

OPERATIONAL **REVIEW**



RISK MANAGEMENT



The implementation of risk management within Danamon and its subsidiary continues to be improved in line with the regulations and best practices in business. The implementation of risk management is intended to identify, measure, monitor, and control various potential risks in all operating units, both in the business lines and in supporting units.

VISION & MISSION

VISION

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

MISSION

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

IMPLEMENTATION OF RISK MANAGEMENT

THREE LINES OF DEFENSE APPROACH

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

Board of Commissioners Supervision		
Board of Directors Supervision		
First Line of Defense	Second Line of Defense	Third Line of Defense
<ul style="list-style-type: none"> Lines of Business Operational Working Units Other Supporting Working Units 	<ul style="list-style-type: none"> Integrated Risk Directorate Regulatory Compliance Division 	Internal Audit Unit (SKAI)
Lines of business, operational working units, and other supporting working units are the First Line of Defense, responsible for conducting daily risk management in each working unit.	The Integrated Risk Directorate and Regulatory Compliance Division have a role as a Second Line of Defense to perform risk monitoring function independently.	The Internal Audit Unit has a role as a Third Line of Defense that is responsible for evaluating the risk management implementation conducted by the First and Second Lines 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 the Board of Directors and Board of Commissioners.
2. Adequacy of risk management policies and procedures, as well as a risk limit setup.
3. Adequacy of risk management processes and risk management information systems.
4. Internal Control System.

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

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

Active Supervision Functions		
Board of Commissioners (BOC)	Sharia Supervisory Board	Board of Directors (BOD)
The Board of Commissioners delegated its risk monitoring function to the Risk Oversight Committee. However, the Board of Commissioners remains the ultimate responsible party.	Danamon appoints the Sharia Supervisory Board in the Sharia Business Unit in accordance with the recommendation from the National Sharia Board (<i>Majelis Ulama Indonesia</i>) and approval from the Financial Services Authority (OJK).	<ul style="list-style-type: none"> As the responsible party for the implementation of operational activities, including monitoring the implementation of risk management, the BOD has a role in comprehensively determining the direction of risk management policies and strategies, including their implementation. The BOD has established the Risk Management Committee to support its functions and responsibilities in relation to risk management implementation.



Active Supervision Functions		
Board of Commissioners (BOC)	Sharia Supervisory Board	Board of Directors (BOD)
<ol style="list-style-type: none"> 1. Approve the risk management policies, strategies, and frameworks that are aligned with the risk appetite and risk tolerance; also conduct periodically evaluations. 2. Perform risk oversight and evaluate the accountability of the BOD for the implementation of the risk management policies and strategies, and of the risk exposures, through periodic reviews with the BOD. 3. Approve the business activities that require BOC approval. 4. Approve the policies that need BOC approval as according to 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. 	<ol style="list-style-type: none"> 1. Evaluate the Risk Management Policies related to compliance with Sharia Principles. 2. Evaluate the accountability of the Board of Directors for the implementation of the Risk Management Policies related to compliance with Sharia Principles. 3. Act as an advisor and provide recommendations to the BOD and sharia business management (officers who are related to the implementation of Syariah business) regarding matters related to Sharia Principles. 4. Coordinate with the National Sharia Board to discuss the Bank's proposals and recommendations for product and service development that need review by and decisions from the National Sharia Board. 	<ol style="list-style-type: none"> 1. Prepare comprehensive written risk management policies, strategies, and frameworks; also responsible for implementation. 2. Conduct periodic reviews of risk assessment methodologies, as well as of the implementation of the risk management information system, risk management policies and procedures, and limit setups. 3. Approve the business activities that require BOD approval. 4. Develop a risk management culture on all levels of the organization. 5. Oversee risk quality in comparison with the prevailing level of fairness. 6. Ensure management (the Board of Management and executive officers) adopts a prudent and conservative approach for developing 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 competent officers in the working units based on nature, quantity, and complexity. 11. Develop and put in place a mechanism of transaction approval, including for those that exceed the authority limit for each level of the position. 12. Ensure that the risk management function has been independently implemented.

RISK MANAGEMENT POLICIES, PROCEDURES, AND LIMIT SETUP

Considering the structure of the financial conglomerate, which consists of vertical (direct relationships between parent company and subsidiary) and horizontal (relationships between sister companies) relationships, the risk management policies for the bank and financial conglomerate are differentiated into two documents, as follows:

1. Risk Management Policy – Bank and Consolidated, which includes the framework and implementation of individual and consolidated risk management for the Bank and subsidiary.
2. Integrated Risk Management Policy of the MUFG Group financial conglomerate, which includes the framework and implementation of integrated risk management for the financial conglomerate.

Risk Management Policy – Bank and Consolidated is the main policy for the implementation of risk management in the Bank and its subsidiary and is a reference for developing risk management policies, procedures, and guidelines according to the prevailing regulations. The Integrated Risk Management Policy of the MUFG Group financial conglomerate is referred to in the sub-chapter entitled, “Implementation of Integrated Risk Management”.

However, since the subsidiary is a separate entity from the Bank, the implementation of risk management should consider the laws of Limited Liability Companies and Capital Market, as well as other related external regulations. Danamon and its 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 various risk management policies, i.e. a Credit Risk Policy, Operational Risk Management Policy, Market and Liquidity Risk Management Policy, Information Security Policy, Business Continuity Management Policy, and others, which have been 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 when determining the portfolio, in line with the price risks that have been carefully considered and reflected in the amount of capital that is managed to anticipate the loss of risk, while also supporting the business growth of Danamon.

Danamon and its subsidiary, both individually and consolidated, have established risk limits in accordance with the levels of risk appetite and risk tolerance, and business strategies. Risk limits are established at the group level and then cascaded to the lines 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, as well as prevailing regulations.

THE ORGANIZATION STRUCTURE OF RISK MANAGEMENT

The organizational structure of risk management consists of several risk committees and risk management working unit at Danamon and its subsidiary and other related working units with various levels of responsibility.

a. Risk Oversight Committee

The Risk Oversight Committee is the highest risk management authority at the BOC level. Its main roles are to monitor and provide recommendations to the BOC related to the evaluation of risk management policies and their implementation, to evaluate the execution of the duties of the Board of Directors, Risk Management Committee, and risk management working units in risk management, as well as to provide independent professional opinions to the BOC and to recommend to the BOD actions to be considered for further strengthening the risk management framework.

b. Risk Management Committee

At the BOD level, a Risk Management Committee has been established that is responsible for, among other things, the evaluation and provision of recommendations to the President Director and BOD related to the development of risk management strategies and policies, the implementation of the overall risk management processes, and the evaluation of significant risk issues.

The Risk Management Committee oversees 2 (two) sub-committees, as follows:

1. Credit Policy Sub-Committee

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

The Chairman of the Credit Policy Sub-Committee is the Integrated Risk Director and the Alternate Chairman is the Credit Director. The Permanent Members of the Sub-Committee are the CCO Consumer, SME, Mass Market, Senior Credit Officer, Chief Internal Auditor, Business Heads (EB, SME, and Consumer), and Credit and Enterprise Risk Management Head.



2. Information Disclosure Sub-Committee

The Information Disclosure Sub-Committee was established to comply with MUFG Bank's requirement to ensure that the sub-committee has reviewed, deliberated, and concluded on the accuracy and the appropriateness of financial reporting and to ensure the framework for internal control over financial reporting has been properly designed and enhanced.

The chairman of the Information Disclosure Sub-Committee is the Finance Director. The Permanent Members are several appointed directors and officers.

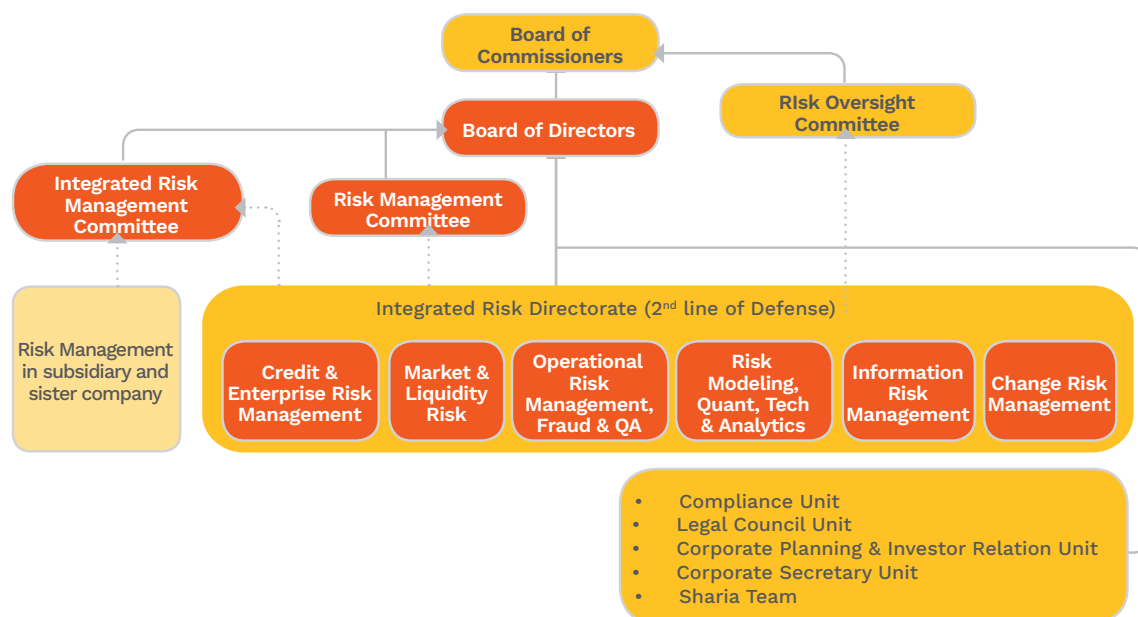
c. Risk Management Working Unit

The Integrated Risk Directorate is the Risk Management Working Unit in Danamon that is independent from

the risk-taking units and working units that conducts the internal control function. This directorate consists of several divisions, i.e. Credit and 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.

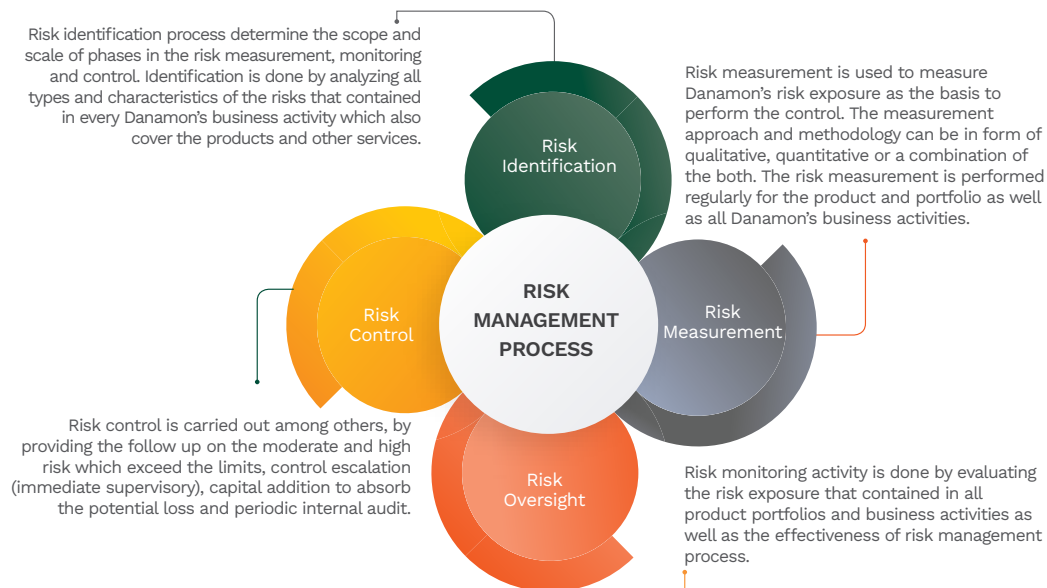
This directorate consists of professionals and seniors in risk management. This is an independent function that forms a second line of defense.

The Integrated Risk Directorate develops an overall risk management strategy that includes the policies, methodologies, frameworks, limits, procedures, and controls for Danamon and its subsidiary.



RISK MANAGEMENT PROCESS AND RISK MANAGEMENT INFORMATION SYSTEM

Danamon regularly performs the process of identifying, measuring, monitoring, and controlling all risks encountered, both individually and with its subsidiary. This process is included in the policies and guidelines for every working unit in the Bank and its subsidiary. The overview of risk management process is as follows:



In the structure of Risk Management applied by Danamon, the Integrated Risk Directorate consolidates Danamon's risk exposures that are managed by each risk owner.

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

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

In performing a good control and monitoring system, Danamon has an adequately detailed risk management information system, including Internal Credit Rating System, ALM System, Operational Risk Management System, etc. Those systems are used to detect any unfavourable developments at an early stage, so it is possible to do corrective actions to minimize losses for Danamon.

INTERNAL CONTROL

Implementation of internal control in risk management includes:

1. Management supervision and a culture of control in which the BOD and BOC are responsible for improving work ethics and high integrity, and creating an organizational culture that emphasizes the importance of the internal controls that apply 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 types of risk covered by the quantitative and qualitative assessments.
3. Control activities that are applied at all functional levels and involve all employees are aimed to manage and control the risks that can affect performance or result in losses. A separation of functions is also applied in the implementation of operational activities with the aim of depriving anyone in any position of the opportunity to commit and hide errors or irregularities in the execution of tasks at all levels of the organization and in all steps of their operational activities.
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 the BOD and BOC.



5. The monitoring of inherent risk must be prioritized and function as a daily activity, including periodic evaluations, both by the operational working units (risk-taking units) and QA function in each LOB. Reviews of the effectiveness of risk management implementation, including the adequacy of policies, procedures, and management information systems are done on a regular basis, including by conducting internal audits on the risk management process and monitoring corrective actions over audit findings.

In addition, Danamon always ensures the fulfilment of various key points in the control process, covering the suitability of the internal control system and Danamon's risk, the establishment of authority, the monitoring of the implementation of policies, procedures, and limits, a clear organization structure, and the adequacy of procedures for complying with regulations.

HUMAN RESOURCES

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

RISK CULTURE

A strong risk management culture is created if all employees are aware of and understand the risks they encounter, as well as if they perform adequate risk management processes while doing their activities. In this context, Danamon is committed to establishing a combination of unique values, i.e. trust, implementation, and supervision by management, to ensure that all organizational levels in Danamon conduct their 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 its 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:

- Communicating the importance of risk management.
- Communicating the risk tolerance level and the expected risk profile through various limits and portfolio management.
- Empowering employees to prudently manage risk in their activities, including by providing adequate risk mitigation.
- Monitoring the effectiveness of risk management implementation in all areas.

RISK MANAGEMENT FOR PARTICULAR AREAS

a. Risk Management of New Products

In accordance with the Bank's business plan, Danamon has formulated a policy that governs the procedures for product issuance and monitoring, including the implementation of risk management of new products according to the prevailing regulations. New products are 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 products is differentiated based on the risk level while still complying with regulations. A product's risk level is evaluated based on product performance, the targeted customers, the complexity of the operational process, and market conditions. Sharia products require consultation with and 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 Units. In terms of policy, Danamon has Risk Management Policy — Bank and Consolidated, which it uses as its main framework and basic principles for managing the risks that must be followed by all lines of business and subsidiary, including the Sharia Business Unit. In addition, the Sharia Unit is also guided by the sharia principles that are the principles of Islamic law in banking practices based on fatwas that are issued by the authorised institution.

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

In terms of the risk management that is relevant to the fulfilment of sharia principles, the Sharia Supervisory Board (DPS) approves the policies, procedures, systems, and products related to the fulfilment of sharia principles and the contracts to be used. The implementation of a Risk Management process and system in the Sharia Business Unit follows Danamon's policies and complies with sharia banking rules. The Director in charge of the 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 the business between the subsidiary and Danamon. This is done through an assistance-and-alignment process of risk management practices in terms of risk governance, risk management policies and procedures, methodologies of risk measurement, risk management reporting, and enhancement of a risk awareness culture.

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

The results of monitoring and evaluating a subsidiary's risk exposure are reported periodically. Subsidiary's risk management is one of the major focuses of corporate management because it plays an important role in supporting Danamon's strategic plans.

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 a Bank that has control over the Subsidiary. Referring to that regulation,

Danamon, as the Parent Company, will continue to conduct improvement to the consolidated risk management processes of its subsidiary.

EVALUATION OF EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

To carry out an evaluation of 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 an overview of the actions taken in risk management, the committees conduct regular meetings to discuss risk-related issues and provide recommendations to the BOC and the BOD.

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

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, or in a consolidated or integrated manner. The assessments of individual and consolidated risk profiles 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. 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 were analysed by Danamon during 2021, the composite rating for Danamon's individual, consolidated, and integrated risk profile as of 31 December 2021 was 2 (low to moderate).



DISCLOSURE OF GENERAL RISK EXPOSURE

GENERAL RISK

TABLE 1. KEY METRICS (KM1) - BANK STAND ALONE

31 December 2021
(in Million Rp)

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 ATMR) (%)
9	Countercyclical Buffer (0 - 2.5% of ATMR) (%)
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 31 March 2021.

** The relaxation policy is completed on March 31, 2021, thus the Capital Conservation Buffer has effectively counted in accordance with OJK Regulation No. 34/POJK.03/2016 about Minimum Capital Adequacy Requirements for Commercial Banks.

	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
	31,014,115	31,721,384	31,541,585	31,052,432	31,034,546
	31,014,115	31,721,384	31,541,585	31,052,432	31,034,546
	32,251,735	32,940,054	32,746,977	32,252,629	32,236,393
	122,255,943	124,002,606	123,389,653	122,937,738	125,974,355
	25.37%	25.58%	25.56%	25.26%	24.64%
	25.37%	25.58%	25.56%	25.26%	24.64%
	26.38%	26.56%	26.54%	26.23%	25.59%
	2.50%**)	2.50%**)	2.50%**)	0.00%*)	0.00%*)
	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	1.00%	1.00%
	3.50%	3.50%	3.50%	1.00%	1.00%
	17.38%	17.56%	17.54%	17.23%	16.59%
	177,529,796	173,182,004	176,706,872	175,622,829	179,259,522
	17.47%	18.32%	17.85%	17.68%	17.31%
	17.47%	18.32%	17.85%	17.68%	17.31%
	17.57%	18.02%	17.41%	17.09%	16.77%
	17.57%	18.02%	17.41%	17.09%	16.77%
	46,261,467	48,974,413	54,015,310	55,140,743	51,026,785
	24,905,018	25,516,531	27,069,231	27,704,992	26,960,649
	185.75%	191.93%	199.55%	199.03%	189.26%
	123,381,969	121,972,873	124,001,764	123,422,643	127,327,039
	85,598,106	84,822,504	86,022,499	84,906,869	85,187,371
	144.14%	143.80%	144.15%	145.36%	149.47%



TABLE 1. KEY METRICS (KM1) - CONSOLIDATED

31 December 2021
(in Million Rp)

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 ATMR) (%)
9	Countercyclical Buffer (0 - 2.5% of ATMR) (%)
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 31 March 2021.

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	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
	38,974,429	39,103,781	38,594,493	38,228,398	37,969,851
	38,974,429	39,103,781	38,594,493	38,228,398	37,969,851
	40,275,907	40,385,159	39,876,119	39,505,611	39,277,600
	150,731,797	152,838,420	153,003,096	153,773,180	157,250,615
	25.86%	25.59%	25.22%	24.86%	24.15%
	25.86%	25.59%	25.22%	24.86%	24.15%
	26.72%	26.42%	26.06%	25.69%	24.98%
	2.50%**)	2.50%**)	2.50%**)	0.00%*)	0.00%*)
	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	1.00%	1.00%
	3.50%	3.50%	3.50%	1.00%	1.00%
	17.72%	17.42%	17.06%	16.69%	15.98%
	199,197,996	195,161,285	199,757,317	199,865,206	206,310,845
	19.57%	20.04%	19.32%	19.13%	18.40%
	19.57%	20.04%	19.32%	19.13%	18.40%
	19.67%	19.75%	18.89%	18.57%	17.90%
	19.67%	19.75%	18.89%	18.57%	17.90%
	46,364,100	49,078,395	54,058,544	55,183,919	51,068,326
	24,797,359	25,868,244	27,047,778	28,192,784	27,170,258
	186.97%	189.72%	199.86%	195.74%	187.96%
	131,196,107	131,060,348	133,107,034	133,606,618	139,305,729
	93,260,999	93,227,512	95,284,910	94,876,704	97,082,718
	140.68%	140.58%	139.69%	140.82%	143.49%



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

31 December 2021
(in Million Rp)

No.	Accounts	Carrying value as stated in the financial statement publication	
ASSETS			
1.	Cash	2,789,555	
2.	Placements with Bank Indonesia	12,919,403	
3.	Placements with other banks	3,008,340	
4.	Spot and derivative / forward receivables	187,297	
5.	Marketable securities	35,871,469	
6.	Securities sold under repurchase agreements (repo)	-	
7.	Securities purchased under resale agreements (reverse repo)	3,308,308	
8.	Acceptance receivables	2,061,194	
9.	Loans	98,258,555	
10.	Sharia financing	7,833,869	
11.	Consumer financing receivables	21,322,765	
	Allowance for impairment losses on consumer financing receivables -/-	(1,364,566)	
12.	Investments	1,031,087	
13.	Other financial assets	1,707,652	
14.	Allowance for impairment losses on financial assets -/-	-	
	a. Marketable securities	(19,689)	
	b. Loans and Sharia financing	(6,126,463)	
	c. Others	(16,526)	
15.	Intangible assets	4,417,508	
	Accumulated amortisation on intangible assets -/-	(2,718,078)	
16.	Fixed assets and equipment *)	5,302,978	
	Accumulated depreciation of fixed assets and equipment -/-	(3,407,504)	
17.	Non earning asset	-	
	a. Idle properties	69,105	
	b. Foreclosed assets	601,223	
	c. Suspense accounts	-	
	d. Interbranch assets	-	
18.	Leased receivables	292,320	
19.	Other assets	4,909,896	
	TOTAL ASET	192,239,698	
LIABILITIES AND EQUITY			
LIABILITIES			
1.	Current accounts	25,437,405	
2.	Savings	45,518,289	
3.	Time deposits	50,113,623	
4.	E-money	-	
5.	Loans from Bank Indonesia	-	
6.	Borrowings from other banks	2,284,587	

	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
	2,789,555	-	-	195,933	-
	12,919,403	-	-	4,229,073	-
	3,008,340	-	-	2,039,850	-
	-	187,297	-	1,487	-
	33,940,314	-	-	6,430,075	-
	-	-	-	-	-
	3,308,308	-	-	-	-
	2,061,194	-	-	1,761,218	-
	98,299,002	-	-	10,808,174	-
	7,833,869	-	-	398,635	-
	21,322,765	-	-	-	-
	(693,929)	-	-	-	-
	82,078	-	-	-	949,009
	1,688,002	-	-	339,100	-
	-	-	-	-	-
	-	-	-	-	-
	(5,059,136)	-	-	(404,125)	-
	-	-	-	(3,598)	-
	-	-	-	-	4,417,508
	-	-	-	-	(2,718,078)
	5,302,978	-	-	-	-
	(3,407,504)	-	-	-	-
	-	-	-	-	-
	69,105	-	-	-	-
	601,223	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	252,392	-	-	-	-
	2,043,072	-	-	-	2,875,122
	186,361,031	187,297	-	25,795,822	5,523,561
	-	-	-	7,964,558	-
	-	-	-	5,553,554	-
	-	-	-	6,330,786	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	15,171	-



31 December 2021
(in Million Rp)

No.	Accounts	Carrying value as stated in the financial statement publication	
7.	Spot and derivative / forward liabilities	277,212	
8.	Securities sold under repurchase agreements (repo)	-	
9.	Acceptance payables	2,061,194	
10.	Marketable securities issued	6,750,234	
11.	Borrowings	4,300,546	
12.	Security deposits	9,831	
13.	Interbranch liabilities	-	
14.	Other liabilities	10,403,719	
15.	Minority interest	543,951	
	TOTAL LIABILITIES	147,700,591	
	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	8,242	
18.	Other comprehensive income	-	
	b. Gains	408,070	
	c. Lossess -/-	-	
19.	Reserves	-	
	a. General reserves	480,283	
	b. Specific reserves	-	
20.	Retained earnings	-	
	a. Previous years	28,440,481	
	b. Current year	1,573,113	
	c. Deviden paid -/-	(352,630)	
	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY	44,539,107	
	TOTAL EQUITY	44,539,107	
	TOTAL LIABILITIES AND EQUITY	192,239,698	

*) 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
-	-	-	-	23,437	-
-	-	-	-	-	-
-	-	-	-	1,761,218	-
-	-	-	-	-	-
-	-	-	-	3,177,119	-
-	-	-	-	476	-
-	-	-	-	-	-
-	-	-	-	57,544	-
-	-	-	-	-	-
-	-	-	-	24,883,863	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	224	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	224	-
-	-	-	-	-	-
-	-	-	-	24,884,087	-



TABLE 3. MAIN DIFFERENCES BETWEEN CARRYING VALUE ACCORDING TO FINANCIAL ACCOUNTING STANDARDS AND EXPOSURE IN ACCORDANCE WITH OJK REGULATIONS (LI2) - CONSOLIDATED

31 December 2021
(in Million Rp)

Component	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)	212,344,150	186,361,031	0	187,297	25,795,822
2 Carrying amount of the liability is in accordance with the prudential consolidated coverage (as reported in table LI1)	24,884,087	0	0	0	24,884,087
3 Total net value is in accordance with the prudential consolidated coverage	237,228,237	186,361,031	0	187,297	50,679,909
4 Administrative account value	40,505,576	5,330,950	0	420,315	34,754,311
5 Difference in valuation	0	0	0	0	0
6 Difference because netting rules, other than those included in line 2.	0	0	0	0	0
7 Difference in provision	0	0	0	0	0
8 Difference is due to prudential filters	0	0	0	0	0
Exposure value considered is in accordance with the consolidated scope of the prudential provisions	277,733,813	191,691,981	0	607,612	85,434,220

CAPITAL RISK

TABLE 4. CAPITAL COMPOSITION (CC1)

31 December 2021
(in Million Rp)

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	29,660,964	29,660,964	d + e + f
3	Accumulated other comprehensive income (and other reserves)	962,662	962,662	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	44,605,174	44,605,174	
Common Equity Tier 1 capital: regulatory adjustments				
7	<i>Prudential valuation adjustments</i>	-	-	
8	<i>Goodwill (net of related tax liability)</i>	-	(1,074,532)	j + k
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(455,599)	(624,898)	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	

31 December 2021
(in Million Rp)

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
11	Cash-flow hedge reserve	N/A	N/A	
12	Shortfall of provisions to expected losses	N/A	N/A	
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	<i>Mortgage servicing rights (amount above 10% threshold)</i>	-	-	
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	(107,184)	(107,184)	
26c	Deferred tax assets	(2,533,371)	(2,875,122)	n
26d	Investments	(10,494,905)	(949,009)	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	(13,591,059)	(5,630,745)	
29	Common Equity Tier 1 capital (CET1)	31,014,115	38,974,429	
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	



31 December 2021
(in Million Rp)

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>	N/A	N/A	
36	<i>Additional Tier 1 capital before regulatory adjustments</i>	-	-	
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)	31,014,115	38,974,429	
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	9,583	9,583	p
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>	N/A	N/A	
50	Provisions	1,228,037	1,291,895	
51	Tier 2 capital before regulatory adjustments	1,237,620	1,301,478	
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	-	-	

31 December 2021
(in Million Rp)

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
58	Tier 2 capital (T2)	1,237,620	1,301,478	
59	Total capital (TC = T1 + T2)	32,251,735	40,275,907	
60	Total risk weighted assets	122,255,943	150,731,797	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	25.37%	25.86%	
62	Tier 1 (as a percentage of risk weighted assets)	25.37%	25.86%	
63	Total capital (as a percentage of risk weighted assets)	26.38%	26.72%	
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)	3.50%	3.50%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
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)	17.38%	17.72%	
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 1 Jan 2018 and 1 Jan 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	



TABLE 5. CAPITAL RECONCILIATION (CC2)

31 December 2021
(in Million Rp)

No.	Accounts	Bank	Consolidated	Ref. No.
ASSETS				
1	Cash	2,635,688	2,789,555	
2	Placements with Bank Indonesia	12,919,403	12,919,403	
3	Placements with other banks	2,131,578	3,008,341	
4	Spot and derivative receivables	182,737	187,297	
5	Marketable securities owned	35,949,370	35,871,469	
6	Securities sold under repurchase agreements (repo)	-	-	
7	Securities purchased under resale agreements (reverse repo)	3,308,308	3,308,308	
8	Acceptance receivables	2,061,194	2,061,194	
9	Loans	98,937,722	98,258,555	
10	Sharia financing	7,833,869	7,833,869	
11	Consumer financing receivables	-	21,322,765	
	Allowance for impairment losses on consumer financing receivables -/-	-	(1,364,566)	
12	Investments			
	a. Calculated as capital deduction factor	10,494,905	949,009	o
	b. Not calculated as capital deduction factor	82,078	82,078	
13	Other financial assets	1,707,652	1,707,652	
14	Allowance for impairment losses on financial assets -/-			
	a. Marketable securities	(19,689)	(19,689)	
	b. Loans	(6,126,463)	(6,126,463)	
	c. Others	(4,819)	(16,526)	
15	Intangible assets			
	a. Goodwill	-	1,906,685	j
	b. Other Intangible assets	2,015,553	2,510,823	l
	Accumulated amortisation on intangible assets -/-			
	a. Goodwill	-	(832,153)	k
	b. Other Intangible assets	(1,559,954)	(1,885,925)	m
16	Fixed assets and equipment	4,020,584	5,302,978	
	Accumulated depreciation of fixed assets and equipment -/-	(2,614,645)	(3,407,504)	
17	Non earning asset			
	a. Idle properties	69,105	69,105	
	b. Foreclosed assets	601,223	601,223	
	c. Suspense accounts	-	-	
	d. Interbranch assets	-	-	
18	Leased receivables	-	292,320	
19	Other assets			
	a. Deferred tax assets calculated as capital deduction factor	2,533,371	2,875,122	n
	b. Other assets not calculated as capital deduction factor	1,536,710	2,034,773	
	Total Assets	178,695,480	192,239,698	
Liabilities & Equity				
1	Current accounts	26,252,023	25,437,405	
2	Savings	45,518,289	45,518,289	
3	Time deposits	50,113,623	50,113,623	
4	E-money	-	-	

31 December 2021
(in Million Rp)

No.	Accounts	Bank	Consolidated	Ref. No.
5	Loans from Bank Indonesia	-	-	
6	Borrowings from other banks	2,284,587	2,284,587	
7	Spot and derivative / forward liabilities	123,098	277,212	
8	Securities sold under repurchase agreements (repo)	-	-	
9	Acceptance payables	2,061,194	2,061,194	
10	Marketable securities issued	851,316	6,750,234	
11	Borrowings			
	a. Can be calculated in the capital component	9,583	9,583	p
	b. Can not be calculated in the capital component	15,417	4,290,963	
12	Security deposits	9,831	9,831	
13	Interbranch liabilities	-	-	
14	Other liabilities	6,917,412	10,403,719	
15	Minority interest	-	543,951	
	Total Liabilities	134,156,373	147,700,591	
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	8,242	8,242	
18	Other comprehensive income			
	a. Gain			
	i. Can be calculated in the capital component	482,379	482,379	g
	ii. Can not be calculated in the capital component	(74,309)	(74,309)	
	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	480,283	480,283	i
	b. Specific reserves	-	-	
20	Retained earnings			
	a. Previous years	28,440,481	28,440,481	d
	b. Current year			
	i. Can be calculated in the capital component	1,573,113	1,573,113	e
	ii. Can not be calculated in the capital component	-	-	
	c. Dividend paid	(352,630)	(352,630)	f
	Total Equity Attributable to Equity Holders of The Parent Equity	44,539,107	44,539,107	
	Total Equity	44,539,107	44,539,107	
	Total Liabilities and Equity	178,695,480	192,239,698	



TABLE 6. MAIN CAPITAL INSTRUMENT FEATURES RECONCILIATION AND TLAC-ELIGIBLE (CCA)

31 December 2021

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	
12	No maturity (perpetual) or with maturity	

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	9,583
	5,995,577	25,000
	Equity	Liability - Amortized cost
	SAHAM SERIE A	Loan proceed received on 4 December 2018
	<ul style="list-style-type: none"> Initial Public Offering on December 8, 1989 of 12,000,000 shares - par value per share of Rp 1,000. 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 Rp 1,000, on 24 December 1993. Bonus shares from additional paid-in capital capitalisation of 112,000,000 shares - par value per share of Rp 1,000 in 1995. Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) II of 560,000,000 shares - par value per share of Rp 1,000, 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 Rp 500 in 1997. Increase in par value to Rp 10,000 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 Rp 50,000 per share through the reduction in total number of shares (reverse stock split) to 22,400,000 shares in 2003. 	
	SAHAM SERIE B	
	<ul style="list-style-type: none"> Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) III of 215,040,000,000 shares - par value per share of Rp 5 on 29 March 1999. Shares issued in order to merger with PDFCI of 45,375,000,000 shares - par value per share of Rp 5 in 1999. Shares issued in order to merger with Bank Tiara of 35,557,200,000 shares - par value per share of Rp 5 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 Rp 5 in 2000. Increase in par value to Rp 100 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 Rp 500 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 Rp 500, on 20 March 2009. Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) V of 1,162,285,399 shares - par value per share of Rp 1,000, on 24 August 2011. Total Series B Shares issued start from 01 July 2015 until 30 June 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/M SOP program are 200,542,850 Series B shares or equals with Rp 100,271,425,000 with a par value per share of Rp 500 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 Rp 500) effective at 1 May 2019. 	
	Perpetual	With maturity



No	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)	
	Question	
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	
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
No maturity date		4 December 2023
No		No
N/A		N/A
N/A		N/A
Floating		Fixed
N/A		9.27%
Yes		No
Mandatory		Mandatory
No		No
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
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		Yes
<ul style="list-style-type: none"> • 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 will receive payment by hierarchy after Separatist 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
Tidak		No
N/A		N/A



TABLE 7. LEVERAGE RATIO REPORT - BANK STAND ALONE

31 December 2021
(in Million Rp)

No.	Information	Total	
		Individual	Consolidated
1	Total assets on the balance sheet in published financial statements (gross value before deducting impairment provision)	184,846,451	199,715,877
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	612,155	775,823
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	11,706,036	11,706,036
11	Prudent valuation adjustments in form of capital deduction factor and impairment provision	(19,634,846)	(12,999,739)
12	Other adjustments	-	-
13	Total exposure in Leverage Ratio Calculation	177,529,796	199,197,997

TABLE 7. LEVERAGE RATIO CALCULATION REPORT

31 December 2021
(in Million Rp)

No	Description	Individual		Consolidated	
		31 December 2021	September 30, 2021	31 December 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)	181,320,683	177,733,041	196,236,614	193,544,374
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)	(6,150,971)	(5,044,713)	(7,527,244)	(6,485,237)
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(13,483,875)	(12,734,505)	(5,523,561)	(5,352,108)
7	Total on-balance sheet exposures	161,685,837	159,953,823	183,185,809	181,707,029
Derivative Exposure					
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	255,832	229,524	262,216	238,356
9	Add-on amounts for potential future exposure associated with all derivatives transactions	539,060	608,287	700,904	825,530
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	794,892	837,811	963,120	1,063,886
Securities financing transaction exposures (SFT)					
14	Gross SFT Assets	3,343,031	1,051,027	3,343,031	1,051,027
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	-	-	-	-
17	Agent transaction exposures	-	-	-	-
18	Total securities financing transaction exposures	3,343,031	1,051,027	3,343,031	1,051,027
Other off-balance sheet exposures					
19	Off-balance sheet exposure at gross notional amount	71,559,584	65,156,721	71,559,584	65,156,720
20	(Adjustment from the result of multiplying commitment payable or contingent payables with credit conversion factor and deducted with impairment provision)	(59,764,683)	(53,715,252)	(59,764,683)	(53,715,251)



31 December 2021
(in Million Rp)

No	Description	Individual		Consolidated	
		31 December 2021	September 30, 2021	31 December 2020	September 30, 2020
21	(Impairment provision for off balance sheet inline with accounting standard)	(88,865)	(102,126)	(88,865)	(102,126)
22	Off-balance sheet items	11,706,036	11,339,343	11,706,036	11,339,343
Capital and Total Exposure					
23	Tier 1 Capital	31,014,115	31,721,384	38,974,429	39,103,781
24	Total Exposure	177,529,796	173,182,004	199,197,996	195,161,285
Leverage Ratio					
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	17.47%	18.32%	19.57%	20.04%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	17.47%	18.32%	19.57%	20.04%
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	2,309,779	3,900,511	2,309,779	3,900,511
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	3,343,031	1,051,027	3,343,031	1,051,027
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)	176,496,544	176,031,488	198,164,744	198,010,769
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)	176,496,544	176,031,488	198,164,744	198,010,769
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)	17.57%	18.02%	19.67%	19.75%
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)	17.57%	18.02%	19.67%	19.75%

RISK MANAGEMENT FOCUS AND ACTIVITIES IN 2021

In accordance with the Bank's business plan, in 2021 Danamon continued to conduct the previous year's programs and implement several new programs, as follows:

Risk	Activities
Risk Management in General	<ul style="list-style-type: none"> • Implementation of individual and consolidated Risk Management in the Bank and its subsidiary. • Improvement of the Risk Profile report in accordance with regulatory requirements. • Preparation and submission of a Sustainable Finance Action Plan for the period of 2022-2026 in order to fulfil POJK No. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies. • Implementation of programs stated in the Sustainable Finance Action Plan. • Update of Risk Management Policy – Bank and Consolidated has been done. • Update of Sustainability Policy and Sustainability Guideline related to Credit has been done. • 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 by all Bank employees through on-line/virtual training and various kinds of e-Learning modules related to risk management. • Implementation of ICAAP framework, which is already continuously being done by the Bank. • Conduct bank-wide stress tests according to Basel II at least once a year. • Participate in the Joint Stress Test exercise using templates and macroeconomy scenarios provided by the OJK and BI. • Perform COVID-19 Thematic Stress Test to measure its impact on the Capital Adequacy and credit quality. • Conduct Risk Culture programs that focus on the implementation of the Three Lines of Defense campaign. • Comprehensively review Risk Appetite Statement (RAS), and cascade it down to the lines of business and subsidiaries.
Credit	<ul style="list-style-type: none"> • Monitor Internal Rating Model results for Corporate, Commercial, Financial Institution, and Financing Company. • Implement Early Warning Indicator for Corporate and Commercial lines of business. • Implement a Behaviour Scorecard for Small Medium Enterprise (SME) lines of business to support credit process. • Implement the LLP PSAK 71 or IFRS9 models for Corporate, Commercial, Financial Institution, Financing Company, SME, KPR, KMG, Credit Card, KTA, Micro Credit (SEMM), Auto Loan, Consumption, and Investment, starting January 2020, as according to OJK regulations. • Revamp and provide guidance for the implementation of the Credit Risk Policy, which is to be applied bank-wide in order to in line with Bank Indonesia or OJK regulations, as well as with the internal policies and risk appetite of Danamon. • Revamp the stimulus memo regarding the COVID-19 impact in order to implement POJK No. 11/POJK.03/2020, POJK No. 48/POJK.03/2020, and POJK No. 17/POJK.03/2021, in Danamon, including review the implementation of the memo on each LOB, and monitor the performance of the restructured credit portfolio and the provision adequacy. • Conduct regular reviews of industry classifications based on the risk level (high risk restricted, high risk, medium risk, and low risk), as well as determine industry risk appetite to ensure the industry growth is aligned with the determined threshold. • Stipulate the authority for Credit approval in the Head Office in each LOB, including the approval authority for COVID-19 credit restructuring. • Review EB and SME Credit Guidelines, and revise credit criteria for segments with bad performances and set caps and triggers for high-risk segments. • Limit lending to high-risk segments such as UPL. • Stop lending high-risk loans in Micro Credit (SEMM) and strengthen the collection strategy. • Review new initiative programs in the digital segment and MUFG Collaboration in order to keep them in line with regulations and Danamon's risk appetite. • Regularly review all relevant procedures, policies, and limits, and make adjustments if necessary, including any adjustments required by OJK/BI regulations and those of other relevant authorities. • Regularly review product programs, in terms of portfolios, criteria, restrictions, and other requirements, and make necessary adjustments. • Perform back-testing periodically to assess the adequacy of credit provision. If necessary, addition of credit provision will be done based on the back-testing results. • Credit Quality Assurance (CQA) as a second line of defense that is responsible for conducting independent forward-looking credit reviews/monitoring, where currently the coverage is only to regional branches that have Enterprise Banking (EB) portfolios. CQA functions are to provide assurance on the appropriateness of credit decision-making, review adherence to credit guidelines and methodologies, and review the processes and output of credit approval.



Risk	Activities
Operational, Fraud & QA	<ul style="list-style-type: none"> • Improve the independence of the functions and roles of operational risk managers in the lines of business, support functions, and subsidiary. • Refine the Operational Risk Management System (ORMS) application to comprehensively improve its effectiveness in operational risk management at the Bank and in its subsidiary. • Build awareness of Operational Risk Management through e-Learning, Risk Academy modules, email blasts, and anti-fraud-awareness campaigns. The purpose is to enhance awareness throughout the whole of management and all employees about the importance of operational risk management. • Improve implementation of ORPA (Operational Risk Pre-Assessment) to review the risks of new strategic initiatives, including the recommendations for risk mitigation. • Improve the implementation of product/system/process reviews for operational risk reviews, including risk mitigation. • Implement the Self-Raise Issue to provide a tool for employees to raise an issue that potentially arise operational risks. • Implement an escalation mechanism for potential/operational risk events. • Implement Risk Acceptance to ensure that even if some issues cannot be mitigated, the process/activity will be carried out and the risk still be borne by the Bank, and they should be approved by the relevant management. • Enhance QA methodologies and supporting systems, and improve the QA Policy. • Improve awareness of risk control. • Improve the ability for early detection of potential fraud by developing a fraud detection system and providing a whistle-blower channel through an independent third party. • Build commitment and awareness of fraud through the obligation of the Anti-Fraud Integrity Pact signed 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 regulations. • Update the Business Continuity Management (BCM) policy according to the latest conditions.
Technology and Information Security	<ul style="list-style-type: none"> • Updating the Bank's information security policy documents to cover the provisions for the use of social media, including updating the guidance documents regarding the classification of information applicable to the Bank. • Continuing the implementation of the cyber-threat modelling system (Cyberthreat Modelling) to carry out cyber-risk identification for an application at an early stage so that it can be accommodated and mitigated properly in the application development process. • Improve internal control processes so that they can adequately minimize inherent and residual risks and their impacts on management and the use of Information Technology Services. • Carry out consultation and communication functions with stakeholders related to risk management involving the use of Information Technology Services and information security in the first line of defense. • Develop and update the tools used to carry out the implementation cycle of the Information Technology Risk Management Policy. • Implement Danamon's Information Security Policy in stages, according to the priority and focus of the approved implementation strategy, including the development of tools to improve the monitoring process. • Continuing the implementation of the Information Security Risk Management framework for vendors who process Danamon's sensitive data classified as confidential/strictly confidential. • Continuing the information security awareness program through various available media, including by starting to update the bank's internal training materials with a new approach.
Change Risk Management	<ul style="list-style-type: none"> • Has a Change Risk Management division under the Integrated Risk Directorate that is responsible for collaborating with Bank-wide stakeholders involved in transformation projects to ensure risk elements (appetite, safeguards, and controls) are always taken into account when planning and implementing major projects. • Ensure timely escalation of issues and proper mitigation of risks that arise directly or indirectly from the execution of various bank-wide strategic transformation/change management projects. • Supervise the development of policies, procedures, and guidelines, as well as governance and oversight, of all significant bank-wide transformation programs and/or Change Management Projects within the second line of defense. • Carry out a PMO function if required and as assigned, in collaboration with internal and external stakeholders when planning, coordinating, and monitoring the implementation of strategic transformation projects, and also ensuring the adequacy of project governance, risk identification and mitigation, communication, and escalation to senior management.

Risk	Activities
Market and Liquidity	<ul style="list-style-type: none"> Update the Bank's Market and Liquidity Risks limit structures and policies. Validation of the market and liquidity risk measurement methodologies, including those for supporting new Treasury products. Obtain validation from independent external parties for 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 enhance the ALM System to support the calculation and reporting of alignment in regards to LCR, NSFR, and 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 and participate in a Forum Group Discussion (FGD) pertaining to Revisions to the Minimum Capital Adequacy Requirement for Market Risk. Study and review the OJK Consultative Paper on the Internal Liquidity Adequacy Assessment Process (ILAAP).

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 borrowers or counterparties to fulfil their obligations in accordance with the agreement. Danamon's credit risk exposure primarily arises from lending activities, as well as from other activities such as trade finance, treasury, and investments. Credit risk exposure can also increase through the concentration of credit in a certain geographic area, as well as because of certain borrower characteristics.

a. Credit Risk Management

Danamon implements Credit Risk Management individually and consolidated with its subsidiary, in ways that involve an active role by 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 the COVID-19 pandemic, Danamon has implemented POJK No. 11/POJK.03/2020, POJK No. 48/POJK.03/2020 and POJK No. 17/POJK.03/2021 regarding National Economy Stimulus as the COVID-19 Outbreak Impact Countercyclical Policy with the objective of pushing the optimization of the Bank's performance, specifically of its intermediation function, managing the stability of the financial system, and supporting economic growth by still applying the prudential principles and avoiding moral hazards.

Danamon has a Credit Risk Policy, which is a core policy and main framework for implementing credit risk management. This policy and the credit guidelines in the lines of business govern the credit risk management process comprehensively, including risk identification, measurement, monitoring, and controlling. Credit policies and guidelines are reviewed periodically to comply with prevailing regulations and adjust to Danamon's risk appetite.

Process	Implementation Activities
Identification	<ul style="list-style-type: none"> Periodically review the Line of Business Product Program containing Industry analysis and marketing strategies, criteria for credit approval, product performance, and the implementation of risk management. Establish credit approval criteria based on the 5C approach: Character, Capacity to Repay, Capital, Collateral, and Conditions of the Economy. As well as adjusting the risk appetite, risk profile, and the Bank's business plan.
Assessment	<ul style="list-style-type: none"> Develop and implement a credit risk assessment methodology, such as an 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, trigger scores, and limits on non-performing loan levels, portfolio concentrations, and other credit parameters. Conduct stress tests on significant changes of conditions as estimated potential impacts on portfolios, revenues, as well as Danamon's capital conditions.



Process	Implementation Activities
Monitoring	<ul style="list-style-type: none"> Periodically monitor risks taken in accordance with risk appetite and business performance to remain within the desired limits. Monitor product performance and portfolios at the Bank and its lines of business levels through a reliable Management Information System. Evaluate the adequacy of risk management implementation, which may provide improvement and adjustment toward risk management strategies.
Control	<ul style="list-style-type: none"> Establish and periodically review the Policies and Guidelines for the implementation of credit risk management that is applicable to business units in both general and specific terms. Implement adequate four-eyes principles in every process of credit facility approval. Delegate authority for credit approvals to selected members of the Credit Committee, based on qualifications and competencies. Set internal limits for Legal Lending Limits for both individual and group debtors, and also for 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 processes can be conducted properly and efficiently. Build up reserves in line with the existing regulations. Develop an independent and sustainable internal control system.

The Credit Risk Management process is performed thoroughly on all lines of defense in Danamon. Lines of Business, Subsidiary, and the CCO Office, as the risk-taking units, are the first line of defense which have important roles 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's 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 a Risk Modelling, Quantitative Technique, and Analytics (RA) Division to develop, implement, monitor, and review the risk modelling and methodologies of quantitative techniques. This also includes ensuring that the Bank has robust risk modelling for prudent portfolio management, and 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, the RA Division also develops a Probability of Default (PD) model and implements the "Danamon Rating Scale" (DRS), which is mapped according to the PD Model and scores/ratings that are applicable to all lines of business.

The Internal Rating Model and Credit Scorecard are used as a basis for ECL PSAK 71/IFRS 9 calculation and have become among the several indicators used as references to make credit decisions, acquisitions, and portfolio monitoring. Implementing the Internal Rating Model and Credit Scorecard is expected 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 customers to fulfil their contractual obligations, and are equally affected by changes in economic conditions and other conditions.

Danamon encourages diversification of its loan portfolio in various geographical areas, industries,

credit products, and individual debtors 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's portfolio individually or in consolidation with its subsidiary within the financial conglomeration. Reviews of the loan portfolio are conducted by the business unit level as a risk-taking unit and at 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 of past due and impaired loans. This includes claims that have matured in the form of financial assets both in whole or in part, including interest payments that are overdue more than 90 (ninety) days and impaired claims that 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: Wholesale (Enterprise Banking and SME) and Retail and 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. For the Retail and Mass Market segment, the assessments are conducted using a collective approach through the portfolio and are assessed based on asset quality and the restructuring conditions.

d. Provisioning

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

In addition, Provision for Asset Losses (PPA) applies to all of Danamon's lines of business and

subsidiary, for both conventional credit and sharia financing that comply with existing conditions and regulations.

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 the forward-looking (macroeconomic) condition methodology that was developed by Danamon and approved by the Board of Directors.

Calculation of LLP is defined as follows:

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

The PD estimation, as a basis for LLP/ECL IFRS9 calculations under the collective approach for the Enterprise Banking Credit segment (Corporate, Commercial, FI, and Finco), uses an Internal-Rating base, while for the Retail/Consumer and Mass market credit segment it uses a Scorecard (B-score) base.

- Individual LLP is a provision for the impairment of financial assets that is evaluated by assessing the confidence level of individual forward-looking conditions using a discounted cash-flow method, by which 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's quantitative credit risk calculations for 2021 are disclosed in the following table:



CREDIT RISK**TABLE 8. DISCLOSURE OF NET RECEIVABLES BASED ON REGION - BANK STAND ALONE**

(in Million Rp)

No.	Portfolio Category				
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables on Sovereigns	46,186,148	-	-	
2	Receivables on Public Sector Entities	8,849,003	466	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	7,256,849	1,029,617	67,169	
5	Loans Secured by Residential Property	3,647,231	185,448	61,842	
6	Loan Secured by Commercial Real Estate	965,509	33,438	35,668	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	12,437,562	1,957,498	1,936,681	
9	Receivables on Corporate	50,755,601	3,630,882	3,243,380	
10	Past Due Receivables	209,047	25,289	14,075	
11	Other Assets	3,539,607	214,479	371,442	
	Total	133,846,557	7,077,117	5,730,257	

(in Million Rp)

No.	Portfolio Category				
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(13)	(14)	(15)	
1	Receivables on Sovereigns	46,496,012	-	-	
2	Receivables on Public Sector Entities	6,572,513	136	1	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	6,823,224	1,043,259	112,852	
5	Loans Secured by Residential Property	3,849,314	215,220	69,801	
6	Loan Secured by Commercial Real Estate	854,376	119,454	51,758	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	11,364,306	2,208,687	1,365,862	
9	Receivables on Corporate	47,275,651	4,642,001	4,281,426	
10	Past Due Receivables	423,905	60,842	27,986	
11	Other Assets	4,772,574	326,516	416,645	
	Total	128,431,875	8,616,115	6,326,331	

31 December 2021							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(6)	(7)	(8)	(9)	(10)	(11)	(12)	
-	-	-	-	-	-	-	46,186,148
-	-	340	-	10	-	-	8,849,819
-	-	-	-	-	-	-	-
9,628	49,229	9,445	-	4	46	-	8,421,987
276,786	43,196	39,129	7,445	84,864	1,521	-	4,347,462
76,400	7,847	2,153	19,906	60,625	35,354	-	1,236,900
-	-	-	-	-	-	-	-
1,608,830	742,330	2,811,873	1,206,381	90,052	140,150	-	22,931,357
1,928,282	1,837,464	3,639,000	3,982,026	1,133,164	1,401,191	-	71,550,990
48,767	14,303	33,987	8,233	17,962	1,236	-	372,899
328,988	265,356	574,753	385,350	410,164	246,605	-	6,336,744
4,277,681	2,959,725	7,110,680	5,609,341	1,796,845	1,826,103	-	170,234,306

31 December 2020							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(16)	(17)	(18)	(19)	(20)	(21)	(22)	
-	-	-	-	-	-	-	46,496,012
28,775	-	652	89	62	-	-	6,602,228
-	-	-	-	-	-	-	-
16,471	119,832	25,815	-	4	30	-	8,141,487
333,255	75,060	28,348	11,760	89,079	3,010	-	4,674,847
80,989	18,525	544	15,283	62,131	27,555	-	1,230,615
-	-	-	-	-	-	-	-
2,255,983	247,456	2,978,332	1,451,295	3,818,873	192,014	-	25,882,808
3,788,145	1,174,609	1,922,740	1,906,785	3,972,324	1,442,169	-	70,405,850
134,681	48,042	41,509	27,874	65,073	12,695	-	842,607
369,045	249,322	467,531	421,714	623,180	230,850	-	7,877,377
7,007,344	1,932,846	5,465,471	3,834,800	8,630,726	1,908,323	-	172,153,831



TABLE 8. DISCLOSURE OF NET RECEIVABLES BASED ON REGION - CONSOLIDATED

(in Million Rp)

No	Portfolio Category				
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java dan Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables on Sovereigns	46,186,148	-	-	
2	Receivables on Public Sector Entities	8,849,011	539	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	8,236,257	1,029,617	67,169	
5	Loans Secured by Residential Property	3,647,417	185,528	61,842	
6	Loan Secured by Commercial Real Estate	965,509	33,438	35,668	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	16,566,842	3,416,392	3,393,913	
9	Receivables on Corporate	50,161,163	3,665,753	3,269,033	
10	Past Due Receivables	245,493	48,555	26,331	
11	Other Assets	4,482,141	244,278	391,726	
	Total	139,339,981	8,624,100	7,245,682	

(in Million Rp)

No	Portfolio Category				
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(13)	(14)	(15)	
1	Receivables on Sovereigns	46,496,012	-	-	
2	Receivables on Public Sector Entities	6,572,525	326	10	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	10,032,004	1,043,259	112,852	
5	Loans Secured by Residential Property	3,849,871	215,407	69,801	
6	Loan Secured by Commercial Real Estate	854,376	119,454	51,758	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	17,565,327	4,617,246	3,369,898	
9	Receivables on Corporate	47,092,726	4,642,001	4,281,426	
10	Past Due Receivables	516,135	94,927	41,711	
11	Other Assets	5,570,495	365,691	445,107	
	Total	138,549,471	11,098,311	8,372,563	

31 December 2021							
Net Receivables Based on Region							
	East Java	Bali, NTT and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	-	-	-	-	-	-	46,186,148
	-	-	730	-	43	-	8,850,323
	-	-	-	-	-	-	-
	9,628	49,229	9,445	-	4	46	9,401,395
	276,786	43,196	39,129	7,445	84,864	1,521	4,347,728
	76,400	7,847	2,153	19,906	60,625	35,354	1,236,900
	-	-	-	-	-	-	-
	4,392,827	742,330	6,753,026	2,930,738	4,194,343	140,150	42,530,561
	2,015,912	1,837,464	4,106,527	4,103,931	1,407,892	1,401,191	71,968,866
	77,842	14,303	56,822	16,179	47,259	1,236	534,020
	360,128	265,356	622,428	404,641	463,220	246,605	7,480,523
	7,209,523	2,959,725	11,590,260	7,482,840	6,258,250	1,826,103	192,536,464

31 December 2020							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	-	-	-	-	-	-	46,496,012
	28,776	-	820	102	95	-	6,602,654
	-	-	-	-	-	-	-
	16,471	119,832	25,815	-	4	30	11,350,267
	333,255	75,060	28,348	11,760	89,079	3,010	4,675,591
	80,989	18,525	544	15,283	62,131	27,555	1,230,615
	-	-	-	-	-	-	-
	5,758,268	247,456	6,689,009	2,869,517	7,495,723	192,014	48,804,458
	3,802,774	1,174,609	1,925,746	1,906,971	3,985,438	1,442,169	70,253,860
	185,837	48,042	74,196	38,608	98,129	12,695	1,110,280
	410,462	249,322	516,403	448,209	681,233	230,850	8,917,772
	10,616,832	1,932,846	9,260,881	5,290,450	12,411,832	1,908,323	199,441,509



TABLE 9. DISCLOSURE OF NET RECEIVABLES BASED ON THE REMAINING TERM OF CONTRACT - BANK STAND ALONE

(in Million Rp)

No.	Portfolio Category	31 Desember 2021				
		Net Receivables by Remaining Contractual Maturity				
		≤1 year	>1-3 years	>3-5 years	>5 years	
(1)	(2)	(3)	(4)	(5)	(6)	
1	Receivables on Sovereigns	22,139,943	15,883,271	5,117,241	102,459	
2	Receivables on Public Sector Entities	4,193,049	2,502,520	902,316	1,251,934	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	5,726,436	2,575,280	113,973	6,298	
5	Loans Secured by Residential Property	24,852	183,827	372,070	3,766,698	
6	Loan Secured by Commercial Real Estate	687,227	381,959	156,542	6,545	
7	Employee/Pensioner Loans	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	4,476,810	12,095,224	5,043,163	1,247,626	
9	Receivables on Corporate	53,762,359	6,879,291	6,862,862	3,711,551	
10	Past Due Receivables	81,733	173,576	45,890	23,818	
11	Other Assets	62	-	-	-	
TOTAL		91,092,471	40,674,948	18,614,057	10,116,929	

TABLE 9. DISCLOSURE OF NET RECEIVABLES BASED ON THE REMAINING TERM OF CONTRACT - CONSOLIDATED

(in Million Rp)

No.	Portfolio Category	31 Desember 2021				
		Net Receivables by Remaining Contractual Maturity				
		≤1 year	>1-3 years	>3-5 years	>5 years	
(1)	(2)	(3)	(4)	(5)	(6)	
1	Receivables on Sovereigns	22,139,943	15,883,271	5,117,241	102,459	
2	Receivables on Public Sector Entities	4,193,182	2,502,685	902,522	1,251,934	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	6,634,415	2,646,709	113,973	6,298	
5	Loans Secured by Residential Property	25,070	183,875	372,070	3,766,698	
6	Loan Secured by Commercial Real Estate	687,227	381,959	156,542	6,545	
7	Employee/Pensioner Loans	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	8,275,672	23,898,412	9,032,620	1,255,323	
9	Receivables on Corporate	53,031,668	7,044,489	7,841,668	3,716,114	
10	Past Due Receivables	135,963	263,073	63,270	23,832	
11	Other Assets	276,994	351,924	2,279	-	
TOTAL		95,400,134	53,156,397	23,602,185	10,129,203	

31 December 2020								
Net Receivables by Remaining Contractual Maturity								
	Non Contractual	Total	≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual	Total
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
2,943,234	46,186,148	26,393,390	13,650,816	3,849,159	498,228	2,104,419	46,496,012	
-	8,849,819	3,750,317	989,968	1,832,224	29,719	-	6,602,228	
-	-	-	-	-	-	-	-	-
-	8,421,987	5,518,093	2,098,142	439,303	85,780	169	8,141,487	
15	4,347,462	17,682	188,052	529,580	3,939,529	4	4,674,847	
4,627	1,236,900	661,631	327,153	174,440	61,677	5,714	1,230,615	
-	-	-	-	-	-	-	-	-
68,534	22,931,357	5,687,890	12,750,669	5,967,358	1,440,665	36,226	25,882,808	
334,927	71,550,990	52,051,748	6,991,138	7,143,088	4,069,251	150,625	70,405,850	
47,882	372,899	124,921	163,682	103,046	177,569	273,389	842,607	
6,336,682	6,336,744	289,433	-	-	-	7,587,944	7,877,377	
9,735,901	170,234,306	94,495,105	37,159,620	20,038,198	10,302,418	10,158,490	172,153,831	

31 December 2020								
Net Receivables by Remaining Contractual Maturity								
	Non Contractual	Total	≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual	Total
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
2,943,234	46,186,148	26,393,390	13,650,816	3,849,159	498,228	2,104,419	46,496,012	
-	8,850,323	3,750,510	990,167	1,832,258	29,719	-	6,602,654	
-	-	-	-	-	-	-	-	-
-	9,401,395	8,555,339	2,269,676	439,303	85,780	169	11,350,267	
15	4,347,728	17,877	188,601	529,580	3,939,529	4	4,675,591	
4,627	1,236,900	661,631	327,153	174,440	61,677	5,714	1,230,615	
-	-	-	-	-	-	-	-	-
68,534	42,530,561	9,879,799	26,976,458	10,465,299	1,446,676	36,226	48,804,458	
334,927	71,968,866	51,824,555	7,047,984	7,161,445	4,069,251	150,625	70,253,860	
47,882	534,020	193,494	323,089	142,739	177,569	273,389	1,110,280	
6,849,326	7,480,523	212,183	358,956	13,519	-	8,333,114	8,917,772	
10,248,545	192,536,464	101,488,778	52,132,900	24,607,742	10,308,429	10,903,660	199,441,509	



TABLE 10. DISCLOSURE OF NET RECEIVABLES BASED ON ECONOMIC SECTOR - BANK STAND ALONE

(in Million Rp)

No.	Economic Sector *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
31 December 2021					
1	Agriculture, Forestry and Fisheries	-	144,744	-	
2	Mining and Quarrying	-	41,653	-	
3	Manufacturing	-	-	-	
4	Procurement of electricity, gas, steam/hot water and cold air	-	-	-	
5	Water Management, Wastewater Management, Waste Management and Recycling	-	1,045	-	
6	Construction	-	1,325,620	-	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	56	-	
8	Transportation and Warehousing	-	1,251,934	-	
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	
10	Information and Communication	-	-	-	
11	Financial and Insurance Activities	1,261,777	4,460,084	-	
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	-	193	-	
16	Education	-	-	-	
17	Human Health Activities and Social Activities	-	-	-	
18	Arts, Entertainment and Recreation	-	-	-	
19	Other Service Activities	-	-	-	
20	Aktivitas Rumah Tangga sebagai Pemberi Kerja	-	-	-	
21	Household Activities as an Employer	-	-	-	
22	Non Business Field	-	-	-	
23	Others	44,924,371	1,624,490	-	
	Total	46,186,148	8,849,819	-	
31 December 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	-	

	Receivables on Banks	Loans Secured by Residential Property	Loan Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	612,051	2,417,142	4,552	-
	-	-	-	-	75,706	539,197	1,242	-
	-	-	-	-	517,016	24,029,814	94,703	-
	-	-	-	-	40,891	17,579	149	-
	-	-	-	-	27,707	6,663	59	-
	-	-	575,844	-	157,338	3,330,853	18,388	-
	-	-	-	-	2,958,188	20,439,349	73,552	-
	-	-	-	-	610,763	1,252,755	21,123	-
	-	-	-	-	79,312	850,924	1,339	-
	-	-	-	-	10,691	439,687	896	-
8,421,987	-	-	-	-	14,884	4,531,743	762	-
-	-	-	661,056	-	9,503	2,694	-	-
-	-	-	-	-	501,946	230,678	6,121	-
-	-	-	-	-	36,097	799,721	1,622	-
-	-	-	-	-	136	-	-	-
-	-	-	-	-	8,420	9,128	107	-
-	-	-	-	-	1,103	155,998	67	-
-	-	-	-	-	715	-	-	-
-	-	-	-	-	39,189	125,582	3,189	-
-	-	-	-	-	1,230	253	-	-
-	-	-	-	-	-	-	-	-
-	4,347,462	-	-	-	16,979,281	2,390,221	145,028	-
-	-	-	-	-	249,190	9,981,009	-	6,336,744
8,421,987	4,347,462	1,236,900	-	-	22,931,357	71,550,990	372,899	6,336,744
	-	-	-	-	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	-
8,141,487	-	-	-	-	22,838	5,745,130	11,999	-



(in Million Rp)

No.	Economic Sector *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
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	Aktivitas Rumah Tangga sebagai Pemberi Kerja	-	-	-	
21	Household Activities as an Employer	-	-	-	
22	Non Business Field	-	-	-	
23	Others	44,586,034	1,368,057	-	
	Total	46,496,012	6,602,228	-	

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"

TABLE 10. DISCLOSURE OF NET RECEIVABLES BASED ON ECONOMIC SECTOR - CONSOLIDATED

(in Million Rp)

No.	Economic Sector *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
31 December 2021					
1	Agriculture, Forestry and Fisheries	-	144,744	-	
2	Mining and Quarrying	-	41,653	-	
3	Manufacturing	-	-	-	
4	Procurement of electricity, gas, steam/hot water and cold air	-	-	-	
5	Water Management, Wastewater Management, Waste Management and Recycling	-	1,500	-	
6	Construction	-	1,325,620	-	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	63	-	
8	Transportation and Warehousing	-	1,251,934	-	
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	
10	Information and Communication	-	-	-	
11	Financial and Insurance Activities	1,261,777	4,460,084	-	
12	Real Estate	-	11	-	
13	Professional, Scientific, and Technical Activities	-	-	-	

	Receivables on Banks	Loans Secured by Residential Property	Loan Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	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	-
	-	4,674,628	-	-	16,753,487	1,945,805	325,305	-
	-	-	-	-	-	-	-	-
	-	219	-	-	664	-	51	-
	-	-	-	-	1,256,026	7,536,826	-	7,877,377
	8,141,487	4,674,847	1,230,615	-	25,882,808	70,405,850	842,607	7,877,377

	Receivables on Banks	Loans Secured by Residential Property	Loan Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	1,236,805	2,515,222	7,228	-
	-	-	-	-	156,544	570,755	4,862	-
	-	-	-	-	720,687	24,061,684	96,242	-
	-	-	-	-	74,879	20,598	169	-
	-	-	-	-	48,246	11,189	152	-
	-	-	575,844	-	246,089	3,333,804	21,214	-
	-	-	-	-	4,453,215	20,676,236	83,512	-
	-	-	-	-	1,082,070	1,299,566	27,697	-
	-	-	-	-	125,579	858,705	1,472	-
	-	-	-	-	17,276	441,315	939	-
	9,401,395	-	-	-	24,943	3,792,389	765	-
	-	-	661,056	-	17,375	5,412	-	-
	-	-	-	-	869,991	270,956	8,214	-



(in Million Rp)

No.	Economic Sector *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	
15	Mandatory Government Administration, Defense, and Social Security	-	223	-	
16	Education	-	-	-	
17	Human Health Activities and Social Activities	-	-	-	
18	Arts, Entertainment and Recreation	-	-	-	
19	Other Service Activities	-	-	-	
20	Aktivitas Rumah Tangga sebagai Pemberi Kerja	-	-	-	
21	Household Activities as an Employer	-	-	-	
22	Non Business Field	-	-	-	
23	Others	44,924,371	1,624,491	-	
	Total	46,186,148	8,850,323	-	
31 December 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	-	
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	Aktivitas Rumah Tangga sebagai Pemberi Kerja	-	-	-	
21	Household Activities as an Employer	-	-	-	
22	Non Business Field	-	-	-	
23	Others	44,586,034	1,368,058	-	
	Total	46,496,012	6,602,654	-	

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 Intermediary" while other than that is classified as "Others"

	Receivables on Banks	Loans Secured by Residential Property	Loan Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	50,672	800,844	1,637	-
	-	-	-	-	684	-	-	-
	-	-	-	-	11,617	9,784	110	-
	-	-	-	-	6,278	156,184	68	-
	-	-	-	-	715	-	-	-
	-	-	-	-	58,547	126,893	3,590	-
	-	-	-	-	2,284	728	3	-
	-	-	-	-	-	-	-	-
	-	4,347,728	-	-	33,076,873	3,035,596	276,145	-
	-	-	-	-	249,192	9,981,006	-	7,480,521
	9,401,395	4,347,728	1,236,900	-	42,530,561	71,968,866	534,019	7,480,521
	-	-	-	-	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	-
	11,350,267	-	-	-	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	-
	-	4,674,628	-	-	16,754,154	1,945,805	325,305	-
	-	-	-	-	-	-	-	-
	-	963	-	-	19,721,655	7,079	241,294	-
	-	-	-	-	1,256,027	7,536,824	-	8,917,772
	11,350,267	4,675,591	1,230,615	-	48,804,458	70,253,860	1,110,280	8,917,772



TABLE 11. DISCLOSURE OF RECEIVABLES AND PROVISIONING BASED ON REGION - BANK STAND ALONE

(in Million Rp)

No.	Explanation				
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables	146,376,609	7,550,385	6,259,735	
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	5,907,036	1,465,404	1,179,266	
	b. Past Due	2,388,808	542,590	450,167	
3	Allowance for Impairment Losses - Stage 1	1,050,689	108,996	60,587	
4	Allowance for Impairment Losses - Stage 2	379,057	52,456	37,290	
5	Allowance for Impairment Losses - Stage 3	1,742,658	428,393	450,360	
6	Written-Off Receivables	2,006,157	495,168	211,639	

(in Million Rp)

No.	Explanation				
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(13)	(14)	(15)	
1	Receivables	142,013,678	7,539,854	6,528,528	
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	9,547,649	2,612,676	1,766,121	
	b. Past Due	1,050,566	178,579	172,879	
3	Allowance for Impairment Losses - Stage 1	1,391,746	69,735	119,493	
4	Allowance for Impairment Losses - Stage 2	308,441	59,604	44,335	
5	Allowance for Impairment Losses - Stage 3	1,190,260	221,915	78,193	
6	Written-Off Receivables	1,986,980	546,706	192,760	

31 December 2021							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(12)
6,488,609	1,800,693	4,324,314	3,138,870	7,001,726	1,905,510	184,846,451	
967,841	512,389	849,787	528,052	953,836	138,815	12,502,426	
656,486	223,091	279,994	138,513	402,200	98,367	5,180,216	
134,028	10,688	76,222	27,952	122,319	7,371	1,598,852	
95,198	17,537	43,130	18,641	46,384	3,996	693,689	
420,377	172,113	172,164	111,109	286,651	74,605	3,858,430	
1,042,414	165,636	327,995	114,337	404,933	86,990	4,855,269	
31 December 2020							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(16)	(17)	(18)	(19)	(20)	(21)	(22)	(22)
7,795,774	2,058,990	5,743,969	3,966,953	9,007,658	2,007,638	186,663,042	
2,264,846	831,793	1,794,316	869,328	2,206,289	220,603	22,113,621	
472,360	81,599	217,420	123,496	230,217	104,049	2,631,165	
146,818	55,457	123,771	65,287	169,023	22,943	2,164,273	
173,871	8,384	40,452	34,069	90,381	8,498	768,035	
503,195	68,215	143,792	65,447	187,079	84,829	2,542,925	
525,420	57,394	287,847	197,703	318,930	66,486	4,180,226	



TABLE 11. DISCLOSURE OF RECEIVABLES AND PROVISIONING BASED ON REGION - CONSOLIDATED

(in Million Rp)

No	Portfolio Category				
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables	143,953,976	9,192,923	7,830,761	
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	5,907,036	1,465,404	1,179,266	
	b. Past Due	3,209,594	933,130	704,301	
3	Allowance for Impairment Losses - Stage 1	1,228,024	174,482	123,418	
4	Allowance for Impairment Losses - Stage 2	408,724	77,177	49,899	
5	Allowance for Impairment Losses - Stage 3	1,815,536	478,086	475,200	
6	Written-Off Receivables	2,655,642	844,066	453,560	

(in Million Rp)

No.	Explanation				
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(13)	(14)	(15)	
1	Receivables	145,415,496	10,206,066	8,735,423	
2	Receivables with increased and worsening credit risk				
	a. Non Past Due	9,547,649	2,612,676	1,766,121	
	b. Past Due	1,767,383	544,540	467,648	
3	Allowance for Impairment Losses - Stage 1	1,726,487	196,280	242,138	
4	Allowance for Impairment Losses - Stage 2	403,102	123,085	100,677	
5	Allowance for Impairment Losses - Stage 3	1,308,469	256,483	95,447	
6	Written-Off Receivables	2,700,648	817,447	345,802	

31 December 2021							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(6)	(7)	(8)	(9)	(10)	(11)	(12)	
9,519,164	1,800,693	8,911,227	5,048,195	11,604,493	1,905,510		199,766,942
967,841	512,389	849,787	528,052	953,836	138,815		12,502,426
1,099,107	223,091	1,032,255	300,759	1,045,820	98,367		8,646,424
256,936	10,688	265,362	104,944	324,977	7,371		2,496,202
123,123	17,537	63,855	27,507	84,255	3,996		856,073
471,611	172,113	210,805	129,378	347,635	74,605		4,174,969
1,416,298	165,636	616,936	236,202	711,245	86,990		7,186,575

31 December 2020							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(16)	(17)	(18)	(19)	(20)	(21)	(22)	
11,618,783	2,058,990	9,724,086	5,503,979	13,011,802	2,007,638		208,282,263
2,264,846	831,793	1,794,316	869,328	2,206,289	220,603		22,113,621
891,538	81,599	584,049	268,167	712,162	104,049		5,421,135
331,588	55,457	283,076	142,544	353,481	22,943		3,353,994
236,145	8,384	89,380	54,456	165,183	8,498		1,188,910
561,336	68,215	169,168	79,658	225,686	84,829		2,849,291
820,043	57,394	446,638	295,903	612,785	66,486		6,163,146



TABLE 12. DISCLOSURE OF RECEIVABLES AND PROVISIONING BASED ON ECONOMIC SECTOR - BANK STAND ALONE

30 December 2021
(in Million Rp)

No.	Economic Sectors	Receivables	Impaired Receivables		
			Non Past Due	Past Due	
(1)	(2)	(3)	(4)	(5)	
1	Agriculture, Forestry and Fisheries	3,228,718	356,171	25,950	
2	Mining and Quarrying	837,880	353,422	7,766	
3	Manufacturing	25,685,832	2,146,296	1,537,053	
4	Procurement of electricity, gas, steam / hot water and cold air	59,924	3,371	1,011	
5	Water Management, Wastewater Management, Waste Management and Recycling	36,145	3,418	433	
6	Construction	5,496,128	634,152	103,229	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	25,584,399	3,981,413	2,111,378	
8	Transportation and Warehousing	3,362,667	441,716	239,838	
9	Provision of Accommodation and Provision of Food and Drink	969,288	505,773	11,908	
10	Information and Communication	457,640	22,769	10,523	
11	Financial and Insurance Activities	18,004,257	137,628	12,639	
12	Real Estate	688,830	17,553	23,527	
13	Professional, Scientific, and Technical Activities	787,402	232,981	37,472	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	857,019	128,225	16,625	
15	Mandatory Government Administration, Defense, and Social Security	338	235	0	
16	Education	20,690	3,252	3,063	
17	Human Health Activities and Social Activities	157,243	890	77	
18	Arts, Entertainment and Recreation	715	0	0	
19	Other Service Activities	178,259	74,207	11,893	
20	Aktivitas Rumah Tangga sebagai Pemberi Kerja	1,493	197	1	
21	Household Activities as an Employer	0	0	0	
22	Non Business Field	25,054,071	3,458,634	663,304	
23	Others	73,377,513	123	362,526	
TOTAL		184,846,451	12,502,426	5,180,216	

	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)
	39,801	6,810	30,619	71,653
	8,940	8,188	166,565	13,490
	150,926	107,266	938,785	531,156
	1,148	185	887	45,562
	1,583	128	401	9,863
	48,844	20,477	52,443	199,708
	183,530	162,181	1,905,128	1,679,088
	48,813	39,392	170,332	137,332
	10,225	29,734	9,968	14,941
	3,655	1,224	5,095	9,656
	47,667	146	51	27,295
	3,558	163	15,692	5,711
	27,939	7,618	24,259	42,397
	6,512	4,065	13,515	83,621
	9	0	0	176
	177	4	2,956	472
	408	70	9	709
	0	0	0	67
	2,436	1,921	7,018	9,433
	32	0	1	20
	-	-	-	-
	989,920	304,117	514,706	1,972,830
	22,729	0	0	89
	1,598,852	693,689	3,858,430	4,855,269



30 December 2020
 (in Million Rp)

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	Aktivitas Rumah Tangga sebagai Pemberi Kerja	2,011	572	0	
21	Household Activities as an Employer	-	-	-	
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 - 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	



TABLE 12. DISCLOSURE OF RECEIVABLES AND PROVISIONING BASED ON ECONOMIC SECTOR - CONSOLIDATED

30 December 2021

(in Million Rp)

No	Economic Sector	Receivables	Impaired Receivables		
			Non Past Due	Past Due	
(1)	(2)	(3)	(4)	(5)	
1	Agriculture, Forestry and Fisheries	3,992,479	356,171	114,544	
2	Mining and Quarrying	1,053,612	353,422	33,916	
3	Manufacturing	25,936,757	2,146,296	1,573,920	
4	Procurement of electricity, gas, steam / hot water and cold air	98,152	3,371	4,508	
5	Water Management, Wastewater Management, Waste Management and Recycling	62,423	3,418	2,474	
6	Construction	5,652,207	634,152	126,042	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	27,400,890	3,981,413	2,359,397	
8	Transportation and Warehousing	3,980,241	441,716	359,624	
9	Provision of Accommodation and Provision of Food and Drink	1,026,345	505,773	23,075	
10	Information and Communication	467,486	22,769	11,416	
11	Financial and Insurance Activities	18,903,512	137,628	13,439	
12	Real Estate	699,841	17,553	24,658	
13	Professional, Scientific, and Technical Activities	1,231,594	232,981	120,258	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	873,333	128,225	18,585	
15	Mandatory Government Administration, Defense, and Social Security	918	235	40	
16	Education	24,557	3,252	3,150	
17	Human Health Activities and Social Activities	163,899	890	325	
18	Arts, Entertainment and Recreation	715	-	-	
19	Other Service Activities	200,646	74,207	17,408	
20	Aktivitas Rumah Tangga sebagai Pemberi Kerja	3,046	197	187	
21	Household Activities as an Employer	-	-	-	
22	Non Business Field	42,192,694	3,458,634	3,476,932	
23	Others	65,801,595	123	362,526	
TOTAL		199,766,942	12,502,426	8,646,424	

30 December 2020

(in Million Rp)

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	

	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)	
68,172	11,081	38,201	104,968	
22,110	10,493	170,608	24,683	
161,044	109,718	941,362	544,619	
2,385	241	1,206	46,103	
2,963	175	548	10,989	
53,897	22,332	56,619	207,176	
255,484	175,347	1,926,519	1,776,572	
73,110	48,122	183,547	179,290	
13,038	30,010	10,720	18,255	
3,978	1,246	5,198	9,746	
48,128	158	63	27,393	
4,079	193	15,791	6,256	
46,948	11,833	29,922	71,284	
7,078	4,188	13,691	85,182	
29	-	-	347	
234	5	2,958	490	
537	85	9	811	
-	-	-	79	
3,419	2,139	7,238	11,528	
93	-	5	25	
-	-	-	-	
1,706,746	428,707	770,764	4,060,690	
22,730	-	-	89	
2,496,202	856,073	4,174,969	7,186,575	

	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	



30 December 2020

(in Million Rp)

No.	Economic Sectors	Receivables	Impaired Receivables		
			Non Past Due	Past Due	
(1)	(2)	(3)	(4)	(5)	
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	Aktivitas Rumah Tangga sebagai Pemberi Kerja	2,702	572	-	
21	Household Activities as an Employer	-	-	-	
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	

	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)	
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	



TABLE 13. DISCLOSURE OF MOVEMENTS DETAILS OF ALLOWANCE FOR IMPAIRMENT LOSSES - BANK STAND ALONE
(in Million Rp)

No	Description	
(1)	(2)	
1	Beginning balance of allowance for impairment losses	
2	Additional/reversal allowance for impairment losses during the year (net)	
	2.a Pembentukan CKPN pada periode berjalan	
	2.b Pemulihan CKPN pada periode berjalan	
3	Allowance for impairment losses used to cover written off receivables during the year	
4	Other additional (reversal) allowance during the year	
Ending Balance of Allowance for Impairment Losses		

TABLE 13. DISCLOSURE OF MOVEMENTS DETAILS OF ALLOWANCE FOR IMPAIRMENT LOSSES - CONSOLIDATED

(in Million Rp)

No	Description	
(1)	(2)	
1	Beginning balance of allowance for impairment losses	
2	Additional/reversal allowance for impairment losses during the year (net)	
	2.a Pembentukan CKPN pada periode berjalan	
	2.b Pemulihan CKPN pada periode berjalan	
3	Allowance for impairment losses used to cover written off receivables during the year	
4	Other additional (reversal) allowance during the year	
Ending Balance of Allowance for Impairment Losses		

Danamon only uses ratings for exposures in the form of securities. Therefore, the portfolio categories that use the ranking up until the end of December 2021 consist of:

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

As of the reporting period ending 31 December 2021, Danamon used the following ratings agencies: PT Pemeringkat Efek Indonesia, Moody's, and PT Fitch Ratings Indonesia. Guidelines for Credit Risk Weighted Assets were based on a Standardized Approach.

	31 December 2021			31 December 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(3)	(4)	(5)	(3)	(4)	(5)
	2,164,273	768,035	2,542,925	2,221,397	-	926,149
	(535,556)	(19,402)	6,083,210	2,473	784,312	5,114,197
	-	-	-	-	-	-
	-	-	-	-	-	-
	(30,278)	(55,212)	(4,769,779)	(44,219)	(16,603)	(4,119,404)
	413	268	2,074	(15,378)	325	621,983
	1,598,852	693,689	3,858,430	2,164,273	768,034	2,542,925

	31 December 2021			31 December 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(3)	(4)	(5)	(3)	(4)	(5)
	3,353,995	1,188,910	2,849,291	3,795,608	-	926,149
	(779,439)	(238,433)	8,336,740	(275,846)	1,240,787	7,261,713
	-	-	-	-	-	-
	-	-	-	-	-	-
	(78,767)	(94,672)	(7,013,136)	(150,389)	(52,203)	(5,960,554)
	413	268	2,074	(15,378)	325	621,983
	2,496,202	856,073	4,174,969	3,353,995	1,188,909	2,849,291



TABLE 14. DISCLOSURE OF NET RECEIVABLES BASED ON PORTFOLIO CATEGORIES AND RATINGS - BANK STAND ALONE

(in Million Rp)

No.	Portfolio Category	Company Rating				
		Long Term Rating				
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	28,658,318
2	Receivables on Public Sector Entities		362,480	98,284	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,036,985	278,340	-	173,612
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		1,089,638	484,365	41,158	-
10	Past Due Receivables					
11	Other Assets					
	TOTAL		2,489,103	860,989	41,158	28,831,930

(in Million Rp)

No.	Portfolio Category	Company Rating				
		Long Term Rating				
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to 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

31 December 2021									
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)
	-	-	-	-	-	-	-	17,527,830	46,186,148
	-	-	-	-	-	-	-	8,389,055	8,849,819
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	6,933,050	8,421,987
								4,347,462	4,347,462
								1,236,900	1,236,900
								-	-
								22,931,357	22,931,357
	-	-	-	-	-	-	-	69,935,829	71,550,990
								372,899	372,899
								6,336,744	6,336,744
	-	-	-	-	-	-	-	138,011,126	170,234,306

31 December 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)
	-	-	-	-	-	-	-	23,436,376	46,496,013
	-	-	-	-	-	-	-	6,315,956	6,602,228
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	6,827,727	8,141,489



No.	Portfolio Category					
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
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					

TABLE 14. DISCLOSURE OF NET RECEIVABLES BASED ON PORTFOLIO CATEGORIES AND RATINGS - CONSOLIDATED

(in Million Rp)

No.	Portfolio Category					
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	28,658,318
2	Receivables on Public Sector Entities		362,480	98,284	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,036,985	278,340	-	173,612
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		1,089,638	484,365	41,158	-
10	Past Due Receivables					
11	Other Assets					
	TOTAL		2,489,103	860,989	41,158	28,831,930

31 December 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		
								4,674,847	4,674,847
								1,230,614	1,230,614
								-	-
								25,882,807	25,882,807
	-	-	-	-	-	-	-	68,594,733	70,405,851
								842,608	842,608
								7,877,378	7,877,378
	-	-	-	-	-	-	-	145,683,046	172,153,835

31 December 2021									
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)
	-	-	-	-	-	-	-	17,527,830	46,186,148
	-	-	-	-	-	-	-	8,389,559	8,850,323
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	7,912,458	9,401,395
								4,347,728	4,347,728
								1,236,900	1,236,900
								-	-
								42,530,561	42,530,561
	-	-	-	-	-	-	-	70,353,705	71,968,866
								534,020	534,020
								7,480,523	7,480,523
	-	-	-	-	-	-	-	160,313,284	192,536,464



(in Million Rp)

No.	Portfolio Category	Company Rating				
		Long Term Rating				
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to 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

f. Credit Risk Mitigation Disclosure

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

- To limit the risk of losses when the debtor cannot meet obligations to the Bank.
- To protect from unexpected risk and risk inherent to credit exposure in the future.

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 buildings
- Machinery
- Personnel guarantees
- Corporate guarantees

Collateral valuation should be done in the credit initiation process. The revaluation is conducted at certain periods in accordance with the collateral requirements as PPA deductions. For collateral as a PPA deduction, the collateral valuation for credit facilities of more than Rp 10 billion (for conventional products) or Rp 5 billion (for sharia products) should be conducted by an independent external appraiser with good qualifications, who is certified and does not have any relationship with the debtor. External appraisers 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 of collateral valuation and appraisers do not have any relationships with the debtors. The assessment results should be properly documented in the Credit file.

31 December 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)
	-	-	-	-	-	-	-	23,436,376	46,496,013
	-	-	-	-	-	-	-	6,316,382	6,602,654
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	10,036,503	11,350,265
								4,675,589	4,675,589
								1,230,614	1,230,614
								-	-
								48,804,457	48,804,457
-	-	-	-	-	-	-	-	68,442,744	70,253,862
								1,110,280	1,110,280
								8,917,773	8,917,773
	-	-	-	-	-	-	-	172,970,718	199,441,507

Danamon conducts an assessment of guarantors' credit worthiness, among other ways by assessing the financial statements to determine the credit rating of guarantors.

Danamon has also determined 4 industrial sector categories based on each respective risk level, 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. In regards to this, Danamon conducts periodic monitoring to ensure the level of exposure for each industry is still within Danamon's appetite.

Credit Risk Mitigation Methods for Standardized Approach

To calculate credit risk mitigation as an RWA deduction (Credit Risk), Danamon uses the MRK (Credit Risk Mitigation) collateral. The types of financial collateral recognised are those in accordance with regulations, i.e. cash, savings,

current accounts, savings deposits, security deposits, gold, and securities with certain criteria as per the 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

(in Million Rp)

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(3)	(4)		
A. Exposure on Balance Sheet					
1	Receivables on Sovereigns	42,839,581	-	-	
2	Receivables on Public Sector Entities	-	460,764	-	
3	Receivables on Multilateral Development Banks and International Institutions	-		-	
4	Receivables on Banks	39	3,446,072	-	
5	Loans Secured by Residential Property	-	874,672	1,335,093	
6	Loan Secured by Commercial Real Estate	65,712	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	56,589	-	-	
9	Receivables on Corporate	1,623,498	1,574,003	-	
10	Past Due Receivables	-	-	-	
11	Other Assets	2,635,688	-	-	
TOTAL EXPOSURE ON BALANCE SHEET		47,221,107	6,355,511	1,335,093	
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	-	3,665	-	
5	Loans Secured by Residential Property	-	764	2	
6	Loan Secured by Commercial Real Estate	-	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	250	-	-	
9	Receivables on Corporate	113,972	-	-	
10	Past Due Receivables	-	-	-	
TOTAL COMMITMENT/CONTINGENCIES EXPOSURE FOR OFF BALANCE SHEET TRANSACTIONS		114,222	4,429	2	
C. Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	3,343,031	-	-	
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		3,343,031	-	-	

31 Desember 2021							RWA	Capital Charge
Net Receivables After Calculating Credit Risk Mitigation Impacts								
	35%	50%	75%	100%	150%	Others		
	(5)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	-	-	-	-	-
	-	8,312,053	-	-	-	-	4,248,179	531,022
						-	-	-
	-	4,220,014	-	-	-	-	2,799,221	349,903
2,136,914		-	-	-	-	-	1,256,628	157,079
-	-	-	-	1,170,138	-	-	1,170,138	146,267
-	-	-	-	-	-	-	-	-
-	-	22,625,810	-	-	-	-	16,969,358	2,121,170
-	998,725	-	62,369,167	-	-	-	63,183,330	7,897,916
-	-	-	17,177	355,722	-	-	550,760	68,845
-	-	-	3,095,953	605,103	-	-	4,003,608	500,451
2,136,914	13,530,792	22,625,810	66,652,435	960,825	-	-	94,181,222	11,772,653
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
-	219,735	-	-	-	-	-	110,601	13,825
17	-	-	-	-	-	-	159	20
-	-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-	-
-	-	228,642	-	-	-	-	171,481	21,435
-	-	-	-	4,762,855	-	-	4,762,855	595,357
-	-	-	-	-	-	-	-	-
17	219,735	228,642	4,763,905	-	-	-	5,046,146	630,768
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-



(in Million Rp)

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(3)	(4)		
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	
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	
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	
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 COMMITMENT/CONTINGENCIES EXPOSURE FOR OFF BALANCE SHEET TRANSACTIONS		112,044	16,263	2	
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	-	-	

31 Desember 2020						RWA	Capital Charge
Net Receivables After Calculating Credit Risk Mitigation Impacts							
35%	50%	75%	100%	150%	Others		
(5)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	-	-	-	-	-	-
-	6,315,956	-	-	-	-	3,215,232	401,904
						-	-
-	4,856,960	-	-	-	-	2,964,168	370,521
2,088,024	-	-	-	-	-	1,328,997	166,125
-	-	-	1,108,463	-	-	1,108,463	138,558
-	-	-	-	-	-	-	-
-	-	24,810,713	-	-	-	18,608,035	2,326,004
-	51,191	-	63,095,099	-	-	63,472,680	7,934,085
-	-	-	115,757	726,823	-	1,205,992	150,749
-	-	-	4,430,077	685,345	-	5,458,095	682,262
2,088,024	11,224,107	24,810,713	68,749,396	1,412,168	-	97,361,662	12,170,208
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	61,106	-	-	-	-	33,484	4,186
127	-	-	-	-	-	367	46
-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-
-	-	930,701	-	-	-	698,026	87,253
-	-	-	3,728,636	-	-	3,728,636	466,080
-	-	-	-	-	-	-	-
127	61,106	930,701	3,729,686	-	-	4,461,563	557,696
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-



TABLE 15. DISCLOSURE OF NET RECEIVABLES BASED ON RISK WEIGHTED ASSETS AFTER CALCULATING CREDIT RISK MITIGATION IMPACTS - CONSOLIDATED

(in Million Rp)

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(15)	(16)		
A. Commitments /Contingencies Exposure for Off Balance Sheet Transactions					
1	Receivables on Sovereigns	42,839,581	-	-	
2	Receivables on Public Sector Entities	-	460,764	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	39	4,322,835	-	
5	Loans Secured by Residential Property	-	874,938	1,335,093	
6	Loan Secured by Commercial Real Estate	65,712	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	56,589	-	-	
9	Receivables on Corporate	1,623,499	1,512,297	-	
10	Past Due Receivables	1	-	-	
11	Other Assets	2,789,555	-	-	
TOTAL EXPOSURE ON BALANCE SHEET		47,374,976	7,170,834	1,335,093	
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	-	3,665	-	
5	Loans Secured by Residential Property	-	764	2	
6	Loan Secured by Commercial Real Estate	-	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	250	-	-	
9	Receivables on Corporate	113,972	-	-	
10	Past Due Receivables	-	-	-	
TOTAL COMMITMENT/CONTINGENCIES EXPOSURE FOR OFF BALANCE SHEET TRANSACTIONS		114,222	4,429	2	
C. Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	3,343,031	-	-	
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		3,343,031	-	-	

31 Desember2021							RWA	Capital Charge (10% x RWA)
Net Receivables After Calculating Credit Risk Mitigation Impacts								
	35%	50%	75%	100%	150%	Others		
	(17)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
	-	-	-	-	-	-	-	-
	-	8,312,557	-	-	-	-	4,248,431	531,054
	-	-	-	-	-	-	-	-
	-	4,220,014	-	-	-	-	2,974,574	371,822
2,136,914	-	-	-	-	-	-	1,256,681	157,085
-	-	-	-	1,170,138	-	-	1,170,138	146,267
-	-	-	-	-	-	-	-	-
-	-	-	42,225,014	-	-	-	31,668,761	3,958,595
-	2,069,988	-	-	61,777,487	-	-	63,114,941	7,889,368
-	-	-	-	17,189	516,830	-	792,435	99,054
-	-	-	-	4,085,865	605,103	-	4,993,519	624,190
2,136,914	14,602,559	42,225,014	67,050,679	1,121,933	-	-	110,219,480	13,777,435
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	219,735	-	-	-	-	110,601	13,825
17	-	-	-	-	-	-	159	20
-	-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-	-
-	-	-	228,642	-	-	-	171,481	21,435
-	-	-	-	4,762,853	-	-	4,762,853	595,357
-	-	-	-	-	-	-	-	-
17	219,735	228,642	4,763,903	-	-	-	5,046,144	630,768
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-



(in Million Rp)

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(3)	(4)		
A. Commitments /Contingencies Exposure for Off Balance Sheet Transactions					
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	
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	
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	
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 COMMITMENT/CONTINGENCIES EXPOSURE FOR OFF BALANCE SHEET TRANSACTIONS		112,045	16,263	2	
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	-	-	

31 Desember 2020						RWA	Capital Charge (10% x RWA)
Net Receivables After Calculating Credit Risk Mitigation Impacts							
35%	50%	75%	100%	150%	Others		
(3)	(4)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	-	-	-	-	-	-
-	6,316,382	-	-	-	-	3,215,445	401,931
-	-	-	-	-	-	-	-
-	4,856,960	-	-	-	-	3,567,939	445,992
2,088,024	-	-	-	-	-	1,329,146	166,143
-	-	-	1,108,463	-	-	1,108,463	138,558
-	-	-	-	-	-	-	-
-	-	47,732,364	-	-	-	35,799,273	4,474,909
-	51,191	-	62,992,567	-	-	63,360,257	7,920,032
-	-	-	115,947	994,305	-	1,607,405	200,926
-	-	-	5,394,298	685,345	-	6,422,316	802,790
2,088,024	11,224,533	47,732,364	69,611,275	1,679,650	-	116,410,244	14,551,281
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	61,106	-	-	-	-	33,484	4,186
127	-	-	-	-	-	367	46
-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-
-	-	930,701	-	-	-	698,026	87,253
-	-	-	3,728,635	-	-	3,728,635	466,079
-	-	-	-	-	-	-	-
127	61,106	930,701	3,729,685	-	-	4,461,562	557,695
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-



TABLE 16. DISCLOSURE OF NET RECEIVABLES AND CREDIT RISK MITIGATION TECHNIQUES - BANK STAND ALONE

(in Million Rp)

No.	Portfolio Category	31 December 2021				
		Net Receivables	Exposure which is Secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. Exposure on Balance Sheet						
1	Receivables on Sovereigns	42,839,581	-	-	-	-
2	Receivables on Public Sector Entities	8,772,817	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	7,666,125	39	-	-	-
5	Loans Secured by Residential Property	4,346,679	-	-	-	-
6	Loan Secured by Commercial Real Estate	1,235,850	65,712	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	22,682,399	56,589	-	-	-
9	Receivables on Corporate	66,565,393	1,623,498	-	-	-
10	Past Due Receivables	372,899	-	-	-	-
11	Other Assets	6,336,744	-	-	-	-
Total Exposure on Balance Sheet		160,818,487	1,745,838	-	-	-
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	223,400	-	-	-	-
5	Loans Secured by Residential Property	783	-	-	-	-
6	Loan Secured by Commercial Real Estate	1,050	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	228,892	250	-	-	-
9	Receivables on Corporate	4,876,827	113,972	-	-	-
10	Past Due Receivables	-	-	-	-	-
Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions		5,330,952	114,222	-	-	-
C. Exposure on Counterparty Credit Risk						
1	Receivables on Sovereigns	3,343,031	-	-	-	-
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		3,343,031	-	-	-	-
Total (A+B+C)		169,492,470	1,860,060	-	-	-

31 December 2020							
	Unsecured Exposure	Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
	(8) = (3)-[(4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]
	42,839,581	34,344,003	-	-	-	-	34,344,003
	8,772,817	6,602,228	-	-	-	-	6,602,228
	-	-	-	-	-	-	-
	7,666,086	7,540,712	5,311	-	-	-	7,535,401
	4,346,679	4,673,109	-	-	-	-	4,673,109
	1,170,138	1,229,565	121,102	-	-	-	1,108,463
	-	-	-	-	-	-	-
	22,625,810	24,878,530	67,817	-	-	-	24,810,713
	64,941,895	66,401,189	1,494,972	-	-	-	64,906,217
	372,899	842,607	27	-	-	-	842,580
	6,336,744	7,877,377	-	-	-	-	7,877,377
	159,072,649	154,389,320	1,689,229	-	-	-	152,700,091
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	223,400	75,760	-	-	-	-	75,760
	783	1,738	-	-	-	-	1,738
	1,050	1,050	-	-	-	-	1,050
	-	-	-	-	-	-	-
	228,642	949,461	18,760	-	-	-	930,701
	4,762,855	3,821,920	93,284	-	-	-	3,728,636
	-	-	-	-	-	-	-
	5,216,730	4,849,929	112,044	-	-	-	4,737,885
	3,343,031	12,148,377	-	-	-	-	12,148,377
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	3,343,031	12,148,377	-	-	-	-	12,148,377
	167,632,410	171,387,626	1,801,273	-	-	-	169,586,353



TABLE 16. DISCLOSURE OF NET RECEIVABLES AND CREDIT RISK MITIGATION TECHNIQUES - CONSOLIDATED

(in Million Rp)

No.	Portfolio Category	31 December 2021				
		Net Receivables	Exposure which is Secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. Exposure on Balance Sheet						
1	Receivables on Sovereigns	42,839,581	-	-	-	-
2	Receivables on Public Sector Entities	8,773,321	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	8,542,888	39	-	-	-
5	Loans Secured by Residential Property	4,346,945	-	-	-	-
6	Loan Secured by Commercial Real Estate	1,235,850	65,712	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	42,281,603	56,589	-	-	-
9	Receivables on Corporate	66,983,271	1,623,498	-	-	-
10	Past Due Receivables	534,020	-	-	-	-
11	Other Assets	7,480,523	-	-	-	-
Total Exposure on Balance Sheet		183,018,002	1,745,838	-	-	-
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	223,400	-	-	-	-
5	Loans Secured by Residential Property	783	-	-	-	-
6	Loan Secured by Commercial Real Estate	1,050	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	228,892	250	-	-	-
9	Receivables on Corporate	4,876,825	113,972	-	-	-
10	Past Due Receivables	-	-	-	-	-
Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions		5,330,950	114,222	-	-	-
C. Exposure on Counterparty Credit Risk						
1	Receivables on Sovereigns	3,343,031	-	-	-	-
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		3,343,031	-	-	-	-
Total (A+B+C)		191,691,983	1,860,060	-	-	-

31 December 2020							
	Unsecured Exposure	Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
	(8) = (3)-[(4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]
	42,839,581	34,344,003	-	-	-	-	34,344,003
	8,773,321	6,602,654	-	-	-	-	6,602,654
	-	-	-	-	-	-	-
	8,542,849	10,559,566	5,311	-	-	-	10,554,255
	4,346,945	4,673,853	-	-	-	-	4,673,853
	1,170,138	1,229,565	121,102	-	-	-	1,108,463
	-	-	-	-	-	-	-
	42,225,014	47,800,180	67,817	-	-	-	47,732,363
	65,359,773	66,249,200	1,494,972	-	-	-	64,754,228
	534,020	1,110,280	27	-	-	-	1,110,253
	7,480,523	8,917,772	-	-	-	-	8,917,772
	181,272,164	181,487,073	1,689,229	-	-	-	179,797,844
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	223,400	75,760	-	-	-	-	75,760
	783	1,738	-	-	-	-	1,738
	1,050	1,050	-	-	-	-	1,050
	-	-	-	-	-	-	-
	228,642	949,461	18,760	-	-	-	930,701
	4,762,853	3,821,921	93,284	-	-	-	3,728,637
	-	-	-	-	-	-	-
	5,216,728	4,849,930	112,044	-	-	-	4,737,886
	3,343,031	12,148,377	-	-	-	-	12,148,377
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	3,343,031	12,148,377	-	-	-	-	12,148,377
	189,831,923	198,485,380	1,801,273	-	-	-	196,684,107



g. Disclosure of Assets Securitization

Securitization is the 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 payment from the proceeds of the sale of asset-backed securities to investors.

As of 31 December 2021 Danamon did not have any position of KIK EBA Assets.

h. Credit Risk Assessment using Standardized Approach

In calculating the Risk Weighted Assets (RWA) for credit risk, Danamon applies the Standardized Approach, which refers to OJK regulations, i.e. OJK Circular 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 are generally affected by the following characteristics:

- Transactions influenced by the movement of fair value or market value,

- Fair value of transactions 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 Trading Book and Banking Book positions.

For both Repo and Reverse Repo transactions, Danamon refers to OJK Circular No. 42/SEOJK.03/2016 regarding Guidelines on Risk Weighted Assets calculations for Credit Risk using the 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 deductions by LLP/ECL IFRS9 of securities. For Reverse Repo Transactions, Danamon records the value of reverse repo receivables after deductions 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**

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	42,839,581	-	-	34,344,003	-	-
	a. Receivables on Indonesia Sovereigns	42,839,581	-	-	34,344,003	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	8,772,817	4,248,179	4,248,179	6,602,228	3,215,232	3,215,232
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	7,666,125	2,799,241	2,799,221	7,540,712	2,966,824	2,964,168
	a. Short Term Receivables	2,130,748	426,150	426,150	1,539,086	307,817	307,817
	b. Long Term Receivables	5,535,377	2,373,091	2,373,071	6,001,626	2,659,007	2,656,351
5	Loans Secured by Residential Property	4,346,679	1,256,628	1,256,628	4,673,109	1,328,997	1,328,997
6	Loan Secured by Commercial Real Estate	1,235,850	1,235,850	1,170,138	1,229,565	1,229,565	1,108,463
7	Employee/Pensioner Loans	-	-	-	-	-	-

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8	Receivables on Micro, Small Business & Retail Portfolio	22,682,399	17,011,799	16,969,358	24,878,530	18,658,898	18,608,036
9	Receivables on Corporate	66,565,393	64,806,828	63,183,330	66,401,189	64,967,652	63,472,681
10	Past Due Receivables	372,899	550,760	550,760	842,607	1,206,032	1,205,992
	a. Loans Secured by Residential Property	17,177	17,177	17,177	115,757	115,757	115,757
	b. In Addition to Loans Secured by Residential Property	355,722	533,583	533,583	726,850	1,090,275	1,090,235
11	Other Assets	6,336,744	-	4,003,608	7,877,376	-	5,458,094
	a. Cash, Gold and Commemorative Coin	2,635,688	-	-	2,761,954	-	-
	b. Investment (in addition to being a deduction factor for capital)	82,078	-	84,018	107,213	-	109,153
	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	-	5,820	3,880	-	5,820
	3) investment in financial companies listed on the stock exchange	78,198	-	78,198	103,333	-	103,333
	c. Fixed Assets and Net Inventory	1,405,939	-	1,405,939	1,546,378	-	1,546,378
	d. Foreclosed Assets	601,223	-	901,835	681,465	-	1,022,198
	e. Net Interbranch Assets	-	-	-	-	-	-
	f. Others	1,611,816	-	1,611,816	2,780,366	-	2,780,366
TOTAL		160,818,487	91,909,285	94,181,222	154,389,320	93,573,200	97,361,663

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

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
	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	223,400	110,601	110,601	75,760	33,484	33,484
	a. Short Term Receivables	3,664	733	733	14,654	2,931	2,931
	b. Long Term Receivables	219,736	109,868	109,868	61,106	30,553	30,553



(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
5	Loans Secured by Residential Property	783	159	159	1,738	367	367
6	Loan Secured by Commercial Real Estate	1,050	1,050	1,050	1,050	1,050	1,050
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	228,892	171,669	171,481	949,461	712,096	698,026
9	Receivables on Corporate	4,876,827	4,876,827	4,762,855	3,821,920	3,821,920	3,728,635
10	Past Due Receivables	-	-	-	-	-	-
	a. Loans Secured by Residential Property	-	-	-	-	-	-
	b. In Addition to Loans Secured by Residential Property	-	-	-	-	-	-
TOTAL		5,330,952	5,160,306	5,046,146	4,849,929	4,568,917	4,461,562

3. Disclosure of Exposures causing Counterparty Credit Risk

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	3,343,031	-	-	12,148,377	-	-
	a. Receivables on Indonesia Sovereigns	3,343,031	-	-	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		3,343,031	-	-	12,148,377	-	-

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 2021 and 31 December 2020.

5. Disclosure of Securitization Exposures

There is no exposure of Securitization in 31 December 2021 and 31 December 2020.

6. Disclosures of Derivative Exposure

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Receivables on Sovereigns	3,536	-	-	3,632	-	-
	a. Receivables on Indonesia Sovereigns	3,536	-	-	3,632	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2.	Receivables on Public Sector Entities	77,002	38,501	38,501	-	-	-
3.	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4.	Receivables on Banks	532,462	210,249	210,249	525,015	215,001	215,001
	a. Short Term Receivables	186,606	37,321	37,321	158,355	31,671	31,671
	b. Long Term Receivables	345,856	172,928	172,928	366,660	183,330	183,330
5.	Receivables on Micro, Small Business & Retail Portfolio	20,066	15,050	15,050	54,817	41,113	41,113
6.	Receivables on Corporate	108,770	108,770	108,770	182,741	182,741	182,741
7.	Credit Valuation Adjustment risk weighted assets			26,551			59,258
TOTAL		741,836	372,570	399,121	766,205	438,855	498,113

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

(in Million Rp)

Portfolio Category		31 December 2021	31 December 2020
TOTAL CREDIT RISK RWA	(A)	99,626,489	102,321,338
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)	99,626,489	102,321,338
TOTAL CAPITAL DEDUCTION FACTOR	(D)	-	-

TABLE 17. CALCULATION OF THE STANDARDIZED APPROACH OF CREDIT RISK WEIGHTED ASSETS - CONSOLIDATED

1. Disclosure of Asset Exposures in the Balance Sheet

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	42,839,581	-	-	34,344,003	-	-
	a. Receivables on Indonesia Sovereigns	42,839,581	-	-	34,344,003	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	8,773,321	4,248,431	4,248,431	6,602,654	3,215,445	3,215,445
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4	Receivables on Banks	8,542,888	2,974,594	2,974,574	10,559,566	3,570,595	3,567,939
	a. Short Term Receivables	3,007,511	601,502	601,502	4,557,940	911,588	911,588
	b. Long Term Receivables	5,535,377	2,373,091	2,373,071	6,001,626	2,659,007	2,656,351
5	Loans Secured by Residential Property	4,346,945	1,256,681	1,256,681	4,673,853	1,329,146	1,329,146
6	Loan Secured by Commercial Real Estate	1,235,850	1,235,850	1,170,138	1,229,565	1,229,565	1,108,463
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	42,281,603	31,711,202	31,668,761	47,800,180	35,850,135	35,799,273
9	Receivables on Corporate	66,983,271	64,738,439	63,114,941	66,249,200	64,855,228	63,360,257
10	Past Due Receivables	534,020	792,435	792,435	1,110,280	1,607,446	1,607,406
	a. Loans Secured by Residential Property	17,190	17,190	17,190	115,948	115,948	115,948
	b. In Addition to Loans Secured by Residential Property	516,830	775,245	775,245	994,332	1,491,498	1,491,458
11	Other Assets	7,480,523	-	4,993,519	8,917,771	-	6,422,315
	a. Cash, Gold and Commemorative Coin	2,789,555	-	-	2,838,128	-	-
	b. Investment (in addition to being a deduction factor for capital)	82,078	-	84,018	107,213	-	109,153
	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	-	5,820	3,880	-	5,820
	3) investment in financial companies listed on the stock exchange	78,198	-	78,198	103,333	-	103,333
	c. Fixed Assets and Net Inventory	1,895,474	-	1,895,474	2,105,692	-	2,105,692
	d. Foreclosed Assets	601,223	-	901,835	681,465	-	1,022,198
	e. Net Interbranch Assets	-	-	-	-	-	-
	f. Others	2,112,193	-	2,112,193	3,185,273	-	3,185,273
TOTAL		183,018,002	106,957,632	110,219,480	181,487,072	111,657,560	116,410,244

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

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
	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	223,400	110,601	110,601	75,760	33,484	33,484
	a. Short Term Receivables	3,664	733	733	14,654	2,931	2,931
	b. Long Term Receivables	219,736	109,868	109,868	61,106	30,553	30,553
5	Loans Secured by Residential Property	783	159	159	1,738	367	367
6	Loan Secured by Commercial Real Estate	1,050	1,050	1,050	1,050	1,050	1,050
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	228,892	171,669	171,481	949,461	712,096	698,026
9	Receivables on Corporate	4,876,825	4,876,825	4,762,853	3,821,920	3,821,920	3,728,635
10	Past Due Receivables	-	-	-	-	-	-
	a. Loans Secured by Residential Property	-	-	-	-	-	-
	b. In Addition to Loans Secured by Residential Property	-	-	-	-	-	-
TOTAL		5,330,950	5,160,304	5,046,144	4,849,929	4,568,917	4,461,562

3. Disclosure of Exposures causing Counterparty Credit Risk

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	3,343,031	-	-	12,148,377	-	-
	a. Receivables on Indonesia Sovereigns	3,343,031	-	-	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		3,343,031	-	-	12,148,377	-	-



4. Eksposur yang Menimbulkan Risiko Kredit akibat Kegagalan Setelmen (settlement risk)

There is no exposure that cause Credit Risk due to Settlement Risk in 31 December 2021 and 31 December 2020.

5. Eksposur Sekuritisasi

There is no exposure of Securitization in 31 December 2021 and 31 December 2020.

6. Disclosures of Derivative Exposure

(in Million Rp)

No.	Portfolio Category	31 December 2021			31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Receivables on Sovereigns	3,536	-	-	3,632	-	-
	a. Receivables on Indonesia Sovereigns	3,536	-	-	3,632	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2.	Receivables on Public Sector Entities	77,002	38,501	38,501	-	-	-
3.	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4.	Receivables on Banks	635,107	261,572	261,572	714,941	309,964	309,964
	a. Short Term Receivables	186,606	37,321	37,321	158,355	31,671	31,671
	b. Long Term Receivables	448,501	224,251	224,251	556,585	278,293	278,293
5.	Receivables on Micro, Small Business & Retail Portfolio	20,066	15,050	15,050	54,817	41,113	41,113
6.	Receivables on Corporate	108,770	108,770	108,770	182,740	182,740	182,740
7.	Credit Valuation Adjustment risk weighted assets			53,319			203,107
TOTAL		844,481	423,893	477,212	956,130	533,817	736,924

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

(in Million Rp)

		31 December 2021	31 December 2020
TOTAL CREDIT RISK RWA	(A)	115,742,836	121,608,730
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)	115,742,836	121,608,730
TOTAL CAPITAL DEDUCTION FACTOR	(D)	-	-

TABLE 18. EXPOSURE COUNTERPARTY CREDIT RISK (CCR1) ANALYSIS - BANK STAND ALONE

(in Million Rp)

	Replacement Cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
1 SA-CCR (for derivative)	182,737	347,145		1.4	741,835	372,569
2 Internal Model Method (For Derivative and SFT)					N/A	N/A
3 Basic Approach for credit risk mitigation (for SFT)					N/A	N/A
4 Comprehensive approach for credit risk mitigation (For SFT)					N/A	N/A

(in Million Rp)

	Replacement Cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
5 VaR for SFT					N/A	N/A
6 Total						372,569

Qualitative Analysis

The Amount of SA-CCR Net Receivables (for derivative) for Bank stand alone at the end of December 2021 (IDR 742 billion) decreased compared to December 2020 position (IDR 766 billion). Hence, the amount of SA-CCR RWA (for derivative) for Bank stand alone at the end of December 2021 (IDR 373 billion) also decreased compared to December 2020 position (IDR 439 billion).

TABLE 18. EXPOSURE COUNTERPARTY CREDIT RISK (CCR1) ANALYSIS - CONSOLIDATED

(in Million Rp)

	Replacement Cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
1 SA-CCR (for derivative)	187,297	415,903		1.4	844,480	423,892
2 Internal Model Method (For Derivative and SFT)					N/A	N/A
3 Basic Approach for credit risk mitigation (for SFT)					N/A	N/A
4 Comprehensive approach for credit risk mitigation (For SFT)					N/A	N/A
5 VaR for SFT					N/A	N/A
6 Total						423,892

Qualitative Analysis

The Amount of SA-CCR Net Receivables (for derivative) for consolidated at the end of December 2021 (IDR 844 billion) decreased compared to December 2020 position (IDR 956 billion). Hence, the amount of SA-CCR RWA (for derivative) for consolidated at the end of December 2021 (IDR 424 billion) also decreased compared to December 2020 position (IDR 534 billion).

TABLE 19. CAPITAL CHARGE FOR CREDIT VALUATION ADJUSTMENT (CCR2) - BANK STAND ALONE

(in Million Rp)

	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	741,835	26,551
4. Total based on CVA Capital Charge	741,835	26,551

Qualitative Analysis

The Amount of Total RWA based on CVA Capital Charge for Bank stand alone at the end of December 2021 (IDR 27 billion) decreased compared to December 2020 (IDR 59 billion).



TABLE 19. CAPITAL CHARGE FOR CREDIT VALUATION ADJUSTMENT (CCR2) - CONSOLIDATED

(in Million Rp)

	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	844,480	53,319
4. Total based on CVA Capital Charge	844,480	53,319

Qualitative Analysis

The Amount of Total RWA based on CVA Capital Charge Bank Consolidated at the end of December 2021 (IDR 53 billion) decreased compared to December 2020 position (IDR 203 billion).

TABLE 20. CCR EXPOSURE BASED ON PORTFOLIO CATEGORY AND RISK WEIGHT (CCR3) - BANK STAND ALONE

(in Million Rp)

	Risk Weight	0%	10%	20%
Portfolio Category Indonesia				
Receivables on Sovereigns and Central Bank	3,536			
Receivables on Public Sector Entities				
Receivables on Multilateral Development Banks and International Institutions				
Receivables on Banks				186,606
Receivables on Security Firms				
Receivables on Corporates				
Receivables on Micro, Small and Retail Businesses Portfolio				
Other Assets				
Total	3,536	-	-	186,606

TABLE 20. CCR EXPOSURE BASED ON PORTFOLIO CATEGORY AND RISK WEIGHT (CCR3) - CONSOLIDATED

(in Million Rp)

	Risk Weight	0%	10%	20%
Portfolio Category Indonesia				
Receivables on Sovereigns and Central Bank	3,536			
Receivables on Public Sector Entities				
Receivables on Multilateral Development Banks and International Institutions				
Receivables on Banks				186,606
Receivables on Security Firms				
Receivables on Corporates				
Receivables on Micro, Small and Retail Businesses Portfolio				
Other Assets				
Total	3,536	-	-	186,606

50%	75%	100%	150%	Others	Total Net Receivables
					3,536
77,002					77,002
					-
345,856					532,462
					-
		108,770			108,770
	20,066				20,066
					-
422,858	20,066	108,770	-	-	741,835

50%	75%	100%	150%	Others	Total Net Receivables
					3,536
77,002					77,002
					-
448,501					635,107
					-
		108,770			108,770
	20,066				20,066
					-
525,503	20,066	108,770	-	-	844,480



2. Market Risk

Market Risk Management Implementation

Market Risk Management is a top-down process within the Bank's organizational structure, starting from the Risk Oversight Committee, the Board of Directors through the Assets and 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 and Liquidity Risk (MLR) Division, which includes 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 on the Bank's balance sheet.

This risk is an inherent part of the banking business. Proper risk management could turn an exposure into an additional source of income, which could increase shareholders' value. However, excessive exposure to interest rate risk could create 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 Danamon 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

TABLE 21. DISCLOSURE OF MARKET RISKS BY USING STANDARDIZED APPROACH

(In Million Rp)

No	Risk Type	31 December 2021				31 December 2020			
		Individual		Consolidated		Individual		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	43,713	546,418	43,713	546,418	52,556	656,953	52,556	656,953
	a. Specific Risk	356	4,450	356	4,450	693	8,662	693	8,662
	b. General Risk	43,357	541,968	43,357	541,968	51,863	648,291	51,863	648,291
2	Foreign Exchange Risk	20,821	260,260	20,867	260,834	37,308	466,354	37,683	471,043
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 a 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 cover 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 systems of all market risks materials/factors, 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 to absorb 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 risks 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 and Loss (FVPL). This includes financial instruments or assets that 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 a minimum of 5% of either Banking Book assets or liabilities. The major currencies must be actively managed by Treasury and independently monitored by Risk Management.

In relation to the above, the BOD delegates the authority to the Assets and 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 meetings that include agenda items related to IRRBB.

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

The TCM has an active role in managing 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 necessary interest rate hedging. 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 is 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 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 on a regular basis to ensure they remain adequately set.

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

Internally, the Bank measures and monitors IRRBB exposures through the ΔEVE and ΔNII methods on a monthly basis.

d. Interest Rate Shock Scenario and Stress Scenario Being Used

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

- Parallel shock up,
- Parallel shock down,
- Steepener shock,
- Flattenner 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 the OJK, which is as follows:

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

e. Modelling Assumptions that Are Different from the Standardized Approach

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

As a complement to managing interest rate risk, under the Internal Capital Assessment Adequacy Process (ICAAP), the Bank also conducts IRRBB simulations using the standardized approach by using internal assumptions of interest rate shock.

f. Hedging of IRRBB and Related Accounting Treatments

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

As of the December 2021 report, the Bank's subsidiary had hedge accounting activities, which were included in the scope of the consolidated IRRBB calculation.

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

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 behavioural analysis of NMD using sufficient historical data.
3. The methodology used to estimate loan prepayment rates 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 calculations.
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 the ΔEVE and ΔNII values 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 currency.

Quantitative Analysis

1. Average repricing maturity for NMD as of the end of December 2021 is determined based on a behavioural analysis of NMD using sufficient historical data.
2. Maximum repricing maturity for NMD as of the end of December 2021 is determined through internal assumption.

TABLE 22. INTEREST RATE RISK IN BANKING BOOK - IRRBB CALCULATION REPORT - BANK STAND ALONE

Bank Name	: P.T. Bank Danamon Tbk (Individual)			
Report Position	: 31 December 2021			
Currency	: IDR			
In Million Rp Period	ΔEVE		ΔNII	
	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(3,282,223)	(3,164,261)	(732,613)	(769,473)
Parallel Down	3,685,016	3,498,583	(959,730)	(994,147)
Steepener	667,468	638,817		
Flattener	(1,355,591)	(1,331,000)		
Short Rate Up	(2,537,679)	(2,445,561)		
Short Rate Down	2,635,751	2,484,183		
Maximum Value Negative (Absolute)	3,282,223	3,164,261	959,730	994,147

Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	31,031,292	31,721,384	8,513,768	8,513,768
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	10.58%	9.98%	11.27%	11.68%

Currency : USD

In Million Rp Period	ΔEVE		ΔNII	
	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(101,590)	(136,786)	(39,020)	(27,141)
Parallel Down	5,058	(2,690)	(130,754)	(93,263)
Steeper	90,525	122,035		
Flattener	(79,564)	(107,218)		
Short Rate Up	(113,368)	(152,725)		
Short Rate Down	20,075	4,599		
Maximum Value Negative (Absolute)	113,368	152,725	130,754	93,263
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	31,031,292	31,721,384	8,513,768	8,513,768
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	0.37%	0.48%	1.54%	1.10%

Currency : Combined (IDR & USD)

In Million Rp Period	ΔEVE		ΔNII	
	31-Dec	30-Sep	31-Dec	30-Sep
Maximum Value Negative (Absolute)"	3,395,591	3,316,986	1,090,484	1,087,410
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	31,031,292	31,721,384	8,513,768	8,513,768
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	10.94%	10.46%	12.81%	12.77%

TABLE 22. INTEREST RATE RISK IN BANKING BOOK - IRRBB CALCULATION REPORT - CONSOLIDATED

Bank Name : P.T. Bank Danamon Tbk (Consolidated)

Report Position : 31 December 2020

Currency : IDR

In Million Rp Period	ΔEVE		ΔNII	
	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(3,825,162)	(3,620,825)	(666,608)	(687,506)
Parallel Down	4,290,319	3,993,940	(1,028,198)	(1,079,170)
Steeper	766,753	735,086		
Flattener	(1,572,863)	(1,525,377)		
Short Rate Up	(2,949,695)	(2,801,441)		
Short Rate Down	3,070,661	2,844,825		
Maximum Value Negative (Absolute)	3,825,162	3,620,825	1,028,198	1,079,170
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	38,991,605	39,103,781	15,624,876	15,624,876
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	9.81%	9.26%	6.58%	6.91%



Currency : USD

In Million Rp Period	ΔEVE		ΔNII	
	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(101,590)	(136,786)	(39,020)	(27,141)
Parallel Down	5,058	(2,690)	(130,754)	(93,263)
Steepener	90,525	122,035		
Flattener	(79,564)	(107,218)		
Short Rate Up	(113,368)	(152,725)		
Short Rate Down	20,075	4,599		
Maximum Value Negative (Absolute)	113,368	152,725	130,754	93,263
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	38,991,605	39,103,781	15,624,876	15,624,876
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	0.29%	0.39%	0.84%	0.60%

Currency : Combined (IDR & USD)

In Million Rp Period	ΔEVE		ΔNII	
	31-Dec	30-Sep	31-Dec	30-Sep
Maximum Value Negative (Absolute)"	3,938,530	3,773,550	1,158,952	1,172,434
Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	38,991,605	39,103,781	15,624,876	15,624,876
Maximum Value divided by Tier 1 Capital (for ΔEVE) or Projected Income (for ΔNII)	10.10%	9.65%	7.42%	7.50%

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 structure of assets and liabilities, including the funding strategies of Danamon. ALCO focuses on liquidity management with the following objectives:

- Understanding the various liquidity risk sources and integrating the characteristics and risks of various liquidity sources, particularly under stress conditions.
- Developing a comprehensive risk approach to ensure compliance with the overall risk appetite.
- Determining relevant funding strategies to meet liquidity requirements, including by consolidating all funding resources.

- Developing effective contingency plans.
- Improving resilience in the event of a sharp decline of liquidity risk and demonstrating Danamon's ability to address closed access to one or more financial markets by ensuring that funding can be generated through a variety of 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 of providing adequate liquidity and capital for Danamon, 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 limits 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 (TPS) composition in wholesale and retail segment financing. One of the ways to monitor the funding strategy is through 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 (Risk-Taking Unit).
- 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, corresponding to the risk tolerance and prevailing regulations.
- h. The Bank's liquidity stress tests should include the on- and off-balance sheet components.

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 wherein 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 a 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, and financial/economic difficulties).

b. Bank-Specific Stress/Name Problem

The aim of this scenario is to depict the situation wherein liquidity stress arises as a result of the Bank itself experiencing either real or perceived problems. These problems include deteriorating asset quality, major fraud cases, large trading losses, rumours about the Bank's credibility or a downgrade in its credit rating, and 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 measurements and internal or non-regulatory measurements. To measure regulatory liquidity risk, the Bank internally set additional thresholds from those pre-set by regulations, where such thresholds are more conservative than those set by regulations.



LIQUIDITY RISK

TABLE 23. LIQUIDITY ADEQUACY RATIO (LCR) CALCULATION REPORT

(in Million Rp)

No.	Component	INDIVIDUAL			
		31-Dec-21		30-Sep-21	
		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		65 days		63 days
HIGH QUALITY LIQUID ASSET (HQLA)					
2	Total High Quality Liquid Asset (HQLA)		46,261,467		48,974,413
CASH OUTFLOWS					
7	CASH OUTFLOWS		47,349,017		46,455,849
CASH INFLOWS					
11	CASH INFLOWS	26,437,764	22,443,998	26,064,822	20,939,318
			TOTAL ADJUSTED VALUE ¹	TOTAL ADJUSTED VALUE ¹	
12	TOTAL HQLA		46,261,467		48,974,413
13	NET CASH OUTFLOWS		24,905,018		25,516,531
14	LCR (%)		185.75%		191.93%

Individual Analysis

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, the Bank is also supported by strong capital.

In accordance with POJK No. 42/POJK.03/2015, Banks 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 number 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 the Bank 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 the Bank 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, the Bank 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 Bank 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 the Bank's liquidity management in accordance with what we have 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 RMC (Risk Monitoring Committee) with clear and independent duties and responsibilities.
2. In terms of risk management, the 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.

	CONSOLIDATED			
	31-Dec-21		30-Sep-21	
	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
		65 days		63 days
		46,364,100		49,078,395
		48,248,668		47,856,628
	28,127,278	23,451,309	27,810,992	21,988,385
	TOTAL ADJUSTED VALUE ¹		TOTAL ADJUSTED VALUE ¹	
		46,364,100		49,078,395
		24,797,359		25,868,244
		186.97%		189.72%

Consolidated Analysis

The Bank's 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, Banks 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 number 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 the Bank's 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 the Bank 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 at 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 RMC (Risk Monitoring 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.



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 that are convertible into cash to fulfil liquidity requirements within 30 calendar days under a severe liquidity stress scenario as defined by regulators. At a 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.

b. 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 24. NSFR REPORT - BANK STAND ALONE

(in Million Rp)

ASF Component	September 2021			
	Outstanding Value Based on Remaining Period (in Million Rp)			
	No Period	< 6 months	≥ 6 months - 1 year	
1 Capital:	45,674,559	-	-	
2 Capital in Accordance to POJK KPMM	45,674,559	-	-	
3 Other Capital Instruments	-	-	-	
4 Deposits originating from individual customers and Funding from micro and small business customers:	37,826,450	26,944,248	941,061	
5 Stable Deposits and Funding	1,581,491	221,962	76,985	
6 Less Stable Deposits and Funding	36,244,958	26,722,286	864,075	
7 Funding originating from corporate customers:	30,474,901	21,243,951	1,322,603	
8 Operational Deposits	13,877,257	-	-	
9 Other funding originating from corporate customers	16,597,644	21,243,951	1,322,603	
10 Liabilities with interdependent asset pairs	-	-	-	
11 Liabilities and other equities	5,877,971	-	13,801	
12 NSFR derivative liabilities		-		
13 Equities and other liabilities that are not included in the above categories	5,877,971	3,102,105	13,801	
14 Total ASF				

RSF Component	September 2021			
	Outstanding Value Based on Remaining Period (in Million Rp)			
	No Period	< 6 months	≥ 6 months - 1 year	
15 Total HQLA in the framework of calculating the NSFR				
16 Deposits with other financial institutions for operational purposes	1,892,174	-	-	
17 Loans classified as Current and Special Mention (performing) and marketable securities	-	59,089,930	17,752,807	
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	-	6,424,892	2,818,169	
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:	-	51,910,603	13,542,557	
21 Meet the qualifications to get a risk weight of 35% or less, according to the SE OJK RWA for Credit Risk	-	-	-	

			December 2021				
		Total Weighted Value	Outstanding Value Based on Remaining Period (in Million Rp)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year ≥ 1 year	
-		45,674,559	45,703,551	-	-	-	45,703,551
-		45,674,559	45,703,551	-	-	-	45,703,551
-		-	-	-	-	-	-
2,000		59,236,605	39,392,247	26,423,401	993,735	-	60,230,519
-		1,786,417	1,665,531	288,979	86,967	-	1,939,403
2,000		57,450,188	37,726,716	26,134,423	906,768	-	58,291,117
75,000		17,054,808	34,351,560	23,304,660	476,750	75,000	17,428,291
-		6,938,629	14,878,101	-	-	-	7,439,051
75,000		10,116,180	19,473,459	23,304,660	476,750	75,000	9,989,240
-		-	-	-	-	-	-
-		6,901	6,785,791	-	39,215	-	19,607
				-			
1,697,415		6,901	6,785,791	2,021,979	39,215	137,971	19,607
77,000		121,972,873	126,233,149	49,728,062	1,509,700	75,000	123,381,969

			December 2021				
		Total Weighted Value	Outstanding Value Based on Remaining Period (in Million Rp)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year ≥ 1 year	
		1,601,655					1,566,305
-		946,087	2,102,460	-	-	-	1,051,230
29,892,892		60,575,079	-	59,823,621	18,955,824	31,333,215	61,614,572
-		-	-	-	-	-	-
4,309,628		6,682,447	-	6,433,028	2,383,299	4,350,359	6,506,963
17,856,055		47,391,073	-	52,156,788	14,923,214	19,869,382	48,774,822
-		-	-	-	-	-	-



RSF Component	September 2021			
	Outstanding Value Based on Remaining Period (in Million Rp)			
	No Period	< 6 months	≥ 6 months - 1 year	
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	-	384,197	395,012	
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	-	370,238	997,069	
25 Assets with interdependent liabilities pairs	-	-	-	
26 Other Assets:	-	14,778,871	93,641	
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		-	60,406	
30 NSFR derivative liabilities before deduction with variation margin		-	19,433	
31 All other assets that are not included in the above categories	-	14,778,871	13,801	
32 Off Balance Sheet		62,369,757	2,337,002	
33 Total RSF				
34 Net Stable Funding Ratio (%)				

TABLE 24. NSFR REPORT - CONSOLIDATED

(in Million Rp)

ASF Component	September 2021			
	Outstanding Value Based on Remaining Period (in Million Rp)			
	No Period	< 6 months	≥ 6 months - 1 year	
1 Capital:	45,737,267	-	-	
2 Capital in Accordance to POJK CAR	45,737,267	-	-	
3 Other Capital Instruments	-	-	-	
4 Deposits originating from individual customers and Funding from micro and small business customers:	37,826,450	26,944,248	941,061	
5 Stable Deposits and Funding	1,581,491	221,962	76,985	
6 Less Stable Deposits and Funding	36,244,958	26,722,286	864,075	
7 Funding originating from corporate customers:	29,556,190	23,937,438	4,341,987	
8 Operational Deposits	13,877,257	-	-	
9 Other funding originating from corporate customers	15,678,933	23,937,438	4,341,987	
10 Liabilities with interdependent asset pairs	-	-	-	
11 Liabilities and other equities	5,809,002	-	652,573	
12 NSFR derivative liabilities		-		
13 Equities and other liabilities that are not included in the above categories	5,809,002	4,229,224	652,573	
14 Total ASF				

		December 2021					
		Total Weighted Value	Outstanding Value Based on Remaining Period (in Million Rp)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year ≥ 1 year	
-	-	-	-	-	-	-	-
5,699,123	4,094,034	-	390,957	400,998	5,776,118	4,150,454	
2,028,085	2,407,526	-	842,847	1,248,314	1,337,356	2,182,333	
-	-	-	-	-	-	-	-
8,092,973	21,471,551	-	15,456,703	123,863	5,716,402	21,138,411	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	60,406	-	60,148	-	60,148	60,148	
-	19,433	-	24,501	-	24,501	24,501	
8,092,973	21,391,711	-	15,456,703	39,215	5,716,402	21,053,762	
449,962	228,132	-	68,628,718	2,608,603	322,262	227,588	
	84,822,504					85,598,106	
	143.80%					144.14%	

		December 2021					
		Total Weighted Value	Outstanding Value Based on Remaining Period (in Million Rp)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year ≥ 1 year	
-	45,737,267	45,767,409	-	-	-	45,767,409	
-	45,737,267	45,767,409	-	-	-	45,767,409	
-	-	-	-	-	-	-	-
2,000	59,236,605	39,392,247	26,423,401	993,735	-	60,230,519	
-	1,786,417	1,665,531	288,979	86,967	-	1,939,403	
2,000	57,450,188	37,726,716	26,134,423	906,768	-	58,291,117	
5,370,739	23,860,239	33,536,943	26,092,895	3,780,413	4,160,050	23,165,172	
-	6,938,629	14,878,101	-	-	-	7,439,051	
5,370,739	16,921,610	18,658,842	26,092,895	3,780,413	4,160,050	15,726,121	
-	-	-	-	-	-	-	-
-	2,226,237	6,504,213	-	579,574	-	2,033,007	
			-				
3,597,366	2,226,237	6,504,213	3,493,185	579,574	1,881,191	2,033,007	
5,372,739	131,060,348	125,200,813	52,516,296	5,353,722	4,160,050	131,196,107	



RSF Component	September 2021			
	Outstanding Value Based on Remaining Period (in Million Rp)			
	No Period	< 6 months	≥ 6 months - 1 year	
15 Total HQLA in the framework of calculating the NSFR				
16 Deposits with other financial institutions for operational purposes	2,626,165	-	-	
17 Loans classified as Current and Special Mention (performing) and marketable securities	-	64,143,144	22,871,136	
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	-	6,424,892	2,818,169	
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:	-	56,963,817	18,660,886	
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 ATMR for Credit Risk	-	384,197	395,012	
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	-	370,238	997,069	
25 Assets with interdependent liabilities pairs	-	-	-	
26 Other Assets:	543,176	7,526,553	111,344	
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		-	60,406	
30 NSFR derivative liabilities before deduction with variation margin		15,365	30,054	
31 All other assets that are not included in the above categories	543,176	7,511,188	20,885	
32 Off Balance Sheet		62,369,757	2,337,002	
33 Total RSF				
34 Net Stable Funding Ratio (%)				

c. Maximum Cumulative Outflow (MCO)

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

For assessing liquidity adequacy, liquidity profiles are forecast 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 that sufficient cash can be generated from a 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 forecast in assessing liquidity adequacy. The scenarios used for liquidity risk management are:

			December 2021				
		Total Weighted Value	Outstanding Value Based on Remaining Period (in Million Rp)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year ≥ 1 year	
		1,601,655					1,566,305
	-	1,313,082	2,979,223	-	-	-	1,489,612
	39,953,162	74,212,081	-	65,010,417	23,622,150	41,483,130	75,168,561
	-	-	-	-	-	-	-
	4,309,628	6,682,447	-	6,433,028	2,383,299	4,350,359	6,506,963
	27,988,808	61,089,684	-	57,343,585	19,589,540	30,097,197	62,395,026
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	5,699,123	4,094,034	-	390,957	400,998	5,776,118	4,150,454
	1,955,603	2,345,916	-	842,847	1,248,314	1,259,456	2,116,118
	-	-	-	-	-	-	-
	9,185,421	15,872,561	511,050	7,849,086	79,189	6,528,166	14,808,934
		-	-				-
	-	-		-	-	-	-
	-	60,406		-	478	-	478
	13,747	59,165		11,886	33,815	9,623	55,324
	9,171,674	15,752,990	511,050	7,837,200	44,896	6,518,543	14,753,132
	449,962	228,132		68,628,718	2,608,603	322,262	227,588
		93,227,512					93,260,999
		140.58%					140.68%



- 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 funding providers (LFP). In general, this monitoring aims to limit dependence on certain funding providers, which could cause problems with Danamon's liquidity position in the event of large withdrawals of funds.

TABLE 25. ENCUMBRANCE (ENC)

31 December 2021
(in Million Rp)

Description	Encumbered Assets	Assets held or agreed with the central bank but not yet used to generate liquidity	Unencumbered Assets	Total
Cash and Cash Equivalent	-	-	2,635,029	2,635,029
Part of the placement with Bank Indonesia that can be withdrawn during stress	-	3,060,014	9,860,600	12,920,614
Securities issued by the Central Government and Bank Indonesia in rupiah and foreign currencies	-	5,868,674	28,168,543	34,037,217
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	-	-	196,685	196,685
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	-	-	41,148	41,148

Qualitative Analysis

At the end of December 2021, the Bank 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 Rupiah and foreign currency statutory reserves of IDR 3.06 Tn and the Macroprudential Liquidity Buffer (PLM) of IDR 5.87 Tn.

Overall, the Bank has assets that qualify as HQLA of IDR 49.83 Tn, 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 a liquidity crisis, Danamon maintains a Contingency Funding Plan (CFP), which formally establishes strategies to face a liquidity crisis and procedures to compensate for cash-flow deficits during emergency situations. A CFP should comprehensively describe contingency management strategies, escalation procedures, and responsibilities for addressing liquidity stress.

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

Internal Indicators	Market Indicators
<ul style="list-style-type: none"> • <i>Rasio Intermediasi Makroprudensial</i> • Liquidity Coverage Rasio • Stress Test Maximum Cumulative Outflow 	<ul style="list-style-type: none"> • Rupiah exchange rate against the US dollar • Inflation rate • Trade Balance • Credit Rating • Rate of return of Government Bonds

4. Operational Risk

The definition of operational risk was established in OJK Regulation No. 18/POJK.03/2016. Operational risk is a loss arising from the inadequacy or failure of internal processes, human error, system failure, or a problem caused by an external event, which affect the Bank's operational activities.

Danamon's approach to operational risk management is to define the best mitigation strategy to get an optimum balance between operational risk exposure and the 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 that are being consistently applied are:

a. Three Lines of Defense

In the implementation of the ORM framework, the Three Lines of Defense concept is applied, with the following descriptions:

- Lines of business and supporting units as the executors 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 the day-to-day execution of operational risk management. They are responsible for identifying, managing, mitigating, and reporting on Operational Risk.
- The ORM division together with the Information Risk Management (IRM) Division, the Regulatory Compliance Division, and the Legal Division serve as the second line of defense responsible for overseeing operational risk management in Danamon.
- The ORM division is responsible for designing, defining, developing, and maintaining an overall operational risk framework, monitoring the implementation of the framework by the RTU, ensuring adequate control over policies and procedures, and acting as coordinator/facilitator for effective operational risk management activities.

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

b. Operational Risk Management

The operational risk management framework of Danamon and subsidiary is implemented in an integrated fashion, the process of which consists of identifying, assessing/measuring, monitoring, and 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 to ensure adequate preventive control over all processes.
2. Risk assessment at the operating unit level is supported by the Risk/Loss Event Database (R/LED), Self-Raise, Risk Control Self-Assessment (RCSA), and Key Risk Indicators (KRI) to assess Danamon's risk profile quantitatively and to identify the effectiveness of operational risk management.

The measurement of operational risk uses the Basic Indicator Approach based on OJK Circular Letter No. 24/SEOJK.03/2016. Based on this circular letter, the capital cost of operational risk was 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 26. QUANTITATIVE EXPOSURE OF OPERATIONAL RISKS - BANK STAND ALONE**

(in Million Rp)

No.	Indicator Approach	31 December 2021			31 December 2020		
		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	11,638,814	1,745,822	21,822,776	12,015,845	1,802,377	22,529,710

TABLE 32. QUANTITATIVE EXPOSURE OF OPERATIONAL RISKS-CONSOLIDATED

(in Million Rp)

No.	Indicator Approach	31 December 2021			31 December 2020		
		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	18,230,245	2,734,537	34,181,709	18,407,408	2,761,111	34,513,889

3. Operational risk is monitored through periodic reports to management by the Risk Management Committee to identify emerging issues related to weaknesses or failures in the implementation of control functions.

As part of 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 of 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 the Risk/Loss Event Database, Self-Raise, Risk Control Self-Assessment, and Key Risk Indicators used to identify operational risk and take preventive measures.
- In addition, one of the primary

mitigations for operational risks is the implementation of coordinated and comprehensive insurance through maximum insurance policy coverage of Danamon's operational risk exposure.

4. Risk controlling is conducted by 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 an optimum balance between operational risk exposures, effectiveness of control mechanisms, insurance coverage, premium expenses, and Danamon's risk appetite.

One controlling function is the implementation of Quality Assurance/Internal Control for each unit of Danamon, which refers to the general practices in the industry (COSO), application of quantitative measurements, Bank-wide control effectiveness, and 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 real-time online tool.

The ORMS strengthens the capture, analysis, and reporting of operational risk data by enabling risk identification, assessment/measurement, monitoring, and 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, training media has been produced in the form of e-learning. This e-learning has been, and still is, implemented for all employees and management of Danamon.

d. Technology Risk Management

The risk brought by the extensive use of Information Technology systems to support the business processes is identified as a subset of the operational risk under the Enterprise Risk Management framework.

As such, in managing the technology related risk, in general, the implementation refers to the bank-wide agreed process related to the risk management cycle, which is governed by the Operational Risk Management Policy, including:

- Risk identification, which is used to identify and analyse inherent risks in the use of information technology to support any new products, services, and processes, as well as to ensure adequate preventive controls over all processes.
- Risk assessment at the information technology operating unit level, which is supported by the Risk/Loss Event Database (R/LED), Risk Control Self-Assessment (RCSA), and Key Risk Indicators (KRI), to assess the Bank's risk profile related to information technology.

Nevertheless, specific implementation of risk management related to information technology refers to the frameworks under the Information Technology Risk Management Policy, which was developed in 2020.

e. Information Security Management

Information Security is a set of policies and a framework or guideline aimed at protecting 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 Danamon's information.

The Information Security Policy was developed by adopting the international standards that regulate Information Security, i.e. ISO 27001. Additionally, it also takes local laws and regulations into consideration.

The key successes of implementing the aspects of Information Security as governed by the Information Security Policy are the awareness, culture, commitment, and collective efforts of all functions in Danamon, starting from the employee level up to the senior management level.

To increase the awareness level of Information Security, as mentioned above, we have performed the following:

- Development of educational material as part of e-learning for all Danamon employees.
- Delivering a sharing session to lines of business and/or support functions that need it.
- Providing 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 Technology Risk Management Unit in performing the risk assessment, from the Information Security perspective, of the Bank's products and services, which is supported by Information Technology. The role of the Information Security Management Unit in this activity is to identify vulnerabilities and threats to the information used by the Bank to achieve its business objectives, and to provide guidance on the necessary measures to mitigate the risks identified, if any, based on the value arising from the classification of such information.

f. Change Risk Management

Change risk management employs the approach to risk management aspect that provides assistance and support to transformation project team members in order to manage the risks arising from change in the organization. This covers identification, assessment, measurement, mitigation, and monitoring of risks, starting from planning, preparation, development, and implementation all the way to the post-implementation stage. These changes may include changes in processes, policies, technology, and organizational or regulatory requirements.

The implementation of change risk management focuses on bank-wide strategic or transformation projects.

g. Business Continuity Management (BCM)

BCM was developed to improve Danamon's resilience and establish preventive measures to respond to all incidents that may disrupt the continuity of Danamon and subsidiary's 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 Danamon's resilience. Management and implementation of BCM in Danamon are not only focused on handling disturbances like a natural disasters, but they also focus on and cover disorder that might threaten the strategic plans of Danamon's operations.

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

Anticipation of COVID-19 Pandemic

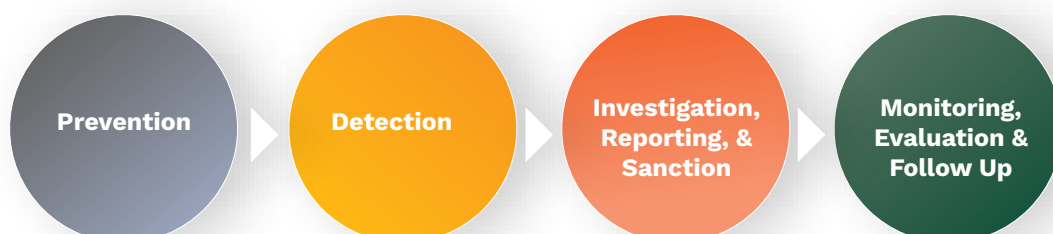
Danamon anticipated COVID-19 by activating BCP sites in several locations and separating employees into critical/ non-critical units to ensure business continuity, and enhance employee awareness through internal campaigns regarding COVID-19 and prevention, rapid tests, etc.

The above implementation is organized by Crisis Command Center (CCC) under the Director's direction.

e. Fraud

Danamon mitigates and manages risks arising from fraud based on the framework of the anti-fraud strategy as set forth in the "Fraud Management Policy and Framework", which has been implemented nationally in Danamon and subsidiary. These policies and strategies are in line with POJK No. 39/POJK.03/2019 regarding the implementation of anti-fraud strategies for commercial banks, which Danamon has reported to the OJK every half year.

Danamon has consistently implemented the four pillars of the fraud control strategies, which consist of prevention, detection, investigation, reporting and 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 of the effectiveness of internal controls, active supervision by management, and the development of a culture of, and concern for, anti-fraud across all levels of Danamon's organization.

5. Legal Risk

Legal risk is risk due to lawsuits and/or weaknesses of juridical aspects. Legal risk arises, in among other ways, because of an absence of supporting statutory regulations, or because of weaknesses in contract execution caused by the failure to fulfil elements of contracts and the imperfect execution of collateral documents, as well as the existence of a litigation process (lawsuit or police report) that results from the activities of Danamon and subsidiary. In the Risk Management Framework that refers to applicable regulations, legal risk is one of the important aspects that essentially aims to anticipate risks occurring in the 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 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 the 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 Mortgages 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 by changes in the applicable laws, adapted to the regulations of the Financial Services Authority (OJK) and its implementation regulations in accordance with 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 are required to identify and analyse the



factors that can lead to the occurrence of legal risk in the business lines, products, processes, and information technology that has an impact on Danamon's financial position and reputation. Identification of risk also includes legal risk assessments arising from operational activities/products/agreements, and inherent risks with the purpose of:

- Protecting the interest of the Bank and/or its subsidiaries, individually or consolidated, and
- Having legal rights that can be implemented according to prevailing regulations.

In assessing the 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 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 a Legal Term Framework and Standard Operation Procedure (SOP) for Legal Risk Management Implementation, which regulates the identification and mapping of legal risks, including the mitigation 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 in Danamon's or subsidiary's 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 the monitoring of legal risk is expected to be consistent, with the active participation of all concerned parties. Through joint efforts with the Legal Division and Litigation Division as the divisions in charge, the existing risks are expected not to exceed the risk appetite determined by the management of Danamon, and to decrease the risk rating of existing legal cases. To ensure 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 caused by inadequate strategy establishment and implementation.

a. Strategic Risk Management Organization

The Strategic Risk Unit plays a role in managing strategic risk and is under the active supervision of the Board of Commissioners and Board of Directors. Danamon's Strategic Risk working unit covers all lines of business and support functions that work closely with Corporate Planning and the Investor Relations Division from the CFO Directorate to analyse 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 Danamon's business plan for Danamon itself and for subsidiary, while the Board of Directors is responsible for:

- Developing a strategic business plan for Danamon and subsidiary.
- Ensuring that the strategic objectives are in line with Danamon's and subsidiary's missions, visions, cultures, business directions, and risk tolerances.
- Approving changes in the strategic plans and periodically assessing their suitability.
- Ensuring that conditions, managerial competence, and systems and control mechanisms in Danamon and subsidiary are adequate for supporting the implementation of the set strategy.
- Monitoring the development of internal and external environments that affect Danamon's and subsidiary's business strategies.
- Establishing working units that are responsible for 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 and the quality of strategic risk management. The parameters used for assessing inherent strategic risk are as follows:

- The impact of external risk factors, including macroeconomic conditions, regulations, technology, target customers, competition, and Danamon and subsidiary's positions in the banking/financial services industry.
- The impact of internal risk factors, including the alignment of business strategies, business models, strategy focus, effective organizational structures, adequacy and quality of human resources, technology, and operational efficiency.
- Strategy implementation monitoring, including the results of successful implementation of strategic risk, strategic projects, and the impact of strategic decisions.

Furthermore, several factors are considered to assess the quality of strategic risk management:

- Risk Governance, including risk preference, risk tolerance, and active supervision by the Board of Commissioners and Board of Directors.
- Risk management framework, including the adequacy of organizational structure, 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 systems, including the adequacy of internal control systems, and the adequacy of reviews by independent parties in Danamon and subsidiary.

c. Inherent Strategic Risk

Danamon and subsidiary have managed inherent strategic risk well. In principle, Danamon and subsidiary have a clear and well-defined vision and mission with clear and measurable achievement steps. Danamon aims to be the leading financial institution in Indonesia, as well as a customer-centric organization, serving all segments with unique value propositions, as well as sales and service excellence supported by the latest technology.

Danamon and subsidiary anticipate more intensified competitive and diverse business competition by providing maximum service to existing customers and potential new customers. Digital banking services continue to be developed to provide transaction convenience and better services to increase customer satisfaction.

Global economic indicators show that economic recovery continued in 2021, supported by a massive and ongoing vaccination program. The improvement in economic activity during the first half of this year was hampered by the numerous cases of the delta variant in July 2021 and this put pressure on domestic economic activity. However, the situation was managed well, resulting in a gradual decline in daily cases. The Bank will continue to be selective and prudent in providing loans. The Bank will maintain asset quality and expect a lower cost of credit in the coming year.

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



Despite improvements, economic factors will still impact the achievement of the Bank's strategic plan. Hence, Danamon and subsidiary continue to monitor several important indicators, such as the inflation rate, Bank Indonesia rate, and fluctuations in the Rupiah exchange rate. Danamon and subsidiary are actively adjusting a number of their activities, such as lending, and improving operational cost efficiency within the current business environment.

Competition in customer service resulted in competition among companies to acquire qualified Human Capital. Danamon and subsidiary prioritize the capacity and quality of human resources. Danamon and subsidiary always strive to improve employee and leadership capabilities through various training and development programs designed to improve professional skills in their fields as well as managerial and leadership abilities. By participating in these training sessions and developments, employees are expected to adapt to new challenges and contribute optimally to carry out Danamon's strategy and achieve the organization's expectations.

Additionally, Danamon and subsidiary continue to improve the performance-appraisal mechanism to boost employee performances and to provide appropriate rewards for good performance. Danamon and subsidiary also optimize the use of an HR management information system through continuous improvements and developments. This provides a reference for management to set employee management strategies and policies.

Danamon and subsidiary also monitor the development of conditions and the availability of medical treatment (including vaccines and medicines) to reduce the risk of COVID-19 infection among employees and their families. Danamon and subsidiary support government programs and participate in mutual cooperation vaccinations ("Vaksinasi Gotong Royong") that have been carried out among employees. In 2021, Danamon administered vaccinations to more than 97% of its employees, including both permanent and non-permanent employees. Employees who have not received vaccinations are those with special conditions such as comorbidity or having recently recovered from COVID-19. In addition, Danamon also carries out vaccinations on employees'

families and the community and has vaccinated more than 15,000 people from these groups. As part of the 2022 work plan, Danamon will carry out a third/booster vaccination in accordance with the directives and requirements of the Government.

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

d. Strategic Risk Management Implementation Quality

The implementation of risk management has been accomplished with a satisfactory rating. Nevertheless, Danamon and 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 the 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 the dynamic business environment.

7. Compliance Risk

Compliance risk is the risk that arises as a result of Danamon not complying with and/or not implementing the provisions of laws and regulations, including the Sharia Principles for sharia commercial banks and sharia business units.

Compliance risk in general can result from, among other things, (i) legal behaviour, namely the behaviour or activities of Danamon that deviate from or violate the provisions and/or laws and regulations, and (ii) organizational behaviour, namely the behaviour or activities of Danamon that deviate from or conflict with generally accepted standards.

Implementation of Risk Management for Compliance Risk is carried out to ensure that the Risk Management process can minimize the possible negative impacts of Bank behaviour that deviates from or violates generally accepted standards, provisions, and/or laws and regulations as early as possible.

Implementation of Risk Management for Compliance Risk is adjusted to the size and complexity of the Bank's business.

In implementing risk management, Danamon not only monitors its compliance risk individually but also its compliance risk in a consolidated manner with subsidiary. With the appointment of Danamon as the main entity of the MUFG financial conglomerate, Danamon also monitors compliance risk in an integrated manner within MUFG Financial Conglomeration.

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, the Bank established the necessary committees, including a Risk Oversight Committee at the Board of Commissioners level and a 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 for compliance risk management. The Board of Directors plays an active role in nurturing and realizing the implementation of a compliance culture at all levels of the organization and in all business activities of Danamon. The Board of Directors ensures the implementation of a compliance function and establishes the Compliance Working Unit.

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

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 the business activities undertaken by the Bank, 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. It also ensures the Danamon's compliance with commitments made by the Bank to the Financial Services Authority and/or other authorized supervisory authorities.

In carrying out his or her duties and responsibilities, the Compliance Director is supported by the Compliance Working Unit. The Compliance Working Unit consists of the Regulatory Compliance and Advisory Division and the Regulatory Compliance and Assurance Division, which are independent units and are responsible to the Compliance Director. The Bank's Compliance Unit also performs the functions of the Integrated Compliance Working Unit in the financial conglomeration.

b. Policies and Strategies of Compliance Risk Management

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

The compliance risk management strategy is implemented through the 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 is conducted through a process of risk identification, measurement, monitoring, and control. The process of identifying and measuring compliance risk is done through the assessment of Bank's policies, products, activities, funds provisioning and raising, and other business activities.

This process is carried out to detect potential non-compliance with applicable laws and regulations, prudential principles, and sound business ethics standards. Compliance risk monitoring and control are conducted based on a compliance review of



the Bank's policies and activities, as well as on the fulfilment of the Bank's commitments to the Financial Services Authority/Bank Indonesia/other authorized supervisory authorities, including the fulfilment of prudential principles of the Bank and subsidiary.

8. Reputation Risk

Reputation risk is defined as the risk associated with an adverse negative perception of a bank, triggered by 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

Danamon's reputation risk is managed by the Corporate Secretary Working Unit, which coordinates with units that handle customer complaints, finance units, treasury units, and units that handle corporate communications.

Consolidated reputation risk is managed through collaboration with the risk teams from the subsidiary.

b. Policy and Mechanism of Reputation Risk Management

The policy and mechanism of reputation risk management refer to regulations 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,

appropriate procedures, utilization of improved information systems, and continuous improvement of the quality of human resources.

c. Risk Management During Crisis

Danamon already has policies and procedures for handling risk reputation management in a crisis.

9. Investment Risk

Investment Risk (Equity Investment Risk) arises because the Bank also bears the loss of customer business financed under a profit-loss sharing basis agreement (for example *mudharabah*, *musyarakah*, *musyarakah mutanaqishah*, or *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 profits 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 wilful 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 profits will be shared based on an agreement, while any loss will be borne by all parties, according to the respective funding proportions.

Musyarakah mutanaqishah or *MMQ* is *musyarakah* or *syirkah*, where the ownership of assets (goods) or capital of one syarik (bank) is reduced because of 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 that both of the risks arise from financing activities.

Danamon's Syariah Business Unit (UUS) has a working unit responsible for analysing reports containing actual the realization with the business targets. Danamon

maintains adequate infrastructure to monitor the business performance and operations of those financed by the Bank, or who are regarded as partners.

Investment Risk Mitigation

The periodic monitoring of risks taken in accordance with risk appetite and business performance remains within the desired limits.

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

10. Rate of Return Risk

Rate of Return Risk arises from changes in the level of return rates 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 behaviour 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.

Rate of Return Risk Mitigation

Monitor the returns of the Bank every month compared with the returns of other banks and maintain the composition of the source of funding from third-party funds with low yields.

IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

The MUFG Group financial conglomerate consists of Danamon as the main entity with subsidiaries and sister companies as members. The following describes the structure of the MUFG Group:

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. Cabang Jakarta ("MUFG Jakarta")	Sister Company (Horizontal relationship)
Entity Member	PT U Finance Indonesia ("UFI") ¹	Sister Company (Horizontal relationship)
Entity Member	PT Adira Quantum Multifinance ("AQM") ²	Subsidiary (Vertical relationship)

¹ In Q3 2021, there was a change by which MUFG was no longer listed as a shareholder of UFI. The change in UFI's shareholders was approved by the Regulator in Q4 2021. The Main Entity submitted a letter of change of the MUFG Group financial conglomerate to the Regulator in December 2021 and is currently waiting for the Regulator to record the change.

² In process of liquidation settlement.

Danamon has the Integrated Risk Management Policy of the MUFG Group financial conglomeration, which is the main policy in the implementation of integrated risk management as regulated by OJK regulation. In 2021, a review of this policy was done.

INTEGRATED RISK MANAGEMENT COMMITTEE

For the financial conglomeration, Danamon, as the Main Entity, has established an Integrated Risk Management Committee. The Integrated Risk Management Committee of the MUFG Group consists of Danamon's Integrated Risk Director as the chairman, Danamon's Compliance Director, Danamon's Credit Director, and Directors who represent subsidiaries and sister companies and related Executive Officers as nominated members. The main role of this committee is to evaluate and provide recommendations to Danamon's Board of Directors as the 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 assessment of key risks in the entities and across entities within the 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, adjustments have been done to the 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 regulations.



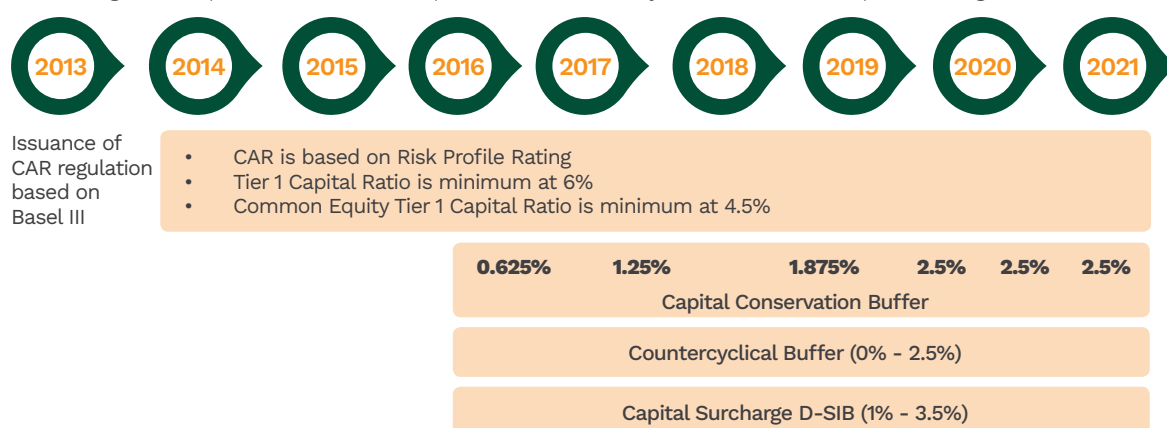
Danamon, its subsidiaries, and sister companies incorporated in the financial conglomeration are committed to controlling the intra-group transactions that may cause risk to the financial conglomeration. Risk control is performed on the monitoring results of intra-group transactions between the entities in the financial conglomeration. Intra-group transactions between entities in the financial conglomeration are monitored using the Management Information System that is available in each entity within the financial conglomeration.

Danamon has implemented assessment of the risk profiles of intra-group transactions for the financial conglomeration that is integrated with its subsidiaries and sister companies. The reporting of intra-group transaction risk management is prepared comprehensively and periodically for the management and regulators to monitor, assess, and evaluate the risks continuously.

BASEL III IMPLEMENTATION

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

The following are the phases of Basel III implementation, in conjunction with the capital management:



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

- Capital Conservation Buffer**, is additional capital that serves as a buffer in the event of a loss during crisis conditions, which is implemented in stages as follows:
 - 1 January 2016: 0.625% of RWA
 - 1 January 2017: 1.25% of RWA
 - 1 January 2018: 1.875% of RWA
 - 1 January 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, the Bank is allowed to not fulfil the Capital Conservation Buffer of 2.5% of RWA until March 2022.

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

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

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

Capital Surcharge only applies to those banks categorized as Systemic Banks, providing an additional buffer of 1% to 3.5% of RWA, depending on the OJK's decision.

Based on an OJK letter to Danamon dated 7 October 2020, Danamon was designated as a Systemic Bank classified in 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 a 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 issued 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, the Net Stable Funding Ratio (NSFR), as a complement to liquidity risk management, as well as a leverage ratio as a complement to capital ratios. The introduction of a leverage ratio is the backstop of the capital ratio, according to the risk profile, to prevent the occurrence of a deleveraging process that 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 was effective as of January 2018, with a minimum ratio of 100%. The aspects of the NSFR related to calculation,

implementation period, reporting, publication, and others refer to the above POJK.

As part of the Basel III implementation framework, Danamon has implemented the management of interest rate risk in the banking book as regulated by the 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 a corporation is prepared to take/tolerate in the pursuit of its business objectives. The objective of setting a Risk Appetite is not to limit risk-taking but to establish transparency and ensure that the risk profile is aligned with its business strategy.

Danamon has set its Group and Management Risk Appetite with approval from the Boards of Commissioners and Directors, including cascading the Risk Appetite into the Lines of Business and the subsidiary level. Danamon has also reviewed the parameters and threshold of its Risk Appetite to ensure its alignment with internal and external conditions, management expectations, and prevailing regulatory provisions.

The determination of the various parameters of Risk Appetite is based on various risks that are deemed material for Danamon, which cover 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 the effectiveness of Risk Appetite management, Danamon also has a Risk Appetite Statements Policy that outlines the duties and responsibilities of each party in managing Risk Appetite, and also governs the process of defining, reviewing, and monitoring, including the escalation of breaches of Risk Appetite.



RECOVERY PLAN

Following the recent financial crisis, regulations have been put in place globally requiring systemic financial institutions to develop recovery and resolution plans. In April 2017, the Financial Service Authority (OJK) issued a regulatory requirement, No. 14/POJK/2017 for Systemic Banks in Indonesia to develop, review, and implement a Recovery Plan. The Recovery Plan was established to ensure that Systemic Banks have established credible and feasible recovery options to survive a range of severe but plausible stress scenarios.

As one of the Systemic Banks in Indonesia, Danamon reviewed the Recovery Plan in 2021 that complies with the applicable regulations. An update of the Recovery Plan has been approved by the President Director and President Commissioner and has been submitted to the OJK.

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 the lines of business and subsidiary, including the office networks of Danamon. The result of this assessment will be used by Danamon as a reference for determining which lines of business, subsidiary, and office networks need to be maintained when financial stress conditions occur.

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

2. Recovery Option

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

In 2021, Danamon made revisions to several triggers of its Recovery Plan in line with 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 Danamon, namely capital, liquidity, asset quality, and profitability, and will form the basis of its Recovery Plan and the strategy for Danamon under stressed conditions.

3. Disclosure of Recovery Plan

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

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

The Recovery Plan Policy also regulates processes as well as the duties and responsibilities of each party in the process of developing, monitoring, and implementing the Recovery Plan. Danamon monitors Recovery Plan indicators on a monthly basis and will report them to the Board of Directors through the Risk Management Committee if there are indicators that have violated or may potentially violate the "Recovery" or "Corrective" phases.

SUSTAINABLE FINANCE

Danamon recognises that the realisation of the sustainable development of the national economic system that prioritizes harmony between all economic, social, and environmental aspects, and to address global environmental issues, are the responsibility of all human beings. Therefore, Danamon aims to contribute to realizing it, among other ways by reducing negative environmental and social impacts that can be raised from our business and operational activities, actively working to find solutions to global environmental issues through its business activities, and complying 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 Institutions, Issuers, and Public Companies issued in 2017, Danamon implemented Sustainable Finance starting on 1 January 2019.

Detailed information can be seen in the Sustainability Report.

RISK MANAGEMENT ACTIVITY PLAN IN 2022

In 2022, Indonesia's economy is projected to grow higher at the range of 4.5 to 5.5%. The engines of growth will gradually shift from 2021's external demand to domestic demand. Economic recovery will be followed by less-accommodative fiscal and monetary policies to prevent overheated inflation.

However, the economic recovery will depend on how COVID-19 evolves. If the emergence of new variants threatens the health situation, authorities will tighten the mobility restrictions that eventually affect economic recovery. Thus, uncertainty remains high.

The following are some challenges that will possibly exist in 2022:

- New COVID-19 mutations may keep emerging and provide uncertainties over mobility restriction measures. Therefore, the development of new COVID-19 variants will remain the main source of risk.
- An upward trend of global inflation could drive domestic input costs higher. Domestic inflation is expected to increase significantly should domestic recovery be sustained, in order to maintain business margins. We expect inflation to accelerate towards Bank Indonesia's upper bound target of 4%. In response to this, BI will begin monetary policy tightening by absorbing liquidity through monetary operations and the reserve requirement ratio first, followed by a policy rate hike.
- Loans at risk could rise should the pandemic persist. Sluggish demand recovery caused by the pandemic could negatively affect aggregate income. Therefore, purchasing power and debt service coverage will weaken. Meanwhile, the OJK will end the credit restructuring program in March 2022.
- The commodity price mix poses risks to economic performance next year. In 2021, the movement of commodity prices helped economic performance as exported commodity prices increased higher than imported commodities. If the new variant causes imported commodity prices to rise more than exported commodities, it will widen the current account deficit and eventually affect the rupiah's resilience.
- Exchange rates would tend to depreciate from 2021's year-end position. The depreciation trend is in line with the emergence of a new variant of COVID-19, which could hinder foreign inflows to emerging markets. On top of that, should the tapering off of



the U.S. Federal Reserve's asset purchase program continue, it could be one of the factors that will pressurize the rupiah.

Anticipating these external conditions, Danamon has conducted and will perform a range of initiatives in terms of risk management in 2022, including:

1. Risk Management in General

- a. Improve risk monitoring and control in the implementation of individual, consolidated, and integrated risk management.
- b. Conduct a comprehensive review of the individual, consolidated, and integrated 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 awareness of the importance of the Risk Culture in Danamon.
- e. Implement the activities related to Sustainable Finance as written in the Sustainable Finance Action Plan that has been submitted to the OJK.
- f. Implement the ICAAP framework.
- g. Conduct bank-wide stress testing at least once a year, or more frequently if there are changes in the industrial and economic sectors and when requested by the regulator.
- h. Conduct COVID-19 stress tests to measure the resiliency of the Bank's capital.
- i. Perform regular monitoring and reviews of the Risk Appetite Statement threshold and Danamon's Recovery Plan triggers.

2. Credit Risk Management

- a. Review the credit policies periodically.
- b. Monitor the credit portfolios of all business lines and subsidiaries regularly, comparing the actual performances against targets, and inform management if there is any indication of worsening portfolio performances.
- c. Update the policy regarding COVID-19 stimulus as per prevailing regulations.
- d. Perform close monitoring of the performance

of COVID-19 restructuring portfolios and build sufficient provisions accordingly.

- e. Monitor the Credit Risk Internal Rating Model and scorecard system for all lines of business on a regular basis.
- f. Use the 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. Periodically monitor and gradually review the PSAK 71/IFRS 9 calculations.
- j. Monitor the Internal Ratings for the Corporate, Commercial, FI, and Finco rating systems.
- 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 subsidiary.
- b. The application of an anti-fraud strategy is continuously improved and adapted to the latest developments and fraud trends, including the application of systems and technology as supports for detection pillars and pillars of reporting and sanctions, covering credit and non-credit cases.
- c. Develop a new fraud system for detecting fraud transactions (Predator System) and enlarge detection system implementation in account-opening fraud (Instinct System).
- d. Improve the fraud risk assessment method as part of the fraud risk control improvements.
- e. Risk identification conducted through the implementation of risk identification and risk assessment of existing products, processes, and systems, as well as new systems, to determine the inherent risks and the mitigation actions 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 subsidiary.
 - h. Asset and financial insurance (i.e. BBB [Bankers Blanket Bonds], money insurance, property risks, earthquakes, and Electronic Equipment Insurance), as one of the most important forms of operational risk mitigation, has been coordinated by the insurance coordinator within the ORM Fraud and QA Division.
 - i. ORM workshops and dissemination to the RTUs and training (Risk School and E-Learning) for new employees are continuously implemented to ensure continuity and operational risk awareness level uniformity and risk culture recognition in Danamon.
In addition, the Change Risk Division supports learning activities by providing training and socialization related to the proper governance of project management, as well as associated risks (end-to-end risk assessments) related to Change Risk and the transformation project.
 - j. The development of systems and processes to perform cyber-risk assessment by modelling the application so that the Bank can anticipate and close any potential vulnerability at an early stage of the application development cycle.
 - k. Develop and implement procedures and guidelines to respond the cyber security incidents.
 - l. Update the Business Continuity Management (BCM) policy according to the latest conditions.
 - m. Rectify the escalation and self-raise issue campaign to ensure Danamon employees proactively identify risks and conduct necessary corrective actions prior to any operational risk incident.
 - n. Conduct sharing sessions through webinars, the Risk Academy, and online training for all Bank employees to increase the awareness of Information Security and the risks related to the use of technology in general.
 - o. Continue the initiative related to information security risk assessment for vendors/third parties, which process the Bank's sensitive data that belongs under the confidential/strictly confidential classification.
- 4. Market Risk and Liquidity 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 a liquidity-stress condition.
 - b. Prepare for the implementation of revisions to the Minimum Capital Adequacy Requirement for Market Risk in compliance with OJK regulations.
 - c. Participate in the development of necessary infrastructure to support new Treasury products and activities, and the implementation of a new Treasury System.
 - d. Develop the infrastructure of the ALM System to support dynamic Balance Sheet simulations.
 - e. Maintain continuous enhancement and regular reviews and validation of market and liquidity risk measurement methodologies.



HUMAN CAPITAL MANAGEMENT

In accordance with the Human Capital Management Road Map, in 2021 a series of initiatives have been implemented in order to improve employee capabilities. This is done to support the acceleration of the formation of employee capabilities to suit future work or business models. In order to support the improvement of employee capabilities so that they are in line with future skills, several focuses have been carried out, including encouraging a learning culture by expanding knowledge and skills, as well as preparing a digital learning platform for all training materials, both mandatory and non-mandatory, internal and external (training providers for certification and others) also build digital libraries to encourage a higher learning climate for employees and the principle that learning can be done anywhere and anytime without being limited by a certain place and time. Danamon also continues to intensively encourage employee capability improvement with Up Skilling and Re Skilling to suit future needs.

In order to be in line with Danamon's aspirations and also in accordance with the aspirations of Human Capital Management, namely better employee experience, the Human Capital Management Team continues to promote the company to external with the new Employee Value Proposition (EVP) in order to attract talent from outside and also increase employees' pride, which can be seen from employee engagement with a score of 92.

On the other hand, as the impact of COVID-19 pandemic, Danamon continues to maintain its main priority, namely health and safety and employee productivity. Various efforts were made, such as tracing, tracking and also intensive treatment of employees, to ensure that the employees and their families are in good condition. Besides to increase the immunity of employees, Danamon continues to encourage employees and their families, as well as other non-employees within Danamon to get vaccinations, which currently has reached +/- 98.0%.

The year 2021 was still marked by the continuation of the COVID-19 pandemic, however on the other hand, office activities have begun to increase even though there are still some restrictions, which require proper arrangements to manage working models as well as the employees so that their safety and health are maintained. Danamon continued its efforts, focusing on employee health and safety, operational continuity, and business continuity. This focus was realized in the form of the 3T activities (Tracing, Tracking, and Treatment), the adoption of the new 5M behaviour, and encourage the improvement of community immunity through vaccinations.

Danamon successfully carried out the vaccination of more than 98% of its employees. The remaining 2% of employees who have not been vaccinated are those who have certain comorbid diseases that must be medically

treated with caution. This activity was carried out in collaboration with various relevant agencies, using two available vaccination routes, namely the Government Vaccine Program (Vaksin Program Pemerintah/VPP), and the Mutual Cooperation Vaccine (Vaksin Gotong Royong/VGR).

The vaccinations are not only for employees. Danamon also vaccinates families and other individuals in the employees' environment. Furthermore, Danamon also organizes vaccinations for special communities, such as market communities and societies in the neighborhood.

Overall, in 2021 Danamon carried out vaccinations for more than 20,000 people in all of its operational areas.

In 2021, Danamon also measured the level of employee satisfaction with the Employee Engagement Survey

(EES) and received an engagement score of 92%. This score is considered one of the highest in the Indonesian banking industry. Further investigation found that one of the factors supporting this score was the continuous effort taken to manage the pandemic in ways that were very helpful for employees and their families.

Human Capital Management Vision and Mission

One of the Danamon's missions is to become the employer of choice, and to support that mission, Danamon Human Capital Management has aspirations: better employee experience, developing future capabilities & dynamic organization to increase productivity and evolving high performance culture, by undertaking various efforts to provide a better employee experience. To that end, it formulated the values offered to its employees, the Employee Value Proposition (EVP), which consists of four pillars:

1. *Global Exposure.* By being part of MUFG as one of the largest banking business groups in the world, Danamon provides opportunities for its employees to gain experience working in other countries within the MUFG business group.
2. *Rise to Excellence.* Danamon encourages employees to continuously strive to improve performance. Thus, as an organization, Danamon will be able to

create a high-performing organization.

3. *Own Your Future.* Danamon is positioned to provide various opportunities for self-development and career development for employees and the flexibility for employees to aspire to and take opportunities for self-development in accordance with their aspirations and potential.
4. *Wellness and Wellbeing.* Danamon adopts a balanced approach between improving performance and personal wellbeing of employees.

Another perspective taken by Danamon is to continue employee development efforts in line with the formulated future capabilities/skills. Danamon believes that in order to win against the business competition arising from the changing times that are driven by rapid technological developments, it is very important for Danamon to develop the capabilities and skills of employees.

Furthermore, Danamon has prepared initiatives aimed at building a high-performance organization. This will be done through various efforts to improve business processes, and to build a better performance management system.

Danamon's complete HR management strategy plan is as follows:

2022-2023		
Better Employee Experience	Developing future capabilities & dynamic organization to increase productivity	Developing future capabilities & dynamic organization to increase productivity
<ul style="list-style-type: none"> • Employer Branding. This effort is aimed at building Danamon's position through various activities in the media as one of the organizations in which to work, which is the main choice for talent. 	<ul style="list-style-type: none"> • Capacity Building. Build skills relevant to future business challenges, which are dominated by technology development, where competitiveness is determined by the ability to adopt technology for business purposes. 	<ul style="list-style-type: none"> • Performance Management System. Improve the implementation of better performance management and apply the principles of Objective Key Result (OKR).



2022-2023		
<ul style="list-style-type: none"> • Digital platform. Changes in the HR management information system platform were made to provide a better experience and make business processes easier for employees. Including improving the online learning system that makes it easier for employees to be able to learn independently. 	<ul style="list-style-type: none"> • Talent Management. Building a talent pool, ensuring the readiness of talent to take on a wider role, and optimizing the assignment of talents abroad in the MUFG business group. • Competitive Compensation. This is done by building self-managing benefits for employees. 	<ul style="list-style-type: none"> • Agile way of working. Building an adaptive organization is carried out through the application of cross-cutting work teams for various main projects/initiatives carried out by Danamon. In addition, in connection with the anticipation of work restrictions related to the pandemic, Danamon has developed procedures and system readiness that allows employees who make critical transactions to be able to carry out their work from home. The change in working patterns is implemented by still monitoring the employees' work productivity.

HC Management Policy

Human Capital consistently strives for alignment between Human Capital Policies and business developments, as well as other internal policies and prevailing laws and regulations.

The latest update of the Human Capital Policy and Operational Guideline was published in 2nd Quarter 2021.

The reforms include alignment to the Job Creation Law, POJK/SEOJK (APOLO), Bribery and Anti-Corruption Policy, APU-PPT Policy, Collective Labour Agreement (PKB) as well as adjustments to new workflows that run in the Company.

In addition to improving policies and operational guidelines, the Human Capital Team also updated the procedures for supporting working processes and for the implementation of control functions.

In Q1 2021, the Company published the latest version of the Code of Ethics and disseminated it to all Management and Employees using an online learning methodology. The Employees' Statement of the Code of Ethics has also been received by the Company in line with the implementation of online learning. The learning rate of the Code of Ethics is 99%.

A study of the Company's Code of Ethics was undertaken in 2021. The study results recommend strengthening the Company's Code of Ethics with behaviours that support the implementation of the Code of Ethics on and off of the Company's premises, namely seeking and maintaining the levels of productivity and work creativity in line with the performance standards set by the Company.

The New HR Management Policy

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 undertaken for the purpose of supporting target achievement, not merely for evaluation. Focus would be on performance management that consistently monitors and improves employee performance. The implication would be that financial rewards come from the continuation of good performance and as a consequence of it, not as the main objective.

Danamon will focus more attention on developing or grooming people from within and on implementing more job rotation among experienced employees to fulfil internal manpower needs. This focus is backed by a policy that allows employees with good performance records, who have held certain positions 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 supervisors, but without necessarily seeking approval.

HC Management Performance

EMPLOYER BRANDING

In 2021, Danamon succeeded in compiling the Company's Employee Value Proposition (EVP), namely GROW, which means growth and is an acronym for Global Exposure, Rise to Excellence, Own Your Future, and Wellness & Wellbeing. These are the value propositions offered by the company to employees and to candidates for external employ who are the company's targets.

The EVP was created with the involvement of company stakeholders, including management, all employees, and prospective external employees, through strategic interview methods, focused group discussions, e-surveys to all employees, and internal workshops, before it was approved by the Management.

This solid EVP is a long-term commitment made by the company to which all Human Resources policies and programs developed at this time and in the future will refer.

The EVP was launched in August 2021 at a virtual bank-wide kick-off ceremony. It was disseminated to all Regional Branch Offices throughout Indonesia in September 2021. In order to increase awareness and dissemination internally, the Bank also conducts internal activation programs, including various EVP Jingle competitions, and uses various internal communication media such as EAZY Chat, email, websites, Microsites, Song Players in office buildings, virtual backgrounds, screen savers, giving gimmicks, employee testimonials, and others. Meanwhile, for external activation programs and to encourage the emergence of internal ambassadors/champions, the Bank also uses social media such as Instagram, LinkedIn, YouTube, Twitter, and

Facebook, both organically and in unorganized ways to increase awareness among external parties of EVP and the uniqueness of Danamon as a company in the eyes of external job seekers.

Recruitment & Selection

As of December 2021, Danamon has recruited 1.317 employees. The recruitment is divided into, in Senior Management level 39 people, in Middle Management level 279 people, in First Line Management level 580 people and 419 people in Clerical level. In the same period there was a turnover of 1.470 employees. Danamon also recruited 103 Danamon Bankers Trainees (DBT) for 4 batches and 3 batches of Danamon Bankers Officer (DBO) trainees in 2021.

In the process of searching for prospective employees, Danamon encourages the use of social media and career website services, and utilizes artificial intelligence for employee recruitment into first-line, middle, and senior management levels through LinkedIn. The efforts are accompanied by other sourcing strategies such as referrals, campus hiring, virtual career fair, and more.

Danamon has also established career partnerships, sponsorships, and webinars with various leading universities in Indonesia, such as the University of Indonesia, Bandung Institute of Technology, Gajah Mada University, and Bina Nusantara University, as well as overseas universities such as in Singapore, Australia, and Japan, to conduct employer branding and recruit graduates to be educated in four batches of Danamon Bankers Trainees (DBT) in 2021. In addition, the Bank also recruited three batches of trainees from the Danamon Banking Officer (DBO) program in all regions of Indonesia to be placed in positions, such as Customer Relationship Officers (CRO) and Business Relationship Officers (BRO) in all network/branch networks, as well as Relationship Manager positions in the Small Medium Enterprise (SME) business segment.

Through collaboration with these universities, the Bank also provides opportunities for final semester students to do internships that can help prepare them to enter the world of work.



To maintain the quality of recruitment results, the Bank continues to conduct Know Your Employee (KYE). The Bank has appointed an independent service provider to carry out reference checking or checking the Bank's track record, education and other personal data for Senior Management level recruitment. The Bank also improves policies and procedures related to high-risk candidates in the recruitment process in order to improve the implementation of Know Your Employee.

Danamon also continues to develop a digital-based recruitment process in stages in accordance with the development and needs of the organization and to accommodate the characteristics of millennial candidates who will dominate the job seeker market and improve customer/candidate's experiences (CX).

Job level	2021	2020	2019	2018	2017
Top Management	-	10	2	3	3
Senior Manager	39	38	17	184	38
Manager	279	171	84	1.213	247
Officer	580	415	503	194	1.385
Staff	419	221	1.819	4.503	5.705
Total	1.317	855	2.425	6.097	7.378

Operating Functions	2021	2020	2019	2018	2017
Sales	285	280	852	1.716	3.389
Non sales	1.032	575	1.573	4.381	3.989
Total	1.317	855	2.425	6.097	7.378

Training and Competence/Education Development

Since 2020, Danamon has maximized technology and digitized all training modules, storing in the Learning Management System (LMS) +/- 230 materials or modules. In 2021, Danamon continued to innovate in implementing training and development programs for its employees, implementing 778 training programs for 107,780 participants, related to both technical skills and soft skills/leadership competencies for a total of 56,929 man-days.

All learning programs have used digital learning methods. This method is used to reach employees more broadly, effectively and efficiently because it can be accessed quickly and easily through independent devices by accessing Eazy Learning, Eazy Chat or external platforms, such as Microsoft Teams and Webex.

Danamon facilitates employees to access lessons or gain new knowledge to enhance the learning culture by providing an e-Library. Currently there are hundreds of book titles that can be accessed anytime and anywhere.

In keeping up with technological developments, Danamon has also developed virtual reality learning as a learning method. This learning technology replaces the bank simulator that was previously used to simulate banking activities.

To manage banking risk management, Danamon has enrolled 1,223 workers in training, refreshment and Risk Management Certification (SMR) exams.

As part of talent development, especially in technical skills, in 2021 Danamon organized training programs

that focused on the areas of Leadership and Business Management Skills, Upskilling and Re-skilling, Emerging Digital, Digital Leadership, Leading Transformation Change, Business Project Assignment, and Business Simulation. It is hoped that with the increase in employee competence, they will have the opportunity to carry out more challenging roles and tasks.

The Human Capital Directorate conducted the Danamon Bankers Trainee (DBT) program, which is a development program for the best and most talented S1/S2 graduates to prepare the future leaders of Danamon. Until the end of 2021, 13 batches had been running with a total of 310 talents.

In order to accelerate the capability of frontliners and Sales teams at the branches, Danamon runs the Danamon Bankers Network-Relationship Officer (DBN-RO) program for the Branch Network Division with 51 participants. Then in the middle of the year, this program was developed into the Danamon Bankers Officer

DANAMON TRAINING PROGRAM STATISTICS

Training Programs	2021	2020	2019	2018	2017
Total Training Programs	778	508	982	1,232	1,411
Number of Training Participants	107,780	95,102	90,203	128,399	164,554
Total Man-days	56,929	34,133	49,641	80,049	139,637
Total Training Investment (IDR million)	85,626	83,900	147,617	182,701	235,517
Average Investment per Employee (IDR million)	0,79	0,88	1,63	1,42	1,43

Employee Engagement

In 2021, Danamon again conducted a Sustainable Engagement Survey for all employees. In this survey, Danamon managed to maintain an engagement score of 92%. This score was the same as in the previous year.

Some of the engagement programs carried out this year were:

- **Dejitaru**, which is a sharing session that involves leaders at Danamon and external speakers who discuss various topics about digital technology that are useful in banking activities.
- **Employee Financial Wellness Festival**, a program conducted using a seminar method involving Danamon and Adira Finance. This program provides

Program (DBOP) for the Branch Network and the SME Division, which has graduated a total of 136 employees. Danamon organizes a Sales Leadership Academy program with a total of 119 employees, especially for Branch Managers, until the end of 2021.

To improve the credit skills of the Sales team, Upskilling Credit Skills for Business Relationship Officers have been implemented which were attended by 323 employees, as well as the Commercial Loans to Business program for Branch Managers.

Danamon invested Rp 85,626 billion in 2021 into training and development programs in the form of digital learning tailored to the need to increase employee competence.

Based on evaluation results in 2021, Danamon managed to achieve a training ratio of 3.69%, with 8,701 employees participating in training out of a total of 8,790 employees (99%).

knowledge about financial management, especially during the pandemic. This session is also held to communicate to employees about Danamon's products and services and their benefits.

- **Online Learning Festival: Dawn of The New Era.** This program is run every year with the aim of generating enthusiasm as well as providing knowledge regarding the latest learning trends, aimed at all employees.
- **Internal Facilitator Day** As an award given to all internal facilitators who have contributed to improving the knowledge and abilities of employees.



- **BISA Awards**

In internalizing Danamon's core values, an internal competition program is held that involves all employees to appreciate those who have demonstrated work behaviour in accordance with the core values and have had an impact, both financial and non-financial, on Danamon.

Organizational Development

Over the last five years, Danamon has been conducting bank-wide transformation initiatives across all lines to shorten and expedite the business processes. This can be seen in changes in the organizational structure, including the layer structure, span of control, the process of position rotation/mutation, the merger/separation of functions, and the simplification of processes through automation.

Evaluating and restructuring of Danamon's organizational framework are essential for maintaining internal equity and market competitiveness. Since 2019, Human Capital of Danamon has completed the job simplification project and aligned it with competencies. Alignment is carried out by continuing to implement competencies (leadership and technical) equipped with proficiency levels for each competency, based on job family and business needs in terms of new skills in each function to support the implementation of business strategy.

Performance Management

Since September 2017, Danamon introduced a new online performance management system under the EAZY platform. This greatly assisted employees and their supervisors to set objectives and achieve transparency. A 'cascade' feature allows supervisors to pass down work targets to their subordinates.

Moreover, the availability of a continuous performance management module, accessible through personal communication devices, enables supervisors to 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 behaviour. 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 especially those that 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 identify 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 bank wide and within their respective divisions. The program also implements succession planning, ensuring Company sustainability by preparing high-performing candidates to become future leaders.

The Management Trainee Program and Development Program were established to cultivate talent within Danamon. These programs aim to shape the future leaders by strengthening their comprehensive banking knowledge and systematically job-rotating them in order to accelerate their careers and skills.

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 leadership. Employee competency improvement is carried out carefully and aligns with the organization's business objectives and strategies. In this case, Danamon seeks to re-skill and up-skill employees' capabilities so that they have the skills needed to support the company's strategy in the future.

In developing internal bench strength, in 2021 Danamon, in collaboration with MUFG Japan, held various discussions and webinars on various topics, related to both technical and business training. Through this program, employees can learn from MUFG's and Partner Banks' business strategies to improve their business and their achievements for implementation by Danamon.

Employee Remuneration

Danamon formulates its remuneration strategy based on the remuneration policy, which follows the meritocracy principle, whereby the Company rewards its employees in correspondence with 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 incentives, which are in financial and non-financial forms.

Employee remuneration consists of a fixed component, which is based on job value, job family, and position scarcity in the market, as well as on market benchmarks and variable components in the form of performance bonuses and incentives. Performance bonuses are awarded based on the Company's achievements against targets, industry benchmarks, operating unit achievements, and individual achievements. Incentives are given to the positions that directly generate revenue, such as salespersons and collectors, and are designed to increase motivation and establish an effective sales or collection behaviour. Through a fair and balanced compensation system, Danamon expects to build a productive working environment, as well as to motivate employees to continuously deliver and contribute their best.

In 2020, the Company conducted a review of employee remuneration by considering changes in organizational design that were 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 provided a health insurance facility by reforming the previous benefits, transforming them into family limit benefits in order to give flexibility to employees to manage their benefits according to the needs of them 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 a motor vehicle allowance, which is called the Car Ownership Cash Program (COCOP), in which eligible employees receive a cash allowance paid along with their monthly salaries.

In 2019, Danamon launched a voluntary individual pension program in cooperation with the Pension Fund Institution (DPLK) in order to assist employees to better plan for retirement. In addition, the Bank provided additional special compensation rewards to retiring employees by giving special benefits. The special benefit will be received by retiring employee along with a pension compensation payment in accordance with prevailing regulations.

Furthermore, Danamon collaborated with Adira Finance and Adira Insurance to launch a financing and insurance program known as the Danamon Adira Employee Program (DAEP), which was specially designed to give additional benefits to Danamon and Adira employees. Through this program, employees may apply for motor vehicle loans, home appliance loans, 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 hence all employees could stay healthy and safe by monitoring individual employees every day and providing medication and treatment to



employees and their families, in terms of their condition, medication, and health supplements (masks), as well as vitamins to ensure employees and their families were 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 counselling 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

With the passion to provide a better employee experience and obtain a better business process, Danamon has conducted a review of the Human Capital Management information system. From this study, it was decided that it was necessary to make changes to the information system management platform. For this reason, in November 2021 Danamon completed the process of selecting service providers for the platform system, and in December 2021 a project kick-off was carried out to replace the Human Capital Management system. It is expected that the new platform will be in partial use by April 2022, and be fully implemented in June 2022.

The new system platform uses a cloud approach, similar to the previous platform. The main advantages offered are features and menus that are easier for employees to use, with applications based on mobile applications

Risk Management

Working patterns that have changed because of the pandemic, the development of the company's business, and faster-moving competition are believed to cause wider demands on risk management, changing it from the current role that focuses more on a risk perspective to a role that also includes a process improvement perspective to produce processes that are more efficient and use technology as effectively as possible.

In 2021, the Company undertook several main initiatives that needed to be supported by appropriate and adaptive risk management activities, both in the pre-implementation period and after the implementation period.

In addition, risk management activities also focus on risk mitigation and process improvement related to the implementation of the Job Creation Law and Government regulations applicable to POJK/SEOJK. The activities also ensure that the main operational activities in the Human Capital area remain within the established corridors.

Some of the main initiatives in 2021 that began to be implemented for Human Capital were the High-Risk Candidate Procedures in the context of implementing antibribery and anticorruption initiatives, SOX Compliance, and Know Your Employee (KYE) – SLIK Checking for employees active in fraud prevention. Very active and proactive risk management is highly needed, especially in providing implementation instructions for work functions so that they are effective and continue to run within the corridor of applicable regulations, including but not limited to evaluating and reviewing the implementation of those main initiatives.

In addition to supporting the implementation of the new initiatives above, risk management also mitigates and recommends improvements to processes that are currently available and running so they become more efficient and aware of risks, and so they comply with the provisions of the Company, Regulators, and applicable laws and regulations. These include strengthening the database of management and personnel administration, improvement of learning management, improvement of the management of High-Risk Candidates, improvement of insurance benefit claims management, improvement of payroll administration, and strengthening of the Risk Management Certification database.

During 2021, active and proactive monitoring was carried out on all plans for improving audit findings (internal/external) that were scheduled until all of them received follow-up and were completed on time by all relevant work functions.

Industrial Relations

The Industrial Relations Policy is something that is needed by Danamon in order to ensure business continuity, create a conducive work climate, instil pride in employees, and present a positive reputation to external parties.

The creation of harmonious industrial relations is clearly a means for ensuring the improvement of working conditions, productivity, competitiveness, and quality of work. In addition, the condition of industrial relations is also an indicator of Good Corporate Governance for Danamon.

On various occasions, Danamon's management has consistently tried to build constructive communications and consolidation regarding the expectations put forward by the Labour Union. As part of the effort to establish open communications, Danamon's management held 31 meetings with two trade union organizations, both at the central and regional levels. Currently, there are two Labour Unions at Danamon that were established and officially registered at the employment agency. Danamon hopes that the establishment of constructive communications with the two Labour Union organizations can further improve the harmony of industrial relations in Danamon.

The implementation of the agreements stated in the Collective Labour Agreement (CLA), which have been agreed to since 2018, has been carried out. The CLA was valid until July 31, 2020. Because of the COVID-19 pandemic, Management and the Labour Union agreed to extend the validity period of the CLA to 31 July 2021, which was later extended until 31 July 2022.

Danamon Rumah Kita is a program aimed at fostering harmonious industrial relations between management and workers, and between workers and workers. Although this activity was delayed in 2020 because of the pandemic, it was finally able to be carried out virtually in 2021.

However, similar activities were also carried out in several regions that initiated Virtual Outing activities to maintain and increase togetherness. For social activities, the Danamon Peduli Employee program (KDP) conducts programs to help 1,515 employees, including the implementation of scholarship assistance programs for employees' children and assistance for employees who experience calamity or grief.

The KDP has also distributed logistical assistance to employees and their families who were victims of several natural disasters in various locations, such as the floods in Greater Jakarta, Kalimantan, Semarang, Manado, and Nganjuk. In addition, support was given to the victims of the Surabaya Tropical Cyclone, and the Mount Rawung eruption, as well as other fire and hurricane disasters.

The total value of the assistance distributed through KDP as of 30 December 2021 is Rp3.9 billion.

Danamon also facilitates employee interests and talent activities through D'Club. This takes the form of routine sports activities (both weekly and monthly) such as yoga, bowling, basketball, futsal, badminton, and other sports in 72 locations throughout Indonesia, and include activities organized by the OJK. During the COVID-19 pandemic, many of D'Club's activities were put online. One of them is a webinar series that is a place for Danamon leaders and employees to share knowledge, experience, and information. Through the webinars, employees also get information related to health. Competitive activities to support Human Capital programs were also initiated by D'Club. A total of 7,952 workers were registered to participate in these D'Club activities.



2022 Human Capital Strategies and Work Plans

With the principle of building a sustainable work plan, Human Capital Danamon will carry out the following work focused on the initiatives that were implemented in 2021:

1. As a follow-up effort to manage the pandemic, apart from handling cases of transmission, Danamon will also prepare vaccinations for children aged 6–11 years and a third vaccination for other age groups.
2. Setting up a new Human Capital Management information system platform. With this new platform, hopefully it will be easier for employees to access various personnel services online.
3. Continuing the implementation of talent management. Assuming that the COVID-19 pandemic ends in 2022, Danamon will reactivate the plan for assigning employees to business entities in other countries within the MUFG business group. This would also realize the Employee Value Proposition, which mentions Global Exposure as one of the added values that can be provided by Danamon to its employees.
4. Continuing efforts to develop employee capabilities and skills in relation to the four pillars of future skills that have been defined.

INFORMATION TECHNOLOGY



Danamon's acceleration of banking services digitalization during the pandemic was performed by providing various digital banking solutions and supporting infrastructure that were used to service customers as well as internal staff. In addition, automation of various internal process such as loans processing from initiation to disbursement & technology processes for development, deployment and daily operations were automated using a combination of specific tools, BPM (Business Process Management) and RPA (Robotic Process Automation).

INFORMATION TECHNOLOGY INITIATIVES AND PERFORMANCE

CUSTOMER EXPERIENCE, DIGITAL SERVICES AND SOLUTIONS

Throughout 2021 customers have adapted to a new normal because of COVID-19. Danamon's customers are relying significantly more on online channels to satisfy their banking needs. The Danamon IT team is prepared to provide and maintain technology-based solutions, and also to implement improvements of the digital banking infrastructure that can meet the needs of customers and give them positive experiences. Several actions have been undertaken to achieve this: providing high availability to the internet and increasing bandwidth for all channels and digital applications, supporting the new way of working (Work From Home) and relocating back office operational teams, and finally providing working flexibility to all applicable employees by supplying additional laptops or desktop computers upon request.

The digital services launched in 2021 include D-Bank PRO which provides retail customers a digital solution and consistent experience both on website and mobile application; and Danamon Cash Connect, which operates via websites and mobile applications to meet corporate customers' needs to manage cash and liquidity.

Using a mobile CRM system, front-line employees can open customer accounts or offer other banking services from home or from the office over their tablets. To satisfy the needs of new customers, Danamon now has a Video Banking system that will help implement the online eKYC process. To speed up decision-making over loans and disbursements to customers, Danamon has automated the whole lending process from the initial step to the disbursement of the funds, the new process being a combination of BPM (business process management) and RPA (robotic process automation) that provides better user experiences for employees, and faster and simpler processes that can increase



productivity. Going beyond traditional business intelligence (BI), Danamon has implemented analytical methods and tools that are supported by Big Data technology to undertake deeper analysis, create predictions, and provide more accurate recommendations to Bank customers.

In the future, we will keep on striving to improve the experience of Bank customers. In 2022, we would like to expand the range of the Bank's digital offerings, including to travel and vehicle insurance, wealth management products, and foreign currency transactions. Also, we would like to give customers a big-picture view of all their loans, deposits, and credit card accounts. Moreover, we'd like to improve and simplify the online transaction process by using chatbots, QRIS payments adoption, and seamless onboarding for customers with fintech applications through APIs.

In anticipation of the growth of the fintech sector, Danamon will continue developing the application programming interface (API) gateway by implementing new solutions or speeding up the integration to third-party billers, payment gateways, and fintech, which Danamon has done with well-known fintech firms in Indonesia. To align with the Blueprint Sistem Pembayaran Bank Indonesia (BSPI), Danamon will ensure adherence to the BI API Standards. Moreover, to facilitate a faster payment process in Indonesia, Danamon has been a pilot bank for BI-FAST, having successfully launched BI-FAST on D-Bank PRO, which adopts ISO20022 messaging, ensuring faster, cheaper, and safer payments supported by the proxy payment concept via email or phone numbers.



To provide more comprehensive supply-chain financing and cash management services to our corporate customers, Danamon will continue to develop internet and mobile banking systems and provide services, such as seamless cross-border remittances, bulk bill payments, flexible management of transactions by customers, and improved transaction monitoring and reporting, based on customer needs. Danamon is planning to grow the Treasury business by adopting automation and introducing several products to address customer needs and provide best-in-class products and services to become a one-stop shop for most Treasury needs. Danamon will enhance its systems to support different pricing models and methods with control measures implemented by Integrated Risk and operational units.

INFRASTRUCTURE AND CAPABILITY IMPROVEMENTS

The COVID-19 pandemic has prompted a massive change in how we work, and in response to that the IT team has been showing agility, resourcefulness, and resilience. Danamon IT implemented cloud-based unified communications that have been effectively and widely used during the pandemic when most Danamon employees have had to work from home. The unified communications facilitate online meetings, video conferencing, webinars, voice calls, employee townhall meetings, and more, all of which is done online. Most technology-related work, such as the implementation and support of many systems, have been fully moved online. At the office, we have provided greater wireless access, implemented face recognition systems to monitor employee body temperatures, and applied the D-Care application using online surveys and call trees on a daily basis to ensure all employees are safe. With increasing reliance by both Bank customers and employees on digital transactions, we are seeing the need to provide stable and reliable services through better quality control, and by speeding up monitoring, problem solving, and recovery. To prepare for the described challenges, it's important for Bank employees to be equipped with the right tools and the proper training that includes instruction about agile working methods, collaboration between working units, and the shift from traditional paperwork to electronic documentation. All these initiatives allow our staff to serve our customers better.

Moving forward, Danamon is exploring the potential of migrating the DRC (Disaster Recovery Center) data center to an alternate data center in Indonesia, which can ensure the infrastructure and security standards are based on DC Tier-3 or Tier-4. In 2021, Danamon successfully completed the Core Banking System swing process from a Production DC to the DRC, and then back to the Production DC. Similar swing over process has been conducted for all critical applications. Thus, Danamon is quite serious in ensuring customer transactions and services continue in a stable manner. Employee care remains a priority—the enhanced Danamon Care app allows recommendations to be communicated to employees based on survey results, provides recommendations for work locations based on surveys, and permits non-staff to be tracked and surveyed—all with better user experiences. To further improve services 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 initiated the journey to implement a modern software development foundation that allows accelerated change and faster delivery by focusing on software-defined life cycles that provides tools to make processes effective and automated (CICD) by adopting a DevSecOps culture that drives responsiveness and agility.



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 its 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 were in place to anticipate and respond to any unforeseeable contingencies so as to allow Danamon's banking services to remain accessible to customers at all times. To be compliant with BI and OJK regulations, new systems and enhancements to various IT systems such as Antasena, IFRS9, LLD, Fraud Detection System, Anti-Money Laundering etc. were implemented. We will continue to improve regulatory applications such that timely and correct reporting for compliance are ensured.

To help ensure that quality solutions and services are delivered to customers, Danamon will continuously review and increase its capacity as needed alongside the implementation of DevSecOps in 2022. We plan to expand cloud-based security protection to all internet applications to keep customer data, information, and transactions safe from cyberattacks. In 2021, we successfully implemented such protection on applications that are directly used by customers. We believe this should be an ongoing activity to improve services, security, and convenience for customers. For employees who work from home, we will implement network access controls to ensure they can take full advantage of Danamon's technology infrastructure. We will continue to remain vigilant as we move forward to comply with the Bank's internal regulations besides fulfilling the expectations of the regulators.



OPERATIONS

Danamon's Operations which always focus on meeting various customer needs and continuous improvements of its' human resources through up-skilling programs and implementation of the New Employee Value Proposition (Let's GROW!), therefore, successfully attained various recognitions from correspondent banks.

The Operations Directorate continuously evaluates operational processes to enhance customer satisfaction. In order to meet the challenges and customers' need, the Operations Directorate collaborates with all Danamon stakeholders to create an optimum operating model, an integrated risk and compliance culture, and also to focus on employee development to improve their knowledge and performance.

PERFORMANCE IN 2021

Throughout 2021, the Operations Directorate continued to focus on optimizing operational efficiency and maintaining good corporate governance. The Operations Directorate also consistently increased straight-through processing rate and enhanced support systems for stronger compliance and control.

Despite the COVID-19 pandemic, the Operations Directorate continues to implement best practices in delivering a great banking experience to customers while ensuring safety and health of employees.

Our continuous improvement initiatives include:

1. Implementation of a Split Operation strategy for critical functions and a targeted work-from-home approach for operational teams, based on their roles and responsibilities, to prevent the spread of COVID-19 and to ensure sustainable operational processes.
2. Improvements of payment which includes implementation of SIMODIS, BI FAST, and Web Service SKN Credit.

3. Optimizing loans processing, which includes automation of consumer loan disbursement and enhancement of the centralized limit system for automated aggregate-limit-level monitoring and more comprehensive reporting.
4. Implementation of Antasena, a new regulatory reporting system, and a collectability equalization project.
5. Increased control and compliance related to Anti-Money Laundering and Sanction Screening in operational units.
6. Perform business process re-engineering, which includes assessment of Robotic Process Automation in Trade Operation area.
7. Enhancement of infrastructure for Treasury processes to support dual-currency investment, Call Spread Option products, and Market Link Deposits.
8. Involvement in the development of fraud detection system to detect potential cases of fraud that are being carried out by internal or external parties.

Adapting to the digital era, the Operations Directorate continues to train high-quality employees with a new focus on performance measures by investing in up-skilling programs and implementing the New Employee Value Proposition (Let's GROW!). The employee development programs implemented in 2021 were as follows:

1. Multiple e-Learning and Webinar modules to improve the knowledge of operational processes of all operational staff.
2. An up-skilling program that was redesigned to enable online delivery.



3. Specialized learning programs and certifications for Operations teams, such as Trade Operation and collateral appraisal teams.
4. Prepare future leaders and succession planning for Danamon's Operations with the Danamon Bankers Trainee (DBT) program and internal job rotation.
5. Active involvement in training module creation and certification for *Sistem Pembayaran* and *Pengelolaan Uang Rupiah* (SPPUR) based on targets set by Bank Indonesia.

AWARDS AND RECOGNITION IN 2021

Danamon made various efforts to execute transactions within the agreed service levels. In 2021, Operations was awarded various Straight-Through Processing Awards from correspondent banks, including:

1. The 2021 Elite Quality Recognition Award for Outstanding Achievement of Best-in-Class MT202 with an STP Rate of 99.98% from J.P. Morgan Chase Bank.
2. The 2021 Elite Quality Recognition Award for Outstanding Achievement of Best-in-Class MT103 with an STP Rate of 99.43% from J.P. Morgan Chase Bank.
3. The 2020 Elite Quality Recognition Award for Outstanding Achievement of Best-in-Class MT202 with an STP Rate of 99.97% from J.P. Morgan Chase Bank.
4. The USD Payment of Straight-Through Processing Excellence Award with an STP Rate of more than 99.53% from Citibank.
5. Award for USD Clearing Payments with an STP Rate of more than 99.10% from Standard Chartered.

2022 PLANS

In 2022, the Operations Directorate will continue to focus on a sustainable growth strategy through its process-improvement initiatives to ensure customer satisfaction and to optimize productivity while maintaining a strong risk culture.

To achieve this goal, the following are the strategies Operations will implement in 2022:

1. Continuous initiatives to improve payment processes and adhere to new payment regulations, which include BI FAST and monitoring system for foreign exchange transactions against Rupiah (SISMONTAVAR) to minimize risks and errors.
2. Continuous improvement of loan processing, which includes automation of loans disbursement and renewal.
3. Continuous implementation of various regulatory requirements, including enhancement of SLIK Reporting.
4. Perform business process re-engineering, which is aimed at improving productivity and efficiency and creating better customer service by continuing the Robotic Process Automation initiative in several key areas of Operations and by continuing system enhancements.
5. Improvement of internal bank systems to enhance control, shorter SLA, and increase customer satisfaction, as well as to protect the Bank from the risk of losses.
6. Carry on staff development program which include job rotation and up-skilling training programs, specific certification for operational process as well as actively involved in bank industry's certification.

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