



# OPERATIONAL **REVIEW**







# RISK MANAGEMENT



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

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## VISION & MISSION

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#### VISION

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

#### MISSION

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

## IMPLEMENTATION OF RISK MANAGEMENT

### THREE LINES OF DEFENSE APPROACH

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

Board of Commissioners Supervision		
Board of Directors Supervision		
First Line of Defense	Second Line of Defense	Third Line of Defense
<ul style="list-style-type: none"> <li>• Line of Business</li> <li>• Operational Working Units</li> <li>• Other Supporting Working Units</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Directorate</li> <li>• Regulatory Compliance Division</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Unit (SKAI)</li> </ul>
Line of business, operational working units and other supporting working units are the First Line of Defense that responsible to conduct daily risk management in each working unit.	Risk Management Directorate and Regulatory Compliance Division have a role as the Second Line of Defense to perform risk monitoring function independently.	Internal Audit Unit has a role as the Third Line of Defense that is responsible for evaluating risk management implementation conducted by the First and Second Line of Defense.

### RISK MANAGEMENT IN DANAMON

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

1. Active supervision of the Board of Directors and Board of Commissioners
2. Adequacy of risk management policies and procedures, as well as risk limit setup
3. Adequacy of risk management processes and risk management information systems
4. Internal Control System



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

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

Active Supervision Functions		
Board of Commissioners (BOC)	Sharia Supervisory Board	Board of Directors (BOD)
<ul style="list-style-type: none"> <li>The Board of Commissioners carries out the overall oversight function of Bank's operational activities including monitoring of the risk management implementation. The Board of Commissioners delegated its risk monitoring function to the Risk Oversight Committee. However, the Board of Commissioners remains the ultimate responsible party.</li> </ul>	<ul style="list-style-type: none"> <li>Danamon appoints the Sharia Supervisory Board in the Sharia Business Unit in accordance with the recommendation from the National Sharia Board (<i>Majelis Ulama Indonesia</i>) and approval from the Financial Services Authority (OJK).</li> </ul>	<ul style="list-style-type: none"> <li>As the responsible party for the implementation of operational activities, including monitoring the implementation of risk management, the BOD has a role in comprehensively determining the direction of risk management policies and strategies, including their implementation.</li> <li>The BOD has established the Risk Management Committee to support its functions and responsibilities in relation to risk management implementation.</li> </ul>
<ol style="list-style-type: none"> <li>Approve the risk management policies, strategies, and frameworks that are aligned with the risk appetite and risk tolerance; also conduct periodically evaluations.</li> <li>Perform risk oversight and evaluate the accountability of the BOD for the implementation of the risk management policies and strategies, and of the risk exposures, through periodic reviews with the BOD.</li> <li>Approve the business activities that require BOC approval.</li> <li>Approve the policies that need BOC approval as according to BI/OJK regulations or other external regulations.</li> <li>Carry out the risk management function as regulated in the regulations.</li> <li>Delegate the authority to the BOD to enable them to approve the business activities and other tasks.</li> </ol>	<ol style="list-style-type: none"> <li>Evaluate the Risk Management Policies related to compliance with Sharia Principles at least once a year.</li> <li>Evaluate the accountability of the Board of Directors for the implementation of the Risk Management Policies related to compliance with Sharia Principles at least quarterly.</li> <li>Act as an advisor and provide recommendations to the BOD and sharia business management (officers who are related to the implementation of Sharia business) regarding matters related to Sharia Principles.</li> <li>Coordinate with the National Sharia Board to discuss the Bank's proposals and recommendations for product and service development that need review by and decisions from the National Sharia Board.</li> </ol>	<ol style="list-style-type: none"> <li>Prepare comprehensive written risk management policies, strategies, and frameworks; also responsible for implementation.</li> <li>Conduct periodic reviews of risk assessment methodologies, as well as of the implementation of the risk management information system, risk management policies and procedures, and limit setups.</li> <li>Approve the business activities that require BOD approval.</li> <li>Develop a risk management culture on all levels of the organization.</li> <li>Oversee risk quality in comparison with the prevailing level of fairness.</li> <li>Ensure management (the Board of Management and executive officers) adopts a prudent and conservative approach for developing business.</li> <li>Determine the risk appetite.</li> <li>Ensure the corrective action for the findings that reported by Internal Audit (SKAI).</li> <li>Ensure the effectiveness of management and enhancement of human capital competency related to the implementation of risk management.</li> <li>Place competent officers in the working units based on nature, quantity, and complexity.</li> <li>Develop and put in place a mechanism of transaction approval, including for those that exceed the authority limit for each level of the position.</li> <li>Ensure that the risk management function has been independently implemented.</li> </ol>

## RISK MANAGEMENT POLICIES, PROCEDURES, AND LIMIT SETUP

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

1. Risk Management Policy – Bank and Consolidated, which includes the framework and implementation of individual and consolidated risk management for Danamon and Subsidiary.
2. Integrated Risk Management Policy of the MUFG Group Financial Conglomeration, which includes the framework and implementation of integrated risk management for the Financial Conglomeration.

Risk Management Policy – Bank and Consolidated is the main policy for the implementation of risk management in Danamon and Subsidiary and is a reference for developing risk management policies, procedures, and guidelines according to the prevailing regulations. The Integrated Risk Management Policy of the MUFG Group Financial Conglomeration is referred to in the subchapter entitled, “Implementation of Integrated Risk Management”.

However, since the subsidiary is a separate entity from Danamon, the implementation of risk management should consider the laws of Limited Liability Companies and Capital Market, as well as other related external regulations. Danamon and its subsidiary have developed their own detailed guidelines and procedures. Those guidelines and procedures are in line with the Risk Management Policy – Bank and Consolidated, prudential principles, and other related external regulations.

Danamon has various risk management policies, i.e. a Credit Risk Policy, Operational Risk Management Policy, Market and Liquidity Risk Management Policy, Information Security Policy, Business Continuity Management Policy, and others, which have been prepared separately and refer to the Risk Management Policy – Bank and Consolidated.

Risk management leads to the establishment of risk appetite that reflects Bank’s acceptable type and amount of risk in order to achieve the Bank’s strategic and business objectives. Risk Appetite should be in line with the Bank’s strategy, business growth aspirations, capital and liquidity position, as well as the operational plans.

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

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

## THE ORGANIZATION STRUCTURE OF RISK MANAGEMENT

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

### a. Risk Oversight Committee

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

### b. Risk Management Committee

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

The Risk Management Committee oversees 2 (two) subcommittees, as follows:

#### 1. Credit Policy Sub-Committee

The main role of Credit Policy Sub-Committee is to review, provide input, monitor, and evaluate matters related to the development and implementation of a Credit Risk Policy (CRP). The Chairman of the Credit Policy Sub-Committee is the Risk Management Director. The Permanent Members consist of several appointed directors.



## 2. Information Disclosure Sub-Committee

The Information Disclosure Sub-Committee was established to comply with MUFG Bank's requirement to ensure that the sub-committee has reviewed, deliberated, and concluded on the accuracy and the appropriateness of financial reporting and to ensure the framework for internal control over financial reporting has been properly designed and enhanced. The chairman of the Information Disclosure Sub-Committee is the Finance Director. The Permanent Members are several appointed directors and officers.

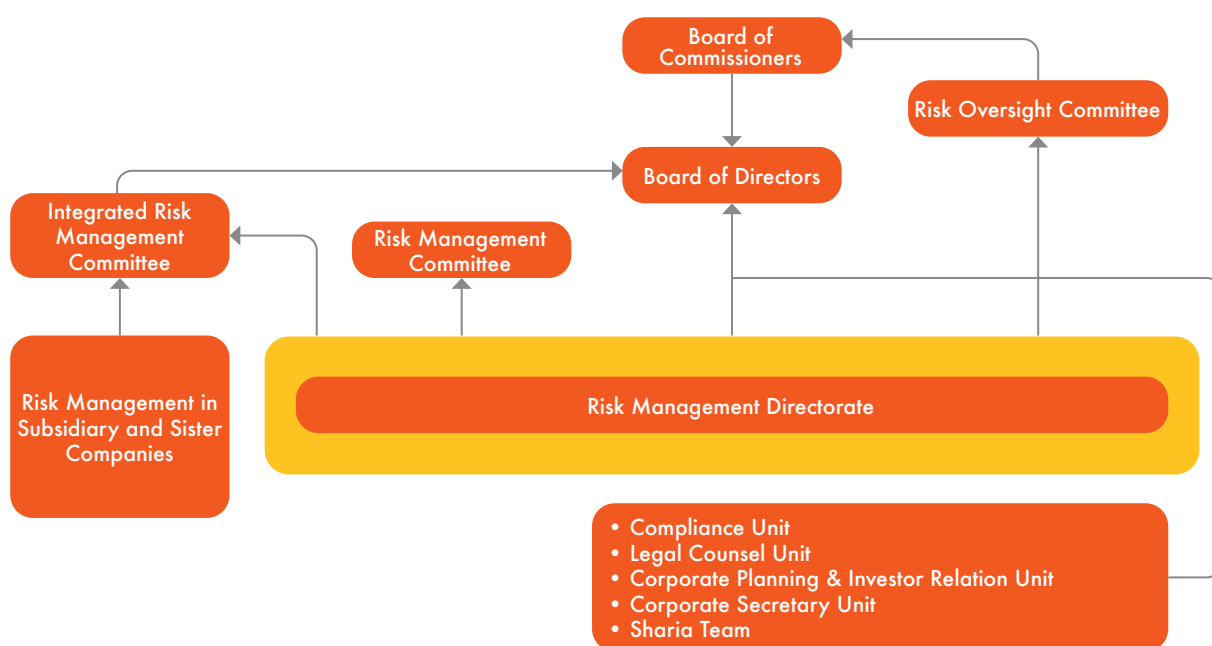
### c. Risk Management Working Unit

The Risk Management Directorate is the Risk Management Working Unit in Danamon that is independent from the risk-taking units and working

units that conducts the internal control function. The Risk Management Directorate consists of several divisions responsible in managing the risk related to credit, market, liquidity, operational, information risk, risk modelling, quantitative technique and analytic.

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

The Risk Management Directorate develops an overall risk management strategy that includes the policies, methodologies, frameworks, limits, procedures, and controls for Danamon and its subsidiary. The Risk Management Directorate also coordinates and communicates the risk management implementation on both Bank and Subsidiary.

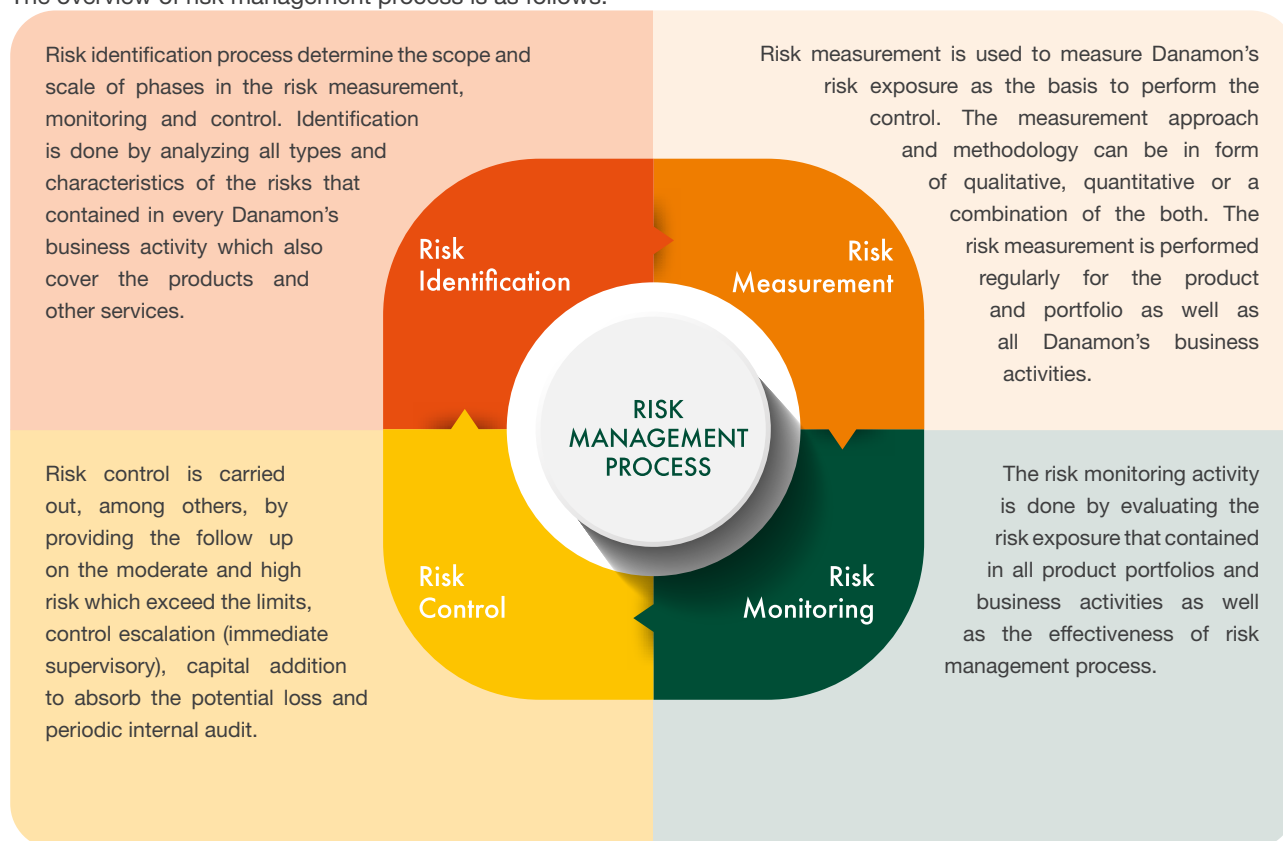


## RISK MANAGEMENT PROCESS AND RISK MANAGEMENT INFORMATION SYSTEM

Danamon regularly performs the process of identifying, measuring, monitoring, and controlling all risks encountered, both individually and with its subsidiary. This process is included in the policies and guidelines for every working unit in Danamon and Subsidiary.



The overview of risk management process is as follows:



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

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

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

In performing control and risk monitoring system, Danamon has adequate risk management information system, including Internal Credit Rating System, ALM System, Operational Risk Management System, etc. Those systems are used to detect potential risk or Bank losses at an early stage, enabling the Bank to do corrective actions in minimizing losses.

## INTERNAL CONTROL

Implementation of internal control in risk management includes:

1. Management supervision and control mechanism. The BOD and BOC responsible to improve work ethics and high integrity as well as creating an organizational culture that emphasizes the importance of the internal controls that apply in Danamon. To support the control process, policies, standards and procedures must be documented in writing and available to relevant employees.
2. Risk identification and assessment are conducted for all types of risk covered the quantitative and qualitative assessments.
3. Control activities that are applied at all functional levels and involve all employees are aimed to manage and control activities at all functional levels involving all employees are applied to manage and control the risks affecting performance or might result in losses. Segregation of duty is also implemented in operational activities to prevent any position having the opportunity to do and conceal mistakes or deviations in day-to-day tasks at all levels of organization and operational activities.





4. The existence of an adequate accounting system, information system and communication flow that can produce reports and information needed to support the implementation of the duties of BOD and BOC.
5. The monitoring of inherent risk must be prioritized and function as a daily activity, including periodic evaluations, both by the operational working units (risk-taking units) and QA function in each LOB. Review of the effectiveness of risk management implementation including the adequacy of policies, procedures, and management information systems are done on a regular basis, including by conducting internal audits on the risk management process and monitoring corrective actions over audit findings.

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

## HUMAN RESOURCES

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

## RISK CULTURE

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

Risk culture is determined through:

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

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

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

## RISK MANAGEMENT FOR PARTICULAR AREAS

### a. Risk Management of New Products

In accordance with the Bank's business plan, Danamon has formulated a policy that governs the procedures for product issuance and monitoring, including the implementation of risk management of new products according to the prevailing regulations.

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

The authorization of approval for new products is differentiated based on the risk level while still complying with regulations. A product's risk level is evaluated based on product performance, the targeted customers, the complexity of the operational process, and market conditions. Sharia products require consultation with and approval from the Sharia Supervisory Board.

### b. Risk Management of Sharia Unit

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

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

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

#### c. Risk Management of Subsidiary

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

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

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

This consolidation process is in line with Financial Services Authority Regulation (POJK) No. 38/POJK.03/2017 regarding the Implementation of Consolidated Risk Management for a Bank that has

control over the Subsidiary. Referring to that regulation, Danamon, as the Parent Company, will continue to conduct improvement to the consolidated risk management processes of its subsidiary.

### EVALUATION OF EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

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

The committees conduct regular meeting to obtain sufficient data and an overview of the actions taken in risk management, to discuss risk-related issues and provide recommendations to the BOC and the BOD according to the respective fields and responsibilities.

Moreover, Bank performs periodic evaluations on risk assessment methodologies, the adequacy of system implementation, management information systems, policies, procedures, and limits adjusted with prevailing regulations, business development, and operational conditions Bank activities. As a result of the reviews, Danamon conducts Portfolio Meetings to periodically evaluate the condition of Danamon's and its subsidiary' risk portfolios.

### RISK PROFILE

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

The risk profile assessment is carried out based on regulatory requirement, the Bank's business strategy and macroeconomic conditions. The composite rating of Danamon's individual, consolidated and integrated risk profile based on self-assessment results in 2022 is at level 2 (Low to Moderate).



## DISCLOSURE OF GENERAL RISK EXPOSURE

### GENERAL RISK

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

No	Description
<b>Available Capital</b>	
1	Common Equity Tier 1 (CET1)
2	Tier 1
3	Total Capital
<b>Risk Weighted Assets</b>	
4	Total Risk Weighted Assets (RWA)
<b>Risk Based Capital Ratios as a percentage of RWA</b>	
5	CET1 Ratio (%)
6	Tier 1 Ratio (%)
7	Total Capital Ratio (%)
<b>Additional CET1 buffer requirements as a percentage of RWA</b>	
8	Capital conservation buffer (2.5% of ATMR) (%)
9	Countercyclical Buffer (0 - 2.5% of ATMR) (%)
10	Capital Surcharge for Systemic Bank (1% - 3.5%) (%)
11	Total CET1 as buffer requirements (row 8 + row 9 + row 10)
12	CET1 component for buffer
<b>Basel III Leverage Ratio</b>	
13	Total Exposure
14	Leverage Ratio, including the impact of any applicable temporary exemption of central bank reserves (%)
14b	Leverage Ratio, excluding the impact of any applicable temporary exemption of central bank reserves (%)
14c	Leverage Ratio, including the impact of any applicable temporary exemption of central bank reserves, which includes the average value of the carrying value of Securities Financing Transactions (SFT) on a gross basis (%).
14d	Leverage Ratio, Excluding the impact of any applicable temporary exemption of central bank reserves, which includes the average value of the carrying value of Securities Financing Transactions (SFT) on a gross basis (%).
<b>Liquidity Coverage Ratio (LCR)</b>	
15	Total high-quality liquid assets (HQLA)
16	Total net cash outflow
17	LCR ratio (%)
<b>Net Stable Funding Ratio (NSFR)</b>	
18	Total available stable funding
19	Total required stable funding
20	NSFR ratio

\*) As Restated

(in million rupiah)

	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21*
	32,209,649	31,544,874	31,464,998	31,256,383	31,099,890
	32,209,649	31,544,874	31,464,998	31,256,383	31,099,890
	33,553,897	32,838,332	32,751,385	32,476,169	32,338,057
	132,389,590	129,635,493	128,701,868	126,418,725	122,255,943
	24.33%	24.33%	24.45%	24.72%	25.44%
	24.33%	24.33%	24.45%	24.72%	25.44%
	25.34%	25.33%	25.45%	25.69%	26.45%
	2.50%	2.50%	2.50%	2.50%	2.50%
	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	1.00%	1.00%
	3.50%	3.50%	3.50%	3.50%	3.50%
	16.34%	16.33%	16.45%	16.69%	17.45%
	185,143,103	176,181,544	179,884,254	181,106,345	177,529,796
	17.40%	17.90%	17.49%	17.26%	17.47%
	17.40%	17.90%	17.49%	17.26%	17.47%
	17.48%	17.55%	16.71%	17.89%	17.57%
	17.48%	17.55%	16.71%	17.89%	17.57%
	43,710,732	43,690,961	44,845,671	52,869,321	46,261,467
	28,816,829	27,905,324	27,818,607	26,800,246	24,905,018
	151.68%	156.57%	161.21%	197.27%	185.75%
	128,663,845	123,552,866	126,391,694	126,288,040	123,381,969
	95,884,853	92,746,066	90,590,260	88,395,402	85,598,106
	134.19%	133.22%	139.52%	142.87%	144.14%





TABLE 1. KEY METRICS (KM1)-CONSOLIDATED

No	Description
<b>Available Capital</b>	
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(in million rupiah)

	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21*
	41,211,393	40,011,627	39,479,114	38,930,693	39,131,607
	41,211,393	40,011,627	39,479,114	38,930,693	39,131,607
	42,631,755	41,369,440	40,834,169	40,226,207	40,433,085
	161,838,210	157,718,491	157,011,978	154,728,780	150,731,797
	25.46%	25.37%	25.14%	25.16%	25.96%
	25.46%	25.37%	25.14%	25.16%	25.96%
	26.34%	26.23%	26.01%	26.00%	26.82%
	2.50%	2.50%	2.50%	2.50%	2.50%
	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	1.00%	1.00%
	3.50%	3.50%	3.50%	3.50%	3.50%
	17.34%	17.23%	17.01%	17.00%	17.82%
	208,211,092	197,968,592	201,574,565	202,935,682	199,197,996
	19.79%	20.21%	19.59%	19.18%	19.57%
	19.79%	20.21%	19.59%	19.18%	19.57%
	19.88%	19.85%	18.80%	19.81%	19.67%
	19.88%	19.85%	18.80%	19.81%	19.67%
	43,793,025	43,776,735	44,938,179	52,963,143	46,364,100
	28,718,071	28,276,908	27,654,335	26,786,170	24,797,359
	152.49%	154.81%	162.50%	197.73%	186.97%
	136,232,194	131,144,605	134,507,832	134,712,934	131,196,107
	104.359.374	100.689.095	98.783.322	96.646.543	93,260,999
	130.54%	130.25%	136.16%	139.39%	140.68%



**TABLE 2. DIFFERENCE BETWEEN CONSOLIDATED AND MAPPING ON FINANCIAL STATEMENTS IN ACCORDANCE WITH FINANCIAL ACCOUNTING STANDARDS WITH RISK CATEGORIES IN ACCORDANCE WITH FINANCIAL SERVICES AUTHORITY PROVISIONS FOR RISK CATEGORY (L1)-CONSOLIDATED**

**31 December 2022**

NO.	ACCOUNTS	Carrying value as stated in the financial statement publication
<b>ASSETS</b>		
1	Cash	2,759,777
2	Placements with Bank Indonesia	14,650,674
3	Placements with other banks	2,250,886
4	Spot and derivative/forward receivables	429,782
5	Marketable securities	21,749,483
6	Securities sold under repurchase agreements (repo)	-
7	Securities purchased under resale agreements (reverse repo)	5,864,755
8	Acceptance receivables	1,236,386
9	Loans	112,049,672
10	Sharia financing	9,206,473
11	Consumer financing receivables	22,678,396
	Allowance for impairment losses on consumer financing receivables -/-	(1,440,318)
12	Investments	1,041,317
13	Other financial assets	1,518,862
14	Allowance for impairment losses on financial assets -/-	-
	a. Marketable securities	(36,846)
	b. Loans and Sharia financing	(6,704,450)
	c. Others	(7,794)
15	Intangible assets	4,691,420
	Accumulated amortisation on intangible assets -/-	(2,959,421)
16	Fixed assets and equipment *)	5,312,995
	Accumulated depreciation of fixed assets and equipment -/-	(3,387,470)
17	Non earning asset	-
	a. Idle properties	67,039
	b. Foreclosed assets	499,323
	c. Suspense accounts	8
	d. Interbranch assets	-
18	Leased receivables	965,453
19	Other assets	5,293,286
	<b>TOTAL ASSETS</b>	<b>197,729,688</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
1	Current accounts	31,426,453
2	Savings	47,786,484
3	Time deposits	45,747,295
4	E-money	-

(in million rupiah)

	Carrying amount of each risk <sup>1)</sup>				
	In accordance with the credit risk framework	In accordance with Counterparty Credit Risk framework	In accordance with the Securitization Framework	In accordance with the Market Risk Framework	Does not refer to capital requirements or based on capital reduction
	2,759,777	-	-	213,045	-
	14,650,674	-	-	5,836,022	-
	2,250,886	-	-	1,499,350	-
	-	429,782	-	429,782	-
	21,616,039	-	-	2,993,399	-
	-	-	-	-	-
	5,864,755	-	-	-	-
	1,236,386	-	-	1,045,014	-
	112,685,794	-	-	12,175,202	-
	9,206,481	-	-	399,341	-
	22,678,396	-	-	-	-
	(292,716)	-	-	-	-
	82,078	-	-	-	959,239
	1,435,618	-	-	385,430	-
	-	-	-	-	-
	-	-	-	(22)	-
	(4,358,205)	-	-	(477,654)	-
	-	-	-	(4,657)	-
	-	-	-	-	4,691,420
	-	-	-	-	(2,959,421)
	5,312,995	-	-	-	-
	(3,387,470)	-	-	-	-
	-	-	-	-	-
	14,534	-	-	-	-
	499,323	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	329,863	-	-	-	-
	2,537,441	-	-	-	2,885,554
	<b>195,122,649</b>	<b>429,782</b>	<b>-</b>	<b>24,494,252</b>	<b>5,576,792</b>
	-	-	-	10,487,850	-
	-	-	-	5,302,006	-
	-	-	-	7,761,556	-
	-	-	-	-	-





### 31 December 2022

NO.	ACCOUNTS	Carrying value as stated in the financial statement publication
5	Loans from Bank Indonesia	-
6	Borrowings from other banks	2,395,793
7	Spot and derivative/forward liabilities	248,801
8	Securities sold under repurchase agreements (repo)	-
9	Acceptance payables	1,236,386
10	Marketable securities issued	5,381,107
11	Borrowings	4,452,667
12	Security deposits	12,373
13	Interbranch liabilities	-
14	Other liabilities	11,563,847
15	Minority interest	634,779
<b>TOTAL LIABILITIES</b>		<b>150,885,985</b>
<b>EQUITY</b>		
16	Issued and fully paid capital	
	a. Authorized capital	10,000,000
	b. Unpaid capital -/-	(4,004,423)
	c. Treasury stock -/-	-
17	Additional paid-up capital	-
	a. Agio	7,985,971
	b. Disagio -/-	-
	c. Capital paid in advance	-
	d. Others	8,242
18	Other comprehensive income	-
	b. Gains	224
	c. Lossess -/-	(164,270)
19	Reserves	-
	a. General reserves	496,014
	b. Specific reserves	-

(in million rupiah)

	Carrying amount of each risk <sup>1)</sup>				
	In accordance with the credit risk framework	In accordance with Counterparty Credit Risk framework	In accordance with the Securitization Framework	In accordance with the Market Risk Framework	Does not refer to capital requirements or based on capital reduction
	-	-	-	-	-
	-	-	-	37,875	-
	-	-	-	248,801	-
	-	-	-	-	-
	-	-	-	1,045,014	-
	-	-	-	-	-
	-	-	-	784,861	-
	-	-	-	3,035	-
	-	-	-	-	-
	-	-	-	117,354	-
	-	-	-	-	-
	-	-	-	25,788,352	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	224	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-



## 31 December 2022

NO.	ACCOUNTS	Carrying value as stated in the financial statement publication
20	Retained earnings	-
	a. Previous years	29,770,175
	b. Current year	3,302,314
	c. Dividen paid -/-	(550,544)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY</b>		<b>46,843,703</b>
<b>TOTAL EQUITY</b>		<b>46,843,703</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>197,729,688</b>

## Qualitative Analysis

Difference between Consolidation Coverage and Mapping on Financial Statements in accordance with Financial Accounting Standards with Risk Categories in accordance with Risk Category Financial Services Authority Provisions (L1)

There are several financial assets that are subject to more than one risk framework, as follows:

1. Spot and Derivatives Receivables, recorded on counterparty credit risk framework and market risk
2. Placement to Bank Indonesia, Loan and marketable securities is recorded on Credit Risk dan Market Risk frameworks.

Each risk frameworks calculation on financial asset is following OJK regulation as follow:

1. SEOJK Number 11/SEOJK.03/2018 and SEOJK No. 42 /SEOJK.03/2016 regarding Guidelines for Calculation of Risk Weighted Assets for Credit Risk using the Standard Approach
2. SEOJK Number 48/SEOJK.03/2017 concerning Guidelines for Calculation of Net Receivables for Derivative Transactions in the Calculation of Risk-Weighted Assets for Credit Risk by Using a Standard Approach
3. SEOJK Number 38/SEOJK.03/2016 concerning Guidelines for Using the Standard Method in Calculation of the Capital Adequacy Ratio Requirement for Commercial Banks by Taking Market Risk into Account.

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

(in million rupiah)

	Carrying amount of each risk <sup>1)</sup>				
	In accordance with the credit risk framework	In accordance with Counterparty Credit Risk framework	In accordance with the Securitization Framework	In accordance with the Market Risk Framework	Does not refer to capital requirements or based on capital reduction
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	224	-
	-	-	-	-	-
	-	-	-	25,788,576	-
Qualitative Analysis					





**TABLE 3. MAIN DIFFERENCES BETWEEN CARRYING VALUE ACCORDING TO FINANCIAL ACCOUNTING STANDARDS AND EXPOSURE IN ACCORDANCE WITH OJK REGULATIONS (L2)-CONSOLIDATED**

31 December 2022

(in million Rupiah)

No.	Component	Total	Items:			
			Credit Risk Framework	Securitization Framework	Counterparty Credit Risk Framework	Market Risk Framework
1	Carrying value of assets is in accordance with the prudential consolidated coverage (as reported in table L1)	197,729,688	195,122,649	-	429,782	24,494,252
2	Carrying amount of the liability is in accordance with the prudential consolidated coverage (as reported in table L1)	197,729,688	-	-	-	25,788,576
3	Total net value is in accordance with the prudential consolidated coverage	395,459,376	195,122,649	-	429,782	50,282,828
4	Administrative account value	152,649,431	6,317,083	-	-	56,429,047
5	Difference in valuation	-	-	-	-	-
6	Difference because netting rules, other than those included in line 2.	-	-	-	-	-
7	Difference in provision	-	-	-	-	-
8	Difference is due to prudential filters	-	-	-	-	-
	<b>Exposure value considered is in accordance with the consolidated scope of the prudential provisions</b>	<b>548,108,807</b>	<b>201,439,732</b>	<b>-</b>	<b>429,782</b>	<b>106,711,875</b>

#### Qualitative Analysis

There is a difference in the total carrying value of assets in accordance with the scope of consolidation of prudential provisions and the total carrying value of each risk (as reported in template L1) from the value of Spot and Derivatives Receivables and Marketable Securities. The differences will be explained as follows:

- Spot and derivative receivable
  - On market risk framework, calculation referring to SEOJK number 38/SEOJK.03/2016 regarding Guidelines for Using the Standard Method in Calculation of Capital Adequacy Ratio of Bank with market risk into account
- Marketable securities
  - Regarding the market risk CAR, loan instrument and placement to Bank Indonesia exposed to market risk

Other than marketable securities and Spot and Derivative receivables, all balance sheet component (On and Off B/S) for foreign currency, that is in line with domestic loan calculation, are included in market risk framework, reference to SEOJK Number 38/SEOJK.03/2016 above.

## CAPITAL RISK

TABLE 4. CAPITAL COMPOSITION (CC1)

31 December 2022					(in million Rupiah)
No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet	
<b>Modal Inti Utama (Common Equity Tier 1) / CET1: instruments and reserves</b>					
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	13,981,548	13,981,548	a + b + c	
2	Retained earnings	32,521,945	32,521,945	d + e + f	
3	Accumulated other comprehensive income (and other reserves)	370,693	370,693	g + h + i	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	N/A	N/A		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>46,874,186</b>	<b>46,874,186</b>		
<b>CET1 : Regulatory Adjustment</b>					
7	Prudential valuation adjustments	-	-		
8	Goodwill (net of related tax liability)	-	(1,074,532)	j + k	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(528,741)	(657,467)	l + m	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	N/A	N/A		
11	Cash-flow hedge reserve	N/A	N/A		
12	Shortfall of provisions to expected losses	N/A	N/A		
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-		
15	Defined-benefit pension fund net assets	N/A	N/A		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	N/A	N/A		
17	Reciprocal cross-holdings in common equity	-	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A	N/A		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	N/A	N/A		
20	Mortgage servicing rights (amount above 10% threshold)	-	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	N/A	N/A		
22	Amount exceeding the 15% threshold	N/A	N/A		
23	Significant investments in the common stock of financials	N/A	N/A		
24	Mortgage servicing rights	N/A	N/A		
25	Deferred tax assets arising from temporary differences	N/A	N/A		
26	National specific regulatory adjustments				
26a	Under provision between regulatory provision and impairment value on productive assets	-	-		



31 December 2022

(in million Rupiah)

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
26b	PPKA on non-productive assets	(101,579)	(101,579)	
26c	Deferred tax assets	(2,474,559)	(2,869,976)	n
26d	Investments	(11,559,658)	(959,239)	o
26e	Short of capital on insurance subsidiary company	-	-	
26f	Capital securitisation exposure	-	-	
26g	Others	-	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>(14,664,537)</b>	<b>(5,662,793)</b>	
<b>29</b>	<b>Common Equity Tier 1 capital (CET1)</b>	<b>32,209,649</b>	<b>41,211,393</b>	
<b>Additional Tier 1 Capital: Instruments</b>				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	-	
31	Classified as equity under applicable accounting standards	-	-	
32	Classified as liabilities under applicable accounting standards	-	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	N/A	N/A	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-	
35	Instruments issued by subsidiaries subject to phase out	N/A	N/A	
<b>36</b>	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>-</b>	<b>-</b>	
<b>Additional Tier 1 Capital: Regulatory Adjustment</b>				
37	Investments in own Additional Tier 1 instruments	N/A	N/A	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	N/A	N/A	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	N/A	
41	National specific regulatory adjustments			
41a	Placement of funds in instruments AT1 at other Banks	-	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>	
<b>44</b>	<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	<b>-</b>	
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>32,209,649</b>	<b>41,211,393</b>	

31 December 2022

(in million Rupiah)

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
<b>Tier 2 Capital: Instruments and provisions</b>				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	4,583	4,583	p
47	Directly issued capital instruments subject to phase out from Tier 2	N/A	N/A	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	
49	Instruments issued by subsidiaries subject to phase out	N/A	N/A	
50	Provisions	1,339,665	1,415,779	
<b>51</b>	<b>Tier 2 capital before regulatory adjustments</b>	<b>1,344,248</b>	<b>1,420,362</b>	
<b>Tier 2 Capital: Regulatory Adjustments</b>				
52	Investments in own Tier 2 instruments	N/A	N/A	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	-	
54	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5 % threshold but that no longer meets the conditions (for G-SIBs only)	N/A	N/A	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	N/A	
56	National specific regulatory adjustments			
56a	<i>Sinking fund</i>	-	-	
56b	Placement of funds in Tier 2 instruments at other Banks	-	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>	
58	<b>Tier 2 capital (T2)</b>	<b>1,344,248</b>	<b>1,420,362</b>	
59	<b>Total capital (TC = T1 + T2)</b>	<b>33,553,897</b>	<b>42,631,755</b>	
60	<b>Total risk weighted assets</b>	<b>132,389,590</b>	<b>161,838,210</b>	
<b>Capital Ratios and Buffers</b>				
61	<b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>	<b>24.33%</b>	<b>25.46%</b>	
62	<b>Tier 1 (as a percentage of risk weighted assets)</b>	<b>24.33%</b>	<b>25.46%</b>	
63	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>25.34%</b>	<b>26.34%</b>	
64	<b>Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)</b>	<b>3.50%</b>	<b>3.50%</b>	
65	Capital conservation buffer requirement	2.50%	2.50%	
66	Bank specific countercyclical buffer requirement	0.00%	0.00%	
67	G-SIB buffer requirement	1.00%	1.00%	
68	<b>Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)</b>	<b>16.34%</b>	<b>17.34%</b>	



31 December 2022

(in million Rupiah)

No.	Component	Bank	Consolidated	Ref. No. from Publication Balance Sheet
<b>National minima (if different from Basel 3)</b>				
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	N/A	N/A	
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	N/A	N/A	
71	National total capital minimum ratio (if different from Basel 3 minimum)	N/A	N/A	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	N/A	N/A	
73	Significant investments in the common stock of financials	N/A	N/A	
74	Mortgage servicing rights (net of related tax liability)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A	N/A	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	N/A	N/A	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	N/A	N/A	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	N/A	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N/A	N/A	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>				
80	Current cap on CET1 instruments subject to phase out arrangements	N/A	N/A	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	N/A	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	
84	Current cap on T2 instruments subject to phase out arrangements	N/A	N/A	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	

TABLE 5. CAPITAL RECONCILIATION (CC2)

31 December 2022

(in million Rupiah)

No	Accounts	Bank	Consolidated	Ref. No.
<b>ASSETS</b>				
1	Cash	2,648,745	2,759,777	
2	Placements with Bank Indonesia	14,650,674	14,650,674	
3	Placements with other banks	1,564,719	2,250,886	
4	Spot and derivative receivables	388,898	429,782	
5	Marketable securities owned	21,807,834	21,749,483	
6	Securities sold under repurchase agreements (repo)	-	-	
7	Securities purchased under resale agreements (reverse repo)	5,864,755	5,864,755	
8	Acceptance receivables	1,236,386	1,236,386	
9	Loans	112,695,089	112,049,672	
10	Sharia financing	9,206,473	9,206,473	
11	Consumer financing receivables	-	22,678,396	
	Allowance for impairment losses on consumer financing receivables -/-	-	(1,440,318)	
12	Investments			
	a. Calculated as capital deduction factor	11,559,658	959,239	o
	b. Not calculated as capital deduction factor	82,078	82,078	
13	Other financial assets	1,440,901	1,518,862	
14	Allowance for impairment losses on financial assets -/-			
	a. Marketable securities	(36,846)	(36,846)	
	b. Loans	(6,657,002)	(6,704,450)	
	c. Others	(7,794)	(7,794)	
15	Intangible assets			
	a. Goodwill	-	1,906,685	j
	b. Other Intangible assets	2,268,218	2,784,735	l
	Accumulated amortisation on intangible assets -/-			
	a. Goodwill	-	(832,153)	k
	b. Other Intangible assets	(1,739,477)	(2,127,268)	m
16	Fixed assets and equipment	4,087,450	5,312,995	
	Accumulated depreciation of fixed assets and equipment -/-	(2,583,393)	(3,387,470)	
17	Non earning asset			
	a. Idle properties	67,039	67,039	
	b. Foreclosed assets	499,323	499,323	
	c. Suspense accounts	8	8	
	d. Interbranch assets	-	-	
18	Leased receivables	-	965,453	
19	Other assets			
	a. Deferred tax assets calculated as capital deduction factor	2,474,559	2,869,976	n
	b. Other assets not calculated as capital deduction factor	2,189,391	2,423,310	
<b>Total Assets</b>		<b>183,707,686</b>	<b>197,729,688</b>	





31 December 2022

(in million Rupiah)

No	Accounts	Bank	Consolidated	Ref. No.
<b>LIABILITIES &amp; EQUITY</b>				
1	Current accounts	32,175,832	31,426,453	
2	Savings	47,786,485	47,786,485	
3	Time deposits	45,747,295	45,747,295	
4	E-money	-	-	
5	Loans from Bank Indonesia	-	-	
6	Borrowings from other banks	2,395,793	2,395,793	
7	Spot and derivative/forward liabilities	243,108	248,801	
8	Securities sold under repurchase agreements (repo)	-	-	
9	Acceptance payables	1,236,386	1,236,386	
10	Marketable securities issued	-	5,381,107	
11	Borrowings			
	a. Can be calculated in the capital component	4,583	4,583	p
	b. Can not be calculated in the capital component	20,417	4,448,084	
12	Security deposits	12,373	12,373	
13	Interbranch liabilities	-	-	
14	Other liabilities	7,241,712	11,563,847	
15	Minority interest	-	634,779	
<b>Total Liabilities</b>		<b>136,863,983</b>	<b>150,885,985</b>	
16	Issued and fully paid capital			
	a. Authorized capital	10,000,000	10,000,000	a
	b. Unpaid capital -/-	(4,004,423)	(4,004,423)	b
	c. Treasury stock -/-	-	-	

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

31 December 2022

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

31 December 2022

(in million Rupiah)

No	Accounts	Bank	Consolidated	Ref. No.
17	Additional paid-up capital			
a.	Agio	7,985,971	7,985,971	c
b.	Disagio -/-	-	-	
c.	Capital paid in advance	-	-	
d.	Others	8,242	8,242	
18	Other comprehensive income			
a.	Gain			
i.	Can be calculated in the capital component	(125,321)	(125,321)	g
ii.	Can not be calculated in the capital component	125,545	125,545	
b.	Losses			
i.	Can be calculated in the capital component	-	-	h
ii.	Can not be calculated in the capital component	(164,270)	(164,270)	
19	Reserves			
a.	General reserves	496,014	496,014	i
b.	Specific reserves	-	-	
20	Retained earnings			
a.	Previous years	29,770,175	29,770,175	d
b.	Current year			
i.	Can be calculated in the capital component	3,302,314	3,302,314	e
ii.	Can not be calculated in the capital component	-	-	
c.	Dividend paid	(550,544)	(550,544)	f
<b>Total Equity Attributable to Equity Holders of The Parent Equity</b>		<b>46,843,703</b>	<b>46,843,703</b>	
<b>Total Equity</b>		<b>46,843,703</b>	<b>46,843,703</b>	
<b>Total Liabilities and Equity</b>		<b>183,707,686</b>	<b>197,729,688</b>	

Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)		
	Answer	Answer
	PT Bank Danamon Indonesia Tbk	PT Bank Danamon Indonesia Tbk
	Exchange Code : BDMN ISIN : ID1000094204	N/A
	Indonesian Law	Indonesian Law
	N/A	N/A
	N/A	N/A
	CET1	Tier 2
	Consolidated and Individual	Consolidated and Individual
	Common Stock	Subordinated Loan
	13,981,548	4,583
	5,995,577	25,000
	Equity	Liability - Amortized cost



31 December 2022

No	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)	
	Question	

11 Publication Date

Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)		
	Answer	Answer
	<b>STOCK SERIE A</b> <ul style="list-style-type: none"> <li>Initial Public Offering on December 8, 1989 of 12,000,000 shares - par value per share of Rp 1,000.</li> <li>Founders' shares of 22,400,000 sheet.</li> <li>Bonus shares from additional paid-in capital capitalisation of 34,400,000 shares in 1992.</li> <li>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) I of 224,000,000 shares - par value per share of Rp 1,000, on 24 December 1993.</li> <li>Bonus shares from additional paid-in capital capitalisation of 112,000,000 shares - par value per share of Rp 1,000 in 1995.</li> <li>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) II of 560,000,000 shares - par value per share of Rp 1,000, on 29 April 1996.</li> <li>Founders' shares of 155,200,000 shares in 1996.</li> <li>Shares from the changes in the par value of shares of 1,120,000,000 sheet - par value per share of Rp 500 in 1997.</li> <li>Increase in par value to Rp 10,000 per share through the reduction in total number of shares (reverse stock split) to 112,000,000 shares in 2001.</li> <li>Increase in par value to Rp 50,000 per share through the reduction in total number of shares (reverse stock split) to 22,400,000 shares in 2003.</li> </ul>	Loan proceed received on 4 December 2018
	<b>STOCK SERIE B</b> <ul style="list-style-type: none"> <li>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) III of 215,040,000,000 shares - par value per share of Rp 5 on 29 March 1999.</li> <li>Shares issued in order to merger with PDFCI of 45,375,000,000 shares - par value per share of Rp 5 in 1999.</li> <li>Shares issued in order to merger with Bank Tiara of 35,557,200,000 shares - par value per share of Rp 5 in 2000.</li> <li>Shares issued in order with the Bank's merger with 7 Taken-Over (BTO) of 192,480,000,000 shares - par value per share of Rp 5 in 2000.</li> <li>Increase in par value to Rp 100 per share through the reduction in total number of shares (reverse stock split) to 24,422,610,000 shares in 2001.</li> <li>Increase in par value to Rp 500 per share through the reduction in total number of shares (reverse stock split) to 4,884,522,000 shares in 2003.</li> <li>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) IV of 3,314,893,116 shares - par value per share of Rp 500, on 20 March 2009.</li> <li>Shares from Limited Public Offering with Pre-emptive Rights (Rights Issue) V of 1,162,285,399 shares - par value per share of Rp 1,000, on 24 August 2011.</li> <li>Total Series B Shares issued start from 01 July 2015 until 30 June 2011 by the Company to, and placed/taken by, the members of the Board of Directors that determined by the Board of Commissioners of the Company and senior employees that determined by the Board of Company Directors ("Option Beneficiaries") who have exercised the option rights granted to them under the E/M SOP program are 200,542,850 Series B shares or equals with Rp 100,271,425,000 with a par value per share of Rp 500 in the period between 2005 and 2011.</li> <li>Shares conversion due to merger with PT Bank Nusantara Parahyangan Tbk (Bank BNP), through an additional of 188,909,505 shares B series (with a par value per share of Rp 500) effective at 1 May 2019.</li> </ul>	



## 31 December 2022

No	Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)	
	Question	
12	No maturity (perpetual) or with maturity	
13	Due Date	
14	Execution of Call Option based on Banks' supervisor approval	
15	Date of call option, amounts withdrawal and other call option requirements (if any)	
16	Subsequent call option	
	Coupon/Dividen	
17	Dividend or coupon with fixed or floating interest	
18	Coupon rate or other index to which reference	
19	Whether or not dividend stopper	
20	Fully discretionary; partial or mandatory	
21	Any step up feature or other incentive	
22	Non-cumulative or cumulative	
23	Convertible atau non-convertible	
24	If convertible, mention its trigger point	
25	If convertible, whether whole or in part	
26	If convertible, how the conversion rate	
27	If convertible; whether mandatory or optional	
28	If convertible, specify the type of conversion instrument	
29	If convertible, mention the issuer of instrument it converts into	
30	Write-down feature	
31	If write-down, mention its trigger point	
32	If write-down, whether whole or in part	
33	If write-down; permanent or temporary	
34	If temporary write-down, explain the write-up mechanism	
34a	Type of subordination	
35	Instrument hierarchy when the liquidation is done	
36	Is there non-compliant transitioned features	
37	If yes, specify non-compliant features	

Main Capital Instrument Features Reconciliation and TLAC-Eligible (CCA)		
	Answer	Answer
	Perpetual	With maturity
	No maturity date	4 December 2023
	No	No
	N/A	N/A
	N/A	N/A
	Floating	Fixed
	N/A	9,27%
	Yes	No
	Mandatory	Mandatory
	No	No
	Non-cumulative	Cumulative
	Non-convertible	Non-convertible
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	No	Yes
	N/A	(i) Common Equity Tier 1 Ratio become lower than: (a) 8% of its RWA; or (b) as required by prevailing law; or (ii) CAR Ratio become lower than: (a) 13.5%; or (b) as required by prevailing law; or (iii) Regulators decide that Debtor's business continuity is potential interrupted
	N/A	whole or in part
	N/A	Permanent
	N/A	N/A
	N/A	Yes
	<ul style="list-style-type: none"> <li>• Paid-up capital instrument and it's subordinated to other capital instrument.</li> <li>• Available to absorb losses incurred prior or at the time of liquidation.</li> </ul>	Subordinated Loan will be subordinated, Creditors will receive payment by hierarchy after Separatist Creditors, Preference Creditors, Preference Creditors, Concurrent Creditors, and Depositors have been repaid in accordance with prevailing laws and regulations in Indonesia when liquidation is done
	No	No
	N/A	N/A




**TABLE 7. LEVERAGE RATIO REPORT**

31 December 2022

(in million Rupiah)

No	Information	Total	
		Bank	Consolidated
1	Total assets on the balance sheet in published financial statements (gross value before deducting impairment provision)	190,409,328	205,919,096
2	Adjustment for investment in Bank, Financial Institution, Insurance Company, and/or other entities that consolidated based on accounting standard yet out of scope consolidation based on Otoritas Jasa Keuangan	-	-
3	Adjustment for portfolio of financial asset that have underlying which already transferred to without recourse securitization asset as stipulated in OJK's statutory regulations related to Prudential Principles in Securitization Asset Activity for General Bank	-	-
4	Adjustment to temporary exception of Placement to Bank Indonesia in accordance Statutory Reserve Requirement (if any)	N/A	N/A
5	Adjustment to fiduciary asset that recognized as balance sheet based on accounting standard yet excluded from total exposure in Leverage Ratio calculation.	N/A	N/A
6	Adjustment to acquisition cost and sales price of financial assets regularly using trade date accounting method	-	-
7	Adjustment to qualified cash pooling transaction as stipulated in this OJK's regulation.	-	-
8	Adjustment to exposure of derivative transaction	984,834	1,029,077
9	Adjustment to exposure of Securities Financing Transaction (SFT) as example: reverse repo transaction	-	-
10	Adjustment to exposure of Off Balance Sheet transaction that already multiply with Credit Conversion Factor	15,013,541	15,013,541
11	Prudent valuation adjustments in form of capital deduction factor and impairment provision	(21,264,600)	(13,750,622)
12	Other adjustments	-	-
13	<b>Total exposure in Leverage Ratio Calculation</b>	<b>185,143,103</b>	<b>208,211,092</b>

TABLE 7. LEVERAGE RATIO CALCULATION REPORT

31 December 2022

(in million Rupiah)

No	INFORMATION	Bank Danamon		Consolidated	
		December 2022	September 2022	December 2022	September 2022
On Balance Sheet Exposure					
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) (gross value before deducting impairment provision)	184,151,280	177,412,823	199,620,165	192,091,175
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the accounting standard	-	-	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-	-	-
5	(Impairment provision those assets inline with accounting standard applied)	(6,701,642)	(6,160,729)	(8,189,408)	(7,622,166)
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(14,562,958)	(14,231,010)	(5,561,214)	(5,764,257)
7	Total on-balance sheet exposures	162,886,680	157,021,084	185,869,543	178,704,752
Derivative Exposure					
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	544,457	617,428	601,695	669,139
9	Add-on amounts for potential future exposure associated with all derivatives transactions	829,275	1,072,061	857,164	1,123,730
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	N/A	N/A	N/A	N/A
11	Adjusted effective notional amount of written credit derivatives	-	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
13	Total derivative exposures	1,373,732	1,689,489	1,458,859	1,792,869
Securities Financing Transaction Exposures (SFT)					
14	Gross SFT Assets	5,869,150	4,274,798	5,869,149	4,274,798
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
16	Counterparty credit risk exposure for SFT assets refers to Current Exposure calculation	-	-	-	-
17	Agent transaction exposures	-	-	-	-
18	Total Securities Financing Transaction Exposures	5,869,150	4,274,798	5,869,149	4,274,798



31 December 2022

(in million Rupiah)

No	INFORMATION	Bank Danamon		Consolidated	
		December 2022	September 2022	December 2022	September 2022
Other Off-balance Sheet Exposures					
19	Off-balance sheet exposure at gross notional amount	95,568,672	81,193,996	95,568,672	81,193,996
20	(Adjustment from the result of multiplying commitment payable or contingent payables with credit conversion factor and deducted with impairment provision)	(80,448,312)	(67,905,962)	(80,448,312)	(67,905,962)
21	(Impairment provision for off balance sheet inline with accounting standard)	(106,819)	(91,861)	(106,819)	(91,861)
22	Off-balance sheet items	15,013,541	13,196,173	15,013,541	13,196,173
Capital and Total Exposure					
23	Tier 1 Capital	32,209,649	31,544,874	41,211,393	40,011,627
24	Total Exposure	185,143,103	176,181,544	208,211,092	197,968,592
Leverage Ratio					
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	17.40%	17.90%	19.79%	20.21%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	17.40%	17.90%	19.79%	20.21%
26	National minimum leverage ratio requirement	3.00%	3.00%	3.00%	3.00%
27	Applicable leverage buffers	N/A	N/A	N/A	N/A
Disclosures of mean values					
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash	4,971,606	7,838,497	4,971,606	7,838,497
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,869,150	4,274,798	5,869,149	4,274,798
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	184,245,559	179,745,243	207,313,549	201,532,291
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	184,245,559	179,745,243	207,313,549	201,532,291

31 December 2022

(in million Rupiah)

No	INFORMATION	Bank Danamon		Consolidated	
		December 2022	September 2022	December 2022	September 2022
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	17.48%	17.55%	19.88%	19.85%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	17.48%	17.55%	19.88%	19.85%



## RISK MANAGEMENT FOCUS AND ACTIVITIES IN 2022

In accordance with the Bank's business plan, in 2022 Danamon continued to conduct the previous year's programs and implement several new programs, as follows:

Risk	Activities
Risk Management in General	<ul style="list-style-type: none"> <li>• Implementation of individual and consolidated Risk Management in the Bank and its subsidiary.</li> <li>• Improvement of the Risk Profile report in accordance with regulatory requirements.</li> <li>• Preparation and submission of a Sustainable Finance Action Plan for the period of 2023-2027 in order to fulfil POJK No. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies.</li> <li>• Implementation of programs stated in the Sustainable Finance Action Plan.</li> <li>• Update on Risk Management Policy – Bank, Consolidated and Integrated.</li> <li>• Update on Sustainability Guideline related to Credit.</li> <li>• Update Recovery Plan in accordance with POJK No. 14/POJK.03/2017.</li> <li>• Submit Resolution Plan in accordance with PLPS No. 1 2021.</li> <li>• Roll out Risk Academy on an ongoing basis as a means of risk-management learning by all Bank employees through on-line/virtual training and various kinds of e-Learning modules related to risk management.</li> <li>• Implementation of ICAAP framework, which is already continuously being done by the Bank.</li> <li>• Conduct bank-wide stress tests at least once a year.</li> <li>• Participate in the Joint Stress Test exercise using templates and macroeconomy scenarios provided by the OJK and BI.</li> <li>• Perform COVID-19 Thematic Stress Test to measure its impact on the Capital Adequacy and credit quality on NPL ratio.</li> <li>• Conduct Risk Culture programs that focus on the implementation of the Three Lines of Defense campaign.</li> <li>• Review Risk Appetite Statement (RAS), and cascade it down to the lines of business and subsidiary.</li> </ul>
Credit	<ul style="list-style-type: none"> <li>• Monitor Internal Rating Model results for Corporate, Commercial, Financial Institution, and Financing Company.</li> <li>• Implement Early Warning Indicator for Corporate and Commercial lines of business.</li> <li>• Implement a Behaviour Scorecard for Small Medium Enterprise (SME) lines of business to support credit process.</li> <li>• Implement the LLP PSAK 71 or IFRS9 models for Corporate, Commercial, Financial Institution, Financing Company, SME, KPR, KMG, Credit Card, KTA, Auto Loan, Consumption, and Investment, starting January 2020, as according to OJK regulation.</li> <li>• Revamp and provide guidance regarding the implementation of bankwide Credit Risk Policy to ensure alignment with Regulatory regulations (OJK and BI) alignment, internal policies and Danamon's risk appetite.</li> <li>• Revamp Stimulus Memo regarding the Impact of COVID-19 as implementation of POJK No. 11/POJK.03/2020 and its amendments, including review implementation memos in each LOB and monitor the performance of the restructured credit portfolio and the adequacy of the provision.</li> <li>• Conduct regular reviews of industry classifications based on the risk level (high risk restricted, high risk, medium risk, and low risk), as well as determine industry risk appetite to ensure the industry growth is aligned with the determined threshold.</li> <li>• Stipulate the authority for Credit approval in the Head Office in each LOB, including the approval authority for COVID-19 credit restructuring.</li> <li>• Review the credit policies of each LOB, evaluate credit criteria adapted with current business development and setting limits for high-risk segments.</li> <li>• Expand credit risk appetite on UPL segment with close monitoring on potential credit risk and its mitigation.</li> <li>• Review new initiative programs in the digital segment and MUFG Collaboration in order to keep them in line with regulations and Danamon's risk appetite.</li> <li>• Conduct regular reviews of all policies and procedures in accordance with the regulation stipulated by the regulators (OJK and BI) and other authorities.</li> <li>• Regularly review product programs, in terms of portfolios, criteria, restrictions, and other requirements, and make necessary adjustments.</li> </ul>

Risk	Activities
	<ul style="list-style-type: none"> <li>• Perform back-testing periodically to assess the adequacy of credit provision. If necessary, addition of credit provision will be done based on the back-testing results.</li> <li>• Credit process is well implemented in accordance with the prevailing regulation, risk appetite and internal policies in Danamon.</li> <li>• CQA has reviewed credit decisions result to ensure the process and credit analysis are in accordance with current regulations. In addition, CQA conducts periodic validation of the internal credit rating model to ensure the feasibility of the model under current conditions.</li> <li>• Alternative Credit Scoring assessment to support the credit process in the consumer segment.</li> <li>• Implementation of Rule-Based Engine within SME Loan Origination System to support the business in early customer pre-selection proses and provide guidelines in credit decision to Underwriting team.</li> <li>• Review of EB Credit Guidelines and adjustment to clauses related to Syndication Loan.</li> <li>• Review of Consumer Credit Guidelines and adjustment to Mortgage clauses related to Primary Mortgage from selected developers.</li> </ul>
Operational, Fraud & QA	<ul style="list-style-type: none"> <li>• Improve the independence of functions and roles of operational risk manager in lines of business, support functions, and Subsidiary.</li> <li>• Refine ORM tool methodologies such as the RCSA methodology, Risk Events, and recording operational risk losses.</li> <li>• Refine the Operational Risk Management System (ORMS) process and application to improve the effectiveness in operational risk management comprehensively at Danamon and Subsidiary.</li> <li>• Build awareness of Operational Risk Management through e-Learning, Risk Academy modules, email blasts, and anti-fraud-awareness campaigns. The purpose is to enhance awareness throughout the whole of management and employees on the importance of operational risk management.</li> <li>• To improve implementation of ORPA (Operational Risk Pre-Assessment) to review the risks of new strategic initiatives, including the recommendations for risk mitigation.</li> <li>• To improve the implementation of product/system/process reviews for operational risk review including risk mitigation.</li> <li>• Implement Self-Raise Issue to provide a tool for employees to raise an issue that potentially arise operational risks.</li> <li>• Implement an escalation mechanism for potential/operational risk event and review operational risk matrix level.</li> <li>• Implementation of Risk Acceptance to ensure that issues which can not be mitigated, however the process/activity will be carried out and the risk still borne by the Bank, should be approved by relevant management.</li> <li>• Enhance QA methodology and supporting system as well as improving QA Policy and optimized data analytic usage method.</li> <li>• Improve awareness regarding risk control and conduct a survey to determine the risk awareness maturity level of the work unit.</li> <li>• Improve the ability of early detection on potential fraud by developing the fraud detection system that has been implemented on AMEX transaction and D-Bank PRO and providing the Whistle-blower channel through an independent third party.</li> <li>• Build commitment and awareness of fraud through the obligation of the Anti-Fraud Integrity Pact signed by all Board of Directors, Board of Commissioners, and all employees of Danamon.</li> <li>• Review and update the anti-fraud policy and framework that is aligned with regulations.</li> <li>• Update the Business Continuity Management (BCM) policy according to the latest conditions.</li> </ul>





Risk	Activities
Technology and Information Security	<ul style="list-style-type: none"> <li>• Carry out supervisory management and risk analysis related to the use of technology for initiatives related to new services or products/IT projects/ad-hoc requests, which include Requirement Definition (RD/BRD), ORPA, PP/ALP, and/or other related documents IT risk management to support business line units and other operations/support functions within the Bank.</li> <li>• Conducting assessment and monitoring of IT Risk Events, Self Raise, Risk Acceptance which have potential risks to the Bank, conduct analysis and discussion with IT work unit to understand events and planned corrective actions based on the escalation of events recorded in the ORMS database.</li> <li>• Updating the Cyber Incident Response Playbook document as the main guideline for all employees when a cyber incident occurs, starting from the communication stage, impact assessment and risk level, resolution, and reporting.</li> <li>• Improving the culture of awareness and the role of employees in the management of Information Security Risk, as part of daily work within the scope of work, through various communication media available at the Bank, including preparing online training materials (SEPAKAD) and risk academy for all Bank employees.</li> <li>• Conduct assessment and gap analysis in preparing Cyber Risk Management Policy in accordance with the cyber risk management framework in compliance with POJK No. 11/POJK.03/2022 concerning Implementation of Information Technology (PTI) and other provisions.</li> <li>• Develop Information Technology risk parameters as part of the self-assessment process in relation to determining the risk materiality of new services/products/activities to be reported and/or for the purpose of licensing to the Financial Services Authority (OJK).</li> <li>• Simplify the risk assessment process related to new services/products/activities and other Information Technology initiatives that use the waterfall methodology.</li> <li>• Conduct Information Technology risk assessment in order to support in the development of new digital-based services/products/activities owned by the Bank with an agile methodology.</li> <li>• Updating and adjusting the framework and standard operating procedures that regulate the activities of the risk assessment process for third parties who manage the Bank's confidential information.</li> <li>• Prepare guidelines for the use of information in Digital Partnership activities, which regulate conditions and factors in the use of information to minimise the risk of loss/leakage of information.</li> <li>• Facilitating the piloting activity of cyber threat modeling systems or Cyber Threat Modeling with their respective methods to identify cyber risks for touchpoint applications.</li> <li>• Reviewing and updating the Information Asset Register, including information assets, information classification, and mitigation controls that owned by critical units.</li> <li>• Conducting a Red Teaming Exercise simulation with the aim to identify potential cyber risks as early as possible and mitigating actions that can be taken to reduce the level of risks that arise through a series of activities that reflect real-world scenarios of cyber-attacks.</li> <li>• Manage risks related to information leakage by enhancing the security function of the email system through the Data Leakage Prevention (DLP) mechanism.</li> <li>• Develop risk standards and controls related to Digital and Technology risks which are used as a reference for assessing potential risks in IT projects.</li> </ul>
Market and Liquidity	<ul style="list-style-type: none"> <li>• Update the Bank's Market and Liquidity Risks limit structures and policies.</li> <li>• Validation of the market and liquidity risk measurement methodologies, including those for supporting new Treasury products.</li> <li>• ALM system update and enhancement to support alignment of LCR, NSFR and IRRBB calculation and reporting.</li> <li>• Actively involved both directly in providing input and reviewing the SEOJK draft no. 23/SEOJK.03/2022 concerning Calculation of Risk Weighted Assets for Market Risk for Commercial Banks</li> <li>• Involved in Quantitative Impact Study (QIS) Internal Liquidity Adequacy Assessment Process (ILAAP).</li> <li>• Improved the IRRBB calculation methodology using 10 years of historical data.</li> <li>• Developing an ALM system with a dynamic method for dynamic simulation of liquidity risk.</li> <li>• Conducting data mapping for the calculation of Risk Weighted Assets for Market Risk for Commercial Banks (FRTB).</li> </ul>

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

### 1. Credit Risk

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

#### a. Credit Risk Management

Danamon implements Credit Risk Management individually and consolidated with its subsidiary, in ways that involve an active role by the Board of Commissioners and the Board of Directors. Credit Risk Management Implementation covers the end-to-end process from credit acceptance criteria, origination and approval, pricing, monitoring, collection, collateral management, remedial management process, and portfolio management. Danamon always applies the prudential principle

and risk management as a whole to every aspect of credit activity in compliance with the prevailing regulations, such as POJK No. 40/POJK.03/2019 regarding Assessment of Asset Quality for Commercial Bank. In regard to the COVID-19 pandemic, Danamon has implemented POJK No. 11/POJK.03/2020, POJK No. 48/POJK.03/2020, and POJK No. 17/POJK.03/2021 regarding National Economy Stimulus as the COVID-19 Outbreak Impact Countercyclical Policy with the objective of pushing the optimization of the Bank's performance, specifically of its intermediation function, managing the stability of the financial system, and supporting economic growth by still applying the prudential principles and avoiding moral hazards.

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

Process	Implementation Activities
<b>Identification</b>	<ul style="list-style-type: none"> <li>Periodically review the Line of Business Product Program containing Industry analysis and marketing strategies, criteria for credit approval, product performance, and the implementation of risk management.</li> <li>Establish credit approval criteria based on the 5C approach: Character, Capacity to Repay, Capital, Collateral, and Conditions of the Economy. As well as adjusting the risk appetite, risk profile, and the Bank's business plan.</li> </ul>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>Develop and implement a credit risk assessment methodology, such as an internal credit rating and credit scorecards that are consistently enhanced and validated to evaluate loan disbursements and other facilities related to credit.</li> <li>Establish credit risk assessment parameters, trigger scores, and limits on nonperforming loan levels, portfolio concentrations, and other credit parameters.</li> <li>Conduct stress tests on significant changes of conditions as estimated potential impacts on portfolios, revenues, as well as Danamon's capital conditions.</li> </ul>
<b>Monitoring</b>	<ul style="list-style-type: none"> <li>Periodically monitor risks taken in accordance with risk appetite and business performance to remain within the desired limits.</li> <li>Monitor product performance and portfolios at the Bank and its lines of business levels through a reliable Management Information System.</li> <li>Evaluate the adequacy of risk management implementation, which may provide improvement and adjustment toward risk management strategies.</li> </ul>



Process	Implementation Activities
Control	<ul style="list-style-type: none"><li>• Establish and periodically review the Policies and Guidelines for the implementation of credit risk management that is applicable to business units in both general and specific terms.</li><li>• Implement adequate four-eyes principles in every process of credit facility approval.</li><li>• Delegate authority for credit approvals to selected members of the Credit Committee, based on qualifications and competencies.</li><li>• Set internal limits for Legal Lending Limits for both individual and group debtors, and also for related and non-related parties.</li><li>• Set the risk level and concentration limit on certain industrial sectors.</li><li>• Identify non-performing loans at an early stage so remedial processes can be conducted properly and efficiently.</li><li>• Build up reserves in line with the existing regulations.</li><li>• Develop an independent and sustainable internal control system.</li></ul>

The Credit Risk Management process is performed thoroughly on all lines of defense in Danamon. Lines of Business, Subsidiary and Underwriting Unit as the risk-taking units, are the first line of defense which have important roles in the implementation of adequate risk management.

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

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

#### Credit Risk Internal Rating and Scorecard Model

Danamon has a Risk Modelling, Quantitative Technique, and Analytics (RA) Division to develop, implement, monitor, and review the risk modelling and methodologies of quantitative techniques. This also includes ensuring that the Bank has robust risk modelling for prudent portfolio management, and for the credit business, as follows:

- Corporate
- Commercial
- Mid-Market
- Financing Company
- Financial Institutions

- Credit Card
- Unsecured Loans
- Small and Medium Enterprise Loans
- Home Ownership Loans
- Automotive Loans

In addition to the above models, the RA Division also develops a Probability of Default (PD) model and implements the "Danamon Rating Scale" (DRS), which is mapped according to the PD Model and scores/ratings that are applicable to all lines of business.

The Internal Rating Model and Credit Scorecard are used as a basis for ECL PSAK 71/IFRS 9 calculation and have become among the several indicators used as references to make credit decisions, acquisitions, and portfolio monitoring. Implementing the Internal Rating Model and Credit Scorecard is expected to improve the overall quality of Danamon's loan portfolio.

#### b. Credit Concentration Risk

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

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

### c. Measurement and Control Mechanism of Credit Risk

Danamon conducts intensive and rigorous monitoring of any changes that may affect Danamon's portfolio individually or in consolidation with its subsidiary within the Financial Conglomeration. Reviews of the loan portfolio are conducted by the business unit level as a risk-taking unit and at the Risk Management Working Unit level, which is also monitored periodically by the Risk Management Committee at the Board of Directors level and by the Risk Oversight Committee at the Board of Commissioners level.

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

Evaluation of impaired loans is categorized into two main segments: Wholesale (Enterprise Banking and SME) and Consumer. In the Wholesale Banking segment, the assessment includes four main categories, which are payment status, debtor's financial performance, assessment of debtors' repayment status, and restructured loans. For the Consumer segment, the assessments are conducted using a collective approach through the portfolio and are assessed based on asset quality and the restructuring conditions.

### d. Provisioning

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

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

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

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

Calculation of LLP is defined as follows:

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

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

- Individual LLP is a provision for the impairment of financial assets that is evaluated by assessing the confidence level of individual forward-looking conditions using a discounted cash-flow method, by which the difference between the fair value of the asset at this time and the fair value of the asset before the impairment is calculated.

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

### e. Disclosure of Danamon Quantitative Credit Risk

Danamon's quantitative credit risk calculations for 2022 are disclosed in the following table:



## CREDIT RISK

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

No	Portfolio Category				
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables on Sovereigns	39,514,435	-	-	
2	Receivables on Public Sector Entities	10,857,806	325	-	
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	
4	Receivables on Banks	11,466,466	128,602	50,290	
5	Loans Secured by Residential Property	5,563,093	300,137	73,590	
6	Loan Secured by Commercial Real Estate	2,963,792	21,879	66,096	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	13,762,225	1,793,219	1,065,696	
9	Receivables on Corporate	54.655.802	3,476,493	4,150,032	
10	Past Due Receivables	110,940	13,303	1,139	
11	Other Assets	4.406.478	280,569	263,876	
	<b>Total</b>	<b>143,301,038</b>	<b>6,014,527</b>	<b>5,670,719</b>	

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

(in million Rupiah)

December 31, 2022							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	-	-	-	-	-	-	39,514,435
	-	-	81	-	-	-	10,858,212
	-	-	-	-	-	-	1
	9,802	57,717	51	-	3	40	11,712,971
	373,332	59,892	66,924	5,231	182,783	3,663	6,628,645
	137,362	13,305	15,637	23,239	23,954	65,847	3,331,111
	-	-	-	-	-	-	-
	1,495,221	108,852	1,081,973	670,029	3,024,257	130,921	23,132,393
	3,506,309	1,028,299	2,340,071	1,669,920	3,639,009	1,750,468	76,216,403
	7,916	1,294	3,923	297	2,239	4,273	145,324
	321,408	208,576	482,221	322,970	491,471	213,279	6,990,848
	5,851,350	1,477,935	3,990,881	2,691,686	7,363,716	2,168,491	178,530,343

(in million Rupiah)

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




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

No	Portfolio Category				
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables on Sovereigns	39,514,435	-	-	
2	Receivables on Public Sector Entities	10,857,808	544	581	
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	
4	Receivables on Banks	12.235.780	128,602	50,290	
5	Loans Secured by Residential Property	5,563,107	300,141	73,590	
6	Loan Secured by Commercial Real Estate	2,963,792	21,879	66,096	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	18,097,594	3,033,431	3,794,136	
9	Receivables on Corporate	54.995.605	3,586,711	4,491,288	
10	Past Due Receivables	119,949	18,376	11,247	
11	Other Assets	5.093.969	302,820	288,126	
<b>Total</b>		<b>149.442.040</b>	<b>7,392,504</b>	<b>8,775,354</b>	

No	Portfolio Category				
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables on Sovereigns	46.186.148	-	-	
2	Receivables on Public Sector Entities	8.849.011	539	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	8.236.257	1.029.617	67.169	
5	Loans Secured by Residential Property	3.647.417	185.528	61.842	
6	Loan Secured by Commercial Real Estate	965.509	33.438	35.668	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	16.566.842	3.416.392	3.393.913	
9	Receivables on Corporate	50.161.163	3.665.753	3.269.033	
10	Past Due Receivables	245.493	48.555	26.331	
11	Other Assets	4.482.141	244.278	391.726	
<b>Total</b>		<b>139.339.981</b>	<b>8.624.100</b>	<b>7.245.682</b>	

(in million Rupiah)

December 31, 2022							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	-	-	-	-	-	-	39,514,435
	366	-	93	-	-	-	10,859,392
	-	-	-	-	-	-	1
	9,802	57,717	51	-	3	40	12,482,285
	373,332	59,892	66,924	5,231	182,783	3,663	6,628,663
	137,362	13,305	15,637	23,239	23,954	65,847	3,331,111
	-	-	-	-	-	-	-
	5,364,476	1,904,065	5,626,802	2,140,888	3,024,257	130,921	43,116,570
	4,373,424	1,271,269	2,958,841	1,764,351	3,639,009	1,750,468	78,830,966
	30,927	3,293	10,480	2,922	2,239	4,273	203,706
	360,140	221,827	528,974	336,204	491,471	213,279	7,836,810
	10,649,829	3,531,368	9,207,802	4,272,835	7,363,716	2,168,491	202,803,939

(in million Rupiah)

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



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

No	Portfolio Category	December 31, 2022			
		Net Receivables by Remaining Contractual Maturity			
		≤1 year	>1-3 years	>3-5 years	>5 years
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	26,633,247	8,371,465	4,334,534	175,189
2	Receivables on Public Sector Entities	5,354,421	3,174,551	1,180,470	1,148,770
3	Receivables on Multilateral Development Banks and International Institutions	-	-	1	-
4	Receivables on Banks	6,007,898	1,637,295	3,952,743	115,035
5	Loans Secured by Residential Property	19,993	204,368	558,192	5,846,092
6	Loan Secured by Commercial Real Estate	645,278	224,607	2,009,745	451,481
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	3,902,433	11,806,480	6,394,323	1,029,140
9	Receivables on Corporate	53,014,896	8,331,325	10,060,806	4,712,932
10	Past Due Receivables	52,006	48,318	37,847	7,153
11	Other Assets	-	-	-	-
TOTAL		95,630,172	33,798,409	28,528,661	13,485,792

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

No	Portfolio Category	December 31, 2022			
		Net Receivables by Remaining Contractual Maturity			
		≤1 year	>1-3 years	>3-5 years	>5 years
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	26,633,247	8,371,465	4,334,534	175,189
2	Receivables on Public Sector Entities	5,354,568	3,175,073	1,180,544	1,149,207
3	Receivables on Multilateral Development Banks and International Institutions	-	-	1	-
4	Receivables on Banks	6,777,212	1,637,295	3,952,743	115,035
5	Loans Secured by Residential Property	20,011	204,368	558,192	5,846,092
6	Loan Secured by Commercial Real Estate	645,278	224,607	2,009,745	451,481
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	6,870,717	24,292,584	10,826,070	1,127,182
9	Receivables on Corporate	53,070,531	9,667,871	11,205,493	4,790,627
10	Past Due Receivables	61,910	82,030	52,466	7,300
11	Other Assets	308,070	27,585	80,853	10,192
TOTAL		99,741,544	47,682,878	34,200,641	13,672,305

(in million Rupiah)

		December 31, 2021						
		Net Receivables by Remaining Contractual Maturity						
	Non Contractual	Total	≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual	Total
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
-	39,514,435	22,139,943	15,883,271	5,117,241	102,459	2,943,234	46,186,148	
-	10,858,212	4,193,049	2,502,520	902,316	1,251,934	-	8,849,819	
-	1	-	-	-	-	-	-	
-	11,712,971	5,726,436	2,575,280	113,973	6,298	-	8,421,987	
-	6,628,645	24,852	183,827	372,070	3,766,698	15	4,347,462	
-	3,331,111	687,227	381,959	156,542	6,545	4,627	1,236,900	
-	-	-	-	-	-	-	-	
17	23,132,393	4,476,810	12,095,224	5,043,163	1,247,626	68,534	22,931,357	
96,444	76.216.403	53,762,359	6,879,291	6,862,862	3,711,551	334,927	71,550,990	
-	145,324	81,733	173,576	45,890	23,818	47,882	372,899	
6.990.848	6.990.848	62	-	-	-	6,336,682	6,336,744	
7.087.309	178.530.343	91,092,471	40,674,948	18,614,057	10,116,929	9,735,901	170,234,306	

(in million Rupiah)

		December 31, 2021						
		Net Receivables by Remaining Contractual Maturity						
	Non Contractual	Total	≤1 year	>1-3 years	>3-5 years	>5 years	Non Contractual	Total
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
-	39,514,435	22,139,943	15,883,271	5,117,241	102,459	2,943,234	46,186,148	
-	10,859,392	4,193,182	2,502,685	902,522	1,251,934	-	8,850,323	
-	1	-	-	-	-	-	-	
-	12.482.285	6,634,415	2,646,709	113,973	6,298	-	9,401,395	
-	6,628,663	25,070	183,875	372,070	3,766,698	15	4,347,728	
-	3,331,111	687,227	381,959	156,542	6,545	4,627	1,236,900	
-	-	-	-	-	-	-	-	
17	43,116,570	8,275,672	23,898,412	9,032,620	1,255,323	68,534	42,530,561	
96,444	78.830.966	53,031,668	7,044,489	7,841,668	3,716,114	334,927	71,968,866	
-	203,706	135,963	263,073	63,270	23,832	47,882	534,020	
7.410.110	7.836.810	276,994	351,924	2,279	-	6,849,326	7,480,523	
7.506.571	202.803.939	95,400,134	53,156,397	23,602,185	10,129,203	10,248,545	192,536,464	



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

No	Economic Sectors*)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
<b>Position 31 December 2022</b>					
1	Agriculture, Forestry and Fisheries	-	137.829	-	
2	Mining and Quarrying	-	2.009.708	-	
3	Manufacturing	-	-	-	
4	Procurement of electricity, gas, steam/hot water and cold air	-	-	-	
5	Water Management, Wastewater Management, Waste Management and Recycling	-	928	-	
6	Construction	-	2.041.297	-	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	9	-	
8	Transportation and Warehousing	-	1.148.770	-	
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	
10	Information and Communication	-	-	-	
11	Financial and Insurance Activities	-	4.309.856	-	
12	Real Estate	-	-	-	
13	Professional, Scientific, and Technical Activities	-	-	-	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	
15	Mandatory Government Administration, Defense, and Social Security	-	179	-	
16	Education	-	-	-	
17	Human Health Activities and Social Activities	-	-	-	
18	Arts, Entertainment and Recreation	-	-	-	
19	Other Service Activities	-	-	-	
20	Household Activities as an Employer	-	-	-	
21	Activities of International Agencies and Other Extra International Agencies	-	-	-	
22	Non Business Field	-	721	1	
23	Others	39.514.435	1.208.915	-	
<b>TOTAL</b>		<b>39.514.435</b>	<b>10.858.212</b>	<b>1</b>	

(in million Rupiah)

Receivables on Banks	Loans Secured by Residential Property	Loan Secured by Commercial Real Estate	Employee/Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	-	-	765.804	1.896.278	2.142	-
-	-	-	-	114.439	283.850	3.961	-
-	-	-	-	479.266	25.558.032	18.054	-
-	-	-	-	44.493	19.590	10	-
-	-	-	-	41.962	1.629.523	48	-
-	-	612.900	-	138.563	1.993.109	8.992	-
-	-	-	-	2.880.559	20.627.981	37.793	-
-	-	-	-	528.752	1.004.387	1.684	-
-	-	-	-	112.180	657.001	153	-
-	-	-	-	13.290	3.506.571	105	-
11.712.971	-	-	-	18.035	5.490.242	801	-
-	-	2.718.211	-	16.492	3.529	15	-
-	-	-	-	27.673	226.525	14	-
-	-	-	-	634.746	1.041.310	1.225	-
-	-	-	-	204	-	-	-
-	-	-	-	8.914	15.309	-	-
-	-	-	-	13.572	23.944	-	-
-	-	-	-	1.731	5.056	-	-
-	-	-	-	20.327	11.556	-	-
-	-	-	-	2.296	333	-	-
-	-	-	-	-	-	-	-
-	6.628.645	-	-	17.141.550	3.931.574	70.327	-
-	-	-	-	127.545	8.290.703	-	6.990.848
11.712.971	6.628.645	3.331.111	-	23.132.393	76.216.403	145.324	6.990.848



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

No	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
<b>Position 31 December 2021</b>					
1	Agriculture, Forestry and Fisheries	-	144,744	-	
2	Mining and Quarrying	-	41,653	-	
3	Manufacturing	-	-	-	
4	Procurement of electricity, gas, steam/hot water and cold air	-	-	-	
5	Water Management, Wastewater Management, Waste Management and Recycling	-	1,045	-	
6	Construction	-	1,325,620	-	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	56	-	
8	Transportation and Warehousing	-	1,251,934	-	
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	
10	Information and Communication	-	-	-	
11	Financial and Insurance Activities	1,261,777	4,460,084	-	
12	Real Estate	-	-	-	
13	Professional, Scientific, and Technical Activities	-	-	-	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	
15	Mandatory Government Administration, Defense, and Social Security	-	193	-	
16	Education	-	-	-	
17	Human Health Activities and Social Activities	-	-	-	
18	Arts, Entertainment and Recreation	-	-	-	
19	Other Service Activities	-	-	-	
20	Household Activities as an Employer	-	-	-	
21	Activities of International Agencies and Other Extra International Agencies	-	-	-	
22	Non Business Field	-	-	-	
23	Others	44,924,371	1,624,490	-	
<b>TOTAL</b>		<b>46,186,148</b>	<b>8,849,819</b>	<b>-</b>	

Note:

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

(in million Rupiah)

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





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

No	Economic Sectors*)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
<b>Position 31 December 2022</b>					
1	Agriculture, Forestry and Fisheries	-	137,829	-	
2	Mining and Quarrying	-	2,009,708	-	
3	Manufacturing	-	-	-	
4	Procurement of electricity, gas, steam/hot water and cold air	-	-	-	
5	Water Management, Wastewater Management, Waste Management and Recycling	-	2,080	-	
6	Construction	-	2,041,297	-	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	10	-	
8	Transportation and Warehousing	-	1,148,770	-	
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	
10	Information and Communication	-	-	-	
11	Financial and Insurance Activities	-	4,309,856	-	
12	Real Estate	-	-	-	
13	Professional, Scientific, and Technical Activities	-	-	-	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	
15	Mandatory Government Administration, Defense, and Social Security	-	206	-	
16	Education	-	-	-	
17	Human Health Activities and Social Activities	-	-	-	
18	Arts, Entertainment and Recreation	-	-	-	
19	Other Service Activities	-	-	-	
20	Household Activities as an Employer	-	-	-	
21	Activities of International Agencies and Other Extra International Agencies	-	-	-	
22	Non Business Field	-	721	1	
23	Others	39,514,435	1,208,915	-	
<b>TOTAL</b>		<b>39,514,435</b>	<b>10,859,392</b>	<b>1</b>	

(in million Rupiah)

Receivables on Banks	Loans Secured by Residential Property	Loan Secured by Commercial Real Estate	Employee/Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	-	-	1,738,857	2,070,652	4,142	-
-	-	-	-	215,712	367,919	4,778	-
-	-	-	-	753,977	25,626,579	18,266	-
-	-	-	-	84,570	23,159	412	-
-	-	-	-	67,965	1,636,834	54	-
-	-	612,900	-	287,911	2,013,894	9,318	-
-	-	-	-	4,695,393	21,061,476	41,977	-
-	-	-	-	1,054,415	1,107,219	2,854	-
-	-	-	-	219,060	672,949	263	-
-	-	-	-	24,111	3,513,669	105	-
12.482.285	-	-	-	36,672	4,801,310	801	-
-	-	2,718,211	-	33,616	6,283	242	-
-	-	-	-	528,491	330,703	490	-
-	-	-	-	665,951	1,046,520	1,225	-
-	-	-	-	592	-	-	-
-	-	-	-	13,620	17,087	-	-
-	-	-	-	23,354	25,379	-	-
-	-	-	-	1,731	5,056	-	-
-	-	-	-	43,835	18,709	14	-
-	-	-	-	5,829	754	-	-
-	-	-	-	-	-	-	-
-	6,628,663	-	-	32,493,364	6,194,110	118,765	-
-	-	-	-	127,544	8.290.705	-	7.836.810
12.482.285	6,628,663	3,331,111	-	43,116,570	78.830.966	203,706	7.836.810



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

No	Economic Sectors *)	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
<b>Position 31 December 2021</b>					
1	Agriculture, Forestry and Fisheries	-	144,744	-	
2	Mining and Quarrying	-	41,653	-	
3	Manufacturing	-	-	-	
4	Procurement of electricity, gas, steam/hot water and cold air	-	-	-	
5	Water Management, Wastewater Management, Waste Management and Recycling	-	1,500	-	
6	Construction	-	1,325,620	-	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	63	-	
8	Transportation and Warehousing	-	1,251,934	-	
9	Provision of Accommodation and Provision of Food and Drink	-	-	-	
10	Information and Communication	-	-	-	
11	Financial and Insurance Activities	1,261,777	4,460,084	-	
12	Real Estate	-	11	-	
13	Professional, Scientific, and Technical Activities	-	-	-	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	-	-	-	
15	Mandatory Government Administration, Defense, and Social Security	-	223	-	
16	Education	-	-	-	
17	Human Health Activities and Social Activities	-	-	-	
18	Arts, Entertainment and Recreation	-	-	-	
19	Other Service Activities	-	-	-	
20	Household Activities as an Employer	-	-	-	
21	Activities of International Agencies and Other Extra International Agencies	-	-	-	
22	Non Business Field	-	-	-	
23	Others	44,924,371	1,624,491	-	
<b>TOTAL</b>		<b>46,186,148</b>	<b>8,850,323</b>	<b>-</b>	

Note:

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

(in million Rupiah)

	Receivables on Banks	Loans Secured by Residential Property	Loan Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	1,236,805	2,515,222	7,228	-
	-	-	-	-	156,544	570,755	4,862	-
	-	-	-	-	720,687	24,061,684	96,242	-
	-	-	-	-	74,879	20,598	169	-
	-	-	-	-	48,246	11,189	152	-
	-	-	575,844	-	246,089	3,333,804	21,214	-
	-	-	-	-	4,453,215	20,676,236	83,512	-
	-	-	-	-	1,082,070	1,299,566	27,697	-
	-	-	-	-	125,579	858,705	1,472	-
	-	-	-	-	17,276	441,315	939	-
	9,401,395	-	-	-	24,943	3,792,389	765	-
	-	-	661,056	-	17,375	5,412	-	-
	-	-	-	-	869,991	270,956	8,214	-
	-	-	-	-	50,672	800,844	1,637	-
	-	-	-	-	684	-	-	-
	-	-	-	-	11,617	9,784	110	-
	-	-	-	-	6,278	156,184	68	-
	-	-	-	-	715	-	-	-
	-	-	-	-	58,547	126,893	3,590	-
	-	-	-	-	2,284	728	3	-
	-	-	-	-	-	-	-	-
	-	4,347,728	-	-	33,076,873	3,035,596	276,145	-
	-	-	-	-	249,192	9,981,006	-	7,480,521
	<b>9,401,395</b>	<b>4,347,728</b>	<b>1,236,900</b>	<b>-</b>	<b>42,530,561</b>	<b>71,968,866</b>	<b>534,019</b>	<b>7,480,521</b>



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

No	Explanation				
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables	153,127,357	6,462,457	6,154,444	
2	Receivables with increased and worsening credit risk	-	-	-	
	a. Non Past Due	7,610,084	1,648,193	1,523,850	
	b. Past Due	964,916	293,139	208,775	
3	Allowance for Impairment Losses - Stage 1 *)	1,097,108	113,220	57,382	
4	Allowance for Impairment Losses - Stage 2 *)	464,832	65,847	24,204	
5	Allowance for Impairment Losses - Stage 3 *)	2,264,326	439,975	483,725	
6	Written-Off Receivables	1,533,098	459,104	220,431	

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

(in million Rupiah)

December 31, 2022							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	6,150,891	1,553,150	4,134,373	2,869,421	7,706,412	2,250,823	190,409,328
	-	-	-	-	-	-	-
	1,152,346	368,117	497,320	395,994	822,602	125,282	14,143,788
	296,614	88,235	144,815	104,836	277,414	82,129	2,460,873
	104,404	13,237	90,740	36,721	178,238	9,752	1,700,802
	42,178	33,626	17,190	22,538	19,501	3,654	693,570
	300,127	75,130	141,743	177,641	342,422	82,181	4,307,270
	536,401	139,815	203,853	90,506	248,549	46,400	3,478,157

(in million Rupiah)

December 31, 2021							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	6,488,609	1,800,693	4,324,314	3,138,870	7,001,726	1,905,510	184,846,451
	-	-	-	-	-	-	-
	967,841	512,389	849,787	528,052	953,836	138,815	12,502,426
	656,486	223,091	279,994	138,513	402,200	98,367	5,180,216
	134,028	10,688	76,222	27,952	122,319	7,371	1,598,852
	95,198	17,537	43,130	18,641	46,384	3,996	693,689
	420,377	172,113	172,164	111,109	286,651	74,605	3,858,430
	1,042,414	165,636	327,995	114,337	404,933	86,990	4,855,269


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

No	Explanation				
		Jakarta, Bogor, Tangerang, Kerawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	
(1)	(2)	(3)	(4)	(5)	
1	Receivables	150,271,605	7,868,918	7,757,907	
2	Receivables with increased and worsening credit risk	-	-	-	
	a. Non Past Due	7,610,084	1,648,193	1,523,850	
	b. Past Due	1,033,479	326,503	233,313	
3	Allowance for Impairment Losses - Stage 1 *)	1,353,607	182,372	127,275	
4	Allowance for Impairment Losses - Stage 2 *)	480,998	77,589	31,232	
5	Allowance for Impairment Losses - Stage 3 *)	2,324,113	468,458	506,038	
6	Written-Off Receivables	1,766,317	597,730	314,830	

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

(in million Rupiah)

December 31, 2022							
Net Receivables Based on Region							
	East Java	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	9,315,386	1,553,150	8,986,013	4,937,725	12,977,569	2,250,823	205,919,096
	-	-	-	-	-	-	-
	1,152,346	368,117	497,320	395,994	822,602	125,282	14,143,788
	365,869	88,235	216,781	121,113	337,042	82,129	2,804,464
	248,194	13,237	304,578	132,585	437,071	9,752	2,808,671
	55,927	33,626	32,557	25,692	39,479	3,654	780,754
	359,988	75,130	194,905	192,511	396,659	82,181	4,599,983
	724,957	139,815	414,054	157,826	460,405	46,400	4,622,334

(in million Rupiah)

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




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

December 31, 2022

No	Economic Sectors	Receivables	Impaired Receivables		
			Non Past Due	Past Due	
(1)	(2)	(3)	(4)	(5)	
1	Agriculture, Forestry and Fisheries	2.838.500	304,721	23,902	
2	Mining and Quarrying	2.631.159	203,079	51,230	
3	Manufacturing	27.261.470	2,748,819	227,840	
4	Procurement of electricity, gas, steam/hot water and cold air	64.736	3,883	641	
5	Water Management, Wastewater Management, Waste Management and Recycling	1.673.876	6,185	1,393	
6	Construction	5.078.973	254,753	203,041	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	25.233.284	3,558,104	1,064,776	
8	Transportation and Warehousing	2.896.557	1,569,022	38,339	
9	Provision of Accommodation and Provision of Food and Drink	772.376	387,594	2,096	
10	Information and Communication	3.551.759	104,606	1,713	
11	Financial and Insurance Activities	17.352.814	17,589	111	
12	Real Estate	2.738.485	2,507	238	
13	Professional, Scientific, and Technical Activities	166.866	26,645	7,489	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	1.696.645	168,319	11,708	
15	Mandatory Government Administration, Defense, and Social Security	383	0	-	
16	Education	24.239	9,413	16	
17	Human Health Activities and Social Activities	37.537	1,075	20	
18	Arts, Entertainment and Recreation	6.845	5,293	58	
19	Other Service Activities	42.975	14,642	467	
20	Household Activities as an Employer	2.643	9	14	
21	Activities of International Agencies and Other Extra International Agencies	0	0	-	
22	Non Business Field	28.409.705	4,725,346	567,549	
23	Others	67.927.501	32,184	258,232	
<b>Total</b>		<b>190.409.328</b>	<b>14,143,788</b>	<b>2,460,873</b>	

(in million Rupiah)

	Allowance for Impairment Losses - Stage 1	Allowance for Impairment Losses - Stage 2	Allowance for Impairment Losses - Stage 3	Written-Off Receivables
(6)	(7)	(8)	(9)	
	46,199	8,948	36,152	34,563
	22,012	754	216,080	58,109
	151,465	76,904	1,203,397	796,086
	1,765	246	641	1,362
	14,056	170	1,396	2,166
	65,476	8,885	263,168	44,006
	220,999	138,844	1,674,904	1,137,792
	39,410	9,111	212,896	142,734
	10,768	16,068	2,958	6,107
	25,828	3,023	31,583	13,933
	35,993	243	111	24,811
	14,659	1,648	238	7,071
	1,664	1,609	7,475	17,129
	43,509	8,594	18,464	35,198
	9	0	0	51
	249	2,734	16	3,064
	3,460	8	20	49
	62	1,690	58	163
	892	17	11,092	469
	84	0	14	29
	0	0	0	0
	960,009	414,072	624,197	1,153,250
	42,234	2	2,410	15
	<b>1,700,802</b>	<b>693,570</b>	<b>4,307,270</b>	<b>3,478,157</b>



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

December 31, 2021

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

(in million Rupiah)

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



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

December 31, 2022

No	Economic Sectors	Receivables	Impaired Receivables		
			Non Past Due	Past Due	
(1)	(2)	(3)	(4)	(5)	
1	Agriculture, Forestry and Fisheries	4.028.139	304,721	36,326	
2	Mining and Quarrying	3.461.980	203,079	68,147	
3	Manufacturing	27.634.719	2,748,819	230,717	
4	Procurement of electricity, gas, steam/hot water and cold air	111.103	3,883	1,338	
5	Water Management, Wastewater Management, Waste Management and Recycling	1.709.729	6,185	2,188	
6	Construction	5.285.778	254,753	207,781	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	27.562.240	3,558,104	1,090,747	
8	Transportation and Warehousing	3.613.672	1,569,022	45,358	
9	Provision of Accommodation and Provision of Food and Drink	902.194	387,594	3,225	
10	Information and Communication	3.573.739	104,606	2,026	
11	Financial and Insurance Activities	18.596.958	17,589	126	
12	Real Estate	2.760.069	2,507	530	
13	Professional, Scientific, and Technical Activities	801.802	26,645	14,422	
14	Rental and Leasing Activities Without Option Rights, Employment, Travel Agencies, and Other Business Supports	1.737.192	168,319	11,844	
15	Mandatory Government Administration, Defense, and Social Security	798	0	0	
16	Education	31.392	9,413	34	
17	Human Health Activities and Social Activities	50.354	1,075	73	
18	Arts, Entertainment and Recreation	6.845	5,293	58	
19	Other Service Activities	75.348	14,642	591	
20	Household Activities as an Employer	6.599	9	16	
21	Activities of International Agencies and Other Extra International Agencies	0	0	0	
22	Non Business Field	45.391.244	4,725,346	830,685	
23	Others	58.577.202	32,184	258,232	
<b>Total</b>		<b>205.919.096</b>	<b>14,143,788</b>	<b>2,804,464</b>	

(in million Rupiah)

	Allowance for Impairment Losses - Stage 1	Allowance for Impairment Losses - Stage 2	Allowance for Impairment Losses - Stage 3	Written-Off Receivables
	(6)	(7)	(8)	(9)
	96,692	12,503	46,882	68,761
	70,734	1,806	231,485	63,220
	167,294	77,768	1,206,254	810,096
	3,232	337	936	2,466
	15,660	242	2,214	3,233
	73,803	9,442	267,716	49,692
	322,184	148,371	1,697,827	1,232,360
	73,771	12,577	219,033	159,110
	18,773	16,378	3,998	9,265
	26,551	3,029	31,896	14,188
	36,762	264	130	25,076
	15,646	1,658	303	7,781
	31,716	4,118	14,323	17,527
	45,262	8,622	18,600	55,409
	29	0	0	71
	458	2,812	34	3,084
	3,954	23	73	165
	62	1,690	58	187
	2,421	54	11,202	1,008
	273	0	16	121
	0	0	0	0
	1,761,159	479,057	844,593	2,099,462
	42,235	3	2,410	52
	<b>2,808,671</b>	<b>780,754</b>	<b>4,599,983</b>	<b>4,622,334</b>



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

December 31, 2021

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

(in million Rupiah)

	Allowance for Impairment Losses - Stage 1	Allowance for Impairment Losses - Stage 2	Allowance for Impairment Losses - Stage 3	Written-Off Receivables
	(6)	(7)	(8)	(9)
	68,172	11,081	38,201	104,968
	22,110	10,493	170,608	24,683
	161,044	109,718	941,362	544,619
	2,385	241	1,206	46,103
	2,963	175	548	10,989
	53,897	22,332	56,619	207,176
	255,484	175,347	1,926,519	1,776,572
	73,110	48,122	183,547	179,290
	13,038	30,010	10,720	18,255
	3,978	1,246	5,198	9,746
	48,128	158	63	27,393
	4,079	193	15,791	6,256
	46,948	11,833	29,922	71,284
	7,078	4,188	13,691	85,182
	29	-	-	347
	234	5	2,958	490
	537	85	9	811
	-	-	-	79
	3,419	2,139	7,238	11,528
	93	-	5	25
	-	-	-	-
	1,706,746	428,707	770,764	4,060,690
	22,730	-	-	89
	<b>2,496,202</b>	<b>856,073</b>	<b>4,174,969</b>	<b>7,186,575</b>





TABLE 13. DISCLOSURE OF MOVEMENTS DETAILS OF ALLOWANCE FOR IMPAIRMENT LOSSES-BANK STAND ALONE

No	Description
(1)	(2)
1	Beginning balance of allowance for impairment losses
2	Additional/reversal allowance for impairment losses during the year (net)
3	Allowance for impairment losses used to cover written off receivables during the year
4	Other additional (reversal) allowance during the year
Ending Balance of Allowance for Impairment Losses	

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

No	Description
(1)	(2)
1	Beginning balance of allowance for impairment losses
2	Additional/reversal allowance for impairment losses during the year (net)
3	Allowance for impairment losses used to cover written off receivables during the year
4	Other additional (reversal) allowance during the year
Ending Balance of Allowance for Impairment Losses	

Danamon only uses ratings for exposures in the form of securities. Therefore, the portfolio categories that use the ranking up until the end of December 2022 consist of:

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

In calculating RWA for Credit Risk, Danamon uses the rating published by credit rating agencies recognized by the Financial Services Authority (OJK). Under OJK Circular No.37/SEOJK.03/2016 on Rating and Rating Agencies Acknowledged by the Financial Services Authority are Fitch Ratings, Moody's Investor Service, Standard & Poor's, PT Fitch Ratings Indonesia, and PT Pemeringkat Efek Indonesia.

(in million Rupiah)

	31 December 2022			31 December 2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(3)	(4)	(5)	(3)	(4)	(5)
	1,598,265	693,689	3,858,430	2,162,987	768,035	2,542,925
	110,774	8,498	2,120,882	(534,857)	(19,402)	6,083,210
	(15,523)	(43,785)	(3,418,849)	(30,278)	(55,212)	(4,769,779)
	3,945	35,168	1,746,466	413	268	2,074
	1.697.461	693,570	4,306,929	1,598,265	693,689	3,858,430

(in million Rupiah)

	31 December 2022			31 December 2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(3)	(4)	(5)	(3)	(4)	(5)
	2,495,615	856,073	4,174,969	3,352,709	1,188,910	2,849,291
	349,520	(59,133)	3,205,437	(778,740)	(238,433)	8,336,740
	(43,750)	(51,354)	(4,527,230)	(78,767)	(94,672)	(7,013,136)
	3,945	35,168	1,746,466	413	268	2,074
	2,805,330	780,754	4,599,642	2,495,615	856,073	4,174,969



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

No.	Portfolio Category	December 31, 2022				
		Net Receivables				
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	18,834,271
2	Receivables on Public Sector Entities		218,598	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		154,889	95,644	-	417,740
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		735,240	219,893	2,110,257	-
10	Past Due Receivables					
11	Other Assets					
<b>TOTAL</b>			<b>1,108,727</b>	<b>315,537</b>	<b>2,110,257</b>	<b>19,252,011</b>

(in million Rupiah)

				Short Term Rating				Total Unrated	Total
Ba1 to Ba3	B1 to B3	Less than B3		P-1	P-2	P-3	Less than P-3		
BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)		F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
id BB+ to id BB-	id B+ to id B-	Less than id B-		id A1	id A2	id A3 to id A4	Less than id A4		
(8)	(9)	(10)		(11)	(12)	(13)	(14)	(15)	(16)
-	-	-		-	-	-	-	20,680,164	39,514,435
-	-	-		-	-	-	-	10,639,614	10,858,212
-	-	-		-	-	-	-	1	1
-	-	-		-	-	-	-	11,044,698	11,712,971
								6,628,645	6,628,645
								3,331,111	3,331,111
								-	-
								23,132,393	23,132,393
-	-	-		-	-	-	-	73.151.013	76.216.403
								145,324	145,324
								6.990.848	6.990.848
-	-	-		-	-	-	-	155.743.811	178.530.343



No.	Portfolio Category	December 31, 2021				
		Net Receivables				
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	28,658,318
2	Receivables on Public Sector Entities		362,480	98,284	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,036,985	278,340	-	173,612
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		1,089,638	484,365	41,158	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			2,489,103	860,989	41,158	28,831,930

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

No.	Portfolio Category	December 31, 2022				
		Net Receivables				
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	18,834,271
2	Receivables on Public Sector Entities		218,598	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-

(in million Rupiah)

	Short Term Rating							Total Unrated	Total
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	17,527,830	46,186,148
	-	-	-	-	-	-	-	8,389,055	8,849,819
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	6,933,050	8,421,987
								4,347,462	4,347,462
								1,236,900	1,236,900
								-	-
								22,931,357	22,931,357
	-	-	-	-	-	-	-	69,935,829	71,550,990
								372,899	372,899
								6,336,744	6,336,744
	-	-	-	-	-	-	-	138,011,126	170,234,306

(in million Rupiah)

	Short Term Rating							Total Unrated	Total
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	20,680,164	39,514,435
	-	-	-	-	-	-	-	10,640,794	10,859,392
	-	-	-	-	-	-	-	1	1



No.	Portfolio Category	December 31, 2022				
		Net Receivables				
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4	Receivables on Banks		154,889	95,644	-	417,740
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		4,748,760	219,893	2,110,532	-
10	Past Due Receivables					
11	Other Assets					
TOTAL			5,122,247	315,537	2,110,532	19,252,011

No.	Portfolio Category	December 31, 2021				
		Net Receivables				
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	28,658,318
2	Receivables on Public Sector Entities		362,480	98,284	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		1,036,985	278,340	-	173,612
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					

(in million Rupiah)

				Short Term Rating				Total Unrated	Total
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	11.814.012	12.482.285
								6,628,663	6,628,663
								3,331,111	3,331,111
								-	-
								43,116,570	43,116,570
	-	-	-	-	-	-	-	71.751.781	78.830.966
								203,706	203,706
								7.836.810	7.836.810
	-	-	-	-	-	-	-	176.003.612	202.803.939

(in million Rupiah)

	(in million Rupiah)								
				Short Term Rating				Total Unrated	Total
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	17,527,830	46,186,148
	-	-	-	-	-	-	-	8,389,559	8,850,323
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	7,912,458	9,401,395
								4,347,728	4,347,728
								1,236,900	1,236,900





No.	Portfolio Category	December 31, 2021				
		Net Receivables				
		Company Rating	Long Term Rating			
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+ (idn) to AA-(idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	id AA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7	Employee/Pensioner Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		1,089,638	484,365	41,158	-
10	Past Due Receivables					
11	Other Assets					
<b>TOTAL</b>			<b>2,489,103</b>	<b>860,989</b>	<b>41,158</b>	<b>28,831,930</b>

#### f. Credit Risk Mitigation Disclosure

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

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

Acceptable collateral, according to the collateral policy approved by Danamon, are as follows:

- Cash collaterals, i.e. time deposit, saving account, current account, margin deposit in Danamon, securities of Indonesian government and Indonesia Central Bank, guarantee from Indonesian government and/or Standby LC from prime bank
- Receivables
- Inventories
- Machines and inventories of office equipment
- Leasehold of shop

#### f. Motor vehicles

- Listed or unlisted shares in the Stock Exchange (due to expansion or acquisition), in accordance with BI/OJK regulation
- Fixed assets, i.e. land, building, aircraft, registered vessels with gross content of 20 m<sup>3</sup> or more and apartments which are pledged in accordance with the prevailing regulation
- Guarantee, i.e. Personal Guarantee and/or Corporate Guarantee

Collateral valuation should be done in the credit initiation process. The revaluation is conducted at certain periods in accordance with the collateral requirements as PPA deductions. For collateral as a PPA deduction, the collateral valuation for credit facilities of more than Rp10 billion should be conducted by an independent external appraiser with good qualifications, who is certified and does not have any relationship with the debtor. External appraisers should be appointed by Danamon.

(in million Rupiah)

	(iv) Minimum Rating								
				Short Term Rating				Total Unrated	Total
	Ba1 to Ba3	B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	BB+ (idn) to BB-(idn)	B+ (idn) to B-(idn)	Less than B-(idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Less than F3 (idn)		
	id BB+ to id BB-	id B+ to id B-	Less than id B-	id A1	id A2	id A3 to id A4	Less than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
								-	-
								42,530,561	42,530,561
	-	-	-	-	-	-	-	70,353,705	71,968,866
								534,020	534,020
								7,480,523	7,480,523
	-	-	-	-	-	-	-	160,313,284	192,536,464

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

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

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

#### Credit Risk Mitigation Methods for Standardized Approach

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

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

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



**TABLE 15. DISCLOSURE OF NET RECEIVABLES BASED ON RISK WEIGHTED ASSETS AFTER CALCULATING CREDIT RISK MITIGATION IMPACTS-BANK STAND ALONE**

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(3)	(4)	(5)	
<b>A Exposure on Balance Sheet</b>					
1	Receivables on Sovereigns	33,486,083	-	-	
2	Receivables on Public Sector Entities	-	218,598	-	
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	
4	Receivables on Banks	41,369	2,307,830	-	
5	Loans Secured by Residential Property	-	1,069,745	1,544,808	
6	Loan Secured by Commercial Real Estate	53,408	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	64,326	-	-	
9	Receivables on Corporate	2,064,985	955,133	-	
10	Past Due Receivables	-	-	-	
11	Other Assets	2,648,745	-	-	
<b>Total Exposure on Balance Sheet</b>		<b>38,358,917</b>	<b>4,551,306</b>	<b>1,544,808</b>	
<b>B Commitments /Contingencies Exposure for Off Balance Sheet Transactions</b>					
1	Receivables on Sovereigns	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	-	-	
5	Loans Secured by Residential Property	-	263	275	
6	Loan Secured by Commercial Real Estate	-	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	1,627	-	-	
9	Receivables on Corporate	99,402	-	-	
10	Past Due Receivables	-	-	-	
<b>Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions</b>		<b>101,029</b>	<b>263</b>	<b>275</b>	
<b>C Exposure on Counterparty Credit Risk</b>					
1	Receivables on Sovereigns	5,869,150	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	-	-	
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	
6	Receivables on Corporate	-	-	-	
<b>Total Counterparty Credit Risk Exposures</b>		<b>5,869,150</b>	<b>-</b>	<b>-</b>	

(in million Rupiah)

December 31, 2022							RWA	Capital Charge
Net Receivables After Calculating Credit Risk Mitigation Impacts								
35%	50%	75%	100%	150%	Others			
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
-	-	-	-	-	-	-	-	
-	10,623,719	-	-	-	-	5,355,579	535,558	
-	-	-	-	-	-	-	-	
-	8,022,744	-	-	-	-	4,472,938	447,294	
4,013,520	-	-	-	-	-	2,004,883	200,488	
-	-	-	3,277,703	-	-	3,277,703	327,770	
-	-	-	-	-	-	-	-	
-	-	22,845,440	-	-	-	17,134,080	1,713,408	
-	2,110,257	-	65,235,341	-	-	66,481,497	6,648,150	
-	-	-	5,972	139,352	-	215,000	21,500	
-	-	-	3.838.900	503,203	-	4.593.705	459.371	
4,013,520	20,756,720	22,845,440	72.357.916	642,555	-	103.535.385	10.353.539	
-	-	-	-	-	-	-	-	
-	75	-	-	-	-	38	4	
-	-	-	-	-	-	-	-	
-	420,771	-	-	-	-	210,386	21,039	
34	-	-	-	-	-	133	13	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	220,997	-	-	-	165,748	16,575	
-	-	-	5.573.638	-	-	5.573.638	557,364	
-	-	-	-	-	-	-	-	
34	420,846	220,997	5.573.638	-	-	5.573.638	594,995	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	



**TABLE 15. DISCLOSURE OF NET RECEIVABLES BASED ON RISK WEIGHTED ASSETS AFTER CALCULATING CREDIT RISK MITIGATION IMPACTS-BANK STAND ALONE**

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(3)	(4)	(5)	
<b>A Exposure on Balance Sheet</b>					
1	Receivables on Sovereigns	42,839,581	-	-	
2	Receivables on Public Sector Entities	-	460,764	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	39	3,446,072	-	
5	Loans Secured by Residential Property	-	874,672	1,335,093	
6	Loan Secured by Commercial Real Estate	65,712	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	56,589	-	-	
9	Receivables on Corporate	1,623,498	1,574,003	-	
10	Past Due Receivables	-	-	-	
11	Other Assets	2,635,688	-	-	
	<b>Total Exposure on Balance Sheet</b>	<b>47,221,107</b>	<b>6,355,511</b>	<b>1,335,093</b>	
<b>B Commitments /Contingencies Exposure for Off Balance Sheet Transactions</b>					
1	Receivables on Sovereigns	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	3,665	-	
5	Loans Secured by Residential Property	-	764	2	
6	Loan Secured by Commercial Real Estate	-	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	250	-	-	
9	Receivables on Corporate	113,972	-	-	
10	Past Due Receivables	-	-	-	
	<b>Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions</b>	<b>114,222</b>	<b>4,429</b>	<b>2</b>	
<b>C Exposure on Counterparty Credit Risk</b>					
1	Receivables on Sovereigns	3,343.031	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	-	-	
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	
6	Receivables on Corporate	-	-	-	
	<b>Total Counterparty Credit Risk Exposures</b>	<b>3,343.031</b>	<b>-</b>	<b>-</b>	

(in million Rupiah)

December 31, 2021							RWA	Capital Charge
	Net Receivables After Calculating Credit Risk Mitigation Impacts							
	35%	50%	75%	100%	150%	Others		
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-	-	-	-
	-	8,312,053	-	-	-	-	4,248,179	531,022
	-	-	-	-	-	-	-	-
	-	4,220,014	-	-	-	-	2,799,221	349,903
2,136,914	-	-	-	-	-	-	1,256,628	157,079
-	-	-	-	1,170,138	-	-	1,170,138	146,267
-	-	-	-	-	-	-	-	-
-	-	-	22,625,810	-	-	-	16,969,358	2,121,170
-	-	998,725	-	62,369,167	-	-	63,183,330	7,897,916
-	-	-	-	17,177	355,722	-	550,760	68,845
-	-	-	-	3,095,953	605,103	-	4,003,608	500,451
2,136,914	13,530,792	22,625,810	66,652,435	960,825	-	-	94,181,222	11,772,653
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	219,735	-	-	-	-	110,601	13,825
17	-	-	-	-	-	-	159	20
-	-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-	-
-	-	-	228,642	-	-	-	171,481	21,435
-	-	-	-	4,762,855	-	-	4,762,855	595,357
-	-	-	-	-	-	-	-	-
17	219,735	228,642	4,763,905	-	-	-	5,046,146	630,768
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-



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

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(3)	(4)	(5)	
<b>A Exposure on Balance Sheet</b>					
1	Receivables on Sovereigns	33,486,083	-	-	
2	Receivables on Public Sector Entities	-	218,598	-	
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	
4	Receivables on Banks	41,369	2.993.998	-	
5	Loans Secured by Residential Property	-	1,069,745	1,544,826	
6	Loan Secured by Commercial Real Estate	53,408	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	64,326	-	-	
9	Receivables on Corporate	2,064,985	908,848	-	
10	Past Due Receivables	-	-	-	
11	Other Assets	2,759,778	-	-	
	<b>Total Exposure on Balance Sheet</b>	<b>38,469,950</b>	<b>5.191.189</b>	<b>1,544,826</b>	
<b>B Commitments /Contingencies Exposure for Off Balance Sheet Transactions</b>					
1	Receivables on Sovereigns	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	-	-	
5	Loans Secured by Residential Property	-	263	275	
6	Loan Secured by Commercial Real Estate	-	-	-	
7	Employee/Pensioner Loans	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	1,627	-	-	
9	Receivables on Corporate	99,402	-	-	
10	Past Due Receivables	-	-	-	
	<b>Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions</b>	<b>101,029</b>	<b>263</b>	<b>275</b>	
<b>C Exposure on Counterparty Credit Risk</b>					
1	Receivables on Sovereigns	5,869,150	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	-	-	
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	
6	Receivables on Corporate	-	-	-	
	<b>Total Counterparty Credit Risk Exposures</b>	<b>5,869,150</b>	<b>-</b>	<b>-</b>	

(in million Rupiah)

December 31, 2022							RWA	Capital Charge
	Net Receivables After Calculating Credit Risk Mitigation Impacts							
	35%	50%	75%	100%	150%	Others		
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-	-	-	-
	-	10,624,899	-	-	-	-	5,356,169	535,617
	-	-	-	-	-	-	-	-
	-	8,022,744	-	-	-	-	4,610,171	461,017
4,013,520	-	-	-	-	-	-	2,004,886	200,489
-	-	-	-	3,277,703	-	-	3,277,703	327,770
-	-	-	-	-	-	-	-	-
-	-	-	42,829,617	-	-	-	32,122,213	3,212,221
-	4,556,619	-	65,449,827	-	-	-	67,909,906	6,790,991
-	-	-	-	5,972	197,734	-	302,573	30,257
-	-	-	-	4,573,829	503,203	-	5,328,634	532,863
4,013,520	23,204,262	42,829,617	73,307,331	700,937	-	-	120,912,255	12,091,225
	-	-	-	-	-	-	-	-
-	75	-	-	-	-	-	38	4
-	-	-	-	-	-	-	-	-
-	420,771	-	-	-	-	-	210,386	21,039
34	-	-	-	-	-	-	133	13
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	220,997	-	-	-	-	165,748	16,575
-	-	-	-	5,573,639	-	-	5,573,639	557,364
-	-	-	-	-	-	-	-	-
34	420,846	220,997	5,573,639	-	-	-	5,949,944	594,995
	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-





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

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

(in million Rupiah)

December 31, 2021							RWA	Capital Charge
	Net Receivables After Calculating Credit Risk Mitigation Impacts							
	35%	50%	75%	100%	150%	Others		
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-	-	-	-
	-	8,312,557	-	-	-	-	4,248,431	531,054
	-	-	-	-	-	-	-	-
	-	4,220,014	-	-	-	-	2,974,574	371,822
2,136,914	-	-	-	-	-	-	1,256,681	157,085
-	-	-	-	1,170,138	-	-	1,170,138	146,267
-	-	-	-	-	-	-	-	-
-	-	-	42,225,014	-	-	-	31,668,761	3,958,595
-	2,069,988	-	61,777,487	-	-	-	63,114,941	7,889,368
-	-	-	-	17,189	516,830	-	792,435	99,054
-	-	-	-	4,085,865	605,103	-	4,993,519	624,190
2,136,914	14,602,559	42,225,014	67,050,679	1,121,933	-	-	110,219,480	13,777,435
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	219,735	-	-	-	-	110,601	13,825
17	-	-	-	-	-	-	159	20
-	-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-	-
-	-	-	228,642	-	-	-	171,481	21,435
-	-	-	-	4,762,853	-	-	4,762,853	595,357
-	-	-	-	-	-	-	-	-
17	219,735	228,642	4,763,903	-	-	-	5,046,144	630,768
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-



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

No.	Portfolio Category	December 31, 2022				
		Net Receivables	Exposure which is Secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>A Exposure on Balance Sheet</b>						
1	Receivables on Sovereigns	33,486,083	-	-	-	-
2	Receivables on Public Sector Entities	10,842,317	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	-	-
4	Receivables on Banks	10,371,943	41,369	-	-	-
5	Loans Secured by Residential Property	6,628,073	-	-	-	-
6	Loan Secured by Commercial Real Estate	3,331,111	53,408	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	22,909,766	64,326	-	-	-
9	Receivables on Corporate	70,365,716	2,064,985	-	-	-
10	Past Due Receivables	145,324	-	-	-	-
11	Other Assets	6.990.848	-	-	-	-
	<b>Total Exposure on Balance Sheet</b>	<b>165.071.182</b>	<b>2,224,088</b>	-	-	-
<b>B Commitments /Contingencies Exposure for Off Balance Sheet Transactions</b>						
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	75	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	420,771	-	-	-	-
5	Loans Secured by Residential Property	572	-	-	-	-
6	Loan Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	222,624	1,627	-	-	-
9	Receivables on Corporate	5.673.040	99,402	-	-	-
10	Past Due Receivables	-	-	-	-	-
	<b>Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions</b>	<b>6.317.082</b>	<b>101,029</b>	-	-	-
<b>C Exposure on Counterparty Credit Risk</b>						
1	Receivables on Sovereigns	5,869,150	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	<b>Total Counterparty Credit Risk Exposures</b>	<b>5,869,150</b>	-	-	-	-
	<b>Total (A+B+C)</b>	<b>177,257,414</b>	<b>2,325,117</b>	-	-	-

(in million Rupiah)

		December 31, 2021					
	Unsecured Exposure	Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
(8) = (3)-[(4)+(5)+(6)+(7)]		(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
	33,486,083	42,839,581	-	-	-	-	42,839,581
	10,842,317	8,772,817	-	-	-	-	8,772,817
	1	-	-	-	-	-	-
	10,330,574	7,666,125	39	-	-	-	7,666,086
	6,628,073	4,346,679	-	-	-	-	4,346,679
	3,277,703	1,235,850	65,712	-	-	-	1,170,138
	-	-	-	-	-	-	-
	22,845,440	22,682,399	56,589	-	-	-	22,625,810
	68,300,731	66,565,393	1,623,498	-	-	-	64,941,895
	145,324	372,899	-	-	-	-	372,899
	6,990.848	6,336,744	-	-	-	-	6,336,744
	162.847.094	160,818,487	1,745,838	-	-	-	159,072,649
	-	-	-	-	-	-	-
	75	-	-	-	-	-	-
	-	-	-	-	-	-	-
	420,771	223,400	-	-	-	-	223,400
	572	783	-	-	-	-	783
	-	1,050	-	-	-	-	1,050
	-	-	-	-	-	-	-
	220,997	228,892	250	-	-	-	228,642
	5,573.638	4,876,827	113,972	-	-	-	4,762,855
	-	-	-	-	-	-	-
	6.216.053	5,330,952	114,222	-	-	-	5,216,730
	5,869,150	3,343,031	-	-	-	-	3,343,031
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	5,869,150	3,343,031	-	-	-	-	3,343,031
	174,932,297	169,492,470	1,860,060	-	-	-	167,632,410



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

No.	Portfolio Category	December 31, 2022				
		Net Receivables	Exposure which is Secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>A Exposure on Balance Sheet</b>						
1	Receivables on Sovereigns	33,486,083	-	-	-	-
2	Receivables on Public Sector Entities	10,843,497	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	-	-
4	Receivables on Banks	11,058,111	41,369	-	-	-
5	Loans Secured by Residential Property	6,628,091	-	-	-	-
6	Loan Secured by Commercial Real Estate	3,331,111	53,408	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	42,893,943	64,326	-	-	-
9	Receivables on Corporate	72,980,279	2,064,985	-	-	-
10	Past Due Receivables	203,706	-	-	-	-
11	Other Assets	7,836,810	-	-	-	-
	<b>Total Exposure on Balance Sheet</b>	<b>189,261,632</b>	<b>2,224,088</b>	-	-	-
<b>B Commitments /Contingencies Exposure for Off Balance Sheet Transactions</b>						
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	75	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	420,771	-	-	-	-
5	Loans Secured by Residential Property	572	-	-	-	-
6	Loan Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	222,624	1,627	-	-	-
9	Receivables on Corporate	5,673,040	99,402	-	-	-
10	Past Due Receivables	-	-	-	-	-
	<b>Total Commitment/Contingencies Exposure for Off Balance Sheet Transactions</b>	<b>6,317,082</b>	<b>101,029</b>	-	-	-
<b>C Exposure on Counterparty Credit Risk</b>						
1	Receivables on Sovereigns	5,869,150	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	<b>Total Counterparty Credit Risk Exposures</b>	<b>5,869,150</b>	-	-	-	-
<b>Total (A+B+C)</b>		<b>201,447,864</b>	<b>2,325,117</b>	-	-	-

(in million Rupiah)

		December 31, 2021					
	Unsecured Exposure	Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
(8) = (3)-[(4)+(5)+(6)+(7)]		(9)	(10)	(11)	(12)	(13)	(14) = (9)-[(10)+(11)+(12)+(13)]
	33,486,083	42,839,581	-	-	-	-	42,839,581
	10,843,497	8,773,321	-	-	-	-	8,773,321
	1	-	-	-	-	-	-
	11.016.742	8,542,888	39	-	-	-	8,542,849
	6,628,091	4,346,945	-	-	-	-	4,346,945
	3,277,703	1,235,850	65,712	-	-	-	1,170,138
	-	-	-	-	-	-	-
	42,829,617	42,281,603	56,589	-	-	-	42,225,014
	70,915,294	66,983,271	1,623,498	-	-	-	65,359,773
	203,706	534,020	-	-	-	-	534,020
	7.836.810	7,480,523	-	-	-	-	7,480,523
	187.037.544	183,018,002	1,745,838	-	-	-	181,272,164
	-	-	-	-	-	-	-
	75	-	-	-	-	-	-
	-	-	-	-	-	-	-
	420,771	223,400	-	-	-	-	223,400
	572	783	-	-	-	-	783
	-	1,050	-	-	-	-	1,050
	-	-	-	-	-	-	-
	220,997	228,892	250	-	-	-	228,642
	5.573.638	4,876,825	113,972	-	-	-	4,762,853
	-	-	-	-	-	-	-
	6.216.053	5,330,950	114,222	-	-	-	5,216,728
	5,869,150	3,343,031	-	-	-	-	3,343,031
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	5,869,150	3,343,031	-	-	-	-	3,343,031
	199.122.747	191,691,983	1,860,060	-	-	-	189,831,923



#### g. Disclosure of Assets Securitization

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

As of 31 December 2022 Danamon did not have any position of KIK EBA Assets.

#### j. Credit Risk Assessment using Standardized Approach

In calculating the Risk Weighted Assets (RWA) for credit risk, Danamon applies the Standardized Approach, which refers to OJK regulations, i.e. OJK Circular No. 42/SEOJK.03/2016 regarding Calculation In calculating RWA for credit risk.

#### k. Credit Risk Due to Failure of Counterparty

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

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

- Fair value of transactions influenced by movements of certain market variables;
- Transactions resulting in the exchange of cash flows or financial instruments;
- Bilateral in nature.

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

For both Repo and Reverse Repo transactions, Danamon refers to OJK Circular No. 42/SEOJK.03/2016 regarding Guidelines on Risk Weighted Assets calculations for Credit Risk using the Standardized Approach. For Repo Transactions, Danamon records a positive difference between the net carrying values of securities as the underlying repo with carrying values of the obligated repo. Net carrying value of securities is the carrying value of securities after deductions by LLP/ECL IFRS9 of securities. For Reverse Repo Transactions, Danamon records the value of reverse repo receivables after deductions by LLP/ECL IFRS9 of receivables.

**TABLE 17. CALCULATION OF THE STANDARDIZED APPROACH OF CREDIT RISK WEIGHTED ASSETS-BANK STAND ALONE**

#### 1. Disclosure of Asset Exposures in the Balance Sheet

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	33,486,083	-	-	42,839,581	-	-
	a. Receivables on Indonesia Sovereigns	33,486,083	-	-	42,839,581	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	10,842,317	5,355,579	5,355,579	8,772,817	4,248,179	4,248,179
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	-	-	-
4	Receivables on Banks	10,371,943	4,493,623	4,472,938	7,666,125	2,799,241	2,799,221
	a. Short Term Receivables	2,057,298	411,460	411,460	2,130,748	426,150	426,150
	b. Long Term Receivables	8,314,645	4,082,163	4,061,478	5,535,377	2,373,091	2,373,071

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
5	Loans Secured by Residential Property	6,628,073	2,004,883	2,004,883	4,346,679	1,256,628	1,256,628
6	Loan Secured by Commercial Real Estate	3,331,111	3,331,111	3,277,703	1,235,850	1,235,850	1,170,138
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	22,909,766	17,182,324	17,134,080	22,682,399	17,011,799	16,969,358
9	Receivables on Corporate	70,365,716	68,546,481	66,481,497	66,565,393	64,806,828	63,183,330
10	Past Due Receivables	145,324	215,000	215,000	372,899	550,760	550,760
	a. Loans Secured by Residential Property	5,972	5,972	5,972	17,177	17,177	17,177
	b. In Addition to Loans Secured by Residential Property	139,352	209,028	209,028	355,722	533,583	533,583
11	Other Assets	6.990.848	-	4.593.705	6,336,744	-	4,003,608
	a. Cash, Gold and Commemorative Coin	2,648,745	-	-	2,635,688	-	-
	b. Investment (in addition to being a deduction factor for capital)	82,078	-	84,018	82,078	-	84,018
	1) Temporary capital investment in the context of credit restructuring	-	-	-	-	-	-
	2) Investment in financial companies that are not listed on the stock exchange	3,880	-	5,820	3,880	-	5,820
	3) investment in financial companies listed on the stock exchange	78,198	-	78,198	78,198	-	78,198
	c. Fixed Assets and Net Inventory	1,504,057	-	1,504,057	1,405,939	-	1,405,939
	d. Foreclosed Assets	499,323	-	748,985	601,223	-	901,835
	e. Net Interbranch Assets	-	-	-	-	-	-
	f. Others	2.256.645	-	2.256.645	1,611,816	-	1,611,816
<b>TOTAL</b>		<b>165,071,182</b>	<b>101,129,001</b>	<b>103,535,385</b>	<b>160,818,487</b>	<b>91,909,285</b>	<b>94,181,222</b>

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

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
	a. Receivables on Indonesia Sovereigns	-	-	-	-	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-





(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2	Receivables on Public Sector Entities	75	38	38	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	420,771	210,386	210,386	223,400	110,601	110,601
	a. Short Term Receivables	-	-	-	3,664	733	733
	b. Long Term Receivables	420,771	210,386	210,386	219,736	109,868	109,868
5	Loans Secured by Residential Property	572	133	133	783	159	159
6	Loan Secured by Commercial Real Estate	-	-	-	1,050	1,050	1,050
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	222,624	166,968	165,748	228,892	171,669	171,481
9	Receivables on Corporate	5.673.040	5.673.040	5.573.638	4,876,827	4,876,827	4,762,855
10	Past Due Receivables	-	-	-	-	-	-
	a. Loans Secured by Residential Property	-	-	-	-	-	-
	b. In Addition to Loans Secured by Residential Property	-	-	-	-	-	-
<b>TOTAL</b>		<b>6.317.082</b>	<b>6.050.565</b>	<b>5.949.943</b>	<b>5,330,952</b>	<b>5,160,306</b>	<b>5,046,146</b>

### 3. Disclosure of Exposures causing Counterparty Credit Risk

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	5,869,150	-	-	3,343,031	-	-
	a. Receivables on Indonesia Sovereigns	5,869,150	-	-	3,343,031	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-	-
	a. Short Term Receivables	-	-	-	-	-	-
	b. Long Term Receivables	-	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-	-
<b>TOTAL</b>		<b>5,869,150</b>	<b>-</b>	<b>-</b>	<b>3,343,031</b>	<b>-</b>	<b>-</b>

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

There is no exposure that cause Credit Risk due to Settlement Risk in 31 December 2022 and 31 December 2021

**5. Disclosure of Securitization Exposures**

There is no exposure of Securitization in 31 December 2022 and 31 December 2021

**6. Disclosures of Derivative Exposure**

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	159,202	-	-	3,536	-	-
	a. Receivables on Indonesia Sovereigns	159,202	-	-	3,536	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	15,820	7,910	7,910	77,002	38,501	38,501
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	920,257	348,490	348,490	532,462	210,249	210,249
	a. Short Term Receivables	372,129	74,426	74,426	186,606	37,321	37,321
	b. Long Term Receivables	548,128	274,064	274,064	345,856	172,928	172,928
5	Receivables on Micro, Small Business & Retail Portfolio	3	2	2	20,066	15,050	15,050
6	Receivables on Corporate	177,647	177,647	177,647	108,770	108,770	108,770
7	Credit Valuation Adjustment risk weighted assets			43,437			26,551
<b>TOTAL</b>		<b>1,272,929</b>	<b>534,049</b>	<b>577,486</b>	<b>741,836</b>	<b>372,570</b>	<b>399,121</b>

**7. Total Credit Risk Measurement**

(in million Rupiah)

Portfolio Category		31 December 2022	31 December 2021
TOTAL CREDIT RISK RWA (A)	(A)	110,062,814	99,626,489
RWA CREDIT RISK DEDUCTION FACTOR : Difference between General allowance for possible losses on earning assets (max. 1.25% of RWA Credit Risk) (B)	(B)	-	-
TOTAL CREDIT RISK RWA (A) - (B) (C)	(C)	110,062,814	99,626,489
TOTAL CAPITAL DEDUCTION FACTOR (D)	(D)	-	-


**TABLE 17. CALCULATION OF THE STANDARDIZED APPROACH OF CREDIT RISK WEIGHTED ASSETS-CONSOLIDATED**
**1. Disclosure of Asset Exposures in the Balance Sheet**

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	33,486,083	-	-	42,839,581	-	-
	a. Receivables on Indonesia Sovereigns	33,486,083	-	-	42,839,581	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	10,843,497	5,356,169	5,356,169	8,773,321	4,248,431	4,248,431
3	Receivables on Multilateral Development Banks and International Institutions	1	-	-	-	-	-
4	Receivables on Banks	11,058,111	4,630,856	4,610,171	8,542,888	2,974,594	2,974,574
	a. Short Term Receivables	2,743,465	548,693	548,693	3,007,511	601,502	601,502
	b. Long Term Receivables	8,314,646	4,082,163	4,061,478	5,535,377	2,373,091	2,373,071
5	Loans Secured by Residential Property	6,628,091	2,004,886	2,004,886	4,346,945	1,256,681	1,256,681
6	Loan Secured by Commercial Real Estate	3,331,111	3,331,111	3,277,703	1,235,850	1,235,850	1,170,138
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	42,893,943	32,170,458	32,122,213	42,281,603	31,711,202	31,668,761
9	Receivables on Corporate	72,980,279	69,974,891	67,909,906	66,983,271	64,738,439	63,114,941
10	Past Due Receivables	203,706	302,573	302,573	534,020	792,435	792,435
	a. Loans Secured by Residential Property	5,972	5,972	5,972	17,190	17,190	17,190
	b. In Addition to Loans Secured by Residential Property	197,734	296,601	296,601	516,830	775,245	775,245
11	Other Assets	7.836.810	-	5.328.634	7,480,523	-	4,993,519
	a. Cash, Gold and Commemorative Coin	2,759,777	-	-	2,789,555	-	-
	b. Investment (in addition to being a deduction factor for capital)	82,078	-	84,018	82,078	-	84,018
	1) Temporary capital investment in the context of credit restructuring	-	-	-	-	-	-
	2) Investment in financial companies that are not listed on the stock exchange	3,880	-	5,820	3,880	-	5,820
	3) investment in financial companies listed on the stock exchange	78,198	-	78,198	78,198	-	78,198
	c. Fixed Assets and Net Inventory	1,925,525	-	1,925,525	1,895,474	-	1,895,474
	d. Foreclosed Assets	499,323	-	748,985	601,223	-	901,835

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	e. Net Interbranch Assets	-	-	-	-	-	-
	f. Others	2,570.107	-	2,570.107	2,112,193	-	2,112,193
<b>TOTAL</b>		<b>189,261.632</b>	<b>117,770,944</b>	<b>120,912.255</b>	<b>183,018,002</b>	<b>106,957,632</b>	<b>110,219,480</b>

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

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
	a. Receivables on Indonesia Sovereigns	-	-	-	-	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	75	38	38	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	420,771	210,386	210,386	223,400	110,601	110,601
	a. Short Term Receivables	-	-	-	3,664	733	733
	b. Long Term Receivables	420,771	210,386	210,386	219,736	109,868	109,868
5	Loans Secured by Residential Property	572	133	133	783	159	159
6	Loan Secured by Commercial Real Estate	-	-	-	1,050	1,050	1,050
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	222,624	166,968	165,748	228,892	171,669	171,481
9	Receivables on Corporate	5,673.040	5,673.040	5,573.638	4,876,825	4,876,825	4,762,853
10	Past Due Receivables	-	-	-	-	-	-
	a. Loans Secured by Residential Property	-	-	-	-	-	-
	b. In Addition to Loans Secured by Residential Property	-	-	-	-	-	-
<b>TOTAL</b>		<b>6,317.082</b>	<b>6,050.565</b>	<b>5,949.943</b>	<b>5,330,950</b>	<b>5,160,304</b>	<b>5,046,144</b>

## 3. Disclosure of Exposures causing Counterparty Credit Risk

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	5,869,150	-	-	3,343,031	-	-
	a. Receivables on Indonesia Sovereigns	5,869,150	-	-	3,343,031	-	-



(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-	-
	a. Short Term Receivables	-	-	-	-	-	-
	b. Long Term Receivables	-	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-	-
<b>TOTAL</b>		<b>5,869,150</b>	-	-	<b>3,343,031</b>	-	-

#### 4. Exposure that cause Credit Risk due to Settlement Risk

There is no exposure that cause Credit Risk due to Settlement Risk in 31 December 2022 and 31 December 2021.

#### 5. Exposure of Securitization

There is no exposure of Securitization in 31 December 2022 and 31 December 2021.

#### 6. Disclosures of Derivative Exposure

(in million Rupiah)

No.	Portfolio Category	December 31, 2022			December 31, 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	159,202	-	-	3,536	-	-
	a. Receivables on Indonesia Sovereigns	159,202	-	-	3,536	-	-
	b. Receivables on Others Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	15,820	7,910	7,910	77,002	38,501	38,501
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	1,003,403	390,063	390,063	635,107	261,572	261,572
	a. Short Term Receivables	372,129	74,426	74,426	186,606	37,321	37,321
	b. Long Term Receivables	631,274	315,637	315,637	448,501	224,251	224,251
5	Receivables on Micro, Small Business & Retail Portfolio	3	2	2	20,066	15,050	15,050
6	Receivables on Corporate	177,647	177,647	177,647	108,770	108,770	108,770
7	Credit Valuation Adjustment risk weighted assets			48,653			53,319
<b>TOTAL</b>		<b>1,356,075</b>	<b>575,622</b>	<b>624,275</b>	<b>844,481</b>	<b>423,893</b>	<b>477,212</b>

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

(in million Rupiah)

Portfolio Category	December 31, 2022	December 31, 2021
TOTAL CREDIT RISK RWA	127,486,473	115,742,836
RWA CREDIT RISK DEDUCTION FACTOR : Diffirence between General allowance for possible losses on earning assets (max. 1.25% of RWA Credit Risk)	-	-
TOTAL CREDIT RISK RWA (A) - (B)	127,486,473	115,742,836
TOTAL CAPITAL DEDUCTION FACTOR	-	-

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

31 December 2022

(in million Rupiah)

No.	Description	Replacement Cost (RC)	Potential Future Exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
1	SA-CCR (for derivative)	388,898	520,337		1.4	1,272,929	534,049
2	Internal Model Method (For Derivative and SFT)					N/A	N/A
3	Basic Approach for credit risk mitigation (for SFT)					N/A	N/A
4	Comprehensive approach for credit risk mitigation (For SFT)					N/A	N/A
5	VaR for SFT					N/A	N/A
6	<b>Total</b>						<b>534,049</b>

## Qualitative Analysis

The Amount of SA-CCR Net Receivables (for derivative) for Bank stand alone at the end of December 2022 (IDR 1.3 trillion) increased compared to December 2021 position (IDR 742 billion). The amount of SA-CCR RWA ( for derivative) for Bank stand alone at the end of December 2022 (IDR 534 billion) also increased compared to December 2021 position (IDR 373 billion).

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

31 December 2022

(in million Rupiah)

No.	Description	Replacement Cost (RC)	Potential Future Exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
1	SA-CCR (for derivative)	429,782	538,843		1.4	1,356,075	575,622
2	Internal Model Method (For Derivative and SFT)					N/A	N/A
3	Basic Approach for credit risk mitigation (for SFT)					N/A	N/A



31 December 2022

(in million Rupiah)

No.	Description	Replacement Cost (RC)	Potential Future Exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
4	Comprehensive approach for credit risk mitigation (For SFT)					N/A	N/A
5	VaR for SFT					N/A	N/A
6	<b>Total</b>						<b>575,622</b>

## Qualitative Analysis

The Amount of SA-CCR Net Receivables (for derivative) for consolidated at the end of December 2022 (IDR 1.4 trillion) increased compared to December 2021 position (IDR 844 billion). The amount of SA-CCR RWA (for derivative) for consolidated at the end of December 2022 (IDR 576 billion) also increased compared to December 2021 position (IDR 424 billion).

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

(in million Rupiah)

31 December 2022	Net Receivables	RWA
<b>Total portfolios based on Advanced CVA capital charge</b>	N/A	N/A
1 (i) VaR components (includes 3x multiplier)		N/A
2 (ii) Stressed VaR Component (includes 3x multiplier)		N/A
3 All portfolios based on Standardized CVA Capital Charge	1,272,929	43,437
4 <b>Total based on CVA Capital Charge</b>	<b>1,272,929</b>	<b>43,437</b>

## Qualitative Analysis

The Amount of Total RWA based on CVA Capital Charge for Bank stand alone at the end of December 2022 (IDR 43 billion) increased compared to December 2021 (IDR 27 billion).

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

(in million Rupiah)

31 December 2022	Net Receivables	RWA
<b>Total portfolios based on Advanced CVA capital charge</b>	N/A	N/A
1 (i) VaR components (includes 3x multiplier)		N/A
2 (ii) Stressed VaR Component (includes 3x multiplier)		N/A
3 All portfolios based on Standardized CVA Capital Charge	1,356,075	48,653
4 <b>Total based on CVA Capital Charge</b>	<b>1,356,075</b>	<b>48,653</b>

## Qualitative Analysis

The Amount of Total RWA based on CVA Capital Charge Bank Consolidated at the end of December 2022 (IDR 49 billion) decreased compared to December 2021 position (IDR 53 billion).

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

31 December 2022

(in million Rupiah)

<b>Risk Weight</b> <b>Portfolio Category</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total Net Receivables</b>
<b>Indonesia</b>									
Receivables on Sovereigns and Central Bank	159,202	-	-	-	-	-	-	-	159,202
Receivables on Public Sector Entities	-	-	-	15,820	-	-	-	-	- 15,820
Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-
Receivables on Banks	-	-	372,129	548,128	-	-	-	-	920,257
Receivables on Security Firms	-	-	-	-	-	-	-	-	-
Receivables on Corporates	-	-	-	-	-	177,647	-	-	177,647
Receivables on Micro, Small and Retail Businesses Portfolio	-	-	-	-	3	-	-	-	3
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>159,202</b>	<b>-</b>	<b>372,129</b>	<b>563,948</b>	<b>3</b>	<b>177,647</b>	<b>-</b>	<b>-</b>	<b>1,272,929</b>

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

31 December 2022

(in million Rupiah)

<b>Risk Weight</b> <b>Portfolio Category</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total Net Receivables</b>
<b>Indonesia</b>									
Receivables on Sovereigns and Central Bank	159,202	-	-	-	-	-	-	-	159,202
Receivables on Public Sector Entities	-	-	-	15,820	-	-	-	-	15,820
Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-
Receivables on Banks	-	-	372,129	631,274	-	-	-	-	1,003,403
Receivables on Security Firms	-	-	-	-	-	-	-	-	-
Receivables on Corporates	-	-	-	-	-	177,647	-	-	177,647
Receivables on Micro, Small and Retail Businesses Portfolio	-	-	-	-	3	-	-	-	3
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>159,202</b>	<b>-</b>	<b>372,129</b>	<b>647,094</b>	<b>3</b>	<b>177,647</b>	<b>-</b>	<b>-</b>	<b>1,356,075</b>





## 2. Market Risk

### Market Risk Management Implementation

Market Risk Management is a top-down process within the Bank's organizational structure, starting from the Risk Oversight Committee, the Board of Directors through the Assets and Liabilities Committee (ALCO), and senior management actively involved in the planning, approval, review, and assessment of all risks involved.

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

On the other hand, interest rate risk in the banking book is an exposure arising from adverse interest rate market movement on the Bank's balance sheet.

This risk is an inherent part of the banking business. Proper risk management could turn an exposure into an additional source of income, which could increase shareholders' value. However, excessive exposure to interest rate risk could create a significant threat to a bank's income and capital. Monitoring of interest rate risk on the banking book is carried out daily by the MLR Division.

In general, market risk measurement covers foreign exchange risk and interest rate risk in the Danamon Trading Book and Banking Book. Market risk measurement includes the valuation of financial instruments, calculation of market risk capital charge, stress testing, and sensitivity analysis. The methodology of market risk measurement refers to regulatory requirements and general banking industry standards in market risk management.

## MARKET RISK

**TABLE 21. DISCLOSURE OF MARKET RISKS BY USING STANDARDIZED APPROACH**

31 December 2022

(in million Rupiah)

No	Risk Type	December 31, 2022				December 31, 2021			
		Individual		Consolidated		Individual		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risk	28,896	361,200	28,896	361,200	43,713	546,418	43,713	546,418
	a. Specific Risk	265	3,311	265	3,311	356	4,450	356	4,450
	b. General Risk	28,631	357,889	28,631	357,889	43,357	541,968	43,357	541,968
2	Exchange Risk	36,090	451,122	36,041	450,508	20,821	260,260	20,876	260,834
3	Equity Risk								
4	Commodity Risk								
5	Option Risk								

### Portfolio Accounted for Minimum Capital Requirement

Danamon is committed to meet the Minimum Capital Adequacy (CAR) as stipulated by the regulator. Therefore, on a monthly basis, the Bank will calculate market risk RWA based on a standardized approach. In the calculation, the Bank takes two exposures into account, namely interest rate risk exposure and foreign exchange (FX) risk exposure. Interest rate risk exposure consists of specific risks and general risks, which cover debt, debt related instruments, and interest rate derivatives in the Trading Book. On the other hand, FX risk exposure is calculated for foreign exchange risk in the Trading Book and Banking Book.

### Anticipating Market Risk for Foreign Exchange Transactions

To anticipate the market risks faced, Danamon's market risk management is based on the following principles:

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

assessment associated with the risks. Ultimately, through market risk management, the Bank seeks to ensure that it does not take market risk beyond its capacity to absorb the potential losses.

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

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

#### **a. IRRBB Definition**

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

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

#### **b. Risk Management Strategy and Risk Mitigation for IRRBB**

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

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

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

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

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

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

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

Internally, the Bank measures and monitors IRRBB exposures through the  $\Delta$ EVE and  $\Delta$ NII methods on a monthly basis.

#### **d. Interest Rate Shock Scenario and Stress Scenario Being Used**

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

- Parallel shock up,
- Parallel shock down,
- Steepener shock,
- Flatten shock,
- Short rates shock up, and
- Short rates shock down



IRRBB exposure measurement through  $\Delta NII$  is conducted based on 2 (two) interest rate shock scenarios, as follows:

- Parallel shock up,
- Parallel shock down.

The amount of interest rate shock used by the Bank in calculating  $\Delta EVE$  and  $\Delta NII$  follows the scenario set by the OJK, which is as follows:

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

**e. Modelling Assumptions that Are Different from the Standardize Approach**

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

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

**f. Hedging of IRRBB and Related Accounting Treatments**

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

As of the December 2022 report, the Bank's subsidiary had hedge accounting activities, which were included in the scope of the consolidated IRRBB calculation.

**g. Main Modelling Assumptions and Parametric Used in  $\Delta EVE$  and  $\Delta NII$  Calculations**

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

### Quantitative Analysis

1. Average repricing maturity for NMD as of the end of December 2022 is determined based on a behavioural analysis of NMD using sufficient historical data.
2. Maximum repricing maturity for NMD as of the end of December 2022 is determined through internal assumption.

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

**Bank Name** : PT Bank Danamon Indonesia Tbk (Individual)  
**Report Position** : 31 December 2022  
**Currency** : IDR

In Million Rupiah	$\Delta$ EVE		$\Delta$ NII	
Period	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(2,202,068)	(2,273,732)	(1,094,972)	(1,023,805)
Parallel Down	2,586,742	2,676,416	(401,874)	(784,828)
Steepener	(83,607)	(50,584)		
Flattener	(457,466)	(498,684)		
Short Rate Up	(1,332,660)	(1,400,353)		
Short Rate Down	1,487,556	1,556,715		
Maximum Value Negative (Absolute)	2,202,068	2,273,732	1,094,972	1,023,805
Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	32,201,518	31,544,874	8,657,663	8,657,663
Maximum Value divided by Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	6.84%	7.21%	12.65%	11.83%

**Currency** : USD

In Million Rupiah	$\Delta$ EVE		$\Delta$ NII	
Period	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(28,930)	(59,065)	(42,263)	(34,907)
Parallel Down	31,005	61,768	(5,837)	(137,046)
Steepener	17,983	56,858		
Flattener	(17,290)	(49,054)		
Short Rate Up	(27,417)	(68,421)		
Short Rate Down	29,197	71,643		
Maximum Value Negative (Absolute)	28,930	68,421	42,263	137,046
Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	32,201,518	31,544,874	8,657,663	8,657,663
Maximum Value divided by Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	0.09%	0.22%	0.49%	1.58%

**Currency** : Combined (IDR & USD)

In Million Rupiah	$\Delta$ EVE		$\Delta$ NII	
Period	31-Dec	30-Sep	31-Dec	30-Sep
Maximum Value Negative (Absolute)	2,230,999	2,342,153	1,137,236	1,160,851
Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	32,201,518	31,544,874	8,657,663	8,657,663
Maximum Value divided by Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	6.93%	7.42%	13.14%	13.41%



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

Bank Name : PT Bank Danamon Indonesia Tbk (Consolidated)  
 Report Position : 31 December 2022  
 Currency : IDR

In Million Rupiah	$\Delta$ EVE		$\Delta$ NII	
Period	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(2,901,211)	(2,855,292)	(1,036,044)	(982,400)
Parallel Down	3,382,747	3,335,848	(463,000)	(827,773)
Steeper	45,708	69,198		
Flattener	(738,407)	(743,482)		
Short Rate Up	(1,863,962)	(1,851,011)		
Short Rate Down	2,072,890	2,052,358		
Maximum Value Negative (Absolute)	2,901,211	2,855,292	1,036,044	982,400
Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	41,203,262	40,011,627	16,440,988	16,440,988
Maximum Value divided by Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	7.04%	7.14%	6.30%	5.98%

Currency : USD

In Million Rupiah	$\Delta$ EVE		$\Delta$ NII	
Period	31-Dec	30-Sep	31-Dec	30-Sep
Parallel Up	(28,930)	(59,065)	(42,263)	(34,907)
Parallel Down	31,005	61,768	(5,837)	(137,046)
Steeper	17,983	56,858		
Flattener	(17,290)	(49,054)		
Short Rate Up	(27,417)	(68,421)		
Short Rate Down	29,197	71,643		
Maximum Value Negative (Absolute)	28,930	68,421	42,263	137,046
Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	41,203,262	40,011,627	16,440,988	16,440,988
Maximum Value divided by Tier 1 Capital (for EVE) or Projected Income (for $\Delta$ NII)	0.07%	0.17%	0.26%	0.83%

Currency : Combined (IDR & USD)

In Million Rupiah	$\Delta$ EVE		$\Delta$ NII	
Period	31-Dec	30-Sep	31-Dec	30-Sep
Maximum Value Negative (Absolute)	2,930,141	2,923,713	1,078,307	1,119,446
Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	41,203,262	40,011,627	16,440,988	16,440,988
Maximum Value divided by Tier 1 Capital (for $\Delta$ EVE) or Projected Income (for $\Delta$ NII)	7.11%	7.31%	6.56%	6.81%

### 3. Liquidity Risk

#### Liquidity Risk Management Governance

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

In order to evaluate the fulfilment of liquidity, ALCO has a wide scope of authority delegated by the Board of Directors to manage the structure of assets and liabilities, including the funding strategies of Danamon. ALCO focuses on liquidity management with the following objectives:

- a. Understanding the various liquidity risk sources and integrating the characteristics and risks of various liquidity sources, particularly under stress conditions.
- b. Developing a comprehensive risk approach to ensure compliance with the overall risk appetite.
- c. Determining relevant funding strategies to meet liquidity requirements, including consolidating all funding resources.
- d. Developing effective contingency plans.
- e. Improving resilience in the event of a sharp decline of liquidity risk and demonstrating Danamon's ability to address closed access to one or more financial markets by ensuring that funding can be generated through a variety of sources.

ALCO, as Danamon's senior management committee, serves as the apex body assigned to oversee and evaluate the structure and trends of the balance sheet in terms of liquidity, interest rates risk, and capital management. This includes the establishment of policies and procedures, the determination of a limit framework, and evaluation of strategies on the balance sheet with the objectives of providing adequate liquidity and capital for Danamon, as well as a diversified funding structure.

Danamon manages liquidity risks through liquidity gap analysis and liquidity ratios. Liquidity risks are measured and monitored on a daily basis based on the limit framework of liquidity risks.

The monitoring and control processes are conducted through the Liquidity Risk Limit mechanism. MLR is an independent division (as the Second Line of Defense) that monitors the limits relevant to liquidity risk on a daily basis by taking into account the risk appetite and business strategy direction of the Bank.

#### Funding Strategy

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

#### Liquidity Risk Mitigation Technique

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

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



### Stress Test

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

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

### a. General Market Stress/ Systemic Problem

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

## LIQUIDITY RISK

TABLE 23. LIQUIDITY ADEQUACY RATIO (LCR) CALCULATION REPORT

No.	Components	INDIVIDUAL			
		31-Dec-22		30-Sep-22	
		The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate
1	Total data points used in the calculation of the LCR		65 days		65 days
<b>HIGH QUALITY LIQUID ASSET (HQLA)</b>					
2	Total High Quality Liquid Asset (HQLA)		43,710,732		43,690,961
<b>CASH OUTFLOWS</b>					
3	CASH OUTFLOWS		71,623,983		58,547,750
<b>CASH INFLOWS</b>					
4	CASH INFLOWS	50,090,165	42,807,153	41,005,138	30,642,426
			<b>TOTAL ADJUSTED VALUE 1</b>		<b>TOTAL ADJUSTED VALUE 1</b>
5	<b>TOTAL HQLA</b>		<b>43,710,732</b>		<b>43,690,961</b>
6	<b>NET CASH OUTFLOWS</b>		<b>28,816,829</b>		<b>27,905,324</b>
7	<b>LCR (%)</b>		<b>151.68%</b>		<b>156.57%</b>

### b. Bank-Specific Stress/Name Problem

The aim of this scenario is to depict the situation wherein liquidity stress arises as a result of the Bank itself experiencing either real or perceived problems. These problems include deteriorating asset quality, major fraud cases, large trading losses, rumours about the Bank's credibility or a downgrade in its credit rating, and exceptional losses arising from market/credit/operational issues; this generally leads to an erosion of public trust in the Bank, deposit runs, and overall shortness in liquidity.

### Liquidity Risk Measurements

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

(in million Rupiah)

	CONSOLIDATED			
	31-Dec-22		30-Sep-22	
	The outstanding value of liabilities and commitments/contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate
		65 days		65 days
		43,793,025		43,776,735
		72,327,655		59,753,912
	51,571,769	43,609,583	42,513,274	31,477,004
		<b>TOTAL ADJUSTED VALUE 1</b>		<b>TOTAL ADJUSTED VALUE 1</b>
		43,793,025		43,776,735
		28,718,071		28,276,908
		152.49%		154.81%





No.	Components	INDIVIDUAL				
		31-Dec-22		30-Sep-22		
		The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	

#### Individual Analysis

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

In accordance with POJK No. 42/POJK.03/2015, Banks are obliged to perform Individual and Consolidated quarterly reports for KBMI 3 Banks for the position of the December 2022 report based on the daily average from October - December 2022.

The average LCR ratio of Bank Danamon Indonesia individually for Quarter-IV 2022 was 151.68%. This ratio is still above the minimum ratio value stipulated in POJK No.42/ POJK.03/2015 which is 100% and this is Re-apply on April 30, 2022. The composition of the LCR for Quarter-IV 2022 is described in the section below.

The composition of High Quality Liquid Assets (HQLA) owned by the Bank in Quarter-IV 2022 was still dominated by Placements with Bank Indonesia (BI) and securities issued by the Central Government and BI. On average, during Quarter-IV 2022, the largest composition of HQLA was securities issued by the Central Government and BI, amounting to 60.75% of the total HQLA, followed by Placements with BI of 34.48%, cash or cash equivalents 4.32%, Corporate Bonds Level 2A at 0.45% and Corporate Bonds Level 2B at 0%.

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

Overall, the total derivative transactions conducted by the Bank did not have a significant impact on the LCR calculation. In terms of composition, the comparison of the net cash outflow of derivative transactions (derivative transaction cash outflow minus derivative transaction cash inflow) to the total net cash outflow is 0.09%, with the cash inflow of derivative transactions being greater than the cash outflow of derivative transactions. In addition, the background for derivative portfolio activities is still limited to plain vanilla products, most of which are carried out for hedging needs, supporting customer transactions, or liquidity needs in Balance Sheet Management.

The implementation of the Bank's liquidity management in accordance with what we have reported in the liquidity risk profile includes the following:

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

(in million Rupiah)

	CONSOLIDATED			
	31-Dec-22		30-Sep-22	
	The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate	The outstanding value of liabilities and commitments/ contractual invoice value	The value of HQLA after a haircut or outstanding liabilities and commitments multiplied by the run-off rate or the value of contractual invoices times the inflow rate

## Consolidated Analysis

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

In accordance with POJK No. 42/POJK.03/2015, Banks are obliged to perform Individual and Consolidated quarterly reports for KBMI 3 Banks for the position of the December 2022 report based on the daily average from October - December 2022.

The average Consolidated LCR ratio of Bank Danamon Indonesia for Quarter IV 2022 is 152.49%. This ratio is still above the minimum ratio value stipulated in POJK No.42/ POJK.03/2015 which is 100% and this is Re-apply on April 30, 2022. The composition of the LCR for Quarter-IV 2022 is described in the section below.

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

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

Composition of High Quality Liquid Assets (HQLA) owned by the Bank on a consolidated basis in Quarter-IV was still dominated by Placements with Bank Indonesia (BI) and Securities issued by the Central Government and BI. On average throughout the Fourth Quarter of 2022, the largest composition of HQLA was Securities issued by the Central Government and BI at 60.63% of the total HQLA, followed by Placements with BI of 34.42%, Cash or Cash equivalents of 4.49%, Corporate Bonds Level 2A at 0.46% and Corporate Bonds Level 2B at 0%.

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

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

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

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



Several measurements used in Danamon are:

**a. Liquidity Coverage Ratio (LCR)**

The purpose of this standard is to ensure that the Bank retains a sufficient level of unencumbered and high-quality assets that are convertible into cash to fulfil liquidity requirements within 30 calendar days under a severe liquidity stress scenario as defined by regulators. At a minimum, liquid asset stocks will enable the Bank to maintain its

**TABLE 24. NSFR REPORT-BANK STAND ALONE**

No.	ASF Component	September 30, 2022		
		Outstanding Value Based on Remaining Period (In Million Rupiah)		
		No Period	< 6 months	≥ 6 months - 1 year
1	<b>Capital:</b>	47,069,342	-	-
2	Capital in Accordance to POJK KPMM	47,069,342	-	-
3	Other Capital Instruments	-	-	-
4	<b>Deposits originating from individual customers and Funding from micro and small business customers:</b>	39,979,290	24,677,806	1,131,103
5	Stable Deposits and Funding	1,765,294	306,815	96,656
6	Less Stable Deposits and Funding	38,213,996	24,370,990	1,034,447
7	<b>Funding originating from corporate customers:</b>	37,648,935	16,180,468	656,889
8	Operational Deposits	20,309,454	-	-
9	Other funding originating from corporate customers	17,339,481	16,180,468	656,889
10	Liabilities with interdependent asset pairs	-	-	-
11	Liabilities and other equities	6,907,387	-	34,118
12	NSFR derivative liabilities		-	
13	equities and other liabilities that are not included in the above categories	6,907,387	1,041,049	34,118
14	<b>Total ASF</b>			

No.	ASF Component	September 30, 2022		
		Outstanding Value Based on Remaining Period (In Million Rupiah)		
		No Period	< 6 months	≥ 6 months - 1 year
15	<b>Total HQLA in the framework of calculating the NSFR</b>			
16	<b>Deposits with other financial institutions for operational purposes</b>	1,522,238	-	-
17	<b>Loans classified as Current and Special Mention (performing) and marketable securities</b>	-	60,161,852	20,128,984
18	to financial institutions guaranteed by HQLA Level 1	-	-	-
19	to financial institutions that are not guaranteed with Level 1 HQLA and loans to financial institutions without collateral	-	7,784,611	2,848,382
20	to non-financial companies, individual customers and customers of micro and small businesses, the Government of Indonesia, governments of other countries, Bank Indonesia, central banks of other countries and public sector entities	-	51,277,653	16,700,850

operations for up to 30 days during the stress scenario, by which time it is assumed that appropriate corrective actions have been taken by the management and/or regulators.

#### b. Net Stable Funding Ratio (NSFR)

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

(in million Rupiah)

December 31, 2022							
		Total Weighted Value	Outstanding Value Based on Remaining Period (In Million Rupiah)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year	
-	47,069,342	48,124,302	-	-	-	-	48,124,302
-	47,069,342	48,124,302	-	-	-	-	48,124,302
-	-	-	-	-	-	-	-
600	59,318,417	39,628,259	23,963,187	1,840,705	2,800	59,005,153	
-	2,060,326	1,919,936	248,449	99,946	-	2,154,915	
600	57,258,090	37,708,323	23,714,738	1,740,759	2,800	56,850,238	
75,000	17,072,438	42,512,916	18,451,228	1,731,726	50,000	21,450,472	
-	10,154,727	26,618,228	-	-	-	13,309,114	
75,000	6,917,711	15,894,688	18,451,228	1,731,726	50,000	8,141,358	
-	-	-	-	-	-	-	-
-	92,669	7,161,920	-	2,169	-	83,918	
1,328,737	92,669	7,161,920	1,157,808	2,169	174,999	83,918	
	123,552,866					128,663,845	

December 31, 2022							
		Total Weighted Value	Outstanding Value Based on Remaining Period (In Million Rupiah)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year	
		1,021,912					967,798
-	761,119	1,564,719	-	-	-	-	782,359
40,900,872	69,490,889	-	63,264,220	21,548,142	41,236,979	71,941,744	
-	-	-	-	-	-	-	-
5,751,976	8,343,859	-	5,964,381	3,892,581	6,505,614	9,346,562	
26,705,979	54,552,756	-	56,701,227	16,838,579	25,734,153	55,783,091	



No.	ASF Component	September 30, 2022		
		Outstanding Value Based on Remaining Period (In Million Rupiah)		
		No Period	< 6 months	≥ 6 months - 1 year
21	meet the qualifications to get a risk weight of 35% or less, according to the SE OJK ATMR for Credit Risk	-	-	-
22	Residential mortgage backed loans that are not being guaranteed	-	-	-
23	meet the qualifications to get a risk weight of 35% or less, according to the SE OJK ATMR for Credit Risk	-	458,070	479,131
24	Securities that are not being pledged as collateral, are not default on payment, and are not included as HQLA, including shares traded on an exchange	-	641,517	100,621
<b>25</b>	<b>Assets with interdependent liabilities pairs</b>	-	-	-
<b>26</b>	<b>Other Assets:</b>	-	<b>15,270,893</b>	<b>128,075</b>
27	Physical commodities that are traded, including gold	-		
28	Cash, securities and other assets recorded as initial margin for derivative contracts and cash or other assets submitted as default funds to the central counterparty (CCP)		-	-
29	NSFR derivative assets		-	-
30	NSFR derivative liabilities before deduction with variation margin		-	93,957
31	All other assets that are not included in the above categories	-	15,270,893	34,118
<b>32</b>	<b>Off Balance Sheet</b>		<b>78,100,387</b>	<b>2,576,251</b>
<b>33</b>	<b>Total RSF</b>			
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>			

(in million Rupiah)

			December 31, 2022				
		Total Weighted Value	Outstanding Value Based on Remaining Period (In Million Rupiah)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year	
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	7,109,375	5,089,695	-	465,728	478,489	7,716,678	5,487,949
	1,333,542	1,504,580	-	132,884	338,494	1,280,534	1,324,143
	-	-	-	-	-	-	-
	6,847,603	21,238,017	-	15,731,885	197,009	6,101,792	21,946,875
		-	-				-
	-	-		-	-	-	-
	-	-		-	150,249	-	150,249
	-	93,957		-	44,592	-	44,592
	6,847,603	21,144,060	-	15,731,885	2168,55275	6,101,792	21,752,034
	517,357	234,129		91,378,534	3,357,231	832,907	246,076
		92,746,066					95,884,853
		133.22%					134.19%



TABLE 24. NSFR REPORT-CONSOLIDATED

No.	ASF Component	September 30, 2022		
		Outstanding Value Based on Remaining Period (In Million Rupiah)		
		No Period	< 6 months	≥ 6 months - 1 year
1	<b>Capital:</b>	47,133,697	-	-
2	Capital in Accordance to POJK KPMM	47,133,697	-	-
3	Other Capital Instruments	-	-	-
4	<b>Deposits originating from individual customers and Funding from micro and small business customers:</b>	39,979,290	24,677,806	1,131,103
5	Stable Deposits and Funding	1,765,294	306,815	96,656
6	Less Stable Deposits and Funding	38,213,996	24,370,990	1,034,447
7	<b>Funding originating from corporate customers:</b>	36,489,649	18,933,127	3,944,618
8	Operational Deposits	20,309,454	-	-
9	Other funding originating from corporate customers	16,180,195	18,933,127	3,944,618
10	Liabilities with interdependent asset pairs	-	-	-
11	Liabilities and other equities	6,871,034	-	1,036,102
12	NSFR derivative liabilities		-	
13	equities and other liabilities that are not included in the above categories	6,871,034	2,413,185	1,036,102
14	<b>Total ASF</b>			

No.	ASF Component	September 30, 2022		
		Outstanding Value Based on Remaining Period (In Million Rupiah)		
		No Period	< 6 months	≥ 6 months - 1 year
15	<b>Total HQLA in the framework of calculating the NSFR</b>			
16	<b>Deposits with other financial institutions for operational purposes</b>	2,794,474	-	-
17	<b>Loans classified as Current and Special Mention (performing) and marketable securities</b>	-	64,515,574	24,876,203
18	to financial institutions guaranteed by HQLA Level 1	-	-	-
19	to financial institutions that are not guaranteed with Level 1 HQLA and loans to financial institutions without collateral	-	7,784,611	2,848,382
20	to non-financial companies, individual customers and customers of micro and small businesses, the Government of Indonesia, governments of other countries, Bank Indonesia, central banks of other countries and public sector entities, including:	-	55,631,375	21,448,068
21	meet the qualifications to get a risk weight of 35% or less, according to the SE OJK ATMR for Credit Risk	-	-	-
22	Residential mortgage backed loans that are not being guaranteed, which include:	-	-	-

(in million Rupiah)

December 31, 2022							
		Total Weighted Value	Outstanding Value Based on Remaining Period (In Million Rupiah)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year	
-		47,133,697	48,200,416	-	-	-	48,200,416
-		47,133,697	48,200,416	-	-	-	48,200,416
-		-	-	-	-	-	-
600		59,318,417	39,628,259	23,963,187	1,840,705	2,800	59,005,153
-		2,060,326	1,919,936	248,449	99,946	-	2,154,915
600		57,258,090	37,708,323	23,714,738	1,740,759	2,800	56,850,238
3,786,951		22,428,254	41,763,537	21,437,421	4,201,645	4,352,245	26,987,677
-		10,154,727	26,618,228	-	-	-	13,309,114
3,786,951		12,273,528	15,145,308	21,437,421	4,201,645	4,352,245	13,678,563
-		-	-	-	-	-	-
-		2,264,237	7,131,795	-	798,361	-	2,038,948
				-			
2,999,313		2,264,237	7,131,795	3,150,517	798,361	1,731,932	2,038,948
		131,144,605					136,232,194

December 31, 2022							
		Total Weighted Value	Outstanding Value Based on Remaining Period (In Million Rupiah)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year	
		1,021,912					967,798
-		1,397,237	2,250,886	-	-	-	1,125,443
52,166,761		83,617,365	-	68,325,626	26,373,479	53,654,757	87,440,227
-		-	-	-	-	-	-
5,751,976		8,343,859	-	5,964,381	3,892,581	6,505,614	9,346,562
38,031,330		68,729,775	-	61,762,634	21,663,915	38,210,282	71,331,172
-		-	-	-	-	-	-
-		-	-	-	-	-	-





No.	ASF Component	September 30, 2022		
		Outstanding Value Based on Remaining Period (In Million Rupiah)		
		No Period	< 6 months	≥ 6 months - 1 year
23	meet the qualifications to get a risk weight of 35% or less, according to the SE OJK ATMR for Credit Risk	-	458,070	479,131
24	Securities that are not being pledged as collateral, are not default on payment, and are not included as HQLA, including shares traded on an exchange	-	641,517	100,621
<b>25</b>	<b>Assets with interdependent liabilities pairs</b>	-	-	-
<b>26</b>	<b>Other Assets:</b>	<b>549,627</b>	<b>6,991,262</b>	<b>168,411</b>
27	Physical commodities that are traded, including gold	-		
28	Cash, securities and other assets recorded as initial margin for derivative contracts and cash or other assets submitted as default funds to the central counterparty (CCP)		-	-
29	NSFR derivative assets		-	24,674
30	NSFR derivative liabilities before deduction with variation margin		1,635	94,775
31	All other assets that are not included in the above categories	549,627	6,989,627	48,962
<b>32</b>	<b>Off Balance Sheet</b>		<b>78,100,387</b>	<b>2,576,251</b>
<b>33</b>	<b>Total RSF</b>			
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>			

#### c. Maximum Cumulative Outflow (MCO)

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

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

Scenarios are crafted to set the underlying market and bank-specific conditions and severity on which

the cashflow profile are forecast in assessing liquidity adequacy. The scenarios used for liquidity risk management are:

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

#### d. Large Fund Provider (LFP)

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

(in million Rupiah)

			December 31, 2022				
		Total Weighted Value	Outstanding Value Based on Remaining Period (In Million Rupiah)				Total Weighted Value
	≥ 1 year		No Period	< 6 months	≥ 6 months - 1 year	≥ 1 year	
	7,109,375	5,089,695	-	465,728	478,489	7,716,678	5,487,949
	1,274,079	1,454,036	-	132,884	338,494	1,222,183	1,274,545
	-	-	-	-	-	-	-
	7,717,706	14,418,453	524,142	6,937,910	244,861	6,956,727	14,579,830
		-	-				-
	-	-		-	-	-	-
	-	24,674		-	185,440	-	185,440
	0	96,410		1,139	44,592	0	45,730
	7,717,706	14,297,369	524,142	6,936,772	14,829	6,956,727	14,348,660
	517,357	234,129		91,378,534	3,357,231	832,907	246,076
		100,689,095					104,359,374
		130.25%					130.54%



TABLE 25. ENCUMBRANCE (ENC)

(in million Rupiah)

31 December 2022	Encumbered Assets	Assets held or agreed with the central bank but not yet used to generate liquidity	Unencumbered Assets	Total
Cash and Cash Equivalent	-	-	2,648,745	2,648,745
Part of the placement with Bank Indonesia that can be withdrawn during stress	-	6,917,873	7,733,088	14,650,960
Securities issued by the Central Government and Bank Indonesia in rupiah and foreign currencies	-	5,978,200	19,156,401	25,134,601
Securities in the form of debt securities issued by non-financial corporations that meet the criteria of Article 11 paragraph (1) letter b POJK No 42 /POJK.03/2015 regarding LCR	-	-	192,158	192,158
Securities in the form of debt securities issued by corporations that meet the criteria of Article 12 paragraph (1) letter b POJK No 42 / POJK.03/2015 regarding LCR	-	-	-	-
<b>Qualitative Analysis</b>				
At the end of December 2022, the Bank did not have assets classified as encumbered assets, but had assets that were kept or agreed with the central bank but had not yet been used to generate liquidity, in the form of Rupiah and foreign currency statutory reserves of IDR 6.92 Tn and the Macroprudential Liquidity Buffer (PLM) of IDR 5.98 Tn.				
Overall, the Bank has assets that qualify as HQLA of IDR 42.63 Tn, which is dominated by Securities issued by the Central Government and Bank Indonesia.				

### Contingency Funding Plan

An event of liquidity stress is an emergency situation with the potential to have a substantial impact on the Bank's liquidity position. To anticipate a liquidity crisis, Danamon maintains a Contingency Funding Plan (CFP), which formally establishes strategies to face a liquidity crisis and procedures to compensate for cash-flow deficits during emergency situations. A CFP should comprehensively describe contingency management strategies, escalation procedures, and responsibilities for addressing liquidity stress.

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

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

#### 4. Operational Risk

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

Danamon's approach to operational risk management is to define the best mitigation strategy to get an optimum balance between operational risk exposure, the effectiveness of control mechanisms, and to create a risk appetite as a Danamon strategy by consistent implementation of an Operational Risk Management (ORM) framework.

Major components of the Operational Risk Management Framework that are being consistently applied are:

##### a. Three Lines of Defense

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

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

- Meanwhile, the Internal Auditor (SKAI) independently performs the role as third line of defense to identify any weaknesses found in operational risk management and assesses whether the implementation of operational risk management has been in line with regulations.

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

##### b. Operational Risk Management

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

The process involves:

1. Risk identification, which is used to identify and analyse inherent risks in new products, services, and processes, as well as to ensure adequate preventive control over all processes.
2. Risk assessment at the operating unit level is supported by the Risk/Loss Event Database (R/LED), Self-Raise, Risk Control Self-Assessment (RCSA), and Key Risk Indicators (KRI) to assess Danamon's risk profile quantitatively and to identify the effectiveness of operational risk management.

The measurement of operational risk uses the Basic Indicator Approach based on OJK Circular Letter No. 24/SEOJK.03/2016. Based on this circular letter, the capital cost of operational risk was 15% of the average gross income during the previous three years.

Danamon's individual and consolidated quantitative operational risk disclosures are illustrated in the following tables.



## OPERATIONAL RISK

TABLE 26. QUANTITATIVE EXPOSURE OF OPERATIONAL RISKS-BANK STAND ALONE

(in million Rupiah)

No	Indicator Approach	December 31, 2022			December 31, 2021		
		Average Gross Income in the Last 3 Years	Capital Charge	RWA	Average Gross Income in the Last 3 Years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	11,565,545	1,734,832	21,685,397	11,638,814	1,745,822	21,822,776

TABLE 27. QUANTITATIVE EXPOSURE OF OPERATIONAL RISKS-CONSOLIDATED

(in million Rupiah)

No	Indicator Approach	December 31, 2022			December 31, 2021		
		Average Gross Income in the Last 3 Years	Capital Charge	RWA	Average Gross Income in the Last 3 Years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	17,508,460	2,626,269	32,828,362	18,230,245	2,734,537	34,181,709

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

As part of Danamon's efforts to improve the monitoring of operational risk, the following are some of the efforts that have been implemented and will continue to be improved upon:

- Expansion of the coverage of recording, analysis, and risk event reports in a more detailed manner to ascertain the position of the Bank concerning existing problems relevant to operational risks.
- Development of an Operational Risk Management System (ORMS) application to improve the effectiveness of operational risk management.
- Effectiveness of ORM tools, such as Risk/Loss Event Database, Self-Raise, Risk Control Self-Assessment, and Key Risk Indicators used to identify operational risk and take preventive measures.

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

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

Insurance Management is done as a major operational risk mitigation effort and is conducted in a well-coordinated manner to ensure an optimum balance between operational risk exposures, effectiveness of control mechanisms, insurance coverage, premium expenses, and Danamon's risk appetite.

One controlling function is the implementation of Quality Assurance/Internal Control for each unit of Danamon, which refers to the general practices in the industry, application of quantitative measurements, Bank-wide control

effectiveness, and cross-validation with a control mechanism conducted by independent parties (SKAI/Internal Audit). The focus of QA for this year and coming years is to enhance QA methodology, develop an integrated, effective, measurable, and informative QA application system, which will be implemented across the QA Units in Danamon and subsidiary.

#### c. Supporting Infrastructure

The implementation of the comprehensive ORM process is supported by the ORMS (Operational Risk Management System), an internally designed real-time online tool.

The ORMS strengthens the capture, analysis, and reporting of operational risk data by enabling risk identification, assessment/measurement, monitoring, and controlling/mitigating, which is conducted in an integrated manner, thereby enhancing the effectiveness of operational risk management in Danamon.

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

#### d. Technology Risk Management

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

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

- Risk identification, which is used to identify and analyse inherent risks in the use of information technology to support any new products, services, and processes, as well as to ensure adequate preventive controls over all processes.

- Risk assessment at the information technology operating unit level, which is supported by the Risk/Loss Event Database (R/LED), Risk Control Self-Assessment (RCSA), and Key Risk Indicators (KRI), to assess the Bank's risk profile related to information technology.

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

#### e. Information Security Management

The developed Information Security Policy and *Kerangka Acuan Operasional* provide the minimum requirements for the implementation of Information Security in Danamon, which all employees (either permanent or contractual) must comply with, including third parties who work and gain access to Danamon's information.

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

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

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

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



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

**g. Business Continuity Management (BCM)**

BCM was developed to improve Danamon's resilience and establish preventive measures to respond to all incidents that may disrupt the continuity of Danamon and subsidiary's activities, regardless of the causes. This includes risks classified as low probability-high impact in order to safeguard the stakeholders' interests, reputation, brand, and valuable business activities, as well as to increase Danamon's resilience. Management and implementation of BCM in Danamon are not only focused on handling disturbances like natural disasters, but they also focus on and cover disorder that might threaten the strategic plans of Danamon's operations.

The Business Continuity Management policy is managed by the Operational Risk Management,

Fraud, and QA – Risk Management, and its implementation is managed by the Sustainability Finance Division.

**Anticipation of COVID-19 Pandemic**

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

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

**h. Fraud**

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

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



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

Danamon has implemented this strategy with various initiatives by involving employees and systems, including continuous improvement of the effectiveness of internal controls, active supervision by management, and the development of a culture of, and concern for, anti-fraud across all levels of Danamon's organization.

## 5. Legal Risk

Legal risk is risk due to lawsuits and/or weaknesses of juridical aspects. Legal risk arises, in among other ways, because of an absence of supporting statutory regulations, or because of weaknesses in contract execution caused by the failure to fulfil elements of contracts or imperfect execution of collateral documents, as well as the existence of a litigation process (lawsuit or police report) that results from the activities of Danamon and Subsidiary. In the Risk Management Framework that refers to applicable regulations, legal risk is one of the important aspects that essentially aims to anticipate risks occurring in the future.

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

### a. Danamon Legal Risk Management Organization

Legal risk in Danamon is managed by a team coordinated by the Legal Division and chaired by the Head of Legal Counsel. In the implementation of legal risk management, the legal risk management team under the Legal Division cooperates with the relevant working units, namely the Litigation Division, Hello Danamon, Industrial Relation Division, Consumer Collection Division, and Remedial Division in each line of business (for matters related to the execution of Land Mortgages and bankruptcy).

### b. Policies and Legal Risk Management Procedures

Danamon already has a Legal Term Framework and Standard Operation Procedure (SOP) of Legal Risk Management Implementation, which are

evaluated periodically based on the Bank's internal/ external development, as well as by changes in the applicable laws and comply with regulations of the Financial Services Authority (OJK) and its implementation regulations in accordance with risk management.

### c. Legal Risk Management and Control Mechanism

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

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

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

- Litigation factor,
- Weaknesses in legal binding factor,
- Absence/changes in laws and regulations factor.

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

- Implementation of legal risk monitoring by Danamon Senior Management (especially for high-risk legal cases).
- Development of Legal Term Framework and Standard Operation Procedure (SOP) for Legal Risk Management Implementation, which regulates the identification and mapping of legal risks, including the mitigation and matrix parameters for the inherent risk and quality of legal risk management implementation.
- The establishment of working units designated by management to monitor and manage the inherent legal risk in a product and in Danamon's





or its subsidiary' activities so that the possibility of existing legal risk does not act as a trigger for other risks.

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

## 6. Strategic Risk

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

### a. Strategic Risk Management Organization

The Strategic Risk Unit plays a role in managing strategic risk and is under active supervision of the Board of Commissioners and Board of Directors. Danamon's Strategic Risk working unit covers all lines of business and support functions which work closely with Financial Planning Division from the CFO Directorate to analyse and monitor strategic risk.

### b. Strategic Risk Management

The implementation of strategic risk management is done through active supervision of the Boards of Commissioners and Directors. The Board of Commissioners is responsible for directing and approving bank's business plan and strategic plan.

While the Board of Directors is responsible for:

- Preparing business plan and strategic plan.
- Ensuring that strategic objectives are already in line with mission, visions, culture, business directions and risk tolerance.
- Approving any amendment of strategic plan and review the suitability of strategic plan periodically.
- Ensuring that the condition, managerial competency, and system as well as controlling

mechanism are adequate to support the implementation of defined strategy.

- Monitoring the development of internal and external conditions which affect defined business strategy.
- Defining working units/functions which are responsible and authorized to formulate and monitor the implementation of strategy, including strategic and business plans.
- Ensuring that strategic risk management has been implemented effectively and consistently.

Danamon and its subsidiary manage strategic risk by monitoring the inherent strategic risk, as well as the quality of strategic risk management. The parameters used in assessing inherent strategic risk are as follows:

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

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

- Risk Governance, including risk preference, risk tolerance, and active supervision by the Board of Commissioners and Board of Directors.
- Risk management framework, including the adequacy of organizational structure, policy, and procedure.
- Risk management process, human resources, and management information systems, including the process of identification, measurement, management information system and risk control, as well as the number and quality of human resources to support risk management.
- Risk control systems, including the adequacy of internal control systems, and the adequacy of reviews by independent parties in Danamon and subsidiary.

### c. Inherent Strategic Risk

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

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

Global economy faced steep challenges in 2022. In February 2022, conflict between Russia and Ukraine occurred and worsened disruptions in global supply chain. This geopolitical dynamic resulted in higher commodity prices and global inflation. The Fed as the central bank has increased the Federal Funds Rate from March 2022 to December 2022.

The dynamics of the global economy also affect the national economy. Considering the development of the exchange rate and inflation, Bank Indonesia increased the benchmark interest rate since August 2022 as a pre-emptive measure by Bank Indonesia to bring inflation back within Bank Indonesia's target range. With the daily cases of COVID-19 getting under control, the domestic economic recovery continues, reflected in domestic economic indicators such as retail sales, motor vehicle sales, and positive growth in consumer's trust.

Credit growth in 2022 increased in line with the accelerated recovery of the national economy. Through synergy with MUFG, Bank and its subsidiary will continue to increase its market share in the Enterprise Banking segment, continue the growth of small and medium loans (SME), trade finance, auto financing, supply chain financing, and household goods financing while maintaining prudent principle in terms of lending and customer selection criteria.

Economic factors still affect the achievement of the Danamon and its subsidiary's strategic plan. Danamon and its subsidiary continue to monitor several indicators such as inflation rates, interest rates, fluctuation in the Rupiah exchange rate, market conditions business competition, and actively adapting several activities and strategies, such as cross-selling, establishing lending/financing segments, innovating in products and mechanisms serve customers and focus on maintaining good asset quality. The Bank and its subsidiary will continue to be selective and prudent in providing loan and maintaining asset quality.

In order to respond quickly to customers' needs, Bank implements Agile new Ways of Working (WoW) combined with simplification of processes and Agile mindset. Bank has ambition to accelerate the development and launch of Digital Banking products, services and features. This transformation is targeted to support digital acceleration as faster delivery to market, leveraging the right technology, and customer centricity.

Despite the rapid digitalization development in banking industry, Bank still considers the importance of having physical branch for customers, especially for the affluent segment. Bank has aspirations to transform branch offices by combining the physical experience of branches with digital, in order to improve branch capabilities in providing financial solutions to customers. However, Bank will also continue to maintain branch network's efficiency ratio of branch network, by consolidating branches if necessary.

Danamon and its subsidiary always strive to improve employee and leadership capabilities through various training and development programs designed to improve professional skills in their fields as well as managerial and leadership abilities. Danamon continues management trainee program as Danamon Bankers Trainee (DBT), develops Danamon Technology Trainee (DTT) program related to digitalization, and develops Danamon Banking Officer (DBO) program in order to fulfil strong and competitive sales force needs. Danamon and its subsidiary also optimize the use of HR management information system through continuous improvements and developments. This provides a reference for management to set employee management strategies and policies.



Related to pandemic situation, Bank and its subsidiary have carried out COVID-19 vaccinations, including booster for employees. The vaccination is expected to contribute in increasing employees health during pandemic situation, which will also impact in increasing Bank and its subsidiary's operation resilience. Considering the infection status that is under control, Bank has implemented Work from Office (WFO) employees since the end of March 2022 with the condition that employees are in good health condition and must comply with the health protocol.

To align with the company's strategy and the current pandemic, Bank and its subsidiary have and will continue to make various efforts to anticipate and overcome the impact of the COVID-19 pandemic. Danamon and its subsidiary will continue to monitor and control any anticipatory action against outbreaks to maintain the business continuity of Danamon and its subsidiary to operate smoothly and safely.

#### **d. Strategic Risk Management Implementation Quality**

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

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

### **7. Compliance Risk**

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

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

Bank implement Compliance Risk management in order to minimize the possible negative impacts of Bank behaviour that deviates from or violates generally accepted standards, provisions, and/or laws and regulations as early as possible.

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

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

#### **a. Compliance Risk Management Organization**

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

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

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

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

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

#### **b. Policies and Strategies of Compliance Risk Management**

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

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

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

#### **c. Compliance Risk Management Implementation Procedures**

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

This process is carried out to detect potential non-compliance with applicable laws and regulations, prudential principles, and sound business ethics standards. Compliance risk monitoring and control are conducted based on a compliance review of the Bank's policies and activities, as well as on the fulfilment of the Bank's commitments to the Financial Services Authority/Bank Indonesia/other authorized supervisory authorities, including the fulfilment of prudential principles of the Bank and subsidiary.

### **8. Reputation Risk**

Reputation risk is the risk due to decrease in stakeholder's level of confidence that comes from negative perception of the Bank, triggered by a variety of undesirable events, such as negative publicity on the Bank's operations, a violation of business ethics, customer complaints, governance weakness, corporate culture and other events that may impair the Bank's reputation.

#### **a. Reputation Risk Management Organization**

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

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



#### b. Policy and Mechanism of Reputation Risk Management

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

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

Danamon strives to implement high standards of reputation risk management through continuous improvement and updates of governance, policies, appropriate procedures, utilization of improved information systems, and continuous improvement of the quality of human resources.

#### c. Risk Management During Crisis

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

### 9. Investment Risk

Investment Risk (Equity Investment Risk) arises because the Bank also bears the loss of customer business financed under a profit-loss sharing basis agreement (for example *mudharabah*, *musyarakah*, *musyarakah mutanaqishah* or MMQ). This risk arises from the Bank's financing activities that use *mudharabah* and *musyarakah* contracts.

Financing based on a *mudharabah* contract takes the form of business cooperation between the Bank, which provides all the capital, and the customer, who acts as fund manager, by sharing in the profits of the business, based on the contract agreement, while the loss will be fully borne by the Bank unless the customer is proven to have committed wilful misconduct, is negligent, or has violated the agreement.

Financing based on a *musyarakah* contract takes the form of cooperation between the Bank and its customers for a certain business, in which each party invests a certain portion of funds, under the provision that the profits will be shared based on an agreement, while any loss will be borne by all parties, according to the respective funding proportions.

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

#### Organization and Policy of Investment Risk Management

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

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

#### Investment Risk Mitigation

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

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

### 10. Rate of Return Risk

Rate of Return Risk arises from changes in the level of return rates paid by the Bank to a customer, due to changes in returns received by the Bank and/or from the financing, which can affect the behaviour of funding a third-party customer of the Bank. Rate of Return Risk Management also applies to the Sharia Business Unit (UUS). The process of Return of Risk Management refers to the provisions of the OJK.

### Rate of Return Risk Mitigation

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

### Implementation of Integrated Risk Management

The MUFG Group Financial Conglomeration consists of Danamon as the main entity with subsidiary and sister companies as members. The following describes the structure of the MUFG Group:

Structure	Entity's Name	Relationship to Danamon
Main Entity	PT Bank Danamon Indonesia Tbk ("Danamon")	
Entity Member	PT Adira Dinamika Multi Finance Tbk ("ADMF")	Subsidiary (vertical relationship)
Entity Member	MUFG Bank, Ltd. Jakarta Branch ("MUFG Jakarta")	Sister Company (horizontal relationship)
Entity Member	PT Adira Quantum Multifinance ("AQM") <sup>1</sup>	Subsidiary (vertical relationship)

<sup>1</sup> In process of liquidation settlement

Danamon has the Integrated Risk Management Policy of the MUFG Group Financial Conglomeration, which is the main policy in the implementation of integrated risk management as regulated by OJK regulation. In 2022, a review of this policy was done.

### Integrated Risk Management Committee

For the Financial Conglomeration, Danamon, as the Main Entity, has established an Integrated Risk Management Committee. The Integrated Risk Management Committee consists of Danamon's Risk Management Director as the chairman, several appointed Danamon's directors, Directors who represent subsidiary and sister company and related Executive Officers as committee members. The main role of this committee is to evaluate and provide recommendations to Danamon's Board of Directors as the Main Entity related to the development, improvement, or enhancement of the Integrated Risk Management Policy based on the evaluation of implementation, evaluation of the effectiveness of the implementation of integrated risk management policies, frameworks and guidelines, and assessment of key risks in the entities and across entities within the Financial Conglomeration, including the formulation of strategies to deal with existing and emerging risk issues.

### Integrated Risk Management Working Unit

In the implementation of integrated risk management, adjustments have been done to the Risk Management Directorate by adding an integrated risk management function to ensure that the integrated risk identification,

measurement, monitoring, and control processes can be done and reported in accordance with the risk management framework and the regulatory regulations.

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

1. Reviewed an Integrated Risk Management Policy.
2. Prepared and submitted an Integrated Risk Profile Report.
3. Conduct coordination, communication, and socialisation with Subsidiary and Sister Companies in Financial Conglomeration periodically.
4. Throughout 2022, the Integrated Risk Management Committee held periodically meeting to discuss:
  - Integrated Risk Profile Report
  - Update and Approval of the Integrated Capital Management Policy for Financial Conglomeration
  - Update from Subsidiary
  - Update from Sister Companies
  - Update on Integrated Risk Management Policy
  - Intra-Group Risk Management Policy update
  - Update on Integrated Risk Profile Guidelines
  - Financial Conglomeration updates
  - IFRS 9 Implementation Update
  - Common Risk Assessment Standard sharing session
  - Update on Minimum Capital Adequacy and Integrated Capital Adequacy Report
  - MUFG LLL update



**Intra-group Transaction Risk**

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

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

**1) Organization and Policy of Intra-group Transaction Risk**

Intra-group Transaction Risk is managed by Danamon as the Main Entity and its Subsidiary and Sister Companies as the members of the Financial Conglomeration. The implementation of Intra-group Transaction Risk Management is conducted by considering the transaction activities between entities within the Financial Conglomeration.

The Bank as the Main Entity governs the implementation of intra-group transaction risk management in the Intra-group Transaction Policy that is periodically reviewed and prepared based on the prevailing regulation.

**2) Intra-group Transaction Risk Management**

Danamon, Subsidiary and Sister Companies implement Intra-Group Transaction Risk Management is carried out through the process of

identifying, measuring, monitoring and controlling risks as well as the Management Information System.

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

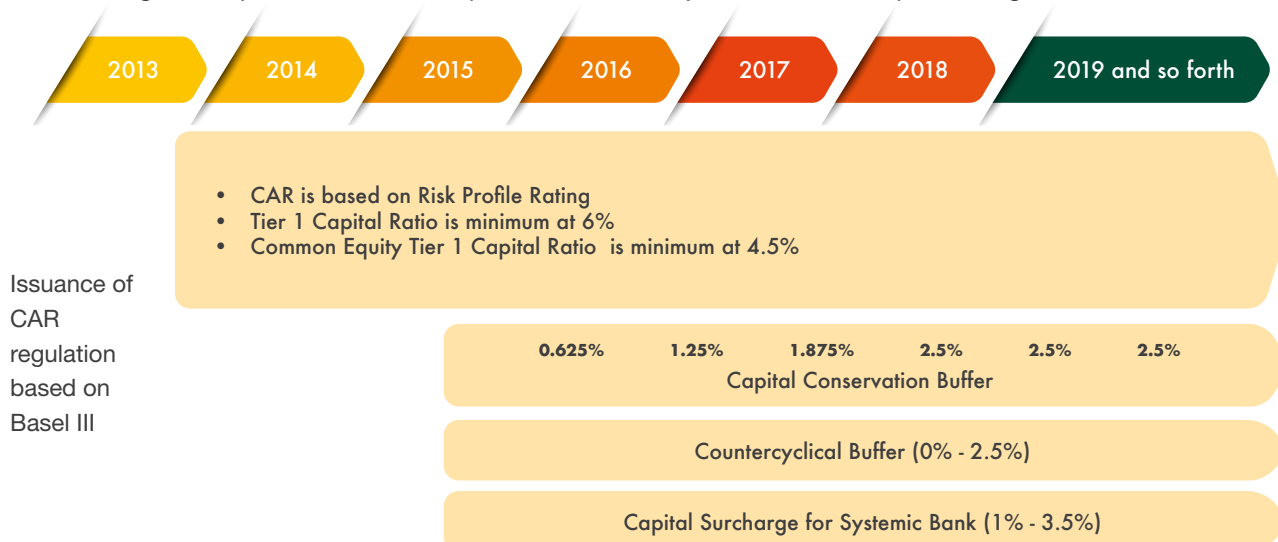
Danamon, its subsidiary, and sister companies incorporated in the Financial Conglomeration are committed to controlling the intra-group transactions that may cause risk to the Financial Conglomeration.

Periodically, Finance and Risk Management Unit monitors intra-group transaction to ensure comply with limits, such as LLL and the principle of fairness transactions. Control through policies and setting limits is adjusted by considering the Bank's risk appetite. The process of reporting intra-group transactions is supported by adequate Management Information System (MIS) for further submission to the Board of Directors and Board of Commissioners along with follow-up actions to be taken through risk profiles.

**Basel III Implementation**

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

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



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

- **Capital Conservation Buffer**, is additional capital that serves as a buffer in the event of a loss during crisis conditions, which is implemented in stages as follows:
  - i. 1 January 2016: 0.625% of RWA
  - ii. 1 January 2017: 1.25% of RWA
  - iii. 1 January 2018: 1.875% of RWA
  - iv. 1 January 2019: 2.5% of RWA

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

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

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

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

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

Based on an OJK letter to Danamon dated 9 November 2022, Danamon was designated as a Systemic Bank classified in group (bucket) 1; therefore, Danamon is required to establish a Capital Surcharge of 1% of RWA.

In terms of bank liquidity management, the implementation of a Liquidity Coverage Ratio is based on Financial Services Authority (POJK) Regulation No. 42/POJK.03/2015 on Liquidity Coverage Ratio-LCR for Commercial Banks issued in December 2015 and POJK No. 32/POJK.03/2016 on Transparency and Publication of Bank Reports issued in August 2016, where the implementation is in compliance with the Basel III liquidity framework.

In addition to LCR, Basel also introduced an additional ratio, the Net Stable Funding Ratio (NSFR), as a complement

to liquidity risk management, as well as a leverage ratio as a complement to capital ratios. The introduction of a leverage ratio is the backstop of the capital ratio, according to the risk profile, to prevent the occurrence of a deleveraging process that can damage the financial system and economy.

The implementation of the Net Stable Funding Ratio (NSFR) is based on Financial Services Authority (POJK) Regulation No. 50/POJK.03/2017 on Obligation of Net Stable Funding Ratio (NSFR) for Commercial Banks issued in July 2017. Implementation of the POJK was effective as of January 2018, with a minimum ratio of 100%. The aspects of the NSFR related to calculation, implementation period, reporting, publication, and others refer to the above POJK.

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

Danamon has prepared the implementation of Basel 3 Reform which will be effectively reported for the position of January 2023 as stipulated in OJK Circular Letter No. 24/SEOJK.03/2021 Concerning Calculation of Risk-Weighted Assets for Credit Risk Using a Standard Approach for Commercial Banks.

### Risk Appetite

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

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

The determination of the various parameters of Risk Appetite is based on various risks that are deemed material for Danamon, which cover capital, credit risk, liquidity risk, credit concentration risk, operational risk, and fraud.





In addition, Danamon also set various risk limits for each type of risk and certain functional activities that have risk exposure, which shall conform to the established Risk Appetite.

To ensure the effectiveness of Risk Appetite management, Danamon also has a Risk Appetite Statements Policy that outlines the duties and responsibilities of each party in managing Risk Appetite, and also governs the process of defining, reviewing, and monitoring, including the escalation of breaches of Risk Appetite.

### Recovery Plan and Resolution Plan

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

Regarding the Resolution Plan, the Indonesia Deposit Insurance Corporation (LPS) has issued LPS Regulation No. 1 of 2021 concerning Resolution Plans for Commercial banks, for systemic banks and non-systemic banks as appointed by LPS in Indonesia, they must prepare and submit a Resolution Plan to LPS.

### Recovery Plan

As one of the Systemic Banks in Indonesia, Danamon reviewed the Recovery Plan in 2022 that complies with the applicable regulations. An update of the Recovery Plan has been approved by the President Director and President Commissioner and has been submitted to the OJK.

The Bank's Recovery Plan covers the following:

#### 1) Overview of the Bank

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

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

#### 2) Recovery Option

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

In 2022, Danamon reviewed its Recovery Plan triggers and recovery options to be in line with changes in regulations and/or current conditions.

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

#### 3) Disclosure of Recovery Plan

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

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

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

### Resolution Plan

As one of the Systemic Banks in Indonesia, Danamon has submitted the Resolution Plan in 2022 that complies with directives in Circular Letter No. SE-3/KE/2021 regarding Preparation Guidelines and Format of Resolution Plans for Commercial Banks.

The Resolution Plan has been approved by the President Director and President Commissioner and has been submitted to the LPS.

The Resolution Plan is a document that contains information about the Bank and the Resolution strategies which will serve as one of the considerations for LPS in handling or resolving a bank that is designated as a failed bank.

### Sustainable Finance

Danamon recognises that the realisation of the sustainable development of the national economic system that prioritizes harmony between all economic, social, and environmental aspects, and to address global environmental issues, are the responsibility of all human beings. Therefore, Danamon aims to contribute to realizing it, among other ways by reducing negative environmental and social impacts that can be raised from our business and operational activities, actively working to find solutions to global environmental issues through its business activities, and complying with the prevailing laws and regulations.

In line with Financial Service Authority Regulation (POJK) No. 51/POJK.03/2017 about Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies issued in 2017, Danamon implemented Sustainable Finance starting on 1 January 2019.

Detailed information can be seen in the Sustainability Report.

### Risk Management Activity Plan in 2023

In 2023, Indonesian economy is projected to grow higher by 5.3% yoy, with domestic demand as the main engine of growth. On top of that, external demand will weaken due to global economic slowdown, yet commodity prices will remain aloft, thus net export value will likely to remain as a buffer for overall growth. A tighter monetary policy response that has begun in 2022, will reach its peak at the end of the 1st quarter of 2023. However, liquidity will shrink compared to this year, along with the absence of Bank Indonesia in government bond purchase through primary market, as well as improving credit growth.

Improving economic growth next year will depend on how COVID evolves and the development of global geopolitical dynamics. If new variant of COVID appears and threaten health condition, the authorities will then intensify mobility restrictions, and subsequently affect the economic growth. From the geopolitical perspectives, the ongoing Russia-Ukraine war as well as new bloc formation still pose risk to global economic growth.

The following are some challenges that will possibly exist in 2023:

- COVID-19 new mutation continues to emerge and raises uncertainty over mobility restrictions. Therefore, the development of COVID-19 variant remains a source of risk, even though the COVID-19 cases have flattened.
- The dynamic of geopolitics could potentially sustain high level of global inflation. In 2022, soaring global inflation was followed by aggressive global policy rate hikes. Thus, should geopolitical situation worsen, and inflation continues to increase, the period of monetary policy tightening could be prolonged.
- Loans at risk could rise should the pandemic persist or geopolitical situation worsen. Sluggish demand recovery caused by the pandemic could negatively affect aggregate income. The same case could happen if global economy slowdown further due to heightened geopolitical tension. Therefore, purchasing power and debt service coverage will weaken.
- The commodity price mix poses risks to economic performance next year. In 2022, the movement of commodity prices helped economic performance as exported commodity prices increased higher than imported commodities. If the new variant or the dynamic of geopolitics causes imported commodity prices to rise more than exported commodities, it will widen current account deficit and eventually affect rupiah's resilience.



Anticipating these external conditions, Danamon has conducted and will perform a range of initiatives in terms of risk management in 2023, including:

### 1) Risk Management in General

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

### 2) Credit Risk Management

- a. Review the credit policies periodically.
- b. Monitor the credit portfolios of all business lines and subsidiary regularly, comparing the actual performance against targets, and inform management if there is any indication of worsening portfolio performances.

- c. Update the policy regarding COVID-19 Stimulus as per prevailing regulations.
- d. Perform close monitoring of the performance of COVID-19 restructuring portfolios and build sufficient provisions accordingly.
- e. Monitor the Credit Risk Internal Rating Model and scorecard system for all Lines of Business on a regular basis.
- f. Use the Standardized Approach for Credit Risk Weighted Asset calculations.
- g. Perform rating model scorecard evaluation periodically.
- h. Perform quarterly back-testing for LLP adequacy for all lines of Business.
- i. Periodically monitor and review the PSAK 71/IFRS 9 calculations.
- j. Monitor the Internal Ratings for the Corporate, Commercial, FI and Finco rating systems.
- k. Prepare credit scoring alternatives to support credit in the consumer segment.

### 3) Operational Risk and Fraud Management

- a. The implementation of ORM cycles has been and will continue to be consistent, including the identification, measurement, monitoring and control of operational risks to Danamon and its subsidiary.
- b. The application of an anti fraud strategy is continuously improved and adapted to the latest developments and fraud trends, including the application of systems and technology as supports for detection pillars and pillars of reporting and sanctions, covering credit and non-credit cases.
- c. Develop a new fraud system for detecting fraud transaction (Predator System) and enlarge detection system implementation in account-opening fraud (Instinct System).
- d. Improve the fraud risk assesement method as part of the fraud risk control improvement.

- e. Risk identification conducted through the implementation of risk identification and risk assessment of existing products, processes and systems, as well as new systems, to determine the inherent risks and the mitigation actions required.
  - f. Capture risk/loss event data and its contributing factors, carried out in a centralized database, conduct RCSA activities periodically, report related risks, and monitor operational risks through the Key Risk Indicator (KRI).
  - g. Development of the Operational Risk Management System (ORMS) application for the effectiveness of ORM cycle implementation in all units of Danamon and its subsidiary.
  - h. Insurance (i.e.: BBB /Bankers Blanket Bonds, money insurance), as one of the most important forms of operational risk mitigation, has been coordinated by the insurance coordinator within ORM Fraud & QA Division.
  - i. ORM workshops and dissemination to the RTUs and training (Risk School and E-Learning) for new employees are continuously implemented to ensure continuity and operational risk awareness level uniformity and risk culture recognition in Danamon.
  - j. The development of systems and processes to perform cyber risk assessment by modelling the application so that the Bank can anticipate and close any potential vulnerability at an early stage of the application development cycle.
  - k. Develop and implement the procedures and guidelines to respond to the cyber security incidents.
  - l. Update the Business Continuity Management (BCM) policy according to the latest conditions.
  - m. Rectify the escalation and self-raise issue campaign to ensure Danamon employees proactively identify risks and conduct necessary corrective actions prior to any operational risk incident.
  - n. Conduct sharing sessions through webinars, the Risk Academy, and online training for all Bank employees to increase the awareness of Information Security and the risks related to the use of technology in general.
  - o. Continue the initiative related to information security risk assessment for vendors/ third parties which process the Bank's sensitive data that belongs under the confidential/ strictly confidential classification.
- 4) Market Risk and Liquidity Management.**
- a. Continue to exercise ICAAP-related Stress Testing, BUST, as well as other stress testing performs periodically or add-hoc. The exercise performs to ensure that Danamon has the capacity to survive in the event of a liquidity stress conditions.
  - b. Prepare for the implementation of revisions to the Minimum Capital Adequacy Requirement for Market Risk in compliance with OJK regulations.
  - c. Participate in the development of necessary infrastructure to support new Treasury products and activities, and the implementation of a new Treasury System.
  - d. Continue to enhance and develop the infrastructure of the ALM System to support the Bank's business growth and provide added value to management in decision making.
  - e. Maintain continuous enhancement and regular reviews and validation of market and liquidity risk measurement methodologies.



# HUMAN CAPITAL MANAGEMENT



**To realize Organization's High-Performance Culture and increase competitiveness, commitment from all layers of Organization.**



2022 was a transitional period marked by a significant decrease in the pandemic caseload. Gradually, employees were encouraged to work at office with compliance to health protocols being priority.

Attention to employee health and safety is maintained as the top priority. Working in the office is encouraged merely to those who are healthy and not showing any Covid-19 symptoms. By the end of 2022 in order to protect employment from disease-exposure risks, the daily employee health survey is still being carried out to identify employees who are classified as at high risk of carrying or being exposed to transmission. High-risk employees are asked not to work in the office, and if necessary have their health checked.

Main focus to their health is also accompanied by adjustments to work procedures to ensure the continuity of the company's operations. The company has built a mechanism that allows office tasks to be done from home if the employee concerned is identified as being at high risk. This mechanism includes the process of using critical applications or databases (which under normal conditions can only be accessed from the office) to be accessed by employees from home temporarily, according to their health conditions. In addition, health services in the form of medical teleconsultation with doctors and drug delivery to employees' homes are still running.

The subsiding pandemic enabled the employees to build more intensive office interactions. Having been deprived of in-person joint activities for more than two years, the Bank carried out various offline activities to improve employee engagement. Among the activities was *Danamon Rumah Kita* (DRK), organized in several big cities, involving all employees in the cities. Team building activities were organized together with outreach activities to contribute

to the surrounding community or help certain groups of communities as part of the Bank's Corporate Social Responsibility (CSR) program.

The Employee Engagement Survey (EES) conducted by the company in 2022 showed a consistent index value of 92, which indicated a fairly high level of employee satisfaction with the company.

## HC Management Vision and Mission

In alignment with and support of the company's business strategies, the HRD management has aspired for: Better Employment Experience, Developing Future Capabilities and Dynamic Organization to Increase Productivity, Evolving High-Performance Culture.

To enhance the implementation of High-Performance Culture, internalization of the Employee Value Proposition (EVP) continues to be pursued. There are four values comprising of:

1. Global Exposure. By becoming part of the MUFG Group as one of the largest banking business groups in the world, Danamon provides opportunities for its employees to gain overseas work experience through assignments in the MUFG Group of companies.
2. Rise to Excellence. Danamon encourages employees to continuously strive to excel in performance, thus contributing to Danamon's drive of becoming a high-performing organization.
3. Own Your Future. Danamon offers employees extensive opportunities through self-empowerment and career development to live their aspirations and dreams.
4. Wellness and Wellbeing. Danamon adopts a balanced approach that seeks balance between work performance and employee welfare.

Improvement of employees' competence is pursued consistently. In addition to holding various mandatory training or certification programs as required by regulators, the Bank has conducted employees' competence enhancement by assigning selected employees to the companies within the MUFG Group in Japan. Besides shaping up work competence, the assignments help streamline coordination between Danamon's officers and their MUFG counterparts in the framework to develop MUFG-standard work operation and management approaches.

### HC Management Policy

Human Capital development consistently strives to align human resource (HR) management policies with business progress, the Company's other internal policies, as well as the prevailing laws and regulations.

The Operational Human Capital Policies and Provisions have been under review with the latest version expected to be issued in the first quarter of 2023.

The review process entailed alignment with the Job Creation Law, the Collective Work Agreement (PKB) for the period of August 1, 2022 to July 31, 2024, and adjustment to the Company's new workflow and pattern.

In addition to the improvement in the operational policies and provisions, the Human Capital Team carried out risk assessment over business operation, provisions and procedures to support work process and improve control functions. As many as 39 risk studies were conducted as of October 31, 2022.

Human Capital policies were periodically disseminated and communicated to employees throughout the year.

During the first quarter of 2022, the company issued the latest version Code of Ethics and communicated it across the management board and employees through online learning methodology. The code of ethics learning ratio reached 99% in the first month of its implementation, and this high ratio would be retained in the following year's learning period.

The methodology on the dissemination and communication of the code of ethics continued to be improved to bring more awareness among employees. In 2022, the dissemination also used WhatsApp blasts, surveys, and quizzes sent to all employees. The previous dissemination methodology

of using email blasts was also maintained throughout the year.

### SIPASTI

*Sistem Penghargaan Sesuai Kontribusi* (SIPASTI) or contribution-based reward system remains the main theme in management policies to drive up employees' performance with emphasis on the perspective that employees need to nurture high performance culture. Review and evaluation have been carried out periodically to support target achievement. Improvement of work performance is pursued consistently through monitoring. Financial rewards should be seen as the reverberating effects or consequence of good performance, instead of being the ultimate goal.

Danamon pays more attention on internal mobility of talents to fulfil the need of internal workforce. It is facilitated through a policy that allows internally groomed talents who have held a position for 3 years or more to be transferred to another work unit that matches their expertise. This transfer is part of career development program. In principle, work rotation is initiated under the company's policies. However, an employee is allowed to express wishes to superiors about his/her interest in moving to another work unit, but not in a position to ask for approval.

### HC Management Performance

#### EMPLOYER BRANDING

In 2022, the Bank consistently promoted the Company's Employee Value Proposition (EVP), incorporated in the GROW. Carrying the message of growth, GROW stands for Global Exposure, Rise to Excellence, Own Your Future and Wellness & Wellbeing, the value propositions offered by the company to employees and targeted prospective employees.

This well-established EVP is the company's long-term commitment and guidance in Human Resources development policies and programs today and in the future.

To increase brand awareness among internal work community, the Bank has carried out internal activation programs that include playing jingles during training programs, meetings or workshops, as well as the utilization of internal communication means, such as EAZY Chat, Email, Website, Microsite, Song Player in the office building, virtual background, screen saver, gimmicks, employee testimonials and others. As for external





activation programs, the Bank encourages the emergence of corporate ambassadors/champions, and the use of social media such as Instagram, LinkedIn, YouTube, Twitter, Facebook, both organically and inorganically, to improve awareness among job seekers about the EVP values and the uniqueness of Danamon.

The aforementioned efforts in promoting the EVP values have helped lift up Danamon's reputation, as proven by Danamon's success in getting outside recognition in the form of employer branding awards. Year 2022 was marked with a significant increase in the number of followers, impressions, and engagement rate of Danamon social media accounts, especially LinkedIn, followed by an increase in the number of applicants for the Bank's development programs (Danamon Bankers Trainee and Danamon Banking Officer).

The EVP project also received a recognition in the form of the MUFG President Award in 2022 for its significant contribution to the organizational development.

This series of efforts in the employer branding promotion prove to be able to increase external awareness about the EVP values and uniqueness of Danamon, and as a result, the company has got best talents that suit the Bank's needs.

### Recruitment and Selection

Based on December 2022 data, the Bank recruited a total 1,694 employees. They included 29 in the Senior Management positions, 319 in the Middle Management, 972 in the First-Line Management, and 374 in the Clerical Administration. In the same period, the Bank recorded a turnover of 1,595 employees. The Bank also recruited 110 Danamon Bankers Trainees (DBT) in 4 batches and 464 trainees for Danamon Bankers Officers (DBO) in 14 batches.

The Bank relied on social media, job sites as well as artificial intelligence for the recruitment of prospective employees, either for first-line, middle-line or senior-line management level, especially through LinkedIn, and other sourcing strategies such as referral, campus-based hiring, virtual career fairs and others.

The Bank also built collaborations, career sponsorships, and webinars with various leading national universities, such as the University of Indonesia (UI), Bandung Institute of Technology (ITB), Gajah Mada University (UGM), and Bina Nusantara University as well as foreign universities

in Singapore, Australia and Japan as part of the employer branding promotion. A total of 110 graduates with strong academic performance were recruited in 4 batches in 2022 to be trained as the Danamon Bankers Trainees (DBT). The Bank also recruited 21 Danamon Technology Trainees (DTT) and 464, who were recruited in 14 batches from across Indonesia, for the Danamon Banking Officer (DBO) program. They would later be placed in work positions such as Customer Relationship Officer (CRO) and Business Relationship Officer (BRO) at the Bank's all branch network as well as Relationship Manager in the Small Medium Enterprise (SME) business segment.

The collaborations with those universities also allowed the students in their final semester to do internship in the Bank to help prepare them enter the job market.

The Bank adopts Know Your Employee (KYE), an assessment mechanism to maintain the quality of recruitment inputs. The Bank appointed an independent service provider to conduct reference checking, or examine the records on work expertise, education and other personal data of prospective employees for the Senior Management level. The bank improved policy and procedures with regards to high-risk candidates in the recruitment process to enhance the implementation of Know Your Employee mechanism.

Danamon also continued to develop the digital-based recruitment process to align with the organizational development and needs so that it was able not only to accommodate the prospective employees with specific characteristics, like those of millennials, who were believed to dominate the workforce market, but also improve the customers or candidates' experience (CX).

### Competence/Education Training and Development

Since 2020, Danamon has optimized the digital technology for all training modules stored in the Learning Management System (LMS), currently consisting of 230 materials or modules. Entering 2022, Danamon continued to innovate in the employee training and development programs. As many as 971 trainings were conducted during the year, both in technical and soft skills, such as leadership competence for 142,349 participants, and amounting to a total of 69,544 man-days.

Positions	2022	2021	2020	2019	2018	2017
Top Managers	1	-	10	2	3	3
Senior Managers	28	39	38	17	184	38
Managers	319	279	171	84	1,213	247
Officers	972	580	415	503	194	1,385
Staff	374	419	221	1,819	4,503	5,705
<b>Total</b>	<b>1,694</b>	<b>1,317</b>	<b>855</b>	<b>2,425</b>	<b>6,097</b>	<b>7,378</b>

Job Functions	2022	2021	2020	2019	2018	2017
Sales	370	285	280	852	1,716	3,389
-Sales	1,324	1,032	575	1,573	4,381	3,989
<b>Total</b>	<b>1,694</b>	<b>1,317</b>	<b>855</b>	<b>2,425</b>	<b>6,097</b>	<b>7,378</b>

All learning programs use digital technology to enable broad, effective, and efficient coverage and participation of employees with the training modules being quickly and easily accessible on personal devices through Eazy Learning and Eazy Chat or external platforms, such as Microsoft Teams.

Danamon provides e-Library for employees to access learning materials or acquire new knowledge as part of the e-learning culture development. Hundreds of book titles are currently available and accessible anytime and anywhere.

Keeping up with technological development, Danamon also developed a virtual reality learning method. This learning technology replaced the bank simulator, which had been previously used in learning activities.

In the management of banking risks, Danamon conducted a series of refreshment trainings for 749 employees and facilitated 355 employees to take up Risk Management Certification (SMR) tests.

As part of talent development program, especially in technical skills, Danamon organized several trainings in 2022 with focus on Leadership and Business Management Skills, Upskilling & Reskilling, Emerging Digital, Digital Leadership, Leading Transformation Change, Business Project Assignment and Business Simulation. With their competence being enhanced, employees were expected to become more prepared to take up the increasingly challenging roles and tasks.

The Directorate of Human Capital carried out the Danamon Bankers Trainee (DBT) program as part of development courses for best and talented undergraduate (S1)/master (S2) graduates as they were groomed and prepared for future Danamon leaders. By the end of 2022, the DBT program was organized in 15 batches, attended by a total of 365 young and talented employees.

In a bid to accelerate the capabilities of the Sales team as the frontline marketing force at branch outlets, Danamon also realized several development programs. The Danamon Banking Officer (DBO) program, which was a joint program by the Branch Network and SM & Mortgage divisions, was attended by 283 participants (7 batches) in the January-September 2022 period. The Danamon Technology Trainee (DTT), which served specially as an information and technology (IT) development forum, was attended by 21 participants (1 batch) in July 2022. Meanwhile, the Sales Leader Academy, which was a leadership development program for Branch Managers, served 209 participants (11 batches) in 2022.

To shape up sales team's competence, Credit Skill Upskilling program was organized for Business Relationship Officers, and Commercial Loans to Business program for Business Relationship Officers.

Danamon invested Rp101.122 billion in HRD development in 2022 in the form of digital learning, training and development programs, all being tailored to improve employees' competence as demanded in business competition.





Overall, the HRD training and development programs, as of September 2022, involved participation of 142,349 employees, involving 89 e-learning modules and 882 hybrid (combined online and classroom) modules, with the duration amounting to 69,544 man-days.

Based on the evaluation, Danamon achieved a training ratio of 4.07% in 2022, with participants totalling 8,822 employees out of 8,882 employees (99%).

#### DANAMON TRAINING PROGRAM STATISTICS

Job Functions	2022	2021	2020	2019	2018	2017
Number of Training Programs	971	778	508	982	1,232	1,411
Number of Training Participants	142,349	107,780	95,102	90,203	128,399	164,554
Total Man-days	69,544	56,929	34,133	49,641	80,049	139,637
Total Training Investment (Rp million)	101,122	85,626	83,900	147,617	182,701	235,517
Average Investment per Employee (Rp million)	0,71	0,79	0,88	1,63	1,42	1,43

#### Employee Engagement

In 2022, Danamon again organized a Sustainable Engagement Survey intended for all employees, with the results showing that Danamon managed to maintain the engagement rate at 92%, the same level with the previous year.

The engagement programs carried out in 2022 included:

- **Online Learning Festival: Miracle of Learning** This annual program aimed to generate learning enthusiasm as well as knowledge-building awareness among employees amidst latest learning trends.
- **Internal Facilitator Day**  
The event was held as a form of appreciation for all internal facilitators who had contributed to the knowledge and competence building programs for employees.
- **Kampus Merdeka**  
In an effort to support the government's Merdeka Belajar (Freedom to Learn) educational program, Danamon in 2022 held the Danamon Apprenticeship Program, in collaboration with the Education, Culture, Research and Technology Ministry, as part of the management's commitment to support the government's policies on the Kampus Merdeka (Independent Campus) program to improve the knowledge and work competence of university graduates. The Kampus Merdeka – Danamon Apprenticeship Program gave

the students an opportunity to serve a semester-long internship at Danamon under a structurally designed learning system.

- **BISA Awards**

As part of the internalization of Danamon core values, an internal competition program was organized involving all employees as a form of corporate appreciation for those who had shown their works in accordance with the corporate core values so that their performance had an impact, both financial and non-financial, for Danamon.

- **Danamon Rising Star**

Danamon Rising Star is a career-development program specially reserved for a select of high-achieving employees. In this program, the selected employees received coaching and mentoring sessions directly from Danamon's senior leaders.

#### Organizational Development

Danamon has consistently initiated transformation in the last five years across all business lines to accelerate more effective and efficient business operations. The transformation process has brought changes on the organizational structure, including layers of structures, scope of responsibility, work rotation/mutation, functional/division integration, process simplification and automation.

Evaluation and restructuring of the organizational framework are fundamental and critical to maintaining internal equity and competitiveness. Since 2019, Danamon's Human Capital has completed the work simplification and competence alignment projects. The competence alignment has been carried out by implementing the employees' competences (leadership and technical skills), with the level of skills in each competence based on job family and business needs that require new expertise in each function to support the implementation of business strategies.

### Performance Management

Danamon has introduced a performance management system on the EAZY platform since 2017. The platform's cascade features help employees and their superiors maintain transparency in the setting of work goals (objective setting) and makes fluid work coordination between superiors and their subordinates.

In addition, the available continuous performance management module, which can be accessed on personal communication devices, allows eased monitoring and filing of work achievements. With this new system, it is hoped that the process of achieving the objectives will become more focused and well-planned through established communication between employees and their superiors.

With this new system, it is expected that employees' work attitudes and behaviors become more achievement oriented. In the case of an employee facing difficulties to improve work performance, the system will readily detect it and the superior can immediately conduct a coaching to assist him/her in achieving common targets.

### Talent Management and Career Development

With talent management being integral to business sustainability, Danamon's Human Capital Directorate has developed a comprehensive and sustainable talent development program to ensure the availability and readiness of future leaders, especially in key positions within the company. The program starts with talent identification process using two criteria, namely work performance and potential. Then, talent review and calibration are carried out to manage and develop the company's most prospective talents based on work requirements and individual potentials. This program aims to increase the work engagement level, both in the Danamon level and in

each division level. This program envisages a succession planning to maintain business sustainability by preparing cadres with capability to become the company's future leaders.

Management trainee program Danamon Bankers Trainee (DBT) and Development Program (DP) have been organized to develop Danamon's internal talents into becoming future leaders with comprehensive and systematic banking knowledge through work rotations to acquire skills extensively and accelerate their careers.

To support the company's business strategies, Danamon's Human Capital Directorate has developed the employee career system, one way of which is organizing a training that sought to increase employees' competence in soft skills, technical skills and leadership. The employee competence enhancement program is carried out as effectively as possible to align with the company's goals and business strategies. In this case, Danamon is looking to reskill and upskill the employees so that they could build their capabilities required to support the company's long-term business strategies.

As a follow-up to boost its internal bench strength, Danamon has continued to cooperate with MUFG Japan in technical and business trainings through various discussions and webinars. Through this program, the employees are given the opportunity to hone business strategies at MUFG and Partner Banks and implemented their knowledge at Danamon in the hope they could contribute significantly to target achievement.

### Employee Remuneration

Danamon has formulated the remuneration policy based on the principle of meritocracy, in which the Company gives rewards based on competence and work performance. This policy is manifested in SIPASTI strategy, which has been consistently implemented since 2015 in the form of short and long-term incentive programs, either financially or non-financially.

The employee remuneration components are divided into fixed salary components based on position value, job family, position scarcity in the market, and market reference as well as variable components in the form of performance bonuses and incentives. Performance bonuses are disbursed based on the company's financial achievement



of the predetermined targets, industrial references, unit and individual performances. Meanwhile, incentives are catered to the positions that directly generate revenues, such as sales and collection, and are designed to boost motivation and develop effective selling or collection approaches. A fair and balanced compensation system is expected to bring about a productive work atmosphere, spur work performance and motivate Danamon employees to perform and contribute even better.

### Employee Welfare

In the field of employee welfare, in addition to providing the Healthcare and Social Security (BPJS Kesehatan) and Retirement Savings or Jaminan Hari Tua (JHT) welfare schemes, Danamon also provides family-based health insurance facility that offers flexibility in usage in line with the needs of employees and their families, pension funds, and Housing Mortgage Loans (KPR) for employees. Danamon also provides a vehicle-purchase allowance facility through the Car Ownership Cash Program (COCP). An employee who meets the COCP requirements deserves a vehicle cash allowance, which is disbursed together with their monthly salary.

In 2019, Danamon launched a voluntary pension program through the Financial Institution Pension Fund (DPLK) to assist employees in preparing a better and more planned retirement. Apart from the DPLK program, Danamon also extends another benefit of special rewards to retired employees. The special rewards are disbursed together with their retirement compensation funds in accordance with the prevailing regulations.

In addition to the above-mentioned programs, Danamon continued its collaboration with Adira Finance and Adira Insurance by launching a finance and insurance product, known as the Danamon Adira Employee Program (DAEP), which was specifically designed to benefit Danamon and Adira's employees. Through this program, employees can apply for loans to purchase vehicles, household appliances, and insurance products at interest rates or premiums lower than commercial interest rates and premiums.

### Pension Program

Danamon has implemented the employee retirement program in accordance with the prevailing regulations. Danamon has conducted Retirement Preparation training as a reward to employees who would soon enter retirement ages. The training sought to equip soon-to-retire employees with the knowledge on after-work activities to make them more well-prepared, mentally and financially, for their retirement.

### HC Management Information System

Human Capital has implemented a fundamental enhancement of its employee management system. The enhancement initially focused only on personnel administration operations such as requests for leaves, employee transfers, online training, organizational data, and other staffing functions. It was later expanded to become a media of education and communications. The front page of this system resembles a news portal. When employees log into the system, they will be directed to various articles intended for employee education or communicating certain information to the employees. In addition, the system also functions as a forum of collaboration, through which each work unit is expected to share various information such as policies, standard operating procedure (SOP), or learning materials. This collaboration function will support each unit's needs for specific learning and communications.

### Risk Management

The fast-paced business development and competition call for broader risk management to bring about improvement in the process of identifying risks that could be done more efficiently through the usage of appropriate technology and reliance on employees' experience.

The risk management that was properly adaptable to business development became the main focus in 2022, with focus on mitigating risks arising from the implementation of the Job Creation Law, Government Regulations, Financial Service Authority Regulations (POJK)/Financial

Service Authority Circulars (SEOJK), and Collective Work Agreement (PKB).

In 2022, the implementation of the High-Risk Candidate Procedure entered its second year. Based on a study, the implementation of the procedure ran effectively, with several improvements being needed to increase control functions and address the gap in future implementation.

Year 2022 also marked the second-year implementation of the SOX Compliance which went well according to the plan. Improvements were made on some control functions to reduce the gaps in future implementation.

Out of 20 main processes planned to become the focus of Quality Assurance (QA), 18 processes were either completed or on progress as of October 31, 2022, which resulted in 24 improvement plans.

In 2022, the Human Capital heatmap profiles were in a strong position for control activities and in a low position for inherent risks based on Risk Control Self-Assessment (RCSA) Top-Down approach.

As of October 31, 2022, 39 risk studies had been carried out, involving studies on the rules, procedure and process improvement, including system capability and parameter enhancements.

All planned improvements recommended by the findings of the internal inspection team, QA and risk events were monitored regularly until they were completely done.

### Industrial Relations

Industrial Relations policies are crucial to Danamon to ensure business sustainability, create conducive work climate, bring pride to employees, and send messages about company's positive reputation to external parties.

Harmonious industrial relations will pave way for improved work environment, productivity, competitiveness and

quality of work performances. Furthermore, well-established industrial relations also serve as an indicator of Danamon's Good Corporate Governance.

On various occasions, Danamon management has consistently tried to build constructive communications and consolidation to accommodate Labor Unions' aspirations. As an effort to promote openness, Danamon management held 23 meetings with 2 Labor Unions, both at the central and regional levels. The number of meetings did not include a 5-day meeting, from June 6 to 10, 2022 to negotiate the renewal of the Collective Labor Agreement. The 2 Danamon Labor Unions are legally registered at official manpower agencies. Danamon hopes the constructive communication with the 2 Labor Unions will help foster harmonious industrial relations in Danamon. After the renewal of the Collective Labor Agreement (PKB) between Danamon and the Labor Unions as representatives of the company's employees was approved, the PKB has since come into force, from August 1, 2022, to July 31, 2024.

Danamon Rumah Kita (DRK) is a program aimed at fostering harmonious industrial relations between the management and employees and among the employees. As the pandemic was subsiding in 2022, face-to-face activities were brought back in 12 cities at the regional level and 3 other cities.

In addition to the DRK program, Danamon also supported employee get-together interactions at all work locations through on-field recreational activities. For social activities, the Karyawan Peduli Danamon (KDP) program conducted a series of activities help 216 employees (up to October 31, 2022), including assistance to those who suffered misfortunes or family bereavement.

The KDP program also channeled logistical assistance to the employees and their families who became victims of natural disasters, such as floods, landslides, and tornadoes in several locations around Danamon's work areas. The total assistance packages distributed through



the KDP program, as of December 31, 2022, were worth Rp643 million.

Danamon also facilitates the employees' interests in pastime activities through the D'Club. Sport activities are held regularly (either weekly or monthly) such as yoga, bowling, basketball, futsal, badminton and other sports. The sports activities are held across 97 venues throughout Indonesia. Employees have also participated in activities organized by OJK and other institutions (either government's or private). With the pandemic situation getting improved marked with health protocol relaxations from the government, D'Club activities, beginning in June 2022, were carried out offline. However, seminars on health activities remained to be held online. D'Club also initiated competitions to support Human Capital programs. A total of 2,145 employees joined D'Club activities.

### Human Capital 2023 Strategy and Work Plans

In 2023, Danamon Human Capital will focus on the following programs:

1. Talent management.  
Drawing up various employee development programs by continuing collaborations with other entities within the MUFG Group. This will be realized by sending Danamon's talents to other entities within the MUFG Group. In addition, career development will receive more attention with the philosophy that all talent needs, especially for middle and senior management needs, should be sourced from internal talents.
2. Work performance and environment management  
The performance management system will be gradually replaced by the Objective Key Result (OKR) system.
3. Personnel data analysis.  
Human Capital will develop a system capability to analyze various personnel data in the hope that management decision-making regarding personnel will be carried out based on an in-depth analysis of the relevant personnel data.

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# INFORMATION TECHNOLOGY



Information Technology (IT) desired target is to drive innovation for the future of Banking in Danamon and deliver the best customer value via agile working culture for Rapid Solutions Development.





In 2022, Danamon's Information Technology (IT) continued several initiatives starting from the previous year and committed to continuing the development of digitizing banking service strategy combined with technology innovations to support Danamon's business growth and meet customer needs.

## 2022 INFORMATION TECHNOLOGY ACCOMPLISHMENTS

### TECHNOLOGY INITIATIVES FOR BUSINESS

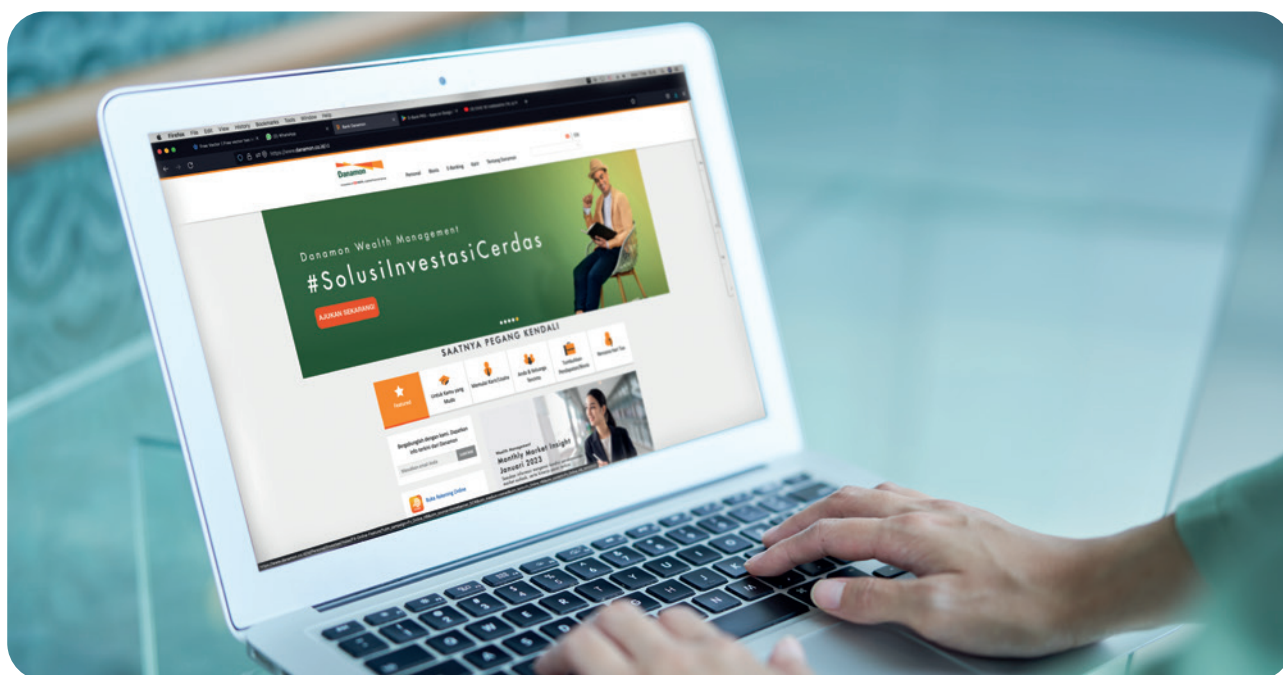
In 2022, D-Bank PRO services continued to be enhanced for customer's convenience, such as the implementation of features for credit card products, personal loan businesses, foreign exchange transactions, and top up of e-money. D-Bank PRO has been developed based on customers' aspirations, including updating personal data and providing more biller options for payment.

In support of the blueprint for the Indonesian Payment System and the ongoing implementation of BI-FAST which

began last year, Danamon has also enabled BI-FAST on Danamon Cash Connect, enabling customers to make seamless, real-time transactions.

In order to always comply with international and compliance standards, Danamon continuously carried out the enhancement of AML-CFT (Anti Money Laundering and Counter-Terrorism Financing) risk monitoring and regulatory compliance. Beyond that, to increase transaction's security, Danamon has also implemented a Fraud Monitoring System for real-time transactions to enable early detection of potential frauds.

Danamon's Branch of The Future is the customer's destination specifically for personification of banking service and financial advice on important investment decisions. Branch is not just a place for routine transactions. Danamon has transformed two pilot locations to provide a new branch atmosphere and digital experience for customers, also improved the Bank's capabilities in providing sound financial solutions. We will continue the journey of branch transformation in 2023.







## TECHNOLOGY REFORMATION INITIATIVES

After successfully implementing cloud-based unified communication in 2021, IT continued the journey to expand cloud-based capabilities by building virtual desktop as virtual developer workstations. This has enabled Danamon to expand our capabilities to create, change, and optimize software development processes by allowing developers to start coding, building, testing, and collaborating immediately in a secured environment and to deliver business projects faster.

Internally, to strengthen the Bank's infrastructure, Danamon continued to revitalize obsolete hardware and software, as well as putting in place capability to eliminate exploitation risks related to vulnerabilities in server, endpoint devices, network and application security.

IT is driving the implementation of automation to improve technology service delivery, productivity, and DevOps adoption. Automated solutions have helped speed up the vulnerability assessment and compliance check processes.

IT also deployed the automation of code promotion, integration, and testing using CI/CD (continuous integration/continuous deployment) method at the application level to increase technology solution's delivery speed for the customers.

Danamon believes data plays a significant role as a great resource to drive smart business decisions, therefore we apply big data technology to provide capability of intelligent data analytics for business units to get their business done.

To constantly strive to push the boundaries of what is possible and to challenge ourselves to go beyond what is expected, together with Business, IT champions an agile working culture to promotes collaboration, cooperation with minimized bureaucracy, sharing of idea and expertise, encourage innovation and growth to push the ownership of business outcomes.

## 2023 STRATEGY

### CONTINUE TO ENHANCE DIGITAL CAPABILITIES

In 2023, Danamon will continue our journey to enhance key capabilities through system modernization, infrastructure resiliency, secured IT operation, and governed collaboration.

Cyber Security will be one of the focuses of the Bank to increase capabilities for proactive cyber risk management, monitoring of threats, and addressing vulnerabilities effectively. Along with this, the Danamon also aims to comply with Bank Indonesia Regulation (PBI No. 23/6/PBI/2021 concerning Payment Service Providers), which requires bank institutions to have a security certification with a target of obtaining ISO 27001 certification in the upcoming year.

In the coming year, IT will continue to increase the availability of data with sufficient quality for analytical purposes and enable business to cross-sell and deliver specific products and services to customers. Of course, this needs to be supported by infrastructure capabilities that are flexible, reliable, automated and scalable.

As our journey progresses, Danamon will expand its digital capabilities to increase customer convenience by adding more features to our digital channels, D-Bank PRO and Danamon Cash Connect, as well as aligning with the Bank's commitment to provide unique value propositions for customer's experience to interact with the Bank through self-service devices.

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# OPERATIONS



Danamon's Operations continue to transform in line with the Bank's strategic initiatives, with the main aspiration to optimize operational processes and resources to provide a better customer experience and increase the productivity of the Operations team. Continuous process improvement, people development, and robust internal control will continue to be pursued to optimize the Bank's performance. ”

## PERFORMANCE IN 2022

Throughout 2022, Danamon's Operations managed to improve the infrastructure and internal processes for a better customer experience while maintaining a strong compliance culture. Continuous improvement of the Operations team's competence and skills was also carried out in line with the corporate values of BISA -- *Berkolaborasi* (Collaboration), *Integritas* (Integrity), *Sigap Melayani* (Customer Centric), and *Adaptif* (Adaptive).

Our continuous improvement initiatives in 2022 included:

1. Various initiatives to enhance our payment processes including the development of additional BI FAST features.
2. Continuously enhancing credit operational areas, including automation of credit disbursement and repayment process, system enhancement related to credit restructuring, and credit processing for small and medium enterprise (SME) customers.
3. Bank Trade system enhancement to strengthen the process and control in trade transactions.
4. Implementation of cash online system to automate the monitoring of cash positions across branches nationwide.
5. Enhancements in the card embossing machine to ensure compliance with the latest industry requirements.

6. Keeping pace with various regulatory reporting, such as the Financial Information Service System (SLIK) and Antasena reporting to streamline the report generation process.

One of the Operations programs is to develop our talents through various programs to ensure strong pipeline of talents. The following were programs carried out throughout 2022:

1. Building learning culture among the Operations team through multiple e-Learning and up-skilling programs to improve the knowledge of operational processes for all operational staff.
2. Specialized learning programs and certifications, such as certification for trade and collateral appraisers.
3. Develop stronger succession plan to produce better well-rounded successors through job rotation and assigning young talents, including Danamon Bankers Trainees (DBT) to the team.
4. Support the implementation of the New Employee Value Proposition (Let's GROW!) in daily activities of the Operations team.
5. Organized training and certification on the National Work Competency Standard (SKKNI) of Payment System and Rupiah Currency Management (SPPUR) for users, supervisors and executive officers.

## AWARDS AND RECOGNITION IN 2022

Danamon continuously strives to excel in transactions and services. As proof of its high service commitment to customers, the Bank received various awards in 2022:

1. The 2022 USD Clearing Elite Quality Recognition Award for Outstanding Achievement of Best-in-Class MT202 with STP Rate of 100% from J.P. Morgan Chase Bank.
2. The 2022 USD Clearing Elite Quality Recognition Award for Outstanding Achievement of Best-in-Class MT103 with STP Rate of 99.32% from J.P. Morgan Chase Bank.
3. Award for USD Clearing Payment with STP Rate of more than 99.4% from Citibank.
4. Recognition for Outstanding Payment Formatting Performance in achieving the STP rate for MT103 Payments from Bank of New York Mellon.
5. The 2021 STP Awards for USD Clearing Payment from Standard Chartered.

## 2023 PLANS

Danamon's Operations continues the transformation journey which focuses on (1) system improvement and process optimization through automation or business process simplification, (2) human resources development, and (3) maintaining strong internal control.

The following are some of the initiatives to be carried out in 2023:

1. Continues system enhancements to ensure compliance with the latest regulations related to payments, which include BI FAST additional features, Web Services for the debit SKN, and MPN G3 related to tax payments.
2. Enhance the credit operational processes, including the credit documents data input, storage and monitoring process.
3. Implementation of the e-Stamp Duty system as required for selected transactions, such as treasury and credit cards.
4. Continuing the enhancement of regulatory reporting processes to ensure compliance with the latest regulatory reporting requirements and faster report preparation process.
5. Continuing the process improvement in Trade Finance (LCs) Issuance and Payment, by implementing robotics.
6. Continuing the implementation of the employee rotation and up-skill development program.
7. Continues the benchmarking program with other banks, to identify opportunities and improve our processes further.
8. Initiate the system access automation project to enable better and faster access monitoring process.
9. Implementation of stronger parameters in Predator/Instinct System to allow early detection of potential frauds.