

DELIVERING EXCELLENCE

Danamon continues to transform into a more customer-centric bank, where every process begins with the customer's needs and ends with the customer's satisfaction.

With the latest technologies, Danamon provides digital solutions as a key pillar of our business strategy. Danamon is fully capable in serving customers from a variety of segments through its lines of businesses and subsidiaries, providing them with integrated solutions.

MUFG's investment in Danamon would potentially strengthened the Bank's network and product offerings, enabling a partnership with customers in achieving their financial goals.

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01

Main Highlights





2018 Financial Highlights

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Main
Highlights

NPAT Grew 6.5% in 2018

Net profit after taxation increased by 6.5% to Rp3.92 trillion from Rp3.68 trillion last year.

↑ 6.5%

Total Loan Growth ex Micro of 11.6%

Loan growth excluding micro grew 11.6% YoY.

↑ 11.6%

Loan growth in key Segments

Adira Finance grew

↑ 13.4%

Consumer mortgage grew

↑ 29.3%

Enterprise grew

↑ 11.0%

Small Medium Enterprises (SME) grew

↑ 9.7%

Improvement in Asset Quality

NPL improved to 2.7% from 2.8% last year. Credit cost improved to 2.5% from 2.8%.

NPL

↓ 2.7%

Credit Cost

↓ 2.5%

Healthy Capital

CAR Remains Healthy. CAR consolidated increased to 22.2%.

↑ 22.2%

2018

Financial Highlights

Consolidated Statement Of Financial Position		2018	2017	2016*
Assets		186,762	178,257	174,437
Loans-gross ^{a)}		134,519	124,766	122,385
Non Performing Loan		3,656	3,412	3,735
Marketable Securities -gross		9,191	16,101	17,408
Government Bonds		10,973	10,974	9,563
Investments - Net		127	123	165
Deposits from customers and others bank		110,848	106,531	106,612
Total Funding ^{c)}		132,026	124,611	113,890
Total Liabilities		144,822	139,085	138,059
Equity and Non controlling interest		41,940	39,172	36,378
Number of Shares Issues and Fully Paid (in Unit)		9,584,643,365	9,584,643,365	9,584,643,365
Consolidated Profit and Loss		2018	2017*	2016*
Net Interest Income		14,241	13,980	13,607
Other Operating Income		3,696	3,688	3,985
Other Operating Expense		12,779	12,557	13,162
Operating Income		5,158	5,110	4,430
Non Operating Income - Net		232	223	538
Income Before Tax		4,926	4,887	3,892
Income Tax Expenses		1,354	1,494	1,546
Net Income from Continuing Operation		3,571	3,394	2,346
Net Income from Disposal Group Classified as Held-for-Sale		536	434	447
Income After Income Tax Expenses		4,107	3,828	2,793
Net Income Attributable to Non-Controlling Interest		185	147	123
Net Income Attributable to Equity Holders of the Parent Entity		3,922	3,682	2,669
Basic Earnings Per Share		409.21	384.11	278.52
Comprehensive income attributable to equity holders of the parent entity		3,939	3,573	2,715
Comprehensive income attributable to non controlling interest		188	136	119
Other Comprehensive Income		2018	2017*	2016*
Actuarial gain/(loss) on post employment benefit		410	(225)	47
Income tax related to other comprehensive income		(102)	56	(12)
Foreign Exchange Difference from Translation of Financial Statement in Foreign Currency				
Available for sale financial assets:				
1. Gain/(Loss) in current year		(276)	210	-
2. Amount Transferred to profit or loss in respect of fair value change		(48)	(109)	52
Cash flow hedges:				
1. Effective portion on fair value charges of derivative instruments for cash flow hedges		(26)	(44)	(38)
Income tax related to other comprehensive income		62	(8)	(9)
Other comprehensive income net of tax		19	(119)	41
Total Comprehensive Income		4,127	3,709	2,834

* (restated)

Key Financial Ratios (%)	2018	2017	2016*
I. Capital			
1. Capital Adequacy Ratio (CAR) Consolidated	22.2	22.1	20.9
CAR Tier I	21.4	21.3	20.1
CAR Tier II	0.8	0.8	0.8
2. Assets to Equity (x)	3.9	4.6	4.8
II. Earning Assets			
1. Non-performing earning assets and non productive assets to total earnings and non productive assets	2.0	1.8	1.9
2. Non-performing earning assets to total productive assets	2.3	2.2	2.4
3. Non Performing Loan (NPL) to Total Loans - Gross	2.7	2.8	3.1
4. Non Performing Loan (NPL) to Total Loans - Nett	1.9	1.8	1.8
5. Allowance for impairment losses for financial assets to productive assets	2.8	2.8	3.0
6. Loan Loss Coverage	120.2	119.2	117.7
III. Rentability			
1. Return on Average Assets (ROAA)	3.1	3.1	2.5
2. Return on Average Equity (ROAE)	10.6	10.5	8.0
3. Debt to Assets	0.74	0.78	0.79
4. Debt to Equity	2.86	3.55	3.80
5. Net Interest Margin (NIM)	8.9	9.3	8.9
6. Cost to income	48.8	49.0	48.8
7. Operating Expense to Operating Income	70.8	72.1	77.3
8. Cost of funds	4.4	4.4	5.1
IV. Liquidity			
1. Loan to Deposit Ratio (LDR)	95.0	93.3	91.0
2. CASA Ratio	47.1	48.3	46.0
V. Compliance			
1. a. Percentage of Violation of Legal Lending Limit			
a.1. Related Parties	-	-	-
a.2. Third Parties	-	-	-
b. Percentage of Excess of Legal Lending Limit			
b.1. Related Parties	-	-	-
b.2. Third Parties	-	-	-
2. Minimum Reserve Requirement in Rupiah ^{a)}	17.2	19.4	16.6
Primary	6.5	6.5	6.6
Secondary	10.7	12.8	10.0
3. Minimum Reserve Requirement in Foreign Exchange	8.1	8.1	8.1
4. Net Open Position	1.2	0.8	0.7
VI. Others			
1. Total Employees ^{a)}	32,299	36,410	44,019
2. Total Branches ^{a)}	703	992	1,235
3. Total ATMs	1,433	1,396	1,431

The figures are derived from consolidated financial statements 2017 and 2018 which have been audited by Public Accounting Firm Tanudiredja, Wibisana, Rintis & Rekan (a member of the PricewaterhouseCoopers network of firms) and 2016 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 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 customers time deposit, time deposit from other banks, Securities Issued and long term funding (>1 year maturity).
- c) Excluding funding from other banks.
- d) In line with PBI No. 20/3 / PBI / 2018 and PADG No. 20/30 / PADG / 2018 about Minimum Reserve Requirement in Rupiah and Foreign Currency for Conventional Commercial Banks (BUK), Sharia Commercial Banks (BUS) and Sharia Business Units (JUS).
- e) Including Adira Finance and Adira Insurance.

Sharia

Highlights 2018

Table Of Margin Distribution

For The Month Of December 2018

(In million Rupiah)

Indicator	Average balance	Revenue to be distributed	Depositor's portion		
			Ratio (%)	Total bonus & profit sharing	Rate of return indication (%)
	A	B	C	D	E
A FINANCING					
1. Bank	215,984	2,213	-	-	-
2. Non Bank	3,809,355	31,836	-	-	-
B FUNDING					
1. Wadiah current accounts					
a. Bank	5,041	43	-	-	-
b. Non Bank	275,012	2,342	-	-	-
2. Mudharabah current accounts					
a. Bank	33,285	283	10	28	1.00
b. Non Bank	343,937	2,929	10	293	1.00
3. Wadiah savings					
a. Bank	-	-	-	-	-
b. Non Bank	6,509	55	-	-	-
4. Mudharabah savings					
a. Bank	38,926	332	13	43	1.31
b. Non Bank	654,438	5,573	13	724	1.30
5. Mudharabah deposits					
a. Bank					
- 1 month	314,577	2,679	42	1,125	4.21
- 3 months	40,774	347	42	146	4.21
- 6 months	-	-	-	-	-
- 12 months	14,084	120	42	50	4.21
a. Non Bank					
- 1 month	1,717,126	14,624	42	6,142	4.21
- 3 months	314,758	2,681	42	1,126	4.21
- 6 months	108,183	921	42	387	4.21
- 12 months	300,969	2,563	42	1,076	4.21
TOTAL	4,167,619	35,492			

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Sources and Utilisation of Qardh Funds

For The Years Ended 31 December 2018 and 2017

(In million Rupiah)

Description	2018	2017	2016
1 Sources of Qardh funds			
a. Infaq	307	116	232
b. Shadaqah	-	-	-
c. Productive Qardh funds refund	-	-	-
d. Penalties	1030	666	744
e. Others	-	-	-
Total Qardh funds	1,337	782	976
2 Utilisation of Qardh funds			
a. Financing	-	-	-
b. Donation	715	1,061	845
c. Others	-	-	-
Total Utilisation of Qardh funds	715	1,061	845
3 Increase on utilisation of funds	622	(279)	132
4 Qardh funds at the beginning of the year	477	756	624
5 Qardh funds at the end of the year	1,099	477	756

Sources and Distribution Zakat Funds Danamon Syariah Business Unit

UUS : Bank Danamon Indonesia

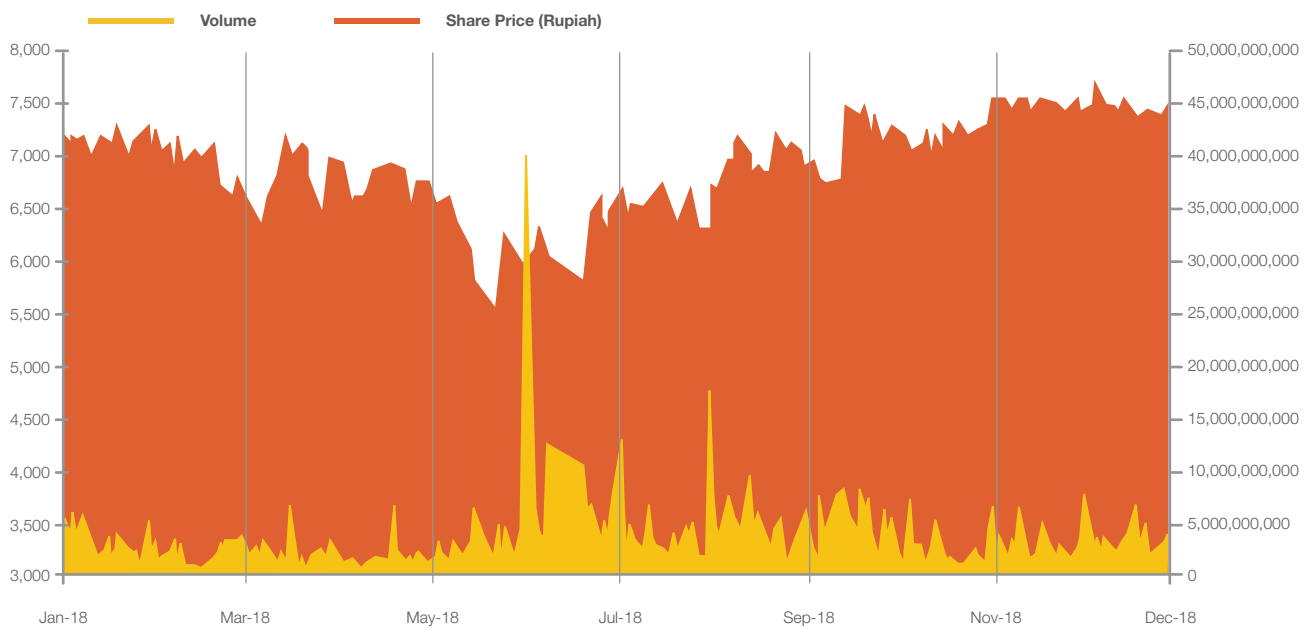
date : December 31, 2018

(In million Rupiah)

Description	2018	2017	2016
1 Initial Balance of Zakat Funds	2,470	306	160
2 Source of Zakat Funds:			
a. Internal UUS	-	-	-
b. External UUS	1,560	2,335	5,452
3 Distribution zakat funds to zakat administrator entity			
a. Amil Zakat Institution	153	172	5,307
b. Amil Zakat Board	-	-	-
4 Increase (decrease) zakat funds	1,407	2,163	145
5 Ending balance of zakat funds	3,877	2,470	306

Share and Bond Highlights

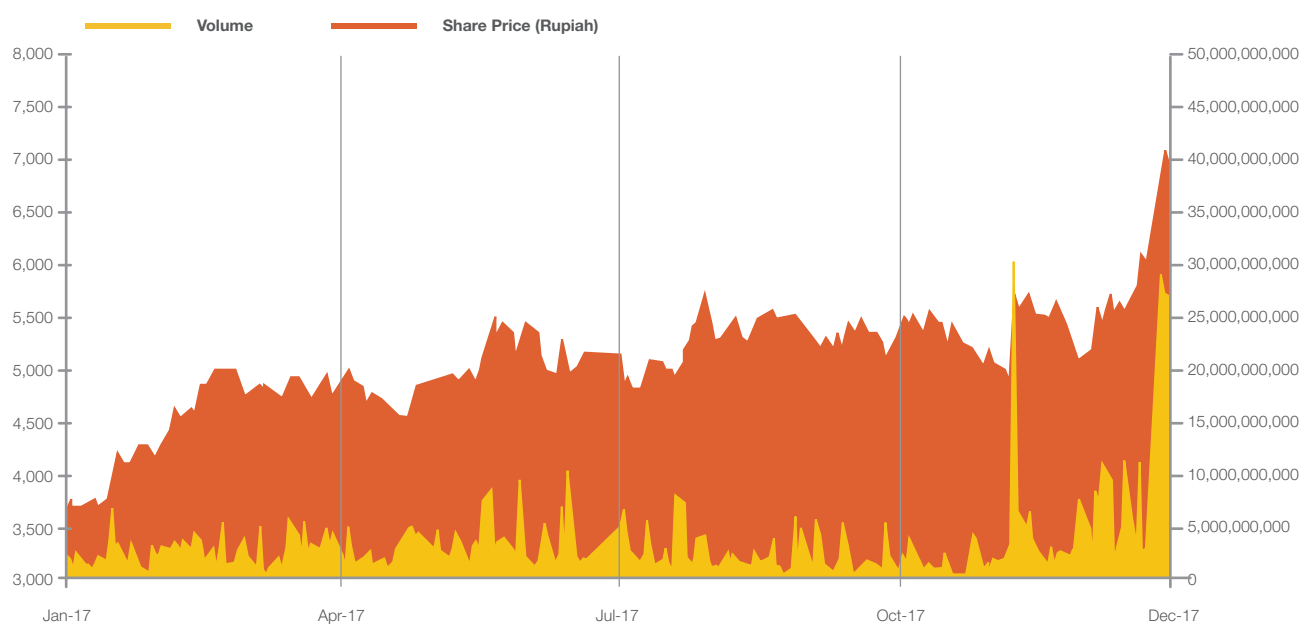
Danamon's Share Price Performance 2018



Volume and Share Price

Share Price (Rp)	2018				
	Highest	Lowest	Closing	Average	Market Cap (Rp Million)
First Quarter	7,175	6,150	6,875	6,851	65,894,423
Second Quarter	6,875	5,425	6,375	6,298	61,102,101
Third Quarter	7,400	6,250	7,200	6,776	69,009,432
Fourth Quarter	7,600	6,925	7,550	7,286	72,364,057

Danamon's Share Price Performance 2017



Volume and Share Price

Share Price (Rp)	2017				
	Highest	Lowest	Closing	Average	Market Cap (Rp Million)
First Quarter	5,025	3,620	4,700	4,468	45,047,823
Second Quarter	5,500	4,520	5,125	4,991	49,121,297
Third Quarter	5,700	4,800	5,200	5,270	49,840,145
Fourth Quarter	7,075	4,850	6,960	5,493	66,709,117

Securities Ratings

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Pefindo

Sep-18	Outlook	Stable
	Corporate Rating	idAAA

Fitch Rating

Oct-18	Outlook	Stable
	Lt Issuer Default Rating	BBB
	St Issuer Default Rating	F2
	National Long Term	AAA (IDN)
	National Short Term	F1+ (IDN)
	Viability Rating	BB+
	Support Rating	2

Moodys

Apr-18	Outlook	Stable
	Bank Deposits	Baa2 / P-2
	Baseline Credit Assessment	Baa3
	Adjusted Baseline Credit Assessment	Baa2

Information on Bonds/Sukuk

As of December 31, 2018

Debt securities	Effective notification date	Letter number	Amount	The trustee	Interest payment schedule
Adira Finance Continuing Bonds II Phase III Year 2014 (Continuing Bonds II Phase III)	February 2013	No. S-37/D.04/2013	1,500,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds II Phase IV Year 2014 (Continuing Bonds II Phase IV)	February 2013	No. S-37/D.04/2013	1,503,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds III Phase I Year 2015 (Continuing Bonds III Phase I)	June 2015	No. S-279/D.04/2015	979,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds III Phase II Year 2015 (Continuing Bonds III Phase II)	June 2015	No. S-279/D.04/2015	1,437,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds III Phase III Year 2016 (Continuing Bonds III Phase III)	June 2015	No. S-279/D.04/2015	1,101,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds III Phase IV Year 2016 (Continuing Bonds III Phase IV)	June 2015	No. S-279/D.04/2015	1,700,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds III Phase V Year 2017 (Continuing Bonds III Phase V)	June 2015	No. S-279/D.04/2015	2,014,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds III Phase VI Year 2017 (Continuing Bonds III Phase VI)	June 2015	No. S-279/D.04/2015	769,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds IV Phase I Year 2017 (Continuing Bonds IV Phase I)	December 2017	No. S-458/D.04/2017	1,300,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds IV Phase II Year 2018 (Continuing Bonds IV Phase II)	December 2017	No. S-458/D.04/2017	1,630,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Bonds IV Phase III Year 2018 (Continuing Bonds IV Phase III)	December 2017	No. S-458/D.04/2017	2,260,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Sukuk Mudharabah II Phase II Year 2016 (Continuing Sukuk Mudharabah II Phase II)	June 2015	No. S-279/D.04/2015	86,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Sukuk Mudharabah II Phase III Year 2017 (Continuing Sukuk Mudharabah II Phase III)	June 2015	No. S-279/D.04/2015	386,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Sukuk Mudharabah III Phase I Year 2017 (Continuing Sukuk Mudharabah III Phase I)	December 2017	No. S-458/D.04/2017	200,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly
Adira Finance Continuing Sukuk Mudharabah III Phase II Year 2018 (Continuing Sukuk Mudharabah III Phase II)	December 2017	No. S-458/D.04/2017	490,000	PT Bank Negara Indonesia (Persero) Tbk	Quarterly

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12 February

Bank Danamon Announces 38% NPAT Growth In Its Full Year 2017 Results



22 February

Chinese New Year Celebration with Customers



21 July

Danamon Celebrated 62nd Anniversary.



31 July

OJK Approves MUFG Bank to Increase its Investment in Bank Danamon



20 August

Danamon Syariah Ready to Accept Hajj Pilgrimage Fund Deposits



27 September

Bank Danamon Enters into a Conditional Agreement to Sell a Majority Stake in Adira Insurance to Zurich



13 March

Bank Danamon Launches Digital Wallet Service



30 May

Fast Breaking with Media.



02 August

Bank Danamon and Adira Donate Books for Indonesia



03 August

Completion of 40.0% Investment in Bank Danamon by MUFG Bank



24 October

Bank Danamon Announces First Nine Months of 2018 Results



30 October

Bank Danamon Supports PT Toyota Housing Indonesia In Home Ownership Financing



19 November

Bank Danamon Holds Extraordinary General Shareholders' Meeting



28 November

5,000 Runners Decide Their Own Finish Lines While Running at Danamon Run 2018



04 December

2019 Economic Outlook with Media



06 December

Supporting Development in The Digital Era, Danamon Launches API Central

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02

Management Report





“2018 was a good year for Danamon. Despite a challenging global and national economic environment, Danamon’s net profit after taxation increased 6.5% to Rp3.92 trillion. Danamon has executed its 2016-2018 year strategy well and is poised to grow further, with a strong foundation in place.”

Ng Kee Choe
President Commissioner



Report from the Board of Commissioners

Dear Valued Shareholders,

2018 was a good year for Danamon. Despite a challenging global and national economic environment, Danamon's net profit after taxation increased 6.5% to Rp3.92 trillion. Danamon has executed its 2016-2018 year strategy well and is poised to grow further, with a strong foundation in place.

Economic and Industry Overview

The global economy continued to grow in 2018, but faced challenges as the economies of Europe, the UK, and China began to moderate. Emerging economies in Asia also experienced difficulties as currencies across the region fell against the US dollar. This was partly due to external factors, such as the US Federal Reserve's rate hikes, growing US China trade dispute, ongoing concerns over Brexit, and contagion from other emerging markets.

The Indonesian Rupiah had weakened since the start of 2018, at one point reaching its lowest level in 20 years. In response, Bank Indonesia raised its benchmark interest rate six times by a total of 175 basis points. The government also introduced a range of measures to improve the trade balance and rein in the current account deficit. These measures have helped to stabilize the Indonesian Rupiah.

Indonesia's GDP grew by 5.17% in 2018, marginally better than its 5.07% growth in 2017. Meanwhile, inflation was kept low at 3.13%, but the current account deficit increased.

The Banking industry's Total Assets as of December 2018 stood at Rp8,068.4 trillion, 9.2% growth from last year. Loans increased by 11.8% to Rp5,294.9 trillion. In terms of liquidity, deposits grew by 6.4% to Rp5,630.4 trillion. The competition for deposits remained intense.

Danamon and Board of Directors' performance

Danamon's successful implementation of its 3 years (2016-2018) strategy, yielded strong financial growth. The Bank's net profit after taxation for 2018 reached Rp3.92 trillion, up from Rp3.68 trillion in 2017. The Bank achieved 11.6% overall year-on-year loan growth in key segments excluding micro finance, to reach Rp137.2 trillion.

In terms of asset quality, we continued to maintain our prudence in managing risk as well as following our internal risk appetite principles to ensure that we grew within acceptable parameters. Danamon's cost of credit ratio improved to 2.5% from 2.8% last year.

Another indication of prudent management can be seen in our capital level. With 22.2% Capital Adequacy Ratio (CAR), Danamon continues to be well capitalized, significantly above the minimum level stipulated by the regulation. The Board of Commissioners commends the Board of Directors for consistent dedication and efforts to lead Danamon in achieving its strong performance in 2018.

Investment by MUFG

In August 2018, MUFG Bank became one of the controlling shareholders of Danamon with a 40% shareholding, whilst Asia Financial (Indonesia) Pte. Ltd. now has a 33.8% stake. MUFG's presence provides significant opportunities for collaboration with Danamon.

On January 22nd, 2019, Danamon announced a merger with Bank Nusantara Parahyangan (BNP). Bank Danamon as the merged entity will have expanded distribution network and product suite to better serve customers. BNP customers will have the ability to access Danamon's product offerings and nationwide branch/ATM network. At the same time, this merger provides Danamon and its subsidiaries with cross-selling opportunities of their products to BNP's existing customer base.

As announced earlier, MUFG will increase its ownership in Danamon to 73.8% or more. This will allow Danamon to further leverage MUFG's global capabilities, including the strength of their relationship with multinational corporations. This transaction is subject to shareholders' and regulatory approvals.

Committee Performance In 2018

The Board of Commissioners (BOC) is assisted by six Board Committees in 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. It is satisfied with the effectiveness of internal controls within the Bank. After due evaluation, the AC has recommended the reappointment of Public Accounting Firm KAP Tanudiredja, Wibisana, Rintis & Rekan (a member firm of PwC global network) as Danamon's external auditor for the 2019 financial year.

Risk Monitoring Committee

The Risk Monitoring Committee oversees all aspects of risk management within the Bank and has provided constructive feedback to improve asset quality, market and liquidity position and general control environment. The Bank maintained its overall risk profile for 2018.

Corporate Governance Committee

The Corporate Governance Committee has ensured that Danamon continues to adopt the necessary principles, practices and processes for accountable and effective management. Danamon adheres to a high standard of corporate governance, which contributes to the standing of the Bank and the trust of all its stakeholders.

Integrated Governance Committee

The Integrated Governance Committee (IGC) oversees the implementation of good corporate governance across the Bank and its subsidiaries. It has made recommendations to the BOC to enhance good corporate governance practices. Adira Finance was recognized as having the Best Overall Corporate Governance in 2018 at the Indonesian Institute for Corporate Directorships' Annual Awards.

Nomination Committee

The Nomination Committee recommended the appointment of new BOC and BOD members during the year, as well as the appointment of senior management personnel.

Remuneration Committee

In 2018, the Remuneration Committee (RC) made recommendations to the BOC on remuneration packages for commissioners, directors and senior management personnel. The RC assessed remuneration arrangements to ensure they support the Bank's long-term strategic interests by enabling the recruitment and retention of senior executives.

Integrated Corporate Governance and Risk Management

Danamon has continued to implement integrated corporate governance and risk management across the Bank and its subsidiaries in line with best international banking practices. This has supported efforts to improve the Bank's performance,

competitiveness and reputation. Initiatives in 2018 included raising employees' awareness of Danamon's Code of Conduct, ethics, and risk culture. The Bank's whistle-blowing policy helped to counter any violations of good corporate governance principles. The Bank also sharpened its focus on cyber security.

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

Implementation of Corporate Social Responsibility

The BOC recognizes that corporate social responsibility plays a vital role in strengthening local communities and the long-term development of Indonesia. The BOC in 2018 continued to support Yayasan Danamon Peduli (YDP), which conducted a range of social investments, reflecting the Bank's commitment to improving public welfare.

Indonesia was struck by a series of natural disasters in 2018, prompting YDP to provide emergency relief for victims of earthquakes, floods, landslides and fires. These relief efforts included help for victims of earthquakes that hit Lombok in August, and a devastating earthquake and tsunami in Palu, Central Sulawesi, in late September.

YDP facilitated disaster mitigation and emergency response training for communities at traditional markets near Danamon's offices. We partnered with institutions that have competencies in the field of disaster namely the Indonesian Red Cross (PMI), the National Disaster Management Agency (BNPB), Disaster Management Agency Regional (BPBD), as well as other institutions both at national and local levels.

YDP also continued its revitalization program at traditional markets. This program is helping to improve the quality of life of local communities.

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

Changes In BOC Composition

In 2018, there were changes to the BOC, with the resignation of Ernest Wong Yuen Weng as Commissioner in November 2018 Extraordinary General Meeting of Shareholders (EGMS). The BOC would like to thank him for his dedication and contributions to Danamon during his term in office. We welcome Takayoshi Futae and Peter Benyamin Stok who were appointed as new commissioners in March 2018 Annual General Meeting of Shareholders (AGMS) and Masamichi Yasuda who was appointed as new commissioner in November 2018 EGMS. We look forward to their advice and guidance.

Looking Forward

The BOC expects Danamon to continue to perform well in 2019. The Bank will continue with its transformation journey, building new growth engines whilst enhancing existing ones, developing a strong digital presence, and always remaining prudent.

Danamon will spare no efforts to serve its customers well through a comprehensive range of competitive products, supported by secure 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 Services 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 of 2018. We have now refreshed our strategy that we will embark on in 2019. This is also proof of our demonstrated ability to adapt to shifts in the market place, technological advancements and evolving customer needs. We look forward to your continued support as we strive to advance Danamon to new heights in performance and excellence.

Jakarta, March 2019



Ng Kee Choe
President Commissioner

Board of Commissioners



Made Sukada
Commissioner
(Independent)



Gan Chee Yen
Commissioner



Masamichi Yasuda
Commissioner



Ng Kee Choe
President Commissioner



JB. Kristiadi
Vice President Commissioner
(Independent)



Peter Benjamin Stok
Commissioner
(Independent)



Manggi T. Habir
Commissioner
(Independent)



Takayoshi Futae
Commissioner

“In 2018, Danamon continued its upward momentum. Danamon Group achieved double-digit percentage loan growth, excluding micro-financing. Net profit after taxation (NPAT) improved by 6.5% to reach Rp3.92 trillion. I am also pleased to report that strategic initiatives including those in Small Medium Enterprise (SME), Branch Network, Digital and Adira Finance continued to show positive results. Our position is further strengthened by our new controlling shareholder, MUFG Bank, paving the way for collaboration that will provide benefits for our customers.”

Sng Seow Wah
President Director



Report from the Board of Directors

Dear Valued Shareholders,

In 2018, Danamon continued its upward momentum. Danamon Group achieved double-digit percentage loan growth, excluding micro-financing. Net profit after taxation (NPAT) improved by 6.5% to reach Rp3.92 trillion. I am also pleased to report that strategic initiatives including those in Small Medium Enterprise (SME), Branch Network, Digital Channels and Adira Finance continued to show positive results. Our position is further strengthened by our new controlling shareholder, MUFG Bank, paving the way for collaboration that will provide benefits for our customers.

Economic And Industry Overview

The global economy came under pressure in 2018. While there was economic growth in the US, other parts of the world including Europe, China, and Japan experienced a slowdown. The rupiah was among currencies hard hit by tighter monetary policy in the US, losing more than 12% of its value before starting to rebound towards the end of the year. The Indonesian economy remained steady, with the government prioritizing stability over growth. Inflation was kept low at about 3%, although liquidity tightened as Bank Indonesia raised its benchmark interest rate six times.

In Indonesia's banking sector, loan grew by 11.8% YoY as of December 2018 while deposit growth was 6.4%. Indonesian banks' non-performing loan (NPL) ratio remained manageable at 2.4% in December. Towards the end of the year, competition for liquidity intensified, putting pressure on funding costs.

Strategic Priorities And Initiatives In 2018

Danamon's 3-Year Plan (2016–2018) for transformation was a success; stepping up on revenue engines and streamlining core operations. Our key engines – SME Banking, Consumer Mortgages, and Adira Finance – all achieved strong growth in 2018.

As a continuation of the strategy in the past few years, SME leveraged the Branch Network of Danamon and continuous improvement in credit approval process turn-around time. Particular emphasis was given to improve our service for the smaller SME businesses.

Enterprise Banking (EB) also performed well in its traditional target market of family-owned commercial and small corporate customers. EB started to tap the opportunities for collaboration with Danamon's new controlling shareholder, MUFG Bank. MUFG's relationships with large corporate entities and its expertise in infrastructure financing will increasingly open up new growth potential for Danamon.

Given our aim to enable customers fulfill their financial goals, Consumer Banking undertook initiatives to deepen engagement levels. The D-Point Integrated loyalty program rewards customers for various banking activities including savings, investing and transacting. Product suites for investments and bonds were also enriched. Increasingly our customers' lifecycle needs involve home purchase through consumer mortgages. By providing an attractive mortgage bundle, improved approval process and expanded partnerships with developers, Danamon was able to help more customers with their major investment decisions.

The distribution of the SME and Consumer Banking products is supported by our extensive Branch Network. "Danamon Way", the sales and service culture and process introduced last year has been uniformly adopted in our branches. The results are increased efficiency, productivity and service level to customers.

Danamon continues to look ahead and innovate on the technology front. We strive to digitize many of our end to end processes in order to provide seamless, straight through delivery of products and services. Our aspiration is to embed our services in our customers' world to make banking invisible. In the past year, Danamon continued to develop its digital services to enhance customer interaction through our D-Bank and Omni Channel platforms. We also launched API (Application Programming Interface) Central to collaborate with Danamon's digital partners in fintech and e-commerce.

Investment By MUFG

As of August 2018, MUFG Bank became one of Danamon's controlling shareholders, with a 40.0% shareholding, while Asia Financial (Indonesia) Pte. Ltd. now has a 33.8% stake. The collaboration between Danamon Group and MUFG has yielded positive results. Introductions to Japanese and other Multi National Corporates opened the door to a new segment of large corporates for the Bank and will benefit EB, Consumer, SME and Adira Finance in the years to come.

On January 22nd, 2019, Danamon announced a merger plan with Bank Nusantara Parahyangan, an Indonesian Bank which MUFG also has a stake in. The merger will also allow MUFG to increase its ownership in Danamon. The merger with BNP and the increase in shareholding of MUFG Bank would allow for further integration of MUFG Bank's resources, such as its services, network and management expertise, with Bank Danamon as the surviving entity. This transaction is still subject to shareholders' and regulatory approvals.

Divestment of Adira Insurance

In September 2018, Danamon signed an agreement to sell a 70% stake in Adira Insurance to Zurich Insurance. The transaction will allow Danamon to focus on its core competencies of distributing financial products, while Adira Insurance will also benefit from the strength and capabilities of Zurich Insurance as a large international insurance company. We expect the transaction to be beneficial to all parties. Danamon will continue to distribute Adira Insurance products through both, the bank channels and Adira Finance channels. The transaction is subject to regulatory and other approvals.

Loans excluding micro finance, stood at Rp137.2 trillion representing 11.6% growth year-on-year (YoY) Consumer, SME, Adira Finance as well as EB contributed to overall loan growth in 2018

Financial Performance In 2018

By implementing a number of management initiatives and strategies in 2018, Danamon's net profit after taxation was up 6.5% to Rp3.92 trillion as compared to Rp3.68 trillion last year, driven by growth in new engines loan volume as well as lower credit cost and Danamon's ability to maintain its operational efficiency throughout the year. The return on assets (ROA) and the return on equity (ROE) at 2.2% and 10.6% respectively at the end of 2018, were both improved compared to last year ratios of 2.1% and 10.5% respectively.

Loan Performance

Loans excluding micro finance, stood at Rp137.2 trillion representing 11.6% growth year-on-year (YoY). Consumer, SME, Adira Finance, as well as EB contributed to overall loan growth in 2018. Consumer mortgages grew 29.3% to Rp7.81 trillion and SME loans grew 9.7% YoY to Rp31.21 trillion. Our Branch Network strategy has delivered positively. EB expanded 11.0% to Rp41.48 trillion in 2018 after experiencing only 2% YoY growth last year. Adira Finance significantly gained market share in new motorcycle and new car segments in FY 2018 which led Adira Finance loans to grow by 13.4% to Rp51.29 trillion.

Asset quality improved

Danamon was also able to maintain its overall asset quality. Danamon's NPL ratio was well managed at 2.7% at the end of 2018. We also maintained a prudent level of credit cost of 2.5%, as compared to the 2.8% level in the previous year.

Balance sheet remains strong

Danamon had adequate liquidity to support asset growth. Danamon's Macroprudential Intermediation Ratio (RIM) was maintained at 97.2% which was in-line with management expectation. Our capital adequacy ratio (CAR) of 22.2% was well above regulatory requirements.

Target versus Actual Results

Overall loans, including marketable securities related to trade finance grew by 8%, better than our internal target. This was supported by better than expected growth in Consumer Mortgages, SME, EB, and Adira Finance. Danamon's NPL ratio as of 31 December 2018 stood at 2.7%, better than our 3.0% NPL target. Danamon's NPAT stood at Rp3.92 trillion which was in line with our internal expectations.

Subsidiaries Performance

Danamon operates two subsidiaries. As previously mentioned, Danamon in 2018 agreed to sell a majority stake in Adira Insurance. In 2018, both subsidiaries booked positive growth and improved profitability.

Adira Finance gained market share in new motorcycle and new car segments in 2018. Adira Finance market share in new motorcycle was 11.9% an increase of 60 bps YoY, as Adira Finance conducted sales initiatives to increase segmented dealer programs. In the 4W segment, Adira Finance also successfully increased its market share from 4.5% last year to 4.8% in 2018. It continued to expand in 2018 through non-dealer channels to promote and market its products. Adira Finance had in 2017 launched its own e-commerce app <https://www.momobil.co.id> for buying and selling cars. In 2018, it launched a similar online app <https://www.momotor.id> and website for buying and selling motorcycles. Adira Finance continued to partner with communities through its agency Kemitraan Berdaya (Keday), which literally means 'Empowered Partnership'. Keday invites people to open outlets to offer the company's products and receive installment payments. Adira Finance has continued to invest in information technology and has adopted a digital approach in doing business with customers.

In 2018, Adira Insurance continued to streamline its business processes, while still enhancing service quality, especially in core processes, leading to greater cost efficiency in policy production, premium collection and claims. Adira Insurance prudently expanded its market penetration through its existing business channels. The company retained its focus on products with high-volume, homogenous and wider risk spread characteristics, such as motor vehicles, property insurance and personal accident cover. This year Adira Insurance booked Rp2.70 trillion of gross written premium a 14.9% increased from last year Rp2.34 trillion. Both motor vehicle portfolio and non-motor vehicle portfolio contributed to Adira Insurance's performance in 2018.

Digital Initiatives

In recent years, Danamon has been investing in electronic channels to provide customers with more convenient choices to engage the Bank. These channels also improve efficiency, security and allow customers to access their accounts more easily even after office hours. Customers can now conduct banking more easily through their smartphones and Danamon online platform, such as D-Bank and Danamon Cash Connect.

Danamon in December 2018 launched API (Application Programming Interface) Central, which facilitates the development of banking applications and services. API Central provides customers with a range of fintech and online services that are convenient, fast and secure.

A new digital roadmap was established in 2018, with the goal of embedding Danamon's services in the customer's world to make banking seamless and invisible. Danamon will continue to digitalize its core processes of banking and financing to further strengthen the Bank's foundation for future enhancements on the digital front.

Human Capital

Sustainable transformation was the overall theme for 2018. For Human Capital (HC), this was a critical point in preparing and managing employees' capabilities and mindset to always create added value throughout the Company's operations and business activities. In 2018, we intensified digitalization of our HC management system, which encompasses manpower planning, recruitment, performance management, and learning and development.

To facilitate a shared direction towards sustainable transformation among employees, the Bank reinforced the need for its core values to be strengthened. These values are a reflection of the Bank's ambition, spirit and character, which are summed up in the Indonesian acronym BISA (which means 'can' in English). BISA stands for Berkolaborasi, Integritas, Sigap Melayani dan Adaptif which means Collaboration, Integrity, Customer Centric, and Adaptive.

In 2018, Danamon continued to promote its performance-oriented culture, developing greater transparency and meritocracy across the group. The Bank also built on its culture of innovation, which encourages employees to become adaptable – enabling them to respond swiftly and appropriately to new challenges.

The Danamon Way, the new sales and service approach, was fully implemented to optimize the performance of the Branch Network. We have succeeded in changing the focus at our branches to be more customer-centric.

Corporate Governance

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

We believe GCG goes beyond compliance with regulations. This commitment was recognized by the Indonesian Institute for Corporate Directorship (IICD), which named Danamon as Best in the Financial Sector and Adira Finance as Best Overall at the 2018 Corporate Governance Awards.

Corporate Social Responsibility

Danamon's Corporate Social Responsibility (CSR) activities are undertaken by Yayasan Danamon Peduli (YDP). A number of activities were conducted in 2018, especially in response to natural disasters. YDP responded to 17 natural disasters which included deadly earthquakes and tsunamis that hit Lombok in August, and September in Central Sulawesi.

Our Market Prosperity program focuses on improving the environmental quality of traditional 'wet' markets, where perishables are sold. Important activities include renovation of public facilities at the markets, construction of sanitation facilities, tree planting, drilling bio spore absorption holes, and provision of clean water facilities.

YDP also conducts financial literacy training for operators of micro businesses and small SMEs. This is to promote financial literacy and inclusiveness.

Evaluation of Committees Under The Board Of Directors

Danamon had five executive committees under the Board of Directors. These committees assist management in prudent risk-taking and strategic decision-making to achieve business and strategic goals.

The 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, information risk management was enhanced, as well as cyber and information technology (IT) security, by adopting procedures to reduce the risk of data breaches. The committee also reviewed risk mitigation policies to support sustainable finance and a recovery plan.

The 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 recommendation regarding the development of integrated

risk management policies and improvements to integrated risk management practices. This was undertaken in accordance with Danamon's role and function as a financial conglomerate.

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

The Human Resources Committee assisted management in formulating new values for human resources (HR) strategies and policies. The committee regularly reviews HR policies to ensure they are aligned with the Bank's vision, mission, core values, and Code of Conduct. The committee continued to review compensation and benefits, people development programs and other employee issues.

The Information Technology Committee ensured that investments in IT are aligned with Danamon's objectives and business strategies. The committee oversaw banking technology issues, made decisions on IT strategy, projects and architecture. The committee has ensured that investments in IT are aligned with Danamon's objectives and business strategies.

Changes In Board of Directors Composition

There were changes in the composition of the Board of Directors in 2018. The Annual General Meeting of Shareholders in March 2018 approved the appointment of Michellina Laksmi Triwardhany as Vice President Director, an elevation from her previous position as Director. The AGMS also approved the appointments of Dadi Budiana and Yasushi Itagaki as directors.

Awards

In 2018, Danamon received several awards in acknowledgement of its innovations and performance. These included: Best Digital Bank from Asiamoney, and Best Bank in Digital Service and Best Sharia Business Unit at the 2018 Indonesia Banking Awards from Tempo Media Group and Indonesia Banking School.

Challenges And Opportunities In 2019

The government has projected GDP growth of 5.30% in 2019, which is higher than 5.17% in 2018, while inflation is expected to be maintained around 3.5%. Indonesia's overall economic outlook is expected to be stable.

In 2019, Danamon will continue to build on its growth engines and maintain the momentum in SME Banking, EB, Consumer Mortgages and Adira Finance. Collaboration with MUFG is expected to further facilitate Danamon's entry to high-end corporate ecosystems. Danamon performed well in 2018 in terms of managing asset quality. Going forward, we will continue to be prudent and achieve growth for the Bank.

The pace of change from conventional to digital banking is accelerating. In view of this, Danamon will expedite its digital journey and remain relevant to customers. Our digital transformation will deliver more online and mobile services and offerings to customers. We will provide the tools and resources to increase our employees' productivity and digitalize our core operations.

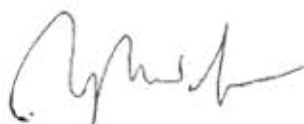
Concluding Remarks

2018 was a remarkable year for Danamon. We successfully concluded our 3-Year Plan of transformation. In 2019, we will embark on our new 3-Year Plan, which will focus on collaboration, customer service and harnessing digital possibilities. We know we can rely on ongoing support from our various stakeholders to continue to make our goals a reality.

Support and guidance from our Board of Commissioners was instrumental in Danamon's achievements. Our strategic initiatives would not have been implemented if not for the dedication and commitment of Danamon and its subsidiaries' employees. We are always grateful to our customers for their patronage; Danamon will work hard to continue earning their trust. We also thank our shareholders for their confidence in the Bank.

Finally, we convey our sincere gratitude to our regulators, especially the OJK, for their guidance and assistance. Danamon is entering 2019 with a stronger foundation for growth, than ever before!

Jakarta, March 2019



Sng Seow Wah
President Director

Board of Directors



Adnan Qayum Khan
Director

Heriyanto Agung Putra
Director

Michellina Laksmi Triwardhany
Vice President Director

Sng Seow Wah
President Director



Yasushi Itagaki
Director



Rita Mirasari
Director
(Independent)



Herry Hykmanto
Director



Dadi Budiana
Director



Satinder Pal Singh Ahluwalia
Director

Senior Executive Officers



Evi Damayanti
Chief Operations
Officer

Herman Savio
Treasury and Capital
Market Head

Yotaro Agari
Business Collaboration
Head

Mary Bernadette James
Chief Information Officer

Vivian Widjaja
Chief Transformation
Officer

Corporate
Data

Corporate
Social Responsibility

Good Corporate
Governance

Operational
Review

Management
Discussion and Analysis

Company
Profile

Management
Report

Main
Highlights

Syariah Supervisory Board



Hasanudin
Member for Syariah
Supervisory Board

Din Syamsuddin
Chairman for Syariah
Supervisory Board

Asep Supyadillah
Member for Syariah
Supervisory Board

Report from Syariah Supervisory Board

We as Syariah Supervisory Board (DPS) UUS Danamon believes that the Syariah banking activities carried out by the UUS Danamon in 2018 are generally suitable with DSN-MUI fatwas and opinions issued by us as Syariah Supervisory Board.

Assalamu'alaikum Warahmatullahi Wabarakaatuh

Bismillaahirrahmaanirrahiim

Alhamdulillahirabbil'aalamiin, All praise be to Allah Subhanahu Wata'ala for all his comfort, easiness and grace to all of us, so that Allah Ta'ala enable us to carry out the duties and mandates entrusted to us. Our shalawat and greetings to the Prophet Muhammad sallallaahu 'Alaihi Wa sallam.

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.

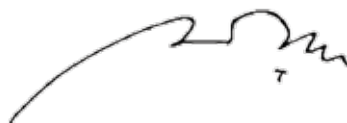
We as Syariah Supervisory Board (DPS) UUS Danamon believe that the Syariah banking activities carried out by the UUS Danamon in 2018 are generally suitable with DSN-MUI fatwas and opinions issued by us as Syariah Supervisory Board.

On this occasion we are grateful and want to express our appreciation for the cooperation and support of the Board of Directors and all of Bank Danamon Management staff for performance achievements in 2018, and in their efforts to maintain the consistency of the Syariah principles application in banking activities.

Hopefully in the future, UUS Danamon will become more successful and always ahead.

Wassalaamu'alaikum Warahmatullahi Wabarakaatuh

Jakarta, March 2019



On behalf of the Syariah Supervisory Board
Prof. Dr. H. M. Din Syamsuddin
 Chairman

Overview of Plans, Policies and Strategies

Despite global macroeconomic challenges, the national economy was steady throughout 2018. GDP growth averaged around 5.17%, and recorded its highest GDP growth since 2015 in 2Q 2018 at 5.27%.

Bank Indonesia raised its key policy rates by 175 bps in 2018 due to the widening current account deficit and increasing risk premium for Rupiah-denominated assets. The central bank's higher rates led to net interest margin compression across the Indonesian banking industry.

Strategic Focus in 2018

Danamon's 3-Year Plan for transformation concluded at the end of 2018. Over those past three years, numerous initiatives were launched, resulting in strong achievements. Sustainable growth was achieved by streamlining core operations, reduced operating expenses and enhancing our revenue engines.

Consistent with its strategy in recent years, Danamon's SME Banking focused on credit growth, fee income cross-selling and third party funds in the SME sector. Key to this strategy was improvement in approval turn-around time and encouraging the growth of quality credit distribution to smaller SME.

In Consumer Banking, the strategy of developing a more granular funding base from deposits resulted in consistent year-on-year growth. A customer onboarding program was developed, aimed at deepening customer relationships with the Bank. This was supported by various attractive marketing programs and more consumer-centric products.

Consumer mortgages performed well in 2018, growing 29.3%. Branch referrals, partnerships with developers and improvement in the process turn-around time helped to boost growth. In 2018, Danamon signed agreement with several Japanese developers to become their partner for mortgages.

Danamon continued to serve commercial and corporate customers through its EB division with emphasis on process improvement and holistic customer needs. Financial supply chain in key sectors such as fast-moving consumer goods (FMCG) industries, remains the key focus. Danamon continue to enhance its Danamon Connect, our transaction banking online platform launched in 2017, was further enhanced.

A Global Collaboration Office, as a part of the alliance between MUFG and Danamon, has been established and commenced a range of strategic initiatives in 2018. This enables Danamon to access MUFG's relationships with multinational, including Japanese, corporate clients, such as manufacturers, dealers and developers, and provides complementary services to those already provided by MUFG.

In 2018, Danamon continued on its digital journey to improve our customers' experience to make banking invisible and seamless. We have invested in our digital channels, enabling customers to engage with us more efficiently. Danamon launched API

(Application Programming Interface) Central, which facilitates the development of banking applications and services. API Central will provide customers with a range of fintech and online services that are convenient, fast and secure.

Adira Finance successfully transformed into a more customer-centric operation. It ventured into non-auto loans, while maintaining growth in financing for new and used vehicles. Adira Finance also expanded its channels to non-auto dealers, rather than focusing just on its traditional channel.

Initiatives in 2019

Danamon SME Banking will continue to push its value proposition as a one-stop banking solution that provides integrated financing and funding solutions for SMEs through comprehensive product bundling solutions, namely loans, savings, protection, and transactional products and services. These products will be marketed through community approaches and cross-selling strategies to strengthen lead generation and increase customer loyalty.

The focus will be on increasing market penetration in Emerging SME businesses, optimization of lead generation initiatives, and exploring collaboration with fintech companies to increase customer acquisition through digital media.

In Consumer Banking, Danamon will commence the process of moving from being product-centric to becoming customer-centric, focusing more on customer needs. A more complete product suite will be offered, from savings to investment, bonds, forex, bancassurance, credit cards and mortgage products, all aligned to customer needs and profiles.

EB will intensify collaboration with MUFG on cash management, financial supply chain, and trade finance. It will continue to strengthen its digital capabilities to deliver solutions in the digital ecosystem. Supplier financing will be established to provide end-to-end financial supply chain solutions.

Danamon will continue to develop and integrate its digital offerings and services into customers' daily lives to enhance value proposition. We will continue to build digital capabilities for seamless processes and transactions for digital savvy customers. A culture of innovation will be developed to support the improvement of straight-through processes, accelerating transaction processes.

Adira Finance will invest more in digital technology, enhancing its existing e-commerce platform and customer relationship management capabilities, while also focusing on new customer sources via digital and automated third-party channels. Adira Finance will increase its product holdings, aiming to generate more sales from existing customers from top-ups, repeat orders and additional orders.

Responsibility for Annual Reporting

BOARD OF COMMISSIONERS' AND BOARD OF DIRECTORS' STATEMENT ON THE RESPONSIBILITY FOR THE 2018 ANNUAL REPORT OF PT BANK DANAMON INDONESIA TBK

We, the undersigned, testify that all information contained in the 2018 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, March 2019

Board of Commissioners



Ng Kee Choe
President Commissioner



J.B Kristiadi Pudjosukanto
Vice President Commissioner (Independent)



Gan Chee Yen
Commissioner

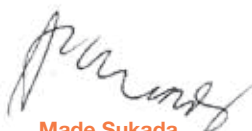


Takayoshi Futae
Commissioner

Masamichi Yasuda*
Commissioner



Manggi Taruna Habir
Commissioner (Independent)



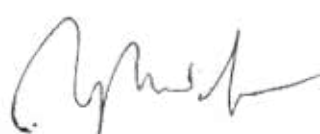
Made Sukada
Commissioner (Independent)



Peter Benyamin Stok
Commissioner (Independent)

* The appointment of Masamichi Yasuda as a member of the Board of Commissioners shall be effective after obtaining fit and proper test result from OJK and statement of compliance with the prevailing laws and regulations.

Board of Directors



Sng Seow Wah
President Director



Michellina Laksmi Triwardhany
Vice President Director



Satinder Pal Singh Ahluwalia
Director



Adnan Qayum Khan
Director



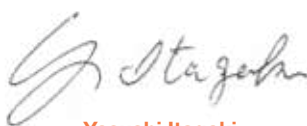
Heriyanto Agung Putra
Director



Herry Hykmanto
Director



Dadi Budiana
Director



Yasushi Itagaki
Director



Rita Mirasari
Director (Independent)

03

Company Profile





Danamon

At a Glance

Corporate
DataCorporate
Social ResponsibilityGood Corporate
GovernanceOperational
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Performance

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".

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Danamon serves all segments of banking customers in the Consumer segment, Commercial 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 Sharia 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 1,100 branches and service outlets comprising conventional branches, Danamon Simpan Pinjam (DSP) units, Sharia units and the branch networks of Adira Finance and Adira Insurance. With the Branch 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 1,400 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 for both individual customers and enterprises, 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 Rp 186.76 trillion as of December 31, 2018, the shares of Danamon are owned by The MUFG Bank, Ltd. (40.00%), Asia Financial (Indonesia) Pte. Ltd. (33.83%), and the public (26.17%)



Corporate Identity

Corporate Data

Corporate Social Responsibility

Corporate Social Responsibility

Good Corporate Governance

Good Corporate Governance

Operational Review

Operational Review

Management Discussion and Analysis

Management Discussion and Analysis

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Management Report

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Main Highlights

Main Highlights

Name:

PT Bank Danamon Indonesia, Tbk.

Business:

Banking Services

Date of Establishment:

16 July 1956

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.

Office Network:

As of 31 December 2018, Danamon maintains a network of more than 1,100 offices consisting of conventional offices, DSP units, and Sharia units as well as branch offices of the subsidiaries. Through the Branch Network, Danamon has 9 regional offices. The list of Danamon Regional Head offices can be viewed under the Chapter on Corporate Data of this report.

Authorized Capital:

Rp10 trillions

Issued and Fully Paid Capital :

Rp5.9 trillions

Stock Exchange:

Indonesian Stock Exchange

Share Code:

BDMN

ISIN Code:

ID1000094204

SWIFT Code:

BDINIDJA

Global Intermediary identification Number (GIIN):

WZU780.99999.SL.360

Share Ownership Composition:

MUFG Bank, Ltd. 40.00%

Asia Financial (Indonesia) Pte. Ltd. : 33.83%

Public 26.17%

Head Office:

Menara Bank Danamon, 17th Floor, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, Jakarta 12920, Indonesia
Phone: +6221 8064 5000

Website and Email:

www.danamon.co.id
corporate.secretary@danamon.co.id
investor.relations@danamon.co.id
corporate.communication@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,
Jakarta Selatan 12910
Phone : (+62 21) 5296 3232, 5296 3322
Fax : (+62 21) 5296 4159
Email : af.investor.relation@adira.co.id

PT Asuransi Adira Dinamika (Adira Insurance)

Business:

Insurance

Head Office:

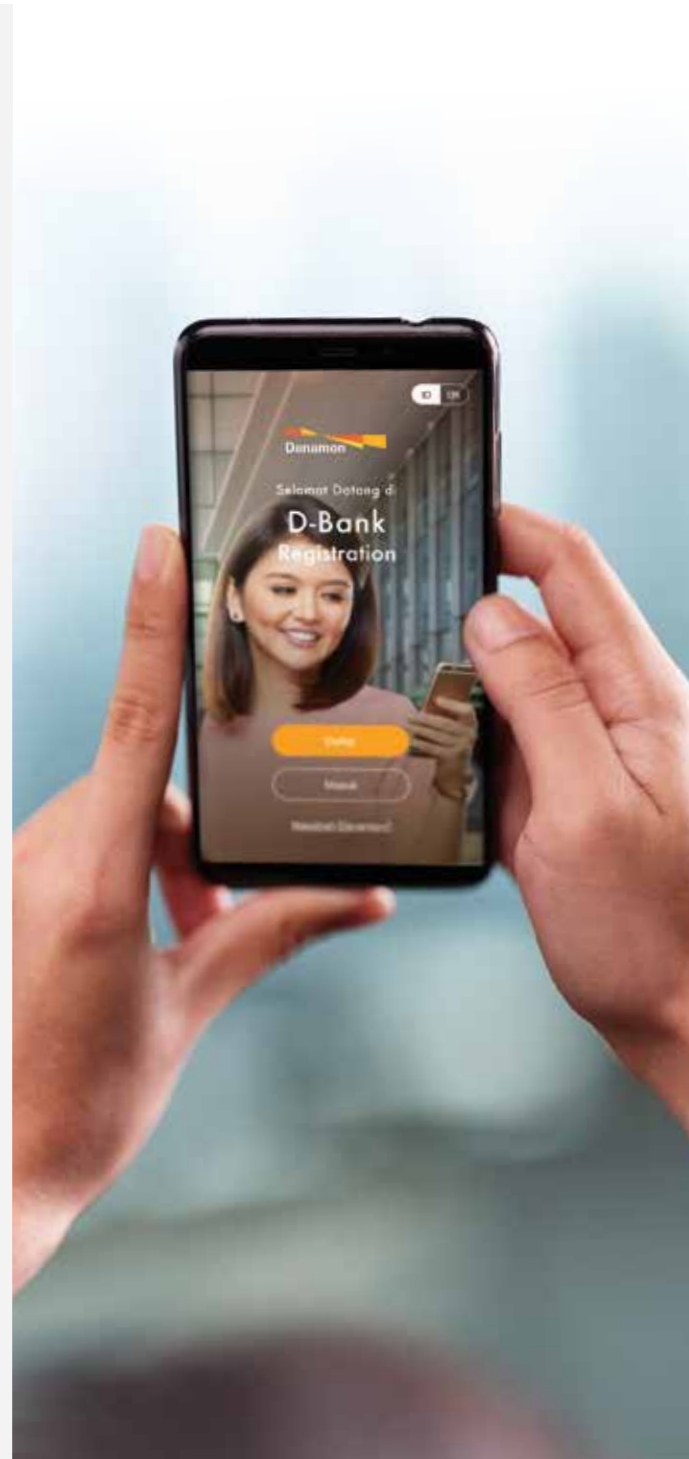
Graha Adira
Jl. MT. Haryono Kav. 42, South Jakarta 12780
Phone : (+62 21) 2966 7373
Fax : (+62 21) 2966 7374
Website and Email:
www.asuransiadira.com
adiracare@asuransiadira.co.id

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

1956 - 1989

1956

- Established under the name of Bank Kopra Indonesia

1976

- Name changed to PT Bank Danamon Indonesia

1988

- Became an Indonesian private foreign exchange bank

1989

- Went public through IPO in the Jakarta Stock Exchange

1998 - 2003

1998

- Taken over by the Government at the height of the Asian financial crisis

2000

- Legal merger with 8 (eight) other banks

2003

- Acquisition of the government's controlling stake by Asia Financial (Indonesia) Pte. Ltd.

2004 - 2006

2004

- The launch of Danamon Simpan Pinjam
- Acquired 75% of Adira Finance

2005

- Rapid expansion of Danamon Simpan Pinjam branch network
- Launch of the Bank's new Vision, Mission, and Values

2006

- Acquisition of American Express business in Indonesia
- Celebration of Danamon's 50th anniversary

2014

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 - 2016

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 Branch 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

2007 - 2009

2007

- The launching of Dirham Card, the first ever Syariah card in Indonesia

2008

- Establishment of Danamon Corporate University
- Expansion of office branch network

2009

- Rights Issue of Rp4 trillion
- Increased acquisition in Adira Finance to 95%

2010 - 2012

2010

- Danamon and Adira Finance issued Fixed Rate Bonds to diversify funding sources

2011

- Rp5 trillion in rights issue
- Danamon celebrated its 55th anniversary

2012

- Network expansion of Solusi Emas Syariah
- Launched credit, debit and ATM Manchester United card

2013

2013

- Partnership with Wells Fargo and Overseas Private Investment Corporation (OPIC) as well as International Finance Corporation (IFC) to finance Indonesia's MSME sector
- Monthly online transaction via Danamon Online Banking reached 2.6 million
- Construction of Danamon's new headquarters "Menara Bank Danamon"
- Published Global Reporting Initiative (GRI)-certified sustainability report

2017

2017

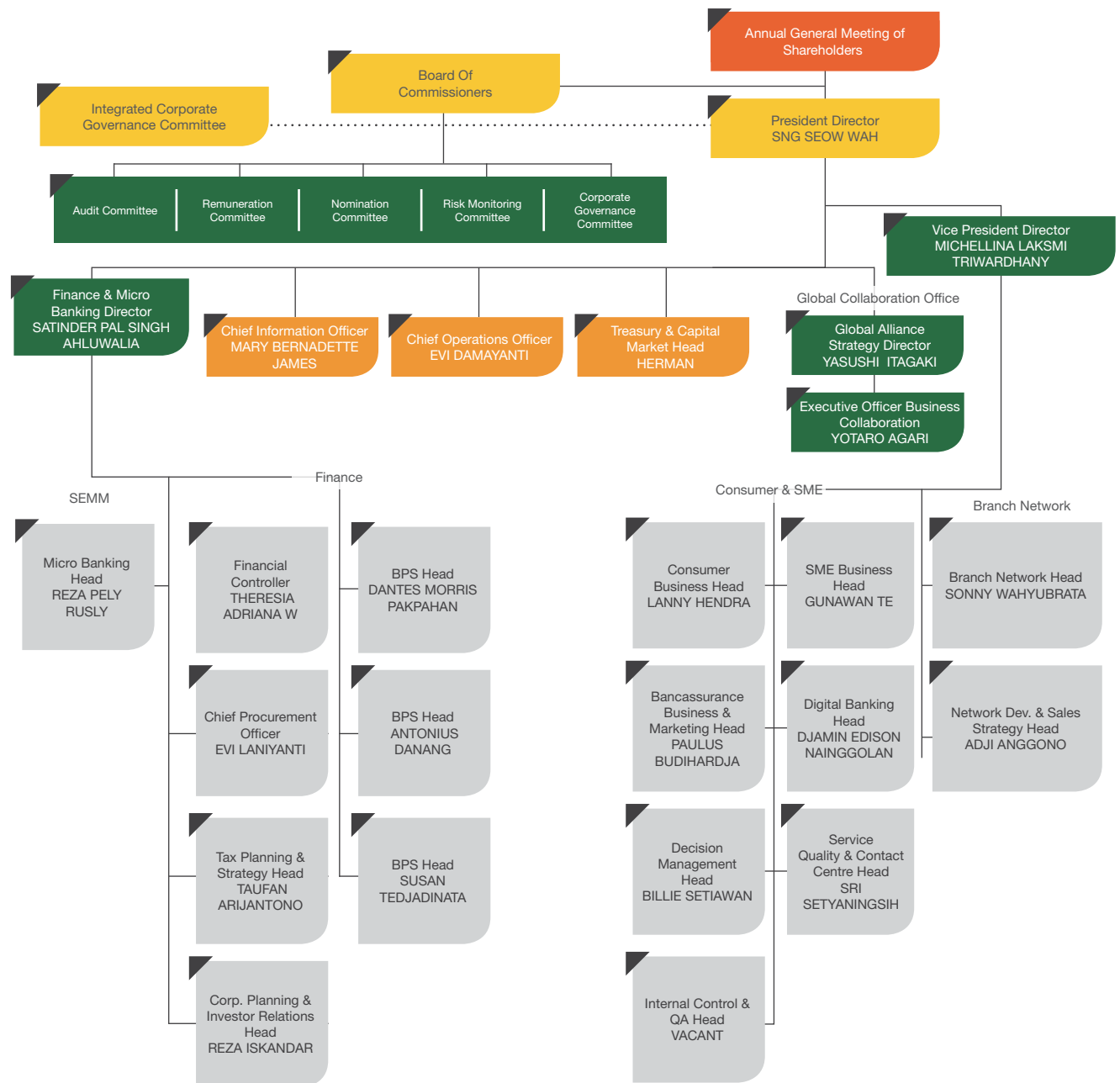
- Launching of D-Point, point rewards system for all banking activities
- Launching of D-Connect, digital banking services for business society
- Launching of Syariah Insurance Proteksi Prima Amanah, in collaboration with Manulife Indonesia
- Holding the Danamon Run 2017, the first running event by Danamon, 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.

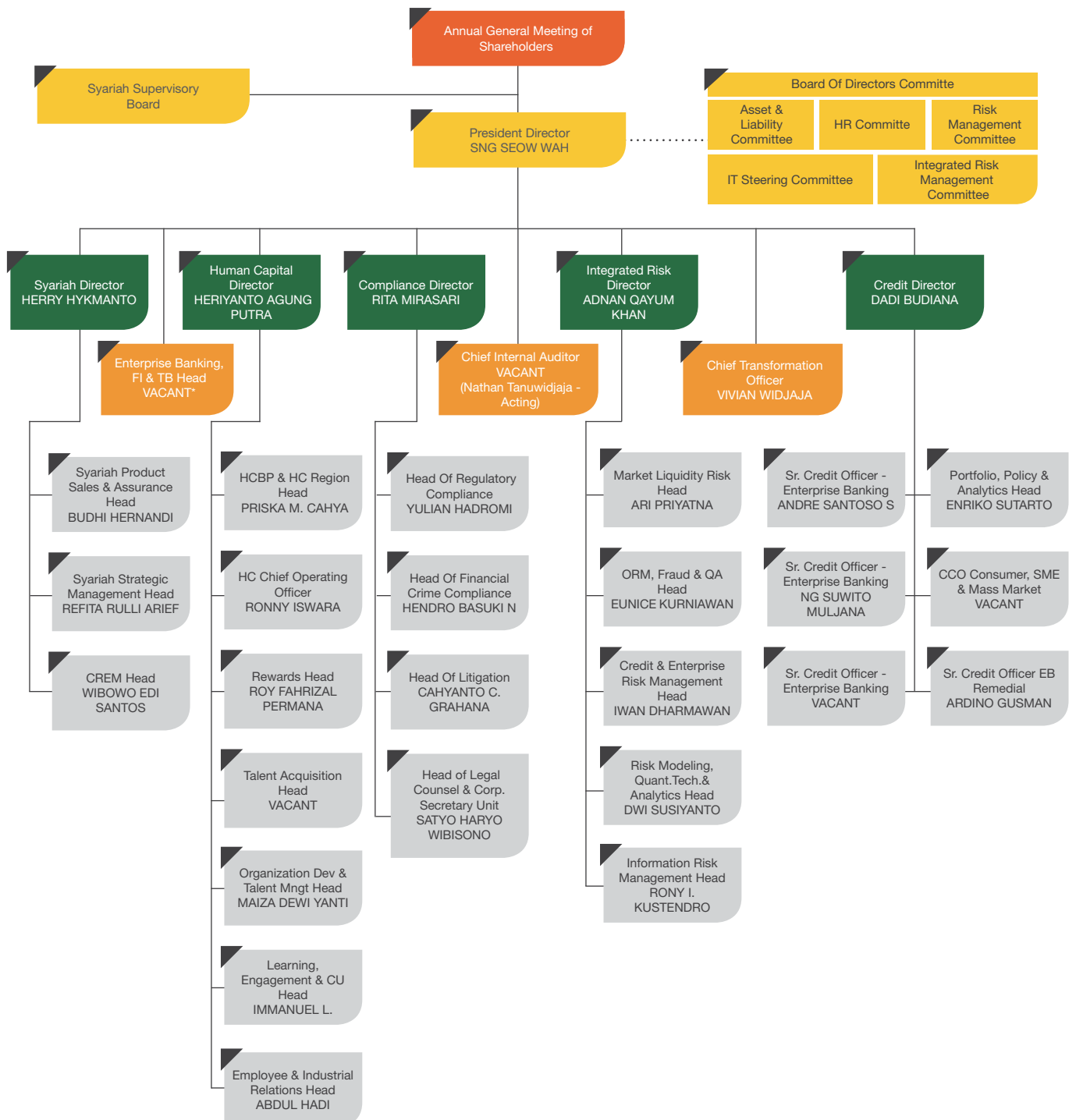
2018

2018

- MUFG Bank Ltd. completed 40% investment in Bank Danamon
- Danamon signed an agreement to sell a 70% stake in Adira Insurance to Zurich Insurance.
- Launch of Danamon Syariah Hajj which has been connected online with the integrated Hajj Computerised System (SISKOHAT) of the Ministry of Religion of the Republic of Indonesia
- Danamon Run 2018 was held and introduced half marathon category
- Bank Danamon and Adira shared 40,040 books for Indonesia

Organization Structure



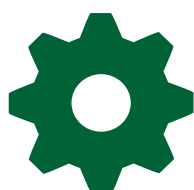


Vision & Mission

Vision



Mission



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**

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:
 1. Business partner to its customers, and;
 2. 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:
 1. Be adaptable, open and willing to continuously learn to respond to change.
 2. 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.

Operational Areas



Danamon

Danamon operates an extensive distribution network spread out from Aceh to Papua, with more than 1,100 branches and service outlets comprising conventional Branches, Danamon Simpan Pinjam (DSP) units, Sharia units and the Branch Networks of Adira Finance and Adira Insurance.

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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. 74. 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.



J.B Kristiadi Pudjosukanto

Vice President Commissioner (Independent)

Indonesian citizen. Age 72. 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

1. Bachelor of Science at the University of Indonesia, 1971
2. AP / ENA Diploma II, Paris, 1975
3. PhD (Public Administration) from Sorbonne University, France in 1979
4. Certificate (short course) of Adam Smith Institute London 1980

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 59. Domiciled in Singapore. Has served as Commissioner of Danamon since 2003 and reappointed as Commissioner in the Bank's AGMS on March 20, 2018.

Qualification/Education Background

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

Work Experience

He began his career as an auditor at Pricewaterhouse Coopers (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 his last position as Co-Chief Investment Officer and Senior Managing Director, Special Projects.

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



Takayoshi Futae
Commissioner

Japanese citizen. Age 57. Domiciled in Singapore. Appointed as Commissioner of Danamon at the AGMS on March 20, 2018.

Qualifications / Education Background

Graduated with an economics degree from Osaka University in Osaka, Japan in 1983, and obtained a Master's degree in Business Administration from the Booth School of Business, University of Chicago, USA in 1988.

Work Experience

A seasoned banker with over 30 years of experience, he began his career in 1983 at The Sanwa Bank, Ltd., which was a predecessor of MUFG Bank. He worked in the United States for 10 years, in its Chicago and New York branches before returning to Japan to take on more senior roles. Mr Futae He was instrumental in initiating two key business functions for the bank - the Project & Asset-based Financing Division, which today is part of the Structured Finance Division, and the Global Corporate Banking Division, serving the MNCs and the non-Japanese corporates. Over the years, he has also been involved in corporate banking, credit and corporate advisory. Mr. Futae was appointed as the Chief Executive Officer of MUFG Bank's Asia & Oceania region in May 2016 and was promoted to Senior Managing Director in May 2017. In July 2018, he was appointed as Regional Executive for MUFG Bank in Asia, ensuring the safety and soundness of the bank's business and operating platforms across 18 markets in the region. He served as a Director on the Board of Security Bank Corporation from April 2016 to May 2018. He was also the Vice-Chairman of the Board of Bank of Ayudhya Plc (Krungsri) from May 2016 to June 2018. With years of banking experience and expertise accumulated in locations spanning from America to Asia, he brings with him a global perspective, versatility and rigour that will be invaluable to any business.



Masamichi Yasuda
Commissioner

Japanese citizen. Age 58. Domiciled in Japan. Appointed as Commissioner of Danamon at the AGMS on November 19, 2018.

Qualification/ Education Background

Graduated with a Bachelor's degree in law from the University of Hitotsubashi.

Work Experience

He is Group Chief Risk Officer of MUFG and Chief Credit Officer of MUFG Bank, a wholly-owned commercial banking subsidiary of MUFG, the largest financial group in Japan. He is a member of the Board and Executive Committee of MUFG and MUFG Bank.

He joined The Bank of Tokyo, Ltd., a predecessor of MUFG Bank, in 1983. He held a variety of positions (Global Corporates, Global Markets, Finance, Risk management) in Tokyo, London, New York and San Francisco.

In 2011, He was appointed Executive Officer and Head of the Global Planning Division with oversight for a business strategy of the Global Business Unit in MUFG Bank. In 2014, he was appointed Deputy Chief Executive, Global Markets Unit. In 2015, he was appointed to Group Chief Risk Officer of MUFG and MUFG Bank. Furthermore, he assumed the position of Chief Credit Officer in 2016, in addition to his existing roles. He is also in charge of Regulatory Affairs.

* effective after passing the Fit and Proper Test of the Financial Services Authority (OJK)



Manggi Taruna Habir
Commissioner (Independent)

Indonesian citizen. Age 65. 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
Commissioner (Independent)

Indonesian citizen. Age 66. 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).



Peter Benyamin Stok
Commissioner (Independent)

Indonesian citizen. Age 69. Domiciled in Indonesia. Former President Director of Bank Niaga & President Commissioner of Bank Negara Indonesia. Appointed as Independent Commissioner of Danamon at the AGMS on March 20, 2018.

Qualifications / Education Background

Bachelor of Economic from University of Padjajaran, Bandung, Indonesia.

Work Experience

Started his banking career as a management trainee. Served as a member of Bank Niaga's Board of Directors (1991-1994) and was appointed as the Bank's Vice President Director (1994-1997). He then moved to Bank Pelita as the Vice President Director (1997-1998) prior to assuming the supervisory role as President Commissioner of Bank Danamon (1998-1999). He also led Bank Dagang Negara as President Director which later reconstituted as Bank Mandiri, where he was assigned as the Executive Vice President (1999-2000). He then rejoined Bank Niaga where he was President Director (2000-2006). He was then appointed as a Commissioner of Bank Permata (2008-2009) and he later served as the President Commissioner of Bank Negara Indonesia (2009-2015). He also served on OJK's prestigious 'Fit and Proper Test' panel that interviews candidates for Banking Commissioner and Director roles (2016-2018).

Independent Parties' Profile



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 from professional institutions.

Work Experience

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.

Roles and Responsibilities

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



Yusuf Nawawi

Indonesian citizen. Age 63. 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.

Board of Directors Profile



Sng Seow Wah
President Director

Singaporean citizen. Age 60. Domiciled in Indonesia. He was appointed as Danamon's President Director in 2015 and was reappointed as President Director on Danamon's AGMS in April 12, 2017.

Qualification/Educational Background

Graduated from the National University of Singapore with a Bachelor's of Accountancy in 1982. He attended the Corporate and Investment Banking Program at Macquarie University, Australia in 1992, and the Advanced Management Program at Wharton School, University of Pennsylvania in 2006.

Work Experience

He is an experienced banker with more than 30 years of experience with strong performance in renowned regional and international banks. He previously served as the Managing Director of Citibank Singapore before joining OCBC Bank Singapore as the head of Enterprise Banking, where, during his tenure, transformed the business into a sustainable, high performing unit with strong reputation for employee engagement, customer and service focus. From 2008 to 2010, he served as the Executive Vice President of Fullerton Financial Holding ("FFH"), a wholly-owned subsidiary of Temasek Holdings where he held several directorships across Asia. Thereafter, he moved to Alliance Bank Malaysia Berhad (one of FFH's investee banks) as the group's Chief Executive Officer from 2010-2014. In 2015, he was appointed as the President Director of Bank Danamon and the President Commissioner of PT Adira Dinamika Multi Finance, Tbk., a subsidiary of PT Bank Danamon Indonesia, Tbk.

Roles and Responsibilities

He leads Bank Danamon's Board of Directors and oversees the Bank's overall business and operations, which include Internal Audit, PT Adira Dinamika Multi Finance Tbk, PT Asuransi Adira Dinamika, PT Adira Quantum Multifinance (in liquidation), Enterprise Banking, Transaction Banking, Financial Institution, Treasury Capital Market, Information Technology, Transformation Management Office and Operation



Michellina Laksmi Triwardhany
Vice President Director

Indonesian citizen. Age 52. Domiciled in Indonesia. Appointed as a Director of Danamon in April 2010 and appointed as Vice President Director in the Bank's AGMS on March 20, 2018.

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 Head in Citibank Malaysia covering consumer business (2007-2009). Joined Danamon as Head of Consumer Banking in 2009.

Roles and Responsibilities

Consumer Banking, SME and Branch Network



Satinder Pal Singh Ahluwalia
Director

Canadian citizen. Age 56. 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 Internasional 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 50. Domiciled in Indonesia. 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

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

Previous experienced 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 50. 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 in 1998.

Roles and Responsibilities

Sharia Banking, Corporate Real Estate Management and Yayasan Danamon Peduli (Supervision)



Dadi Budiana
Director

Indonesian citizen. Age 53. Domiciled in Indonesia. He joined Danamon in 2017 and appointed as Director at the AGMS on March 20, 2018.

Qualifications/Education Background

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

Work Experience

Started his career in 1992 as Management Trainee at United Overseas Bank Bali. Moved to Bank Modern in 1994 with the last position as Investment Banking Team Leader. Joined HSBC in 1998 and 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 Group as Credit Risk Management Consultant in Bank Ekonomi. In 2010, he was appointed as Head of Corporate Banking in Bank Ekonomi, in addition to his role in the various Board-level committees. His last position at HSBC Group was as Chief Risk Officer of Bank Ekonomi since 2014 and President Commissioner of PT HSBC Securities Indonesia since 2016.

Roles and Responsibilities

Credit



Rita Mirasari
Director (Independent)

Indonesian citizen. Age 49 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 Internasional Indonesia Tbk. (now PT Bank Maybank Indonesia Tbk.) (2009-2013), Director, Regulatory Compliance & Financial Crime at The Hongkong Shanghai Banking Limited (HSBC Indonesia) (2013-2016).

Roles and Responsibilities

Compliance, Anti Money Laundering, Legal & Corporate Secretary and Litigation



Yasushi Itagaki
Director

Japanese citizen. Age 54. Domiciled in Indonesia. Appointed as Director of Danamon at the AGMS on March 20, 2018.

Qualifications / Education Background

Graduated with a Bachelor of Laws degree from Kyoto University in 1987.

Work Experience

Mr. Yasushi Itagaki is a seasoned banker with more than three decades of experience in corporate and investment banking. He began his career with the Bank of Tokyo in 1987 and over the course of his career with the firm, has held a number of important roles with increasing levels of responsibility. As Chief Manager of the Global Planning Division of BTMU, he was involved in the privatization of Union Bank of California and led the execution process of MUFG's strategic investment in Morgan Stanley during the global financial crisis. Based in Singapore from 2013 to 2015, he set up the Bank's regional headquarters for Asia & Oceania and assisted the Regional CEO in developing and executing key strategic initiatives for the region. Mr. Itagaki was an important contributor to the development of MUFG's business platform. As General Manager of the Global Planning Division, among his many roles, he was responsible for strategic planning in support of the Bank's global expansion. He designed and strategized their ASEAN commercial banking network, and also played a significant role in MUFG's strategic partnership into Krungsri, Security Bank, VietinBank and Bank Danamon in ASEAN region.

Currently Managing Executive Officer and Deputy Chief Executive of the Global Business Unit (GBU) of BTMU and Executive Officer of MUFG, Mr. Itagaki works closely with the CEOs of the GBU overseeing the global business of the Bank and is specifically responsible for the Global Planning Division.

With years of experience in the global business division, he is a strong advocate for global inter-connectivity. His key role in establishing a network of strategic partners in ASEAN for MUFG is testament to his commitment to create an alliance strategy capable of maximising worldwide opportunities. Mr. Itagaki will be an invaluable catalyst between Bank Danamon and MUFG to promote synergetic collaborations for future growth.

Roles and Responsibilities

Global Alliance Strategy Director

Board of Senior Executive Officers Profile



Evi Damayanti
Chief Operations Officer

Indonesian citizen. Age 44. Domiciled in Indonesia. Appointed as Chief Operations Officer of Danamon since December 2018.

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).



Marry Bernadette James
Chief Information Officer

Malaysian citizen. Age 61. 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 49. 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 48. 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).



Yotaro Agari

Business Collaboration Head

Japan Citizen. Age 51. Domiciled in Indonesia. Assigned as Business Collaboration Head of PT Bank Danamon Indonesia Tbk (Danamon) since October 2018.

Qualifications/Education Background

Yotaro Agari has a Master of Management from Northwestern University, J.L. Kellogg Graduate School of Management in USA, and a Bachelor of Laws from the University of Tokyo.

Work Experience

Yotaro Agari has acquired versatile expertise in business development and PMI and demonstrated leadership in his 12 years with Goldman Sachs Japan and 6,5 years with MUFG in Tokyo and Singapore. Yotaro spent his first 10 years with two of MUFG's predecessor banks and then spent next 12 years with Goldman Sachs Japan, where he advised clients on M&A and capital raising as a Co-Head of Financial Institutions Group. Yotaro rejoined MUFG in 2012, and undertook MUFG's growth strategy outside of Japan. Yotaro played a leading role in strategic investments and acquisitions in Vietnam, Thailand, The Philippines, and Indonesia. From 2015 to 2018, Yotaro was responsible for strategic planning and implementation as General Manager of Planning Division for Asia & Oceania in Singapore, while continuing to lead business development efforts. He also served as a non-executive member of the board to VietinBank from 2016 to 2018.

Syariah Supervisory Board Profile



Din Syamsuddin

Chairman for Syariah Supervisory Board

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 (2017-2018).



Hasanudin

Member for Syariah Supervisory Board

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.



Asep Supyadillah

Member for Syariah Supervisory Board

Indonesian Citizen. Age 51 years old. Domiciled in Indonesia. Appointed as member of Syariah Supervisory Board, Sharia Business Unit of PT Bank Danamon Indonesia Tbk in the Bank's AGMS 20 March 2018.

Qualification / Education Background

Graduated from IAIN Syarif Hidayatullah Jakarta (1993) and obtained a Master's Degree in Religion (M.Ag) from Muhammadiyah University Jakarta (2001).

Work Experience

Mr. Asep is a Syariah Supervisory Board with more than 5 years of experience. He is a Lecturer at the Faculty of Religion and Vice Dean II of Muhammadiyah University of Jakarta (2008-present) and also serves as the Deputy Secretary of Daily Implementation Board (BPH) National Syariah Council MUI (2015-2020). In addition, Mr. Asep is the Chairman of Sharia Supervisory Board of PT Asuransi Reliance Indonesia (General) (Syariah Business Unit); PT Capital Life Syariah; PT Asuransi Jiwa Generali Indonesia (Syariah Business Unit) (2015-present). Asep was a Member of Non-Bank Financial Industry (IKNB) BPH DSN-MUI (2013-2015), Syariah Supervisory Board Member of PT Asuransi Takaful Umum (2012-2017), Syariah Supervisory Board Member of PT Kresna Rekasa Finance (Syariah Business Unit) (2013-2017), and Senior Lawyer at Law Office of Remy & Partners (2002-2015).

Number of Employees

Head count data per December 31, 2018 (Consolidated)

Entity	2018	2017	2016
Danamon	12,442	16,811	22,832
Adira Finance	19,028	18,760	20,094
Adira Quantum	-	-	8
Adira Insurance	759	839	1,085
Total	32,299	36,410	36,410

Employee Composition Based on Position (Consolidated)

Position	2018	2017	2016
Top Management & Technical Advisor	26	24	27
Senior Manager	329	340	378
Manager	3,192	3,376	3,108
Officer	9,640	11,369	12,487
Staf	19,112	21,301	28,019
Total	32,299	36,410	44,019

Employee Composition Based on Employment Tenure (Consolidated)

Employment Tenure	2018	2017	2016
0-3 years	10,975	11,213	13,872
3-5 years	3,230	3,757	6,770
5-10 years	10,179	12,998	14,700
10-20 years	5,554	5,883	6,562
> 20 years	2,361	2,649	2,115
Total	32,299	36,410	44,019

Employee Composition by Age (Consolidated)

Age	2018	2017	2016
<25 years old	3,218	2,603	3,912
25-34 years old	16,189	19,252	25,120
35-44 years old	9,533	11,340	11,875
> 45 years old	3,359	3,215	3,112
Total	32,299	36,410	44,019

Employee Composition by Academic Background (Consolidated)

Academic Background	2018	2017	2016
Postgraduate	415	461	438
Bachelor	22,159	24,733	29,137
Diploma	6,037	6,932	8,399
High School	3,680	4,272	6,022
Junior High/ Elementary	8	12	23
Total	32,299	36,410	44,019

Employee Composition Based on Employment Status (Consolidated)

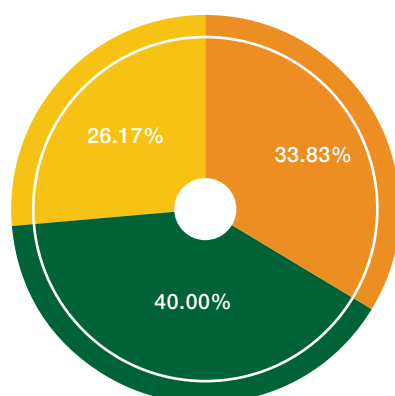
Employment status	2018	2017	2016
Permanent ¹⁾	26,389	29,596	31,950
Non Permanent ²⁾	5,910	6,814	12,069
Total	32,299	36,410	44,019

Notes:

1) Permanent employees include permanent employees and employees on probation.

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

Shareholders' Composition



- Asia Financial (Indonesia) Pte, Ltd.
- MUFG Bank, Ltd.
- Public

The Board of Commissioners and The Board of Directors who own Danamon's shares are included in the Public Shareholders whose shares are below 5%.

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
B Series Shares (par Value Rp 500 (full amount per share)			
MUFG Bank, Ltd (direct and indirect)	3,833,857,346	40.00%	1,916,928
Asia financial (Indonesia) Pte. Ltd.	3,242,784,698	33.83%	1,621,392
Public (ownership interest below 5% each)	2,481,933,565	25.91%	1,240,968
Commissioners and Directors :			
Sng Seow Wah	2,325,400	0.02%	1,163
Michellina Laksmi Triwardhany	814,200	0.01%	407
Herry Hykmanto	131,856	0.00%	66
Satinder Pal Singh Ahluwalia	396,300	0.00%	198
	9,562,243,365	99.77%	4,781,122
	9,584,643,365	100.00%	5,901,122

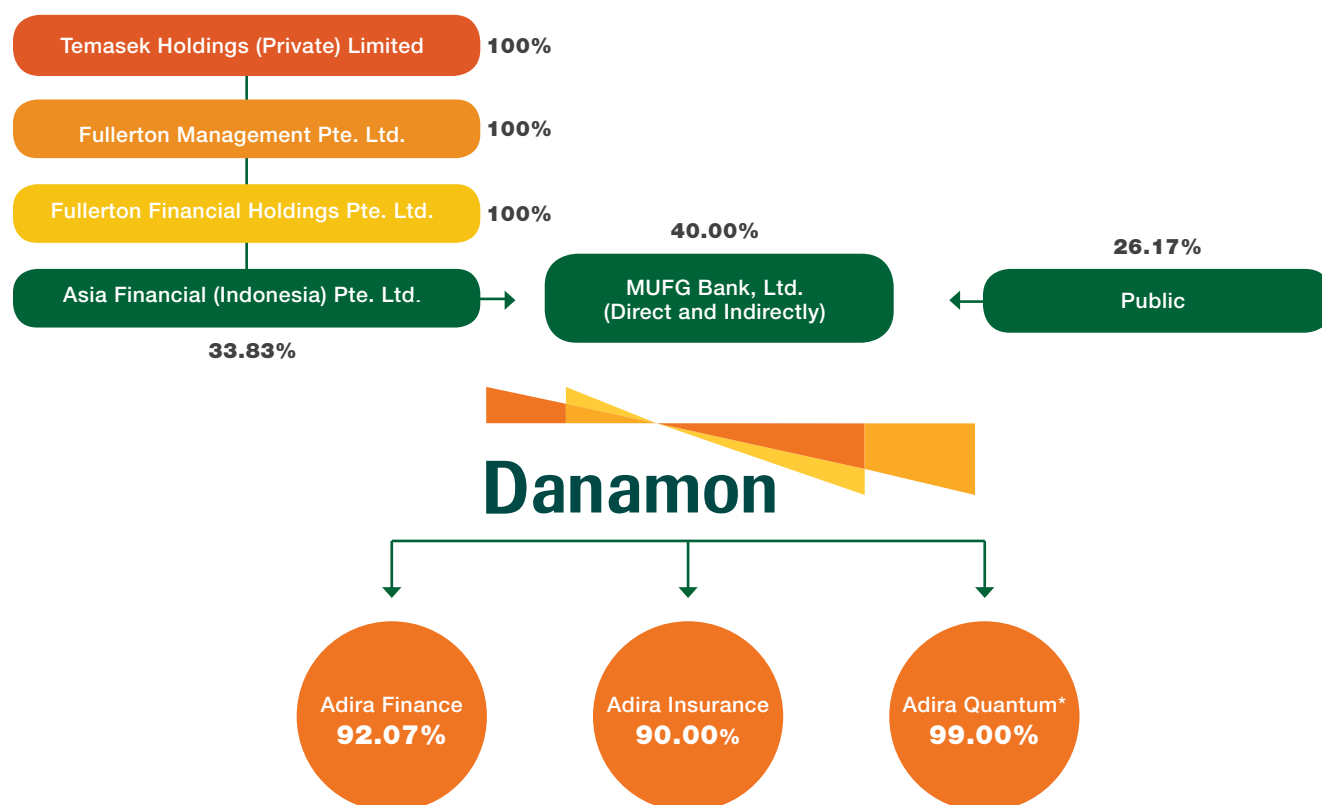
20 Larger Shareholders as of December 31, 2018

Shareholders	%
MUFG Bank, Ltd.	40.00
Asia Financial (Indonesia) Pte. Ltd.	33.83
JPMBL Sa Ucits Clt Re-Franklin Templeton Investment Funds	4.62
Morgan Stanley And Co Intl Plc - Ipb Client Account	2.65
MUFG Bank S/A PT Guna Dharma	1.00
JPMCB Na Aif Clt Re-Templeton Emerging Markets Investment Trust Plc	0.96
Indra Widjaja	0.69
Credit Suisse Sec (Europe) Limited-94644000	0.60
JPMCB Na Re - Vanguard Emerging Markets Stock Index Fund	0.52
PT. Prudential Life Assurance - Ref	0.49
JPMCB Na Re-Vanguard Total International Stock Index Fund	0.47
Allianz Life Ind - Smartlink Rupiah Equity Fund	0.39
PT. Aia Finl - UI Equity	0.35
Citibank New York S/A Dimensional Emerging Markets Value Fund	0.34
SSB 2Q27 S/A Ishares Core Msci Emerging Markets Etf-2144613424	0.32
Citibank New York S/A Government of Norway - 16	0.29
GIC S/A Government Of Singapore	0.26
JPMCB Na Re-Templeton Developing Markets Trust	0.26
Morgan Stanley and Co Intl Plc - Firm Ac	0.21

The profile of public shareholders as of December 31, 2018.

No.	Ownership Status	Number of Shareholders	Total Shares	Ownership Percentage
National Shareholders				
	Individual Domestic	23,989	166,813,933	1.74%
	Institution Domestic	422	103,502,897	1.08%
	Mutual Fund	156	185,085,940	1.93%
	Insurance	70	215,950,484	2.25%
	Foundation	30	2,206,982	0.02%
	Cooperative	37	112,991	0.00%
	Pensiun Fund	74	27,991,807	0.29%
	Other	24	51	0.00%
	sub total	24,282	701,665,085	7.32%
Foreign Shareholders				
	Individual Foreign	170	4,371,521	0.05%
	Institutional Foreign	824	8,878,606,759	92.63%
	Others	-	-	0.00%
	sub total	994	8,882,978,280	92.67%
	Total	25,796	9,584,643,365	100.00%

Majority and Controlling Shareholders



* In Liquidation

About MUFG

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. It has total assets of approximately US\$2.78 trillion as of September 2018, making it one of the top five largest banks in the world.

Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with over 1,800 offices in more than 50 markets. The Group has over 150,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing.

In Asia, MUFG has established a longstanding presence spanning 53 branches across 20 countries. MUFG's strategic investments in leading financial institutions in ASEAN from Vietnam's VietinBank, Thailand's Bank of Ayudhya (Krungsri), Philippines' Security Bank to Indonesia's Bank Danamon, have further expanded its footprint across the region.

Globally, MUFG actively promotes cooperation with its strategic partners, including MUFG Union Bank, N.A. in the United States and Morgan Stanley, to unleash business synergies, enhance shareholder value and establish an unrivalled customer service experience.

The Group aims to "be the world's most trusted financial group" through close collaboration among its operating companies and flexibly responding to all of the financial needs of customers, serving society, and fostering shared and sustainable growth for a better world.

MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges. On April 1, 2018 the name of MUFG's commercial bank changed from "The Bank of Tokyo-Mitsubishi UFJ, Ltd." to "MUFG Bank, Ltd." MUFG's New York Stock Exchange ticker symbol has also changed to "MUFG".

About Temasek

Incorporated in 1974, Temasek is a global investment company headquartered in Singapore.

Supported by its network of international offices, Temasek owns a S\$308 billion (US\$235b, €191b, £167b, RMB1.48t) portfolio as at 31 March 2018, with significant exposure to Singapore and the rest of Asia.

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.

Temasek investment strategy allows us to capture opportunities across the sectors in which we invest that help bring about a better, smarter and more connected world.

We 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 S&P Global Ratings and Moody's Investors Service respectively, since our inaugural credit rating in 2004.

Temasek actively seek sustainable solutions to address present and future challenges. Across the three pillars of the Temasek Charter, it recognise the need to do well as an investor; to do right as an institution; and to do good as a steward.

Temasek has offices in Singapore; and in New York, San Francisco, Washington D.C., São Paulo and Mexico City in the Americas; London in Europe; Beijing and Shanghai in China; Mumbai in India; and Hanoi in Vietnam. Our strong local presence helps us connect with opportunities on the ground, both within and beyond our direct network of offices.

Asia Financial (Indonesia) Pte. Ltd. has 33.83% shareholding in PT Bank Danamon Indonesia Tbk as 31 December 2018. 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.

Share Listing Chronology as of December 31, 2018

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, 2018	22.400.000

Other Securities Listing Chronology

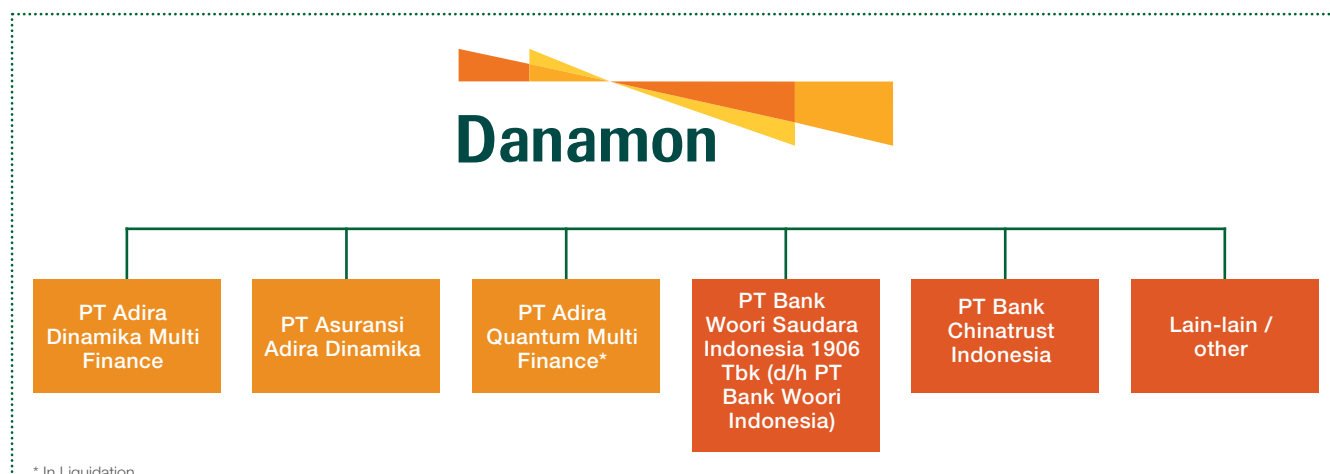
Bond Listing Chronology

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 Mar 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:BBobligasi
Bond Series IA Year 2007 Code: BDMN01A Indonesia Stock Exchange	Rp250,000,000,000 9.40%	20 April 2007	19 Apr 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 Apr 2010	Fully Paid	PT Bank Mega Tbk	PT Pemeringkat Efek Indonesia	2010: idAA+ 2011: id AA+ 2012: id AA+ 2013: id AA+
Bond Series IIA Year 2010 Code: BDMN02A Indonesia Stock Exchange	Rp1,879,000,000,000 8.75%	10 Dec 2010	9 Des 2013	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
Bond Series IIB Year 2010 Code: BDMN02B Indonesia Stock Exchange	Rp921,000,000,000 9%	10 Dec 2010	9 Des 2013	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 2018 Danamon did not conduct any corporate actions which caused a change in number of total issued shares.

Subsidiaries & Affiliated Companies



* In Liquidation

Direct ownership interest

Company Name	business activity	percentage of ownership
PT Adira Dinamika Multi Finance Tbk	Financing	92.07%
PT Asuransi Adira Dinamika	Insurance	90.00%
PT Adira Quantum Multifinance*	Financing	99.00%

PT Adira Dinamika Multi Finance Tbk

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.

PT Asuransi Adira Dinamika

PT Asuransi Adira Dinamika (Adira Insurance), part of the Danamon Group, is in the general insurance business. It was established on 24 January 2002. In September 2018, Danamon entered into a Conditional Sales and Subscription Agreement (CSSA) with Zurich Insurance Company Ltd ("Zurich"), for the sale of 70% share ownership in PT Asuransi Adira Dinamika ("Adira Insurance") The transaction is subject to customary closing conditions, including the approval of the Financial Services Authority (Otoritas Jasa Keuangan).

*PT Adira Quantum Multifinance

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.

Investments in shares

Company Name	business activity	percentage of ownership
PT Bank Woori Saudara Indonesia 1906 Tbk (d/h PT Bank Woori Indonesia)	Banking	2.12%
PT Bank Chinatrust Indonesia	Banking	1.00%
other	Joint Venture / Telecommunication	0.24% - 4.21%

Capital Markets Supporting Institutions & Professionals

Public Accounting Firm:

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

WTC 3, Jl. Jend Sudirman Kav 29-31 - Jakarta 12920
Tel: +62 21 5212901 Fax: +62 21 52905555/52905050
<http://www.pwc.com/id>

Rating Companies

Moody's Singapore Pte Ltd

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

Capital Market Institution

Indonesia 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

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Phone: (+62 21) 5152 855
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Share Administration Bureau

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

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Securities Services - Financial Institution**PT Bank Danamon Indonesia, Tbk.**

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Capital Market Institutions**Stock Exchange**

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Kav. 52-53
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Website: www.idx.co.id

Awards



Yayasan Danamon Peduli became the only corporate foundation from the banking industry that received the CSR Award for Health 2017 from the Minister of Health of the Republic of Indonesia.



The Best Digital Bank: Indonesia award from Asiamoney during the Asiamoney Best Bank Award 2018 awarding night in Beijing, People's Republic of China



Ranked 1st in the Euromoney Private Banking and Wealth Management Survey 2018 in the Philanthropic Advice category



Best Bank in Digital Service and Best Sharia Business Unit during the Indonesia Banking Award 2018 by Tempo Media Group and Indonesia Banking School.



Financial Insights Innovation Awards 2018 sebagai Asia's Leader in Innovation Capability Management dari IDC Financial Insights.



Best Bank 2018 Award from Investor Magazine in the Commercial Bank with Largest MSME Loan Market Share with more than IDR 5 Trillion in Assets

04

Management Discussion & Analysis





Macro Economy Review

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Highlights

Going into 2019, the economy is projected to grow steadily at approximately 5.1% - 5.2% range. This is expected to mainly be driven by household consumption and import management. As such, it will release some pressure on the external balance with Current Account Deficit estimated to ease to 2.8% of GDP.

Sentiments on the global financial market fluctuated rapidly during the year of 2018. What was once full of uncertainties was then calmed at the close of the year with news over trade negotiation possibilities between US and China. Flows of fund trickled back to Emerging Markets, including Indonesia, as portfolio investors' risk appetite increased.

Such timely change of event was sought as an opportunity to issue USD denominated long-term debt by both public and private sectors. Foreign fund inflow towards Indonesian securities amounted to USD 15 billion and helped curbed the currency from overshooting. The Indonesian Rupiah (Rp) exchange rate, at one point in October, hit Rp15,230/USD level before closing the year at Rp14,480/USD. Consequently, USD 10 billion worth of central bank's reserve assets had been utilized to maintain stability and closed the year at USD 121billion.

Key reason behind a weakened Rupiah fundamental was the imbalance between domestic and external demand. Indonesia's economic growth continues its gradual recovery to 5.2%, primarily on the back of fixed investment and household consumption. Yet these increases in domestic demand had triggered a need for imported goods, albeit productive in nature. Hence, Current Account Deficit widened from 1.6% of GDP in 2017 to 3.0% this year.

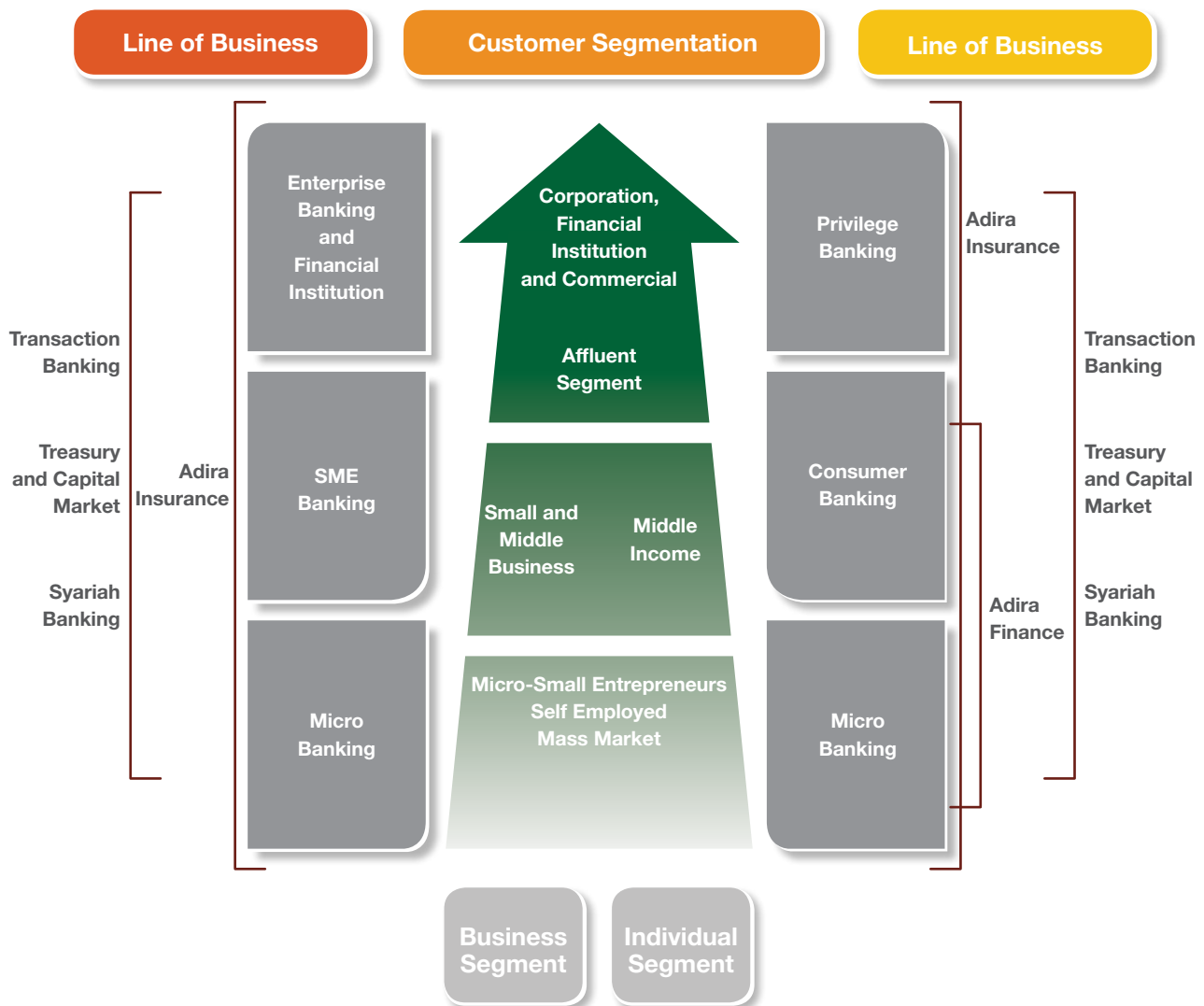
Bank Indonesia decided to tighten its monetary policy by 175bps through six separate revisions, in an effort to maintain attractiveness of Rupiah assets and manage the country's Current Account Balance, while keeping a short leash on inflation. The banking system remained resilient, with manageable and improving credit quality, while liquidity and the sector's capital adequacy ratio were adequate to cover the risks.

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Business Segment Review



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.

Enterprise Banking and Financial Institution



EB serves the Corporate, Commercial, and Financial Institution segments. It provides comprehensive financial solutions, such as lending, cash management, trade finance, and treasury services.

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Through understanding and serving clients' needs, EB aspires to make Danamon the preferred transactional bank.

Products and Services

EB provides the following products and services:

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

Strategies and Initiatives in 2018

EB continued to focus on deepening relationships with existing clients, as well as developing its portfolio through new client acquisitions and tapping into end-to-end value chains.

As part of EB's transformation, we improved our end-to-end credit process, providing a faster turnaround time to clients, while ensuring a prudent risk culture.

EB is committed to invest in human capital by attracting and retaining the best talent, implementing extensive training programs, and driving a performance-based organization.

Performance 2018

In 2018, EB portfolio grew 11.0% to Rp41.48 trillion compare to Rp37.37 trillion last year.

Strategies and Initiatives in 2019

In 2019, EB will continue to implement the following strategies:

- Acquire new clients within our target market and capture the end-to-end value chain of existing clients.
- Collaborate with MUFG Group to tap into Japanese companies and multinational corporation value chains.
- Continue to nurture third-party funds by offering comprehensive cash management solutions.
- Invest in human capital and upskill our people through training and project assignments. Continue to attract and retain talent.

Treasury and Capital Market



Treasury and Capital Market (TCM) will continue to focus on efficient and prudent balance sheet management. As a product partner of Bank Danamon's line of business lines, TCM provides the solutions for customers requiring hedging needs and investment products. TCM also supports regulators in improving and deepening financial markets.

TCM has assumed responsibility from the Assets and Liabilities Committee (ALCO) to manage the Bank's liquidity risk by ensuring 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 performing trading activities. Products offered include 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), Domestic Non-Deliverable Forward (DNDF), Government Bonds (SBN) under conventional and Sharia schemes, and Corporate Bonds.

2018 Strategies and Initiatives

In 2018, TCM continually expanded its retail, commercial and corporate customer bases. Strategies included approaching companies that perform export or import activities in accordance

to meet Industry Acceptance Criteria policy, as well as reaching out to areas with potential for performing foreign exchange and bond transactions.

As a primary dealer, TCM actively participates in supporting the government's financing needs through sales of Government Bonds, in both the primary and secondary markets.

2018 Performance

In 2018, TCM actively supported the government's funding plan by joining the auction activities especially for newly-issued Government Bonds in 2018. TCM also provided solution alternatives for customers to fulfill with foreign exchange and hedging needs by utilizing a range of treasury products. In order to strengthen the Bank's funding, TCM conducted funding activities through subordinated loan with MUFG Bank Ltd.

2019 Strategies and Initiatives

In 2019, TCM will continue to focus on increasing its customer base. TCM will also develop and offer alternative hedging and investment products suited to customer risk profiles, in accordance with the prevailing regulations, these will include Corporate Bond offerings.

In addition to raising funds from conventional third party fund, TCM will also explore fund raising from the capital market by using available instruments in line with prevailing regulations, either for short-term or long term funding. TCM will continue to support the Bank's overall strategy and remain focused on prudent risk management, as well as strong control of operational activities, costs and processes.

Transaction Banking

(Cash Management, Trade Finance & Financial Supply Chain)



Transaction Banking continues to utilize the latest digital technology, focusing on financial supply chain management, while enhancing customer experience and delivering excellent customer service.

Danamon Transaction Banking offers a range of products that cater to the needs of enterprises and entrepreneurs, whether corporate, commercial or SME clients. Danamon's Cash Management, Trade Finance and Financial Supply Chain capabilities all provide customers with appropriate, competitive and efficient transaction banking solutions.

The improvement of internet banking platforms allows customers to enjoy integrated service between Cash Management, Trade Finance and the Financial Supply Chain, raising the efficiency of their business activities.

PRODUCTS AND SERVICES

Transaction Banking provides the following products:

- Cash Management**
 Comprehensive cash management solutions are designed to allow customers to maximize profitability by efficiently managing cash flow, liquidity, and daily transactions. By utilizing Danamon Cash Management, customers can focus more on their core business.
- Trade Finance & Services**
 These services allow customers to conduct trade transactions and trade loans, whether for imports, exports or domestic trade.
- Financial Supply Chain**
 Danamon's Financial Supply Chain aims to improve the payment cycle between distributors and principals by providing loan facilities for distributors, including comprehensive reporting and monitoring. Payment financing for suppliers is also offered.

2018 STRATEGIES AND INITIATIVES

- Digital Capabilities**
 Danamon introduced its Financial Supply Chain mobile app, D-BisMart. This is a closed-loop application for distributors and retailers. Another innovation was API Central, which enables rapid processing and provides secured data interchange between the Bank and clients. The Bank also enhanced Danamon Cash Connect, its internet banking platform, as well as virtual account payments. These innovations were recognized when Danamon was awarded Best Digital Bank for the second consecutive year at Asiamoney's Best Bank Awards.
- Digital Development**
 Danamon raised its presence in the digital ecosystem by partnering with key fintech players and retailers in online marketplaces and payment gateways. As part of the Bank's strategy to increase online transactions and brand awareness, we conducted virtual account campaigns and supported promotions such as National Online Shopping Day (Harbolnas – Hari Belanja Online Nasional).
- Financial Supply Chain Focus**
 Danamon continued to develop its FSC Direct Payment and Direct Debit services. Host-to-host (automated data transfers between the Bank and its clients) services and distributor financing were also improved. Fast-moving consumer goods (FMCG) industries were a major target in 2018. Fittingly, Danamon was honored as Best Supply Chain Provider at The Asset Triple A & Benchmark Awards.

2019 STRATEGIES AND INITIATIVES

In 2019, Transaction Banking will collaborate with MUFG Bank in Cash Management, FSC, and Trade Finance. Digital capabilities will continue to be enhanced through DCC (Danamon Cash Connect), API Central, and D-BisMart. Supplier financing will be established to provide end-to-end FSC solutions.

Small Medium Enterprise Banking (SME)

In line with the Bank's vision of "We Care and Enable Millions to Prosper", Danamon's Small Medium Enterprise (SME) Banking offers a range of comprehensive solutions designed to meet the needs of small and medium enterprises (SMEs). Danamon SME Banking focuses on individual businesses and companies with total annual sales of between Rp1 billion and Rp50 billion, and offers a loan facility of up to Rp20 billion.

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Products and Services

Danamon SME Banking offers the following loan products:

- **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 repeatedly 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 rates, such as the Term Installment – 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 home-office, warehouse, workshop, strata-titled commercial stall, 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. Related products include 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.

2018 Strategy and Initiatives

In 2018, consistent with its strategy in recent years, Danamon SME Banking focused on credit growth and third party funds in

the SME sector. Key to this strategy is encouraging the growth of quality credit distribution to smaller business groups. This is done to minimize the risk of non-performing loans, while maintaining quality and sustainable credit growth.

After implementing the Branch Network structure and improving the credit approval process, Danamon SME Banking continued to focus on sustainable development in sectors where it has a strong portfolio. Specific focus is also given to the development of Emerging SME businesses, with a loan limit of up to Rp3 billion.

The implementation of the Branch Network structure spurred the growth of Danamon SME Banking loans. Improving the credit process also resulted in a significant acceleration of credit approval. This makes Danamon's SME loan approval process one of the fastest in Indonesia.

The Branch Network structure resulted in better cross-selling opportunities, where salespersons can offer other Danamon banking products to SME customers. Customers with a multi-product relationship with Danamon are more likely to conduct additional transactions with the Bank. Cross-selling of products such as Cash Management and Bancassurance also has an impact on Danamon's fee-based income.

Furthermore, in order to anticipate increasingly challenging credit growth, Danamon SME Banking continuously develops and optimizes lead generation initiatives that focus on the "Member-Get-Member" program, Internal Referral, and Internal Analytics.

On the risk side, Danamon SME Banking adheres to the precautionary principles when dealing with business sectors vulnerable to macroeconomic change, such as mining and its supporting industries. Credit risk management is conducted in accordance with the limits set by the regulators and the Bank's internal policies. Therefore, loan allocation will take into account factors such as market conditions and collateral availability.

Responding to the market's trend toward digitalization, Danamon SME Banking began exploring and engaging in partnerships with digital loan aggregators and e-commerce and fintech companies. The push for digital loans will continue to be an important focus for Danamon SME Banking.

Danamon SME Banking also consistently pursued collaboration with the business community through its Distributor Financing (DF) and FSC programs. These offer attractive products and services, such as loans, deposits and transactions, to distributor businesses as customers of Danamon. Existing cooperation with other business lines, such as EB and Adira Group, was also enhanced.

2018 Performance

Amid challenging economic conditions in 2018, Danamon SME Banking succeeded in achieving Rp31.21 trillion in the SME loans portfolio, an increase of around 9.7% from the previous year.

Third party funds from SME customers were recorded at Rp11.08 trillion at the end of 2018, an increase of around 10.0% from the previous year.

This supported Danamon's strategy to continue focusing on portfolio diversification with a lower cost of funds (from Current and Savings Account products).

Furthermore, credit portfolio growth in 2018 was supported by a good credit process.

2019 Strategies and Initiatives

In 2019, Danamon SME Banking will continue with strategic initiatives of previous years. The focus will be on increasing market penetration in Emerging SME businesses, optimization of lead generation initiatives, and exploring collaboration with fintech companies to increase customer acquisition through digital platforms.

Danamon SME Banking will also continue to push its value proposition as a one-stop banking solution that provides integrated financing and funding solutions for SMEs through comprehensive product bundling solutions, namely loans, savings, protection, and transactional products and services. These products will be marketed through community approaches and cross-selling strategies to strengthen lead generation and increase customer loyalty.



Consumer Banking

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Main Highlights



Indonesia's rapid economic growth and large population present a significant market opportunity for Danamon's Consumer Banking unit. Consumer Banking provides comprehensive services for individual customers, entrepreneurs and employees.

Products and Services

Consumer Banking offers the following products and services:

- **Deposits**
Tailored to meet the needs of market segments, our deposit products are saving accounts, checking accounts and time deposits.
- **Loans**
Consumer Banking Loans offer a variety of products, both secured (mortgages) and unsecured (credit cards, personal loans).
- **Investment and Bancassurance**
For investment and Bancassurance products, Consumer Banking provides many products through partnerships with reputable third-party institutions in Indonesia. To meet the needs of more affluent customers, Consumer Banking also provides personalized and exclusive services.

Strategies and Initiatives 2018

In line with Consumer Banking's objective to empower customers in fulfilling their financial dreams, several initiatives were undertaken in 2018. One of the initiatives was a stronger focus on granular deposits, comprising current and saving accounts (CASA) and term deposits (TD). This resulted in consistent growth year-on-year.

A customer onboarding program was developed, aimed at deepening customer relationships with the Bank. This was supported by various attractive marketing programs.

Consumer Banking continued its integrated loyalty program through the D-Point rewards system, enhancing the D-Card app for credit card customers and developing more attractive marketing programs. The product suite for investment and bonds types was enriched, and credit cards were bundled with all savings accounts opened.

Consumer Banking started building a new digital interface roadmap to ensure customers enjoy easy-to-use and secure online banking apps and services.

2018 Performance

By undertaking appropriate initiatives and strategies, Danamon managed to raise its performance in Consumer Banking. Consumer banking loan grew 17.5% YoY to Rp11.12 trillion in 2018 contributed by consumer mortgages loan that grew by 29.3% YoY to Rp7.81 trillion.

2019 Strategies and Initiatives

In 2019, Consumer Banking will embark on a journey to change from being product-centric to becoming customer-centric, by focusing more on customer needs. Financial analysis will focus on customers to uncover their needs.

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

Strategy will be more segment-focused, geared toward the affluent and emerging affluent, with strong propositions for each of these segments. We will sharpen and reposition our Privilege Banking benefits for the affluent segment of customers.

Consumer Banking will offer a more complete product suite, from savings to investment, bonds, forex, bancassurance, credit cards and mortgage products, all aligned to customer needs and profiles.

Danamon will continue to build its digital capabilities for seamless processes and transactions for digital savvy customers. We will launch a completely online account-opening process to tap the digital segment that does not want to visit a branch for opening an account. At the same time, Danamon will also constantly improve its risk management to ensure sustainable business growth.

Branch Network

The implementation of the Branch Network structure has improved the capability of branch staff to provide holistic products and services to customers.

The Branch Network 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 further transactions with the Bank.

Branch Network has also delivered a positive impact toward Danamon SME Banking's loan growth, while a re-alignment of credit processes has resulted in a significantly faster credit approval process. This gives Danamon one of the fastest SME loan approval turn-around times in Indonesia.

Marketing Strategy

Danamon innovates and customer satisfaction oriented become the main cornerstone for the company to run a variety of policies. Danamon's focus throughout 2018 is to continue developing the organization internally and strengthen the small and medium business segments.

From time to time, customer expectations of the bank and its services are increasing with the changing trends and lifestyle which is influenced by digital technology.

This is a challenge for the Bank in order to stay relevant to the dynamics that occur.

Danamon innovates and customer satisfaction oriented become the main cornerstone for the company to run a variety of policies. Danamon's focus throughout 2018 is to continue developing the organization internally and strengthen the small and medium business segments.

Operational Organization

Group Marketing plays a key role in carrying out customer-oriented marketing functions.

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 Strategy and Initiative

Throughout 2018, implemented marketing efforts were as follows:

- Continued 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 Bliibli for NTB), Fleximax (with special interest rates), and sponsoring Kompas Travel Fair in 3 cities: Surabaya, Makassar and Yogya.

- For the second time, Danamon has its own event platform, namely: Danamon Run, which was successfully participated in by approximately 5000, runners to experience the notion of "Decide your Own Finish line" as part of the spirit of "Time to Take Control." The Danamon Run was held at a new location, in the ICE BSD, Tangerang which resulted in high media exposure, increased participant participation from last year and received sponsorship support by 24 co-sponsors.
- To build Danamon's "brand recognition", the arrangement of outdoor media continues to be carried out gradually, both in choosing LED/Billboard locations, Danamon branding assets (branches/atm) or placement of other outdoor media ads that can contribute to increased Danamon's brand awareness. In addition, Danamon did a strategic collaboration with PT. Railink in marketing and increasing public interest in using airport railroad transportation, both in the form of payment systems and train branding.

In the digital realm, Danamon Marketing has also successfully launched a new and consistent Danamon Corporate Website in developing interactive and engagement through Danamon social media (IG, FB Youtube) and utilizing social media to reduce negative comments in cyberspace.

Also run a strategy that leads to customer centric and personalized content, so that it can be closer and suitable with the needs of target audience.

In addition, in the digital realm Danamon also maximizes Danamon's digital assets to capture potential leads and follow up on them.

- For the first time, Danamon Syariah Business Unit was trusted as BPS BPIH (Recipient Bank for Hajj Delivery Services). And Danamon for the first time launched this Hajj Savings Account in 2018.
- In 2018, Danamon also launched API Central - Transaction Banking. Application Programming Interface (API) Central, an open API service that enables customers to connect directly with banks to carry out transactions, both financial and non-financial transactions. This service answers the needs in a fast and agile digital era, where banks are required to provide digital technology-based services with a fast, safe and easy implementation. With API Central, connections between Bank Danamon and customers can be established more quickly so as to support better business development and customer transactions.

Action Plan and Strategy 2019

For 2019, 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. This activity aim to encourage the acquisition of more digital savvy target segments.

To enhance added value for customers, Danamon's marketing activities will also cooperate or establish partnerships with other products or services providers at an event, the DEA (Danamon Entrepreneurship Award). Through this activity, it is expected to strengthen customer loyalty.

In 2019 Group Marketing will also continue the event for customers and general consumers with themes that are in line with the latest interest or trends, such as: Danamon Run and travel fair.



Syariah Banking

Syariah Banking is Danamon's business division based on the principles of Islamic law. It is managed by Danamon's Syariah Banking Unit (UUS).

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The Syariah banking sector in Indonesia offers tremendous growth potential, as about 80% of the country's approximately 264 million people are Muslims. The national Syariah banking market share is still relatively small, handling about 5.6% of total Indonesian banking assets. This market can be further cultivated in the future, indicated by the overall growth of Islamic banking assets reaching 19%, considerably outpacing growth in 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 Bank's infrastructure and technology.

Products and Services

The development of distinctive and creative products is the key to the success of Danamon's Syariah Banking. Danamon Syariah offers the following competitive and customer-oriented products and services:

- **Savings products**

Tabungan Bisa iB, Hajj Savings that are directly connected to SISKOHAT (RJTH) or IB Hjj Plan Savings, 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 Home Ownership Financing.



- **Bancassurance products**
Prima Amanah Protection (PPA).
- **Services**
Cash Management, Electronic Channel, and Big Bill electricity payment service.

Strategies and Initiatives in 2018

Danamon Syariah has a variety of strategies and initiatives to continue to develop Danamon's market share the Islamic banking industry. In 2018 Danamon Syariah was appointed by the BPKH as the Hajj Deposit Recipient Bank, Placement Bank, Investment Partner Bank, and Value Benefit Management Bank; thus we can serve the needs of our customers to go Hajj to the holy land. On the side of our financing, we continued to our house, apartment, or shop houses financing.

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

Sales and distribution strategies were implemented to further augment Danamon Syariah's market share. Previously, sales and distribution had been more product-oriented, whereas there is now a more customer-centric focus.

Danamon Syariah has continued to improve its human resources productivity by enhancing knowledge and capability, especially in the promotion of Syariah banking and products.

Danamon Syariah has continued to improve risk management and good governance. Infrastructure and technology have been upgraded and refined to be more integrated. This has improved customer service levels by minimizing and integrating several processes within the parent bank system.

Performance in 2018

Danamon Syariah achieved its targets for 2018, although certain aspects of Syariah products can be further improved to secure more significant growth.

- **Syariah Financing Portfolio**

In 2018, Danamon Syariah focused on the development of Syariah Leasing Financing and Employee Cooperatives Financing. Loans by the end of 2018 grew to Rp4 trillion from Rp3.6 trillion in 2017, an increase of 11%.

- **Syariah Fund Portfolio**

In 2018, deposits reached Rp4.2 trillion, an increase of 20% from Rp3.5 trillion in 2017.

This increase was due to a leveraging strategy, which expanded the Danamon Syariah branch network, leading to greater growth in the accumulation of third-party funds.

Other Achievements

In 2018, Danamon Syariah received the following awards:

- “Very Good” performance rating for a syariah business unit with assets of Rp2.5 trillion to Rp5 trillion at the Infobank Sharia Awards.
- Most Profitable Syariah Banking Unit award from Karim Consulting.
- Second Rank in Syariah Branch Service at the Banking Service Excellence Awards by Marketing Research Indonesia (MRI).
- Top 5 Customer Choice for Syariah Banking Unit by Warta Ekonomi.

Strategy and Initiatives in 2019

Danamon has conceived a number of strategic initiatives to further expand its Syariah banking services in 2019. These measures are adopted in view of evolving external conditions, as well as Danamon's internal circumstances.

Danamon remains committed to improving the quality and performance of its Syariah product sales. In 2019, Danamon will open additional branch offices across the country and improve Syariah service quality across all branches.

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



Micro Banking

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

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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, 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 in 2018

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

By the end of 2018, DSP registered total outstanding loans stood at Rp2.28 trillion compare to Rp6.98 trillion last year. This loan reduction was due to our focus on credit quality and more selective new loan approvals.

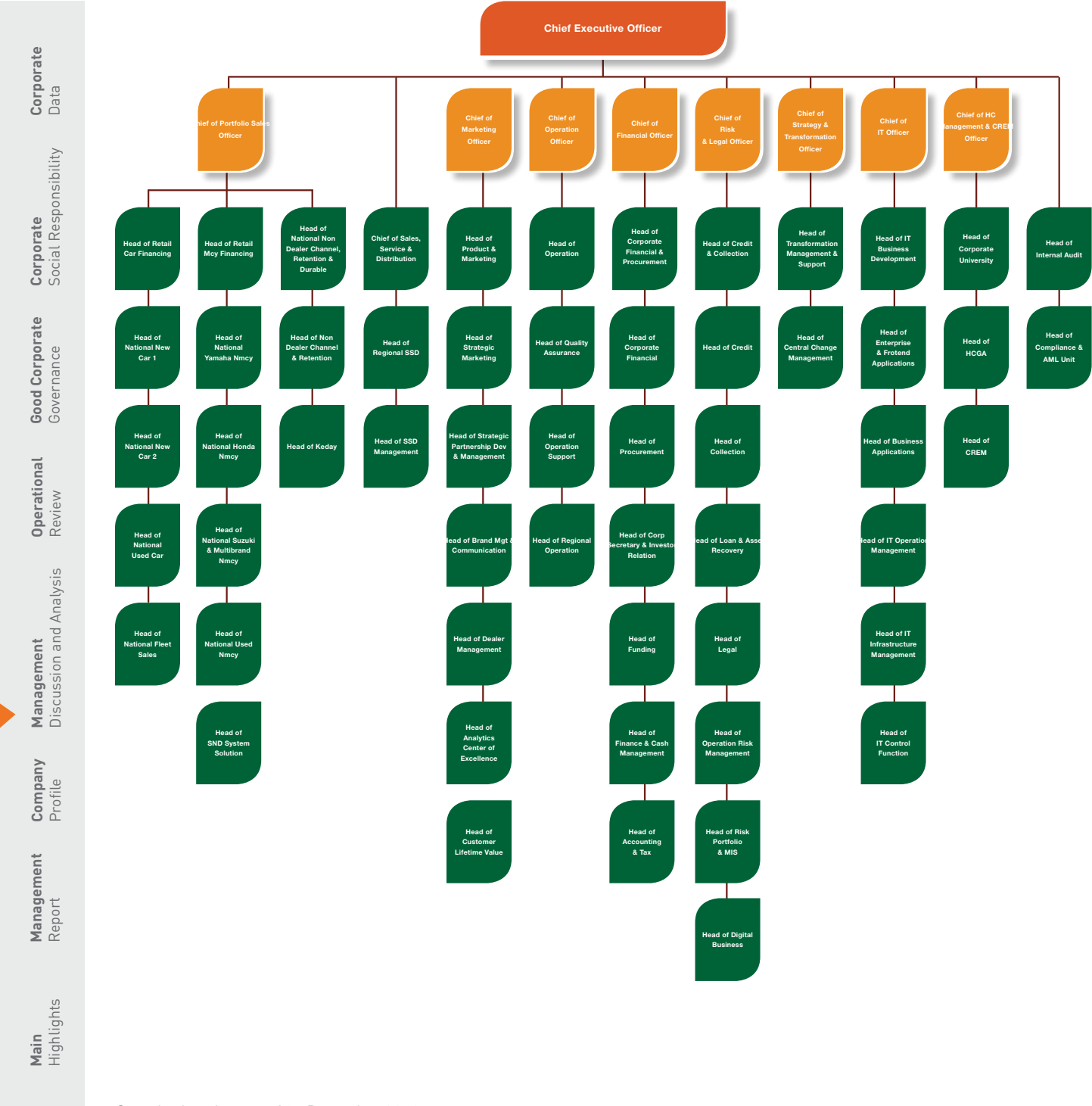
Strategies and Initiatives in 2019

In 2019, we will continue to focus on improving credit quality, collections and recoveries as well as on streamlining our network

Subsidiaries

Business Review

Adira Finance



Organization chart as of 31 December 2018

In 2018, Adira Finance loan growth increased by 13% to Rp51.29 trillion. This healthy growth was driven by Adira Finance's new financings, which grew by 15% for the two-wheelers segment and 23% for the four-wheelers segment.

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.

Adira Finance has a vision of Creating Shared Value for the Sustainability of the Company and Prosperity of Indonesian Society.

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 memBerikan 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 sharia based financing principles. The scope of the Company's sharia business unit covers financing of sale and purchase, investment financing, and service financing.

Strategy and Work Program, 2018

Adira Finance has set the strategy and work program since the beginning of the year. Some that have been set throughout 2018 are:

• Strategies in Business Development

- Increase dealer value proposition and consumer segments to increase market share
- Develop new products to increase the volume of financing.
- Develop new Keday distribution channels, and partnerships (Indomaret and Alfamart);
- Increase synergy in the parent company / increase cross sell
- Improve the operational side through digitizing the process to optimize customer and dealer services

• Strategies in managing optimal funding

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 10x 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 (sharia "compliant" bonds) issuance, with the intention of obtaining the optimum cost of fund.

• Strategies in HR Development

Adira continues to improve employee competence and loyalty through a systematic and comprehensive training program and to improve the process of evaluating employee performance more objectively. In addition, the company has Adira Corporate University (AFCU) as a forum to foster and develop human resources so that it can print quality employee employees.

Performance, 2018

In 2018, Adira Finance loan growth increased by 13.4% to Rp51.29 trillion. This healthy growth was driven by Adira Finance's new financings, which grew by 15% for the two-wheelers segment and 23% for the four-wheelers segment.

Rp million	2017	2018	YoY
2W auto loans	20,277	22,776	12%
4W auto loans	23,211	26,638	15%
White goods and others	1,744	1,882	8%
Adira Finance	45,232	51,296	13%

Strategy and Initiatives, 2019

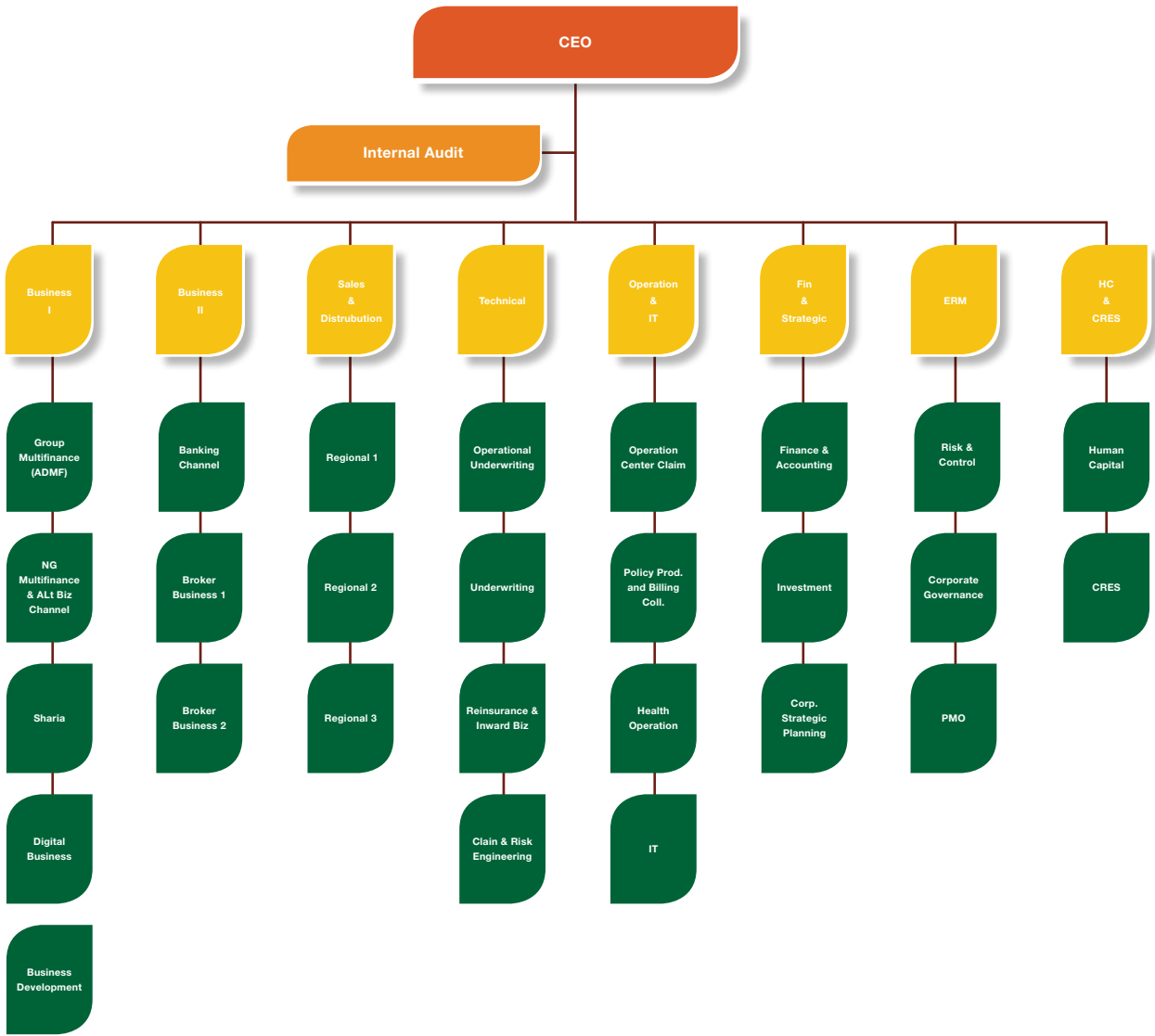
Adira Finance has set the strategy and work program since the beginning of the year. Some of the strategies that will be carried out throughout 2019 are:

- Increasing sales in used vehicles financing and multipurpose loan by applying Customers Relationship Management (CRM) Next for sales prospects.
- Maintaining good relationship with dealers by offering marketing campaign and sponsor program to increase market share
- Building digital order process in order to optimize speed in credit approval.
- Increasing productivity and capacity in high growth business segment mainly in Multi Purpose Loan (MPL) segment and used vehicle.
- Continuing invest in technology and keep making improvement in Enterprise Resources Planning (ERP), Digital Marketing System (DMS) systems and digital processing.
- Optimize market place platforms through momobil and momotor platforms.
- Continue tight monitoring on asset quality and enhancing collections.
- Continue to diversify funding sources to obtain optimal cost of fund.

Subsidiaries

Business Review

Adira Insurance



Organization chart as of 31 December 2018

Profile

PT Asuransi Adira Dinamika (Adira Insurance), part of the Danamon Group, is in the general insurance business. It was established on 24 January 2002. In September 2018, Danamon entered into a Conditional Sales and Subscription Agreement (CSSA) with Zurich Insurance Company Ltd ("Zurich"), for the sale of 70% share ownership in Adira Insurance. The transaction is subject to customary closing conditions, including the approval of the OJK.

In line with its vision "To be the Insurer of Choice", Adira Insurance distributes competitive products through direct and indirect distribution channels.

Direct distribution channels are branch salespersons, telemarketers, insurance agents, and also including the company's websites.

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

For a line of digital, Adira Insurance distribute the products through company's website www.asuransiadira.com, the big marketplace in Indonesia, and insurance aggregator.

Adira Insurance's website, www.asuransiadira.com, was designed with simplicity and reliability in mind. Listing products and services, it provides user-friendly browsing and purchasing of insurance policies. It also features a Premium Simulator, allowing site visitors to calculate the cost and payout for certain products.

Products and Services

Adira Insurance has 34 outlets across 31 cities in Indonesia. In 2018, Adira managed 8.4 million active policies for both conventional and sharia-based insurance products for personal and corporate clients.

Adira Insurance products include Autocillin (car insurance), Motopro (motorcycle insurance), Medicillin (health insurance) and Travellin (travel insurance). Insurance coverage is also offered 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 Adira Care call center, SMS communication, social media interaction, and Autocillin Rescue.

Adira Insurance operates a separate website for its travel insurance product, Travellin, at www.travellin.co.id. It provides fast and simple solutions to procure travel insurance from product selection to policy issuance and premium payment. The product selection covers domestic and international travel destinations for individual, family or group travelers.

For car insurance claim submissions, the Autocillin Mobile Claim Application (AMC) enables customers to submit claims online via their smartphone. The app allows customers to upload damaged vehicle photos, and a repair schedule.

Strategies and Initiatives in 2018

In 2018, Adira Insurance prudently expanded its market penetration through its existing business channels. The company retained its focus on products with high-volume, homogenous and wider risk spread characteristics, such as motor vehicles, property insurance and personal accident cover.

Adira Insurance enhanced its human resources capacity in frontline and direct support functions through its Underwriting Development and Actuary Development programs. In the banking sector, Adira Insurance developed the skills of its sales and distribution frontliners. Online services were also enhanced to meet market demands. These initiatives reflect Adira Insurance's unique value proposition: Caring, Simple and Reliable.

In 2018, Adira Insurance continued to streamline its business processes, while still enhancing service quality, especially in core processes, leading to greater cost efficiency in policy production, premium collection and claims.

Performance in 2018

Adira Insurance in 2018 recorded total premiums of Rp2.70 trillion 15.0% increase compared to the previous year. Both non-motor and motor portfolio increased by double digits in 2018. The motor portfolio increased 14.1% to Rp1.58 trillion from Rp1.39 trillion while non-motor also grew 14.4% to Rp1.14 trillion. Adira Insurance's contributed Rp615 billion in fee income 24% increase compare to Rp495 billion last year.

Strategy and Initiatives in 2019

- **Business**
Group business – optimizing 4 million customers as distribution channels, including reaching out to Adira Finance dealers as cash-buyer channels.

Product strategy – creating products using technology tailored to customers' needs, such as telematics-based add-on products.
- **People**
Developing human resource capability in analytical skills to keep pace with market changes
- **Efficiency**
Efficiency can be optimized using technology and reducing manual processes to improve productivity.
- **Digital**
Teaming up with aggregators will enable Adira Insurance to reach a wider customer base.

Financial Review



Despite challenging macro environment in 2018, Danamon's performance continued to improve in 2018. NPAT improved by 6.5% to reach Rp3.92 trillion compare to 2017.

Despite challenging macro environment in 2018, Danamon's performance continued to improve in 2018. NPAT improved by 6.5% to reach Rp3.92 trillion compare to 2017. The Return on Asset (ROA) and the Return on Equity (ROE) was at 2.2% and 10.6% at the end of 2018 which both improved compare to last year of 2.1% and 10.5%. Danamon also be able to maintain its asset quality. Danamon's NPL ratio was well managed at 2.7% at the end of 2018. We also maintained prudent levels of credit cost at 2.5% compared to 2.8% last year

The financial review outlined herein refers to the year-end Financial Statements as of December 31, 2018. The Financial Statements have been audited by Tanudiredja, Wibisana, Rintis, and Partners (member of PwC Global) Public Accounting Firm under the Audit Standards established by the Indonesian Institute of Certified Public Accountants with the entity's financial information with unmodified opinion.

Consistent with its strategy in recent years, loan growth in Danamon's core segments while maintaining credit quality is the key to Danamon's performance this year.

Segment result

(In billion rupiah)

	2018					2017				
	Retail ¹	Mid Size ²	Wholesale ³	Other	Total	Retail ¹	Mid Size ²	Wholesale ³	Other	Total
Assets	64,358	49,157	59,459	13,788	186,762	60,532	44,523	53,804	19,397	178,257
Liabilities	63,480	18,826	50,282	12,234	144,822	63,663	19,329	43,513	12,579	139,085
Net Interest Income	10,449	2,591	1,201		14,241	9,901	2,789	1,289	-	13,979
Non-Interest Income	1,617	465	357		2,439	2,181	381	282	-	2,844
Income from Operations	12,066	3,056	1,558		16,680	12,082	3,170	1,571		16,823
Operational Expenses	(6,580)	(1,109)	(378)		(8,067)	(6,650)	(1,070)	(304)		(8,024)
Loan Expenses	(2,509)	(592)	(166)		(3,267)	(2,478)	(619)	(368)		(3,465)
Non-Operational Income & Expenses	38	-	(192)	(267)	(421)	57	(4)	(199)	(274)	(420)
Profit Before Tax	3,015	1,355	822	(267)	4,925	3,011	1,477	700	(274)	4,914
Income Tax Expenses	(839)	(379)	(206)	70	(1,354)	(929)	(389)	(176)	69	(1,425)
Net Income from Continuing Operations	2,176	976	616	(197)	3,571	2,082	1,088	524	(205)	3,489
Net income from Disposal group classified as held for sale	-	-	-	536	536	-	-	-	408	408
Net Profit after taxes	2,176	976	616	339	4,107	2,082	1,088	524	203	3,897

1) Consisting of micro business, credit card, sharia, insurance business, consumer finance, pawnshop, and retail banking.

2) Consists of small and medium enterprises and commercial.

3) Consisting of corporate banking, financial institutions, and treasury.

FINANCIAL POSITION REPORT

Assets 2018

Danamon's total asset as of 2018 stood at Rp186.76 trillion by 4.8% increased compare to Rp178.26 trillion last year. The increase in asset was mainly due to increase in net loan which grew from Rp120.50 trillion in 2017 to Rp130.15 trillion in 2018.

(In billion rupiah)

	2018	2017	growth
			YoY
Cash	2.824	2.546	10.9%
Current accounts with Bank Indonesia	6.460	7.556	-14.5%
Current Account at Other Banks	1.387	2.032	-31.7%
Placements with Other Banks & Bank Indonesia - net	8.576	5.199	65.0%
Marketable Securities - net	9.149	16.060	-43.0%
Loans (include consumer financing receivable and lease receivable) -net	130.154	120.495	8.0%
Government Bonds	10.973	10.974	0.0%
Fixed assets- net	1.903	2.288	-16.8%
Others	15.338	11.107	38.1%
Total assets	186.762	178.257	4.8%

Cash

Danamon's cash position reached Rp2.82 trillion as of December 31, 2018, an increase of 10.9% compared to its cash position of Rp2.55 trillion as of December 31, 2017. The increase in cash due to Rupiah denominated from Rp2.35 trillion to Rp2.68 trillion. Cash contributed 1.5% to Danamon's total asset.

Current Accounts with Bank Indonesia

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 Macprudential liquidity buffer (secondary GWM) of 4.0% of third party funds in Rupiah and 8.0% for Minimum Reserve Requirements (GWM) in foreign currency. Danamon's GWM ratio in Rupiah was 17.2% while the reserve requirement in foreign currency was 8.1% in 2018.

At the end of 2018, Danamon's current accounts with Bank Indonesia decreased to Rp 6.46 trillion compare to Rp7.56 trillion last year.

Current Account at Other Banks

Danamon's current account portion of total assets reached 0.7% in 2018 compared to 1.1% in 2017. Current accounts with other banks in 2018 declined by 31.7% to Rp1.39 trillion In-line with the decline in foreign currency current account which dropped from Rp1.68 trillion to Rp1.19 trillion in 2018.

Placements with Other Banks and Bank Indonesia

As of December 2018, placements with other banks and BI reached Rp8.58 trillion; increased 65.0% compared to Rp5.20 trillion in 2017. Mainly due to increase in foreign currency placements in Bank Indonesia of Rp7.33 trillion in 2018 compare to Rp678.4 billion last year. While placement to other banks declined to Rp1.24 trillion compare to Rp4.33 trillion in 2017.

Marketable Securities

Danamon booked a reduction in investment on securities by 43.0% from Rp16.06 trillion last year to Rp9.15 trillion in 2018. The decrease was primarily due to lower investment in securities especially in Bank Indonesia Certificates (SBI) to Rp798.7 billion from Rp5.86 trillion in 2017 as well as decline in Corporate bonds from Rp7.72 trillion last year to Rp6.09 trillion in FY18; while investment in Banks decline to Rp2.05 trillion from Rp2.52 trillion last year.

Loans

Net loan including lease receivables and consumer financing receivables grew by 8.0% to Rp130.15 trillion in 2018 compared to Rp120.49 trillion in 2017 mainly due to improvement on SME, consumer mortgages, and EB as well as consumer financing portfolio from Danamon's subsidiary.

In 2018, consumption loan grew 21.7% to Rp59.80 trillion from Rp49.15 trillion. Working capital slightly declined 0.6% to Rp52.09 trillion compare to Rp52.39 trillion last year.

(In billion rupiah)

Loan by type	2018	2017	growth
			YoY
Consumption	59,800	49,152	21.7%
Working Capital	52,092	52,385	-0.6%
Investment	21,033	21,670	-2.94%
Expor	1,594	1,559	2.24%
Total	134,519	124,766	7.82%

Loan by economic sector

Based on economic sectors, household and consumer financing contributes 41.2% to Danamon's total loan. In 2018, this sector grew 12.8% to Rp55.46 trillion from Rp49.14 trillion last year. Real estate, leasing, services and servicing companies grew double digit in 2018.

(In billion rupiah)

Loan by Economy Sector	2018	2017	growth
			YoY
Household and Consumer Financing	55,460	49,147	12.8%
Grocery and Retail	36,228	36,224	0.0%
Manufacturing	19,233	18,190	5.7%
Transportation, Warehousing, Communications	4,400	4,643	-5.2%
Real Estate, Leasing, Services and Servicing Companies	3,048	2,544	19.8%
Others	16,150	14,019	15.2%
Total	134,519	124,766	7.8%

Loan by geography

From the geographical standpoint, Jabodetabek, Karawang and Lampung contributed the most out of total loans disbursed by the Bank. Those areas grew 14.7% YoY to Rp54.20 trillion from Rp47.26 trillion last year due to most of the branches located in those areas.

(In billion rupiah)

Loan by Geography	2018	2017	growth
			YoY
Jakarta, Bogor, Tangerang, Karawang, Bekasi and Lampung	54,202	47,260	14.7%
North Sumatra	10,882	10,387	4.8%
East Java	9,959	9,633	3.4%
Sulawesi, Maluku, and Papua	7,113	7,182	-1.0%
West Java	6,291	5,857	-39.4%
Central Java and Yogyakarta	5,843	5,974	-2.2%
Kalimantan	5,534	5,492	0.8%
South Sumatra	2,639	3,116	0.8%
Bali, NTT, and NTB	2,109	2,068	2.0%
Total	104,572	96,969	7.8%

LOAN COLLECTABILITY

Danamon continued to manage and improve its asset quality in 2018. Danamon's NPL stood at 2.7% in 2018 Improved from 2.8% compare to last year. Its special mention improved to 6.7% from 7.5% last year due to improvement in managing delinquency across its portfolio.

Credit Based on Interest & Currency

Based on currency, 94.8% of Danamon's loan was in Rupiah. Danamon's rupiah loan grew 7.8% to Rp123.43 trillion compare to Rp114.46 trillion last year. Foreign currency loan slightly grew to Rp6.73 trillion compare to Rp6.03 trillion in 2017.

Based on interest rate, Danamon's floating loan increased 9.3% to Rp61.07 trillion compare to Rp55.89 trillion last year; while Danamon's fixed loan increase by 6.9% to Rp69.08 trillion this year.

(In billion rupiah)

By type and currency	2018	2017	growth
			YoY
Rupiah	123,425	114,462	7.8%
Foreign Currency	6,729	6,033	11.5%
Total	130,154	120,495	8.0%

(In billion rupiah)

Interest Rate	2018	2017	growth
			YoY
Floating	61,071	55,891	9.3%
Fixed	69,083	64,604	6.9%
Total	130,154	120,495	8.0%

Government Bonds

Bank Danamon's investment in government bonds reached Rp10.97 trillion in 2018 similar to last year's position.

Rp15.33 trillion. The increase in other asset mainly due to addition of assets of disposal group classified as held-for sale.

Fixed assets

Danamon's fixed assets in 2018 decreased by 16.7% to Rp1.90 trillion from Rp2.29 trillion. The decrease was primarily due to sales of property and reclassification of Adira Insurance as disposal group classified as held-for-sale.

Liabilities

To support credit growth, Danamon gathered third party funds from deposits mainly from customer deposits but also from other banks, issued securities and borrowings received. The Bank's focus is to grow its lower cost deposits such as demand deposits / current accounts and savings. As of 2018, Danamon's CASA ratio was stood at 47.1%.

Other Assets

Danamon's other assets, consisting of accounts other than those described above increased 38.1% from Rp11.1 trillion last year to

(In billion rupiah)

Liabilities	2018	2017	growth
			YoY
Deposits from customers	107,696	101,897	5.7%
Deposits from other banks	3,152	4,635	-32.0%
Securities sold under repurchase agreements	248	10	2381.5%
Securities issued	9,640	10,171	-5.2%
Borrowings	11,828	9,794	20.8%
Subordinated loan	25	-	100.0%
Others	12,233	12,578	-2.7%
Total	144,822	139,085	4.2%

Borrowing

Long term financing with a maturity of more than one year is managed to maintain Adira Finance's ability to handle liquidity gaps and interest rate risk.

Total borrowing in 2018 amounted to Rp11.83 trillion increase from Rp9.79 trillion last year. Danamon's funding diversification also came from various foreign and domestic financial institution. The increase in borrowing mainly due to increase in foreign currency borrowing that grew from Rp5.00 trillion to Rp7.83 trillion in 2018.

Securities Issued

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 Rp8.91 trillion lower than Rp9.51 trillion last year. In addition, Adira Finance had unmatured Sukuk Mudharabah amounting to Rp728.0 billion in 2018 higher compare to Rp661.0 billion in 2017. All of Adira Finance's bonds are rated idAAA by PT Pemeringkat Efek Indonesia (Pefindo).

Other Liabilities

Other liabilities consisting of accounts, other than those mentioned above, slightly declined by 2.7% to Rp12.41 trillion compared to Rp12.23 trillion last year.

(In billion rupiah)

Total Deposit from Third Party	2018	2017	growth
			YoY
Deposits from customers			
Current account	15,885	14,646	8.5%
Savings	33,945	34,073	-0.4%
Time seposit	57,865	53,178	8.8%
Total Deposits from customers	107,696	101,897	5.7%
Deposits from other banks	3,152	4,635	-32.0%
Total third party fund	110,848	106,532	4.1%

Customer Deposits

Customers deposit is a major contributor to Danamon's liabilities. Danamon's total amount of customer deposits reached Rp107.70 trillion higher than Rp101.90 trillion in 2017. Danamon has consistently prioritized lower cost funding sources by mounting funding derived from current accounts/demand deposits and savings.

Deposits from Other Banks

Deposits from other banks in 2018 decreased by 32% to Rp3.15 trillion from Rp4.63 trillion last year. The decline was mainly due to the decrease on call money from Rp1.88 trillion last year to Rp290.0 billion in 2018.

Equity

Danamon's equity continued to strengthen in 2018. Danamon's equity attributable to equity holders of the parent entity grew by 7.1% to Rp41.31 trillion compared to Rp39.17 trillion in 2017 mainly due to improvement of retained earnings from Rp25.38 trillion in 2017 to Rp28.30 trillion in 2018.

(In billion rupiah)

Description	2018	2017	growth
			YoY
Issued and Fully Paid Up Capital	5,901	5,901	0.0%
Additional Paid Up Capital	7,256	7,256	0.0%
Other Paid Up Capital	0	0	0.0%
Other Equity Components	(154)	121	n/m
Retained Earnings	28,308	25,382	11.5%
Non-Controlling Interests	629	512	22.9%
Total Equity	41,940	39,172	7.1%

Consolidated Profit & Loss Report

(In billion rupiah)

Description	2018	2017*	growth
			YoY
Net interest income	14,241	13,980	1.9%
Other operating income	3,696	3,688	0.2%
Other operating expense	12,779	12,557	1.8%
Net Operating Income	5,158	5,110	0.9%
Non operating income – net	232	223	4.2%
Income Before Tax	4,926	4,887	0.8%
Income Tax Expenses	1,354	1,494	-9.3%
Net Income from continuing operation	3,571	3,394	5.2%
Net income from disposal group classified as held-for-sale	536	434	23.4%
Income After Income Tax Expenses	4,107	3,828	7.3%
Net Income Attributable to Equity Holders of the Parent Entity	3,922	3,682	6.5%
Net Income Attributable to Non-controlling Interest	185	147	25.9%
Basic Earnings Per Share-full amount	409	384	6.5%
Comprehensive income attributable to equity holders of the parent entity	3,939	3,573	10.2%
Comprehensive income attributable to Non controlling interest	188	136	38.1%

*restated (PSAK58)

PROFIT/LOSS REPORT

Danamon's net interest income improved 1.9% to Rp14.24 trillion compare to Rp13.98 trillion last year; combined with the improvement of its asset quality and its operational excellence. Danamon's performance continued to improve in 2018. NPAT improved by 6.5% to reach Rp3.92 trillion compare to Rp3.68 trillion NPAT in 2017.

Net Interest Income

Danamon net interest income rose 1.9% to Rp14.24 trillion compare to Rp 13.98 trillion in 2017. The increase in net interest income was attributed to slight increase in interest income due to loan growth in Danamon's key segments.

(In billion rupiah)

Description	2018	2017*	growth
			YoY
Interest Income	20,172	19,883	1.5%
Interest Expense	5,931	5,903	0.5%
Total	14,241	13,980	1.9%

Other operating expenses table

(In billion rupiah)

Description	2018	2017*	growth
			YoY
Salaries and employee benefits	4,966	4,817	3.1%
General and administrative expenses	2,715	2,826	-3.9%
Allowance for impairment losses	3,267	3,513	-7.0%
Other fees and commissions expense	333	347	-4.1%
Others	1,498	1,054	42.1%
Total	12,779	12,557	1.8%

*restated

Other Operating Expenses

Danamon was able to maintain its operational excellence. Danamon's general and administrative expenses declined to Rp2.71 trillion compare to Rp2.82 trillion previous year.

Danamon's allowance for impairment losses also improved to Rp3.26 trillion compare to Rp3.51 trillion due to improvement in asset quality.

Net Operating Income

Bank Danamon's net operating income grew by 0.9% to Rp5.16 trillion compare to Rp5.11 trillion last year. Net operating income due to increase net interest income.

Net Income from Continuing Operation

Net income from continuing operation increased by 5.2% in 2018 to Rp3.57 trillion compare to Rp3.39 trillion last year. The increase was mainly due to improvement in loan growth as well as Danamon's

ability to maintain its operational excellence and improvement in asset quality. In September 2018, Danamon announced the divestment of Adira Insurance to Zurich. As a result, the income from Adira Insurance was booked under net income from disposal group classified as for sale. Net income from Adira Insurance stood at Rp536 billion 23.4% growth compare to last year.

Income Before Income tax

Due to increase in net operating profit in 2018, Danamon posted a pre-taxation profit growth of Rp4.11 trillion, 7.3% increase compare to Rp3.83 trillion last year.

Net Income attributable to equity holders of the parent entity

Danamon's net income, attributable to the equity holders of the Parent entity, grew by 6.5% to Rp3.92 trillion after taking into account income tax expense in 2018. Danamon's earning per share reached Rp409 per share (full amount) compare to Rp384 per share (full amount) in 2017.

CASH FLOW REPORT

(In billion rupiah)

Description	2018	2017	growth
			YoY
Net Cash flows from operating activities	4,445	3,749	18.6%
Net Cash flow from/(used in) investing activities	3,387	(3,189)	n/m
Net Cash Flows from financing activities	(4,382)	23	n/m
Net decrease in cash and cash equivalents from disposal group classified as held for sale	(344)	0	100.0%
Net (decrease)/increase in cash and cash equivalents	3,106	583	432.8%
Net effect on changes in exchange rates on cash and cash equivalent	89	98	-9.2%
Cash and cash equivalents at beginning of the year	15,834	15,154	4.5%
Cash and cash equivalents at end of the year	19,029	15,834	20.2%

Cash Flow from Operations

Bank Danamon posted a surplus net cash flow from operations of Rp4.44 trillion in 2018, an increased of 18.6% from Rp3.75 trillion in 2017.

Cash Flows from Investments

Danamon's net cash provided from investing activities stood at Rp3.38 trillion surplus compared to deficit of Rp3.19 trillion last year. This was due to less acquisition of marketable securities and government securities.

Cash Flow from Financing

Net cash provided from financing activities was deficit by Rp4.38 trillion compared to Rp23.0 billion surplus last year. At the end of 2018, Danamon's total cash and cash equivalents increased to Rp19.03 trillion from Rp15.83 trillion in 2017. These was mainly due to increased in operating activities and investing activities.

Commitment and Contingency

Danamon is committed to providing loan facilities to customers as well as contingency in the form of income from settlements and bank guarantees received. Total net commitment payables and contingent payables in 2018 stood at Rp5.82 trillion 10% higher compared to Rp5.29 trillion last year.

(In billion rupiah)

Commitment payables	2018	2017	growth
			YoY
Unused loan facilities to - debtors	45	259	-82.4%
Outstanding irrevocable - letters of credit	1,932	1,894	2.0%
Total commitment payables	1,977	2,153	-8.2%
Contingent receivables			
Guarantee from other banks -Interest receivable on - non-performing assets	66	29	127.6%
Total contingent receivables	531	459	15.8%
Total contingent receivables	597	488	22.4%
Contingent payables			
Guarantees issued in the form of Bank guarantees - Standby letters of credit -	4,206	3,468	21.3%
Total contingent payables	240	165	45.4%
Total contingent payables	4,446	3,633	22.4%
Contingent payables - net	3,850	3,146	22.4%
Commitment payables and Contingent payables - net	5,827	5,299	10.0%

KEY FINANCIAL RATIOS

Bank Danamon consistently conducts business with prudence and complies with Bank Indonesia regulations, the Financial Services Authority, and all applicable legislation. Danamon was able to meet the financial ratios stipulated by the regulators while pushing for loan expansion. Danamon continued to maintain its strong capital with consolidated CAR stood at 22.2% in 2018. Danamon also was able

to maintain its operation efficiency in 2018 as its BOPO improved to 70.9% compare to 72.1% last year. Danamon's focus in maintaining its asset quality also drove Danamon's NPL ratio stood at 2.7%. Danamon's NIM declined by 30 bps to 8.9% as Central Bank of Indonesia hike its 7 days repo-rate 6 times. In terms of profitability, Danamon's ROA stood at 2.2% improved compare to 2.1% last year.

(In billion rupiah)

in %	2018	2017	growth YoY
CAR - Consolidated	22.2	22.1	0.1
NPL	2.7	2.8	-0.1
NIM	8.9	9.3	-0.3
BOPO	70.9	72.1	-1.2
ROA	2.2	2.1	0.1
RIM	97.2	n/a	n/m

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, collectability and profitability.

Bank Solvency

Bank Danamon ensures the Bank's capital adequacy in order to meet the risks of fund disbursement and market risk as reflected in the Minimum Capital Adequacy Requirement (KPMM) in measuring solvency through bank capital ratios. Danamon's consolidated CAR at 2018 stood at 22.2% an improvement compares to 22.1% last year.

Bankability

The profitability performance of Bank Danamon is measured using the ratio of Return on Assets (ROA), Return on Equity (ROE), Net Income Margin (NIM), and Operating Cost to Operating Revenue (BOPO). Danamon's NIM stood at 8.9% slightly decline compare to 9.3% last year due to increase in cost of fund. However, Danamon's ROA improved to 2.2% from 2.1% last year due to improvement in net profit. ROE also improved to 10.6% compared to 10.5% last year.

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 Macroprudential Intermediation Ratio (RIM). Danamon's RIM stood at 97.2% in FY 2018.

CAPITAL STRUCTURE

The Bank's current capital structure consists of:

- i. The core capital (tier 1) comprises of paid-up capital and disclosed reserves less deductions for deferred tax, intangible assets and investments in subsidiaries.

Disclosed reserve consist of additional paid up capital, general reserve, 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) compromises the regulatory provision general reserve on productive assets (maximum 1.25% from RWA for credit risk) and subordinated loan which is qualified as capital instrument in tier 2.

Capital Management

Capital management is done through monitoring the capital base and capital ratios based on industry standards in order to measure capital adequacy. BI's and OJK's approach to such measurement is primarily based on measurement and monitoring the minimum capital requirement to the available capital resources.

The Bank has fulfilled the BI's and OJK's regulation regarding the Minimum Capital Adequacy Requirement (CAR) and calculation of Risk Weighted Assets (RWA).

The Bank has also implemented Internal Capital Adequacy Assessment Process (ICAAP) mechanism, which is self assessment process by Bank where it does not only cover capital adequacy from basic risks under Pillar I (Credit, Market and Operational Risk) but also take into consideration capital adequacy of other risks (Credit Concentration Risk, Banking Book Interest Risk, Liquidity Risk and Stress Test Impact) as specified in Pillar 2 Basel II & OJK's regulation.

(In billion rupiah)

Rp Billion	Bank Only			Consolidated		
	2018	2017	YoY	2018	2017	YoY
Common Equity (Tier-1)	28,496	28,219	1.0%	35,193	33,357	5.5%
Supplemental Capital (Tier-2)	1,223	1,137	7.6%	1,368	1,261	8.5%
Total Core and Supplemental Capital	29,720	29,356	1.2%	36,561	34,619	5.6%
Risk Weighted Asset based on Credit Risk, Market Risk, Operational Risk)	130,387	126,334	3.2%	164,394	157,002	4.7%
Total CAR ratio	22.8%	23.2%	-0.4%	22.2%	22.1%	0.1%

INVESTMENT OF CAPITAL GOODS

Danamon invested in fixed assets in 2018, consisting of buildings, office equipment, motor vehicles and in-progress assets. Investment of capital goods in 2018 reached Rp272.1 billion 2.4% increased compare to last year.

Rp Million	2018	2017	YoY growth
Land	-	-	
Buildings	36,200	32,880	10.1%
Office Equipment	204,915	206,358	-0.7%
Motor Vehicle	31,001	12,531	147.4%
Contruction in Progress	2	13,878	-100.0%
Total	272,118	265,647	2.4%

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

Impact of Interest Rate Changes

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 interest rate risk management is supplemented by regularly conducting sensitivity analyzes on scenarios to see the impact of changes in interest rate.

Impact of Exchange Rate Fluctuations

Foreign exchange risks arise from on and off-balance sheet positions both on the asset and liability sides through transactions in foreign currencies. The Bank measures the foreign exchange risk to understand the impact of the exchange rate movement on the Bank's revenue and capital.

TARGET VERSUS ACHIEVEMENT COMPARISON

In 2018, Danamon successfully achieved its target. Danamon's bank only loan stood at Rp104.57 trillion higher than Rp102.73 trillion target that we set last year. Danamon's NPAT profit stood at Rp3.92 trillion in line with last year target.

MATERIAL INFORMATION AND FACTS OCCURRING AFTER DATE OF ACCOUNTANT AUDIT REPORTS

On 22 January 2019, the Bank along with PT Bank Nusantara Parahyangan Tbk, has signed and submitted the merger plan to OJK. The Plan outlines details of the proposed merger, among others, that the surviving entity will be the Bank and headquartered in Jakarta.

The merger plan is subject to approval by the relevant regulatory authorities, both banks' shareholders, and the completion of other formal requirements necessary for such transactions.

OTHER IMPORTANT TRANSACTIONS OF A SIGNIFICANT AMOUNT

During 2018, 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 (AGM). In 2018, Bank Danamon paid a cash dividend of Rp1.29 trillion or 35% of its net profit for fiscal year 2017.

*(In billion rupiah)

Profit for the Year	Date of AGM	% Net profit	Dividend per Share for Series A and Series B (Rp full amount)	Dividend Payment Amount *	Payment date	General & Mandatory Reserves *
2017	20-Mar-18	35%	134.44	1,288.5	18-Apr-18	36.8
2016	12-Apr-17	35%	97.48	934.3	12-May-17	26.7
2015	28-Apr-16	30%	74.9	717.9	27-May-16	23.9

SHARE OWNERSHIP PROGRAM FOR MANAGEMENT AND EMPLOYEES

In 2018, 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 2018

No significant changes occurred in the Bank and the Bank's business group up to the period ending December 2018 affecting Danamon's financial position.

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

In 2018, the Bank did not undertake any investment proceedings.

Expansion

In 2018, the Bank did not undertake any expansion proceedings.

Divestment

On September 27, 2018, the Bank has signed Conditional Sale and Subscription Agreement ("CSSA") with Zurich Insurance Company Ltd. related to the plan to sell the Bank's ownership stake in PT Asuransi Adira Dinamika ("AI") of 70% of the shares issued by AI. Upon completion of the transaction, the Bank will retain 20% ownership in AI. Subject to certain pre-conditions, including obtaining relevant regulatory approval, the transaction is expected to be completed no later than nine months from the date of signing of CSSA. Concurrently, AI has entered into long-term strategic partnership agreements with the Bank and PT Adira Dinamika Multi Finance Tbk ("ADMF")

Acquisitions

In 2018, the Bank did not undertake any acquisition proceedings.

Debt and Capital Restructuring

In 2018, the Bank did not undertake any debt or capital restructuring proceedings.

REALIZATION OF PUBLIC OFFERING PROCEEDS

In 2018, Danamon as a parent company did not conduct any public offering neither bond nor stock issuance.

MATERIAL TRANSACTION INFORMATION CONTAINING CONFLICTS OF INTEREST

In 2018, the Bank 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 2018 audited financial statements of PT Bank Danamon Tbk (note No. 48).

*(In billion rupiah)

No	Parties with special relation with the Bank	Relationship with the Bank	Type of Transaction	Value of Transaction*
1	Standard Chartered Bank PLC	Owned by the same shareholders	Placement	38.23
2	MUFG Bank, Ltd.	Owned by the same shareholders	Placement	1.75
3	PT Bank DBS Indonesia	Owned by the same shareholders	Placement	0.02
4	Development Bank of Singapore, Ltd	Owned by the same shareholders	Placement	72.28
5	PT Bank DBS Indonesia	Owned by the same shareholders	Marketable Securities	0.77
6	Standard Chartered Bank, London	Owned by the same shareholders	Derivative Acceptance	0.01
7	MUFG Bank, Ltd.	Owned by the same shareholders	Derivative Acceptance	54.55
8	PT Mitra Pinasthika Mustika Finance	Owned by the same shareholders	Loan disbursed	65.99
9	PT General Integrated Company (GIC)	Owned by the same shareholders	Loan disbursed	1.73
10	Board of Commissioners, Board of Directors and key Employees	Key Executive and employees	Loan disbursed	30.77
11	Board of Commissioners, Board of Directors and key Employees	Key Executive and employees	Loan disbursed	0.54

CHANGES IN REGULATION THAT HAVE SIGNIFICANT EFFECT ON THE BANK

Some of the new banking regulations issued by the Financial Services Authority and Bank Indonesia in 2018 and their impact on Bank Danamon are outlined in the following table:

Regulations	Descriptions	Impact on BDI
PBI No. 20/3 / PBI / 2018 dated March 29, 2018 and PADG No. 20/30 / PADG / 2018 dated November 30, 2018 regarding Minimum Reserve Requirement in Rupiah and Foreign Currency for Conventional Commercial Banks (BUK), Sharia Commercial Banks (BUS) and Sharia Business Units (UUS)	<ol style="list-style-type: none"> Minimum Reserve Requirement for BUK <ol style="list-style-type: none"> Primary Statutory Reserves - Rupiah : 6.5% of biweekly average BUK deposits in Rupiah, effective on December 1, 2018: <ul style="list-style-type: none"> Must be fulfilled on a daily basis of 3.5%; Must be fulfilled on a biweekly average of 3%. Primary Statutory Reserves - Foreign Currency : 8% of biweekly average BUK deposits in Foreign Currency, effective on October 1, 2018: <ul style="list-style-type: none"> Must be fulfilled on a daily basis of 6%; Must be fulfilled on a biweekly average of 2%. Minimum Reserve Requirement for UUS and BUS <ol style="list-style-type: none"> Primary Statutory Reserves - Rupiah : 5% of biweekly average BUS/ UUS Deposits in Rupiah, effective on December 1, 2018: <ul style="list-style-type: none"> Must be fulfilled on a daily basis of 2%; Must be fulfilled on a biweekly average of 3%. Primary Statutory Reserves - Foreign Currency : 1% of BUS/UUS deposits in Foreign Currency, must be fulfilled on a daily basis, effective on April 3, 2018. 	The implementation of this average GWM has a positive impact to Bank's daily liquidity management.
PBI No. 20/4 / PBI / 2018 regarding Macroprudential Intermediation Ratio (RIM) and Macroprudential Liquidity Buffer (PLM) for Conventional Commercial Banks (BUK), Sharia Commercial Banks (BUS) and Sharia Business Units (UUS) Issued date: Mar 29, 2018	<ol style="list-style-type: none"> Macroprudential Intermediation Ratio (RIM) is a substitute for the Loan to Funding Ratio (LFR), with the additional of Bank's corporate securities The limits are: <ol style="list-style-type: none"> Lower limit: 80% Upper limit: 92% The limit requirement is not applicable if CAR\geq 14%. The RIM for BUK is effective on July 16, 2018, while the Sharia RIM is effective on October 1, 2018. Macroprudential Liquidity Buffer (PLM) is a substitute for Secondary Statutory Reserves, set at 4% of BUK deposit in Rupiah. PLM must be fulfilled with the Securities in Rupiah, which can be used in monetary operations. The PLM is effective on July 16, 2018. 	With this regulation, with BI approval half of PLM can be used to fulfill liquidity if necessary
PBI No. 20/8 / PBI / 2018 regarding Loan To Value Ratios for Property Loans (KP), Financing To Value Ratios for Property Financing (PP), and Advance for Motor Vehicle Loans (KKB) or Motor Vehicle Financing (PKB) Issued date: 30 Jul 2018	<ol style="list-style-type: none"> LTV ratio for KP and FTV ratio for PP is determined based on the Bank's policy, for: <ol style="list-style-type: none"> KP or PP for the first facility; and KP or PP for the second facility and thereafter for Site Houses with a building area up to 21m². Other than mentioned above, the LTV ratio for KP and the FTV ratio for PP are determined by Bank Indonesia. Regulations on the disbursement stages for KP or PP and changes in requirements for ownership of indent property. Maximum ownership of indent property is 5 KP/PP facilities. Adjustment of the KP/PP collateral limit valuation by an independent appraiser, previously above Rp5 billion to above Rp10 billion. 	Support the bank business growth of KP/PP, where one of the target segments of Bank credit growth is Property Loan/Property Financing.
SEOJK No. 12 /SEOJK.03/2018 regarding the Implementation of Risk Management and Risk Measurement in the Standard Approach for Interest Rate Risk in the Banking Book (Interest Rate Risk in The Banking Book) for Commercial Banks Issued date : August 21, 2018	<ol style="list-style-type: none"> IRRBB (Interest Rate Risk in Banking Books) is a risk from the interest rate movement in the market which differ to the position of banking book which has current and future potential losses towards profitability and bank capital. There are two (2) Risk Measurement methods for IRRBB, which are based on changes in Economic Value of Equity (EVE) and based on changes in net interest income (NII). This regulation sets the guideline of calculating IRRBB & capital adequacy for IRRBB. IRRBB Reporting and Publication is effective in June 2019. 	<p>This new measurement method will enrich the bank's monitoring and control process in market risk, allowing the Bank to fulfill business plans inline with the Risk Appetite Statement.</p> <p>Currently, the Bank has been implementing the method internally. In order to comply with OJK regulations, the Bank will adjust the related methods and policies as well as improve the ALM system's capabilities, allowing for more detailed calculations and more dynamic simulations.</p>

CHANGES IN ACCOUNTING POLICIES

The following standards, amendments and interpretations became effective since 1 January 2018 and are relevant to the Bank and Subsidiaries:

- 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. These amendments clarify whether taxable profit will be available so that the deductible temporary differences can be utilized; estimates to 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.
- e. PSAK 111: Accounting for Wa'd Relation with recognition of Wa'd Sharia marketable securities classification and forex hedging recognition.

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

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05

Operational Review





Risk Management



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

VISION & 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

1. 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.
2. To be a strong advocate of corporate values and principles, supported by a robust risk framework that is well defined, well communicated and pre-emptive in nature.
3. To provide world class policies, models, tools and frameworks that assist in measured and sound risk taking.
4. To sponsor a strong risk and control culture that is pro-active, throughout the Bank and its Subsidiaries.

IMPLEMENTATION OF RISK MANAGEMENT

Three Lines of Defense Approach

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

Board of Commissioners Supervision		
Board of Directors Supervision		
First Line of Defense	Second Line of Defense	Third Line of Defense
<ul style="list-style-type: none"> Line of Business Operational Working Units Other Supporting Working Units 	<ul style="list-style-type: none"> Integrated Risk Directorate Compliance Division 	<ul style="list-style-type: none"> Internal Audit Working Unit (SKAI)
Line of business, operational working units and other supporting working units are the First Line of Defense who are responsible to daily risk management in each working unit.	Integrated Risk Directorate and Compliance Division have a role as Second Line of Defense to perform the function of risk management monitoring independently.	Internal Audit Working Unit has a role as the Third Line of Defense who responsible for evaluating the implementation of risk management carried out by the First and Second Line of Defense, also provide the recommendation for all weaknesses and things that can be improved, so the implementation of risk management is to be better.

Risk Management in Danamon

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

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

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

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

Active Supervision Function		
Board of Commissioners (BOC)	Sharia Supervisory Board	Board of Directors (BOD)
The Board of Commissioners may delegate risk monitoring function to the Risk Monitoring Committee. However, the Board of Commissioners remains the ultimate responsible party.	Danamon appoints Sharia Supervisory Board at Sharia Business Unit in accordance with the recommendation from National Sharia Board – <i>Majelis Ulama Indonesia</i> 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, BOD 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.
<ol style="list-style-type: none"> 1. Approve the risk management policy, strategy and framework that are aligned with the risk appetite and the risk tolerance, also conduct periodically evaluation. 2. Perform the risk oversight and evaluate the accountability of the BOD on the implementation of risk management policies and strategy, and risk exposures through periodic review with BOD. 	<ol style="list-style-type: none"> 1. Evaluate the Risk Management Policies related to compliance with Sharia Principles. 2. Evaluate the accountability of Board of Directors on the implementation of Risk Management Policy related to compliance with Sharia Principles. 	<ol style="list-style-type: none"> 1. Prepare the written and comprehensive risk management policy, strategy and framework, also responsible for the implementation. 2. Conduct periodically review on the risk assessment methodology, implementation of risk management information system, risk management policies and procedures, and limit setup. 3. Approve the business activities that require BOD approval. 4. Develop the risk management culture at all levels of the organization.

Active Supervision Function		
Board of Commissioners (BOC)	Sharia Supervisory Board	Board of Directors (BOD)
<ul style="list-style-type: none"> 3. Approve the business activities that require the BOC approval. 4. Approve the policy that need the BOC approval as required by BI/OJK regulations or other external regulations. 5. Carry out the risk management function as regulated in the regulations. 6. Delegate the authority to the BOD to enable them to approve the business activities and other tasks. 	<ul style="list-style-type: none"> 3. Acting as an advisor and provide the recommendation to BOD and Sharia business management (officers that are related to implementation of Sharia business) regarding the matters related to Sharia principles. 4. Coordinate with National Sharia Board to discuss the Bank's proposal and recommendation on product and service development which need the review and decision from the National Sharia Board. 	<ul style="list-style-type: none"> 5. Oversee the risk quality compared to the prevailing level of fairness. 6. Ensure the management adopt a prudent and conservative approach in developing their business. 7. Determine the risk appetite. 8. Ensure the corrective action for the findings that reported by Internal Audit (SKAI). 9. Ensure the effectiveness of management and enhancement of human capital competency related to the implementation of risk management. 10. Place the competent officers in the working unit based on the nature, quantity and its complexity. 11. Develop and put in place the mechanism of transaction approval including those which exceed the authority limit for each level of the position. 12. Ensure that risk management function has independently operated.

Risk Management Policies, Procedures, and Limit Setup

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

Integrated Risk Management Policy is the main policy in the implementation of risk management in Danamon 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. Danamon as Main Entity and the Subsidiaries as the member of Financial Conglomeration have developed their own detailed guidelines and procedures. Those guidelines and procedures are in line with the Integrated Risk Management Policy, prudential principles and other related external regulations.

Danamon has had 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.

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.

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

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

The Organization Structure Of Risk Management

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

a. Risk Monitoring Committee

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

b. Risk Management Committee

At the Board of Directors level, a Risk Management Committee has been established to evaluate and provide the recommendation to President Director related to the implementation of risk management strategy and policy, managing overall risks in Danamon as well as in the Subsidiaries, and evaluating significant risk issues.

c. Integrated Risk Management Committee

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

d. Risk Management Working Unit

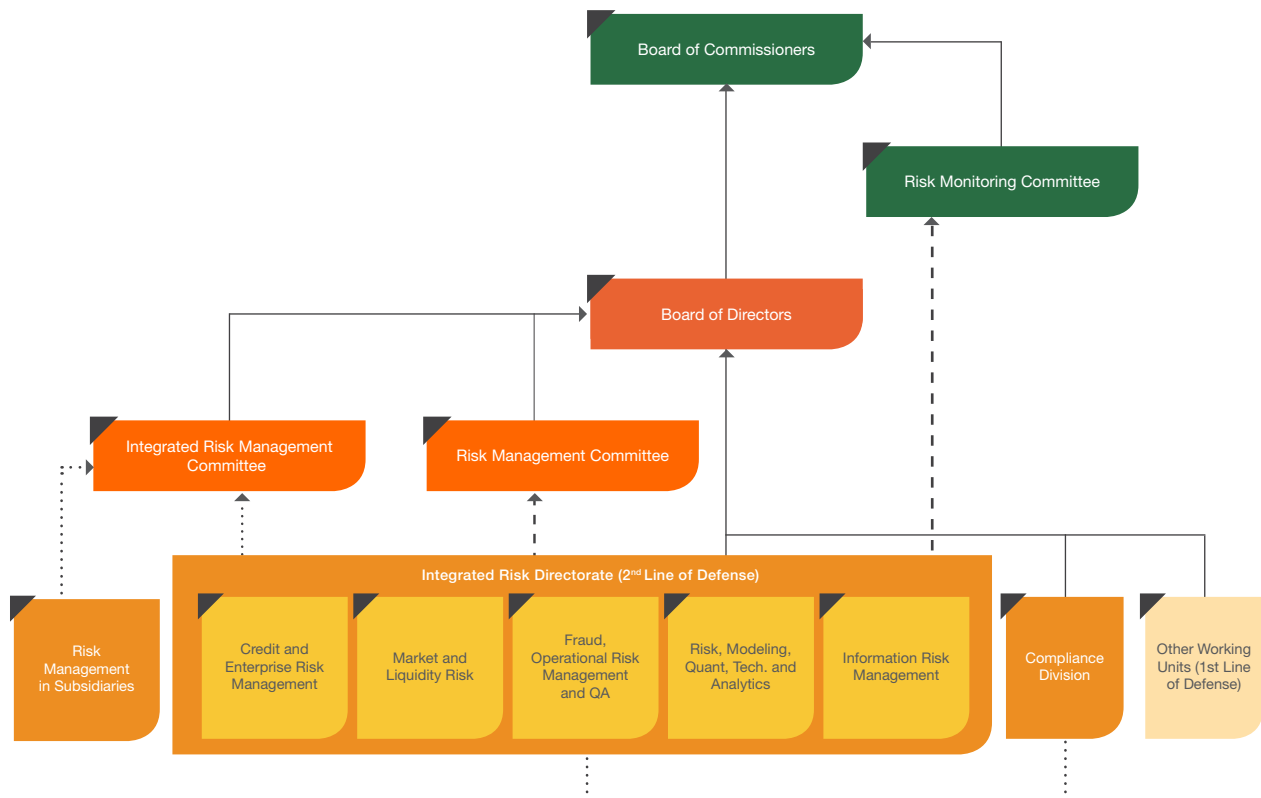
Integrated Risk Directorate is Risk Management Working Unit in Danamon that is independent from risk taking unit and working unit that conduct the internal control function. This Directorate consists of several divisions i.e. Credit & Enterprise Risk Management (CERM), Market & Liquidity Risk (MLR),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

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

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

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

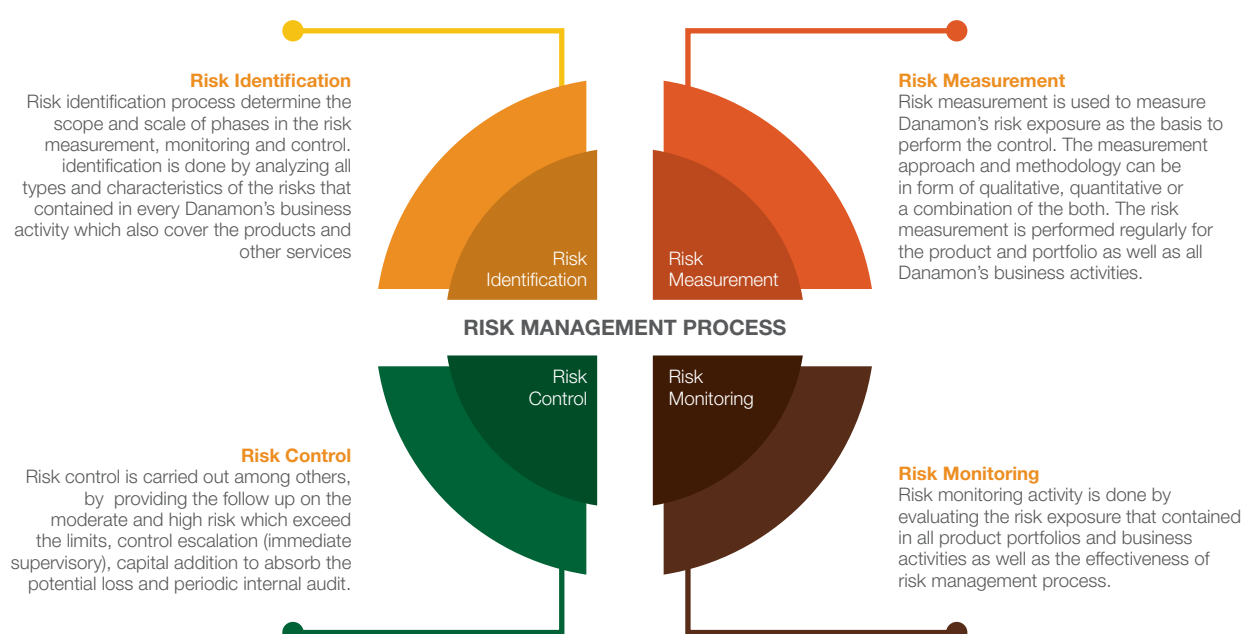
Risk Management Organization Structure



Risk Management Process and Risk Management Information System

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

The overview of risk management process is as follows:



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

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

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

In performing 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 System. 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:

- Management supervision and culture of control where the Board of Directors and Board of Commissioners are responsible for improving work ethics and high integrity and creating an organizational culture that emphasizes the importance of internal control that applies at the Bank. To support the control culture, the policies, standards and procedures must be documented in writing and available to relevant employees.
- Risk identification and assessment are conducted for all type of risks that cover the quantitative and qualitative assessment.
- Establishment of organization structure by applying a clear separation of functions between the risk taking units and working units that conduct the internal control function. Control activities and separation of functions are done to manage and control the risks that can affect performance or result in losses.
- The existence of an adequate accounting system, information system and communication flow that can produce reports and information needed to support the implementation of the duties of Board of Directors and Board of Commissioners.

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

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

Human Resources

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

Risk Culture

A strong risk management culture is 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 determined through:

- The direction and supervision from the Board of Commissioners and Board of Directors of Danamon and Subsidiaries.
- Introduction to risk management as an integral part of business practices.
- Compliance with all policies, procedures prevailing laws and regulations.

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

- Communicate the importance of managing the risks.
- Communicate the risk tolerance level and the expected 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.

Special 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 according to the prevailing regulation.

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

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

b. Risk Management of Sharia Unit

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

Risk measurement is performed by using an appropriate methodology for the characteristics of Sharia Business Unit, through the measurement of risk profile level that evaluated on a quarterly basis.

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

c. Risk Management of Subsidiaries

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

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

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

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

Evaluation On Effectiveness Of Risk Management System

To carry out an evaluation on the effectiveness of risk management, the 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 the changes in regulations, business and operational conditions. As a result of the review, Danamon conducts Portfolio Meeting to evaluate the condition of Bank's and Subsidiaries' risk portfolio periodically.

Risk Profile

The risk profile assessment includes the assessment of inherent risk and the quality of risk management implementation that reflects the risk control system either individually, consolidated or integrated. The assessments of individual and consolidated risk profile are performed on 10 (ten) risks i.e. Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, Reputation Risk, Rate of Return Risk and Investment Risk. While in Integrated Risk Management, the managed risks also include Intra-Group 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 analysed by Danamon during 2018, the composite rating for Danamon's individual, consolidated and integrated risk profile as of 31 December 2018 is ranked at 2 (Low to Moderate).

IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

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

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

- Established an Integrated Risk Management Committee.
- Adjusted the organization structure by establishing an Integrated Risk Management Working Unit that monitors the risks of Financial Conglomeration.
- Reviewed an Integrated Risk Management Policy.
- Prepared and submitted an Integrated Risk Profile Report.
- Applied Group Risk Appetite Statement to the lines of business and Subsidiaries.
- Continuous coordination, communication and socialisation with Subsidiaries.

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

During 2018, the Integrated Risk Management Committee held periodically meeting to discuss regarding:

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

Risk Management Focus and Activities in 2018

In accordance with the bank's business plan, in 2018, Danamon continued to conduct the previous year programs and implement a number of new programs as follows:

Main Highlights	Management Report	Company Profile	Management Discussion and Analysis	Operational Review	Good Corporate Governance	Corporate Social Responsibility	Corporate Data	Risks	
								Activities	
								Integrated	<ul style="list-style-type: none"> Implementation of Integrated Risk Management in the Bank and its Subsidiaries within the Financial Conglomeration Improvement of Risk Profile report in accordance with regulatory requirements Preparation and submission of Sustainable Finance Action Plan for period of 2019-2023 in order to fulfill POJK no. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies. Update Recovery Plan in accordance with POJK No. 14/POJK.03 / 2017 for the Systemic Bank Setting up Risk Academy on an ongoing basis as a means of risk management learning for all Bank employees through face-to-face classroom training, also create and implement various kinds of e-Learning modules related to risk management. 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. Conduct various programs of Risk Culture that focus on the campaign of Three Lines of Defense implementation.
								Credit	<ul style="list-style-type: none"> 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 have been finished and well implemented. 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 Implementation 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, Consumption and Investment have been done and well implemented The Bank has updated the Credit Risk Policy that has been implemented in bankwide. Established and categorized different types of industries into industrial groups of high, medium, and low risk levels. The Bank will focus its growth on industries with medium and low risk levels. Continue the focus on acquiring new loans in low risk line of business such as Mortgage and conduct Cross Sell. Limit the lending to high risk segments such as ABF and UPL. Stop the lending to high-risk loans in the Micro Credit (SEMM) and strengthen the collection strategy. Implementation of credit system infrastructure such as Credit Processing System (CPS) and Rules Based Engine in SME 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 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.
								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 the effectiveness in operational risk management comprehensively at the Bank and Subsidiaries. Build the awareness of Operational Risk Management through e-Learning, Risk Academy module, email blast, and anti fraud awareness video. The purpose is to enhance awareness throughout all of management and employees on the importance of operational risk management. Implement ORPA (Operational Risk Pre Assessment) to review the risk on new strategic initiatives including the recommendation of risk mitigation. The campaign of Self Raise Issue to provide a tool for employees to raise an issue that potentially arise the operational risk. Implement an escalation mechanism for potential/operational risk event. The implementation of Risk Acceptance to ensure that issues which can not be mitigated, however the process/activity will be carried out and the risk is still borne by the Bank, should be approved by relevant Management. Improve the Risk Control Self Assessment method by implementing RCSA workshop (top down approach RCSA). Improve the ability of early detection on the potential fraud by providing the Whistle-blower channel through independent third party.

Risks	Activities
Information Technology, Information Security and Business Continuity	<ul style="list-style-type: none"> • Gradually implementation of the Bank's Information Security Policy by prioritizing and focusing according to the agreed implementation strategy • In order to manage risks related to cyber security, initiation of activities assessment has been conducted through the Cyber Threat Modeling mechanism for selected applications that exposed to the internet. This assessment will be continued in 2019 for all applications in critical category. • Conduct cyber risk awareness programs through simulation exercises such as Phishing eMail Exercise, and Cyber Risk Workshop to business units and operational support units. • Develop framework that regulates the response process to cyber incidents, including developing Cyber Incident Response Playbook document, as a simple guideline for employees to identify cyber incidents. • Develop and continue the comprehensive Business Continuity Management (BCM) program implementation to maintain the contingency of the business activities and operational in the event of emergency. The implementation includes critical and non-critical units, by doing a coordination of the preparation of Business Continuity Plan (BCP) documents, supervising the BCP testing, and managing the incident handling that occurred. • Increase the awareness of Business Continuity Management by conducting simulation exercises on the activation of the Alternate Command Center to the Board of Directors and senior management, including members of the Incident Management Team (IMT). • Build the awareness regarding Information Risk Management to all levels of management and employees through various media, for example: LoB Sharing sessions covering the area of BCM and Information Security, Risk Academy, through various available communication media. Including, developing the online training materials (e-Learning), in the aspects of Information Security and Business Continuity (BCM).
Market and Liquidity	<ul style="list-style-type: none"> • Updating the Bank's Market and Liquidity Risks limit structure and policies • Enhancement of Net Stable Funding Ratio (NSFR) calculation aligning with OJK Regulation No.50/POJK.03/2017 to be reported starting Q1 - 2018 • Validation of the market and liquidity risk measurement methodology, including those to support Treasury new products. • Enhancement of ALM System to support alignment of NSFR calculation and reporting. • Preparation for implementation of Interest Rate Risk in Banking Book (IRRBB) in compliance with OJK Circular Letter No.12/SEOJK.03/2018 to be implemented in 2019.

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.

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

Corporate Data	Process	Implementation Activities
	Identification	<ul style="list-style-type: none"> Periodically review Line of Business Product Program, containing industry analysis and marketing strategies, criteria for credit approval, product performance, as well as the implementation of risk management; Establish credit approval criteria based on the 5C approach: Character, Capacity to Repay, Capital, Collateral, and Conditions of Economy as well as adjusting the risk appetite, risk profile, and the Bank's business plan.
	Assessment	<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 and other facilities related to credit; Establish credit risk assessment parameters, the trigger score and limits on non-performing loans level, portfolio concentration, and other credit parameters; Conduct stress test on significant changes in the conditions as an estimated potential impact towards portfolios, revenues, as well as Danamon capital conditions.
	Monitoring	<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 portfolio at the Bank and lines of business level, through a reliable Management Information System; Evaluate the adequacy of risk management implementation, which may provide improvement and adjustment towards risk management strategies.
	Control	<ul style="list-style-type: none"> Establish and periodically review the Policies and Guidelines on the implementation of credit risk management that applicable to business units in both general and specific terms; Implement adequate four eyes principles in every process of credit facility 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, also related and non related parties. Set the risk level and concentration limit on certain industrial sectors; Identify non-performing loans at an early stage so remedial process can be conducted properly and efficient. Build-up reserves in line with the existing regulations. Develop an independent and sustainable internal control system.
Corporate Social Responsibility	<p>Credit Risk Management process is performed thoroughly at all lines of defense in Danamon. Line of Business, Subsidiaries and Credit Directorate as the risk taking units are the first line of defense which have important role in the implementation of adequate risk management.</p>	
	<p>The Credit Risk Management Division serves as an independent second-line of defense. This unit is responsible for monitoring and reviewing credit risk parameters, reviewing and adjusting Credit Risk Policy, and developing risk measurement methodologies and risk control procedures. The Compliance Division as the second line is also active in providing recommendations on the implementation of credit risk management in line with regulations and granting credit facilities to Danamon related parties.</p>	
Good Corporate Governance	<p>Compliance with the implementation of credit risk management is continuously evaluated by an independent Internal Audit Unit acting as a third line of defense. This unit actively provides recommendations for the improvement and development of Danamon's risk management across all units.</p>	
	<p>Credit Risk Internal Rating and Scorecard Model</p> <p>Danamon has established the Risk Modeling, Quantitative Technique & Analytics team to develop, implement, monitor, and review risk modelling and methodology of quantitative technique. Including to ensure that the bank has its robust risk modeling for prudent portfolio management, for the credit business as follows:</p> <ul style="list-style-type: none"> Corporate Commercial Mid Market Financing Company Financial Institutions Credit card Micro Credit Unsecured Loans Small and Medium Enterprise Loans Home Ownership Loans Automotive loan 	
Operational Review		
Management Discussion and Analysis		
Company Profile		
Management Report		
Main Highlights		

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

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

2) Credit Concentration Risk

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

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

3) Measurement and Control Mechanism of Credit Risk

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

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

Evaluation of impaired loans is categorized into two main segments which are Wholesale (Enterprise Banking & SME) and Retail & Mass Market. In the Wholesale Banking segment, the

assessment includes four main categories which are payment status, debtor's financial performance, assessment of debtors' repayment status and restructured loans. While for Retail & Mass Market segment, the assessments are conducted using collective approach through the portfolio and assessed based on the asset quality and the restructuring condition.

4) Provisioning

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

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

Calculation of LLP is defined as follows:

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

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

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

5) Disclosure of Danamon Quantitative Credit Risk

Danamon quantitative credit risk calculations for 2018 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					
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java	
(1)	(2)	(3)	(4)	(5)	(6)	
1	Receivables on Sovereigns	27,648,248	-	-	-	
2	Receivables on Public Sector Entities	1,579,077	124	-	40	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	2,929,394	73,070	69,620	25,183	
5	Loans Secured by Residential Property	4,231,624	254,293	109,916	485,506	
6	Loans Secured by Commercial Real Estate	1,111,798	5,813	31,876	149,298	
7	Employee/Pensioner Loans	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	10,815,015	2,684,051	2,023,113	2,989,992	
9	Receivables on Corporate	47,673,133	3,134,265	3,436,880	5,795,328	
10	Past Due Receivables	1,003,630	129,535	159,770	309,394	
11	Other Assets	3,343,230	243,711	453,687	344,702	
	Total	100,335,149	6,524,862	6,284,862	10,099,443	
No	Portfolio Category					
		(13)	(14)	(15)	(16)	
(1)	(2)	(13)	(14)	(15)	(16)	
1	Receivables on Sovereigns	24,906,212	17	42	-	
2	Receivables on Public Sector Entities	1,372,103	-	46	51	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	5,582,431	67,896	38,811	35,169	
5	Loans Secured by Residential Property	2,644,851	180,466	85,869	233,383	
6	Loans Secured by Commercial Real Estate	961,258	-	21,285	115,722	
7	Employee/Pensioner Loans	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	9,917,251	2,530,312	2,441,895	3,297,956	
9	Receivables on Corporate	43,874,182	2,985,027	3,199,387	5,579,035	
10	Past Due Receivables	808,162	94,241	175,621	198,123	
11	Other Assets	4,248,066	213,138	357,095	262,479	
	Total	94,314,516	6,071,097	6,320,051	9,721,918	

(Rp million)

Desember 31, 2018						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	-	306	197	-	-	27,648,751
	-	196	93	171	-	1,579,701
	-	-	-	-	-	-
	107,612	71,793	2	16	28	3,276,718
	122,113	58,911	16,814	82,307	1,828	5,363,312
	32,998	10,527	21,416	76,267	24,683	1,464,676
	-	-	-	-	-	-
	371,945	4,025,597	2,444,059	5,807,471	566,703	31,727,946
	1,531,204	2,697,799	2,886,738	4,761,630	1,918,404	73,835,381
	110,581	213,900	147,517	155,704	100,005	2,330,036
	244,052	575,222	363,023	451,070	283,605	6,302,302
	2,520,505	7,654,251	5,879,859	11,334,636	2,895,256	153,528,823
Desember 31, 2017						
	(17)	(18)	(19)	(20)	(21)	(22)
	-	245	-	-	-	24,906,516
	-	121	293	104	-	1,372,718
	-	-	-	-	-	-
	159,113	60,633	3	3,083	40	5,947,179
	85,799	29,676	22,002	67,540	4,396	3,353,982
	28,069	12,279	22,074	75,450	9,549	1,245,686
	-	-	-	-	-	-
	527,167	4,125,227	2,430,753	5,271,468	1,276,042	31,818,071
	1,382,948	2,708,738	2,815,693	4,778,381	1,662,376	68,985,767
	75,557	198,290	177,875	181,161	126,239	2,035,269
	208,755	489,063	332,075	374,354	270,909	6,755,934
	2,467,408	7,624,272	5,800,768	10,751,541	3,349,551	146,421,122

1.2. Disclosure of Net Receivables Based on Region-Consolidated

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

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

(1)	(2)					
		(13)	(14)	(15)	(16)	
1	Receivables on Sovereigns	24,906,212	440	44	-	
2	Receivables on Public Sector Entities	1,372,251	134	52	73	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	5,990,532	67,896	46,246	47,269	
5	Loans Secured by Residential Property	2,646,535	180,779	85,869	233,383	
6	Loans Secured by Commercial Real Estate	961,258	-	21,285	115,722	
7	Employee/Pensioner Loans	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	16,500,337	5,362,644	5,179,312	7,393,759	
9	Receivables on Corporate	43,231,256	2,985,027	3,200,573	5,581,198	
10	Past Due Receivables	918,256	153,506	210,424	262,164	
11	Other Assets	4,684,885	271,399	402,437	341,678	
	Total	101,211,522	9,021,825	9,146,242	13,975,246	

(Rp million)

Desember 31, 2018						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	-	492	223	-	-	27,649,313
	-	292	103	189	-	1,579,995
	-	-	-	-	-	-
	107,612	71,793	2	16	28	4,066,403
	122,113	58,911	16,814	82,307	1,828	5,366,778
	32,998	10,527	21,416	76,267	24,683	1,464,676
	-	-	-	-	-	-
	371,945	7,682,319	4,449,100	10,592,875	566,703	60,266,790
	1,531,204	2,697,799	2,886,738	4,774,366	1,918,404	73,927,848
	110,581	294,997	169,680	229,585	100,005	2,750,260
	244,052	703,954	408,200	554,036	283,605	7,586,755
	2,520,505	11,521,084	7,952,276	16,309,641	2,895,256	184,658,818

Desember 31, 2017						
	(17)	(18)	(19)	(20)	(21)	(22)
	-	483	-	-	-	24,907,179
	-	379	328	117	-	1,373,334
	-	-	-	-	-	-
	159,113	87,600	21,593	15,326	40	6,435,615
	85,799	29,676	22,002	67,540	4,396	3,355,979
	28,069	12,279	22,074	75,450	9,549	1,245,686
	-	-	-	-	-	-
	527,167	7,816,482	4,297,892	9,951,457	1,276,042	58,305,092
	1,382,948	2,708,738	2,815,693	4,778,381	1,662,376	68,346,190
	75,557	252,265	205,830	243,900	126,239	2,448,141
	208,755	560,840	379,412	474,584	270,909	7,594,899
	2,467,408	11,468,742	7,764,824	15,606,755	3,349,551	174,012,115

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

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

No.	Portfolio Category			
		≤ 1 year	>1-3 Years	
(1)	(2)	(3)	(4)	
1	Receivables on Sovereigns	15,768,810	4,326,841	
2	Receivables on Public Sector Entities	919,396	659,888	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	
4	Receivables on Banks	2,441,741	477,652	
5	Loans Secured by Residential Property	11,515	186,965	
6	Loans Secured by Commercial Real Estate	1,038,529	59,506	
7	Employee/Pensioner Loans	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	5,970,284	15,555,051	
9	Receivables on Corporate	55,620,907	7,074,611	
10	Past Due Receivables	313,761	443,868	
11	Other Assets	-	-	
	Total	82,084,943	28,784,382	
No.	Portfolio Category			
		(9)	(10)	
(1)	(2)	(9)	(10)	
1	Receivables on Sovereigns	12,409,899	4,787,829	
2	Receivables on Public Sector Entities	1,093,120	272,207	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	
4	Receivables on Banks	4,310,154	1,213,732	
5	Loans Secured by Residential Property	15,441	149,399	
6	Loans Secured by Commercial Real Estate	781,044	47,005	
7	Employee/Pensioner Loans	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	6,537,976	15,254,604	
9	Receivables on Corporate	50,048,346	6,948,716	
10	Past Due Receivables	248,188	561,965	
11	Other Assets	397,839	15,510	
	Total	75,842,007	29,250,967	

(Rp million)

Desember 31, 2018				
Net Receivables by Remaining Contractual Maturity				
	>3-5 Years	>5 Years	Non Contractual	Total
	(5)	(6)	(7)	(8)
	911,980	119,623	6,521,497	27,648,751
	417	-	-	1,579,701
	-	-	-	-
	229,678	124,380	3,267	3,276,718
	592,215	4,572,613	4	5,363,312
	297,337	69,304	-	1,464,676
	-	-	-	-
	9,087,775	1,086,757	28,079	31,727,946
	5,953,651	5,048,957	137,255	73,835,381
	337,661	275,866	958,880	2,330,036
	-	-	6,302,302	6,302,302
	17,410,714	11,297,500	13,951,284	153,528,823
Desember 31, 2017				
	(11)	(12)	(13)	(14)
	361,602	546	7,346,640	24,906,516
	7,276	115	-	1,372,718
	-	-	-	-
	234,625	181,003	7,665	5,947,179
	473,517	2,715,623	2	3,353,982
	206,086	211,551	-	1,245,686
	-	-	-	-
	8,641,549	1,349,434	34,508	31,818,071
	6,436,481	5,486,512	65,712	68,985,767
	238,498	136,662	849,956	2,035,269
	-	4,628	6,337,957	6,755,934
	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			
		≤ 1 year	>1-3 Years	
(1)	(2)	(3)	(4)	
1	Receivables on Sovereigns	15,768,811	4,327,019	
2	Receivables on Public Sector Entities	919,435	660,100	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	
4	Receivables on Banks	3,104,230	604,848	
5	Loans Secured by Residential Property	11,515	187,480	
6	Loans Secured by Commercial Real Estate	1,038,529	59,506	
7	Employee/Pensioner Loans	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	7,269,892	32,722,079	
9	Receivables on Corporate	55,564,266	7,142,276	
10	Past Due Receivables	363,731	737,915	
11	Other Assets	316,659	7,375	
	Total	84,357,068	46,448,598	
(1)	(2)	(9)	(10)	
1	Receivables on Sovereigns	12,409,914	4,787,859	
2	Receivables on Public Sector Entities	1,093,189	272,714	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	
4	Receivables on Banks	4,776,638	1,235,684	
5	Loans Secured by Residential Property	15,441	149,587	
6	Loans Secured by Commercial Real Estate	781,044	47,005	
7	Employee/Pensioner Loans	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	11,111,229	32,625,366	
9	Receivables on Corporate	49,259,392	7,060,336	
10	Past Due Receivables	344,571	832,862	
11	Other Assets	708,747	28,218	
	Total	80,500,165	47,039,631	

(Rp million)

Desember 31, 2017				
Net Receivables by Remaining Contractual Maturity				
	>3-5 Years	>5 Years	Non Contractual	Total
	(5)	(6)	(7)	(8)
	912,363	119,623	6,521,497	27,649,313
	460	-	-	1,579,995
	-	-	-	-
	229,678	124,380	3,267	4,066,403
	594,946	4,572,833	4	5,366,778
	297,337	69,304	-	1,464,676
	-	-	-	-
	18,195,145	2,051,595	28,079	60,266,790
	6,035,094	5,048,957	137,255	73,927,848
	411,551	278,183	958,880	2,750,260
	374,947	-	6,887,774	7,586,755
	27,051,521	12,264,875	14,536,756	184,658,818
Desember 31, 2017				
	(11)	(12)	(13)	(14)
	362,220	546	7,346,640	24,907,179
	7,316	115	-	1,373,334
	-	-	-	-
	234,625	181,003	7,665	6,435,615
	475,326	2,715,623	2	3,355,979
	206,086	211,551	-	1,245,686
	-	-	-	-
	13,164,999	1,368,990	34,508	58,305,092
	6,474,238	5,486,512	65,712	68,346,190
	284,090	136,662	849,956	2,448,141
	31,633	4,628	6,821,673	7,594,899
	21,240,533	10,105,630	15,126,156	174,012,115

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)	
Desember 31, 2018						
1	Agriculture, Hunting and Forestry	-	-	-	-	
2	Fishery	-	-	-	-	
3	Mining and Quarrying	-	432,337	-	-	
4	Manufacturing	-	-	-	-	
5	Electricity, Gas and Water	-	-	-	-	
6	Construction	-	170,473	-	-	
7	Wholesale and Retail Trading	-	-	-	-	
8	Hotel and Food & Beverage	-	-	-	-	
9	Transportation, Warehousing and Communications	-	-	-	-	
10	Financial Intermediary	-	-	-	955,004	
11	Real Estate, Rental and Business Services	-	-	-	-	
12	Public Administration, Defense and Compulsory Social Security	503	624	-	-	
13	Education Services	-	-	-	-	
14	Human Health and Social Work Activities	-	-	-	-	
15	Public, Socio-Culture, Entertainment and Other Personal Services	290,648	-	-	-	
16	Activities of Households as Employers	-	-	-	-	
17	International Institution and Other Extra International Agencies	-	-	-	-	
18	Undefined Activities	-	-	-	-	
19	Non Business Field	142	88	-	-	
20	Others	27,357,458	976,179	-	2,321,714	
	Total	27,648,751	1,579,701	-	3,276,718	

* Economic sector refers to economic sector used in the commercial Bank Monthly Report (Laporan 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)
	-	-	-	1,220,090	2,247,052	14,212	-
	-	-	-	98,756	26,205	1,773	-
	-	-	-	137,048	1,425,934	3,443	-
	-	-	-	1,063,275	17,672,857	400,497	-
	-	-	-	59,500	31,262	260	-
	-	929,202	-	273,547	1,337,647	65,413	-
	-	-	-	6,669,420	28,225,802	1,168,758	-
	-	-	-	317,269	1,049,738	22,776	-
	-	-	-	1,147,213	2,822,979	228,682	-
	-	-	-	56,302	4,038,468	-	-
	-	535,474	-	882,141	1,602,446	32,250	-
	-	-	-	404	-	-	-
	-	-	-	12,193	14,551	161	-
	-	-	-	36,158	217,830	2,596	-
	-	-	-	235,783	451,939	16,632	-
	-	-	-	2,170	-	15	-
	-	-	-	268	-	58	-
	-	-	-	30,487	45,103	147	-
	5,363,140	-	-	18,368,104	1,426,611	372,363	-
	172	-	-	1,117,818	11,198,957	-	6,302,302
	5,363,312	1,464,676	-	31,727,946	73,835,381	2,330,036	6,302,302

No.	Economic Sectors *	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	
(1)	(2)	(14)	(15)	(16)	(17)	
Desember 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	

* Economic sector refers to economic sector used in the commercial Bank Monthly Report (Laporan 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
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	-	-	-	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

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)	
Desember 31, 2018						
1	Agriculture, Hunting and Forestry	-	-	-	-	
2	Fishery	-	-	-	-	
3	Mining and Quarrying	-	432,337	-	-	
4	Manufacturing	-	-	-	-	
5	Electricity, Gas and Water	-	-	-	-	
6	Construction	-	170,473	-	-	
7	Wholesale and Retail Trading	-	-	-	-	
8	Hotel and Food & Beverage	-	-	-	-	
9	Transportation, Warehousing and Communications	-	-	-	-	
10	Financial Intermediary	-	-	-	1,744,689	
11	Real Estate, Rental and Business Services	-	-	-	-	
12	Public Administration, Defense and Compulsory Social Security	1,052	844	-	-	
13	Education Services	-	-	-	-	
14	Human Health and Social Work Activities	-	-	-	-	
15	Public, Socio-Culture, Entertainment and Other Personal Services	290,648	-	-	-	
16	Activities of Households as Employers	-	-	-	-	
17	International Institution and Other Extra International Agencies	-	-	-	-	
18	Undefined Activities	-	-	-	-	
19	Non Business Field	155	162	-	-	
20	Others	27,357,458	976,179	-	2,321,714	
	Total	27,649,313	1,579,995	-	4,066,403	

* Economic sector refers to economic sector used in the commercial Bank Monthly Report (Laporan 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)
	-	-	-	1,496,804	2,265,854	17,117	-
	-	-	-	122,955	26,205	2,256	-
	-	-	-	188,484	1,438,409	3,836	-
	-	-	-	1,235,158	17,672,857	402,858	-
	-	-	-	79,701	31,262	328	-
	-	929,202	-	421,683	1,352,207	66,304	-
	-	-	-	7,852,235	28,225,802	1,184,345	-
	-	-	-	357,733	1,049,738	23,455	-
	-	-	-	1,662,478	2,897,560	231,972	-
	-	-	-	62,028	3,976,269	-	-
	-	535,474	-	1,095,967	1,602,624	34,377	-
	-	-	-	541	-	-	-
	-	-	-	15,502	14,551	161	-
	-	-	-	39,144	217,830	2,602	-
	-	-	-	255,834	451,939	17,040	-
	-	-	-	3,027	-	15	-
	-	-	-	268	-	58	-
	-	-	-	125,034	75,990	2,419	-
	5,366,606	-	-	44,134,396	1,429,794	761,117	-
	172	-	-	1,117,818	11,198,957	-	7,586,755
	5,366,778	1,464,676	-	60,266,790	73,927,848	2,750,260	7,586,755

No.	Economic Sectors *	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	
(1)	(2)	(14)	(15)	(16)	(17)	
Desember 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	

* Economic sector refers to economic sector used in the commercial Bank Monthly Report (Laporan 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
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	-	-	-	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

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

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

No	Portfolio Category					
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java	
(1)	(2)	(13)	(14)	(15)	(16)	
1	Receivables	103,862,196	6,108,684	6,370,604	9,770,097	
2	Impaired Receivables					
	a. Non Past Due	1,755,533	88,945	96,436	230,986	
	b. Past Due	893,046	92,007	104,435	126,820	
3	Allowance for Impairment Losses-Individual	868,524	1,982	976	14,397	
4	Allowance for Impairment Losses-Collective	741,923	139,940	173,407	224,770	
5	Written-Off Receivables	1,229,251	237,173	239,147	352,145	

(Rp million)

Desember 31, 2018						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	2,550,289	7,736,603	5,930,261	11,401,938	2,938,943	162,553,123
	69,282	101,130	241,705	122,648	85,688	2,895,126
	49,578	261,558	105,745	187,961	112,392	2,144,781
	9,302	12,578	20,938	25,365	-	923,356
	44,902	217,096	127,699	250,746	74,714	2,040,673
	53,088	262,322	132,563	293,310	152,840	2,815,605

(Rp million)

Desember 31, 2017						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(17)	(18)	(19)	(20)	(21)	(22)
	2,477,759	7,723,114	5,860,066	10,827,748	3,410,294	156,410,562
	43,690	115,421	157,855	129,172	124,168	2,742,206
	21,514	215,440	103,514	167,804	121,790	1,846,370
	92	623	18,645	20,365	-	925,604
	47,862	226,382	143,566	243,460	101,565	2,042,875
	35,715	354,111	212,525	270,973	257,605	3,188,645

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

No	Portfolio Category					
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java	
(1)	(2)	(3)	(4)	(5)	(6)	
1	Receivables	112,123,220	9,599,781	9,264,490	14,741,818	
2	Impaired Receivables					
	a. Non Past Due	1,827,178	92,663	108,919	362,252	
	b. Past Due	1,008,957	257,037	213,197	305,972	
3	Allowance for Impairment Losses-Individual	786,792	17,072	3,314	47,995	
4	Allowance for Impairment Losses-Collective	1,225,894	298,741	307,176	422,876	
5	Written-Off Receivables	1,629,465	427,091	347,936	546,195	

No	Portfolio Category					
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java	
(1)	(2)	(13)	(14)	(15)	(16)	
1	Receivables	105,570,880	9,092,757	9,212,262	14,051,054	
2	Impaired Receivables					
	a. Non Past Due	1,768,383	98,077	104,551	232,029	
	b. Past Due	1,013,684	192,392	157,842	214,236	
3	Allowance for Impairment Losses-Individual	868,524	1,982	977	14,397	
4	Allowance for Impairment Losses-Collective	1,081,054	294,734	326,565	445,009	
5	Written-Off Receivables	1,229,251	237,173	239,147	352,145	

(Rp million)

Desember 31, 2018						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	2,550,289	11,644,454	8,013,258	16,416,347	2,938,943	187,292,600
	69,282	173,639	261,986	213,357	85,688	3,194,964
	49,578	367,995	152,262	353,395	112,392	2,820,785
	9,302	12,578	20,938	25,365	-	923,356
	44,902	393,393	229,965	486,747	74,714	3,484,408
	53,088	464,019	246,042	616,950	152,840	4,483,626

(Rp million)

Desember 31, 2017						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(17)	(18)	(19)	(20)	(21)	(22)
	2,477,759	11,593,308	7,838,242	15,708,077	3,410,294	178,954,633
	43,690	119,015	179,504	147,631	124,169	2,817,049
	21,514	292,910	177,388	283,737	121,791	2,475,494
	92	623	18,644	20,365	-	925,604
	47,862	383,386	241,270	469,285	101,565	3,390,730
	35,714	354,111	212,525	270,973	257,606	3,188,645

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

Desember 31, 2018

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

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

Desember 31, 2017

No	Economic Sectors	Receivables	
(1)	(2)	(3)	
1	Agriculture, Hunting and Forestry	3,208,149	
2	Fishery	114,073	
3	Mining and Quarrying	1,008,195	
4	Manufacturing	18,275,035	
5	Electricity, Gas and Water	80,902	
6	Construction	2,036,425	
7	Wholesale and Retail Trading	36,272,846	
8	Hotel and Food & Beverage	1,773,214	
9	Transportation, Warehousing and Communications	4,667,287	
10	Financial Intermediary	10,965,488	
11	Real Estate, Rental and Business Services	2,558,428	
12	Public Administration, Defense and Compulsory Social Security	902	
13	Education Services	30,245	
14	Human Health and Social Work Activities	132,055	
15	Public, Socio-Culture, Entertainment and Other Personal Services	868,723	
16	Activities of Households as Employers	2,286	
17	International Institution and Other Extra International Agencies	582	
18	Undefined Activities	37,343	
19	Non Business Field	21,495,416	
20	Others	52,882,968	
	Total	156,410,562	

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	Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written Off Receivables
	Non Past Due	Past Due			
	(4)	(5)	(6)	(7)	(8)
	62,167	34,829	1,620	55,905	88,343
	2,233	4,280	-	4,428	4,494
	506,444	4,016	358,541	3,999	422,593
	82,520	392,422	110,276	216,745	244,896
	748	557	-	1,525	-
	13,789	4,578	771	24,363	11,511
	778,573	612,575	200,539	787,756	1,136,051
	86,352	41,804	1,317	43,207	68,352
	919,916	181,177	232,374	58,559	89,837
	70,730	6,018	-	55,366	17,653
	127,844	36,820	19,969	49,231	44,519
	-	-	-	22	-
	938	489	-	528	695
	3,805	6,007	-	4,643	8,028
	28,025	50,710	-	38,439	64,828
	52	237	-	182	51
	412	165	-	169	212
	-	-	-	941	26
	57,658	391,942	-	651,953	981,362
	-	77,744	197	44,914	5,194
	2,742,206	1,846,370	925,604	2,042,875	3,188,645

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

December 31 2018

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

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

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No	Economic Sectors	Receivables	
(1)	(2)	(3)	
1	Agriculture, Hunting and Forestry	3,480,397	
2	Fishery	141,066	
3	Mining and Quarrying	1,062,076	
4	Manufacturing	18,485,885	
5	Electricity, Gas and Water	101,513	
6	Construction	2,139,989	
7	Wholesale and Retail Trading	37,872,832	
8	Hotel and Food & Beverage	1,822,537	
9	Transportation, Warehousing and Communications	5,123,389	
10	Financial Intermediary	11,328,919	
11	Real Estate, Rental and Business Services	2,747,802	
12	Public Administration, Defense and Compulsory Social Security	2,176	
13	Education Services	34,183	
14	Human Health and Social Work Activities	134,680	
15	Public, Socio-Culture, Entertainment and Other Personal Services	907,113	
16	Activities of Households as Employers	3,410	
17	International Institution and Other Extra International Agencies	582	
18	Undefined Activities	247,821	
19	Non Business Field	45,483,226	
20	Others	47,835,037	
	Total	178,954,633	

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(Rp million)

	Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written Off Receivables
	Non Past Due	Past Due			
	(4)	(5)	(6)	(7)	(8)
	65,790	42,288	1,620	63,949	88,343
	2,486	4,711	-	5,250	4,494
	507,774	5,611	358,541	5,583	422,593
	85,200	400,171	110,276	223,660	244,896
	748	844	-	2,126	-
	14,442	7,186	771	27,307	11,511
	797,770	680,626	200,539	840,643	1,136,051
	87,430	43,615	1,317	44,830	68,352
	928,467	200,920	232,374	71,636	89,837
	70,730	6,298	-	55,599	17,653
	129,377	42,455	19,969	55,560	44,519
	-	-	-	60	-
	938	489	-	638	695
	3,805	6,019	-	4,728	8,028
	28,576	52,776	-	39,705	64,828
	52	255	-	230	51
	412	165	-	169	212
	7,478	6,533	-	7,563	26
	85,574	896,788	-	1,896,580	981,362
	-	77,744	197	44,914	5,194
	2,817,049	2,475,494	925,604	3,390,730	3,188,645

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

(Rp million)

	Description	December 31, 2018		December 31, 2017	
		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	925,604	2,042,875	907,946	2,460,128
2	Additional/reversal allowance for impairment losses during the year (net)	1,380,439	1,476,965	1,118,659	1,710,478
3	Allowance for impairment losses used to cover written off receivables during the year	(1,155,459)	(1,660,146)	(1,066,616)	(2,122,029)
4	Other additional (reversal) allowance during the year	(227,228)	180,979	(34,385)	(5,702)
Ending Balance of Allowance for Impairment Losses		923,356	2,040,673	925,604	2,042,875

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

(Rp million)

	Description	December 31, 2018		December 31, 2017	
		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	925,604	3,390,730	907,946	3,701,282
2	Additional/reversal allowance for impairment losses during the year (net)	1,380,439	3,240,866	1,118,659	3,366,405
3	Allowance for impairment losses used to cover written off receivables during the year	(1,155,459)	(3,328,167)	(1,066,616)	(3,671,255)
4	Other additional (reversal) allowance during the year	(227,228)	180,979	(34,385)	(5,702)
Ending Balance of Allowance for Impairment Losses		923,356	3,484,408	925,604	3,390,730

6) Credit Risk Assessment using Standardized Approach

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

7) Credit Risk Due to Failure of Counterparty

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

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

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

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

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

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

(Rp million)

December 31, 2018								
			Short Term Rating				Unrated	Total
	B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	15,450,908	27,648,751
	-	-	-	-	-	-	1,347,284	1,579,701
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	2,630,616	3,276,718
							5,363,312	5,363,312
							1,464,676	1,464,676
							-	-
							31,727,946	31,727,946
	-	-	-	-	-	-	71,661,388	73,835,381
							2,330,036	2,330,036
							6,302,302	6,302,302
	-	-	-	-	-	-	138,278,468	153,528,823

		Portfolio Category	Company Rating	December 31, 2017				
				Long Term Rating				
			Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
			Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
			Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3
			PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)
			PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-
(1)	(2)	(17)	(18)	(19)	(20)	(21)	(22)	
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	-	

(Rp million)

December 31, 2017								
			Short Term Rating				Unrated	Total
	B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
	-	-	-	-	-	-	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

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

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

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

(Rp million)

December 31, 2018								
			Short Term Rating				Unrated	Total
	B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	15,451,469	27,649,313
	-	-	-	-	-	-	1,347,578	1,579,995
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	3,420,301	4,066,403
							5,366,778	5,366,778
							1,464,676	1,464,676
							-	-
							60,266,790	60,266,790
	-	-	-	-	-	-	71,753,855	73,927,848
							2,750,260	2,750,260
							7,586,755	7,586,755
	-	-	-	-	-	-	169,408,462	184,658,818

Corporate Data	Corporate Social Responsibility	Good Corporate Governance	Operational Review	Management Discussion and Analysis	Company Profile	Management Report	Main Highlights	Portfolio Category	Company Rating	December 31, 2017							
									Long Term Rating								
									Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-			
									Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-			
									Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3			
									PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to. A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)			
									PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-			
(1)	(2)	(17)	(18)	(19)	(20)	(21)	(22)										
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	-										

(Rp juta)

December 31, 2017								
			Short Term Rating				Unrated	Total
	B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
	-	-	-	-	-	-	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

7) Credit Risk Due to Failure of Counterparty

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

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

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

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

The following table details the disclosure of counterparty credit risk.

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

(Rp million)

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

(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 years ≤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

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

(Rp million)

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

(Rp million)

No	Portfolio category	December 31, 2017			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivable	RWA
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	-	10,434	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
Total		-	10,434	-	-

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

(Rp million)

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

(Rp million)

No	Portfolio category	December 31, 2017			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivable	RWA
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	-	10,434	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
Total		-	10,434	-	-

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

(Rp million)

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

(Rp million)

No	Portfolio category	December 31, 2017			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	298,699	-	298,699	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
Total		298,699	-	298,699	-

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

(Rp million)

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

(Rp million)

No	Portfolio category	December 31, 2017			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	298,699	-	298,699	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
Total		298,699	-	298,699	-

8) Credit Risk Mitigation Disclosure

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

- 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 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 as PPA deduction, the collateral valuation for credit facilities of more than Rp5 billion should be conducted by an independent external appraiser with good qualification, is certified and does not have any relationship with the debtor. External appraiser should be appointed by Danamon.

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

Credit Risk Mitigation Methods for Standardized Approach

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

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

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

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

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

(Rp million)

							RWA	Capital Charge (9% x RWA)
	45%	50%	75%	100%	150%	Lainnya		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	-	-	-	-	-	-	-	-
	-	1,309,380	-	-	-	-	697,750	62,798
	-	-	-	-	-	-	-	-
	-	728,638	-	-	-	-	780,350	70,232
	-	-	-	-	-	-	1,533,688	138,032
	-	-	-	1,303,576	-	-	1,303,576	117,322
	-	-	-	-	-	-	-	-
	-	-	30,695,352	-	-	-	23,021,514	2,071,936
	-	44,793	-	66,523,083	-	-	66,971,320	6,027,419
	-	-	-	111,450	2,197,315	-	3,407,423	306,668
	-	-	-	3,137,470	590,658	-	4,023,457	362,111
	-	2,082,811	30,695,352	71,075,579	2,787,973	-	101,739,078	9,156,518
	-	-	-	-	-	-	-	-
	-	55,023	-	-	-	-	27,511	2,476
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	10,558	950
	-	-	-	-	-	-	26	2
	-	-	-	3,100	-	-	3,100	279
	-	-	-	-	-	-	-	-
	-	-	890,518	-	-	-	667,888	60,110
	-	-	-	3,268,074	-	-	3,268,074	294,127
	-	-	-	-	-	-	-	-
	-	55,023	890,518	3,271,174	-	-	3,977,157	357,944
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	323,929	-	-	-	-	179,234	16,131
	-	-	37,616	-	-	-	28,212	2,539
	-	-	-	110,440	-	-	110,440	9,940
	-	323,929	37,616	110,440	-	-	317,886	28,610

Portfolio Category	31 Desember 2017					
	Net Receivables After Calculating Credit Risk Mitigation Impacts					
	0%	20%	25%	35%	40%	
(1)	(2)	(16)	(17)	(18)	(19)	(20)
A Exposure on Balance Sheet						
1	Receivables on Sovereigns	24,607,817	-	-	-	-
2	Receivables on Public Sector Entities	-	204,772	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	11,450	3,330,175	-	-	-
5	Loans Secured by Residential Property	-	-	-	3,353,680	-
6	Loans Secured by Commercial Real Estate	122,063	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	80,336	-	-	-	-
9	Receivables on Corporate	1,592,893	1,846,491	-	-	-
10	Past Due Receivables	13,000	-	-	-	-
11	Other Assets	2,325,799	-	-	-	-
	Total Exposure on Balance Sheet	28,753,358	5,381,438	-	3,353,680	-
B Commitments/Contingencies Exposure for Off Balance Sheet Transactions						
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	6,784	-	-	-
5	Loans Secured by Residential Property	-	-	-	302	-
6	Loans Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	21,961	-	-	-	-
9	Receivables on Corporate	106,929	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	128,890	6,784	-	302	-
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	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	298,699	104,770	-	-	-

(Rp million)

							RWA	Capital Charge (9% x RWA)
	45%	50%	75%	100%	150%	Lainnya		
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
	-	-	-	-	-	-	-	-
	-	1,166,509	-	-	-	-	624,209	56,179
	-	-	-	-	-	-	-	-
	-	2,457,142	-	-	-	-	1,894,606	170,515
	-	-	-	-	-	-	1,173,788	105,641
	-	-	-	1,123,623	-	-	1,123,623	101,126
	-	-	-	-	-	-	-	-
	-	-	30,804,277	-	-	-	23,103,208	2,079,289
	-	238,861	-	62,490,064	-	-	62,978,792	5,668,091
	-	-	-	77,941	1,944,328	-	2,994,434	269,499
	-	-	-	3,915,896	514,239	-	4,687,252	421,853
	-	3,862,512	30,804,277	67,607,524	2,458,567	-	98,579,912	8,872,193
	-	-	-	-	-	-	-	-
	-	1,437	-	-	-	-	719	65
	-	-	-	-	-	-	-	-
	-	2,500	-	-	-	-	2,607	235
	-	-	-	-	-	-	106	10
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	884,787	-	-	-	663,590	59,723
	-	-	-	2,705,252	-	-	2,705,252	243,473
	-	-	-	-	-	-	-	-
	-	3,937	884,787	2,705,252	-	-	3,372,274	303,506
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	34,359	-	-	-	-	38,133	3,432
	-	-	26,709	-	-	-	20,032	1,803
	-	-	-	5,277	-	-	5,277	475
	-	34,359	26,709	5,277	-	-	63,442	5,710

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

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

(Rp million)

							RWA	Capital Charge (9% x RWA)
	45%	50%	75%	100%	150%	Lainnya		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	-	-	-	-	-	-	-	-
	-	1,309,674	-	-	-	-	697,897	62,811
	-	-	-	-	-	-	-	-
	-	728,638	-	-	-	-	816,370	73,474
	-	-	-	-	-	-	1,534,415	138,097
	-	-	-	1,303,576	-	-	1,303,576	117,322
	-	-	-	-	-	-	-	-
	-	-	59,234,196	-	-	-	44,425,647	3,998,308
	-	44,793	-	66,677,749	-	-	67,113,546	6,040,219
	-	-	-	111,450	2,617,539	-	4,037,760	363,398
	-	-	-	4,172,323	590,658	-	5,058,309	455,248
	-	2,083,105	59,234,196	72,265,098	3,208,197	-	124,987,520	11,248,877
	-	-	-	-	-	-	-	-
	-	55,023	-	-	-	-	27,511	2,476
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	10,558	950
	-	-	-	-	-	-	26	2
	-	-	-	3,100	-	-	3,100	279
	-	-	-	-	-	-	-	-
	-	-	890,518	-	-	-	667,888	60,110
	-	-	-	3,268,074	-	-	3,268,074	294,127
	-	-	-	-	-	-	-	-
	-	55,023	890,518	3,271,174	-	-	3,977,157	357,944
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	933,517	-	-	-	-	484,028	43,562
	-	-	37,616	-	-	-	28,212	2,539
	-	-	-	110,440	-	-	110,440	9,940
	-	933,517	37,616	110,440	-	-	622,680	56,041

Portfolio Category	31 Desember 2017					
	Net Receivables After Calculating Credit Risk Mitigation Impacts					
	0%	20%	25%	35%	40%	
(1)	(2)	(16)	(17)	(18)	(19)	(20)
A Exposure on Balance Sheet						
1	Receivables on Sovereigns	24,608,480	-	-	-	-
2	Receivables on Public Sector Entities	-	204,771	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	11,450	3,600,194	-	-	-
5	Loans Secured by Residential Property	-	-	-	3,355,677	-
6	Loans Secured by Commercial Real Estate	122,063	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	80,336	-	-	-	-
9	Receivables on Corporate	1,592,894	1,838,161	-	-	-
10	Past Due Receivables	13,000	-	-	-	-
11	Other Assets	2,546,272	-	-	-	-
	Total Exposure on Balance Sheet	28,974,495	5,643,126	-	3,355,677	-
B Commitments/Contingencies Exposure for Off Balance Sheet Transactions						
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	6,784	-	-	-
5	Loans Secured by Residential Property	-	-	-	302	-
6	Loans Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	21,961	-	-	-	-
9	Receivables on Corporate	106,929	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	128,890	6,784	-	302	-
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	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	298,699	104,770	-	-	-

(Rp million)

							RWA	Capital Charge (9% x RWA)
	45%	50%	75%	100%	150%	Lainnya		
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
	-	-	-	-	-	-	-	-
	-	1,167,126	-	-	-	-	624,517	56,207
	-	-	-	-	-	-	-	-
	-	2,457,142	-	-	-	-	1,948,610	175,375
	-	-	-	-	-	-	1,174,487	105,704
	-	-	-	1,123,623	-	-	1,123,623	101,126
	-	-	-	-	-	-	-	-
	-	-	57,291,298	-	-	-	42,968,473	3,867,163
	-	238,861	-	61,858,816	-	-	62,345,878	5,611,129
	-	-	-	77,941	2,357,200	-	3,613,742	325,237
	-	-	-	4,534,388	514,239	-	5,305,747	477,517
	-	3,863,129	57,291,298	67,594,768	2,871,439	-	119,105,077	10,719,458
	-	-	-	-	-	-	-	-
	-	1,437	-	-	-	-	719	65
	-	-	-	-	-	-	-	-
	-	2,500	-	-	-	-	2,607	235
	-	-	-	-	-	-	106	10
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	884,787	-	-	-	663,590	59,723
	-	-	-	2,705,252	-	-	2,705,252	243,473
	-	-	-	-	-	-	-	-
	-	3,937	884,787	2,705,252	-	-	3,372,274	303,506
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	252,775	-	-	-	-	147,341	13,261
	-	-	26,709	-	-	-	20,032	1,803
	-	-	-	5,277	-	-	5,277	475
	-	252,775	26,709	5,277	-	-	172,650	15,539

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

Portfolio Category	Net Receivables	December 31, 2018				
		Exposure which is Secured by				
		Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A Exposure on Balance Sheet						
1	Receivables on Sovereigns	27,624,724	-	-	-	-
2	Receivables on Public Sector Entities	1,524,678	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	2,813,652	4,858	-	-	-
5	Loans Secured by Residential Property	5,363,184	-	-	-	-
6	Loans Secured by Commercial Real Estate	1,461,576	158,000	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	30,779,024	83,672	-	-	-
9	Receivables on Corporate	70,363,295	1,666,218	-	-	-
10	Past Due Receivables	2,330,036	21,271	-	-	-
11	Other Assets	6,302,302	-	-	-	-
	Total Exposure on Balance Sheet	148,562,471	1,934,019	-	-	-
B Commitments/Contingencies Exposure for Off Balance Sheet Transactions						
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	55,023	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	52,788	-	-	-	-
5	Loans Secured by Residential Property	128	-	-	-	-
6	Loans Secured by Commercial Real Estate	3,100	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	911,306	20,788	-	-	-
9	Receivables on Corporate	3,361,646	93,572	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	4,383,991	114,360	-	-	-
C Exposure on Counterparty Credit Risk						
1	Receivables on Sovereigns	24,027	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	410,278	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	37,616	-	-	-	-
6	Receivables on Corporate	110,440	-	-	-	-
	Total Exposure Counterparty Credit Risk	582,361	-	-	-	-
Total (A+B+C)		153,528,823	2,048,379	-	-	-

(Rp million)

	Unsecured Exposure	Net Receivables	December 31, 2017				Unsecured Exposure
			Exposure which is Secured by				
			Collateral	Guarantee	Credit Insurance	Others	
	(8) = (3) - [(4) + (5) +(6) +(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9) - [(10) + (11) +(12) +(13)]
	27,624,724	24,607,817	-	-	-	-	24,607,817
	1,524,678	1,371,281	-	-	-	-	1,371,281
	-	-	-	-	-	-	-
	2,808,794	5,798,767	11,450	-	-	-	5,787,317
	5,363,184	3,353,680	-	-	-	-	3,353,680
	1,303,576	1,245,686	122,063	-	-	-	1,123,623
	-	-	-	-	-	-	-
	30,695,352	30,884,613	80,336	-	-	-	30,804,277
	68,697,077	66,168,309	1,592,893	-	-	-	64,575,416
	2,308,765	2,035,269	13,000	-	-	-	2,022,269
	6,302,302	6,755,934	-	-	-	-	6,755,934
	146,628,452	142,221,356	1,819,742	-	-	-	140,401,614
	-	-	-	-	-	-	-
	55,023	1,437	-	-	-	-	1,437
	-	-	-	-	-	-	-
	52,788	9,284	-	-	-	-	9,284
	128	302	-	-	-	-	302
	3,100	-	-	-	-	-	-
	-	-	-	-	-	-	-
	890,518	906,748	21,961	-	-	-	884,787
	3,268,074	2,812,181	106,929	-	-	-	2,705,252
	-	-	-	-	-	-	-
	4,269,631	3,729,952	128,890	-	-	-	3,601,062
	24,027	298,699	-	-	-	-	298,699
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	410,278	139,129	-	-	-	-	139,129
	37,616	26,709	-	-	-	-	26,709
	110,440	5,277	-	-	-	-	5,277
	582,361	469,814	-	-	-	-	469,814
	151,480,444	146,421,122	1,948,632	-	-	-	144,472,490

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

Portfolio Category	Net Receivables	December 31, 2018				
		Exposure which is Secured by				
		Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A Exposure on Balance Sheet						
1	Receivables on Sovereigns	27,625,286	-	-	-	-
2	Receivables on Public Sector Entities	1,524,972	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	2,993,749	4,858	-	-	-
5	Loans Secured by Residential Property	5,366,650	-	-	-	-
6	Loans Secured by Commercial Real Estate	1,461,576	158,000	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	59,317,868	83,672	-	-	-
9	Receivables on Corporate	70,455,762	1,666,218	-	-	-
10	Past Due Receivables	2,750,260	21,271	-	-	-
11	Other Assets	7,586,755	-	-	-	-
	Total Exposure on Balance Sheet	179,082,878	1,934,019	-	-	-
B Commitments/Contingencies Exposure for Off Balance Sheet Transactions						
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	55,023	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	52,788	-	-	-	-
5	Loans Secured by Residential Property	128	-	-	-	-
6	Loans Secured by Commercial Real Estate	3,100	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	911,306	20,788	-	-	-
9	Receivables on Corporate	3,361,646	93,572	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	4,383,991	114,360	-	-	-
C Exposure on Counterparty Credit Risk						
1	Receivables on Sovereigns	24,027	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	1,019,866	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	37,616	-	-	-	-
6	Receivables on Corporate	110,440	-	-	-	-
	Total Eksposur Counterparty Credit Risk	1,191,949	-	-	-	-
Total (A+B+C)		184,658,818	2,048,379	-	-	-

(Rp million)

	Unsecured Exposure	Net Receivables	December 31, 2017				Unsecured Exposure
			Exposure which is Secured by				
			Collateral	Guarantee	Credit Insurance	Others	
	(8) = (3) - [(4) + (5) +(6) +(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9) - [(10) + (11) +(12) +(13)]
	27,625,286	24,608,480	-	-	-	-	24,608,480
	1,524,972	1,371,897	-	-	-	-	1,371,897
	-	-	-	-	-	-	-
	2,988,891	6,068,786	11,450	-	-	-	6,057,336
	5,366,650	3,355,677	-	-	-	-	3,355,677
	1,303,576	1,245,686	122,063	-	-	-	1,123,623
	-	-	-	-	-	-	-
	59,234,196	57,371,635	80,336	-	-	-	57,291,299
	68,789,544	65,528,732	1,592,893	-	-	-	63,935,839
	2,728,989	2,448,141	13,000	-	-	-	2,435,141
	7,586,755	7,594,899	-	-	-	-	7,594,899
	177,148,859	169,593,933	1,819,742	-	-	-	167,774,191
	-	-	-	-	-	-	-
	55,023	1,437	-	-	-	-	1,437
	-	-	-	-	-	-	-
	52,788	9,284	-	-	-	-	9,284
	128	302	-	-	-	-	302
	3,100	-	-	-	-	-	-
	-	-	-	-	-	-	-
	890,518	906,748	21,961	-	-	-	884,787
	3,268,074	2,812,181	106,929	-	-	-	2,705,252
	-	-	-	-	-	-	-
	4,269,631	3,729,952	128,890	-	-	-	3,601,062
	24,027	298,699	-	-	-	-	298,699
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	1,019,866	357,545	-	-	-	-	357,545
	37,616	26,709	-	-	-	-	26,709
	110,440	5,277	-	-	-	-	5,277
	1,191,949	688,230	-	-	-	-	688,230
	182,610,439	174,012,115	1,948,632	-	-	-	172,063,483

9) Disclosure of Assets Securitization

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

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)

Portfolio Category		December 31, 2018			December 31, 2017		
		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	27,624,724	-	-	24,607,817	-	-
2	Receivables on Public Sector Entities	1,524,678	697,750	697,750	1,371,281	624,209	624,209
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	2,813,652	782,779	780,350	5,798,767	1,900,331	1,894,606
5	Loans Secured by Residential Property	5,363,184	1,533,688	1,533,688	3,353,680	1,173,788	1,173,788
6	Loans Secured by Commercial Real Estate	1,461,576	1,461,576	1,303,576	1,245,686	1,245,686	1,123,623
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	30,779,024	23,084,268	23,021,514	30,884,613	23,163,460	23,103,208
9	Receivables on Corporate	70,363,295	68,637,538	66,971,320	66,168,309	64,571,686	62,978,792
10	Past Due Receivables	2,330,036	3,439,329	3,407,423	2,035,269	3,013,933	2,994,434
11	Other Assets	6,302,302	-	4,023,456	6,755,934	-	4,687,252
Total		148,562,471	99,636,928	101,739,077	142,221,356	95,693,093	98,579,912

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

(Rp million)

Portfolio Category		December 31, 2018			December 31, 2017		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	55,023	27,511	27,511	1,437	719	719
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	52,788	10,558	10,558	9,284	2,607	2,607
5	Loans Secured by Residential Property	128	26	26	302	106	106
6	Loans Secured by Commercial Real Estate	3,100	3,100	3,100	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	911,306	683,479	667,888	906,748	680,061	663,590
9	Receivables on Corporate	3,361,646	3,361,646	3,268,075	2,812,181	2,812,181	2,705,252
10	Past Due Receivables	-	-	-	-	-	-
Total		4,383,991	4,086,320	3,977,158	3,729,952	3,495,674	3,372,274

c. Disclosure of Exposures causing Counterparty Credit Risk

(Rp million)

Portfolio Category		December 31, 2018			December 31, 2017		
		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	24,027	-	-	298,699	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	410,278	179,234	179,234	139,129	38,133	38,133
5	Receivables on Micro, Small Business & Retail Portfolio	37,616	28,212	28,212	26,709	20,032	20,032
6	Receivables on Corporate	110,440	110,440	110,440	5,277	5,277	5,277
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			56,815			5,663
Total		582,361	317,886	374,701	469,814	63,442	69,105

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 2018 and 2017.

e. Disclosure of Securitization Exposures

There is no exposure from the Securitization Exposures in 2018 and 2017

f. Disclosure of Total Credit Risks Measurement

Portfolio Category	December 31, 2018	December 31, 2017
Total Credit Risk RWA	106,090,936	102,021,291
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)

Portfolio Category		December 31, 2018			December 31, 2017		
		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	27,625,286	-	-	24,608,480	-	-
2	Receivables on Public Sector Entities	1,524,972	697,897	697,897	1,371,897	624,517	624,517
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	2,993,749	818,799	816,370	6,068,786	1,954,335	1,948,610
5	Loans Secured by Residential Property	5,366,650	1,534,415	1,534,415	3,355,677	1,174,487	1,174,487
6	Loans Secured by Commercial Real Estate	1,461,576	1,461,576	1,303,576	1,245,686	1,245,686	1,123,623
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	59,317,868	44,488,401	44,425,647	57,371,634	43,028,726	42,968,473
9	Receivables on Corporate	70,455,762	68,779,764	67,113,546	65,528,732	63,938,773	62,345,878
10	Past Due Receivables	2,750,260	4,069,666	4,037,760	2,448,141	3,633,241	3,613,742
11	Other Assets	7,586,755	-	5,058,308	7,594,899	-	5,305,747
Total		179,082,878	121,850,518	124,987,519	169,593,932	115,599,765	119,105,077

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

(Rp million)

Portfolio Category		December 31, 2018			December 31, 2017		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	55,023	27,511	27,511	1,437	719	719
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	52,788	10,558	10,558	9,284	2,607	2,607
5	Loans Secured by Residential Property	128	26	26	302	106	106
6	Loans Secured by Commercial Real Estate	3,100	3,100	3,100	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	911,306	683,479	667,888	906,748	680,061	663,590
9	Receivables on Corporate	3,361,646	3,361,646	3,268,075	2,812,181	2,812,181	2,705,252
10	Past Due Receivables	-	-	-	-	-	-
Total		4,383,991	4,086,320	3,977,158	3,729,952	3,495,674	3,372,274

c. Disclosure of Exposures causing Counterparty Credit Risk

(Rp million)

Portfolio Category		December 31, 2018			December 31, 2017		
		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	24,027	-	-	298,699	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	1,019,866	484,028	484,028	357,545	147,341	147,341
5	Receivables on Micro, Small Business & Retail Portfolio	37,616	28,212	28,212	26,709	20,032	20,032
6	Receivables on Corporate	110,440	110,440	110,440	5,277	5,277	5,277
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			309,758			5,663
Total		1,191,949	622,680	932,438	688,230	172,650	178,313

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 2018 and 2017.

e. Disclosure of Securitization Exposures

There is no exposure from the Securitization Exposures in 2018 and 2017

f. Disclosure of Total Credit Risks Measurement

(Rp million)

Portfolio Category	December 31, 2018	December 31, 2017
Total Credit Risk RWA	129,897,115	122,655,664
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 change 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.

Currently, EAR and EVE measurements refer to the Bank's internal guidelines. In future, it will be aligned with OJK regulation related to Interest Rate Risk in the Banking Book (IRRBB).

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.

In 2018, EAR limit utilization, both individually and consolidated, are still within internal threshold.

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

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

5) Minimum Capital Adequacy

Danamon is committed to meet the Minimum Capital Adequacy (CAR) as stipulated by the regulator. Therefore, on a monthly basis, the Bank will calculate 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

No.	Type of Risk	December 31, 2018				December 31, 2017			
		Bank		Consolidated		Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risk								
	a. Specific Risk	-	-	-	-	-	-	-	-
	b. General Risk	22,730	284,125	22,730	284,125	24,229	302,863	24,229	302,863
2	Foreign Exchange Risk	29,914	373,930	29,966	374,575	18,949	236,868	18,994	237,425
3	Equity Risk			-	-			-	-
4	Commodity Risk			-	-			-	-
5	Option Risk	-	-	-	-	-	-	-	-
	Total	52,644	658,055	52,696	658,700	43,178	539,731	43,223	540,288

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 (OJK) regulations related to Liquidity Risk.

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

1) Liquidity Risk Management Organization

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

In order to evaluate the fulfilment of liquidity, ALCO has a wide scope of authority delegated by the Board of Directors to manage the assets and liabilities structure including funding strategies of 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 and market indicators that can be a warning to Danamon of the threat of a liquidity crisis are:

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

3) Liquidity Risk Assessment

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

Danamon has conducted regulatory liquidity risk measurements, including:

a. *Rasio Intermediasi Makroprudensial* (RIM)

Macroprudential Intermediary Ratio is a ratio comparing:

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

against

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

b. Reserve Requirements (*Giro Wajib Minimum*/GWM)

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

c. Macroprudential Liquidity Buffer (*Penyangga Likuiditas Makroprudensial*/PLM)

PLM is a minimum liquidity buffer in Rupiah, which have to be maintained by the Bank in the form of marketable securities fulfilling certain conditions, in the amount as determined by Bank Indonesia at a certain percentage of third party funds in Rupiah.

d. Liquidity Coverage Ratio (LCR)

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

Danamon's Individual and Consolidated LCR ratio for the year of 2018 above the defined ratio set forth in POJK No.42/POJK.03/2015.

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

Disclosure on LCR

LCR value (%)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(1)	(2)	(3)	(4)
Danamon as Individual	122.03%	118.14%	122.97%	125.38%
Danamon as Consolidated	119.26%	115.16%	120.19%	126.44%

e. Net Stable Funding Ratio (NSFR)

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

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

Danamon's Individual and Consolidated NSFR ratio for the year 2018 above the defined ratio set forth in POJK No.42/POJK.03/2015, which is 100%.

Disclosure on NSFR

NSFR value (%)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(1)	(2)	(3)	(4)
Danamon as Individual	124.27%	126.79%	126.20%	126.18%
Danamon as Consolidated	119.06%	122.05%	121.72%	122.16%

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

capital) has minimum impact to the internal as well as regulatory liquidity ratios. The background for derivatives portfolio activity is limited to plain vanilla products for hedging needs, supporting customer transactions, or liquidity needs through the Balance Sheet Management.

f. Others

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

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

Derivative transactions are centralized in Danamon. The ratio of derivative transactions both in the receivables as well as liabilities to total assets and liabilities (excluding

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 for Rupiah-Bank Stand Alone

No	Items	Balance	December 31, 2018					
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months	
			(4)	(5)	(6)	(7)	(8)	
(1)	(2)	(3)						
I BALANCE SHEET								
	A. Asset							
	1. Cash	2,433,464	2,433,464	-	-	-	-	
	2. Placements with Bank Indonesia	6,938,677	6,687,269	251,408	-	-	-	
	3. Placements with Other Banks	182,746	84,221	-	98,525	-	-	
	4. Marketable Securities	14,867,099	715,346	2,408,675	4,454,920	1,589,287	5,698,871	
	5. Loans	97,281,582	14,296,039	14,730,317	14,069,982	19,764,881	34,420,363	
	6. Other Receivables	677,260	263,604	245,570	113,274	20,344	34,468	
	7. Others	1,209,608	60,397	143,544	50,229	-	955,438	
	Total Assets	123,590,436	24,540,340	17,779,514	18,786,930	21,374,512	41,109,140	
	B. Liabilities							
	1. Deposits from Customers	86,322,733	30,889,151	11,708,589	4,468,580	4,765,045	34,491,368	
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-	
	3. Liabilities with Other Banks	3,146,329	965,035	245,892	265,170	508,998	1,161,234	
	4. Securities issued	-	-	-	-	-	-	
	5. Borrowings	75,283	50,000	-	-	-	25,283	
	6. Other Liabilities	1,115,128	595,245	246,603	80,013	11,591	181,676	
	7. Others	2,642,209	30,202	-	-	-	2,612,007	
	Total Liabilities	93,301,682	32,529,633	12,201,084	4,813,763	5,285,634	38,471,568	
	On Balance Sheet Assets and Liabilities Differences	30,288,754	(7,989,293)	5,578,430	13,973,167	16,088,878	2,637,572	
II OFF BALANCE SHEET								
	A. Off Balance Sheet Receivables							
	1. Commitments	-	-	-	-	-	-	
	2. Contingencies	14,900	-	9,400	-	5,500	-	
	Total Off Balance Sheet Receivables	14,900	-	9,400	-	5,500	-	
	B. Off Balance Sheet Payables							
	1. Commitments	32,519,484	2,027,475	4,924,292	6,351,130	10,131,977	9,084,610	
	2. Contingencies	4,191,995	797,733	802,393	948,794	1,359,710	283,365	
	Total Off Balance Sheet Payables	36,711,479	2,825,208	5,726,685	7,299,924	11,491,687	9,367,975	
	Off Balance Sheet Receivables and Payables Differences	(36,696,579)	(2,825,208)	(5,717,285)	(7,299,924)	(11,486,187)	(9,367,975)	
	Differences [(IA-IB)+(IIA-IIB)]	(6,407,825)	(10,814,501)	(138,855)	6,673,243	4,602,691	(6,730,403)	
	Cumulative Differences	(6,407,825)	(10,814,501)	(10,953,356)	(4,280,113)	322,578	(6,407,825)	

	Balance	December 31, 2017				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,130,007	2,130,007	-	-	-	-
	11,435,012	9,219,592	1,042,065	344,612	828,743	-
	1,599,807	121,356	588,867	536,074	353,510	-
	13,160,675	1,257,400	3,612,730	1,661,402	1,056,311	5,572,832
	91,121,513	12,941,439	12,597,014	14,227,920	19,782,557	31,572,583
	636,419	280,816	301,523	41,201	21	12,858
	2,078,308	811,992	31,117	26,679	-	1,208,520
	122,161,741	26,762,602	18,173,316	16,837,888	22,021,142	38,366,793
	84,166,646	28,225,830	12,778,413	5,595,515	6,893,792	30,673,096
	-	-	-	-	-	-
	4,641,807	2,771,583	385,574	359,795	815,536	309,319
	-	-	-	-	-	-
	60,176	50,000	-	-	-	10,176
	562,768	166,824	164,059	42,491	-	189,394
	3,195,062	417,633	-	673	-	2,776,756
	92,626,459	31,631,870	13,328,046	5,998,474	7,709,328	33,958,741
	29,535,282	(4,869,268)	4,845,270	10,839,414	14,311,814	4,408,052
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	31,146,280	2,187,871	3,325,525	5,656,867	11,558,595	8,417,422
	3,433,456	529,610	667,896	818,441	1,127,525	289,984
	34,579,736	2,717,481	3,993,421	6,475,308	12,686,120	8,707,406
	(34,579,736)	(2,717,481)	(3,993,421)	(6,475,308)	(12,686,120)	(8,707,406)
	(5,044,454)	(7,586,749)	851,849	4,364,106	1,625,694	(4,299,354)
	(5,044,454)	(7,586,749)	(6,734,900)	(2,370,794)	(745,100)	(5,044,454)

1.1.b Disclosure of Maturity Profile for Rupiah-Consolidated

No	Items	Balance	December 31, 2018					
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
I BALANCE SHEET								
	A. Asset							
	1. Cash	2,683,064	2,683,064	-	-	-	-	
	2. Placements with Bank Indonesia	6,938,677	6,687,269	251,408	-	-	-	
	3. Placements with Other Banks	362,303	263,778	-	98,525	-	-	
	4. Marketable Securities	14,805,140	715,346	2,408,675	4,454,920	1,589,287	5,636,912	
	5. Loans	126,348,722	14,419,120	15,045,131	15,009,962	23,049,488	58,825,021	
	6. Other Receivables	925,385	265,583	249,414	125,598	43,784	241,006	
	7. Others	1,815,655	218,701	154,412	59,771	1,292	1,381,479	
	Total Assets	153,878,946	25,252,861	18,109,040	19,748,776	24,683,851	66,084,418	
	B. Liabilities							
	1. Deposits from Customers	84,840,453	29,406,871	11,708,589	4,468,580	4,765,045	34,491,368	
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-	
	3. Liabilities with Other Banks	3,146,329	965,035	245,892	265,170	508,998	1,161,234	
	4. Securities issued	10,126,907	-	330,433	1,684,236	1,258,608	6,853,630	
	5. Borrowings	4,023,922	116,667	50,000	1,120,834	1,128,755	1,607,666	
	6. Other Liabilities	1,353,098	595,245	246,603	80,013	11,591	419,646	
	7. Others	4,887,997	1,561,015	70,097	7,998	636,880	2,612,007	
	Total Liabilities	108,378,706	32,644,833	12,651,614	7,626,831	8,309,877	47,145,551	
	On Balance Sheet Assets and Liabilities Differences	45,500,240	(7,391,972)	5,457,426	12,121,945	16,373,974	18,938,867	
II OFF BALANCE SHEET								
	A. Off Balance Sheet Receivables							
	1. Commitments	-	-	-	-	-	-	
	2. Contingencies	14,900	-	9,400	-	5,500	-	
	Total Off Balance Sheet Receivables	14,900	-	9,400	-	5,500	-	
	B. Off Balance Sheet Payables							
	1. Commitments	32,519,484	2,027,475	4,924,292	6,351,130	10,131,977	9,084,610	
	2. Contingencies	4,191,995	797,733	802,393	948,794	1,359,710	283,365	
	Total Off Balance Sheet Payables	36,711,479	2,825,208	5,726,685	7,299,924	11,491,687	9,367,975	
	Off Balance Sheet Receivables and Payables Differences	(36,696,579)	(2,825,208)	(5,717,285)	(7,299,924)	(11,486,187)	(9,367,975)	
	Differences [(IA-IB)+(IIA-IIB)]	8,803,661	(10,217,180)	(259,859)	4,822,021	4,887,787	9,570,892	
	Cumulative Differences	8,803,661	(10,217,180)	(10,477,039)	(5,655,018)	(767,231)	8,803,661	

(Rp million)

	Balance	December 31, 2017				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,350,479	2,350,479	-	-	-	-
	11,435,012	9,219,592	1,042,065	344,612	828,743	-
	1,869,318	390,867	588,867	536,074	353,510	-
	13,152,471	1,257,400	3,612,730	1,661,402	1,056,311	5,564,628
	117,173,512	12,257,540	12,899,803	15,173,002	23,054,308	53,788,859
	1,020,720	284,586	307,607	69,386	73,348	285,793
	2,388,418	1,045,711	47,517	30,534	851	1,263,805
	149,389,930	26,806,175	18,498,589	17,815,010	25,367,071	60,903,085
	82,152,020	26,211,204	12,778,413	5,595,515	6,893,792	30,673,096
	-	-	-	-	-	-
	4,641,807	2,771,583	385,574	359,795	815,536	309,319
	10,454,165	-	850,865	1,985,629	1,812,472	5,805,199
	4,794,086	399,979	849,978	2,032,803	1,511,284	42
	569,975	166,824	164,059	42,491	5,285	191,316
	6,002,611	2,552,599	267,921	74,412	322,943	2,784,736
	108,614,664	32,102,189	15,296,810	10,090,645	11,361,312	39,763,708
	40,775,266	(5,296,014)	3,201,779	7,724,365	14,005,759	21,139,377
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	36,144,499	2,219,529	4,392,586	7,168,279	12,112,803	10,251,302
	3,433,456	529,610	667,896	818,441	1,127,525	289,984
	39,577,955	2,749,139	5,060,482	7,986,720	13,240,328	10,541,286
	(39,577,955)	(2,749,139)	(5,060,482)	(7,986,720)	(13,240,328)	(10,541,286)
	1,197,311	(8,045,153)	(1,858,703)	(262,355)	765,431	10,598,091
	1,197,311	(8,045,153)	(9,903,856)	(10,166,211)	(9,400,780)	1,197,311

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

No	Items	Balance	December 31, 2018					
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
I BALANCE SHEET								
A. Asset								
1.	Cash	140,708	140,708	-	-	-	-	
2.	Placements with Bank Indonesia	8,983,905	6,826,905	2,157,000	-	-	-	
3.	Placements with Other Banks	1,190,046	1,190,046	-	-	-	-	
4.	Marketable Securities	4,312,806	370,774	2,398,469	260,968	10,368	1,272,227	
5.	Loans	7,290,172	2,080,211	1,443,709	918,523	507,600	2,340,129	
6.	Other Receivables	1,203,103	751,010	241,742	178,441	31,507	403	
7.	Others	124,431	8,556	75,941	2,330	14	37,590	
Total Assets		23,245,171	11,368,210	6,316,861	1,360,262	549,489	3,650,349	
B. Liabilities								
1.	Deposits from Customers	23,234,442	7,176,066	4,467,219	4,695,214	2,894,104	4,001,839	
2.	Liabilities with Bank Indonesia	-	-	-	-	-	-	
3.	Liabilities with Other Banks	6,097	259	503	762	1,524	3,049	
4.	Securities issued	-	-	-	-	-	-	
5.	Borrowings	-	-	-	-	-	-	
6.	Other Liabilities	1,345,322	757,898	231,087	181,907	31,507	142,923	
7.	Others	78,083	2,243	-	-	-	75,840	
Total Liabilities		24,663,944	7,936,466	4,698,809	4,877,883	2,927,135	4,223,651	
On Balance Sheet Assets and Liabilities Differences		(1,418,773)	3,431,744	1,618,052	(3,517,621)	(2,377,646)	(573,302)	
II OFF BALANCE SHEET								
A. Off Balance Sheet Receivables								
1	Commitments	11,715,544	5,620,811	4,926,344	143,800	287,600	736,989	
2	Contingencies	50,847	-	15,098	35,749	-	-	
Total Off Balance Sheet Receivables		11,766,391	5,620,811	4,941,442	179,549	287,600	736,989	
B. Off Balance Sheet Payables								
1	Commitments	15,513,604	4,719,703	4,695,573	2,612,659	2,171,855	1,313,814	
2	Contingencies	254,541	21,843	35,001	81,693	109,389	6,615	
Total Off Balance Sheet Payables		15,768,145	4,741,546	4,730,574	2,694,352	2,281,244	1,320,429	
Off Balance Sheet Receivables and Payables Differences		(4,001,754)	879,265	210,868	(2,514,803)	(1,993,644)	(583,440)	
Differences [(IA-IB)+(IIA-IIB)]		(5,420,527)	4,311,009	1,828,920	(6,032,424)	(4,371,290)	(1,156,742)	
Cumulative Differences		(5,420,527)	4,311,009	6,139,929	107,505	(4,263,785)	(5,420,527)	

(Rp million)

	Balance	December 31, 2017				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	195,793	195,793	-	-	-	-
	4,432,557	3,132,383	982,450	317,724	-	-
	1,861,271	1,861,271	-	-	-	-
	5,979,794	1,868,598	681,672	234,704	321,875	2,872,945
	6,647,234	2,117,303	1,316,549	960,620	372,306	1,880,456
	1,174,498	261,093	562,115	223,606	96,316	31,368
	196,866	114,362	51,937	3,134	149	27,284
	20,488,013	9,550,803	3,594,723	1,739,788	790,646	4,812,053
	19,968,646	6,625,824	4,075,908	2,669,039	2,145,442	4,452,433
	-	-	-	-	-	-
	21,993	1,506	3,419	2,442	4,871	9,755
	41	41	-	-	-	-
	-	-	-	-	-	-
	1,219,150	271,053	562,102	223,606	96,302	66,087
	208,397	139,989	1,669	163	-	66,576
	21,418,227	7,038,413	4,643,098	2,895,250	2,246,615	4,594,851
	(930,214)	2,512,390	(1,048,375)	(1,155,462)	(1,455,969)	217,202
	8,450,884	7,765,915	361,913	69,805	27,135	226,116
	28,817	9,497	19,076	-	244	-
	8,479,701	7,775,412	380,989	69,805	27,379	226,116
	12,805,075	5,427,611	3,295,858	1,101,491	2,618,962	361,153
	200,175	54,379	19,089	59,602	57,608	9,497
	13,005,250	5,481,990	3,314,947	1,161,093	2,676,570	370,650
	(4,525,549)	2,293,422	(2,933,958)	(1,091,288)	(2,649,191)	(144,534)
	(5,455,763)	4,805,812	(3,982,333)	(2,246,750)	(4,105,160)	72,668
	(5,455,763)	4,805,812	823,479	(1,423,271)	(5,528,431)	(5,455,763)

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

No	Items	Balance	December 31, 2018					
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
I BALANCE SHEET								
A. Asset								
1.	Cash	140,708	140,708	-	-	-	-	
2.	Placements with Bank Indonesia	8,983,905	6,826,905	2,157,000	-	-	-	
3.	Placements with Other Banks	1,190,585	1,190,585	-	-	-	-	
4.	Marketable Securities	4,312,806	370,774	2,398,469	260,968	10,368	1,272,227	
5.	Loans	7,290,172	2,080,211	1,443,709	918,523	507,600	2,340,129	
6.	Other Receivables	1,456,659	751,010	326,331	235,422	143,493	403	
7.	Others	124,431	8,556	75,941	2,330	14	37,590	
Total Assets		23,499,266	11,368,749	6,401,450	1,417,243	661,475	3,650,349	
B. Liabilities								
1.	Deposits from Customers	23,234,336	7,175,960	4,467,219	4,695,214	2,894,104	4,001,839	
2.	Liabilities with Bank Indonesia	-	-	-	-	-	-	
3.	Liabilities with Other Banks	6,097	259	503	762	1,524	3,049	
4.	Securities issued	-	-	-	-	-	-	
5.	Borrowings	7,829,198	-	1,005,399	933,228	1,648,471	4,242,100	
6.	Other Liabilities	1,345,322	757,898	231,087	181,907	31,507	142,923	
7.	Others	179,299	67,425	36,034	-	-	75,840	
Total Liabilities		32,594,252	8,001,542	5,740,242	5,811,111	4,575,606	8,465,751	
On Balance Sheet Assets and Liabilities Differences		(9,094,986)	3,367,207	661,208	(4,393,868)	(3,914,131)	(4,815,402)	
II OFF BALANCE SHEET								
A. Off Balance Sheet Receivables								
1	Commitments	11,715,544	5,620,811	4,926,344	143,800	287,600	736,989	
2	Contingencies	50,847	-	15,098	35,749	-	-	
Total Off Balance Sheet Receivables		11,766,391	5,620,811	4,941,442	179,549	287,600	736,989	
B. Off Balance Sheet Payables								
1	Commitments	15,513,604	4,719,703	4,695,573	2,612,659	2,171,855	1,313,814	
2	Contingencies	254,541	21,843	35,001	81,693	109,389	6,615	
Total Off Balance Sheet Payables		15,768,145	4,741,546	4,730,574	2,694,352	2,281,244	1,320,429	
Off Balance Sheet Receivables and Payables Differences		(4,001,754)	879,265	210,868	(2,514,803)	(1,993,644)	(583,440)	
Differences [(IA-IB)+(IIA-IIB)]		(13,096,740)	4,246,472	872,076	(6,908,671)	(5,907,775)	(5,398,842)	
Cumulative Differences		(13,096,740)	4,246,472	5,118,548	(1,790,123)	(7,697,898)	(13,096,740)	

(Rp million)

	Balance	December 31, 2017				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	195,793	195,793	-	-	-	-
	4,432,557	3,132,383	982,450	317,724	-	-
	1,861,780	1,861,780	-	-	-	-
	5,979,794	1,868,598	681,672	234,704	321,875	2,872,945
	6,647,234	2,117,303	1,316,549	960,620	372,306	1,880,456
	1,260,178	263,603	584,509	262,429	96,316	53,321
	196,866	114,362	51,937	3,134	149	27,284
	20,574,202	9,553,822	3,617,117	1,778,611	790,646	4,834,006
	19,968,602	6,625,780	4,075,908	2,669,039	2,145,442	4,452,433
	-	-	-	-	-	-
	21,993	1,506	3,419	2,442	4,871	9,755
	41	41	-	-	-	-
	5,000,242	33,913	1,084,268	1,534,800	541,026	1,806,235
	1,219,150	271,053	562,102	223,606	96,302	66,087
	262,309	177,705	17,865	163	-	66,576
	26,472,337	7,109,998	5,743,562	4,430,050	2,787,641	6,401,086
	(5,898,135)	2,443,824	(2,126,445)	(2,651,439)	(1,996,995)	(1,567,080)
	8,450,884	7,765,915	361,913	69,805	27,135	226,116
	28,817	9,497	19,076	-	244	-
	8,479,701	7,775,412	380,989	69,805	27,379	226,116
	12,805,075	5,427,611	3,295,858	1,101,491	2,618,962	361,153
	200,175	54,379	19,089	59,602	57,608	9,497
	13,005,250	5,481,990	3,314,947	1,161,093	2,676,570	370,650
	(4,525,549)	2,293,422	(2,933,958)	(1,091,288)	(2,649,191)	(144,534)
	(10,423,684)	4,737,246	(5,060,403)	(3,742,727)	(4,646,186)	(1,711,614)
	(10,423,684)	4,737,246	(323,157)	(4,065,884)	(8,712,070)	(10,423,684)

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
1. <i>Rasio Intermediasi Makroprudensial</i> 2. Liquidity Coverage Ratio 3. Stress Test Maximum Cumulative Outflow	1. Rupiah exchange rate against the US Dollar 2. Inflation rate 3. Trade Balance 4. Credit Rating 5. 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 ORM framework, the Three Lines of Defense concept is applied, with the following description:

- Line of business and supporting units as the executor of the risk management process, ORM at the Line of Business and Support Functions, and Internal Control functions in each Risk Taking Unit act as the first line of defense in day-to-day execution of operational risk management implementation. They are responsible for identifying, managing, mitigating and reporting on Operational Risk.
- ORM division together with Information Risk Management (IRM) Division, and Compliance and Legal Division serve as the second layer of defense responsible for overseeing operational risk management in Danamon.
- ORM division is responsible for designing, defining, developing and maintaining an overall operational risk framework, monitoring the implementation of the framework by the RTU, ensuring adequate control over policies and procedures, and acting as coordinator / facilitator for effective operational risk management activities.

- Meanwhile, the Internal Auditor (SKAI) independently performs the role as third line of defense to identify any weaknesses found in operational risk management and assess whether the implementation of operational risk management has been in line with regulations.
- The Board of Directors and Board of Commissioners are responsible for overseeing the effectiveness of the overall implementation of the operational risk management framework.

2). Operational Risk Management

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

The process involves:

- Risk identification, which is used to identify and analyse inherent risks in new products, services, and processes, as well as ensuring adequate preventive control over all processes.
- 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, 2018			December 31, 2017		
		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	12,606,919	1,891,038	23,637,973	12,679,111	1,901,867	23,773,333
Total		12,606,919	1,891,038	23,637,973	12,679,111	1,901,867	23,773,333

1.b Quantitative Exposure of Operational Risks-Consolidated

(Rp million)

No	Indicator Approach	December 31, 2018			December 31, 2017		
		Average Gross Income in the last 3 years	Capital Charge	RWA	Average Gross Income in the last 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	18,047,177	2,707,077	33,838,458	18,030,095	2,704,514	33,806,429
Total		18,047,177	2,707,077	33,838,458	18,030,095	2,704,514	33,806,429

- 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 controlling 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.

One of controlling function is by implementing 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.

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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:

1. Risk and Loss Event recording
2. Key Risk Indicator monitoring
3. Risk Control Self Assessment
4. 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 managing the technology related risk, the IT Risk Management unit, refers and follows operational risk methodology and framework; however, it will put more concentration on the control aspects and the risk related to the extensive use of Information Technology in supporting the Bank's products and services.

5). Information Security Management

Information Security is a set of policies and processes 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 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:

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

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

6). Business Continuity Management (BCM)

BCM was 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' operations.

In accordance to the above reasons, the Bank has:

1. 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 staffs through internal training, socialization to regions, workshops and email blasts.
2. 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:

1. 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.

2. The Bank and its Subsidiaries have adequate resources that may be required to support the recovery process under a crisis situation
3. Minimize the impact to the Bank and Subsidiaries under a crisis situation so services can continue to be provided to customers.
4. Minimize the reputation risk.
5. Improve the trust of the public and macro financial system to the Bank and its Subsidiaries.
6. Improve the Bank resiliency and recovery capacity.
7. 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 2018.



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

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

E. Legal Risk

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

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

7). Fraud

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

Danamon has consistently implemented the 4 pillar interrelated fraud control strategy, consisting of prevention, detection, investigation, reporting & sanctions, and monitoring, evaluation, and follow-up.

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 relation to the 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 process of liquidation).

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2). Policies and Legal Risk Management Procedures

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

3). Legal Risk Management and Control Mechanism

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

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

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

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

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

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

F. Strategic Risk

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

1). Strategic Risk Management Organization

The Strategic Risk Unit plays a role in managing strategic risk and is under active supervision of the Board of Commissioners and Board of Directors. Danamon's Strategic Risk Unit covers all line of business and support functions which also working closely with corporate planning strategy and investor relations division from CFO office 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 impact of external risk factors, including macroeconomic conditions, regulations, technology, target customers, competition, as well as the Bank's and subsidiaries' positioning in the banking/financial services industry.
- The impact of internal risk factors, including the alignment of business strategy, business model and strategy focus, effective organizational structure, adequacy and quality of human resources, technology and operational efficiency.

- Strategy implementation monitoring, including the result of successful implementation of strategic risk, strategic projects, and impact of strategic decisions.

To assess the quality of strategic risk management, few factors which need to be considered 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 were well managed. In essence, Danamon and subsidiaries have a clear and well-defined vision and mission as well as a good organizational culture which in line with the business processes and structure. Danamon and subsidiaries also have a clear, aligned and measurable business strategy.

Danamon and its subsidiaries anticipate more intensified competitive business environment and plan to introduce better services as well as new products to attract new customers and retain existing customers.

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

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

4). Strategic Risk Management Implementation Quality

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

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

G. Compliance Risk

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

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

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

1). Compliance Risk Management Organization

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

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

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

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

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

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

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

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

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.

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

2). Policy and Mechanism of Reputation Risk Management

a) Negative news related to the owner of Danamon and/or companies related to Danamon.

b) Violation of common practices of business ethics/norms.

c) The amount and level of customer usage of Danamon's complex products and the amount and materiality of Danamon's cooperation with its business partners.

d) The frequency, types of media, and materiality of negative publicity of Danamon, including its officials.

e) 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.

Danamon already have the policy and procedure in handling risk reputation management on crisis.

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.

1). 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.

Sharia 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.

2). 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 Sharia Business Unit (UUS). The process of Return of Risk Management refers to the provisions of the OJK.

K. Intra-Group Transaction Risk

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

1). Organization and Policy of Intra-Group Transaction Risk

Intra-Group Transaction Risk is managed by the Bank as the Main Entity and its Subsidiaries as the members of the Financial Conglomeration. The implementation of Intra-Group 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 intra-group transaction risk management in the Intra-Group Transaction Policy that are periodically reviewed. The implementation of Intra-Group Transaction Risk Management is conducted through the process of risk identification, measurement, monitoring, and control, as well as the Management Information System.

2). Intra-Group Transaction Risk Management

Danamon and its Subsidiaries identify the types of intra-group transactions which may cause the risks to the Financial Conglomeration and be responsible in conducting the integrated measurement of intra-group transaction risks within the Financial Conglomeration.

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

Danamon and its Subsidiaries incorporated in the Financial Conglomeration are committed to control the intra-group transactions that may cause a risk to the Financial Conglomeration. Risk control is performed on the monitoring result of intra-group transactions between entities in the Financial Conglomeration. Intra-group 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 intra-group transaction for the Financial Conglomeration that integrated with the Subsidiaries. The reporting of intra-group 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.

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.

The implementation of Insurance Risk Management of the Financial Group is conducted in an integrated manner by the Insurance Company Subsidiary with supervision from the Main Entity.

- **Product Design**
Establish policies and procedures in product development, business line / type of product, the product approval process, the assessment of the risk of the product, product modification, the provisions of the policy (policy wording), and reinsurance requirements.
- **Premium Setting**
Establish policies and procedures in setting premiums, estimated claims (claims costs), the level of investment, assuming the costs and commissions, data quality of the risk profile, the rate of profit, market conditions and competitor analysis, reinsurance, the Review of premium rates, and changes in premium rates.
- **Underwriting**
Establish policies and underwriting procedures, the underwriting function structure, underwriting infrastructure, delegation of authority, underwriting manuals, compliance with policies and procedures, portfolio monitoring, data quality, and reinsurance consideration in the underwriting.
- **Liabilities Valuation**
Ensuring the availability of liabilities valuation reports, financial condition reporting, and data integrity.
- **Reinsurance**
Setting a reinsurance program structure, the structure function of reinsurance, reinsurance management, documentation reinsurance, and counterpart reinsurance companies.
- **Claim**
Establishes the claims handling function structure, policies and procedures of claims, claims handling process, human resources, systems and data quality, portfolio monitoring, claims leakage, reinsurance, and fraudulent claims.

- **Product Distribution**
Reviewing the choice of distribution channels, marketing systems and e-business, collaboration agreements, distribution of lines of conflict, commission structure, and mis-selling.
- **Review from Independent Party**
Having internal auditors and/ or external auditors opinion, and risk management oversight functions.

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.

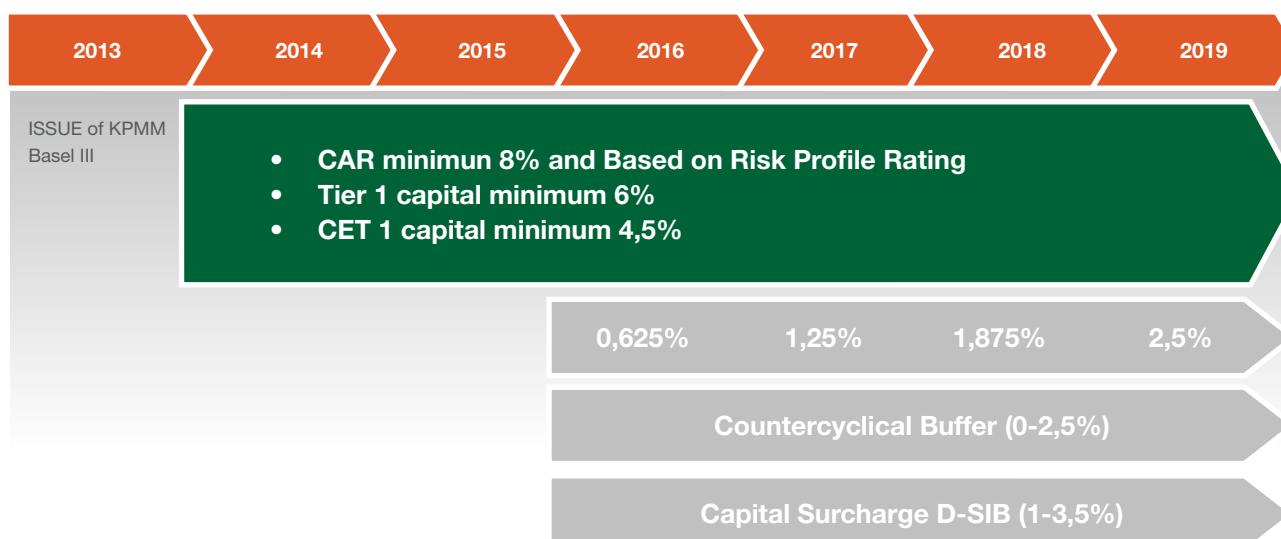
Effectiveness of insurance risk management implementation including the adequacy of policies and procedures are continually assessed and reviewed. Audit of Insurance Company is also conducted.

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

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

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



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

- Capital Conservation Buffer, is an additional capital that serves as a buffer in the event of a loss during crisis condition, which is implemented in stages as follows:
 - i. 1 January 2018: 1,875% of RWA
 - ii. 1 January 2019: 2,5% of RWA

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

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

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

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

In terms of bank liquidity management, the application of Liquidity Coverage Ratio is based on Financial Services Authority (POJK) Regulation No. 42/POJK.03/2015 on Liquidity Coverage Ratio-LCR for Commercial Banks issued in December, 2015 and POJK No. 32/POJK.03/2016 on Transparency and Publication of Bank Reports in August, 2016, 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 30 June, 2016 with an initial minimum ratio of 70%, became 90% in year 2018, and will increase to 100% by December 31, 2018. LCR aspects related to calculation, implementation period, reporting, and publication refers to the above POJK. In the calculation aspect, Bank has implemented LCR calculation in daily basis starting October 2017, therefore all monthly and quarterly reports in 2018 has been using daily average calculation in accordance to the prevailing 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 (POJK) Regulation No. 50 / POJK.03 / 2017 on Obligation of Net Stable Funding Ratio (NSFR) for Commercial Banks issued in July, 2017. Implementation of the POJK is effective as of January 2018, with a minimum ratio of 100%. NSFR aspects related to calculation, implementation period, reporting, publication, and others refer to the above POJK.

RISK APPETITE

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

Bank has set the Group and Management Risk Appetite with approval from Board of Commissioners and Directors, including cascading the Risk Appetite into the Lines of Business and Subsidiaries level. 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 which 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, Financial Services Authority (OJK) has issued a regulatory requirement, No. 14/POJK/2017 for Systemic Banks in Indonesia to develop, review and implement a Recovery Plan. The Recovery Plan is established to ensure that Systemic Banks have established credible and feasible recovery options to survive a range of severe but plausible stress scenarios.

Being one of the Systemic Banks in Indonesia, Danamon has reviewed Recovery Plan in 2018 that complies with the applicable regulations. The update of Recovery Plan has been approved by President Director, President Commissioner, and Controlling Shareholders, and has been submitted to OJK.

The Bank's Recovery Plan covers the following:

1) Overview of the Bank

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

The Bank has also 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 outcome of the scenario analysis indicates that the Bank has a resilient capital position, which is unlikely to threaten the going concern of the Bank.

2) Recovery Option

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

Bank has also identified various recovery options for each phase and assessed these options 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.

3) Disclosure of Recovery Plan

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

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

The Recovery Plan Policy also regulates the processes and duties and responsibilities of each party in the development, monitoring and implementation of the Recovery Plan. The Bank monitors the Recovery Plan indicators on a monthly basis and it

will be reported to the Directors through the Risk Management Committee if there are indicators that had already violated or potentially may violate the "Recovery" or "Corrective" phase.

RISK MANAGEMENT ACTIVITY PLAN IN 2019

Indonesia's economy in 2019 is expected to be slightly better compared to 2018 at 5.18% growth. Domestic consumption is expected to still be the driver of the economy supported by contained inflation and government's stimulus in the form of larger social transfer and village fund. Consumption may also be held up by election spending this year.

Yet, global uncertainty remains high as the trade war debacle and tighter global monetary condition will start to bring impact to the global economy.

The following are some challenges that will be faced in 2018:

- Rupiah this year may still face by global volatility as uncertainty remains high. The risk of tighter monetary condition looks to be milder as world central banks are faced with the threat of economic slowdown. Yet, the risk of trade war-led slowdown seems bigger especially on China and the US, the world's largest economies which would dominate the world trade. Declining global demand could be negative for our exports which would be a risk to the currency.
- Room for fuel price adjustment this year is still open, with the wider disparity of domestic and international oil price. Yet, the adjustment may not be large since the volatility of oil price this year is expected to be minimal. Therefore we expect the inflation rate to slightly increase to 4.3%.
- Despite the increase, inflation rate will still be in the range of BI's target at 2.5-4.5%, thus the direction of BI's benchmark rate will depend mostly on the currency. BI is expected to maintain hawkish stance throughout the year and could raise the interest rate (BI 7D Reverse Repo Rate) by another 75bps to 6.75%.
- Commodity price could fluctuate in line with the growing sentiment of global economic slowdown. Slowing global demand could put pressure on our main commodity export prices i.e. Coal and CPO. For CPO there may be some support from the government's Bio-20 program. However, slowing global demand may not bode so well with Coal price this 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 2019, 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) Implement the activities related to Sustainable Finance as written in the Sustainable Finance Action Plan that have been submitted to OJK.
- i) Implement ICAAP framework

2) Credit Risk Management

- a) Review the credit policies periodically
- b) Monitor credit portfolio of all lines of business and subsidiaries regularly, compare the actual performance against target, and escalate to management if there is any indication of portfolio performance worsening.
- c) To continue the system implementation of Credit Risk Internal Ratings Model and scorecard for all Lines of Business gradually, such as the system implementation of retail scorecard for SME (Small and Medium Enterprise Credit) and Mortgage (Housing Loan). To enhance the Scorecard model system using RBE (Rule Based Engine) for Credit Cards and Unsecured Personal Loan Line of Business
- d) Use Standard Approach for Credit Risk Weighted Asset calculations.

- e) Perform periodically rating model scorecard evaluation
- f) Conduct bank-wide stress testing at least once a year. Stress testing is conducted should there be 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 IFRS 9 model implementation in preparation to calculate CKPN / Expected Credit Loss (ECL) that comply with IFRS 9 rules.
- i) Implement Internal Ratings 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.

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 Academy 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 CyberSecurity 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) Implementation of Interest Rate Risk in the Banking Book (IRRBB) measurement in compliance with OJK regulation.

Human Resources

Sustainable transformation was the overall theme for 2018. For Human Capital (HC), this was a critical point in preparing and managing employees' capabilities and mindset to always create added value throughout the Company's operations and business activities.

HUMAN CAPITAL MANAGEMENT

Sustainable transformation was the overall theme for 2018. For Human Capital (HC), this was a critical point in preparing and managing employees' capabilities and mindset to always create added value throughout the Company's operations and business activities.

Competition to acquire and retain talent is an opportunity and a challenge, as the Company seeks to continuously adapt and deliver in line with growth in both business and technology. The Company nurtures its talents under the principle of "employees as assets".

Danamon's commitment to offer the best to its employees is delivered in many ways. In 2018, we intensified digitalization of our HC management system, which encompasses manpower

planning, recruitment, performance management, and learning and development. In addition, Danamon improved workforce planning, upgraded human capital quality, and increased employee engagement levels throughout the Bank and its units.

To facilitate a shared direction toward sustainable transformation among employees, HC management assists the Bank in redefining its core values. These values are a reflection of the Bank's ambition, spirit and character, which are summed up the Indonesian acronym BISA Collaboration, Integrity, Customer-centric and Adaptive.

HC MANAGEMENT VISION AND MISSION

The Vision of HC for Danamon to become the employer of choice, well-recognized as a high-performing organization and a place for career advancement. To make this vision a reality, HC's

Mission is to provide customer-focused human capital management, solutions and services, supported by innovations targeting excellence in performance.

Danamon's mid-term 2016 - 2020 HC strategic objectives strive to continuously improve the quality of HC management practices to provide a positive experience for all employees.

2018 Improving	2019 Excelling & Sustaining	2020 Agile & Enabling Organization	2021 Sustainable High Performing Culture
Bring the basics to the next level with quality and efficiency on par with leading market practices	Institutionalize the HC process to sustain a high-performance organization	Adapt to an ever-changing working environment, leveraging latest HC technology	Partner of Choice in people and technology (people related) optimization
<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 Enhancing Danamon Corporate University Well-recognized business partners 	<ul style="list-style-type: none"> Data analytics driven by HC practices/decisions High agility, responsive 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 	<ul style="list-style-type: none"> Leveraging automation to create value and meaningful work (beyond organization) Dynamic working environment leveraging communication and coordination tools

HC MANAGEMENT POLICY

After integrating and updating Danamon's HC Policy in 2017, the HC Directorate followed up in 2018 by reviewing the policy. This ensured all company provisions are in line with the development of Danamon's business, improving workflow processes in line with the implementation of the new HC System and ensuring the policy is in line with the Collective Labor Agreement for the period of 1 August 2018 – 31 July 2020.

Improvements and updates were also made to the Operational Reference Framework (KAO) and the Standard Operating Procedure (SOP).

In addition, the HC Directorate conducts an annual review of the Code of Ethics to ensure it accommodates all regulatory changes and internal developments, including any potential manpower issues. The Code of Ethics is disseminated to employees each year and is supported by a statement of acknowledgement.

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

Danamon will focus more attention on job rotation among experienced employees in order to fulfill internal manpower needs. This is backed by a policy that allows employees with good performance records

who have held a certain position for at least three years to be transferred to other working units commensurate to their expertise. This job rotation is the right of all employees, as well as a form of career development, whereby employees fulfilling requirements may apply for rotation by notifying their supervisor, without necessarily seeking approval.

HC MANAGEMENT PERFORMANCE

Employer Branding

Danamon is well aware that strong employer branding is conducive for building a quality workforce. The current workforce, dominated by the millennial generation, is known to be selective in choosing workplaces with good reputations. Therefore, the Company conducts various initiatives to strengthen employer branding.

Externally, Danamon is constantly active on various social media platforms, such as Instagram and LinkedIn, to complement internal employees' activities such as D'Talk, Financial Literacy, accelerated programs for fresh graduates, and cooperation with universities and corporate social responsibility (CSR) activities. In July 2018, Danamon celebrated its 62nd anniversary, with the theme Danamon Play62ound, featuring events with Danamon employees in Greater Jakarta and various regions.

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

Internally, Danamon conducts its #SerunyadiDanamon (Fun at Danamon) campaign in the form of email blasts to all employees, encouraging them to join knowledge-sharing sessions, sporting, religious, social and environmental events, and other activities. The Company also publishes a bi-monthly internal magazine called 'Spirit', containing articles on Danamon's activities and initiatives.

Recruitment

In 2018, Danamon has continued to follow and improve the best practices in recruitment initiatives, including:

1. Online psychometric testing for candidate selection during mass recruitment. Further use of this test is planned in 2019 to support the recruitment of candidates for Danamon Bankers Training and other evergreen positions.
2. Big data analysis to examine the main factors behind resignations.
3. Recruitment Process Outsourcing (RPO), initially used for recruiting evergreen positions in Jakarta. Results showed improvements, so in fourth quarter of 2018, the initiative was implemented in regional offices such as Medan, Semarang and Surabaya.

Another recruitment development was implementation of the HC Management System, which initiates and monitors all recruitment requisitions. This allows the recruiting manager of each unit to monitor recruitment progress online.

Staff Recruited Based on Job Level (Consolidated)

Job Level	2018	2017	2016
Top Management	3	3	3
Senior Manager	40	38	37
Manager	212	247	136
Officer	1,339	1,385	1,173
Staff	4,503	5,705	9,159
Total	6,097	7,378	10,508

Job Function	2018	2017	2016
Sales	1,716	3,389	4,892
Non-Sales	4,381	3,989	5,616
Total	6,097	7,378	10,508

Training and Competence/Education Development

Danamon provides ongoing training and development programs for its employees. In 2018, the Company delivered technical and leadership skills development programs for 128,399 participants totaling 80,049 mandays at Danamon and Danamon Corporate University training centers.

In 2018, Danamon enrolled 1,884 of its employees in Risk Management Certification (SMR) training, refresher courses and subsequent examinations.

As part of talent development at the senior management level, Danamon collaborates with INSEAD business school to hold the Danamon Executive Education Program (DEEP). The program covers Leadership and Business Management, Leading Transformation Change, Business Projects and Business Simulation. The program strengthens the Bank's benchstrength, preparing leaders to take on more challenging roles and responsibility.

HC has established the Danamon Bankers Trainee (DBT) program for the most talented Bachelors and Masters graduates to prepare them to become future leaders of Danamon. Up to the end of 2018, there have been three batches with a total of 64 participants. In order to accelerate the capabilities of frontliners, Danamon runs the Danamon Development Program (DDP) for Operations, and the Sales and Distribution Development Trainee Program (S&D DP). The two programs trained a total of 201 participants in 2018.

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

The downward trend in the cost of training is projected to continue.

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

Danamon invested Rp182 billion in 2018 on training, both in-class and e-Learning, tailored to the various needs of employee.

In 2018, Danamon achieved a training ratio of 6.80%, well above BI regulations, which stipulate a minimum training ratio of 5%. The total number of employees involved in-class and e-Learning was 11,830 out of 12,442 employees (95.1%). Danamon will continuously facilitate and invest in its employees' skill development through in-class and/or e-Learning programs.

Training Program Statistics

Training Programs	2018	2017	2016
Total Training Programs	1,232	1,411	3,109
Number of Training Participants	128,399	164,554	207,739
Total Man-Days	80,049	139,637	167,428
Total Training Investment (Rp Million)	182,701	235,517	248,355
Average Investment Per Employee (Rp Million)	1.42	1.43	1.20

Employee Engagement

During 2018, employees were engaged through the following series of programs:

1. D'Talk

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

2. Leadership Chat

Leadership chat is a sharing session through EAZY Chat social media, developed for internal use at Danamon. These sessions allow Danamon employees all over Indonesia to ask questions and discuss issues with senior management and directors.

3. Financial Literacy

The Program development and deployment was a collaboration effort between Danamon, Adira Finance and Adira Insurance, to equip employee with practical financial skills. Throughout this program, it is expected that employees can be more knowledgeable in anticipating and managing their financial needs. Danamon Adira Financial Literacy session were delivered across their regional offices to provide an opportunity for employees to understand their group's product and benefits, including awareness on the group's approach in attending the customer needs. Not only through in-class sessions, the program was also available online through internal platform called EAZY.

Organizational Development

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

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

The project's objectives are:

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

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

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

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

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

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

In developing internal benchstrength, Danamon in 2018 conducted a one-year senior management talent program known as Danamon Executive Education Program (DEEP). In collaboration with INSEAD business school, the program

A talent management program supported by EASY-based systems was also conducted in 2018, followed by a Succession Plan and Development Plan (SCDP) module that will run in January 2019.

Danamon's remuneration policy follows the meritocracy principle, whereby the Company rewards competence and performance. This strategy is part of the SIPASTI principle and has been consistently implemented since 2015 through short-term and long-term financial and non-financial incentives.

In 2019, the Company will review remuneration of employees by considering changes in organizational design based on the job simplification project that commenced in Q4 2018.

In addition to providing government health insurance (BPJS) and pension plan (JHT) benefits, Danamon provides additional health insurance, pension funds and housing loans (KPR) for its employees. The motor vehicle facility is a Car Ownership Cash Program (COCF), in which eligible employees receive a cash allowance paid in conjunction with their monthly salary.

On August 28, 2018, Danamon presented long service awards in recognition of employees with 10, 15, 20, 25, 30 and 35 years of employment with the Company. There were 435 recipients of the awards.

Danamon's pension plan is in accordance with prevailing government regulations. Danamon provides retiring employees with a counseling workshop to enable them to be better prepared

during retirement. Topics include retirement activities, as well as mental and financial preparation.

Management Level Employee Turnover

In 2018, Danamon's regretted turnover (people who resigned whom the Bank would have liked to have kept) reached 1,013 personnel (7.1%) of the full year number of employees. This is better than the 2017 figure of 1,132 personnel (7.2%). Most of the regretted turnover in 2018 was among employees with 3 to 5 years of work tenure. This trend is similar in many other companies. It has been attributed to the propensity of the millennial workforce to move from one job to another, and to be more enterprising in trying alternative jobs.

To minimize regretted turnover, Danamon has continued training programs to improve managerial skills of first level and middle level managers. The training programs have been crafted to accommodate the shifting of the workforce from Generation X to Generation Y (millennials). Leadership approaches have also been adjusted in line with this generational change.

HC Management Information System

In 2018, Danamon fully implemented its HC Management System, which had been introduced in 2017.

The highlight of this new system is that employees can easily access it from any location, unlike the previous system, which required access from the office. The system's "software as a service" mechanism facilitates system maintenance, freeing the Bank from the hassle of performing routine software updates. The system also gives the Bank access to the best practices of human capital management.

Various developments will continue to enhance and optimize the benefits of using the system in accordance with Danamon's development and strategies.

Risk Management

The HC Directorate implemented the Integrated Risk Directorate's work unit to improve the classification of risk types in the Risk Control Self Assessment (RCSA) system. This initiative has been used to record risk events and findings from internal audit trials in HC.

The HC team regularly communicates the development of risk incidents and improvement initiatives to the Operational Risk Management unit under the Integrated Risk Directorate.

Risk management is also strengthened by informing employees of the importance of understanding and applying the Code of Ethics. Awareness is raised via email blasts, text messages, a Code of Ethics instructional video, and discussions in work units. The purpose of this is to reduce risks arising from employees' ignorance of the Human Capital Policy and the applicable Code of Ethics.

Industrial Relations

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

Danamon's management consistently strives to build constructive communication and consolidation regarding expectations put forward by the Danamon Labor Union. As part of this effort, management met with the Labor Union in September and October 2018. There are now two official labor unions in Danamon. The Bank welcomes the presence of the additional union and hopes it can strengthen industrial relations.

A decision to renew Danamon's Collective Labor Agreement (CLA) was reached on 27 July 2018 after successful negotiations between management and the Labor Union. It is effective from 1 August 2018 to 31 July 2020. The CLA is registered with the Ministry of Manpower, signifying its legality. In line with the CLA, Danamon has fulfilled welfare improvements for employees.

Primary Personnel Demographic Data

From 2014–2018, Danamon has undertaken numerous initiatives to improve its business performance. These measures have resulted in some changes to the business model and manpower numbers. Reductions in staff numbers occurred almost evenly across all levels of the organization, with the exception of Top Management and Technical Advisor level. The largest percentage of staff reductions occurred at the Officer level due to company transformation and work efficiency processes.

Danamon Headcount Data as of December 2018 (Consolidated)

Company	2018	2017	2016
Danamon	12,442	16,811	22,832
Adira Finance	19,028	18,760	20,094
Adira Quantum	-	-	8
Adira Insurance	759	839	1,085
Total	32,299	36,410	44,019

Danamon Headcount Data as of December 2018 (Consolidated)

Position	2018	2017	2016
Top Management & Technical Advisor	26	24	27
Senior Manager	329	340	378
Manager	3,192	3,376	3,108
Officer	9,640	11,369	12,487
Staffs	19,112	21,301	28,019
Total	32,299	36,410	44,019

Employee Composition Based on Employment Tenure (Consolidated)

Employment Tenure	2018	2017	2016
0-3 years	10,975	11,213	13,872
3-5 years	3,230	3,757	6,770
5-10 years	10,179	12,998	14,700
10-20 years	5,554	5,883	6,562
>20 years	2,361	2,649	2,115
Total	32,299	36,410	44,019

The largest staff reductions occurred among those with employment tenure of between 3 to 5 years. Specific courses of action and employee engagement are required to improve this matter.

The segment of employees under 25 years of age increased due to millennials filling entry-level positions.

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

Employee Composition by Age (Consolidated)

Age	2018	2017	2016
<25 years	3,218	2,603	3,912
25-34 years	16,189	19,252	25,120
35-44 years	9,533	11,340	11,875
>45 years	3,359	3,215	3,112
Total	32,299	36,410	44,019

Employee Composition by Academic Background (Consolidated)

Academic Background	2018	2017	2016
Postgraduate	415	461	438
Bachelor	22,159	24,733	29,137
Diploma	6,037	6,932	8,399
High School	3,680	4,272	6,022
Junior High/Elementary	8	12	23
Total	32,299	36,410	44,019

Employee Composition Based on Employment Status (Consolidated)

Employment Status	2018	2017	2016
Permanent ¹⁾	26,389	29,596	31,950
Non Permanent ²⁾	5,910	6,814	12,069
Total	32,299	36,410	44,019

Notes:

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

2019 Human Capital Strategy and Work Plan

The HC strategy and work plan for 2019 refers to the Bank's main agenda, which focuses on the application of digital technology to optimize work processes, and collaboration with MUFG as the new shareholder to develop business networks and organizational capabilities.

HC applies digital technology by providing online convenience for job applicants and employees. Job applicants can obtain employment information through the Danamon portal, and the job application process will be facilitated via Danamon's careers website. Various training programs have also been prepared to help staff become more efficient.

In terms of collaboration with MUFG, Danamon will participate in MUFG's global program of talent development at the group level. Through this program, Danamon employees will participate in various development and assignment programs involving all business units within MUFG Group. Danamon and MUFG will also prepare an employee exchange program to improve learning and strengthen organizational capabilities.

Information Technology

Corporate Data

Corporate Social Responsibility

Good Corporate Governance

Operational Review

Management Discussion and Analysis

Company Profile

Management Report

Main Highlights



“Information technology aims to simplify customer digital transactions and services. Security continues to be crucial as we respond to technological advancements.”

Danamon continuously updates its technology solutions, keeping pace with the rapid advancement of information technology (IT) advancements, especially in the financial services industry. This allows us to provide more convenient and attractive services to our customers.

The main focus of Danamon's IT Division is to simplify and reduce processing time, so our customers enjoy a better banking experience. We are harnessing the power of digitalization to create more effective and efficient processes.

Digital transactions must be highly secured against the increasing threat of cybercrime. Thus, Danamon implements the latest security measures to protect customers. The development of IT in Danamon is also crucial to support the sustainable growth of the Bank and its subsidiaries.

INITIATIVES AND PERFORMANCE 2018

The IT Division continued to streamline customer transactions throughout 2018, implementing several initiatives. These included

development of applications, such as a digital customer service channel, a central application programming interface, big data analytics, infrastructure enhancements, and other digital apps.

The Bank is also designing and setting up infrastructure for Omni Channel, our digital multichannel services.

System Enhancements And Digital Strategy

The IT Division continues to develop digital services to enhance customer interaction through our D-Bank and Omni Channel platforms.

To further develop Supply Chain Ecosystem, Danamon launched D-BisMart, which is a closed-loop supply chain mobile application that serves commercial transactions (ordering and invoicing) and cashless settlement between distributor and retailers. This solution will help seller and retailer in making, buying and selling activities seamless and convenient, which is also inline with OJK objectives moving towards cashless payments.

We launched API (Application Programming Interface) Central to collaborate with Danamon's digital partners in fintech and e-commerce.

Danamon continues to replace its older Automated Teller Machines (ATMs) and Cash Deposit Machines (CDMs) to increase and improve transaction services. We have also improved security levels of ATMs and CDMs.

We have implemented a Customer Relationship Management (CRM) software system to provide a complete, single view of each customer's relationship and interactions with the Bank, allowing us to better know and serve our customers.

The IT Division introduced Bond System to enhance the customer experience in purchases and sales of bonds.

We also carried out host-to-host integration with the Integrated and Computerized Hajj Information System (Sistem Informasi dan Komputerisasi Haji Terpadu, SISKOHAT) to help Muslim customers save funds for the pilgrimage to Mecca.

As part of ongoing efforts to improve efficiency, the IT Division is implementing Robotic Process Automation (RPA), initially focusing on replacing back office manual processes.

Infrastructure enhancements

The IT Division has increased its capacity to continue the journey of migrating from physical to virtual servers and recently has replaced our network server farm with the new one. Danamon has completed relocation of its Data Center to new location that meet Tier-4 standards – the most advanced type of data center.

Big data analytics

Big data management and analytics has become an essential tool for innovation, customer support, risk management and decision-making support in the banking sector. Danamon has continued to align data from source systems (i.e. core banking) to build data analytics for downstream system, integrated with external data, either by batch and real-time data.

Furthermore, the capability of automated machine learning platform have been used to generate analytics modeling in such areas as customer services, fraud and risk assessment.

We have also implemented Fraud Detection within our Big Data for ATM and Debit Card fraud cases and will continue to enhance in 2019 for e-channel transactions.

As part of data governance in our Big Data, we have completed data quality and data stewardship phase which will allow us to go further for Master Data Management.

IT security

The IT Division is implementing a Cloud Access Security Broker (CASB) to enhance the security of cloud-based applications used by Danamon. It is also implementing Virtual Patch solutions for Windows-based servers to handle all the latest patches.

IT organization and skills

Agility – the capacity to react to change – is essential for dealing with evolving technologies and market conditions. In order to improve productivity, coordination, and support for operational agility, the IT Division is implementing Agile Collaboration Tools.

The division is also developing methodologies and processes for DevOps – a combination of software development (Dev) with information technology operations (Ops). This system aims to build an environment where we can develop, test and launch software programs or features with greater precision, speed and quality.

Risk management and compliance

The IT Division is implementing an Early Warning System for detection of high-risk customer credit data and to protect the bank from possible losses.

As part of compliance with national regulations, Danamon has implemented the Financial Services Authority's (OJK) Financial Services Information System (SLIK) for regulatory reporting.

Disaster management

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

Human resources

As part of its strategy to deliver the best digital service to customers, Danamon is focused on developing talent with the right skill sets. The Bank regularly conducts IT training courses to ensure employees are equipped with the latest skills. It also invites the country's top IT graduates to join Danamon.

Regulation, compliance, and information technology governance

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

Strategy and initiatives 2019

Danamon's IT Division has devised a number of strategies and initiatives for 2019 to support the Bank's business activities.

System enhancements and digital strategy

The IT Division remains focused on developing digital services to enhance customer interaction across all channels. We will continue to improve our products and services through these channels.

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Micro-service technology is being developed to align digital services and electronic channels, and support the development of internal and external integration solutions (host-to-host). Redesigning the enterprise service bus (ESB) middleware layer from the previous monolithic architecture (a one-piece software structure) into more modern micro-services architecture is expected to improve system performance and scalability.

We will continue ATM and CDM migration to new switching solutions as part of the strategy to improve ATM services.

API Central will be used to collaborate with digital partners and participate in Indonesia's digital ecosystems. We will continue to work with our Business Division to explore partnerships with fintech companies.

We will develop and implement a chatbot – an online tool for automated interactive conversations with users – to provide more interaction and services for customers.

The IT Division will assess the Bank's Treasury System software to determine if an upgrade is required to further support development of the Treasury and Capital Market Division's products.

The CRM System will continue to be expanded to wholesale and SME businesses.

IT, operational and business process automation will all be assisted through implementation of Robotic Process Automation (RPA) and Business Process Management (BPM).

Infrastructure enhancements

The IT Division will conduct several infrastructure enhancements in 2019. We will continue to migrate from physical to virtual servers. We will implement an IT framework that tightly integrates data storage, computing, virtualization and networking into a single platform to reduce complexity and increase scalability and performance (hyperconverged), also an operating system virtualization method for running applications more efficiently (containerization). This will support digital initiatives to optimize system performance, ensuring flexibility and cost efficiency.

We will also implement cloud-based unified communication using Microsoft Office 365 to support a faster, flexible, mobile and modern way of working.

We will use cloud services from third party cloud providers to support the transformation process in infrastructure and achieve flexibility in the operational process and cost efficiency. Data and system security will be paramount when developing applications to be used in the cloud environment.

Big data analytics

The IT Division will continue to develop Data Governance with

Master Data Management capability to effectively govern the data integrity and data security. We will also assess Advance Analytics to enable data scientists to adopt artificial intelligence and machine learning.

IT security

We will implement Database Activity Monitoring to improve security capabilities, monitor abnormal activities and provide database systems with audit capabilities. Then, to prevent the Bank's information assets from circulating freely on the internet, we will implement a system for monitoring the activities of third parties that work with Danamon.

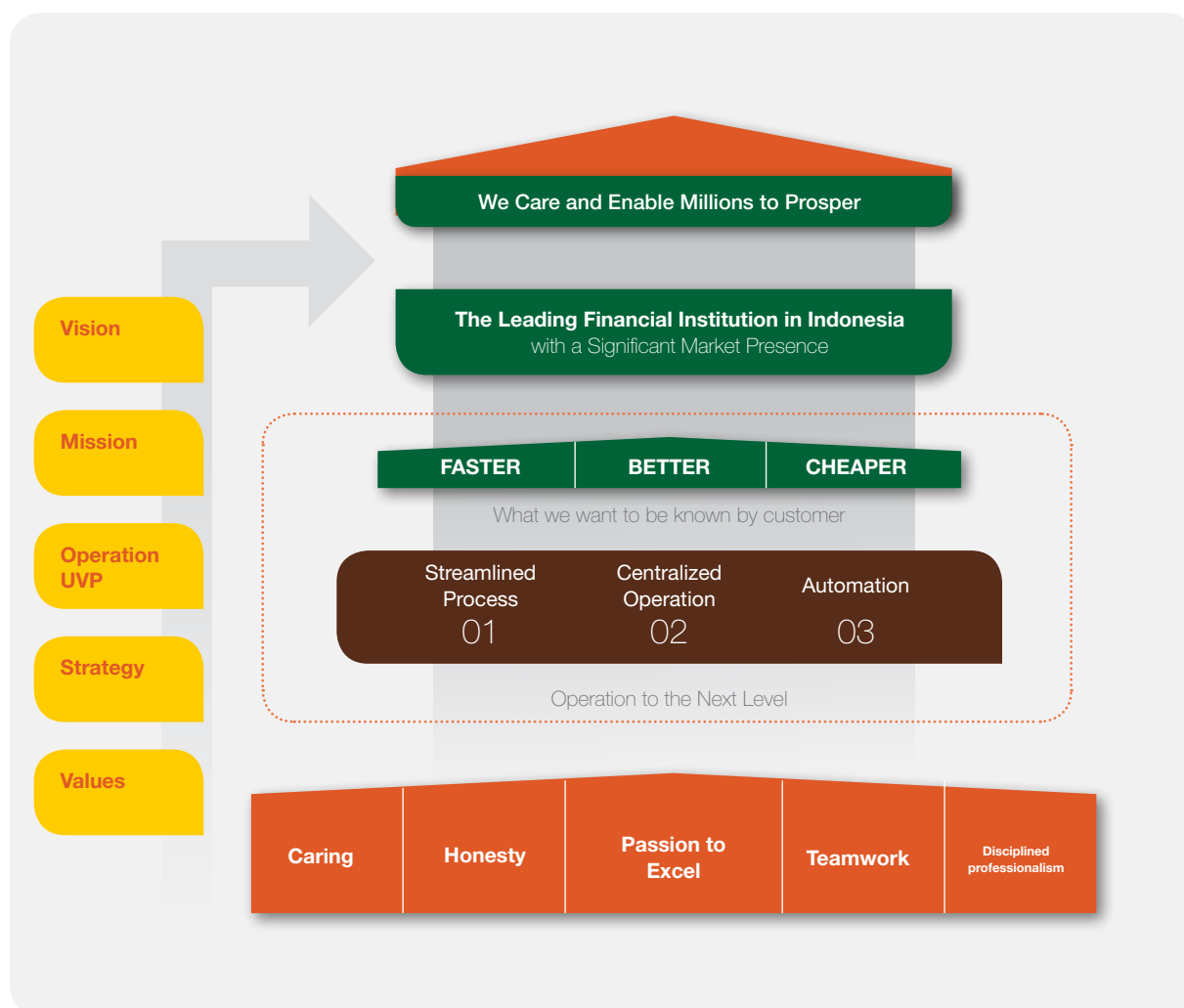
IT organization and skills

As part of efforts to enhance digital solutions, the IT Division harmonized the work methods of IT teams with hybrid IT work patterns. This has improved collaboration between IT units when running projects, while also improving agility for better results.

Risk management and regulatory compliance

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 Bank's business growth. Danamon in 2018 continued to evaluate and restructure its operational activities to enhance efficiency.

In order to meet challenges and to fulfill customer needs for quality banking products and services, Danamon implements strategic business policies and initiatives. The Bank continues to improve its operations to enhance customer experiences.

Danamon's Operations Unit continues to transform. This is in line with the Bank's strategy to develop efficiency-oriented operational procedures, improved customer experiences, and sustainable growth. These measures comprise a unique value proposition, focused on three service attributes: faster, better and cheaper.

PERFORMANCE IN 2018

In 2018, Danamon's Operations Unit continued to focus on digital transformation, while also improving the competence and quality of resources. In doing so, manual input was minimized and back office workload and processes were reduced.

Utilizing automated and integrated systems, Danamon's Operations Unit improved straight-through processing and enhanced support systems for better compliance, control, and good corporate governance.

In line with the Bank's business plan, the Operations Unit continued to transform into a business partner geared toward the digital era.

By the end of the fiscal year, almost all plans had been successfully implemented. This was due to the commitment of a reliable management and operational team. In monitoring the transformation process, the operational team utilized 4DX (4 Disciplines of Execution) tools to ensure that transformations were meticulous.

Strategies in the operational transformation were as follows:

1. Reorganization of the operational structure that separates innovation from operational development and daily business activities, so as to accelerate transformation.
2. Formulation of a lean operational model that aims to provide better operational services and digitalization through automation, shared services, and human capital management so that a faster, better and more cost-effective performance could be maintained.
3. Enhancement of human resources capability to create a High Performing Team.
4. Reinforcement of strategic initiatives for business advancement related to office network 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 Operations Unit undertook various strategic initiatives in 2018. These initiatives included streamlining, consolidating and improving the end-to-end credit process.

Re-engineering and improvement of various operational processes among others, increase automation of reconciliations, automation of User ID Management System, and digital imaging of documents.

Danamon 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.

Danamon is aware of the importance of improving human resources quality in order to sustain operational excellence. The Operations Unit undertook the following initiatives to improve employee capabilities:

1. Re-launched the Operation Development Program (ODP) to prepare future leaders for Bank Danamon operations.
2. Implemented the Upskilling program for all operational staff at Head Office, mainly for transactional processes.
3. Devised E-Learning for Control, Loan Module and Payment Operations.

AWARDS AND RECOGNITION IN 2018

Danamon's achievements were recognized by the following awards:

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 of
 - Elite Quality Recognition Award for Outstanding Achievement of Best in Class with STP Rating of 99.96% MT 202. 99.33% MT – 103.

2019 PLAN

In 2019, Danamon will continue its sustainable transformation toward digitalization and automation of operational processes. Therefore, the Bank will benefit from faster, better, and more efficient operations.

Operations in 2019 will continue the focus on streamlining processes, and implementing further automation in certain areas. Strategic plans to be developed and implemented in 2019 are as follows:

1. To enhance incorporate operational loan services into an integrated system, from limit provision up to loan disbursement and documentation.
2. To continuously identify and implement control improvements and process automation.
3. To increase the usage of the Digital Management System.
4. To support the National Non-Cash Movement through the Cashless Payment System.
5. To increase automation of reconciliation process.

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06

Good Corporate Governance





Corporate Governance

“Danamon is committed to implement and improve the quality of sustainable good corporate governance. The implementation of good corporate governance will greatly support the increase in corporate values and make Danamon as a fundamentally sound and highly competitive Bank.”

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 (GCG) principles in all activities and organizational levels in Danamon and its subsidiaries. Corporate Governance policies are prepared 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, Company's Articles of Association, ASEAN Corporate Governance Scorecard, Indonesian GCG General Guidelines and Indonesian Banking GCG Guidelines issued by the National Committee on Governance Policy (KNKG), as well as the 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 subsidiaries 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 form of commitment to improve the quality of GCG implementation in Danamon.

The implementation and application of GCG principles is a joint commitment of all levels of organization at Danamon, conducted in a consistent and sustainable manner. By implementing GCG, Danamon aims to optimize the values of Danamon for stakeholders, grow sustainably, highly competitive, and become a recognized financial institution as well as provide positively contribute to the financial industry and national economy.





Corporate Governance Implementation Roadmap of Danamon

Danamon has consistently and continuously made improvements to Danamon's corporate governance as outlined in corporate governance implementation roadmap of Danamon. Corporate governance implementation roadmap of Danamon is as follows:



POLICY, ORGAN AND IMPLEMENTATION OF CORPORATE GOVERNANCE IN DANAMON

Corporate Governance Policy of Danamon

Corporate Governance Policy of Danamon is part of the Danamon Group Financial Conglomeration's Integrated Corporate Governance Policy which is a guideline in implementing corporate governance at all levels of the organization based on the principles of good corporate governance as follows:

1. Transparency

Commitment to provide adequate, clear, accurate, and timely information disclosure, easily accessible to both shareholders and stakeholders.

2. 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.

3. 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.

4. Independency

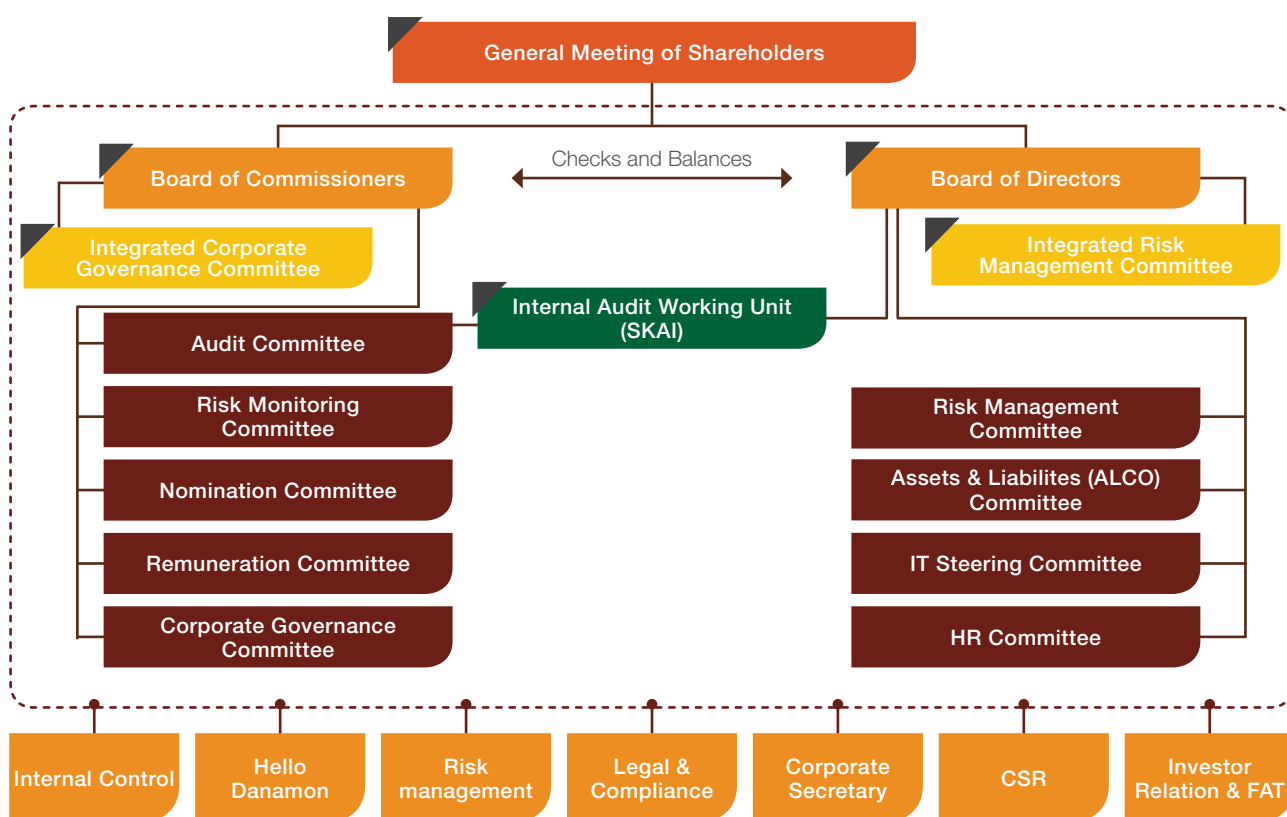
Danamon perform their activities independently and objectively, as well as avoiding the influence of any dominant party. Danamon is committed to conduct its business with professionalism.

5. 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.

Corporate Governance Organs of Danamon

Danamon's corporate governance organs are established to support the implementation of corporate governance principles so that they can run systematically and structured. Supporting organs for the implementation of Danamon corporate governance have clear roles and responsibilities to create a check and balance control mechanism.



Implementation of Danamon's Corporate Governance

Danamon realizes that implementing good corporate governance is no longer a requirement, but is a basic need and foundation in carrying out business activities. The implementation of good corporate governance is based on solid integrity, so that the principles of good governance can be implemented at every level of the organization, and carried out in every Danamon activity so that all operational activities can be carried out consistently and continuously.

the principles of Transparency, Accountability, Responsibility, Independency and Fairness which are grouped in a governance system which consists of 3 (three) aspects of governance in the form of Governance Structure, Governance Process and Governance Outcome.

The implementation of Danamon's Corporate Governance is based on 5 (five) basic principles of good corporate governance, namely

Governance Structure

- The number, composition, criteria and independence of the Board of Commissioners, the Board of Directors and Danamon's committees are adequate and meet the needs of Danamon and the prevailing regulations of the Financial Services Authority/ Bank Indonesia;
- Danamon as the Main Entity of Danamon Group has established the Integrated Corporate Governance Committee and Integrated Risk Management Committee;
- Main tasks, responsibilities and functions of all levels at Danamon are adequate and stipulated in the Policies, Guidelines and Work Rules. Danamon's Policies, Procedures and Management Information Systems are available and support Danamon's operational activities;
- Adequacy of Corporate Governance Guidelines, Risk management framework, adequacy of internal controls, compliance functions and internal audit functions with the assignment of external audits that meet the requirements;
- Availability of policies for providing funds to related parties/ provision of large funds, conflicts of interest and aspects of transparency;
- Strategic and business plan are in line with Danamon's vision and mission.

Governance Process

- Implementation of the functions, duties and responsibilities of Danamon's organs is adequate so that it can optimize the functions of supervision and control;
- The process of replacing and appointing the Board of Commissioners, Board of Directors and Committees is in accordance with the applicable regulations;
- Competence enhancement of the Board of Commissioners and Board of Directors through sustainability education and trainings;
- Disclosure of affiliated transactions, conflicts of interest by the Board of Directors and the Board of Commissioners;
- Provision of funds to related parties and the provision of large funds is conducted through normal credit approval processes and taking into account the principle of arm's length;
- Risk management has been well implemented so that the risks that may arise can be managed adequately;
- Information disclosure of financial, non-financial, Danamon's product, and customer complaint completely, accurately and proportionally;
- The preparation of strategic and business plans is carried out in a realistic, comprehensive and measurable manner approved by the Board of Commissioners and communicated to the shareholders and to all levels of the organization.

Governance Outcome

- Positive Danamon's performance includes profitability, efficiency and capital;
- Danamon's activities are free from the intervention of the owners and other related parties which can cause a conflict of interest;
- Disclosure of financial and non-financial conditions and other important information supported by the Danamon website that is informative and easily accessible by stakeholders;
- Adequate compliance and risk management and follow-up of audit results in accordance with the commitments;
- Bank Business Plan describes Danamon's sustainable growth and provides economic and non-economic benefits to all Stakeholders.

Focus and Achievement of Danamon's Corporate Governance Implementation in 2018

The implementation of Danamon's corporate governance focuses on improving and enhancement of the implementation of Danamon and subsidiaries' corporate governance by prioritizing ethics and integrity in the management of the company. During 2018, various initiatives in terms of strengthening the implementation of corporate governance have been carried out through alignment in accordance with the laws and regulations as well as improvement of supporting policies structures, among others:

Adjustment of Membership of Committees under the Board of Commissioners

In order to increase the effectiveness of the implementation of the duties and responsibilities of the Board of Commissioners, Danamon establishes and reaffirms the membership of committees under the Board of Commissioners whose task is to assist the Board of Commissioners in carrying out their duties and responsibilities. Committees under the Board of Commissioners are Audit Committee, Risk Monitoring Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee, and Integrated Corporate Governance Committee.

Adjustment or Amendment to Articles of Association

Danamon adjusted or amended several articles in Danamon's Articles of Association and restated all articles in Danamon's Articles of Association. During 2018 there were 2 (two) adjustments or amendments to the Articles of Association. Adjustments or amendments to Danamon's Articles of Association have been approved by the EGMS on March 20, 2018 and the EGMS on November 19, 2018.

Refinement of the Board of Commissioners' Charter and Board of Directors' Charter

Danamon conducted reviews and improvements/ updates of the Board of Commissioners' Charter and Board of Directors' Charter in accordance with the prevailing laws and regulations and the implementation of Bank's good corporate governance.

Refinement of the Committee under the Board of Commissioners' Charter

Danamon conducted reviews and improvements/ updates of the Audit Committee Charter in accordance with the prevailing laws and regulations and the implementation of Bank's good corporate governance.

Refreshment of Code of Conduct

Danamon conducted refreshment on the understanding and knowledge of Danamon's Code of Conduct to all employees which can be done online through Eazy application. Danamon's Code of Conduct is a basic attitude and ethics guide for Danamon's Management and Employees. The Refreshment of Code of Conduct is intended to reinforce the values and behavior of Management and Employees in facing the changes and challenges in the digital era as well as business transformation and the Danamon strategies.

Recovery Plan

In 2018, as a follow-up to the fulfillment of POJK No. 14/POJK.03/2017 concerning Recovery Plan for Systemic Banks, Danamon has created a Recovery Plan to ensure that Danamon has created and possessed credible and feasible recovery options to maintain Danamon in a series of stress test scenarios. The Recovery Plan has obtained Shareholders Approval through the Annual GMS in March 2018. The Bank has issued an instrument that has a capital characteristic in the form of convertible loan of IDR 25 billion.

Preparation and Submission of Sustainable Finance Action Plan

Danamon conducted the preparation and submission of Sustainable Finance Action Plan for the period 2019-2023 in order to fulfill POJK no. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies.

Refinement of Risk Management Policies

In 2018, Bank has prepared and reviewed/refined several policies to accommodate the development of applicable laws and regulations related to risk management, including:

1. Refinement of Integrated Risk Management Policy
2. Intra-Group Transaction Policy
3. Credit Risk Policy
4. Refinement of Policies related to Market and Liquidity Risk Management

Refinement of Terms of Reference for Implementation of the Compliance Function & Development of E-Learning

1. In 2018, Bank has conducted review/ refinement of the Terms of Reference for Implementation of the Compliance Function. The Terms of Reference is prepared as a guideline for implementing the Danamon's Compliance function so that Danamon's business activities are always in line with applicable provisions.
2. Bank has developed the 2018 Compliance e-learning and 2018 AML-CFT e-learning.

Refinement of the Policy and Application of AML CFT

1. Bank has adjusted and aligned several internal regulations related to the implementation of anti money laundering and counter financing of terrorism in the financial services sector related to the issuance of POJK No. 12/POJK.01/2017 and SEOJK No. 32/SEOJK.03/2017 concerning the Implementation of Anti-Money Laundering Program and Counter Financing of Terrorism in the Banking Sector.
2. In order to evaluate the application of the AML CFT provisions properly by all Branches and also to exercise proactive control and to ensure that the implementation of the CDD/ EDD is in accordance with the Bank's risk appetite and in line with applicable regulations, in 2018 BAR (Branch AML CFT Report) project has been established.

Assessment of The Implementation of Danamon's Corporate Governance in 2018

Self Assessment Result of The Implementation of Corporate Governance

In accordance with POJK No. 55/POJK.03/2016 concerning the Implementation of Corporate Governance for Commercial Banks and its implementation rules SEOJK No. 13/SEOJK.03/2017 concerning Implementation of Corporate Governance for Commercial Banks, Danamon periodically conducts self assessment of the implementation of corporate governance biannually for positions at the end of June and December. The assessment is carried out based on the assessment factors stipulated based on OJK regulations, among others, the quality of implementing the principles of corporate governance in a comprehensive and structured manner which is integrated into 3 (three) governance aspects, namely governance structure, governance process, and governance outcome.

In accordance with POJK No. 4/POJK.03/2016 concerning Assessment of Commercial Bank's Soundness Level, the result of the self-assessment of the implementation of corporate governance is one of the factors in the coverage of the assessment of the Bank's Soundness Level. The results of the self-assessment of the implementation of Danamon's corporate governance have been submitted to OJK together with the submission of reports on the self assessment result of the Bank's Soundness Level. The self-assessment also includes self-assessment of the implementation of corporate governance in a Consolidated manner with Subsidiaries.

Self - Assessment Results of Danamon's Corporate Governance Implementation Position: As of June and December 2018		
	Rank	Rank Definition
Bank	2 (Good)	Reflecting Danamon management has implemented the corporate governance which in general is 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 Danamon's management.

Self Assessment Analysis in 2018

During 2018, based on Danamon's assessment on 11 (eleven) good corporate governance factors, Danamon has adequate governance structures and infrastructures that support the effectiveness and quality of corporate governance principles that meet the expectations of the stakeholders, among others:

1. The number of members of the Board of Directors of the Company is 9 (nine), with the composition namely as follows: Sng Seow Wah (President Director), Michellina L. Triwardhany (Vice President Director), Herry Hykmanto (Director), Satinder Pal Singh Ahluwalia (Director), Adnan Qayum Khan (Director), Heriyanto Agung Putra (Director), Dadi Budiana (Director), Yasushi Itagaki (Director) and Rita Mirasari (Independent Director). In semester 2-2018, the EGMS was held on November 19, 2018 but there were no changes to the composition of the Directors.

The division of duties and authority of the Directors is determined by the Decree of the Board of Directors. The implementation of the duties and responsibilities of the Board of Directors has been completed with clear policies and Charters. All members of the Board of Directors do not have concurrent positions as Board of Commissioners, Board of Directors or Executive Officers in other banks, companies and or institutions, except in the context of carrying out supervisory duties on participation in non-bank subsidiaries controlled by Danamon.

2. The current number, composition, criteria and independence of the Board of Commissioners have considered the scale and

complexity of the Bank's business. The number of members of the Board of Commissioners still does not exceed the number of members of the Board of Directors according to the requirements. 50% of the members of the Board of Commissioners consist of Independent Commissioners. The implementation of the duties and responsibilities of the Board of Commissioners has been carried out according to their duties and responsibilities which are complemented by clear policies and Charters. The AGMS on March 20, 2018, agreed to appoint Peter Benyamin Stok as Independent Commissioner of Danamon and Takayoshi Futae as Commissioner of Danamon. Both of them have obtained approval of the fit and proper test from OJK.

Based on the EGMS on November 19, 2018, the resignation of Mr. Ernest Wong Yuen Weng from his position as Commissioner of Danamon was approved as of the closing of the EGMS. In addition, the EGMS agreed to appoint Mr. Masamichi Yasuda as the Commissioner of Danamon, where the appointment of Mr. Masamichi Yasuda as Danamon's Commissioner is effective after obtaining approval from the OJK for term of office in accordance with the remaining term of office of the current Danamon Board of Commissioners.

3. The Bank has Committees that assist the implementation of the duties of the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, Nomination Committee, Remuneration Committee, Corporate Governance Committee and Integrated Corporate Governance Committee.

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Committees are established according to the provisions and Bank's needs with the composition of membership that supports independence and implementation of committee duties. The implementation of the duties and responsibilities of the Committees has been carried out according to their duties and responsibilities which are complemented by clear policies and Charters. In 2018, charters of the committees were reviewed to be updated.

- Bank has a policy that supports the handling of conflicts of interest for Management and employees of the Bank. Management and Employees of the Bank must prioritize the interests of the Bank and are prohibited from taking actions that can harm and/ or reduce the Bank's profits. During the assessment period there is no conflict of interest transaction that is detrimental to the interests of the Bank.
- The Compliance Function has been implemented adequately. The compliance working unit has been established independently with the support of adequate human resources. The appointment of the Compliance Director has met the applicable requirements, namely independent and does not oversee functions that are not permitted by the applicable provisions and have obtained OJK approval. The Compliance Working Unit is under the responsibility of the Director in charge of the Compliance Function.

Bank as the Main Entity in the Financial Conglomeration of Danamon Group has the function of an Integrated Compliance Working Unit (SKKT) that is independent from other operational working units whose implementation of their duties and responsibilities is carried out by the Bank's Compliance Working Unit. SKKT is responsible to the Director in charge of the Compliance Function. SKKT has the duty to monitor and evaluate the implementation of the compliance function in each Entity in the Financial Conglomeration.

Bank has made various efforts to ensure the Bank's compliance, among others through increasing awareness and understanding of compliance (Compliance Culture), implementation of Compliance Tests, conducting monitoring and testing activities, monitoring the Bank's regulatory parameters and monitoring follow-up of the results of Regulatory examination. Compliance culture has been well socialized at all levels of the organization and is the responsibility of all Bank management and employees. The Bank has also developed the 2018 Compliance e-learning and 2018 AML-CFT e-learning.

- Bank has an independent Internal Audit Working Unit (SKAI) as stated in the Integrated Internal Audit Charter Version 2018. SKAI is led by the Head of SKAI who is directly

responsible to the President Director. As of December 10, 2018, Ms. Evi Damayanti has no longer served as the Bank Danamon's Head of SKAI. And Bank Danamon has appointed Mr. Nathan Tanuwidjaja as Acting Head of SKAI since December 10, 2018.

To support the independence of SKAI and to ensure the smooth running of the audit and authority in monitoring follow-up, the Head of SKAI is also directly responsible to the Board of Commissioners through the Audit Committee. Bank Danamon has implemented the Implementation of Standards for Commercial Bank's Internal Audit Function (SPFAIB) by establishing an Internal Audit Unit, having an Integrated Internal Audit Charter and developing an Internal Audit Manual (Audit Manual and Standard Audit Program). SKAI has independence in conducting audits and expressing views in accordance with professional standards by not taking sides with the interests of other parties that are not in accordance with the laws and regulations. SKAI has quality human resources obtained through a structured recruitment process and adequate trainings so as to meet the needs of the audit tasks in accordance with the scope and audit plan.

SKAI uses a Risk Based Audit Approach to determine all aspects and elements of activities that are directly expected to affect the interests of Bank Danamon and the community.

The effectiveness of the implementation of SKAI's work and its compliance with SPFAIB has been evaluated by external parties every three years in accordance with the provisions of SPFAIB from Bank Indonesia. In 2018, SKAI was reviewed by PT Ernst & Young Indonesia ("EY"), for the period May 2015-May 2018. The results of the "Independent Examination Regarding the Implementation of Standards for Commercial Bank's Internal Audit Function (SPFAIB)" dated July 27, 2018 are "Generally Conforms" to SPFAIB and has been sent to OJK on July 30, 2018.

The SKAI audit plan is prepared annually and is stated in the Annual Internal Audit Plan of Bank Danamon which is approved by the President Director and the Board of Commissioners through the Audit Committee. The scope of the audit covers all business units and supporting units at Bank Danamon. The scope of audit of SKAI covers the adequacy and effectiveness of the Bank Danamon's control system, compliance with internal and external regulations and quality of performance. In carrying out its functions, SKAI refers to the Implementation of Standards for Commercial Bank's Internal Audit Functions (SPFAIB) and the Control System and Internal Audit for the Implementation of Information Technology from Bank Indonesia and the International Standards for the Professional Practice of Internal Audit (IPPF) from The Institute of Internal Auditors (IIA).

SKAI has reported all findings of the audit to the Board of Commissioners through the Audit Committee and to the President Director and delivered significant findings on a regular basis. SKAI has monitored, analyzed and reported on the progress of the follow-up improvements made by the auditees periodically to the Board of Commissioners through the Audit Committee. The Board of Directors ensures that the follow-up of each of the Bank Danamon internal audit findings has been carried out by the working unit concerned with reference to the policies and directions of the Board of Commissioners through the Audit Committee. SKAI has made and updated work guidelines and systems and procedures to carry out tasks for internal auditors on a regular basis and as needed, including updating internal audit charter.

The audit program and audit scope are adequate and in accordance with the SPFAIB principles covering the principles of independence, objectivity and unlimited access in carrying out the audit function. The number and quality of internal auditors are adequate and in accordance with the approved audit plan.

7. Implementation of the external audit function is adequate with assignment in accordance with the provisions. Based on the Annual GMS dated March 20, 2018, appointed Doctorandus M. Jusuf Wibisana, M.Ec., CPA, as a Public Accountant (AP) and Tanudiredja, Wibisana, Rintis & Partners (member firms of the PwC global network) as Public Accountant Firm (KAP) registered with the Indonesian Institute of Certified Public Accountants (IAPI) and OJK. The scope of the assignment is an audit of the consolidated financial statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for fiscal year 2018. The professional standards of public accountants used are Audit Standards issued by IAPI. The audit interim results submitted for fiscal year 2018 illustrate the condition of banks actually based on the objective analysis of the auditor and has been submitted in accordance with the time limit specified. The interim audit results for 2018 financial year communicated to the OJK (Supervisor) have covered and are in accordance with the scope of the audit as stipulated in the applicable provisions. The Public Accountant will submit the final audit results for the 2018 financial year in the first quarter of 2019. The auditor has acted objectively during the audit process.
8. Bank has an Integrated Risk Management Policy that regulates the Risk Management Framework for Banks and the Financial Conglomeration and the Implementation of Risk Management in each type of risk comprehensively. This policy is also complemented by derivative policies made separately including Credit Risk Management Policy, Operational Risk Management Policy, Market and Liquidation Risk Management Policy, Business Continuity Management Policy, Information Security Policy and Group Risk Appetite Statement (RAS) and RAS Cascading RAS Policy.

These policies are reviewed periodically so that they can be used effectively as guidelines in identifying, measuring, monitoring and controlling risks. In addition, the Bank has Group Risk Appetite Statement (RAS) and RAS Cascading.

In second semester of 2018, the Integrated Risk Management Policy has been reviewed in accordance with applicable regulations and current conditions. The duties and responsibilities of the Board of Directors and Board of Commissioners regarding Risk Management are clearly stipulated in the Bank's Integrated Risk Management Policy. The Board of Directors established Risk Management Committee to assist in the implementation of risk management functions. The Bank's ability to manage inherent risk and the quality of risk management implementation is categorized as good and adequate. This is indicated by the results of the assessment of Bank Danamon's risk profile as a whole composite rating of the Bank which is ranked 2 (Low to Moderate).

The Board of Commissioners is assisted by the Risk Monitoring Committee in carrying out the function of monitoring the implementation of risk management. The main role of the Risk Monitoring Committee is to monitor, report and provide recommendations to the Board of Commissioners regarding the implementation of risk management.

The internal control system in the application of risk management has been quite comprehensive and adequate, among others, through the approach of three lines of defense, stipulating the authority to monitor policies, procedures and limits, clear organizational structure, implementing an adequate four eyes principle, applying risk awareness and culture as well as adequate procedures for compliance with regulations. Internal audits of the risk management process are also carried out and improvements to the audit findings are monitored.

9. Bank has policies and procedures regarding the provision of funds to related parties and large exposures. Policies and procedures for providing funds to related parties and large exposures are adjusted to the applicable regulations (if there are changes). In 2018, the Guideline on LLL and Related Parties has been reviewed in accordance with applicable regulations and current conditions.

Provision of funds is approved by the Board of Directors through the Credit Committee independently and in accordance with the authority to approve credit. Especially the provision of funds to related parties, must go through the Compliance Director's review and get approval from the Board of Commissioners.

There are no violations and exceeds of the maximum legal lending limit to related parties and the provision of large funds. Bank Danamon always monitors the maximum legal lending limit

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and diversification of the funding portfolio by considering the condition of the Bank's capital and applying the prudential principles and applicable regulations in providing funds. Bank Danamon regularly submits reports on Provision of Funds to the Related Parties properly and in accordance with the specified deadline.

10. Sufficiency of transparency in financial and non-financial conditions and reports on the implementation of corporate governance are adequate. The Bank has operational and marketing collateral policies that are made and reviewed in accordance with the provisions of the Consumer Protection in the Financial Services Sector. The bank carries out the necessary trainings and certifications to the marketing officer in accordance with the product provisions. In product launches, Bank Danamon through marketing officers deliver and explain product information to customers in accordance with the guidelines prepared. All product information documents that will be marketed to customers are first reviewed by the relevant working units. The Bank always announces financial and non-financial reports routinely through printed media and through the company's website and submits financial and non-financial reports to OJK.

11. Bank has a strategic plan in the form of a Corporate Plan and a Business Plan in accordance with the Bank's vision and mission. The Bank's Business Plan has been prepared by the Board of Directors and approved by the Board of Commissioners and is fully supported by the owner, reflected in the commitment and efforts of the owner in maintaining a healthy Bank capital, where the Bank's capital ratio remains above the minimum ratio set by the regulator.

The Bank prepares a Business Plan by considering macro and micro conditions, risk appetite, infrastructure, strategies and paying attention to the prudential principles and responsiveness to internal and external changes. The Board of Directors has communicated the Bank Danamon's Corporate Plan and Business Plan (RBB) to the Controlling Shareholders and to all levels of the organization of Bank Danamon through an offsite meeting forum. The Board of Commissioners has supervised the implementation of the RBB through Board of Commissioners meetings and/ or Joint meetings, and based on the Board of Commissioners' oversight report.

Bank's Positive growth has provided benefits to stakeholders, both economically and non-economically. The condition of the Bank's capital is very good with a capital adequacy ratio above the minimum requirements set by the regulator. The Bank has also implemented the Internal Capital Adequacy Assessment Process (ICAAP) in conducting capital management. Based on the internal assessment process, the capital adequacy ratio is well above the required level, both internally and as required by the regulator.

In general, there are no significant problems in the implementation of Corporate Governance principles at Danamon. Good Corporate Governance principles have been applied thoroughly and structured to three aspects of governance, namely governance structure, governance process and governance outcome. Reviews of activities, processes, policies and strategies are carried out continuously to achieve optimal processes and effective controls.

EXTERNAL ASSESSMENT

ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard)

Danamon continues to make improvements in the implementation of corporate governance principles so that it is expected to achieve good corporate governance that ultimately can provide added value to all Danamon stakeholders. One of the efforts made by Danamon is to use the ASEAN CG Scorecard as a guide for improving the implementation of sustainable corporate governance principles.

In addition to the self assessment of the implementation of corporate governance as regulated by the provisions of OJK, Danamon is also assessed by the Indonesian Institute for Corporate Directorship (IICD), RSM and OJK based on the ASEAN CG Scorecard principles. Danamon conducts self assessment to determine the necessary action plan improvements.

ACHIEVEMENT OF CORPORATE GOVERNANCE IMPLEMENTATION

In 10th Indonesian Institute for Corporate Directorship (IICD) Corporate Governance Award, Danamon received the award "IICD Corporate Governance Award 2018" as one of the Top 50 Big Capitalization Public Listed Company, a public company with the best corporate governance practices for "Best Financial Sector" category. This award is given to public companies that have implemented good corporate governance best practices based on the parameters in the ASEAN CG Scorecard.

REPORTS OF DANAMON'S CORPORATE GOVERNANCE IMPLEMENTATION

The Corporate Governance Implementation Report covers all aspects of the implementation of corporate governance at Danamon, which are formulated by referring to prevailing legislative regulations and implementation of corporate governance best practices that are universally applicable. The issuance of Danamon's corporate governance implementation report is part of the responsibility for implementing transparency principles towards the stakeholders and fulfilling applicable laws and regulations.

General Meeting of Shareholders (GMS)

The General Meeting of Shareholders (GMS) is the highest organ in Danamon's corporate governance, which is a forum for shareholders to take decisions with due regard to the articles of association and legislation. Decisions taken at the GMS are based on the interests of Danamon, and are carried out fairly and transparently.

GMS consists of the Annual GMS and Extraordinary GMS, as follows:

1. Annual General Meeting of Shareholders (AGMS)
 - a. AGMS must be held by the Board of Directors annually, at the latest by the end of June, as referred to in the statutory regulations preceded by the GMS Announcement and Invitation;
 - 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. AGMS decides on the agenda or on matters that have been submitted in accordance with the statutory regulations and Danamon's Articles of Association.
2. Extraordinary General Meeting of Shareholders (EGMS)
 - a. EGMS can be held by the Board of Directors at any time based on the needs for the interests of Danamon in accordance to the statutory regulations and Danamon's Articles of Association preceded by the GMS Announcement and Invitation;
 - b. In the EGMS, the proposed agenda may be determined in accordance with the provisions of the Articles of Association and the prevailing laws and regulations.

Legal Basis for GMS Implementation

The GMS held by Danamon is carried out by referring to Law No. 40 Year 2007 concerning Limited Liability Companies, FSA Regulation No. 32/POJK.04/2014 dated December 8, 2014 concerning Planning and Holding General Meetings of Shareholders of Public Limited Companies along with the amendment rules through FSA Regulation No. 10/POJK.04/2017 dated March 14, 2017, Danamon's Articles of Association and Danamon's Corporate Governance Guidelines.

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 Rp 50,000.00 per share and 17,760,000,000 Series B shares with voting rights, each with a nominal value of Rp 500.00 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 and 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 amendments in the Articles of Association and other changes related to the Company, the right to participate effectively and to exercise his/her votes in the GMS, as well as the right to obtain information in relation to the GMS, including agenda, rules and procedures for voting.

Danamon protects the rights of shareholders and facilitates the implementation of the basic rights of shareholders. The basic rights of shareholders are, among others:

1. Attend and vote in the GMS;
2. Obtain relevant and material information about Danamon in a timely and orderly manner;
3. Obtain the ownership registration method;
4. Assign or transfer shares;
5. Appoint and dismiss the Board of Directors and the Board of Commissioners;
6. Receive a portion of Danamon's profit; and
7. Perform other rights and authorities pursuant to Danamon's Articles of Association and the prevailing laws and legislations.

The rights and authorities of shareholders are regulated in detail in the Articles of Association of Danamon that can be accessed through Danamon's website (www.danamon.co.id).

Limitation of Shareholders

1. Shareholders are not allowed to intervene in the operational activities of Danamon, and the Board of Directors and the Board of Commissioners must reject such intervention.
2. The controlling shareholders can coordinate the preparation of business strategy, corporate plan, and business plan.
3. Supervision by the controlling shareholders can only be performed through the GMS or policy coordination and conducting audits in accordance with the applicable regulations.
4. The controlling shareholders must avoid any conflict of interest.
5. The controlling shareholders must not abuse the dominance of ownership or control that could lead to violations of the principles of corporate governance.
6. The Board of Commissioners and Board of Directors must refuse requests for information regarding Danamon by the controlling shareholder that does not comply with the principle of fairness and equality.
7. Shareholders may not take advantage of Danamon for personal, family, company or business interest in a manner that is contrary to the legislation and the principle of fairness which is commonly applicable in the banking and financial sectors.

Access to Information for Shareholders

Shareholders may obtain information regarding Danamon through various communication media facilitated by Danamon, such as the GMS, public exposure, analyst briefing, publication of quarterly financial statements and annual report, the website, as well as email access to Investor Relations (investor.relations@danamon.co.id) and Corporate Secretary (corpsec@danamon.co.id).

Voting and Vote Counting Mechanisms at GMS

Danamon prepares the GMS Rule of Conduct. The GMS Rule of Conduct is disclosed on Danamon website, recited by the chairman of the meeting at the beginning of the GMS. The GMS Rule of Conduct includes the voting and vote counting procedures. Prior to the voting, the chairman of the meeting gives the shareholders, or proxy of shareholders, the opportunity to ask questions and/or opinions, having the right to ask and/or voice opinions 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:

1. GMS decisions are taken based on deliberation to reach consensus. In the case of a decision based on consensus not being reached, the decision is made by voting.
2. Decision-making by voting is conducted with due regard to the provisions of attendance quorum and GMS decision quorum as stipulated in Danamon's Articles of Association.
3. 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 with a different voice.

4. In the vote counting, 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.
5. In voting, members of the Board of Commissioners, the Board of Directors and employees are prohibited from acting as the proxy of shareholders.
6. In the event of a GMS decision related to cash dividend distribution, the disbursement to those that are entitled is effected no later than 30 (thirty) days after the publication of the summary minutes of GMS that decides the cash dividend distribution.

2018 GMS

Holding of AGMS and EGMS

In 2018, Danamon has held 1 (one) AGMS and 2 (two) EGMS in which one of the EGMS was held along with the 2018 AGMS. The 2018 AGMS and EGMS holding mechanism was carried out in accordance with the provisions in the Bank's Articles of Association and FSA Regulation No. 32/POJK.04/2014 concerning Planning and Holding General Meetings of Shareholders of Public Limited Companies and FSA Regulation No. 10/POJK.04/2017 dated March 14, 2017 concerning Amendments to FSA Regulation No. 32/POJK.04/2014.

AGMS and EGMS March 20, 2018

Danamon held the AGMS which was continued with the EGMS on March 20, 2018.

AGMS and EGMS holding process on March 20, 2018 was as follows:

Date and Time	Tuesday, March 20, 2018: AGMS – started at 09.50 a.m. West Indonesia Time and closed at 11.40 a.m. West Indonesia Time EGMS – started at 11.58 a.m. West Indonesia Time and closed at 12.51 p.m. West Indonesia Time
Venue	The venue for the GMS is Danamon's location of domicile and is easily accessible to shareholders: Menara Bank Danamon, Auditorium, 23 rd Floor, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, and South Jakarta 12920.
Quorum (Attendance of Shareholders)	In accordance with the Register of Danamon Shareholders as of February 23, 2018, the number of entitled Shares is 9,584,643,365 shares. The number of shares with voting rights that attended or being represented at the AGMS is 8,882,784,105 shares or approximately 92.677% of the total shares issued by Danamon, meanwhile, the number of shares with voting rights that attended or being represented at the EGMS is 8,883,015,450 shares or approximately 92.68% of the total shares issued by Danamon. Therefore, it meets the decision-making quorum requirements for the AGMS agenda (i.e. more than 1/2 of the total shares that have been placed and paid up by the Shareholders with valid voting rights) and decision-making quorum requirements for the first agenda of the EGMS (i.e. 2/3 of the total shares that have been placed and paid up by the Shareholders with valid voting rights). Thus, the GMS is valid to take place and make decisions.
Chairman of the AGMS and EGMS	The GMS was chaired by Johannes Berchmans Kristiadi Pudjosukanto, Vice President Commissioner (Independent) of Danamon, in accordance with Danamon's Articles of Association and Circular Resolutions of the Board of Commissioners.
Attendance of members of the Board of Commissioners including the President Commissioner	Ng Kee Choe as the President Commissioner and all members of the Board of Commissioners were present.
Attendance of the Sharia Supervisory Board	Prof. Dr. H. M. Din Syamsuddin as Chairman of the Sharia Supervisory Board and Dr. Hasanudin, M. Ag as a member of the Sharia Supervisory Board were present.
Attendance of the Chairman of the Audit Committee and Members of the Audit Committee	Made Sukada as Chairman of the Audit Committee was present. Angela Simatupang as a member (Independent Party) of the Audit Committee and Yusuf Nawawi as a member (Independent Party) of the Audit Committee were present.
Attendance of the Chairman of the Nomination Committee and Remuneration Committee	Johanes Berchmans Kristiadi Pudjosukanto as the Chairman of Nomination Committee and Remuneration Committee was present.
Attendance of the Chairman of Risk Monitoring Committee	Manggi T. Habir as the Chairman of Risk Monitoring Committee was present.
Attendance of members of the Board of Directors including President Director	Sng Seow Wah as President Director and all other members of the Board of Directors were present.
Attendance of Compliance Director	Rita Mirasari as Compliance Director was present.

Independent parties to calculate the quorum and voting of the AGMS and EGMS decisions	Danamon has appointed P. Soetrisno Tampubolon, SH, MKN as a Public Notary and PT Raya Shares Registra as the Securities Administration Bureau to calculate the quorum and voting.
Number of Shareholders who ask questions and/ or give opinions at the AGMS and EGMS	6 (six) Shareholders asked questions, in the first agenda of the AGMS were 2 (two) people, in the second agenda of the AGMS was 1 (one) person, in the third agenda of the AGMS was nil, in the fourth agenda of the AGMS was 1 (one) person, in the fifth agenda of the AGMS was 1 (one) person, in the first agenda of the EGMS was 1 (one) person and in the second and third agenda of the EGMS was nil.
The decision-making mechanism at the AGMS and EGMS	<p>a. Meeting decisions were taken based on deliberation to reach consensus. In the case of a decision based on deliberation for consensus was not reached, a decision was valid if approved by more than 1/2 of the total shares with valid voting rights presented or being represented at the Meeting;</p> <p>b. voting on each agenda of the Meeting was conducted through a closed polling with select and tick procedure:</p> <ul style="list-style-type: none"> • AGREE Vote; or • AGAINST Vote; or • ABSTAIN/ BLANK Vote, <p>on the Voting Card which has been distributed before the Meeting starts; and</p> <p>c. shareholders or shareholders proxies who did not submit the Voting Card or left the meeting room when the vote on the proposed decision of the Meeting's agenda was taking place, was considered as NO VOTE.</p>

In connection with the holding of the GMS, Danamon's Board of Directors carried out the following disclosures:

1. Notification of the planned holding of GMS to the Financial Services Authority and the Indonesia Stock Exchange, respectively on February 2, 2018;
2. Announcement of the planned holding of the GMS, on February 9, 2018 in the Bisnis Indonesia daily newspaper and upload it to the Danamon website: www.danamon.co.id ("Danamon website") on the same day and date;
3. Invitation to attend the GMS, on February 26, 2018 in Bisnis Indonesia daily newspaper and upload it to the Danamon website on the same day and date;
4. Upload the announcement, invitation, explanation of GMS

Agenda, and other GMS materials to the IDX Website: www.idx.co.id through the IDXNet reporting system; and

5. Upload the explanation of GMS Agenda, Public Accountant and Public Accounting Firm Profiles, GMS Rules of Conduct, and other GMS materials to the Danamon website, on February 26, 2018.

RESOLUTION AND REALIZATION OF AGMS AND EGMS RESULTS ON MARCH 20, 2018

The AGMS on March 20, 2018 has decided on 5 (five) meeting agendas and the EGMS on March 20, 2018 has decided on 3 (three) meeting agendas. All meeting resolutions have been realized in 2018, as listed below:

Agenda Resolutions and Realization of AGMS Decisions on March 20, 2018

AGMS – The First Agenda		Realization
1. Approve the annual report of the Company's for financial year ended at December 31, 2017;		Realized in 2018
2. Ratify the financial statements of the year ended December 31, 2017 which was audited by the Public Accounting Firm of Tanudiredja, Wibisana, Rintis & Partner, a firm member of the PricewaterhouseCoopers as stipulated in the Independent Auditor's Report of January 26, 2018 Number 180126007/DC2/MJW/2018 with an unqualified opinion;		
3. Ratify the annual Supervisory Report of the Board of Commissioners of the Company for financial year ended at December 31, 2017; and		
4. Give release and discharge ("vloedig acquit et décharge") to: (i) the Board of Directors in the performance of duties and responsibilities for the management as well as the duties and responsibilities to represent the Company; (ii) the Board of Commissioners in the performance of duties and oversight responsibilities, duties, and responsibilities in providing advice to the Board of Directors, assist the Board of Directors, and give approval to the Board of Directors; and (iii) the Sharia Supervisory Board in the performance of duties and responsibilities of supervision of the Sharia aspects of the implementation of the Company's business activities in accordance with Islamic principles as well as providing advice and suggestions to the Board of Directors, which is done in the financial year ending December 31, 2017, as long as the duties and responsibilities are reflected in the annual report for the financial year ended December 31, 2017.		
Voting results		
Total of Majority Votes and Approve Votes: 8,870,884,578 shares or 99.866%		
Total of No Votes: 11,674,127 shares or 0.131%		
Abstain	Disapprove	Approve
1,705,500 shares or 0.019%	225,400 shares or 0.003%	8,869,179,078 shares or 99.847%

AGMS – The Second Agenda				Realization
Approve the appropriation of the Company's net profit for the financial year ended December 31, 2017 in total amount of IDR3,681,551,000,000 detailed as follows:				Realized in 2018
1. 1% of the net profit or IDR 36,816,551,000 to be set aside for the reserve fund to comply with Article 70 of Law number 40 of 2007 on Limited Liability Companies;				
2. 35% of the net profit or amounting to IDR1,288,542,850,000 or approximately IDR134.44 per share (with the assumption that total number of shares issued by the Company on the Recording Date shall not be more than 9,584,643,365 shares), shall be paid as dividends for the year of 2017, with the following conditions:				
a. Dividend shall be paid to the shareholders whose names are registered in the Shareholders' Registry on a date to be stipulated by the Board of Directors of the Company (further referred to as the "Recording Date");				
b. Dividends which are unclaimed after period of 5 (five) years as from the date of payment of the dividends has been elapsed shall be included in the Special Reserves Funds. Procedures to claim Dividend which has been recorded in the Special Reserve Fund can be accessed through the Company's website;				
c. The Board of Directors will deduct dividend tax for the financial year 2017 in accordance with the prevailing tax regulations to the shareholders;				
d. The Board of Directors is hereby authorized and empowered to stipulate all matters regarding or relating to the implementation of dividend payment for the financial year 2017, including (however without limitation) to:				
1) Determine the Recording Date for the shareholders of the Company who are entitled to receive dividend payment for the financial year 2017; and				
2) determine the date of implementing payment of dividend for the financial year 2017, taking into consideration and without prejudice to the regulations of the Stock Exchange where the shares of the Company are listed;				
3. The remaining amount of the net profit for the financial year 2017 which is not determined shall be posted as retained earnings of the Company.				
Voting results				
Total of Majority Votes and Approve Votes: 8,876,923,013 shares or 99.934%				
Total of No Votes: 5,861,092 shares or 0.066%				
Abstain				
Disapprove				
Approve				
Nil				
Nil				
8,876,923,013 shares or 99.934%				

AGMS – The Third Agenda				Realization
Appoint Mr. Doktorandus M. Jusuf Wibisana, M.Ec., CPA as Public Accountant and Public Accounting Firm Tanudiredja, Wibisana, Rintis & Partner, member firm of PricewaterhouseCoopers as a Public Accounting Firm that listed in the Indonesia Financial Services Authority to audit the Company's financial statement for the financial year 2018 and give authority to the Board of Commissioners to determine the amount of honorarium and other requirements relating to the appointment of the Public Accounting Firm, with the consideration of the recommendation of the Audit Committee.				Realized in 2018
Voting results				
Total of Majority Votes and Approve Votes: 8,880,277,773 shares or 99.972%				
Total of No Votes: 2,506,332 shares or 0.028%				
Abstain				
Disapprove				
Approve				
Nil				
Nil				
8,880,277,773 shares or 99.972%				

AGMS – The Fourth Agenda				Realization
1. a. approve the payment of tantieme/bonus which will be distributed to the Board of Commissioners of the Company for the financial year 2017; b. approve the total amount of the remuneration and/or other allowances for the Board of Commissioners of the Company for the financial year 2018 to be estimated at IDR15,436,716,768 gross; and c. approve the delegation of authority to the President Commissioner of the Company to determine portion of tantieme/bonus for the financial year 2017 and the remuneration/honorarium and any other allowance for the financial year 2018, for each member of the Board of Commissioners of the Company, based on the recommendation of Remuneration Committee;				Realized in 2018
2. a. approve the payment of tantieme which will be distributed to the Sharia Supervisory Board of the Company for the financial year 2017; b. approve the total amount of the remuneration and other allowances for the Sharia Supervisory Board of the Company for the financial year 2017 to be estimated at IDR 633,369,690 gross; and c. approve the delegation of authority to the Board of Commissioners of the Company to determine portion of tantieme/bonus for the financial year 2017 and the remuneration/ honorarium and any other allowance for the financial year 2018, for each member of the Sharia Supervisory Board of the Company, based on the recommendation of Remuneration Committee				
3. a. approve the payment of tantieme/bonus which will be distributed to the Board of Directors of the Company for the financial year 2017; b. approve the total amount of the remuneration and other allowances for the Board of Directors of the Company for the financial year 2018 to be estimated at IDR47,181,718,910; and c. approve the delegation of authority to the Board of Commissioners of the Company to determine portion of tantieme/bonus for the financial year 2017 and the remuneration/honorarium and any other allowance for the financial year 2018 for each member of the Board of Directors of the Company, based on the recommendation of Remuneration Committee				
Voting results				
Total of Majority Votes and Approve Votes: 8,875,787,052 shares or 99.921%				
Total of No Votes: 5,043,347 shares or 0.057%				
Abstain				
Disapprove				
Approve				
27,168,900 shares or 0.306%				
1,953,706 shares or 0.022%				
8,848,618,152 shares or 99.615%				

AGMS – The Fifth Agenda

Realization

1. a. accept of resignation of **Vera Eve Lim** from her title as the Director of the Company with the expression of thanks for the services given by her during her tenure to the Company; Realized in 2018
- b. dismiss with honor of **Michellina Laksmi Triwardhany** from her title as the Director of the Company and at the same time to appoint **Michellina Laksmi Triwardhany** as the Vice President Director of the Company effective after this Meeting is adjourned with the terms of service until the end of the term of service of the incumbent Board of Directors; the appointment of **Michellina Laksmi Triwardhany** has been approved from Financial Services of Authority with the letter number SR-43/PB.12/2018, dated 16 March 2018 so that the appointment becomes effective upon closing of this Meeting;
- c. approve the appointment of:
- Mr. **Dadi Budiana** as the Director of the Company;
 - Mr. **Yasushi Itagaki** as the Director of the Company;
- the appointment is effective since the date of passing fit and proper test from Financial Services of Authority with the terms of service until the end of the term of service of the incumbent Board of Directors. Distribution of task and authority the Board of Directors will be determined by the decision of the Board of Directors;
- d. approve the appointment of:
- Mr. **Takayoshi Futae as the Commissioner of the Company;**
 - Mr. **Peter Benyamin Stok** as the Independent Commissioner of the Company,

the appointment is effective since the date of passing fit and proper test from Financial Services of Authority with the terms of service until the end of the term of service of the incumbent Board of Commissioner;

Thus the membership of the Board of Directors and the Board of Commissioners of the Company is as follows:

BOARD OF DIRECTORS

1. President Director	Sng Seow Wah	6. Director	Heriyanto Agung Putra
2. Vice President Director	Michellina Laksmi Triwardhany	7. Director	Dadi Budiana*
3. Director	Herry Hykmanto	8. Director	Yasushi Itagaki*
4. Director	Satinder Pal Singh Ahluwalia	9. Director (Independent)	Rita Mirasari
5. Director	Adnan Qayum Khan		

* the appointment of Mr. Dadi Budiana and Mr. Yasushi Itagaki is effective since the date of passing fit and proper test from Financial Services of Authority. (As per December 31, 2018 Mr. Dadi Budiana and Mr. Yasushi Itagaki has received FSA approval).

BOARD OF COMMISSIONERS

1. President Commissioners	Ng Kee Choe	5. Commissioner	Ernest Wong Yuen Weng
2. Vice President Commissioner (Independent)	Profesor Dr. Johannes Berchmans Kristiadi Pudjosukanto	6. Commissioner (Independent)	Made Sukada
3. Commissioner	Gan Chee Yen	7. Commissioner	Takayoshi Futae*
4. Commissioner (Independent)	Manggi Taruna Habir	8. Commissioner (Independent)	Peter Benyamin Stok*

* the appointment of Mr. Takayoshi Futae and Mr. Peter Benyamin Stok is effective since the date of fit and proper test from Financial Services of Authority. (As per December 31, 2018 Mr. Takayoshi Futae and Mr. Peter Benyamin Stok has received FSA approval).

all members with the tenure ended at the adjournment of the Annual General Meeting of the Shareholders for the financial year ended at December 31, 2019, which will be convened at the latest in June 2020, without prejudice to the right of Annual General Meeting of Shareholder to dismiss him (them) at any time.

2. Approve to appoint Mr. Drs. Asep Supyadillah, M.Ag to replace Mr. Drs. Karnaen A. Perwataatmadja, MPA, FIS (has passed away) as a member of the Sharia Supervisory Board which is effective since the date of passing fit and proper test from Financial Services of Authority. Furthermore, with the composition of the Sharia Supervisory Board as follows:

SHARIA SUPERVISORY BOARD

1. Chairman	Prof. DR. HM Din Syamsudin
2. Member	Dr. Hasanudin M. Ag.
3. Member	Drs. Asep Supyadillah, M.Ag*

* the appointment of Mr. Drs. Asep Supyadillah, M. Ag. Is effective since date of passing fit and proper test from Financial Services of Authority, with the tenure ended at the adjournment of the Annual General Meeting of the Shareholders for the financial year ended at December 31, 2019, which will be convened at the latest in June 2020, without prejudice to the right of Annual General Meeting of Shareholder to dismiss him (them) at any time; and

3. authorize the Board of Directors of the Company to declare the decisions of the meeting in deed made before a notary; to access Legal Entity Administration System; to submit a notice regarding the data changes to the Ministry of Law and Human Rights of Republic of Indonesia in order to obtain Receipt of notice on Company's data changes from the Ministry of Law and Human Rights of Republic of Indonesia as referred in the Article 94 paragraph (7) and Article 111 paragraph (7) of the Limited Liability Company Law.

Voting results

Total of Majority Votes and Approve Votes: 8,879,358,874 shares or 99.961%

Total of No Votes: 2,352,531 shares or 0.026%

Abstain	Disapprove	Approve
122,700 shares or 0.001%	1,072,700 shares or 0.012%	8,879,236,174 shares or 99.960%

Agenda, Resolutions and Realization of EGMS Decisions on March 20, 2018

EGMS – The First Agenda				Realization
1.	Approve the Acquisition of the Company by The Bank of Tokyo-Mitsubishi UFJ, Ltd. through the purchase of 20.1% of Danamon's shares.			Realized in 2018
2.	Give authorization to the Board of Directors with substitution rights to perform any and all actions with regard to matters relating to the Acquisition of the Company by The Bank of Tokyo Mitsubishi UFJ, Ltd., in accordance to the governing regulations.			
<div>Total of Majority Votes and Approve Votes: 8,877,719,261 shares or 99.94%</div> <div>Total of No Votes: 5,269,225 shares or 0.059%</div>				
Voting results	Abstain	Disapprove	Approve	
	Nil	26,964 shares or 0.0003%	8,877,719,261 shares or 99.940%	

EGMS – The Second Agenda				Realization
1.	Approve the plan to amend Article 24 Paragraph 1 of the Company's Article of Association to state as follow: Article 24			Realized in 2018
1	Unless otherwise provided for in this Articles of Association, the attendance quorum and decision of the GMS with regard to matters which must be decided upon in a GMS, including (but not limited to) decisions concerning the issuance of Equity Securities, addition of issued and paid-up capital within the limit of the authorized capital, change in members of the Board of Directors, change in members of the Board of Commissioners, approval of the annual report, ratification of the annual financial statements, ratification of the report on the supervisory duties of the Board of Commissioners and decision concerning the utilization of profit, must fulfill the following provisions:			
a.	Shareholders and/or their authorized representatives representing at least 2/3 (two thirds) of the total number of shares with valid voting rights issued by the Company are present in the GMS. The decisions of the GMS shall be made based on deliberation for consensus. In the event that decision based on deliberation for consensus is not reached, a decision shall be valid if it is approved by more than 2/3 (two-thirds) of the total number of shares with valid voting rights which are present or are represented in the GMS, unless otherwise provided for by the provisions of laws and regulations.			
b.	In the event that the attendance quorum of the first GMS cannot be reached, the second GMS may be held. The second GMS shall be valid and entitled to make decisions if shareholders and/or their authorized representatives representing at least 3/5 (three-fifths) of the total number of shares with valid voting rights issued by the Company are present or are represented in the GMS. Decisions of the GMS shall be made based on deliberation for consensus. In the event that a decision based on deliberation for consensus is not reached, a decision shall be valid if approved by more than 1/2 (one-half) of the total number of shares with valid voting rights present in the second GMS, unless otherwise provided for by the provisions of laws and regulations.			
c.	In the event that the attendance quorum for the second GMS is not reached, upon the Company's request, the attendance quorum, number of votes for decision making, invitation and time for holding the third GMS shall be stipulated by the competent institution and authorities in accordance with laws and regulations.			
2.	Approve to restate all of the Company's Articles of Association including the amendment of Article 24 Paragraph 1 of the Company's Article of Association.			
3.	Give the authorization to the Board of Directors of the Company with substitution rights, to perform any and all actions with regard to matters relating to the amendment of Article 24 paragraph 1 of the Company's Article of Association and the re-statement of the Company's Articles of Association in consideration of the governing regulations.			
<div>Total of Majority Votes and Approve Votes: 7,446,802,986 shares or 83.832%</div> <div>Total of No Votes: 2,920,176 shares or 0.003%</div>				
Voting results	Abstain	Disapprove	Approve	
	22,684,300 shares or 0.255%	1,433,292,288 shares or 16.135%	7,424,118,686 shares or 83.577%	

EGMS – The Third Agenda				Realization
1.	To approve the Bank's Recovery Plan to satisfy Article 3 and Article 5(b) OJK Regulation No. 14/POJK.03/2017 on the Recovery Plan for Systemic Bank which has been submitted to OJK through letter dated 21 December 2017, including the issuance of debt instrument or investment instrument which has capital characteristic or debt instrument which can be written-down in the amount as approved by OJK subject to the applicable regulations and/or its amendment in the future, if any, subject to the applicable regulations.			Realized in 2018
2.	To approve granting authority to the Board of Commissioners and/or Board of Directors with right of substitution, to perform each and all actions related to the Bank's Recovery Plan by observing OJK Regulation No. 14/POJK.03/2017 on the Recovery Plan for Systemic Bank including the issuance of debt instrument or investment instrument which has capital characteristic or debt instrument which can be written-down.			
<div>Total of Majority Votes and Approve Votes: 8,874,268,327 shares or 99.902%</div> <div>Total of No Votes: 8,747,123 shares or 0.098%</div>				
Voting results	Abstain	Disapprove	Approve	
	223,000 shares or 0.003%	Nil	8,874,045,327 shares or 99.899%	

EGMS on November 19, 2018

Danamon held the EGMS on November 19, 2018.

Date and Time	Monday, November 19, 2018 : EGMS - started at 09.45 a.m. West Indonesia Time and closed at 10.08 am West Indonesia Time
Venue	The venue for the GMS is Danamon's location of domicile and is easily accessible to shareholders: Menara Bank Danamon, Auditorium, 23 rd Floor, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, and South Jakarta 12920.
Quorum (Attendance of Shareholders)	In accordance with the Register of Danamon Shareholders as of October 25, 2018, the number of entitled Shares is 9,584,643,365 shares. The number of shares with voting rights that attended or being represented at the Meeting was 8,729,462,925 shares or approximately 91.08% of the total shares issued by Danamon. Therefore, it has fulfilled the decision-making quorum requirements for the EGMS agenda (i.e. more than 2/3 of the total shares that have been placed and paid by the Shareholders with valid voting rights) and decision-making quorum requirements for the first agenda of the Meeting (i.e. 2/3 of the total shares issued and paid up by the Shareholders with valid voting rights) and the second agenda of the Meeting (i.e. 2/3 of the total shares that have been placed and paid up by the Shareholders with valid voting rights). Thus, the GMS is valid to take place and make decisions.
Chairman of the EGMS	The GMS was chaired by Johanes Berchmans Kristiadi Pudjosukanto, Vice President Commissioner (Independent) of Danamon, in accordance with Danamon's Articles of Association and Circular Resolutions of the Board of Commissioners.
Attendance of members of the Board of Commissioners including the President Commissioner	Ng Kee Choe as the President Commissioner and all members of the Board of Commissioners were present.
Attendance of the Sharia Supervisory Board	Dr. Hasanudin, M. Ag and Drs. Asep Supyadillah, M. Ag as members of the Sharia Supervisory Board were present.
Attendance of the Chairman of the Audit Committee and Members of the Audit Committee	Made Sukada as Chairman of the Audit Committee was present. Angela Simatupang as a member (Independent Party) of the Audit Committee and Yusuf Nawawi as a member (Independent Party) of the Audit Committee were present.
Attendance of the Chairman of the Nomination Committee and Remuneration Committee	Johanes Berchmans Kristiadi Pudjosukanto as the Chairman of Nomination Committee and Remuneration Committee was present.
Attendance of the Chairman of Risk Monitoring Committee	Manggi T. Habir as the Chairman of Risk Monitoring Committee was present.
Attendance of members of the Board of Directors including President Director	Sng Seow Wah as President Director and all other members of the Board of Directors were present.
Attendance of Compliance Director	Rita Mirasari as Compliance Director was present.
Independent parties to calculate the quorum and voting of the EGMS decisions	Danamon has appointed P. Soetrisno Tampubolon, SH, MKN as a Public Notary and PT Raya Shares Registra as the Securities Administration Bureau to calculate the quorum and voting.
Number of Shareholders who ask questions and/ or give opinions at the EGMS	Shareholders who asked questions in the first agenda of the Meeting: nil and in the second agenda: nil.
The decision-making mechanism at the EGMS	<ol style="list-style-type: none"> Meeting decisions were taken based on deliberation to reach consensus. In the event that a decision based on deliberation for consensus is not reached, a decision is valid if it is approved by more than 2/3 (two thirds) of the total shares with valid voting rights presented and or being represented at the Meeting; and Voting for each agenda of the Meeting is carried out by raising hand with the following procedure: the Shareholders or their proxies with AGAINST or ABSTAIN votes to raise their hands and subsequently will be given voting notes to record their AGAINST or ABSTAIN votes with regard to the proposed resolution of Meeting agenda. These votes will be counted by the Notary with assistance from the Share Administration Bureau. Shareholders or their Proxies who do not raise their hands will be deemed to have AGREE vote.

In connection with the holding of the EGMS on November 19, 2018, the Board of Directors of Danamon carried out the following disclosures:

- Notification of the planned holding of GMS to the Financial Services Authority and the Indonesia Stock Exchange, respectively on October 4, 2018;
- Announcement of the planned holding of the GMS, on October 11, 2018 in the Bisnis Indonesia daily newspaper and upload it to the Danamon website: www.danamon.co.id ("Danamon website") on the same day and date;
- Invitation to attend the GMS, on October 26, 2018 in the Bisnis Indonesia daily newspaper and upload it to the Danamon website on the same day and date;
- Upload the announcement, invitation, explanation of GMS Agenda, and other GMS materials to the IDX Website: www.idx.co.id through the IDXNet reporting system; and

- Upload the explanation of EGMS Agenda, amendments to the articles in the Articles of Association of the Company, GMS Rules of Conduct, and other meeting materials on the Company's website, on October 26, 2018.

RESOLUTIONS AND REALIZATION OF EGMS RESULTS ON NOVEMBER 19, 2018

The EGMS on November 19, 2018 has decided on 2 (two) meeting agendas. All meeting resolutions have been realized in 2018, as listed below:

Agenda, Resolution and Realization of EGMS Decisions on November 19, 2018

EGMS – The First Agenda			Realization
1. Approving the amendment of Article 11 Paragraph 1 of the Company's Article of Association concerning the number of positions of Vice President Director so that Article 11 paragraph 1 of the Company's Articles of Association shall read as follows: Board of Directors Article 11 1. The Board of Directors consists of 3 or more members with the composition: <ul style="list-style-type: none"> • 1 (one) President Director; • Maksimum 2 (two) Vice President Directors; • At least 1 (one) Director. which will be applicable from the date of receipt of the notification of the amendments of Articles of Association from Minister of Law and Human Rights of the Republic of Indonesia (SPP-PAD). 2. to re-state all articles in the Company's Articles of Association which are not amended including amendment of Article 11 paragraph 1 of the Company's Articles of Association. 3. to authorize the Board of Directors of the Company to declare the decisions in one or more meeting statement deed made before a notary, notify the amendment to the Minister of Law and Human Rights of the Republic of Indonesia in order to obtain SPP-PAD.			Realized in 2018
Voting results Total of Majority Votes and Approve Votes: 8,729,462,925 shares or 100% Total of No Votes: Nil			
	Abstain	Disapprove	Approve
	Nil	Nil	8,729,462,925 shares or 100%

EGMS – The Second Agenda			Realization																
1. a. accepting the resignation of Mr. Ernest Wong Yuen Weng from his position as Commissioner of the Company as of the closing of this Meeting, with expression of thanks for the services he has provided to the Company. The granting of release and discharge (volledig acquit et de charge) to Mr. Ernest Wong Yuen Weng will be determined at the Annual General Meeting of Shareholders in accordance to his term of office; and b. approving the appointment of Mr. Masamichi Yasuda as Commissioner of the Company, where the appointment of Mr. Masamichi Yasuda will be effective after passing the Fit and Proper Test of the Financial Services Authority (OJK) where his term of office is the same as the term of office of the incumbent of the Board of Commissioners. Therefore, the composition of the Company's Board of Commissioners is as follows: BOARD OF COMMISSIONERS <table> <tr> <td>President Commissioner</td><td>Ng Kee Choe</td><td>Commissioner (Independent)</td><td>Made Sukada</td></tr> <tr> <td>Vice President Commissioner (Independent)</td><td>Johanes Berchmans Kristiadi Pudjosukanto</td><td>Commissioner</td><td>Takayoshi Futae</td></tr> <tr> <td>Commissioner</td><td>Gan Chee Yen</td><td>Commissioner (Independent)</td><td>Peter Benyamin Stok</td></tr> <tr> <td>Commissioner (Independent)</td><td>Manggi Taruna Habir</td><td>Commissioner</td><td>Masamichi Yasuda</td></tr> </table> with term of office that will end up to the closing of the third Annual General Meeting of Shareholders which will convene at the latest on 30 June 2020, without prejudice to the right of General Meeting of Shareholders to dismiss him (them) at any time; and there is no change in the composition of the Board of Directors and Sharia Supervisory Board of the Company. 2. to authorize the Board of Directors to declare the decisions of the meeting in deed made before a notary, to submit the notice regarding the data changes to the Ministry of Law and Human Rights of Republic of Indonesia in order to obtain receipt of notification of changes to the Company's data.			President Commissioner	Ng Kee Choe	Commissioner (Independent)	Made Sukada	Vice President Commissioner (Independent)	Johanes Berchmans Kristiadi Pudjosukanto	Commissioner	Takayoshi Futae	Commissioner	Gan Chee Yen	Commissioner (Independent)	Peter Benyamin Stok	Commissioner (Independent)	Manggi Taruna Habir	Commissioner	Masamichi Yasuda	Realized in 2018
President Commissioner	Ng Kee Choe	Commissioner (Independent)	Made Sukada																
Vice President Commissioner (Independent)	Johanes Berchmans Kristiadi Pudjosukanto	Commissioner	Takayoshi Futae																
Commissioner	Gan Chee Yen	Commissioner (Independent)	Peter Benyamin Stok																
Commissioner (Independent)	Manggi Taruna Habir	Commissioner	Masamichi Yasuda																
Voting results Total of Majority Votes and Approve Votes: 8,707,430,648 shares or 99.75% Total of No Votes: Nil																			
	Abstain	Disapprove	Approve																
	122,700 shares or 0.001%	22,032,277 shares or 0.25%	8,707,307,948 shares or 99.75%																

REALIZATION OF 2018 GMS RESULTS

All resolutions of the AGMS and EGMS in 2018 were realized in the same year.

Board of Commissioners

The Board of Commissioners is the organ of Danamon which has duties and responsibilities collectively for supervising and providing advices to the Board of Directors and ensuring that the company implements the principles of good corporate governance. The working relationship of the Board of Commissioners and the Board of Directors is the relationship of checks and balances with the principle that both organs have an equal position and both have the ultimate goal for the progress and health 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 in accordance with 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 Financial Services Authority. 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 the members of the Board of Commissioners had been given the opportunity to defend themselves.

Charter of the Board of Commissioners

The Board of Commissioners has owned the Charter of the Board of Commissioners 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 developed based on applicable regulations, corporate governance principles, and best practices in the implementation of good corporate governance and is reviewed periodically.

Work Ethics of the Board of Commissioners

- Prohibited from taking advantage of Danamon for personal, family, and/or other party's interests that may reduce profits or be detrimental to the reputation of Danamon and its subsidiaries.
- Prohibited from taking and/or receiving personal gain from Danamon other than remuneration and other facilities as specified in the General Meeting of Shareholders.
- Prohibited from directly or indirectly making incorrect statements about material facts or not disclosing material facts so that the statements made are not misleading about the conditions of Danamon at the time the statement was made.
- 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 is subject to the work ethics (code of conduct), applicable legislation, internal regulations and policies of Danamon.

- 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.
- The Board of Commissioners must ensure the implementation of good corporate governance in all Danamon's business activities at all levels of the organization.
- In conducting supervision, the Board of Commissioners must direct, monitor, and evaluate the strategic policy implementation of Danamon.
- The Board of Commissioners must not be involved in the decision-making of Danamon's operations, except:
 - In the case of funds provision to related parties;
 - Other matters specified in the Articles of Association of Danamon and applicable legislation.
- The Board of Commissioners must review the vision and mission of Danamon on a regular basis.
- In order to support the effective implementation of its duties and responsibilities, the Board of Commissioners has established:
 - Audit Committee
 - Risk Monitoring Committee
 - Remuneration Committee
 - Nomination Committee
 - Corporate Governance Committee
 - Integrated Corporate Governance Committee
- The Board of Commissioners must evaluate the performance of the Committees annually.
- Members of the Board of Commissioners agree to sit as a member or as a 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.
- The Board of Commissioners must ensure that the Board of Directors have followed up audit findings and recommendations of Danamon's internal audit working unit, external auditor, supervision results of Financial Services Authority/ Bank Indonesia and/or other authorities.
- The Board of Commissioners must make recommendations on improvements or suggestions submitted by the Audit Committee and submit those recommendations to the Board of Directors.
- The Board of Commissioners must safeguard all confidential documents, data, and information of Danamon.
- The Board of Commissioners must inform Financial Services Authority no later than 7 (seven) working days after the finding of:
 - Violation of legislation in the field of finance and banking; and
 - Conditions or estimated conditions that could endanger the continuity of Danamon's business
- The Board of Commissioners must monitor and evaluate the information technology strategic plan, including reviewing the policies and procedures of risk management for the utilization of information technology by Danamon, as proposed by the Board of Directors.

15. The Board of Commissioners must prepare the Charter of the Board of Commissioners, as well as review and update the charter periodically.
16. Members of the Board of Commissioners must enhance competencies through continuous education and training.

Duties and Responsibilities of the President Commissioner

Perform coordination functions on the implementation of the duties and responsibilities of the Board of Commissioners, among others:

- 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 authorities of the Board of Commissioners are stipulated in the

Articles of Association, Corporate Governance Policy, and Charter of the Board of Commissioners, as follows:

- a. Access documents, data, and information regarding Danamon's employees, funds, assets, and resources as deemed necessary.
- b. Directly communicate with the Board of Directors, employees, and other parties in connection with the implementation of its duties and responsibilities.
- c. Engage independent parties other than members of the Board of Commissioners to assist in carrying out its duties, if necessary.
- d. Carry out other authorities as granted by the Articles of Association of Danamon and the prevailing laws and regulations.

Number, Composition, Criteria, Independency and Concurrent Positions of Members of the Board of Commissioners

There were changes in the composition of the Board of Commissioners in 2018. Based on 2018 AGMS on March 20, 2018, the composition of the Board of Commissioners is as follows:

Number and Composition of the Board of Commissioners

No	Name	Position
1	Ng Kee Choe	President Commissioner
2	J.B. Kristiadi	Vice President Commissioner (Independent Commissioner)
3	Gan Chee Yen	Commissioner
4	Manggi T. Habir	Independent Commissioner
5	Ernest Wong Yuen Weng	Commissioner
6	Made Sukada	Independent Commissioner
7	Takayoshi Futae	Commissioner
8	Peter Benyamin Stok	Independent Commissioner

The number of members of the Board of Commissioners of Danamon is 8 (eight), of which the number does not exceed the number of members of the Board of Directors of 9 (nine) people.

All members with the terms since the adjournment of AGMS, with the tenure ended at the adjournment of the third Annual General Meeting of the Shareholders for the Year ended at December 31, 2019, which will be convened at the latest in June 2020, without prejudice to the right of General Meeting of Shareholders to dismiss him (them) at any time.

Based on the OJK Letter No.SR-135/PB.12/2018 dated July 9, 2018, the appointment of Peter Benyamin Stok as an Independent Commissioner was approved. The Bank has reported the appointment of Peter Benyamin Stok as an Independent Commissioner has been effective as of July 11, 2018 through Letter No.B.479-DIR dated July 11, 2018.

Based on OJK Letter No.SR-211/PB.12/2018 dated October 4, 2018, the appointment of Takayoshi Futae as Commissioner has

been approved. The Bank has reported the appointment of Takayoshi Futae as Commissioner has been effective as of November 16, 2018 through Letter No.B.821-DIR dated November 23, 2018.

Based on the EGMS on November 19, 2018, it was decided and approved, among others:

1. accepted the resignation of Mr. Ernest Wong Yuen Weng from his position as Commissioner of the Company as of the closing of the EGMS;
2. agreed to appoint Mr. Masamichi Yasuda as the Company's Commissioner to be effective from the date of passing the fit and proper test of the Financial Services Authority (FSA) for the term of office in accordance with the remaining term of office of the current Board of Commissioners of the Company.

The composition of the members of the Company's Board of Commissioners based on the EGMS dated November 19, 2018 is as follows:

No	Nama	Jabatan
1	Ng Kee Choe	President Commissioner
2	J.B. Kristiadi	Vice President Commissioner (Independent Commissioner)
3	Gan Chee Yen	Commissioner
4	Manggi T. Habir	Independent Commissioner
5	Made Sukada	Independent Commissioner
6	Takayoshi Futae	Commissioner
7	Peter Benyamin Stok	Independent Commissioner
8	Masamichi Yasuda*	Commissioner

Note:

* The appointment of Mr. Masamichi Yasuda as the Company's Commissioner is effective after obtaining OJK approval for the term of office in accordance with the remaining term of office of the currently serving member of the Company's Board of Commissioners.

Half or 50% of the members of the Board of Commissioners are Independent Commissioners, namely J.B. Kristiadi, Manggi T. Habir, Made Sukada and Peter Benyamin Stok. Half of the members of the Board of Commissioners are domiciled in Indonesia. The number and composition of the Board of Commissioners are in accordance with the needs and complexity of Danamon while taking into account the effectiveness in decision making, as well as fulfilling the applicable laws and regulations.

Term of Office of the Board of Commissioners

With the term of office that will end up to the closing of the third Annual General Meeting of Shareholders which will convene at the latest on 30 June 2020, without prejudice to the right of General Meeting of Shareholders to dismiss him (them) at any time.

Members of the Board of Commissioners whose term of office has expired can be reappointed with due regard to the provisions apply.

Members of the Board of Commissioners can be dismissed at any time by the GMS even though his term of office has not ended. The termination is effective from the closing of the meeting, except if the GMS determines otherwise.

The term of office of the members of the Board of Commissioners will end with itself if the member of the Board of Commissioners:

- declared bankrupt or placed under custody based
- a court decision; or
- prohibited from serving as a member of the Board of Commissioners because of the provision of laws or legislation; or
- pass away; or
- dismissed based on the resolution of the GMS; or
- does not meet the requirements referred to in
- the provisions of the legislation; or
- resignation.

Name	Position	GMS Date	Effective Date (BI/ FSA Approval)	Appointment	Number of Appointment	Domicile
Ng Kee Choe	Presiden Commissioner	22 May 2006	24 May 2006	2006-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Singapore
J.B. Kristiadi	Vice President Commissioner (Independent)	9 May 2005	5 December 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Gan Chee Yen	Commissioner	16 June 2003	21 October 2003	2003-2005 2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	6x	Singapore

Name	Position	GMS Date	Effective Date (BI/ FSA Approval)	Appointment	Number of Appointment	Domicile
Manggi T. Habir	Commissioner (Independent)	9 May 2005	22 July 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Made Sukada	Commissioner (Independent)	7 May 2014	8 August 2014	2014-2017 2017-2020	2x	Indonesia
Takayoshi Futae	Commissioner	20 March 2018	3 October 2018	2018-2020	1x	Singapore
Peter Benyamin Stok	Commissioner (Independent)	20 March 2018	5 July 2018	2018-2020	1x	Indonesia
Masamichi Yasuda*	Commissioner	19 November 2018	In the process of OJK's fit & proper test	2018-2020	1x	Japan

Note:

* In the process of FSA's fit & proper test

Criteria for Independent Commissioner

In addition to meeting the requirements as a member of the Board of Commissioners, Danamon's Independent Commissioners must comply with the following provisions:

1. Have no financial, management, share ownership and/or family relationships with other members of the Board of Directors, 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 Sharia 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.
5. All Independent Commissioners have signed the statement of independence which is prepared and updated periodically,

including statement regarding concurrent positions that are prohibited by Financial Services Authority.

Independency of Members of the Board of Commissioners

All members of the Board of Commissioners who are 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 Relationship

Family and Financial Relationship 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:

Family and Financial Relationship

Name	Position	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	-	√	-	√	-	√	-	√	-	√	√	-

Name	Position	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
Manggi T. Habir	Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Made Sukada	Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Peter Benyamin Stok	Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Takayoshi Futae	Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
Masamichi Yassuda	Commissioner	-	√	-	√	-	√	-	√	-	√	√	-

Note:

* In the process of FSA's fit & proper test

Concurrent Positions of the Board of Commissioners

1. Members of the Board of Commissioners may only assume concurrent positions as:

- A member of Board of Commissioners, Board of Directors, or executive officer in a non financial institution or company; or

- Members of Board of Commissioners who serve as members of the Board of Directors, members of the Board of Commissioners or Executive Officers who carry out the supervisory function in 1 (one) non-bank subsidiary controlled by Danamon;

With the following exceptions:

- Non-independent members of the Board of

Commissioners who carry out functional duties from the Company's shareholders in the form of legal entities in their business groups

- Members of the Board of Commissioners serve in non-profit organizations or institutions.

2. Member of the Board of Commissioners can only become committee member in no more than 5 (five) committees where the concerned serves.

All members of the Board of Commissioners do not hold concurrent positions that are prohibited by the Financial Services Authority regarding the implementation of corporate governance for commercial banks, as reflected in the following table:

Concurrent Positions of the Board of Commissioners

Name	Position in Danamon	Position at Other Companies
Ng Kee Choe	President Commissioner	Director Fullerton Financial Holdings Pte Ltd Chairman Capitaland Limited Trustee Temasek Trust Member International Advisory Council of China Development Bank Chairman Tanah Merah Country Club
J.B. Kristiadi	Vice President Commissioner (Independent)	Member of Board of Commissioner PT Citra Tubindo Tbk Member of the Independent Bureaucratic Reform Team of the Ministry of Apparatus Empowerment and Bureaucratic Reform
Gan Chee Yen	Commissioner	Board Member CEI Limited Chairman Fullerton India Credit Co. Ltd Chairman Fullerton Credit (Sichuan) Ltd. Chairman Fullerton Credit (Hubei) Ltd. Chairman Fullerton Credit (Chongqing) Ltd

Name	Position in Danamon	Position at Other Companies
Manggi T. Habir	Commissioner (Independent)	Chairman Fullerton Credit (Yunan) Ltd
		Board Member Dunia Finance LLC
		Chairman Fullerton Technology (Shanghai) Ltd
		Board Member ST Asset Management Ltd
		Vice Chairman Cambodia Post Bank PLC
		Board Member Surbana Jurong Private Limited
Made Sukada	Commissioner (Independent)	President Commissioner PT Asuransi Adira Dinamika
		Chairman of the Supervisory Board of the Danamon Peduli Foundation
		Member of the Risk Committee and Investment Committee of PT Avrist Life Insurance
Peter Benyamin Stok	Commissioner (Independent)	-
Takayoshi Futae	Commissioner	Managing Executive Officer, Regional Executive for Asia – Mitsubishi UFJ Financial Group Inc.
		Senior Managing Executive Officer, Regional Executive for Asia – MUFG Bank, Ltd.
		Alternate Director – Dah Sing Financial Holdings Limited
		Member of the Board of Directors – Asian Bankers Association
Masamichi Yasuda*	Commissioner	Chief Credit Officer – MUFG Bank, Ltd.

Note:

* will be effective after obtaining OJK approval

Share Ownership of the Members of the Board of Commissioners

Members of the Board of Commissioners must report any transactions involving Danamon's and its subsidiaries' Securities to the Corporate Secretary at least 1 (one) working day prior to the transaction and at

the latest 1 (one) working day after the transaction occurs as stated in internal policy regarding Personal Investment Policy.

As December 31, 2018, ownership of shares owned by members of the Board of Commissioners, either directly or indirectly is as follows:

Table of Share Ownership of the Members of the Board of Commissioners

Name	Position	Share Ownership In				Description
		Danamon	Other Bank	Non Bank Financial Institution	Other Company	
Manggi Taruna Habir	Independent Commissioner				PT HBK The number of shares owned 285	Percentage of shares ownership: 55.9%
Made Sukada	Independent Commissioner				PT Ciputra Development The number of shares owned 39,582	Percentage of shares ownership: 0.00026%
					PT Waskita Raya The number of shares owned 100,000	Percentage of shares ownership: 0.001%
					PT Sumarecon Agung The number of shares owned 100,000	Percentage of shares ownership: 0.001%
					PT Perusahaan Gas Negara, Persero The number of shares owned 20,000	Percentage of shares ownership: 0.00008%

Peter Benjamin Stok	Independent Commissioner	PT Alam Sutra Realty	Percentage of shares
		The number of shares owned	ownership: 0.0005%
		100,000	
		PT Agung Podomoro Land	Percentage of shares
		The number of shares owned	ownership: 0.0007%
		150,000	
		Aneka Tambang (Persero Tbk.)	
		The number of shares owned	
		205,000	
		Energi Mega Persada Tbk.	
		The number of shares owned	
		451,125	
		Kawasan Industri Jababeka Tbk.	
		The number of shares owned 33.00	
Masamichi Yasuda *	Commissioner	Krakatau Steel (Persero) Tbk.	
		The number of shares owned	
		500.00	
		Resource Alam Indonesia Tbk.	
		The number of shares owned,	
		335,000.00	
		Semen Indonesia (Persero) Tbk.	
		The number of shares owned	
		20,500.00	
		Wahana Ottomitra Multiartha Tbk.	
		The number of shares owned,	
		1,009,600.00	
		Waskita Beton Precast Tbk.	
		The number of shares owned,	
		608,000.00	
		MUFG. The number of shares	Percentage of
		owned, 35081.997	shares ownership:
			0.00000253709%

Diversity Policy on Composition of the Board of Commissioners

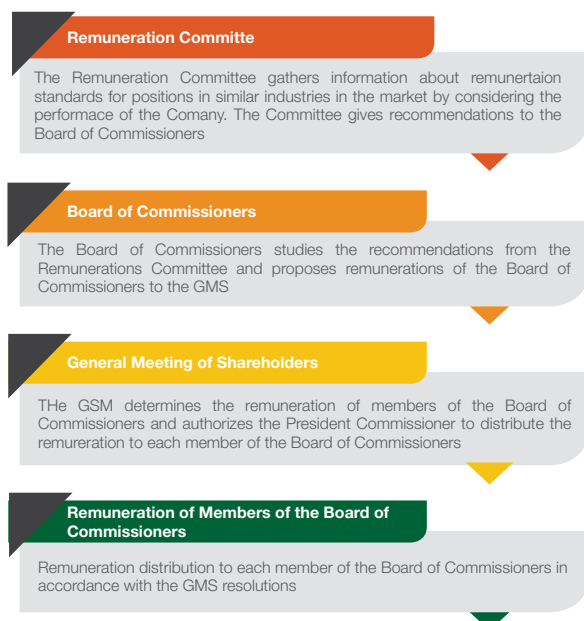
In the nomination process of the members of the Board of Commissioners, in addition to paying attention to the minimum requirements, scope and balance of knowledge, expertise and experience as well as diversity needs are also taken into consideration to determine the composition of the Board of Commissioners. Optimum composition of the Board of Commissioners will enhance the effectiveness of the implementation of duties and responsibilities of the Board of Commissioners.

In this case, Danamon has a Diversity Policy, which is used as a reference in the nomination process of Board of Commissioners candidates. Danamon appreciates and respects any differences in perspective, knowledge, ability, and experience of each individual, without prejudice to race, ethnicity, gender, and religion.

Remuneration of the Board of Commissioners Indicators and Procedures for Determining the Remuneration of the Board of Commissioners

The remuneration of members of the Board of Commissioners is determined based on the performance of each member by considering the duties and responsibilities of the Board of Commissioners. The remuneration formulation refers to Danamon's internal policy, applicable external regulations, industry comparison and takes into account the Danamon's performance. The Remuneration Committee provides recommendations to the Board of Commissioners and submits them to the General Meeting of Shareholders for approval. The distribution of remuneration is carried out by the President Commissioner. GMS approved the granting of power to the President Commissioner of Danamon to determine the amount of bonus/tantieme during the fiscal year 2017 and the amount of salary or honorarium and allowances for the fiscal year 2018 for each member of the Board of Commissioners based on the recommendation of the Remuneration Committee.

Procedure for Determining the Remuneration of the Board of Commissioners



Remuneration Structure of the Board of Commissioners

The remuneration package received by members of the Board of Commissioners and the classification of remuneration levels and the number of members of the Board of Commissioners who receive the remuneration package in 1 (one) year, are disclosed in the Remuneration Policy section of this report.

Meetings of the Board of Commissioners Meeting Policy of the Board of Commissioners

- Boards of Commissioners meetings should be held at least 1 (one) time in 2 (two) months.
- The Board of Commissioners must hold a minimum of 2 (two) 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 1 (one) time every 4 (four) months.
- Each member of the Board of Commissioners must attend at least 75% of the total Board of Commissioners meetings held within a year. Members of the Board of Commissioners who are unable to attend meetings in person may participate in meetings through teleconference or videoconference. The Minutes of Meeting must be signed by all participants who attended the meeting both by physically and by teleconference or videoconference which is supported by recording evidence.
- The Board of Commissioners meeting is chaired by the President Commissioner. If the President Commissioner is not present, any member of the Board of Commissioners who is present at the meeting can be appointed to chair the meeting.
- The Board of Commissioners must schedule the following year's meetings before the end of the financial year. At scheduled meetings, meeting invitations and meeting materials must be submitted to the participants no later than 5 (five) days before the meeting is held. In the event that a meeting is not scheduled, the meeting material is delivered to the participant no later than 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. Decisions made by 2/3 (two thirds) of the members are based on the principle of one person one vote.
- All results of the Board of Commissioners meetings, 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 members of the Board of Commissioners in attendance, and documented well.
- In the event that there is a member of the Board of Commissioners who does not sign the results of the meetings, the concerned member must state the reason in writing in a separate letter attached to the minutes of the meeting.
- 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.
- The Board of Commissioners can make legitimate and binding decisions without holding a Board of Commissioners meeting, provided that all members of the Board of Commissioners submit written approval to the decision.

- m. In a Board of Commissioners meeting, a member of the Board of Commissioners can only be represented by a fellow member of the Board of Commissioners with a power of attorney.
- n. Any member of the Board of Commissioners who in any way, either directly or indirectly, has a personal or conflict of interest in a transaction, contract, or a proposed contract of where Danamon is one of the parties, 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 Board of Commissioners meeting decides otherwise.

Frequency of Board of Commissioners Meetings

During 2018, the Board of Commissioners conducted 10 (ten) meetings of Board of Commissioners meetings and 5 (five) Joint Board of Commissioners and Board of Directors Meetings.

Board of Commissioners Meeting Agenda

No	Date of Meeting	Meeting Agenda
1	January 24, 2018	Committee Report
2	March 19, 2018	Committee Report 2018 Annual General Meeting of Shareholders Agenda
3	June 8, 2018	Committee Report
4	July 19, 2018	Committee Report Financial Performance in May 2018 Redefinition of Company Values Governance on Providing Information to Shareholders
5	July 31, 2018	Approvals of the Authority on MUFG Ownership by 40% in Danamon
6	August 23, 2018	Subsidiary's Strategic Plan
7	September 5, 2018	Corporate Action Strategic Plan
8	September 25, 2018	Committee Report Extraordinary General Meeting of Shareholders (EGMS) 2018 Financial Performance in August 2018 & Forecast 2018
9	November 19, 2018	Committee Report
10	December 21, 2018	Corporate Action Strategic Plan

Board of Commissioners and Board of Directors Joint Meeting Agenda

No	Date of Meeting	Meeting Agenda
1	January 24, 2018	Financial Performance in 2017 2018 Annual General Meeting of Shareholders Agenda
2	June 8, 2018	Revision of the 2018 Business Plan Financial Performance in April 2018
3	July 31, 2018	Approvals of the Authority on MUFG Ownership by 40% in Danamon
4	September 5, 2018	Corporate Action Strategic Plan
5	November 19, 2018	Priority Strategy for 3 Years 2018 Performance, 2018 Fiscal Year and 2019 Fiscal Year & 3 Year Plan Digital Strategy of Bank Danamon Digital Strategy of Adira Finance Business Collaboration to support the 3-Year Business Plan

Attendance Rates in Meetings

The attendance rates of members of the Board of Commissioners in the meetings held during 2018 are as follows:

Attendance Rates in Meetings

Commissioners	Board of Commissioners Meeting (Total of 5 Times)	Joint Meeting with The Board of Directors (Total of 5 Times)	Attendance Rate
Ng Kee Choe	5	5	100% ¹⁾
JB Kristiadi	5	5	100% ¹⁾
Ernest Wong			67% *
Gan Chee Yen	5	5	100% ²⁾
Manggi T Habir	5	5	100%
Made Sukada	5	5	100% ²⁾
Takayoshi Futae	1	1	100% ** ²⁾
Peter Benyamin Stok	3	2	71%***

* Ernest Wong has resigned from the Board of Commissioners since November 19, 2018. He attended 6 of the 9 meetings.

** Takayoshi Futae has passed OJK Fit & Proper Test since October 9, 2018. He attended 1 of 1 meetings.

*** Peter Benyamin Stok has passed the OJK Fit and Proper Test since July 9, 2018. He attended 5 of the 7 meetings.

1) 2 times via teleconference

2) 1 times via teleconference

All meetings held during 2018 met the quorum requirements of the meeting and were attended both physically as well as through teleconference by the members of the Board of Commissioners. Meeting decisions were made by deliberation and consensus and there were no dissenting opinions in the decisions of the meetings held during 2018. Information regarding schedule, agenda, materials, results and minutes of meetings were distributed to the participants of the meeting and well documented.

Schedule of the Board of Commissioners Meeting Plans for 2019

At the end of 2018, the Board of Commissioners has arranged schedule of meeting plans to be conducted in 2019 as many as 6 (six) meetings of the Board of Commissioners and 3 (three) times of Board of Commissioners Joint Meetings with the Board of Directors. Schedule of meeting plans to be conducted in 2019 is as follows:

Meeting Date	Board of Commissioners Meeting	Board of Commissioners Joint Meeting with Board of Directors
1 February 2019	√	√
25 - 26 March 2019	√	
25 June 2019	√	√
31 July 2019	√	
26 September 2019	√	
25 - 26 November 2019	√	√

Implementation of Duties and Recommendations of the Board of Commissioners in 2018

In implementing the supervisory function, the Board of Commissioners provides recommendations to the Board of Directors by taking into account the inputs from the Committees that assist and are directly responsible to the Board of Commissioner. Key recommendations provided by the Board of Commissioners are, among others:

- Continuing the transformation journey and implementing the initiatives which are in line with the long-term strategy that has been previously planned to strengthen Danamon.
- Diversifying the loan portfolio by expanding loans to the Small and Medium Enterprises and Consumer Banking segments wisely.
- Carry out good risk management in order to maintain high credit quality and implement a cost effective and efficient policy.
- Providing reliable and quality services and competitive products supported by the use of technology and digital platforms.

Performance Assessment of the Board of Commissioners

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. Assessment of the performance of the Board of Commissioners is carried out by considering several components including:

- Board of Commissioners' structure and composition.
- The effectiveness of the implementation of work programs of committees under the Board of Commissioners.
- Monitoring of the implementation of strategies and management of the company.
- The Implementation of Good Corporate Governance in Danamon.
- 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 of the Board of Commissioners 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 Members of the Board of Commissioners

For new Commissioners, Danamon has the orientation program 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 face-to-face briefings presented by the management and business units, as well as other supporting units. During 2018, there were new members of the Board of Commissioners.

Training Program of the Board of Commissioners

Members of the Board of Commissioners are always provided with the opportunity to improve competency through training programs/seminars/workshops held internally and externally. In 2018, the participation of members of the Board of Commissioners in training programs/seminars/workshops were as follows:

Table of Trainings of the Board of Commissioners in 2018

Director Name	Training Program/Conference/ Seminars	Organizer	Location	Date
Manggi Taruna Habir	IIA Indonesia National Conference 2018	IIA (The Institute of Internal Auditors Indonesia)	The Trans Resort Bali	August 27-29, 2018
	Fintech: Opportunities & Challenges of the Banking Industry in the Digital Era (Overview of Operational Risk and Business Risk) "	Risk Management Certification Body/ <i>Badan Sertifikasi Manajemen Risiko</i>	Hotel Atlet Century - Jakarta	May 3, 2018
	Digital & risk Management in Insurance 2018	Indonesian Life Insurance Association	The Westin Hotel, Nusa Dua - Bali	February 22-23, 2018
Made Sukada	IIA Indonesia National Conference 2018	IIA (The Institute of Internal Auditors Indonesia)	The Trans Resort - Bali	August 27-29, 2018

	Fintech: Opportunities & Challenges of the Banking Industry in the Digital Era (Overview of Operational Risk and Business Risk) "	Risk Management Certification Body/ <i>Badan Sertifikasi Manajemen Risiko</i>	Hotel Atlet Century - Jakarta	May 3, 2018
Peter Benyamin Stok	Risk Management Competency Test Level 1	Banking Professional Certification Institute/ <i>Lembaga Sertifikasi Profesi Perbankan</i>	Jakarta	March 21, 2018
Takayoshi Futae	Risk Management Competency Test Level 1	Banking Professional Certification Institute/ <i>Lembaga Sertifikasi Profesi Perbankan</i>	Jakarta	March 20, 2018

In carrying out its duties, the Board of Commissioners has 6 (six) committees to enhance the effectiveness of its duties and responsibilities, namely:

- Audit Committee;
- Risk Monitoring Committee;
- Nomination Committee;
- Remuneration Committee;
- Corporate Governance Committee;
- Integrated Corporate Governance Committee.

Each Committee is required to have a Charter which is prepared and periodically reviewed based on the prevailing regulations. Committee membership is appointed by the Board of Commissioners based on Meeting Resolution of the Board of Commissioners. All of the Committees are chaired by an Independent Commissioner.

Performance Assessment of the Committees of the Board of Commissioners

The Board of Commissioners assesses the performance of Committees of the Board of Commissioners based on reports of the duties and responsibilities implementation submitted by each of the Committees on a regular basis. Performance of the Committees of the Board of Commissioners throughout 2018 was rated good by the Board of Commissioners and provided contributions in supporting the implementation of duties and responsibilities of the Board of Commissioners.

Profile of the Members of Committees

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ng Kee Choe 74 Years Old President Commissioner	Singapore	Member of Nomination Committee	April 2017-Present	Finance	Bachelor of Chemical Engineering, the University of Singapore, 1966
		Member of Remuneration Committee	April 2017-Present		

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., 2003 - 2014.
- 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.

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
J.B. Kristiadi 72 Years Old Vice President Commissioner	Indonesia	Chairman of Nomination Committee	April 2017-Present	Finance/ Risk Management	PhD (Public Administration), Sorbonne University, France, 1979
		Chairman of Remuneration Committee	April 2017-Present		

Professional Experience (Job Title, Organization, Term of Office)

- Vice President Commissioner concurrently as Independent Commissioner, Danamon, 2005 – present.
- Member of the National Bureaucratic Reform Team under the leadership of the Indonesian Vice President, 2018 – present.
- Professor, Padjajaran State University, Bandung, 2007 – present.
- Commissioner, several State Owned Enterprises (PT Tambang Batu Bara Bukit Asam, 1980; PT Bank Dagang Negara, 1982; PT Aneka Tambang, 1986; and Bank BNI, 2005)
- Secretary, Tax and Customs Reform Initiative Team, 2010
- Special Staff of the Minister of Finance, 2009 - 2011
- Secretary General, Ministry of Finance, 2005.
- 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) Republic of Indonesia, 1990-1998.
- Director, Budget Development of the Ministry of Finance, 1987-1990
- Director, State Asset Development of the Directorate General of Monetary (Finance Department), 1980-1987.

Gan Chee Yen 59 Years Old Commissioner	Singapore	Member of Risk Monitoring Committee	April 2017-present	Finance/ Risk Management	Bachelor in Accounting, National University of Singapore
		Member of Remuneration Committee	April 2017-present		

Professional Experience (Job Title, Organization, Term of Office)

- Commissioner, Danamon, 2003 – present
- 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.
- Board Member Dunia Finance LLC
- Board Member CEI Contract Manufacturing Ltd.
- Board Member ST Asset Management Ltd.
- Board Member ACR Capital Holdings Pte. Ltd.
- Chairman Fullerton Credit (Yunan) Ltd
- Board Member Clifford Capital Pte. Ltd.
- Vice Chairman Cambodia Post Bank PLC
- Board Member Surbana Jurong Private Limited (Formerly known as TJ Holdings (II) Pte Ltd)
- Chief Executive Officer, Fullerton Financial Holdings (International) Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings (Pte.) Ltd., 2012.
- Chief Executive Officer of Fullerton Financial Holdings (International) Pte. Ltd., subsidiaries of Temasek Holdings Pte. Ltd. and as Director of TJ Holdings (II) Pte Ltd, 9 June 2015 - Present
- 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
- Senior Managing Director, Investment Temasek Internasional Pte. Ltd., 2005
- Managing Director, 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 65 Years Old Independent Commissioner	Indonesia	Chairman of Risk Monitoring Committee	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
		Member of Remuneration Committee	April 2017 - present		
		Member of Corporate Governance Committee	April 2017 - present		
		Member of Integrated Corporate Governance Committee	April 2017 - present		

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 & 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.
- Served at several key position, Citibank N.A. Jakarta, 1985-1991

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ernest Wong Yuen Weng 73 Years Old Commissioner*	Singapore	Member of Nomination Committee	April 2017-2018	Finance/ Risk Management	First Class Honours Degree in Chemical Engineering, University of Surrey, United Kingdom, 1967
		Member of Corporate Governance Committee	April 2017-2018		
		Member of Integrated Corporate Governance Committee	April 2017-2018		

Professional Experience (Job Title, Organization, Term of Office)

- Commissioner, Danamon, 2010-2018 (His resignation has been approved in EGMS November 19, 2018)
- Chairman, Media Corp, July 2016 - present
- Board Trustee Nanyang Technological University, 2006 - present
- Board member, Pavilion Capital Holding Pte. Ltd., 2012 - present
- 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 ("Sing Health"), 2006-2015
- Board member, Economic Development Board and The Ministry of Finance
- Group CEO, Media Corp 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, 1990-2000

Note:

* His resignation as a Commissioner was approved based on EGMS on November 19, 2018.

Made Sukada 66 Years Old Independent Commissioner	Indonesia	Chairman of Audit Committee	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
		Member of Risk Monitoring Committee	April 2017 - present		
		Member of Nomination Committee	April 2017 - present		
		Chairman of Corporate Governance Committee	April 2017 - present		
		Chairman of Integrated Corporate Governance Committee	April 2017 - present		

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.
- Credit Analyst at Bank Indonesia, 1979.

Masamichi Yasuda 58 Years Old Commissioner	Japan	Member of Corporate Governance Committee	December 2018 ** - present	Finance/ Risk Management	Bachelor in Law, Hitotsubashi University, Japan
		Member of Integrated Corporate Governance Committee			

Professional Experience (Job Title, Organization, Term of Office)

- Chief Credit Officer of MUFG and MUFG Bank, 2015
- Deputy Chief Global Markets Unit, 2014
- Executive Officer and Head of the Global Planning Division with oversight for a business strategy of the Global Business Unit in MUFG Bank, 2011
- Deputy Chief Financial Officer and Chief of Staff for Union Bank, N.A, 2009
- Treasurer of the Global Markets Division MUFG Bank for the Americas in 2008
- Corporate Planning Division and moved to the Financial Planning Division of MUFG, 2004
- The Bank of Tokyo, Ltd., a predecessor of MUFG Bank, in 1983
- Group Chief Risk Officer of MUFG and Chief Credit Officer of MUFG Bank
- Member of the Board and Executive Committee of MUFG and MUFG Bank

* In the process of OJK's fit and proper test

** will be effective after obtaining OJK approval

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Peter Benyamin Stok 69 Years Old Independent Commissioner	Indonesia	Member of Audit Committee	December 2018 - present	Finance	Bachelor in Economics, Padjajaran University, Bandung – Indonesia
		Member of Risk Monitoring Committee			

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2018-present
- OJK panelist team for implementation of fit and proper tests for candidates for directors and commissioners of the Bank, 2016-2018
- President Commissioner, Bank Negara Indonesia, 2009-2015
- Commissioner, Bank Permata, 2008-2009
- President Director, Bank Niaga, 2000-2006
- Presiden Director, Bank Dagang Negara, 1999-2000
- Presiden Commissioner, Bank Danamon, 1998-1999
- Vice President Director, Bank Pelita, 1997-1998
- Vice President Director, Bank Niaga, 1994-1997
- Member of the Board of Directors, Bank Niaga, 1991-1994

Takayoshi Futae 57 Years Old Commissioner	Singapore	Member of Remuneration Committee	December 2018 - present	Finance	<ul style="list-style-type: none"> • Graduated with an economics degree from Osaka University in Osaka Japan • Master's degree in Business Administration from the Booth School of Business, University of Chicago, USA
		Member of Nomination Committee			

Professional Experience (Job Title, Organization, Term of Office)

- Commissioner, Danamon, 2018-present
- Vice Chairman of the Board of Bank of Ayudhya
- Vice-chairman of the Board of Bank of Ayudhya Plc (Krungsri), Thailand
- Director on the Board of Security Bank Corporation, Philippines, 2016-2018
- Regional Executive for MUFG Bank in Asia, 2018
- Senior Managing Director – MUFG Bank, 2017
- Chief Executive Officer of MUFG Bank's Asia & Oceania region, 2017
- Corporate banking, credit and corporate advisory
- Part of the Structured Finance Division, serving the MNCs and the non-Japanese corporates
- Senior roles in structured finance, project and asset based finance, and corporate restructuring – 10 years
- The Sanwa Bank, Ltd. which was a predecessor of MUFG Bank, 1983

Angela Simatupang 43 Years Old Independent Party	Indonesia	Member of Audit Committee	April 2017 - present	Corporate Governance, risk management and control	Master of Commerce in International Business and Management of Technology, The University of Sydney, Australia, 2002
		Member of Risk Monitoring Committee	April 2017 - present		
		Member of Risk Monitoring Committee	April 2017 - present		
		Member of Integrated Corporate Governance Committee	April 2017 - present		

Professional Experience (Job Title, Organization, Term of Office)

- Independent Party, Danamon, 2017- present
- Senior Partner & Head of Consulting of RSM Indonesia (member firm of RSM Global), present
- Vice President of Institute of Internal Auditors (IIA) Indonesia, 2018 - present
- Member of the RSM Asia Pacific Risk Consulting Committee, 2010 - present
- International Contact Partner for Indonesia, 2008 - present
- Managing Partner Consulting of RSM Indonesia, 2017-2018
- Governor Institute of Internal Auditors (IIA) Indonesia, 2014-2017
- Managing Partner Governance Risk Control Practice of RSM Indonesia, 2010-2015
- Supervisor of RSM Australia, 2005
- Speaker at various seminars on governance, internal audit and risk management both at local and abroad.
- Author of various articles to socialize and encourage public awareness about good governance since 2007.

Yusuf Nawawi 63 Years Old Independent Party	Indonesia	Member of Audit Committee	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 of Economics, University of Sriwijaya, 1983 • Master of Business Administration from Weatherhead School of Management, Case Western Reserve University, 1994
		Member of Risk Monitoring Committee	April 2017-present		

Professional Experience (Job Title, Organization, Term of Office)

- Independent Party, Danamon, 2017-present.
- 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 Republic of Indonesia, 1978-1984.

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
M. Din Syamsuddin 60 Years Old Chairman of Sharia Supervisory Board	Indonesia	Member of Integrated Corporate Governance Committee/ Chairman of Sharia Supervisory Board	April 2017-present	Islam Law Science (sharia), Islamic Political Science, and Inter-religion/ Inter-culture communication	<ul style="list-style-type: none"> • (Bachelor degree) Faculty of Ushuluddin UIN Syarif Hidayatullah, Jakarta, 1980 • (Master degree) University of California Los Angeles (UCLA), USA, 1988 • (Ph.D) University of California Los Angeles (UCLA), USA, 1991

Professional Experience (Job Title, Organization, Term of Office)

- President's Special Envoy for Dialogue and Cooperation Inter-Religion and Civilization, Nov 2017 - Oct 2018
- Deputy Secretary General of Golkar Party, 1998-2000
- Director General of Workforce Placement of the Ministry of Manpower of Republic of Indonesia, 1998-2000
- Member of People's Consultative Assembly (MPR) Republic of Indonesia, 1998-1999
- Head of Research and Development of Golkar Party, 1993-1998
- Lecturer at various universities, 1982-2000
- Professor for Islamic Political Thought at UIN Jakarta, 1982-present

Seskia Aqil Balfas 47 Years Old HR Executive Officer	Indonesia	Member of Nomination Committee	September 2017-present	Human Resource Management	Master in Management – HR from the University of Indonesia, 2014
		Member of Remuneration Committee	September 2017-present		

Professional Experience (Job Title, Organization, Term of Office)

- Talent Acquisition and Reward Head, PT Bank Danamon Indonesia, Feb 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

Note:

She has resigned and replaced by Roy Fahrizal Permana

Roy Fahrizal Permana 44 years old HR Executive Officer	Indonesia	Secretary, concurrently as member of Nomination Committee	2018 – present	<ul style="list-style-type: none"> • Risk Management Certification (BSMR) level 1 • Human Resources Management • Rewards and Performance Management 	Master Degree in Industrial Engineering
		Secretary, concurrently as member of Remuneration Committee			

Professional Experience (Job Title, Organization, Term of Office)

- Rewards Head, Bank Danamon, 2018-present
- Secretary, concurrently as member of Remuneration Committee and Nomination Committee, Bank Danamon, 2018-present
- Country Head of HR, Grab Indonesia, 2017-2018
- Rewards and Services Head, Bank UOB Indonesia, 2009-2017
- Secretary and member of Remuneration Committee and Nomination Committee, Bank UOB Indonesia, 2009-2017.
- Compensation and Benefit Head, Esia – BakrieTelecom, 2008-2009
- Managerial position in Human Resources, among others: Rewards and Performance Management, HR Operation, HR Area and Business Partner, Bank CIMB Niaga, 2003-2008
- HR Compensation and Benefit Analyst, Texmaco Group, 1998-2003
- Financial Executive, Bank Umum Nasional, 1998

Djoko Sudyatmiko 73 Years Old Independent Commissioner of PT Adira Dinamika Multi Finance, Tbk	Indonesia	Member/ Independent Commissioner of PT Adira Dinamika Multi Finance, Tbk	April 2017-present	Economy and Corporate Governance	Bachelor degree in Electrical Engineering from Institut Teknologi Bandung, 1968
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Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Professional Experience (Job Title, Organization, Term of Office) <ul style="list-style-type: none"> Commissioner at ASCO Group, 2012-present Commissioner concurrently as 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 People's Consultative Assembly (MPR) Republic of Indonesia, 1992-1997 Member of People's Representative Council (DPR) and People's Consultative Assembly (MPR) Republic of Indonesia, 1971-1992 					
Ariyanti Sulyanto 65 Years Old Independent Commissioner of PT Asuransi Adira Dinamika	Indonesia	Member / Independent Commissioner of PT Asuransi Adira Dinamika	July 2018 - present	Finance, Corporate Governance, Risk Management	<ul style="list-style-type: none"> Bachelor of Engineering from Diponegoro University Semarang in 1981. Master in Management/ Risk Management

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner at PT Asuransi Adira Dinamika, 2018-present.
- Chairman of the OJK Insurance Sector SKKNI Review Team, 2017.
- Member of the Selection Committee for the Election of OJK Board of Commissioners, 2012 and 2017.
- Member of the Insurance Sector Competency Standards Committee, 2012.
- Independent Commissioner at PT Asuransi Wana Artha Life, 2011-present.
- Independent Commissioner at PT Asuransi Indrapura, 2011-2015.
- Member of the Working Group on the Arrangement of Insurance Industry Competency Function and its Fulfillment, 2011-2012.
- Head of Trisakti Insurance Management College, 2010-present.
- Deputy Chairman of the Compilation Team for the GCG Guidelines for Insurance Companies and Indonesian Reinsurance Companies (KNKG-ISEA Cooperation), 2008-2009.
- Independent Commissioner at PT Asuransi Binagriya Upakara, 2007-2008.
- Insurance Corporate Governance Consultant and speaker at the ISEA (Indonesian Senior Executives Association), 2006-present.
- President Director of PT Asuransi Bintang, Tbk, 1996.
- Finance Director of PT Asuransi Bintang, Tbk, 1995-1996.
- Occupying various managerial positions to Head of Division and Corporate Secretary at PT Asuransi Bintang, Tbk, 1982-1995.

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. Appointed Independent party must meet the requirements of competency and independency required by the committees.

Committees Under The Board of Commissioners

AUDIT COMMITTEE

The Audit Committee was established in order to support the implementation of the duties and responsibilities of the Board of Commissioners to monitor and evaluate the plans and implementation of audits as well as to monitor the follow-up of audit results in assessing the adequacy of internal controls, including the adequacy of the financial reporting process. The Audit Committee ensures that the integrity, accuracy and adequacy of financial reports and all important risks have been considered. The Audit Committee also monitors the effectiveness of regulatory compliance. The Audit Committee also provides recommendations for public accountants from the proper public accounting firm and oversees their effectiveness.

Charter of Audit Committee

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 proceedings, work ethics, and term of office of the Audit Committee. The Audit Committee Charter is reviewed periodically so that they are in accordance with the applicable provisions and needs of the Bank. In 2018 an update was made to the Audit Committee Charter.

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, among others: financial reports, projections, and other reports relevant to Danamon's 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 regarding appointments, reappointments, dismissals or replacements, requirements of involvement, and the remuneration of the public accountant to be proposed at the Annual General Meeting of Shareholders (AGMS).
 - b. In preparing recommendations, Audit Committee will take the following matters into account:
 - Independence of the Public Accountant, Public Accounting Firm and the insider in the Public Accounting Firm.
 - The scope of the audit.
 - Audit service benefits.
 - Expertise and experience of the Public Accountant, Public Accounting Firm and Audit team of the Public Accounting Firm.
 - Methodology, techniques and audit facilities used by the

Public Accounting Firm.

- Benefits of fresh eye perspectives that will be obtained through replacing the Public Accountant, Public accounting firm and audit team from the Public Accounting Firm.
- c. Review the public accountant's scope of work and audit outcome, independency, and objectivity on an annual basis and present the following in the Annual Report:
 - Total amount of payments made to the public accountant in the fiscal year, and
 - 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.
 - d. Review the audited financial reports, significant findings, and recommendations of the public accountant and feedback from the Board of Directors.
 - e. Monitor and evaluate the planning and implementation of the public accountant's audit as well as monitor the follow-up of audit results in order to assess the adequacy of internal controls including the adequacy of the financial statement process.
 - f. Monitor and evaluate public accountant's compliance with the existing audit standards.
 - g. Evaluate the implementation of audit services for annual historical financial information by Public Accountants and/ or Public Accounting Firm at least through:
 - Conformity of audit implementation by Public Accountants and/ or Public Accounting Firms with applicable audit standards.
 - Adequacy of time for field work.
 - Assessment of coverage of services provided and adequacy of quotation tests.
 - Recommendations for improvements provided by Public Accountants and/ or Public Accounting Firms.

The results of the Audit Committee evaluation are no later than 6 (six) months after the financial year ends.

3. Internal Audit
 - a. Review the adequacy and effectiveness of the Internal Audit Working Unit.
 - b. Review the independence of the Head of the Internal Audit Working Unit. The Head of the Internal Audit Working 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 Working Unit, including interaction with the Board of Directors and other matters relevant to audit implementation.
 - d. Review significant findings and recommendations from Internal Audit Working Unit as well as feedback from the Board of Directors.
 - e. Monitor and evaluate the follow-up actions by the Board of Directors on the findings of the Internal Audit Working Unit, Public Accountant, and audit findings from Financial Services Authority 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, including control of finance, operations, compliance and control of information technology.

5. Compliance

- Review the compliance framework, scope of work, and compliance plans.
- Review compliance to the laws and regulations related to Danamon activities.
- Review legal cases with possible material consequences to the financial reports, relevant compliance policies, and reports received from the regulators.

6. Others

- In conducting its duties and responsibilities, the Audit Committee acts independently.
- The Audit Committee examines possible inaccuracies in decisions made at Board of Directors meetings or 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.
- The Audit Committee must prepare, review, and update the Charter of the Audit Committee on a regular basis.
- The Audit Committee must submit reports of review results to all members of the Board of Commissioners after the review results are completed by the Audit Committee.
- Provide independent opinion in the event of a disagreement between the Board of Directors and the public accountant on the services it provides.
- The Audit Committee must safeguard confidential documents, data, and information.

- The Audit Committee reviews and offers opinions to the Board of Commissioners regarding potential conflicts of interest.

- The Audit Committee must enhance their competencies through continuous education and trainings.

Authority of the Audit Committee

The Audit Committee has the following authority:

- Investigate any issue included in its terms of reference, has access to and collaborate with the Board of Directors, has the flexibility to invite any Director or executive officers to attend meetings with the Audit Committee, as well as has adequate human resources to properly carry out its duties.
- Review affiliate transactions and conflict of interest transactions based on assessments made by the Compliance Director, to ensure that such transactions are conducted 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.
- Invite/ appoint reviewers and exercise other authorities provided by the Board of Commissioners.

Structure, Membership, Expertise, and Legal Basis for Appointment of the Audit Committee**Structure and Membership of Audit Committee**

Audit Committee has of 4 (four) members, consists of 2 (two) Independent Commissioners and 2 (two) Independent Parties. The Audit Committee is chaired by an Independent Commissioner, namely Made Sukada. Structure and membership of the Audit Committee has met the prevailing regulations.

Members Composition of Audit Committee in 2018

No	Name	Position in Danamon	Position in Audit Committee
1	Made Sukada	Independent Commissioner	Chairman
2	Peter Benyamin Stok	Independent Commissioner	Member
3	Angela Simatupang	Independent Party	Member
4	Yusuf Nawawi	Independent Party	Member

Expertise of Audit Committee Members

All members of the Audit Committee have complied with the applicable provisions related to the requirements of the expertise of the Audit Committee members covering the fields of finance and/ or accounting, risk management, banking and/ or law, taking into account the integrity, character and morals of each member as stated in the personal statement.

Legal Basis of Appointment

Audit Committee members are appointed by Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at

Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. Number KSR-Kom. Corp. Sec-011 dated December 13, 2018.

Independency of Audit Committee

All members of Danamon's Audit Committee are independent (Independent Commissioners and Independent Parties). Non-independent Commissioners and members of the Board of Directors may not sit on the Audit Committee. Audit Committee members must fulfill Danamon's Code of Conduct.

Term of Office

The term of office of Audit Committee members 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.

Policy and Holding of Audit Committee Meetings**Policy 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 including Independent Commissioners and Independent Parties.
- 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. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.

- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.
- Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.

Meeting Frequency and Attendance Rate of Audit Committee

During 2018, the Audit Committee held 6 (six) meetings with attendance rates as the following:

Name	Meeting Attendance	Attendance Rate
Made Sukada	6	100%
Angela Simatupang	6	100%
Yusuf Nawawi	6	100%

Meeting Agenda of Audit Committee in 2018

No	Date	Meeting Agenda
1	January 23, 2018	Proposal of Revised Guidelines & Work Procedure of Internal Audit 2017 ICAAP Review 2018 Internal Control System Review Internal Audit Update Quality Assurance Review on Internal Audit
2	March 19, 2018	SKAI Update
3	May 16, 2018	SKAI Update
4	July 18, 2018	Guidelines & Work Procedure of Internal Audit Review Preliminary Observation of Quality Assurance Review Internal Audit Update
5	September 24, 2018	Internal Audit Update Internal Fraud Case Update Danamon's Whistle Blower Update Quality Assurance Review on Adira Finance's Internal Audit Guidelines & Work Procedure of Internal Audit Update
6	November 15, 2018	SKAI Update

Implementation of Duties of Audit Committee in 2018

1. Appointment of PwC as Bank Danamon's external auditor
2. Received SKAI Reports related to:
 - Revision of Guideline and Work Procedures of Internal Audit
 - Internal Control System Assessment
 - Internal Audit Result
 - Quality Assurance Review on internal audit in Bank and Subsidiaries
 - Whistle Blower Result
 - Review on Internal Audit Plan
 - Update the fraud cases

Audit Committee Statement on Effectiveness of Internal Control System

Internal control systems applied by Danamon are considered to be effective and adequate as reflected in the effectiveness of internal audit functions such as functions of internal audit, risk management, compliance, financial, and operational control. The Audit Committee submits its implementation of duties reports to the Board of Commissioners on a regular basis.

RISK MONITORING COMMITTEE

The Risk Monitoring Committee is responsible for carrying out the risk monitoring function and providing independent professional recommendations or opinions related to risk management frameworks and policies consistent with Danamon's risk appetite.

Charter of Risk Monitoring Committee

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 meetings. The Charter of Risk Monitoring Committee Charter is 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 alignment of Danamon's risk management policies with their implementation in order to provide recommendations to the Board of Commissioners, at least once a year.
- c. Monitor and evaluate the Risk Management Working 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 responsibility 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 of the Committee.

Authority of the Risk Monitoring Committee

The Risk Monitoring Committee has the following authority:

- a. Access to Danamon's documents, data, and information when necessary.
- b. Establish direct communication with employees, the Board of Directors, and other parties relevant to its duties and responsibilities.
- c. Involve independent parties to support its duties when required.
- d. Exercise additional authority as assigned by the Board of Commissioners.

Structure, Membership, Expertise and Legal Basis for Appointment of Risk Monitoring Committee

Structure and Membership of Risk Monitoring Committee

In 2018, there was a change in the structure and membership of the Risk Monitoring Committee, namely Peter Benjamin Stok and Masamichi Yasuda who had been appointed as members of the Risk Monitoring Committee. Thus the Risk Monitoring Committee has 7 (seven) members, consists of 3 (three) Independent Commissioners, 2 (two) Commissioners, 2 (two) independent parties. The structure and membership of the Risk Monitoring Committee have complied with the applicable regulations.

Members Composition of Risk Monitoring Committee in 2018

No	Name	Position in Danamon	Position in Risk Monitoring Committee
1	Manggi T. Habir	Independent Commissioner	Chairman
2	Made Sukada	Independent Commissioner	Member
3	Gan Chee Yen	Commissioner	Member
4	Peter Benjamin Stok	Independent Commissioner	Member
5	Masamichi Yasuda ¹⁾	Commissioner	Member
6	Angela Simatupang	Independent Party	Member
7	Yusuf Nawawi	Independent Party	Member

Note

¹⁾ Will be effective after passing the OJK fit and proper test.

Legal Basis of Appointment

The membership of Risk Monitoring Committee is determined based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

Independency of Risk Monitoring Committee Members

The majority or as many as 80 % of the members of the Committee are Independent Commissioners and Independent Parties in an effort to maintain independence and objectivity. Members of the Board of Directors are not permitted to be members of the Risk Monitoring Committee.

Term of Office

The term of office of Committee membership shall not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association.

Holding of Risk Monitoring Committee Meetings

During 2018, Risk Monitoring Committee held 8 (eight) meetings with attendance rates as follows:

Members Composition of Risk Monitoring Committee in 2018

Name	Meeting Attendance	Attendance Rate
Manggi Taruna Habir	8	100%
Gan Chee Yen ¹⁾	7	88%
Made Sukada	8	100%
Angela Simatupang	7	88%
Yusuf Nawawi	8	100%
Peter Benyamin Stok ²⁾		
Masamichi Yasuda ³⁾		

Note

¹⁾ 1 (one) time through teleconference.

²⁾ Effective as a Committee member as of December 13, 2018.

³⁾ Will be effective after pass the OJK fit and proper test.

Meeting Agenda of Risk Monitoring Committee in 2018

No	Date	Meeting Agenda
1	January 23, 2018	Net Stable Funding Ratio (NSFR) Update Risk Management Update International Financing Reporting Standards (IFRS) 9 Update Financial Information Service System (SLIK) Update Treasury and Capital Market (TCM) Update Legal and Compliance Update
2	March 19, 2018	Market and Liquidity Risk Limit Review Sales of Idle Assets Integrated Risk Profile Regulation on Sustainable Finance Legal Lending Limit and Net Stable Funding Ratio Financial Information Service System (SLIK)

Policy and Holding of Risk Monitoring Committee Meetings

Policy of Risk Monitoring Committee Meetings

- Meetings are 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 including Independent Commissioners and Independent Parties.
- 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. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.
- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.
- Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.

		Treasury and Capital Market
		Legal and Compliance
3	April 23, 2018	SLIK update
		Adira Finance Update - Update on Product Programs and Portfolio
		SEMM Update - Update on Product Programs and Portfolio
		Risk Management Update
		Treasury and Capital Market Update
		Legal and Compliance Update
4	July 18, 2018	ICAAP Policy Review and ICAAP Stress Test Results
		Legal Lending Limit & Policy for Related Parties
		Intra Group Transaction Policy
		Market & Liquidity Risk Policy Review and Changes in ALCO Indicators from LFR to RIM
		Credit Plan for State-Owned Enterprises
		Consumer Remedial Asset Sales
5	August 2, 2018	Treasury and Capital Market Update
		Revision of Indicator of Income Fluctuations for Risk Appetite Statement (RAS)
		Revision of the Product Program Approval Matrix
		Risk Management Update (June 2018) and Risk Profile (Second Quarter 2018)
		Interest Rate Risk Banking Book (IRRBB) Update
		Information Security Update
		Financial Information Service System (SLIK)
		Top 10 Non-Performing Loans (NPL) for Enterprise Banking
		Simulation of the Impact of Trade War on Credit Portfolios
		Legal and Compliance Update
6	September 24, 2018	Treasury and Capital Market Update
		Credit Risk Policy Report
		ICAAP Review 1 st Semester 2018
		Same Class Bank Analysis - Quarterly Portfolio Quality
		CoC and NPL – 2018 Middle Forecast
		FinCo Portfolio Update
		MUFG Collaboration
		Update on Consumer Banking (CB):
		a. UPL Product Program Update
		b. Consumer Portfolio Update
		Legal and Compliance Update
7	October 31, 2018	Treasury and Capital Market Update
		Risk Management Update
		Enterprise Banking Portfolio and SME Portfolio Update
		The Impact of the Palu and Lombok Earthquakes on Credit and Business Continuity Management
		Phishing Email Learning
		Adira Insurance Risk Update
8	November 9, 2018	Treasury and Capital Market Update
		Legal and Compliance Update
		Integrated Risk/ National Portfolio Report

Main Highlights	Management Report	Company Profile	Management Discussion and Analysis	Operational Review	Good Corporate Governance	Corporate Social Responsibility	Corporate Data	<p>Implementation of Duties of Risk Monitoring Committee in 2018</p> <p>Key activities conducted by Risk Monitoring Committee, among others:</p> <ul style="list-style-type: none"> • Update on Risk Management activities. • Integrated Risk/ National Portfolio Report. • Credit Risk Policy Report. • Market and Liquidity Risk Limit Review. • ICAAP Policy Review and ICAAP Stress Test Results. • Risk Profile Update. • LLL and Related Party Policy. • Intra Group Transaction Policy • Market & Liquidity Risk Policy Review and Changes in ALCO Indicators from LFR to RIM • Analysis and revision of Indicators of Income Fluctuations for Risk Appetite Statement (RAS) • Update on the Interest Rate Risk Banking Book (IRRBB) • MUFG Collaboration • SLIK update • Update on legal and compliance activities. • Update on Consumer Banking activities. • Update on Net Stable Funding Ratio (NSFR). • Enterprise Banking Portfolio and SME Portfolio Updates. • Phishing Email Learning. • Update on Subsidiaries' Risk. • Update on Treasury and Capital Market. • Regulation of Sustainable Finance. • Legal Lending Limit and Net Stable Funding Ratio. • Product Program Approval. • Indonesian economy and global economic conditions. • Risk Appetite Statement Analysis. <p>The Risk Monitoring Committee reports activities and recommendations to the Board of Commissioners on a regular basis.</p> <p>NOMINATION COMMITTEE</p> <p>Nomination Committee is a committee that assists the implementation of the functions and duties of the Board of Commissioners regarding the nominations of members of the Board of Directors and members of the Board of Commissioners. The Nomination Committee is responsible to the Board of Commissioners.</p> <p>Charter of Nomination Committee</p> <p>The Nomination Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meeting proceedings, and reporting. The Charter of the Nomination Committee is periodically reviewed.</p> <p>Duties, Responsibilities and Authorities of Nomination Committee</p> <p>Duties and Responsibilities</p> <p>Duties and responsibilities of the Nomination Committee include:</p> <ol style="list-style-type: none"> a. Provides recommendations to the Board of Commissioners regarding: <ul style="list-style-type: none"> • 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 <ol style="list-style-type: none"> b. 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. Identifies, reviews, and recommends candidates for the Board of Commissioners and/ or the Board of Directors including President Director 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, 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. Can evaluate all members of the Board of Commissioners and/ or Board of Directors who will 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 needs of the Board of Commissioners/ Board of Directors. i. Recommends all candidates both identified internally and 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/ Board of Directors in the next General Meeting of Shareholders. j. The official appointment of candidates as members of the Board of Commissioners/ Board of Directors will be conducted after the approval of GMS and after all requirements as required by regulations including but not limited to the OJK's Fit and Proper Test and other authorities are fulfilled. k. 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. l. Assists the Board of Commissioners to assess the performance of members of the Board of Commissioners and/ or members of the Board of Directors based on the benchmarks that have been prepared as evaluation material. m. 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.

- n. Must improve competency through continuous education and trainings.
- o. Must prepare, review, and update the Charter of the Nomination Committee regularly. The Charter is available on Danamon's website.
- p. Maintain the confidentiality of all Danamon's documents, data and information.

The Nomination Committee must report on the implementation of its duties and responsibilities and nomination procedures that have been carried out to the Board of Commissioners. The report is part of the Report on the implementation of the duties of the Board of Commissioners and submitted at the GMS.

Authority of Nomination Committee

The Nomination Committee is authorized to, among others:

- a. Access documents, data, and information required from 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 authorities assigned by the Board of Commissioners.

Structure, Membership, Expertise and Legal Basis for Appointment of Nomination Committee

Structure and Membership of Nomination Committee

In 2018, there was a change in the structure and membership of the Nomination Committee. Seskia A. Balfas as a member of the Nomination Committee and an Executive Officer of Human Resources has resigned as a member of the Nomination Committee since July 31, 2018. As a replacement, Roy F. Permana has been appointed as a member of the Nomination Committee and is the Executive Officer of Human Resources. In addition, based on the EGMS on November 19, 2018, the resignation of 1 (one) member of the Board of Commissioners, Ernest Wong Yuen Weng who is a member of the Nomination Committee has been decided and approved. Takayoshi Futae who is a member of the Board of Commissioners has been appointed as a member of the Nomination Committee.

Thus the Nomination Committee has 5 (five) members, consists of 2 (two) Independent Commissioners, 2 (two) Commissioners, and 1 (one) Executive Officer of Danamon who is in charge of Human Resources. Structure and membership of the Nomination Committee has fulfilled the applicable provisions.

Members Composition of Nomination Committee in 2018

No	Name	Position in Danamon	Position in Nomination Committee
1	J.B. Kristiadi	Vice President Commissioner (Independent)	Chairman
2	Ng Kee Choe	President Commissioner	Member
3	Made Sukada	Commissioner (Independent)	Member
4	Takayoshi Futae	Commissioner	Member
5	Roy Fahrizal Permana	Executive Officer of Human Resources	Member

Expertise of Nomination Committee Members

All committee members fulfill the applicable provisions related to the requirements of the expertise of the Nomination Committee members, taking into account each integrity, character and morals as stated in a personal statement.

Legal Basis of Appointment

Members of Nomination Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

Independency of Nomination Committee

To uphold independence and objectivity, the Nomination Committee is chaired by an Independent Commissioner, namely J.B. Kristiadi. Members of the Board of Directors are not permitted to become members of the Nomination Committee. Nomination Committee members must comply with Danamon's Code of Conduct.

Term of Office

The term of office of the Nomination Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

Policy and Holding of Nomination Committee Meetings

Policy of Nomination Committee Meetings

- a. Nomination Committee meetings are held regularly at least once every 4 (four) months.
- b. Nomination Committee meetings can only be held if attended by the majority of the Nomination Committee members and attended by the Chairman of the Nomination Committee including 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, the decision will be based on a majority vote. Decision-making based on majority vote is based on the principle of 1 (one)

person, 1 (one) vote.

- e. Dissenting opinions occur in the Nomination Committee meeting along with the reasons must be clearly stated in the minutes of the meeting.
- f. Each Nomination Committee meeting is recorded in the minutes of meeting which is properly documented and signed by all attendees.

- g. Nomination Committee's minutes of meetings must be submitted in written to the Board of Commissioners.

Holding of Nomination Committee Meetings

In 2018, Nomination Committee held 7 (seven) meetings with attendance rates as follows:

Name	Meeting Attendance			Attendance Rate
	Meeting Attendance	Physical Attendance	Teleconference Attendance	
J. B. Kristiadi	7	6	-	100%
Ng Kee Choe	7	7	-	100%
Ernest Wong Yuen Weng	4 ¹⁾	3	1	67%
Made Sukada	7	7	-	100%
Seskia A. Balfas	4 ²⁾	4	-	100%
Takayoshi Futae	2 ³⁾	2	-	100%
Roy F. Permana	2 ³⁾	2	-	100%

Note:

¹⁾ Based on the EGMS on November 19, 2018, the resignation of Ernest Wong Yuen Weng as a member of the Board of Commissioners was approved. As a Nomination Committee member, he attended 4 (four) meetings out of 6 (six) Nomination Committee meetings.

²⁾ The attendance of Ernest Wong Yuen Weng in meeting as a Nomination Committee member was 1 (one) time through teleconference.

³⁾ Seskia A. Balfas has resigned as a member of the Nomination Committee since July 31, 2018. She attended 4 (four) meetings out of 4 (four) Nomination Committee meetings.

³⁾ He attended 2 (two) meetings out of 2 (two) Nomination Committee meetings

Meeting Agenda of Nomination Committee in 2018

Table of Meeting Agenda of Nomination Committee

No	Date	Meeting Agenda
1	January 23, 2018	Confirmation of Finance & Micro Banking Director Nomination of Director Candidates Nomination of Commissioner Candidates
2	March 9, 2018	Nomination of Commissioner Candidates Nomination of Director Candidates
3	March 22, 2018	Approval of the composition of the Committees of the Board of Commissioners effective March 20, 2018
4	July 19, 2018	Nomination of Integrated Corporate Governance Committee Members of the Committee under the Board of Commissioners
6	November 19, 2018	Nomination of Senior Officer Candidates for Recruitment Expatriate Recruitment from MUFG Nomination of the Nomination Committee and Remuneration Committee Secretary
7	December 6, 2018	Recommendations for Operations, CREM and YDP. Business Process Re-Engineering (BPR) and Transformation, Legal Services, SKAI

Implementation of Duties of Nomination Committee in 2018

The implementation of duties of the Nomination Committee can be summarized as follows:

- Reviewed candidates for the Board of Directors and Board of Commissioners of Danamon.
- Provided recommendations for candidates for members of the Board of Commissioners and Directors of Danamon.
- Provided recommendations on the approval of the composition of the Board of Commissioners' Committees.
- Reviewed the nominations of candidates for the Integrated Corporate Governance Committee.
- Reviewed the resignation and appointment of members of the Board of Commissioners and members of the Committee under the Board of Commissioners.
- Reviewed recruitment nominations for senior officers, expatriates from MUFG and nominations for the secretary of the Nomination Committee and Remuneration Committee.
- Reviewed and provided recommendations on Operations, CRM and YDP. Reviewed BPR and Transformation, Legal Services and SKAI.

Activities and recommendations from the Nomination Committee are reported regularly to the Board of Commissioners.

REMUNERATION COMMITTEE

Remuneration Committee is a committee that assists the implementation of the duties and responsibilities of the Board of Commissioners regarding the remuneration policy and structure of the members of the Board of Commissioners, Board of Directors, Sharia Supervisory Board, Independent Party, and certain Senior Management. The Remuneration Committee is responsible to the Board of Commissioners for the effectiveness of the framework and policies as well as the structure of Danamon's remuneration.

Charter of Remuneration Committee

The Remuneration Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meeting proceedings, and reporting. The Charter of the Remuneration Committee is periodically reviewed.

Duties, Responsibilities and Authorities of Remuneration Committee

Duties and Responsibilities

Duties and responsibilities of the Remuneration Committee include:

- a. Prepare policy, evaluate and provide recommendations to the Board of Commissioners regarding:
 - The structure and amount of remuneration for the Board of Commissioners, Board of Directors, and Senior Management.
 - Remuneration, including salaries, allowances, bonuses and incentives that will be given based on achievement of the predetermined objectives and targets for the President Director and other members of the Board of Directors,

members of the Board of Commissioners and the Supervisory Board.

- Remuneration, including salaries and benefits of Independent Parties.
- b. Assist the Board of Commissioners to conduct performance assessment with the suitability of remuneration received by each member of the Board of Commissioners and/ or members of the Board of Directors.
 - c. Consider the following matters in preparing the structure, policy, and the amount of remuneration:
 - Applicable remuneration in the industry according to the business activity and business scale of Danamon in the industry.
 - 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 individual performance of members of the Board of Directors and/or members of the Board of Commissioners.
 - The balance of fixed 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 forementioned structure, policies, and amount of remuneration at least 1 (one) time in 1 (one) year.
 - e. Evaluate and update the Charter of Remuneration Committee periodically.
 - f. Maintain the confidentiality of all Danamon's documents, data, and information.
 - g. Improve competency through continuous education and trainings.

The Remuneration Committee must report on the implementation of its duties and responsibilities and the remuneration procedures that have been carried out to the Board of Commissioners. The report is part of the Report on the implementation of the duties of the Board of Commissioners and submitted at the GMS.

Authority of Remuneration Committee

Authorities of Remuneration Committee among others:

- a. Access documents, data, and information about employees, Senior Management, Board of Directors and/ or 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. Involve an independent party to support the implementation of its duties when necessary.
- d. Exercise other authorities assigned by the Board of Commissioners.

Structure, Membership, Expertise and Legal Basis for Appointment of Remuneration Committee

Structure and Membership of Remuneration Committee

In 2018, there was a change in the structure and membership of the Remuneration Committee. Seskia A. Balfas as a member of the Remuneration Committee and an Executive Officer of Human Resources has resigned as a member of the Remuneration Committee since July 31, 2018. As a replacement, Roy F. Permana has been appointed as a member of the Remuneration Committee and is the Executive Officer of Human Resources. Moreover, there is 1 (one) additional member of the Board of Commissioners, namely Takayoshi Futae, to be a member of the Remuneration Committee.

Thus the Remuneration Committee has 6 (six) members, consists of 2 (two) Independent Commissioners, 3 (three) Commissioners, and 1 (one) Executive Officer of Danamon who is in charge of Human Resources. Structure and membership of the Remuneration Committee has fulfilled the applicable provisions.

Members Composition of Remuneration Committee in 2018

No	Name	Position in Danamon	Position in Remuneration Committee
1	J.B. Kristiadi	Vice President Commissioner (Independent)	Chairman
2	Ng Kee Choe	President Commissioner	Member
3	Gan Chee Yen	Commissioner	Member
4	Manggi T. Habir	Commissioner (Independent)	Member
5	Takayoshi Futae	Commissioner	Member
6	Roy Fahrizal Permana	Executive Officer of Human Resources	Member

Expertise of Remuneration Committee Members

All committee members fulfill the applicable provisions related to the requirements of the expertise of the Remuneration Committee members, taking into account each integrity, character and morals as stated in a personal statement.

Legal Basis of Appointment

Members of Remuneration Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

Independency of Remuneration Committee

To uphold independence and objectivity, the Remuneration Committee is chaired by an Independent Commissioner, namely J.B. Kristiadi. Members of the Board of Directors are not permitted to become members of the Remuneration Committee. Remuneration Committee members must comply with Danamon's Code of Conduct.

Term of Office

The term of office of the Remuneration Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

Policy and Holding of Remuneration Committee Meetings

Policy of Remuneration Committee Meetings

- Remuneration Committee meetings are held regularly at least once every 4 (four) months.
- Remuneration Committee meetings can only be held if attended by the majority of the Remuneration Committee members and attended by the Chairman of the Remuneration Committee including 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 a majority vote. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote. Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.
- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted in written to the Board of Commissioners.

Holding of Remuneration Committee Meetings

In 2018, Remuneration Committee held 6 (six) meetings with attendance rates as follows:

Table of Meeting Attendance Rate of Remuneration Committee

Name	Meeting Attendance			Attendance Rate
	Meeting Attendance	Physical Attendance	Teleconference Attendance	
J. B. Kristiadi	6	6	-	100%
Ng Kee Choe	6	4	2	100%
Gan Chee Yen	6	3	3	100%
Manggi T. Habir	6	5	1	100%
Seskia A. Balfas	5 ¹⁾	5	-	100%
Takayoshi Futae	1 ²⁾	1	-	100%
Roy Fahrizal Permana	1 ²⁾	1	-	100%

Note:

¹⁾ Seskia A. Balfas has resigned as a member of the Remuneration Committee since July 31, 2018. She attended 5 (five) meetings out of 5 (five) Remuneration Committee meetings.

²⁾ He attended 1 (one) meetings out of 1 (one) Remuneration Committee meetings.

Meeting Agenda of Remuneration Committee in 2018

Table of Meeting Agenda of Remuneration Committee

No	Date	Meeting Agenda
1.	January 23, 2018	Long-term Intensive Plans and Plans to Maintain Key Personnel
2.	February 14, 2018	Proposal of 2017 Bonus Performance and Tantiem
3.	March 9, 2018	2017 Tantieme Proposal and 2018 Additional Directors
4.	March 19, 2018	Limitation of Granting Shares
5.	July 19, 2018	Approval of Remuneration for new Directors, new Board of Commissioners and Executive Officers
6.	November 19, 2018	Remuneration for Senior Officers

Implementation of Duties of Remuneration Committee in 2018

The implementation of duties of the Remuneration Committee can be summarized as follows:

- Reviewed long-term intensive plans and plans to maintain key personnel.
- The main guideline for determining tantiem and bonus.
- Provided recommendations for tantiem and additional directors and 2018 additional salary.
- Reviewed the limitation of granting shares.
- Reviewed and approved compensation packages for new Directors and Executive Officers.
- Provided recommendations on the remuneration of Senior Officers.

Activities and recommendations from the Remuneration Committee are reported regularly to the Board of Commissioners.

CORPORATE GOVERNANCE COMMITTEE

Corporate Governance Committee is a committee that assists the implementation of the duties and responsibilities of the Board of Commissioners in overseeing the effectiveness of governance structures, frameworks, policies and resources to support the implementation of the principles of good corporate governance. The Corporate Governance Committee is responsible to the Board

of Commissioners for overseeing the implementation of Danamon's corporate governance and compliance with regulations.

Charter of Corporate Governance Committee

The Corporate Governance Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meeting proceedings, and reporting. The Charter of the Corporate Governance Committee is periodically reviewed.

Duties, Responsibilities and Authorities of Corporate Governance Committee

Duties and Responsibilities

In carrying out its duties and responsibilities, the Corporate Governance Committee must act independently. The duties and responsibilities of the Corporate Governance Committee include:

- Periodically evaluate the corporate governance structure and framework as well as the suitability of Danamon's corporate governance policies.
- Review and evaluate Danamon's principles of corporate governance and its implementation and where necessary recommend improvements to the Board of Commissioners.
- Supervise the implementation of corporate governance and provide recommendations for improvements.

- d. Review the corporate governance report published by Danamon to ensure its transparency and accuracy of the reports and recommend the improvements to the Board of Directors.
- e. Provide recommendations in the framework of providing endorsement of the Board of Commissioners on Danamon's corporate governance reports and corporate governance policies.
- f. Prepare, review, and update the Charter of the Committee periodically. Charter of the Committee is available in Danamon's website.
- g. Maintain the confidentiality of all Danamon's documents, data, and information.
- h. Report the Corporate Governance Committee's activities to the Board of Commissioners.

Authority of Corporate Governance Committee

- a. Access documents, data, and information required from 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 authorities assigned by the Board of Commissioners.

Structure, Membership, Expertise and Legal Basis for Appointment of Corporate Governance Committee Structure and Membership of Corporate Governance Committee

In 2018, there was a change in the structure and membership of Corporate Governance Committee. Based on the EGMS on November 19, 2018, the resignation of 1 (one) member of the Board of Commissioners, namely Ernest Wong Yuen Weng who is a member of the Corporate Governance Committee has been decided and approved. Based on the EGMS, the appointment of Masamichi Yasuda as a member of Board of Commissioners was approved, where his appointment was effective from the date of passing the fit and proper test from the Financial Services Authority. Masamichi Yasuda has been appointed as a member of the Corporate Governance Committee.

Thus Corporate Governance Committee has 3 (three) members, consist of 2 (two) Independent Commissioners and 1 (one) Commissioner. The composition of this Committee has fulfilled the Corporate Governance Committee Charter and the independence requirements of the Committee members.

Members Composition of Corporate Governance Committee in 2018

No	Name	Position in Danamon	Position in Corporate Governance Committee
1	Made Sukada	Commissioner (Independent)	Chairman
2	Manggi T. Habir	Commissioner (Independent)	Member
3	Masamichi Yasuda ¹⁾	Commissioner	Member

Note:

¹⁾ Effective after passing the OJK's fit and proper test.

Expertise of Corporate Governance Committee Members

All committee members fulfill the applicable provisions related to the requirements of the expertise of the Corporate Governance Committee members, taking into account each integrity, character and morals as stated in a personal statement.

Legal Basis of Appointment

Members of Corporate Governance Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

Independency of Corporate Governance Committee

To uphold independence and objectivity, the Corporate Governance Committee is chaired by an Independent Commissioner, namely Made Sukada. Members of the Board of Directors are not permitted to become members of the Corporate Governance Committee.

Corporate Governance Committee members must comply with Danamon's Code of Conduct.

Term of Office

The term of office of the Corporate Governance Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

Policy and Holding of Corporate Governance Committee Meetings

Policy of Corporate Governance Committee Meetings

1. Meetings are held according to Danamon's needs at least once every 1 (one) semester.
2. The minimum attendance of committee meetings (quorum of meetings) is 51% (fifty one percent) of total members.
3. Meeting decisions are made based on the principles of deliberation to reach consensus.
4. In cases where deliberation to reach consensus does not occur,

the decision will be based on a majority vote. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.

5. Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.
6. Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.

Holding of Corporate Governance Committee Meetings

In 2018, Corporate Governance Committee held 4 (four) meetings with attendance rates as follows:

Members Composition of Corporate Governance Committee

Name	Meeting Attendance	Attendance Rate
Made Sukada	4	100%
Ernest Wong Yuen Weng ¹⁾	4	100%
Manggi T. Habir	4	100%
Masamichi Yasuda ²⁾		

Note:

- ¹⁾ Based on EGMS on November 19, 2018, resignation of Ernest Wong Yuen Weng has been approved. Ernest Wong Yuen Weng attended the Committee meeting through teleconference on January 23, 2018, April 26, 2018 and July 10, 2018.
- ²⁾ Effective after passing the fit and proper test from OJK.

Meeting Agenda of Corporate Governance Committee in 2018

The Corporate Governance Committee conducted meetings during 2018 with the meeting agenda as follows:

No	Date	Meeting Agenda
1	January 23, 2018	Corporate Governance Update
2	April 26, 2018	Corporate Governance Update
3	July 10, 2018	Corporate Governance Update
4	November 15, 2018	Improvement Status on CG Semester 2 2018
		Highlight on:
		a. Extraordinary General Meeting of Shareholders
		b. Fit & Proper Test Result of the Board of Directors & Board of Commissioners
		c. Refreshment on Regulation related to Board of Directors & Board of Commissioners
		Others:
		a. Status Highlight on SLIK Governance
		b. Requirement on the Sharia Business Unit's spin off

Implementation of Duties of Corporate Governance Committee in 2018

Key activities of Corporate Governance Committee in 2018 including:

- a. Received and reviewed Management Report regarding:
 - Danamon's Implementation Report of Corporate Governance.
 - Implementation of Danamon's corporate governance self assessment.
 - Refinement of the implementation of corporate governance.
- b. Reviewed the agenda and materials for Annual GMS and Extraordinary GMS.
- c. Reviewed the Fit & Proper Test Result of the Board of Directors & Board of Commissioners.
- d. Received regulation update regarding Board of Directors & Board of Commissioners.

Corporate Governance Committee report its activities and recommendations to the Board of Commissioners regularly.

INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee assists in the implementation of the duties and responsibilities of the Board of Commissioners to supervise the implementation of integrated corporate governance of the Danamon Group (Danamon and Subsidiaries). The Integrated Corporate Governance Committee is responsible to the Danamon's Board of Commissioners which is the Main Entity in the Danamon Group financial conglomerate.

Charter of Integrated Corporate Governance Committee

The Integrated Corporate Governance Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meeting proceedings, and reporting. The Charter of the Integrated Corporate Governance Committee is periodically reviewed.

Duties, Responsibilities and Authorities of Integrated Corporate Governance Committee

Duties and Responsibilities

The duties and responsibilities of the Integrated Corporate Governance Committee include:

- Evaluate the implementation of integrated corporate governance through at least the assessment of the adequacy of internal controls and the implementation of integrated compliance function.
- Provide recommendations to the Board of Commissioners of the Main Entity in terms of improving the integrated corporate governance policy if needed.
- Improve the competency of members through continuous education and trainings.
- Possess, review, and update the Charter of the Integrated Corporate Governance Committee periodically.
- Maintain the confidentiality of all Danamon's and Subsidiaries' documents, data, and information.

Authority of Integrated Corporate Governance Committee

- The Integrated Corporate Governance Committee has the authority to access the required documents, data and information from the Main Entity and Subsidiaries, while adhering to the internal policies of each entity and applicable laws and regulations.
- The Integrated Corporate Governance Committee is authorized to communicate directly with employees, Board of Directors and other parties in the Main Entity and Subsidiaries.
- The Integrated Corporate Governance Committee has the authority to involve independent parties to assist in carrying out their duties, if needed.

- The Integrated Corporate Governance Committee has the authority to exercise other authorities granted by the Board of Commissioners of Danamon/ Main Entity.

Structure, Membership, Expertise and Legal Basis for Appointment of Integrated Corporate Governance Committee

Structure and Membership of Integrated Corporate Governance Committee

In 2018, there was a change in the structure and membership of the Integrated Corporate Governance Committee. Based on the EGMS on November 19, 2018, the resignation of 1 (one) member of the Board of Commissioners, namely Ernest Wong Yuen Weng who is a member of the Integrated Corporate Governance Committee, has been decided and approved. Based on the EGMS, the appointment of Masamichi Yasuda as a member of the Board of Commissioners was approved, where his appointment was effective from the date of passing the fit and proper test from the Financial Services Authority. Masamichi Yasuda was appointed as a member of the Integrated Corporate Governance Committee.

The Integrated Corporate Governance Committee consists of 7 (seven) people as follows:

- From the Main Entity which consists of:
 - 2 (two) Independent Commissioners.
 - 1 (one) independent party.
 - 1 (one) commissioner.
 - 1 (one) member of the Sharia Supervisory Board.
- From the Subsidiaries which consist of:
 - 1 (one) Independent Commissioner who represents and is appointed from the financing company.
 - 1 (one) Independent Commissioner who represents and is appointed by the insurance company.

The composition of this Committee has fulfilled the Integrated Corporate Governance Committee Charter and the independency requirements of the Committee members.

Members Composition of Integrated Corporate Governance Committee in 2018

No	Name	Position in Danamon	Position in Integrated Corporate Governance Committee
1	Made Sukada	Commissioner (Independent)	Chairman
2	Manggi T. Habir	Commissioner (Independent)	Member
3	Masamichi Yasuda ¹⁾	Commissioner	Member
4	Angela Simatupang	Independent Party of Main Entity	Member
5	Djoko Sudyatmiko	Independent Commissioner of Adira Finance	Member
6	Ariyanti Suliyanto	Independent Commissioner of Adira Insurance	Member
7	M. Din Syamsuddin	Chairman concurrently as a member of Sharia Supervisory Board of the Main Entity	Member

Note:

¹⁾ Effective after passing the OJK's fit and proper test.

Expertise of Integrated Corporate Governance Committee Members

Each member has the expertise needed to carry out the functions of the committee by paying attention to their respective integrity, character and morals as stated in a personal statement.

Legal Basis of Appointment

Members of Integrated Corporate Governance Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

Independency of Integrated Corporate Governance Committee

To uphold independence and objectivity, the Integrated Corporate Governance Committee is chaired by an Independent Commissioner, namely Made Sukada. Members of the Board of Directors are not permitted to become members of the Integrated Corporate Governance Committee.

Term of Office

The term of office of the Integrated Corporate Governance Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

Policy and Holding of Integrated Corporate Governance Committee Meetings

Policy of Integrated Corporate Governance Committee Meetings

- Meetings are held according to Danamon's needs at least once every 1 (one) semester.
- The minimum attendance of committee meetings is 51% (fifty one percent) of total members.
- 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. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.
- Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.
- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.

Holding of Integrated Corporate Governance Committee Meetings

In 2018, Integrated Corporate Governance Committee held 3 (three) meetings with attendance rates as follows

Meeting Attendance

Name	Meeting Attendance	Attendance Rate
Made Sukada	3	100%
Ernest Wong Yuen Weng ¹⁾	2	100%
Manggi T Habir	3	100%
Djoko Sudyatmiko	3	100%
Angela Simatupang	3	100%
Din Syamsuddin	2	67%
Ariyanti Sulyanto ²⁾	1	100%
Masamichi Yasuda ³⁾		

Note:

¹⁾ Resignation of Ernest Wong Yuen Weng has been approved through the EGMS on November 19, 2018. When he was a member of the Integrated Corporate Governance Committee he attended 3 (three) meetings. The committee meetings which were attended through teleconference were 2 (two) times, namely on January 23, 2018 and July 10, 2018.

²⁾ Ariyanti Sulyanto was appointed as a member of the Integrated Corporate Governance Committee at the Committee meeting on July 10, 2018

³⁾ Effective after passing the fit and proper test from OJK.

Meeting Agenda of Integrated Corporate Governance Committee in 2018

No	Date	Meeting Agenda
1	January 23, 2018	Self Assessment Report of Integrated Corporate Governance. Follow-up on Commitment to OJK Findings. Review Integrated Corporate Governance Committee Charter. Update related liquidation progress of Adira Quantum. Update from Subsidiaries.
2	July 10, 2018	Self Assessment Report of Integrated Corporate Governance. Follow-up on Commitment to OJK Findings. Membership of Integrated Corporate Governance Committee. Update from Subsidiaries.
3	November 15, 2018	Update related Main Entity in the Financial Conglomeration. Update related liquidation progress of Adira Quantum. Update related Adira Insurance. Follow-up on Commitment to OJK Findings. Update from Subsidiaries.

Implementation of Duties of Integrated Corporate Governance Committee in 2018

The Integrated Corporate Governance Committee during 2018 has reviewed and evaluated:

- Self assessment results of the implementation of integrated corporate governance.
- OJK Findings and Integrated Corporate Governance Committee Charter.
- Implementation of Integrated Corporate Governance of the Main Entity and Subsidiaries.

Integrated Corporate Governance Committee report its activities and recommendations to the Board of Commissioners regularly.

Board of Directors

The Board of Directors is a corporate organ that is collectively responsible for the management of the company for the interests and objectives of the company and represents the company both inside and outside the 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 through 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. If there is an addition/ appointment of new members of 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 implementation 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.

Charter of the Board of Directors

The Board of Directors has owned a Charter which is prepared and periodically reviewed based on prevailing regulations (Financial Services Authority/Bank Indonesia), international best practices and best corporate governance practices. The Charter of the Board of Directors contains matters related to the general requirements, membership structure, duties and responsibilities, committee establishment, authority, transparency, work ethics, meetings, terms of office and reporting.

Work Ethics of the Board of Directors

Members of the Board of Directors have work ethics as follows:

1. Prohibited from taking advantage of Danamon for personal, family, and/ or other parties' interests that may harm or reduce the profits and reputation of Danamon and its subsidiaries.
2. Prohibited from taking and/ or receiving personal benefits from Danamon other than remuneration and facilities determined in the General Meeting of Shareholders.
3. Prohibited from having concurrent positions as a member of a Board of Commissioners, Board of Directors or executive officers at other banks, companies and/ or institutions. Excluded as concurrent positions if the Board of Directors responsible for oversight of participation in Danamon's Subsidiaries, carrying out functional duties to become a member of the Board of Commissioners in 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.
4. Prohibited from owning shares more than 25% (twenty five percent) either individually or collectively of the paid up capital of Danamon and/ or other companies.
5. Prohibited from giving general authority to another party, which will result in the transfer of duties and functions of the Board of

Directors.

6. 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 the costs; 3) Consultant is an independent party and has the qualifications to work on specific projects.
7. Prohibited from directly or indirectly making incorrect statements about material facts or not disclosing material facts so that the statements made are not misleading about the conditions of Danamon at the time the statement was made.
8. Subject to Danamon's Code of Conduct, the prevailing laws and regulations, as well as Danamon's internal policies.

Transparency of the Board of Directors

1. The Board of Directors must disclose the information in the Corporate Governance Implementation Report including:
 - a. Shares ownership in Danamon as well as in other banks and companies, which are domiciled at home and overseas;
 - b. Financial and family relationships with fellow members of Danamon's Board of Commissioners, Board of Directors and/ or controlling shareholders;
 - c. Remuneration and facilities received from Danamon;
 - d. Positions in other companies.
2. The Board of Directors must disclose Danamon's strategic employment policies to all employees.

Duties and Responsibilities of the Board of Directors

The Duties and Responsibilities of the Board of Directors, including:

1. Manage Danamon with its authority and responsibilities as stipulated in the Articles of Association of Danamon and the prevailing laws and regulations;
2. Implement the principles of corporate governance in each of Danamon's business activities at all levels of the organization;
3. Take full responsibility for setting the short-term and long-term strategies, and the priorities of Danamon.
4. Follow up the audit findings and recommendations of the internal audit working unit of Danamon, external auditors; supervisory results of Financial Services Authority, Bank Indonesia and/ or the other regulators.
5. Implement Danamon social responsibility programs.
6. Establish an Internal Audit Working Unit, Risk Management Working Unit and Compliance Working Unit, in order to implement the principles of good corporate governance.
7. Maintain a healthy and open relationship with the Board of Commissioners and support the Board of Commissioners in carrying out their role as a supervisory organ.
8. Responsible for the implementation of the duties to shareholders through the General Meeting of Shareholders;
9. Disclose the strategic Human Resources policies in the field of employment to employees;
10. Provide accurate, relevant and timely data and information to the Board of Commissioners.

11. Ensure the implementation of Integrated Corporate Governance in the Financial Conglomeration as defined in the Integrated Corporate Governance policy.

Authority Board of Directors

Authorities of the Board of Directors are as follows:

1. Representing Danamon inside and outside the court on all matters and in all events, binding Danamon with other parties and other parties with Danamon and carrying out all actions, both regarding management and ownership, but with restrictions and conditions as stated in the Danamon's Articles of Association.
2. Performing other authorities granted in the Danamon's Articles of Association and the prevailing rules and regulations.

Policy on Diversity of the Board of Directors

Danamon has a diversity policy that is used as a reference in the nomination process 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 company's 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 2 (two) 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 prepared as a basis in the process of identifying candidates for members of the Board of Directors with the best qualifications which meet the minimum requirements as set out in legislation and other criteria.

The process of identifying candidates for the Board of Directors is carried out by the Nomination Committee, if necessary, the Nomination Committee can use the services of a third party (search firm). The Nomination Committee identifies candidates who meet the requirements, interviews and selects the candidates (including conducts background checks and references).

The Nomination Committee will consider the knowledge, skills and professional experience, as well as the diversity without discrimination against race, ethnicity, gender and religion in identifying the candidates. 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 the Board of Directors

In 2018 there was a change in the composition of the Board of Directors. Based on the Annual General Meeting of Shareholders (AGMS) on March 20, 2018, the number of members of the Board of Directors of the Company is 9 (nine) and 1 (one) of them is appointed as an Independent Director, with the following arrangement :

No	Name	Position
1	Sng Seow Wah	President Director
2	Michellina L. Triwardhany	Vice President Director
3	Herry Hykmanto	Director
4	Satinder Pal Singh Ahluwalia	Director
5	Adnan Qayum Khan	Director
6	Heriyanto Agung Putra	Director
7	Dadi Budiana	Director
8	Yasushi Itagaki	Director
9	Rita Mirasari	Director (Independent)

Based on the AGMS on March 20, 2018, it was agreed to appoint Dadi Budiana and Yasushi Itagaki as Directors of the Company, where each appointment is effective after obtaining OJK approval for the term of office in accordance with the remaining term of office of the current Board of Directors. The appointment of Dadi Budiana and Yasushi Itagaki has effectively obtained the approval of the Financial Services Authority (OJK) based on the OJK Board of Commissioners' decree dated October 17, 2018 and September 7, 2018.

In the second semester of 2018, the EGMS was held on November 19, 2018, but there were no changes to the composition of the Board of Directors. The majorities of the 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 shareholders.

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 never been declared bankrupt, have never been convicted of a criminal offense, and have the knowledge, expertise and experience in the operational field as bank executives. All members of the Board of Directors have passed the fit and proper test in accordance with the provisions of Financial Services Authority/BI.

Composition of Danamon's Board of Directors as of December 31, 2018 is as follows:

Name	Position	GMS Date	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
Michellina Laksmi Triwardhany	Vice President Director	March 20, 2018	March 14, 2018	2018-2020	1x	Indonesia
Herry Hykmanto	Director	April 3, 2008	May 13, 2008	2008-2011 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	Director (Independent)	September 7, 2016	September 14, 2016	2016-2017 2017-2020	2x	Indonesia
Yasushi Itagaki	Director	March 20, 2018	September 7, 2018	2018-2020	1x	Indonesia
Dadi Budiana	Director	March 20, 2018	October 17, 2018	2018-2020	1x	Indonesia

Independent Director

Rita Mirasari as an Independent Director has fulfilled the criteria as a member of the Board of Directors; in addition to that, she is also required to fulfill 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 whose 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 2 (two) 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.

Scope of Work and Responsibilities of Each Member of the Board of Directors

Each member of the Board of Directors has duties and authorities that are regulated based on the Articles of Association and Decree of the Board of Directors. In 2018, based on the Organizational Structure, the scope of duties and responsibilities of each member of the Board of Directors is as follows:

Director	Duties and Responsibilities
Sng Seow Wah President Director	<p>As President Director who is responsible as the highest function of management and oversees all duties and authorities of the Directors and the Board of Directors and supervises the management of the following fields:</p> <p>Business:</p> <ul style="list-style-type: none"> • Sales Distribution (Branch Network) & Consumer Banking • SME - Small Medium Enterprise, • Bancassurance • Digital Banking • Micro Banking (SEMM) • Enterprise Banking & Financial Institution, Transaction Banking • Treasury & Capital Market • Sharia Banking • Global Alliance Strategy <p>"Middle office" functions:</p> <ul style="list-style-type: none"> • Credit • Risk Management • Operational Banking <p>Supporting functions:</p> <ul style="list-style-type: none"> • Financial Management • Compliance • Internal Audit • Information Technology • Marketing Communication & Service, Decision Making • Human Resources <p>Subsidiaries:</p> <ul style="list-style-type: none"> • PT. Adira Dinamika Multi Finance Tbk. • PT. Asuransi Adira Dinamika

Director	Duties and Responsibilities
<p>Michellina L. Triwardhany Vice President Director</p>	<p>As a Vice President Director who has duties and responsibilities:</p> <ul style="list-style-type: none"> • Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations. • Carrying out the duties and responsibilities as a member of the Board of Directors. • Carrying out the duties and responsibilities for the overall strategy and operations for the business growth and profitability of the Retail Banking (Liabilities and Investment), Consumer Lending (Mortgage, Credit Cards, and Unsecured Personal Loans), Small and Medium Enterprises (SME) and Branch Network. This position is also responsible for leading all relevant divisions in continuously improving business processes, empowering digital transformation and ensuring services that are customer-centred. The scope of the Vice President Director includes but is not limited to the achievement of financial, franchise building, risk & control, and human capital aspects, namely: <ul style="list-style-type: none"> o Sales & Distribution/ Branch Network o Consumer Banking o Small & Medium Enterprise/ SME o Marketing and Communication o Digital Banking o Decision Management o Bancassurance o Service Quality and Contact Center o Network Development & Sales Strategy o Internal Control & QA
<p>Satinder Pal Singh Ahluwalia Director</p>	<ul style="list-style-type: none"> • Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations. • Carrying out the duties and responsibilities as a member of the Board of Directors. • Carrying out duties and responsibilities in planning, implementing, managing and conducting all financial activities, including Bank business planning, budgeting, forecasting, financial negotiations, establishing investor relations and partnership compliance. Responsible for Micro Banking business strategies, managing business operations and maintaining business risks and compliance with regulations in the Micro Banking business line, according to Bank Danamon's vision and mission. The scope of the functions of Financial Management & Micro Banking (SEMM) includes but is not limited to the achievement of financial, franchise building, risk & control, and human capital aspects as follows: <ul style="list-style-type: none"> o Financial Management Function o Micro Banking (SEMM) o Procurement
<p>Herry Hykmanto Director</p>	<ul style="list-style-type: none"> • Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations. • Carrying out the duties and responsibilities as a member of the Board of Directors. • Carrying out the duties and responsibilities in the functions of Sharia Banking, YDP (Yayasan Danamon Peduli/ Danamon Peduli Foundation) and CREM (Corporate Real Estate Management) including but not limited to the achievement of financial, franchise building, risk & control, and human capital aspects. The scope of the Sharia Banking function includes: <ul style="list-style-type: none"> o Sharia Banking. o Strategy and Operations of Sharia Banking, Sharia Products and Sales. o CREM (Corporate Real Estate Management) o Optimizing infrastructure utilization and continuously anticipating and resolving issues in a timely manner. o YDP (Danamon Peduli Foundation) o Ensuring the contribution of the Bank, Adira Finance and Adira Insurance for YDP annual funding, and optimizing the distribution of YDP assistance to those in need.

Corporate Data		Corporate Social Responsibility		Good Corporate Governance		Operational Review		Management Discussion and Analysis		Company Profile		Management Report		Main Highlights	
Director				Duties and Responsibilities											
Adnan Qayum Khan Director				<ul style="list-style-type: none">Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.Carrying out the duties and responsibilities as a member of the Board of Directors.Carrying out the duties and responsibilities in the Risk Management function, including but not limited to the achievement of financial, franchise building, risk & control, and human capital aspects. The scope of Risk Management includes:<ul style="list-style-type: none">Market Liquidity RiskRisk Modelling Quantitative Technique & AnalyticOperational Risk Management (ORM) & Quality Assurance (QA)Credit Enterprise Risk Management											
Heriyanto Agung Putra Director				<ul style="list-style-type: none">Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.Carrying out the duties and responsibilities as a member of the Board of Directors.Carrying out the duties and responsibilities in the functions of Human Resources, including but not limited to the achievement of financial, franchise building, risk & control, and human capital aspects. The scope of the functions of Human Resources includes:<ul style="list-style-type: none">Talent ManagementTalent AcquisitionLearning, Engagement & Corporate UniversityEmployee and Industrial RelationsOrganization DevelopmentCompensation & Benefit (Rewards)HC Business Partner & HC RegionOperating HC											
Rita Mirasari Independent Director				<ul style="list-style-type: none">Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.Carrying out the duties and responsibilities as a member of the Board of Directors.Carrying out the duties and responsibilities in strategic directions to manage the fields of Compliance, AML/CFT, including the Corporate Secretary at Bank Danamon for all product segments, activities and business activities of the Bank. The scope includes but is not limited to the achievement of financial, franchise building, risk & control, and human capital aspects:<ul style="list-style-type: none">ComplianceImplementation of AML (Anti Money Laundering) and CFT (Counter-Financing of Terrorism) ProgramLitigationLegalCorporate Secretary											
Dadi Budiana Director				<ul style="list-style-type: none">Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.Carrying out the duties and responsibilities as a member of the Board of Directors.Carrying out the duties and responsibilities in the Credit function, including but not limited to the achievement of financial, franchise building, risk & control, and human capital aspects. The scope of credit includes:<ul style="list-style-type: none">Credit approval process.The bank's credit portfolio includes the early warning monitoring process.Settlement of non-performing loans, including maintaining the absence of a conflict of interest between settlements / restructuring of non-performing loans with the role of a credit approver.Information management, analytics and Quality Assurance for credit portfolios.											

Director	Duties and Responsibilities
Yasushi Itagaki Director	<ul style="list-style-type: none"> Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations. Carrying out the duties and responsibilities as a member of the Board of Directors. Carrying out the duties and responsibilities in realizing Danamon's growth strategy through collaboration with MUFG namely "Business Collaboration" to develop Danamon's business by providing ecosystems related to JC/ MNC with unique hybrid products/ services and "Platform Collaboration" to ensure sustainable growth of Danamon by transferring knowledge about business safety and health platforms. The Global Alliance Strategy function includes but is not limited to the achievement of financial, franchise building, risk & control, and human capital aspects. The scope of the Global Alliance Strategy includes Business Collaboration.

Independency of Members of the Board of Directors

All members of the Board of 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 regulation as stipulated in the Charter of the Board of Directors.

Family Relations and Financial Relations of Members of the Board of Directors

Name	Position	Familial 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
Sng Seow Wah	President Director	-	√	-	√	-	√	-	√	-	√	-	√
Michellina Laksmi Triwardhany	Vice President Director	-	√	-	√	-	√	-	√	-	√	-	√
Herry Hykmanto	Director	-	√	-	√	-	√	-	√	-	√	-	√
Satinder Pal Singh Ahluwalia	Director	-	√	-	√	-	√	-	√	-	√	-	√
Adnan Qayum Khan	Director	-	√	-	√	-	√	-	√	-	√	-	√
Heriyanto Agung Putra	Director	-	√	-	√	-	√	-	√	-	√	-	√
Rita Mirasari	Director (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Yasushi Itagaki	Director	-	√	-	√	-	√	-	√	-	√	-	√
Dadi Budiana	Director	-											

Concurrent Positions of Members of the Board of Directors

Members of the Board of Directors are required to disclose other positions as outlined in the statement letter and are signed by members of the Board of Directors and are 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 Danamon's Directors have no prohibited concurrent positions in accordance with FSA regulation concerning Implementation of Corporate Governance for Commercial Banks.

Name	Position in Danamon	Position in Subsidiary
Sng Seow Wah	President Director	President Commissioner of PT Adira Dinamika Multi Finance Tbk
Michellina Laksmi Triwardhany	Vice President Director	-
Herry Hykmanto	Director	-
Satinder Pal Singh Ahluwalia	Director	-
Adnan Qayum Khan	Director	-
Heriyanto Agung Putra	Director	-
Dadi Budiana	Director	-
Yasushi Itagaki	Director	-
Rita Mirasari	Independent Director	-

Shares Ownership of Members of the Board of Directors

All members of the Board of Directors do not own shares that reach 25% of the paid up capital of a company. Direct or indirect shares ownership of each member of the Board of Directors in Danamon, Other Banks, Other Non-Bank Financial Institutions and other Companies, is as follows:

List of Share Ownership by Members of the Board of Directors

No.	Name	Position	Number of Shares Placed and Full paid	Percentage of ownership	Nominal Amount ¹⁾
1	Sng Seow Wah	President Director	2,325,400	0.02%	1,162
2	Michellina Laksmi Triwardhany	Vice President Director	814,200	0.01%	407
3	Satinder Pal Singh Ahluwalia	Director	396,300	0.01%	198
4	Herry Hykmanto	Director	131,856	0.00%	66
5	Adnan Qayum Khan	Director	-	-	-
6	Heriyanto Agung Putra	Director	-	-	-
7	Rita Mirasari	Independent Director	-	-	-
8	Dadi Budiana	Director	-	-	-
9	Yasushi Itagaki	Director	-	-	-

Remuneration of the Board of Directors

Indicators for Determining the Remuneration of the Board of Directors

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 achievement (goal setting), prevailing regulations, industry comparison, and the performance of Danamon. Recommendation of the Committee is submitted to the Board of Commissioners for GMS approval.

Procedures for Determining the Remuneration of the Board of Directors

The process of determining the Remuneration of the Board of Directors can be illustrated as follows:



Remuneration Structure of the Board of Directors

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 of this report.

Meetings of the Board of Directors

Meeting Policy of the Board of Directors

- Board of Directors meetings should be held periodically at least 1 (one) time a month.
- Joint meetings of the Board of Directors with the Board of Commissioners should be held at least 1 (one) time every 4 (four) months.
- Board of Directors should schedule the meetings of the Board of Directors and the Joint Meetings with the Board of Commissioners for the following year before the end of the fiscal year.
- Every strategic policy and decision must be decided through the Board of Directors meeting referring to the provisions set in the Danamon's Articles of Association and other laws and regulations.
- At scheduled meetings, meeting invitations and materials must be submitted to the participants no later than 5 (five) days prior to the meeting.
- If the meeting is not scheduled beforehand, the meeting material is submitted to the meeting participants prior to the meeting.
- Meeting invitations must be sent to the participants at least 3 (three) days prior to the meeting taking place.
- 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.
- A member of the Board of Directors can only be represented in the Board of Directors meeting by a fellow member of Board of Directors with a power of attorney.
- 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.
- 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.
- 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 referred transaction or the proposed contract, unless the Board of Directors decides otherwise.
- The Board of Directors meeting results must be recorded in the minutes of 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.
- Results of Board of Directors joint meetings with the Board of Commissioners must be recorded 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 that there is a member of the Board of Directors and/ or member of the Board of Commissioners who does not sign the results of the meetings, the concerned member must state the reason 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 meeting with the reasons for the dissenting opinions.
- q. The Board of Directors can also make legitimate and binding decisions without holding a Board of Directors meeting, provided that all members of the Board of Directors agree in writing by signing a decree containing the proposal in question.

Decisions taken in this way have the same legal force as the decisions taken legally at the Board of Directors' meeting.

Frequency of the Board of Directors Meetings

During 2018, the Board of Directors conducted 32 meetings consisting of 27 meetings of the Board of Directors and 5 (five) joint Board of Directors and Board of Commissioners meetings. All results of the meeting decisions are documented in the minutes of 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 Director Meeting (Total of 27)	Joint Meetings with the Board of Commissioners (Total of 5)	Attendance Rate
Sng Seow Wah	26	5	97%
Michellina Laksmi Triwardhany	25	5	94%
Herry Hykmanto	22	5	84%
Satinder Pal Singh Ahluwalia	27	5	100%
Adnan Qayum Khan	24	5	91%
Heriyanto Agung Putra	26	5	97%
Rita Mirasari	27	5	100%
Yasushi Itagaki	9*	1***	100%
Dadi Budiana	4**	1****	71%

* Yasushi Itagaki has passed the OJK Fit and Proper Test since September 12, 2018. He attended 9 of 9 Directors meetings.

*** Yasushi Itagaki attended 1 of 1 joint meeting with the Board of Commissioners.

** Dadi Budiana has passed the OJK Fit and Proper Test since October 17, 2018. He attended 4 of the 6 Board of Directors meetings.

**** Dadi Budiana attended 1 of 1 joint meeting with the Board of Commissioners.

Main Agenda of Board of Directors Meetings in 2018

Month	Board of Director Meeting	Agenda
January	January 9, 2018 January 22, 2018	2017 Financial Performance
		Bank Business Plan in 2018-2020 for FSA
		Risk Management Update
		Audit Result 2017
		2017 Annual Report Progress
February	February 5, 2018 February 20, 2018	2018 Annual General Meeting Shareholders
		Bank Danamon & Adira Finance Digital Roadmap
		Bottom Up Stress Test (BUST) 2017-2018
		FSA Letter – Bank Danamon Business Plan 2018-2020
		Human Resources Update – LTI Scheme
March	March 13, 2018 March 26, 2018	January 2018 Financial Performance
		Update on Financial Information Service System (SLIK)
		February 2018 Financial Performance
		5 Years Synergy Plan for MUFG and Danamon
		Fixed Assets Fraud

April	April 23, 2018	Tax Audit in Subsidiaries FFH Request for Audit Group's Reporting Risk Management Update (including Law & Compliance)
May	May 7, 2018 May 21, 2018	Customer Relationship Management Securities Administration Bureau April 2018 Financial Performance Risk Management Update and Legal & Compliance Update Update on SLIK progress
June	June 4, 2018	Revised Business Plan in Middle 2018 Medium Term Notes (MTN) or Negotiable Certificate Deposit (NCD) Processing System during the Eid holiday Corporate Real Estate Management (CREM) Update Results of Pulse Survey for BoD & BoM
July	July 2, 2018 July 9, 2018 July 23, 2018 July 31, 2018	May 2018 Financial Performance CoC and NPL - May Actual and June Forecast Risk Management Update (including Legal & Compliance Update) Credit Plans to State-Owned Enterprises (BUMN) Consumer Remedial Asset Sales Governance in Sharing Information About Shareholders 62 nd Anniversary of Danamon 2018 First Semester Financial Performance Kick Off 2018 Audit Plans Risk Management Update Sharia Business Update OPEC Optimization Project - Consumer, SME and S&D
August	August 6, 2018 August 14, 2018 August 20, 2018	Cyber Attacks and Data Theft Information Risk Update Highlights of MUFG Digital Conference 2018 Forecast July 2018 Forecast and NPL Quick Count Corporate Action Strategic Plan Refresh 3 Years Strategy Cost Optimization Project Findings on the Effectiveness of the Directors and Board of Management Teams 2018 Forecast CoC and NPL Update on the Danamon Adira Employee Program Governance in Handling Regulatory Audits Procedure in Handling Legal Claims
September	September 3, 2018 September 17, 2018	July 2018 Financial Performance 2018 2 nd Savings Forecast Assumption of 3 Years Macroeconomic Risk Management Update (Updates including Legal & Compliance) Danamon's Digital Journey August 2018 Financial Performance August 2018 CoC and NPL Corporate Action Strategic Plan Risk Posture

Corporate Data	October	October 1, 2018	Governance Data
			Regulatory Audit Process
Corporate Social Responsibility	October	October 15, 2018	Product Program Approval Committee
		October 29, 2018	Risk Management Update (including Legal & Compliance Update)
Good Corporate Governance	October	October 29, 2018	Change Transformation Management
			Town Hall Program and Participation
Operational Review	November	November 12, 2018	2019 First Savings Plan and Potential Improvement
			Impact of Palu Earthquake on September 2018 to CoC & NPL
Management Discussion and Analysis	November	November 14, 2018	Custodian Operations and Investment Operations Update
			Major Challenge on IT Projects Updates
Company Profile	November	November 26, 2018	Financial Information Service System (SLIK) Update
			Subsidiary's Strategic Plan
Management Report	December	December 20, 2018	Fourth Quarter Regional Townhall
			2019 2 nd Savings Plan
Main Highlights	December	December 20, 2018	Impact of SEMM Costs
			Corporate Action Strategic Plan
			Risk Management Update
			Phishing Email Learning Results
			Alternative Site for Command Center
			October 2018 CoC & NPL Update and Foreclosed Collateral (AYDA) from SME
			Corporate Action Strategic Plan
			Results of the October 2018 Internal Audit and 2019 Internal Audit Plan
			September 2018 Interim Audit Results
			Preparation of 2018 Annual Report
			2018 Danamon Run Event
			October 2018 Financial Performance
			The impact of SEMM Costs Update
			Corporate Action Strategic Plan
			Risk Management Update (including Legal & Compliance Update)
			Regulator's Audit Process
			Cyber Table Top Learning
			Anatsena Project - Integrated Regulator Report
			IT Kebon Sirih Relocation Plan
			Corporate Action Strategic Plan
			Sharia Update - Summary of FSA Findings
			November 2018 Financial Performance
			FSA - Sharia Finding Update
			Self Assessment RCSA
			Business Process Reengineering Organizational Structure
			2018 Global Compliance Officer Conference
			Corporate Action Strategic Plan

Main Agenda of Joint Meeting with the Board of Commissioners

No	Date	Agenda
1	January 24, 2018	Financial Performance in 2017 2018 Annual General Meeting of Shareholders (GMS) Agenda
2	June 8, 2018	Revision of the 2018 Business Plan Financial Performance in April 2018
3	July 31, 2018	Approval of the Authority on MUFG Ownership by 40% MUFG in Danamon
4	September 5, 2018	Corporate Action Strategic Plan
5	November 19, 2018	Priority Strategy for 3 Years 2018 Performance, 2018 Fiscal Year & 2019 Fiscal Year & 3 Years Plan Digital Strategy of Bank Danamon Digital Strategy of Adira Finance Business Collaboration to support the 3-years Business plan

2019 Meeting Schedule

At the end of 2018, the Board of Directors has compiled meetings for the following year as many as 24 Board of Directors meetings and 3 (three) Board of Directors joint meetings with the Board of Commissioners.

Attendance of Members of the Board of Directors in the Annual GMS

The responsibility of the Board of Directors on the implementation of duties and responsibilities was submitted to the shareholders through the 2018 Annual GMS. All members of the Board of Directors were present at the Annual GMS, which was held on March 20, 2018.

Implementation of Duties and Responsibilities of the Board of Directors in 2018

The Board of Directors carries out 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:

1. Followed up consistently on the implementation of Danamon's long-term strategy that was formulated in 2015.
2. Diversified Danamon's growth drivers which include Small & Medium Enterprises, Enterprise Banking, and Consumer Banking.
3. Reviewed and reorganized Micro Banking business through branch optimization, quality improvement of human resources and extensive credit process automation.
4. Strengthened Sales & Distribution (S & D) capabilities by introducing a culture and sales and service process known as "Danamon Way".
5. 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 function and process as well as maintaining the quality of the portfolio.

6. Invested in digital technology solutions to deliver superior customer service improvements and automated operational processes to become more efficient and effective.

**Performance Assessment of the Board of Directors
Performance Assessment Implementation Process**

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 the Board of Directors also considers the duties and responsibilities in accordance with laws and regulations and Danamon's Articles of Association.

Performance Assessment Criteria

The evaluation criteria for the performance of the Board of Directors is based on overall achievements including aspects of the Financial, Franchise Building, Risk and Control, Human Capital and Danamon Core Values, as follows:

1. Financial performance,
2. Bank's soundness level,
3. Capital,
4. Risk profile,
5. Regulatory compliance,
6. Significance of audit results,
7. Long-term goals and strategies, as well as
8. Implementation of corporate governance principles.

Executor of the Assessment

The performance assessment of the Board of Directors is conducted by the Board of Commissioners and the performance assessment results of the Board of Directors 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 Members of the Board of Directors

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 members of the Board of Directors are conducted every 6 (six) months by the President Director.

Opinion of the Board of Commissioners on the performance of the Board of Directors

The implementation of Danamon's strategy succeeded in driving strong financial growth. The Bank's net profit in 2018 reached IDR 3.92 trillion, increased from IDR 3.68 trillion in 2017. The overall credit growth of the key segments (excluding micro financing) was achieved at 12%, reaching IDR 137.2 trillion on a year on year basis.

From the asset quality aspect, Danamon continues to ensure the risk management that adheres to the prudential principle, and is always guided by the risk appetite statement. As a result, Danamon's cost of credit ratio was successfully reduced to 2.7% from 2.8% in the previous year.

Danamon's capital level was successfully maintained in the good category with the Capital Adequacy Ratio (CAR) recorded at 22.2%, far above the minimum level determined by the regulations. This position gives Danamon the ability to grow and also the strength to face unexpected developments.

For its brilliant achievements in 2018, and its dedication that continuously being shown, the Board of Commissioners gave its highest appreciation to the entire Board of Directors.

Orientation Program for New Members of the Board of Directors

During 2018, there were 2 (two) new Directors in Danamon namely Yasushi Itagaki and Dadi Budiana. Danamon has an orientation program for new Members of the Board of Directors 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 the Board of Directors

Danamon provides opportunities for members of the Board of Directors to participate in trainings, certifications, workshops, and conferences to enhance competency, professionalism and knowledge on an on-going basis. During 2018, members of the Board of Directors participated in trainings, certifications, workshops, and conferences as follows:

Board of Director	Training/ Conference/ Seminar/ Workshop	Organizer	Location	Date
Sng Seow Wah	Imagine Lab for Danamon Digital Roadmap	Deloitte	Grand Hyatt Hotel, Jakarta	March 8-9, 2018
	Danamon Digital Roadmap: Integration Lab	Deloitte	Menara Bank Danamon	Aug 23, 2018
	BCG Digital & Consumer Conference: Customer Centricity in The New Digital World	BCG	St. Regis Embassy & Consulate Room, Singapore	Sept 14, 2018
	Workshop Robotic Process Automation	MUFG Digital Team	Menara Bank Danamon	Sept 26, 2018
	Barclays Asia Forum 2018	Barclays	Ritz Carlton, Millenia, Singapore	Oct 5, 2018
	Refreshment Training: Economic Outlook & Its Impact to Indonesia Multi Finance Industry	Prasetya Mulya	Landmark, Jakarta	Dec 12, 2018
Michellina L. Triwardhany	Breakthrough Program for Senior Executives	International Institute for Management Development (IMD)	IMD Campus – Lausanne, Switzerland	Apr 10 - 19, 2018
	RRA Coaching Session	Russel Reynolds Associates	Menara Bank Danamon – Jakarta, Indonesia	May 21, 2018
	RRA Coaching Session	Russel Reynolds Associates	Menara Bank Danamon – Jakarta, Indonesia	Jun 26, 2018
	MUFG Global Partners Conference Digital	MUFG	MUFG – Tokyo, Japan	Jul 30 - 31, 2018
	MUFG Global Partnership Conference	MUFG	MUFG – Tokyo, Japan	Dec 3, 2018
	APU PPT: Customer Due Diligence (2018)	BDI	Online	
	2017 Code of Conduct	BDI	Online	
Herry Hykmanto	SPPUR field certification scheme	Bank Indonesia	Jakarta	Jan 18, 2018
	IMAGINE LAB for Danamon Digital Roadmap	Deloitte	Jakarta	Mar 8, 2018
	IFSB Public Hearing	Bank Indonesia & IFSB	Jakarta	Apr 10, 2018
	Sustainability Study on Hajj Fund	Hajj Fund Management Agency (BPKH)	Yogyakarta	May 18, 2018
	Speaker of Trade Finance Training with Bank Indonesia	Bank Indonesia	Yogyakarta	Jul 28, 2018
	Danamon Digital Roadmap: Integration LAB	Deloitte	Jakarta	Aug 23, 2018
	Speaker of Knowledge Sharing Trade Finance with FSA	FSA	Jakarta	Sep 14, 2018

	Board of Director	Training/ Conference/ Seminar/ Workshop	Organizer	Location	Date
Corporate Data		The FSA 7 th Anniversary National Seminar - "Financial Sector 4.0 (Synergizing Fintech And Financial Institutions)"	FSA	Jakarta	Nov 13, 2018
		Speaker of the National Conference of Indonesian Logistics and Forwarders Association (ALFI / ILFA) VI	Indonesian Logistics and Forwarders Association (ALFI/ILFA)	Jakarta	Dec 4, 2018
Corporate Social Responsibility	Satinder Pal Singh Ahluwalia	Speaker of Kompasianival Blogger Gathering	Kompasiana	Jakarta	Dec 8, 2018
		Code of Conduct	BDI	Online	
Good Corporate Governance		Digital Roadmap	Deloitte	Menara Bank Danamon	Mar 23, 2018
		Managed Development Program	RRA	Menara Bank Danamon	Jan - Jun 2018
Operational Review	Adnan Qayum Khan	Leadership Giving back session	BDI	Menara Bank Danamon	Jul 27, 2018
		BCM Awareness Program	BDI	Matraman	Dec 14, 2018
Management Discussion and Analysis	Heriyanto Agung Putra	2017 Code of Conduct	BDI	Online	Jan 12, 2018
		Managed Development Program	RRA	Menara Bank Danamon	Jan - Jun 2018
Company Profile	Rita Mirasari	Early Warning Signal	KPMG	Menara Bank Danamon	Jul 2, 2018
		Digital Roadmap (1 Day)	Internal	Menara Bank Danamon	Mar 23, 2018
Management Report		Managed Development Program	RRA	Menara Bank Danamon	Jan - Jun 2018
		Leaders Giving Back: Leadership in Present Era	BDI	Jakarta	Jan 16, 2018
Main Highlights		BDI Digital Roadmaps	BDI & Deloitte	Jakarta	Feb 21, 2018
		Implementation of Risk Management & Good Corporate Governance in order to minimize Legal & Compliance Risk in the Financial Industry	Hukum Online	Jakarta	Feb 27, 2018
		ABA-COFITT Sustainable Finance Seminar "Managing Climate Related Risk, Capturing Sustainable Finance Opportunities"	PERBANAS & ASEAN Bankers Association (ABA)	Jakarta	May 4, 2018
		The Active Role of Banking Compliance Maintains The Stability Through Counter Financing of Terrorism	FKDKP	Jakarta	Jun 26, 2018
		Opening Speech – Sharia Legal Training	BDI	Jakarta	Jun 29, 2018
		AML-CFT e-Learning	BDI	Online	Jun 30, 2018
		Compliance Concept e-Learning	BDI	Online	Jun 30, 2018
		BARa Risk Forum	BARa	Jakarta	Aug 1, 2018
		Danamon Digital Roadmap: INTEGRATION LAB	BDI	Jakarta	Aug 23, 2018
		Secured & Unsecured Credit	BDI	Jakarta	Sep 27, 2018
		Socialization of Commercial Bank Provisions	OJK		Sep 28, 2018
		Level 3 Compliance Certification Training (Executive) - "Compliance Director Reporting"	Compliance Director Communication Forum (FKDKP)	Jakarta	Oct 4, 2018

Board of Director	Training/ Conference/ Seminar/ Workshop	Organizer	Location	Date
Dadi Budiana	Financial System Policy Response to Recent Economic Developments: Fundamental Economic, Exchange Rate, and Current Account Balance Deficit	Financial System Stability Committee	Jakarta	Nov 1, 2018
	US Sanction	BDI	Jakarta	Nov 5, 2018
	Guidance for Volcker Rule	BDI	Jakarta	Nov 6, 2018
	Indonesia Banking Expo 2018	PERBANAS	Jakarta	Nov 15, 2018
	National Seminar: Prospect of Indonesian Economy Towards a Political Year 2019	Association of Advent Indonesia University Alumni (IA UNAI)	Jakarta	Nov 22, 2018
	Implementation of Prudential Banking in Facing Global Economic Challenges & OJK Supervision FGD in the Banking Sector	FKDKP	Jakarta	Nov 29, 2018
	2018 CEO Networking in the Commemoration of the 41 st Capital Market Anniversary	BDI	Jakarta	Dec 3, 2018
	2018 Global Compliance Officer Conference	MUFG	Yokohama	Dec 5-6, 2018
	2017 Code of Conduct	BDI	Online	
	Digital Roadmap	Deloitte	Jakarta	Mar 23, 2018
	Managed Development Program	Russel Reynolds Associate	Jakarta	Jan - Jun 2018
	Executive Coaching Program	Russel Reynolds Associate	Jakarta	Jun - Des 2018
	Early Warning Signal	KPMG	Jakarta	Jul 2, 2018
	AML CFT Customer Due Diligence (2018)	BDI	Online	Jul 26, 2018
	Cyber Security Awareness	BDI	Online	Jul 28, 2018
	Information Security Awareness	BDI	Online	Jul 28, 2018
	New Business Continuity Management	BDI	Online	Jul 28, 2018
	Work Health and Safety	BDI	Online	Jul 29, 2018
	Compliance Concept & Implementation	BDI	Online	Jul 29, 2018
	New Fraud Awareness	BDI	Online	Jul 29, 2018
Yasushi Itagaki	Danamon Digital Roadmap	Deloitte	Jakarta	Aug 23, 2018
	MUFG Global Advisory Board	MUFG	Tokyo	Dec 2, 2018
	MUFG Global Partnership Conference	MUFG	Tokyo	Dec 3, 2018

Committees Under the Board of Directors

In order to support the effectiveness of the implementation of duties and responsibilities of the Board of Directors, the Board of Directors has committees that are responsible for assisting the Board of Directors to provide suggestions and recommendations that can be used as a reference in decision making related to the implementation of duties and responsibilities of the Board of Directors.

The committees under the Board of Directors are as follows:

- Risk Management Committee
- Human Resources Committee
- Assets & Liabilities Committee
- IT Steering Committee
- Integrated Risk Management Committee

Charter of the Committees

Each of the committees under the Board of Directors has Charter as a reference and binds each committee member. The Committees' Charters regulate, among others, membership, duties and responsibilities, meetings proceedings, and reporting. The Committees' Charters are constantly updated according to the development of Danamon and the regulations.

Performance Assessment of the Committees of the Board of Directors

During 2018, 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

Structure and Membership of the Committee

Chairman	Integrated Risk Director
Members	President Director
	Consumer, SME & Branch Network Director
	Finance & Micro Banking Director
	Sharia & Operation Director
	HR Director
	Legal & Compliance Director
	Wholesale & Transaction Banking Head
	Treasury & Capital Market Head
	Chief Information Officer
	Chief Credit Officer

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

- Assist the Board of Directors in carrying out their responsibilities related 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 related to business decisions that deviate from normal procedures.
- Determine the most suitable risk management methodologies for managing the risks, build up the reserves through policies to accommodate the inherent potential risks and ensure the availability of disaster recovery 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 various portfolios of credit, market liquidity, operations and significant risks as well as periodically report it to the Board of Directors through Danamon's risk profile and risk exposures.
- Evaluate the implementation of risk management processes and perform improvement in line with the external and internal changes that can affect the level of Danamon's capital adequacy, the level of Subsidiary's capital and its risk profile.
- Evaluate the risk organizational structure of Danamon and Subsidiaries to ensure that the process of risk management is in line with organizational development.

Risk Management Committee Meeting

During 2018, the Committee held 12 meetings and attended by members of the Board of Directors as follows:

Nama	Position	Attendance of Members of the Board of Directors in the Risk Management Committee Meeting
Adnan Qoyum Khan	Chairman	12
Sng Seow Wah	Member	12
Michellina Triwardhary	Member	12
Satinder Pal Singh Ahluwalia	Member	12
Herry Hykmanto	Member	12
Heriyanto Agung Putra	Member	12
Rita Mirasari	Member	12

Implementation of Duties of Risk Management Committee in 2018

The Risk Management Committee conducted meetings with the following materials:

- Risk Profile
- Risk Appetite Statement
- SLIK
- Market & Liquidity Risk
- Operational Risk
- Legal & Compliance Risk

ASSETS & LIABILITIES COMMITTEE (ALCO)

Structure and Membership of the Committee

Chairman	President Director
Alternative Chairman	Finance & Micro Banking Director
Members	Integrated Risk Director
	Consumer, SME & Branch Network Director
	Credit Director
	Treasury & Capital Market Head
	Enterprise Banking, Financial Institution & Transaction Banking Head

Status of Voting Rights and Decision Making

ALCO consists of members who have the same voting rights, if there is a member of the committee who cannot attend the meeting then he/she can appoint 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 based on the majority vote.

Duties and Responsibilities of the Committee

Assets & Liabilities Committee has duties and responsibilities, among others:

- Define the work scope of the Committee, meeting procedures, work process, and establish sub-committees to support assist the Committee.

- Determine the policies and directions regarding liquidity risk, interest risk, and capital management of Danamon and its subsidiaries which reflect the adequacy of liquidity and capital, stable and diversified funding, as well as complying with the prevailing regulations.
- Perform the 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 funding and approve every modification on strategy and alternative funding including new institutional/ structural funding.
- Conduct reviews on liquidity, interest rate, and capital strategies proposed by the Treasury Capital Market, while also monitor the implementation.
- Conduct review 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 and liquidity risk profile on the balance sheet, AFS portfolio and trading book
 - Monitor the Contingency Funding Policy (CFP)
 - Capital management and other matters related to ALCO
- Conduct periodic evaluations on the following:
 - The limit framework of market and liquidity risk 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
 - Contingency Funding Policy
 - Target Loan to Funding Ratio (LFR)

Assets & Liabilities Committee Meetings

During 2018, the Committee held 12 meetings and was attended by the following Board of Directors members:

Assets & Liabilities Committee Meetings

Name	Position	Attendance of Members of the Board of Directors in the Assets & Liabilities Committee Meeting
Sng Seow Wah	Chairman	11
Satinder Pal Singh Ahluwalia	Alternative Chairman	12
Michellina Triwardhary	Member	9
Adnan Qayum Khan	Member	11
Dadi Budiana	Member	1
Herman Savio	Member	10
Yen Yen Setiawan	Member	8

Note:

Dadi Budiana has joined the ALCO meeting since November 2018

Yen Yen Setiawan has resigned

Implementation of Duties of Assets & Liabilities Committee in 2018

The Assets & Liabilities Committee held meetings to discuss the materials which cover:

- Economic & Market Outlook
- Balance Sheet Management
- Management of Fund Transfer Pricing (FTP) Rate
- Review on lending interest rates and third party funds
- Review on market and liquidity risks
- 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.

INFORMATION TECHNOLOGY (IT) STEERING COMMITTEE

Structure and Membership of the Committee

Chairman	Finance & Micro Banking Director
Members	Consumer, SME & Branch Network Director
	Integrated Risk Director
	Sharia & Operation Director
	Human Resources Director
	Transaction Banking Head
	Treasury & Capital Market
	Chief Information Officer
	Internal Audit Head (does not have voting rights)

Other invitations depend on the relevance of each area

Status of Voting Rights and Decision Making

Each Committee member has equal voting rights, except the Head of the SKAI, who is a member of the committee without voting rights. Decision making in the 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 duties and responsibilities, among others:

- 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 adjust 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.
- Periodically review IT Risk Management covering the following topics:
 - Important/ strategic projects in progress
 - IT security issues and Cyber security and its remediation.
 - IT audit findings and follow-ups on the improvement.
- Ensure accurate and proper allocation of IT resources. If necessary, use a third party to assist with the implementation of the project. IT Steering Committee must ensure the availability of policies and procedures for the selection and appointment processes of the third party.
- Review recommendations from subcommittees and other committees on IT related matters.
- Provide recommendations on resolving IT-related issues that cannot be solved by the IT user and provider in an effective, efficient, and timely manner.
- Carry out other duties and responsibilities delegated by the Board of Directors from time to time.
- Prepare the committee activity report each year.

IT Steering Committee Meeting

During 2018, the Committee held 1 (one) meeting. The meetings were attended by the following members of the Board of Directors:

IT Steering Committee Meeting

Name	Position	Attendance of Members of the Board of Directors in the IT Steering Committee Meeting
Satinder Pal Singh Ahluwalia	Chairman	1
Michellina Triwardhany	Member	1
Heriyanto Agung Putra	Member	1
Adnan Qayum Khan	Member	1

Implementation of Duties of Information Technology Steering Committee in 2018

The Information Technology Steering Committee held meetings with discussion materials as follows:
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HUMAN RESOURCES COMMITTEE

Structure and Membership of the Committee

Chairman	President Director
Alternative Chairman, Secretary	Human Resources Director
Members	Consumer, SME & Branch Network Director
	Finance & Micro Banking Director
	Sharia Director
	Integrated Risk Director
	Compliance Director
	Credit Director
	Global Alliance Strategy Director

Members of the Human Resources Committee are all members of the Board of Directors. The Human Resources Committee is responsible to the Board of Directors, and routinely reports its activities to the Board of Directors.

Status of Voting Rights and Decision Making

Each Committee member has equal voting rights. Every decision

taken through the HR Committee Meeting must be decided unanimously. In the event that consensus cannot be reached, the decision will be made by majority vote. The Chairman of the Human Resources Committee has the right to determine the final decision.

Duties and Responsibilities of the Committee

1. Provide strategic directions and develop general policies in the field of Human Resources including the amendments, in the areas as the following (but not limited to) :
 - 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 as well as employee engagement
 - Employee and industrial relations development
 - Alignment of policies with subsidiaries
 - Human Resources 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 HR Committee may establish sub-Committees to undertake the scope of duties and responsibilities of the HR Committee.

Human Resources Committee Meeting

During 2018, the Committee held 20 meetings, attended by the following members of the Board of Directors:

Human Resources Committee Meeting

Name	Position	Attendance of Members of the Board of Directors in the Human Resources Committee Meeting
Sng Seow Wah	Chairman	20
Heriyanto Agung Putra	Alternative Chairman, Secretary	20
Herry Hykmanto	Member	18
Michellina Laksmi Triwardhany	Member	19
Satinder Pal Singh Ahluwalia	Member	20
Adnan Qayum Khan	Member	20
Rita Mirasari	Member	20
Yasushi Itagaki	Member	4
Dadi Budiana	Member	4

The Committee Meeting results must be recorded in minutes of meeting that are well documented. Meetings are declared quorum if attended by at least 2/3 of the members of the Human Resources Committee.

Implementation of Duties of Human Resources Committee in 2018

The Human Resources Committee held meetings with the following topics:

1. Introduction on 2018 LTI and Retention Bonus.
2. Apology letter/Statement.
3. Approval on Participants for 2018 LTI and Retention Bonus.
4. Confirmation Critical points on LTI and Retention Bonus.
5. 2018 Salary Increase & 2017 Bonus Guideline.
6. Review for Promotion proposal to Grade O.
7. Follow up Mutual Place Agreement.
8. Assignment.
9. Job Simplification.
10. Revamping BDI's Culture.
11. Mass Leave.
12. HC Organization.
13. Succession Planning.
14. CLA Negotiation.
15. Industrial Relation update, Job Simplification Proposal, Manpower Cost Discussion, Senior Resignation.
16. MUFG Assignment.
17. Core Values Refinement.
18. CLA Update
19. Proposal for Managing Low Performers.
20. Update on CLA Communication.
21. Expatriate Formalities.
22. Organization Structure-Operations.
23. Post Service Benefit (CLA Update).
24. Discussion on Advisor.
25. Union Update.
26. Support for Lombok Earthquake/Disaster.
27. Post Service Benefit for Retirement Employee.
28. Individual DPLK (Pensiun Fund)

INTEGRATED RISK MANAGEMENT COMMITTEE

Details regarding Integrated Risk Management Committee is disclosed in Integrated Corporate Governance Report.

RELATED AND AFFILIATED PARTY TRANSACTIONS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS AND MAJORITY SHAREHOLDERS

Danamon has a Policy of Transacting with Affiliated Parties that regulates transactions with affiliated parties. This policy regulates that the affiliated transaction is carried out based on normal commercial terms and at an arm's length basis and does not harm the interests of Danamon and the minority shareholders.

The Board of Commissioners and Board of Directors of Danamon always maintain independency and have no conflict of interest that can interfere with their ability to carry out tasks professionally and objectively.

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 and with Majority and/or Controlling Shareholders.

Affiliations between members of the Board of Commissioners with fellow members of the Board of Commissioners, Board of Directors 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 shareholders, namely: Ng Kee Choe, Gan Chee Yen, and Takayoshi Futae.

Affiliations between members of the Board of Commissioners, Board of Directors, and Majority and/ or 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 Policy of Transacting with Affiliated Parties governs that 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 Compliance Director 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.

Corporate Secretary Organizational Structure



Corporate Secretary Profile

Rita Mirasari is a member of Danamon's Board of Directors who serves as Danamon's Corporate Secretary since October 24, 2016 based on Decree of Board of Directors No.KSR-DIR.Cor.Sec-003 dated October 17, 2016 concerning Appointment of Corporate Secretary.



RITA MIRASARI
Corporate Secretary
(Independent Director)

Rita Mirasari, Indonesian national, 49 years old and domiciled in Indonesia. Completed her education at Faculty of Law, University of Indonesia. Pursued her banking career at a local bank as a legal officer. Have wide experience in the fields of law, compliance and being a corporate secretary in various leading banks in Indonesia. Last position prior to joining Danamon was Director of Regulatory Compliance & Financial

Crime in HSBC – Indonesia. Currently, she is the Director of Compliance, Anti Money Laundering & Corporate Secretary concurrently as Independent Director.

Complete profile is stated at Profile of the Board of Directors.

Roles and Responsibilities of Corporate Secretary

1. Provide input to the Board of Directors and Board of Commissioners to comply with laws and regulations in the capital market;
2. Act as liaison between Danamon and its shareholders, the Financial Services Authority and other stakeholders;
3. 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.

Developing Corporate Secretary Competency

In 2018, various trainings have been held to improve the competency of the Corporate Secretary as follows:

No	Trainings/ Conferences/ Seminars/ Workshops	Organizer	Location	Date
1	Leaders Giving Back: Leadership in Present Era	BDI	Jakarta	Jan 16, 2018
2	BDI Digital Roadmaps	BDI & Deloitte	Jakarta	Feb 21, 2018
3	Implementation of Risk Management & Good Corporate Governance in order to minimize Legal & Compliance Risk in the Financial Industry	Hukum Online	Jakarta	Feb 27, 2018
4	ABA-COFITT Sustainable Finance Seminar "Managing Climate Related Risk, Capturing Sustainable Finance Opportunities"	PERBANAS & ASEAN Bankers Association (ABA)	Jakarta	May 4, 2018
5	The Active Role of Banking Compliance Maintains The Stability Through Counter Financing of Terrorism	FKDKP	Jakarta	Jun 26, 2018
6	Opening Speech – Sharia Legal Training	BDI	Jakarta	Jun 29, 2018
7	AML-CFT e-Learning	BDI	Online	Jun 30, 2018
8	Compliance Concept e-Learning	BDI	Online	Jun 30, 2018
9	BARa Risk Forum	BAR	Jakarta	Aug 1, 2018
10	Danamon Digital Roadmap: INTEGRATION LAB	BDI	Jakarta	Aug 23, 2018
11	Secured & Unsecured Credit	BDI	Jakarta	Sep 27, 2018
12	Socialization of Commercial Bank Provisions	OJK		Sep 28, 2018
13	Level 3 Compliance Certification Training (Executive) - "Compliance Director Reporting"	FKDKP	Jakarta	Oct 4, 2018
14	Financial System Policy Response to Recent Economic Developments: Fundamental Economic, Exchange Rate, and Current Account Balance Deficit	Financial System Stability Committee	Jakarta	Nov 1, 2018
15	US Sanction	BDI	Jakarta	Nov 5, 2018
16	Guidance for Volcker Rule	BDI	Jakarta	Nov 6, 2018
17	Indonesia Banking Expo 2018	PERBANAS	Jakarta	Nov 15, 2018
18	National Seminar: Prospect of Indonesian Economy Towards a Political Year 2019	Alumni Association of Indonesian Advent University (IA UNAI)	Jakarta	Nov 22, 2018
19	Implementation of Prudential Banking in Facing Global Economic Challenges & OJK Supervision FGD in the Banking Sector	FKDKP	Jakarta	Nov 29, 2018
20	2018 CEO Networking in the Commemoration of the 41 st Capital Market Anniversary	BDI	Jakarta	Dec 3, 2018
21	2018 Global Compliance Officer Conference	MUFG	Yokohama	Dec 5 - 6, 2018

Implementation of Function & Duties of Corporate Secretary in 2018

During 2018, the Corporate Secretary has carried out the duties and responsibilities according to the functions carried out, among others, as follows:

1. Followed the development of the capital market, especially regulations related to capital market regulation and conveying information about these developments to the Board of Commissioners, Board of Directors and stakeholders of Danamon.
2. Organized and documented the General Meeting of Shareholders and the Public Expose held by the Bank.
3. Organized and attended Board of Commissioners meetings, Board of Commissioners meetings attended by Directors and Committee under the Board of Commissioners meeting as well as preparing and administering the minutes of meetings.
4. Submitted reports related to the provisions in the Capital Market, both periodic and incidental reports to the OJK and IDX in a timely manner.
5. Conducted information disclosure in accordance with applicable laws and regulations.
6. Prepared recommendations for amendments to the Charters of Committees under the Board of Commissioners and Board of

Directors related to the implementation of corporate governance.

7. Made adjustments to the Articles of Association in accordance with the needs of the company as well as the new rules and regulations that apply.
8. Updated/ adjusted the Board of Directors Charter and Board of Commissioners Charter in accordance with applicable laws and regulations and implementing Bank's good corporate governance.
9. Prepared documentation and assisted the Fit and Proper Test process for prospective members of the Board of Directors and prospective members of the Board of Commissioners.

Information Disclosure in 2018

As a 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 e-reporting sites of IDXNet and FSA's SPE.

List of Information Disclosure Reports in 2018

Date	Concerning	Reference	Addressed To	Report Type
December 2018				
06 Dec 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of November 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
07 Dec 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
11 Dec 2018	Annual Public Expose Plan	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
12 Dec 2018	Information Disclosure that the Public Needs to Know - Changes in the Head of the Internal Audit Unit PT Bank Danamon Indonesia Tbk ("Company")	OJK Regulation No. 56/POJK.04/2015 concerning the Opening and Guidelines for Preparation of the Internal Audit Unit Charter; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Incidental
12 Dec 2018	Changes in Internal Audit	OJK Regulation No. 56/POJK.04/2015 concerning the Opening and Guidelines for Preparation of the Internal Audit Unit Charter; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX	Incidental
14 Dec 2018	Changes in Audit Committee	Regulation Number I-E concerning Obligations for Submitting Information; OJK Regulation No. 55/POJK.04/2015 concerning Establishment and Working Guidelines of the Audit Committee	IDX OJK	Incidental
19 Dec 2018	Submission of Annual Public Expose Material	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
27 Dec 2018	Report on the results of the Annual Public Expose	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
November 2018				
09 Nov 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of October 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
09 Nov 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
19 Nov 2018	Information Disclosure that the Public Needs to Know - Changes in the member of the Board of Commissioners	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
22 Nov 2018	Results of Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
22 Nov 2018	Results of Extraordinary GMS	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Periodic
22 Nov 2018	Submission of Evidence of Advertisement of Extraordinary GMS Results	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
22 Nov 2018	Submission of Evidence of Advertisement of Extraordinary GMS Results	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Periodic
October 2018				
04 Oct 2018	Notification of the Extraordinary GMS Plan	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
09 Oct 2018	Submission of Advertisement Proof of Basic Credit Interest Rates	OJK Regulation No. 06/POJK.03/15 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/ DPNP about Transparency of Information on Basic Credit Interest Rates juncto OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Periodic

	Date	Concerning	Reference	Addressed To	Report Type
Corporate Data	10 Oct 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of September 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
	10 Oct 2018	Information Disclosure that the Public Needs to Know – Fit and Proper Test of Appointment of member of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
Corporate Social Responsibility	11 Oct 2018	Notification of Plan for Extraordinary General Meeting of Shareholders	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
	11 Oct 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
Good Corporate Governance	22 Oct 2018	Information Disclosure that the Public Needs to Know – Report on Material Information or Facts of Fit and Proper Test of Appointment of member of the Board of Directors of PT Bank Danamon Indonesia Tbk	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
	22 Oct 2018	Notification of the Extraordinary GMS Plan	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
Operational Review	25 Oct 2018	Submission of Evidence of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended September 30, 2018	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
	25 Oct 2018	Submission of Proof of Advertisement of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
Management Discussion and Analysis	25 Oct 2018	Submission of Proof of Advertisement of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
	26 Oct 2018	Invitation for Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
Company Profile	26 Oct 2018	Invitation for Extraordinary GMS	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
	26 Oct 2018	Submission of Evidence of Advertisement of Invitation for Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
Management Report	26 Oct 2018	Submission of Evidence of Advertisement of Invitation for Extraordinary GMS	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
	26 Oct 2018	Submission of Extraordinary GMS Agenda	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
Main Highlights	September 2018				
	10 Sep 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of August 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
	10 Sep 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currenc	OJK	Regular

Date	Concerning	Reference	Addressed To	Report Type
14 Sep 2018	Information Disclosure that the Public Needs to Know – Fit and Proper Test Results of Controlling Shareholders	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
27 Sep 2018	Information Disclosure that the Public Needs to Know – Report of Material Information or Facts on Divestment of Subsidiary (Conditional)	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
August 2018				
01 Aug 2018	Changes in the Securities Administration Bureau	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
02 Aug 2018	Changes in the Securities Administration Bureau	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Incidental
02 Aug 2018	Explanation of the Stock Exchange Request	Refer to the Indonesia Stock Exchange Letter Number S-04382/ BEI. PP1/07-2018 dated July 31, 2018	IDX	Incidental
03 Aug 2018	Information Disclosure that the Public Needs to Know – MUFG Bank Has Become a Controlling Shareholder of BDMN	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
08 Aug 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
08 Aug 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of July 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
08 Aug 2018	Information Disclosure of Certain Shareholders	OJK Regulation No. 11/POJK.04/ 2017 concerning Report of Ownership or Any Changes in the Ownership of Shares in Public Company	IDX	Incidental
08 Aug 2018	Information Disclosure of Certain Shareholders	OJK Regulation No. 11/POJK.04/ 2017 concerning Report of Ownership or Any Changes in the Ownership of Shares in Public Company	IDX	Incidental
15 Aug 2018	Submission of Proof of Advertisements for Asia Financial (Indonesia) Financial Reports Pte. Ltd.	OJK Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports and its amendments through POJK 32/ POJK.03/2016 concerning Amendments to OJK Regulation No. 6/ POJK.03/2015 concerning Transparency and Publication of Bank Reports and SEOJK No. 43/SEOJK.03/2016 concerning Transparency and Publication of Reports of Conventional Commercial Banks	IDX OJK	Periodic
July 2018				
09 Jul 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of June 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
09 Jul 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
09 Jul 2018	Submission of Advertisement Proof of Basic Credit Interest Rates	OJK Regulation No. 06/POJK.03/2015 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/ DPNP concerning Transparency of Information on Basic Credit Interest Rates juncto OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Periodic
12 Jul 2018	Information Disclosure that the Public Needs to Know – Appointment of Independent Commissioner as member of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
12 Jul 2018	Information Disclosure that the Public Needs to Know – Composition of Members of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
12 Jul 2018	Information Disclosure that the Public Needs to Know – Composition of Members of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Incidental
26 Jul 2018	Submission of Advertisement Proof of Information on Consolidated Financial Statements and Subsidiaries	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic

	Date	Concerning	Reference	Addressed To	Report Type
Corporate Data	26 Jul 2018	Submission of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
	26 Jul 2018	Submission of Proof of Advertisement of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
	31 Jul 2018	Information Disclosure that the Public Needs to Know – Fit and Proper Test Results of Controlling Shareholders	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
Corporate Social Responsibility	June 2018				
	07 Jun 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of May 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
	07 Jun 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
Good Corporate Governance	May 2018				
	09 May 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
	09 May 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of April 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
Operational Review	11 May 2018	Submission of Advertisement Proof of Net Stable Funding Ratio	OJK Regulation No. 50/POJK.03/2017 concerning Obligation to Fulfill the Net Stable Funding Ratio for Commercial Banks; OJK Regulation No. 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Regular
	16 May 2018	Information Disclosure that the Public Needs to Know – Resignation of the Director of the Subsidiary	OJK Regulation No. 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and IDX Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
	April 2018				
Management Discussion and Analysis	02 Apr 2018	Submission of Advertisement Proof of Interim Financial Report Information	OJK Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports and its amendments through POJK 32/POJK.03/2016 concerning Amendments to OJK Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports and SEOJK No. 43/SEOJK.03/2016 concerning Transparency and Publication of Reports of Conventional Commercial Banks	IDX OJK	Periodic
	06 Apr 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of March 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
	06 Apr 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
Company Profile	09 Apr 2018	Submission of Advertisement Proof of Basic Credit Interest Rates	OJK Regulation No. 06/POJK.03/15 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/DPNP about Transparency of Information on Basic Credit Interest Rates juncto OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Periodic
	23 Apr 2018	Submission of Advertisement Proof of Information on Consolidated Financial Statements and Subsidiaries	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
	23 Apr 2018	Submission of Advertisement Proof of Information on Consolidated Financial Statements and Subsidiaries	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
Management Report					
Main Highlights					

Date	Concerning	Reference	Addressed To	Report Type
23 Apr 2018	Submission of Unaudited Interim Financial Statements as of March 31, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended March 31, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
March 2018				
07 Mar 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of February 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
08 Mar 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
21 Mar 2018	Submission of Annual – Extraordinary GMS Results	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
21 Mar 2018	Submission of Annual – Extraordinary GMS Results	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	
21 Mar 2018	Submission of Advertisement Proof of Schedule for Cash Dividend Distribution	Regulation Number I-E concerning Obligations for Information Submission; The Securities Trading Regulation which is an attachment of IV, VI, and VII of the Directors Decision of PT Jakarta Stock Exchange No. Kep-565/BEJ/11-2003; Director Decree of Indonesia Stock Exchange No. Kep-00023/BEI/03-2015	IDX OJK	Periodic
21 Mar 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Results	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
21 Mar 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Results	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Periodic
February 2018				
02 Feb 2018	Notification of the Annual and Extraordinary GMS Plan	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
04 Feb 2018	Submission of Annual and Extraordinary GMS Agenda	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
07 Feb 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of January 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
07 Feb 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
09 Feb 2018	Submission of Advertisement Proof of Announcement of Annual – Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
09 Feb 2018	Submission of Advertisement Proof of Announcement of Annual – Extraordinary GMS	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
13 Feb 2018	Explanation of the Stock Exchange Request	Refer to the Indonesia Stock Exchange Letter Number S-00824/BEI.PP1/02-2018 dated February 8, 2018	IDX	Incidental
26 Feb 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Invitation	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
26 Feb 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Invitation	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
26 Feb 2018	Annual - Extraordinary GMS Invitation	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic

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Compliance Function

COMPLIANCE FUNCTION

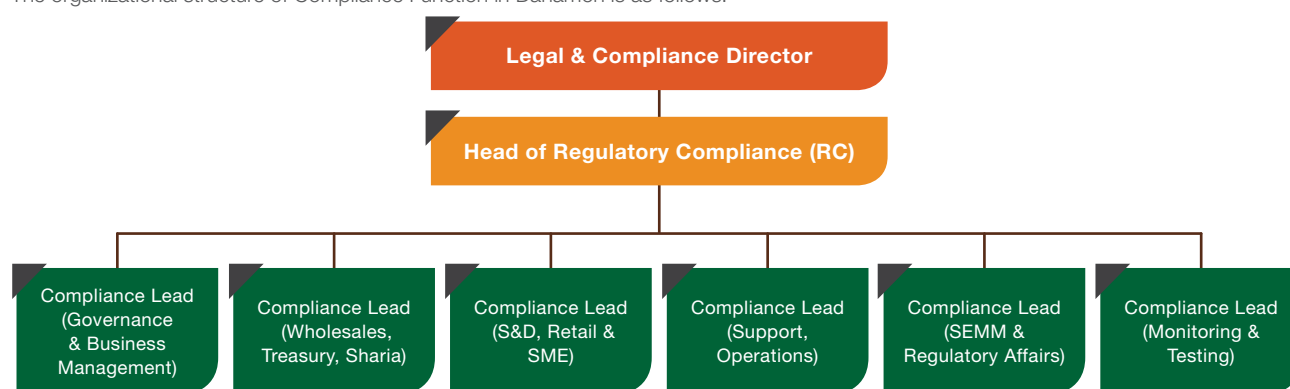
Compliance function is one of the important aspects in Danamon's corporate governance. Referring to Regulation of the Financial Services Authority No. 46/POJK.03/2017 dated July 12, 2017 concerning the Implementation of Compliance Function in Commercial Banks, the main duties of compliance function are as follows:

1. Realize the implementation of Compliance Culture at all levels of organization and business activities.

2. Manage Compliance Risk faced by the Bank.
3. Ensure that the policies, provisions, systems, and procedures as well as the activities carried out by the Bank are in accordance with the provisions of the Regulators and applicable laws and regulations.
4. Ensure the Bank's compliance with commitments made by the Bank to Bank Indonesia, Financial Services Authority, and/ or other authorized supervisory 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 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 AGMS on March 20, 2018 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) which is an independent working unit separated from other working units and is under the responsibility of the Director in charge of Compliance Function. Compliance Working Unit is responsible for the implementation of Danamon's compliance function. As the Main Entity in Danamon Group Financial Conglomeration, Danamon's Compliance Working Unit also performs the function of the Integrated Compliance Working Unit (SKKT). In 2017, the Regulatory Compliance has updated the Policy regarding Compliance Function and Compliance Working Unit through the Decree of the Board of Directors No. KEP: DIR-COMP-020 dated December 28, 2017, which covers compliance culture, compliance function, compliance risk management, and reporting.

The roles and responsibilities of Compliance Working Unit are as follows:

1. Create steps to support the creation of a compliance culture in all business activities of the Bank at every level of the organization;
2. Identify, measure, monitor and control the risk of compliance by referring to the rules of the Financial Services Authority;
3. Assess and evaluate the effectiveness, adequacy and suitability of policies, regulations, systems and procedures that are owned by the Bank with the applicable laws and regulations;
4. Conduct review and/ or recommend the updates and improvement of policies, regulations, systems and procedures owned by the Bank to align with the provisions of the Financial Services Authority and prevailing laws and regulations, including Sharia principle for Sharia Commercial Bank and Sharia Business Unit;
5. Carry out efforts to ensure that the policies, provisions, systems and procedures, as well as the Bank's business activities are in accordance with the provisions of the Financial Services Authority and the provisions of legislation; and
6. Carry out other tasks related to the compliance function.
7. Integrated Compliance Working Unit, among others, has the task of at least monitoring and evaluating the implementation of the compliance function in each Financial Service Institution in the Financial Conglomeration.

Implementation of Duties of Compliance Working Unit in 2018

The implementation of duties and responsibilities of the Compliance Working Unit throughout 2018 were as follows:

1. Training and Socialization
As part of the efforts to build compliance culture, Compliance

Working Unit organized various trainings and socialization for all Danamon's employees. The trainings were done by the method of face to face meeting (classroom) and through e-learning method. At the end of May 2018, the Compliance Working Unit developed 2018 Compliance e-learning which must be taken by all Bank employees. As of December 31, 2018, 72.2% of employees have completed the 2018 Compliance e-Learning. Employee turnover is a contributor to the number of employees who have not taken the refreshment of Compliance e-learning.

In 2018, the Compliance Working Unit has organized 28 trainings/socializations to the relevant working units. During 2018, Compliance Working Unit has delivered new regulations to the related working units (both the Bank and its subsidiaries). Compliance Working Unit in collaboration with related working units discussed the implementation of fulfilling the regulations, including the matters that must be met and the deadline.

2. 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 2018, Danamon conducted 257 compliance reviews and 26 policy reviews. In addition, the Compliance Working Unit developed monitoring and testing function to see whether remedial action was required on some processes related to Danamon's products/ activities.

3. Monitoring Compliance to the Prudential Regulations

The Compliance Working Unit regularly monitors the Danamon's compliance to the prudential regulations in the form of key regulatory parameters, namely the ratio of LLL, GWM, NPL, NOP, Participation and CAR. During 2018, there were no violations based on the regulatory parameters set.

4. Compliance Risk Management

Compliance risk management is conducted through identification, measurement, monitoring and control of compliance risk in accordance with the implementation of risk management. The compliance risk management strategy is implemented through 3 (three) lines of defense scheme. The Compliance Working Unit conducts an analysis of compliance risk for both individual and consolidated compliance risk, as well as integrated compliance risk.

5. Commitment to OJK and Regulators

The Compliance Working Unit monitors and ensures compliance of follow-up commitments related to the results of examination conducted by the Regulator on a regular basis. During 2018, all commitments from the regulatory audit results can be fulfilled and do not exceed the agreed deadline. The Compliance Working Unit also acts as liaison regarding the implementation of compliance for internal and external parties.

6. The implementation of the Integrated Compliance Working Unit Function is disclosed in the Integrated Corporate Governance section.

Development of Human Resources in Compliance Working Unit

As of December 2018, the Compliance Working Unit was supported by 23 staff (including the Head of the Compliance Working Unit) with the majority of staff having over 5 years of experience working in the banking sector with adequate capability. Danamon always provides opportunity to the staffs of the Compliance Working Unit to increase their knowledge and competence to support their work performance. Some of the material of training/ seminars/ workshop both internal and external that have been attended by Compliance Working Unit staffs, are as follows:

Internal	External
Leader's Giving Back: Leadership in Present Era	Provisions on Literacy & Financial Inclusion
Sharia Product	Socialization of Bank Indonesia Regulation of Financial Technology
Risk Management Certification Training Level 2	Gateway of National Payment (GPN) Implementation Progress
Risk Management Certification Training Level 1	POJK concerning Structured Product and Systemic Banks
Thought Leadership Café with Edwin Soeryadjaya: Crisis, Comebacks & Character	Socialization of several commercial bank provisions issued in the third quarter
Risk Management Certification Refreshment Level 4 (Macroeconomic Factors Affecting Business & Banking Risk)	
Compliance Workshop	
LCR and NSFR Training	
Basic Sharia Banking Principle	
Crucial Conversation Training	
Anti Social Element	
Operational Risk Management	
Secured & Un-secured Loan Training	
D-Talk With Yotaro Agari "Leading Through Diversity"	
US Sanction	
Guidance for Volker Rule	

Internal	External
Indonesian Banking Expo	
Cyber Crime Security	
D-Talk with Aryan Pramudito	
Risk Management Certification Refreshment	
Sustainable Finance for Banking Sector	

Compliance with Primary Regulations

Parameter	Requirement	Compliance
Capital Adequacy Ratio (CAR)	Min. 9% s/d <10% (BUKU 3)	Comply
Statutory Reserve Requirement (GWM)	Primary IDR Min. 6.5% Primary USD Min. 8% Secondary Min. 8%	Comply Comply Comply
Non Performing Loans (NPL)	NPL Net Max. 5%	Comply
Net Open Position (NOP)	Max. 20%	Comply
Related Parties' Legal Lending Limit (LLL)	Max. 10%	Comply
Portfolio of Investment	Max. 25%	Comply

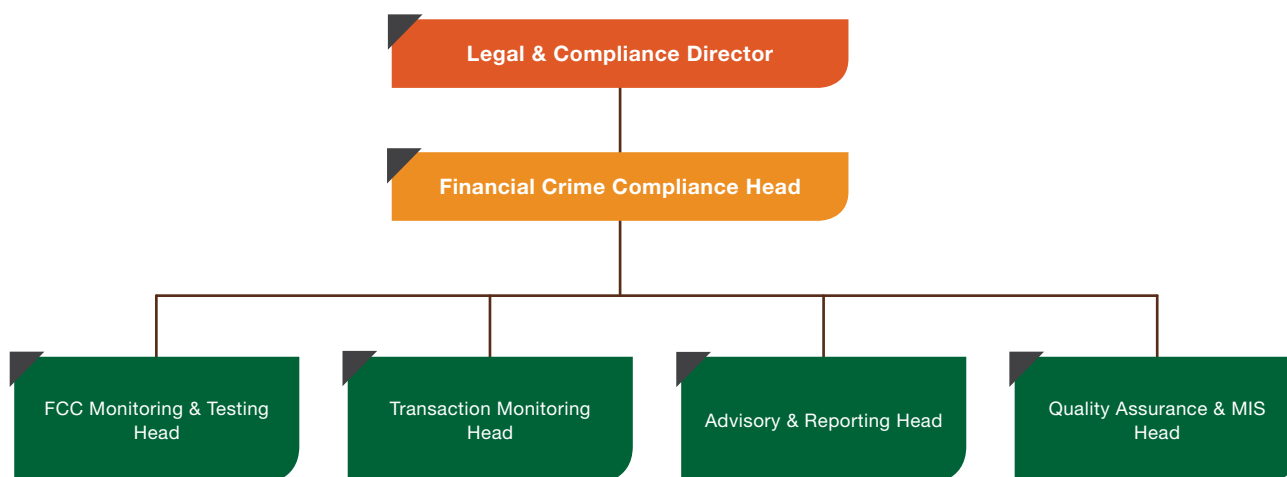
IMPLEMENTATION OF ANTI-MONEY LAUNDERING (AML) AND COUNTER-FINANCING OF TERRORISM (CFT) PROGRAM

Organization

In order to support the implementation of Anti Money Laundering and Counter-Financing of Terrorism Program (AML and CFT), the Board of Directors and Board of Commissioners continuously give their full commitment so that Danamon always comply with the Financial Services Authority/ Bank Indonesia regulations and other applicable laws relating to AML and CFT.

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-Financing of Terrorism Program, including the commitments made by Danamon to Financial Services Authority/ Bank Indonesia and reporting to the regulators in accordance with prevailing regulations.

The implementation of AML and CFT Program in Danamon is coordinated by the Financial Crime Compliance (FCC) Working Unit that reports directly to the Compliance Director and has the following organizational structure:



Main Highlights	Management Report	Company Profile	Management Discussion and Analysis	Operational Review	Good Corporate Governance	Corporate Social Responsibility	Corporate Data
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Danamon consistently makes efforts to increase the quality of AML and CFT program, through active monitoring from the Management, refinement of policies, organizing training programs, and improvement of information systems and other initiatives.

The Framework for the Implementation of Anti Money Laundering (AML) Program and the Counter-Financing of Terrorism (CFT) is illustrated in the Three Lines of Defense concept as follows:

1. First Line of Defense

The first line of defense is the most important line of defense in preventing Crime of Money Laundering and Financing of Terrorism, detecting the possibility of such crime and identifying weaknesses and vulnerabilities in controlling AML and CFT implementation. The Business/ Operations/ Control Unit are the units that conduct daily corporate activities as the frontline of Danamon

2. Second Line of Defense

The second line of defense is carried out by the FCC Working Unit at the Head Office with duties and responsibilities include preparing the methods and tools that can be used by the first line of defense to carry out their duties and responsibilities, preparing adequate policies and procedures, systems and trainings, and ensuring that the first line of defense has performed its function well.

3. Third Line of Defense

This function is runned by internal auditors, as well as external auditor, to ensure the implementation of AML and CFT Program in the first line of defense and the responsibilities of the second line of defense have been carried out effectively.

Implementation of AML and CFT Program Throughout 2018

1. Evaluation on Policy and Procedures

- In order to comply with the provisions of the Financial Services Authority as well as other provisions related to the application of AML and CFT, Danamon has refined the internal regulations of AML and CFT with the issuance of 29 internal regulations.
- Reviewed 25 new draft policies and/ or products and application forms based on the requests of Bank Danamon's working units and socialized 4 AML Forum to ensure its conformity with the implementation of AML and CFT Program.
- Report on a periodic basis to the Management (Board of Commissioners and Board of Directors) relating to the implementation of AML and CFT program in the form of presentation in the RMC forum and Monthly Report.
- Published information related to the implementation of AML and CFT program on Danamon's website among others providing information related Bank's General Policy, US Patriot Act, Wolfsberg AML Questionnaire.

2. Monitoring and Evaluation Process

- Monitoring & Testing
In order to ensure the implementation of AML and CFT program in Branch Offices (Sales & Distribution), FCC

conducted monitoring & testing both actively and passively, including thematic testing to assess the awareness, effectiveness and quality of data on the implementation of the AML and CFT program compared to the provisions that govern. In addition, FCC has made an initiative to make compliance reports and completeness of customer data (KYC) through the Branch AML CFT Report (BAR).

During 2018 (January - December), FCC Monitoring & Testing has carried out monitoring & testing as follows:

- 1) Actively to 4 (four) Branches in 4 (four) Areas namely MBD Branch (SnD 02 Jakarta), Bandung Asia Africa Branch (SnD 05 West Java), Surabaya Governor Suryo Branch (SnD 07 East Java) and Medan Diponegoro Branch (SnD 09 North Sumatra).
- 2) Passively to 4 (four) Branches in 4 (four) Areas, namely Kelapa Gading 1 Branch (SnD 01 Jakarta), Kebon Sirih Branch (SnD 02 Jakarta), Kebon Jeruk Intercon Branch (SnD 04 Jakarta), and Medan Putri Hijau Branch (SnD 09 North Sumatra).
- 3) Thematic testing to:
 - a) Customers who have suspicious financial transactions in 4 (four) branches, namely: Cibubur Time Square Branch, Jakarta Cinere Branch, Prabumulih Branch, and Denpasar Branch Hayam Wuruk.
 - b) Customers with business type of Money Transfer Services in 10 (ten) Branches namely: Tegal Sudirman Branch, Jakarta Fatmawati Branch, Cirebon Yos Sudarso Branch, Blitar Merdeka Branch, Medan Katamso Branch, Pasar Lamongan Micro Branch, Tanjung Redeb AKB Sanipa Branch, Jakarta Kebon Branch Jeruk Intercon Branch, Jakarta Roxy Mas Branch, and Jakarta MBD Branch.
 - c) Customers in the category of PEP/ PEP Family/ Close People of PEP in 4 (four) Branches namely: Jakarta MBD Branch, Jayapura A. Yani branch, Jakarta Matraman Branch, and Ambon Diponegoro Branch.
 - d) Non Personal Customers (see the completeness of information on Beneficial Owner) at 12 SnD with a sample of 10 (ten) Customers who have the highest balance.
- b. Monitoring on Completeness of Customer Data
Monitoring of the quality and completeness of customer data is performed continuously using several methods/ processes:
 - 1) During 2018, monitoring on the fulfillment of AML CFT mandatory data on the opening of CIF and new accounts in the current year, opening of new accounts using the old CIF in the current year. As of December 2018, from the opening of CIF/ Account as many as 479,793 it is known that the number of CIF/ Account openings whose data is complete is 479,070 or 99.84%.

- 2) Updating Data is also one method of monitoring customer data quality. Updating data is the Bank's commitment to the FSA where the target data and the progress is submitted to the FSA every year through Compliance Report. As of December 2018, there have been 10,947 CIF (92.19%) data updates from the set target of 11,875 CIF.
- 3) Monitoring the quality of Customer data through AML System (Customer Due Diligence & Watch List Filtering):
 - a) CDD (Customer Due Diligence) Alert in AML System if there is a significant change in risk value and for new opened account with high risk level or PEP. During 2018, monitoring was carried out on 5,646 alerts, and requested corrections or completeness of data/ information if there were still incomplete/ inadequate data.
 - b) Alert WLF (Watch List Filtering), is a screening process on new opened CIFs for PEP and Negative List data held by the Bank, using World Check databases (including OFAC) and DTTOT - Proliferation of WMD. During 2018, analysis of 3,866 screening alerts was conducted. There were 40 (forty) positive hit alerts with PEP data that require data corrections or adjustments by Branch or other related Working Units and 10 (ten) alerts being escalated to the FCC Transaction Monitoring unit to be followed-up due to negative news.
- 4) Bank also regularly conducts periodic screening of all existing CIF, which is one method of monitoring the Customer to ensure there are no customers who belong to the Negative List (DTTOT, proliferation of WMD, Negative News and OFAC). From the results of the screening, it was known that 901 CIFs were PEPs/ related to PEP so that data corrections or adjustments by Branch or related working unit were needed.
- 5) Monitoring the quality of Customer data is also conducted based on input from FCC Transaction Monitoring related to the results of the analysis of customer transactions. During 2018 there were 5 (five) CIFs that were requested to branches or other related working units to carry out the data update or adjustment so that the data stored in the system is the latest data.
- c. Branch AML CFT Report (BAR)

In order to evaluate the application of the AML CFT regulation properly and correctly by all Branches and also to proactively exercise control and to ensure that the implementation of the CDD/ EDD is in accordance with the Bank's risk appetite and in line with applicable regulations, in 2018 BAR (Branch AML CFT Report) project is made. BAR report will be delivered to the CEO and to all Regional Heads related to the assessment that has been conducted on all SnD Branches, per semester each year and will begin in the 1st semester 2019.

The variables used in preparing the referred BAR (Branch AML CFT Report) report are among others:

No	Variable	Weight
1	KYC Blank for the opening of CIF and accounts in current year (year of report preparation), excluding the opening of the Pegasus Adira CIF and account, D'Save and Laku Pandai.	30%
2	Invalid data on CIF opening for the current year (year of report preparation), excluding the opening of Pegasus Adira CIF, D'Save and Laku Pandai.	30%
3	Target of data updates to FSA for the current year (year of report preparation)	15%
4	Completion of the previous year's Updating Data	10%
5	Completion of outstanding KYC Blank in the previous year	10%
6	The participation of the e-learning in the year of report making version	5%

3. Training and Socialization

Employees' understanding of AML and CFT is very important. Danamon together with Danamon Corporate University (DCU) coordinates training and socialization of AML and CFT 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 as mandatory training, where employees recruited within the period 1 January – 30 September 2018 were obliged to take and pass the AML and CFT e-learning module version 2018.

During 2018, 9,751 employees or 98.71% of the total permanent employees as of September 30, 2018 (excluding SEMM employees) have received training in the AML and CFT field through the method of 2018 e-learning.

In addition to training related to the provisions of AML and CFT, during 2018 socialization of BAR (Branch AML CFT Report) Project and ASE (Anti-Social Element) was conducted, with details as follows:

- a. BAR (Branch AML CFT Report), with discussion material on the reports to be used to provide an assessment of

the Branch related to the implementation of AML and CFT provisions, the assessment will be effective starting in January 2019.

The socialization was carried out to 294 employees consisting of Regional Head, Area Manager, RTSH, Branch Manager, Branch Support, ROSM and Branch Control.

- b. ASE (Anti-Social Element), with discussion material on the screening process for personal and non-personal Customers who have Japanese citizenship status.
The socialization was conducted in 4 (four) cities, namely: Jakarta (SnD 01 to 04), Bandung, Surabaya, and Bali with 815 socialization participants consisting of Regional Heads, Area Managers, RTSH, Branch Managers, Branch Service Managers, Relation Officer, Sales and Service Officer, Branch Support, ROSM and Branch Control.
- c. BWRA (Bank Wide Risk Assessment), identifies the risk of applying AML CFT in Bank Danamon by comprehensively

evaluating Customer Profiles, Products and Services, Geographical Areas and Distribution Networks by referring to OJK provisions related to AML CFT, Sectoral Risk Assessment (SRA) and National Risk Assessment (NRA) issued by FSA and PPATK.

4. Reporting

Danamon has carried out reporting activities as stipulated by the Regulation. The reports are Suspicious Transaction Report (STR), Cash Transaction Report (CTR), International Fund Transfer Instruction (IFTI) and Integrated Services User Information System Report (SIPESAT). In addition to the reporting, Danamon also provides responses to requests for data and information from external parties (PPATK, KPK, BI, Police and other third parties).

The following is the number of reports and responses to requests for information from external parties that have been carried out until December 2018:

Total Reporting in 2018				
STR	CTR	IFTI	SIPESAT	Response to External Party Letters
1,276	71,658	219,817	446,789 CIF	469

5. Management Information System

Danamon enhanced the monitoring and screening of customer transactions/ profiles application (AML System) in order to improve control and effectiveness in identifying suspicious financial transactions using periodically adjusted parameters, including:

- Screening SWIFT transactions
- Automation of data taking which was previously done manually
- Improvement of workflow in the process of investigating customer transactions
- Check the amount of data and nominal transactions between data sources and AML System

In addition, Danamon also enhanced to the reporting application to PPATK with the aim of increasing control and accuracy as well as completeness of the information in the reports submitted to PPATK, including:

- Enhancement of logic withdrawals and formation of reporting data
- Improved control and monitoring functions of data that need to be reported to PPATK
- Check the amount of data and nominal transactions between data sources and CTR Web

6. Audit

In October 2018, audit on the implementation of AML and CFT was conducted by Internal Audit (SKAI) and until the end of December 2018 was still in the process of discussing and finalizing the findings of the audit results.

Internal Audit Working Unit (SKAI)

Structure and Position of SKAI

Internal Audit Working 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 SKAI 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 Board of Commissioners and Board of Directors 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), Implementation of Standards for Commercial Bank's Internal Audit Functions (SPFAIB), Bank Indonesia regulation, Financial Services Authority (FSA) regulation, and Company's Code of Conduct. SKAI helps the 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 and Subsidiaries' activities, functions, records, property, and personnel while adhering to the confidential principle of bank and/ or company in accordance with the applicable laws and regulations, professional secrecy, and personal rights as well as guarantees the application of anti-tipping off principles in conducting audit of Anti Money Laundering and Counter-Financing of Terrorism (AML CFT).

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 adhering to the Danamon's Code of Conduct, SKAI is also guided by the Internal Audit Charter and Auditor's Code of Ethics, which regulates the existence and function of SKAIT and includes auditor professional standards as stipulated in the International Professional Practices Framework by The Institute of Internal Audit (covering the principle of integrity, objectivity, confidentiality, and competence).

Appointment, Dismissal, and Legal Basis for Appointment of Head of SKAI

The 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 SKAI is reported to the OJK along with the reasons for appointment/dismissal.

Since June 1, 2016 Evi Damayanti has served as the Chief Internal Auditor (Head of SKAI) of Danamon. But in December 2018 there was a change in the Head of the Internal Audit Working Unit. Since December 10, 2018, the Integrated Internal Audit Working Unit (SKAIT) has been led by Nathan Tanuwidjaja as an acting of the Head of SKAI replacing Evi Damayanti in accordance with the letter addressed to OJK No. B.869-Dir dated December 12, 2018 concerning Submission of Dismissal of Head of Internal Audit Working Unit (SKAI) and Temporary Appointment of Head of SKAI PT Bank Danamon Indonesia Tbk. ("Company").

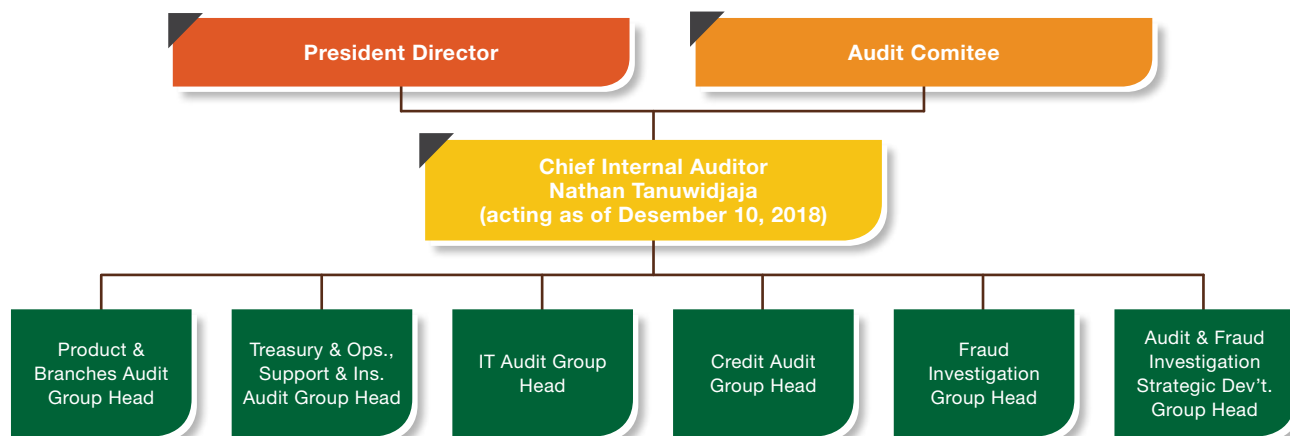


Nathan Tanuwidjaja, MSc
Head of SKAI (Acting)

Nathan Tanuwidjaja, MSc has a Master's degree from Columbia University, New York, USA. He has more than 12 years career experience in the banking industry, including 2 years career at Bank Central Asia. Besides that, 10 years of experience at PricewaterhouseCoopers as Global Risk Management Solutions - Senior Manager. In Danamon, he has served as an IT

Audit Group Head for 4 years, as a Branches and IT Audit Group Head for 3 years, as a Retail and IT Audit Group Head for 3 years, and as an IT, Treasury and Operation Audit Group Head for 1 year.

Organizational Structure of SKAI



Duties and Responsibilities of Integrated SKAI

SKAIT has duties and responsibilities, among others:

- Make an annual audit plan with a risk-based methodology and implement the approved annual audit plan, including specific tasks/ projects;
- Review and provide recommendations for the annual audit plan of the subsidiaries' Internal Audit;
- Improve adequate knowledge, expertise, experience and professional certifications;
- Monitor and review the implementation of audits from Internal Audit of subsidiaries;
- Prepare and submit reports to OJK, in the form of implementation reports and the main results of internal audit, special reports on each internal audit finding that are expected to disrupt the continuity of the bank's business, as well as external party review reports containing opinions on the results of SKAI's work;
- Recommend improvement plans for audit findings to related units as well as monitor and ensure that corrective actions have been carried out by management effectively;
- Conduct regular meetings with Internal Audit of subsidiaries at least every quarter;
- Develop a program to evaluate the quality of the carried out internal audit activities;

Duties and responsibilities are regulated in the Integrated Internal Audit Charter and delivered in the Integrated Corporate Governance Report.

Internal Audit Priority in 2018

- SKAIT continues the focus of audits on high-risk entities and those with extensive branch networks.
- SKAIT pays special attention to business lines and areas that are transforming.
- SKAIT continues to improve auditor competencies through trainings, both on product knowledge and procedures, as well as training in understanding risk management and audit processes and professional certifications.
- SKAIT continues to develop analytical functions by continuing to develop the scope of the data analyzed.
- SKAIT continues the quality assurance process and studies internal audit best practices in the banking industry (Danamon's SKAI), the financing industry (ADMF's Internal Audit Unit), and the insurance industry (AAD's Internal Audit Unit) as a comparison.
- Danamon's SKAI together with the ADMF's and AAD's Internal Audit team conduct joint audits in each of the related entities.
- Danamon's SKAI together with ADMF's and AAD's Internal Audit team routinely coordinate, align and share knowledge.

Audit Plan and Realization as of December 31, 2018

During 2018, SKAIT has conducted internal audit activities as follows:

1. Danamon's SKAI has conducted audit on 295 entities in Danamon:

Plan and Realization of Audit Implementation as of December 31, 2018

Danamon	Audit Plan 2018	Audit Realization 2018
a. Head Office Audit	43	47
b. Regional Office Audit	36	29
c. Branch Audit:		
Conventional Branches	126	133
Self Employed Mass Market (SEMM)	85	86
Total Audit of Branches	211	219
Total Audit	290	295

2. 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 Danamon's SKAI.

Plan and Realization of Audit Implementation as of December 31, 2018

ADMF	Audit Plan 2018	Audit Realization 2018
a. Head Office Audit	12	16
b. Regional Office Audit	50	59
c. Branch Audit	96	95
Total Audit	158	170

Plan and Realization of Audit Implementation as of December 31, 2018

AAD	Audit Plan 2018	Audit Realization 2018
a. Head Office Audit	6	6
b. Branch Audit	6	6
Total Audit	12	12

Development of Human Resources

As of December 2018, the total number of personnel of Danamon's SKAI was 158 personnel domiciled at headquarters and in regional audit offices (KPW) across Jakarta, Semarang, Surabaya, Medan, Makassar and Balikpapan, which was established in early 2018. Moreover, the Internal Audit of ADMF had 71 personnel and the Internal Audit of AAD 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 trainings and certifications to meet the required competencies at every level.

Training, self-development, and certification that was taken by Integrated SKAI staff throughout 2018:

International Certification	Number of Personnel
Certified Internal Auditor (CIA)	4
Certified Fraud Examiner (CFE)	3
Certified Ethical Hacking (CEH)	3
Certified Incident Handler (CIH)	1
Certified Information System Auditor (CISA)	3
Certified Information System Security Professional (CISSP)	1
Certified Information System Manager (CISM)	1
Financial Risk Manager (FRM)	1
Certified Anti-Money Laundering Specialist (CAMS)	1

International Certification	Number of Personnel
Qualified Internal Auditor (QIA)	59
Risk Management Certification (SMR), Level I	120
Risk Management Certification (SMR), Level II	36
Risk Management Certification (SMR), Level III	8
Risk Management Certification (SMR), Level IV	1
Sertifikasi Dasar Pembiayaan Managerial oleh Lembaga Sertifikasi Profesi Pembiayaan Indonesia (SPPI)	8
Ajun Ahli Asuransi Indonesia Kerugian (AAAIK)	3
Certified Risk Management Officer	1
Certified General Insurance (CGI)	4

Implementation of Training and Workshop in 2018

No	SKAIT	Personnel Per Dec 2018	Implementation of Training and Workshop	Mandays
1	Danamon's SKAI	158 people	71	11 days
2	ADMF's Internal Audit Unit	71 people	30	8 days
3	AAD's Internal Audit Unit	10 people	22	6 days

Company's Accountant/ External Auditor

Appointment of Company's Accountant

Based on AGMS Danamon that was held on March 20, 2018, the appointment of Drs. Jusuf Wibisana, M. Ec., CPA as Public Accountant (AP) and Public Accounting Firm (KAP) Tanudiredja, Wibisana, Rintis & Partners (member firm of PwC's global network) as KAP registered at the Indonesian Institute of Public Accountants (IAP) and the Financial Services Authority to audit the Company's consolidated financial statements for fiscal year 2018 was approved. As well as the determination of the amount of honorarium and other requirements associated 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 by considering the proposal of the Board of Commissioners.

The proposed appointment of AP and/ or KAP 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 insiders in KAP;
- audit scope;
- remuneration of audit services;
- skills and experiences of AP, KAP, and Audit team of KAP;
- methodology, techniques, and audit tools used by KAP;
- benefit of fresh eye perspectives obtained through the changing of AP, KAP, and Audit Team of KAP;
- potential risk on the use of audit services by the same KAP consecutively for a long period of time.

Other Services besides Financial Audit

The Public Accounting Firm throughout 2018 provided services other than audit services. Other services fees that are quoted are less than the fees for audit services.

Audit Period and Accountant's Honorarium

The Public Accountants/ Public Accounting Firms who provide financial audit services and honorarium for audit implementation are as follows:

Year	Public Accounting Firm (KAP)	Name of Accountant	Service Fee
2018	Tanudiredja, Wibisana, Rintis & Partners (member firm of PwC global network)	Drs. M. Jusuf Wibisana, M.Ec, CPA	Rp 4,405 billion
2017	Tanudiredja, Wibisana, Rintis & Partners (member firm of PwC global network)	Drs. M. Jusuf Wibisana, M.Ec, CPA	Rp 4,346 billion
2016	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Yasir	Rp 4,112 billion
2015	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Benyanto Suherman	Rp 4,112 billion
2014	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp 4,112 billion
2013	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp 3,880 billion
2012	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	USD 400,000

Effectiveness of External Audit Implementation

The Audit Committee reviews the effectiveness of audit implementation, 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 audit conducted.

The audit conducted by the Public Accountant/ Public Accounting Firm on Danamon's financial report has been conducted independently, professionally and objectively, among others:

- Examinations have been done on all material accounts based on the applicable Public Accountant Professional Standards and in compliance with the applicable Accounting Standards in Indonesia.
- The submission of audited consolidated financial statements is accompanied by a Letter of Recommendation to Management (Management Letter).

Evaluation of the Audit Committee on the implementation of audit services on annual historical financial information by the forementioned

AP/ KAP is done through:

- Alignment of audit implementation by AP and/ or KAP with prevailing standards of audit;
- Adequacy of field work time;
- Assessment of the scope of services provided and the adequacy of the quotation test;
- Recommendations for improvement provided by AP and/ or KAP.

Relationship between Bank, Public Accountant, and Financial Services Authority

Danamon as an audited party openly 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 examination 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 clean presentation of financial statements. The audit results have been communicated by the Public Accountant/ Public Accounting Firm to the Management, Audit Committee, and Financial Services Authority.

Risk Management

Corporate Data

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Management Report

Main Highlights

Implementation of Integrated Risk Management

The approach taken in supporting the effective application of risk management is to carry out a holistic approach to manage Danamon's risks in a comprehensive manner that includes 4 pillars, namely:

1. Active supervision of Board of Commissioners and Board of Directors
2. Adequacy of policies, procedures and limit setting
3. Adequacy of identification, measurement, monitoring and risk control processes and risk management information systems
4. Risk management internal control system.

In line with the practice in the banking industry and in accordance with the Financial Services Authority Regulation (POJK), Danamon has an integrated Risk Management function that is centralized and independent from Risk Taking Units. The Integrated Risk Management function covers the management of the main risks inherent in the activities of Danamon and Subsidiaries. The implementation of the integrated risk management function is carried out by the Integrated Risk Management Unit which is responsible to the Integrated Risk Director.

Danamon and subsidiaries, both individually and integrated, have applied Risk Management consistently to manage risk exposures in their business activities.

Specific discussion on the implementation of risk management is disclosed in the Risk Management Operational Review in the Danamon's Annual Report.

Supervision of the Board of Commissioners and Board of Directors

The Board of Commissioners and Board of Directors actively supervise the implementation of risk management through committees:

- a. Risk Monitoring Committee
With the highest authority at the Board of Commissioners level, this committee functions as a supervisory board to monitor and provide recommendations to the Board of Commissioners in relation to the implementation of risk management strategies and policies and to evaluate the responsibility of Board of Directors in managing risk exposures.
- b. Risk Management Committee
At the Board of Directors level and is responsible for evaluating and providing recommendations to the President Director

regarding the management of the overall risk both at Danamon and Subsidiaries by monitoring the implementation of risk strategies, policies and evaluating significant risk issues.

Effectiveness of the Risk Management System

Danamon uses the Integrated Risk Management approach as an approach to manage all risks in an integrated manner, which links between strategic planning, risk appetite, business execution, risk assessment and performance evaluation, in an effort to optimize business growth and maximize Stakeholder value.

Danamon has set Risk Appetite Statement (RAS) which outlines the level and characteristics of risks that are able to be accepted by Danamon in carrying out its activities to achieve the objectives set by the shareholders. The application of RAS to the Lines of Business and Subsidiaries has been carried out since 2017. The RAS parameters and thresholds will be reviewed regularly every 2 years, to ensure the suitability of RAS with internal and external business conditions.

The Board of Directors and senior management are responsible for ensuring that the Risk Management Framework is effective and can mitigate the risks to be faced and includes detailed policies that regulate the limits of the prudential principles extensively towards Danamon's activities.

The evaluation of the effectiveness of risk management is carried out by the working unit through periodic self assessments and evaluations carried out by the Internal Auditor on the risk assessment methodology, adequacy of system implementation, management information systems, and the accuracy of policies, procedures and limits. In 2018, the assessment of the effectiveness of Danamon and Subsidiaries' risk management is satisfactory with risk level at 2 (low to moderate).

Type of Risk and Its Management

The risks inherent to Danamon individually include Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk, Yield Risk and Investment Risk. While the risks inherent in integrated risk management also include Intra-Group Transaction Risk and Insurance Risk. Further explanation is as follows :

Credit Risk

Credit risk is risk due to failure of debtors and/or other parties in fulfilling their obligation to Bank and/ or Subsidiaries, including credit risk due to debtor failure, credit concentration risk, counterparty credit risk and settlement risk. Credit risk is managed through established policies and procedures covering credit granting 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 risk of price 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, in the trading book and banking book position, which has the potential to cause losses to the bank.

Operational Risk

Operational Risk is a risk arising from inadequacy and/ or dysfunction of internal processes, human errors, system failures and/ or the presence of external events that affect operational activities. Operational risk management is carried out to minimize impacts that can lead to financial losses and reputation damages. Operational risk management also includes management of information security risks (including cyber security risks) and technology risks.

Information Security Risk (including cyber security risks)

Information Security Risk is a risk related to the use of Bank's information and/ or data on potential risks related to Confidentiality, Integrity and Availability.

Technology Risk

Technology Risk is the potential for losses arising from excessive use or because of dependence on systems related to computers/ technology to support business and operational processes.

Liquidity Risk

Liquidity Risk is a risk due to the inability of the Bank/Financial Conglomeration to fulfill its obligations maturing from cash flow funding sources and/ or from high-quality liquid assets that can be used as collateral, without disturbing the activities and financial conditions of the Bank/Financial Conglomeration.

Reputation Risk

Reputation Risk is risk due to the lessening of stakeholder's trusts as the result of negative perception. 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. On a consolidated basis, the Bank's Reputation Risk management team works with the risk management team in the Subsidiaries

Strategic Risk

Strategic Risk is the risk arising from inaccuracy in taking and/ or implementing any strategic decisions and failure in anticipating modification in business environment. Strategic risk management is carried out through the analysis of business strategy conformity with the business environment conditions. Strategic Risk is related to areas: business plan, information technology and human resources.

Compliance Risk

Refers to risk due to in compliance and/ or failed to obey the prevailing regulation and provisions. Compliance risk is managed by an independent working unit that performs the compliance function.

Legal Risk

Legal Risk is risk due to legal claim and/ or constraints in the juridical aspect. Legal risk management is carried out through a process of identification of the factors that can cause legal risk in the line of business, products, processes and information technology that have an impact on the financial position and reputation of the Bank. In an integrated manner, the Legal Risk management team also works with the legal risk management team in the Subsidiaries.

Investment Risk

It is a risk due to Bank and/ or Subsidiaries taking part in bearing the loss of the customer's business financed in profit-sharing financing on profit and loss sharing or net revenue sharing basis. Investment Risk is managed by the Sharia Business Unit, both at the Bank and the Subsidiaries.

Yield Risk

Yield Risk is the risk of yield fluctuations that bank pays to customers, because there is a fluctuation in yields which is received by Bank and/ or from the distribution of funds, which can affect the behavior of customers of third party funds. This Yield Risk is managed by the Sharia business unit, both at the Bank and subsidiaries.

Intra-Group Transaction Risk

Risk due to the dependency of any entity either directly or indirectly towards other entity in the Financial Conglomeration with regard to fulfill obligation of the written agreement and non-written agreement either followed by funds transfer and/ or not followed by funds transfer. The management of Intra Group Transaction risk is carried out by the Bank together with the Subsidiaries.

Insurance Risk

Insurance Risk is the risk due to the failure of insurance company to fulfil its obligation to policyholder as the effect of inadequacy in underwriting, pricing, use of reinsurance, and/ or claim handling. Management of Insurance Risk in an integrated Financial Conglomeration has been carried out by the Insurance Subsidiary with supervision from Danamon as the Main Entity.

Specific discussion of the types of risks, management efforts and risk management organizations is disclosed in the Risk Management Operational Review in the Danamon's Annual Report.

Achievement of Integrated Risk in 2018

Integrated Risk Management:

- Implementation of Integrated Risk Management in Danamon and Subsidiaries in the Financial Conglomeration.
- Refinement of the Risk Profile report according to regulatory provisions.
- Preparation and submission of Sustainable Finance Action Plan for the period 2019-2023 in order to fulfill POJK no. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies.
- Updating the Recovery Plan in accordance with the Financial Services Authority Regulation No. 14/POJK.03/2017 for Systemic Banks.
- Carry out the Risk Academy on continuous basis as a risk management learning tool for all Bank's employees through face-to-face training in classrooms, as well as creating and implementing various types of e-Learning modules related to risk management.
- Carry out bankwide stress tests according to Basel II at least once a year.
- Carry out the ICAAP framework that the Bank has already had continuously.
- Implementation of various Risk Culture programs that focus on campaigns regarding the application of the Three Lines of Defense.

Credit Risk Management:

- Renewed the Internal Rating Model for Corporate, Commercial, Financial Institutions and Financing Company business lines which includes review of segmentation and Internal Model logic, Model Refinement and Validation, along with calibration of PD, LGD and EAD, have been completed and implemented properly.
- Development of an Early Detection Model (Early Warning Indicator) for the Corporate and Commercial business lines.
- Development of the Risk Based Pricing Model for the Corporate and Commercial business lines.
- Scorecards and Internal Rating models have been developed in the Small Medium Enterprise (SME) business line.
- Scorecards model has been developed for the line of business of Home Ownership Credit (KPR) and Multipurpose (KMG).
- Implementation of the Cross Selling Scorecard Model for credit card & Unsecured Credit (KTA) financing based on customer savings cash flow data has been implemented.
- Development of PSAK 71 or IFRS9 Models for business lines of Corporate, Commercial, Financial Institution, Financing Company, SME, KPR, KMG, Credit Card, KTA, Micro Credit (SEMM), Vehicle Ownership Loans, Consumer and Investment Loans, has been conducted well.
- The Bank has updated the Credit Risk Policy which has been applied bankwide.
- Set and classified various types of industries into industrial groups with high, medium and low risk levels. Bank will focus its growth on industries with moderate and low risk levels.
- Continued to focus on acquiring new credit in low-risk business

lines such as Mortgage and conducted CrossSell.

- Limited credit provision to high-risk groups such as ABF and UPL.
- Stopped the provision of high-risk loans in the Micro Credit (SEMM) business and strengthened the Collection strategy.
- Has implemented the credit system infrastructure such as the Credit Processing System (CPS) in the SME business line and the Rules Based Engine in the SME business line.
- Regularly review all processes, policies (including adjustments required by Regulator regulations), authorities and relevant limits and will adjust them if necessary.
- Routinely review Danamon's product programs, in terms of portfolios, criteria, limitations and other provisions, and make adjustments needed.
- Periodically conduct backtesting to assess the adequacy of credit reserves. If needed, additional credit reserves will be made based on the results of the backtesting.

Operational, Fraud and QA Risk Management:

- Increased the independence of the functions and roles of operational risk officers in the lines of business, support functions and Subsidiaries.
- Improved the Operational Risk Management System (ORMS) application to increase effectiveness in managing comprehensive operational risk in the Bank and Subsidiaries.
- Built awareness of Operational Risk Management through E-Learning, risk academy modules, email blasts, anti-fraud awareness videos to increase awareness of all levels of management and employees on the importance of managing operational risk.
- Implementation of ORPA (Operational Risk Pre Assessment) to review the risks of proposed new strategic initiatives, along with the recommendations of the risk mitigations.
- Self Raise Issue campaign to provide a means for employees to raise an issue that has potential to cause operational risk.
- Implemented an escalation mechanism for operational risk potential/ events.
- Implementation of Risk Acceptance to ensure that issues that cannot be mitigated at all but the process/ activity will be continued to be carried out and the risks will still be borne by the Bank; hence must be requested for the risk acceptance and action plan for operational risk issues that have yet to be completed that has been approved by management.
- Improved the Risk Control Self Assessment method by implementing the RCSA Workshop (RCSA top down approach)
- Increased the ability of early detection of potential fraud by providing Whistle-blower reporting channels through independent third party.

Information Risk Management:

- Developed Danamon Information Security Policy which is a basic sign and as a guide to the application of the risk management of Information Security aspect in Danamon.
- Conducted Information Security Assessment to measure the maturity levels and recommendations related to the application

of Danamon's Information Security Policy.

- Carried out a gradual implementation of the Bank's Information Security Policy by prioritizing and focusing according to the agreed implementation strategy.
- In order to manage risks related to cyber security, initiation of assessment activities has been carried out through the Cyber Threat Modelling mechanism for applications that have Internet exposure. This will be continued in 2019 for all applications that fall into the critical category.
- Held continuous trainings to the Board of Commissioners, Board of Directors and members of the Incident Management Team (IMT), to raise awareness regarding risk management of cyber security incidents, which is in line with the Bank's business strategy in the digitalization era.
- Carried out cyber risk awareness programs through simulation exercises such as Phishing eMail Exercise, and Cyber Risk Workshop to business units and operational support units.
- Developed framework document that regulates the response process to cyber incidents, including developed Cyber Incident Response Playbook document, as a simple guide for employees when identifying cyber incidents.
- Developed and continued to implement the Business Continuity Management (BCM) program comprehensively to maintain the continuity of business and operational activities in facing emergencies. This application includes critical and non-critical units, by coordinating the preparation of Business Continuity Plan (BCP) documents, supervising BCP testing, and managing the handling of incidents that occur.

- Increased the awareness of Business Continuity Management by conducting simulation exercises on the activation of the Alternate Command Center to the Board of Directors and senior management, including members of the Incident Management Team (IMT).
- Built awareness regarding Information Risk Management for all levels of management and employees through various media, for example: LoB Sharing sessions covering the area of BCM and Information Security, Risk Academy, through various available communication media. This includes developed online training materials (e-Learning), in the aspects of Information Security and Business Continuity (BCM).

Market and Liquidity Risk Management:

- Updated limit structure and Market Risk and Liquidity Risk policy.
- Validated the methodology for measuring market and liquidity risk, including the methodology to support new Treasury products.
- Adjustments to the calculation of the Net Stable Funding Ratio (NSFR) in accordance with the Financial Services Authority Regulations which have been reported since the first quarter of 2018.
- Improvement of the ALM System to support NSFR calculation and reporting adjustments.
- Prepared for the implementation of the Interest Rate Risk in Banking Book (IRRBB) in accordance with the provisions of the Financial Services Authority which will be reported starting in 2019.

Provision of Funds to Related Parties and Large Exposures

No	Provision of Funds		
	Provision of Funds	Debtors	Nominal (Million IDR)
1	Related Parties	Subsidiaries and Core Management	1,815,408
2	Largest Group/ Debtor	25 Groups	16,310,906

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 Unit and approval from the Board of Commissioners.

During 2018, there were no violations or exceeds of the LLL to the Related Parties either Individuals or Debtor 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 setting aimed at identifying, measuring, monitoring, and controlling risks arising from Danamon's and Subsidiaries' activities with a risk-based approach. Internal Control in 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 Three Lines of Defense approach as shown in diagram below:



Quality Assurance (QA)

All Quality Assurance (QA) units as internal control performer in Danamon and Subsidiaries have work reference standard (SOP) based on Danamon's Quality Assurance Terms of Reference made by adopting COSO theory and BIS Principles on Internal Control Practices.

Danamon has a well-structured organization structure and suitable for quality assurance management. It is based on all business functions having to act as the main person in charge in the management of quality assurance in each business unit.

The implementation of internal control carried out by the Quality Assurance unit until 2018 has included divisions, subsidiaries and support functions. Divisions that are directly related to customer transactions have a high frequency of examinations, while head office divisions, formal internal control reviews are only conducted once a year.

Awareness programs regarding internal control of working units are also routinely carried out by QA unit. In principle, internal control is not only the task of the Quality Assurance unit, but it is the duty and responsibility of all working units.

Since mid-2018, the Credit QA function specifically in the Enterprise Banking (EB) business line has been transferred to the Integrated Risk Directorate (Credit and Enterprise Risk Management Division). EB Credit QA (as the Second Line of Defense) has the duty to review and ensure that credit approvals have been made in accordance with applicable policies and guidelines.

Evaluation of Effectivity Level on Internal Control System

The Internal Audit Working Unit (SKAI) which is part of the Internal Control System conducts audits to ensure the effectiveness 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 which is the basis for making improvements, among others, in the form of updating policies/ procedures/ systems.

LEGAL MATTERS AND IMPORTANT CASES FACED BY DANAMON, ITS SUBSIDIARIES, MEMBERS OF BOARD OF DIRECTORS AND/ OR BOARD OF COMMISSIONERS

Legal matters are the civil and criminal cases involving Danamon and its subsidiaries during the reporting period and have been submitted through judicial process.

Legal Cases Involving Danamon

Legal Cases involving Danamon	Amount of Cases		Impacts on Danamon's Condition
	Civil	Criminal	
Settled and legally binding	255	19	The cases do not have financial impact on Danamon
In the process of settlement	690	66	The legal process has not been legally binding so that there is no liability arised for Danamon

Note:

The civil and criminal cases faced by Danamon during the reporting period have been filed through the judicial process. The recapitulation is the total cases during 2018 according to data as of December 2018.

Legal Cases Involving Members of the Board of Commissioners and Board of Directors

Legal Cases involving members of the Board of Commissioners & Board of Directors	Amount of Cases		Impacts on Danamon's Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In the process of settlement	1	-	None

Legal Cases Involving Subsidiaries

Legal Cases involving PT Adira Dinamika Multi Finance	Amount of Cases		Impacts on Subsidiary's Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In the process of settlement	19	-	The cases have no significant impact on the Subsidiary

Legal Cases involving PT Asuransi Adira Dinamika	Amount of Cases		Impacts on Subsidiary's Condition
	Civil	Criminal	
Settled and legally binding	3	-	None
In the process of settlement	1	-	None

PT Adira Quantum Multifinance is in the process of liquidation.

IMPORTANT CASES INVOLVING DANAMON

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 as other liabilities (Note 27). This is pursuant to the payment made by the Bank to the Government of Republic of Indonesia on 13 December 2007 based on the requests and letter from the Ministry of Finance of Republic of Indonesia dated 23 April 2007 related to the excess of recapitalisation of the Bank by the Government.

However, in November 2011, PT Danamon International has filed a legal case against the Bank through the South Jakarta District Court. 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.

This dispute has been decided by the District Court of South Jakarta, High Court of Jakarta, Supreme Court and at the level of Judicial

Review. At the Judicial Review stage, the Supreme Court on 31 December 2015 decided that the Bank has to settle its obligation to PT Danamon International under the Loan Capital Agreement.

To implement a court decision which is final and binding, on 20 July 2017, the Bank and PT Danamon International 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. In 2018, the Bank has made full and final settlement on all obligations in accordance with the Settlement Agreement.

DISCLOSURE OF ADMINISTRATIVE SANCTIONS BY THE FINANCIAL SERVICES AUTHORITY

Administrative sanctions imposed by the regulator to Danamon are the administrative sanctions related to reporting and there was no administrative sanction imposed on the members of the Board of Directors and Board of Commissioners of Danamon during 2018.

INTERNAL FRAUD

Internal fraud is the fraud carried out by the management, permanent employees, and non-permanent employees (honorary and outsourcing) related to work processes and operational activities. The table below is the number of internal fraud cases with financial impact of more than Rp 100,000,000 (one hundred million Rupiah):

Internal Fraud	Total Cases Involving								
	Management			Permanent employees			Non-permanent employees		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Total internal fraud	-	-	-	12	15	121	-	-	-
Completed	-	-	-	7	9	55	-	-	-
In internal process	-	-	-	5	6	66	-	-	-
Pending process	-	-	-	-	-	-	-	-	-
Follow up through legal action	-	-	-	-	-	-	-	-	-

TRANSPARENCY OF BANK'S FINANCIAL AND NON-FINANCIAL CONDITION

Access to company information and data in the form of financial and non-financial is regularly disclosed through mass media, public exposure and through analyst briefing forums and websites. Reports on financial and non-financial condition are prepared and submitted to regulators and other institutes in accordance with applicable regulations. Reports on financial condition include Quarterly

Published Reports, Published Financial Reports, Annual Reports and non financial reports include Good Corporate Governance report, information on Products/ Services, Branch Networks and other non-financial information.

The following are the reports and information that have been disclosed and accessible via Danamon website (www.danamon.co.id) :

Type of Information	Published	Substances
Financial Information		
Consolidated Financial Report	Quarterly	Consolidated Financial Report in accordance with the standard of Financial Accounting in Indonesia
Published of Financial Report	Quarterly	Summary of Financial Performance according to BI
Analyst Presentation	Quarterly	Main financial and non-financial information
Annual Report	Annually	Financial and non-financial information, business segments, product information, 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 and ownership structure
4. Policies on Corporate Governance	-	Information on corporate governance policies of Danamon
5. Corporate Governance Report	Annually	Information on corporate governance implementation of Danamon and result of corporate governance assessment

Remuneration Policy

Process for Preparation of Remuneration Policy

Danamon considers the importance of applying good philosophy and principles of remuneration to maintain Danamon's remuneration level stays competitive in the market, so that the employees could be motivated to give their best contribution to Danamon and to support Danamon's business and mission to be the leading financial institution in Indonesia.

The remuneration policy aims to regulate the processes and approaches for determining remuneration for all Board of Directors, Board of Commissioners, and employees on the basis of employment, contribution to Danamon, and equality in the market for the same position.

To ensure that the remuneration of employees in the control unit is independent, each employee has an individual Key Performance Indicator (KPI) as a measure of performance unrelated to the KPI in the supervised working unit.

Coverage of Remuneration Policy and its Implementation

This Remuneration Policy applies to all business units both at the head office and in the regions including the Sharia business unit.

Remuneration Associated With Risk

In providing remuneration to employees, the company will consider the potential risks that may arise from all types of risks.

In the event of a risk occurred due to the decision taken, the company has the right to extend the deferred period of the given variable.

Measurement of Performance Related to Remuneration

To provide fair rewards to every employee, Danamon always pays attention to and considers the workload and expertise of its employees and practices in the market for the appropriate position.

This guideline is used to determine the amount of employee salaries:

- Danamon implements a 'Clean Wage' system where there is only one salary with no other allowances.
- Danamon uses the salary structure as a guide for the minimum salary and maximum salary for a given level.
- Payment Reference for a position in the market is based on:
 - Corporate business strategy
 - Comparative study in the market for the appropriate position
- The amount of salary is different based on:
 - Skill competence
 - Performance
 - Experience
 - Scarcity of positions in the market
- For employees with the lowest salary, attention should be paid to the minimum wage provisions of the concerned area where the employees work.

Based on the measurement of performance and contribution to Danamon 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:

- Pool bonuses for employees and senior management are made on the basis of Danamon's performance against the determined work plan:
 - The main factor is Net Profit After Tax (NPAT) before the restructuring fee.
 - The second factor is economic conditions, government regulations, market, restructuring, etc.
- The amount of the bonus pool is based on a certain percentage of Net Profit After Tax (NPAT) before the restructuring fee.
- The increase or decrease of the percentage of bonus pool against NPAT should take into account the achievement of the Danamon'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 Material Risk Taker (MRT) due to the authority they possess in decision making can have a significant impact on Danamon's risk profile, part of their annual performance bonus will be made as follows:

- Some of the annual performance bonuses are deferred for at least 3 years.
- The deferred portion is divided into cash and shares/shares-based instruments.
- If a Danamon Official (Board of Directors/ employee) is terminated by the company not by fault, negligence or fraud, the deferred portion may be continued but the payment cannot be accelerated.
- The amount of deferred portion is differentiated by the level of position. The higher the position, the larger the portion deferred. The amount of the portion and schedule of suspension is determined by the Human Resources Committee.
- If a Danamon Official (Board of Directors/ employee) resigns by their own will, the deferred portion that has not yet matured will be written off.
- If a Danamon Official (Board of Directors/ Employee) has committed an offense such as negligence, fraud, etc. in the previous year and is just found in the following year and has received the performance bonus, then the performance bonus may be withdrawn (Claw back).

Remuneration Consultant

Danamon uses the consulting firm Willis Towers Watson as the consultant organizer of 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 Providing 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 Bank's risk profile. Therefore, 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
- Senior Credit Officer
- Market & Liquidity Risk Head

Remuneration of Remuneration Committee

The Remuneration Committee consists of 4 members of the Board of Commissioners and one official who is in charge of Human Resources.

Total remuneration paid to all Remuneration Committee members during 2018 amounted to Rp 23.3 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:

Facilities	Amount Received in 1 Year							
	Board of Directors				Board of Commissioners			
	2018		2017		2018		2017	
	People	IDR million	People	IDR million	People	IDR million	People	IDR million
Salary, bonus, routine allowances, tantiem, and other non-natura facilities	9*	75.355	9	85.885	7*	20.083	7	22.153
Other natura facilities (housing, health insurance, and others) which:								
a. Can be Owned	9*	2.175	9	4.197	7*	1.412	7	472
b. Cannot be Owned	9*	5.903	9	6.484	7*	1.711	7	1.694
Total	9*	83.433	9	96.566	7*	23.206	7	24.319

Note:

* From 9 Directors, 2 Directors joined effectively in 2018

* From 7 Commissioners, 1 Commissioner joined effectively in 2018

Remuneration of Board Of Directors and Board Of Commissioners Based on Income Levels

The remuneration packages are classified into income levels received by the Board of Directors and 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	
	2018	2017	2018	2017
More than Rp 2 billion	9*	9	6*	7
More than Rp 1 billion to Rp 2 billion	-	-	1*	-
More than Rp 500 million to Rp 1 billion	-	-	-	-
Less than Rp 500 million	-	-	-	-

Note:

* From 9 Directors, 2 Directors joined effectively in 2018

* From 7 Commissioners, 1 Commissioner joined effectively in 2018

** Receive in cash

VARIABLE REMUNERATION

In addition to the 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 employees to work at Danamon.

Annual performance bonuses are granted to the rightful Board of Directors, Board of Commissioners and Employees.

The amount of performance bonus differs each year which 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 very selectively 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 right of the President Director and the Board of Commissioners.

The number of Board of Directors, Board of Commissioners and Employees who receive variable remuneration for 1 (one) year and total nominal, as in the table below:

Variable Remuneration	Total Amount Received in 1 (one) Year											
	Board of Directors				Board of Commissioners				Employees			
	2018		2017		2018		2017		2018		2017	
	People	Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million
Total:	7	45,450	7	42,900	6	11,150	6	9,624	7,350	211,524	7,931	187,138

Unconditionally Guaranteed Variable Remuneration

Danamon does not provide unconditionally guaranteed variable remuneration to prospective Board of Directors, Board of Commissioners and/or Employees for the first 1 (one) year.

Deferred Variable Remuneration

The deferred variable remuneration consists of cash and/or shares or shares based instruments will be applied in the 2018 annual performance bonuses that will be paid out in March 2019 if the blackout period of purchase of Bank Danamon's shares has been lifted.

Highest and Lowest Ratio of Salaries

Salary is the right of employees received and is expressed in the form of money as a reward from the company or employer to the employee that is determined and paid under an employment agreement, agreement or legislation, including allowances for employees and their families for the work and/or service that has been completed. The comparable salary in the salary ratio is the remuneration received by the Board of Directors, Board of Commissioners, and Employees.

Salaries Comparison	2018	2017
Employees highest and lowest	215.7 x	223.6 x
Board of Directors: highest and lowest	4.8 x	5.0 x
Board of Commissioners: highest and lowest	1.3 x	1.3 x
Highest Board of Directors and highest employees	2.7 x	2.7 x

Share Options

Danamon did not have a share option program for the Board of Directors, Board of Commissioners, or employees throughout 2018.

Termination of Employment and Total Nominal of Severance Paid

Employees affected by Termination of Employment (PHK) received severance payment. The total nominal severance paid is listed in the table below:

Nominal of Severance Payment Paid per Person in 1 (one) Year	Number of Employees	
	2018	2017
More than Rp 1 billion	17	15
More than Rp 500 million to Rp 1 billion	19	1,347
Less than Rp 500 million	3,503	331

Details of the amount of Remuneration given in 1 (one) year

- 1) Fixed Remuneration and Variable Remuneration;
- 2) Remuneration deferred and not deferred; and
- 3) the form of Remuneration given in cash and/ or shares or shares-based instruments issued by the Bank, as in the table below:

A. Fixed Remuneration *		
1. Cash		Rp 55,673
2. Shares or shares-based instruments issued by the Bank		**
B. Variable Remuneration *		
	Not Deferred	Deferred
1. Cash	Rp 53,713	Rp 93,073
2. Shares or shares-based instruments issued by the Bank	**	**

Note:

* Only for MRT and illustrated in million rupiah

** In 2018 Bank Danamon cannot provide remuneration in the form of shares because it is in a blackout period where it is prohibited to conduct transactions of selling/ buying shares

Quantitative Information

- 1) the total remaining Remuneration that is still deferred both those which are implicitly and explicitly exposed;
- 2) total reduction in remuneration caused by explicit adjustments during the reporting period; and
- 3) total reduction in remuneration caused by implicit adjustments during the reporting period, as in the table below:

Variable Remuneration*	Remaining Remuneration That Is Still Deferred	Total Reduction During the Report Period		
		Caused by explicit adjustments (A)	Caused by implicit adjustments (B)	Total (A) + (B)
1. Cash (in million rupiah)	Rp 74,228	-	-	-
2. Shares/ Shares or shares-based instruments issued by the Bank (in shares and nominal million rupiah which is a conversion from the shares)	**	-	-	-
	Rp 74,228	-	-	-

Note:

* Only for MRT and illustrated in million rupiah

** In 2018 Bank Danamon cannot provide remuneration in the form of shares because it is in a blackout period where it is prohibited to conduct transactions of selling/ buying shares

BANK'S SHARES BUY BACK AND BONDS BUY BACK

There were no repurchase activities either in shares or bonds in 2018.

CONFLICT OF INTEREST TRANSACTIONS

There were no reports of conflicts of interest transactions during 2018. Conflict of Interest Transactions is stipulated in the Transaction Policy with Affiliated Parties, Related Parties and Conflict of Interest Transactions. In the case that conflict of interest occurs in a transaction, the member of the Board of Directors, Board of Commissioners concerned shall abstain from the review process or approval of the transaction.

No.	Name and Position with Conflict of interest	Name and Position of Decision Maker	Type of Transaction	Value of Transaction (Mio Rp)	Description
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Nil

BANK'S STRATEGIC PLAN

Danamon's strategic plan is based on a vision: "We Care and Enable Millions to Prosper", because successful sustainable finance 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 and service excellence, 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 facilities investment, and improvement of risk management and good corporate governance.

Short Term Plan

In 2019, 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 Bank'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 funding 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/ others in accordance with the funding requirements, market conditions and prevailing regulations of the Financial Services Authority (FSA)/ Bank Indonesia (BI) while taking into account and maintaining the Loan-to-Funding Ratio (LFR) in accordance with regulatory provisions and Danamon's business strategies.
- c. Overhead Cost
Enhance Danamon's and subsidiaries' productivity and efficiency through investment in technology tools to enhance digital banking, data analytics and automation capabilities, effective cost management, improvement of human resource capability in carrying out tasks, especially sales, collection and frontliners, and operational efficiency through consolidated office network (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, increase risk awareness through credit risk training to business and risks teams, improvement of fraud prevention measures, increase in billing and recovery capacity, gradual automation of credit process, and application of Early Warning Signal on enterprise business lines (commercial and corporate) to detect deteriorating signals of the quality of the debtor based on debtor's data/ transaction behavior.
- e. Networks
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. Prime Lending Rate (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 funding interest rate, where Danamon also supports the Financial Services Authority program by giving the maximum of the determined funding interest rate.

Mid to Long Term Plan (3-5 Years)

The strategic steps that will be implemented in the next 3 to 5 years are:

a. Credit

Danamon will continue to grow consumer, small and medium, enterprises (commercial and corporate) loans, trade finance, and financing of household goods and financing of motor vehicles while maintaining the prudential principles in granting credit and criteria of customer selection.

b. Funding

Strengthen funding by increasing third party funds, issuing bonds/ MTN/NCD/Contingency Convertible Bond, and maintaining LFR ratio according to prevailing regulations.

c. Risk management

The strategic steps to be undertaken in relation to risk management are keeping Danamon's growth at an acceptable level while staying prudent, maintaining optimal implementation of Danamon activities at the level of liquidity risk at "anticipated", and minimizing the risk of "unanticipated" liquidity in obtaining cash flow funding sources, 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 Pillar II Basel III - BIS Framework for measuring the Liquidity Regulatory Requirement (Net Stable Funding Ratio - 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 in business, risk, and support (operations) teams to be able to understand current business challenges, risk-related elements, and their risk mitigations.

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 bank meet the customers' needs more precisely, support business teams with information technology that enables them to build relationships with customers, and improve IT capabilities in operational process and approval of loans process 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 2018, there was no funding for political activities.

PROVISION OF FUNDS FOR SOCIAL ACTIVITIES

Provision of funds for social activities is disclosed in the Corporate Social Responsibility section in this Annual Report.

Access to Company Information

Danamon provides access and ease of information for stakeholders regarding Danamon through communication media such as Press Releases and Analyst Briefing Booklets. In addition, Danamon provides information about products and services, investor information, office networks, financial reports, annual reports, reports and implementation of corporate governance and social activities, corporate actions and others presented through the website <http://www.danamon.co.id> in both Indonesian and English.

In order to improve customer service and protection, to fulfill the needs of product and service information, and to handle customer complaints and/or prospective customers, Danamon prepares communication media through Hello Danamon. Hello Danamon is accessible 24 hours via phone number 1-500-090, mobile phone 67777 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	corporate.secretary@danamon.co.id
Investor Relations	(021) 80645000 Ext. 8621; 8611	investor.relations@danamon.co.id
Corporate Communication	(021) 80645000 Ext.8361; 8328	corporate.communication@danamon.co.id

INVESTOR RELATIONS

Investor Relations is directly responsible to the Finance Director. The role of Investor Relations includes the following financial and strategic aspects:

- Deliver regular financial performance updates, business strategies, work plans to investors/analysts, other stakeholders (ratings agencies, lenders, regulators) in the form of quarterly announcement of performance, meetings, conferences, and etc.
- Provide adequate, reliable and timely information about Danamon's corporate actions to each stakeholders.
- Engage in Danamon strategic projects, including those dealing with independent consultants.

In performing its duties, Investor Relations works closely with the management, the leaders of each business unit, Corporate Communications, Integrated Risk, Corporate Secretary and other teams under the Finance Director.

Information about Danamon's performance update and strategy can be accessed through the website www.danamon.co.id.

Provision of information for Investors during 2018

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	98 face to face meetings and 15 conference calls	Meetings with local/overseas analysts/investors to provide information on Danamon's strategy and performance

CORPORATE COMMUNICATIONS

The Corporate Communications Unit is responsible for managing communication between Danamon and the public, 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 public relations function.
- Carry out the communication function of the Danamon management in the wider community through mass media, both print and electronic form.
- Carry out external communication functions, including formulating messages, determining the form of communication and delivering information to outside parties.
- Be the first door of communication (gateway) for people who need information about Danamon.

Social Media

Danamon's official corporate accounts are:

- Twitter Account: @danamon, @HelloDanamon (customer service)
- Facebook: Bank Danamon
- Instagram: @myDanamon
- LinkedIn: Bank Danamon
- YouTube: Bank Danamon

SERVICE QUALITY & CONTACT CENTER

In providing Service Excellence, we have the opportunity to interact more intensely with the customers, where in every moment of truth, the chain of service processes will create a positive memorable customer experience. The main key to success in creating a positive

memorable customer experience is to build positive perceptions and focus on customer needs. Over time, customer expectations are increasing and customers also have many choices to support their financial needs. The world of banking services continues to grow following the development of technology and existing service trends.

For this reason, every front liner in both Branch and Hello Danamon always focuses on customer needs by creating an impressive customer experience, through services that are "different" compared to the competitors. By providing an ideal banking experience for customers, customer loyalty and satisfaction will increase and make Danamon the bank of choice for providing financial solutions.

For supporting the forementioned matter, various initiatives have been implemented involving branch front liners, namely:

- Each front liner, is given continuous briefing in the form of insights that can improve service quality and awareness of Service Excellence culture that is guided by Danamon's values. This is expected to create collaboration between front liners and support functions and strengthen the Service Excellence culture at Danamon that is oriented towards customer needs.
- In addition, various motivational programs have been implemented to enhance the spirit of branches' front liners, so that each front liner can provide "different" Customer Experience to impress the customers with Danamon's services.
- To complete the positive memorable customer experience, it needs to be supported by an easier and faster service process, as well as process digitalization to increase the productivity of the branch teams & head office. Simplification of the process has been carried out, such as the SDB One Stop Service and D'Flow E-Registration.

Roadshow/conference in 2018

Event	Organizer	Location	Date	Number of Companies
Indonesia Conference	UBS	Jakarta	March 5, 2018	19
Non Deal Road show	Macquarie	Kuala Lumpur	April 6, 2018	5
Non Deal Road Show	Macquarie	Singapore	April 9 - 10, 2018	14
Indonesia Investor Conference	CITI	Jakarta	May 3, 2018	7
Indonesia DB Access Conference	DB	Jakarta	November 13, 2018	17

In 2018, several awards that have been achieved by Danamon in the Service field are as follows:

No.	Organizer	Award	Award Category	Rank
1	Institute of Service Management Studies (ISMS) & Infobank	Service Quality Overall 2017/2018	Jakarta and Bandung	2
2	Marketing Research Indonesia & Infobank	Bank Service Excellence Monitor (BSEM) 2017/ 2018	The Most Consistent Bank in Service Excellence	1
			Best Overall Performance Commercial Bank	2
			Walk in Channel Performance Commercial Bank	2
			SMS Banking	1
			Best Performance for Teller	1
			Best Performance for Security	2
			Best Performance for Customer Service	2
			Best Performance for Telephone Branch	2
3.	Marketing Research Indonesia & Infobank	Satisfaction Loyalty and Engagement Survey 2019	SLE Index 2019	3
			Experience Index Performance	2
			Satisfaction Index Performance –Security	1
			Satisfaction Index Performance - Customer Service	3
			Satisfaction Index Performance - Teller	2
			Satisfaction Index Performance- ATM	2
			Engagement Index Performance	1
			NPS Index Performance	1

CUSTOMER SERVICE UNIT

Hello Danamon is ready to serve 24 hours/ 7 days for various customer needs, with the spirit of “Ready to Provide Solutions Every Time” always present to provide the information and best solutions to customers, via telephone 67777 (GSM) or 1-500-090, Twitter @hellodanamon, and email: hellodanamon@danamon.co.id.

In an effort to improve the quality of interaction with customers and the provision of solutions that focus on the interests of customers, Hello Danamon's various initiatives are carried out to achieve these objectives, such as:

- Automated processes are continuously conducted to shorten service time in Hello Danamon, as well as to reduce the complaints submitted by customers, either through Branch or Hello Danamon.
- SMS notification for every change in customer data, which aims for customer security.
- Providing Hello Danamon services in Japanese language, in order to provide convenience to customers from Japan.
- Pilot account opening process through Video Call service, which can provide a “different” experience to customers, with easier and faster process, anytime and anywhere.

Hello Danamon also continuously educates and updates new information to customers who contact Hello Danamon so that customers can enjoy useful facilities to facilitate customers, such as D'Card education that can be accessed 24 hours/ 7 days to know

the total bill, redeem D'Points, My Own Installment (MOI), blocking cards due to lost cards, and etc.

CORPORATE CULTURE

Corporate culture is the values that guide, order and control employee behavior, members of the Board of Directors and Board of Commissioners of Danamon in carrying out their duties and obligations to achieve the goals in accordance with Danamon'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.

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 the employees 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 that is accessible to every employee, conducting Danamon Essential Leader (DEL) and Danamon Essential People (DEP) trainings to build leadership based on the values of Danamon, conducting dialogue sessions between employees and representatives of leaders throughout bank's operational areas, management that is facilitated by HR consistently so that strategic and operational communication can be cascaded properly, in addition to other media such as articles sent by email blast, newsletters, and etc. Moreover, Danamon also conducts compulsory E-Learning based Code of Ethics training to improve the integrity and joint commitment 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 activity 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 conducted initiatives include building an On-Boarding framework and guidance for Working Unit Leaders as an effort to provide a positive experience for new employees. It is expected that the presence of an effective onboarding process can increase productivity and ensure new employees understand the 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 ethical values that refer 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, Sharia 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.

The Code of Conduct Statement Applies at All Levels of Company Organizations

Management and Employees without exception must know, understand, obey, and apply 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 violating the Code of Ethics will be given sanctions until the work termination.

Code of Conduct covers:

- Introduction: contains the background of the Code of Conduct, purpose, vision, mission, and values of Danamon.
- Conflict of Interest: regulates all matters concerning the occurrence of a conflict of interest between Personal interests and the interests of Danamon, activities outside Danamon, use of Danamon's assets and personal investment.
- Management of Danamon's Information: regulates all matters concerning the management of Danamon's information, i.e. security of Danamon's information, accuracy of reporting and recording of Danamon, Danamon's 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, i.e. personal ethics within Danamon, ethics with customers, ethics with third parties, ethics with regulators, ethics between Management with Employees, giving/ receiving gifts and banquets, protecting and using customer facilities, relations and partners, bribery and corruption, and ethics with competitors.
- Enforcement of the Code of Conduct: requires the roles and responsibilities of Management and Employees, annual statements, whistle-blowing systems, violations of the Code, and enforcement of the Code of Conduct.

Sanction Imposed in 2018

Type of Sanctions	Number of Employees
Termination	110
1 st Warning Letter	155
2 nd Warning Letter	1
3 rd Warning Letter	259
Reprimand Letter	133
Total	658

WHISTLEBLOWING SYSTEM

The Whistleblowing System is a communication channel to facilitate whistleblowers who 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 of conduct violations involving Danamon employees and/or parties related to Danamon with the confidentiality of the identity of the reporter. 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 system that is more independent, transparent, simple, confidential, protected and monitored for reporters, Danamon works with third parties in managing and providing Danamon Whistle Blowing Service (WBS).

Any employee may report any deviations or suspected deviations that have taken place frankly, responsibly, in good faith and without fear or worry because their confidentiality is guaranteed. Danamon will protect and maintain the confidentiality of the reporter identity.

Reports received together with the investigation results are registered every month to be reported periodically to management and the Audit Committee. Any information that enters the whistleblower channel 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, Danamon Portal, and Danamon website (www.danamon.co.id).

Mechanism of Violation Report Submission

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

Potential Violations by the Board of Commissioners and Directors

Potential or suspected violations by members of the Board of Commissioners or the Board of Directors may be reported through the above communication channels and will be escalated to independent parties outside the parties suspected of being involved in the report, such as the Chairman of the Audit Committee (Independent Commissioner) or Chairman of the Board of Commissioners.

Protection for Reporters

Danamon provides protection to the reporters to provide security for reporters. Protection provided to reporters, among others:

- Protection of identity confidentiality of the reporter that includes information that may be used to contact the reporter.
- Protection against counterattack from the reported party or other interested parties.
- Protection from pressure, employee rights, lawsuits, property and physical retaliation.
- Protection is not only for the reporter but may also be extended to family members of the reporter.

Danamon also provides legal protection that is in compliance with the 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 the report received to the Danamon WBS team to be evaluated whether it will be processed further into the investigation stage by the internal investigation team or be forwarded to the appropriate party.

Internal investigations of potential violations are undertaken by an independent Internal Investigation Team, by holding the principle of presumption of innocence and objectivity. Investigation results form the basis for the decision to take actions and/ or sanctions to parties or perpetrators who are proven to have committed violations in accordance with applicable laws and regulations and/ or according to Danamon's internal regulations. Reports on Investigation Results are reported to the Board of Directors and the Audit Committee regularly.

Result of Complaint Handling in 2018

Danamon received 47 complaint reports through WBS. Up to end of 2018, investigations of 44 reports had been completed, 16 of which were proven to be fraud/ violation of procedures/ code of ethics while 28 reports were not proven to be fraud/ violation of procedures/ code of ethics. 3 reports are still in the process of investigation.

Complaint Handling Results in 2018

Amount of Complaints Received	Status of Complaints			
	Amount of Settled Complaints	Completed		In Investigation Process
		Proven Fraud / Violation of Procedure / Code of Ethics	Not Proven Fraud / Violation of Procedure / Code of Ethics	
47	44	16	28	3

The Implementation of Corporate Governance Guidelines in Listed Companies

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

delivered by FSA are presented in the table "Implementation of 25 Recommendations of Corporate Governance Guidelines in Listed Companies".

STATEMENT OF IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

Danamon has applied the principles of good corporate governance. During 2018 there was no material violation of applicable laws and regulations.

IMPLEMENTATION OF 25 RECOMMENDATIONS GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES			
No.	Principle	Recommendation	Explanation
A. Public Company Relationship With Shareholders In Ensuring Shareholder Rights			
1.	Increasing the Value of Implementation of the General Meeting of Shareholders (GMS)	1.1. Public Company has technical means or procedures for voting both openly and closed which prioritizes independence and the interests of shareholders.	Danamon has a GMS Code of Conduct which regulates the general guidelines of GMS, voting mechanisms, decision making, and calculation of votes that prioritize the independence and interests of shareholders. All GMS procedures and code of conduct are available and can be accessed through the Danamon's website (www.danamon.co.id). Status: Comply
		1.2. All members of the Board of Directors and Board of Commissioners of the Public Company present at the Annual GMS.	The annual GMS held on March 20, 2018 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 also attended by the Sharia Supervisory Board and Audit Committee Members. Status: Comply
		1.3. Summary of the GMS is available in the Public Company's Website for at least 1 (one) year.	Danamon has summarized the minutes of GMS in bahasa and English which was announced 1 (one) day after the GMS was held and has been available at Danamon's Website for more than 1 (one) year. Status: Comply

IMPLEMENTATION OF 25 RECOMMENDATIONS GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES

No.	Principle	Recommendation	Explanation
A. Public Company Relationship With Shareholders In Ensuring Shareholder Rights			
1.	Increasing the Value of Implementation of the General Meeting of Shareholders (GMS)	1.1. Public Company has technical means or procedures for voting both openly and closed which prioritizes independence and the interests of shareholders.	Danamon has a GMS Code of Conduct which regulates the general guidelines of GMS, voting mechanisms, decision making, and calculation of votes that prioritize the independence and interests of shareholders. All GMS procedures and code of conduct are available and can be accessed through the Danamon's website (www.danamon.co.id). Status : Comply
		1.2. All members of the Board of Directors and Board of Commissioners of the Public Company present at the Annual GMS.	The annual GMS held on March 20, 2018 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 also attended by the Sharia Supervisory Board and Audit Committee Members. Status: Comply
		1.3. Summary of the GMS is available in the Public Company's Website for at least 1 (one) year.	Danamon has summarized the minutes of GMS in bahasa and English which was announced 1 (one) day after the GMS was held and has been available at Danamon's Website for more than 1 (one) year. Status : Comply
2.	Improve the Quality of Public Company Communication with Shareholders or Investors	2.1 Public company has a policy of communication 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 Bank's financial performance, and enable shareholders and investment communities to be actively involved with Danamon. Status: Comply
		2.2 Public Company discloses the communication policy with shareholders or investors on the Website.	Communication Policy is publicly available including Shareholders and Investors and can be accessed through Danamon's Website. Status: Comply
B. Function and Role of the Board of Commissioner			
3.	Strengthen the Membership and Composition of the Board of Commissioners	3.1 Determination of the number of members of the Board of Commissioners considers 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 2018, Danamon's Board of Commissioners consisted of 8 (eight) 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 9 (nine) persons. Status: Comply

IMPLEMENTATION OF 25 RECOMMENDATIONS
GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES

No.	Principle	Recommendation	Explanation
		3.2 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
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 of the Board of Commissioners prepared as a guide to assess the performance in the implementation of 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.	Members of Danamon's Board of Commissioners who are involved in financial crime must resign from the Board of Commissioners. This obligation to resign is regulated in the Charter of Board of Commissioners. 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 related to the nomination and remuneration functions of Danamon's members of the Board of Commissioners and Board of Directors. Danamon has Nomination Policy for Board of Commissioners and Directors. Status: Comply
C. Function and Role of the 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 considers the conditions of the Public Company and the effectiveness of decision making	At the end of 2018, Danamon's Board of Directors consists of 9 (nine) 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 considers 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

IMPLEMENTATION OF 25 RECOMMENDATIONS GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES

No.	Principle	Recommendation	Explanation
6.	Improving the Quality of Duties and Responsibilities of the Board of Directors	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
		6.1 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 Annual Report of the Public Company.	Danamon has a performance appraisal policy of the Board of Directors. 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.	Members of Danamon's Board of Directors who are involved in financial crime must resign from the Board of Directors. This obligation to resign is regulated in the Charter of Board of Directors. Status: Comply
D. Participation of Stakeholders			
7.	Improving Aspects of Corporate Governance through Stakeholder Participation	7.1 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 Public Company has anti-corruption and anti-fraud policies	Danamon has a Code of Conduct that prohibits the Management and Employees to participate in any bribery and corruption act in any forms. In addition, Danamon also has a Gift Policy that governs the prohibition of giving and receiving gifts for management and employees. Status: Comply
		7.3 Public Company possesses a policy on the selection and skill-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 Company has 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 customer protection policy that covers: <ul style="list-style-type: none">– Rights to obtain sufficient explanation on product characteristics– Rights to access the terms and conditions of funding products– Conveniences to do transactions through any branches, e-banking services or other services set out by the Bank

IMPLEMENTATION OF 25 RECOMMENDATIONS
GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES

No.	Principle	Recommendation	Explanation
			<ul style="list-style-type: none"> – Obtain profit / interest in the amount according to applicable regulations – Procedures for customer complaint handling Status: Comply
7.5		Public company has whistleblowing system policy	Danamon has a Whistleblower Policy that regulates the Whistleblowing system. Management of the Whistleblowing system is managed by third parties to guarantee independence in its implementation. Status: Comply
7.6		Public company has a policy of providing longterm incentives to the Board of Directors and employees.	Danamon has a Remuneration policy. Status: Comply
E. Disclosure Of Information			
8.	Improving Disclosure of Information	8.1 Public company makes use of the information technology wider than the Website as a medium of disclosure of information.	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. Website www.danamon.co.id Twitter @Danamon @HelloDanamon (customer service) Facebook Bank Danamon Instagram @mydanamon LinkedIn Bank Danamon YouTube Bank Danamon Status: Comply
		8.2 Public Company's Annual Report discloses the ultimate beneficiary ownership of public companies' share ownership of at least 5% (five percent), in addition to disclosure of the ultimate beneficial owner in the shares ownership of the public Company through majority and controlling shareholders.	Annual Report of Danamon discloses the majority and controlling shareholders as well as the shareholder group profiles with shares ownership below 5% (five percent). Status: Comply

Integrated Corporate Governance

APPLICATION AND IMPLEMENTATION REPORT

As a form of transparency in the implementation of integrated corporate governance and compliance with the Financial Services Authority (OJK) Regulation No. 18/POJK.03/2014 dated November 18, 2014 concerning Implementation of Integrated Good Corporate Governance for Financial Conglomerates and Circular Letter of OJK No. 15/SEOJK.03/2015 dated May 25, 2015 concerning Implementation of Integrated Good Corporate Governance for Financial Conglomerates, Danamon as the Main Entity in the Financial Conglomerate of the Danamon Group prepares a report on the implementation of Integrated Corporate Governance.

The consistent and sustainable application of the good corporate governance principles is a joint commitment of all management and employees in the Danamon Group Financial Conglomerate. In addition, the implementation of good corporate governance is expected to increase added value for all Danamon Group stakeholders and make Danamon Group grow sustainably, have good and healthy fundamentals, so as to increase competitiveness and be able to contribute positively to the national economy.

PRINCIPLES OF THE IMPLEMENTATION OF INTEGRATED CORPORATE GOVERNANCE IN DANAMON GROUP

Integrated corporate governance in the Danamon Group is implemented based on the basic principles of good corporate governance, namely:

Principle of Transparency

- The Main Entity and Subsidiaries are required to disclose material and relevant information clearly, accurately, and timely, as well as the information that is easily comparable and accessible to shareholders and stakeholders.
- The principle of transparency adopted by the Main Entity and Subsidiaries does not reduce the obligation to fulfill the confidential provisions of the bank and/ or company in accordance with the prevailing laws and regulations, professional secrecy, and personal rights.

Principle of Accountability

- The Main Entity and Subsidiaries must determine clear responsibilities of each company organ that are in line with the company's vision, mission, business objectives and strategies, as well as ensure that all company organs have competencies in line with their responsibilities.
- The Main Entity and Subsidiaries must ensure the availability of check and balance system in the management of the company. All levels of company organizations have performance measures

based on the agreed measures, and are consistent with corporate values, business objectives, and corporate strategies.

Principle of Responsibility

- The Main Entity and Subsidiaries must adhere to the ethical values, prudential principles, and regulations and internal policies that have been established in maintaining the continuity of their business.
- The Main Entity and Subsidiaries must act as good corporate citizens in carrying out social responsibilities including caring for the environment.

Principle of Independency

- Management of Main Entity and Subsidiaries is carried out professionally and independently, and is free from conflict of interest, influence or pressure from any party that is not in accordance with the laws and regulations, ethical values and the principles of conducting a sound business.
- In making a decision, the Main Entity and Subsidiaries must be objective and free from any parties' pressures, and committed to conduct business by prioritizing professionalism.

Principle of Fairness

- The Main Entity and Subsidiaries must always pay attention to the interests of all stakeholders based on the principle of equality and fairness (equal treatment).
- The Main Entity and Subsidiaries must provide opportunities for all stakeholders to provide feedback and express their opinions for the interests of the company as well as have equal access to information in line with the principle of transparency.

DANAMON GROUP FINANCIAL CONGLOMERATION

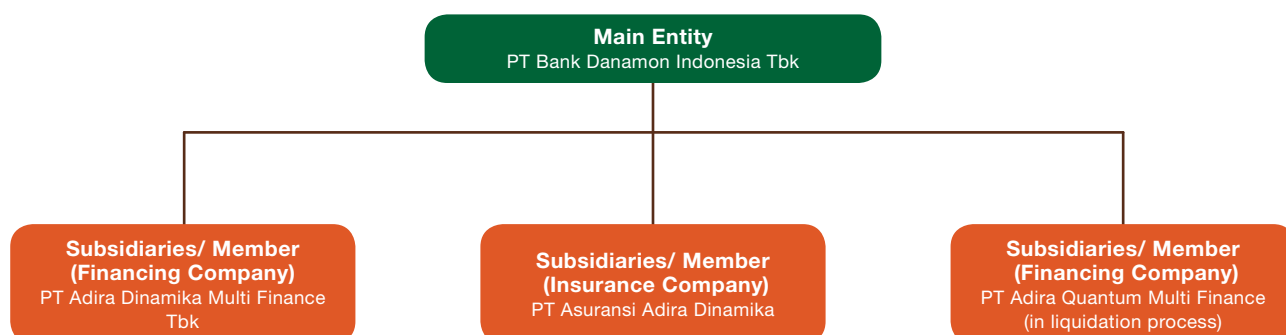
STRUCTURE OF MEMBERSHIP

Based on the Letter No. SR-82/PB.32/2015 dated April 29, 2015, Danamon Group Financial Conglomeration has been recorded and administered by the Financial Services Authority.

Danamon Group Financial Conglomeration membership is as follows:

- Main Entity: PT Bank Danamon Indonesia, Tbk.
- Members:
 - PT Adira Dinamika Multi Finance, Tbk.
 - PT Asuransi Adira Dinamika.
 - PT Adira Quantum Multi Finance (the company is in the process of liquidation).

Structure of Danamon Group Financial Conglomeration



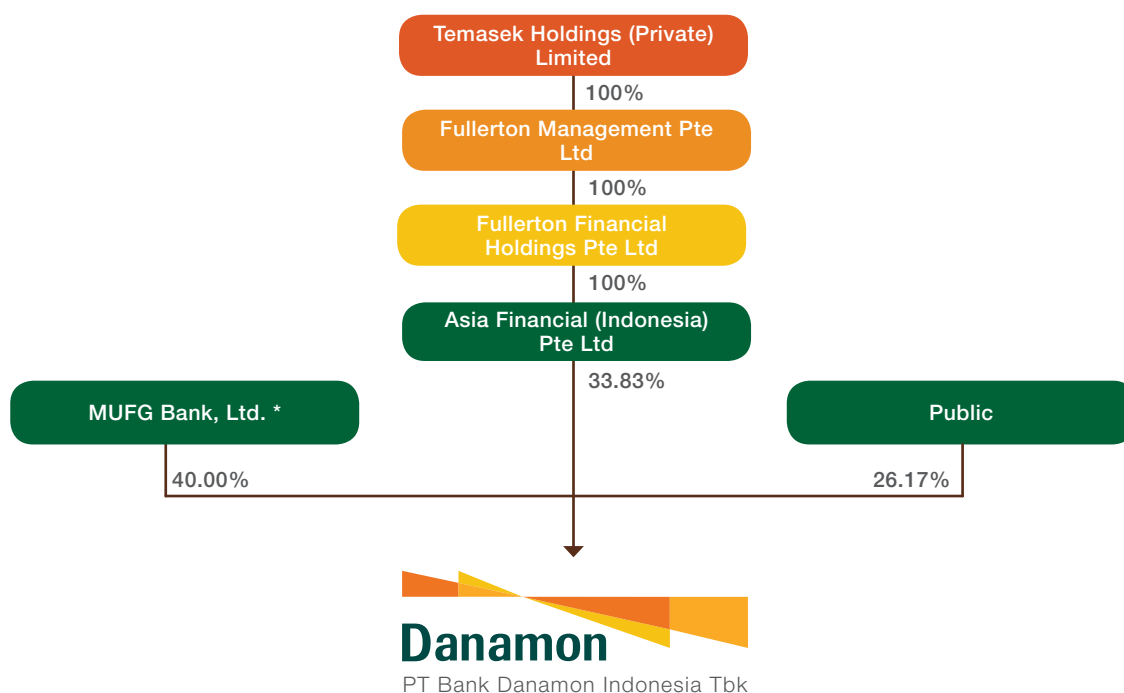
Based on the Extraordinary GMS of PT Adira Quantum Multi Finance (Adira Quantum) as outlined in the Deed of Shareholders Resolution No.126 dated August 22, 2017 made before Hasbullah Abdul Rasyid, SH, M.Kn., a Notary in Jakarta, it is stated that Adira Quantum has stopped operational activities and is in the process of liquidation. Based on the OJK Board of Commissioners' decree dated December 21, 2017 No.KEP-103/D.05/2017, OJK has revoked Adira Quantum's

business license. As of the date of this report, Adira Quantum is still in the process of liquidation settlement.

STRUCTURE OF SHARE OWNERSHIP

The shareholders of each member of the conglomeration to the ultimate shareholders are as follows:

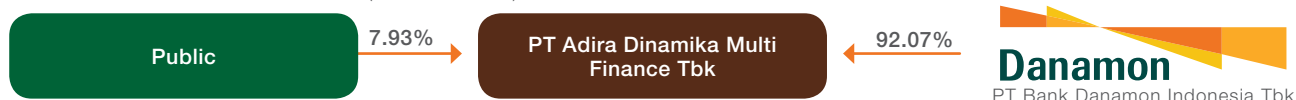
Structure of Danamon Group Financial Conglomeration



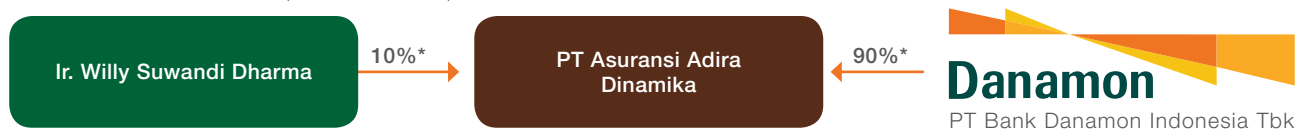
* The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. since April 1, 2018.

Structure of Share Ownership of Subsidiaries

- PT Adira Dinamika Multi Finance Tbk ("Adira Finance")



- PT Asuransi Adira Dinamika ("Adira Insurance")



* On September 27, 2018, Danamon has entered into a Conditional Sales and Subscription Agreement (CSSA) with Zurich Insurance Company Ltd ("Zurich"), for the sale of 70% share ownership in Adira Insurance. Under the terms of the transaction, Zurich will acquire a total of 80% stake in Adira Insurance from Bank Danamon (70%) and a minority shareholder (10%). This transaction will be effective after obtaining approval from the FSA.

STRUCTURE OF MANAGEMENT

All members of the Board of Directors and Board of Commissioners of each Danamon Group entity meet the requirements of integrity, competence and financial reputation.

The following is the management structure of each Entity in the Danamon Group financial conglomeration as of December 2018:

Structure of Management in Main Entity

In 2018 there were changes in the composition of the Board of Commissioners and Board of Directors of Danamon. Details of the changes can be seen in the Corporate Governance Report in the 2018 GMS, the Board of Commissioners, and the Board of Directors.

The composition of the members of the Main Entity's Board of Commissioners and Board of Directors as of December 31, 2018 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. Manggi T. Habir (Independent Commissioner)
5. Made Sukada (Independent Commissioner)
6. Takayoshi Futae (Commissioner)
7. Peter Benjamin Stok (Independent Commissioner)
8. Masamichi Yasuda (Commissioner) *

BOARD OF DIRECTORS

1. Sng Seow Wah (President Director)
2. Michellina Laksmi Triwardhany (Vice President Director)
3. Herry Hykmanto (Director)
4. Satinder Pal Singh Ahluwalia (Director)
5. Adnan Qayum Khan (Director)
6. Heriyanto Agung Putra (Director)
7. Dadi Budiana (Director)
8. Yasushi Itagaki (Director)
9. Rita Mirasari (Independent Director)

* Will be effective after obtaining OJK approval.

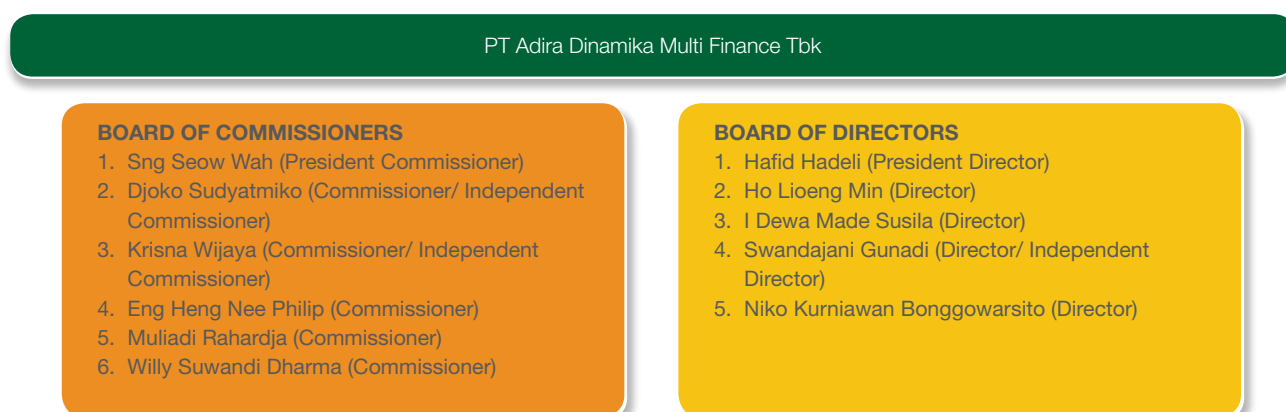
Structure of Management in Subsidiaries

PT Adira Dinamika Multi Finance, Tbk

At the Annual GMS of PT Adira Dinamika Multi Finance, Tbk dated April 20, 2018 there was a change in the composition of the members of the Board of Directors of PT Adira Dinamika Multi Finance, Tbk, namely:

- Cornel Hugroseno resigned as Director.
- Niko Kurniawan Bonggowarsito was appointed as Director.

The composition of the members of the Board of Commissioners and Board of Directors of PT Adira Dinamika Multi Finance, Tbk as of December 31, 2018 is as follows:

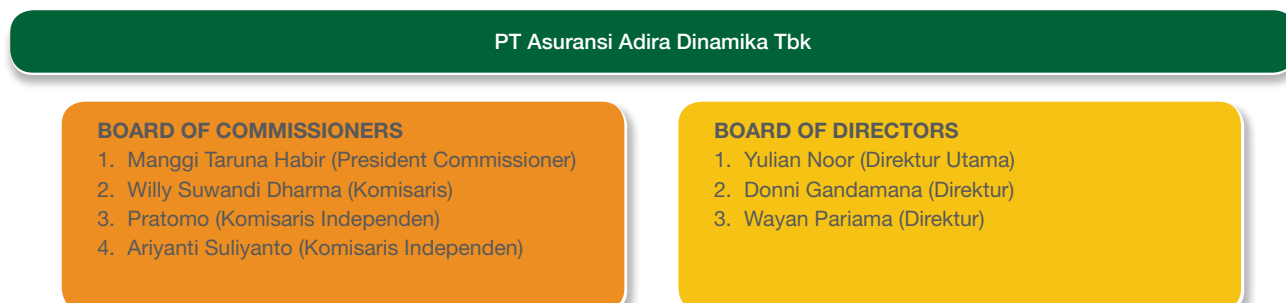


PT Asuransi Adira Dinamika

At the Annual GMS of PT Asuransi Adira Dinamika on April 12, 2018, there was a change in the composition of the members of the Board of Commissioners of PT Asuransi Adira Dinamika where Ariyanti Sulyanto was appointed as Independent Commissioner and has been effective since passed the fit and proper test on May 18, 2018.

At the Extraordinary GMS of PT Asuransi Adira Dinamika on May 22, 2018, there was a change in the composition of the members of the Board of Directors of PT Asuransi Adira Dinamika, where Dedi Nathan resigned as Director.

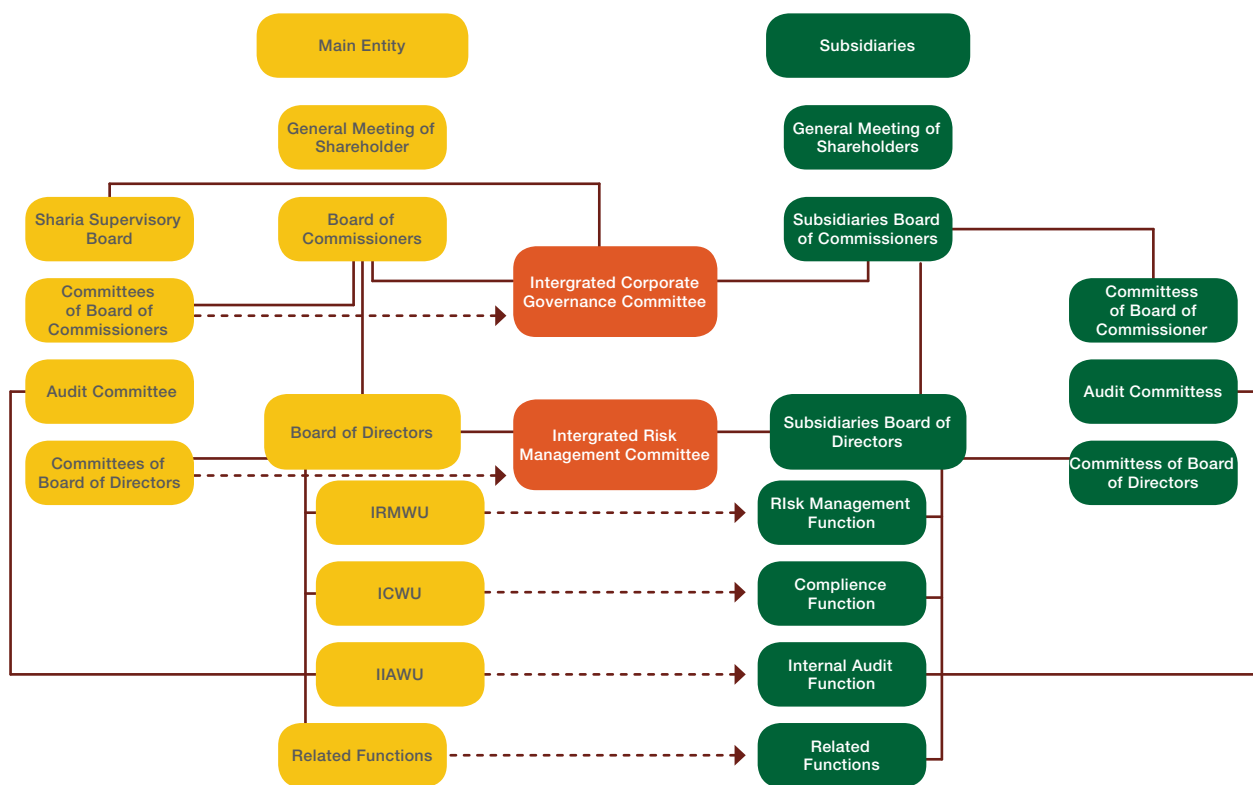
The composition of the members of the Board of Commissioners and Directors of PT Adira Dinamika Insurance as of December 31, 2018 is as follows:



ORGANS OF INTEGRATED CORPORATE GOVERNANCE

Danamon Group established integrated corporate governance organs to ensure that the principles of corporate governance are well implemented. The Danamon Group's integrated corporate governance organs are as follows:

Organ of Integrated Corporate Governance of Danamon Group



---> Coordination and Monitoring Function

Note:

IRMWU : Integrated Risk Management Working Unit

ICWU : Integrated Compliance Working Unit

IIAWU : Integrated Internal Audit Working Unit

The implementation of the corporate governance organs in each of the subsidiaries, including the Committees of the Board of Commissioners and the Board of Directors is disclosed in the annual report of each subsidiary.

INTEGRATED CORPORATE GOVERNANCE POLICY

Danamon Group Financial Conglomeration has an Integrated Corporate Governance Policy of Danamon Group through Director Decree No. KEP: DIR-COMP-020 concerning Integrated Corporate Governance Policy dated November 26, 2015. Update of Danamon Group's Integrated Corporate Governance Policy was conducted through Decision Letter of Board of Directors of PT Bank Danamon Indonesia, Tbk. No. KEP : DIR-COMP-004 concerning Corporate Governance Policy For Bank Danamon and Corporate Governance Framework For Subsidiaries (Danamon Group) dated August 29, 2017. This policy is valid as the official Danamon Corporate Governance Policy (Main Entity) as well as the Corporate Governance Framework for subsidiaries.

Integrated Corporate Governance Policy was prepared by Board of Directors, as well as was given guidance and recommendation from the Corporate Governance Committee, Integrated Corporate Governance Committee and Board of Commissioners. The scope of Danamon Group's Integrated Corporate Governance Policy includes:

a. Integrated Corporate Governance Policy:

- Objectives of The Implementation of Integrated Corporate Governance
- Principles of Integrated Corporate Governance
- Vision, mission, values, corporate culture and business ethics
- Guidelines of Integrated Corporate Governance Implementation (including Structure of Financial Conglomeration and Duties and Responsibilities of Entity in Financial Conglomeration)
- Organ of Integrated Corporate Governance (including Main Entity's Board of Commissioners, Main Entity's Board of Directors, Integrated Corporate Governance Committee, Integrated Compliance Working Unit, Integrated Internal Audit Working Unit, Integrated Risk Management)
- Reports, Assessment, and Disclosure of Integrated Corporate Governance

b. Corporate Governance Policy for Danamon and Corporate Governance Framework for Subsidiaries (Danamon Group):

- Corporate Governance Principles and Coverage of Corporate Governance
- Commitment For The Implementation of Good Corporate Governance
- Vision, mission, and corporate values
- Business ethics and code of ethics
- Structure/ organ of corporate governance (including shareholders, General Meeting of Shareholders, Board of Commissioners, Board of Directors, Sharia Supervisory Board, Committees of the Board of Commissioners, Compliance Function, Risk Management Function, Internal Audit Function, and External Audit Function)
- Principles of policies related to corporate governance implementation (including policy on conflict of interests, personal investment policy, related party and affiliated party transaction, procurement policy, remuneration policy, proprietary and confidential information, whistle-blowing system, relationship with stakeholders, corporate social responsibility)
- Self assessment and implementation of corporate governance report

BOARD OF COMMISSIONERS OF THE MAIN ENTITY

The Board of Commissioners of the Main Entity, besides fulfilling the requirements as a member of the Board of Commissioners of the Bank, also has an understanding of the main business activities and main risks of the entities in the Financial Conglomeration. The Main Entity's Board of Commissioners members as of December 31, 2018 are 8 (eight) people and 4 (four) or 50% of them are Independent Commissioners. All members of the Main Entity's Board of Commissioners have passed the fit and proper test from the Financial Services Authority/ Bank Indonesia, except for 1 (one) member of the Board of Commissioners who is currently in the process of fit and proper test of OJK.

Board of Commissioners of the Main Entity	Date of GMS Approval	Date of Approval by OJK/BI
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
Made Sukada (Independent Commissioner)	May 7, 2014	August 8, 2014
Peter Benyamin Stok (Independent Commissioner)	March 20, 2018	July 5, 2018
Takayoshi Futae (Commissioner)	March 20, 2018	October 3, 2018
Masamichi Yasuda (Commissioner)	November 19, 2018	In the process of fit and proper test of OJK

Duties and Responsibilities of the Board of Commissioners of the Main Entity

The duties and responsibilities of the Board of Commissioners of the Main Entity in the Danamon Group financial conglomerate are regulated in the Integrated Corporate Governance Policy. The duties and responsibilities of the Board of Commissioners of the Main Entity include:

1. Exercise supervision over the implementation of integrated corporate governance with the duties and responsibilities shall at a minimum include:
 - a) Oversee the implementation of Corporate Governance at each Entity to ensure that it is in accordance with the Integrated Corporate Governance Policy;
 - b) oversee the duties and responsibilities of the Board of Directors of the Main Entity as well as provide guidance or advices to the Board of Directors of the Main Entity on the implementation of Integrated Corporate Governance Policy; and
 - c) Evaluate the Integrated Corporate Governance Policy and providing recommendations for improvement of the policy.
2. Establish an Integrated Corporate Governance Committee in order to support the effective performance of its duties.
3. Hold regular meetings at least 1 (one) time each semester with the following provisions:
 - a) The Main Entity Board of Commissioners' meeting can be held via video conference;
 - b) The results of the Main Entity Board of Commissioners' meeting are recorded in the minutes of the meeting and are well documented.
 - c) Dissenting opinions that occur in the Main Entity Board of Commissioners' meeting are clearly stated in the minutes of the meeting along with the reasons for dissent.

Implementation of Duties and Responsibilities of the Main Entity Board of Commissioners in 2018

The implementation of duties of the Main Entity Board of Commissioners in supervising the implementation of integrated corporate governance is assisted by the Integrated Corporate Governance Committee. The Integrated Corporate Governance Committee evaluates the implementation of integrated corporate governance and reports its implementation to the Board of Commissioners.

During 2018, there were 3 (three) meetings of the Board of Commissioners whose agenda discussed the Integrated Corporate Governance Committee's report related to the implementation of integrated corporate governance which included among others the results of self-assessment of integrated corporate governance, updates on the implementation of corporate governance in Subsidiaries, and discussions regarding Main Entity in financial conglomerate.

BOARD OF DIRECTORS OF THE MAIN ENTITY

The Board of Directors of the Main Entity, besides fulfilling the requirements as a member of the Board of Directors of the Bank, also has an understanding of the main business activities and main risks of the entities in the Financial Conglomerate. The members of the Main Entity Board of Directors as of December 31, 2018 are 9 (nine) people. The majority of the members of the Main Entity Board of Directors have been working in banking industry for more than 25 years both in national and international banks and have had experience of at least 5 (five) years as company's Executive Officers/Directors. All members of the Board of Directors have passed the fit and proper test and have obtained approval from the Financial Services Authority/ Bank Indonesia.

Board of Directors of the Main Entity	Title	Date of GMS Approval	Date of Approval by OJK/ BI
Sng Seow Wah	President Director	27 Februari 2015	20 November 2014
Michellina L. Triwardhany	Vice President Director	20 March 2018	16 March 2018
Herry Hykmanto	Director	03 April 2008	13 May 2008
Satinder Pal Singh Ahluwalia	Director	29 April 2010	24 June 2010
Adnan Qayum Khan	Director	28 April 2016	8 August 2016
Heriyanto Agung Putra	Director	28 April 2016	23 December 2016
Rita Mirasari	Director (Independent)	7 September 2016	14 September 2016
Dadi Budiana	Director	20 March 2018	17 October 2018
Yasushi Itagaki	Director	20 March 2018	7 September 2018

Duties and Responsibilities of the Board of Directors of the Main Entity

The duties and responsibilities of the Board of Directors of the Main Entity in Danamon Group financial conglomerate are regulated in the Integrated Corporate Governance Policy and Charter of the Board of Directors. The duties and responsibilities of the Danamon Directors as the Main Entity are as follows:

1. Ensure the implementation of Integrated Corporate Governance in the Financial Conglomerate with duties and responsibilities at a minimum:
 - a) Prepare the Integrated Governance Policy;
 - b) Direct, monitor and evaluate the implementation of Integrated Corporate Governance Policy; and
 - c) Follow up on the recommendations or advices from the Board

of Commissioners of the Main Entity in order to improve the Integrated Corporate Governance Policy.

2. Ensure that audit findings and recommendations from the Integrated Internal Audit Working Unit, External Auditor, supervisory results of the Financial Services Authority and/ or other authority bodies have been followed up by the Entities in the Financial Conglomeration.
3. Responsible for carrying out the supervision function of Entities in the Financial Conglomeration.

Implementation of the Duties and Responsibilities of the Board of Directors of the Main Entity in 2018

The Board of Directors of the Main Entity has prepared and established the Integrated Corporate Governance Policy through Director Decree No. KEP: DIR-COMP-020 concerning Integrated Corporate Governance Policy dated November 26, 2015. In 2017, the Board of Directors of the Main Entity, with input, recommendations and direction from the Board of Commissioners and the Integrated Corporate Governance Committee, updated the Integrated Corporate Governance Policy through BoD Decision No. KEP: DIR-COMP-004 dated August 29, 2017 concerning Corporate Governance Policy For Bank Danamon and Corporate Governance Framework For

Subsidiaries (Danamon Group). The Board of Directors has delivered the Integrated Corporate Governance Policy as well as the updated framework for the implementation of Good Corporate Governance (Danamon Group) to each of Subsidiaries' Directors in the Financial Conglomeration to be followed-up.

The Board of Directors performed supervisory functions of entities in financial conglomeration through reports and meetings held during 2018 with discussion material concerning 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 Working Unit, External Auditor, the supervisory results of the Financial Services Authority and/or the supervisory results of other authorities. During 2018, there was no follow-up to the fulfillment of audit results from regulators that exceeded the agreed deadline.

In order to support the effective implementation of supervisory duties, the Board of Directors of the Main Entity also become members of the Board of Commissioners in subsidiaries, namely as follows:

Name	Position in Main Entity (Danamon)	Position in Subsidiaries - Members of Financial Conglomeration
Sng Seow Wah	President Director	President Commissioner of PT Adira Dinamika Multi Finance, Tbk

INTEGRATED CORPORATE GOVERNANCE COMMITTEE

Danamon as the Main Entity has established the Integrated Corporate Governance Committee in accordance with the Financial Services Authority Regulation No. 18/POJK.03/2014 concerning the Implementation of Integrated Good Corporate Governance for Financial Conglomerates. The Integrated Corporate Governance Committee is established to support the effectiveness of the implementation of the duties of Board of Commissioners of the Main Entity and assist the Board of Commissioners of the Main Entity in the supervisory function related to the implementation of integrated corporate governance in the Danamon Group.

The Integrated Corporate Governance Committee is established by the Board of Commissioners and is determined based on the Directors Decree No. Kep: DIR-Corp.Sec.-009 dated August 12, 2015 concerning Establishment of Integrated Corporate Governance Committee.

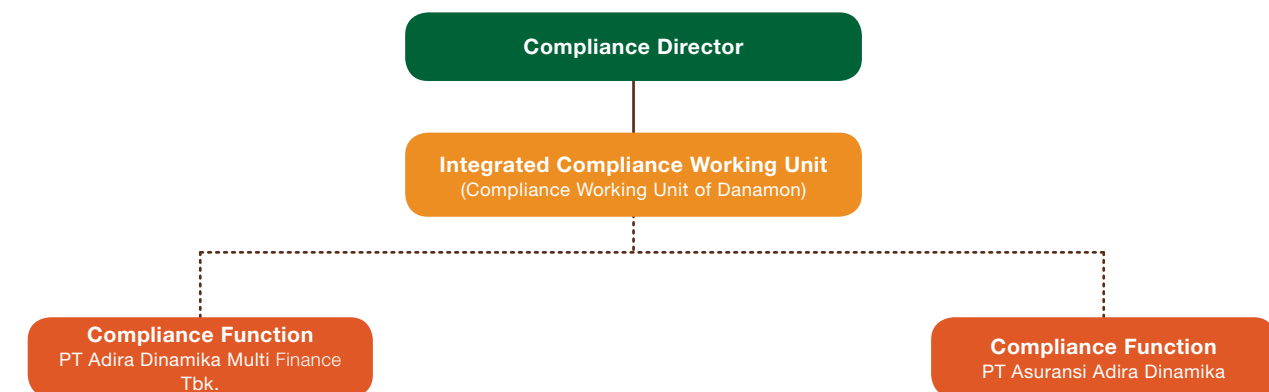
Details regarding Integrated Corporate Governance Committee's Charter, Duties, Responsibilities, Authorities, Structure, Membership,

Expertise and Legal Basis for Appointment, Independency of Integrated Corporate Governance Committee, Term of Office, Policy and Holding of Integrated Corporate Governance Committee Meetings, and Implementation of Duties of Integrated Corporate Governance Committee in 2018 can be seen in Corporate Governance Report in the Integrated Corporate Governance Committee Section.

INTEGRATED COMPLIANCE WORKING UNIT

The implementation of the Integrated Compliance Working Unit (SKKT) function is carried out by the existing Danamon Compliance Working Unit. The Compliance Working Unit is established independently and is under the responsibility of the Director in charge of the Compliance Function (Compliance Director). The structure and infrastructure are adequate so that it can support the implementation of the Integrated Compliance Working Unit function to coordinate, monitor and evaluate the compliance function of all entities in the Danamon Group Financial Conglomeration.

Structure and Position of Integrated Compliance Working Unit



Duties and Responsibilities of The Integrated Compliance Working Unit

Integrated Compliance Working Unit has the duties of at least monitoring and evaluating the implementation of the compliance function in each Entity in the Financial Conglomeration.

Implementation of Duties and Responsibilities of the Integrated Compliance Working Unit in 2018

During 2018, the Integrated Compliance Working Unit has carried out its duties and responsibilities, including:

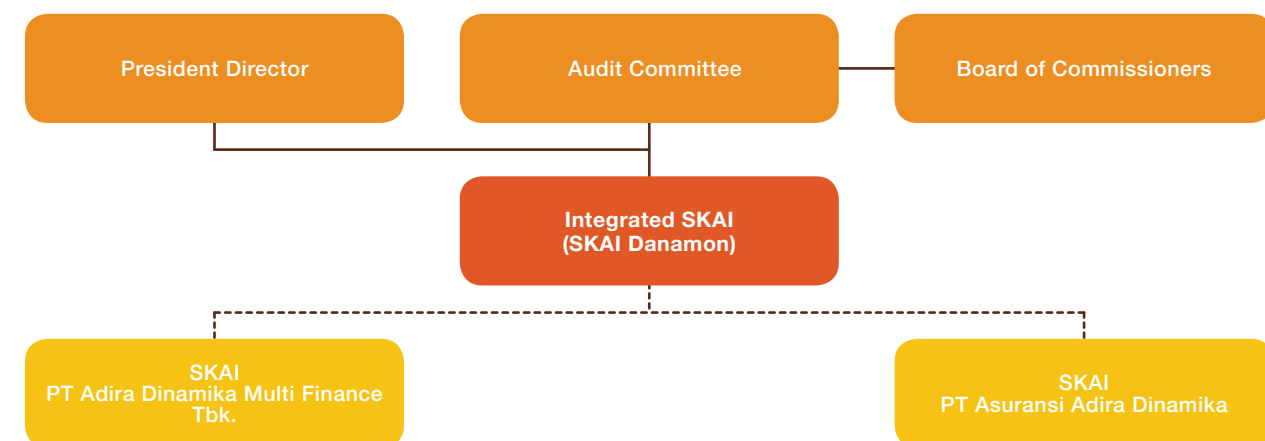
- Ensure that the compliance function in each subsidiary is established independently and supported by adequate compliance policies or guidelines.
- Coordinate and monitor related to the implementation of the compliance function of subsidiaries, including provide

consultative functions on the implementation of compliance.

- Ensure compliance of subsidiaries with regulatory parameters periodically.
- Review reports on the implementation of compliance functions submitted by subsidiaries on a quarterly basis.
- Conduct compliance testing to 9 product programs issued by Subsidiaries and 1 policy related to the Financial Conglomeration.
- Deliver new regulations to subsidiaries.
- Monitor follow-up/ commitments of improvement on the audit results conducted by the Financial Services Authority.
- Conduct integrated compliance risk assessment and prepare an integrated compliance risk profile report.
- Coordinate the assessment and preparation of integrated corporate governance self-assessment biannually.

INTEGRATED INTERNAL AUDIT WORKING UNIT

Structure and Position of Integrated Internal Audit Working Unit



Since December 10, 2018, SKAIT has been led by Nathan Tanuwidjaja as an Acting of the Head of the Internal Audit Working Unit replacing Evi Damayanti based on the letter addressed to OJK no. B. 869 - Dir dated December 12, 2018 concerning Submission of Dismissal of Head of Internal Audit Working Unit (SKAI) and Temporary Appointment of Head of Internal Audit Working Unit PT Bank Danamon Indonesia Tbk. ("Company").

Further details on Integrated SKAI including duties and responsibilities, authority, internal audit methodology, 2018 internal audit priorities as well as plans and realization of audits up to December 31, 2018 can be seen in the Corporate Governance Report concerning Internal Audit Working Unit (SKAI).

IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

Integrated Risk Management Policies and The Implementation

Danamon as the Main Entity has an Integrated Risk Management Policy prepared based on the regulations of the Financial Services Authority and other applicable regulations. The Integrated Risk Management Policy covers risk management framework and serves as a guide for the implementation of integrated risk management for the Danamon Financial Conglomeration. Danamon's Integrated Risk is responsible for developing overall risk management strategies that include policy, methodology, framework, limit as well as procedures and controls periodically.

The implementation of Integrated Risk Management is carried out as follows:

- a. Supervision of the Board of Directors and Board of Commissioners of the Main Entity
The implementation of Integrated Risk Management involves active monitoring and supervision of the Board of Directors and Board of Commissioners of Danamon as the Main Entity. The Board of Directors and Board of Commissioners of the Main Entity understand the risk, develop the risk culture, and ensure that the implementation of Risk Management in the Financial Conglomeration to support the implementation of Integrated Risk Management has been carried out effectively. In its implementation, Integrated Risk Management Committee has been established in the Financial Conglomeration.
- b. Integrated Risk Management Organization
In order to implement a comprehensive and effective Integrated Risk Management, the Main Entity has established Integrated Risk Management Committee and Integrated Risk Management Working Unit.
 1. Integrated Risk Management Committee
The membership of the Integrated Risk Management Committee consists of Integrated Risk Director of Bank as the Main Entity, the Board of Directors representing the Subsidiaries, and the relevant Executive Officer appointed. The Chairman of the Committee is the Integrated Risk Director of Bank.

Integrated Risk Management Committee meetings are held regularly. Each member as an individual or group can request an extraordinary meeting to discuss a very important topic/issue. The Integrated Risk Management Committee meeting is chaired by the Chairman of the Committee.

The duties and responsibilities of the Integrated Risk Management Committee are to provide recommendations to the Board of Directors of the Bank as the Main Entity related to the preparation of the Integrated Risk Management Policy and the improvement or refinement of the Integrated Risk Management Policy based on the evaluation results of the implementation.

2. Integrated Risk Management Working Unit
Danamon as the Main Entity has established an Integrated Risk Directorate which is a Risk Management Working Unit that has risk management roles and responsibilities on the Bank individually, as well as an Integrated Risk Management Working Unit in implementing integrated risk management.

The Integrated Risk Directorate is an independent unit from the risk taking units and reports to the Integrated Risk Director, who then reports directly to the President Director.

In carrying out its function as an Integrated Risk Management Working Unit, Danamon's Integrated Risk Directorate coordinates with the Risk Management working unit in each entity in the Financial Conglomeration. Authority and responsibility of the Integrated Risk Management Working Unit, including:

- Provide input to the Board of Directors and the Integrated Risk Management Committee in the preparation and improvement of the Integrated Risk Management Policy.
- Monitor the implementation of Integrated Risk Management policy including the development of procedures and tools to identify, measure, monitor and control risks.
- Monitor the risks in the Financial Conglomeration by monitoring the risk profile of each entity in the Financial Conglomeration, both in individual and in integrated manner, including the risk level for each type of risk in an integrated manner.
- Conduct stress testing on the Financial Conglomeration.
- Periodically review risk assessment methodology, implementation adequacy of management information systems, and the precision of policies, procedures and limit of integrated risks.
- Examine the proposal of new line of business that is strategic and significantly influential towards the Financial Conglomeration Risks exposure.
- Provide information to Integrated Risk Management Committee concerning matters that must be acted upon according to the evaluation results of the implementation of Integrated Risk Management.

Integrated Risk Management Committee

Structure and Membership of the Committee

Chairman	Integrated Risk Director of the Main Entity (Danamon)
Members	<ul style="list-style-type: none"> Appointed Director from each Subsidiary Appointed Division Heads in Integrated Risk Management Working Unit

Status of Voting Rights and Decision Making

Decisions of Committee Meetings are taken based on the principle of deliberation and consensus. In the event that consensus does not occur, a decision is made based on a majority vote. Decisions taken based on majority vote are based on the principle of 1 (one) person 1 (one) vote.

- policies; and
- b. Provide recommendations to the Board of Directors of the Main Entity related to the improvement or refinement of the Integrated Risk Management policy based on the evaluation results of the implementation.

Duties and responsibilities of the Integrated Risk Management Committee

- a. Provide recommendations to the Board of Directors of the Main Entity related to the preparation of Integrated Risk Management

Attendance Rate of the Integrated Risk Management Committee Meeting

During 2018, the Integrated Risk Management Committee held 2 meetings with the attendance of committee members as follows:

Committee Member	Title	Meeting Attendance
Adnan Qayum Khan	Danamon Integrated Risk Director	2
Ho Lioeng Min	Director of PT Adira Dinamika Multi Finance, Tbk	2
Meryati	Chief Risk Officer of PT Asuransi Adira Dinamika (represent Director of PT Asuransi Adira Dinamika)	2
Iwan Dharmawan	Danamon Credit & Enterprise Risk Management Division Head	2
Eunice Kurniawan	Danamon Operational Risk Management, Fraud & QA Division Head	2
Ari Priyatna	Danamon Market & Liquidity Risk Management Division Head (appointed in March 2018)	1

Meetings and Agenda of Integrated Risk Management Committee Meeting

Date	Agenda
13 February 2018	<ul style="list-style-type: none"> Integrated Risk Profile second semester of 2017 Revision of IRLM Charter Group RAS Monitoring Recovery Plan Update New POJK - Sustainable Finance Intragroup Transaction NSFR Overview IRRBB Highlight Adira Insurance Update Adira Finance Update Sharia Risk Profile

Date	Agenda
13 August 2018	<ul style="list-style-type: none"> • Follow Up Action from Prior IRMC Meeting • CERM Update <ul style="list-style-type: none"> - Intra-Group Transaction policy & risk profile - Integrated Risk Profile first semester of 2018 - Legal Lending Limit & Related Party Guideline - Legal Lending Limit – New draft of POJK - Sustainable Finance Update - Recovery Plan Update – 2018 - Financial Conglomeration Structure • Information Security Update • IFRS 9 Update • Adira Finance Update • Adira Insurance Update • Sharia Risk Profile

Implementation of Duties of Integrated Risk Management Committee in 2018

Important activities carried out by the Integrated Risk Management Committee during 2018 are:

- Approval of the Integrated Risk Profile
- Subsidiaries Update
- Sharia Risk Profile Update
- Policy and Risk Profile of Intra-Group Transaction Update
- Discussion about Group Risk Appetite Statement
- Recovery Plan Update
- IFRS 9 Update
- Information Security Update
- NSFR and IRRBB Update
- New POJK regarding Sustainable Finance Update

INTRA-GROUP TRANSACTION POLICY

Intra-Group Transaction Risk is the risk due to the dependence of an entity both directly and indirectly on other entities in a Financial Conglomeration in order to fulfill written and unwritten agreement obligations that are followed by transfer of funds and/ or not followed by transfer of funds.

The implementation of Intra-Group Transaction Risk Management is carried out by taking into account inter-entity transaction activities in the Financial Conglomeration. Danamon as the Main Entity

has regulated the implementation of intra-group transaction risk management in the Integrated Risk Management Policy which is regularly reviewed. Intra-group transaction limits are determined through coordination between Danamon as the Main Entity and Subsidiaries as Members of the Financial Conglomeration.

The implementation of Intra-Group Transaction Risk Management is carried out through the process of identifying, measuring, monitoring and controlling risks as well as the Management Information System.

The risks of Intra-Group Transactions may arise from, among others:

- Cross ownership between the entities in Financial Conglomeration.
- Centralized management of short-term liquidity.
- The guarantees, loans, and commitments which is provided or obtained by an entity from other entities in Financial Conglomeration.
- The exposure to controlling shareholders, including loan exposures and off balance sheets such as guarantees and commitments.
- The purchase or sale of assets to other entities in Financial Conglomeration.
- Transfer of risk through reinsurance.
- The transactions to shift the third party's risk exposure between the entities within a Financial Conglomeration.

SELF-ASSESSMENT RESULT OF INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION

Self-Assessment Result Integrated Corporate Governance Implementation Position June and December 2018	
Rank	Definition of Rank
2	Financial Conglomeration is considered 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 the self-assessment, Danamon has an adequate integrated corporate governance structure and infrastructure to allow the principles of integrated corporate governance to be effectively implemented. This is reflected in some of the following indicators:

Indicator	Summary of Self Assessment
Board of Directors of the Main Entity	<ul style="list-style-type: none"> Board of Directors members of Main Entity have fulfilled the requirements of integrity, competence and financial reputation. Board of Directors members of Main Entity who are currently serving have passed the fit and proper test and have obtained approval letter from OJK. All audit findings and recommendations from SKAI, external auditors, OJK supervision results and/ or the results of supervision by other authorities are always followed up by the Directors of Main Entity.
Board of Commissioners of the Main Entity	<ul style="list-style-type: none"> Board of Commissioners members of Main Entity have fulfilled the requirements of integrity, competence and financial reputation. All Board of Commissioners members of Main Entity have passed the fit and proper test and have obtained approval letter from OJK, except for 1 (one) BOC member who is currently in the process of OJK fit and proper test. During 2018, Board of Commissioners of Main Entity has held 10 (ten) meetings of the Board of Commissioners of the Main Entity.
Integrated Corporate Governance Committee	<ul style="list-style-type: none"> The composition of the Independent Commissioner in the Integrated Corporate Governance Committee is in accordance with the needs of the Financial Conglomeration as well as the efficiency and effectiveness of the implementation of the duties of the Integrated Corporate Governance Committee. The ICG Committee is chaired by an Independent Commissioner who is also the chairman of the Bank Danamon's Corporate Governance (CG) Committee. Representative Commissioners from Subsidiaries are Independent Commissioners. The results of ICG self-assessment which includes the internal control function and the implementation of the integrated compliance function are regularly evaluated by the ICG Committee in the ICG Committee meeting.
Integrated Compliance Working Unit	<ul style="list-style-type: none"> Bank Danamon's Compliance Working Unit carries out the function of the Integrated Compliance Working Unit. The Integrated Compliance Working Unit is independent from other operational working units and is not in a position to face conflict of interest in carrying out its duties and responsibilities. Bank Danamon's Compliance Working Unit is supported by employees who have adequate qualifications.

Integrated Working Unit	Internal Audit	<ul style="list-style-type: none"> • Implementation of the functions of the Integrated Internal Audit Working Unit (SKAIT) is carried out by Bank Danamon's Internal Audit Working Unit (SKAI). • SKAI is independent of other operational working units. • SKAI is headed by the Head of SKAI who is directly responsible to the President Director. To support the independency of SKAI and ensure the smooth running of the audit and authority in monitoring follow-up, the Head of SKAI is also directly responsible to the Board of Commissioners through the Audit Committee. • There was a change in the Head of the Internal Audit Working Unit which was previously held by Evi Damayanti since June 1, 2016 and as of December 10, 2018 Evi Damayanti has no longer held the position of head of the Internal Audit Unit because she was assigned to assume the position of Chief Operations Officer. Furthermore, Nathan Tanuwidjaja has been appointed as Acting Chief of the Internal Audit Working Unit as of December 10, 2018. The change has been reported to the relevant Regulators.
Integrated Risk Management Implementation		<ul style="list-style-type: none"> • Bank Danamon as the Main Entity in the financial conglomeration has Integrated Risk Management Policy that regulates the Risk Management Framework for Banks and the Financial Conglomeration and the Implementation of Risk Management in each type of risk comprehensively. Bank Danamon has implemented Group Risk Appetite Statement (RAS) and has RAS Cascading. • Bank Danamon has an Intra-Group Transaction Policy that refers to the Integrated Risk Management Policy. • the Integrated Risk Management Policy has been reviewed in accordance with applicable regulations and current conditions. • The Board of Directors and Board of Commissioners of Main Entity actively supervise the implementation of integrated risk management policies and strategies and hold regular meetings to analyze the performance of Bank Danamon and subsidiaries and discuss other matters related to risk issues, mitigation mechanisms, potential losses and the follow-up improvements.
Integrated Governance Policy	Corporate	<ul style="list-style-type: none"> • Bank Danamon has an Integrated Corporate Governance Policy of Danamon Group. The policy applies as a Corporate Governance Policy of Bank Danamon (Main Entity) as well as Framework for the Implementation of Corporate Governance for Subsidiaries. • The implementation of integrated corporate governance principles at the Bank and Subsidiaries has been guided by the applicable Integrated Corporate Governance Policy.

Sharia **Corporate** Governance

Introduction

INTRODUCTION

The implementation of Corporate Governance at Danamon Sharia (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 sharia 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 sharia principles in conducting sharia business activities.

The Company'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

In 2017, Danamon Syariah began to fully implement a marketing strategy with leverage model where all Danamon's Syariah product

can be sold throughout all bank network leveraging the Branch Network. Some important milestones carried out in 2018 were as follow:

1. In February 2018, Danamon Syariah was appointed as Deposit Bank for Biaya Penyelenggaraan Ibadah Haji (BPS BPIH)
2. In August 2018, Danamon Syariah launched Tabungan Rencana Haji (TRH) and Tabungan Jemaah Haji Account (RTJH).
3. Offered retail financing through mortgages program.
4. Improved Syariah brand image and awareness through:
 - Actively engages in Syariah financial inclusion and literation, alignment with OJK and others Syariah Bank
 - Started digital strategy for Syariah products through media gathering, media promotion as well as social media
 - Employee campaign program (Haji, Umrah, Qurban, Mortgage) for Danamon Group employee
5. Focus to socialize Danamon's syariah product such as Syariah Leasing, TRH, RTJH, Umroh Saving, Syariah insurance product i.e Proteksi Prima Amanah in all bank distribution network.
6. Enhancement and improvement in our infrastructure and integrated technology to improve SLA, minimize manual process with core banking system integration.

In order to raise consumer and community sharia financial literacy, launched by the Financial Services Authority (OJK), the Company has undertaken several programs as follows:

Sharia Financial Literacy Program	Objectives
Education on Sharia banking "iB Vaganza Program" in collaboration with OJK (Banking)	Fostering community awareness on sharia banking and products
Sharia Finance Fair in cooperation with OJK (Banking, insurance, and capital market)	Information dissemination to the public in regard to sharia financial products that include: Takaful, Sharia Banking, and Sharia Capital Markets

SHARIA SUPERVISORY BOARD (SSB)

Number and Composition of SSB

In 2018, the number of UUS Danamon SSB members was 3 (three) persons as mentioned below.

Name	Position
Prof. Dr. H.M. Din Syamsuddin	Chairman
Dr. Hasanudin, M.Ag	Member
Drs. Asep Supyadillah, M.Ag*	Member

* Effective as a Sharia Supervisory Board (DPS) PT Bank Danamon Indonesia Tbk as of June 22, 2018 based on the Financial Services Authority (OJK) Letter Number SR-35/PB.13/2018 dated June 22, 2018 concerning Decision on Submission of Prospective Board Members Sharia Supervisor PT Bank Danamon Indonesia Tbk

Dual Position of SSB Members at Other Sharia Financial Institutions

All members of the SSB have fulfilled the terms of dual position as stipulated in Bank Indonesia Regulation No.11/10/PBI/2009 regarding Sharia Business Unit Dual Positions as follows:

Name	Position Held in Other Companies	Name of Company
Prof. Dr. H.M. Din Syamsuddin (Chairman)	SSB	Bank Bukopin
Dr. Hasanudin, M.Ag (Member)	SSB	BNI Syariah Toyota Astra Finance Services Syariah Trimegah
Drs. Asep Supyadillah, M.Ag. (Anggota)	SSB	PT Capital Life Syariah PT Asuransi Reliance Indonesia PT Asuransi Jiwa Generali Indonesia

SSB Work Program 2018

UUS Danamon SSB in 2018 conducted the following work programs:

1. Held at least 12 (twelve) SSB discussion meetings on sharia principles, filling new products and requests for opinions on situations occurring during operations
2. Conducted periodic reviews including oversight of the fulfillment of sharia 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
3. Established proper collaboration between the Sharia 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.
4. Prepared the SSB Supervision Result Report every 6 months, submitted it to the OJK with copies to DSN-MUI, the Board of

Commissioners, the Director of UUS Danamon, the Internal Audit Unit and the Compliance Division

5. Heightened sharia and banking knowledge by continuously improving SSB capacity through training programs and workshops in order to boost UUS Danamon growth and progress
6. Provided advice and recommendations to UUS Danamon Director on specific and general management of Bank Danamon in order to improve and fulfill sharia principles and to bolster UUS Danamon growth and development

DPS Work Accomplishment 2018

1. 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	8
Dr. Hasanudin, M.Ag	12
Drs. Asep Supyadillah, M.Ag.	6

The execution of SSB Meetings in 2018 complied with Bank Indonesia and OJK 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.

- In the assessment of sharia principles fulfillment performed on a regular basis during 2018, and from the 200 customers' data presented, SSB conducted samplings of 104 customers, both funding and financing customers. The customer criteria is as follows:

Customer Data Presented	Customer Data Sampling
178 Funding customers	76 Funding customers
4 Employee cooperation	3 Employee cooperation
25 SME customers	19 SME customers
2 BPRS customers	2 BPRS customers
4 EB Customers	4 EB Customers

- Throughout 2018, SSB coordinated with Sharia Assurance Unit - UUS Danamon to back its function as SSB by issuing 15 (fifteen) DPS Opinions with details as follows:

No	Issues / Topics
1	SSB's Opinion on fee compensation (Ta'widh) for repayment of accelerated IMBT financing
2	SSB's Opinion on Approval of the Offer 3 Sharia Insurance Partner Partners to Customers House Ownership Financing Products (PKR) - Syariah iB Mortgage
3	SSB's Opinion on Take Over (Top Up) and Refinancing Home Ownership Financing (PKR) - iB Sharia Mortgage
4	SSB's Opinion on iB Hajj Savings Program and Services
5	SSB's Opinion on the Opening of the CAN CAN Umrah Savings Account for Non-Muslim Customers
6	SSB's Opinion about Dormant Sharia Account Activation Marketing Program
7	SSB's Opinion on Program Support Documents and iB Hajj Savings Services
8	SSB's Opinion on Mudharabah Muqayadah Financing
9	SSB's Opinion about Marketing Program for Hajj Savings Users
10	SSB's Opinion on Virtue Fund SOP May 2018
11	SSB's Opinion on SOP for the Hajj Savings Account [RTJH]
12	SSB's Opinion on SOP for Hajj Plans Savings [TRH]
13	SSB's Opinion on SOP for Sharia Financing and Funding Product Management
14	SSB's Opinion on SOP for Mutanaqisah Musharaka Financing (MMQ)
15	SSB's Opinion on Offering Letter of Financing: BPRS, IMBT, Kopkar, Mudharabah, Murabahah, Musyarakah, BG/SKBDN

- Submitted a report on the SSB supervision results once every 6 months to the OJK with copies to DSN-MUI, the Board of Commissioners, the Director of Danamon UUS, the Internal Audit Unit and Bank Danamon Compliance Division
- in 2018, UUS Danamon SSB attended training programs and workshops to upgrade SSB capabilities as detailed in the following table:

No	Training Programs and Workshops
1	<i>Pra Ijtima' Sanawi</i> (Indonesia Annual Meeting Dewan Pengawas Syariah), dated October 02, 2018, Aula Kantor DSN-MUI Lt. 2, Jakarta.
2	<i>Ijtima' Sanawi</i> (Indonesia Annual Meeting Dewan Pengawas Syariah), dated November 08-09, 2018, Hotel <i>Mercure Convention Centre</i> , Taman Impian Jaya Ancol, Jl. Pantai Indah Jakarta Utara 14430.

6. 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 sharia principles, and to sustain development and growth of UUS Danamon

SSB Supervision

SSB supervision results were reported to the OJK with copies to the Compliance Division, Internal Audit Work Unit, Board of Directors & Commissioner of PT. Bank Danamon Indonesia, Tbk and the National Sharia Board - Majelis Ulama Indonesia (DSN-MUI) for 2 (two) periods, such as the Report of Supervision Results (LHP) year ending 2018. The LHP consists of:

1. Financial reports, branch network development, products, human resources, and regular meetings with Bank Danamon UUS management during the period of such supervision
2. Report on the Bank's products and services compliance follow-up, accompanied by the DSN-MUI fatwas
3. Bank supervision working papers on Bank activities & product development

4. 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 the Danamon Remuneration Committee and stipulated in Danamon's Annual General Meeting of Shareholders. Total remuneration and other fringe benefits in 2018 are as follows:

Total Remuneration and other Benefits	Amount Received in 1 Year (gross)	
	Persons	Rupiah
1. Remunerations	3	833,798,024
2. Other Benefits	3	Health Insurance (including family members)
Total Remuneration* per person in 1 year	Total SSB Members	
Above 2 billion Rupiah	-	
Between 1 billion and 2 billion Rupiah	-	
Above 500 million rupiah s.d. 1 billion Rupiah	-	
Below Rp 500 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 :

1. 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
2. Coordinated with all levels of directorates for the development and upgrading of UUS Danamon's business, including operational and marketing coordination of sharia products through sharia services at the Bank's main branch
3. Ensured UUS Danamon's soundness in accordance with OJK

provisions

4. Coordinate with BI and OJK
5. Is a member of the Risk Management Committee

LIST OF CONSULTANTS AND LEGAL ADVISORS

In 2018, UUS Danamon did not hire any services from consultants and legal advisors

INTERNAL VIOLATIONS

In 2018, there were no internal fraud cases in UUS Danamon

Internal Fraud within 1 year	Number of cases committed by					
	Directors		Permanent Employees		Contract Employees	
	2017	2018	2017	2018	2017	2018
Total internal fraud	None	None	None	None	None	None
Resolved	None	None	None	None	None	None
Under settlement within internal UUS	None	None	None	None	None	None
Completion 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 2018, legal issues in UUS Danamon were as follows:

Legal Issues	Total	
	Civil	Criminal
Case closed (permanent & legally binding)	None	None
Not settled / Under settlement	None	None
Total	None	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 Sharia Banking Chapter II on Principles, Objectives and Functions. Islamic banks also carry out social functions as stated in Article 4 paragraph 2 which reads: "Sharia 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

1. The Best Syariah Business Unit in the category of Islamic Asset Banks under Rp 20 Trillion from Tempo Media Group and Indonesia Banking School

2. The Best in Profitability Syariah Unit (SILO Asset 20 T – 2 T) from Karim Consulting.
3. Achieved "Very Good" performance for the Sharia Business Unit category with Assets of Rp 2.5 Trillion - Rp 5 Trillion from Infobank.
4. Award for the 2018 Infobank Banking Service Excellence Awards, namely
5. Rank 1 in teller category
6. Rank 1 in branch telephone
7. Rank 1 in security service
8. Rank 2 in Overall category minus E-Banking
9. Rank 2 in customer service
10. Rank 2 in Best Overall Performance Syariah

NON-HALAL INCOME AND ITS USE

In 2018, there was no non-halal income received by UUS Danamon

2017 UUS DANAMON GCG SELF-ASSESSMENT RESULTS

Based on the working papers related to the self-assessment of the 2017 UUS Danamon GCG implementation, we present the following composite value 2017 summary and the 2017 UUS Danamon GCG self-assessment results.

Table of Composite Value Summary Calculation 2018

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	2	20.00%	0.40
3	Ssharia 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%	1.75
Predicate: Excellent / Good / Satisfactory / Below Satisfactory / Poor				

No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
1	UUS Director duties and responsibilities <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%	0.7	Good
2	SSB duties and responsibilities <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 sharia 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%	0.2	Good
3	Sharia principles Implementation in fund raising, channeling of funds, and services activities <ul style="list-style-type: none"> Each product issued by UUS Danamon shall be reviewed by the Sharia Assurance Unit, Bank Danamon Compliance Division with requests for SSB opinions to ensure the suitability of the product with Fatwa DSN - MUI 	2	10%	0.2	Good

No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
	<ul style="list-style-type: none"> UUS Danamon shall make efforts in the implementation of fundraising products, channeling of funds and services in accordance with the DSN-MUI Fatwa and BI / OJK provisions, one of which is conducting product policy periodic reviews and internal audit 				
4	Fund disbursement to core financing customers and deposit funds by core depositors <ul style="list-style-type: none"> UUS Danamon shall apply prudential principles in providing funding, especially to Core Customers by continuously referring to BI/OJK 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%	0.2	Good
5	Transparency of financial and non-financial conditions, GCG implementation reports and internal reporting <ul style="list-style-type: none"> UUS Danamon shall publish Quarterly Financial Published Reports in national newspapers in accordance with BI / OJK 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 the Bank's Annual Report. UUS Danamon shall conduct GCG Self- Assessment, and shall prepare the GCG Implementation Report according to BI / OJK 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 Bank 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 2018, UUS Danamon obtained a composite score of 1.75, attaining the category of "Good."

- At all times complied with the prevailing regulations and sharia implement principles in fund raising activities and fund channeling and sharia unit services
- Boosted third party fund raising by making the best use of the sharia branch office network and sharia services (office channeling) through the bank's office network while upholding prudent principles and improving knowledge of sharia human resource principles.
- Fund disbursement activities in financing customers and third party fundraising remained consistent with the principles of

prudence and independence based on sharia 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 sharia 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, sharia 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 sharia 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 Sharia 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 sharia principles in its banking activities.

Sharia Business Unit

P.T. Bank Danamon Indonesia Tbk.

Herry Hykmanto

Director

ATTACHMENT 1

Details of times, venues, and agenda of SSB 2018 meetings

No	Day, Dates, and Year	Agenda	Members
1	Tuesday, January 23, 2018, at Menara Bank Danamon 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	Dr. Hasanudin. M.Ag.
2	Wednesday, February 14 2018, at DSN-MUI Bureau	Discussion of Funding & Financing Examination Results for Supervision Results Report - Sharia Supervisory Board (LHP-DPS)	Dr. Hasanudin. M.Ag.
3	Tuesday, February 20, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag.
4	Thursday, April 05, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag.

No	Day, Dates, and Year	Agenda	Members
5	Thursday, April 26, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag.
6	Monday, May 28, 2018, at Menara Bank Danamon 7 th floor	Request for related SSB Opinion: Program supporting documents and iB Haji Savings Services and Mudharabah Muqayyadah Financing	Dr. Hasanudin. M.Ag.
7	Thursday, July 05, 2018, at Menara Bank Danamon 7 th floor	1. Danamon & Financing Composition based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
8	Monday, August 20, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
9	Thursday, September 27, 2018, at Menara Bank Danamon 7 th floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update of Request for Sharia Supervisory Board Opinion 3. Update on UUS issues, and issues related to UUS and Bank Danamon activities	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
10	Thursday, November 01, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
11	Tuesday, November 27, 2018, at DSN-MUI Bureau	Discussion Regarding the Results of the Audit Financial Services Authority (OJK)	Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
12	Tuesday, Desember 18, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.

ATTACHMENT 2

No.	Date	Name of Beneficiary Funds	Objective	Amount
1	January 11, 2018	CDCC Foundation	Funding assistance to sustain the work of the CDCC civilization	50,000,000.00
2	January 23, 2018	Ponpes Al Hidayah	Mosque renovation at Jl Raya Mayjen H.R Sukma Km 20 Kp Cosalopa RT 03/02 Ds Pasir Buncir, Caringin District Bogor Kab 16730	5,000,000.00
3	January 23, 2018	MARHALAH Cabang Jakarta	Alquran Reading Training, Marhalah Jakarta Branch	5,000,000.00
4	February 1, 2018	Mushola Thursina	Construction of Musholah Thursina	5,000,000.00

5	February 12, 2018	Citron Academy Depok	Funding assistance for Entertraining Parenting activities, Citron Academy Depok	3,000,000.00
6	March 23, 2018	Masjid Raya Kebayoran Residence	Funding for the construction of the Great Mosque of Kebayoran Residence Bintaro	5,000,000.00
7	March 23, 2018	Masjid Nurul Falah	Construction funding assistance (MCK & Wudhu Place) Nurul Falah Mosque	5,000,000.00
8	March 23, 2018	Musholla At Taqwa	assistance with the renovation of the Ataqwa musholla	5,000,000.00
9	March 26, 2018	SMP Negeri 3 Leuwiliang Bogor	Funding for the construction of mosques at SMP Negeri 3 Leuwiliang Bogor	5,000,000.00
10	March 26, 2018	Yayasan Raffiah	Funding for foster children & tahfidz scholarships, Raffiah Foundation	25,000,000.00
11	April 5, 2018	Mushola Al Ishlah	Funding for the procurement of carpeting in Al Ishlah mosque	7,500,000.00
12	April 9, 2018	PMD Menara Bank Danamon	Financial assistance for tahsin school program for danamon employees, PMD Menara Bank Danamon	8,650,000.00
13	April 17, 2018	Yayasan Danamon Peduli	Assistance with funds for facilities (facilities & infrastructure) for PAUD Tunas Jaya PAUD Foundation, Danamon Peduli Foundation	25,000,000.00
14	April 26, 2018	STIKES Muhammadiyah Kudus	Scholarship assistance for children excel, STIKES Muhammadiyah Kudus	6,000,000.00
15	April 26, 2018	SMPIT Thariq Bin Ziyad	Musabaqah Hifzil Qur'an (MHQ) Activities Funding, SMPIT Thariq Bin Ziyad	5,000,000.00
16	May 14, 2018	SD IT Harapan Ummat	Donations for orphans & underprivileged people (Ramadhan), SD IT Harapan Ummat	5,000,000.00
17	May 14, 2018	Mushola AT-Tabi'in	Donations for orphans & underprivileged people (Ramadhan), AT-Tabi'in Mosque	5,400,000.00
18	May 14, 2018	Pimpinan Ranting Aisyiyah	Donations for orphans & underprivileged people (Ramadhan), Aisyiyah Branch Manager	1,000,000.00
19	May 22, 2018	PMD Matraman	Compensation for funds for orphans & underprivileged people (Ramadhan), PMD Matraman	10,000,000.00
20	May 22, 2018	PMD Lapangan Ros Tebet	Compensation for funds for orphans & underprivileged people (Ramadhan), PMD Lapangan Ros Tebet	8,000,000.00
21	May 22, 2018	Remaja Sosial Tebet	Donations for orphans & underprivileged people (Ramadhan), Remaja Sosial Tebet	500,000.00
22	May 22, 2018	Yayasan Al Kahfi Bekasi	Assistance with school supplies, Al Kahfi Foundation Bekasi	4,500,000.00
23	May 22, 2018	PMD MBD	Compensation for funds for orphans & underprivileged people (Ramadhan), PMD MBD	20,000,000.00
24	May 25, 2018	Mushola Al Husna	Purchase of carpeting in Al Husna prayer room	9,000,000.00
25	May 25, 2018	Yayasan Mahmudah	Compensation for funds for orphans & the elderly, the Easy Foundation	1,500,000.00
26	May 30, 2018	PMD Kebon Sirih	Funding for Ramadhan (ta'jil funds), PMD Kebon Sirih	5,000,000.00
27	June 7, 2018	Laznas Al Azhar	Assistance with funds for worship facilities (mosques), Laznas Al Azhar	50,000,000.00
28	June 7, 2018	Dompot Duafa	School renovation funding, Dompot Duafa	50,000,000.00
29	June 7, 2018	Masjid Al Amien (Energizer)	Purchase of carpeting in Al Amien mosque	7,500,000.00
30	June 8, 2018	Masjid Cirebon	Eid Al-Fitr gifts 1429 H for Koran Teachers & Imams in several villages in Cirebon	20,000,000.00
31	June 8, 2018	Yayasan at tarbiyah	Benefits for Orphans and Underprivileged People, At Tarbiyah Foundation	3,000,000.00

32	June 8, 2018	Yayasan Bangun Anak Jakarta	Compensation for Orphans and Underprivileged People, Bangun Anak Jakarta Foundation	3,000,000.00
33	June 29, 2018	Anak Asuh Ahmad Chairul Syah	Assistance for school needs of orphans, guided by Ahmad Chairul Shah	24,500,000.00
34	July 9, 2018	Universitas Gajah Mada	Community Empowerment Funds through Horticulture Planting in the Gajah Mada University Community Service Program	4,000,000.00
35	August 2, 2018	Unit Usaha Syariah - Danamon	Earthquake Natural Disaster Relief in Lombok NTB YPI Al Azhar	50,000,000.00
36	August 7, 2018	Masjid Al Mubaarokah	Funds for the Construction of the Al Mubaarokah Mosque	5,000,000.00
37	August 7, 2018	Masjid Al Himni	Funds for the Construction of Al Himni Mosque	10,000,000.00
38	August 9, 2018	Unit Usaha Syariah - Danamon	Earthquake Natural Disaster Assistance in NTB Lombok Asbisindo	100,000,000.00
39	August 21, 2018	Masjid Al Awwabin	Funds for purchasing school supplies for 40 orphans at Al Awwabin Mosque	5,000,000.00
40	September 7, 2018	Yayasan Insan Nashirus Sunnah	Ma'had Endowments Tahfizh Al Qur'an Donation Abdullah Ibn Mas'ud Nashirus Sunnah Insan Foundation	25,000,000.00
41	September 18, 2018	Mushola Ainul Yaqin	Assistance for Ainul Yaqin Mosque Building Funds	4,000,000.00
42	October 3, 2018	Masjid Al Ubudiyah	Al Ubudiyah Mosque Development Fund Assistance	20,000,000.00
43	October 30, 2018	Mushola Nursaniah	Aid for Renovation of Nursaniah Mosque	3,000,000.00
44	October 24, 2018	OJK Peduli	Disaster Relief Aid for the Earthquake in Palu with OJK Peduli	50,000,000.00
45	October 24, 2018	Karang Taruna RW 06 Bukit Duri	Community Youth Empowerment Community Empowerment Activities on Youth Oath Day	500,000.00
46	October 30, 2018	Mushola As Salam	Assisting to Renovating the As Salam Mosque	3,000,000.00
47	October 29, 2018	Masjid Jami Al Ihsan	Renovation Aid for Jami Al Ihsan Mosque	5,000,000.00
48	December 6, 2018	Masjid Jami Al Ma'mur	Assisting with Mawlid Prophet Muhammad's funds at the Al Ma'mur Jami Mosque Foundation	5,000,000.00
49	December 19, 2018	STIKES Muhammadiyah Kudus	Scholarship assistance for outstanding children of STIKES Muhammadiyah Kudus	9,000,000.00
50	December 19, 2018	Anak Asuh Chairul Syah	Aid for orphanage Chairul Syah's	8,645,000.00
51	December 31, 2018	Kementrian Agama	Funding for the Istiqlal Mosque Takmir and the Sunda Strait tsunami victims	15,000,000.00
Total				715,195,000.00

GENERAL CONCLUSIONS

Danamon 2018 UUS GCG Self Assessment

In accordance with Bank Indonesia Regulations, in 2018 Sharia Business Units (UUS) Danamon has conducted a self-assessment of the implementation of Good Corporate Governance (GCG) in 5 (five) aspects as follows:

1. Implementation of duties and responsibilities of the Director of UUS
2. Implementation of SSB duties and responsibilities

3. Implementation of sharia principles in the activities of raising funds and channeling funds and services
4. Distribution of funds to core financing customers and raising funds by core depositors
5. Transparency of financial and non-financial conditions on GCG implementation reports and internal reporting

The rating of these aspects is based on the performance of Good Corporate Governance on the minimum criteria set by BI.

THE RESULTS OF SELF ASSESSMENT GCG UUS BANK DANAMON 2018

No	Factor	Ranking (a)	Weighting (b)	Value (a) x (b)	Predicate
1	<p>Implementation of duties and responsibilities of the Director of UUS</p> <ul style="list-style-type: none"> The Director of the UUS Danamon passes the BI fit & proper test, is independent, has no conflict of interest & his appointment has been reported to BI Director of UUS Danamon is responsible for managing Danamon UUS, following up on SSB recommendations & providing data for SSB supervision 	2	35%	0.70	Good
2	<p>Implementation of SSB duties and responsibilities</p> <ul style="list-style-type: none"> 3 SSB members, have integrity, competence and adequate financial reputation, are appointed through a GMS based on the recommendation of the Nomination Committee and recommendations of the DSN-MUI with tenure not exceeding the Board of Directors/Board of Commissioners. Multiple positions of SSB members are in accordance with BI regulations SSB has assessed and ensured compliance with sharia principles for products and operational guidelines for the UUS Danamon and submitted supervision reports in accordance with Bank Indonesia regulations SSB conducts 12 meetings during 2018. Decisions on meetings based on consensus meetings are well documented and submitted as recommendations for follow-up management of Danamon UUS Multiple positions as SSB members in other sharia financial institutions and other remuneration/ facilities DPS have been reported in the GCG Implementation Report. DPS members do not hold concurrent positions as consultants in all BUS/UUS Danamon. In accordance with the SSB Work Rules, SSB members do not use the Danamon UUS for personal gain 	2	20%	0.40	Good
3	<p>The implementation of sharia principles in the activities of raising funds and channeling funds and services</p> <ul style="list-style-type: none"> Every product that will be issued by the Danamon UUS is reviewed by the Syariah Assurance Unit, Bank Danamon Compliance Division and DPS opinion is requested to ensure the suitability of the product with the DSN Fatwa - MUI 	2	10%	0.20	Good

Corporate Data	3	<ul style="list-style-type: none">Danamon UUS strives for the implementation of fund collection products, distribution of funds and services in accordance with the Fatwa of the DSN-MUI and the provisions of BI/OJK, among others by conducting periodic reviews of product policies & conducting internal audit processes				
	4	<p>Distribution of funds to core financing customers and deposit of funds by core depositors</p> <ul style="list-style-type: none">UUS Danamon has applied the precautionary principle in providing funds, especially to core customers by always referring to BI/OJK provisionsDanamon UUS does not provide special treatment for core financing customers and core depositors so that treatment of core customers follows the general policies of Danamon UUSThe product of the provision of Danamon UUS funds has been periodically reviewed according to bank regulationsList of details of core financing customers and customers of Core depositors have been submitted to BI according to applicable regulations	2	10%	0.20	Good
	5	<p>Transparency of financial and non-financial conditions, GCG implementation reports and internal reporting</p> <ul style="list-style-type: none">UUS Danamon has compiled a Quarterly Published Financial Report and announced it to national newspapers in accordance with BI/OJK regulationsUUS Danamon has delivered the targets, strategies and policies for developing the UUS Danamon in the RBB and delivered information on UUS business development in the RBB Realization Report and the Bank's Annual ReportDanamon UUS has carried out GCG Self Assessment, made a GCG Implementation Report in accordance with BI/OJK regulationsUUS Danamon has good internal reporting and is able to present data/information from core systems and supporting systems. The reporting system is supported by human resources who have training and experience and an adequate IT security system in accordance with Bank Danamon's IT Security procedures	1	25%	0.25	Very Good
	5	<ul style="list-style-type: none">UUS Danamon has good internal reporting and is able to present data/information from core systems and supporting systems. The reporting system is supported by human resources who have training and experience and an adequate IT security system in accordance with Bank Danamon's IT Security procedures	1	25%	0.25	Very Good
	Composite Value					
Predicate: Very Good / Good /Fairly Good/Less Good/Not Good						

The GCG implementation in Danamon UUS in 2018 has fulfilled several provisions governing GCG, as follows:

1. Always maintain compliance with applicable rules and implementation of sharia principles in fund raising and fund distribution activities and sharia unit services
2. Increased third party funds by optimizing the function of the Sharia branch network and Sharia Services (office channeling) network through the parent bank office network while still applying the precautionary principle and increasing human resource knowledge regarding sharia principles
3. Funding activities to customers financing and collecting third party funds remain consistent by applying the principle of prudence and independence based on sharia principles
4. Transparency of financial and non-financial conditions, reports on GCG implementation and internal reporting are carried out periodically and transparently in accordance with applicable regulations
5. The Director of the UUS Danamon has fulfilled the required criteria, including having competence in the field of sharia and fully committed to the development of the Danamon UUS and following up on recommendations from DPS and always providing data regarding the growth and condition of the Danamon UUS every month through regular SSB meetings
6. The UUS SSB Danamon has carried out its duties and responsibilities, among others, all SSB have good reputation and competence, carry out routine SSB meetings and provide

opinions, recommendations and reviews of Danamon UUS products and make SSB Supervisory Reports every semester.

Sustainable UUS Danamon will continue to make improvements related to the increased productivity of better human resources accompanied by an increase in knowledge and capabilities regarding Islamic banking, the provision of a more effective information management system, improvement of work processes and procedures and the optimization of all potential exist in the main bank office network (office channeling) in order to achieve performance according to predetermined targets so as to provide benefits to all stakeholders and also protect the interests of stakeholders.

The aforementioned improvement efforts were carried out while prioritizing GCG principles and prudential principles and optimizing SSB performance in implementing Sharia Principles accompanied by increased communication effectiveness between the SSB and the Director of the UUS Danamon, improving compliance, risk management and internal audit functions.

Finally, Danamon UUS can become the Bank 2018 Most Reliable Sharia Unit thanks to the support of Bank Danamon which has a strong infrastructure, extensive service network, good brand awareness, so that it will have a positive impact on Danamon UUS while maintaining consistent application of the principles sharia principles in banking activities.

Sharia Business Unit

PT Bank Danamon Indonesia Tbk.

Ng Kee Choe

President Commissioner

Sng Seow Wah

President Director

07

Corporate Social Responsibility





Corporate Social Responsibility



PT Bank Danamon Indonesia Tbk (Danamon) realizes that corporate social responsibility (CSR) is a moral responsibility to stakeholders and shareholders. CSR implementation is company's commitment to perform an active role to accomplish sustainable national and global development goals.

PT Bank Danamon Indonesia Tbk (Danamon) realizes that corporate social responsibility (CSR) is a moral responsibility to stakeholders and shareholders. CSR implementation is company's commitment to perform an active role to accomplish sustainable national and global development goals.

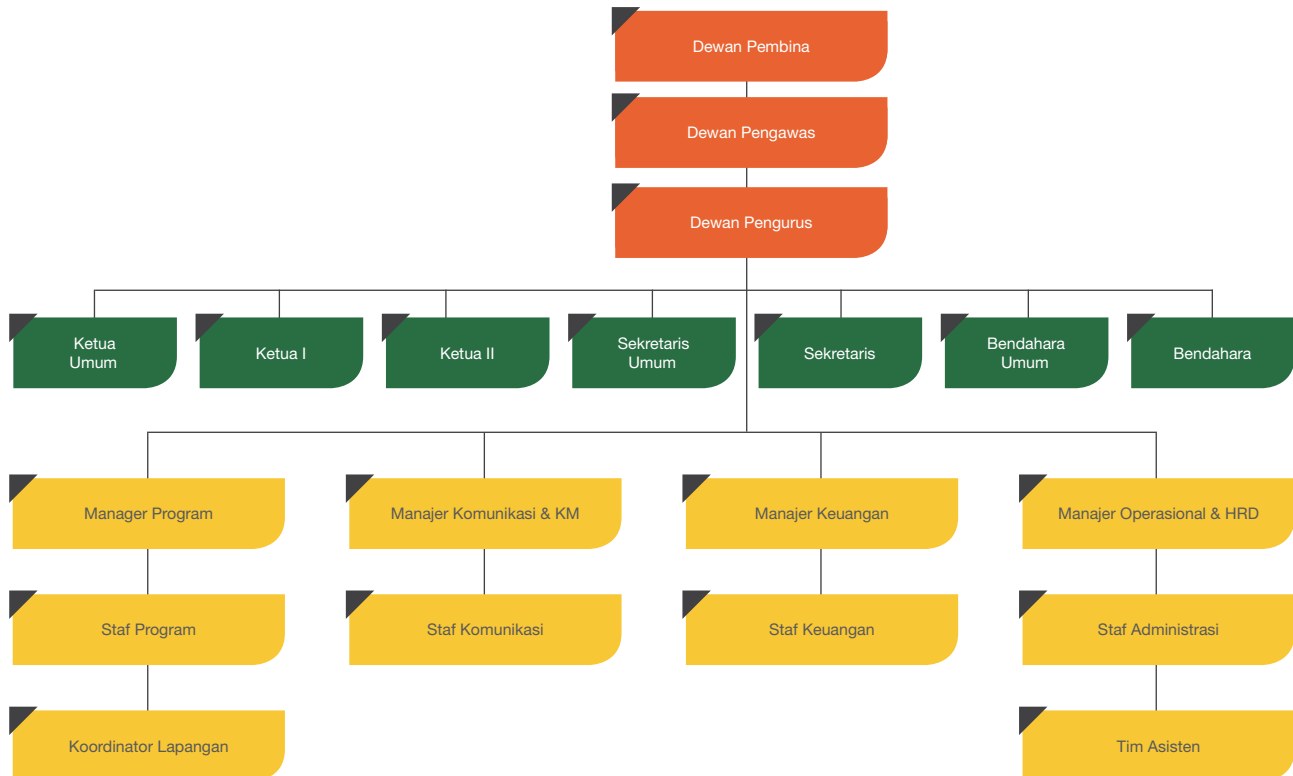
To provide access for community to fulfill better social, economic, and quality of life standards, Danamon and its subsidiaries had established the Danamon Peduli Foundation (Danamon Peduli) to take responsibility to fulfill CSR program and its activity. The implementation of CSR is a corporate social investment

in providing added value to stakeholders by synergizing the company's strategy to CSR program.

In 2018 CSR program initiative have received several awards such as Indonesia CSR Award from Economic Review, WOW Brand from Mark Plus Inc., PR Indonesia Award from Public Relation Indonesia, TOP CSR Award 2018 - Management CSR Program Category and TOP Leader on 2018 CSR Commitment from TOP Business; and the Great Gate CSR Award from City Government of Semarang.

Management Structure

Management Structure



STRATEGY AND POLICY

Since founded in 2006, Danamon Peduli has managed all coordination and implementation of Danamon's social investment program along with its subsidiaries. Danamon Peduli take role as development partner, catalysts and knowledge management represent the company vision, "We care and enable millions to prosper" through development programs and community empowerment which align with national and global development goals.

The strategy and objectives of Danamon's social investment aimed to deliver a long-term positive impact, to address basic needs, and to build awareness of stakeholders self supported.

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

Danamon Peduli focus on four major program i.e. Financial Literacy for Micro, Small, and Medium Enterprises, Pasar Sejahtera (healthy, green, clean, well-maintained), Care for Environment, and Rapid Disaster Response.

As an effort to equipped micro, small and medium entrepreneur with the addquate knowledge and assurance about financial service institutions and financial service products including features, benefits and risks, rights and obligations related to financial products and services, and skill in using financial products usage to development of their business, Danamon Peduli has held a series of Financial Literacy activities in Danamon's business area and subsidiaries.

Pasar Sejahtera program focus are to improve and to increase the health of market environment to become clean, healthy, safe and comfortable commercial public space aligned with the Indonesian National Standard (SNI 8152: 2015) regarding People's Market. The program support directly of regional and people's economy and also to fulfill consumer rights in people's market. The aim of this program is aligned with Nawacita point 6 related to revitalization of People's Market.

In Sustainable Development Goals context, this program align with goal 1 No Poverty, goal 3 Good Health and Well-Being, goal 6 Clean Water and Sanitation, goal 8 Decent Work and Economic Growth, and goal 11 on Sustainable Cities and Communities. We believe that initiatives and innovations of Pasar Sejahtera Program, including the People's Market Festival, will leverage the people's market competitiveness with modern market. Therefore, Danamon Peduli is committed to deliver the best support for people market's development as one of center civilization with social, cultural and economic values.

We improve environmental quality of company's operational area continously thru Care for Environment activity consist of target groups activities i.e. environment, social, education, and also health. It encourage the engagement of Danamon's employees and its subsidiaries to take action to address environmental and social needs within working area.

The Rapid Disaster Response Program, made succeed to perform in 2018. We participated to providing aid during emergency responses in 21 disasters occurred throughout Indonesia. Danamon employee deliver the emergency aid to survivor within dispatated area as volunteer. In doing so we did it in partnership with competent institutions in disaster field i.e Indonesian Red Cross (PMI), the National Disaster Management Agency (BNPB), Disaster Management Agency Regional (BPBD), as well as with

other national and international levels. We passing the mandate to Danamon Peduli's Management and Executive Office Team, to be responsive to any occure disaster given the geographical position of Indonesia that being late of the movement of three world plates: Eurasia, Indo-Australia and Pacific. Those make Indonesia to be a prone and vulnerebal country.

In disaster mitigation aspect we boosted awareness and knowledge through "Disaster Mitigation and Fire Management Training" as well as procurement of Fire Extinguishers (APAR) that placed in people's markets throughout Indonesia.

This to ensure of business entity safety to cope the disasters as well as to minimize material loss and casualty.

Futhermore, we determined to develop the aligned CSR action plan with core business of Danamon and Adira to aim its sustainable business. Following are the summaries of the programs that we have carried out during 2018.

Financial Literacy

The National Financial Literacy Survey conducted by Financial Services Authority (OJK) portrait of financial literacy in Indonesia. Index of financial literacy increased from 21.8% (2013) to 29.7% (2016), means that out of every 100 residents only 30 people well-literate category.

Based on National Strategy on Indonesian Financial Literacy (2013), a well-literate person the one has the knowledge and assurance about financial institutions, products and services, and skills about features, benefits, risks, rights and obligations of the financial products and services.

Align with point above, since 2015 Danamon Peduli as Bank Danamon's and its subsidiaries CSR programs and activities implementor has held financial literacy activities in several cities / districts in Indonesia. During 2018, has held 11 training sessions took place in nine cities, i.e. Jakarta, Bandung, Semarang, Surabaya, Palembang, Palangkaraya, Denpasar, Makassar and Medan participated by 456 persons consisting of micro, small and medium enterprises (MSMEs). This titled of financial literacy activities was "Time to Success Financial and Business for SMEs" the training subject were business financial management, financial report preparation, taxation, digital marketing and business motivation.

Pasar Sejahtera

Since 2010 we've been running the Pasar Sejahtera program, a support to government's programs regarding revitalizing of people's markets (traditional markets). We provide physical and non-physical improvement support to improve the quality of health and better management.

Why focus on the people's market? Because Danamon Peduli



aware the important of role and value of people's market as one of the regional economy pillar and a national economic resilience backbone. Even though the number is shrinking, 9,000 people's markets are still able to serve more than 60% of Indonesia's population. These markets build an economic chain that connects micro, small and medium enterprises; with farmers, fishermen, and breeders. From this economic chain, we must admit that people's markets have succeeded in providing livelihoods of more than 30 million Indonesians.

Therefore, we respond positively to the issuance of the Indonesian national standard for the people's market, i.e SNI 8125:2015 People's Market. The People's Market aims to improve professional market management and become a competitive tool, competitiveness, and to increase consumers protection and to prosper the business actors.

During 2018 Pasar Sejahtera Program assisted six people's market:

1. Ibuh Market, Payakumbuh City, West Sumatra
2. Bunder Market Kab. Sragen, Central Java
3. Pandansari Market, Balikpapan City, East Kalimantan
4. Lambocca Market, Bantaeng District, South Sulawesi
5. Rejowinangun Market, Magelang City, Central Java
6. Dasan Agung Market, Mataram City, West Nusa Tenggara

The components of Pasar Sejahtera program are:

1. Capacity building and behavior change;
2. Increasing Government commitment;
3. Market physical improvement; and
4. Community support mobilization

Danamon Peduli has delivered capacity building and behavior change are program outputs that are Danamon Peduli contributions to improve aspects of market management through a series

of activities, namely financial literacy training, community radio training, cooperative training; waste bank training and occupational health safety training (K3) as well as to capture stakeholder aspirations, regular group discussions. To increase self supported of people's market to be transferred to local government, Danamon Peduli has called a multi-sector meetings twice a year to ensure its sustainability of the program under authority of local government and its stakeholder.

The physical improvement of people's market had been done to its unit that need immediate handling such as meat section, fish section and vegetables section which are very vulnerable of germs and disease. Danamon Peduli assisted repairment of tables in accordance with SNI 8152: 2015 People's Market. On the other hand, community support is very important to be increased. People's Market Festival has conducted to ensure high desire of visitor which is part of national campaign "Exploring the Nusantara People's Market". It has been held by engaged youth communities proven to revitalized people's market to be creative, educative and cultured public space.

Pasar Sejahtera program also calculated carbon emission reduction caused by waste management unit (TPST) and waste bank which initiated in 2015.

We recommend to increase the numbers of waste management unit to be replicated activities and that can be done by partnership. TPST and waste bank also give positive impact to its environment aside of economic advantage. Processed waste has no longer weighing the land and deduct the fuel costs for no mobilization activities to the landfill (TPSA).

During 2018, we have disburse IDR 5.1 billion or 39% of the budget for the Pasar Sejahtera Program activities, increased 3% compared to the previous year.

Care for Environment

Care for Environment is one of engagement activity to share of "caring" value of the company conducted throughout Indonesia.

It covers initiatives such as environment, social, education and health within operational area of the company.

During 2018, 47 activities has conducted engage 1,445 employees of Danamon and Adira. The activities were urban park repairment, reforestation, medicinal and fruits tree planting, repairment of clean water and laterine (MCK), renovation of school buildings, libraries and provide of children reading books, provide hygiene facilities, and build children's playground and community sports facilities. Allocated fund for Care for Environment activities was IDR 2.2 billion.

Rapid Disaster Response

Rapid Disaster Response Program (CTB) allocate funds for any disaster occurred in company's working area and become a media employee volunteerism.

Throughout 2018, we disbursed aid for 21 natural and non-natural disasters as earthquakes, tsunami, flood, landslide and fire. 469 employee of Danamon and Adira has helped 35,443 survivors throughout Indonesia to deliver basic needs such as clean water, ready-to-eat food, tents and medicines.

We also complement the program with disaster mitigation and fire management training activities in Atjeh Market, Aceh by involving traders and market managers come from five markets in the city of Banda Aceh. We also had placed evacuation signage and fire extinguishers (APAR) as disaster mitigation that often occurs in the market.

Knowledge Management

Being to be a center of excellent Danamon Peduli could be catalysator and motivator for others to replicate and too develop the program. Knowledge management provided in various internal and external media advocacy and also network management.

Danamon Peduli run internal communication to aim increase awareness, knowledge and employee engagement. External communication and advocacy to aim increase awareness, knowledge to government, pers, institution dan people about Danamon Peduli.

There for Danamon Peduli initiated elaboration with similar mission parties.

Knowledge management become a track record media as CSR program knowledge and experience, and can be accessed at www.danamonpeduli.or.id

Move Forward

Danamon Peduli committed to do a good governance and to ensure a qualified organization and performance. In 2019, Danamon Peduli would have three pillars i.e Economic, Environment, and Social.

Economic pillar consist of two main programs i.e UKM Sejahtera and Pasar Sejahtera. UKM Sejahtera is developed Financial Literacy activity to SMEs through training and technical assistance. The program will be executed by middle of 2019.

Environment pillar consist of Care for Environment and Society that integrated with other pillars. The program is an integral part to build a sustainable ecosystem of environment and business.

Social pillar consist of Rapid Disaster Response, Disaster Preparedness, and Early Recovery. Based on National Disaster Management Agency (BNPB) released on October 2018, there were 1.999 disaster occurred in Indonesia. Danamon Peduli should be responded with innovative disaster program to build resilient society.

Economy, Environment, and Society pillars would be an integrated program of Danamon Group to aim a harmony and prosperous society align with Danamon vision national development and sustainable development goals.



08

Corporate Data





Products and Services

CONSUMER BANKING

Danamon Lebih

Danamon Lebih respect any effort, any money or any small thing in your life. That is why, Danamon Lebih value your money more than anyone else. Enjoy the features of Danamon Lebih:

- Free administration fee
- Low cost 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, Hello Danamon, dll)

FlexiMAX

Premium savings with 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 lounge.
6. Free facsimile daily report (Hello
7. Danamon-IVR).
8. Priority queuing at branches.
9. Business Card with attractive features.
10. Latest transaction features.

Tabungan CITA2KU

Savings deposit with interest rate equivalent to time deposits. Fund deposit starts from Rp 500 thousand per month, with a deposit period of 1 - 15 years.

Tabungan MU

Savings account with exclusive and prestigious design on debit/ATM card: the only debit/ATM card in Indonesia with Manchester United logo for your daily transactions. This product gives customers the opportunity to win Manchester United original merchandise, shopping voucher, or other gifts through point reward collections (Red Rewards) and enjoy various attractive offers in selected outlets (Red Hot Deals).

SuperCombo

Savings with two benefits: higher interest rate and flexibility in transactions. Customer funds can be automatically transferred from transactional account to savings account that provides higher interest rate.

Time Deposits

Time deposits with attractive interest rate, wide selection of tenor and currencies.

Primadolar

Savings account with options of 8 foreign currencies. Benefits including free monthly administration fee (only applicable for Primadolar USD), competitive interest rate, bank notes withdrawal up to USD 5,000 per day and no amount limitation On USD bank notes deposits.

Danamon Western Union

With Western Union, Danamon has partnered since 2008 to provide remittances and receiving money services across countries and all regions in Indonesia. In the beginning, the service was conducted 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 convenient, faster, more secure, more reliable, professional service to customers.

INVESTMENTS & RETAIL TREASURY SERVICES

Investment Gallery

Integrated services with diverse selections of investment products, Open-end Mutual Fund, IDR & USD Indonesia Government Bond as well as Government Islamic Bond (Sukuk). This 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 dan PT. Bahana TCW Investment Management).

Retail Treasury Services

Foreign currency trade services in major global currencies to fulfill retail customers financial need, supported by an extensive distribution network and prime service quality.

ATM Services

24-hours online banking services with facilities including cash withdrawals, balance inquiries, overbookings, transfers, purchases and payments – with additional features such as OVO and GOPAY top up and virtual account. Customers can access at more than 1,400 Danamon ATM spread accross Indonesia as well as ATMs in the ATM Bersama, PRIMA, and ALTO networks.

CDM Services

24-hour online banking services to make cash deposit (either to personal account or other Danamon accounts) and balance inquiry. This service is available on 70 CDM (Cash Deposit Machine) spread throughout Indonesia.

Hello Danamon

As part of Danamon commitment in prioritizing services to customers, Hello Danamon enabling customers to obtain information and transactions as well as to place complaint related to banking products and credit cards. Hello Danamon can be accessed 24-hours a day.

Corporate Data

Corporate Social Responsibility

Good Corporate Governance

Operational Review

Management Discussion and Analysis

Company Profile

Management Report

Main Highlights

ELECTRONIC BANKING CHANNEL

Danamon Online Banking

Internet banking service for transactions such as balance inquiry, domestic or international fund transfer (Rupiah/foreign currency), time deposit- online, Western Union remittance, GOPAY & OVO top up, Ziswaf payments, various payments, purchases and online checking account. This service is equipped with SMS or device token, completed with notification via SMS and email.

Danamon Mobile Banking (D-Bank)

Smartphone application that make banking transactions easier, from transfers, payments and purchases. The change to D-Bank is not merely in name but also in design and a new login via email feature, incorporating the latest technologies. Applications can be downloaded in the App Store and Play Store

D-Card Mobile

A smartphone application for Danamon Credit Cardholders that provides convenience to control their Credit Card, anytime and anywhere. The D-Card Mobile application has a variety of features for Danamon Credit Card holders to access credit card usage transactions in real time, temporary blocking, bill payment registration, credit card limit transfer, shopping transaction changes to installments, and apply for increasing credit card limit (limit maintenance), redemption of reward points and even new Credit Card application.

SMS Banking Services

Online Banking service via SMS with access * 141 * 12 #, Practical, Easy and Safe. Various Information and transaction services can be accessed through any type of mobile phone, regardless of the 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). Management

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

forwards (every Rp 2,500 transaction will earn 3D-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 12D-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 products with protection against the risk of death and disability in the form of monthly benefit as a substitution to family income. Returns premium of 50% in the absence of claims during coverage period.

Primajaga 100

Term insurance products with protection against the risk of death and disability in the form of monthly benefit as a substitution to family income. Returns premium of 100% in the absence of claims during coverage period.

Education Savings Danamon+

Education savings products for kids education with insurance benefit of up to 200 times of the monthly savings.

Proteksi Prima Maxima

Single premium payment insurance products with investment benefit that offer optimal investment results. Free of initial charge. A diverse selection of investment instruments tailored based on customers' risk profiles. Protection of the risk of death is 150% of the premium and critical illness.

Proteksi Prima Rencana Absolut

This is a combination of life insurance and investment products (unit link) with regular premium payment. This product provides flexibility to the Policyholders to determine the sum assured (UP) and regular premium top-up schedules. The product also provides opportunity for Policyholders to maximize their protection and matching 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 benefits of investment such as Death Benefit, Total Permanent Disability Benefit, Loyalty Bonus and Maturity Benefit; with coverage period up to 70 years old.

Proteksi Prima Rencana Maxima

Proteksi Prima Rencana Maxima is a unit link life insurance product with regular premium that maximize the investment and able to provide life protection packages, such as death benefit, income replacement benefit due to death/total permanent disability and premium waiver due to critical illness, loyalty bonus and maturity benefit.

Proteksi Prima Maxiplus

Proteksi Prima Maxiplus is a insurance product that targeted for individual customers who need a Unit Link insurance product with single premium and giving investment and life protection until the customer's age 95 years old.

Proteksi Prima Medika

Proteksi Prima Medika is a hospital care insurance product with return of premium at the end of contract (5th year).

Proteksi Prima Dinamis

Insurance products that provides protection to customers who have an accident. Customers can use the benefits to care for physical disability due to an accident.

Proteksi Prima Sehat Global

Health insurance products that offers comprehensive coverage for medical expenses within and outside Indonesia (as charged). Equipped with optional benefits (ie. Outpatient Benefit, Dental Benefit, and Maternity Benefit), this product is also marketed in a Family Plan basis.

Proteksi Prima Siaga

Insurance product that provides accidental death benefit, permanent, temporary disability protection or maturity benefit (return 50% of premium at the end of the 5th year).

Dengue Fever Insurance

Health insurance products that specifically protect customers with dengue fever. There is a daily care benefit of Rp 500,000 per day up to 10 days. Affordable premium payment of Rp 50,000 per year.

Proteksi Prima Emas

Life insurance product designed as retirement planning program that provides life protection against accidents and options of riders. This product provides 5 choice of target ages (40, 45, 50, 55 and 60) with 4 tenors of premium payment: 5, 10, 15 or 20 years.

PENSION FUNDS OF FINANCIAL INSTITUTIONS (DPLK) OF MANULIFE INDONESIA

Defined contribution pension plans program that design to prepare employees/participants 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 plans program, employees desire to prosper at retirement becomes easier. Companies/business owners can utilize this program to increase employee loyalty and productivity in the workplace.

Group Life and Health

Protection Program designed to help companies in providing security to the employees when an unexpected risks occurs, such as life and when there is health problem that require outpatient and inpatient care.

MANULIFE PROGRAM PESANGON PLUS

"Pooled Fund" program which is a collection of unit-link insurance with investment oriented. The program is designed to help companies with the purpose of payment of severance allowances to the employee when the employment is terminated, died, retired and resign. Policyholders of the pooled fund are the companies.

Manulife Karyawan Sejahtera Plus

Fund allocation which is a collection of unit-link insurance program with investment oriented. This program is designed to help companies in the form of provision of accounts on behalf of employees, with the purpose of payment of severance allowances to the employee when the employment is terminated, death, retirement and resignation. Employees is the beneficiary of this with company as the policyholder.

Proteksi Prima Sejahtera

Term life insurance with affordable premium which provides optimum protection of life over a certain period.

Typhoid Fever Insurance

Health insurance product specifically designed to protect customers who are sick with typhoid. The benefits are daily care benefits of Rp 500,000 per day up to 10 days coverage and protection against house robbery when admitted to hospital. Customers will receive optimum protection with affordable premium of Rp 90.000 per year

Asuransi Proteku

Insurance product which provides comprehensive protection and compensation to customers and spouse in case of accident, fire and house robbery as well as loss vehicle.

Dental Insurance

Innovation of insurance product that provides complete protection for customers' dental health. Customers will receive a variety of benefits for their dental care with affordable premium.

Crime Guard Plus

Innovation of insurance product that provide complete protection and compensation on personal accident, mugging, and robbery.

MORTGAGE**Housing Purchasing Loan**

Loans granted for the purchase of houses, apartments, shophouses, officehouses, businesshouses, 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, officehouses, 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 Privilege (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 cardholders.
- No queuing in all Danamon branches for Danamon Privilege Debit card holders.
- Free annual fee for Danamon Privilege credit cardholders, 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 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 completed documents are received. Maximum financing is Rp100 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 completed documents are received. Maximum financing is Rp500 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.

Tabungan KU

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 completed 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 shop houses 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 - Reinstall

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.

Haji 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 customer 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 Muntahiyah 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 Muntahiyah Bit Tamleek 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 Muntahiyah Bit Tamleek (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 of 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, eyeglasses, 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 (adiraicare@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

MARY BERNADETTE JAMES

Chief Information, INFORMATION TECHNOLOGY, Malaysian citizen, age 59. Joined with Danamon since March 1, 2016. Hold a Bachelor's degree in Business Administration from University of Texas

EVI DAMAYANTI

Chief Operations Officer, OPERATIONS, Indonesian citizen, age 44. Joined with Danamon since June 1, 2016. Hold a Bachelor's degree in Accounting from Universitas Indonesia.

HERMAN

Treasury & Capital Market Head, TREASURY, Indonesian citizen, age 49. Joined with Danamon since December 2, 2013. Hold a Bachelor's degree in Electrical Engineering from Universitas Trisakti.

NATHAN TANUWIDJAJA

Chief Internal Auditor (acting), SKAI, Indonesian citizen, age 53. Joined with Danamon since July 26, 2004. Hold a Master's degree in Engineering Management from Columbia University.

VIVIAN WIDJAJA

Chief Transformation Officer, TRANSFORMATION, Indonesian citizen, age 47. Joined with Danamon since November 3, 2016. Hold a Master's degree in Accounting from University of Texas at San Antonio.

REZA PELY RUSLY

Micro Banking Head, SEMM, Indonesian citizen, age 50. Joined with Danamon since January 1, 2016. Hold a Master's degree in Business Administration from Universite Grenoble 2 - Pierre Mendes France.

THERESIA ADRIANA WIDJAJA

Financial Controller, FINANCE, Indonesian citizen, age 43. Joined with Danamon since July 1, 2004. Hold a Bachelor's degree in Accounting from Universitas Tarumanagara.

EVI LANIYANTI

Chief Procurement Officer, FINANCE, Indonesian citizen, age 54. Joined with Danamon since November 1, 2007. Hold a Bachelor's degree in Accounting from Universitas Atma Jaya Yogyakarta.

TAUFAN ARIJANTONO

Tax Planning & Strategy Head, FINANCE, Indonesian citizen, age 52. Joined with Danamon since November 25, 1996. Hold a Diploma's degree in Taxation from Universitas Airlangga.

ANTONIUS HARTANDYO DANANG SAPUTRO

BPS Head, FINANCE, Indonesian citizen, age 36. Joined with Danamon since October 2, 2006. Hold a Bachelor's degree in Civil Engineering from Institut Teknologi Bandung.

SUSAN TEDJADINATA

BPS Head, FINANCE, Indonesian citizen, age 45. Joined with Danamon since January 16, 2017. Hold a Master's degree in International Finance from St. John's University.

YOTARO AGARI

Executive Officer Business Collaboration, Global Collaboration Office, Japanese citizen, age 51. Joined with Danamon since October 15, 2018. Hold a Master's degree in Business Administration from Northwestern University.

SRI SETYANINGSIH

Service Quality & Contact Center Head, CONSUMER & SME, Indonesian citizen, age 53. Joined with Danamon since December 20, 2010. Hold a Bachelor's degree in English Literature from Universitas Kristen Satya Wacana.

PAULUS BUDIARDJA

Bancassurance Business & Marketing Head, CONSUMER & SME, Indonesian citizen, age 51. Joined with Danamon since November 4, 2008. Hold a Master's degree in Business Administration from Thunderbird School of Global Management.

BILLIE SETIAWAN

Decision Management Head, CONSUMER & SME, Indonesian citizen, age 37. Joined with Danamon since February 11, 2016. Hold a Bachelor's degree in Computing from University of Greenwich.

GUNAWAN TE

SME Business Head, CONSUMER & SME, Indonesian citizen, age 47. Joined with Danamon since June 1, 1997. Hold a Bachelor's degree in Economics - Management from Universitas Surabaya.

DJAMIN EDISON NAINGGOLAN

Digital Banking Head, CONSUMER & SME, Indonesian citizen, age 55. Joined with Danamon since January 10, 2018. Hold a Master's degree in Business Administration from University of Arkansas.

LANNY HENDRA

Consumer Business Head, CONSUMER & SME, Indonesian citizen, age 50. Joined with Danamon since August 20, 2018. Hold a Bachelor's degree in Accounting from Macquarie University.

SONNY WAHYUBRATA

Branch Network Head, BRANCH NETWORK, Indonesian citizen, age 51. Joined with Danamon since March 1, 2001. Hold a Bachelor's degree in Management from California State University.

ADJI ANGGONO

Network Dev. & Sales Strategy Head, BRANCH NETWORK, Indonesian citizen, age 52. Joined with Danamon since January 9, 2017. Hold a Master's degree in Management from Universitas Gadjah Mada.

BUDHI HERNANDI

Syariah Product Sales & Assurance Head, SYARIAH, Indonesian citizen, age 53. Joined with Danamon since October 19, 1990. Hold a Bachelor's degree in Business Administration from Universitas Katolik Parahyangan.

REFITA RULLI ARIEF

Syariah Strategic Management Head, SYARIAH, Indonesian citizen, age 39. Joined with Danamon since November 30, 2001. Hold a Bachelor's degree in Accounting & Finance from Universitas Trisakti.

WIBOWO EDI SANTOSO

Corporate Real Estate Management Head, Syariah - CREM, Indonesian citizen, age 52. Joined with Danamon since August 15, 2016. Hold a Bachelor's degree in Architecture from Universitas Katolik Parahyangan.

PRISKA M.CAHYA

HCBP & HC Region Head, HUMAN CAPITAL, Indonesian citizen, age 51. Joined with Danamon since July 16, 1990. Hold a Bachelor's degree in Fishery from Institut Pertanian Bogor.

RONNY ISWARA

HC Chief Operating Officer, HUMAN CAPITAL, Indonesian citizen, age 42. Joined with Danamon since September 22, 2017. Hold a Master's degree in Psychology from Universitas Indonesia.

ROY FAHRIZAL PERMANA

Rewards Head, HUMAN CAPITAL, Indonesian citizen, age 43. Joined with Danamon since September 24, 2018. Hold a Master's degree in Industrial Engineering from Institut Teknologi Bandung.

MAIZA DEWI YANTI

Organization Dev & Talent Management Head, HUMAN CAPITAL, Indonesian citizen, age 47. Joined with Danamon since November 21, 2016. Hold a Bachelor's degree in Psychology from Universitas Indonesia.

IMMANUEL LUMBANTOBING

Learning, Engagement & CU Head, HUMAN CAPITAL, Indonesian citizen, age 40. Joined with Danamon since November 1, 2015. Hold a Master's degree in Business Management from Universitas Pelita Harapan.

ABDUL HADI

Employee & Industrial Relations Head, HUMAN CAPITAL, Indonesian citizen, age 42. Joined with Danamon since June 5, 2017. Hold a Bachelor's degree in Law from Universitas Islam Bandung.

YULIAN HADROMI

Head of Regulatory Compliance, COMPLIANCE, Indonesian citizen, age 48. Joined with Danamon since February 20, 2017. Hold a Master's degree in Management from Universitas Indonesia.

HENDRO BASUKI NURJANTO

Head of Financial Crime Compliance, COMPLIANCE, Indonesian citizen, age 52. Joined with Danamon since May 8, 2017.

ARI PRIYATNA

Market Liquidity Risk Head, INTEGRATED RISK, Indonesian citizen, age 49. Joined with Danamon since September 1, 2014. Hold a Bachelor's degree in Mathematics from Institut Teknologi Bandung.

EUNICE KURNIAWAN

ORM, Fraud & QA Head, INTEGRATED RISK, age 43. Joined with Danamon since October 11, 2010. Hold a Master's degree in Finance from University of London.

IWAN DHARMAWAN

Credit & Enterprise Risk Management Head, INTEGRATED RISK, Indonesian citizen, age 46. Joined with Danamon since March 3, 2014. Hold a Master's degree in Business Administration from University of Arkansas.

DWI SUSIYANTO

Risk Modeling, Quant.Tech. & Analytics Head, INTEGRATED RISK, Indonesian citizen, age 46. Joined with Danamon since August 3, 2016. Hold a Bachelor's degree in Electrical Engineering from Institut Sains Teknologi Akprind.

RONY ISKANDAR KUSTENDRO

Information Risk Management Head, INTEGRATED RISK, Indonesian citizen, age 44. Joined with Danamon since February, 15 2017. Hold a Master's degree in Information System from Universitas Bina Nusantara.

ANDRE SANTOSO SUDJONO

Sr. Credit Officer - Enterprise Banking, CREDIT, Indonesian citizen, age 54. Joined with Danamon since January 3, 2017. Hold a Master's degree in Accounting from University of Arizona.

NG SUWITO MULJANA

Sr. Credit Officer - Enterprise Banking, CREDIT, Indonesian citizen, age 49. Joined with Danamon since April 26, 2018. Hold a Bachelor's degree in Statistics from Macquarie University.

ARDINO GUSMAN

Sr. Credit Officer EB Remedial, CREDIT, Indonesian citizen, age 55. Joined with Danamon since September 3, 2018. Hold a Master's degree in Business Management from Golden Gate University.

ENRIKO SUTARTO

Portfolio, Policy & Analytics Head, CREDIT, Indonesian citizen, age 34. Joined with Danamon since June 7, 2010. Hold a Bachelor's degree in Economics from University of Sydney.

CAHYANTO C. GRAHANA

Head of Litigation, COMPLIANCE, Indonesian citizen, age 50. Joined with Danamon since April 21, 2003. Hold a Master's degree in Business Law from Universitas Trisakti.

SATYO HARYO WIBISONO

Head of Legal Counsel & Corp. Secretary Unit, COMPLIANCE, Indonesian citizen, age 45. Joined with Danamon since December 1, 2016. Hold a Bachelor's degree in Law from Universitas Gadjah Mada.

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References of FSA Circular Letter

No. 30-SEOJK 04 2017 Annual Report Public Company

	Subject & Explanation	Page
Corporate Data	Highlights of Key Financial Information	8-11
	Highlights of Key Financial Information contains financial information in comparative form over a period of 3 (three) fiscal years or since the commencement of business if the Issuer or Listed Company has been running its business activities for less than 3 (three) years, at least contains:	
Corporate Social Responsibility	a. Operating sales/revenue; b. Gross profit (loss); c. Profit (loss); d. Net profit attributable to owners of the parent and non-controlling interest; e. Net comprehensive profit; f. Net comprehensive profit attributable to owners of the parent and non-controlling interest; g. Profit (loss) per share; h. Total assets; i. Total liabilities; j. Total equity;	10
	k. Profit (loss) ratio to total assets; l. Profit (loss) ratio to equity; m. Profit (loss) ratio to revenue; n. Current ratio; o. Liabilities ratio to equity; p. Liabilities ratio to total assets; and q. Other relevant financial ratio and information about the Issuer or Listed Company or its industry.	11
Good Corporate Governance	Shares Information	14-15
	Shares information (if any) shall include at least:	
Operational Review	Shares published for every quarter (if any) presented in the comparison of latest 2 (two) fiscal years (if any), at least include:	
	a. Number of issued shares; b. Market capitalization based on the price on the Stock Exchange where shares are listed; c. Highest, lowest, and closing price based on the price on the Stock Exchange where shares are listed; and d. Transaction volume on the Stock Exchange where shares are listed.	14-15
Management Discussion and Analysis	Information in the letter a is disclosed by the Issuer which is a Listed Company whose shares are listed or not listed on the Stock Exchange.	
	Information in the letter b, letter c, and letter d are only disclosed if the Issuer is a Listed Company and its shares are listed on the Stock Exchange.	
Company Profile	In case of corporate actions, such as stock split, reverse stock, shares dividend, bonus shares, and reduction in nominal share prices, the share information referred in point 2 shall be added explanations which included at least:	
	a. The execution date of corporate action; b. Ratio of stock split, reverse stock, share dividend, bonus share, and reduction in share price;	82-83
Management Report	c. Shares volume issued before and after corporate actions; and d. Shares price before and after corporate actions.	
	In case of suspended stock trading, and/or delisting in the fiscal year, the Issuer or Listed Company explains the reason for such suspension and/or delisting.	N/A
Main Highlights	In case of stock suspension and/or delisting as referred to point 3 still continue until the end of Annual Report period, the Issuer or Listed Company shall explain the actions of the company to resolve such stock suspension and/or delisting.	N/A

	Subject & Explanation	Page
	Board of Directors' Report Board of Directors' Report shall include at least:	3-0-35
	A brief description of the Issuer's or Listed Company's performance, at least include: a. Strategy and strategic policy of Issuer or Listed Company; b. Comparison between achievement of results and targets; and c. Challenges faced by the Issuer or Listed Company.	32-33
	An overview of business prospects.	35
	Implementation of Good Corporate Governance by the Issuer or Listed Company; and	34
	Changes in the composition of the Board of Directors' members and the reason of such changes (if any).	34
	Board of Commissioners' Report Board of Commissioner's Report shall include at least:	24-27
	Assessment on the performance of the Board of Directors in managing the Company; Supervision of strategy implementation of Issuer or Listed Company. View on the prospects of the Issuer or Listed Company as established by the Board of Directors. View on the implementation of Issuer's or Listed Company's governance.	24-27
	Changes in the composition of the Board of Commissioners's members and the reason of such changes (if any); and Frequency and means of providing advice to the members of the Board of Directors.	
	Company Profile Profile of Issuer or Listed Company shall include at least:	46-87
	Name of the Issuer or Listed Company including if there is a change of name, the reason for the change, and the effective date of the name change in the fiscal year.	48
	Access to the Issuer or Listed Company including branch office or representative office which allows the public to obtain information about the Issuer or Listed Company, including: a. Address; b. Phone number; c. Facsimile number; d. E-mail address; and e. Website address;	48
	Brief history of Issuer or Listed Company	46
	Vision and mission of the Issuer or Listed Company.	54-55
	The business activities according to the latest articles of association, business activities carried on in the fiscal year, and type of products and/or services provided.	46
	Organizational structure of Issuer or Listed Company in the form of a chart, giving the names and titles and at least up to the one level below the Board of Directors.	52-53

	Subject & Explanation	Page
Corporate Data	Profile of the Board of Directors, at least includes: a. Name and position in accordance with the duties and responsibilities; b. Latest picture; c. Age; d. Citizenship; e. Educational history; f. Work experience, includes information as follows: 1) legal basis of appointment of Board of Directors' members in the Issuer or Listed Company;	64-69
	2) concurrent position, both as members of the Board of Directors, members of the Board of Commissioners, and/or members of the committee as well as other position (if any); and 3) work experience as well as the working period both inside or outside the Issuer or Listed Company; g. Training attended by the Board of Directors' members to improve the competence in the fiscal year (if any), and h. Affiliate relationships with another member of the Board of Directors, Board of Commissioners' members, and ultimate shareholders (if any) including the name of affiliated parties;	
Corporate Social Responsibility	Profile of the Board of Commissioners, at least includes: a. Name; b. Latest picture; c. Age; d. Citizenship; e. Educational history; f. Work experience, includes information as follows: 1) legal basis of appointment of Board of Commissioners' members excluding the Independent Commissioner in the Issuer or Listed Company; 2) legal basis of appointment of Board of Commissioners' members as Independent Commissioner in the Issuer or Listed Company; 3) concurrent position, both as members of the Board of Commissioners, members of the Board of Directors, and/or members of the committee as well as other position (if any); and 4) work experience as well as the working period both inside or outside the Issuer or Listed Company; g. Training attended by the Board of Commissioners' members to improve the competence in the fiscal year (if any), and h. Affiliate relationships with another member of the Board of Commissioners and ultimate shareholders (if any) including the name of affiliated parties; and i. Independence statement of Independent Commissioner in the event of the Independent Commissioner has served more than 2 (two) periods (if any);	58-62
Good Corporate Governance	In case of a change in the composition of the Board of Directors and/or the Board of Commissioners that occurred after the fiscal year ends until the deadline for submission of the Annual Report, then the structure sets out in the Annual Report is the recent and previous composition of the Board of Directors's members and/or Board of Commissioners' members.	√
Operational Review	The number of employees and a description of the distribution of educational level and age of employees during the fiscal year.	76-77
Management Discussion and Analysis	The names of shareholders and percentage of ownership at the end of the fiscal year, which consists of: a. Shareholders owning 5% (five percent) or more shares of the Issuer or Listed Company; b. Member of Board of Directors and Board of Commissioners who hold shares of the Issuer or Listed Company; and c. Public shareholders, a group of shareholders who each own less than 5% (five percent) of the shares of Issuer or Listed Company;	77
Company Profile	The number of shareholders and the percentage of ownership as of the end of fiscal year based on the classification: a. Local institution ownership; b. Foreign institution ownership; c. Local individual ownership; and d. Foreign individual ownership;	79
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Information on the major and controlling shareholder of the Issuer or Listed Company, either directly or indirectly, to the individual owners, presented in the form of schemes or charts.	79
Name of subsidiaries entities, associates, joint venture company in which the Issuer or Listed Company has joint controlled entities, along with shareholding percentage, line of bussiness and status of such Issuer or Listed Company (if any).	82
For subsidiary entities, please add information about the address.	
Chronology of share listing, number of shares, nominal value, and the offering price from the beginning of listing until the end of fiscal year and name of stock exchange where the Issuer's or Listed Company's share is listed (if any).	80
Chronology of other Securities listing other than Securities referred in point 15, which at least includes the name of Securities, year of issuance, maturity date, offering value, and Securities rating (if any).	81
Name and address of capital market institutions and/or supporting professions.	83-84
Award and certification received by the Issuer or Listed Company, both on a national and international scale during the recent fiscal year (if any), which contains:	85
<ul style="list-style-type: none"> a. Name of award and/or certification; b. Agency or institution that provides the award; and c. The validity period of award and/or certification (if any). 	
Management Discussion and Analysis Management discussion and analysis contains the analysis and discussion of financial statements and other important information with an emphasis on material changes that occurred during the fiscal year, which at least contain:	86-123
Operational review per business segment in accordance with the type of industry of the Issuer or Listed Company, contains at least:	
<ul style="list-style-type: none"> a. Production, which includes the process, capacity, and development; b. Revenue/sales; and c. Profitability. 	90-103
Comprehensive financial performance analysis which includes a comparison between the last 2 (two) fiscal year, explanation about the cause of changes and the impact, among others concerning:	
<ul style="list-style-type: none"> a. Current assets, non-current assets, and total assets; b. Short-term liabilities, long-term liabilities, and total liabilities; c. Equity; d. Revenue/sales, expense, profit/loss, other comprehensive income, and total of comprehensive income/loss; and e. Cash flow. 	108-111
Ability to pay debt by presenting relevant ratio calculation.	111
Issuer's or Listed Company's collectability by presenting relevant ratio calculation.	111
Capital structure and management policy on such capital structure with the basis for determining such policy.	118
Discussion on material ties for the investment of capital goods with description includes at least:	
<ul style="list-style-type: none"> a. The purpose of the ties; b. Source of funds expected to fulfill the said ties; c. Currency of denomination; and d. Steps taken by the Issuer or Listed Company to protect the risk against the position of related foreign currency. 	118

	Subject & Explanation	Page
Corporate Data	Discussion on capital goods investment realized in the last fiscal year, at least includes: a. Type of capital goods investment; b. Objective of capital goods investment; and c. The investment value of capital goods	118
	Significant information and fact subsequent to the accountant's report date (if any).	119
Corporate Social Responsibility	Business prospects of the Issuer of Listed Company in connection with the condition of industry, economy in general, and the international market supported by quantitative data from a reliable data source.	27,35,345,349
	Comparison between target/projection in the beginning of fiscal year and the achieved result (realization), which includes: a. Revenue/sales; b. Income (loss); c. Capital structure; or d. Other matters that considered important for the Issuer or Listed Company.	119
Good Corporate Governance	Issuer's or Listed Company's target/projection in 1 (one) year, which includes: a. Revenue/sales; b. Income (loss); c. Capital structure; d. Dividend policy; or e. Other matters that considered important for the Issuer or Listed Company.	27,35,345,349
	Marketing aspect for the product and service of Issuer or Listed Company, such as: marketing strategy and market share.	96-97
Operational Review	Description of the dividend for 2 (two) last fiscal years (if any), which at least includes: a. Dividend policy; b. Date of cash dividend payment and/or date of non-cash dividend distribution; c. Amount of dividend per share (cash/non-cash); and d. Amount of paid dividend per year.	119
	Actual use of proceeds from the Public Offering, provided that: a. In the event that during fiscal year, the Issuer has the obligation to report realization of the use of proceeds, thus the cumulative use of the proceeds from the Public Offering shall be disclosed until the last fiscal year; and b. In the event of any changes the in use of proceeds as stipulated in the Regulation of Financial Services Authority on Report on Realization of the Use of Proceeds from Public Offerings, Issuers shall explain such changes.	120
Management Discussion and Analysis	Significant information (if any) about investation, expansion, divestment, business merger/takeover, acquisition, debt/equity restructuring, affiliated transaction, and transaction that contains conflict of interest occurred in fiscal year, among others includes: a. Date, value, and transaction object; b. Name of the parties conducting transaction; c. Nature of affiliation (if any); d. Description about transaction fairness; and e. Relevant regulation compliance	120
	Changes in regulation which have a significant impact on the Issuer and Listed Company and the impact on financial statements (if any); and	121
Company Profile	Changes in the accounting policy, reason and its impact on financial statements (if any).	122
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Corporate Governance	
Governance of Issuer or Listed Company shall contain at least a brief description about:	240-389
<p>The Board of Directors, among others includes:</p> <ul style="list-style-type: none"> a. The duties and responsibilities of each member of the Board of Directors; b. Statement that the Board of Directors has the Board of Directors' guidelines or charter; c. Procedure, basis of stipulation, structure, and the amount of remuneration for each member of the Board of Directors, as well as the relation between remuneration and the Issuer's or Listed Company's performance; d. Policy and the implementation of the Board of Directors meeting frequency, including meeting with Board of Commissioners, and attendance of the Board of Directors in such meeting; 	293-310
<ul style="list-style-type: none"> e. Information on previous GMS resolution, which includes: <ul style="list-style-type: none"> 1) GMS resolution realized in the fiscal year; and 2) the reason in the event of a resolution that has not been realized; f. Information on the GMS resolution in the fiscal year, which includes: <ul style="list-style-type: none"> 1) GMS resolution realized in the fiscal year; and 2) the reason in the event of a resolution that has not been realized; and g. The assessment on the performance of committee which supports the implementation of the Board of Directors' duties; 	
<p>The Board of Commissioners, among others includes:</p> <ul style="list-style-type: none"> a. The duties and responsibilities of each member of the Board of Commissioners; b. Statement that the Board of Commissioners has the Board of Commissioners' guidelines or charter; c. Procedure, basis of stipulation, structure, and the amount of remuneration for each member of the Board of Commissioners; d. Policy and the implementation of the Board of Commissioners meeting frequency, including meeting with Board of Directors, and level of attendance of the members of the Board of Commissioners in such meeting; 	
<ul style="list-style-type: none"> e. Issuer's or Listed Company's policy on the assessment of the performance of the Board of Directors' and Board of Commissioners' members and its implementation, which includes at least: <ul style="list-style-type: none"> 1) procedure of performance assessment; 2) the criteria used; and 3) the party carrying out the assessment; f. The assessment on the performance of committee which supports the implementation of the Board of Commissioners' duties; and g. In the event that the Board of Commissioners does not establish a Nomination and Remuneration Committee, shall publish information at least about: <ul style="list-style-type: none"> 1) The reason why such committee is not established; and 2) Procedure of nomination and remuneration carried out in the fiscal year; 	259-275
<p>Sharia Supervisory Board, for Issuer or Listed Company which carries out business activity based on sharia principle as stated in the article of association, which includes at least:</p> <ul style="list-style-type: none"> a. Name; b. Duties and responsibilities of the Sharia Supervisory Board; and c. Frequency and means of providing advice and suggestion as well as the supervision on the fulfillment of Sharia Principle in the Capital Market for the Issuer of Listed Company; 	40,75,76

	Subject & Explanation	Page
Corporate Data	Audit Committee, among others includes: a. Name and position in the committee; b. Age c. Citizenship; d. Educational history; e. Work experience, which includes information: 1) basis of appointment as the member of the committee; 2) concurrent position, both as the member of the Board of Commissioners, member of the Board of Directors, and/or member of committee as well as other position (if any); and 3) work experience and working period both inside and outside the Issuer or Listed Company;	276-279
	f. Working period and term of service of the member of Audit Committee; g. Independence statement of the Audit Committee; h. Policy and implementation of Audit Committee meeting frequency and level of attendance of the member of Audit Committee in such meeting; i. Training attended in the fiscal year (if any); and j. Implementation of Audit Committee's activity in the fiscal year in accordance with the Audit Committee guideline or charter;	
Corporate Social Responsibility	Other committees that the Issuer or Listed Company have in order to support the function and duties of the Board of Directors and/or Board of Commissioners, such as Nomination and Remuneration Committee, which includes: a. Name and position in the committee; b. Age; c. Citizenship; d. Educational history; e. Work experience, which includes information: 1) basis of appointment as the member of the committee; 2) concurrent position, both as the member of the Board of Commissioners, member of the Board of Directors, and/or member of committee as well as other position (if any); and 3) work experience and working period both inside and outside the Issuer or Listed Company;	279-292
	f. Working period and term of service of the member of committee; g. Description of duties and responsibilities; h. Statement of the committee's guidelines or charter; i. Independency statement of the committee; j. Policy and implementation of committee meeting frequency and level of attendance of the member of committee in such meeting; k. Training attended in the fiscal year (if any); and l. Brief description of the implementation of committee's activity in the fiscal year;	
Good Corporate Governance	Corporate Secretary, among others includes: a. Name; b. Domicile; c. Work experience, which includes information: 1) basis of appointment as the Corporate Secretary; 2) work experience and working period both inside and outside the Issuer or Listed Company; d. Educational history; e. Training attended in the fiscal year (if any); and f. Brief description of the duties implementation of Corporate Secretary in the fiscal year;	315-322
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Management Discussion and Analysis		
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Internal Audit Unit, among others includes: a. Name of head of Internal Audit Unit; b. Work experience, which includes information: 1) Basis of appointment as the head of Internal Audit Unit; and 2) Work experience and working period both inside and outside the Issuer or Listed Company; c. Qualification and certification as internal auditor (if any); d. Training attended in the fiscal year; e. Structure and position of the Internal Audit Unit; f. Description of duties and responsibilities; g. Statement of Internal Audit Unit's guidelines or charter; and h. Brief description about the duties implementation of Internal Audit Unit in the fiscal year;	329-332
Description about internal control system implemented by the Issuer or Listed Company, at least includes: a. Financial and operational control, as well as compliance towards other regulations; and b. Review on the effectiveness of internal control system;	310
Risk management system implemented by the Issuer or Listed Company, at least includes: a. General description about the Issuer's or Listed Company's risk management system; b. Type of risk and its management; and c. Review on the effectiveness of Issuer's or Listed Company's risk management;	334-338
Important case encountered by Issuer or Listed Company, subsidiary entities, member of Board of Directors and Board of Commissioners, among others includes: a. Subject of the case/claim; b. Status of settlement of case/claim; and c. Potential impacts on the condition of the Issuer or Listed Company;	339
Information about administrative sanctions imposed on the Issuer or Listed Company, member of the Board of Commissioners and Board of Directors, by the Capital Market authority and others in the last fiscal year (if any);	339
Information about Issuer's or Listed Company's code of conduct which includes: a. Principles of the code of conduct; b. Form of dissemination of code of conduct and its enforcement attempt; and c. Statement that the code of conduct is applicable to the members of the Board of Directors, Board of Commissioners, and employees of the Issuer or Listed Company;	340
Information on corporate culture or corporate values (if any);	349
Description of share ownership program by employee and/or management that implemented by the Issuer or Listed Company (if any), among others includes: a. Number of shares and/or share options; b. Exercise period; c. Requirement of eligible employee and/or management; and d. Exercise price	120
Description of whistleblowing system in the Issuer and Listed Company (if any), among others includes: a. Mechanism of whistleblowing system; b. Protection for the whistleblower; c. Complaint handling; d. Party that manages the complaint; and e. Result of complaint handling, at least includes: 1) Number of incoming and processed complaints in the fiscal year; and 2) Complaint follow-up;	342-352

	Subject & Explanation	Page
Corporate Data	Implementation Corporate Governance Guidelines for the Issuer or Listed Company which issues Equity-type Shares, which includes:	
	a. Statement regarding the recommendations that have been implemented; and/or b. Explanation of recommendations that have not been implemented, as well as the reason and implementation alternatives (if any);	353-357
Corporate Social Responsibility	Social and Environmental Responsibility of Issuer or Listed Company	392-397
	Information of social and environmental responsibility of Issuer or Listed Company including policy, kind of program, and cost incurred, among others covering the aspects of: a. Environmental, among others: 1) use of environmentally friendly material and energy that could be recycled; 2) issuer's or Listed Company's waste treatment system; 3) complaint mechanism of environmental issue; and 4) certificate on environmental; b. Practice of employment, occupational health and safety, among others: 1) equality of gender and work opportunity; 2) facility and work safety; 3) employee turnover rate; 4) occupational accident rate 5) training; 6) remuneration; 7) complaint mechanism of employment issue; c. Community and social development, among others: 1) local worker recruitment; 2) community empowerment around the Issuer or Listed Company, among others, through the use of raw material produced by the community or educational training; 3) social facility repairment; 4) other donations; and 5) socialization of the policy and procedure of anti-corruption in the Issuer or Listed Company, and training of anti-corruption (if any); d. Product and/or service responsibility, among others: 1) customer's health and safety; 2) product and/or service information; 3) facility, total, and customer complaint handling.	396-397
Good Corporate Governance	In the event that Issuer or Listed Company presents information of social and environmental responsibility as stated in point 1) in separated report such as in the form of corporate social responsibility report or sustainability report, Issuer or Listed Company is excluded to disclose information on social and environmental responsibility in the Annual Report; and	√
	Such report referred in point 2) is submitted to the Financial Services Authority in conjunction with submission of Annual Report.	√
Operational Review	Audited Financial Statements	422
	The annual financial statements contained in the Annual Report shall compiled in accordance with Financial Accounting Standard in Indonesia and has been audited by Accountant. Such financial statements shall contained statement about financial statements accountability as set out in Capital Market regulation which governing the Board of Directors' responsibility upon the financial statements or the legislation in the Capital Market sector which governing the periodic report of Securities Company in terms of the aforementioned is Securities Company; and	
Management Discussion and Analysis		
Company Profile		
Management Report		
Main Highlights		

	Subject & Explanation	Page
	Statements of the Members of Board of Directors and Board of Commissioners on Responsibility for the Annual Report	44-45
	Statement of the members of Board of Commissioners on the responsibility for the Annual Report is prepared in accordance with the format of the Statement of the Members of Board of Directors and Board of Commissioners on Responsibility for the Annual Report as stated in the Appendix which is an integral part of this Circular Letter of Financial Services Authority.	44-45

Financial Statement

PT Bank Danamon Indonesia Tbk
and Subsidiaries

Consolidated financial statements
As of 31 December 2018
and for the year then ended
with independent auditors' report

