Public Sector Entities	-	-	-	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	139,129	-	-	-	-	139,129	
5	Receivables on Micro, Small Business & Retail Portfolio	26,709	-	-	-	-	26,709	
6	Receivables on Corporate	5,277	-	-	-	-	5,277	
	Total Eksposur Counterparty Credit Risk	469,814	-	-	-	-	469,814	
	Total (A+B+C)	146,421,122	1,948,632	-	-	-	144,472,490	

(Rp million)

	December 31, 2016					
	Net Receivables	Exposure which is Secured by			Others	Unsecured Exposure
		Collateral	Guarantee	Credit Insurance		
	(9)	(10)	(11)	(12)	(13)	(14) = (9) - [(10)+(11)+(12)+(13)]
	24,957,966	-	-	-	-	24,957,966
	1,101,952	43	-	-	-	1,101,909
	-	-	-	-	-	-
	6,345,622	1,922	-	-	-	6,343,700
	2,461,677	-	-	-	-	2,461,677
	1,060,769	89,691	-	-	-	971,078
	-	-	-	-	-	-
	33,320,309	90,208	-	-	-	33,230,101
	62,642,161	1,758,967	-	-	-	60,883,194
	2,088,574	-	-	-	-	2,088,574
	5,663,474	-	-	-	-	5,663,474
	139,642,504	1,940,831	-	-	-	137,701,673
	-	-	-	-	-	-
	30,312	-	-	-	-	30,312
	-	-	-	-	-	-
	5,127	-	-	-	-	5,127
	859	-	-	-	-	859
	-	-	-	-	-	-
	-	-	-	-	-	-
	870,229	26,803	-	-	-	843,426
	2,801,967	134,822	-	-	-	2,667,145
	-	-	-	-	-	-
	3,708,494	161,625	-	-	-	3,546,869
	19,875	-	-	-	-	19,875
	-	-	-	-	-	-
	-	-	-	-	-	-
	69,405	-	-	-	-	69,405
	9,178	-	-	-	-	9,178
	31,581	-	-	-	-	31,581
	130,039	-	-	-	-	130,039
	143,481,037	2,102,456	-	-	-	141,378,581

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

No.	Portfolio Category	December 31, 2017						
		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	24,608,480	-	-	-	-	24,608,480	
2	Receivables on Public Sector Entities	1,371,897	-	-	-	-	1,371,897	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	6,068,786	11,450	-	-	-	6,057,336	
5	Loans Secured by Residential Property	3,355,677	-	-	-	-	3,355,677	
6	Loans Secured by Commercial Real Estate	1,245,686	122,063	-	-	-	1,123,623	
7	Employee/Pensioner Loans	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	57,371,635	80,336	-	-	-	57,291,299	
9	Receivables on Corporate	65,528,732	1,592,893	-	-	-	63,935,839	
10	Past Due Receivables	2,448,141	13,000	-	-	-	2,435,141	
11	Other Assets	7,594,899	-	-	-	-	7,594,899	
	Total Exposure on Balance Sheet	169,593,933	1,819,742	-	-	-	167,774,191	
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions							
1	Receivables on Sovereigns	-	-	-	-	-	-	
2	Receivables on Public Sector Entities	1,437	-	-	-	-	1,437	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	9,284	-	-	-	-	9,284	
5	Loans Secured by Residential Property	302	-	-	-	-	302	
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	
7	Employee/Pensioner Loans	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	906,748	21,961	-	-	-	884,787	
9	Receivables on Corporate	2,812,181	106,929	-	-	-	2,705,252	
10	Past Due Receivables	-	-	-	-	-	-	
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	3,729,952	128,890	-	-	-	3,601,062	
C	Exposure on Counterparty Credit Risk							
1	Receivables on Sovereigns	298,699	-	-	-	-	298,699	
2	Receivables on Public Sector Entities	-	-	-	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	357,545	-	-	-	-	357,545	
5	Receivables on Micro, Small Business & Retail Portfolio	26,709	-	-	-	-	26,709	
6	Receivables on Corporate	5,277	-	-	-	-	5,277	
	Total Counterparty Credit Risk Exposures	688,230	-	-	-	-	688,230	
	Total (A+B+C)	174,012,115	1,948,632	-	-	-	172,063,483	

(Rp million)

	December 31, 2016					
	Net Receivables	Exposure which is Secured by			Others	Unsecured Exposure
		Collateral	Guarantee	Credit Insurance		
	(9)	(10)	(11)	(12)	(13)	(14) = (9) - [(10)+(11)+(12)+(13)]
	24,958,295	-	-	-	-	24,958,295
	1,102,952	43	-	-	-	1,102,909
	-	-	-	-	-	-
	6,514,553	1,922	-	-	-	6,512,631
	2,461,677	-	-	-	-	2,461,677
	1,060,769	89,691	-	-	-	971,078
	-	-	-	-	-	-
	59,370,012	90,208	-	-	-	59,279,804
	62,042,235	1,758,967	-	-	-	60,283,268
	2,405,768	-	-	-	-	2,405,768
	6,468,260	-	-	-	-	6,468,260
	166,384,521	1,940,831	-	-	-	164,443,690
	-	-	-	-	-	-
	30,312	-	-	-	-	30,312
	-	-	-	-	-	-
	5,127	-	-	-	-	5,127
	859	-	-	-	-	859
	-	-	-	-	-	-
	-	-	-	-	-	-
	870,229	26,803	-	-	-	843,426
	2,801,967	134,822	-	-	-	2,667,145
	-	-	-	-	-	-
	3,708,494	161,625	-	-	-	3,546,869
	19,875	-	-	-	-	19,875
	-	-	-	-	-	-
	-	-	-	-	-	-
	464,652	-	-	-	-	464,652
	9,178	-	-	-	-	9,178
	31,581	-	-	-	-	31,581
	525,286	-	-	-	-	525,286
	170,618,301	2,102,456	-	-	-	168,515,845

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. As of December 31, 2017 Danamon did not have any position of KIK EBA Asset.

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

a. Disclosure of Asset Exposures in the Balance Sheet

(Rp million)

No.	Portfolio Category	December 31, 2017			December 31, 2016		
		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	24,607,817	-	-	24,957,966	-	-
2	Receivables on Public Sector Entities	1,371,281	624,209	624,209	1,101,952	502,988	502,967
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	5,798,767	1,900,331	1,894,606	6,345,622	2,168,647	2,167,686
5	Loans Secured by Residential Property	3,353,680	1,173,788	1,173,788	2,461,677	861,587	861,587
6	Loans Secured by Commercial Real Estate	1,245,686	1,245,686	1,123,623	1,060,769	1,060,769	971,078
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	30,884,613	23,163,460	23,103,208	33,320,309	24,990,231	24,922,575
9	Receivables on Corporate	66,168,309	64,571,686	62,978,792	62,642,161	61,455,073	59,696,105
10	Past Due Receivables	2,035,269	3,013,933	2,994,434	2,088,574	3,103,448	3,103,448
11	Other Assets	6,755,934	-	4,687,252	5,663,474	-	3,659,855
TOTAL		142,221,356	95,693,093	98,579,912	139,642,504	94,142,743	95,885,301

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

(Rp million)

No.	Portfolio Category	December 31, 2017			December 31, 2016		
		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	1,437	719	719	30,312	15,156	15,156
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,284	2,607	2,607	5,127	1,775	1,775
5	Loans Secured by Residential Property	302	106	106	859	301	301
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	906,748	680,061	663,590	870,229	652,671	632,569
9	Receivables on Corporate	2,812,181	2,812,181	2,705,252	2,801,967	2,801,967	2,667,146
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		3,729,952	3,495,674	3,372,274	3,708,494	3,471,870	3,316,947

c. Disclosure of Exposures causing Counterparty Credit Risk

(Rp million)

No.	Portfolio Category	December 31, 2017			December 31, 2016		
		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	298,699	-	-	19,875	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	139,129	38,133	38,133	69,405	23,466	23,466
5	Receivables on Micro, Small Business & Retail Portfolio	26,709	20,032	20,032	9,178	6,883	6,883
6	Receivables on Corporate	5,277	5,277	5,277	31,581	31,581	31,581
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			5,663			-
TOTAL		469,814	63,442	69,105	130,039	61,930	61,930

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

There was no exposure from the Exposures that causing Credit Risk due to settlement risk in 2017 and 2016.

e. Disclosure of Securitization Exposures

There is no exposure from Securitization Exposures in 2017 and 2016.

f. Disclosure of Total Credit Risks Measurement

(Rp million)

	December 31, 2017	December 31, 2016
Total Credit Risk RWA	102,021,291	99,264,178
Total Capital Deduction Factor	-	-

11.2. 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, 2017			December 31, 2016		
		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	24,608,480	-	-	24,958,295	-	-
2	Receivables on Public Sector Entities	1,371,897	624,517	624,517	1,102,952	503,488	503,467
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,068,786	1,954,335	1,948,610	6,514,553	2,202,433	2,201,472
5	Loans Secured by Residential Property	3,355,677	1,174,487	1,174,487	2,461,677	861,587	861,587
6	Loans Secured by Commercial Real Estate	1,245,686	1,245,686	1,123,623	1,060,769	1,060,769	971,078
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	57,371,634	43,028,726	42,968,473	59,370,012	44,527,509	44,459,853
9	Receivables on Corporate	65,528,732	63,938,773	62,345,878	62,042,235	60,911,694	59,152,727
10	Past Due Receivables	2,448,141	3,633,241	3,613,742	2,405,768	3,579,240	3,579,240
11	Other Assets	7,594,899	-	5,305,747	6,468,260	-	4,272,326
TOTAL		169,593,932	115,599,765	119,105,077	166,384,521	113,646,720	116,001,750

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

(Rp million)

No.	Portfolio Category	December 31, 2017			December 31, 2016		
		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	1,437	719	719	30,312	15,156	15,156
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,284	2,607	2,607	5,127	1,775	1,775
5	Loans Secured by Residential Property	302	106	106	859	301	301
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	906,748	680,061	663,590	870,229	652,671	632,569
9	Receivables on Corporate	2,812,181	2,812,181	2,705,252	2,801,967	2,801,967	2,667,146
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		3,729,952	3,495,674	3,372,274	3,708,494	3,471,870	3,316,947

c. Disclosure of Exposures causing Counterparty Credit Risk

(Rp million)

No.	Portfolio Category	December 31, 2017			December 31, 2016		
		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	298,699	-	-	19,875	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	357,545	147,341	147,341	464,652	221,090	221,090
5	Receivables on Micro, Small Business & Retail Portfolio	26,709	20,032	20,032	9,178	6,883	6,883
6	Receivables on Corporate	5,277	5,277	5,277	31,581	31,581	31,581
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			5,663			-
TOTAL		688,230	172,650	178,313	525,286	259,554	259,554

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

There is no exposure from Exposures causing Credit Risk due to Settlement Risk in 2017 and 2016.

e. Disclosure of Securitization Exposures

There is no exposure from Securitization Exposures in 2017 and 2016.

f. Disclosure of Total Credit Risks Measurement

(Rp million)

	December 31, 2017	December 31, 2016
Total Credit Risk RWA	122,655,664	119,578,251
Total Capital Deduction Factor	-	-

B. Market Risk

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

1) Market Risk Management Organization

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

2) Market Risk Management Implementation

Market Risk Management is implemented through a process of identification, measurement, monitoring and controlling, supported by the implementation of management information systems. Market

risk is monitored by Market and Liquidity Risk (MLR) Division (as the Second line of Defense), an independent function in the Bank, which develops, implements, and maintains a comprehensive and integrated market risk management framework. This includes qualitative and quantitative aspect to identify, measure, monitor, control and report market risks.

a) Trading Risk

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

b) Interest Rate Risk in the Banking Book.

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

3) Risk Factors

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

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

4) Measurement, Monitoring, and Control of Market Risk

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

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

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

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

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

As of 31 December 2017, EAR limit utilization, both individually and consolidated, are still within internal threshold. Indonesian Rupiah (IDR) & Foreign Currency (FCY) EAR for both Individual and consolidated showed limit utilization of 42-52%.

EVE Limit utilization, individually and consolidated, is also within internal threshold. IDR and FCY EVE, Individual and consolidated, showed limit utilization of 30%-36%.

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

5) Minimum Capital Adequacy

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

1. Disclosure of Market Risks by Using Standardized Approach

(Rp million)

No.	Type of Risk	December 31, 2017				December 31, 2016			
		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		302,863		302,863		146,963		146,963
	a. Specific Risk	-	-	-	-	-	-	-	-
	b. General Risk	24,229	302,863	24,229	302,863	11,757	146,963	11,757	146,963
2	Foreign Exchange Risk	18,949	236,868	18,994	237,425	13,707	171,334	13,751	171,888
3	Equity Risk			-	-			-	-
4	Commodity Risk			-	-			-	-
5	Option Risk	-	-	-	-	-	-	-	-
Total		43,178	539,731	43,223	540,288	25,464	318,297	25,508	318,850

C. Liquidity Risk

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

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

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

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

1) Liquidity Risk Management Organization

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

In order to evaluate the adequacy of liquidity, ALCO has a wide scope of authority delegated by the Board of Directors to manage the assets and liabilities structure including funding strategies of 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.

2) Liquidity Risk Indicators

A wide variety of internal indicators. Market indicators that can warn Danamon of the threat of a liquidity crisis are:

Internal Indicator	Market Indicator
<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 1. Rating downgrade 2. External financial crisis 3. Prolonged tight liquidity conditions

3) Liquidity Risk Assessment

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

Danamon has conducted regulatory liquidity risk measurements, including:

a) 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.

b) Primary (GWM) Reserve Requirements

Primary Reserve Requirements are minimum deposits in Rupiah, which have to be maintained by the Bank in the form of Current Account balance at Bank Indonesia in which the amount is set by Bank Indonesia at a certain percentage of third party funds (DPK) periodically.

c) Secondary (GWM) Reserve Requirements

Secondary Reserve Requirements are minimum reserves which have to be maintained by the Bank in the form of Bank Indonesia Certificates (SBI), Bank Indonesia Certificates of Deposit (SDBI) and Government Securities (SBN), the amount determined by Bank Indonesia at certain percentage of third party funds (DPK).

d) Liquidity Coverage Ratio (LCR)

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

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

LCR value (%)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(1)	(2)	(3)	(4)
Individual	97.31%	97.57%	113.20%	118.38%
Consolidated	94.67%	93.50%	110.14%	117.90%

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 supported by strong capital.

In accordance with POJK Regulation No. 42/POJK.03/2015, the Bank is obliged to perform Individual and consolidated quarterly reporting for BUKU 3, effective from the 3rd Quarter, 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 2017 is the average position of the end of October-November-December 2017. Danamon's Individual and Consolidated LCR ratio for the 4th quarter of 2017 remained above the defined ratio set forth in POJK No. 42/POJK.03/2015, which is 90%.

Calculation of consolidated LCR is the combination of Danamon's LCR with Subsidiaries' 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 High Quality Liquid Asset (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 installment 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 30 September 2016). 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.

Analysis of Third Party Funds (DPK) Composition as an outflow component, the majority of which are in Danamon, remains diversified in the wholesale and retail segment financing. Monitoring of funding concentrations is monitored on a daily basis.

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, including Maximum Cumulative Outflow (MCO) and Large Fund Provider (LFP).

Danamon has also assessed the Net Stable Funding Ratio (NSFR), based on the OJK Consultative Paper during the trial period and continued with OJK Regulations to be effective in January 2018. This ratio aims to assess the Bank's resilience from a stable funding profile in accordance with balance sheet composition and off-balance sheet activity.

4) Monitoring and Control of Liquidity Risk

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

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

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

No.	Items	December 31, 2017						
		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	2,130,007	2,130,007	-	-	-	-	
	2. Placements with Bank Indonesia	11,435,012	9,219,592	1,042,065	344,612	828,743	-	
	3. Placements with Other Banks	1,599,807	121,356	588,867	536,074	353,510	-	
	4. Marketable Securities	13,160,675	1,257,400	3,612,730	1,661,402	1,056,311	5,572,832	
	5. Loans	91,121,513	12,941,439	12,597,014	14,227,920	19,782,557	31,572,583	
	6. Other Receivables	636,419	280,816	301,523	41,201	21	12,858	
	7. Others	2,078,308	811,992	31,117	26,679	-	1,208,520	
	Total Assets	122,161,741	26,762,602	18,173,316	16,837,888	22,021,142	38,366,793	
B. Liabilities								
	1. Deposits from Customers	84,166,646	28,225,830	12,778,413	5,595,515	6,893,792	30,673,096	
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-	
	3. Liabilities with Other Banks	4,641,807	2,771,583	385,574	359,795	815,536	309,319	
	4. Securities issued	-	-	-	-	-	-	
	5. Borrowings	60,176	50,000	-	-	-	10,176	
	6. Other Liabilities	562,768	166,824	164,059	42,491	-	189,394	
	7. Others	3,195,062	417,633	-	673	-	2,776,756	
	Total Liabilities	92,626,459	31,631,870	13,328,046	5,998,474	7,709,328	33,958,741	
	On Balance Sheet Assets and Liabilities Differences	29,535,282	(4,869,268)	4,845,270	10,839,414	14,311,814	4,408,052	
II OFF BALANCE SHEET								
A. Off Balance Sheet Receivables								
	1. Commitments	-	-	-	-	-	-	
	2. Contingencies	-	-	-	-	-	-	
	Total Off Balance Sheet Receivables	-	-	-	-	-	-	
B. Off Balance Sheet Payables								
	1. Commitments	31,146,280	2,187,871	3,325,525	5,656,867	11,558,595	8,417,422	
	2. Contingencies	3,433,456	529,610	667,896	818,441	1,127,525	289,984	
	Total Off Balance Sheet Payables	34,579,736	2,717,481	3,993,421	6,475,308	12,686,120	8,707,406	
	Off Balance Sheet Receivables and Payables Differences	(34,579,736)	(2,717,481)	(3,993,421)	(6,475,308)	(12,686,120)	(8,707,406)	
	Differences [(IA-IB)+(IIA-IIB)]	(5,044,454)	(7,586,749)	851,849	4,364,106	1,625,694	(4,299,354)	
	Cumulative Differences	(5,044,454)	(7,586,749)	(6,734,900)	(2,370,794)	(745,100)	(5,044,454)	

(Rp million)

	December 31, 2016					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	1,895,129	1,895,129	-	-	-	-
	8,887,310	6,555,376	496,999	1,024,271	810,664	-
	3,999,261	450,150	271,469	120,210	1,166,836	1,990,596
	11,042,543	1,317,505	2,106,893	2,155,587	1,479,358	3,983,200
	87,826,305	11,652,442	13,450,192	14,810,895	19,081,783	28,830,993
	298,771	72,569	160,950	56,670	-	8,582
	825,381	114,954	16,994	8,474	-	684,959
	114,774,700	22,058,125	16,503,497	18,176,107	22,538,641	35,498,330
	82,209,773	33,281,113	8,161,745	4,581,918	4,472,845	31,712,152
	-	-	-	-	-	-
	3,185,353	2,049,903	302,176	292,844	448,751	91,679
	-	-	-	-	-	-
	14,629	-	-	-	-	14,629
	226,872	20,532	22,048	10,729	-	173,563
	2,769,880	16,993	2,936	63	-	2,749,888
	88,406,507	35,368,541	8,488,905	4,885,554	4,921,596	34,741,911
	26,368,193	(13,310,416)	8,014,592	13,290,553	17,617,045	756,419
	-	-	-	-	-	-
	39,670	25,140	14,530	-	-	-
	39,670	25,140	14,530	-	-	-
	32,975,120	2,504,404	3,642,113	5,690,204	12,867,133	8,271,266
	3,418,549	482,268	580,832	773,773	1,382,883	198,793
	36,393,669	2,986,672	4,222,945	6,463,977	14,250,016	8,470,059
	(36,353,999)	(2,961,532)	(4,208,415)	(6,463,977)	(14,250,016)	(8,470,059)
	(9,985,806)	(16,271,948)	3,806,177	6,826,576	3,367,029	(7,713,640)
	(9,985,806)	(16,271,948)	(12,465,771)	(5,639,195)	(2,272,166)	(9,985,806)

1.1.b Disclosure of Maturity Profile for Rupiah-Consolidated

No.	Items	December 31, 2017					
		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		2,350,479	2,350,479	-	-	-	-
2. Placements with Bank Indonesia		11,435,012	9,219,592	1,042,065	344,612	828,743	-
3. Placements with Other Banks		1,869,318	390,867	588,867	536,074	353,510	-
4. Marketable Securities		13,152,471	1,257,400	3,612,730	1,661,402	1,056,311	5,564,628
5. Loans		117,173,512	12,257,540	12,899,803	15,173,002	23,054,308	53,788,859
6. Other Receivables		1,020,720	284,586	307,607	69,386	73,348	285,793
7. Others		2,388,418	1,045,711	47,517	30,534	851	1,263,805
Total Assets		149,389,930	26,806,175	18,498,589	17,815,010	25,367,071	60,903,085
B. Liabilities							
1. Deposits from Customers		82,152,020	26,211,204	12,778,413	5,595,515	6,893,792	30,673,096
2. Liabilities with Bank Indonesia		-	-	-	-	-	-
3. Liabilities with Other Banks		4,641,807	2,771,583	385,574	359,795	815,536	309,319
4. Securities issued		10,454,165	-	850,865	1,985,629	1,812,472	5,805,199
5. Borrowings		4,794,086	399,979	849,978	2,032,803	1,511,284	42
6. Other Liabilities		569,975	166,824	164,059	42,491	5,285	191,316
7. Others		6,002,611	2,552,599	267,921	74,412	322,943	2,784,736
Total Liabilities		108,614,664	32,102,189	15,296,810	10,090,645	11,361,312	39,763,708
On Balance Sheet Assets and Liabilities Differences		40,775,266	(5,296,014)	3,201,779	7,724,365	14,005,759	21,139,377
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1. Commitments		-	-	-	-	-	-
2. Contingencies		-	-	-	-	-	-
Total Off Balance Sheet Receivables		-	-	-	-	-	-
B. Off Balance Sheet Payables							
1. Commitments		36,144,499	2,219,529	4,392,586	7,168,279	12,112,803	10,251,302
2. Contingencies		3,433,456	529,610	667,896	818,441	1,127,525	289,984
Total Off Balance Sheet Payables		39,577,955	2,749,139	5,060,482	7,986,720	13,240,328	10,541,286
Off Balance Sheet Receivables and Payables Differences		(39,577,955)	(2,749,139)	(5,060,482)	(7,986,720)	(13,240,328)	(10,541,286)
Differences [(IA-IB)+(IIA-IIB)]		1,197,311	(8,045,153)	(1,858,703)	(262,355)	765,431	10,598,091
Cumulative Differences		1,197,311	(8,045,153)	(9,903,856)	(10,166,211)	(9,400,780)	1,197,311

(Rp million)

	December 31, 2016					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,087,443	2,087,443	-	-	-	-
	8,887,310	6,555,376	496,999	1,024,271	810,664	-
	4,167,692	618,581	271,469	120,210	1,166,836	1,990,596
	10,973,028	1,317,505	2,106,893	2,155,587	1,479,358	3,913,685
	113,600,949	11,760,888	13,738,700	15,739,995	22,417,014	49,944,352
	1,196,463	74,293	168,569	89,881	116,344	747,376
	1,310,714	539,805	31,278	16,493	3,173	719,965
	142,223,599	22,953,891	16,813,908	19,146,437	25,993,389	57,315,974
	81,485,748	32,557,088	8,161,745	4,581,918	4,472,845	31,712,152
	-	-	-	-	-	-
	3,185,353	2,049,903	302,176	292,844	448,751	91,679
	8,554,979	-	72,953	362,842	2,388,412	5,730,772
	7,568,673	200,000	2,650,000	3,046,017	1,672,434	222
	226,912	20,572	22,048	10,729	-	173,563
	5,274,369	1,230,180	432,176	63,219	338,701	3,210,093
	106,296,034	36,057,743	11,641,098	8,357,569	9,321,143	40,918,481
	35,927,565	(13,103,852)	5,172,810	10,788,868	16,672,246	16,397,493
	-	-	-	-	-	-
	39,670	25,140	14,530	-	-	-
	39,670	25,140	14,530	-	-	-
	32,975,120	2,504,404	3,642,113	5,690,204	12,867,133	8,271,266
	3,418,549	482,268	580,832	773,773	1,382,883	198,793
	36,393,669	2,986,672	4,222,945	6,463,977	14,250,016	8,470,059
	(36,353,999)	(2,961,532)	(4,208,415)	(6,463,977)	(14,250,016)	(8,470,059)
	(426,434)	(16,065,384)	964,395	4,324,891	2,422,230	7,927,434
	(426,434)	(16,065,384)	(15,100,989)	(10,776,098)	(8,353,868)	(426,434)

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

No.	Items	December 31, 2017					
		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		195,793	195,793	-	-	-	-
2. Placements with Bank Indonesia		4,432,557	3,132,383	982,450	317,724	-	-
3. Placements with Other Banks		1,861,271	1,861,271	-	-	-	-
4. Marketable Securities		5,979,794	1,868,598	681,672	234,704	321,875	2,872,945
5. Loans		6,647,234	2,117,303	1,316,549	960,620	372,306	1,880,456
6. Other Receivables		1,174,498	261,093	562,115	223,606	96,316	31,368
7. Others		196,866	114,362	51,937	3,134	149	27,284
Total Assets		20,488,013	9,550,803	3,594,723	1,739,788	790,646	4,812,053
B. Liabilities							
1. Deposits from Customers		19,968,646	6,625,824	4,075,908	2,669,039	2,145,442	4,452,433
2. Liabilities with Bank Indonesia		-	-	-	-	-	-
3. Liabilities with Other Banks		21,993	1,506	3,419	2,442	4,871	9,755
4. Securities issued		41	41	-	-	-	-
5. Borrowings		-	-	-	-	-	-
6. Other Liabilities		1,219,150	271,053	562,102	223,606	96,302	66,087
7. Others		208,397	139,989	1,669	163	-	66,576
Total Liabilities		21,418,227	7,038,413	4,643,098	2,895,250	2,246,615	4,594,851
On Balance Sheet Assets and Liabilities Differences		(930,214)	2,512,390	(1,048,375)	(1,155,462)	(1,455,969)	217,202
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1. Commitments		8,450,884	7,765,915	361,913	69,805	27,135	226,116
2. Contingencies		28,817	9,497	19,076	-	244	-
Total Off Balance Sheet Receivables		8,479,701	7,775,412	380,989	69,805	27,379	226,116
B. Off Balance Sheet Payables							
1. Commitments		12,805,075	5,427,611	3,295,858	1,101,491	2,618,962	361,153
2. Contingencies		200,175	54,379	19,089	59,602	57,608	9,497
Total Off Balance Sheet Payables		13,005,250	5,481,990	3,314,947	1,161,093	2,676,570	370,650
Off Balance Sheet Receivables and Payables Differences		(4,525,549)	2,293,422	(2,933,958)	(1,091,288)	(2,649,191)	(144,534)
Differences [(IA-IB)+(IIA-IIB)]		(5,455,763)	4,805,812	(3,982,333)	(2,246,750)	(4,105,160)	72,668
Cumulative Differences		(5,455,763)	4,805,812	823,479	(1,423,271)	(5,528,431)	(5,455,763)

(Rp million)

	December 31, 2016					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	177,487	177,487	-	-	-	-
	8,825,108	5,146,980	-	2,008,319	1,669,809	-
	2,012,104	1,523,861	1,832	419,116	-	67,295
	4,894,170	740,288	1,329,655	1,371,959	-	1,452,268
	7,328,177	2,201,824	1,466,603	1,430,308	488,957	1,740,485
	1,625,270	583,966	827,387	195,324	18,431	162
	101,162	39,742	28,158	6,304	-	26,958
	24,963,478	10,414,148	3,653,635	5,431,330	2,177,197	3,287,168
	22,346,539	6,728,907	5,553,270	2,782,570	1,911,249	5,370,543
	-	-	-	-	-	-
	1,662,008	602,558	829,771	197,493	23,025	9,161
	-	-	-	-	-	-
	445,212	-	-	-	-	445,212
	16,073	5,713	27	27	-	10,306
	115,526	22,674	256	1,832	-	90,764
	24,585,358	7,359,852	6,383,324	2,981,922	1,934,274	5,925,986
	378,120	3,054,296	(2,729,689)	2,449,408	242,923	(2,638,818)
	4,215,545	3,102,555	608,957	474,906	1,724	27,403
	30,192	-	-	20,761	9,431	-
	4,245,737	3,102,555	608,957	495,667	11,155	27,403
	10,348,645	3,309,964	3,466,030	1,298,965	1,426,549	847,137
	403,677	29,922	19,091	243,219	106,177	5,268
	10,752,322	3,339,886	3,485,121	1,542,184	1,532,726	852,405
	(6,506,585)	(237,331)	(2,876,164)	(1,046,517)	(1,521,571)	(825,002)
	(6,128,465)	2,816,965	(5,605,853)	1,402,891	(1,278,648)	(3,463,820)
	(6,128,465)	2,816,965	(2,788,888)	(1,385,997)	(2,664,645)	(6,128,465)

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

No.	Items	December 31, 2017					
		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		195,793	195,793	-	-	-	-
2. Placements with Bank Indonesia		4,432,557	3,132,383	982,450	317,724	-	-
3. Placements with Other Banks		1,861,780	1,861,780	-	-	-	-
4. Marketable Securities		5,979,794	1,868,598	681,672	234,704	321,875	2,872,945
5. Loans		6,647,234	2,117,303	1,316,549	960,620	372,306	1,880,456
6. Other Receivables		1,260,178	263,603	584,509	262,429	96,316	53,321
7. Others		196,866	114,362	51,937	3,134	149	27,284
Total Assets		20,574,202	9,553,822	3,617,117	1,778,611	790,646	4,834,006
B. Liabilities							
1. Deposits from Customers		19,968,602	6,625,780	4,075,908	2,669,039	2,145,442	4,452,433
2. Liabilities with Bank Indonesia		-	-	-	-	-	-
3. Liabilities with Other Banks		21,993	1,506	3,419	2,442	4,871	9,755
4. Securities issued		41	41	-	-	-	-
5. Borrowings		5,000,242	33,913	1,084,268	1,534,800	541,026	1,806,235
6. Other Liabilities		1,219,150	271,053	562,102	223,606	96,302	66,087
7. Others		262,309	177,705	17,865	163	-	66,576
Total Liabilities		26,472,337	7,109,998	5,743,562	4,430,050	2,787,641	6,401,086
On Balance Sheet Assets and Liabilities Differences		(5,898,135)	2,443,824	(2,126,445)	(2,651,439)	(1,996,995)	(1,567,080)
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1. Commitments		8,450,884	7,765,915	361,913	69,805	27,135	226,116
2. Contingencies		28,817	9,497	19,076	-	244	-
Total Off Balance Sheet Receivables		8,479,701	7,775,412	380,989	69,805	27,379	226,116
B. Off Balance Sheet Payables							
1. Commitments		12,805,075	5,427,611	3,295,858	1,101,491	2,618,962	361,153
2. Contingencies		200,175	54,379	19,089	59,602	57,608	9,497
Total Off Balance Sheet Payables		13,005,250	5,481,990	3,314,947	1,161,093	2,676,570	370,650
Off Balance Sheet Receivables and Payables Differences		(4,525,549)	2,293,422	(2,933,958)	(1,091,288)	(2,649,191)	(144,534)
Differences [(IA-IB)+(IIA-IIB)]		(10,423,684)	4,737,246	(5,060,403)	(3,742,727)	(4,646,186)	(1,711,614)
Cumulative Differences		(10,423,684)	4,737,246	(323,157)	(4,065,884)	(8,712,070)	(10,423,684)

(Rp million)

	December 31, 2016					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	177,487	177,487	-	-	-	-
	8,825,108	5,146,980	-	2,008,319	1,669,809	-
	2,012,604	1,524,361	1,832	419,116	-	67,295
	4,894,170	740,288	1,329,655	1,371,959	-	1,452,268
	7,328,177	2,201,824	1,466,603	1,430,308	488,957	1,740,485
	1,844,869	591,482	831,251	238,045	88,939	95,152
	101,162	39,742	28,158	6,304	-	26,958
	25,183,577	10,422,164	3,657,499	5,474,051	2,247,705	3,382,158
	22,346,487	6,728,855	5,553,270	2,782,570	1,911,249	5,370,543
	-	-	-	-	-	-
	1,662,008	602,558	829,771	197,493	23,025	9,161
	-	-	-	-	-	-
	4,496,287	89,790	44,873	313,639	627,051	3,420,934
	16,073	5,713	27	27	-	10,306
	164,932	52,783	19,553	1,832	-	90,764
	28,685,787	7,479,699	6,447,494	3,295,561	2,561,325	8,901,708
	(3,502,210)	2,942,465	(2,789,995)	2,178,490	(313,620)	(5,519,550)
	4,215,545	3,102,555	608,957	474,906	1,724	27,403
	30,192	-	-	20,761	9,431	-
	4,245,737	3,102,555	608,957	495,667	11,155	27,403
	10,348,645	3,309,964	3,466,030	1,298,965	1,426,549	847,137
	403,677	29,922	19,091	243,219	106,177	5,268
	10,752,322	3,339,886	3,485,121	1,542,184	1,532,726	852,405
	(6,506,585)	(237,331)	(2,876,164)	(1,046,517)	(1,521,571)	(825,002)
	(10,008,795)	2,705,134	(5,666,159)	1,131,973	(1,835,191)	(6,344,552)
	(10,008,795)	2,705,134	(2,961,025)	(1,829,052)	(3,664,243)	(10,008,795)

Contingency Funding Plan

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

CFP should comprehensively describe contingency management strategies, escalation procedures, and responsibilities in addressing liquidity stress.

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

Internal Indicator	Market Indicator
<ul style="list-style-type: none"> • Loan to Funding Ratio • Liquidity Coverage Ratio • Stress Test Maximum Cumulative Outflow 	<ul style="list-style-type: none"> • Rupiah exchange rate against the US Dollar • Inflation rate • Trade Balance • Credit Rating • Rate of return of Government Bond

D. Operational Risk

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

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

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

1) Three Lines of Defense

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

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

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

2) Operational Risk Management

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

The process involves:

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

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

The measurement of operational risk uses the Basic Indicator Approach based on Circular Letter of Bank Indonesia No. 11/3/DPNP dated 27 January, 2009. Based on this Circular Letter, the capital cost of operational risk is 15% of the average gross income during the previous three years.

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

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

(Rp million)

No.	Indicator Approach	December 31, 2017			December 31, 2016		
		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	12,679,111	1,901,867	23,773,333	12,997,229	1,949,584	24,369,804
Total		12,679,111	1,901,867	23,773,333	12,997,229	1,949,584	24,369,804

1.b. Quantitative Exposure of Operational Risks-Consolidated

(Rp million)

No.	Indicator Approach	December 31, 2017			December 31, 2016		
		Average Gross Income in the last 3 years	Capital Charge	RWA	Pendapatan Bruto (Rata-rata 3 tahun terakhir)	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	18,030,095	2,704,514	33,806,429	18,236,164	2,735,425	34,192,807
Total		18,030,095	2,704,514	33,806,429	18,236,164	2,735,425	34,192,807

- c) Monitoring operational risks through periodic reports to management in the Risk Management Committee to identify emerging issues related to weaknesses or failures in the implementation of control functions.

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

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

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

- d) Risk control is conducted 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 Danamon's risk appetite.

3) Supporting Infrastructure

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

- Risk and 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/measurement, monitoring, controlling/mitigating, which is conducted in an integrated manner, thereby enhancing the effectiveness of operational risk management in Danamon.

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

4) IT Risk Management

In order to manage the operational risk, ORM Division works closely with the IRM Division, especially the IT Risk Management unit.

In running its working activities, the IT Risk Management unit, refers and follows the methodology, framework, and the agreed operational risk management policy, including the supporting infrastructure, as described above; however, it will put more concentration on the control aspects and the risk related to the extensive use of Information Technology in supporting the Bank's products and services.

5) Information Security Management

Information Security is a set of policy and frameworks or guidelines aimed at protecting the Bank's information, in relation to aspects of confidentiality, integrity and availability.

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

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

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

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

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

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

6) Business Continuity Management (BCM)

As an integral part of Danamon's IRM framework, BCM was created to improve the Bank's resilience and establish preventive measures to respond to all incidents that may

befall the Bank and its Subsidiaries regardless of the causes, including risks classified as low probability-high impact in order to safeguard the stakeholders' interests, reputation, brand and valuable business activities. Management and implementation of BCM in the Bank and its Subsidiaries is not only focused on handling disturbance like a natural disaster, but also focuses and covers the disorders that might threaten the strategic plan of the Bank's operations.

In accordance to the above reasons, the Bank has:

- a) Expanded the scope of BCM (framework and the implementation) as well as the development plan to all lines of business of the Bank by improving BCM awareness and knowledge of all staff through internal training, socialization to regions, workshops and email blasts.
- b) Ensured that the BCM plan is up to date and effective by periodically exercising, testing, maintaining and reviewing the policies and procedures in line with the strategy of the Bank.

TBCM's framework and programs are prepared with the following objectives:

- a. The Bank and its Subsidiaries can in a timely manner recover and continue the operation processes and business activities from all functions/units in the event of crisis or disaster.
- b. The Bank and its Subsidiaries have adequate resources that may be required to support the recovery process under a crisis situation
- c. Minimize the impact to the Bank and Subsidiaries under a crisis situation so services can continue to be provided to customers.
- d. Minimize the reputation risk.
- e. Improve the trust of the public and macro financial system to the Bank and its Subsidiaries.
- f. Improve the Bank resiliency and recovery capacity.
- g. Ensure the existence of the Bank under a crisis situation.

Implementation of BCM related programs at Danamon involves all components and getting a full management support, starting from planning, compilation, maintenance, monitoring and upgrading. With the full involvement and support of all components, Danamon was able to maintain and improve its resilience by handling all incidents occurring during 2017.

7) Fraud & QA

Danamon mitigates and manages risks arising from fraud, based on the framework of anti fraud strategy as set forth in "Fraud Management Policy and Framework" which has

been implemented nationally and in the Bank and Subsidiaries. These policies and strategies are in line with Bank Indonesia Circular Letter No. 13/28/DPNP regarding the implementation of anti- fraud strategy for commercial banks where Danamon has reported to OJK every semester.

Danamon has consistently implemented the 4 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

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

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, cross validation with a control mechanism conducted by independent parties (SKAI/Internal Audit). The focus of QA for this year and coming years is to develop an integrated, effective, measurable, and informative QA application system, which will be implemented across the QA Units in Danamon and Subsidiaries.

E. Legal Risk

Legal risk arises from lawsuits or claims from customers or third parties through the courts of law or outside court, caused 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, and the absence and/or amendments of legislation and litigation processes in the activities of Danamon and its Subsidiaries.

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

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

- 2) Policies and Legal Risk Management Procedures

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

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

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

- Litigation factor.
- Weaknesses in Binding Commitments factor.
- Absence/changes in regulations/legislation factor.

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

- Implementation of legal risk monitoring by Danamon Senior Management (especially legal cases with the high risk rating).
- Realization of Legal Term Framework and Standard Operation Procedure (SOP) of Legal Risk Management Implementation, 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.
- The establishment of working units designated by management to monitor and manage the inherent legal risk in a product and Danamon's or its Subsidiaries' activities so that the evaluation of existing legal risk does not act as a trigger for other risks.

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

F. Strategic Risk

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

1) Strategic Risk Management Organization

The Strategic Risk Unit plays a role in managing strategic risk and is under active supervision of the Board of Commissioners and Board of Directors. Danamon's Strategic Risk Unit covers all lines of business and support functions which also working closely with the finance division to analyze and monitor strategic risk.

2) Strategic Risk Management

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

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

- To ensure that strategic risk management has been applied effectively and consistently.

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

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

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

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

3) Inherent Strategic Risk

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

Danamon and its Subsidiaries anticipate more intensified competitive business environment and plan to introduce better services to attract new customers and retain existing customers.

Despite improvements, economic factors still affect the achievement of the Bank's strategic plan. For that reason, Danamon and its Subsidiaries continue to monitor several indicators such as inflation rate, Bank Indonesia rate, and fluctuation in the Rupiah exchange rate. Danamon and its Subsidiaries are actively adjusting a number of their activities, such as lending and enhancing operational cost efficiency.

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

4) Strategic Risk Management Implementation Quality

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

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

G. Compliance Risk

Compliance risk is the risk arising from the Bank's failure to comply with or act in accordance with the laws and regulations. Compliance Risk is generally derived from behavior or activity that deviates or violates the prevailing laws or regulations, and activities that deviate from generally accepted standards.

Implementation of risk management for Compliance Risk is conducted in order to minimize the possible negative impact of Bank activity that deviates from or violates generally accepted standards and/or laws and regulations. In the application of risk management, in addition to the Individual Compliance Risk, Danamon also considers Integrated Compliance Risk with Subsidiaries in the Financial Conglomeration.

1) Compliance Risk Management Organization

The risk management organization involves the supervision of the Board of Commissioners and the Board of Directors, which includes the active supervision of the Board of Commissioners and the Board of Directors on Compliance Risk. To

support those supervisory functions, the Bank has established the necessary committees, such as the Risk Monitoring Committee at the Board of Commissioners level and the Risk Management Committee at the Board of Directors level.

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

The Bank appoints a Compliance Director, who fulfills the independency requirements and does not hold concurrent positions as prohibited by regulation. The Compliance Director plays an important role in Risk Management for Compliance Risk and has the responsibility to enforce the Bank's compliance function.

The Compliance Function is a set of preventive actions or measures (ex-ante) to ensure that the policies, rules, systems and procedures and business activities undertaken by the Bank comply with the Financial Services Authority (OJK) regulations and the laws and regulations, including Syariah principles for Syariah commercial banks and Syariah business units, and to ensure the Bank's compliance with commitments made by the Bank to the Financial Services Authority (OJK) and/or other regulatory authorities.

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

Compliance Working Unit's roles and responsibilities are among others: to take necessary measures in supporting the formation of a compliance culture, to identify, measure, monitor, and control issues related to compliance risk management, to conduct compliance reviews, to assess and evaluate the adequacy and conformity of policies, and to carry out other tasks related to compliance function.

2) Strategy & Effectiveness of Compliance Risk Management

In general, Compliance Risk Management is implemented in accordance with the Bank's Integrated Risk Management Policy and the Bank's Compliance Terms of Reference. Compliance risk management is performed on matters that may potentially lead to an increase in compliance risk exposure, both penalty and reputation risks.

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

The first line of defense in managing Compliance Risk is the lines of business, Operations and Support Unit responsible for risks that arise in each of its activities.

The second line of defense is the Compliance Working Unit and Risk Management Working Unit. The Compliance Working Unit is responsible in ensuring that all applicable regulations are implemented by all Business, Operations, and Support Units, while the Risk Management Working Unit ensures that the risks taken are accurately identified, measured and managed in line with approved parameters.

The Internal Audit Unit (SKAI) serves as the third line of defense through independent testing and auditing of the accuracy of the Business, Operations, and Support Business Unit process to ensure that the working unit has performed its functions and responsibilities and complies with the risk management policies and procedures.

3) Compliance Risk Management Implementation Procedures

Compliance risk management Implementation is conducted through the process of identification, measurement, monitoring, and risk control. The process of identifying and measuring compliance risks is done through assessment of bank's policies, fund provisioning and raising activities, and other business activities.

This process is carried out to detect potential non-compliance with applicable laws and regulations, prudential principles, and sound business ethics standards. Compliance risk monitoring and control are conducted based on the compliance review of Bank's policies and activities, results of compliance review of self assessment, and fulfillment of commitments to the Financial Services Authority (OJK) and Bank Indonesia, including the fulfillment of key regulatory requirements of Danamon and subsidiaries. Danamon as the main entity coordinates, monitors, and evaluates the implementation of the Subsidiaries' compliance function.

H. Reputation Risk

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

1) Reputation Risk Management Organization

The Danamon reputation risk is managed by Corporate Secretary Unit, which coordinate with Integrated Risk Unit and collaborate with Corporate Communication Unit, Service Quality & Contact Center Unit, Compliance Unit and others.

Due to the importance of Danamon reputation, the reputation risk is integrated managed by the units that handle customer complaint, public relation, counter the negative news and communicate the important information to the stakeholders.

In term of consolidated reputation risk management, the team collaborate with the risk team from PT Adira Dinamika Multi Finance, Tbk. and PT Adira Quantum Multi Finance.

2) Policy and Mechanism of Reputation Risk Management

The policy and mechanism of reputation risk management are aligned with the applicable regulations that focus on inherent reputation risk management, such as:

- Negative news related to the owner of Danamon and/or companies related to Danamon.
- Violation of common practices of business ethics/norms.
- 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.
- The frequency, types of media, and materiality of negative publicity of Danamon, including its officials.
- The frequency and materiality of customer complaints.

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

3) Risk Management During Crisis

Danamon already have the policy and procedure in handling all activities during the crisis, including the risk reputation management.

I. Investment Risk

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

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

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

Organization and Policy of Investment Risk Management

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

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

Investment Risk Mitigation

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

J. Rate of Return Risk

Rate of Return Risk arises from changes in the level of return rate paid by the Bank to a customer, due to changes in returns received by the Bank from the disbursement 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). The process of Return of Risk Management refers to the provisions of the OJK.

K. Intragroup Transaction Risk

Intragroup Transaction Risk is the risk due to the dependence of an entity either directly or indirectly to other entities in a Financial Conglomeration to fulfill its obligation in written agreements and non-written agreements either followed by transferring of funds or not.

1) Organization and Policy of Intragroup Transaction Risk

Intragroup Transaction Risk is managed by the Bank as the main entity and its Subsidiaries as the members of the Financial Conglomeration. The implementation of Intragroup Transaction Risk Management is conducted by taking into account the transaction activities between entities within the Financial Conglomeration.

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

2) Intragroup Transaction Risk Management

Danamon and its Subsidiaries identify the types of intragroup transactions which may cause the risks to the Financial Conglomeration and be responsible in conducting the integrated measurement of intragroup transaction risks within the Financial Conglomeration.

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

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

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

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 Subsidiary under the Bank's supervision as the main entity.

Insurance Risk is due to failure of the insurance company in fulfilling its obligation to the policy holder as a result of the inadequacy of the underwriting process, pricing, reinsurance and/or claim handling.

1) Organization and Policy of Insurance Risk Management

Insurance risk is managed by Danamon's Insurance Subsidiary with supervision from Bank Danamon Indonesia as the main entity. The Insurance Subsidiary has a risk management policy that regulates the risk management framework and process of the insurance company under Financial Services Authority Regulation No. 1/POJK.05/2015 on the Application of Risk Management for Non-

Bank Financial Services Institutions, reviewed periodically. The categories of risks managed are Insurance Risk, Strategy Risk, Operational Risk, Asset & Liability Risk, Management Risk, Governance Risk, and Fund Support Risk.

In the implementation of risk management in insurance companies, the Subsidiary has covered:

- a) Active supervision of directors, and commissioners.
- b) Ensure the adequacy of policies, procedures, and the determination of risk limits.
- c) Ensure the adequacy of the process of identification, measurement, monitoring, and risk control.
- d) Ensure the adequacy of risk management information systems.
- e) Ensure the implementation of a comprehensive internal control system.

To assist the implementation of risk management in Insurance Company, a committee is formed to monitor the implementation of risk management. Based on its function, the established committees are divided into 2 (two) elements, namely:

- a) Committees under the Board of Commissioners
 - Audit Committee
 - Risk Monitoring Committee
 - Nomination Committee
 - Remuneration Committee
- b) Committees under the Board of Directors
 - Risk Management Committee
 - Anti-Fraud Committee
 - Assets & Liabilities Committee
 - Service Committee
 - Product Committee
 - Human Capital Committee

2) 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.

Insurance risk management consists of the management of inherent risk and the implementation of control management, namely:

a) Management of insurance risk covers:

- The nature of the insurance business
Short versus long-tail Product Management, short-term coverage and long-term coverage, and the risk level of the business covered.
- Composition and Diversification of Business Portfolios
Management of business diversification and market segmentation.
- Reinsurance Structure
Management of the reinsured portion of risk, type of reinsurance and reinsurance program, reinsurer company, and reinsurance concentration.

b) Insurance risk control management covers:

- Board of Directors and Management comprehension
Improve understanding of insurance risk issues and monitoring of insurance risks.
- Product Design
Establish policies and procedures in product development, lines of business and product type, product approval process, product risk assessment, product modification, policy wording, and reinsurance requirements.
- Premium Setting
Establish policies and procedures for premium determination, claims estimation (cost of claim), rate of return on investment, cost and commission assumptions, quality of risk profile data, profitability, analysis of market conditions and competitors, reinsurance, premium rate review, and premium rate changes.
- Underwriting
Establish underwriting policies and procedures, underwriting function structure, underwriting infrastructure, delegation of authority, manual underwriting, compliance with policies and procedures, portfolio monitoring, data quality, and reinsurance considerations.

- Valuation of Liabilities

Ensure availability of liability valuation reports, financial condition reports, and data integrity.

- Reinsurance

Establish the structure of the reinsurance program, the structure of the reinsurance function, reinsurance management, reinsurance documentation, and reinsurance companies that become partners.

- Claims

Establish a structure of claim handling functions, claim policies and procedures, claim handling processes, human resources, system and data quality, portfolio monitoring, claim leakage, reinsurance and fraud claims.

- Product Distribution

Review the selection of distribution channels, marketing and e-business systems, cooperation agreements, distribution line conflicts, commission structure, and mis-selling.

- Review by Independent Party

Obtain internal and/or external auditors' opinions and supervision of risk management functions.

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.

Bank Danamon Indonesia and its insurance Subsidiary implement an insurance risk profile for financial conglomeration. Insurance risk management reporting will be conducted comprehensively and periodically to management and regulators to monitor, assess and evaluate risks in a sustainable way

Basel III Implementation

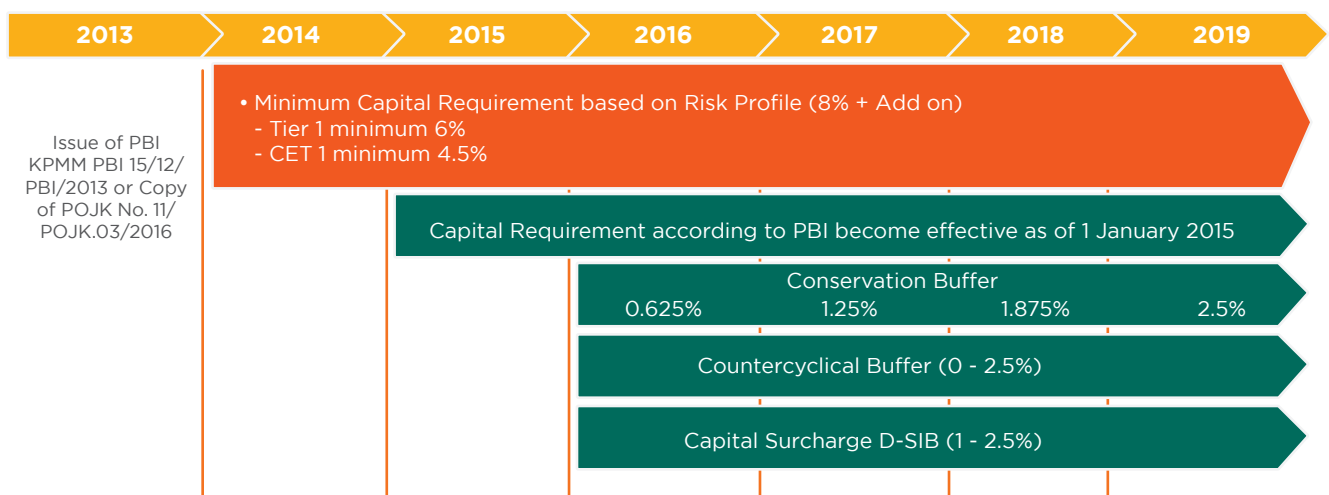
The banking industry enhanced the existing capital framework through various discussions organized at the global level through the concept of Basel II improvement, namely Basel III. Basel III has the objectives to manage banking issues by improving the capacity of the banking sector to absorb risks that may arise from financial and economic crisis, preventing financial events from 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 procyclicality 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 regulations 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 participate at the global banking level.

The following illustrates Danamon's phases in preparation for Basel III, in conjunction with the management of capital:



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

Referring to the POJK, the implementation of the LCR framework is done in stages. As a Bank in the BUKU 3 group, Danamon is included in the Second Stage time scheme. The effective period of the POJK implementation began on June 30, 2016 with an initial rate of 70% and increases at the end of each year up to 100% by December 31, 2018. LCR aspects related to calculation, implementation period, reporting, and publication refer to the above POJK.

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

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

Determination of Risk Appetite

Risk Appetite is the amount of risk that is prepared to take/tolerate in the pursuit of its business objectives. Establishment of Risk Appetite is not to limit risk taking, but it aims to provide transparency and ensure that the risk profile is aligned to its business strategy.

Bank has set the Group Risk Appetite and has been approved by the Board of Commissioners and Directors, including cascading into the Lines of Business and Subsidiaries level. Bank will also review the Risk Appetite in a regular basis to ensure that it is aligned with the changes of internal and external conditions of the Bank, management expectations, as well as the regulatory provisions.

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

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

Recovery Plan

Following the recent financial crisis, regulations have been put in place globally requiring systemic financial institutions to develop recovery and resolution plans. In April 2017, OJK has issued a regulatory requirement, No. 14/POJK/2017 for Systemic Banks in Indonesia to develop and implement a Recovery Plan. The

Recovery Plan is established to ensure that Systemic Banks have established credible and feasible recovery options to survive a range of severe but plausible stress scenarios.

Being one of the Systemic Banks in Indonesia, Danamon has developed Recovery Plan that complies with the aforementioned regulations, which Danamon submitted to OJK in December 2017.

Danamon has assessed the contribution of each line of business and Subsidiaries from both quantitative (i.e. profit, funding and loan book) and qualitative perspectives in order to identify the material line of business and Subsidiaries, including the Bank's office network.

As part of the regulation's requirement, Systemic Banks in Indonesia are required to conduct a wide range of scenario analysis in order to assess the resilience and potential vulnerabilities of the Bank to several indicators that are specified by OJK (i.e. capital, liquidity, asset quality and profitability). The scenario analysis outcome indicates that Danamon remains resilient even under severe stress conditions.

Danamon will implement a traffic light system for the implementation of the Recovery Plan with clearly established thresholds as triggers for three phases of recovery plan, namely "Preventive", "Recovery" and "Corrective". There are various recovery options that are assessed in terms of feasibility, credibility, implementation timeframe and effectiveness. These recovery options cover Danamon's key financial indicators, namely capital, liquidity, asset quality and profitability and will form the basis of the Bank's Recovery Plan and strategy under stressed conditions.

This Recovery Plan has been approved by the President Director, President Commissioner and Controlling Shareholder to be subsequently scheduled into the next AGMS/EGMS in 2018 to obtain approval from shareholders.

RISK MANAGEMENT ACTIVITY PLAN IN 2018

Indonesia's economy in 2018 is forecasted to be better compared to 2017 at 5.27% growth. This optimism is supported by the likelihood of domestic consumption recovery and the systematic inflow of investment. The gradually recovering global economy will have a positive effect on the Indonesian economy. However, the challenges are still exist, especially in global financial markets related to the risk of tightening monetary policy in US and European Union.

The following are some challenges that will be faced in 2018:

- The Rupiah exchange rate against the US dollar has the potential to be slightly under pressure as a result of negative sentiment in the domestic financial market as a result of the tightening US monetary policy, and a reduction in quantitative easing in European Union.
- The inflation rate is expected to be relatively stable at 3.5%, assuming the price of subsidized fuel does not increase. Nevertheless, there will be an upside risk of inflation related to global oil price fluctuations.
- With a controlled inflation rate and minimal pressure on currency, Bank Indonesia is expected to keep its benchmark interest rate (interest rate of Repo 7 days) at 4.25%.
- Commodity price could fluctuate after experiencing a significant increase in 2017. Export commodity price of Crude Palm Oil is forecasted to experience limited increment in line with the increasing of demand as result of global economic recovery. However, the prospect of other commodity price, like coal is expected to be stagnant with the likelihood of decline. Thus the outlook for Indonesia's export performance is expected to improve, although not as marked as in previous year.
- Implementation of the government's fiscal stimulus policy as well as the intensification of social aid ("bansos") and village aid funds will provide a positive bearing on the economy, especially for the poor and lower income levels.

Anticipating these external conditions, Danamon has prepared a range of initiatives in terms of risk management in 2018, including:

1) Integrated Risk Management.

- a) Perform Risk Appetite Statement reviews on a regular basis.
- b) Improve risk monitoring and control in the implementation of Integrated Risk Management for the Financial Conglomeration.
- c) Conduct a comprehensive review on the integrated risk monitoring and measurement process.
- d) Keep Danamon's business growth at an acceptable level while remaining prudent.
- e) Maintain optimal implementation of Danamon's activities at a healthy liquidity risk level according to the applicable limit.
- f) Restructure the Integrated Risk Management Directorate to improve the effectiveness and productivity.
- g) Apply the study results of Risk Culture to build and raise awareness on the importance of Risk Culture in Danamon.
- h) Prepare Sustainable Finance Action Plan and policy related to the implementation of OJK Regulation on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.

2) Credit Risk Management.

- a. Review the credit policies periodically.
- b. To continue the system implementation of Credit Risk Internal Rating Model and Scorecard for all Line of Business gradually, such as the system implementation of retail scorecard model for SME (Small and Medium Enterprise Credit) and Mortgage (Housing Loan). To enhance the Scorecard model system using RBE (Rule Based Engine) for Credit Card and Unsecured Personal Loan line of business.

c. Implement ICAAP framework.

d. Using Standardize Approach for Credit Risk Weighted Assets calculations.

e. Perform periodically rating model scorecard evaluation.

f. Conduct bank-wide stress testing at least once a year. Stress testing is conducted if there are any changes in the industrial and economic sectors and when requested by the regulator.

g. Perform quarterly back testing for CKPN adequacy for all lines of business.

h. System development for IFRS9 Model implementation, in preparation to calculate Expected Credit Losses (ECL)/CKPN that comply with IFRS9 rules.

i. Implement Internal Rating Refinement for Corporate and Commercial.

j. Implementation of Early Warning Indicator model for Corporate and Commercial line of business.

k. Perform Risk Based Pricing Refinement for Corporate and Commercial line of business.

l. Develop and refine scorecard model using Big Data Platform.

3) Operational Risk and Fraud Management.

a. The implementation of ORM cycles has been and will continue to be consistent, including the identification, measurement, monitoring and control of operational risks to Danamon and its subsidiaries.

b. The application of anti fraud strategy is continuously improved and adapted to the latest developments and fraud trends, including the application of systems and technology as support for detection pillars and pillars of reporting and sanctions, covering credit and non-credit cases.

- c. Risk identification conducted through the implementation of risk registration and risk assessment of existing products, processes and systems as well as new systems to determine the inherent risks and the mitigation action required.
 - d) Capture risk/loss event data and its contributing factors, carried out in a centralized database, conduct RCSA activities periodically, report related risks, and monitor operational risks through the Key Risk Indicator (KRI).
 - e) Development of the Operational Risk Management System (ORMS) application for the effectiveness of ORM cycle implementation in all units of Danamon and its Subsidiaries.
 - f) Asset and financial insurance (money insurance, property all risks, bankers blanket bonds/ electronic computer crime, Directors & officers, and Electronic Equipment Insurance) as one of the most important forms of operational risk mitigation have been coordinated by the insurance coordinator within ORM Division.
 - g) ORM workshops and dissemination, and visits to RTUs and training (Risk School and E-Learning) to new employees are continuously implemented to ensure continuity and operational risk awareness level uniformity and risk culture recognition in Danamon.
 - h) Performing assessment to identify any gaps and/or potential vulnerability from the Information Security implementation of the agreed policy. This also includes providing a direction for risk taking units, from risk management perspective, to complete the action plan in order to close those gaps and/or potential vulnerability as identified.
 - i) Developing and implementing the Cyber Security Incident policy, procedures and handling guidelines.
 - j) Rolling out the Information Security and Business Continuity Management (BCM) awareness program, with intention to embed these aspects, as a culture, to all employees in doing their daily operational job.
 - k) Developing and implementing BCM comprehensively, to ensure readiness of the line of business and support function units in maintaining the business continuity during the emergency or crisis situation.
 - l) Rectify escalation and self raise issue campaign to ensure Danamon employees proactively identify risks to conduct necessary corrective actions prior to any operational risk incident.
- 4) Market Risk and Liquidity Management.
- a) Continue to exercise ICAAP-related Stress Testing to ensure that Danamon has the capacity to survive in the event of liquidity stress conditions.
 - b) Implement Net Stable Funding Ratio (NSFR) measurement through the ALM system in accordance with OJK regulations.
 - c) Conduct studies and implementation of the model in line with OJK and Bank Indonesia Regulations, including the implementation of Bottom Up Stress Test (BUST).
 - d) Carry out preparation for Interest Rate Risk implementation in the Banking Book (IRRBB) measurement in accordance with Basel III and the OJK Consultative Paper published in June 2017.

📍 Human Resources



“Danamon’s commitment to offer the best for its employees has appeared in many aspects. One of the main aspects that Human Capital (HC) has implemented in 2017 was the intensified digitalization of HR management system, which encompasses manpower planning, recruitment, performance management, and learning and development.”

HUMAN RESOURCES MANAGEMENT

Facing rapid changes, intensified business environment as well as business disruption due to digital advancement, the Company has to transform to keep up its competitive edge and viability. The Company has to prepare itself to alter the mindset of all employees, and nurture its talents under the principle of “employees as assets.”

Danamon’s commitment to offer the best for its employees has appeared in many aspects. One of the main aspects that Human Capital (HC) has implemented in 2017 was the intensified digitalization of HR management system, which encompasses manpower planning, recruitment, performance management, and learning and development. In addition, Danamon has improved workforce planning, upgraded human resource quality, and increased employee engagement levels instigated at bankwide and units level.

HR MANAGEMENT VISION AND MISSION

The Vision of the Human Capital is for Danamon to be the company of choice for career advancement and well recognized as a high-performing company that fosters the careers of its employees. This vision is translated into the mission of providing user-focused HC management and solutions, and utilizing technology, To Deliver Customer Centric - Human Resource Solutions and Services, Leveraged by Modern Human Capital Technology to Support Danamon to be high performing Institution.

Danamon's mid-term 2016-2020 Human Capital strategic objectives have been ascertained. Each phase of the plans covers different subject matters, and continuously strives to improve the quality of HC management practices to provide a positive experience for all employees. This is in accordance to Danamon's vision to becoming the employer of choice and to be well recognized as a high-performing organization.

2016 - 2017 Fixing and Learning	2017 - 2018 Improving	2018 - 2019 Excelling & Sustaining	2019 - 2020 Agile & Enabling Organization
Focus on the basics that are critical to the Bank	Bring the basics to the next level with quality and efficiency at par with leading market practices	Institutionalize the HC process to sustain a high performance organization	Adapt to an ever-changing working environment, leveraging updated HC technology
<ul style="list-style-type: none"> • HC system/platform enhancement • Business process improvement • Team with adequate capability 	<ul style="list-style-type: none"> • Fully integrated HC system/platform • Leveraged by social media and digital capability • Cultivate culture to drive a high performance organization • Respectable Danamon Corporate University • Well recognized business partners 	<ul style="list-style-type: none"> • Data analytics-driven by HC practices/decisions and transparent culture • Competitive organization • Sustainable meritocracy-based performance • High performance human capital 	<ul style="list-style-type: none"> • Proven Employee Value Proposition (EVP) • High value-added organization

HR MANAGEMENT POLICY

In 2017, the Human Capital overhauled and modified the Company's Human Capital Policies, which includes the amendment and adjustment of 57 Director Decrees and 303 memos issued between 2000 and 2007. The improvement and adjustment to the Human Capital Policies aim to raise awareness of the Company's rules and guidelines. All of these amendments facilitated consistency in the implementation of HC management policies, and functioned as guidelines in decision making for all parties on HC related matters.

The Danamon Code of Ethics was also reformed. The reformation was due to the rapid changes occurring both internally and externally to the Company, such as new regulations, new business strategies, and technological advancements. The Code of Ethics reformation aims to enhance the integrity and commitment of the management and employees jointly, to safeguard the Company's cultural values, and mitigate new risks to enhance its trust to customers, regulator, and stakeholders. Dissemination of Danamon's Code of Ethics has been ongoing since December 2017 through e-learning media to accomodate all Danamon employees across Indonesia.

The Merit-based Rewards System (SIPASTI) remains the key underpinning performance management policy, with an emphasis on the standpoint that the primary goal of performance management is to consistently monitor and improve employee performance. The implications of financial rewards are positioned as an outcome of continuance and consequence of good performance and not as a primary goal.

Furthermore, Danamon will pay more attention to job rotation to talented employees in order to fulfill internal manpower needs. This is reinforced by a policy that enables good performing employees who have held a certain position for at least 3 years to be able to be transferred to other working units according to their expertise. This job rotation should be treated as the absolute right of all employees, whereby employees fulfilling set of requirements may apply for rotation by notifying their supervisor, without necessarily seeking approval.

HR MANAGEMENT PERFORMANCE

Employer Branding

Highly qualified employees have a high bargaining power in choosing their employer. In addition, more employees are increasingly dominated by the millennials, and they display a selective attitude in choosing their place of employment. Both of these concerns lead to a strong employer branding that is very important for Danamon.

A number of initiatives have been put in place. Externally, Danamon is constantly active in various social media platforms such as Instagram and LinkedIn in order to complement cooperation with

universities and corporate social responsibility (CSR) activities. In July 2017, Danamon celebrated its anniversary, titled Stage 61, which featured events with Danamon's customers and employees in Jakarta and across regions.

Internally, Danamon launched its #SerunyaDiDanamon campaign in the form of email blasts to all employees promoting sporting, religious, social, environmental events and others. In addition, the Company also publishes a bi-monthly internal magazine called "Spirit", containing articles on Danamon's activities and initiatives.

Recruitment

A number of initiatives have been implemented to improve recruitment procedures, including:

- The use of online psychometric tests, in particular for candidate selection during mass recruitment.
- The revision of guidelines for interview, and the provision of advanced training for regional recruitment teams in interview techniques to ensure consistent interview quality and results.
- The analysis of various data obtained from candidates and employees who are resigning in order to better determine various factors influencing their decisions to join or resign from Danamon. This analysis contributes the groundwork of employee engagement activities.
- Procedure revisions on recruitment and its approval in order to fasten the decision-making process.

Those initiatives have resulted in significant reduction in the recruitment process time.

Staff recruited based on job level

Job level	2017	2016	2015	2014	2013
Top Management	3	3	4	4	1
Senior Manager	38	37	20	13	13
Manager	247	136	95	109	136
Officer	1,385	1,173	800	1,190	1,751
Staff	5,705	9,159	10,808	10,358	17,407
Total	7,378	10,508	11,727	11,674	19,408

Staff recruited based on job level

Job function	2017	2016	2015	2014	2013
Sales	3,389	4,892	6,545	6,015	9,574
Non-sales	3,989	5,616	5,182	5,659	9,834
Total	7,378	10,508	11,727	11,674	19,408

Training and Competence/Education Development

Danamon continuously conducts trainings and competency advancement programs for its employees. As of October 2017, the Company had conducted both technical and soft trainings/ leadership competency programs for 164,554 employees comprising of 139,637 man-days conducted throughout Bank Danamon and Danamon Corporate University training centers.

In 2017, Danamon has enrolled 2,722 of its employees for Risk Management Certification (SMR) trainings and the subsequent examinations. In addition, certification programs such as Lean Six Sigma Project and Project Management Professional were conducted to improve the Bank's performance.

Human Capital has established the Danamon Bankers Trainee (DBT) program intended for the best and most talented Bachelors/Masters graduates as future leaders of Danamon. In order to accelerate the capabilities of frontliners, Danamon continuously conducted the Danamon Development Program

(DDP) for Operations, and Sales and Distribution Development Trainee Program (S&D DP) for the Sales and Distribution Division totaling 271 participants as of December 2017.

As of beginning of 2016, Danamon has successfully reduced employee's training development costs. With the introduction of e-Learning, training expenditures have drastically reduced and have reached a much wider employee base throughout the nation.

The downward trend in the cost of training is projected to be consistent. With e-Learning, employees can access training materials anywhere and anytime by utilizing their own personal mobile device and network through EAZY Learning. As this is already a direct cost savings for the Company, employees can also benefit from their personal device which enable employees to be more efficient with their working time and spend less time on e-learning.

Danamon has realized an investment of Rp 235 billion in 2017 on training, both in-class and e-learning, tailored to the needs of employee competency improvement.

Based on the evaluation results in 2017, Danamon have achieved a training ratio of 7.29% well above BI regulations which stipulate a minimum training ratio of 5%, and the level of training spread was 97.1%. This was achieved through the optimization of several in-class and e-learning training programs.

Training Program Statistics

Training Programs	2017	2016	2015	2014	2013
Total Training Programs	1,411	3,109	2,580	2,948	3,329
Number of Training Participants	164,554	207,739	64,216	70,278	90,864
Total Man-days	139,637	167,428	157,056	175,059	237,446
Total Training Investment (Rp million)	235,517	248,355	182,170	225,942	261,079
Average Investment per Employee (Rp million)	1.43	1.20	2.84	3.21	2.87

Employee Engagement

The outcome of the Employee Engagement survey, conducted in 2016, revealed some issues for consideration; one of which is leadership quality. Because of these findings, the Company has carried out remedial measures, entitled Leadership Series. This program consists of:

- Leadership Café is a face-to-face sharing session involving several prominent speakers on a variety of real-life topics, such as leadership, vision, motivation, entrepreneurship, and other fundamental topics. Among the keynote speakers were Handry Santriago, Dino Patti Djalal, and Swan Kumarga.
- Leadership Giving Back is a face-to-face sharing session delivered by Danamon's Directors. Members of the Board of Directors led this session were Heriyanto Agung Putra, Herry Hykmanto, and Rita Mirasari.
- Leadership Chat is a sharing session through EAZY Chat social media, developed for internal use at Danamon. This session makes it possible for Danamon employees to interact directly with Danamon's Board of Directors members to ask questions and discuss various issues.

Other initiatives included building an on-boarding framework and guidance for Unit Leaders to provide a positive experience for new employees. The Company expects effective on-boarding to improve productivity and to ensure that new employees are familiar with Danamon's vision, mission and cultural values.

In the fourth quarter of 2017, the Company conducted Piloting Survey in several Directorates, including Leadership Transition, Project Management, and On-Boarding. These surveys aimed to measure relevant employee engagement levels so that strategies and initiatives could be better formulated to build up employee engagement further.

Performance Management

In September 2017, Danamon introduced new online performance management system under EAZY platform. This greatly assisted employees and their supervisors in objective setting transparency. The cascade function allows supervisors to pass down work targets to their subordinates.

Moreover, the availability of a continuous performance management module, accessible through personal communication devices, enables supervisors to monitor and record work achievements more effortlessly. This new system will make the process of achieving objectives become more focused, and planning, execution and achievement be easily and immediately communicated between subordinate and supervisor.

With the changes in the system, the Company foresees that employees' work attitudes and behaviors will be more objective-focused. Should any employees struggle to achieve work targets, the system can immediately detect this, and their respective supervisor can take immediate action in coaching the employees.

Development of Talent Management and Employee Careers

Talent management is an important aspect for Human Capital. Thus, the Company has conceived a comprehensive and sustainable talent management program that aims to ensure the availability and readiness of future leaders to hold key positions within the Company.

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

In the effort to cultivate talents within the Company, The Management Trainee and Development Program were established. These programs aim to nurture future bank leaders by strengthening their comprehensive banking knowledge and by systematically job-rotating them in order to accelerate their skill progression.

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

Employee Remuneration

Danamon has formulated a remuneration strategy based on the meritocracy principle whereby the Company grants rewards based on competence and performance. This strategy is realized through the SIPASTI principle and has been consistently implemented since 2015 in various arrangements of short-term and long-term incentive programs given in the form of financial or non-financial.

Employee remuneration is categorized into fixed components based on level of position, job category, position scarcity in the market, as well as market benchmarks and variable components of bonuses and incentives. Bonuses are awarded based on the Company's target achievements, industry benchmarks, operating unit's achievements, and individual achievements. Incentives are given to positions that directly generate revenue, such as sales person and bill collectors, and are designed

to increase motivation and shape effective sales or billing behavior. With a fair and balanced compensation system, the Company looks forward to build a productive working environment as well as encourage the performance and motivate Danamon's employees to continue to work and contribute better.

Employee welfare

In addition to providing government health insurance (BPJS) and pension plan (JHT) benefits, Danamon provides additional health insurance, pension funds and special housing loans (KPR) for its employees. The mortgage loan policy has also been reviewed, and the increase in lending limit has been approved by the upper management to be introduced simultaneously with the signing of a new Collective Labor Agreement with the labor union. Motor vehicle allowance has also been revamped; from previously Car Ownership Program (COP) scheme into the Car Ownership Cash Program (COCP) whereby eligible employees receive a cash allowance paid in conjunction with the monthly payroll.

In December 2017, Danamon collaborated with Adira Finance and Adira Insurance to launch financing and insurance designed to benefit both Danamon and Adira employees. Through this program, employees are eligible to apply for motor vehicle loans, home appliance loans, and various types of insurance at interest and premium rates lower than commercial ones.

For long-standing employees, on December 11, 2017, Danamon held long service awards in recognition of employees with 5, 10, 15 and 20 years of work experience with the Company. To date, 620 employees have received the award.

Pension

Danamon's pension plan is in accordance with prevailing applicable government regulations. In honoring retiring employees, Danamon provides a counseling workshop to enable them to be better prepared during retirement. Topics include essential variety of activities, mental and financial preparation.

Employee Turn Over Level Management

The percentage of Danamon's employees regretted turnover in 2017 reached 7.2% (1,132 personnel) of the total number of employees. This is better compared to 2016's figure of 8.4% (1,471 personnel). Out of this figure, regretted turnover occurred most in employees with a 3-5 year work tenure. A similar trend also occurs in many other companies. This is allegedly related to the characteristics of the millennial workforce that is apt to move from one job to another, and be more enterprising in trying alternative jobs.

Efforts to reduce this regretted turnover characteristic among employees is accomplished through a number of techniques, such as adopting a more transparent performance management system, conducting employee development programs at first-line, middle, and senior management levels, and running managing across generation training that equips first level and middle managers with the skills in managing subordinates and millennial generation employees.

Danamon is fully aware of work force shifting generation: from Generation X to Generation Y (millennial); with all the diverse characters within the generation, making leadership approaches above all need to be attuned.

Human Resource Information System

Digitalization of HR management in 2017 is intended to facilitate human resource management, and create a new experience for all Danamon employees. In September 2017, the Company launched the EAZY Chat application, allowing employees to communicate with one another through Danamon's dedicated social media. This application also serves as a library featuring a variety of work-related information.

In November and December 2017, the Company also launched 3 other applications, namely EAZY Performance Management System, EAZY Recruitment, and EAZY Learning. Besides being accessible through the office computers within Danamon's network, all of these applications can be accessed from employees' personal devices via the Internet, and enhance mobility. More importantly, the system offers valuable experience relevant to future trends.

Risk Management

Strengthening risk management is crucial to enhance compliance with applicable regulations within the Human Capital. In addition to Risk Control Self Assessment (RCSA) and Compliance Risk Self Assessment (CRSA), the Human Capital also perform the implementation of a Controlled Environment encompassing all work functions within the Human Capital, which aims to ensure that every task is in line with the intended objectives and duties. Compliance is expected to reduce risks that may arise from non-performing tasks.

In strengthening risk management within the Human Capital, a test step as a tool for risk mitigation has been formulated and periodic/adhoc internal audit trials have been initiated. Strengthening risk management is also accomplished through information dissemination and communication on the importance of understanding, complying, and applying Code of Ethics.

Industrial Relations

Proper Industrial Relations Policy is compulsory for Danamon to ensure business continuity, to create a favorable working environment, to warrant employees' pride, and to promote good reputation acknowledged by external parties. The creation of harmonious industrial relations is clearly a measure of ensuring improved working conditions, productivity, competitiveness, and work quality. In addition, a well established industrial relation is also an indicator of Good Corporate Governance for Danamon.

Danamon's management consistently strives to build constructive communication and consolidation with respect to expectations put forward by the Labor Union. As part of information transparency, Danamon's management in December 2017 conducted discussion forums attended by the entire workforce community, such as the employees' cooperative, religious functions, and the Labor Union facilitated by the Ministry of Manpower, and Commission IX of the House of Representatives.

Management also works closely with the Ministry of Manpower of the Republic of Indonesia to arrange training on Employment Regulations, Terms of Employment and Industrial Relations, especially those related to outsourcing.

Negotiations on Collective Labor Agreement Renewal (CLA) in 2017 were held in two stages. Negotiation was once put on hold due to disagreement between the labour union representatives with the management's representative. The management maintained its position and the willingness to continue the negotiation process.

PRIMARY PERSONNEL DEMOGRAPHIC DATA

Danamon Headcount Data as of November 2017 (Consolidated)

Company	2017	2016	2015	2014	2013
Danamon	16,811	22,832	27,223	31,660	35,423
Adira Finance	18,760	20,094	21,351	26,098	28,519
Adira Quantum	-	8	524	1,691	2,863
Adira Insurance	839	1,085	1,128	1,169	922
Total	36,410	44,019	50,226	60,618	67,727

In the period of 2013-2017, Danamon has undergone many initiatives in order to improve its business. Not only did it impact on the changes to the business model, some transformation projects impacted to changes also to number of manpower.

Employee Composition Based on Organization Level (Consolidated)

Position	2017	2016	2015	2014	2013
Top Management & Technical Advisors	24	27	23	39	49
Senior Managers	340	378	384	422	407
Managers	3,376	3,108	3,229	4,045	3,495
Officers	11,369	12,487	13,751	16,818	16,894
Staff	21,301	28,019	32,839	39,294	46,882
Total	36,410	44,019	50,226	60,618	67,727

The reduction in the number of employees occurred almost evenly across all levels of the organization, with the exception of managerial level. The largest percentage of employee reductions occurred at the Staff level. This is attributable to a combination of the growth of the organization at managerial level requiring more think-tanks, and the efficiency of work processes.

Employee Composition Based on Employment Tenure (Consolidated)

Employment Tenure	2017	2016	2015	2014	2013
0-3 years	11,213	13,872	18,380	25,128	36,053
3-5 years	3,757	6,770	10,391	14,555	11,676
5-10 years	12,998	14,700	12,576	10,896	11,479
10-20 years	5,883	6,562	7,450	8,774	7,354
> 20 years	2,649	2,115	1,429	1,265	1,165
Total	36,410	44,019	50,226	60,618	67,727

The largest reduction in the number of employees occurred in the employment tenure between 3 to 5 years. This is an eventuality requiring a specific course of action and employee engagement to improve upon.

Employee Composition by Age (Consolidated)

Age	2017	2016	2015	2014	2013
<25 years old	2,603	3,912	4,655	6,343	9,066
25-34 years old	19,252	25,120	29,616	36,584	41,983
35-44 years old	11,340	11,875	12,996	14,520	13,966
> 45 years old	3,215	3,112	2,959	3,171	2,712
Total	36,410	44,019	50,226	60,618	67,727

The employee group between 35 to 44 years of age is relatively stable compared to the decline in the number of employees in other age categories. This is due to the increase in managerial positions.

Employee Composition by Academic Background (Consolidated)

Academic Background	2017	2016	2015	2014	2013
Postgraduate	461 (1.3%)	438 (1.0%)	445 (0.9%)	542 (0.9%)	573 (0.9%)
Bachelor	24,733 (67.9%)	29,137 (66.2%)	31,963 (63.6%)	37,834 (62.4%)	42,361 (62.6%)
Diploma	6,932 (19.0%)	8,399 (19.1%)	9,719 (19.4%)	11,982 (19.8%)	14,007 (20.7%)
High School	4,272 (11.7%)	6,022 (13.7%)	8,065 (16.1%)	10,161 (16.8%)	10,671 (15.8%)
Junior High/ Elementary	12 (0.03%)	23 (0.1%)	34 (0.1%)	99 (1.2%)	115 (0.2%)
Total	36,410	44,019	50,226	60,618	67,727

The percentage of employees with undergraduate and postgraduate education levels has consistently risen over the last 5 years. This demonstrates, in general, that Danamon's human resources with higher educational backgrounds have improved.

Employee Composition Based on Employment Status (Consolidated)

Employment Status	2017	2016	2015	2014	2013
Permanent 1)	29,596	31,950	35,606	42,476	47,075
Non Permanent 2)	6,814	12,069	14,620	18,142	20,652
Total	36,410	44,019	50,226	60,618	67,727

Notes:

1) Permanent employees include permanent employees and employees on probation.

2) Non Permanent Employees include contracts, trainees, honorarium and expatriates. Data does not include outsourced employees

HUMAN CAPITAL STRATEGY AND WORK PLAN 2018

Referring to Human Capital's medium-term strategy and work plan, in 2018 the Company will continue to concentrate on the digitalization of HR management system with the convenience of universal access, enhancing Human Capital excellence and capabilities as business partners, building a culture of sustainable performance management, and building talent management and succession planning.

To strengthen overall leadership and Danamon's human resource management capabilities furthermore, the Human Capital will consistently promote the notion of "every manager is a people manager". Thus, it is projected that employee engagement and turnover numbers will improve in the future.

📍 Information Technology



“Information technology aims to simplify customer digital transactions and services. Security will continue to be an important factor when we respond to technological advancements.”

The rapid advancement of information technology (IT), especially in the financial services industry, requires that Danamon keeps pace with technology advancements. This can provide convenience and ease of use for customers perform banking services.

The main focus of information technology is to simplify and reduce processing time, and provide superior customer service and experience. With this intent we aim to keep updating our technology solutions.

In principle, digitalization is to create more effective and efficient processes. As the result, Danamon is able to provide better customer service and experiences.

Highly secured digital transaction along with the increasing threats of cybercrime needs to be considered in applying and responding to technology advancements. Thus, Danamon continuously strives to update the security measures so that customers can be protected from unwanted incidents.

Equally important, the development of information technology in Danamon is also crucial to support the growth of Bank and its subsidiary companies. Through the support of information technology, it is expected that the business growth can be sustainable.

INITIATIVES AND PERFORMANCE 2017

Danamon continuously works to streamline customer transactions. Throughout 2017, there are approximately 30 major initiatives. Some of these many initiatives, are to develop applications such as digital customer service channel, Reward points, API management and other digital-based applications. In addition Danamon is designing and setting up the infrastructure for Omni Channel or digital multi-channel services.

Server Capacity Improvement

To accommodate the business growth, Danamon continues to increase the server capacity and embark on server virtualization to reduce physical servers, maintenance costs associated, and electricity usage.

Data Center Development

As part of revamping the data center in terms of capacity, scalability and reliability, in 2017 Danamon has completed the selection of new data center locations that meet Tier-4 standards. Data center relocation is undertaken as the old location is no longer able to support the increasing operational load in an optimal way. The process of relocating the data center will start in 2018.

Analytic Engine

To expand its capabilities in data analysis, Danamon start to initiate Master Data Management and Data Integration for Structured Data and Unstructured

Data. This system can process the following data: customer data, products and other internal data, which can be used in decision making, business development, and innovation.

Network System Update

Danamon is upgrading the network infrastructure (backbone routers, cores, and distribution switches) that have reached end-of-support by 2017. This upgrade is required to increase the capacity, scalability, flexibility and availability of network infrastructure, as well to support the implementation of network virtualization.

Application Virtualization

In 2017, Danamon embarked on application virtualization, a system that centralizes standard end user applications used by Danamon's employees. The impact of application virtualization is an effort to reduce cost as well as to minimize the risk of data loss.

End User Computer Procurement Management

In 2017, Danamon embarked on seat management for new computer purchases. Instead of purchasing new computers we will lease. This initiative provides potential efficiencies to the cost of maintaining and buying computer devices.

Cyber Crime Threat Countermeasures

In 2017, Danamon initiated the Advance SOC (Security Operation Center), to detect and respond to cyber security threats. This system can have the ability to detect and respond to security threats whether from outside or within Danamon. The system will monitor network traffic for 24/7 and detect and provide information in the case of potential cyber attacks.

Malware Threat Countermeasures

To protect from internal threats, Danamon in 2017 started the system implementation to detect malware for Internet and Mobile Banking. The implementation is targeted for the next year.

Special Cyber Security Team

In order to protect from both external and internal threats, in 2017, Danamon formed the Cyber Threat Analytic and Response Team. The team is responsible for analyzing and addressing cyber security threats, as well as providing necessary measures to overcome them.

End-to-End Transaction Monitoring

In 2017, Danamon has implemented an end-to-end transaction monitoring system to provide early warning in the case that issue/potential problems detected in Internet Banking and Mobile Banking. In the future, end-to-end monitoring will be also applied to the other applications.

Disaster Management

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

HUMAN RESOURCES

Danamon is committed to deliver the best digital service to the customers. To anticipate this, Danamon is focused on developing talent with the right skill sets.

Danamon regularly conducts information technology training courses. And at the same time, Danamon consistently develop the talent development in the universities to invite the best talented individuals to join Danamon. With technology advancement, Danamon require consistent skill development in the information technology.

REGULATION, COMPLIANCE, AND INFORMATION TECHNOLOGY GOVERNANCE

In accordance with the regulatory initiatives to provide financial inclusion, Danamon has implemented Laku Pandai within the Adira network.

Danamon has implemented Rule-based Engine to centralize and simplify the credit decision-making processes. Danamon will increase the use of such solutions for sub-processes where decisions need to be made.

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

STRATEGY AND INITIATIVES 2018

Danamon's IT Division has established a number of strategies and initiatives in 2018 in order to support Danamon business activities.

System Enhancements and Digital Strategy

Danamon IT will continue to develop digital services to facilitate customers interactions across all channels. We will continue to enhance our product and services through these channels.

Danamon will continue replacement of aging Automated Teller Machines (ATMs) in an effort to continuously increase and improve transaction services.

In addition, the security level of ATM/CDM will continue to be improved.

Danamon IT will enhance the sale and purchase of bond transactions to ease customers in transactions.

Danamon IT will implement host-to-host integration with Sistem Informasi dan Komputerisasi Haji Terpadu SISKOHAT to facilitate and support Hajj Savings.

IT will facilitate the integration between Danamon and its partners and customers through API Management.

The CRM System will continue to be expanded to the Wholesale and SME businesses.

We will together with businesses continue to explore partnerships with Fintechs.

The IT Division will assess the Treasury System to determine if an upgrade is required to further support business development of Treasury products.

In ongoing efforts to improving efficiency, IT Division will explore RPA (Robotic Process Automation), with the first focus on manual processes in the back office.

Infrastructure Enhancements

We will increase capacity for server virtualization to cater for the new growth and systems. We will continue in our efforts to migrate from physical to virtual servers.

We will need to replace our network server farm as it will reach end-of-support in 2018.

IT Division has completed the selection process of new Data Center locations that meet Tier-4 standards. Consequently, IT Division will move and consolidate all existing hardwares in Kebon Sirih into the new location.

Big Data Analytics

To align with the data from primary source systems i.e. core banking, Danamon will continue to build data analytics for downstream system and integration with external data, either by batch and real-time data. Furthermore, automated machine learning platform is used to generate analytics modeling related to Customer, Fraud and Risk.

IT Security

IT Division will implement Cloud Access Security Broker to provide visibility in maintaining the security of cloud-based applications used by Danamon and implementing Virtual Patch solutions for Windows-based servers to handle all the latest patches.

IT Organization and Skills

Throughout 2017, IT Division has implemented the Agile process for several strategic projects. To improve productivity, coordination, and support for the Agile process, IT will implement Agile Collaboration Tools.

The IT Division will also implement DevOps methodologies and processes. This system aims to build an environment where we can develop, test and launch software programs or features in more quickly, precisely and better quality.

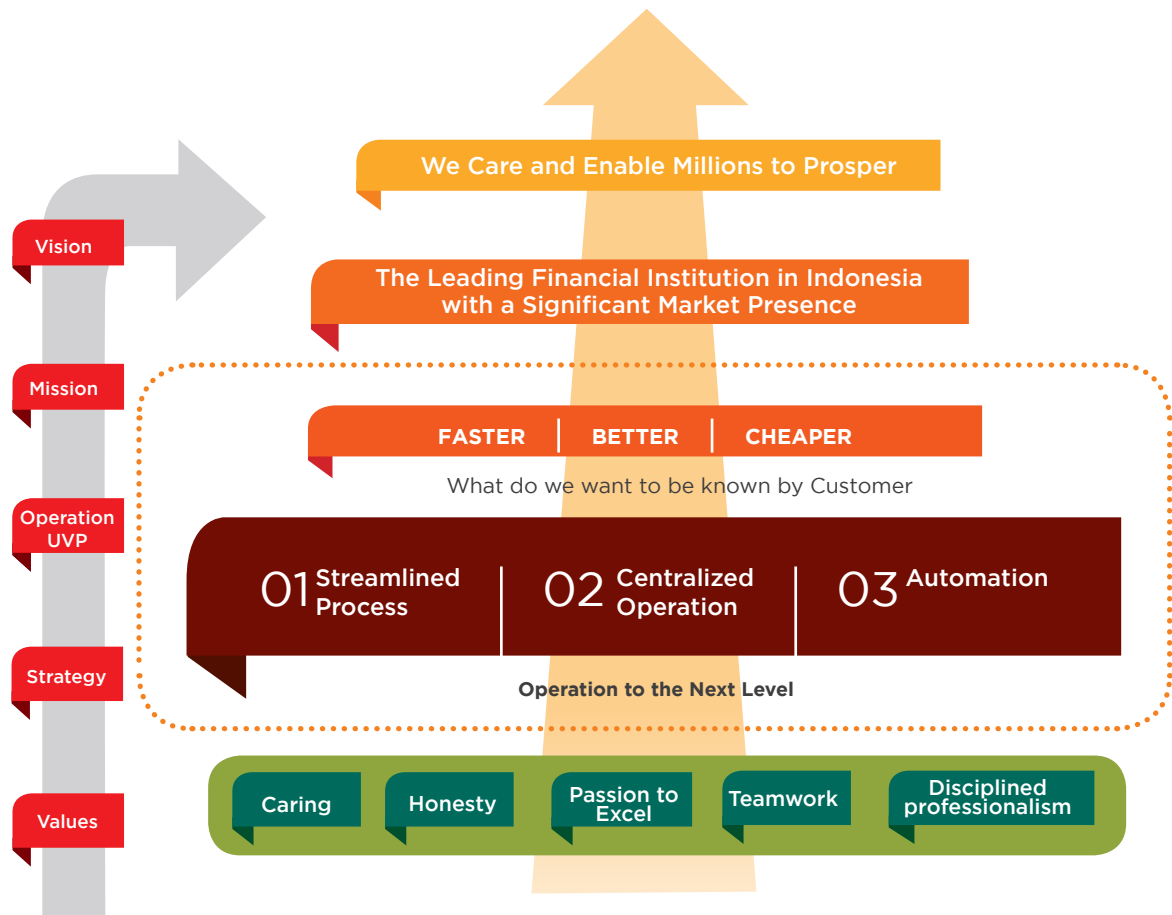
Risk Management and Regulatory

IT Division will implement the Early Warning System for early detection of high-risk customer credit data and to protect the bank from possible losses.

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



Operations



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

Danamon's Operations Unit is in charge of supporting the Company's business growth. Continuing its last year initiative, in 2017 the Company continued to evaluate and restructure its operational activities in order to enhance Danamon's operation efficiency.

In order to stay ahead of challenges and to fulfill customer needs for quality banking products and services, Danamon is committed to implement on-going strategic policies and initiatives in its business operations. The Bank continues to innovate, and improve its operations so it can improve customer experiences.

Danamon's operational unit continues to transform. This is in line with Danamon's strategy to acquire efficiency-oriented operational procedures, improved customer experiences, and sustainable growth as a unique value proposition (UVP) operation, focused on three service attributes: faster, easier, and cheaper.

PERFORMANCE 2017

In 2017, Danamon's operational unit continued the structural transformation and development of its operations with a digitalization-oriented strategy and improvement of the competence and quality of resources. In doing so, manual input was minimized and back office work load and processes were reduced.

Together with the automated and integrated systems, Danamon's operational units improved the STPs and enhanced their support systems for better compliance, control, and good corporate governance.

This is in accordance with the initial idea contained within the bank's business plan (RBB); the operational unit will continue to transform into a business partner that is geared up for the era of digitalization.

By the end of the fiscal year, almost all plans had been successfully implemented. This was due to the persistent commitment of a reliable management and operational team. In monitoring the transformation process, the operational team utilized 4DX tools to ensure that transformations were performed meticulously.

Several of the strategies set forth in the operational transformation are as follows;

1. Reorganized the operational structure that separates innovation from operational development and daily business activities so as to accelerate transformation
2. Formulated a lean operational model that aims to provide better operational services and digitalization empowerment through automation, shared services, and human capital management so that a faster, better and more cost-effective performance could be maintained

3. Enhanced human resource capability in the interests of creating a High Performing Team
4. Reinforced strategic initiatives for business advancement related to network office optimization (closure, relocation, and establishment of branch offices)
5. Collaborated with the Transformation Management Officer (TMO) team to implement Operation Transformation projects including restructuring, re-engineering and automation.

In addition, to achieving faster, better and more efficient operational processes, the operational unit had undertaken various strategic initiatives by the end of 2017. Some of these initiatives were to streamline the organization, to improve service and to obtain a better span of control, such as the consolidation of the loan processing unit.

Re-engineering was also conducted on various operational units, such as Optical Character Recognition (OCR), E-reconciliation, Operation Dashboard, Automation on User ID Management System and automation on reconciliation process in control area.

Danamon has also optimized document imaging through the Document Management System (DMS) that has been applied to Centralized Document Collateral Processing (CDCP), Trade, and Signature Verification units.

With respect to human resources, Danamon is aware of the importance human resource quality improvement in order to sustain operational excellence. Few initiatives that the operational unit concentrated to improve employee capabilities are following:

1. Re-launched the Operation Development Program (ODP) to prepare future leaders, notably for Bank Danamon operations
2. Implemented the Up-skilling program for all operational staff at Head Office, mainly related to transactional processes

3. Devised E-Learning for Control, Loan Module and Payment Operations.

AWARDS AND RECOGNITION 2017

Some of Danamon's achievements in operational areas are as follows:

1. Warta Ekonomi:
Indonesia's Top Performing Mutual Fund & Consumer Choice Award for Best Performance in the Custodian Bank category
2. Marketing Research Indonesia:
Third Place out of nine banks for Branch & E-Channel Category Award
3. Bony Mellon:
STP Award presented in recognition of Your Outstanding Payment Formatting and Straight - Through Rate
4. JP Morgan:
 - Elite Quality Recognition Award for Outstanding Achievement of Best in Class with STP Rating 99.33% MT - 103
 - Elite Quality Recognition Award for Outstanding Achievement of Best in Class with STP Rating 99.96 % MT 202.

2018 PLAN

In 2018, Danamon will continue to bring about sustainable transformation to prepare for digitalization and automation of operational processes in lending, funding products, and risk control & compliance, to become a faster, better, and more efficient operation.

The main focus for operations in 2018 will be streamlining process, review centralized operations, and implement otomation process in some area.

Several strategic plans to be developed and implemented in 2018 are as follows:

1. To incorporate operational loan services into an integrated system from the beginning of limit provision up to loan disbursement and documentation
2. To Improve control and process automation
3. To integrate document imaging safekeeping into the DMS (Digital Management System)
4. To support the National Non-Cash Movement with the development of a the Cashless Payment System
5. To build an integrated system with the custodian, regulator, and tax office so that transactions can be processed swiftly and accurately in accordance with the specified Service Level Agreement (SLA)
6. To formulate a comprehensive bank-wide reconciliation system with applications and records of all customer transactions.

CONFIDENT

► Corporate Governance

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📍 Good Corporate Governance

“Good corporate governance (GCG) implementation and development in Danamon and its Subsidiaries is more than compliance with regulations set by the Financial Services Authority, Bank Indonesia or other relevant regulators. Good Corporate Governance provides immense support for the betterment of the corporate values and sustainable growth of Danamon.”

BASIS OF IMPLEMENTATION OF DANAMON'S CORPORATE GOVERNANCE POLICY

Danamon has an Integrated Corporate Governance Policy and a Corporate Governance Policy which serve as practical guidelines and reference in the implementation of good corporate governance principles in all activities and at all organizational levels in Danamon and its subsidiaries. Corporate Governance policies are structured in accordance with the relevant laws and regulations, including: Law of Limited Liability Companies, Banking Law, Regulations of the Financial Services Authority, Bank Indonesia Regulations, Indonesian Stock Exchange Regulations, the Articles of Association, ASEAN Corporate Governance Scorecard, GCG Indonesia General Guidelines and Indonesian Banking GCG Guidelines issued by the National Committee on Governance Policy (KNKG), and best practices of good corporate governance.

COMMITMENT AND OBJECTIVES OF DANAMON'S CORPORATE GOVERNANCE IMPLEMENTATION

Danamon is committed to continuously strengthen and improve the implementation quality of GCG

principles in all aspects of its business activities including its subsidiary companies in an integrated manner. Along with the development of best practices in the implementation of corporate governance, both in the banking industry and the financial services industry, as well as adjustments to the implementation of Integrated Corporate Governance, Danamon has enhanced GCG policy as a commitment to improve the quality of GCG implementation in Danamon.

The implementation and application of GCG principles is a joint commitment of all organs and levels at Danamon, conducted in a consistent and sustainable manner. The implementation of GCG is expected to further optimize Danamon's value for stakeholders, its sustainable growth and high competitiveness, and to be a recognized financial institution, as well as providing a positive contribution to the financial industry and the national economy.

DANAMON GCG ROADMAP

Danamon has consistently and continuously made improvements to corporate governance as outlined in Danamon corporate governance roadmap. Danamon corporate governance roadmap is as follows:

IMPLEMENTATION ROADMAP OF DANAMON GCG

05 2017

- Alignment of GCG with the regulation of the Financial Services Authority on the Implementation of Corporate Governance for Commercial Banks.
- Improvement of the Company's Website
- Enhancement of policies to support corporate governance.

03 2015

- Implementation of Integrated Corporate Governance and Integrated Risk Management through the availability of Integrated Structure and Infrastructure.
- Addition of Independent Commissioner on the Nomination Committee and Remuneration Committee.
- Established diversity policy of the Board of Commissioners and Board of Directors, Nomination Policy for the Board of Commissioners and Board of Directors, Performance Assessment Policy for the Board of Commissioners and Board of Directors, Tools for Performance Assessment of the Board of Commissioners, Anti Gratuity Policy (Providing and Receiving Gifts).
- Dividend payment within 30 days.
- Disclosure of candidate profiles for members of the Board of Commissioners.

01 2013

- Disclosure of AGM Agenda and its Description.
- Published GMS Resolutions one day after the GMS.
- Disclosures on the Bank's website: Governance Policy, Article of Association, Personal Investment Policy, Related Party Policy, Transactions with Conflicts of Interest, Shareholders, and groups.
- Enhancement of the Bank's website (bilingual).
- Completed management profile and minutes of the GMS.
- Disclosure of the Remuneration Policy for the Directors and Commissioners in the Annual Report.

06 2018

- Corporate Governance improvement
- Review the charters of the Board of Directors, Board of Commissioners, Committees under the Board of Commissioners.
- Review the Subsidiaries' Corporate Governance Policy.
- Adjustment to the membership structure of the Integrated Corporate Governance Committee.

04 2016

- Enhancement of Integrated Corporate Governance and improvement of Subsidiaries' GCG guidelines.
- Enhancement of GCG in line with the FSA Governance Guidelines for Listed Companies.
- Updated the Nomination Committee and Remuneration Committee's charters.
- Adjustment and simplification of Committees under the Board of Directors.
- Established Communication Policy, Directors Succession Policy, and Directors Performance Assessment Tools.
- Enhancement of the Whistleblower Policy.

02 2014

- Aligned and enhanced GCG with the applicable legislation, primarily to meet the recommendations of the Financial Services Authority as set out in the Indonesian Corporate Governance Roadmap.
- Aligned and enhanced GCG with the ASEAN GC Scorecard.
- Facilitated all Commissioners with risk management refreshment course.
- Separated the Nomination Committee from the Remuneration Committee.
- Referring to the applicable regulations, adjusted the membership structure of the Audit Committee, Risk Monitoring Committee, Remuneration Committee, and Nomination Committee
- Enhanced and updated charters of the Boards of Commissioners and Directors, Audit Committee, Risk Monitoring Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee.
- Affiliated Transaction and Conflicts of Interest Policies.

POLICY, ORGANS, AND IMPLEMENTATION OF DANAMON CORPORATE GOVERNANCE

Danamon Corporate Governance Policy

Danamon's Corporate Governance Policy is part of the Integrated Corporate Governance Policy of Danamon Group Financial Conglomeration which guides corporate governance at all levels of the organization based on the following good corporate governance principles:

Transparency

Commitment to provide adequate, clear, accurate, and timely information disclosure, easily accessible to both shareholders and stakeholders.

Accountability

Clear establishment of functions, duties, and authorities and responsibilities within the organization set in accordance with the guidelines and charters of each function. Danamon as an institution should be accountable and responsible for its performance.

Responsibility

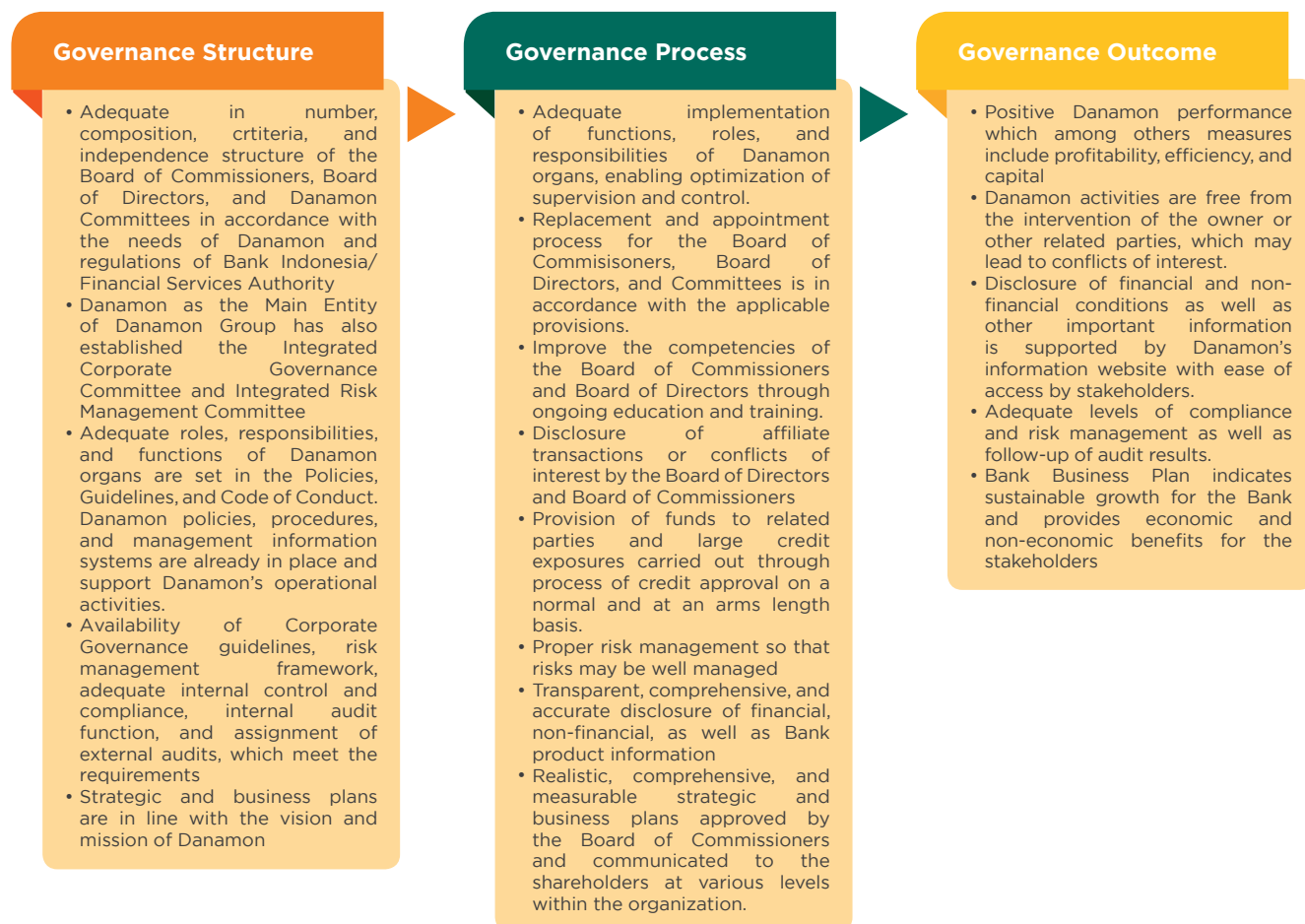
Danamon is committed to comply with laws and regulations and established internal policies. In addition, Danamon also manifests its responsibilities to society and the environment, to achieve long-term sustainability and be recognized as a good corporate citizen.

Independency

The organs of Danamon perform their activities independently and objectively, as well as avoiding the influence of any dominant party. Danamon is committed to conduct its business with professionalism.

Fairness and Equality

Danamon always ensures that the rights and interests of all shareholders, both majority and minority can be fulfilled. Danamon always provides fair and equal treatment to all stakeholders.



FOCUS OF DANAMON CORPORATE GOVERNANCE IMPLEMENTATION IN 2017

Danamon's Corporate Governance focuses on the increase and improvement of corporate governance implementation in Danamon and its subsidiaries by promoting ethics and integrity within the management of the Company. Danamon has taken initiatives to strengthen corporate governance through aligning corporate governance in accordance with the laws and regulations, improving the Company's website, as well as improving the structure and policies supporting corporate governance.

Corporate Governance Policy Improvement

Danamon conducts studies and improvements to the Company's Corporate Governance Policy. Danamon's Corporate Governance Policy is integrated into Danamon Group's Integrated Corporate Governance Policy, which also serves as the guidelines for corporate governance within subsidiaries. GCG adjustments are conducted to accommodate the development of best

practices for corporate governance implementation in the banking and financial services industry as part of Danamon's commitment to continuously strengthen and improve the quality of the implementation of GCG principles.

Adjustment to Committees under Board of Directors

In order to improve the effectiveness of the implementation of the duties and responsibilities of the Board of Directors, Danamon has established and reaffirmed the committees under the Board of Directors who are responsible for assisting the Board of Directors in the performance of their duties and responsibilities. Committees under the Board of Directors are the Human Resources Committee, Risk Management Committee, Assets & Liabilities Committee, Information Technology Steering Committee, and the Integrated Risk Management Committee.

Refinement to the Articles of Association

Danamon has amended several articles in Danamon's Articles of Association and has restated all articles. The amendments were made to conform with and fulfill FSA regulations and prevailing laws and legislations. The amendment of Danamon's Articles of Association was approved by the EGMS on April 12, 2017.

Renewal of the Code of Conduct

Danamon updated its Code of Conduct, which contains the basic ethics and behaviour guidelines for the Management and Employees of Danamon. The Code of Conduct renewal aims to further strengthen the ethical and behavioral values of the Management and Employees to address changes and challenges in the digital age, and the business transformation and strategy of Danamon.

Recovery Plan

In 2017, Danamon, as one of the systemic banks in Indonesia, developed a Recovery Plan as a follow up to the fulfillment of FSA Regulation No.14/POJK.03/2017 on Recovery Plan for Systemic Banks. Danamon has created a Recovery Plan to ensure that Danamon has established and has credible and feasible recovery options to maintain Danamon in a series of stress test scenarios. The Shareholders Approval for the Recovery Plan will be requested in March 2018.

Risk Appetite Statement (RAS)

Risk Appetite is a number of risks that are ready to be taken to achieve business goals. In 2017, Danamon reviewed the RAS that has been in effect since 2012, including cascading the RAS to the Business Line and Subsidiaries level. Danamon has also established a RAS Policy as an improvement effort in RAS implementation, to ensure that the governance structure of risk appetite is adequate and clearer.

Strategy Initiative of Danamon

In 2017, Danamon continued to strengthen its SME and consumer distribution systems, namely Sales & Distribution Network (S&D Network) by equipping S&D frontliners with the "Danamon Way" sales & service culture. This is in line with the original S&D Network's objectives, in which S&D frontliners are able to offer products that are tailored to the personal

and business needs of the customers, provide better services, provide more cross-selling opportunities, and foster collaboration across segments, including subsidiary companies. In addition, by 2017 there were several other strategic initiatives, namely: more effective, comprehensive, and integrated Human Capital empowerment, enhancement and refinement of credit processes to be more effective and efficient, improved Credit Governance of Danamon with the inclusion of Chief Credit Officer to ensure that credit approval is performed independently, development of human resources and technology, development of technological capability, particularly digital banking and data analytics to improve Danamon productivity and efficiency, as well as development of cooperation with e-commerce companies, Fintech, and other third parties.

ASSESSMENT OF DANAMON CORPORATE GOVERNANCE IMPLEMENTATION IN 2017

Self- Assessment of Corporate Governance Implementation

Danamon periodically conducts self-assessment on corporate governance on a bi-annual basis at the end of June and December. The assessment is based on factors established under FSA Regulations, the implementation quality of corporate governance principles in a comprehensive and structured manner, integrated into 3 (three) governance aspects, namely governance structure, process and outcome. The following are the self- assessment results of Danamon's corporate governance.

Self - Assessment Results of Corporate Governance Implementation

Name of Bank: PT Bank Danamon Indonesia, Tbk.

Position: As of June and December 2017

Danamon's Corporate Governance Implementation Self-Assessment Results		
	Rank	Rank Definition
Bank	2 (Good)	The Bank's implementation of good corporate governance is classified as "Good". This is reflected in the adequate fulfillment of the corporate governance principles. If there are weaknesses in the implementation of the governance principles, they are generally less significant and can be resolved by normal actions by the Bank's management.

Self- Assessment Analysis

Based on Danamon's assessment on 11 (eleven) GCG factors, Danamon has adequate governance structures and infrastructures that support the effectiveness and quality of Good Corporate Governance principles that meet the expectations of the stakeholders:

- The number, composition, criteria and independence of Danamon's Board of Directors have considered the scale and complexity of Danamon's business. Danamon's Annual General Meeting of Shareholders held on April 12, 2017 decided to re-appoint the members of the Board of Directors and to approve the decision made by Muliadi Rahardja not to be reappointed as Vice President Director of Danamon. In the second half of 2017, one of the Directors resigned, namely Vera Eve Lim. Her resignation did not affect the fulfillment of the requirements in terms of amount, composition, criteria, and independence of the Board of Directors. The duties and responsibilities of the Board of Directors have been complemented by clear policies, guidelines and procedures. The Board of Directors has accounted for the implementation of its duties to shareholders through the AGMS.
- Quantity, composition, criteria, and independence of Danamon's Board of Commissioners has considered Danamon's business scale and complexities. 50% of the Board of Commissioners members are Independent Commissioners. The implementation of duties and responsibilities of the Board of Commissioners has been carried out in accordance with its mandate, which is complemented by clear policies, guidelines and procedures.
- Danamon already has Committees to assist the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, Nomination Committee, Remuneration Committee, Corporate Governance Committee and Integrated Corporate Governance Committee. The Committees have been established in accordance with Danamon's provisions and requirements with membership composition that supports the committee in terms of independency and execution of duties.
- Danamon already has a Policy on handling conflicts of interest. Danamon's management and employees must prioritize the interests of Danamon and are prohibited from taking action that is detrimental to and/or decreases Danamon's profits. During the assessment period, there were no transactions with conflicts of interest that were detrimental to the interests of Danamon.
- The Compliance function has been adequately implemented. Danamon has conducted various efforts to ensure compliance, such as: increasing awareness and understanding of compliance culture, compliance assessment, development of monitoring and testing functions, monitoring of Danamon regulatory parameters, and monitoring of Regulator audit result follow-up.
- Danamon has an independent Internal Audit Unit (SKAI). The Internal Audit Unit has an audit charter and is supported by adequate human resources. In applying the audit function, Internal Audit uses the Risk Based Audit Approach. The implementation of the internal audit programs covers all business and supporting units, taking into account the risk levels of each work unit.
- The implementation of the external audit function was adequate. The appointment of Mr. Drs. M. Jusuf Wibisana, M. Ec., CPA as Public Accountant (AP) and Tanudiredja, Wibisana, Rintis & Rekan (PwC) as Public Accounting Firm (KAP) was conducted through the AGM of Shareholders approval in April 2017 by taking into account the recommendations of the Audit Committee through the Board of Commissioners. The Public Accountant and the Public Accounting Firm are registered with the Indonesian Institute of Certified Public Accountants (IAPI) and the Financial Services Authority (FSA).
- Danamon has a risk management policy that comprehensively sets the risk management framework and process. The Board of Directors has established the Risk Management Committee to assist in the implementation of risk management functions. Risk management has been conducted adequately. This is indicated by Danamon's risk profile being at Low to Moderate level.
- There are written policies and procedures regarding the provision of funds to related parties and the provision of substantial funds. There were no violations or exceedances related to the legal lending limit.

- Adequacy of transparency of financial and non financial conditions, as well as the report on corporate governance. Danamon has a policy on product information and the use of customers' personal data. Danamon announces financial and non-financial reports regularly through print media or through the company's website, as well as submitting financial and non-financial reports to the Financial Services Authority.
- Danamon already has a Business Plan that was developed in accordance with its vision and mission by taking into account macro and micro conditions, risk appetite, infrastructure, strategy, with due regard to the prudential principle, as well as being responsive to internal and external changes. The Business Plan and its realization have been submitted to the Regulators periodically in accordance with the applicable provisions.

In general, there were no significant issues in the implementation of GCG principles at Danamon. GCG Principles have been applied, in a comprehensive and structured manner, to the three governance aspects of governance structure, governance process and governance outcome. Assessment on activities, processes, policies, and strategies were carried out continuously to achieve optimum processes and effective control.

ACHIEVEMENT OF CORPORATE GOVERNANCE IMPLEMENTATION

In the 9th Indonesian Institute for Corporate Directorship (IICD) Corporate Governance Award, Danamon won the "IICD Corporate Governance Award" as a public company with the best GCG practice in the Best Financial Sector Big Capitalization Category. This award is given to companies that have performed Best Practices of Good Corporate Governance based on parameters in the ASEAN CG Scorecard.

DANAMON CORPORATE GOVERNANCE IMPLEMENTATION REPORT

Danamon's Corporate Governance Implementation Report has covered all the implementation aspects

of corporate governance with reference to the applicable regulations and universally applicable corporate governance best practices. The publication of Danamon's corporate governance report was part of the transparency responsibility to the stakeholders and complies with the prevailing regulations.

GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders (GMS) is a forum for shareholders to take decisions with due regard to the Articles of Association and legislation. The GMS consists of the Annual GMS and Extraordinary GMS, as follows:

- 1) Annual GMS
 - a. The Annual GMS (AGMS) is held by the Board of Directors annually, by the end of June at the latest, as referred to in the statutory regulations preceded by the GMS Announcement and Summons;
 - b. The Board of Directors submits the Annual Report to the GMS after being reviewed by the Board of Commissioners with coverage as stipulated in Danamon's Articles of Association;
 - c. The Annual GMS decides on the agenda, or on matters that have been submitted in accordance with the provisions of the laws and regulations and Danamon's Articles of Association.
- 2) Extraordinary GMS
 - a. The Extraordinary GMS (EGMS) can be held by the Board of Directors at any time based on the needs and interests of the Company in accordance to the applicable regulations and Danamon's Articles of Association preceded by the GMS Announcement and Summons;
 - b. In the Extraordinary GMS, the proposed agenda may be determined in accordance with the provisions of the Articles of Association and the prevailing laws and regulations.

Legal Basis of GMS

The GMS was conducted by referring to Danamon's Articles of Association pursuant to Notarial Deed. 08 dated April 12, 2017 and the Guidelines of Good Corporate Governance.

Shareholders

Shareholders are owners of the capital whose names are recorded in Danamon's register of shareholders. The authorized capital of Danamon is divided into 22,400,000 Series A shares with voting rights, each with a nominal value of Rp50,000.00 per share and 17,760,000,000 Series B shares with voting rights, each with a nominal value of Rp500.00 per share. Authorized capital that has been placed by the shareholders amounted to 9,584,643,365 shares consisting of 22,400,000 series A shares and 9,562,243,365 series B shares. Shareholders are classified as holders of series A and series B shares. All shares issued by Danamon are registered shares.

Rights and Authority of Shareholders

Danamon does not differentiate preferred shares from common shares. Shareholders have equal rights and obligations. Shareholders may participate in the management of the Company through the GMS. The GMS may be held at the request of the shareholders by meeting the requirements stipulated in Danamon's Articles of Association.

Shareholders have the right to participate in decision making related to changes in the Articles of Association and other changes related to the Company, and the right to participate effectively and to exercise his/her votes in the the GMS, as well as the right to obtain information in relation to the GMS, including agenda, code of conduct and procedures for voting.

Danamon ensures equal rights of shareholders and facilitates the implementation of their basic rights. The basic rights of the shareholders are:

- Attend and vote in the GMS;
- Obtain relevant and material information about Danamon in a timely and orderly manner;
- Accept the ownership registration method;
- Assign or transfer shares;
- Appoint and dismiss the Board of Directors and the Board of Commissioners;
- Receive a portion of Danamon's profit;

- Perform other rights and authorization pursuant to Danamon's Articles of Association and the prevailing laws and legislations.

The rights and obligations of shareholders are regulated in detail in the Articles of Association of Danamon that can be accessed through the website at (www.danamon.co.id).

Limitation of Shareholders

- Shareholders are not allowed to intervene in the operations of Danamon, and the Board of Directors and Commissioners can reject any such intervention.
- The controlling shareholder can coordinate the preparation of business strategy, corporate plan, and business plan.
- Supervision by the controlling shareholder can only be performed through the GMS or policy coordination and conduct audits in accordance with the applicable regulations.
- The controlling shareholders must avoid any conflict of interest.
- The controlling shareholders must not abuse the dominance of ownership or control that could lead to violations of the principles of corporate governance.
- The Board of Commissioners and Board of Directors can refuse requests for information regarding Danamon by the controlling shareholder that does not comply with the principle of fairness and equality.
- Shareholders may not take advantage of Danamon for personal, family, company or business gain in a manner, contrary to legislation and the principle of fairness, applicable to the banking and financial sectors.

Access to Information for Shareholders

Shareholders may obtain information on Danamon through various communication media facilitated by Danamon, such as the GMS, performance exposure, analyst briefing, the website, an investor relations email address (investor.relations@danamon.co.id), and the Corporate Secretary email address, (corpsec@danamon.co.id).

Polling and Vote Count Mechanisms at GMS

Danamon prepares the GMS procedures. The GMS procedures are disclosed on Danamon website, recited by the chairperson of the meeting at the beginning of the GMS. The GMS procedures include voting and vote counting. Prior to the vote, the chairperson of the meeting gives the shareholders, or proxy of shareholders, the opportunity to ask questions or voice opinions, having the right to ask and/or submit an opinion to the chairperson of the GMS prior to voting for any agenda of the GMS. The decision making in the GMS is conducted as follows:

- a. GMS decisions are taken based on consultation and consensus. In the case of a decision based on consensus not being reached, the decision is made by voting.
- b. Decision-making by voting is conducted with due regard to the provisions of quorum of attendance and quorum of GMS decision as stipulated in the Company's Articles of Association.
- c. In voting, ballots cast by shareholders apply to all shares that they own and shareholders are not entitled to give authority to more than one person for a portion of the shares owned by a different voice.
- d. In counting the vote, 1 (one) share entitles its holder to cast 1 (one) vote, if a shareholder has more than 1 (one) share, the concerned are asked to vote 1 (one) time only and the vote represents the entire number of owned shares based on the voting card received.
- e. In voting, members of the Board of Commissioners, the Board of Directors and employees are prohibited from acting as the proxy of shareholders.
- f. In the event of a GMS decision relating to cash dividends, disbursement to those that are entitled is effected no later than 30 (thirty) days after the publication of the GMS minutes summary.

GMS 2017

AGMS and EGMS

In 2017, Danamon held the GMS, namely the Annual GMS (AGMS) and Extraordinary GMS (EGMS). The 2017 Danamon GMS was held on Wednesday, April 12, 2017, the AGMS from 10.00 to 12.20 and the EGMS from 12.24 to 12.55 Western Indonesia Time, at Bank Danamon, Auditorium, Floor 23, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, Jakarta 12920. The venue of the GMS is Danamon's domicile and is easily accessible to shareholders.

In connection with the holding of the GMS, Danamon's Board of Directors made the following disclosures:

- a. Notification of the GMS implementation plan to the Financial Services Authority (FSA) and PT Bursa Efek Indonesia (IDX) on February 20, 2017;
- b. Announcement regarding the GMS implementation plan on February 27, 2017 in Media Indonesia and The Jakarta Post and on Danamon's website: www.danamon.co.id on the same date;
- c. A summon announcement to attend the GMS, on March 14, 2017 in Media Indonesia and The Jakarta Post, and on Danamon's website on the same date;
- d. Posting the summon announcement, the GMS agenda, and other GMS content on the BEI on the IDX website: www.idx.co.id through the IDXNet reporting system;
- e. Posting the GMS agenda, Public Accountant and Public Accounting Firm Profiles, amendments to articles in Danamon's Articles of Association, GMS rules, and other GMS content on Danamon website on March 14, 2017.

The GMS was chaired by Johaness Berchmans Kristiadi Pudjosukanto, Vice President Commissioner (Independent) of Danamon, in accordance with Danamon's Articles of Association and Circular Resolution of the Board of Commissioners.

Danamon has appointed P. Soetrisno Tampubolon, SH, MKN as Public Notary and PT Raya Saham Registra as the Securities Administration Bureau to perform quorum and vote counting. Danamon provides an opportunity for the Shareholders to submit questions and/or opinions on the GMS agenda, where 1 (one) Shareholder submitted a question in the second agenda of the AGMS.

Attendance of Shareholders, the Board of Commissioners, the Board of Directors, Audit Committee and the Syariah Supervisory Board at the GMS 2017

In accordance with Danamon's Shareholders Register as of March 13, 2017, the number of entitled Shares was 9,584,643,365 shares. Shareholders with voting rights present or represented in the AGMS held 8,896,838,343 shares or approximately 92.824% of the total shares issued by Danamon, meanwhile, shareholders with voting rights present or represented in the EGMS held 8,896,929,257 shares or approximately 92.825% of the total shares issued

by Danamon. Therefore, having fulfilled the quorum decision-making requirement for the AGMS agenda (namely more than 1/2 of the total shares issued and paid with valid voting rights by the shareholders) and the quorum decision-making requirements for the first EGMS agenda (namely 2/3 of the total shares issued and paid with valid voting rights by the shareholders). Therefore, the GMS was valid to be conducted and to take decisions.

The GMS was attended by all members of the Board of Commissioners, Board of Directors, Audit Committee, and Syariah Supervisory Board.

Resolution and Realization of GMS 2017

The AGMS 2017 resolved 5 (five) proposed meeting agenda items through the voting mechanism and the EGMS 2017 resolved 1 (one) proposed meeting agenda item through the voting mechanism and 1 (one) meeting agenda announced without any voting mechanism. All decisions of the meeting were realized in 2017, as stated below:

AGMS – First Agenda

1. Approved the annual report of the Company for the financial year ended on December 31, 2016;
2. Approved the financial statements of the Company for the financial year ended on December 31, 2016 audited by the Public Accounting Firm Purwantono, Sungkoro & Surja, a member firm of Ernst & Young Global Limited as published in the Independent Auditor's Report dated February 24, 2017 No. RPC-3039/PSS/2017 with unqualified opinion;
3. Approved the report of Supervisory duties of the Board of Commissioners of the Company for the year ended December 31, 2016;
4. Provided full responsibility release and discharge ("volledig acquit et décharge") to: (i) the Board of Directors of the Company in the performance of its duties and responsibilities for the management of the Company and duties and responsibilities of representing the Company; (ii) the Board of Commissioners of the Company in performing its supervisory duties and responsibilities and the duties and responsibilities in providing advice to the Board of Directors of the Company, assisting the Board of Directors of the Company, and providing approval to the Board of Directors of the Company; and (iii) Syariah Supervisory Board in the execution of duties and responsibilities of supervision of the syariah aspects of the implementation of the Bank's operations in accordance with syariah principles, as well as providing advice and suggestions to the Board of Directors, which was made in the fiscal year ended on December 31, 2016, the duties and responsibilities are reflected in the annual report for the fiscal year ended on December 31, 2016.

Result of voting card calculation	Total Majority and In Favor Vote: 8,686,781,066 shares or 97.639%		
	Total Abstain Vote: 210,057,277 shares or 2.361%		
	Abstain¹⁾	Against	In Favor
	2,429,834 shares or 0.027%	none	8,684,351,232 shares or 97.612%

AGMS - Second Agenda

Approved the use of the Company's net profit for the fiscal year ended December 31, 2016 amounting to Rp2,669,480,000,000 with the following details:

1. 1% of the net profit or Rp26,694,800,000 set aside for a reserve fund to comply with Article 70 of the Limited Liability Company Law;
2. 35% of net profit or approximately Rp934,318,000,000 or Rp97.48 per share, assuming the number of shares issued by the Company on the Listing Date is not more than 9,584,643,365 shares, payable as dividends for fiscal year 2016, subject to the following provisions:
 - a. Dividends shall be paid to the Shareholders whose names are recorded in the Shareholder Register on the date to be determined by the Board of Directors of the Company (hereinafter referred to as "Registration Date");
 - b. Dividends not taken after 5 (five) years from the date set for the payment of past dividends, are included in the special reserve fund. The procedure for withdrawing dividends in the Special Reserves can be accessed on the Company's website;
 - c. The Board of Directors shall deduct dividend tax for the fiscal year 2016 in accordance with the prevailing tax regulations on Shareholders;
 - d. The Board of Directors is hereby appointed and authorized to stipulate matters concerning or related to the implementation of the dividend payment for the fiscal year 2016, among others (but not limited to):
 - 1) decided on the Registration Date to determine the shareholders of the Company entitled to receive a dividend payment of fiscal year 2016; and
 - 2) Determined the date of disbursement of the 2016 fiscal year dividend payment, all without prejudice to the fulfillment of the Stock Exchange rules in which the Company's shares are listed;
3. The remainder of the net profit for the fiscal year 2016 not appropriated is defined as retained earnings of the Company.

Result of voting card calculation	Total Majority and In Favor Vote: 8,875,491,523 shares or 99.76%		
	Total Abstain Vote: 20,803,020 shares or 0.234%		
	Abstain⁹⁾	Against	In Favor
	None	543,800 shares or 0.006%	8,875,491,523 shares or 99.76%

AGMS - Third Agenda

Appointed Drs. M. Jusuf Wibisana, M. Ec., CPA as the Public Accountant and Tanudiredja, Wibisana, Rintis & Rekan (member firm of PwC International Limited) as the Public Accounting Firm registered with the Financial Services Authority to audit the Company's financial statements for the fiscal year 2017 as well as determining the honorarium and other requirements relating to the appointment of The Public Accountant and the Public Accounting Firm, taking into account the recommendations of the Audit Committee and the proposal of the Board of Commissioners.

Result of voting card calculation	Total Majority and In Favor Vote: 8,873,102,379 shares or 99.733%		
	Total Abstain Vote: 3,571,858 shares or 0.04%		
	Abstain⁹⁾	Against	In Favor
	1,918,770 shares or 0.022%	20,164,106 shares or 0.227%	8,871,183,609 shares or 99.712%

AGMS - Fourth Agenda

1. a. Approved a total bonus payment/tantieme to be distributed to the Board of Commissioners for the fiscal year 2016;
- b. Approved the determination of total salary/honorarium and/or allowances for the Board of Commissioners for the fiscal year 2017 in the amount of Rp12,164,998,879 gross; and
- c. Approved the granting of power to the President Commissioner of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary or honorarium and allowances for the fiscal year 2017 for each member of the Board of Commissioners based on the recommendation of the Remuneration Committee;
2. a. Approved the total bonus payment/tantiem to be distributed to the Syariah Supervisory Board for the fiscal year 2016;
- b. Approved the determination of total salary/honorarium and allowances for the Syariah Supervisory Board for the fiscal year 2017 in the amount of Rp671,488,024 gross; and
- c. Approved the granting of power to the Board of Commissioners of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary or honorarium and allowances for the fiscal year 2017 for each member of the Syariah Supervisory Board based on the recommendation of the Remuneration Committee; and
3. a. Approved the total bonus patymnt/tantiem to be distributed to the Board of Directors for the fiscal year 2016;
- b. Approved the determination of total salaries and allowances and/or other income for the Board of Directors of the Company for the fiscal year 2017 in the amount of Rp44,397,693,656 gross; and
- c. Approved the granting of power to the Board of Commissioners of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary and allowances and/or other income for the fiscal year 2017 for each member of the Board of Directors based on the recommendation of the Remuneration Committee.

Result of voting card calculation	Total Majority and In Favor Vote: 8,881,573,347 shares or 99.828%		
	Total Abstain Vote: 1,593,820 shares or 0.018%		
	Abstain⁹⁾	Against	In Favor
	53,507,400 shares or 0.601%	13,671,176 shares or 0.154%	8,828,065,947 shares or 99.227%

AGMS-Fifth Agenda

1. a. Accepted the resignation of Emirsyah Satar from his position as Commissioner (Independent) of the Company whose resignation letter was received by the Company on February 1, 2017, by expressing gratitude for his services to the Company;
- b. Agreed not to re-appoint Muliadi Rahardja from his position as Vice President Director of the Company, by expressing gratitude for his services to the Company. In this case, the position of Deputy President Director remains vacant until the new appointment; and
- c. Approved to reappoint some members of the Board of Directors of the Company and members of the Board of Commissioners of the Company who are currently serving, effective since the close of the Meeting;

Thus the composition of the Board of Directors and Board of Commissioners of the Company is as follows:

BOARD OF DIRECTORS			
1. President Director	: Sng Seow Wah	5. Director	: Satinder Pal Singh Ahluwalia
2. Director	: Vera Eve Lim	7. Director	: Adnan Qayum Khan
3. Director	: Herry Hykmanto	8. Director	: Heriyanto Agung Putra
4. Director	: Michellina Laksmi Triwardhany	9. Director (Independent)	: Rita Mirasari
BOARD OF COMMISSIONERS			
1. President Commissioner	: Ng Kee Choe	5. Commissioner	: Ernest Wong Yuen Weng
2. Vice President Commissioner (Independent)	: Professor Dr. Johannes Berchmans Kristiadi Pudjosukanto	6. Commissioner	: Made Sukada
3. Commissioner	: Gan Chee Yen		
4. Commissioner (Independent)	: Manggi Taruna Habir		

with a term of office that will be terminated with the close of the third AGMS after this meeting, namely the fiscal year ended on 31-12-2019, which will be conducted no later than June 2020, without prejudice to the right of the General Meeting of Shareholders to dismiss (them) at any time.

2. Approved the reappointment of all members of the Syariah Supervisory Board of the Company with the following composition:

SHARIA SUPERVISORY BOARD	
Chairman	: Prof. DR. HM Din Syamsuddin
Member	: Drs. H.Karnaen A Perwataatmadja, MPA, FIIS
Member	: Dr. Hasanudin M. Ag.,

effective since the close of this Meeting, with the term of office which will expire at the close of the 3rd Annual General Meeting of Shareholders following this Meeting, which is the fiscal year ended on 31-12-2019, which will be conducted no later than June 2020, without prejudice to the right of the General Meeting of Shareholders to dismiss (them) at any time; and

3. Granted power to the Board of Directors to declare the decision of the Meeting in a Notarial Deed made before a Notary; accessed the Legal Entity Administration System; submitted the notification of changes in Company data to the Ministry of Justice and Human Rights of the Republic of Indonesia to obtain a letter of notification from the Ministry of Justice and Human Rights of the Republic of Indonesia as stipulated in Article 94 paragraph (7) and Article 111 paragraph (7) of the Limited Liability Company Law.

Result of voting card calculation	Total Majority and In Favor Vote: 8,322,466,215 shares or 93.544%		
	Total Abstain Vote: 1,079,620 shares or 0.012%		
	Abstain ¹⁾	Against	In Favor
	77,547,753 shares or 0.872%	573,292,508 shares or 6.444%	8,244,918,462 shares or 92.672%

EGM – First Agenda

1. a. Approved the amendment of several articles in the Company's Articles of Association as contained in the minutes of meeting of this Meeting, which come into force on the date of the issuance of the letter of acceptance of the amendment of the Articles of Association from the Minister of Law and Human Rights of the Republic of Indonesia as referred to in Article 23 paragraph (2) of the Limited Liability Company Law;
- b. Restated all articles of the Articles of Association and paragraphs of Articles of Association which are not amended in this Meeting as contained in the State Gazette of the Republic of Indonesia dated 27-11-2015 No. 95 Additional No. 655/L, which has been effective since the date of issuance of approval letter for the amendment to the Articles of Association and the date of issuance of the letter of acceptance of the amendment of the Articles of Association from the Minister of Law and Human Rights of the Republic of Indonesia as referred to in Article 23 paragraph (1) and paragraph (2) of the Limited Liability Company Law, including reinstating the Company's Shareholders and the composition of the Company's Board of Directors, members of the Board of Commissioners of the Company, and members of the Syariah Supervisory Board of the Company as contained in the minutes of this Meeting; and
2. Granted power to the Board of Directors of the Company to sign the deed required in connection with the resolution of this Meeting, to access the Legal Entity Administration System; submitted notification of the amendment to the Company's Articles of Association to the Ministry of Law and Human Rights of the Republic of Indonesia to obtain a letter of acceptance of notification of amendment to the Company's Articles of Association from the Minister of Justice and Human Rights of the Republic of Indonesia as referred to in Article 23 paragraph (2).

Result of voting card calculation	Total Majority and In Favor Vote: 8,874,936,819 shares or 99.753%		
	Total Majority and In Favor Vote: 21,992,328 shares or 0.247%		
	Abstain¹⁾	Against	In Favor
	None	110 shares or 0%	8,874,936,819 shares or 99.753%

EGM – Second Agenda

The Company informed the Meeting regarding the procedures for the acquisition of Dividends in the Company's Special Reserves, whereby a full explanation of the procedures was submitted at the Meeting and may be accessed on the Company's website.

Description:

- 1) Pursuant to the provisions of Article 24 paragraph 11 of the Company's Articles of Association: "Shareholders with voting rights present at the GMS but not voting or abstaining shall be deemed to be in a voice equal to the majority of the voting of Shareholders".
- 2) Net Income refers to the Net Income attributable to the owner of the parent entity.

Realization of GMS 2016

All resolutions of the Annual GMS and Extraordinary GMS in 2016 were realized in the same year.

BOARD OF COMMISSIONERS

The Board of Commissioners is in charge of, and collectively responsible for overseeing and advising the Board of Directors, as well as ensuring that the Company implements the principles of good corporate governance. The working relationship of the Boards of Commissioners and Directors is the relationship of checks and balances with the principle that both organs have equal terms with the ultimate goal being the progress and strength of the Company.

Members of the Board of Commissioners are appointed and dismissed by the GMS based on a transparent process with regard to the recommendation of the Nomination Committee. Members of the Board of Commissioners are appointed with terms of office of 3 (three) years pursuant to the Articles of Association and may be reappointed. Appointment of members

of the Board of Commissioners is declared effective after passing the fit and proper test required by the FSA. The GMS can dismiss members of the Board of Commissioners even though his/her term has not expired; dismissal would be based on reasonable grounds and after members of the Board of Commissioners had been given the opportunity to defend themselves.

Charter of the Board of Commissioners

The Board of Commissioners refers to the Board of Commissioners Charter that regulates the structure and membership, independent commissioners, terms of office, duties and responsibilities of the Board of Commissioners, duties and responsibilities of the President Commissioner, authority, work ethic, meetings and implementation, transparency, and reporting. The Charter is established under applicable regulations, corporate governance principles, and best practices in the implementation of good corporate governance and is reviewed periodically.

Board of Commissioners Work Ethics

- a. Prohibited from taking advantage of Danamon for personal, family, and/or other party gain that may reduce profits or be detrimental to the reputation of Danamon and its subsidiaries.
- b. Prohibited from taking and/or receiving personal gain from Danamon other than remuneration and other benefits or facilities as specified in the General Meeting of Shareholders.
- c. Prohibited from directly or indirectly making incorrect statements about material facts, or not disclosing material facts, that would mislead regarding the state of Danamon at the time the statement(s) was made.
- d. In conducting supervision, prohibited from interfering in the operational decisions of the Company except for the provision of funds to related parties and other matters set forth in Danamon's Articles of Association.

Duties and Responsibilities of the Board of Commissioners

The Board of Commissioners' duties and responsibilities are stipulated in the Articles of Association, Corporate Governance Policy and The Charter, as follows:

- a. The Board of Commissioners is subject to the work ethics (code of conduct), applicable legislation, regulations and internal policies of Danamon.
- b. The Board of Commissioners must conduct its duties and responsibilities independently. In performing its duties, the Board of Commissioners must provide sufficient time to carry out its duties and responsibilities optimally.
- c. The Board of Commissioners must ensure the implementation of good corporate governance in all Danamon's business activities at all levels of the organization.
- d. In conducting supervision, the Board of Commissioners must direct, monitor, and evaluate the strategic policy implementation of Danamon.
- e. The Board of Commissioners must not be involved in the decision-making of Danamon's operations, except:
 1. In the case of funds provision to related parties;
 2. Other matters specified in the Articles of Association of Danamon and applicable legislation.
- f. The Board of Commissioners must examine the vision and mission of Danamon on a regular basis.
- g. In order to support the effective implementation of its duties and responsibilities, the Board of Commissioners has established:
 1. The Audit Committee
 2. The Risk Monitoring Committee
 3. The Remuneration Committee
 4. The Nomination Committee
 5. The Corporate Governance Committee
 6. The Integrated Corporate Governance Committee
- h. The Board of Commissioners must evaluate the performance of the Committees annually.
- i. Members of the Board of Commissioners agree to sit as a member or as chairman in one of the above Committees as recommended by the Nomination Committee. The Board of Commissioners must ensure that the above Committees carry out their duties effectively.
- j. The Board of Commissioners must ensure that the Directors have followed up on audit findings and recommendations of Danamon's internal audit unit, external auditor, supervision results of FSA/ Bank Indonesia and/or other authorities.
- k. The Board of Commissioners must make recommendations on improvements or suggestions submitted by the Audit Committee and submit recommendations to the Board of Directors.
- l. The Board of Commissioners must safeguard all confidential documents, data, and information of Danamon.
- m. The Board of Commissioners must inform FSA/ Bank Indonesia no later than 7 (seven) days after a finding of:
 1. Violation of legislation in the field of finance and banking;
 2. Circumstances or evaluations that could be detrimental to the business continuity of Danamon.

- n. The Board of Commissioners must monitor and evaluate the information technology strategic plan, including reviewing the policies and procedures of risk management for the use of information technology by Danamon, as proposed by the Board of Directors.
- o. The Board of Commissioners must prepare the Board of Commissioners Charter, as well as review and update the charter periodically.
- p. Members of the Board of Commissioners must enhance competence through continuous education and training.

Duties and Responsibilities of the President Commissioner

Coordinate the execution of duties and responsibilities of the Board of Commissioners, including to:

- a. Receive reports from the Committees under the Board of Commissioners.
- b. Lead the Board of Commissioners in conducting oversight and assurance functions and recognize an urgent situation in the meeting invitation in the event the Board of Commissioners meeting is conducted in less than 5 (five) days.
- c. Receive authority from the GMS to distribute tantieme to members of the Board of Commissioners.

Authority of the Board of Commissioners

The authority of the Board of Commissioners is stipulated in the Articles of Association, Governance Policy, and the Board of Commissioners Charter, as follows:

- a. To access documents, data, and information regarding employees, funds, assets, and Danamon's resources, as deemed necessary.
- b. To communicate directly with employees, Directors and other parties in connection with the implementation of its duties and responsibilities.

- c. To engage independent parties other than members of the Board of Commissioners to assist in carrying out its duties, if necessary.
- d. To carry out other duties as granted by the Articles of Association of Danamon and the prevailing laws and regulations.

Number, Composition, Criteria, Independency and Concurrent Positions of Board of Commissioners Members

Number and Composition of the Board of Commissioners

There was a change in the composition of the Board of Commissioners in 2017. The 2017 GMS agreed to accept the resignation of Emirsyah Satar as Independent Commissioner and agreed to reappoint members of Danamon's Board of Commissioners with the term of office that will end at the closing of the 3rd Annual GMS after the 2017 GMS. The composition of the Board of Commissioners is as follows:

1. President Commissioner: Ng Kee Choe
2. Vice President Commissioner (Independent): J.B. Kristiadi
3. Commissioner: Gan Chee Yen
4. Commissioner (Independent): Manggi T. Habir
5. Commissioner: Ernest Wong Yuen Weng
6. Commissioner (Independent): Made Sukada

Board of Commissioners members total 6 (six) people. This number does not exceed the number of members of the Board of Directors, which is 7 (seven) persons. 50% of the members of the Board of Commissioners are Independent Commissioners, namely J.B. Kristiadi, Manggi T. Habir, Made Sukada. Half of the members of the Board of Commissioners are domiciled in Indonesia. The number and composition of the Board of Commissioners is in accordance with the needs and complexity of Danamon with due regard to the effectiveness in decision making, and has complied with the applicable laws and regulations.

Name	Position	Date of GMS	Effective Date (BI/FSA Approval)	Appointment	Appointment Period	Domicile
Ng Kee Choe	President Commissioner	May 22, 2006	May 24, 2006	2006-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Singapore
J.B. Kristiadi	Vice President Commissioner (Independent)	May 9, 2005	December 5, 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Gan Chee Yen	Commissioner	June 16, 2003	October 21, 2003	2003-2005 2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	6x	Singapore
Manggi T. Habir	Commissioner (Independent)	May 9, 2005	July 22, 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Ernest Wong Yuen Weng	Commissioner	April 29, 2010	September 14, 2010	2010-2011 2011-2014 2014-2017 2017-2020	4x	Singapore
Made Sukada	Commissioner (Independent)	May 7, 2014	August 8, 2014	2014-2017 2017-2020	2x	Indonesia

Criteria for Independent Commissioner

In addition to meeting the requirements as a member of the Board of Commissioners, Danamon Independent Commissioners must comply with the following provisions:

1. Have no financial, management, share ownership and/or family relationships with members of the Board of Directors, other members of the Board of Commissioners, and/or controlling shareholders, or relationship with Danamon that may affect the ability to act independently.
2. Have no shares, directly or indirectly, in Danamon.
3. Have no direct or indirect business relationship related to Danamon's business activities.
4. Have not been a member of the Board of Directors, member of the Board of Commissioners, member of the Syariah Supervisory Board, or held a position one level below the Board of Directors of the same Bank or other company affiliated with the Bank within the last 1 (one) year.

All Independent Commissioners have signed the statement of independency, which is prepared and updated periodically, including statements regarding concurrent positions that are prohibited by FSA.

Independency of Members of the Board of Commissioners

All members of the Board of Commissioners currently serving have no family relationship up to the second degree with other members of the Board of Commissioners, Board of Directors, or the controlling shareholders. 50% of the members of the Board of Commissioners have no financial relationships with the controlling shareholders and all members of the Board of Commissioners have no financial relationship with other members of the Board of Commissioners and Board of Directors.

Family and Financial Relations of members of the Board of Commissioners with their fellow members of the Board of Commissioners, members of the Board of Directors, and Controlling Shareholders can be viewed in the following table:

Board of Commissioners	Family Relationship with						Financial Relationship with					
	Board of Commissioners Members		Board of Directors Members		Controlling Shareholders		Board of Commissioners Members		Board of Directors Members		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Ng Kee Choe President Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
J.B. Kristiadi Vice President Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Gan Chee Yen Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
Manggi T. Habir Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Ernest Wong Yuen Weng Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
Made Sukada Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√

Concurrent Positions of The Board of Commissioners

- Members of the Board of Commissioners may only assume concurrent positions as:
 - A commissioner, director or executive officer in a non financial institution or company, or
 - A commissioner, director or executive officer who performs a supervisory role in 1 (one) non-bank subsidiary company controlled by Danamon;
 With the following exceptions:
 - Non-independent members of the Board of Commissioners conducting functional duties of the legal entities of shareholders in its business group,
 - Members of the Board of Commissioners serving in an organization or non-profit organization.
- Members of the Board of Commissioners may be a committee member in no more than 5 (five) committees.

No Danamon Commissioners hold concurrent positions prohibited by the FSA on governance practices for commercial banks, as reflected in the following table:

Name	Position at Danamon	Position at Other Companies
Ng Kee Choe	President Commissioner	<ol style="list-style-type: none"> 1. Director Fullerton Financial Holdings Pte Ltd 2. Chairman Capitaland Limited 3. Trustee Temasek Trust 4. Member International Advisory Council of China Development Bank 5. Chairman Tanah Merah Country Club
J.B. Kristiadi	Vice President Commissioner (Independent)	<ol style="list-style-type: none"> 1. Board Member PT Citra Tubindo 2. Member of Independent Team for Bureaucracy Reform of the Ministry of Administrative Reform and Bureaucratic Reform
Gan Chee Yen	Commissioner	<ol style="list-style-type: none"> 1. Chairman Fullerton India Credit Co. Ltd 2. Chairman Fullerton Credit (Sichuan) Ltd. 3. Chairman Fullerton Credit (Hubei) Ltd. 4. Chairman Fullerton Credit (Chongqing) Ltd 5. Chairman Fullerton Credit (Yunan) Ltd 6. Board Member Dunia Finance LLC 7. Board Member CEI Contract Manufacturing Ltd 8. Board Member ST Asset Management Ltd 9. Non-Executive Director ACR Capital Holdings Pte. Ltd 10. Board Member Clifford Capital Pte. Ltd 11. Vice Chairman Cambodia Post Bank PLC 12. Board Member Surbana Jurong Private Limited 13. Board Member Fullerton Financial Holdings Pte Ltd
Manggi T. Habir	Commissioner (Independent)	<ol style="list-style-type: none"> 1. President Commissioner PT Asuransi Adira Dinamika 2. Chairman of Yayasan Danamon Peduli Board of Supervisors 3. Risk Committee and Investment Committee PT Avrist Life Insurance
Ernest Wong Yuen Weng	Commissioner	<ol style="list-style-type: none"> 1. Chairman Fullerton Financial Holdings Pte Ltd 2. Chairman A. Menarini Asia-Pacific Holdings Pte Ltd 3. Board Trustee Nanyang Technological University 4. Board Member Pavilion Capital Holding Pte Ltd. 5. Chairman Mediacorp Pte Ltd
Made Sukada	Commissioner (Independent)	<ol style="list-style-type: none"> 1. Member of Yayasan Danamon Peduli Board of Supervisors

Share Ownership of Commissioners

Members of the Board of Commissioners must report any transaction involving Danamon's and its subsidiaries' Securities Transactions to the Corporate Secretary minimum 1 (one) business day prior to the transaction and within 1 (one) business day after the transaction is completed as stated in the Personal Investment Policy No. DIR-CORP.SEC-014 dated December 16, 2013.

Ownership of shares owned by members of the Board of Commissioners, either directly or indirectly, in 2017 were as follows:

Shareholders	Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Ng Kee Choe President Commissioner	Number of Shares owned 94,275	-	-	-	Percentage of Shares owned: 0.00% Shares Type: Series B Shares
J.B. Kristiadi Vice President Commissioner (Independent)	-	-	-	-	-
Gan Chee Yen Commissioner	-	-	-	-	-
Manggi T. Habir Commissioner (Independent)	-	-	-	PT Unilever, Tbk. Number of Shares owned 1,000	Percentage of Shares owned: 0.00000013%
				PT HBK. Number of Shares owned 285	Percentage of Shares owned: 55.95%
Ernest Wong Yuen Weng Commissioner	-	-	-	Ewong Pte Ltd Number of Shares owned 50,000	Company Domicile: Singapore
					Percentage of Shares owned: 100%
					Registered as : Ernest Wong Yuen Weng & Paulina Wong
Made Sukada Commissioner (Independent)	-	-	-	PT Ciputra Development Number of Shares owned 38,582	Percentage of Shares owned PT Ciputra Development 0.00026%
				PT Waskita Karya Number of Shares owned 100,000	Percentage of Shares owned PT Waskita Karya 0.001%
				PT Sumarecon Agung Number of Shares owned 100,000	Percentage of Shares owned PT Sumarecon Agung 0.001%
				PT Perusahaan Gas Negara (Persero) Number of Shares owned 20,000	Percentage of Shares owned PT Perusahaan Gas Negara (Persero) 0.00008%
				PT Alam Sutera Realty Number of Shares owned 100,000	Percentage of Shares owned PT Alam Sutera Realty 0.0005%
				PT Agung Podomoro Land Number of Shares owned 150,000	Percentage of Shares owned PT Agung Podomoro Land 0.0007%

Diversity Policy on Composition of the Board of Commissioners

In the nomination process of the Board of Commissioners members, in addition to observing the minimum requirements, scope and balance of knowledge, expertise, and experience, diversity requirements are also taken into account to determine its composition. Optimum composition of the Board of Commissioners will enhance the effectiveness of its the duties and responsibilities.

In this case, Danamon has a Diversity Policy, which is used as a reference in the nomination process of Board of Commissioners candidates. Danamon recognizes and respects any and all differences in perspective, knowledge, ability, and experience of each individual, without prejudice to race, ethnicity, gender, and religion.

Board of Commissioners Remuneration

Indicators and Procedures for the Determination of the Board of Commissioners' Remuneration

The remuneration of members of the Board of Commissioners is determined based on the performance of each member by considering the duties and responsibilities. The remuneration formulation refers to Danamon's internal policy, applicable external regulations, industry comparison and takes into account Danamon's performance. The Remuneration Committee makes recommendations to the Board of Commissioners and submits them to the General Meeting of Shareholders for approval. The President Commissioner performs the disbursement of remuneration. GMS approved the granting of power to the President Commissioner of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary or honorarium and allowances for the fiscal year 2017 for each member of the Board of Commissioners based on the recommendation of the Remuneration Committee.

Procedure for the Determination of Remuneration for the Board of Commissioners

Remuneration Committee

The Remuneration Committee gathers information about remuneration standards for positions in similar industries in the market by considering the performance of the Company. The Committee makes recommendations to the Board of Commissioners.

Board of Commissioners

The Board of Commissioners studies the recommendations from the Remuneration Committee and proposes remuneration of the Board of Commissioners to the GMS.

General Meeting of Shareholders

The GMS establishes the remuneration of members of the Board of Commissioners and authorizes the President Commissioner to implement and distribute to each member of the Board of Commissioners.

Remuneration of Members of the Board of Commissioners

Remuneration distribution to each member of the Board of Commissioners in accordance with the GMS resolutions.

Board of Commissioners Remuneration Structure

Members of the Board of Commissioners receive a remuneration package and the classification of remuneration level as well as the number of members of the Board of Commissioners receiving remuneration package in 1 (one) year is disclosed in the Remuneration Policy section of this report.

Board of Commissioners Meeting

Meeting Policy of the Board of Commissioners

- Board of Commissioners Meetings are to be held at least once every 2 months.
- The Board of Commissioners must hold a minimum of two (2) meetings per year to be attended in person by all of its members.
- Board of Commissioners meetings must be attended by a minimum of 75% of all members of the Board of Commissioners.
- Joint Meetings of the Board of Commissioners and the Board of Directors are to be held at least once every 4 (four) months.
- Each member of the Board of Commissioners must attend at least 75% of the total meetings held within a fiscal year. When a member of the Board of Commissioners is unable to attend a meeting in person, he or she may participate via teleconference or videoconference. The Minutes of a Meeting must be signed by all participants who attended the Meeting in person or by tele or videoconferencing if supported by a recording as evidence of attendance.
- In the event the President Commissioner being unable to attend a Board of Commissioners meeting, any member of the Board of Commissioners who is present at the meeting can be appointed as Chairman of the meeting.
- For a scheduled Board of Commissioners meeting, the meeting invitation and content must be submitted to participants no later than 5 (five) days before the meeting is held. For a non-scheduled meeting, the agenda can be submitted to the participants before the meeting is held.
- Meeting decisions must be made by consensus. If the meeting fails to meet consensus, meeting decisions must be made through voting of least 2/3 (two thirds) of members of the Board of Commissioners who are present or represented at the meeting. Voting is based on the principle of one person, one vote.

- i. All decisions of the Board of Commissioners, including Joint Meetings of the Board of Commissioners and the Board of Directors shall be recorded in the minutes of the meetings, signed by all the members of the Board of Commissioners in attendance, and well documented.
- j. In the event a member of the Board of Commissioners not signing the results of the meetings, that member shall specify the reasons in writing in a separate letter attached to the minutes of the meeting.
- k. All decisions of the Board of Commissioners are binding to all of its members. Dissenting opinions during a meeting must be clearly stated in the minutes of the meeting including the reasons for such dissenting opinions.
- l. The Board of Commissioners can make valid and binding decisions without having to hold a meeting, provided that all members of the Board of Commissioners submit written approval to the decision.
- m. During a BOC meeting, a member of the Board of Commissioners can only be represented by a fellow member of the Board of Commissioners with a proxy letter.
- n. A member of the Board of Commissioners who in any way, either directly or indirectly, has a involvement or conflict of interest in a transaction, contract, or a proposed contract of which Danamon is a party, must declare the nature of such interest at the Board of Commissioners Meeting and may not be entitled to participate in voting related to the referred transaction, contract, or proposed contract, unless the meeting decides otherwise.

Meeting Frequency

During 2017, the Board of Commissioners conducted 10 (ten) meetings consisting of 6 (six) meetings of the Board of Commissioners and 4 (four) Joint Board of Commissioners and Board of Directors Meetings.

Agenda of Board of Commissioners Meetings

No.	Date of Meeting	Meeting Agenda
1	January 24, 2017	- Report of Board of Commissioners Committee
2	March 10, 2017	- Report of Board of Commissioners Committee
3	April 11, 2017	- Financial Performance - Risk Appetite Statement - Danamon Simpan Pinjam
4	June 14, 2017	- Financial Performance - Revision of Danamon's Business Plan
5	September 28, 2017	Report of Board of Commissioners Committee
6	November 23-24, 2017	October 2017 Financial Performance & 2017 Outlook Report of Board of Commissioners Committee

Agenda of Joint Meeting of the Board of Commissioners and Board of Directors

No.	Date of Meeting	Meeting Agenda
1	March 10, 2017	- January 2017 Financial Performance - Adira Quantum update
2	August 24, 2017	Financial Performance
3	November 6, 2017	Danamon's Strategic Project
4	November 23-24, 2017	- Strategic Priorities - 2018 Plan & 3 Year Plan (2018-2020) - Danamon Simpan Pinjam Plan - Digital Banking & E-Channel - Adira Finance - Enterprise Banking & Financial Institution - Consumer Banking, Small medium enterprise and Sales & Distribution - Adira Insurance - Integration & Credit Risks - Human Resources

Rates of Attendance in Meetings

The following are the attendance rates of members of the Board of Commissioners in meetings held during 2017:

Commissioner	Board of Commissioners Meeting (Total of 6 times)	Joint Meeting with the Board of Directors (Total of 4 times)	Attendance
Ng Kee Choe	6	4	100%
J.B. Kristiadi	6	3	90%
Gan Chee Yen	6	4	100%
Manggi T. Habir	6	4	100%
Ernest Wong Yuen Weng	6	4	100%
Made Sukada	6	4	100%

All meetings held during 2017 met the quorum requirements and were attended, both physically as well as through teleconference, by the members of the Board of Commissioners. During 2017, decision-making at the meetings was conducted by deliberation and consensus and without dissenting opinion. Information regarding schedules, agendas, materials, results and minutes of meetings were distributed to the participants of the meeting and well documented.

2018 Board of Commissioners Meeting Schedule Plan

At year-end 2017, the Board of Commissioners scheduled the meetings to be held in 2018 will consist of 6 (six) Meetings of the Board of Commissioners and 3 (three) Joint Meetings of the Board of Commissioners with the Board of Directors. The schedule of meetings to be conducted in 2018 is as follows:

Meeting Schedule	Board of Commissioners Meeting	Joint Meeting of BOC and BOD
January 24, 2018	✓	✓
March 19, 2018	✓	
June 12, 2018	✓	✓
July 19, 2018	✓	
September 25, 2018	✓	✓
November 29-30, 2018	✓	

Implementation of Duties and Recommendations of the Board of Commissioners in 2017

In performing its oversight function, the Board of Commissioners provided recommendations to the Board of Directors by considering the input of the Committee that assists and is directly responsible to the Board of Commissioners. Key recommendations provided by the Board of Commissioners were:

- Continued the transformation and conduct initiatives that are in line with the long-term strategy that has been pre-determined to strengthen Danamon.
- Diversified the loan portfolio by expanding loans in the Small and Medium Enterprise segment and Consumer Banking in a prudent manner.

- c. Implemented good risk management to maintain high credit quality as well as implementing cost policies that are effective and efficient.
- d. Provided reliable and quality services as well as competitive products supported by the use of both conventional and digital technology.

Board of Commissioners Assessment

Danamon has a policy of performance evaluation that is used as a guideline for assessing the effectiveness of the duties and responsibilities of the Board of Commissioners, both collegially and individually.

Board of Commissioners' performance is assessed by considering several key elements, which are:

- Board of Commissioners' structure and composition.
- The effectiveness of work programs of committees under the Board of Commissioners.
- The implementation of strategies and management of the Company.
- The Implementation of Good Corporate Governance.
- The implementation of risk management and internal controls in mitigating risks.

The individual performance appraisal of the Board of Commissioners is conducted annually by the President Commissioner on the basis of the benchmarks agreed

upon by each member of the Board of Commissioners. The results of the performance appraisal are one of the basic considerations for the Nomination Committee in providing recommendations to the Board of Commissioners to reappoint members of the Board of Commissioners as well as consideration for drawing up the remuneration structure of the Board of Commissioners.

Orientation Program for New Commissioners

The Orientation Program for new Commissioners is conducted to provide understanding of Danamon's vision, mission, corporate culture, code of conduct, organizational structure, line of business, Board of Commissioners Charter, and banking and capital market regulations. The orientation program is conducted through an on-boarding pack and briefings presented by the management and business units, as well as other supporting units. During 2017, there were no new members of the Board of Commissioners.

Board of Commissioners Training Program

Members of the Board of Commissioners are always provided the opportunity to improve competency through training programs/seminars/workshops held internally and externally. In 2017, the participation of members of the Board of Commissioners in training programs/seminars/workshops was as follows:

Name	Training Program	Training Organizer	Training Location	Date of Training
Ng Kee Choe	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
J.B. Kristiadi	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Gan Chee Yen	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Manggi T. Habir	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Ernest Wong Yuen Weng	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Made Sukada	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017

COMMITTEES UNDER THE BOARD OF COMMISSIONERS

In carrying out its duties, the Board of Commissioners has 6 (six) committees to enhance the effectiveness of its duties and responsibilities. These are:

- Audit Committee;
- Risk Monitoring Committee;
- Nomination Committee;
- Remuneration Committee;
- Corporate Governance Committee;
- Integrated Corporate Governance Committee.

Each committee must possess a Committee Charter that is prepared and periodically reviewed pursuant to the applicable regulations. The Board of

Commissioners based on the Board of Commissioners' Meeting Resolution appoints committee membership. All committees are chaired by an Independent Commissioner.

Performance Assessment of Board of Commissioners Committees

The Board of Commissioners assesses the performance of Committees on a regular basis, based on reports of the duties and responsibilities implementation by each of the Committees. Performance of the Committees throughout 2017 was rated "good" by the Board of Commissioners and contributed to the successful implementation of the duties and responsibilities of the Board of Commissioners.

Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ng Kee Choe 73 Years Old	Singapore	<ul style="list-style-type: none"> • Member of the Nomination Committee • Member of the Remuneration Committee 	<ul style="list-style-type: none"> • April 2017-Present • April 2017-Present 	Finance	Bachelor of Chemical Engineering the University of Singapore, 1966

Professional Experience (Job Title, Organization, Term of Office)

- President Commissioner, Danamon 2006-present.
- Board of Directors, Fullerton Financial Holdings Pte Ltd., 2008-present.
- Chairman, Tanah Merah Country Club, 2008-present.
- Member, Temasek Advisory Panel Temasek Holdings (Private) Ltd.,
- Chairman, NTUC Income, 2005-2013.
- Vice chairman, DBS Group Holdings, 1970-2003.
- Director, Singapore Exchange Limited, 2003-2014.
- Member of the International Advisory Council China Development Bank.

J.B. Kristiadi 71 Years Old	Indonesia	<ul style="list-style-type: none"> • Chairman of the Nomination Committee • Chairman of the Remuneration Committee 	<ul style="list-style-type: none"> • April 2017-Present • April 2017-Present 	Finance/Risk Management	PhD (Public Administration) Sorbonne University, France, 1979
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Professional Experience (Job Title, Organization, Term of Office)

- Vice President Commissioner, Danamon, 2005-present.
- Board of Commissioners member, PT Citra Tubindo, 2009-present.
- Member of Independent Team for Bureaucracy Reform of the Ministry of Administrative Reform and Bureaucratic Reform (January 2016).
- Member of the National Institutional Structuring Team, Ministry of State Administrative Reform -Menpan, 2011-present.
- Secretary, Tax Reform and Customs Reform Team, 2010.
- Special Staff, Finance Minister, 2008-2011.
- Professor, Padjadjaran State University, Bandung, 2007-present.
- Secretary General, Ministry of Finance, 2005-2006.
- Secretary General, Ministry of Communications and Information, 2003-2005.
- Deputy, Minister of Administrative Reform, 2001-2003.
- Assistant to the Coordinating Minister, Development Supervision, 1999-2001.
- Chairman, Institute of Administration (LAN) Country RI, 1990-1998.
- Director, Budget Development of the Ministry of Finance, 1987-1990.
- Commissioner, several SOE (PT Tambang Batu Bara Bukit Asam, 1980-1989; PT Bank Dagang Negara, 1982-1991; PT Jakarta Industrial Estate Pulogadung (JIEP), 1986; PT Aneka Tambang, 1986; PT Perkayuan Marunda, 1987; PT Jakarta Lloyd, 1988; and Bank BNI, 2005).
- Director, State Asset Development of the Directorate General of Monetary, 1980-1987.

Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Gan Chee Yen 58 Years Old	Singapore	<ul style="list-style-type: none"> Member of the Risk Monitoring Committee Member of the Remuneration Committee 	<ul style="list-style-type: none"> April 2017- Present April 2017- Present 	Finance/Risk Management	Bachelor in Accounting, National University, Singapore

Professional Experience (Job Title, Organization, Term of Office)

- Chairman Fullerton India Credit Co. Ltd.
- Chairman Fullerton Credit (Sichuan) Ltd.
- Chairman Fullerton Credit (Hubei) Ltd.
- Chairman Fullerton Credit (Chongqing) Ltd.
- Board Member Fullerton Financial Holdings Pte. Ltd.
- BoardMember Dunia Finance LLC.
- BoardMember CEI Contract Manufacturing Ltd.
- BoardMember ST Asset Management Ltd.
- BoardMember ACR Capital Holdings Pte. Ltd.
- Chairman Fullerton Credit (Yunan) Ltd
- BoardMember Clifford Capital Pte. Ltd.
- ViceChairman Cambodia Post Bank PLC.
- BoardMember Surbana Jurong Private Limited (Formerly known as TJ Holdings (II) Pte Ltd) .
- ChiefExecutiveOfficer, Fullerton Financial Holdings (International) Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings (Pte.) Ltd., 2012.
- Co-Chief Investment Officer and Senior Managing Director, Special Project of Temasek International Pte. Ltd., 2011 - present.
- Co-Chief Investment Officer and Head of China, 2010.
- Co-Chief Investment Officer, Temasek Internasional Pte. Ltd., 2007.
- SeniorManagingDirector, Investment Temasek internasional Pte. Ltd., 2005.
- ManagingDirector, Finance Temasek Internasional Pte. Ltd., 2003.
- Senior Financial Manager up to Director of Finance of Singapore Technologies Marine Ltd from 1988 for 8 years.
- Accountant, Showa Leasing (S) Pte Ltd in September 1986.
- Auditor at Pricewaterhouse Coopers in May 1984.

Manggi T. Habir 64 Years Old	Indonesia	<ul style="list-style-type: none"> Chairman of the Risk Monitoring Committee Member of the Remuneration Committee Member of the Corporate Governance Committee Member of the Integrated Corporate Governance Committee 	<ul style="list-style-type: none"> April 2017-Present April 2017-Present April 2017-Present April 2017-Present 	Finance/Risk Management	<ul style="list-style-type: none"> BA Degree in Economics Mc. Gill University, 1977 Master in Business Administration, University of Michigan, 1979 Master in Public Administration, Harvard University, 2002
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Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairman of Supervisory Board, Yayasan Danamon Peduli, 2006-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poors', Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securitas, 1995-1998.
- Business and economic correspondent, Far Eastern Economic Review, 1982-1985.
- Served at several key position, Citibank N.A. Jakarta, 1985-1991.

Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ernest Wong Yuen Weng 72 Years Old	Singapore	<ul style="list-style-type: none"> Member of the Nomination Committee Member of the Corporate Governance Committee Member of the Integrated Corporate Governance Committee 	<ul style="list-style-type: none"> April 2017-Present April 2017-Present April 2017-Present 	Finance/Risk Management	First Class Honours Degree in Chemical Engineering, the University of Surrey, United Kingdom, 1967

Professional Experience (Job Title, Organization, Term of Office)

- Commissioner, Danamon, 2010-present.
- Chairman, MediaCorp, July 2016-present.
- Board Trustee Nanyang Technologies University, 2006-present.
- Board member, Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd. 2012-sekarang.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd. 2012-present.
- Board member, Singapore Health Services Pte. Ltd (iSingHealth) 2006-2015.
- Board member, Pavilion Capital Holding Pte. Ltd. 2012-present.
- Board member, Economic Development Board and the Ministry of Finance.
- Group CEO, MediaCorp Pte. Ltd. 2000-2005.
- Board member, United Overseas Bank Group, 1990-2005.
- Chairman, Association of Banks in Singapore, 1991-1993 and 1999-2000.
- Board Member and Group President, the United Overseas Bank (UOB) Group, 1999 - 2000.

Made Sukada 65 Years Old	Indonesia	<ul style="list-style-type: none"> Chairman of the Audit Committee Member of the Risk Monitoring Committee Member of the Nomination Committee Chairman of the Corporate Governance Committee Chairman of the Integrated Corporate Governance Committee 	<ul style="list-style-type: none"> April 2017-Present April 2017-Present April 2017-Present April 2017-Present April 2017-Present 	Finance/Risk Management	<ul style="list-style-type: none"> Bachelor in Accounting, University of Padjajaran, Bandung, 1977 Master in Economics, University of Pittsburgh, USA, 1984
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Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2014 - present.
- Supervisory Board member, Yayasan Danamon Peduli, 2014 - present.
- Advisor to Governor Council, BI, 2010 - 2014.
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk, 2010-2014.
- Executive Director of Economic Research and Monetary Policy of Bank Indonesia, 2006 - 2010.
- Deputy Executive Director IMF Assignment - Washington D.C., 2004 - 2006.
- Director of Bank Indonesia at various Departments, 1998 - 2010.
- Deputy Director at Monetary Management Directorate, 1995.
- Associate Representative at Bank Indonesia New York Representative Office, 1993 - 1995.
- Analyst at Bank Indonesia, 1979.

Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Angela Simatupang 42 Years Old	Indonesia	<ul style="list-style-type: none"> Member of the Audit Committee Member of the Risk Monitoring Committee Member of the Integrated Corporate Governance Committee 	<ul style="list-style-type: none"> April 2017-Present April 2017-Present April 2017-Present 	Internal Audit, Risk Management, and Corporate Governance	Master of Commerce in International Business and Management of Technology, The University of Sydney, 2002

Professional Experience (Job Title, Organization, Term of Office)

- Managing Partner, Governance Risk Control Practice at RSM AAJ, 2012-present.
- Member of RSM International Network Limited in Indonesia, RSM global organization, 2009-2012.
- Member of RSM Asia Pacific Risk Advisory Sub Committee, International Contact Partner for Indonesia, 2008-present.
- Governor, Institute Internal Auditors-Chapter Indonesia, 2014-2017.
- Internal audit and risk management course lecturer in Accounting and Accounting Profession Master Program, University of Indonesia, 2008-2010.
- Author of various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Bird Cameron Australia, 2005.

Yusuf Nawawi 62 Years Old	Indonesia	<ul style="list-style-type: none"> Member of the Audit Committee Member of the Risk Monitoring Committee 	<ul style="list-style-type: none"> April 2017-Present April 2017-Present 	Micro and Corporate Financing, Derivatives, Credit and Investment Management, as well as Training and Development	<ul style="list-style-type: none"> Bachelor in Economics, University of Brawijaya, 1983 Master of Business Administration from the Weatherhead School of Management, Case Western Reserve University, 1994
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Professional Experience (Job Title, Organization, Term of Office)

- President Director, BRI Pension Fund, 2010-2014.
- Division Head, BRI Education and Training, 2006-2010.
- Division Head, BRI Micro Banking, 2004-2006.
- Director, International Visitors Program, 2001-2004.
- Staff, Directorate General of Budgeting, Department of Finance of RI, 1978-1984.

Seskia Aqil Balfas 46 Years Old	Indonesia	<ul style="list-style-type: none"> Member of the Nomination Committee Member of the Remuneration Committee 	<ul style="list-style-type: none"> September 2017-Present September 2017-Present 	Human Resource Management	Master in Management - HR from the University of Indonesia, 2014
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Professional Experience (Job Title, Organization, Term of Office)

- Talent Acquisition and Reward Head, PT Bank Danamon Indonesia, February 2017-present.
- Director of HR and GA, Sampoerna Foundation, Dec 2011-Jan 2017.
- VP, Sr Business Partner, Bank DBS Indonesia, 2005-2011.
- Training Assistant Manager, HSBC, 2000-2005.
- Corporate Marketing, Eficorp Sekuritas, 1997-2000.

Independent Party in Committees

An Independent Party is a party outside of Danamon who does not have financial, management, share ownership, and/or family relationship with members of the Board of Commissioners, Directors, and/or the controlling shareholders or a relationship with Danamon, which could affect his/her ability to act independently. The Board of Commissioners has appointed Independent Parties (Angela Simatupang and Yusuf Nawawi) as independent members on Committees of the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, and Integrated Corporate Governance Committee based on the recommendations of the Nomination Committee. Independent party appointment must meet the requirements of competency and independency required by the committees.

AUDIT COMMITTEE

The Audit Committee was established based on Board of Commissioners Decision No. KEP: Kom.Corp.Sec.070 dated November 21, 2001 on the Establishment and Assignment of the Audit Committee. The Audit Committee has the primary function of monitoring and evaluating the planning and execution of audits and monitoring the follow up of audit results in assessing the adequacy of internal controls, including the adequacy of the financial reporting process.

Audit Committee Charter

The Audit Committee has the Audit Committee Charter that stipulates matters relevant to the implementation of duties and responsibilities, organization, membership requirements, independency, authority, meeting organization, work ethics, and term of office of the Audit Committee. The charter of the Audit Committee must be periodically reviewed.

Duties and Responsibilities of Audit Committee

Duties and responsibilities of the Audit Committee include:

1. Financial Reporting

- a. Review financial information that will be released to the public and/or regulators. This information covers financial reports, projections, and other reports relevant to Danamon financial information.

- b. Monitor and evaluate the compliance of financial report with existing accounting standards.
- c. Review audit adequacy performed by the public accountant to ensure that all significant risks have been taken into consideration.
- d. Review complaints relevant to Danamon's accounting processes and financial reporting.

2. External Audit

- a. Recommend the Board of Commissioners re-appointments, dismissals or replacements, requirements of involvement, and the remuneration of the public accountant. These will be proposed at the Annual General Meeting of Shareholders (AGMS).
- b. Review the public accountant's scope of work and audit outcome, independency, and objectivity. These reviews are conducted on an annual basis and presented in the Annual Report, and cover:
 - Total amount of payments made to the public accountant in the fiscal year.
 - Details of total payments made for audit and non-audit services or appropriate negative statements, as well as whether significant risks have been taken into account.
- c. Review the audited financial reports, significant findings, and recommendations of the public accountant and feedback from the Board of Directors.
- d. Monitor and evaluate the planning and implementation of the public accountant's audit. Monitoring of follow-up on the outcomes of the audit must also be performed to assess the adequacy of internal controls including the adequacy of the financial reporting process.
- e. Monitor and evaluate public accounting compliance with the existing audit standards.

3. Internal Audit

- a. Review the adequacy and effectiveness of the Internal Audit
- b. Review the independence of the Head of the Internal Audit Unit. The Head of the Internal Audit Unit must have direct and unlimited access to the Audit Committee and President Director.

- c. Review the scope of work and audit plan of the Internal Audit Unit. Interaction with the Board of Directors and other matters relevant to audit implementation must also be part of the review.
- d. Review significant findings and Internal Audit recommendations as well as feedback from the Board of Directors.
- e. Monitor and evaluate follow-up action by the Board of Directors on the findings of the Internal Audit Unit, public accountant, and of the FSA and/or other regulators.
- 4. Internal Control
Review and report regularly to the Board of Commissioners regarding the adequacy and effectiveness of internal control specified by the Board of Directors. The adequacy and effectiveness of internal control covers such aspects as finance, operations, compliance and control of information technology.
- 5. Compliance
 - a. Review the compliance framework, scope of work, and compliance plans.
 - b. Review the compliance in line with laws and regulations pertinent to business activities
 - c. Review legal cases with possible material consequences to the financial reports, relevant compliance policies, and reports received from the regulators.
- 6. Others
 - a. In conducting its duties and responsibilities, the Audit Committee serves independently.
 - b. The Audit Committee examines possible inaccuracies in decisions made at Board of Directors meetings as well as possible deviations in the implementation of decisions made at the meetings of the Board of Directors. The audit may be carried out by the Audit Committee or by an independent party appointed by the Audit Committee at Danamon's expense.
 - c. The Audit Committee must prepare, review, and update the Charter of the Audit Committee on a regular basis.
 - d. The Audit Committee must submit reports of study results of all members of the Board of Commissioners after the study report of the findings conducted by the Audit Committee.
 - e. Provide independent opinion in the event of a disagreement between the Board of Directors and the public accountant on the services it provides.

- f. The Audit Committee must safeguard confidential documents, data, and information.
- g. The Audit Committee reviews and offers opinions to the Board of Commissioners regarding potential conflicts of interest.
- h. The Audit Committee enhances competencies through continuous education and training.

Authority of the Audit Committee

The Audit Committee has the following authority:

- Investigate any issue included in its terms of reference, and maintain access to and collaboration with the Board of Directors. Additionally, it has the flexibility to invite any Director or executive officers to attend meetings with the Audit Committee, as well as having adequate human resources to properly carry out its duties.
- Review affiliate transactions and transactions that may bear conflict of interest based on assessments made by the Director of Compliance. This will ensure that such transactions are made by taking into account the interests of Danamon and the minority shareholders and are performed in a fair manner based on normal commercial terms.
- Involve independent parties to assist in performing duties where necessary.
- Appoint reviewers and exercise other authorities as provided by the Board of Commissioners.

Structure, Expertise, Legal Basis for Appointment and Independency of the Audit Committee

The Composition and Expertise of Committee Members

Danamon's Audit Committee consists of 3 (three) members. It comprises 1 (one) Independent Commissioner (Made Sukada) and 2 (two) independent parties (Angela Simatupang and Yusuf Nawawi). The Audit Committee is chaired by an Independent Commissioner, namely Made Sukada. Each member of the Audit Committee has met the prevailing regulations relevant to the expertise requirements covering the financial and accounting, risk management, and legal sectors.

Legal Basis of Appointment

Membership of the Audit Committee is based on the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting No. KSR-Kom.Corp.Sec-005 dated April 28, 2017.

Independency of Audit Committee Members

All members of Danamon's Audit Committee are Independent Commissioners or Independent Parties. Non-independent Commissioners and members of the Board of Directors may not sit on the Audit Committee.

Term of Office

Term of office of members of the Audit Committee must not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association and may be reappointed for 1 (one) additional period.

Policies and Implementation of Audit Committee Meetings

Policies of Audit Committee Meeting

- Meetings must be held at least once every 3 (three) months in accordance with Danamon's needs.
- Meetings may only take place provided that 51% (fifty one percent) of the total number of members are present.
- Meeting decisions are made based on the principles of deliberation to reach consensus. In cases where deliberation to reach consensus does not occur, the decision will be based on a majority vote and based on the principle of 1 (one) person, 1 (one) vote.
- Records of each meeting held must be written up in the minutes of the meeting, be properly documented, signed by all attendees, and forwarded to the Board of Commissioners.
- Dissenting opinions together with the reasons must be clearly stated in the minutes of the meeting.

Audit Committee Meeting Frequency and Attendance

During 2017, the Audit Committee held 7 (seven) meetings with the following details:

Name	Attendance in Meeting	Attendance Rate
Made Sukada	7	100%
Angela Simatupang	6	86%
Yusuf Nawawi	7	100%

Main Agenda of 2017 Audit Committee Meetings

No	Date	Main Agenda
1	January 23, 2017	- Public Accountant's report - Internal Audit's report
2	February 27, 2017	Internal Audit's report
3	April 11, 2017	Internal Audit's report
4	May 31, 2017	Internal Audit's report
5	July 25, 2017	Internal Audit's report
6	September 28, 2017	Internal Audit's report
7	November 21, 2017	Internal Audit's report

Implementation of 2017 Audit Committee Work Activities

1. Received reports from External Audit related to:
 - Progress of external audit implementation
 - Input regarding the IT system at Danamon
2. Received Internal Audit reports regarding:
 - Audit findings trends on Wholesale, SME, and DSP businesses
 - Whistleblowing report
 - Update on the status of fraud cases
 - Update on audit results of Bank Danamon and Subsidiaries
 - Discussions to improve audit rating results
 - Update on issues with applications related to investment & bancassurance at Consumer Banking
 - Discussions to fix Danamon Mobile Banking issues
 - Discussions to improve security on the Oracle systems in Adira Finance human resource system
 - Discussions on fraud prevention
 - Update on the use of Balance Scorecard to improve the Audit Ratings of Danamon and its Subsidiaries
 - Update of DSP and S&D improvement efforts to address recurring audit findings
 - Summary and status of follow-up on audit findings
 - System improvements to DSP employee data who have resigned
 - Update on DSP credit process improvement
 - Update on improvements of credit authority to branch heads
 - Efforts to improve the 'unsatisfactory' audit status on Subsidiaries
 - Update on efforts to improve the security of information systems in Danamon and its Subsidiaries
 - Update of standardization initiatives for internal audit ratings
 - Improved 'follow-up' monitoring system for audit findings.

Audit Committee Statement on Internal Control System Effectiveness

Internal control systems adopted and applied by Danamon are considered to be effective and adequate as reflected in the effectiveness of internal audit functions such as internal audit function, risk management, compliance, and financial, as well as operational control.

The Audit Committee submits implementation reports to the Board of Commissioners on a regular basis.

RISK MONITORING COMMITTEE

The Risk Monitoring Committee was established based on Circular Decision of the Board of Commissioners No. KEP: Kom-Corp.Sec.026 dated May 24, 2006 on the Establishment of the Risk Monitoring Committee. The Risk Monitoring Committee is responsible for carrying out the risk control function and providing independent professional recommendations or opinions related to risk management frameworks and policies consistent with Danamon's risk appetite.

Risk Monitoring Committee Charter

The Risk Monitoring Committee has a Charter that stipulates matters related to the implementation of duties and responsibilities, organization, membership and work ethics, independency, term of office, and Risk Monitoring Committee meetings. This Risk Monitoring Committee's Charter must be periodically reviewed.

Duties and Responsibilities of the Risk Monitoring Committee

The Risk Monitoring Committee has the following duties and responsibilities:

- a. Offer independent professional opinions to the Board of Commissioners regarding the implementation of Danamon's risk management.
- b. Evaluate Danamon's risk management policies and the consistency of Danamon's risk management policies with their implementation, with an objective to provide recommendations to the Board of Commissioners on an annual basis.
- c. Monitor and evaluate the Risk Management Unit and the implementation of the committee's duties to provide recommendations to the Board of Commissioners.
- d. Report to the Board of Commissioners on risks encountered by Danamon and the implementation of risk management by the Board of Directors.
- e. Evaluate the accountability of the Board of Directors over the implementation of risk management policies at least once every three months.
- f. Arrange or authorize investigations within the scope of its powers.
- g. Regularly develop, review and update the Charter.

Authority of the Risk Monitoring Committee

The Risk Monitoring Committee has the following authority:

- Access to Danamon's documents, data, and information when necessary.
- Establish direct communication with employees, the Board of Directors, and other parties relevant to its duties and responsibilities.
- Involve independent parties to support its duties where required.
- Exercise additional authority as assigned by the Board of Commissioners.

Structure, Expertise, and Legal Basis of Appointment

Composition and Expertise

Membership of the Risk Monitoring Committee consists of 5 (five) people, comprising 2 (two) Independent Commissioners (Manggi T. Habir and Made Sukada), 1 (one) Commissioner (Gan Chee Yen), 1 (one) Independent Party with expertise in Accounting and Risk Management, and 1 (one) Independent Party with expertise in Legal/Finance (Angela Simatupang dan Yusuf Nawawi). An Independent Commissioner, Manggi T. Habir, chairs the Risk Monitoring Committee. All Committee members have met the prevailing regulations with regard to expertise, integrity, and morals, requirements as declared in their personal statements.

Legal Basis of Appointment

The Circular Decision of the Board of Commissioners as a Substitute to the Resolution of the Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. No. KSR-Kom.Corp.Sec-005 dated April 28, 2017 stipulated the membership composition of the Risk Monitoring Committee.

Independency of Risk Monitoring Committee Members

Majority or 80% of Committee members are Independent Commissioners and Independent Parties to maintain the independency and objectivity. Members of the Board of Directors may not sit as a member of the Risk Monitoring Committee.

Term of Office

The term of office shall not exceed those of the Board of Commissioners as stipulated in the Articles of Association.

Policies and Implementation of Risk Monitoring Committee Meetings

Policies of Risk Monitoring Committee Meetings

- Meetings are scheduled a minimum of once every 3 (three) months in line with Danamon's requirements.
- A meeting may only be held provided that it is attended by a minimum of 51% (fifty one percent) of the total members including Independent Commissioners and Independent Parties.
- Decisions in the meetings are based on the principles of deliberation to reach a consensus. In the case of deliberation to reach consensus does not occur, decisions must be based on a majority vote, and based on the principle of 1 (one) person, 1 (one) vote.
- Records of each meeting shall be written up and recorded in the minutes of the meeting, be properly documented, and signed by all members of the Committee present, for further submission to the Board of Commissioners.
- Dissenting opinions during the Committee's meetings along with their reasons must be clearly expressed in the minutes of the meeting.

Risk Monitoring Committee Meeting Frequency and Attendance

During 2017, the Risk Monitoring Committee conducted 9 (nine) meetings with attendance rates as follows:

Name	Attendance in Meeting	Attendance Rate
Manggi T. Habir	9	100%
Gan Chee Yen *	9	100%
Made Sukada	9	100%
Angela Simatupang	8	89%
Yusuf Nawawi	9	100%

* 3 times via teleconference

Main Agenda of 2017 Risk Monitoring Committee Meetings

No	Date	Main Agenda
1	January 23, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
2	February 27, 2017	- Market & Liquidity Risks - National Portfolio report - Consumer portfolio update - Compliance, AML, Litigation
3	April 11, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
4	May 31, 2017	- National Portfolio report - Compliance, AML, Litigation - Market & Liquidity Risks
5	June 14, 2017	- Risk Management update
6	August 7, 2017	- Adira Quantum update - Added Value Tax in Tax Amnesty - National Portfolio report
7	September 28, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
8	October 31, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
9	November 21, 2017	- National Portfolio report - Compliance, AML, Litigation - Market & Liquidity Risks

Implementation of 2017 Risk Monitoring Committee Activities

Key activities of the Risk Monitoring Committee included:

- Approval of FX Call Spread Option;
- Approval of Credit Authority Delegation Changes;
- Legal status update;
- Update on Anti Money laundering activities, FATCA, initiatives on IT systems;
- Indonesia's economy and global economic conditions;
- Analysis of Risk Appetite Statement;
- Approval of Product Program;
- Provided input on the Integrated Capital Management Policy;
- Approval of Information Security Policy

Activities and recommendations by the Risk Monitoring Committee have been periodically reported to the Board of Commissioners.

NOMINATION COMMITTEE

The Nomination Committee was based on Decision No. KEP.DIR.Corp.Sec-004 dated March 4, 2014. The Nomination Committee assists the implementation of duties and functions of the Board of Commissioners related to the nomination of members of the Board of Directors and Board of Commissioners.

Charter of the Nomination Committee

The Nomination Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meetings and organization of meetings, and reporting. The Charter of the Nomination Committee must be periodically reviewed.

Duties and Responsibilities of the Nomination Committee

Duties and Responsibilities

The Nomination Committee has the following duties and responsibilities:

- a. The Nomination Committee provides recommendations to the Board of Commissioners regarding:
 - The composition of members of the Board of Commissioners and/or members of the Board of Directors
 - Policies and criteria needed in the nomination process
 - Performance evaluation policy for members of the Board of Commissioners and Board of Directors
- b. The Nomination Committee reviews, evaluates, and provides recommendations on the system and procedures of selection and/or replacement of the Board of Commissioners and the Board of Directors.
- c. The Committee identifies, reviews, and recommends candidates for the Board of Commissioners and the Board of Directors to the President Commissioner, to be presented at the General Meeting of Shareholders for approval.
- d. Recommends Independent Parties to the Board of Commissioners that will serve as members of the Board of Commissioners' committees.
- e. At Danamon's expense, the Nomination Committee may from time to time use its authority to use the services of one or more search firms to identify candidates (including approving the fees or requirements of the search firm).
- f. The Nomination Committee can evaluate all members of the Board of Commissioners and Board of Directors to be reappointed at the General Meeting of Shareholders.
- g. Reviews and evaluates candidates equally regardless of sex, race, religion, as well as source of initial recommendation.
- h. Reviews and evaluates candidates based on the minimum requirements and other criteria by taking into account all facts and conditions considered appropriate, such as, banking knowledge and proposed candidate expertise, in-depth knowledge and professional experience or other background

characteristics, their independence, and the requirements of the Board of Commissioners and the Board of Directors.

- i. The Nomination Committee recommends all candidates (both identified internally or by shareholders), who pass the evaluation test, to the Board of Commissioners through circulars to be nominated as a member of the Board of Commissioners or Board of Directors in the next General Meeting of Shareholders.
- j. The Nomination Committee evaluates and recommends candidates for the Board of Commissioners and Board of Directors of subsidiaries that have a significant impact on Danamon to the Board of Commissioners of Danamon. The Nomination Committee can provide no objection concerning a candidate member of the Board of Directors of Subsidiaries.
- k. The Nomination Committee assists the Board of Commissioners to assess the performance of members of the Board of Commissioners and members of the Board of Directors based on the evaluation benchmarks.
- l. The Nomination Committee provides recommendations to the Board of Commissioners regarding the capacity building program for members of the Board of Commissioners and/or the Board of Directors.
- m. The Nomination Committee must prepare, review, and update the Charter of the Nomination Committee regularly. The Charter is available on Danamon's website.

Authority of the Nomination Committee

The Nomination Committee is authorized to:

- a. Access documents, data, and information required by Danamon.
- b. Establish direct communication with employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- c. Involve an independent party to support the implementation of its duties when necessary.
- d. Exercise other authority assigned by the Board of Commissioners.

Structure, Expertise, and Legal Basis for the Appointment of the Nomination Committee

Structure and Expertise

The Nomination Committee is made up of 5 (five) people comprising 2 (two) Independent Commissioners (J.B. Kristiadi and Made Sukada), 2 (two) Commissioners (Ng Kee Choe and Ernest Wong Yuen Weng), and 1 (one) Danamon Executive Officer from the Human Resources Division (Seskia Aqil Balfas).

All Committee members have met the prevailing regulations with regard to expertise requirements of Committee members. Integrity, and moral requirements that have been considered, are as declared in the personal statement.

Legal Basis of Appointment

Members of the Nomination Committee are appointed through the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. No. KSR-Kom.Corp.Sec-004 dated April 20, 2017.

Independency of the Nomination Committee

An Independent Commissioner, J.B. Kristiadi, chairs the Nomination Committee. To uphold independency and objectivity, members of the Board of Directors are not allowed to sit as members of the Nomination Committee.

Term of Office

The term of office of members of the Nomination Committee must not exceed those of the Board of Commissioners as stipulated in the Articles of Association.

Policies and Conduct of Nomination Committee Meetings

Policies on the Nomination Committee Meetings

- Nomination Committee Meetings are held periodically at least 1 (one) time in 4 (four) months.
- The Nomination Committee Meeting can only be held if attended by the majority of the members and attended by the Chairman, including the Executive Officer in charge of Human Resources.
- Meeting decisions are made based on the principles of deliberation to reach consensus.
- In cases where deliberation to reach consensus does not occur, the decision will be based on the vote majority. Decisions made are based on the principle of 1 (one) person, 1 (one) vote.
- Dissenting opinions during the Nomination Committee meetings along with their reasons must be clearly expressed in the minutes of the meetings.
- Each meeting must be recorded in the minutes of the meeting, properly documented, signed by attendees, and forwarded to the Board of Commissioners.
- Minutes of meetings of the Nomination Committee shall be submitted in writing to the Board of Commissioners.

Implementation of the Nomination Committee Meeting

The Nomination Committee held 3 (three) meetings during 2017. The attendance rate of each Committee member is as follows:

Name	Attendance in Meeting	Attendance Rate
J.B. Kristiadi	3	100%
Ng Kee Choe	3	100%
Ernest Wong Yuen Weng	3	100%
Made Sukada	3	100%
Eric Gunawan Kosasih ¹⁾	1	100%
Seskia Aqil Balfas ²⁾	2	100%

¹⁾ Eric Gunawan Kosasih resigned on July 26, 2017

²⁾ Seskia Aqil Balfas replaced Eric Gunawan Kosasih based on the Committee meeting resolution dated September 28, 2017

Main Agenda of 2017 Nomination Committee Meetings

No	Date	Main Agenda
1	March 10, 2017	Changes to the Composition of the Board of Directors, Board of Commissioners, and Syariah Supervisory Board
2	September 28, 2017	<ul style="list-style-type: none"> - Resignation of Member of the Board of Directors of a Subsidiary & Nomination of Replacement Candidates - Resignation of Member of the Danamon's Board of Directors - Appointment of Member/Secretary of the Nomination Committee
3	October 24, 2017	<ul style="list-style-type: none"> - Nomination of Member of the Danamon's Board of Directors - Nomination of Member of the Danamon's Syariah Supervisory Board - Nomination of an Independent Commissioner for the Subsidiary

Implementation of 2017 Work Activities of Nomination Committee

Key activities of the Nomination Committee were:

- Reviewed the candidates for members of Danamon's Board of Directors, Board of Commissioners, and Syariah Supervisory Board.
- Reviewed the composition of the subsidiaries' Board of Commissioners and Board of Directors
- Conducted review on replacement of Nomination Committee members.

Activities and recommendations of Nomination Committee have been periodically reported to the Board of Commissioners.

REMUNERATION COMMITTEE

The Remuneration Committee was established based on Decision No. KEP.DIR.Corp.Sec-004 dated March 5, 2014. The Remuneration Committee assists the execution of functions and duties of the Board of Commissioners regarding remuneration policy and remuneration structure of the Board of Commissioners, Syariah Supervisory Board, Independent Party, Board of Directors and certain Senior Management. The Remuneration Committee is responsible to the Board of Commissioners.

Remuneration Committee Charter

The Remuneration Committee has a charter that stipulates matters relevant to objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meetings and meeting organization, and reporting. The Charter of the Remuneration Committee must be periodically reviewed.

Duties and Responsibilities of the Remuneration Committee

Duties and Responsibilities

The Remuneration Committee has the following duties and responsibilities:

- Prepare policy, evaluate and provide recommendations to the Board of Commissioners on:
 - The structure of remuneration policies for the Board of Commissioners and Board of Directors and if necessary, Senior Management.
 - Remuneration, including salaries, allowances, bonus, and incentives, based on the achievements of objectives and targets set by the President Director and other members of the Board of Directors, members of the Board of Commissioners and the Syariah Supervisory Board.
 - Remuneration, including salaries and allowances of Independent Parties.
- Assist the Board of Commissioners to assess the suitability of performance with the remuneration received by each member of the Board of Commissioners and Board of Directors.
- Consider the following in preparing the structures, policies, and the amount of remuneration:
 - Applicable remuneration according to the business activity and business scale of Danamon and the industry it is in.
 - Fairness of remuneration compared with peer group
 - Duties, responsibilities, and authority of the Board of Directors and/or members of the Board of Commissioners in relation to the achievement of objectives and the performance of Danamon

- Target performance or the performance of individual members of the Board of Directors and/or members of the Board of Commissioners
 - The balance of permanent and variable benefits
 - The financial performance of Danamon and its compliance with the applicable regulations
 - Target consideration and long-term goal strategies of Danamon
- d. Evaluate the above structure, policies, and remuneration at least 1 (one) time per year.

In performing its duties and responsibilities, the Remuneration Committee must take into account Danamon's financial performance, individual performance, comparisons with peer groups, and consideration of Danamon's long-term strategic objectives.

Authorization of the Remuneration Committee

- a. Access documents, data, and information on employees, Senior Management, the Board of Directors, and the Board of Commissioners.
- b. Establish direct communication with employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- c. Engage independent parties to support its duties where necessary.
- d. Exercise other authority as assigned by the Board of Commissioners.

Structure, Expertise, and Legal Basis for Appointment of Remuneration Committee

Structure and Expertise of Committee Members

The Remuneration Committee is made up of 5 (five) people, comprising 2 (two) Independent Commissioners (J.B. Kristiadi and Manggi T. Habir), 2 (two) Commissioners (Ng Kee Choe and Gan Chee Yen), and 1 (one) Executive Officer or an individual with a managerial position in Human Resources Division (Seskia Aqil Balfas).

All members of the Committee have fulfilled the requirements relevant to the expertise of a Committee member. These requirements also take into account integrity and ethics as declared in the member's personal statements.

Legal Basis of Appointment

Members of the Remuneration Committee are appointed through the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. No. KSR-Kom.Corp.Sec-004 dated April 20, 2017.

Independency of the Remuneration Committee

To uphold independency and objectivity, an Independent Commissioner, J.B. Kristiadi, chairs the Remuneration Committee. Additionally, members of the Board of Directors may not serve as a member of the Remuneration Committee.

Term of Office

Term of office for members of the Remuneration Committee must not exceed the term of office of the Board of Commissioners as stipulated by the Articles of Association.

Policies and Conduct of Remuneration Committee Meetings

Policies of Remuneration Committee Meetings

- a. Remuneration Committee meetings are held periodically at least 1 (one) time in 4 (four) months.
- b. Remuneration Committee meetings can only be held if attended by a majority of members of the Remuneration Committee and attended by the Chairman of the Remuneration Committee, including the Executive Officer in charge of Human Resources.
- c. Meeting decisions are made based on the principles of deliberation to reach consensus.
- d. In cases where deliberation to reach consensus does not occur, then the decision will be based on majority vote. Decisions made based on majority vote must be based on the principle of 1 (one) person, 1 (one) vote. Dissenting opinions during the meeting along with their reasons must be clearly expressed in the minutes of the meeting
- e. Each meeting must be recorded in the minutes of the meeting, properly documented, signed by attendees, and forwarded to the Board of Commissioners.

Implementation of Remuneration Committee Meetings

The Remuneration Committee held 4 (four) meetings throughout 2017. The attendance rate of each Committee member is as follows:

Name	Attendance in Meeting	Attendance Rate
J.B. Kristiadi	4	100%
Ng Kee Choe	4	100%
Gan Chee Yen	4	100%
Manggi T. Habir	4	100%
Eric Gunawan Kosasih ¹⁾	2	100%
Seskia Aqil Balfas ²⁾	2	100%

¹⁾ Eric Gunawan Kosasih resigned on July 26, 2017

²⁾ Seskia Aqil Balfas replaced Eric Gunawan Kosasih based on the Committee meeting resolution dated September 28, 2017

Remuneration of Committee Members

Total remuneration for all members of the Remuneration Committee during 2017 amounted to Rp 17.9 billion.

Main Agenda of 2017 Remuneration Committee Meetings

No	Date	Main Agenda
1	February 17, 2017	Bonus and Tantiem Proposal for 2016 Performance
2	March 10, 2017	- Proposal of Salary Increase and Distribution of 2016 Tantiem - Expatriate Salary Guideline
3	September 28, 2017	- Long Term Incentive Plan - Salary Scale and Structure
4	October 24, 2017	Long Term Incentive Plan and Retention Plan

Implementation of 2017 Remuneration Committee Work Activities

The Remuneration Committee activities can be summarized as follows:

- Review the main guidelines for the determination of tantiem and bonus
- Review the compensation packages of the Directors and Senior Executive Officers
- Provide recommendations on remuneration of the Board of Commissioners, Board of Directors, and the Syariah Supervisory Board
- Review the incentive guideline principles.

Activities and recommendations of the Remuneration Committee have been periodically reported to the Board of Commissioners.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established based on circular resolution of the Board of Commissioners No. KEP: KOM-Corp.Sec.021 dated August 12, 2005 on the establishment of the Corporate Governance Committee. The Corporate Governance Committee assists the Board of Commissioners in terms of monitoring the effectiveness of governance structures, policies and resources to support the implementation of good corporate governance principles.

Corporate Governance Committee Charter

The Corporate Governance Committee has a Charter that stipulates the objectives, accountability, structures and memberships, term of office, duties and responsibilities, authority, meetings and their organization, and reporting by the Corporate Governance Committee. The Corporate Governance Charter must be periodically reviewed.

Duties and Responsibilities of the Corporate Governance Committee

Duties and Responsibilities

In implementing its duties and responsibilities, the Corporate Governance Committee must act independently. The duties and responsibilities of the Corporate Governance Committee include:

- Periodically evaluate the structure and corporate governance framework as well as the consistencies of Danamon's corporate governance policies.
- Review Danamon's principles of corporate governance and where necessary recommend improvements to the Board of Commissioners.
- Supervise the implementation of corporate governance and provide recommendations for improvements.
- Review the corporate governance report published by Danamon to ensure its transparency and accuracy.
- Report the Committee's activities to the Board of Commissioners.

Authority of the Corporate Governance Committee

- Access Danamon's documents, data, and information when necessary.
- Establish direct communication with employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- Involve independent parties to support its duties when required.
- Exercise other authority assigned by the Board of Commissioners.

Structure, Expertise, Legal Basis for Appointment and Independency of Corporate Governance Committee

Structure and Expertise of Committee Members

The Corporate Governance Committee is made up of 3 (three) members, comprising 2 (two) Independent Commissioners, namely Made Sukada and Manggi T. Habir, and 1 (one) Commissioner, namely Ernest Wong Yuen Weng. The structure of this Committee membership has fulfilled the Charter, as well as independency requirements of Committee members.

Each member has the required expertise to perform the functions of the Committee, and each of them maintains integrity and ethics, as portrayed in their personal declaration letters.

Legal Basis of Appointment

Members of Danamon's Corporate Governance Committee are appointed through the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting No. KSR-Kom.Corp.Sec-005 dated 28 April 2017.

Independency of the Corporate Governance Committee

To uphold independency and objectivity, an Independent Commissioner, namely Made Sukada, chairs the Corporate Governance Committee, and members of the Board of Directors are not allowed to sit as members of the Corporate Governance Committee.

Term of Office

Term of office for members of the Corporate Governance Committee must not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association.

Policy and Conduct of Corporate Governance Committee Meetings

Policy of Corporate Governance Committee Meetings

- Meetings are organized in line with Danamon's needs, at least once every semester.
- Minimum attendance in Committee meetings is 51% (fifty one percent).
- Meeting decisions are based on the principle of deliberation to reach consensus.
- In cases where deliberation to reach consensus does not occur, then the decision will be made based on majority vote. Decisions based on the majority vote must be based on 1 (one) person, 1 (one) vote.
- Dissenting opinions during meetings and reasons for such dissenting opinions must be clearly stated in the minutes of meetings.
- Each meeting must be recorded in the minutes of the meeting, properly documented, and signed by the all members of the Corporate Governance Committee present. Subsequently, this report will be forwarded to the Board of Commissioners.

Implementation of Corporate Governance Committee Meetings

The Corporate Governance Committee held 4 (four) meetings during 2017 with the following attendance rates:

Name	Attendance in Meeting	Attendance Rate
Made Sukada	4	100%
Ernest Wong Yuen Weng ¹⁾	4	100%
Manggi T. Habir	4	100%

¹⁾ Attended the committee meeting via teleconference once on July 25, 2017

Main Agenda of 2017 Corporate Governance Committee Meeting

No	Date	Main Agenda
1	January 23, 2017	<ul style="list-style-type: none"> - GCG Self -Assessment report - Timeline of the 2017 General Meeting of Shareholders - Improvement on the 2016 Corporate Governance Activities
2	March 10, 2017	<ul style="list-style-type: none"> - Corporate Governance Implementation Report in the Annual Report - Update on Improvement and Action Plan to strengthen Corporate Governance
3	July 25, 2017	<ul style="list-style-type: none"> - GCG Self- Assessment report - Update on Corporate Governance Activities
4	November 21, 2017	<ul style="list-style-type: none"> - Update on Integrated and Danamon's Corporate Governance Policies - Corporate Governance Improvement Plan - New Regulation Update

Main Agenda of 2017 Corporate Governance Committee Meeting

Key activities for the 2017 Corporate Governance Committee, included:

- Received and reviewed the Management Report on:
 - Integrated Corporate Governance Policy
 - Report on GCG implementation of Danamon
 - Implementation of Danamon's GCG self-assessment
- Reviewed the agenda and content of the 2017 Annual GMS and Extraordinary GMS.

Activities and recommendations by the Corporate Governance Committee have been periodically reported to the Board of Commissioners.

INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee was established by the Board of Commissioners and stipulated by Board of Directors Decision No. KEP: DIR-Corp.Sec.009 dated August 12, 2015 on the Establishment of the Integrated Corporate Governance Committee. The Integrated Corporate Governance Committee is responsible to Danamon's Board of Commissioners, which is the main entity in Danamon Group financial conglomeration. The Integrated Corporate Governance Committee helps oversee the implementation of Danamon Group's (Danamon and Subsidiaries) integrated corporate governance.

Integrated Corporate Governance Committee Charter

The Integrated Corporate Governance Committee has a Charter that stipulates the objectives, accountability, structures and memberships, term of office, duties and responsibilities, authority, meetings and their organization, and reporting. The Integrated Corporate Governance Charter must be periodically reviewed.

Duties and Responsibilities of the Integrated Corporate Governance Committee

Duties and responsibilities of the Integrated Corporate Governance Committee include:

- a. Evaluate the implementation of integrated corporate governance through assessing the adequacy of internal controls and implementation of the integrated compliance function.
- b. Provide recommendations to the Board of Commissioners of the Main Entity on updates of integrated corporate governance policies where necessary.
- c. Increase the competencies of members through continuous education and training.
- d. Review and update the Charter of Integrated Corporate Governance Committee periodically.
- e. Maintain the confidentiality of all documents, data and information of the Main Entity and its Subsidiaries.

Authority of the Integrated Corporate Governance Committee includes

- a. The Integrated Corporate Governance has the authority to access documents, data, and information required from the Main Entity and Subsidiaries, while complying with the internal policies of each entity as well as prevailing laws and regulations.
- b. The Integrated Corporate Governance has the authority to establish direct communication with employees, the Board of Directors, and other parties in the Main Entity and Subsidiaries.
- c. The Integrated Corporate Governance Committee has the authority to involve independent parties to support the duties, when necessary.
- d. The Integrated Corporate Governance Committee has the authority to exercise other authority assigned by the Board of Commissioners of the Main Entity.

Structure, Expertise, Legal Basis for Appointment, and Independency of Integrated Corporate Governance Committee

Membership of the Integrated Corporate Governance Committee comprises 7 (seven) members consisting of 2 (two) Independent Commissioners (Made Sukada and Manggi T. Habir) and 1 (one) commissioner (Ernest Wong Yuen Weng) from Danamon (Main Entity), an independent commissioner who represents and is appointed from each of the Subsidiaries based on representation within the financial services sector (finance company (Djoko Sudyatmiko) and insurance company (Yulian Noor)), an independent party from the Main Entity (Angela Simatupang), as well as a member of the Syariah Supervisory Board of the Main Entity (M. Din Syamsuddin). The members of this Committee have met the Charter and independency requirements for Committee membership.

In relation to the appointment of a member of the Integrated Corporate Governance Committee (Yulian Noor) to become the President Director of a Subsidiary Company, the total number of members of the Integrated Corporate Governance Committee becomes 6 people.

An Independent Commissioner, Made Sukada, chairs the Integrated Corporate Governance Committee and members of the Board of Directors cannot sit as a member of the Integrated Corporate Governance Committee. Each member holds the required expertise to perform Committee functions and maintain integrity, and high standards of ethics as declared in their personal statements.

Members of Danamon's Integrated Corporate Governance Committee are appointed through the Circular Decision of the Board of Commissioners in replacement of the decisions taken in the Board of Commissioners Meeting No. KSR-Kom.Corp.Sec-005 dated April 28, 2017.

Term of Office

Term of office for members of the Integrated Corporate Governance Committee must not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association.

Policy of Integrated Corporate Governance Committee Meetings

Policy of Integrated Corporate Governance Committee Meetings

- Meetings are organized in line with Danamon's needs, at least once every semester.
- Minimum attendance at the committee meeting is 51% (fifty one percent).
- Meeting decisions are based on the principles of deliberation to reach consensus. In cases where deliberation to reach consensus does not occur, then the decision will be made based on majority vote. Decisions based on majority vote must be made based on 1 (one) person, 1 (one) vote.

- Dissenting opinions during meetings and reasons for such dissenting opinions must be clearly stated in the minutes of meetings.
- Each meeting must be recorded in the minutes of the meeting, properly documented, and signed by all the members of the Integrated Corporate Governance Committee present. Subsequently, this report will be forwarded to the Board of Commissioners.

Conduct of Integrated Corporate Governance Committee Meetings in 2017

The Integrated Corporate Governance Committee held 3 (three) meetings during 2017 on January 23, 2017, July 25, 2017 and November 21, 2017, with the following attendance rates:

Date	Attendance in Meeting	Attendance Rate
Made Sukada	3	100%
Manggi T. Habir	3	100%
Ernest Wong Yuen Weng ¹⁾	3	100%
M. Din Syamsuddin	2	67%
Djoko Sudyatmiko	3	100%
Julian Noor ²⁾	2	100%
Angela Simatupang	3	100%

¹⁾ Ernest Wong Yuen attended the Committee meeting via teleconference once on November 21, 2017

²⁾ Julian Noor did not attend the Committee meeting on November 21, 2017 as he was appointed as the President Director of PT AAD as of October 2017

Main Agenda of 2017 Integrated Corporate Governance Committee Meetings

No	Date	Main Agenda
1	January 23, 2017	<ul style="list-style-type: none"> - Integrated Corporate Governance Self-Assessment report - Update on Corporate Governance and Integrated Corporate Governance Policies - Update from Subsidiaries
2	July 25, 2017	<ul style="list-style-type: none"> - Integrated Corporate Governance Self-Assessment report - Update from Subsidiaries
3	November 21, 2017	<ul style="list-style-type: none"> - Update on the issuance of Integrated Corporate Governance Policy - Follow-Up Commitment to FSA Findings - Membership of Integrated Corporate Governance Committee - Update from Subsidiaries

Implementation of 2017 Integrated Corporate Governance Committee Work Activities

The Integrated Corporate Governance Committee during 2017 reviewed and evaluated the following:

- Results of the assessment (self-assessment) implementation of integrated corporate governance
- Renewal of Integrated Corporate Governance Policy
- Implementation of Corporate Governance in the Main Entity and its Subsidiaries.

The Integrated Corporate Governance Committee reports its activities and recommendations to the Board of Commissioners on a regular basis.

BOARD OF DIRECTORS

The Board of Directors is collectively and fully responsible for the management of the company, for its interests and objectives, as well as representing the Company both in and out of court in accordance with the Articles of Association.

The appointment of members of the Board of Directors is conducted by the General Meeting of Shareholders (GMS) after considering the recommendations of the Nomination Committee by the Board of Commissioners. The appointment is effective from the date set out in the GMS and ends at the closing of the third GMS after the date of appointment. In the case of an additional member to the Board of Directors, the terms of office of the new Director starts on the date specified in the GMS and ends on the same date as the terms of office of the other Directors.

The Board of Directors is accountable for the execution of its duties to the GMS. In performing its duties, the Board of Directors is given clear authority and responsibility pursuant to the Articles of Association, which refers to the prevailing rules and regulations. Members of the Board of Directors that reach the end of tenure may be re-elected by the GMS for the next 3 years.

Board of Directors Charter

The Board of Directors (BoD) Charter is prepared based on prevailing regulations (Financial Services Authority/Bank Indonesia), international best practices and best governance practices. The Board of Directors Charter contains matters related to the general requirements, membership structure, duties and responsibilities, committee establishment, authority, transparency, work ethics, meetings, terms of office and reporting.

The Board of Directors Work Ethics

Members of the Board of Directors have work ethics as follows:

- a. for their personal, family and or other party's benefits, which may be detrimental to the profit, and reputation of Danamon and its Subsidiaries.

- b. Prohibited from receiving personal gains from Danamon other than remuneration and facilities determined in the General Meeting of Shareholders.
- c. Prohibited from having concurrent positions as a member of a Board of Commissioners, Board of Directors or executive officers of other banks, companies or other institutions. Excluded as a prohibited concurrent position, if a Director is responsible for the supervision of investment in Danamon's Subsidiaries, or performing the functional duties as a member of the Board of Commissioners of a non-bank Subsidiary controlled by Danamon, as long as the concurrent position does not result in the Director neglecting his/her duties and responsibility as a member of the Board of Directors.
- d. Must not hold a share ownership of more than 25% (twenty five percent) of the paid up capital of Danamon and/or other companies.
- e. Prohibited from giving general authority to another party, which will result in the transfer of duties and functions of the Board of Directors.
- f. Prohibited from using individual advisors and/or professional services as a consultant unless it meets the following requirements: 1) The project is specific; 2) Based on a clear contract, which shall include at least the scope of work, responsibilities and duration of employment as well as costs; 3) Consultant is an independent party and has the qualifications to work on specific projects.
- g. Prohibited from directly or indirectly making incorrect statements about material facts or not disclosing material facts, to ensure that the statements made on the state of Danamon are not misleading
- h. Subject to Danamon's Code of Conduct, the prevailing laws and regulations, as well as Danamon's internal policies.

Board of Directors Transparency

- a. The Board of Directors must disclose in the Corporate Governance Implementation Report information including:
 - Shareholding in Danamon as well as in other banks and companies domiciled in the country and overseas;

- Financial and family relationships with members of the Board of Commissioners, fellow Directors and/or Danamon's controlling shareholders;
 - Remuneration and facilities received from Danamon;
 - Positions in other companies.
- b. The Board of Directors must disclose Danamon's strategic employment policy to all employees.

Duties, Responsibilities and Authority of Board of Directors

- a. The duties and responsibilities of the Board of Directors include:
- Manage Danamon in accordance with the authorities and responsibilities as stipulated in the Articles of Association and prevailing laws and regulations.
 - Implement the principles of good corporate governance in the business activities of Danamon at all levels of the organization.
 - Take full responsibility for setting the short-term and long-term strategies, and the priorities of Danamon.
 - Follow up on audit findings and recommendations of the internal audit unit of Danamon, external auditors, monitor the results of Financial Services Authority supervision and/or the results of supervision of other regulators.
 - Implement Danamon social responsibility programs.
 - Establish an Internal Audit unit, Risk Management Unit and Compliance Unit to implement good corporate governance principles.
 - Maintain a healthy and open relationship with the Board of Commissioners and support the Board of Commissioners in performing their supervisory function.
 - Be accountable for implementing its duties to the shareholders through the General Meeting of Shareholders.
 - Disclose to employees, Human Resources strategic policies in the field of personnel.

- Provide accurate, relevant and timely data and information to the Board of Commissioners.
 - Ensure the implementation of integrated corporate governance in the Financial Conglomerate as defined in the policies of Integrated Corporate Governance.
- b. Authority of the Board of Directors
- Represent Danamon in and out of courts of law on all matters and in any event, binding Danamon with other parties and other parties with Danamon, as well as executing all actions, both related to the management and ownership, but with restrictions and conditions as described in the Articles of Association.
 - Perform other authority granted in the Articles of Association of Danamon and the prevailing rules and regulations.

Policy on Diversity in the Board of Directors

Danamon has a diversity policy that is used as a reference in the process of nomination of candidates for the Board of Directors. Danamon appreciates and respects any differences of viewpoints, knowledge, skills and experience of each individual, and does not discriminate on race, ethnicity, gender and religion.

During the nomination process, in addition to the minimum requirements and other criteria, the scope and balance of knowledge, skills and experience, as well as diversity are taken into consideration to obtain optimum composition of the Board of Directors. Optimum composition of the Board of Directors can enhance decision-making and ultimately improve Danamon performance.

Board of Directors Succession Policy

Danamon has a succession policy for members of the Board of Directors that is used to maintain continuity of leadership in the future. Implementation of succession is conducted through the identification of executive officials who show potential, through the Talent Review Program. Each member of the Board of Directors is obliged to submit a minimum of two

(2) candidates who will be evaluated and identified for his/her competency and skills. The replacement candidates will be grouped in a talent inventory to be recommended to the Nomination Committee.

Board of Directors Nomination Policy

The Nomination Policy is compiled as a basis in the process of identifying candidates for members of the Board of Directors with the best qualifications who meet the minimum requirements as set out in legislation and other criteria.

The Nomination Committee carries out the candidate identification process and if necessary, may use the services of third parties (search firms). The Nomination Committee identifies candidates who meet the requirements, interviews and selects the best candidates (including performing background checks and references).

The Nomination Committee will consider the knowledge, skills and professional experience, as well as diversity without discrimination against, ethnicity, gender and religion. The Nomination Committee proposes the elected candidates to the Board of Commissioners for approval and ratification by the General Meeting of Shareholders. The Nomination Committee will also conduct an evaluation on the Board of Directors to be reappointed at the General Meeting of Shareholders.

Number, Composition and Criteria of Directors

In 2017 there was a change in the composition of the Board of Directors. The AGMS 2017 agreed to accept Muliadi Rahardja's request not to be reappointed as a member of the Board of Directors. The AGMS 2017 approved to reappoint some members of Danamon's Board of Directors with the term of office that will end at the closing of the 3rd Annual GMS after the GMS 2017 with the following composition:

1. President Director: Sng Seow Wah
2. Director: Vera Eve Lim
3. Director: Herry Hykmanto

4. Director: Michellina Laksmi Triwardhany
5. Director: Satinder Pal Singh Ahluwalia
6. Director: Adnan Qayum Khan
7. Director: Heriyanto Agung Putra
8. Director (Independent): Rita Mirasari

Vera Eve Lim who served as the Finance Director resigned with term of office period ending on December 19, 2017, the composition of Directors as of December 2017 is as follows:

1. President Director: Sng Seow Wah
2. Director: Herry Hykmanto
3. Director: Michellina Laksmi Triwardhany
4. Director: Satinder Pal Singh Ahluwalia
5. Director: Adnan Qayum Khan
6. Director: Heriyanto Agung Putra
7. Director (Independent): Rita Mirasari

Danamon's Board of Directors consists of 7 (seven) members, one of them being appointed as Independent Director. The majority or 4 of the 7 members of the Board of Directors are Indonesian nationals and are all domiciled in Indonesia. The Board of Directors is chaired by a President Director who is a professional, and has adequate integrity and competence. The President Director is an independent party that has no management relationship, ownership and/or financial relationship and/or family relationship with the controlling shareholder.

All members of the Board of Directors upon appointment have met the requirements of integrity, competency and financial reputation, as well as good character and morals, have not been declared bankrupt, have not been convicted of a criminal offense, and have the knowledge, expertise and experience as bank executives. All members of the Board of Directors have passed the fit and proper test in accordance with the provisions of FSA/BI.

Composition of Danamon's Board of Directors as of December 31, 2017:

Name	Position	Date of GMS	Effective Date (FSA/BI Approval)	Appointment	Number of Appointment	Domicile
Sng Seow Wah	President Director	February 27, 2015	November 20, 2014	2015-2017 2017-2020	2x	Indonesia
Herry Hykmanto	Director	April 3, 2008	May 13, 2008	2008-2011 2011-2014 2014-2017 2017-2020	4x	Indonesia
Michellina Laksmi Triwardhany	Director	April 29, 2010	May 27, 2010	2010-2011 2011-2014 2014-2017 2017-2020	4x	Indonesia
Satinder Pal Singh Ahluwalia	Director	April 29, 2010	June 24, 2010	2010-2011 2011-2014 2014-2017 2017-2020	4x	Indonesia
Adnan Qayum Khan	Director	April 28, 2016	August 8, 2016	2016-2017 2017-2020	2x	Indonesia
Heriyanto Agung Putra	Director	April 28, 2016	December 23, 2016	2016-2017 2017-2020	2x	Indonesia
Rita Mirasari	Independent Director	September 7, 2016	September 14, 2016	2016-2017 2017-2020	2x	Indonesia

Independent Director

Danamon re-appointed Rita Mirasari as Independent Director through the Annual GMS on April 12, 2017. The Independent Director, in addition to meeting the criteria as a member of the Board of Directors, is also required to meet the following criteria:

- Not affiliated with Danamon's controlling shareholders at least 6 (six) months prior to the appointment as Independent Director;
- Not affiliated with the Board of Commissioners or other Directors of Danamon;
- Not having a concurrent position as a member of the board of directors in other companies;
- Not affiliated with institutions or professionals supporting the capital markets where its services are used by Danamon 6 (six) months prior to the appointment as Director.
- Appointed by the Board of Commissioners.

The term of office for the Independent Director is maximum two (2) consecutive terms and in case of a vacancy, the position must be filled no later than the next GMS or within six (6) months after the vacancy occurs.

Duties and Responsibility of Each Director

Each member of the Board of Directors has duties and authorities that are subject to the Articles of Association and Circular Resolution of the Board of Directors on the Duties and Authorities of the Board of Directors No. KSR-DIR.Corp.Sec.-002 effective on November 1, 2017, as follows:

BoD Member	Duties and Responsibilities
Sng Seow Wah President Director	As the President Director, has overall responsibility for the duties and authority of the Board of Directors, and also directly supervises Danamon's Internal Audit, PT Adira Dinamika Multi Finance Tbk, PT Asuransi Adira Dinamika, Wholesale Banking, Transaction Banking, Treasury Capital Market and Information Technology.
Herry Hykmanto Director	As a Director, supervising Syariah Banking and Operations
Michellina Laksmi Triwardhany Director	As a Director, supervising Branch Network (Sales & Distribution), Consumer Banking, Small and Medium Enterprises
Satinder Pal Singh Ahluwalia Director	As a Director, supervising Danamon Simpan Pinjam, Corporate Real Estate Management (CREM), and Financial Planning and Control.
Adnan Qayum Khan Director	As a Director, supervising Integrated Risk
Heriyanto Agung Putra Director	As a Director, supervising Human Resources
Rita Mirasari Independent Director	As the Legal and Compliance Director, supervising Compliance, AML/KYC, Legal, Litigation.

Independence of Directors

All Directors must have no familial or financial relationships with each other as expressed in the statement letter signed by members of the Board of Directors, which is updated every year. Directors must be in compliance with the requirement of independency in accordance with Good Corporate Governance as stipulated in the Board of Directors Charter.

Family Relations and Financial Relations of Members of the Board of Directors

Board of Director	Family Relation with						Financial Relation with					
	Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Sng Seow Wah President Director	-	√	-	√	-	√	-	√	-	√	-	√
Herry Hykmanto Director	-	√	-	√	-	√	-	√	-	√	-	√
Michellina Laksmi Triwardhany Director	-	√	-	√	-	√	-	√	-	√	-	√
Satinder Pal Singh Ahluwalia Director	-	√	-	√	-	√	-	√	-	√	-	√
Adnan Qayum Khan Director	-	√	-	√	-	√	-	√	-	√	-	√
Heriyanto Agung Putra Director	-	√	-	√	-	√	-	√	-	√	-	√
Rita Mirasari Director	-	√	-	√	-	√	-	√	-	√	-	√

Concurrent Positions of the Board of Directors

Directors are required to disclose other positions as outlined in the statement letter and signed by members of the Board of Directors and renewed every year. Concurrent positions of Directors are excluded for Directors who are responsible in supervising Subsidiaries, having functional tasks and serving on the Board of Commissioners of Subsidiaries. All Directors have no concurrent position prohibited in accordance with FSA regarding Implementation of Corporate Governance for Commercial Banks.

List of Danamon Director Positions in Subsidiaries

Name	Position in Bank Danamon	Position in Subsidiaries
Sng Seow Wah	President Director	President Commissioner of PT Adira Dinamika Multi Finance Tbk
Herry Hykmanto	Director	-
Michellina Laksmi Triwardhany	Director	-
Satinder Pal Singh Ahluwalia	Director	-
Adnan Qayum Khan	Director	-
Heriyanto Agung Putra	Director	-
Rita Mirasari	Independent Director	-

Share Ownership of Directors

Share ownership, directly or indirectly, of each Director at Danamon, other banks, non-bank financial institutions and other companies exceeding 25% of the paid-up capital is listed below:

Board of Directors	Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Sng Seow Wah President Director	Number of shares owned 2,325,400 shares	-	-	-	- Percentage of Danamon Shares owned: 0.02% - Type of Shares: Series-B Shares
Herry Hykmanto Director	Number of shares owned 131,856 shares	-	-	-	- Percentage of Shares owned: 0.00% - Type of Shares: Series-B shares
Michellina Laksmi Triwardhany Director	Number of shares owned 1,014,200 shares	-	-		- Percentage of Danamon Shares owned: 0.01% - Type of Danamon Shares: Series-B Shares
		-	-	PT. Sapta Selera Kreasi	Percentage of Shares owned: 20%
Satinder Pal Singh Ahluwalia Director	Number of shares owned 396,300 shares	-	-	-	- Percentage of Danamon Shares owned: 0.01% - Type of Danamon Shares: Series-B Shares

Board of Directors	Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Adnan Qayum Khan Director	-	Royal Bank of Scotland Number of shares owned 9,596 shares	-	-	Percentage of Shares owned: 0.001%
Heriyanto Agung Putra Director	-	-	-	PT. Garuda Indonesia Number of shares owned 207,804 shares	Percentage of Shares owned: 0.002%
Rita Mirasari Independent Director	-	-	-	-	-

Board of Directors Remuneration

Indicators for Determining Board of Directors Remuneration

The remuneration of the Board of Directors is recommended by the Remuneration Committee with reference to the remuneration principles of Danamon and assessment results of target (goal setting) achievement, prevailing regulations, industry comparison, and the performance of Danamon. Recommendation of the Committee is submitted to the Board of Commissioners for approval in the GMS.

Procedure for Determining Board of Directors Remuneration

Procedure for determining Board of Directors Remuneration could be depicted as follows:

Remuneration Committee

The Remuneration Committee gathers information about remuneration standards for position in similar industries in the market by calculating the performance of the company. The Committee makes recommendations to the Board of Commissioners.

Board of Commissioners

The Board of Commissioners studies the recommendation from the Remuneration Committee and proposes remuneration of Board of Directors to GMS.

General Meeting of Shareholders

AGM establishes the remuneration of the members of the Board of Directors.

Remuneration of the Board of Directors

Remuneration distribution to each member of the Board of Directors in accordance to GMS.

Board of Directors Remuneration Structure

The remuneration package of members of the Board of Directors is paid periodically and the classification of remuneration level and the number of Board of Directors' members receiving remuneration package within 1 (one) year, is disclosed in the Remuneration Policy section in this report.

Board of Directors Meetings

Policy on Board of Directors Meetings

- a. Board of Directors meetings are scheduled and held at least 1 (one) time a month.
- b. Joint meetings of the Board of Directors with the Board of Commissioners are held at least once every 4 (four) months.
- c. Directors should schedule the meeting of the Board of Directors and the Joint Meeting with the Board of Commissioners for the following year before the end of the fiscal year.
- d. Every policy and strategic decision must be decided through the Board of Directors meeting and refer to the provisions set in the Articles of Association of Danamon and other laws and regulations.
- e. Concerning scheduled meetings, invitations and materials must be submitted to the participants of the meeting no later than 5 (five) days prior to the meeting.
- f. If the meeting is not scheduled beforehand, the meeting materials are to be submitted to the meeting members prior to the meeting.
- g. Meeting invitations must be delivered to participants at least 3 (three) days prior to the meeting taking place.
- h. The President Director chairs the Board of Directors meetings. In case the President Director position is vacant or the President Director is unable to attend the Board of Directors meeting, a member of the Board of Directors must be appointed by the attending Directors to chair the Board of Directors meeting.
- i. Another Director based only on power of attorney can represent a member of the Board of Directors in the meeting.
- j. The Board of Directors Meeting can be held if at least 75% of the members of the Board of Directors are present at the meeting.
- k. Any decision of the Board of Directors meeting is made by consensus. In the event consensus is not reached, decisions are made by a majority vote. Decisions made by a majority vote are based on the principle of 1 (one) person, 1 (one) vote.
- l. Any member of the Board of Directors who personally has an interest, either directly or indirectly, in a transaction, contract or proposed contract, in which Danamon is a party, must state the nature of the interest in the meeting of the Board of Directors and is not entitled to participate in the voting on matters relating to the transaction or the proposed contract, unless the other Directors determine otherwise.
- m. The meeting of Directors must be set forth in the minutes of the meeting, signed by all members of the Board of Directors in attendance, and submitted to all members of the Board of Directors and the Corporate Secretary.
- n. Results of Board of Directors meetings together with the Board of Commissioners must be set out in the minutes of the meetings, signed by all members of the Board of Directors and members of the Board of Commissioners in attendance, and submitted to all members of the Board of Directors and the Board of Commissioners and the Corporate Secretary.
- o. In the event of a member of the Board of Directors and/or member of the Board of Commissioners not signing the results of the above meetings, he or she must state the reasons in writing in a separate letter attached to the minutes of the meeting.
- p. Dissenting opinions expressed in the Board of Directors meeting must be clearly stated in the minutes of the meeting with the reasons for the differences in opinions.
- q. The Board of Directors may also adopt lawful and binding decisions without convening a meeting of the Board of Directors, provided all members of the Board of Directors approve in writing by signing a Circular Decision containing the proposal in question. Decisions taken in this way have the same legal force as decisions taken at legitimate meetings.

Frequency of the Board of Directors Meetings

During 2017, the Board of Directors convened 32 meetings consisting of 28 meetings of the Board of Directors and 4 meetings of the Board of Directors with the Board of Commissioners. All results of the meeting decisions are documented in the minutes of the meeting. Decision making in all meetings of the Board of Directors must be conducted by deliberation and consensus, and there were no dissenting opinions.

Attendance Rate of Board of Directors Meetings and Joint Meeting with the Board of Commissioners

Board of Directors	Board of Directors Meetings (Total of 28)	Joint Meetings with the Board of Commissioners (Total of 4)	Attendance Rate
Sng Seow Wah	26	4	94%
Herry Hykmanto	24	4	88%
Michellina Laksmi Triwardhany	24	4	88%
Satinder Pal Singh Ahluwalia	26	4	94%
Adnan Qayum Khan	27	4	97%
Heriyanto Agung Putra	26	4	94%
Rita Mirasari	26	4	94%

Main Agenda of 2017 Board of Directors Meetings

Month	Board of Directors Meetings	Main Agenda
January	<ul style="list-style-type: none"> January 11, 2017 January 16, 2017 January 30, 2017 	<ul style="list-style-type: none"> Organizational Structure of Compliance, Legal, Corporate Secretary, Legal, Litigation, and KYC Unit 2016 Financial Performance 2016 Audit results 2017 Internal Audit Plan Follow-up on FSA Findings Update on the Completion of the 2016 Annual Report Risk Management update GCG and Bank Soundness Self- Assessments
February	<ul style="list-style-type: none"> February 13, 2017 February 20, 2017 February 27, 2017 	<ul style="list-style-type: none"> January 2017 Financial Performance New Regulation on Bilyet Giro 3 Year Plan Work Culture Survey Update on Kredit Usaha Tani (KUT) Standard Operational Procedure of Corporate Real Estate Management Transformation Governance
March	<ul style="list-style-type: none"> March 6, 2017 March 10, 2017 March 13, 2017 	<ul style="list-style-type: none"> 3 Year Plan Update on the 3 Year Plan 2017 Employee Engagement Initiative Risk Management update January 2017 Financial Performance Adira Quantum update
April	<ul style="list-style-type: none"> April 3, 2017 April 17, 2017 	<ul style="list-style-type: none"> Proposal on Dividend Payment Ratio-Adira Finance and Adira Asuransi Changes to the IT Steering Committee Real Estate Steering Committee March 2017 Financial Performance Risk Management update: IFRS9 Project, Danamon Recovery Plan for systemic bank, Update of Risk Appetite Statement, and ORM- new structure of QA/ICO Digitalization Project

Main Agenda of 2017 Board of Directors Meetings

Month	Board of Directors Meetings	Main Agenda
May	<ul style="list-style-type: none"> • May 3, 2017 • May 16, 2017 • May 29, 2017 	<ul style="list-style-type: none"> - Misappropriation of health insurance claims - 2016 ICAAP Stress Test - Employee Engagement Initiative Proposal - April 2017 Financial Performance - Comparison of peer-banks in the first quarter - Information Security Policy - Risk Management update
June	<ul style="list-style-type: none"> • June 12, 2017 • June 19, 2017 	<ul style="list-style-type: none"> - Danamon Corporate Campaign and 61st Anniversary Program - SLIK Project - Disciplinary Committee - May 2017 Financial Performance - Mid 2017 Forecast-Macroeconomic Assumptions
July	<ul style="list-style-type: none"> • July 10, 2017 • July 24, 2017 	<ul style="list-style-type: none"> - Revision on the 2017 Danamon Business Plan & Summary of June 2017 Financial Performance - June 2017 Financial Performance and Mid 2017 Forecast - Internal Audit Rating Change - Risk Management update
August	<ul style="list-style-type: none"> • August 21, 2017 • August 28, 2017 	<ul style="list-style-type: none"> - Mid 2017 Forecast and July 2017 Financial Performance - 2017 External Audit Plan - 2018-2020 Kick Off Budget Timeline
September	<ul style="list-style-type: none"> • September 11, 2017 • September 18, 2017 	<ul style="list-style-type: none"> - Comparison of peer-Banks - Second Quarter of 2017 - Legal and Compliance update - Risk Management update - August 2017 Financial Performance - Code of Conduct
October	<ul style="list-style-type: none"> • October 2, 2017 • October 23, 2017 • October 31, 2017 	<ul style="list-style-type: none"> - Provisions for Legal Obligations - Revision of 2018 Plan - Business Recovery Plan update - Risk Management update - SLIK update - AML and CFT Evaluations - 2017 Annual Report Kick Off
November	<ul style="list-style-type: none"> • November 16, 2017 • November 27, 2017 	<ul style="list-style-type: none"> - October 2017 Financial Performance and 3 Year Plan - 2017 Internal Audit results - Risk Management update - Executive Leadership Program
December	<ul style="list-style-type: none"> • December 11, 2017 	<ul style="list-style-type: none"> - SLIK and CDCM update - November 2017 Financial Performance - 2017 Performance Assessment Guidelines and New Performance Management System

Main Agenda of Joint Meeting with the Board of Commissioners

No	Date	Main Agenda
1.	January 24, 2017	<ul style="list-style-type: none"> - Financial Performance - General Meeting of Shareholders
2.	March 20, 2017	Dividends
3.	September 28, 2017	Financial Performance
4.	November 15, 2017	Danamon's Strategic Project

2018 Meeting Schedule

At the end of 2017, the Board of Directors arranged a schedule of 24 Board of Directors' meetings and 3 joint meetings with the Board of Commissioners to be held in 2018.

Attendance of Members of the Board of Directors in the Annual GMS

The responsibility of the Board of Directors on the execution of duties and responsibilities was submitted to shareholders through the 2017 Annual GMS. All members of the Board of Directors were present at the Annual GMS, which was held on April 12, 2017.

Implementation of Duties and Responsibilities of the Board of Directors in 2017

The Board of Directors undertook Danamon's business activities in a directed and planned manner to fulfill its obligations to the stakeholders. The Board of Directors performed their duties and responsibilities as follows:

- Followed up consistently on the implementation of Danamon's long-term strategy that was formulated in 2015.
- Diversified Danamon's growth drivers which include Small & Medium Enterprises, Enterprise Banking, and Consumer Banking.
- Reviewed and reorganized Micro Banking through branch optimization, quality improvement of human resources and extensive credit process automation.
- Strengthened Sales & Distribution (S & D) capabilities by introducing a culture and sales and service process known as "Danamon Way".
- Strengthened credit risk management by integrating all loan approval functions previously reported to each business segment to Chief Credit Officer, to ensure more independent credit approval and process as well maintaining the quality of the portfolio.
- Invested in digital technology solutions to deliver superior customer service improvements and automated operational processes to become more efficient and effective.

Board of Directors Performance Assessment

Implementation Process of Performance Assessment

Performance assessment of the Board of Directors is based on collegial work of all members of the Board of Directors on the achievement of Danamon's business plans. In addition, the performance assessment of Directors also considers the duties and responsibilities in accordance with laws and regulations and the Company's Articles of Association.

Assessment Criteria

The evaluation criteria for the performance of the Board of Directors is based on overall achievements including financial, franchise building, risk and control, human capital and Danamon core values, as follows:

- financial performance,
- soundness level of the bank
- capitalization,
- risk profile,
- regulatory compliance,
- significance of audit results,
- long-term goals and strategies,
- implementation of corporate governance principles.

Assessment Implementation

The performance assessment of the Board of Directors is conducted by the Board of Commissioners and the performance assessment results are taken into consideration in improving the effectiveness of the performance of the Board of Directors. In addition, the Board of Directors performance assessment was delivered in the form of accountability of the duties and responsibilities at the Annual GMS.

Performance Assessment of Board of Directors Members

All members of the Board of Directors have performance targets set forth in the balanced scorecard in accordance with the duties and responsibilities of each Director, including compliance management, risk control, and human resources. The performance assessment of Directors is performed every 6 (six) months by the President Director.

Board of Commissioners' Opinion to Board of Directors' Performance

Danamon's Net Profit after Tax increased by 38% to reach Rp3.7 trillion in 2017. Return on Equity improved to 10.5% % compared to 8.0% the preceding year.

Danamon continued to reconstitute its loan portfolio to a more diversified loan book and less reliance on the mass market. The move to expand the coverage of SME customers gained traction with loans to this segment growing by 10% to Rp29.2 trillion whilst loans to the Consumer segment grew by 20% to reach Rp9.1 trillion.

Danamon continued to maintain prudence, with a sharp focus on credit quality and risk management, whilst expanding its loans. The Cost of Credit improved to 2.8% from 3.5%.

During the year Danamon implemented a comprehensive sales and service training in its Sales and Distribution network. The application of the 'Danamon Way' throughout the whole organization will go towards enhancing the overall sales culture and productivity, and customer centricity.

Danamon continues to maintain a strong capital position: Danamon's Capital Adequacy Ratio stood at 23.2 % which was amongst the highest in the banking industry. This provides Danamon with the capacity to grow as well as the strength to meet unforeseen adverse developments.

The Board of Commissioners (BOC) commends the Board of Directors (BOD) in achieving the strong performance.

Orientation Program for New Directors

During 2017, there were no new Directors in Danamon. Danamon has an orientation program for new BoD members through the provision of the On-Boarding Pack and a face-to-face briefing by related units to provide a better understanding of the organization, duties and responsibilities, and processes in Danamon.

Training Programs of Directors

Danamon provides the opportunity for Directors to participate in training, certification, workshops, and conferences to enhance competency, professionalism and knowledge on an on-going basis. During 2017, members of the Board of Directors participated in training, certification, workshops, and conferences as follows:

Board of Director	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Sng Seow Wah	2017 Credit Suisse ASEAN Conference	Credit Suisse	Singapore	January 12-13, 2017
	Senior Leader Workshop	Cohen Brown Project	Jakarta	April 28, 2017
	Manchester United Business Network 2017	Aon	United Kingdom	May 21-22, 2017
	Danamon Digital Workshop	BDI	Jakarta	May 30, 2017
	Danamon Leadership Assessment & Senior Management Team Performance Development Program	Russell Reynolds Associates	Yogyakarta	October 5-6, 2017
	Cyber Security Workshop	Singtel Cyber Security Institute	Jakarta	October 20, 2017
	Barclays Asia Forum 2017	Barclays	Singapore	November 2, 2017
	Executive Enrichment Program: Understanding Shifting Behavior of The Customer in The Current Market	PPM School Management	Jakarta	December 13, 2017
Herry Hykmanto	Executive Seminar on Enterprise Path to Agility	Scrum Indonesia's Joshua Partogi	Jakarta	March 13, 2017
	Refreshment Sertifikasi Manajemen Risiko Level V	The Risk Forum	Jakarta	March 29, 2017
	Customer Journey Workshop	Danamon & BCG	Jakarta	April 3, 2017
	ICC Banking Commission Annual Meeting	ICC Indonesia	Jakarta	April 3-7, 2017
	ICC B20-G20 Policy Consultation on Trade Finance	ICC Indonesia	Jakarta	April 4, 2017
	Innovations in Islamic Trade Finance at Annual Meeting ICC Banking Commission	ICC Indonesia	Jakarta	April 5, 2017
	RSKKNi National Praconvention Payment System Field	Bank Indonesia	Surakarta	August 24-25, 2017
	Banking Potential Dispute and Alternative in Dispute Resolution through DOCDEX (Documentary Instruments Dispute Resolution Expertise)	ICC Indonesia & LAPSPI	Jakarta	September 20, 2017
	Bank Danamon Leadership Assessment and Senior Management Team performance development program	Russell Reynolds Associates (RRA)	Yogyakarta	October 5-6, 2017
	Cybersecurity Workshop with Management Readiness	SingTel	Jakarta	October 20, 2017
	RSKKNi National Convention Payment System Field	Bank Indonesia	Jakarta	November 8-9, 2017
	Interviewee of Trade Finance and Risk Mitigation : Sharing Knowledge with Bank Indonesia's Stakeholder	Bank Indonesia	Solo	November 18, 2017
	Socialisation of Virtual Account Workshop	Badan Pengelola Keuangan Haji (BPKH)	Jakarta	December 28, 2017

Board of Director	Training/Conference/Seminar/ Workshop	Organizer	Location	Date
Michellina Laksmi Triwardhany	Sales & Service Culture: TTT (Train-the-Trainer) Program ESL	Cohen Brown	Jakarta	May 8, 2017
	E Sol Manulife Workshop	Manulife	Jakarta	January 5, 2017
	Cloudera Big Data Platform	Cloudera	Jakarta	February 21, 2017
	Customer Journey Workshop	Boston Consulting Group	Jakarta	April 3, 2017
	Sales & Service Culture	Cohen Brown	Jakarta	May 8, 2017
	Danamon <i>Leadership</i>	Russel Reynolds	Yogyakarta	October 6, 2017
	Cyber Security Workshop	SingTel	Jakarta	October 20, 2017
	Senior Leaders Workshop PRB	Cohen Brown	Jakarta	November 20-21 2017
Satinder Pal Singh Ahluwalia	RAS Cascading Workshop	Oliverwyman	Jakarta	March 7, 2017
	Cyber Security Workshop	BARa	Jakarta	September 14, 2017
	Leadership Assessment & Senior Management Development Program	Russell Reynolds Associate	Yogyakarta	October 5-6, 2017
	Cyber Security Workshop with Management Readiness	SingTel	Jakarta	October 20, 2017
Adnan Qayum Khan	Cloudera's FSI Breakfast Roundtable	Cloudera	Jakarta	February 21, 2017
	UBS Indonesia Conference 2017	UBS	Jakarta	March 7, 2017
	Recovery & Resolution Planning: Challenges for Indonesia Banks	Oliver Wyman	Jakarta	April 26, 2017
	The Future of Finance, Indonesia 2017 & Heads of Risk Dialogue	The Asian Banker	Jakarta	July 27, 2017
	Cyber Security Workshop	SingTel	Jakarta	October 20, 2017
	Digital Identity: Laying the Foundation for the Digital Enterprises	Deloitte	Jakarta	November 2, 2017
Heriyanto Agung Putra	Senior Leader Workshop	Cohen Brown	Jakarta	April 28, 2017
	Workshop HC Policy	Internal	Jakarta	July 7, 2017
	Cyber Security Training	SingTel	Jakarta	October 20, 2017
	Service and Collaboration	Elisa Lumbantoruan	Jakarta	November 1, 2017
	Compliance	Internal	Jakarta	September 4, 2017
	APU PPT	Internal	Jakarta	September 4, 2017
	Code of Conduct	Internal	Jakarta	December 28, 2017

Board of Director	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Rita Mirasari	Perbanas CEO Forum "Expectation & Anticipation of Economic Condition from Bankers Perspective 2017"	Perbanas	Jakarta	January 26, 2017
	Transaction Derivative in-house Training	Legal - ISDA	Jakarta	January 27, 2017
	Speaker at Executive Seminar of Basic Finance Proficiency Program Certification & Association of Indonesian Financing Companies	Asosiasi Perusahaan Pembiayaan Indonesia	Jakarta	May 23, 2017
	FKDKP Seminar, Policy Direction and Payment System Development in Indonesia	FKDKP	Jakarta	May 24, 2017
	Compliance Workshop 2017	Internal	Bandung	September 15-16, 2017
	Financial Crime Compliance Workshop 2017	Internal	Yogyakarta	October 6, 2017
	Legal & Corporate Secretary	Internal	Yogyakarta	October 6-8, 2017
	Danamon Leadership	Russel Reynolds	Yogyakarta	October 6, 2017
	Cyber Security Training	SingTel	Jakarta	October 20, 2017
	Compliance Level 3 Certification Workshop (Executive)	FKDKP	Jakarta	October 12-13, 2017

COMMITTEES UNDER THE BOARD OF DIRECTORS

In order to support the effectiveness of the execution of its duties and responsibilities, the Board of Directors has committees that are responsible for assisting the Board of Directors to provide suggestion and recommendations that can be used as a reference in decision making related to the implementation of the duties and responsibilities of the Board of Directors.

The following are committees under the Board of Directors:

- Risk Management Committee
- Human Resources Committee
- Assets & Liabilities Committee
- IT Steering Committee
- Integrated Risk Management Committee

Charter of Committee

Each of the committees under the Board of Directors has Charter for reference and binds every member of the committee that regulates the membership, duties and responsibilities, and meeting and reporting provisions. Committee's Charters are constantly updated in line with the development of Danamon and regulations.

Performance Evaluation of Board of Directors Committees

During 2017, Committees under the Board of Directors have performed their functions and contributed to support the implementation of the duties and responsibilities of the Board of Directors.

RISK MANAGEMENT COMMITTEE

Committee Structure and Membership

Chairman: Director of Integrated Risk

Members:

- President Director
- Director of Legal & Compliance
- Director of Syariah & Operation
- Director of Finance & Micro Banking
- Director of Consumer, SME & Branch Network
- Director of HR

If required, the Risk Management Committee will invite other parties to attend the meeting.

Status of Voting Rights and Decision Making

Each Risk Management Committee member has equal voting rights. Committee decisions are taken by consensus. In the event that consensus cannot be reached, the decision will be made by a majority vote.

Duties and Responsibilities of the Committee

- Support the Board of Directors in performing its duties with regard to risk management.
- Establish the risk management plan, direction, policies, strategies of Danamon and its Subsidiaries.
- Ensure that all Danamon activities are in line with the prevailing rules and regulations.
- Decide on matters concerning business decisions that deviate from normal procedures.
- Define the most suitable risk management methodologies for managing the risks, build up reserves through policies to accommodate the inherent potential risks and ensure the availability of post disaster restoration procedures.

- Monitor the development of procedures and risk strategies and provide recommendations to the Board of Directors for approval on all strategies, key policies, processes and systems of risk management.
- Review credit portfolios, market liquidity, operations and significant risks, periodically reporting Danamon's risk profile and risk exposures to the Board of Directors.
- Evaluate the implementation of risk management processes and perform improvement in line with external and internal events affecting Danamon's or its subsidiaries' capital adequacy or risk profiles.
- Evaluate the risks of the organizational structure of Danamon and its subsidiaries to ensure that the process of risk management is in line with organizational development.

Risk Management Committee Meeting

During 2017, the Committee held 13 meetings, attended by members of the Board of Directors as follows:

Board of Directors	Attendance of BoD Members in Committee Meetings
Sng Seow Wah	11
Herry Hykmanto	8
Satinder Pal Singh Ahluwalia	11
Michellina Laksmi Triwardhany	9
Adnan Qayum Khan	11
Heriyanto Agung Putra	11
Rita Mirasari	9

Implementation of 2017 Risk Management Committee Duties

The Risk Management Committee conducted meetings with the following content:

- Risk Management update
- Risk Profile
- Credit Authority Governance
- Assets Ownership (AYDA)
- IFRS9 Adjustment Simulation
- Risk Profile Survey
- Proposal of New Risk Appetite Statement
- Policy on Integrated Capital Adequacy for Financial Conglomeration
- ICAAP Review
- Recovery Plan

- Risk Appetite Statement Update
- New Structure of ORM-QA/ICO
- Information Security Policy
- Risk Priority Mapping
- RAS Policy
- LLL Analysis
- Update on SLIK

ASSETS & LIABILITIES COMMITTEE (ALCO)

Structure and Membership of ALCO

Chairman:	President Director
Alternative Chairman:	Director of Finance & Micro Banking
Members:	<ul style="list-style-type: none"> • Director of Integrated Risk • Director of Consumer, SME & Branch Network

Status of Voting Rights and Decision Making

ALCO is composed of members who have the same voting rights; if there is a member of ALCO who cannot attend the meeting then he/she can appoint another member of ALCO as a replacement with voting rights. Delegation of voting rights must be obtained prior to approval from the Chairman of the Committee. Committee decisions are taken by consensus. In the event that consensus cannot be reached, the decision is made by majority vote.

Duties and Responsibilities of ALCO

ALCO has duties and responsibilities including:

- Define the scope of work with meeting procedures, work process, and the formation of sub-committees to support it.
- Decide on the policies and directions on liquidity risk, interest risk, and capital management of Danamon and its subsidiaries which reflect the adequacy of liquidity and capital, stable and diversified financing by complying with the prevailing regulations.
- Perform evaluation on market conditions and their impacts on the conditions of Danamon's liquidity, NII, and capitalization, and approve the most appropriate action.
- Conduct reviews and determine the balance sheet structure to improve profitability.
- Perform evaluation on the composition of financing and approve every modification on strategy and alternative financing including new institutional/structural financing.
- Conduct reviews on liquidity, interest rate, and capital strategies proposed by the Treasury Capital Market, and at the same time monitor its implementation.
- Perform evaluation on the following:
 - Economic and Market Overview
 - Current movement of the key components of the balance sheet, Yield/COF and NIM
 - Fund Transfer Pricing (FTP)
 - Interest rates on financing and loans
 - Market risk profile and liquidity on the balance sheet, AFS portfolio and trading book
 - Monitor Emergency Funding Policy (CFP)
 - Management of capital and other matters related to ALCO
- Conduct periodic evaluations on the following:
 - The framework of market and liquidity risk limits on the balance sheet, AFS portfolio and derivatives for funding
 - Assumptions for stress testing on liquidity risk and interest rate
 - Calculation of core balance on liquidity risk, interest rate risk and FTP calculation
 - Policy and methodology of FTP
 - Emergency Funding Policy
 - Target Loan to Funding Ratio (LFR)

Meetings of Assets & Liabilities Committee

During 2017, the Committee held 12 meetings and was attended by the following Board of Directors members:

Board of Directors	Attendance in Committee Meetings
Sng Seow Wah	11
Michellina Laksmi Triwardhany	10
Satinder Pal Singh Ahluwalia	11
Adnan Qayum Khan	12

Implementation of 2017 Assets & Liabilities Duties

The Assets & Liabilities Committee held meetings to discuss content that included:

- Economic & Market Outlook
- Balance Sheet Management
- Management of Fund Transfer Pricing (FTP) Rate
- Review on lending interest rates and third party funds
- Market and liquidity risks review
- Management of Loan to Funding Ratio (LFR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)
- Capital Management
- Professional Funding Management
- Management of Available for Sale (AFS) portfolio.

IT STEERING COMMITTEE

Structure and Membership of the Committee

Chairman: Director of Finance & Micro Banking

Members:

- Director of Consumer, SME & Branch Network
- Director of Integrated Risk
- Director of Syariah & Operation
- Director of HR
- Transaction Banking Head
- Treasury & Capital Market
- Chief Transformation Officer
- Chief Information Officer
- Internal Audit Head (no voting rights)

Other invitations depend on the respective area of relevance.

Status of Voting Rights and Decision Making

Each Information Technology Steering Committee member has equal voting rights, except the Head of the Internal Audit Unit, who is a member of the committee without voting rights. Decision-making in Committee meetings is conducted with the aim of reaching consensus. In the event that deliberation does not reach consensus, decision-making is based on voting by the affirmative vote of more than ½ (half) of the total valid votes in the meeting.

Duties and Responsibilities

The Committee has the following duties and responsibilities:

- Periodically review and recommend Danamon's IT strategy plan, and ensure that IT projects are in line with their strategic plans.
- Review and recommend IT policies, including IT Security Policy and IT Risk Management Policy.
- Review and recommend all IT projects that are in line with Danamon's strategy or with Capex investment value of more than IDR 10 billion.
- Review the progress of projects and adapt them to Danamon's strategy in terms of project status, time, cost & benefits, which will be presented by the relevant Business Project Manager Team.
- Review the post-implementation of a strategic project & benefit from its realization after implementation in terms of costs and benefits.
- Review the number of transactions through channels and provide recommendations to increase e-channel transactions in order to align with the digital banking strategy.

- g. Periodically review IT Risk Management covering the following topics:
 - Current strategy/strategic projects.
 - IT security issues and Cyber security and its remediation.
 - IT audit findings and follow-ups on the improvement.
- h. Ensure accurate and proper allocation of IT resources. If necessary, use a third party to assist with implementation of the project. KPTI must ensure the existence of policies and procedures for the selection and appointment processes of third parties.
- i. Review recommendations from subcommittees and other committees on IT related matters.
- j. Provide recommendations on resolving IT-related issues that cannot be solved by the IT user and provider in an effective, efficient, and timely manner.
- k. Carry out other duties and responsibilities delegated by the Board of Directors from time to time.
- l. Prepare the committee activity report each year.

IT Steering Committee Meeting

During 2017, the Committee held 3 meetings, on January 25, 2017, February 17, 2017, and July 27, 2017. The meetings were attended by the following members of the Board of Directors:

Board of Directors	Attendance in Committee Meetings
Sng Seow Wah *	1
Michelllina Laksmi Triwardhany	3
Satinder Pal Singh Ahluwalia	3
Herry Hykmanto	3
Adnan Qayum Khan	3

Note:

* Not a committee member since July, 2017

Implementation of the Information Technology Steering Committee, 2017

The Information Technology Steering Committee held meetings including topics for discussion as follows:

- IT Project Status
- New HC Management System
- CRM
- Data & Analytics of Danamon
- Discussion on the Status of IT Projects in the First Semester of 2017
- Digitalizing (on-boarding) & Omni Channel Project
- Data Center Relocation Initiative

HUMAN RESOURCES COMMITTEE

Structure and Membership of Committee

Chairman:	President Director
Alternative Chairman, Secretary:	Director of HR
Members:	<ul style="list-style-type: none"> • Director of Syariah & Operation • Director of Consumer, SME & Branch Network • Director of Finance & Micro Banking • Director of Integrated Risk • Director of Legal & Compliance

Status of Voting Rights and Decision Making

Each Committee member has equal voting rights. Committee decisions are taken by consensus. In the event that consensus cannot be reached, the decision will be made by majority vote.

Duties and Responsibilities of the Committee

1. Provide strategic direction and develop general policies in the field of Human Resources including amendments, in the following areas:
 - Human Resources Strategy
 - General Policy on Employment
 - Employee compensation and benefit
 - Performance Assessment Management, including promotion
 - Talent Management and Succession Planning
 - Organizational structure and rank level
 - Employee Training and Development

- Corporate culture and values and Employee Engagement
 - Development of employee and industrial relations
 - Policy alignment with subsidiaries
 - Manpower planning
 - Organizational Health and Safety
2. Carry out other duties and responsibilities that may be granted by the Board of Directors to the HR Committee, from time to time.
 3. The Human Resources Committee may establish sub-Committees to undertake the scope of duties and responsibilities of the HR Committee.

Human Resources Committee Meeting

During 2017, the Committee held 25 meetings, attended by the following members of the Board of Directors:

Board of Directors	Attendance in Committee Meetings
Sng Seow Wah	24
Herry Hykmanto	22
Michelllina Laksmi Triwardhany	24
Satinder Pal Singh Ahluwalia	25
Adnan Qayum Khan	23
Heriyanto Agung Putra	24
Rita Mirasari	23

Implementation of 2017 Human Resources Committee Duties

The Human Resources Committee held meetings with the following topics:

- Bonus Pool Proposal
- The Contractual
- Review Promotion Proposal
- Annual Leave Entitlement and Collective/Mass Leave
- Salary Scale and Structure
- FAQ regarding 2016 Tantieme
- Restructuring Cost
- Union Demands, Negotiation & Update
- Housing Loan Proposal
- Collective Leave
- Code of Conduct
- Approval of Selection Process Improvement
- Medical Inpatient Limit

- Leadership Assessment and Team Performance Program
- Approval of Man Power Cost (MPC) Assumption for 2018 Budget
- CLA update
- Nomination of CEO Adira Insurance
- Nomination of Commissioners Danamon Syariah
- Danamon Executive Education Program (DEEP)
- Employee Engagement Survey 2017
- HC Function Roles and Responsibilities
- Updates on CLA Negotiation
- Resignation Notice Period
- Early Retirement Package & Career Transition Program for SEMM

INTEGRATED RISK MANAGEMENT COMMITTEE

Discussion on the Integrated Risk Management Committee is disclosed in the Integrated Corporate Governance Report section.

RELATED AND AFFILIATED PARTY TRANSACTIONS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS AND MAJORITY SHAREHOLDERS

Danamon has a policy regarding related party transactions and affiliated transactions. This policy ensures that related party and affiliated transactions are carried out on normal commercial terms and at an arms length basis and are not detrimental to the interests of Danamon and the minority shareholders.

Affiliations of members of the Board of Directors with fellow members of the Board of Directors, members of the Board of Commissioners, Majority and/or Controlling Shareholders

All members of Danamon's Board of Directors have no affiliation with other members of the Board of Directors, members of the Board of Commissioners or with major and/or controlling shareholders.

Affiliations between members of the Board of Commissioners with fellow members of the Board of Commissioners and Majority and/or Controlling Shareholders

All members of the Board of Commissioners have no affiliations with other members of the Board of Commissioners. There are 3 (three) Non-Independent Commissioners who have a financial relationship with the controlling shareholder, namely: Ng Kee Choe, Gan Chee Yen, and Ernest Wong Yuen Weng.

Affiliations between members of the Board of Directors, Board of Commissioners and Controlling Shareholders have been disclosed in the table of financial relations and familial relationships in the Boards of Commissioners section and Board of Directors section in this Corporate Governance report.

The Affiliated Party Transaction Policy governs each member of the Board of Commissioners and Board of Directors is required to disclose any planned affiliated transactions both by themselves and their families to the Corporate Secretary. Material transaction plans will be reviewed by the Director of Compliance and subsequently reported to the Audit Committee. In the event of Conflicts of Interest, the member of the Board of Directors or Board of Commissioners concerned shall abstain from the process of assessment and approval of the transaction.

CORPORATE SECRETARY

The function of the Corporate Secretary is to ensure the timely and accurate submission of Danamon material information to all stakeholders. The Corporate Secretary is appointed and dismissed based on the Board of Directors' decision. The Corporate Secretary plays an important role in fostering good communication between Danamon and its shareholders and other stakeholders.

Structure of Corporate Secretary



Corporate Secretary Profile

Rita Mirasari is a Danamon Director who has been Corporate Secretary of Danamon since October 24, 2016 based on Decision No. KSR-DIR.Cor.Sec-003 dated October 17, 2016 regarding Appointment of Corporate Secretary.



Rita Mirasari
Director (Independent)

Rita Mirasari, Indonesian national, 48 years old, domiciled in Indonesia. Completed her education at Faculty of Law, University of Indonesia. Pursued her career at a local bank as a legal officer. Started her career within the field of law, compliance and corporate

secretariate. Last position prior to joining Danamon was Director of Regulatory Compliance & Financial Crime, HSBC – Indonesia. Currently, she is the Director of Legal and Compliance and Independent Director at Danamon

Roles and Responsibilities of Corporate Secretary

- a. Provide input to the Board of Directors and Board of Commissioners to comply with laws and regulations in the capital market;
- b. Act as liaison between Danamon and its shareholders, the Financial Services Authority and other stakeholders;
- c. Assist the Board of Directors and Board of Commissioners in the implementation of corporate governance which includes:
 - Disclosure of information to the public including the availability of information on the website
 - Submission of reports to the Financial Services Authority and other authorities
 - Holding and providing documentation of the General Meeting of Shareholders
 - Holding and providing documentation of meetings of the Board of Directors and/or Board of Commissioners
 - Implementation of corporate orientation programs for the Board of Directors and/or Board of Commissioners.
- d. Speaker at Executive Seminar of Basic Finance Proficiency Program Certification & Association of Indonesian Financing Companies
- e. FKDKP Seminar, Policy Direction and Payment System Development in Indonesia
- f. Compliance Workshop 2017
- g. Financial Crime Compliance Workshop 2017
- h. Legal and Corporate Secretary
- i. Cyber Security Training
- j. Compliance Level 3 Certification Workshop (Executive)

Implementation of the Corporate Secretary Duties 2017

- a. Attended the Board of Commissioners and Board of Directors meetings regularly and arrange minutes of meetings.
- b. Conducted the GMS in April 2017.
- c. Prepared recommendations for amendment on the committees' charter at the level of the Board of Commissioners and the Board of Directors in relation to the implementation of corporate governance.
- d. Followed the development of the capital market in particular in relation to capital market regulations and convey information regarding such development to the Board of Commissioners, Board of Directors and Danamon stakeholders.

Developing Corporate Secretary Competency

Various job training exercises have been held to improve the competency of the Corporate Secretary:

- a. Perbanas CEO Forum "Expectation & Anticipation of Economic Condition from Bankers Perspective 2017"
- b. Transaction Derivative in-house Training

- e. Facilitated adjustments to the Articles of Association in accordance with new laws and regulations.
- f. Disclosure of information in accordance with applicable laws and regulations.

Correspondence of Corporate Secretary

As one form of information disclosure, Danamon has provided information to the public through Danamon website that is available in both Indonesian and English. Danamon also submits periodic reports to the Indonesia Stock Exchange (IDX) and the Financial Services Authority (FSA), including through IDXNet and SPE FSA e-reporting sites.

Regular Report

No	Report	Regulation	Date	Purpose of Report
1	Monthly Registration Report of BDMN Securities Holder	Decision of Board of Directors of Indonesian Stock Exchange No. Kep-306/BEJ/07- 2004	Monthly	FSA, IDX, BI
2	Foreign Currency Debenture Report	FSA Letter No. S-30/PM.2/2013 jo Surat Bapepam&LK No.S-13264/B/2012 jo Circulation Letter No.SE-02/BI/2009	Monthly	FSA
3	Consolidated Financial Report of Company and Subsidiaries	FSA Regulation No. 31/POJK.04/2015 and Bapepam Regulation No. X.K.2 on Obligation to Submit Regular Financial Report; IDX Regulation No. I-E	Quarterly	FSA, IDX, Trustee
4	Financial report of XBRL (eXtensible Business Reporting Language)	IDX Regulation No. I-E	Quarterly	IDX
5	Holding Company Financial Report (Asia Financial (Indonesia) Pte Ltd)	BI Regulation No.3/22/PBI/2001 on Transparency on Financial Condition of Banks	Biannually	FSA, Trustee, IFC
6	Annual and Ongoing Reports	Regulation No. VIII.G.2 and IDX Reg. No. Kep-306/BEJ/07-2004 Rules Nomor I-E related to Obligation of Information Submission	Yearly	FSA, IDX
7	Company's Annual Financial Report (LKTP)	Decision of Ministry of Industry and Trade No. 121/MPP/Kep/2/2002 Year 2002 on Requirements of Companies Annual Financial Report Submission	Yearly	FSA, IDX
8	Certain Reports	Article 22 FSA Reg. No. 6/ POJK.03/2015 dated April 1, 2015 on Transparency and Publication of Bank Report	Quarterly	FSA
9	Information Report on Shares Ownership Composition	Article 22 BI. Reg. No. 11/1/PBI/2009 dated January 27, 2009 on Banks	Monthly	LPS
10	Reports on Basic Interest Rates for Credit	FSA Reg. No. 06/POJK.03/15 on Transparency and Publication of Bank Report; (ii) Regulation of SEBI No. 15/1/DPNP dated 15 January 2013 on Information Transparency of Basic Interest Rate Credit; and (iii) FSA Regulation No. 31/POJK.4/2015 on Disclosure of Information or Material Facts by Emitted of Public Companies	Quarterly	FSA

Incidental Report of Information Disclosure Report

As a form of Information Disclosure, Danamon submits Incidental Reports to the Financial Services Authority, Indonesian Stock Exchange and Bank of Indonesia. Incidental Reports are made by reference to the following:

1. FSA Regulation No. 31/POJK.04/2015-on Disclosure of Information or Material Facts by Issuer or Listed Companies;
2. Regulation on Securities Record No. I-E Attachment of Decision of Directors of Indonesian Stock Exchange No. Kep-306/BEJ/07-2004 on Obligation of Information Disclosure;
3. FSA Regulation No. 60/POJK.04/2015 on Disclosure of Information on Certain Shareholders.

Incidental Reports

No	Report	Date
1	Submission of Proof of Advertising on Basic Interest Rate of Loan of PT Bank Danamon Indonesia Tbk	January 12, 2017
2	Disclosure of Information on members of the Board of Directors of PT Bank Danamon Indonesia Tbk	January 16, 2017
3	Resignation of Independent Commissioner of PT Bank Danamon Indonesia Tbk	February 3, 2017
4	Plan on Annual Public Expose Implementation of Bank Danamon Indonesia Tbk	February 14, 2017
5	Submission of Public Expose materials of PT Bank Danamon Indonesia Tbk	February 24, 2017
6	Announcement/Disclosure of Annual General Meeting of Shareholders (RUPST) and Extraordinary of General Meeting of Shareholders (RUPSLB) of PT Bank Danamon Indonesia Tbk	February 27, 2017
7	Change of Audit Committee composition of PT Bank Danamon Indonesia Tbk	March 1, 2017
8	Submission of Public Expose results of PT Bank Danamon Indonesia Tbk	March 2, 2017
9	Submission of Annual Financial Report (audited) as per 31 December 2016 of PT Bank Danamon Indonesia Tbk	March 2, 2017
10	Submission of evidence of advertisement of Consolidated Financial Report of PT Bank Danamon Indonesia Tbk and its subsidiaries for the period ending December 31, 2016	March 2, 2016
11	Submission of Annual Report, 2016 of PT Bank Danamon Indonesia Tbk	March 13, 2017
12	Announcement of Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders of PT Bank Danamon Indonesia Tbk	March 14, 2017
13	Submission of evidence of advertisement of Financial Report of Asia Financial (Indonesia) Pte. Ltd	March 31, 2017
14	Disclosure of Information on Cancellation of Registration Letter as Trustee of PT Bank Danamon Indonesia Tbk	April 7, 2017
15	Submission of Summary of Minutes of Annual General Meeting of Shareholders (AGMS) and Extraordinary General Meeting of Shareholders (EGMS) of PT Bank Danamon Indonesia Tbk	April 12, 2017
16	Submission of Proof of Announcement Summary of Annual General Shareholders' Meeting (AGMS) and Extraordinary General Meeting of Shareholders (EGMS) PT Bank Danamon Indonesia Tbk	April 13, 2017
17	Distribution of Cash Dividend for Fiscal Year 2016 and Proof of Submission of Cash Dividend Distribution for Book Year 2016 of PT Bank Danamon Indonesia Tbk	April 13, 2017
18	Submission of Correction of Proof of Advertisement of Allocation of Cash Dividend for 2016 Fiscal Year of PT Bank Danamon Indonesia Tbk	April 20, 2017
19	Submission of Interim Unaudited Financial Statements as of March 31, 2017 of PT Bank Danamon Indonesia Tbk	April 27, 2017
20	Submission of Advertising Proof of Consolidated Financial Statement of PT Bank Danamon Indonesia Tbk and Subsidiaries ending on March 31, 2017	April 27, 2017

Incidental Reports

No	Report	Date
21	Good Corporate Governance Implementation Report of PT Bank Danamon Indonesia Tbk	April 28, 2017
22	Explanation of the mass media report of PT Bank Danamon Indonesia Tbk	May 4, 2017
23	Disclosure of Information on the Submission of Notarial Deed concerning Minutes of Annual and Extraordinary General Meeting of Shareholders of PT Bank Danamon Indonesia Tbk	May 9, 2017
24	Changes in the Composition of the Audit Committee of PT Bank Danamon Indonesia Tbk	July 13, 2017
25	Submission of Audit Committee Evaluation Result on the Implementation of Audit Service Provision of Annual Historic Financial Information of PT Bank Danamon Indonesia Tbk	June 22, 2017
26	Report of Appointment of Public Accountant and Public Accountant Firm of PT Bank Danamon Indonesia Tbk	July 31, 2017
27	Submission of Interim Unaudited Financial Statements as of June 30, 2017 of PT Bank Danamon Indonesia Tbk	July 26, 2017
28	Submission of Advertising Proof of Consolidated Financial Statement of PT Bank Danamon Indonesia Tbk and Subsidiaries ending on June 30, 2017	July 26, 2017
29	Resignation of Members of the Board of Directors of PT Bank Danamon Indonesia Tbk	October 10, 2017
30	Submission of Interim Unaudited Financial Statements as of September 30, 2017 of PT Bank Danamon Indonesia Tbk	October 31, 2017
31	Submission of Advertising Proof of Consolidated Financial Statement of PT Bank Danamon Indonesia Tbk and Subsidiaries ending on September 30, 2017	October 31, 2017
32	Shares of PT Bank Danamon Indonesia Tbk (the "Company")	November 9, 2017
33	Explanation of the mass media report of PT Bank Danamon Indonesia Tbk.	November 15, 2017
34	Explanation of mass media reporting of PT Bank Danamon Indonesia Tbk	December 8, 2017
35	Submission of Material Fact – Execution of Conditional Sales and Purchase of Shares by and between MUFG and AFI other affiliated parties.	December 26, 2017
36	Completion of acquisition of 19.9% shares of PT Bank Danamon Indonesia Tbk by MUFG	December 29, 2017

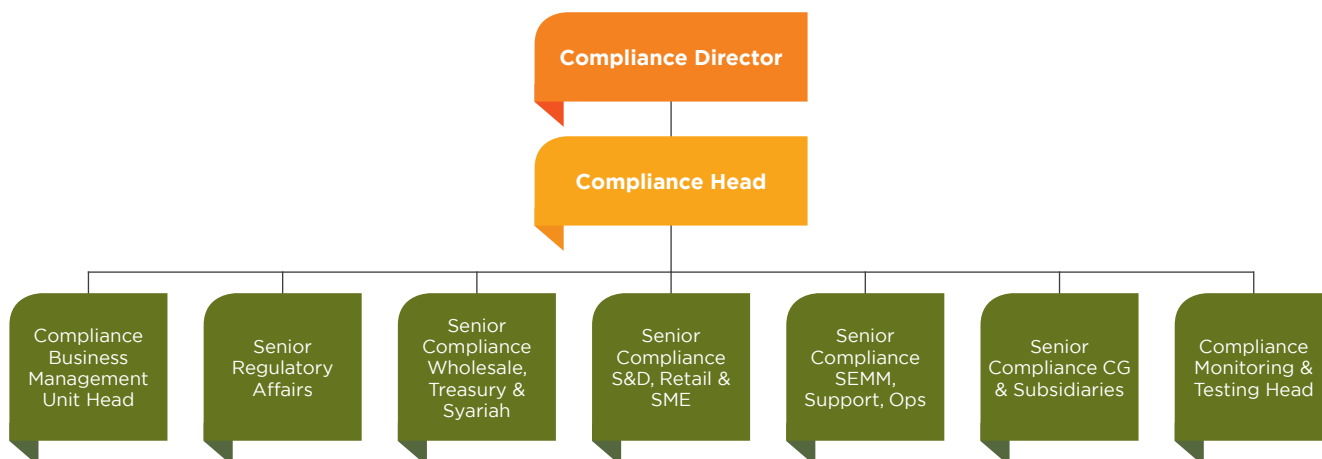
COMPLIANCE FUNCTION

Compliance is one of the important aspects in Danamon's governance. In accordance with Regulation of the Financial Services Authority No. 46/POJK.03/2017 dated July 12, 2017 on the Implementation of the Commercial Bank Compliance, the primary role of compliance is as follows:

- Create a compliance culture at all levels of the organization and business activities of the Bank.
- Manage compliance risks faced by the Bank.
- Ensure that the policies, regulations, systems and procedures and business activities undertaken by the Bank are in compliance with the provisions of the Regulators and applicable legislation.
- Ensure the Bank's compliance with commitments made by Bank Indonesia, the Financial Services Authority, and/or other regulatory authorities.

Organizational Structure of Compliance Function

The organizational structure of Compliance Function in Danamon is as follows.



Compliance Director

Danamon has a Director in charge of the Compliance Function (Compliance Director). The appointment of the Director in charge of the Compliance Function has met the applicable requirements, which is independent and does not supervise the functions which are not permitted by the applicable provisions. Danamon through its AGMS on April 12, 2017 has reinstated Rita Mirasari as Compliance Director. She has passed the fit and proper test and the appointment of the Compliance Director has gone through the process as stipulated by the Financial Services Authority.

Compliance Working Unit

Danamon has a Compliance Working Unit (Regulatory Compliance Unit) which is an independent working unit separated from other working units directly responsible to the Director of Compliance. Regulatory Compliance Unit is responsible for performing the compliance function in Danamon. As the main entity in the financial conglomeration of Danamon Group, the Regulatory Compliance Working Unit also acts as an Integrated Compliance Working Unit. In 2017, the Regulatory Compliance Working Unit updated the Policy on Compliance and the Regulatory Compliance Working Unit through Board of Directors Decree No. KEP: DIR-COMP-020 dated December 28, 2017, including compliance culture, compliance function, managing compliance risk, and reporting.

The roles and responsibilities of the Regulatory Compliance Unit are as follows:

- Create steps to support the formation of compliance culture;
- Identify, measure, monitor and control the risk of compliance by referring to the rules of the Financial Services Authority related to the implementation of risk management;
- Conduct compliance review to assess and evaluate the adequacy and conformity of other policies and conditions;
- Conduct compliance review, recommending updating and improving policies, regulations, systems to conform with the provisions of the Financial Services Authority, Bank Indonesia and applicable laws and regulations, including Syariah-compliant rules for Syariah Business Units;
- Carry out other tasks related to the Compliance Function, including:
 - Ensure compliance with regulations of the Financial Services Authority, Bank Indonesia, and other regulatory authorities.
 - Perform consultations.
 - Conduct socialization on matters related to the Compliance Function, especially regarding the applicable provisions.
 - Act as contact person/liaison for compliance issues for internal and external parties.

- f. Carry out the tasks of the Integrated Compliance Working Unit, and monitor and evaluate the implementation of the Compliance Function in each of the Subsidiaries in Danamon Group Financial Conglomeration.

Implementation of Compliance Working Unit's Duties 2017

The roles and responsibilities of the Compliance Working Unit throughout 2017 were as follows:

- a. Training and Socialization

As part of the efforts to build culture of compliance, the Compliance Working Unit organized trainings and socialization for all Danamon's employees. The training and socialization were performed either through classroom sessions or through compliance e-learning.

The Compliance Working Unit, in 2017, developed a new e-learning module for all employees that is expected to further strengthen compliance culture and their understanding of compliance and its risks. The participation rates of those who undertook compliance e-learning during 2017 was very high, at 98.15% of all Danamon employees.

In 2017, the Compliance Working Unit conducted 30 training or socialization programs for working units. The Compliance Working Unit also conducted refreshment compliance awareness in 9 cities, namely Jakarta, Bandung, Semarang, Surabaya, Denpasar, Medan, Palembang, Balikpapan and Makassar as an attempt to regenerate employees' awareness of the compliance risks that may occur in daily work activities.

During 2017, the Compliance Working Unit submitted new provisions or regulations to the relevant working units (either Danamon or its subsidiaries). The Compliance Working Unit in collaboration with the relevant work unit addressed the realization of compliance provisions, including tasks that must be achieved and their implementation targets.

- b. Compliance Review and Monitoring

The Compliance Working Unit conducts compliance review to ensure that the products, activities and policies issued by Danamon and its subsidiaries are not in conflict with the applicable provisions. During 2017, Danamon conducted 241 compliance reviews and 28 policy reviews. In addition, the Compliance Working Unit developed a monitoring and testing system to see whether remedial action was required on some processes related to Danamon's products/activities.

- c. Monitoring of Prudential Principles

The Compliance Working Unit regularly monitors compliance with Danamon's prudential regulations in the form of regulatory key parameters, namely the ratio of LLL, GWM, NPL, NOP, Participation and CAR. During 2017, there were no violations based on the regulatory parameters set.

- d. Managing Compliance Risks

Compliance risk management is conducted through identification, compliance risk measurement, monitoring and control in accordance with the implementation of risk management. The compliance risk management strategy is implemented through a 3 (three) defense line scheme. The Compliance Working Unit conducts an analysis of compliance risks for both individual and consolidated risk of Danamon's compliance, as well as integrated compliance risks.

- e. Commitment to FSA and Other Regulators

The Compliance Working Unit monitors and ensures compliance with follow-up commitments related to the results of evaluation conducted by the Regulator on a periodic basis. During 2017, all commitments results submitted by the regulators could be achieved and did not exceed the agreed time limit. The Compliance Working Unit also acts as liaison regarding the implementation of compliance with internal and external parties.

f. Implementation of Integrated Compliance Working Unit

As part of the implementation of the Integrated Compliance Working Unit, Danamon's Compliance Working Unit undertakes the following:

- Formation and perfection of compliance in subsidiaries to meet the provisions of laws and regulations.
- Assessment and advice in arranging corporate governance policies in subsidiaries to be in line with the Integrated Corporate Governance policy.
- Monitor and ensure compliance of subsidiaries through subsidiary regulatory parameters on a monthly basis.
- Monitor and ensure the implementation of compliance in subsidiaries.
- Submit new regulations related to subsidiaries periodically.

- Submit response on requests for advice and input related to compliance activities of subsidiaries, product programs, policy and compliance procedures and policies related to subsidiaries' compliance.

Development of Human Resources of Compliance Working Unit

As of December 2017, the Compliance Working Unit was supported by 19 staff (including the Head of the Compliance Unit) with the majority having over 5 years of experience working in the banking sector. Danamon always provides an opportunity to the staffs of the Compliance Working Unit to increase their knowledge and competence to support their work performance. Training, seminars, and workshops that have been attended by Internal and external Compliance Working Unit staff, are as follows:

Internal	External
- Certification and refreshment of Risk Management	- Derivative Transaction & ISDA Master Agreement
- Workshop TB Initiatives, 2017	- Workshop Alipay
- Leadership Greatness	- Workshop Operation Risk, Fraud, Security e-Commerce Business with Tokopedia
- Compliance and AML for WU Transaction	- Training Bancassurance Product Knowledge
- Workshop ORM LOB/Support Function	- Workshop Deepening Syariah For WAPERD
- Training, Mastering Operational Risk	- Sharing Knowledge on Mutual Funds
- Market Liquidity for Non Treasury	- Outsourcing Implementation in Companies
- Financial Technology	- Vision of National Banks to Welcome Digitalization Era of Financial Services
- Finance for Legal	- Developing Risk Management in Facing Digitalization Era
- Thought Leadership Café Sharing Session: Women in Leadership	- Opportunities and Challenges in Digitalization of Banking System and Perspective of Performer and Regulator
- Training Product Knowledge Bancassurance	- Ecosystem in Digitalization Era - Opportunity Business for UMKM
- Business Presentation: Creating a Powerful, Persuasive Message	- Managing Human Resources & Industrial Relations
	- Data Protection
	- NPG: Implementation of Price Scheme Policy
	- APMK: Cash Swipe, Surcharge, Double Swipe
	- Socialization of Alternative Disputes Resolution (LAPS)
	- Socialization of National Payment Gate (GPN)
	- Corporate Crime

Compliance with Primary Regulations

Parameter	Requirements	Explanation
Capital Adequacy Ratio (CAR)	Min. 9% s/d <10% (BUKU 3)	Comply
Statutory Reserve Requirement (GWM)	Primary Rp Min. 6,5% Primary USD Min. 8% Secondary Min. 8%	Comply
Non Performing Loans (NPL)	NPL Net Max. 5%	Comply
Net Open Position (PDN)	Max. 20%	Comply
Related Parties' Legal Lending Limit (LLL)	Max. 10%	Comply
Portfolio of Investment	Max. 25%	Comply

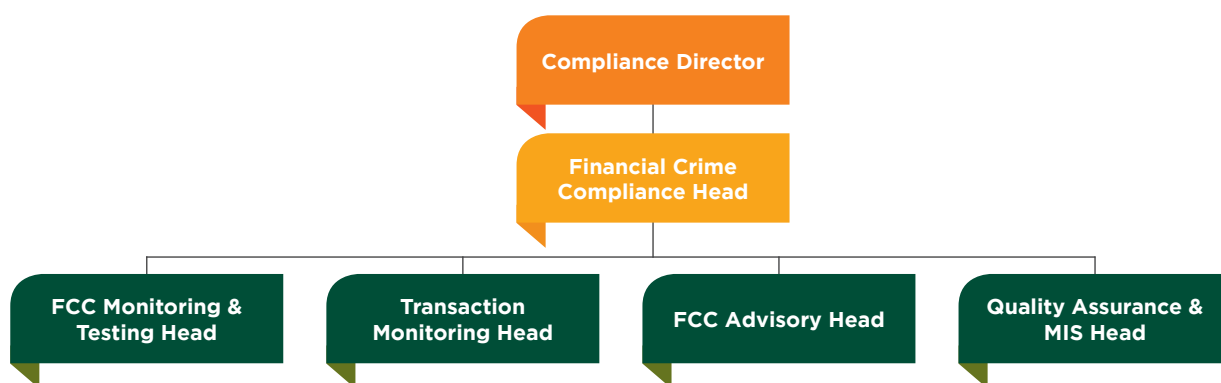
IMPLEMENTATION OF ANTI-MONEY LAUNDERING PROGRAM (APU) AND COUNTER-FINANCING OF TERRORISM (PPT)

Organization

In order to support the implementation of Anti Money Laundering and Counter-Financing of Terrorism Program (APU and PPT), the Board of Directors and Commissioners continuously give their full commitment so that Danamon may comply with the FSA/Bank of Indonesia regulations and other applicable laws relating to APU and PPT.

The Board of Commissioners exercises active supervision in overseeing the implementation of the Board of Directors' responsibilities for the implementation of the Anti-Money Laundering and Counter-Terrorism Financing Program, including commitments made by Danamon to Bank Indonesia/FSA and reporting to the regulators in accordance with prevailing regulations.

The implementation of APU and PPT Programs in Danamon is coordinated by the Financial Crime Compliance Working Unit (FCC) that reports directly to the Compliance Director and has the following organizational structure:



Danamon consistently makes efforts to increase the quality of APU and PPT programs, either through active monitoring from the Management, policy perfection, training programs, and improvement of information systems and other initiatives.

The Framework for the Implementation of Anti Money Laundering (APU) Programs and the Counter-Financing of Terrorism (PPT) is illustrated in the Three Lines of Defense as follows:

1. First Line of Defense

The first line of defense is the most important line of defense in preventing criminal action such as Money Laundering and Financing of Terrorism, detecting the possibility of such crime and identifying weaknesses and vulnerabilities in controlling APU and PPT implementation. The Business/Operations/Control Unit are the units that conduct daily corporate activities as the front line of the organization.

2. Second Line of Defense

The second line of defense is carried out by the FCC's Working Unit at the Head Office with duties and responsibilities including preparation of first-line methods and tools that can be used by the first liners of defense to carry out their duties and responsibilities, prepare adequate policies and procedures, systems and trainings, and ensure that the first line of defense has performed its function well.

3. Third Line of Defense

This is run by internal auditors, as well as external auditors, to ensure the implementation of APU and PPT Programs in the first line of defense and the responsibilities of the second line of defense, have been carried out effectively.

Implementation of APU Program and PPT Throughout 2017

a. Evaluation on Policy and Procedures

1. In order to comply with the provisions of the Financial Services Authority as well as other provisions related to the application of APU

and PPT, Danamon has made improvements to the internal provisions of the APU and PPT with the issuance of 22 internal provisions.

2. Review 35 new draft policies and/or products or application forms and disseminating 1 AML Forum to ensure its conformity with APU and PPT Program implementation.
3. Report on a periodic basis to the Management (BOC dan BOD) relating to the implementation of APU and PPT programs in the form of presentation in the RMC forum and monthly Report.
4. Publicize information related to the implementation of APU and PPT programs on Danamon's website by providing related information on Danamon's General Policy, US Patriot Act, Wolfsberg AML Questionnaire, as well as the form related to Danamon's status in FATCA Program implementation.

b. Monitoring and Evaluation Process

1. Branch Assessment

In order to ensure the implementation of APU and PPT programs in Branch Offices, FCC conducted Branch Assessment (BA) visits to evaluate the effectiveness of APU and PPT programs.

During 2017 (Jan - May), FCC conducted BA Assignments at 3 branches situated in 8 cities and 11 branches and 7 training branches. As of June 2017, Danamon made alterations to the method of Branch Assessment to use a Risk Based Approach (RBA).

Based on the result of BA in 2017, evaluation results are as follows:

BA 2016 LOB	Branch Offices Undertaking BA	Evaluation				Branches of Training Participants	Number of Training Participants
		Very Good	Good	Satisfactory	Needs Improvement		
RB/SnD	8	-	5	3	-	6	116
SEMM	3	-	-	2	1	1	
Grand Total	11	0	5	5	1	7	116

As of July 2017, Branch Assessment - Monitoring & Testing activities were conducted off-site on 6 (six) branches, namely:

- Bandung Merdeka,
- Denpasar Diponegoro,
- Medan Iskandar Muda,
- Medan Pemuda,
- Semarang Pemuda
- Balikpapan Sudirman.

2. AML Champion Officer

As part of the implementation of the APU and PPT Programs, Danamon identified 12 branch offices that were categorized as having high business complexities using the Risk Based Approach. Danamon appoints branch officers as AML Champion Officer who are responsible for ensuring that policies, procedures and other regulations related to the implementation of the APU and PPT Programs have been effectively implemented at the branch office concerned. 27 on-site visits to 12 branches with high business complexities have been conducted, each undergoing 2 to 3 visits per year.

3. Monitoring of Completeness of Customer Information

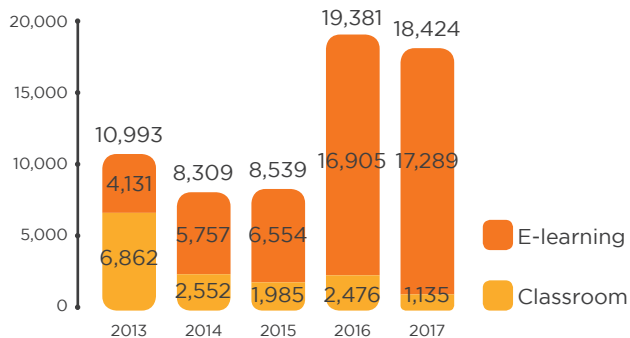
Monitoring of the quality and completeness of customer data is performed continuously. A total of 477,170 CIFs have fulfilled the data completeness out of an initial 478,659 CIFs. During 2017, updated customer data reached 12,912 CIFs (91.35%) out of the 14,135 CIF target.

c. Trainings and Socialization

Employees' understanding of APU and PPT is very important. Danamon together with Danamon Corporate University (DCU) coordinates training and socialization of APU and PPT to employees, through induction training for new employees using both classroom and e-learning methods for both new and existing employees. Danamon treats e-learning training as mandatory, where employees recruited within the period 1 January - 30 September 2017 were obliged to follow and pass the APU and PPT e-learning modules.

Throughout 2017, 18.424 employees have received training in APU and PPT, comprising:

- 845 employees attended classroom training (including DCU Ciawi and DCU Territories, and programs conducted during Branch Assessment activities),
- 290 employees participated in special training related to the recognition of Suspicious Financial Transactions Report (LTKM) conducted in Jakarta (3 batches), Makassar, Bali, Surabaya, Medan, Semarang, Yogyakarta, Bandung and Balikpapan.
- 17,289 out of 17,527 employees (98.64%) attended training through e-learning.



d. Reporting

Danamon has undertaken reporting activities as stipulated in the Regulations. Reports are made on Suspicious Financial Transactions (LTKM), Cash Transactions (LTKT), Financial Transactions from abroad (LTKL/IFTI) and Integrated Services User Information System Report (SIPESAT). In addition, Danamon also provides responses to requests for information from Law Enforcement Officials (APGAKUM).

The following includes the number of reports and responses on information requests from APGAKUM which was conducted throughout 2017:

Total Report 2017				
LTKM	LTKT	IFTI	SIPESAT	Responses
1,265	72,934	245,951	447,335 CIF	381

e. Management Information System

Danamon continuously reviews and improves its reporting system. In 2017, Danamon made necessary improvements, including an assessment of the AML system to ensure that all parameters were as expected, to improve control over CTR Web and SIPESAT, to improve the quality of reporting to regulators, related to customer acceptance, monitoring of customer transactions, as well as screening processes.

f. Audit

In 2017, Danamon conducted examination of the implementation of APU and PPT through the FSA and the Internal Audit (SKAI). There were several audit findings to be followed up on by Danamon but no significant findings.

INTERNAL AUDIT UNIT (SKAI)

Structure and Position of SKAI

Internal Audit Unit (SKAI) is an independent function directly responsible to the President Director. To support independency and monitoring of the implementation of internal audit programs, the Head of the Internal Audit Unit is also directly responsible to the Board of Commissioners through the Audit Committee. SKAI aims to provide independent and objective views in conducting assurance activities and providing consultation services to the BoC and BoD to maintain a continuous process of risk control and management within the company.

SKAI is committed to be the business partner that provides added value in fostering a strong control culture to support Danamon and its subsidiaries to achieve their long-term goals by referring to the International Standards for the Professional Practice of Internal Audit (IPPF) from The Institute of Internal Auditors (IIA), Standard for Implementation of Bank Internal Audit Function (SPFAIB), and Internal Control and Audit System on Information Technology Implementation from the Bank Indonesia. SKAI helps the Company's management to achieve its goals with a systematic and disciplined approach to evaluate the adequacy and effectiveness of risk management, control, and corporate governance processes.

In accordance with the Internal Integrated Audit Charter that has been approved by the President Director and Board of Commissioners, SKAI has access to all Danamon's activities, functions, records, property, and personnel while adhering to the principle of secrecy of banks and/or company in accordance with the applicable laws and regulations, employment

secrets, and personal rights and guarantees the application of anti-tipping off principles in conducting audits of Anti Money Laundering and Counter-Financing of Terrorism (APU PPT).

SKAI reports significant auditing activities and audit findings including recommendations for follow-up improvements that have been submitted to related units to the Audit Committee and the President Director.

In addition to complying with the Bank Danamon Code of Conduct, SKAI is also subject to the Auditor's Code of Conduct, which contains the auditor's professional standards as defined in the International Professional Practices Framework by The Institute of Internal Audit (including principles of integrity, objectivity, confidentiality and competency).

Profile of Head of SKAI

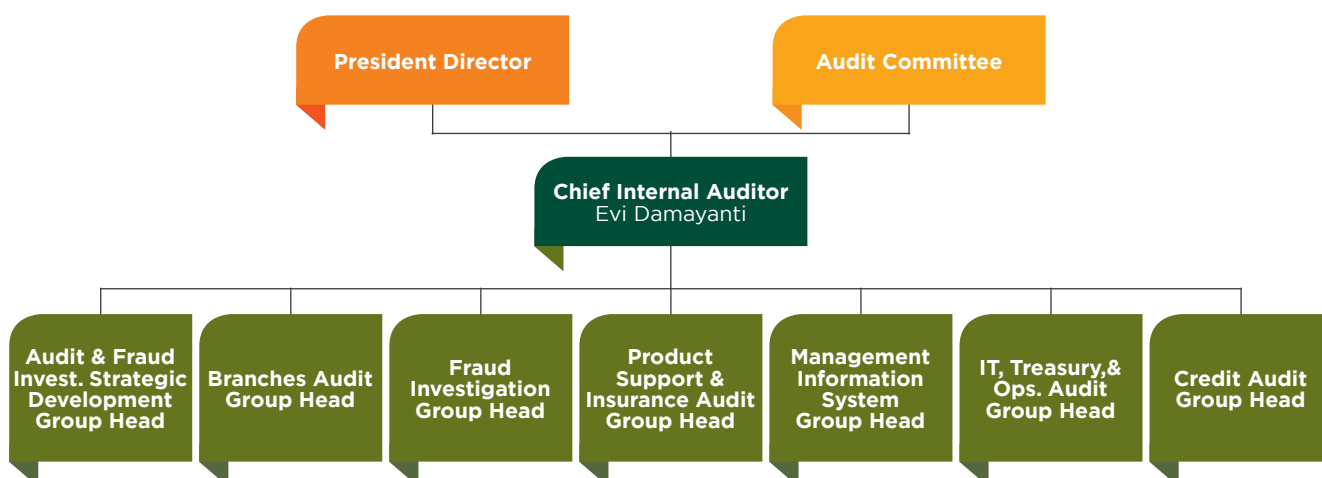


Evi Damayanti
Head of SKAI

Evi Damayanti received a Bachelor of Economics degree from the University of Indonesia and is a Chartered Financial Analyst/CFA charterholder. She has over 20 years' career experience in the financial services industry. She started her career as an Associate in Abacus Capital investment company for 2 years, after moving to Europe to join Citibank (London and Zurich) and Barclays Global Investors

(London) with the last position at Citibank London as Program Director for Internal Audit for Private Banks. Five years ago she returned to Indonesia to form an In-Business Controls division at Citibank Indonesia and held the position of In-Business Controls Head - Director. She started her career as Chief of Internal Auditor (CIA) at Bank Danamon in June 2016

SKAI Structure of Organization



Appointment, Termination, and Legal Basis of Appointment of Head of SKAI

Head of SKAI is appointed and dismissed by the President Director with the approval of the Board of Commissioners. Appointment and dismissal of the Head of the Internal Audit Unit must be reported to the Financial Services Authority (FSA) accompanied by the reason for appointment/termination.

As of 1 June 2016 Integrated SKAI Bank Danamon has been headed by Evi Damayanti, who acts as Chief Internal Auditor (Head of SKAI) replacing Antony Kurniawan, according to the letter addressed to FSA No. B. 140 - Corp. Sec. dated 31 May 2016 regarding: Disclosure of Information on the Release of Duties of Temporary Head of Internal Audit Task Force and Appointment of Head of Internal Audit Unit of PT Bank Danamon Indonesia, Tbk.

Duties and Responsibilities of Integrated SKAI

Integrated SKAI has duties and responsibilities as follows:

- a. Create annual audit plan with risk based methodology and implement approved yearly audit plan including special assignments/projects;
- b. Review and provide recommendations against yearly audit plan from Internal audit of subsidiaries;
- c. Increase knowledge, skills, experience and adequate professional certification;
- d. Monitor and review the implementation of internal audit from Internal audit of subsidiaries;
- e. Arrange and submit reports to the FSA in the form of: planning and implementation of internal audit, special report on every internal audit finding which indicates a potential disturbance in the business activities of Danamon, as well as report on review result external parties covering opinions on the work of SKAI;
- f. Recommend improvement plan on audit findings to related audit unit and monitor and ensure that improvement action has been executed by the management effectively;
- g. Conduct routine meetings with Internal Audit of subsidiaries a minimum of every quarter;
- h. Arrange a program to evaluate the quality of completed internal audit;
- i. Roles and responsibilities of SKAI is covered under the Integrated internal audit charter and submitted in the Internal Audit Governance Report.

Integrated SKAI Authorization

SKAIT possesses the following authority:

- a. Allocation of resources, appointment of frequency, choice of subjects, determining coverage of work, and set out necessary techniques to achieve the goal of audit;
- b. Obtain the necessary help from unit personnel within Danamon and subsidiaries where audit is conducted, including other special services from within and outside Danamon and subsidiaries.

Methodology of the Internal Audit

SKAI has implemented Risk based Internal Audit. The internal audit program plan is conducted comprehensively on the basis of priority over entities considered to be at high or moderate risk. SKAI utilizes information technology to conduct risk assessment, either macro or micro. Based on the macro risk assessment combined with the audit framework, SKAI prepares an annual audit plan, and establishes the entity to be audited, the audit schedule, and the staff and logistics required. The micro risk assessment process is used to determine sampling.

Internal Audit Priority, 2017

- a. SKAIT continued its focus on auditing entites with high risk and built branch-wide networks.
- b. SKAIT paid special attention to lines of business and areas being transformed.
- c. SKAIT continued to increase auditors' competency through training on product knowledge and procedures, as well as training on risk management understanding and audit processes, as well as professional certification.

- d. SKAIT continued to develop analytical functions by continually developing data coverage to be analyzed.
- e. SKAIT continued the quality assurance process and studied best practices for internal audit in the banking industry (SKAI Danamon), financing industry (Internal Audit Unit, Adira Dinamika Multi Finance), and insurance industry (Internal Audit Unit, Asuransi Adira Dinamika) as a comparison.
- f. SKAI Danamon together with the Internal Audit team of ADMF and AAD performed joint audits within related entities.
- g. SKAI Danamon together with the Internal Audit ADMF and AAD routinely conducted coordination, alignment and knowledge sharing.

Audit Plan and Realization up to 31 December 2017

Throughout 2017, Integrated SKAI (SKAIT) of Danamon Group Financial Conglomeration performed internal audit activities as follows:

- a. SKAI Danamon commenced audit on 433 entities in Danamon:

Audit Plan and Realization per December 31, 2017

Danamon	Audit Plan 2017 (revision*)	Audit Realization 2017
a. Head Office Audit	42	44
b. Area Office Audit	24	24
c. Branch Office Audit:		
• Conventional Branches	172	174
• Self Employed Mass Market (SEMM)	181	191
Total Audit of Branches	353	365
Total Audit	419	433

* Revision of Audit Plan becomes 419 entities performed in July 2017 due to new projects released within the business, adding/altering the focus of examination and changing/altering the approach of branch audit.

- b. Implementation of internal audit in entites within Adira Dinamika Multi Finance (ADMF) and Asuransi Adira Dinamika (AAD) is currently performed individually by the Internal Audit Unit from each company as well as joint audits with SKAI Danamon.

Audit Plan and Realization per December 31, 2017

ADMF	Audit Plan 2017	Audit Realization 2017
a. Head Office Audit	7	10
b. Area Office Audit	28	34
c. Branch Audit	137	128*
Total Audit	172	172

* Realization of branch audits of ADMF differs due to the following:

- 3 branches of ADMF became the object of examination by SKAI Danamon as well as the object of examination by the Internal Audit Unit of ADMF, leading to the three branches to undergo joint audit examinations.
- Some branches have been closed or merged with other branches have been replaced by 6 examination area offices.

Audit Plan and Realization per December 31, 2017

AAD	Audit Plan 2017	Audit Realization 2017
a. Head Office Audit	11	11
b. Branch Audit	1	1
Total Audit	12	12

SKAI Consultation Function

Perform special on-demand reviews of business and operational processes as requested by the President Director, Board of Directors or Board of Commissioners.

Human Resources Development

As of December 2017, the total number of personnel of SKAI Danamon was 185 personnel domiciled at headquarters and in regional inspection offices (KPW) across Jakarta, Bandung, Semarang, Surabaya, Medan, Makassar and Balikpapan, which was established in early 2017. In contrast, the Internal Audit of Adira

Dinamika Multi Finance had 66 personnel and the Internal Audit of Adira Dinamika Insurance had 10 (ten) personnel.

To maintain the standardization of human resource quality, SKAI together with the Human Resource Development Division has developed a competency matrix, which is a roadmap for every auditor and team leader to participate in the training and certification to meet the required competencies at every level.

Training, self-development, and certification that was followed by Integrated SKAI staff throughout 2017:

International Certification	Number of Personnel
Certified Internal Auditor (CIA)	2
Chartered Financial Analyst (CFA)	1
Certified Fraud Examiner (CFE)	2
Certified Ethical Hacking (CEH)	1
Certified Information System Auditor (CISA)	5
Certified Information System Security Professional (CISSP)	1
Certified Information System Manager (CISM)	1
Financial Risk Manager (FRM)	1

National Certification	Number of Personnel
Qualified Internal Auditor (QIA)	65
Risk Management Certification (SMR), Level I	129
Risk Management Certification (SMR), Level II	35
Risk Management Certification (SMR), Level III	9
Risk Management Certification (SMR), Level IV	2
Basic Certification for Finance Managerial by Lembaga Sertifikasi Profesi Pembiayaan Indonesia (SPPI)	8
Ajun Ahli Asuransi Indonesia Kerugian (AAAIK)	3
Certified Risk Management Officer	1

Execution of Training and Workshops in 2017

No.	Integrated SKAI	Personnel per December 2017	Implementation of Training and Workshop	Man-days
1.	SKAI Danamon	185 people	80	12 days
2.	ADMF Internal Audit Unit	66 people	33	12 days
3.	AAD Internal Audit Unit	10 people	17	7 days

COMPANY'S ACCOUNTANT/EXTERNAL AUDITOR

Appointment of Company's Accountant

AGMS Danamon that was held on April 12, 2017 approved the appointment of Drs. M. Jusuf Wibisana, M. Ec., CPA as Public Accountant (AP) and Public Accountant Firm Tanudiredja, Wibisana, Rintis & Rekan (member firm of PwC's global network) as KAP, registered at the Indonesian Institute of Certified Public Accountants (IAPI) and the Financial Services Authority (FSA) to audit the Company's consolidated financial statements for fiscal year 2017 and to determine the amount of honorarium and other requirements relating to the appointment of AP and KAP by taking into account the recommendations of the Audit Committee.

Appointment of AP and/or KAP that will provide audit services to annual historical financial information has been decided by the General Meeting of Shareholders of the Person Conducting Financial Services Activities by considering the proposal of the Board of Commissioners.

The proposed appointment of AP and/or KAP filed by the Board of Commissioners has considered

the recommendations of the Audit Committee. In making recommendations, the Audit Committee has considered:

- the independence of AP, KAP, and persons in the Firm;
- audit scope;
- remuneration of audit services;
- skills and experiences of AP, KAP, and Audit team of KAP;
- methodology, techniques, and audit vehicles used by KAP;
- benefit of fresh eye perspectives obtained through the changing of AP, KAP, and Audit Team of KAP;
- risks on the use of audit services by the same KAP consecutively for a long period of time.

Other Services than Financial Audit

The office of Public Accountant throughout 2017 provided services other than audit services. Other services fees that are quoted are less than the fees for audit services.

Audit Period and Accounting Services Value Added

The Public Accountant/Public Accountant Office provides financial audit services and honorarium for audit implementation, as follows:

Year	Public accountant Firm (KAP)	Name of Accountant (Individual)	Audit Services Fee
2017	Tanudiredja, Wibisana, Rintis & Partner (member of PwC International Limited)	Drs. M. Jusuf Wibisana, M. Ec., CPA	Rp4.346 billion
2016	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Yasir	Rp4.112 billion
2015	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Benyanto Suherman	Rp4.112 billion
2014	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp4.112 billion
2013	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp3.880 billion
2012	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	USD400,000

External Audit Implementation

The Audit Committee reviews the effectiveness of audits, ensuring that the audit implementation is in compliance with professional provisions and standards, work agreements and scope of audit, as well as the independence of the external auditor. The Audit Committee periodically conducts meetings with the Public Accountant/Public Accounting Firm to discuss the progress and process of the examination being conducted.

The audit conducted by the Public Accountant/Public Accountant Firm on the Company's financial report has been conducted independently, professionally and objectively:

- a. Inspection has been made on all material accounts based on the applicable Public Accountant Professional Standards and in compliance with the Current Accounting Standards in Indonesia.
- b. The submission of audited consolidated financial statements is accompanied by a Letter of Recommendation to Management (Management Letter).

Evaluation of the Audit Committee against the implementation of audit services on financial information is performed historically on a yearly basis by AP/KAP through:

1. alignment of audit implementation by AP and/or KAP with prevailing standards of audit;
2. adequacy of fieldwork time;
3. assessment of the scope of services provided and the adequacy of the quotation test;
4. recommendations for improvement provided by AP and/or KAP.

Relationship between Danamon, Public Accountant and FSA

Danamon as an audited party must publicly provide data and information required by the Public Accountant/Public Accounting Firm for the purpose of the examination. Auditors (Public Accountants/Public Accounting Firm) independently conduct evaluation and submit suggestions and feedback on improvements to Danamon's management for follow-up.

Communication and cooperation with external auditors is always conducted in relation to accounting policy issues and fair presentation of financial statements. The results of the audit have been communicated by the Public Accountant/Public Accountant Office to the Management, Audit Committee, and FSA.

RISK MANAGEMENT

Implementation of Integrated Risk Management

The approach taken to support the effective implementation of risk management is to adopt a holistic approach to manage Danamon's risks comprehensively. Risk management is conducted by taking into account the principles of risk management covering four pillars, namely:

- a. Active supervision of the Board of Commissioners and the Board of Directors
- b. Adequacy of policies, procedures and limit setting
- c. Adequacy of process identification, measurement, monitoring and risk control and risk management information system
- d. Internal risk management control system.

In line with practices in the banking industry and in accordance with the Financial Services Authority (POJK) Regulations, Danamon has a centralized and independent risk Integrated function of all business lines. The Integrated Risk Management function includes management of key risks inherent in the activities of Danamon and Subsidiaries. Implementation of integrated risk management is performed by the Integrated Risk Management Unit which is responsible to the Director of Integrated Risk.

Danamon and Subsidiaries, both individually and integrated, have applied Risk Management consistently to manage risk exposure in their business activities.

Specific discussions on the implementation of risk management are disclosed in the Risk Management Operations Review in Danamon's Annual Report.

Types of Risk and their Management

Risks attached to a Danamon include Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk, Risk of Return, and Investment Risk. While the risks inherent in integrated risk management also include the Risks of Intra-Group Transactions and Insurance Risk, as follows:

Credit Risk

Credit risk arises due to failure of debtors and/or other parties in meeting their obligation to bank. Credit risk is managed through established policies and procedures covering credit extension criteria, credit origination and approval, pricing, monitoring, non-performing loan management and portfolio management.

Market Risk

Market Risk is the risk on balance sheet positions and administrative accounts including derivative transactions, as a result of changes in the overall market condition including changes in options. Market risk arises due to movement in market factors such as interest rate and exchange rate on Danamon's portfolio on the Asset side as well as Liabilities which carry potential loss to bank.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate and/or failed internal processes, people and systems, or from external events which impact the operations of Danamon. Management of operational risk is carried out in an integrated fashion optimizing the business and support functions to identify factors causing operational risk on product activity, processes, services, organization and information systems through Risk Event Tables, Risk Control Self Assessment (RCSA) and Key Risk Indicator (KRI).

Liquidity Risk

Liquidity risk is the risk caused by the inability of bank to meet its obligations when due funded from cash flow and/or high quality liquid assets to be pledged as collateral without disrupting bank's activity and financial condition. Liquidity risk is managed to ensure funding requirements at present or in the future under normal or stressed condition can be met.

Compliance Risk

Refers to risk due to bank not complying and/or not implementing prevailing laws and regulations. Compliance risk is managed by the compliance function as a component of bank's Integrated Risk Management.

Legal Risk

Legal Risk is risk in the event of lawsuits and/or juridical deficiency. Legal risk is managed through the process of identifying factors which could generate legal risk to the line of business, product, process and information technology impacting bank's reputation and financials.

Reputation Risk

Reputation Risk is risk in the event of declined stakeholders trust sourced from negative perception toward bank. Reputation Risk is managed in an integrated way through handling of customer complaints, performing public relations functions, responding to negative news as well as communicating information required to the stakeholders. Danamon's Reputation Risk team coordinates and consolidates with the risk team of the subsidiaries.

Strategic Risk

Strategic Risk is the risk arising from inaccurate decision making and/or when implementing a strategic decision as well as failure to anticipate changes in the business environment. Strategic risk management is carried out through the analysis of business strategic conformity with business environment conditions. Strategic Risk is related to areas: business plan, information technology and human resources.

Yield Risk

Yield Risk is the risk of yield fluctuations that bank pays to customers. This happens because there is a fluctuation in yields which bank receives from lending, which could impact the deposit customer behaviour. This Yield Risk is managed by the Syariah business unit, bank and subsidiaries.

Investment Risk

Investment risk is risk arising from bank and/or subsidiaries loss sharing with customer based on profit and loss sharing scheme. Investment Risk is managed by the Syariah business unit, bank and subsidiaries.

Intra Group Risk

Intra Group Risk is risk arising from direct or indirect dependency of one entity to others in one financial conglomeration in terms of fulfilling obligations on written or unwritten agreements, followed by funds transfer or not. The management of Intra Group risk is in integrated risk policy that is monitored from time.

Insurance Risk

Insurance Risk is risk arising from an insurance company that is unable to fulfill its obligation to policy holders as the impact of an insufficiency in the risk selection process (underwriting), premium determination (pricing), Re-insurance user, and/or claim handling. Insurance Risk management in an integrated financial conglomeration is already implemented by Insurance subsidiaries with monitoring from bank as main entity.

Specific discussions on the types of risks, management efforts and risk management organizations are disclosed in the Risk Management Operations Review in Danamon's Annual Report.

Monitoring of Board of Commissioner and Directors

The Board of Commissioners and the Board of Directors actively supervise the implementation of risk management through the following committees:

a. Risk Monitoring Committee

With the highest authority at the Board of Commissioners level, this committee functions as a supervisory board to monitor the implementation of risk management strategies and policies and evaluate the Board of Directors' accountability in managing risk exposure.

b. Risk Management Committee

It sits at the Board of Directors level and is responsible for managing overall risks in both Danamon and the Subsidiary Companies by monitoring the implementation of risk strategies, policies and evaluating significant risk issues.

Effectiveness of Risk Management

Danamon employs the Enterprise Risk Management (ERM) approach that connects strategic planning, risk appetite, business execution, risk assessment and performance evaluation in an effort to optimize business growth and maximize stakeholder value.

Danamon has established a Risk Appetite Statement (RAS) that outlines the level and characteristics of risks that Danamon can accept in conducting its activities to achieve the objectives set by the shareholders. The application of RAS to the Business Lines and Subsidiaries was conducted in 2017.

The Board of Directors and senior management are responsible for ensuring that the Risk Management Framework is effective and able to mitigate the risks to be faced and includes detailed policies that govern the broad range of prudential principles of Danamon activities.

The evaluation of the effectiveness of risk management is carried out by the work unit through self assessments and periodic evaluations conducted by the Internal Auditor on risk assessment methodologies, adequacy of system implementation, management information systems, and policy, procedure and limit accuracy. In addition, evaluation of the implementation of risk management is conducted periodically by the External Auditor and the Financial Services Authority (FSA). In 2017, assessment of risk management effectiveness of Danamon and Subsidiaries was at the satisfactory level of risk 2 (low to moderate).

Achievement of Integrated Risk 2017

Integrated Risk Management:

- Implementation of Integrated Risk Management at Danamon and Subsidiaries in the Financial Conglomeration.
- Integrated risk management covering Intra-Group Transaction Risk and Insurance Risk.
- Improvement of Risk Profile report in accordance with regulatory requirements.
- Update the Risk Appetite Statement (RAS) and apply to the Business Line and Subsidiary Companies.
- Establishment of an Action Plan (Recovery Plan) in accordance with the Financial Services Authority Regulation No. 14/POJK.03/2017 for the Systemic Bank.
- Implement Risk Management School on an ongoing basis as a means of risk management learning for all Danamon employees through face-to-face classroom training.
- Implement bankwide stress tests according to Basel II at least once a year.
- Run an ICAAP framework of Danamon in a sustainable manner.
- Establish a special division, the Information Risk Management Division, which is responsible for addressing the risks associated with the use of Information Technology, Information Security and Business Sustainability.

Credit Risk Management:

- Implement a database of bankwide negative lists to improve the underwriting process.
- Renewal of Internal Rating Models for the Corporate, Commercial, Financial Institution and Financing Company lines that include segmentation and logic reviews of Internal Models, Refinement and Validation Models following PD, LGD and EAD calibrations.
- Development of Early Warning Indicator for Corporate and Commercial business lines.
- Development of Risk Based Pricing Model for Corporate and Commercial business lines.
- Development of Scorecard and Internal Rating models on the Small Medium Enterprise (SME) business line.
- Development of a scorecard model for the Home Ownership (KPR) and Multiguna (KMG) line of business.
- Development of the Cross Selling Scorecard Model for credit card financing & Unsecured Loans (KTA) based on customers' cash flow data.
- Development of PSAK 71 or IFRS9 Model for Corporate, Commercial, Financial Institution, Financing, SME, KPR, KMG, Credit Card, KTA, Micro Credit (SEMM), Vehicle Ownership Credit, Consumption Credit, Investment and Insurance Cards,
- Establish CCO (Chief Credit Officer) Office which has an independent function and focus as credit and remedial breaker.
- Danamon already has a Credit Risk Policy that has been implemented in all Danamon Business Lines and Subsidiary Companies. Danamon has also established an Enterprise Banking Credit Guideline.
- Establish and classify different types of industries into industrial groups with high, medium, and low risk levels. Danamon will focus its growth on industries with medium and low risk levels.
- Continue to focus on acquiring new loans in low-risk business lines such as Mortgage and Cross Sell.
- Reduced lending to high risk segments such as ABF, SEMM and UPL.
- Implementation of credit system infrastructure such as Credit Processing System (CPS) in SME business line and Rules Based Engine implementation on SME and SEMM business lines.
- Regularly review all processes, policies (including any adjustments required by regulations), relevant authorities and limits and will adapt them if necessary.
- Regularly review the product program owned by Danamon, in terms of portfolio, criteria, limitations and other requirements, and make necessary adjustments.
- Periodically backtest to assess the adequacy of credit provision. Where necessary, additional credit backups will be made based on the results of the backtesting.
- In SEMM (Micro Credit) business, several initiatives have been initiated, such as the separation of DSP SEMM's work units into two groups, Micro Banking and Special Assets.
 - Micro Banking is the identified unit having good potential and will be the work unit that sustains the growth of SEMM credit. The Billing Process and Initiation will be part of the 'Single Captain' which will be expected to encourage a healthier credit growth.
 - Special Assets (SA) includes all units focused on handling the billing process including payment, settlement and closing of credit facilities. The main focus of re-collection within SA units will be a good step in improving credit quality.

Operational Risk Management, Fraud and QA:

- Improve the independence of functions and roles of operational risk officers in business lines, support functions and subsidiary companies.
- Improve the application of Operational Risk Management System (ORMS) to increase effectiveness in managing operational risk comprehensively in Danamon and subsidiaries.

- Build awareness of Operational Risk Management through E-Learning, risk management school modules, email blast, anti-fraud awareness video to raise awareness of management and employees of the importance of managing operational risk.
- Implementation of ORPA (Operational Risk Pre Assessment) to review risks on proposals of new strategic initiatives, along with risk mitigation recommendations.
- Self-Raise Campaign to provide a means for employees in raising an issue that poses operational risks.
- Implement escalation mechanisms for potential operational risk events.
- Implementation of Risk Acceptance to ensure that the unfinished operational risk action plan exceeds 12 months and has received management approval.
- Develop a standard template for conducting an IT risk assessment that includes the need for control within the scope of the Information Risk Management.
- Continue and develop the implementation of the Business Continuity Management (BCM) program to maintain the continuity of business and operational activities in a comprehensive emergency. This application includes both Danamon and its subsidiaries; both in critical and non-critical units, by coordinating the preparation of the Business Continuity Plan (BCP) document, monitoring BCP testing, and coordinating the handling of incidents.
- Build awareness of Risk Information Management through various media, eg e-Learning, Risk Academy, periodic email broadcasting, sharing session events in the LoB, to raise awareness of management and employees about the importance of managing operational risks.

Information Risks Management:

- Develop Danamon's Information Security Policy that acts as a basic guide and as a guide to the implementation of risk management from the aspect of Information Security in Bank Danamon Indonesia.
- Conduct training for the Board of Commissioners, Directors and members of the Incident Management Team (IMT), to raise awareness regarding the management of cyber security incident risk, which is in line with Danamon's business strategy in the era of digitalization.

Market Risk Management and Liquidity:

- Update the limit structure and policies of Market Risk and Danamon Liquidity Risk.
- Implementation of ALM SunGard System in Subsidiaries that is in line with Danamon as the Main Entity.
- Completion of LCR calculations and reporting adjustments under FSA Rules.
- Application of validation to measurement methodology of market risk and liquidity.
- Adjustment of NSFR calculations according to FSA Rules to be implemented by 2018.

PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES

No.	PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES PER DECEMBER 31, 2017		
	Provision of Funds	Debtor	Nominal (Rp Million)
1.	Related Parties	Subsidiaries and Main Management	2,495,874
2.	Largest Group/Debtor	25 Groups	14,497,960

Danamon limits the concentration of loans to individuals, groups or industrial sectors in order to reduce Concentration Risk. The provision of funds to related parties and subsidiaries is conducted on an arms-length basis and in accordance with normal commercial requirements and is required to obtain Compliance Assessment (HUK) from the Compliance Working Units and approval from the Board of Commissioners.

During 2017, there were no violations or exceedances of the LLL to the Related Parties either Individuals or Borrower Groups. Provision of Funds to Related Parties of Danamon refers to Bank Indonesia regulation No. 7/3/PBI/2005 concerning the Legal Lending Limit for Commercial Banks and Bank Indonesia Regulation No. 8/13/PBI/2006 concerning Amendment to Bank Indonesia Regulation No. 7/3/PBI/2005 concerning Legal Lending Limit for Commercial Banks.

INTERNAL CONTROL SYSTEM

Internal Control is an integrated methodology, policy, procedure and organizational structure aimed at identifying, measuring, monitoring, and controlling risks arising from Danamon's and Subsidiaries' activities with a risk-based approach. Internal Control in Bank Danamon and Subsidiaries is done by covering all aspects of business from both the assets and liabilities sides.

Danamon Risk Management and Internal Control framework adopts a layered defense principle called Three Lines of Defense as shown below:

Danamon Three Lines of Defense

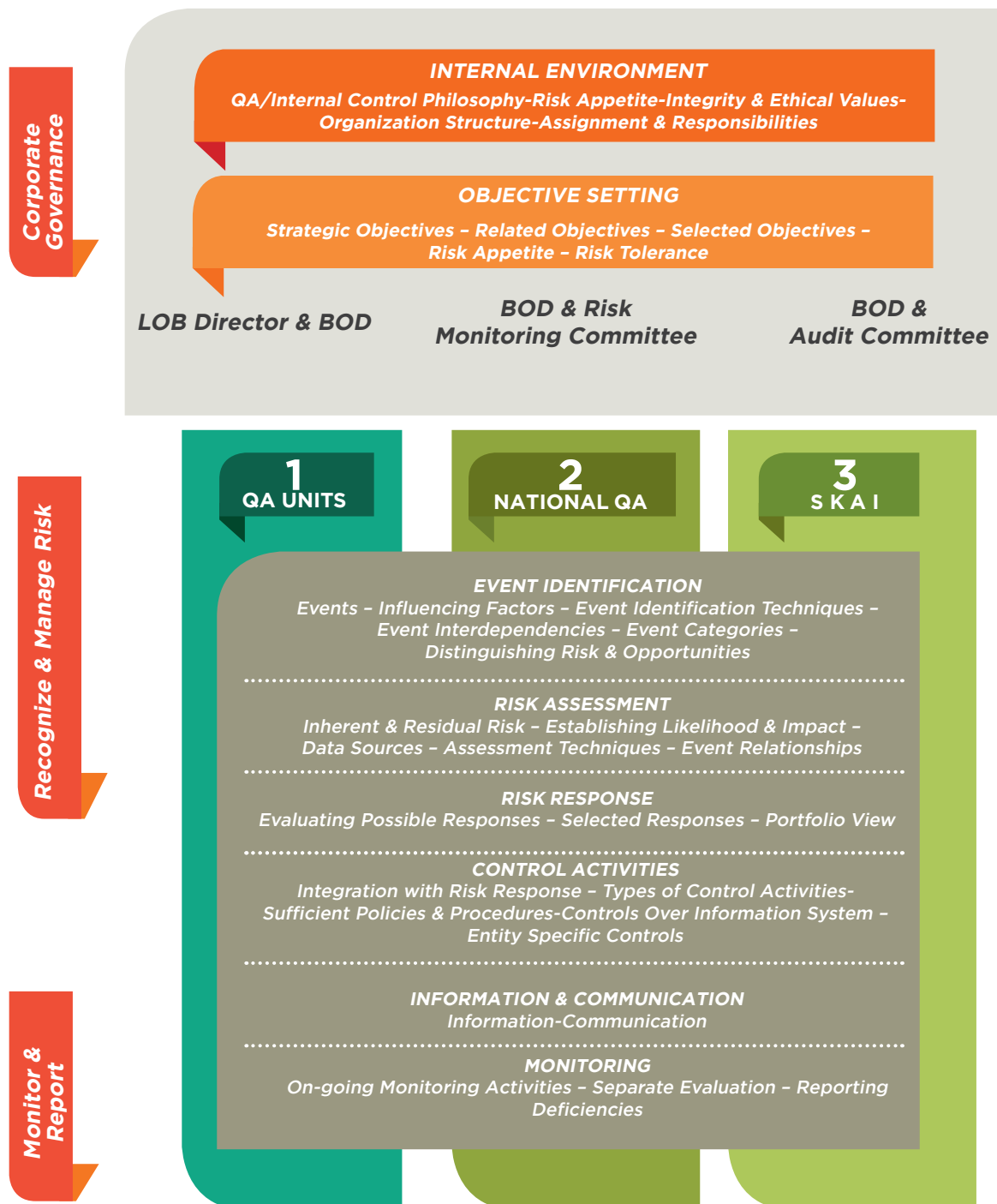


Conformity of Internal Control System with COSO

All Quality Assurance (QA) units as internal control performer in Danamon and Subsidiaries have work reference standards (SOPs) based on Danamon's Quality Assurance Terms of Reference made by adopting COSO and BIS Principles on Internal Control Practices

Danamon has a well-structured organization structure suitable for quality assurance management. It is based on all business functions having to act as the main responsibility in the management of quality assurance in each business unit.

The above philosophy is the basis for developing the structure of Danamon QA framework by combining the Three Defense Level approach with the Internal Control/ERM framework based on COSO as shown below:



Implementation of internal controls conducted by Quality Assurance units until 2017 already includes divisions, subsidiaries and support functions. Divisions dealing directly with customer transactions have a high frequency of evaluation, while head office divisions, and formal internal controls are reviewed only once a year.

Awareness programs on internal control of the work unit are also routinely performed by QA units. In principle internal control is not only a task of the Internal Control Unit (Quality Assurance), but it is the duty and responsibility of all work units.

Evaluation of Effectivity Level on Internal Control System

The Internal Audit Unit (SKAI) which is part of the Internal Control System conducts audits to ensure the effective level of Danamon's internal control, through an independent evaluation of adequacy and compliance with policies, procedures and systems. The evaluation of the implementation of internal control system is one of basic management to determine the effectiveness of the implementation of the internal

control system. The evaluation of the effectiveness level of the internal control system is illustrated by the audit rating on which the improvements are made, such as in the form of policy/procedure/system update.

LEGAL MATTERS AND IMPORTANT CASES INVOLVING DANAMON, ITS SUBSIDIARIES, MEMBERS OF BOARD OF DIRECTORS AND/OR BOARD OF COMMISSIONERS

Legal matters include civil and criminal cases involving Danamon and its subsidiaries through out the yearly period of reporting and has been submitted through the justice process.

Legal Cases Involving Danamon

Legal Cases that Danamon's Exposed to	Case Amount		Effects to Danamon's Financial Condition
	Civil	Criminal	
Settled and legally binding	146	6	No effect
In process of settlement	832	67	Legal cases that are not yet executable do not have any impact on Danamon's Financial Condition

Note:

The civil and criminal matters faced by Danamon during the reporting year period have been filed through the judicial process. Total case recapitulation during 2017 according to data as of December 2017.

Legal Cases Involving Members of BoD and BoC

Legal Cases Involving Members of BOD, BOC	Case Amount		Effects on Danamon's Financial Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In process of settlement	1	-	None

Legal Cases Involving Subsidiaries

Legal Cases Involving PT Adira Dinamika Multi Finance	Case Amount		Effects to Subsidiaries' Financial Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In process of settlement	19	-	None

Legal Cases Involving PT Asuransi Adira Dinamika	Case Amount		Effect on Subsidiaries' Financial Condition
	Civil	Criminal	
Settled and legally binding	3	-	None
In process of settlement	1	-	None

PT Adira Quantum Multifinance is in process of liquidation.

IMPORTANT CASES INVOLVING DANAMON

Civil Case of PT Danamon International

In November 2011, PT Danamon International sued Danamon at the South Jakarta District Court. On August 7, 2012, the South Jakarta District Court has read out its verdict, and Danamon appealed to the Jakarta High Court on August 10, 2012. On May 23, 2013, the Jakarta High Court gave its verdict, and Danamon filed an appeal to the Supreme Court on August 16, 2013. On January 12, 2015, Danamon received a copy of the Supreme Court ruling. In this regard, Danamon filed a judicial review filing with the Supreme Court on March 10, 2015. Therefore, the execution attempts on the Cassation decision which has been of legally binding was postponed according to the determination of the South Jakarta District Court Number 03/Eks.Pdt/2015 Jo Number 539/Pdt.G/2011/PN Jkt.Sel on March 31, 2015.

On December 5, 2016, the South Jakarta District Court submitted a Notice of Decision of Judicial Review of the Supreme Court. 395 PK/Pdt/2015 was terminated on December 31, 2015, with the verdict rejecting the Judicial Review filed by the Minister of Finance and Danamon, thus the case is legally binding. Based on the verdict refusing the Review, Danamon is required to pay to PT Danamon International. In 2015, Danamon recorded liabilities on the principal of PT Danamon International's legal claims by journalizing other assets - loan capital and reducing additional paid-in capital in the consolidated financial statements. In relation to the interest obligation, Danamon made a correction by performing a restatement of the consolidated financial statements for prior years taking into account that such interest obligations should be recognized since the loan capital is granted.

The South Jakarta District Court issued Decision No.03/Eks.Pdt/2015 Jo 593/Pdt.G/2011/PN.Jkt.Sel dated March 14, 2017 which granted the petition of the execution from the Petitioner, and declared no more suspension/postponement of execution. As a follow-up, the South Jakarta District Court issued a warning letter (aanmaning) on Friday, March 24, 2017, and dated April 5, 2017, both on the implementation of Determination of Execution No. 03/Eks.Pdt/2015 Jo 593/Pdt.G/2011/PN.Jkt.Sel. On July 20, 2017, the Deed of Amicable Agreement was signed, Deed number 77 was made before Notary Jose Dima Satria, S.H, M.Kn Notary in Jakarta to end and settle the case amicably. In relation to the agreement, Danamon adjusted its retained earnings to reverse the unnecessary accruals previously taken from retained earnings.

DISCLOSURE OF ADMINISTRATIVE SANCTIONS BY THE FSA

Administrative sanctions imposed by the regulator on Danamon is the administrative sanction related to reporting. No administrative sanction was imposed on the members of the BoD and BoC of Danamon in 2017.

INTERNAL FRAUD

Internal fraud that has financial impact of more than Rp100,000,000 (one hundred million rupiah) made by the management, permanent and non permanent (honorary and outsourced) employees related to the work process and operational activities as follows:

Internal Fraud	Amount of Cases								
	Management			Permanent Employees			Contract Employees		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Total internal fraud	-	-	-	15	121	92	-	-	-
Settled	-	-	-	9	55	52	-	-	-
Within internal process	-	-	-	6	66	40	-	-	-
Pending	-	-	-	-	-	-	-	-	-
Follow up by legal actions	-	-	-	-	-	-	-	-	-

TRANSPARENCY OF BANK'S FINANCIAL AND NON-FINANCIAL CONDITION

Access to Company information and data in the form of financial or non-financial is regularly disclosed through mass media, public exposure and through forum analyst briefings and websites. Reports on financial and non-financial conditions are prepared and submitted to regulators and other agencies in accordance with applicable regulations. Reports on financial condition include Quarterly Publication Reports, Publications Financial Reports, Annual Reports and Non Financial Reports, Good Corporate Governance reports, Information on Products/Services, Branch Networks and other non-financial information.

The following are reports and information that have been disclosed and can be accessed via Danamon website www.danamon.co.id:

Type of Information	Issuance	Substances
Financial Information		
1. Consolidated Financial Report	Quarterly	Consolidated Financial Report in accordance with the standard of Financial Accounting in Indonesia.
2. Publication of Financial Report	Quarterly	Summary of Financial Performance according to BI.
3. Analytical Presentation	Quarterly	Information of Financial and Primary Non-Financial
4. Annual Report	Yearly	Information on Financial and Non-Financial, business segment, Product Information and profit
Non Financial Information		
1. Products/Services	-	Information on products and services that are offered
2. Branch Network	-	Information on Branch Offices
3. Management and Ownership	-	Information on the management, structure and ownership
4. Policy on Corporate Governance	-	Information on corporate governance policy of Danamon
5. Corporate Governance Report	Yearly	Information on corporate governance implementation of Danamon and result of corporate governance assessment

REMUNERATION POLICY

Remuneration Arrangement and Policy

Danamon considers the importance of applying good philosophy and principles concerning remuneration to keep Danamon's remuneration level competitive in the market, so that the employees could be motivated to make their best contribution to Danamon and to support Danamon's business and mission to become the leading financial institution in Indonesia.

The remuneration policy aims to regulate the processes and approaches for determining remuneration for all Directors, Board of Commissioners and employees on the basis of employment, contribution to Danamon, and equity in the market for the same position.

To ensure that the remuneration of employees in the control unit is independent, each employee has a separate Key Performance Indicator (KPI) as a measure of performance unrelated to the KPI in the supervised work unit.

Measurement of Performance Related to Remuneration

To give a fair return to every employee, Danamon always takes into account, and assesses the employee's strengths, expertise, and performance in appropriate positions.

This guideline is used to determine the amount of employee salaries:

- a. Danamon implements a 'Clean Wage' system where there is only one salary with no other allowances.
- b. Danamon uses the pay structure as a guide for the minimum salary and maximum salary for a given level.
- c. Payment Terms of a position in the market are based on:
 - Corporate business strategy
 - Comparative study in the market for the appropriate position
- d. The amount of salary is different based on:
 - Skill competence
 - Performance
 - Experience
 - Scarcity of positions in the market

- e. For employees with the lowest salary, attention should be paid to the minimum wage provisions of the area in question where the employees work.

Based on the measurement of performance and contribution to the Company each year, eligible employees will be rewarded in the form of annual performance bonuses.

The performance bonus is intended to motivate and encourage employees to perform and contribute more to Danamon.

The guideline below is used to determine the amount of employees' bonus:

- a. Pool bonuses for employees and senior management are made on the basis of Company performance against the work plan that has been determined:
 - The main factor is Net Profit After Tax (NPAT) before the restructuring fee.
 - The second factor is economic conditions, government regulations, market, restructuring, etc.
- b. The amount of the bonus pool is based on a certain percentage of Net Profit After Tax (NPAT) before the restructuring fee.
- c. The increase or decrease of the percentage of bonus pools against NPAT should take into account the achievement of the Company's performance against the plan that has been set at the beginning of the year. The distribution of bonuses must be in line with unit performance and individual performance.

Remuneration Adjustment Associated with Performance and Risk

For officials appointed as MRT due to the authority they possess in decision making can have a significant impact on Danamon's risk profile, part of the annual performance bonus will be made as follows:

- a. Some of the annual performance bonuses are deferred for at least 3 years.
- b. The deferred portion is divided into cash and in stock/stock-based instruments.
- c. If Danamon Officer (Board of Directors/employee) is terminated by the Company not by fault, negligence or fraud, the deferred portion may proceed but payment can not be accelerated.

- d. The amount of deferred portion is differentiated by the level of position. The higher the level of office the larger the portion deferred. The amount of the portion and schedule of suspension is determined by the Human Resources Committee.
- e. If Danamon Officer (Board of Directors/employees) resigns by their own will, the portion of the postponed bonus will be written off.
- f. If a Danamon Officer (Board of Directors/Employee) has committed an offense such as negligence, fraud, etc. in the previous year and is only found the following year and has received a performance bonus, then the performance bonus may be withdrawn (Claw back).

Remuneration Consultant

Danamon uses the consulting firm Willis Towers Watson to organize the annual salary survey. The results of the salary survey are used as a reference to determine the salary of employees. Danamon also uses the same consulting firm to assist in designing the Long Term Compensation Program/Long Term Incentive Program (LTI).

Position and Number of Parties Who Become Material Risk Takers

In the application of FSA Regulation No. 45/POJK.03/2015 on the Implementation of Corporate Governance in Remuneration for Commercial Banks,

Danamon applies remuneration principles with caution against risk for officials who have the authority to make decisions that may have a significant impact on Danamon's risk profile. To that end, the Company has identified Danamon officials categorized as Material Risk Takers (MRT) for the following positions:

- Board of Directors
- Chief Credit Officer
- Treasury Head
- Wholesale Banking Head
- LOB Risk Head (for Wholesale, SME, Retail, Remedial, Consumer, SEMM units)
- Markets & Liquidity Risk Head.

Remuneration Committee

The Remuneration Committee consists of 4 members of the Board of Commissioners and one official who oversees Human Resources.

Total remuneration paid to all Remuneration Committee members during 2017 amounted to Rp17.9 billion.

Remuneration of Board of Directors and Board of Commissioners

The remuneration packages and facilities received by the Board of Directors and Board of Commissioners cover the remuneration structure and details of the nominal amount, as in the table below:

Type of Remuneration and Facilities	Total Amount Received in 1 (one) Year							
	Directors				Board of Commissioners			
	2017		2016		2017		2016	
	People	Rp million	People	Rp million	People	Rp million	People	Rp million
Salary, bonus, routine allowances, tantiem, and other non-natura facilities	9*	85,885	10	83,053	6	22,153	7	22,538
Other facilities (housing, health insurance, and others) which:								
a. can be owned	9*	4,197	10	3,009	6	472	7	746
b. cannot be owned	9*	6,484	10	5,889	6	1,694	7	1,861
Total	9*	96,566	10	91,951	6	24,319	7	25,145

Note:

* Among 9 Directors, 1 Director was not willing to be reappointed in AGMS April 12, 2017 and 1 Director resigned with term of office ended December 19, 2017

Board Of Directors and Board Of Commissioners Remuneration Based On Salary

The remuneration packages are classified into income levels received by the Board of Directors and members of the Board of Commissioners within 1 (one) year, as shown in the table below:

Remuneration Amount per Person in 1 (one) Year **)	Number of Directors		Number of Commissioners	
	2017	2016	2017	2016
More than Rp2 billion	9*	8	6	3
More than Rp1 billion to Rp2 billion	-	2	-	4
More than Rp500 million to Rp1 billion	-	-	-	-
Less than Rp500 million	-	-	-	-

Note:

* Among 9 Directors, 1 Director was not willing to be reappointed in AGMS April 12, 2017 and 1 Director resigned with term of office ended December 19, 2017

** Receive in cash

Variable Remuneration

In addition to fixed remuneration, Danamon provides variable remuneration to employees in the form of annual performance bonuses that aim to show appreciation for the performance and contribution of employees every year, also in the form of retention programs or long-term compensation programs that aim to keep key Company employees working at Danamon.

Annual performance bonuses are granted to the rightful Directors, Commissioners and Employees.

The amount of performance bonus differs each year, and is determined by the performance of Danamon as a whole, the performance of each Business Segment, and the performance of each employee.

Long term compensation programs are highly selective and are offered to the Board of Directors and Senior Officers who perform very well and/or hold key positions. The provision of a long-term compensation program is a prerogative of the President Director and the Board of Commissioners.

Danamon's management and employees receive variable remuneration. Details can be seen in the table below:

Variable Remuneration	Total Amount Received in 1 (one) Year											
	Board of Directors				Board of Commissioners				Employees			
	2017		2016		2017		2016		2017		2016	
	People	Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million
Total:	7	42,900	7	19,548	6	9,624	7	5,764	7,934	187,138	7,990	118,236

Unconditional Guaranteed Variable Remuneration

Danamon does not provide unconditional variable remuneration to prospective Directors, Board of Commissioners and/or Employees for the first 1 (one) year.

Deferred Variable Remuneration

The deferred variable consisting of cash and/or shares or stock based instruments will be applied in the 2017 annual performance bonuses that will be paid out in March 2018

Highest and Lowest Ratio of Salaries

To receive salary is the right of the employees, and is expressed in the form of money and paid under an employment agreement, or legislation, including allowances for employees and their families for a job and/or service that has been completed. The comparable salary in the salary ratio is the remuneration received by the Board of Directors, members of the Board of Commissioners, and Employees.

Salaries Comparison	2017	2016
Employees: highest and lowest	223.6 x	213.2 x
Board of Directors: highest and lowest	5.0 x	5.2 x
Board of Commissioners: highest and lowest	1.3 x	1.5 x
Highest Board of Directors and highest employees	2.7 x	2.8 x

Share Options

During 2017, Danamon did not have a share option program for the Board of Directors, Board of Commissioners, or employees.

Termination of Employment and Total of Paid Severance

Employees affected by Termination of Employment (PHK) received severance payment. The total nominal severance paid is listed in the table below:

Severance Payment Amount Paid per Person in 1 (one) Year	Number of Employees	
	2017	2016
More than Rp1 billion	15	17
More than Rp500 million to Rp1 billion	1,347	34
Less than Rp500 million	331	2,436

SHARE AND BOND BUY BACKS

There were no repurchase activities either in shares or bonds in 2017.

CONFLICT OF INTEREST TRANSACTIONS

There were no reports of conflicts of interest transactions during 2017.

No.	Name and Position with Conflict of interest	Name and Position of Decision Maker	Type of Transaction	Value of Transaction (Mio Rp)	Explanation
None					

Conflict of Interest Transaction is stipulated in the Transaction policy with Affiliated Parties, Related Parties and Transactions containing Conflict of Interest in No. KEP: DIR-Corp.Sec.-015 dated December 30, 2013. In the event of a conflict of interest in a transaction, the member of the Board of Directors, or the Board of Commissioners concerned shall abstain from the review process or approval of the transaction.

BANK STRATEGIC PLAN

Danamon's strategic plan is based on a vision: "We Care and Help Millions Achieve Prosperity ", because sustained financial success is impossible without carrying out responsibilities to the wider community. Danamon's mission is to become a customer-oriented organization, serving all segments and offering unique value-added for each segment, based on sales excellence and service, and supported by the latest technology.

Danamon formulates a major policy direction to achieve diversified business growth through increased financing in the small and medium sized businesses, consumer sectors, and enterprise (commercial and corporate) sectors, and through cross-selling and inter-segment collaboration, more optimum liquidity management, increased productivity and human resource capabilities, technology investment facilities, and improved risk management and good corporate governance.

Short Term Plan

In 2018, Danamon has determined the strategic steps to be taken.

a. Credit

Encourage balanced growth between mass market businesses and non-mass market businesses to gain a diversified credit portfolio. Danamon will focus on increasing market share in the small and medium enterprises (SME) segment, consumer segment through development and growth in mortgage business line, and enterprise (commercial and corporate) segment that provides risk-adjusted return in accordance with Danamon's target. The non-credit income strategy is through increased fee-based income by increasing bancassurance, cash management and trade finance sales, and enhancing Danamon's synergy with subsidiaries through cross-sell programs for automotive financing products and integrated service improvements.

b. Funding

Strategies to increase public fundraising to support credit growth include: optimizing office network and customer acquisition programs through the community banking approach and synergizing with subsidiary network (Adira Finance and Adira Insurance), offering value-added products, improving service quality to customers and prospective customers. Danamon's other funding-related strategy is to explore the issuance of the MTN/Negotiable Certificate of Deposit (NCD)/Contingency Convertible Bond/in accordance with the funding requirements, market conditions and regulations of the Financial Services Authority

(FSA)/Bank Indonesia) in effect while taking into account and maintaining the Loan-to-Funding Ratio (LFR) ratio in accordance with Danamon's regulatory and business strategy provisions.

c. Overhead

Enhance Danamon's productivity and efficiency through investment in technology tools to enhance digital banking, data analytics and automation capabilities, effective cost management, human resource capability in carrying out tasks, especially sales, collection and frontliners, and operational efficiency through office network consolidation (shared service between business lines and subsidiaries) and automation of manual processes.

d. Quality of Assets

Maintain prudential principles in the provision of credit through adjustment and determination of enhanced customer selection criteria and in accordance with business dynamics, appropriate collateral appraisals, increased risk awareness through credit risk training to business teams and risks, improvement of fraud prevention measures, capacity building, billing and recovery, gradual credit process automation, and application of Early Warning Signal on enterprise business lines (commercial and corporate) to detect debtor quality deterioration signals based on data behavior/debtor transactions.

e. Networking

Improve the efficiency and optimization of distribution networks by adjusting processes and organizations including infrastructure by consolidating office networks and incorporating the same activities into a network and planning the development of office networks with digital services.

f. Basic Interest Rate of Credit (SBDK)

In an effort to support the Bank Indonesia program, Danamon strives to maintain reasonable interest rates by increasing productivity and efficiency, maintaining credit quality and aligning Danamon funding costs in line with the development of the BI Rate. The amount of loan interest rate can not

be separated by the interest rate, where Danamon also supports the FSA program by giving the maximum of the determined fund interest rate.

Mid to Long Term Plan (3-5 Years)

Strategic steps to be implemented within 3 - 5 years ahead are as follows:

a. Credit

Danamon will continue to grow consumer credit, small and medium enterprise, commercial and corporate financing, trade finance, and financing of household goods and motor vehicle financing while maintaining prudential principles in lending and criteria of customer selection.

b. Funding

Strengthen funding by increasing third party funds, issue bond/MTN/NCD/Contingency Convertible Bond, and maintain LFR ratio according to prevailing regulations.

c. Risk management

The strategic steps to be undertaken in relation to risk management are to keep Danamon's growth at an acceptable level by remaining prudent, maintain optimal Danamon activity at an anticipated level of liquidity risk, and minimize the risk of "unanticipated" liquidity in obtaining sources of cash flow financing, continuing the development and implementation of the score card/internal rating model for credit risk in all business lines in stages to support the credit process, improving the implementation of operational risk management framework and strategy and operational risk awareness across all business lines and Subsidiaries, implementing Basel II III - BIS Framework for measuring the Liquidity Regulatory Requirement (NSFR) and Interest Rate Risk in the Banking Book (IRRBB) through ALM system in line with FSA and Bank

Indonesia Regulations, and improving the quality of human resources and business teams, risk, and support (operations) to understand current business challenges, risk-related elements, and risk mitigation.

d. Operational and CREM

Provide simple, fast and unique services to improve customer service and encourage customers to use alternative networks other than branches. Continue to centralize processes to achieve efficiency and create a dynamic space for the convenience and satisfaction of customers and employees.

e. Information Technology

Continue to increase digital service offerings to consumer and corporate customers, increase data analytics capabilities to help Danamon meet customers' needs more precisely, support business teams with information technology that enables them to build relationships with customers, and improve IT capabilities in operational processes and process approval of loans more efficiently.

PROVISION OF FUNDS FOR POLITICAL ACTIVITIES

Danamon has a policy that prohibits Danamon's involvement in political activities, including donations of any kind for political purposes. During 2017, there was no funding for political activities.

ACCESS TO COMPANY INFORMATION

Danamon provides access to information on Danamon for stakeholders through communication media such as Press Releases and Booklet Analyst Briefing. In addition, Danamon provides information on products and services, investor information, office network, financial statements, annual reports, reports and implementation of governance and social activities, corporate actions and others presented through its website: <http://www.danamon.co.id>, both in Indonesian and English.

In order to improve customer service and protection, to fulfill the needs of product and service information, and handling customer complaints and/or potential customers, Danamon prepares communication media through Hello Danamon. Hello Danamon is accessible 24 hours via phone number 1-500-090, 67777 mobile phone and via email: hellodanamon@danamon.co.id, and twitter: @hellodanamon.

In addition, the public can also contact:

Unit	Telephone Number	Email
- Corporate Secretary	(021) 80645000 Ext. 8706; 8794	corpsec@danamon.co.id
- Investor Relations	(021) 80645000 Ext. 8621; 8628	investor.relations@danamon.co.id
- Corporate Communications	(021) 80645000 Ext.8361; 8328	corporate.communications@danamon.co.id

INVESTOR RELATIONS

Investor Relations is directly responsible to the Director of Finance. The role of the Investor Relations Division includes the following financial and strategic aspects:

- Deliver regular financial performance updates, business strategies, work plans to investors/analysts, stakeholders (ratings agencies, lenders, regulators) in quarterly performance exposures, meetings, and conferences.
- Provide adequate, reliable and timely information about Danamon's corporate actions to each stakeholder.
- Engage in Danamon strategic projects, including those dealing with independent consultants.

In performing its duties, Investor Relations works closely with the management, the leadership of each business unit, Corporate Communications, Integrated Risk, Corporate Secretary and other teams under the Director of Finance.

Information about Danamon's performance update and strategy can be accessed through the website www.danamon.co.id.

Information Availability to Investors in 2017

Forum	Frequency	Explanation
Analyst presentation/ Public expose	4 times	Public Expose for media, analysts and senior management to provide final information on financial and non-financial conditions.
Financial Report	4 times	Publication of quarterly financial statements in accordance with Bapepam-LK requirements as a public company
Annual Report	1 time	A comprehensive report to the public and stakeholders on Danamon's performance, business and other activities
Roadshow and Conference	8 times	Participation in various deal and non-deal roadshows held by reputable securities firms to provide up-to-date information on Danamon's performance and strategies, challenges and opportunities to investors, analysts and other stakeholders
Face to face meetings and conference call	121 face- to- face meetings and 16 conference calls	Meetings with local/overseas analyst/investors to provide information on Danamon's strategy and performance

Roadshow/conference in 2017

Agenda	Organizer	Location	Date	Number of Companies
Pulse of ASIA Conference	DBS Vickers Securities	Singapore	January 11, 2017	16
8th Annual Asean Conference	Credit Suisse	Singapore	January 12-13, 2017	32
Mandiri Sekuritas Corporate Day	Mandiri Sekuritas	Jakarta	February 10, 2017	22
Indonesia Conference	UBS	Jakarta	March 7, 2017	17
Non Deal Roadshow	Macquarie	Hongkong	March 22-23, 2017	18
Non-Deal Road Show	Macquarie	Tokyo	March 27-28, 2017	8
Macquarie Asean Conference	Macquarie	Singapore	August 21, 2017	16
Non Deal Roadshow	Credit Suisse	Singapore – Hongkong	September 4-7, 2017	30

CORPORATE COMMUNICATIONS

The Corporate Communications Unit is responsible for managing communication between Danamon and the public at large, through mass media. Corporate Communications has a role to build effective, clear, concise and reliable communication with the following scope of duties and responsibilities:

- Build and manage Danamon's image in the community through community relations.
- Implement the communication function of Danamon community management through mass media, both printed and electronic.
- Implement external communication, including the formulation of messages, determination of communication and delivery of information to outsiders.
- Be the first door of communication (gateway) for people who need information about Danamon.

Social Media

In 2017, Danamon restructured its official accounts to become:

- Akun Twitter: @danamon, @HelloDanamon (customer service)
- Facebook: Bank Danamon
- Instagram: @myDanamon
- LinkedIn: Bank Danamon
- YouTube: Bank Danamon

SERVICE QUALITY & CONTACT CENTER

The Spirit of Service Quality & Contact Center continues to transform in providing non-stop services to customers. Commitment continues to focus on the customer (customer centric) in providing service excellence at all points of service, such as branches and Contact Centers. It aims to maintain closer contact with customers and gain their trust to make Danamon the perfect solution solution for their financial needs.

Initiatives by Service Quality in improving services to customers include:

- Service Program, Service Development and Service Reward & Recognition to foster the spirit of service excellence for all frontliners who deal directly with the Customer, such as Branch and Hello Danamon team. Not only that, Service Quality collaborates with all Danamon employees such as support in the regions, Danamon & Adira Head Office continue to spread the service excellence spirit to all employees until service becomes a culture in Danamon.
- Process improvement to upgrade service quality by simplifying critical processes for customers, such as Mortgage Initial Process Simplification, Customer Relationship Management Implementation, and Single Screen. Simplification of processes makes

service time faster, more relaxing and more straight forward, so as to meet the needs and expectations of the Customer.

In 2017, several awards were received for Service Excellence as follows:

No	Organizers	Award	Award Category	Rank
1	Institute of Service Management Studies (ISMS) & Infobank	Service Quality Overall 2016	Jakarta and Bandung	1
2	Marketing Research Indonesia & Infobank	Bank Service Excellence Monitor (BSEM) 2016/2017	Best Overall Performance Commercial Bank	3
			Best Performance for Teller	1
			Best Performance for Telephone Branch	1
			Best Performance for Security	2
			Best Performance for Customer Service	3
			Best Syariah Unit	2
3	MarkPlus Insight & Marketers	MarkPlus WOW Service Excellence Award 2017 (Danamon achieves awards in 14 cities out of 18 cities being surveyed)	Gold Champion of Banjarmasin	1
			Gold Champion of Denpasar	1
			Gold Champion of Jayapura	1
			Gold Champion of Makassar	1
			Gold Champion of Pontianak	1
			Gold Champion of Pekanbaru	1
			Gold Champion of Surabaya	1
			Silver Champion of Balikpapan	2
			Silver Champion of Semarang	2
			Bronze Champion of Banda Aceh	3
			Bronze Champion of Bandung	3
			Bronze Champion of Jabodetabek	3
			Bronze Champion of Medan	3
			Bronze Champion of Padang	3

CUSTOMER SERVICE UNITS

“Always Ready to Provide a Solution” is the spirit of Hello Danamon. Hello Danamon is ready to serve Customers 24 hours/7 days for various customer needs such as requests for information, advice, and settlement of complaints by phone 67777 (GSM) or 1-500-090 or email hello.danamon.co.id and Twitter @Danamon.

Hello Danamon continuously strives to achieve its goal of improving the quality of interaction with the Customer and providing solutions. Various initiatives undertaken to achieve these objectives include:

- Automated processes are continuously conducted to shorten service time in Hello Danamon or reduce customer complaints submitted, either through branch or Hello Danamon as follows:

- Verification process by sending OTP (one time password) to the customer
- Newspaper delivery
- Request for a credit card PIN, where Customer simply sends SMS to 3435 or via IVR menu, the PIN will then be directly accepted and can be directly used.
- Automation of closing card applications so that the closing letter of the card will automatically be printed and sent to the Customer's home address/ email, etc.

Hello Danamon also continuously educates customers who contact Hello Danamon so that Customers can benefit from facilities that are useful, such as education D'Card that can be accessed 24 hours/7 days to know the total bill, redeem D'Points, My Own Installment (MOI), and Blocking cards due to lost cards.

Customer Reports Handled in 2017

Product Type	Complaints Category						
	Interests/ Profit Sharing/ Margin	Penalty	Admin Fee/ Provision/ Transaction	Failure/ Transaction Delay	Total Amount of Invoice/ Account Balance	Others	Total
Fund Raising	-	-	137	44	17	984	1,182
Fund Allocation - Financing	9	23	10	3	63	136	244
Payment System	23		282	107	10,557	2,302	13,271
Other Cooperation Products	6				13		19
Other Products	-	-	-	-	-	-	-

CORPORATE CULTURE

Corporate culture are the values that guide, order and have control over the behavior of employees, members of the Board of Directors and Board of Commissioners in carrying out their duties and obligations to achieve the goals in accordance with the Vision and Mission of the Company.

- Care
Showing genuine concern for good and common progress will encourage us to always be the best.
- Honesty
Always be truthful to yourself and others with no hidden agenda.
- Striving for the Best
Always be brave enough to find a better way to work to achieve the best results by taking into account existing risks without sacrificing Company resilience.
- Cooperation
Make plurality a team strength to achieve common goals.
- Disciplined Professionalism
Carry out responsibility by upholding professional standards and ethics through people who are disciplined in thinking and action.

In order to grow Corporate Culture, Danamon applies a reward system based on contributions, known as SIPASTI. Its aim is to show appreciation to employees who contribute more, and coach others so that all employees can perform better. Appreciation can be either financial or non-financial, for example: employee development, career development, or recognition of the work/achievement of employees.

To embed the Company's values, Danamon undertakes a wide range of activities, including developing E-Learning-based Corporate Values module accessible to every employee, conducting Danamon Essential Leader (DEL) and Danamon Essential People (DEP) training to build leadership based on the values of Danamon, conducting a dialogue session between employees and representatives of leaders throughout Danamon's operational areas, consistently managed by HR management so that strategic and operational communication can be downgraded, in addition to other media such as articles sent by email blast and newsletters. In addition, Danamon conducts compulsory training of E-Learning Code of Ethics to improve the integrity and commitment of the mutual trust that can increase the trust of customers, shareholders and other stakeholders.

Danamon also undertakes a number of initiatives related to Employee Engagement (EE), by publishing Employee Engagement Insight articles periodically in several internal communication media such as magazines, portals, and email blasts. As has been done in the previous year, each Employee Engagement Champion of each Line of Business (LOB) has run programs that can improve employee engagement, such as sharing sessions both internally and by bringing in external speakers, coaching programs and award programs for employees. In addition, Shared Success is also conducted for every Line of Business/Directorate in order to increase Employee Engagement, motivate and encourage employees to provide a better performance for the company. This activity also fosters a positive spirit for employees in strengthening collaboration and implementing Danamon's cultural values.

Other initiatives include building an On-Boarding framework and guidance for Unit Leaders as an effort to provide a positive experience for new

employees. It is hoped that an effective onboarding process can increase productivity and ensure new employees understand Danamon's vision, mission and cultural values. In addition, Bank Danamon began to build internal capability in measuring employee engagement on a regular basis through digital technology.

CODE OF CONDUCT

In 2017 Danamon renewed the Code of Conduct. Danamon's Code of Conduct is an ethical value that refers to its vision, mission and corporate culture. The Code of Conduct serves as a guide in behaving to all management (Board of Directors, Board of Commissioners, Syariah Supervisory Board, including and not limited to parties outside Danamon who are members of the Audit Committee or Risk Management Committee) and employees in performing daily duties and establishing relationships with customers, co-workers and third parties. The Code of Conduct is expected to support Danamon's business continuity and reputation.

Prevailing Code of Conduct Statement at All Levels of the Company

Management and Employees must know, understand, obey, and implement Danamon's Code of Conduct. The Code of Conduct is binding and any violation of the Code of Conduct may be subject to administrative, civil or criminal sanctions in accordance with applicable rules and procedures. The consequences of a violation of the Code will be sanctioning and termination.

Code of Conduct covers:

- Introduction: contains the background of the Code of Conduct, its purpose, its vision, mission, and values.
- Conflict of Interest: regulates all matters concerning the occurrence of a conflict of interest between Personal interests and the interests of the Company, activities outside the Company, use of Company assets and personal investment.

- **Management of Company Information:** regulates all matters concerning the management of Danamon information, ie security of Danamon information, accuracy of reporting and recording of Danamon, Danamon identity, use of social media and provision of information to other parties.
- **Anti Money Laundering And Counter Financing of Terrorism:** Danamon's commitment to combat money laundering, terrorism financing and other crimes of any kind.
- **Danamon's Business Ethics:** regulates all matters related to ethics in work, ie personal ethics within Danamon, ethics with customers, ethics with third parties, ethics with regulators, ethics between Management with Employees, receipt of gifts from customers, relationships and partners, bribery and corruption, and ethics with competitors.
- **Enforcement of the Code:** requires the roles and responsibilities of Management and Employees, annual statements, whistle-blowing systems, violations of the Code, and enforcement of the Code.

Sanctions imposed in 2017

Type of Sanction	Number of Employees
Termination	20
1 st Warning Letter	2
2 nd Warning Letter	1
3 rd Warning Letter	1
Reprimand Letter	12
Amount	36

WHISTLEBLOWING SYSTEM

The Whistleblowing System is a communication channel that enables employees, customers, vendors or other parties to report fraud or other offenses without fear. The whistleblowing system is one of Danamon's commitments in supporting the implementation of good corporate governance and business practices with integrity.

In an effort to improve whistleblowing reporting systems that are more independent, transparent, simple, confidential, protected and more effectively monitored for reporters, Danamon works with third parties in providing Danamon Whistle Blowing Service (WBS).

WBS is a communication channel to facilitate whistleblowers who will report events or allegations relating to fraud, policy offenders, bribes/lending-borrowing money with customers, sexual harassment, theft/embezzlement, financial report fraud, illegal activity and other code violations involving Danamon employees and/or parties related to Danamon.

Any employee may report any irregularities or allegations of irregularities that have taken place frankly, responsibly, in good faith and without fear or worry because their secrecy is guaranteed. Danamon will protect and maintain the confidentiality of the identity of the complainant.

Reports received together with the results of the investigation are registered every month to be reported periodically to management and the Audit Committee. Any information that enters the whistleblower path will be reviewed and acted upon by the Whistleblower team appointed by Danamon.

Whistleblower Policy

Danamon has a whistleblower policy that is socialized to all employees through various media such as email blast, company portal, and Company website (www.danamon.co.id).

Mechanism of Submission of Violation Report

Danamon provides an easily accessible reporting facility through several communication channels, as follows:

- E-mail address: danamon-wbs@tipoffs.info
- Website: <https://danamon-wbs.tipoffs.info/>
- SMS: 085716715560
- Fax: (021) 23507060
- Postal Address: PO BOX 2666 JKP 10026

Violations by the Board of Commissioners and Directors

Violation or potential violation by members of the Board of Commissioners or the Board of Directors may be reported through the above communication channels and/or submit the sealed report in writing to the Chairman of the Audit Committee (Independent Commissioner).

Protection For Reporters

Danamon provides protection to any complainant, including:

- Identity confidentiality of the reporter that includes information that may be used to contact the complainant.
- Protection against counterattack from the party or other interested parties.
- Protection from pressure, employee rights, lawsuits, property and physical retaliation.
- Protection is not only for complainants but may also be extended to family members of the reporting party.

Danamon also provides legal protection that is in compliance with prevailing laws and regulations. This commitment includes protection from criminal and/or civil claims, as well as protection for personal safety and/or family safety from physical and/or mental threats.

Handling of Complaints, Party Who Manages Complaints, and Sanction Imposition

Danamon appoints an independent third party in managing the WBS of Danamon, including complaint handling and complaint administration. Third party

WBS managers will forward reports received to Danamon's WBS team for evaluation.

Danamon WBS Team (Internal Audit Unit, HR and Compliance Working Unit) evaluates the reports received to determine whether to proceed further to the investigative stage or forward it to the appropriate party.

Investigation of potential violations are undertaken by an independent Internal Investigation Team, the investigation process is conducted by holding the principle of presumption of innocence and objectivity. Investigation Result along with supporting evidence are reported to the Board of Directors and Audit Committee periodically.

Investigation results become the basis of a decision to take action and/or impose sanctions on parties or perpetrators proven to have violated in accordance with prevailing laws and regulations and/or in accordance with internal regulations of Danamon.

Result of Complaint Handling in 2017

Danamon received 71 complaint reports through WBS. Of the number received through WBS Danamon there were no complaints related to subsidiaries. Up to end of 2017, investigations of 63 reports had been completed, 19 of which were proven to be fraud while 44 reports were not proven to be fraud. 8 reports are still in the process of investigation.

Complaint Handling Results in 2017

Business Unit/ Subsidiaries	Amount of Complaints Received	Status of Complaint			
		Amount of Settled Complaints	Completed		In Investigation Process
			Proven Fraud	Non-proven Fraud	
Danamon	71	63	19	44	8
Subsidiaries	-	-	-	-	-
Total	71	63	19	44	8

THE IMPLEMENTATION OF CORPORATE GOVERNANCE GUIDELINES IN LISTED COMPANIES

Danamon as a listed company has observed and implemented the recommendation of the Financial Services Authority in accordance with FSA Regulation No.21/POJK.04/2015 concerning the Implementation of Corporate Governance Guidelines in Listed Companies and FSA Circular Letter No. 32/SEOJK.04/2015 concerning Corporate Governance Guidelines in Listed Companies. The Implementation of 5 (five) aspects, 8 (eight) principles of good corporate governance and 25 (twenty five) recommendations submitted by FSA are presented in the table "Implementation of 25 Recommendation of Corporate Governance Guidelines in Listed Companies".

STATEMENT OF IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

Danamon has applied the principles of good corporate governance. During 2017 there was no material violation of applicable laws and regulations.

IMPLEMENTATION OF 25 RECOMMENDATION GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES

No.	Principle	Recommendation		Explanation
A.	Public Company Relationship With Shareholders In Ensuring Shareholder Rights			
1.	Increase Value of General Shareholders Meeting (GMS)	1.1.	Public Companies have technical or voting methods both open and closed, which emphasize independency, and the interests of shareholders.	Danamon has GMS Rules of Procedure which regulate general guidelines for the conduct of the GMS voting mechanism, decision-making and vote counting procedures that prioritize the independence and interests of shareholders. All procedures and rules of the GMS are available and can be accessed through Danamon's website (www.danamon.co.id).
		1.2.	All members of the Board of Directors and members of the Board of Commissioners of Public Companies are present at the Annual GMS.	The annual GMS was held on 12 April 2017 and was attended by all members of the Board of Directors and members of the Board of Commissioners of Danamon. In addition, the Annual GMS was attended by the Syariah Supervisory Board and Audit Committee Members. Status: Comply
		1.3.	Summary of minutes of the GMS is available on the Public Company Website for at least 1 (one) year.	Danamon has summarized the minutes of the GMS in Bahasa and English which are announced 1 (one) business day after the General Meeting of Shareholders is held and available on Danamon Website for more than 1 (one) year. Status: Comply
2.	Improving the Quality of Public Company Communication with Shareholders or Investors	2.1	Public companies have a communication policy with shareholders or investors.	Danamon has a policy of communication governing the process of providing information to shareholders and the investment community on a timely and reasonable basis regarding Danamon so as to assess Danamon's strategy, progress, operations and financial performance, and enable shareholders and investment communities to be actively involved with Danamon. Status: Comply
		2.2	Public Companies disclose their communication policy with shareholders or investors in the Website.	Communication Policy is publicly available including Shareholders and Investors and can be accessed through Danamon Website. Status: Comply
B.	Function and Role of Board of Commissioners			
3.	Strengthen the Membership and Composition of the Board of Commissioners	3.1	Determine the number of members of the Board of Commissioners to consider the conditions of the Public Company.	The amount, composition and structure of the Board of Commissioners are in compliance with the requirements and in accordance with the size and complexity of Danamon's business. At the end of 2017, Danamon's Boards consisted of 6 (six) members and 50% of the total members of the Board of Commissioners are Independent Commissioners. The total number of members of the Board of Commissioners does not exceed the number of members of the Board of Directors, amounting to 7 (seven) persons. Status: Comply
		3.2	The determination of the composition of members of the Board of Commissioners takes into account the diversity of skills, knowledge, and experience required.	Danamon has a diversity policy for members of the Board of Commissioners. The composition and structure of members of the Board of Commissioners has taken into consideration the knowledge, expertise and experience required by Danamon that can optimize the implementation of the Board of Commissioners oversight function. Status: Comply

No.	Principle		Recommendation	Explanation
4.	Improving the Quality of Implementation of Duties and Responsibilities of the Board of Commissioners	4.1	The Board of Commissioners has a self-assessment policy to assess the performance of the Board of Commissioners.	Danamon has a Performance Appraisal Policy to the Board of Commissioners prepared as a guide to assess performance in the implementation of the duties and responsibilities of the Board of Commissioners. Status: Comply
		4.2	The self-assessment policy to assess the performance of the Board of Commissioners, disclosed through the Annual Report of the Public Company.	Danamon has a performance appraisal policy of the Board of Commissioners. The assessment policy is disclosed in the Annual Report and is available on Danamon's Website. Status: Comply
		4.3	The Board of Commissioners has a policy related to the resignation of members of the Board of Commissioners if they are involved in financial crimes.	The Board of Commissioners of Danamon has a Nomination Committee and Remuneration Committee which assists the Board of Commissioners' duties relating to the nomination and remuneration functions of members of the Board of Commissioners and members of Danamon's Board of Directors. Danamon has a Nomination Policy for Board of Commissioners and Directors. Status: Comply
		4.4	The Board of Commissioners or the Committee performing the Nomination and Remuneration function shall establish a succession policy in the process of Nomination of the members of the Board of Directors.	The Board of Commissioners of Danamon has a Nomination Committee and Remuneration Committee which assists the Board of Commissioners' in duties relating to the nomination and remuneration functions of members of the Board of Commissioners and members of Danamon's Board of Directors. Danamon has Nomination Policy for Board of Commissioners and Directors. Status: Comply
C. Function and Role of Board of Directors				
5.	Strengthen the Membership and Composition of the Board of Directors	5.1	Determination of the number of members of the Board of Directors to consider the conditions of the Public Company and the effectiveness of decision making.	At the end of 2017, Danamon's directors consist of 7 (seven) members. The number, composition and structure of the Board of Directors have met the requirements and in accordance with the size and complexity of Danamon's business.Status: Comply
		5.2	Determination of the composition of members of the Board of Directors must consider the diversity of skills, knowledge, and experience required.	Danamon has a diversity policy for members of the Board of Directors. The composition and structure of the members of the Board of Directors has taken into account the knowledge, expertise and experience in accordance with the needs of the company, so as to optimize decision making and improve the performance of the Company. Status: Comply
		5.3	Members of the Board of Directors in charge of accounting or finance have expertise and/or knowledge in accounting.	Danamon's Finance Director has knowledge and expertise in accounting. Status: Comply
6.	Improving the Quality of Duties and Responsibilities of the Board of Directors	6.1	The Board of Directors has a self-assessment policy to assess the performance of the Board of Directors.	Danamon has a Performance Appraisal Policy for the Board of Directors as a guide to assess the effectiveness of the implementation of the duties and responsibilities of the Board of Directors. Status: Comply
		6.2	The self-assessment policy to assess the performance of the Board of Directors is disclosed through the Company's annual report.	Danamon has a performance appraisal policy of the Board of Commissioners. The assessment policy is disclosed in the Annual Report and is available on Danamon Website. Status: Comply
		6.3	The Board of Directors has a policy related to the resignation of members of the Board of Directors if they are involved in a financial crime.	The Board of Directors has a policy for members of the Board of Directors involved in financial crimes to be required to resign. The liability for resignation is governed by the Code of Conduct of the Board of Directors. Status: Comply

No.	Principle	Recommendation	Explanation
D. Participation of Stakeholders			
7.	Improving Aspects of Corporate Governance through Stakeholder Participation	7.1 The Public Company has a policy to prevent the occurrence of insider trading.	Danamon has a Personal Investment Policy in order to prevent the occurrence of Insider Trading. This policy is available and accessible through Danamon's Website. Status: Comply
		7.2 Danamon has a Personal Investment Policy in order to prevent the occurrence of Insider Trading. This policy is available and accessible through Danamon Website.	Danamon has a Code of Conduct that prohibits the Management and Employees to participate in any bribery and corruption act in any form whatsoever. In addition, Danamon also has a Reward Policy that governs the prohibition of granting and receiving gifts for management and employees. Status: Comply
		7.3 Public Companies possess a policy on the selection and upgrading of suppliers or vendors.	Danamon has a procurement policy that governs the restrictions and ethics in dealing with business partners or vendors in the procurement activities of goods and services. This policy is available and disclosed in Danamon Website. Status: Comply
		7.4 Public Companies have a policy on the fulfillment of creditor rights.	Fulfillment of creditor rights in the form of depositors (customers who place their funds within the company) is governed under the protection of customer policy that covers: <ul style="list-style-type: none"> - Rights to obtain explanation amicably on product characteristics - Rights to access requirements of funding products - Conveniences to do transactions through any branches, e-banking services or other services set out by Danamon - Obtains profit/interest that is governed by prevailing requirements - Procedures for customer complaint handling Status: Comply
		7.5 Public companies have whistleblowing system policy.	Danamon has a whistleblowing system. Danamon's whistleblowing system management is managed by a third party to ensure independence in its implementation. Status: Comply
		7.6 Public companies have a policy of providing long-term incentives to the Directors and employees.	Danamon has a Remuneration policy. Status: Comply

No.	Principle	Recommendation	Explanation
E. Disclosure Of Information			
8.	Improving Disclosure of Information	<p>8.1 Public companies takes the best advantage of information technology than just using the Website as a medium of information disclosure</p> <p>8.2 Public Companies Annual Report reveal the ultimate beneficiary ownership of public companies' stake of at least 5% (five per cent), in addition to disclosure of the ultimate beneficial owner in the shares ownership of the public Company through major shareholders and controllers.</p>	<p>Danamon continues to refine the media for information disclosure including use of the website to provide an opportunity for shareholders and other stakeholders to access information about Danamon easily.</p> <p>Media and User Name: Website: www.danamon.co.id Twitter: @Danamon Facebook: Bank Danamon Instagram: @mydanamon</p> <p>Status: Comply</p> <p>Annual Report of Danamon discloses the major shareholders and controllers as well as the shareholder group profiles with stake below 5% (five per cent). Status: Comply</p>



Integrated Corporate Governance

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Integrated Corporate Governance

APPLICATION AND IMPLEMENTATION REPORT

The implementation and application of the principles of good corporate governance is a commitment for all members of Danamon and its subsidiaries (Danamon Group), to be conducted consistently and continuously. The implementation of integrated corporate governance is expected to position Danamon Group as a financial conglomeration that is fundamentally healthy, with sustainable growth and high competitiveness, as well as possessing the ability to contribute positively to the financial industry and the national economy.

In order to improve the quality of good governance in a financial conglomeration, the Financial Services Authority regulates financial conglomeration and implementation of Integrated Corporate Governance through FSA Regulation No. 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomeration, and FSA Circular Letter No. 15/SEOJK.03/2015 on the Implementation of Integrated Corporate Governance for Financial Conglomeration.

Integrated Corporate Governance Report is a form of responsibility and transparency in the application of the principles of integrated corporate governance conducted by Danamon as the Main Entity within the financial conglomerate of Danamon Group.

IMPLEMENTATION OF PRINCIPLES OF INTEGRATED CORPORATE GOVERNANCE IN DANAMON GROUP

Implementation of integrated corporate governance in Danamon Group is based on the fundamental principles of good corporate governance, specifically:

Principle of Transparency

- a. Entities within Danamon Group are required to disclose information in an adequate, clear, accurate, and timely manner, as well as being comparable with and easily accessible to shareholders and stakeholders.
- b. The principle of transparency adopted by Danamon Group does not lessen the obligation to follow the regulations on bank privacy and/or confidential company information in line with the prevailing laws and regulations.

Principle of Accountability

- a. Entities within Danamon Group shall clearly define the responsibilities of each organizational organ in line with the vision, mission, business objectives, and company strategies, as well as the conviction that all organs of Danamon Group maintain competencies in line with the responsibilities, and understand their roles in implementing GCG.
- b. Entities within Danamon Group should ensure the presence of a check and balance system in their company management. Additionally, they should maintain performance standards at all levels of Danamon Group based on agreed standards consistent with the corporate values, business objectives, and company strategies.

Principle of Responsibility

- a. To maintain its business sustainability, Danamon Group should adhere to the code of conduct, prudential principles, laws and regulations as well as established internal policies.
- b. All entities in Danamon Group should behave as good corporate citizens by showing concern toward the environment and carrying out their social responsibilities.

Principle of Independency

- a. Danamon Group should avoid unfair domination by any stakeholder and should not be affected by unilateral interests, and be free from conflict of interests.
- b. Decision making should be objective and free from any duress from any party, as well as showing commitment to operate the business by prioritizing professionalism.

Principle of Fairness

- a. All entities in Danamon Group should always pay attention to the interests of all stakeholders based on the principles of equality and fairness.

- b. Danamon Group should provide opportunities to all stakeholders to provide feedback and express their opinions in the interests of Danamon as well as grant the same access to information in line with the principle of transparency.

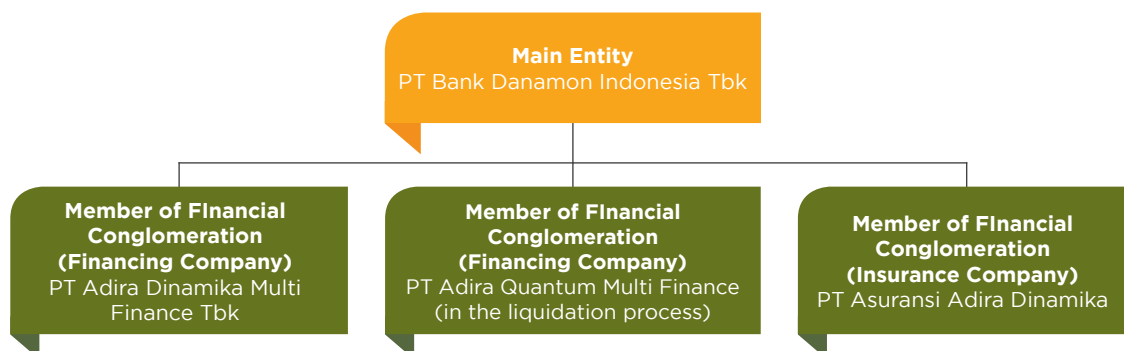
DANAMON GROUP FINANCIAL CONGLOMERATION

The Structure Of Membership

Danamon Group has been administered and registered by the Financial Services Authority in line with Financial Services Authority Letter No. SR-82/PB.32/2015 dated April 29, 2015. The structure of Danamon Group is as follows:

1. Main Entity: PT Bank Danamon Indonesia, Tbk.
2. Subsidiaries/Members:
 - a. PT Adira Dinamika Multi Finance Tbk.
 - b. PT Adira Quantum Multifinance (the company is in the process of liquidation)
 - c. PT Asuransi Adira Dinamika

Structure of Danamon Group Financial Conglomeration



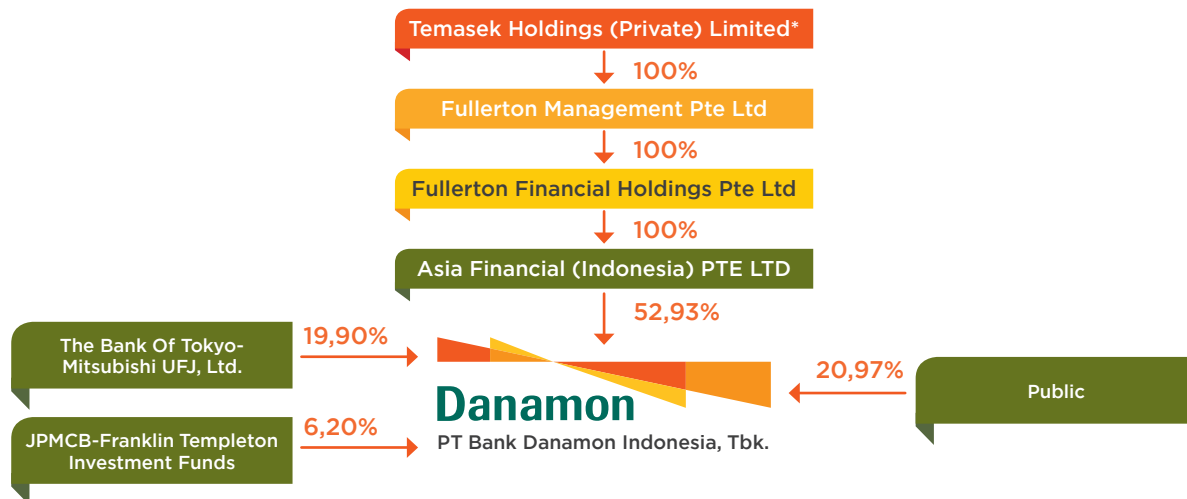
PT Adira Quantum Multi Finance (Adira Quantum) has suspended its operating activities and is in the process of liquidation based on Extraordinary General Meeting of Shareholders of Adira Quantum as set forth in the Deed of Shareholder Resolution No.126 dated August 22, 2017 prepared before Hasbullah Abdul Rasyid, SH, M. Kn., Notary in Jakarta. Based on the application submitted by Adira Quantum to FSA to revoke the Adira Quantum business license, FSA has granted the application by revoking the business license based on the decision of the FSA Board of Commissioners dated December 21, 2017 No.KEP-103/D.05/2017. As of the date of this report, Adira Quantum is still in the process of liquidation settlement.

Structure Of Share Ownership

Shareholders of each member of the Group up to the ultimate shareholders are as follows:

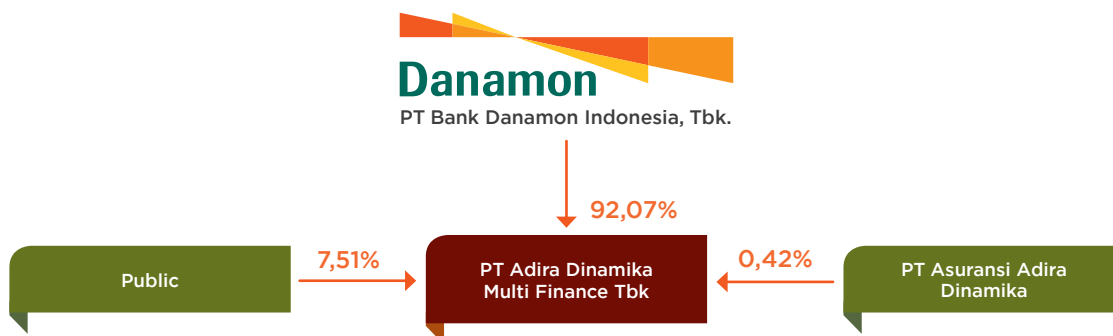
Structure of Share Ownership of Main Entity

- PT Bank Danamon Indonesia Tbk



Structure of Share Ownership of Subsidiaries

- PT Adira Dinamika Multi Finance Tbk



- PT Asuransi Adira Dinamika



Management Structure

All members of the boards of directors and board of commissioners in each entity of Danamon Group have complied with the requirements of integrity, competency, and financial reputation. The following is the management structure of Danamon Group financial conglomeration as of December 2017:

Management Structure of Main Entity

PT Bank Danamon Indonesia, Tbk

In 2017 there was a change in the composition of Danamon's Board of Commissioners and Board of Directors. The Annual General Meeting of Shareholders (AGMS) held on April 12, 2017 agreed to accept the resignation of Emirsyah Satar as Independent Commissioner and agreed to reappoint Danamon Board members with term of office up to the closing of the 3rd AGMS, which was after the 2017 AGMS. The 2017 AGMS agreed to accept Muliadi Rahardja's request not to be reappointed as a member of the Board of Directors and agreed to reappoint some members of the Board of Directors of Danamon with term of office up to the close of the 3rd AGMS, which was after 2017 AGMS. Vera Eve Lim resigned, with her term of office ending on December 19, 2017.

The composition of the Company's Boards of Commissioners and Directors, as of December 31, 2017, is as follows:

PT Bank Danamon Indonesia, Tbk.

Board of Commissioners

1. Ng Kee Choe (President Commissioner)
2. J.B. Kristiadi (Vice President Commissioner/Independent Commissioner)
3. Gan Chee Yen (Commissioner)
4. Ernest Wong Yuen Weng (Commissioner)
5. Manggi T. Habir (Independent Commissioner)
6. Made Sukada (Independent Commissioner)

Board of Directors

1. Sng Seow Wah (President Director)
2. Herry Hykmanto (Director)
3. Michellina L. Triwardhanny (Director)
4. Satinder Ahluwalia (Director)
5. Adnan Qayum Khan (Director)
6. Heriyanto Agung Putra (Director)
7. Rita Mirasari (Independent Director)

Management Structure of Subsidiaries

PT Adira Dinamika Multi Finance, Tbk

At the Annual General Meeting of Shareholders of PT Adira Dinamika Multi Finance, Tbk dated May 17, 2017, there were changes in the composition of the Board of Commissioners and Board of Directors of PT Adira Dinamika Multi Finance Tbk, namely:

- Marwoto Soebiakno resigned as Vice President Director.
- Vera Eve Lim and Loh Niap Juan resigned as Commissioner.
- Willy Suwandi Dharma was honorably discharged as President Director and appointed as Commissioner.
- Hafid Hadeli was honorably discharged as Director and appointed as President Director.

The composition of the Board of Commissioners and Board of Directors of PT Adira Dinamika Multi Finance Tbk as of December 31, 2017 is as follows:

PT Adira Dinamika Multi Finance, Tbk. (Adira Finance)

Board of Commissioners

1. Sng Seow Wah (President Commissioner)
2. Djoko Sudyatmiko (Commissioner/Independent Commissioner)
3. Krisna Wijaya (Commissioner/Independent Commissioner)
4. Eng Heng Nee Philip (Commissioner)
5. Muliadi Rahardja (Commissioner)
6. Willy Suwandi Dharma (Commissioner)

Board of Directors

1. Hafid Hadeli (Director)
2. Ho Lioeng Min (Director)
3. I Dewa Made Susila (Director)
4. Cornel Hugroseno (Director)
5. Swandajani Gunadi (Director/Independent Director)

PT Asuransi Adira Dinamika

At the Extraordinary General Meeting of Shareholders of PT Asuransi Adira Dinamika dated October 30, 2017, there were changes in the composition of the Board of Commissioners and Board of Directors of PT Asuransi Adira Dinamika, namely:

- Suhandoko Tjondromuljo resigned as Independent Commissioner.
- Indra Baruna resigned as President Director.
- Yulian Noor (formerly Independent Commissioner) was appointed as President Director to replace Indra Baruna effective November 17, 2017 after passing the fit and proper test.
- Pratomo was appointed as Independent Commissioner and his position will be effective upon passing the fit and proper test.

The composition of the Board of Commissioners and Board of Directors of PT Asuransi Adira Dinamika as of December 31, 2017 is as follows:

PT Asuransi Adira Dinamika (Adira Asuransi)

Board of Commissioners

1. Manggi T. Habir (President Commissioner)
2. Willy Suwandi Dharma (Commissioner)
3. Pratomo (Independent Commissioner)*

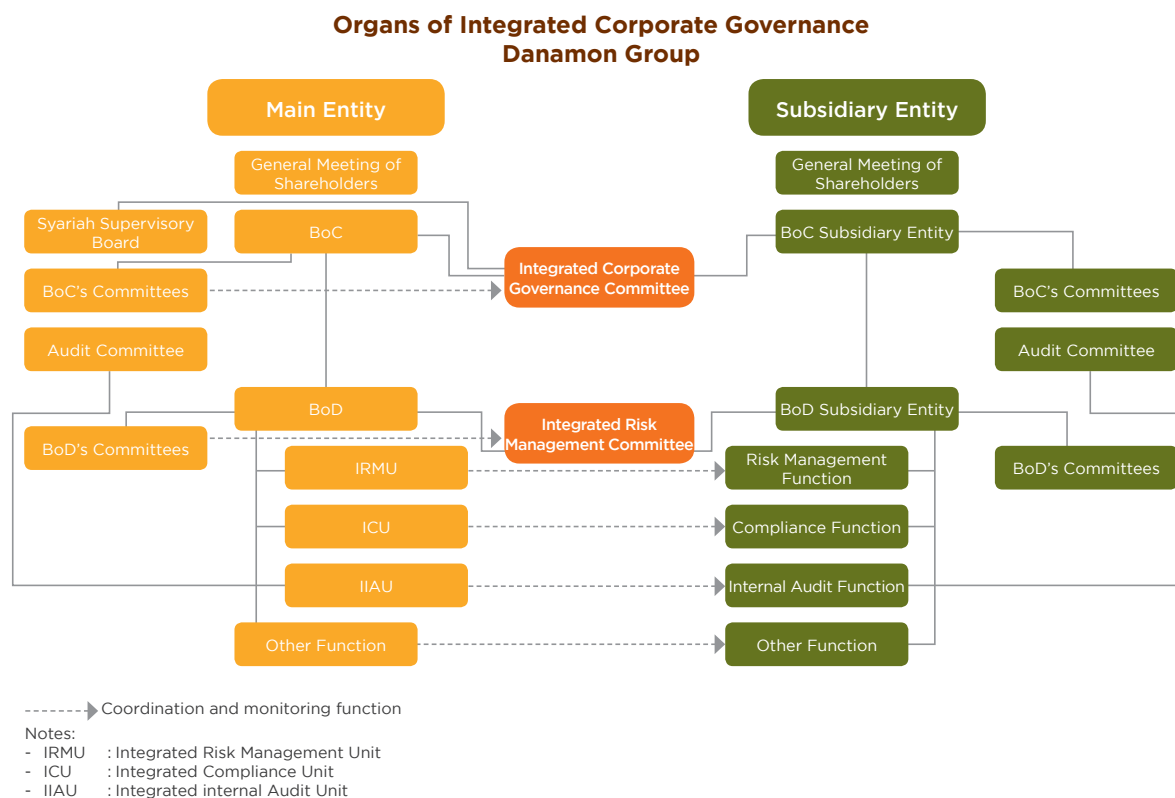
Board of Directors

1. Yulian Noor (President Director)
2. Donni Gandamana (Director)
3. Dedi Nathan (Director)
4. Wayan Pariama (Director)

* Will be effective upon passing the fit and proper test.

ORGANS OF INTEGRATED CORPORATE GOVERNANCE

The integrated corporate governance organs in Danamon Group are organized to ensure that implementation of Danamon Group's corporate governance can be performed systematically. The integrated corporate governance organs of Danamon Group are as follows:



The implementation of corporate governance organs in each subsidiary, including the Board of Commissioners Committees, the Board of Directors Committees, compliance function, risk management, and internal audit are disclosed in the annual report of each subsidiary.

INTEGRATED CORPORATE GOVERNANCE POLICY

The financial conglomeration of Danamon Group has secured Danamon Group's Integrated Corporate Governance Policy through BoD Decision KEP: DIR-COMP-020 on the Integrated Corporate Governance Policy dated November 26, 2015. Danamon Group's Integrated Corporate Governance Policy is updated through BoD Decision No. KEP: DIR-COMP-004 on Bank Danamon Corporate Governance Policy and Terms of Reference for the implementation of Good Corporate Governance (Danamon Group) dated August 29, 2017. This policy is valid as the official Danamon Corporate Governance Policy (Main Entity) as well as the Terms of Reference for subsidiaries.

With guidance and recommendations from the Corporate Governance Committee, Integrated Corporate Governance Committee and Board of Commissioners, the Board of Directors has prepared the Integrated Corporate Governance Policy. The scope of Danamon Group's Integrated Corporate Governance Policy includes:

- a) Integrated Corporate Governance Policy:
- The purpose of implementing Integrated Corporate Governance
 - The principles of Integrated Corporate Governance
 - Vision, mission, values, corporate culture and business ethics
 - Guidelines for the implementation of Integrated Corporate Governance (including the structure of Financial Conglomeration and the duties and responsibilities of Entities in Financial Conglomerations)
 - Corporate governance organs (including BoC and BoD of the Main Entity, Integrated Corporate Governance Committees, Integrated

Compliance Working Units, Integrated Internal Audit Unit, Integrated Risk Management)

- Integrated Corporate Governance reports, assessments, and disclosures
- b) Bank Danamon Corporate Governance Policy and Terms of Reference for Good Corporate Governance for Subsidiaries (Danamon Group):
 - the basic principles and scope of corporate governance
 - commitment to the implementation of good corporate governance
 - corporate vision, mission, and values
 - business ethics and behavioral guidelines
 - corporate governance structures (including shareholders, General Meeting of Shareholders, Board of Commissioners, Board of Directors, Syariah Supervisory Board, Board of Commissioners Committees, Compliance Functions, Risk Management Functions, Audit Functions)
 - key policies related to the implementation of corporate governance (including management of conflicts of interest, personal investment policies, stakeholder transactions and affiliated

parties, procurement policies, remuneration policies, ownership and confidentiality of information, whistle-blowing systems, stakeholder relations, corporate social responsibility)

- self-assessment and report on the implementation of corporate governance.

BOARD OF COMMISSIONERS OF THE MAIN ENTITY

The Board of Commissioners of Danamon as the Main Entity, in addition to being eligible as the Board of Commissioners of Danamon, has an obligation to show an understanding of the business activities and main risks of the entities in the Financial Conglomeration as part of the improvement to its duties and responsibilities in the management of Danamon Group Financial Conglomeration. Members of the Board of Commissioners as of December 31, 2017 totaled 6 (six) people, 3 (three) of whom were Independent Commissioners. All members of the Board of Commissioners of the Main Entity have passed the fit and proper tests of the Financial Services Authority and Bank Indonesia.

Board of Commissioners of the Main Entity	Date of Approval (AGMS)	Date of Approval by BI/FSA
Ng Kee Choe (President Commissioner)	May 22, 2006	May 24, 2006
J.B. Kristiadi (Vice President Commissioner/Independent Commissioner)	May 9, 2005	December 5, 2005
Gan Chee Yen (Commissioner)	June 16, 2003	October 21, 2003
Manggi T. Habir (Independent Commissioner)	May 9, 2005	July 22, 2005
Ernest Wong Yuen Weng (Commissioner)	April 29, 2010	September 14, 2010
Made Sukada (Independent Commissioner)	May 7, 2014	August 8, 2014

Duties and Responsibilities of the Board of Commissioners of the Main Entity

Duties and responsibilities of the Board of Commissioners of the Main Entity in Danamon Group Financial Conglomeration are governed by the Integrated Corporate Governance Policies and Charter of the Board of Commissioners. Duties and responsibilities of the Board of Commissioners of the Main Entity are:

- 1) Conduct monitoring of the implementation of Integrated Corporate Governance with duties and responsibilities that include:
 - a) Supervise implementation of the Corporate Governance of each Entity to conform to the Integrated Corporate Governance Policies;
 - b) Supervise implementation of duties and responsibilities of the Board of Directors of the Main Entity, as well as provide guidance or advice to the Board of Directors of the Main Entity on implementation of Integrated Corporate Governance Policy;
 - c) Evaluate the Integrated Corporate Governance Policy and provide directions for their refinement.
- 2) Establish the Integrated Corporate Governance Committee to support the effectiveness of its duties.
- 3) Hold regular meetings at least once each semester with the following provisions:
 - a) The Board of Commissioners of the Main Entity meeting can be conducted via video conference;
 - b) Results of the Board of Commissioners of the Main Entity meeting are recorded in the minutes of meetings and well documented.

- c) Dissenting opinions that occur in the meeting of the Board of Commissioners of the Main Entity are prominently recorded in the minutes of the meeting including the reasons for dissent.

Implementation of Duties and Responsibilities of The Board of Commissioners of the Main Entity in 2017

Implementation of duties of the Board of Commissioners of the Main Entity on implementing integrated corporate governance is supported by the Integrated Corporate Governance Committee. The Integrated Corporate Governance Committee evaluates the implementation of Integrated Corporate Governance through assessment of the adequacy of internal controls and the implementation of compliance in an integrated manner.

During 2017, the Board of Commissioners held 3 (three) meetings with content that included reports on the implementation of Integrated Corporate Governance from the Integrated Corporate Governance Committee to the Board of Commissioners, the results of self-assessment of Integrated Corporate Governance, an update of Integrated Corporate Governance policies

in 2017, an update on the implementation of Good Corporate Governance at Subsidiaries, and the action plan to strengthen Integrated Corporate Governance in Danamon Group Financial Conglomeration. In 2017, the Board of Commissioners approved an update of the Integrated Corporate Governance Policy which includes Danamon Governance Policy and the Corporate Governance Performance Standards for Subsidiaries (Danamon Group).

BOARD OF DIRECTORS OF MAIN ENTITY

The Board of Directors of Danamon as the Main Entity, in addition to being eligible as the Board of Directors of the Bank, has an obligation to show an understanding of the main business activities and major risks of the entities in the Financial Conglomeration as part of the improvement in duties and responsibilities in the management of Danamon Group Financial Conglomeration. The Board of Directors, as of December 31, 2017, was composed of 7 (seven) members. The majority of Board of Directors members have at least 5 (five) years of experience as bank executives. All members of the Board of Directors have passed the fit and proper tests and received approval from Bank Indonesia and the Financial Services Authority.

No	Name	Job Title	Date of Approval (AGMS)	Date of Approval by BI/FSA
1	Sng Seow Wah	President Director	February 27, 2015	November 20, 2014
2	Herry Hykmanto	Director	April 03, 2008	May 13, 2008
3	Michellina L. Triwardhanny	Director	April 29, 2010	May 27, 2010
4	Satinder Pal Singh Ahluwalia	Director	April 29, 2010	June 24, 2010
5	Adnan Qayum Khan	Director	April 28, 2016	August 8, 2016
6	Heriyanto Agung Putra	Director	April 28, 2016	December 23, 2016
7	Rita Mirasari	Director (Independent)	September 7, 2016	September 14, 2016

Duties and Responsibilities of the Board of Directors of the Main Entity

Duties and responsibilities of the Board of Directors of the Main Entity within Danamon Group financial conglomerate is set out in the Integrated Corporate Governance Policy and the Charter of the Board of Directors. The duties and responsibilities of Danamon's Board of Directors within the Main Entity are to:

- 1) Ensure the implementation of Integrated Corporate Governance in Danamon Group financial conglomerate with duties and responsibilities as follows:
 - a. Prepare the Integrated Corporate Governance Policies;
 - b. Direct, monitor, and evaluate, the implementation of the Integrated Corporate Governance Policies;
 - c. Follow up on guidance or advice provided by the Board of Commissioners of the Main Entity in line with the refinement of Integrated Corporate Governance Policies.
- 2) Ensure that all audit findings and recommendations of the Integrated Internal Audit, External Auditor, the monitoring outcome from the Financial Services Authority and the monitoring outcome from other authorities, have been followed up by the Main Entity in Danamon Group.
- 3) Be responsible for supervision of each Entity within Danamon Group Financial Conglomeration.

Implementation of Duties and Responsibilities in 2017

The Board of Directors of the Main Entity has prepared and established the Integrated Corporate Governance Policies through BoD Decision KEP: DIR-COMP-020 on the Integrated Corporate Governance Policy dated November 26, 2015. In 2017, the Board of Directors of the Main Entity, with input, recommendations and directives from the Board of Commissioners and the Integrated Corporate Governance Committee, updated the policy on Integrated Corporate Governance through BoD Decision No. KEP: DIR-COMP-004 dated August 29, 2017 on Danamon Governance Policy and Terms of Reference for Good Corporate Governance (Danamon Group). The Board of Directors has submitted an Integrated Corporate Governance Policy and updated the terms of reference for the implementation of Good Corporate Governance (Danamon Group) to each of the Directors of Subsidiary Companies in Financial Conglomeration for follow-up.

The Board of Directors performed supervisory functions of entities in financial conglomeration through reports and meetings held during 2017 with discussion material on subsidiaries, implementation of Integrated Corporate Governance and/or integrated risk management. The Board of Directors through its reports and meetings also ensured follow-up and correction of the audit findings and recommendations of the Integrated Internal Audit Unit, External Auditor, the results of the supervision of the Financial Services Authority and/or the results of oversight of other authorities. During 2017, there was no follow-up to the fulfillment of audit results from regulators that exceeded the agreed deadline.

In order to support the effectiveness of the implementation of supervisory duties, the Directors of the Company also become members of the Board of Commissioners of the subsidiaries, as follows:

No	Nama	Position at the Main Entity (Danamon)	Position at the Subsidiary
1.	Sng Seow Wah	President Director	President Commissioner at PT Adira Dinamika Multifinance, Tbk.

INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee is established under Financial Services Authority Regulation Number 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomeration to support the effectiveness of the implementation of the duties of the Board of Directors of the Main Entity and assist the Board of Directors of the Main Entity to supervise the implementation of Integrated Corporate Governance in Danamon Group.

The Integrated Corporate Governance Committee is established by the Board of Commissioners and is determined based on BoD Decision No. Kep: DIR-Corp.Sec.-009 dated August 12, 2015 on the Establishment of an Integrated Corporate Governance Committee.

Integrated Corporate Governance Committee Charter

The Integrated Corporate Governance Committee has a Charter governing matters related to the objectives, accountability, structure and membership, tenure, duties and responsibilities, authority, organization of meetings, disclosure and reporting, and sanctions. The Committee Charter is periodically reviewed.

Structure of Membership of Integrated Corporate Governance Committee

- 1) The Integrated Corporate Governance Committee comprises:
 - a) An Independent Commissioner, who is Chairman in one of the BOC Committees of Danamon, as Chairman and Member;
 - b) Independent Commissioner(s) who represents, and is appointed from one or more Entities in Danamon Group, as member(s);
 - c) An independent party, as a member;
 - d) Members of the Syariah Supervisory Board from one or more Entities in Danamon Group, as member(s).

- 2) The number and composition of the independent commissioners to be members of the Integrated Corporate Governance Committee will be adapted to the needs of Danamon Group, as well as to the efficiency and effectiveness of the implementation of the Integrated Corporate Governance Committee's tasks with attention to, and representation of each of the financial services.
- 3) Membership of independent commissioners in the Integrated Corporate Governance Committee can be either permanent or non-permanent, according to the needs of Danamon Group.
- 4) The independent party can be an independent party from a Danamon Committee.
- 5) Membership of the Syariah Supervisory Board in the Integrated Corporate Governance Committee is only required if there are entities conducting business based on syariah principles.
- 6) Membership of the Independent Commissioner, independent party, and Syariah Supervisory Board on the Integrated Corporate Governance Committee of the Financial Conglomeration is not counted as a concurrent position.

Composition of Integrated Corporate Governance Committee of Danamon Group

Based on BoC Circular Resolution No. KSR-KOM. Corp.Sec.005 dated April 28, 2017, members of the Integrated Corporate Governance Committee consists of 7 (seven) members, including 2 (two) Independent Commissioners (Made Sukada and Manggi T. Habir) and 1 (one) Commissioner (Ernest Wong Yuen Weng) from Danamon (Main Entity), an Independent Commissioner representing and appointed from each Subsidiary Company based on representation of the financial services sector (finance company (Djoko Sudyatmiko) and insurance company (Yulian Noor), an independent party from the Main Entity (Angela Simatupang), and a member of the Syariah Supervisory Board of the Main Entity (M. Din Syamsuddin).

In relation to the appointment of a member of the Integrated Corporate Governance Committee (Yulian Noor) to the President Director of the Subsidiary Company, the total number of members of the Integrated Corporate Governance Committee is 6 persons. The members of the Integrated Corporate Governance Committee as of December 31, 2017 are as follows:

Integrated Corporate Governance Committee			
No.	Name	Position	Title
1.	Made Sukada	Chairman	Independent Commissioner of the Main Entity (Danamon)
2.	Ernest Wong Yuen Weng	Member	Commissioner of the Main Entity (Danamon)
3.	Manggi T. Habir	Member	Independent Commissioner of the Main Entity (Danamon)
4.	Djoko Sudyatmiko	Member	Independent Commissioner Representing and Appointed by PT Adira Dinamika Multi Finance, Tbk.
5.	Angela Simatupang	Member	Independent Party of the Main Entity (Danamon)
6.	M. Din Syamsuddin	Member	Chairman concurrently member of Syariah Supervisory Board of Main Entity (Danamon)

In order to maintain independence, members of the Board of Commissioners and/or members of the Syariah Supervisory Board who are Chairmen or members of the Integrated Corporate Governance Committee are not provided with any additional income other than income as members of the Board of Commissioners or the Syariah Supervisory Board.

Profile of Members of the Integrated Corporate Governance Committee

Nama and Age	Citizenship and Domicile	Job Title	Term of Office	Expertise	Qualifications/ Education Background
Made Sukada 65 Years Old	Indonesia	Chairman/ Independent Commissioner	April 2017 -Present	Finance/Risk Management	<ul style="list-style-type: none"> Bachelor in Accounting from University of Padjajaran, Bandung, 1977 Master in Economics from the University of Pittsburgh, USA, 1984

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon 2014-present
- Member of Board of Supervision, Yayasan Danamon Peduli, 2014-present
- Advisor to the Board of Governor, Bank Indonesia, 2010-2014
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk. 2010-2014.
- Director-level positions at various departments in Bank Indonesia, 1998-2010.

Ernest Wong Yuen Weng 72 Years Old	Singapore	Member/ Commissioner	April 2017 - Present	Finance/Risk Management	First Class Honours Degree Chemical Engineering from University of Surrey, United Kingdom, 1967
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Professional Experience (Job Title, Organization, Term of Office)

- Commissioner, Danamon 2010-present
- Chairman, MediaCorp July 2016-present
- Board Trustee Nanyang Technological University 2006-present
- Board Member Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd., 2012-present
- Chairman, Fullerton Financial Holdings Pte. Ltd., 2011-present
- Board Member, Singapore Health Services Pte. Ltd. (SingHealth), 2006-2015
- Board member, Pavilion Capital Holdings Pte. Ltd., 2012-2015
- Board member, Economic Development Board and The Ministry of Finance, 1989-1993.
- Group CEO, MediaCorp Pte. Ltd., 2000-2005
- Board member, United Overseas Bank Group, 1990-2005
- Chairman, the Association of Banks in Singapore, 1991-1993 and 1999-2000.

Manggi T. Habir 64 Years Old	Indonesia	Member/ Independent Commissioner	April 2017- Present	Finance/Risk Management	<ul style="list-style-type: none"> Master in Business Administration, University of Michigan, 1979 Master in Public Administration, Harvard University, 2002
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Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairperson of Board of Supervisor, Yayasan Danamon Peduli, 2006-present.
- Advisor, PT Avrist Life Insurance, 2014-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poor's, Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securities, 1995-1998.
- Business and Economic Correspondent, Far Eastern Economic Review, 1982-1985.
- Assumed various key positions, Citibank N.A. Jakarta, 1985-1991.

Profile of Members of the Integrated Corporate Governance Committee

Nama and Age	Citizenship and Domicile	Job Title	Term of Office	Expertise	Qualifications/ Education Background
Djoko Sudyatmiko 72 Years Old	Indonesia	Member/ Independent Commissioner PT Adira Dinamika Multi Finance, Tbk	April 2017 - Present	Economy and Corporate Governance	Bachelor degree in Electrical Engineering from Institut Teknologi Bandung in 1968

Professional Experience (Job Title, Organization, Term of Office)

- Commissioner at ASCO Group, 2012-present
- Commissioner cum Corporate Independent Commissioner, 2011-present
- Corporate Independent Commissioner, 2004-2011
- Commissioner at PT Pakoakuina-Automotive Wheel Rim Manufacturer, 2003-present
- Commissioner at PT Inkoasku-Automotive Wheel Rim Manufacturer, 2003-2010
- Commissioner at PT Palingda-Automotive Wheel Rim Manufacturer, 2003-2010
- Commissioner at PT Adira Sarana Armada, 2003-2009
- Commissioner at PT Asuransi Adira Dinamika, 2003-2008
- Corporate President Commissioner, 2002-2004
- Commissioner at PT Kharaba Unggul/PT Makro Indonesia, 1990-2000
- Commissioner at PT Dharma Sarana Perdana, 1989-1995
- Commissioner at PT Astra Graphia Tbk, 1986-1989
- Member of Peoples Consultative Assembly (MPR RI), 1992-1997
- Member of Peoples Representative Assembly (DPR) and Peoples Consultative Assembly (MPR-RI), 1971-1992.

M. Din Syamsuddin 59 Years Old	Indonesia	Member/Chairman of Syariah Supervisory Board	April 2017 - Present	Islam Law Science (Syariah), Islamic Political Science, and Interfaith/ Interculture Communication	<ul style="list-style-type: none"> • Bachelor degree in the Discipline of Ushuluddin awarded by UIN Syarif Hidayatullah, Jakarta, 1980 • Master degree, UCLA, USA, 1988 • Ph.D, UCLA, USA, 1991
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Professional Experience (Job Title, Organization, Term of Office)

- Head of Research and Development of Golkar Party, 1993-1998
- Deputy Secretary General of Golkar Party (1998-2000)
- Member of Peoples Consultative Assembly (MPR RI), 1998-1999
- Director General of Workers Placement of the Ministry of Manpower of the Republic of Indonesia (1998-2000)
- Professor for Islamic Political Thought at UIN Jakarta (1982-present)
- Lecturer at various universities (1982-2000).

Angela Simatupang 42 Years Old	Indonesia	Member/ Independent Party	April 2017 - Present	Internal Audit, Risk Management and Corporate Governance	Master of Commerce in International Business and Management of Technology, The University of Sydney, 2002
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Professional Experience (Job Title, Organization, Term of Office)

- Managing Partner, Governance Risk Control Practice at RSM AAJ, 2012-present.
- Member of RSM International Network Limited in Indonesia, RSM Global Organization, 2009-2012.
- Member of RSM Asia Pacific, Risk Advisory Sub Committee, International Contact Partner for Indonesia, 2008-present.
- Governor, Institute Internal Auditors-Chapter Indonesia, 2014-2017.
- Course instructor for internal audit and risk management at Magister of Accounting and Accounting Professional Training Program, University of Indonesia, 2008-2010.
- Wrote various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Australia, 2005.

Duties and Responsibilities of the Integrated Corporate Governance Committee

The duties and responsibilities of the Integrated Corporate Governance Committee in Danamon Group Financial Conglomeration are stipulated in the Integrated Corporate Governance Policy and the Charter of the Integrated Corporate Governance Committee. The duties and responsibilities of the Integrated Corporate Governance Committee include:

- 1) Evaluate the implementation of Integrated Corporate Governance through an assessment of the adequacy of internal controls and the implementation of integrated compliance.
- 2) Provide recommendations to the Board of Commissioners of the Main Entity for the improvement of the Integrated Corporate Governance Policy.

- 3) Increase the competence of members through continuous education and training.
- 4) Maintain, review and update the Charter of the Integrated Corporate Governance Committee periodically.
- 5) Maintain the confidentiality of all documents, data, and information of the Company and Subsidiaries.

Implementation of Integrated Corporate Governance Committee Meeting 2017

The Integrated Corporate Governance Committee held 3 (three) meetings during 2017, on 23 January 2017, 25 July 2017, and 21 November 2017, with the following attendance rates:

Attendance Rate of the Integrated Corporate Governance Committee Meeting 2017

Name	Meeting Attendance	Attendance Rate
Made Sukada	3	100%
Manggi T. Habir	3	100%
Ernest Wong Yuen Weng ¹⁾	3	100%
M. Din Syamsuddin	2	67%
Djoko Sudyatmiko	3	100%
Julian Noor ²⁾	2	100%
Angela Simatupang	3	100%

¹⁾ Ernest Wong Yuen Weng attended via teleconference on the committee meeting on November 21, 2017

²⁾ Julian Noor did not attend the meeting on November 21, 2017 as of appointed as President Director of PT AAD per October 2017

Main Agenda of the Integrated Corporate Governance Committee Meeting 2017

Date	Main Agenda
January 23, 2017	<ul style="list-style-type: none"> • Report on Self-Assessment of Integrated Corporate Governance • Update on Corporate Governance Policy and Integrated Corporate Governance • Update from Subsidiaries
July 25, 2017	<ul style="list-style-type: none"> • Report on Self-Assessment of Integrated Corporate Governance • Update from Subsidiaries
November 21, 2017	<ul style="list-style-type: none"> • Update on the Issuance of Integrated Corporate Governance Policy • Follow-up on Commitment to FSA Findings • Membership of Integrated Corporate Governance Committee • Update from Subsidiaries

Implementation of Duties and Responsibilities of the Integrated Corporate Governance Committee in 2017

During 2017, the Integrated Corporate Governance Committee reviewed and evaluated:

1. Self-assessment results of the implementation of Integrated Corporate Governance which includes:
 - Board of Directors of the Main Entity
 - Board of Commissioners of the Main Entity
 - Integrated Corporate Governance Committee
 - Integrated Compliance Working Unit

- Integrated Internal Audit Unit
 - Implementation of Integrated Risk Management
 - Guidelines for Integrated Corporate Governance
2. Integrated Corporate Governance policy update (Danamon Corporate Governance policy and terms of reference for the implementation of good corporate governance of subsidiaries)
 3. Implementation of Integrated Corporate Governance of the Main Entity and Subsidiaries.

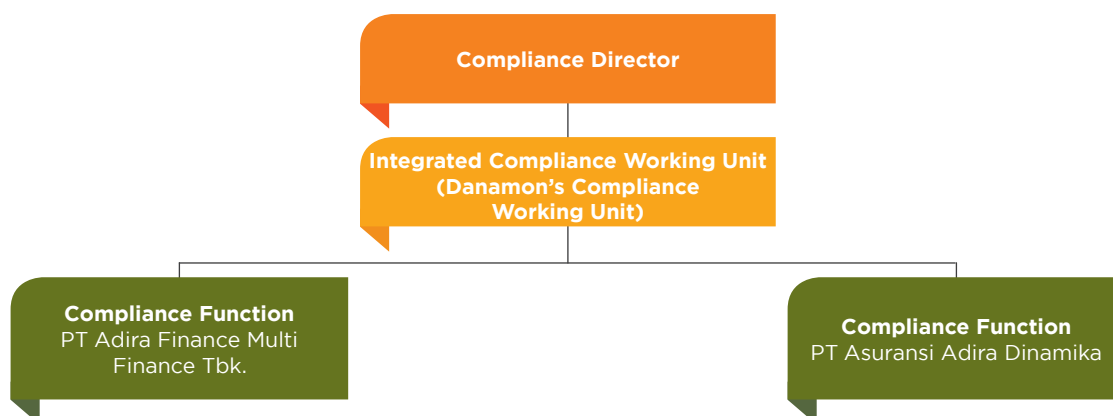
The Integrated Corporate Governance Committee directed management to improve the implementation of Danamon Group Integrated Corporate Governance in 2017. The Integrated Corporate Governance Committee periodically submits implementation

reports related to the implementation of Integrated Corporate Governance to the Board of Commissioners in the Board of Commissioners' meeting.

INTEGRATED COMPLIANCE WORKING UNIT

Implementation of the Integrated Compliance Working Unit (SKKT) is carried out by the existing Danamon Compliance Working Unit. The Compliance Working Unit is established independently and is directly responsible to the Compliance Director. Structure and infrastructure are adequate to support the implementation of the SKKT to coordinate, monitor and evaluate compliance in all entities in Danamon Group Financial Conglomeration.

Structure and Position of Integrated Compliance Working Unit



Duties and Responsibilities of The Integrated Compliance Working Unit

The Integrated Compliance Working Unit is allocated tasks as follows:

- a. Monitor and evaluate the implementation of compliance in each Entity in the Financial Conglomeration.
- b. Prepare and submit reports on the execution of duties and responsibilities to the Director of Compliance of the Main Entity or the Director appointed to perform the oversight of the Entity in the Financial Conglomeration.

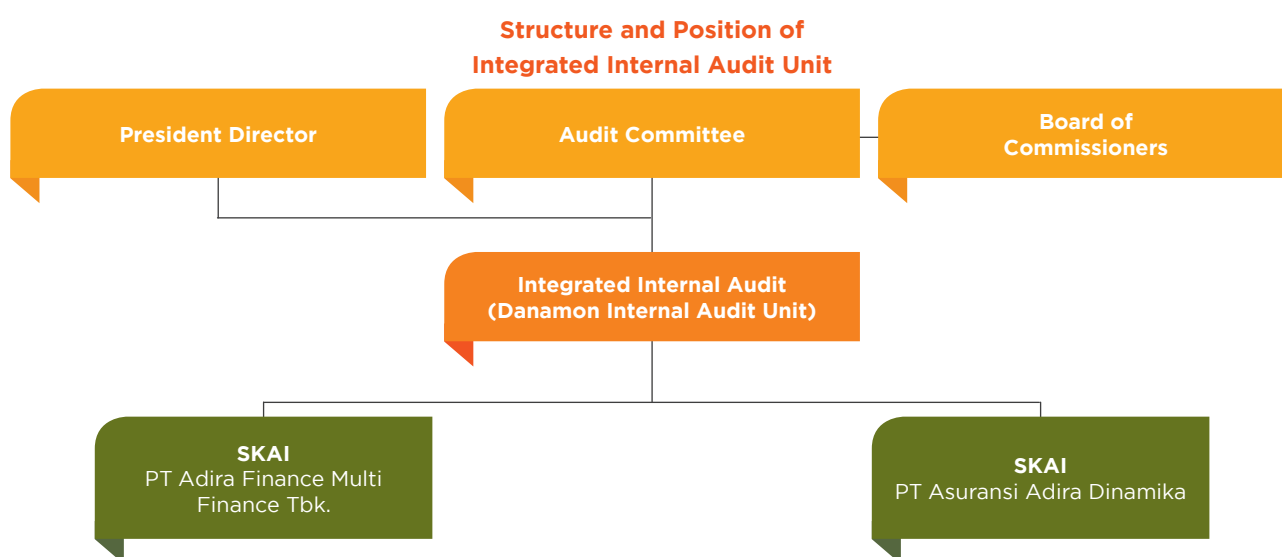
Implementation of Duties and Responsibilities of The Integrated Compliance Working Unit in 2017

During 2017, the Integrated Compliance Working Unit fulfilled the following duties and responsibilities:

- Ensured compliance in each subsidiary company was established independently and supported by adequate compliance policies or guidelines.
- Coordinated and monitored the implementation of compliance in the subsidiaries, including providing consultation on compliance implementation.
- Ensured regular compliance of subsidiaries against regulatory parameters.
- Developed regulatory parameter monitoring limits for Subsidiaries.

- Reviewed reports on compliance implementation submitted by subsidiaries on a quarterly basis.
- Conducted compliance testing on 12 product programs issued by Subsidiaries.
- Delivered new regulations to Subsidiaries
- Monitored follow-up and commitment to improve the results of the audit conducted by FSA.
- Conducted integrated compliance risk assessment and prepared an integrated compliance risk profile report.
- Coordinated the assessment and preparation of self- assessment results of Integrated Corporate Governance on a semi-annual basis.

INTEGRATED INTERNAL AUDIT UNIT



Since June 1, 2016, Evi Damayanti has headed the Integrated Internal Audit Unit (SKAIT) of Bank Danamon, serving as Head of Internal Audit, and replaced Antony Kurniawan, according to Letter addressed to FSA No. B. 140 - Corp. Sec. dated May 31, 2016 regarding: Disclosure of Information on the Release of Duty of the Acting Head of Internal Audit Unit and Appointment of Head of Internal Audit Unit of PT Bank Danamon Indonesia, Tbk.

Integrated SKAI Duties and Responsibilities

Integrated SKAI's duties and responsibilities, include:

- Establish an annual audit plan with a risk-based methodology and implement an approved annual audit plan, including specific tasks/projects;
- Review and recommend the annual audit plan of the subsidiary's Internal Audit;
- Improve professional knowledge, expertise, experience and professional certification;
- Monitor and review the internal audit implementation of the Subsidiaries;
- Prepare and submit reports to FSA, in the form of: implementation reports and the principle internal audit results, special reports on any internal audit findings that are expected to disrupt the business continuity of the bank, and reports on the external review which contain opinions on the work of the Internal Audit Unit;

- f. Recommend counteractive plans for audit findings to relevant units and monitoring, as well as ensure that counteractive actions have been effectively undertaken by management;
- g. Conduct regular meetings with the Danamon's Internal Audits at subsidiaries at least quarterly;
- h. Develop programs to evaluate the quality of internal audit activities undertaken;
- i. Ensure tasks and responsibilities of the Integrated Internal Audit Unit (SKAIT) are governed as per the integrated internal audit charter and submitted in the Integrated Corporate Governance Report.

Integrated SKAI Authority

SKAIT has the authority to:

- a. Allocate resources, assign frequency, select subjects, determine the scope of work, and apply the techniques required to achieve audit objectives;
- b. Obtain the necessary assistance from Danamon and subsidiary unit personnel where the audit is carried out, including other specialized services from within and outside Danamon and its subsidiaries.

Internal Audit Methodology

In the implementation of the internal audits, SKAIT has implemented Risk based Internal Audit. The planning of the internal audit program is conducted comprehensively on the basis of priority over entities considered to be at high or moderate risk. SKAIT utilizes information technology to conduct risk assessment, either macro risk assessment or micro risk assessment. Based on the macro risk assessment combined with the audit framework, SKAIT prepares

an annual audit plan, and establishes the entity to be audited, the audit schedule, and the staff and logistics required. The micro risk assessment process is used to determine sampling.

Internal Audit Priority in 2017

- a. SKAIT continued the audit focus on high-risk entities that have a branch-wide network namely, Danamon Simpan Pinjam - Self Employed Mass Market (DSP-SEMM), Retail Banking, Small Medium Enterprise (SME) and subsidiary branches.
- b. SKAIT paid special attention to business lines and areas undergoing transformation.
- c. SKAIT continued to improve the competence of auditors through training, both on product knowledge and procedures, as well as training on risk management understanding and audit processes, as well as professional certification.
- d. SKAIT continued the development of analytic functions by continuing to develop the scope of data analyzed.
- e. SKAIT continued the quality assurance process and studied the best internal audit practices in the banking industry (SKAI Danamon), the financing industry (Adira Dinamika Multi Finance Internal Audit Unit), and the insurance industry (Adira Dinamika Insurance Internal Audit Unit) as a comparison.
- f. SKAI Danamon together with the ADMF and AAD Internal Audit teams conducted joint audits in each related entity.
- g. SKAI Danamon together with the ADMF and AAD Internal Audit teams regularly coordinated, aligned and shared knowledge.

Audit Plan & Realization until 31 December 2017

During 2017, SKAIT of Bank Danamon Financial Conglomerate conducted internal audit activities as follows:

- a. SKAI Danamon commenced an audit of 433 entities in the Bank:

Audit Plan & Realization as of December 31, 2017

Danamon	Audit Plan 2017 (revised*)	Audit Realization in 2017
a. Head Office Audit	42	44
b. Regional Office Audit	24	24
c. Branch Audit:		
- Conventional Branch	172	174
- Self Employed Mass Market (SEMM)	181	191
Total Branch Audit	353	365
Total Audit	419	433**

The revision of the Audit Plan to 419 entities was carried out in July 2017 due to new projects, the additions to and changes in examination focus and changes in the auditing approach of branch offices.

** The audit realization of 433 entities includes an additional 4 audit entities added to the audit plan throughout 2017.

- b. The implementation of the internal audit of Adira Dinamika Multi Finance (ADMF) and Asuransi Adira Dinamika (AAD) is currently performed individually by the Internal Audit Unit of each company or jointly audited with SKAI Danamon.

Audit Plan & Realization as of December 31, 2017

ADMF	Audit Plan 2017	Audit Realization in 2017
a. Head Office Audit	7	10
b. Regional Office Audit	28	34
c. Branch Audit	137	128
Total Audit	172	172*

* The audit realization of 172 entities includes an additional 1 audit entity added to the audit plan throughout 2017.

Audit Plan & Realization as of December 31, 2017

AAD	Audit Plan 2017	Audit Realization in 2017
a. Head Office Audit	11	11
b. Branch Audit	1	1
Total Audit	12	12

IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

Integrated Risk Management Policies and Their Implementation

Danamon as the Main Entity maintains Integrated Risk Management Policies based on Bank Indonesia and FSA prevailing regulations and other existing and related regulations. Integrated Risk Management Policies cover the risk management framework serving as the guideline for implementing Danamon Group's risk management, and are subject to periodic review.

Concerning Integrated Risk, Danamon is centrally responsible for coordinating all policies and implementation of risk management at Danamon and its Subsidiaries, both individually and integrated.

Implementation of Integrated Risk Management is conducted as follows:

- a. Supervision by the Board of Directors and Board of Commissioners of the Main Entity.

For the main entity, implementation of Integrated Risk Management involves monitoring and active supervision by the Board of Directors and Board of Commissioners. The Board of Directors and the Board of Commissioners understand the risks and ensure the risk culture is embedded, and that the implementation of Risk Management of Danamon Group, as part of implementing Integrated Risk Management, is performed effectively. In the implementation, committees are established as required, which include among others Risk Monitoring Committee at the Board of Commissioners level, Risk Management Committee at the Board of Directors level, and Integrated Risk Management Committee in Danamon Group.

- b. Integrated Risk Management Organization

In line with the implementation of comprehensive and effective Integrated Risk Management, Danamon, as the Main Entity, has established the Integrated Risk Management Committee and Integrated Risk Management Working Unit.

- 1) Integrated Risk Management Committee

Danamon as the Main Entity has established the Integrated Risk Management Committee in line with the implementation of integrated risk management. Members of the Integrated Risk Management Committee are Danamon's Board of Directors, Directors representing the Subsidiaries, as well as appointed relevant executive officials. The chairperson is Danamon's Integrated Risk Director.

Integrated Risk Management Committee meetings are held on a regular basis. Members, individually or as a group, may request an extraordinary meeting to be held to discuss an important issue. Integrated Risk Management

Committee meetings are led by the Chairman of the Committee.

The primary duties of the Integrated Risk Management Committee are to provide recommendations to the Bank's Board of Directors as the Main Entity on the implementation of Integrated Risk Management in Danamon Group. Duties and responsibilities include to:

- a. Prepare Integrated Risk Management Policies.
- b. Revise and refine the Integrated Risk Management Policies based on the outcome of implementation evaluations.

- 2) Integrated Risk Management Unit

Danamon as the Main Entity has established Integrated Risk which combines a Risk Management Unit that has a role and responsibility for risk management at Danamon individually, and an Integrated Risk Management Unit for the implementation of integrated risk management.

Integrated Risk is independent of risk taking units and reports to Danamon's Director of Integrated Risk, who subsequently reports directly to the President Director. The Integrated Risk Director is also the Chairman of Danamon's Risk Management Committee and Chairman of the Integrated Risk Management Committee.

In implementing its functions as an Integrated Risk Management Unit, Integrated Risk of Danamon coordinates with the risk management units of the Subsidiaries in Danamon Group. The authority and responsibilities of the Integrated Risk Management Unit include:

- Provide feedback to the Board of Directors and Integrated Risk Management Committee in preparing and refining Integrated Risk Management Policies.
- Monitor the implementation of Integrated Risk Management Policies including the development of procedures and tools to identify, measure, monitor, and control risk.

- Perform risk monitoring in Danamon Group by monitoring the risk profile of each Entity, both individually as well as jointly.
- Perform stress tests on Danamon Group.
- Periodically review the risk assessment methods, the adequacy of management information system implementation, and the appropriateness of policies, procedures, and risk limits in an integrated manner.
- Review proposals of new strategic business lines with significant impact toward risk exposure.
- Provide information to the Integrated Risk Management Committee on issues, which need further follow-up relevant to the evaluation of Integrated Risk Management implementation.

Integrated Risk Management Committee

Structure and Membership of the Committee

Chairman: Main Entity's Director of Integrated Risk Entity

Members:

- Designated Directors of each Subsidiary
- Division Heads in Integrated Risk Management Unit

Status of Voting Rights and Decision Making

Decision-making of Committee meetings is based on the principle of consensus deliberation. In cases when consensus does not occur, a decision is made by a majority vote. Decisions made by majority vote are based on the principle of 1 (one) person/1 (one) vote.

The duties and responsibilities of the Integrated Risk Management Committee

- Provide recommendations to the Board of Directors of the Main Entity in relation to the preparation of the Integrated Risk Management policy;
- Provide recommendations to the Board of Directors of the Main Entity related to the improvement of the Integrated Risk Management policy based on the results of the implementation evaluation.

Member Attendance Rates In Integrated Risk Management Committee Meetings

In 2017, the Integrated Risk Management Committee held 2 meetings with the following committee members attending:

Committee Members	Attendance of Members in Committee Meetings
Adnan Gayum Khan	1
Iwan Dharmawan	2
Eunice Kurniawan	1
Ho Liong Min	2
Meryati	2
Handy Widiya	1

Meetings and Agenda of Integrated Risk Management Committee Meeting

Date of Meeting	Agenda
February 24, 2017	<ul style="list-style-type: none"> - FSA Integrated Risk Profile Semester 2 2016 - Risk Profile Adira Insurance - Risk Profile Adira Finance - Update on the risk framework project - Policy of Integrated Capital Adequacy for Financial Conglomeration

Meetings and Agenda of Integrated Risk Management Committee Meeting

Date of Meeting	Agenda
August 10, 2017	<ul style="list-style-type: none"> - FSA Integrated Risk Profile Semester 1 2017 - Group Risk Appetite Statement (RAS) - Recovery Plan - New Risk Acceptance and Escalation Matrix - Adira Insurance Update - Adira Finance Update - Syariah Update

Implementation of Integrated Risk Management Committee in 2017

Important activities undertaken by the Integrated Risk Management Committee during 2017 were:

- Approval of Integrated Risk Profile
- Update of Risk Framework projects
- Company Subsidiaries Update
- Update on Integrated Capital Adequacy for Financial Conglomeration policy
- Discussion about Group Risk Appetite Statement
- Update Recovery Plan
- Discussion on New Risk Acceptance and Escalation Matrix

INTRAGROUP TRANSACTION POLICY

Intragroup Transaction Risk is due to the dependency of an entity either directly or indirectly on another entity within a financial conglomeration in line with the fulfillment of obligations both in the form of written or oral agreements, followed by either fund transfers or not.

The implementation of Intragroup Transaction Risk Management is conducted by taking into account transaction activities among entities within a financial conglomeration. Danamon as the Main Entity has managed the implementation of risk management on

intragroup transaction based on the integrated risk management policy, reviewed periodically. Intragroup transaction limits are set through coordination between Danamon as the Main Entity and the subsidiaries as the entities within Danamon Group.

Implementation of risk management on Intragroup Transactions is performed through identifying, measuring, monitoring, and risk controlling processes as well as the means of the Management Information System. Intragroup Transaction Risks may arise, due to:

- Cross-ownership among entities within a financial conglomeration.
- Short-term centralized liquidity management.
- Guarantees, loans, and commitment made or received by an entity from another entity within a financial conglomeration.
- Exposures to the controlling shareholders, including loan exposures and off-balance sheet such as warranties and commitments.
- Purchases or sales of assets to other entities within a financial conglomeration.
- Transfer of risks through reinsurance;
- Transactions to transfer risk exposures to a third party among entities within a financial conglomeration.

SELF-ASSESSMENT RESULT OF INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION

Self-Assessment Result Integrated Corporate Governance Implementation Position June and December 2017	
Rank	Definition of Rank
2	Indicates that the Financial Conglomeration in general has well implemented Integrated Corporate Governance (ICG). This is reflected in the adequate implementation of the principles of ICG. Any weaknesses in the implementation of ICG principles in general are not significant and may be resolved through normal measures by the Main Entity and/or Entities in the Financial Conglomeration.

Based on self-assessment, Danamon has an adequate Integrated Corporate Governance structure and infrastructure to allow the implementation of the principles of Integrated Corporate Governance to work effectively and produce quality outcomes. This is reflected in some of the following indicators:

Indicators	Assessment Summary
Board of Directors and Board of Commissioners of Main Entity	<ul style="list-style-type: none"> The Board of Directors of the Main Entity and the Board of Commissioners of the Main Entity have passed the fit and proper tests and obtained approval from the Financial Services Authority and Bank Indonesia. The Board of Directors of the Main Entity and the Board of Commissioners of the Main Entity have fulfilled the requirements of integrity, competency and financial reputation and have understood the key business and financial risks of the Main Entity in the Financial Conglomeration. The Board of Commissioners of the Main Entity evaluates the Integrated Corporate Governance Policy and the Board of Directors of the Main Entity follows up on the direction or advice of the Board of Commissioners of the Main Entity in the context of the improvement of the Integrated Corporate Governance Policy. The Board of Directors of the Main Entity has ensured that audit findings and recommendations from the Integrated Internal Audit Unit, external auditors, and FSA supervisory results and/or other authorities have been acted upon by the Company in the Financial Conglomeration.
Integrated Corporate Governance Committee	<ul style="list-style-type: none"> The Integrated Corporate Governance Committee held 3 meetings during 2017 which discussed the implementation of Danamon Group Integrated Corporate Governance and updates of each Subsidiary Company. The Integrated Corporate Governance Committee periodically evaluates the implementation of Integrated Corporate Governance and provides recommendations to the Board of Commissioners to improve the Integrated Corporate Governance Policy
Integrated Compliance Working Unit and Integrated Internal Audit Unit	<ul style="list-style-type: none"> The Integrated Compliance Working Unit and Integrated Internal Audit Unit tasks are conducted by existing Danamon Working Units and independently formed with sufficient quantity and quality human resources. The Integrated Compliance Working Unit in Danamon monitors compliance with Danamon and its subsidiaries on the basis of agreed regulatory parameters and reports on the implementation of the Subsidiary's compliance. In 2017, there were some addition in the coverage of regulatory parameter and renewal of regulatory parameter's monitoring limit in each subsidiaries based on discussion of Danamon's Compliance Unit and subsidiaries' Compliance Unit. The Integrated SKAI monitors the implementation of internal audits by the subsidiary SKAI through routine meetings and reports submitted by the subsidiaries' internal audit units, and carry out the Quality Assurance Review to audit activities in subsidiaries' SKAI.
Implementation of Integrated Risk Management	<ul style="list-style-type: none"> Danamon has established a Risk Management Work Unit, Risk Management Committee, Risk Monitoring Committee and Integrated Risk Management Committee that has functioned according to their respective duties and responsibilities, and is supported by a comprehensive Risk Management Policy. Danamon has improved the Group Risk Appetite Statement (RAS) including RAS cascading for subsidiaries and has created a Recovery Plan in 2017. The Board of Directors and the Board of Commissioners of the Main Entity exercise active oversight of the implementation of integrated risk management policies and strategies.
Integrated Corporate Governance Policies	<ul style="list-style-type: none"> Danamon Group's Integrated Corporate Governance Policy was updated in 2017 and is applicable to the Bank Danamon Corporate Governance Policy (Main Entity) as well as the Terms of Reference for Good Corporate Governance Implementation. The implementation of the Integrated Corporate Governance process in Danamon Group refers to the Integrated Corporate Governance Policy.



Syariah Corporate Governance

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Syariah Corporate Governance

INTRODUCTION

The implementation of Corporate Governance at Danamon Syariah (UUS Danamon) is based on 5 (five) basic principles of Good Corporate Governance (GCG), as follows:

1. Transparency is openness in disclosing material and relevant information in the decision making process.
2. Accountability is the clarity of purpose in implementation of Bank operations leading to effective management.
3. Responsibility is the Bank management's compliance with the rules and legislation and the principles of sound management.
4. Professionalism is the competence and ability to act objectively and be free from influence or pressure from any party and show a strong commitment to the development of the syariah banking business.
5. Fairness is justice and equity in fulfilling the rights of stakeholders under the applicable laws and regulations.

The implementation of GCG principles is a commitment of all Company functions to support performance improvement and to protect the interests of stakeholders by continuing to observe fulfillment of syariah principles in conducting syariah business activities.

Danamon's consistency in GCG is reflected in compliance with laws and regulations, implementation of risk management, improvement of internal control encompassing all UUS work units and sustaining the best possible performance.

UUS DANAMON INITIATIVES

2017 was the second year in which UUS Danamon implemented a marketing strategy with a leveraging model, where all syariah products can be offered in all branch offices through sales and distribution networks (office channeling network). Strategic steps taken in 2017 were as follows:

- Strengthened sales and distribution strategy to be more customer centric rather than product-focused.
- Enhancement of Human Resource (HR) productivity accompanied by increased knowledge and skills, specifically in regard to syariah banking and intensive information dissemination of syariah products
- On-going improvements to risk management and corporate governance through policy enhancement and enhancement of other supporting systems
- Enhancement and improvement of infrastructure in terms of more integrated automation so as to improve customer service levels. This is accomplished by minimizing the manual process and by integrating multiple processes within existing Company systems
- Development of unique customer-oriented syariah products that can be marketed through Danamon's network of offices and in collaboration with Danamon group

In order to raise consumer and community syariah financial literacy, launched by the Financial Services Authority (FSA), Danamon has undertaken several programs as follows:

Syariah Financial Literacy Program	Objectives
Education on Syariah banking "iB Vaganza Program" in collaboration with FSA (Banking)	Fostering community awareness on syariah banking and products
Syariah Finance Fair in cooperation with FSA (Banking, insurance, and capital market)	Information dissemination to the public in regard to syariah financial products that include: Takaful, Syariah Banking, and Syariah Capital Markets

SHARIA SUPERVISORY BOARD (SSB)

Number and Composition of SSB

In 2017, the number of UUS Danamon SSB members was 3 (three) people as mentioned below. However, on July 10, 2017, a member of SSB, Drs H. Karnaen A. Perwataatmadja, MPA, FIIS, passed away. In this regard, UUS Danamon made report to the FSA through Letter No. B.408-DIR dated July 13, 2017. The composition of SSB is as follows:

- Prof. Dr. H.M. Din Syamsuddin (Chairman)
- Dr. Hasanudin, M.Ag (Member)
- Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (passed away on July 10, 2017)

Concurrent Position of SSB Members at Other Syariah Financial Institutions

All members of the SSB have fulfilled the terms of concurrent position as stipulated in Bank Indonesia Regulation No.11/10/PBI/2009 regarding Syariah Business Unit Concurrent Positions as follows:

Name	Position Held in Other Companies	Name of Company
Prof. Dr. H.M. Din Syamsuddin (Chairman)	DPS	
Dr. Hasanudin, M.Ag (Member)	DPS DPS	a. BNI Syariah b. Toyota Astra Finance Services Syariah c. Trimegah
Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (*) (Member)	DPS	a. Unit Syariah Asuransi Bintang b. Unit Syariah Asuransi Manulife c. BPRS Harta Insan Karimah

(*) on July 10, 2017, Drs H. Karnaen A. Perwataatmadja, MPA, FIIS passed away, which has been reported to FSA by letter no. B.408-DIR dated July 13, 2017 regarding notices related to members of the Syariah Supervisory Board of PT Bank Danamon Indonesia Tbk (the "Company")

SSB Work Program 2017

UUS Danamon SSB in 2017 conducted the following work programs:

- Held at least 12 (twelve) SSB discussion meetings on syariah principles, filing new products and requests for opinions on situations occurring during operations
- Conducted periodic reviews including oversight of the fulfillment of syariah principles on fund raising mechanisms and the distribution of funds and UUS services by means of sampling tests on customers, both customer funding and financing
- Established proper collaboration between the Syariah Assurance Unit and UUS Danamon in the implementation of all UUS Danamon SSB activities, to examine and request clarification from Danamon UUS officials in charge of essential matters.
- Prepared the SSB Supervision Result Report every 6 months, submitted it to the FSA with copies to DSN-MUI, the Board of Commissioners, the Director of UUS Danamon, the Internal Audit Unit and the Compliance Division
- Heightened syariah and banking knowledge by continuously improving SSB capacity through training programs and workshops in order to boost UUS Danamon growth and progress
- Provided advice and recommendations to UUS Danamon Director on specific and general management of Bank Danamon in order to improve and fulfill syariah principles and to bolster UUS Danamon growth and development.

DPS Work Accomplishment 2017

- a. 12 (twelve) SSB routine monthly meetings were convened in 2017. Details of time, venue, meeting agenda, and attendance can be observed in Appendix 1. The attendance level of SSB members was as follows:

Name	Attendance
Prof. Dr. H.M. Din Syamsuddin	7
Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (*)	6
Dr. Hasanudin, M.Ag	9

(*) on July 10, 2017, Drs H. Karnaen A. Perwataatmadja, MPA, FIIS passed away

The execution of SSB Meetings in 2017 complied with Bank Indonesia and FSA regulations. The decisions made during the SSB meetings were based on consensus deliberation. The result of the meetings decisions has been registered in the Minutes of Meeting, fully documented and submitted to the Director and management of the Bank for discharge.

- b. In the assessment of syariah principles fulfillment performed on a regular basis during 2017, and from the 200 customers' data presented, SSB conducted samplings of 55 customers, both funding and financing customers. The customer criteria is as follows:

Customer Data Presented	Customer Data Sampling
40 Funding customers; 2 Employee Cooperative Customers; 13 SMEC Customers;	40 Funding customers; 2 Employee Cooperative Customers; 13 SMEC Customers;

- c. Throughout 2017, SSB coordinated with Syariah Assurance Unit - UUS Danamon to back its function as SSB by issuing 7 (seven) DPS Opinions with details as follows:

No	ISSUES/TOPICS
1.	SSB's Opinion on Refinancing of Syariah Al-Ba' wa al-isti'jar Scheme (case study: PT Galenium Pharmasia Laboratories/PT GPL)
2.	SSB opinion on Syariah CASA Improvement Program
3.	SSB Opinion on Al-Ijarah Al-Muntahiyah Bi Al-Tamlik (IMBT) Document Simplification
4.	SSB's Opinion on Musyarakah Mutanaqisah Product (MMQ)
5.	SSB opinion on Ijarah Maushufah Fi Dzimmah (IMFZ)
6.	SSB Opinion on Opening of New Funding Account Through Digital Channels
7.	SSB Opinion on Temporary Use of Conventional Insurance in Syariah Financing

- d. Submitted a report on the SSB supervision results once every 6 months to the FSA with copies to DSN-MUI, the Board of Commissioners, the Director of Danamon UUS, the Internal Audit Unit and Danamon Compliance Working Unit.
- e. In 2017, UUS Danamon SSB attended training programs and workshops to upgrade SSB capabilities as detailed in the following table:

No	TRAINING PROGRAMS AND WORKSHOPS
1	Pra Ijtima Sanawi (Annual Meeting of the Indonesian Syariah Supervisory Board), dated October 3, 2017, Hall of DSN-MUI Office 2 nd Floor, Jakarta
2	Pra Ijtima Sanawi (Annual Meeting of the Indonesian Syariah Supervisory Board), November 2-3, 2017, Millenium Hotel, Fachrudin Road No.3, Kebon Kacang, Tanah Abang, Central Jakarta 10250

- f. Provided advice and recommendations to UUS Danamon Director during routine SSB meetings once a month or on certain occasions in order to improve and fulfill syariah principles, and to sustain development and growth of UUS Danamon.

SSB Supervision

SSB supervision results were reported to the FSA with copies to the Compliance Working Unit, Internal Audit Unit, Board of Directors & Commissioner of PT. Bank Danamon Indonesia, Tbk and the National Syariah Board - Majelis Ulama Indonesia (DSN-MUI) for 2 (two) periods, such as the Report of Supervision Results (LHP) for two period with consist the Report of Supervision Result (LHP) for mid year and year end. The LHP consists of:

- Financial reports, branch network development, products, human resources, and regular meetings with Bank Danamon UUS management during the period of such supervision
- Report on Danamon's products and services compliance follow-up, accompanied by the DSN-MUI fatwas
- Danamon supervision working papers on Danamon activities & product development
- SSB opinions issued during the period of such supervision.

In addition to supervision, SSB also provides recommendations and advice to the Board of Directors of PT. Bank Danamon Indonesia, Tbk and UUS Danamon management in the form of SSB opinions published in accordance with management requirements.

SSB Working Guidelines and Code of Conduct

SSB abides by the Working Guidelines and Code of Conduct, which are reviewed periodically. UUS Danamon constantly aligns SSB Working Guidelines and Working Procedures in accordance with the development of prevailing regulations and provisions.

SSB Remuneration

UUS Danamon SSB's members' remuneration and other fringe benefits are proposed by Danamon Remuneration Committee and stipulated in Danamon's Annual General Meeting of Shareholders. Total remuneration and other fringe benefits in 2017 are as follows:

Total Remuneration and other Benefits	Amount Received in 1 Year (gross)	
	Persons	Rupiah
1. Remuneration	3 ^(*)	671,088,020
2. Other Benefits	3	Health Insurance (including family members)
Total Remuneration *) per person in 1 year	Total SSB Members	
More than Rp2 billion	-	
More than Rp1 billion to Rp2 billion	-	
More than Rp500 million to Rp1 billion	-	
Less than Rp500 million	3	

(*) on July 10, 2017 Drs H. Karnaen A. Perwataatmadja, MPA, FIIS passed away

DIRECTOR OF UUS

With regard to GCG implementation, the UUS Danamon Director has performed the following:

- Coordinated with all levels of in UUS Danamon to carry out SSB's recommendations or input derived from SSB's regular meetings and Supervision Result Reports
- Coordinated with all levels of directorates for the development and upgrading of UUS Danamon's business, including operational and marketing coordination of syariah products through syariah services at the Bank's main branch
- Ensured Danamon's UUS health in accordance with FSA provision
- Coordinates with Bank Indonesia and FSA
- Is a member of the Risk Management Committee

LIST OF CONSULTANTS AND LEGAL ADVISORS

In 2017, UUS Danamon commissioned the law firm, M & Partner Services to handle case No.652/Pdt.G/2017/PA.PWK in Purwakarta Religious Court related to debt settlement with Debtor Lutpi Hidayat Nasir & Hj. Tien Nazhatin, where the case has been settled.

INTERNAL VIOLATIONS

In 2017, there were no internal fraud cases in UUS Danamon

Internal Fraud within 1 year	Number of cases committed by					
	Directors		Permanent Employees		Contract Employees	
	2016	2017	2016	2017	2016	2017
Total internal fraud	None	None	None	None	None	None
Settled	None	None	None	None	None	None
Under settlement within internal UUS	None	None	None	None	None	None
Settlement has not been sought	None	None	None	None	None	None
Has been followed up on through legal process	None	None	None	None	None	None

LEGAL ISSUES

In 2017, legal issues in UUS Danamon were as follows:

Legal Issues	Total	
	Civil	Criminal
Settled (permanent & legally binding)	1	None
Not settled/Under settlement	None	None
Total	1	None

UUS DANAMON ACTIVITIES

UUS Danamon activities consisted of 2 (two) proceedings, the distribution of the virtue funds for social activities and UUS Danamon achievements in the Indonesian banking industry. The following are the descriptions.

Distribution of Virtue Funds for Social Activities

Pursuant to Law Number 21 of 2008 concerning Syariah Banking Chapter II on Principles, Objectives and Functions. Islamic banks also carry out social functions as stated in Article 4 paragraph 2 which reads: "Syariah Bank and UUS can perform social functions in the form of baitul mal institutions, which receive funds derived from zakat, infak, alms, grants, or other social funds and channeling it to the zakat management organization." Hence, in 2017, UUS Danamon distributed 56 virtue funds to establishments, institutions, foundations, mosques/mushola, and eligible individuals totaling Rp. 1,061,280,000. The details of these proceedings can be observed in Appendix Table 2.

UUS Danamon Achievements

Achievement received by UUS Danamon in 2017 are as follows:

1. Banking Service Excellence Award 2017, 3rd Best Overall Performance from Infobank Magazine in cooperation with Marketing Research Indonesia (MRI) in the category of:
 - a. 1st Best Syariah Branch Phone Banking
 - b. 2nd Best Syariah Unit.
2. 2nd Digital Brand, in the category of Syariah Business Unit at Infobank Digital Brand 2017 Awards in cooperation with Isentia Research.
3. 1st Rank in The Most Efficient Karim Award 2017, Syariah Business Unit category with Asset ≥Rp 1.5 Trillion, based on KARIM Konsulting Indonesia assessment.
4. Indonesia Syariah Finance Award 2017; Most Reliable Syariah Bank Unit from Warta Ekonomi.

NON-HALAL INCOME AND ITS USE

In 2017, there was no non-halal income received by UUS Danamon.

2017 UUS DANAMON GCG SELF-ASSESSMENT RESULTS

Based on the self-assessment of UUS Danamon GCG implementation in 2017, the following is composite value 2017 summary and the 2017 UUS Danamon GCG self-assessment results.

Table of Composite Value Summary Calculation 2017

No	Factors	Rank (a)	Weight (b)	Value (a) x (b)
1	UUS Director duties and responsibilities Implementation	2	35.00%	0.70
2	SSB duties and responsibilities Implementation	1	20.00%	0.20
3	Syariah principles implementation in fund raising activities and funds channeling and services	2	10.00%	0.20
4	Fund disbursement to core financing customers and deposit of funds by core depositors	2	10.00%	0.20
5	Financial and non-financial Transparency status, GCG implementation reports and internal reporting	1	25.00%	0.25
Composite Value			100%	1.55
Predicate: Excellent/ Good /Satisfactory/Below Satisfactory/Poor				

Summary of UUS Danamon GCG Self Assessment Result in 2017

No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
1	<p>UUS Director duties and responsibilities</p> <ul style="list-style-type: none"> Director of UUS Danamon shall pass the fit & proper test of BI, be independent, shall have no conflict of interest and his appointment shall be reported to BI. Director of UUS Danamon shall be responsible for managing UUS Danamon, shall follow up on SSB recommendations & provide data for SSB supervision 	2	35 %	0.70	Excellent
2	<p>SSB duties and responsibilities</p> <ul style="list-style-type: none"> Members of SSB shall be 3 persons, having integrity, competence and adequate financial reputation, appointed through the GMS, based on recommendations of the Nomination Committee and recommendations of DSN-MUI with tenure not exceeding the Board of Directors/Board of Commissioners. The dual positions of members of SSB shall be in accordance with Bank Indonesia regulations SSB shall ensure and assess the fulfillment of syariah principles on UUS Danamon's operational products and operational guidelines and submit supervisory reports in accordance with the provisions of BI SSB shall convene 12 meetings in 2017. Decisions of the meetings shall be based on consensus deliberations, be well documented and submitted as recommendations for follow-up to UUS Danamon management Multiple positions as members of SSB at other Islamic financial institutions as well as remuneration/other facilities shall be reported in the GCG Implementation Report. SSB members shall not hold concurrent positions as consultants in the entire Business Unit/UUS Danamon. In accordance with the SSB Working Procedures, SSB members shall not take advantage of UUS Danamon for personal gain 	1	20%	0.20	Excellent
3	<p>Syariah principles Implementation in fund raising, channeling of funds, and services activities</p> <ul style="list-style-type: none"> Each product issued by UUS Danamon shall be reviewed by the Syariah Assurance Unit, Bank Danamon Compliance Division with requests for SSB opinions to ensure the suitability of the product with Fatwa DSN - MUI UUS Danamon shall make efforts in the implementation of fundraising products, channeling of funds and services in accordance with the DSN-MUI Fatwa and FSA/BI provisions, one of which is conducting product policy periodic reviews and internal audit 	2	10%	0.20	Excellent
4	<p>Fund disbursement to core financing customers and deposit funds by core depositors</p> <ul style="list-style-type: none"> UUS Danamon shall apply prudential principles in providing funding, especially to Core Customers by continuously referring to FSA/BI provisions. UUS Danamon's non-special treatment for Core Financing Customers and Core Depositors so that the treatment to core customers follows the general policy of UUS Danamon Products of The UUS Danamon funding program shall periodically be reviewed according to the Bank's provisions A detailed list of Core Financing Customers and Core Deposit Customers shall be submitted to BI in accordance with applicable regulations. 	2	10%	0.20	Excellent

No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
5	<p>Transparency of financial and non-financial conditions, GCG implementation reports and internal reporting</p> <ul style="list-style-type: none"> UUS Danamon shall publish Quarterly Financial Published Reports in national newspapers in accordance with BI/FSA provisions. UUS Danamon shall submit UUS Danamon's targets, strategies and development policies in RBB and convey information on UUS business development in the RBB Realization Report as well as in Danamon's Annual Report. UUS Danamon shall conduct GCG Self- Assessment, and shall prepare the GCG Implementation Report according to BI/FSA regulations. UUS Danamon shall possess appropriate internal reporting and shall be able to present data/information from core and support systems. The reporting system shall be supported by personnel with adequate training and experience and shall have IT security system knowledge in accordance with Danamon's IT Security procedures 	1	25%	0.25	Excellent
Composite Value			100%	1.55	Satisfactory
Predicate: Excellent/ Good /Satisfactory/Below Satisfactory/Poor					

GENERAL CONCLUSIONS

Based on the results of GCG self-assessment in 2017, UUS Danamon obtained a composite score of 1.55, attaining the category of "Good."

GCG in UUS Danamon 2017 Implementation fulfilled several provisions that govern GCG as follows:

- At all times complied with the prevailing regulations and syariah implement principles in fund raising activities and fund channeling and syariah unit services.
- Boosted third party fund raising by making the best use of the syariah branch office network and syariah services (office channeling) through the bank's office network while upholding prudent principles and improving knowledge of syariah human resource principles.
- Fund disbursement activities in financing customers and third party fundraising remained consistent with the principles of prudence and independence based on syariah principles.
- Financial and non-financial transparency, GCG implementation reports and internal reporting conducted periodically and transparently in accordance with prevailing regulations.
- The UUS Danamon Director has met the prerequisites, for example having the required syariah competence, is fully committed to expanding Danamon UUS, follows up on SSB recommendations, and punctually submits the monthly report on UUS Danamon growth and status at regular SSB meetings.
- UUS Danamon SSB has performed its duties and responsibilities well, for example, all SSB members enjoy good reputations and show competence, hold regular SSB meetings, provide opinions and recommendations, review UUS Danamon products, and prepare the SSB supervision Report every semester.

UUS Danamon will continue to improve human resource productivity, syariah banking knowledge and skills, effective information management systems, work processes and procedures, and optimize all office channelling networks in order to achieve the set targets to provide benefits and protect the interests of all stakeholders.

The above endeavors are carried out by means of ongoing prioritization of GCG and prudential principles, SSB's best possible performance in the implementation of syariah principles, better

communication between SSB and the Director of UUS Danamon, and refinement of compliance, risk management and internal audit.

Finally, UUS Danamon has become the Most Reliable Syariah Bank Unit, of 2017 with due respect to the support shown by Bank Danamon's well-built infrastructure, extensive service networks, and excellent brand awareness generating an encouraging outcome for UUS Danamon while remaining consistent in the application of syariah principles in its banking activities.

Attachment 1

Date, Place, Agenda of SSB Meeting in 2017

No	Day, Date & Place	Agendas	Participants
1	Tuesday, January 24, 2017, at Bank Danamon Tower 7 th Floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs. Karnaen A Perwataatmadja MPA., FIIS
2	Friday, February 17, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
3	Thursday, March 30, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Drs. Karnaen A Perwataatmadja MPA, FIIS
4	Tuesday, April 25, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA, FIIS
5	Monday, May 15, 2017, at the Office of DSN MUI	1. Discussion on SSB Opinions in regard to Simplification and Finalization of IMBT Documents	Dr. Hasanudin. M.Ag.
6	Wednesday, May 31, 2017, at Bank Danamon Tower 7 th Floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs. Karnaen A Perwataatmadja MPA., FIIS
7	Tuesday, June 06, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Drs. Karnaen A Perwataatmadja
8	Tuesday, July 25, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag.
9	Thursday, August 24, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions 3. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag.

No	Day, Date & Place	Agendas	Participants
10	Wednesday, September 27, 2017, at Bank Danamon Tower 7 th Floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions 3. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag.
11	Tuesday, October 24, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions	Dr.Hasanudin M.Ag.
12	Thursday, November 30, 2017, at Bank Danamon Tower 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions	Dr. Hasanudin M.Ag.

Attachment 2

Distribution of Virtue Fund UUS Danamon in 2017

No	Date	Beneficiaries of Virtue Fund	Purpose	Nominal (Rp)
1	January 31, 2017	Al Azhar 29 Islamic Junior High School-Semarang	Syariah law laboratory equipment assistance	50,000,000
2	February 3, 2017	Musholla At Taubah Depok	Musholla construction	50,000,000
3	February 3, 2017	Pondok Pesantren Ustad Hanan, Gadog, Ciawi	Boarding school construction	15,000,000
4	February 3, 2017	Madrasah Ibtidaiyah Al Falah Ujung Menteng, Cakung, East Jakarta	School equipment assistance	20,000,000
5	February 8, 2017	Muhammad Indra Saputra	Syariah economy education - syariah economic days	6,000,000
6	February 22, 2017	Lamijan	Provision of community ambulance	50,000,000
7	February 27, 2017	PT Mulia Bestari Media	Syariah banking product information dissemination	5,000,000
8	March 16, 2017	Al Ikhlas Mosque Bandung	Mosque construction	10,000,000
9	March 22, 2017	Al hidayah Mosque Village of Nagrek Bandung	Renovation	10,000,000
10	April 13, 2017	Wahida Rakhmat	Procurement of hearing aids	10,000,000
11	April 13, 2017	Indonesian Red Cross (PMI)	Humanitarian aid program	10,000,000
12	April 13, 2017	Hamud Ulya Mosque	Assistance for the construction of mosque windows and doors & TPA classes	35,000,000
13	May 2, 2017	Jannatul Firdaus Mosque Taman Galaxy Indah - South Bekasi	Mosque renovation & expansion	10,000,000

No	Date	Beneficiaries of Virtue Fund	Purpose	Nominal (Rp)
14	May 5, 2017	Al-Ubudiyah Mosque Babelan - Bekasi	Mosque construction assistance	30,000,000
15	May 9, 2017	Danamon Muslim Association (PMD) Lapros	Donation for orphans during Ramadhan	30,000,000
16	May 9, 2017	SMPIT Thariq bin Ziyad	Youth entrepreneurship & economy OSIS campaign	8,000,000
17	May 29, 2017	Center for Islacmi Civilation Foundation	Humanitarian aid/Mustahiq Service	25,000,000
18	May 29, 2017	Pesantren Islam (YPI) Al Azhar Foundation	Empowerment Assistance	25,000,000
19	May 29, 2017	Dompot Dhuafa Republika Foundation	Humanitarian aid/Mustahiq Service	100,000,000
20	May 31, 2017	Majelis Ratib Alattas Ciawi/ ustad Abdul Hanan	Development assistance	25,000,000
21	May 31, 2017	Al Ridho Mosque, PT Sanoh Indonesia	Donation for orphans	2,000,000
22	June 12, 2017	Keluarga Besar "KIBLAT" Brebes	Halal bihalal and mass circumcision assistance	1,000,000
23	June 12, 2017	Danamon Muslim Association - Matraman	Ramadan 1438 H assistance	18,000,000
24	June 12, 2017	Persatuan Muslim - Rohis Danamon Plaza Kuningan	Orphanage assistance	20,000,000
25	June 12, 2017	Ahlul Quran Indonesia Foundation	Baiturahman Mosque construction assistance	20,000,000
26	June 13, 2017	Mahmudah/Tien Martina Soekarno Foundation	Ramadan 1438 H event	3,000,000
27	June 13, 2017	Nurul Huda Beringin Cirebon Foundation	Tarbiyah Ramadhan 1438 H program	9,000,000
28	June 13, 2017	Al Kahfi Foundation Bekasi Branch	Help the orphans and the poor	9,000,000
29	June 13, 2017	Rohis Bank Danamon Syariah Ciracas	Ramadan 1438 H assistance	5,000,000
30	June 15, 2017	Dana Bantuan Foundation	Free health care for the elderly & poor assistance	15,000,000
31	June 20, 2017	Cirebon Mosque	Idul Fitri gifts for imam and ustadz	25,000,000
32	June 21, 2017	Nurul Huda Mosque Danamon Housing Complex	Renovation of mosque/ Kemaslahatan	20,000,000
33	June 21, 2017	Rohis Menara Bank Danamon 7th floor	Help fund the purchase of carpet	8,870,000
34	June 22, 2017	Mushola At Taqwa	Musholla renovation assistance	5,000,000
35	July 7, 2017	Chairul Foster Children	Orphanage school equipment for the odd semester & Even academic year 2017-2018	51,410,000
36	August 2, 2017	Al 'Awwabin Mosque	Mosque refurbishment assistance	48,000,000
37	August 22, 2017	Yahya Ependi	Orphaned students assistance	8,000,000

No	Date	Beneficiaries of Virtue Fund	Purpose	Nominal (Rp)
38	August 31, 2017	Al Awabin Mosque	Qurban donation to orphans & dhuafa	27,000,000
39	September 4, 2017	TPQ Shiratal Mustaqim Depok	Development fund assistance	25,000,000
40	September 6, 2017	Koperasi Pegawai PT Pelabuhan Indonesia III	Education fund (scholarship)	5,000,000
41	September 13, 2017	Pondok Pesantren/Masjid Nurul Hikmah Kertasari	Development fund assistance	50,000,000
42	September 26, 2017	Danamon Muslim Association - Matraman	11th Floor Musholla carpet procurement	11,000,000
43	October 11, 2017	STIKES Muhammadiyah Kudus	Scholarship assistance	9,000,000
44	October 13, 2017	Rohis Menara Bank Danamon 7th floor	Fund assistance for tahsin school program for Danamon employees	35,000,000
45	October 24, 2017	Masjid Nurul Huda Mosque Danamon Housing Complex	Funding assistance for mosque construction	25,000,000
46	November 6, 2017	Musholla Al Ikhlas Depok	Musholla construction assistance	15,000,000
47	November 6, 2017	DKM Nurul Anwar Sukabumi	Mosque construction assistance	20,000,000
48	November 15, 2017	Pondok Pesantren Sulaimaniyah	Pesantren fund assistance for hafiz Quran in October-December 2017	5,000,000
49	November 15, 2017	Ministry of Labor RI	Sponsorship Ministry Cup Employment "New Kansas BC" assistance	3,000,000
50	November 24, 2017	Zaini Muslim	BDS Employees medical expenses assistance	10,000,000
51	November 27, 2017	Housing Complex DPR RI Kalibata	Mass circumcision and orphans/ dhuafa assistance	5,000,000
52	November 27, 2017	Musholla Nurul Hasanah Cipinang Muara	Musholla refurbishment assistance	5,000,000
53	November 29, 2017	Putri Nina	Child health care assistance	2,000,000
54	December 7, 2017	Masjid Jami Al Ma'mur Tebet	Commemoration of Prophet Muhammad SAW assistance	2,000,000
55	December 16, 2017	Ny Sulastri	Odontectomy (Operation of canine teeth) funding assistance	5,000,000
56	December 16, 2017	Marhalah Branch Jakarta	Al Quran recitation lesson assistance	10,000,000
Total				1,061,280,000

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ASPIRING

► Corporate Social Responsibility

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📍 Corporate Social Responsibility

“Danamon understands that Corporate Social Responsibility (CSR) is a moral responsibility to stakeholders. CSR is not only intended to meet the interests of the Company and its shareholders but is a reflection of a strong commitment by the Company to play an active role in realizing national and global development objectives.”

In an effort to provide communities with access to meet better social and economic standards of living, Danamon and its subsidiaries established Danamon Peduli Foundation (Danamon Peduli) to be responsible in implementing Danamon's CSR programs activities.

All CSR initiatives are the Company's social investment in efforts to provide added value to all stakeholders by bringing the CSR program into alignment with Company strategy.

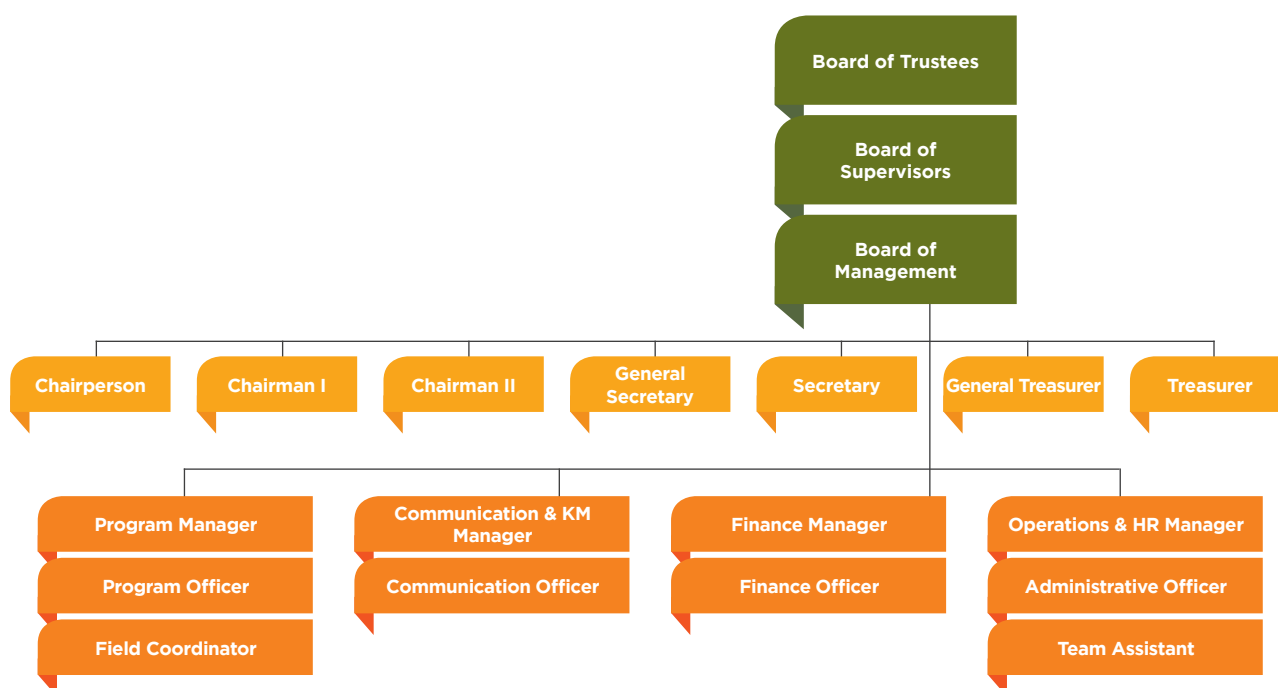
LEGAL BASIS OF CORPORATE SOCIAL RESPONSIBILITY

Implementation of Danamon's social responsibility activities is based on prevailing regulations and policies, including:

- Law No. 40 of 2007 on Limited Liability Companies;
- Financial Services Authority Circular No. 30/SEOJK.04/2016, concerning the form and content of the Annual Report of Public Companies;
- Financial Services Authority Regulation No. 51/POJK.03/2017 on Sustainable Finance Implementation for Financial Services Institutions, Issuers and Public Companies;
- Danamon Sustainability Policy V. 2014;
- The Articles of Association and Bylaws of the Foundation.



MANAGEMENT STRUCTURE



POLICIES AND STRATEGIES

Danamon's social investment program is coordinated and implemented through Danamon Peduli, which has held legal status since 2006. Danamon Peduli is a social foundation that supports sustainable national and global development goals based on Danamon's vision: "We care and enable millions to prosper."

Danamon's social investment program objectives and targets are to provide long-term positive impact and address the fundamental needs of stakeholders. Thus, since 2010, Danamon Peduli has played a strategic role as government development partner in the efforts to revitalize people's markets (traditional market) through Pasar Sejahtera Program, which emphasizes on healthy, green, hygienic, and well maintained market environment.



People's market is center for economy, social, and cultural, and is one of the main indicators in measuring the welfare and growth of a region. Moreover, to ensure the welfare of the people through people's market development also means supporting Company's businesses and its development.

CORPORATE SOCIAL RESPONSIBILITY ON ENVIRONMENT ASPECTS

Management Policies

Recognizing the importance of maintaining environmental quality for future generations, Danamon pays special attention to environmental preservation and upkeep, and to efforts to reduce pollution. Company policy to support environmental protection and preservation starts from the internal, that is through formulation of various policies and initiatives, among others is the promotion of office waste management under the 3Rs concept (Reduce, Recycle, Reuse). The paper waste generated from business operations at Danamon Head Office is processed into ready-to-use products, to be used for business cards and Company calendars, among others.

In addition, Danamon, through Danamon Peduli, has a strong commitment to participate in tackling climate change. Without doubts, the issue of global warming and climate change is detrimental to environmental sustainability and life, and has a negative impact on business continuity, business community, customers, and Danamon. To this end, Danamon continues to support environmental initiatives, such as implementing eco-friendly office buildings, facilitating bicycles parking space for employees for local transportation, tree planting, environmental care activities, and providing waste collection centers for non-organic waste, as well as integrated waste processing facilities for organic waste.

Programs and Activities

Danamon's social investment for environmental programs are formulated with due regard to medium and long term impact. In 2017, Danamon's environmental programs activities are as follows:

1. Pasar Sejahtera Program

Improvement and Provision of People's Market Hygiene Facilities

Referring to Minister of Health Decision No. 519/2008 concerning the Implementation of Healthy Markets, and SNI 8152:2015 People's Market, Danamon Peduli supports physical improvement at selected people's market, such as provision of traders' stalls, especially for fresh commodities (meat, fish, vegetables, fruits) by replacing wooden counters with ceramic, provision of washing basin, wastewater disposal units, canopy/ventilation installations/repair, as well as provision of sanitary facilities, such as waste bins and garbage motor carts.

Waste Bank and Integrated Waste Treatment Plant

Given the fact that the people's market is one of the largest producers of waste in Indonesia, Danamon Peduli provided supports in waste bank and integrated waste disposal facility. The initiative included capacity building for waste bank and integrated waste disposal facility operators and revitalization of wet sections at Pasar Ibu

Payakumbuh, West Sumatra, Pasar Grogolan Pekalongan, Pasar Bunder, Sragen Regency, Central Java and Pasar Baru, Probolinggo, East Java.

In addition, Danamon assisted in the refurbishment of 3 integrated waste disposal facilities, in Jepara and Kendal, Central Java and in Pekanbaru, Riau. Through these supports of management of organic and non-organic waste at waste banks and integrated waste disposal facilities, in 2017 Danamon has contributed to the reduction of carbon dioxide (CO₂) emissions by 143.4 billion grams.

Health Posts

Danamon Peduli worked closely with the Local Office of Trade and Public Health to improve the existing health posts in people's markets, such as upgrading the capacity of health center staff as well as facilitating the health posts medical examination rooms and equipment.



Hygienic and Healthy Lifestyle Campaign

Working closely with the Local Health Office, Danamon Peduli facilitated education and safety training and encouraged behavioral change in market communities, particularly in the habit of waste sorting and disposing, hand washing, and market clean-up activities. To strengthen the message of hygienic and healthy lifestyle campaign in people's markets, Danamon Peduli facilitated the production of campaign materials, communication media, and educational information materials.

Care for Environmental Activities

Danamon and subsidiaries employees throughout Indonesia are involved in Care for Environmental activities. The activities are oriented towards improving the quality of the environment and the health of communities around people's markets in the vicinity of the Company's operation. They include reforestation, bio-pore rain water-absorption, water well construction, water and sanitation, renovation of public facilities, such as washrooms and garbage disposal, and the procurement of hygiene facilities and infrastructure.

Complaint Handling Mechanism Concerning the Environment

Danamon business activities in general do not directly cause negative environmental risks. Therefore, complaint reporting channel regarding the environment is currently not required.

Certificates Related to Corporate Social Responsibility on the Environment

Danamon does not yet have environmental certification, however all aspects of the Company's operational activities comply with applicable environmental regulations. One of them is the construction of Danamon's new energy-saving, environmentally friendly office building. Similarly, the

corporate social investment programs and activities are oriented towards improving the quality of environmental health.

CORPORATE SOCIAL RESPONSIBILITY ON LABOR, HEALTH AND SAFETY

Management Policies

Danamon realizes that Company business operations may have an adverse effect on health and safety, whether directly or indirectly.

Thus, Danamon has consistently ensured that health and safety systems are properly implemented. Consequently, all health and safety policies are able to minimize any adverse impact on Company business activities and foster a safe, comfortable and hygienic working environment, safeguarding the health and safety of employees.

Programs and Activities

Human Resources

By the end of 2017, Danamon had 36,410 employees, working throughout Indonesia.

Danamon grants equal rights and opportunities to all employees, including the rights to promotion, education, and other employees' rights contained within collective labor agreements and prevailing laws and regulations.

In line with remuneration policy and employee rights and benefits, Danamon assures appropriate income for employees in accordance with applicable rules and standards. The Company does not distinguish between gender, ethnicity, religion, race or social

status concerning remuneration. Differentiation in remuneration only occurs when based on performance, competence and work experience.

CORPORATE SOCIAL RESPONSIBILITY FOR COMMUNITY DEVELOPMENT

Management Policies

Danamon acknowledges that community welfare is crucial to sustainable operations, as it directly or indirectly requires the involvement of communities. Danamon believes that prosperous society will support sustainable Company business growth.

Therefore, Danamon's social investment policy aims to empower communities with a sustainable approach by paying particular attention to improve the capacity of communities and their existing facilities, both tangible and intangible. The policy requires Danamon Peduli to formulate the targeted programs, delivering maximum benefit to stakeholders and communities.

Programs and Activities

Social and community programs and activities are conducted through Danamon Peduli, they include:

- Pasar Sejahtera
Pasar Sejahtera Program provides assistance in improving market environment quality, both tangible and intangible, as well as empowerment of market stakeholders.

In 2017, the Danamon Pasar Sejahtera Program succeeded in encouraging SNI 8152:2015 Pasar Rakyat certification in 4 assisted people's markets. These were Pasar Ibuh, Pasar Bunder, Pasar Baru, and Pasar Lambocca. In addition, the Market Prosperity Program successfully organized 6 national activities, namely Financial Literacy,

Disaster Mitigation Training and Fire Handling, People's Market Festivals, the Pancawara Award, and Open Discussion.

Danamon Peduli encouraged three main community-based activities, such as group discussions, cross-sectoral meetings for offices with key tasks and functions in market, and market clean up at people's markets, that involved 8,792 volunteers and benefited 114,542 people across Indonesia.

Pasar Sejahtera Pilot Projects are located at:

1. Pasar Ibuh, Payakumbuh, West Sumatra
2. Pasar Grogolan, Pekalongan, Central Java
3. Pasar Bunder, Sragen, Central Java
4. Pasar Karangwaru, DI Yogyakarta
5. Pasar Baru, Probolinggo, East Java
6. Pasar Pandansari, Balikpapan, East Kalimantan
7. Pasar Lambocca, Bantaeng, South Sulawesi

Financial Literacy

In accordance with Financial Services Authority (OJK) directive and regulation No.76/POJK.07/2016 on improving financial literacy and inclusion in the financial services sector for consumers and the community, Danamon through Danamon Peduli organized Financial Literacy training for small and medium enterprises (UMKM) with the aim to improve personal and business financial management.

By the end of 2017, Danamon Peduli had conducted 12 financial literacy training activities in seven different cities, followed by 410 SME practitioners on a number of key topics, such as the introduction of banking products and services, taxation, and marketing strategies in the digital era.

- Rapid Disaster Response
Danamon Peduli, through its Rapid Disaster Response Program actively responds to disasters, both natural and man-made, throughout Indonesia, by means of aid distribution for victims. Supported by more than 1,900 branches and units throughout Indonesia, Danamon employees are able to distribute emergency assistance to disaster location.

During 2017, Danamon Peduli responded to 23 natural disasters across Indonesia with 45,880 beneficiaries. In addition, Danamon Peduli organized nine Disaster Mitigation and Fire Handling Trainings for people's market communities.

Work Program and Strategy 2018

In 2018, Danamon Peduli will continue to strengthen social investment programs that conform with the Company's core business, and support the government's development program - Nawacita, and, on a global scale, Sustainable Development Goals.

Danamon Peduli's work program will focus more on the following themes: community-based capacity building, learning resources, financial literacy and business development. Through market revitalization program - Pasar Sejahtera (healthy, green, clean, well maintained), Danamon Peduli encourages local governments to certify their market with SNI 8152:2015 Pasar Rakyat. The certification is not only for the welfare of traders, but also to increase people's market competitiveness. In addition, in 2018, Danamon Peduli plans to add new pilot markets, and

will hand over some people's market to be managed by local governments. Financial literacy activities will concentrate on improving the skills of small and medium enterprises in managing business finances.

Moreover, Danamon Peduli will be more active in facilitating employees volunteer for corporate social activities. One of the Danamon corporate values, namely 'caring,' is no longer considered as providing good products and services that respond to the needs, but more on to encouraging employees to play a role in ensuring sustainability for better environment.

With regard to knowledge management and communication, Danamon Peduli will strengthen its role as learning resource through platforms and websites that are more informative and will be continuously active in forums to share best practices, collaborating with partners in order to disseminate social messages, and experience gained to stakeholders.





On the financial side, in 2018, Danamon will remain 100% focused on effective disbursement of funds, monitoring budget utilization, providing maximum support for program activities, and delivering comprehensive and timely reports. Danamon Peduli

also aims to obtain a “unqualified opinion” audit report on its operational activities, in collaboration with the procurement division and implement information management system.

Pasar Sejahtera Market Revitalization Program - 2017

Physical Intervention

No	Market Name	Location	Physical Intervention
1	Pasar Ibuh	Payakumbuh, West Sumatera	1. Improvement of meat counters 2. Improvement of seafood counters 3. Improvement of canopy 4. Provision of weighing center
2	Pasar Grogolan	Pekalongan, Central Java	1. Improvement of integrated waste management 2. Provision of Integrated Waste Management Machine 3. Provision of zoning signage
3	Pasar Bunder	Sragen, Central Java	1. Improvement of toilets 2. Improvement of welcome gate at market, weighing, and security centers 3. Provision of fire extinguisher
4	Pasar Baru (Market building is being total revitalized)	Probolinggo, East Java	-
5	Pasar Pandansari	Balikpapan, East Kalimantan	Improvement of seafood counters
6	Pasar Lambocca	Bantaeng, South Sulawesi	1. Provision of handicapped ramp 2. Provision of zoning signage
7	Pasar karangwaru	DI Yogyakarta	1. Provision of price information signage at market 2. Provision of loudspeaker

Non Physical Intervention - at 8 (eight) Assisted Market Education | Capacity Building

No	Type of Activities	Frequency	#Participant
1	Market community group discussions	220	2,674
2	Training - Financial Literacy	9	356
3	Cooperative Training	3	38
4	Community Radio Training	1	10

Public Engagement | Community Mobilization

No	Type of Activities	Frequency	#Participant
1	Across sectors - Regional Work Units	14	312
2	Mutual Cooperation	39	1,756

Public Engagement | Community Mobilization | Waste Bank & Integrated Waste Management

No	Type of Activities	Pasar Sejahtera Location	#Kg	CO ₂ Reduction
1	Waste Bank	1. Pasar Ibu 2. Pasar Grogolan 3. Pasar Bunder 4. Pasar Baru	17,201	847,555,520 gr
2	Integrated Waste Management	1. Pasar Ibu 2. Pasar Bunder 3. Pasar Baru	535,189	200,695,875 gr

Note:
1 adult tree absorb 36gr CO₂/day
1,204,293,100 gr CO₂ equivalent to 91,650 trees /year

Public Engagement | Community Mobilization | People's Market Festival

No	Name of Activities	Assisted/Non-Assisted	Partnerships		#Participant
			Local Government	Private	
1	Festival Pasar Rakyat Kota Pontianak	Non Assisted	√	√	±3,580
2	Festival Pasar Rakyat Kota Mataram	Non Assisted	√	√	±810

Communication & Knowledge Management | Public Relation

No	Type of Activities	Results
1	Advocacy (Resource/Speaker)	Open Discussion - Sustainable Development Goals, Goal 11
2	Event	1. Anugerah Pancawara 2017 2. People's Market Learning Forum
3	PR Value	Rp15.6 billion
4	Billboard	1. Kota Payakumbuh, West Sumatera 2. Kota Pekalongan, Central Java 3. Kabupaten Sragen, Central Java
5	Videotron	1. Kabupaten Bantaeng, South Sulawesi 2. Kabupaten Sragen, Central Java

Communication & Knowledge Management | Public Relation

No	Type of Activities	Results
6	Communication Channel	Internal Communication 1. Internal Magazine 2. Email Blast External Communication 1. Editorial 2. Advertorial 3. Media Gathering 4. Press Conference 5. Website 6. Danamon social media

Care for the Environment Activity

No	Region	Volunteer	Beneficiary
1	SND 1-4 Jakarta, Lampung, Bekasi, Cilegon, Bogor	365	18,700
2	SND 5 - Jawa Barat	412	5,170
3	SND 6 - Jawa Tengah, Yogyakarta	247	4,200
4	SND 7 - Jawa Timur	282	2,200
5	SND 8 - Bali, Nusa Tenggara	270	2,600
6	SND 9 - Aceh, Medan, Padang, Riau	94	6,300
7	SND 10- Pekanbaru, Jambi, Bengkulu, Palembang	149	4,700
8	SND 11- Kalimantan	278	7,390
9	SND 12- Sulawesi, Ambon, Irian	350	3,700
	TOTAL	2,447	54,960

SND : Sales and Distribution

Rapid Disaster Response Program - 2017

Distribution of Disaster Relief Response

No	Number of Disasters	Volunteer	Beneficiaries
	23	616	45,880

Disaster Mitigation and Fire Management Training (Non Assisted Markets)

No	Name of Market	Location	Number of Market Participants	Number of Participants	Number of Fire Extinguisher
1	Pasar Kota, Kendal	Kendal	12	60	20
2	Pasar Bunder	Sragen	3	30	0
3	Pasar Mangunrejo	Probolinggo	5	80	0
4	Pasar Petisah	Medan	33	115	66
5	Pasar Ciawitali	Garut	16	95	65
6	Pasar Antasari	Banjarmasin	13	72	110
7	Pasar Dasan Agung	Mataram	16	55	50
8	Pasar Bengkong	Batam	3	48	25
	TOTAL		101	555	336

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Products and Services

CONSUMER BANKING

Danamon LEBIH

Danamon LEBIH respects all efforts, money and the small things in life. Danamon LEBIH values customers above all and ensures that they benefit from an enjoyable banking experience as follows:

- Free administration fee
- Lower transfer fee and free cash withdrawal
- Free Life Insurance worth Rp10 million for the first 6 months
- Latest transaction features (Mobile banking, Internet banking, ATM, SMS banking, Hello Danamon, etc)

FlexiMAX

Premium savings featuring 9 benefits with a value of more than Rp10 million per year:

1. Free transfer fee RTGS/NCS/Clearing
2. Free administration fee
3. Free overseas ATM cash withdrawal (under Maestro network)
4. Attractive interest rate
5. Free access to executive airport lounges
6. Free daily report by facsimile (Hello Danamon-IVR)
7. Queue-free at branches
8. Business card with attractive features
9. Latest transaction features

Tabungan CITA2KU

A savings deposit with an interest rate equivalent to time deposits. Fund deposits start from Rp 500 thousand per month, with a deposit period of 1 - 15 years.

Tabungan MU

A savings account with an exclusive and prestigious design on the debit/ATM card: the only debit/ATM card in Indonesia with the Manchester United logo for your daily transactions. This product gives customers the opportunity to watch Manchester United games at Old Trafford (Red Match), win Manchester United original merchandise, win shopping vouchers, or other gifts through point rewards (Red Rewards) and enjoy various attractive offers in selected outlets (Red Hot Deals).

SuperCombo

A savings account with two benefits: higher interest rate and flexible transactions. Customer funds can be automatically transferred from transactional accounts to savings accounts that provide higher interest rates.

Time Deposits

Time deposits with attractive interest rates, and a wide selection of tenor and currencies.

Primadolar

A savings account with options of 8 foreign currencies. Benefits include free monthly administration fee (only applicable for Primadolar USD), daily interest rate of 0.25% p.a. applicable for balances >0, bank note withdrawal of up to USD 5,000 per day and no amount limitation on bank note deposits.

Danamon Western Union

Danamon has been partnered with Western Union(WU) since 2008 to provide cash remittance and receiving services across international countries and all regions in Indonesia. In the beginning, the service operated in the conventional branch of Danamon, but it has expanded to Danamon Simpan Pinjam and Danamon Syariah branches to be more accessible to WU service users throughout Indonesia. The Western Union service at Danamon provides a convenient, faster, more secure, more reliable, and a more professional service to customers.

INVESTMENTS & RETAIL TREASURY SERVICES

Investment Gallery

Integrated services with diverse selections of investment products, Open-end Mutual Funds, IDR- & USD-denominated Indonesia Government Bonds as well as Government Islamic Bonds (Sukuk). These services are supported by experienced and well-known Investment Managers in the industry (PT Schroder Investment Management Indonesia, PT BNP Paribas Investment Partners, PT Manulife Aset Manajemen Indonesia, PT Danareksa Investment Management, PT Batavia Prosperindo Aset Manajemen, and PT Bahana TCW Investment Management).

Retail Treasury Services

Foreign exchange (Forex) transaction services in major global currencies to fulfill retail customer financial needs, supported by an extensive distribution network and prime service quality.

ATM Services

24-hour online electronic banking services with features including cash withdrawals, balance inquiries, overbookings, transfers, purchases and payments. Customers can access at more than 1,300 Danamon ATMs throughout Indonesia.

CDM Services

24-hour online electronic banking services to make cash deposits (either to personal accounts or other Danamon accounts) and balance inquiry. This service is available at 68 Danamon CDMs (Cash Deposit Machines) throughout Indonesia.

Hello Danamon

As part of Danamon's commitment to prioritize services to customers, Hello Danamon enables customers to obtain information and execute transactions as well as to register complaints related to banking products and credit cards. Hello Danamon can be accessed 24-hours a day.

ELECTRONIC BANKING CHANNEL

Danamon Online Banking

Internet banking services for transactions such as balance inquiry, domestic or international fund transfer (Rupiah/foreign currency), online time deposit placement, payments, purchases and online checking account. This service is equipped with SMS or device tokens, complete with notification via SMS and email.

Danamon Mobile Banking (D-Mobile)

Smartphone application that makes banking transactions easier for fund transfers, payments and purchases. Equipped with the unique feature of "Ponsel D-Cash" which allows transferring funds to friends, simply by using a mobile phone number.

In addition, there are features for account opening such as Danamon Lebih, Fleximax, and MU Savings. Time deposits can also be made directly through this application. The application can be downloaded in the App Store and Play Store.

DCard Mobile

A smartphone application for Danamon Credit Card holders that makes control of Credit Cards more convenient. The DCard Mobile application has a variety of features for Danamon Credit Card holders to make credit card transactions in real time, temporary card blocking, bill payment registration, credit card limit transfer, shopping transaction changes to installments, application for increase of credit card limit, redemption of reward points, and new credit card applications.

SMS Banking Services

Online banking services via SMS accessible via *141*12#, are "Practical, Easy and Secure". Information and transaction services can be accessed using any type of mobile phone, without needing an internet network. Each transaction will get a notification via SMS so that banking transactions via this service are guaranteed to be secure.

DANAMON CARDS

Danamon Credit Card

A credit card that offers convenience when shopping and complements a modern lifestyle. This card also offers attractive and assorted programs throughout the year.

Danamon Manchester United Credit Card

The official credit card from Manchester United dedicated to Manchester United fans in Indonesia. This card provides exclusive benefits to cardholders such as a chance to watch Manchester United live matches at Old Trafford (Red Match), an opportunity to get original Manchester United merchandise, shopping vouchers through accumulation of points (D-Points), and attractive offers in selected outlets (Red Hot Deals).

Danamon World Credit Card

One of the premium cards in the MasterCard network for customers with exclusive lifestyles, who travel often. The features provide ease of transaction for cardholders, such as faster point accumulation for rewards (every Rp 2,500 transaction will earn 3 D-Points), free access to Airport Lounges in major cities in Indonesia, and special offers at selected hotels and restaurants.

Danamon World Elite Credit Card

A prestigious credit card in Indonesia that is dedicated exclusively to premium and high-class customers who wish to make every experience memorable. Benefits include better rewards compared to other credit cards, where every Rp 2,500 transaction will earn 12 D-Points for overseas transactions, and 8 D-Points for domestic transactions, Priority Pass that can be used at 700 airport lounges around the world, and World Elite Golf Access for preferred lifestyles, and up to travel insurance and premium protection that ensures well-being while traveling and shopping.

Danamon American Express® Corporate Card

A credit card that offers efficiency and savings solutions for medium-sized and multinational companies in managing daily business expenses.

Danamon American Express® Gold Credit Card

For those who wish to enjoy flexibility in payments and financial savings, this card offers world-class Membership Rewards® and ease in monthly bill payments, as well as access to American Express Select.

Danamon American Express® Gold Card

A prestigious membership card and symbol of a prosperous life. Cardholders can enjoy the convenience of shopping with a spending limit that is not set in advance, world-class Membership Rewards®, and access to airport lounges in Indonesia. This card also features special dining offers, and worldwide hospitality and shopping special offers, through American Express Select.

The Platinum Card®

Danamon American Express® Platinum card is exclusively dedicated for selected individuals. The Platinum Card® offers world-class privileges focusing on 3 main pillars namely travel, lifestyle, and service. Privileges include Membership Rewards®, that can be redeemed according to customer choice, Concierge Service, convenience in travelling with offers from the world's best airlines as well as access to over 800 airport lounges worldwide with Priority Pass, extra facilities in hotels and resorts around the world, exclusive access to prominent golf courses in Indonesia and overseas, comprehensive travel insurance benefits, as well as exclusive access to prestigious world-class events.

Danamon American Express® Gold Business Card

The Gold Business Card is intended specifically for individual customers who own small-to-medium businesses and need a card as a payment instrument to support their business. This card offers flexibility in payments with features such as Early Pay Discount (in the form of cashback if the customer makes full payment) or Defer Pay Options with tiered interest rates that depend on the remaining balance.

BANCASSURANCE

Primajaga

Term insurance with protection against death and disability in the form of monthly benefits as a supplement to family income. In the absence of claims during the coverage period, 50% of the premium paid will be returned.

Primajaga 100

Term insurance with protection against death and disability in the form of monthly benefits as a supplement to family income. In the absence of claims during the coverage period, 100% of the premium paid will be returned.

Education Savings Danamon+

Education savings for children's education with insurance benefits of up to 200 times monthly savings.

Proteksi Prima Maxima

Single premium payment insurance with investment benefits that offer optimal investment results. Free of initial charge. A diverse selection of investment instruments based on customer risk profiles. Protection against death or critical illness is 150% of the premium.

Proteksi Prima Rencana Absolut

This is a combination of life insurance and investment products (unit link) with regular premium payments. This product provides flexibility for Policyholders to determine the sum assured (UP) and regular premium top-up schedules. It also provides an opportunity for Policyholders to maximize their protection and match it with their needs and capacities.

Proteksi Prima Rencana Optima

Proteksi Prima Rencana Optima is a combination of Endowment insurance and Unit Link. This product provides various investment benefits such as Death Benefit, Total Permanent Disability Benefit, Loyalty Bonus and Maturity Benefit, with a coverage period of up to 70 years of age.

Proteksi Prima Medika

Proteksi Prima Medika is hospital care insurance with return of premium at the end of the 5th year.

Proteksi Prima Dinamis

Insurance that provides protection to customers who have suffered an accident. Customers can use the benefit to take care of physical disability caused by an accident.

Proteksi Prima Sehat

Health insurance with cash payment benefits tailored to customer needs with return of premium paid at the end of the 5th year.

Dengue Fever Insurance

Health insurance that specifically protects customers who have contracted dengue fever. There is a daily care benefit of Rp 500,000 per day for up to 10 days, with an affordable premium payment of Rp 50,000 per year.

Proteksi Prima Emas

Life insurance designed for retirement planning that provides life protection against accidents and options of riders. This product provides a choice of 5 target ages (40, 45, 50, 55 and 60) with 4 tenors of premium payments (5, 10, 15 or 20 years).

FINANCIAL INSTITUTION PENSION FUND (DPLK) OF MANULIFE INDONESIA

A defined contribution pension plan designed to provide employees or participants with financial security by the time they reach retirement age. This program can be joined by employees, either as part of the company or as individuals. Through this pension plan, employee welfare at retirement is more assured. Business owners can maximize this plan to increase employee loyalty and productivity in the workplace.

Group Life and Health

Protection designed to help companies in providing security for employees when unexpected risks occur, such as death, as well as health problems that require outpatient and inpatient care.

MANULIFE PROGRAM PESANGON PLUS

"Pooled Fund" which is a collection of investment oriented, unit-link insurance plans. They are designed to help companies pay severance allowances when employment is terminated, and when the employee has died, retired or resigned. Policyholders of the pooled fund are companies.

Manulife Karyawan Sejahtera Plus

Fund allocation which is a collection of investment oriented unit-link insurance. This plan is designed to help companies by providing accounts on behalf of employees, in order to assist with payment of severance allowance to the employee when employment is terminated, or the employee has died, retired or resigned. The employee is the beneficiary of this with the company as the policyholder.

Proteksi Prima Sejahtera

Term life insurance with an affordable premium which provides optimum life protection over a certain period.

Typhoid Fever Insurance

Health insurance specifically designed to protect customers who have contracted typhoid. Benefits include daily care of Rp 500,000 per day with up to 10 days coverage and protection against house robbery when admitted to hospital. Customers will receive optimum protection with an affordable premium of Rp 50,000 per year.

Asuransi Proteku

Insurance which provides comprehensive protection and compensation to married couples in case of accident, fire and house robbery, and vehicle loss.

Dental Insurance

Innovative insurance that provides complete protection against customers' dental health problems. Customers will receive a variety of benefits for their dental care with affordable premiums.

Crime Guard Plus

Innovative insurance that provides complete protection against and compensation for personal accident, mugging, and robbery.

MORTGAGE

Housing Purchasing Loan

Loans granted for the purchase of houses, apartments, shophouses, officehouses, business-houses, dormitories, SOHOs, condotels, kiosks, villas, and land, both ready stock or indent.

House Development and Renovation Loan

Loans granted to build or renovate houses, shophouses, officehouses and apartments.

Multipurpose Loan

Cash loans with collateral such as houses, shophouses, office-houses, or apartments owned by debtors.

Ready to Build Lots

Loans for the purchase of lots of land, on the site of developers with Top Tier category.

UNSECURED LOAN

Instant Funding

Instant Funding is an uncollateralized cash loan that can be utilized to fulfill customer needs with a tenor of up to 3 years and a loan limit of up to Rp 200 million.

DANAMON PRIVILEGE

Specialized services for individual customers with single or joint accounts with a minimum average balance of total Asset Under Management (AUM) \geq Rp500 million (five hundred million rupiah) or equivalent, which comprises the average balance of current and savings accounts (CASA), time deposits and investment products (including Bancassurance with investment values).

For a joint account with "and/or signatories, the individual who is entitled to receive the facility from Danamon Priviledge (including card issuance) is the customer whose name is recorded in the Bank as the primary account holder. Benefits provided to Privilege customers are as follows:

- Bank Note withdrawals of up to USD 10,000 per day per account with no commission fee.
- Safe Deposit Box (SDB) with special rates.

- Invitation to attend a variety of exclusive events and seminars with renowned economists, and financial and health experts.
- VIP service at Executive Airport Lounges across Indonesia for Danamon Privilege Debit card holders.
- No queuing in all Danamon branches for Danamon Privilege Debit card holders.
- Free annual fee for Danamon Privilege credit card holders, and holders of Danamon Platinum Visa-Mastercard, and Danamon World or Danamon American Express Gold® Card.
- Option to choose account number for Current and Savings Accounts (CASA)
- Access to Business Centers in several Danamon Privilege Centers.
- 24-hour phone banking service through Danamon Premium Service.
- Gifts on birthdays and religious celebrations for Danamon Privilege customers.

DANAMON SAVINGS AND LOANS

Dana Pinter 50 (DP50)

Financing (with collateral) for micro and small entrepreneurs, merchants and individuals, with a faster loan approval process from the time complete documents are received. Maximum financing is Rp 100 million.

Dana Pinter 200 (DP200)

Credit (with collateral) for micro and small entrepreneurs, merchants and individuals, with a faster loan approval process from the time complete documents are received. Maximum financing is Rp 500 million.

Si Pinter Savings

A savings account with an affordable initial deposit. Customers with certain criteria will receive benefits such as insurance protection with free premium, ATM and transfer facilities, no charges on electricity and telephone bill payments, and a cash deposit Pick up Service.

DSP Deposit

Term savings for DSP customers with an affordable initial deposit and withdrawals can only be made based on the given time period.

TabunganKU

Low cost savings account, with no monthly administration fees, a low initial deposit, and easily accessible to the public.

DP500

Credit (with collateral) for micro and small entrepreneurs, merchants and individuals, with a faster loan approval process from the time complete documents are received. Maximum financing is Rp 1.5 billion.

SMALL AND MEDIUM BUSINESS

Overdraft Loan

A loan for working capital purposes. This is short-term overdraft credit with an option to extend the loan period. This product offers withdrawal flexibility using cheques or giros during the term of the credit.

Demand Loan

A loan for working capital purposes. This is a short-term loan with the option to extend the loan period. Funds can be withdrawn using a Promissory Note (Promes) within a certain period of time, with a maximum up to the maturity date of the loan. Maximum Promes period is 180 days and may not exceed the period of the Letter of Credit Agreement.

Seasonal Demand Loan

A Seasonal Demand Loan is an additional working capital loan for existing customers that is available ahead of the holiday season.

Installment Loan

A loan for investment purposes to support customer business activities. Types of investments that can be financed are for productive assets such as land and building, equipment and industrial machinery.

Shop-House Installment Loan (KTU Ruko)

A Shop-House Installment Loan (KTU Ruko) is a financing facility for the purchase of business premises such as shop-houses with lower monthly installments and a longer installment period. One of the benefits of using KTU Ruko is that customers can get lower installments because a certain portion of the loan principal can be repayed on the due date.

Term Installment Loan BISA (KAB BISA)

KAB BISA is financing for investment in business premises such as warehouses, kiosks, factories, and shophouses in order to support customers' business activities. KAB BISA will be bundled with CASA products and e-channel services. This product also applies to take overs and re-financing.

Term Installment Loan - Reinstate

Credit for existing KAB customers with a minimum installment period of 12 months, by restoring the loan limit based on a good historical payment and track record.

DANAMON SYARIAH

BISA iB Savings

A savings account, based on syariah principles (Mudharabah or profit sharing), that offers transaction benefits such as: free balance inquiry, cash withdrawal, interbank transfers at ATM Bersama, Alto, and Danamon ATM networks. Free LLG, RTGS, and Online ATM transfers through Danamon Online Banking.

BISA QURBAN iB Savings

A term savings account, based on syariah principles (Mudharabah or profit sharing), in Rupiah to assist in the preparation of funding Qurban worship. Funds will be debited automatically every month from the source account and deposited in the BISA Qurban iB account with the amount and for the period of choice.

BISA UMROH iB Savings

Term savings, based on syariah principles (Mudharabah or profit sharing), to assist in the preparation of funding the Umroh pilgrimage. Funds will be debited automatically from the source account and deposited in the BISA Umroh iB account with the amount and for the period of choice.

Hajj iB Savings

A term savings account, based on syariah principles (Mudharabah or profit sharing), to prepare the funding needs of Hajj (pilgrimage) customers.

BISA iB Giro

A current account, based on syariah principles (Mudharabah or profit sharing) that offers customers transaction benefits such as access to Internet Banking (DOB and DConnect), account information services, and 24-hour customer service from Hello Danamon. It allows easier management of customer cash flows.

iB Cash Management

A service solution to manage company cash flows and liquidity in an effective and efficient manner, thus generating an optimum level of profitability.

iB Deposit

An investment product, based on syariah principles (Mudharabah or profit sharing), with tenor options of 1, 3, 6, or 12 months, as well as on a daily on-call basis with 7, 14, and 21 day options.

iB Proteksi Prima Amanah

A syariah-based life insurance protection program which offers life protection and total permanent disability benefits at contract end.

iB House Ownership Financing

House ownership financing with low down payment and fixed installments for a tenor of up to 20 years with a syariah leasing scheme (Ijarah Muntahiya Bit Tamlik).

iB Employee Cooperative Financing

Financing under a Mudharabah (profit sharing) scheme for Employee Cooperatives which will be distributed to members for their needs, with member's receivables as collateral.

iB Rural Bank Financing

Working capital financing under a Mudharabah (profit sharing) scheme to BPRS (Syariah Rural Bank) which will then be distributed to BPRS customers for their working capital and investment needs.

iB Working Capital Financing

Working capital and trade financing under syariah principles for Small Medium Enterprises (SME) and Commercial customers.

iB Investment Financing

Investment financing for places of business, capital goods, and other methods of production under syariah principles.

iB Leasing Financing

Investment financing in the form of leasing through the Ijarah Muntahia Bittamleek scheme for Small Medium Enterprises and Commercial customers.

iB Heavy Equipment Financing

A financing solution provided for businesses investing in heavy equipment, commercial vehicles, general asset finance, as well as tug boats & barges under Murabaha (sales and purchase) and Ijarah Muntahia Bittamleek (lease and purchase) schemes.

iB Trade Finance

A comprehensive Trade Finance solution that complies with syariah principles to fulfill working capital and investment needs for businesses in the Commercial and Corporate segments.

iB Syariah Current Account Financing

Financing for the working capital needs of small and micro entrepreneurs (SME) as well as commercial customers, with a 1 year tenor and an option for extension.

TRADE FINANCE**Letter of Credit**

With Letter of Credit (L/C), the Bank will provide a payment guarantee to the seller (exporter) as well as a guarantee to the buyer (importer) that payment will only be made after delivery of goods as specified in the L/C and proper documentation is presented, in accordance with the terms and conditions of the L/C.

Incoming Collection Services

Services provided by Danamon to handle documents sent by the Remitting Bank to Danamon, which serves as the Collecting Bank or Presenting Bank.

Incoming Collection Avalization

Facilities provided to customers in the form additional guarantee from the Bank to ensure payment of Incoming Collection Services upon acceptance by the drawee.

Shipping Guarantee

The Shipping Guarantee assists importers (on L/C opened by Danamon) in gaining control over goods from the shipping company when the original Bill of Lading has not been received by the Bank or Customer, while the goods have reached the destination port.

Clean L/C Negotiation

Facilities for customers (beneficiaries) in the form of document takeover in accordance with the terms and conditions set out in the L/C or Domestic Letter of Credit (SKBDN). Clean documents are complied with.

Discrepant L/C Negotiation

Facilities for customers (beneficiaries) in the form of document takeover that are not in accordance with the terms and conditions set out in the L/C or Domestic Letter of Credit (SKBDN). Discrepant documents are not complied with.

Outgoing Collection Services

Services provided by Danamon to handle documents from document collection where Danamon serves as the Remitting Bank, which will send the documents received from the drawer (exporter) to the drawee's (importer) bank.

Transferable L/C

Used to facilitate traders who act as intermediaries (first receiver / first beneficiary of the L/C) to receive benefit through exchange of invoices on the basis of a transferable L/C. A Transferable L/C can be transferred from the first receiver to one or more second receivers (second beneficiary).

Trade Finance Risk Participation

This is a transfer transaction of counterparty risk, partially or wholly, from underlying transaction of trade finance in the form of incoming or outgoing risk; funded or unfunded; silent or disclosed; with or without recourse; by the signing of the offer letter between seller and buyer Bank, which was preceded by the signing of Master Risk Participation Agreement.

Trade Commodity Financing (TCF)

TCF is a combination of Trade Financing and Commodity Financing (hybrid scheme). TCF is designed as a special financing scheme where the structure is adjusted with the nature of the business of the client and its commodity. It is a type of financing

where payments are obtained from funds coming from the buyer when the financed goods are delivered (self-liquidating). Financed goods and documents of ownership/receivables are the Bank's collateral under Fiduciary Transfer of Ownership (FTO).

Import L/C Financing

There are two types of Import L/C Financing (ILF) in Danamon: (1) Import L/C Financing Sight and (2) Import L/C Financing Usance.

Import L/C Financing Sight

This is provided to customers in a combination of L/C Import Sight and financing. Funding is automatically awarded at the maturity date of L/C Sight payment.

Import L/C Financing Usance

This is provided to Customers in a combination of L/C Import Usance, with a clause payable at sight, and financing. Funding is automatically given at sight by the Financing Bank.

Financing Against TR

Short term financing for import customers to meet the needs of working capital and settlement of obligations to the supplier that mature on the basis of L/C or Collection. Funding will be provided upon submission of Trust Receipt and Promissory Note as legal documentation.

Pre-shipment Financing under L/C/PO

Short-term trade financing available to exporters to meet the needs of working capital (purchase of raw materials, production activities and others) before shipment, in line with the export schedule, provided either on the basis of the L/C or Purchase Order.

Outgoing Collection Financing

Financing provided on the basis of receivables owned by the seller (customers) and invoiced through Danamon on the basis of Outgoing Collection Service transactions.

Trade Supplier Financing

Financing services provided to the seller on the basis of invoice and bill of exchange that has been accepted by the buyer based on buyer's risk (Buyer's Credit).

Open Account Financing

Funding granted to buyer/importer or seller/exporter for Open Account underlying transactions conducted domestically or internationally.

Bank-on-Bank Banker's Acceptances Financing (BoBBAF)

Trade products that allow Danamon to obtain short term funds from other financial institutions. Funding is based on acceptance from the Issuing Bank on import or export trade transactions which have not been funded and have a remaining maturity of between 30 to 180 days.

Bank Guarantee/SBLC

Written assurance given by Danamon on behalf of customers to the Principal based on a specific contract. Payments are made based on claims by the Principal due to the customer's failure to fulfill obligations based on the agreement (default).

CASH MANAGEMENT

Danamon Cash Connect

An Internet banking service that simplifies financial management of businesses, where customers can perform various banking transactions directly, fast and efficiently from customers' premises through the internet, and equipped with an encrypted security system. The Mobile Token and Mobile App versions also make transactions easier and more practical.

Cash Pick Up & Delivery Services

A service provided to customers for the pick up and delivery of cash and/or cheques. This service includes insurance, and the funds will be credited to the customer's account on the same day or on the next business day. Service methods and frequency can be set up as per customers requirements.

Cash Pick Up can also be done with Cash Collection Machine installed at customer's premises, for a more flexible collection time.

Virtual Account

These are cash management solutions that provide an effortless way to identify fund remitters and the reconciliation process. Payment options for virtual accounts and data connection can be modified according to customers' requirements.

e-Tax

This is a real time, on-line tax payment service through Danamon Cash Connect, in which the payment receipt can be printed directly.

Liquidity Management

Liquidity Management services on customers operational accounts optimize both control and account interest generated. Liquidity Management products include: Cash Pooling, Cash Distribution and Range Balance.

Notional Pooling

Linking bank accounts in the same currency for the purpose of calculating interest and liquidity management.

ERP (Enterprise Resource Planning) Direct Payment

Services that allow Danamon Cash Connect customers to upload financial transactions (i.e: transfers, auto loans, payroll), non-financial transactions, and other transactions, directly through the customers' ERP system.

Financial Supply Chain -Distributor Financing Program

Service and financing solutions for supply chain distributors. With a guarantee that payment is received on time, they can focus more on their core business. This solution also benefits distributors as they enjoy extension of payment terms, ease of transactions and competitive collateral.

EDC Mobile Payment

EDC mobile services that can be used to facilitate cashless billing between Distributor and Retailer.

TREASURY**Plain Vanilla FX Tod/Tom/Spot**

Foreign currency trading on same-day (Tod), 1-business day (Tom) or 2-business days (Spot) settlement after the transaction date.

FX Forward

Foreign currency trading with settlement of more than 2-business days after the transaction date.

FX Swap

Transactions in which one party agrees to buy (or sell) one currency against other currencies while at the same time reselling (or repurchasing) at price and value dates agreed upon in the futures.

Interest Rate Swap

An agreement between two parties to exchange assets or liabilities that have a floating interest rate with assets or liabilities that have a fixed interest rate or vice versa, based on conditions and time agreed. Customers can use it as a hedge instrument for interest rate risk.

Cross Currency Swap

An agreement between two parties to exchange nominal principal and payment of interest rates in different currencies, based on agreed conditions and times. Customers can use it as a hedge instrument for interest rate and foreign exchange risk.

ADIRA INSURANCE**Main Insurance Class Product Group****Motor Vehicle Insurance**

Protects the owners of motor vehicles against loss or damage due to collision, single-vehicle accident, fire, or theft. Such protection can be extended to include third party legal liability, personal accident, medical expenses arising from accidents, riots, terrorism and sabotage, floods, and earthquakes.

Self Accident Insurance

Provides protection in the event the insured passes away or suffers permanent disability due to an accident.

Health Insurance

Provides health services for inpatients and outpatients. Coverage includes medical expenses such as childbirth, dental care, eye-glasses, and medical check-ups as additional benefits.

Property Insurance

Provides protection for buildings, machinery, contents of building and goods or inventories against risks from fire, lightning, explosion, aircraft damage, and smoke damage. Protection can be extended to protect against risk of riots, work strikes, earthquakes, volcanic eruptions, storms, floods, and other water damage. This insurance also provides comprehensive property protection, namely Property All Risk.

Heavy Machinery Insurance

Provides comprehensive protection or total loss due to damage during operations, for heavy machinery, such as tractors, bulldozers, excavators, and cranes.

Marine Hull Insurance

Provides coverage for loss or damage to a vessel's hull and machinery on either a Total Loss Only basis or on a more comprehensive basis as required.

Engineering Insurance

Provides comprehensive cover for risks whilst under construction or for machinery, plant and equipment while being erected, tested and commissioned. In addition coverage is available for machinery breakdown for operational plant and equipment.

Cargo Insurance

Protects goods while being transported by land, sea or air, against accidental losses. Comprehensive or more limited coverage can be provided as required.

Main Retail Products

Autocillin

This branded motor vehicle insurance is sold through agents and retail channels and protects owners of four-wheeled vehicles against loss or damage resulting from collisions, own vehicle damage, and fire and theft. It includes other features such as TNK (car license) fee renewal and rental car fees to replace destroyed vehicles. Coverage may also be extended to include third party liability, personal accident, medical expenses, riot, terrorism and sabotage, floods and earthquakes.

Motopro

Protects motorcycles against Total Loss Only and offers personal accident coverage for the driver and pillion passenger. If required, coverage can be extended to include earthquakes and floods.

Home Insurance

Provides comprehensive coverage for private residences, including physical loss or damage and burglary, third party liability and personal accident for residents

Medicillin

The Company's group health insurance includes hospitalization, outpatient, dental and optical care. Medicillin has more than 1080 hospital and clinic partners throughout Indonesia together with a 24 hour Call Centre, (Adira Care 1500-456).

Arthacillin

Property insurance that protects business premises against unexpected risks. This product insures not only the business premises but also the owner, employees, and all possessions in the insured building.

Dengue Fever Insurance

This insurance covers inpatient care at a hospital or medical clinic if the insured contracts dengue fever.

Typhoid Insurance

Covers inpatient care at a hospital or medical clinic if an insured member contracts typhoid.

Travellin

Covers losses while travelling both domestically and internationally. Coverage includes personal accident, medical, travel delay, cancellation, loss of baggage, loss of documents and other benefits. In addition, this product also provides international medical assistance, in collaboration with strategic global partners.

Electronic Insurance

Provides cover for electronic products as a result of burglary, fire, lightning, riot, earthquake, flood, volcanic eruption, water damage, electrical short circuit damage and others.

Syariah Insurance

A number of syariah insurance policies, including motor vehicle (Autocillin Ikhlas), property (Syariah Home Insurance), personal accident (Aqila), as well as insurance for umrah and hajj pilgrimage and halal tour (Travellin Syariah). In addition to insurance protection, these products also offer a profit sharing scheme to policyholders.

Services

Corporate Website

Adira Insurance Information Center directly accessible 24 hours-a-day at www.asuransiadira.com.

Travellin Website

Information and sales center for the Company's travel insurance products can be accessed through www.travellin.co.id.

Medicillin Website

Information center for the Company's health insurance products can be accessed through www.medicillin.com.

Adira Care

A 24-hour customer service center can be accessed by phone, (1500-456), by SMS, (0812-111-3456), and by email (adiracare@asuransi.adira.co.id).

Autocillin Rescue

24-hour emergency rescue for customers whose vehicle is damaged or was involved in an accident, using tow trucks and on-road emergency services.

Autocillin Anchor Garage

Approved partner workshops providing services with 6 months' warranty and original spare parts. Adira Insurance also has standardized its partner workshops throughout Indonesia. This year, 6 more workshops have been standardized.

Autocillin Claim Spot

Autocillin offers customers a convenient way of making claims, purchasing products or making inquiries, by using vans stationed in prominent public areas.

Autocillin Mobile Claim Application

Autocillin's smartphone application helps customers acquire product information, such as premium rates, partner workshops, and making claims.

Medicillin Mobile Application

Medicillin's smartphone application facilitates customers in obtaining product information, coverage limit, ongoing claim status, list of partner hospitals, as well as to calculate body mass index.



Senior Executive Officers & Executive Officers

EVI DAMAYANTI

Chief Internal Auditor, SKAI, Indonesian citizen, Age 43, Joined with Danamon since 1 June 2016, Graduated from S1 Akuntansi Universitas Indonesia.

HERMAN

Treasury & Capital Market Head, TREASURY, Indonesian citizen, Age 48, Joined with Danamon since 2 December 2013, Graduated from S1 Teknik Elektro Universitas Trisakti.

YEN YEN SETIAWAN

Enterprise Banking, FI & TB Head, ENTERPRISE BANKING, FI & TB, Indonesian citizen, Age 45, Joined with Danamon since 28 July 2015, Graduated from S2 Loyola Marymount University.

VIVIAN WIDJAJA

Chief Transformation Officer, TRANSFORMATION, Indonesian citizen, Age 46, Joined with Danamon since 3 November 2016, Graduated from S2 Akuntansi University of Texas.

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Chief Credit Officer, CREDIT PROCESSING, Indonesian citizen, Age 52, Joined with Danamon since 18 April 2017, Graduated from S1 Ekonomi University Center at Binghamton.

MARY BERNADETTE JAMES

Chief Information, INFORMATION TECHNOLOGY, Malaysian citizen, Age 58, Joined with Danamon since 1 March 2016, Graduated from S1 Business Administration University Of Texas.

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Head Of Financial Crime Compliance, LEGAL COMPLIANCE, Indonesian citizen, Age 51, Joined with Danamon since 8 May 2017.

ARIETA ARYANTI PERMATA LESTARI

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Head Of Litigation, LEGAL COMPLIANCE, Indonesian citizen, Age 49, Joined with Danamon since 21 April 2003, Graduated from S2 Hukum Bisnis Universitas Trisakti.

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Sales and Distribution Head, SEMM, Indonesian citizen, Age 49, Joined with Danamon since 1 January 2016, Graduated from S2 Business Administration Universite Grenoble 2 - Pierre Mendes France.

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Special Asset Head, SEMM, Indonesian citizen, Age 43, Joined with Danamon since 13 April 1998, Graduated from S1 Agribisnis Institut Pertanian Bogor.

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Information Risk Management Head, INTEGRATED RISK, Indonesian citizen, Age 43, Joined with Danamon since 15 February 2017, Graduated from S2 Sistem Informasi Universitas Bina Nusantara.

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BPS Head Consumer, SME and S&D Network, FINANCE & CREM, Indonesian citizen, Age 44, Joined with Danamon since 16 January 2017, Graduated from S2 at St John's University.

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ANTONIUS HARTANDYO DANANG SAPUTRO

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Service Quality & Contact Center Head, CONSUMER & SME, Indonesian citizen, Age 52, Joined with Danamon since 20 December 2010, Graduated from S1 Sastra Inggris Universitas Kristen Satya Wacana.

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TANGERANG-SUPERMALL KARAWACI*

Unit Ff59a Supermall Karawaci
Jl. Bulevar Diponegoro Lippo Karawaci
Tangerang 15811
Tel. 021-5462269-70; 5462421-22
Fax. 021-5462271

* Include Syariah Office Channeling

TANGERANG-TAMAN CIBODAS*

Komp. Taman Cibodas, Jl. Gatot Subroto, Ruko Blok A No.16, Curug, Tangerang
Tel. 021-5528430-8435
Fax. 021-5527429

CILEGON-S. A. TIRTAYASA*

Jl. Sultan Agung Tirtayasa No. 145, Cilegon 42414
Tel. (0254) 391769, 380270-271
Fax. 0254-392155

CILEGON-SERANG*

Jl. Maulana Hasanuddin, Serang Plaza Blok I No. 5-6-7, Serang 42112
Tel. (0254) 203140 - 43
Fax. 0254-203144

BOGOR-JUANDA*

Jl. Ir. H. Juanda No. 46, Bogor 16000
Tel. (0251) 8329055 Ext 110/D-8356548
Fax. 0251-8322454

BOGOR-TAJUR*

Jl. Raya Tajur No. 49-B, Bogor 16720
Tel. (0251) 8393413, 414, 415
Fax. 0251-8390637

BOGOR-WARUNG JAMBU*

Jl. Raya Pajajaran Komplek Ruko Warung Jambu, Bogor 16153
Tel. (0251) 8322224, 8323843
Fax. 0251-8323822/8323046

BOGOR - GRAHA CIBINONG*

Ruko Graha Cibirong Blok D3, Komplek Graha Cibirong, Jl. Raya Jakarta Bogor Km.43, Kel. Cirimekar, Kec. Cibirong, Kab. Bogor
Tel. 021-87918721/87913717/87913652
Fax. 021-87918721/87913717/87913652

KARAWANG-TUPAREV*

Jl. Tuparev Komplek Karawang Plaza Ruko No. 5-6, Karawang 41312
Tel. (0267) 405533-566-588-239, D-404494
Fax. 0267-408241

BEKASI-CIKARANG*

Gedung Eks Tamara, Jl. Re Martadinata No. 9, Cikarang, Bekasi 17530
Tel. 021-8904341/8901445
Fax. 021-8904343

CIKAMPEK-A.YANI*

Jl. Jend. A. Yani No.37A Cikampek Karawang
Tel. (0264) 318496/318396
Fax. (0264),315425

JAKARTA-MATRAMAN*

Jl. Matraman Raya No. 52, Jakarta Timur 13150
Tel. Hunt.021-2800544,2800477, 2800466,2800455,D-2800536 D-2800985
Fax. 021-2800510

JAKARTA-JATINEGARA*

Jl. Jatinegara Barat No. 135 Jakarta Timur
Tel. 021-85901177
Fax. 021-85901332

JAKARTA-KALIMALANG TARUM*

Jl. Tarum Barat Hi No. 1, Kalimalang, Jakarta Timur 13450
Tel. 021-8656662
Fax. 021-8642058

JAKARTA-PONDOK GEDE*

Rukan Pondok Gede Plaza Blok D No 1 S/D 2 Pgede Bekasi Rt 04/01 Jatiwaringin Bekasi 17426
Tel. D. 021 - 8474625. H. 021 - 8474529 - 09 - 03
Fax. 021 - 8474477

JAKARTA-CIBUBUR TIMES SQUARE*

Jl.transyogi Km.3, Komp.rukan Cibubur Times Square Blok B1 No.10, Cibubur Jakarta Timur
Tel. 021-84305460, 84305458, 84305459
Fax. 021-84305461

JAKARTA-PONDOK BAMBU*

Jl. Pahlawan Revolusi No. 125 B, Pondok Bambu, Jakarta Timur 13430
Tel. 021-8612527, 8612844
Fax. 021-8615171

JAKARTA - BUARAN RAYA*

Jl.buaran Raya Blok A No.93-94 Jakarta Timur
Tel. 021-86601759/86613155
Fax. 021-86603338

TELUK BETUNG-PATTIMURA*

Jl. Pattimura No.2-4, Telukbetung 35221
Tel. 0721-487226
Fax. 0721 487250

TELUK BETUNG-IKAN HIU

Jl. Ikan Hiu Blok B 2-4 Teluk Betung 35223
Tel. 0721-487334
Fax. 0721-487336

PRINGSEWU-A.YANI

Jl. Ahmad Yani No.65, Pringsewu 35373.
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Fax. 0729-21426

TANJUNG KARANG-KARTINI

Jl. Kartini No.182, Tanjung Karang 35111
Tel. 0721-262026
Fax. 0721-262502

TANJUNG KARANG-WAY HALIM

Jl. Kiai Maja Ruko Way Halim No. 14-15 Kedaton Bandar Lampung 35141
Tel. 0721-704110
Fax. 0721783613

KOTA BUMI-SUDIRMAN

Jl. Jend. Sudirman No.7, Kotabumi 34516
Tel. 0724-21076;21990
Fax. 0724-21458

METRO LAMPUNG-SUDIRMAN*

Jl. Jend. Sudirman No.1-3/B, Lampung 34111
Tel. 0725-41404
Fax. 0725-43631

REGION 2

BANDUNG-MERDEKA

Jl. Merdeka No. 40 Bandung
Tel. (022)4223344 Ext 5600
Fax. 022-4200717

BANDUNG - RIAU*

Jl. Re. Martadinata No. 136 (Jl. Riau No. 136), Bandung
Tel. (022) 7106222
Fax. (022) 7231422

BANDUNG-A. YANI*

Jl. Ahmad Yani No. 638 Bdg
Tel. (022) 7200010 (H), 7216924(D)
Fax. (022) 7201194,7208493

BANDUNG-BUAH BATU*

Jl. Buah Batu No.166 Bdg
Tel. (022)-7300217, 7305731, 7311901, 7311936
Fax. (022) 7312988/7311654

BANDUNG-PUNGKUR*

Jl. Pungkur No. 118 Bandung
Tel. (022)- 5210719 - 22 (Hunting)
Fax. (022) 5208352

BANDUNG-JUANDA*

Jl. Ir. Juanda No.64, Bandung
Tel. (022) 4204462 (Hunt) 022-4211945 (D)
Fax. (022) 4211947

SUKABUMI-A.YANI*

Jl. Jend. Ahmad Yani No. 30 Sukabumi
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Fax. 0266 215802

CIANJUR-COKROAMINOTO*

Jl.hos.cokroaminoto No.36 Cianjur
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Fax. (0263)264055

BANDUNG-SETRASARI MALL

Komp. Ruko Setrasari Mall B.2 No 21 Bandung
(Tel. 022) 2016002,2016004,05 (Hunting) Direct 2016003
Fax. (022) 2016001

BANDUNG-JAMIKA*

Jl.jamika No. 11 A, Kel. Jamika,Kec. Bojongloa Kaler, Bandung Jabar
Tel. (022) 6010850, 6022463, 6022456
Fax. (022)6022445

BANDUNG-PASIR KALIKI*

Jl. Pasir Kaliki No. 154, Bandung
Tel. (022) 4208675, 4211172, 4211175
Fax. (022) 4211173

BANDUNG-GARDUJATI*

Jl. Gardujati No. 38 Bandung
Tel. 022-4213566, 4213676
Fax. 022-4213564

BANDUNG-SUMBERSARI*

Ruko Sumber Sari Jl. Soekarno Hatta 130 Bdg
Tel. (022) 6120790,6120755
Fax. (022) 6037836

BANDUNG - TAMAN KOPO INDAH II*

Taman Kopo Indah li 1B No.26 Bandung
Tel. (022) 5405699
Fax. (022) 5421430

BANDUNG-OTISTA*

Jl. Oto Iskandardinata No. 22 Bdg
Tel. (022)4241580 (Ext.:3101)
Fax. (022) 4213428

CIMAHI-CIBABAT*

Jl. Raya Cibabat No.349 Cigugur Tengah Cimaahi
Tel. (022) 6657132, 6644110,6657133
Fax. (022) 6657134

BANDUNG-ASIA AFRIKA*

Jl. Asia Afrika No.180 Bandung
Tel. (022) 4201505
Fax. (022) 4201508

BANDUNG-TAMAN KOPO*

Komp. Taman Kopo Indah, Ruko 2 & 3 Bdg
Tel. (022) 5407163 - 5407167
Fax. (022) 5407166

BANDUNG-KOPO*

Jl. Kopo No.26 Bandung
Tel. (022) 6033153 S/D 6033156
Fax. 022-6079915

BANDUNG-SETIA BUDI*

Jl. Dr. Setiabudi 62 Bandung
Tel. (0262) 2033662 H
Fax. (022) 2035478

GARUT-CILEDUG*

Jl.ciledug No.36 Garut
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Fax. (0262) 238090

S U B A N G-OTISTA*

Jl. Otista No. 65 Subang
Tel. (0260) 411398 (Hunting 3 Line)
Fax. (0260) 411035

PAMANUKAN-ION *

Jl. Ion Martasasmita No. 14 Pamanukan
Tel. 0260-551444, 0260-551608
Fax. (0260) 411035

PURWAKARTA-MARTADINATA*

Jl. Re Martadinata No. 7 Purwakarta
Tel. (0264) 202-491, 492, 493, 494, 201-963
Fax. (0264) 202495

TASIKMALAYA-YUDA NEGARA*

Jl.yudanegara No.40 Tasikmalaya
Tel. (0265)332151, (0265)327977
Fax. (0265) 331498

CIREBON-YOS SUDARSO*

Jl. Yos Sudarso No. 33 Cirebon
Tel. (0231) 242278 (H)
Fax. (0231) 208145/208146

KUNINGAN-SILIWANGI*

Jl. Siliwangi Ruko No. 35-36 Kuningan
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Fax. (0232) 872425

MAJALENGKA- ABDUL HALIM*

Jl. Kh. Abdul Halim No. 228, Majalengka
Tel. 0233-3406228

REGION 3

SURABAYA-GUBERNUR SURYO*

Jl. Gubernur Suryo No.12, Surabaya
Tel. (031) 5346690 D,5312126 H Ext 1116
Fax. (031) 5340783

SURABAYA-JEMUR ANDAYANI*

Jl. Jemur Andayani 46 B-C, Surabaya
Tel. (031) D 8411511, 8432344
Fax. (031) 8411512

GRESIK-KARTINI*

Jl. R.a. Kartini No. 236/5 Gresik 61122
Tel. (031) 3985638 - 39
Fax. (031) 3985640

SURABAYA-DARMO*

Jl. Raya Darmo No. 59, Surabaya
Tel. (031) 5671035 - 42, 5674806-D
Fax. (031) 5618716

SURABAYA-DIPONEGORO*

Jl. Diponegoro No. 160, Surabaya
Tel. (031) 5682605, 5682604, 5685340
Fax. (031) 5682613

SURABAYA-HR MUHAMMAD*

Jl. Hr Muhammad 86 C-D, Surabaya
Tel. (031)7341182-83 Ext 12, 7343810-D
Fax. (031) 7341181

SURABAYA-KEDUNGORO*

Jl. Kedungoro No. 97 Surabaya
Tel. (031) 5320962 - 63
Fax. (031) 5327750

SURABAYA-KERTAJAYA*

Jl. Kertajaya No. 141, Surabaya
Tel. (031) 5031411, 5031412
Fax. (031) 5033611

SURABAYA-KLAMPIIS*

Jl. Klampis Jaya No.136 Surabaya Klampis
Tel. (031) 5928570/65/69, 5991834
Fax. (031) 5994861

SURABAYA-MANYAR INDAH*

Komp. Pertokoan Manyar Indah Plaza
Kav. A-3, Jl. Ngagel Jaya Selatan'-
Surabaya
Tel. (031) 5044111/5044375/5044376
Fax. (031) 5044374

SIDOARJO-A.YANI*

Jl. A. Yani No.7, Sidoarjo
Tel. (031) 8961031-2, 8957365-D
Fax. (031) 8921573

MOJOKERTO-MOJOPAHIT*

Jl. Mojopahit No. 282 Kel. Mentikan
Kec. Prajurit Kulon Kab. Mojokerto
Tel. (0321) 324295
Fax. (0321) 395733-34

SURABAYA-COKLAT*

Jl. Coklat No. 8, Surabaya
(031)3524091-3 H -, 3557843 - D
Fax. (031) 3551352

SURABAYA-KAPAS KRAMPUNG*

Jl. Kapas Krampung No. 106, Surabaya
Tel. (031) 5032201 - 02
Fax. (031) 5032206

SURABAYA-PASAR TURI*

Komp. Sinar Galaxy B-70 Surabaya
Tel. (031) 3532473-3532474, 3559274
Fax. (031) 3559275

SURABAYA-MULYOSARI*

Jl. Raya Mulyosari 134, Pb 14 Surabaya
Tel. (031) 5932932-33
Fax. (031) 5932712

SURABAYA-RAJAWALI*

Jl. Rajawali 51-B Surabaya
Tel. (031) 3535028, 3574358/9
Fax. (031) 3535029

SIDOARJO-SEPANJANG*

Jl. Raya Bebekan 24 Sepanjang Jatim
Tel. (031) 7870356 - 58
Fax. (031) 7870360

**SURABAYA-BUKIT DARMO
BOULEVARD***

Bukit Darmo Golf Boulevard Blok B1-
25 Surabaya
Tel. (031) 7346895
Fax. (031) 7320131

SURABAYA-KUSUMA BANGSA*

Jl. Kusuma Bangsa No 90, Surabaya
Tel. (031) 5323968
Fax. (031) 5479791

SURABAYA - MAYJEN SUNKONO*

Jl.mayjen Sungkono No.75 Surabaya
Tel. (031) 5681889
Fax. (031) 5681869

SURABAYA - MARGOREJO INDAH*

Jl.margorejo Indah No.90 Surabaya
Tel. (031) 8414644
Fax. (031) 8414766

SURABAYA - PUCANG ANOM*

Jl.pucang Anom Timur No.5 B
Surabaya
Tel. (031) 5018558
Fax. (031) 5018884

SURABAYA - KEMBANG JEPUN*

Jl.kembang Jepun No.43 Surabaya
Tel. (031) 3577743
Fax. (031) 3556676

SURABAYA - DHARMAHUSADA*

Jl.dhramahusada No.168 Surabaya
Tel. (031) 5929484
Fax. (031) 5929485

SURABAYA- MARGOMULYO*

Jl. Raya Margomulyo No. 9 Blok Aa No.
10, Kel. Balongsri, Kec. Tandes, Kota
Surabaya Jatim
Tel. 03188404848
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JOMBANG-KH.WAHID HASYIM*

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TUBAN-LUKMAN HAKIM*

Jl. Lukman Hakim No. 62, Tuban
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BOJONEGORO-SUROPATI*

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Fax. (0353) 881556

PAMEKASAN-TRUNOJOYO*

Jl. Trunojoyo No. 63, Pamekasan
Madura
Tel. (0324) 326995 - 96
Fax. (0324) 323989

**PGB SURABAYA - PANGKLIMA
SUDIRMAN**

Jl. Panglima Sudirman 11-17 Surabaya
Tel. 031-547 4613, 534 6885
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MALANG-KAWI*

Jl. Kawi No. 15, Malang
Tel. (0341) 367766
Fax. (0341) 369314

PASURUAN-SOEKARNO HATTA*

Jl. Raya Pasuruan Pertokoan Ps. Besar
A 28-29, Pasuruan
(0343) 427301- 03, 428823
(0343) 427304

PASURUAN-PANDAAN*

Jl.raya Jogonalan 32, Pasuruan-
Pandaan
Tel. (0343) 632897, 632641
Fax. (0343) 632751

MALANG - SUTAN SYAHRIR*

Jl. Sutan Syahrir No.15 Malang
Tel. (0341) 351500
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KEDIRI-BRAWIJAYA*

Jl. Brawijaya No.33 Kediri Jawa Timur
Tel. (0354) 684608-H, 690330-D
Fax. (0354) 684844

KEDIRI - PARE*

Jl. Mastrip No. 44, Pare Kediri
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BLITAR-MERDEKA*

Jl. Merdeka 28 Kav.4-5, Blitar
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MADIUN-COKROAMINOTO*

Jl. Hos Cokroaminoto 124-126 Madiun
Tel. (0351) 457930 - 32
Fax. (0351) 455940

NGAWI-J.A. SUPRAPTO*

Jl. Jaksa Agung Suprpto No. 19,
Ngawi
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MAGETAN-A.YANI*

Jl. Jend. A. Yani No. 75, Magetan
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PONOROGO-GAJAH MADA*

Komplek Pertokoan Gajah Mada
Kav.42-45 Ponorogo
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Fax. (0352) 486809

TULUNGAGUNG-KASIHIN

Jl. Kapten Kasihin No. 157,
Tulungagung
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JEMBER-GAJAH MADA*

Jl. Gajah Mada No. 84 Jember
Tel. (0331)486165
Fax. (0331) 485303;

BANYUWANGI-A.YANI*

Jl. Jend A. Yani No.41, Banyuwangi
Tel. (0333) 425212 - 13, 411362
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REGION 4**MAKASSAR-A.YANI**

Jl.ayani No.11- 13, Makassar
Tel. (0411) 3612745, 3627859
(0411) 312776

MAKASSAR-SLAMET RIYADI*

Jl. Slamet Riyadi No. 1, Makassar
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Fax. (0411) 327082,323983

MAKASSAR-LATIMOJONG*

Jl.g.latimojong No.22, Makasar
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Fax. (0411) 314474

SUNGGUMINASA-W.HASYIM*

Ruko Plaza Balla Lompoa Blok C1,
Jl. Kh. Wahid Hasyim, Sungguminasa
Tel. (0411) 8220471 - 472
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Komp. Pasar Butung Ruko Blok S No.
10-11. Jl. Sulawesi
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MAKASSAR-PANAKUKANG*

Jl.boulevard Ruko Jasper II/24-25,
Makassar
Tel. (0411) 422505, 422515
Tel. (0411) 422510 - Direct
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MAKASSAR-CENDRAWASIH*

Jl.cendrawasih No.240, Makassar
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Makassar
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BONE-AGUS SALIM*

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BULUKUMBA-SAM RATULANGI*

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Bulu Kab, Bulukumba, Sulawesi Selatan
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Fax. (0413) 82069

MAROS-SUDIRMAN*

Jl. Jend. Sudirman Ruko Anjali No.3-4,
Maros, Sulawesi-Selatan
Tel. (0411) 372216
Fax. (0411) 372217

SIDRAP-SUDIRMAN*

Jl.jend Sudirman No. 48, Sidrap
Tel. (0421) 91848
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WAJO-RA. KARTINI*

Jl.ra.kartini No.124 - 126, Wajo
Tel. (0485) 22277. 21276
Fax. (0485) 21900

PALOPO-RAMPUTAN*

Ruko Terminal Blok E No.1-2
Jl. Rambutan Kotamadya Palopo
Tel. (0471) 21900. 22349
Fax. (0471) 23540

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Jl.st.hasanudin No.50, Pare-Pare
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Fax. (0421) 22111

PINRANG-A.MAKASAU*

Jl.andi Makasau No.34, Pinrang
Tel. (0421) 922171,922708
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RANTEPAO-DIPONEGORO*

Jl. Diponegoro No.33, Rantepao, Tana
Toraja, Sulawesi Selatan
Tel. (0423) 21141, 21143, 21150, 23750
Fax. (0423) 21144, 23725

MAKASSAR-PANNAMPU

Jl. Tinumbu No. 321, Kelurahan
Pannampu, Kecamatan Tallo,
Kota Makassar,
Provinsi Sulawesi Selatan 90213
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KENDARI-SAM RATULANGI*

Jl. Sam Ratulangi No 183 - 185,
Mandonga, Kendari
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BAU-BAU-YOS SUDARSO*

Jl. Yos Sudarso No. 17, Bau-Bau
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AMBON-DIPONEGORO*

Jl.diponegoro No.34, Ambon
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(0911) 354384 (Direct)
Fax. (0911) 354062

JAYAPURA-A.YANI*

Jl.ayani No.9,Jayapura
Tel. (0967) 531714/5
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ABEPURA-RAYA ABEPURA*

Ruko Abepura, Jl. Raya Abepura,
Kotaraja
Tel. (0967) 584580, 584367 - 68
Fax. (0967) 584366

MERAUKE-MANDALA*

Jl.raya Mandala No.71, Merauke
Tel. (0971) 323261 - 64
Fax. (0971) 324343

NABIRE-YOS SUDARSO*

Jl.yos Sudarso No.12, Nabire Irian Jaya
Tel. (0984) 23166 - 68
Fax. (0984) 23169

SENTANI-KEMIRI*

Jl. Raya Kemiri No.541, Sentani,
Jayapura
Tel. (0967) 593995, 593962, 593963
Fax. (0967) 593995

TIMIKA-YOS SUDARSO*

Jl. Yos Sudarso No. 12, Timika, Papua
Tel. (0901) 322766, 322244
Fax. (0901) 321462

MANOKWARI-YOS SUDARSO*

Jl. Yos Sudarso No.41 E/F, Manokwari
Papua
Tel. (0986) 213782 - 84
Fax. (0986) 213785

SORONG-A.YANI*

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Utara, Kec. Sorong, Papua Barat
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BIAK-IMAM BONJOL*

Jl. Imam Bonjol No.34, Biak
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Jl. dr. Sutomo No.62, Manado -
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MANADO-TOAR*

Jl. Toar No. 17, Manado - Sulawesi Utara
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MINAHASA-TOMOHON*

Jl. Raya Tomohon No.40A, Tomohon,
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KOTAMOBAGU-KARTINI*

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Sulawesi Utara
Tel. (0434) 22007, 21023
Fax. (0434) 22340

GORONTALO-A.YANI*

Jl. A. Yani No.58, Gorontalo
Tel. (0435) 824137, 823961, 822569
Fax. (0435) 824138

PALU - HASANUDIN*

Jl. st. Hasanudin No.27, Palu - Sulawesi
Tengah
Tel. (0451) 423452, 423903
Fax. (0451) 423813, 853136

PALU - GAJAH MADA*

Jl. Gajah Mada No. 136, Palu - Sulawesi
Tengah
Tel. (0451) 454911
Fax. (0451) 454912

LUWUK-BANGGAI*

Jl. A. Yani No.104, Luwuk Banggai -
Sulawesi Tengah
Tel. (0461) 22960, 22957, 22931
Fax. (0461) 22959

TOLI-TOLI - USMAN BINOL*

Jl. Usman Binol No.43, Toli-Toli -
Sulawesi Tengah
Tel. (0453) 23100, 23200, 23201
Fax. (0453) 23202

TERNATE*

Jl. Boulevard Ruko Jatiland Kel.
Gamalama, Kec. Kota, Ternate Tengah
Tel. (0921) 3122082, 3123626, 3123250
Fax. (0921) 3123626

REGION 5

BANJARMASIN-LAMBUNG MANGKURAT*

Jl. Lambung Mangkurat No. 50,
Banjarmasin
Tel. (0511) 4366824 - 25, 4366836
Fax. (0511) 4366847, 4366847

BANJARMASIN-A. YANI*

Jl. A. Yani Km. 2.5 No. 81, Banjarmasin
Tel. (0511) 3266278-80 (H)
(0511) 3257422 (D)
Fax. (0511) 3266282

BANJARMASIN-PASAR BARU*

Jl. Pasar Baru Indah Blok 4A,
Banjarmasin
Tel. (0511) 3358601, 3358895
Fax. (0511) 3356801

BANJAR BARU - A. YANI*

Jl. A. Yani Km 34, No 31 Banjarbaru
Tel. (0511) 4780023-24, 4780405
Fax. (0511) 4780028, 4782850

BJM - BRIGJEN H. HASAN BASRI*

Jl. Brigjen H. Hasan Basri No. 47 D Rt
17, Banjarmasin
Tel. (0511) 3304653
Fax. (0526) 2030137

KOTABARU - PUTRI CIPTASARI*

Jl. Putri Ciptasari 8-10 Kota Baru
Tel. (0518) 22256-7, 22257
Fax. (0518) 21254, 21905

KOTABARU-BATU LICIN*

Jl. Raya Batu Licin No. 2-3 Batu Licin,
Kotabaru
Tel. (0518) 70777, 70779
Fax. (0518) 70778

SAMARINDA-SUDIRMAN*

Jl. Jend. Sudirman No. 31 Samarinda
Tel. (0541) 732832 - 5, 732837,
205449 (Direct Bsm)
Fax. (0541) 732831, 205448

SAMARINDA-CITRA NIAGA*

Jl. Mulawarman No. 27 Rt 28, Kel.
Pelabuhan, Kec. Samarinda Ilir,
Kotamadya Samarinda, Provinsi Kaltim
Tel. (0541) 741802, 202021
Fax. (0541) 741803

SAMARINDA-PAHLAWAN*

Jl. Pahlawan Rt.032, Kel. Dadi Mulya
Kec. Samarinda Ulu Samarinda
Tel. (0541) 768531
Fax. (0541) 768533

TARAKAN-SUDIRMAN*

Jl. Jend Sudirman No 7-8 Tarakan
Tel. (0551) 24445, 24446
Fax. (0551) 36147

TANJUNG SELOR-SKIP II*

Jl. Skip II Kavling 20 Tj. Selor
Tel. (0552) 22266, 22555 (Direct
Bsm)
Fax. (0552) 22239

BONTANG-MT. HARYONO*

Jl. Mt. Haryono No. 3 Bontang
Tel. (0548) 5107990, 5116199
Fax. (0548) 25295

SANGATTA - YOS SUDARSO

Jl. Yas Sudarso II RT 014, Sangatta
Utara Kec. Sangatta, Kab. Kutai Timur.
Provinsi Kalimantan Timur 75611
Tel. (0549) 23315
Fax. (0549) 24722

TARAKAN-YOS SUDARSO*

Jl. Yos Sudarso No. 30 Tarakan
Tel. (0551) 24648, 50, 25947 (Direct
Bsm)
Fax. (0511) 225315

NUNUKAN - PATTIMURA*

Jl. Pattimura Rt.02, Kel. Nunukan
Timur, Kec. Nunukan, Kalimantan Timur
Tel. 0556-62025700
Fax. (0556) 2025684

TANJUNG REDEP-AKB SANIPA*

Jl. Akb Sanipa No. 669 Tj. Redep
Tel. (0554) 22970
Fax. (0554) 22095

KH. AHMAD MUKHSIN (D/H TENGGARONG-MADUNINGRAT)*

Jl. Kh. Ahmad Mukhsin No. 19 Rt Iv Kel.
Timbau, Kec. Tenggarong Kab. Kutai
Katanegara, Provinsi Kalimantan Timur
Tel. (0541) 662633, 200116
Fax. (0541) 662124

BALIKPAPAN-SUDIRMAN*

Jl. Jend. sudirman No. 54 Balikpapan
Tel. (0542) 733134-8, 730016, 736887
(Direct Bsm)
Fax. (0542) 736401

BALIKPAPAN-PANDANSARI*

Jl. Pandan Sari No. 7 Balikpapan
Tel. (0542)-413294, 413293, 441182
(Direct Bsm)
Fax. (0542) 440716

TANAH GROGOT-RA. KARTINI*

Jl. R.a Kartini No. 42 Tanah Grogot
Tel. (0543) 22745, 21043, 22734
Fax. (0543) 22747

BALIKPAPAN - A. YANI*

Jl. Jend. A. Yani No.8 Rt.002 Karang
Jati, Balikpapan
Tel. (0542)-7209977-79(H), 7209975
(Bsm)
Fax. (0542) 7209980

PALANGKARAYA-A. YANI*

Jl. A. Yani No. 82, Palangkaraya
Tel. (0536) 3222131-2, 32222642
Fax. (0536) 3221197, 3224482

SAMPIT-MAYJEN SUTOYO*

Jl. Mayjend. Sutoyo No 86, Sampit
Tel. (0531) 23040
Fax. (0531) 24833

PANGKALAN BUN - ANTASARI*

Jl. P. Antasari No. 5 Pangkalan Bun
Tel. (0532) 23165, 23433
Fax. (0532) 24843, 23164

PONTIANAK-TANJUNG PURA*

Jl. St. Muhammad No. 102, Pontianak
Tel. (0561) 730898
Fax. (0561) 736264

PONTIANAK-ST. MUHAMMAD*

Jl. Tanjung Pura No.173, Pontianak
Tel. (0561) 731156
Fax. (0561) 734462

SIANTAN-KHATULISTIWA*

Jl. Khatulistiwa No. H- 99, Siantan
Tel. (0561) 883033, 881761, 881762
Fax. (0561) 882402

PONTIANAK-SEIPINYUH*

Jl. Jurusan Pontianak, Sungai Pinyuh
(Depan Spbu Sei Pinyuh), Pontianak
Tel. (0561) 652868, 652869
Fax. (0561) 652870

SINGKAWANG-NIAGA*

Jl. Niaga No. 5-7, Singkawang
Tel. (0562) 634275,
Fax. (0562) 634276

PEMANGKAT-M.HAMBAL*

Jl. Muh. Hambal No. 48, Pemangkat
Tel. (0562) 242222, 242288
Fax. (0562) 2422123

PONTIANAK-KH. WAHID HASYIM*

Jl. Kh. Wahid Hasyim No. 24 - 26,
Pontianak Kalimantan Barat
Tel. (0561) 768599, 765411
Fax. (0561) 766203

PONTIANAK-GAJAH MADA*

Jl. Gajah Mada No.132 Pontianak
Kal-Bar
Tel. (0561) 763078
Fax. (0561) 763766

PONTIANAK - SUNGAI RAYA DALAM*

Jl. Sungai Raya Dalam No. C. Kel.
Bangka Belitung Darat, Kec. Pontianak
Tenggara, Kota Pontianak Kal Bar
Tel. 0561-75944446
Fax. (0561) 6715076

SINTANG-MT HARYONO*

Jl Mt. Haryono No. 5, Sintang
Tel. (0565) 22302, 22318
Fax. (0565) 22316

SANGGAU-A.YANI*

Jl. Ahmad Yani No. 99 Kabupaten
Sanggau Kalimantan Barat
Tel. (0564) 22553

MELAWI - JUANG*

Jl. Juang Blok H No. 3 Dan 4, Nanga
Pinoh, Kab. Melawi
Tel. 0568- 22785

KETAPANG-MERDEKA*

Jl. Merdeka No. 181, Ketapang,
Kalimantan Barat
Tel. (0534) 33297, 33576
Fax. (0534) 33577

REGION 6

MEDAN-PUTRI HIJAU*

Jl. Putri Hijau No. 2, Medan - Sumatera
Utara 20111
Tel. 061 - 4152655
061-4576606

MEDAN-TANJUNG PURA*

Jl. Pemuda No. 30, Tanjungpura -
Sumatera Utara (20853).
Tel. 061 - 8960433
Fax. 061 - 8960801

STABAT-ZAINAL ARIFIN*

Jl. Zainal Arifin 774, Stabat Kab.
Langkat
Tel. 061 - 8912160
Fax. 061 - 8912156

MEDAN-PUSAT PASAR*

Jl. Pusat Pasar No.p 187, Medan -
Sumatera Utara
Tel. 061 - 4156006
Fax. 061-4159782

MEDAN-RAHMADSYAH*

Jl. Rahmadsyah No. 22, Medan -
Sumatera Utara
Tel. 061 - 7351436
Fax. 061-7351460

MEDAN-ASIA MEGA MAS*

Ruko Medan Asia Jl.asia Indah Blok C
No.10-11 Kel. Sukaramai II, Kec. Medan
Area, Medan
Tel. 061-7321503
Fax. 061-7321613

MEDAN-SETIABUDI*

Jl.setiabudi No.4 Medan
Tel. 061-8216100
Fax. 061-86225747

MEDAN-KATAMSO*

Ruko Kampung Baru Katamso,
Jl.katamso No.731 A Medan
Tel. 061-7870997 (H)
Fax. 061-7870897

MEDAN-ASIA*

Jl. Asia 184C, Medan
Tel. 061 - 7349644
Fax. 061 - 7354422

MEDAN-A. YANI*

Jl. Ahmad Yani No. 74, Medan -
Sumatera Utara 20111
Tel. 061 - 4519339
Fax. 061- 4158935

MEDAN-CITRA GARDEN*

Jl. Citra Garden Blok B1-20, Medan
Tel. 061-77164292
Fax. (061) 8214460

MEDAN-YOS SUDARSO*

Jl Yos Sudarso 152D, Medan
Tel. 061 - 6621450
Fax. 061 - 6620955

* Include Syariah Office Channeling

MEDAN-KRAKATAU*

Jl.krakatau No.127 - 127A, Medan
Tel. 061-6617797 (H)
Fax. 061-6636812

MEDAN-BINJAI*

Jl. Jend. Sudirman No.60, Binjai -
Sumatera Utara Kode Pos 20711
Tel. 061 - 8821059
Fax. 061-8829039

MEDAN-DIPONEGORO

Jl. P. Diponegoro No. 35, Medan -
Sumatera Utara 20152
Tel. 061 - 4552000
Fax. 061-4526485

MEDAN-PEMUDA*

Jl. Pemuda No. 5 A-D, Medan -
Sumatera Utara 20151
Tel. 061 - 4154611
Fax. 061-4566358

MEDAN-PANDU*

Jl. Pandu 41/70, Medan - Sumatera
Utara 20212
Tel. 061 - 4576222
Fax. 061-4565241

MEDAN-ISKANDAR MUDA*

Jl. Iskandar Muda No.226-230, Medan -
Sumatera Utara -20112
Tel. 061 - 4155090
Fax. 061-4536269

MEDAN-THAMRIN*

Jl.thamrin No.93-95, Medan - Sumatera
Utara 20214
Tel. 061 - 7366811
Fax. 061-7342616

MEDAN-TOMANG ELOK*

Komp.tomang Elok Blok Bb
No.98,Seikambing,Medan
Tel. 061-8466150
Fax. 061-8466130

DELI SERDANG-SUTOMO*

Jl. Sutomo No. 85, Lunuk Pakam, Kab.
Deli Serdang
Tel. 061-7955780
Fax. (061) 7955780

SIBOLGA-IMAM BONJOL*

Jl. Imam Bonjol No.63, Sibolga-
Sumatera Utara, 22522
Tel. 0631 - 23826
Fax. 0631-24326

GUNUNG SITOLI-DIPONEGORO*

Jl.diponegoro No.143 Kel. Ilir Kec.
gunungsitoli Kab Nias Kode Pos 22815
Tel. 0639-22921
Fax. 0639-22923

P.SIANTAR-SUTOMO*

Jl. Sutomo No. 5 D/E, Pematang
Siantar 21117
Tel. 0622 - 29481
Fax. 0622-29482

TEBING TINGGI-SUDIRMAN*

Jl. Jend. Sudirman No. 218 -220, Tebing
Tinggi - Sumatera Utara - 20615
Tel. 0621 - 24226
Fax. 0621-24175

PADANG SIDEMPUAN-MERDEKA*

Jl. Merdeka No.22, Padang Sidempuan
- Sumatera Utara - 22718
Tel. 0634 - 22977
Fax. 0634 - 22979

KISARAN-IMAM BONJOL*

Jl. Imam Bonjol 178, Kisaran - Sumatera
Utara 21215
Tel. 0623 - 44079
Fax. 0623-44059

RANTAU PRAPAT-A.DAHLAN*

Jl. Kh Ahmad Dahlan No.94, Rantau
Prapat - Sumatera Utara 21413
Tel. 0624 - 24159,24160
Fax. 0624-21068

TANJUNG BALAI-COKROAMINOTO*

Jl. Cokroaminoto 48 A, Tj. Balai
Asahan - Sumatera Utara 21312
Tel. 0623 - 93370
Fax. 0623 - 95158

BD.ACEH-SAFIATUDDIN*

Jl. Sri Ratu Safiatuddin No.54,
Nanggroe Aceh Darussalam, 23122
Tel. 0651 - 31178
Fax. 0651 - 32802

MEULABOH - NASIONAL*

Jl. Nasional No. 4, Meulaboh, Aceh
Barat
Tel. (0655) 7552626
Fax. (0655) 7552627

LHOKSEUMAWA-PERDAGANGAN*

Jl. Perdagangan No. 47-49,
Lhokseumawe - Aceh Utara
Tel. 0645 - 40104
Fax. 0645-43640

LANGSA-TEUKU UMAR*

Jl. Teuku Umar No.114, Langsa - Aceh
Timur
Tel. 0641 - 21888, 23900
Fax. 0641 22732

BIREUEN-KOL. HUSEIN YUSUF*

Jl. Kolonel Husein Yusuf No.1, Bireun
Tel. 0644 - 323081
Fax. 0644 - 323086

PAYAKUMBUH-SOEKARNO HATTA*

Jl. Soekarno-Hatta No. 80
Payakumbuh Kode Pos.26222
Tel. (0752) 95771/95772/95770
Fax. (0752) 95764

INDRAGIRI HULU-SULTAN*

Jl. Sultan Rt/Rw.18/06, Kel. Kampung
Besar Kota, Kec. Rengat, Kab. Indragiri
Hulu
Tel. 0768 - 23906, 23908
Fax. 0

BATAM-RADEN PATAH*

Jl. Raden Patah No. 15 A, Lubuk Baja -
Batam. Kode Pos 29444
Tel. (0778)
451018/451013/451017/451015
Fax. 0778-451012

BATAM-GEDUNG NAGOYA*

Bank Duta Building Nagoya
Jl.imam Bonjol Nagoya Batam Kode
Pos 29444
Tel. (0778) 456560/458400/
Fax. 0778-458668

TJ.PINANG-JL.POS*

Jl. Ketapang No.49 Tanjung Pinang -
Kep.riau
Tel. (0771) 27588/24001/24987
Fax. 0771-24234

KARIMUN-PRAMUKA*

Jl. Pramuka No. 69, Tanjung Balai
Karimun
Tel. 0777-7018271-76
Fax. (0777) 326117

BATAM PALM SPRING*

Komplek Palm Spring Batam Center
Blok D1 No. 8 Dan 9

PANGKAL PINANG - MESJID JAMIK

Jl. Masjid Jamik No. 27, Pangkal Pinang
33132
Tel. 0717-422255, 424672
Fax. 0717-422006

REGION 7**SOLO-SUDIRMAN***

Jl. Sudirman No.5, Solo
Tel. (0271) 661996-H, 663326, 663319-
D
Fax. (0271) 663359

SOLO-RAJIMAN*

Jl Dr Rajiman No 18 Solo
Tel. (0271) 656896
Fax. (0271) 644428

KLATEN-PEMUDA*

Jl. Pemuda Utara No.135 Klaten
Tel. (0272) 322911, 44, 55
Fax. (0272) 322811

SRAGEN-SUKOWATI*

Jl. Raya Sukowati No. 243, Sragen
Tel. (0271) 892500, (0271) 892600
Fax. (0271) 892400

SOLO-SLAMET RIYADI*

Jl. Slamet Riyadi No. 472, Kel.
Purwosari, Kec. Laweyan, Solo
Tel. (0271) 711773, 717841, 733186,
733265, 733308, 737779
Fax. (0271) 716344

SEMARANG-PEMUDA*

Jl. Pemuda No. 175, Semarang
Tel. (024) 3549401,3580330
Fax. (024)3563031

SEMARANG-MT. HARYONO*

Jl. Mt Haryono Komp. Bubakan Bl.a/5-
6, Semarang
Tel. (024) 3558423 - 4
Fax. (024) 3558427

SEMARANG-BANGKONG*

Jl. Mt Haryono Bangkong Plaza C-2,
Semarang
Tel. (024) 8311680
Fax. (024) 311684

SEMARANG-GANG TENGAH*

Gang Tengah No. 77, Semarang
Tel. (024) 3544062, 3521351
Fax. (024) 3542847

SEMARANG-PURI ANJASMORO*

Jl. Puri Anjasmoro G 1 No. 36, Kel.
Tawangsari, Kec. Semarang Barat,
Jawa Tengah
Tel. (024) 7613347
Fax. 024- 7613365

SEMARANG-MAJAPAHIT*

Jl. Majapahit Ruko Gayamsari Blok A3,
Semarang
Tel. (024) 6724185 - 87
Fax. (024) 6719777

SEMARANG-SUARI*

Jl. Suari No.17A Semarang
Tel. (024) 3551853, 3544235,
3547989, 3551854
Fax. (024) 3547987

SEMARANG-CITRALAND*

Komp. Citraland. Jl. Anggrek Raya Kav
23-25, Semarang
Tel. (024) 8318885
Fax. (024) 8411212

SEMARANG-SULTAN AGUNG*

Jl. Sultan Agung No. 104-106 B Ruko
No.3, Semarang
Tel. (024) 8312525, 8310745
Fax. (024) 8310736

SALATIGA-SUDIRMAN*

Jl. Jend. Sudirman No.170, Salatiga
Tel. (0298) 325950
Fax. (0298) 325951

KUDUS - A. YANI*

Jl. A. Yani No. 77 Kudus
Tel. (0291) 436531-33,D-431700
Fax. (0291) 432990/660

PATI-PEMUDA*

Jl. Pemuda No. 239 C, Pati
Tel. (0295)384204-05, 384365
Fax. (0295) 384203

PATI-TAYU*

Jl. Kartini No.14 Tayu, Pati
Tel. (0295) 452334
Fax. (0295) 452685

JUWANA-SILUGONGGO*

Jl. Silugonggong No. 12, Juwana
Tel. (0295) 472167
Fax. (0295) 472168

JEPARA-PATIMURA*

Jl. Patimura Ruko Blok A2 Jepara
Tel. (0291) 593766-67
Fax. (0291) 592340

PURWODADI-R. SUPRAPTO*

Jl. R Soeprapto 66 Purwodadi
Tel. (0292)422242, 422464
Fax. (0292) 421427

BLORA-ALUN-ALUN SELATAN*

Jl. Alun-Alun Selatan No. 5, Blora
Tel. (0296) 533219 - 20
Fax. (0296) 533221

WONOSOBO-SUMBING*

Jl. Sumbing 22 Wonosobo
Tel. (0286) 323587 - 88
Fax. (0286) 323589

TEGAL-SUDIRMAN*

Jl. Jend Sudirman No.11A, Tegal
Tel. (0283) 358961, 324265
Fax. (0283) 353252

PEKALONGAN-H. WURUK*

Jl.hayam Wuruk No.11A, Pekalongan
Tel. (0285) 428000,424260
Fax. (0285) 421634

MAGELANG-PEMUDA*

Jl. Pemuda No. 149, Magelang
Tel. (0293) 366234 - 38
Fax. (0293) 366239

PURWOREJO-VETERAN*

Purworejo Plz. Ruko No.18-19,
Jl.veteran 60, Purworejo
Tel. (0275) 322962, 322963
Fax. (0275) 323804

KEBUMEN-KUSUMA*

Jl. Kusuma No.1, Kebumen
Tel. (0287) 382121
Fax. (0287) 383265

GOMBONG-YOS SUDARSO*

Jl. Yos Sudarso No. 428, Gombong
Tel. (0287) 472187, 472188
Fax. (0287) 471282

KENDAL-RAYA*

Jl. Raya No. 283, Kendal
Tel. (0294) 383014, 383015
Fax. (0294) 382791

REMBANG-KARTINI*

Jl. Kartini No. 23, Rembang
Tel. (0295) 692888, 692900
Fax. (0295) 692777

SEMARANG - SETIABUDI*

Jl. Setiabudi No 119 Semarang
Tel. (024) 7475429/30
Fax. (024) 7475434

PURWOKERTO-SUDIRMAN*

Jl. Jend. Sudirman No. 183, Purwokerto
Tel. (0281) 631200-1
Fax. (0281) 636724

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WANGON-RAYA UTARA*

Jln. Raya Utara Kompleks Ruko No. 5
Wangon 53176
Tel. (0281) 513030
Fax. (0281) 513020

PURBALINGGA-SUDIRMAN*

Jl. Jend Sudirman No.111, Purbalingga
Tel. (0281) 891421
Fax. (0281) 891467

BANJARNEGARA-VETERAN*

Jl. Veteran No. 82, Banjarnegara
Tel. (0286) 592454, 592455
Fax. (0286) 592456

CILACAP-SUDIRMAN*

Jl. Jend Sudirman No.21, Cilacap
Tel. (0282) 535941 (H) 532100 (D)
Fax. (0282) 535155

YOGYAKARTA-DIPONEGORO*

Jl. Diponegoro No. 97, Yogyakarta
Tel. (0274) 565053
Fax. (0274) 520109; 565033

YOGYAKARTA-URIP S.*

Jl. Urip Sumohardjo 123, Yogyakarta
Tel. (0274) 560447 - 48
Fax. (0274) 544038

YOGYAKARTA-KATAMSO*

Jl. Brigjen Katamsa No.190
Gondomanan, Yogyakarta
Tel. (0274)380141, 373298, 387683,
387736,379106
Fax. (0274) 387737

JOGJAKARTA-KALIURANG*

Jl. Kaliurang Km 8 No. 62 Yogyakarta
Tel. (0274) 889904; 889906; 889907;
889908; 889909; 889910
Fax. (0274) 889905

REGION 8

DENPASAR-GUNUNG AGUNG

Jl. Gunung Agung No. 1 A, Denpasar
Tel. (0361) 436490
Fax. (0361) 436494

DENPASAR-DIPONEGORO*

Jl. Diponegoro No. 137 Denpasar
Tel. (0361) 262860, 237084
Fax. (0361) 262859

DENPASAR-HAYAM WURUK*

Jl. Hayam Wuruk No. 246, Denpasar
Tel. (0361) 224312 (H)
Fax. (0361) 224307

DENPASAR-NUSA DUA*

Jl. By Pass Ngurah Rai, Depan
Komplek Pertokoan Tragia - Nusa
Dua, Bali
Tel. (0361) 774156-59
Fax. (0361) 771535

DENPASAR-TEUKU UMAR*

Jl. Teuku Umar 121 C, Denpasar
Tel. (0361) 243919 - 21
Fax. (0361) 224967

DENPASAR-GATOT SUBROTO*

Jl. Gatot Subroto No.79, Denpasar
Tel. (0361) 429003 - 422086
Fax. (0361) 427829

KUTA-LEGIAN*

Jl. Raya Legian No. 87 Kuta
Tel. (0361) 754479 - 751908
Fax. (0361) 753746

TABANAN-GAJAH MADA*

Jl. Gajah Mada No. 81, Tabanan
Tel. (0361) 813457 - 58, 814450
Fax. (0361) 813459

NEGARA-NGURAH RAI*

Jl. Ngurah Rai No. 101, Negara
Tel. (0365) 40498, 42361- 63
Fax. (0365) 42361;42364

SINGARAJA-A. YANI*

Jl. A. Yani No. 46, Singaraja
Tel. (0362) 25726 - 29
Fax. (0362) 21891

DENPASAR - UBUD*

Jl. Ida Bagus Manik, Banjar Ambengan,
Peliatan Ubud, Denpasar
Tel. (0361) 975405
Fax. (0361) 975247

BADUNG - KEROBOKAN*

Jl. Raya Kerobokan, Desa Kerobokan
Kelurahan Badung, Kec. Kuta Utara,
Bali
Tel. (0361)730084, 731718
Fax. (0361) 731189

BADUNG -GATOT SUBROTO BARAT*

Jl. Gatot Subroto Barat 354, Badung
Tel. 0361-7803630
Fax.

GIANYAR-DHARMA GIRI*

Jl. Dharma Giri No. 21, Gianyar-Bali
Tel. 0361 - 8958328
Fax. 0361-8958332

MATARAM-PEJANGGIK*

Jl. Pejanggik 117, Mataram Ntb
Tel. (0370) 635649, 631322 - 23
Fax. (0370) 633068

MATARAM-SWETA*

Jl. Sandubaya No 35. Bertais Sweta
Mataram
Tel. (0370) 671260
Fax. (0370) 671095

AMPENAN-KOPERASI*

Jl. Koperasi No. 1, Ampenan Ntb
Tel. (0370) 637188 - 89
Fax. (0370) 635772

SUMBAWA-DIPONEGORO*

Jl. Diponegoro No. 26 Kel. Bugis, Kec.
Sumbawa, Kab. Sumbawa Prop. Ntb
Tel. (0371) 23302, 23347,24107
Fax. (0371) 23302

BIMA - SOEKARNO HATTA*

Jl. Soekarno Hatta 83, Bima
Tel. 0374-646077
Fax.

KUPANG-SUMATERA*

Jl. Sumatera No. 43, Kupang, Ntt
Tel. (0380) 832972, 831700 (H)
825753 (D)
Fax. (0380) 831702

MAUMERE-RAYA CENTIS*

Jl. Raya Centis No. 15 Maumere
Tel. (0382) 22021-24, 22294-95
Fax. (0382) 22021

ATAMBUA-SUDIRMAN*

Jl. Jend. Sudirman No. 26, Atambua
NTT
Tel. (0389) 21534
Fax. (0389) 54123;21543

ENDE-SOEKARNO*

Jl. Soekarno No. 77, Ende Ntt
Tel. (0381) 22408, 22410, 22603
Fax. (0381) 22409

MANGGARAI-ADI SUCIPTO*

Jl. Adi Sucipto 88A, Ruteng, Ntt
Tel. 0385-2709281

KUPANG - SUDIRMAN*

Jl. Jend. Sudirman No. 88 C- D Kel.
Kuanini, Kec. Kota Raja, Kota Kupang
NTT
Tel. 0380-8081563

REGION 9

PADANG-SUDIRMAN*

Jl. Jend. Sudirman No. 40,
Padang 25128
Tel. (0751) 32226
Fax. 0751-30605/34062

PADANG-BUNDO KANDUNG*

Jl. Bundo Kandung No. 23, Kode Pos
25118
Tel. (0751) 33159/31585
Fax. 0751 22782

BUKITINGGI-A.YANI*

Jl. A. Yani No.116F, Bukit Tinggi,
Sumbang
Tel. (0752) 35350
Fax. 0752-35351

PEKANBARU-WAHID HASYIM*

Jl. W Hasyim No. 2 Pekanbaru 28111
Tel. (0761) 32626
Fax. 0761-32602

PEKANBARU-SIMPANG PASAR

BAWAH*
Jl. M. Yatim No. 65 Rt/Rw 003/001
Kel. Kampung Dalam, Kec. Senapelan,
Pekanbaru, Prov Riau
Tel. (0761) 45859/40310
Fax. 0761 40320

PEKANBARU-PROF. YAMIN*

Jl. Prof. M. Yamin No. 19 B-C Pekanbaru
28113
Tel. (0761) 25385/25386 Dirc 859316
Fax. 0761-25382

DUMAI-SUKAJADI*

Jl. Diponegoro No. 81 A-B Dumai,
28812
Tel. (0765) 35665/35852
Fax. 0765-35682

DURI-SUDIRMAN*

Jl. Sudirman No. 151-152 Duri 28884
Tel. (0765) 596868 -67
Fax. (0765) 596875

PEKANBARU - RIAU*

Jl. Griya, Ruko No. 1 & 2, Pekanbaru,
Tampar
Tel. 0761-860804/860805/860810
Fax. 0761-860867

PEKANBARU - TUANKU TAMBUSAI*

Jl.tuanku Tambusai No.12 A,Pekanbaru
Tel. 0761-62749/62883
Fax. 0761-62428

BAGAN BATU - SUDIRMAN*

Jl.jend Sudirman No.761 Bagan Batu
Tel. (0765) 7040660 - 65,61
Fax. 0765-552300

PEKANBARU-HR SUBRANTAS*

Jl.hr Subrantas, Komp.metropolitan
City Blok A-6 Panam, Pekanbaru
Tel. 0761 - 5899826/589984
Fax. 0761-589987

INDRAGIRI HILIR-M.BOYA*

Jl.m.boya Rt/Rw.01/11,Kel. Tembilahan
Kab. Indragiri Hilir
Tel. 0769 7006357, 0769 - 7006358,
0769 7006359
Fax. (0768) 23911

JAMBI-SUTOMO

Jl. Dr. Sutomo No. 40, Jambi 36113
Tel. (0741) 34061/31626
Fax. 0741-26900/20526

JAMBI-KOTA INDAH

Jl. Gatot Subroto Komp. Kota Indah
Blok A-B No.1 Jambi, Kode Pos 36134
Tel. (0741) 31312/20912
Fax. 0741-7551933

MUARA BUNGO-LINTAS SUMATRA

Jl. Lintas Sumatera Km 1 No. 26 Muara
Bungo Jambi 37212
Tel. (0747) 322106
Fax. 0747-21148

JAMBI-KUALA TUNGKAL

Jl. Nelayan No. 5 Kuala Tungkal 36512
Tel. (0742) 22449/22450
0742-22448

JAMBI- HAYAM WURUK

Jalan Hayam Wuruk No. 03, Talang
Jauh, Jelutung, Jambi
Tel. 0741 7072568
(0741) 34181

BENGKULU-S. PARMAN

Jl. S. Parman No. 35, Bengkulu 38223
Tel. 0736-20650
Fax. (0736) 343259

PALEMBANG-SUDIRMAN

Jl. Jend. Sudirman No. 440,
Palembang 30125
Tel. 0711-312606
Fax. 0711 310116

PALEMBANG-MESJID LAMA

Jl. Mesjid Lama No. 170 Palembang.
30125
Tel. 0711 - 310390
Fax. 0711-312822

LUBUK LINGGAU-YOS SUDARSO

Jl. Yos Sudarso No.103, RT.001,
Kel. Cereme Taba, Kec. Lubuklinggau
Timur II,
Provinsi Sumatera Selatan 31626
Tel. 0733-322098
Fax. 0733-322990

BATU RAJA-AKMAL

Jl. Akmal No.75, Batu Raja Sumsel
32116
Tel. 0735-320084
Fax. (0735) 320657

PRABUMULIH-SUDIRMAN

Jl. Jend Sudirman No.167-168,
Prabumulih 31121
Tel. 0713-322555
Fax. 0713-322333

LAHAT-PAGAR ALAM

Jl. Lettu Hamid No.88 Pagar Alam,
Lahat, Sumsel
Tel. 0730-623325
OFax. 730-621738

PALEMBANG-BASUKI RAHMAT

Jl. Basuki Rahmat No.897 C-D
Palembang
Tel. 0711-317497, 317597,373499
Fax. 0711-355419

DANAMON SYARIAH

REGION 1

JAKARTA-CIRACAS (UUS)

Jl Raya Bogor No. 2 KM.22, Kel. Rambutan, Kec. Ciracas, Jakarta Timur 13830
Tel. (021)87794753
Fax. (021)87794363

Lapangan Ros (UUS)

Jl. KH Abdullah Syafei No. 127 A, Tebet, Jakarta Selatan 12840
Tel. (021)8282030
Fax. (021)8306992

Kelapa Gading 1 (d/a: Bekasi-Galaxy)

Jl. Boulevard Barat Blok XB NO.8, Kelapa Gading, Jakarta Utara, 14240
Tel. 021 - 29265700
Fax. 021 - 4534025

KCS BINTARO III (D/H KCS SERPONG)

KOMP RUKAN BINTARO JAYA SEK IIIA BLOK A/8-10
Tel. 021-7375160-64
Fax. (021) 7375158

REGION 2

BANDUNG (UUS)

Jl. Merdeka No. 40 Bandung Jawa Barat 40117
Tel. (022)4241188 EXT 349
Fax. (022)4200717

REGION 3

SURABAYA (UUS)

Jl. Diponegoro No. 31, Surabaya, Jawa Timur 60241
Tel. 031-81510739
Fax. -

MALANG-PASAR BESAR (SES)

Jl. Pasar Besar No.143, Kel. Sukoharjo, Kec. Klojen, Kota Malang, Jawa-Timur
Tel. 0341-7099234
Fax. 0341-364355

REGION 4

MAKASSAR - A. YANI (d/h KCS MAKASSAR-VETERAN) (UUS)

JL. A.Yani No. 11 - 13, Kelurahan Pattunuang, Kecamatan Wajo, Kabupaten Makassar, Sulawesi Selatan
Tel. (0411) 312745
Fax. (0411) 312776

REGION 5

MARTAPURA (UUS)

Jl. Ahmad Yani Km. 40 No. 6, Martapura, Kalsel
Tel. (0511)4720517, 4720518
Fax. (0511)4721075

REGION 6

MEDAN - DIPONEGORO (d/h KCS MEDAN - SETIABUDI) (SES)

Jl.P.Diponegoro No.35, Kelurahan Madras Hulu, Kecamatan Medan Polonia, Kabupaten Medan, Sumatera Utara 20152
Tel. (061)4557555
Fax. (061) 4526485

BANDA ACEH (UUS)

Jl. Tengku Cik Ditiro No.9, Peuniti, Banda Aceh 23241
Tel. (0651)22980
Fax. (0651)26521

BUKIT TINGGI (UUS)

Jl. By Pass No.1-2 Aur Kuning, Bukittinggi, Sumatera Barat 26117
Telp. (0752)627394 - 95
Fax. (0752)624444

REGION 7

SOLO - BETENG (UUS)

Jl. Kapten Tendean RT.003/02, Kel. Nusukan, Kec. Banjarsari, Kota Solo. 0271 - 653855
Fax. -

REGION 8

DENPASAR GAJAH MADA (SES)

Jl. Gajah Mada No.22, Kel. Dauhpuri Kaja, Kec. Denpasar Barat, Kota Denpasar, Prop. Bali
Tel. 0361-7803630
Fax. 0361 234 925

DANAMON PRIVILEGE

Jakarta-Pondok Indah

Jl. Metro Duta Blok Ua No.5 Plaza I Lt 2., Pondok Indah Jakarta Selatan, 12310
Tel. (021) 75914888
Fax. (021) 75914840

Jakarta-Kelapa Gading

Jl. Boulevard Barat Blok Xb No.8, Lt. 3, Kelapa Gading, Jakarta 14240
Tel. (021) 29265799
Fax. (021) 29265788

Jakarta-Pantai Indah Kapuk

Rukan Galeri Mediterania 1, Jl. Mediterania Blok X3 No.a8 M-N Lt. 2, Pantai Indah Kapuk, Jakarta 14450
Tel. (021) 5884511
Fax. (021) 5883771

Jakarta-Menara Danamon

Menara Bank Danamon, Ground Floor, Jl. Prof. Dr. Satrio Kav. E 4 No.6, Mega Kuningan, Jakarta 12950
Tel. (021) 57991001-3 Ext. 8031, (021) 25541999 Ext. 3110
Fax. (021) 57991424

Bandung

Jl. Ir. H. Juanda No.64 Lt. 2, Bandung 40116
Tel. (022) 4207808
Fax. (022) 4211946

Medan

Jl. Diponegoro No.35 Lt. 3, Medan 20152
Tel. (061) 45575555 Ext. 3213/3214
Fax. (061) 4526936

Surabaya

Jl. Panglima Sudirman No.11-17, Surabaya 60271
Tel. (031) 5346885
Fax. (031) 5477102

Makassar*

Jl. Slamet Riyadi No. 1, Lt. 2, Makassar 90174
Tel. (0411) 3654589-91
Fax. (0411) 3618125

Balikpapan

Jl. Jend. Sudirman No. 54, Balikpapan 76113
Tel. (0542) 419500
Ext. 3210, (0542) 732915
Fax. (0542) 730905

Semarang*

Jl. Pemuda No 175, Lt. 2, Semarang 501322
Tel. (024) 3517403, 3549401
Ext 800
Fax. (024) 3517159

* Include Syariah Office Channeling

Cross Reference of Annual Report Award Criteria

Criteria and Explanations		Page
I. General		
1.	The Annual Report shall be written in good and correct Indonesian, and is recommended to be presented in English	✓
2.	The Annual Report shall be printed with good quality using readable type and size of fonts	✓
3.	The Annual Report shall present clear identity of the company Company name and the annual report financial year shall be presented on:	✓
	1. Front Cover;	✓
	2. Side Cover;	✓
	3. Back Cover; and	✓
	4. Every page	✓
4.	The Annual Report shall be posted in the company's website	✓
	Including the latest annual report as well as those for the last four years, at least.	
II. Key Financial Highlights		
1.	Income statement in comparison for 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years	8
	Information contains the following:	
	1. Income;	
	2. Profit (loss):	✓
	a. Attributable to equity holders of the parent entity; and	
	b. Attributable to non controlling interest;	✓
	3. Total comprehensive profit (loss):	✓
	a. Attributable to equity holders of the parent entity; and	
	b. Attributable to non controlling interest;	✓
	4. Earning (loss) per share.	✓
	Note: If the company does not have subsidiaries, the profit (loss) and other comprehensive income is presented in total.	
2.	Financial position in comparison for 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years	8
	Information contains the following:	
	1. Total investment on associates;	
	2. Total assets	✓
	3. Total liabilities; and	✓
	4. Total equity.	✓
3.	Financial ratio in comparison for 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years	9-10
	Information covers 5 (five) financial ratios, which are generally applied and relevant to the company's industry.	
4.	Share price information in tables and charts	14-15
	1. Number of shares outstanding;	✓
	2. The table forms contain the following information:	
	a. Market capitalization based on share price on the Stock Exchange where the shares are listed;	✓
	b. Highest, lowest and closing share price based on share price on the Stock Exchange where the shares are listed; and	✓
	c. Trading volume of shares on the Stock Exchange where the shares are listed.	✓
	3. The graph forms contain at least the following information:	
	a. The closing price of shares based on share price on the Stock Exchange where the shares are listed; and	✓
	b. Trading volume of shares on the Stock Exchange where the shares are listed	✓
	For each quarter in the latest 2 (two) financial years.	
	Note: Should be disclosed if the company does not have market capitalization, share price, and share trading volume.	

Criteria and Explanations		Page
5.	Information regarding outstanding bonds, sukuk or convertible bonds, in 2 (two) latest financial years	16-23
	Information contains:	
	1. Number of outstanding bonds, sukuk or convertible bonds;	√
	2. Interest rate/yield;	√
	3. Maturity date; and	√
	4. Rating of bonds/sukuk in 2015 and 2016.	√
	Note: Should be disclosed if the company does not have outstanding bonds, sukuk or convertible bonds.	
III.	Board of Commissioners and Board of Directors' Report	
1.	Board of Commissioners' Report	28-31
	Contain the following:	
	1. Assessment on the performance of the Board of Directors in managing the company and the basis for such evaluation;	28-30 31
	2. Views on the business prospects of the company as prepared by the Board of Directors and the basis for such consideration;	30-31
	3. Views on the implementation/management of the company's whistleblowing system (WBS), and the role of the Board of Commissioners in the WBS; and	31
	4. Changes in the composition of the Board of Commissioners (if any) and the reason for such changes.	
2.	Board of Directors' report	34-41
	Contain the following:	
	1. Analysis of the company's performance, covering among others:	
	a. strategic policies;	36-38
	b. comparison between targets and achievements; and	√
	c. challenges faced by the company and initiatives to deal with those challenges;	√
	2. Analysis on business prospects;	40-41
	3. Developments in the implementation of GCG during the fiscal year; and	38-39
	4. Changes in the composition of the Board of Directors (if any) and the reason for such changes.	40
3.	Signatures of members of the Board of Commissioners and Board of Directors	50-51
	Contain the following:	
	1. Signatures on a separate page;	√
	2. Statement of responsibility of the Board of Commissioners and Board of Directors for the accuracy of the contents of the Annual Report;	√
	3. Signed by all members of the Board of Commissioners and Board of Directors by stating their names and position; and	√
	4. Written explanation in separate letter from the person(s) concerned in the event that member(s) of Board of Commissioners or Board of Directors fail to sign the annual report; or: written explanation in separate letter from other member(s) in the event that there is no written explanation from the person(s) concerned.	√
IV.	Company Profile	
1.	Name and complete address of the company	53
	Information contains, among others, name and address, post code, telephone number, fax, email and website.	
2.	Brief history of the company	52, 54-55
	Contain among others: date/year of establishment, name of the company, change of name (if any), and effective date of the change of name.	
	Note: to be disclosed if the company never had a change of name	
3.	Line of business	52; 418-430
	Description of, among others:	
	1. The line of business as stated in the latest Articles of Association;	√
	2. Business activities; and	√
	3. Product and/or services offered.	√
4.	Organization structure	56-59
	Diagram of organization structure, containing name and position of personnel up to one level below Director, at least	

Criteria and Explanations		Page
5.	Vision, Mission and Corporate Culture Covers: 1. Vision; 2. Mission; 3. Statement that the vision and mission have been reviewed and approved by the Board of Commissioners/Directors in the fiscal year; and 4. Statement on the corporate culture.	58-57 ✓ ✓ ✓ ✓
6.	Profiles of members of the Board of Commissioners Contain information on: 1. Name; 2. Position and period in position (including position(s) held at other company/institution); 3. Age; 4. Domicile; 5. Education (study field and education institution); 6. Work experience (position, company, and period in position); and 7. History of assignments (period and position) as member of the Board of Commissioners at the company since the first appointment.	61-64 ✓ ✓ ✓ ✓ ✓ ✓ ✓
7.	Profiles of members of the Board of Directors Contain information on: 1. Name; 2. Position and period in position (including position(s) held at other company/institution); 3. Age; 4. Domicile; 5. Education (study field and education institution); 6. Work experience (position, company, and period in position); and 7. History of assignments (period and position) as member of the Board of Directors at the company since the first appointment.	65-68 ✓ ✓ ✓ ✓ ✓ ✓ ✓
8.	Total number of employees (comparative for 2 years) and data on employee competence development programs reflecting equal opportunities for each level of the organization Information contains, among others: 1. Number of employees at each level of the organization; 2. Number of employees by education; 3. Number of employees by employment status; 4. Data on employee competence development programs during the fiscal year, concerning position of participants, type of training, and purpose of training; and 5. The costs of employee competence development programs in the fiscal year.	74-75; 234-243 ✓ ✓ ✓ ✓ ✓
9.	Shareholders composition Covering among others: 1. Names of the 20 largest shareholders and their shareholding percentage; 2. Details of shareholders and shareholding percentage: a. Names of shareholders with 5% or more shareholding; and b. Group of public shareholders with individual shareholding of less than 5% each. 3. Names of Director and Commissioner with direct or indirect share-ownership and the percentage of such shareholding. Note: should be disclosed if the Director and Commissioner does not own shares, directly or indirectly.	76-78 ✓ ✓ ✓ ✓ ✓
10.	List of subsidiaries and/or associated entities In table form, containing: 1. Name of subsidiary and/or associated entity; 2. Share-ownership percentage; 3. Line of business of subsidiary and/or associated entity; and 4. Operational status of subsidiary and/or associated entity (in commercial operation/not yet in commercial operation).	83-84 ✓ ✓ ✓ ✓
11.	Corporate group structure Diagram of corporate group structure involving relationship of the parent company, subsidiary, associated entity, joint venture, and special purpose vehicle (SPV).	82

Criteria and Explanations		Page
12.	Chronology of share listing (including private placement) and/or share listing from the share issuance up to the end of the fiscal year	79-80
	Covers, among others:	
	1. Year of share issuance, number of shares issued, par value, and share offer price, for each separate corporate action;	√
	2. Total number of shares outstanding following the corporate action; and	√
	3. The stock exchange where the shares are listed.	√
	Note: should be disclosed if the company does not have a chronology of share listing.	
13.	Chronology of other securities issuance and/or listing from the time of issuance up until the end of the fiscal year	81
	Covers, among others:	
	1. Name of security instrument, year of issuance, interest rate/yield of securities, and maturity date;	√
	2. Offering price of other securities;	√
	3. The stock exchange where the securities are listed; and	√
	4. Rating of securities.	√
	Note: should be disclosed if the company does not have chronology of other securities issuance/ listing	
14.	Name and address of supporting institutions and/or professionals	85-86
	Covers, among others:	
	1. Name and address of the company's Share Registrar;	√
	2. Name and address of Public Accountant Firm; and	√
	3. Name and address of rating agencies.	√
15.	Awards received during the fiscal year, or valid certification in the fiscal year, at both national and international levels	87
	Covers, among others:	
	1. Name of award and/or certification;	√
	2. Year received/issued;	√
	3. Name of institution that issued the award/certification; and	√
	4. Validity period (certification).	√
16.	Name and address of subsidiaries and/or branch offices or representative offices (if any)	432-439
	Covers information on:	
	1. Name and address of subsidiaries; and	√
	2. Name and address of branch/representative office.	√
	Note: should be disclosed if the company does not have a subsidiary, branch office or representative office.	
17.	Information in the corporate website	53, 350
	Covers at the very least:	
	1. Information of shareholders up to the individual ultimate shareholder;	√
	2. Contents of the Code of Conduct;	√
	3. Information on the General Meeting of Shareholders (GMS), covering at least agenda of the GMS, summary of GMS resolutions, and information of pertinent dates, namely the dates of GMS announcement, GMS invitation, GMS event, and announcement of summary GMS resolutions;	√
	4. Annual financial statements (last 5 years);	
	5. Profiles of the Board of Commissioners and Directors; and	√
	6. Board manual/Charter of the BoC, BoD, Committees and Internal Audit Unit.	√

Criteria and Explanations		Page
18.	Training and education for Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit	
	Cover at least information of type of training and participant of:	
	1. Training and/or education for Board of Commissioners;	277
	2. Training and/or education for Board of Directors;	308-311
	3. Training and/or education for Audit Committee;	285
	4. Training and/or education for Nomination and Remuneration Committee;	290; 292
	5. Training and/or education for other Committee(s);	287
	6. Training and/or education for Corporate Secretary; and	318
	7. Training and/or education for Internal Audit Unit.	332
	During the fiscal year.	
	Note: should be disclosed if there are no training and/or education during the fiscal year	
V.	Management Discussion and Analysis on the Company Performance	
1.	Operation review per business segment	95-123
	Includes analysis on:	
	1. Elaboration on each business segment.	√
	2. Performance of each business segment, among others:	
	a. Production;	√
	b. Increase/Decrease of production capacity;	√
	c. Sales/income; and	√
	d. Profitability.	√
2.	Description on the Company's financial performance	124-135
	An analysis comparing the performance of the current year and that of the previous year (in the form of narration and tables) and the reasons for the increase/decrease of the accounts, including in:	
	1. Current assets, non-current assets, and total assets;	125-130
	2. Short-term liabilities, long-term liabilities, and total liabilities;	130-132
	3. Equity;	132
	4. Sales/operating revenues, expenses, Profit (Loss), other comprehensive income, comprehensive income for the current year; and	132-134
	5. Cash flows.	134-135
3.	Discussion and analysis on solvability and level of the company receivables collectibility, by presenting relevant ratio calculation in line with the company's type of industry	136
	Explanation on:	
	1. Solvability, both short term and long term; and	
	2. Level of receivables collectibility.	√
		√
4.	Discussion on capital structure, and management policy on capital structure	136-138
	Explanation of:	
	1. Details of capital structure comprising of interest-bearing debts/sukuk and equity;	
	2. Capital structure policies; and	√
	3. Basis for the determination of capital structure policies.	√
		√
5.	Discussion on material commitments of capital investments (instead of funding commitments) in the last fiscal year	138
	Explanation on:	
	1. Parties in the commitments;	√
	2. Objectives of the commitments;	√
	3. Sources of funds to meet the commitments;	√
	4. Denomination currency of commitments; and	√
	5. Initiatives taken to mitigate exchange rate risk.	√
	Note: should be disclosed if the company does not have any material commitment for capital investments in the fiscal year.	

Criteria and Explanations		Page
6.	Discussion on capital investment realized at the latest financial year	138
	Explanation on:	
	1. Type of capital investment;	✓
	2. Objectives of capital investment; and	✓
	3. Nominal value of capital investment realized in the last fiscal year.	✓
	Note: should be disclosed if there are no capital investment.	
7.	Information on the comparison between initial target at the beginning of financial year and the realization and target or projection for the next year concerning income, profit, capital structure, and others considered significant target for the company.	139
	Contain information on:	
	1. Comparison of targets at the beginning of fiscal year and achievements; and	✓
	2. Targets or projections set for the next 1 (one) year.	✓
8.	Information and material facts following the date of accounting report (Subsequent events)	
	Description of significant events following the date of accounting report including its impact on business risk and performance in the future.	139
	Note: should be disclosed if there are no subsequent events.	
9.	Business prospects	
	Description on business prospects related to the general industry and economy including quantitative supporting data from reliable resources	49
10.	Marketing aspects	
	Description on marketing aspects of the company's products and/or services, among others marketing strategy and market shares	106-109
11.	Description on dividend policy and total cash dividend per share and total dividend per year that are published or disbursed during last 2 (two) financial years	
	Contain information on:	
	1. Dividend payout policy;	
	2. Total dividend disbursement;	
	3. Total cash dividend per share;	
	4. Payout ratio; and	
	5. Announcement date and cash dividend payout for each year.	140
	Note: To disclose if there are no dividend disbursement and its reasons.	
12.	Employee/Management Share Ownership Program (ESOP/MSOP) still ongoing in the fiscal year	
	Contain information on:	
	1. Number of ESOP/MSOP shares and its execution;	
	2. Period;	
	3. Eligible employee/management; and	
	4. Exercise price.	140
	Note: should be disclosed if there are no such programs	
13.	Realization of initial public offering proceeds (in the event of the company is obligated to submit the report)	
	Covers the following:	
	1. Total proceeds;	
	2. Proceeds utilization plan;	
	3. Proceeds utilization details;	
	4. Proceeds balance; and	
	5. The date of GMS/GMB resolution on the change of proceeds utilization (if any).	140
	Note: should be disclosed if there are no such information of realization of proceeds of public offering.	

Criteria and Explanations		Page
14.	Material transaction information with conflict of interest and/or transaction with related parties Covers the following: 1. Name of transacting parties and the nature of related parties; 2. Description of the transaction fairness; 3. Transaction background; 4. Transaction realization at the last financial year; 5. Company policy related with transaction review mechanism; and 6. Compliance to relevant regulations and provisions.	140-141
	Note: To disclose if there are no transactions.	
15.	Description on changes in laws and regulations during the fiscal year that impacted on the company Covers information on: 1. Name of regulations; and 2. The impact (quantitative and/or qualitative) on the company, or statement of the insignificant impact	142-144
	Note: To disclose if there are no changes in the laws and regulations that have significant impacts	
16.	Description on the changes in accounting policy implemented by the company at the last financial year Descriptions include among others: 1. Changes in accounting policy; 2. Reasons for the change; and 3. Quantitative impact on the financial statements	144
	Note: To disclose if there are no changes in accounting policies during the fiscal year	
17.	Information on business continuity Disclosures on: 1. Significant issues on the company business continuity at the last financial year; 2. Management assessment on point 1; and 3. Assumption implemented by the management in conducting the assessment.	48-49
	Note: if there are no issues that potentially have significant influences to the company's business continuity at the last financial year, to disclose the basis of management assumption in ensuring that there are no issues that potentially have significant influences to the company's business continuity at the last financial year.	
VI.	Good Corporate Governance	
1.	Description on the Board of Commissioners Covers the following: 1. Board of Commissioners responsibilities; 2. Assessment of performance of committees under the Board and the basis for such assessment; and 3. Board Charter disclosures (Board of Commissioners work guidelines and procedures)	267-277 268-269 278 267-268
2.	Independent Commissioners (at least 30% of the total personnel of the Board of Commissioners) Covers the following: 1. Assignment criteria of Independent Commissioners; and 2. Independency statement of each Independent Commissioner.	269-272 √ √
3.	Description on the Board of Directors Covers information on, among others: 1. Duties and responsibilities of each member of the Board of Directors; 2. Assessment of performance of committees under the Board (if any); and 3. Board Charter disclosures (Board of Directors work guidelines and procedures)	297-311 301 311 297-298

Criteria and Explanations		Page
4.	GCG implementation assessment for 2015, at least for aspects of the Board of Commissioners and/or Board of Directors	259-261; 277; 307
	Covers the following:	
	1. Assessment criteria;	√
	2. Assessor;	√
	3. Assessment score on each criteria;	√
	4. Recommendations on results of assessment; and	√
	5. Reasons for the delay or non implementation of such recommendations.	√
	Note: should be disclosed if there are no GCG assessment for fiscal 2015.	
5.	Description of the remuneration policy for the Board of Commissioners and Board of Directors	274; 303-304
	Covers the following:	
	1. Disclosure of procedure for the proposal and determination of remuneration for the Board of Commissioners;	√
	2. Disclosure of procedure for the proposal and determination of remuneration for the Board of Directors;	√
	3. Remuneration structure showing the remuneration components and amounts per component for each member of the Board of Commissioners;	√
	4. Remuneration structure showing the remuneration components and amounts per component for each member of the Board of Directors;	√
	5. Disclosure of indicators for the remuneration of the Board of Directors; and	√
	6. Disclosure of performance bonus, non-performance bonus, and/or share option received by each members of the Board of Commissioners and Directors (if any).	
	Note: should be disclosed if there are no performance bonus, non-performance bonus, and/or share option received by each members of the Board of Commissioners and Directors.	
6.	Meeting frequency and attendance of Board of Commissioners (at least once in 2 months), Board of Directors (at least once in a month), and joint meetings of BoC and BoD (at least once in 4 months)	274-276; 304-307
	Covers among others:	
	1. Date;	
	2. Attendance; and	√
	3. Agenda.	√
	Of each of the meetings of BoC, BoD and Joint Meetings of BoC and BoD.	√
7.	Information on majority and controlling shareholders, direct or indirect, up to the ultimate individual shareholder	
	Diagram with separate illustration for majority shareholders and controlling shareholders	78
	Note: majority shareholders are parties that own, directly or indirectly, at least 20% of the voting rights of the total share with voting rights issued by the company, but is not the controlling shareholder	
8.	Disclosure of affiliation between members of the Board of Directors, Board of Commissioners and Majority/Controlling Shareholders	
	Covers, among others:	
	1. Affiliation between a member of the Board of Directors with fellow members of the Board of Directors;	
	2. Affiliation between a member of the Board of Directors with members of the Board of Commissioners;	
	3. Affiliation between a member of the Board of Directors with Majority and/or Controlling Shareholder;	
	4. Affiliation between a member of the Board of Commissioners with fellow members of the Board of Commissioners; and	
	5. Affiliation between a member of the Board of Commissioners with Majority and/or Controlling Shareholder.	
	Note: should be disclosed if there are no affiliation relationship	

Criteria and Explanations		Page
9	<p>Audit Committee</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. Name, position and tenure of audit committee members; 2. Education qualifications (study field and institution) and work experience (position, company and tenure) of audit committee members; 3. Independency of audit committee members; 4. Duties and responsibilities; 5. Brief report of audit committee activity; and 6. Meeting frequency and attendance of audit committee. 	<p>278-285</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
10.	<p>Nomination and/or Remuneration Committee</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. Name, position and brief profiles of members of the Nomination and/or Remuneration Committee; 2. Independency of Nomination and/or Remuneration Committee; 3. Duties and responsibilities ; 4. Brief report of committee activity in the fiscal year; 5. Meeting frequency and attendance; 6. Statement of committee charter; and 7. Policies on Director succession. 	<p>278-281; 287-292</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
11.	<p>Other committees under the Board of Commissioners</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. Name, position and brief profile of members of committee; 2. Independency of committee; 3. Duties and responsibilities ; 4. Committee activity in the fiscal year; and 5. Committee meeting frequency and attendance. 	<p>278-281; 285-287; 292-296</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
12.	<p>Description of duties and functions of Corporate Secretary</p> <p>Information on, among others:</p> <ol style="list-style-type: none"> 1. Name and brief work experience of Corporate Secretary; 2. Domicile; 3. Duties and responsibilities; and 4. Report of activities of Corporate Secretary in the fiscal year. 	<p>317-321</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
13	<p>Description on Internal Audit Unit</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. Name of internal audit unit head; 2. Total employees (internal auditors) in internal audit unit; 3. Certification on internal audit profession; 4. Internal audit unit composition in the company's structure; 5. Brief report on internal audit unit activity implementation; and 6. The parties responsible to appoint/terminate the internal audit unit head. 	<p>328-332</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
14.	<p>Public Accountant</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. Name and year of public accountant that audits the annual financial statements in the last 5 years; 2. Name and year of Public Accountant Firm that audits the annual financial statements in the last 5 years; 3. The amount of fee for each service provided by public accountant at the last financial year; and 4. Other services provided by the accountant apart from the audit service of annual financial statements at the last financial year. <p>Note: to disclose if there are no other services rendered</p>	<p>333-334</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
15.	<p>Description on risk management of the company</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. Explanation on risk management system implemented by the company; 2. Explanation on risk management system effectiveness evaluation; 3. Explanation on risks faced by the company; and 4. Risk mitigation. 	<p>148-233; 334-338</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>

Criteria and Explanations		Page
16.	<p>Description of internal control system</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. Brief explanation on internal control system, among others on financial and operational control; 2. Explanation on internal control system alignment with international standard framework (COSO – internal control framework); and 3. Explanation on internal control system effectiveness evaluation. 	<p>339-341</p> <p>√</p> <p>√</p> <p>√</p>
17.	<p>Description on corporate social responsibility related to environmental</p> <p>Covers information on, among others:</p> <ol style="list-style-type: none"> 1. Activity target/plans by the Management for 2016; 2. Activities conducted and the quantitative impact of such activities; including environmental programs related to the company’s operational activities such as utilization of environment-friendly materials and energy or recycled materials, waste management system, complaint handling of environmental issues, green lending, and others 3. Environmental certifications. 	<p>406-408</p> <p>√</p> <p>√</p> <p>n/a</p>
18.	<p>Description on corporate social responsibility related to occupational, health and safety</p> <p>Covers information on, among others:</p> <ol style="list-style-type: none"> 1. Activity target/plans by the Management for 2016; and 2. Activities conducted and quantitative impact of such activities related to occupational, health and safety aspects, such as gender equality and equal work opportunity, work health and safety equipment, employee turnover rate, accident rate, remuneration, complaint handling of work-related issues, and others. 	<p>408</p> <p>√</p> <p>√</p>
19.	<p>Description on corporate social responsibility related to social and community development</p> <p>Covers information on, among others:</p> <ol style="list-style-type: none"> 1. Activity target/plans by the Management for 2016; 2. Activities conducted and impact of such activities; and 3. Cost expended related to social and community development activities such as recruitment of local manpower, community development, donation in improvement to public facilities and infrastructure, other social donations, communications on anti-corruption policies and procedures, training on anti-corruption, and others. 	<p>409-413</p> <p>√</p> <p>√</p> <p>√</p>
20.	<p>Description on corporate social responsibility related to responsibility to consumers</p> <p>Covers information on, among others:</p> <ol style="list-style-type: none"> 1. Activity target/plans by the Management for 2016; and 2. Activities conducted and impact of such activities related to product responsibility, such as consumers health and safety, product information, facility, total and handling of consumers claims, and so forth. 	<p>351-353</p> <p>√</p> <p>√</p>
21.	<p>Significant litigation currently faced by the company, subsidiaries, and members of the Board of Commissioners and Board of Directors that served the position at the annual report period</p> <p>Includes the following:</p> <ol style="list-style-type: none"> 1. The principal litigation/claims; 2. Settlement status of litigation/claims; 3. Impact to the company’s condition; and 4. Administration sanctions charged to the company, members of the Board of Commissioners and Board of Directors, by relevant authorities (capital market, banking and others) at the last fiscal year (or a statement of no administration sanction being charged) <p>Note: To disclose in the event of no litigation</p>	<p>341-342</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>
22.	<p>Access to company information and data</p> <p>Description on the availability of company information and data for public access, including dissemination through company website (in Bahasa and English), mass media, mailing list, bulletin, analyst gatherings, and others.</p>	<p>349-353</p>

Criteria and Explanations		Page
23.	Discussion on code of conduct	354-355
	Includes the following:	
	1. Contents of Code of Conduct;	✓
	2. Disclosure of code of conduct application in all level of organization;	✓
	3. Code of conduct dissemination;	✓
	4. Sanctions on code of conduct violations; and	✓
	5. Number of violation and sanction in the last fiscal year.	✓
	Note: should be disclosed if there are no violations of code of conduct in the last fiscal year.	
24.	Disclosure on whistleblowing system	355-356
	Includes the following mechanism of whistleblowing system:	
	1. Violations report submission;	✓
	2. Whistleblowers protection;	✓
	3. Claims handling;	✓
	4. Claims managers; and	✓
	5. Total claims registered; and	✓
	6. Sanctions/report processed at the last fiscal year including its follow up measures.	✓
	Note: should be disclosed if there is no report and follow up action in the last fiscal year.	
25.	Diversity of the Board of Commissioners and Board of Directors Composition	273; 298
	Description of written policy regarding diversity of the Board of Commissioners and Board of Directors composition regarding education, work experience, age, and gender	
	Note: to disclose the reasons and considerations, if there is no policy applied	
VII.	Financial Information	
1.	Board of Directors and/or Board of Commissioners' Statements regarding the Responsibility for the Financial Statements	466-467
	Conformity with related regulations regarding the Financial Statements Responsibility	
2.	Independent auditor opinion on financial statements	468-469
3.	Independent Auditor Description in the Opinion	469
	Description contains the following:	
	1. Name & signatures;	✓
	2. Audit Report date; and	✓
	3. License of Public Accountant Firm and license of Public Accountant	✓
4.	Comprehensive financial statements	
	Comprehensively covers the financial statements elements:	
	1. Statements of financial position;	470-473
	2. Statements of comprehensive income and other comprehensive income;	474-475
	3. Statements of changes in equity;	476-477
	4. Statements of cash flows;	478-479
	5. Notes to financial statements;	480-684
	6. Comparative information on previous periods; and	✓
	7. Statements of financial position at the beginning of previous periods upon the application of retrospective accounting policy by the entity or representation of financial statements postings, or reclassifications of postings in the financial statements (if relevant).	✓
5.	Profitability level comparison	474-475
	Comparison of current profit (loss) with the previous year	
6.	Statements of Cash Flows	478-479
	Conformity to the following provisions:	
	1. Grouping into three category of activities of operations, investment, and financing;	✓
	2. Direct method application in the statements of cash flows from operations activity;	✓
	3. Separation of presentation between cash in and or cash out during current year in the operation, investment and financing activities;	✓
	4. Disclosure of non cash transaction shall be stated in the notes to financial statements.	✓

Criteria and Explanations		Page
7.	Summary of accounting policies	495-536
	Including at least:	
	1. Compliance statement to SAK;	✓
	2. Basis of measurement and formulation of financial statements;	✓
	3. Recognition of income and expense;	✓
	4. Employee benefits; and	✓
	5. Financial instrument.	✓
8.	Disclosure of related parties transactions	627-631
	The disclosures includes:	
	1. Name of related parties, and the nature and relationship with related parties;	✓
	2. Transaction values and its percentage to total income and expense; and	✓
	3. Total balance and its percentage to total assets or liabilities.	✓
9.	Disclosure related to taxes	596-604
	The disclosures shall includes:	
	1. Fiscal reconciliation and current tax expense calculation;	✓
	2. Explanation of relationship between tax expenses (income) and accounting profit;	✓
	3. Statement that Taxable Income as a result of reconciliation is use as the basis in completing the 2016 Annual corporate income tax return;	✓
	4. The details of deferred tax assets and liabilities recognized in the financial position statements for every presentation period, and total deferred tax expenses (income) recognized in the income statements if the total are not visible from the total deferred tax assets or liabilities recognized in the financial position statements; and	✓
	5. Disclosure of availability or un-availability of tax disputes.	✓
10.	Disclosure related to fixed assets	575-576
	The disclosures shall includes:	
	1. Used depreciation method;	✓
	2. Description on accounting policies selected between revaluation model and cost model;	✓
	3. Significant methods and assumptions used in estimation of fixed assets fair value (for revaluation model) or disclosure of fixed assets fair value (for cost model); and	✓
	4. Reconciliation of gross total recorded and accumulation of fixed assets depreciation at the beginning and end of period by presenting: addition, deduction and reclassification.	✓
11.	Disclosure related to operations segments	632-633
	The disclosures shall includes:	
	1. General information covering factors used to identify reported segments;	✓
	2. Information on segment's reported profit loss, assets, and liabilities;	
	3. Reconciliation of segment's total revenues, segment's reported profit loss, segment's assets, segment's liabilities, and segment's other material elements to related total in entity; and	✓
	4. Disclosure of entity level, which covers information on products and/or services, geographic areas and main customers.	✓
12.	Disclosure related to Financial Instruments	633-673
	The disclosures shall includes:	
	1. Accounting requirements, conditions and policies for every financial instruments group;	✓
	2. Financial instrument classification;	✓
	3. Fair value of every financial instrument group;	✓
	4. Risk management objectives and policies;	
	5. Explanation on risks related to financial instrument: market risk, credit risk and liquidity risk; and	✓
	6. Risk analysis related to financial instrument in quantitative way.	✓
13.	Financial statements publication	494
	The disclosures includes:	
	1. Date of financial statements authorized for publication; and	✓
	2. Parties responsible to authorize the financial statements.	✓

References of FSA

Circular Letter No. 30-SEOJK 04

2017 Annual Report Public Company

Description	Page
I. General Provision	
1. Annual Report of a listed company is one of the most important sources as the base for investors or shareholders in making investment decision, and is a means of monitoring issuers or public company.	✓
2. Along with the development of Capital Market and the growing needs of investors or shareholders regarding information disclosure, the Board of Directors and the Board of Commissioners are required to improve the quality of information disclosure through annual report.	✓
3. Annual Report should be prepared in an orderly manner and should be informative to provide conveniences for the investors or shareholders in getting the information they need.	✓
4. This Circular Letter of the Financial Service Agency serves a guidelines for Issuers or Public Companies that should be applied in preparing their Annual Report.	✓
II. Format of Annual Report	
1. Annual Report should be presented in the printed format and in electronic document copy.	✓
2. The printed version of the Annual Report should be printed on light-colored paper of fine quality, in A4 size, bound and can be reproduced in good quality.	✓
3. The Annual Report presented in electronic document format is the Annual Report converted into pdf format.	✓
III. Content Of Annual Report	
1. General Provision	
a. Annual Report should contain at least the following information:	
1) summary of key financial information;	6-13
2) stock information (if any);	14-15
3) the Board of Directors report;	34-41
4) the Board of Commissioners report;	28-31
5) profile of Issuer or Public Company;	52-87
6) management discussion and analysis;	88-145
7) corporate governance applied by the Issuer or Public Company;	252-401
8) corporate social and environmental responsibility of the Issuer or Public Company;	402-413
9) audited annual report; and	466-684
10) statement that the Board of Directors and the Board of Commissioners are fully responsible for the Annual Report;	50-51
b. Annual Report may present the information in form of images, charts, tables, and diagrams are presented by mentioning the title and/or clear description, that is easy to read and be understood;	✓
2. Description of Content of Annual Report	
a. Summary of Key Financial Information Summary of Key Financial Information contains financial information presented in comparison with previous 3 (three) fiscal years or since commencement of business if the Issuers or the Public Company commencing the business less than 3 (three) years, at least contain:	8-10
1) income/sales;	
2) gross profit;	
3) profit (loss);	8
4) total profit (loss) attributable to equity holders of the parent entity and non-controlling interest;	
5) total comprehensive profit (loss);	

Description	Page
6) total comprehensive profit (loss) attributable to equity holders of the parent entity and non controlling interest;	8
7) earning (loss) per share;	
8) total assets;	
9) total liabilities;	
10) total equities;	
11) profit (loss) to total assets ratio;	10
12) profit (loss) to equities ratio;	
13) profit (loss) to income ratio;	
14) current ratio;	
15) liabilities to equities ratio;	
16) liabilities to total assets ratio; and	
17) other information and financial ratios relevant to the Issuer or Public Company and type of industry;	
b. Stock Information	14-15
Stock Information (if any) at least contains:	
1) shares issued for each three-month period in the last 2 (two) fiscal years (if any), at least covering:	
a) number of outstanding shares;	
b) market capitalization based on the price at the Stock Exchange where the shares listed on;	
c) highest share price, lowest share price, closing share price at the Stock Exchange where the shares listed on; and	
d) share volume at the Stock Exchange where the shares listed on;	
Information in point a) should be disclosed by the Issuer, the public company whose shares is listed or not listed in the Stock Exchange;	
Information in point b), point c), and point d) only be disclosed if the Issuer is a public company whose shares is listed in the Stock Exchange;	
2) in the event of corporate actions, including stock split, reverse stock, dividend, bonus share, and change in par value of shares, then the share price referred to in point 1), should be added with explanation on:	79-80
a) date of corporate action;	
b) stock split ratio, reverse stock, dividend, bonus shares, and change in par value of shares;	
c) number of outstanding shares prior to and after corporate action; and	
d) share price prior to and after corporate action;	
3) in the event that the company's shares were suspended and/or delisted from trading during the year under review, then the Issuers or Public Company should provide explanation on the reason for the suspension and/or delisting; and	n/a
4) in the event that the suspension and/or delisting as referred to in point 3) was still in effect until the date of the Annual Report, then the Issuer or the Public Company should also explain the corporate actions taken by the company in resolving the suspension and/or delisting;	n/a
c. The Board of Directors Report	34-41
The Board of Directors Report should at least contain the following items:	36-38
1) the performance of the Issuer or Public Company, at least covering:	
a) strategy and strategic policies of the Issuer or Public Company;	
b) comparison between achievement of results and targets; and	
c) challenges faced by the Issuer or Public Company;	

Description	Page
2) description on business prospects;	
3) implementation of good corporate governance by Issuer or Public Company; and	36-38
4) changes in the composition of the Board of Directors and the reason behind (if any);	
d. The Board of Commissioners Report	
The Board of Commissioners Report should at least contain the following items:	
1) assessment on the performance of the Board of Directors in managing the Issuer or the Public Company;	
2) supervision on the implementation of the strategy of the Issuer or Public Company;	
3) view on the business prospects of the Issuer or Public Company as established by the Board of Directors;	28-31
4) view on the implementation of the corporate governance by the Issuer or Public Company;	
5) changes in the composition of the Board of Commissioners and the reason behind (if any); and	
6) the frequency and procedure of providing advice to members of the Board of Directors;	
e. Profile of the Issuer or Public Company	52-86
Profile of the Issuer or Public Company should cover at least:	
1) name of Issuer or Public Company, including change of name, reason of change, and the effective date of the change of name during the year under review;	52
2) access to Issuer or Public Company, including branch office or representative office, where public can have access of information of the Issuer or Public Company, which include:	53
a) address;	✓
b) telephone number;	✓
c) facsimile number;	✓
d) e-mail address; and	✓
e) website address;	✓
3) brief history of the Issuer or Public Company;	52; 54-55
4) vision and mission of the Issuer or Public Company;	58-59
5) line of business according to the latest Articles of Association, and types of products and/or services produced;	52-53
6) structure of organization of the Issuer or Public Company in chart form, at least 1 (one) level below the Board of Directors, with the names and titles;	56-57
7) the Board of Directors profiles include:	
a) name and short description of duties and functions;	
b) latest photograph;	
c) age;	
d) citizenship;	
e) education;	65-68
f) history position, covering information on:	
(1) legal basis for appointment as member of the Board of Directors to the said Issuer or Public Company;	
(2) dual position, as member of the Board of Directors, member of the Board of Commissioners, and/or member of committee, and other position (if any); and	
(3) working experience and period in and outside the Issuer or Public Company;	
g) competency enhancement education and/or training program for member of the Board of Directors during the year under review (if any); and	308-311
h) disclosure of affiliation with other members of the Board of Directors, members of the Board of Commissioners, and major shareholders (if any) including name of the affiliated party;	317

Description	Page
8) the Board of Commissioners profiles, at least include:	
a) name;	
b) latest photograph;	
c) age;	
d) citizenship;	
e) education;	
f) history position, covering information on:	61-64
(1) legal basis for the appointment as member of the Board of Commissioners who is not Independent Commissioner at the said Issuer or Public Company;	
(2) legal bases for the first appointment as member of the Board of Commissioners who also Independent Commissioner at the said Issuer or Public Company;	
(3) dual position; as member of the Board of Commissioners, member of the Board of Directors, and/or member of committee and other position (if any); and	
(4) working experience and period in and outside the Issuer or Public Company;	
g) competency enhancement education and/or training program for member of the Board of Commissioner during the year under review (if any);	277
h) affiliation with other members of the Board of Commissioners, and major shareholders (if any) including name of the affiliated party; and	317
i) statement of independence of Independent Commissioner in the event that the Independent Commissioner has been appointed more than 2 (two) periods (if any);	270-271
9) in the event that there were changes in the composition of the Board of Commissioners and/or the Board of Directors occurring between the period after year-end until the date the Annual Report submitted, then the last and the previous composition of the Board of Commissioners and/or the Board of Directors shall be stated in the Annual Report;	√
10) number of employees and description of distribution of education level and age of the employee in the year under review;	74-75; 234-243
11) names of shareholders and ownership percentage at the end of the fiscal year, including:	76-78
a) shareholders having 5% (five percent) or more shares of Issuer or Public Company;	√
b) Commissioners and Directors who own shares of the Issuers or Public Company; and	√
c) groups of public shareholders, or groups of shareholders, each with less than 5% (five percent) ownership shares of the Issuers or Public Company;	√
12) number of shareholders and ownership percentage at the end of the fiscal year, based on:	77
a) ownership of local institutions;	√
b) ownership of foreign institutions;	√
c) ownership of local individual; and	√
d) ownership of foreign individual;	√
13) information on major shareholders and controlling shareholders the Issuers of Public Company, directly or indirectly, and also individual shareholder, presented in the form of scheme or diagram;	78
14) name of subsidiaries, associated companies, joint venture controlled by Issuers or Public Company, with entity, percentage of stock ownership, line of business, total assets and operating status of the Issuers of Public Company (if any); For subsidiaries, include the addresses of the said subsidiaries;	83-84
15) chronology of share listing, number of shares, par value, and bid price from the beginning of listing up to the end of the financial year, and name of Stock Exchange where the Issuers of Public Company shares are listed;	79-80

Description	Page
16) chronology of securities listing in addition to the said security in point 15), which at least should contain the name of the Securities, year of issuance, date of maturity, bid price, and rating of the securities (if any);	81
17) name and address of capital market supporting institutions and/or professionals;	
18) in the event that the capital market supporting professionals provide services on a regular basis to the Issuer or the Public Company, then information on the services provided, fee and period of assignment should be disclosed; and	85-86
19) awards and/or certification of national and international scales bestowed on the Issuer or Public Company during the last fiscal year (if any), covering:	
a) name of award and/or certification;	87
b) organization/institution that gives the awards; and	
c) award/certificate validity period (if any);	
f. Management Discussion and Analysis	88-145
Management Analysis and Discussion Annual should contain discussion and analysis on financial statements and other material information emphasizing material changes that occurred during the year under review, at least including:	
1) operational review per business segment, according to the type of industry of the Issuer or Public Company including:	95-123
a) production, including process, capacity, and growth;	✓
b) income/sales; and	✓
c) profitability;	✓
2) comprehensive financial performance analysis which includes a comparison between the financial performance of the last 2 (two) fiscal years, and explanation on the causes and effects of such changes, among others concerning:	124-135
a. current assets, non-current assets, and total assets;	125-130
b) short term liabilities, long term liabilities, total liabilities;	130-132
c) equities;	132
d) sales/operating revenues, expenses and profit (loss), other comprehensive revenues, and total comprehensive profit (loss); and	132-134
e) cash flows;	134-135
3) the capacity to pay debts by including the computation of relevant ratios;	136
4) accounts receivable collectability of the Issuer or Public Company, including the computation of the relevant ratios;	136
5) capital structure and management policies concerning capital structure, including the basis for determining the said policy;	136-138
6) discussion on material ties for the investment of capital goods, including the explanation on at least:	
a) the purpose of such ties;	
b) source of funds expected to fulfill the said ties;	138
c) currency of denomination; and	
d) steps taken by the Issuer of Public Company to protect the position of a related foreign currency against risks;	
7) discussion on investment of capital goods which was realized in the last fiscal year, at least include:	
a) type of investment of capital goods;	138
b) objective of the investment of capital goods; and	
c) value of the investment of capital goods;	
8) material Information and facts that occurring after the date of the accountant's report (if any);	139

Description	Page
9) information on the prospects of the Issuer or the Company in connection with industry,economy in general, accompanied with supporting quantitative data if there is a reliable data source;	
10) comparison between target/projection at beginning of year and result (realization), concerning:	139
a) income/sales;	
b) profit (loss);	
c) capital structure; or	
d) others that deemed necessary for the Issuer or Public Company;	
11) target/projection at most for the next one year of the Issuer or Public Company, concerning:	
a) income/sales;	
b) profit (loss);	
c) capital structure; or	49
d) dividend policy;	
e) or others that deemed necessary for the Issuer or Public Company;	
12) marketing aspects of the company's products and/or services the Issuer or Public Company, among others marketing strategy and market share;	106-109
13) description regarding the dividend policy during the last 2 (two) fiscal years, at least:	
a) dividend policy;	
b) the date of the payment of cash dividend and/or date of distribution of non-cash dividend;	140
c) amount of cash per share (cash and/or non cash); and	
d) amount of dividend per year paid;	
14) use of proceeds from Public Offerings, under the condition of:	
a) during the year under review, on which the Issuer has the obligation to report the realization of the use of proceeds, then the realization of the cumulative use of proceeds until the year end should be disclosed; and	140
b) in the event that there were changes in the use of proceeds as stipulated in the Regulation of the Financial Services Authority on the Report of the Utilization of Proceeds from Public Offering, then Issuer should explain the said changes;	
15) material information (if any), among others concerning investment, expansion, divestment, acquisition, debt/capital restructuring, transactions with related parties and transactions with conflict of interest that occurred during the year under review, among others include:	
a) transaction date, value, and object;	
b) name of transacting parties;	140-141
c) nature of related parties (if any);	
d) description of the fairness of the transaction; and	
e) compliance with related rules and regulations;	
16) changes in regulation which have a significant effect on the Issuer or Public Company and impacts on the company (if any); and	142-144
17) changes in the accounting policy, rationale and impact on the financial statement (if any);	144
g. Corporate Governance of the Issuer or Public Company	252-401
Corporate Governance of the Issuer or Public Company contains at least:	
1) the Board of Directors, covering:	297-311
a) the tasks and responsibilities of each member of the Board of Directors;	✓
b) statement that the Board of Directors has already have board manual or charter;	✓
c) procedure, legal basis, structure, and amount of remuneration of each member of the Board of Directors, relation between remuneration and performance of the Issuer or Public Company;	✓

Description	Page
d) the policies and the frequency of the meeting of the Board of Directors, including the joint meeting with Board of Commissioners, and attendance of member of the Board of Directors in the said meeting;	√
e) information on the resolution from the AGM of the previous 1 (one) year, covering:	261-267
(1) AGM resolutions that were realized during the fiscal year; and	
(2) explanation for the unrealized resolution;	
f) information regarding the AGM resolution in the year under review, including:	
(1) AGM resolutions that were realized during the fiscal year; and	311
(2) explanation for the unrealized resolution;	
g) assessment on the performance of the committee under the Board of Directors;	267-277
2) the Board of Commissioners, among others include:	√
a) duties and responsibilities of the Board of Commissioners;	
b) statement that the Board of Commissioner has already have the board manual or charter;	√
c) procedure, legal basis, structure, and amount of remuneration for each member of Board of Commissioners;	√
d) policies and frequency of meeting of the Board of Commissioners, including meeting with the Board of Directors, and attendance of each member of the Board of Commissioners in the said meetings;	√
e) policies of the Issuer or Public Company regarding the assessment on the performance of the Board of Directors and Board of Commissioners and the implementation, at least covering:	259-261; 277; 307
(1) procedure for the implementation of performance assessment;	
(2) criteria for assessment; and	
(3) assessor;	278
f) assessment on the performance of the committees under the Board of Commissioners; and	
g) in the event that the Board of Commissioners does not establish the Nomination and Remuneration Committee, than should contain at least:	n/a
(1) reason not to establish the committee; and	
(2) procedure of nomination and remuneration performed in the year under review;	
3) Sharia Supervisory Board, for Issuer or Public Company that conduct business based on sharia law, as stipulated in the articles of association, at least containing:	46-47; 72-73
a) name;	
b) duty and responsibility of Sharia Supervisory Board; and	
c) frequency and procedure in providing advice and suggestion, as well as the compliance of Sharia Principles by the Issuer or Public Company in the Capital Market;	278-285
4) Audit Committee, among others covering:	
a) name and position in the committee;	
b) age;	
c) citizenship;	√
d) education background;	
e) history of position; including:	
(1) legal basis for the appointment as member of the committee;	√
(2) dual position, as member of Board of Commissioners, member of Board of Directors, and/or member of committee, and other position (if any); and	
(3) working experience and period in and outside the Issuer or Public Company;	
f) period and terms of office of the member of Audit Committee;	√
g) statement of independence of the Audit Committee;	√

Description	Page
h) policies and implementation of the frequency of meeting of the Audit Committee and attendance of member of Audit Committee;	√
i) education and/or training during the year under review (if any); and	√
j) the activities of the Audit Committee in the year under review, in accordance with the Audit Committee Charter;	√
5) other committee of the Issuer or the Public Company formed to support the function and duty of the Board of Directors and/or the Board of Commissioners, such as Nomination and Remuneration Committee, containing:	
a) name and position in the Committee;	
b) age;	
c) citizenship;	
d) education background;	
e) history of position, including:	
(1) legal basis for the appointment as member of the committee;	
(2) dual position, as member of Board of Commissioners, member of Board of Directors, and/or member of committee, and other position (if any); and	278-281; 287-292; 285-287; 292-296
(3) working experience and period in and outside the Issuer or Public Company;	
f) period and terms of office of the member of Audit Committee;	
g) description of duty and responsibility;	
h) statement that the Committee has already have the Charter;	
i) statement of independence of the Committee;	
j) policies and frequency of meeting of the committee, and attendance of each member of the committee in the said meetings;	
k) education and/or training during the year under review (if any); and	
l) brief description on the activities of the committee;	
6) Corporate Secretary, including:	
a) name;	
b) domicile;	
c) history of position, including:	
(1) legal basis for the appointment as Corporate Secretary; and	
(2) working experience and period in and outside the Issuer or Public Company;	317-321
d) education background;	
e) education and/or training during the year under review; and	
f) brief description on the implementation of duties of the Corporate Secretary in the year under review;	
7) Internal Audit Unit, among others including:	
a) name of Head of Internal Audit Unit;	
b) history of position, including:	
(1) legal basis for the appointment as Head of Internal Audit Unit; and	
(2) working experience and period in and outside the Issuer or Public Company;	
c) qualification or certification as internal auditor (if any);	328-332
d) education and/or training during the year under review;	
e) structure and position of Internal Audit Unit;	
f) description of duties and responsibilities;	
g) statement that the Internal Audit Unit has already have Internal Audit Unit charter; and	
h) brief description on the implementation of duty of Internal Audit Unit during the year under review;	

Description	Page
8) description on internal control system adopted by the Issuer or Public Company, at least covering:	
a) financial and operational control, and compliance to the other prevailing rules; and	339-341
b) review on the effectiveness of internal control systems;	
9) risk management system implemented by the company, at least includes:	
a) general description about the company's risk management system the Issuer or Public Company;	148-233;
b) types of risk and the management; and	334-338
c) review the effectiveness of the risk management system applied by the Issuer or Public Company;	
10) important cases faced by the Issuer or Public Company, subsidiaries, current members of the Board of Commissioners and the Board of Directors, among others include:	
a) substance of the case/claim;	341-342
b) status of settlement of case/claim; and	
c) potential impacts on the condition of the Issuer or Public Company;	
11) information about administrative sanctions imposed to Issuer or Public Company, members of the Board of Commissioners and the Board of Directors, by the Capital Market Authority and other authorities during the last fiscal year (if any);	342
12) information about codes of conduct of the Issuer or Public Company, includes:	
a) key points of the code of conduct;	354-355
b) socialization of the code of conduct and enforcement; and	
c) statement that the code of conduct is applicable for the Board of Commissioners, the Board of Directors, and employees of the Issuer of Public Company;	
13) information about corporate culture (if any) of the Issuer or Public Company;	59; 353
14) description of employee or management stock ownership program of the Issuer or Public Company, among others contains:	
a) number of share and/or option;	140
b) period;	
c) requirement for eligible employee and/or management; and	
d) exercised price;	
15) description of whistleblowing system at the Issuer or Public Company (if any), among others include:	
a) mechanism for violation reporting;	355-356
b) protection for the whistleblower;	
c) handling of violation reports;	
d) unit responsible for handling of violation report; and	
e) results from violation report handling, at least includes:	
(1) number of complaints received and processed during the fiscal year; and	
(2) follow up of complaints;	
16) implementation of the Guidelines of Corporate Governance for Public Companies for Issuer issuing Equity-based Securities or Public Company, including:	
a) statement regarding recommendation that have been implemented; and/or	357-367
b) description of recommendation that have not been implemented, along with the reason and alternatives of implementation (if any);	

Description	Page
h. Social and Environmental Responsibility of the Issuer or Public Company	
1) Information on social and environmental responsibility of the Issuer or Public Company that covers policies, types of programs, and cost, among others related to:	402-413
a) environment, among others:	
(1) the use of environmentally friendly and recyclable materials and energy;	
(2) the waste treatment systems of the Issuer or Public Company;	406-408
(3) mechanism for filling complaint on environmental issues; and	
(4) environmental certifications;	
b) employment practices, occupational health and safety, among others:	
(1) gender equality and equal work opportunity;	
(2) work and safety facilities;	
(3) employee turnover;	
(4) work incident rate;	408
(5) education and/or training;	
(6) remuneration; and	
(7) mechanism for filling complaint on employment issues;	
c) social and community development, among others:	
(1) the use of local work force;	
(2) empowerment of local communities among others through the use of raw material produced by the community or by providing education;	
(3) improvement of public social facilities and infrastructure;	409-413
(4) other form of donation; and	
(5) dissemination of the policies and procedures of anti-corruption at the Issuers or Public Company, and training on anti-corruption (if any);	
d) products and/or services responsibilities, among others:	
(1) consumers' health and safety;	
(2) products and/or services information; and	351-353
(3) facilities, number, and resolution of consumer complaint.	
2) In the event that the Issuer or the Public Company imparts information on social and environmental responsibility as referred to in point 1) in separate report such corporate social and environmental responsibility report, or sustainability report, then the Issuers or the Public Company is excluded from disclosing information on social and environmental responsibility in Annual Report; and	√
3) The said report in point 2) should be submitted to the Financial Service Authority along with the Annual Report;	√
i. Audited Annual Financial Statement	
Financial Statements included in Annual Report should be prepared in accordance with the Financial Accounting Standards in Indonesia and audited by an Accountant. The said financial statement should be included with statement of responsibility for financial report as stipulated in the legislations in the Capital Markets sector governing the responsibility of the Board of Directors on the financial report or the legislations in the Capital Markets sector governing the periodic reports of securities company in the event the Issuer is a Securities Company; and	462-691
j. Letter of Statement of the Board of Directors and the Board of Commissioners regarding the Responsibility for Annual Reporting	
Letter of statement of the Board of Directors and the Board of Commissioners regarding the responsibility for Annual Reporting should be prepared according to the format of letter of statement of member of Board of Directors and the Board of Commissioners regarding the responsibility for Annual Reporting as attached in the Attachment, which is an integral part of this Circulation Letter of the Financial Services Authority.	50-51

► Consolidated Financial Statements

PT Bank Danamon Indonesia Tbk
and Subsidiaries

Consolidated financial statements
as of December 31, 2017 and
for the year then ended
with independent auditors' report

**SURAT PERNYATAAN DIREKSI
TENTANG
TANGGUNG JAWAB ATAS LAPORAN
KEUANGAN KONSOLIDASIAN
TANGGAL 31 DESEMBER 2017 DAN 2016
DAN UNTUK TAHUN-TAHUN YANG BERAKHIR
PADA TANGGAL 31 DESEMBER 2017 DAN 2016
PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK**

Kami yang bertanda tangan di bawah ini:

1. Nama : Sng Seow Wah
Alamat Kantor : Menara Bank Danamon Lt 12,
Jl. HR. Rasuna Said Blok C No.10
Karet Setiabudi, Jakarta, Indonesia
12920
Alamat Rumah : Airlangga Apartement Unit 29A
Jl. Dr. Ide Anak Agung Gde Agung
Kav. E.1.1 No.1
Jakarta 12950
Nomor Telepon : 80645000
Jabatan : Direktur Utama
2. Nama : Satinder Pal Singh Ahluwalia
Alamat Kantor : Menara Bank Danamon Lt 11,
Jl. HR. Rasuna Said Blok C No.10
Karet Setiabudi, Jakarta, Indonesia
12920
Alamat Rumah : Pacific Place Tower 1 unit 17A
Jl. Jendral Sudirman Kav 52-53
LOT 3-5 Senayan
Kebayoran Baru
Jakarta Selatan
Nomor Telepon : 80645000
Jabatan : Direktur

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Bank Danamon Indonesia Tbk dan Entitas Anak;
2. Laporan keuangan konsolidasian PT Bank Danamon Indonesia Tbk dan Entitas Anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian PT Bank Danamon Indonesia Tbk dan Entitas Anak telah dimuat secara lengkap dan benar;
b. Laporan keuangan konsolidasian PT Bank Danamon Indonesia Tbk dan Entitas Anak tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;

**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016
AND FOR THE YEARS ENDED
31 DECEMBER 2017 AND 2016
PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES**

We, the undersigned:

1. Name : Sng Seow Wah
Office Address : Menara Bank Danamon 12th
Floor, Jl. HR. Rasuna Said Blok
C No. 10, Karet Setiabudi,
Jakarta, Indonesia 12920
Residential Address : Airlangga Apartement Unit 29A
Jl. Dr. Ide Anak Agung Gde
Agung Kav. E.1.1 No.1
Jakarta 12950
Telephone : 80645000
Title : President Director
2. Name : Satinder Pal Singh Ahluwalia
Office Address : Menara Bank Danamon 11th
Floor, Jl. HR. Rasuna Said Blok
C No. 10, Karet Setiabudi,
Jakarta, Indonesia 12920
Residential Address : Pacific Place Tower 1 unit 17A
Jl. Jendral Sudirman Kav 52-53
LOT 3-5 Senayan
Kebayoran Baru
Jakarta Selatan
Telephone : 80645000
Title : Director

Declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Danamon Indonesia Tbk and Subsidiaries;
2. The consolidated financial statements of PT Bank Danamon Indonesia Tbk and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All informations in the consolidated financial statements of PT Bank Danamon Indonesia Tbk and subsidiaries have been disclosed in a complete and truthful manner;
b. The consolidated financial statements of PT bank Danamon Indonesia Tbk and Subsidiaries do not content any incorrect information or material facts, nor do they omit information or material facts;


4. Kami bertanggung jawab atas sistem pengendalian internal PT Bank Danamon Indonesia Tbk dan Entitas Anak.

4. *We are responsible for the internal control system of PT Bank Danamon Indonesia Tbk and Subsidiaries.*

Demikian pernyataan ini dibuat dengan sebenarnya.

This statement has been made truthfully.

Jakarta, 26 Januari/January 2018

Atas nama dan mewakili Direksi/For and on behalf of the Board of Directors 



Sng Seow Wah
Direktur Utama/President Director

Satinder Pal Singh Ahluwalia
Direktur/Director



**LAPORAN AUDITOR INDEPENDEN
KEPADA PARA PEMEGANG SAHAM**

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF**

PT BANK DANAMON INDONESIA TBK

Kami telah mengaudit laporan keuangan konsolidasian PT Bank Danamon Indonesia Tbk dan entitas anak terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2017, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying consolidated financial statements of PT Bank Danamon Indonesia Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2017 and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung jawab manajemen atas laporan keuangan konsolidasian

Management's responsibility for the consolidated financial statements

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian ini sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Tanggung jawab Auditor

Auditors' responsibility

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian bebas dari kesalahan penyajian material.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan

Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001

T: +62 21 5212901, F: + 62 21 52905555 / 52905050, www.pwc.com/id



Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan konsolidasian entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan konsolidasian secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Bank Danamon Indonesia Tbk dan entitas anak pada tanggal 31 Desember 2017, serta kinerja keuangan konsolidasian dan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Danamon Indonesia Tbk and its subsidiaries as of 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA
26 Januari/January 2018

Drs. M. Jusuf Wibisono, M.Ec., CPA

Surat Izin Praktek Akuntan Publik/License of Public Accountant No. AP.0222

The original consolidated financial statements included herein are in the Indonesian language.

**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK**

**LAPORAN POSISI KEUANGAN KONSOLIDASIAN
pada Tanggal 31 Desember 2017 dan 2016**

(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2017 and 2016**

(Expressed in million Rupiah, unless otherwise stated)

	Catatan/ Notes	2017	2016 ^{*)}	
ASET				ASSETS
Kas	2b,2f,4	2.546.414	2.265.049	Cash
Giro pada Bank Indonesia	2b,2f,2h, 2i,5	7.555.916	7.352.383	Current accounts with Bank Indonesia
Giro pada bank lain, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp833 pada tanggal 31 Desember 2017 (2016: Rp1.060)	2b,2f,2i, 2p,6			Current accounts with other banks, net of allowance for impairment losses of Rp833 as of 31 December 2017 (2016: Rp1,060)
- Pihak berelasi	2a,45	221.082	200.882	Related parties -
- Pihak ketiga		1.810.940	1.567.514	Third parties -
Penempatan pada bank lain dan Bank Indonesia, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp2.507 pada tanggal 31 Desember 2017 (2016: Rp2.666)	2b,2f,2j, 2p,7	5.198.885	5.936.962	Placements with other banks and Bank Indonesia, net of allowance for impairment losses of Rp2,507 as of 31 December 2017 (2016: Rp2,666)
Efek-efek, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp41.792 pada tanggal 31 Desember 2017 (2016: Rp37.665)	2b,2f,2k, 2p,8			Marketable securities, net of allowance for impairment losses of Rp41,792 as of 31 December 2017 (2016: Rp37,665)
- Pihak berelasi	2a,45	19.949	18.350	Related parties -
- Pihak ketiga		16.039.713	17.389.913	Third parties -
Obligasi Pemerintah	2f,2k,15	10.974.343	9.563.332	Government Bonds
Efek yang dibeli dengan janji dijual kembali	2b,2f,2l,9	296.028	-	Securities purchased under resale agreements
Tagihan derivatif	2b,2f,2m			Derivative receivables
- Pihak berelasi	10,2a,45	413	-	Related parties -
- Pihak ketiga		103.493	259.124	Third parties -
Pinjaman yang diberikan, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp2.923.236 pada tanggal 31 Desember 2017 (2016: Rp3.326.631)	2f,2n,2p, 11			Loans, net of allowance for impairment losses of Rp2,923,236 as of 31 December 2017 (2016: Rp3,326,631)
- Pihak berelasi	2a,45	71.783	278.598	Related parties -
- Pihak ketiga		93.973.723	91.609.918	Third parties -
Piutang pembiayaan konsumen, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp1.333.042 pada tanggal 31 Desember 2017 (2016: Rp1.210.614)	2f,2p,2r, 12	26.080.060	25.061.766	Consumer financing receivables, net of allowance for impairment losses of Rp1,333,042 as of 31 December 2017 (2016: Rp1,210,614)
Piutang sewa pembiayaan, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp14.813 pada tanggal 31 Desember 2017 (2016: Rp30.540)	2f,2p,2s, 13	369.488	867.011	Finance lease receivables, net of allowance for impairment losses of Rp14,813 as of 31 December 2017 (2016: Rp30,540)
Piutang premi	2f,2t			Premium receivables
- Pihak berelasi	2a,45	1.465	1.635	Related parties -
- Pihak ketiga		251.502	231.109	Third parties -
Dipindahkan		165.515.197	162.603.546	Carried Forward

*) Diklasifikasikan kembali (Catatan 56)

*) As reclassified (Note 56)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
pada Tanggal 31 Desember 2017 dan 2016
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)**

**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2017 and 2016
(Expressed in million Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016 ^{*)}	
Pindahan		165.515.197	162.603.546	Carried Forward
Aset reasuransi, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp38.923 pada tanggal 31 Desember 2017 (2016: Rp32.949)	2f,2p,2aa	697.170	724.479	Reinsurance assets net of allowance for impairment losses of Rp38,923 as of 31 December 2017 (2016: Rp32,949)
Biaya akuisisi asuransi tangguhan	2aa	416.350	366.193	Deferred insurance acquisition cost
Tagihan akseptasi setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp111 pada tanggal 31 Desember 2017 (2016: Rp52)	2f,2p,2x,14			Acceptances receivable net of allowance for impairment losses of Rp111 as of 31 December 2017 (2016: Rp52)
- Pihak berelasi	2al,45	2.468	2.561	Related parties -
- Pihak ketiga		1.483.472	1.933.321	Third parties -
Pajak dibayar dimuka	2ag,25a	51.150	112.700	Prepaid taxes
Investasi dalam saham	2f,2o,16	122.669	164.560	Investments in shares
Aset takberwujud, setelah dikurangi akumulasi amortisasi sebesar Rp2.002.472 pada tanggal 31 Desember 2017 (2016: Rp1.882.945)	2q,2u,17	1.569.385	1.470.417	Intangible assets, net of accumulated amortization of Rp2,002,472 as of 31 December 2017 (2016: Rp1,882,945)
Aset tetap, setelah dikurangi akumulasi penyusutan sebesar Rp3.045.686 pada tanggal 31 Desember 2017 (2016: Rp2.900.350)	2q,2v,18,	2.287.700	2.505.583	Fixed assets, net of accumulated depreciation of Rp3,045,686 as of 31 December 2017 (2016: Rp2,900,350)
Aset pajak tangguhan - neto	2ag,25d	2.412.117	2.162.250	Deferred tax assets - net
Beban dibayar dimuka dan aset lain-lain, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp28.791 pada tanggal 31 Desember 2017 (2016: Rp22.670)	2f,2p,2q,			Prepayments and other assets, net of allowance for impairment losses of Rp28,791 as of 31 December 2017 (2016: Rp22,670)
- Pihak berelasi	2w,19	3.375	10.739	Related parties -
- Pihak ketiga	2al,45	3.696.039	2.380.172	Third parties -
JUMLAH ASET		178.257.092	174.436.521	TOTAL ASSETS

*) Diklasifikasikan kembali (Catatan 56)

*) As reclassified (Note 56)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK**

**LAPORAN POSISI KEUANGAN KONSOLIDASIAN
pada Tanggal 31 Desember 2017 dan 2016
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)**

**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2017 and 2016
(Expressed in million Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016 ^{*)}	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS				LIABILITIES
Simpanan nasabah	2f,2y,20			Deposits from customers
- Pihak berelasi	2al,45	129.971	130.447	Related parties -
- Pihak ketiga		101.766.847	103.609.069	Third parties -
Simpanan dari bank lain	2f,2y,21	4.634.513	2.872.937	Deposits from other banks
Efek yang dijual dengan janji dibeli kembali	2f,2l	10.434	-	Securities sold under repurchase agreements
Pendapatan premi tangguhan	2aa	1.839.333	1.673.296	Deferred premium income
Premi yang belum merupakan pendapatan	2aa	1.004.460	967.864	Unearned premium reserve
Utang akseptasi	2f,2x,22			Acceptances payable
- Pihak berelasi	2al,45	85.503	62.694	Related parties -
- Pihak ketiga		1.400.548	1.873.240	Third parties -
Efek yang diterbitkan	2f,2ae, 2af,23			Securities issued
- Pihak berelasi	2al,45	214.100	96.600	Related parties -
- Pihak ketiga		9.957.065	8.301.379	Third parties -
Pinjaman yang diterima	2f,24			Borrowings
- Pihak berelasi	2al,45	3.047.182	-	Related parties -
- Pihak ketiga		6.747.104	11.414.742	Third parties -
Utang pajak	2ag,25b	116.526	117.100	Taxes payable
Liabilitas derivatif	2f,2m,10			Derivative liabilities
- Pihak berelasi	2al,45	1.046	-	Related parties -
- Pihak ketiga		21.893	49.468	Third parties -
Beban yang masih harus dibayar dan liabilitas lain-lain	2f,2aa,2ad, 2ah,2aj, 26			Accruals and other liabilities
- Pihak berelasi	2al,45	64.724	4.132	Related parties -
- Pihak ketiga		8.043.691	6.885.581	Third parties -
JUMLAH LIABILITAS		139.084.940	138.058.549	TOTAL LIABILITIES
EKUITAS				EQUITY
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk				Equity attributable to equity holders of the parent entity
Modal saham - nilai nominal sebesar Rp50.000 (nilai penuh) per saham untuk seri A dan Rp500 (nilai penuh) per saham untuk seri B				Share capital - par value per share of Rp50,000 (full amount) for A series shares and Rp500 (full amount) for B series shares
Modal dasar - 22.400.000 saham seri A dan 17.760.000.000 saham seri B				Authorized - 22,400,000 A series shares and 17,760,000,000 B series shares
Modal ditempatkan dan disetor penuh - 22.400.000 saham seri A dan 9.562.243.365 saham seri B	28	5.901.122	5.901.122	Issued and fully paid - 22,400,000 A series shares and 9,562,243,365 B series shares

*) Diklasifikasikan kembali (Catatan 56)

*) As reclassified (Note 56)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
pada Tanggal 31 Desember 2017 dan 2016**

(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2017 and 2016**

(Expressed in million Rupiah, unless otherwise stated)

	Catatan/ Notes	2017	2016 ^{*)}	
EKUITAS (lanjutan)				EQUITY (continued)
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk (lanjutan)				Equity attributable to equity holders of the parent entity (continued)
Tambahan modal disetor	2aj,2ak,29	7.256.324	7.250.109	Additional paid-up capital
Modal disetor lainnya		189	189	Other paid-up capital
Komponen ekuitas lainnya	2d,2e,2k,2m	121.073	75.620	Other equity components
Saldo laba				Retained earnings
- Sudah ditentukan penggunaannya	31	353.246	326.551	Appropriated -
- Belum ditentukan penggunaannya	2ah	25.028.324	22.389.451	Unappropriated -
Jumlah saldo laba		25.381.570	22.716.002	Total retained earnings
		38.660.278	35.943.042	
Kepentingan non-pengendali	2d,46	511.874	434.930	Non-controlling interests
JUMLAH EKUITAS		39.172.152	36.377.972	TOTAL EQUITY
JUMLAH LIABILITAS DAN EKUITAS		178.257.092	174.436.521	TOTAL LIABILITIES AND EQUITY

*) Diklasifikasikan kembali (Catatan 56)

*) As reclassified (Note 56)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
Untuk Tahun-tahun yang Berakhir pada
Tanggal 31 Desember 2017 dan 2016**

(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Years Ended 31 December 2017 and 2016
(Expressed in million Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	
PENDAPATAN DAN BEBAN OPERASIONAL				OPERATING INCOME AND EXPENSES
Pendapatan bunga	2z,2al,32,45	20.052.217	20.654.674	Interest income
Beban bunga	2z,2al,33,45	(5.903.149)	(6.875.653)	Interest expense
Pendapatan bunga neto		14.149.068	13.779.021	Net interest income
Pendapatan premi asuransi	2aa,2ad,2al,45	1.784.906	1.828.757	Insurance premium income
Beban <i>underwriting</i> asuransi	2aa,2ad,2al,45	(1.169.555)	(1.207.651)	Insurance underwriting expenses
Pendapatan <i>underwriting</i> asuransi neto		615.351	621.106	Net insurance underwriting income
Pendapatan bunga dan <i>underwriting</i> neto		14.764.419	14.400.127	Net interest and underwriting income
PENDAPATAN OPERASIONAL LAINNYA				OTHER OPERATING INCOME
Pendapatan provisi dan komisi	2ab	1.516.181	1.595.457	Fees and commission income
Imbalan jasa lain	35	1.911.462	2.048.930	Other fees
Keuntungan/(kerugian) dari perubahan nilai wajar atas instrumen keuangan yang diukur pada nilai wajar melalui laba rugi - neto	2k,2m,2ac, 10,15a,36	9.158	(14.963)	Gains/(losses) from changes in fair value of financial instruments at fair value through profit or loss - net
(Kerugian)/keuntungan yang telah direalisasi atas instrumen derivatif - neto		(55.354)	176.281	Realized (losses)/gains from derivative instruments - net
Keuntungan atas transaksi dalam mata uang asing - neto		168.150	79.428	Gains from foreign exchange transactions - net
Pendapatan dividen	2ak	2.068	2.116	Dividend income
Keuntungan penjualan efek-efek dan Obligasi Pemerintah - neto	2k,8a,15a	203.367	184.220	Gains on sale of marketable securities and Government Bonds - net
		3.755.032	4.071.469	
BEBAN OPERASIONAL LAINNYA				OTHER OPERATING EXPENSES
Beban provisi dan komisi lain	2ab	(347.170)	(364.076)	Other fees and commissions expenses
Beban umum dan administrasi	2u,2v,37 2ah,2al,38, 45	(2.988.469)	(3.019.722)	General and administrative expenses
Beban tenaga kerja dan tunjangan	2p,6,7,8,11, 12,13,14,19	(5.022.557)	(4.878.839)	Salaries and employee benefits
Cadangan kerugian penurunan nilai Lain-lain		(3.512.956)	(4.441.216)	Allowance for impairment losses
		(1.062.785)	(833.531)	Others
		(12.933.937)	(13.537.384)	
PENDAPATAN OPERASIONAL NETO		5.585.514	4.934.212	NET OPERATING INCOME
PENDAPATAN DAN BEBAN BUKAN OPERASIONAL				NON-OPERATING INCOME AND EXPENSES
Pendapatan bukan operasional	39	103.679	87.658	Non-operating income
Beban bukan operasional	40	(322.073)	(628.833)	Non-operating expenses
PENDAPATAN BUKAN OPERASIONAL - NETO		(218.394)	(541.175)	NON-OPERATING INCOME - NET

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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PT BANK DANAMON INDONESIA Tbk DAN ENTITAS ANAK LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN (lanjutan) Untuk Tahun-tahun yang Berakhir pada Tanggal 31 Desember 2017 dan 2016 (Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)				PT BANK DANAMON INDONESIA Tbk AND SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued) AND OTHER COMPREHENSIVE INCOME For the Years Ended 31 December 2017 and 2016 (Expressed in million Rupiah, unless otherwise stated)	
	Catatan/ Notes	2017	2016		
LABA SEBELUM PAJAK PENGHASILAN		5.367.120	4.393.037	INCOME BEFORE INCOME TAX	
BEBAN PAJAK PENGHASILAN	2ag,25c	(1.539.023)	(1.600.315)	INCOME TAX EXPENSE	
LABA BERSIH		<u>3.828.097</u>	<u>2.792.722</u>	NET INCOME	
PENGHASILAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME	
Pos-pos yang tidak akan direklasifikasi ke laba-rugi				Items that will not be reclassified to profit or loss	
Pengukuran kembali atas liabilitas imbalan pasca kerja	2ah,41	(225.415)	46.934	Remeasurement of post-employment Benefit obligation	
Pajak penghasilan terkait dengan pendapatan komperhensif lain	25d	56.354	(11.734)	Income tax related to other comprehensive income	
Pos-pos yang akan direklasifikasi ke laba-rugi				Items that will be reclassified to profit or loss	
Aset keuangan tersedia untuk dijual:				Available-for-sale financial assets:	
Realisasi keuntungan tahun berjalan		209.841	336	Realized gains in current year	
Jumlah yang ditransfer ke laba rugi sehubungan dengan perubahan nilai wajar	2d,2k,8e,15d	(108.657)	52.364	Amount transferred to profit or loss in respect of fair value changes	
Perubahan nilai wajar pada lindung nilai arus kas	2d,2m,10	(43.561)	(38.021)	Changes in value of cashflow hedge	
Pajak penghasilan terkait dengan penghasilan komprehensif lain	25d	(7.709)	(8.520)	Income tax related to other comprehensive income	
Penghasilan komprehensif lain, setelah pajak		(119.147)	41.359	Other comprehensive income, net of tax	
JUMLAH LABA KOMPREHENSIF		<u>3.708.950</u>	<u>2.834.081</u>	TOTAL COMPREHENSIVE INCOME	
Laba bersih yang dapat diatribusikan kepada:				Net income attributable to:	
Pemilik entitas induk		3.681.551	2.669.480	Equity holders of the parent entity	
Kepentingan non-pengendali	46	146.546	123.242	Non-controlling interests	
		<u>3.828.097</u>	<u>2.792.722</u>		
Laba komprehensif yang dapat diatribusikan kepada:				Comprehensive income attributable to:	
Pemilik entitas induk		3.573.101	2.715.440	Equity holders of the parent entity	
Kepentingan non-pengendali	2d,46	135.849	118.641	Non-controlling interests	
		<u>3.708.950</u>	<u>2.834.081</u>		
LABA BERSIH PER SAHAM DASAR YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK (NILAI PENUH)	2ai,43	<u>384,11</u>	<u>278,52</u>	BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (FULL AMOUNT)	

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keangan konsolidasian secara keseluruhan.
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PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
Untuk Tahun-tahun yang Berakhir pada
Tanggal 31 Desember 2017 dan 2016
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Years Ended 31 December 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Atribusi kepada pemilik entitas induk/Attributable to equity holders of the parent entity									
	Komponen ekuitas lainnya/Other equity components									
	Keuntungan yang belum direalisasi atas efek-efek, Obligasi Pemerintah, dan investasi dalam saham dalam kelompok tersedia untuk dijual-neto/Unrealized gains on available-for-sale marketable securities, Government Bonds, and Investments in shares-net		(Kerugian)/keuntungan penyesuaian nilai wajar - lindung nilai arus kas/ (Losses)/gains on adjustments of cashflow hedge		Sudah ditentukan penggunaan nya/ Appropriated		Belum ditentukan penggunaan nya/ Unappropriated		Jumlah sebelum Kepentingan non-pengendali/ Total before non-controlling interests	
Catatan/ Notes	Modal saham/ Share capital	Tambahan modal disetor/ Additional paid-up capital	Modal disetor lainnya/ Other paid-up capital	Keuntungan yang belum direalisasi atas efek-efek, Obligasi Pemerintah, dan investasi dalam saham dalam kelompok tersedia untuk dijual-neto/Unrealized gains on available-for-sale marketable securities, Government Bonds, and Investments in shares-net	(Kerugian)/keuntungan penyesuaian nilai wajar - lindung nilai arus kas/ (Losses)/gains on adjustments of cashflow hedge	Sudah ditentukan penggunaan nya/ Appropriated	Belum ditentukan penggunaan nya/ Unappropriated	Jumlah sebelum Kepentingan non-pengendali/ Total before non-controlling interests	Kepentingan non-pengendali/ Non-controlling interests	Jumlah ekuitas/ Total equity
Saldo pada tanggal 1 Januari 2017	5,901,122	7,250,109	189	83,776	(8,156)	328,551	22,389,451	35,943,042	434,930	36,377,972
Penyesuaian saldo laba	-	-	-	-	-	-	72,231	72,231	-	72,231
Penyesuaian tambahan modal disetor	-	6,215	-	-	-	-	-	6,215	535	6,750
Jumlah laba tahun berjalan	-	-	-	-	-	-	-	-	-	-
Laba bersih tahun berjalan	-	-	-	-	-	-	3,681,551	3,681,551	146,546	3,828,097
Penghasilan komprehensif lain, setelah pajak	-	-	-	-	-	-	-	-	-	-
(Kerugian)/keuntungan penyesuaian nilai wajar - lindung nilai arus kas	-	-	-	-	(30,081)	-	-	(30,081)	(2,590)	(32,671)
Pengukuran kembali liabilitas imbalan pasca kerja	-	-	-	-	-	-	(153,903)	(153,903)	(15,158)	(169,061)
Keuntungan yang belum direalisasi atas efek-efek, Obligasi Pemerintah, dan investasi dalam saham dalam kelompok tersedia untuk dijual - neto	-	-	-	75,534	(30,081)	-	(153,903)	(108,450)	7,051	82,585
Jumlah penghasilan komprehensif lain tahun berjalan	-	-	-	75,534	(30,081)	-	(153,903)	(108,450)	(10,697)	(119,147)
Jumlah laba komprehensif	-	-	-	75,534	(30,081)	-	3,527,648	3,573,101	135,849	3,708,950
Pembentukan cadangan umum dan wajib	-	-	-	-	-	-	(26,695)	-	-	-
Pembagian dividen tunai	-	-	-	-	-	-	(934,311)	(934,311)	(59,440)	(993,751)
Saldo pada tanggal 31 Desember 2017	5,901,122	7,256,324	189	159,310	(38,237)	353,246	25,028,324	33,660,278	511,874	39,172,152

*) Saldo laba yang tidak ditentukan penggunaannya termasuk pengukuran kembali atas program imbalan pasti

*) Unappropriated retained earnings include remeasurement on defined benefit plans

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN (lanjutan)
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(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT BANK DANAMON INDONESIA Tbk
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the Years Ended 31 December 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

Atribusi kepada pemilik entitas induk/Attributable to equity holders of the parent entity						
Catatan/ Notes	Modal saham/ Share capital	Tambahan modal disetor/ Additional paid-up capital	Modal disetor/ lainnya/ Other paid- up capital	Keuntungan/ (kerugian) yang belum direalisasi atas efek-efek, Obligasi Pemerintah, dan investasi dalam saham dalam kelompok tersedia untuk dijual- neto/Unrealized gains/(losses) on available- for-sale marketable securities, Government Bonds, and investments in shares-net	(Kerugian)/ keuntungan penyesuaian nilai wajar – lindung nilai arus kas/ (Losses)/gains on fair value adjustments of cashflow hedge	Komponen ekuitas lainnya/Other equity components
Saldo pada tanggal 1 Januari 2016	5.901.122	7.236.756	189	46.501	18.359	
Penyesuaian tambahan modal disetor	-	13.353	-	-	-	
Jumlah laba tahun berjalan	30,46	-	-	-	-	
Penghasilan komprehensif lain, setelah pajak	2d,2m, 10,46	-	-	-	(26.515)	
(Kerugian)/keuntungan penyesuaian nilai wajar – lindung nilai arus kas	2ah	-	-	-	-	
Pengukuran kembali liabilitas imbalan pasca kerja	2d,2k,46	-	-	-	-	
Keuntungan yang belum direalisasi atas efek- efek, Obligasi Pemerintah, dan investasi dalam saham dalam kelompok tersedia untuk dijual - neto		-	-	37.275	-	
Jumlah penghasilan komprehensif lain		-	-	37.275	(26.515)	
Jumlah laba komprehensif tahun berjalan		-	-	37.275	(26.515)	
Pembentukan cadangan umum dan wajib	30,31,46	-	-	-	-	
Pembagian dividen tunai	30,46	-	-	-	-	
Divestasi entitas anak	46	-	-	-	-	
Saldo pada tanggal 31 Desember 2016	5.901.122	7.250.109	189	83.776	(8.156)	

*) Saldo laba yang tidak ditentukan penggunaannya termasuk pengukuran kembali atas program imbalan pasti

*) Unappropriated retained earnings include remeasurement on defined benefit plans

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK
LAPORAN ARUS KAS
KONSOLIDASIAN (lanjutan)
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(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)**

**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF
CASH FLOWS (continued)
For the Years Ended
31 December 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	
Arus kas dari kegiatan operasi:				Cash flows from operating activities:
Pendapatan bunga, provisi, dan komisi		11.757.800	10.456.769	Interest income, fees, and commissions
Penerimaan dari transaksi pembiayaan konsumen		41.151.477	42.312.288	Receipts from consumer financing transactions
Pengeluaran untuk transaksi pembiayaan konsumen baru		(32.620.166)	(32.797.376)	Payments for new consumer financing transactions
Pembayaran bunga, provisi, dan komisi		(5.368.810)	(6.320.496)	Payments of interest, fees, and commissions
Pembayaran bunga dari efek yang diterbitkan		(916.683)	(989.892)	Payments of interests on securities issued
Penerimaan dalam rangka pembiayaan bersama		12.565.495	12.726.390	Proceeds in relation to joint financing
Pengeluaran dalam rangka pembiayaan bersama		(13.430.458)	(14.360.116)	Repayment in relation to joint financing
Penerimaan dari kegiatan asuransi		774.913	753.626	Receipts from insurance operation
Pendapatan operasional lainnya		979.116	1.275.110	Other operating income
Kerugian atas transaksi mata uang asing - neto		(122.088)	(148.010)	Losses from foreign exchange transactions - net
Beban operasional lainnya		(8.020.291)	(7.594.873)	Other operating expenses
Beban bukan operasional - neto		(222.047)	(543.059)	Non-operating expenses - net
Arus kas sebelum perubahan dalam aset dan liabilitas operasi		<u>6.528.258</u>	<u>4.770.361</u>	Cash flows before changes in operating assets and liabilities
Perubahan dalam aset dan liabilitas operasi:				Changes in operating assets and liabilities:
Penurunan/(kenaikan) aset operasi:				Decrease/(increase) in operating assets:
Penempatan pada bank lain dan Bank Indonesia - jatuh tempo lebih dari 3 bulan sejak tanggal perolehan		2.052.695	(297.198)	Placements with other banks and Bank Indonesia - maturing more than 3 months from the date of acquisition
Efek-efek dan Obligasi Pemerintah - diperdagangkan		319.798	(323.427)	Marketable securities and Government Bonds - trading
Efek yang dibeli dengan janji dijual kembali		(296.028)	-	Securities purchased under resale agreements
Pinjaman yang diberikan		(3.001.104)	5.682.115	Loans
Beban dibayar dimuka dan aset lain-lain		(461.214)	(279.254)	Prepayments and other assets
Kenaikan/(penurunan) liabilitas operasi:				Increase/(decrease) in operating liabilities:
Simpanan nasabah:				Deposits from customers:
- Giro		(298.094)	(855.425)	Current accounts -
- Tabungan		1.601.623	(226.999)	Savings -
- Deposito berjangka		(2.972.444)	(9.777.123)	Time deposits -
Simpanan dari bank lain		1.761.781	1.047.316	Deposits from other banks
Beban yang masih harus dibayar dan liabilitas lain-lain		256.295	(75.521)	Accruals and other liabilities
Pembayaran pajak penghasilan selama tahun berjalan		(1.742.941)	(1.629.724)	Income tax paid during the year
Kas neto diperoleh dari/(digunakan untuk) kegiatan operasi		<u>3.748.625</u>	<u>(1.964.879)</u>	Net cash provided by/(used in) operating activities

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language.

**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK
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**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF
CASH FLOWS (continued)
For the Years Ended
31 December 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	
Arus kas dari kegiatan investasi:				Cash flows from investing activities:
Penerimaan dari efek-efek dan Obligasi Pemerintah yang dijual dan telah jatuh tempo - dimiliki hingga jatuh tempo dan tersedia untuk dijual		26.141.484	21.992.986	Proceeds from sales of and matured marketable securities and Government Bonds - held-to-maturity and available-for-sale
Pembelian efek-efek dan Obligasi Pemerintah - dimiliki hingga jatuh tempo dan tersedia untuk dijual		(27.806.254)	(34.683.210)	Acquisition of marketable securities and Government Bonds - held-to-maturity and available-for-sale
Perolehan aset tetap dan aset takberwujud	17,18,55	(487.422)	(651.020)	Acquisition of fixed assets and intangible assets
Hasil penjualan aset tetap	18	55.548	76.758	Proceeds from sale of fixed assets
Penerimaan hasil investasi		287.442	326.147	Receipt from investment
(Penempatan)/pencairan deposito		(1.382.044)	278.055	(Placement)/withdrawal of time deposits
Penerimaan dividen kas		2.068	2.116	Receipt of cash dividends
Kas neto digunakan untuk kegiatan investasi		(3.189.178)	(12.658.168)	Net cash used in investing activities
Arus kas dari kegiatan pendanaan:				Cash flows from financing activities:
Kenaikan efek yang dijual dengan janji dibeli kembali		10.434	-	Increase in securities sold under repurchase agreements
Pembayaran pokok obligasi		(2.827.000)	(4.185.000)	Payments of principal on bonds issued
Penerimaan dari penerbitan obligasi		4.588.767	2.858.511	Proceeds from bonds issuance
Pembayaran dividen tunai		(993.629)	(762.415)	Payments of cash dividends
Divestasi entitas anak		-	75.591	Divestment in subsidiary
Penerimaan pinjaman		27.736.404	19.469.372	Proceeds from borrowings
Pembayaran pinjaman		(28.491.897)	(19.507.090)	Repayments of borrowings
Kas neto diperoleh dari/(digunakan untuk) kegiatan pendanaan		23.079	(2.051.031)	Net cash provided by/(used in) financing activities
Kenaikan/(penurunan) kas dan setara kas - neto		582.526	(16.674.078)	Net increase/(decrease) in cash and cash equivalents
Dampak neto perubahan nilai tukar atas kas dan setara kas		98.186	(115.047)	Net effect on changes in exchange rates on cash and cash equivalents
Kas dan setara kas pada Awal tahun		15.153.530	31.942.655	Cash and cash equivalents at beginning of the year
Kas dan setara kas pada akhir tahun		15.834.242	15.153.530	Cash and cash equivalents at end of the year
Kas dan setara kas terdiri dari:	2b			Cash and cash equivalents consist of:
Kas	4	2.546.414	2.265.049	Cash
Giro pada Bank Indonesia	5	7.555.916	7.352.383	Current accounts with Bank Indonesia
Giro pada bank lain	6	2.032.855	1.769.456	Current accounts with other banks
Penempatan pada bank lain dan Bank Indonesia - jatuh tempo sampai dengan 3 bulan sejak tanggal perolehan		3.699.057	3.766.642	Placements with other banks and Bank Indonesia - maturing within 3 months from the date of acquisition
Jumlah kas dan setara kas		15.834.242	15.153.530	Total cash and cash equivalents

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK**

**CATATAN ATAS LAPORAN
KEUANGAN KONSOLIDASIAN**

**Untuk Tahun-tahun yang Berakhir
pada Tanggal 31 Desember 2017 dan 2016**

(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

1. UMUM

a. Pendirian dan informasi umum Bank

PT Bank Danamon Indonesia Tbk ("Bank"), berkedudukan di Jakarta, didirikan pada tanggal 16 Juli 1956 berdasarkan akta notaris Meester Raden Soedja, S.H. No. 134. Akta pendirian ini disahkan oleh Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No. J.A.5/40/8 tanggal 24 April 1957 dan telah diumumkan dalam Tambahan No. 664, pada Berita Negara Republik Indonesia No. 46 tanggal 7 Juni 1957.

Bank memperoleh izin usaha sebagai bank umum, bank devisa, dan bank yang melakukan kegiatan berdasarkan prinsip Syariah masing-masing berdasarkan surat keputusan Menteri Keuangan No. 161259/U.M.II tanggal 30 September 1958, surat keputusan Direksi Bank Indonesia ("BI") No. 21/10/Dir/UPPS tanggal 5 November 1988 dan Surat Direktorat Perizinan dan Informasi Perbankan No. 3/744/DPIP/Prz tanggal 31 Desember 2001.

Anggaran Dasar Bank telah mengalami beberapa kali perubahan, perubahan terakhir dilakukan sehubungan dengan perubahan beberapa pasal dalam Anggaran Dasar Bank dan menyatakan kembali seluruh pasal-pasal Anggaran Dasar Bank dan ayat-ayat Anggaran Dasar Bank yang tidak diubah, yang dituangkan dalam Akta No. 08 tanggal 12 April 2017, yang dibuat di hadapan P. Sutrisno A. Tampubolon, S.H., M.Kn, Notaris di Jakarta, dimana penerimaan pemberitahuan perubahan Anggaran Dasar telah diterima serta dicatat dalam Database Sistem Administrasi Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia No. AHU-AH.01.03-0131909 tanggal 28 April 2017.

Sesuai dengan pasal 3 Anggaran Dasar Bank, ruang lingkup kegiatan Bank adalah menjalankan kegiatan usaha di bidang perbankan sesuai dengan undang-undang dan peraturan yang berlaku, dan melakukan kegiatan perbankan lainnya berdasarkan prinsip Syariah. Bank mulai melakukan kegiatan berdasarkan prinsip Syariah tersebut sejak tahun 2002.

Sejak Maret 2004, Bank mulai melakukan kegiatan usaha mikro dengan nama Danamon Simpan Pinjam.

**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**

**For the Years Ended
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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and general information of the Bank

PT Bank Danamon Indonesia Tbk (the "Bank"), domiciled in Jakarta, was established on 16 July 1956 based on the notarial deed No. 134 of Meester Raden Soedja, S.H. The deed of establishment was ratified by the Minister of Justice of the Republic of Indonesia in its decision letter No. J.A.5/40/8 dated 24 April 1957 and was published in Supplement No. 664 to the State Gazette of the Republic of Indonesia No. 46 dated 7 June 1957.

The Bank obtained a license as a commercial bank, a foreign exchange bank, and a bank engaged in activities based on Sharia principles based on the decision letter No. 161259/U.M.II of the Minister of Finance dated 30 September 1958, the decision letter No. 21/10/Dir/UPPS of the Board of Directors of Bank Indonesia ("BI") dated 5 November 1988 and the letter of the Directorate of Licensing and Banking Information No. 3/744/DPIP/Prz dated 31 December 2001, respectively.

The Bank's Articles of Association has been amended several times, the latest amendment was made in relation to the changes on several articles in the Articles of Association of the Bank and restatement of all the articles on the Articles of Association of the Bank and of all the paragraphs on the Articles of Association of the Bank which are not changed, as stated in notarial deed No. 08 dated 12 April 2017, made before P. Sutrisno A. Tampubolon, S.H., M.Kn, Notary in Jakarta, whereby the receipt of notification of amendments to the Articles of Association had been received and registered in the Legal Entity Administrative System Database of the Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-AH.01.03-0131909 dated 28 April 2017.

According to article 3 of the Bank's Articles of Association, the Bank's scope of activities is to engage in general banking services in accordance with prevailing laws and regulations, and to engage in other banking activities based on Sharia principles. The Bank started its activities based on the Sharia principles since 2002.

Since March 2004, the Bank has started to engage in micro business under the name Danamon Simpan Pinjam.

**PT BANK DANAMON INDONESIA Tbk
DAN ENTITAS ANAK****CATATAN ATAS LAPORAN
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**PT BANK DANAMON INDONESIA Tbk
AND SUBSIDIARIES****NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**For the Years Ended
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(Expressed in millions of Rupiah, unless otherwise stated)

1. UMUM (lanjutan)**a. Pendirian dan informasi umum Bank (lanjutan)**

Kantor pusat Bank berlokasi di Menara Bank Danamon, Jalan HR. Rasuna Said Block C No. 10, Kelurahan Karet, Kecamatan Setiabudi, Jakarta Selatan.

Pada tanggal 31 Desember 2017, Bank mempunyai cabang-cabang dan kantor-kantor pembantu sebagai berikut:

	<u>Jumlah/Total*</u>	
Kantor cabang utama konvensional	42	Conventional main branches
Kantor cabang pembantu konvensional dan Danamon Simpan Pinjam	940	Conventional sub-branches and Danamon Simpan Pinjam
Kantor cabang utama dan kantor cabang pembantu Syariah	10	Sharia branches and sub-branches

*sesuai ijin Bank Indonesia (BI)

* as approved by Bank Indonesia (BI)

Seluruh kantor cabang, kantor cabang pembantu, dan kantor cabang Syariah berlokasi di berbagai pusat bisnis yang tersebar di seluruh Indonesia.

The conventional and Sharia branches and sub-branches are located in various major business centres throughout Indonesia.

b. Penawaran umum saham Bank

Pada tanggal 8 Desember 1989, berdasarkan Izin Menteri Keuangan No. SI-066/SHM/MK.10/1989 tertanggal 24 Oktober 1989, Bank melakukan Penawaran Umum Perdana atas 12.000.000 saham dengan nilai nominal Rp1.000 per saham (nilai penuh). Pada tanggal 8 Desember 1989, seluruh saham ini telah dicatatkan di Bursa Efek Jakarta (sekarang bernama Bursa Efek Indonesia setelah digabungkan dengan Bursa Efek Surabaya).

Setelah itu, Bank melakukan penambahan jumlah saham-saham terdaftar melalui saham bonus, Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (*Rights Issue*) I, II, III, IV, dan V dan dalam rangka Program Kompensasi Karyawan/Manajemen Berbasis Saham ("E/MSOP").

Bank menerima Surat Pemberitahuan Efektif No. S-2196/PM/1993 dari Badan Pengawasan Pasar Modal dan Lembaga Keuangan ("Bapepam dan LK"), dahulu bernama Badan Pengawas Pasar Modal ("Bapepam"), sehubungan dengan Penawaran Umum Terbatas I dengan Hak Memesan Efek Terlebih Dahulu pada tanggal 24 Desember 1993.

1. GENERAL (continued)**a. Establishment and general information of the Bank (continued)**

The Bank's head office address is at Menara Bank Danamon, Jalan HR. Rasuna Said Block C No. 10, Kelurahan Karet, Kecamatan Setiabudi, Jakarta Selatan.

As of 31 December 2017, the Bank had the following branches and representative offices:

b. Public offering of the Bank's shares

On 8 December 1989, based on the license from the Minister of Finance No. SI-066/SHM/MK.10/1989 dated 24 October 1989, the Bank undertook an Initial Public Offering (IPO) of 12,000,000 shares with par value of Rp1,000 per share (full amount). On 8 December 1989, these shares were listed at the Jakarta Stock Exchange (known as Indonesia Stock Exchange, after being merged with the Surabaya Stock Exchange).

Subsequently, the Bank increased its listed shares through bonus shares, Limited Public Offerings with Pre-emptive Rights (*Rights Issue*) I, II, III, IV, and V and through Employee/Management Stock Option Program ("E/MSOP").

The Bank received Effective Letter No. S-2196/PM/1993 from Capital Market and Financial Institution Supervisory Board ("Bapepam and LK"), previously Capital Market Supervisory Board ("Bapepam"), in conjunction with Limited Public Offering I with Pre-emptive Rights on 24 December 1993.

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(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

1. UMUM (lanjutan)

b. Penawaran umum saham Bank (lanjutan)

Bank menerima Surat Pemberitahuan Efektif No. S-608/PM/1996 dari Bapepam dan LK, dahulu bernama Bapepam, sehubungan dengan Penawaran Umum Terbatas II dengan Hak Memesan Efek Terlebih Dahulu pada tanggal 29 April 1996.

Bank menerima Surat Pemberitahuan Efektif No. S-429/PM/1999 dari Bapepam dan LK, dahulu bernama Bapepam, sehubungan dengan Penawaran Umum Terbatas III dengan Hak Memesan Efek Terlebih Dahulu pada tanggal 29 Maret 1999.

Bank menerima Surat Pemberitahuan Efektif No. S-2093/BL/2009 dari Bapepam dan LK sehubungan dengan Penawaran Umum Terbatas IV dengan Hak Memesan Efek Terlebih Dahulu pada tanggal 20 Maret 2009.

Bank menerima Surat Pemberitahuan Efektif No. S-9534/BL/2011 dari Bapepam dan LK sehubungan dengan Penawaran Umum Terbatas V dengan Hak Memesan Efek Terlebih Dahulu pada tanggal 24 Agustus 2011.

Sesuai dengan akta notaris No. 55 tanggal 24 Agustus 2011 yang dibuat di hadapan Fathiah Helmi, S.H., Notaris di Jakarta, para pemegang saham Bank melalui Rapat Umum Pemegang Saham Luar Biasa ("RUPSLB") pada tanggal 24 Agustus 2011 telah menyetujui rencana untuk melakukan Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (*Rights Issue*) V, dengan jumlah saham baru yang akan dikeluarkan oleh Bank sebanyak-banyaknya 1.162.285.399 saham seri B. Sesuai dengan Daftar Pemegang Saham pada tanggal 26 September 2011 yang merupakan tanggal penjabatan *Rights Issue* tersebut di atas, jumlah saham baru yang dikeluarkan dalam rangka *Rights Issue* V adalah sebanyak 1.162.285.399 saham seri B.

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1. GENERAL (continued)

**b. Public offering of the Bank's shares
(continued)**

The Bank received Effective Letter No. S-608/PM/1996 from Bapepam and LK, previously Bapepam, in conjunction with Limited Public Offering II with Pre-emptive Rights on 29 April 1996.

The Bank received Effective Letter No. S-429/PM/1999 from Bapepam and LK, previously Bapepam, in conjunction with Limited Public Offering III with Pre-emptive Rights on 29 March 1999.

The Bank received Effective Letter No. S-2093/BL/2009 from Bapepam and LK in conjunction with Limited Public Offering IV with Pre-emptive Rights on 20 March 2009.

The Bank received Effective Letter No. S-9534/BL/2011 from Bapepam and LK in conjunction with Limited Public Offering V with Pre-emptive Rights on 24 August 2011.

In accordance with notarial deed No. 55 dated 24 August 2011 of Fathiah Helmi, S.H., Notary in Jakarta, the Bank's shareholders through the Extraordinary General Meeting of Shareholders ("EGMS") dated 24 August 2011 approved the Bank's plan to conduct the Limited Public Offering with pre-emptive rights (*Rights Issue*) V, with the approved maximum new shares issued by the Bank of 1,162,285,399 B series shares. In accordance with the Shareholders Register dated 26 September 2011, an allotment date of the above *Rights Issue*, the total new shares issued in conjunction with *Rights Issue* V were 1,162,285,399 B series shares.

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1. UMUM (lanjutan)

b. Penawaran umum saham Bank (lanjutan)

Berikut adalah kronologis pencatatan saham Bank pada bursa efek di Indonesia sejak Penawaran Umum Perdana:

	Saham Seri A/ A Series Shares	
Saham yang berasal dari Penawaran Umum Perdana pada tahun 1989	12.000.000	Shares from Initial Public Offering in 1989
Saham pendiri	22.400.000	Founders' shares
Saham bonus yang berasal dari kapitalisasi tambahan modal disetor - agio saham pada tahun 1992	34.400.000	Bonus shares from capitalization of additional paid-up capital - capital paid in excess of par value in 1992
Saham yang berasal dari Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (<i>Rights Issue</i>) I pada tahun 1993	224.000.000	Shares from Limited Public Offering with Pre-emptive Rights (<i>Rights Issue</i>) I in 1993
Saham bonus yang berasal dari kapitalisasi tambahan modal disetor - agio saham pada tahun 1995	112.000.000	Bonus shares from capitalization of additional paid-up capital - capital paid in excess of par value in 1995
Saham yang berasal dari Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (<i>Rights Issue</i>) II pada tahun 1996	560.000.000	Shares from Limited Public Offering with Pre-emptive Rights (<i>Rights Issue</i>) II in 1996
Saham pendiri pada tahun 1996	155.200.000	Founders' shares in 1996
Saham yang berasal dari perubahan nilai nominal saham pada tahun 1997	1.120.000.000	Shares resulting from stock split in 1997
	2.240.000.000	
Peningkatan nilai nominal saham menjadi Rp10.000 (nilai penuh) per saham melalui pengurangan jumlah saham (<i>reverse stock split</i>) pada tahun 2001	112.000.000	Increase in par value to Rp10,000 (full amount) per share Through reduction in total number of shares (<i>reverse stock split</i>) in 2001
Peningkatan nilai nominal saham menjadi Rp50.000 (nilai penuh) per saham melalui pengurangan jumlah saham (<i>reverse stock split</i>) pada tahun 2003	22.400.000	Increase in par value to Rp50,000 (full amount) per share through reduction in total number of shares (<i>reverse stock split</i>) in 2003
Jumlah saham seri A pada tanggal 31 Desember 2017 dan 2016 (Catatan 28)	22.400.000	Total A series shares as of 31 December 2017 and 2016 (Note 28)

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1. UMUM (lanjutan)

b. Penawaran umum saham Bank (lanjutan)

	Saham Seri B/ B Series Shares
Saham yang berasal dari Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (<i>Rights Issue</i>) III pada tahun 1999	215.040.000.000
Saham yang diterbitkan dalam rangka penggabungan usaha dengan PDFCI pada tahun 1999	45.375.000.000
Saham yang diterbitkan dalam rangka penggabungan usaha dengan Bank Tiara pada tahun 2000	35.557.200.000
Saham yang diterbitkan dalam rangka penggabungan usaha dengan 7 BTO* (<i>Taken-Over Banks</i>) lainnya pada tahun 2000	192.480.000.000
	<u>488.452.200.000</u>
Peningkatan nilai nominal saham menjadi Rp100 (nilai penuh) per saham melalui pengurangan jumlah saham (<i>reverse stock split</i>) pada tahun 2001	: 20 24.422.610.000
Peningkatan nilai nominal saham menjadi Rp500 (nilai penuh) per saham melalui pengurangan jumlah saham (<i>reverse stock split</i>) pada tahun 2003	: 5 4.884.522.000
Saham yang berasal dari Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (<i>Rights Issue</i>) IV pada tahun 2009	3.314.893.116
Saham yang berasal dari Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (<i>Rights Issue</i>) V pada tahun 2011	1.162.285.399
Saham yang diterbitkan dalam rangka Program Kompensasi Karyawan/Manajemen Berbasis Saham (tahap I-III)	
- 2005	13.972.000
- 2006	24.863.000
- 2007	87.315.900
- 2008	13.057.800
- 2009	29.359.300
- 2010	26.742.350
- 2011	<u>5.232.500</u>
Jumlah saham seri B pada tanggal 31 Desember 2017 dan 2016 (Catatan 28)	<u>9.562.243.365</u>

* 7 BTO terdiri dari PT Bank Duta Tbk, PT Bank Rama Tbk, PT Bank Tamara Tbk, PT Bank Nusa Nasional Tbk, PT Bank Pos Nusantara, PT Jayabank International, dan PT Bank Risjad Salim Internasional.

1. GENERAL (continued)

b. Public offering of the Bank's shares (continued)

<i>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) III in 1999</i>
<i>Shares issued in connection with the Bank's merger with the former PDFCI in 1999</i>
<i>Shares issued in connection with the Bank's merger with Bank Tiara in 2000</i>
<i>Shares issued in connection with the Bank's merger with 7 Taken-Over Banks* (BTOs) in 2000</i>
<i>Increase in par value to Rp100 (full amount) per share through reduction in total number of shares (reverse stock split) in 2001</i>
<i>Increase in par value to Rp500 (full amount) per share through reduction in total number of shares (reverse stock split) in 2003</i>
<i>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) IV in 2009</i>
<i>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) V in 2011</i>
<i>Shares issued in connection with Employee/Management Stock Option Program (tranche I-III)</i>
<i>2005 -</i>
<i>2006 -</i>
<i>2007 -</i>
<i>2008 -</i>
<i>2009 -</i>
<i>2010 -</i>
<i>2011 -</i>
<i>Total B series shares as of 31 December 2017 and 2016 (Note 28)</i>

* 7 BTOs consist of PT Bank Duta Tbk, PT Bank Rama Tbk, PT Bank Tamara Tbk, PT Bank Nusa Nasional Tbk, PT Bank Pos Nusantara, PT Jayabank International, and PT Bank Risjad Salim Internasional.

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1. UMUM (lanjutan)**c. Entitas Anak**Bank mempunyai kepemilikan langsung pada
Entitas Anak sebagai berikut:

Nama entitas anak/ Name of subsidiary	Kegiatan usaha/ Business activity	Domisili/ Domicile	Persentase kepemilikan/ Percentage of ownership		Tahun beroperasi komersial/ Year commercial operations commenced	Jumlah aset/Total assets	
			2017	2016		2017	2016
PT Adira Dinamika Multi Finance Tbk	Pembiayaan/ Financing	Jakarta, Indonesia	92,07%	92,07%	1990	29.492.933	27.643.104
PT Asuransi Adira Dinamika	Asuransi/ Insurance	Jakarta, Indonesia	90,00%	90,00%	1997	5.682.492	4.949.760
PT Adira Quantum Multifinance (dalam likuidasi/in liquidation)	Pembiayaan/ Financing	Jakarta, Indonesia	99,00%	99,00%	2003	134.970	144.648

Adira Dinamika Multi Finance (ADMF)

Pada tanggal 26 Januari 2004, Bank telah menandatangani Perjanjian Jual Beli Bersyarat ("PJBB") untuk mengakuisisi 75% dari jumlah saham yang dikeluarkan PT Adira Dinamika Multi Finance Tbk ("ADMF") dengan harga perolehan Rp850.000. Akuisisi ini diselesaikan pada tanggal 7 April 2004. Sesuai dengan PJBB ini, Bank berhak atas 75% dari laba bersih ADMF sejak tanggal 1 Januari 2004.

Rincian aset neto yang diakuisisi dan *goodwill* pada
tanggal akuisisi adalah sebagai berikut:

Jumlah aset	1.572.026
Jumlah liabilitas	(1.241.411)
Aset neto	330.615
Penyesuaian atas nilai wajar aset neto karena pembayaran dividen	(125.000)
Nilai wajar aset neto (100%)	205.615
Harga perolehan	850.000
Nilai wajar aset neto yang diakuisisi (75%)	(154.211)
<i>Goodwill</i> (Dicatat sesuai dengan standar akuntansi pada waktu transaksi terjadi)	695.789

Berdasarkan PJBB, Bank juga memperoleh 90% hak kepemilikan atas perusahaan terafiliasi ADMF, PT Asuransi Adira Dinamika ("AI"), dan PT Adira Quantum Multifinance ("AQ").

1. GENERAL (continued)**c. Subsidiaries**The Bank has a direct ownership interest in the
following Subsidiaries:**Adira Dinamika Multi Finance (ADMF)**

On 26 January 2004, the Bank signed a Conditional Sale and Purchase Agreement ("CSPA") to acquire 75% of the issued shares of PT Adira Dinamika Multi Finance Tbk ("ADMF") with a purchase price of Rp850,000. The closing date of this acquisition was on 7 April 2004. Based on the CSPA, the Bank is entitled to 75% of ADMF's net income starting from 1 January 2004.

Details of net assets acquired and goodwill as of
the acquisition date are as follows:

Total assets	1.572.026
Total liabilities	(1.241.411)
Net assets	330.615
Adjustment to fair value of net assets due to dividend distribution	(125.000)
Fair value of net assets (100%)	205.615
Purchase price	850.000
Fair value of net assets acquired (75%)	(154.211)
<i>Goodwill</i> (Recognized in accordance with the accounting standard at the time of the transaction occurred)	695.789

Based on the CSPA, the Bank is also entitled to 90% ownership of the affiliated companies of ADMF, PT Asuransi Adira Dinamika ("AI"), and PT Adira Quantum Multifinance ("AQ").

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1. UMUM (lanjutan)

c. Entitas Anak (lanjutan)

Adira Dinamika Multi Finance (ADMF) (lanjutan)

Pada tanggal 26 Januari 2004, Bank juga telah menandatangani *Perjanjian Call Option*, yang terakhir diubah dengan "*Fourth Amendment to the Amended and Restated Call Option Agreement*" tertanggal 22 Desember 2006. Berdasarkan *Perjanjian Call Option* tersebut, Bank berhak untuk membeli sampai dengan 20%, dari jumlah saham yang dikeluarkan oleh ADMF pada harga tertentu yang telah disetujui. *Call option* ini jatuh tempo pada tanggal 30 April 2009. Pada tanggal 8 April 2009, Bank telah menandatangani "*Extensions to the Amended and Restated Call Option Agreement*" yang memperpanjang jatuh tempo *Call Option* menjadi tanggal 31 Juli 2009. Pada tanggal penerbitan *Call Option*, Bank membayar premi sebesar Rp186.875 atas *call option* ini.

Pada tanggal 22 November 2005, BI memberikan persetujuan formal atas penyertaan modal pada ADMF dengan porsi kepemilikan saham sebesar 95%.

Pada tanggal 9 Juli 2009, Bank telah mengeksekusi *call option*-nya untuk membeli 20% saham ADMF dengan nilai akuisisi sebesar Rp1.628.812, dimana jumlah ini termasuk premi yang telah dibayar untuk *call option* sebesar Rp186.875. Dengan demikian, sejak tanggal 9 Juli 2009, Bank telah memiliki 95% saham ADMF dan berhak atas tambahan 20% dari laba bersih ADMF sejak tanggal 1 Januari 2009. Anggaran Dasar Perseroan telah mengalami beberapa kali perubahan, perubahan terakhir dilakukan dengan Akta Notaris Pahala Sutrisno Amijoyo Tampubolon, S.H., No. 19 tanggal 21 Mei 2015. Perubahan ini disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-0935663.AH.01.02 Tahun 2015 tanggal 22 Mei 2015.

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1. GENERAL (continued)

c. Subsidiaries (continued)

**Adira Dinamika Multi Finance (ADMF)
(continued)**

On 26 January 2004, the Bank also signed a *Call Option Agreement*, which was then amended by the "*Fourth Amendment to the Amended and Restated Call Option Agreement*" dated 22 December 2006. Based on the *Call Option Agreement*, the Bank has a right to purchase up to 20%, of the remaining total issued shares of ADMF at an approved pre-determined strike price. This *call option* expired on 30 April 2009. On 8 April 2009, the Bank signed "*Extension to the Amended and Restated Call Option Agreement*" which extended the *Call Option* expiry date to 31 July 2009. On the *Call Option* issuance date, the Bank paid a premium of Rp186,875 for this *call option*.

On 22 November 2005, BI gave a formal approval on the 95% ownership investment in ADMF.

On 9 July 2009, the Bank had executed its *call option* to buy 20% of ADMF's shares with acquisition cost of Rp1,628,812, which amount included the payment for *call option* of Rp186,875. Therefore, since 9 July 2009, the Bank had owned 95% of ADMF's shares and had been entitled additionally to 20% of ADMF's net profit since 1 January 2009. The Company's *Articles of Association* has been amended several times with the latest amendment effected by *Notarial Deed of Pahala Sutrisno Amijoyo Tampubolon, S.H., No. 19 dated 21 May 2015*. This amendment was legalized by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0935663.AH.01.02 Year 2015 dated 22 May 2015.

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1. UMUM (lanjutan)

c. Entitas Anak (lanjutan)

Adira Dinamika Multi Finance (ADMF) (lanjutan)

Rincian aset neto yang diakuisisi dan *goodwill* pada tanggal eksekusi adalah sebagai berikut:

Jumlah aset	3.592.024	Total assets
Jumlah liabilitas	(1.642.021)	Total liabilities
Nilai wajar aset neto (100%)	1.950.003	Fair value of net assets (100%)
Harga perolehan	1.628.812	Purchase price
Nilai wajar aset neto yang diakuisisi (20%)	(390.000)	Fair value of net assets acquired (20%)
<i>Goodwill</i> (Dicatat sesuai dengan standar akuntansi pada waktu transaksi terjadi)	1.238.812	<i>Goodwill</i> (Recognized in accordance with the accounting standard at the time of the transaction occurred)

Konsolidasi AI dan AQ pada bulan April 2006 menyebabkan perubahan nilai penyertaan modal pada ADMF dan perubahan nilai buku *goodwill* seperti berikut ini:

Consolidation of AI and AQ in April 2006 caused a change in the investment amount in ADMF and change in net book value of goodwill as calculated below:

	Perhitungan awal/Initial calculation ADMF saja/only	Sesudah konsolidasi dengan AI dan AQ/ After consolidating AI and AQ				
		ADMF	AI	AQ	Total	
Harga perolehan	850.000	822.083	19.020	8.897	850.000	Purchase price
Nilai wajar aset neto yang diakuisisi	(154.211)	(154.211)	(19.020)	(8.897)	(182.128)	Fair value of net assets acquired
<i>Goodwill</i> (Catatan 2u)	695.789	667.872	-	-	667.872	<i>Goodwill</i> (Note 2u)

Pada tanggal 25 Januari 2016, Bank telah melakukan divestasi sebesar 2,93% atas kepemilikan saham di ADMF untuk memenuhi persentase saham minimum sebesar 7,5% saham yang tidak dimiliki oleh pemegang saham pengendali dan pemegang saham utama berdasarkan peraturan Keputusan Direksi Bursa Efek Indonesia No. Kep-00001/BEI/01-2014. Sehingga, kepemilikan Bank di ADMF menjadi sebesar 92,07%.

On 25 January 2016, the Bank divested 2.93% ownership in the shares of ADMF to meet minimum percentage of shares not owned by controlling and main shareholder of 7.5% based on regulatory decision of the Board of Directors of the Indonesia Stock Exchange No. Kep-00001/BEI/01-2014. Consequently, the Bank's ownership in ADMF is become 92.07%.

Konsolidasi atas AI dan AQ telah dilakukan sejak April 2006 setelah diperolehnya surat persetujuan atas penyertaan modal dari BI.

Consolidation with AI and AQ had been performed starting April 2006 upon receiving a written approval for the capital investment from BI.

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1. UMUM (lanjutan)

c. Entitas Anak (lanjutan)

Adira Quantum (AQ)

Pada tanggal 12 Desember 2007, penegasan perjanjian jual beli saham AQ sudah ditandatangani. Penegasan dan persetujuan atas transaksi tersebut telah diperoleh dalam Rapat Umum Pemegang Saham Tahunan ("RUPST") AQ seperti termuat dalam Akta Pernyataan Keputusan Rapat No. 15 tanggal 13 September 2008 yang dibuat di hadapan Catherina Situmorang, S.H., Notaris di Jakarta dan telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-AH.01.10-18248 tanggal 18 Juli 2008.

BI dalam suratnya tertanggal 31 Desember 2008 telah menyetujui rencana Bank untuk meningkatkan porsi kepemilikan atas AQ dari 90% menjadi 99% dan melakukan penambahan modal disetor AQ menjadi Rp100.000. Lebih lanjut, pada tanggal 23 April 2009, Bank dan ADMF telah menandatangani perjanjian jual beli saham dengan pemegang saham minoritas AQ dimana pemegang saham minoritas setuju untuk menjual, mengalihkan, dan memindahkan 900 lembar dan 100 lembar saham setara dengan 9% dan 1% dari keseluruhan saham AQ kepada Bank dan ADMF yang telah dilaksanakan pada bulan Mei 2009. Dengan demikian, kepemilikan Bank dan ADMF atas AQ meningkat sebesar 10%. Penegasan dan persetujuan atas transaksi pengalihan dari RUPS AQ telah dimuat dalam Akta Pernyataan Keputusan Pemegang Saham No. 12 tanggal 15 Mei 2009 dibuat oleh P. Sutrisno A. Tampubolon, S.H., M.Kn., Notaris di Jakarta, yang telah diterima serta dicatat dalam Database Sistem Administrasi Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia No. AHU-AH.01.10-10739 tanggal 17 Juli 2009.

Penambahan modal disetor AQ menjadi Rp100.000 telah dimuat dalam Akta Pernyataan Keputusan Pemegang Saham No. 29 tanggal 23 Juli 2009 dibuat oleh P. Sutrisno A. Tampubolon, S.H., M.Kn., Notaris di Jakarta, dan telah disetujui perubahannya oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-39039.AH.01.02 tanggal 13 Agustus 2009 dan telah diumumkan dalam Tambahan No. 9659 pada Berita Negara Republik Indonesia No. 65 tanggal 13 Agustus 2010.

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1. GENERAL (continued)

c. Subsidiaries (continued)

Adira Quantum (AQ)

On 12 December 2007, the confirmation of sales and purchase of shares agreement for AQ had been signed. Confirmation and approval for such transaction had been obtained from the Annual General Meeting of Shareholders ("AGMS") of AQ as stipulated on Deed No. 15 dated 13 September 2008 of Catherina Situmorang, S.H., Notary in Jakarta and its amendment had been approved by the Ministry of Law and Human Rights of the Republic of Indonesia in a Decree Letter No. AHU-AH.01.10-18248 dated 18 July 2008.

BI in its letter dated 31 December 2008 had approved the Bank's plan to increase its ownership in AQ from 90% to 99% and increase AQ's share capital to become Rp100,000. Further, on 23 April 2009, the Bank and ADMF entered into a sale and purchase of shares agreement with minority shareholders of AQ whereby minority shareholders agreed to sell, transfer, and assign 900 shares and 100 shares constituting 9% and 1% of the total issued shares of AQ to the Bank and ADMF which had been executed in May 2009. As a result, the Bank and ADMF increased their ownership in AQ by 10%. Confirmation and approval for such transfer transaction had been obtained from AGMS of AQ stipulated on Deed No.12 dated 15 May 2009 by P. Sutrisno A. Tampubolon, S.H., M.Kn., Notary in Jakarta, which was received and registered in Legal Entity Administrative System Database of the Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-10739 dated 17 July 2009.

The increase in AQ's share capital to reach Rp100,000 was stipulated on Deed No. 29 dated 23 July 2009 by P. Sutrisno A. Tampubolon, S.H., M.Kn., Notary in Jakarta, and its amendment had been approved by the Minister of Law and Human Rights of the Republic of Indonesia in a Decree Letter No. AHU-39039.AH.01.02 dated 13 August 2009 and was published in Supplement No. 9659 to the State Gazette of the Republic of Indonesia No. 65 dated 13 August 2010.

The original consolidated financial statements included herein are in the Indonesian language.

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1. UMUM (lanjutan)

c. Entitas Anak (lanjutan)

Adira Quantum (AQ) (lanjutan)

Anggaran Dasar AQ telah mengalami beberapa kali perubahan dan yang terakhir berdasarkan Akta Notaris P. Sutrisno A. Tampubolon S.H., M.Kn., No. 5 tanggal 16 November 2015 tentang perubahan maksud dan tujuan serta kegiatan usaha perusahaan. Perubahan ini telah diterima dan dicatat oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Pemberitahuan No. AHU-0946012.AH.01.02 tanggal 16 November 2015.

AQ telah menghentikan kegiatan operasional dan dalam proses likuidasi, berdasarkan RUPSLB AQ yang dituangkan dalam Akta Pernyataan Keputusan Pemegang Saham No.126 tanggal 22 Agustus 2017 yang dibuat di hadapan Hasbullah Abdul Rasyid, S.H., M.Kn., Notaris di Jakarta. Berdasarkan permintaan AQ kepada OJK untuk mencabut izin usaha AQ, OJK telah mengabulkan permintaan tersebut dengan mencabut izin usaha berdasarkan surat keputusan Dewan Komisiner OJK tertanggal 21 Desember 2017 No.KEP-103/D.05/2017. Sampai dengan tanggal laporan keuangan konsolidasian ini diterbitkan, AQ masih sedang dalam proses penyelesaian likuidasi.

Adira Insurance (AI)

Menteri Keuangan dalam suratnya tertanggal 30 September 2009 telah menyetujui pengalihan kepemilikan saham AI dari PT Adira Dinamika Investindo kepada Bank. Pada tanggal 9 Juli 2009, PT Adira Dinamika Investindo telah menandatangani perjanjian pengalihan 90% saham AI kepada Bank. Sehingga saat ini Bank telah memiliki 90% saham AI. Penegasan dan persetujuan atas transaksi pengalihan telah diperoleh dalam RUPSLB AI seperti termuat dalam Akta Berita Acara Rapat Umum Pemegang Saham Luar Biasa No. 8 tanggal 9 Juli 2009 yang dibuat oleh P. Sutrisno A. Tampubolon, S.H., M.Kn., Notaris di Jakarta, yang telah diterima serta dicatat dalam Database Sistem Administrasi Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia No. AHU-AH.01.10-12574 tanggal 7 Agustus 2009. Anggaran Dasar AI telah mengalami beberapa kali perubahan, perubahan terakhir dengan akta notaris P. Sutrisno A. Tampubolon, S.H., M.Kn., No. 20 tanggal 19 Desember 2017 mengenai susunan Direksi, Dewan Komisaris, dan Dewan Pengawas Syariah AI. Pemberitahuan ini telah diterima oleh Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Penerimaan Pemberitahuan Perubahan Data AI No. AHU-AH.01.03-0202561 tanggal 19 Desember 2017.

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c. Subsidiaries (continued)

Adira Quantum (AQ) (continued)

AQ's Articles of Association has been amended several times, the latest by Notarial Deed No. 5 dated 16 November 2015 of P. Sutrisno A. Tampubolon S.H., M.Kn., concerning the purpose and objectives as well as the business activities of the company. The amendment was received and recorded by Ministry of Laws and Human Rights Republic of Indonesia in its Letter No. AHU-0946012.AH.01.02 dated 16 November 2015.

AQ has terminated its operation and in the liquidation process, based on the EGMS of AQ as stipulated in Deed of Shareholders Resolution No.126 dated 22 August 2017 by Hasbullah Abdul Rasyid, S.H., M.Kn., Notary in Jakarta. Based on AQ's request to OJK to cancel AQ's business license, the permission has been granted by OJK on the Decision Letter of the Board of Commissioners of OJK dated 21 December 2017 No.KEP-103/D.05/2017. As of the issuance date of the consolidated financial statements, AQ is still in the process of liquidation settlement.

Adira Insurance (AI)

The Ministry of Finance in its letter dated 30 September 2009 approved the transfer of ownership of AI's shares from PT Adira Dinamika Investindo to the Bank. On 9 July 2009, PT Adira Dinamika Investindo signed a transfer agreement for 90% of AI's shares to the Bank. Therefore, currently the Bank owns 90% of AI's shares. Confirmation and approval for such transfer transaction was obtained from EGMS of AI as stipulated in Deed No. 8 dated 9 July 2009 by P. Sutrisno A. Tampubolon, S.H., M.Kn., Notary in Jakarta, which was received and registered in the Legal Entity Administrative System Database of the Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-12574 dated 7 August 2009. AI's Articles of Association has been amended several times, the latest amendment by notarial deed No. 20 of P. Sutrisno A. Tampubolon, S.H., M.Kn., dated 19 December 2017 regarding composition of the AI's Board of Directors, Board of Commissioners and Board of Sharia Supervisory. This notification was received by the Ministry of Law and Human Rights of the Republic of Indonesia in its Letter of Receipt of the Announcement of Changes in Data of the AI No. AHU-AH.01.03-0202561 dated 19 December 2017.

The original consolidated financial statements included herein are in the Indonesian language.

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1. UMUM (lanjutan)

c. Entitas Anak (lanjutan)

Adira Insurance (AI) (lanjutan)

BI dalam suratnya tertanggal 14 Desember 2010 telah menyetujui rencana Bank untuk meningkatkan penyertaan modal AI dan melakukan penambahan modal disetor AI dari Rp15.000 menjadi Rp100.000. Penambahan modal disetor AI menjadi Rp100.000 telah dimuat dalam Akta Pernyataan Keputusan Pemegang Saham No. 26 tanggal 21 Desember 2010 yang dibuat oleh Charlon Situmeang, S.H., pengganti dari P. Sutrisno A. Tampubolon, S.H., M.Kn., Notaris di Jakarta. Perubahan ini telah diterima oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Penerimaan Pemberitahuan Perubahan Data Perseroan No. AHU-AH.01.10-33415 tanggal 28 Desember 2010.

d. Dewan Komisaris dan Direksi

Pada tanggal 31 Desember 2017 dan 2016, susunan Dewan Komisaris dan Direksi Bank adalah sebagai berikut:

	2017
Komisaris Utama	Bpk./Mr. Ng Kee Choe
Wakil Komisaris Utama	Bpk./Mr. Johannes Berchmans Kristiadi
Independen	Pudjosukanto
Komisaris	Bpk./Mr. Gan Chee Yen
Komisaris Independen	Bpk./Mr. Manggi Taruna Habir
Komisaris	Bpk./Mr. Ernest Wong Yuen Weng
Komisaris Independen	Bpk./Mr. Made Sukada
Komisaris Independen	-
Direktur Utama	Bpk./Mr. Sng Seow Wah
Wakil Direktur Utama ³⁾	-
Direktur	Bpk./Mr. Herry Hykmanto
Direktur	-
Direktur	Bpk./Mr. Satinder Pal Singh Ahluwalia
Direktur	Ibu/Mrs. Michellina Laksmi Triwardhany
Direktur	Bpk./Mr. Adnan Qayum Khan
Direktur	Bpk./Mr. Heriyanto Agung Putra
Direktur (Independen)	Ibu/Mrs. Rita Mirasari

- ¹⁾ Pengunduran diri Emirsyah Satar telah efektif sejak tanggal 12 April 2017 berdasarkan persetujuan dari Rapat Umum Pemegang Saham.
- ²⁾ Muliadi Rahardja tidak diangkat kembali dari jabatannya selaku Wakil Direktur Utama pada Rapat Umum Pemegang Saham Tahunan tanggal 12 April 2017.
- ³⁾ Belum ada pengangkatan baru untuk Jabatan Wakil Direktur Utama.
- ⁴⁾ Pengunduran diri Vera Eve Lim telah efektif sejak tanggal 19 Desember 2017.

Pada tanggal 31 Desember 2017, Bank dan Entitas Anak mempunyai 29.628 karyawan tetap dan 6.782 karyawan tidak tetap (2016: 31.950 karyawan tetap dan 12.069 karyawan tidak tetap).

1. GENERAL (continued)

c. Subsidiaries (continued)

Adira Insurance (AI) (continued)

BI in its letter dated 14 December 2010 had approved the Bank's plan to increase its ownership in AI and increase AI's share capital from Rp15,000 to Rp100,000. The increase in AI's share capital to reach Rp100,000 was stipulated on Deed No. 26 dated 21 December 2010 by Charlon Situmeang, S.H., replacement of P. Sutrisno A. Tampubolon, S.H., M.Kn., Notary in Jakarta. This change was accepted by the Ministry of Law and Human Rights of the Republic of Indonesia in its Letter of Acceptance of the Announcement of Changes in the Company's Data No. AHU-AH.01.10-33415 dated 28 December 2010.

d. Boards of Commissioners and Directors

As of 31 December 2017 and 2016, the composition of the Bank's Boards of Commissioners and Directors are as follows:

	2016	
Bpk./Mr. Ng Kee Choe	Bpk./Mr. Ng Kee Choe	President Commissioner
Bpk./Mr. Johannes Berchmans Kristiadi	Bpk./Mr. Johannes Berchmans Kristiadi	Independent Vice President Commissioner
Pudjosukanto	Pudjosukanto	Commissioner
Bpk./Mr. Gan Chee Yen	Bpk./Mr. Gan Chee Yen	Independent Commissioner
Bpk./Mr. Manggi Taruna Habir	Bpk./Mr. Manggi Taruna Habir	Commissioner
Bpk./Mr. Ernest Wong Yuen Weng	Bpk./Mr. Ernest Wong Yuen Weng	Independent Commissioner
Bpk./Mr. Made Sukada	Bpk./Mr. Made Sukada	Independent Commissioner
Bpk./Mr. Emirsyah Satar ¹⁾	Bpk./Mr. Emirsyah Satar ¹⁾	Independent Commissioner
Bpk./Mr. Sng Seow Wah	Bpk./Mr. Sng Seow Wah	President Director
Bpk./Mr. Muliadi Rahardja ²⁾	Bpk./Mr. Muliadi Rahardja ²⁾	Vice President Director ³⁾
Bpk./Mr. Herry Hykmanto	Bpk./Mr. Herry Hykmanto	Director
Ibu/Ms. Vera Eve Lim ⁴⁾	Ibu/Ms. Vera Eve Lim ⁴⁾	Director
Bpk./Mr. Satinder Pal Singh Ahluwalia	Bpk./Mr. Satinder Pal Singh Ahluwalia	Director
Ibu/Mrs. Michellina Laksmi Triwardhany	Ibu/Mrs. Michellina Laksmi Triwardhany	Director
Bpk./Mr. Adnan Qayum Khan	Bpk./Mr. Adnan Qayum Khan	Director
Bpk./Mr. Heriyanto Agung Putra	Bpk./Mr. Heriyanto Agung Putra	Director
Ibu/Mrs. Rita Mirasari	Ibu/Mrs. Rita Mirasari	Director (Independent)

- ¹⁾ Emirsyah Satar's resignation was effective since 12 April 2017 based on the approval from the Annual General Meeting of Shareholders.
- ²⁾ Muliadi Rahardja was not reappointed from his position as Vice President Director in the Annual General Meeting of Shareholders on 12 April 2017.
- ³⁾ The Vice President Director position is vacant until the new appointment.
- ⁴⁾ Vera Eve Lim's resignation was effective since 19 December 2017.

As of 31 December 2017, the Bank and Subsidiaries had 29,628 permanent employees and 6,782 non-permanent employees (2016: 31,950 permanent employees and 12,069 non-permanent employees).

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1. UMUM (lanjutan)

e. Dewan Pengawas Syariah

Dewan Pengawas Syariah dibentuk pertama kali pada tanggal 1 Februari 2002, dengan masa jabatan mengikuti masa jabatan Dewan Komisaris yang berjalan pada saat itu. Melalui RUPS Tahunan tanggal 12 April 2017, Pemegang saham Bank telah menyetujui perpanjangan masa jabatan anggota Dewan Pengawas Syariah yang akan berakhir pada saat pelaksanaan RUPS Tahunan pada tahun 2020.

Dengan demikian, susunan Dewan Pengawas Syariah pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Ketua	Bpk./Mr. Prof. Dr. KH. Muhammad Sirajuddin Syamsuddin, MA.	Chairman
Anggota	Bpk./Mr. Drs Hasanuddin, M.Ag.	Member
Anggota	Bpk./Mr. Drs.H.Karnaen A. Perwataatmadja, MPA.FIIS. ¹⁾	Member

¹⁾ Telah meninggal dunia pada tanggal 10 Juli 2017.

f. Komite Audit

Komite Audit dibentuk berdasarkan Peraturan Bapepam dan LK No. IX.1.5 dan Peraturan BI No. 8/4/PBI/2006 tanggal 30 Januari 2006 dan No. 8/14/PBI/2006 tanggal 5 Oktober 2006 tentang pelaksanaan *Good Corporate Governance* bagi Bank Umum.

Sesuai dengan Keputusan Sirkuler Dewan Komisaris sebagai Pengganti Keputusan yang diambil dalam Rapat Dewan Komisaris PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-001 yang berlaku efektif sejak tanggal 23 Februari 2016, susunan anggota Komite Audit pada tanggal 31 Desember 2016.

Bank telah menerima pengunduran diri Emirshah Satar pada tanggal 1 Februari 2017 dan telah efektif sejak tanggal 12 April 2017 berdasarkan persetujuan dari Rapat Umum Pemegang Saham. Jabatan yang bersangkutan sebagai Ketua Komite Audit digantikan oleh Made Sukada (Komisaris Independen) dan jabatan dalam keanggotaan komite lainnya menjadi tidak aktif, susunan anggota Komite Audit pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	2017
Ketua	Bpk./Mr. Made Sukada
Anggota	-
Anggota	-
Anggota (Pihak Independen)	Ibu/Ms. Angela Simatupang
Anggota (Pihak Independen)	Bpk./Mr. Yusuf Nawawi

¹⁾ Pengunduran diri Emirshah Satar telah efektif sejak tanggal 12 April 2017 berdasarkan persetujuan dari Rapat Umum Pemegang Saham.

1. GENERAL (continued)

e. Sharia Supervisory Board

The Sharia Supervisory Board was first established on 1 February 2002 with the same term of office as the incumbent Board of Commissioners. Through the Annual GMS held on 12 April 2017, the Bank's Shareholders agreed to extend the term of office of the members of the Sharia Supervisory Board which will expire at the Annual GMS for the year 2020.

Therefore, the composition of the Sharia Supervisory Board as of 31 December 2017 and 2016 are as follows:

		Chairman
		Member
		Member

¹⁾ Passed away on 10 July 2017.

f. Audit Committee

The Audit Committee was established based on Bapepam and LK Regulation No. IX.1.5 and BI Regulation No. 8/4/PBI/2006 dated 30 January 2006 and No. 8/14/PBI/2006 dated 5 October 2006 regarding *Good Corporate Governance* for Commercial Bank.

In accordance with Circular Resolution of the Board of Commissioners in lieu of the Resolutions adopted at the Board of Commissioners meeting of PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-001 which became effective on 23 February 2016, the composition of the Audit Committee as of 31 December 2016.

Bank has accepted resignation of Emirshah Satar as of February 1, 2017 and has been effective since 12 April 2017 based on approval from the General Meeting of Shareholders. His position as a Chairman of Audit Committee has been replaced by Made Sukada (Independent Commissioner) and his position in the membership of others committees be inactive, the composition of the Audit Committee as of 31 December 2017 and 2016 are as follows:

	2016	
	Bpk./Mr. Emirshah Satar ¹⁾	Chairman
	Bpk./Mr. Johannes Berchmans	
	Kristiadi Pudjosukanto	Member
	Bpk./Mr. Manggi Taruna Habir	Member
	Ibu/Ms. Angela Simatupang	Member (Independent Party)
	Bpk./Mr. Yusuf Nawawi	Member (Independent Party)

¹⁾ Emirshah Satar's resignation was effective since 12 April 2017 based on the approval from the Annual General Meeting of Shareholders.

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1. UMUM (lanjutan)

g. Komite Pemantau Risiko

Komite Pemantau Risiko dibentuk berdasarkan Peraturan BI No. 5/8/PBI/2003 tanggal 19 Mei 2003, No. 8/4/PBI/2006 tanggal 30 Januari 2006, No. 8/14/PBI/2006 tanggal 5 Oktober 2006 dan Surat Edaran Bank Indonesia No. 5/21/DPNP tanggal 29 September 2003.

Sesuai dengan Keputusan Sirkuler Dewan Komisaris sebagai Pengganti Keputusan yang diambil dalam Rapat Dewan Komisaris PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-005 yang berlaku efektif sejak tanggal 28 April 2017 dan No. KSR-Kom.Corp.Sec-001 yang berlaku efektif sejak tanggal 23 Februari 2016, susunan anggota Komite Pemantau Risiko pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	2017	2016
Ketua	Bpk./Mr. Manggi Taruna Habir	Bpk./Mr. Manggi Taruna Habir
Anggota	Bpk./Mr. Gan Chee Yen	Bpk./Mr. Gan Chee Yen
Anggota	Bpk./Mr. Made Sukada	Bpk./Mr. Made Sukada
Anggota	-	Bpk./Mr. Emirsyah Satar ¹⁾
Anggota (Pihak Independen)	Ibu/Ms. Angela Simatupang	Ibu/Ms. Angela Simatupang
Anggota (Pihak Independen)	Bpk./Mr. Yusuf Nawawi	Bpk./Mr. Yusuf Nawawi

¹⁾ Pengunduran diri Emirsyah Satar telah efektif sejak tanggal 12 April 2017 berdasarkan persetujuan dari Rapat Umum Pemegang Saham.

h. Komite Nominasi

Komite Nominasi dibentuk berdasarkan Peraturan BI No. 8/4/PBI/2006 tanggal 30 Januari 2006 dan No. 8/14/PBI/2006 tanggal 5 Oktober 2006.

Sesuai dengan Keputusan Sirkuler Dewan Komisaris sebagai Pengganti Keputusan yang diambil dalam Rapat Dewan Komisaris PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-004 yang berlaku efektif sejak tanggal 20 April 2017 dan No. KSR-Kom.Corp.Sec-001 yang berlaku efektif sejak tanggal 23 Februari 2016, susunan anggota Komite Nominasi pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	2017	2016
Ketua	Bpk./Mr. Johannes Berchmans Kristiadi Pudjosukanto	Bpk./Mr. Johannes Berchmans Kristiadi Pudjosukanto
Anggota	Bpk./Mr. Ng Kee Choe	Bpk./Mr. Ng Kee Choe
Anggota	Bpk./Mr. Ernest Wong Yuen Weng	Bpk./Mr. Ernest Wong Yuen Weng
Anggota	Bpk./Mr. Made Sukada	Bpk./Mr. Made Sukada
Anggota	-	Bpk./Mr. Emirsyah Satar
Anggota (Eksekutif)	-	Bpk./Mr. Eric Gunawan Kosasih ¹⁾

¹⁾ Pengunduran diri Eric Gunawan Kosasih telah efektif sejak tanggal 26 Juli 2017.

1. GENERAL (continued)

g. Risk Monitoring Committee

The Risk Monitoring Committee was established based on BI Regulation No. 5/8/PBI/2003 dated 19 May 2003, No. 8/4/PBI/2006 dated 30 January 2006, No. 8/14/PBI/2006 dated 5 October 2006 and Bank Indonesia Circular Letter No. 5/21/DPNP dated 29 September 2003.

In accordance with Circular Resolution of the Board of Commissioners in lieu of the Resolutions adopted at the Board of Commissioners meeting of PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-005 which became effective on 28 April 2017 and No. KSR-Kom.Corp.Sec-001 which became effective on 23 February 2016, the composition of the Risk Monitoring Committee as of 31 December 2017 and 2016 are as follows:

	2017	2016
Chairman	Bpk./Mr. Manggi Taruna Habir	Bpk./Mr. Manggi Taruna Habir
Member	Bpk./Mr. Gan Chee Yen	Bpk./Mr. Gan Chee Yen
Member	Bpk./Mr. Made Sukada	Bpk./Mr. Made Sukada
Member	Bpk./Mr. Emirsyah Satar ¹⁾	Bpk./Mr. Emirsyah Satar ¹⁾
Member (Independent Party)	Ibu/Ms. Angela Simatupang	Ibu/Ms. Angela Simatupang
Member (Independent Party)	Bpk./Mr. Yusuf Nawawi	Bpk./Mr. Yusuf Nawawi

¹⁾ Emirsyah Satar's resignation was effective since 12 April 2017 based on the approval from the Annual General Meeting of Shareholders.

h. Nomination Committee

The Nomination Committee was established based on BI Regulation No. 8/4/PBI/2006 dated 30 January 2006 and No. 8/14/PBI/2006 dated 5 October 2006.

In accordance with Circular Resolution of the Board of Commissioners in lieu of the Resolutions adopted at the Board of Commissioners meeting of PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-004 which became effective on 20 April 2017 and No. KSR-Kom.Corp.Sec-001 which became effective on 23 February 2016, the composition of the Nomination Committee as of 31 December 2017 and 2016 are as follows:

	2017	2016
Chairman	Bpk./Mr. Johannes Berchmans Kristiadi Pudjosukanto	Bpk./Mr. Johannes Berchmans Kristiadi Pudjosukanto
Member	Bpk./Mr. Ng Kee Choe	Bpk./Mr. Ng Kee Choe
Member	Bpk./Mr. Ernest Wong Yuen Weng	Bpk./Mr. Ernest Wong Yuen Weng
Member	Bpk./Mr. Made Sukada	Bpk./Mr. Made Sukada
Member	Bpk./Mr. Emirsyah Satar	Bpk./Mr. Emirsyah Satar
Member (Executive)	Bpk./Mr. Eric Gunawan Kosasih ¹⁾	Bpk./Mr. Eric Gunawan Kosasih ¹⁾

¹⁾ Eric Gunawan Kosasih's resignation was effective since 26 July 2017.

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1. UMUM (lanjutan)

i. Komite Remunerasi

Komite Remunerasi dibentuk berdasarkan Peraturan BI No. 8/4/PBI/2006 tanggal 30 Januari 2006 dan No. 8/14/PBI/2006 tanggal 5 Oktober 2006.

Sesuai dengan Keputusan Sirkuler Dewan Komisaris sebagai Pengganti Keputusan yang diambil dalam Rapat Dewan Komisaris PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-004 yang berlaku efektif sejak tanggal 20 April 2017 dan No. KSR-Kom.Corp.Sec-001 yang berlaku efektif sejak tanggal 23 Februari 2016, susunan anggota Komite Remunerasi pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	2017
Ketua	Bpk./Mr. Johannes Berchmans Kristiadi Pudjosukanto
Anggota	Bpk./Mr. Ng Kee Choe
Anggota	Bpk./Mr. Gan Chee Yen
Anggota	Bpk./Mr. Manggi Taruna Habir
Anggota	-
Anggota (Eksekutif)	-

- ²⁾ Pengunduran diri Emirshyah Satar telah efektif sejak tanggal 12 April 2017 berdasarkan persetujuan dari Rapat Umum Pemegang Saham.
- ³⁾ Pengunduran diri Eric Gunawan Kosasih telah efektif sejak tanggal 26 Juli 2017.

j. Komite Corporate Governance

Komite *Corporate Governance* dibentuk pada tahun 2006 sebagai bentuk komitmen Bank dalam melaksanakan *Corporate Governance* di seluruh tingkat organisasi.

Sesuai dengan Keputusan Sirkuler Dewan Komisaris sebagai Pengganti Keputusan yang diambil dalam Rapat Dewan Komisaris PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-005 yang berlaku efektif sejak tanggal 28 April 2017 dan No. KSR-Kom.Corp.Sec-001 yang berlaku efektif sejak tanggal 23 Februari 2016, susunan anggota Komite Corporate Governance pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Ketua	Bpk./Mr. Made Sukada
Anggota	Bpk./Mr. Ernest Wong Yuen Weng
Anggota	Bpk./Mr. Manggi Taruna Habir

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1. GENERAL (continued)

i. Remuneration Committee

The Remuneration Committee was established based on BI Regulation No. 8/4/PBI/2006 dated 30 January 2006 and No. 8/14/PBI/2006 dated 5 October 2006.

In accordance with Circular Resolution of the Board of Commissioners in lieu of the Resolutions adopted at the Board of Commissioners meeting of PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-004 which became effective on 20 April 2017 and No. KSR-Kom.Corp.Sec-001 which became effective on 23 February 2016, the composition of the Remuneration Committee on 31 December 2017 and 2016 are as follows:

	2016	
Bpk./Mr. Johannes Berchmans	Kristiadi Pudjosukanto	Chairman
Bpk./Mr. Ng Kee Choe	Bpk./Mr. Ng Kee Choe	Member
Bpk./Mr. Gan Chee Yen	Bpk./Mr. Gan Chee Yen	Member
Bpk./Mr. Manggi Taruna Habir	Bpk./Mr. Manggi Taruna Habir	Member
Bpk./Mr. Emirshyah Satar ¹⁾	Bpk./Mr. Emirshyah Satar ¹⁾	Member
Bpk./Mr. Eric Gunawan Kosasih ²⁾	Bpk./Mr. Eric Gunawan Kosasih ²⁾	Member (Executive)

- ²⁾ Emirshyah Satar's resignation was effective since 12 April 2017 based on the approval from the Annual General Meeting of Shareholders.
- ³⁾ Eric Gunawan Kosasih's resignation was effective since 26 July 2017.

j. Corporate Governance Committee

The Corporate Governance Committee was established in 2006 as one of the Bank's commitments on Corporate Governance implementation at all levels of the organization.

In accordance with Circular Resolution of the Board of Commissioners in lieu of the Resolutions adopted at the Board of Commissioners meeting of PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-005 which became effective on 28 April 2017 and No. KSR-Kom.Corp.Sec-001 which became effective on 23 February 2016, the composition of the Corporate Governance Committee as of 31 December 2017 and 2016 are as follows:

Bpk./Mr. Made Sukada	Chairman
Bpk./Mr. Ernest Wong Yuen Weng	Member
Bpk./Mr. Manggi Taruna Habir	Member

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1. UMUM (lanjutan)

k. Komite Tata Kelola Terintegrasi

Komite Tata Kelola Terintegrasi dibentuk berdasarkan Pasal 14 (1) dan (2) Peraturan Otoritas Jasa Keuangan No. 18/POJK.03/2014 tentang Penerapan Tata Kelola Terintegrasi bagi Konglomerasi Keuangan.

Sesuai dengan Keputusan Sirkuler Dewan Komisaris sebagai Pengganti Keputusan yang diambil dalam Rapat Dewan Komisaris PT Bank Danamon Indonesia Tbk No. KSR-Kom.Corp.Sec-005 yang berlaku efektif sejak tanggal 28 April 2017 dan No. KSR-Kom.Corp.Sec-001 yang berlaku efektif sejak tanggal 23 Februari 2016, susunan anggota Komite Tata Kelola Terintegrasi pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Ketua	Bpk./Mr. Made Sukada	Chairman
Anggota	Bpk./Mr. Ernest Wong Yuen Weng	Member
Anggota	Bpk./Mr. Manggi Taruna Habir	Member
Anggota	Bpk./Mr. Djoko Sudyatmiko	Member
Anggota	Ibu/Ms. Angela Simatupang	Member
Anggota	Bpk./Mr. Prof. DR. KH. Muhammad Sirajuddin Syamsuddin, MA.	Member

l. Sekretaris Perusahaan

Berdasarkan Keputusan Sirkuler Direksi sebagai Pengganti Keputusan yang diambil dalam Rapat Direksi PT Bank Danamon Indonesia Tbk No. KSR-DIR.CORP.SEC.-003 tanggal 17 Oktober 2016, Sekretaris Perusahaan Bank pada tanggal 31 Desember 2017 dan 2016 adalah Rita Mirasari.

m. Satuan Kerja Audit Intern

Berdasarkan Surat Keputusan Direktur Utama No. KEP: DIR-CORP-SEC-003 tanggal 24 Mei 2016, Kepala Satuan Kerja Audit Intern (Kepala SKAI) pada tanggal 31 Desember 2017 dan 2016 adalah Evi Damayanti.

n. Tanggal diotorisasi Laporan Keuangan Konsolidasian

Laporan keuangan konsolidasian Bank dan Entitas Anak diotorisasi untuk terbit oleh Direksi pada tanggal 26 Januari 2018.

1. GENERAL (continued)

k. Integrated Corporate Governance Committee

The Integrated Corporate Governance Committee was established based on Article 14 (1) and (2) of the Indonesia Financial Services Authority regulation No. 18/POJK.03/2014 concerning the Implementation of Integrated Corporate Governance for Financial Conglomerations.

In accordance with the Circular Resolution of the Board of Commissioners in lieu of the Resolutions adopted at the Board of Commissioners meeting No. KSR-Kom.Corp.Sec-005 which became effective on 28 April 2017 and No. KSR-Kom.Corp.Sec-001 which became effective on 23 February 2016, the composition of the Integrated Corporate Governance Committee as of 31 December 2017 and 2016 are as follows:

l. Corporate Secretary

Based on Circular Resolution of the Board of Directors in lieu of the Resolutions adopted at the Board of Directors' meeting of PT Bank Danamon Indonesia Tbk No. KSR-DIR.CORP.SEC.-003 dated 17 October 2016, the Corporate Secretary of the Bank as of 31 December 2017 and 2016 was Rita Mirasari.

m. Internal Audit Task Force

Based on Decree of President Director No. KEP: DIR-CORP-SEC-003 dated 24 May 2016, the Internal Audit Task Force Head (Chief of IATF) as of 31 December 2017 and 2016 is Evi Damayanti.

n. Authorization date of The Consolidated Financial Statements

The consolidated financial statements of the Bank and Subsidiaries were authorized for issue by the Board of Directors on 26 January 2018.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

Kebijakan akuntansi signifikan, yang diterapkan secara konsisten dalam penyusunan laporan keuangan konsolidasian Bank dan Entitas Anak pada tanggal dan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

a. Pernyataan kepatuhan

Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.

Laporan keuangan konsolidasian juga disusun dan disajikan sesuai dengan peraturan Badan Pengawas Pasar Modal dan Lembaga Keuangan ("BAPEPAM-LK", yang fungsinya dialihkan kepada Otoritas Jasa Keuangan ("OJK") sejak tanggal 1 Januari 2013) No. VIII.G.7 yang merupakan Lampiran Keputusan Ketua BAPEPAM-LK No. KEP-347/BL/2012 tanggal 25 September 2012 tentang "Penyajian dan Pengungkapan Laporan Keuangan Emiten atau Perusahaan Publik".

Laporan keuangan unit usaha syariah disajikan sesuai dengan Standar Akuntansi Keuangan Syariah dan Standar Akuntansi Keuangan lainnya yang diterbitkan oleh Ikatan Akuntan Indonesia.

b. Dasar penyusunan laporan keuangan konsolidasian

Laporan keuangan konsolidasian disusun berdasarkan konsep nilai historis dan atas dasar akrual, kecuali dinyatakan khusus.

Laporan arus kas konsolidasian disusun dengan menggunakan metode langsung dengan mengelompokkan arus kas ke dalam kegiatan operasi, investasi, dan pendanaan. Untuk tujuan laporan arus kas konsolidasian, kas dan setara kas mencakup kas, giro pada Bank Indonesia, giro pada bank lain, penempatan pada bank lain dan Bank Indonesia, dan Sertifikat Bank Indonesia yang jatuh tempo dalam waktu tiga bulan sejak tanggal perolehan, sepanjang tidak digunakan sebagai jaminan atas pinjaman yang diterima serta tidak dibatasi penggunaannya.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, applied consistently in the preparation of the consolidated financial statements of the Bank and Subsidiaries as of and for the years ended 31 December 2017 and 2016 are as follows:

a. Statement of compliance

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The consolidated financial statements have also been prepared and presented in accordance with Capital Market and Financial Institutions Supervisory Agency ("BAPEPAM-LK", whose function has been transferred to the Financial Services Authority ("OJK") starting 1 January 2013), rule No. VIII.G.7, Appendix of the Decree of the Chairman of the BAPEPAM-LK No. KEP-347/BL/2012 dated 25 September 2012 regarding "Financial Statements Presentation and Disclosure of the Issuer or Public Company".

The sharia business unit's financial statements have been presented in accordance with Sharia Financial Accounting Standards and other Financial Accounting Standards as issued by the Indonesian Institute of Accountants.

b. Basis for preparation of the consolidated financial statements

The consolidated financial statements were prepared on the accrual basis and under the historical cost concept, unless otherwise specified.

The consolidated statements of cash flows are prepared based on direct method by classifying cash flows on the basis of operating, investing, and financing activities. For the purpose of consolidated statements of cash flows, cash and cash equivalents include cash, current accounts with Bank Indonesia, current accounts with other banks, placements with other banks and Bank Indonesia, and Certificates of Bank Indonesia that mature within three months from the date of acquisition, as long as they are not being pledged as collateral for borrowings nor restricted.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Dasar penyusunan laporan keuangan konsolidasian (lanjutan)

Dalam penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia, dibutuhkan pertimbangan, estimasi, dan asumsi yang mempengaruhi:

- penerapan kebijakan akuntansi;
- jumlah aset dan liabilitas yang dilaporkan, dan pengungkapan atas aset dan liabilitas kontinjensi pada tanggal laporan keuangan konsolidasian;
- jumlah pendapatan dan beban yang dilaporkan selama tahun pelaporan.

Walaupun estimasi ini dibuat berdasarkan pengetahuan terbaik manajemen atas kejadian dan tindakan saat ini, hasil aktual mungkin berbeda dengan jumlah yang diestimasi semula.

Estimasi dan asumsi yang digunakan ditelaah secara berkesinambungan. Revisi atas estimasi akuntansi diakui pada tahun dimana estimasi tersebut direvisi dan tahun yang akan datang yang dipengaruhi oleh revisi estimasi tersebut.

Secara khusus, informasi mengenai hal-hal penting yang terkait dengan ketidakpastian estimasi dan pertimbangan penting dalam penerapan kebijakan akuntansi yang memiliki dampak yang signifikan terhadap jumlah yang diakui dalam laporan keuangan konsolidasian dijelaskan dalam Catatan 3.

Seluruh angka dalam laporan keuangan konsolidasian ini dibulatkan menjadi jutaan Rupiah yang terdekat, kecuali dinyatakan secara khusus.

c. Perubahan kebijakan akuntansi

Berikut ini adalah standar, perubahan dan interpretasi yang berlaku efektif sejak tanggal 1 Januari 2017 dan relevan bagi Bank dan Entitas Anak:

Efektif berlaku pada atau setelah tanggal 1 Januari 2017:

- PSAK No. 1 (Amandemen), "Penyajian Laporan Keuangan" tentang Prakarsa Pengungkapan.
- PSAK No. 3 (Amandemen), "Laporan Keuangan Interim".
- PSAK No. 24 (Penyesuaian 2016), "Imbalan Kerja".
- PSAK No. 58 (Penyesuaian 2016), "Aset Tidak Lancar yang Dimiliki untuk Dijual dan Operasi yang Dihentikan."

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis for preparation of the consolidated financial statements (continued)

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of judgements, estimates, and assumptions that affect:

- the application of accounting policies;
- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements;
- the reported amounts of income and expenses during the reporting year.

Although these estimates are based on management's best knowledge of current events and activities, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements are described in Note 3.

Figures in these consolidated financial statements are rounded to and stated in millions of Rupiah, unless otherwise stated.

c. Changes in accounting policies

The following standards, amendments and interpretations became effective since 1 January 2017 and are relevant to the Bank and Subsidiaries:

Effective on or after 1 January 2017:

- SFAS No. 1 (Amendment), "Presentation of Financial Statements."
- SFAS No. 3 (Amendment), "Interim Reports".
- SFAS No. 24 (Annual Improvement 2016), "Employee Benefits".
- SFAS No. 58 (Annual Improvements 2016), "Impairment of Assets".

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

c. Perubahan kebijakan akuntansi (lanjutan)

Efektif berlaku pada atau setelah tanggal 1 Januari 2017 (lanjutan):

- PSAK No. 60 (Penyesuaian 2016), "Instrumen Keuangan: Pengungkapan".
- PSAK No. 102 (Amandemen), "Akuntansi Murabahah".
- PSAK No. 103 (Amandemen), "Akuntansi Salam".
- PSAK No. 104 (Amandemen), "Akuntansi Istishna".
- PSAK No. 107 (Amandemen), "Akuntansi Ijarah".
- PSAK No. 108 (Amandemen), "Akuntansi Transaksi Asuransi Syariah".
- ISAK No. 32, "Definisi dan Hierarki Standar Akuntansi Keuangan".

Implementasi dari standar-standar tersebut tidak menghasilkan perubahan kebijakan akuntansi dan tidak memiliki dampak yang signifikan terhadap laporan keuangan konsolidasi di periode berjalan atau tahun sebelumnya.

d. Prinsip Konsolidasian

Bank mengendalikan entitas anak ketika Bank terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan entitas anak dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas entitas anak.

Entitas Anak dikonsolidasikan sejak tanggal kendali atas Entitas Anak tersebut beralih kepada Bank dan sesuai dengan persetujuan penyertaan modal dari BI dan tidak lagi dikonsolidasikan sejak tanggal kendali tidak lagi dimiliki oleh Bank. Laporan keuangan Entitas Anak telah disusun dengan menggunakan kebijakan akuntansi yang sama dengan kebijakan akuntansi yang diterapkan oleh Bank untuk transaksi yang serupa dan kejadian lain dalam keadaan yang serupa.

Akuisisi Entitas Anak dicatat dengan menggunakan metode akuntansi pembelian. Biaya akuisisi diukur sebesar nilai wajar aset yang diserahkan dan saham yang diterbitkan atau liabilitas yang diambil alih pada tanggal akuisisi. Kelebihan biaya akuisisi atas nilai wajar aset neto Entitas Anak dicatat sebagai goodwill (Catatan 2u).

Transaksi signifikan antar Bank dan Entitas Anak, saldo dan keuntungan signifikan yang belum direalisasi dari transaksi, dieliminasi. Kerugian yang belum direalisasi juga dieliminasi, kecuali apabila harga perolehan tidak dapat diperoleh kembali.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Changes in accounting policies (continued)

Effective on or after 1 January 2017 (continued):

- SFAS No. 60 (Annual Improvement 2016), "Financial Instruments: Disclosures".
- SFAS No. 102 (Amendment), "Murabahah Accounting".
- SFAS No. 103 (Amendment), "Salam Accounting".
- SFAS No. 104 (Amendment), "Istishna Accounting".
- SFAS No. 107 (Amendment), "Ijarah Accounting".
- SFAS No. 108 (Amendment), "Sharia Insurance Transactions Accounting".
- ISFAS No.32, "Interpretation on Definition and Hierarchy of Financial Accounting Standard".

The implementation of the above standards did not result in changes to accounting policies and had no significant impact to the consolidated finance statements for current or prior financial years.

d. Consolidation Principles

The Bank controls a subsidiary when the Bank is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and as approved by BI for the capital investment and are no longer consolidated from the date that control ceases. The financial statements of Subsidiaries have been prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

Acquisitions of Subsidiaries are accounted for using the purchase method of accounting. The cost of an acquisition is measured at the fair value of the assets given up and shares issued or liabilities assumed at the date of acquisition. The excess of the acquisition cost over the fair value of the net assets of the Subsidiaries acquired is recorded as goodwill (Note 2u).

Significant intercompany transactions, balances and unrealized gains on transactions between the Bank and Subsidiaries are eliminated. Unrealized losses are also eliminated unless cost cannot be recovered.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Prinsip Konsolidasian (lanjutan)

Bank mengukur kepentingan non-pengendali atas basis proporsional pada jumlah yang diakui atas aset neto yang diidentifikasi pada tanggal akuisisi. Kepentingan non-pengendali disajikan di ekuitas dalam laporan posisi keuangan konsolidasian, terpisah dari pemilik entitas induk. Laba atau rugi dari setiap komponen penghasilan komprehensif lain dialokasikan kepada pemilik entitas induk dan kepentingan non-pengendali.

e. Penjabaran mata uang asing

e.1. Mata uang pelaporan

Laporan keuangan konsolidasian dinyatakan dalam Rupiah, yang merupakan mata uang fungsional Bank dan Entitas Anak.

e.2. Transaksi dan saldo

Transaksi dalam mata uang asing dijabarkan ke dalam Rupiah dengan menggunakan kurs yang berlaku pada tanggal transaksi. Pada tanggal pelaporan, aset dan liabilitas moneter dalam mata uang asing dijabarkan ke dalam Rupiah dengan kurs yang berlaku pada tanggal tersebut.

Keuntungan dan kerugian selisih kurs yang timbul dari transaksi dalam mata uang asing dan dari penjabaran aset dan liabilitas moneter dalam mata uang asing, diakui pada laba rugi tahun berjalan.

Berikut ini adalah kurs mata uang asing utama yang digunakan pada tanggal-tanggal 31 Desember 2017 dan 2016 yang menggunakan kurs tengah Reuters pukul 16:00 Waktu Indonesia Barat (nilai penuh):

	2017
Dolar Amerika Serikat	13.568
Dolar Australia	10.594
Dolar Singapura	10.155
Euro Eropa	16.236
Yen Jepang	121
Poundsterling Inggris	18.326
Dolar Hong Kong	1.736
Franc Swiss	13.901
Baht Thailand	416
Dolar Selandia Baru	9.651
Dolar Kanada	10.822
Yuan China (CNY)	2.084
Yuan China (CNH)	2.081

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Consolidation Principles (continued)

The Bank measures non-controlling interests at its proportionate share of the recognized amount of the identifiable net assets at acquisition date. Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity holders of the parent entity. Profit or loss and each component of other comprehensive income are allocated to the equity holders of the parent entity and non-controlling interests.

e. Foreign currency translation

e.1. Reporting currency

The consolidated financial statements are presented in Rupiah, which is the functional currency of the Bank and Subsidiaries.

e.2. Transactions and balances

Transactions denominated in foreign currencies are translated into Rupiah at the exchange rates prevailing at the transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the exchange rates prevailing at that date.

Exchange gains and losses arising from transactions in foreign currencies and from the translation of foreign currency monetary assets and liabilities are recognized to the current year profit or loss.

Below are the major exchange rates used as of 31 December 2017 and 2016 using the Reuters' middle rates at 16:00 Western Indonesian Time (full amount):

	2016	
	13.473	United States Dollar
	9.723	Australian Dollar
	9.312	Singapore Dollar
	14.176	European Euro
	115	Japanese Yen
	16.555	Great Britain Poundsterling
	1.737	Hong Kong Dollar
	13.209	Swiss Franc
	376	Thailand Baht
	9.363	New Zealand Dollar
	9.986	Canadian Dollar
	1.939	China Yuan (CNY)
	1.932	China Yuan (CNH)

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

f. Aset dan liabilitas keuangan

f.1. Pengakuan

Bank dan Entitas Anak pada awalnya mengakui transaksi keuangan pada tanggal dimana Bank/Entitas Anak menjadi suatu pihak dalam perjanjian kontraktual instrumen tersebut. Pembelian dan penjualan aset keuangan yang lazim (*regular*) diakui pada tanggal perdagangan.

Pada saat pengakuan awal, aset keuangan atau liabilitas keuangan diukur pada nilai wajar ditambah (untuk *item* yang tidak diukur pada nilai wajar melalui laba rugi setelah pengakuan awal) biaya transaksi yang dapat diatribusikan secara langsung atas perolehan aset keuangan atau penerbitan liabilitas keuangan. Pengukuran aset keuangan dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasi aset keuangan dan liabilitas keuangan tersebut.

Biaya transaksi hanya meliputi biaya-biaya yang dapat diatribusikan secara langsung untuk perolehan suatu aset keuangan atau penerbitan suatu liabilitas keuangan dan merupakan biaya tambahan yang tidak akan terjadi apabila instrumen keuangan tersebut tidak diperoleh atau diterbitkan.

Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi pada awalnya dicatat sebesar nilai wajar dan biaya transaksinya dibebankan pada laporan laba rugi. Aset keuangan tersedia untuk dijual dan aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi selanjutnya dicatat sebagai nilai wajar. Pinjaman yang diberikan dan piutang dan aset keuangan dimiliki hingga jatuh tempo dicatat sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Untuk liabilitas keuangan, biaya transaksi dikurangkan dari jumlah utang yang diakui pada pengakuan awal liabilitas. Biaya transaksi tersebut diamortisasi selama umur instrumen berdasarkan metode suku bunga efektif dan dicatat sebagai bagian dari beban bunga.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities

f.1. Recognition

The Bank and Subsidiaries initially recognize financial instrument transactions on the date at which the Bank/Subsidiaries become a party to the contractual agreement of the instrument. Regular way purchases and sales of financial assets are recognized on the trade date.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue. The subsequent measurement of financial assets and financial liabilities depends on their classification.

Transaction costs include only those costs that are directly attributable to the acquisition of a financial asset or issue of a financial liability and are incremental costs that would not have been incurred if the instrument had not been acquired or issued.

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial asset held to maturity are carried at amortised cost using the effective interest method.

For financial liabilities, transaction costs are deducted from the amount of debt initially recognized. Such transactions costs are amortized over the terms of the instruments based on the effective interest method and are recorded as part of interest expense.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

f. Aset dan liabilitas keuangan (lanjutan)

f.2. Penghentian pengakuan

Bank dan Entitas Anak menghentikan pengakuan aset keuangan pada saat hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir, atau pada saat Bank dan Entitas Anak mentransfer seluruh hak untuk menerima arus kas kontraktual dari aset keuangan dalam transaksi dimana Bank dan Entitas Anak secara substansial telah mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan yang ditransfer. Setiap hak atau liabilitas atas aset keuangan yang ditransfer yang timbul atau yang masih dimiliki oleh Bank dan Entitas Anak diakui sebagai aset atau liabilitas secara terpisah.

Bank dan Entitas Anak menghentikan pengakuan liabilitas keuangan pada saat kewajiban yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluwarsa.

Bank dan Entitas Anak melakukan transaksi dimana Bank mentransfer aset yang diakui pada laporan posisi keuangan konsolidasian, tetapi masih memiliki semua risiko dan manfaat atas aset yang ditransfer atau bagian darinya. Jika seluruh atau secara substansial seluruh risiko dan manfaat masih dimiliki, maka aset yang ditransfer tidak dihentikan pengakuannya dari laporan posisi keuangan konsolidasian.

Dalam transaksi dimana Bank dan Entitas Anak secara substansial tidak memiliki atau tidak mentransfer seluruh risiko dan manfaat dari kepemilikan aset keuangan, Bank dan Entitas Anak menghentikan pengakuan aset tersebut jika Bank dan Entitas Anak tidak lagi memiliki pengendalian atas aset tersebut. Hak dan kewajiban yang masih dimiliki dalam transfer tersebut diakui secara terpisah sebagai aset atau liabilitas. Dalam transfer dimana pengendalian atas aset masih dimiliki, Bank dan Entitas Anak mengakui aset yang ditransfer tersebut sebesar keterlibatan berkelanjutan, dimana tingkat keberlanjutan Bank dan Entitas Anak dalam aset yang ditransfer adalah sebesar perubahan nilai aset yang ditransfer.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities (continued)

f.2. Derecognition

The Bank and Subsidiaries derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or when the Bank and Subsidiaries transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Bank and Subsidiaries is recognized as a separate asset or liability.

The Bank and Subsidiaries derecognize a financial liability when its contractual obligations are discharged or cancelled or expired.

The Bank and Subsidiaries enter into transactions whereby they transfer assets recognized on their consolidated statements of financial position, but retain all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the consolidated statements of financial position.

In transactions in which the Bank and Subsidiaries neither retain nor transfer substantially all the risks and rewards of ownership of a financial asset, the Bank and Subsidiaries derecognize the asset if they do not retain control over the assets. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, the Bank and Subsidiaries continue to recognize the asset to the extent of their continuing involvement, determined by the extent to which they are exposed to changes in the value of the transferred asset.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

f. Aset dan liabilitas keuangan (lanjutan)

f.2. Penghentian pengakuan (lanjutan)

Dalam beberapa transaksi, Bank dan Entitas Anak masih memiliki hak untuk mengelola aset keuangan yang ditransfer dengan imbalan tertentu. Aset yang ditransfer dihentikan pengakuannya secara keseluruhan ketika memenuhi kriteria penghentian pengakuan. Suatu aset atau liabilitas diakui untuk hak pengelolaan atas aset tersebut, tergantung apakah imbalan yang akan diterima diperkirakan lebih dari cukup untuk mengkompensasi beban penyediaan jasa yang diberikan (aset) atau imbalan tersebut tidak cukup untuk menyediakan jasa pengelolaan (liabilitas).

f.3. Saling hapus

Aset dan liabilitas keuangan dapat saling hapus dan nilai netonya disajikan dalam laporan posisi keuangan konsolidasian jika, dan hanya jika, Bank dan Entitas Anak memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut dan berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan. Hak yang berkekuatan hukum bukan bersifat kontingen untuk suatu peristiwa dimasa depan dan harus dapat dipaksakan secara hukum baik dalam situasi bisnis yang normal, atau dalam peristiwa gagal bayar, atau peristiwa kepailitan atau kebangkrutan, dari Bank atau pihak lawan.

Pendapatan dan beban disajikan dalam jumlah neto hanya jika diperkenankan oleh standar akuntansi.

Jumlah yang tidak di saling hapus dalam laporan posisi keuangan konsolidasian adalah sehubungan dengan:

- i. Jumlah yang dapat di saling hapus dari transaksi pihak lawan dengan Bank dimana hak saling hapus hanya berkekuatan hukum pada peristiwa gagal bayar, atau peristiwa kepailitan atau kebangkrutan dari pihak lawan; dan
- ii. Kas dan surat berharga yang diterima dari atau dijaminkan oleh pihak lawan.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities (continued)

f.2. Derecognition (continued)

In certain transactions, the Bank and Subsidiaries retain rights to service transferred financial assets for certain fees. The transferred assets are derecognized entirely if they meet the derecognition criteria. An asset or liability is recognized for the servicing rights, depending on whether the servicing fee is more than adequate to cover servicing expenses (asset) or is less than adequate for performing the servicing (liability).

f.3. Offsetting

Financial assets and liabilities are set off and the net amount is presented in the consolidated statements of financial position when, and only when, the Bank and Subsidiaries have a legal right to set off the amounts and intend either to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Bank or the counterparty.

Income and expense are presented on a net basis only when permitted by accounting standards.

Amounts not offset in the statement of consolidated financial position are related to:

- i. The counterparties' offsetting exposures with the Bank where the right to set-off is only enforceable in the event of default, insolvency or bankruptcy of the counterparties; and
- ii. Cash and securities that are received from or pledged with counterparties.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

f. Aset dan liabilitas keuangan (lanjutan)

f.4. Pengukuran biaya perolehan diamortisasi

Biaya perolehan diamortisasi dari aset keuangan atau liabilitas keuangan adalah jumlah aset atau liabilitas keuangan yang diukur pada saat pengakuan awal dikurangi pembayaran pokok, ditambah atau dikurangi dengan amortisasi kumulatif dengan menggunakan metode suku bunga efektif yang dihitung dari selisih antara nilai awal dan nilai jatuh temponya, dan dikurangi cadangan kerugian penurunan nilai.

f.5. Pengukuran nilai wajar

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar di pasar utama (atau pasar yang paling menguntungkan) pada tanggal pengukuran dalam kondisi pasar saat ini (harga keluaran).

Entitas mengukur nilai wajar suatu aset atau liabilitas menggunakan asumsi yang akan digunakan pelaku pasar ketika menentukan harga aset atau liabilitas tersebut, dengan asumsi bahwa pelaku pasar bertindak dalam kepentingan ekonomik terbaiknya.

Jika pasar untuk suatu instrumen keuangan tidak aktif, Bank dan Entitas Anak menentukan nilai wajar dengan menggunakan teknik penilaian. Teknik penilaian mencakup penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang memahami, berkeinginan, dan jika tersedia, referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, penggunaan analisa arus kas yang didiskonto, dan penggunaan model penetapan harga opsi (*option pricing model*). Teknik penilaian yang dipilih memaksimalkan penggunaan input pasar, dan meminimalkan penggunaan estimasi yang bersifat spesifik dari Bank dan Entitas Anak, memasukkan semua faktor yang akan dipertimbangkan oleh para pelaku pasar dalam menetapkan suatu harga dan konsisten dengan metodologi ekonomi yang diterima dalam penetapan harga instrumen keuangan.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities (continued)

f.4. Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus allowance for impairment losses.

f.5. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (exit price).

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If a market for a financial instrument is not active, the Bank and Subsidiaries establish fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties and if available, reference to the current fair value of other instruments that are substantially the same, discounted cash flows analysis, and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank and Subsidiaries, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

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f. Aset dan liabilitas keuangan (lanjutan)

f.5. Pengukuran nilai wajar (lanjutan)

Input yang digunakan dalam teknik penilaian secara memadai mencerminkan ekspektasi pasar dan ukuran atas faktor risiko dan pengembalian (*risk-return*) yang melekat pada instrumen keuangan. Bank dan Entitas Anak mengkalibrasi teknik penilaian dan menguji validitasnya dengan menggunakan harga-harga dari transaksi pasar terkini yang dapat diobservasi untuk instrumen yang sama atau atas dasar data pasar lainnya yang tersedia pada saat transaksi.

Bukti terbaik atas nilai wajar instrumen keuangan pada saat pengakuan awal adalah harga transaksi, yaitu nilai wajar dari pembayaran yang diberikan atau diterima, kecuali jika nilai wajar dari instrumen keuangan tersebut ditentukan dengan perbandingan terhadap transaksi pasar terkini yang dapat diobservasi dari suatu instrumen yang sama (yaitu tanpa modifikasi atau pengemasan ulang) atau berdasarkan suatu teknik penilaian yang variabelnya hanya menggunakan data dari pasar yang dapat diobservasi. Jika harga transaksi memberikan bukti terbaik atas nilai wajar pada saat pengakuan awal, maka instrumen keuangan pada awalnya diukur pada harga transaksi dan selisih antara harga transaksi dan nilai yang sebelumnya diperoleh dari model penilaian diakui dalam laba rugi setelah pengakuan awal tergantung pada masing-masing fakta dan keadaan dari transaksi tersebut namun tidak lebih lambat dari saat penilaian tersebut didukung sepenuhnya oleh data dari pasar yang dapat diobservasi atau saat transaksi ditutup.

Nilai wajar mencerminkan risiko kredit atas instrumen keuangan dan termasuk penyesuaian yang dilakukan untuk memasukkan risiko kredit Bank/Entitas Anak dan pihak lawan, mana yang lebih sesuai. Estimasi nilai wajar yang diperoleh dari model penilaian akan disesuaikan untuk mempertimbangkan faktor-faktor lainnya, seperti risiko likuiditas atau ketidakpastian model penilaian, sepanjang Bank dan Entitas Anak yakin bahwa pelaku pasar pihak ketiga akan mempertimbangkan faktor-faktor tersebut dalam penetapan harga suatu transaksi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities (continued)

f.5. Fair value measurement (continued)

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank and Subsidiaries calibrate valuation techniques and test them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Bank/Subsidiaries and counterparty where appropriate. Estimated fair values obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank and Subsidiaries believe a third-party market participation would take them into account in pricing a transaction.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

f. Aset dan liabilitas keuangan (lanjutan)

f.5. Pengukuran nilai wajar (lanjutan)

Aset keuangan dan posisi *long* diukur menggunakan harga penawaran, liabilitas keuangan dan posisi *short* diukur menggunakan harga permintaan. Jika Bank dan Entitas Anak memiliki posisi aset dan liabilitas dimana risiko pasarnya saling hapus, maka Bank dan Entitas Anak dapat menggunakan nilai tengah dari harga pasar sebagai dasar untuk menentukan nilai wajar posisi risiko yang saling hapus tersebut dan menerapkan penyesuaian terhadap harga penawaran atau harga permintaan terhadap posisi terbuka neto (*net open position*), mana yang lebih sesuai.

- Bank dan Entitas Anak mengklasifikasikan pengukuran nilai wajar dengan menggunakan hirarki nilai wajar yang mencerminkan signifikansi input yang digunakan dalam melakukan pengukuran. Hirarki nilai wajar memiliki tingkat sebagai berikut:
 - i. Harga kuotasian (tidak disesuaikan) dalam pasar aktif untuk aset dan liabilitas yang identik (Tingkat 1);
 - ii. Input selain harga kuotasian yang termasuk dalam Tingkat 1 yang dapat diobservasi untuk aset dan liabilitas baik secara langsung (misalnya harga) atau secara tidak langsung (misalnya derivasi dari harga) (Tingkat 2); dan
 - iii. Input untuk aset dan liabilitas yang bukan berdasarkan data pasar yang dapat diobservasi (input yang tidak dapat diobservasi) (Tingkat 3).

g. Klasifikasi dan reklasifikasi instrumen keuangan

Klasifikasi aset dan liabilitas keuangan

Bank dan Entitas Anak mengklasifikasikan instrumen keuangan ke dalam klasifikasi tertentu yang mencerminkan sifat dari informasi dan mempertimbangkan karakteristik dari instrumen keuangan tersebut. Klasifikasi ini dapat dilihat pada tabel berikut:

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities (continued)

f.5. Fair value measurement (continued)

Financial assets and long positions are measured at a bid price, financial liabilities and short positions are measured at an ask price. Where the Bank and Subsidiaries have positions with offsetting risk, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate.

- The Bank and Subsidiaries classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the followings levels:
 - i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
 - ii. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (example, price) or indirectly (example, derived from prices) (Level 2); and
 - iii. Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

g. Classification and reclassification of financial instruments

Classification of financial assets and liabilities

The Bank and Subsidiaries classify the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification can be seen in the table below:

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Klasifikasi dan reklasifikasi instrumen keuangan (lanjutan)

g. Classification and reclassification of financial instruments (continued)

Kategori instrumen keuangan/ Category of financial instrument		Golongan (ditentukan oleh Bank dan Entitas Anak)/Class (as determined by the Bank and Subsidiaries)	Subgolongan/Subclasses
Aset keuangan/ Financial assets	Aset keuangan yang diukur pada nilai wajar melalui laba rugi/ Financial assets at fair value through profit or loss	Aset keuangan dalam kelompok diperdagangkan/Financial assets held for trading	Obligasi Pemerintah/Government Bonds Tagihan derivatif - Tidak terkait lindung nilai/Derivative receivables - Non hedging related
	Pinjaman yang diberikan dan piutang/Loans and receivables	Kas/Cash	
		Giro pada Bank Indonesia/Current accounts with Bank Indonesia	
		Giro pada bank lain/Current accounts with other banks	
		Penempatan pada bank lain dan Bank Indonesia/Placements with other banks and Bank Indonesia	
		Pinjaman yang diberikan/Loans	
		Konsumsi/Consumer	
		Modal kerja/Working capital	
		Investasi/Investment	
		Piutang murabahah/Murabahah receivables	
		Efek-efek/Marketable securities	
		Efek-efek yang dibeli dengan janji dijual kembali/Securities purchased under resale agreements	
		Piutang pembiayaan konsumen/Consumer financing receivables	
		Piutang sewa pembiayaan/Finance lease receivables	
		Aset reasuransi/Reinsurance assets	
		Piutang premi/Premium receivables	
		Tagihan akseptasi/Acceptances receivable	
		Beban dibayar dimuka dan aset lain-lain/Prepayments and other assets	
	Aset keuangan dimiliki hingga jatuh tempo/Held-to-maturity investments	Efek-efek/Marketable securities	
	Aset keuangan tersedia untuk dijual/Available-for-sale financial assets	Efek-efek/Marketable securities	
		Obligasi Pemerintah/Government Bonds	
		Investasi dalam saham/Investments in shares	
	Derivatif lindung nilai/Hedging derivatives	Lindung nilai atas arus kas/Hedging instruments in cash flow hedges	Tagihan derivatif - Terkait lindung nilai atas arus kas/Derivative receivables - Hedging instruments in cash flow hedges related
Liabilitas keuangan/ Financial liabilities	Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi/ Financial liabilities at fair value through profit or loss	Liabilitas keuangan dalam kelompok diperdagangkan/Financial liabilities held for trading	Liabilitas derivatif - Bukan lindung nilai/Derivatives liabilities - Non hedging Liabilitas derivatif - terkait lindung nilai atas arus kas/Derivative liabilities - Hedging instruments in cash flow hedges related
	Liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi/Financial liabilities at amortized cost	Simpanan nasabah/Deposits from customers	
		Simpanan dari bank lain/Deposits from other banks	
		Efek yang dijual dengan janji dibeli kembali/Securities sold under repurchase agreements	
		Utang akseptasi/Acceptances payable	
		Efek yang diterbitkan/Securities issued	
		Pinjaman yang diterima/Borrowings	
		Beban yang masih harus dibayar dan liabilitas lain-lain/Accrued expenses and other liabilities	

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

g. Klasifikasi dan reklasifikasi instrumen keuangan (lanjutan)

Reklasifikasi aset keuangan

Bank dan Entitas Anak diperkenankan untuk mereklasifikasi instrumen keuangan dari kategori instrumen keuangan yang diukur pada nilai wajar melalui laba rugi selama instrumen keuangan tersebut dimiliki atau diterbitkan, jika memenuhi ketentuan tertentu. Aset keuangan yang diukur pada nilai wajar melalui laba rugi dapat diklasifikasikan ke pinjaman yang diberikan dan piutang jika memenuhi ketentuan sebagai pinjaman yang diberikan dan piutang dan terdapat intensi dan kemampuan untuk memiliki aset keuangan untuk masa yang akan datang yang dapat diperkirakan atau sampai jatuh tempo.

Bank dan Entitas Anak tidak boleh mengklasifikasikan aset keuangan sebagai investasi dimiliki hingga jatuh tempo, jika dalam tahun berjalan atau dalam kurun waktu dua tahun sebelumnya, telah menjual atau mereklasifikasi investasi dimiliki hingga jatuh tempo dalam jumlah yang lebih dari jumlah yang tidak signifikan sebelum jatuh tempo (lebih dari jumlah yang tidak signifikan dibandingkan dengan jumlah nilai investasi dimiliki hingga jatuh tempo), kecuali penjualan atau reklasifikasi tersebut:

- (i) dilakukan ketika aset keuangan sudah mendekati jatuh tempo atau tanggal pembelian kembali dimana perubahan suku bunga tidak akan berpengaruh secara signifikan terhadap nilai wajar aset keuangan tersebut;
- (ii) terjadi setelah Bank dan Entitas Anak telah memperoleh secara substansial seluruh jumlah pokok aset keuangan tersebut sesuai jadwal pembayaran atau Bank dan Entitas Anak telah memperoleh pelunasan dipercepat; atau
- (iii) terkait dengan kejadian tertentu yang berada diluar kendali Bank dan Entitas Anak, yang tidak berulang, dan tidak dapat diantisipasi secara wajar oleh Bank dan Entitas Anak.

Aset keuangan yang diklasifikasikan sebagai tersedia untuk dijual dapat direklasifikasi ke pinjaman yang diberikan dan piutang jika memiliki intensi dan kemampuan memiliki aset keuangan untuk masa mendatang yang dapat diperkirakan atau hingga jatuh tempo.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Classification and reclassification of financial instruments (continued)

Reclassification of financial assets

The Bank and Subsidiaries shall reclassify any financial instrument out of the fair value through profit or loss category while it is held or issued, if it could meet the requirements. Financial assets at fair value through profit or loss are reclassified as loans and receivables if they meet the requirements as loans and receivables and there is intention and ability to hold until the foreseeable future or maturity date.

The Bank and Subsidiaries shall not classify any financial assets as held-to-maturity if the entity has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity (more than insignificant in relation to the total amount of held-to-maturity investments) other than sales or reclassifications that:

- (i) are so close to maturity of the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- (ii) occur after the Bank and Subsidiaries have collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- (iii) are attributable to an isolated event that is beyond the Bank and Subsidiaries' control, is non-recurring and could not have been reasonably anticipated by the Bank and Subsidiaries.

Financial assets classified as available-for-sale could be reclassified as loans and receivables if there is intention and ability to hold until the foreseeable future or maturity date.

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g. Klasifikasi dan reklasifikasi instrumen keuangan (lanjutan)

Reklasifikasi aset keuangan (lanjutan)

Reklasifikasi aset keuangan dari kelompok dimiliki hingga jatuh tempo ke kelompok tersedia untuk dijual dicatat sebesar nilai wajarnya. Keuntungan atau kerugian yang belum direalisasi tetap dilaporkan dalam komponen ekuitas sampai aset keuangan tersebut dihentikan pengakuannya, dan pada saat itu, keuntungan atau kerugian kumulatif yang sebelumnya diakui dalam ekuitas harus diakui pada laba rugi tahun berjalan.

Reklasifikasi aset keuangan dari kelompok tersedia untuk dijual ke kelompok dimiliki hingga jatuh tempo dicatat pada nilai tercatat. Keuntungan atau kerugian yang belum direalisasi diamortisasi menggunakan metode suku bunga efektif sampai dengan tanggal jatuh tempo instrumen tersebut.

h. Giro Wajib Minimum

Sesuai dengan Peraturan BI mengenai Giro Wajib Minimum Bank Umum dalam Rupiah dan Mata Uang Asing, Bank diwajibkan untuk menempatkan sejumlah persentase tertentu atas simpanan nasabah pada BI.

i. Giro pada Bank Indonesia dan bank lain

Giro pada Bank Indonesia dan giro pada bank lain setelah pengakuan awal dicatat pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif pada laporan posisi keuangan konsolidasian.

j. Penempatan pada bank lain dan Bank Indonesia

Penempatan pada bank lain dan Bank Indonesia pada awalnya diukur pada nilai wajar ditambah biaya transaksi yang dapat diatribusikan secara langsung dan merupakan biaya tambahan untuk memperoleh aset keuangan tersebut, dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Classification and reclassification of financial instruments (continued)

Reclassification of financial assets (continued)

Reclassification of financial assets from held-to-maturity classification to available-for-sale is recorded at fair value. The unrealized gains or losses are recorded in the equity section and shall be recognized directly in equity section until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized to the current year profit or loss.

Reclassification of financial assets from available-for-sale to held-to-maturity classification is recorded at carrying amount. The unrealized gains or losses are amortized by using effective interest rate method up to the maturity date of that instrument.

h. Statutory Reserves Requirement

In accordance with prevailing BI Regulation concerning Commercial Banks' Statutory Reserves Requirement in Rupiah and Foreign Currency, the Bank is required to place certain percentage of deposits from customers with BI.

i. Current accounts with Bank Indonesia and other banks

Subsequent to initial recognition, current accounts at Bank Indonesia and other banks were carried at amortized cost using effective interest method in the consolidated statements of financial position.

j. Placements with other banks and Bank Indonesia

Placements with other banks and Bank Indonesia are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Efek-efek dan Obligasi Pemerintah

Efek-efek terdiri dari Sertifikat BI ("SBI"), wesel ekspor, obligasi (termasuk obligasi korporasi yang diperdagangkan di bursa efek, obligasi syariah ijarah, dan obligasi syariah mudharabah), *fixed rate notes*, *promissory notes*, dan efek utang lainnya.

Efek-efek dan Obligasi Pemerintah diklasifikasikan sebagai aset keuangan dalam kelompok diperdagangkan, tersedia untuk dijual, dan dimiliki hingga jatuh tempo.

k.1. Diperdagangkan

Efek-efek dan Obligasi Pemerintah yang diklasifikasikan ke dalam kelompok diperdagangkan diakui dan diukur pada nilai wajar di laporan posisi keuangan konsolidasian pada saat pengakuan awal dan setelah pengakuan awal, dengan biaya transaksi yang terjadi diakui langsung di dalam laba rugi tahun berjalan. Keuntungan atau kerugian yang belum direalisasi akibat perubahan nilai wajar efek-efek dan Obligasi Pemerintah yang diperdagangkan diakui sebagai bagian dari keuntungan atau kerugian dari perubahan nilai wajar instrumen keuangan dalam laba rugi tahun berjalan.

k.2. Tersedia untuk dijual dan dimiliki hingga jatuh tempo

Efek-efek dan Obligasi Pemerintah dalam kelompok tersedia untuk dijual dan dimiliki hingga jatuh tempo pada awalnya diukur pada nilai wajar ditambah biaya transaksi dan setelah pengakuan awal dicatat sesuai dengan klasifikasi masing-masing sebagai tersedia untuk dijual atau dimiliki hingga jatuh tempo.

Setelah pengakuan awal, efek-efek dan Obligasi Pemerintah yang diklasifikasikan dalam kelompok tersedia untuk dijual dinyatakan pada nilai wajarnya.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Marketable securities and Government Bonds

Marketable securities consist of BI Certificates ("SBI"), trading export bills, bonds (including corporate bonds traded on the stock exchange, ijarah sharia bonds, and mudharabah sharia bonds), fixed rate notes, promissory notes, and other debt securities.

Marketable securities and Government Bonds are classified as financial assets for trading, available-for-sale, and held-to-maturity.

k.1. Trading

Marketable securities and Government Bonds classified as trading are initially recognized and subsequently measured at fair value in the consolidated statements of financial position with transaction costs taken directly to the current year profit or loss and other comprehensive income for the year. Unrealized gains or losses from changes in fair value of marketable securities and Government Bonds are recognized as part of gain or loss from changes in fair value of financial instruments to the current year profit or loss.

k.2. Available-for-sale and held-to-maturity

Marketable securities and Government Bonds classified as available-for-sale and held-to-maturity are initially measured at fair value plus transaction costs and subsequently accounted for in accordance with their classification either as available-for-sale or held-to-maturity.

After initial recognition, marketable securities and Government Bonds classified as available-for-sale are carried at their fair value.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Efek-efek dan Obligasi Pemerintah (lanjutan)

k.2. Tersedia untuk dijual dan dimiliki hingga jatuh tempo (lanjutan)

Pendapatan bunga diakui dalam laba rugi dengan menggunakan metode suku bunga efektif. Laba atau rugi selisih kurs atas efek-efek utang dan Obligasi Pemerintah yang tersedia untuk dijual diakui laba rugi.

Perubahan nilai wajar lainnya diakui secara langsung sebagai penghasilan komprehensif lain sampai investasi tersebut dijual atau mengalami penurunan nilai, saat dimana keuntungan dan kerugian kumulatif yang sebelumnya diakui sebagai penghasilan komprehensif lain direklasifikasi ke laba rugi sebagai penyesuaian reklasifikasi.

Setelah pengakuan awal, efek-efek dan Obligasi Pemerintah yang diklasifikasikan dimiliki hingga jatuh tempo dicatat pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif. Bila terjadi penjualan atau reklasifikasi dalam jumlah yang lebih dari jumlah yang tidak signifikan dari efek-efek dan Obligasi Pemerintah dalam kelompok dimiliki hingga jatuh tempo yang belum mendekati tanggal jatuh tempo, maka hal ini akan menyebabkan reklasifikasi atas semua efek-efek dan Obligasi Pemerintah yang dimiliki hingga jatuh tempo ke dalam kelompok tersedia untuk dijual, dan Bank/Entitas Anak tidak diperkenankan untuk mengklasifikasikan efek-efek dan Obligasi Pemerintah sebagai dimiliki hingga jatuh tempo untuk tahun berjalan dan untuk kurun waktu dua tahun mendatang.

Nilai wajar ditentukan berdasarkan harga kuotasi pasar yang berlaku. Manajemen akan menentukan nilai wajar efek-efek dan Obligasi Pemerintah berdasarkan model yang dikembangkan secara internal dan estimasi terbaik jika harga pasar yang dapat diandalkan tidak tersedia.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Marketable securities and Government Bonds (continued)

k.2. Available-for-sale and held-to-maturity (continued)

Interest income is recognized to profit or loss and other comprehensive income using the effective interest method. Foreign exchange gains or losses on available-for-sale debt securities and Government Bonds are recognized in profit or loss.

Other fair value changes are recognized directly as other comprehensive income until the investment is sold or impaired, where upon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

After initial recognition, marketable securities and Government Bonds classified as held-to-maturity are carried at amortized cost using effective interest method. Any sale or reclassification of more than an insignificant amount of held-to-maturity marketable securities and Government Bonds not close to their maturity would result in the reclassification of all held-to-maturity marketable securities and Government Bonds as available-for-sale and prevent the Bank/Subsidiaries from classifying marketable securities and Government Bonds as held-to-maturity for the current year and the following two financial years.

Fair values are determined on the basis of quoted market prices. Management will determine the fair value of marketable securities and Government Bonds based upon internal models and best estimates, if a reliable market value is not available.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Efek-efek dan Obligasi Pemerintah (lanjutan)

k.2. Tersedia untuk dijual dan dimiliki hingga jatuh tempo (lanjutan)

Efek-efek dan Obligasi Pemerintah yang diklasifikasikan ke dalam kelompok dimiliki hingga jatuh tempo disajikan pada laporan posisi keuangan konsolidasian berdasarkan harga perolehan, setelah amortisasi premi atau diskonto, dan khusus untuk efek-efek disajikan neto setelah dikurangi cadangan kerugian penurunan nilai.

Amortisasi premi/diskonto untuk efek-efek dan Obligasi Pemerintah yang tersedia untuk dijual dan dimiliki hingga jatuh tempo dilakukan sejak tanggal perolehan sampai dengan tanggal jatuh tempo berdasarkan metode suku bunga efektif.

Penurunan nilai wajar di bawah harga perolehan (termasuk amortisasi premi dan diskonto) yang tidak bersifat sementara dicatat sebagai penurunan permanen nilai investasi dan dibebankan dalam laba rugi tahun berjalan.

Keuntungan dan kerugian yang direalisasi dari penjualan efek-efek dan Obligasi Pemerintah dihitung berdasarkan metode rata-rata tertimbang harga pembelian untuk efek-efek dan Obligasi Pemerintah dalam kelompok untuk diperdagangkan dan tersedia untuk dijual.

k.3. Pinjaman yang diberikan dan piutang

Efek-efek yang diklasifikasikan sebagai pinjaman yang diberikan dan piutang merupakan efek-efek utang yang tidak memiliki kuotasi di pasar aktif dan yang tidak dimiliki untuk dijual.

Setelah pengakuan awal, efek-efek yang diklasifikasikan sebagai pinjaman yang diberikan dan piutang diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Keuntungan dan kerugian yang direalisasi dari penjualan efek-efek dan Obligasi Pemerintah dihitung berdasarkan metode rata-rata tertimbang harga pembelian untuk efek-efek dan Obligasi Pemerintah dalam kelompok untuk diperdagangkan dan tersedia untuk dijual.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Marketable securities and Government Bonds (continued)

k.2. Available-for-sale and held-to-maturity (continued)

Marketable securities and Government Bonds classified as held-to-maturity are presented in the consolidated statements of financial position at acquisition cost, after amortization of premiums or discounts and specifically for marketable securities, presented net of allowance for impairment losses.

Amortization of premium/discount for available-for-sale and held-to-maturity marketable securities and Government Bonds is calculated from the acquisition date until the maturity date using the effective interest method.

The decline in fair value below the acquisition cost (including amortization of premium and discount), which is determined to be other than temporary, is recorded as a permanent decline in the value of investment and charged to the current year profit or loss.

Realized gains and losses from selling of marketable securities and Government Bonds are calculated based on weighted average method of purchase price for marketable securities and Government Bonds classified as trading and available-for-sale.

k.3. Loan and receivables

Marketable securities classified as loan and receivables are debt securities which have no quoted price in active market, and are not held for sale.

After initial recognition, marketable securities classified as loan and receivables are measured at amortized cost using the effective interest method.

Realized gains and losses from selling of marketable securities and Government Bonds are calculated based on weighted average method of purchase price for marketable securities and Government Bonds classified as trading and available-for-sale.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Efek-efek dan Obligasi Pemerintah (lanjutan)

Sejak 1 Januari 2016, Bank dan Entitas Anak menentukan klasifikasi investasi pada sukuk berdasarkan model usaha dengan mengacu pada PSAK No. 110 (Revisi 2015), "Akuntansi Sukuk" sebagai berikut:

- Diukur pada biaya perolehan

Apabila investasi tersebut dimiliki dalam suatu model usaha yang bertujuan utama untuk memperoleh arus kas kontraktual dan terdapat persyaratan kontraktual dalam menentukan tanggal tertentu pembayaran pokok dan/atau hasilnya.

Pada saat pengukuran awal, investasi dicatat sebesar biaya perolehan dan biaya perolehan ini termasuk biaya transaksi. Setelah pengakuan awal, investasi pada sukuk ini diukur pada nilai perolehan yang diamortisasi. Selisih antara biaya perolehan dan nilai nominal diamortisasi secara garis lurus selama jangka waktu instrumen sukuk.

- Nilai wajar melalui laba rugi

Pada saat pengakuan awal, investasi pada sukuk dalam klasifikasi ini dicatat sebesar harga perolehan, namun harga perolehan tersebut tidak termasuk biaya transaksi.

Setelah pengakuan awal, investasi pada sukuk diakui pada nilai wajar. Selisih antara nilai wajar dan jumlah tercatat diakui dalam laba rugi.

- Nilai wajar melalui penghasilan komprehensif lain

Pada saat pengakuan awal, investasi pada sukuk dalam klasifikasi ini dicatat sebesar harga perolehan dan biaya perolehan ini termasuk biaya transaksi.

Setelah pengakuan awal, investasi pada sukuk diakui pada nilai wajar. Selisih antara nilai wajar dan jumlah tercatat diakui dalam penghasilan komprehensif lain. Selisih antara biaya perolehan dan nilai nominal diamortisasi secara garis lurus selama jangka waktu instrumen sukuk dan diakui dalam laba rugi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Marketable securities and Government Bonds (continued)

Effective 1 January 2016, the Bank and Subsidiaries determine the classification of their investment in sukuk based on business model in accordance with SFAS No. 110 (Revised 2015), "Accounting for Sukuk" as follows:

- Acquisition cost

If the investment is held within a business entity that aims to acquire assets in order contractual to collect cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result.

At the initial measurement, the investment is recorded at acquisition cost which includes the transaction cost. After the initial recognition, the investment in sukuk is measured at amortized cost. The difference between acquisition cost and nominal value is amortized using straight- line method during the period of the sukuk instrument.

- Fair value through profit or loss

At the initial recognition, the investment in sukuk is presented at acquisition cost which does not include transaction cost.

After initial recognition, the investment in sukuk is recognized at-fair-value. The difference between fair value and recorded amount is recognized in profit or loss.

- Fair value through other comprehensive income

At the initial recognition, the investment in sukuk is presented at acquisition cost which includes transaction cost.

After initial recognition, the investment in sukuk is recognized at-fair-value. The difference between fair value and recorded amount is recognized in other comprehensive income. The difference between acquisition cost and nominal value is amortized using straight- line method during the period of the sukuk instrument and recognized in profit or loss.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

l. Efek-efek yang dijual dengan janji dibeli kembali dan efek-efek yang dibeli dengan janji dijual kembali

Efek-efek yang dijual dengan janji dibeli kembali (*repo*) disajikan sebagai liabilitas sebesar harga pembelian kembali yang disepakati dikurangi selisih antara harga jual dan harga pembelian kembali yang disepakati. Selisih antara harga jual dan harga pembelian kembali yang disepakati tersebut diamortisasi dengan menggunakan metode suku bunga efektif sebagai beban bunga selama jangka waktu sejak efek-efek tersebut dijual hingga saat dibeli kembali.

Efek-efek yang dibeli dengan janji dijual kembali (*reverse repo*) disajikan sebagai tagihan sebesar harga jual kembali efek-efek yang disepakati dikurangi selisih antara harga beli dan harga jual kembali yang disepakati. Selisih antara harga beli dan harga jual kembali yang disepakati tersebut diamortisasi dengan metode suku bunga efektif sebagai pendapatan bunga selama jangka waktu sejak efek-efek tersebut dibeli hingga dijual kembali.

m. Instrumen keuangan derivatif

Dalam melakukan usaha bisnisnya, Bank melakukan transaksi instrumen keuangan derivatif seperti kontrak tunai dan berjangka mata uang asing, *swaps* mata uang asing, *cross currency swaps*, *swap* suku bunga, dan kontrak *future*. Instrumen derivatif yang dilakukan Bank adalah untuk diperdagangkan dan untuk tujuan lindung nilai terhadap risiko Bank atas *net open position*, risiko *interest rate gap*, risiko *maturity gap* dan risiko lainnya dalam kegiatan operasional Bank. Instrumen derivatif diakui dalam laporan keuangan konsolidasian pada nilai wajar. Untuk memenuhi persyaratan akuntansi lindung nilai, beberapa kriteria tertentu harus dipenuhi, termasuk adanya dokumentasi formal pada awal lindung nilai.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Securities sold under repurchase agreements and securities purchased under resale agreements

Securities sold under repurchase agreements (repo) are presented as liabilities and stated at the agreed repurchase price less the difference between the selling price and agreed repurchase price. The difference between the selling price and agreed repurchase price is amortized using effective interest method as interest expense over the period commencing from the selling date to the repurchase date.

Securities purchased under resale agreements (reverse repo) are presented as receivables and stated at the agreed resale price less the difference between the purchase price and the agreed resale price. The difference between the purchase price and the agreed resale price is amortized using the effective interest method as interest income over the period commencing from the acquisition date to the resale date.

m. Derivative financial instruments

In the normal course of business, the Bank enters into transactions involving derivative financial instruments such as foreign currency spot and forward contracts, foreign currency swaps, cross currency swaps, interest rate swaps, and future contracts. The derivative instruments entered by the Bank were for trading as well as for hedging the Bank's exposures to net open position, interest rate gap risk, maturity gap risk, and other risks in the Bank's daily operations. Derivative instruments are recognized in the consolidated financial statements at fair value. To qualify for hedge accounting, certain criteria are to be met, including formal documentation to be in place at the inception of the hedge.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

m. Instrumen keuangan derivatif (lanjutan)

Akuntansi lindung nilai

Entitas Anak menerapkan akuntansi lindung nilai arus kas. Pada penetapan awal lindung nilai, Bank dan Entitas Anak secara formal mendokumentasikan hubungan antara instrumen lindung nilai dengan *item* yang dilindung nilai, termasuk tujuan manajemen risiko dan strategi dalam melakukan transaksi lindung nilai, bersamaan dengan metode yang akan digunakan untuk menilai efektifitas dari hubungan lindung nilai tersebut. Entitas Anak melakukan penilaian, baik pada awal hubungan lindung nilai maupun secara berkelanjutan, untuk menentukan apakah instrumen lindung nilai tersebut dapat secara efektif menutupi perubahan arus kas dari *item* yang dilindung nilai terkait selama tahun dimana lindung nilai tersebut ditetapkan dan apakah efektifitas setiap lindung nilai berada dalam kisaran 80-125 persen.

Perubahan nilai wajar instrumen derivatif yang tidak memenuhi kriteria lindung nilai dicatat dalam laba rugi tahun berjalan. Jika instrumen derivatif dirancang dan memenuhi syarat akuntansi lindung nilai, perubahan nilai wajar yang berkaitan dengan lindung nilai diakui sebagai penyesuaian terhadap *item* yang dilindungi nilainya dalam penghasilan komprehensif lain tahun berjalan atau disajikan dalam ekuitas, tergantung pada jenis transaksi dan efektifitas dari lindung nilai tersebut.

Pada saat derivatif dirancang sebagai instrumen lindung nilai untuk melindungi perubahan arus kas yang dapat diatribusikan pada risiko tertentu dari aset atau liabilitas yang diakui atau suatu prakiraan transaksi yang dapat mempengaruhi laba rugi, maka bagian efektif dari perubahan nilai wajar dari derivatif diakui sebagai penghasilan komprehensif lainnya. Jumlah yang diakui dalam penghasilan komprehensif lainnya direklasifikasi ke laporan laba rugi sebagai penyesuaian reklasifikasi pada tahun yang sama dimana arus kas yang dilindung nilai tersebut mempengaruhi laba rugi, dan pada baris *item* yang sama pada laporan laba rugi konsolidasian. Setiap bagian yang tidak efektif dalam perubahan nilai wajar derivatif diakui langsung pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

m. Derivative financial instruments (continued)

Hedge accounting

Subsidiary applied cash flow hedge accounting. On initial designation of the hedge, the Bank and Subsidiary formally document the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge transaction, together with the method that will be used to assess the effectiveness of the hedging relationship. Subsidiary make an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the year for which the hedge is designated and whether the actual results of each hedge are within a range of 80-125 percent.

Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognized to the current year profit or loss. If derivative instruments are designated and qualify for hedge accounting, changes in fair value of derivative instruments are recorded as adjustments to the items being hedged in the current year other comprehensive income or in the equity, depending on the type of hedge transaction represented and the effectiveness of the hedge.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income. The amount recognized in other comprehensive income is reclassified to the profit or loss as a reclassification adjustment in the same year as the hedged cash flows affect profit or loss, and in the same line item in the consolidated statement of profit or loss. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

m. Instrumen keuangan derivatif (lanjutan)

Akuntansi lindung nilai (lanjutan)

Jika derivatif lindung nilai kadaluarsa atau dijual, dihentikan atau dilaksanakan, atau pada saat lindung nilai tidak lagi memenuhi kriteria akuntansi lindung nilai arus kas atau pada saat transaksi lindung nilai dibatalkan maka secara prospektif akuntansi lindung nilai dihentikan. Pada saat lindung nilai atas suatu prakiraan transaksi dihentikan, maka jumlah kumulatif yang diakui pada penghasilan komprehensif lainnya sejak tahun dimana lindung nilai tersebut efektif, direklasifikasi dari penghasilan komprehensif lainnya ke laba rugi sebagai penyesuaian reklasifikasi pada saat prakiraan transaksi tersebut terjadi dan mempengaruhi laba rugi. Jika prakiraan transaksi tidak lagi diharapkan akan terjadi, maka saldo di penghasilan komprehensif lainnya langsung direklasifikasi ke laba rugi sebagai penyesuaian reklasifikasi.

n. Pinjaman yang diberikan

Pinjaman yang diberikan pada awalnya diukur pada nilai wajar ditambah biaya transaksi yang dapat diatribusikan secara langsung dan merupakan biaya tambahan untuk memperoleh aset keuangan tersebut, dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Kredit dalam rangka pembiayaan bersama (kredit sindikasi) dinyatakan sebesar biaya perolehan diamortisasi sesuai dengan porsi risiko yang ditanggung oleh Bank.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Derivative financial instruments (continued)

Hedge accounting (continued)

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is cancelled, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction, the cumulative amount recognized in other comprehensive income from the year when the hedge was effective, is reclassified from other comprehensive income to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to profit or loss as a reclassification adjustment.

n. Loans

Loans are initially measured at fair value plus incremental direct transaction cost and subsequently measured at their amortized cost using the effective interest method.

Syndicated loans are stated at amortized cost in accordance with the risk borne by the Bank.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

n. Pinjaman yang diberikan (lanjutan)

Termasuk dalam pinjaman yang diberikan adalah pembiayaan Syariah yang terdiri dari piutang murabahah, Ijarah Muntahiyah Bittamlik, pembiayaan musyarakah, dan pembiayaan mudharabah. Murabahah adalah akad jual beli barang dengan menyatakan harga perolehan dan keuntungan (margin) yang disepakati oleh penjual dan pembeli, dan hanya dapat dilakukan berdasarkan pesanan yang bersifat mengikat. Musyarakah adalah akad kerjasama yang terjadi diantara para pemilik modal (mitra musyarakah) untuk menggabungkan modal dan melakukan usaha secara bersama dalam suatu kemitraan, dengan pembagian keuntungan berdasarkan nisbah yang telah disepakati sebelumnya. Mudharabah adalah akad kerjasama usaha antara Bank sebagai pemilik dana (shahibul maal) dan nasabah sebagai pengelola dana (mudharib) untuk melakukan kegiatan usaha dengan nisbah pembagian hasil (keuntungan atau kerugian) menurut kesepakatan dimuka. Ijarah Muntahiyah Bittamlik adalah akad pemindahan hak guna (manfaat) atas suatu aset dalam waktu tertentu dengan pembayaran sewa yang diikuti dengan janji perpindahan kepemilikan aset yang diijarahkan pada saat tertentu.

Pinjaman yang diberikan dihapusbukukan ketika tidak terdapat prospek yang realistis mengenai pengembalian dimasa datang dan semua jaminan telah direalisasi atau sudah diambil alih. Pinjaman yang tidak dapat dilunasi dihapusbukukan dengan mendebit cadangan kerugian penurunan nilai. Pelunasan kemudian atas pinjaman yang telah dihapusbukukan sebelumnya, dikreditkan ke cadangan kerugian penurunan nilai di laporan posisi keuangan konsolidasian.

Restrukturisasi kredit meliputi modifikasi persyaratan kredit, konversi kredit menjadi saham atau instrumen keuangan lainnya dan/atau kombinasi dari keduanya.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Loans (continued)

Included in the loans is Sharia financing which consists of murabahah receivables, Ijarah Muntahiyah Bittamlik, musyarakah financing, and mudharabah financing. Murabahah is an agreement for the sale and purchase of goods between the buyer and the seller at the agreed cost and margin, and only can be done based on agreed order. Musyarakah is an agreement between investors (musyarakah partners) to join the capital in a partnership, at an agreed predefined term of nisbah. Mudharabah is an agreement between the Bank as an investor (shahibul maal) and customer as a fund manager (mudharib) to run a business with pre-defined terms of nisbah (gain or loss). Ijarah Muntahiyah Bittamlik is an agreement to obtain profit on the leased object being leased with an option to transfer ownership of the leased object at certain time.

Loans are written off when there are no realistic prospects of future recovery and all collateral have been realized or have been foreclosed. When loans are deemed uncollectible, they are written off against the related allowance for impairment losses. Subsequent recoveries of loans written off are credited to the allowance for impairment losses in the consolidated statements of financial position.

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

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n. Pinjaman yang diberikan (lanjutan)

Kredit yang direstrukturisasi disajikan sebesar nilai yang lebih rendah antara nilai tercatat kredit pada tanggal restrukturisasi atau nilai tunai penerimaan kas masa depan setelah restrukturisasi. Kerugian akibat selisih antara nilai tercatat kredit pada tanggal restrukturisasi dengan nilai tunai penerimaan kas masa depan setelah restrukturisasi diakui dalam laba rugi. Setelah restrukturisasi, semua penerimaan kas masa depan yang ditetapkan dalam persyaratan baru dicatat sebagai pengembalian pokok kredit yang diberikan dan pendapatan bunga sesuai dengan syarat-syarat restrukturisasi.

o. Investasi dalam saham

Investasi dalam saham yang diklasifikasikan sebagai aset keuangan tersedia untuk dijual dicatat sebesar biaya perolehan setelah pengakuan awalnya karena terdiri dari efek ekuitas tanpa harga kuotasi yang nilai wajarnya tidak dapat diukur secara andal, kecuali untuk investasi dalam saham tertentu yang memiliki harga kuotasi dicatat sebesar nilai wajar setelah pengakuan awalnya.

Dividen kas yang diterima atas investasi dalam saham diakui sebagai pendapatan.

p. Cadangan kerugian penurunan nilai aset keuangan

Pada setiap tanggal pelaporan, Bank dan Entitas Anak mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan yang tidak dicatat pada nilai wajar melalui laba rugi telah mengalami penurunan nilai. Aset keuangan mengalami penurunan nilai jika bukti obyektif menunjukkan bahwa peristiwa yang merugikan telah terjadi setelah pengakuan awal aset keuangan, dan peristiwa tersebut berdampak pada arus kas masa datang atas aset keuangan yang dapat diestimasi secara andal.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Loans (continued)

Restructured loans are stated at the lower of carrying value of the loan at the time of restructuring or net present value of the total future cash receipts after restructuring. Losses arising from any excess of the carrying value of the loan at the time of restructuring over the net present value of the total future cash receipts after restructuring are recognized to profit or loss. Thereafter, all cash receipts under the new terms shall be accounted for as the recovery of principal and interest income, in accordance with the restructuring scheme.

o. Investments in shares

Investments in shares classified as available-for-sale financial asset is carried at cost after its initial recognition as it consists of unquoted equity securities whose fair value cannot be reliably measured, except for certain investment in shares that has quoted price which accounted for at fair value after initial recognition.

Cash dividend received from investment in shares is recognized as income.

p. Allowance for impairment losses of financial assets

At each reporting date, the Bank and Subsidiaries assess whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and the loss event has an impact on the future cash flows on the assets that can be estimated reliably.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

p. Cadangan kerugian penurunan nilai aset keuangan (lanjutan)

Bukti obyektif bahwa aset keuangan mengalami penurunan nilai meliputi wanprestasi atau tunggakan pembayaran oleh debitur, restrukturisasi kredit atau dengan persyaratan yang diberikan oleh Bank dan Entitas Anak yang tidak mungkin diberikan jika debitur tidak mengalami kesulitan keuangan, indikasi bahwa debitur atau penerbit akan dinyatakan pailit, hilangnya pasar aktif dari aset keuangan akibat kesulitan keuangan, atau data yang dapat diobservasi lainnya yang terkait dengan kelompok aset keuangan seperti memburuknya status pembayaran debitur atau penerbit dalam kelompok tersebut, atau kondisi ekonomi yang berkorelasi dengan wanprestasi atas aset dalam kelompok tersebut.

Bank dan Entitas Anak menentukan bukti penurunan nilai atas aset keuangan secara individual dan kolektif. Evaluasi penurunan nilai terhadap aset keuangan yang signifikan dilakukan secara individual.

Semua aset keuangan yang signifikan secara individual yang tidak mengalami penurunan nilai secara individual dievaluasi secara kolektif untuk menentukan penurunan nilai yang sudah terjadi namun belum diidentifikasi. Aset keuangan yang tidak signifikan secara individual akan dievaluasi secara kolektif untuk menentukan penurunan nilainya dengan mengelompokkan aset keuangan tersebut berdasarkan karakteristik risiko yang serupa.

Dalam menentukan penurunan nilai secara kolektif, Bank dan Entitas Anak menggunakan model statistik dari data historis atas *probability of default*, saat pemulihan dan jumlah kerugian yang terjadi, yang disesuaikan dengan pertimbangan manajemen mengenai apakah kondisi ekonomi dan kredit saat ini mungkin menyebabkan kerugian aktual lebih besar atau lebih kecil daripada yang dihasilkan oleh model statistik. Tingkat wanprestasi, tingkat kerugian pada saat pemulihan yang diharapkan di masa datang secara berkala dibandingkan dengan hasil aktual yang diperoleh untuk memastikan bahwa model statistik yang digunakan masih memadai.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Allowance for impairment losses of financial assets (continued)

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan by the Bank and Subsidiaries on terms that the Bank and Subsidiaries would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security due to financial difficulties, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Bank and Subsidiaries consider evidence of impairment for financial assets at both specific and collective level. All individually significant financial assets are assessed for specific impairment.

All individually significant financial assets not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together such financial assets with similar risk characteristics.

In assessing collective impairment, the Bank and Subsidiaries use statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

p. Cadangan kerugian penurunan nilai aset keuangan (lanjutan)

Kerugian penurunan nilai atas aset keuangan yang dicatat pada biaya perolehan diamortisasi diukur sebesar selisih antara nilai tercatat aset keuangan dengan nilai kini estimasi arus kas masa datang yang didiskonto menggunakan suku bunga efektif awal dari aset keuangan tersebut. Kerugian yang terjadi diakui pada laba rugi dan dicatat pada akun cadangan kerugian penurunan nilai atas aset keuangan yang dicatat pada biaya perolehan diamortisasi. Pendapatan bunga atas aset keuangan yang mengalami penurunan nilai tetap diakui atas dasar suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam pengukuran kerugian penurunan nilai. Ketika peristiwa yang terjadi setelah penurunan nilai menyebabkan jumlah kerugian penurunan nilai berkurang, kerugian penurunan nilai yang sebelumnya diakui harus dipulihkan dan pemulihan tersebut diakui pada laba rugi.

Kerugian penurunan nilai atas efek-efek yang tersedia untuk dijual diakui dengan mengeluarkan kerugian kumulatif yang telah diakui secara langsung sebagai penghasilan komprehensif lain ke laba rugi sebagai penyesuaian reklasifikasi. Jumlah kerugian kumulatif yang direklasifikasi dari penghasilan komprehensif lain ke laba rugi merupakan selisih antara biaya perolehan, setelah dikurangi pelunasan pokok dan amortisasi, dengan nilai wajar kini, dikurangi kerugian penurunan nilai aset keuangan yang sebelumnya telah diakui pada laba rugi. Perubahan pada cadangan kerugian penurunan nilai yang berasal dari nilai waktu dinyatakan sebagai komponen dari pendapatan bunga.

Jika, pada tahun berikutnya, nilai wajar efek utang yang diklasifikasikan dalam kelompok tersedia untuk dijual yang mengalami penurunan nilai meningkat dan peningkatan tersebut dapat secara obyektif dihubungkan dengan peristiwa yang terjadi setelah pengakuan kerugian penurunan nilai pada laba rugi, maka kerugian penurunan nilai tersebut harus dipulihkan dan pemulihan tersebut diakui pada laba rugi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Allowance for impairment losses of financial assets (continued)

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the financial assets' original effective interest. Losses are recognized to profit or loss and reflected in the allowance account against financial assets carried at amortized cost. Interest on the impaired financial asset continued to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale marketable securities are recognized by transferring the cumulative losses that have been recognized directly as other comprehensive income to profit or loss as a reclassification adjustment. The cumulative losses that are reclassified from other comprehensive income to profit or loss are the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized to profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent year, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of reversal recognized in profit or loss.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

p. Cadangan kerugian penurunan nilai aset keuangan (lanjutan)

Jika persyaratan kredit, piutang atau efek yang dimiliki hingga jatuh tempo dinegosiasi ulang atau dimodifikasi karena debitur atau penerbit mengalami kesulitan keuangan, maka penurunan nilai diukur dengan suku bunga efektif awal yang digunakan sebelum persyaratan diubah.

Penyesuaian atas cadangan kerugian penurunan nilai dari aset dicatat dalam tahun dimana penyesuaian tersebut diketahui atau dapat ditaksir secara wajar. Penyesuaian ini termasuk penambahan cadangan kerugian penurunan nilai, maupun pemulihan aset yang telah dihapusbukukan.

Usaha syariah

Aset produktif perbankan syariah terdiri dari giro pada Bank Indonesia, Sertifikat Bank Indonesia, efek-efek, piutang *Islamic Banking* ("iB"), piutang iB lainnya, pembiayaan iB dan transaksi rekening administratif yang mempunyai risiko kredit.

Sesuai dengan peraturan Otoritas Jasa Keuangan (OJK) yang baru No. 16/POJK.03/2014 tanggal 18 November 2014 dan Surat Edaran OJK No. 8/SEOJK.03/2015 tanggal 10 Maret 2015 tentang Penilaian Kualitas Aset Bank Umum Syariah dan Unit Usaha Syariah, yang berlaku sejak 1 Januari 2015, Bank wajib membentuk cadangan kerugian sesuai dengan standar akuntansi keuangan yang berlaku. Khusus untuk piutang dengan akad murabahah yang merupakan pembiayaan dimana identifikasi dan pengukuran kerugian penurunan nilainya dievaluasi secara individual, dilakukan sesuai dengan PSAK No. 102 (Amandemen 2016) yang mengacu pada PSAK No. 55 (Revisi 2014) yang secara prospektif diterapkan sejak tanggal 1 Januari 2014, sedangkan cadangan penghapusan aset produktif yang dibentuk untuk akad lainnya mengacu sebagai berikut:

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Allowance for impairment losses of financial assets (continued)

If the terms of a loan, receivable or held-to-maturity securities are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest before the modification of terms.

Adjustments to the allowance for impairment losses from assets are reported in the year such adjustments become known or can be reasonably estimated. These adjustments include additional allowance for impairment losses, as well as recoveries of previously written off assets.

Sharia business

Productive assets of sharia banking include current accounts with Bank Indonesia, Certificates of Bank Indonesia, marketable securities, Islamic Banking ("iB") receivables, other iB receivables, iB financing and off-balance sheet transactions which contain credit risk.

In accordance with the Financial Services Authority (OJK) new regulation No.16/POJK.03/2014 dated 18 November 2014 and OJK Circular Letter No.8/SEOJK.03/2015 dated 10 March 2015 concerning Asset Quality Assessment on Sharia Bank and Sharia Business Unit, which is applied starting 1 January 2015, the Bank is required to provide an allowance for impairment losses in accordance with prevailing accounting standards. Specifically for murabahah receivables that represents financing for identification and measurement of the impairment losses is evaluated individually, the allowance for impairment losses is provided based on SFAS No. 102 (Amendment 2016) which refers to SFAS No. 55 (Revised 2014) and which has been adopted prospectively since 1 January 2014, whereas the allowance for impairment losses on productive assets for other agreement is calculated using the following guidelines:

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

p. Cadangan kerugian penurunan nilai aset keuangan (lanjutan)

- i. Cadangan umum sekurang-kurangnya 1% dari aset produktif dan transaksi rekening administratif yang digolongkan lancar.
- ii. Cadangan khusus untuk aset produktif dan transaksi rekening administratif:

Klasifikasi	Persentase minimum cadangan/ Minimum percentage of allowance	Classification
Dalam perhatian khusus	5%	Special mention
Kurang lancar	15%	Substandard
Diragukan	50%	Doubtful
Macet	100%	Loss

Cadangan khusus untuk aset produktif dan transaksi rekening administratif yang mempunyai risiko kredit yang digolongkan sebagai dalam perhatian khusus, kurang lancar, diragukan, dan macet dihitung atas jumlah pokok pinjaman yang diberikan setelah dikurangi dengan nilai agunan yang diperkenankan. Pencadangan tidak dibentuk untuk porsi fasilitas yang dijamin dengan agunan tunai.

Bank dan Entitas Anak menghapusbukan saldo aset keuangan beserta cadangan kerugian penurunan nilai terkait pada saat Bank dan Entitas Anak menentukan bahwa pinjaman yang diberikan, piutang pembiayaan konsumen, piutang sewa pembiayaan atau efek-efek utang tersebut tidak dapat lagi ditagih. Keputusan ini diambil setelah mempertimbangkan informasi terkait seperti telah terjadinya perubahan signifikan atas posisi keuangan debitur/penerbit yang mengakibatkan debitur/penerbit tidak lagi dapat melunasi liabilitasnya, atau hasil penjualan agunan tidak akan cukup untuk melunasi seluruh eksposurnya.

q. Cadangan kerugian penurunan nilai atas aset yang bukan aset keuangan

Nilai tercatat dari aset yang bukan aset keuangan milik Bank dan Entitas Anak, kecuali aset pajak tangguhan, ditelaah setiap tanggal pelaporan untuk menentukan apakah terdapat indikasi penurunan nilai. Jika indikasi tersebut ada, maka nilai yang dapat dipulihkan dari aset tersebut akan diestimasi. Untuk *goodwill* dan aset takberwujud yang memiliki masa manfaat yang tidak dapat ditentukan atau tidak tersedia untuk digunakan, maka nilai yang dapat dipulihkan harus diestimasi setiap tahunnya pada saat yang sama.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Allowance for impairment losses of financial assets (continued)

- i. General allowance at a minimum of 1% of productive assets and off-balance sheet transactions that are classified as current.
- ii. Specific allowance for productive assets and off-balance sheet transactions:

Specific allowance for productive assets and off-balance sheet transactions with credit risk classified as special mention, substandard, doubtful, and loss is calculated on total loan principal after deducting the value of allowable collateral. No allowance is provided for any portion of facility backed by cash collateral.

The Bank and Subsidiaries write off financial assets and any related allowance for impairment losses when the Bank and Subsidiaries determine that those loans, consumer financing receivables, finance lease receivables or debt securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

q. Allowance for impairment losses on non-financial assets

The carrying amounts of the Bank and Subsidiaries' non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

q. Cadangan kerugian penurunan nilai atas aset yang bukan aset keuangan (lanjutan)

Nilai yang dapat diperoleh kembali dari suatu aset atau unit penghasil kas adalah sebesar jumlah yang lebih tinggi antara nilai pakainya dan nilai wajar aset atau unit penghasil kas dikurangi biaya untuk menjual. Dalam menilai nilai pakai, estimasi arus kas masa depan didiskontokan ke nilai sekarang dengan menggunakan tingkat diskonto sebelum pajak yang mencerminkan penilaian pasar saat ini terhadap nilai kas kini dan risiko spesifik terhadap aset tersebut.

Untuk tujuan pengujian penurunan nilai, aset yang tidak dapat diuji secara individual akan digabungkan dalam kelompok yang paling kecil yang memberikan arus kas masuk dari penggunaan berkelanjutan yang sebagian besar independen terhadap arus kas masuk atas aset atau kelompok aset lainnya ("unit penghasil kas" atau "UPK"). Untuk tujuan penilaian penurunan nilai dari *goodwill*, UPK yang memperoleh alokasi *goodwill* akan dijumlahkan sehingga tingkat dimana penurunan nilai diuji menunjukkan tingkat terendah dimana *goodwill* tersebut dipantau untuk tujuan pelaporan internal. *Goodwill* yang diperoleh dari kombinasi bisnis akan dialokasikan ke kelompok UPK yang diharapkan untuk mendapatkan manfaat dari sinergi atas kombinasi tersebut.

Cadangan penurunan nilai diakui jika nilai tercatat dari suatu aset atau UPK melebihi nilai yang dapat diperoleh kembali. Cadangan penurunan nilai diakui pada laba rugi tahun berjalan. Cadangan penurunan nilai *goodwill* yang diakui sehubungan dengan UPK akan dialokasikan pertama kali untuk mengurangi nilai tercatat dari *goodwill* yang dialokasikan ke UPK dan kemudian mengurangi nilai tercatat dari aset lainnya di dalam unit tersebut (kelompok unit) secara pro rata.

Cadangan penurunan nilai sehubungan dengan *goodwill* tidak dapat dipulihkan. Sehubungan dengan aset lainnya, cadangan penurunan nilai yang diakui pada tahun sebelumnya dinilai pada setiap tanggal pelaporan untuk melihat adanya indikasi bahwa kerugian telah menurun atau tidak ada lagi. Kerugian penurunan nilai dipulihkan jika terdapat perubahan estimasi yang digunakan dalam menentukan nilai yang dapat dipulihkan.

Cadangan kerugian penurunan nilai, kecuali *goodwill*, dijurnal balik hanya hingga nilai tercatat aset tidak melebihi nilai tercatat yang telah ditentukan, dikurangi dengan depresiasi atau amortisasi, jika cadangan penurunan nilai tidak pernah diakui.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Allowance for impairment losses on non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses of goodwill are recognized in the current year profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior year are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss, except goodwill, is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

r. Piutang pembiayaan konsumen

Piutang pembiayaan konsumen merupakan jumlah piutang setelah dikurangi dengan bagian pembiayaan bersama, pendapatan pembiayaan konsumen yang belum diakui dan cadangan kerugian penurunan nilai.

Piutang pembiayaan konsumen diklasifikasikan sebagai pinjaman yang diberikan dan piutang, dan setelah pengakuan awal, dicatat pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif (Catatan 2.f.4).

Pendapatan pembiayaan konsumen yang belum diakui merupakan selisih antara jumlah keseluruhan pembayaran angsuran yang akan diterima dari konsumen dan jumlah pokok pembiayaan, yang diakui sebagai pendapatan selama jangka waktu kontrak berdasarkan tingkat suku bunga efektif dari piutang pembiayaan konsumen.

Termasuk dalam piutang pembiayaan konsumen adalah piutang pembiayaan murabahah. Murabahah adalah akad jual beli barang dengan harga jual sebesar biaya perolehan ditambah keuntungan yang disepakati dan Entitas Anak harus mengungkapkan biaya perolehan barang tersebut kepada konsumen. Pada saat akad murabahah, piutang pembiayaan murabahah diakui sebesar biaya perolehan ditambah keuntungan (marjin). Keuntungan murabahah diakui selama periode akad berdasarkan pengakuan marjin dari piutang pembiayaan murabahah.

Akad murabahah secara substansi merupakan suatu pembiayaan, sehingga pengakuan marjin dilakukan berdasarkan standar yang mengatur pembiayaan, seperti yang disebutkan di kebijakan pembiayaan konsumen.

Penyelesaian kontrak sebelum masa pembiayaan konsumen berakhir diperlakukan sebagai pembatalan kontrak pembiayaan konsumen dan keuntungan yang timbul diakui dalam laba rugi tahun berjalan.

Piutang pembiayaan konsumen akan dihapusbukukan setelah menunggak lebih dari 210 hari. Penerimaan dari piutang yang telah dihapusbukukan diakui sebagai pendapatan lain-lain pada saat diterima.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Consumer financing receivables

Consumer financing receivables are stated at net of joint financing, unearned consumer financing income and allowance for impairment losses.

Consumer financing receivables are classified as loans and receivables, and subsequent to initial recognition, are carried at amortized cost using the effective interest method (Note 2.f.4).

Unearned consumer financing income represents the difference between total installments to be received from the consumer and the principal amount financed, which is recognized as income over the term of the contract based on effective interest rate of the related consumer financing receivable.

Included in consumer financing receivables are murabahah financing receivables. Murabahah is goods sell-buy contract with a sold price amounting to acquisition cost plus agreed margin and the Subsidiary must disclose the acquisition cost to consumer. When the murabahah contract is signed, murabahah financing receivables are recognized at acquisition cost plus agreed margin. Murabahah margin is recognized over the period of the contract based on margin of the murabahah financing receivables.

Substantially, murabahah contract is a financing, so that margin recognition is based on standards which regulate financing, as mentioned in consumer financing policy.

Early termination of a contract is treated as a cancellation of an existing contract and the resulting gain is recognized in the current year profit or loss.

Consumer financing receivables will be written off when they are overdue for more than 210 days. Recoveries from written off receivables are recognized as other income upon receipt.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

r. Piutang pembiayaan konsumen (lanjutan)

Pembiayaan bersama

Seluruh kontrak pembiayaan bersama yang dilakukan oleh Entitas Anak merupakan pembiayaan bersama tanpa tanggung renteng (*without recourse*) dimana hanya porsi jumlah angsuran piutang yang dibiayai Entitas Anak yang dicatat sebagai piutang pembiayaan konsumen di laporan posisi keuangan konsolidasian (pendekatan neto). Pendapatan dan beban pembiayaan konsumen serta pendapatan marjin dan beban marjin Murabahah disajikan pada laba rugi setelah dikurangi dengan bagian yang merupakan hak pihak-pihak lain yang berpartisipasi pada transaksi pembiayaan bersama.

s. Sewa pembiayaan

Penentuan apakah suatu perjanjian merupakan perjanjian sewa atau perjanjian yang mengandung sewa didasarkan atas substansi perjanjian pada tanggal awal sewa dan apakah pemenuhan perjanjian tergantung pada penggunaan suatu aset dan perjanjian tersebut memberikan suatu hak untuk menggunakan aset tersebut. Suatu sewa diklasifikasikan sebagai sewa pembiayaan jika sewa tersebut mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset. Suatu sewa diklasifikasikan sebagai sewa operasi jika sewa tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset.

Entitas Anak mengakui aset berupa piutang sewa pembiayaan di laporan posisi keuangan sebesar jumlah yang sama dengan investasi sewa neto. Penerimaan piutang sewa diperlakukan sebagai pembayaran pokok dan penghasilan sewa pembiayaan. Pengakuan penghasilan sewa pembiayaan didasarkan pada suatu pola yang mencerminkan suatu tingkat pengembalian periodik yang konstan atas investasi neto. Entitas Anak bertindak sebagai lessor dalam sewa pembiayaan.

Bila terjadi wanprestasi, piutang sewa pembiayaan dapat diselesaikan dengan menjual kendaraan yang dibiayai oleh Entitas Anak.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Consumer financing receivables (continued)

Joint financing

All joint financing contracts entered by the Subsidiaries represent joint financing without recourse in which only the Subsidiaries' financing portion of the total installments is recorded as consumer financing receivables in the consolidated statements of financial position (net approach). Consumer financing income and expense and Murabahah margin income and margin expense are presented in profit or loss after deducting the portions belonging to other parties who participated to these joint financing transactions.

s. Finance leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Leases are classified as finance leases if the leases transfer substantially all the risks and rewards incidental to ownership of the leased assets. Leases are classified as operating leases if the leases do not transfer substantially all the risks and rewards incidental to ownership of the leased assets.

The Subsidiary recognized assets held under a finance lease receivables in its statement of financial position and presented them as a receivable at an amount equal to the net investment in the lease. Payment of the lease receivable is treated as repayment of principal and financing lease income. The recognition of financing lease income is based on a pattern reflecting a constant periodic rate of return on the Subsidiary's net investment in the financing lease. The Subsidiary acts as a lessor in finance leases.

In the events of default, finance lease receivables could be settled by selling the motor vehicle that financed by the Subsidiary.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

t. Piutang premi

Setelah pengakuan awal, piutang premi Entitas Anak diukur sebesar biaya perolehan diamortisasi, dengan menggunakan metode suku bunga efektif. Nilai tercatat dari piutang premi ditelaah untuk penurunan nilai jika terdapat peristiwa atau situasi yang mengindikasikan bahwa nilai tercatat mungkin tidak dapat diperoleh kembali, dengan kerugian penurunan nilai yang terjadi dicatat pada laba rugi.

u. Aset takberwujud

Aset takberwujud terdiri dari *goodwill* dan perangkat lunak yang dibeli Bank dan Entitas Anak.

u.1. Goodwill

Goodwill merupakan selisih lebih antara harga perolehan investasi dan bagian Bank atas nilai wajar aset neto Entitas Anak yang diakuisisi pada tanggal akuisisi. Kepentingan nonpengendali diukur pada proporsi kepemilikan kepentingan nonpengendali atas aset neto teridentifikasi pada tanggal akuisisi.

Goodwill untuk selanjutnya disajikan sebesar harga perolehan dikurangi dengan akumulasi penurunan nilai.

Goodwill diuji penurunan nilai setiap tahun dan ketika terdapat indikasi penurunan nilai. *Goodwill* dialokasikan pada setiap unit penghasil kas atau kelompok unit penghasil kas untuk tujuan uji penurunan nilai.

u.2. Perangkat lunak

Perangkat lunak yang dibeli oleh Bank dan Entitas Anak dicatat sebesar biaya perolehan dikurangi akumulasi amortisasi dan akumulasi kerugian penurunan nilai.

Pengeluaran untuk modifikasi perangkat lunak secara internal diakui sebagai aset ketika Bank dan Entitas Anak dapat mendemonstrasikan maksud dan kemampuannya untuk menyelesaikan pengembangan dan memakai perangkat lunak tersebut dalam menghasilkan keuntungan ekonomis dimasa mendatang, dan dapat secara andal mengukur biaya untuk menyelesaikan pengembangan. Biaya yang dikapitalisasi dari pengembangan perangkat lunak secara internal mencakup semua biaya yang dapat diatribusikan langsung yang dinyatakan pada biaya yang dikapitalisasi dikurangi akumulasi amortisasi dan penurunan nilai.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Premium receivables

Subsequent to initial recognition, premium receivables of the Subsidiary are measured at amortized cost, using the effective interest method. The carrying value of premium receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss.

u. Intangible assets

Intangible assets consist of goodwill and software acquired by the Bank and Subsidiaries.

u.1. Goodwill

Goodwill represents the excess of the acquisition cost over the Bank's share of fair value of the acquired Subsidiaries' net assets at the date of acquisition. Non-controlling interest are measured at their proportionate share of the net identifiable assets at the acquisition date.

Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and whenever there is indication of impairment. *Goodwill* is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing.

u.2. Software

Software acquired by the Bank and Subsidiaries is stated at cost less accumulated amortization and accumulated impairment losses.

Expenditure on internal modification software is recognized as an asset when the Bank and Subsidiaries are able to demonstrate their intention and ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to develop the software, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment losses.

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u. Aset takberwujud (lanjutan)

Pengeluaran selanjutnya untuk perangkat lunak akan dikapitalisasi hanya jika pengeluaran tersebut menambah manfaat ekonomis aset yang bersangkutan di masa mendatang. Semua pengeluaran lainnya dibebankan pada saat terjadinya.

Amortisasi diakui dalam laba rugi dengan menggunakan metode garis lurus sepanjang masa manfaat dari perangkat lunak tersebut, dari tanggal perangkat lunak tersebut tersedia untuk dipakai. Estimasi masa manfaat dari perangkat lunak adalah lima tahun.

Metode amortisasi, estimasi masa manfaat, dan nilai residual ditelaah pada setiap akhir tahun pelaporan dan disesuaikan jika dianggap tepat.

v. Aset tetap dan penyusutan

Aset tetap pada awalnya dinyatakan sebesar harga perolehan. Setelah pengukuran awal, aset tetap diukur dengan model biaya, dicatat pada harga perolehan dikurangi akumulasi penyusutan dan akumulasi penurunan nilai.

Harga perolehan mencakup harga pembelian dan semua beban yang terkait secara langsung untuk membawa aset tersebut ke lokasi dan kondisi yang diperlukan untuk memungkinkan aset tersebut beroperasi sebagaimana ditentukan oleh manajemen.

Tanah dinyatakan sebesar harga perolehan dan tidak disusutkan.

Penyusutan aset tetap selain tanah dihitung dengan menggunakan metode garis lurus untuk mengalokasikan harga perolehan hingga mencapai nilai sisa yang diestimasikan sebesar nihil, sepanjang estimasi masa manfaatnya sebagai berikut:

	Tahun/Years	
Bangunan	20	Buildings
Perlengkapan kantor	4-5	Office equipment
Kendaraan bermotor	3-5	Motor vehicles

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u. Intangible assets (continued)

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of software is five years.

Amortization method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

v. Fixed assets and depreciation

Fixed assets are initially recognized at acquisition cost. After initial measurement, fixed assets are measured using the cost model, carried at their cost less any accumulated depreciation and accumulated impairment losses.

Acquisition cost includes purchase price and any costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is stated at cost and not depreciated.

Depreciation of fixed assets other than land is calculated on the straight-line method to allocate their cost until they reach their residual values which is expected to be nil, over their estimated useful lives as follows:

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v. Aset tetap dan penyusutan (lanjutan)

Apabila aset tetap tidak digunakan lagi atau dijual, maka nilai tercatat dan akumulasi penyusutannya dikeluarkan dari laporan posisi keuangan konsolidasian, dan keuntungan atau kerugian yang terjadi diakui dalam laba rugi.

Akumulasi biaya pengembangan aset tetap dikapitalisasi sebagai aset dalam penyelesaian. Beban tersebut direklasifikasi ke aset tetap pada saat proses konstruksi selesai. Penyusutan mulai dibebankan pada bulan yang sama.

Beban perbaikan dan pemeliharaan dibebankan ke dalam laporan laba rugi tahun berjalan. Beban renovasi dan penambahan yang jumlahnya signifikan dicatat sebagai bagian dari nilai tercatat aset yang bersangkutan apabila kemungkinan besar Bank dan Entitas Anak akan mendapatkan manfaat ekonomi masa depan dari aset tersebut yang melebihi standar kinerja yang diperkirakan sebelumnya.

Estimasi umur ekonomis, metode penyusutan, dan nilai residu telah ditelaah pada setiap akhir tahun pelaporan dan disesuaikan jika dianggap tepat.

w. Agunan yang diambil alih

Agunan yang diambil alih sehubungan dengan penyelesaian kredit dinyatakan berdasarkan nilai terendah antara nilai tercatat pinjaman yang diberikan terkait atau nilai realisasi neto dari agunan yang diambil alih. Nilai realisasi neto adalah nilai wajar agunan yang diambil alih setelah dikurangi beban pelepasan. Selisih lebih antara nilai tercatat dan nilai realisasi neto dicatat sebagai cadangan penurunan nilai atas agunan yang diambil alih dan dibebankan pada laba rugi tahun berjalan. Secara umum, Bank tidak menggunakan aset yang diambil alih untuk kepentingan bisnis.

Beban-beban sehubungan dengan perolehan dan pemeliharaan agunan yang diambil alih tersebut dibebankan pada saat terjadinya.

x. Tagihan dan utang akseptasi

Tagihan dan utang akseptasi setelah pengakuan awal dicatat pada biaya perolehan diamortisasi.

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v. Fixed assets and depreciation (continued)

When fixed assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the consolidated statements of financial position, and the resulting gains or losses are recognized in profit or loss.

The accumulated costs of the construction of fixed assets are capitalized as construction in progress. These costs are reclassified to fixed assets when the construction is completed. Depreciation is charged from such month.

Repair and maintenance costs are charged to profit or loss. Significant cost of renovation and betterments is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing assets will flow to the Bank and Subsidiaries.

Estimation of economic life, depreciation method, and residual value are reviewed at each financial year-end and adjusted if appropriate.

w. Foreclosed assets

Foreclosed assets acquired in conjunction with settlement of loans are stated at the lower of related loans' carrying value or net realizable value of the foreclosed assets. Net realizable value is the fair value of the foreclosed assets after deducting the estimated cost of disposal. The excess between the carrying value and the net realizable value is recorded as allowance for decline in value of foreclosed assets and is charged to the current year profit or loss. In general, the Bank does not utilize foreclosed assets for business use.

Expenses in relation with the acquisition and maintenance of those foreclosed assets are charged to expense as incurred.

x. Acceptances receivable and payable

Acceptances receivable and payable after initial recognition are carried at amortized cost.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

y. Simpanan nasabah dan simpanan dari bank lain

Simpanan nasabah dan simpanan dari bank lain pada awalnya diukur pada nilai wajar ditambah biaya transaksi yang dapat diatribusikan secara langsung dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

z. Pendapatan dan beban bunga

Pendapatan dan beban bunga diakui dalam laporan laba rugi dengan menggunakan metode suku bunga efektif. Suku bunga efektif adalah tingkat suku bunga yang secara tepat mendiskontokan estimasi pembayaran dan penerimaan kas di masa datang selama perkiraan umur dari aset keuangan atau liabilitas keuangan (atau, jika lebih tepat, digunakan tahun yang lebih singkat) untuk memperoleh nilai tercatat dari aset keuangan atau liabilitas keuangan. Pada saat menghitung suku bunga efektif, Bank dan Entitas Anak mengestimasi arus kas di masa datang dengan mempertimbangkan seluruh persyaratan kontraktual dalam instrumen keuangan tersebut, tetapi tidak mempertimbangkan kerugian kredit di masa mendatang.

Pendapatan dan beban bunga yang disajikan di dalam laba rugi meliputi:

- Bunga atas aset keuangan dan liabilitas keuangan yang dicatat pada biaya perolehan diamortisasi yang dihitung dengan menggunakan metode suku bunga efektif;
- Bunga atas aset keuangan untuk tujuan investasi yang tersedia untuk dijual yang dihitung dengan menggunakan metode suku bunga efektif;
- Bunga atas semua aset yang diklasifikasikan dalam kelompok diperdagangkan. Pendapatan bunga dari semua aset keuangan yang diperdagangkan dipandang tidak signifikan terhadap kegiatan perdagangan Bank.

Pendapatan bunga atas aset keuangan yang mengalami penurunan nilai diakui menggunakan suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam pengukuran kerugian penurunan nilai.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Deposits from customers and deposits from other banks

Deposits from customers and deposits from other banks are initially measured at fair value plus directly attributable transaction costs and subsequently measured at their amortized cost using the effective interest method.

z. Interest income and expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter year) to the carrying amount of the financial asset or financial liability. When calculating the effective interest, the Bank and Subsidiaries estimate future cash flows considering all contractual terms of the financial instrument but not future credit losses.

Interest income and expenses presented in profit or loss include:

- Interest on financial assets and financial liabilities at amortized cost calculated on the effective interest method;
- Interest on available-for-sale financial assets calculated on the effective interest method;
- Interest on all trading assets. Interest income on all trading financial assets are considered to be incidental to the Bank's trading operations.

Interest on the impaired financial asset is recognized using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aa. Pendapatan dan beban asuransi

Berdasarkan syarat dan ketentuan, kontrak yang diterbitkan oleh Entitas Anak merupakan kontrak asuransi jangka pendek. Pendapatan premi bruto atas kontrak tersebut diakui secara tahunan sejak tanggal berlakunya kontrak.

Pendapatan premi bruto asuransi yang berjangka waktu lebih dari satu tahun diakui sebagai pendapatan premi tangguhan pada saat diterima dan diakui sebagai pendapatan secara tahunan pada setiap tanggal ulang tahun polis selama periode berlakunya kontrak asuransi.

Premi bruto mencakup premi koasuransi sebesar bagian pertanggungan Entitas Anak. Premi jenis ini dikelompokkan sebagai premi tidak langsung.

Pendapatan *underwriting* neto ditentukan setelah memperhitungkan cadangan untuk premi yang belum merupakan pendapatan, beban klaim, beban akuisisi, dan tes kecukupan liabilitas. Metode yang digunakan untuk menentukan cadangan tersebut adalah sebagai berikut:

i) Premi yang belum merupakan pendapatan

Cadangan premi atas kontrak asuransi jangka pendek dihitung dengan menggunakan premium yang belum merupakan pendapatan.

Premi yang belum merupakan pendapatan dihitung dengan menggunakan metode individual harian. Dengan metode ini, premi yang belum merupakan pendapatan dihitung secara proporsional sesuai dengan jumlah proteksi yang diberikan selama periode kontrak atau risiko untuk setiap kontrak.

Aset reasuransi atas premi yang belum merupakan pendapatan disajikan secara terpisah sebagai aset reasuransi.

Perubahan premi yang belum merupakan pendapatan dan aset reasuransi dari premi yang belum merupakan pendapatan diakui dalam laba rugi pada tahun terjadinya perubahan.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Insurance income and expenses

Based on the terms and conditions, the contracts issued by the Subsidiary are short term insurance contracts. Gross premium income of these contracts is recognized on a yearly basis at the inception date of the contracts.

Gross premium income with a term of more than one year is recognized as deferred premium income when received and is recognized as income on a yearly basis at each policy anniversary date over the period of the insurance contract.

Gross premiums include the Subsidiary's share of coinsurance policy premiums. This type of premium is classified as indirect premium.

Net underwriting income is determined net after making provisions for unearned premium reserves, claim expense, acquisition expense, and liability adequacy test. The methods used to determine these provisions are as follows:

i) Unearned premium reserve

Premium reserves of short-term insurance contract are calculated using unearned premium reserves.

Unearned premium reserve is calculated based on the daily individual method. Under this method, the unearned premium reserve is calculated proportionally in accordance with the amount of protection given during the period of contract or risk for each individual contract.

Reinsurance assets of unearned premium reserve are separately presented as reinsurance assets.

Changes in unearned premium reserve and reinsurance assets of unearned premium reserve are recognized in profit or loss in the year when the changes occur.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aa. Pendapatan dan beban asuransi (lanjutan)

ii) Beban klaim

Beban klaim dicatat pada saat terjadinya kerugian. Beban klaim meliputi klaim yang telah disetujui, estimasi klaim yang masih dalam proses dan estimasi klaim yang terjadi namun belum dilaporkan ("IBNR"). Dalam laporan posisi keuangan konsolidasian, estimasi klaim yang masih dalam proses dan IBNR disajikan dalam akun estimasi klaim.

Estimasi pemulihan klaim dari reasuransi disajikan secara terpisah dalam akun aset reasuransi. Selanjutnya, pengakuan estimasi klaim juga memasukkan komponen estimasi biaya penanganan klaim dan margin atas kesalahan pengukuran. Pengakuan komponen tersebut mencerminkan pengukuran yang lebih relevan dan andal.

Perubahan jumlah estimasi klaim, sebagai akibat proses penelaahan lebih lanjut dan perbedaan antara jumlah estimasi klaim dengan klaim yang dibayarkan, diakui dalam laba rugi pada tahun terjadinya perubahan.

Penerimaan dari hak subrogasi dan pendapatan residu dicatat sebagai pengurang beban klaim pada saat jumlahnya telah diketahui dengan pasti.

iii) Beban akuisisi

Beban akuisisi polis asuransi, seperti komisi, ditangguhkan dan diamortisasi dengan menggunakan metode yang konsisten dengan metode yang digunakan untuk amortisasi premi yang belum merupakan pendapatan.

Biaya akuisisi ditangguhkan atas polis asuransi jangka pendek disajikan sebagai aset biaya akuisisi asuransi tangguhan di laporan posisi keuangan konsolidasian.

iv) Tes kecukupan liabilitas

Pada setiap akhir tahun pelaporan, Entitas Anak menilai apakah premi yang belum merupakan pendapatan dan estimasi klaim yang diakui dalam laporan posisi keuangan konsolidasian telah mencukupi, dengan membandingkan jumlah tercatat tersebut dengan estimasi arus kas masa depan sesuai dengan kontrak asuransi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Insurance income and expenses (continued)

ii) Claim expense

Claim expenses are recognized when an insured loss is incurred. Claim expenses include claims approved, estimated for claim reported but not yet approved and estimated of incurred-but-not-reported ("IBNR") claims. In the consolidated statements of financial position, the estimated claims reported but not yet approved and IBNR are presented under estimated claim account.

Estimated reinsurance claim recoveries are presented separately as reinsurance assets account. Further, the recognition of estimated claims also included an estimate of claims handling expense and margin for adverse deviation. The recognition of those components reflects more relevant and reliable measurement.

Changes in the amount of estimated claim as a result of further review and differences between estimated claim and claims paid, are recognized in profit or loss in the year when the changes occur.

Recoveries under subrogation rights and salvage are recorded as a reduction of claims expense when the amount is known.

iii) Acquisition expense

Insurance policy acquisition costs, such as commissions are deferred and amortized using an amortization method which is consistent with the method used to amortize the unearned premium reserve.

Deferred acquisition cost of short-term insurance policy is presented as deferred insurance acquisition cost in the consolidated statement of financial position.

iv) Liability adequacy test

At end of each reporting year, the Subsidiary evaluates whether the unearned premium reserves and estimated claim as recognized in the consolidated statements of financial position have been adequately recognized by comparing the carrying amount with the estimated future cash outflows in accordance with the insurance contracts.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aa. Pendapatan dan beban asuransi (lanjutan)

iv) Tes kecukupan liabilitas (lanjutan)

Jika perbandingan tersebut menunjukkan bahwa nilai tercatat atas liabilitas asuransi (dikurangi dengan biaya akuisisi tangguhan dan aset takberwujud terkait) lebih rendah dibandingkan dengan estimasi nilai kini atas arus kas masa depan, maka kekurangan tersebut diakui dalam laba rugi.

ab. Pendapatan dan beban provisi dan komisi

Pendapatan dan beban provisi dan komisi yang merupakan bagian tak terpisahkan dari suku bunga efektif atas aset keuangan atau liabilitas keuangan dimasukkan ke dalam perhitungan suku bunga efektif.

Pendapatan provisi dan komisi lainnya termasuk provisi yang terkait dengan kegiatan perkreditan, kegiatan ekspor-impor, provisi sebagai pengatur sindikasi dan provisi atas jasa diakui pada saat jasa tersebut dilakukan.

Beban provisi dan komisi lainnya sehubungan dengan transaksi antar bank diakui sebagai beban pada saat jasa tersebut diterima.

Apabila pinjaman diselesaikan sebelum jatuh tempo, maka saldo pendapatan provisi dan komisi yang belum diamortisasi diakui pada saat pinjaman diselesaikan.

ac. Keuntungan atau kerugian dari perubahan nilai wajar atas instrumen keuangan

Keuntungan atau kerugian dari perubahan nilai wajar instrumen keuangan merupakan perubahan nilai wajar efek-efek dan Obligasi Pemerintah yang diperdagangkan dan instrumen derivatif.

ad. Reasuransi

Entitas Anak mempunyai kontrak reasuransi *treaty* proporsional dan non-proporsional, dan *facultative* dengan perusahaan asuransi dan reasuransi di dalam maupun di luar negeri. Tujuan reasuransi ini adalah untuk membagi risiko yang melebihi kapasitas retensi Entitas Anak. Penerimaan pemulihan yang diharapkan dari reasuradur dicatat sebagai klaim reasuransi.

Beban premi reasuransi dicatat sebagai pengurang dari pendapatan premi bruto. Apabila reasuradur gagal memenuhi kewajibannya, maka Entitas Anak tetap memiliki kewajiban kepada pemegang polis atas kerugian yang telah direasuransikan.

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aa. Insurance income and expenses (continued)

iv) Liability adequacy test (continued)

If the valuation indicates that the carrying value of insurance liabilities (net off deferred acquisition costs and relevant intangible assets) is lower compared to the estimated present value of future cash outflows, then such deficiency is recognized in the consolidated statement of profit or loss.

ab. Fees and commission income and expense

Fees and commission income and expenses that are integral to the effective interest of a financial asset or financial liability are included in the calculation of effective interest rate.

Other fees and commission income, including credit related fees, export-import related fees, syndication lead arranger fees, and service fees are recognized as the related services are performed.

Other fees and commission expense related interbank transactions are expensed as the services are received.

The outstanding balances of unamortized fees and commissions on loans terminated or settled prior to maturity are recognized as income upon settlement.

ac. Gain or loss from changes in fair value of financial instruments

Gain or loss from changes in fair value of financial instruments represents changes in fair value of trading marketable securities and Government Bonds and derivative instruments.

ad. Reinsurance

The Subsidiary has proportional and non-proportional treaty reinsurance, as well as facultative reinsurance contracts with local and foreign insurance and reinsurance companies. The objective of the reinsurance is to cede the risks exceeding the Subsidiary's retention capacity. Expected reinsurance recoveries are recorded as reinsurance claims.

Reinsurance premium cost is recorded as a reduction of gross premium income. The Subsidiary remains liable to the policy holders for reinsured losses in the event the reinsurers are unable to meet their obligations.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ad. Reasuransi (lanjutan)

PSAK No. 62 tidak mengijinkan saling hapus antara:

- i. aset reasuransi dengan liabilitas asuransi terkait; atau
- ii. pendapatan atau beban dari kontrak reasuransi dan beban atau pendapatan dari kontrak asuransi terkait.

Aset reasuransi terdiri dari piutang reasuransi dan porsi reasuransi dari premi yang belum merupakan pendapatan dan estimasi klaim.

Aset reasuransi ditelaah untuk penurunan nilai pada setiap tanggal pelaporan, atau lebih sering, ketika sebuah indikasi penurunan nilai timbul selama tahun pelaporan. Penurunan nilai terjadi ketika terdapat bukti obyektif sebagai akibat dari suatu peristiwa yang terjadi setelah pengakuan awal aset reasuransi bahwa Entitas Anak tidak dapat menerima seluruh jumlah terutang karena berdasarkan ketentuan kontrak dan peristiwa tersebut memiliki dampak yang dapat diukur dengan andal yang akan mempengaruhi jumlah yang akan diterima oleh Entitas Anak dari reasuradur. Kerugian penurunan nilai dicatat dalam laba rugi.

ae. Efek yang diterbitkan

Efek yang diterbitkan dicatat sebesar nilai nominal dikurangi saldo diskonto yang belum diamortisasi. Beban emisi obligasi sehubungan dengan penerbitan obligasi diakui sebagai diskonto dan dikurangkan langsung dari hasil emisi obligasi. Diskonto diamortisasi selama jangka waktu obligasi tersebut dengan menggunakan metode suku bunga efektif.

af. Sukuk mudharabah

Entitas Anak pada awalnya mengakui sukuk mudharabah pada saat sukuk mudharabah diterbitkan sebesar nominalnya.

Setelah pengakuan awal, sukuk mudharabah dicatat pada biaya perolehan.

Biaya transaksi sehubungan dengan penerbitan sukuk mudharabah diakui secara terpisah dari sukuk mudharabah. Biaya transaksi diamortisasi menggunakan metode garis lurus selama jangka waktu sukuk mudharabah dan dicatat sebagai bagian dari beban keuangan.

Sukuk mudharabah disajikan sebagai bagian dari liabilitas dan biaya transaksi sehubungan penerbitan sukuk mudharabah disajikan dalam aset sebagai biaya dibayar dimuka.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Reinsurance (continued)

SFAS No. 62 does not allow offsetting between:

- i. reinsurance assets and the related insurance liabilities; or
- ii. income or expense from reinsurance contract and expense or income from the related insurance contract.

Reinsurance assets consist of reinsurance receivables and reinsurance portion from unearned premiums and estimated claim.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Subsidiary may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Subsidiary will receive from the reinsurer. The impairment loss is recorded in profit or loss.

ae. Securities issued

Securities issued are presented at nominal value, net of unamortized discounts. Bond issuance costs in connection with the issuance of bonds are recognized as discounts and directly deducted from the proceeds of securities issued. The discounts are amortized over the period of the bonds using the effective interest method.

af. Mudharabah bonds

The Subsidiary initially recognizes mudharabah bonds on the date of issuance of mudharabah bonds at nominal value.

Subsequent to initial recognition, mudharabah bonds are measured at cost.

Transaction costs related to the issuance of mudharabah bonds are recognized separately from mudharabah bonds. Transaction costs are amortized using straight-line method over the term of mudharabah bonds and are recorded as part of financing charges.

Mudharabah bonds are presented as a part of liabilities and the transaction costs related to the issuance of mudharabah bonds are presented in assets as a part of prepaid expenses.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ag. Perpajakan

Beban pajak terdiri dari beban pajak kini dan beban pajak tangguhan. Beban pajak diakui pada laba rugi kecuali untuk akun yang langsung diakui di komponen ekuitas lainnya, dimana beban pajak yang terkait dengan akun tersebut diakui di penghasilan komprehensif lain.

Beban pajak kini adalah utang pajak yang ditentukan berdasarkan laba kena pajak untuk tahun yang bersangkutan yang dihitung berdasarkan tarif pajak yang berlaku atau yang secara substansial telah berlaku pada tanggal pelaporan.

Bank dan Entitas Anak menerapkan metode aset dan liabilitas dalam menghitung beban pajaknya. Dengan metode ini, aset dan liabilitas pajak tangguhan diakui pada setiap tanggal pelaporan sebesar perbedaan temporer aset dan liabilitas untuk tujuan akuntansi dan tujuan pajak. Metode ini juga mengharuskan pengakuan manfaat pajak di masa akan datang, jika kemungkinan realisasi manfaat tersebut di masa mendatang cukup besar (*probable*). Tarif pajak yang berlaku atau yang secara substansial telah berlaku digunakan dalam menentukan pajak penghasilan tangguhan.

Aset pajak tangguhan diakui apabila terdapat kemungkinan besar bahwa jumlah laba fiskal pada masa datang akan memadai untuk mengkompensasi perbedaan temporer yang menimbulkan aset pajak tangguhan tersebut.

Aset dan liabilitas pajak penghasilan tangguhan dapat saling hapus apabila terdapat hak yang berkekuatan hukum untuk melakukan saling hapus antara aset pajak kini dengan liabilitas pajak kini dan apabila aset dan liabilitas tangguhan terkait pajak penghasilan yang dikenakan oleh otoritas perpajakan yang sama, baik atas entitas kena pajak yang sama ataupun berbeda dan adanya niat untuk melakukan penyelesaian saldo-saldo tersebut secara neto.

Perubahan terhadap kewajiban perpajakan dicatat pada saat diterimanya surat ketetapan, atau apabila dilakukan banding, ketika hasil banding diterima.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ag. Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent it relates to accounts recognized directly in other equity components, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

The Bank and Subsidiaries adopt the asset and liability method in determining their income tax expense. Under this method, deferred tax assets and liabilities are recognized at each reporting date for temporary differences between the financial and tax bases of assets and liabilities. This method also requires the recognition of future tax benefits, to the extent that realization of such benefits is probable. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to compensate the temporary differences which result in such deferred tax assets.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amendments to taxation obligations are recorded when an assessment is received or, if appeal is applied, when the results of the appeal are received.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ah. Imbalan kerja

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek diakui pada saat terutang kepada karyawan berdasarkan metode akrual.

Imbalan kerja jangka panjang dan imbalan pasca-kerja

Imbalan kerja jangka panjang dan imbalan pasca-kerja, seperti pensiun, uang pesangon, uang penghargaan dan imbalan lainnya, dihitung berdasarkan "Peraturan Perseroan" yang telah sesuai dengan Undang-undang Ketenagakerjaan No. 13/2003 ("UU 13/2003").

Perseroan menerapkan PSAK No. 24 (2013): Imbalan Kerja.

Kewajiban imbalan pasca-kerja yang diakui di laporan posisi keuangan dihitung berdasarkan nilai kini dari estimasi kewajiban imbalan pasca-kerja di masa depan yang timbul dari jasa yang telah diberikan oleh karyawan pada masa kini dan masa lalu, dikurangi dengan nilai wajar aset neto dana pensiun. Perhitungan dilakukan oleh aktuaris independen dengan metode *projected-unit-credit*.

Ketika imbalan pasca-kerja berubah, porsi kenaikan atau penurunan imbalan sehubungan dengan jasa yang telah diberikan oleh karyawan pada masa lalu dibebankan atau dikreditkan ke dalam laporan laba rugi. Imbalan pasca-kerja yang telah dan belum menjadi hak karyawan diakui segera sebagai beban dalam laporan laba rugi.

Keuntungan atau kerugian aktuarial yang timbul dari penyesuaian dan perubahan dalam asumsi-asumsi aktuarial langsung diakui seluruhnya melalui penghasilan atau beban komprehensif lainnya pada tahun dimana keuntungan/(kerugian) aktuarial terjadi.

Perseroan telah memiliki program pensiun iuran pasti yang mana Perseroan membayar iuran ke dana pensiun lembaga keuangan yang dihitung berdasarkan persentase tertentu dari penghasilan tetap yang diterima karyawan yang sudah memenuhi kriteria yang ditetapkan Perseroan. Iuran dibebankan ke dalam laporan laba rugi pada saat terutang.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ah. Employee benefits

Short-term employees' benefits

Short-term employees' benefits are recognised when they are owed to the employees based on an accrual method.

Long-term and post-employment benefits

Long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits, are calculated in accordance with "Company Regulation" which is in line with Labour Law No. 13/2003 ("Law 13/2003").

The Company applies SFAS No. 24 (2013), Employee Benefits.

The obligation for post-employment benefits recognised in the statement of financial position is calculated at present value of estimated future benefits that the employees have earned in return for their services in the current and prior years, deducted by any plan assets. The calculation is performed by an independent actuary using the *projected-unit-credit* method.

When the post-employment benefits change, the portion of the increased or decreased benefits relating to past services by employees is charged or credited to the statement of profit or loss. To the extent that the benefits vest and not yet vest immediately, the expense is recognised immediately in the statement of profit or loss.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are directly fully recognised to other comprehensive income or expense in the year when such actuarial gains/(losses) occur.

The Company also has a defined contribution pension program where the Company pays contributions to a financial institution pension plan which is calculated at a certain percentage of fixed income of employees who meet the Company's criteria. The contributions are charged to the statement of profit or loss as they become payable.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ah. Imbalan kerja (lanjutan)

Imbalan kerja jangka panjang lainnya

Entitas Anak memberikan imbalan kerja jangka panjang lainnya berupa tunjangan cuti besar yang ditentukan sesuai dengan Peraturan Entitas Anak. Perkiraan beban imbalan ini dihitung dan diakui sepanjang masa kerja karyawan dengan menggunakan metode yang diterapkan dalam menghitung kewajiban imbalan pasca-kerja. Kewajiban ini dihitung minimum satu tahun sekali oleh aktuaris independen. Imbalan kerja jangka panjang lainnya yang telah menjadi hak karyawan diakui segera sebagai beban dalam laporan laba rugi.

Pesangon

Pesangon terutang ketika karyawan dihentikan kontrak kerjanya sebelum usia pensiun normal. Bank dan Entitas Anak mengakui kewajiban pesangon ketika Bank dan Entitas Anak menunjukkan komitmennya untuk memutuskan kontrak kerja dengan karyawan berdasarkan suatu rencana formal terperinci yang kecil kemungkinannya untuk dibatalkan. Pesangon yang akan dibayarkan dalam waktu lebih dari 12 bulan setelah tanggal pelaporan didiskontokan untuk mencerminkan nilai kini.

Program kompensasi jangka panjang

Bank dan Entitas Anak memberikan program kompensasi jangka panjang kepada Direksi dan karyawan Bank dan Entitas Anak yang memenuhi persyaratan. Program ini diberikan berdasarkan pencapaian target tertentu perusahaan dan peringkat kerja perorangan. Beban kompensasi dihitung berdasarkan nilai uang yang dikeluarkan Bank dan Entitas Anak untuk membeli saham dan diamortisasi selama masa tunggu.

ai. Laba bersih per saham

Laba bersih per saham dasar dihitung dengan membagi laba bersih yang diatribusikan kepada pemilik entitas induk dengan rata-rata tertimbang jumlah saham yang beredar pada tahun berjalan.

aj. Beban emisi saham

Beban yang terjadi sehubungan dengan Penawaran Umum Terbatas dengan Hak Memesan Efek Terlebih Dahulu (*Rights Issue*), dicatat sebagai pengurang tambahan modal disetor, yang merupakan selisih antara nilai yang diterima dari pemegang saham dengan nilai nominal saham.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ah. Employee benefits (continued)

Other long-term employment benefits

Subsidiaries provides other long-term employment benefits in the form of long service leave award which is determined in compliance with the Subsidiaries' Regulation. The expected costs of these benefits are calculated and recognised over the year of employment, using a method which is applied in calculating obligation for post-employment benefits. These obligations are calculated minimum once a year by an independent actuary. Other long term employment benefits that are vested, are recognised as expense immediately in the statement of profit or loss.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement age. The Bank and Subsidiaries recognize termination benefits liability when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan and the possibility to withdraw the plan is remote. Benefits falling due more than 12 months after the reporting date are discounted at present value.

Long-term compensation program

The Bank and Subsidiaries provide long-term compensation program to the Bank's and Subsidiaries' Board of Directors and eligible employees. The program is granted based on achievement of certain corporate measurements and individual performance rating. The compensation expense is calculated based on the amount of money paid by the Bank and Subsidiary to buy the share and is amortised during the holding period.

ai. Earnings per share

Basic earnings per share are computed by dividing net income attributable to equity holders of parent entity with the weighted average number of shares outstanding during the year.

aj. Shares issuance cost

Cost incurred in relation with Limited Public Offering with Pre-emptive Rights (Rights Issue) is recorded as deduction from the additional paid-up capital which represents the excess of funds received from the shareholders over the par value of shares.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ak. Dividen

Pembagian dividen kepada para pemegang saham Bank diakui sebagai sebuah liabilitas dalam laporan keuangan konsolidasian Bank dan Entitas Anak pada tahun ketika dividen tersebut disetujui oleh para pemegang saham Bank dan Entitas Anak.

al. Transaksi dengan pihak yang berelasi

Bank dan Entitas Anak melakukan transaksi dengan pihak yang berelasi. Dalam laporan keuangan konsolidasian ini, istilah pihak yang berelasi mengacu pada ketentuan PSAK No. 7 (Revisi 2010), "Pengungkapan Pihak-Pihak yang Berelasi".

Jenis transaksi dan saldo dengan pihak-pihak berelasi, yang dilakukan berdasarkan persyaratan usaha pada umumnya, yang disetujui oleh kedua belah pihak, dimana persyaratan tersebut mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi, diungkapkan dalam catatan atas laporan keuangan konsolidasian.

Pengungkapan ini merupakan tambahan atas pembahasan tentang manajemen risiko keuangan (Catatan 48).

am. Transaksi asuransi syariah

AI menerapkan PSAK No. 108, "Akuntansi Transaksi Asuransi Syariah", untuk seluruh transaksi asuransi syariah.

Dana peserta merupakan seluruh dana yang meliputi dana investasi dan dana *tabarru*.

Dana *tabarru* merupakan cadangan yang dibentuk dari donasi, hasil investasi, akumulasi cadangan *surplus underwriting* dana *tabarru* yang didistribusikan kembali ke dana *tabarru*. Seluruh hasil investasi dari dana *tabarru* didistribusikan kembali sebagai penambah dana *tabarru* atau sebagian hasil investasi didistribusikan menjadi dana *tabarru* dan sisanya didistribusikan untuk peserta dan/atau AI sesuai dengan akad yang disepakati.

Kontribusi dari peserta diakui sebagai bagian dari dana *tabarru* dalam dana peserta.

Cadangan dana *tabarru* disajikan pada laporan perubahan dana *tabarru*.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ak. Dividends

Dividend distribution to the Bank's shareholders is recognized as a liability in the Bank and Subsidiaries' consolidated financial statements in the period in which the dividends are approved by the Bank's and Subsidiaries' shareholders.

al. Transactions with related parties

The Bank and Subsidiaries enter into transactions with related parties. In these consolidated financial statements, the term related parties are used as defined in the PSAK No. 7 (Revised 2010), "Related Party Disclosures".

The nature of transactions and balances of accounts with related parties, which are made based on commercial terms agreed by the parties, whereby such terms may not be the same as those of the transactions between unrelated parties, are disclosed in the notes to the consolidated financial statements.

These disclosures supplement the commentary on financial risk management (Note 48).

am. Sharia insurance transactions

AI implemented SFAS No. 108, "Accounting for Sharia Insurance Transactions" for all insurance sharia transactions.

Participants' funds represent all funds that consist of investment funds and tabarru fund.

Tabarru fund represents reserves held from donation, investment income and accumulated underwriting surplus tabarru fund that were redistributed to tabarru fund. All investment income from tabarru fund are redistributed as additions to tabarru fund or part of investment income is redistributed to tabarru fund and the remaining is distributed to participants and/or to AI based on the agreement ("akad").

Contributions from participants are recognized as part of tabarru fund in the participants' funds.

Tabarru fund reserve is presented in the statement of changes in tabarru fund.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

am. Transaksi asuransi syariah (lanjutan)

Bagian *surplus underwriting* dana tabarru yang didistribusikan kepada peserta dan AI diakui sebagai pengurang *surplus* dalam laporan perubahan dana *tabarru*.

Surplus underwriting dana *tabarru* yang diterima oleh AI diakui sebagai pendapatan dalam laporan laba rugi dan penghasilan komprehensif lain dan *surplus underwriting* dana *tabarru* yang akan didistribusikan kepada peserta diakui sebagai liabilitas dalam laporan posisi keuangan.

Penyisihan kontribusi yang belum menjadi hak merupakan penyisihan teknis yang merupakan jumlah penyisihan untuk memenuhi risiko yang timbul pada periode mendatang dan diakui sebagai liabilitas. Penyisihan kontribusi yang belum menjadi hak dihitung dengan metode individual harian.

Sedangkan, kontribusi yang belum menjadi hak adalah bagian kontribusi yang diterima oleh entitas pengelola pada periode berjalan, tetapi periode asuransinya meliputi satu atau lebih periode mendatang. Oleh karena itu, bagian kontribusi tersebut tidak diakui pada periode berjalan.

Klaim masih dalam proses termasuk klaim yang terjadi namun belum dilaporkan dicatat setelah memperhitungkan beban penanganan klaim dan liabilitas reasuransi atas beban klaim.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

am. Sharia insurance transactions (continued)

Part of *underwriting surplus tabarru fund* which is distributed to participants and AI is recognized as deduction from the surplus in the statement of changes in *tabarru fund*.

Underwriting surplus tabarru fund received by AI is recognized as income in the statement of profit or loss and other comprehensive income and *underwriting surplus tabarru fund* which will be distributed to participants is recognized as liabilities in the statement of financial position.

Unearned contribution provision represents technical reserve which provided for such risks arise in the future periods and recognized as liabilities. *Unearned contribution provision* is calculated using individual daily method.

Meanwhile, *unearned contribution* is part of contribution received by the insurance entity in the current period, but the period of insurance cover one or more future periods. Accordingly, part of the contribution is not recognized in the current period.

Claim in process includes *incurred-but-not-yet-reported* recognized after considering claim handling expenses and reinsurance liabilities of claim expense.

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3. PENGGUNAAN ESTIMASI DAN PERTIMBANGAN

a. Sumber utama atas ketidakpastian estimasi

a.1. Cadangan kerugian penurunan nilai aset keuangan

Evaluasi atas kerugian penurunan nilai aset keuangan yang dicatat pada biaya perolehan diamortisasi dan efek utang yang diklasifikasikan sebagai tersedia untuk dijual dijelaskan di Catatan 2p.

Cadangan kerugian penurunan nilai terkait dengan pihak lawan spesifik dalam seluruh cadangan kerugian penurunan nilai dibentuk atas tagihan yang penurunan nilainya dievaluasi secara individual berdasarkan estimasi terbaik manajemen atas nilai tunai arus kas yang diharapkan akan diterima. Dalam menghitung cadangan kerugian penurunan nilai, manajemen membuat pertimbangan mengenai kondisi keuangan dari pihak lawan dan nilai neto yang dapat direalisasi dari agunan yang diterima. Setiap aset yang mengalami penurunan nilai dievaluasi, dan strategi penyelesaiannya serta estimasi arus kas yang dinilai dapat diperoleh kembali disetujui secara independen oleh bagian risiko kredit.

Evaluasi cadangan kerugian penurunan nilai secara kolektif meliputi kerugian kredit yang melekat pada portofolio tagihan dengan karakteristik ekonomi yang serupa ketika terdapat bukti obyektif bahwa telah terjadi penurunan nilai tagihan dalam portofolio tersebut, namun penurunan nilai secara individu belum dapat diidentifikasi. Dalam menentukan perlunya untuk membentuk cadangan kerugian penurunan nilai secara kolektif, manajemen mempertimbangkan faktor-faktor seperti kualitas kredit, besarnya portofolio, konsentrasi kredit, dan faktor-faktor ekonomi.

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3. USE OF ESTIMATES AND JUDGEMENTS

a. Key sources of estimation uncertainty

a.1. Allowances for impairment losses of financial assets

Financial assets accounted for at amortized cost and debt securities classified as available-for-sale are evaluated for impairment on a basis described in Note 2p.

The specific counterparty component of the total Allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In calculating Allowance for impairment losses, management makes judgements about the counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimated cash flows considered recoverable are independently approved by the credit risk unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of receivables with similar economic characteristics when there is objective evidence to suggest that they contain impaired receivables, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality, portfolio size, credit concentrations, and economic factors.

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**3. PENGGUNAAN ESTIMASI DAN PERTIMBANGAN
(lanjutan)**

**a. Sumber utama atas ketidakpastian estimasi
(lanjutan)**

Dalam mengestimasi cadangan yang dibutuhkan, asumsi-asumsi dibuat untuk menentukan model kerugian bawaan dan untuk menentukan parameter input yang diperlukan, berdasarkan pengalaman historis dan kondisi ekonomi saat ini.

Ketepatan dari cadangan ini bergantung pada seberapa tepat estimasi arus kas masa depan untuk menentukan cadangan individual serta asumsi model dan parameter yang digunakan dalam penentuan cadangan kolektif.

a.2. Cadangan kerugian penurunan nilai aset yang bukan aset keuangan

Evaluasi atas kerugian penurunan nilai aset yang bukan aset keuangan dijelaskan di Catatan 2q.

Penurunan nilai muncul saat nilai tercatat aset atau Unit Penghasil Kas ("UPK") melebihi nilai terpulihnya, yaitu yang lebih besar antara nilai wajar dikurangi biaya untuk menjual dan nilai pakainya. Nilai wajar dikurangi biaya untuk menjual didasarkan pada ketersediaan data dari perjanjian penjualan yang mengikat yang dibuat dalam transaksi normal atas aset serupa atau harga pasar yang dapat diamati dikurangi dengan biaya tambahan yang dapat diatribusikan dengan pelepasan aset.

a.3. Penentuan nilai wajar

Dalam menentukan nilai wajar atas aset keuangan dan liabilitas keuangan dimana tidak terdapat harga pasar yang dapat diobservasi, Bank dan Entitas Anak menggunakan teknik penilaian seperti dijelaskan pada Catatan 2f.5. Untuk instrumen keuangan yang jarang diperdagangkan dan tidak memiliki harga yang transparan, nilai wajarnya menjadi kurang obyektif dan karenanya, membutuhkan tingkat pertimbangan yang beragam, tergantung pada likuiditas, konsentrasi, ketidakpastian faktor pasar, asumsi penentuan harga, dan risiko lainnya yang mempengaruhi instrumen tertentu.

a.4. Aset pajak tangguhan

Aset pajak tangguhan diakui atas jumlah pajak penghasilan terpulihkan (*recoverable*) pada periode mendatang sebagai akibat perbedaan temporer yang boleh dikurangkan.

**3. USE OF ESTIMATES AND JUDGEMENTS
(continued)**

**a. Key sources of estimation uncertainty
(continued)**

In order to estimate the required allowance, assumptions are made to define the way inherent losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the allowances depends on how well these future cash flows are estimated for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

a.2. Allowances for impairment losses of non-financial assets

Non-financial assets are evaluated for impairment on a basis described in Note 2q.

An impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

a.3. Determining fair values

In determining the fair value of financial assets and financial liabilities for which there is no observable market price, the Bank and Subsidiaries use the valuation techniques as described in Note 2f.5. For financial instruments that are traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions, and other risks affecting the specific instrument.

a.4. Deferred tax assets

Deferred tax assets are recognized for the future recoverable taxable income arising from temporary difference.

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**3. PENGGUNAAN ESTIMASI DAN PERTIMBANGAN
(lanjutan)**

**a. Sumber utama atas ketidakpastian estimasi
(lanjutan)**

a.4. Aset pajak tangguhan (lanjutan)

Justifikasi manajemen diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, sesuai dengan waktu yang tepat dan tingkat laba fiskal di masa mendatang sejalan dengan strategi rencana perpajakan ke depan.

a.5. Pensiun

Program-program pensiun ditentukan berdasarkan perhitungan aktuarial. Perhitungan aktuarial menggunakan asumsi-asumsi seperti tingkat diskonto, tingkat pengembalian aset, tingkat kenaikan penghasilan, tingkat kematian, tingkat pengunduran diri, dan lain-lain.

a.6. Penilaian klaim

Estimasi harus digunakan untuk menentukan ekspektasi jumlah seluruh beban klaim yang dilaporkan pada tanggal pelaporan dan ekspektasi jumlah seluruh beban klaim yang telah terjadi namun belum dilaporkan pada tanggal pelaporan ("IBNR"). Diperlukan jangka waktu yang signifikan sebelum seluruh beban klaim dapat ditetapkan dengan pasti. Untuk beberapa jenis kontrak, klaim IBNR mewakili bagian signifikan dari jumlah liabilitas asuransi dalam laporan posisi keuangan konsolidasian.

Jumlah seluruh beban klaim yang masih dalam proses diestimasi dengan menggunakan beberapa metode, yang terdiri dari: *Chain ladder method on paid claims (PCD) and incurred claims (ICD)*, *Bornhuetter-Ferguson method on paid claims (PBF) and incurred claims (IBF)*, and *Expected loss ratio method (ELR)*. Metode yang dipilih adalah metode dengan perhitungan yang terbaik dan juga bisa dikombinasi.

Asumsi utama yang mendasari metode ini adalah pengalaman pengembangan klaim masa lalu Entitas Anak dapat digunakan untuk memproyeksikan pengembangan klaim di masa depan dan oleh karenanya, juga dapat memproyeksikan beban klaim secara keseluruhan.

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**3. USE OF ESTIMATES AND JUDGEMENTS
(continued)**

**a. Key sources of estimation uncertainty
(continued)**

a.4. Deferred tax assets (continued)

Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing on level of future taxable profits, together with future tax planning strategies.

a.5. Pension

Pension programs are determined based on actuarial valuation. The actuarial valuation involves assumptions such as discount rate, expected rate of returns on plan assets, salary increase rate, mortality rate, resignation rate, and others.

a.6. Valuation of claims

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date ("IBNR"). It can take a significant period of time before the ultimate claims cost can be determined with certainty. For some type of contracts, IBNR claims form the majority of the insurance liability in the consolidated statements of financial position.

The ultimate cost of outstanding claims in process is estimated by using several methods, which include: Chain ladder method on paid claims (PCD) and incurred claims (ICD), Bornhuetter-Ferguson method on paid claims (PBF) and incurred claims (IBF), and Expected loss ratio method (ELR). The method selected is the method with the best calculation and also can be combined.

The main assumption underlying this method is that the Subsidiary's past claims development experience can be used to project future claims development and hence, ultimate claims costs.

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**3. PENGGUNAAN ESTIMASI DAN PERTIMBANGAN
(lanjutan)**

**a. Sumber utama atas ketidakpastian estimasi
(lanjutan)**

a.6. Penilaian klaim (lanjutan)

Dengan demikian, metode ini mengekstrapolasi pengembangan klaim yang dibayar, klaim yang masih dalam proses dan klaim yang telah terjadi berdasarkan pengembangan klaim yang diobservasi pada tahun-tahun sebelumnya dan ekspektasi rasio kerugian. Pengembangan klaim historis umumnya dianalisa berdasarkan tahun terjadinya kecelakaan/kerugian, juga berdasarkan lini bisnis yang signifikan dan jenis klaim.

Asumsi-asumsi yang digunakan adalah yang secara implisit melekat dalam data pengembangan klaim historis yang mendasari proyeksi yang dibentuk. Tambahan pertimbangan kualitatif juga digunakan untuk menilai sejauh mana tren masa lalu tidak dapat diterapkan di masa depan (sebagai contoh untuk mencerminkan kejadian yang bersifat tidak rutin dan prosedur penanganan klaim) untuk memperoleh estimasi seluruh beban klaim yang menyajikan hasil yang paling memungkinkan dari kisaran beban klaim yang mungkin terjadi, dengan mempertimbangkan semua ketidakpastian yang terlibat didalamnya.

a.7. Tes kecukupan liabilitas

Sebagaimana diungkapkan dalam Catatan 2.aa.iv, Entitas Anak melakukan tes kecukupan liabilitas asuransi dengan mengestimasi nilai kini estimasi klaim yang akan dibayarkan di masa depan ditambah dengan nilai kini beban yang akan dikeluarkan di masa depan.

Beberapa asumsi harus digunakan dalam menentukan nilai kini tersebut. Asumsi-asumsi tersebut antara lain estimasi tingkat diskonto, estimasi klaim yang akan terjadi, estimasi terbaik, dan margin atas kesalahan pengukuran.

**3. USE OF ESTIMATES AND JUDGEMENTS
(continued)**

**a. Key sources of estimation uncertainty
(continued)**

a.6. Valuation of claims (continued)

Accordingly, this method extrapolates the development of claim paid, outstanding and incurred claim losses based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, as well as by significant business lines and claim types.

The assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (for example to reflect one-off occurrences and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking into account all the uncertainties involved.

a.7. Liability adequacy test

As disclosed in Note 2.aa.iv, the Subsidiary assesses the adequacy of its insurance liabilities by estimating present value of estimated claims to be paid in the future plus present value of estimated expenses that will be incurred in the future.

Several assumptions must be used to determine the present value amounts. Those assumptions are estimated discount rate, estimated future claims, best estimates, and margin for adverse deviation.

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**3. PENGGUNAAN ESTIMASI DAN PERTIMBANGAN
(lanjutan)**

b. Pertimbangan akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank dan Entitas Anak

Pertimbangan akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank dan Entitas Anak meliputi:

b. Penilaian instrumen keuangan

Kebijakan akuntansi Bank dan Entitas Anak untuk pengukuran nilai wajar diungkapkan di Catatan 2f.5.

Bank dan Entitas Anak mengukur nilai wajar dengan menggunakan hirarki dari metode berikut:

- Harga kuotasi di pasar aktif untuk instrumen keuangan yang identik.
- Teknik penilaian berdasarkan input yang dapat diobservasi. Termasuk dalam kategori ini adalah instrumen keuangan yang dinilai dengan menggunakan harga kuotasi di pasar aktif untuk instrumen yang sejenis; harga kuotasi untuk instrumen keuangan yang sejenis di pasar yang kurang aktif; atau teknik penilaian lainnya dimana seluruh input signifikan yang digunakan dapat diobservasi secara langsung ataupun tidak langsung dari data yang tersedia di pasar.

Nilai wajar dari aset keuangan dan liabilitas keuangan yang diperdagangkan di pasar aktif didasarkan pada kuotasi harga pasar atau kuotasi dari harga *dealer*. Untuk seluruh instrumen keuangan lainnya, Bank dan Entitas Anak menentukan nilai wajar dengan menggunakan teknik penilaian. Teknik penilaian termasuk model nilai tunai dan arus kas yang didiskontokan, dan perbandingan dengan instrumen yang sejenis dimana terdapat harga pasar yang dapat diobservasi. Asumsi dan input yang digunakan dalam teknik penilaian termasuk suku bunga bebas risiko (*risk-free*) dan suku bunga acuan, *credit spread* dan variabel lainnya yang digunakan dalam mengestimasi tingkat diskonto, harga obligasi, kurs mata uang asing, serta tingkat kerentanan dan korelasi harga yang diharapkan.

Tujuan dari teknik penilaian adalah penentuan nilai wajar yang mencerminkan harga dari instrumen keuangan pada tanggal pelaporan yang akan ditentukan oleh para pelaku di pasar dalam suatu transaksi yang wajar.

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**3. USE OF ESTIMATES AND JUDGEMENTS
(continued)**

b. Critical accounting judgements in applying the Bank and Subsidiaries' accounting policies

Critical accounting judgements made in applying the Bank and Subsidiaries' accounting policies include:

b. Valuation of financial instruments

The Bank and Subsidiaries' accounting policy on fair value measurements is disclosed in Note 2f.5.

The Bank and Subsidiaries measure fair values using the following hierarchy of methods:

- *Quoted market price in an active market for an identical instrument.*
- *Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.*

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank and Subsidiaries determine fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other variable used in estimating discount rates, bond prices, foreign currency exchange rates, and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

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4. KAS

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

	2017	2016
Rupiah	2.350.622	2.087.565
Mata uang asing	195.792	177.484
	2.546.414	2.265.049

Saldo dalam mata uang Rupiah termasuk uang pada mesin ATM (Anjungan Tunai Mandiri) sejumlah Rp301.009 ada tanggal 31 Desember 2017 (2016: Rp317.066).

Kas dalam mata uang asing terdiri dari Dolar Amerika Serikat, Dolar Singapura, Dolar Australia, Euro Eropa, Poundsterling Inggris dan Yen Jepang (Catatan 53).

Informasi mengenai klasifikasi dan nilai wajar kas diungkapkan pada Catatan 49.

5. GIRO PADA BANK INDONESIA

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

	2017	2016
Rupiah	5.846.785	5.518.973
Dolar Amerika Serikat	1.709.131	1.833.410
	7.555.916	7.352.383

Sesuai No.15/15/PBI/2013 tanggal 24 Desember 2013 tentang "Giro Wajib Minimum (GWM) Bank Umum dalam Rupiah dan Valuta Asing Bagi Bank Umum Konvensional" dan perubahannya sesuai PBI No.19/6/PBI/2017 tanggal 17 April 2017, GWM Primer dalam mata uang Rupiah ditetapkan sebesar 6,5% dari dana pihak ketiga dalam Rupiah dan GWM Sekunder sebesar 4% dari dana pihak ketiga dalam Rupiah. GWM dalam valuta asing ditetapkan sebesar 8% dari dana pihak ketiga dalam valuta asing.

Pada tanggal 31 Desember 2017 dan 2016, GWM Bank masing-masing sebesar 19,36% dan 16,61% untuk mata uang Rupiah serta sebesar 8,08% dan 8,11% untuk mata uang asing.

GWM Bank dalam Rupiah pada tanggal 31 Desember 2017 dan 2016 sebesar 19,36% dan 16,61% terdiri dari GWM Primer sebesar 6,54% dan 6,59% dan GWM Sekunder masing-masing sebesar 12,82% dan 10,02%.

Bank telah memenuhi ketentuan BI yang berlaku tentang Giro Wajib Minimum Bank Umum.

Informasi mengenai klasifikasi dan nilai wajar giro pada Bank Indonesia diungkapkan pada Catatan 49.

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4. CASH

Information in respect of maturities is disclosed in Note 48d.

	2017	2016
Rupiah	2.350.622	2.087.565
Foreign currencies	195.792	177.484
	2.546.414	2.265.049

The Rupiah balance includes cash in ATMs (Automated Teller Machines) amounting to Rp301,009 as of 31 December 2017 (2016: Rp317,066).

Cash in foreign currencies is denominated in United States Dollar, Singapore Dollar, Australian Dollar, European Euro, Great Britain Poundsterling and Japanese Yen (Note 53).

Information with regard to the classification and fair value of cash is disclosed in Note 49.

5. CURRENT ACCOUNTS WITH BANK INDONESIA

Information in respect of maturities is disclosed in Note 48d.

	2017	2016
Rupiah	5.846.785	5.518.973
United States Dollar	1.709.131	1.833.410
	7.555.916	7.352.383

In line with BI regulation No. 15/15/PBI/2013 dated 24 December 2013 regarding "Giro Wajib Minimum (GWM) of Commercial Banks in Rupiah and Foreign Currency For Conventional Bank" and its amendments BI Regulation No.19/6/PBI/2017 dated 17 April 2017, Primary GWM for Rupiah Currency is set at 6.5% from total third party funds in Rupiah and Secondary GWM is set at 4% from total third party funds in Rupiah. GWM in foreign currency is set at 8% from total third party funds in foreign currency.

As of 31 December 2017 and 2016, GWM of the Bank were 19.36% and 16.61% for Rupiah currency, and 8.08% and 8.11% for foreign currency, respectively.

The GWM of the Bank in Rupiah as of 31 December 2017 and 2016 was 19.36% and 16.61% which consists of Primary GWM of 6.54% and 6.59% and Secondary GWM of 12.82% and 10.02%.

The Bank has fulfilled BI's regulation regarding Statutory Reserve Requirement on Commercial Banks.

Information with regard to the classification and fair value of current accounts with Bank Indonesia is disclosed in Note 49.

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6. GIRO PADA BANK LAIN

Giro pada bank lain yang merupakan pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan mata uang

	2017	2016
Rupiah	350.010	235.752
Mata uang asing	1.682.845	1.533.704
	2.032.855	1.769.456
Dikurangi:		
Cadangan kerugian penurunan nilai	(833)	(1.060)
	2.032.022	1.768.396
Terdiri dari - neto:		
- Pihak berelasi	221.082	200.882
- Pihak ketiga	1.810.940	1.567.514
	2.032.022	1.768.396

Suku bunga efektif rata-rata tertimbang per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah 0,19% untuk Rupiah dan 0,53% untuk mata uang asing (2016: 0,30% dan 0,40%).

Giro pada bank lain dalam mata uang asing terutama terdiri dari Dolar Amerika Serikat, Euro Eropa, Yen Jepang, Dolar Australia, Dolar Singapura, Poundsterling Inggris, Dolar Hongkong, Dolar Canada, dan Lain-lain (Catatan 53).

b. Berdasarkan kolektibilitas BI

Berdasarkan ketentuan BI yang berlaku, semua giro pada bank lain pada tanggal 31 Desember 2017 dan 2016 digolongkan lancar.

c. Perubahan cadangan kerugian penurunan nilai

	2017	2016
Saldo awal	1.060	2.125
Pengurangan selama tahun berjalan	(275)	(1.015)
Selisih kurs	48	(50)
Saldo akhir	833	1.060

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas giro pada bank lain telah memadai.

Informasi mengenai klasifikasi dan nilai wajar giro pada bank lain diungkapkan pada Catatan 49.

6. CURRENT ACCOUNTS WITH OTHER BANKS

Current accounts with other banks which are related parties are disclosed in Note 45. Information in respect of maturities is disclosed in Note 48d.

a. By currency

Rupiah
Foreign currencies

Less:
Allowance for
impairment losses

Consist of - net:
Related parties -
Third parties -

The weighted average effective interest rate per annum for the year ended 31 December 2017 was 0.19% for Rupiah and 0.53% for foreign currencies (2016: 0.30% and 0.40%).

Current accounts with other banks in foreign currencies are mainly denominated in United States Dollar, European Euro, Japanese Yen, Australian Dollar, Singapore Dollar, Great Britain Poundsterling, HongKong Dollar, Canadian Dollar, and Others (Note 53).

b. By BI collectibility

Based on the prevailing BI regulation, all current accounts with other banks as of 31 December 2017 and 2016 were classified as current.

c. Movements of Allowance for impairment losses

Beginning balance
Reversal during the year
Exchange rate difference
Ending balance

Management believes that the Allowance for impairment losses on current accounts with other banks is adequate.

Information with regard to the classification and fair value of current accounts with other banks is disclosed in Note 49.

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7. PENEMPATAN PADA BANK LAIN DAN BANK INDONESIA

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan jenis dan mata uang

	2017	2016
Rupiah		
Penempatan pada Bank Indonesia		
Fasilitas simpanan Bank Indonesia (FASBI) Syariah	932.000	412.000
Fasilitas simpanan Bank Indonesia (FASBI)	594.922	369.918
Sertifikat Bank Indonesia Syariah	250.000	5.000
	<u>1.776.922</u>	<u>786.918</u>
Penempatan pada Bank Lain		
Call money		
PT Bank Sumitomo Mitsui Indonesia	130.000	50.000
PT Bank KEB Hana Indonesia	80.000	-
PT Bank Pembangunan Daerah Riau	-	100.000
PT Bank Mandiri (Persero) Tbk	-	20.000
	<u>210.000</u>	<u>170.000</u>
Sertifikat deposito		
PT Bank Woori Saudara Indonesia 1906 Tbk	290.126	181.209
PT Bank CIMB Niaga Tbk	212.138	196.972
PT Bank Mizuho Indonesia	194.844	53.443
PT Bank KEB Hana Indonesia	190.895	189.327
PT Bank Negara Indonesia (Persero) Tbk	147.614	137.249
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Cabang Jakarta	145.851	114.506
PT Bank Sumitomo Mitsui Indonesia	67.869	199.834
PT Bank Tabungan Negara (Persero) Tbk	99.115	191.134
PT Bank Commonwealth	-	273.698
PT Bank Tabungan Pensiunan Nasional Tbk	-	168.964
	<u>1.348.452</u>	<u>1.706.336</u>

7. PLACEMENTS WITH OTHER BANKS AND BANK INDONESIA

Information in respect of maturities is disclosed in Note 48d.

a. By type and currency

	Rupiah
	Placements with Bank Indonesia
Sharia Deposit facility of Bank Indonesia (FASBI)	
Deposit facility of Bank Indonesia (FASBI)	
Certificate of Bank Indonesia Sharia	
	Placements with Other Banks
	Call money
PT Bank Sumitomo Mitsui Indonesia	
PT Bank KEB Hana Indonesia	
PT Bank Pembangunan Daerah Riau	
PT Bank Mandiri (Persero) Tbk	
	Certificates of deposits
PT Bank Woori Saudara Indonesia 1906 Tbk	
PT Bank CIMB Niaga Tbk	
PT Bank Mizuho Indonesia	
PT Bank KEB Hana Indonesia	
PT Bank Negara Indonesia (Persero) Tbk	
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Jakarta Branch	
PT Bank Sumitomo Mitsui Indonesia	
PT Bank Tabungan Negara (Persero) Tbk	
PT Bank Commonwealth	
PT Bank Tabungan Pensiunan Nasional Tbk	

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7. PENEMPATAN PADA BANK LAIN DAN BANK INDONESIA (lanjutan)

a. Berdasarkan jenis dan mata uang (lanjutan)

	2017	2016
Rupiah (lanjutan)		
Deposito berjangka		
PT Bank Tabungan Pensiunan Nasional Tbk	238.800	136.800
PT Bank Tabungan Negara (Persero)Tbk	174.000	125.000
PT Bank Maybank Indonesia Tbk	135.000	163.000
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	80.000	150.000
PT Bank BTPN syariah	50.000	49.000
PT Bank Mega Tbk	50.000	-
PT Bank BCA Syariah	50.000	35.000
PT Panin Dubai Syariah Tbk	49.750	49.750
PT Bank CIMB Niaga Tbk	47.000	51.500
PT Bank Syariah Mandiri	23.650	16.650
PT Bank Mayapada Internasional Tbk	20.000	20.000
PT Bank Bukopin Syariah	18.550	18.550
PT Bank Mandiri (Persero) Tbk	13.750	14.250
PT Bank UOB Indonesia	11.300	12.300
PT Bank Bukopin Tbk	5.600	38.500
PT Bank Negara Indonesia (Persero) Tbk	5.000	5.000
PT Bank OCBC NISP Tbk	5.000	5.000
PT Bank Sahabat Sampoerna	3.000	3.000
PT Bank QNB Indonesia Tbk	2.000	20.000
PT Bank Negara Indonesia Syariah	2.000	2.000
PT Bank Capital Indonesia Tbk	2.000	-
PT Bank BRI Syariah	1.625	7.125
PT Bank Central Asia Tbk	1.000	2.000
PT Bank Ekonomi Raharja Tbk	1.000	-
PT Bank Nusantara Parahyangan Tbk	1.000	1.000
PT BPR Eka Bumi Artha	100	100
PT Bank HSBC Indonesia	-	1.000
PT Bank BJB Syariah	-	124.500
PT Bank Muamalat Indonesia Tbk	-	34.000
PT Bank KEB Hana Indonesia	-	20.000
PT Bank J Trust Indonesia Tbk	-	5.000
	<u>991.125</u>	<u>1.110.025</u>
	<u>4.326.499</u>	<u>3.773.279</u>
Mata uang asing		
Penempatan pada Bank Indonesia		
Fasilitas simpanan Bank Indonesia (FASBI)	-	2.155.600
Penempatan pada Bank Lain		
Call money		
Bank Indonesia	678.375	-
PT Bank Negara Indonesia (Persero) Tbk	101.545	-
PT Bank Pan Indonesia Tbk	94.973	-
	<u>874.893</u>	<u>-</u>
Deposito berjangka		
PT Bank Mandiri (Persero) Tbk	-	10.749
	<u>874.893</u>	<u>2.166.349</u>
	<u>5.201.392</u>	<u>5.939.628</u>
Dikurangi:		
Cadangan kerugian penurunan nilai	(2.507)	(2.666)
	<u>5.198.885</u>	<u>5.936.962</u>

7. PLACEMENTS WITH OTHER BANKS AND BANK INDONESIA (continued)

a. By type and currency (continued)

Rupiah (continued)	
Time deposits	
PT Bank Tabungan Pensiunan Nasional Tbk	
PT Bank Tabungan Negara (Persero)Tbk	
PT Bank Maybank Indonesia Tbk	
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	
PT Bank BTPN syariah	
PT Bank Mega Tbk	
PT Bank BCA Syariah	
PT Panin Dubai Syariah Tbk	
PT Bank CIMB Niaga Tbk	
PT Bank Syariah Mandiri	
PT Bank Mayapada International Tbk	
PT Bank Bukopin Syariah	
PT Bank Mandiri (Persero) Tbk	
PT Bank UOB Indonesia	
PT Bank Bukopin Tbk	
PT Bank Negara Indonesia (Persero) Tbk	
PT Bank OCBC NISP Tbk	
PT Bank Sahabat Sampoerna	
PT Bank QNB Indonesia Tbk	
PT Bank Negara Indonesia Syariah	
PT Bank Capital Indonesia Tbk	
PT Bank BRI Syariah	
PT Bank Central Asia Tbk	
PT Bank Ekonomi Raharja Tbk	
PT Bank Nusantara Parahyangan Tbk	
PT BPR Eka Bumi Artha	
PT Bank HSBC Indonesia	
PT Bank BJB Syariah	
PT Bank Muamalat Indonesia Tbk	
PT Bank KEB Hana Indonesia	
PT Bank J Trust Indonesia Tbk	
Foreign currencies	
Placements with Bank Indonesia	
Deposit facility of Bank Indonesia (FASBI)	
Placements with Other Banks	
Call money	
Bank Indonesia	
PT Bank Negara Indonesia (Persero) Tbk	
PT Bank Pan Indonesia Tbk	
Time deposits	
PT Bank Mandiri (Persero) Tbk	
Less:	
Allowance for impairment losses	

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7. PENEMPATAN PADA BANK LAIN DAN BANK INDONESIA (lanjutan)

a. Berdasarkan jenis dan mata uang (lanjutan)

Suku bunga efektif rata-rata tertimbang per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah 6,05% untuk Rupiah dan 1,04% untuk mata uang asing (2016: 7,00% dan 0,53%).

Penempatan pada bank lain dan Bank Indonesia dalam mata uang asing terdiri dari Dolar Amerika Serikat dan Dolar Singapura (Catatan 53).

b. Berdasarkan kolektibilitas BI

Berdasarkan ketentuan BI yang berlaku, seluruh penempatan pada bank lain dan Bank Indonesia pada tanggal-tanggal 31 Desember 2017 dan 2016 digolongkan sebagai lancar.

c. Perubahan cadangan kerugian penurunan nilai

	2017	2016
Saldo awal	2.666	6.455
Pengurangan selama tahun berjalan	(172)	(3.731)
Selisih kurs	13	(58)
Saldo akhir	2.507	2.666

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas penempatan pada bank lain telah memadai.

Informasi mengenai klasifikasi dan nilai wajar penempatan pada bank lain dan Bank Indonesia diungkapkan pada Catatan 49.

7. PLACEMENTS WITH OTHER BANKS AND BANK INDONESIA (continued)

a. By type and currency (continued)

The weighted average effective interest rate per annum for the year ended 31 December 2017 was 6.05% for Rupiah and 1.04% for foreign currencies (2016: 7.00% and 0.53%).

Placements with other banks and Bank Indonesia in foreign currencies are denominated in United States Dollar and Singapore Dollar (Note 53).

b. By BI collectibility

Based on the prevailing BI Regulation, all placements with other banks and Bank Indonesia as of 31 December 2017 and 2016 were classified as current.

c. Movements of allowance for impairment losses

	<i>Beginning balance</i>
	<i>Reversal during the year</i>
	<i>Exchange rate difference</i>
	Ending balance

Management believes that the allowance for impairment losses on placements with other banks is adequate.

Information with regard to the classification and fair value of placements with other banks and Bank Indonesia is disclosed in Note 49.

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8. EFEK-EFEK

Efek-efek dari pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan jenis dan mata uang

	2017		2016	
	Nilai nominal/ <i>Nominal value</i>	Nilai tercatat/ <i>Carrying value</i>	Nilai nominal/ <i>Nominal value</i>	Nilai tercatat/ <i>Carrying value</i>
Dimiliki hingga jatuh tempo (harga perolehan, setelah premi/diskonto yang belum diamortisasi):				
Rupiah				
- Obligasi korporasi	10.000	10.000	10.000	10.000
- Obligasi korporasi - Syariah	-	-	30.000	30.000
- Surat berharga lainnya	43.552	43.552	3.610.610	3.610.610
	53.552	53.552	3.650.610	3.650.610
Mata uang asing				
- Wesel ekspor	10.237	10.237	-	-
- Surat berharga lainnya	63.487	63.487	1.309.290	1.309.290
	73.724	73.724	1.309.290	1.309.290
Jumlah dimiliki hingga jatuh tempo	127.276	127.276	4.959.900	4.959.900
Pinjaman dan piutang:				
Rupiah				
- Surat berharga lainnya	3.840.240	3.840.240	-	-
Mata uang asing				
- Surat berharga lainnya	937.148	937.148	-	-
Jumlah Pinjaman dan Piutang	4.777.388	4.777.388	-	-
Tersedia untuk dijual (nilai wajar):				
Rupiah				
- Sertifikat Bank Indonesia, setelah dikurangi diskonto yang belum diamortisasi sebesar RpNihil pada tanggal 31 Desember 2017 (2016: Rp56.486)	-	-	2.000.000	1.934.138
- Obligasi korporasi	3.994.050	4.081.257	3.604.500	3.624.115
- Efek utang lainnya	440.000	443.486	400.000	407.376
- Unit penyertaan reksadana	310.000	318.221	500.000	478.430
- Sertifikat deposito Bank Indonesia, setelah dikurangi diskonto yang belum diamortisasi sebesar Rp46.808 pada tanggal 31 Desember 2017 (2016: Rp2.747)	3.858.081	3.811.306	650.000	647.281
	8.602.131	8.654.270	7.154.500	7.091.340
Mata uang asing				
- Obligasi korporasi	484.156	497.472	555.593	558.596
- Sertifikat Bank Indonesia, setelah dikurangi diskonto yang belum diamortisasi sebesar Rp5.714 pada tanggal 31 Desember 2017 (2016: Rp29.097)	2.051.650	2.045.048	4.863.573	4.836.092
	2.535.806	2.542.520	5.419.166	5.394.688
Jumlah tersedia untuk dijual	11.137.937	11.196.790	12.573.666	12.486.028
Jumlah efek-efek	16.042.601	16.101.454	17.533.566	17.445.928
Dikurangi:				
Cadangan kerugian penurunan nilai		(41.792)		(37.665)
Jumlah efek-efek-neto		16.059.662		17.408.263

8. MARKETABLE SECURITIES

Marketable securities from related parties are disclosed in Note 45. Information in respect of maturities is disclosed in Note 48d.

a. By type and currency

**Held-to-maturity
(cost, net of unamortized
premium/diskonto):**

Rupiah
Corporate bonds -
Corporate bonds - Sharia
Other marketable securities -

Foreign currencies
Export Bills -
Other marketable securities -

Total held-to-maturity

Loans and Receivables:
Rupiah
Other marketable securities -

Foreign currencies
Other marketable securities -

Total Loans and Receivables

Available-for-sale (fair value):
Rupiah

Certificates of Bank Indonesia -
net of unamortized
discount of RpNil as of
31 December 2017
(2016: Rp56,486)
Corporate bonds -
Other debt securities -
Mutual fund unit -

Certificate of deposit -
Bank Indonesia, net of
unamortized discount of
Rp46,808 as of
31 December 2017
(2016: Rp2,747)

Foreign currencies
Corporate bonds -

Certificate of -
Bank Indonesia, net of
unamortized discount of
Rp5,714 as of
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(2016: Rp29,097)

Total available-for-sale

Total marketable securities

Less:
Allowance for impairment losses

Total marketable securities-net

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8. EFEK-EFEK (lanjutan)

a. Berdasarkan jenis dan mata uang (lanjutan)

	2017	2016
Terdiri dari - neto:		
- Pihak berelasi	19.949	18.350
- Pihak ketiga	16.039.713	17.389.913
	16.059.662	17.408.263

Efek-efek dalam mata uang asing terdiri dari Dolar Amerika Serikat dan Euro Eropa (Catatan 53).

Wesel ekspor tidak terdaftar di bursa efek.

Informasi mengenai klasifikasi dan nilai wajar efek-efek diungkapkan pada Catatan 49.

Bank dan Entitas Anak mengakui keuntungan neto atas penjualan efek-efek sejumlah Rp56.872 untuk tahun yang berakhir pada tanggal 31 Desember 2017 (2016: keuntungan neto sejumlah Rp54.892).

b. Berdasarkan penerbit

	2017	2016
Bank Indonesia	5.856.354	7.417.511
Bank-bank	2.527.547	2.279.227
Korporasi	7.717.553	7.749.190
	16.101.454	17.445.928
Dikurangi:		
Cadangan kerugian penurunan nilai	(41.792)	(37.665)
	16.059.662	17.408.263

c. Berdasarkan kolektibilitas BI

Berdasarkan ketentuan Bank Indonesia yang berlaku, seluruh efek-efek pada tanggal 31 Desember 2017 dan 2016 digolongkan sebagai lancar. Seluruh surat berharga lainnya memiliki jatuh tempo paling lama 240 hari (jangka pendek).

8. MARKETABLE SECURITIES (continued)

a. By type and currency (continued)

Consist of - net:
Related parties -
Third parties -

Marketable securities in foreign currencies are denominated in United States Dollar and European Euro (Note 53).

The trading export bills are not listed at a stock exchange.

Information with regard to the classification and fair value of marketable securities is disclosed in Note 49.

The Bank and a Subsidiaries recognized net gains from the sale of marketable securities amounting to Rp56,872 for the year ended 31 December 2017 (2016: net gains amounting to Rp54,892).

b. By issuer

Bank Indonesia
Banks
Corporates

Less:
Allowance for impairment losses

c. By BI collectability

Based on prevailing Bank Indonesia regulation, all marketable securities as of 31 December 2017 and 2016 were classified as current. Other marketable securities have maturity of maximum 240 days (short term).

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8. EFEK-EFEK (lanjutan)

8. MARKETABLE SECURITIES (continued)

d. Berdasarkan peringkat

d. By rating

		Peringkat/Rating		Nilai tercatat/Nilai wajar/ Carrying value/Fair value	
	Pemeringkat/ Rated by	2017	2016	2017	2016
Dimiliki hingga jatuh tempo/Held-to-maturity Rupiah/Rupiah					
Obligasi - Berkelanjutan I Antam I Tahun 2011 Seri A	Pefindo	idBBB+	idBBB+	10.000	10.000
Obligasi Syariah Ijarah PLN II	Pefindo	-	idAAA(sy)	-	30.000
		Tidak Diperingkat/ Not rated	Tidak Diperingkat/ Not rated		
Wesel SKBDN/SKBDN Bills	N/A	-	Tidak Diperingkat/ Not rated	43.552	22.387
Wesel lainnya/Other Bills	N/A			-	3.588.223
				53.552	3.650.610
Mata uang asing/Foreign currencies					
Wesel Ekspor/Export Bills	N/A	Tidak Diperingkat/ Not rated	Tidak Diperingkat/ Not rated	10.237	74.629
Wesel lainnya/Other Bills	N/A	Tidak Diperingkat/ Not rated	Tidak Diperingkat/ Not rated	63.487	1.234.661
				73.724	1.309.290
Jumlah dimiliki hingga jatuh tempo/ Total-held-to maturity				127.276	4.959.900
Pinjaman dan piutang/Loans and receivables Rupiah/Rupiah					
Wesel lainnya/Other Bills	N/A	Tidak Diperingkat/ Not rated	-	3.840.240	-
Mata uang asing/Foreign currencies					
Wesel Ekspor/Export Bills	N/A	Tidak Diperingkat/ Not rated	-	937.148	-
Jumlah Pinjaman dan piutang/ Total loans and receivables				4.777.388	

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8. EFEK-EFEK (lanjutan)

d. Berdasarkan peringkat (lanjutan)

Tersedia untuk dijual/Available-for-sale:

Obligasi Berkelanjutan II Astra Sedaya Finance Tahap V Tahun 2015 Seri B	Fitch	AAA(idn)	AAA(idn)	69.110	68.308
Obligasi Berkelanjutan III Astra Sedaya Finance Tahap III Tahun 2017 Seri B	Pefindo	idAAA	-	62.015	-
Obligasi Berkelanjutan III Astra Sedaya Finance Tahap I Tahun 2016 Seri B	Fitch	AAA(idn)	AAA(idn)	159.009	138.305
Obligasi Berkelanjutan II BFI Finance Tahap III Tahun 2016 Seri B	Fitch	AA-(idn)	AA-(idn)	20.124	20.100
Obligasi Berkelanjutan III BFI Finance Indonesia Tahap II Tahun 2017 Seri B	Fitch	AA-(idn)	-	56.476	-
Obligasi Berkelanjutan II BFI Finance Indonesia Tahap II Tahun 2015 Seri C	Fitch	AA-(idn)	AA-(idn)	20.200	20.237
Obligasi Berkelanjutan III BFI Finance Indonesia Tahap I Tahun 2016 Seri B	Fitch	AA-(idn)	AA-(idn)	5.095	4.790
Obligasi Berkelanjutan I Bank Rakyat Indonesia Tahap II Tahun 2016 Seri B	Pefindo	idAAA	idAAA	111.778	81.481
Obligasi Berkelanjutan I Bank Rakyat Indonesia Tahap II Tahun 2016 Seri C	Pefindo	idAAA	idAAA	2.144	2.032
Obligasi Berkelanjutan II Bank Rakyat Indonesia Tahap II Tahun 2017 Seri B	Pefindo	idAAA	-	20.495	-
Obligasi Berkelanjutan I Bank Rakyat Indonesia Tahap III Tahun 2016 Seri B	Pefindo	idAAA	idAAA	156.684	153.928
Obligasi Berkelanjutan II Bank Tabungan Negara Tahap I Tahun 2015 Seri A	Pefindo	idAA+	idAA+	3.046	3.024
Obligasi Berkelanjutan III Bank BTPN Tahap II Tahun 2017 Seri B	Fitch	AAA(idn)	-	14.109	-
Obligasi Berkelanjutan II Bank BTN Tahap I Tahun 2013 Seri B	Fitch	AAA(idn)	AAA(idn)	1.010	992
Obligasi I Bussan Auto Finance Tahun 2017 Seri B	Pefindo	idAA	-	50.111	-
Obligasi Berkelanjutan IV Sarana Multigriya Finansial Tahap II Tahun 2017 Seri A	Pefindo	idAAA	-	50.040	-
Obligasi Berkelanjutan II Indonesia Exim Bank Tahap VII Tahun 2016 Seri B	Pefindo	idAAA	idAAA	323.587	318.698
Obligasi Berkelanjutan III Indonesia Exim Bank Tahap I Tahun 2016 Seri C	Pefindo	idAAA	idAAA	48.634	130.773
Obligasi Berkelanjutan Indonesia Exim Bank Tahap I Tahun 2011 Seri C	Pefindo	idAAA	idAAA	5.087	4.958
Obligasi Berkelanjutan III Indonesia Exim Bank Tahap VI Tahun 2015	Pefindo	idAAA	-	6.828	-
Obligasi Berkelanjutan II Indonesia Exim Bank Tahap V Tahun 2015 Seri C	Pefindo	idAAA	idAAA	20.976	20.153
Sukuk Ijarah Berkelanjutan I XL Axiata Tahap II Tahun 2017 Seri B	Fitch	AAA(idn)	-	92.734	-
Sukuk Ijarah Berkelanjutan I XL Axiata Tahap II Tahun 2017 Seri A	Fitch	AAA(idn)	-	3.010	-
Sukuk Ijarah Berkelanjutan I XL Axiata Tahap I Tahun 2015 Seri C	Fitch	AAA(idn)	-	5.408	-
Obligasi Berkelanjutan II Federal International Finance Tahap I Tahun 2015 Seri B	Pefindo	idAAA	idAAA	57.576	128.588
Obligasi Berkelanjutan III Federal International Finance Tahap II Tahun 2017 Seri B	Pefindo	idAAA	-	135.514	-
Obligasi Berkelanjutan II FIF Tahap III Tahun 2016 Seri B	Pefindo	idAAA	idAAA	233.004	193.743
Obligasi Berkelanjutan I Indosat Tahap II Tahun 2015 Seri C	Pefindo	idAAA	-	10.592	-
Obligasi Berkelanjutan I Indosat Tahap IV Tahun 2016 Seri B	Pefindo	idAAA	-	13.207	-
Obligasi Berkelanjutan I Indosat Tahap I Tahun 2014 Seri B	Pefindo	idAAA	-	5.279	-
Obligasi VIII Indosat Tahun 2012 Seri A	Pefindo	idAAA	-	92.717	-
Obligasi Berkelanjutan I Indosat Tahap II Tahun 2015 Seri C	Pefindo	idAAA	-	31.765	-
Obligasi VIII Indosat Tahun 2012 Seri A	Pefindo	idAAA	-	2.047	-
Obligasi I Indonesia Infrastructure Finance Tahun 2016 Seri A	Pefindo	idAAA	-	5.103	-
Obligasi Berkelanjutan III Indomobil Finance Tahap I Tahun 2017 Seri B	Pefindo	idA	-	9.396	-
Obligasi Berkelanjutan II JAPFA Tahap II Tahun 2017	Pefindo	idA	-	26.219	-
Obligasi Berkelanjutan II JAPFA Tahap I Tahun 2016 Seri A	Fitch	AA-(idn)	-	1.024	-
Obligasi Berkelanjutan I Jasa Marga Tahap I Tahun 2013 Seri C	Pefindo	idAA	-	20.289	-
Obligasi Berkelanjutan II Mandala Multi Finance Tahap I Tahun 2015 Seri C	Pefindo	idA	idA	45.631	40.737
Obligasi Berkelanjutan I Mandiri Tunas Finance Tahap II Tahun 2014 Seri A	Pefindo	idAA+	idAA+	50.895	57.581
Obligasi Berkelanjutan III Mandiri Tunas Finance Tahap I Tahun 2016 Seri A	Pefindo	idAA+	-	7.109	-
Obligasi Berkelanjutan II Mandiri Tunas Finance Tahap I Tahun 2015 Seri A	Pefindo	idAA+	idAA+	8.264	8.310
Obligasi Berkelanjutan II Mandiri Tunas Finance Tahap II Tahun 2016 Seri A	Pefindo	idAA+	idAA+	35.722	34.919
Obligasi Mayora Indah IV Tahun 2012	Pefindo	idAA	idAA-	78.062	48.456
MTN VI Bank Resona Perdana Tahun 2016	Pefindo	idAA-	idAA-	51.572	50.910
MTN II Clipan Finance Indonesia Tahun 2015	Pefindo	idA+	idA+	151.416	153.804
MTN Kimia Farma Tahap I Tahun 2017	Pefindo	idAA-	-	39.968	-

8. MARKETABLE SECURITIES (continued)

d. By rating (continued)

Pemeringkat/ Rated by	Peringkat/Rating		Nilai tercatat/Nilai wajar/ Carrying value/Fair value	
	2017	2016	2017	2016
Fitch	AAA(idn)	AAA(idn)	69.110	68.308
Pefindo	idAAA	-	62.015	-
Fitch	AAA(idn)	AAA(idn)	159.009	138.305
Fitch	AA-(idn)	AA-(idn)	20.124	20.100
Fitch	AA-(idn)	-	56.476	-
Fitch	AA-(idn)	AA-(idn)	20.200	20.237
Fitch	AA-(idn)	AA-(idn)	5.095	4.790
Pefindo	idAAA	idAAA	111.778	81.481
Pefindo	idAAA	idAAA	2.144	2.032
Pefindo	idAAA	-	20.495	-
Pefindo	idAAA	idAAA	156.684	153.928
Pefindo	idAA+	idAA+	3.046	3.024
Fitch	AAA(idn)	-	14.109	-
Fitch	AAA(idn)	AAA(idn)	1.010	992
Pefindo	idAA	-	50.111	-
Pefindo	idAAA	-	50.040	-
Pefindo	idAAA	idAAA	323.587	318.698
Pefindo	idAAA	idAAA	48.634	130.773
Pefindo	idAAA	idAAA	5.087	4.958
Pefindo	idAAA	-	6.828	-
Pefindo	idAAA	idAAA	20.976	20.153
Fitch	AAA(idn)	-	92.734	-
Fitch	AAA(idn)	-	3.010	-
Fitch	AAA(idn)	-	5.408	-
Pefindo	idAAA	idAAA	57.576	128.588
Pefindo	idAAA	-	135.514	-
Pefindo	idAAA	idAAA	233.004	193.743
Pefindo	idAAA	-	10.592	-
Pefindo	idAAA	-	13.207	-
Pefindo	idAAA	-	5.279	-
Pefindo	idAAA	-	92.717	-
Pefindo	idAAA	-	31.765	-
Pefindo	idAAA	-	2.047	-
Pefindo	idAAA	-	5.103	-
Pefindo	idA	-	9.396	-
Pefindo	idA	-	26.219	-
Fitch	AA-(idn)	-	1.024	-
Pefindo	idAA	-	20.289	-
Pefindo	idA	idA	45.631	40.737
Pefindo	idAA+	idAA+	50.895	57.581
Pefindo	idAA+	-	7.109	-
Pefindo	idAA+	idAA+	8.264	8.310
Pefindo	idAA+	idAA+	35.722	34.919
Pefindo	idAA	idAA-	78.062	48.456
Pefindo	idAA-	idAA-	51.572	50.910
Pefindo	idA+	idA+	151.416	153.804
Pefindo	idAA-	-	39.968	-

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d. Berdasarkan peringkat (lanjutan)

**Tersedia untuk dijual (lanjutan)/Available-for-sale
(continued):**

Obligasi Berkelanjutan III Pegadaian Tahap I Tahun 2017 Seri A	Pefindo	idAAA	-	42.017	-
Obligasi Berkelanjutan III Pegadaian Tahap I Tahun 2017 Seri B	Pefindo	idAAA	-	57.094	-
Obligasi Berkelanjutan I Pupuk Indonesia Tahap I Tahun 2017 Seri A	Fitch	AAA(idn)	-	134.651	-
Obligasi Berkelanjutan I Pupuk Indonesia Tahap II Tahun 2017 Seri A	Fitch	AAA(idn)	-	30.053	-
Obligasi Perusahaan Listrik Negara XI Tahun 2010 Seri B	Pefindo	idAAA	idAAA	17.624	9.865
Obligasi Berkelanjutan I Protelindo Tahap I Tahun 2016 Seri A	Fitch	AAA(idn)	-	10.141	-
Obligasi Berkelanjutan II SAN Finance Tahap I Tahun 2016 Seri B	Pefindo	idAA-	idAA-	61.342	59.263
Obligasi Berkelanjutan II SAN Finance Tahap II Tahun 2017 Seri A	Pefindo	idAA-	-	78.345	-
Obligasi Berkelanjutan II Sumber Alfaria Trijaya Tahap I Tahun 2017	Fitch	AA-(idn)	-	85.160	-
Obligasi Berkelanjutan Sumber Alfaria Trijaya Tahap II Tahun 2015 Seri B	Fitch	AA-(idn)	-	17.820	-
Obligasi Berkelanjutan II Toyota Astra Financial Services Tahap II Tahun 2017 Seri B	Fitch	AAA(idn)	-	5.120	-
Obligasi II Telkom Tahun 2010 Seri B	Pefindo	idAAA	-	8.570	-
Obligasi Berkelanjutan I Timah Tahap I Tahun 2017 Seri A	Pefindo	idA+	-	31.249	-
Obligasi Berkelanjutan I Bank UOB Indonesia Tahap I Tahun 2016 Seri B	Fitch	AAA(idn)	AAA(idn)	38.796	50.572
Obligasi Berkelanjutan I Bank BNI Tbk Tahap I Tahun 2017	Pefindo	idAAA	-	10.449	-
Obligasi Berkelanjutan I Bank BRI Tahap II Tahun 2016 Seri B	Pefindo	idAAA	idAAA	10.255	10.179
Obligasi Berkelanjutan I Bank BRI Tahap II Tahun 2016 Seri C	Pefindo	idAAA	idAAA	32.165	30.446
Obligasi Berkelanjutan I Bank BRI Tahap III Tahun 2016 Seri C	Pefindo	idAAA	idAAA	1.051	980
Obligasi Berkelanjutan I Maybank Finance Tahap III Tahun 2016 Seri A	Fitch	AA+(idn)	-	14.182	-
Obligasi Berkelanjutan I Maybank Finance Tahap IV Tahun 2017 Seri A	Fitch	AA+(idn)	-	6.029	-
Obligasi Berkelanjutan I Mayora Indah Tahap I Tahun 2017	Pefindo	idAAA	-	12.459	-
Obligasi Berkelanjutan I OCBC NISP Tahap II Tahun 2015 Seri C	Fitch	AAA(idn)	-	7.031	-
Obligasi Berkelanjutan I Protelindo Tahap I Tahun 2016 Seri B	Fitch	AAA(idn)	AAA(idn)	10.240	10.060
Obligasi Berkelanjutan I Pupuk Indonesia Tahap I Tahun 2017 Seri A	Fitch	AAA(idn)	-	10.201	-
Obligasi Berkelanjutan I Pupuk Indonesia Tahap II Tahun 2017 seri A	Fitch	AAA(idn)	-	10.018	-
Obligasi Berkelanjutan I ROTI Tahap I Tahun 2013	Pefindo	idAA-	idAA-	7.042	6.883
Obligasi Berkelanjutan I ROTI Tahap II Tahun 2015	Pefindo	idAA-	-	13.575	-
Obligasi Berkelanjutan I Sarana Multi Infrastruktur Tahap II Tahun 2017 Seri B	Fitch	AA+(idn)	-	20.081	-
Obligasi Berkelanjutan I Sumber Alfaria Trijaya Tahap II Tahun 2015 Seri A	Pefindo	idAAA	AA-(idn)	7.078	7.044
Obligasi Berkelanjutan I Summarecon Agung Tahap I Tahun 2013	Pefindo	idA+	idA+	15.376	15.266
Obligasi Berkelanjutan I Summarecon Agung Tahap II Tahun 2014	Pefindo	idA+	idA+	5.242	5.148
Obligasi Berkelanjutan I Tahap I BII Finance Tahun 2015 Seri A	Fitch	AA+(idn)	AA+(idn)	20.593	20.364
Obligasi Berkelanjutan I Tahap I BII Finance Tahun 2015 Seri B	Fitch	AA+(idn)	AA+(idn)	21.562	20.958
Obligasi Berkelanjutan I Telkom Tahap I Tahun 2015 Seri A	Pefindo	idAAA	idAAA	29.432	27.548
Obligasi Berkelanjutan I Toyota Astra Financial Services Tahap III Tahun 2015 Seri B	Fitch	AAA(idn)	AAA(idn)	10.264	10.077
Obligasi Berkelanjutan I Toyota Astra Financial Services Tahap II Tahun 2015 Seri B	Fitch	AAA(idn)	AAA(idn)	30.403	29.999
Obligasi Berkelanjutan I WOM Finance Tahap III Tahun 2015 Seri B	Fitch	AA(idn)	AA(idn)	2.020	2.035
Obligasi Berkelanjutan I WOM Finance Tahap IV Tahun 2015 Seri B	Fitch	AA(idn)	AA(idn)	3.101	3.132
Obligasi Berkelanjutan II Federal International Finance Tahap II Tahun 2015 Seri B	Pefindo	idAAA	-	25.546	-
Obligasi Berkelanjutan II Astra Sedaya Finance Tahap V Tahun 2015 Seri B	Fitch	AA(idn)	-	45.735	-
Obligasi Berkelanjutan II Bank BRI Tahap II Tahun 2017 Seri A	Pefindo	idAAA	-	10.033	-
Obligasi Berkelanjutan II Bank BRI Tahap III Tahun 2017 Seri A	Pefindo	idAAA	-	20.377	-
Obligasi Berkelanjutan II Bank CIMB Niaga Tahap III Tahun 2017 Seri B	Pefindo	idAAA	-	70.780	-
Obligasi Berkelanjutan II BCA Finance Tahap I Tahun 2015 Seri C	Fitch	AAA(idn)	-	5.034	-
Obligasi Berkelanjutan II Federal International Finance Tahap III Tahun 2016	Pefindo	idAAA	idAAA	10.395	10.084
Obligasi Berkelanjutan II Indomobil Finance Tahap I Tahun 2015 Seri B	Pefindo	idA	idA	10.080	10.000
Obligasi Berkelanjutan II Indonesia Exim Bank Tahap VI 2015 Seri B	Pefindo	idAAA	idAAA	10.191	10.054
Obligasi Berkelanjutan II Indonesia Exim Bank Tahap VII 2016 Seri B	Pefindo	idAAA	idAAA	10.273	10.111

8. MARKETABLE SECURITIES (continued)

d. By rating (continued)

Pemeringkat/ Rated by	Peringkat/Rating		Nilai tercatat/Nilai wajar/ Carrying value/Fair value	
	2017	2016	2017	2016
Pefindo	idAAA	-	42.017	-
Pefindo	idAAA	-	57.094	-
Fitch	AAA(idn)	-	134.651	-
Fitch	AAA(idn)	-	30.053	-
Pefindo	idAAA	idAAA	17.624	9.865
Fitch	AAA(idn)	-	10.141	-
Pefindo	idAA-	idAA-	61.342	59.263
Pefindo	idAA-	-	78.345	-
Fitch	AA-(idn)	-	85.160	-
Fitch	AA-(idn)	-	17.820	-
Fitch	AAA(idn)	-	5.120	-
Pefindo	idAAA	-	8.570	-
Pefindo	idA+	-	31.249	-
Fitch	AAA(idn)	AAA(idn)	38.796	50.572
Pefindo	idAAA	-	10.449	-
Pefindo	idAAA	idAAA	10.255	10.179
Pefindo	idAAA	idAAA	32.165	30.446
Pefindo	idAAA	idAAA	1.051	980
Fitch	AA+(idn)	-	14.182	-
Fitch	AA+(idn)	-	6.029	-
Pefindo	idAAA	-	12.459	-
Fitch	AAA(idn)	-	7.031	-
Fitch	AAA(idn)	AAA(idn)	10.240	10.060
Fitch	AAA(idn)	-	10.201	-
Fitch	AAA(idn)	-	10.018	-
Pefindo	idAA-	idAA-	7.042	6.883
Pefindo	idAA-	-	13.575	-
Fitch	AA+(idn)	-	20.081	-
Pefindo	idAAA	AA-(idn)	7.078	7.044
Pefindo	idA+	idA+	15.376	15.266
Pefindo	idA+	idA+	5.242	5.148
Fitch	AA+(idn)	AA+(idn)	20.593	20.364
Fitch	AA+(idn)	AA+(idn)	21.562	20.958
Pefindo	idAAA	idAAA	29.432	27.548
Fitch	AAA(idn)	AAA(idn)	10.264	10.077
Fitch	AAA(idn)	AAA(idn)	30.403	29.999
Fitch	AA(idn)	AA(idn)	2.020	2.035
Fitch	AA(idn)	AA(idn)	3.101	3.132
Pefindo	idAAA	-	25.546	-
Fitch	AA(idn)	-	45.735	-
Pefindo	idAAA	-	10.033	-
Pefindo	idAAA	-	20.377	-
Pefindo	idAAA	-	70.780	-
Fitch	AAA(idn)	-	5.034	-
Pefindo	idAAA	idAAA	10.395	10.084
Pefindo	idA	idA	10.080	10.000
Pefindo	idAAA	idAAA	10.191	10.054
Pefindo	idAAA	idAAA	10.273	10.111

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8. EFEK-EFEK (lanjutan)

d. Berdasarkan peringkat (lanjutan)

**Tersedia untuk dijual (lanjutan)/Available-for-sale
(continued):**

Obligasi Berkelanjutan II Indonesia Exim Bank Tahap VII 2016 Seri C	Pefindo	idAAA	idAAA	21.218	20.254
Obligasi Berkelanjutan II Indonesia Exim Bank Tahap VI 2015 Seri C	Pefindo	idAAA	idAAA	26.322	25.324
Obligasi Berkelanjutan II Mandiri Tunas Finance Tahap I Tahun 2015 Seri A	Pefindo	idAA+	idAA	13.430	13.496
Obligasi Berkelanjutan II Mandiri Tunas Finance Tahap I Tahun 2015 Seri B	Pefindo	idAA+	idAA	16.224	15.680
Obligasi Berkelanjutan II OCBC NISP Tahap III Tahun 2017 Seri B	Fitch	AAA(idn)	-	10.021	-
Obligasi Berkelanjutan II OCBC NISP Tahap III Tahun 2017 Seri C	Fitch	AAA(idn)	-	10.061	-
Obligasi Berkelanjutan II Perum Pegadaian Tahap III Tahun 2015 Seri B	Pefindo	idAAA	-	35.388	-
Obligasi Berkelanjutan II PLN Tahap I Tahun 2017 Seri A	Fitch	AA+(idn)	-	10.033	-
Obligasi Berkelanjutan II SAN Finance Tahap II Tahun 2017 Seri B	Pefindo	idAAA	-	10.250	-
Obligasi Berkelanjutan II Summarecon Agung Tahap II Tahun 2017	Pefindo	idA+	-	9.999	-
Obligasi Berkelanjutan III Astra Sedaya Finance Tahap IV Tahun 2017 Seri B	Pefindo	idAAA	-	60.326	-
Obligasi Berkelanjutan III Astra Sedaya Finance Tahap III Tahun 2017 Seri B	Pefindo	idAAA	-	5.168	-
Obligasi Berkelanjutan III Bank BTN Tahap I Tahun 2017 Seri A	Pefindo	idAA-	-	20.513	-
Obligasi Berkelanjutan III Federal International Finance Tahap I Tahun 2017 Seri A	Pefindo	idAAA	-	10.042	-
Obligasi Berkelanjutan III Federal International Finance Tahap I Tahun 2017 Seri B	Pefindo	idAAA	-	5.109	-
Obligasi Berkelanjutan III Indomobil Finance Tahap I Tahun 2017 Seri A	Pefindo	idA	-	9.995	-
Obligasi Berkelanjutan III Indomobil Finance Tahap I Tahun 2017 Seri B	Fitch	AA(idn)	-	10.440	-
Obligasi Berkelanjutan IV Mayora Indah Tahun 2012	Pefindo	idAA-	-	33.674	-
Obligasi Berkelanjutan IV PT Sarana Multigriya Finansial Tahap II Tahun 2017 Seri B	Fitch	AA+(idn)	-	13.023	-
Obligasi Berkelanjutan IV PT Sarana Multigriya Finansial Tahap I Tahun 2017 Seri A	Pefindo	idAAA	-	10.042	-
Obligasi Berkelanjutan IV PT Sarana Multigriya Finansial Tahap I Tahun 2017 Seri B	Fitch	AA+(idn)	-	10.166	-
Obligasi Berkelanjutan Indonesia Exim Bank III Tahap IV Tahun 2017 Seri B	Pefindo	idAAA	-	20.642	-
Obligasi Berkelanjutan Indonesia Exim Bank III Tahap IV Tahun 2017 Seri C	Pefindo	idAAA	-	15.682	-
Obligasi I Bank UOB Indonesia Tahun 2015 Seri B	Fitch	AAA(idn)	AAA(idn)	5.043	5.065
Obligasi I Bank UOB Tahun 2015 Seri C	Fitch	AAA(idn)	AAA(idn)	5.244	5.088
Obligasi Subordinasi Berkelanjutan II Bank BII Tahap I Tahun 2014	Pefindo	idAA	idAA+	11.011	10.552
Obligasi Subordinasi Berkelanjutan I Bank Permata Tahap I Tahun 2012	Pefindo	idAA+	idAA+	4.085	3.972
Obligasi Subordinasi Berkelanjutan I Bank Permata Tahap II Tahun 2012	Pefindo	idAA+	idAA+	5.159	5.026
Obligasi Subordinasi Berkelanjutan II Bank Permata Tahap I Tahun 2011	Pefindo	idAA+	idAA+	5.112	5.103
Obligasi Subordinasi Berkelanjutan I Bank BII Tahap II Tahun 2012	Pefindo	idAA+	idAA+	14.303	14.016
Sukuk Mudharabah Bank Maybank Indonesia Tahap I Tahun 2017	Pefindo	idAAA	-	10.106	-
Sukuk Mudharabah Bank Maybank Indonesia Tahap I Tahun 2017	Pefindo	idAAA	-	10.106	-
Obligasi I AKR Corporindo Tahun 2012 Seri A	Pefindo	-	idAA-	-	49.733
Obligasi Berkelanjutan III Astra Sedaya Finance Tahap I Tahun 2016 Seri A	Fitch	-	AAA(idn)	-	34.995
Obligasi Berkelanjutan II Astra Sedaya Finance Tahap IV Tahun 2014 Seri B	Fitch	-	AAA(idn)	-	68.321
Obligasi Berkelanjutan BCA Finance Tahap III Tahun 2014 Seri B	Pefindo	-	idAAA	-	10.053
Obligasi Berkelanjutan II BFI Finance Indonesia Tahap II Tahun 2015 Seri B	Fitch	-	AA-(idn)	-	55.224
Obligasi Berkelanjutan I Bank Maybank Indonesia Tahap II Tahun 2012 Seri B	Pefindo	-	idAAA	-	29.992
Obligasi Berkelanjutan I Bank Rakyat Indonesia Tahap I Tahun 2015 Seri B	Pefindo	-	idAAA	-	80.391
Obligasi Berkelanjutan I Bank Rakyat Indonesia Tahap III Tahun 2016 Seri C	Pefindo	-	idAAA	-	37.291
Obligasi Berkelanjutan I BTPN Tahap II Tahun 2012 Seri B	Fitch	-	AAA(idn)	-	10.011
Obligasi Indofood Sukses Makmur VI Tahun 2012	Pefindo	-	idAA+	-	22.981
Obligasi Indofood Sukses Makmur VII Tahun 2014	Pefindo	-	idAA+	-	51.068
Obligasi Berkelanjutan II Indomobil Finance Tahap I Tahun 2015 Seri B	Pefindo	-	idA	-	12.999
Obligasi Berkelanjutan II Indomobil Finance Tahun 2016 Tahap III Seri A	Pefindo	-	idA	-	3.001
Obligasi Berkelanjutan II Indomobil Finance Tahun 2016 Tahap III Seri C	Pefindo	-	idA	-	42.859
Obligasi Berkelanjutan I Indomobil Finance Tahap IV Tahun 2014 Seri B	Pefindo	-	idA	-	30.211
Obligasi Berkelanjutan I Mandala Multi Finance Tahap II Tahun 2014 Seri B	Pefindo	-	idA	-	60.718
Obligasi Berkelanjutan IV Mayora Indah Tahun 2012	Pefindo	-	idAA-	-	31.958
Obligasi Berkelanjutan I SAN Finance Tahap II Tahun 2014	Pefindo	-	idAA-	-	20.235
Obligasi Berkelanjutan I Perum Pegadaian Tahap II Tahun 2012 Seri C	Pefindo	-	idAA+	-	6.998

8. MARKETABLE SECURITIES (continued)

d. By rating (continued)

Pemeringkat/ Rated by	Peringkat/Rating		Nilai tercatat/Nilai wajar/ Carrying value/Fair value	
	2017	2016	2017	2016
Pefindo	idAAA	idAAA	21.218	20.254
Pefindo	idAAA	idAAA	26.322	25.324
Pefindo	idAA+	idAA	13.430	13.496
Pefindo	idAA+	idAA	16.224	15.680
Fitch	AAA(idn)	-	10.021	-
Fitch	AAA(idn)	-	10.061	-
Pefindo	idAAA	-	35.388	-
Fitch	AA+(idn)	-	10.033	-
Pefindo	idAAA	-	10.250	-
Pefindo	idA+	-	9.999	-
Pefindo	idAAA	-	60.326	-
Pefindo	idAAA	-	5.168	-
Pefindo	idAA-	-	20.513	-
Pefindo	idAAA	-	10.042	-
Pefindo	idAAA	-	5.109	-
Pefindo	idA	-	9.995	-
Fitch	AA(idn)	-	10.440	-
Pefindo	idAA-	-	33.674	-
Fitch	AA+(idn)	-	13.023	-
Pefindo	idAAA	-	10.042	-
Fitch	AA+(idn)	-	10.166	-
Pefindo	idAAA	-	20.642	-
Pefindo	idAAA	-	15.682	-
Fitch	AAA(idn)	AAA(idn)	5.043	5.065
Fitch	AAA(idn)	AAA(idn)	5.244	5.088
Pefindo	idAA	idAA+	11.011	10.552
Pefindo	idAA+	idAA+	4.085	3.972
Pefindo	idAA+	idAA+	5.159	5.026
Pefindo	idAA+	idAA+	5.112	5.103
Pefindo	idAA+	idAA+	14.303	14.016
Pefindo	idAAA	-	10.106	-
Pefindo	idAAA	-	10.106	-
Pefindo	-	idAA-	-	49.733
Fitch	-	AAA(idn)	-	34.995
Fitch	-	AAA(idn)	-	68.321
Pefindo	-	idAAA	-	10.053
Fitch	-	AA-(idn)	-	55.224
Pefindo	-	idAAA	-	29.992
Pefindo	-	idAAA	-	80.391
Pefindo	-	idAAA	-	37.291
Fitch	-	AAA(idn)	-	10.011
Pefindo	-	idAA+	-	22.981
Pefindo	-	idAA+	-	51.068
Pefindo	-	idA	-	12.999
Pefindo	-	idA	-	3.001
Pefindo	-	idA	-	42.859
Pefindo	-	idA	-	30.211
Pefindo	-	idA	-	60.718
Pefindo	-	idAA-	-	31.958
Pefindo	-	idAA-	-	20.235
Pefindo	-	idAA+	-	6.998

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8. EFEK-EFEK (lanjutan)

d. Berdasarkan peringkat (lanjutan)

		Peringkat/ Rating		Nilai tercatat/Nilai wajar/ Carrying value/Fair value	
	Pemeringkat/ Rated by	2017	2016	2017	2016
Mata Uang Asing/Foreign Currencies					
Sertifikat Bank Indonesia/Certificates of Bank Indonesia	N/A	-	-	2.045.048	4.836.092
Obligasi Bank Rakyat Indonesia Tahun 2018	Moody's	Baa3	Baa3	328.339	67.276
Obligasi PLN20 (Majapahit Holding BV)	Moody's	Baa3	Baa3	127.528	-
Obligasi PLN19 (Majapahit Holding BV)	Moody's	Baa3	Baa3	41.605	-
Obligasi Bank Negara Indonesia Tahun 2017	Moody's	Baa3	Baa3	-	280.485
Obligasi Bank Exim Tahun 2017	Moody's	Baa3	Baa3	-	135.036
Obligasi PLN17 (Majapahit Holding BV)	Moody's	-	Baa3	-	75.799
				2.542.520	5.394.688
Jumlah-tersedia untuk dijual/Total-available-for-sale				11.196.790	12.486.028
Jumlah efek-efek/Total marketable securities				16.101.454	17.445.928
Dikurangi/Less:					
Cadangan kerugian penurunan nilai/Allowance for impairment losses				(41.792)	(37.665)
Jumlah efek-efek-neto/Total marketable securities-net				16.059.662	17.408.263

e. Perubahan keuntungan/(kerugian) yang belum direalisasi

Perubahan keuntungan/(kerugian) yang belum direalisasi atas efek-efek dalam kelompok tersedia untuk dijual adalah sebagai berikut:

	2017	2016
Saldo awal - sebelum pajak penghasilan tangguhan	(29.487)	(72.381)
Penambahan keuntungan/(kerugian) yang belum direalisasi selama tahun berjalan - neto	138.812	(24.548)
(Kerugian)/keuntungan yang direalisasi atas penjualan efek-efek selama tahun berjalan - neto	(72.211)	67.442
Jumlah sebelum pajak penghasilan tangguhan	37.114	(29.487)
Pajak penghasilan tangguhan	(13.927)	(5.278)
Saldo akhir - neto	23.187	(34.765)

e. Movements of unrealized gains/(losses)

Movements of unrealized gains/(losses) for available-for-sale marketable securities are as follows:

Beginning balance - before deferred income tax
Additional unrealized gain/(losses) during the year - net
Realized (losses)/gains from sale of marketable securities during the year - net
Total before deferred income tax
Deferred income tax
Ending balance - net

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8. EFEK-EFEK (lanjutan)

f. Perubahan cadangan kerugian penurunan nilai

	2017
Saldo awal	37.665
Penambahan selama tahun berjalan	4.072
Selisih kurs	55
Saldo akhir	41.792

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas efek-efek telah memadai.

g. Suku bunga/margin efektif rata-rata tertimbang per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016

	2017
Sertifikat Bank Indonesia	5,14%
Obligasi korporasi - Rupiah	9,16%
Obligasi korporasi - mata uang asing	2,40%
Obligasi syariah	13,72%
Sertifikat Deposito Bank Indonesia	5,73%
Sertifikat Bank Indonesia - mata uang asing	1,58%

8. MARKETABLE SECURITIES (continued)

f. Movements of allowance for impairment losses

	2016	
	500	Beginning balance
	37.035	Addition during the year
	130	Exchange rate difference
Saldo akhir	37.665	Ending balance

Management believes that the allowance for impairment losses on marketable securities is adequate.

g. The weighted average effective interest/margin rate per annum for the years ended 31 December 2017 and 2016

	2016	
	6,33%	Certificates of Bank Indonesia
	9,60%	Corporate bonds - Rupiah
	2,55%	Corporate bonds - foreign currency
	11,17%	Sharia bonds
	6,33%	Certificates of Deposit - Bank Indonesia
	1,05%	Certificates of Bank Indonesia - foreign currency

9. EFEK YANG DIBELI DENGAN JANJI DIJUAL KEMBALI

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

9. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Information in respect of maturities is disclosed in Note 48d.

2017						
Pihak penjual/ Counterparty	Jenis efek/Type of securities	Nilai nominal/ Nominal amount	Tingkat suku bunga/ Interest rate	Tanggal dimulai/ Commencement date	Tanggal jatuh tempo/Maturity date	Nilai tercatat/ Carrying value
Bank Indonesia Jakarta	FR61	75.000	4,85%	13 Oktober/ October 2017	12 Januari/ January 2018	75.600
Bank Indonesia Jakarta	FR31	75.000	4,83%	13 Oktober/ October 2017	12 Januari/ January 2018	84.734
Bank Indonesia Jakarta	SPN183	133.923	4,83%	10 November 2017	9 Februari/ February 2018	121.022
Bank Indonesia Jakarta	SPN177	16.077	4,83%	10 November 2017	9 Februari/ February 2018	14.672
		300.000				296.028

Klasifikasi kolektibilitas efek yang dibeli dengan janji dijual kembali tersebut adalah lancar.

Collectibility classification of securities purchased under resale agreements was current.

Informasi mengenai klasifikasi dan nilai wajar efek yang dibeli dengan janji dijual kembali diungkapkan pada Catatan 49.

Information with regard to the classification and fair value of securities purchased under resale agreements is disclosed in Note 49.

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10. TAGIHAN DAN LIABILITAS DERIVATIF

10. DERIVATIVE RECEIVABLES AND LIABILITIES

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

Information in respect of maturities is disclosed in Note 48d.

2017							
Instrumen	Nilai kontrak/nosional (setara dengan Dolar Amerika Serikat)/ Contract/notional amount (equivalent to United States Dollar)		Nilai wajar/Fair values				Instruments
	Bank Counterparty/ Counterparty Bank	Nasabah/ Customer	Tagihan derivatif/ Derivative receivables		Liabilitas derivatif/ Derivative liabilities		
			Bank Counterparty/ Counterparty Bank	Nasabah/ Customer	Bank Counterparty/ Counterparty Bank	Nasabah/ Customer	
Diperdagangkan:							Trading:
Kontrak tunai mata uang asing	101.869.394	204.439	1.380	1	1.394	4	Foreign currency spot
Kontrak berjangka mata uang asing	-	77.948.940	-	695	-	667	Foreign currency forward
Swap mata uang asing	711.131.582	28.536.897	12.224	1.660	7.842	54	Foreign currency swaps
Cross currency swaps	16.666.667	36.996.167	2.237	13	-	5.771	Cross currency swaps
Swap suku bunga	-	1.000.000	-	15	-	-	Interest rate swaps
			15.841	2.384	9.236	6.496	
Lindung nilai:							Hedging:
Cross currency swaps	370.833.333	-	85.681	-	7.207	-	Cross currency swaps
			101.522	2.384	16.443	6.496	
2016							
Instrumen	Nilai kontrak/nosional (setara dengan Dolar Amerika Serikat)/ Contract/notional amount (equivalent to United States Dollar)		Nilai wajar/Fair values				Instruments
	Bank Counterparty/ Counterparty Bank	Nasabah/ Customer	Tagihan derivatif/ Derivative receivables		Liabilitas derivatif/ Derivative liabilities		
			Bank Counterparty/ Counterparty Bank	Nasabah/ Customer	Bank Counterparty/ Counterparty Bank	Nasabah/ Customer	
Diperdagangkan:							Trading:
Kontrak tunai mata uang asing	21.508.168	109.115	336	1	225	-	Foreign currency spot
Kontrak berjangka mata uang asing	40.998.135	47.008.393	1.617	8.155	1.508	362	Foreign currency forward
Swap mata uang asing	358.626.985	-	10.468	-	24.535	-	Foreign currency swaps
Cross currency swaps	10.000.000	39.130.000	18.792	-	-	22.838	Cross currency swaps
Swap suku bunga	-	2.033.333	-	156	-	-	Interest rate swaps
			31.213	8.312	26.268	23.200	
Lindung nilai:							Hedging:
Cross currency swaps	302.500.000	-	219.599	-	-	-	Cross currency swaps
			250.812	8.312	26.268	23.200	

Tagihan dan liabilitas derivatif dalam mata uang asing terdiri dari Dolar Amerika Serikat, Yen Jepang, Franc Swiss, dan Dolar Singapura (Catatan 53).

Derivative receivables and liabilities in foreign currencies are denominated in United States Dollar, Japanese Yen, Swiss Franc, and Singapore Dollar (Note 53).

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10. TAGIHAN DAN LIABILITAS DERIVATIF (lanjutan)

Untuk tahun yang berakhir pada tanggal 31 Desember 2017, keuntungan atas perubahan nilai wajar instrumen derivatif yang diakui dalam laba rugi sebesar Rp12.565 (2016: kerugian sebesar Rp17.734).

Jumlah nosional adalah suatu jumlah dalam unit mata uang yang disebutkan dalam perjanjian. Jumlah dalam daftar di atas disajikan secara bruto (penjumlahan posisi beli dan jual secara absolut). Tagihan/liabilitas derivatif merupakan nilai penyelesaian transaksi derivatif pada tanggal pelaporan.

Jangka waktu kontrak *swap* suku bunga Bank berkisar 5 tahun. Pada tanggal 31 Desember 2017, sisa jangka waktu kontrak dari *swap* suku bunga Bank dibawah 10 bulan.

Suku bunga efektif rata-rata per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 untuk transaksi *swap* suku bunga adalah sebagai berikut:

	2017
IDR	
Yang akan dibayar	
Suku bunga tetap	7,25%
USD	
Yang akan dibayar	
Suku bunga mengambang	7,50%
Yang akan diterima	
Suku bunga mengambang	2,72%
Suku bunga tetap	7,75%

Pertukaran tingkat suku bunga dilakukan setiap bulanan dan kuartalan.

Lindung nilai arus kas atas risiko tingkat suku bunga dan mata uang asing

ADMF menggunakan *cross currency swaps* untuk melakukan lindung nilai atas risiko tingkat suku bunga dan mata uang asing yang timbul atas pinjaman dengan suku bunga mengambang yang didenominasi dalam mata uang asing.

Pada tanggal 31 Desember 2017, ADMF mempunyai beberapa kontrak *cross currency swap* dengan pihak ketiga yang belum jatuh tempo dengan PT Bank BNP Paribas Indonesia, PT Bank OCBC NISP Tbk, PT Bank ANZ Indonesia, PT Bank CIMB Niaga Tbk, Deutsche Bank AG, Cabang Jakarta dan The Bank of Tokyo-Mitsubishi UFJ, Ltd. Kontrak-kontrak ini memiliki jatuh tempo bervariasi hingga April 2019.

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**10. DERIVATIVE RECEIVABLES AND LIABILITIES
(continued)**

For the year ended 31 December 2017, the gains from changes in fair value of derivative instruments which was recorded in the profit or loss amounted to Rp12,565 (2016: losses of Rp17,734).

A notional amount is a number of the currency units specified in the contract. The amount in the above table is presented at gross basis (a sum of buy and sell position in absolute amount). Derivative receivables/liabilities represent the settlement value of derivative instruments as of the reporting date.

The Bank's contract period of interest rate swaps averaged 5 years. As of 31 December 2017, the Bank's remaining contract period of interest rate swaps ranged within 10 months.

The average effective interest rates per annum for the years ended 31 December 2017 and 2016 for interest rate swap deals are as follows:

	2016	
IDR		IDR
To be paid		To be paid
Fixed interest rate	8,27%	Fixed interest rate
USD		USD
To be paid		To be paid
Floating interest rate	7,18%	Floating interest rate
To be received		To be received
Floating interest rate	2,63%	Floating interest rate
Fixed interest rate	7,75%	Fixed interest rate

The interest rate exchanges are exercised monthly and quarterly.

Cash flow hedge of interest rate and foreign currency risks

ADMF use *cross currency swaps* to hedge the interest rate and foreign currency risks arising from certain floating rate borrowings denominated in foreign currencies.

As at 31 December 2017, ADMF has several outstanding *cross currency swap* contracts with third parties which are PT Bank BNP Paribas Indonesia, PT Bank OCBC NISP Tbk, PT Bank ANZ Indonesia, PT Bank CIMB Niaga Tbk, Deutsche Bank AG, Cabang Jakarta and The Bank of Tokyo-Mitsubishi UFJ Ltd. These contracts have various maturity dates up to April 2019.

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10. TAGIHAN DAN LIABILITAS DERIVATIF (lanjutan)

Perubahan keuntungan/(kerugian) yang belum direalisasi:

	2017	2016
Saldo awal	(12.198)	25.823
Kerugian penyesuaian nilai wajar lindung nilai arus kas	(43.561)	(38.021)
Jumlah sebelum pajak penghasilan tangguhan	(55.759)	(12.198)
Pajak penghasilan tangguhan	13.939	3.049
Saldo akhir - neto	(41.820)	(9.149)

Pada tanggal 31 Desember 2017 dan 2016, jumlah yang telah direklasifikasi dari ekuitas ke laporan laba rugi tahun berjalan adalah sebagai berikut:

	2017	2016
Jumlah yang telah direklasifikasi dari ekuitas ke laba/(rugi) selisih kurs-bersih	43.154	(76.775)
Jumlah yang telah direklasifikasi dari ekuitas ke beban bunga dan keuangan	(237.031)	(241.767)
	(193.877)	(318.542)

Berdasarkan ketentuan Bank Indonesia yang berlaku, seluruh tagihan derivatif digolongkan sebagai lancar.

10. DERIVATIVE RECEIVABLES AND LIABILITIES (continued)

Movements of unrealized gains/(losses):

Beginning balance
Gains on fair value adjustments of cashflow hedge
Total before deferred income tax
Deferred income tax
Ending balance - net

As of 31 December 2017 and 2016, the total amount had been reclassified from equity to the current year profit/(loss) are as follow:

The amount had been reclassified from equity to profit/(loss) on foreign exchange
The amount had been reclassified from equity to interest expense and financing charges

Based on prevailing Bank Indonesia regulation, all derivatives receivables were classified as current.

11. PINJAMAN YANG DIBERIKAN

Pinjaman yang diberikan kepada pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan jenis dan mata uang

	2017	2016
Rupiah		
Konsumsi	21.354.275	19.602.732
Modal kerja	48.511.730	46.154.903
Investasi	19.544.730	21.550.900
Ekspor	910.778	578.434
	90.321.513	87.886.969
Mata uang asing		
Konsumsi	-	18
Modal kerja	3.873.380	3.853.046
Investasi	2.125.416	2.256.528
Ekspor	648.433	1.218.586
	6.647.229	7.328.178
Jumlah	96.968.742	95.215.147
Dikurangi:		
Cadangan kerugian penurunan nilai	(2.923.236)	(3.326.631)
Jumlah - neto	94.045.506	91.888.516
Terdiri dari - neto:		
- Pihak berelasi	71.783	278.598
- Pihak ketiga	93.973.723	91.609.918
	94.045.506	91.888.516

Pinjaman yang diberikan dalam mata uang asing terdiri dari Dolar Amerika Serikat, Dolar Singapura, dan Euro Eropa (Catatan 53).

11. LOANS

Loans to related parties are disclosed in Note 45. Information in respect of maturities is disclosed in Note 48d.

a. By type and currency

Rupiah
Consumer
Working capital
Investment
Export

Foreign currencies
Consumer
Working capital
Investment
Export

Total
Less:
Allowance for impairment losses
Total - net

Consist of - net:
Related parties -
Third parties -

Loans in foreign currencies are denominated in United States Dollar, Singapore Dollar, and European Euro (Note 53).

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11. PINJAMAN YANG DIBERIKAN (lanjutan)**11. LOANS (continued)****b. Berdasarkan sektor ekonomi****b. By economic sector**

	2017							
	Lancar/ Current	Dalam Perhatian Khusus/ Special Mention	Kurang Lancar/ Sub- standard	Diragukan /Doubtful	Macet/ Loss	Cadangan Kerugian Nilai/ Allowance for Impairment Losses	Neto/Net	
Rupiah								Rupiah
Pertanian, perburuan, dan kehutanan	1.872.912	191.092	13.371	11.040	16.932	(47.813)	2.057.534	Agriculture, hunting, and forestry
Perikanan	87.069	21.797	518	1.992	1.889	(4.428)	108.837	Fisheries
Pertambangan dan penggalian	239.620	24.418	548	197	259	(3.765)	261.277	Mining and excavation
Industri pengolahan	14.365.628	426.940	16.606	354.323	162.175	(304.952)	15.020.720	Manufacturing
Listrik, gas, dan air	58.827	7.898	131	295	130	(1.449)	65.832	Electricity, gas, and water
Konstruksi	1.857.634	115.590	825	2.561	12.059	(24.918)	1.963.751	Construction
Perdagangan besar dan eceran	32.510.324	1.585.767	160.870	330.802	796.934	(956.381)	34.428.316	Wholesale and retail
Penyediaan akomodasi dan penyediaan makan minum	1.583.603	88.112	8.138	16.566	28.257	(44.353)	1.680.323	Accommodation and food and beverages
Transportasi, perdagangan, dan komunikasi	3.262.600	350.897	53.327	29.635	53.250	(102.237)	3.647.472	Transportation, warehousing, and communications
Perantara keuangan	4.797.925	7.943	235	5.783	-	(54.209)	4.757.677	Financial intermediary
Real estate, usaha persewaan, dan Perusahaan jasa	2.152.728	155.236	5.383	20.436	34.602	(67.340)	2.301.045	Real estate, leasing services, and servicing companies
Administrasi pemerintahan, pertahanan, dan jaminan sosial wajib	804	93	-	-	-	(22)	875	Government administration, defense, and mandatory social security
Jasa pendidikan	27.453	2.085	106	358	25	(528)	29.499	Educational services
Jasa kesehatan dan kegiatan sosial	117.705	7.067	1.536	1.308	3.288	(4.642)	126.262	Health and social services
Jasa kemasyarakatan, sosial budaya, hiburan, dan perorangan lainnya	746.362	59.789	7.853	15.177	31.658	(38.436)	822.403	Services in social, art, culture, recreation, and other individual services
Jasa perorangan yang melayani rumah tangga	1.635	401	-	122	116	(182)	2.092	Individual services to households
Rumah tangga	17.662.757	3.255.574	127.280	178.477	125.473	(651.792)	20.697.769	Households
Lain-lain	31.803	9.987	53	91	448	(1.270)	41.112	Others
	<u>81.377.389</u>	<u>6.310.686</u>	<u>396.780</u>	<u>969.163</u>	<u>1.267.495</u>	<u>(2.308.717)</u>	<u>88.012.796</u>	

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11. LOANS (continued)

b. Berdasarkan sektor ekonomi (lanjutan)

b. By economic sector (continued)

2017							
	Lancar/ Current	Dalam Perhatian Khusus/ Special Mention	Kurang Lancar/ Sub- standard	Diragukan/ Doubtful	Macet/ Loss	Cadangan Kerugian Nilai/ Allowance for Impairment Losses	Neto/Net
Mata uang asing							
Pertanian, perburuan, dan kehutanan	1.088.547	-	-	-	-	(9.713)	1.078.834
Pertambangan dan penggalian	60.543	500.746	-	-	3.102	(358.774)	205.617
Industri pengolahan	2.857.459	1.039	-	412	5.427	(22.070)	2.842.267
Listrik, gas dan air	13.108	-	-	-	-	(76)	13.032
Konstruksi	37.741	-	-	-	-	(217)	37.524
Perdagangan besar dan eceran	792.101	-	-	-	47.069	(31.915)	807.255
Penyediaan akomodasi dan penyediaan makan minum	35.308	-	-	-	-	(171)	35.137
Transportasi, pergudangan, dan komunikasi	468.373	273.681	21.816	-	129.297	(188.696)	704.471
Perantara keuangan	135.675	-	-	-	-	(1.022)	134.653
Real estate, usaha persewaan, dan Perusahaan jasa	174.541	-	-	623	-	(1.861)	173.303
Jasa kemasyarakatan, sosial budaya, hiburan, dan perorangan lainnya	604	-	-	-	-	(4)	600
Rumah tangga	15	-	-	-	2	-	17
	<u>5.664.015</u>	<u>775.466</u>	<u>21.816</u>	<u>1.035</u>	<u>184.897</u>	<u>(614.519)</u>	<u>6.032.710</u>
Jumlah - neto	87.041.404	7.086.152	418.596	970.198	1.452.392	(2.923.236)	94.045.506

Foreign currencies
Agriculture, hunting,
and forestry
Mining and
excavation
Manufacturing
Electricity, gas, and water
Construction
Wholesale
and retail
Accommodation
and food
and beverages
Transportation,
warehousing,
and communications
Financial intermediary
Real estate,
leasing services, and
servicing companies
Services in social,
art, culture,
recreation, and other
individual services
Households

Total - net

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11. PINJAMAN YANG DIBERIKAN (lanjutan)

b. Berdasarkan sektor ekonomi (lanjutan)

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11. LOANS (continued)

b. By economic sector (continued)

	2016							
	Lancar/ <i>Current</i>	Dalam Perhatian Khusus/ <i>Special Mention</i>	Kurang Lancar/ Sub- standard	Diragukan/ <i>Doubtful</i>	Macet/ <i>Loss</i>	Cadangan Kerugian Penurunan Nilai/ <i>Allowance for Impairment Losses</i>	Neto/ <i>Net</i>	
Rupiah								Rupiah
Pertanian, perburuan, dan kehutanan	2.239.204	158.319	13.609	27.738	55.253	(87.653)	2.406.470	Agriculture, hunting, and forestry
Perikanan	85.674	12.160	909	2.054	2.892	(5.374)	98.315	Fisheries
Pertambangan dan penggalian	237.823	16.516	301	1.184	13.414	(11.362)	257.876	Mining and excavation
Industri pengolahan	12.635.239	335.528	37.436	36.347	173.951	(209.754)	13.008.747	Manufacturing
Listrik, gas, dan air	139.570	3.151	-	-	-	(1.483)	141.238	Electricity, gas, and water
Konstruksi	1.487.118	46.858	2.692	4.531	22.720	(20.853)	1.543.066	Construction
Perdagangan besar dan eceran	32.820.072	1.739.263	160.637	282.774	953.730	(1.035.247)	34.921.229	Wholesale and retail
Penyediaan akomodasi dan penyediaan makan minum	1.695.821	88.403	13.288	26.502	35.229	(63.678)	1.795.565	Accommodation and food and beverages
Transportasi, pergudangan, dan komunikasi	3.025.895	334.681	78.277	19.257	128.383	(137.430)	3.449.063	Transportation, warehousing, and communications
Perantara keuangan <i>Real estate</i> , usaha persewaan, dan perusahaan jasa	5.127.991	7.072	3.670	10.250	13.055	(69.807)	5.092.231	Financial intermediary Real estate, leasing services, and servicing companies
Administrasi pemerintahan, pertahanan, dan jaminan sosial wajib	1.145	77	53	-	-	(31)	1.244	Government administration, defense, and mandatory social security
Jasa pendidikan	25.291	2.017	61	152	592	(928)	27.185	Educational services
Jasa kesehatan dan kegiatan sosial	150.443	10.898	1.547	1.696	4.931	(6.893)	162.622	Health and social services
Jasa kemasyarakatan, sosial budaya, hiburan, dan perorangan lainnya	1.081.282	96.160	14.020	21.646	40.848	(59.480)	1.194.476	Services in social, art, culture, recreation, and other individual services
Jasa perorangan yang melayani rumah tangga	1.780	786	56	193	-	(223)	2.592	Individual services to households
Rumah tangga	16.272.596	2.805.691	111.073	173.142	145.807	(689.690)	18.818.619	Households
Lain-lain	138.013	12.111	-	609	1.723	(67.398)	85.058	Others
	<u>79.295.816</u>	<u>5.851.610</u>	<u>474.579</u>	<u>628.899</u>	<u>1.636.065</u>	<u>(2.539.531)</u>	<u>85.347.438</u>	

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11. LOANS (continued)

b. Berdasarkan sektor ekonomi (lanjutan)

b. By economic sector (continued)

	2016							
	Lancar/ Current	Dalam Perhatian Khusus/ Special Mention	Kurang Lancar/ Sub- standard	Diragukan/ Doubtful	Macet/ Loss	Cadangan Kerugian Penurunan Nilai/ Allowance for Impairment Losses	Neto/ Net	
Mata uang asing								Foreign currencies
Pertanian, perburuan, dan kehutanan	440.680	-	-	-	14.672	(13.289)	442.063	Agriculture, hunting, and forestry
Pertambangan dan penggalian	71.228	542.833	-	-	404.267	(604.993)	413.335	Mining and excavation
Industri pengolahan	3.604.605	-	12.647	-	58.872	(43.225)	3.632.899	Manufacturing
Listrik, gas dan air	12.171	-	-	-	-	(71)	12.100	Electricity, gas, and water
Konstruksi	14.421	-	-	-	-	(12)	14.409	Construction
Perdagangan besar dan eceran	746.793	-	-	-	49.202	(18.546)	777.449	Wholesale and retail
Penyediaan akomodasi dan penyediaan makan minum	53.377	-	-	-	-	(194)	53.183	Accommodation and food and beverages
Transportasi, pergudangan, dan komunikasi	900.330	7.358	-	-	-	(46.365)	861.323	Transportation, warehousing, and communications
Real estate, usaha persewaan, dan perusahaan jasa	240.640	129.304	23.899	-	-	(60.400)	333.443	Real estate, leasing services, and servicing companies
Jasa kemasyarakatan, sosial budaya, hiburan, dan perorangan lainnya	861	-	-	-	-	(5)	856	Services in social, art, culture, recreation, and other individual services
Rumah tangga	15	-	-	-	3	-	18	Households
	<u>6.085.121</u>	<u>679.495</u>	<u>36.546</u>	<u>-</u>	<u>527.016</u>	<u>(787.100)</u>	<u>6.541.078</u>	
Jumlah - neto	<u>85.380.937</u>	<u>6.531.105</u>	<u>511.125</u>	<u>628.899</u>	<u>2.163.081</u>	<u>(3.326.631)</u>	<u>91.888.516</u>	Total - net

c. Berdasarkan wilayah geografis

c. By geographic region

	2017	2016	
Jakarta, Bogor, Tangerang, Karawang, Bekasi, dan Lampung	47.260.137	44.475.171	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung
Sumatra Utara	10.386.677	9.617.960	North Sumatra
Jawa Timur	9.633.117	9.679.000	East Java
Sulawesi, Maluku, dan Papua	7.182.117	7.444.022	Sulawesi, Maluku, and Papua
Jawa Tengah dan Yogyakarta	5.973.985	6.538.466	Central Java and Yogyakarta
Jawa Barat	5.857.478	6.116.820	West Java
Kalimantan	5.492.110	5.499.370	Kalimantan
Bali, NTT, dan NTB	2.067.541	1.957.259	Bali, NTT, and NTB
Sumatra Selatan	3.115.580	3.887.079	South Sumatra
Jumlah	96.968.742	95.215.147	Total
Dikurangi:			Less:
Cadangan kerugian penurunan nilai	<u>(2.923.236)</u>	<u>(3.326.631)</u>	Allowance for impairment losses
Jumlah - neto	<u>94.045.506</u>	<u>91.888.516</u>	Total - net

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11. PINJAMAN YANG DIBERIKAN (lanjutan)

d. Pinjaman yang direstrukturisasi

Pinjaman yang direstrukturisasi meliputi antara lain penjadwalan ulang pembayaran pokok pinjaman dan bunga, penyesuaian tingkat suku bunga, dan pengurangan tunggakan bunga.

	<u>2017</u>	<u>2016</u>
Pinjaman yang direstrukturisasi	2.938.796	3.150.170
Dikurangi:		
Cadangan kerugian penurunan nilai	(874.718)	(624.392)
	<u>2.064.078</u>	<u>2.525.778</u>

e. Pinjaman sindikasi

Pinjaman sindikasi merupakan pinjaman yang diberikan kepada debitur berdasarkan perjanjian pembiayaan bersama (sindikasi) dengan bank-bank lain. Jumlah pinjaman sindikasi pada tanggal 31 Desember 2017 adalah sebesar Rp239.984 (2016: Rp284.654). Persentase keikutsertaan Bank dalam pinjaman sindikasi sebagai anggota pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebesar 0,19% - 9,57% dan 5,11% - 10,84% dari masing-masing fasilitas pinjaman sindikasi.

f. Perubahan cadangan kerugian penurunan nilai

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

	<u>2017</u>		
	<u>Kolektif/ Collective</u>	<u>Individual/ Individually</u>	<u>Jumlah/ Total</u>
Saldo awal	2.418.685	907.946	3.326.631
Kerugian penurunan nilai selama tahun berjalan	1.005.557	938.332	1.943.889
Penerimaan kembali pinjaman yang telah dihapusbukukan	701.378	180.131	881.509
Penghapusbukuan selama tahun berjalan	(2.122.029)	(1.066.616)	(3.188.645)
Selisih kurs	(5.763)	(34.385)	(40.148)
Saldo akhir	<u>1.997.828</u>	<u>925.408</u>	<u>2.923.236</u>

11. LOANS (continued)

d. Restructured loans

Restructured loans consist of loans with rescheduled principal and interest payments, adjusted interest rates, and reduced overdue interest.

	<u>2017</u>	<u>2016</u>
Restructured loans	2.938.796	3.150.170
Less:		
Allowance for impairment losses	(874.718)	(624.392)
	<u>2.064.078</u>	<u>2.525.778</u>

e. Syndicated loans

Syndicated loans represent loans provided to debtors under syndication agreements with other banks. Total syndicated loans as of 31 December 2017 amounted to Rp239,984 (2016: Rp284,654). The percentage of participation of the Bank as a member of syndications as of 31 December 2017 and 2016 ranges 0.19% - 9.57% and 5.11% - 10.84% of each syndicated loan facility.

f. Movements of allowance for impairment losses

Movements of allowance for impairment losses are as follows:

	<u>2017</u>	
	<u>Kolektif/ Collective</u>	<u>Individual/ Individually</u>
Beginning balance	2.418.685	907.946
Impairment losses during the year	1.005.557	938.332
Recoveries from loans written off	701.378	180.131
Write offs during the year	(2.122.029)	(1.066.616)
Exchange rate difference	(5.763)	(34.385)
Ending balance	<u>1.997.828</u>	<u>925.408</u>

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11. LOANS (continued)

**f. Perubahan cadangan kerugian penurunan nilai
(lanjutan)**

**f. Movements of allowance for impairment
losses (continued)**

	2016			
	Kolektif/ Collective	Individual/ Individually	Jumlah/ Total	
Saldo awal	2.574.229	785.704	3.359.933	Beginning balance
Kerugian penurunan nilai selama tahun berjalan	2.171.359	759.224	2.930.583	Impairment losses during the year
Penerimaan kembali pinjaman yang telah dihapusbukukan	691.023	144.032	835.055	Recoveries from loans written off
Penghapusbukuan selama tahun berjalan	(2.878.942)	(633.830)	(3.512.772)	Write offs during the year
Selisih kurs	(138.984)	(147.184)	(286.168)	Exchange rate difference
Saldo akhir	2.418.685	907.946	3.326.631	Ending balance

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas pinjaman yang diberikan telah memadai.

Management believes that the allowance for impairment losses on loans is adequate.

g. Pembiayaan bersama

g. Joint financing

Bank mengadakan perjanjian pemberian fasilitas pembiayaan bersama dengan beberapa lembaga pembiayaan untuk membiayai kepemilikan kendaraan bermotor dan barang-barang konsumtif. Jumlah saldo fasilitas pembiayaan bersama dengan dan tanpa tanggung renteng pada tanggal 31 Desember 2017 adalah sebesar Rp21.039.925 (2016: Rp20.584.327).

The Bank has entered into joint financing agreements with several multi-finance companies for financing retail purchases of vehicles and consumer durable products. The outstanding balance of joint financing agreements with and without recourse as of 31 Desember 2017 was Rp21,039,925 (2016: Rp20,584,327).

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11. PINJAMAN YANG DIBERIKAN (lanjutan)

h. Kredit kelolaan

Kredit kelolaan adalah kredit yang diterima oleh Bank dari BI untuk diteruskan membiayai proyek-proyek pertanian di Indonesia. Bank tidak menanggung risiko atas kredit kelolaan yang diteruskan ini sehingga kredit ini tidak dicatat sebagai pinjaman dalam laporan keuangan konsolidasian.

Pada tanggal 31 Desember 2017, saldo kredit kelolaan adalah Rp350.623 (2016: Rp350.623).

i. Informasi pokok lainnya sehubungan dengan pinjaman yang diberikan

Pada tanggal 31 Desember 2017, rasio *Non-performing Loan (NPL)*-gross dan rasio *NPL-net* adalah masing-masing sebesar 2,92% dan 1,88% (2016: 3,47% dan 1,96%) yang dihitung berdasarkan Surat Edaran Bank Indonesia No. 13/30/DPNP tanggal 16 Desember 2011.

Pinjaman yang diberikan pada umumnya dijamin dengan deposito berjangka (Catatan 20c) atau harta tak bergerak yang diaktakan dengan akta pemberian hak tanggungan atau jaminan lain yang umumnya diterima oleh Bank.

Jumlah pinjaman yang diberikan yang dijamin dengan agunan tunai pada tanggal 31 Desember 2017 adalah sebesar Rp1.819.742 (2016: Rp1.940.831).

Termasuk dalam pinjaman yang diberikan pada tanggal 31 Desember 2017 adalah pembiayaan syariah, bruto sebesar Rp3.571.590 (2016: Rp3.318.983) (Catatan 54).

Rasio kredit usaha mikro kecil menengah terhadap jumlah pinjaman yang diberikan pada tanggal 31 Desember 2017 adalah sebesar 30,32% (2016: 33,79%).

Suku bunga efektif rata-rata tertimbang per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah 12,15% untuk Rupiah dan 4,19% untuk mata uang asing (2016: 13,59% dan 4,69%).

Informasi mengenai klasifikasi dan nilai wajar pinjaman diberikan diungkapkan pada Catatan 49.

11. LOANS (continued)

h. Channelling loans

Channelling loans are loans received by the Bank from BI which have been channelled to finance agricultural projects in Indonesia. The Bank bears no credit risk on these loans; therefore, these channelling loans were not recorded as loans in the consolidated financial statements.

As of 31 December 2017, the balance of channelling loans amounted to Rp350,623 (2016: Rp350,623).

i. Other significant information relating to loans

As of 31 December 2017, the percentage of Non-performing Loan (NPL)-gross and NPL-net were 2.92% and 1.88% (2016: 3.47% and 1.96%), respectively, which was calculated based on Circular Letter of Bank Indonesia No. 13/30/DPNP dated 16 December 2011.

Loans are generally secured by time deposits (Note 20c) or by registered mortgages or by powers or by other guarantees acceptable to the Bank.

Total loans with cash collaterals as of 31 December 2017 was Rp1,819,742 (2016: Rp1,940,831).

Included in loans as of 31 December 2017 is sharia financing at gross amount of Rp3,571,590 (2016: Rp3,318,983) (Note 54).

Ratio of micro, small and medium business loans to total loans as of 31 December 2017 was 30.32% (2016: 33.79%).

The weighted average effective interest rate per annum for the year ended 31 December 2017 was 12.15% for Rupiah and 4.19% for foreign currencies (2016: 13.59% and 4.69%).

Information with regard to the classification and fair value of loans is disclosed in Note 49.

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12. PIUTANG PEMBIAYAAN KONSUMEN

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

Piutang pembiayaan konsumen Entitas Anak adalah sebagai berikut:

	2017	2016
Piutang pembiayaan konsumen - pihak ketiga		
- pembiayaan bersama	7.368.336	6.666.970
- pembiayaan sendiri	32.075.107	31.086.049
Pendapatan pembiayaan konsumen yang belum diakui -pihak ketiga	(12.030.341)	(11.480.639)
Dikurangi:		
Cadangan kerugian penurunan nilai - pihak ketiga	(1.333.042)	(1.210.614)
Jumlah - neto	26.080.060	25.061.766

Pada tanggal 31 Desember 2017 dan 2016, biaya transaksi yang terkait langsung dengan perolehan nasabah baru disajikan sebagai bagian dari piutang pembiayaan konsumen masing-masing sebesar Rp409.961 dan Rp1.131.713.

Rata-rata suku bunga kontraktual per tahun untuk pembiayaan konsumen adalah sebagai berikut:

Produk	2017	2016	Products
Mobil	18,12%	18,89%	Automobiles
Motor	33,94%	37,23%	Motorcycles
Barang konsumtif	51,73%	53,75%	Durable goods
Lainnya	36,41%	36,69%	Others

Suku bunga efektif rata-rata tertimbang per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah 19,00% untuk mobil, 32,53% untuk motor, dan 46,28% untuk produk barang konsumtif, dan 37,79% untuk lainnya (2016: 18,74% untuk mobil, 28,38% untuk motor, 52,47% untuk produk barang konsumtif dan 36,23% untuk lainnya).

Untuk memastikan kelancaran penyelesaian piutang pembiayaan konsumen yang diberikan, konsumen Entitas Anak memberikan Bukti Pemilikan Kendaraan Bermotor (BPKB) atas kendaraan bermotor yang dibiayai. Tidak ada jaminan atas piutang pembiayaan konsumen untuk produk barang konsumtif.

12. CONSUMER FINANCING RECEIVABLES

Information in respect of maturities is disclosed in Note 48d.

The Subsidiaries' consumer financing receivables are as follows:

	2017	2016	
Consumer financing receivables - third parties			
joint financing - self financing -			
Unrecognized consumer financing income - third parties			
Less:			
Allowance for impairment losses - third parties			
Total - net	26.080.060	25.061.766	

As of 31 December 2017 and 2016, the gross consumer financing receivables include transaction costs directly attributed to the origination of consumer financing accounts amounting to Rp409,961 and Rp1,131,713 respectively.

Average contractual interest rates per annum for consumer financing are as follows:

The weighted average effective interest rates per annum for the year ended 31 December 2017 were 19.00% for automobiles, 32.53% for motorcycles, and 46.28% for consumer durable products, and 37.79% for others (2016: 18.74% for automobiles, 28.38% for motorcycles, and 52.47% for consumer durable products and 36.23% for others).

To ensure settlement of consumer financing receivable, the customers of Subsidiaries give the Certificates of Ownership (BPKB) of the motor vehicles financed. Consumer financing receivables for consumer durable products are unsecured.

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12. PIUTANG PEMBIAYAAN KONSUMEN (lanjutan)

Piutang pembiayaan konsumen pada tanggal 31 Desember 2017 sebesar Rp5.014.340 (2016: Rp5.450.018) digunakan sebagai jaminan atas pinjaman yang diterima (Catatan 24), sebesar Rp4.654.500 (2016: Rp4.224.000) digunakan sebagai jaminan efek utang yang diterbitkan (Catatan 23), dan sebesar Rp300.500 (2016: Rp95.000) digunakan sebagai jaminan sukuk mudharabah (Catatan 23).

Dalam pembiayaan bersama antara Bank dan Entitas Anak, Entitas Anak berhak menentukan tingkat bunga yang lebih tinggi kepada konsumen dibandingkan tingkat bunga yang ditetapkan dalam perjanjian pembiayaan bersama dengan Bank.

Dalam pembiayaan bersama Murabahah antara Bank dan Entitas Anak, Entitas Anak berhak menentukan tingkat marjin yang lebih tinggi kepada konsumen dibandingkan tingkat marjin yang ditetapkan dalam perjanjian pembiayaan bersama dengan Bank.

Perubahan cadangan kerugian penurunan nilai

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

	2017	2016	
Saldo awal	1.210.614	1.080.784	Beginning balance
Kerugian penurunan nilai selama tahun berjalan	1.642.195	1.592.650	Impairment loss during the year
Penghapusan piutang	(1.519.767)	(1.462.820)	Receivables write off
Saldo akhir	1.333.042	1.210.614	Ending balance

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas piutang pembiayaan konsumen telah memadai.

Piutang pembiayaan konsumen yang telah direstrukturisasi pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp212.250 dan Rp301.058.

Informasi mengenai klasifikasi dan nilai wajar piutang pembiayaan konsumen diungkapkan pada Catatan 49.

12. CONSUMER FINANCING RECEIVABLES (continued)

Consumer financing receivables as of 31 December 2017 amounting to Rp5,014,340 (2016: Rp5,450,018) were used as collateral to borrowings (Note 24), amounting to Rp4,654,500 (2016: Rp4,224,000) were used as collateral to debt securities issued (Note 23), and amounting to Rp300,500 (2016: Rp95,000) were used as collateral to sukuk mudharabah (Note 23).

In joint financing arrangements between the Bank and Subsidiaries, the Subsidiaries have the right to set higher interest rates to the consumers than the interest rates stated in the joint financing agreement with the Bank.

In Murabahah joint financing arrangement between the Bank and Subsidiaries, the Subsidiaries have the right to set higher margin rates to the consumers than the interest rates stated in the joint financing agreement with the Bank.

Movements of allowance for impairment losses

Movements of allowance for impairment losses are as follows:

Management believes that the allowance for impairment losses on consumer financing receivables is adequate.

The restructured consumer financing receivables as of 31 December 2017 and 2016 were Rp212,250 and Rp301,058 respectively.

Information with regard to the classification and fair value of consumer financing receivables is disclosed in Note 49.

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13. PIUTANG SEWA PEMBIAYAAN

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

	2017	2016
Piutang sewa pembiayaan - bruto	443.509	1.066.155
Nilai residu yang terjamin	204.966	395.806
Pendapatan sewa pembiayaan yang belum diakui	(59.208)	(168.604)
Simpanan jaminan	(204.966)	(395.806)
	<u>384.301</u>	<u>897.551</u>
Dikurangi:		
Cadangan kerugian penurunan nilai	(14.813)	(30.540)
	<u>369.488</u>	<u>867.011</u>

Pada tanggal 31 Desember 2017, piutang sewa pembiayaan bruto termasuk biaya transaksi yang terkait langsung dengan pemberian pembiayaan sewa masing-masing sebesar Rp877 (2016: Rp6.510).

Angsuran piutang sewa pembiayaan - bruto yang akan diterima dari konsumen sesuai dengan tanggal jatuh temponya adalah sebagai berikut:

	2017	2016
- < 1 tahun	294.372	658.433
- 1 - 2 tahun	104.415	292.153
- > 2 tahun	44.722	115.569
Jumlah piutang sewa pembiayaan - bruto	<u>443.509</u>	<u>1.066.155</u>

Rata-rata suku bunga kontraktual setahun untuk piutang sewa pembiayaan adalah sebagai berikut:

	2017	2016
Mobil	12,78%	16,20%
Motor	34,91%	17,34%

Rata-rata tertimbang tingkat suku bunga efektif per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 masing-masing sebesar 14,03% untuk mobil (2016: 16,55%) dan 34,44% untuk sepeda motor (2016: 18,45%).

13. FINANCE LEASE RECEIVABLES

Information in respect of maturities is disclosed in Note 48d.

	2017	2016
Finance lease receivables - gross	1.066.155	1.066.155
Guaranteed residual value	395.806	395.806
Unearned financing lease income	(168.604)	(168.604)
Security deposits	(395.806)	(395.806)
	<u>897.551</u>	<u>897.551</u>
Less:		
Allowance for impairment losses	(30.540)	(30.540)
	<u>867.011</u>	<u>867.011</u>

As of 31 December 2017, the gross finance lease receivables include transaction costs directly attributable to the origination of finance lease accounts amounting to Rp877 (31 December 2016: Rp6,510).

The installments of finance lease receivables - gross, which will be collected from consumers in accordance with the due dates are as follows:

	2017	2016
< 1 year -	658.433	658.433
1 - 2 years -	292.153	292.153
> 2 years -	115.569	115.569
Total finance lease receivables - gross	<u>1.066.155</u>	<u>1.066.155</u>

Average contractual interest rates per annum for finance lease receivables are as follows:

	2017	2016
Cars	16,20%	16,20%
Motorcycles	17,34%	17,34%

The weighted average effective interest rates per annum for the year ended 31 December 2017 were 14.03% for cars (2016: 16.55%) and 34.44% for motorcycles, respectively (2016: 18.45%).

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13. PIUTANG SEWA PEMBIAYAAN (lanjutan)

Pengelompokan piutang sewa pembiayaan - bruto menurut jumlah hari tunggakan adalah sebagai berikut:

	2017	2016
- Tidak ada tunggakan	286.434	761.692
- 1 - 90 hari	142.567	286.579
- 91 - 120 hari	4.335	4.397
- 121 - 180 hari	7.439	8.843
- > 180 hari	2.734	4.644
Piutang sewa pembiayaan - bruto	443.509	1.066.155

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

	2017	2016
Saldo awal	30.540	35.008
Kerugian penurunan nilai selama tahun berjalan	13.732	56.240
Penghapusan piutang	(29.459)	(60.708)
Saldo akhir	14.813	30.540

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai yang dibentuk cukup untuk menutup kerugian yang mungkin timbul akibat tidak tertagihnya piutang sewa pembiayaan.

Pada saat perjanjian sewa pembiayaan dimulai, lessee memberikan simpanan jaminan. Simpanan jaminan ini akan digunakan sebagai pembayaran pada akhir masa sewa pembiayaan, bila hak opsi dilaksanakan lessee. Apabila lessee tidak melaksanakan hak opsinya untuk membeli aset sewa pembiayaan tersebut maka simpanan jaminan dikembalikan kepada lessee sepanjang memenuhi ketentuan dalam perjanjian sewa pembiayaan dengan hak opsi.

Informasi mengenai klasifikasi dan nilai wajar piutang sewa pembiayaan diungkapkan pada Catatan 49.

13. FINANCE LEASE RECEIVABLES (continued)

Classification of finance lease receivables - gross based on days overdue is as follows:

	2017	2016	
- Tidak ada tunggakan	286.434	761.692	No past due -
- 1 - 90 hari	142.567	286.579	1 - 90 days -
- 91 - 120 hari	4.335	4.397	91 - 120 days -
- 121 - 180 hari	7.439	8.843	121 - 180 days -
- > 180 hari	2.734	4.644	> 180 days -
Piutang sewa pembiayaan - bruto	443.509	1.066.155	Finance lease receivables - gross

The movements of allowance for impairment losses are as follows:

	2017	2016	
Saldo awal	30.540	35.008	Beginning balance
Kerugian penurunan nilai selama tahun berjalan	13.732	56.240	Impairment loss during the year
Penghapusan piutang	(29.459)	(60.708)	Receivables written off
Saldo akhir	14.813	30.540	Ending balance

Management believes that the allowance for impairment losses is adequate to cover possible losses arising from uncollectible finance lease receivables.

At the time of execution of the finance leases contracts, the lessee pays the security deposits. The security deposits are used as the final installment at the end of the finance lease period, if the lessee exercises the option to purchase the leased asset. If the lessee does not exercise the purchase option, the security deposit will be returned to the lessee as long as it meets the conditions in the finance lease agreement with option right.

Information with respect to the classification and fair value of finance lease receivables is disclosed in Note 49.

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14. TAGIHAN AKSEPTASI

Tagihan akseptasi yang merupakan pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan pihak dan mata uang

	2017	2016
Rupiah		
- Bank lain	15.865	28.654
- Debitur	302.245	290.188
	<u>318.110</u>	<u>318.842</u>
Mata uang asing		
- Bank lain	3.091	136
- Debitur	1.164.850	1.616.956
	<u>1.167.941</u>	<u>1.617.092</u>
Jumlah	<u>1.486.051</u>	<u>1.935.934</u>
Dikurangi:		
Cadangan kerugian penurunan nilai	(111)	(52)
	<u>1.485.940</u>	<u>1.935.882</u>
Terdiri dari - neto:		
- Pihak berelasi	2.468	2.561
- Pihak ketiga	1.483.472	1.933.321
	<u>1.485.940</u>	<u>1.935.882</u>

b. Berdasarkan jatuh tempo

	2017	2016
Rupiah		
- Kurang dari 1 bulan	127.183	85.522
- 1 - 3 bulan	143.658	175.475
- > 3 - 6 bulan	47.269	57.845
	<u>318.110</u>	<u>318.842</u>
Mata uang asing		
Kurang dari 1 bulan	284.750	585.499
- 1 - 3 bulan	531.922	821.200
- > 3 - 6 bulan	223.604	192.143
- > 6 - 12 bulan	96.299	18.250
- Lebih dari 12 bulan	31.366	-
	<u>1.167.941</u>	<u>1.617.092</u>
Jumlah	<u>1.486.051</u>	<u>1.935.934</u>
Dikurangi:		
Cadangan kerugian penurunan nilai	(111)	(52)
	<u>1.485.940</u>	<u>1.935.882</u>

14. ACCEPTANCES RECEIVABLE

Acceptances receivable from related parties are disclosed in Note 45. Information in respect of maturities is disclosed in Note 48d.

a. By party and currency

Rupiah
Other banks - Debtors -

Foreign currencies
Other banks - Debtors -

Total Less:
Allowance for impairment losses

Consist of - net:
Related parties - Third parties -

b. By maturity

Rupiah
Less than 1 month -
1 - 3 months -
> 3 - 6 months -

Foreign currencies
Less than 1 month -
1 - 3 months -
> 3 - 6 months -
> 6 - 12 months -
More than 12 months -

Total Less:
Allowance for impairment losses

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14. TAGIHAN AKSEPTASI (lanjutan)

c. Berdasarkan kolektibilitas BI

Berdasarkan peraturan BI yang berlaku, seluruh tagihan akseptasi pada tanggal 31 Desember 2017 dan 2016 digolongkan sebagai lancar.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai tagihan akseptasi telah memadai.

Tagihan akseptasi dalam mata uang asing terdiri dari Dolar Amerika Serikat, Yuan China, Yen Jepang, Euro Eropa dan Franc Swiss (Catatan 53).

Informasi mengenai klasifikasi dan nilai wajar tagihan akseptasi diungkapkan pada Catatan 49.

15. OBLIGASI PEMERINTAH

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan jenis

	2017		2016		
	Nilai nominal/ Nominal value	Nilai tercatat/ Carrying value	Nilai nominal/ Nominal value	Nilai tercatat/ Carrying value	
Tersedia untuk dijual (nilai wajar)					Available-for-sale (fair value)
- Suku bunga tetap	9.071.484	9.337.793	7.708.446	7.851.500	Fixed interest rate -
- Suku bunga mengambang	10.000	9.939	10.000	9.827	Floating interest rate -
	<u>9.081.484</u>	<u>9.347.732</u>	<u>7.718.446</u>	<u>7.861.327</u>	
Diperdagangkan (nilai wajar)					Trading (fair value)
- Suku bunga tetap	1.621.895	1.626.611	1.722.910	1.702.005	Fixed interest rate -
Jumlah	<u>10.703.379</u>	<u>10.974.343</u>	<u>9.441.356</u>	<u>9.563.332</u>	Total

Suku bunga efektif rata-rata tertimbang per tahun atas Obligasi Pemerintah dalam Rupiah dan mata uang asing untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah masing-masing 6,45% dan 2,49% (2016: 6,67% dan 2,27%).

Obligasi Pemerintah dengan nilai nominal setara dengan Rp88.151.929 telah dijual selama tahun yang berakhir pada tanggal 31 Desember 2017 (2016: Rp75.626.349) pada harga yang berkisar antara 85,00% - 150,13% dari nilai nominal (2016: 80,91% - 143,20%). Sementara itu, Obligasi Pemerintah dengan nilai nominal setara dengan Rp100.801.573 telah dibeli selama tahun yang berakhir pada tanggal 31 Desember 2017 (2016: Rp81.039.223) pada harga yang berkisar antara 85,01% - 150,00% dari nilai nominal (2016: 80,90% - 142,75%).

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14. ACCEPTANCES RECEIVABLE (continued)

c. By BI collectibility

Based on the prevailing BI regulation, all acceptances receivable as of 31 December 2017 and 2016 are classified as current.

Management believes that the allowance for impairment losses on acceptances receivable is adequate.

Acceptances receivable in foreign currencies are denominated in United States Dollar, China Yuan, Japanese Yen, European Euro and Swiss Franc (Note 53).

Information with regard to the classification and fair value of acceptances receivable is disclosed in Note 49.

15. GOVERNMENT BONDS

Information in respect of maturities is disclosed in Note 48d.

a. By type

The weighted average effective interest rate per annum for the year ended 31 December 2017 for Government Bonds in Rupiah and foreign currencies was 6.45% and 2.49%, respectively (2016: 6.67% and 2.27%).

Government Bonds with total nominal value equivalent to Rp88,151,929 were sold during the year ended 31 December 2017 (2016: Rp75,626,349) at prices ranging from 85.00% - 150.13% of nominal value (2016: 80.91% - 143.20%). Meanwhile, Government Bonds with total nominal value equivalent to Rp100,801,573 were purchased during the year ended 31 December 2017 (2016: Rp81,039,223) at prices ranging from 85.01% - 150.00% of nominal value (2016: 80.90% - 142.75%).

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15. OBLIGASI PEMERINTAH (lanjutan)

a. Berdasarkan jenis (lanjutan)

Selama tahun yang berakhir pada tanggal 31 Desember 2017, kerugian neto yang belum direalisasi atas perubahan nilai wajar Obligasi Pemerintah dalam klasifikasi diperdagangkan diakui pada laporan laba rugi sebesar Rp3.407 (2016: keuntungan neto sebesar Rp2.771).

Bank dan Entitas Anak mengakui keuntungan neto atas penjualan Obligasi Pemerintah sejumlah Rp146.495 selama tahun yang berakhir pada tanggal 31 Desember 2017 (2016: keuntungan neto sebesar Rp129.328).

b. Berdasarkan mata uang

	2017
Rupiah	6.502.891
Dolar Amerika Serikat	4.471.452
	10.974.343

c. Berdasarkan jatuh tempo

	2017
Rupiah	
Kurang dari 1 tahun	2.893.856
1 - 5 tahun	3.243.226
5 - 10 tahun	302.688
Lebih dari 10 tahun	63.121
	6.502.891

Mata uang asing	
Kurang dari 1 tahun	1.777.868
1 - 5 tahun	2.450.822
5 - 10 tahun	75.373
Lebih dari 10 tahun	167.389
	4.471.452

Jumlah	10.974.343
---------------	-------------------

d. Perubahan keuntungan/(kerugian) yang belum direalisasi

Perubahan keuntungan/(kerugian) yang belum direalisasi atas Obligasi Pemerintah dalam kelompok tersedia dijual adalah sebagai berikut:

	2017
Saldo awal - sebelum pajak penghasilan tangguhan	(36.996)
Penambahan keuntungan yang belum direalisasi selama tahun berjalan - neto	105.870
Kerugian yang direalisasi atas penjualan Obligasi Pemerintah selama tahun berjalan - neto	(36.446)
Jumlah sebelum pajak penghasilan tangguhan	32.428
Pajak penghasilan tangguhan	(6.798)
Saldo akhir - neto	25.630

Informasi mengenai klasifikasi dan nilai wajar Obligasi Pemerintah diungkapkan pada Catatan 49.

15. GOVERNMENT BONDS (continued)

a. By type (continued)

During the year ended 31 December 2017, unrealized net losses arising from changes in fair value of Government Bonds classified as trading securities are recorded in profit or loss amounting to Rp3,407 (2016: net gains amounting to Rp2,771).

The Bank and Subsidiaries recognized net gains from the sale of Government Bonds amounting to Rp146,495 during the year ended 31 December 2017 (2016: net gains amounting to Rp129,328).

b. By currency

	2016
Rupiah	6.054.247
United States Dollar	3.509.085
	9.563.332

c. By maturity

	2016
Rupiah	
Less than 1 year	2.507.870
1 - 5 years	2.754.929
5 - 10 years	603.764
More than 10 years	187.684
	6.054.247

Foreign currencies	
Less than 1 year	2.065.734
1 - 5 years	1.433.054
5 - 10 years	938
More than 10 years	9.359
	3.509.085

Total	9.563.332
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d. Movements of unrealized gains/(losses)

Movements of unrealized gains/(losses) for available-for-sale Government Bonds are as follows:

	2016
Beginning balance - before deferred income tax	(42.421)
Additional unrealized gains during the year - net	20.503
Realized losses from sale of Government Bonds during the year - net	(15.078)
Total before deferred income tax	(36.996)
Deferred income tax	3.152
Ending balance - net	(33.844)

Information with regard to the classification and fair value of Government Bonds is disclosed in Note 49.

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16. INVESTASI DALAM SAHAM

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

Investasi dalam saham pada tanggal 31 Desember 2017 dan 2016 mencakup:

Nama perusahaan/ Company name	Kegiatan usaha/ Business activity	2017		2016	
		Persentase kepemilikan/ Percentage of ownership	Nilai tercatat/ Carrying value	Persentase kepemilikan/ Percentage of ownership	Nilai tercatat/ Carrying value
PT Bank Woori Saudara Indonesia 1906 Tbk (d/h PT Bank Woori Indonesia)	Bank/Banking	2,12%	118.694	2,75%	160.585
PT Bank Chinatrust Indonesia	Bank/Banking	1,00%	1.500	1,00%	1.500
Lain-lain/Other	Usaha Patungan, Telekomunikasi/Joint Venture, Telecommunication	0,24% - 4,21%	2.475	0,24% - 4,21%	2.475
			122.669		164.560

Berdasarkan ketentuan Bank Indonesia yang berlaku, investasi dalam saham pada tanggal 31 Desember 2017 dan 2016 digolongkan sebagai lancar.

Informasi mengenai klasifikasi dan nilai wajar investasi dalam saham diungkapkan pada Catatan 49.

Information in respect of maturities is disclosed in Note 48d.

The investments in shares as of 31 December 2017 and 2016 included:

Based on prevailing Bank Indonesia regulation, investments in shares as of 31 December 2017 and 2016 are classified as current.

Information with regard to the classification and fair value of investments in shares is disclosed in Note 49.

Perubahan keuntungan/(kerugian) yang belum direalisasi

Perubahan keuntungan/(kerugian) yang belum direalisasi atas investasi dalam saham dalam kelompok tersedia dijual adalah sebagai berikut:

	2017	2016
Saldo awal - sebelum pajak penghasilan tangguhan	152.385	145.404
(Kerugian)/keuntungan yang belum direalisasi selama tahun berjalan - neto	(41.892)	6.981
Saldo akhir - neto	110.493	152.385

Movements of unrealized gains/(losses)

Movements of unrealized gains/(losses) for available-for-sale investments in shares are as follows:

Beginning balance - before deferred income tax
Additional unrealized (losses)/gains during the year - net
Ending balance - net

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17. ASET TAKBERWUJUD

17. INTANGIBLE ASSETS

2017					
	1 Januari/ January	Penambahan/ Additions	Pengurangan/ Deduction	31 Desember/ December	
Harga perolehan					Cost
Perangkat lunak	1.446.678	231.454	(12.959)	1.665.173	Software
Goodwill	1.906.684	-	-	1.906.684	Goodwill
	<u>3.353.362</u>	<u>231.454</u>	<u>(12.959)</u>	<u>3.571.857</u>	
Akumulasi amortisasi					Accumulated amortization
Perangkat lunak	(1.050.794)	(132.473)	12.946	(1.170.321)	Software
Goodwill	(832.151)	-	-	(832.151)	Goodwill
	<u>(1.882.945)</u>	<u>(132.473)</u>	<u>12.946</u>	<u>(2.002.472)</u>	
Nilai buku neto	<u>1.470.417</u>			<u>1.569.385</u>	Net book value
2016					
	1 Januari/ January	Penambahan/ Additions	Pengurangan/ Deduction	31 Desember/ December	
Harga perolehan					Cost
Perangkat lunak	1.286.262	160.455	(39)	1.446.678	Software
Goodwill	1.906.684	-	-	1.906.684	Goodwill
	<u>3.192.946</u>	<u>160.455</u>	<u>(39)</u>	<u>3.353.362</u>	
Akumulasi amortisasi					Accumulated amortization
Perangkat lunak	(933.796)	(117.037)	39	(1.050.794)	Software
Goodwill	(832.151)	-	-	(832.151)	Goodwill
	<u>(1.765.947)</u>	<u>(117.037)</u>	<u>39</u>	<u>(1.882.945)</u>	
Nilai buku neto	<u>1.426.999</u>			<u>1.470.417</u>	Net book value

Pada tanggal 31 Desember 2017, Bank dan Entitas Anak memiliki aset tak berwujud dengan jumlah biaya perolehan sebesar Rp871.295 yang telah diamortisasi secara penuh tetapi masih digunakan (2016: Rp807.145).

As of 31 December 2017, the Bank and Subsidiaries had fully amortized intangible assets but still being used with cost amounting to Rp871,295 (2016: Rp807,145).

Nilai tercatat goodwill seluruhnya dialokasikan ke unit bisnis retail. Tidak ada kerugian penurunan nilai goodwill yang diakui selama tahun yang berakhir pada tanggal 31 Desember 2017.

The carrying amount of goodwill was all allocated to the retail business unit. No impairment losses on goodwill were recognized for the year ended 31 December 2017.

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18. ASET TETAP

18. FIXED ASSETS

2017					
	1 Januari/ January	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications	31 Desember/ December
Harga perolehan					Cost
Tanah	764.735	-	(66)	-	764.669 Land
Bangunan	1.442.308	32.880	(7.181)	1.124	1.469.131 Buildings
Perlengkapan kantor	2.555.500	206.358	(121.728)	222	2.640.352 Office equipment
Kendaraan bermotor	642.953	12.531	(209.219)	12.738	459.003 Motor vehicles
	5.405.496	251.769	(338.194)	14.084	5.333.155
Aset dalam penyelesaian	437	13.878	-	(14.084)	231 Construction in progress
	5.405.933	265.647	(338.194)	-	5.333.386
Akumulasi penyusutan					Accumulated depreciation
Bangunan	(500.846)	(88.811)	427	-	(589.230) Buildings
Perlengkapan kantor	(2.052.345)	(236.500)	119.275	-	(2.169.570) Office equipment
Kendaraan bermotor	(347.159)	(106.403)	166.676	-	(286.886) Motor vehicles
	(2.900.350)	(431.714)	286.378	-	(3.045.686)
Nilai buku neto	2.505.583				2.287.700 Net book value
2016					
	1 Januari/ January	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications	31 Desember/ December
Harga perolehan					Cost
Tanah	762.653	2.082	-	-	764.735 Land
Bangunan	828.010	23.019	(4)	591.283	1.442.308 Buildings
Perlengkapan kantor	2.383.181	228.213	(90.457)	34.563	2.555.500 Office equipment
Kendaraan bermotor	804.524	42.559	(212.980)	8.850	642.953 Motor vehicles
	4.778.368	295.873	(303.441)	634.696	5.405.496
Aset dalam penyelesaian	440.611	194.522	-	(634.696)	437 Construction in progress
	5.218.979	490.395	(303.441)	-	5.405.933
Akumulasi penyusutan					Accumulated depreciation
Bangunan	(435.574)	(65.276)	4	-	(500.846) Buildings
Perlengkapan kantor	(1.866.377)	(262.772)	76.804	-	(2.052.345) Office equipment
Kendaraan bermotor	(357.884)	(141.034)	151.759	-	(347.159) Motor vehicles
	(2.659.835)	(469.082*)	228.567	-	(2.900.350)
Nilai buku neto	2.559.144				2.505.583 Net book value

* Terdapat bagian yang dibukukan sebagai biaya transformasi bisnis yang dilakukan pada tahun 2016.

* Includes portion recorded as part of business transformation expense in 2016.

Manajemen berpendapat bahwa tidak terdapat indikasi terjadinya penurunan nilai permanen aset tetap.

Management believes that there is no indication of permanent impairment in the value of fixed assets.

Termasuk dalam pengurangan aset tetap merupakan penjualan aset dengan rincian sebagai berikut:

Fixed assets disposal includes sales of assets with details as follows:

	2017	2016	
Hasil penjualan	55.548	76.758	Proceeds from sale
Nilai buku	(51.554)	(74.608)	Net book value
Keuntungan penjualan (Catatan 39 dan 40)	3.994	2.150	Gain on sale (Notes 39 and 40)

Pada tanggal 31 Desember 2017, aset tetap, kecuali tanah, telah diasuransikan terhadap risiko kerugian kebakaran, banjir, dan risiko lainnya kepada PT Asuransi Adira Dinamika dengan nilai pertanggungan sejumlah Rp4.162.919 (2016: Rp3.554.104). Manajemen berpendapat bahwa nilai pertanggungan tersebut sudah memadai.

As of 31 December 2017, fixed assets, except for land, are insured against losses arising from fire, flood, and other risks to PT Asuransi Adira Dinamika with a total insurance coverage amounting to Rp4,162,919 (2016: Rp3,554,104). Management believes that the insurance coverage is adequate.

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18. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2017 dan 2016, semua aset tetap dimiliki secara langsung.

Pada tanggal 31 Desember 2017, Bank dan Entitas Anak memiliki aset tetap dengan jumlah biaya perolehan sebesar Rp1.826.008 yang telah disusutkan secara penuh tetapi masih digunakan (2016: Rp1.625.312).

Estimasi nilai wajar aset tetap Bank dan Entitas Anak (tanah dan bangunan dinilai berdasarkan nilai jual objek pajak) adalah sebesar Rp2.765.669 pada tanggal 31 Desember 2017 (2016: Rp2.381.312) (level 3).

18. FIXED ASSETS (continued)

As of 31 December 2017 and 2016, all fixed assets are directly owned.

As of 31 December 2017, the Bank and Subsidiaries had fully depreciated fixed assets but still being used with cost amounting to Rp1,826,008 (2016: Rp1,625,312).

The estimated fair value of the Bank and Subsidiaries fixed assets (land and building based on tax object sale value) amounting to Rp2,765,669 as of 31 December 2017 (2016: Rp2,381,312) (level 3).

19. BEBAN DIBAYAR DIMUKA DAN ASET LAIN-LAIN

Beban dibayar dimuka dan aset lain-lain atas pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

19. PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets with related parties are disclosed in Note 45. Information in respect of maturity is disclosed in Note 48d.

	2017	2016 ^{*)}	
Piutang bunga	834.382	838.005	Interest receivables
Piutang atas penjualan efek-efek	906.308	71.950	Receivables from sales of marketable securities
Setoran jaminan dan beban dibayar dimuka	615.583	671.619	Security deposits and prepaid expenses
Agunan yang diambil alih	526.338	136.928	Foreclosed assets
Uang muka lain-lain	270.146	288.408	Other advances
Beban tangguhan - neto	50.527	65.242	Deferred expenses - net
Aset tetap yang tidak digunakan	17.745	17.111	Idle properties
Tagihan transaksi kartu kredit	1.678	14.760	Receivables from credit card transactions
Dana setoran kliring Bank Indonesia	9	138	Deposits for clearing transactions with Bank Indonesia
Lain-lain	505.489	309.420	Others
	3.728.205	2.413.581	
Dikurangi:			Less:
Penyisihan kerugian penurunan nilai	(28.791)	(22.670)	Allowance for impairment losses
	3.699.414	2.390.911	
Terdiri dari - neto:			Consist of - net:
- Pihak berelasi	3.375	10.739	Related parties -
- Pihak ketiga	3.696.039	2.380.172	Third parties -
	3.699.414	2.390.911	

^{*)} Direklasifikasikan kembali (Catatan 56)

^{*)} As eclassified (Note 56)

Saldo di atas terdiri dari beban dibayar dimuka dan aset lain-lain dalam Rupiah dan mata uang asing masing-masing sebesar Rp3.525.701 dan Rp202.504 (2016: Rp2.302.946 dan Rp110.636).

Beban dibayar dimuka dan aset lain-lain dalam mata uang asing terutama terdiri dari Dolar Amerika Serikat, Dolar Singapura, dan Euro Eropa (Catatan 53).

Informasi mengenai klasifikasi dan nilai wajar aset lain-lain yang merupakan aset keuangan diungkapkan pada Catatan 49.

The above balance consists of prepayments and other assets in Rupiah and foreign currencies of Rp3,525,701 and Rp202,504 (2016: Rp2,302,946 and Rp110,636), respectively.

Prepayments and other assets in foreign currencies are mainly denominated in United States Dollar, Singapore Dollar, and European Euro (Note 53).

Information with regard to the classification and fair value of other assets which are financial assets is disclosed in Note 49.

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19. BEBAN DIBAYAR DIMUKA DAN ASET LAIN-LAIN (lanjutan)

Piutang bunga

Termasuk dalam piutang bunga adalah piutang bunga Obligasi Pemerintah sebesar Rp46.677 untuk mata uang Rupiah dan Rp97.185 untuk mata uang asing (2016: Rp45.294 untuk mata uang Rupiah dan Rp64.902 untuk mata uang asing).

Piutang atas penjualan efek-efek

Piutang atas penjualan efek-efek merupakan transaksi penjualan efek-efek yang dilakukan pada tanggal transaksi di Desember 2017 dan pembayarannya diselesaikan pada Januari 2018.

Setoran jaminan dan beban dibayar dimuka

Termasuk dalam akun ini adalah setoran jaminan sebesar Rp38.859 (2016: Rp46.259) dan beban sewa dan pemeliharaan dibayar dimuka sebesar Rp421.756 (2016: Rp504.487).

Agunan yang diambil alih

Agunan yang diambil alih terutama terdiri dari tanah dan bangunan.

Lain-lain

Termasuk dalam lain-lain adalah piutang agen pembayaran sebesar Rp199.372 (2016: Rp91.685).

Cadangan kerugian penurunan nilai aset lain-lain

Perubahan cadangan kerugian penurunan nilai aset lain-lain:

	2017
Saldo awal	22.670
Penambahan/(pengurangan)	
Selama tahun berjalan	6.064
Selisih kurs	57
Saldo akhir	28.791

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas aset lain-lain telah memadai.

19. PREPAYMENTS AND OTHER ASSETS (continued)

Interest receivables

Included in interest receivables is interest receivable from Government Bonds of Rp46,677 for Rupiah and Rp97,185 for foreign currency (2016: Rp45,294 for Rupiah and Rp64,902 for foreign currency).

Receivables from sales of marketable securities

The receivables from sales of marketable securities represent the sale of marketable securities at transaction date in December 2017 but payment settled in January 2018.

Security deposits and prepaid expenses

Included in these accounts are pledged security deposits of Rp38,859 (2016: Rp46,259) and prepaid rent and maintenance of Rp421,756 (2016: Rp504,487).

Foreclosed assets

Foreclosed assets mainly consist of land and buildings.

Others

Included in others is payment channel receivable Rp199,372 (2016: Rp91,685).

Allowance for impairment losses of other assets

Movements of allowance for impairment losses of other assets:

	2017	2016	
	22.670	30.084	Beginning balance
		(7.405)	Addition/(reversal) during the year
	57	(9)	Foreign exchange differences
Saldo akhir	28.791	22.670	Ending balance

Management believes that the allowance for impairment losses on other assets is adequate.

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20. SIMPANAN NASABAH

Simpanan dari pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan jenis dan mata uang

	2017	2016
Rupiah		
- Giro	11.520.049	11.810.895
- Tabungan	29.518.368	27.562.597
- Deposito berjangka	40.913.600	42.046.079
	<u>81.952.017</u>	<u>81.419.571</u>
Mata uang asing		
- Giro	3.125.558	3.163.408
- Tabungan	4.555.210	4.935.696
- Deposito berjangka	12.264.033	14.220.841
	<u>19.944.801</u>	<u>22.319.945</u>
	<u>101.896.818</u>	<u>103.739.516</u>
Terdiri dari:		
- Pihak berelasi	129.971	130.447
- Pihak ketiga	101.766.847	103.609.069
	<u>101.896.818</u>	<u>103.739.516</u>

Sesuai dengan Peraturan Pemerintah No. 66 Tahun 2008 tanggal 13 Oktober 2008 tentang "Besaran Nilai Simpanan yang Dijamin Lembaga Penjamin Simpanan" maka nilai simpanan setiap nasabah pada satu bank yang dijamin oleh Pemerintah maksimum sebesar Rp2 miliar.

Simpanan nasabah dalam mata uang asing terutama terdiri dari Dolar Amerika Serikat, Dolar Australia, Dolar Singapura, Euro Eropa, Poundsterling Inggris, Yen Jepang, dan lain-lain (Catatan 53).

b. Suku bunga efektif rata-rata tertimbang per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016

	2017	2016
Rupiah		
- Giro	2,57%	2,63%
- Tabungan	2,50%	2,70%
- Deposito berjangka	6,21%	7,27%
Mata uang asing		
- Giro	0,36%	0,68%
- Tabungan	0,32%	0,32%
- Deposito berjangka	1,23%	1,19%

20. DEPOSITS FROM CUSTOMERS

Deposits from related parties are disclosed in Note 45. Information in respect of maturities is disclosed in Note 48d.

a. By type and currency

Rupiah
Current accounts -
Savings -
Time deposits -

Foreign currencies
Current accounts -
Savings -
Time deposits -

Consist of:
Related parties -
Third parties -

Based on Government Regulation No. 66 year 2008 dated 13 October 2008 regarding "The Savings Amount Guaranteed by the Deposit Insurance Agency" the savings amount for each customer in a bank which is guaranteed by the Government up to Rp2 billion.

Deposits from customers in foreign currencies are mainly denominated in United States Dollar, Australian Dollar, Singapore Dollar, European Euro, Great Britain Poundsterling, Japanese Yen, and others (Note 53).

b. The weighted average effective interest rates per annum for the year ended 31 December 2017 and 2016

Rupiah
Current accounts -
Savings -
Time deposits -

Foreign Currency
Current accounts -
Savings -
Time deposits -

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20. SIMPANAN NASABAH (lanjutan)

**c. Simpanan yang diblokir dan dijadikan jaminan
atas pinjaman yang diberikan**

	2017
Simpanan nasabah	2.626.871

Informasi mengenai klasifikasi dan nilai wajar simpanan nasabah diungkapkan pada Catatan 49.

21. SIMPANAN DARI BANK LAIN

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan jenis dan mata uang

	2017	2016
Rupiah		
- Giro	1.636.744	888.431
- Deposito dan <i>deposits on call</i>	967.817	689.443
- <i>Call money</i>	1.885.000	1.120.000
- Tabungan	125.444	156.750
	<u>4.615.005</u>	<u>2.854.624</u>
Mata uang asing		
- Giro	19.508	18.313
	<u>4.634.513</u>	<u>2.872.937</u>

Simpanan dari bank lain dalam mata uang asing terdiri dari Dolar Amerika Serikat (Catatan 53).

b. Suku bunga efektif rata-rata tertimbang per tahun untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016

	2017	2016
Rupiah		
- Giro	2,57%	2,63%
- Tabungan	2,50%	2,70%
- Deposito dan <i>deposits on call</i>	6,21%	7,27%
- <i>Call money</i>	4,63%	5,30%
Mata uang asing		
- Giro	0,36%	0,68%
- Tabungan	0,32%	0,32%
- Deposito dan <i>deposits on call</i>	1,23%	1,19%
- <i>Call money</i>	1,02%	1,99%

Informasi mengenai klasifikasi dan nilai wajar simpanan dari bank lain diungkapkan pada Catatan 49.

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20. DEPOSITS FROM CUSTOMERS (continued)

**c. Amounts blocked and pledged as loan
collaterals**

	2016
Deposits from customers	2.768.725

Information with regard to the classification and fair value of deposits from customers is disclosed in Note 49.

21. DEPOSITS FROM OTHER BANKS

Information in respect of maturities is disclosed in Note 48d.

a. By type and currency

Rupiah
Current accounts -
Deposits and deposits on call -
Call money -
Savings -
Foreign currency
Current accounts -

Deposits from other banks in foreign currency are denominated in United States Dollar (Note 53).

b. The weighted average effective interest rates per annum for the year ended 31 December 2017 and 2016

Rupiah
Current accounts -
Savings -
Deposits and deposits on call -
Call money -
Foreign Currency
Current accounts -
Savings -
Deposits and deposits on call -
Call money -

Information with regard to the classification and fair value of deposits from other banks is disclosed in Note 49.

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22. UTANG AKSEPTASI

Utang akseptasi yang merupakan pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

a. Berdasarkan pihak dan mata uang

	2017	2016
Rupiah		
- Bank lain	254.614	277.109
- Debitur	63.496	41.733
	<u>318.110</u>	<u>318.842</u>
Mata uang asing		
- Bank lain	1.164.850	1.616.956
- Debitur	3.091	136
	<u>1.167.941</u>	<u>1.617.092</u>
Jumlah	<u>1.486.051</u>	<u>1.935.934</u>
Terdiri dari:		
- Pihak berelasi	85.503	62.694
- Pihak ketiga	1.400.548	1.873.240
	<u>1.486.051</u>	<u>1.935.934</u>

b. Berdasarkan jatuh tempo

	2017	2016
Rupiah		
- Kurang dari 1 bulan	127.183	85.522
- 1 - 3 bulan	143.658	175.475
- 3 - 6 bulan	47.269	57.845
	<u>318.110</u>	<u>318.842</u>
Mata uang asing		
Kurang dari 1 bulan	284.750	585.499
- 1 - 3 bulan	531.922	821.200
- 3 - 6 bulan	223.604	192.143
- 6 - 12 bulan	96.299	18.250
- Lebih dari 12 bulan	31.366	-
	<u>1.167.941</u>	<u>1.617.092</u>
Jumlah	<u>1.486.051</u>	<u>1.935.934</u>

Utang akseptasi dalam mata uang asing terdiri dari Dolar Amerika Serikat, Yuan China, Yen Jepang, Euro Eropa, dan Franc Swiss (Catatan 53).

Informasi mengenai klasifikasi dan nilai wajar utang akseptasi diungkapkan pada Catatan 49.

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22. ACCEPTANCES PAYABLE

Acceptances payable to related parties are disclosed in Note 45. Information in respect of maturities is disclosed in Note 48d.

a. By party and currency

	2017	2016
Rupiah		
Other banks - Debtors -	277.109	41.733
	<u>318.842</u>	<u>318.842</u>
Foreign currencies		
Other banks - Debtors -	1.616.956	136
	<u>1.617.092</u>	<u>1.617.092</u>
Total	<u>1.935.934</u>	<u>1.935.934</u>
Consist of:		
Related parties - Third parties -	85.503	62.694
	<u>1.400.548</u>	<u>1.873.240</u>
	<u>1.486.051</u>	<u>1.935.934</u>

b. By maturity

	2017	2016
Rupiah		
Less than 1 month - 1 - 3 months - 3 - 6 months -	127.183	85.522
	<u>143.658</u>	<u>175.475</u>
	<u>47.269</u>	<u>57.845</u>
	<u>318.110</u>	<u>318.842</u>
Foreign currencies		
Less than 1 month - 1 - 3 months - 3 - 6 months - 6 - 12 months - More than 12 months -	284.750	585.499
	<u>531.922</u>	<u>821.200</u>
	<u>223.604</u>	<u>192.143</u>
	<u>96.299</u>	<u>18.250</u>
	<u>31.366</u>	<u>-</u>
	<u>1.167.941</u>	<u>1.617.092</u>
Total	<u>1.486.051</u>	<u>1.935.934</u>

Acceptances payable in foreign currencies are denominated in United States Dollar, China Yuan, Japanese Yen, European Euro, and Swiss Franc (Note 53).

Information with regard to the classification and fair value of acceptances payable is disclosed in Note 49.

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23. EFEK YANG DITERBITKAN

Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

	2017	2016
Entitas Anak	10.171.165	8.397.979

Informasi mengenai klasifikasi dan nilai wajar efek yang diterbitkan diungkapkan pada Catatan 49.

Utang Obligasi

Entitas Anak

a. Utang Obligasi ADMF

	2017	2016
Rupiah		
Nilai nominal	9.779.000	8.448.000
Dikurangi:		
Beban emisi obligasi yang belum diamortisasi	(17.835)	(15.021)
Eliminasi untuk keperluan konsolidasian	(251.000)	(225.000)
Jumlah - neto	9.510.165	8.207.979
Beban amortisasi yang dibebankan ke laporan laba rugi	11.419	10.334

Sesuai dengan perjanjian perwaliamanatan obligasi, ADMF memberikan jaminan fidusia berupa piutang pembiayaan konsumen (Catatan 12) dan rasio jumlah pinjaman terhadap ekuitas tidak melebihi ketentuan, yaitu maksimal 10:1. Selain itu, selama pokok obligasi belum dilunasi, ADMF tidak diperkenankan, antara lain melakukan penggabungan usaha kecuali dilakukan pada bidang usaha yang sama serta menjual atau mengalihkan lebih dari 40% aset ADMF yang bukan piutang pembiayaan konsumen.

Pada tanggal 31 Desember 2017, ADMF telah melakukan pembayaran bunga obligasi sesuai dengan jatuh tempo yang telah ditetapkan dalam perjanjian perwaliamanatan dan telah memenuhi seluruh persyaratan yang disebutkan dalam perjanjian perwaliamanatan. Jumlah pokok utang obligasi telah dibayarkan sesuai dengan tanggal jatuh tempo obligasi yang bersangkutan.

Pada tanggal 31 Desember 2017, seluruh obligasi ADMF mendapat peringkat idAAA dari PT Pemeringkat Efek Indonesia (Pefindo).

23. SECURITIES ISSUED

Information in respect of maturities is disclosed in Note 48d.

	2017	2016	
Entitas Anak	10.171.165	8.397.979	Subsidiary

Information with regard to the classification and fair value of securities issued is disclosed in Note 49.

Bonds Payable

Subsidiary

a. ADMF's Bond Payable

	2017	2016	
Rupiah			Rupiah
Nilai nominal	9.779.000	8.448.000	Nominal value
Dikurangi:			Less:
Beban emisi obligasi yang belum diamortisasi	(17.835)	(15.021)	Unamortized bond issuance cost
Eliminasi untuk keperluan konsolidasian	(251.000)	(225.000)	Elimination for consolidation purpose
Jumlah - neto	9.510.165	8.207.979	Total - net
Beban amortisasi yang dibebankan ke laporan laba rugi	11.419	10.334	Amortization costs charged to the profit or loss

According to the trustee bonds agreement, the ADMF provides collateral with fiduciary transfer of consumer financing receivables (Note 12) and debt to equity ratio does not to exceed the provision, is maximum 10:1. Moreover, during the time that the bonds principals are still outstanding, the ADMF is not allowed to, among others, merged unless performed on the same business and to sell or assign more than 40% of the ADMF's non-consumer financing receivables assets.

As of 31 December 2017, the ADMF had paid the bonds interest on schedule as stated in the trustee agreement and complied with all the requirements mentioned in the trustee agreement. Total principal of bonds have been paid in accordance with the respective bonds' maturity date.

As of 31 December 2017, all of the ADMF's bonds are rated idAAA by PT Pemeringkat Efek Indonesia (Pefindo).

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23. EFEK YANG DITERBITKAN (lanjutan)

Utang Obligasi (lanjutan)

Entitas Anak (lanjutan)

a. Utang Obligasi ADMF (lanjutan)

Beban bunga atas utang obligasi untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp898.031 dan Rp962.870.

Rata-rata tertimbang tingkat suku bunga efektif per tahun atas utang obligasi pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar 8,91% dan 9,58%.

b. Sukuk Mudharabah ADMF

	2017	2016
Nilai nominal:		
Sukuk Mudharabah Berkelanjutan I Tahap II	-	45.000
Sukuk Mudharabah Berkelanjutan II Tahap I	59.000	59.000
Sukuk Mudharabah Berkelanjutan II Tahap II	56.000	86.000
Sukuk Mudharabah Berkelanjutan II Tahap III	386.000	-
Sukuk Mudharabah Berkelanjutan III Tahap I	200.000	-
Eliminasi untuk keperluan konsolidasian	(40.000)	-
Jumlah - neto	661.000	190.000
Dikurangi:		
Bagian yang jatuh tempo dalam waktu satu tahun	(423.000)	(75.000)
Bagian yang jatuh tempo lebih dari satu tahun	238.000	115.000

Sesuai dengan perjanjian perwaliamanatan sukuk mudharabah, ADMF memberikan jaminan fidusia berupa piutang pembiayaan konsumen (Catatan 12) dan rasio jumlah pinjaman terhadap ekuitas tidak melebihi ketentuan, yaitu maksimal 10:1. Selain itu, selama pokok sukuk mudharabah belum dilunasi, ADMF tidak diperkenankan, antara lain melakukan penggabungan usaha kecuali dilakukan pada bidang usaha yang sama serta menjual atau mengalihkan lebih dari 40% aset ADMF yang bukan piutang pembiayaan konsumen.

Pendapatan bagi hasil Sukuk Mudharabah dihitung berdasarkan perkalian antara nisbah bagi hasil dengan margin yang diperoleh ADMF dari hasil pembiayaan Mudharabah.

23. SECURITIES ISSUED (continued)

Bonds Payable (continued)

Subsidiary (continued)

a. ADMF's Bond Payable (continued)

The interest expenses of bonds payable for the year ended 31 December 2017 and 2016 amounted to Rp898,031 and Rp962,870, respectively.

The weighted average effective interest rate per annum on bonds payable as of 31 December 2017 and 2016 was 8.91% dan 9.58%.

b. ADMF's Sukuk Mudharabah

Nominal value:
Continuing Mudharabah Bonds I Phase II
Continuing Mudharabah Bonds II Phase I
Continuing Mudharabah Bonds II Phase II
Continuing Mudharabah Bonds II Phase III
Continuing Mudharabah Bonds III Phase I
Elimination for consolidation purpose
Total - net

Less:

Current portion

Non-current portion

According to the trustee sukuk mudharabah agreement, ADMF provides collateral with fiduciary transfer of consumer financing receivables (Note 12) and debt to equity ratio does not exceed the covenant, which is maximum of 10:1. Moreover, during the time that the mudharabah bonds principals are still outstanding, ADMF is not allowed to, among others, merged unless performed on the same business and to sell or assign more than 40% of ADMF's non-consumer financing receivables assets.

Sharing revenue of Mudharabah Bonds is calculated by multiplication of sharing revenue ratio and margin that the ADMF earned from Mudharabah financing.

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23. EFEK YANG DITERBITKAN (lanjutan)

Utang Obligasi (lanjutan)

Entitas Anak (lanjutan)

b. Sukuk Mudharabah ADMF (lanjutan)

Pada tanggal 31 Desember 2017, ADMF telah melakukan pembayaran bagi hasil sesuai dengan jatuh tempo yang telah ditetapkan dalam perjanjian perwaliamanatan dan telah memenuhi seluruh persyaratan yang disebutkan dalam perjanjian perwaliamanatan. Jumlah pokok Sukuk Mudharabah telah dibayarkan sesuai dengan tanggal jatuh tempo Sukuk Mudharabah yang bersangkutan.

Pada tanggal 31 Desember 2017, seluruh Sukuk Mudharabah ADMF mendapat peringkat idAAA(sy) dari PT Pemeringkat Efek Indonesia (Pefindo).

Bagi hasil atas Sukuk Mudharabah untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp40.321 dan Rp37.356.

c. Penawaran umum efek utang ADMF

Pada tanggal 31 Desember 2017, obligasi yang telah diterbitkan oleh ADMF adalah sebagai berikut:

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23. SECURITIES ISSUED (continued)

Bonds Payable (continued)

Subsidiary (continued)

b. ADMF's Sukuk Mudharabah (continued)

As of 31 December 2017, ADMF had paid the revenue sharing on schedule as stated in the trustee agreement and complied with all the requirements mentioned in the trustee agreement. Total principal of Mudharabah Bonds has been paid in accordance with the respective Sukuk Mudharabah's maturity date.

As of 31 December 2017, all of ADMF's Mudharabah Bonds are rated idAAA(sy) by PT Pemeringkat Efek Indonesia (Pefindo).

The revenue sharing of Mudharabah Bonds for the year ended 31 December 2017 and 2016 amounted to Rp40,321 and Rp37,356, respectively.

c. Public offering of the ADMF's debt securities

As of 31 December 2017, the ADMF's bonds issued are as follow:

Efek utang/ Debt securities	Tanggal pernyataan efektif/ Effective notification date	Nomor surat/ Letter number	Jumlah/ Amount	Wali amanat/ The trustee	Skedul pembayaran bunga/ Interest Payment schedule
Obligasi Berkelanjutan II Adira Finance Tahap I Tahun 2013/Adira Finance Continuing Bonds II Phase I Year 2013 (Obligasi Berkelanjutan II Tahap I/Continuing Bonds II Phase I)	21 Februari/ February 2013	No. S-37/D.04/2013	2.000.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan II Adira Finance Tahap II Tahun 2013/Adira Finance Continuing Bonds II Phase II Year 2013 (Obligasi Berkelanjutan II Tahap II/Continuing Bonds II Phase II)	21 Februari/ February 2013	No. S-37/D.04/2013	2.092.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan II Adira Finance Tahap III Tahun 2014/Adira Finance Continuing Bonds II Phase III Year 2014 (Obligasi Berkelanjutan II Tahap III/Continuing Bonds II Phase III)	21 Februari/ February 2013	No. S-37/D.04/2013	1.500.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan II Adira Finance Tahap IV Tahun 2014/Adira Finance Continuing Bonds II Phase IV Year 2014 (Obligasi Berkelanjutan II Tahap IV/Continuing Bonds II Phase IV)	21 Februari/ February 2013	No. S-37/D.04/2013	1.503.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan III Adira Finance Tahap I Tahun 2015/Adira Finance Continuing Bonds III Phase I Year 2015 (Obligasi Berkelanjutan III Tahap I/Continuing Bonds III Phase I)	25 Juni/ June 2015	No. S-279/D.04/2015	979.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly

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23. EFEK YANG DITERBITKAN (lanjutan)

Utang Obligasi (lanjutan)

Entitas Anak (lanjutan)

c. Penawaran umum efek utang ADMF (lanjutan)

Pada tanggal 31 Desember 2017, obligasi yang telah diterbitkan oleh ADMF adalah sebagai berikut (lanjutan):

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23. SECURITIES ISSUED (continued)

Bonds Payable (continued)

Subsidiary (continued)

c. Public offering of the ADMF's debt securities (continued)

As of 31 December 2017, the ADMF's bonds issued are as follows (continued):

Efek utang/ Debt securities	Tanggal pernyataan efektif/ Effective notification date	Nomor surat/ Letter number	Jumlah/ Amount	Wali amanat/ The trustee	Skedul pembayaran bunga/ Interest payment schedule
Obligasi Berkelanjutan III Adira Finance Tahap II Tahun 2015/ <i>Adira Finance Continuing Bonds III Phase II Year 2015</i> (Obligasi Berkelanjutan III Tahap II/ <i>Continuing Bonds III Phase II</i>)	25 Juni/ June 2015	No. S-279/D.04/2015	1.437.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan III Adira Finance Tahap III Tahun 2016/ <i>Adira Finance Continuing Bonds III Phase III Year 2016</i> (Obligasi Berkelanjutan III Tahap III/ <i>Continuing Bonds III Phase III</i>)	25 Juni/ June 2015	No. S-279/D.04/2015	1.101.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan III Adira Finance Tahap IV Tahun 2016/ <i>Adira Finance Continuing Bonds III Phase IV Year 2016</i> (Obligasi Berkelanjutan III Tahap IV/ <i>Continuing Bonds III Phase IV</i>)	25 Juni/ June 2015	No. S-279/D.04/2015	1.700.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan III Adira Finance Tahap V Tahun 2017/ <i>Adira Finance Continuing Bonds III Phase V Year 2017</i> (Obligasi Berkelanjutan III Tahap V/ <i>Continuing Bonds III Phase V</i>)	25 Juni/ June 2015	No. S-279/D.04/2015	2.014.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan III Adira Finance Tahap VI Tahun 2017/ <i>Adira Finance Continuing Bonds III Phase VI Year 2017</i> (Obligasi Berkelanjutan III Tahap VI/ <i>Continuing Bonds III Phase VI</i>)	25 Juni/ June 2015	No. S-279/D.04/2015	769.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Obligasi Berkelanjutan IV Adira Finance Tahap I Tahun 2017/ <i>Adira Finance Continuing Bonds IV Phase I Year 2017</i> (Obligasi Berkelanjutan IV Tahap I/ <i>Continuing Bonds IV Phase I</i>)	4 Desember/ December 2017	No. S-458/D.04/2017	1.300.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly

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23. EFEK YANG DITERBITKAN (lanjutan) Utang Obligasi (lanjutan) Entitas Anak (lanjutan) c. Penawaran umum efek utang ADMF (lanjutan) <p>Pada tanggal 31 Desember 2017, Sukuk Mudharabah yang telah diterbitkan oleh ADMF adalah sebagai berikut:</p>	23. SECURITIES ISSUED (continued) Bonds Payable (continued) Subsidiary (continued) c. Public offering of the ADMF's debt securities (continued) <p>As of 31 December 2017, the ADMF's Mudharabah Bonds issued are as follow:</p>
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Sukuk mudharabah/ Mudharabah bonds	Tanggal pernyataan efektif/ Effective notification date	Nomor surat/ Letter number	Jumlah/ Amount	Wali amanat/ The trustee	Skedul pembayaran bagi hasil/ Revenue sharing payment schedule
Sukuk Mudharabah Berkelanjutan II Adira Finance Tahap I Tahun 2015/Adira Finance Continuing Sukuk Mudharabah II Phase I Year 2015 (Sukuk Mudharabah Berkelanjutan II Tahap I/Continuing Sukuk Mudharabah II Phase I)	25 Juni/ June 2015	No. S-279/D.04/2015	500.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Sukuk Mudharabah Berkelanjutan II Adira Finance Tahap II Tahun 2016/Adira Finance Continuing Sukuk Mudharabah II Phase II Year 2016 (Sukuk Mudharabah Berkelanjutan II Tahap II/Continuing Sukuk Mudharabah II Phase II)	25 Juni/ June 2015	No. S-279/D.04/2015	86.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Sukuk Mudharabah Berkelanjutan II Adira Finance Tahap III Tahun 2017/Adira Finance Continuing Sukuk Mudharabah II Phase III Year 2017 (Sukuk Mudharabah Berkelanjutan II Tahap III/Continuing Sukuk Mudharabah II Phase III)	25 Juni/ June 2015	No. S-279/D.04/2015	386.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly
Sukuk Mudharabah Berkelanjutan III Adira Finance Tahap I Tahun 2017/Adira Finance Continuing Sukuk Mudharabah III Phase I Year 2017 (Sukuk Mudharabah Berkelanjutan III Tahap I/Continuing Sukuk Mudharabah III Phase I)	4 Desember/ December 2017	No. S-458/D.04/2017	200.000	PT Bank Negara Indonesia (Persero) Tbk	Triwulan/ Quarterly

Rincian tingkat bunga dan jatuh tempo masing-masing seri efek utang yang diterbitkan:

Details of interest rate and maturity date of each serial of debt securities issued:

Efek utang/ Debt securities	Tahun penerbitan/ Year of issuance	Nilai nominal/ Nominal value	Tingkat bunga tetap/ Fixed interest rate	Jatuh tempo/ Due date	Cicilan pokok efek utang/ Debt securities installment
Obligasi Berkelanjutan II Tahap I/Continuing Bonds II Phase I					
Seri D/Serial D	2013	851.000	8,90%	1 Maret/ March 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan II Tahap II/Continuing Bonds II Phase II					
Seri C/Serial C	2013	490.000	11,00%	24 Oktober/ October 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date

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23. EFEK YANG DITERBITKAN (lanjutan)

Utang Obligasi (lanjutan)

Entitas Anak (lanjutan)

c. Penawaran umum efek utang ADMF (lanjutan)

Rincian tingkat bunga dan jatuh tempo masing-masing seri efek utang yang diterbitkan (lanjutan):

23. SECURITIES ISSUED (continued)

Bonds Payable (continued)

Subsidiary (continued)

c. Public offering of the ADMF's debt securities (continued)

Details of interest rate and maturity date of each serial of debt securities issued (continued):

Efek utang/ Debt securities	Tahun penerbitan/ Year of issuance	Nilai nominal/ Nominal value	Tingkat bunga tetap/ Fixed interest rate	Jatuh tempo/ Due date	Cicilan pokok efek utang/ Debt securities installment
Obligasi Berkelanjutan II Tahap III/Continuing Bonds II Phase III					
Seri C/Serial C	2014	450.000	10,75%	14 Mei/May 2019	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan II Tahap IV/Continuing Bonds II Phase IV					
Seri C/Serial C	2014	88.000	10,75%	12 November/ November 2019	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan III Tahap I/Continuing Bonds III Phase I					
Seri A/Serial A	2015	741.000	9,50%	30 Juni/June 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri B/Serial B	2015	238.000	10,25%	30 Juni/June 2020	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan III Tahap II/Continuing Bonds III Phase II					
Seri B/Serial B	2015	668.000	9,50%	25 Agustus/ August 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri C/Serial C	2015	277.000	10,25%	25 Agustus/ August 2020	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan III Tahap III/Continuing Bonds III Phase III					
Seri B/Serial B	2016	330.500	9,50%	2 Maret/ March 2019	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri C/Serial C	2016	697.500	10,25%	2 Maret/ March 2021	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan III Tahap IV/Continuing Bonds III Phase IV					
Seri B/Serial B	2016	434.000	8,75%	26 Juli/July 2019	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri C/Serial C	2016	431.000	9,25%	26 Juli/July 2021	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan III Tahap V/Continuing Bonds III Phase V					
Seri A/Serial A	2017	913.000	7,50%	2 April/April 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri B/Serial B	2017	860.000	8,60%	22 Maret/ March 2020	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri C/Serial C	2017	241.000	8,90%	22 Maret/ March 2022	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date

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23. EFEK YANG DITERBITKAN (lanjutan)

Utang Obligasi (lanjutan)

Entitas Anak (lanjutan)

c. Penawaran umum efek utang ADMF (lanjutan)

Rincian tingkat bunga dan jatuh tempo masing-masing seri efek utang yang diterbitkan (lanjutan):

23. SECURITIES ISSUED (continued)

Bonds Payable (continued)

Subsidiary (continued)

c. Public offering of the ADMF's debt securities (continued)

Details of interest rate and maturity date of each serial of debt securities issued (continued):

Efek utang/ Debt securities	Tahun penerbitan/ Year of issuance	Nilai nominal/ Nominal value	Tingkat bunga tetap/Fixed interest rate	Jatuh tempo/ Due date	Cicilan pokok efek utang/ Debt securities installment
Obligasi Berkelanjutan III Tahap VI/Continuing Bonds III Phase VI					
Seri A/Serial A	2017	251.000	7,10%	24 Juli/July 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri B/Serial B	2017	450.000	8,10%	14 Juli/July 2020	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri C/Serial C	2017	68.000	8,40%	14 Juli/July 2022	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Obligasi Berkelanjutan IV Tahap II/Continuing Bonds IV Phase I					
Seri A/Serial A	2017	316.000	6,15%	22 Desember/ December 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri B/Serial B	2017	893.000	7,45%	12 Desember/ December 2020	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri C/Serial C	2017	91.000	7,55%	12 Desember/ December 2022	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date

Pada tanggal 31 Desember 2017, Sukuk Mudharabah yang telah diterbitkan oleh ADMF adalah sebagai berikut:

As of 31 December 2017, the ADMF's Mudharabah Bonds issued are as follow:

Sukuk mudharabah/ Mudharabah bonds	Tahun penerbitan/ Year of issuance	Nilai nominal/ Nominal value	Nisbah bagi hasil/ Revenue sharing ratio	Jatuh tempo/ Due date	Cicilan pokok sukuk mudharabah/ Mudharabah bonds installment
Sukuk Mudharabah Berkelanjutan II Tahap I/ Continuing Mudharabah Bonds II Phase I					
Seri B/Serial B	2015	59.000	79,17% (setara dengan 9,50% pertahun/ equivalent to 9.50% per year)	30 Juni/ June 2018	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Sukuk Mudharabah Berkelanjutan II Tahap II/Continuing Mudharabah Bonds II Phase II					
Seri B/Serial B	2016	42.000	72,95% (setara dengan 8,75% pertahun/ equivalent to 8.75% per year) 77,08% (setara dengan 9,25% pertahun/ equivalent to 9.25% per year)	26 Juli/July 2019	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date
Seri C/Serial C	2016	14.000	72,95% (setara dengan 8,75% pertahun/ equivalent to 8.75% per year) 77,08% (setara dengan 9,25% pertahun/ equivalent to 9.25% per year)	26 Juli/July 2021	Pembayaran penuh pada saat jatuh tempo/Bullet payment on due date

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23. EFEK YANG DITERBITKAN (lanjutan)

Utang Obligasi (lanjutan)

Entitas Anak (lanjutan)

c. Penawaran umum efek utang ADMF (lanjutan)

Pada tanggal 31 Desember 2017, Sukuk *Mudharabah* yang telah diterbitkan oleh ADMF adalah sebagai berikut (lanjutan):

Sukuk mudharabah/ <i>Mudharabah bonds</i>	Tahun penerbitan/ <i>Year of issuance</i>	Nilai nominal/ <i>Nominal value</i>	Nisbah bagi hasil/ <i>Revenue sharing ratio</i>	Jatuh tempo/ <i>Due date</i>	Cicilan pokok sukuk mudharabah/ <i>Mudharabah bonds installment</i>
Sukuk Mudharabah Berkelanjutan II Tahap III/Continuing Mudharabah Bonds II Phase III					
Seri A/Serial A	2017	274.000	62,50% (setara dengan 7,50% pertahun/ <i>equivalent to 7.50% per year</i>) 71,67% (setara dengan 8,60% pertahun/ <i>equivalent to 8.60% per year</i>)	2 April/April 2018	Pembayaran penuh pada saat jatuh tempo/ <i>Bullet payment on due date</i>
Seri B/Serial B	2017	105.000	74,17% (setara dengan 8,90% pertahun/ <i>equivalent to 8.90% per year</i>)	22 Maret/ March 2020	Pembayaran penuh pada saat jatuh tempo/ <i>Bullet payment on due date</i>
Seri C/Serial C	2017	7.000		22 Maret/ March 2022	Pembayaran penuh pada saat jatuh tempo/ <i>Bullet payment on due date</i>
Sukuk Mudharabah Berkelanjutan III Tahap I/Continuing Mudharabah Bonds III Phase I					
Seri A/Serial A	2017	90.000	51,25% (setara dengan 6,15% pertahun/ <i>equivalent to 6.15% per year</i>) 62,08% (setara dengan 7,45% pertahun/ <i>equivalent to 7.45% per year</i>)	22 Desember/ December 2018	Pembayaran penuh pada saat jatuh tempo/ <i>Bullet payment on due date</i>
Seri B/Serial B	2017	55.000	62,92% (setara dengan 7,55% pertahun/ <i>equivalent to 7.55% per year</i>)	12 Desember/ December 2020	Pembayaran penuh pada saat jatuh tempo/ <i>Bullet payment on due date</i>
Seri C/Serial C	2017	55.000		12 Desember/ December 2022	Pembayaran penuh pada saat jatuh tempo/ <i>Bullet payment on due date</i>

ADMF menerbitkan Obligasi dan Sukuk *Mudharabah* dengan tujuan untuk membiayai kegiatan utama ADMF yaitu pembiayaan konsumen.

ADMF dapat melakukan pembelian kembali (*buy back*) untuk sebagian atau seluruh obligasi yang diterbitkan dengan ketentuan bahwa hal tersebut hanya dapat dilaksanakan setelah ulang tahun pertama sejak tanggal emisi.

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23. SECURITIES ISSUED (continued)

Bonds Payable (continued)

Subsidiary (continued)

c. Public offering of the ADMF's debt securities (continued)

As of 31 December 2017, the ADMF's *Mudharabah Bonds* issued are as follow (continued):

ADMF issued Bonds and *Mudharabah Bonds* for the purpose of funding the ADMF's main activity which is consumer financing.

ADMF can buy back part or all the bonds issued under a condition that such action can only be conducted after the first anniversary since the issuance date.

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24. PINJAMAN YANG DITERIMA

Pinjaman yang diterima dari pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo diungkapkan pada Catatan 48d.

Berdasarkan jenis dan mata uang

	2017	2016
Rupiah		
- PT Bank Pan Indonesia Tbk	2.300.000	3.000.000
- PT Bank Central Asia Tbk	932.377	1.440.125
- PT Bank Mega Tbk	699.211	249.383
- PT Bank DKI	400.000	200.000
- PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (Bank BJB)	100.000	-
- PT Bank Nationalnobu Tbk	99.955	149.900
- PT Bank Mandiri (Persero) Tbk	91.667	-
- PT Bank Panin Dubai Syariah Tbk	83.333	46.667
- PT Bank BCA Syariah	37.500	182.500
- PT Bank Sumitomo Mitsui Indonesia	-	500.000
- PT Bank Victoria International Tbk	-	400.000
- The Bank of Tokyo Mitsubishi UFJ, Ltd.	-	350.000
- Citibank NA, Cabang Indonesia	-	250.000
- PT Bank KEB Hana Indonesia	-	99.875
- Pinjaman dari bank/lembaga keuangan lain	50.000	50.000
	4.794.043	6.918.450
Mata uang asing		
- PT Bank DBS Indonesia	3.047.182	-
- Bank BNP Paribas (Singapura)	1.953.061	4.051.075
- International Finance Corporation (IFC)	-	445.217
	5.000.243	4.496.292
	9.794.286	11.414.742
Terdiri dari:		
- pihak berelasi	3.047.182	-
- pihak ketiga	6.747.104	11.414.742
	9.794.286	11.414.742

Suku bunga efektif rata-rata tertimbang untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah 8,82% untuk Rupiah dan 4,88% untuk mata uang asing (2016: 9,70% untuk Rupiah dan 3,07% untuk mata uang asing).

Informasi mengenai klasifikasi dan nilai wajar pinjaman yang diterima diungkapkan pada Catatan 49.

24. BORROWINGS

Borrowings from related parties are disclosed in Note 45. Information in respect of maturities is disclosed in Note 48d.

By type and currency

Rupiah	
PT Bank Pan Indonesia Tbk -	
PT Bank Central Asia Tbk -	
PT Bank Mega Tbk -	
PT Bank DKI -	
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (Bank BJB) -	
PT Bank Nationalnobu Tbk -	
PT Bank Mandiri (Persero) Tbk -	
PT Bank Panin Dubai Syariah Tbk -	
PT Bank BCA Syariah -	
PT Bank Sumitomo Mitsui Indonesia -	
PT Bank Victoria International Tbk -	
The Bank of Tokyo Mitsubishi UFJ, Ltd. -	
Citibank NA, Indonesia Branch -	
PT Bank KEB Hana Indonesia -	
Placements by other banks -	
Financial institutions	
Foreign currency	
PT Bank DBS Indonesia -	
Bank BNP Paribas (Singapore) -	
International Finance Corporation (IFC) -	
Consist of:	
Related parties -	
Third parties -	

The weighted average effective interest rate per annum for the year ended 31 December 2017 was 8.82% for Rupiah and 4.88% for foreign currencies (2016: 9.70% for Rupiah and 3.07% for foreign currencies).

Information with regard to the classification and fair value of borrowings is disclosed in Note 49.

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24. PINJAMAN YANG DITERIMA

Entitas Anak

Berikut ini adalah tabel rincian dari pinjaman yang diterima dalam Rupiah:

24. BORROWINGS

Subsidiary

The following table detail of borrowings in Rupiah:

Nama Bank/ Bank Name	Fasilitas/ Facility	Batas maksimum kredit/ Maximum credit limit	Perjanjian terakhir/ Lastest agreement		Suku bunga kontraktual/ Contractual interest rate		Cicilan pokok/ Principal installment
			Awal/Start	Akhir/End	2017	2016	
PT Bank Panin Tbk	IV	1.500.000	24 Maret/ March 2015	24 Juni/ June 2018	-	10,50% - 10,70%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	V	3.000.000	23 Maret/ March 2016	23 September/ September 2019	9,25% - 9,95%	9,25% - 9,95%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	VI	3.000.000	23 Maret/ March 2017	23 September/ September 2020	8,70% - 8,80%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
PT Bank Central Asia Tbk	II	800.000	16 Juni/ June 2017	14 Maret/ March 2018	5,30% - 8,00%	7,85% - 8,60%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	IV	1.000.000	27 Mei/ May 2015	31 Desember/ December 2018	-	10,50%	Setiap satu bulan sekali/ Monthly basis
	V	1.500.000	10 Juni/ June 2016	25 Oktober/ October 2017	8,75% - 9,50%	8,75% - 9,50%	Setiap satu bulan sekali/ Monthly basis
	VI	2.000.000	16 Juni/ June 2017	31 Desember/ December 2020	8,25% - 8,50%	-	Setiap satu bulan sekali/ Monthly basis
PT Bank Mega Tbk	I	250.000	21 Desember/ December 2016	21 Desember/ December 2017	-	8,75%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	II	1.100.000	26 Januari/ January 2017	26 Januari/ January 2018	8,50% - 8,75%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
PT Bank DKI	I	200.000	15 Juni/ June 2017	15 September/ September 2018	8,60 - 8,70%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	II	200.000	21 Desember/ December 2016	21 Maret/ March 2018	8,80%	8,80%	Setiap tiga bulan sekali/ Quarterly basis
	III	200.000	21 Agustus/ August 2017	21 Februari/ February 2019	8,60%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	V	200.000	21 Agustus/ August 2017	21 Agustus/ August 2018	6,05% - 6,20%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
PT Bank Sumitomo Mitsui Indonesia	I	500.000	16 Maret/ March 2012	28 Februari/ February 2019	7,10% - 8,20%	6,90% - 8,70%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
PT Bank Panin Dubai Syariah Tbk	I	190.000	16 Desember/ December 2015	16 Juni/ June 2019	9,50%	9,50% - 10,50%	Setiap satu bulan sekali/ Monthly basis
	II	200.000	10 Mei/ May 2017	10 November/ November 2020	8,80%	-	Setiap satu bulan sekali/ Monthly basis
PT Bank of Tokyo-Mitsubishi UFJ, Ltd.	I	350.000	15 Maret/ March 2016	15 September/ September 2017	8,20%	6,90% - 8,60%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date

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24. PINJAMAN YANG DITERIMA (lanjutan)

Entitas Anak (lanjutan)

Berikut ini adalah tabel rincian dari pinjaman yang diterima dalam Rupiah (lanjutan):

24. BORROWINGS (continued)

Subsidiary (continued)

The following table detail of borrowings in Rupiah (continued):

Nama Bank/ Bank Name	Fasilitas/ Facility	Batas maksimum kredit/ Maximum credit limit	Perjanjian terakhir/ Lastest agreement		Suku bunga kontraktual/ Contractual interest rate		Cicilan pokok/ Principal installment
			Awal/Start	Akhir/End	2017	2016	
PT Bank KEB Hana Indonesia	I	300.000	2 April/ April 2017	2 April/ April 2018	-	9,25% - 9,50%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	II	200.000	17 Juni/ June 2016	20 Juni/ June 2017	9,15%	9,15% - 9,25%	Setiap satu bulan sekali/ Monthly basis
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	I	200.000	10 Desember/ December 2015	17 Desember/ December 2016	-	10,40%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	II	250.000	11 September/ September 2017	11 Januari/ January 2019	8,69%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
The Hongkong and Shanghai Banking Cooperation, Ltd.	I	400.000	16 September/ September 2014	15 Juni/ June 2018	6,20%	10,50%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
PT Bank Victoria International Tbk	I	400.000	15 Desember/ December 2016	15 Desember/ December 2017	6,80% - 8,15%	8,00% - 9,40%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
Citibank, N.A., Indonesia	I	600.000	4 April/ April 2016	9 Februari/ February 2018	7,40% - 8,00%	8,00% - 9,40%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
PT Bank BCA Syariah	I	200.000	14 September/ September 2017	14 September/ September 2020	8,60% - 9,25%	9,25% - 10,00%	Setiap satu bulan sekali/ Monthly basis
PT Bank Nationalnobu Tbk	I	100.000	21 November/ November 2017	24 November/ November 2018	8,20% - 8,80%	8,80% - 10,50%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
	II	50.000	25 November/ November 2016	8 Desember/ December 2017	8,80%	8,80% - 10,50%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
PT Bank Mandiri (Persero) Tbk	I	100.000	20 September/ September 2017	20 Juni/ June 2019	8,10%	-	Setiap satu bulan sekali/ Monthly basis
BNP Paribas (Singapore) - Sindikasi/Syndicated	I	USD 200.000.000	25 November/ November 2013	25 Februari/ February 2017	2,68%	2,13% - 2,68%	Setiap tiga bulan sekali/ Quarterly basis
	II	USD 300.000.000	28 April/ April 2014	28 Agustus/ August 2017	2,63% - 2,93%	2,08% - 2,71%	Setiap tiga bulan sekali/ Quarterly basis
	III	USD 100.000.000	17 November/ November 2014	17 Februari/ February 2018	2,69% - 3,07%	2,16% - 2,69%	Setiap tiga bulan sekali/ Quarterly basis
	IV	USD 250.000.000	4 September/ September 2017	4 September/ September 2019	2,22% - 2,57%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date

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24. PINJAMAN YANG DITERIMA (lanjutan)

Entitas Anak (lanjutan)

Berikut ini adalah tabel rincian dari pinjaman yang diterima dalam Rupiah (lanjutan):

24. BORROWINGS (continued)

Subsidiary (continued)

The following table detail of borrowings in Rupiah (continued):

Nama Bank/ Bank Name	Fasilitas/ Facility	Batas maksimum kredit/ Maximum credit limit	Perjanjian terakhir/ Lastest agreement		Perjanjian terakhir/ Lastest agreement		Cicilan pokok/ Principal installment
			Awal/Start	Akhir/End	2017	2016	
PT Bank DBS Indonesia – Sindikasi/Syndicated	I	USD 225.000.000	20 Juli/ July 2016	20 Juli/ July 2018	2,12% - 2,52%	2,02% - 2,19%	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
The Bank of Tokyo- Mitsubishi UFJ, Ltd.	I	USD 75.000.000	29 Mei/ May 2017	15 September/ September 2018	2,11% - 2,46%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date
JP Morgan Chase Bank, N.A.	I	USD 20.000.000	24 Oktober/ October 2016	18 Oktober/ October 2017	6,15% - 6,86%	-	Pembayaran penuh pada saat jatuh tempo/Bullet payment on maturity date

Untuk pinjaman BNP Paribas (Singapore) sindikasi fasilitas I, BNP Paribas (Singapore) bertindak sebagai *mandated lead arranger*, BNP Paribas cabang Singapore sebagai *agent* dan PT Bank BNP Paribas Indonesia bertindak sebagai *security agent*. BNP Paribas (Singapore), The Korea Development Bank (Singapore), BDO Unibank, Inc., BDO Private Bank, Inc., First Abu Dhabi Bank PJSC (Singapore), Qatar National Bank S.A.Q (Singapore), Mega International Commercial Bank Co., Ltd., Aozora Bank, Ltd., The Bank of East Asia, Ltd. (Singapore), Chang Hwa Commercial Bank, Ltd. (Singapore), Hua Nan Commercial Bank, Ltd. (Singapore) dan Land Bank of Taiwan (Singapore) bertindak sebagai *original lenders*.

Untuk pinjaman BNP Paribas (Singapore) sindikasi fasilitas II, BNP Paribas (Singapore), The Bank of Tokyo-Mitsubishi UFJ, Ltd., Deutsche Bank AG (Singapore) dan Citigroup Global Markets Singapore PTE., Ltd. bertindak sebagai *mandated lead arrangers*, BNP Paribas cabang Singapore sebagai *agent* dan PT Bank BNP Paribas Indonesia bertindak sebagai *security agent*. BNP Paribas (Singapore), Deutsche Bank AG (Singapore), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Jakarta), Citibank N.A. (Singapore), CTBC Bank Co., Ltd. (Singapore), Mega International Commercial Bank Co., Ltd., State Bank of India, Singapore Co., Aozora Bank, Ltd., Chang Hwa Commercial Bank, Ltd. (Singapore), First Commercial Bank, The Gunma Bank, Ltd., JA Mitsui Leasing, Ltd., Land Bank of Taiwan (Singapore), The Chugoku Bank, Ltd. dan E.SUN Commercial Bank, Ltd. (Singapore) bertindak sebagai *original lenders*.

Untuk pinjaman BNP Paribas (Singapore) sindikasi fasilitas III, BNP Paribas (Singapore) bertindak sebagai *mandated lead arrangers*, BNP Paribas cabang Singapore sebagai *agent* dan PT Bank BNP Paribas Indonesia bertindak sebagai *security agent*. BNP Paribas (Singapore) dan The Korea Development Bank (Singapore) bertindak sebagai *original lenders*.

For BNP Paribas (Singapore) syndicated borrowing facility I, BNP Paribas (Singapore) acted as *mandated lead arranger*, BNP Paribas, Singapore branch acted as *agent* and PT Bank BNP Paribas Indonesia acted as *security agent*. BNP Paribas (Singapore), The Korea Development Bank (Singapore), BDO Unibank, Inc., BDO Private Bank, Inc., First Abu Dhabi Bank PJSC (Singapore), Qatar National Bank S.A.Q (Singapore), Mega International Commercial Bank Co., Ltd., Aozora Bank, Ltd., The Bank of East Asia, Ltd. (Singapore), Chang Hwa Commercial Bank, Ltd. (Singapore), Hua Nan Commercial Bank, Ltd. (Singapore) and Land Bank of Taiwan (Singapore) acted as *original lenders*.

For BNP Paribas (Singapore) syndicated borrowing facility II, BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Deutsche Bank AG (Singapore) and Citigroup Global Markets Singapore PTE., Ltd. acted as *mandated lead arrangers*, BNP Paribas, Singapore branch acted as *agent* and PT Bank BNP Paribas Indonesia acted as *security agent*. BNP Paribas (Singapore), Deutsche Bank AG (Singapore), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Jakarta), Citibank N.A. (Singapore), CTBC Bank Co., Ltd. (Singapore), Mega International Commercial Bank Co., Ltd., State Bank of India, Singapore Co., Aozora Bank, Ltd., Chang Hwa Commercial Bank, Ltd. (Singapore), First Commercial Bank, The Gunma Bank, Ltd., JA Mitsui Leasing, Ltd., Land Bank of Taiwan (Singapore), The Chugoku Bank, Ltd. and E.SUN Commercial Bank, Ltd. (Singapore) acted as *original lenders*.

For BNP Paribas (Singapore) syndicated borrowing facility III, BNP Paribas (Singapore) acted as *mandated lead arrangers*, BNP Paribas, Singapore branch acted as *agent* and PT Bank BNP Paribas Indonesia acted as *security agent*. BNP Paribas (Singapore) and The Korea Development Bank (Singapore) acted as *original lenders*.

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24. PINJAMAN YANG DITERIMA (lanjutan)**Entitas Anak (lanjutan)**

Untuk pinjaman BNP Paribas (Singapore) sindikasi fasilitas IV, Barclays Bank PLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas (Singapore) dan DBS Bank Ltd. bertindak sebagai *mandated lead arrangers*, BNP Paribas (Singapore) sebagai *agent* dan PT Bank BNP Paribas Indonesia bertindak sebagai *security agent*. BNP Paribas (Singapore). The Bank of Tokyo-Mitsubishi UFJ, Ltd., cabang Jakarta, Barclays Bank PLC, BNP Paribas, DBS Bank Ltd, State Bank of India (Singapore), PT Bank SBI Indonesia, Bank of Taiwan, (Singapore), The Korea Development Bank, The Korea Development Bank (Singapore), National Bank of Abu Dhabi P.J.S.C. (Singapore), Bank of Baroda (Singapore), Cathay United Bank, Far Eastern International Bank, Ltd., The Gunma Bank, Ltd., Land Bank of Taiwan (Singapore), Mega International Commercial Bank Co., Ltd., cabang Offshore Banking, Taipei Fubon Commercial Bank Co., Ltd. (Singapore), The Chugoku Bank, Ltd. (Hong Kong), E. SUN Commercial Bank, Ltd. (Singapore), The Export-Import Bank of the Republic of China, First Commercial Bank, Ltd. (Singapore), Hua Nan Commercial Bank, Ltd., cabang Offshore Banking, Hua Nan Commercial Bank, Ltd. (Singapore), Jih Sun International Bank, Ltd., PT Bank Shinhan Indonesia, Shinsei Bank, Limited, Taiwan Shin Kong Commercial Bank, The Shanghai Commercial & Savings Bank, Ltd., cabang Offshore Banking, Sunny Bank, Ltd. bertindak sebagai *original lenders*.

Untuk pinjaman PT Bank DBS Indonesia sindikasi fasilitas I, BNP Paribas (Singapore) dan DBS Bank, Ltd., bertindak sebagai *mandated lead arrangers*, PT Bank DBS Indonesia sebagai *agent* dan PT Bank DBS Indonesia bertindak sebagai *security agent*. BNP Paribas (Singapore), DBS Bank, Ltd., Bank of America N.A., (Jakarta), The Korea Development Bank, The Korea Development Bank (Singapore), PT Bank UOB Indonesia, Bank of Taiwan (Singapore), First Commercial Bank, Hua Nan Commercial Bank, Ltd. (Singapore), Hua Nan Commercial Bank, Ltd. (Offshore), Land Bank of Taiwan (Singapore), Land Bank of Taiwan (Offshore), State Bank of India, Singapore Co., Sumitomo Mitsui Trust Bank, Ltd. (Singapore), CTBC Bank Co., Ltd. (Singapore), Far Eastern International Bank, PT Bank Sumitomo Mitsui Indonesia, Taiwan Business Bank (Offshore), Taiwan Shin Kong Commercial Bank Co., Ltd., Bank Sinopac, Offshore, Chang Hwa Commercial Bank Ltd., (Singapore), E.SUN Commercial Bank, Ltd. (Singapore), The Export – Import Bank of the Republic of China, Jih Sun International Bank, Ltd., Mega International Commercial Bank Co., Ltd. (Offshore), Sunny Bank, Ltd., Taipei Fubon Commercial Bank Co., Ltd. (Singapore), Taiwan Cooperative Bank Co., (Offshore), Bank of Panhsin dan PT Bank Rakyat Indonesia (Persero) Tbk (New York Agency) bertindak sebagai *original lenders*.

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24. BORROWINGS (continued)**Subsidiary (continued)**

For BNP Paribas (Singapore) syndicated borrowing facility IV, Barclays Bank PLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas (Singapore) dan DBS Bank Ltd. acted as *mandated lead arrangers*, BNP Paribas (Singapore), acted as *agent* and PT Bank BNP Paribas Indonesia acted as *security agent*. The Bank of Tokyo-Mitsubishi UFJ, Ltd., cabang Jakarta, Barclays Bank PLC, BNP Paribas, DBS Bank Ltd, State Bank of India (Singapore), PT Bank SBI Indonesia, Bank of Taiwan, Singapore branch, The Korea Development Bank, The Korea Development Bank (Singapore), National Bank of Abu Dhabi P.J.S.C. (Singapore), Bank of Baroda (Singapore), Cathay United Bank, Far Eastern International Bank, Ltd., The Gunma Bank, Ltd., Land Bank of Taiwan (Singapore), Mega International Commercial Bank Co., Ltd., Offshore Banking branch, Taipei Fubon Commercial Bank Co., Ltd. (Singapore), The Chugoku Bank, Ltd. (Hong Kong), E. SUN Commercial Bank, Ltd. (Singapore), The Export-Import Bank of the Republic of China, First Commercial Bank, Ltd. (Singapore), Hua Nan Commercial Bank, Ltd., Offshore Banking branch, Hua Nan Commercial Bank, Ltd. (Singapore), Jih Sun International Bank, Ltd., PT Bank Shinhan Indonesia, Shinsei Bank, Limited, Taiwan Shin Kong Commercial Bank, The Shanghai Commercial & Savings Bank, Ltd., Offshore Banking branch, Sunny Bank, Ltd. acted as *original lenders*.

For PT Bank DBS Indonesia syndicated borrowing facility I, BNP Paribas (Singapore) and DBS Bank, Ltd., acted as *mandated lead arrangers*, PT Bank DBS Indonesia acted as *agent* and PT Bank DBS Indonesia acted as *security agent*. BNP Paribas (Singapore), DBS Bank, Ltd., Bank of America N.A., (Jakarta), The Korea Development Bank, The Korea Development Bank (Singapore), PT Bank UOB Indonesia, Bank of Taiwan (Singapore), First Commercial Bank, Hua Nan Commercial Bank, Ltd. (Singapore), Hua Nan Commercial Bank, Ltd. (Offshore), Land Bank of Taiwan (Singapore), Land Bank of Taiwan (Offshore), State Bank of India, Singapore Co., Sumitomo Mitsui Trust Bank, Ltd. (Singapore), CTBC Bank Co., Ltd. (Singapore), Far Eastern International Bank, PT Bank Sumitomo Mitsui Indonesia, Taiwan Business Bank (Offshore), Taiwan Shin Kong Commercial Bank Co., Ltd., Bank Sinopac, Offshore, Chang Hwa Commercial Bank Ltd. (Singapore), E.SUN Commercial Bank, Ltd., (Singapore), The Export – Import Bank of the Republic of China, Jih Sun International Bank, Ltd., Mega International Commercial Bank Co., Ltd. (Offshore), Sunny Bank, Ltd., Taipei Fubon Commercial Bank Co., Ltd. (Singapore), Taiwan Cooperative Bank Co., (Offshore), Bank of Panhsin dan PT Bank Rakyat Indonesia (Persero) Tbk (New York Agency) acted as *original lenders*.

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24. PINJAMAN YANG DITERIMA (lanjutan)

Entitas Anak (lanjutan)

Pinjaman yang diterima dari PT Bank Panin Tbk (fasilitas III), PT Bank Central Asia Tbk (fasilitas I, II dan III), Citibank, N.A., Indonesia, The Hongkong and Shanghai Banking Corporation, Ltd., PT Bank Victoria International Tbk, PT Bank Sumitomo Mitsui Indonesia, PT Bank Nationalnobu Tbk (fasilitas I dan II), PT Bank BCA Syariah, JP Morgan Chase & Co. (Cabang Jakarta), PT Bank KEB Hana Indonesia, PT Bank Danamon Indonesia Tbk dan The Bank of Tokyo-Mitsubishi UFJ, Ltd., merupakan fasilitas pinjaman modal kerja berulang.

Seluruh pinjaman yang diterima oleh ADMF digunakan untuk modal kerja. Selama pinjaman belum dilunasi, ADMF tidak diperkenankan antara lain, menjual, memindahkan dan mengalihkan jaminan, melakukan investasi, melakukan penggabungan usaha atau mengikat diri sebagai penjamin, kecuali dengan pemberitahuan/persetujuan tertulis terlebih dahulu dari kreditur. ADMF juga diharuskan untuk mempertahankan rasio-rasio keuangan tertentu.

Pada tanggal 31 Desember 2017, saldo pinjaman yang diterima dalam mata uang Dolar Amerika Serikat masing-masing sebesar USD370.833.333 (2016: USD302.500.000), termasuk bunganya telah dilindungi nilai dengan kontrak *cross currency swap* (Catatan 10).

Pada tahun 2017 dan 2016, amortisasi beban provisi atas pinjaman yang diterima yang dibebankan ke laporan laba rugi diungkapkan pada Catatan 34.

Pada tanggal 31 Desember 2017 dan 2016, seluruh fasilitas pinjaman, kecuali fasilitas pinjaman dari Citibank, N.A., Indonesia dan PT Bank DKI, dijamin dengan piutang pembiayaan konsumen dan piutang pembiayaan murabahah (Catatan 12).

Pembayaran bunga dan pokok pinjaman telah dibayarkan oleh ADMF sesuai dengan jadwal.

Pada tanggal 31 Desember 2017, ADMF telah memenuhi seluruh persyaratan yang disebutkan dalam perjanjian fasilitas-fasilitas pinjaman ini.

Bank

Pinjaman dari Bank/Lembaga Keuangan Lain

Bank memiliki fasilitas kredit sehubungan dengan penggabungan usaha eks 8 BTO dengan Bank yang diperoleh dari BCA dimana penyelesaian pinjaman ini harus mendapatkan persetujuan dari Badan Penyehatan Perbankan Nasional (BPPN).

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24. BORROWINGS (continued)

Subsidiary (continued)

The borrowings from PT Bank Panin Tbk (facility III), PT Bank Central Asia Tbk (facility I, II dan III), Citibank, N.A., Indonesia, The Hongkong and Shanghai Banking Corporation, Ltd., PT Bank Victoria International Tbk, PT Bank Sumitomo Mitsui Indonesia, PT Bank Nationalnobu Tbk (facility I dan II), PT Bank BCA Syariah, JP Morgan Chase & Co. (Jakarta Branch), PT Bank KEB Hana Indonesia, PT Bank Danamon Indonesia Tbk and The Bank of Tokyo-Mitsubishi UFJ, Ltd., are revolving working capital facilities.

All of the ADMF borrowings are used for working capital purposes. During the period that the loan is still outstanding, the ADMF is not allowed to, among others, sell, transfer and assign the collateral, make an investment, enter into a merger or act as a guarantor, except with notification to/prior written consent from creditor. The ADMF is also required to maintain certain financial ratios.

As of 31 December 2017, the outstanding balance of the borrowings denominated in United States Dollar amounted to USD370,833,333 (2016: USD302,500,000), respectively including the interest which was hedged by cross currency swap (Note 10).

In 2017 and 2016, amortisation of provision expenses on borrowings was charged to the statement of profit or loss are disclosed in Note 34.

As of 31 December 2017 and 2016, all of the loan facilities, except loan facilities from Citibank, N.A., Indonesia and PT Bank DKI, are secured by consumer financing receivables and murabahah financing receivables (Note 12).

Interest and principal loan payments have been paid by the ADMF on schedule.

As of 31 December 2017, the ADMF has complied with all the requirements mentioned in the loan facility agreements.

The Bank

Placements by Other Banks/Financial Institutions

The Bank has credit facilities in relation to the Bank's merger with 8 BTOs obtained from BCA where the settlement of this borrowing is subject to Indonesian Banking Restructuring Agency (IBRA) approval.

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24. PINJAMAN YANG DITERIMA (lanjutan)

Bank (lanjutan)

International Finance Corporation ("IFC")

Bank memperoleh fasilitas kredit dari IFC dengan jumlah setara dengan USD75.000.000 dan akan jatuh tempo pada tanggal 15 November 2018. Tingkat suku bunga kontraktual adalah LIBOR 6 bulan + 1,87% per tahun. Saldo pinjaman pada tanggal 31 Desember 2016 adalah sebesar USD33.333.334 atau setara dengan Rp449.083.

Perjanjian pinjaman ini mencakup adanya pembatasan-pembatasan tertentu yang umumnya diharuskan dalam pemberian fasilitas kredit, antara lain, pembatasan untuk melakukan penggabungan usaha atau konsolidasi dengan pihak lain, mengadakan transaksi dengan pihak lain selain yang timbul dalam kegiatan usaha yang normal dengan persyaratan komersial yang normal dan merupakan transaksi yang wajar, melakukan perubahan atas Anggaran Dasar yang menyebabkan ketidak konsistenan dengan perjanjian ini, atau melakukan perubahan tahun fiskal; menjual, memindahkan, menyewakan atau sebaliknya menjual semua atau sebagian besar aset yang dimiliki baik dalam satu transaksi maupun beberapa transaksi (di luar aset untuk sekuritisasi) tanpa pemberitahuan secara tertulis sebelumnya kepada IFC; mempertahankan rasio-rasio keuangan tertentu seperti Kewajiban Penyediaan Modal Minimum, Posisi Devisa Neto, Batas Maksimum Pemberian Kredit Bank Umum, *Open Credit Exposure Ratio*, *Interest Rate Gap Ratio*, dan *Actuarial Maturity Gap Ratio* yang disepakati, dan pembatasan pemberian dividen.

Pembatasan pemberian dividen yang dimaksud adalah kecuali jika disetujui oleh IFC, Bank dilarang untuk mengumumkan atau membayar dividen ataupun mendistribusikan sahamnya (selain dividen atau distribusi terutang dalam bentuk saham Bank), atau melakukan pembelian, menarik kembali, atau memperoleh saham Bank atau memberikan opsi terhadap saham Bank jika Wanprestasi atau Potensi Wanprestasi telah terjadi dan masih berlangsung, atau Bank tidak memenuhi pembatasan keuangan (*financial covenants*), atau Bank mengalami kerugian pada tahun buku dimana dividen dipertimbangkan.

Bank telah melunasi seluruh pinjaman dengan IFC pada tanggal 31 Juli 2017.

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24. BORROWINGS (continued)

The Bank (continued)

International Finance Corporation ("IFC")

The Bank obtained credit facility from IFC with total facility equivalent to USD75,000,000 and will mature on 15 November 2018. Contractual interest rate is at 6 month LIBOR + 1.87% per annum. The outstanding balance of the borrowing as of 31 December 2016 amounted to USD33,333,334 or equivalent to Rp449,083.

This loan agreement includes certain covenants which are normally required for such credit facilities, among others, limitations to initiate merger or consolidation with other parties, enter into any transaction except in the ordinary course of business on ordinary commercial terms and on the basis of arm's-length arrangement, change the Articles of Association in any manner which would be inconsistent with the provisions of this agreement, or change the fiscal year; sell, transfer, lease or otherwise dispose of all or a substantial part of the assets whether in a single transaction or in a series of transactions (excluding assets for securitization) without prior written notification to IFC; maintenance of certain agreed financial ratios such as Capital Adequacy Ratio, Net Open Position, Legal Lending Limit for Commercial Bank, Open Credit Exposure Ratio, Interest Rate Gap Ratio and Actuarial Maturity Gap Ratio, and limitation on distributing dividend.

Limitation on distributing dividend means that unless IFC otherwise agrees, the Bank shall not declare or pay any dividend or make any distribution on its share capital (other than dividends or distributions payable in shares of the Bank), or purchase, redeem, or otherwise acquire any shares of the Bank or grant option over them if an Event of Default or Potential Event of Default has occurred and is then continuing, or the Bank does not comply with financial covenants, or the Bank incurred a loss in the fiscal year for which the dividend is considered.

The Bank has fully paid the outstanding loan with IFC on 31 July 2017.

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25. PERPAJAKAN

a. Pajak dibayar dimuka

	2017	2016
Bank		
Surat Ketetapan Pajak (SKP)	25.771	87.321
Entitas Anak		
Pajak Penghasilan Badan	25.379	25.379
	51.150	112.700

Bank
Tax Assessment Letter

Subsidiaries
Corporate Income Tax

b. Utang pajak

	2017	2016
Bank		
Pajak Penghasilan Badan	7.285	26.017
Pajak Penghasilan:		
- Pasal 21	37.013	34.573
- Pasal 23/26	5.619	6.596
Pajak Pertambahan Nilai	4.470	3.606
	54.387	70.792
Entitas Anak		
Pajak Penghasilan Badan	23.235	6.658
Pajak Penghasilan Lainnya	38.904	39.650
	62.139	46.308
	116.526	117.100

Bank
Corporate Income Tax
Income Tax:
Article 21 -
Article 23/26 -
Value Added Tax

Subsidiaries
Corporate Income Tax
Other Income Taxes

c. Beban pajak penghasilan

	2017	2016
Bank		
Kini	979.713	765.677
Per Surat Ketetapan Pajak (SKP)	-	473.615
Tangguhan	(200.152)	(414.727)
	779.561	824.565
Entitas Anak		
Kini	793.273	762.212
Per Surat Ketetapan Pajak (SKP)	-	228.336
Tangguhan	(33.811)	(214.798)
	759.462	775.750
Konsolidasian		
Kini	1.772.986	1.527.889
Per Surat Ketetapan Pajak (SKP)	-	701.951
Tangguhan	(233.963)	(629.525)
	1.539.023	1.600.315

Bank
Current
Per Tax Assessment Letters
Deferred

Subsidiaries
Current
Per Tax Assessment Letters
Deferred

Consolidated
Current
Per Tax Assessment Letters
Deferred

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25. PERPAJAKAN (lanjutan)

c. Beban pajak penghasilan (lanjutan)

Rekonsiliasi antara laba sebelum pajak penghasilan, seperti yang disajikan dalam laporan laba rugi konsolidasian, dan penghasilan kena pajak Bank untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	2017	2016
Laba konsolidasian sebelum pajak penghasilan	5.367.120	4.393.037
Laba sebelum pajak - Entitas Anak	(906.007)	(898.992)
Laba sebelum pajak - Bank	4.461.113	3.494.045
Bagian atas laba Entitas Anak	(1.603.574)	(1.293.603)
Laba akuntansi sebelum pajak (Bank saja)	2.857.539	2.200.442
Perbedaan temporer:		
- Kerugian penurunan nilai atas aset dan penghapusbukuan pinjaman	829.703	171.812
- (Kerugian)/keuntungan yang belum direalisasi atas perubahan nilai wajar efek-efek dan Obligasi Pemerintah - neto	3.407	(2.771)
- Penyusutan aset tetap	(25.146)	11.871
- Pengurangan imbalan kerja karyawan	(29.140)	401.037
- Lain-lain	21.783	30.452
	800.607	612.401
Perbedaan permanen:		
- Kerugian penurunan nilai atas aset dan penghapusbukuan pinjaman	174.463	146.194
- Penyusutan aset tetap	26.454	45.933
- Lain-lain	59.790	57.739
	260.707	249.866
Penghasilan kena pajak	3.918.853	3.062.709
Beban pajak penghasilan badan	979.713	765.677
Dikurangi:		
Pajak dibayar dimuka pasal 25	(972.428)	(739.660)
Utang pajak penghasilan badan	7.285	26.017

Jumlah laba kena pajak Bank untuk tahun yang berakhir pada tanggal 31 Desember 2017 menjadi dasar dalam pengisian SPT tahunan 2017.

Laba kena pajak hasil rekonsiliasi untuk tahun 2016 sesuai dengan SPT Tahunan PPh Badan Bank.

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25. TAXATION (continued)

c. Income tax expense (continued)

The reconciliation between income before income tax, as shown in the consolidated statements of profit or loss of the Bank, and taxable income for the year ended 31 December 2017 and 2016 is as follows:

Consolidated income before income tax	
Income before tax - Subsidiaries	
Income before tax - Bank	
Equity in net income of Subsidiaries	
Accounting income before tax (Bank only)	
Temporary differences:	
Impairment losses on assets and loans written off	
Unrealized (losses)/gains from changes in fair value of marketable securities	
and Government Bonds - net	
Depreciation of fixed assets	
Deduction of employee benefits	
Others	
Permanent differences:	
Impairment losses on assets and loans written off	
Depreciation of fixed assets	
Others	
Taxable income	
Corporate income tax expense	
Less:	
Prepaid tax article 25	
Corporate income tax payable	

The Bank's taxable income for the year ended 31 December 2017 is the basis for preparing annual tax return for 2017.

Taxable income which resulted from reconciliation for the year 2016 conforms with the Bank's Annual Corporate Income Tax Return.

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25. PERPAJAKAN (lanjutan)

c. Beban pajak penghasilan (lanjutan)

Rekonsiliasi atas beban pajak penghasilan Bank dan Entitas Anak dengan perkalian laba akuntansi Bank dan Entitas Anak sebelum pajak penghasilan dan tarif pajak yang berlaku adalah sebagai berikut:

	2017	2016
Laba konsolidasian sebelum pajak penghasilan	5.367.120	4.393.037
Pendapatan yang dikenakan pajak final	(268.268)	(328.524)
	<u>5.098.852</u>	<u>4.064.513</u>
Pajak dihitung pada tarif pajak	1.274.713	1.016.128
Beban yang tidak dapat dikurangkan	65.176	62.467
Koreksi lainnya sehubungan dengan pemeriksaan PPh Badan tahun 2011	-	211.988
Perbedaan permanen dengan tarif pajak 25% - Anak	187.191	52.790
Surat ketetapan pajak - Anak	-	228.336
Lain-lain dan eliminasi	11.943	28.606
Beban pajak penghasilan	<u>1.539.023</u>	<u>1.600.315</u>

Bank

Pemeriksaan pajak tahun 2008

Pada bulan Februari 2012, Bank menerima Surat Ketetapan Pajak (SKP) untuk tahun fiskal 2008. Berdasarkan SKP tersebut, Kantor Pajak menetapkan kurang bayar atas pajak penghasilan karyawan, pajak penghasilan pasal 23/26, pajak final pasal 4(2), Pajak Pertambahan Nilai ("PPN"), dan pajak penghasilan badan dengan jumlah keseluruhan Rp106.607. Hasil pemeriksaan tersebut telah disetujui oleh Manajemen Bank, kecuali ketetapan kurang bayar pajak penghasilan badan dan pajak penghasilan pasal 26 masing-masing sebesar Rp30.621 dan Rp61.861. Pada tanggal 3 Mei 2012, Bank telah mengajukan surat keberatan atas penetapan pajak tersebut.

Hasil pemeriksaan yang telah disetujui Manajemen Bank masing-masing sebesar Rp13.463 dan Rp662 telah dibebankan ke laporan laba rugi konsolidasian tahun 2011 dan 2012.

25. TAXATION (continued)

c. Income tax expense (continued)

The reconciliation between the Bank and Subsidiaries income tax expense and the Bank and Subsidiaries accounting profit before tax multiplied by the prevailing tax rate is as follows:

	2017	2016	
			Consolidated income before income tax
	(268.268)	(328.524)	Income subject to final tax
	<u>5.098.852</u>	<u>4.064.513</u>	
	1.274.713	1.016.128	Tax calculated at statutory tax rate
	65.176	62.467	Non deductible expenses
	-	211.988	Other correction related to corporate income tax assessment 2011
	187.191	52.790	Permanent differences at 25% tax rate - subsidiaries
	-	228.336	Tax assessment letter - subsidiaries
	11.943	28.606	Others and elimination
	<u>1.539.023</u>	<u>1.600.315</u>	Income tax expense

Bank

Tax audit for the fiscal year 2008

In February 2012, the Bank received tax assessment letters for the fiscal year 2008. Based on the assessment letters, the Tax Office confirmed the underpayment of employee income tax, withholding tax articles 23/26, final tax article 4(2), Value Added Tax ("VAT"), and corporate income tax aggregating Rp106,607. The result of the audit was agreed by the Bank's Management, except for the assessment on the underpayment of corporate income tax and withholding tax article 26 of Rp30,621 and Rp61,861, respectively. On 3 May 2012, the Bank submitted objection letter on the above tax assessments.

The tax assessment which was agreed by the Bank's Management of Rp13,463 and Rp662 was charged to the 2011 and 2012 profit or loss, respectively.

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25. PERPAJAKAN (lanjutan)

c. Beban pajak penghasilan (lanjutan)

Bank (lanjutan)

Pemeriksaan pajak tahun 2008 (lanjutan)

Pada bulan April 2013, Kantor Pelayanan Pajak telah menerbitkan surat keputusan penolakan permohonan keberatan pajak penghasilan pasal 26 dan hanya menyetujui permohonan keberatan pajak penghasilan badan sebesar Rp6. Pada bulan Juli 2013, Bank telah mengajukan permohonan banding ke Pengadilan Pajak atas pajak penghasilan pasal 26 dan pajak penghasilan badan masing-masing sebesar Rp61.861 dan Rp30.615 dan ditolak oleh Pengadilan Pajak. Atas penolakan ini Bank telah mengajukan permohonan peninjauan kembali atas putusan Pengadilan Pajak ke Mahkamah Agung pada tanggal 26 November 2014.

Jumlah yang telah dibayarkan sebesar Rp92.476 dicatat sebagai pajak dibayar dimuka.

Di tahun 2016, atas permohonan peninjauan kembali pajak penghasilan badan dan pajak penghasilan pasal 26, Mahkamah Agung telah menerbitkan keputusan resmi yang mengabulkan semua permohonan peninjauan kembali untuk pajak penghasilan badan dan pajak penghasilan pasal 26 sebesar masing-masing Rp30.615 dan Rp61.861.

Sampai dengan Desember 2017, Bank telah menerima sejumlah Rp66.705 dari Kantor Pelayanan Pajak sebagai pengembalian dari pajak dibayar dimuka yang nilainya Rp92.476.

Bank berkeyakinan dapat memperoleh pajak dibayar dimuka secara penuh, sehingga tidak ada cadangan yang dicatat pada tanggal 31 Desember 2017.

Entitas Anak

Pada tahun 2016, ADMF mengajukan keberatan atas Surat Ketetapan Pajak Kurang Bayar PPh Nomor 00017/206/10/091/15 ("SKPKB") tanggal 23 November 2015, nilai keberatan yang diajukan sebesar Rp260.808. Pada tahun 2017, Direktur Jenderal Pajak ("DJP") telah menetapkan hasil keberatan dengan menerbitkan Keputusan Direktur Jenderal Pajak Nomor KEP-00071/KEB/WPJ.19/2017 tentang Keberatan Wajib Pajak Atas Surat Ketetapan Pajak Kurang Bayar Pajak Penghasilan dengan keputusan mengabulkan sebagian dari nilai yang diajukan sebesar Rp32.472. Atas keputusan DJP tersebut, ADMF tidak mengajukan banding.

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25. TAXATION (continued)

c. Income tax expense (continued)

Bank (continued)

Tax audit for the fiscal year 2008 (continued)

In April 2013, the Tax Office issued a rejection letter to the objection letter on withholding tax article 26 and only agreed to the objection on the corporate income tax of Rp6. In July 2013, the Bank submitted an appeal to the Tax Court on withholding tax article 26 and the corporate income tax of Rp61,861 and Rp30,615, respectively, which was rejected by the Tax Court. The Bank filed a request for tax reconsideration on the Tax Court decision with the Supreme Court on 26 November 2014.

The amount paid of Rp92,476 is recorded as prepaid tax.

In 2016, regarding the request for judicial review of corporate income tax and withholding tax article 26, the Supreme Court has issued decision which accepts the request for judicial review of corporate income tax and withholding tax article 26 in the amount of Rp30,615 and Rp61,861, respectively.

Up to December 2017, the Bank received the amount of Rp66,705 from the Tax Office as part of the amount of refund of the prepaid tax of Rp92,476.

The Bank believes that the prepaid tax is fully collectible, hence no provision was recorded as of 31 December 2017.

Subsidiary

In 2016, ADMF has submitted the objection on Tax Underpayment Assessment Letter for Income Tax No. 00017/206/10/091/15 ("SKPKB") dated 23 November 2015, with the objection amounting to Rp260,808. In 2017, the Directorate General of Taxation ("DJP") has determined the result of the objection by issuing the Directorate General of Taxation ("DJP") Decision Letter No. KEP-00071/KEB/WPJ.19/2017 regarding the objection form taxpayer on the Tax Underpayment Assessment Letter for Income Tax with the decision to grant the objection amounting to Rp32,472. On the DJP's decision, ADMF did not submit an appeal.

	1 Januari/ January	Penyesuaian ke saldo laba/ Adjustment to retained earnings	Dikreditkan/ (dibebankan) ke laba rugi/ Credited/ (charged) to profit or loss	Dikreditkan/ (dibebankan) ke penghasilan komprehensif lain/ Credited/ (charged) to other comprehensive income	31 Desember/ December	
Aset/(liabilitas) pajak tanggungan:						Deferred tax assets/ (liabilities):
- Cadangan kerugian penurunan nilai atas aset dan penghapusbukuan pinjaman	1.245.745	-	207.426	-	1.453.171	Allowance for impairment - losses on assets and loans written off
- Kerugian/(keuntungan) yang belum direalisasi atas perubahan nilai wajar efek- efek dan Obligasi Pemerintah - neto	2.277	-	855	(17.960)	(14.828)	Unrealized (losses)/gains - from changes in fair value of marketable securities and Government Bonds- net
- Imbalan kerja karyawan yang masih harus dibayar	442.453	-	(7.285)	22.165	457.333	Accrued employee benefits -
- Penyusutan aset tetap	28.567	-	(6.287)	-	22.280	Depreciation of fixed assets -
- Lain-lain	55.904	(32.741)	5.443	-	28.606	Others -
Jumlah aset pajak tanggungan - bersih	1.774.946	(32.741)	200.152	4.205	1.946.562	Total deferred tax assets - net

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25. PERPAJAKAN (lanjutan)

25. TAXATION (continued)

d. Aset pajak tangguhan (lanjutan)

d. Deferred tax assets (continued)

Bank (lanjutan)

Bank (continued)

2016						
1 Januari/ January	Dampak atas ketetapan pajak/ Impact of tax assessment	Dikreditkan/ (dibebankan) ke laba rugi/ Credited/ (charged) to profit or loss	Dikreditkan/ (dibebankan) ke penghasilan komprehensif lain/ Credited/ (charged) to other comprehensive income	31 Desember/ December		
Aset/(liabilitas) pajak tangguhan:						Deferred tax assets/ (liabilities):
- Cadangan kerugian penurunan nilai atas aset dan penghapusbukuan pinjaman	941.165	261.627	42.953	-	1.245.745	Allowance for impairment - losses on assets and loans written off
- (Kerugian)/keuntungan yang belum direalisasi atas perubahan nilai wajar efek-efek dan Obligasi Pemerintah - neto	20.867	-	(693)	(17.897)	2.277	Unrealized (losses)/gains - from changes in fair value of marketable securities and Government Bonds - net
- Imbalan kerja karyawan yang masih harus dibayar	365.036	-	100.259	(22.842)	442.453	Accrued employee - benefits
- Penyusutan aset tetap	25.599	-	2.968	-	28.567	Depreciation of fixed assets - Effective portion on -
- Bagian efektif atas perubahan nilai wajar instrumen derivatif untuk lindung nilai arus kas	268	-	-	(268)	-	fair value changes of derivative instruments for cash flow hedge
- Lain-lain	48.291	-	7.613	-	55.904	Others -
Jumlah aset pajak tangguhan - neto	1.401.226	261.627	153.100	(41.007)	1.774.946	Total deferred tax assets - net

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25. PERPAJAKAN (lanjutan)

d. Aset pajak tangguhan (lanjutan)

Entitas Anak

25. TAXATION (continued)

d. Deferred tax assets (continued)

Subsidiaries

	2017				
	1 Januari/ January	Dikreditkan/ (dibebankan) ke laba rugi/ Credited/ (charged) to profit or loss	Dikreditkan/ (dibebankan) ke penghasilan komprehensif lain/ Credited/ (charged) to other comprehensive income	31 Desember/ December	
Aset/(liabilitas) pajak tangguhan:					Deferred tax assets/ (liabilities):
- Cadangan untuk <i>Incurred But Not Yet Reported (IBNR) Claim</i>	10.021	(978)	-	9.043	<i>Allowance for Incurred But - Not Yet Reported (IBNR) Claims</i>
- <i>Unearned Premium Reserve (UPR)</i>	37.383	7.595	-	44.978	<i>Unearned Premium - Reserve (UPR)</i>
- Cadangan piutang lain-lain	172.666	(103.459)	-	69.207	<i>Allowance for other- receivables</i>
- Penyusutan aset tetap	(12.629)	1.173	-	(11.456)	<i>Depreciation of fixed assets -</i>
- Imbalan kerja karyawan yang masih harus dibayar	191.764	46.629	34.189	272.582	<i>Accrued employee - benefits</i>
- Biaya transaksi terkait perolehan piutang pembiayaan konsumen	(97.766)	84.293	-	(13.473)	<i>Transaction cost related to - acquisition of consumer financing receivables</i>
- Promosi	84.160	(2.467)	-	81.693	<i>Promotion -</i>
- Bagian efektif atas perubahan nilai wajar instrumen derivatif untuk lindung nilai arus kas	3.049	-	10.890	13.939	<i>Effective portion on fair value changes of derivative instruments for cash flow hedge</i>
- Kerugian yang belum direalisasi atas perubahan nilai wajar efek-efek dan Obligasi Pemerintah - neto	(368)	-	(639)	(1.007)	<i>Unrealized losses from - changes in fair value of marketable securities and Government Bonds-net</i>
- Lain-lain	(976)	1.025	-	49	<i>Others -</i>
Jumlah aset pajak tangguhan - neto	387.304	33.811	44.440	465.555	Total deferred tax assets - net

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25. PERPAJAKAN (lanjutan)

25. TAXATION (continued)

d. Aset pajak tangguhan (lanjutan)

d. Deferred tax assets (continued)

Entitas Anak (lanjutan)

Subsidiaries (continued)

	2016				
		Dikreditkan/ (dibebankan) ke laba rugi/ <i>Credited/ (charged) to profit or loss</i>	Dikreditkan/ (dibebankan) ke penghasilan komprehensif lain/ <i>Credited/ (charged) to other comprehensive income</i>	31 Desember/ December	
Aset/(liabilitas) pajak tangguhan:					Deferred tax assets/ (liabilities):
- Cadangan untuk <i>Incurring But Not Yet Reported (IBNR) Claim</i>	11.561	(1.540)	-	10.021	<i>Allowance for Incurred But Not Yet Reported (IBNR) Claims</i>
- <i>Unearned Premium Reserve</i> (UPR)	48.507	(11.124)	-	37.383	<i>Unearned Premium - Reserve (UPR)</i>
- Cadangan piutang lain-lain	411.784	(239.118)	-	172.666	<i>Allowance for other - receivables</i>
- Penyusutan aset tetap	(16.720)	4.091	-	(12.629)	<i>Depreciation of fixed assets -</i>
- Imbalan kerja karyawan yang masih harus dibayar	127.852	52.804	11.108	191.764	<i>Accrued employee - benefits</i>
- Biaya transaksi terkait perolehan piutang pembiayaan konsumen	(474.741)	376.975	-	(97.766)	<i>Transaction cost related to - acquisition of consumer financing receivables</i>
- Promosi	57.477	26.683	-	84.160	<i>Promotion -</i>
- Bagian efektif atas perubahan nilai wajar instrumen derivatif untuk lindung nilai arus kas	(6.724)	-	9.773	3.049	<i>Effective portion on - fair value changes of derivative instruments for cash flow hedge</i>
- Kerugian yang belum direalisasi atas perubahan nilai wajar efek-efek dan Obligasi Pemerintah - neto	(239)	(1)	(128)	(368)	<i>Unrealized losses - from changes in fair value of marketable securities and Government Bonds - net</i>
- Lain-lain	(7.004)	6.028	-	(976)	<i>Others -</i>
Jumlah aset pajak tangguhan - neto	151.753	214.798	20.753	387.304	<i>Total deferred tax assets - net</i>

e. Administrasi

e. Administration

Sesuai dengan peraturan perpajakan di Indonesia, Bank dan Entitas Anak melaporkan/menyetorkan pajak untuk setiap perusahaan sebagai suatu badan hukum yang terpisah (pelaporan pajak penghasilan konsolidasi tidak diperbolehkan) berdasarkan prinsip *self assessment*. Fiskus dapat menetapkan/mengubah pajak-pajak tersebut dalam jangka waktu tertentu sesuai peraturan yang berlaku.

Under the taxation laws in Indonesia, the Bank and Subsidiaries submit/pay individual corporate tax returns (income tax reporting on consolidated basis is not allowed) on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitation, under prevailing regulations.

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26. BEBAN YANG MASIH HARUS DIBAYAR DAN LIABILITAS LAIN-LAIN

Beban yang masih harus dibayar dan liabilitas lain-lain atas pihak berelasi diungkapkan pada Catatan 45. Informasi mengenai jatuh tempo beban yang masih harus dibayar dan liabilitas lain-lain diungkapkan pada Catatan 48d.

Accruals and other liabilities due to related parties are disclosed in Note 45. Information in respect of maturities of accruals and other liabilities is disclosed in Note 48d.

	2017	2016	
Beban yang masih harus dibayar	1.994.754	2.147.503	Accrued expenses
Cadangan imbalan kerja karyawan (Catatan 41)	1.838.455	1.415.801	Provision for employee benefits (Note 41)
Estimasi klaim	727.955	796.805	Estimated claims
Utang kepada dealer	691.874	670.105	Payable to dealers
Utang bunga	385.415	432.008	Interest payables
Dana setoran	289.467	157.734	Temporary fund
Liabilitas lain-lain - modal pinjaman (Catatan 27)	65.000	155.000	Other liabilities - loan capital (Note 27)
Pendapatan diterima dimuka	138.925	124.514	Unearned income
Utang reasuransi	82.902	83.718	Reinsurance payable
Pajak final	61.410	65.449	Final tax
Pembelian efek-efek yang masih harus dibayar	555.661	35.633	Accrued purchase of marketable securities
Setoran jaminan	14.456	20.863	Security deposits
Kompensasi beban penggabungan usaha 8 BTO	16.119	16.119	Compensation for merger costs 8 BTOs
Utang kepada merchant	7.730	9.628	Payable to merchants
Cadangan biaya lainnya	9.103	4.136	Other provisions
Utang dividen	637	515	Dividend payable
Lain-lain	1.228.552	754.182	Others
	8.108.415	6.889.713	
Terdiri dari:			Consist of:
Pihak berelasi	64.724	4.132	Related parties
Pihak ketiga	8.043.691	6.885.581	Third parties
	8.108.415	6.889.713	

Saldo di atas pada tanggal 31 Desember 2017 terdiri atas beban yang masih harus dibayar dan liabilitas lain-lain dalam Rupiah sebesar Rp7.821.108 dan mata uang asing sebesar Rp287.307 (2016: Rp6.734.218 dan Rp155.496).

The above balance as of 31 December 2017 consists of accruals and other liabilities in Rupiah of Rp7,821,108 and in foreign currencies of Rp287,307 (2016: Rp6,734,218 and Rp155,496).

Beban yang masih harus dibayar dan liabilitas lain-lain dalam mata uang asing terutama terdiri dari Yen Jepang, Dolar Amerika Serikat, Yuan China, Dolar Singapura, Dollar Australia, Euro Eropa, dan lain-lain (Catatan 53).

Accruals and other liabilities in foreign currencies are mainly denominated in Japanese Yen, United States Dollar, China Yuan, Singapore Dollar, Australian Dollar, European Euro, and Others (Note 53).

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26. BEBAN YANG MASIH HARUS DIBAYAR DAN LIABILITAS LAIN-LAIN (lanjutan)

Beban yang masih harus dibayar

Akun ini termasuk akrual untuk kesejahteraan karyawan sebesar Rp700.614 (2016: Rp587.767), sebagian akrual atas program transformasi bisnis sebesar Rp433.368 (2016: Rp613.574), dan sisanya merupakan akrual untuk beban operasional Bank dan Entitas Anak.

Pembelian efek-efek yang masih harus dibayar

Utang atas penjualan efek-efek merupakan transaksi penjualan efek-efek yang dilakukan pada tanggal transaksi di Desember 2017 dan diselesaikan pada Januari 2018.

Utang kepada dealer

Utang kepada dealer merupakan liabilitas Entitas Anak kepada dealer atas nasabah-nasabah yang telah memperoleh persetujuan kredit dan pihak dealer telah menyerahkan kendaraan yang dibiayai kepada nasabah tersebut.

Kompensasi beban penggabungan usaha dengan 8 Bank Taken Over (BTO)

Kompensasi beban penggabungan usaha merupakan cadangan beban sehubungan dengan penggabungan usaha eks 8 BTO dengan Bank, yang antara lain terdiri dari beban pemutusan hubungan kerja, beban legal, dan beban lindung nilai untuk menutupi risiko kerugian mata uang asing.

Bank telah mendapatkan persetujuan dari BPPN pada tanggal 30 Januari 2003 atas pertanggungjawaban penggunaan cadangan kompensasi beban ini sampai dengan tanggal 30 November 2002. BPPN juga memberikan wewenang kepada Bank atas penggunaan sisa kompensasi merger.

Utang kepada merchant

Akun ini merupakan utang kepada merchant dalam rangka transaksi kartu kredit.

Lain-lain

Termasuk dalam lain-lain adalah kliring nasabah yang telah diselesaikan pada bulan Januari 2018 sebesar Rp401.078 (2016: Rp2.022).

Informasi mengenai klasifikasi nilai wajar atas beban yang masih harus dibayar dan liabilitas lain-lain diungkapkan pada Catatan 49.

26. ACCRUALS AND OTHER LIABILITIES (continued)

Accrued expenses

This account includes an accrual for employees' welfare of Rp700,614 (2016: Rp587,767), part of accrual for business transformation program of Rp433,368 (2016: Rp613,574), and the remainder represents accruals in relation to operational costs of the Bank and Subsidiaries.

Accrued purchase of marketable securities

The payables from sales of marketable securities represent the sale of marketable securities at transaction date in December 2017 and carried out in January 2018.

Payable to dealers

Payable to dealers represents the Subsidiary's liabilities to dealers for the approved consumer financing contracts, where the dealers have delivered the vehicles to the customers.

Compensation for merger costs with 8 Banks Taken Over (BTOs)

Compensation for merger costs is a provision for expenditures incurred in relation to the Bank's merger with 8 BTOs, consisting of, among others, termination of employees, legal costs, and hedging costs to cover the foreign currency exposures.

The Bank obtained approval from IBRA on 30 January 2003 regarding the utilization of this provision up to 30 November 2002. IBRA also gave the authority to the Bank to utilize the remaining balance of this provision.

Payable to merchants

This account represents payable to merchants in relation to credit card transactions.

Others

Included in others is customers' clearing transaction which has been settled in January 2018 amounted to Rp401,078 (2016: Rp2,022).

Information with regard to the classification and fair value of accruals and other liabilities is disclosed in Note 49.

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27. MODAL PINJAMAN

Bank menerima modal pinjaman sebesar Rp155.000 pada tahun 1997 dari PT Danamon International, eks pemegang saham pengendali Bank. Modal pinjaman ini telah dibukukan sebagai liabilitas di laporan keuangan Bank sejak tahun 1997, dengan nama "Modal Pinjaman". Pada tanggal 31 Desember 2007, modal pinjaman ini telah dipindahkan ke liabilitas lain-lain (Catatan 26).

Alasan dari reklasifikasi tersebut adalah sebagai berikut:

- a. Sehubungan dengan modal pinjaman ini, Bank telah menerima, antara lain surat dari Menteri Keuangan Republik Indonesia ("MenKeu") tanggal 23 April 2007. Dalam surat tersebut, MenKeu telah meminta Bank untuk membayar kepada Negara/Pemerintah Republik Indonesia sejumlah uang yang jumlahnya sama dengan jumlah modal pinjaman ini sebagai kelebihan rekapitalisasi oleh Pemerintah. Surat tersebut juga menyebutkan bahwa modal pinjaman ini merupakan bagian dari modal pelengkap yang seharusnya diperhitungkan dalam kerugian Bank tahun 1998, sebelum terjadinya rekapitalisasi Bank oleh Pemerintah. Bank telah menerima beberapa surat lainnya dari MenKeu sehubungan dengan modal pinjaman ini, termasuk surat tertanggal 23 Oktober 2007, dimana MenKeu mengulangi permintaannya agar Bank membayar sejumlah uang yang jumlahnya sama dengan modal pinjaman kepada Negara/Pemerintah.
- b. Dengan mempertimbangkan permintaan yang berulang dari MenKeu, pada tanggal 13 Desember 2007, Bank telah membayar sejumlah uang yang jumlahnya sama dengan jumlah modal pinjaman ini kepada Negara/Pemerintah yang dibukukan sebagai aset lain-lain - modal pinjaman, dengan pengertian bahwa pembayaran tersebut merupakan pembayaran atas modal pinjaman ini.

27. LOAN CAPITAL

The Bank received a loan capital of Rp155,000 in 1997 from PT Danamon International, a former controlling shareholder of the Bank. This loan capital has been recorded as a liability in the Bank's financial statements since 1997, as a "Loan Capital". As of 31 December 2007, this loan capital was reclassified other liabilities (Note 26).

The reasons for the reclassification are as follows:

- a. In connection with this loan capital, the Bank has received, inter alia, a letter from the Ministry of Finance of the Republic of Indonesia ("MoF") dated 23 April 2007. In that letter, MoF has requested the Bank to pay to the State/Government of the Republic of Indonesia an amount equivalent to the amount of the loan capital as excess of recapitalization by the Government. The letter also stated that this loan capital constituted part of supplemental capital that should have been set off against the losses of the Bank in 1998, prior to the recapitalization of the Bank by the Government. The Bank has received other letters from MoF in relation to this loan capital, including a letter dated 23 October 2007, in which the MoF repeated its request that the Bank pay an amount equal to the amount of this loan capital to the State/Government.
- b. In view of the repeated requests from the MoF, on 13 December 2007, the Bank paid an amount equal to the amount of this loan capital to the State/Government which recorded as other assets - loan capital, on the understanding that such payment constitutes payment of this loan capital.

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27. MODAL PINJAMAN (lanjutan)

Alasan dari reklasifikasi tersebut adalah sebagai berikut (lanjutan):

- c. Sehubungan dengan pembayaran tersebut di atas, maka modal pinjaman ini telah dipindahkan ke akun liabilitas lain-lain dan pembayaran kepada Negara/Pemerintah sebagaimana disebutkan pada item b di atas telah dicatat sebagai aset lain-lain, kecuali terdapat keputusan final dari pengadilan yang berwenang sehubungan dengan modal pinjaman ini.
- d. Pada bulan November 2011, PT Danamon International telah menggugat Bank di Pengadilan Negeri Jakarta Selatan, yang pemberituannya secara resmi diterima Bank pada tanggal 1 Desember 2011. Dalam gugatannya, PT Danamon International menyatakan Bank telah melakukan wanprestasi atas Perjanjian Modal Pinjaman dan menuntut Bank untuk memenuhi kewajibannya berdasarkan perjanjian tersebut. Bank telah menunjuk Radjiman, Billitea & Partners untuk mewakili Bank menangani kasus ini.
- e. Pada tanggal 21 Maret 2012, Menkeu telah mengajukan Gugatan Intervensi untuk dapat diikutsertakan sebagai pihak dalam perkara ini dengan dasar bahwa objek perkara yang telah dialihkan ke rekening Bendahara Umum Negara di Bank Indonesia adalah sah milik Pemerintah Republik Indonesia karena merupakan kelebihan rekapitalisasi oleh Pemerintah. Pada tanggal 11 April 2012, Pengadilan Negeri Jakarta Selatan telah mengeluarkan Putusan Sela yang isinya menerima Gugatan Intervensi Menkeu dan menyatakan Menkeu sebagai Pihak dalam perkara.
- f. Pada tanggal 7 Agustus 2012, Pengadilan Negeri Jakarta Selatan telah membacakan putusannya, dimana isi keputusannya adalah Bank wajib membayar kewajiban kepada PT Danamon International sebesar Rp285.900 dengan perincian pokok Rp155.000 dan bunga Rp130.900. Atas putusan Pengadilan Negeri Jakarta Selatan tersebut, Bank telah menyatakan banding pada tanggal 10 Agustus 2012. Pada tanggal 23 Mei 2013, Pengadilan Tinggi DKI Jakarta telah memberikan putusannya yang intinya yaitu menerima sebagian permohonan banding Bank dan membatalkan putusan Pengadilan Negeri Jakarta Selatan, serta menyatakan gugatan PT Danamon International tidak dapat diterima. Atas keputusan Pengadilan Tinggi tersebut, masing-masing mengajukan kasasi kepada Mahkamah Agung pada tanggal 16 Agustus 2013. Pada tanggal 12 Januari 2015, Bank telah menerima salinan putusan Mahkamah Agung yang pada intinya memutuskan pihak Bank wajib membayar kepada PT Danamon International sebesar Rp285.900.

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27. LOAN CAPITAL (continued)

The reasons for the reclassification are as follows (continued):

- c. In view of the above payment, this loan capital was reclassified as other liabilities and the payment to the State/Government as mentioned in point b above had been recorded as other assets, unless there is a final binding decision of the competent court in respect of this loan capital.
- d. In November 2011, PT Danamon International has filed a legal case against the Bank through the South Jakarta District Court, the notification of which was officially received by the Bank on 1 December 2011. In its claims, PT Danamon International stated that the Bank has defaulted on its obligation under the Loan Capital Agreement and asked the Bank to fulfill its obligation based on the agreement. The Bank has appointed Radjiman, Billitea & Partners to represent the Bank in handling this case.
- e. On 21 March 2012, the MoF filed an Intervention Suit to request to be included as a party in this case on the basis that the object of the case which had been transferred to Bendahara Umum Negara account at Bank Indonesia is legally owned by the Government of the Republic of Indonesia as this loan capital was considered as excess recapitalization by the Government. On 11 April 2012, the South Jakarta District Court issued an interlocutory decision to accept the Intervention Suit of the MoF and stated that MoF is a party to this case.
- f. On 7 August 2012, the South Jakarta District Court read its decision whereby the Bank shall pay PT Danamon International the amount of Rp285,900 consisting of principal of Rp155,000 and interest of Rp130,900. As a result of the South Jakarta District Court's decision, on 10 August 2012, the Bank filed an appeal. On 23 May 2013, the DKI Jakarta High Court issued its decision essentially accepting partially the Bank's appeal and revoking the South Jakarta District Court decision, and also declaring PT Danamon International lawsuit as unacceptable. Due to the High Court decision above, each party filed a cassation application to the Supreme Court on 16 August 2013. On 12 January 2015, the Bank has received a copy of the Supreme Court decision instructing the Bank to pay PT Danamon International Rp285,900.

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27. MODAL PINJAMAN (lanjutan)

Alasan dari reklasifikasi tersebut adalah sebagai berikut (lanjutan):

- g. Terkait dengan hal tersebut, Bank telah mengajukan upaya hukum Peninjauan Kembali kepada Mahkamah Agung RI pada tanggal 10 Maret 2015. Dengan demikian upaya eksekusi atas putusan Kasasi yang telah berkekuatan hukum tetap, ditunda berdasarkan Penetapan Pengadilan Negeri Jakarta Selatan No. 03/Eks.Pdt/2015 jo Nomor 539/Pdt.G/2011/PN.Jkt.Sel tanggal 31 Maret 2015. Pada tanggal 5 Desember 2016, Pengadilan Negeri Jakarta Selatan telah menyampaikan Relas Pemberitahuan Putusan Peninjauan Kembali Mahkamah Agung RI No. 395 PK/Pdt/2015 telah diputus pada tanggal 31 Desember 2015, dengan amar putusan menolak Peninjauan Kembali yang diajukan Menteri Keuangan RI dan Bank, dengan demikian perkara ini telah memiliki kekuatan hukum yang pasti.
- h. Berdasarkan amar putusan menolak Peninjauan Kembali, bank diwajibkan membayar kepada PT Danamon International sebesar Rp285.900, dimana sebesar Rp130.900 merupakan kewajiban bunga atas modal pinjaman yang terutang sejak modal pinjaman diberikan hingga 30 September 2011 sedangkan Rp155.000 merupakan pokok dari modal pinjaman, yang merupakan jumlah yang sama dengan pembayaran kepada Negara/pemerintah atas kelebihan rekaptalisasi. Pada tahun 2015, Bank membukukan kewajiban atas pokok dari klaim hukum dari PT Danamon International dengan menjurnal balik aset lain-lain - modal pinjaman dan mengurangi tambahan modal disetor pada laporan keuangan konsolidasian. Sehubungan dengan kewajiban bunga tersebut, Bank melakukan koreksi dengan melakukan penyajian kembali atas laporan keuangan konsolidasian untuk tahun - tahun sebelumnya dengan mempertimbangkan bahwa kewajiban bunga tersebut seharusnya diakui sejak modal pinjaman diberikan.
- i. Pengadilan Negeri Jakarta Selatan telah menerbitkan Surat panggilan Teguran (*aanmaning*) pada hari Jumat tanggal 24 Maret 2017, tentang Penetapan Eksekusi No. 03/Eks.Pdt/2015 Jo 593/Pdt.G/2011/PN.Jkt.Sel tanggal 14 Maret 2017.
- j. Pada tanggal 20 Juli 2017, Bank dan DI telah menandatangani Perjanjian Penyelesaian sebagai penyelesaian penuh dan tuntas dengan nilai kewajiban yang dinyatakan dalam Perjanjian Perdamaian tersebut. Sehubungan dengan perjanjian tersebut, Bank telah melakukan penyesuaian atas saldo laba untuk membalik akrual yang tidak diperlukan lagi yang sebelumnya diambil dari saldo laba pada tahun 2015.

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27. LOAN CAPITAL (continued)

The reasons for the reclassification are as follows (continued):

- g. In this connection, on 10 March 2015, the bank has filed a Judicial Review application to the Supreme Court, thus the execution of the Cassation Decision based on South Jakarta District Court Decree No. 03/Eks.Pdt.2015 jo No. 539/Pdt.G/2011/PN.Jkt.Sel dated 31 March 2015 was deferred. On 5 December 2016, South Jakarta District Court had issued Official Notification Regarding Supreme Court Judicial Review Verdict Number 395 PK/Pdt/2015 on 31 December 2015, rejecting the judicial review application filed by the Minister of Finance of the Republic of Indonesia and the Bank, therefore this case possesses legally binding verdict.
- h. Based on the decision that rejected the Judicial Review, the Bank is obliged to pay to PT Danamon International Rp285,900 whereby Rp130,900 represents interest payable on loan capital liability since the granting of loan capital on 30 September 2011 while Rp155,000 is the principal of the loan capital liability, in which its amount is equal to the amount paid to the State/Government on the over capitalization. In 2015, the Bank recorded liability for the principal amount of legal claim from PT Danamon International by reversing the other assets - loan capital and deducting the additional paid-up capital in the consolidated financial statements. With regard to the interest payable, the Bank made a correction by restating the prior years consolidated financial statements with consideration that the interest payable should have been recognized since the granting of loan capital.
- i. Jakarta Selatan District Court has issued Execution Warrant (*aanmaning*) in Friday, 24 March 2017, regarding Court Decision No. 03/Eks.Pdt/2015 Jo. 593/Pdt.G/2011/PN.Jkt.Sel dated 14 March 2017.
- j. On 20 July 2017, the Bank and DI have signed a Settlement Agreement as full and final settlement, with the obligations as stated in the Settlement Agreement. In relation to the agreement, the Bank has adjusted the retained earnings to reverse the accruals which are no longer required and were previously taken from retained earnings in 2015.

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28. MODAL SAHAM

28. SHARE CAPITAL

Pemegang saham	2017			Shareholders
	Jumlah saham ditempatkan dan disetor penuh/ <i>Number of shares issued and fully paid</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>	Jumlah nominal/ <i>Nominal value</i>	
Saham Seri A (nilai nominal Rp50.000 (nilai penuh) per saham)				A Series shares (par value of Rp50.000 (full amount) per share)
Masyarakat (kepemilikan masing-masing dibawah 5%)	22.400.000	0,23%	1.120.000	Public (ownership interest below 5% each)
Saham Seri B (nilai nominal Rp500 (nilai penuh) per saham)				B Series shares (par value of Rp500 (full amount) per share)
Asia Financial (Indonesia) Pte.Ltd.	5.073.451.580	52,93%	2.536.726	Asia Financial (Indonesia) Pte.Ltd.
The Bank of Tokyo - Mitsubishi UF.Ltd.	1.907.344.030	19,90%	953.672	The Bank of Tokyo - Mitsubishi UF.Ltd.
JPMCB - Franklin Templeton Investment Funds	594.274.323	6,20%	297.137	JPMCB - Franklin Templeton Investment Funds
Masyarakat (kepemilikan masing-masing dibawah 5%)	1.983.211.401	20,70%	991.606	Public (ownership interest below 5% each)
Komisaris dan Direksi:				Commissioners and Directors:
- Ng Kee Choe	94.275	0,00%	47	Ng Kee Choe -
- Sng Seow Wah	2.325.400	0,02%	1.163	Sng Seow Wah -
- Herry Hykmanto	131.856	0,00%	66	Herry Hykmanto -
- Satinder Pal Singh Ahluwalia	396.300	0,01%	198	Satinder Pal Singh Ahluwalia -
- Michellina Laksmi Triwardhany	1.014.200	0,01%	507	Michellina Laksmi Triwardhany -
	9.562.243.365	99,77%	4.781.122	
	9.584.643.365	100,00%	5.901.122	

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28. MODAL SAHAM (lanjutan)

28. SHARE CAPITAL (continued)

Pemegang saham	2016			Shareholders
	Jumlah saham ditempatkan dan disetor penuh/ Number of shares issued and fully paid	Persentase kepemilikan/ Percentage of ownership	Jumlah nominal/ Nominal value	
Saham Seri A (nilai nominal Rp50.000 (nilai penuh) per saham)				A Series shares (par value of Rp50.000 (full amount) per share)
Masyarakat (kepemilikan masing-masing dibawah 5%)	22.400.000	0,23%	1.120.000	Public (ownership interest below 5% each)
Saham Seri B (nilai nominal Rp500 (nilai penuh) per saham)				B Series shares (par value of Rp500 (full amount) per share)
Asia Financial (Indonesia) Pte.Ltd.	6.457.558.472	67,37%	3.228.779	Asia Financial (Indonesia) Pte.Ltd.
JPMCB - Franklin Templeton Investment Funds	630.219.323	6,58%	315.109	JPMCB - Franklin Templeton Investment Funds
Masyarakat (kepemilikan masing-masing dibawah 5%)	2.459.129.124	25,66%	1.229.565	Public (ownership interest below 5% each)
Komisaris dan Direksi:				Commissioners and Directors:
- Ng Kee Choe	94.275	0,00%	47	Ng Kee Choe -
- Sng Seow Wah	1.896.100	0,01%	948	Sng Seow Wah -
- Muliadi Rahardja ¹⁾	6.405.515	0,07%	3.203	Muliadi Rahardja ¹⁾ -
- Herry Hykmanto	131.856	0,00%	66	Herry Hykmanto -
- Vera Eve Lim	5.411.200	0,06%	2.706	Vera Eve Lim -
- Satinder Pal Singh Ahluwalia	389.800	0,01%	195	Satinder Pal Singh Ahluwalia -
- Michellina Laksmi Triwardhany	1.007.700	0,01%	504	Michellina Laksmi Triwardhany -
	9.562.243.365	99,77%	4.781.122	
	9.584.643.365	100,00%	5.901.122	

- 1) Muliadi Rahardja tidak diangkat kembali dari jabatan selaku Wakil Direktur Utama pada Rapat Umum Pemegang Saham Tahunan tanggal 12 April 2017.
2) Pengunduran diri Vera Eve Lim telah efektif sejak tanggal 19 Desember 2017.

- 1) Muliadi Rahardja was not reappointed from his position as Vice President Director in the Annual General Meeting of Shareholders on 12 April 2017.
2) Vera Eve Lim's resignation was effective since 19 December 2017.

Pada tanggal 29 Desember 2017, The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("MUFG") membeli saham sejumlah 19,9% dari total saham yang sudah diterbitkan Perseroan dari Asia Financial (Indonesia) Pte. Ltd. ("AFI") dan pihak terafiliasinya.

On 29 December 2017, The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("MUFG"), acquired shares in the amount of 19.9% of the total issued shares of Danamon from Asia Financial (Indonesia) Pte. Ltd. ("AFI") and its affiliated entities.

Asia Financial (Indonesia) Pte. Ltd. secara keseluruhan dimiliki oleh Fullerton Financial Holdings Pte. Ltd., yang secara tidak langsung merupakan anak perusahaan yang sepenuhnya dimiliki oleh Temasek Holdings Pte.Ltd.

Asia Financial (Indonesia) Pte. Ltd. is wholly-owned by Fullerton Financial Holdings Pte. Ltd., which is an indirect and wholly-owned subsidiary of Temasek Holdings Pte. Ltd.

Temasek Holdings Pte. Ltd. adalah sebuah perusahaan investasi yang berkedudukan di Singapura dan dimiliki oleh Kementerian Keuangan Singapura.

Temasek Holdings Pte. Ltd. is an investment holding company based in Singapore and owned by the Ministry of Finance of Singapore.

Tidak ada perubahan jumlah saham yang ditempatkan dan disetor penuh pada tanggal-tanggal 31 Desember 2017 dan 2016.

As of 31 Desember 2017 and 2016, there have been no changes in the number of shares issued and fully paid.

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28. MODAL SAHAM (lanjutan)

Dalam rangka implementasi Peraturan Pemerintah (PP) No. 29 tahun 1999 Tentang Pembelian Saham Bank Umum yang antara lain menetapkan bahwa saham bank hanya boleh tercatat di Bursa Efek sebanyak-banyaknya 99%, maka saham Bank yang tercatat di Bursa Efek Indonesia seluruhnya berjumlah 9.488.796.931 saham, sedangkan total saham Bank yang tidak dicatatkan adalah 95.846.434 saham atas nama PT Guna Dharma.

29. TAMBAHAN MODAL DISETOR

Tambahan modal disetor terdiri dari:

	2017	2016
Agio saham	7.546.140	7.546.140
Biaya emisi efek ekuitas	(154.384)	(154.384)
Penyesuaian agio saham	(135.432)	(141.647)
	7.256.324	7.250.109

30. PENGGUNAAN LABA BERSIH

Penggunaan laba bersih untuk dua tahun buku terakhir adalah sebagai berikut:

	Laba bersih untuk tahun buku/ Net income for financial year	
	2016	2015
Pembagian dividen tunai	934.311	717.890
Pembentukan cadangan umum dan wajib	26.695	23.933
Saldo laba	1.708.474	1.651.482
	2.669.480	2.393.305

Rapat Umum Pemegang Saham Tahunan ("RUPS Tahunan") yang diadakan pada tanggal 12 April 2017, memutuskan pembagian dividen tunai untuk tahun buku 2016 sebesar 35% dari laba bersih atau sejumlah kurang lebih Rp934.318 atau Rp97,48 (nilai penuh) per saham seri A dan seri B dan pembentukan cadangan umum dan wajib sebesar Rp26.695.

Berdasarkan Daftar Pemegang Saham tanggal 27 April 2017 yang merupakan tanggal pencatatan daftar pemegang saham yang berhak atas dividen, jumlah saham yang beredar pada tanggal 27 April 2017 adalah 9.584.643.365 saham, sehingga dividen per saham yang dibagikan pada tanggal 12 Mei 2017 adalah sebesar Rp97,48 (nilai penuh) per saham seri A dan seri B atau jumlah dividen tunai adalah Rp934.311.

Rapat Umum Pemegang Saham Tahunan ("RUPS Tahunan") yang diadakan pada tanggal 28 April 2016, memutuskan pembagian dividen tunai untuk tahun buku 2015 sebesar 30% dari laba bersih atau sejumlah kurang lebih Rp717.991 atau Rp74,90 (nilai penuh) per saham seri A dan seri B dan pembentukan cadangan umum dan wajib sebesar Rp23.933.

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28. SHARE CAPITAL (continued)

In compliance with Government Regulation No. 29 Year 1999 regarding Purchase of Shares of Commercial Banks which, among others, provides that shares of banks can be allowed to be listed in the stock exchange at the maximum of 99%, all of the Bank's shares are listed at the Indonesia Stock Exchange consisting of 9,488,796,931 shares, whilst the number of shares which are not listed is 95,846,434 shares, under the name PT Guna Dharma.

29. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital consists of:

	2017	2016	
	7.546.140	7.546.140	Additional paid-in capital
	(154.384)	(154.384)	Share issuance costs
	(135.432)	(141.647)	Adjustment on additional paid-up capital
	7.256.324	7.250.109	

30. APPROPRIATION OF NET INCOME

The appropriation of net income for the last two financial years is as follows:

	Laba bersih untuk tahun buku/ Net income for financial year		
	2016	2015	
	934.311	717.890	Distribution of cash dividend
	26.695	23.933	Appropriation for general and legal reserve
	1.708.474	1.651.482	Retained earnings
	2.669.480	2.393.305	

The Annual General Meeting of Shareholders (Annual GMS) which was held on 12 April 2017, approved the cash dividend distribution for the 2016 financial year of 35% of the net profit or in the amount of approximately Rp934,318 or Rp97.48 (full amount) per share for series A and series B shares and the allocation for general and legal reserve in the amount of Rp26,695.

Based on the Shareholders Registry as of 27 April 2017 whereby shareholders registered as of that date are entitled to the dividends, the total number of issued shares as of 27 April 2017 was 9,584,643,365 shares, therefore, the dividends distributed on 12 Mei 2017 amounted to Rp97.48 (full amount) per share for series A and series B shares or total cash dividends of Rp934,311.

The Annual General Meeting of Shareholders (Annual GMS) which was held on 28 April 2016, approved the cash dividend distribution for the 2015 financial year of 30% of the net profit or in the amount of approximately Rp717,991 or Rp74.90 (full amount) per share for series A and series B shares and the allocation for general and legal reserve in the amount of Rp23,933.

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30. PENGGUNAAN LABA BERSIH (lanjutan)

Berdasarkan Daftar Pemegang Saham tanggal 5 April 2016 yang merupakan tanggal pencatatan daftar pemegang saham yang berhak atas dividen, jumlah saham yang beredar pada tanggal 5 April 2016 adalah 9.584.643.365 saham, sehingga dividen per saham yang dibagikan pada tanggal 27 Mei 2016 adalah sebesar Rp74.90 (nilai penuh) per saham seri A dan seri B atau jumlah dividen tunai adalah Rp717.890.

31. CADANGAN UMUM DAN WAJIB

Pada tanggal 31 Desember 2017, Bank telah membentuk cadangan umum dan wajib sebesar Rp353.246 (2016: Rp326.551). Cadangan umum dan wajib ini dibentuk sehubungan dengan mengenai Perseroan Terbatas, yang mengharuskan perusahaan-perusahaan untuk membuat penyisihan cadangan umum sebesar sekurang-kurangnya 20% dari jumlah modal yang ditempatkan dan disetor penuh. Undang-undang tersebut tidak mengatur jangka waktu untuk membentuk cadangan tersebut.

32. PENDAPATAN BUNGA

Pendapatan bunga dari pihak-pihak berelasi diungkapkan pada Catatan 45.

	2017	2016
Pinjaman yang diberikan	10.787.096	12.570.786
Pendapatan pembiayaan konsumen	7.326.524	6.344.194
Efek-efek dan tagihan lainnya	1.276.584	1.140.130
Obligasi Pemerintah	389.877	374.105
Penempatan pada bank lain dan BI	272.136	225.459
	20.052.217	20.654.674

Pendapatan bunga berdasarkan klasifikasi aset keuangan adalah sebagai berikut:

	2017	2016
Diukur pada nilai wajar melalui laporan laba rugi	40.389	66.936
Dimiliki hingga jatuh tempo	549.076	280.040
Tersedia untuk dijual	1.044.467	975.650
Pinjaman yang diberikan dan piutang	18.418.285	19.332.048
	20.052.217	20.654.674

30. APPROPRIATION OF NET INCOME (continued)

Based on the Shareholders Registry as of 5 April 2016 whereby shareholders registered as of that date are entitled to the dividends, the total number of issued shares as of 5 April 2016 was 9,584,643,365 shares, therefore, the dividends distributed on 27 Mei 2016 amounted to Rp74.90 (full amount) per share for series A and series B shares or total cash dividends of Rp717,890.

31. GENERAL AND LEGAL RESERVES

As of 31 December 2017, the Bank had general and legal reserves of Rp353,246 (2016: Rp326,551). This general and legal reserve was provided in relation with regarding the Limited Liability Company which requires companies to set up a general reserve amounting to at least 20% of the issued and fully paid share capital. There is no timeline over which this amount should be provided.

32. INTEREST INCOME

Interest income from related parties is disclosed in Note 45.

Loans
Consumer financing income
Marketable securities and other bills receivable
Government Bonds
Placements with other banks and BI

Interest income based on the classification of financial assets is as follows:

Fair value through profit or loss
Held-to-maturity
Available-for-sale
Loans and receivables

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32. PENDAPATAN BUNGA (lanjutan)

Untuk tahun yang berakhir pada tanggal 31 Desember 2017, amortisasi dari beban yang terkait langsung dari perolehan nasabah ("biaya transaksi") sebesar Rp973.332 disajikan sebagai pengurang dari pendapatan bunga (2016: Rp1.766.765).

Termasuk pendapatan bunga untuk tahun yang berakhir pada tanggal 31 Desember 2017 sebesar Rp114.729 (2016: Rp170.054) adalah akrual bunga dari aset keuangan yang mengalami penurunan nilai.

33. BEBAN BUNGA

Beban bunga kepada pihak-pihak berelasi diungkapkan pada Catatan 45.

	2017	2016
Simpanan nasabah		
- Giro	297.118	318.009
- Tabungan	681.503	724.426
- Deposito berjangka	2.761.209	3.522.184
Pinjaman yang diterima dan simpanan dari bank lain	1.030.169	1.108.629
Efek yang diterbitkan	928.102	985.695
Beban asuransi penjaminan simpanan	205.048	216.710
	5.903.149	6.875.653

34. PENDAPATAN DAN BEBAN PROVISI DAN KOMISI

Untuk tahun yang berakhir pada tanggal 31 Desember 2017, termasuk di dalam pendapatan provisi dan komisi adalah pendapatan provisi terkait dengan kegiatan perkreditan sebesar Rp231.912 (2016: Rp220.323) dan komisi atas jasa yang dilakukan sebesar Rp957.559 (2016: Rp993.832).

Termasuk didalam beban provisi dan komisi untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah beban provisi terkait dengan kegiatan perkreditan sebesar Rp164.277 (2016: Rp190.308).

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32. INTEREST INCOME (continued)

For the year ended 31 December 2017, the amortization of costs directly incurred in acquiring customers ("transaction cost") amounting to Rp973,332 was recorded as a deduction from interest income (2016: Rp1,766,765).

Included under interest income for the year ended 31 December 2017 is the amount of Rp114,729 (2016: Rp170,054) representing accrued interest on impaired financial assets.

33. INTEREST EXPENSE

Interest expense to related parties is disclosed in Note 45.

	2017	2016
Deposits from customers		
Current accounts -		
Savings -		
Time deposits -		
Borrowings and deposits from other banks		
Securities issued		
Deposit insurance guarantee expense		

34. FEES AND COMMISSION INCOME AND EXPENSE

For the year ended 31 December 2017, included in fees and commission income are credit related fees income amounting to Rp231,912 (2016: Rp220,323) and service commissions amounting to Rp957,559 (2016: Rp993,832).

Included in provision and commissions expense for the year ended 31 December 2017 is credit related provision expense amounting to Rp164,277 (2016: Rp190,308).

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35. IMBALAN JASA LAIN

	2017	2016
Imbalan administrasi	1.415.545	1.435.896
Transaksi kartu kredit	91.972	106.876
Lain-lain	403.945	506.158
	1.911.462	2.048.930

Administration fees
Credit card transactions
Others

**36. KEUNTUNGAN/(KERUGIAN) DARI PERUBAHAN
NILAI WAJAR ATAS INSTRUMEN KEUANGAN YANG
DIUKUR PADA NILAI WAJAR MELALUI LABA RUGI -
NETO**

	2017	2016
Obligasi Pemerintah yang yang diperdagangkan (Catatan 15a)	(3.407)	2.771
Instrumen derivatif (Catatan 10)	12.565	(17.734)
	9.158	(14.963)

Trading Government
Bonds (Note 15a)
Derivative instruments (Note 10)

37. BEBAN UMUM DAN ADMINISTRASI

	2017	2016
Beban kantor	1.428.865	1.469.566
Sewa	487.244	524.822
Penyusutan aset tetap (Catatan 18)	431.714	463.549
Komunikasi	265.079	257.263
Iklan dan promosi	201.257	148.628
Amortisasi perangkat lunak (Catatan 17)	132.473	117.037
Lain-lain	41.837	38.857
	2.988.469	3.019.722

Office expenses
Rental
Depreciation of fixed assets
(Note 18)
Communications
Advertising and promotion
Amortization of software
(Note 17)
Others

38. BEBAN TENAGA KERJA DAN TUNJANGAN

Beban tenaga kerja dan tunjangan kepada pihak-pihak berelasi diungkapkan pada Catatan 45.

	2017	2016
Gaji	2.523.892	2.489.108
Tunjangan dan fasilitas lainnya	2.189.134	2.023.050
Pendidikan dan pelatihan	141.386	150.450
Lain-lain	168.145	216.231
	5.022.557	4.878.839

Salaries
Other allowance and benefits
Education and training
Others

35. OTHER FEES

**36. GAINS/(LOSSES) FROM CHANGES IN FAIR VALUE
OF FINANCIAL INSTRUMENTS AT FAIR VALUE
THROUGH PROFIT OR LOSS - NET**

37. GENERAL AND ADMINISTRATIVE EXPENSES

38. SALARIES AND EMPLOYEE BENEFITS

Salaries and employee benefits to related parties are disclosed in Note 45.

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38. BEBAN TENAGA KERJA DAN TUNJANGAN (lanjutan)

Remunerasi Direksi, Dewan Komisaris, dan Komite Audit Bank adalah sebagai berikut:

38. SALARIES AND EMPLOYEE BENEFITS (continued)

Remuneration for the Board of Directors, Board of Commissioners, and Audit Committee of the Bank is as follows:

2017					Board of Directors Board of Commissioners Audit Committee
Jumlah orang/ Headcount	Gaji, bruto/ Salaries, gross	Tunjangan dan fasilitas lainnya, bruto/ Other allowance and benefits, gross	Jumlah/Total		
Direksi	9	33.312	63.345	96.657	
Dewan Komisaris	7	8.176	16.149	24.325	
Komite Audit	2	1.195	325	1.520	
	18	42.683	79.819	122.502	
2016					
Jumlah orang/ Headcount	Gaji, bruto/ Salaries, gross	Tunjangan dan fasilitas lainnya, bruto/ Other allowance and benefits, gross	Jumlah/Total	Board of Directors Board of Commissioners Audit Committee	
Direksi	10	31.723	68.181		99.904
Dewan Komisaris	7	8.856	15.069		23.925
Komite Audit	2	1.195	326		1.521
	19	41.774	83.576		125.350

Remunerasi Direksi, Dewan Komisaris, dan Komite Audit Bank dan Entitas Anak adalah sebagai berikut:

Remuneration for Board of Directors, Board of Commissioners, and Audit Committee of the Bank and Subsidiaries is as follows:

2017				
	Jumlah orang/ Headcount	Gaji, bruto/ Salaries, gross	Tunjangan dan fasilitas lainnya, bruto/Other allowance and benefits, gross	Jumlah/Total
Direksi	21	40.929	100.396	141.325
Dewan Komisaris	17	9.575	22.553	32.128
Komite Audit	5	1.662	332	1.994
	43	52.166	123.281	175.447

Board of Directors
Board of Commissioners
Audit Committee

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38. BEBAN TENAGA KERJA DAN TUNJANGAN (lanjutan)

Remunerasi Direksi, Dewan Komisaris, dan Komite Audit Bank dan Entitas Anak adalah sebagai berikut (lanjutan):

38. SALARIES AND EMPLOYEE BENEFITS (continued)

Remuneration for Board of Directors, Board of Commissioners, and Audit Committee of the Bank and Subsidiaries is as follows (continued):

	2016				
	Jumlah orang/ Headcount	Gaji, bruto/ Salaries, gross	Tunjangan dan fasilitas lainnya, bruto/ allowance and benefits, gross	Jumlah/Total	
Direksi	23	52.660	98.608	151.268	Board of Directors
Dewan Komisaris	14	13.089	18.503	31.592	Board of Commissioners
Komite Audit	5	1.501	328	1.829	Audit Committee
	42	67.250	117.439	184.689	

39. PENDAPATAN BUKAN OPERASIONAL

Penerimaan dari asuransi atas pinjaman yang telah dihapusbukukan
Keuntungan penjualan aset tetap (Catatan 18)
Lain-lain

	2017	2016
	24.669	27.025
	4.215	3.305
	74.795	57.328
	103.679	87.658

Insurance recoveries of loans written off
Gain on sale of fixed assets (Note 18)
Others

39. NON-OPERATING INCOME

40. BEBAN BUKAN OPERASIONAL

Biaya transformasi bisnis
Kerugian atas penjualan aset yang diambil alih
Kerugian penjualan aset tetap (Catatan 18)
Kerugian penghapusan aset tetap
Lain-lain

	2017	2016
	274.071	528.675
	8.825	4.017
	221	1.155
	262	266
	38.694	94.720
	322.073	628.833

Business transformation expense
Loss on disposal of foreclosed assets
Loss on disposal of fixed assets (Note 18)
Loss on write-off fixed assets
Others

40. NON-OPERATING EXPENSES

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41. DANA Pensiun dan Imbalan Kerja Lainnya

a. Program pensiun iuran pasti

Bank

Bank menyelenggarakan program pensiun iuran pasti untuk karyawan tetap yang memenuhi syarat yang dikelola dan diadministrasikan oleh PT Asuransi Jiwa Manulife Indonesia.

Pada tanggal 31 Desember 2017, iuran yang dibayarkan oleh karyawan dan Bank masing-masing adalah sebesar 3,75% (2016: 3,75%) dan 2,00% (2016: 2,00%) dari penghasilan dasar karyawan.

Untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, iuran pasti Bank yang diakui sebagai "beban tenaga kerja dan tunjangan" masing-masing sebesar Rp9.480 dan Rp11.387.

Bank mengikutsertakan seluruh karyawan kedalam program pemerintah BPJS Kesehatan yang dimulai pada bulan Juni 2015 dengan besar iuran yang dibayarkan oleh karyawan dan Bank masing-masing adalah sebesar 1% dan 4% dari upah karyawan. Besarnya iuran karyawan berubah menjadi 1% mulai bulan Juli 2015.

Bank juga mengikutsertakan seluruh karyawan kedalam program pemerintah BPJS Ketenagakerjaan yang dimulai pada bulan Juli 2015 dengan besar iuran yang dibayarkan oleh karyawan dan Bank masing-masing adalah sebesar 1% dan 2% dari upah karyawan.

Entitas Anak

Sejak tanggal 16 Mei 2007 dan 1 September 2007, ADMF dan AI menyelenggarakan program pensiun iuran pasti untuk karyawan tetap yang memenuhi kriteria yang ditetapkan, dimana program pensiun iuran pasti ini dikelola dan diadministrasikan oleh PT Asuransi Jiwa Manulife Indonesia.

Pada tanggal 31 Desember 2017 dan 2016, ADMF dan AI membayar iuran pensiun sebesar 3% dari penghasilan dasar karyawan.

Untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, iuran pasti ADMF dan AI yang diakui sebagai "beban tenaga kerja dan tunjangan" masing-masing sebesar Rp16.428 dan Rp9.423.

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41. PENSION PLAN AND OTHER EMPLOYEE BENEFITS

a. Defined contribution pension plan

Bank

The Bank has a defined contribution pension plan covering its qualified permanent employees, which is managed and administered by PT Asuransi Jiwa Manulife Indonesia.

As of 31 December 2017, the employees' and the Bank's contributions were 3.75% (2016: 3.75%) and 2.00% (2016: 2.00%), respectively, of the employees' basic salaries.

For the year ended 31 December 2017 and 2016, the Bank's defined contributions are recognized as "salaries and employee benefits" amounting to Rp9,480 and Rp11,387, respectively.

Bank registers all employees into the government program BPJS Medical starting June 2015 with the employee and the Bank's contribution at 1% and 4%, respectively of the employee wages. Employee contribution became 1% starting July 2015.

Bank also register all employee into the government program BPJS Pension starting July 2015 with the employee and the Bank's contribution at 1% and 2%, respectively, of the employee wages.

Subsidiaries

Since 16 May 2007 and 1 September 2007, ADMF and AI have a defined contribution pension plan covering their qualified permanent employees who meet the criteria, where the defined contribution pension plan is managed and administered by PT Asuransi Jiwa Manulife Indonesia.

As of 31 December 2017 and 2016, ADMF dan AI paid pension costs at 3% from the employees' basic salaries.

For the year ended 31 December 2017 and 2016, the defined contributions for ADMF and AI recognized as "salaries and employee benefits" amounted to Rp16,428 and Rp9,423, respectively.

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41. DANA PENSUN DAN IMBALAN KERJA LAINNYA (lanjutan)

b. Program pensiun manfaat pasti

Bank

Liabilitas atas program pensiun manfaat pasti dan imbalan pasca-kerja dihitung oleh perusahaan konsultan aktuaria PT Mercer Indonesia dengan menggunakan metode *Projected-Unit-Credit*.

Nilai yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain atas program pensiun imbalan pasti adalah sebagai berikut:

	2017	2016
Diakui pada Laba Rugi		
Beban jasa kini	209.585	106.932
Keuntungan kurtailmen	(79.054)	(181.558)
Beban bunga atas kewajiban	74.362	90.890
	<u>204.893</u>	<u>16.264</u>
Diakui pada penghasilan komprehensif		
Efek perubahan asumsi	87.109	(34.704)
Efek penyesuaian pengalaman	1.552	(56.664)
	<u>88.661</u>	<u>(91.368)</u>
Jumlah yang diakui di laporan laba rugi dan penghasilan komprehensif lain	<u>293.554</u>	<u>(75.104)</u>

Perubahan nilai kini kewajiban imbalan pasca kerja adalah sebagai berikut:

	2017	2016
Saldo pada awal tahun	925.085	1.058.534
Beban jasa kini	209.585	106.932
Keuntungan kurtailmen	(79.054)	(181.558)
Beban bunga	74.362	90.890
Imbalan yang dibayar	(66.059)	(58.345)
Pengukuran kembali:		
Perubahan dalam asumsi keuangan	87.109	(34.704)
Penyesuaian pengalaman kewajiban	1.552	(56.664)
Saldo pada akhir tahun	<u>1.152.580</u>	<u>925.085</u>

41. PENSION PLAN AND OTHER EMPLOYEE BENEFITS (continued)

b. Define benefit pension plan

Bank

The liability for define benefit pension plan and post-employment benefits was calculated by a licensed actuarial consulting firm, PT Mercer Indonesia, using the *Projected-Unit-Credit* method.

Amounts recognized in statement of profit or loss and other comprehensive income in respects of the defined benefit plan are as follows:

Recognized in Profit or Loss
Current service cost
Curtailment gain
Interest on obligation
Recognized in other Comprehensive Income
Effect of assumption changes
Effect of experience adjustment
Total recognized in statement of profit or loss and other comprehensive income

The movements of the present value of obligation for post employment benefits are as follows:

Balance at beginning year
Current service cost
Curtailment gain
Interest expense
Benefits paid
Remeasurement:
Change in financial assumptions
Experience adjustment on obligation
Balance at end of year

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41. DANA PENSIUN DAN IMBALAN KERJA LAINNYA (lanjutan) **41. PENSION PLAN AND OTHER EMPLOYEE BENEFITS (continued)**

b. Program pensiun manfaat pasti (lanjutan):

b. Define benefit pensiun plan (continued):

Bank (lanjutan):

Bank (continued):

Asumsi-asumsi utama yang digunakan dalam perhitungan di atas:

Key assumptions used in the above calculation:

	31 Desember/December		
	2017	2016	
Asumsi ekonomi:			Economic assumptions:
- Tingkat diskonto per tahun	7,00%	8,25%	Annual discount rate -
- Tingkat kenaikan penghasilan dasar per tahun	6,00%	6,00%	Annual basic salary growth rate -
Asumsi demografi:			Economic assumptions:
- Tingkat kematian	TMI 2011	TMI 2011	Mortality rate -
- Tingkat kecacatan	10% of TMI 2011	10% of TMI 2011	Disability rate -

Tabel berikut menunjukkan sensitivitas atas kemungkinan perubahan tingkat suku bunga pasar, dengan variabel lain dianggap tetap, terhadap kewajiban imbalan pasca-kerja dan beban jasa kini pada tanggal 31 Desember 2017 dan 2016:

The following table demonstrates the sensitivity to a reasonably possible change in market interest rates, with all other variables held constant, of the obligation for post-employment and current service cost as of 31 December 2017 and 2016:

	2017			
	Dampak atas kewajiban imbalan pasti/ Impact on defined benefit obligation			
	Perubahan asumsi/ Change in assumption	Kenaikan asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumption	
Asumsi ekonomi:				Economic assumptions:
Tingkat diskonto per tahun	100 basis point	(71.278)	79.388	Annual discount rate
Tingkat kenaikan penghasilan dasar	100 basis point	80.236	(73.360)	Annual salary growth rate
	2016			
	Dampak atas kewajiban imbalan pasti/ Impact on defined benefit obligation			
	Perubahan asumsi/ Change in assumption	Kenaikan asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumption	
Asumsi ekonomi:				Economic assumptions:
Tingkat diskonto per tahun	100 basis point	(60.380)	67.374	Annual discount rate
Tingkat kenaikan penghasilan dasar	100 basis point	69.090	(62.971)	Annual salary growth rate

Liabilitas imbalan kerja Bank pada tanggal 31 Desember 2017 dan 2016 telah sesuai dengan laporan aktuaris independen masing-masing tertanggal 11 Januari 2018 dan 10 Januari 2017.

The Bank's employee benefits liabilities as of 31 December 2017 and 2016 are in accordance with the independent actuarial report dated 11 January 2018 and 10 January 2017, respectively.

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41. DANA PENSUN DAN IMBALAN KERJA LAINNYA (lanjutan)

b. Program pensiun manfaat pasti (lanjutan):

Entitas Anak

Liabilitas atas imbalan kerja jangka panjang dan imbalan pasca-kerja dihitung setiap tahun oleh perusahaan konsultan aktuarial, PT Willis Towers Watson Purbajaga untuk ADMF, dan PT Mercer Indonesia untuk AI dengan menggunakan metode *Projected-Unit-Credit*.

Nilai yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain atas program pensiun imbalan pasti adalah sebagai berikut:

	2017	2016
Diakui pada Laba Rugi		
Beban jasa kini	57.684	34.263
Keuntungan kurtailment	(28.674)	-
Beban bunga atas kewajiban	40.738	33.895
	69.748	68.158
Diakui pada penghasilan komprehensif		
Efek perubahan asumsi	156.345	41.220
Efek penyesuaian pengalaman	(19.591)	3.214
	136.754	44.434
Jumlah yang diakui di laporan laba rugi dan penghasilan komprehensif lain	206.502	112.592

Perubahan nilai kini kewajiban imbalan pasca kerja adalah sebagai berikut:

	2017	2016
Saldo pada awal tahun	457.781	348.378
Beban jasa kini	57.684	34.263
Keuntungan kurtailment	(28.674)	-
Beban bunga	40.738	33.895
Imbalan yang dibayar	(16.176)	(3.189)
Pengukuran kembali:		
Perubahan dalam asumsi keuangan	156.345	41.220
Penyesuaian pengalaman kewajiban	(19.591)	3.214
Saldo pada akhir tahun	648.107	457.781

41. PENSION PLAN AND OTHER EMPLOYEE BENEFITS (continued)

b. Define benefit pension plan (continued):

Subsidiaries

The liability for long-term and post-employment employee benefits were calculated annually by a licensed actuarial consulting firm, PT Willis Towers Watson Purbajaga for ADMF and PT Mercer Indonesia for AI using the *Projected-Unit-Credit* method.

Amounts recognized in statement of profit or loss and other comprehensive income in respects of the defined benefit plan are as follows:

Recognized in Profit or Loss
Current service cost
Curtailment gain
Interest on obligation
Recognized in other Comprehensive Income
Effect of assumption changes
Effect of experience adjustment
Total recognized in statement of profit or loss and other comprehensive income

The movements of the present value of obligation for post employment benefits are as follows:

Balance at beginning year
Current service cost
Curtailment gain
Interest expense
Benefits paid
Remeasurement:
Change in financial assumptions
Experience adjustment on obligation
Balance at end of year

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b. Program pensiun manfaat pasti (lanjutan):

Entitas Anak (lanjutan)

Asumsi-asumsi utama yang digunakan dalam perhitungan di atas:

	31 Desember/December	
	2017	2016
Asumsi ekonomi:		
- Tingkat diskonto per tahun	7,25-7,50%	8,50%
- Tingkat kenaikan penghasilan dasar per tahun	6,00-11,00%	10,00%
Asumsi demografi:		
- Tingkat kematian	TMI 2011	TMI 2011
- Tingkat kecacatan	10% of TMI 2011	10% of TMI 2011

Tabel berikut menunjukkan sensitivitas atas kemungkinan perubahan tingkat suku bunga pasar, dengan variabel lain dianggap tetap, terhadap liabilitas imbalan pasca-kerja dan beban jasa kini Entitas anak pada tanggal 31 Desember 2017 dan 2016:

41. PENSION PLAN AND OTHER EMPLOYEE BENEFITS (continued)

b. Define benefit pensiun plan (continued):

Subsidiaries (continued)

Key assumptions used in the above calculation:

Economic assumptions:
Annual discount rate -

Annual basic salary growth rate -

Economic assumptions:
Mortality rate -
Disability rate -

The following table demonstrates the sensitivity to a reasonably possible change in market interest rates, with all other variables held constant, of the obligation for post-employment and current service cost of Subsidiaries as of 31 December 2017 and 2016:

2017			
Dampak atas kewajiban imbalan pasti/ Impact on defined benefit obligation			
Perubahan asumsi/ Change in assumption	Kenaikan asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumption	
Asumsi ekonomi:			Economic assumptions:
Tingkat diskonto per tahun	50-100 basis point	(43.312)	Annual discount rate
Tingkat kenaikan penghasilan dasar	50-100 basis point	129.073	Annual salary growth rate
		(50.113)	
2016			
Dampak atas kewajiban imbalan pasti/ Impact on defined benefit obligation			
Perubahan asumsi/ Change in assumption	Kenaikan asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumption	
Asumsi ekonomi:			Economic assumptions:
Tingkat diskonto per tahun	50-100 basis point	(16.466)	Annual discount rate
Tingkat kenaikan penghasilan dasar	50-100 basis point	110.155	Annual salary growth rate
		(22.928)	

Liabilitas imbalan kerja ADMF pada tanggal 31 Desember 2017 dan 2016 telah sesuai dengan laporan aktuaris independen masing-masing tertanggal 19 Januari 2018 dan 6 Januari 2017.

Liabilitas imbalan kerja AI pada tanggal 31 Desember 2017 dan 2016 telah sesuai dengan laporan aktuaris independen masing-masing tertanggal 17 Januari 2018 dan 11 Januari 2017.

The ADMF's employee benefits liability as of 31 December 2017 and 2016 was in accordance with the independent actuarial report dated 19 January 2018 and 6 January 2017, respectively.

The AI's employee benefits liability as of 31 December 2017 and 2016 was in accordance with the independent actuarial report dated 17 January 2018 and 11 January 2017, respectively.

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41. DANA Pensiun dan Imbalan Kerja Lainnya (lanjutan)

c. Imbalan kerja jangka panjang lainnya

Entitas Anak (ADMF)

Nilai yang diakui dalam laporan laba rugi atas imbalan kerja jangka panjang lainnya adalah sebagai berikut:

	2017	2016
Diakui pada Laba Rugi		
Beban jasa kini	5.009	4.426
Keuntungan kurtailment	(1.613)	-
Beban bunga atas kewajiban	2.592	2.273
Efek perubahan asumsi	4.925	1.353
Efek penyesuaian pengalaman	(1.473)	3.807
Jumlah yang diakui di laporan laba rugi	9.440	11.859

Perubahan nilai kini kewajiban imbalan kerja jangka panjang lainnya adalah sebagai berikut:

	2017	2016
Saldo pada awal tahun	32.936	27.792
Beban jasa kini	5.009	4.426
Keuntungan kurtailment	(1.613)	-
Beban bunga	2.592	2.273
Imbalan yang dibayar	(4.608)	(6.715)
Pengukuran kembali atas imbalan pasca kerja:		
Perubahan dalam asumsi keuangan	4.925	1.353
Penyesuaian pengalaman kewajiban	(1.473)	3.807
Saldo pada akhir tahun	37.768	32.936

Tabel berikut menunjukkan sensitivitas atas kemungkinan perubahan tingkat suku bunga pasar, dengan variabel lain dianggap tetap, terhadap imbalan kerja jangka panjang lainnya dan beban jasa kini Entitas anak pada tanggal 31 Desember 2017 dan 2016:

41. PENSION PLAN AND OTHER EMPLOYEE BENEFITS (continued)

c. Other long-term employment benefits

Subsidiary (ADMF)

Amounts recognized in statement of profit or loss in respects of the other long-term employment benefits are as follows:

Recognized in Profit or Loss
Current service cost
Curtailment gain
Interest on obligation
Effect of assumption changes
Effect of experience adjustment
Total recognized in statement of profit or loss

The movements of the present value of obligation for post-employment benefits are as follows:

Balance at beginning year
Current service cost
Curtailment gain
Interest expense
Benefits paid
Remeasurement:
Change in financial assumptions
Experience adjustment on obligation
Balance at end of year

The following table demonstrates the sensitivity to a reasonably possible change in market interest rates, with all other variables held constant, of other long-term employment benefits and current service cost of Subsidiaries as of 31 December 2017 and 2016.

	2017		
	Dampak atas kewajiban imbalan pasti/ Impact on defined benefit obligation		
Perubahan asumsi/ Change in assumption	Kenaikan asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumption	
Asumsi ekonomi:			
Tingkat diskonto per tahun	100 basis point	(2.152)	2.387
Tingkat kenaikan penghasilan dasar	100 basis point	2.489	(2.286)

Economic assumptions:

Annual discount rate
Annual salary growth rate

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2016				
Dampak atas kewajiban imbalan pasti/ Impact on defined benefit obligation				
	Perubahan asumsi/ Change in assumption	Kenaikan asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumption	
Asumsi ekonomi:				Economic assumptions:
Tingkat diskonto per tahun	100 basis point	(1.782)	1.971	Annual discount rate
Tingkat kenaikan penghasilan dasar	100 basis point	2.107	(1.938)	Annual salary growth rate

Bank dan Entitas Anak

Tabel berikut ini adalah perubahan liabilitas imbalan pasca kerja Bank dan Entitas Anak untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016:

Bank and Subsidiaries

The following table shows the movements of the post employment benefits liability of the Bank and Subsidiaries for the year ended 31 December 2017 and 2016:

	2017	2016	
Saldo awal	1.415.801	1.434.704	Beginning balance
Beban tahun berjalan - neto	284.081	96.280	Current year expenses - net
Penghasilan komprehensif lain selama tahun berjalan	225.415	(46.934)	Other comprehensive income during the year
Pembayaran kepada karyawan	(86.842)	(68.249)	Payment to employees
Liabilitas yang diakui di laporan posisi keuangan konsolidasian	1.838.455	1.415.801	Liability recognized in consolidated statement of financial position

Rata-rata durasi dari liabilitas imbalan pasca-kerja adalah 7,73 tahun - 14,46 tahun (2016: 7,34 tahun - 14,28 tahun).

The average of duration of the obligation for post-employment benefits is 7.73 years - 14.46 years (2016: 7.34 years - 14.28 years).

42. PROGRAM KOMPENSASI JANGKA PANJANG

Bank telah meluncurkan Program Kompensasi Jangka Panjang ("LTCP") berupa program saham yang diberikan kepada *Senior Executive* secara selektif dan telah diberikan pada tanggal 10 September 2015, dengan masa tunggu tiga tahun dan disimpan oleh kustodian independen.

Untuk tahun berakhir pada tanggal 31 Desember 2017 jumlah yang telah dicatat ke laba rugi tahun berjalan adalah sebesar Rp 15.309 (2016:Rp19.528).

42. LONG-TERM COMPENSATION PROGRAM

The Bank has launched the new Long-Term Compensation Program ("LTCP") in the form of stock Grant program which was awarded to the *Senior Executives* selectively and has been granted on 10 September 2015, with three years holding period and it is put under an independent custodian.

For the year ended 31 December 2017 the amount recorded in the current year's profit and loss amounted to Rp15,309 (2016:Rp19,528) respectively.

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**43. LABA BERSIH PER SAHAM DASAR YANG
DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK**

Laba bersih per saham dasar dihitung dengan membagi laba bersih dengan rata-rata tertimbang jumlah saham biasa yang beredar pada tahun bersangkutan.

	2017	2016
Laba bersih yang diatribusikan kepada pemilik entitas induk	3.681.551	2.669.480
Rata-rata tertimbang jumlah saham biasa yang beredar	9.584.643.365	9.584.643.365
Laba bersih per saham dasar yang diatribusikan kepada pemilik entitas induk (nilai penuh)	384,11	278,52

Laba bersih per saham dasar dan dilusian adalah sama, karena Bank tidak memiliki potensi dilutif atas saham yang telah dikeluarkan.

**43. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO
EQUITY HOLDERS OF THE PARENT ENTITY**

Basic earnings per share is calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year.

Net income attributable to equity holders of the parent entity
Weighted average number of ordinary shares outstanding

Basic earnings per share attributable to equity holders of the parent entity (full amount)

Basic and diluted earnings per share are the same, because the Bank does not have dilutive effect of issued share.

44. KOMITMEN DAN KONTINJENSI

	2017	2016
Liabilitas komitmen		
- Fasilitas kredit kepada debitur yang belum digunakan	258.583	329.332
- Irrevocable letters of credit yang masih berjalan	1.894.236	1.731.421
Jumlah liabilitas komitmen	2.152.819	2.060.753
Tagihan kontinjensi		
- Garansi dari bank lain	28.816	69.867
- Pendapatan bunga dalam penyelesaian	458.745	578.303
Jumlah tagihan kontinjensi	487.561	648.170
Liabilitas kontinjensi		
- Garansi yang diterbitkan dalam bentuk:		
- Garansi bank	3.468.351	3.730.760
- Standby letters of credit	165.276	91.462
Jumlah liabilitas kontinjensi	3.633.627	3.822.222
Liabilitas kontinjensi - neto	3.146.066	3.174.052
Liabilitas komitmen dan kontinjensi - neto	5.298.885	5.234.805

44. COMMITMENTS AND CONTINGENCIES

Commitment payables
Unused loan facilities to - debtors
Outstanding irrevocable - letters of credit
Total commitment payables

Contingent receivables
Guarantee from other banks - Interest receivable on - non-performing assets
Total contingent receivables

Contingent payables
Guarantees issued in the - form of:
Bank guarantees - Standby letters of credit -
Total contingent payables
Contingent payables - net

Commitment payables and contingent payables - net

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44. KOMITMEN DAN KONTINJENSI (lanjutan)

44. COMMITMENTS AND CONTINGENCIES (continued)

Liabilitas komitmen

Commitment payables

a. Berdasarkan jenis dan mata uang

a. By type and currency

	2017	2016
Rupiah		
<i>Irrevocable letters of credit</i>		
yang masih berjalan:		
- L/C dalam negeri	231.331	221.106
- L/C luar negeri	-	142
Fasilitas kredit kepada debitur		
yang belum digunakan	258.529	296.215
	<u>489.860</u>	<u>517.463</u>
Mata uang asing		
<i>Irrevocable letters of credit</i>		
yang masih berjalan:		
- L/C dalam negeri	18.862	7.387
- L/C luar negeri	1.644.042	1.502.785
Fasilitas kredit kepada debitur		
yang belum digunakan	55	33.118
	<u>1.662.959</u>	<u>1.543.290</u>
Jumlah	<u>2.152.819</u>	<u>2.060.753</u>

Rupiah
Outstanding irrevocable
letters of credit:
Domestic L/C -
Foreign L/C -
Unused loan facilities
to debtors

Foreign currencies
Outstanding irrevocable
letters of credit:
Domestic L/C -
Foreign L/C -
Unused loan facilities
to debtors

Total

b. Berdasarkan kolektibilitas BI

b. By BI collectability

	2017	2016
Lancar	2.151.403	2.060.594
Dalam perhatian khusus	1.416	159
Jumlah	<u>2.152.819</u>	<u>2.060.753</u>

Current
Special mention
Total

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44. KOMITMEN DAN KONTINJENSI (lanjutan)

Liabilitas kontinjensi

a. Berdasarkan jenis dan mata uang

	2017	2016
Rupiah		
Garansi yang diterbitkan dalam bentuk:		
- Garansi bank	3.326.569	3.388.839
- Standby letters of credit	106.888	29.710
	<u>3.433.457</u>	<u>3.418.549</u>
Mata uang asing		
Garansi yang diterbitkan dalam bentuk:		
- Garansi bank	141.782	341.920
- Standby letters of credit	58.388	61.753
	<u>200.170</u>	<u>403.673</u>
Jumlah	<u>3.633.627</u>	<u>3.822.222</u>

b. Berdasarkan kolektibilitas BI

	2017	2016
Lancar	3.632.792	3.821.522
Dalam perhatian khusus	835	700
Jumlah	<u>3.633.627</u>	<u>3.822.222</u>

44. COMMITMENTS AND CONTINGENCIES (continued)

Contingent payables

a. By type and currency

Rupiah
Guarantees issued in the form of:
Bank guarantees -
Standby letters of credit -

Foreign currencies
Guarantees issued in the form of:
Bank guarantees -
Standby letters of credit -

Total

b. By BI collectibility

Current
Special mention
Total

Bank menghadapi berbagai kasus hukum yang belum terselesaikan, tuntutan administrasi, dan gugatan sehubungan dengan kegiatan usaha Bank. Tidak memungkinkan bagi Bank untuk memperkirakan dengan pasti apakah Bank akan berhasil dalam setiap kasus hukum tersebut, atau jika tidak, dampak yang mungkin timbul.

The Bank is a party to various unresolved legal actions, administrative proceedings, and claims in the ordinary course of its business. It is not possible to predict with certainty whether or not the Bank will ultimately be successful in any of these legal matters or, if not, what the impact might be.

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45. INFORMASI MENGENAI PIHAK BERELASI**45. RELATED PARTIES INFORMATION**

Pihak berelasi/ Related parties^{*)}	Sifat dari hubungan/ Nature of relationship	Sifat dari transaksi/ Nature of transaction
Komisaris, direksi, dan personil manajemen kunci/ <i>Commissioners, directors, and key management personnel</i>	Pengawas, pengurus dan karyawan kunci/ <i>Oversight team, management, and key management personnel</i>	Penempatan dana, remunerasi, dan penerimaan dana dari nasabah/ <i>Fund placements, remuneration, and fund received from customer</i>
Development Bank of Singapore (DBS), Ltd.	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Penempatan dana dan penerimaan dana/ <i>Fund placements and fund received</i>
PT Bank DBS Indonesia	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Penempatan dana, penerimaan dana dan perjanjian asuransi/ <i>Fund placements, fund received and insurance agreement</i>
DBS Bank (Singapore), Ltd.	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Pinjaman sindikasi dan pembelian obligasi/ <i>Syndicated borrowing and purchase of bonds</i>
PT Bank DBS Indonesia	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Pinjaman sindikasi, penempatan dana giro dan pembelian obligasi/ <i>Syndicated borrowing, placement in current accounts and purchase of bonds</i>
Standard Chartered Bank PLC	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Penempatan dana/ <i>Fund placements</i>
Standard Chartered Bank, Cabang Jakarta/ <i>Jakarta Branch</i>	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Penempatan dana/ <i>Fund placements</i>
PT Bank Permata Tbk	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Penempatan dana dan perjanjian asuransi/ <i>Fund placements and insurance agreement</i>
PT Matahari Putra Prima Tbk	Dimiliki oleh pemegang saham akhir yang sama/ <i>Owned by the same ultimate shareholder</i>	Penerimaan dana dari nasabah/ <i>Fund received from customer</i>

*) Berdasarkan PSAK 7/Peraturan Bank Indonesia

*) According to PSAK 7/Bank Indonesia's Regulation

Aset	2017	2016	Assets
Giro pada bank lain - neto			Current accounts with other banks - net
Standard Chartered Bank PLC	193.129	183.660	Standard Chartered Bank PLC
PT Bank Permata Tbk	15.758	7.235	PT Bank Permata Tbk
Development Bank of Singapore (DBS), Ltd.	10.541	9.595	Development Bank of Singapore (DBS), Ltd.
PT Bank DBS Indonesia	1.654	392	PT Bank DBS Indonesia
	<u>221.082</u>	<u>200.882</u>	
Persentase terhadap jumlah aset	<u>0,12%</u>	<u>0,12%</u>	Percentage to total assets
Efek-efek - neto			Marketable securities - net
PT Bank Permata Tbk	14.356	14.100	PT Bank Permata Tbk
PT Bank DBS Indonesia	5.593	126	PT Bank DBS Indonesia
Standard Chartered Bank, Singapura	-	4.124	Standard Chartered Bank, Singapore
	<u>19.949</u>	<u>18.350</u>	
Persentase terhadap jumlah aset	<u>0,01%</u>	<u>0,01%</u>	Percentage to total assets

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45. INFORMASI MENGENAI PIHAK BERELASI

45. RELATED PARTIES INFORMATION

	2017	2016
Aset (lanjutan)		
Pinjaman yang diberikan - neto		
Komisaris dan karyawan kunci	27.187	20.930
PT Matahari Putra Prima Tbk	44.596	257.668
	<u>71.783</u>	<u>278.598</u>
Persentase terhadap jumlah aset	<u>0,04%</u>	<u>0,16%</u>
Tagihan derivatif		
Standard Chartered Bank, Singapura	413	-
Persentase terhadap jumlah aset	<u>0,00%</u>	<u>-</u>
Piutang premi		
PT Bank DBS Indonesia	1.465	1.635
Persentase terhadap jumlah aset	<u>0,00%</u>	<u>0,00%</u>
Tagihan akseptasi		
PT Bank Permata Tbk	2.353	1.802
PT Bank DBS Indonesia	115	759
	<u>2.468</u>	<u>2.561</u>
Persentase terhadap jumlah aset	<u>0,00%</u>	<u>0,00%</u>
Beban dibayar dimuka dan aset lain-lain		
Standard Chartered Bank, Cabang Jakarta	3.348	10.712
PT Bank Permata Tbk	27	27
	<u>3.375</u>	<u>10.739</u>
Persentase terhadap jumlah aset	<u>0,00%</u>	<u>0,01%</u>

Assets (continued)
Loans - net
Commissioners and key management
PT Matahari Putra Prima Tbk
Percentage to total assets
Derivative receivable
Standard Chartered Bank, Jakarta Branch
Percentage to total assets
Premium receivables
PT Bank DBS Indonesia
Percentage to total assets
Acceptances receivable
PT Bank Permata Tbk
PT Bank DBS Indonesia
Percentage to total assets
Prepayments and other assets
Standard Chartered Bank, Jakarta Branch
PT Bank Permata Tbk
Percentage to total assets

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45. INFORMASI MENGENAI PIHAK BERELASI (lanjutan)

45. RELATED PARTIES INFORMATION (continued)

	2017	2016
Liabilitas		
Simpanan nasabah		
Giro	-	14.276
Tabungan	65.420	62.315
Deposito berjangka	64.551	53.856
	<u>129.971</u>	<u>130.447</u>
Persentase terhadap jumlah liabilitas	<u>0,09%</u>	<u>0,09%</u>
Utang akseptasi		
Standard Chartered Bank, Mumbai, India	73.793	14.325
Standard Chartered Bank, Singapura	7.034	30.382
Standard Chartered Bank, China	3.658	1.154
Standard Chartered Bank, Dubai	568	-
Development Bank of Singapore (DBS), Ltd.	450	4.765
Standard Chartered Bank, Malaysia	-	6.546
PT Bank DBS Indonesia	-	5.522
	<u>85.503</u>	<u>62.694</u>
Persentase terhadap jumlah liabilitas	<u>0,06%</u>	<u>0,05%</u>
Efek yang diterbitkan		
Development Bank of Singapore (DBS), Ltd.	119.000	45.600
PT Bank DBS Indonesia	95.100	51.000
	<u>214.100</u>	<u>96.600</u>
Persentase terhadap jumlah liabilitas	<u>0,15%</u>	<u>0,07%</u>
Pinjaman yang diterima		
PT Bank DBS Indonesia	3.047.182	-
Persentase terhadap jumlah liabilitas	<u>2,19%</u>	<u>0,00%</u>
Liabilitas derivatif		
Standard Chartered Bank, Indonesia	1.046	-
Persentase terhadap jumlah liabilitas	<u>0,00%</u>	<u>0,00%</u>
Beban yang masih harus dibayar dan liabilitas lain-lain		
Standard Chartered Bank, Indonesia	26.803	2.726
PT Bank DBS Indonesia	37.448	949
Development Bank of Singapore (DBS), Ltd.	473	457
	<u>64.724</u>	<u>4.132</u>
Persentase terhadap jumlah liabilitas	<u>0,05%</u>	<u>0,00%</u>

Liabilities
Deposits from customers
Current accounts
Savings
Time deposits
Percentage to total liabilities
Acceptances payable
Standard Chartered Bank, Mumbai, India
Standard Chartered Bank, Singapore
Standard Chartered Bank, China
Standard Chartered Bank, Dubai
Development Bank of Singapore (DBS), Ltd.
Standard Chartered Bank, Malaysia
PT Bank DBS Indonesia
Percentage to total liabilities
Securities issued
Development Bank of Singapore (DBS), Ltd.
PT Bank DBS Indonesia
Percentage to total liabilities
Borrowings
PT Bank DBS Indonesia
Percentage to total liabilities
Derivative payables
Standard Chartered Bank, Indonesia
Percentage to total liabilities
Accruals and other liabilities
Standard Chartered Bank, Indonesia
PT Bank DBS Indonesia
Development Bank of Singapore (DBS), Ltd.
Percentage to total liabilities

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45. RELATED PARTIES INFORMATION (continued)

	2017	2016	
Pendapatan dan beban			Income and expenses
Pendapatan bunga			Interest income
PT Bank Permata Tbk	2.415	2.372	PT Bank Permata Tbk
PT Matahari Putra Prima Tbk	465	36.223	PT Matahari Putra Prima Tbk
Komisaris, direksi, dan personil manajemen kunci	174	1.586	Commissioners, directors, and key management personnel
PT Bank DBS Indonesia	1	3	PT Bank DBS Indonesia
	3.055	40.184	
Persentase terhadap jumlah pendapatan bunga	0,02%	0,19%	Percentage to total interest income
Beban bunga			Interest expense
PT Bank DBS Indonesia	266.096	14.462	PT Bank DBS Indonesia
Development Bank of Singapore (DBS), Ltd.	9.529	6.631	Development Bank of Singapore (DBS), Ltd.
Komisaris, direksi, dan personil manajemen kunci	356	3.836	Commissioners, directors, and key management personnel
PT Matahari Putra Prima Tbk	-	27	PT Matahari Putra Prima Tbk
	275.981	24.956	
Persentase terhadap jumlah beban bunga	4,68%	0,36%	Percentage to total interest expense
Pendapatan premi asuransi			Insurance premium income
PT Bank DBS Indonesia	8.590	7.842	PT Bank DBS Indonesia
Persentase terhadap jumlah pendapatan premi	0,48%	0,43%	Percentage to total premium income
Beban <i>underwriting</i> asuransi			Insurance underwriting expense
PT Bank DBS Indonesia	1.654	1.865	PT Bank DBS Indonesia
Persentase terhadap jumlah beban <i>underwriting</i>	0,14%	0,15%	Percentage to total underwriting expenses
Beban tenaga kerja dan tunjangan atas Komisaris, direksi, dan personil manajemen kunci Bank dan Entitas Anak:			Salaries and employee benefits of the Bank's and Subsidiaries' Commissioners, directors, and key management personnel:
Imbalan kerja jangka pendek	413.292	376.807	Short-term employee benefits
Imbalan pasca-kerja	19.909	40.895	Post-employment benefits
Program kompensasi jangka panjang	15.309	19.528	Long-term compensation program
Pesangon pemutusan kontrak kerja	4.137	1.215	Working termination benefit
Imbalan kerja jangka panjang lainnya	3.090	788	Other long-term employee benefits
	455.737	439.233	
Persentase terhadap jumlah beban	9,07%	9,00%	Percentage to total salaries

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45. INFORMASI MENGENAI PIHAK BERELASI (lanjutan)

Selama tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, tidak terdapat kerugian penurunan nilai atas saldo transaksi dengan personil manajemen kunci, dan pada tanggal 31 Desember 2017 dan 2016 tidak ada penyisihan khusus yang dibuat untuk kerugian penurunan nilai atas transaksi dengan personil manajemen kunci dan kerabat dekat mereka.

Transaksi dengan pihak-pihak berelasi dilakukan dengan kebijakan harga dan syarat normal, sebagaimana dilakukan dengan pihak yang tidak berelasi, kecuali pinjaman yang diberikan kepada karyawan Bank.

46. KEPENTINGAN NON-PENGENDALI

Kepentingan non-pengendali atas aset neto Entitas Anak adalah sebagai berikut:

	2017	2016
Kepentingan non-pengendali pada awal tahun	434.930	282.710
Bagian kepentingan non-pengendali atas laba bersih tahun berjalan	146.546	123.242
Bagian kepentingan non-pengendali atas agio saham	535	-
Bagian kepentingan non-pengendali atas keuntungan yang belum direalisasi atas efek-efek dan Obligasi Pemerintah dalam kelompok yang tersedia untuk dijual, setelah pajak	7.051	(2.600)
Bagian kepentingan non-pengendali atas kerugian dari bagian efektif atas instrument derivatif untuk lindung nilai arus kas	(2.590)	(2.001)
Bagian kepentingan non-pengendali atas pengukuran kembali liabilitas imbalan pasca kerja	(15.158)	75.591
Pembagian dividen	(59.440)	(42.012)
Kepentingan non-pengendali pada akhir tahun	511.874	434.930

45. RELATED PARTIES INFORMATION (continued)

During the year ended 31 December 2017 and 2016, no impairment losses have been recorded on outstanding balances due from key management personnel, and as of 31 December 2017 and 2016, there was no specific allowance made for impairment losses on balances with key management personnel and their immediate relatives.

Transactions with related parties are conducted with normal pricing policy and conditions similar with those of third parties, except for loans to the Bank's employees.

46. NON-CONTROLLING INTERESTS

The movements of the non-controlling interests' share in the net assets of the Subsidiaries are as follows:

Non-controlling interests at the beginning of year
Net income for the year attributable to non-controlling interests
Additional paid-up capital attributable to non-controlling interests
Unrealized gains on available-for-sale marketable securities and Government Bonds attributable to non-controlling interests, net of tax
Losses from effective portion on derivative instruments for cash flow hedges attributable to non-controlling interests
Remeasurement of obligation for Post-employment benefits to non-controlling interest
Dividend distribution
Non-controlling interests at the end of year

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47. INFORMASI SEGMENT OPERASI

Informasi yang berkaitan dengan segmen usaha utama secara konsolidasian disajikan dalam tabel di bawah ini:

47. OPERATING SEGMENT INFORMATION

Information concerning the main business segments as a consolidated entity is set out in the table below:

	2017				
	Retail ¹⁾	Mid-Size ²⁾	Wholesale ³⁾	Jumlah/Total	
Hasil Segmen					Segment Results
Pendapatan bunga neto	10.070.666	2.789.432	1.288.970	14.149.068	Net interest income
Pendapatan selain bunga	2.847.345	381.075	281.619	3.510.039	Non-interest income
Jumlah pendapatan operasional	12.918.011	3.170.507	1.570.589	17.659.107	Total operating income
Beban operasional	(6.997.554)	(1.069.615)	(304.308)	(8.371.477)	Operating expenses
Beban atas kredit	(2.478.425)	(619.296)	(368.267)	(3.465.988)	Cost of credit
Pendapatan dan beban bukan operasional - neto	22.563	(4.362)	(198.652)	(180.451)	Non-operating income and expenses - net
Biaya transformasi bisnis yang tidak dialokasikan	-	-	-	(274.071)	Unallocate business transformation expense
Laba sebelum pajak penghasilan	3.464.595	1.477.234	699.362	5.367.120	Income before income tax
Beban pajak penghasilan	(974.622)	(388.808)	(175.594)	(1.607.594)	Income tax expense
Beban pajak penghasilan untuk biaya Transformasi bisnis	-	-	-	68.571	Unallocated income tax expense for business transformation expense
Laba bersih	2.489.973	1.088.426	523.768	3.828.097	Net income
Aset Segmen:					Segment Assets:
Pinjaman yang diberikan, piutang pembiayaan konsumen, piutang sewa pembiayaan tidak termasuk piutang bunga	60.531.972	44.523.253	19.198.322	124.253.547	Loans, consumer financing receivables, and investment in finance leases excluding interest receivables
Aset treasuri	-	-	34.606.106	34.606.106	Treasury assets
	60.531.972	44.523.253	53.804.428	158.859.653	
Aset yang tidak dapat dialokasi				19.397.439	Unallocated assets
Jumlah aset				178.257.092	Total assets
Liabilitas Segmen:					Segment Liabilities:
Pendanaan	63.663.232	19.329.116	21.652.469	104.644.817	Funding
Liabilitas treasuri	-	-	21.860.627	21.860.627	Treasury liabilities
	63.663.232	19.329.116	43.513.096	126.505.444	
Liabilitas yang tidak dapat dialokasi				12.579.496	Unallocated liabilities
Jumlah liabilitas				139.084.940	Total liabilities
	2016				
	Retail ¹⁾	Mid-Size ²⁾	Wholesale ³⁾	Jumlah/Total	
Hasil Segmen					Segment Results
Pendapatan bunga neto	9.910.949	2.705.603	1.162.469	13.779.021	Net interest income
Pendapatan selain bunga	3.269.873	378.115	280.404	3.928.392	Non-interest income
Jumlah pendapatan operasional	13.180.822	3.083.718	1.442.873	17.707.413	Total operating income
Beban operasional	(7.254.355)	(1.074.713)	(121.271)	(8.450.339)	Operating expenses
Beban atas kredit	(3.600.612)	(444.806)	(312.682)	(4.358.100)	Cost of credit
Pendapatan dan beban bukan operasional - neto	104.563	(785)	(81.040)	22.738	Non-operating income and expenses - net
Biaya transformasi bisnis yang tidak dialokasikan	-	-	-	(528.675)	Unallocate business transformation expense
Laba sebelum pajak penghasilan	2.430.418	1.563.414	927.880	4.393.037	Income before income tax
Beban pajak penghasilan	(821.433)	(411.491)	(499.560)	(1.732.484)	Income tax expense
Beban pajak penghasilan untuk biaya Transformasi bisnis	-	-	-	132.169	Unallocated income tax expense for business transformation expense
Laba bersih	1.608.985	1.151.923	428.320	2.792.722	Net income

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47. INFORMASI SEGMENT OPERASI (lanjutan)

47. OPERATING SEGMENT INFORMATION (continued)

	2016				
	<i>Retail</i> ¹⁾	<i>Mid-Size</i> ²⁾	<i>Wholesale</i> ³⁾	<i>Jumlah/ Total</i>	
Aset Segmen:					Segment Assets:
Pinjaman yang diberikan,					Loans, consumer financing
piutang pembiayaan piutang					receivables, and investment in
pembiayaan sewa pembiayaan					finance leases excluding
tidak termasuk piutang bunga	64.534.318	39.484.398	17.891.632	121.910.348	interest receivables
Aset treasuri	-	-	34.796.216	34.796.216	Treasury assets
	64.534.318	39.484.398	52.687.848	156.706.564	
Aset yang tidak dapat dialokasi				17.729.957	Unallocated assets
Jumlah aset				174.436.521	Total assets
Liabilitas Segmen:					Segment Liabilities:
Pendanaan	65.604.467	18.763.937	21.121.848	105.490.252	Funding
Liabilitas treasuri	-	-	21.022.967	21.022.967	Treasury liabilities
	65.604.467	18.763.937	42.144.815	126.513.219	
Liabilitas yang tidak dapat				11.545.330	Unallocated liabilities
dialokasi					
Jumlah liabilitas				138.058.549	Total liabilities

¹⁾ *Retail* terdiri dari bisnis mikro, kartu kredit, syariah, bisnis asuransi, pembiayaan konsumen, pegadaian, dan perbankan *retail*.

²⁾ *Mid size* terdiri dari usaha kecil dan menengah dan komersial.

³⁾ *Wholesale* terdiri dari perbankan korporasi, institusi keuangan, dan treasuri.

¹⁾ *Retail* consists of micro business, credit card, sharia, insurance business, consumer financing, pawn broking, and retail banking.

²⁾ *Mid-size* consists of small, medium enterprise, and commercial.

³⁾ *Wholesale* consists of corporate banking, financial institution, and treasury.

48. MANAJEMEN RISIKO KEUANGAN

48. FINANCIAL RISK MANAGEMENT

Bank memiliki eksposur terhadap risiko di bawah ini:

- Risiko kredit
- Risiko pasar
- Risiko likuiditas
- Risiko operasional

Catatan di bawah ini menyajikan informasi mengenai eksposur Bank terhadap setiap risiko di atas, tujuan, kebijakan dan proses yang dilakukan oleh Bank dalam mengukur dan mengelola risiko.

The Bank has exposures to the following risks:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

The following notes present information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and process which are undertaken by the Bank in measuring and managing risk.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

a. Kerangka manajemen risiko

Organisasi manajemen risiko Bank melibatkan pengawasan dari Dewan Komisaris, Direksi, dan Komite Pemantauan Risiko. Komite Pemantauan Risiko merupakan komite risiko tertinggi di tingkat Dewan Komisaris. Komite ini berfungsi sebagai dewan pengawas untuk memantau pelaksanaan strategi dan kebijakan manajemen risiko serta mengevaluasi pertanggungjawaban Direksi dalam mengelola eksposur risiko pada seluruh bisnis Bank dan juga Entitas Anak. Komite Pemantauan Risiko tersebut mengadakan pertemuan setiap bulannya untuk menganalisis kinerja dari portofolio kredit dan mendiskusikan hal lainnya terkait dengan permasalahan risiko, mekanisme mitigasi serta potensi kerugiannya. Dewan Komisaris mendelegasikan wewenang kepada Direktur Utama dan Direksi untuk mengimplementasikan strategi manajemen risiko. Komite Manajemen Risiko dibentuk pada tingkat Direksi dan bertanggungjawab untuk mengawasi pengembangan strategi dan kebijakan manajemen risiko mengelola risiko secara keseluruhan baik di Bank maupun Entitas Anak, serta mengawasi pelaksanaan strategi, kebijakan dan mengevaluasi permasalahan risiko yang signifikan. Komite Manajemen Risiko diketuai oleh Direktur Risiko Terintegrasi. Selain itu, sejalan dengan ketentuan Otoritas Jasa Keuangan perihal Manajemen Risiko Terintegrasi untuk Konglomerasi Keuangan, Bank juga telah membentuk Komite Manajemen Risiko Terintegrasi yang diketuai oleh Direktur Risiko Terintegrasi dan anggotanya terdiri dari Direksi Bank, Direksi yang mewakili Entitas Anak serta Pejabat Eksekutif terkait yang ditunjuk. Fungsi utama Komite Manajemen Risiko Terintegrasi adalah memberikan rekomendasi kepada Direksi Bank terkait dengan penyusunan, perbaikan atau penyempurnaan Kebijakan Manajemen Risiko Terintegrasi berdasarkan hasil evaluasi pelaksanaan.

Sejalan dengan peraturan Otoritas Jasa Keuangan dan praktek di industri perbankan, Bank telah membentuk fungsi Risiko Terintegrasi. Risiko Terintegrasi merupakan suatu fungsi manajemen risiko terintegrasi yang menggabungkan risiko kredit, pasar, likuiditas, dan operasional, dibawah satu payung. Fungsi ini dipimpin oleh Direktur Risiko Terintegrasi dan didukung penuh oleh para manajer risiko yang berpengalaman. Ini merupakan fungsi yang terpusat dan independen yang secara jelas terlepas dari semua bisnis dan tidak memiliki tanggung jawab terhadap bisnis.

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48. FINANCIAL RISK MANAGEMENT (continued)

a. Risk management framework

The organization of the Bank's risk management involves oversight from the Board of Commissioners, the Board of Directors, and the Risk Monitoring Committee. The Risk Monitoring Committee is a highest risk committee at the Board of Commissioners' level. This committee functions as a supervisory board to monitor the implementation of risk management strategies and policies and evaluate the Board of Directors' accountability in managing the risk exposure across businesses both in the Bank and its Subsidiaries. The Risk Monitoring Committee meets every month to analyze the performance of the loan portfolio and discuss other matters related to risk issues, mitigation mechanisms and potential losses. The Board of Commissioners delegate authority to the President Director and Board of Directors to implement the risk management strategy. The Risk Management Committee is established at the Board of Directors level and is responsible to oversee the risk management strategy and policy development, manage overall risk both in the Bank and Subsidiaries, and oversee the implementation of strategies, policies and evaluate significant risk issues. The Risk Management Committee is chaired by the Integrated Risk Director. In addition, in line with the Financial Services Authority (OJK) Regulation on Integrated Risk Management of Financial Conglomeration, the Bank established an Integrated Risk Management Committee which is chaired by the Integrated Risk Director and the members consist of Bank's Board of Directors, Director who represents Subsidiaries and other related Executive Officer as nominated. The main function of Integrated Risk Management Committee is to provide recommendation to the Bank's Board of Directors in relation to the preparation, improvement or enhancement of the Integrated Risk Management Policy based on the evaluation of the implementation.

In line with the Financial Services Authority Regulation and industry best practices, the Bank has established an Integrated Risk function. Integrated Risk is an integrated risk management function by combining credit, market, liquidity, and operational risks under one umbrella. This function is chaired by the Integrated Risk Director and fully staffed with experienced risk managers. It is a centralized and independent function, clearly separated with no reporting line or responsibility to business.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

a. Kerangka manajemen risiko (lanjutan)

Pada bulan Februari 2017, Bank dan Entitas Anak telah membentuk divisi khusus, Divisi Manajemen Risiko Informasi dalam fungsi Risiko Terintegrasi, untuk membuat Kebijakan, Prosedur, Perangkat dan Kerangka Ketentuan untuk membantu menangani risiko operasional terkait dengan Teknologi Informasi, Keamanan Informasi dan Manajemen Keberlangsungan Bisnis; yang terdiri atas tiga unit, yaitu:

- Unit *IT Risk Management*, bertanggungjawab mengelola risiko sehubungan penggunaan sistem teknologi informasi yang luas dalam Bank dan Entitas Anak. Termasuk memberikan opini atas risiko dan rekomendasi dari perspektif manajemen risiko terhadap produk-produk atau layanan-layanan baru yang memanfaatkan sistem teknologi informasi.
- Unit *Information Security Management*, bertanggungjawab mengelola risiko terkait dengan keamanan informasi dan data dalam Bank dan Entitas Anak, dengan menyediakan kebijakan, kerangka kerja dan panduan dari perspektif manajemen risiko.
- Unit *Business Continuity Management*, bertanggungjawab mengelola risiko terkait potensi pengaruh atas kelangsungan bisnis Bank dan Entitas Anak sebagai hasil dari kecelakaan darurat dan/atau kejadian keamanan. Tujuan unit ini adalah memberikan prosedur kontijensi yang diperlukan untuk membantu unit bisnis memelihara efektifitas aktivitas operasional dan tetap menyediakan layanan nasabah tanpa gangguan pada saat penyelamatan keamanan karyawan dan fisik aset yang dilakukan pada saat kondisi darurat.

Ketiga unit tersebut diatas melakukan seluruh aktivitas terkait dengan identifikasi kerentanan dan ancaman yang dapat membahayakan Bank dan Entitas Anak dalam melaksanakan aktivitas bisnis normal, keamanan data yang bersifat pribadi dan rahasia dan menyelamatkan infrastruktur teknologi. Unit-unit tersebut bertanggung jawab untuk menyediakan kebijakan, prosedur dan perangkat yang akan membantu untuk mengurangi risiko potensial yang teridentifikasi dan melindungi reputasi Bank dan Entitas Anak.

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48. FINANCIAL RISK MANAGEMENT (continued)

a. Risk management framework (continued)

In February 2017, under the Integrated Risk function, The Bank and its Subsidiaries have established a special division, Information Risk Management Division, to establish the Policy, Procedures, Tools and Governance Frameworks to help manage operational risks related to Information Technology, Information & Data Security and Business Continuity Management, which It consists of three units as follows:

- *IT Risk Management Unit*, responsible to manage the risk related to the extensive use of information technology systems within the Bank and its Subsidiaries. It includes providing risk review and recommendation, from the perspective of risk management, to any new products and services that are supported by Information Technology systems.
- *Information Security Management Unit*, responsible to manage the risk related to information & data security within the Bank and its Subsidiaries, by providing relevant policy, framework and guidelines from a risk management perspective.
- *Business Continuity Management Unit*, responsible to manage the risk related to the potential impact on business operations of the Bank and its Subsidiaries as a result of any emergency incident and / or security event. The aim of the Unit is to provide the necessary contingency procedures and guidelines to help the business units maintain effective operational activities and provide customers with uninterrupted services while safeguarding the security of our staff and our physical assets in the event of an emergency.

The three units above perform all activities related to the identification of potential vulnerabilities and threats that may harm the Bank and its Subsidiaries from continuing their normal business activities, safe guarding private and confidential data and securing the technology infrastructure. The units are responsible for providing policy, procedures and tools that will help to mitigate against the identified potential risk and protect the reputation of the Bank and Subsidiaries.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

a. Kerangka manajemen risiko (lanjutan)

Prinsip pengelolaan risiko oleh Bank dilakukan secara proaktif untuk mendukung tercapainya pertumbuhan yang sehat. Oleh karenanya kebijakan pengelolaan risiko Bank bertujuan untuk menciptakan dan mengimplementasikan pendekatan komprehensif untuk mengidentifikasi, mengukur, mengelola, dan memantau risiko yang dihadapi Bank. Kebijakan manajemen risiko disusun untuk mengidentifikasi dan menganalisa risiko yang dihadapi Bank, untuk menetapkan limit risiko dan pengendalian yang sesuai dan untuk memonitor risiko yang melekat pada limit. Kebijakan dan sistem pengelolaan risiko ditelaah secara berkala untuk mencerminkan perubahan dalam kondisi pasar, produk, dan jasa yang ditawarkan.

Melalui pelatihan serta standar dan prosedur pengelolaan, Bank berusaha untuk mengembangkan lingkungan pengendalian yang taat dan konstruktif, dimana semua karyawan memahami tugas, tanggung jawab, dan kewajiban mereka.

Integrated Risk Management Policy telah ditinjau ulang dan disetujui sesuai dengan Peraturan Bank Indonesia perihal penerapan manajemen risiko bagi bank umum dan Peraturan Otoritas Jasa Keuangan tentang Penerapan Manajemen Risiko Terintegrasi Bagi Konglomerasi Keuangan. Kebijakan ini digunakan sebagai pedoman dalam pelaksanaan pengelolaan risiko di Bank. *Integrated Risk Management Policy* ditinjau ulang secara periodik.

Dalam rangka memenuhi Peraturan Otoritas Jasa Keuangan (OJK) No. 14/POJK.03/2017, Bank telah membuat Rencana Aksi ("Recovery Plan") yang telah disampaikan ke OJK pada bulan Desember 2017. Rencana Aksi dibuat untuk memastikan bahwa Bank membuat Opsi Pemulihan (*Recovery Options*) yang kredibel dan layak untuk mempertahankan Bank dalam serangkaian skenario stres. Bank telah melakukan penilaian atas kontribusi setiap lini bisnis dan Perusahaan Anak dari perspektif kuantitatif yaitu kontribusi terhadap laba, pendanaan dan pinjaman yang diberikan; dan perspektif kualitatif untuk mengidentifikasi materialitas dari setiap lini bisnis dan Perusahaan Anak, termasuk jaringan kantor.

Selain itu, telah dilakukan analisis skenario secara luas untuk menilai ketahanan dan potensi kerentanan Bank terhadap beberapa indikator yang ditentukan oleh OJK meliputi permodalan, likuiditas, kualitas aset dan rentabilitas. Hasil analisis skenario menunjukkan bahwa Bank tetap tangguh termasuk pada kondisi stres parah.

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48. FINANCIAL RISK MANAGEMENT (continued)

a. Risk management framework (continued)

The Bank principles of risk management are implemented proactively to support the achievement of sustainable growth. Therefore the Bank's risk management policy has been designed to create and implement a comprehensive approach to identify, measure, manage, and monitor the risks that the Bank faces in doing its business. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles, responsibilities, and obligations.

Integrated Risk Management Policy has been reviewed and approved in line with Bank Indonesia regulation regarding Risk Management implementation for commercial Banks and Financial Service Authority regulation regarding Integrated Risk Management Implementation for Financial Conglomeration. This policy is used as a guideline in the implementation of risk management at the Bank. The *Integrated Risk Management Policy* is reviewed periodically.

Bank has developed Recovery Plan to comply with Financial Service Authority (FSA) Regulation No. 14/POJK/2017 and it has been submitted to FSA in December 2017. The Recovery plan is established to ensure that Banks has established credible and feasible recovery options to survive a range of severe but plausible stress scenarios. Bank has assessed the contribution of each business line and subsidiary from both quantitative i.e. profit, funding and loan book and qualitative perspectives in order to identify the material business lines and subsidiaries, including office network.

In addition, range of scenario analysis has been developed in order to assess the resilience and potential vulnerabilities of the Bank to several indicators that are specified by OJK i.e. capital, liquidity, asset quality and earnings. The scenario analysis outcome indicates that Bank remains resilient even under severe stress conditions.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

a. Kerangka manajemen risiko (lanjutan)

Bank akan menerapkan sistem lampu lalu lintas untuk pelaksanaan Rencana Aksi dengan ambang batas yang terdefinisi dengan jelas sebagai trigger untuk ketiga fase pemulihan, yaitu "Pencegahan", "Pemulihan" dan "Perbaikan". Terdapat berbagai Opsi Pemulihan yang telah dinilai dalam hal kelayakan, kredibilitas, kerangka waktu implementasi dan efektivitas.

Untuk meningkatkan kesadaran risiko di kalangan karyawan dan mendukung pertumbuhan Bank, Manajemen Risiko Terintegrasi bekerja sama dengan *Danamon Corporate University* telah mengembangkan Akademi Manajemen Risiko yang meliputi manajemen risiko untuk kredit, pasar, likuiditas dan operasional. Akademi Manajemen Risiko yang ditujukan bagi seluruh karyawan. Silabusnya terdiri dari pelatihan mengenai Risiko Dasar, Menengah, dan Mahir. Seluruh pembuatan materi pelatihan telah selesai dan pelatihan telah dilaksanakan setiap tahun.

Untuk pengukuran kecukupan modal pada Pilar 1 Basel II, Bank telah mengadopsi metode Pendekatan Standar untuk risiko kredit dan risiko pasar, sementara untuk risiko operasional menggunakan Pendekatan Indikator Dasar.

Untuk pengukuran kecukupan modal pada Pilar 2 Basel II, Bank telah menerapkan mekanisme *Internal Capital Adequacy Assessment Process (ICAAP)*.

Internal Capital Adequacy Assessment Process (ICAAP) adalah proses penilaian sendiri oleh Bank dimana tidak hanya meliputi kecukupan modal dari risiko-risiko dasar dalam Pilar 1 (Risiko Kredit, Pasar, dan Operasional) tetapi juga mempertimbangkan kecukupan modal untuk risiko-risiko lainnya, seperti disebutkan dalam Pilar 2 Basel dan Peraturan OJK.

Selain perhitungan tambahan modal berdasarkan *Rating Profil Risiko* sebagaimana diatur oleh OJK, Bank juga melakukan kalkulasi internal berdasarkan *framework ICAAP* untuk menghitung risiko dari :

- Risiko Konsentrasi Kredit
- Risiko Suku Bunga Buku Bank
- Risiko Likuiditas
- *Impact* dari *Stress Test*

Setiap tahun Internal Audit Bank melakukan kaji ulang terhadap proses ICAAP secara independen.

Sebagai bagian dari Pilar 3 Basel II, Keterbukaan dan Disiplin Pasar juga diterapkan oleh Bank mulai dari tahun 2012 melalui publikasi Laporan Tahunan sesuai ketentuan OJK.

Bank secara aktif terlibat dalam persiapan penerapan Basel II/III sesuai dengan panduan OJK.

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48. FINANCIAL RISK MANAGEMENT (continued)

a. Risk management framework (continued)

Bank will implement a traffic light system for the implementation of the Recovery Plan with clearly established thresholds as triggers for three phases of recovery plan, namely "Preventive", "Recovery" and "Corrective". There are various recovery options that are assessed in terms of feasibility, credibility, implementation timeframe and effectiveness.

To improve risk awareness among employee and support the Bank's growth, Integrated Risk Management in collaboration with Danamon Corporate University has established Risk Management Academy covering Credit, Market, Liquidity and Operational Risk Management. The Risk Management Academy covers all employees. The syllabus consists of Basic, Intermediate, and Advanced Risk trainings. All training material has been completed and training has been carried out every year.

Under Capital Adequacy Basel II Pillar 1, the Bank has adopted the Standardized Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

For Capital Adequacy Basel II Pillar 2, the Bank has implemented Internal Capital Adequacy Assessment Process (ICAAP) mechanism.

Internal Capital Adequacy Assessment Process (ICAAP) is a self-assessment process by Bank where it does not only cover capital adequacy from basic risks under Pillar 1 (Credit, Market & Operational Risks) but also take into consideration capital adequacy of other risks, as specified in Pillar 2 Basel & Otoritas Jasa Keuangan (OJK) regulation.

In addition to capital adequacy calculation based on Risk Profile Rating as mandated by OJK, the Bank also uses internal ICAAP Framework to derive each of the risk components:

- Credit Concentration Risk
- Banking Book Interest Risk
- Liquidity Risk
- Stress Test Impact

The Bank's Internal Audit annually reviews the ICAAP process independently.

As part of Basel II Pillar 3, Disclosure and Market Discipline is also implemented by the Bank starting 2012 through its Annual Report publication as per OJK.

The Bank is actively involved in the preparation of Basel II/III implementation in accordance with the OJK guidelines.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

b. Risiko kredit

Risiko kredit adalah potensi kerugian finansial yang diakibatkan oleh kegagalan dari pemijam atau *counterparty* dalam memenuhi kewajibannya sesuai dengan kesepakatan. Eksposur risiko kredit pada Bank terutama muncul dari kegiatan perkreditan maupun aktivitas fungsional lainnya seperti pembiayaan perdagangan (*trade finance*), *treasury* dan investasi. Eksposur risiko kredit juga dapat meningkat karena adanya konsentrasi kredit pada debitur, wilayah geografis, produk, jenis pembiayaan atau lapangan usaha tertentu. Tujuan dari pengelolaan risiko kredit adalah untuk mengendalikan dan mengelola eksposur risiko kredit dalam batasan yang dapat diterima, sekaligus memaksimalkan *risk adjusted return*.

Risiko kredit dikelola melalui penetapan kebijakan - kebijakan dan proses-proses yang meliputi kriteria pemberian kredit, *origination*, dan persetujuan kredit, penetapan *pricing*, pemantauan, pengelolaan kredit bermasalah dan manajemen portofolio.

Untuk memastikan bahwa fungsi Manajemen Risiko telah beroperasi secara independen, mulai April 2017, Bank telah membentuk unit kerja *Chief Credit Officer* (CCO) yang bertugas secara mandiri untuk mengelola risiko kredit secara efektif. Unit ini terpisah dari unit Manajemen Risiko Terintegrasi.

Bank memiliki Kebijakan Risiko Kredit yang merupakan kebijakan inti dan kerangka acuan utama dalam penerapan pengelolaan risiko kredit di Bank dan Entitas Anak. Kebijakan ini, bersama dengan panduan risiko kredit di tingkat lini bisnis dan Entitas Anak, mengatur proses pengelolaan risiko secara komprehensif mulai dari identifikasi, pengukuran, pemantauan hingga pengendalian risiko. Seluruh kebijakan dan panduan risiko kredit di Bank ditinjau secara berkala untuk memenuhi peraturan yang berlaku serta menyesuaikan dengan tingkat selera risiko Bank.

Bank juga memantau perkembangan portofolio kredit termasuk portofolio Entitas Anak yang memungkinkan Bank dan Entitas Anak untuk melakukan tindakan pencegahan secara tepat waktu apabila terjadi penurunan kualitas kredit. Untuk deteksi dini kredit bermasalah yang akan muncul, Bank juga memiliki daftar *Watch List* untuk nasabah segmen SME dan *Enterprise Banking*.

48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk

Credit risk is the potential financial loss which caused by the failure of the borrower or counterparty in fulfilling its obligations in accordance with the agreement. Credit risk exposure at the Bank primarily arises from lending activities as well as other functional activities such as trade finance, treasury and investment. Credit risk exposure can also increase due to the concentration of credit on certain debtor, geographic region, products, type of financing or business field. The objective of credit risk management is to control and manage credit risk exposures within acceptable limits in accordance to risk appetite, while optimizing the risk adjusted returns.

Credit risk is managed through established policies and processes covering credit acceptance criteria, credit origination, and approval, pricing, monitoring, problem loan management and portfolio management.

To ensure the risk management function has operated independently, starting April 2017, the Bank has established Chief Credit Officer (CCO) unit that is independently responsible for managing credit risk effectively. This unit is separated from Integrated Management Risk unit.

The Bank has a Credit Risk Policy which is the core policy and main reference framework for the implementation of credit risk management in Bank and Subsidiaries. This policy, together with credit risk guidelines at the business and Subsidiary levels, regulate a comprehensive risk management process from identification, measurement, monitoring up to risk control. All credit risk policies and guidelines in the Bank are reviewed periodically to comply with applicable regulations and adjust to the level of risk appetite of the Bank.

The Bank also closely monitors the performance of its loan portfolios, including its Subsidiaries that enable the Bank and its Subsidiaries to initiate preventive actions in a timely manner when deterioration is observed in credit quality. To detect possible problem loans, the Bank also has a Watch List for SME and Enterprise Banking segment customers.

The original consolidated financial statements included herein are in the Indonesian language.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

b. Risiko kredit (lanjutan)

Bank terus melanjutkan untuk mengelola dan mengawasi secara aktif kualitas portofolio pinjaman yang diberikan dengan cara menyempurnakan Kebijakan Risiko Kredit secara efektif, penyempurnaan prosedur, dan pengembangan sistem dalam upaya menjaga dampak negatif yang diakibatkan oleh kredit bermasalah. Bank juga terus melakukan tinjauan secara terus menerus dari semua proses dan kebijakan yang relevan, termasuk penyesuaian yang diperlukan dikarenakan perubahan peraturan Bank Indonesia dan Otoritas Jasa Keuangan dan juga terhadap perkembangan faktor makro ekonomi secara regular.

Program produk dan pedoman kredit telah dikembangkan oleh masing-masing bisnis unit dengan mengacu pada Kebijakan Risiko Kredit dan ditinjau secara berkala oleh unit kerja terkait.

Sistem Informasi Manajemen telah tersedia dan mencakup tingkat yang signifikan untuk mendeteksi setiap perkembangan yang kurang baik sedini mungkin sehingga memungkinkan dilakukannya tindakan secara tepat waktu atas penurunan kualitas kredit atau untuk meminimalisasi kerugian kredit.

Kelayakan setiap nasabah dievaluasi untuk menetapkan batasan kredit yang sesuai. Batas kredit ditetapkan sesuai dengan maksimum eksposur Bank untuk jangka waktu tertentu. Batas kredit juga ditetapkan untuk industri, negara, dan produk untuk memastikan diversifikasi risiko kredit yang luas dan menghindari terjadinya ketidakseimbangan konsentrasi.

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48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

The Bank continues to actively manage and monitor the loan portfolio quality by improving credit risk policies effectively, improving procedures, and systems development in an effort to monitor the negative impact caused by non-performing loans (NPL). The Bank also reviews all relevant process and policies on an ongoing basis, including any adjustment required due to changes in Bank Indonesia and Financial Services Authority regulation and developments in the external economic factors on regular basis.

Product programs and credit guideline have been developed by each business unit by referring to the established Credit Risk Policy and are reviewed regularly by related units.

Management Information Systems (MIS) are in place and cover a significant level of details to detect any adverse development at an early stage, thus allowing for timely actions on the deterioration in credit quality or to minimize credit losses.

The creditworthiness of individual counterparty is evaluated and appropriate credit limits are established. Credit limits set forth maximum credit exposures the Bank is willing to assume over specified period. Credit limits are also established for industries, countries, and products to ensure broad diversification of credit risk and to avoid undue concentration.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

b. Risiko kredit (lanjutan)

Bank telah membuat *Internal Rating* untuk debitur. *Rating* dan *Probability of Default* dibuat secara internal dengan dibantu oleh konsultan eksternal. *Probability of Default* ini kemudian dipetakan ke dalam *Danamon Rating Scale* untuk diaplikasikan di semua lini bisnis.

Agunan

Bank menerapkan kebijakan untuk memitigasi risiko kredit, antara lain dengan meminta agunan sebagai jaminan pelunasan kredit jika jaminan berupa sumber pembayaran utama debitur berdasarkan arus kas tidak terpenuhi. Jenis agunan yang dapat diterima untuk kredit modal kerja dan investasi dalam rangka memitigasi risiko kredit antara lain adalah uang tunai (termasuk simpanan dari nasabah), tanah dan/atau bangunan, *Standby LC/Bank Garansi* yang diterima Bank, mesin, kendaraan bermotor, piutang dagang, bahan baku/barang dagangan (persediaan), saham atau surat berharga lainnya. Perkiraan nilai wajar dari agunan yang digunakan oleh Bank didasarkan pada nilai agunan yang dinilai oleh penilai internal atau eksternal.

Agunan yang dimiliki sebagai jaminan atas aset keuangan selain untuk pinjaman yang diberikan ditentukan berdasarkan sifat dari instrumennya. Efek utang, treasury, dan tagihan kepada nasabah bank yang memenuhi syarat lainnya pada umumnya bersifat *unsecured* kecuali untuk *asset-backed securities* dan instrumen sejenis, yang dijamin dengan portofolio instrumen keuangan. Khususnya untuk nasabah korporasi, jaminan yang disyaratkan antara lain dapat berupa *margin collateral*.

i. Eksposur maksimum terhadap risiko kredit

Untuk aset keuangan yang diakui di laporan posisi keuangan konsolidasian, eksposur maksimum terhadap risiko kredit sama dengan nilai tercatatnya. Untuk liabilitas kontinjensi, eksposur maksimum terhadap risiko kredit adalah nilai maksimum yang harus Bank bayarkan dalam hal timbul kewajiban atas instrumen yang diterbitkan.

Untuk komitmen kredit, eksposur maksimum terhadap risiko kredit adalah sebesar jumlah fasilitas yang belum ditarik dari nilai penuh fasilitas kredit yang telah disepakati (*committed*) kepada nasabah.

48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

The Bank has established an *Internal Rating* for its borrowers. The ratings and *Probability of Default* were developed internally in consultation with an external consultant. This probability of default is mapped to *Danamon's Rating Scale* to be applied in the line of businesses.

Collateral

The Bank employs policies to mitigate credit risk, by asking collateral to secure the repayment of loan if the main source of debtor's payment is based on its cash flow were not fulfilled. Collateral types that can be used for working capital and investment loans to mitigate the risk are such as: cash (including deposits from customers), land and/or building, *Standby LC/Bank Guarantee* received by the Bank, machinery, vehicle, trade receivable, inventory, shares or other marketable securities. Estimates of fair value of collateral held by the Bank is based on the value of collateral assessed by internal or external appraisers.

Collateral held as security for financial assets other than loans depends on the nature of the instrument. Debt securities, treasury, and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Particularly for corporate customers, the required collateral can be in the form of margin collateral.

i. Maximum exposure to credit risk

For financial assets recognized on the consolidated statement of financial position, the maximum exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon.

For credit commitments, the maximum exposure to credit risk is the full amount of the un-drawn committed credit facilities granted to customers.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

b. Risiko kredit (lanjutan)

- i. Eksposur maksimum terhadap risiko kredit (lanjutan)

Tabel berikut menyajikan eksposur maksimum terhadap risiko kredit Bank atas instrumen keuangan pada laporan posisi keuangan konsolidasian dan komitmen dan kontinjensi (rekening administratif), tanpa memperhitungkan agunan yang dimiliki atau jaminan kredit lainnya.

48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

- i. Maximum exposure to credit risk (continued)

The following table presents the Bank's maximum exposure to credit risk on financial instruments in its consolidated statements of financial position and commitments and contingencies (administrative accounts), without taking into account any collateral held or other credit enhancement.

	2017	2016	
Laporan Posisi Keuangan Konsolidasian:			Consolidated Statements of Financial Position:
Giro pada Bank Indonesia	7.555.916	7.352.383	Current accounts with Bank Indonesia - net
Giro pada bank lain - neto	2.032.022	1.768.396	Current accounts with other banks - net
Penempatan pada bank lain dan Bank Indonesia - neto	5.198.885	5.936.962	Placements with other banks and Bank Indonesia - net
Efek-efek - neto			Marketable securities - net
Tersedia untuk dijual	11.196.790	12.486.028	Available-for-sale
Dimiliki hingga jatuh tempo	127.276	4.922.235	Held-to-maturity
Pinjaman dan Piutang	4.735.596	-	Loan and receivables - net
Efek yang dibeli dengan janji dijual kembali	296.028	-	Securities purchased under resale agreements
Obligasi Pemerintah			Government bonds
Diperdagangkan	1.626.611	1.702.005	Trading
Tersedia untuk dijual	9.347.732	7.861.327	Available-for-sale
Tagihan derivatif	103.906	259.124	Derivative receivables
Pinjaman yang diberikan - neto			Loans - net
Modal kerja	52.921.644	50.519.585	Working capital
Investasi	20.421.522	22.521.266	Investment
Konsumsi	20.702.340	18.847.665	Consumer
Piutang pembiayaan konsumen - neto	26.080.060	25.061.766	Consumer financing receivables - net
Piutang sewa pembiayaan - neto	369.488	867.011	Finance lease receivables - net
Piutang premi	252.967	232.744	Premium receivables
Aset reasuransi - neto	697.170	724.479	Reinsurance assets - net
Tagihan akseptasi - neto	1.485.940	1.935.882	Acceptances receivable - net
Investasi dalam saham	122.669	164.560	Investments in shares
Aset lain-lain - neto	1.729.556	904.864	Other assets - net
Total	167.004.118	164.068.282	Total
Komitmen dan Kontinjensi:			Commitments and Contingencies:
Fasilitas kredit kepada debitur yang belum digunakan	258.583	329.332	Unused loan facilities
Garansi yang diterbitkan	3.633.627	3.822.223	Guarantees issued
Irrevocable Letters of Credit yang masih berjalan	1.894.236	1.731.420	Outstanding irrevocable Letters of Credit
	5.786.446	5.882.975	
Jumlah	172.790.564	169.951.257	Total

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48. FINANCIAL RISK MANAGEMENT (continued)

b. Risiko kredit (lanjutan)

b. Credit risk (continued)

i. Eksposur maksimum terhadap risiko kredit (lanjutan)

i. Maximum exposure to credit risk (continued)

Nilai wajar agunan

Fair value of collateral

Bank memiliki agunan terhadap pinjaman yang diberikan dalam bentuk agunan tunai, aset tetap, dan lain-lain.

Bank holds collaterals against loans in the form of cash collaterals, fixed assets and others.

Estimasi nilai terendah dari nilai wajar agunan dan jumlah tercatat dari aset keuangan pada tanggal pelaporan ditampilkan seperti di bawah ini.

An estimate of the lower of fair value of collateral and carrying amounts of the financial assets as at the reporting date is shown below.

Agunan terhadap pinjaman yang diberikan

Collateral of loans

	2017
Agunan Tunai	1.418.001
Aset Tetap	42.508.787
Lain-lain	10.120.133
Jumlah	54.046.921

	2016	
	1.448.158	Cash Collateral
	41.404.094	Fixed Assets
	9.682.170	Others
Total	52.534.422	Total

ii. Analisis risiko konsentrasi kredit

ii. Concentration of credit risk analysis

Risiko konsentrasi kredit timbul ketika sejumlah nasabah bergerak dalam aktivitas usaha yang sejenis atau memiliki kegiatan usaha dalam wilayah geografis yang sama, atau memiliki karakteristik yang sejenis yang dapat menyebabkan kemampuan nasabah untuk memenuhi kewajiban kontraktualnya sama-sama dipengaruhi oleh perubahan kondisi ekonomi ataupun kondisi lainnya.

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

Bank mendorong adanya diversifikasi dari portofolio kreditnya pada berbagai wilayah geografis, sektor industri, produk kredit, individual obligor, mencerminkan profil risiko yang seimbang dan sehat, dan untuk fokus pada upaya pemasaran terhadap industri dan nasabah yang potensial untuk meminimalisir risiko kredit. Bank telah menetapkan limit konsentrasi industri yang ditentukan berdasarkan tingkat risiko sektor industri, proyeksi pertumbuhan kredit dan juga ketersediaan modal.

The Bank encourages the diversification of its credit portfolio among a variety of geographic areas, industries, credit products, individual obligors, reflecting a well-balanced and healthy risk profile, and to focus marketing efforts toward potential industries and customers in order to minimize the credit risk. The Bank has set its industry concentration limit based on industry risk level and availability of capital.

Diversifikasi portofolio kredit didasarkan rencana strategi ank, sektor target, kondisi ekonomi saat ini, kebijakan pemerintah, sumber pendanaan, dan proyeksi pertumbuhan. Konsentrasi pinjaman yang diberikan berdasarkan jenis kredit, mata uang, sektor ekonomi, dan wilayah geografis diungkapkan pada Catatan 11.

The extent of diversification is based on the Bank's strategic plan, target sectors, current economic conditions, government policy, funding sources and growth projections. Concentration of credit risk of loans receivable by type of loans, currency, economic sector, and geographic region is disclosed in Note 11.

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b. Risiko kredit (lanjutan)

iii. Stress testing

Stress Test adalah metode pengukuran risiko dengan memperkirakan potensi kerugian ekonomi Bank berdasarkan kondisi pasar abnormal untuk memastikan sensitivitas kinerja Bank terhadap perubahan faktor risiko dan mengidentifikasi faktor yang mempengaruhi dan berdampak kepada pendapatan dan modal Bank secara signifikan. *Stress test* secara menyeluruh harus dilakukan setidaknya setiap tahun atau ketika timbul kejadian peristiwa atau kejadian yang memiliki dampak negatif yang signifikan terhadap pendapatan portofolio Bank. Semua lini bisnis dan Entitas Anak bertanggung jawab untuk melakukan stress test secara *bank wide*. Skenario untuk stress test tahunan secara *bankwide* didefinisikan menjadi tiga kategori: *Mild*, *Moderate* dan *Severe*, berdasarkan *severity* faktor-faktor ekonomi makro yang digunakan dalam skenario (contoh: GDP, inflasi, IDR/USD, dll). Selain skenario yang dibuat berdasarkan kejadian historis yang diamati, Bank juga mempertimbangkan kejadian yang berdampak buruk secara hipotetis dan dampaknya. Hal ini dilaksanakan melalui kerja sama dengan tim ekonomi bersama dengan setiap Lini Bisnis, dan juga *Chief Credit Officer/ Senior Credit Officer* berdasarkan pandangan mereka tentang kemungkinan perkembangan makro ekonomi.

Selain *stress test* yang dilakukan tahunan, *stress test* tambahan dilakukan sepanjang tahun tergantung pada terjadinya peristiwa ekonomi atau industri tertentu. Jenis *stress test* biasanya dilakukan per industri (contoh batubara, kelapa sawit, dll) karena beberapa peristiwa dalam industri yang mungkin mempengaruhi kemampuan debitur untuk membayar. Dalam *stress test* ini, kondisi pasar dinilai berkaitan dengan peristiwa yang terjadi saat ini di industri (contoh penurunan harga batubara, peraturan baru dari pemerintah yang mungkin mengakibatkan inflasi tinggi, dll).

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48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

iii. Stress testing

Stress Testing is a method of risk measurement which estimates the potential economic loss to the Bank under abnormal market conditions in order to ascertain the sensitivity of the Bank's performance to changes in risk factors and to identify influencing factors that significantly impact the Bank's revenue and capital. Bank wide stress test must be conducted at least annually or when there is an occurrence of event or events that have a significant negative impact to the Bank's portfolio earnings. All lines of business and Subsidiaries are responsible to conduct bank wide stress tests. Scenarios for annual bank wide stress test are defined into three categories: *Mild*, *Moderate*, and *Severe* based on the severity of macroeconomic factors used in the scenarios (e.g. GDP, inflation, IDR/USD, etc). In addition to scenarios built around historically observed events, hypothetical adverse events and their impact are also considered. This is done in collaboration with the Bank's economist team together each Line of Business, and Chief Credit Officer/ Senior Credit Officers based on their view of possible macroeconomic developments.

In addition to the yearly stress test conducted, additional stress test are conducted throughout the year depending upon the occurrence of economic or industry specific events. These types of stress test are typically done per industry (e.g. coal, palm oil, etc.) due to some events in the industry that might influence the customer's ability to pay. In this exercise, the market conditions assessed are pertaining to the current events that happen in the industry (e.g. drop in coal price, new regulation from government that might result in high inflation, etc).

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b. Risiko kredit (lanjutan)

iv. Konsentrasi berdasarkan jenis debitur

Tabel berikut menyajikan konsentrasi aset keuangan dan komitmen dan kontinjensi (rekening administratif) berdasarkan jenis debitur:

48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

iv. Concentration by type of debtors

The following table presents the concentration of financial assets and commitments and contingencies (administrative accounts) by type of debtors:

	2017					
	Korporasi/ Corporate	Pemerintah dan Bank Indonesia/ Government and Bank Indonesia	Bank- bank/ Banks	Retail/ Retail	Jumlah/ Total	
Giro pada BI - neto	-	7.555.916	-	-	7.555.916	Current accounts with BI - net
Giro pada bank lain - neto	-	-	2.032.022	-	2.032.022	Current accounts with other Banks - net
Penempatan pada bank lain dan BI - neto	-	2.455.297	2.743.588	-	5.198.885	Placements with other banks and BI - net
Efek-efek - neto	7.697.204	5.856.354	2.506.104	-	16.059.662	Marketable securities - net
Efek yang dibeli dengan janji dijual kembali	-	296.028	-	-	296.028	Securities purchased under resale agreements
Obligasi Pemerintah	-	10.974.343	-	-	10.974.343	Government Bonds
Tagihan derivatif	2.384	-	101.522	-	103.906	Derivative receivables
Pinjaman yang diberikan - neto	57.278.434	48.218	612.907	36.105.947	94.045.506	Loans - net
Piutang pembiayaan konsumen - neto	564.315	-	-	25.515.745	26.080.060	Consumer financing Receivables - net
Piutang sewa pembiayaan - neto	89.913	-	-	279.575	369.488	Finance lease receivables - net
Aset reasuransi - neto	697.170	-	-	-	697.170	Reinsurance assets - net
Tagihan akseptasi - neto	1.326.876	-	18.956	140.108	1.485.940	Acceptances receivable - net
Investasi dalam saham	2.475	-	120.194	-	122.669	Investments in shares
Piutang premi	156.882	-	67.696	28.389	252.967	Premium receivables
Aset lain-lain - neto	473.953	906.420	50.319	298.864	1.729.556	Other assets - net
Komitmen dan kontinjensi	4.724.589	1.512	11.784	1.048.561	5.786.446	Commitments and contingencies
Jumlah	73.014.195	28.094.088	8.265.092	63.417.189	172.790.564	Total
%	42%	16%	5%	37%	100%	%

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48. FINANCIAL RISK MANAGEMENT (continued)

b. Risiko kredit (lanjutan)

b. Credit risk (continued)

iv. Konsentrasi berdasarkan jenis debitur (lanjutan)

iv. Concentration by type of debtors (continued)

2016						
	Korporasi/ Corporate	Pemerintah dan Bank Indonesia/ Government and Bank Indonesia	Bank- bank/ Banks	Retail/Retail	Jumlah/ Total	
Giro pada BI - neto	-	7.352.383	-	-	7.352.383	Current accounts with BI - net
Giro pada bank lain - neto	-	-	1.768.396	-	1.768.396	Current accounts with other banks - net
Penempatan pada bank lain dan BI - neto	-	2.942.518	2.994.444	-	5.936.962	Placements with other banks and BI - net
Efek-efek - neto	7.726.227	7.417.511	2.264.525	-	17.408.263	Marketable securities - net
Obligasi Pemerintah	-	9.563.332	-	-	9.563.332	Government Bonds
Tagihan derivatif	8.312	3.034	247.778	-	259.124	Derivative receivables
Pinjaman yang diberikan - neto	53.782.425	37.478	762.235	37.306.378	91.888.516	Loans - net
Piutang pembiayaan konsumen - neto	576.002	-	-	24.485.764	25.061.766	Consumer financing Receivables - net
Piutang sewa pembiayaan - neto	136.719	-	-	730.292	867.011	Finance lease receivables - net
Aset reasuransi - neto	724.479	-	-	-	724.479	Reinsurance assets - net
Tagihan akseptasi - neto	1.786.229	-	28.790	120.863	1.935.882	Acceptances receivable - net
Investasi dalam saham	2.475	-	162.085	-	164.560	Investments in shares
Piutang premi	155.203	-	63.532	14.009	232.744	Premium receivables
Aset lain-lain - neto	402.414	71.991	73.405	357.054	904.864	Other assets - net
Komitmen dan kontinjensi	4.707.617	151.562	10.254	1.013.542	5.882.975	Commitments and contingencies
Jumlah	70.008.102	27.539.809	8.375.444	64.027.902	169.951.257	Total
%	41%	16%	5%	38%	100%	%

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b. Risiko kredit (lanjutan)

v. Kualitas kredit dari aset keuangan

Pada tanggal 31 Desember 2017 dan 2016, eksposur risiko kredit atas aset keuangan diklasifikasikan sebagai berikut:

48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

v. Credit quality of financial assets

As of 31 December 2017 and 2016, credit risk exposure relating to financial assets is classified as follows:

ASET	2017			Jumlah/Total	ASSETS
	Belum jatuh tempo atau tidak mengalami penurunan nilai/ <i>Neither past due nor impaired</i>	Telah jatuh tempo tetapi tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>		
Giro pada Bank Indonesia	7.555.916	-	-	7.555.916	Current accounts with Bank Indonesia
Giro pada bank lain	2.032.855	-	-	2.032.855	Current accounts with other banks
Penempatan pada bank lain dan Bank Indonesia	5.201.392	-	-	5.201.392	Placements with other banks and Bank Indonesia
Efek-efek	-	-	-	-	Marketable securities
Diperdagangkan	-	-	-	-	Trading
Tersedia untuk dijual	11.196.790	-	-	11.196.790	Available-for-sale
Dimiliki hingga jatuh tempo	127.276	-	-	127.276	Held-to-maturity
Pinjaman dan piutang	4.777.388	-	-	4.777.388	Loan and Receivable
Efek yang dibeli dengan janji dijual kembali	296.028	-	-	296.028	Securities purchased under resale agreements
Obligasi Pemerintah	-	-	-	-	Government Bonds
Diperdagangkan	1.626.611	-	-	1.626.611	Trading
Tersedia untuk dijual	9.347.732	-	-	9.347.732	Available-for-sale
Tagihan derivatif	103.906	-	-	103.906	Derivative receivables
Pinjaman yang diberikan	90.301.930	2.155.978	4.510.834	96.968.742	Loans
Piutang pembiayaan konsumen	20.987.739	5.744.727	680.636	27.413.102	Consumer financing receivables
Piutang sewa pembiayaan	241.716	119.254	23.331	384.301	Finance lease receivables
Piutang premi	252.967	-	-	252.967	Premium receivables
Aset reasuransi	736.093	-	-	736.093	Reinsurance assets
Tagihan akseptasi	1.486.051	-	-	1.486.051	Acceptances receivable
Investasi dalam saham	122.669	-	-	122.669	Investments in shares
Aset lain-lain	1.742.368	-	-	1.742.368	Other assets
Jumlah	158.137.427	8.019.959	5.214.801	171.372.187	Total
Dikurangi:					Less:
Cadangan kerugian penurunan nilai				(4.368.069)	Allowance for impairment losses
				167.004.118	

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48. FINANCIAL RISK MANAGEMENT (continued)

b. Risiko kredit (lanjutan)

b. Credit risk (continued)

v. Kualitas kredit dari aset keuangan (lanjutan)

v. Credit quality of financial assets (continued)

	2016			
	Belum jatuh tempo atau tidak mengalami penurunan nilai/ <i>Neither past due nor impaired</i>	Telah jatuh tempo tetapi tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Jumlah/Total
ASET				
Giro pada Bank Indonesia	7.352.383	-	-	7.352.383
Giro pada bank lain	1.769.456	-	-	1.769.456
Penempatan pada bank lain dan Bank Indonesia	5.939.628	-	-	5.939.628
Efek-efek				
Tersedia untuk dijual	12.486.028	-	-	12.486.028
Dimiliki hingga jatuh tempo	4.959.900	-	-	4.959.900
Obligasi Pemerintah				
Diperdagangkan	1.702.005	-	-	1.702.005
Tersedia untuk dijual	7.861.327	-	-	7.861.327
Tagihan derivatif	259.124	-	-	259.124
Pinjaman yang diberikan	86.747.060	2.302.828	6.165.259	95.215.147
Piutang pembiayaan konsumen	20.758.111	4.823.266	691.003	26.272.380
Piutang sewa pembiayaan	621.436	234.310	41.805	897.551
Piutang premi	232.744	-	-	232.744
Aset reasuransi	757.428	-	-	757.428
Tagihan akseptasi	1.935.934	-	-	1.935.934
Investasi dalam saham	164.560	-	-	164.560
Aset lain-lain	924.715	-	-	924.715
Jumlah	154.471.839	7.360.404	6.898.067	168.730.310
Dikurangi:				
Cadangan kerugian penurunan nilai				(4.662.028)
				164.068.282

ASSETS
Current accounts with Bank Indonesia
Current accounts with other banks
Placements with other banks and Bank Indonesia
Marketable securities
Available-for-sale
Held-to-maturity
Government Bonds
Trading
Available-for-sale
Derivative receivables
Loans
Consumer financing receivables
Finance lease receivables
Premium receivables
Reinsurance assets
Acceptances receivable
Investments in shares
Other assets
Total
Less:
Allowance for impairment losses

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b. Risiko kredit (lanjutan)

v. Kualitas kredit dari aset keuangan (lanjutan)

Analisa umur pinjaman yang diberikan, piutang pembiayaan konsumen, dan piutang sewa pembiayaan yang telah jatuh tempo tetapi tidak mengalami penurunan nilai pada tanggal 31 Desember 2017 dan 2016 adalah:

48. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

v. Credit quality of financial assets (continued)

An aging analysis of loans, consumer financing receivables, and finance lease receivables that are "past due but not impaired" as of 31 December 2017 and 2016 is set out below:

2017				
	Modal kerja/Working capital	Investasi/ Investment	Konsumsi/ Consumer	Jumlah/Total
1 - 30 hari	317.346	883.580	4.801.391	6.002.317
31 - 60 hari	130.997	124.449	387.834	643.280
61 - 90 hari	993.472	149.579	231.311	1.374.362
	1.441.815	1.157.608	5.420.536	8.019.959
2016				
	Modal kerja/Working capital	Investasi/ Investment	Konsumsi/ Consumer	Jumlah/Total
1 - 30 hari	298.940	990.040	4.039.706	5.328.686
31 - 60 hari	177.716	196.010	331.482	705.208
61 - 90 hari	850.729	260.937	214.844	1.326.510
	1.327.385	1.446.987	4.586.032	7.360.404

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48. FINANCIAL RISK MANAGEMENT (continued)

b. Risiko kredit (lanjutan)

b. Credit risk (continued)

- vi. Saling hapus atas aset keuangan dan liabilitas keuangan

- vi. *Offsetting of financial assets and financial liabilities*

Aset keuangan dan liabilitas keuangan yang dapat saling hapus sesuai dengan perjanjian induk untuk penyelesaian secara neto (*master netting agreements*) atau perjanjian serupa pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Financial assets and financial liabilities subject to offsetting under enforceable master netting arrangements and similar agreements as of 31 December 2017 and 2016 are as follows:

2017						
	Jumlah bruto aset/ liabilitas keuangan yang diakui/ Gross amount of recognized financial assets/ financial liabilities	Jumlah bruto diakui saling hapus dalam laporan posisi keuangan/ Gross amount offset in the statement of financial position	Jumlah neto disajikan dalam laporan posisi keuangan/ Amount presented in the statement of financial position	Jumlah yang tidak di saling hapus pada laporan posisi keuangan/ Amount not offset in the statement of financial position	Jaminan keuangan yang di terima/ dijaminkan/ Financial collateral received/ pledged	Jumlah neto/ Net amount
Aset Keuangan						Financial Assets
Tagihan derivatif	103.906	-	103.906	(11.960)	-	91.946 <i>Derivative assets</i>
Liabilitas Keuangan						Financial Liabilities
Liabilitas derivatif	22.939	-	22.939	(11.960)	-	10.979 <i>Derivative liabilities</i>
2016						
	Jumlah bruto aset/ liabilitas keuangan yang diakui/ Gross amount of recognized financial assets/ financial liabilities	Jumlah bruto diakui saling hapus dalam laporan posisi keuangan/ Gross amount offset in the statement of financial position	Jumlah neto disajikan dalam laporan posisi keuangan/ Amount presented in the statement of financial position	Jumlah yang tidak di saling hapus pada laporan posisi keuangan/ Amount not offset in the statement of financial position	Jaminan keuangan yang di terima/ dijaminkan/ Financial collateral received/ pledged	Jumlah neto/ Net amount
Aset Keuangan						Financial Assets
Tagihan derivatif	259.124	-	259.124	(15.228)	-	243.896 <i>Derivative assets</i>
Liabilitas Keuangan						Financial Liabilities
Liabilitas derivatif	49.468	-	49.468	(15.228)	-	34.240 <i>Derivative liabilities</i>

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

48. FINANCIAL RISK MANAGEMENT (continued)

c. Risiko pasar

Risiko pasar merupakan risiko yang timbul karena adanya pergerakan faktor pasar seperti suku bunga dan nilai tukar pada portofolio yang dimiliki oleh Bank yang dapat menyebabkan kerugian bagi bank (*adverse movement*).

Risiko pasar terdapat pada aktivitas fungsional Bank termasuk level kegiatan treasury. Aktivitas ini mencakup posisi dalam bentuk surat berharga dan pasar uang, penyertaan pada lembaga keuangan lainnya, penyediaan dana (pinjaman dan bentuk sejenis lainnya), kegiatan pendanaan dan penerbitan surat utang, dan kegiatan *trade finance*.

Tujuan dari manajemen risiko pasar adalah untuk melakukan identifikasi, pengukuran, pengendalian, dan pengelolaan eksposur risiko pasar dalam parameter yang dapat diterima, serta memaksimalkan tingkat pengembalian. Hal ini dilakukan melalui kebijakan yang komprehensif dan kerangka limit untuk mengidentifikasi, mengukur, dan memonitor nilai risiko berdasarkan tingkat risiko yang akan diambil (*risk appetite*) oleh Bank. Limit dari risiko pasar ditetapkan pada tingkat *bankwide* dan dilaporkan serta dipantau oleh Divisi *Market and Liquidity Risks* secara harian.

Divisi *Market and Liquidity Risks* bertanggungjawab untuk melakukan identifikasi, pengukuran, pemantauan, dan pengendalian risiko pasar di Bank berdasarkan kerangka yang disetujui oleh Komite Aset dan Liabilitas (ALCO). ALCO berperan sebagai Komite manajemen senior tertinggi untuk mengambil keputusan atas kebijakan yang berkaitan dengan manajemen risiko pasar dan likuiditas. Disamping itu, Komite Pengelolaan Risiko mengkonfirmasi dan menyetujui keputusan ALCO.

Pemantauan dan pengendalian risiko pasar diterapkan melalui kerangka limit yang secara periodik direview untuk mendapatkan struktur limit yang lebih sensitif. Limit risiko pasar ditetapkan untuk *Trading* dan *Interest Rate Risk in the Banking Book* (termasuk AFS Portfolio dan *Derivative for Funding & Hedging*).

Secara keseluruhan, risiko pasar dibagi menjadi dua bagian sebagai berikut:

i. Risiko mata uang asing

Risiko mata uang asing timbul dari adanya posisi neraca dan komitmen dan kontinjensi (*off-balance sheet*) baik di sisi aset maupun liabilitas yang timbul melalui transaksi mata uang asing.

c. Market risk

Market risk is the risk of loss arising from adverse movement in market variables in portfolios held by the Bank which are defined as interest rates and exchange rates.

Market risk exists at a bank wide level, as well as treasury business level. These include exposure in securities and money market, equity participation in other financial institutions, provisions of funds (loans and other similar forms), funding and issuance of debt instruments, and trade financing activities.

The objective of market risk management is to identify, measure, control, and manage market risk exposures within acceptable parameters, while optimizing the returns. This is done through a comprehensive policy and limit framework to identify, measure, and monitor the amount of risk based on risk appetite of the Bank. Market risk limits are allocated at bank wide level and are reported and monitored by Market and Liquidity Risk Division on a daily basis.

Market and Liquidity Risks Division is responsible for identifying, measuring, monitoring, and controlling market risk in the Bank, based on framework approved by the Assets and Liability Committee (ALCO). ALCO acts as the apex senior management Committee that in charge of making all policy decisions regarding market and liquidity risk management. On the other hand, the Risk Management Committee (RMC) confirms and endorses ALCO decision.

Market risk monitoring and controlling is implemented through a limit framework which is periodically reviewed in order to accomplish a more sensitive limit structure. The limits are set for Trading and Interest Rate Risk in the Banking Book (including AFS Portfolio and derivative for Funding & Hedging).

On the overall, market risk is divided into two following risks:

i. Foreign currency risk

Foreign exchange risks arise from on and off-balance sheet positions both on the asset and liability sides through transactions in foreign currencies.

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c. Risiko pasar (lanjutan)

i. Risiko mata uang asing (lanjutan)

Bank mengukur risiko nilai tukar untuk melihat dampak perubahan nilai tukar pada pendapatan dan modal Bank. Untuk mengelola dan memitigasi risiko nilai tukar, pembatasan posisi secara internal telah ditetapkan di bawah limit regulator sebesar 20%. Untuk posisi devisa neto, Bank memperkenalkan pengukuran yang lebih sensitif terhadap risiko, seperti VaR (*Value at Risk*) untuk keperluan analisis internal sebagai indikator. VaR akan diperhitungkan secara bertahap di dalam kerangka limit risiko pasar.

48. FINANCIAL RISK MANAGEMENT (continued)

c. Market risk (continued)

i. Foreign currency risk (continued)

The Bank measures the foreign exchange risk to understand the impact of the exchange rate movement on the Bank's revenue and capital. In order to manage and mitigate the foreign exchange risk, predefined limits are set on top of the 20% regulatory limit. For net open position (NOP), the Bank is introducing a more risk sensitive measurement, such as VaR (*Value at Risk*) for internal analysis purpose as indicator. VaR is to be incorporated in stages in market risk limit framework.

Mata Uang	2017			Currencies
	Aset/Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/Net Open Position	
Keseluruhan (Laporan posisi keuangan dan Rekening Administratif)				Aggregate (Statement of financial position and Off-Balance Sheet)
Dolar Amerika Serikat	25.926.851	26.144.509	217.658	United States Dollar
Euro Eropa	660.235	658.579	1.656	European Euro
Dolar Singapura	419.569	424.353	4.784	Singapore Dollar
Dolar Hong Kong	2.843	216	2.627	Hong Kong Dollar
Yen Jepang	543.029	540.492	2.537	Japanese Yen
Poundsterling Inggris	95.715	94.761	954	Great Britain Poundsterling
Dolar Australia	597.411	596.324	1.087	Australian Dollar
Lain-lain	63.583	64.809	5.564 *)	Other currencies
Jumlah			236.867	Total
Jumlah Modal Tier I dan II			29.348.790	Total Tier I and II Capital
Rasio PDN (Keseluruhan)			0,81%	NOP Ratio (Aggregate)

Mata Uang	2016			Currencies
	Aset/Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/Net Open Position	
Keseluruhan (Laporan posisi keuangan dan Rekening Administratif)				Aggregate (Statement of financial position and Off-Balance Sheet)
Dolar Amerika Serikat	26.748.348	26.904.822	156.474	United States Dollar
Euro Eropa	282.400	281.975	425	European Euro
Dolar Singapura	500.964	498.430	2.534	Singapore Dollar
Dolar Hong Kong	3.623	1	3.622	Hong Kong Dollar
Yen Jepang	107.860	105.524	2.336	Japanese Yen
Poundsterling Inggris	69.095	68.589	506	Great Britain Poundsterling
Dolar Australia	612.989	612.480	509	Australian Dollar
Lain-lain	52.653	50.116	20.100 *)	Other currencies
Jumlah			186.506	Total
Jumlah Modal Tier I dan II			28.132.966	Total Tier I and II Capital
Rasio PDN (Keseluruhan)			0,66%	NOP Ratio (Aggregate)

*) Merupakan penjumlahan dari nilai absolut atas selisih aset dan liabilitas di Laporan posisi keuangan untuk setiap mata uang asing ditambah dengan selisih tagihan dan liabilitas dalam bentuk komitmen dan kontinjensi.

*) The sum of the absolute values of the difference between assets and liabilities at the Statement of financial position for each foreign currency and added with the difference between receivables and liabilities in the form of commitments and contingencies.

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c. Risiko pasar (lanjutan)

i. Risiko mata uang asing (lanjutan)

Analisa Sensitivitas

Selain melakukan pemantauan terhadap rasio PDN, Bank juga melakukan pemantauan sensitivitas nilai tukar mata uang asing. Bank melakukan simulasi untuk menggambarkan besarnya eksposur jika terjadi pergerakan nilai tukar mata uang asing. Faktor sensitivitas untuk nilai tukar didefinisikan sebagai jumlah total eksposur untuk setiap perubahan nilai tukar mata uang asing sebesar 1%.

	Peningkatan 1%/ 1% increase (IDR)	Penurunan 1%/ 1% decrease (IDR)
31 Desember 2017		
Potensi keuntungan/(kerugian) perubahan nilai tukar	(2.148)	2.148
31 Desember 2016		
Potensi keuntungan/(kerugian) perubahan nilai tukar	(1.440)	1.440

ii. Risiko tingkat suku bunga

Risiko suku bunga adalah potensi kerugian yang timbul akibat pergerakan suku bunga di pasar yang berlawanan dengan posisi atau transaksi Bank yang mengandung risiko suku bunga.

Tabel di bawah merangkum tingkat suku bunga efektif per tahun untuk Rupiah dan mata uang asing pada tanggal 31 Desember 2017 dan 2016:

48. FINANCIAL RISK MANAGEMENT (continued)

c. Market risk (continued)

i. Foreign currency risk (continued)

Sensitivity Analysis

In addition to the NOP ratio monitoring, the Bank also monitors the foreign exchange sensitivity. The Bank performs simulations to illustrate the exposure if there are movements in the foreign exchange. Factor sensitivity for foreign exchange is defined as the total amount of exposure for each foreign exchange given unit changes by 1%.

	Peningkatan 1%/ 1% increase (IDR)	Penurunan 1%/ 1% decrease (IDR)
31 Desember 2017		
Potential gains/(losses) on exchange rate change	(2.148)	2.148
31 Desember 2016		
Potential gains/(losses) on exchange rate change	(1.440)	1.440

ii. Interest rate risk

Interest rate risk is the probability loss that may occur from adverse movement in market interest rates vis-à-vis the Bank position or transaction.

The table below summarizes the effective interest rate per annum for Rupiah and foreign currencies as of 31 December 2017 and 2016:

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

c. Risiko pasar (lanjutan)

ii. Risiko tingkat suku bunga (lanjutan)

	2017	
	Rupiah/ Rupiah	Mata Uang Asing/ Foreign Currencies
	%	%
ASET		
Giro pada bank lain	0,19	0,53
Penempatan pada bank lain dan Bank Indonesia	4,15	1,10
Efek-efek	7,76	4,51
Obligasi Pemerintah	6,53	6,65
Pinjaman yang diberikan	12,15	4,19
Piutang pembiayaan konsumen	25,76	-
Piutang sewa pembiayaan	24,24	-
LIABILITAS		
Simpanan nasabah		
- Giro	2,51	0,21
- Tabungan	2,44	0,32
- Deposito berjangka	5,63	1,62
Simpanan dari bank lain	3,84	0,73
Efek yang diterbitkan	9,72	-
Pinjaman yang diterima	8,82	4,88

Bank mengelola risiko suku bunga dengan menggunakan analisa *re-pricing gap* dan metode *Earning-at-Risk* (EAR). EAR mengukur dampak perubahan suku bunga terhadap pendapatan bersih Bank pada jangka waktu sampai dengan 1 tahun. Untuk meningkatkan pengelolaan risiko tingkat suku bunga, Bank juga menggunakan metode *Economic Value of Equity* (EVE). EVE memberikan pengukuran terhadap risiko suku bunga pada jangka waktu yang lebih panjang serta memberikan estimasi dari dampak perubahan suku bunga terhadap modal Bank.

Buku *trading* tetap harus dikelola melalui pengukuran terhadap posisi dan juga melalui pengukuran yang lebih sensitif terhadap risiko suku bunga seperti DV01 (per *tenor bucket* dan mata uang) dan *Stop Loss Limit*. Limit risiko pasar ditetapkan dengan menggunakan pengukuran ini untuk mengelola eksposur terhadap suku bunga.

48. FINANCIAL RISK MANAGEMENT (continued)

c. Market risk (continued)

ii. Interest rate risk (continued)

	2016	
	Rupiah/ Rupiah	Mata Uang Asing/ Foreign Currencies
	%	%
ASSETS		
Current accounts with other banks	0,30	0,40
Placements with other banks and Bank Indonesia	5,94	0,60
Marketable securities	8,03	4,31
Government Bonds	5,72	5,96
Loans	13,59	4,69
Consumer financing receivables	26,33	-
Finance lease receivables	17,50	-
LIABILITIES		
Deposits from customers		
Current accounts -	2,53	0,35
Savings -	2,70	0,32
Time deposits -	6,70	1,24
Deposits from other banks	4,65	1,06
Securities issued	9,54	-
Borrowings	9,70	3,38

The Bank manages its interest rate risk using *re-pricing gap analysis* and *Earning-at-Risk* (EAR). EAR measures the impact of interest rate changes to Bank's net income in a period of up to 1 year. To enhance the Bank's management of interest rate risk, the Bank has implemented *Economic Value of Equity* (EVE). EVE will provide measurement of interest rate risk in a longer period as well as to provide estimation of the effect of interest rate changes to the value of the Bank's capital.

Trading book remains to be managed through position and more interest rate risk sensitive measurements such as DV01 (per bucket tenor and per currency) and Stop Loss Limit. Market risk limits are established using these measures to manage interest rate exposures.

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48. FINANCIAL RISK MANAGEMENT (continued)

c. Risiko pasar (lanjutan)

c. Market risk (continued)

ii. Risiko tingkat suku bunga (lanjutan)

ii. Interest rate risk (continued)

Tabel di bawah ini menyajikan portofolio Bank (tidak termasuk portofolio yang diperdagangkan) pada nilai tercatatnya, yang dikelompokkan menurut mana yang lebih awal antara tanggal re-pricing atau tanggal jatuh tempo kontraktual:

The table below summarizes the Bank's non-trading portfolios at carrying amounts, categorized by the earlier of contractual re-pricing or contractual maturity dates:

		2017							
		Suku bunga mengambang/Floating interest rate			Suku bunga tetap/Fixed interest rate				
		Nilai tercatat/ Carrying amount	Kurang dari/ Less than 3 bulan/ months	3 - 12 bulan/ months	Kurang dari/Less than 3 bulan/ months	3 - 12 bulan/ months	12 - 24 bulan/ months	Lebih dari/ More than 24 bulan/ months	
ASET									ASSETS
Giro pada Bank Indonesia - neto	7.555.916	-	-	7.555.916	-	-	-	-	Current accounts with Bank Indonesia - net
Giro pada bank lain - neto	2.032.022	-	-	2.032.022	-	-	-	-	Current accounts with other Banks - net
Penempatan pada bank lain dan Bank Indonesia - neto	5.198.885	-	-	4.054.151	1.144.734	-	-	-	Placements with other banks and Bank Indonesia - net
Efek-efek - neto	16.059.662	-	-	11.027.447	947.343	333.198	3.751.674	-	Marketable securities - net
Obligasi Pemerintah	9.347.732	9.939	-	2.413.458	1.145.076	3.875.472	1.903.787	-	Government Bonds
Efek yang dibeli dengan janji dijual kembali	296.028	-	-	296.028	-	-	-	-	Securities purchased under resale agreements
Pinjaman yang diberikan - neto	94.045.506	51.588.153	4.303.096	11.418.352	11.140.431	7.929.192	7.666.282	-	Loans - net
Piutang pembiayaan Konsumen - neto	26.080.060	-	-	6.039.156	8.809.090	7.178.233	4.053.581	-	Consumer financing Receivables - net
Piutang sewa pembiayaan - neto	369.488	-	-	97.119	145.455	87.728	39.186	-	Finance lease receivables - net
Aset lain-lain - neto	1.729.556	-	-	1.729.556	-	-	-	-	Other assets - net
Jumlah	162.714.855	51.598.092	4.303.096	46.663.205	23.332.129	19.403.823	17.414.510	-	Total
LIABILITAS									LIABILITIES
Simpanan nasabah	(101.896.818)	(16.638.608)	(32.080.579)	(46.731.791)	(6.445.840)	-	-	-	Deposits from customers
Simpanan dari bank lain	(4.634.513)	-	-	(3.132.793)	(1.182.647)	(319.073)	-	-	Deposits from other banks
Efek yang dijual dengan janji dibeli kembali	(10.434)	-	-	(10.434)	-	-	-	-	Securities sold under repurchase agreement
Efek yang diterbitkan	(10.171.165)	-	-	(850.865)	(3.725.101)	(1.324.738)	(4.270.461)	-	Securities issued
Pinjaman yang diterima	(9.794.286)	(1.174.718)	(3.825.525)	(1.587.458)	(3.156.585)	-	(50.000)	-	Borrowings
Jumlah	(126.507.216)	(17.813.326)	(35.906.104)	(52.313.341)	(14.510.173)	(1.643.811)	(4.320.461)	-	Total
Pengaruh dari derivatif untuk manajemen risiko	-	(5.049.437)	-	1.102.836	2.085.340	1.861.261	-	-	Effect of derivatives held for risk management
Selisih	36.207.639	28.735.329	(31.603.008)	(4.547.300)	10.907.296	19.621.273	13.094.049	-	Difference

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48. FINANCIAL RISK MANAGEMENT (continued)

c. Risiko pasar (lanjutan)

c. Market risk (continued)

ii. Risiko tingkat suku bunga (lanjutan)

ii. Interest rate risk (continued)

		2016							
		Suku bunga mengambang/ Floating interest rate			Suku bunga tetap/ Fixed interest rate				
		Nilai tercatat/ Carrying amount	Kurang dari/ Less than 3 bulan/ months	3 - 12 bulan/ months	Kurang dari/ Less than 3 bulan/ months	3 - 12 bulan/ months	12 - 24 bulan/ months	Lebih dari/ More than 24 bulan/ months	
ASET									ASSETS
Giro pada Bank Indonesia - neto	7.352.383	-	-	7.352.383	-	-	-	-	Current accounts with Bank Indonesia - net
Giro pada bank lain - neto	1.768.396	-	-	1.768.396	-	-	-	-	Current accounts with other Banks - net
Penempatan pada bank lain dan Bank Indonesia - neto	5.936.962	-	-	4.607.282	1.011.222	318.458	-	-	Placements with other banks and Bank Indonesia - net
Efek-efek - neto	17.408.263	-	-	12.952.910	1.347.975	1.409.456	1.697.922	-	Marketable securities - net
Obligasi Pemerintah	7.861.327	9.827	-	1.182.301	2.100.968	1.966.744	2.601.487	-	Government Bonds
Pinjaman yang diberikan - neto	91.888.516	47.476.217	2.538.912	12.303.480	13.417.929	8.856.978	7.295.000	-	Loans - net
Piutang pembiayaan Konsumen - neto	25.061.766	-	-	5.810.604	8.620.582	6.788.882	3.841.698	-	Consumer financing Receivables - net
Piutang sewa pembiayaan - neto	867.011	-	-	184.515	325.266	-	357.230	-	Finance lease recievables - net
Aset lain-lain - neto	904.864	-	-	904.864	-	-	-	-	Other assets - net
Jumlah	159.049.488	47.486.044	2.538.912	47.066.735	26.823.942	19.340.518	15.793.337	-	Total
LIABILITAS									LIABILITIES
Simpanan nasabah	(103.739.516)	(12.045.794)	(35.426.803)	(49.369.613)	(6.894.754)	(2.552)	-	-	Deposits from customers
Simpanan dari bank lain	(2.872.937)	-	-	(2.079.151)	(692.870)	(100.916)	-	-	Deposits from other banks
Efek yang diterbitkan	(8.397.979)	-	-	(72.953)	(2.678.254)	(2.729.334)	(2.917.438)	-	Securities issued
Pinjaman yang diterima	(11.414.742)	(579.123)	(3.917.168)	(2.661.544)	(4.206.907)	-	(50.000)	-	Borrowings
Jumlah	(126.425.174)	(12.624.917)	(39.343.971)	(54.183.261)	(14.472.785)	(2.832.802)	(2.967.438)	-	Total
Pengaruh dari derivatif untuk manajemen risiko	-	4.192.043	-	(599.967)	(950.655)	(2.641.421)	-	-	Effect of derivatives held for risk management
Selisih	32.624.314	39.053.170	(36.805.059)	(7.716.493)	11.400.502	13.866.295	12.825.899	-	Difference

Analisis sensitivitas

Pengelolaan risiko tingkat suku bunga dilengkapi dengan analisa sensitivitas secara periodik untuk mengukur dampak dari perubahan suku bunga. Analisis sensitivitas terhadap kenaikan atau penurunan suku bunga pasar, dengan asumsi perubahan yang simetris pada kurva imbal hasil.

Metode yang digunakan adalah EAR dan EVE. Pada kedua metode tersebut, analisis sensitivitas dilakukan dengan menaikkan dan menurunkan suku bunga sebesar 100 bps.

Sensitivity analysis

The interest rate risk management is supplemented by regularly conducting sensitivity analyses on scenarios to see the impact of changes in interest rate. An analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves.

Methods that are being used are EAR and EVE. Under both of these methods, sensitivity analysis is conducted by increasing and decreasing interest rate by 100 bps.

The original consolidated financial statements included herein are in the Indonesian language.

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c. Risiko pasar (lanjutan)

ii. Risiko tingkat suku bunga (lanjutan)

EAR dan EVE mengukur dampak dari volatilitas suku bunga dan tidak terbatas pada perubahan paralel sebesar 1 bps, sehingga memberikan perkiraan yang lebih baik.

100 bps kenaikan paralel/ parallel increase		100 bps penurunan paralel/ parallel decrease	
Dampak terhadap laba rugi/ Effect on profit or loss	Dampak terhadap ekuitas/ Effect on equity	Dampak terhadap laba rugi/ Effect on profit or loss	Dampak terhadap ekuitas/ Effect on equity

**Sensitivitas terhadap risiko
suku bunga**

Pada tanggal 31 Desember 2017¹⁾

Mata uang asing
Rupiah

30.454 (64.514)
137.681 (584.106)

(26.950) 65.835
(136.878) 604.914

As of 31 December 2017¹⁾

Foreign currencies
Rupiah

Pada tanggal 31 Desember 2016¹⁾

Mata uang asing
Rupiah

16.366 (38.340)
126.418 (556.515)

(6.015) 39.440
(125.659) 574.312

As of 31 December 2016¹⁾

Foreign currencies
Rupiah

1) Menggunakan metode EAR dan EVE (dalam jutaan Rupiah)

1) Using EAR and EVE method (in million Rupiah)

d. Risiko likuiditas

Risiko likuiditas adalah risiko yang disebabkan oleh ketidakmampuan Bank dalam memenuhi kewajiban yang telah jatuh tempo dan menutup posisi di pasar. Risiko likuiditas merupakan risiko yang terpenting pada bank umum dan perlu dikelola secara berkesinambungan.

Tujuan dari manajemen risiko likuiditas adalah untuk memastikan bahwa setiap kebutuhan dana di saat ini, maupun di masa datang baik untuk kondisi normal maupun kondisi stres dapat dipenuhi.

d. Liquidity risk

Liquidity risk is the risk caused by the inability of the Bank to meet its obligations at due date and unwind position created from market. Liquidity risk is an important risk for commercial bank and as such needs to be managed on an on-going basis.

The objective of liquidity risk management is to ensure that current and future fund requirements can be met both in normal or stress condition.

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d. Risiko likuiditas (lanjutan)

Komite Aset dan Liabilitas (ALCO) berperan sebagai Komite manajemen senior tertinggi untuk memonitor situasi likuiditas Bank. ALCO bertanggung jawab untuk menentukan kebijakan dan strategi yang berkaitan dengan aset dan liabilitas Bank sejalan dengan prinsip kehati-hatian manajemen risiko dan peraturan yang berlaku. ALCO menyetujui kerangka limit, mempertimbangkan posisi struktural neraca jangka panjang Bank, serta asumsi yang digunakan untuk pengukuran risiko. Hal ini juga akan ditinjau dan didukung oleh Komite Manajemen Risiko (RMC).

Bank mengelola risiko likuiditas melalui analisis perbedaan jatuh tempo likuiditas dan rasio-rasio likuiditas. Risiko likuiditas diukur dan dipantau secara harian berdasarkan kerangka kerja limit risiko likuiditas. Analisis kesenjangan likuiditas memberikan pandangan terhadap ketidaksesuaian arus kas masuk dengan arus kas keluar pada waktu tertentu. Kondisi ini dikelola secara terpusat oleh Tresuri yang mempunyai akses dan otorisasi secara langsung ke *interbank market*, nasabah besar (institusional) dan *professional market* yang lainnya, dalam upaya membantu aktivitas utama bisnis Bank seperti pengumpulan dana dan pemberian kredit.

Pemantauan dan pengendalian risiko likuiditas diterapkan melalui kerangka limit yang secara periodik direview untuk mendapatkan struktur limit yang lebih sensitif. Struktur limit risiko likuiditas terkini mencakup pengukuran limit dan indikator *Maximum Cumulative Outflow* (MCO), *Loan to Funding Ratio* (LFR), *Liquidity Coverage Ratio*, dan risiko konsentrasi pendanaan.

Eksposur terhadap risiko likuiditas

Untuk melengkapi kerangka kerja, risiko likuiditas diukur dan dikelola pada kondisi normal (*business-as-usual*) dan kejadian kondisi stress. Sehingga, *Maximum Cumulative Outflow* (MCO) juga diukur untuk situasi tidak normal, untuk itu rencana pendanaan darurat likuiditas (CFP) telah disusun untuk mempersiapkan Bank jika terjadi krisis likuiditas.

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d. Liquidity risk (continued)

The Asset and Liability Committee (ALCO) acts as the apex Committee entrusted to monitor liquidity situation of the Bank. ALCO is in charge of determining the policy and strategy of the Bank's asset and liabilities in line with the principles of prudent risk management and applicable regulatory requirements. ALCO approves the limit framework, deliberates on the long-term structural balance sheet positioning of the Bank, as well as assumptions used in the risk measurement. These are subject to the Risk Management Committee (RMC) review and endorsement.

The Bank manages liquidity risk through liquidity gap analysis and liquidity ratios. Liquidity risk is measured and monitored on a daily basis based on liquidity risk limit framework. Liquidity gap analysis provides insight as to the mismatch of expected cash inflows vis-à-vis outflows on any given day. This is centrally managed within Treasury which has direct and authorized access to interbank, wholesale, and other professional markets, to supplement core banking activities such as lending and deposit taking.

Liquidity risk monitoring and controlling is implemented through a limit framework which is periodically reviewed in order to accomplish a more sensitive limit structure. The coverage of current liquidity risk limit structure includes measurement of limit and indicator such as *Maximum Cumulative Outflow* (MCO), *Loan to Funding Ratio* (LFR), *Liquidity Coverage Ratio*, and funding concentration risk.

Exposure to liquidity risk

To complete the framework, liquidity risk is measured and controlled under both normal and stress scenarios. Thus, the *Maximum Cumulative Outflow* (MCO) is estimated also under abnormal market condition, such that the *Contingency Funding Plan* (CFP) is in place in case of liquidity crisis.

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48. FINANCIAL RISK MANAGEMENT (continued)

d. Risiko likuiditas (lanjutan)

d. Liquidity risk (continued)

Eksposur terhadap risiko likuiditas (lanjutan)

Exposure to liquidity risk (continued)

Pada tanggal 31 Desember 2017 dan 2016, rasio dari aset likuid neto terhadap simpanan nasabah adalah sebagai berikut:

As of 31 December 2017 and 2016, the ratio of net liquid assets to deposits from customers are as follows:

	2017	2016	
Kas dan setara kas	15.834.242	15.153.530	Cash and cash equivalents
Efek-efek dan Obligasi Pemerintah diperdagangkan, tidak termasuk SBI yang sudah diklasifikasikan sebagai kas dan setara kas	1.626.611	1.702.005	Trading marketable securities and Government Bonds, excluding Certificates of Bank Indonesia classified as cash and cash equivalents
Efek-efek dan Obligasi Pemerintah tersedia untuk dijual, tidak termasuk SBI yang sudah diklasifikasikan sebagai kas dan setara kas	20.544.522	20.347.355	Available-for-sale marketable securities and Government Bonds, excluding Certificates of Bank Indonesia classified as cash and cash equivalents
Simpanan dari bank lain	(4.634.513)	(2.872.937)	Deposits from other banks
Jumlah aset likuid neto	33.370.862	34.329.953	Total net liquid assets
Simpanan dari nasabah	101.896.818	103.739.516	Deposits from customers
Rasio aset likuid neto terhadap simpanan dari nasabah	33%	33%	Ratio of net liquid assets to deposits from customers

Sisa jatuh tempo kontraktual dari liabilitas

Residual contractual maturities of liabilities

Tabel di bawah ini menyajikan ekspektasi arus kas dari liabilitas keuangan Bank berdasarkan tahun jatuh tempo kontraktual yang terdekat dan asumsi perilaku (*behavioral assumptions*) pada tanggal laporan posisi keuangan.

The table below shows the expected cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity and behavioral assumptions as of the statement of financial position date.

Nilai nominal arus masuk/arus keluar yang disajikan pada tabel di bawah ini merupakan arus kas kontraktual yang tidak didiskontokan terkait dengan pokok dan bunga atas liabilitas keuangan. Pengungkapan instrumen derivatif menunjukkan nilai neto derivatif yang dapat diselesaikan secara neto, juga arus masuk dan arus keluar bruto untuk derivatif yang diselesaikan bruto secara bersamaan (misalnya kontrak berjangka valuta asing).

The nominal inflow/outflow disclosed in the following table represent the contractual undiscounted cash flows relating to the principal and interest on the financial liability. The disclosure for derivatives shows a net amount for derivatives that are net settled, and a gross inflow and outflow amount for derivatives that have simultaneous gross settlement (e.g. currency forward).

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48. FINANCIAL RISK MANAGEMENT (continued)

d. Risiko likuiditas (lanjutan)

d. Liquidity risk (continued)

Sisa jatuh tempo kontraktual dari liabilitas keuangan (lanjutan)

Residual contractual maturities of financial liabilities (continued)

2017						
Kurang dari 1 bulan/ Less than 1 month	1 - 3 bulan/ months	3 - 12 bulan/ months	>1 tahun/ years	Jumlah/ Total		
Liabilitas non derivatif:						Non-derivative liabilities:
Simpanan dari nasabah	102.135.155	-	-	-	102.135.155	Deposits from customers
Simpanan dari bank lain	4.634.513	-	-	-	4.634.513	Deposits from other banks
Efek yang dijual dengan janji dibeli kembali	10.434	-	-	-	10.434	Securities sold under repurchase agreements
Utang akseptasi	411.932	675.581	367.172	31.366	1.486.051	Acceptances payable
Efek yang diterbitkan	49.173	1.011.099	4.340.609	6.706.095	12.106.976	Securities issued
Pinjaman yang diterima	1.417.247	2.268.040	5.294.712	1.841.876	10.821.875	Borrowings
Liabilitas lain-lain	4.044.227	-	-	-	4.044.227	Other liabilities
	<u>112.702.681</u>	<u>3.954.720</u>	<u>10.002.493</u>	<u>8.579.337</u>	<u>135.239.231</u>	
Derivatif:						Derivatives:
Arus keluar	(10.244.467)	(2.189.987)	(3.336.405)	(2.842.601)	(18.613.460)	Outflow
Arus masuk	10.246.789	2.200.340	3.326.728	2.813.068	18.586.925	Inflow
	<u>2.322</u>	<u>10.353</u>	<u>(9.677)</u>	<u>(29.533)</u>	<u>(26.535)</u>	
	<u>112.705.003</u>	<u>3.965.073</u>	<u>9.992.816</u>	<u>8.549.804</u>	<u>135.212.696</u>	
2016						
Kurang dari 1 bulan/ Less than 1 month	1 - 3 bulan/ months	3 - 12 bulan/ months	>1 tahun/ years	Jumlah/ Total		
Liabilitas non derivatif:						Non-derivative liabilities:
Simpanan dari nasabah	104.009.428	-	-	-	104.009.428	Deposits from customers
Simpanan dari bank lain	2.872.937	-	-	-	2.872.937	Deposits from other banks
Utang akseptasi	671.021	996.675	268.238	-	1.935.934	Acceptances payable
Efek yang diterbitkan	51.262	228.594	3.318.626	6.698.828	10.297.310	Securities issued
Pinjaman yang diterima	702.647	3.468.465	5.201.311	3.226.817	12.599.240	Borrowings
Liabilitas lain-lain	4.256.348	-	-	-	4.256.348	Other liabilities
	<u>112.563.643</u>	<u>4.693.734</u>	<u>8.788.175</u>	<u>9.925.645</u>	<u>135.971.197</u>	
Derivatif:						Derivatives:
Arus keluar	(4.870.779)	(1.579.015)	(2.008.576)	(2.770.660)	(11.229.030)	Outflow
Arus masuk	4.861.540	1.591.731	1.985.141	2.795.790	11.234.202	Inflow
	<u>(9.239)</u>	<u>12.716</u>	<u>(23.435)</u>	<u>25.130</u>	<u>5.172</u>	
	<u>112.554.404</u>	<u>4.706.450</u>	<u>8.764.740</u>	<u>9.950.775</u>	<u>135.976.369</u>	

Fasilitas kredit kepada debitur yang belum digunakan, *irrevocable letter of credit* yang masih berjalan dan garansi yang diterbitkan (lihat catatan 44), dapat dibayarkan sesuai permintaan nasabah.

Unused loan facilities, outstanding irrevocable letter of credit and guarantee issued (see note 44) can be disbursed on customer demand.

Analisis perbedaan jatuh tempo aset dan liabilitas

Maturity gap analysis of assets and liabilities

Tabel dibawah ini menyajikan analisa jatuh tempo aset dan liabilitas Bank dan Entitas Anak pada tanggal 31 Desember 2017 dan 2016, berdasarkan jangka waktu yang tersisa sampai tanggal jatuh tempo kontrak dan asumsi perilaku (*behavioral assumptions*):

The table below shows the analysis of maturities of assets and liabilities of the Bank and Subsidiaries as of 31 December 2017 and 2016, based on remaining terms to contractual maturity date and behavioral assumptions:

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

48. FINANCIAL RISK MANAGEMENT (continued)

d. Risiko likuiditas (lanjutan)

d. Liquidity risk (continued)

2017							
	Nilai tercatat/ Carrying amount	Tidak mempunyai tanggal jatuh tempo kontraktual/ No contractual maturity	Kurang dari/ Less than 1 bulan/month	1 - 3 bulan/ months	3 - 6 bulan/ months	6 - 12 bulan/ months	Lebih dari/More than 12 bulan/ months
ASET							ASSETS
Kas	2.546.414	-	2.546.414	-	-	-	Cash
Giro pada Bank Indonesia	7.555.916	-	7.555.916	-	-	-	Current accounts with Bank Indonesia
Giro pada bank lain	2.032.855	-	2.032.855	-	-	-	Current accounts with other Banks
Penempatan pada bank lain dan Bank Indonesia	5.201.392	-	2.966.541	732.516	539.224	963.111	Placements with other banks and Bank Indonesia
Efek-efek:							Marketable securities:
Tersedia untuk dijual	11.196.790	318.222	2.612.114	2.537.404	1.039.772	1.252.591	Available-for-sale
Dimiliki hingga jatuh tempo	127.276	-	68.708	35.288	3.043	10.000	Held-to-maturity
Pinjaman dan piutang	4.777.388	-	965.707	2.270.666	1.535.455	5.560	Loans and receivable
Efek yang dibeli dengan janji dijual kembali	296.028	-	160.334	135.694	-	-	Securities purchased under resale agreements
Tagihan derivatif	103.906	-	14.801	26.864	38.000	36	Derivative receivables
Pinjaman yang diberikan	96.968.742	-	14.258.742	13.913.563	15.188.540	20.154.863	Loans
Piutang pembiayaan konsumen	27.413.102	-	2.751.250	3.586.947	3.483.017	5.787.106	Consumer financing receivables
Piutang sewa pembiayaan	384.301	-	31.754	69.689	61.825	89.168	Finance lease receivables
Piutang premi	252.967	-	70.546	130.797	36.549	11.884	Premium receivables
Aset reasuransi	736.093	566.202	169.891	-	-	-	Reinsurance assets
Tagihan akseptasi	1.486.051	-	411.933	675.580	270.873	96.299	Acceptances receivable
Obligasi Pemerintah:							Government Bonds:
Diperdagangkan	1.626.611	-	565.487	362.960	112.866	61.939	Trading
Tersedia untuk dijual	9.347.732	-	1.560.152	853.306	50.027	1.104.987	Available-for-sale
Investasi dalam saham	122.669	122.669	-	-	-	-	Investments in shares
Beban dibayar dimuka dan aset lain-lain	3.728.205	412.418	263.207	50.024	10.484	9.953	Prepayments and other assets
Jumlah	175.904.438	1.419.511	39.006.352	25.381.298	22.369.675	29.547.497	Total
Dikurangi:							Less:
Cadangan kerugian penurunan nilai	(4.384.048)	(4.384.048)	-	-	-	-	Allowance for impairment losses
	171.520.390	(2.964.537)	39.006.352	25.381.298	22.369.675	29.547.497	58.180.105
LIABILITAS							LIABILITIES
Simpanan nasabah	101.896.818	-	32.613.180	16.854.321	8.264.554	9.039.234	Deposits from customers
Simpanan dari bank lain	4.634.513	-	2.745.591	387.199	362.234	820.416	Deposits from other banks
Efek yang dijual dengan janji dibeli kembali	10.434	-	10.434	-	-	-	Securities purchased under resale agreements
Utang akseptasi	1.486.051	-	411.933	675.580	270.873	96.299	Acceptances payable
Efek yang diterbitkan	10.171.165	-	-	850.865	1.985.629	1.812.472	Securities issued
Pinjaman yang diterima	9.794.286	-	1.419.590	1.392.580	3.448.573	1.727.308	Borrowings
Liabilitas derivatif	22.939	-	8.687	3.113	1.797	5.285	Derivative liabilities
Beban yang masih harus dibayar dan kewajiban lain-lain	8.108.415	1.381.666	1.672.245	611.086	179.123	338.709	Accruals and other liabilities
	136.124.621	1.381.666	38.881.660	20.774.744	14.512.783	13.839.723	46.734.045
Selisih	35.395.769	(4.346.203)	124.692	4.606.554	7.856.892	15.707.774	11.446.060
							Difference

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

48. FINANCIAL RISK MANAGEMENT (continued)

d. Risiko likuiditas (lanjutan)

d. Liquidity risk (continued)

2016							
	Nilai tercatat/ Carrying amount	Tidak mempunyai tanggal jatuh tempo kontraktual/ No contractual maturity	Kurang dari/ Less than 1 bulan/month	1 - 3 bulan/ months	3 - 6 bulan/ months	6 - 12 bulan/ months	Lebih dari/More than 12 bulan/ months
ASET							
Kas	2.265.049	-	2.265.049	-	-	-	-
Giro pada Bank Indonesia	7.352.383	-	7.352.383	-	-	-	-
Giro pada bank lain	1.769.456	-	1.769.456	-	-	-	-
Penempatan pada bank lain dan Bank Indonesia	5.939.628	-	3.754.025	855.922	65.593	945.629	318.459
Efek-efek:							
Tersedia untuk dijual	12.486.028	478.429	1.333.005	661.673	3.817.112	3.088.123	3.107.686
Dimiliki hingga jatuh tempo	4.959.900	-	1.401.224	1.657.857	1.821.192	30.688	48.939
Obligasi Pemerintah:							
Diperdagangkan	1.702.005	-	656.556	470.851	254.352	197.637	122.609
Tersedia untuk dijual	7.861.327	-	-	1.182.301	1.136.402	964.567	4.578.057
Tagihan derivatif	259.124	-	31.393	44.002	70.042	31.552	82.135
Pinjaman yang diberikan	95.215.147	-	13.169.557	14.947.428	16.287.884	19.654.891	31.155.387
Piutang pembiayaan konsumen	26.272.380	-	2.610.649	3.503.844	3.429.255	5.587.210	11.141.422
Piutang sewa pembiayaan	897.551	-	58.063	133.949	127.870	208.459	369.210
Piutang premi	232.744	-	65.897	106.682	46.085	14.080	-
Aset reasuransi	757.428	635.485	121.943	-	-	-	-
Tagihan akseptasi	1.935.934	-	671.021	996.675	249.988	18.250	-
Investasi dalam saham	164.560	164.560	-	-	-	-	-
Beban dibayar dimuka dan aset lain-lain	2.429.983	354.320	443.437	39.920	16.851	10.775	1.564.680
Jumlah	172.500.627	1.632.794	35.703.658	24.601.104	27.322.626	30.751.861	52.488.584
Dikurangi:							
Cadangan kerugian penurunan nilai	(4.664.847)	(4.664.847)	-	-	-	-	-
	<u>167.835.780</u>	<u>(3.032.053)</u>	<u>35.703.658</u>	<u>24.601.104</u>	<u>27.322.626</u>	<u>30.751.861</u>	<u>52.488.584</u>
LIABILITAS							
Simpanan nasabah	103.739.516	-	39.193.224	13.715.015	7.364.488	6.384.094	37.082.695
Simpanan dari bank lain	2.872.937	-	1.926.074	153.077	239.541	453.329	100.916
Utang akseptasi	1.935.934	-	671.021	996.675	249.988	18.250	-
Efek yang diterbitkan	8.397.979	-	-	72.953	362.842	2.388.412	5.573.772
Pinjaman yang diterima	11.414.742	-	689.787	2.604.746	3.435.711	1.621.129	3.063.369
Liabilitas derivatif	49.468	-	18.654	4.693	12.808	198	13.115
Beban yang masih harus dibayar dan liabilitas lain-lain	6.889.713	1.314.718	1.361.880	615.346	112.641	345.213	3.139.915
	<u>135.300.289</u>	<u>1.314.718</u>	<u>43.860.640</u>	<u>18.162.505</u>	<u>11.778.019</u>	<u>11.210.625</u>	<u>48.973.782</u>
Selisih	<u>32.535.491</u>	<u>(4.346.771)</u>	<u>(8.156.982)</u>	<u>6.438.599</u>	<u>15.544.607</u>	<u>19.541.236</u>	<u>3.514.802</u>
							Difference

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional

Risiko Operasional adalah risiko yang timbul dari ketidakcukupan dan atau tidak berfungsinya proses internal, kesalahan manusia, kegagalan sistem atau adanya problem eksternal yang berdampak kepada kegiatan operasional Bank dan/atau Entitas Anak.

Bank memiliki kebijakan manajemen risiko operasional yang dalam penyusunannya mengacu pada POJK No. 18/POJK.03/2016.

Kebijakan Manajemen Risiko Operasional secara *bankwide* digunakan sebagai acuan utama bagi semua Lini Bisnis, Fungsi Pendukung dan Entitas Anak dalam mengelola risiko operasional.

Tujuan Bank dalam mengelola risiko operasional adalah untuk mencegah atau meminimalisasi dampak kegagalan/ketidakcukupan proses internal, manusia, sistem atau kejadian-kejadian eksternal yang dapat mengakibatkan dampak kerugian keuangan dan merusak reputasi Bank.

Pendekatan Bank terhadap manajemen risiko operasional adalah dengan menentukan strategi mitigasi guna memperoleh keseimbangan yang optimal antara paparan risiko operasional, efektivitas mekanisme kontrol, dan pembuatan *risk appetite* sebagai salah satu strategi bank dengan melakukan implementasi yang konsisten atas kerangka kerja Manajemen Risiko Operasional ("ORM").

Komponen utama dari Kerangka Kerja Pengelolaan Risiko Operasional yang dijalankan secara berkesinambungan antara lain:

1. Tiga lini pertahanan

Semua pihak di Bank dan Entitas Anak menjalankan penugasan terkait dengan perannya masing-masing dalam pengelolaan risiko operasional.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk

Operational risk is defined as the risk resulting from inadequate or failed internal processes, people and system or from external events, which impact the operations in the Bank and/or Subsidiaries.

The Operational Risk Management Framework refers to POJK No. 18/POJK.03/2016.

Bank wide Operational Risk Management Policy is used as a main reference for all line of businesses, support functions and subsidiaries in managing their operational risk.

The Bank's objective in managing operational risk is to prevent or minimize the impact of the failure or inadequate internal process, people, systems or from external events, which could impact the financial losses, and damage the Bank's reputation.

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

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

1. Three lines of defense

All parties in the Bank and its Subsidiaries have their respective roles in the management of operational risk.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional (lanjutan)

1. Tiga lini pertahanan (lanjutan)

Dalam pelaksanaan kerangka kerja ORM, diterapkan konsep "Tiga Lini Pertahanan" dengan penjelasan sebagai berikut:

Unit bisnis dan fungsi pendukung sebagai pemilik dari proses pengelolaan risiko, ORM di Lini Bisnis/Fungsi Pendukung, dan fungsi Pengendalian Internal yang ada pada setiap *Risk Taking Unit* (RTU) berperan sebagai lini pertahanan lapis pertama dalam penegakan pengelolaan risiko operasional sehari-hari. Mereka bertanggungjawab dalam mengidentifikasi, mengelola, memitigasi, dan melaporkan Risiko Operasional.

Divisi ORM bersama-sama dengan Divisi *Compliance* dan *Legal* berperan sebagai pertahanan lapis kedua yang bertanggungjawab dalam pengawasan pengelolaan risiko operasional di Bank.

Sedangkan Auditor Internal (SKAI) secara independen berperan sebagai pertahanan lapis ketiga yang bertanggungjawab untuk mengidentifikasi kelemahan yang ditemukan dalam pengelolaan risiko operasional dan menilai pelaksanaan kerangka manajemen risiko operasional telah berjalan sesuai dengan ketentuan.

Direksi seperti halnya Dewan Komisaris bertanggung-jawab untuk mengawasi efektivitas pelaksanaan dari kerangka-kerja pengelolaan risiko operasional secara menyeluruh serta pelaksanaannya.

Bank telah membentuk ORM di lini bisnis/Fungsi Pendukung untuk membantu Divisi ORM dalam memastikan penerapan kerangka kerja manajemen risiko operasional di setiap unit kerja telah berjalan dengan baik. Divisi ORM berfungsi dalam perancangan, pendefinisian, pengembangan, dan pemeliharaan kerangka kerja risiko operasional secara keseluruhan, memantau penerapan kerangka kerja oleh RTU, memastikan kecukupan kontrol atas kebijakan dan prosedur, serta berperan sebagai koordinator/fasilitator atas aktivitas pengelolaan risiko operasional yang efektif.

Bank juga melakukan penerapan yang ketat atas prinsip "empat mata" (pemisahan tugas dan dual control/dual custody) untuk semua proses terutama proses yang kritis.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk (continued)

1. Three lines of defense (continued)

In implementing ORM framework, "Three Lines of Defense" concept has been implemented as follows:

Business and supporting units as the owner of risk management process, ORM at Line of Business/Support Function, and Internal Control functions in each Risk Taking Units act as the first line of defense in day-to-day execution/implementation of operational risk management. They are responsible to identify, manage, mitigate, and report on Operational Risk.

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

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

The Board of Directors of the Bank as well as the Board of Commissioners are responsible to oversee the effectiveness of the overall operational risk management framework as well as its execution.

The Bank has established ORM at line of business/Support Function to help ORM Division in ensuring that operational risk management framework has been well implemented in every working unit. ORM Division is responsible to design, interpret, develop, maintain and improve the overall operational risk management framework, monitor the RTU's adherence to the framework, ensure the control adequacy of policies and procedures, and act as the coordinator/facilitator of the overall operational risk management activities to ensure its effectiveness.

Bank also performs strict implementation of four eyes principle (segregation of duties and dual control /dual custody) for all processes especially for critical processes.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional (lanjutan)

2. Proses pengelolaan risiko operasional

Pelaksanaan kerangka kerja ORM di Bank dan Entitas Anak dilakukan dalam proses ORM yang terpadu dan terdiri dari proses identifikasi, penilaian/pengukuran, pemantauan serta pengendalian /mitigasi risiko.

Proses ini mencakup:

- (1) Identifikasi risiko yang digunakan untuk mengidentifikasi dan menganalisa risiko melekat pada produk, jasa, sistem dan proses baru maupun perubahannya. Serta memastikan adanya kecukupan kontrol preventif atas seluruh proses yang dijalankan.
- (2) Pengukuran risiko di tingkat unit operasional didukung dengan perangkat *Risk/Loss Event Database (R/LED)*, *Risk Control Self-Assessment (RCSA)*, dan *Key Risk Indicator (KRI)*, untuk mengetahui profil risiko bank secara kuantitatif sehingga dapat digunakan untuk mengetahui efektifitas penerapan manajemen risiko operasional.
- (3) Pemantauan risiko operasional melalui penyusunan laporan secara berkala ke manajemen untuk mengidentifikasi masalah yang muncul terkait dengan adanya kelemahan atau kegagalan didalam penerapan fungsi kontrol.
- (4) Pengendalian risiko dilakukan diantaranya dengan memastikan ketersediaan kebijakan operasional dan kecukupan kontrol pada seluruh prosedur operasional untuk memitigasi risiko operasional.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk (continued)

2. Operational risk management process

Practices of ORM Framework in the Bank and Subsidiaries are being conducted through an integrated ORM process which consists of risk identification, assessment/measurement, monitoring and controlling/mitigation.

The process involves:

- (1) Risk identification is used to identify and analyze inherent risk in new and/ or changes in product, service and processes. The risk identification also ensures the preventive control adequacy over all the processes.*
- (2) Risk measurement at operating unit level supported by Risk/Loss Event Database (R/LED), Risk Control Self-Assessment (RCSA), and Key Risk Indicator (KRI) to measure the Bank's risk profile quantitatively, so that it can be used to identify the effectiveness of operational risk management.*
- (3) Operational risk monitoring through regular reports to management to identify issues related to weakness or failure of controls functions.*
- (4) Risk controlling is conducted amongst others through ensuring the availability of operational policy and control adequacy in all operational procedures to mitigate the operational risk.*

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional (lanjutan)

2. Proses pengelolaan risiko operasional (lanjutan)

Penerapan Manajemen Asuransi dilakukan sebagai salah satu mitigasi risiko operasional yang penting dan penerapannya dilakukan secara terkoordinasi untuk memastikan keseimbangan optimal antara paparan risiko operasional, efektifitas mekanisme kontrol, cakupan asuransi, biaya premi dan *risk appetite* Bank dan/atau Entitas Anak. Polis asuransi aset dan finansial Bank dan/atau Entitas Anak secara komprehensif terdiri dari *Money Insurance*, *Property All Risk*, *Bankers Blanket Bonds/Electronic Computer Crime* (khusus bank), *Directors & Officers*, dan *Electronic Equipment Insurance*.

3. Sarana pendukung

Implementasi dari proses pengelolaan risiko operasional secara menyeluruh didukung dengan alat bantu *online real time* yaitu ORMS (*Operational Risk Management System*). ORMS memiliki fungsi sebagai berikut :

- Pencatatan *Risk Loss Event*;
- Memonitor *Key Risk Indicator*;
- *Risk Control Self-Assessment*; dan
- *Reporting*.

ORMS memperkuat pencatatan, analisis dan pelaporan dari data risiko operasional dengan kemampuan melakukan identifikasi risiko, penilaian/pengukuran, pemantauan dan pengendalian/mitigasi yang dilaksanakan secara terintegrasi. Dengan demikian meningkatkan efektivitas dari penerapan manajemen risiko operasional pada Bank dan Entitas Anak.

ORM juga mempunyai sarana pendukung yang telah dikembangkan untuk meningkatkan kesadaran akan pentingnya risiko operasional, yaitu *E-Learning*. *E-Learning* ini telah dan sedang dilaksanakan di seluruh jajaran manajemen dan karyawan Bank serta Entitas Anak.

4. Perhitungan Beban Modal Risiko Operasional

Bank telah melakukan perhitungan beban modal untuk risiko operasional dengan menggunakan Pendekatan Indikator Dasar sejak Januari 2010 sesuai dengan jangka waktu dari Bank Indonesia.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk (continued)

2. Operational risk management process (continued)

Insurance Management implementation is conducted as one of major operational risk mitigations and its implementation is conducted in a well-coordinated manner to ensure optimum balance between operational risk exposures, effectiveness of control mechanism imposed, insurance coverage, premium expenses and Bank's and/or its Subsidiaries' risk appetites. The Bank's and/or Subsidiaries' comprehensive financial & assets insurance coverage are ranging from Money Insurance, Property All Risk, Bankers Blanket Bonds/Electronic Computer Crime (bank only), Directors & Officers, and Electronic Equipment Insurance.

3. Supporting infrastructure

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

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

ORMS strengthen the capture, analysis and reporting of operational risk data by enabling risk identification, assessment/measurement, monitoring and controlling/mitigating to be conducted in an integrated manner, thereby enhance the effectiveness of operational risk management implementation in Bank and its Subsidiaries.

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

4. Operational Risk Capital Charges Calculation

The Bank has performed the capital charges calculation for operational risk by using Basic Indicator Approach since January 2010 as per Bank Indonesia timeline.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional (lanjutan)

5. Business Continuity Management

Sebagai bagian dari kerangka kerja ORM Danamon, maka BCM disusun untuk meningkatkan kemampuan beradaptasi Bank dan membuat langkah pencegahan dalam menghadapi seluruh insiden terburuk yang menimpa Bank dan Entitas Anak tanpa mempertimbangkan penyebabnya, termasuk risiko yang diklasifikasikan memiliki dampak rendah-tinggi guna menjaga kepentingan stakeholders, reputasi, brand dan aktivitas usaha yang bernilai dan untuk meningkatkan ketahanan Bank dan Entitas Anak. Pengelolaan dan implementasi BCM di Bank dan Entitas Anak tidak hanya fokus terhadap penanganan gangguan seperti bencana alam, tetapi juga fokus dan meliputi penyimpangan yang dapat merintangi rencana strategis operasional Bank dan Entitas Anak.

Sesuai dengan tujuan tersebut di atas, maka Bank telah:

- Meningkatkan cakupan BCM (kerangka kerja dan penerapannya) ke semua lini bisnis Bank dan Entitas Anak dengan meningkatkan kesadaran dan pengetahuan akan BCM dari semua staff dengan memberikan pelatihan internal, sosialisasi ke regional, loka karya dan *email blast*.
- Memastikan kapasitas dari rencana BCM diperbaharui dan efektif dengan secara periodik melakukan pelatihan, pengujian, pemeliharaan dan peninjauan atas kebijakan dan prosedur sejalan dengan strategi Bank dan Entitas Anak.

Selain itu juga Bank akan:

- Melakukan peningkatan kompetensi dari karyawan yang mengelola BCM secara nasional (BCM di Kantor Pusat) dengan beberapa pelatihan terkait dengan risiko operasional dan BCM.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk (continued)

5. Business Continuity Management

As an integral part of Danamon's ORM framework, BCM was created to improve the Bank's resilience and establish preventive measures to respond to all incidents that may befall the Bank and its Subsidiaries regardless of the causes, including risks classified as low probability-high impact in order to safeguard the stakeholders' interests, reputation, brand and valuable business activities. Management and implementation of BCM in the Bank and its Subsidiaries is not only focused on handling disturbance like a natural disaster, but also focuses and covers the disorders that might threaten the strategic plan of the Bank and its Subsidiaries' operations.

In accordance to the above reasons, the Bank has:

- Expanded the scope of BCM (framework and the implementation) as well as the development plan to all lines of business of the Bank and its Subsidiaries by improving BCM awareness and knowledge of all staff through internal training, socialization to regions, workshops and email blasts.
- Ensured that the BCM plan is up to date and effective by periodically exercising, testing, maintaining and reviewing the policies and procedures in line with the strategy of the Bank and its subsidiaries.

The Bank also will:

- Improving the competence of employees who are managing national BCM (BCM at Headquarters) with several trainings related to Operational Risk and BCM.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional (lanjutan)

5. Business Continuity Management (lanjutan)

Program dan kerangka kerja BCM disusun agar dapat diterapkan secara efektif, dengan tujuan sebagai berikut:

- a. Bank dan Entitas Anak dapat memastikan pemulihan dan kelanjutan proses operasional dan aktivitas bisnis secara tepat waktu dari seluruh fungsi/unit saat terjadi krisis atau bencana.
- b. Bank dan Entitas Anak memiliki sumber daya yang memadai yang mungkin diperlukan untuk mendukung proses pemulihan dalam situasi krisis.
- c. Mengurangi dampak terhadap Bank dan Entitas Anak dalam situasi krisis sehingga layanan dapat terus tersedia untuk nasabah.
- d. Mengurangi risiko reputasi.
- e. Meningkatkan kepercayaan publik dan sistem keuangan makro terhadap Bank dan Entitas Anak.
- f. Meningkatkan ketahanan dan kemampuan pemulihan Bank dan Entitas Anak
- g. Memastikan eksistensi Bank dan Entitas Anak dalam situasi krisis.

6. Fokus terhadap Fraud dan Quality Assurance

Pengelolaan Fraud

Dengan tujuan untuk mengantisipasi risiko operasional yang mungkin terjadi akibat tindakan *Fraud* yang dilakukan baik oleh karyawan internal bank ataupun oleh pihak eksternal, Bank telah membuat kerangka kerja strategi anti-Fraud yang tertuang dalam "*Fraud Management Policy & Framework*" yang sudah diberlakukan secara nasional. Kerangka kerja dan strategi ini sejalan dengan Surat Edaran Bank Indonesia No.13/28/DPNP mengenai Penerapan Strategi Anti-Fraud Bagi Bank Umum.

Dalam mengimplementasikan Kebijakan tersebut, Bank melakukan berbagai upaya secara terus menerus untuk melakukan peningkatan efektifitas pengendalian internal, sebagai upaya meminimalkan risiko *Fraud* dengan melakukan pengawasan aktif manajemen, pengembangan budaya dan kepedulian Anti *Fraud* kepada seluruh jenjang organisasi di Bank.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk (continued)

5. Business Continuity Management (continued)

BCM's framework and programs are prepared with the following objectives:

- a. The Bank and its Subsidiaries can in a timely manner recover and continue the operation processes and business activities from all functions / units in the event of crisis or disaster.
- b. The Bank and its Subsidiaries have adequate resources that may be required to support the recovery process under a crisis situation
- c. Minimize the impact to the Bank and Subsidiaries under a crisis situation so services can continue to be provided to our customers.
- d. Minimize the reputation risk.
- e. Improve the trust of the public and macro financial system to the Bank and its Subsidiaries.
- f. Improve the Bank and its Subsidiaries resiliency and recovery capacity.
- g. Ensure the existence of the Bank and Subsidiaries under a crisis situation.

6. Focus on Fraud and Quality Assurance

Fraud Management

With the objective to anticipate operational risks which might arise caused by fraudulent activities committed by internal employee or external parties, Bank issued internal policy of the Bank with title "*Fraud Management Policy & Framework*" that is applied nationally. This framework and strategy in line with Bank Indonesia Circular Letter No.13/28/DPNP on the Implementation of Anti-Fraud Strategy for Commercial Banks.

In implementing the policy, the Bank conducts many efforts continually to increase the effectiveness of internal control, as an effort to minimize the risks of fraud by implementing the Bank's management responsibilities by active monitoring, culture development and awareness of anti-fraud for the whole level in the Bank's organization.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional (lanjutan)

6. Fokus terhadap *Fraud* dan *Quality Assurance* (lanjutan)

Implementasi strategi Anti-*Fraud* yang dilakukan Bank dalam bentuk sistem pengendalian *Fraud* dijabarkan melalui 4 (empat) pilar strategi pengendalian *Fraud* yang saling berkaitan yaitu: (i) pencegahan; (ii) deteksi; (iii) investigasi, pelaporan, dan sanksi; (iv) serta *monitoring*, evaluasi, dan tindak lanjut.

Penerapan dari strategi tersebut telah dilakukan oleh Bank dengan melakukan berbagai tindakan untuk mencegah, mendeteksi, dan mengelola risiko *fraud*, termasuk diantaranya:

- Pengembangan prosedur kontrol internal di unit-unit dalam mengelola risiko *fraud*;
- Sosialisasi kampanye anti-*fraud* dan pelatihan tentang kesadaran anti *fraud*;
- Melakukan strategi identifikasi risiko *fraud* dan mitigasi kontrol yang harus dilakukan;
- Penggunaan sistem untuk mendeteksi aplikasi *Fraud* di area *consumer banking* dan akan diteruskan ke area-area lain dan berbagai strategi yang akan diterapkan dalam mencegah dan mendeteksi kejadian *fraud* di unit-unit kerja;
- Bergabung dengan Forum Anti-*Fraud* untuk *sharing best practices* dan *trend fraud* antar industri.

dan berbagai strategi akan diterapkan untuk mencegah dan mendeteksi kejadian *fraud* di unit kerja. Penerapan Strategi Anti-*Fraud* di Bank telah dilaporkan ke Otoritas Jasa Keuangan sebagai pengawas perbankan setiap semester.

Pengelolaan QA

Bank memberikan pula penekanan kepada pentingnya kontrol preventif dan mekanisme pendeteksian dini atas pemaparan risiko operasional melalui pembentukan fungsi *National Quality Assurance*. Fungsi ini berperan aktif dalam meng-koordinasikan usaha-usaha untuk memperkuat sistem pengendalian internal dari setiap Lini Bisnis dan Fungsi Pendukung.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk (continued)

6. Focus on *Fraud* and *Quality Assurance* (continued)

Implementation of anti-fraud strategy undertaken in the form of the Bank fraud control system is described into 4 (four) pillars of correlated fraud control strategies which are: (i) prevention; (ii) detection; (iii) investigation, reporting, and sanctions; (iv) and monitoring, evaluation, and follow up actions.

Implementation of these strategies has been conducted by the Bank by performing various actions to prevent, detect, and manage fraud risks, including:

- the development of internal control process and procedures in the units in managing fraud risk;
- continuous socialization of anti-fraud campaign and anti-fraud awareness training;
- pursuing a strategy of fraud risk identification and fraud detection, also mitigation controls that must be done;
- implemented Fraud Detection system for applications in consumer Banking area and will be continued to other areas;
- joined the Anti-Fraud Forum to share best practices and fraud trends across industry.

and a variety of strategies to be implemented to prevent and detect fraud incident of unit of works. The implementation of Anti-Fraud Strategy has been reported to Otoritas Jasa Keuangan ("OJK") as Danamon's supervisor semesterly.

QA Management

The Bank is also re-emphasizing the importance of preventative control and early detection mechanisms over operational risk exposures through setting up a *National Quality Assurance* function. The function undertakes a bank wide coordination role in the efforts to strengthen internal control systems in each Line of Business and Support Function.

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48. MANAJEMEN RISIKO KEUANGAN (lanjutan)

e. Risiko operasional (lanjutan)

7. Fokus terhadap *Fraud* dan *Quality Assurance* (lanjutan)

Kerangka kerja *Quality Assurance* menggunakan penggabungan methodology, kebijakan, prosedur dan persiapan organisasi yang dkhhususkan untuk secara sistematis untuk menjalankan program monitoring dan evaluasi dalam melakukan identifikasi, pengukuran, pengawasan dan kontrol terhadap risiko yang timbul dari operasional Bank.

Pelaksanaan QA di setiap unit di Bank mengikuti kerangka kerja COSO (*Committee of Sponsoring Organization of the Treadway Commission*), yang mencakup:

- 1) Menguji efektifitas kontrol
- 2) Validasi silang dari temuan QA dan Internal Audit

Tahun ini dan selanjutnya, QA focus untuk membangun system yang terintegrasi, terukur dan informatif yang akan digunakan oleh QA unit di Bank dan Entitas anak.

49. ASET KEUANGAN DAN LIABILITAS KEUANGAN

Nilai wajar instrumen keuangan

Sebagian besar instrumen keuangan pada laporan posisi keuangan konsolidasian disajikan menggunakan nilai wajar. Berikut ini adalah perbandingan antara nilai tercatat, seperti yang dilaporkan pada laporan posisi keuangan konsolidasian dan nilai wajarnya.

Pada tabel berikut ini, instrumen keuangan telah dialokasikan berdasarkan klasifikasinya. Kebijakan akuntansi penting pada Catatan 2f menjelaskan bagaimana setiap kategori aset keuangan dan liabilitas keuangan diukur dan bagaimana pendapatan dan beban, termasuk keuntungan dan kerugian atas nilai wajar (perubahan nilai wajar instrumen keuangan) diakui.

Pengelompokan aset keuangan telah diklasifikasikan menjadi aset keuangan yang diukur pada nilai wajar melalui laba rugi; aset keuangan dimiliki hingga jatuh tempo; pinjaman yang diberikan dan piutang; dan aset keuangan tersedia untuk dijual. Sama halnya dengan setiap liabilitas keuangan yang juga telah diklasifikasikan menjadi yang diperdagangkan dan biaya perolehan diamortisasi.

Nilai wajar pada tanggal laporan posisi keuangan konsolidasian adalah berdasarkan informasi yang tersedia dan belum diperbaharui untuk merefleksikan perubahan keadaan pasar setelah tanggal laporan posisi keuangan.

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48. FINANCIAL RISK MANAGEMENT (continued)

e. Operational risk (continued)

7. Focus on *Fraud* and *Quality Assurance* (continued)

The *Quality Assurance* framework includes unified methodology, policies, procedures, and organisation preparation, which is devoted to systematically run a monitoring program and evaluation in the identification, measurement, monitoring, and control risks that arise from Bank's operation.

The implementation of QA in every Risk Taking Unit at the bank follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Implementation of the COSO framework includes:

- 1) Testing the effectiveness of controls.
- 2) Cross validation of findings between QA and Internal Audit.

QA focus in this year and the coming years is to build integrated, effective, measureable and informative QA system applications which will be used by all existing QA units in the Bank and its subsidiaries.

49. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value of financial instruments

A significant number of financial instruments are carried at fair value in the consolidated statements of financial position. Below is the comparison of the carrying amounts, as reported on the consolidated statements of financial position, and their fair values.

In the following table, financial instruments have been categorized based on their classification. The significant accounting policies in Note 2f describe how the categories of the financial assets and financial liabilities are measured and how income and expenses, including fair value gains and losses (changes in fair value of financial instruments), are recognized.

Financial assets have been classified into fair value through profit or loss; held-to-maturity; loans and receivables and available-for-sale financial assets. Similarly, each class of financial liability has been classified into trading and other amortized cost.

The fair values are based on relevant information available as at the consolidated statement of financial position date and have not been updated to reflect changes in market condition after the statement of financial position date.

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**49. ASET KEUANGAN DAN LIABILITAS KEUANGAN
(lanjutan)**

Tabel berikut ini merupakan nilai tercatat dan nilai wajar dari aset keuangan dan liabilitas keuangan pada tanggal 31 Desember 2017 dan 2016.

**49. FINANCIAL ASSETS AND FINANCIAL LIABILITIES
(continued)**

The table below sets out the carrying amounts and fair values of the financial assets and liabilities as of 31 December 2017 and 2016.

2017							
Nilai tercatat/Carrying amount							
Diukur pada nilai wajar melalui laba rugi/ <i>Fair value through profit or loss</i>	Dimiliki hingga jatuh tempo/ <i>Held-to-maturity</i>	Pinjaman yang diberikan dan piutang/ <i>Loans and receivables</i>	Tersedia untuk dijual/ <i>Available-for-sale</i>	Biaya perolehan diamortisasi lainnya/ <i>Other Amortized cost</i>	Jumlah nilai tercatat/ <i>Total carrying amount</i>	Nilai wajar/ <i>Fair value</i>	
Aset Keuangan							Financial Assets
Kas	-	2.546.414	-	-	2.546.414	2.546.414	Cash
Giro pada Bank Indonesia - neto	-	7.555.916	-	-	7.555.916	7.555.916	Current accounts with Bank Indonesia - net
Giro pada bank lain - neto	-	2.032.022	-	-	2.032.022	2.032.022	Current accounts with other banks - net
Penempatan pada bank lain dan Bank Indonesia - neto	-	5.198.885	-	-	5.198.885	5.198.885	Placements with other banks and Bank Indonesia - net
Efek-efek - neto	127.276	4.735.596	11.196.790	-	16.059.662	16.059.662	Marketable securities - net
Obligasi Pemerintah	1.626.611	-	9.347.732	-	10.974.343	10.974.343	Government Bonds
Efek yang dibeli dengan janji dijual kembali	-	296.028	-	-	296.028	296.028	Securities purchased under resale agreements
Tagihan derivatif	-	-	-	-	-	-	Derivative receivables
Diperdagangkan	18.225	-	-	-	18.225	18.225	Trading
Dimiliki untuk manajemen risiko	85.681	-	-	-	85.681	85.681	Held for risk management
Pinjaman yang diberikan - neto	-	94.045.506	-	-	94.045.506	95.674.768	Loans - net
Piutang pembiayaan konsumen - neto	-	26.080.060	-	-	26.080.060	26.561.899	Consumer financing receivable - net
Piutang sewa pembiayaan - neto	-	369.488	-	-	369.488	388.721	Finance lease receivables - net
Piutang premi	-	252.967	-	-	252.967	252.967	Premium receivables
Aset reasuransi - neto	-	697.170	-	-	697.170	697.170	Reinsurances assets - net
Tagihan akseptasi - neto	-	1.485.940	-	-	1.485.940	1.485.940	Acceptances receivable - net
Investasi dalam saham	-	-	122.669	-	122.669	122.669	Investments in shares
Aset lain-lain - neto	-	1.729.556	-	-	1.729.556	1.729.556	Other assets - net
Liabilitas Keuangan							Financial Liabilities
Simpanan nasabah	-	-	-	101.896.818	101.896.818	101.896.818	Deposits from customers
Simpanan dari bank lain	-	-	-	4.634.513	4.634.513	4.634.513	Deposits from other banks
Efek yang dibeli dengan janji dijual kembali	-	-	-	10.343	10.434	10.434	Securities purchased under resale agreements
Utang akseptasi	-	-	-	1.486.051	1.486.051	1.486.051	Acceptances payable
Efek yang diterbitkan	-	-	-	10.171.165	10.171.165	10.526.385	Securities issued
Pinjaman yang diterima	-	-	-	9.794.286	9.794.286	9.794.286	Borrowings
Liabilitas derivatif	-	-	-	-	-	-	Derivative liabilities
Diperdagangkan	15.732	-	-	-	15.732	15.732	Trading
Dimiliki untuk manajemen risiko	7.207	-	-	-	7.207	7.207	Held for risk management
Liabilitas lain-lain	-	-	-	4.282.564	4.282.564	4.282.564	Other liabilities

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**49. ASET KEUANGAN DAN LIABILITAS KEUANGAN
(lanjutan)**

**49. FINANCIAL ASSETS AND FINANCIAL LIABILITIES
(continued)**

2016							
Nilai tercatat/Carrying amount							
Diukur pada nilai wajar melalui laba rugi/Fair value through profit or loss	Dimiliki hingga jatuh tempo/Held-to-maturity	Pinjaman yang diberikan dan piutang/Loans And receivables	Tersedia untuk dijual/Available-for-sale	Biaya perolehan diamortisasi lainnya/Other Amortized cost	Jumlah nilai tercatat/Total carrying amount	Nilai wajar/Fair value	
Aset Keuangan							Financial Assets
Kas	-	2.265.049	-	-	2.265.049	2.265.049	Cash
Giro pada Bank Indonesia - neto	-	7.352.383	-	-	7.352.383	7.352.383	Current accounts with Bank Indonesia - net
Giro pada bank lain - neto	-	1.768.396	-	-	1.768.396	1.768.396	Current accounts with other banks - net
Penempatan pada bank lain dan Bank Indonesia - neto	-	5.936.962	-	-	5.936.962	5.936.962	Placements with other banks and Bank Indonesia - net
Efek-efek - neto	4.922.235	-	12.486.028	-	17.408.263	17.408.144	Marketable securities - net
Obligasi Pemerintah	1.702.005	-	7.861.327	-	9.563.332	9.563.332	Government Bonds
Tagihan derivatif Diperdagangkan	39.525	-	-	-	39.525	39.525	Derivative receivables Trading
Dimiliki untuk manajemen risiko	219.599	-	-	-	219.599	219.599	Held for risk management
Pinjaman yang diberikan - neto	-	91.888.516	-	-	91.888.516	90.936.486	Loans - net
Piutang pembiayaan konsumen - neto	-	25.061.766	-	-	25.061.766	25.253.016	Consumer financing receivable - net
Piutang sewa pembiayaan - neto	-	867.011	-	-	867.011	878.165	Finance lease receivables - net
Piutang premi	-	232.744	-	-	232.744	232.744	Premium receivables
Aset reasuransi - neto	-	724.479	-	-	724.479	724.479	Reinsurances assets - net
Tagihan akseptasi - neto	-	1.935.882	-	-	1.935.882	1.935.882	Acceptances receivable - net
Investasi dalam saham	-	-	164.560	-	164.560	164.560	Investments in shares
Aset lain-lain - neto	-	904.864	-	-	904.864	904.864	Other assets - net
Liabilitas Keuangan							Financial Liabilities
Simpanan nasabah	-	-	-	103.739.516	103.739.516	103.739.516	Deposits from customers
Simpanan dari bank lain	-	-	-	2.872.937	2.872.937	2.872.937	Deposits from other banks
Utang akseptasi	-	-	-	1.935.934	1.935.934	1.935.934	Acceptances payable
Efek yang diterbitkan	-	-	-	8.397.979	8.397.979	8.615.231	Securities issued
Pinjaman yang diterima	-	-	-	11.414.742	11.414.742	11.414.742	Borrowings
Liabilitas derivatif Diperdagangkan	49.468	-	-	-	49.468	49.468	Derivative liabilities Trading
Liabilitas lain-lain	-	-	-	4.526.364	4.526.364	4.526.364	Other liabilities

Metode dan asumsi yang digunakan untuk estimasi nilai wajar adalah sebagai berikut:

Nilai wajar aset keuangan dan liabilitas keuangan, kecuali efek-efek dimiliki hingga jatuh tempo, pinjaman yang diberikan yang mempunyai risiko nilai wajar, piutang pembiayaan konsumen, piutang sewa pembiayaan, efek yang diterbitkan, dan pinjaman yang diterima, mendekati nilai tercatatnya karena mempunyai jangka waktu tempo yang singkat atas instrumen keuangan tersebut dan/atau suku bunganya sering ditinjau ulang.

The following methods and assumptions are used to estimate the fair values:

The fair values of financial assets and liabilities, except for held-to-maturity marketable securities, loans with fair value risk, consumer financing receivables, finance lease receivables, securities issued, and borrowings, approximated the carrying amounts largely due to the short-term maturities of these instruments and/or repricing of interest rate frequently.

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49. ASET KEUANGAN DAN LIABILITAS KEUANGAN (lanjutan)

Nilai wajar efek-efek dimiliki hingga jatuh tempo dan efek yang diterbitkan ditentukan berdasarkan harga kuotasi pasar yang berlaku pada tanggal 31 Desember 2017 dan 2016.

Nilai wajar pinjaman yang diberikan yang mempunyai risiko nilai wajar, piutang pembiayaan konsumen, piutang sewa pembiayaan, dan pinjaman yang diterima dinilai menggunakan diskonto arus kas berdasarkan tingkat suku bunga pasar pada tanggal 31 Desember 2017 dan 2016.

Nilai wajar investasi dalam saham dinilai sebesar biaya perolehannya karena nilai wajarnya tidak dapat diukur secara andal, kecuali untuk investasi dalam saham tertentu yang memiliki harga kuotasi dicatat sebesar harga kuotasi pasar yang berlaku.

Hirarki nilai wajar instrumen keuangan

Tabel berikut ini merupakan hirarki nilai wajar dari aset keuangan dan liabilitas keuangan pada tanggal 31 Desember 2017 dan 2016.

a. Aset keuangan

Pengukuran nilai wajar pada tanggal pelaporan menggunakan/ Fair value measurement as at reporting date using:				
	2017	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3
Aset keuangan yang diukur pada nilai wajar - neto				
Diukur pada nilai wajar melalui laba rugi:				
Tagihan Derivatif	103.906	-	103.906	-
Obligasi Pemerintah	1.626.611	1.626.611	-	-
Tersedia untuk dijual				
Efek-efek	11.196.790	6.447.879	4.748.911	-
Obligasi Pemerintah	9.347.732	9.347.732	-	-
Investasi dalam saham	122.669	118.694	-	3.975
Aset keuangan yang nilai wajarnya diungkapkan - neto				
Dimiliki hingga jatuh tempo:				
Efek-efek	127.276	-	127.276	-
Pinjaman yang diberikan dan piutang:				
Pinjaman yang diberikan	95.674.768	-	91.226.898	4.447.870
Efek-efek	4.735.596	-	4.735.596	-
Piutang pembiayaan konsumen	26.561.899	-	26.561.899	-
Piutang sewa pembiayaan	388.721	-	388.721	-

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49. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair values of held-to-maturity marketable securities and securities issued were determined on the basis of quoted market price as of 31 December 2017 and 2016.

The fair values of loans with fair value risk, consumer financing receivables, finance lease receivables, and borrowings are determined by discounting cash flows using market interest rate as of 31 December 2017 and 2016.

The fair value of investments in shares is the same as the cost since fair value cannot be reliably measured, except for certain investment in shares that has quoted price was determined on the basis of quoted market price.

Fair value hierarchy of financial instruments

The table below sets out the fair values hierarchy of the financial assets and liabilities as of 31 December 2017 and 2016.

a. Financial assets

Financial asset measured at fair value - net
Fair value through profit or loss:
Derivative receivables
Government Bonds
Available-for-sale
Marketable securities
Government Bonds
Investments in Shares

Financial asset of which the fair value is disclosed - net
Held-to-maturity:
Marketable securities
Loans and receivables:
Loans
Marketable securities
Consumer financing receivables
Finance lease receivables

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**49. ASET KEUANGAN DAN LIABILITAS KEUANGAN
(lanjutan)**

Hirarki nilai wajar instrumen keuangan (lanjutan)

a. Aset keuangan (lanjutan)

Pengukuran nilai wajar pada tanggal pelaporan menggunakan/ Fair value measurement as at reporting date using:				
2016	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
Aset keuangan yang diukur pada nilai wajar - neto				Financial asset measured at fair value - net
Diukur pada nilai wajar melalui laba rugi:				Fair value through profit or loss:
Tagihan Derivatif	259.124	-	259.124	Derivative receivables
Obligasi Pemerintah	1.702.005	1.702.005	-	Government Bonds
Tersedia untuk dijual:				Available-for-sale financial assets:
Efek-efek	12.486.028	7.895.941	4.590.087	Marketable securities
Obligasi Pemerintah	7.861.327	7.861.327	-	Government Bonds
Investasi dalam saham	164.560	160.585	-	Investments in shares
Aset keuangan yang nilai wajarnya diungkapkan - neto				Financial asset of which the fair value is disclosed - net
Dimiliki hingga jatuh tempo:				Held-to-maturity:
Efek-efek	4.922.116	-	4.922.116	Marketable securities
Pinjaman yang diberikan dan piutang:				Loans and receivables:
Pinjaman yang diberikan	90.936.486	-	88.410.563	Loans
Piutang pembiayaan konsumen	25.253.016	-	25.253.016	Consumer financing receivables
Piutang sewa pembiayaan	878.165	-	878.165	Finance lease receivables

b. Liabilitas keuangan

b. Financial liabilities

Pengukuran nilai wajar pada tanggal pelaporan menggunakan/ Fair value measurement as at reporting date using:				
2017	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
Liabilitas keuangan yang diukur pada nilai wajar				Financial liability measured at fair value
Diukur pada nilai wajar melalui laba rugi:				Fair value through profit or loss:
Liabilitas derivatif	22.939	-	22.939	Derivative liabilities
Liabilitas keuangan yang nilai wajarnya diungkapkan:				Financial liability which fair value is disclosed:
Diukur dengan biaya perolehan diamortisasi:				At amortized cost:
Efek yang diterbitkan	10.526.385	-	10.526.385	Securities issued
Pinjaman yang diterima	9.794.286	-	9.794.286	Borrowings

Pengukuran nilai wajar pada tanggal pelaporan menggunakan/ Fair value measurement as at reporting date using:				
2016	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
Liabilitas keuangan yang diukur pada nilai wajar				Financial liability measured at fair value
Diukur pada nilai wajar melalui laba rugi:				Fair value through profit or loss:
Liabilitas derivatif	49.468	-	49.468	Derivative liabilities
Liabilitas keuangan yang nilai wajarnya diungkapkan:				Financial liability which fair value is disclosed:
Diukur dengan biaya perolehan diamortisasi:				At amortized cost:
Efek yang diterbitkan	8.615.231	-	8.615.231	Securities issued
Pinjaman yang diterima	11.414.742	-	11.414.742	Borrowings

Pada tanggal 31 Desember 2017 dan 2016, tidak ada aset keuangan atau liabilitas keuangan yang ditransfer dari atau ke tingkat 2 dan/atau tingkat 3.

As of 31 December 2017 and 2016, there are no financial assets and financial liabilities transfer out of or into level 2 and/or level 3.

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50. AKTIVITAS FIDUCIARY

Bank menyediakan jasa kustodian, agen sekuritas, trustee, pengelolaan investasi discretionary, dan reksadana kepada pihak ketiga. Aset yang terdapat dalam aktivitas fiduciary tidak termasuk dalam laporan keuangan konsolidasian ini. Jumlah komisi yang diterima dari pemberian jasa ini untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah Rp23.831 (2016: Rp18.849).

51. BATAS MAKSIMUM PEMBERIAN KREDIT BANK UMUM ("BMPK")

Pada tanggal 31 Desember 2017 dan 2016, tidak terdapat pelampauan BMPK kepada pihak terkait maupun pihak tidak terkait.

Mulai tanggal 31 Desember 2007, Bank telah menerapkan peraturan BI No. 8/6/PBI/2006 tentang penerapan manajemen risiko secara konsolidasi bagi Bank yang melakukan pengendalian terhadap Entitas Anak dalam perhitungan BMPK Bank.

Sesuai dengan peraturan BI No. 8/13/PBI/2006 tentang Perubahan Atas Peraturan Bank Indonesia No. 7/3/PBI/2005 Batas Maksimum Pemberian Kredit Bank Umum dan peraturan BI No. 7/3/PBI/2005 tentang Batas Maksimum Pemberian Kredit Bank Umum, batas maksimum penyediaan dana kepada pihak terkait, satu peminjam yang bukan pihak terkait, dan satu kelompok peminjam yang bukan pihak terkait masing-masing tidak melebihi 10%, 20%, dan 25% dari modal Bank.

52. MANAJEMEN PERMODALAN

Penerapan Bank atas risiko pasar, risiko kredit, dan risiko operasional dalam permodalan adalah sebagai berikut:

a. Risiko pasar

Bank telah menerapkan pendekatan standar untuk mengelola risiko pasar sesuai Peraturan Bank Indonesia No. 9/33/DPNP tanggal 18 Desember 2007 yang kemudian dicabut dan digantikan dengan Surat Edaran OJK No. 38/SEOJK.03/2016 tanggal 8 September 2016.

b. Risiko kredit

Sesuai dengan Surat Edaran BI No. 13/6/DPNP tanggal 18 Februari 2011 yang kemudian dicabut dan digantikan dengan Surat Edaran OJK No.42/SEOJK.03/2016 tanggal 28 September 2016, Bank sudah menerapkan pendekatan standar untuk mengelola resiko kredit mulai 1 Januari 2012.

50. FIDUCIARY ACTIVITIES

The Bank provides custodial, securities agency, trustee, investment management discretionary, and mutual fund services to third parties. Assets that are held in fiduciary activities are not included in these consolidated financial statements. Total fees received from these services for the year ended 31 December 2017 was Rp23,831 (2016: Rp18,849).

51. LEGAL LENDING LIMIT FOR COMMERCIAL BANKS ("LLL")

As of 31 December 2017 and 2016, there was no excess of LLL to both related parties and non-related parties.

Starting 31 December 2007, the Bank has implemented BI regulation No. 8/6/PBI/2006 regarding the implementation of consolidated risk management to the Subsidiaries which are controlled by the Bank in the Bank's LLL calculation.

Based on BI regulation No. 8/13/PBI/2006 regarding changes on BI regulation No. 7/3/PBI/2005 and BI regulation No. 7/3/PBI/2005 regarding Legal Lending Limit for Commercial Bank, the maximum lending limit to related parties, one non-related party debtor, and one non-related party group of debtors shall not exceed 10%, 20%, and 25% of the Bank's capital, respectively.

52. CAPITAL MANAGEMENT

The Bank implementation on market risk, credit risk, and operational risk in capital is as follows:

a. Market risk

The Bank has adopted standardized approach for market risk management in accordance with Bank Indonesia Circular Letter No. 9/33/DPNP dated 18 December 2007 which has been revoked and replaced with OJK Circular Letter No. 38/SEOJK.03/2016 dated 8 September 2016.

b. Credit risk

In accordance with BI Circular Letter No. 13/6/DPNP dated 18 February 2011, which has been revoked and replaced with OJK Circular Letter No.42/SEOJK.03/2016 dated 28 September 2016, the Bank has adopted the standardized approach for credit risk management starting 1 January 2012.

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52. MANAJEMEN PERMODALAN (lanjutan)

c. Risiko operasional

Untuk pengelolaan risiko operasional Bank menerapkan pendekatan indikator dasar sesuai dengan Surat Edaran BI No. 11/3/DPNP tanggal 27 Januari 2009 yang kemudian dicabut dan digantikan dengan Surat Edaran OJK No. 24/SEOJK.03/2016 tanggal 14 Juli 2016. Berdasarkan regulasi ini, beban modal untuk risiko operasional sebesar 15% dari rata-rata pendapatan kotor selama tiga tahun terakhir, efektif tanggal 1 Januari 2011.

Adapun struktur permodalan Bank saat ini terdiri dari:

- i. Modal inti (*tier 1*) terdiri dari komponen-komponen yang seluruhnya termasuk dalam modal inti utama (*common equity tier 1*).

Modal inti (*tier 1*) tersebut terdiri dari modal disetor dan cadangan tambahan modal dikurangi dengan perhitungan pajak tangguhan, aset tidak berwujud dan penyertaan di entitas anak.

Cadangan tambahan modal terdiri dari agio saham, cadangan umum, laba tahun-tahun lalu, laba tahun berjalan, penghasilan komprehensif lainnya, dikurangi selisih kurang antara PPA dan cadangan kerugian penurunan nilai atas aset produktif, dan PPA atas aset non produktif yang wajib dihitung.

- ii. Modal pelengkap (*tier 2*) terdiri dari cadangan umum PPA atas aset produktif yang wajib dibentuk (maksimum 1,25% dari ATMR untuk risiko kredit).

Sesuai dengan peraturan BI di atas, guna memperkuat daya tahan industri perbankan dalam menghadapi berbagai tantangan ekonomi, bank diwajibkan untuk meningkatkan rasio minimum modal inti (*Tier 1*) dari 5% menjadi 6%, efektif dari tanggal 1 Januari 2014 dan membentuk tambahan modal sebagai penyangga (*buffer*) yang berlaku secara bertahap mulai 1 Januari 2016 sampai 1 Januari 2019. Ketentuan mengenai pemenuhan *buffer* ini diatur lebih lanjut dalam PBI Nomor 17/22/PBI/2015 tanggal 23 Desember 2015 tentang Kewajiban Pembentukan *Countercyclical Buffer* dan POJK No. 46/POJK.03/2015 tanggal 23 Desember 2015 tentang Penetapan *Systemically Important Bank* dan *Capital Surcharge*.

52. CAPITAL MANAGEMENT (continued)

c. Operational risk

Operational risk management still uses basic indicator approach as per BI Circular Letter No. 11/3/DPNP dated 27 January 2009 which has been revoked and replaced with OJK Circular Letter No.24/SEOJK.03/2016 dated 14 July 2016. Based on this regulation, the capital charge for operational risk is at 15% of average gross income for the last three years, which became effective on 1 January 2011.

The current Bank capital structure consists of:

- i. Core capital (*tier 1*) consists of components which are included in main core capital (common equity tier 1).

The Core capital (*tier 1*) comprises of paid-up capital and disclosed reserves less deductions for deferred tax, intangible assets and investment in subsidiaries.

Disclosed reserve consists of additional paid up capital, general reserves, prior year profit, current year profit, other comprehensive income less shortage in regulatory provision on allowance for impairment loss for productive assets and non-productive assets.

- ii. Supplementary capital (*tier 2*) comprises the regulatory provision general reserve on productive assets (maximum 1.25% from RWA for credit risk).

According to BI regulation above, with the aim to strengthen the banking industry in overcoming various economic challenges, banks are required to increase the minimum Tier 1 Capital from 5% to 6%, effective from 1 January 2014, and provide additional capital buffers which are imposed in stages from 1 January 2016 to 1 January 2019. Buffer requirement is further regulated in BI Regulation No. 17/22/PBI/2015 dated 23 December 2015 about Countercyclical Buffer Requirement and OJK regulation No. 46/POJK.03/2015 dated 23 December 2015 about Stipulation of Systemically Important Bank and Capital Surcharge.

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52. MANAJEMEN PERMODALAN (lanjutan)

Persentase *buffer* (dari ATMR) yang wajib dipenuhi Bank pada tanggal 31 Desember 2017 dan 2016 masing-masing sebagai berikut:

- *Capital Conservation Buffer* 1,250% dan 0,625%,
- *Countercyclical Buffer* 0,000% dan 0,000%,
- *Capital Surcharge untuk D-SIB* 0,500% dan 0,250%.

Hasil penilaian menunjukkan bahwa Bank mampu memenuhi ketentuan KPMM minimum sesuai dengan profil risiko, dan mampu memenuhi ketentuan tambahan modal (*buffer*), baik untuk Bank maupun konsolidasi.

Bank mendukung kebijakan yang telah dikeluarkan oleh BI dan OJK dan berupaya mempersiapkan diri agar dapat memenuhi berbagai ketentuan yang dikeluarkan sehingga mampu mencapai pertumbuhan bisnis yang berkelanjutan. Bank optimis mampu memenuhi ketentuan terkait permodalan untuk mendukung pertumbuhan bisnis yang diharapkan.

Berikut adalah posisi modal berdasarkan peraturan BI dan OJK pada tanggal 31 Desember 2017 dan 2016:

	2017	2016
Bank		
Dengan memperhitungkan risiko kredit,		
risiko pasar dan risiko operasional		
- Aset Tertimbang Menurut Risiko	126.334.355	123.952.278
- Jumlah modal	29.356.326	27.645.640
- Rasio Kewajiban Penyediaan Modal Minimum	23,24%	22,30%
Bank dan Entitas Anak		
Dengan memperhitungkan risiko kredit,		
risiko pasar dan risiko operasional		
- Aset Tertimbang Menurut Risiko	157.002.381	154.089.908
- Jumlah modal	34.618.850	32.247.623
- Rasio Kewajiban Penyediaan Modal Minimum	22,05%	20,93%

Manajemen menggunakan rasio permodalan dengan tujuan untuk memonitor jumlah modal dan rasio modal tersebut mengikuti standar industri untuk mengukur kecukupan modal. Pendekatan BI dan OJK atas pengukuran tersebut terutama berdasarkan pengawasan atas hubungan kebutuhan sumber modal terhadap ketersediaan sumber modal.

Bank telah memenuhi ketentuan BI dan OJK yang berlaku tentang KPMM dan Perhitungan ATMR.

52. CAPITAL MANAGEMENT (continued)

Buffer percentage (from RWA) that the Bank should meet at 31 December 2017 and 2016 respectively as follows:

- *Capital Conservation Buffer* 1.250% and 0.625%,
- *Countercyclical Buffer* 0.000% and 0.000%,
- *Capital Surcharge for D-SIB* 0.500% and 0.250%.

The assessment result shows that the Bank has met the minimum CAR in accordance to its risk profile, and met additional capital buffers requirement, both on standalone and consolidated basis.

The Bank supports this BI and OJK initiative and is committed to take appropriate actions to meet the requirements in order to generate sustainable growth. The Bank believes in meeting the capital requirements to support the desired business growth.

The following is the Bank's capital position based on BI and OJK regulation as of 31 December 2017 and 2016:

Bank
With credit risk, market risk and operational risk
Risk Weighted Assets -
Total capital -
Capital Adequacy Ratio -
Bank and Subsidiaries
With credit risk, market risk and operational risk
Risk Weighted Assets -
Total capital -
Capital Adequacy Ratio -

Management uses regulatory capital ratios in order to monitor capital base, and these capital ratios follow the industry standards for measuring capital adequacy. BI's and OJK's approach to such measurement is primarily based on monitoring the relationship of the capital resources requirement to available capital resources.

The Bank has fulfilled the BI's and OJK's regulation regarding CAR and Calculation of RWA.

The original consolidated financial statements included herein are in the Indonesian language.

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53. ASET DAN LIABILITAS DALAM MATA UANG ASING

53. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Saldo aset dan liabilitas moneter dalam mata uang asing adalah sebagai berikut:

The balances of monetary assets and liabilities in foreign currencies are as follows:

	2017		
	Mata uang asing (dalam ribuan)/ Foreign currency (in thousand)	Ekuivalen Rupiah (dalam jutaan)/ Rupiah equivalent (in million)	
ASET			ASSETS
Kas			Cash
Dolar Amerika Serikat	11.276	152.989	United States Dollar
Dolar Singapura	1.609	16.336	Singapore Dollar
Dolar Australia	1.658	17.565	Australian Dollar
Euro Eropa	454	7.370	European Euro
Poundsterling Inggris	74	1.364	Great Britain Poundsterling
Yen Jepang	1.394	168	Japanese Yen
		195.792	
Giro pada Bank Indonesia			Current accounts with Bank Indonesia
Dolar Amerika Serikat	125.972	1.709.131	United States Dollar
Giro pada bank lain			Current accounts with other banks
Dolar Amerika Serikat	59.152	802.538	United States Dollar
Euro Eropa	24.364	395.575	European Euro
Yen Jepang	2.563.830	308.980	Japanese Yen
Dolar Australia	7.644	80.985	Australian Dollar
Dolar Singapura	3.860	39.195	Singapore Dollar
Poundsterling Inggris	2.241	41.062	Great Britain Poundsterling
Dolar Hongkong	1.639	2.845	Hongkong Dollar
Dolar Kanada	533	1.929	Canadian Dollar
Lain-lain	2.525	9.736	Others
		1.682.845	
Penempatan pada bank lain dan Bank Indonesia			Placements with other banks and Bank Indonesia
Dolar Amerika Serikat	57.000	773.347	United States Dollar
Dolar Singapura	10.000	101.546	Singapore Dollar
		874.893	
Efek-efek			Marketable securities
Dolar Amerika Serikat	261.150	3.543.155	United States Dollar
Euro Eropa	631	10.237	European Euro
		3.553.392	
Tagihan derivatif			Derivative receivables
Dolar Amerika Serikat	471	6.397	United States Dollar
Yen Jepang	730	88	Japanese Yen
Franc Swiss	18	66	Swiss Franc
		6.551	

The original consolidated financial statements included herein are in the Indonesian language.

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**53. ASET DAN LIABILITAS DALAM MATA UANG ASING
(lanjutan)**

**53. ASSETS AND LIABILITIES IN FOREIGN
CURRENCIES (continued)**

	2017		
	Mata uang asing (dalam ribuan)/ <i>Foreign currency (in thousand)</i>	Ekuivalen Rupiah (dalam jutaan)/ <i>Rupiah equivalent (in million)</i>	
ASET (lanjutan)			ASSETS (continued)
Pinjaman yang diberikan			Loans
Dolar Amerika Serikat	471.063	6.391.148	United States Dollar
Dolar Singapura	23.807	241.745	Singapore Dollar
Euro Eropa	883	14.336	European Euro
		6.647.229	
Piutang premi			Premium receivables
Dolar Amerika Serikat	6.763	91.622	United States Dollar
Dolar Singapura	235	2.377	Singapore Dollar
Euro Eropa	10	158	European Euro
Yen Jepang	669	80	Japanese Yen
Lain-lain	4	27	Others
		94.264	
Tagihan akseptasi			Acceptances receivable
Dolar Amerika Serikat	79.044	1.072.432	United States Dollar
Yuan China	6.644	13.844	China Yuan
Yen Jepang	132.340	15.949	Japanese Yen
Euro Eropa	3.653	59.316	European Euro
Franc Swiss	460	6.400	Swiss Franc
		1.167.941	
Obligasi Pemerintah			Government Bonds
Dolar Amerika Serikat	329.571	4.471.452	United States Dollar
Beban dibayar dimuka dan aset lain-lain			Prepayments and other assets
Dolar Amerika Serikat	6.810	92.395	United States Dollar
Dolar Singapura	65	665	Singapore Dollar
Euro Eropa	6.741	109.444	European Euro
		202.504	
Jumlah aset		20.605.994	Total assets
Liabilitas			Liabilities
Simpanan nasabah			Deposits from customers
Dolar Amerika Serikat	1.396.202	18.942.971	United States Dollar
Dolar Australia	40.366	427.644	Australian Dollar
Dolar Singapura	39.002	396.044	Singapore Dollar
Euro Eropa	6.020	97.735	European Euro
Poundsterling Inggris	2.245	41.146	Great Britain poundsterling
Yen Jepang	221.773	26.727	Japanese Yen
Lain-lain	1.606	12.534	Others
		19.944.801	
Simpanan dari Bank lain			Deposits from Other Banks
Dolar Amerika Serikat	1.438	19.508	United States Dollar

The original consolidated financial statements included herein are in the Indonesian language.

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**53. ASET DAN LIABILITAS DALAM MATA UANG ASING
(lanjutan)**

**53. ASSETS AND LIABILITIES IN FOREIGN
CURRENCIES (continued)**

	2017		
	Mata uang asing (dalam ribuan)/Foreign currency (in thousand)	Ekuivalen Rupiah (dalam jutaan)/ Rupiah equivalent (in million)	
Liabilitas (lanjutan)			Liabilities (continued)
Utang akseptasi			Acceptances payable
Dolar Amerika Serikat	79.044	1.072.432	United States Dollar
Yuan China	6.644	13.844	China Yuan
Yen Jepang	132.340	15.949	Japanese Yen
Euro Eropa	3.653	59.316	European Euro
Franc Swiss	460	6.400	Swiss Franc
		1.167.941	
Pinjaman yang diterima			Borrowings
Dolar Amerika Serikat	368.546	5.000.243	United States Dollar
Liabilitas derivatif			Derivative liabilities
Dolar Amerika Serikat	872	11.835	United States Dollar
Yen Jepang	880	106	Japanese Yen
		11.941	
Beban yang masih harus dibayar dan liabilitas lain			Accruals and other liabilities
Yen Jepang	65.079	7.843	Japanese Yen
Dolar Amerika Serikat	19.674	266.930	United States Dollar
Yuan China	735	1.531	China Yuan
Dolar Singapura	459	4.663	Singapore Dollar
Dolar Australia	106	1.123	Australian Dollar
Euro Eropa	282	4.579	European Euro
Lain-lain	148	638	Others
		287.307	
Jumlah liabilitas		26.431.741	Total liabilities
Posisi Liabilitas - neto		(5.825.747)	Liabilities position - net

Dalam melakukan transaksi dalam mata uang asing, Bank memiliki kebijakan untuk memelihara posisi devisa neto sesuai dengan peraturan BI yakni setinggi-tingginya sebesar 20% dari jumlah modal Tier I dan Tier II. Berdasarkan kebijakan ini, Bank akan melakukan lindung nilai atau melakukan *square* atas posisi yang dimiliki jika diperlukan untuk menjaga agar posisi devisa neto masih dalam limit sesuai peraturan BI.

In conducting foreign currency transactions, the Bank has a policy of maintaining net open position as required by BI regulation at the maximum 20% of the total Tier I and Tier II capital. Based on this policy, the Bank will hedge or square its open position, if necessary, within the limit as per BI regulation.

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54. INFORMASI KEUANGAN TAMBAHAN UNIT SYARIAH

Informasi keuangan Unit Usaha Syariah disajikan sesuai dengan Salinan Surat Edaran Otoritas Jasa Keuangan No. 10/SEOJK.03/2017 tanggal 24 Februari 2017 tentang Transparansi dan Publikasi Bank Umum Syariah dan Unit Usaha Syariah.

**54. SUPPLEMENTARY FINANCIAL INFORMATION
SHARIA UNIT**

Financial information of Sharia Business Unit is presented in accordance with a Copy of the Circular Letter of Otoritas Jasa Keuangan No. 10/SEOJK.03/2017 dated 24 February 2017 regarding Transparency and Publication of Sharia Bank and Sharia Business Unit.

	2017	2016
ASET		
Kas	4.794	4.256
Penempatan pada Bank Indonesia	1.391.276	600.356
Surat berharga dimiliki	-	30.000
Pembiayaan berbasis piutang*)	356.781	190.930
Pembiayaan bagi hasil	2.675.985	2.924.173
Pembiayaan sewa	538.824	203.880
Aset produktif lainnya	11.133	5.206
Cadangan kerugian penurunan nilai aset produktif		
a. Individual	-	(11.747)
b. Kolektif	(56.804)	(63.106)
Aset tetap dan inventaris	6.792	7.059
Aset non produktif	10.509	-
Aset lainnya	39.670	30.206
JUMLAH ASET	4.978.960	3.921.213
LIABILITAS		
Dana simpanan wadiah	292.508	234.166
Dana investasi <i>non profit sharing</i>	3.203.763	2.754.759
Liabilitas kepada bank lain	1.010.162	704.967
Liabilitas lainnya	56.284	16.476
Dana usaha	306.369	120.286
Saldo laba	109.874	90.559
JUMLAH LIABILITAS	4.978.960	3.921.213

*) Pada tanggal 31 Desember 2017 dan 2016, jumlah piutang iB tidak termasuk margin yang belum diterima masing-masing sebesar Rp68.299 dan Rp41.468.

ASSETS
Cash
Placements with Bank Indonesia
Marketable securities
Financing receivables*)
Profit sharing financing
Lease financing
Other earning assets
Allowance for impairment losses on other assets
a. Individual
b. Collective
Fixed assets and equipment
Non earning assets
Other assets
TOTAL ASSETS

LIABILITIES
Wadiah saving
Non profit sharing investment funds
Liabilities to other banks
Other liabilities
Working fund
Accumulated gain
TOTAL LIABILITIES

*) As of 31 December 2017 and 2016, the total iB receivable excludes margin to be received of Rp68,299 and Rp41,468, respectively.

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**54. INFORMASI KEUANGAN TAMBAHAN UNIT SYARIAH
(lanjutan)**

**54. SUPPLEMENTARY FINANCIAL INFORMATION
SHARIA UNIT (continued)**

	2017	2016
PENDAPATAN DAN BEBAN OPERASIONAL		
Pendapatan dan beban operasional dari penyaluran dana		
Pendapatan penyaluran dana		
a. Pendapatan dari piutang	16.681	20.083
b. Pendapatan dari bagi hasil	336.137	362.393
c. Lainnya	62.433	22.160
Bagi hasil untuk pemilik dana investasi		
a. <i>Non profit sharing</i>	(171.877)	(176.212)
Pendapatan setelah distribusi bagi hasil	243.374	228.424
Pendapatan dan beban operasional selain penyaluran dana		
Pendapatan operasional lainnya		
a. Komisi/provisi/fee dan administrasi	2.852	799
b. Pendapatan lainnya	53.145	19.016
Beban operasional lainnya		
a. Beban bonus <i>wadiah</i>	(1.897)	(1.489)
b. Kerugian penurunan nilai aset keuangan (<i>impairment</i>)	(62.760)	(27.257)
c. Kerugian terkait risiko operasional	(37)	(2)
d. Komisi/provisi/fee dan administrasi	(1.954)	(1.665)
e. Beban tenaga kerja	(49.255)	(60.250)
f. Beban lainnya	(22.229)	(24.281)
Beban operasional lainnya	(82.135)	(95.129)
LABA OPERASIONAL	161.239	133.295
PENDAPATAN DAN BEBAN NON OPERASIONAL		
Kerugian penjualan aset tetap dan inventaris	(1)	-
Keuntungan/(kerugian) penjabaran transaksi valuta asing	(282)	(391)
Beban non operasional lainnya	(6.095)	(7.407)
RUGI NON OPERASIONAL	(6.378)	(7.798)
LABA TAHUN BERJALAN SEBELUM PAJAK	154.861	125.497
Pajak penghasilan	44.987	34.938
LABA TAHUN BERJALAN SETELAH PAJAK BERSIH	109.874	90.559

OPERATING INCOME AND EXPENSES

Operating Income and expenses from fund distribution

Income from distribution of fund

a. *Income from receivables*

b. *Income from profit sharing*

c. *Others*

Margin distribution to owners of investment funds

a. *Non profit sharing*

Income after margin distribution

Other operating income and expenses except fund distribution

Other operating income

a. *Commission/provision/fee and administrative*

b. *Other income*

Other operating expense

a. *Wadiah bonus expenses*

b. *Impairment losses on financial assets*

c. *Losses on operational risk*

d. *Commission/provision/fee and administrative*

e. *Salaries and employee benefits*

f. *Other expense*

Other operating expenses

OPERATING PROFIT

NON OPERATING INCOME AND EXPENSES

Losses from sale of premises and equipment

Gains/(losses) on foreign currency translation

Expenses non operating expenses

NON OPERATING LOSS

INCOME FOR THE YEAR ENDED BEFORE TAX

Income tax

INCOME FOR THE YEAR ENDED NET OF TAX

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55. AKTIVITAS INVESTASI NON-KAS

	2017	2016
Aktivitas investasi non-kas:		
Pembelian aset tetap yang masih terutang	10.290	611
Kerugian penghapusan aset tetap dan perangkat lunak	262	266

55. NON-CASH INVESTING ACTIVITY

Non-cash investing activities:
Acquisition of fixed assets still unpaid
Loss on write off of fixed assets and software

56. REKLASIFIKASI AKUN

Akun tertentu dalam laporan posisi keuangan konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2016, telah direklasifikasi agar sesuai dengan penyajian laporan posisi keuangan konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2017.

56. ACCOUNTS RECLASSIFICATION

Certain accounts in the consolidated statement of financial position for the year ended 31 December 2016, have been reclassified to conform with the presentation of the consolidated statement of financial position for the year ended 31 December 2017.

31 Desember/December 2016				
	Sebelum reklasifikasi/ Before Reclassifications	Reklasifikasi/ Reclassifications	Setelah reklasifikasi/ After reclassifications	
LAPORAN POSISI KEUANGAN				STATEMENT OF FINANCIAL POSITION
Aset				Assets
Biaya akuisisi asuransi tangguhan	-	366.193	366.193	Deferred insurance acquisition cost
Beban dibayar dimuka dan aset lain-lain	2.407.313	(16.401)	2.390.912	Prepayments and other assets
Liabilitas				Liabilities
Pendapatan premi tangguhan	1.307.103	366.193	1.673.296	Deferred premium income
Beban yang masih harus dibayar dan liabilitas lain-lain	6.906.115	(16.401)	6.889.714	Accruals and other liabilities

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**57. STANDAR AKUNTANSI YANG TELAH DI SAHKAN
NAMUN BELUM BERLAKU EFEKTIF**

Berikut ini ikhtisar Pernyataan Standar Akuntansi Keuangan (PSAK) yang telah disahkan oleh Dewan Standar Akuntansi Keuangan (DSAK) di Indonesia, yang relevan bagi Bank dan Entitas Anak tetapi belum berlaku efektif untuk laporan keuangan konsolidasian untuk tahun yang terakhir pada tanggal 31 Desember 2017:

Efektif berlaku pada atau setelah tanggal 1 Januari 2018:

- a. Amandemen PSAK No. 2: Laporan Arus Kas tentang Prakarsa Pengungkapan, amandemen ini mensyaratkan entitas untuk menyediakan pengungkapan yang memungkinkan pengguna laporan keuangan untuk mengevaluasi perubahan pada liabilitas yang timbul dari aktivitas pendanaan, termasuk perubahan yang timbul dari arus kas maupun perubahan non-kas.
- b. Amandemen PSAK No. 46: Pajak Penghasilan tentang Pengakuan Aset Pajak Tangguhan untuk Rugi yang Belum Direalisasi, amandemen ini mengklarifikasi bahwa untuk menentukan apakah laba kena pajak akan tersedia sehingga perbedaan temporer yang dapat dikurangkan dapat dimanfaatkan; estimasi atas kemungkinan besar laba kena pajak masa depan dapat mencakup pemulihan beberapa aset entitas melebihi jumlah tercatatnya.
- c. Amendemen PSAK 13: Properti Investasi tentang Pengalihan Properti Investasi. Amendemen ini menjelaskan mengenai pengalihan ke atau dari properti investasi.
- d. Amendemen PSAK 53: Pembayaran Berbasis Saham tentang Klasifikasi dan Pengukuran Transaksi Pembayaran Berbasis Saham. Amendemen ini menjelaskan bahwa perlakuan akuntansi terkait klasifikasi dan pengukuran untuk pembayaran berbasis saham.

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**57. ACCOUNTING STANDARDS ISSUED BUT NOT YET
EFFECTIVE**

The following summarizes the Statements of Financial Accounting Standards (PSAK) that are issued by the Indonesian Accounting Standards Board (DSAK) which are relevant to the Bank and its Subsidiaries, but not yet effective for the consolidated financial statements for the year ended 31 December 2017:

Effective on or after 1 January 2018:

- a. Amendments to PSAK No. 2: Statement of Cash Flows on the Disclosures Initiative, this amendment requires entities to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes from cash flow and non-cash.
- b. Amendments to PSAK No. 46: Incomes Taxes on the Recognition of Deferred Tax assets for Unrealized Losses, this amendments clarifies that to determine whether the taxable income will be available so that the deductible temporary differences can be utilized; estimates for the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount.
- c. Amendments to PSAK 13 'Investment Property' regarding Transfers of Investment Property. The amendment clarifies the requirements on transfers to, or from, investment property.
- d. Amendments to PSAK 53 'Share-based Payment' regarding Classification and Measurement of Share-based Payment Transactions. The amendment clarifies the accounting treatment related to classification and measurement for share based transactions.

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**57. STANDAR AKUNTANSI YANG TELAH DI SAHKAN
NAMUN BELUM BERLAKU EFEKTIF (lanjutan)**

Efektif berlaku pada atau setelah tanggal 1 Januari 2019:

- a. ISAK 33: Transaksi Valuta Asing dan Imbalan di Muka. ISAK 33 didasarkan pada IFRIC 22 Transaksi Mata Uang Asing dan Imbalan di Muka. ISAK ini menjelaskan penggunaan tanggal transaksi dalam menentukan kurs yang digunakan dalam pengakuan awal suatu asset, beban, atau pendapatan ketika entitas menerima atau membayar imbalan dimuka dalam mata uang asing.

Efektif berlaku pada atau setelah tanggal 1 Januari 2020:

- a. PSAK 71 "Instrumen Keuangan". PSAK 71 membahas klasifikasi, pengukuran dan penghentian pengakuan dari asset dan liabilitas keuangan, memperkenalkan aturan baru untuk akuntansi lindung nilai dan model penurunan nilai baru untuk asset
- b. PSAK 72 "Pendapatan dari Kontrak dengan Pelanggan". Sebuah standar untuk pengakuan penghasilan telah diterbitkan. Standar ini akan menggantikan PSAK 23 yang mengatur kontrak untuk barang dan jasa dan PSAK 34 yang mengatur kontrak konstruksi. Standar baru ini didasarkan oleh prinsip bahwa penghasilan diakui ketika kontrol atas barang atau jasa dialihkan ke pelanggan.
- c. PSAK 73 "Sewa". PSAK 73 disahkan di September 2017. Hal ini akan berdampak pada hampir seluruh sewa yang diakui di laporan posisi keuangan, karena perbedaan antara sewa operasi dan pembiayaan dihapuskan. Dalam standar yang baru, sebuah aset (hak guna atas barang yang disewakan) dan liabilitas keuangan untuk membayar sewa diakui. Pengecualian hanya terdapat pada sewa jangka pendek dan yang bernilai rendah.
- d. Amendemen PSAK 15: Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama. Amendemen atas PSAK 15 ini menjelaskan entitas memperhitungkan kepentingan jangka panjang pada perusahaan asosiasi atau ventura bersama, dimana akuntansi ekuitas digunakan, menggunakan PSAK 71 Instrumen Keuangan.

Bank dan entitas anak sedang mengevaluasi dan belum menentukan dampak dari standar akuntansi tersebut terhadap laporan keuangan konsolidasian.

**57. ACCOUNTING STANDARDS ISSUED BUT NOT YET
EFFECTIVE (continued)**

Effective on or after 1 January 2019:

- a. ISAK 33: Foreign Currency Transactions and Advance Consideration. ISAK 33 is an adoption of IFRIC 22 Foreign Currency Transactions and Advance Consideration. It clarifies the use of the date of the transaction in determining the exchange rate to be used for initial recognition of asset, expense or income when the entity receives or pays advance consideration in foreign currency.

Effective on or after 1 January 2020:

- a. SFAS 71 "Financial instrument". SFAS 71 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
- b. SFAS 72 "Revenue from Contract with Customer". A new standard for the recognition of revenue has been issued. This will replace SFAS 23 which covers contracts for goods and services and SFAS 34 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.
- c. SFAS 73 "Leases". SFAS 73 was issued in September 2017. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are shortterm and low-value leases.
- d. Amendments to PSAK 15 'Investments in Associates and Joint Ventures' regarding Long-term Interests in Associates and Joint Ventures. The amendment to PSAK 15 clarifies that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using PSAK 71 Financial Instruments

The Bank and Subsidiaries are presently evaluating and have not yet determined the effect of these accounting standards on the consolidated financial statements.

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk
ENTITAS INDUK
LAPORAN POSISI KEUANGAN
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PT BANK DANAMON INDONESIA Tbk
PARENT COMPANY
STATEMENT OF FINANCIAL POSITION
As of 31 December 2017 and 2016

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Laporan keuangan Entitas Induk berikut ini, dimana tidak termasuk saldo dari Entitas Anak, telah disajikan sesuai dengan kebijakan akuntansi yang konsisten dengan yang digunakan pada laporan keuangan konsolidasian Bank, kecuali untuk investasi pada entitas anak yang disajikan berdasarkan metode ekuitas. Dampak perubahan pencatatan investasi pada Entitas Anak dari metode harga perolehan ke metode ekuitas dibukukan sebagai bagian dari saldo laba secara retrospektif. Informasi mengenai Entitas Anak diungkapkan pada Catatan 1c atas laporan keuangan konsolidasian Bank.

The following Parent Company-only financial statements, which exclude the balances of the Bank's Subsidiaries, have been prepared using the accounting policies that are consistent with those applied to the Bank's consolidated financial statements, except for investments in subsidiaries, which have been presented using equity method. The impact of changes in accounting policy for investments in shares of Subsidiaries from cost method to equity method was booked as part of retained earnings retrospectively. Information pertaining to Subsidiaries is disclosed in Note 1c to the Bank's consolidated financial statements.

	2017	2016	
ASET			ASSETS
Kas	2.325.800	2.072.613	Cash
Giro pada Bank Indonesia	7.555.916	7.352.383	Current accounts with Bank Indonesia
Giro pada bank lain, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp833 pada tanggal 31 Desember 2017 (2016: Rp1.060)			Current accounts with other banks, net of allowance for impairment losses of Rp833 as of 31 December 2017 (2016: Rp1,060)
- Pihak berelasi	203.670	193.255	Related parties -
- Pihak ketiga	1.494.827	1.366.189	Third parties -
Penempatan pada bank lain dan Bank Indonesia, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp2.507 pada tanggal 31 Desember 2017 (2016: Rp2.666)	4.207.760	4.816.189	Placements with other banks and Bank Indonesia, net of allowance for impairment losses of Rp2,507 as of 31 December 2017 (2016: Rp2,666)
Efek-efek, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp41.792 pada tanggal 31 Desember 2017 (2016: Rp37.665)			Marketable securities, net of allowance for impairment losses of Rp41,792 as of 31 December 2017 (2016: Rp37,665)
- Pihak berelasi	13.797	73.765	Related parties -
- Pihak ketiga	14.699.216	16.120.971	Third parties -
Obligasi Pemerintah	10.242.020	8.837.907	Government Bonds
Efek yang dibeli dengan janji dijual kembali	296.028	-	Securities purchased under resale agreements
Tagihan derivatif			Derivative receivables
- Pihak berelasi	413	-	Related parties -
- Pihak ketiga	17.812	39.524	Third parties -
Pinjaman yang diberikan, setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp2.923.236 pada tanggal 31 Desember 2017 (2016: Rp3.326.631)			Loans, net of allowance for impairment losses of Rp2,923,236 as of 31 December 2017 (2016: 3,326,631)
- Pihak berelasi	865.756	973.324	Related parties -
- Pihak ketiga	93.979.750	91.615.192	Third parties -
Dipindahkan	135.902.765	133.461.312	Carried forward

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk ENTITAS INDUK LAPORAN POSISI KEUANGAN (lanjutan) 31 Desember 2017 dan 2016 (Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)		PT BANK DANAMON INDONESIA Tbk PARENT COMPANY STATEMENT OF FINANCIAL POSITION (continued) As at 31 December 2017 and 2016 (Expressed in millions of Rupiah, unless otherwise stated)	
	2017	2016	
Pindahan	135.902.765	133.461.312	Carried forward
Tagihan akseptasi			Acceptances receivable
Setelah dikurangi cadangan kerugian			net of allowance for
Penurunan nilai sebesar Rp111 pada			impairment losses of Rp 111
Tanggal 31 Desember 2017			as of 31 December 2017
(2016: Rp52)			(2016: Rp52)
- Pihak berelasi	2.468	2.561	Related parties -
- Pihak ketiga	1.483.472	1.933.321	Third parties -
Pajak dibayar dimuka	25.771	87.321	Prepaid tax
Investasi dalam saham	8.559.321	7.705.929	Investments in shares
Aset tak berwujud,			Intangible assets,
setelah dikurangi akumulasi amortisasi			net of accumulated amortization of
sebesar Rp991.309 pada tanggal			Rp991,309 as of 31 December 2017
31 Desember 2017			(2016: Rp885,832)
(2016: Rp885.832)	371.823	301.426	
Aset tetap,			Fixed assets,
setelah dikurangi akumulasi			net of accumulated depreciation of
penyusutan sebesar Rp2.396.768			Rp2,396,768 as of 31 December 2017
pada tanggal 31 Desember 2017			(2016: Rp2,300,619)
(2016: Rp2.300.619)	1.903.851	2.091.281	
Aset pajak tangguhan - neto	1.946.562	1.774.946	Deferred tax asset - net
Beban dibayar dimuka dan aset lain-lain,			Prepayments and other assets,
setelah dikurangi cadangan			net of allowance for impairment
kerugian penurunan nilai sebesar Rp28.791 pada			losses of Rp28,791 as of
tanggal 31 Desember 2017			31 December 2017
(2016: Rp22.536)			(2016: Rp22,536)
- Pihak berelasi	3.348	10.712	Related parties -
- Pihak ketiga	3.242.701	2.066.159	Third parties -
JUMLAH ASET	153.442.082	149.434.968	TOTAL ASSETS

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk ENTITAS INDUK LAPORAN POSISI KEUANGAN (lanjutan) 31 Desember 2017 dan 2016 (Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)		PT BANK DANAMON INDONESIA Tbk PARENT COMPANY STATEMENT OF FINANCIAL POSITION (continued) As at 31 December 2017 and 2016 (Expressed in millions of Rupiah, unless otherwise stated)	
	2017	2016	
LIABILITAS DAN EKUITAS			LIABILITIES AND EQUITY
LIABILITAS			LIABILITIES
Simpanan nasabah			Deposits from customers
- Pihak berelasi	2.368.450	947.224	Related parties -
- Pihak ketiga	101.766.847	103.609.069	Third parties -
Simpanan dari bank lain	4.634.513	2.872.937	Deposits from other banks
Efek yang dijual dengan janji dibeli kembali	10.434	-	Securities sold under repurchase agreement
Utang akseptasi			Acceptances payable
- Pihak berelasi	85.503	62.694	Related parties -
- Pihak ketiga	1.400.548	1.873.240	Third parties -
Pinjaman yang diterima	50.000	495.217	Borrowings
Utang pajak	54.387	70.792	Taxes payable
Liabilitas derivatif			Derivative liabilities
- Pihak berelasi	337	-	Related parties -
- Pihak ketiga	15.395	49.468	Third parties -
Beban yang masih harus dibayar dan liabilitas lain-lain			Accruals and other liabilities
- Pihak berelasi	26.803	2.726	Related parties -
- Pihak ketiga	4.368.587	3.508.559	Third parties -
JUMLAH LIABILITAS	114.781.804	113.491.926	TOTAL LIABILITIES
EKUITAS			EQUITY
Modal saham - nilai nominal sebesar Rp50.000 (nilai penuh) per saham untuk seri A dan Rp500 (nilai penuh) per saham untuk seri B			Share capital - par value per share of Rp50,000 (full amount) for A series shares and Rp500 (full amount) for B series shares
Modal dasar - 22.400.000 saham seri A dan 17.760.000.000 saham seri B			Authorized - 22,400,000 A series shares and 17,760,000,000 B series shares
Modal ditempatkan dan disetor penuh - 22.400.000 saham seri A dan 9.562.243.365 saham seri B	5.901.122	5.901.122	Issued and fully paid - 22,400,000 A series shares and 9,562,243,365 B series shares
Tambahan modal disetor	7.256.324	7.250.109	Additional paid-up capital
Modal disetor lainnya	189	189	Other paid-up capital
Komponen ekuitas lainnya	121.073	75.620	Other equity components
Saldo laba			Retained earnings
- Sudah ditentukan penggunaannya	353.246	326.551	Appropriated -
- Belum ditentukan penggunaannya	25.028.324	22.389.451	Unappropriated -
Jumlah saldo laba	25.381.570	22.716.002	Total retained earnings
JUMLAH EKUITAS	38.660.278	35.943.042	TOTAL EQUITY
JUMLAH LIABILITAS DAN EKUITAS	153.442.082	149.434.968	TOTAL LIABILITIES AND EQUITY

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk ENTITAS INDUK LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN Untuk Tahun-tahun yang berakhir pada Tanggal 31 Desember 2017 dan 2016 (Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)		PT BANK DANAMON INDONESIA Tbk PARENT COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the Years Ended 31 December 2017 and 2016 (Expressed in millions of Rupiah, unless otherwise stated)	
	2017	2016	
PENDAPATAN DAN BEBAN OPERASIONAL			OPERATING INCOME AND EXPENSES
Pendapatan bunga	12.786.976	14.213.512	Interest income
Beban bunga	(4.116.619)	(4.947.038)	Interest expense
Pendapatan bunga neto	8.670.357	9.266.474	Net interest income
PENDAPATAN OPERASIONAL LAINNYA			OTHER OPERATING INCOME
Pendapatan provisi dan komisi	803.486	855.565	Fees and commission income
Imbalan jasa lain	1.109.928	1.102.408	Other fees
Keuntungan/(kerugian) dari perubahan nilai wajar atas instrumen keuangan yang diukur pada nilai wajar melalui laba rugi - neto	9.158	(14.963)	Gains/(losses) from changes in fair value of financial instruments at fair value through profit or loss - net
Perubahan nilai wajar pada lindung nilai arus kas	(55.354)	176.281	Changes in value of cashflow hedge
Keuntungan atas transaksi dalam mata uang asing - neto	168.150	79.428	Gains from foreign exchange transactions - net
Keuntungan penjualan efek-efek dan Obligasi Pemerintah - neto	136.317	97.467	Gains on sale of marketable securities and Government Bonds - net
Pendapatan dividen	2.037	2.085	Dividend income
Bagian laba bersih Entitas Anak	1.601.706	1.292.205	Share in net income of Subsidiaries
	3.775.428	3.590.476	
BEBAN OPERASIONAL LAINNYA			OTHER OPERATING EXPENSES
Beban provisi dan komisi lain	(328.407)	(358.382)	Fees and commissions expenses
Beban umum dan administrasi	(2.175.096)	(2.185.518)	General and administrative expenses
Beban tenaga kerja dan tunjangan	(3.126.598)	(3.146.364)	Salaries and employee benefits
Cadangan kerugian penurunan nilai	(2.006.375)	(2.955.467)	Allowance for impairment losses
Lain-lain	(165.022)	(144.136)	Others
	(7.801.498)	(8.789.867)	
PENDAPATAN OPERASIONAL NETO	4.644.287	4.067.083	NET OPERATING INCOME
PENDAPATAN DAN BEBAN BUKAN OPERASIONAL			NON-OPERATING INCOME AND EXPENSES
Pendapatan bukan operasional	52.903	37.060	Non-operating income
Beban bukan operasional	(236.078)	(610.098)	Non-operating expenses
PENDAPATAN BUKAN OPERASIONAL - NETO	(183.175)	(573.038)	NON-OPERATING INCOME - NET
LABA SEBELUM PAJAK PENGHASILAN	4.461.112	3.494.045	INCOME BEFORE INCOME TAX
BEBAN PAJAK PENGHASILAN	(779.561)	(824.565)	INCOME TAX EXPENSE
LABA BERSIH	3.681.551	2.669.480	NET INCOME

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk ENTITAS INDUK LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN (lanjutan) Untuk Tahun-tahun yang berakhir pada Tanggal 31 Desember 2017 dan 2016 (Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)		PT BANK DANAMON INDONESIA Tbk PARENT COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued) For the Years Ended 31 December 2017 and 2016 (Expressed in millions of Rupiah, unless otherwise stated)	
	2017	2016	
PENGHASILAN KOMPREHENSIF LAIN			OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba-rugi			Items that will not be reclassified to profit or loss
(Kerugian)/keuntungan aktuarial program imbalan pasti	(176.069)	58.041	Actuarial (losses)/gains on post-employment benefit
Pajak penghasilan terkait dengan penghasilan komprehensif lain	22.165	(22.841)	Income tax relating to other comprehensive income
Pos-pos yang akan direklasifikasi ke laba-rugi			Items that will be reclassified to profit or loss
Aset keuangan tersedia untuk dijual:			Available-for-sale financial assets:
Keuntungan tahun berjalan	131.844	95.378	Gains in current year
Jumlah yang ditransfer ke laba rugi sehubungan dengan perubahan nilai wajar	(38.349)	(40.204)	Amount transferred to profit or loss in respect of fair value changes
Arus kas lindung nilai:			Cash flow hedge:
Bagian efektif atas perubahan nilai wajar instrumen derivatif untuk lindung nilai arus kas	(30.081)	(26.248)	Effective portion on fair value changes of derivative instruments for cash flow hedge
Pajak penghasilan terkait dengan penghasilan komprehensif lain	(17.960)	(18.166)	Income tax related to other comprehensive income
Penghasilan komprehensif lain, setelah pajak	(108.450)	45.960	Other comprehensive income, net of tax
JUMLAH LABA KOMPREHENSIF	3.573.101	2.715.440	TOTAL COMPREHENSIVE INCOME
LABA BERSIH PER SAHAM DASAR (NILAI PENUH)	384,11	278,52	BASIC EARNINGS PER SHARE (FULL AMOUNT)

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk
ENTITAS INDUK
LAPORAN PERUBAHAN EKUITAS
Untuk Tahun-tahun yang berakhir pada
Tanggal 31 Desember 2017 dan 2016
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT BANK DANAMON INDONESIA Tbk
PARENT COMPANY
STATEMENT OF CHANGES IN EQUITY
For the Years Ended
31 December 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

Atribusi kepada pemilik entitas induk/Atributable to equity holders of the parent entity

	Komponen ekuitas lainnya/Other equity components					Saldo laba/ Retained earnings	Jumlah ekuitas/ Total equity
	Keuntungan/(kerugian) yang belum direalisasi atas efek-efek, Obligasi Pemerintah, dan investasi dalam saham dalam kelompok tersedia untuk dijual-neto/Unrealized gains/(losses) on available-for-sale marketable securities, Government Bonds, and investments in shares-net	(Kerugian)/keuntungan penyesuaian nilai wajar - lindung nilai arus kas/ (Losses)/gains on fair value adjustments of cashflow hedge	Sudah ditentukan penggunaannya/Appro-riated	Belum ditentukan penggunaannya/Unappro-riated			
Modal saham/ Share capital	Tambahan modal disetor/ Additional paid-up capital	Modal disetor lainnya/ Other paid-up capital					
Saldo pada tanggal 1 Januari 2017	5.901.122	7.250.109	189	83.776	(8.156)	326.551	35.943.042
Penyesuaian tambahan modal disetor	-	6.215	-	-	-	-	6.215
Penyesuaian saldo laba	-	-	-	-	-	-	72.231
Jumlah laba komprehensif tahun berjalan	-	-	-	-	-	-	3.681.551
Laba bersih tahun berjalan	-	-	-	-	-	-	3.681.551
Penghasilan komprehensif lain, setelah pajak (Kerugian) keuntungan penyesuaian nilai wajar - lindung nilai arus kas Pengukuran kembali liabilitas imbalan pasca kerja Keuntungan yang belum direalisasi atas efek-efek, Obligasi Pemerintah, dan investasi dalam saham dalam kelompok tersedia untuk dijual - neto	-	-	-	-	(30.081)	-	(30.081)
Jumlah penghasilan komprehensif lain	-	-	-	-	-	-	(153.903)
Jumlah laba komprehensif tahun berjalan	-	-	-	-	-	-	(153.903)
Pembentukan cadangan umum dan wajib Pembagian dividen tunai	-	-	-	-	-	26.695	(26.695)
Saldo pada tanggal 31 Desember 2017	5.901.122	7.256.324	189	159.310	(38.237)	353.246	38.660.278

Balance as of 1 January 2017
Adjustment on additional paid-up capital
Adjustment on retained earnings
Total comprehensive income for the year
Net income for the year
Other comprehensive income, net of tax
(Loss)/Gains on fair value adjustments of cashflow hedge
Remeasurement of obligation for post-employment benefits
Unrealized gains on available-for-sale marketable securities, Government Bonds, and Investment in shares - net
Total other comprehensive income
Total comprehensive income for the year
Appropriation for general and legal reserve
Distribution of cash dividends
Balance as of 31 December 2017

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

Atribusi kepada pemilik entitas induk/Attributable to equity holders of the parent entity
Komponen ekuitas lainnya/Other equity

) Saldo laba yang tidak ditentukan penggunaannya termasuk pengukuran kembali atas program imbalan pasti

*) Unappropriated retained earnings include remeasurement on defined benefit plans

The original supplementary financial information included herein is in the Indonesian language.

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk ENTITAS INDUK LAPORAN ARUS KAS Untuk Tahun-tahun yang berakhir pada Tanggal 31 Desember 2017 dan 2016 (Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)		PT BANK DANAMON INDONESIA Tbk PARENT COMPANY STATEMENT OF CASH FLOWS For the Years Ended 31 December 2017 and 2016 (Expressed in millions of Rupiah, unless otherwise stated)	
	2017	2016	
Arus kas dari kegiatan operasi:			Cash flows from operating activities:
Pendapatan bunga, provisi, dan komisi	15.098.430	15.012.285	Interest income, fees, and commissions
Pembayaran bunga, provisi, dan komisi	(4.478.436)	(5.374.094)	Payments of interest, fees, and commissions
Pendapatan operasional lainnya	912.055	1.188.218	Other operating income
Kerugian atas transaksi mata uang asing - neto	(249.557)	(574.748)	Losses from foreign exchange transactions - net
Beban operasional lainnya	(4.869.899)	(4.749.587)	Other operating expenses
Beban bukan operasional - neto	(186.271)	(580.670)	Non-operating expenses - net
Arus kas sebelum perubahan dalam aset dan liabilitas operasi	6.226.322	4.921.404	Cash flows before changes in operating assets and liabilities
Perubahan dalam aset dan liabilitas operasi:			Changes in operating assets and liabilities:
Penurunan/(kenaikan) aset operasi:			Decrease/(increase) in operating assets:
Penempatan pada bank lain dan Bank Indonesia - jatuh tempo lebih dari 3 bulan sejak tanggal perolehan	611.751	(698.643)	Placements with other banks and Bank Indonesia - maturing more than 3 months from the date of acquisition
Efek-efek dan Obligasi Pemerintah - Diperdagangkan	319.798	(323.427)	Marketable securities and Government Bonds - trading
Efek yang dibeli dengan janji dijual kembali	(296.028)	-	Securities purchased under resale agreements
Pinjaman yang diberikan	(4.222.695)	4.073.726	Loans
Beban dibayar dimuka dan aset lain-lain	(443.664)	(278.878)	Prepayments and other assets
(Penurunan)/kenaikan liabilitas operasi:			Increase/(decrease) in operating liabilities:
Simpanan nasabah:			Deposits from customers:
- Giro	988.473	(872.902)	Current accounts -
- Tabungan	1.601.623	(226.999)	Savings -
- Deposito berjangka	(2.837.309)	(9.834.876)	Time deposits -
Simpanan dari bank lain	1.761.781	1.047.316	Deposits from other banks
Beban yang masih harus dibayar dan liabilitas lain-lain	186.594	124.586	Accruals and other liabilities
Pembayaran pajak penghasilan selama tahun berjalan	(962.892)	(840.986)	Income tax paid during the year
Kas neto diperoleh dari/ (digunakan untuk) kegiatan operasi	2.933.754	(2.909.679)	Net cash provided by/(used in) operating activities
Arus kas dari kegiatan investasi:			Cash flows from investing activities:
Pembelian efek-efek dan Obligasi Pemerintah - dimiliki hingga jatuh tempo dan tersedia untuk dijual	21.833.646	(29.460.363)	Acquisition of marketable securities and Government Bonds - held-to-maturity and available-for-sale
Penerimaan dari efek-efek dan Obligasi Pemerintah - dimiliki hingga jatuh tempo dan tersedia untuk dijual	(23.282.674)	17.660.053	Proceeds from sales of marketable securities and Government Bonds - held-to-maturity and available-for-sale
Pembelian aset tetap	(370.242)	(531.606)	Acquisition of fixed assets
Hasil penjualan aset tetap	47.750	76.263	Proceeds from sale of fixed assets
Penerimaan hasil investasi	705.352	467.975	Receipt from investment
Penerimaan dividen kas	2.037	2.085	Receipt of cash dividends
Kas neto digunakan untuk kegiatan investasi	(1.064.131)	(11.785.593)	Net cash used in investing activities

LAMPIRAN – 6/8 – SCHEDULE

The original supplementary financial information included herein is in the Indonesian language.

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT BANK DANAMON INDONESIA Tbk ENTITAS INDUK LAPORAN ARUS KAS (lanjutan) Untuk Tahun-tahun yang berakhir pada Tanggal 31 Desember 2017 dan 2016 (Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)		PT BANK DANAMON INDONESIA Tbk PARENT COMPANY STATEMENT OF CASH FLOWS (continued) For the Years Ended 31 December 2017 and 2016 (Expressed in millions of Rupiah, unless otherwise stated)	
	2017	2016	
Arus kas dari kegiatan pendanaan:			Cash flows from financing activities:
Penurunan pinjaman yang diterima	(445.217)	(1.202.537)	Decrease in borrowings
Kenaikan efek yang dijual dengan janji dibeli kembali	10.434	-	Increase in securities sold under repurchase agreements
Pembayaran deviden kas	(934.189)	(720.403)	Payments of cash dividend
Divestasi Entitas Anak	-	75.591	Divestment in Subsidiary
Kas netto digunakan untuk kegiatan pendanaan	(1.368.972)	(1.847.349)	Net cash used in financing activities
Penurunan kas dan setara kas - netto	500.651	(16.542.621)	Net decrease in cash and cash equivalents
Dampak netto perubahan nilai tukar atas kas dan setara kas	98.059	(114.570)	Net effect on changes in exchange rates on cash and cash equivalent
Kas dan setara kas pada awal tahun	14.053.018	30.710.209	Cash and cash equivalents at beginning of the year
Kas dan setara kas pada akhir tahun	14.651.728	14.053.018	Cash and cash equivalents at end of the year
Kas dan setara kas terdiri dari:			Cash and cash equivalents consist of:
Kas	2.325.800	2.072.613	Cash
Giro pada Bank Indonesia	7.555.916	7.352.383	Current accounts with Bank Indonesia
Giro pada bank lain	1.699.330	1.560.504	Current accounts with other banks
Penempatan pada bank lain dan Bank Indonesia - jatuh tempo sampai dengan 3 bulan sejak tanggal perolehan	3.070.682	3.067.518	Placements with other banks and Bank Indonesia - maturing within 3 months from the date of acquisition
Jumlah kas dan setara kas	14.651.728	14.053.018	Total cash and cash equivalents

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Annual Report

2017

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