OPERATIONAL REVIEW

Danamon continuously evaluates the operational processes to support customer needs, with risk management as an integral part of our business strategy.

RISK MANAGEMENT

Danamon continuously improves the implementation of risk management within the Bank and its Subsidiary 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.

In the beginning of 2020, Danamon Group Financial Conglomeration is changed to be MUFG Group Financial Conglomeration. Danamon is appointed to be the Main Entity and the member of Financial Conglomeration consists of Subsidiary and Sister Companies. Below is the new structure:

Structure	Entity's Name	Relationship to Danamon
Main Entity	PT Bank Danamon Indonesia Tbk. ("Danamon")	
Entity Member	PT Adira Dinamika Multi Finance Tbk. ("ADMF")	Subsidiary (vertical relationship)
Entity Member	MUFG Bank, Ltd. Jakarta Branch ("MUFG Jakarta")	Sister Company (horizontal relationship)
Entity Member	PT U Finance Indonesia ("UFI")	Sister Company (horizontal relationship)
Entity Member	PT Adira Quantum Multifinance ("AQM")*	Subsidiary (vertical relationship)

* in the process of liquidation settlement

VISION & MISSION

Vision

Danamon considers Risk Management as an integral part of its business strategy, thereby, promoting a strong risk culture to be well embedded in the overall 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 & 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 Danamon and its Subsidiary.

Three Lines of Defense Approach

To support the effectiveness of risk management implementation, Danamon implements 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**
• Line of Business • Operational Working Units • Other Supporting Working Units	• Integrated Risk Directorate • Regulatory Compliance Division	• Internal Audit Working Unit (SKAI)
Line of business, operational working units and other supporting working units are the First Line of Defense that responsible to conduct daily risk management in each working unit.	Integrated Risk Directorate and Regulatory Compliance Division have a role as a Second Line of Defense to perform risk monitoring function independently.	Internal Audit Working Unit has a role as a Third Line of Defense that responsible for evaluating risk management implementation conducted by the First and Second Line of Defense.

Risk Management in Danamon

In accordance with the Financial Services Authority's (OJK) regulation regarding risk management implementation, 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 risk management policies and procedures as well as risk limit setup
3. Adequacy of risk management process and risk management information system
4. Internal Control System

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 Director (BOD) and Board of Commissioners (BOC) also Sharia Supervisory Board (for Sharia Business Unit). Recognizing the strategic role of these 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 delegated risk monitoring function to the Risk Oversight 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-*Majelis Ulama Indonesia* and approval from Financial Services Authority (OJK).	• As the responsible party for implementation of operational activities, including monitoring the implementation of risk management, the BOD has a role in determining the direction of risk management policy and strategy comprehensively including its implementation. • The BOD has established the Risk Management Committee to support their functions and responsibilities in relation to the risk management implementation.

Active Supervision Function		
Board of Commissioners (BOC)	**Sharia Supervisory Board**	**Board of Directors (BOD)**
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. 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.	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. 3. Acting as an advisor and provide the recommendation to the BOD and Sharia business management (officers that are related to implementation of Syariah 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.	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 the BOD approval. 4. Develop the risk management culture at all levels of the organization. 5. Oversee the risk quality compared to the prevailing level of fairness. 6. Ensure the management (Board of Management and executive officers) 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

Considering the new structure of Financial Conglomeration where it consist of vertical (direct relationship between parent company and subsidiary) and horizontal (relationship between sister companies) relationship, then the risk management policy for the bank and financial conglomeration is differentiated into 2 documents, as follows:

1. Risk Management Policy-Bank and Consolidated which include the framework and implementation of individual and consolidated risk management for Bank dan Subsidiary.

2. Integrated Risk Management Policy of MUFG Group Financial Conglomeration which include the framework and implementation of integrated risk management for Financial Conglomeration.

Risk Management Policy – Bank and Consolidated is the main policy in the implementation of risk management in Bank and Subsidiary and being a reference in developing of risk management policies, procedures and guidelines according to the prevailing regulations. Related to Integrated Risk Management Policy of MUFG Group Financial Conglomeration refers to sub chapter "Implementation of Integrated Risk Management."

However, since the Subsidiary is the separated entities from the Bank, the implementation of the Risk Management should consider the laws of Limited Liability Companies and Capital Market, also other related external regulations. Danamon and the Subsidiary have developed their own detailed guidelines and procedures. Those guidelines and procedures are in line with the Risk Management Policy – Bank and Consolidated, prudential principles and other related external regulations.

Danamon has had various risk management policies i.e. Credit Risk Policy, Operational Risk Management Policy, Market and Liquidity Risk Management Policy, Intra-group Transaction Policy, Information Security Policy, Business Continuity Management Policy, and others; which are prepared separately and refer to the Risk Management Policy – Bank and Consolidated.

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, while also support the business growth of Danamon.

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

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.

Organization Structure of Risk Management

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

a. **Risk Oversight Committee (previously Risk Monitoring Committee)**
   Risk Oversight Committee is the highest risk management authority at the BOC level. Its main role is to monitor and provide the recommendations to the BOC related to the evaluation of risk management policy and its implementation, to evaluate the execution of duties of Board of Directors, Risk Management Committee and risk management working unit in the risk management implementation as well as provide independent professional opinion to the BOC and recommend to the BOD actions to be considered for further strenghtening of the risk management framework. The name of Risk Monitoring Committee is changed to be Risk Oversight Committee since July 2020.

b. **Risk Management Committee**
   At the BOD level, a Risk Management Committee has been established that responsible among others to evaluate and provide the recommendation to President Director and BOD related to development of risk management strategy and policy, implementation of the overal risk management process, and evaluation of significant risk issues.

   Risk Management Committee oversees 2 (two) Sub-Committees as follows:
   1. Credit Policy Sub-Committee:
      The Chairman of Credit Policy Sub-Committee is Integrated Risk Director and Alternate Chairman is Credit Director. The Permanent Members of Sub-Committee are CCO Consumer, SME, and Mass Market, Senior Credit Officer, Chief Internal Auditor, Business Heads (EB, SME, and Consumer), and Credit & Enterprise Risk Management Head.

      The main role of Credit Policy Sub-Committee is to review, provide inputs, monitor, and evaluate on matters related to the development and implementation of Credit Risk Policy (CRP).

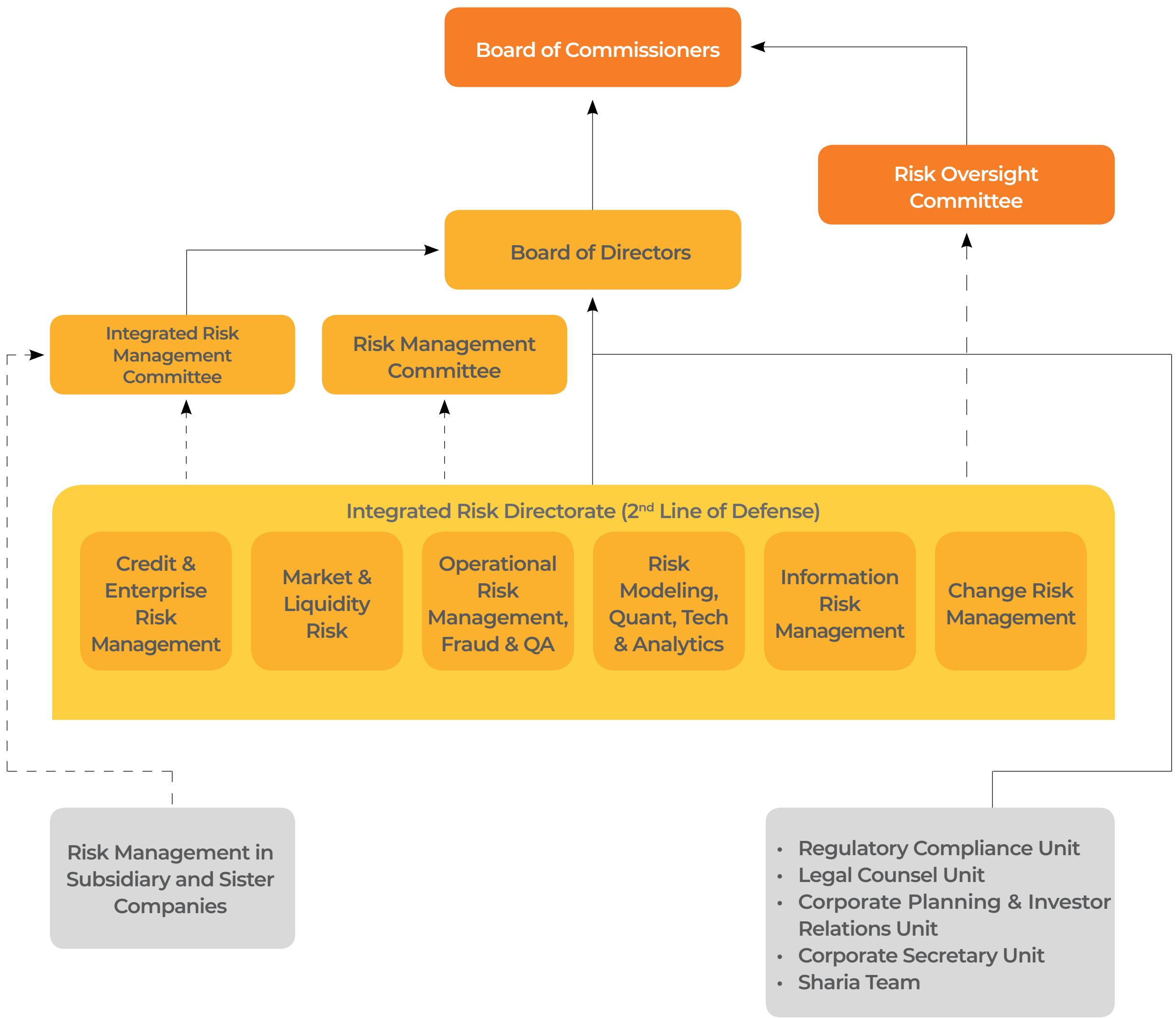
   2. Sustainability Sub-Committee:
      The Chairman of Sustainability Sub-Committee is Sharia and Sustainability Finance Director (formerly the title is CREM & Sharia Director) and Alternate Chairman is Integrated Risk Director. The Permanent Members of Sub-Committee are Credit Director, Compliance Director, and Enterprise Banking & Financial Institution Head.

The main role of Sustainability Sub-Committee is to review and monitor on matters related to the development and implementation of Sustainable Finance Action Plan (SFAP), Sustainability Report, and Sustainability Policy including its changes.

c. **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 consist of several divisions i.e. Credit & Enterprise Risk Management (CERM), Market & Liquidity Risk (MLR), Operational Risk Management, Fraud & QA (ORM),Information Risk Management (IRM), Risk Modelling, Quantitative Technique & Analytics (RA), and Change Risk Management.

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

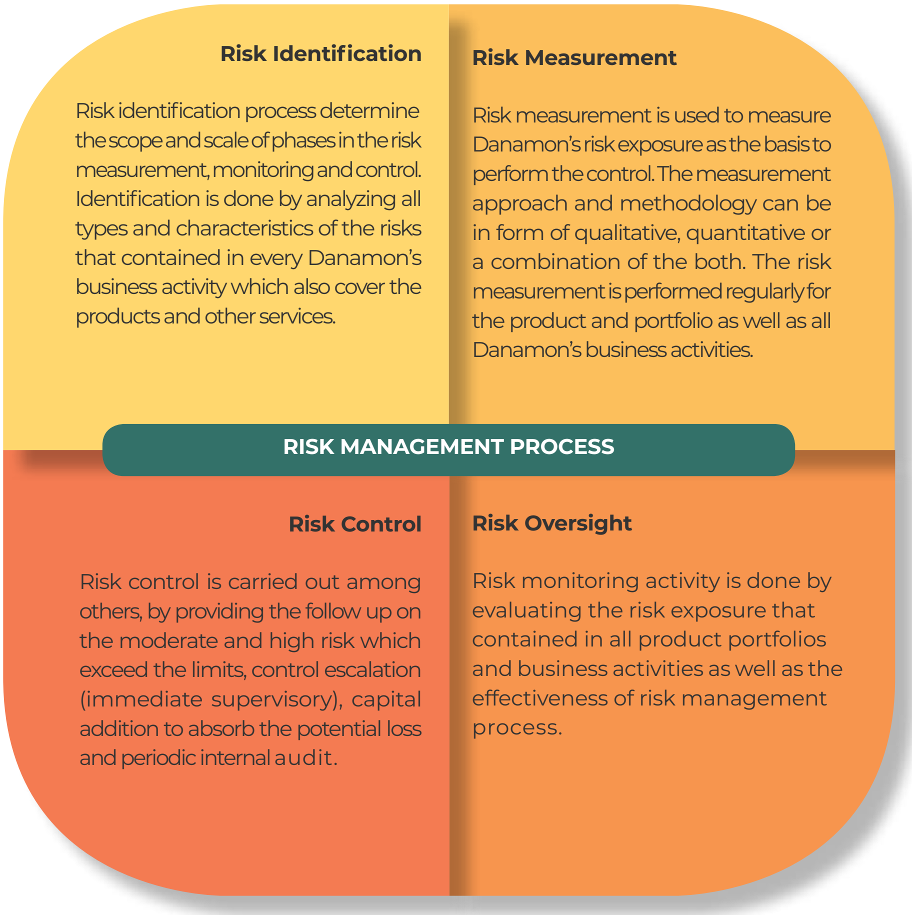
Integrated Risk Directorate develops an overall risk management strategy that includes the policies, methodologies, frameworks, limits, procedures and control for Danamon and Subsidiary.



Risk Management Process and Risk Management Information System

Danamon regularly performs the process of identification, measurement, monitoring and control over all risks encountered both individually or consolidated with Subsidiary. This process is included in the policy and guidance at every working unit in Bank and Subsidiary.

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 owner.

Line of business, functional units and Subsidiary 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 a good control and monitoring system, Danamon has had an adequate detailed risk management information system, including Internal Credit Rating System, ALM System, Operational Risk Management System, etc. 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 includes:

1. Management supervision and culture of control where the BOD and BOC are responsible for improving work ethics and high integrity and creating an organizational culture that emphasizes the importance of internal control that applies in Danamon. To support the control culture, the policies, standards and procedures must be documented in writing and available to relevant employees.

2. Risk identification and assessment are conducted for all type of risks that cover the quantitative and qualitative assessment.

3. 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.

4. 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 BOD and BOC.

5. Monitoring on the effectiveness of internal control implementation is done continuosly. 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 requirement to obtain risk management certification according to prevailing regulations.

Risk Culture

A strong risk management culture is created if all employees aware of and understand the risks they encounter, as well as perform adequate risk management process in doing their activities. In this context, Danamon is committed to establish a combination of unique values, i.e. trust, implementation, and supervision from management, in order to ensure that all organizational levels in Danamon conduct business and operational activities in a prudent manner and based on best practices.

Risk culture is determined through:

- Direction and supervision from the BOC and the BOD of Danamon and Subsidiary.
- Familiarization of risk management as an integral part of business practices.
- Adherence to all policies, procedures prevailing laws, and regulations.

Risk awareness and culture at all organizational levels is established through:

- Communicate the importance of risk management.
- Communicate risk tolerance level and expected risk profile through various limits and portfolio management.
- Empower employees to manage risk in their activities prudently, including provide adequate risk mitigation.
- Monitor effectiveness of risk management implementation in all areas.

Risk Management for Particular Area

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 consultated 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 Risk Management Policy-Bank and Consolidated which is used as the main framework and basic principles in managing the risks that must be followed by all lines of business and Subsidiary, 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 Subsidiary
Danamon applies a consolidated risk management process with its Subsidiary, by considering the different characteristics of business between Subsidiary 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 Subsidiary and identifies any early warning in the deterioration of Subsidiary's 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 Subsidiary's risk exposure are reported periodically. The Subsidiary's 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. 38/POJK.03/2017 regarding the Implementation of Consolidated Risk Management for the Bank that has controlling on Subsidiary. Referring to that regulation, Danamon as the Parent Company will continue to conduct improvement to the consolidated risk management process with Subsidiary.

Evaluation on Effectiveness of Risk Management System

To carry out an evaluation on the effectiveness of risk management, the BOC and the BOD actively oversee the implementation of risk management through various committees.

To obtain sufficient data and overview of the actions taken in risk management, the committees conduct regular meeting to discuss risk related issues and provide the recommendation to the BOC and the BOD.

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 Danamon and Subsidiary's 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, Strategy Risk, Compliance Risk, Reputation Risk, Rate of Return Risk and Investment Risk. While for Integrated Risk Management, the managed risks also include Intra-Group Transaction 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 2020, the composite rating for Danamon's individual, consolidated and integrated risk profile as of December 31, 2020 were rated at 2 (Low to Moderate).

Disclosure of General Risk Exposure

GENERAL RISK

Table 1. Key Metrics (KM1)-Bank Stand Alone

(IDR million)

No	Description	
Available Capital		
1	Common Equity Tier 1 (CET1)	
2	Tier 1	
3	Total Capital	
Risk Weighted Assets		
4	Total Risk Weighted Assets (RWA)	
The Percentage of Capital Ratio from RWA		
5	CET1 Ratio (%)	
6	Tier 1 Ratio (%)	
7	Total Capital Ratio (%)	
Additional CET1 as a buffer requirements from RWA		
8	Capital conservation buffer (2.5% of RWA) (%)	
9	Countercyclical Buffer (0-2.5% of RWA) (%)	
10	Capital Surcharge for Systemic Bank (1%-2.5%) (%)	
11	Total CET1 as buffer requirements (row 8 + row 9 + row 10)	
12	CET1 component for buffer	
Basel III leverage ratio		
13	Total Exposure	
14	Leverage ratio, including the impact of any applicable temporary exemption of central bank reserves (%)	
14b	Leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserves (%)	
14c	Leverage Ratio, including the impact of any applicable temporary exemption of central bank reserves, which includes the average value of the carrying value of Securities Financing Transactions (SFT) on a gross basis (%).	
14d	Leverage Ratio, Excluding the impact of any applicable temporary exemption of central bank reserves, which includes the average value of the carrying value of Securities Financing Transactions (SFT) on a gross basis (%).	
Liquidity Coverage Ratio (LCR)		
15	Total high-quality liquid assets (HQLA)	
16	Total net cash outflow	
17	LCR ratio (%)	
Net Stable Funding Ratio (NSFR)		
18	Total available stable funding	
19	Total required stable funding	
20	NSFR ratio	

* Based on OJK letter No.S-12/D.03/2020 regarding Advanced Relaxation Policy in order to Support National Economic Recovery Program in Banking Sector, the obligation to fulfil the Capital Conservation Buffer is temporarily removed until March 31, 2021.

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
	31,034,546	31,782,832	30,999,181	30,903,811	32,181,271
	31,034,546	31,782,832	30,999,181	30,903,811	32,181,271
	32,236,393	32,985,351	32,221,908	32,149,757	33,445,305
	125,974,355	127,211,721	131,686,683	138,518,731	135,997,251
	24.64%	24.98%	23.54%	22.31%	23.66%
	24.64%	24.98%	23.54%	22.31%	23.66%
	25.59%	25.93%	24.47%	23.21%	24.59%
	0.00%*)	0.00%*)	0.00%*)	2.50%	2.50%
	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	1.00%	1.00%
	1.00%	1.00%	1.00%	3.50%	3.50%
	16.59%	16.93%	15.47%	14.21%	15.59%
	179,259,522	173,677,560	170,372,546	176,475,593	
	17.31%	18.30%	18.19%	17.51%	
	17.31%	18.30%	18.19%	17.51%	
	16.77%	18.67%	17.91%	17.47%	
	16.77%	18.67%	17.91%	17.47%	
	51,026,785	46,629,242	37,840,145	39,327,434	34,044,555
	26,960,649	28,380,577	25,580,510	22,349,885	21,939,240
	189.26%	164.30%	147.93%	175.96%	155.18%
	127,327,039	125,886,842	121,587,684	124,287,424	125,055,624
	85,187,371	85,721,248	89,435,079	96,061,614	93,749,532
	149.47%	146.86%	135.95%	129.38%	133.39%

Table 1. Key Metrics (KM1)-Consolidated

(IDR million)

No	Description
Available Capital	
1	Common Equity Tier 1 (CET1)
2	Tier 1
3	Total Capital
Risk Weighted Assets	
4	Total Risk Weighted Assets (RWA)
Risk Based Capital Ratios as a percentage of RWA	
5	CET1 Ratio (%)
6	Tier 1 Ratio (%)
7	Total Capital Ratio (%)
Additional CET1 buffer requirements as a percentage of RWA	
8	Capital conservation buffer (2.5% of RWA) (%)
9	Countercyclical Buffer (0-2.5% of RWA) (%)
10	Capital Surcharge for Systemic Bank (1%-2.5%) (%)
11	Total CET1 as buffer requirements (row 8 + row 9 + row 10)
12	CET1 component for buffer
Basel III leverage ratio	
13	Total Exposure
14	Leverage ratio, including the impact of any applicable temporary exemption of central bank reserves (%)
14b	Leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserves (%)
14c	Leverage ratio, including the impact of any applicable temporary exemption of central bank reserves, incorporating mean values for SFT assets (%)
14d	Leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserves, incorporating mean values for SFT assets (%)
Liquidity Coverage Ratio (LCR)	
15	Total high-quality liquid assets (HQLA)
16	Total net cash outflow
17	LCR ratio (%)
Net Stable Funding Ratio (NSFR)	
18	Total available stable funding
19	Total required stable funding
20	NSFR ratio

* Based on OJK letter No.S-12/D.03/2020 regarding Advanced Relaxation Policy in order to Support National Economic Recovery Program in Banking Sector, the obligation to fulfil the Capital Conservation Buffer is temporarily removed until March 31, 2021.

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
	37,969,851	38,423,616	37,526,792	37,371,640	39,893,286
	37,969,851	38,423,616	37,526,792	37,371,640	39,893,286
	39,277,600	39,731,752	38,870,248	38,751,636	41,298,702
	157,250,615	159,671,247	165,881,252	175,569,070	170,789,224
	24.15%	24.06%	22.62%	21.29%	23.36%
	24.15%	24.06%	22.62%	21.29%	23.36%
	24.98%	24.88%	23.43%	22.07%	24.18%
	0.00%*)	0.00%*)	0.00%*)	2.50%	2.50%
	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	1.00%	1.00%
	1.00%	1.00%	1.00%	3.50%	3.50%
	15.98%	15.88%	14.43%	13.07%	15.18%
	206,310,845	201,679,858	199,048,098	208,588,622	
	18.40%	19.05%	18.85%	17.92%	
	18.40%	19.05%	18.85%	17.92%	
	17.90%	19.38%	18.60%	17.88%	
	17.90%	19.38%	18.60%	17.88%	
	51,068,326	46,663,077	37,869,239	39,437,113	34,361,305
	27,170,258	28,318,857	25,848,973	22,172,814	21,702,256
	187.96%	164.78%	146.50%	177.86%	158.33%
	139,305,729	139,543,258	135,824,896	139,030,419	140,193,281
	97,082,718	98,459,446	103,522,692	112,278,028	108,646,527
	143.49%	141.73%	131.20%	123.83%	129.04%

Table 2. Difference between Consolidated and Mapping on Financial Statements in accordance with Financial Accounting Standards with Risk Categories in accordance with Financial Services Authority Provisions for Risk Category (LI1)-Consolidated

December 31, 2020
(IDR million)

NO.	Accounts	Carrying value as stated in the financial statement publication	
	ASSETS		
1.	Cash	2,838,127	
2.	Placements with Bank Indonesia	9,356,726	
3.	Placements with other banks	4,551,923	
4.	Spot and derivative/forward receivables	362,482	
5.	Marketable securities	30,235,746	
6.	Securities sold under repurchase agreements (repo)	-	
7.	Securities purchased under resale agreements (reverse repo)	12,126,419	
8.	Acceptance receivables	1,597,504	
9.	Loans	102,411,480	
10.	Sharia financing	6,980,515	
11.	Consumer financing receivables	24,516,578	
	Allowance for impairment losses on consumer financing receivables -/-	(1,911,216)	
12.	Investments	1,031,731	
13.	Other financial assets	1,508,399	
14.	Allowance for impairment losses on financial assets -/-	-	
	a. Marketable securities	(11,840)	
	b. Loans and Sharia financing	(5,454,977)	
	c. Others	(14,162)	
15.	Intangible assets	4,109,777	
	Accumulated amortisation on intangible assets -/-	(2,523,107)	
16.	Fixed assets and equipment *)	5,379,059	
	Accumulated depreciation of fixed assets and equipment -/-	(3,273,368)	
17.	Non earning asset	-	
	a. Idle properties	41,444	
	b. Foreclosed assets	681,465	
	c. Suspense accounts	38	
	d. Interbranch assets	-	
18.	Leased receivables	252,392	
19.	Other assets	6,096,933	
TOTAL ASSETS		**200,890,068**	
LIABILITIES AND EQUITY			
LIABILITIES			
1.	Current accounts	22,899,720	
2.	Savings account	40,967,441	
3.	Time deposits	59,866,043	
4.	E-money	-	
5.	Loans from Bank Indonesia	-	
6.	Borrowings from other banks	2,477,725	
7.	Spot and derivative/forward liabilities	674,240	
8.	Securities sold under repurchase agreements (repo)	-	
9.	Acceptance payables	1,597,504	
10.	Marketable securities issued	8,391,559	

	Carrying amount of each risk *)				
	In accordance with the credit risk framework	In accordance with Counterparty Credit Risk framework	In accordance with the Securitization Framework	In accordance with the Market Risk Framework	Does not refer to capital requirements or based on capital reduction
	2,838,127			297,801	
	9,356,726			4,422,167	
	4,551,923			1,385,824	
		362,482		4,335	
	27,472,461			7,064,391	
				-	
	12,126,419			-	
	1,597,504			1,479,158	
	102,411,480			10,297,374	
	6,980,515			414,422	
	24,516,578			-	
	(1,492,978)			-	
	107,213			-	924,518
	1,493,185			76,171	
				(352)	
	(4,547,027)			(300,800)	
				(6,342)	
				-	4,109,777
				-	(2,523,107)
	5,379,059			-	
	(3,273,368)			-	
	41,444			-	
	681,465			-	
	38			-	
				-	
	252,392			-	
	3,142,290			-	2,954,643
	193,635,446	**362,482**	**-**	**25,134,149**	**5,465,831**
				4,278,996	
				5,117,057	
				4,265,114	
				-	
				-	
				5,080	
				1,082	
				-	
				1,479,158	
				-	

NO.	Accounts	Carrying value as stated in the financial statement publication	
11.	Borrowings	8,977,442	
12.	Security deposits	9,475	
13.	Interbranch liabilities	-	
14.	Other liabilities	11,453,420	
15.	Minority interest	467,686	
TOTAL LIABILITIES		**157,782,255**	
EQUITY			
16.	Issued and fully paid capital		
	a. Authorized capital	12,333,044	
	b. Unpaid capital -/-	(6,337,467)	
	c. Treasury stock -/-	-	
17.	Additional paid-up capital		
	a. Agio	7,985,971	
	b. Disagio -/-	-	
	c. Capital paid in advance	-	
	d. Others	-	
18.	Other comprehensive income		
	b. Gains	205,500	
	c. Lossess -/-	-	
19.	Reserves		
	a. General reserves	470,207	
	b. Specific reserves	-	
20.	Retained earnings		
	a. Previous years	29,275,974	
	b. Current year	1,007,614	
	c. Deviden paid -/-	(1,833,030)	
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY		**43,107,813**	
TOTAL EQUITY		**43,107,813**	
TOTAL LIABILITIES AND EQUITY		**200,890,068**	

*) The carrying amount column as stated in the financial statement publication may differ from the sum of all the carrying amount of each risk, because there are items that are calculated on more than one risk framework, or there are items that are not included in the risk framework at all.

	Carrying amount of each risk *)				
	In accordance with the credit risk framework	In accordance with Counterparty Credit Risk framework	In accordance with the Securitization Framework	In accordance with the Market Risk Framework	Does not refer to capital requirements or based on capital reduction
				7,510,896	
				140	
				-	
				74,752	
				-	
				22,732,275	
				259	
				259	
	-	**-**	**-**	**22,732,534**	**-**

Table 3. Main differences between Carrying Value according to Financial Accounting Standards and Exposure in accordance with OJK Regulations (LI2)-Consolidated

December 31, 2020 (IDR million)		Total	Items :			
			Credit Risk Framework	Securitization Framework	Counterparty Credit Risk Framework	Market Risk Framework
1	Carrying value of assets is in accordance with the prudential consolidated coverage (as reported in table LI1)	**219,132,079**	193,635,448	-	362,482	25,134,149
2	Carrying amount of the liability is in accordance with the prudential consolidated coverage (as reported in table LI1)	**22,732,534**	-	-	-	22,732,534
3	Total net value is in accordance with the prudential consolidated coverage	**241,864,613**	193,635,448	-	362,482	47,866,683
4	Administrative account value	**28,659,431**	4,849,929	-	320,468	23,489,034
5	Difference in valuation	**-**	-	-	-	-
6	Difference because netting rules, other than those included in line 2.	**-**	-	-	-	-
7	Difference in provision	**-**	-	-	-	-
8	Difference is due to prudential filters	**-**	-	-	-	-
Exposure value considered is in accordance with the consolidated scope of the prudential provisions		**270,524,044**	**198,485,377**	**-**	**682,950**	**71,355,717**

CAPITAL RISK

Table 4. Capital Composition (CC1)

December 31, 2020
(IDR million)

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	13,981,548	13,981,548	a + b + c
2	Retained earnings	28,450,558	28,450,558	d + e + f
3	Accumulated other comprehensive income (and other reserves)	1,112,323	1,112,323	g + h + i
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	N/A	N/A	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**43,544,429**	**43,544,429**	
Common Equity Tier 1 capital: regulatory adjustments				
7	Prudential valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	-	(1,074,532)	j + k
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(325,595)	(512,138)	l + m
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	N/A	N/A	
11	Cash-flow hedge reserve	N/A	N/A	
12	Shortfall of provisions to expected losses	N/A	N/A	

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
15	Defined-benefit pension fund net assets	N/A	N/A	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	N/A	N/A	
17	Reciprocal cross-holdings in common equity	-	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A	N/A	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	N/A	N/A	
20	Mortgage servicing rights (amount above 10% threshold)	-	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	N/A	N/A	
22	Amount exceeding the 15% threshold	N/A	N/A	
23	of which : significant investments in the common stock of financials	N/A	N/A	
24	of which : mortgage servicing rights	N/A	N/A	
25	of which : deferred tax assets arising from temporary differences	N/A	N/A	
26	National specific regulatory adjustments			
26a	Under provision between regulatory provision and impairment value on productive assets	-	-	
26b	Under provision between regulatory provision and impairment value on non productive assets	(108,747)	(108,747)	
26c	Deferred tax assets	(2,491,247)	(2,954,643)	n
26d	Investments	(9,584,294)	(924,518)	o
26e	Short of capital on insurance subsidiary company	-	-	
26f	Capital securitisation exposure	-	-	
26g	Others	-	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	
28	**Total regulatory adjustments to Common Equity Tier 1**	**(12,509,883)**	**(5,574,578)**	
29	**Common Equity Tier 1 capital (CET1)**	**31,034,546**	**37,969,851**	
Additional Tier 1 capital: instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	-	
31	of which: classified as equity under applicable accounting standards	-	-	
32	of which: classified as liabilities under applicable accounting standards	-	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	N/A	N/A	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-	
35	of which: instruments issued by subsidiaries subject to phase out	N/A	N/A	

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
36	**Additional Tier 1 capital before regulatory adjustments**	**-**	**-**	
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	N/A	N/A	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	N/A	N/A	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	N/A	
41	National specific regulatory adjustments			
41a	Placement of funds in instruments AT 1 at other Banks	-	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**	**-**	
44	**Additional Tier 1 capital (AT1)**	**-**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**31,034,546**	**37,969,851**	
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	14,583	14,583	
47	Directly issued capital instruments subject to phase out from Tier 2	N/A	N/A	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	
49	of which: instruments issued by subsidiaries subject to phase out	N/A	N/A	
50	Provisions	1,187,264	1,293,166	
51	**Tier 2 capital before regulatory adjustments**	**1,201,847**	**1,307,749**	
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	N/A	N/A	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	-	
54	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5 % threshold but that no longer meets the conditions (for G-SIBs only)	N/A	N/A	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	N/A	
56	National specific regulatory adjustments			
56a	Sinking fund	-	-	
56b	Placement of funds in Tier 2 instruments at other Banks	-	-	
57	**Total regulatory adjustments to Tier 2 capital**	**-**	**-**	
58	**Tier 2 capital (T2)**	**1,201,847**	**1,307,749**	
59	**Total capital (TC = T1 + T2)**	**32,236,393**	**39,277,600**	
60	**Total risk weighted assets**	**125,974,355**	**157,250,615**	

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
Capital ratios and buffers				
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**24.64%**	**24.15%**	
62	**Tier 1 (as a percentage of risk weighted assets)**	**24.64%**	**24.15%**	
63	**Total capital (as a percentage of risk weighted assets)**	**25.59%**	**24.98%**	
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)**	**1.00%**	**1.00%**	
65	of which: capital conservation buffer requirement	0.00%	0.00%	
66	of which: bank specific countercyclical buffer requirement	0.00%	0.00%	
67	of which: G-SIB buffer requirement	1.00%	1.00%	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)**	**16.59%**	**15.98%**	
National minima (if different from Basel 3)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	N/A	N/A	
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	N/A	N/A	
71	National total capital minimum ratio (if different from Basel 3 minimum)	N/A	N/A	
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	N/A	N/A	
73	Significant investments in the common stock of financials	N/A	N/A	
74	Mortgage servicing rights (net of related tax liability)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A	N/A	
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	N/A	N/A	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	N/A	N/A	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	N/A	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N/A	N/A	
Capital instruments subject to phase-out arrangements (only applicable between January 1, 2018 and January 1, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	N/A	N/A	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	N/A	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	
84	Current cap on T2 instruments subject to phase out arrangements	N/A	N/A	
85	**Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)**	**N/A**	**N/A**	

CAPITAL RISK

Table 5. Capital Reconciliation (CC2)

December 31, 2020
(IDR million)

No	Accounts	Bank	Consolidated	Ref. No.
ASSETS				
1	Cash	2,761,954	2,838,127	o
2	Placements with Bank Indonesia	9,356,726	9,356,726	
3	Placements with other banks	1,533,070	4,551,923	
4	Spot and derivative receivables	360,633	362,482	
5	Marketable securities owned	30,322,230	30,235,746	
6	Securities sold under repurchase agreements (repo)	-	-	
7	Securities purchased under resale agreements (reverse repo)	12,126,419	12,126,419	
8	Acceptance receivables	1,597,504	1,597,504	
9	Loans	102,598,980	102,411,480	
10	Sharia financing	6,980,515	6,980,515	
11	Consumer financing receivables	-	24,516,578	
	Allowance for impairment losses on consumer financing receivables -/-	-	(1,911,216)	
12	Investments			
	a. Calculated as capital deduction factor	9,584,294	924,518	o
	b. Not calculated as capital deduction factor	107,213	107,213	
13	Other financial assets	1,508,399	1,508,399	
14	Allowance for impairment losses on financial assets -/-			
	a. Marketable securities	(11,840)	(11,840)	
	b. Loans	(5,454,977)	(5,454,977)	
	c. Others	(8,416)	(14,162)	
15	Intangible assets			
	a. Goodwill	-	1,906,685	j
	b. Other Intangible assets	1,726,154	2,203,092	l
	Accumulated amortisation on intangible assets -/-			
	a. Goodwill	-	(832,153)	k
	b. Other Intangible assets	(1,400,559)	(1,690,954)	m
16	Fixed assets and equipment	4,105,268	5,379,059	
	Accumulated depreciation of fixed assets and equipment -/-	(2,558,890)	(3,273,368)	
17	Non earning asset			
	a. Idle properties	41,444	41,444	
	b. Foreclosed assets	681,465	681,465	
	c. Suspense accounts	38	38	
	d. Interbranch assets	-	-	
18	Leased receivables	-	252,392	
19	Other assets			
	a. Deferred tax assets calculated as capital deduction factor	2,491,247	2,954,643	n
	b. Other assets not calculated as capital deduction factor	2,738,938	3,142,290	
	Total Assets	**181,187,809**	**200,890,068**	
Liabilities & Equity				
1	Current accounts	24,305,608	22,899,720	
2	Savings account	40,967,441	40,967,441	

No	Accounts	Bank	Consolidated	Ref. No.
3	Time deposits	59,866,043	59,866,043	
4	E-money	-	-	
5	Loans from Bank Indonesia	-	-	
6	Borrowings from other banks	2,477,725	2,477,725	
7	Spot and derivative/forward liabilities	108,458	674,240	
8	Securities sold under repurchase agreements (repo)	-	-	
9	Acceptance payables	1,597,504	1,597,504	
10	Marketable securities issued	849,673	8,391,559	
11	Borrowings			
	a. Can be calculated in the capital component	14,583	14,583	p
	b. Can not be calculated in the capital component	10,417	8,962,859	
12	Security deposits	9,475	9,475	
13	Interbranch liabilities	-	-	
14	Other liabilities	7,873,069	11,453,420	
15	Minority interest	-	467,686	
	Total Liabilities	**138,079,996**	**157,782,255**	
16	Issued and fully paid capital			
	a. Authorized capital	12,333,044	12,333,044	a
	b. Unpaid capital -/-	(6,337,467)	(6,337,467)	b
	c. Treasury stock -/-	-	-	
17	Additional paid-up capital			
	a. Agio	7,985,971	7,985,971	c
	b. Disagio -/-	-	-	
	c. Capital paid in advance	-	-	
	d. Others	-	-	
18	Other comprehensive income			
	a. Gain			
	i. Can be calculated in the capital component	642,116	642,116	g
	ii. Can not be calculated in the capital component	(436,616)	(436,616)	
	b. Losses			
	i. Can be calculated in the capital component	-	-	h
	ii. Can not be calculated in the capital component	-	-	
19	Reserves			
	a. General reserves	470,207	470,207	i
	b. Specific reserves	-	-	
20	Retained earnings			
	a. Previous years	29,275,974	29,275,974	d
	b. Current year			
	i. Can be calculated in the capital component	1,007,614	1,007,614	e
	ii. Can not be calculated in the capital component	-	-	
	c. Dividend paid	(1,833,030)	(1,833,030)	f
Total Equity Attributable to Equity Holders of the Parent Equity		**43,107,813**	**43,107,813**	
Total Equity		**43,107,813**	**43,107,813**	
Total Liabilities and Equity		**181,187,809**	**200,890,068**	

Table 6. Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)

December 31, 2020

No	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)
	Question
1	Issuer
2	Identification Number
3	Legal applied
	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)
	Instrument Treatment based on CAR requirements
4	During the transition period
5	After the transition period
6	Are the instrument eligible for Individual/Consolidated or Consolidated and Individual
7	Instrument Type
8	The amount recognized in the CAR calculation (in millions IDR)
9	Par Value of the instrument (in millions IDR)
10	Accounting Classification
11	Publication Date

	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)	
	Answer	Answer
	PT Bank Danamon Indonesia Tbk.	PT Bank Danamon Indonesia Tbk.
	Exchange Code : BDMN ISIN : ID1000094204	N/A
	Indonesian Law	Indonesian Law
	N/A	N/A
	N/A	N/A
	CET1	Tier 2
	Consolidated and Individual	Consolidated and Individual
	Common Stock	Subordinated Loan
	13,981,548	14,583
	5,995,577	25,000
	Equity	Liability-Amortized cost
	STOCK SERIE A • Initial Public Offering on December 8, 1989 of 12,000,000 shares-par value per share of IDR1,000 • Founders' shares of 22,400,000 sheet • Bonus shares from additional paid-in capital capitalisation of 34,400,000 shares in 1992 • Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) I of 224,000,000 shares-par value per share of IDR1,000, on December 24, 1993 • Bonus shares from additional paid-in capital capitalisation of 112,000,000 shares-par value per share of IDR1,000 in 1995. • Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) II of 560,000,000 shares-par value per share of IDR1,000, on 29 April 1996 • Founders' shares of 155,200,000 shares in 1996 • Shares from the changes in the par value of shares of 1,120,000,000 sheet-par value per share of IDR500 in 1997 • Increase in par value to IDR10,000 per share through the reduction in total number of shares (reverse stock split) to 112,000,000 shares in 2001 • Increase in par value to IDR50,000 per share through the reduction in total number of shares (reverse stock split) to 22,400,000 shares in 2003	Loan proceed received on December 4, 2018

December 31, 2020

No	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)
	Question
12	No maturity (perpertual) or with maturity
13	Due Date
14	Execution of Call Option based on Banks' supervisor approval
15	Date of call option, amounts withdrawal and other call option requirements (if any)
16	Subsequent call option
	Coupon/Dividen
17	Dividend or coupon with fixed or floating interest
18	Coupon rate or other index to which reference
19	Whether or not dividend stopper
20	Fully discretionary; partial or mandatory
21	Any step up feature or other incentive
22	Non-cumulative or cumulative
23	Convertible atau non-convertible
24	If convertible, mention its trigger point
25	If convertible, whether whole or in part
26	If convertible, how the conversion rate
27	If convertible; whether mandatory or optional
28	If convertible, specify the type of conversion instrument

	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)	
	Answer	Answer
	STOCK SERIE B • Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) III of 215,040,000,000 shares-par value per share of IDR5 on March 29, 1999 • Shares issued in order to merger with PDFCI of 45,375,000,000 shares-par value per share of IDR5 in 1999 • Shares issued in order to merger with Bank Tiara of 35,557,200,000 shares-par value per share of IDR5 in 2000 • Shares issued in order with the Bank's merger with 7 Taken-Over (BTO) of 192,480,000,000 shares-par value per share of IDR5 in 2000 • Increase in par value to IDR100 per share through the reduction in total number of shares (reverse stock split) to 24,422,610,000 shares in 2001. • Increase in par value to IDR500 per share through the reduction in total number of shares (reverse stock split) to 4,884,522,000 shares in 2003 • Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) IV of 3,314,893,116 shares-par value per share of IDR500, on March 20, 2009 • Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) V of 1,162,285,399 shares-par value per share of IDR1,000, on August 24, 2011 • Total Series B Shares issued start from 01 July 2015 until June 30, 2011 by the Company to, and placed/taken by, the members of the Board of Directors that determined by the Board of Commissioners of the Company and senior employees that determined by the Board of Company Directors ("Option Beneficiaries") who have exercised the option rights granted to them under the E/MSOP program are 200,542,850 Series B shares or equals with IDR100,271,425,000 with a par value per share of IDR500 in the period between 2005 and 2011 • Shares conversion due to merger with PT Bank Nusantara Parahyangan Tbk. (Bank BNP) , through an additional of 188,909,505 shares B series (with a par value per share of IDR500) efective at May 1, 2019	
	Perpetual	With maturity
	No maturity date	December 4, 2023
	No	No
	N/A	N/A
	N/A	N/A
	Floating	Fixed
	N/A	9,27%
	Yes	No
	Mandatory	Mandatory
	No	No
	Cumulative dan Non-cumulative	Cumulative
	Non-convertible	Non-convertible
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A

December 31, 2020

No	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)	
	Question	
29	If convertible, mention the issuer of instrument it converts into	
30	Write-down feature	
31	If write-down, mention its trigger point	
32	If write-down, whether whole or in part	
33	If write-down; permanent or temporary	
34	If temporary write-down, explain the write-up mechanism	
34a	Type of subordination	
35	Instrument hierarchy when the liquidation is done	
36	Is there non-compliant transitioned features	
37	If yes, specify non-compliant features	

	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)	
	Answer	Answer
	N/A	N/A
	No	Yes
	N/A	(i) Common Equity Tier 1 Ratio become lower than: (a) 8% of its RWA; or (b) as required by prevailing law; or (ii) CAR Ratio become lower than: (a) 13.5%; or (b) as required by prevailing law; or (iii)Regulators decide that Debtor's business continuity is potential interrupted
	N/A	whole or in part
	N/A	Permanent
	N/A	N/A
	N/A	N/A
	Paid-up capital instrument and it's subordinated to other capital instrument. Available to absorb losses incurred prior or at the time of liquidation.	Subordinated Loan will be subordinated, Creditors wil receive payment by hierarchy after Separtist Creditors, Preference Creditors, Preference Creditors, Concurrent Creditors, and Depositors have been repaid in accordance with prevailing laws and regulations in Indonesia when liquidation is done
	No	No
	N/A	N/A

Table 7. Leverage Ratio Report

December 31, 2020
(IDR million)

No	Information	Total	
		Bank	Consolidated
1	Total assets on the balance sheet in published financial statements (gross value before deducting impairment provision)	186,663.042	208,282,263
2	Adjustment for investment in Bank, Financial Institution, Insurance Company, and/or other entities that consolidated based on accounting standard yet out of scope consolidation based on Otoritas Jasa Keuangan	-	-
3	Adjustment for portfolio of financial asset that have underlying which already transferred to without recourse securitization asset as stipulated in OJK's statutory regulations related to Prudential Principles in Securitization Asset Activity for General Bank	-	-
4	Adjustment to temporary exception of Placement to Bank Indonesia in accordance Statutory Reserve Requirement (if any)	N/A	N/A
5	Adjustment to fiduciary asset that recognized as balance sheet based on accounting standard yet excluded from total exposure in Leverage Ratio calculation.	N/A	N/A
6	Adjustment to acquisition cost and sales price of financial assets regularly using trade date accounting method	-	-
7	Adjustment to qualified cash pooling transaction as stipulated in this OJK's regulation.	-	-
8	Adjustment to exposure of derivative transaction	440,180	853,938
9	Adjustment to exposure of Securities Financing Transaction (SFT) as example: reverse repo transaction	-	-
10	Adjustment to exposure of Off Balance Sheet transaction that already multiply with Credit Conversion Factor	10,032,669	10,032,669
11	Prudent valuation adjustments in form of capital deduction factor and impairment provision	(17,876,369)	(12,858,025)
12	Other adjustments	-	-
13	**Total exposure in Leverage Ratio Calculation**	**179,259,522**	**206,310,845**

Table 7. Leverage Ratio Calculation Report

December 31, 2020
(IDR million)

No.	Information	Bank		Consolidated	
		December 31, 2020	September 30, 2020	December 31, 2020	September 30,2020
	On Balance Sheet Exposure				
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) (gross value before deducting impairment provision)	174,154,031	166,270,807	195,771,403	188,672,325

December 31, 2020
(IDR million)

No.	Information	Bank		Consolidated	
		December 31, 2020	September 30, 2020	December 31, 2020	September 30,2020
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the accounting standard	-	-	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-	-	-
5	(Impairment provision those assets inline with accounting standard applied)	(5,475,233)	(4,431,340)	(7,392,195)	(6,116,236)
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(12,401,136)	(12,059,576)	(5,465,830)	(5,418,792)
7	**Total on-balance sheet exposures**	**156,277,662**	**149,779,891**	**182,913,378**	**177,137,297**
	Derivative Exposure				
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	504,886	222,042	507,474	357,080
9	Add-on amounts for potential future exposure associated with all derivatives transactions	295,927	372,647	708,946	882,501
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	N/A	N/A	N/A	N/A
11	Adjusted effective notional amount of written credit derivatives	-	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
13	**Total derivative exposures**	**800,813**	**594,689**	**1,216,420**	**1,239,581**
	Securities financing transaction exposures				
14	Gross SFT Assets	12,148,378	13,819,647	12,148,378	13,819,647
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
16	Counterparty credit risk exposure for SFT assets refers to Current Exposure calculation	-	20,858	-	20,858
17	Agent transaction exposures	-	-	-	-
18	**Total securities financing transaction exposures**	**12,148,378**	**13,840,505**	**12,148,378**	**13,840,505**
	Other off-balance sheet exposures				
19	Off-balance sheet exposure at gross notional amount	58,894,190	56,034,813	58,894,190	56,034,813

December 31, 2020
(IDR million)

No.	Information	Bank		Consolidated	
		December 31, 2020	September 30, 2020	December 31, 2020	September 30,2020
20	(Adjustment from the result of multiplying commitment payable or contingent payables with credit conversion factor and deducted with impairment provision)	(48,744,207)	(46,468,553)	(48,744,207)	(46,468,553)
21	(Impairment provision for off balance sheet inline with accounting standard)	(117,314)	(103,785)	(117,314)	(103,785)
22	**Off-balance sheet items**	**10,032,669**	**9,462,475**	**10,032,669**	**9,462,475**
	Capital and Total Exposure				
23	Tier 1 Capital	31,034,546	31,782,832	37,969,852	38,423,616
24	**Total Exposure**	**179,259,522**	**173,677,560**	**206,310,845**	**201,679,858**
	Leverage Ratio				
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	17.31%	18.30%	18.40%	19.05%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	17.31%	18.30%	18.40%	19.05%
26	**National minimum leverage ratio requirement**	**3.00%**	**3.00%**	**3.00%**	**3.00%**
27	**Applicable leverage buffers**	**N/A**	**N/A**	**N/A**	**N/A**
Disclosures of mean values					
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash	17,978,162	10,391,759	17,978,162	10,391,759
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	12,148,378	13,819,647	12,148,378	13,819,647
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	185,089,306	170,249,672	212,140,629	198,251,970
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	185,089.306	170,249.672	212,140,629	198,251,970

December 31, 2020
(IDR million)

No.	Information	Bank		Consolidated	
		December 31, 2020	September 30, 2020	December 31, 2020	September 30,2020
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	16.77%	18.67%	17.90%	19.38%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	16.77%	18.67%	17.90%	19.38%

Risk Management Focus and Activities in 2020

In accordance with the bank's business plan, in 2020 Danamon continued to conduct the previous year programs and implement several new programs as follows:

Risk	Activities
Risk Management in General	• Implementation of individual and consolidated Risk Management in the Bank and Subsidiary. • Improvement of Risk Profile report in accordance with regulatory requirements. • Preparation and submission of Sustainable Finance Action Plan for period of 2021-2025 in order to fulfill POJK No. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies. • Implement programs stated in the Sustainable Finance Action Plan. • Update Integrated Risk Management Policy and differentiate between Risk Management Policy – Bank and Consolidated and Integrated Risk Management Policy of MUFG Group Financial Conglomeration have been done. • Update Risk Profile Guideline and differentiate between Risk Profile Guideline (Individu, Consolidated and Sharia) and Integrated Risk Profile Guideline have been done. • Development of Sustainability Guideline related to Credit is on-going. • Update Recovery Plan in accordance with POJK No. 14/POJK.03/2017. • Roll out Risk Academy on an ongoing basis as a means of risk management learning for all Bank employees through on-line/virtual training and various kinds of e-Learning modules related to risk management. • Implementation of ICAAP framework that already had by the Bank continuosly. • Conduct bank-wide stress tests according to Basel II at least once a year. • Participate in the Joint Stress Test exercise using template and macroeconomy scenario provided by OJK and BI. • Perform COVID-19 Thematic Stress Test to measure its impact to the Capital Adequacy and credit quality. • Conduct Risk Culture programs that focus on the campaign of Three Lines of Defense implementation. • Comprehensively review Risk Appetite Statement (RAS), including cascade it down to the line of business and subsidiary. • Has a Change Risk Management division under the Integrated Risk Directorate which responsible to collaborate with Bank-wide stakeholders involved in transformation projects to ensure risk elements (appetite, safeguard & control) are always taken into account in planning and implementing major projects.
Credit	• Monitor Internal Rating Model result for Corporate, Commercial, Financial Institution and Financing Company. • Implement Early Warning Indicator for Corporate and Commercial line of business. • Implement Behaviour Scorecard for Small Medium Enterprise (SME) line of business to support credit process. • Implement LLP 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, starting January 2020 according to OJK regulation. • Establish, revamp and provide guidance to implementation of Credit Risk Policy which applied bankwide in order to in line with Bank Indonesia or OJK Regulation as well as internal policy and risk appetite of Danamon. • Establish and revamp the memo of Stimulus regarding to COVID-19 impact in order to implement POJK No.11/POJK.03/2020 in Danamon, including review implementation memo on each LOB. • Establish and categorize different types of industries into industrial groups of high restricted, high, medium, and low risk levels. Danamon will focus its growth on industries with medium and low risk levels.

Risk	Activities
	• Stipulate authority of Credit approval in Head Office in each LOB including approval authority for COVID-19 credit restructure. • Review EB and SME Credit Guideline as well as revise credit criteria for segments with bad performance and set caps and triggers for high risk segments. • Limit the lending to high risk segments such as UPL. • Stop the lending to high-risk loans in the Micro Credit (SEMM) and strengthen the collection strategy. • Review new initiative programs in digital segment and MUFG Collaboration in order to keep in line with regulation and Danamon's risk appetite. • 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. • Credit Quality Assurance (CQA) as a second line of defense which responsible to conduct independent forward-looking credit review/monitoring, where currently the coverage only to regional branch that has Enterprise Banking (EB) portfolio. CQA functions are to provide assurance on appropriateness of credit decision making, review adherence to credit guideline and methodology, and review process and outputs of credit approval.
Operational, Fraud & QA	• Improve the independence of functions and roles of operational risk manager in lines of business, support functions and Subsidiary. • Refine the Operational Risk Management System (ORMS) application to improve the effectiveness in operational risk management comprehensively at the Bank and Subsidiary. • Build the awareness of Operational Risk Management through e-Learning, Risk Academy module, email blast, and anti fraud awareness campaign. The purpose is to enhance awareness throughout all of management and employees on the importance of operational risk management. • To improve implementation of ORPA (Operational Risk Pre-Assessment) to review the risk on new strategic initiatives including the recommendation of risk mitigation. • 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. • 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. • Enhance QA methodology and supporting system as well as improving QA Policy. • Improve awareness regarding risk control. • Improve the ability of early detection on the potential fraud by developing the fraud detection system and providing the Whistle-blower channel through independent third party. • Build commitment and awareness of fraud through the obligation of the Anti-Fraud Integrity Pact signing by all Board of Directors, Board of Commissioners, and all employees of Danamon. • Review and update the anti-fraud policy and framework that is aligned with regulation. • Update the Business Continuity Management (BCM) policy according to the latest conditions.

Risk	Activities
Technology and Information Security	• Develop procedural documents that are derived from the previously developed Information Technology Risk Management Policies, as a reference in implementing risk management for the use of Information Technology Services within Danamon. • Improve the internal control process so that it is adequate to minimize inherent and residual risks and their impact in managing and use of Information Technology Services. • Develop and update the risk tools that used to implement the Information Technology Risk Management Policy. • Perform consultation and communication functions with stakeholders related to managing the risk of using Information Technology Services in the first line of defense. • Gradually implement Danamon Information Security Policy with priority and focus in accordance with the approved implementation strategy. • Implement cyber threat modeling system or CyberThreat Modeling to carry out cyber risk identification of an application at an early stage so that it can be properly accommodated and mitigated. • Implement Information Security Risk Management framework for vendors who process sensitive data belonging to the Bank classified as confidential/strictly confidential. • Conduct cyber risk awareness programs through simulation exercises such as the Phishing eMail Exercise, email awareness, online learning for all Danamon employees, implement Cyber Security Awareness to senior management, etc.
Market and Liquidity	• Update the Bank's Market and Liquidity Risks limit structure and policies. • Validation of the market and liquidity risk measurement methodology, including those to support Treasury new products. • Validation from independent external party on the Bank's policies, methodologies, and reporting results produced by the ALM System related to Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Interest Rate Risk in Banking Book (IRRBB). • Update and enhancement of ALM System to support calculation and reporting alignment in regards of LCR, NSFR, as well as IRRBB. • Implement Big Data as a data source used by the ALM System which is in line with the Bank's strategy of using Big Data as the main data source. • Study and review the OJK Consultative Paper pertaining to the Revision to the Minimum Capital Adequacy Requirement for Market Risk.

Risk Management Efforts with Disclosure of Exposure and Implementation of Risk Management

1. **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.

   a. **Credit Risk Management**

      Danamon implements Credit Risk Management individually and consolidated with its Subsidiary, which involves the active role of the Board of Commissioners and the Board of Directors. Danamon always applies the prudential principle and risk management as a whole to every aspect of credit activity in compliance with the prevailing regulations, such as POJK No. 40/POJK.03/2019 regarding Assessment of Asset Quality for Commercial Bank. In regards to COVID-19 pandemic, Danamon has implemented POJK No. 11/POJK.03/2020 (and at the moment is in reviewing process in order to comply with POJK No. 48/POJK.03/2020) regarding National Economy Stimulus as the COVID-19 Outbreak Impact Countercyclical Policy with the objective to push the optimization of bank's performance specifically for the intermediation function, manage the stability of the financial system, and support the economic growth by still applying the prudential principles and avoiding moral hazard.

      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, govern the credit risk management process comprehensively starting from risk identification, measurement, monitoring, and controlling. Credit policy and guidelines are reviewed periodically to fulfill the prevailing regulations as well as being adjusted to Danamon's risk appetite.

Process	Implementation Activities
Identification	• 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	• 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	• 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.

Process	Implementation Activities
Control	• 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 approval. • Delegate authority on credit approvals to selected members of the Credit Committee, based on qualifications and competencies. • Set internal limit for 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.

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

The Credit Risk Management Division serves as an independent second line of defense. This unit is responsible for monitoring and reviewing credit risk parameters, reviewing and adjusting Credit Risk Policy, and developing risk measurement methodologies and risk control procedures. The Regulatory 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.

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.

Credit Risk Internal Rating and Scorecard Model

Danamon has Risk Modelling, Quantitative Technique & Analytics (RA) Division to develop, implement, monitor, and review risk modelling and methodology of quantitative technique. This also includes to ensure that the bank has its robust risk modeling for prudent portfolio management, for the credit business as follows:

- Corporate
- Commercial
- Mid Market
- Financing Company
- Financial Institutions
- Credit card
- Micro Credit
- Unsecured Loans
- Small and Medium Enterprise Loans
- Home Ownership Loans
- Automotive Loans

In addition to the above models, RA Division also develops Probability of Default (PD) model and implement "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 a basis for ECL PSAK 71/IFRS 9 calculation and become one of the several indicators used as the reference to make credit decision, acquisition and portfolio monitoring. By implementing Internal Rating Model and Credit Scorecard, it is expected able to improve the overall quality of Danamon's loan portfolio.

b. 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.

c. Measurement and Control Mechanism of Credit Risk

Danamon conducts intensive and rigorous monitoring of any changes that may affect Danamon portfolio individually or consolidated with its Subsidiary. 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 Oversight 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.

d. Provisioning

Starting January 2020, Danamon has implemented IFRS9 (PSAK71) to define forward looking Loan Loss Provision (LLP) for conventional credit which called ECL (Expected Credit Loss) provision. Meanwhile, LLP calculation for sharia financing still use PSAK50/55.

In addition, Provision for Asset Losses (PPA) applies for all Danamon lines of business and subsidiary, for both conventional credit and sharia financing which comply 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.

The LLP calculation refers to the Indonesian Banking Accounting Standard (PAPI) which starting January 2020 already uses IFRS9 principles. The calculation of loan provision is based on the impairment of loan value and forward looking (macroeconomic) condition methodology which is developed by Danamon and approved by the Board of Directors.

Calculation of LLP is defined as follows:

- Collective LLP is forward looking provision for impairment of financial assets which are evaluated collectively, if there is no objective evidence of assets impairment.

  PD estimation, as a basis for LLP/ECL IFRS9 calculation under collective approach, for Enterprise Banking Credit segment(corporate, Commercial, FI, and Finco) uses Internal Rating based, while for Retail/Consumer & Mass market credit segment uses Scorecard (B-score) based

- Individual LLP is provision for impairment of financial asset which is evaluated by asssessing the confidence level of individual forward looking condition 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.

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

e. Disclosure of Danamon Quantitative Credit Risk

Danamon quantitative credit risk calculations for 2020 are disclosed in the following table::

CREDIT RISK

Table 8. Disclosure of Net Receivables Based on Region-Bank Stand Alone

(IDR million)

No	Portfolio Category	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogjakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	46,496,012	-	-	-
2	Receivables on Public Sector Entities	6,572,513	136	1	28,775
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	6,823,224	1,043,259	112,852	16,471
5	Loans Secured by Residential Property	3,849,314	215,220	69,801	333,255
6	Loan Secured by Commercial Real Estate	854,376	119,454	51,758	80,989
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	11,364,306	2,208,687	1,365,862	2,255,983
9	Receivables on Corporate	47,275,651	4,642,001	4,281,426	3,788,145
10	Past Due Receivables	423,905	60,842	27,986	134,681
11	Other Assets	4,772,574	326,516	416,645	369,045
TOTAL		**128,431,875**	**8,616,115**	**6,326,331**	**7,007,344**

No	Portfolio Category	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogjakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	28,582,049	-	-	-
2	Receivables on Public Sector Entities	1,803,653	212	-	26
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	5,882,797	65,529	152,069	27,539
5	Loans Secured by Residential Property	4,973,527	267,864	118,698	477,243
6	Loan Secured by Commercial Real Estate	835,328	173,947	35,761	134,716
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	11,693,360	3,131,134	1,882,809	2,995,688
9	Receivables on Corporate	48,811,282	5,602,346	4,471,650	5,111,250
10	Past Due Receivables	1,060,810	304,152	143,818	450,198
11	Other Assets	4,066,996	241,684	484,280	380,695
TOTAL		**107,709,802**	**9,786,868**	**7,289,085**	**9,577,355**

	December 31, 2020					
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	-	-	-	-	-	**46,496,012**
	-	652	89	62	-	**6,602,228**
	-	-	-	-	-	**-**
	119,832	25,815	-	4	30	**8,141,487**
	75,060	28,348	11,760	89,079	3,010	**4,674,847**
	18,525	544	15,283	62,131	27,555	**1,230,615**
	-	-	-	-	-	**-**
	247,456	2,978,332	1,451,295	3,818,873	192,014	**25,882,808**
	1,174,609	1,922,740	1,906,785	3,972,324	1,442,169	**70,405,850**
	48,042	41,509	27,874	65,073	12,695	**842,607**
	249,322	467,531	421,714	623,180	230,850	**7,877,377**
	1,932,846	**5,465,471**	**3,834,800**	**8,630,726**	**1,908,323**	**172,153,831**

	December 31, 2019					
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	-	-	-	-	-	**28,582,049**
	-	772	174	134	-	**1,804,971**
	-	-	-	-	-	**-**
	127,289	46,847	1	10	23	**6,302,104**
	110,240	47,595	17,413	98,893	3,953	**6,115,426**
	26,779	3,648	20,257	85,287	33,263	**1,348,986**
	-	-	-	-	-	**-**
	300,385	3,829,198	2,185,348	5,422,619	283,447	**31,723,988**
	1,388,141	2,396,071	2,597,107	4,928,663	1,730,190	**77,036,700**
	98,174	248,864	84,386	186,691	85,188	**2,662,281**
	257,805	611,817	432,015	589,250	275,566	**7,340,108**
	2,308,813	**7,184,812**	**5,336,701**	**11,311,547**	**2,411,630**	**162,916,613**

Table 8. Disclosure of Net Receivables Based on Region-Consolidated

(IDR million)

No	Portfolio Category	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogjakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	46,496,012	-	-	-
2	Receivables on Public Sector Entities	6,572,525	326	10	28,776
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	10,032,004	1,043,259	112,852	16,471
5	Loans Secured by Residential Property	3,849,871	215,407	69,801	333,255
6	Loan Secured by Commercial Real Estate	854,376	119,454	51,758	80,989
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	17,565,327	4,617,246	3,369,898	5,758,268
9	Receivables on Corporate	47,092,726	4,642,001	4,281,426	3,802,774
10	Past Due Receivables	516,135	94,927	41,711	185,837
11	Other Assets	5,570,495	365,691	445,107	410,462
TOTAL		**138,549,471**	**11,098,311**	**8,372,563**	**10,616,832**

No	Portfolio Category	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogjakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	28,582,049	-	-	-
2	Receivables on Public Sector Entities	1,803,668	503	24	29
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	7,205,801	65,529	152,069	27,539
5	Loans Secured by Residential Property	4,974,981	268,251	118,698	477,243
6	Loan Secured by Commercial Real Estate	835,328	173,947	35,761	134,716
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	20,984,482	6,457,657	4,682,232	7,714,067
9	Receivables on Corporate	47,365,657	5,602,346	4,471,929	5,112,126
10	Past Due Receivables	1,185,560	371,425	181,948	512,624
11	Other Assets	4,864,252	295,546	524,141	445,222
TOTAL		**117,801,778**	**13,235,204**	**10,166,802**	**14,423,566**

						December 31, 2020
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	-	-	-	-	-	**46,496,012**
	-	820	102	95	-	**6,602,654**
	-	-	-	-	-	**-**
	119,832	25,815	-	4	30	**11,350,267**
	75,060	28,348	11,760	89,079	3,010	**4,675,591**
	18,525	544	15,283	62,131	27,555	**1,230,615**
	-	-	-	-	-	**-**
	247,456	6,689,009	2,869,517	7,495,723	192,014	**48,804,458**
	1,174,609	1,925,746	1,906,971	3,985,438	1,442,169	**70,253,860**
	48,042	74,196	38,608	98,129	12,695	**1,110,280**
	249,322	516,403	448,209	681,233	230,850	**8,917,772**
	1,932,846	**9,260,881**	**5,290,450**	**12,411,832**	**1,908,323**	**199,441,509**

						December 31, 2019
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	-	-	-	-	-	**28,582,049**
	-	1,048	195	182	-	**1,805,649**
	-	-	-	-	-	**-**
	127,289	46,847	1	10	23	**7,625,108**
	110,240	47,595	17,413	98,893	3,953	**6,117,267**
	26,779	3,648	20,257	85,287	33,263	**1,348,986**
	-	-	-	-	-	**-**
	300,385	8,059,470	4,123,058	9,824,216	283,447	**62,429,014**
	1,388,141	2,397,307	2,597,219	4,937,816	1,730,190	**75,602,731**
	98,174	289,808	110,192	264,000	85,188	**3,098,919**
	257,805	692,257	473,654	678,555	275,566	**8,506,998**
	2,308,813	**11,537,980**	**7,341,989**	**15,888,959**	**2,411,630**	**195,116,721**

Table 9. Disclosure of Net Receivables Based on the Remaining Term of Contract-Bank Stand Alone

(IDR million)

No.	Portfolio Category	December 31, 2020				
		Net Receivables by Remaining Contractual Maturity				
		≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns	26,393,390	13,650,816	3,849,159	498,228	2,104,419
2	Receivables on Public Sector Entities	3,750,317	989,968	1,832,224	29,719	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	5,518,093	2,098,142	439,303	85,780	169
5	Loans Secured by Residential Property	17,682	188,052	529,580	3,939,529	4
6	Loan Secured by Commercial Real Estate	661,631	327,153	174,440	61,677	5,714
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	5,687,890	12,750,669	5,967,358	1,440,665	36,226
9	Receivables on Corporate	52,051,748	6,991,138	7,143,088	4,069,251	150,625
10	Past Due Receivables	124,921	163,682	103,046	177,569	273,389
11	Other Assets	289,433	-	-	-	7,587,944
TOTAL		**94,495,105**	**37,159,620**	**20,038,198**	**10,302,418**	**10,158,490**

		December 31, 2019					
		Net Receivables by Remaining Contractual Maturity					
	Total	≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual	Total
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	46,496,012	13,171,983	6,920,269	2,707,992	568,223	5,213,582	**28,582,049**
	6,602,228	1,353,814	451,034	123	-	-	**1,804,971**
	-	-	-	-	-	-	**-**
	8,141,487	4,417,921	1,226,582	405,598	167,511	84,492	**6,302,104**
	4,674,847	24,923	255,985	618,267	5,216,251	-	**6,115,426**
	1,230,615	911,668	115,568	213,154	108,596	-	**1,348,986**
	-	-	-	-	-	-	**-**
	25,882,808	6,404,374	16,695,396	7,454,149	1,143,783	26,286	**31,723,988**
	70,405,850	57,981,934	8,053,328	6,283,755	4,496,314	221,369	**77,036,700**
	842,607	523,103	366,429	238,180	474,761	1,059,808	**2,662,281**
	7,877,377	63,183	-	21,340	-	7,255,585	**7,340,108**
	172,153,831	**84,852,903**	**34,084,591**	**17,942,558**	**12,175,439**	**13,861,122**	**162,916,613**

Table 9. Disclosure of Net Receivables Based on the Remaining Term of Contract-Consolidated

(IDR million)

No.	Portfolio Category	December 31, 2020				
		Net Receivables by Remaining Contractual Maturity				
		≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns	26,393,390	13,650,816	3,849,159	498,228	2,104,419
2	Receivables on Public Sector Entities	3,750,510	990,167	1,832,258	29,719	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	8,555,339	2,269,676	439,303	85,780	169
5	Loans Secured by Residential Property	17,877	188,601	529,580	3,939,529	4
6	Loan Secured by Commercial Real Estate	661,631	327,153	174,440	61,677	5,714
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	9,879,799	26,976,458	10,465,299	1,446,676	36,226
9	Receivables on Corporate	51,824,555	7,047,984	7,161,445	4,069,251	150,625
10	Past Due Receivables	193,494	323,089	142,739	177,569	273,389
11	Other Assets	212,183	358,956	13,519	-	8,333,114
TOTAL		**101,488,778**	**52,132,900**	**24,607,742**	**10,308,429**	**10,903,660**

		December 31, 2019						
		Net Receivables by Remaining Contractual Maturity						
	Total	≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual	Total
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	46,496,012	13,171,983	6,920,269	2,707,992	568,223	5,213,582	**28,582,049**
	6,602,654	1,353,812	451,592	245	-	-	**1,805,649**
	-	-	-	-	-	-	**-**
	11,350,267	5,564,638	1,402,869	405,598	167,511	84,492	**7,625,108**
	4,675,591	24,923	256,522	619,439	5,216,383	-	**6,117,267**
	1,230,615	911,668	115,568	213,154	108,596	-	**1,348,986**
	-	-	-	-	-	-	**-**
	48,804,458	6,685,316	31,095,874	21,427,997	3,193,541	26,286	**62,429,014**
	70,253,860	56,411,817	8,123,572	6,349,659	4,496,314	221,369	**75,602,731**
	1,110,280	539,394	601,913	413,189	484,615	1,059,808	**3,098,919**
	8,917,772	253,638	23,875	381,725	62	7,847,698	**8,506,998**
	199,441,509	**84,917,189**	**48,992,054**	**32,518,998**	**14,235,245**	**14,453,235**	**195,116,721**

Table 10. Disclosure of Net Receivables Based on Economic Sector-Bank Stand Alone

(IDR million)

No.	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
December 31, 2020						
1	Agriculture, Forestry and Fisheries	-	139,486	-	-	-
2	Mining and Quarrying	-	-	-	-	-
3	Manufacturing	-	-	-	-	-
4	Procurement of electricity, gas, steam/ hot water and cold air	-	-	-	-	-
5	Water Management, Wastewater Management, Waste Management and Recycling	-	782	-	-	-
6	Construction	-	1,316,885	-	-	-
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	93	-	-	-
8	Transportation and Warehousing	-	-	-	-	-
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	-	-
10	Information and Communication	-	-	-	-	-
11	Financial and Insurance Activities	1,909,978	3,776,544	-	8,141,487	-
12	Real Estate	-	-	-	-	-
13	Professional, Scientific, and Technical Activities	-	-	-	-	-
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	-	-
15	Mandatory Government Administration, Defense, and Social Security	-	381	-	-	-
16	Education	-	-	-	-	-
17	Human Health Activities and Social Activities	-	-	-	-	-
18	Arts, Entertainment and Recreation	-	-	-	-	-
19	Other Service Activities	-	-	-	-	-
20	Household Activities as an Employer	-	-	-	-	4,674,628
21	Activities of International Bodies and Other Extra-International Agencies	-	-	-	-	-
22	Non Business Field	-	-	-	-	219
23	Others	44,586,034	1,368,057	-	-	-
TOTAL		**46,496,012**	**6,602,228**	**-**	**8,141,487**	**4,674,847**

	Loan Secured by Commercial Real Estate	"Employee/ Pensioner Loans"	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	833,421	2,351,990	5,525	-
	-	-	122,348	1,050,479	2,180	-
	-	-	676,036	20,409,784	72,321	-
	-	-	43,792	49,844	8	-
	-	-	17,514	53,798	232	-
	568,066	-	239,815	2,113,195	35,550	-
	-	-	3,866,864	24,876,588	353,113	-
	-	-	953,382	1,737,299	16,714	-
	-	-	120,099	861,939	3,461	-
	-	-	15,473	305,195	67	-
	-	-	22,838	5,745,130	11,999	-
	662,549	-	13,009	16,204	1,761	-
	-	-	757,850	246,100	6,586	-
	-	-	55,126	760,183	2,103	-
	-	-	380	-	37	-
	-	-	10,601	12,153	288	-
	-	-	15,591	161,265	272	-
	-	-	505	-	-	-
	-	-	107,987	172,073	5,034	-
	-	-	16,753,487	1,945,805	325,305	-
	-	-	-	-	-	-
	-	-	664	-	51	-
	-	-	1,256,026	7,536,826	-	7,877,377
	1,230,615	**-**	**25,882,808**	**70,405,850**	**842,607**	**7,877,377**

No.	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
December 31, 2019						
1	Agriculture, Forestry and Fisheries	-	-	-	-	-
2	Mining and Quarrying	-	280,237	-	-	-
3	Manufacturing	-	-	-	-	-
4	Procurement of electricity, gas, steam/ hot water and cold air	-	796	-	-	-
5	Water Management, Wastewater Management, Waste Management and Recycling	-	-	-	-	-
6	Construction	-	365,873	-	-	-
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	123	-	-	-
8	Transportation and Warehousing	-	-	-	-	-
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	-	-
10	Information and Communication					
11	Financial and Insurance Activities	-	-	-	6,302,104	-
12	Real Estate	-	-	-	-	-
13	Professional, Scientific, and Technical Activities	-	-	-	-	-
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	-	-
15	Mandatory Government Administration, Defense, and Social Security	-	544	-	-	-
16	Education	-	-	-	-	-
17	Human Health Activities and Social Activities	-	-	-	-	-
18	Arts, Entertainment and Recreation	277,736	-	-	-	-
19	Other Service Activities	-	-	-	-	-
20	Household Activities as an Employer	-	-	-	-	-
21	Activities of International Bodies and Other Extra-International Agencies	-	-	-	-	-
22	Non Business Field	-	-	-	-	6,115,426
23	Others	28,304,313	1,157,398	-	-	-
TOTAL		**28,582,049**	**1,804,971**	**-**	**6,302,104**	**6,115,426**

Note:
*) Economic sector refers to economic sector used in the Integrated Commercial Bank Monthly Report (Integrated-LBU). Net receivables to bank without economic sector information in Integrated LBU is classified as "Financial and Insurance Activities" while other than that is classified as "Others".

	Loan Secured by Commercial Real Estate	"Employee/ Pensioner Loans"	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	1,143,371	1,902,929	32,511	-
	-	-	150,295	994,732	5,048	-
	-	-	909,606	21,046,791	299,130	-
	-	-	53,240	58,568	404	-
	-	-	-	-	-	-
	742,085	-	275,016	1,544,892	167,293	-
	-	-	5,097,110	29,313,964	1,428,208	-
	-	-	1,231,507	2,473,297	141,579	-
	-	-	173,192	1,309,578	9,691	-
	-	-	75,394	6,106,814	2,936	-
	606,901	-	984,739	1,289,150	27,547	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	518	-	-	-
	-	-	11,785	14,931	216	-
	-	-	23,583	219,387	982	-
	-	-	94,121	239,413	23,959	-
	-	-	-	-	-	-
	-	-	2,707	-	-	-
	-	-	128	-	-	-
	-	-	20,395,221	1,744,640	522,777	-
	-	-	1,102,455	8,777,614	-	7,340,108
	1,348,986	**-**	**31,723,988**	**77,036,700**	**2,662,281**	**7,340,108**

Table 10. Disclosure of Net Receivables Based on Economic Sector-Consolidated

(IDR million)

No.	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
December 31, 2020						
1	Agriculture, Forestry and Fisheries	-	139,486	-	-	-
2	Mining and Quarrying	-	-	-	-	-
3	Manufacturing	-	-	-	-	-
4	Procurement of electricity, gas, steam/ hot water and cold air	-	-	-	-	-
5	Water Management, Wastewater Management, Waste Management and Recycling	-	1,107	-	-	-
6	Construction	-	1,316,885	-	-	-
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	104	-	-	-
8	Transportation and Warehousing	-	-	-	-	-
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	-	-
10	Information and Communication	-	-	-	-	-
11	Financial and Insurance Activities	1,909,978	3,776,544	-	11,350,267	-
12	Real Estate	-	25	-	-	-
13	Professional, Scientific, and Technical Activities	-	-	-	-	-
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	-	-
15	Mandatory Government Administration, Defense, and Social Security	-	445	-	-	-
16	Education	-	-	-	-	-
17	Human Health Activities and Social Activities	-	-	-	-	-
18	Arts, Entertainment and Recreation	-	-	-	-	-
19	Other Service Activities	-	-	-	-	-
20	Household Activities as an Employer	-	-	-	-	4,674,628
21	Activities of International Bodies and Other Extra-International Agencies	-	-	-	-	-
22	Non Business Field	-	-	-	-	963
23	Others	44,586,034	1,368,058	-	-	-
TOTAL		**46,496,012**	**6,602,654**	**-**	**11,350,267**	**4,675,591**

	Loan Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	1,253,591	2,356,684	7,747	-
	-	-	200,802	1,066,743	4,377	-
	-	-	870,508	20,409,784	73,709	-
	-	-	76,054	49,975	55	-
	-	-	28,192	53,798	248	-
	568,066	-	367,971	2,113,510	35,832	-
	-	-	5,142,097	24,879,480	364,376	-
	-	-	1,492,403	1,778,636	20,807	-
	-	-	169,573	861,939	3,880	-
	-	-	23,060	305,195	75	-
	-	-	31,222	5,507,638	12,037	-
	662,549	-	19,469	16,204	1,813	-
	-	-	1,111,577	246,202	10,720	-
	-	-	68,936	760,183	2,310	-
	-	-	437	-	41	-
	-	-	14,389	12,153	290	-
	-	-	20,516	161,265	282	-
	-	-	505	-	-	-
	-	-	181,320	184,763	5,082	-
	-	-	16,754,154	1,945,805	325,305	-
	-	-	-	-	-	-
	-	-	19,721,655	7,079	241,294	-
	-	-	1,256,027	7,536,824	-	8,917,772
	1,230,615	**-**	**48,804,458**	**70,253,860**	**1,110,280**	**8,917,772**

No.	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
December 31, 2019						
1	Agriculture, Forestry and Fisheries	-	-	-	-	-
2	Mining and Quarrying	-	280,237	-	-	-
3	Manufacturing	-	-	-	-	-
4	Procurement of electricity, gas, steam/ hot water and cold air	-	1,346	-	-	-
5	Water Management, Wastewater Management, Waste Management and Recycling	-	-	-	-	-
6	Construction	-	365,873	-	-	-
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	138	-	-	-
8	Transportation and Warehousing	-	-	-	-	-
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	-	-
10	Information and Communication	-				
11	Financial and Insurance Activities	-	-	-	7,625,108	-
12	Real Estate	-	29	-	-	-
13	Professional, Scientific, and Technical Activities	-	-	-	-	-
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	-	-
15	Mandatory Government Administration, Defense, and Social Security	-	629	-	-	-
16	Education	-	-	-	-	-
17	Human Health Activities and Social Activities	-	-	-	-	-
18	Arts, Entertainment and Recreation	277,736	-	-	-	-
19	Other Service Activities	-	-	-	-	-
20	Household Activities as an Employer	-	-	-	-	-
21	Activities of International Bodies and Other Extra-International Agencies	-	-	-	-	-
22	Non Business Field	-	-	-	-	6,117,267
23	Others	28,304,313	1,157,397	-	-	-
TOTAL		**28,582,049**	**1,805,649**	**-**	**7,625,108**	**6,117,267**

Note:
*) Economic sector refers to economic sector used in the Integrated Commercial Bank Monthly Report (Integrated-LBU). Net receivables to bank without economic sector information in Integrated LBU is classified as "Financial and Insurance Activities" while other than that is classified as "Others".

	Loan Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	1,495,892	1,914,369	35,993	-
	-	-	240,864	1,013,772	7,418	-
	-	-	1,085,419	21,046,873	300,919	-
	-	-	79,826	58,568	491	-
	-	-	-	-	-	-
	742,085	-	431,137	1,553,571	168,239	-
	-	-	6,268,519	29,316,072	1,440,871	-
	-	-	1,307,370	2,482,400	142,154	-
	-	-	217,128	1,309,578	10,272	-
	-	-	85,765	4,539,809	2,956	-
	606,901	-	1,330,257	1,289,242	29,787	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	604	-	-	-
	-	-	14,948	14,931	219	-
	-	-	26,178	219,387	986	-
	-	-	104,528	239,413	24,015	-
	-	-	-	-	-	-
	-	-	3,337	-	-	-
	-	-	128	-	-	-
	-	-	48,634,658	1,827,132	934,599	-
	-	-	1,102,456	8,777,614	-	8,506,998
	1,348,986	**-**	**62,429,014**	**75,602,731**	**3,098,919**	**8,506,998**

Table 11. Disclosure of Receivables and Provisioning Based on Region-Bank Stand Alone

(IDR million)

No	Explanation	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables	142,013,678	7,539,854	7,795,774	5,743,969
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	9,547,649	2,612,676	2,264,846	1,794,316
	b. Past Due	1,050,566	178,579	472,360	217,420
3	Allowance for Impairment Losses-Stage 1*)	1,391,746	69,735	146,818	123,771
4	Allowance for Impairment Losses-Stage 2*)	308,441	59,604	173,871	40,452
5	Allowance for Impairment Losses-Stage 3*)	1,190,260	221,915	503,195	143,792
6	Written-Off Receivables	1,986,980	546,706	525,420	287,847

No	Explanation	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables	117,514,480	9,859,456	9,671,075	7,254,327
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	1,425,662	213,647	351,347	75,900
	b. Past Due	1,046,735	184,737	267,944	223,098
3	Allowance for Impairment Losses-Stage 1*)				
4	Allowance for Impairment Losses-Stage 2*)				
5	Allowance for Impairment Losses-Stage 3*)				
6	Written-Off Receivables	1,819,458	270,470	385,148	262,713

*) Allowance for Impairment Losses based on stage was effective since 2020.

					December 31, 2020
Net Receivables Based on Region					
Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
(7)	(8)	(9)	(10)	(11)	(12)
3,966,953	9,007,658	6,528,528	2,058,990	2,007,638	**186,663,042**
869,328	2,206,289	1,766,121	831,793	220,603	**22,113,621**
123,496	230,217	172,879	81,599	104,049	**2,631,165**
65,287	169,023	119,493	55,457	22,943	**2,164,273**
34,069	90,381	44,335	8,384	8,498	**768,035**
65,447	187,079	78,193	68,215	84,829	**2,542,925**
197,703	318,930	192,760	57,394	66,486	**4,180,226**

					December 31, 2019
Net Receivables Based on Region					
Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
(7)	(8)	(9)	(10)	(11)	(12)
5,373,614	11,358,301	7,326,614	2,339,234	2,431,389	**173,128,490**
167,319	78,291	167,124	91,150	44,988	**2,615,428**
82,608	172,862	118,557	57,528	77,024	**2,231,093**
134,354	308,670	208,874	72,531	101,450	**3,563,668**

Table 11. Disclosure of Receivables and Provisioning Based on Region-Consolidated

(IDR million)

No	Explanation	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables	145,415,496	10,206,066	11,618,783	9,724,086
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	9,547,649	2,612,676	2,264,846	1,794,316
	b. Past Due	1,767,383	544,540	891,538	584,049
3	Allowance for Impairment Losses-Stage 1*)	1,726,487	196,280	331,588	283,076
4	Allowance for Impairment Losses-Stage 2*)	403,102	123,085	236,145	89,380
5	Allowance for Impairment Losses-Stage 3*)	1,308,469	256,483	561,336	169,168
6	Written-Off Receivables	2,700,648	817,447	820,043	446,638

No	Explanation	Net Receivables Based on Region			
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables	120,377,725	13,335,321	14,548,533	11,633,671
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	1,460,979	237,997	368,617	150,517
	b. Past Due	1,253,394	295,417	372,678	316,936
3	Allowance for Impairment Losses-Stage 1*)				
4	Allowance for Impairment Losses-Stage 2*)				
5	Allowance for Impairment Losses-Stage 3*)				
6	Written-Off Receivables	2,304,321	503,324	632,553	484,050

*) Allowance for Impairment Losses based on stage was effective since 2020.

						December 31, 2020
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	5,503,979	13,011,802	8,735,423	2,058,990	2,007,638	**208,282,263**
	869,328	2,206,289	1,766,121	831,793	220,603	**22,113,621**
	268,167	712,162	467,648	81,599	104,049	**5,421,135**
	142,544	353,481	242,138	55,457	22,943	**3,353,994**
	54,456	165,183	100,677	8,384	8,498	**1,188,910**
	79,658	225,686	95,447	68,215	84,829	**2,849,291**
	295,903	612,785	345,802	57,394	66,486	**6,163,146**

						December 31, 2019
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatera	South Sumatera	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	7,391,726	15,975,534	10,222,593	2,339,234	2,431,389	**198,255,726**
	185,662	135,178	178,024	91,150	44,988	**2,853,112**
	133,326	345,212	186,002	57,528	77,024	**3,037,517**
	251,172	681,483	389,668	72,531	101,450	**5,420,552**

Table 12. Disclosure of Receivables and Provisioning Based on Economic Sector-Bank Stand Alone

(IDR million)

No.	Economic Sectors	Receivables	Impaired Receivables	
			Non Past Due	Past Due
(1)	(2)	(3)	(4)	(5)
1	Agriculture, Forestry and Fisheries	3,397,009	704,504	10,031
2	Mining and Quarrying	1,350,091	165,123	4,762
3	Manufacturing	21,856,716	3,743,002	198,135
4	Procurement of electricity, gas, steam/hot water and cold air	114,905	19,064	131
5	Water Management, Wastewater Management, Waste Management and Recycling	73,285	16,074	698
6	Construction	4,471,259	713,504	97,484
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	30,833,923	7,209,928	1,040,730
8	Transportation and Warehousing	2,917,758	858,642	37,010
9	Provision of Accommodation and Provision of Food and Drink	1,026,300	553,189	12,806
10	Information and Communication	330,577	38,596	7,443
11	Financial and Insurance Activities	19,236,964	364,207	17,522
12	Real Estate	701,689	159,282	5,398
13	Professional, Scientific, and Technical Activities	1,055,672	475,506	14,224
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	875,661	290,117	4,800
15	Mandatory Government Administration, Defense, and Social Security	818	296	50
16	Education	23,915	7,695	461
17	Human Health Activities and Social Activities	177,344	5,074	326
18	Arts, Entertainment and Recreation	505	-	-
19	Other Service Activities	295,808	94,731	13,243
20	Household Activities as an Employer	2,011	572	-
21	Activities of International Bodies and Other Extra-International Agencies	-	-	-
22	Non Business Field	24,943,009	6,694,371	734,194
23	Others	72,977,823	144	431,717
TOTAL		**186,663,042**	**22,113,621**	**2,631,165**

*) Allowance for Impairment Losses based on stage was effective since 2020.

				December 31, 2020
	Allowance for Impairment Losses-Stage 1*)	Allowance for Impairment Losses-Stage 2*)	Allowance for Impairment Losses-Stage 3*)	Written-Off Receivables
	(6)	(7)	(8)	(9)
	49,659	12,800	28,228	51,515
	14,928	2,538	167,351	31,844
	238,457	134,777	401,414	863,077
	1,701	314	19,645	504
	808	113	466	783
	58,111	23,202	148,681	144,227
	504,124	295,883	1,216,536	1,374,808
	53,776	35,823	142,807	150,825
	25,377	21,237	5,240	20,510
	4,121	1,160	7,375	19,155
	105,424	77	116	27,639
	7,742	803	3,636	268
	26,756	20,239	4,618	34,880
	14,806	1,166	46,569	8,656
	12	1	14	-
	774	5	173	172
	986	20	54	1,981
	1	-	-	-
	7,029	1,161	5,042	25,286
	77	-	-	6
	-	-	-	140
	1,096,373	216,389	344,922	1,415,839
	(46,769)	327	38	8,111
	2,164,273	**768,035**	**2,542,925**	**4,180,226**

No.	Economic Sectors	Receivables	Impaired Receivables	
			Non Past Due	Past Due
(1)	(2)	(3)	(4)	(5)
1	Agriculture, Forestry and Fisheries	3,090,341	106,149	24,640
2	Mining and Quarrying	1,606,484	246,762	3,094
3	Manufacturing	22,706,765	503,048	468,377
4	Procurement of electricity, gas, steam/hot water and cold air	113,363	-	673
5	Water Management, Wastewater Management, Waste Management and Recycling			
6	Construction	3,138,944	148,054	62,379
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	36,147,607	919,724	596,818
8	Transportation and Warehousing	3,901,615	285,933	90,051
9	Provision of Accommodation and Provision of Food and Drink	1,504,081	166,282	12,394
10	Information and Communication			
11	Financial and Insurance Activities	12,294,719	105,384	4,754
12	Real Estate	2,921,504	66,060	16,998
13	Professional, Scientific, and Technical Activities			
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports			
15	Mandatory Government Administration, Defense, and Social Security	1,062	-	-
16	Education	27,047	182	328
17	Human Health Activities and Social Activities	244,553	244	1,565
18	Arts, Entertainment and Recreation	640,520	11,125	9,342
19	Other Service Activities			
20	Household Activities as an Employer	2,707	-	-
21	Activities of International Bodies and Other Extra-International Agencies	143	140	-
22	Non Business Field	28,962,723	55,451	591,108
23	Others	55,824,312	890	348,572
TOTAL		**173,128,490**	**2,615,428**	**2,231,093**

*) Allowance for Impairment Losses based on stage was effective since 2020.

				December 31, 2019
	Allowance for Impairment Losses-Stage 1*)	Allowance for Impairment Losses-Stage 2*)	Allowance for Impairment Losses-Stage 3*)	Written-Off Receivables
	(6)	(7)	(8)	(9)
				52,443
				208,834
				585,742
				1,449
				38,507
				1,271,133
				334,405
				30,234
				6,448
				65,193
				-
				165
				4,547
				33,131
				62
				70
				931,158
				147
				3,563,668

Table 12. Disclosure of Receivables and Provisioning Based on Economic Sector-Consolidated

(IDR million)

No	Economic Sectors	Receivables	Impaired Receivables	
			Non Past Due	Past Due
(1)	(2)	(3)	(4)	(5)
1	Agriculture, Forestry and Fisheries	3,864,844	704,504	55,609
2	Mining and Quarrying	1,479,944	165,123	25,274
3	Manufacturing	22,066,998	3,743,002	218,926
4	Procurement of electricity, gas, steam/hot water and cold air	147,972	19,064	1,515
5	Water Management, Wastewater Management, Waste Management and Recycling	84,712	16,074	1,497
6	Construction	4,661,137	713,504	124,979
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	32,196,872	7,209,928	1,184,771
8	Transportation and Warehousing	3,626,008	858,642	127,734
9	Provision of Accommodation and Provision of Food and Drink	1,080,852	553,189	20,290
10	Information and Communication	338,324	38,596	7,850
11	Financial and Insurance Activities	22,187,040	364,207	18,230
12	Real Estate	708,837	159,282	6,466
13	Professional, Scientific, and Technical Activities	1,439,737	475,506	64,347
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	891,104	290,117	6,953
15	Mandatory Government Administration, Defense, and Social Security	1,079	296	59
16	Education	27,733	7,695	478
17	Human Health Activities and Social Activities	182,408	5,074	487
18	Arts, Entertainment and Recreation	505	-	-
19	Other Service Activities	399,350	94,731	20,168
20	Household Activities as an Employer	2,702	572	-
21	Activities of International Bodies and Other Extra-International Agencies	-	-	-
22	Non Business Field	46,002,666	6,694,371	3,103,785
23	Others	66,891,439	144	431,717
TOTAL		**208,282,263**	**22,113,621**	**5,421,135**

				December 31, 2020
	Allowance for Impairment Losses-Stage 1*)	Allowance for Impairment Losses-Stage 2*)	Allowance for Impairment Losses-Stage 3*)	Written-Off Receivables
	(6)	(7)	(8)	(9)
	64,360	19,455	30,645	68,147
	19,257	4,946	168,823	39,534
	245,043	137,604	402,188	869,730
	2,383	543	19,679	1,007
	1,299	203	487	1,020
	62,270	26,972	148,979	151,503
	547,280	316,508	1,224,453	1,424,507
	74,454	48,331	154,994	173,733
	27,665	23,280	5,510	22,714
	4,323	1,176	7,377	19,186
	105,549	244	172	30,886
	7,918	970	3,644	464
	40,355	27,964	7,163	50,138
	15,203	1,389	47,091	11,294
	15	1	16	-
	823	8	173	172
	1,062	35	56	1,987
	1	-	-	-
	8,840	1,656	5,463	32,421
	110	-	-	24
	-	-	-	140
	2,172,554	577,298	622,340	3,256,427
	(46,770)	327	38	8,112
	3,353,994	**1,188,910**	**2,849,291**	**6,163,146**

No	Economic Sectors	Receivables	Impaired Receivables	
			Non Past Due	Past Due
(1)	(2)	(3)	(4)	(5)
1	Agriculture, Forestry and Fisheries	3,459,571	119,431	40,778
2	Mining and Quarrying	1,718,700	249,105	4,992
3	Manufacturing	22,885,232	508,206	475,734
4	Procurement of electricity, gas, steam/hot water and cold air	140,646	512	1,234
5	Water Management, Wastewater Management, Waste Management and Recycling			
6	Construction	3,305,229	150,335	65,823
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	37,340,278	954,173	648,508
8	Transportation and Warehousing	3,987,481	289,237	93,122
9	Provision of Accommodation and Provision of Food and Drink	1,548,800	167,567	13,920
10	Information and Communication			
11	Financial and Insurance Activities	13,455,061	105,497	4,861
12	Real Estate	3,270,688	71,236	23,742
13	Professional, Scientific, and Technical Activities			
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports			
15	Mandatory Government Administration, Defense, and Social Security	1,232	-	-
16	Education	30,214	208	328
17	Human Health Activities and Social Activities	247,154	311	1,570
18	Arts, Entertainment and Recreation	651,026	11,203	9,791
19	Other Service Activities			
20	Household Activities as an Employer	3,337	-	-
21	Activities of International Bodies and Other Extra-International Agencies	143	140	-
22	Non Business Field	57,895,230	225,062	1,304,542
23	Others	48,315,704	889	348,572
TOTAL		**198,255,726**	**2,853,112**	**3,037,517**

*) Allowance for Impairment Losses based on stage was effective since 2020.

Table 13. Disclosure of Movements Details of Allowances for Impairment Losses-Bank Stand Alone

(IDR million)

No	Description	December 31, 2020		
		Stage 1	Stage 2	Stage 3
(1)	(2)	(3)	(4)	(5)
1	Beginning balance of allowance for impairment losses	2,221,397	-	926,149
2	Additional/reversal allowance for impairment losses during the year (net)	2,473	784,312	5,114,197
3	Allowance for impairment losses used to cover written off receivables during the year	(44,219)	(16,603)	(4,119,404)
4	Other additional (reversal) allowance during the year	(15,378)	326	621,983
Ending Balance of Allowance for Impairment Losses		**2,164,273**	**768,035**	**2,542,925**

				December 31, 2019
	Allowance for Impairment Losses-Stage 1*)	Allowance for Impairment Losses-Stage 2*)	Allowance for Impairment Losses-Stage 3*)	Written-Off Receivables
	(6)	(7)	(8)	(9)
				67,970
				210,336
				593,478
				2,075
				41,419
				1,322,298
				355,772
				32,383
				6,658
				74,339
				2
				176
				4,578
				34,124
				62
				70
				2,674,665
				147
				5,420,552

Table 13. Disclosure of Movements Details of Allowances for Impairment Losses-Consolidated

(IDR million)

No	Description	December 31, 2020		
		Stage 1	Stage 2	Stage 3
(1)	(2)	(3)	(4)	(5)
1	Beginning balance of allowance for impairment losses	3,795,608	-	926,149
2	Additional/reversal allowance for impairment losses during the year (net)	(275,846)	1,240,787	7,261,713
3	Allowance for impairment losses used to cover written off receivables during the year	(150,389)	(52,203)	(5,960,554)
4	Other additional (reversal) allowance during the year	(15,379)	326	621,983
Ending Balance of Allowance for Impairment Losses		**3,353,994**	**1,188,910**	**2,849,291**

Danamon only uses ratings on exposures in the form of securities. Therefore, the portfolio categories that use the ranking until the position at the end of December 2020 consist of:

- Claims to Government
- Claims on Public Sector Entities
- Claims on Banks
- Claims on Corporations

As of the reporting period ending December 31, 2020, Danamon uses the following ratings agencies: PT Pemeringkat Efek Indonesia, Moody's and Fitch Indonesia. Guideline of Credit Risk Weighted Asset based on Standardized Approach.

Table 14. Disclosure of Net Receivables based on Portfolio Categories and Ratings-Bank Stand Alone

(IDR million)

NO.	Portfolio Category	Net Receivables				
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+s.did A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	23,059,637
2	Receivables on Public Sector Entities		286,272	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		902,465	236,889	-	174,408
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		945,145	814,782	51,191	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			**2,133,882**	**1,051,671**	**51,191**	**23,234,045**

December 31, 2020

				Short Term Rating					
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3	Unrated	Total
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	23,436,375	**46,496,012**
	-	-	-	-	-	-	-	6,315,956	**6,602,228**
	-	-	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	-	6,827,725	**8,141,487**
								4,674,847	**4,674,847**
								1,230,615	**1,230,615**
								-	**-**
								25,882,808	**25,882,808**
	-	-	-	-	-	-	-	68,594,732	**70,405,850**
								842,607	**842,607**
								7,877,377	**7,877,377**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**145,683,042**	**172,153,831**

NO.	Portfolio Category	Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+s.did A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		71,029	-	-	15,665,122
2	Receivables on Public Sector Entities		189,513	28,092	51,122	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,044,110	162,588	-	167,656
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		1,408,813	939,183	95,428	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			**2,713,465**	**1,129,863**	**146,550**	**15,832,778**

									December 31, 2019
Net Receivables									
				Short Term Rating				**Unrated**	**Total**
	Ba1 to Ba3	**B1 to B3**	**Less than B3**	**P-1**	**P-2**	**P-3**	**Less than P-3**		
	BB+ (idn) to BB-(idn)	**B+ (idn) to B-(idn)**	**Less than B-(idn)**	**F1+ (idn) to F1 (idn)**	**F2 (idn)**	**F3 (idn)**	**Less than F3 (idn)**		
	id BB+ to id BB-	**id B+ to id B-**	**Less than id B-**	**id A1**	**id A2**	**id A3 to id A4**	**Less than id A4**		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	12,845,898	**28,582,049**
	-	-	-	-	-	-	-	1,536,244	**1,804,971**
	-	-	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	-	4,927,750	**6,302,104**
								6,115,426	**6,115,426**
								1,348,986	**1,348,986**
								-	**-**
								31,723,988	**31,723,988**
	-	-	-	-	-	-	-	74,593,276	**77,036,700**
								2,662,281	**2,662,281**
								7,340,108	**7,340,108**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**143,093,957**	**162,916,613**

Table 14. Disclosure of Net Receivables based on Portfolio Categories and Ratings-Consolidated

(IDR million)

NO.	Portfolio Category	Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+s.did A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	23,059,637
2	Receivables on Public Sector Entities		286,272	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		902,465	236,889	-	174,408
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		945,145	814,782	51,191	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			**2,133,882**	**1,051,671**	**51,191**	**23,234,045**

									December 31, 2020
Net Receivables									
				Short Term Rating				Unrated	Total
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	23,436,375	**6,496,012**
	-	-	-	-	-	-	-	6,3163,82	**6,602,654**
	-	-	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	-	10,036,505	**11,350,267**
								4,675,591	**4,675,591**
								1,230,615	**1,230,615**
								-	**-**
								48,804,458	**48,804,458**
	-	-	-	-	-	-	-	68,442,742	**70,253,860**
								1,110,280	**1,110,280**
								8,917,772	**8,917,772**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**172,970,720**	**199,441,509**

NO.	Portfolio Category	Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+s.did A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		71,029	-	-	15,665,122
2	Receivables on Public Sector Entities		189,513	28,092	51,122	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,044,110	162,588	-	167,656
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		1,408,813	939,183	95,428	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			**2,713,465**	**1,129,863**	**146,550**	**15,832,778**

									December 31, 2019
Net Receivables									
				Short Term Rating				Unrated	Total
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	12,845,898	**28,582,049**
	-	-	-	-	-	-	-	1,536,922	**1,805,649**
	-	-	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	-	6,250,754	**7,625,108**
								6,117,267	**6,117,267**
								1,348,986	**1,348,986**
								-	**-**
								62,429,014	**62,429,014**
	-	-	-	-	-	-	-	73,159,307	**75,602,731**
								3,098,919	**3,098,919**
								8,506,998	**8,506,998**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**175,294,065**	**195,116,721**

f. 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 IDR10 billion (for conventional product) or IDR5 billion (for sharia product) 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.

Danamon conducts an assessment of guarantors credit worthiness, among others by assessing the financial statement to determine the credit rating of guarantors.

Danamon has determined 4 industrial sector categories based on each respective risk levels namely: high risk restricted, high risk, medium risk, and low risk. Danamon also determines the maximum threshold of industries that are classified as high risk restricted and high risk. With regard to this, Danamon conducts periodic monitoring to ensure the level of exposure for each industry are still within Danamon's appetite.

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 account, current accounts, savings account 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.

Table 15. Disclosure of Net Receivables Based on Risk Weighted Assets After Calculating Credit Risk Mitigation Impacts-Bank Stand Alone

(IDR million)

No.	Portofolio Category	December 31, 2020			
		Net Receivables After Calculating Credit Risk Mitigation Impacts			
		0%	20%	25%	35%
(1)	(2)	(3)	(4)	(5)	(6)
A	Exposure on Balance Sheet				
1	Receivables on Sovereigns	34,344,003	-	-	-
2	Receivables on Public Sector Entities	-	286,272	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-		-	
4	Receivables on Banks	5,311	2,678,441	-	-
5	Loans Secured by Residential Property	-	961,659	1,623,426	2,088,024
6	Loan Secured by Commercial Real Estate	121,102	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	67,817	-	-	-
9	Receivables on Corporate	1,494,972	1,759,927	-	-
10	Past Due Receivables	27	-	-	-
11	Other Assets	2,761,955	-	-	-
Total Exposure on Balance Sheet		**38,795,187**	**5,686,299**	**1,623,426**	**2,088,024**
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	-	14,654	-	-
5	Loans Secured by Residential Property	-	1,609	2	127
6	Loan Secured by Commercial Real Estate	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	18,760	-	-	-
9	Receivables on Corporate	93,284	-	-	-
10	Past Due Receivables	-	-	-	-
Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions		**112,044**	**16,263**	**2**	**127**
C	Exposure on Counterparty Credit Risk				
1	Receivables on Sovereigns	12,148,377	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	-	-		-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receivables on Corporate	-	-	-	-
Total Counterparty Credit Risk Exposures		**12,148,377**	**-**	**-**	**-**

	December 31, 2020						
	Net Receivables After Calculating Credit Risk Mitigation Impacts					RWA	Capital Charge
	50%	75%	100%	150%	Others		
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-	-	-
	6,315,956	-	-	-	-	3,215,232	321,523
					-	-	-
	4,856,960	-	-	-	-	2,964,168	296,417
	-	-	-	-	-	1,328,997	132,900
	-	-	1,108,463	-	-	1,108,463	110,846
	-	-	-	-	-	-	-
	-	24,810,713	-	-	-	18,608,035	1,860,804
	51,191	-	63,095,099	-	-	63,472,680	6,347,268
	-	-	115,757	726,823	-	1,205,992	120,599
	-	-	4,430,077	685,345	-	5,458,095	545,810
	11,224,107	**24,810,713**	**68,749,396**	**1,412,168**	**-**	**97,361,662**	**9,736,167**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	61,106	-	-	-	-	33,484	3,348
	-	-	-	-	-	367	37
	-	-	1,050	-	-	1,050	105
	-	-	-	-	-	-	-
	-	930,701	-	-	-	698,026	69,803
	-	-	3,728,636	-	-	3,728,636	372,864
	-	-	-	-	-	-	-
	61,106	**930,701**	**3,729,686**	**-**	**-**	**4,461,563**	**446,157**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**

(IDR million)

No.	Portofolio Category	December 31, 2019			
		Net Receivables After Calculating Credit Risk Mitigation Impacts			
		0%	20%	25%	35%
(1)	(2)	(3)	(4)	(5)	(6)
A	Exposure on Balance Sheet				
1	Receivables on Sovereigns	24,794,196	-	-	-
2	Receivables on Public Sector Entities	-	217,605	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-		-	
4	Receivables on Banks	7,382	3,574,285	-	-
5	Loans Secured by Residential Property	-	1,129,832	2,202,231	2,782,483
6	Loan Secured by Commercial Real Estate	204,153	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	75,245	-	-	-
9	Receivables on Corporate	1,563,074	2,347,996	-	-
10	Past Due Receivables	640	-	-	-
11	Other Assets	2,779,681	-	-	-
Total Exposure on Balance Sheet		**29,424,371**	**7,269,718**	**-**	**2,782,483**
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	-	-	-	-
5	Loans Secured by Residential Property	-	753	127	-
6	Loan Secured by Commercial Real Estate	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	16,765	-	-	-
9	Receivables on Corporate	126,015	-	-	-
10	Past Due Receivables	-	-	-	-
Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions		**142,780**	**753**	**127**	**-**
C	Exposure on Counterparty Credit Risk				
1	Receivables on Sovereigns	3,785,836	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	-	-		-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receivables on Corporate	-	-	-	-
Total Eksposur Counterparty Credit Risk		**3,785,836**	**-**	**-**	**-**

	December 31, 2019					RWA	Capital Charge
	Net Receivables After Calculating Credit Risk Mitigation Impacts						
	50%	75%	100%	150%	Others		
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-	-	-
	1,587,366	-	-	-	-	837,204	104,651
					-	-	-
	2,472,668	-	-	-	-	1,951,191	243,899
	-	-	-	-	-	1,750,393	218,799
	-	-	1,143,783	-	-	1,143,783	142,973
	-	-	-	-	-	-	-
	-	30,637,670	-	-	-	22,978,253	2,872,282
	95,428	-	69,258,833	-	-	69,776,146	8,722,018
	-	-	179,843	2,481,798	-	3,902,540	487,818
	-	-	3,806,191	754,236	-	4,937,545	617,193
	4,155,462	**30,637,670**	**74,388,650**	**3,236,034**	-	**107,277,055**	**13,409,633**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	9,024	-	-	-	-	4,512	564
	-	-	-	-	-	182	23
	-	-	1,050	-	-	1,050	131
	-	-	-	-	-	-	-
	-	937,293	-	-	-	702,970	87,871
	-	-	3,511,062	-	-	3,511,061	438,883
	-	-	-	-	-	-	-
	9,024	**937,293**	**3,512,112**	**-**	**-**	**4,219,775**	**527,472**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**

Table 15. Disclosure of Net Receivables Based on Risk Weighted Assets After Calculating Credit Risk Mitigation Impacts-Consolidated

(IDR million)

No.	Portofolio Category	December 31, 2020			
		Net Receivables After Calculating Credit Risk Mitigation Impacts			
		0%	20%	25%	35%
(1)	(2)	(3)	(4)	(5)	(6)
A	Exposure on Balance Sheet				
1	Receivables on Sovereigns	34,344,003	-	-	-
2	Receivables on Public Sector Entities	-	286,272	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	5,312	5,697,294	-	-
5	Loans Secured by Residential Property	-	962,403	1,623,426	2,088,024
6	Loan Secured by Commercial Real Estate	121,102	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	67,816	-	-	-
9	Receivables on Corporate	1,494,971	1,710,471	-	-
10	Past Due Receivables	28	-	-	-
11	Other Assets	2,838,129	-	-	-
Total Exposure on Balance Sheet		**38,871,361**	**8,656,440**	**1,623,426**	**2,088,024**
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	-	14,654	-	-
5	Loans Secured by Residential Property	-	1,609	2	127
6	Loan Secured by Commercial Real Estate	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	18,760	-	-	-
9	Receivables on Corporate	93,285	-	-	-
10	Past Due Receivables	-	-	-	-
Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions		**112,045**	**16,263**	**2**	**127**
C	Exposure on Counterparty Credit Risk				
1	Receivables on Sovereigns	12,148,377	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receivables on Corporate	-	-	-	-
Total Eksposur Counterparty Credit Risk		**12,148,377**	**-**	**-**	**-**

	December 31, 2020					RWA	Capital Charge
	Net Receivables After Calculating Credit Risk Mitigation Impacts						
	50%	75%	100%	150%	Others		
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-	-	-
	6,316,382	-	-	-	-	3,215,445	321,545
	-	-	-	-	-	-	-
	4,856,960	-	-	-	-	3,567,939	356,794
	-	-	-	-	-	1,329,146	132,915
	-	-	1,108,463	-	-	1,108,463	110,846
	-	-	-	-	-	-	-
	-	47,732,364	-	-	-	35,799,273	3,579,927
	51,191	-	62,992,567	-	-	63,360,257	6,336,026
	-	-	115,947	994,305	-	1,607,405	160,741
	-	-	5,394,298	685,345	-	6,422,316	642,232
	11,224,533	**47,732,364**	**69,611,275**	**1,679,650**	**-**	**116,410,244**	**11,641,026**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	61,106	-	-	-	-	33,484	3,348
	-	-	-	-	-	367	37
	-	-	1,050	-	-	1,050	105
	-	-	-	-	-	-	-
	-	930,701	-	-	-	698,026	69,803
	-	-	3,728,635	-	-	3,728,635	372,864
	-	-	-	-	-	-	-
	61,106	**930,701**	**3,729,685**	**-**	**-**	**4,461,562**	**446,157**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**

(IDR million)

No.	Portofolio Category	December 31, 2019			
		Net Receivables After Calculating Credit Risk Mitigation Impacts			
		0%	20%	25%	35%
(1)	(2)	(3)	(4)	(5)	(6)
A	Exposure on Balance Sheet				
1	Receivables on Sovereigns	24,794,196	-	-	-
2	Receivables on Public Sector Entities	-	217,604	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	7,383	4,721,000	-	-
5	Loans Secured by Residential Property	-	1,131,542	2,202,362	2,782,483
6	Loan Secured by Commercial Real Estate	204,153	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	75,245	-	-	-
9	Receivables on Corporate	1,563,074	2,278,790	-	-
10	Past Due Receivables	640	-	-	-
11	Other Assets	2,950,562	-	-	-
Total Exposure on Balance Sheet		**29,595,253**	**8,348,936**	**-**	**2,782,483**
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	-	-	-	-
5	Loans Secured by Residential Property	-	753	127	-
6	Loan Secured by Commercial Real Estate	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	16,765	-	-	-
9	Receivables on Corporate	126,015	-	-	-
10	Past Due Receivables	-	-	-	-
Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions		**142,780**	**753**	**-**	**-**
C	Exposure on Counterparty Credit Risk				
1	Receivables on Sovereigns	3,785,836	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-
6	Receivables on Corporate	-	-	-	-
Total Eksposur Counterparty Credit Risk		**3,785,836**	**-**	**-**	**-**

	December 31, 2019					RWA	Capital Charge
	Net Receivables After Calculating Credit Risk Mitigation Impacts						
	50%	75%	100%	150%	Others		
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-	-	-
	1,588,045	-	-	-	-	837,543	104,693
	-	-	-	-	-	-	-
	2,472,668	-	-	-	-	2,180,534	272,567
	-	-	-	-	-	1,750,768	218,846
	-	-	1,143,783	-	-	1,143,783	142,973
	-	-	-	-	-	-	-
	-	61,342,696	-	-	-	46,007,022	5,750,878
	95,428	-	67,894,070	-	-	68,397,542	8,549,693
	-	-	179,843	2,918,436	-	4,557,497	569,687
	-	-	4,802,200	754,236	-	5,933,554	741,694
	4,156,141	**61,342,696**	**74,019,896**	**3,672,672**	**-**	**130,808,243**	**16,351,031**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	9,024	-	-	-	-	4,512	564
	-	-	-	-	-	182	23
	-	-	1,050	-	-	1,050	131
	-	-	-	-	-	-	-
	-	937,293	-	-	-	702,970	87,871
	-	-	3,511,062	-	-	3,511,061	438,883
	-	-	-	-	-	-	-
	9,024	**937,293**	**3,512,112**	**-**	**-**	**4,219,775**	**527,472**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**

Table 16. Disclosure of Net Receivables and Credit Risk Mitigation Techniques-Bank Stand Alone

(IDR million)

No.	Portofolio Category	December 31, 2020					
		Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	Exposure on Balance Sheet						
1	Receivables on Sovereigns	34,344,003	-	-	-	-	34,344,003
2	Receivables on Public Sector Entities	6,602,228	-	-	-	-	6,602,228
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	7,540,712	5,311	-	-	-	7,535,401
5	Loans Secured by Residential Property	4,673,109	-	-	-	-	4,673,109
6	Loan Secured by Commercial Real Estate	1,229,565	121,102	-	-	-	1,108,463
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	24,878,530	67,817	-	-	-	24,810,713
9	Receivables on Corporate	66,401,189	1,494,972	-	-	-	64,906,217
10	Past Due Receivables	842,607	27	-	-	-	842,580
11	Other Assets	7,877,377	-	-	-	-	7,877,377
Total Exposure on Balance Sheet		**154,389,320**	**1,689,229**	**-**	**-**	**-**	**152,700,091**
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	75,760	-	-	-	-	75,760
5	Loans Secured by Residential Property	1,738	-	-	-	-	1,738
6	Loan Secured by Commercial Real Estate	1,050	-	-	-	-	1,050
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	949,461	18,760	-	-	-	930,701
9	Receivables on Corporate	3,821,920	93,284	-	-	-	3,728,636
10	Past Due Receivables	-	-	-	-	-	-
Total Commitment Contingencies Exposure for Off Balance Sheet Transactions		**4,849,929**	**112,044**	**-**	**-**	**-**	**4,737,885**
C	Exposure on Counterparty Credit Risk						
1	Receivables on Sovereigns	12,148,377	-	-	-	-	12,148,377
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-	-

	December 31, 2019					
	Net Receivables	Exposure which is Secured by				Unsecured Exposure
		Collateral	Guarantee	Credit Insurance	Others	
	(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
	24,794,196	-	-	-	-	24,794,196
	1,804,971	-	-	-	-	1,804,971
	-	-	-	-	-	-
	6,054,335	7,382	-	-	-	6,046,953
	6,114,546	-	-	-	-	6,114,546
	1,347,936	204,153	-	-	-	1,143,783
	-	-	-	-	-	-
	30,712,915	75,245	-	-	-	30,637,670
	73,265,331	1,563,074	-	-	-	71,702,257
	2,662,281	640	-	-	-	2,661,641
	7,340,108	-	-	-	-	7,340,108
	154,096,619	**1,850,494**	**-**	**-**	**-**	**152,246,125**
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	9,024	-	-	-	-	9,024
	880	-	-	-	-	880
	1,050	-	-	-	-	1,050
	-	-	-	-	-	-
	954,058	16,765	-	-	-	937,293
	3,637,077	126,015	-	-	-	3,511,062
	-	-	-	-	-	-
	4,602,089	**142,780**	**-**	**-**	**-**	**4,459,309**
	3,785,836	-	-	-	-	3,785,836
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

No.	Portofolio Category	December 31, 2020					
		Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-	-
Receivables on Sovereigns Receivables on Public Sector Entities Receivables on Multilateral Development Banks and International Institutions Receivables on Banks Receivables on Micro, Small Business & Retail Portfolio Receivables on Corporate		**12,148,377**	**-**	**-**	**-**	**-**	**12,148,377**
Total (A+B+C)		**171,387,626**	**1,801,273**	**-**	**-**	**-**	**169,586,353**

Table 16. Disclosure of Net Receivables and Credit Risk Mitigation Techniques-Consolidated

(IDR million)

No.	Portofolio Category	December 31, 2020					
		Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	Exposure on Balance Sheet						
1	Receivables on Sovereigns	34,344,003	-	-	-	-	34,344,003
2	Receivables on Public Sector Entities	6,602,654	-	-	-	-	6,602,654
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	10,559,566	5,311	-	-	-	10,554,255
5	Loans Secured by Residential Property	4,673,853	-	-	-	-	4,673,853
6	Loan Secured by Commercial Real Estate	1,229,565	121,102	-	-	-	1,108,463
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	47,800,180	67,817	-	-	-	47,732,363
9	Receivables on Corporate	66,249,200	1,494,972	-	-	-	64,754,228
10	Past Due Receivables	1,110,280	27	-	-	-	1,110,253
11	Other Assets	8,917,772	-	-	-	-	8,917,772
Total Exposure on Balance Sheet		**181,487,073**	**1,689,229**	**-**	**-**	**-**	**179,797,844**
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions						
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-

December 31, 2019					
Net Receivables	Exposure which is Secured by				Unsecured Exposure
	Collateral	Guarantee	Credit Insurance	Others	
(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
-	-	-	-	-	-
-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**3,785,836**
158,698,708	**1,993,274**	**-**	**-**	**-**	**160,491,270**

December 31, 2019					
Net Receivables	Exposure which is Secured by				Unsecured Exposure
	Collateral	Guarantee	Credit Insurance	Others	
(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
24,794,196	-	-	-	-	27,625,286
1,805,649	-	-	-	-	1,524,972
-	-	-	-	-	-
7,201,051	7,382	-	-	-	2,993,749
6,116,387	-	-	-	-	5,366,650
1,347,936	204,153	-	-	-	1,461,576
-	-	-	-	-	-
61,417,941	75,245	-	-	-	59,317,868
71,831,362	1,563,074	-	-	-	70,455,762
3,098,919	640	-	-	-	2,750,260
8,506,998	-	-	-	-	7,586,755
186,120,439	**1,850,494**	**-**	**-**	**-**	**179,082,878**
-	-	-	-	-	-
-	-	-	-	-	55,023

No.	Portofolio Category	December 31, 2020					
		Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	75,760	-	-	-	-	75,760
5	Loans Secured by Residential Property	1,738	-	-	-	-	1,738
6	Loan Secured by Commercial Real Estate	1,050	-	-	-	-	1,050
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	949,461	18,760	-	-	-	930,701
9	Receivables on Corporate	3,821,921	93,284	-	-	-	3,728,637
10	Past Due Receivables	-	-	-	-	-	-
Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions		**4,849,930**	**112,044**	**-**	**-**	**-**	**4,737,886**
C	Exposures on Counterparty Credit Risk						
1	Receivables on Sovereigns	12,148,377	-	-	-	-	12,148,377
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-	-
Total Counterparty Credit Risk Exposures		**12,148,377**	**-**	**-**	**-**	**-**	**12,148,377**
Total (A+B+C)		**198,485,380**	**1,801,273**	**-**	**-**	**-**	**196,684,107**

g. 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.

As of December 31, 2020, Danamon did not have any position of KIK EBA Asset.

	December 31, 2019					
	Net Receivables	Exposure which is Secured by				Unsecured Exposure
		Collateral	Guarantee	Credit Insurance	Others	
	(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
	-	-	-	-	-	-
	9,024	-	-	-	-	52,788
	880	-	-	-	-	128
	1,050	-	-	-	-	3,100
	-	-	-	-	-	-
	954,058	16,765	-	-	-	911,306
	3,637,077	126,015	-	-	-	3,361,646
	-	-	-	-	-	-
	4,602,089	**142,780**	**-**	**-**	**-**	**4,383,991**
	3,785,836	-	-	-	-	3,785,836
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,785,836	**-**	**-**	**-**	**-**	**3,785,836**
	194,508,364	**1,993,274**	**-**	**-**	**-**	**187,252,705**

h. 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 In calculating RWA for credit risk.

i. 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/ECL IFRS9 of securities. While for Reverse Repo Transactions, Danamon records the value of reverse repo receivables after deducted by LLP/ECL IFRS9 of receivables.

Table 17. Calculation of the Standardized Approach of Credit Risk Weighted Assets-Bank Stand Alone

1. Disclosure of Asset Exposures in the Balance Sheet

(IDR million)

No.	Portfolio Category	December 31, 2020	
		Net Receivables	RWA before CRM
(1)	(2)	(3)	(4)
1	Receivables on Sovereigns	34,344,003	-
	a. Receivables on Indonesia Sovereigns	34,344,003	-
	b. Receivables on Others Sovereigns	-	-
2	Receivables on Public Sector Entities	6,602,228	3,215,232
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	7,540,712	2,966,824
	a. Short Term Receivables	1,539,086	307,817
	b. Long Term Receivables	6,001,626	2,659,007
5	Loans Secured by Residential Property	4,673,109	1,328,997
6	Loan Secured by Commercial Real Estate	1,229,565	1,229,565
7	Employee/Pensioner Loans	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	24,878,530	18,658,898
9	Receivables on Corporate	66,401,189	64,967,652
10	Past Due Receivables	842,607	1,206,032
	a. Loans Secured by Residential Property	115,757	115,757
	b. In Addition to Loans Secured by Residential Property	726,850	1,090,275
11	Other Assets	7,877,377	-
	a. Cash, Gold and Commemorative Coin	2,761,954	-
	b. Investment (in addition to being a deduction factor for capital)	107,213	-
	1) Temporary capital investment in the context of credit restructuring	-	-
	2) Investment in financial companies that are not listed on the stock exchange	3,880	-
	3) investment in financial companies listed on the stock exchange	103,333	-
	c. Fixed Assets and Net Inventory	1,546,378	-
	d. Foreclosed Assets	681,465	-
	e. Net Interbranch Assets	-	-
	f. Others	2,780,367	-
TOTAL		**154,389,320**	**93,573,200**

			December 31, 2019	
	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
	(5)	(6)	(7)	(8)
	-	24,794,196	-	-
	-	24,794,196	-	-
	-	-	-	-
	3,215,232	1,804,971	837,204	837,204
	-	-	-	-
	2,964,168	6,054,335	1,954,882	1,951,191
	307,817	2,367,586	473,517	473,517
	2,656,351	3,686,749	1,481,365	1,477,674
	1,328,997	6,114,546	1,750,393	1,750,393
	1,108,463	1,347,936	1,347,936	1,143,783
	-	-	-	-
	18,608,036	30,712,915	23,034,686	22,978,253
	63,472,681	73,265,331	71,339,220	69,776,146
	1,205,991	2,662,281	3,903,500	3,902,540
	115,757	179,843	179,843	179,843
	1,090,235	2,482,438	3,723,657	3,722,697
	5,458,095	7,340,108	-	4,937,545
	-	2,779,681	-	-
	109,153	115,592	-	117,532
	-	-	-	-
	5,820	3,880	-	5,820
	103,333	111,712	-	111,712
	1,546,378	1,529,303	-	1,529,303
	1,022,198	750,356	-	1,125,534
	-	-	-	-
	2,780,366	2,165,176	-	2,165,176
	97,361,663	**154,096,619**	**104,167,821**	**107,277,055**

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

(IDR million)

No.	Portfolio Category	December 31, 2020	
		Net Receivables	RWA before CRM
(1)	(2)	(3)	(4)
1	Receivables on Sovereigns	-	-
	a. Receivables on Indonesia Sovereigns	-	-
	b. Receivables on Others Sovereigns	-	-
2	Receivables on Public Sector Entities	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	75,760	33,484
	a. Short Term Receivables	14,654	2,931
	b. Long Term Receivables	61,106	30,553
5	Loans Secured by Residential Property	1,738	367
6	Loan Secured by Commercial Real Estate	1,050	1,050
7	Employee/Pensioner Loans	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	949,461	712,096
9	Receivables on Corporate	3,821,920	3,821,920
10	Past Due Receivables	-	-
	a. Loans Secured by Residential Property	-	-
	b. In Addition to Loans Secured by Residential Property	-	-
TOTAL		**4,849,929**	**4,568,917**

3. Disclosure of Exposures causing Counterparty Credit Risk

(IDR million)

No.	Portfolio Category	December 31, 2020	
		Net Receivables	RWA before CRM
(1)	(2)	(3)	(4)
1	Receivables on Sovereigns	12,148,377	-
	a. Receivables on Indonesia Sovereigns	12,148,377	-
	b. Receivables on Others Sovereigns	-	-
2	Receivables on Public Sector Entities	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	-	-
	a. Short Term Receivables	-	-
	b. Long Term Receivables	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-
6	Receivables on Corporate	-	-
TOTAL		**12,148,377**	**-**

		December 31, 2019		
	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
	(5)	(6)	(7)	(8)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	33,484	9,024	4,512	4,512
	2,931	-	-	-
	30,553	9,024	4,512	4,512
	367	880	182	182
	1,050	1,050	1,050	1,050
	-	-	-	-
	698,026	954,058	715,543	702,970
	3,728,635	3,637,077	3,637,077	3,511,061
	-	-	-	-
	-	-	-	-
	-	-	-	-
	4,461,562	**4,602,089**	**4,358,364**	**4,219,775**

		December 31, 2019		
	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
	(5)	(6)	(7)	(8)
	-	3,785,836	-	-
	-	3,785,836	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	**3,785,836**	**-**	**-**

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

There is no exposure that cause Credit Risk due to Settlement Risk in 31 December 2020 and 31 December 2019.

5. Disclosure of Securitization Exposures

There is no exposure of Securitization in 31 December 2020 and 31 December 2019.

6.Disclosures of Derivative Exposure

(IDR million)

No.	Portfolio Category	December 31, 2020	
		Net Receivables	RWA before CRM
(1)	(2)	(3)	(4)
1.	Receivables on Sovereigns	3,632	-
	a. Receivables on Indonesia Sovereigns	3,632	-
	b. Receivables on Others Sovereigns	-	-
2.	Receivables on Public Sector Entities	-	-
3.	Receivables on Multilateral Development Banks and International Institutions	-	-
4.	Receivables on Banks	525,015	215,001
	a. Short Term Receivables	158,355	31,671
	b. Long Term Receivables	366,660	183,330
5.	Receivables on Micro, Small Business & Retail Portfolio	54,817	41,113
6.	Receivables on Corporate	182,741	182,741
7.	Credit Valuation Adjustment risk weighted assets		
TOTAL		**766,205**	**438,855**

7. Total Credit Risk Measurement (1+2+3+4+5+6).

(IDR million)

		December 31, 2020	December 31, 2019
TOTAL CREDIT RISK RWA	(A)	102,321,338	111,813,263
RWA CREDIT RISK DEDUCTION FACTOR: Difference between General allowance for possible losses on earning assets (max. 1.25% of RWA Credit Risk)	(B)	-	-
TOTAL CREDIT RISK RWA (A)-(B)	**(C)**	**102,321,338**	**111,813,263**
TOTAL CAPITAL DEDUCTION FACTOR	**(D)**	**-**	**-**

			December 31, 2019
RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(5)	(6)	(7)	(8)
-	2,017	-	-
-	2,017	-	-
-	-	-	-
-	-	-	-
-	-	-	-
215,001	238,745	98,897	98,897
31,671	68,254	13,651	13,651
183,330	170,491	85,245	85,245
41,113	57,015	42,761	42,761
182,741	134,292	134,292	134,292
59,258			40,483
498,113	**432,069**	**275,950**	**316,433**

Table 17. Calculation of the Standardized Approach of Credit Risk Weighted Assets-Consolidated

1. Disclosure of Asset Exposures in the Balance Sheet

(IDR million)

No.	Portfolio Category	December 31, 2020		
		Net Receivables	RWA before CRM	
(1)	(2)	(3)	(4)	
1	Receivables on Sovereigns	34,344,003	-	
	a. Receivables on Indonesia Sovereigns	34,344,003	-	
	b. Receivables on Others Sovereigns	-	-	
2	Receivables on Public Sector Entities	6,602,654	3,215,445	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	
4	Receivables on Banks	10,559,566	3,570,595	
	a. Short Term Receivables	4,557,940	911,588	
	b. Long Term Receivables	6,001,626	2,659,007	
5	Loans Secured by Residential Property	4,673,853	1,329,146	
6	Loan Secured by Commercial Real Estate	1,229,565	1,229,565	
7	Employee/Pensioner Loans	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	47,800,180	35,850,135	
9	Receivables on Corporate	66,249,200	64,855,228	
10	Past Due Receivables	1,110,280	1,607,446	
	a. Loans Secured by Residential Property	115,948	115,948	
	b. In Addition to Loans Secured by Residential Property	994,332	1,491,498	
11	Other Assets	8,917,772	-	
	a. Cash, Gold and Commemorative Coin	2,838,128	-	
	b. Investment (in addition to being a deduction factor for capital)	107,213	-	
	1) Temporary capital investment in the context of credit restructuring	-	-	
	2) Investment in financial companies that are not listed on the stock exchange	3,880	-	
	3) investment in financial companies listed on the stock exchange	103,333	-	
	c. Fixed Assets and Net Inventory	2,105,692	-	
	d. Foreclosed Assets	681,465	-	
	e. Net Interbranch Assets	-	-	
	f. Others	3,185,274	-	
TOTAL		**181,487,073**	**111,657,560**	

		December 31, 2019		
	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
	(5)	(6)	(7)	(8)
	-	24,794,196	-	-
	-	24,794,196	-	-
	-	-	-	-
	3,215,445	1,805,649	837,543	837,543
	-	-	-	-
	3,567,939	7,201,051	2,184,225	2,180,534
	911,588	3,514,301	702,860	702,860
	2,656,351	3,686,749	1,481,365	1,477,674
	1,329,146	6,116,387	1,750,768	1,750,768
	1,108,463	1,347,936	1,347,936	1,143,783
	-	-	-	-
	35,799,273	61,417,941	46,063,456	46,007,022
	63,360,257	71,831,362	69,960,616	68,397,542
	1,607,405	3,098,919	4,558,457	4,557,497
	115,948	179,843	179,843	179,843
	1,491,457	2,919,076	4,378,614	4,377,654
	6,422,316	8,506,998	-	5,933,554
	-	2,950,563	-	-
	109,153	115,592	-	117,532
	-	-	-	-
	5,820	3,880	-	5,820
	103,333	111,712	-	111,712
	2,105,692	1,785,994	-	1,785,994
	1,022,198	750,356	-	1,125,534
	-	-	-	-
	3,185,274	2,904,495	-	2,904,495
	116,410,244	**186,120,439**	**126,703,001**	**130,808,243**

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

(IDR million)

No.	Portfolio Category	December 31, 2020	
		Net Receivables	RWA before CRM
(1)	(2)	(3)	(4)
1	Receivables on Sovereigns	-	-
	a. Receivables on Indonesia Sovereigns	-	-
	b. Receivables on Others Sovereigns	-	-
2	Receivables on Public Sector Entities	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	75,760	33,484
	a. Short Term Receivables	14,654	2,931
	b. Long Term Receivables	61,106	30,553
5	Loans Secured by Residential Property	1,738	367
6	Loan Secured by Commercial Real Estate	1,050	1,050
7	Employee/Pensioner Loans	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	949,461	712,096
9	Receivables on Corporate	3,821,920	3,821,920
10	Past Due Receivables	-	-
	a. Loans Secured by Residential Property	-	-
	b. In Addition to Loans Secured by Residential Property	-	-
	TOTAL	**4,849,929**	**4,568,917**

3. Disclosure of Exposures causing Counterparty Credit Risk

(IDR million)

No.	Portfolio Category	December 31, 2020	
		Net Receivables	RWA before CRM
(1)	(2)	(3)	(4)
1	Receivables on Sovereigns	12,148,377	-
	a. Receivables on Indonesia Sovereigns	12,148,377	-
	b. Receivables on Others Sovereigns	-	-
2	Receivables on Public Sector Entities	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	-	-
	a. Short Term Receivables	-	-
	b. Long Term Receivables	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-
6	Receivables on Corporate	-	-
TOTAL		**12,148,377**	**-**

4. Exposure that cause Credit Risk due to Settlement Risk

There is no exposure that cause Credit Risk due to Settlement Risk in 31 December 2020 and 31 December 2019.

		December 31, 2019		
	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
	(5)	(6)	(7)	(8)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	33,484	9,024	4,512	4,512
	2,931	-	-	-
	30,553	9,024	4,512	4,512
	367	880	182	182
	1,050	1,050	1,050	1,050
	-	-	-	-
	698,026	954,058	715,543	702,970
	3,728,635	3,637,077	3,637,077	3,511,061
	-	-	-	-
	-	-	-	-
	-	-	-	-
	4,461,562	**4,602,089**	**4,358,364**	**4,219,775**

		December 31, 2019		
	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
	(5)	(6)	(7)	(8)
	-	3,785,836	-	-
	-	3,785,836	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	**3,785,836**	**-**	**-**

5. Exposure of Securitization

There is no exposure of Securitization in 31 December 2020 and 31 December 2019.

6. Disclosures of Derivative Exposure

(IDR million)

No.	Portfolio Category	December 31, 2020	
		Net Receivables	RWA before CRM
(1)	(2)	(3)	(4)
1.	Receivables on Sovereigns	3,632	-
	a. Receivables on Indonesia Sovereigns	3,632	-
	b. Receivables on Others Sovereigns	-	-
2.	Receivables on Public Sector Entities	-	-
3.	Receivables on Multilateral Development Banks and International Institutions	-	-
4.	Receivables on Banks	714,941	309,964
	a. Short Term Receivables	158,355	31,671
	b. Long Term Receivables	556,585	278,293
5.	Receivables on Micro, Small Business & Retail Portfolio	54,817	41,113
6.	Receivables on Corporate	182,740	182,740
7.	Credit Valuation Adjustment risk weighted assets		
TOTAL		**956,130**	**533,817**

7. Total Credit Risk Measurement (1+2+3+4+5+6)

(IDR million)

		December 31, 2020	December 31, 2019
TOTAL CREDIT RISK RWA	(A)	121,608,730	135,558,924
RWA CREDIT RISK DEDUCTION FACTOR: Difference between General allowance for possible losses on earning assets (max. 1.25% of RWA Credit Risk)	(B)	-	-
TOTAL CREDIT RISK RWA (A)-(B)	**(C)**	**121,608,730**	**135,558,924**
TOTAL CAPITAL DEDUCTION FACTOR	**(D)**	**-**	**-**

		December 31, 2019		
	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
	(5)	(6)	(7)	(8)
	-	2,017	-	-
	-	2,017	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	309,964	415,033	187,041	187,041
	31,671	68,254	13,651	13,651
	278,293	346,779	173,389	173,389
	41,113	57,015	42,761	42,761
	182,740	134,292	134,292	134,292
	203,107			166,812
	736,924	**608,357**	**364,094**	**530,906**

Table 18. Exposure Counterparty Credit Risk (CCR1) Analysis-Bank Stand Alone

December 31, 2020
(IDR million)

		Replacement Cost (RC)	
1	SA-CCR (for derivative)	360,633	
2	Internal Model Method (for derivative and SFT)		
3	Basic Approach for credit risk mitigation (for SFT)		
4	Comprehensive approach for credit risk mitigation (for SFT)		
5	VaR for SFT		
6	**Total**		

Qualitative Analysis
The Amount of SA-CCR Net Receivables (for derivative) for Bank stand alone at the end of December 2020 (IDR766 billion) increased compared to December 2019 position (IDR432 billion). Hence, the amount of SA-CCR RWA (for derivative) for Bank stand alone at the end of December 2020 (IDR439 billion) also increased compared to December 2019 position (IDR276 billion).

Tabel 20. Exposure Counterparty Credit Risk (CCR1) Analysis-Consolidated

December 31, 2020
(IDR million)

		Replacement Cost (RC)	
1	SA-CCR (for derivative)	362,482	
2	Internal Model Method (for derivative and SFT)		
3	Basic Approach for credit risk mitigation (for SFT)		
4	Comprehensive approach for credit risk mitigation (for SFT)		
5	VaR for SFT		
6	**Total**		

Qualitative Analysis
The Amount of SA-CCR Net Receivables (for derivative) for consolidated at the end of December 2020 (IDR956 billion) increased compared to December 2019 position (IDR608 billion). Hence, the amount of SA-CCR RWA (for derivative) for consolidated at the end of December 2020 (IDR534 billion) also increased compared to December 2019 position (IDR364 billion).

	Potential Future Exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
	186,656		1.4	766,205	438,855
				N/A	N/A
				N/A	N/A
				N/A	N/A
				N/A	N/A
					438.855

	Potential Future Exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
	320,468		1.4	956,130	533,818
				N/A	N/A
				N/A	N/A
				N/A	N/A
				N/A	N/A
					533.818

Table 19. Capital Charge for Credit Valuation Adjustment (CCR2)-Bank Stand Alone

December 31, 2020 (IDR million)		Net Receivables	RWA
	Total portfolios based on Advanced CVA capital charge	N/A	N/A
1	(i) VaR components (includes 3x multiplier)		N/A
2	(ii) Stressed VaR Component (includes 3x multiplier)		N/A
3	All portfolios based on Standardized CVA Capital Charge	766,205	59,258
4	**Total based on CVA Capital Charge**	**766,205**	**59,258**

Qualitative Analysis
The Amount of Total RWA based on CVA Capital Charge for Bank stand alone at the end of December 2020 (IDR59 billion) increased compared to December 2019 (IDR40 billion).

Table 20. Capital Charge for Credit Valuation Adjustment (CCR2)-Consolidated

December 31, 2020 (IDR million)		Net Receivables	RWA
	Total portfolios based on Advanced CVA capital charge	N/A	N/A
1	(i) VaR components (includes 3x multiplier)		N/A
2	(ii) Stressed VaR Component (includes 3x multiplier)		N/A
3	All portfolios based on Standardized CVA Capital Charge	956,130	203,107
4	**Total based on CVA Capital Charge**	**956,130**	**203,107**

Qualitative Analysis
The Amount of Total RWA based on CVA Capital Charge Bank Consolidated at the end of December 2020 (IDR203 billion) increased compared to December 2019 position (IDR167 billion).

Table 21. CCR Exposure based on Portfolio Category and Risk Weight (CCR3)-Bank Stand Alone

December 31, 2020
(IDR million)

Portfolio Category / Risk Weight	0%	10%	20%	50%	
Receivables on Sovereigns and Central Bank	3,632				
Receivables on Public Sector Entities					
Receivables on Multilateral Development Banks and International Institutions					
Receivables on Banks			158,355	366,660	
Receivables on Security Firms					
Receivables on Corporates					
Receivables on Micro, Small and Retail Businesses Portfolio					
Other Assets					
Total	**3,632**	**-**	**158,355**	**366,660**	

Table 21. CCR Exposure based on Portfolio Category and Risk Weight (CCR3)-Consolidated

December 31, 2020
(IDR million)

Portfolio Category / Risk Weight	0%	10%	20%	50%	
Receivables on Sovereigns and Central Bank	3,632				
Receivables on Public Sector Entities					
Receivables on Multilateral Development Banks and International Institutions					
Receivables on Banks			158,355	556,585	
Receivables on Security Firms					
Receivables on Corporates					
Receivables on Micro, Small and Retail Businesses Portfolio					
Other Assets					
Total	**3,632**	**-**	**158,355**	**556,585**	

	75%	100%	150%	Others	Total Net Receivables
					3,632
					-
					-
					525,015
					-
		182,741			182,741
	54,817				54,817
					-
	54,817	**182,741**	**-**	**-**	**766,205**

	75%	100%	150%	Others	Total Net Receivables
					3,632
					-
					-
					714,940
					-
		182,741			182,741
	54,817				54,817
	54,817	**182,741**	**-**	**-**	**956,130**

2. Market Risk

Market Risk Management Implementation
Market Risk Management is a top-down process within the Bank organizational structure, starting from the Risk Oversight 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.

Trading risk is primarily managed through a limit structure and monitored daily by the Market & Liquidity Risk (MLR) Division, which include exchange risk and interest rate risk.

On the other hand, interest rate risk in the banking book 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.

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.

MARKET RISK

Tabel 22. Disclosure of Market Risks by Using Standardized Methods

(IDR million)

No.	Type of Risk	December 31, 2020				December 31, 2019			
		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	52,556	656,953	52,556	656,953	27,928	349,098	27,928	349,098
	a. Specific Risk	693	8,662	693	8,662	723	9,032	723	9,032
	b. General Risk	51,863	648,291	51,863	648,291	27,205	340,067	27,205	340,067
2	Foreign Exchange Risk	37,308	466,354	37,683	471,043	12,911	161,390	13,550	169,371
3	Equity Risk								
4	Commodity Risk								
5	Option Risk								

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

Anticipating Market Risk for Foreign Exchange Transactions
To anticipate the market risks faced, Danamon's market risk management is based on the following principles:

- The Bank should establish a sound and comprehensive market risk management system that is closely integrated with its day-to-day risk management process and system.
- The market risk management involves identification, measurement, monitoring, control, and risk management information system of all

market risks materials/factos, including sound capital adequacy assessment associated with the risks. Ultimately, through market risk management, the Bank seeks to ensure that it does not take market risk beyond its capacity in absorbing the potential losses.

- Policies and procedures are structured with due observance of the prudence principle as the foundation of a robust risk management system.
- The market risk management system of the Bank should be commensurate with the scope, size and complexity of its activities.
- The market risk management system should cover all material market risks, both on- and off-balance sheet.

Risk Management Implementation of Interest Rate Risk in Banking Book (IRRBB)

a. IRRBB Definition

Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's Banking Book positions.

Included in the IRRBB exposure are any instruments or positions that are sensitive to interest rates but are not included in the Trading Book/Fair Value to Profit & Loss (FVPL). In this case, including financial instruments or assets which are recorded as Available-for-Sale (AFS)/ Fair Value to OCI (FVOCI) and as Held-to-Maturity (HTM).

b. Risk Management Strategy and Risk Mitigation for IRRBB

IRRBB is managed for each exposure in a currency with material (major) exposures, i.e. those accounting for minimum 5% of either Banking Book assets or liabilities. The major currencies must be actively managed by Treasury and monitored by Risk Management independently.

In relation to the above, BOD delegates the authority to Assets & Liabilities Committee (ALCO) to monitor and review the structure and trends of the balance sheet in terms of, inter alia, interest rate risk, including interest rate risk in Banking Book (IRRBB). Accordingly, ALCO should conduct regular meeting, including agenda related to IRRBB.

In general, ALCO management of IRRBB is supported by the Treasury & Capital Market (TCM) Division and the Market & Liquidity Risk (MLR) Unit.

TCM has an active role in managing the IRRBB exposure within the limits and parameters approved by ALCO, including managing the gap risk, repricing risk, and other risks associated with the IRRBB, as well as performing on necessary interest rate hedge. The management is performed based on the decisions and mandates given by ALCO as a senior management committee which is the apex body entrusted for interest rate risk management and as the owner of the IRRBB limit.

MLR is an independent function within the Bank that is responsible for managing market and liquidity risk. The responsibility of the MLR in relation to the management of the IRRBB includes:

- Identifying, measuring, monitoring, and reporting the risk exposure in accordance with regulations, methods and policies related to IRRBB.
- Developing and reviewing related policies, guidelines, methods and procedures in managing IRRBB.
- Reviewing the limits associated with IRRBB in reguler basis to ensure they remain adequately set.

c. Periodization of IRRBB Calculations and Measurements Used to Measure Sensitivity to IRRBB

Internally, Bank measures and monitor IRRBB exposures through ΔEVE and ΔNII method on a monthly basis.

d. Interest Rate Shock Scenario and Stress Scenario Being Used

In accordance to POJK, IRRBB exposure measurement through ΔEVE is conducted based on 6 (six) interest rate shock scenarios as follows:

- Parallel shock up
- Parallel shock down
- Steepener shock
- Flattener shock
- Short rates shock up and
- Short rates shock down

IRRBB exposure measurement through ΔNII is conducted based on 2 (two) interest rate shock scenarios as follows:
- Parallel shock up
- Parallel shock down

The amount of interest rate shock used by the Bank in calculating ΔEVE and ΔNII follows the scenario set by OJK, which is as follows:

(in bps)	IDR	USD
Parallel	400	200
Short	500	300
Long	350	150

e. Modeling Assumptions that Are Different from the Standardize Approach

For the purpose of IRRBB disclosure, the Bank uses the standardize approach as stipulated in the OJK Circular Letter.

As a complement in managing interest rate risk, under the Internal Capital Assessment Adequacy Process (ICAAP), Bank also conduct IRRBB simulation using standardize approach, by using internal assumption of interest rate shock.

f. Hedging of IRRBB and Related Accounting Treatment

In the event that an activity uses hedge accounting, the activity is taken into account in the measurement of IRRBB.

As of the June 2020 report, Bank's subsidiary has hedge accounting activity which are included in the scope of the consolidated IRRBB calculation.

g. Main Modelling Assumptions and Parametric Used in ΔEVE and ΔNII Calculation

1. In calculating cash flows and discounts on the ΔEVE calculation, the Bank does not include commercial margin components and other spread components.
2. Determination of repricing maturities for NMD is conducted based on a behavioral analysis of NMD using sufficient historical data.
3. The methodology used to estimate loan prepayment rate and TD early withdrawal rates is the maximum value of prepayment rates and early withdrawal rates based on historical data.
4. At present there are no other assumptions that have a material impact on ΔEVE and ΔNII that were excluded from the calculation.
5. The method of aggregation between currencies is as follows:
   - For the purpose of measurement on a consolidated basis, the calculation is performed by combining the results of ΔEVE and ΔNII value of each entity based on the same interest rate scenario category and the same currency type.
   - For the purpose of measurement in aggregation between significant currencies, the calculation is performed by summing up the worst ΔEVE and ΔNII for each type of significant currencies.

Quantitative Analysis

1. Average repricing maturity for NMD as of end of December 2020 is determined based on a behavioral analysis of NMD using sufficient historical data.
2. Maximum repricing maturity for NMD as of end of December 2020 is determined through internal assumption.

Table 23. Interest Rate Risk in Banking Book-Bank Stand Alone

Name : PT Bank Danamon Tbk.
Report as of : December 31, 2020
Currency : IDR

in million IDR	ΔEVE		ΔNII	
Period	December 31, 2020	September 30, 2020	December 31, 2020	September 30, 2020
Parallel Up	(2,467,789)	(2,750,694)	(701,489)	(300,387)
Parallel Down	2,737,331	3,111,996	(442,928)	(876,462)
Steepener	413,473	383,107		
Flattener	(961,694)	(1,005,526)		
Short Rate Up	(1,849,729)	(2,007,939)		
Short Rate Down	1,939,405	2,135,850		
Maximum Negative Value (Absolute)	2,467,789	2,750,694	701,489	876,462
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	31,034,546	31,782,832	7,848,247	7,848,247
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	7.95%	8.65%	8.94%	11.17%

Currency : USD

in million IDR	ΔEVE		ΔNII	
Period	December 31, 2020	September 30, 2020	December 31, 2020	September 30, 2020
Parallel Up	(129,499)	(212,236)	125,428	3,707
Parallel Down	(15,309)	(13,414)	(91,865)	(65,479)
Steepener	95,009	126,791		
Flattener	(87,515)	(123,844)		
Short Rate Up	(131,925)	(198,564)		
Short Rate Down	(14,501)	(12,453)		
Maximum Negative Value (Absolute)	131,925	212,236	91,865	65,479
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	31,034,546	31,782,832	7,848,247	7,848,247
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	0.43%	0.67%	1.17%	0.83%

Currency : Combined (IDR & USD)

in million IDR	ΔEVE		ΔNII	
Period	December 31, 2020	September 30, 2020	December 31, 2020	September 30, 2020
Maximum Negative Value (Absolute)	2,599,715	2,962,931	793,354	941,941
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	31,034,546	31,782,832	7,848,247	7,848,247
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	8.38%	9.32%	10.11%	12.00%

Table 23. Interest Rate Risk in Banking Book-Consolidated

Nama : PT Bank Danamon Tbk.
Report as of : December 31, 2020
Currency : IDR

in million IDR	ΔEVE		ΔNII	
Period	December 31, 2020	September 30, 2020	December 31, 2020	September 30, 2020
Parallel Up	(2,772,191)	(2,915,625)	(670,909)	(285,646)
Parallel Down	3,062,070	3,294,338	(474,643)	(892,080)
Steepener	492,003	429,196		
Flattener	(1,103,860)	(1,085,530)		
Short Rate Up	(2,096,966)	(2,144,218)		
Short Rate Down	2,193,082	2,282,608		
Maximum Negative Value (Absolute)	2,772,191	2,915,625	670,909	892,080
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	37,969,852	38,423,616	16,308,045	16,308,045
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	7.30%	7.59%	4.11%	5.47%

Currency : USD

in million IDR	ΔEVE		ΔNII	
Period	December 31, 2020	September 30, 2020	December 31, 2020	September 30, 2020
Parallel Up	(129,499)	(212,236)	125,428	3,707
Parallel Down	(15,309)	(13,414)	(91,865)	(65,479)
Steepener	95,009	126,791		
Flattener	(87,515)	(123,844)		
Short Rate Up	(131,925)	(198,564)		
Short Rate Down	(14,501)	(12,453)		
Maximum Negative Value (Absolute)	131,925	212,236	91,865	65,479
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	37,969,852	38,423,616	16,308,045	16,308,045
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	0.35%	0.55%	0.56%	0.40%

Currency : Combined (IDR & USD)

in million IDR	ΔEVE		ΔNII	
Period	December 31, 2020	September 30, 2020	December 31, 2020	September 30, 2020
Maximum Negative Value (Absolute)	2,904,116	3,127,861	762,774	957,559
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	37,969,852	38,423,616	16,308,045	16,308,045
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	7.65%	8.14%	4.68%	5.87%

3. Liquidity Risk

Liquidity Risk Management Governance

Liquidity risk management is a top-down process, starting from the Risk Oversight Committee of the Board of Commissioners and the Board of Directors/ Senior Management through ALCO, which 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 Danamon. ALCO focuses on liquidity management with the following objectives:

a. Understanding the various liquidity risk sources and integrate the characteristics and risks of various liquidity sources, particularly under stress conditions.
b. Developing a comprehensive risk approach to ensure compliance with the overall risk appetite.
c. Determining relevant funding strategies to meet liquidity requirements, including consolidating all funding resources.
d. Developing effective contingency plans.
e. 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.

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.

Funding Strategy

As part of the liquidity risk management process, Danamon implements a funding strategy through a diversified third party fund (DPK) composition in wholesale and retail segment financing. One of the ways to monitor the funding strategy is through monitoring the concentration of funding for large fund providers that are monitored daily.

Liquidity Risk Mitigation Technique

In mitigating liquidity risks, Danamon's liquidity risk management is based on the following principles:

a. Strategies, policies and practices are geared towards managing liquidity risk to provide sufficient liquidity.
b. There should be robust processes in place for identifying, measuring, monitoring and controlling liquidity risk.
c. The risk management function responsible for liquidity risk management should be structurally and functionally independent from the liquidity risk taking function (RTU).
d. There should be active monitoring and control of current and potential liquidity risk exposures.
e. Funding sources and tenors should be effectively diversified to minimise excessive funding concentrations.
f. A comprehensive Contingency Funding Plan (CFP) that sets out the strategies for addressing liquidity shortfalls in crisis situations should be in place and tested periodically to assess its effectiveness and operational feasibility.
g. The Bank should maintain, on an ongoing basis, a liquidity reserve of high grade liquid assets, correspond to the risk tolerance and prevailing regulation.
h. The Bank's liquidity stress tests should include the on- and off-balance sheet obligations.

Stress Test

Liquidity risk stress testing assesses the Bank's capacity to withstand plausible scenarios of a range of severities under various market and/or firm-specific conditions thereby identifying the bank's vulnerabilities to specific sources of liquidity risk.

Stress tests should be designed to assess the liquidity risk of the portfolios and the liquidity management strategies of the Bank under extraordinary circumstances. The scenarios used by Danamon are:

a. General Market Stress/Systemic Problem

The aim of this scenario is to depict the situation whereby liquidity at a large number of financial institutions in the country is affected. This may be triggered by a major macroeconomic and financial problem or political crisis in the country that causes the customers to lose confidence in the banking system. A systemic situation arising from market scenarios that are not directly related to the Bank (e.g. sharp fall and high volatility in asset prices, market panic, sudden dry-up in short-term funding markets, financial/economic difficulties).

b. **Bank-Specific Stress/Name Problem**
The aim of this scenario is to depict the situation whereby the liquidity stress arises as a result of the bank itself experiencing either real or perceived problems. These problems include deteriorating asset quality, major fraud case, large trading losses, rumors of the Bank's credibility or downgrades in credit rating, exceptional losses arising from market/credit/operational issues; this generally leads to an erosion of public trust in the Bank, deposit runs and overall shortness in liquidity.

Liquidity Risk Measurements
In general, the assessment of liquidity risk may be grouped into regulatory measurement and internal or non-regulatory measurement. To measure regulatory liquidity risk, the Bank internally set additional thresholds from those pre-set by regulation, where such thresholds are more conservative than those set by regulation.

Several measurements used in Danamon are:

a. **Liquidity Coverage Ratio (LCR)**
The purpose of this standard is to ensure that the Bank retains a sufficient level of unencumbered and high quality assets which are convertible into cash to fulfill liquidity requirements within 30 calendar days under a severe liquidity stress scenario as defined by 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.

LIQUIDITY RISK

Tabel 24. Liquidity Adequacy Ratio (LCR) Calculation Report

(IDR million)

No.	Components	Bank			
		December 31, 2020		September 30, 2020	
		The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate
1	Total data points used in the calculation of the LCR		59 days		62 days
HIGH QUALITY LIQUID ASSET (HQLA)					
2	Total High Quality Liquid Asset (HQLA)		51,026,785		46,629,242
CASH OUTFLOWS					
7	CASH OUTFLOWS		48,018,854		44,315,207
CASH INFLOWS					
11	CASH INFLOWS	38,792,987	21,058,205	24,772,752	15,934,629

	CONSOLIDATED			
	December 31, 2020		September 30, 2020	
	The outstanding value of liabilities and commitments/contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate
		59 days		62 days
		51,068,326		46,663,077
		49,414,435		45,455,499
	40,797,141	22,244,178	26,815,444	17,136,642

No.	Components	Bank				
		December 31, 2020		September 30, 2020		
		The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	
			TOTAL ADJUSTED VALUE[1]		TOTAL ADJUSTED VALUE[1]	
12	TOTAL HQLA		51,026,785		46,629,242	
13	NET CASH OUTFLOWS		26,960,649		28,380,577	
14	LCR (%)		189.26%		164.30%	

[1]) Adjusted value is calculated after the imposition of a haircut, run-off rate, and inflow rate as well as the maximum limit of HQLA components, for example the maximum limit of HQLA Level 2B and HQLA Level 2 and the maximum limit of cash inflows that can be taken into account in the LCR.

Qualitative Analysis-Bank Stand Alone

"In general, the liquidity condition of PT Bank Danamon Indonesia Tbk. ("Danamon") is still very good. Liquidity risk management is supported by measurement of liquidity risk parameters that indicate a low level of risk. In addition, Danamon is also supported by strong capital.

In accordance with POJK No. 42/POJK.03/2015, Danamon are obliged to perform Individual and Consolidated quarterly reports for BUKU 4 Banks for the position of the December 2020 report based on the daily average from October-December 2020.

The average LCR ratio of Danamon individually for Quarter-IV 2020 was 189.26%. This ratio is still above the minimum ratio value stipulated in POJK No.42/POJK.03/2015 which is 100% and revised through OJK Regulation No. 48/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy as the impact of the spread of Coronavirus Disease 2019, which is 85% valid until March 31, 2022.

The composition of the LCR for Quarter-IV 2020 is described in the section below.

The composition of High Quality Liquid Assets (HQLA) owned by Danamon in Quarter-IV 2020 was still dominated by Placements with Bank Indonesia (BI) and securities issued by the Central Government and BI. On average, during Quarter-IV 2020, the largest composition of HQLA was securities issued by the Central Government and BI, amounting to 80.56% of the total HQLA, followed by Placements with BI of 15.49%, cash or cash equivalents 3.75 %, Corporate Bonds Level 2A at 0.15% and Corporate Bonds Level 2B at 0.05%.

The composition of Third Party Funds (TPF) owned by Danamon remains diversified the wholesale and retail segments. To maintain the stability of TPF so as not to be concentrated on a particular party, as risk mitigation, Danamon internally monitors the funding concentration ratio on a daily basis and continues to make efforts to diversify TPF in a sustainable manner.

Overall, the total derivative transactions conducted by the Danamon did not have a significant impact on the LCR calculation. In terms of composition, the comparison of the net cash outflow of derivative transactions (derivative transaction cash outflow minus derivative transaction cash inflow) to the total net cash outflow is 0.17%, with the cash inflow of derivative transactions being greater than the cash outflow of derivative transactions. In addition, the background for derivative portfolio activities is still limited to plain vanilla products, most of which are carried out for hedging needs, supporting customer transactions, or liquidity needs in Balance Sheet Management.

The implementation of Danamon liquidity management in accordance with what reported in the liquidity risk profile includes the following:

1. In terms of risk management, the Board of Commissioners and Board of Directors have awareness of liquidity management risk and is represented through the ALCO (Asset and Liability Committee) and ROC (Risk Oversight Committee) with clear and independent duties and responsibilities.
2. In terms of risk management, Danamon has a contingency funding plan (CFP), monitoring and reporting of liquidity limits through ALCO and RMC, managing positions and liquidity risk, as well as funding strategies and policies/procedures as well as monitoring liquidity risk limits and reviewed regularly.
3. Danamon has and implements a liquidity risk management process, independent human resources and a liquidity management information system.
4. Danamon has a sufficient risk control system through a risk management work unit and a compliance work unit that is independent from the operational work unit and the line business."

	CONSOLIDATED			
	December 31, 2020		September 30, 2020	
	The outstanding value of liabilities and commitments/contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate
		TOTAL ADJUSTED VALUE[1]		TOTAL ADJUSTED VALUE[1]
		51,068,326		46,663,077
		27,170,258		28,318,857
		187.96%		164.78%

Qualitative Analysis- Consolidated

Danamon consolidated liquidity also shows very good conditions. Liquidity risk management in both the main entity and its subsidiaries is carried out through measurement, supervision and control of liquidity risk parameters, which generally indicate a low level of risk.

In accordance with POJK No. 42/POJK.03/2015, Danamon are obliged to perform Individual and Consolidated quarterly reports for BUKU 4 Banks for the position of the December 2020 report based on the daily average from October-December 2020.

The average Consolidated LCR ratio of Danamon for Quarter IV 2020 is 187.96%.This ratio is still above the minimum ratio value stipulated in POJK No.42/POJK.03/2015 which is 100% and revised through OJK Regulation No. 48/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy as the impact of the spread of Coronavirus Disease 2019, which is 85% valid until March 31, 2022.

The composition of the LCR for Quarter-IV 2020 is described in the section below.

The LCR consolidation calculation is a combination of Danamon LCR calculation as the main entity with the subsidiary's LCR, in this case PT Adira Dinamika Multi Finance Tbk. (ADMF), a financial services institution engaged in financing or multi finance.

On a consolidated basis, the combined of LCR from subsidiaries has a marginal impact on HQLA by adding cash or cash equivalents, increasing/reducing cash outflows through bond issuance and interbank borrowing, as well as increasing cash inflows through retail and interbank asset claims.

Composition of High Quality Liquid Assets (HQLA) owned by Danamon on a consolidated basis in Quarter-IV was still dominated by Placements with Bank Indonesia (BI) and Securities issued by the Central Government and BI. On average throughout the fourth quarter of 2020, the largest composition of HQLA was Securities issued by the Central Government and BI at 80.50% of the total HQLA, followed by Placements with BI of 15.48%, Cash or Cash equivalents of 3, 82%, Corporate Bonds Level 2A at 0.15% and Corporate Bonds Level 2B at 0.05%.

Analysis of the Composition of Third Party Funds as an outflow component, the majority are in the Main Entity (Danamon) which remains diversified in funding from wholesale and retail segments. Supervision of the concentration of funding is monitored on a daily basis.

Derivative transactions are centered on the Main Entity (Danamon). As stated in the Individual analysis, the ratio of derivative transactions both in terms of receivables and liabilities to total assets and liabilities (including capital) has a minimal impact on the LCR calculation. The background of the derivative portfolio activity is only limited to plain vanilla products for hedging needs, supporting customer transactions, or liquidity needs through Balance Sheet Management.

The implementation of Consolidated liquidity management in accordance with what we have reported in the consolidated liquidity risk profile, includes the following:

1. In terms of risk governance, the board of commissioners and board of directors of both the Main Entity and Subsidiaries have awareness of liquidity management risk which is represented through the ALCO (Asset and Liability Committee) and ROC (Risk Oversight Committee) with clear and independent duties and responsibilities.
2. In terms of risk management, the Main Entity and/or Subsidiaries have contingency funding plans (CFP), monitoring and reporting of liquidity limits through ALCO and RMC, managing positions and liquidity risks as well as funding strategies and policies/procedures and limits. liquidity risk which is monitored and reviewed regularly.
3. The Main Entity and Subsidiaries have and implement a liquidity risk management process, independent human resources and a liquidity management information system.
4. The Main Entity and Subsidiaries have adequate risk control systems through risk management work units and compliance work units that are independent of operational work units and Line of Business."

a. 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.

Table 25. NSFR Report-Bank Stand Alone

(IDR million)

	ASF Components	December 31, 2020			
		Outstanding Value Based on Remaining Period			
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year
1	**Capital:**	**44,637,529**	**-**	**-**	**-**
2	Capital in Accordance to POJK KPMM	44,637,529	-	-	-
3	Other Capital Instruments	-	-	-	-
4	**Deposits originating from individual customers and Funding from micro and small business customers:**	**38,305,704**	**32,287,528**	**1,157,015**	**2,600**
5	Stable Deposits and Funding	1,713,222	262,212	62,136	-
6	Less Stable Deposits and Funding	36,592,482	32,025,316	1,094,879	2,600
7	**Funding originating from corporate customers:**	**29,099,466**	**26,085,812**	**594,875**	**934,285**
8	Operational Deposits	15,142,562	-	-	-
9	Other funding originating from corporate customers	13,956,905	26,085,812	594,875	934,285
10	Liabilities with interdependent asset pairs	-	-	-	-
11	Liabilities and other equities	7,273,190	-	8,532	-
12	NSFR derivative liabilities		-		
13	Equities and other liabilities that are not included in the above categories	7,273,190	1,588,972	8,532	361,418
14	**Total ASF**				

	ASF Components	December 31, 2020			
		Outstanding Value Based on Remaining Period			
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year
15	**Total HQLA in the framework of calculating the NSFR**				
16	**Deposits with other financial institutions for operational purposes**	**1,399,734**	**-**	**-**	**-**
17	**Loans classified as Current and Special Mention (performing) and marketable securities**	**-**	**72,615,464**	**16,543,420**	**31,845,441**
18	To financial institutions guaranteed by HQLA Level 1	-	-	-	-
19	To financial institutions that are not guaranteed with Level 1 HQLA and loans to financial institutions without collateral	-	8,944,210	1,461,918	4,108,782
20	To non-financial companies, individual customers and customers of micro and small businesses, the Government of Indonesia, governments of other countries, Bank Indonesia, central banks of other countries and public sector entities, including:	-	62,888,389	14,461,790	19,271,239

					September 30, 2020
Total Weighted Value	Outstanding Value Based on Remaining Period				Total Weighted Value
	No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
44,637,529	**45,044,927**	**-**	**-**	**-**	**45,044,927**
44,637,529	45,044,927	-	-	-	**45,044,927**
-	-	-	-	-	**-**
64,679,701	**37,643,325**	**33,447,143**	**1,133,046**	**12,600**	**65,118,720**
1,935,692	1,736,261	307,554	55,341	-	**1,994,198**
62,744,009	35,907,065	33,139,588	1,077,705	12,600	**63,124,522**
18,005,543	**27,284,064**	**22,196,675**	**866,267**	**934,285**	**15,712,377**
7,571,281	12,694,501	-	-	-	**6,347,251**
10,434,262	14,589,562	22,196,675	866,267	934,285	**9,365,126**
-	-	-	-	-	**-**
4,266	6,830,864	-	21,636	-	**10,818**
		-			
4,266	6,830,864	998,963	21,636	765,720	**10,818**
127,327,039					**125,886,842**

					September 30, 2020
Total Weighted Value	Outstanding Value Based on Remaining Period				Total Weighted Value
	No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
1,327,853					**1,182,896**
699,867	**844,023**	**-**	**-**	**-**	**422,011**
61,906,793	**-**	**75,951,021**	**17,153,302**	**32,426,694**	**63,764,497**
-	-	-	-	-	**-**
6,181,372	-	7,772,143	2,290,691	3,014,993	**5,326,160**
48,992,434	-	67,003,843	14,265,963	21,467,525	**51,870,339**

No.	ASF Components	December 31, 2020			
		Outstanding Value Based on Remaining Period			
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year
21	Meet the qualifications to get a risk weight of 35% or less, according to the SE OJK RWA for Credit Risk	-	-	-	-
22	Residential mortgage backed loans that are not being guaranteed, which include:	-	-	-	-
23	Meet the qualifications to get a risk weight of 35% or less, according to the SE OJK RWA for Credit Risk	-	342,916	350,634	5,819,539
24	Securities that are not being pledged as collateral, are not default on payment, and are not included as HQLA, including shares traded on an exchange	-	439,948	269,078	2,645,881
25	**Assets with interdependent liabilities pairs**	**-**	**-**	**-**	**-**
26	**Other Assets:**	**-**	**13,959,132**	**276,229**	**7,486,094**
27	Physical commodities that are traded, including gold	-			
28	Cash, securities and other assets recorded as initial margin for derivative contracts and cash or other assets submitted as default funds to the central counterparty (CCP)		-	-	-
29	NSFR derivative assets		-	255,048	-
30	NSFR derivative liabilities before deduction with variation margin		-	21,051	-
31	All other assets that are not included in the above categories	-	13,959,132	131	7,486,094
32	**Off Balance Sheet**		**56,183,399**	**2,243,097**	**467,694**
33	**Total RSF**				
34	**Net Stable Funding Ratio (%)**				

	September 30, 2020				
Total Weighted Value	Outstanding Value Based on Remaining Period				Total Weighted Value
	No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
-	-	-	-	-	-
-	-	-	-	-	-
4,129,475	-	269,112	288,389	5,351,971	3,757,532
2,603,512	-	905,924	308,258	2,592,206	2,810,466
-	-	-	-	-	-
21,056,110	-	12,982,619	75,477	7,846,349	20,162,686
-	-				-
-		-	-	-	-
255,048		-	28,822	-	28,822
21,051		-	25,018	-	25,018
20,780,012	-	12,982,619	21,636	7,846,349	20,108,845
196,748		53,993,056	1,626,572	415,185	189,159
85,187,371					85,721,248
149.47%					146.86%

NSFR Development Analysis-Bank Stand Alone

Net Stable Funding Ratio (NSFR) of PT Bank Danamon Indonesia Tbk.("Danamon") in December 2020 for Bank Stand Alone position (Audited) was at 149.35%, an increase compared to the position in September 2020 at 146.86%. Overall, during Quarter IV/2020, the NSFR of the Bank was always above the OJK regulation at a minimum of 100% and was revised through OJK Regulation No. 48/ POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy on the Impact of the Spread of Coronavirus Disease 2019 (COVID-19), which was 85% valid until 31 March 2022.

The Bank's Total Available Stable Fund (ASF) for the position in December 2020 is IDR127.33 trillion (weighted value) with the largest component coming from deposits from individual and micro customers amounting to IDR64.68 trillion (weighted value) and capital of IDR44.64 trillion (weighted value).

Compared to the position in September 2020, total ASF increased by IDR1.44 trillion (weighted value) mainly due to an increase in Funding originating from corporate customers by IDR2.29 trillion (weighted value).

The Bank's Total Required Stable Fund (RSF) is IDR85.26 Trillion (weighted value) with the largest component coming from loans in performing categories and non-default securities of IDR61.98 trillion (weighted value) and other assets of IDR21.06 trillion (weighted value).

Compared to the position in September 2020, the total RSF decreased by IDR0.46 trillion (weighted value) mainly due to a decrease in loans in performing categories)

Table 25. NSFR Report-Consolidated

(IDR million)

	ASF Components	December 31, 2020			
		Outstanding Value Based on Remaining Period			
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year
1	**Capital:**	**44,743,431**	**-**	**-**	**-**
2	Capital in Accordance to POJK KPMM	44,743,431	-	-	-
3	Other Capital Instruments	-	-	-	-
4	**Deposits originating from individual customers and Funding from micro and small business customers:**	**38,305,704**	**32,287,528**	**1,157,015**	**2,600**
5	Stable Deposits and Funding	1,713,222	262,212	62,136	-
6	Less Stable Deposits and Funding	36,592,482	32,025,316	1,094,879	2,600
7	**Funding originating from corporate customers:**	**27,693,579**	**30,918,872**	**4,683,023**	**8,506,610**
8	Operational Deposits	15,142,562	-	-	-
9	Other funding originating from corporate customers	12,551,017	30,918,872	4,683,023	8,506,610
10	Liabilities with interdependent asset pairs	-	-	-	-
11	Liabilities and other equities	7,107,819	-	596,298	-
12	NSFR derivative liabilities		-		
13	equities and other liabilities that are not included in the above categories	7,107,819	3,032,357	596,298	2,323,924
14	**Total ASF**				
15	**Total HQLA in the framework of calculating the NSFR**				

categories and non-default securities by IDR1.79 trillion (weighted value).

As of December 2020, the Bank has no interdependent assets or liabilities.

The application of bank liquidity management in accordance with what we have reported in the liquidity risk profile includes the following:

1. In terms of risk management governance, the Board of Commissioners and Board of Directors have awareness of liquidity management risk and is represented through the ALCO (Asset and Liability Committee) and ROC (Risk Oversight Committee) with clear and independent duties and responsibilities.
2. In terms of risk management frameworks, Bank has a contingency funding plan (CFP), monitoring and reporting of liquidity limits through ALCO and RMC, managing positions and liquidity risk, as well as funding strategies and policies/procedures as well as monitoring liquidity risk limits and reviewed regularly.
3. The Bank has and implements a liquidity risk management process, independent human resources and a liquidity management information system.
4. The Bank has a sufficient risk control system through a risk management work unit and a compliance work unit that is independent from the operational work unit and the line business.

		September 30, 2020				
	Total Weighted Value	Outstanding Value Based on Remaining Period				Total Weighted Value
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
	44,743,431	**45,150,544**	**-**	**-**	**-**	**45,150,544**
	44,743,431	45,150,544	-	-	-	45,150,544
	-	-	-	-	-	-
	64,679,701	**37,643,325**	**33,447,143**	**1,133,046**	**12,600**	**65,118,720**
	1,935,692	1,736,261	307,554	55,341	-	1,994,198
	62,744,009	35,907,065	33,139,588	1,077,705	12,600	63,124,522
	27,621,942	**23,690,158**	**28,747,740**	**5,427,292**	**9,844,126**	**26,902,730**
	7,571,281	12,694,501	-	-	-	6,347,251
	20,050,661	10,995,656	28,747,740	5,427,292	9,844,126	20,555,480
	-	-	-	-	-	-
	2,260,655	6,709,031	-	799,279	-	2,371,264
			-			
	2,260,655	6,709,031	2,125,794	799,279	2,737,344	2,371,264
	139,305,729					**139,543,258**
	1,327,853					**1,182,896**

	ASF Components	December 31, 2020				
		Outstanding Value Based on Remaining Period				
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
16	**Deposits with other financial institutions for operational purposes**	**4,418,588**	**-**	**-**	**-**	
17	**Loans classified as Current and Special Mention (performing) and marketable securities**	**-**	**78,629,412**	**22,146,537**	**42,962,712**	
18	to financial institutions guaranteed by HQLA Level 1	-	-	-	-	
19	to financial institutions that are not guaranteed with Level 1 HQLA and loans to financial institutions without collateral	-	8,944,210	1,461,918	4,108,782	
20	to non-financial companies, individual customers and customers of micro and small businesses, the Government of Indonesia, governments of other countries, Bank Indonesia, central banks of other countries and public sector entities, including:	-	68,902,337	20,064,908	30,474,994	
21	meet the qualifications to get a risk weight of 35% or less, according to the SE OJK RWA for Credit Risk	-	-	-	-	
22	Residential mortgage backed loans that are not being guaranteed, which include:	-	-	-	-	
23	Meet the qualifications to get a risk weight of 35% or less, according to the SE OJK RWA for Credit Risk	-	342,916	350,634	5,819,539	
24	Securities that are not being pledged as collateral, are not default on payment, and are not included as HQLA, including shares traded on an exchange	-	439,948	269,078	2,559,397	
25	**Assets with interdependent liabilities pairs**	**-**	**-**	**-**	**-**	
26	**Other Assets:**	**690,139**	**7,505,001**	**317,181**	**8,336,842**	
27	Physical commodities that are traded, including gold	-				
28	Cash, securities and other assets recorded as initial margin for derivative contracts and cash or other assets submitted as default funds to the central counterparty (CCP)		-	-	-	
29	NSFR derivative assets		-	255,048	-	
30	NSFR derivative liabilities before deduction with variation margin		33,889	54,177	46,141	

		September 30, 2020				
	Total Weighted Value	Outstanding Value Based on Remaining Period				Total Weighted Value
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
	2,209,294	**3,360,917**	**-**	**-**	**-**	**1,680,458**
	77,165,006	**-**	**82,032,685**	**23,307,779**	**43,879,703**	**79,617,624**
	-	-	-	-	-	0,00
	6,181,372	-	7,772,143	2,290,691	3,014,993	5,326,160
	64,324,158	-	73,085,507	20,420,441	33,003,271	67,793,794
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,129,475	-	269,112	288,389	5,351,971	3,757,532
	2,530,000	-	905,924	308,258	2,509,468	2,740,139
	-	**-**	**-**	**-**	**-**	**-**
	16,183,817	**701,975**	**6,478,293**	**127,652**	**9,223,148**	**15,789,309**
	-	-				-
	-		-	-	-	-
	255,048		-	28,822	-	28,822
	134,207		9,582	34,600	17,358	61,541

ASF Components		December 31, 2020				
		Outstanding Value Based on Remaining Period				
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
31	All other assets that are not included in the above categories	690,139	7,471,111	7,956	8,290,701	
32	**Off Balance Sheet**		**56,183,399**	**2,243,097**	**467,694**	
33	**Total RSF**					
34	**Net Stable Funding Ratio (%)**					

NSFR Development Analysis-Consolidated

Net Stable Funding Ratio (NSFR) of PT Bank Danamon Indonesia Tbk.("Danamon") in December 2020 for consolidated (Audited) position was at 143.39%, an increase compared to September 2020's position of 141.73%. Overall, during Quarter IV/2020, the NSFR of the Bank on a consolidated basis was always above the OJK regulation at a minimum of 100% and was revised through OJK Regulation No. 48/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy on the Impact of the Spread of Coronavirus Disease 2019 (COVID-19), namely 85% which is valid until 31 March 2022.

Total Available Stable Fund (ASF) of the Bank on a consolidated basis for the position in December 2020 is IDR139.31 Trillion (weighted value) with the largest component coming from deposits from individual and micro customers amounting to IDR64.68 trillion (weighted value) and capital of IDR44.74 trillion (weighted value).

Compared to the position in September 2020, the total ASF decreased slightly by IDR0.24 trillion (weighted value) mainly due to a decrease in Funding originating from individual customers and funding from micro and small business customers by IDR0.44 trillion (weighted value) & Capital of IDR0.41 trillion (weighted value).

The Bank's total Required Stable Fund (RSF) on a consolidated basis is IDR97.15 trillion (weighted value) with the largest component coming from loans in performing categories and non-default securities of IDR77.23 trillion (weighted value) and other assets of IDR16.18 trillion (weighted value).

Compared to the position in September 2020, total RSF on a consolidated basis decreased by IDR1.31 trillion (weighted value) mainly due to a decrease in loans in performing categories and non-default securities of IDR2.38 trillion (weighted value).

As of December 2020, the Bank has no interdependent assets or liabilities.

The application of bank liquidity management in accordance with what we have reported in the liquidity risk profile includes the following:

1. In terms of risk management governance, the Board of Commissioners and Board of Directors have awareness of liquidity management risk and is represented through the ALCO (Asset and Liability Committee) and ROC (Risk Oversight Committee) with clear and independent duties and responsibilities.
2. In terms of risk management frameworks, Bank has a contingency funding plan (CFP), monitoring and reporting of liquidity limits through ALCO and RMC, managing positions and liquidity risk, as well as funding strategies and policies/procedures as well as monitoring liquidity risk limits and reviewed regularly.
3. The Bank has and implements a liquidity risk management process, independent human resources and a liquidity management information system.
4. The Bank has a sufficient risk control system through a risk management work unit and a compliance work unit that is independent from the operational work unit and the line business.

		September 30, 2020				
	Total Weighted Value	Outstanding Value Based on Remaining Period				Total Weighted Value
		No Period	< 6 months	≥ 6 months-1 year	≥ 1 year	
	15,794,562	701,975	6,468,711	64,229	9,205,790	15,698,946
	196,748		**53,993,056**	**1,626,572**	**415,185**	**189,159**
	97,082,718					**98,459,446**
	143.49%					**141.73%**

c. Maximum Cumulative Outflow (MCO)

MCO measure forecasts the liquidity profiles of the Bank under defined scenarios with specified survival horizons and calibrated assumptions.

For assessing liquidity adequacy, liquidity profiles are forecasted at specified tenor buckets on a cumulative basis. To remain solvent, the bank needs to ensure that either a positive cash flow is maintained in each maturity bucket or otherwise sufficient cash can be generated from source of funding to satisfy the funding requirements on a daily basis.

Scenarios are crafted to set the underlying market and bank-specific conditions and severity on which the cashflow profile are forecasted in assessing liquidity adequacy. The scenarios used for liquidity risk management are:

- Baseline or Business as Usual (BAU)
- General Market Stress Test or Systemic Problem
- Bank Specific Crisis or Name Problem

d. Large Fund Provider (LFP)

As explained in the previous section, as part of funding strategy, Danamon monitors the concentration of funding towards large fund providers (LFP). In general, this monitoring aims to limit dependence on certain fund providers which could cause problems with Danamon's liquidity position in the event of large withdrawals of funds.

Table 26. Encumbrance (ENC)

December 31, 2020 (IDR million)	Encumbered Assets	Assets held or agreed with the Central Bank but not yet used to generate liquidity	Unencumbered Assets	Total
Cash and Cash Equivalent	-	-	2,760,379	**2,760,379**
Part of the placement with Bank Indonesia that can be withdrawn during stress	-	2,185,998	7,171,600	**9,357,598**
Securities issued by the Central Government and Bank Indonesia in rupiah and foreign currencies	-	6,760,137	31,713,626	**38,473,763**
Securities in the form of debt securities issued by non-financial corporations that meet the criteria of Article 11 paragraph (1) letter b POJK No. 42/POJK.03/2015 regarding LCR	-	-	174,722	**174,722**
Securities in the form of debt securities issued by corporations that meet the criteria of Article 12 paragraph (1) letter b POJK No. 42/POJK.03/2015 regarding LCR	-	-	51,178	**51,178**

Qualitative Analysis

At the end of December 2020, Danamon did not have assets classified as encumbered assets, but had assets that were kept or agreed with the Central Bank but had not yet been used to generate liquidity, in the form of IDR and foreign currency statutory reserves of IDR2,19 trillion and the Macroprudential Liquidity Buffer of IDR6,76 trillion.

Overall, Danamon has assets that qualify as HQLA of IDR50,82 trillion, which is dominated by Securities issued by the Central Government and Bank Indonesia.

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
Rasio Intermediasi Makroprudensial Liquidity Coverage Ratio Stress Test Maximum Cummulative Outflow	Rupiah exchange rate against the US Dollar Inflation rate Trade Balance Credit Rating Rate of return of Government Bond

4. **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 mechanisms and to create a risk appetite as a Danamon 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:

a. **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 Regulatory Compliance Division and Legal Division serve as the second line 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 assesses whether the implementation of operational risk management has been in line with regulations.

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

b. **Operational Risk Management**

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

The process involves:

1. Risk identification, which is used to identify and analyse inherent risks in new products, services, and processes, as well as ensuring adequate preventive control over all processes.
2. Risk assessment at the operating unit level is supported by the Risk/Loss Event Database (R/LED), Risk Control Self Assessment (RCSA), and Key Risk Indicators (KRI) to assess Danamon 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 OJK No. 24/SEOJK.03/2016. 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.

OPERATIONAL RISK

Table 27. Quantitative Exposure of Operational Risks-Bank Stand Alone

(IDR million)

No	Indicator Approach	December 31, 2020			December 31, 2019		
		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	12,015,845	1,802,377	22,529,710	12,323,227	1,848,484	23,106,050

Table 27. Quantitative Exposure of Operational Risks-Consolidated

(IDR million)

No	Indicator Approach	December 31, 2020			December 31, 2019		
		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	18,407,408	2,761,111	34,513,889	18,214,911	2,732,237	34,152,959

3. Operational risk is monitored 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.

4. Risk controlling is conducted through ensuring operational policy and control adequacy in all operational procedures to mitigate operational risk.

   Insurance Management is done 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/Internal Control on each unit of Danamon, which 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 subsidiary.

c. 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 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.

To increase awareness about operational risk, a learning media has been made in the form of e-learning. This e-learning has been, and still is, implemented for all employees and management of Danamon.

d. IT Risk Management

The risk brought up by the extensive use of Information Technolgoy system to support the process is identified as a subset of the operational risk under the Rnterprise Risk Management process. As such in managing the technology related risk, we refer to the bankwide agreed process under the Operational Risk Management Policy, as the umbrella policy.

Specific IT Risk Management Process implementation refers to the framework under the Information Technology Risk Management Policy, which was developed in 2020.

e. Information Security Management

Information Security is a set of policies and frameworks or guidances aimed to protect the Bank's information in relation to aspects of confidentiality, integrity and availability.

The developed Information Security Policy and all frameworks provide the minimum requirements for the implementation of Information Security in Danamon, which all employees (either permanent or contractual) must comply with, including third parties who work and gain access to the Danamon 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 Danamon, 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:

- Development of education material as part of e-learning for all Danamon employees.
- Delivering a sharing session to line of business and/or support function who need it.
- Providing an educational material and practical tips related to Information Security via all available communication channels.
- Conducting a Cyber Security Risk Awareness Session for senior management.

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.

f. **Business Continuity Management (BCM)**
BCM was developed to improve the Bank's resilience and establish preventive measures to respond to all incidents that may disrupt the continuity of Bank and its Subsidiary' activities regardless of the causes. This includes risks classified as low probability-high impact in order to safeguard the stakeholders' interests, reputation, brand and valuable business activities as well as to increase the Bank's resilience. Management and implementation of BCM in Danamon 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 Danamon operations.

Business Continuity Management policy is managed by the Operational Risk Management, Fraud & QA-Integrated Risk and its implementation is managed by Sustainability Finance Division.

Anticipation of COVID-19 Pandemic
Danamon has anticipated COVID-19 by performing BCP sites activation in several location and separation of employee for critical/non critical unit to ensure business continuity, enhance employee awareness through internal campaign regarding COVID-19 and prevention, rapid test, etc.

The above implementation is organized by Crisis Comand Center (CCC) within Director direction.

g. **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 subsidiary. These policies and strategies are in line with POJK No. 39/POJK.03/2019 regarding the implementation of anti fraud strategy for commercial banks where Danamon has reported to OJK every semester.

Danamon has consistently implemented the 4 pillars regarding fraud control strategy, which consist of prevention, detection, investigation, reporting & sanctions, and monitoring, evaluation, and follow-up.

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

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

5. Legal Risk

Legal risk is risk that arises due to lawsuit or claim from customers or third parties through the courts or the outside court (performed either by internal or external parties) and/or due to weakness of legal aspects of the Bank (including the absence and/or amendment of legal documents and regulations or weaknesses in the execution of legally binding documents). In the Risk Management Framework and refers to applicable regulations, legal risk is one of the important aspects in which essentially aim to anticipate risks occur in future.

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 subsidiary.

a. 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 under Legal Division 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 (for matters related to the execution of Land Mortgage and bankruptcy).

b. 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.

c. 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 subsidiary 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).

- Development 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 subsidiary' 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.

6. 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.

a. 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 working unit covers all line of business and support functions which also working closely with Corporate Planning and Investor Relations Division from CFO Directorate to analyze and monitor strategic risk.

b. 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 subsidiary. While the Board of Directors is responsible for:

- Developing a strategic business plan for Danamon and its subsidiary.
- Ensuring that the strategic objectives are in line with Danamon's and its subsidiary' 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 subsidiary are adequate to support the implementation of the strategy set.
- Monitoring the development of internal and external environment that affect Danamon's and subsidiary' business strategies.
- Establishing working units that are responsible and authorized to formulate and monitor the strategy implementation, of both business and strategic plans.
- Ensuring that strategic risk management has been applied effectively and consistently.

Danamon and subsidiary 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 subsidiary' 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.

Furthermore, in order to assess the quality of strategic risk management, few factors which need to be considered are:

- 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, management information system 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 subsidiary.

c. Inherent Strategic Risk

Danamon and subsidiary have well managed the inherent strategic risk. Fundamentally, Danamon and subsidiary 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 subsidiary also have a clear, aligned and measurable business strategy.

Danamon and its subsidiary anticipate more intensified competitive business environment and plan to introduce better services and innovate in order to launch new products to attract new customers and retain existing customers.

In Indonesia, new positive cases of COVID-19 are still increasing. For economic recovery purpose, Bank Indonesia focuses on efforts to maintain economic stability. The easing of global monetary policy provides opportunity for Bank Indonesia to participate in adjusting the rate and low inflation in order to stimulate economic recovery. However, the decline in asset quality will cause banks prudent and selective in providing loans.

In accordance with the direction of the government and regulators, Danamon and its subsidiary have conducted credit restructuring for customers who directly affected by the COVID-19 pandemic. Danamon and its subsidiary are also closely monitoring all credit portfolios related to the COVID-19 pandemic, especially the restructuring portfolios caused by the impact of COVID-19.

Despite improvements, economic factors will impact the achievement of the Bank's strategic plan. For that reason, Danamon and its subsidiary continue to monitor several important indicators such as inflation rate, Bank Indonesia rate, and fluctuation in the Rupiah exchange rate. Danamon and its subsidiary are actively adjusting a number of their activities, such as lending and improve 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 subsidiary 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 these matters promptly by enhancing the available human resources to Danamon's and its subsidiary's aspirations by providing the necessary training, and opportunities for its human capital to excel. Additionally, Danamon and its subsidiary continue to improve employee performance appraisals mechanism to encourage employee performances as well as rewarding the best performing employee.

In related to COVID-19 pandemic, Danamon and its subsidiary will continue to monitor and control any anticipatory action against outbreaks to maintain the business continuity of Danamon and its subsidiary to operate smoothly and safely.

d. Strategic Risk Management Implementation Quality

The implementation of risk management has been accomplished with satisfactory rating. Nevertheless, Danamon and its subsidiary 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 subsidiary are in place to support the implementation of business strategies that have been formulated.

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

7. Compliance Risk

Compliance risk is a risk due to Danamon 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.

In implementing compliance risk management, in addition to paying attention to the compliance risk of Danamon individually, Danamon also considers the compliance risk in an integrated manner with Subsidiary and Sister Companies in the Financial Conglomeration.

To minimize the impact of compliance risk as early as possible, Danamon consistently carries out the Compliance Function.

The Compliance Function is a series of preventive actions or measures (ex-ante) to ensure that the policies, provisions, systems and procedures, as well as business activities undertaken by Danamon are in accordance with the provisions of the Financial Services Authority and the statutory provisions, including sharia principles for sharia commercial banks and sharia business units, as well as to ensure Danamon's compliance with commitments made by Danamon to the Financial Services Authority and/or other authorized supervisory authorities.

a. 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, Danamon established the necessary committees, including Risk Oversight Committee at the Board of Commissioners level and Risk Management Committee at the Board of Directors level.

The Board of Commissioners through the Risk Oversight 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 Danamon. The Board of Directors ensures the implementation of compliance function and establishes the Compliance Working Unit.

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

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. Danamon’s Compliance Working Unit also performs the functions of the Integrated Compliance Working Unit in the Financial Conglomeration.

b. Policies & Strategies of Compliance Risk Management

Compliance Risk Management is generally implemented in accordance with Danamon's Risk Management Policy and Integrated Risk Management Policy as well as Danamon's Operational Terms of Reference Compliance Function. Compliance risk management is performed on matters that may potentially lead to an increase in compliance risk exposure, both potential financial sanctions and non-financial sanctions.

The compliance risk management strategy is implemented through 3 (three) lines of defense scheme.

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

c. Compliance Risk Management Implementation Procedures

Compliance risk management implementation is conducted through the process of risk identification, measurement, monitoring, and control.

- Identification of compliance risk is carried out, among others, through identification of the Danamon's activities/business activities in providing funds, raising funds, issuing new products and activities, as well as analyzing the Danamon's internal policies.

- Measurement of compliance risk is carried out, among others, through regulatory parameters, compliance risk profiles, and Compliance Regulatory Self Assessment (CRSA).

- Monitoring of compliance risk is carried out, among others, through monitoring the implementation of new regulations from the regulator and the implementation of the Compliance Monitoring & Testing function.

- Control of compliance risk is carried out through socialization of regulations to working units, coordination with working units regarding the results of compliance risk monitoring, and providing advisory to working units.

Danamon as the Main Entity also coordinates, monitors, and evaluates the implementation of the compliance function in Subsidiary and Sister Companies.

8. Reputation Risk

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

a. Reputation Risk Management Organization

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

Consolidated reputation risk is managed by collaborated with the risk team from Subsidiary.

b. Policy and Mechanism of Reputation Risk Management

The policy and mechanism of reputation risk management always refer to regulation that focus on the following:

- Negative news related to the owner of Danamon and/or companies related to Danamon.
- Violation of common practices of business ethics/norms.
- The amount and level of customer usage of Danamon's complex products and the amount and materiality of Danamon's cooperation with its business partners.
- Frequency, types of media, and materiality of negative publicity of Danamon, including its management.
- 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.

c. Risk Management During Crisis

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

9. Investment Risk

Investment Risk arises because the Bank also bears the loss of customer business financed under a profit-loss sharing basis agreement (for example *mudharabah, musyarakah, musyarakah mutanaqishah* atau MMQ). 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.

Musyarakah mutanaqisah or MMQ is *musyarakah* or syirkah, where ownership of assets (goods) or capital of one syarik (bank) is reduced due to gradual purchases by other parties (customers).

Organization and Policy of Investment Risk Management

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

Syariah Business Unit (UUS) Danamon has a working unit responsible for analyzing reports containing actual realization against the business targets. Danamon maintains adequate infrastructure to monitor business performance and operations of those financed by the Bank or who are regarded as partners.

Investment Risk Mitigation

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

10. 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 and/or from the financing, which can affect the behavior of funding a third-party customer of the Bank. Rate of Return Risk Management also applies to the Syariah Business Unit (UUS). The process of Return of Risk Management refers to the provisions of the OJK.

Implementation Of Integrated Risk Management

In early 2020, there has been a change in the name and structure of Danamon Group Financial Conglomeration and the OJK has recorded it. The name of Financial Conglomeration changed to be MUFG Group Financial Conglomeration with Danamon as main entity and the member of Financial Conglomeration consists of Subsidiary and Sister Companies.

Danamon has Integrated Risk Management Policy of MUFG Group Financial Conglomeration which is the main policy in the implementation of integrated risk management as regulated by OJK regulation. In 2020, this policy has been reviewed in order to align with the changes of Financial Conglomeration structure and POJK No.45/POJK.03/2020 regarding Financial Conglomeration.

Integrated Risk Management Committee

For Financial Conglomeration, Danamon as Main Entity has established an Integrated Risk Management Committee. Integrated Risk Management Committee of MUFG Group Financial Conglomeration consist of Danamon's Integrated Risk Director as the chairman, Danamon's Compliance Director, Danamon's Credit Director, Directors who represent Subsidiary and Sister Companies and related Executive Officers as nominated. The main role of this Committee is to evaluate and provide the recommendation to Danamon's Board of Directors as Main Entity related to the development, improvement, or enhancement of the Integrated Risk Management Policy based on the evaluation of implementation, evaluation of the effectiveness of the implementation of integrated risk management policies, frameworks and guidelines, and asssessment of key risks in the entities and across entities within Financial Conglomeration including the formulation of strategies to deal with existing and emerging risk issues.

Integrated Risk Management Working Unit

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.

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

1. Adjusted charter of Integrated Risk Management Committee.
2. Adjusted the organization structure by establishing an Integrated Risk Management Working Unit that monitors the risks of Financial Conglomeration.
3. Reviewed an Integrated Risk Management Policy.
4. Prepared and submitted an Integrated Risk Profile Report.
5. Continuous coordination, communication, and socialisation with Subsidiary and Sister Companies.

Throughout 2020, the Integrated Risk Management Committee held periodical meetings to discuss:

- Integrated Risk Profile Report
- Update from Subsidiary
- Update from Sister Companies
- Update on Integrated Risk Management Policy
- Update related to Financial Conglomeration
- Update on New Methodology of Integrated Risk Profile & New Threshold of Intragroup Transaction
- Update on Cyber Threat Modelling Project dan Vendor Infosec Risk Assessment Project
- IFRS 9 Implementation Update
- Update on LCR, NSFR and IRRBB Project
- Update on Risk Appetite Statement
- Update on Minimum Capital Adequacy and Integrated Capital Adequacy Report
- Update on Charter of Integrated Risk Management Committee

Intragroup Transaction Risk

In addition to the 8 types of risk stated in the previous chapter (exclude investment risk and rate of return risk), there is 1 additional risk that must be managed by Danamon in relation to integrated risk management, namely Intra-Group Transaction Risk.

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

1. **Organization and Policy of Intragroup Transaction Risk**

   Intragroup Transaction Risk is managed by Danamon as the Main Entity and its Subsidiary and Sister Companies as the members of the Financial Conglomeration. The implementation of Intragroup Transaction Risk Management is conducted by taking into account the transaction activities between entities within the Financial Conglomeration.

   The Bank as the Main Entity governs the implementation of intragroup transaction risk management in the Intra-group Transaction Policy that is periodically reviewed. The implementation of Intragroup Transaction Risk Management is conducted through the process of risk identification, measurement, monitoring, and control, as well as the Management Information System.

2. **Intragroup Transaction Risk Management**

   Danamon, Subsidiary and Sister Companies identify the types of intragroup transactions which may cause the risks to the Financial Conglomeration and be responsible in conducting the integrated measurement of intragroup transaction risks within the Financial Conglomeration.

   Danamon, Subsidiary and Sister Companies monitor the intragroup transactions to ensure that the intragroup transactions are conducted in accordance with the fairness principles, prevailing regulations and well documented. Monitoring of intragroup transactions between entities in the Financial Conglomeration is conducted periodically.

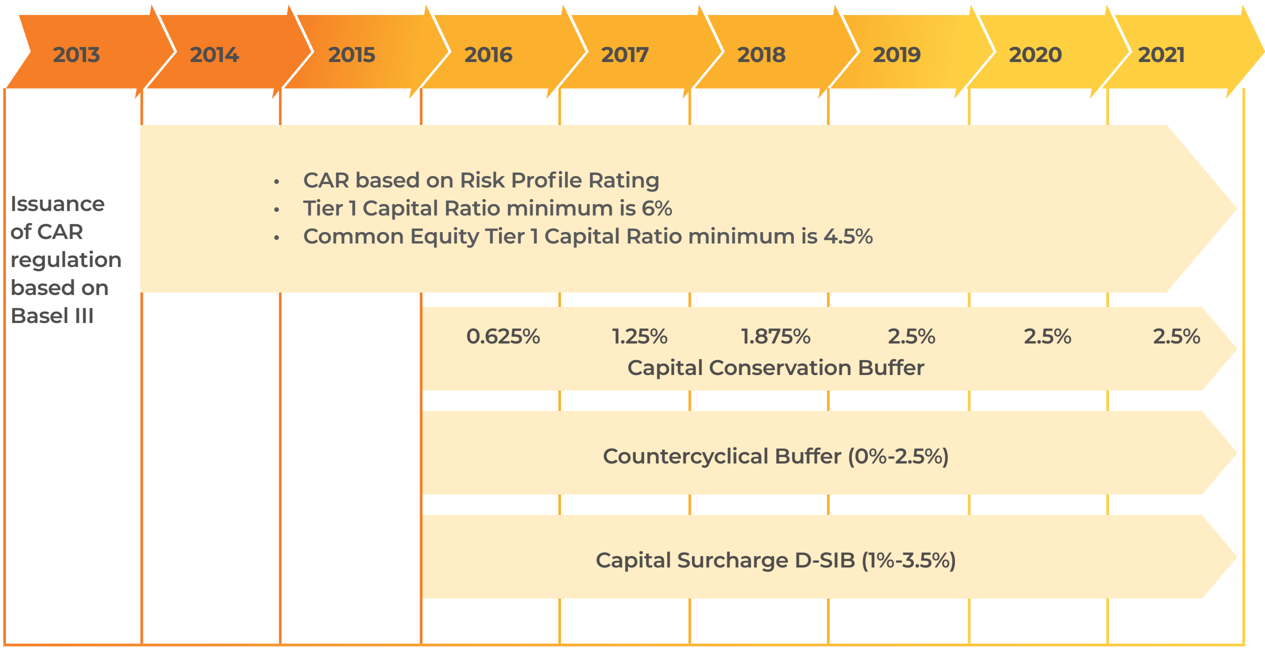
   Danamon, Subsidiary and Sister Companies incorporated in the Financial Conglomeration are committed to control the intragroup transactions that may cause a risk to the Financial Conglomeration. Risk control is performed on the monitoring result of intra-group transactions between entities in the Financial Conglomeration. Intragroup transactions between entities in the Financial Conglomeration are monitored by using the Management Information System that is available in each entity within the Financial Conglomeration.

   Danamon has implemented the assessment for risk profile of intragroup transaction for the Financial Conglomeration that integrated with the Subsidiary and Sister Companies. The reporting of intragroup transaction risk management is prepared comprehensively and periodically to the management and regulator to monitor, assess and evaluate the risks continuously.

Basel III Implementation

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

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



There are 3 (three) additional capital buffers which must be provided by Danamon 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:
  - January 1, 2016: 0.625% of RWA.
  - January 1, 2017: 1.25% of RWA.
  - January 1, 2018: 1.875% of RWA.
  - January 1, 2019: 2.5% of RWA.

  Based on the above regulations, Danamon must establish a capital buffer in the form of a Capital Conservation Buffer of 2.5% of RWA.

  According to OJK regulation No. 48/POJK.03/2020 regarding changes to POJK No. 11/POJK.03/2020 concerning National Economic Stimulation as a Countercyclical Policy on the Impact of the Spread of Coronavirus Disease 2019 (COVID-19), Bank is allowed to not fulfill the Capital Conservation Buffer of 2.5% of RWA until March 2022.

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

  The range of countercyclical buffer is between 0%-2.5% of RWA. Currently, the countercyclical buffer for Danamon is still set at 0%.

- **Capital Surcharge Buffer for Systemic Banks,** is an additional capital that serves to reduce 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.

  Based on the OJK letter to Danamon dated 7 October 2020, Danamon is designated as a Systemic Bank classified in the group (bucket) 1, therefore Danamon is required to establish a Capital Surcharge of 1% of RWA.

In terms of bank liquidity management, the implementation 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, where the implementation is in compliance with the Basel III liquidity framework.

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.

As part of Basel III implementation framework, Danamon has implemented the management of interest rate risk in the banking book as regulated by OJK in its Circular Letter No. 12/SEOJK.03/2018 pertaining to the Implementation of Risk Management and Measurement based on Standardized Approach for Interest Rate Risk in the Banking Book.

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.

Danamon 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 Subsidiary level. Danamon has also reviewed parameters and threshold of Risk Appetite to ensure its alignment with internal and external conditions, management expectations, as well as prevailed regulatory provisions.

The determination of the various parameters of Risk Appetite is based on various risks which are deemed material for Danamon, which covering capital, credit risk, liquidity risk, credit concentration risk, operational risk, and fraud. In addition, Danamon 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 effectiveness of Risk Appetite management, Danamon also has a Risk Appetite Statements Policy which outlines duties and responsibilities of each party in managing Risk Appetite, and also governs process of defining, reviewing, and monitoring, including escalating of breaches in Risk Appetite.

Recovery Plan

Following recent financial crisis, regulations have been put in place globally requiring systemic financial institutions to develop recovery and resolution plans. In April 2017, Financial Service Authority (herewith referred as "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 2020 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. This Recovery Plan will be presented in the next Annual General Meeting of Shareholder in 2021.

The Bank's Recovery Plan covers the following:

1. **Overview of the Bank**

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

   Danamon has also conducted a wide range of scenario analysis in order to assess the resilience and potential vulnerabilities of the Danamon to several indicators that are specified by OJK (i.e. capital, liquidity, asset quality, and profitability). The outcome of scenario analysis indicates that Danamon has a resilient capital position, which is unlikely to threaten going concern of the Danamon.

2. **Recovery Option**
   Danamon implements a traffic light system for implementing Recovery Plan, supplemented with clearly established thresholds as triggers under three phases of recovery plan, namely green as "Preventive", yellow as "Recovery", and red as "Corrective."

   In 2020, Danamon made revisions to several triggers of Recovery Plan to in line with the changes in regulations and/or current conditions.

   Danamon has also identified various recovery options under each phase and assessed these options in terms of feasibility, credibility, implementation timeframe, and effectiveness. These recovery options cover key financial indicators of the Danamon, namely capital, liquidity, asset quality, and profitability and will form the basis of Recovery Plan and strategy for Danamon under stressed conditions.

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

   In addition, Danamon 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 recovery plan and other matters related to implementation of recovery plan, especially under "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 processes as well as duties and responsibilities of each party in the process of development, monitoring and implementation of Recovery Plan. Danamon monitors Recovery Plan indicators on a monthly basis and will be reported to Board of Directors through the Risk Management Committee if there are indicators that had already violated or potentially may violate the "Recovery" or "Corrective" phase.

Sustainable Finance

Danamon recognises that the realisation of sustainable development of national economic system that prioritize harmony between economic, social and environmental aspects, and to address global environmental issues, are responsibility of all human being. Therefore, Danamon aims to contribute in realizing it, among others by reducing negative environmental and social impacts that can be arised from our business and operational activities, actively working to find solutions to global environmental issues through its business activities as well as comply with the prevailing laws and regulations.

In line with Financial Service Authority Regulation (POJK) No. 51/POJK.03/2017 about Implementation of Sustainable Finance for Financial Service Institution, Issuers, and Public Company that issued in 2017, Danamon implements the Sustainable Finance starting from January 1, 2019.

Detailed information can be seen in the Sustainability Report.

Risk Management Activity Plan In 2021

Indonesia's economy in 2021 is expected to improve at the range of 3-4% growth. Domestic consumption is expected to remain as the driver of the economy, supported by National Economic Recovery Program (PEN). Gradual recovery on private consumption would trigger investment. Not only non-building investment, building investment is projected to be better alongside higher state infrastructure budget.

Yet, uncertainty remains high due to COVID-19 pandemic. Although vaccine development has shown significant progress, its distribution might be challenging. Moreover, domestic daily positive cases have inclined recently, as well as the rising possibility of a second wave across the globe.

The following are some challenges that will posibily exist in 2021:

- COVID-19 spread could continue to incline if vaccine distribution and health protocol are not well implemented. The rising number of infections could affect the recovery of domestic demand due to limited mobility and sliding consumer confidence. Government has committed to ensure the success of vaccination, providing free vaccines to all Indonesians.

- Loan at risk could rise should the pandemic sustain. Sluggish demand recovery due to the pandemic could negatively affect aggregate income. Therefore, purchasing power and debt service coverage will weaken. OJK has extended the credit restructuring program until March 2022, preventing NPL risk to the banking system.

- Exchage rate would tend to depreciate from 2020 year-end position. The depreciation trend is in line with expectation of gradual domestic demand recovery which could swell import amidst upward global oil price movement. However, exchange rate would be less-volatile compared to 2020, on the back of continuous capital inflow to emerging markets.

- Inflation is projected higher in 2021 at 2.8% yoy (within BI's target range of 3% ±1%), alongside accommodative monetary policy imposed by BI. In 2020, BI cut the policy rate by 125bps to 3.75% as well as disbursing liquidity through Quantitative Easing worth IDR695 trillion per December 15, 2020, in order to support economic recovery. BI's exit policy would be critical in 2021, when domestic demand starts accelerating. Over abundance of money supply in 2020 could accelerate inflation beyond expectation if the exit policy is not effectively executed.

- Implementation of domesitc fiscal stimulus would affect the speed of economic recovery. In 2020, there were certain obstacles in fiscal stimulus such as data mismatch, budget administration, etc. Should efforts on solving these issues stagnated, then the risk of under disbursement will remain in 2021.

Anticipating these external conditions, Danamon has conducted and will perform a range of initiatives in terms of risk management in 2021, including:

1. **General Risk Management**
   a. Improve risk monitoring and controlling in the implementation of individual, and consolidated.
   b. Conduct a comprehensive review on the individual, and consolidated risk monitoring and measurement process.
   c. Keep Danamon's business growth at an acceptable level while remaining prudent.
   d. Develop and start to roll out various programs to build and raise awareness on the importance of Risk Culture in Danamon.
   e. Implement the activities related to Sustainable Finance as written in the Sustainable Finance Action Plan that have been submitted to OJK.
   f. Implement ICAAP framework.
   g. Conduct bank-wide stress testing at least once a year, or more frequent if there are changes in the industrial and economic sectors and when requested by the regulator.
   h. Conduct COVID-19 stress test to measure the resilicency of Bank's capital.
   i. Perform regular monitoring to ensure the compliance on the Risk Appetite Statement threshold and Recovery Plan trigger of Danamon.

2. **Credit Risk Management**
   a. Review the credit policies periodically.
   b. Monitor credit portfolio of all business lines and subsidiary regularly, compare the actual performance against target, and escalate to management if there is any indication of portfolio performance worsening.
   c. Update the policy regarding COVID-19 Stimulus as per prevailing regulation.
   d. Perform close monitoring on the performance of COVID-19 restructuring portfolio and build sufficient provision accordingly.
   e. Monitor Credit Risk Internal Rating Model and scorecard system for all Line of Business on a regular basis.
   f. Use Standardized Approach for Credit Risk Weighted Asset calculations.
   g. Perform rating model scorecard evaluation periodically.
   h. Perform quarterly back testing for LLP adequacy for all lines of Business.
   i. Monitor periodically and review gradually PSAK 71/ IFRS 9 calculation.
   j. Monitor Internal Rating for Corporate, Commercial, FI and Finco rating system.
   k. Develop Early Warning Indicator model for SME segment.
   l. Prepare credit scoring alternatives to support digital related credit/business including machine learning.

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 subsidiary.
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. Develop new fraud system for detecting fraud transaction (Predator System) and enlargement of detection system implementation in account opening fraud (Instinct System).
d. Improve the fraud risk assesement method as part of fraud risk control improvement.
e. 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.
f. 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).
g. Development of the Operational Risk Management System (ORMS) application for the effectiveness of ORM cycle implementation in all units of Danamon and its subsidiary.
h. Asset and financial insurance (i.e.: money insurance, property all risks, earthquakes, 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.
i. ORM workshops and dissemination, and visits to RTUs and training (Risk School and E-Learning) to new employees are continuously implemented to ensure continuity and operational risk awareness level uniformity and risk culture recognition in Danamon.
j. Perform 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.
k. Develop and implement the Cyber Security Incident policy, procedures and handling guidelines.
l. Update the Business Continuity Management (BCM) policy according to the latest conditions.
m. 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 and Liquidity Risk Management

a. Continue to exercise ICAAP-related Stress Testing as well as BUST to ensure that Danamon has the capacity to survive in the event of liquidity stress conditions.
b. Preparing for the implementation of Revision to the Minimum Capital Adequacy Requirement for Market Risk in compliance with OJK regulation.
c. Participating in the development of necessary infrastructure to support Treasury new products and activities.
d. Preparing the infrastructure to support dynamic Balance Sheet simulations.
e. Validation by external party on policies and methodologies related to LCR, NSFR, and IRRBB, as well as performing the enhancement accordingly based on validation result.
f. Maintaining continuous enhancement and regular review as well as validation of market and liquidity risk measurement methodologies.

HUMAN CAPITAL MANAGEMENT

> Management has a strong commitment to manage this pandemic through allocated budget of **IDR100 billion,** consistent monitoring by crisis response team and management's regular review of developing situations.

In 2020, the management of Human Resources (HR) faces serious challenges in connection with the COVID-19 pandemic. With the emergence of health and safety issues as the most important issues, and of course very influencing the continuity of the Company's operations and work productivity, Danamon views it is very important to make various efforts to manage the situation in an anticipatory and sustainable manner.

Danamon have put three key priorities in managing the people:
1. Employee Safety and health
2. Operational continuity
3. Business continuity and productivity

With these priorities, Danamon have established a Crisis Command Center (CCC) team staffed with representatives from various unit, including Human Capital, IT, Operations, Corporate Real Estate Management, Branch Network and Finance. The team is tasked to manage the overall anticipation and respond to the pandemic situation.

In addition, personal attention is also given in the form of monitoring of employees' condition, giving motivation, supporting the fitness of infected employees, and virtual visits to employees who are confirmed to have tested positive. All these effort have paid off well, and have been positively accepted by employees as reflected in a very strong employee engagement score of 92 in the third quarter of 2020, in which Danamon's commitment in handling the pandemic was a main factor for this high score.

Human Capital Management Vision and Mission

Danamon Human Capital strives to continue its vision to be the employer of choice, recognized as a high-performance company, and a company where it develops careers for its employees. This focus is reflected in several projects carried out in 2020, namely the creation of the Employee Value Proposition (EVP), the High Performance Organization, optimizing technology to create digital learning experience, defining future skills, and strengthening the implementation of the new BISA Corporate Values. Through the EVP project, Danamon defines the qualities or values offered by Danamon as part of the employee experience, which is expected to further increase employee commitment at work.

In order to achieve this vision, Danamon Human Capital has made further updates on the strategic plan, as determined below:

2019-2020 Agile & Enabling Organization	2020-2021 Sustainable High Performing Culture	2021-2022 Partner of Choice
Adapting to dynamic working environment leveraging updated HC technology	Partner of choice in human centered technology organization	Strengthening the core to be the stakeholder's partner of choice
• Reinforce/internalize BISA culture • High value added organization, i.e. Develop EVP, compensation benefit for broadband grade structure, flexy-benefits and way of working • Open talent workforces focus on task performance • Synergy to Enhance Digital Learning Culture (immersive learning) • Enhance HC System for better employee experience • Organization citizenship strategy to create engaging experience (Ways of Work-social impact) • Continuation High Performing HC	• Created more value and meaningful work (beyond organization) • Dynamic working environment leveraging technology, communication and colaboration. • Pilot hybrid-job (tech-based jobs with high level proficiency in human soft skills) • Career-preneurship philosophy (your career is in your hand) • Parnership and collaboration with external and relevant stakeholder/ customer to create added value.	• Focus on core capabilities while leverage ecosystem capabilities for non-core • BISA based culture in partnering within the Bank and across MUFG group companies • Recognized as talent powerhouse across management segmentation • Agile, lean and learning organization

HC Management Policy

Human resource management policy studies have been carried out consistently and continuously to ensure that all applicable policies are always up-to-date and in line with the business development of Danamon.

In 2020, Human Capital Danamon conducted a study on several HR Management Policy materials, in particullar the alignment of HR policies with the latest Anti-Bribery and Corruption policies, alignment of HR policies with the latest AML-CFT policies and other HR policy improvements, such as stipulating special conditions. (Example: pandemic), outsourcing provisions, recruitment provisions, internal mobility and other HR policies.

The update of HR Management Policy and code of ethics in 2020 focuses on strengthening control over potential bank risks.

HR policy improvements are not only carried out at the level of HR philosophy and principles, but also include updates at the level of the Operational Terms of Reference and Standard Operating Procedures (SOP).

To support the governance of HC policies establisment and improve coordination of recording any issuance of HC policies, the team has prepared a workflow for HC policies changes.

In 2020, alignment of the code of ethics has also been carried out in addition to paying attention to the dynamics of risk that have occurred during the last 1 year, alignment of the code of conduct is also aligned with the latest bank policies.

The new HR Management Policy and code of conduct will be published in early 2021.

The Merit Based Reward System (SIPASTI) is still the main theme in employee performance management policies, with an additional emphasis on the perspective that the main goal of performance management is to create a high performance culture, where a periodic review process is for the purpose of supporting target achievement not merely evaluation. Focus on performance management that consistently monitors and improves employee performance. The implication of financial rewards is positioned as a continuation/ consequence of good performance, not as the main objective.

Danamon will focus more attention on developing or grooming people from within and more 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 for approval.

HC Management Performance

Employer Branding

Danamon understands 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, Danamon conducted various initiatives to strengthen employer branding, such as:

- Develop Danamon's Employee Value Proposition (EVP) which involved stakeholders i.e management, employees as well as external job seekers and professional in the market.

- Danamon has been actively developing many creative digital content and leveraging various social media platforms, such as and LinkedIn and Instagram, to amplify internal training and development, employees' activities such as Danamon Club, Financial Literacy, Danamon Bankers Trainee Program for Fresh Graduates, Job Vacancies Adverstisement and activities related to Corporate Social Responsibility (CSR).

- As an impact of good employer branding, the numbers of followers and interaction rate on Danamon's posts in the Bank's digital official corporate account and other mass media increased significantly and received many positive responses.

- Actively participate as Career Speaker in Career Event, partnership with reputable universities and or career event organizer in order to attain fresh graduate talents for Danamon Bankers Trainee (DBT) as well as actively participate as Speaker in many Human Capital Community events.

Recruitment

In 2020, Danamon has recruited 855 people consisting of 48 in Senior Management level, 171 people in Middle Management level, 415 people in First Line Management level and 221 people in Clerical level.

Danamon recruited a total of 101 Danamon Bankers Trainee (DBT) in 2020 who enrolled the development program on February 2020 and November 2020.

Talent Acquisition initiatives conducted by Danamon in 2020 were among others:

- Collaboration of Danamon with one of the professional career sites (LinkedIn) and leverage digital media platforms (Instagram, Facebook, Youtube, Twitter) to strengthen Bank's corporate branding and job posting in order attract more talented professional hire and fresh graduate candidates.

- Actively participate in virtual job fair conducted by University's Career Center and independent organizers.

- In COVID-19 pandemic, we did shifting from phisicaly selection into Digital Selection process include online tes, virtual focused group discussion, virtual in tray exercise and virtual interview.

- Reinforcement of Competency Based Interview (CBI) implementation to improve the quality of competency assessment by users.

- Strenghten the governance of selection process of Know Your Employee (KYE) through procedure development related to high risk candidates to prevent Anti Bribery & Corruption (ABC).

- Danamon aims to continue improving its digital recruitment module in EAZY human capital management system, in accordance to the developments and the needs of the Bank in order to accommodate most dominant millennial job seekers.

Job level	2020	2019	2018	2017	2016
Top Management	10	12	3	3	3
Senior Manager	40	35	184	38	37
Manager	178	182	1,213	247	136
Officer	477	1,088	194	1.385	1.173
Staff	1,346	2,952	4,503	5,705	9,159
Total	**2,051**	**4,269**	**6,097**	**7,378**	**10,508**

Job function	2020	2019	2018	2017	2016
Sales	756	1,716	1,716	3,389	4,892
Non-sales	1,295	2,775	4,381	3,989	5,616
Total	**2,051**	**4,269**	**6,097**	**7,378**	**10,508**

Training and Competence/Education Development

Danamon continues to carry out training and development programs for its employees. In 2020, amidst the conditions of the COVID-19 pandemic, Danamon maximized the use of technology and digitized approximately 230 training modules and saved them in the Learning Management (System (LMS). Danamon carried out 508 training programs for 95,102 participants, related to both technical and soft skills/ leadership competencies, running a total of 34,133 man days. Training programs were carried out in all Danamon training centers and Danamon Corporate University, so that during the pandemic period, all the training activity was conducted online.

In parallel with improving the learning culture, an e-library is being prepared so that employees can access lessons or gain new knowledge with a library being set up by the company through digital media.

In 2020, 1,120 employees participated in training, refreshment and the Risk Management Certification (SMR) exam.

As part of talent development, in 2020 Danamon made plans to implement a development program in the following year, which focuses on the areas of Leadership and Business Management Skills, Leading Transformation Change, Business Project Assignment and Business Simulation. It is hoped that by increasing the potential of employees, they will have the opportunity to carry out more challenging roles and tasks.

The Human Capital Directorate held the Danamon Bankers Trainee (DBT) program, which is a development program for the best and talented graduate/postgraduate hires to prepare to become future leaders of Danamon. Until the end of 2020, 9 batches have been onboarded, with a total of 207 talents.

In order to accelerate the capabilities of frontliners and Sales teams at Branches, in 2020 Danamon runs the Danamon Branch Network-Relationship Officer (DBN-RO) program for the Branch Network Division with 78 participants and the Sales Leadership Academy with 40 participants.

To improve the credit skills of the Sales team, Commercial Loans to Business program was also implemented for 48 Branch Managers and Upskilling Credit Skills for Business Relationship Officers and Relationship Managers, which were attended by 207 participants.

Starting from 2016 to the present, Danamon has succeeded in increasing the efficiency of the use of employee development costs. The e-Learning approach allows investment in the development of training materials to be more efficient because it can reach a wider range of employees.

Increased efficiency in training costs can be seen from the availability of access for employees to conduct online training, including e-Learning, anytime and anywhere by using their own Internet devices and networks through EAZY Learning. Apart from this cost efficiency, there are also other efficiencies such as access via the device itself which allows employees to use their time more efficiently, and the number of working hours spent on e-Learning will be reduced.

Danamon has realized a training investment of IDR83.9 billion in 2020 for both in-class and online training, including e-Learning, which is tailored to the needs of increasing employee competence.

Based on the results of evaluation in 2020, Danamon succeeded in achieving a training ratio of 4.11% in accordance with BI regulations which require a minimum training ratio of 5%. The total number of employees who participated in both in-class and online training and e-Learning training was 8,867 employees out of 8,926 total employees (99.34%).

The training and learning methods were carried out online including 74% through e-learning and 26% face-to-face.

Danamon Training Program Statistics

Training Programs	2020	2019	2018	2017	2016
Total Training Programs	508	982	1,232	1,411	3,109
Number of Training Participants	95,102	90,203	128,399	164,554	207,739
Total Man-days	34,133	49,641	80,049	139,637	167,428
Total Training Investment (IDR million)	83,900	147,617	182,701	235,517	248,355
Average Investment per Employee (IDR million)	0.88	1,.63	1.42	1.43	1.20

Employee Engagement

During 2020, employees were engaged through the following series of programs:

- **D'Talk**, a face-to-face sharing session that involves 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.

- **Financial Literacy**, the program was conducted using a seminar method that involved Danamon, Adira Finance. Equips employees with practical financial management skills, so they can anticipate the needs of individual customers and families. The program also instructs employees on the details and benefits of Danamon's products and services. This builds their awareness of how the Bank can meet consumers' financial needs.

Organizational Development

Over the last five years, Danamon has been conducting bankwide transformation initiatives across all lines to shorten and expedite the business process. This has resulted in changes to organizational structure, where the structural layers are shorter, 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. From Q4 2018, HC started a job simplification and competency project with a "job family approach."

The project's objectives are:

- Bring the strategy and culture of SIPASTI to life by explaining how critical 'job families' should perform to provide a seamless experience for customers.

- Create a job framework that simplifies and structures the organization, jobs and levels, while remaining flexible to adapt to future organizational changes.

- Encouraging increased capacity of resources with clarity of "job family" will open up opportunities for rotation so that capability is continuously increased.

- To become the foundation for managers and Human Capital 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.

This way, in the future the focus of employees will be more on performance and also on their contribution to the company.

Performance Management

Since 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.

Moreover, the availability of a continuous performance management module, accessible through personal communication devices, enables supervisors to more easily monitor and record work achievements. This new system has made the process of achieving objectives more focused and planned, so that execution and achievement are immediately and easily communicated between subordinate and supervisor.

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 and assist the employee in achieving the targets together.

Development of Talent Management and Employee Careers

Talent management is important for Human Capital. Our comprehensive and sustainable talent management program aims to ensure the availability and readiness of future leaders to hold key positions within the Bank. The program begins with the identification and mapping of talent using two criteria: performance and potential. An assessment and talent review identifies and manages high-performing employees within the Company to advance according to their individual expertise. The program aims to increase employee engagement through their own initiative, both bankwide and within their respective divisions. The program also implements succession planning, ensuring Company sustainability by preparing high-performing candidates to become prospective leaders.

The Management Trainee Program and Development Program were established to cultivate talent within Danamon. 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.

To accomplish this strategy, Human Capital of Danamon is devising a career advancement system to improve employees' competency through training in soft skills, technical skills, and tiered leadership. This Leadership Program includes people management skills for first tier, middle management skills, and leadership skills for senior managers. With enhanced skills, employees have a higher probability of success in more challenging assignments.

In developing internal bench strength, in 2019 Danamon collaborated with MUFG Japan by sending some employees to Tokyo, Japan to join as an observer on some technical and business trainings such as Global Analyst Program and Relationship Management Academy. From this program, the knowledge on business strategy of MUFG and other Partner Banks can be leveraged and adopted in Danamon.

Employee Remuneration

Danamon formulates remuneration strategy based on the remuneration policy which follows the meritocracy principle, whereby the Company rewards its employees corresponding to their competence and performance. This strategy is part of the SIPASTI principle that has been consistently implemented since 2015 through either short-term or long-term incentive which is given in the form of financial and non-financial.

Employee remuneration consists of a fixed component, which is based on job value, job family, position scarcity in the market, as well as market benchmark and variable component in the form of performance bonus and incentive. Performance bonus is awarded based on the Company's achievement against targets, industry benchmark, operating unit achievement, and individual achievement. Incentive is given to the positions that directly generate revenue, such as salesperson and collector which is designed to increase motivation and establish an effective sales or collection behavior. Through a fair and balance compensation system, Danamon expects to build a productive working environment as well as motivating employees to continuously deliver and contribute their best.

In 2020, the Company conducted a review of employee remuneration by considering changes in organizational design which are derived from the job simplification project.

Employee Welfare

In the area of employee welfare, in addition to providing government health insurance (BPJS) and Pension Plan (JHT) benefits, Danamon provides health insurance facility by reforming the previous benefit into family limit benefit in order to give flexibility to employees to manage the benefit according to the needs of employees and their families, pension funds, and housing loans (KPR) for employees. The housing loan policy has been reviewed, and management has approved an increase in the lending limit. Danamon also provides motor vehicle allowance which is called the Car Ownership Cash Program (COCP), in which eligible employees receive a cash allowance paid along with their monthly salary payment.

In 2019, Danamon launched a voluntary individual pension program in cooperation with a Pension Fund Institution (DPLK) in order to assist employees preparing for better planning retirement period. In addition, the Bank provided additional special compensation rewards for retiring employees in accordance with prevailing regulations.

Furthermore, Danamon collaborated with Adira Finance and Adira Insurance to launch a financing and insurance program, known as Danamon Adira Employee Program (DAEP), which was specially designed to give additional benefits for Danamon and Adira employees. Through this program, employees may apply for motor vehicle loan, home appliance loan, and various types of insurance with lower interest rates or premiums than commercial ones.

During the pandemic in 2020, Danamon provided special treatment to employees so that all employees can stay healthy and safe, by monitoring individual employees every day and providing medication and treatment for employees and their families, in terms of their condition, medication, health supplements (masks) and as well as vitamins to ensure employees and their families are always in a healthy and safe condition.

Pension Program

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 for their retirement. Topics include retirement activities, as well as mental and financial preparation.

Human Capital Management Information System

The EAZY Human Capital Management System was implemented in 2018. Since then this system serves as a central point for employee related information. All other system in Danamon refers to Eazy as information source in providing access to employee on various systems.

In 2020 the enhancement on Eazy was on the recruitment module, in terms of creating a linkage with a popular jobseeker application. The enhancement allows jobseekers to quickly browse through information of job vacancies in Danamon. Once they have found a suitable vacancy, they can quickly apply for the job and put their resume/curriculum vitae as an attachment for their job application.

Risk Management

In 2020, efforts to raise awareness of potential risks (risk awareness) have been the main theme that has been continuously implemented at Danamon Human Capital since 2019.

To support this initiative, Human Capital has carried out a self-assessment initiative in all Human Capital functions, where the initiative has identified potential risks that lead to operational risk. For this reason, Human Capital has identified the root of the problem, carried out mitigation, agreed on an action plan and followed up on those action plans.

Human Capital also continues to strive to increase risk awareness for all management and employees through continuous communication and dissemination of the code of ethics, both through e-Learning media and through other media, such as corporate e-mails, the Human Capital system and conducting surveys on the level of employee understanding of the code of conduct which is followed up by contacting and providing further explanations to employees who do not understand the provisions of the code of conduct.

In addition to the above, during 2020 Human Capital has also carried out alignment of risk mitigation efforts related to prudential banking principles, such as alignment of risk mitigation relating to Anti-Bribery and Corruption, Anti Money Laundering and Prevention of Terrorism Funding (AML-CFT) and alignment of Internal Control over Financial Reporting-ICFR.

All of the auditors' findings in the Human Capital area, by both internal and external auditors, including OJK's findings, have been followed up by Human Capital in a timely manner and in accordance with the action plan agreed upon by the auditors and Human Capital.

The temporary results of the investigation by the Internal Auditor for 2020 show that initiatives and efforts to increase risk awareness in Human Capital have succeeded in reducing the number of findings and the level of major risks.

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 Labor Union. As part of this effort, management has met with the Labor Unions 23 times, at the national and regional levels. There are now two official Labor Unions in Danamon that registered in Manpower Office. Danamon hopes that through the constructive communication with 2 Unions can further enhance the harmonious industrial relations within Danamon.

Implementation of agreed 2018 Collective Labor Agreement has been carried out. The CLA is valid until July 31, 2020. Due to COVID-19 pandemic, management and Union has been agreed to extend the validity of the CLA until July 31, 2021.

Danamon Rumah Kita is a program aimed at fostering harmonious industrial relations between management and employees, and between employees. This activity was planned to continue in 2020, but due to pandemic conditions and with all activities being carried out virtually, the implementation of this activity is postponed in 2021.

However, similar activities were also carried out in several regions which initiated Virtual Outing to maintain and enhance togetherness among employees.

In terms of social activities, Pekerja Danamon Peduli (KDP) conducted some aid programs to assist 1,688 employees. These programs included scholarship donation and donation assistance for employees suffering a disaster or a bereavement.

Logistics distribution was also conducted to employees and their family who were affected by natural disasters such as flooding in Jakarta and surrounding areas (Jabodetabek) in early 2020, as well as Semarang, Gorontalo, Toli-toli and Samarinda.

As Per December 30, 2020, KDP distributed donations in the amount of IDR4,125,243,342 (Four billion, one hundred and twenty-five million, two hundred and forty-three thousand, three hundred and forty-two Rupiah).

Danamon management also specifically provided funding assistance for 149 employees who were affected by the flood disaster in Jabodetabek in early 2020.

Danamon also facilitated employee interest and talent activity through D'Club. The activity was in the form of routine sports activities (both weekly and monthly) such as yoga, bowling, basketball, futsal, badminton and other sports held in 72 locations throughout Indonesia, including participation in events organized by OJK. During the COVID-19 pandemic, D'Club's activities were directed online. One of the activities was a Webinar Series, which was a place to share knowledge, experience and information between Danamon leaders and employees and among employees as well. Through webinars, apart from interest and talent activities, employees also got information related to health issues. Some 5,630 employees were registered to participate in these activities.

2021 Human Capital Strategy and Work Plan

2021 Human Capital strategy and work plan will be focusing on continuing the initiatives from the previous year, with the additions to further foster the human resources in facing the Industry 4.0 era. Danamon will specifically develop relevant future skills and culture through a project consisting of:

1. Identification and formulation of the type of skills and work culture relevant to future business challenges and technology advancements.

2. Assessment of current Danamon human resources and work culture, and preparation of work plans/ initiatives to build the desired skills and work culture.

3. Implementation of the resulting work plans/initiatives to develop the desired skills and work culture.

This project is expected to take some time. Formulating the work plans/initiatives will be a three-year journey, focusing on continuous improvements in the implementation by paying close attention to inputs from related stakeholders.

Danamon also plans to provide a better digital experience to its employees through the implementation of electronic employee benefit administration, which allows employees to utilize their mobile phones to directly access their employee benefits such as health club membership and ticket purchases.

Furthermore, Danamon plans to continue collaborating with MUFG in talent development program at the group level. The program plans to allow Danamon talents to join the development programs and assignments within units of MUFG Group, as well as to gain access to opportunities for employee exchange programs with the aim of improving the learning experience and strengthening organizational capability.

IT INITIATIVES AND PERFORMANCE

Customer Experience, Digital Services and Solutions

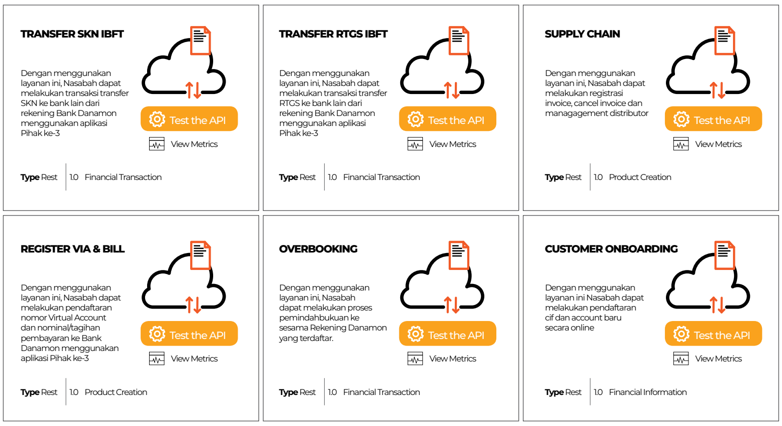
2020 was a year defined by the COVID-19 pandemic. As mobility restrictions were imposed in response to the public health crisis, Danamon's customers were increasingly reliant on one solution to go for their banking needs: online. At Danamon, the IT team foresaw this transition and managed it well, rolling out improvements to our already wide range of digital banking solutions and infrastructure, all intended to meet the customers' evolving needs and give them a positive experience. These actions included providing high availability for all channels and digital applications, increasing internet bandwidth for all channels, supporting new ways of working from home, rapidly supporting change of locations for back office operations teams and providing flexibility of working location for all relevant staff by deploying additional laptop computers on demand.

Among some of our new digital offerings: QR-based payments and goal-based savings through D-Save for retail customers; and Danamon Cash Connect, enabled for the Web and with mobile app for corporate customers to meet all their cash and liquidity management needs. A new digital solution for our individual customers with omnichannel support providing a consistent experience across web and mobile apps is to be launched in 2021.

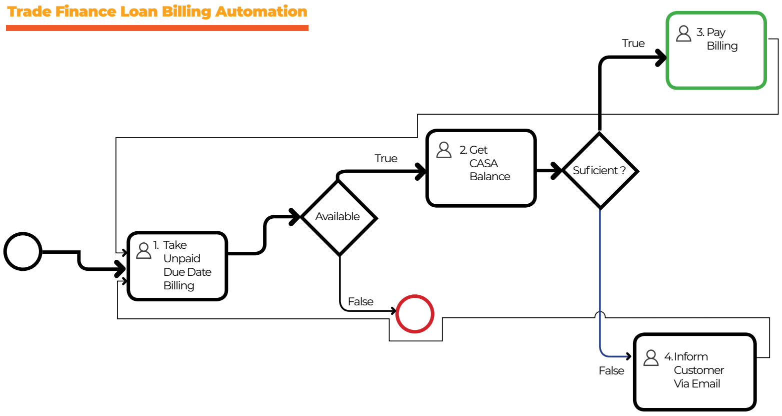
With our mobile CRM system, front-liners can now sign up customers for a new account or offer other banking services at their home or office, armed with just a tablet. In order to improve the turnaround time for loan decisions and processing of disbursement for customers, Danamon has automated the lending processes from initiation until disbursement with an orchestration of BPM (Business Process Management) and RPA (Robotic Process Automation) tools which allows ease of use for staff, faster processing, streamlined processes, and hence increased productivity. Going beyond traditional Business Intelligence (BI), Danamon has implemented analytical techniques and tools supported by big data technology, to discover deeper insights, make predictions, and give better recommendations to customers.

Going forward, we will keep striving to improve customer experience. In 2021 we will expand our range of digital offerings to include travel insurance, vehicle insurance, mutual fund management and foreign currency transactions. We will also give customers a common view across all their loans, deposits, and credit card accounts. We will improve and simplify the online transaction process with the use of chatbots, adoption of QRIS payments, and seamless onboarding of customers coming from fintech apps through APIs., To anticipate the growing fintech sectors, Danamon will continue to

API Catalog



Trade Finance Loan Billing Automation



develop Application Programming Interface (API) Gateway by building new solution or even integrating faster with third party billers, payment gateways or fintechs. To align with the Payment System Blueprint of Bank Indonesia (BSPI), Danamon will ensure adherence to the API standards from BI; Also, to facilitate Faster Payments in Indonesia, Danamon will participate as one of the pilot Banks for BI-FAST, which adopts the latest ISO20022 messaging to guarantee faster, cheaper and more secure payments with support for a proxy payment concept with a use of email or mobile phone number.

To provide more comprehensive supply chain financing and cash management needs for our Corporate customers, Danamon will continue to develop internet and mobile banking systems and provide services such as cross border remittance in seamless manner, bill payment in bulk, more flexibility for customer to manage their transaction limit and cut off time, improve transaction monitoring and reporting based on the customer needs. Danamon plans to grow the Treasury business by adopting automation and introducing a range of products to address customer needs and provide best in class product and services to become a one stop shop for most Treasury needs. Danamon will enhance it's systems to support different pricing models & methods with control measurements by Integrated Risk and Operational Units.

Infrastructure and Capability Improvements

The COVD-19 pandemic prompted a massive change in how we work, and in response the IT team had to show agility, resourcefulness, and resilience. Danamon IT has implemented a cloud-based unified communications which has been effectively and vastly used during the pandemic situation whereby most of Danamon employees must work from home. This facilitates online meetings, video conferencing, webinars, voice calls, employee townhalls, etc; Most of the technology work related to implementation and support of systems has also been moved fully online. At our offices, we provided greater wireless accessibility, installed face recognition systems to monitor individuals' access and check body temperature, and rolled out the Danamon Care app to ensure all employees stay safe through online surveys and call trees. And with both customers and employees increasingly dependent on digital interactions, we saw the need to provide stable and reliable services by implementing better quality control, improved monitoring, and speedier problem-handling and recovery. To stay ahead of these challenges, it was important that our people be equipped with the right tools and training, including agile work methods with collaborative engagement between work units, and a shift to electronic documentation over traditional paperwork.

Moving forward , Danamon is exploring the potential of migrating the DRC (Disaster Recovery Center) data center to an alternate data center with a local cloud provider who can provide infrastructure and security standards according to DC Tier-4 standards, as well as optimized costs. Employee care remains a priority-the enhanced Danamon Care app allows

recommendations to employees based on survey results, provides recommendations for work location based on survey, allows non-staff to be tracked and surveyed and all with a better user experience. To further improve service for customers, Danamon will implement the latest DevSecOps technology to ensure system reliability, better service monitoring and fast recovery in the event of an IT system failure. IT has taken the initiative to implement a modern software development foundation where the process allows accelerated change and faster delivery, by focusing on software-defined life cycle that allow the use of tools for process effectiveness and automation (CICD), in order to achieve a culture that rests on responsiveness (DevSecOps).

Regulatory, compliance and security initiatives

With greater dependence on digital systems during the pandemic, comes greater pressure to ensure the security of these systems for both the Bank and customers. Danamon's IT team has been constantly vigilant to this need and to any potential threats, external and internal. We routinely update our security technologies, carry out vulnerability scans and penetration tests, and campaign for heightened security awareness among both employees and customers. Among the measures we took last year was to ensure employees could work securely from home through a Virtual Private Network (VPN). We also ensured disaster management processes and solutions are in place to anticipate and respond to any unforeseeable contingencies, to allow Danamon's banking services to remain accessible to customers at all times. In terms of risk, as part of our compliance with BI and OJK regulations, IT implemented Antasena, IFRS9, LLD and Collectability Equalization projects in 2020. We will continue to remain vigilant as we move forward.

To help ensure quality solutions and services are delivered to customers, Danamon will increase its capacity alongside the implementation of DevSecOps in 2021. We plan to extend cloud-based security protection for all customer-internet-facing applications for better protection of customers from any cyber-security threats or attacks. For employees working from home, we will implement network access control to ensure they can harness Danamon's security infrastructure. And to comply with regulatory and bank internal requirements, we will adopt a customized risk analytics approach according to the bank's risk parameters. We will continue to improve regulatory applications with processes that ensure timely and reliable reporting of compliance requirements.

OPERATIONS

Operations Unit in Danamon is responsible for executing transactions throughout all Danamon's network. Danamon continuously evaluates the operational processes to support customer needs. Operations Unit collaborates with all Danamon stakeholders to create lean operating model and efficient processes to ensure high quality of delivery, and good corporate governance.

PERFORMANCE IN 2020

As the part of bankwide strategy, Operations Unit continues its focus on improving operational efficiency while maintaining satisfactory risk and compliance culture. The COVID-19 pandemic resulted in unique challenges, however, Operations Unit able to adapt quickly and execute transactions smoothly.

Our continuous improvement initiatives included:
1. Enhanced integrated limit and collateral management system for automated aggregate limit level monitoring and more comprehensive report.
2. Implementation of new regulatory reporting system Antasena.
3. Continue to improve bank custodian systems to an integrated system.
4. Continuous enhancement of operation credit processing process.
5. Implementation of business process re-engineering in area Trade Operation and assessment for other key areas.
6. Coordination with IT for database transformation to Big Data and data analytic Tableau.
7. Assessment to increase control and compliance on Anti-Money Laundering through Sanction Screening.

Operations Unit is aware of the importance of people development to prepare high quality employees, increase loyalty and productivity. Operations learning strategy was changed to mainly online learning in 2020. Initiatives related with people developments were:
1. Multiple e-Learning and Webinar modules to improved knowledge of operational process for all operational staff.
2. Upskilling program which was redesigned to enable online delivery.
3. Prepare future leaders and succession planning for Danamon's Operations through Danamon Bankers Trainee (DBT) program and internal job rotation.
4. Actively participate in Employee Engagement Survey with high Sustainable Engagement result.
5. Actively involved in preparation of certification for Sistem Pembayaran dan Pengelolaan Uang Rupiah (SPPUR) with Bank Indonesia and other Buku 4 Banks.

AWARDS AND RECOGNITION IN 2020

Operations Unit consistently provides superior customer experience which include exceptional transaction delivery. In 2020, Operations Unit received the following awards:
1. Award for Outgoing Transaction Remittance with Straight-through Processing Rate achievement of more than 99.13% from Citibank.
2. Award for Outgoing Transaction Remittance with Straight-through Processing Rate achievement of more than 98.9% from Standard Chartered.
3. Recognition of Outstanding Payment Formatting and Straight-through Processing Rate of 96% from Bank of New York Mellon.

2021 PLAN

Operations Unit will continue to support Danamon strategic priorities for long term sustainable growth. Operations Unit will continue its process improvement intiatives to ensure customer satisfaction, optimize productivity while maintaining strong risk management.

Operations initiatives for 2021 includes:
1. Implement further automation related payment compliance, which include transfer application enhancement through web service to ensure accuracy and timeliness of transactions execution.
2. Continue to implement various regulatory requirements including Anti-Money Laundering, Sanction Screening and automation in regulatory reporting.
3. Perform Business Process Re-engineering which include assessment for Robotic Process Automation and Auto Reconciliation on several key areas in Operations.
4. Continuous improvement within credit processing which include document safekeeping, and automation in credit settlement, etc.
5. Continue with staff development program which include job rotation and upskilling training programs, and actively involved in Bank Indonesia Certification of SKKNI SPPUR.