



MANAGEMENT DISCUSSION AND **ANALYSIS**





MACROECONOMIC OVERVIEW



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2022 was a challenging year, began with a surprise from Russia-Ukraine conflict. The escalation of geopolitical tension became a game changer for the global economy, after gradually recovering from COVID-19 pandemic. The war between Russia and Ukraine has worsened the already disrupted global supply chain that came along with economic reopening across the globe. Commodity prices, especially oil, went through the roof, caused by economic sanctions from western countries and Russia's trade retaliation.

Such situation pushed global inflation higher for longer. The United States (US) posted its highest level of inflation in decades, peaking at 9.1% in June 2022. Not only the US, other advanced and developing countries also experienced rising inflation rate.

To tame down inflation, the Fed tightened its monetary stance and raised policy rate from 0.25% to 4.50% throughout 2022. The aggressive increase in policy rate had dampened US economic growth and affected other currencies, especially developing economies like Indonesia.

The aggressiveness of global monetary tightening had triggered USD2.8 billion worth of capital outflows from Indonesia's domestic market (net total from bond and equity). These outflows led into IDR depreciation by 9.2% YTD, from the end of 2021 at IDR14,623/USD to IDR15,573/USD at the end of 2022.

Meanwhile, rising global oil price pushed domestic inflation higher. Indonesia posted 5.51% YoY of headline inflation in 2022, up from 1.87% YoY in 2021. Pressure from global oil price has forced the government to increase subsidized fuel price by 33% in September 2022.

In response to weaker IDR and higher inflation, Bank Indonesia increased its policy rate to 5.50% per December 2022, from 3.50% per July 2022. BI had done so gradually to safeguard the momentum of domestic economic recovery.

Despite the abovementioned external headwinds and inflation risks, Indonesia posted a solid economic growth of 5.31% YoY in 2022, well above its five year average. Such robust growth was mainly backed by domestic demand recovery along with mobility relaxation as well as stronger export performance due to the surge in commodity prices.

Indonesia's robust growth was also supported by resilient financial sector. Liquidity was reported ample, with liquid instrument to deposit ratio at 31%. Capital adequacy was well maintained around 26% in 2022. The role of financial sector in supporting the recovery of real sector also improved, reflected through the 11.4% YoY growth of loan in 2022. Indonesia's economic recovery and stable financial sector are expected to sustain in the foreseeable future.

BANKING INDUSTRY OVERVIEW

INDONESIAN BANKING INDUSTRY DEVELOPMENT IN 2022

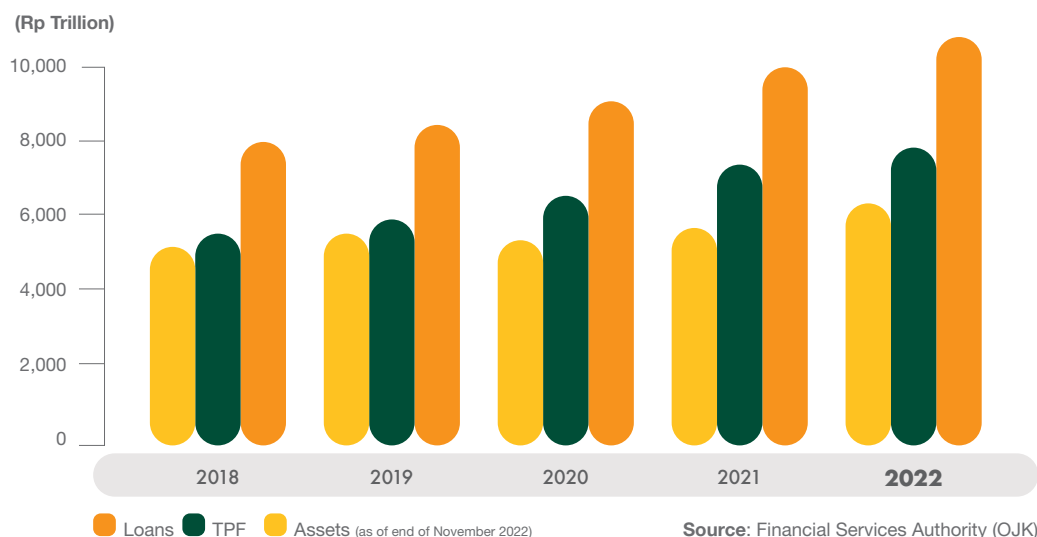
Indonesia's banking industry continued its upward trend in 2022 in line with the improving economic activities as the pandemic wound down further during the year. Indonesia's gross domestic products grew higher by 5.3% in 2022, compared to 3.7% in 2021, and the banking industry's intermediary function also improved. The banks' outstanding loans rose by 11.4% year-on-year (YoY) to Rp6,424 trillion in 2022, more than double the 5.2% YoY loan growth rate in 2021. Meanwhile, third party funds (TPF) collected by banks rose by 9.3% YoY to Rp7,930 trillion in 2022, although lower than the growth rate of 12.2% YoY recorded in 2021. As a result, the banks' loan-to-deposit ratio (LDR) rose to 78.7% in 2022 from 77.1% in 2021. At the same time, the banks' capital remained ample as evidenced by a stable capital adequacy ratio (CAR) of 25.7% in 2021 and 2022.

The banks' loan growths in 2022 were recorded across all categories, indicating further recovery of business activities in Indonesia. Working capital loans disbursed by banks went up by 12.2% YoY in 2022 to Rp2,940 trillion,

surpassing the 6.3% YoY growth in 2021. Investment loans increased by 12% YoY in 2022 to Rp1,711 trillion, exceeding the 4.0% growth rate in 2021. Overall, total productive loans went up by 12.1% yoy to Rp4,651 trillion, compared to the 5.5% YoY growth rate in 2021. Meanwhile, the banks' consumption loans rose by 9.4% to Rp1,772 trillion, a positive progress from the 4.7% yoy growth rate in 2021 to Rp1,620 trillion.

Loans to corporate segments showed the highest growth at 15.4% YoY in 2022 compared to 2.7% in 2021. Loans to the micro, small, and medium enterprise (MSME) segment increased by 10.5% YoY in 2022, although a bit lower than 11.4% YoY growth rate in 2021.

As another indication of overall economic Improvements, profitability and asset quality in the banking industry also improved. Banks' net interest margin (NIM) reached 4.7% in 2022 compared to 4.5% in 2021. Banks' return on assets (RoA) also increased to 2.4% in 2022 from 1.8% in 2021. Their gross non-performing loans (NPL) ratio also improved, decreasing to 2.4% in 2022 compared to 3.2% in 2021.





DANAMON'S POSITION IN THE INDONESIAN BANKING INDUSTRY

Danamon's intermediary function also improved further in 2022 in line with the banking industry's improving performance. Danamon's total outstanding loans surged by 13% YoY in 2022, higher than the banking industry's average loan growth rate. The loan growth in 2022 was supported by growth in Enterprise Banking and Financial Institutions as well as Consumer Banking segments which grew by 18% YoY respectively. Loans channeled through Adira Finance also increased by 10% YoY in 2022.

From the funding side, the Bank's current account savings account (CASA) rose by 11.6% YoY to Rp81.39 trillion as part of its focus on granular funding through digital and institutional approach. However, Danamon's CASA growth is lower than the banking industry's CASA growth.

Danamon's net profit after tax (NPAT) soared by 110% YoY to Rp3.3 trillion in 2022, with an improved net interest margin (NIM) in time of the rising interest rate environment. The Bank's NIM was recorded at 7.7% in 2022, higher than banking industry's NIM. The rise in the Bank's profit exceeded the growth rate of banking industry's NPAT. Furthermore, the Bank reported a strong capital adequacy ratio (CAR) 26.3% by the end of 2022, higher than the industry average of 25.7%.

STRATEGIC REVIEW

2022 STRATEGIC FOCUS

Danamon has shown operational resilience and strategic effectiveness in the midst of the pandemic for the last two years, in funding, lending, asset quality, and profit growth. In carrying out the strategy, Danamon disburse diversified loan through an institutional approach, and increase granular funding supported by MUFG collaboration.

In accordance with the annual report theme “Bersama Bersinergi”, Danamon, together with MUFG and Adira as one company group, leverages unique synergies to understand customers’ needs and strengthen relationships with them. Danamon is committed to deliver the right financial solutions to our customers, create positive impact to our communities, and enhance return to our shareholders.

Enterprise Banking and Financial Institution (EBFI) segment continues to focus on increasing customer engagement through building a comprehensive financial solution. EBFI prioritized collaboration and synergy, both internally as well as with the group. To grow the business portfolio, EBFI has acquired customers including blue chip and SOE companies, Japanese Real Estate companies and more recently Sustainable Finance related loans.

Small Medium Enterprise (SME) segment has also developed solutions to provide services tailored to customers’ needs by segmenting small and large SME customers. This is supported by credit scoring enhancements to provide better and timely services. Through Financial Supply Chain, EBFI and SME built synergies to expand the customer reach with an ecosystem approach, including distributor, supplier, and anchor.

Consumer banking created differentiation and value proposition for its privilege, optimal and mass segments, steadily focusing on comprehensive offering to suit customers’ needs. Moreover, Consumer also committed to build continuous innovation in savings and wealth management products, as well as omni-channel services provided both through branch and digital.

Through implementing Agile new ways of working, Danamon has accelerated the launch of various features in our mobile banking app, D-Bank PRO. 2022 was also a pivotal moment for Danamon with the launch of 2 the Next Generation pilot branches in Medan Putri Hijau and Jakarta Pondok Indah Mall 2, implementing integrated services physically and digitally (phygital). Consumer has also consistently developed the business by leveraging an ecosystem approach with leading real estate and property developers, along with digital partnership with start-up companies and fintech companies.

Danamon’s subsidiary, Adira Finance was able to grow new financing by double digit by carrying out various programs and initiatives, such as strengthening marketing programs, collaborating with Danamon to provide services in the mid-to-high segment, as well as loan restructuring programs in support of government programs and customers. Adira Finance continued its strategy to expand the products via multi-purpose loan, consumer durable loan and fleet financing. Danamon, Adira and MUFG kept on realizing their commitment to support the national automotive industry by becoming key partners at 2022 Indonesia International Motor Show (IIMS).

Human resource development has always been a priority for Danamon. Through internal mobility programs and training with MUFG entities and partners, the bank provided means for employees to grow continually. Danamon also provided various opportunities to external talents through Danamon Apprentice Program for current university students and Danamon Bankers Trainee program for graduates. As the COVID-19 situation improved, and Work from Office is slowly being implemented again, Danamon paid well attention to employees’ safety through the implementation of strict COVID-19 protocols and comprehensive support for employees. This is in accordance with Danamon’s employee value proposition, “Let’s GROW” (Global Exposure, Rise to Excellence, Own Your Future, Wellness & Wellbeing).



Danamon has consistently invested in the enhancement of information technology (IT) & digital capabilities to support the bank's productivity and customer services. This has been shown by the various projects that have been successfully completed in 2022, including the improvement of infrastructure systems, banking applications through D-Bank PRO and Danamon Cash Connect, data, security, operational efficiency, as well as increasing the capabilities of IT teams.

Danamon continued to strengthen the branding. By collaborating with MUFG and Adira Finance, Danamon organized various events such as the economic forum and Indonesia Summit. Furthermore, as part of the commitment to sustainability, Danamon took part in supporting Indonesia's B20 activities through a seminar entitled "Introduction of Decarbonization Initiatives and Solutions for Industry Sector" in collaboration with Mitsubishi Heavy Industries, Ltd.

STRATEGIES FOR 2023

Responding to the opportunities and challenges in 2023, Danamon will continue to carry out its strategy with focus as follows:

- Continuing the strategy in providing services and strengthening relationships with customers, through product and service innovations that can answer the customers' needs. To support this, the Bank will continue to invest in digitizing systems and processes, while also developing products and services with the aim of creating a seamless customer experience.
- Continuing and expanding collaboration with MUFG and Adira Finance as part of the group, especially in building ecosystem. Collaboration with Adira Finance enables the Bank to increase penetration of the automotive market. Additionally, Danamon will also optimize the MUFG ecosystem in Indonesia through strategic collaboration, with multinational and Japanese customers, as well as digital partners invested by MUFG.
- Growing human capital, Danamon aims improve employees' capabilities and knowledge through training and employee exchanges with MUFG group entities and subsidiaries.
- Improving marketing and branding to support Danamon's growth strategy. Through 66 years of operational history, the Danamon brand has been recognized as one of the largest commercial banks in Indonesia with global capabilities as part of MUFG.
- Continuing the transformation of branches, since the start in 2022 to increase the service productivity and customer convenience in their every banking activity.

BUSINESS PROSPECTS

2022 MACROECONOMICS

Throughout 2022, Indonesia posted a robust economic growth of 5.3% YoY, up from 3.7% YoY in 2021. The higher growth was a result of improving domestic mobility along with declining COVID-19 cases inside the country. On top of that, Government and Bank Indonesia have always supported economic growth by maintaining fiscal sustainability and promoting accommodative monetary policy stance.

In 2022, fiscal deficit improved to 2.4% of GDP, below Government's target of 4.5% of GDP. The improvement in fiscal deficit reflects appropriate fiscal discipline, thus, fiscal sustainability could be achieved. Meanwhile, Bank Indonesia maintain an ample liquidity to support the sustainability of economic recovery. Liquid instruments ratio was around 25% of deposit in 2022.

At the end of 2022, Government revoked all mobility restriction measures, namely Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM). The decision is a positive catalyst for economic growth in 2023. From the perspective of global economy, China as one of Indonesia's major trading partners, also announced its plan to fully reopen its economy this year. China's economic reopening has become good news for Indonesia's growth prospect this year. Having China's economy improving, Indonesia could maintain its export resiliency amid slowing US and EU economies.

China's economic reopening could also maintain Indonesia's exported commodity prices aloft, especially Crude Palm Oil (CPO) and Coal. Throughout 2022, Indonesia booked USD55 billion worth of trade surplus, increased from USD35 billion in 2021. This was mainly driven by soaring commodity prices. Having all these figures, Indonesian government, represented by Ministry of Finance (MoF) expects a stable economic growth in 2023 with macroeconomic indicators as follow:

Indicator	2022	2023*
Economic Growth (% YoY)*	5.3	5.3
Inflation (% YoY)	5.5	3.6
Exchange Rate (Rp/US\$)	14,871	14,800
10 Year SUN Interest Rate (%)	7.2	7.9
Indonesian Crude Oil Price (US\$/barrel)	88	90
Crude Oil Lifting (thousand barrels per day)	582	660
Lifting Gas (thousand barrels of oil equivalent per day)	1,024	1,100

Sumber: Badan Pusat Statistik, Bank Indonesia, Danamon, *Asumsi APBN 2023 dari Kementerian Keuangan

In line with the forecast of better economic growth, Bank Indonesia estimates Indonesia's Gross Domestic Product (GDP) will grow more conservatively by 4.5%-5.3% in 2023. The driving factors are increasing domestic demand from higher consumption and investment amid slowing global economy.

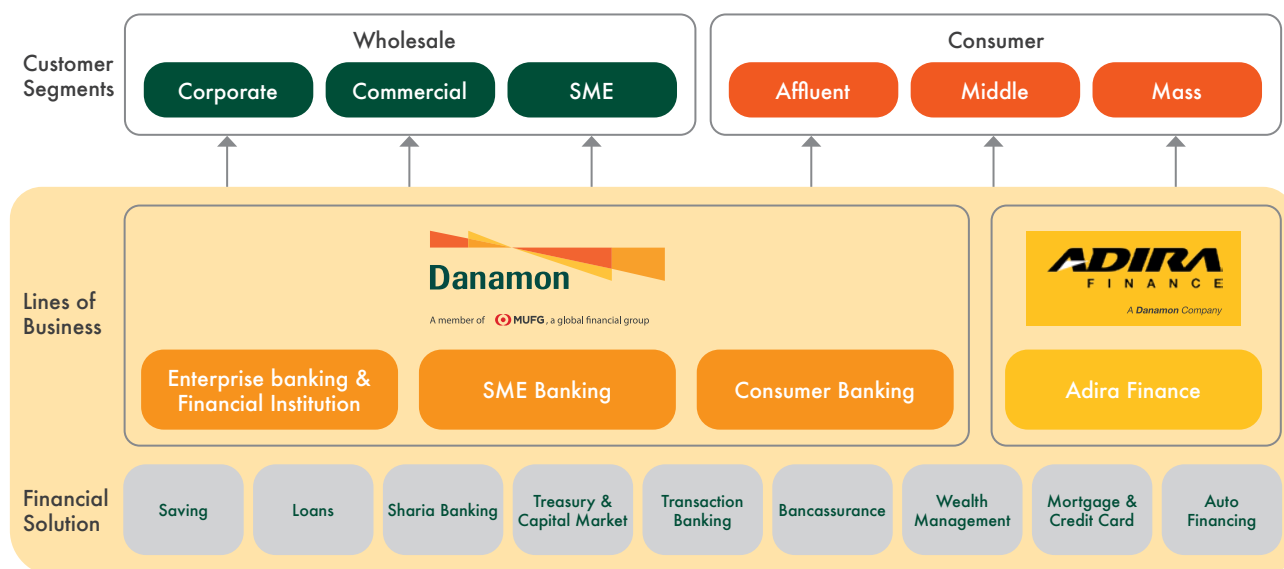
Bank Indonesia also estimates that financial system stability will be maintained with a stable credit growth in 2023. Loan and deposit growth is expected to reach 10.0%-12.0% and 7.0%-9.0% in 2023, respectively. Loan

growth was supported by a banking capital adequacy ratio (CAR) that remained high and a non-performing loans (NPL) ratio that was well-maintained.

Demand for loans is expected to improve further because of increasing consumption and investment, while exports is potentially slower along with global economic activities. On the supply side, an increase in banking loans will be supported by loose liquidity and declining risk perceptions, apart from the accommodative macroprudential policies.



BUSINESS SEGMENT OPERATIONAL REVIEW



In 2022, Danamon continued its strategy of prudent loan growth through an ecosystem approach, sustained CASA growth through an institutional approach and increased fee income through a unique value proposition. In addition, collaboration with MUFG enabled Danamon to enter the Japanese corporate and multinational customer markets through distributor financing, cash management, mortgage and payroll accounts services.

ENTERPRISE BANKING



In the midst of global issues and challenges, Enterprise Banking successfully grew its loan portfolio by 18% in 2022 compared to the previous year's position.



Enterprise Banking serves the Wholesale and Financial Institution segments. It provides comprehensive financial solutions, such as lending, cash management, trade finance, and treasury services. By understanding and serving client's needs, Enterprise Banking aspires to make Danamon the preferred transactional bank.

PRODUCTS AND SERVICES

Enterprise Banking provides the following products and services:

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

2022 STRATEGIES AND INITIATIVES

2022 was the year of COVID-19 recovery. However, the Russia-Ukraine conflict added uncertainty to the world's geopolitical situation that led to central banks increasing their benchmark rates drastically.

Nevertheless, Enterprise Banking continued to focus on deepening relationships with existing customers, expanding its portfolio with new customer acquisitions, and optimizing the entire value chain ecosystem including by improving our collaboration with the MUFG Group.

Enterprise Banking was also committed to investing in human capital by attracting and retaining the best talents, implementing extensive training programs including overseas training, and encouraging performance-based organizations.

2022 PERFORMANCE

Enterprise Banking loan portfolio grew by 18%, supported by a strong collaboration with the MUFG Group.

2023 STRATEGIES AND INITIATIVES

Enterprise Banking continues to implement the following strategies:

- Deepening relationships with our existing customers,
- Acquiring new customers in our target market and throughout the entire value chain ecosystem of existing customers,
- Continuing collaboration with the MUFG Group to acquire customers from multinational companies and their value chains and provide value-added products and services, such as Global Business Matching.
- Actively offering credit financing with other financial institutions through syndication loan, structure financing, agency, sell-down, and risk participation.
- Consistently maintaining third-party funds by offering comprehensive cash management solutions with the support of e-channels and digital solutions tailored to customer needs,
- Investing in human capital and improving employees' skills through training and project assignments,
- Continuing efforts to attract new talent and retaining existing talent.



TREASURY & CAPITAL MARKET



Synergy and collaboration with all lines of business as well as parent entity MUFG Bank are key success factors for Treasury & Capital Market in managing investment products and hedging instruments.



Treasury & Capital Market (TCM) focuses on efficient and prudent balance sheet management. As a product partner of Danamon's lines of business, TCM provides solutions for customers that require hedging and investment products. TCM also supports regulators in improving, formulating, and strengthening financial market development in Indonesia.

TCM is responsible for managing the Bank's liquidity risk by ensuring fulfillment of the Bank's liquidity requirement to support business expansion while adhering to prudent banking principles. TCM is also tasked with managing interest rate risk inherent in the Bank's balance sheet.

PRODUCTS AND SERVICES

TCM offers a wide range of products and services geared toward providing solutions for customers and performs trading activities. The products offered include Foreign Exchange (FX Today, FX Tomorrow, FX Spot, FX Forward, FX Swap, and Domestic Non-Deliverable Forward), Interest Rate Swap, Cross Currency Swap, Structured Products (Dual Currency Investment, Market Linked Deposit, and Call Spread Option), Marketable Securities (Government Bond and Corporate Bond under both Conventional and Sharia schemes), Money Market (Interbank & Bank Indonesia instruments), and Repo/Reverse Repo.

Danamon was chosen by Bank Indonesia in 2021 to become an Appointed Cross-Currency Dealer Bank (ACCD Bank) to facilitate Local Currency Settlements (LCS) for THB-IDR and CNY-IDR currency exchanges. With this service, the Bank's customers may enjoy more competitive FX rates, more efficient and faster of funds to institutions/individuals in the ACCD Bank's partner countries.

2022 STRATEGIES AND INITIATIVES

In 2022, TCM continuously focused on efficient balance sheet management strategy in Capital Management, Fair Value through Other Comprehensive Income (FVOCI) portfolio management, Contingency Funding Plan, as well as the Enhanced Treasury System and Asset & Liability Management (ALM) System.

TCM's Trading activities supported Danamon's Treasury Sales by providing liquidity and competitive prices for customers. TCM also offered alternative investments for retail customers, such as government and corporate bond. This was geared toward increasing fee-based income for Danamon.

TCM continuously collaborated with the Bank's lines of business to support customers who needed investment products and hedging instruments solutions to manage their exposure. TCM expanded collaboration with the MUFG Group to tap business opportunities with Japanese companies' and multinational corporations' value chains as well large corporate action deals.

TCM launched the FX Online in D-Bank PRO in 2022 in collaboration with the Consumer Banking and Digital Banking Division. TCM also supported the launching of Danamon LEBIH PRO so that customers could enjoy better foreign currency investment solutions with the Bank. Danamon would continue to innovate and develop products & services for its customers in line with the financial market development in Indonesia.

PERFORMANCE

TCM grew its Treasury Sales profitability by 18% compared to the previous year with contribution from better Enterprise Banking and Financial Institution Sales performance. Moreover, TCM's FX volume and bond volume increased by 17% and 11% respectively compared to the previous year.

TCM launched Structured Products such as Dual Currency Investment (DCI) and Market Linked Deposit (MLD) to fulfill customer's investment products solution needs. TCM managed to quadruple its DCI sales revenue and triple its sales volume in 2022 compared to the previous year.

TCM supported the Indonesian government's funding plan by actively joining auctions for newly-issued IDR and foreign currency government bond in 2022.

2023 STRATEGIES AND INITIATIVES

In 2023, TCM will continue to implement the following strategies:


1. Improving the efficiency of balance sheet management strategies with prudence.
2. Collaborating with lines of business (LoB) to provide solutions towards customers who need investment products and hedging instruments to manage their exposure; collaborating with the MUFG Group to tap more business opportunities with Japanese companies' and multinational corporations' value chains and for more Indonesian Government Bond deals.
3. Developing the Bank's investment services, such as Retail Bond Online that aims to provide a one stop access for customers' bond investments.
4. Continuing to support Bank Indonesia initiatives in line with the 2025 Money Market Development Blueprint.



TRANSACTION BANKING

(CASH MANAGEMENT, TRADE FINANCE & FINANCIAL SUPPLY CHAIN)



Amidst the pandemic challenges, the product development and digitization of Cash Management, Trade Finance, and Financial Supply Chain transactions is able to increase efficiency of business activities apart from meeting customer demands. 

Danamon's Transaction Banking continues to develop products that leverage digital technology innovations, focusing on Financial Supply Chain management to enhance customer experience and deliver excellent services to customers.

Transaction Banking offers a range of products that cater to the needs of different business segments, such as corporate, commercial, as well as Small and Medium Enterprise (SME) clients. Through offering Cash Management, Trade Finance, and Financial Supply Chain services, Danamon can accommodate customers with suitable, effective, and competitive transaction services.

The continuous advancement of the internet banking platform allows customers to enjoy the online services of Cash Management, Trade Finance, and Financial Supply Chain, which improve business efficiency.

PRODUCTS AND SERVICES

Transaction Banking offers the following products and services:

- **Cash Management**
integrated banking solution assists customers to manage cash flow, liquidity, and execute daily transactions efficiently in order to generate optimal efficiency. Danamon's Cash Management allows customers to develop and execute business strategies more effectively.

- **Trade Finance & Services**

Danamon's Trade Finance services accommodate customers to execute trade transactions and benefit from working capital financing, including both international trade (import and export) and domestic trade.

- **Financial Supply Chain (FSC)**

Danamon's Financial Supply Chain facilitates the transaction cycle among suppliers, distributors and principals, not only by extending working capital facilities and payments but also by providing comprehensive reports that can add value to the relationships and continuity in the business ecosystem.

2022 STRATEGIES AND INITIATIVES

- **Digital Banking Services**

- a. The continuous enhancement of Danamon Cash Connect (DCC) provided more features with better user experience so that customers were able to do business transactions online and real-time, such as balance checking, fund transfers, mass transfers, virtual account services, payroll services, tax payments, bill payments, treasury rates etc. These services were available via website and mobile banking.
- b. API Central provided real-time connection services for funds transfer (payment), virtual accounts (collection) and Financial Supply Chain.

- **MUFG Collaboration**

Through joint collaboration with MUFG Bank, Transaction Banking continuously formed new partnerships with business principals and distributors from the automotive, FMCG, pharmaceutical, and building material industries.

2023 STRATEGIES AND INITIATIVES


Transaction Banking will continue to enhance product & service solutions and collaborate with MUFG Bank in the areas of Cash Management, Trade Finance, and Financial Supply Chain.

1. Continuous enhancement of integrated Financial Supply Chain solutions to provide more comprehensive transaction solution and customization for our key clients.
2. Improvement of Danamon Cash Connect (DCC) user experience & features such as bill payment, BI Fast, trade loan, and a complete suite of Financial Supply Chain platform catering both distributors and suppliers, including working capital facilities.
3. As one of the Appointed Cross Currency Dealer (ACCD), support the Government program to increase direct settlement transaction between Rupiah and domestic currencies of the counterparties as well as provide more efficient and competitive service to the customers.
4. API Central for Danamon's customers to process remittance transactions API new features, such as API Direct Debit, API BI-Fast, API for Tax Payment, etc.
5. Expanding business partnership with Financial Technology companies.



SMALL MEDIUM ENTERPRISE BANKING



Danamon's SME banking focuses on small and medium enterprises with total loan facility setting of up to Rp30 billion and annual sales turnover of up to Rp100 billion. 

Danamon's Small Medium Enterprise (SME) Banking offers a range of comprehensive financial solutions that covers productive business loans, financing, transactions, and protection (bancassurance).

PRODUCTS AND SERVICES

1. Productive business loans

Working Capital (Overdraft Facilities and Demand Loans), Investment Financing (KAB-Term Instalment Loans), Financial Supply Chain financing, Trade Finance, the Rural Bank (BPR) Loans, and Employee Cooperative Loans.

2. Funding

Deposit and transactional accounts for convenient operational transactions such as Current Accounts, Saving Accounts, and Term Deposits.

3. Transactions

Offering convenient transactions anywhere, anytime through Danamon's network of branches across Indonesia and through digital channels such as internet banking, mobile banking, and cash management.

4. Bancassurance

Offering a range of products to provide protection to business owners and their assets.

2022 STRATEGIES AND INITIATIVES

Danamon's SME Banking continued the previous year's re-segmentation initiatives and strategies focusing on providing comprehensive financial solutions to customers with approaches tailored to business segments of up to Rp5 billion and above Rp5 billion.

SME Banking also launched and improved the credit scoring process simplification for business segments of up to Rp5 billion.

To improve its lending business, SME Banking expanded its business by approaching Enterprise Banking clients' ecosystem by using Financial Supply Chain model, targeting distributors, suppliers, and other relevant businesses community aligned with regions and branches territorial.

SME Banking redeployed tele-sales to improve customer experience in order to increase the competitiveness of SME Banking's propositions and at the same time create opportunities for sustainable growth & profitability.

Continuous improvements to the SME Banking training curriculum have contributed to increasing the capacity of frontline personnel. In addition, a thorough assessment of the selling culture of SME Banking has also been carried out to produce improvements in process discipline and credit monitoring.

2022 PERFORMANCE

- Successfully managed the COVID-19 crisis by restructuring portfolios sustainably with schemes tailored to customer needs.
- Successfully launched a simplified credit scoring process for business segments of up to Rp5 billion.
- Increased the growth of loan facility setting in a sustainable manner on a monthly basis.
- Continuously grew the CASA portfolio with a relatively low CoF through granular CASA and transactions.
- Sustainably grew the number of customers to more than 80,000.

- Increased product holding per customer, especially from individual SME businesses.
- Banking transaction (throughput) increased steadily.
- FX, Trade Finance & Channels Fee Based Income started to show better growth trend.

2023 STRATEGIES AND INITIATIVES

The Indonesian economy is projected to improve in line with the gradual improvement of the COVID-19 situation. During this period of economic recovery, Danamon's SME Banking will focus on the growth of lending and funding business, as well as the sustainability of portfolio restructuring, as follows:

- **Continuing SME lending growth**
Continuing the previous year's achievements, SME Banking will continue to disburse loans to small and medium-sized enterprises to enlarge its SME loan market share. With the strengthening of credit management capabilities and supporting technology.
- **Business Ecosystem and Business Community Territorial**
SME Banking will enlarge its focus to the debtor segment with higher credit limit requirements through alignment with EB principal acquisition and at the same time continuously expand business community acquisition based on regional and branch territorial strategies.
- **Increasing revenue, especially from transactional fee-based income**
To improve the operational efficiency ratio, Danamon's SME Banking will strengthen relationships with customers to better identify customer needs outside of traditional funding and lending services. Through this action, SME Banking can provide better services while increasing revenue by generating higher fee-

based income. One of the pillars of this initiative is to provide more FX and Trade Finance facilities for customers whose business activities are related to international trade.

- **Focusing on loans portfolio management**

In order to enhance portfolio management, especially for customers with higher credit limits, SME Banking plans to revamp the sales model and enhance the SME head office organization. The result of these initiatives will continue to be monitored for effectiveness and impact on credit portfolio management. In addition, SME Banking will also continue to enhance its credit scoring.

- **Utilizing digital channels and electronic media for transactions and registration**

The COVID-19 pandemic has emphasized the importance of rapid adoption to digital technology and electronic media, of which most customers are adopting alternative digital channels to access banking services and conduct transactions wherever they are. Danamon's SME Banking will collaborate with fintech-based loan providers and establish a digital community platform to capture new customers through digital channels, provide financial market literacy, and facilitate collaboration among customer businesses. The implementation of technology, such as the Loan Origination System and OCR, is expected to contribute to improving the SME segment's credit process effectiveness. Other than that, SME Banking continues expansion of the tele-sales nationwide to improve customer's experience and strengthen the relationships with the customers to better identify customer needs, and therefore, SME Banking can continue to bring the best to the customers.



CONSUMER BANKING



Consumer Banking has a strong aspiration to be leading consumer bank providing relevant and innovative financial solutions and services to fulfil customer needs through various channels in order to compete in dynamic competition. ”

In 2022, The Indonesia economy has shown positive trend due to increased mobility and accelerated consumption. The economy uptrend has benefitted the society and many industries, including Consumer Banking. Despite that, there are still macroeconomic challenges impacted from global situation such as interest rate hike and continuous conflict.

Fierce competition from peer banks and digital banks remains as those institutions continue to grow to obtain more market share.

To overcome these challenges, consumer banking has placed customer centricity strategy focusing on customer expansion, improve customer engagement, and building ecosystem to reach its aspiration to be leading consumer bank.

PRODUCTS AND SERVICES

Consumer Banking offers the following products and services:

- **Privilege**

High net worth and affluent clients are entitled for personal wealth advisory to assist in providing tailored financial solution such as investment, bancassurance, & property investment solution and other benefits.

- **Optimal**

For emerging affluent segment, consumer banking offers personal financial management that will guide our clients to achieve their financial life goals on every life stages.

- **Deposits**

Tailored to meet the needs of market segments either affluent or mass market, our deposit products are saving accounts, checking accounts and time deposits.

- **Loans**

Consumer Lending offers a variety of products, both secured (mortgages) and unsecured (credit cards, personal loans) which relevant to customer needs.

- **Investment and Bancassurance**

Consumer Banking provides many products through partnerships with reputable third-party institutions in Indonesia. To meet the needs of high net-worth customers, Consumer Banking also provides personalized and exclusive services.

- **Foreign Exchange**

Danamon provides service to fulfill customer needs for foreign currency with competitive pricing, various choices, and seamless processes.

2022 STRATEGIES AND INITIATIVES

In 2022, Consumer Banking consistently executed the well-planned strategies focusing on customer needs. The implementation involves customer expansion, engagement, products, and process improvements. All the actions are supported by digital acceleration, intensifying branding and communication, and continuous synergies.

Compared to 2021, consumer banking key drivers and financial metrics have shown improved performance. Customer expansion continue to improve by leveraging digital channels with more seamless and convenient way to onboard customers and with relevant proposition to targeted customers.

Consumer banking has launched new multiple saving and wealth management products to enrich solutions offered to clients and to accelerate penetration to customer base. Danamon has strong growth from saving account contributed from targeted program with continuously improved branding and communication. Danamon has launched FX online to provide seamless way for client to transact.

On credit cards, Danamon Consumer Banking launched the JCB credit card to capture the young affluent segment and to improve its market share. Danamon had strong momentum in mortgage driven by improving productivity and synergies with MUFG.

2023 STRATEGIES AND INITIATIVES

- Expanding the customer base by accelerating digital channels, building API with strategic partners, and leveraging collaboration and ecosystems.
- Accelerating customer engagement through analytics based-offering and multiple channels for activation.
- Build digital ecosystems that connected with people life cycle to e.g education, automotive, and healthcare.
- Product innovation, targeted offers and programs and partnerships with strategic partners to entice customers, increasing active rates and usage.
- Accelerating funding strategies with programs for the affluent segment and building a payment ecosystem.
- Continuing Wealth Management traction through more product variation, innovative programs, and process improvement.
- Growing card business through digitalization and ecosystem, and establish strong card positioning in the market to elevate card utilization.
- Stepping up mortgages through aggressive acquisitions, retentions, and cross-sell initiatives.
- Continuing and further improving asset quality through implementation of risk based collection strategy and new collection system with digital capabilities.



NEXT-GENERATION BRANCH CONCEPT

Danamon has reopened two branch offices at the end of 2022 which are Medan Putri Hijau in Medan, North Sumatra, and Pondok Indah Mall 2 in Jakarta. This inauguration was carried out to officially welcome the Next-Generation Branch concept for a holistic banking experience at these two branch offices as part of Danamon's commitment to provide banking and financial solutions that are most suitable with each customer's needs. The Next-Generation Branch offices in Medan and Pondok Indah Mall 2 are designed to serve all stakeholders as a platform for education, sharing knowledge and networking center in order to grow together.

For the Medan Putri Hijau Next-Generation Branch Office, Danamon provides a community lounge for customers and entrepreneurs in Medan to receive lessons related to financial management and entrepreneurship seminars in which local business players can participate, such as training and sharing sessions to increase capacity and capability, where Danamon facilitates entrepreneurs and customers to share their experiences, broaden networks, including open opportunities for business development by

leveraging MUFG's global network as Danamon's holding company. This is consistent with the resilient and open-minded characteristics of the Medan business community, as well as the Medan Government's program, which is currently intensively improving the investment climate and encouraging young people to dare to take steps to become entrepreneurs and reduce unemployment.

For the Pondok Indah Mall 2 Next-Generation Branch Office, customers will have an easy, efficient, safe, and pleasant transaction experience. This branch office has a modern design and includes a hospitality point, community space, and knowledge sharing area which is equipped with various supporting facilities.

In these two Next-Generation branches, Danamon's financial services will be adjusted to each customer's profile and needs through the use of digital devices, as well as integrated offers from a holistic financial and non-financial perspective to give effective and efficient end-to-end solutions.





SELF-SERVICE

TELLER

1

2

3

Danamon
KARTU PEMILIH
KEBUTUHAN TRANSFER
HARIANMU

Pengganti Gantian Kartu



Danamon
Privilege





Danamon
A member of CIMB Group

Danamon Cabang Medan Putri Hijau - Cooking Class

Cooking Class "Peluang Bisnis Kuliner"

Menu: • Japanese Bread • Pasta • Dessert

 Kamis, 2 Februari 2023

 16.00 - 18.00 WIB

 Bank Danamon
Medan Putri Hijau

Penawaran Spesial:

- ✓ Bonus 1 Rich's Goodie Bag
- ✓ Hemat 5% pembelian produk Rich's
- ✓ Bonus makanan dan minuman



Registresi Hubungi
Regina • 087764328448
Gratis / Kuota terbatas

PT Bank Danamon Indonesia Tbk. (terdaftar dan diregistrasi oleh Otoritas Jasa Keuangan) (OJK)
untuk memperoleh informasi selengkapnya hubungi 1595 atau kunjungi www.danamon.co.id





Richi Firman Simamora
Baking & Pastry Specialist

Muhammed Fauzi Lubis
Barista Specialist



**SAATNYA
PEGANG KENDALI**

BDI Medan Putri Hijau

Danamon

A member of  MUFG, a global financial group

SELF-SERVICE

Tarik Tunai
Transfer
Bayar Tagihan
Cek Saldo

Seter Tunai
Cek Saldo

VISA   

VISA   

DANAMON
SHOW CASE

Check-in
Disini





SHARIA BANKING



The Sharia Unit has launched Digital Sharia On Boarding and digital cash waqf services as an important milestone in the digital era. It will continue to develop unique digital based products.



SHARIA BANKING INDUSTRY

At the end of 2021, 86.9% of the Indonesian population or approximately 238 million people were Muslims. That made Indonesia the country with the largest Muslim population in the world. Moreover, Islamic banking in Indonesia recorded 14% asset growth to Rp677 trillion, higher than conventional banks' asset growth of 9%. This growth is projected to remain positive, supported by Indonesian economic recovery.

As of February 2022, sharia market share had increased to 6.65%, indicating a tremendous opportunity for the sharia industry to expand. Indonesia has a significant potential to develop the halal ecosystem for further sharia market growth thanks to having the largest Muslim population in the world.

DANAMON SHARIA BANKING

Sharia Banking is Danamon's business division that is based on sharia principles. It is managed by Danamon Sharia Banking Unit (UUS). The vision of Danamon Sharia Banking is to help millions of people prosper under sharia principles.

Sharia Banking serves all segments, from consumers and SMEs to corporations and financial institutions, in order to fulfil customer needs with the support of all of Danamon's infrastructure, technology, and distribution channels.

PRODUCTS AND SERVICES

The development of unique digital-based products is an important factor for the success of Danamon Sharia Banking in all community segments, such as Consumer, SME, & EB. Danamon Sharia Banking offers the following competitive and customer-oriented products and services:

• Deposit

Sharia digital saving account (Danamon Save iB) and sharia digital savings plan (*Tabungan Perencanaan Syariah iB*), which allow customers to open accounts at their convenience without visiting a Danamon branch. *Rekening Tabungan Jamaah Haji* (RTJH) is a Hajj pilgrimage savings account that is directly connected to the government's Integrated Computerized Hajj System (SISKOHAT). Other deposit products include *Tabungan Rencana Haji iB* (hajj savings plan), *Tabungan BISA Umrah iB* (umrah savings plan), *Tabungan BISA Qurban iB* (qurban savings plan), *Danamon Lebih iB*, Fleximax iB, *Giro BISA iB* (checking account), and Time Deposit iB.

• Financing

Employee Cooperative Financing, Sharia Working Capital Financing, Sharia Investment Financing, Sharia Leasing, Sharia Trade Financing, Sharia Mortgage Financing, and Sustainable Financing for solar panels and electric vehicles.

• Bancassurance

Prima Amanah Protection (PPA).

• Services

Cash Management, Electronic Channel, Digital On Boarding, Cash Waqf Recipient, and Cash Waqf services through the Social Banking platform.

2022 PERFORMANCE

Danamon Sharia Banking's assets grew by 15.2% year-on-year in December 2022 with profit amounting to Rp250 billion, which was faster than the market growth rate and indicated that sharia products could be further improved to secure more significant growth.

- **Sharia Financing**

Danamon Sharia Banking focused on the development of Sharia Leasing Financing and Employee Cooperatives Financing. In the end of 2022, Sharia financing grew by 17.5% year-on-year to Rp9.2 trillion.

- **Sharia Funding**

In the end of 2022, sharia deposits reached Rp5.6 trillion grew 12% year-on-year. The increase was due to a leveraging strategy through the expansion of Danamon Sharia Banking's branch network, leading to greater growth in the accumulation of third-party funds on a granular basis, and through unique halal lifestyle solutions for Islamic communities (education, employees, and MSMEs).

BUSINESS/PRODUCT FOCUS

Danamon Sharia Banking provides financial solutions for customers through a comprehensive range of unique sharia-based products and services.

The Sharia Unit has launched Digital Sharia On Boarding and digital cash waqf services as an important milestone in the digital era, and it will continue to develop unique digital based product. On financing, Danamon Sharia Banking continues to develop its unique financing product called Sharia Leasing, which gives more benefits to customers, especially in the commercial and corporate segments. In the SME and consumer segment, Danamon Sharia has collaborated with Danamon's subsidiary, Adira Dinamika Multi Finance, to support and develop the Sustainability Finance program by promoting sustainable living ecosystem initiatives, such as ones focusing on electric vehicles and solar panels. That program has been launched & socialized to all Danamon employee.

In line with the development of innovative products, Danamon Sharia Banking's flagship products are all intensively promoted throughout Danamon's new distribution network.

In the funding side, Danamon Syariah had a goal to increase granular funding performance through various events & activities, such as campaigns, gatherings, and booths, as an engine to expand its market share & community-based customers loyalty.

Danamon Sharia Banking has continued to improve its human resources' productivity by enhancing their knowledge and capabilities, especially in the promotion of sharia banking and products.

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

AWARDS

In 2022, Danamon Sharia received several awards in recognition of its excellent service to customers. The awards are as follows:

- 2nd Place in Sharia Business Unit category with asset < Rp5 trillion – Rp10 trillion, Infobank Digital Brand Awards.
- 2nd Place for the most excellent service in Sharia Business Unit category, Infobank Banking Service Excellence Awards 2022.
- 1st place for the best Teller Sharia Business Unit, Infobank Banking Service Excellence Awards 2022.
- 2nd place for the Overall Walk-in Channel Sharia Business Unit, Infobank Banking Service Excellence Awards 2022.
- "Good" Predicate for the Sharia Bank Mortgage Financing in the Virtual Awarding Indonesia Customer Satisfaction Achievement Survey 2022 by SWA Magazine & Business Digest, Indonesia Consumer Financial Service Award 2022.
- "Very Good" Predicate in the Sharia Business Unit category with asset < Rp5 trillion – Rp10 trillion, Infobank Digital Brand Awards.

2023 BUSINESS PLAN

Danamon has conceived a number of strategic initiatives to further expand its sharia banking services in 2023, including by optimizing Danamon's branch network as well as collaborating with MUFG Group such as Adira Dinamika Multi Finance. In line with the Bank's strategy in 2023 to develop digital sharia banking, Danamon Sharia will improve its products and services through a digital banking platform. In addition, Danamon Sharia plans to complete its financing products through sustainable financing.

Concurrently, Danamon will continue to bring forth innovative and unique sharia products, which will be oriented to customers' needs and be more competitive than the services and products offered by its competitors.



GROUP MARKETING



Through the seven key elements consisting of brand identity, brand association, brand image, quality perception, brand awareness, brand experience, and brand loyalty, Group Marketing has a goal to consistently build brand values.



Danamon's marketing and communication functions in the Group Marketing division are led by a Chief Marketing Officer (CMO) that reports directly to the Vice President Director.

Group Marketing aims at building strong Danamon Brand equity through seven important elements of brand identity, brand association, brand image, quality perception, brand awareness, brand experience, and brand loyalty, by communicating Danamon's positioning of customer centric financial solutions with technology and a human touch through products, services, channels, and brand stories.

Group Marketing consists of:

- **Brand Communications:** Building Danamon's corporate identity in a modern image by rejuvenating and humanizing stories about Danamon.
- **Marketing Communications:** Generating customers' attention and demand through stories about relevant products, services and channels.
- **Corporate Communications:** Maintaining Danamon's reputation and navigating public's opinion, through Media and Public Relations, Crisis Communication handling, and Internal Communications.
- **Digital Marketing:** also known as online marketing, is brand promotion connecting with new potential customers through digital channels. Digital Marketing's role in this regard is to manage digital channels, such as the Danamon Corporate Website (DCW), email, Danamon's social media accounts, organic searches (Search Engine Optimization), and paid searches (Search Engine Marketing), digital marketing analytics, as well as mobile and display advertising, to ensure our online presence and increase brand awareness, marketing, and sales funnel initiatives.

- **Brand Activations:** Building Brand Relevance and Scale by creating a perception that Danamon is "everywhere", and creating a strong presence in people's lives by relaying brand experiences that are relevant to their aspirations, needs, and lifestyles.
- **Marketing Planning and Research:** Establishing a marketing organization and a company culture driven by a deep understanding of consumer behavior and insight and strong management of marketing budgets.

MARKETING ACTIVITIES 2022

Ramadan and Lebaran Campaigns

During Ramadan, Danamon launched the #RamadanTerkendali campaign, a movement to make customers be more in control financially during the Ramadan and *Idul Fitri* spending season.

Danamon 66th Anniversary Campaign

July 16, 2022 marks 66 years of Danamon's dedication for Indonesia. This long journey is proof of Danamon's commitment to provide the best financial and banking services to the Indonesians, even during the pandemic.

#BersamaBersinergi was chosen as the theme for Danamon's 66th anniversary celebration because it fits the Bank's long journey, which would not have been possible without the collaboration and synergy of all parties to achieve Danamon's vision of caring for and enable millions of Indonesians to achieve prosperity. Synergy is the most ideal form of collaboration, and Danamon has always been committed to continuing to transform and create services and products which offer financial solutions for customers to achieve their financial goals, as well as to become clients' loyal partner as "Your Bank of Choice."

With the spirit of #BersamaBersinergi, Danamon invites customers and employees, or Danamoners, to take part in the Bank's 66th anniversary celebration and presented various attractive promotional offerings. For customers, Danamon presented the "Banjir Kejutan Promo 66" promotional program which took place from July 16 to 31, 2022. For Danamoners, there were many interesting surprises in the form of various exciting activities to welcome Danamon's 66th birthday celebration and to increase their engagement. For the community, Danamon held several social activities to help the general public achieve prosperity through the Danamon Peduli program.

D-Bank PRO

D-Bank PRO is the All-in-One Application which not only supports a wide variety of banking activities, but also provides easy access through its features. This application is designed to provide convenience for customers in conducting banking transactions. The application also offers a complete set of features and services that include the opening of digital accounts, QRIS, topping-up of e-wallets, payments or purchases of electricity tokens, to the opening of online deposits. D-Bank PRO can do online transfers to other banks, such as by Bank Indonesia Fast Payment (BI-Fast), fast, easily, and with greater transaction limits.

D-Bank PRO was launched 2021 and had many of its features improved in 2022, especially those regarding services and payment. There was the top-up service co-branding agreement with Bank Mandiri's e-money, cardless withdrawal, top-up services for GoPay and OVO e-wallets, forex transactions, credit card features, and vehicle insurance. We also pampered our customers with a QRIS cashback program that partnered with 26 merchants of food and beverages, beauty, clothing, and communications merchants.

Danamon Financial Friday

To raise the awareness of Danamon products and expertise in helping customers receive a holistic financial solution, Group Marketing presented a weekly education program titled "Danamon Financial Friday". The educational series launched every Friday on Danamon YouTube Channel, featuring experts from Danamon to discuss on how various Danamon products will able to solve customers financial problems.

"Grow with Danamon" Campaign

Danamon launched the "GROW WITH DANAMON" campaign to strengthen bank's commitment to always be ready to provide solutions for all financial needs of customers so that they can grow and become more prosperous, which is in line with Danamon's vision and mission of caring and helping millions of people to achieve prosperity. This is also aligned with Danamon's commitment to provide comprehensive financial solution to help customer grow and accomplish their financial goals.

Indonesia International Motor Show 2022

Danamon together with Adira Finance and supported by MUFG would like to reiterate the group's commitment to promoting the growth of a sustainable automotive ecosystem in Indonesia. This commitment is shown by our participation as official bank partner and official multifinance partner on the annual Indonesia International Motor Show (IIMS) Hybrid 2022 which held by Dyandra Promosindo. Through this participation, MUFG, Danamon, and Adira Finance strengthen its aspiration to become bank partner and multifinance partner of choice in the automotive industry by giving a comprehensive financial solution in every national automotive supply chain starting with importers, manufacturers, suppliers, distributors, dealers, including owners of small medium enterprises on aftermarket, spareparts and accessories sellers, by providing solutions for their transaction-fund, protection, and loan needs. At the end of supply chain, Danamon provides various option of consumer loan through Adira Finance, together with other consumer products including credit card, saving, bancassurance, and investment.

Danamon Wealth Management "Solusi Investasi Cerdas"

Solusi Investasi Cerdas campaign aims to deliver our promise in providing one stop wealth management solution to investors through a comprehensive selection of wealth management products from Foreign Exchange, Mutual Funds, Bonds, and Structured Products as well as access to our investment specialists.

Danamon Wealth Series as part of Solusi Investment Cerdas hold regular events to provide customers with latest market updates, new wealth management product launch, new wealth management features in D-Bank PRO, it also aim to increase market awareness of our wealth management capabilities.



Danamon JCB Precious Card

Danamon JCB Precious Credit Card was launched to be the best companion card to the #BebasDariRutinitas campaign by allowing its holders to enjoy the benefits and optimized features with every card transaction. Danamon JCB Precious Card also allowed the emerging affluent segment to enjoy the convenience of breaking from routines by travelling, pursuing hobbies such as cooking, and spending quality time through enjoying great food with friends and family.

Danamon Privilege Re-launch Campaign

Danamon understood the importance of growing and protecting wealth to ensure the well-being of our customers' families. Therefore, we relaunched Danamon Privilege in early 2022 with the "Menjaga Setiap Generasi" promise, where we helped them to pass on their legacy to their next generations. Danamon Privilege has given financial solutions for customers to help them make financial decisions according to their needs by offering a variety of banking services and products which are supported by 4 pillars: Wealth Advisory, Wealth Growth Preservation, World of Privileges, and Convenient Access.

KPR Danamon Campaign

For the first time, together with MUFG, Danamon and Adira Finance, KPR Danamon collaborated with 15 developer partners participated in Indonesia International Motor Show hybrid 2022. KPR Danamon gave various offers which are low interest rates start from 3,45% fixed for 3 years, free administration fee and a variety of attractive prizes.

KPR Danamon participation in IIMS 2022 was to increase KPR Danamon's awareness in Indonesian as one of financial solutions from Danamon.

CEO Walks

CEO Walks #BersamaBersinergi was held to indicate that Danamon's Board of Directors and Management are ready to commit towards supporting Danamoners and Adira employees' (Gardira) aspirations to collaborate and synergize. The customer insights which have been obtained from frontliners were used by Danamon and Adira Finance as the basis for building a customer-centric organization. BOD and Management also reminded Danamoners and Gardira that the "BISA" values can always be rejuvenated. "BISA" values are our guiding light in carrying out our work activities and in serving customers, which is reflected through the spirit of collaboration, having integrity, being swift to serve our partners internally in Danamon and Adira, especially customers, and being adaptive to any changing situations. As part of CEO Walks #BersamaBersinergi, BOD and Managements also met directly with the customers through a Customer Gathering event in order to express our appreciation for their loyalty to Danamon. There were also local media visits and gatherings to convey Danamon's business focus.

2023 STRATEGY AND ACTION PLAN

- Building Danamon Brand Awareness through brand stories, products, services, and channels.
- Creating a feeling that Danamon is "everywhere" in customers' lives through relevant perceptions and real experiences which are very important towards building Brand Awareness.
- Building Brand Awareness as a trusted modern bank with global and local capabilities through relevant brand stories for customers.
- Reinvigorating Bank Image through brand story and products, as well as through internal staff (Danamoners).
- Strengthening Solution-Centric Communications for products, services, and channels as a value proposition based on a combination of superior products, services, and channels, as well as strong, meaningful, and relevant communications that build a strong emotional connection; Positioning the features of our products, services, and channels to assist customers identify their financial needs, provide solutions, and control their finances.

PT ADIRA DINAMIKA MULTI FINANCE, TBK.



Adira Finance continues to diversify its funding sources through support from joint financing with its parent company, Danamon, and by obtaining external borrowings.



PROFILE

PT Adira Dinamika Multi Finance, Tbk. (“Adira Finance”) was established in 1990 and commenced operations in 1991. In 2004, Adira Finance conducted an Initial Public Offering and PT Danamon Indonesia Tbk (“Danamon”) became the majority shareholder with 75% ownership. Following subsequent corporate actions, Danamon currently owns 92.07% of Adira Finance. As a subsidiary of Danamon, Adira Finance is part of the MUFG Group, one of the largest banks in the world.

Adira Finance has become a leading company in the financing sector that serves a variety of brands and products. It offers multipurpose financing services through e-commerce platform Dicipilaja.com and manages marketplaces for buying and selling vehicles, Momobil.id and Momotor.id. As of December 31, 2022, Adira Finance operates 459 business networks throughout Indonesia, supported by around 17 thousand employees to serve 1.7 million consumers with total managed receivables reaching Rp44.6 trillion.

Adira Finance has a vision of **Creating Common Values for the Sustainability of the Company and Prosperity of Indonesian Society.**

PT Adira Dinamika Multi Finance, Tbk. in 2015 introduced a new logo and tagline “Sahabat Setia Selamanya”. This tagline exhibits the company’s commitment to build long-term partnerships in its ecosystem, both internally and externally, such as employees, consumers, business partners, and other stakeholders.

The new logo identity is a manifestation of a long-term business strategy to support sustainable performance. Through a new identity, Adira Finance wants to serve its customers in all aspects of their lives in order to build long-term relationships with them and therefore create

customers for life. Adira Finance wants its customers to feel its presence as a best friend (*sahabat*) who can provide solutions and create synergies in the concept of “Sahabat Adira” (Friends of Adira).

“**Sahabat**” in the company’s philosophy has a very deep meaning as the personality values that Adira Finance reflects to its customers: **Flexible, Transparent, Innovative, and Synergistic.**

BRAND PERSONALITY

- **Flexible**
Adira Finance does not make easy things difficult and always provides convenience to its customers.
- **Transparent**
Adira Finance is always open and transparent in providing information to its customers.
- **Innovative**
Adira Finance always provides the right and creative solutions both at work and in providing products and services to its customers.
- **Synergistic**
Adira Finance always instils a spirit of collaboration both internally and externally with its customers and business partners.

LINE OF BUSINESS

The scope of Adira Finance’s businesses includes investment financing, working capital financing, multipurpose financing, other business activities, as well as operating leasing and sharia financing based on Financial Services Authority’s regulations. The scope of the company’s sharia business unit covers sale and purchase financing, investment financing, and service financing.



PRODUCTS AND SERVICES

Adira Finance is one of the leading financing companies in Indonesia that offers a variety of diversified vehicle financing products for both new and used motorcycles and cars from various brands of motor vehicles, as well as durable goods, multipurpose financing, and sharia financing. Adira Finance continues to provide customer-centric services to reach customers in a sustainable manner by carrying out several product and service innovations to ensure that all consumer needs can be met at Adira Finance.

Adira Finance offers both conventional and sharia financing for customers to choose. All of these factors enable Adira Finance to always be present for its customers by providing diverse products and services in accordance with the market segment, target market, and consumers' life cycle, as well as providing a beneficial experience for all customers ("Sahabat").

2022 STRATEGIES AND WORK PROGRAMS

Adira Finance adopted several strategies and work programs to respond to the challenges of 2022, including:

1. Strategies in Business Development

- Adira Finance was more aggressive and competitive toward increasing the penetration of the automotive business, for both cars and motorcycles. The company provided various attractive sales programs and also strengthened its good relations with dealers to increase new financing.
- Adira Finance expanded non-automotive products such as multipurpose products and durables. The company conducted a #dimodalina campaign for consumers to take advantage of multipurpose loan funds for various needs.
- Adira Finance continued investment and encouraged digitalization with its online platforms, including Adiraku, Momobil.id, Momotor.id, and Didicilaja.com, as alternatives in acquiring new financing and customers as well as serving existing customers.
- The company continued to manage its asset quality in order to keep its NPL ratio under control by applying prudent risk management principles
- The company secured sufficient liquidity to fund business requirements and meet all financial obligations.

2. Strategies in managing optimal funding

Throughout 2022, Adira Finance had sufficient liquidity to pay its financial obligations and fund its business needs using income from its customers' instalment payment and available funding sources facilities.

The company continued to diversify its funding sources through continuous support from joint financing with its parent company, Danamon, and external borrowings, including bank loans and bonds. As of September 2022, joint financing represented 47% of managed receivables.

The company's total external borrowings in December 2022 decreased by 4% year-on-year to Rp10.5 trillion consisting of onshore and offshore bank loans and bonds & sukuk, each contributing 48% and 52% respectively. As a result, the company's gearing ratio fell to 1.0 times in 2022 from 1.2 times in 2021, supported by growing equity from retained earnings. In March 2022, the Company issued PUB Bond V Phase III and Sukuk Mudharabah IV Phase III 2022 amounting to Rp2 trillion, which was oversubscribed by 3.4 times.

In 2022, Adira Finance managed to maintain an idAAA/stable rating from national rating agency Pefindo and a BBB rating from international rating agency Fitch Rating. At the end of 2021, Adira Finance obtained an international rating upgrade by the Moody's Rating Agency to Baa1/stable from Baa2/stable. This rating upgrade may have had a positive impact in enhancing investor confidence in Adira Finance's corporate rating and provided the company a better access to funding from domestic and overseas markets.

3. Initiatives to increase productivity and operational excellence

- a. **Productivity Improvement**, initiatives to increase productivity included adjustments to productivity calculations to take into account business achievements and regional characteristics, development of customer centric-branch organizations, Organization Effectiveness (OE) projects, and refreshment trainings for technical skills.

- b. **HR development by improving the Learning Ecosystem**, relying on an online approach as well as improving the ability and scalability of the Faculty Member of Adira (FMA) were still the main methods for improving the learning ecosystem.
- c. **Increasing Digital Capacity**, initiatives included developing HR Super apps (Smile apps), developing Robotic Process Automation, and making Virtual Job Fair applications.
- d. **Increasing the Role of Change Management**, strengthening change agents was one of the elements in change management. Change agents were developed and equipped to be placed in various projects.

2022 PERFORMANCE

Details of the 2022 business performance are outlined in the following table:

Details	YoY	2021	2022	2022
			Achievement	Projection
Total Assets (IDR trillion)	5.0%	23.7	24.9	25.0
Net Profit (IDR billion)	32.3%	1,212	1,606	1,368
New Financing (IDR trillion)	22.3%	25,921	31,697	31,200
Non- Performing Financing (%)	(0.6%)	2.3%	1.7%	±2.5%
Market Share-Motorcycles (%)	(1.0%)	9.2%	8.2%	±8%
Market Share-Cars (%)	0.0%	4.0%	4.0%	±4%

2023 STRATEGIES AND PLANS

Adira Finance's several strategies to be executed in 2023 are as follows:

- Strengthening and gaining market share in the automotive business through product diversification and by providing various attractive sales programs for customers, as well as strengthening good relations with our dealers;
- Expanding networks to non-automotive businesses through product diversification to support business growth;
- Increasing customer retention by offering loyalty and referral programs, as well as conducting need-based cross-selling to existing consumers and therefore providing a better customer experience to support the growth of the company's financing;
- Accelerating digitalization within the company and its ecosystem to improve business efficiency and effectiveness by performing digital process automation and investing in digital businesses such as Adiraku, Momobil.id, Momotor.id, and Dicicilaja.co.id to facilitate customers in financing with Adira Finance;
- Focusing on a customer-centric approach to reach customers in a sustainable manner by carrying out several product and service innovations;
- Managing asset quality in order to keep the NPL ratio under control by applying prudent risk-management principles;
- Securing sufficient liquidity to fund business needs and meet all financial obligations.

FULL ADDRESS :

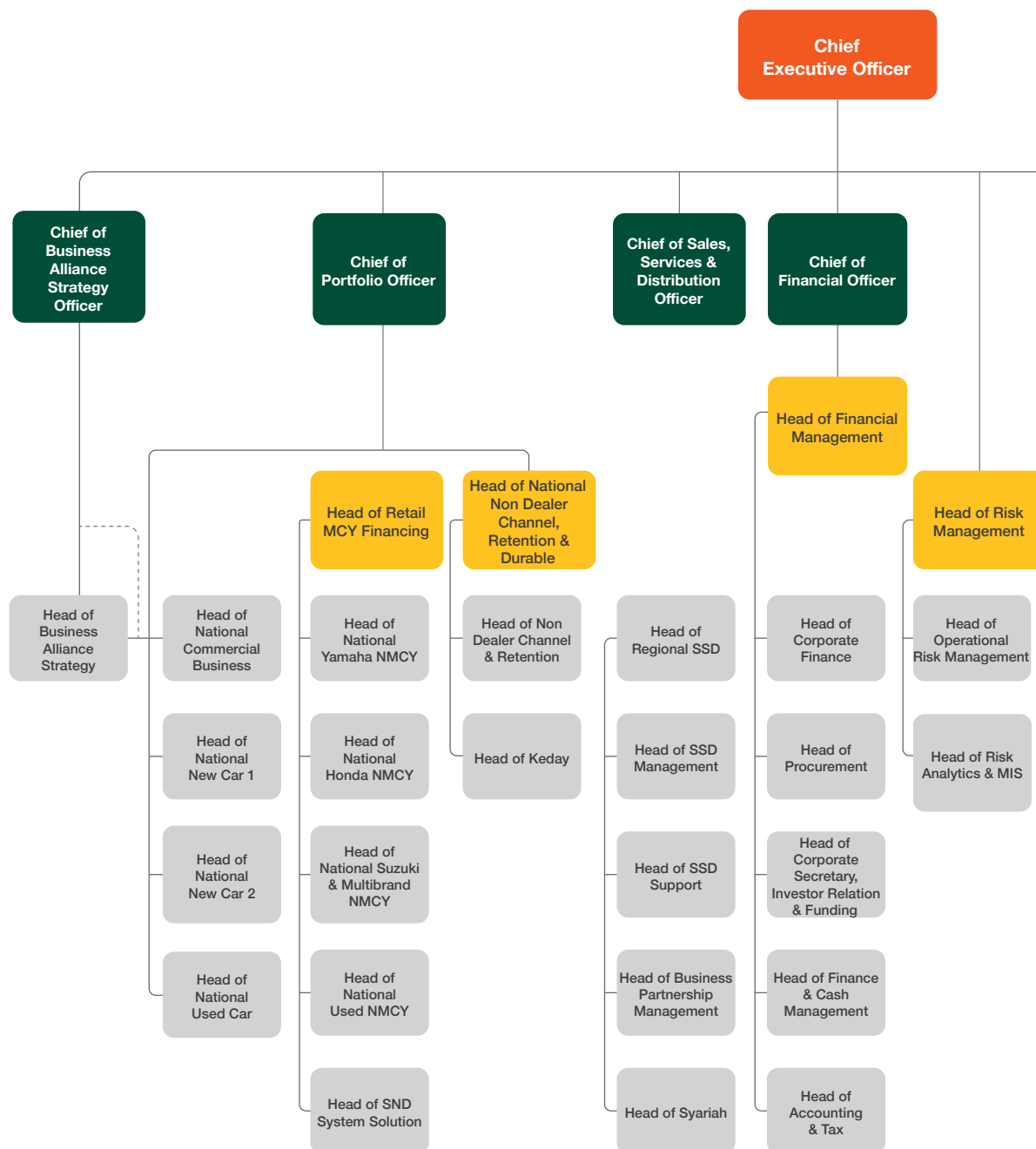
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 Website: www.adira.co.id

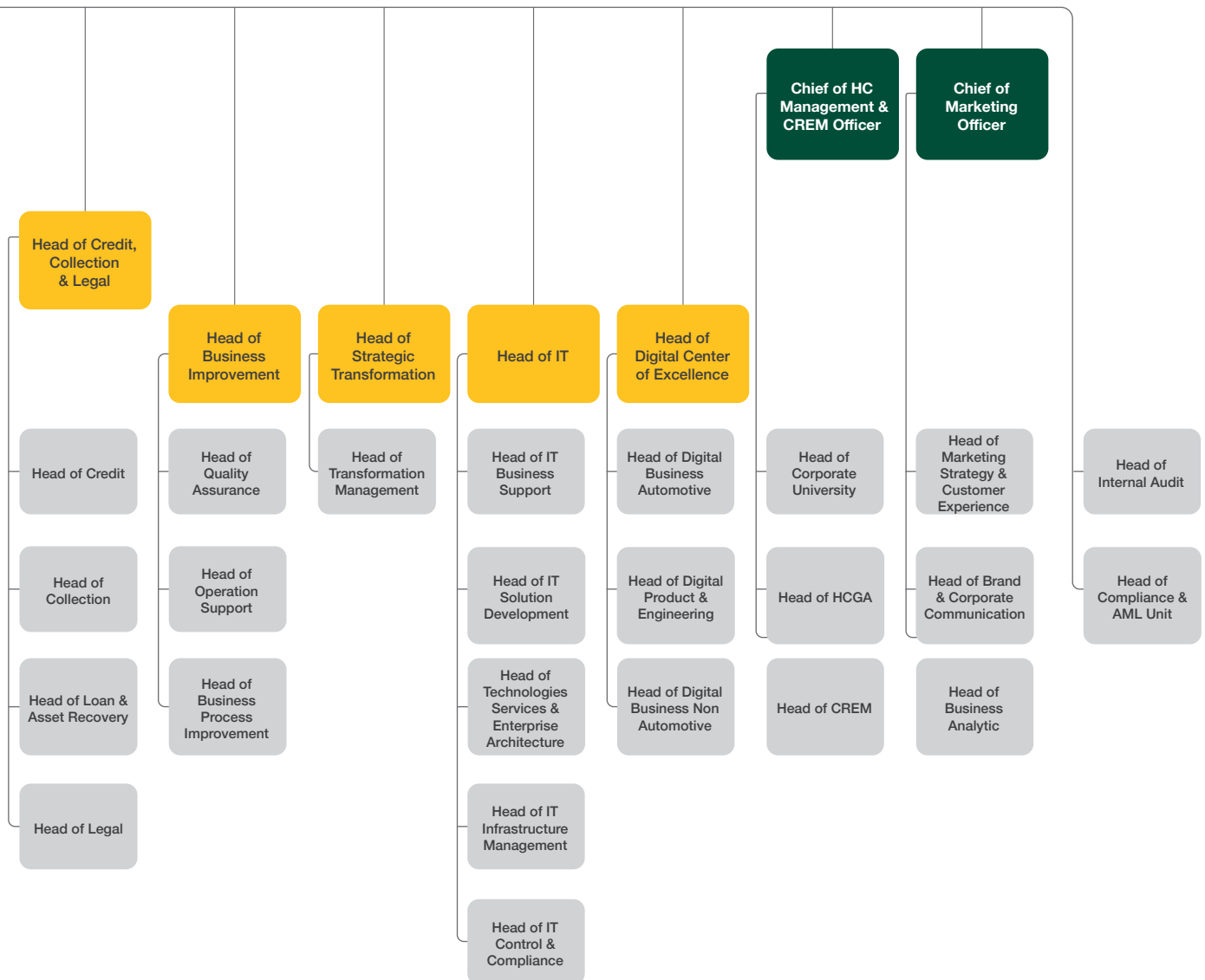


ORGANIZATION STRUCTURE OF ADIRA FINANCE

PT Adira Dinamika Multi Finance, Tbk.

Organization Structure-009/Directorate/IX/2022







FINANCIAL REVIEW

In 2022, Danamon posted net profit after tax of Rp3.30 trillion, increased by 110% compared to 2021. This resulted in ROA and ROE of 1.7% and 8.3%, respectively at the end of 2022, compared to previous year's level of 0.8% and 4.1% respectively. Danamon gross NPL ratio (consolidated) was well managed at 2.6% at the end of 2022, improved 10bps compared to 2.7% at the end of 2021.

NPL Coverage ratio stood at 230.8%, increased compared to 225.6% at the end of previous year.

The following financial reviews are based on Danamon and its subsidiary consolidated financial statements position as of 31 December 2022, and consolidated financial performance and consolidated cash flows for the corresponding fiscal year, in accordance with Indonesian Financial Accounting Standards.

The Public Accountant Firm Imelda & Partners (a member firm of Deloitte Touche Tohmatsu Limited) has audited the consolidated financial statements conducted by Elisabeth Imelda with Licence of Public Accountant No. AP.0849 based on auditing standards set by the Indonesian Institute of Certified Public Accountants with an unmodified opinion.

(in Rp billion)

Description	2022			2021 ^{*)}		
	Retail ¹⁾	Wholesale ²⁾	Total	Retail ¹⁾	Wholesale ²⁾	Total
Assets	77,069	106,089	197,730 ³⁾	71,328	109,167	192,207 ³⁾
Liabilities	84,470	52,771	150,251 ³⁾	83,001	51,452	147,010 ³⁾
Net Interest Income	10,094	4,026	14,120	9,396	4,352	13,747
Non-Interest Income	1,619	2,311	3,930	2,099	1,893	3,992
Operating Income	11,712	6,338	18,050	11,495	6,244	17,739
Operating Expenses	(8,983)	(1,230)	(10,213)	(8,469)	(1,091)	(9,560)
Cost of Credit	(2,540)	(705)	(3,245)	(5,049)	(715)	(5,764)
Non Operating Income and Expenses	(66)	(87)	(153)	(194)	98	(97)
Restructuring cost			(33)			(37)
Profit before Income Tax			4,405			2,281
Income Tax			(975)			(613)
Net Income from Continuing Operations			3,430			1,668
Net Income			3,430			1,668
Net Profit After Income Tax Attributable to Parent Entity			3,302			1,571

*) Restated

1. Consists of small and medium enterprises, micro, credit card, Sharia, insurance business, consumer financing, and retail banking.
2. Consists of commercial banking, corporations, financial institutions and treasury.
3. Including non-allocated assets and liabilities

CONSOLIDATED FINANCIAL STATEMENTS POSITION

Danamon posted total assets of Rp197.73 trillion in 2022, increased by 2.9% compared to Rp192.21 trillion in the previous year. The increasing assets was largely due to an increase in loans - net and Consumer financing receivables & Finance lease receivables - net by 14.6% and 9.5% to Rp114.60 trillion and Rp22.16 trillion, respectively.

In line with the increment in assets, the Bank's total liabilities was also increased from Rp147.01 trillion in 2021 to Rp150.25 trillion in 2022. The increasing liabilities was mainly due to an increase in Third Party Funds (TPF) by 3.2% to Rp127.36 trillion in 2022. Previously, Danamon's TPF was recorded at Rp123.35 trillion.

ASSETS

(in Rp billion)			
Description	2022	2021*	Growth YoY
Cash	2,760	2,790	-1.1%
Current Accounts with Bank Indonesia	6,918	3,060	126.1%
Current Accounts with Other Banks-net	2,250	2,978	-24.4%
Placements with Bank Indonesia and other banks - net	7,733	9,888	-21.8%
Marketable securities - net	8,792	8,822	-0.3%
Loans - net	114,599	99,966	14.6%
Consumer Financing Receivables & Finance Lease Receivables - net	22,156	20,239	9.5%
Government Bonds	18,786	30,338	-38.1%
Fixed assets and Right-of-Use Assets-net	1,926	1,895	1.6%
Others	11,810	12,231	-3.4%
Total assets	197,730	192,207	2.9%

*) restated regarding the attribution of benefits over the period of service for pension plans based on the Manpower Act.

CASH

Danamon posted cash of Rp2.76 trillion as of 31 December 2022, 1.1% lower than the previous year's position of Rp2.79 trillion. Cash contributed 1.5% of Danamon's total assets.

CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia surged 126.1% to Rp6.92 trillion from Rp3.06 trillion in the previous year following higher reserve requirements.

The ratio of Danamon's reserve requirement in Rupiah is 7.97% while reserve requirement in foreign currencies is 4.12% in 2022.

CURRENT ACCOUNTS WITH OTHER BANKS

Current accounts with other banks in 2022 decreased by 24.4% to Rp2.25 trillion. The share of current accounts with other banks to total assets remains at 1.5% in 2022.

PLACEMENT WITH OTHER BANKS AND BANK INDONESIA

Danamon's placements with Other Banks and Bank Indonesia decreased by 21.8% to Rp7.73 trillion, as Danamon does not have placements in time deposits of Bank Indonesia denominated in Rupiah in 2022 compared to Rp4.95 trillion in previous year. However, the placement in time deposits of Bank Indonesia denominated in foreign currencies increased by 38.8% in 2022 to Rp4.75 trillion.



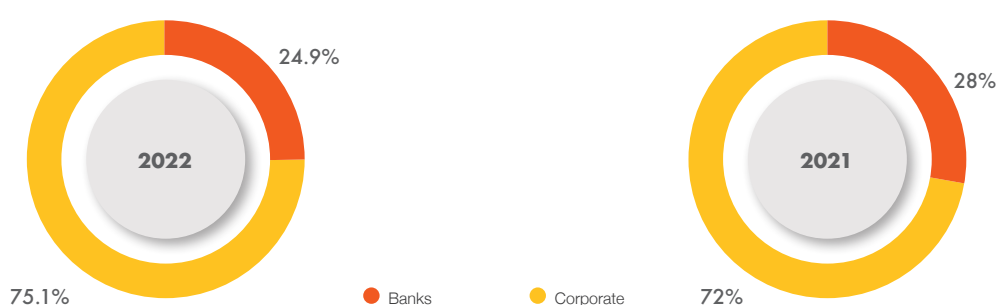
Based on the prevailing BI regulations, all placements with other banks and Bank Indonesia as of 31 December 2022 and 31 December 2021 are classified as current.

Based on prevailing Bank Indonesia regulations, all marketable securities as of 31 December 2022 and 31 December 2021 are classified as current.

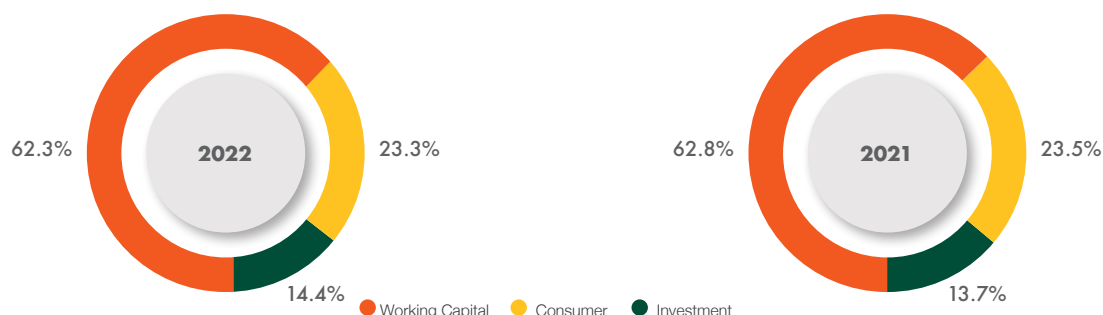
MARKETABLE SECURITIES

Based on the issuer, Danamon's securities are corporate bonds issued by banks and corporations. Securities issued by corporations have a larger portion of 75.1% compared to securities issued by banks of 24.9%.

MARKETABLE SECURITIES GRAPH



LOAN BY USAGE GRAPH



GOVERNMENT BONDS

Danamon's government bonds decreased by 38.1% from Rp30.34 trillion in 2021 to Rp18.79 trillion in 2022. This decrease was driven by lower government bonds denominated in both Rupiah and Foreign Currencies.

Based on currency type, loans denominated in Rupiah and foreign currencies were up by 14.5% and 12.2% respectively in 2022. The portions of these two types of loans are 89.6% and 10.4% respectively in 2022.

LOANS

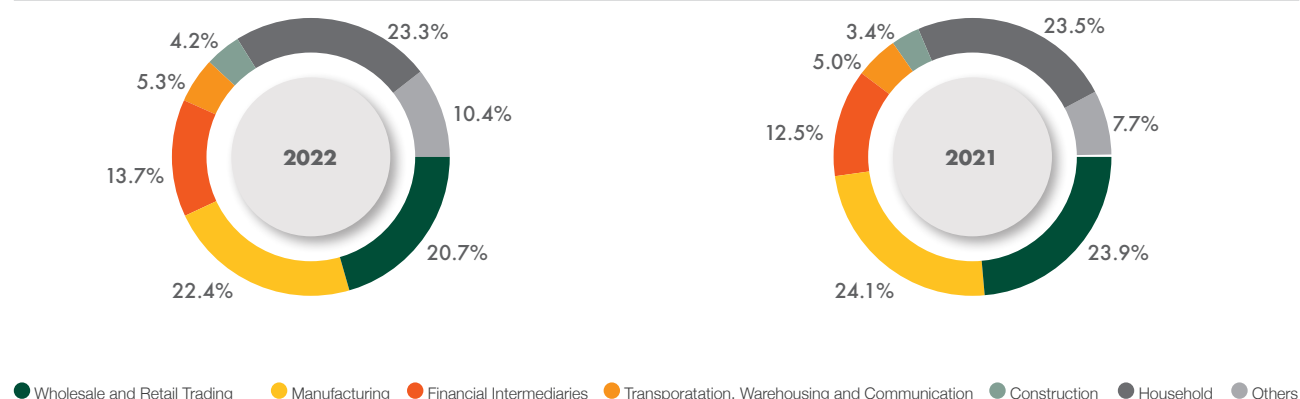
In 2022, the outstanding net loans reached Rp114.60 trillion, 14.6% higher than its position in 2021 as the economic condition has started to recover since the pandemic in early 2020, while the gross loans grew by 14.3% YoY reached Rp121.26 trillion. In addition, loans still had the largest contribution to total assets standing at 58.0% in 2022.

Meanwhile, based on the types and orientation of use, working capital loans still had the largest portion of 62.3% in 2022 while investment loans accounted for 14.4% of total loan. Cumulatively, the two types of credit for productive purposes contributed 76.7% of loans in 2022.

In addition, Consumer loans increased by 13.4% to Rp28.25 trillion in 2022, driven by various stimulus provided by the Government to increase people's purchasing power.

Outstanding loan based on Industry sector was dominated by the household and manufacturing sector which reached Rp28.25 trillion and Rp27.15 trillion with a portion of 23.5% and 22.4% of total loans (gross) respectively. The wholesale and retail sector recorded the third largest outstanding loan of Rp25.11 trillion or representing 20.7% in 2022.

LOAN BY ECONOMIC SECTOR



(in Rp billion)

Description	2022	2021	Growth YoY
Wholesale and retail	25,108	25,357	-1.0%
Manufacturing	27,146	25,600	6.0%
Financial intermediary	16,616	13,218	25.7%
Transportation, warehousing, and communications	6,428	5,273	21.9%
Construction	5,062	3,622	39.7%
Households	28,251	24,905	13.4%
Others	12,645	8,117	55.8%
Total-gross	121,256	106,092	14.3%

Based on geographic region, Danamon's outstanding loans are concentrated in the areas of Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung. Total loans in these areas amounted to Rp86.74 trillion in 2022 or representing 71.5% of total loans. In previous year, the portion of outstanding loans in that region was also the highest, at 66.3%. The following table describes the distribution of Danamon's outstanding loans.

(in Rp billion)

Description	2022	2021	Growth YoY
Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	86,737	70,337	23.3%
West Java	6,153	7,272	-15.4%
North Sumatra	7,189	6,923	3.8%
East Java	5,835	6,152	-5.2%
Central Java and Yogyakarta	5,861	5,834	0.5%
Sulawesi, Maluku, and Papua	3,633	3,725	-2.5%
Kalimantan	2,530	2,729	-7.3%
South Sumatra	2,020	1,645	22.8%
Bali, NTT, and NTB	1,298	1,475	-12.0%
Total-gross	121,256	106,092	14.3%



PRIME LENDING RATE

Following are the Prime Lending Rate calculated and published at the end of December 2021 and 2022:

(in Rp billion)

Description	2022	2021
Corporate Loans	8.50%	8.75%
Retail Loans	9.00%	9.25%
Consumer Loans		
· Mortgage	8.25%	8.25%
· Non-Mortgage	9.25%	9.25%

The weighted average effective interest rate per annum for the year ended 31 December 2022 was 7.6% for Rupiah and 3.7% for foreign currencies. In the previous year, the effective interest rates were 8.4% and 3.3%, respectively.

CONSUMER FINANCING RECEIVABLES AND FINANCE LEASE RECEIVABLES

In addition to bank loans, loans that Danamon provides on a consolidated basis also include consumer financing receivables and finance lease receivables through its subsidiary, Adira Finance. Net consumer financing receivables and finance leases increased by 9.5% to Rp22.16 trillion in 2022, from Rp20.24 trillion in previous year. This increment was in line with the recovery in economic condition.

COLLECTABILITY OF LOANS, CONSUMER FINANCING AND FINANCE LEASES

Description	2022	2021
NPL-gross	2.6%	2.7%
Special Mention	7.7%	9.1%
Current	89.7%	88.2%

FIXED ASSETS AND RIGHT-OF-USE ASSETS

Danamon's fixed assets and Right-of-use assets in 2022 increased by 1.6% to Rp1.93 trillion from Rp1.90 trillion in the previous year. The increase was mainly due to regular depreciation lower than addition of fixed assets this year.

(in Rp billion)

Fixed Assets	2022	2021	Growth YoY
Land	615	614	0.1%
Building	550	607	-9.3%
Office Supplies	189	193	-2.2%
Motor vehicles	14	38	-62.8%
Total fixed assets - net	1,368	1,452	-5.8%
Rights of use assets			
Cost	934	784	19.1%
Accumulated amortization	(376)	(341)	10.3%
Net book value	558	443	25.9%
Total fixed assets and right of use assets	1,926	1,895	1.6%

OTHER ASSETS

Danamon's other assets comprising of accounts other than those described above. The total other assets reached Rp11.81 trillion in 2022 from Rp12.23 trillion in the previous year.

LIABILITIES

To support the loan growth, Danamon's funding sources consist of customer deposits, deposits from other banks, securities issued and borrowings.

In 2022, total funding was recorded at Rp137.19 trillion, higher than the previous year of Rp134.41 trillion.

(in Rp billion)

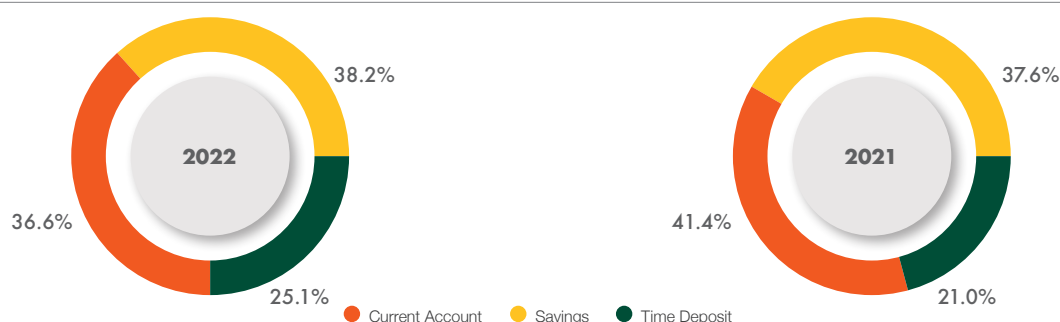
Liabilities	2022	2021	Growth YoY
Customer Deposits	124,960	121,069	3.2%
Deposits from Other Banks	2,395	2,285	4.8%
Total Third Party Funds	127,355	123,354	3.2%
Bonds Payable	5,381	6,750	-20.3%
Borrowings	4,428	4,276	3.6%
Subordinated Loans	25	25	0.0%
Others	13,062	12,605	3.6%
Total	150,251	147,010	2.1%

DEPOSITS FROM CUSTOMERS

Danamon's Customer's deposits amounted to Rp124.96 trillion. In 2022, customer deposits composition (excluding deposit from other banks) comprising of low cost of fund Current and Savings Accounts (CASA) from customers stood at 63.4% compared to time deposits portion of 36.6%. This is in line with Danamon's strategy to focus on granular funding, reflected in CASA increased by 11.6% compared to the previous year.

Deposits from customer's contribution to total liabilities reached 83.2% in 2022 and 82.3% in the previous year.

CUSTOMER DEPOSIT GRAPH



(in Rp billion)

Description	2022	2021	Growth YoY
Current Account	31,427	25,437	23.5%
Savings	47,786	45,518	5.0%
Time Deposits	45,747	50,114	-8.7%
Total	124,960	121,069	3.2%

DEPOSITS FROM OTHER BANKS

Danamon also has deposits from other banks as a funding source for business expansion. In 2022, deposits from other banks reached Rp2.40 trillion, up by 4.8% from the previous year's position of Rp2.28 trillion. The contribution of this account to total liabilities is 1.6% for both 2021 and 2022.

SECURITIES ISSUED

On a consolidated basis, Danamon's outstanding bonds reached Rp5.38 trillion in 2022, 20.3% lower than the previous year's position of Rp6.75 trillion. Danamon's subsidiary, Adira Finance, issue bonds to support financing business activities. Adira Finance's total bonds that have



not yet matured minus underwriting fees and others are Rp4.94 trillion in 2022, lower than Rp5.50 trillion in the previous year. All Adira Finance's bonds were rated idAAA by Pemeringkat Efek (Pefindo).

In addition, Adira Finance has a Sukuk *Mudharabah* of Rp441.00 billion in 2022, higher than the previous year's position of Rp402.00 billion. All of Adira Finance's *mudharabah* sukuk were also rated idAAA(sy) by Pemeringkat Efek (Pefindo).

Furthermore, bonds issued by Danamon has fully matured in 2022.

BORROWINGS

Danamon's subsidiary, Adira Finance, also has a long-term financing scheme with a term of more than one year as another source of stable funding.

The total borrowings received in 2022 was worth Rp4.43 trillion, a 3.6% increase than previous year's position of Rp4.27 trillion. An increase in the borrowings received was mainly due to an increasing borrowings in Rupiah denomination from Rp1.10 trillion to Rp3.64 trillion in 2022. The borrowings received came from various institutions either abroad or domestic which demonstrates Danamon group's high flexibility in obtaining funding sources.

SUBORDINATED LOANS

Danamon has a strong financial support from the controlling shareholder. On 27th November 2018, the Bank entered into a subordinated loan agreement with MUFG Bank, Ltd., a related party, amounting to Rp25,00 billion with a fixed interest rate of 9.3% per annum.

The subordinated loan has been fully disbursed from MUFG Bank, Ltd. on 4 December 2018. The subordinated loan was made to fulfil the requirements for an action plan (recovery plan) in accordance with POJK No.14/POJK.03/2017 concerning Action Plans (Recovery Plan) for Systemic Banks. The loan will mature within 5 years from the disbursement date. This subordinated loan cannot be repaid before the maturity date without obtaining prior approval from OJK.

EQUITY

Danamon booked a stronger equity in 2022 in the time of pandemic, reaching Rp47.48 trillion. This was largely supported by a 9.1% increase in retained earnings to Rp32.98 trillion in 2022.

(in Rp billion)

Description	2022	2021	Growth YoY
Issued and fully paid	5,996	5,996	0.0%
Additional paid-up capital	7,986	7,986	0.0%
Other paid-up capital	0	0	0.0%
Other equity components	(120)	435	-127.6%
Retained earnings	32,982	30,232	9.1%
Non-controlling interests	634	548	15.7%
Total	47,478	45,197	5.0%

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in Rp billion)

Description	2022	2021 ^{*)}	Growth YoY
Interest income	17,393	17,749	-2.0%
Interest expense	(3,273)	(4,002)	-18.2%
Interest income – net	14,120	13,747	2.7%
Other operating income – net	3,930	3,992	-1.5%
Other operating expenses	(13,459)	(15,324)	-12.2%
Net operating income	4,591	2,415	90.1%
Non-operating income-net	(187)	(134)	39.5%
Income before tax expense	4,404	2,281	93.1%
Tax expense	(975)	(613)	59.0%
Net income	3,430	1,668	105.7%
Total comprehensive income for the year	2,880	1,874	53.6%
Net profit attributable to:			
Parent entity	3,302	1,571	110.1%
Non-controlling interests	127	96	32.3%
Total comprehensive income for the year attributable to:			
Parent entity	2,746	1,759	56.0%
Non-controlling interests	134	115	16.8%
Net income per share (full amount)	338	161	110.1%

*) Restated

NET INTEREST INCOME

In line with the declining interest expense in 2022, Danamon booked a 2.7% growth in net interest income to Rp14.12 trillion. Previously, net interest income amounted to Rp13.75 trillion.

OTHER OPERATING INCOME

Other operating income reached Rp3.93 trillion in 2022, declined by 1.5% compared to the previous year level, mainly driven by increase in amount of Realized losses from derivative instruments.

OTHER OPERATING EXPENSES

Danamon's other operating expenses was dominated by salaries and employee benefits as well as impairment losses. These two other operating expense components amounted to Rp5.67 trillion and Rp3.25 trillion in 2022, respectively. In previous year, these two components were Rp5.26 trillion and Rp5.76 trillion. Cumulatively, other operating expense accounts declined 12.2% from Rp15.32 trillion to Rp13.46 trillion supported by improvement in asset quality which lowers impairment losses.

NET OPERATING INCOME

Danamon posted a net operating income of Rp4.59 trillion in 2022. This achievement was 90.1% higher than the previous year's position of Rp2.41 trillion. The growth was mainly due to lower interest expenses as well as lower impairment losses.

INCOME BEFORE TAX EXPENSE

In line with the higher net operating income, Danamon posted a profit before income tax of Rp4.41 trillion in 2022, up 93.1% compared to the previous year's position of Rp2.28 trillion.

NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT

Net income attributable to Owners of the Parent Entity increased 110.1% from the previous year to Rp3.30 trillion in 2022.

In 2022, Danamon's earning per share reached Rp338 per share (full amount), an increase compared to Rp161 per share (full amount) in previous year.

**Consolidated Statements of Cash Flows**

(in Rp billion)

Description	2022	2021	Growth YoY
Net cash provided from/(used by) operating activities	(8,211)	15,173	-154.1%
Net cash provided from/(used by) investing activities	11,554	(6,544)	276.6%
Net cash provided from/(used by) financing activities	(2,042)	(7,051)	-71.0%
Net increase/(decrease) in cash and cash equivalents	1,301	1,578	-17.5%
Cash and cash equivalents at beginning of the year	18,261	16,698	9.4%
Cash and cash equivalents at the end of year	19,661	18,261	7.7%

CASH FLOWS FROM OPERATING ACTIVITIES

Danamon posted a net cash used by operating activities amounted to Rp8.21 trillion in 2022. This was 154.1% lower than previous year's net cash provided from operating activities of Rp15.17 trillion as new loan disbursement increased while time deposit amount declined.

CASH FLOWS FROM INVESTING ACTIVITIES

Danamon recorded net cash provided by investment activities of Rp11.55 trillion in 2022, a 276.6% increase compared to the previous year's net cash used by investing activities of Rp6.54 trillion. This increase was mainly due to increase in acquisition of marketable securities and Government Bonds in 2022.

CASH FLOWS FROM FINANCING ACTIVITIES

Danamon reported that net cash used for financing activities of Rp2.04 trillion in 2022, decreased 71.0% from previous year's figure of Rp7.05 trillion. This decrease was mainly due to lower net borrowings from the previous year.

KEY FINANCIAL RATIO

Danamon conducts its business activities prudently and complied with the regulations of Bank Indonesia, OJK as well as other prevailing laws and regulations.

The Bank is able to meet the financial ratios set by the regulator amidst the pandemic challenges. Danamon's key financial ratios are as follows:

Key Financial Ratios (%)	2022	2021	Growth YoY
CAR-Consolidated	26.3	26.8	-154.1%
Gross NPL-Consolidated	2.6	2.7	276.7%
ROA-Consolidated	1.7	0.8	-71.0%
ROE-Consolidated	8.3	4.1	-17.5%
NIM-Consolidated	7.7	7.5	9.4%
RIM-Consolidated	92.1	86.0	7.7%
LDR-Bank Only	91.0	84.6	7.7%
Cost to Income-Bank Only	50.0	47.7	7.7%

DEBT REPAYMENT CAPABILITY AND RECEIVABLES COLLECTIBILITY

Debt Repayment Capability

From an external perspective, the indicator of Danamon's debt repayment capability is provided by rating agencies either national or international scale through their ratings assigned to Danamon. Pefindo, a national rating agency, issued an excellent rating for Danamon by assigning a corporate rating of idAAA with a Stable outlook.

Meanwhile, an international rating agency Fitch assigns National Ratings for Long Term and Short Term to AAA(IDN) and F1+(IDN) respectively, whilst Foreign Currency Ratings for Long Term and Short Term are BBB and F2, respectively. The outlook for the long-term rating from Fitch is Stable.

In addition, in 2022, another international rating agency, Moody's, assigned Danamon's Long Term Bank Deposits and Adjusted Baseline Credit Assessment rating to Baa1. The outlook for Moody's long-term rating is Stable.

The Bank's participation in the guarantee program of the Indonesian Deposit Insurance Corporation (LPS) also strengthens its ability to pay depositors' third party funds.

Meanwhile, from an internal perspective, Danamon's ability to meet all obligations, both long-term and short-term, is measured through several ratios such as liquidity ratios, solvency ratios, and profitability ratios.

Solvency Ratio

The capital ratio is one of the parameters used in measuring the solvency ratio. Danamon always ensures that its capital is able to meet Capital Adequacy Ratio (CAR) requirement which includes credit risk, market risk and operational risk. On a consolidated basis, Danamon recorded a CAR of 26.3% in 2022, lower than 26.8% in 2021. Danamon's CAR ratio exceeded the minimum CAR ratio required by the regulator.

Profitability Ratio

Danamon's financial ratios to measure its profitability and performance efficiency are Return to Average Assets (ROAA), Return to Average Equity (ROAE), Net Interest Margin (NIM), and Operating Expenses to Operating Income (BOPO) ratio.

Danamon recorded profitability ratios of ROAA and ROAE of 1.7% and 8.3% respectively in 2022. Both ratios in the previous year were 0.8% and 4.1%, respectively. Meanwhile, Net Interest Margin (NIM) ratio was recorded at 7.7% in 2022 and 7.5% in 2021. On the other hand, Danamon's BOPO ratio was recorded at 72.9% in 2022 compared to 86.6% in the previous year.

Liquidity Ratio

The bank's liquidity management is very important to Danamon since it is closely related to the Bank's ability to meet either short-term or long-term obligations. Key measures of liquidity risk for Danamon includes the Macroprudential Intermediation Ratio (RIM), Loan to Deposit Ratio (LDR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). These ratios are 92.1%, 91.0%, 152.5% and 130.5%, respectively in 2022 compared to 86.0%, 84.6%, 187.0% and 140.7%, respectively in 2021. All the ratios indicated ample liquidity for Danamon.

CAPITAL STRUCTURE

Capital Structure Components

Danamon is committed to managing a strong and healthy capital structure as foundation for sustainable business growth.

Based on POJK No. 34/POJK.03/2016 regarding Capital Adequacy Ratio for Commercial Banks, capital of bank comprises of:

- Core capital (Tier 1 capital) comprising of main core capital and additional core capital
- Supplementary capital (Tier 2)

Core capital has a portion of 96.67% of Danamon's total capital in 2022.



(in Rp billion)

Description	Bank Only			Consolidated		
	2022	2021	YoY	2022	2021	YoY
Core Capital (Tier-I)	32,210	31,100	1,110	41,211	39,132	2,079
Supplementary Capital (Tier-II)	1,344	1,238	106	1,420	1,302	118
Total Capital	33,554	32,338	1,216	42,632	40,433	2,199
Credit, Operational, Market Risk Weighted Assets	132,390	122,256	10,134	161,838	150,732	11,106
CAR	26.3%	26.5%	0.2%	25.3%	26.8%	1.5%

Management Policy on Capital Structure

Management's policy on capital structure is reflected in Danamon's CAR (Capital Adequacy Ratio) as one indicators of the Bank's capital adequacy. The Bank's ability to grow and accommodate the possible risk of loss is measured through CAR.

Danamon consistently maintains capital adequacy level above the minimum CAR level stipulated by the regulator. Danamon's consolidated CAR ratio reached 26.3% in 2022 compared to 26.8% in 2021.

Danamon also performed an Internal Capital Adequacy Assessment Process (ICAAP) to determine capital adequacy in accordance with the risk profile and determine strategies to maintain capital levels. The Bank's risk profile in 2022 is rated Low to Moderate (2). In accordance with POJK No. 34/ POJK.03/2016 and SEOJK No.26/SEOJK.03/2016, CAR that must be provided by considering the risk profile rating of Low to Moderate (2) and Basel 3 Capital Buffer in 2022 is 13.4%.

Basis for Determining Management Policy on Capital Structure

In setting capital structure policies, management considers various factors amongst others economic projections, business growth potential, risk appetite, stress testing results, and capital ratio targets. Through this plan, Danamon is expected to be able to take advantage of growth and strategic opportunities, perform its business within the corridor of risk appetite and comply with prevailing regulations, maximize shareholder returns, and survive through various economic cycles. Supported by data analysis, the Board of Directors and Commissioners of Danamon conduct planning, studies and discussions related to the Bank's capital.

Commitments and Contingencies

Danamon's loan facility commitment to customers as well as contingencies, including in the form of income in settlement and bank guarantees received.

Cumulatively, in 2022 total commitment liabilities and net contingent liabilities amounted to Rp7.4 trillion or a 6.1% increase compared to the previous year's position of Rp7.0 trillion.

(in Rp billion)

Description	2022	2021	Growth
Unused loan facilities to debtors	255	259	-1.5%
Outstanding irrevocable letters of credit	1,068	1,782	-40.0%
Total commitment payable	1,323	2,040	-35.2%
Contingent receivables			
Guarantee from other banks	602	412	46.2%
Total contingent receivables	602	412	46.2%
Contingent payables			
Guarantees issued	6,710	5,373	24.9%
Total contingent payables	6,710	5,373	24.9%
Contingent payables - net	6,107	4,961	23.1%
Commitment payables and contingent payables - net	7,430	7,002	6.1%

IMPACT OF CHANGES IN INTEREST RATE AND FOREIGN CURRENCIES ON BANK PERFORMANCE

Impact of Interest Rate Changes

Changes in interest rates have an impact towards banking industry by adjusting bank interest rates for retail loans; consumers, including mortgages. Bank Indonesia has increased the 7-Day Reverse Repo Rate (BI7DRR) 200bps since August 2022 from 3.5% to 5.5% at the end of 2022.

However, Danamon has not fully passed on the increased interest rate to its customers to encourage more optimal credit absorption, which will support economic growth. Danamon's interest rate risk management regularly conducts a sensitivity analysis based on a number of scenarios to see the impact of changes in interest rates. This is important because interest rate risk is the probability of loss that may occur as a result of the opposite movement in positions vis-à-vis the interest rate market or the Bank's transactions.

Impact of Foreign Currencies Changes

Foreign exchange rate risk arises from on and off-balance sheet positions in both assets and liabilities through transactions in foreign currencies. Danamon measures foreign exchange rate risk in order to understand the impact of exchange rate movements on the Bank's income and capital.

Investment Properties

Danamon does not own property assets that are used for investment purposes until the period ended 31 December 2022.

Material Commitments for Capital Goods Investment

Until the end of 2022, Danamon has no material

commitments related to capital goods investment. Thus, data related to the name of party making commitments; purpose of the commitments; the source of funds expected to fulfil these commitments; the currency being denominated; and the Company's plans to hedge the risk from its associated foreign currency position are not presented in this section.

Capital Expenditures Realized in The Last Fiscal Year

Danamon invests in capital goods in the form of fixed assets comprising of land, buildings, equipment, machinery, office furniture, motor vehicles and non-fixed assets such as system and infrastructure development.

Material Information and Facts Occurring After the Accountant's Report Date

There is no material information and facts that occurred after the date of the accountant's report.

Comparison of 2022 Target and Realization

Indonesia's economy in 2022 has started to show signs for recovery, which has caused Danamon's profitability and loans to increase compared to the previous year. The Bank was able to achieve the loan and net profit target set in the previous year.

Dividend Policy

Based on the decision of the Annual General Meeting of Shareholders ("AGMS") dated 25 March 2022, it was decided amongst other to distribute cash dividends for 2021 financial year, representing 35% of the 2021 net profit or approximately Rp550,589,550,000 or amounting to Rp56.33 per share.

The dividend payments for the last 3 financial years are as follows:

Fiscal Year	AGMS date	% Net Profit	Dividend per Share for series A and series B (Rp full amount)	Total Dividend Payment (Rp Billion)	Payment date	General & Mandatory Reserves (Rp Billion)
2021	25-Mar-22	35%	56.33	550.6	28-Apr-22	15.7
2020	30-Apr-21	35%	36.08	352.7	3-Jun-21	10.1
2019	23-Mar-20	45%	187.55	1,833.10	24-Apr-20	40.7

**Employee and/or Management Equity Ownership Program**

In 2022, Danamon did not have a share option program for the Board of Directors, Board of Commissioners or employees. Henceforth, the Bank did not provide related information regarding:

1. Number of ESOP/MSOP shares and their realization;
2. Term of time;
3. Requirements for eligible employees and/or management; and
4. Exercise price.

Realization of Proceeds from Public Offering

In 2022, Danamon as a parent company did not conduct any public offerings, either bonds or shares. Thus information related to the total proceeds; plan for the use of proceeds; details of the use of proceeds; proceeds balance; and approval date of the GMS/RUPO for changes in the use of proceeds (if any) was not presented.

Important Changes in The Bank and Bank Business Groups In 2022

Danamon reported that there were no important changes that occurred in the Bank and the Bank's business groups as of 31 December 2022 which affected Danamon's financial position.

Other Important Transactions in Significant Amount

There was no other important transaction in significant amounts executed by Danamon throughout 2022 other than those described in this Management Discussion and Analysis chapter.

Material Transactions Containing Conflicts of Interest

Throughout 2022, Danamon did not record transactions containing conflicts of interest.

Transactions with Affiliated Parties/Related Parties

Danamon conducts various transactions with related parties which are not conflict of interest transactions in performing its business activities. The transaction is executed fairly based on normal commercial terms such as transactions with unrelated parties. More complete information related to transactions with related parties can be seen in the attachment of 2022 audited financial report of PT Bank Danamon Indonesia Tbk (Note No. 47).

INFORMATION ON TRANSACTIONS RELATED TO INVESTMENTS, EXPANSION, DIVESTMENT, ACQUISITION AND RESTRUCTURING**Investment**

Danamon did not conducted investment activities in 2022 so that information regarding purpose, transaction value and source of funds for investment activities are not presented.

Expansion

Danamon did not perform expansion activities in 2022 so that information regarding purpose, transaction value and source of funds for expansion activities are not presented.

Divestment

Danamon did not perform divestment activities in 2022 so that information regarding purpose, transaction value and source of funds for divestment activities are not disclosed.

Acquisition

Danamon did not execute acquisition activities in 2022 so that information regarding purpose, transaction value and source of funds for acquisition activities are not presented.

Restructuring

There were no debt or capital restructuring activities in 2022. Therefore, Danamon did not provide information related to restructuring activities in terms of objectives, transaction value and sources of funds for restructuring activities.

REGULATORY CHANGES THAT HAVE SIGNIFICANT EFFECT ON BANK AND ITS IMPACT ON THE FINANCIAL STATEMENT IN 2022

No.	BI / OJK Regulation	Description	Impact to BDI																						
1.	BI Regulation (PBI) No. 24/4/PBI/2022 regarding the Fourth Amendment to PBI No. 20/3/PBI/2018 regarding Statutory Reserves in Rupiah and Foreign Currency for Conventional Bank (BUK), Sharia Bank (BUS) and Sharia Business Units (UUS). Effective: 1 March 2022	Key Highlight: In order to support the national economy to keep financial system stability, Bank Indonesia (BI) provides incentives to fulfill the GWM in rupiah to banks in accordance with the Bank Indonesia Regulations regarding incentives for banks providing loans for certain and inclusive economic sector.	Bank has fulfilled the GWM calculation includes the incentives as per BI's regulation regarding incentives for banks providing loans for certain and inclusive economic sector.																						
2.	Regulation of Members of the Governors Board (PADG) No. 24/4/PADG/2022 regarding Regulations for Implementing Incentives for Banks that Provides Loans for Priority and Inclusive Economic Sector. Effective: 1 March 2022	Key Highlight: 1. Bank Indonesia provides incentives for Conventional Banks, Sharia Banks and Sharia Business Unit, which provides loans for priority and inclusive economic sector for fulfill the obligation of average GWM in rupiah. 2. The incentives is as follows, where the data source of incentives from the Bank Integrated Report (LBUT) and Ad Hock reports: <table><tr><th rowspan="2">Criteria for Bank</th><th colspan="3">Incentives (%)</th></tr><tr><th>0.20%</th><th>0.30%</th><th>0.50%</th></tr><tr><td>Loan/Financing to priority sector</td><td>Average loan/financing growth to priority sector is 1% s.d 6%</td><td>Average loan/financing growth to priority sector is >6% s.d ≤8%</td><td>Average loan/financing growth to priority sector >8%</td></tr><tr><td colspan="4">and/or</td></tr><tr><td>RPIM Achievement</td><td>10% - 20%</td><td>>20% - ≤ 30%</td><td>>30%</td></tr></table>		Criteria for Bank	Incentives (%)			0.20%	0.30%	0.50%	Loan/Financing to priority sector	Average loan/financing growth to priority sector is 1% s.d 6%	Average loan/financing growth to priority sector is >6% s.d ≤8%	Average loan/financing growth to priority sector >8%	and/or				RPIM Achievement	10% - 20%	>20% - ≤ 30%	>30%			
Criteria for Bank	Incentives (%)																								
	0.20%	0.30%	0.50%																						
Loan/Financing to priority sector	Average loan/financing growth to priority sector is 1% s.d 6%	Average loan/financing growth to priority sector is >6% s.d ≤8%	Average loan/financing growth to priority sector >8%																						
and/or																									
RPIM Achievement	10% - 20%	>20% - ≤ 30%	>30%																						
3.	Regulation of Members of the Governors Board (PADG) No. 24/8/PADG/2022 regarding Regulations for GWM fulfillment in Rupiah and Foreign Currency for Conventional Banks (BUK), Sharia Banks (BUS), and Sharia Business Units (UUS). Effective: 1 July 2022	Key Highlight: 1. Adjustment in GWM Rupiah is as follow: <table><tr><th rowspan="2">Period</th><th colspan="2">Average GWM</th></tr><tr><th>BUK</th><th>BUS, UUS</th></tr><tr><td>1 Jul 2022 – 31 Aug 2022</td><td>7.5%</td><td>6.0%</td></tr><tr><td>1 Sept 2022 onward</td><td>9.0%</td><td>7.5%</td></tr></table> 2. BI Remuneration for average GWM fulfillment is as follow: <table><tr><th rowspan="2">Period</th><th colspan="2">Average GWM</th></tr><tr><th>BUK</th><th>BUS, UUS</th></tr><tr><td>1 Jul 2022 – 31 Aug 2022</td><td>6.5%</td><td>5.0%</td></tr><tr><td>1 Sept 2022 onward</td><td>7.0%</td><td>5.5%</td></tr></table>	Period	Average GWM		BUK	BUS, UUS	1 Jul 2022 – 31 Aug 2022	7.5%	6.0%	1 Sept 2022 onward	9.0%	7.5%	Period	Average GWM		BUK	BUS, UUS	1 Jul 2022 – 31 Aug 2022	6.5%	5.0%	1 Sept 2022 onward	7.0%	5.5%	Bank has fulfilled the Average GWM in Rupiah in accordance with the regulation.
Period	Average GWM																								
	BUK	BUS, UUS																							
1 Jul 2022 – 31 Aug 2022	7.5%	6.0%																							
1 Sept 2022 onward	9.0%	7.5%																							
Period	Average GWM																								
	BUK	BUS, UUS																							
1 Jul 2022 – 31 Aug 2022	6.5%	5.0%																							
1 Sept 2022 onward	7.0%	5.5%																							



No.	BI / OJK Regulation	Description	Impact to BDI
4.	<p>Bank Indonesia Regulation (PBI) No. 24/16/PBI/2022 regarding the Fourth Amendment to PBI No. 20/4/PBI/2018 regarding Macroprudential Intermediation Ratios (RIM) and Macroprudential Liquidity Support (PLM) for Conventional Banks (BUK), Sharia Banks (BUS), and Sharia Business Units (UUS).</p> <p>Effective: 1 November 2022</p>	<p>Key Highlight:</p> <ol style="list-style-type: none"> Bank Indonesia can provide the incentive of changes to BUK RIM Target or Sharia RIM Targets for: <ol style="list-style-type: none"> Banks that are being subject to restrictions on business activities by OJK related to lending or financing and/or funding; and/or Banks with certain conditions that may affect the fulfillment of BUK RIM or Sharia RIM regulation (Banks which has problem in Loan or Liquidity that may affect the Banks soundness) Adjustment of data sources <ol style="list-style-type: none"> Data sources form online reports for RIM or Sharia RIM calculations, RIM Current Accounts or Sharia RIM Current Accounts, and PLM or Sharia PLM from Bank Integrated Reports (LBUT). In RIM or Sharia RIM calculations, except Loan/ Financing and third party funds (DPK) from domestic branch offices; the Loan/ Financing and DPK from foreign branch offices are also take into account. 	Bank has fulfilled RIM BUK and RIM UUS in accordance with the regulation.
5.	<p>Regulation of Members of the Governors Board (PADG) No. 24/14/PADG/2022 regarding the Fifth Amendment to PADG No. 21/22/PADG/2019 regarding Macroprudential Intermediation Ratios (RIM) and Macroprudential Liquidity Support (PLM) for Conventional Bank (BUK), Sharia Banks (BUS) and Sharia Business Units (UUS).</p> <p>Effective: 1 November 2022</p>	Changes in data sources for calculating RIM BUK and RIM Sharia, which previously from online reports that changed from Bank Integrated Reports (LBUT).	Bank has fulfilled RIM BUK and RIM UUS in accordance with the regulation.
6.	<p>OJK Regulation (POJK) No. 27 year 2022 regarding the Second Amendment to the POJK No. 11/POJK.03/2016 regarding the Minimum Capital Adequacy Requirement for Commercial Banks.</p> <p>Effective: December 28th 2022</p>	<p>Key Highlight:</p> <ol style="list-style-type: none"> Banks classified as Groups of Bank based on T1 Capital (KBMI) 2, KBMI 3, and KBMI 4 are required to performed Capital Conservation Buffer. Banks are required to calculate Countercyclical Buffer. Banks are required to calculate exposure to central counterparty (CCP) institutions in CAR calculation. Adjustment for trading book and banking book. Additional provision of Capital Deposit Funds. Adjustment provision in for RWA Credit, RWA Operational and RWA Market Risk calculation. 	Bank has fulfilled CAR including capital buffer components in accordance with the CAR regulation.

CHANGES IN ACCOUNTING POLICIES

The following standards, amendments and annual improvements became effective since 1 January 2022 and are relevant to the Bank and Subsidiaries:

- Amendment to PSAK 22 “Business Combination”. This amendment clarifies the interaction between PSAK 22, PSAK 57, ISAK 30 and the Conceptual Framework for Financial Reporting;
- Amendment to PSAK 57 “Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling the Contracts”;
- Annual Improvement for 2020 PSAK 71 “Financial Instruments”. This Annual Improvement clarifies the costs included in an entity when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- Annual Improvement for 2020 PSAK 73 “Lease”. This Annual Adjustment clarifies an illustrative example of measurement by a lessee and recording of changes in lease terms related to maintenance of leased properties.
- In April 2022, the Indonesian Financial Accounting Standards Board of the Institute of Indonesia Chartered Accountants (DSAK-IAI) has issued a press release and clarified the attribution of benefits to the periods of service for the pension program under the Manpower Act or the Job Creation Law and its implementing regulations (Manpower Act).