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MACROECONOMIC OVERVIEW



Economic Growth Remains
Stable amid Global Volatility

5.0%

“Against a backdrop of global turmoil, Indonesia’s economy sustained its growth momentum throughout 2023, with GDP expanding by 5.0% YoY, primarily backed by solid domestic demand. Macroeconomic fundamentals remained robust, with manageable inflation at 2.6% YoY, trade surplus of USD36.9 bn, and narrower fiscal deficit of 1.7% GDP.”

The global economy faced another challenging year in 2023, marked by persistent inflationary concerns and geopolitical tensions that exerted pressure on global trade and growth prospects. These factors, along with the ongoing Russia-Ukraine war and the emergence of conflict in the Middle East, contributed to concerns about supply chains, commodities, and energy prices. According to the International Monetary Fund estimates, global growth moderated from 3.5% in 2022 to approximately 3.1% in 2023, further impacting the post COVID-19 recovery.

In response to unexpectedly persistent inflation, major central banks tightened monetary policy with the aim of curbing inflation. The United States Federal Reserve, for instance, increased the benchmark Federal Funds Rate for the eleventh time since the beginning of 2022. Starting from as low as 0.25%, the Fed funds rate reached 5.25%–5.50% by July 2023. Concurrently, the European Central Bank raised its key interest rate for the tenth consecutive time, reaching a record high of 4%. This level is the highest since the inception of the euro in 1999 and was implemented to address elevated food, commodity, and energy costs.

In response to the global monetary policy tightening cycle, Bank Indonesia decided to increase the BI Rate by 250 basis points (bps) since 2022, reaching 6.00%

a total rate hike of 50 bps throughout the year. This strategic decision effectively contributed to the defense of the Rupiah, which closed 2023 at Rp15,397/USD, appreciating by 1.1% against the USD compared to Rp15,568/USD at the end of 2022.

From the internal balance standpoint, headline inflation remained manageably low at 2.6% YoY in 2023. The close coordination among authorities, especially between BI and the Government, has successfully restored inflation to the target range of 2%-4% in 2023, despite challenges such as El-Nino, higher global oil prices, and soaring global freight costs. Not only has inflation been managed well, but fiscal discipline has also been maintained, with the deficit narrowing to 1.7% of GDP in 2023, down from 2.4% of GDP in the previous year.

In line with the real sector, the financial sector also showcased solid performance in 2023. The banking system demonstrated resilience, boasting ample liquidity and sufficient capital to mitigate inherent risks. As of the close of 2023, the liquidity instruments to deposit ratio stood at 28.7%, complemented by a robust capital adequacy ratio of 27.7%. On the asset side, bank lending growth in Indonesia experienced a slowdown attributed to BI’s tightening cycle, yet it maintained strength throughout the entire fiscal year. Notably, by year-end, the banking industry recorded impressive growth in loan bookings, surpassing 10% YoY in 2023.

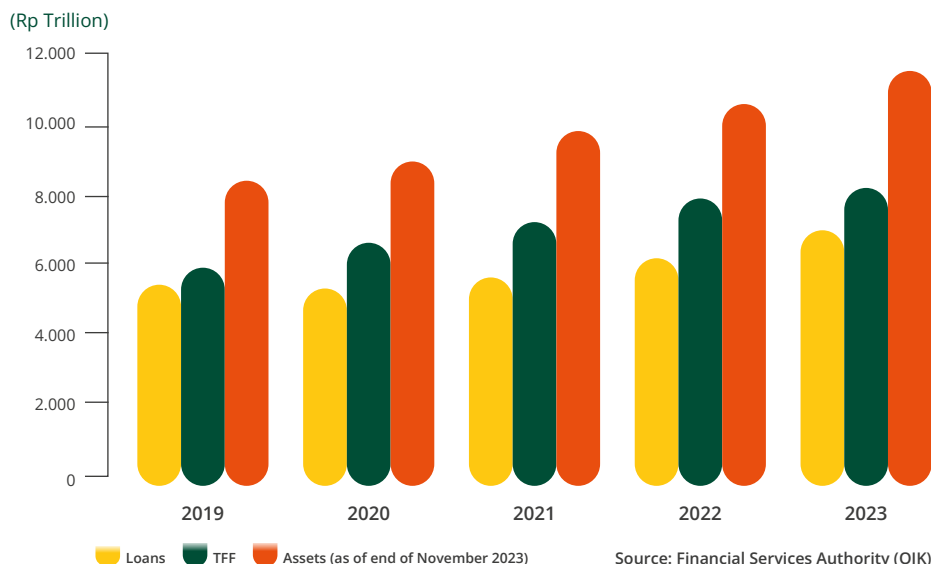
BANKING INDUSTRY OVERVIEW

Indonesia's banking industry maintained its upward trend in 2023 as conditions continued to normalize and businesses recovered further. Indonesia's gross domestic product grew by 5.0% year-on-year (YoY) during the year, slightly lower than in 2022 when growth was boosted by a post-pandemic bounce. The banking industry's intermediary function also improved.

Banks' outstanding loans booked a double-digit growth of 10.4% YoY in 2023, on the back of steady economic growth. Third Party Funds (TPF) collected by banks also grew by 3.9% YoY as per latest data released in 2023, followed by liquid instruments to deposit ratio of 29%. This reflects ample liquidity in the banking system. From the capital standpoint, Capital Adequacy Ratio (CAR) remained robust at 28% at the end of 2023.

Reflecting the continued recovery of business activities in Indonesia, as well as robust household consumption, loan growth took place across all sectors. Working capital loans disbursed by banks grew by 10.7% YoY in 2023 to Rp3,199 trillion, while Investment loans also increased by 11.1 YoY% to Rp1,848 trillion. From the consumption standpoint, consumption loan rose by 9.0% YoY to Rp1,999 trillion. On the micro, small, and medium enterprise (MSME) segment, loans grew by 7.2% in 2023. Having all these figures, appetite for credit remained solid in 2023, with a broad-based double digit growth in almost all segments.

Banking sector profitability, asset quality, and resiliency performed further improvement in 2023. Banks' Net Interest Margin (NIM) reached 4.8% in 2023 compared to 4.7% in 2022. Banks' Return on Assets (RoA) also increased to 2.7% in 2023 from 2.4% in 2022. The gross Non-Performing Loan (NPL) ratio moreover improved, decreasing to 2.2% in 2023 compared to 2.4% in 2022.





DANAMON'S POSITION IN THE INDONESIAN BANKING INDUSTRY

Throughout 2023, Danamon continued to strengthen its strategic differentiation as a hybrid bank, supported by the MUFG ecosystem. This strategy successfully delivered solid results for the year, with Danamon reaching new records in both loans and funding.

Total consolidated loans grew by 19% YoY to reach Rp172.9 trillion, higher than industry and target, with broad-based growth across all segments. The Enterprise Banking and Financial Institution (EBFI) include Trade Finance and Marketable Securities segment, supported by MUFG collaboration grew by 15% YoY reaching Rp78.8 trillion, while the Consumer Banking segment grew by 41% YoY to Rp17.7 trillion. The SME segment also recorded growth of 9% which amounted to Rp22.6 trillion. Furthermore, Adira Finance's new financings grew by 31% YoY, with total loan balance growing 25% YoY to reach Rp55.7 trillion. The increase in growth was accompanied by prudent risk management for healthy asset quality, with NPL improving from 2.6% at the end of 2022 to 2.2% as creditors' businesses continued to recover post-pandemic.

In terms of funding, the Bank's total funding grew solidly by 14% YoY reaching Rp156.5 trillion. Whereas granular funding grew by 10% YoY, resulting in a current account savings account (CASA) ratio of 52.3%.

At year end, the Bank's Consolidated Net Profit After Tax (NPAT) amounted to Rp3.5 trillion, an increase of 6% compared to the same period the previous year and better than target. This was supported by improved Net Interest Margin (NIM), which was achieved despite the high interest rate environment. The Bank ended the year with a strong Capital Adequacy Ratio (CAR) of 27.5%, well above the regulatory minimum. These achievements put Danamon in a good position for future growth, as the Bank continues to deepen synergies within the MUFG ecosystem for value to customers.

STRATEGIC REVIEW

2023 STRATEGIC FOCUS

Danamon continued to improve the quality of its business strategy execution throughout the year 2023, as evidenced by the strong growth in funding, lending, and profitability, as well as better asset quality. Danamon kept its focus on advancing its four business engines while strengthening its collaboration and synergy with MUFG and Adira Finance. Under this institutional approach, Danamon works to optimize business and reach out to more customers while providing prudent loans with robust credit underwriting and streamlined processes. Danamon has also enhanced both its digital capability and partnership to stay closer and more connected to its customers. In collaboration with MUFG and MUFG Investment Partners (MUIP), Danamon has recently launched a new financing facility called the Garuda Fund to support the growth of Indonesian start-ups while broadening Danamon's collaboration ecosystem.

As the annual report theme "Tumbuh Bersama" implies, Danamon together with MUFG and Adira continued to develop unique synergies to identify customers' needs and tailor better propositions to accommodate their financial aspirations. Danamon is committed to delivering comprehensive services to its customers across all business segments at every stage of their life cycle, while at the same time creating positive impacts on the communities and our shareholders.

The Enterprise Banking and Financial Institution (EBFI) segment maintained its priority in engaging and acquiring new customers with a prudent track record, as well as raising granular funding through cash management and value chain solutions. The collaboration with MUFG is enhanced, aiming to continue delivering added value to corporate customers, such as global networking through the Business Matching Fair that was held twice in 2023.

The Small Medium Enterprise (SME) segment has improved its productivity through a faster credit scoring process and stronger collaboration efforts across all lines of business. SME expanded its customers by serving distributors and sub distributors via FSC approach. SME also synergized with Adira Finance to provide better financial solutions for the subsidiary's dealers, which will channel back its customer financing to Adira Finance.

Consumer Banking maintained its value proposition for its privilege, optimal, and mass segments with focus on delivering a comprehensive range of financial solutions and supported them with enhanced digital banking capabilities as well as branch and cash points networks. To reach out to the young and productive generations, Danamon became the main sponsor for Bridestory Market, the biggest wedding exhibition in Indonesia. Consumer Banking also launched the Danamon Hadiah Beruntun program across Indonesia to continue growing its granular funding base.

In April 2023, Danamon announced the acquisition of Standard Chartered Bank Indonesia's Consumer Loan Portfolio, with good track record. The acquisition aimed to strengthen Danamon's consumer finance business and improve economies of scale for the banks investment in digital, branch networks, and other capabilities. The smooth and seamless portfolio migration process was successfully completed in December 2023.

Danamon continued its Next Generation Branch program and has transformed 53 branches across Indonesia, implementing integrated conventional and digital services. In Digital Banking, Danamon has continued to implement Agile ways of working and has launched various new features in its mobile banking apps, D-Bank PRO. Danamon progresses in expanding its business by leveraging the ecosystem approach that has been implemented in the automotive and real estate industries.

Danamon's subsidiary, Adira Finance maintained double-digit growth in new financing through various programs and collaboration initiatives with Danamon and MUFG. Adira Finance has also developed its non-automotive financing business, such as multi-purpose loans and financing of heavy equipment, fleet, and durable goods. Danamon, Adira and MUFG further supported the national automotive industry by becoming the Official Bank and Multifinance Partner at the Indonesia International Motor Show (IIMS) in Jakarta and Surabaya in 2023.

Human resource development remains an important aspect of Danamon's growth. In 2023, Danamon enhanced its internal mobility programs and training in collaboration with MUFG entities and partners.



Danamon created various opportunities to external talents through the Danamon Apprentice Program for university students and the Danamon Bankers Trainee program for recent graduates. Danamon has also consistently invested in the enhancement of the infrastructure of its Information Technology (IT) and Digital capabilities to support the bank's productivity and customer services.

Investment in branding was a strategic priority. In addition to the Indonesia International Motor Show (IIMS) and Bridestory, together with MUFG and Adira Finance, Danamon has been involved in other various prime events, such as holding the Business Matching and Investment Fair and DXPO as part of the Danamon Anniversary celebration – a festival that combines travel, automotive, real estate, F&B, and lifestyle.

STRATEGIES FOR 2024

To seize the opportunities and overcome the challenges in 2024, Danamon has prepared the following key strategies:

- Strengthen and expand the collaboration with MUFG, Adira Finance, and businesses within MUFG

networks, as well as focus on building superiority in targeted ecosystems and through innovations that could answer customers' needs.

- Continue to adapt to the changes in customer behaviour and strengthen relationships with customers through digitizing systems and processes, optimizing data analytics, and process improvements to develop better product propositions and services to create a seamless customer experience.
- Continue to expand the Next Generation Branch Network transformation across Indonesia to increase productivity and the customer experience.
- Build robust marketing and branding to support Danamon's growth strategy. Through its 67 years of operation, the Danamon brand has been recognized as a unique hybrid bank with strong local franchise and experience combined with the global expertise and capabilities of MUFG.
- Continue developing Human Capital by improving employees' capabilities and knowledge through learning and employee exchanges within MUFG and its subsidiaries.

BUSINESS PROSPECT

2023 MACROECONOMICS

In 2023, Indonesia adeptly sustained its economic growth momentum, demonstrating resilience in the face of a global economic slowdown. The nation's economy expanded by an impressive 5.0% YoY, underpinned by strong domestic demand. The consistency in both household consumption and investments played a crucial role in mitigating the adverse impact of the global economic deceleration on Indonesia's export performance. This positive outcome was further bolstered by the synergistic implementation of accommodative fiscal and monetary policies, which collectively contributed to the overall stability of Indonesia's economy throughout the entirety of 2023.

Bank Indonesia demonstrated effective control over inflation, bringing it back within the target range of 2%-4% following the global oil price fluctuations in 2022. In 2023, inflation remained steady at 2.6% YoY, accompanied by an exchange rate of 15,255 Rupiah per US Dollar. On the fiscal front, the Government successfully managed to keep the fiscal deficit low, standing at 1.7% of Gross Domestic Product (GDP). This marked a decrease from the previous year's level

of 2.4% of GDP. The harmonious interplay of fiscal and monetary policies played a pivotal role in upholding stability in the financial sector. The adequacy of liquidity conditions was evident through the liquid asset to Third Party Funds ratio, which stood at 29%, complemented by a robust banking Capital Adequacy Ratio at 28%.

The year 2023 presented formidable challenges for both the global and domestic economies. The intensification of geopolitical tensions and the prevailing uncertainty regarding the trajectory of the US central bank's monetary policy emerged as significant hurdles throughout the year, with projections indicating their persistence into 2024. However, Indonesia's robust macroeconomic fundamentals are poised to effectively navigate and address these challenges. Notably, amidst the global economic uncertainties, Indonesia achieved commendable milestones such as maintaining low inflation levels. Furthermore, the country recorded a substantial trade surplus of 37 billion US Dollars in 2023, a feat attributed to the sustained high prices of Indonesian export commodities compared to pre-pandemic levels.

In 2024, Indonesia is poised to conduct General Elections (PEMILU), anticipating an uptick in economic activity fueled by increased public and private sector spending associated with the electoral process. Forecasts suggest that the prevailing domestic political stability will serve as a magnet, attracting not only direct foreign investment but also portfolio investment into the country. Against this backdrop, the Indonesian government, under the guidance of the Ministry of Finance, envisions a scenario of stable economic growth in 2024. The anticipated trajectory is supported by the following key economic indicators:

Indicator	2023	2024*
Economic Growth (%YoY)*	5.1	5.2
Inflation (%YoY)	2.6	2.8
Exchange Rate (Rp/US\$)	15,397	15,000
10 Year SUN Interest Rate (%)	6.7	6.7
Indonesian Crude Oil Price (US\$/barrel)	78	82
Crude Oil Lifting (thousand barrels per day)	608	635
Lifting Gas (thousand barrels of oil equivalent per day)	964	1,033

Source: Ministry of Finance, Danamon, *2023 State Budget Assumptions from Ministry of Finance

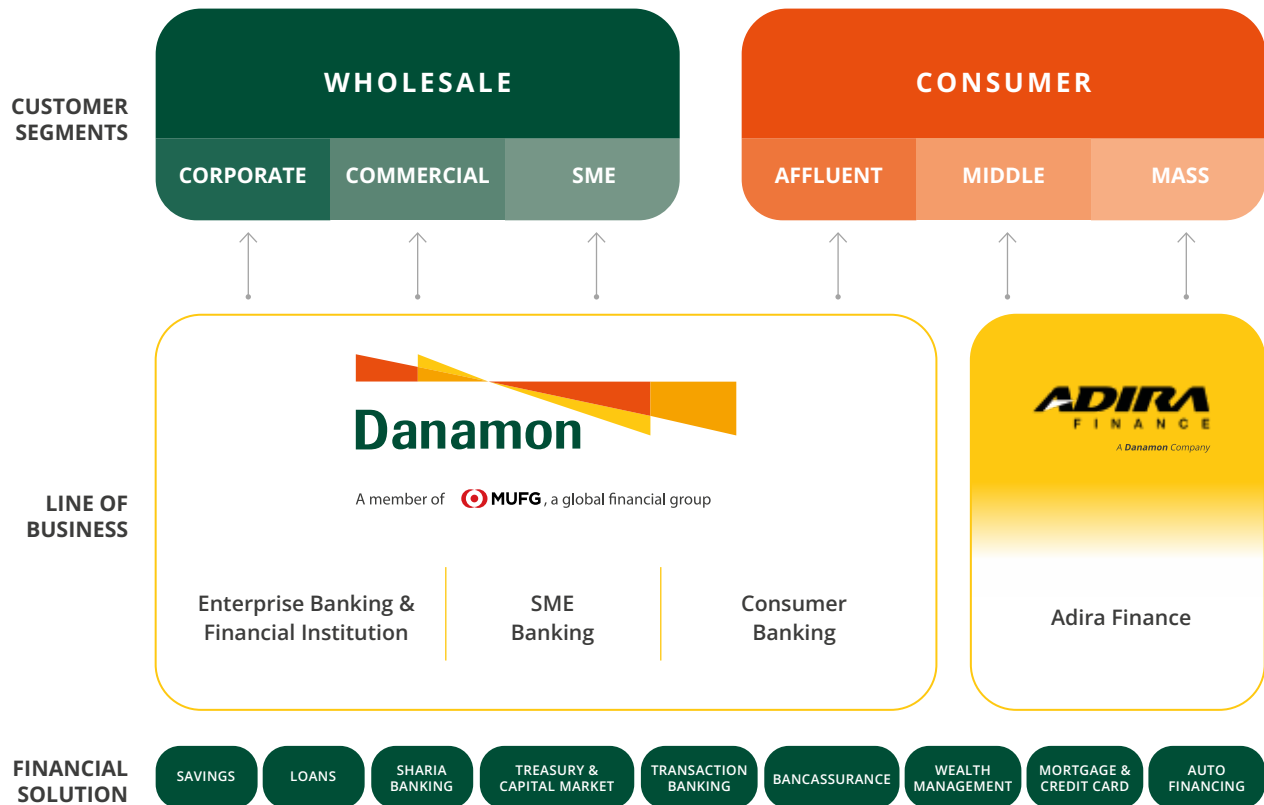
In line with the assumptions of the 2024 State Budget, Bank Indonesia projects that Indonesia's Gross Domestic Product (GDP) will grow within the range of 4.7%-5.5% in the year 2024. The driving factors behind this projection are the continued improvement in household consumption and investment amid a global economic slowdown.

The demand for credit is expected to remain stable, aligning with the increasing growth in consumption and investment, despite the potential slowdown in exports due to the deceleration in global economic activities. On the supply side, the increase in credit will be supported by ample liquidity, decreasing risk perceptions, and the potential normalization of global and domestic monetary policies. Additionally, macroprudential policies will continue to be accommodative to support the sustainability of economic growth momentum and financial system stability.

Bank Indonesia also anticipates that financial system stability will be maintained with stable credit growth in 2024. Credit growth is estimated to reach 10.0%-12.0% in 2024. This credit growth is supported by the consistently high banking Capital Adequacy Ratio (CAR) and the well-maintained Non-Performing Loans (NPL) ratio.



BUSINESS SEGMENT OPERATIONAL REVIEW



In 2023, Danamon continued its strategy of prudent loan growth through an ecosystem approach, sustained CASA growth through an institutional approach, and increased fee income through a unique value proposition. In addition, collaboration with MUFG enabled Danamon to enter the Japanese corporate and multinational customer markets through distributor financing, cash management, mortgage, and payroll accounting services.

ENTERPRISE BANKING



“In the midst of various global issues and challenges, Enterprise Banking managed to grow 15% in 2023 from the level achieved in the previous year.”

Enterprise Banking serves the Wholesale and Financial Institution segments by providing a comprehensive range of financial solutions, such as corporate loans, cash management, trade finance, and treasury services. With excellent client servicing, Enterprise Banking aims to make Danamon the transactional bank of choice for the customers.

PRODUCTS AND SERVICES

Enterprise Banking offers the following products and services:

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

2023 STRATEGIES AND INITIATIVES

2023 was the year where Indonesia entered the COVID-19 endemic state. However, the ongoing volatile geopolitical conditions have caused central banks to continue to increase their benchmark interest rates, resulting in an increase in interest rates across all customer line segments.

Despite the benchmark rate increasing, Enterprise Banking continues to grow by focusing on deepening relationships with existing customers, expanding its portfolio by acquiring new customers, and optimizing the entire value chain ecosystem, including by increasing cooperation with the MUFG Group.

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

2023 PERFORMANCE

Enterprise Banking loan portfolio grew by 15%, thanks to the strong collaboration with the MUFG Group.

2024 STRATEGIES AND INITIATIVES

Enterprise Banking will continue to implement the following strategies:

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



TREASURY & CAPITAL MARKET



TCM increased Treasury
Sales revenue by

26%

Year on Year

“Synergy and collaboration with all lines of business as well as parent entity MUFG Bank are key success factors for Treasury & Capital Market in ensuring the Bank’s liquidity resilience and providing Danamon’s treasury products and services to fulfil customers’ needs.”

Treasury & Capital Market (TCM) is the core division in managing the Bank’s liquidity risk by ensuring fulfilment of the Bank’s liquidity requirement; this is achieved by focusing on efficient and prudent balance sheet management to support business expansion while adhering to prudent banking principles. The responsibility to manage the liquidity risk is inherent in the management of the Bank’s balance sheet interest rate risk.

TCM is also a product partner of Danamon’s line of business while providing basic Foreign Exchange (FX) and marketable securities solution, TCM also provides advanced solutions for customers that require hedging solution and investment products.

Apart from being one of the IDR Government Bond Primary Dealers, TCM also actively supports regulators in improving, formulating, and strengthening financial market deepening in Indonesia.

PRODUCT AND SERVICES

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

Since Danamon was appointed by Bank Indonesia in 2021 as one of the Appointed Cross-Currency Dealer Banks (ACCD Bank) in order to facilitate Local Currency Settlements (LCS) transaction for THB-IDR and CNY-IDR currency exchanges, its customers’ transaction volume has been increasing. The transaction volume of LCS THB-IDR in 2023 increased 103% compared to the previous year. With this service, the Bank’s customers may enjoy more competitive FX rates, more efficient and faster of fund remittance to institutions or individuals in the ACCD Bank’s partner countries.

2023 STRATEGIES AND INITIATIVES

In 2023, TCM continuously focused on efficient balance sheet management strategies in Capital Management, Fair Value through Other Comprehensive Income (FVOCI) portfolio management, Contingency Funding Plan, as well as the Enhanced Treasury System and the Asset & Liability Management (ALM) System.

Trading TCM Team's activities support Treasury Sales TCM Team by providing liquidity and competitive prices for customers. TCM also offers alternative investments for retail customers, such as government bonds and corporate bonds. This was geared towards increasing fee-based income for Danamon.

TCM continuously collaborates with the Bank's line of business to support customers seeking investment products and hedging instrument solutions to manage their exposure. TCM expanded collaboration with the MUFG Group's business network to tap business opportunities with Japanese companies' and multinational corporations' value chains as well as large corporate action deals.

In line with the financial market deepening program carried out by Bank Indonesia and the related authorities, TCM also participated in the Central Counterparty (CCP) program, establishment process of the Self-Regulatory Organization (SRO) of Indonesian Money Market and Foreign Exchange Market Association (Apuvindo), and the auction of Term Deposit in Foreign Currency from Foreign Exchange from Export Proceeds (TD Valas DHE), as well as Bank Indonesia Rupiah Securities (SRBI) and Bank Indonesia Foreign Currency Securities (SVBI) instruments.

2023 PERFORMANCE

TCM grew its Treasury Sales income by 26% compared to the previous year due to better performance contribution from Enterprise Banking and Financial Institution Sales. FX Sales volume increased by 7% compared to the previous year.

TCM has launched Structured Product, such as Dual Currency Investment (DCI) and Market Linked Deposit (MLD) to fulfil customers' investment needs. TCM managed to increase its MLD sales revenue as much as six times and quadruple its sales volume in 2023 compared to the previous year.

2024 STRATEGIES AND INITIATIVES

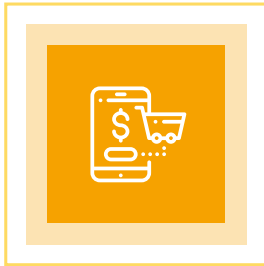
In 2024, TCM will continue to implement the following strategies:

1. Continuously improve the efficiency of balance sheet management strategies with prudential principles.
2. Continue collaborating with Danamon's line of business to provide solutions to customers who need investment products and hedging instruments to manage their exposure; continue collaborating with the MUFG Group's business network to tap more business opportunities with Japanese companies' and multinational corporations' value chains as well as to increase more Indonesian Government Bond deals.
3. Develop the Bank's investment services, such as Retail Bond Online that aims to provide one stop access for customers' bond investment activity.
4. Continue supporting Bank Indonesia initiatives in line with the 2025 Money Market Development Blueprint including other initiatives by regulators and relevant authorities to support financial market deepening.



TRANSACTION BANKING

(CASH MANAGEMENT, TRADE FINANCE &
FINANCIAL SUPPLY CHAIN)



“Leveraging on the post-pandemic momentum, advancement in product development and digitization of Cash Management, Trade Finance, and Financial Supply Chain are set to boost business growth while meeting customer demands effectively.”

Danamon's Transaction Banking continues to develop products that leverage digital technology innovations to enhance customer experience and deliver excellent services to customers.

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

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

PRODUCTS AND SERVICES

Transaction Banking offers the following products and services:

- **Cash Management**

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

- **Trade Finance & Services**

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

- **Financial Supply Chain (FSC)**

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

2023 STRATEGIES AND INITIATIVES

- **Digital Banking Services**

1. The continuous enhancement of Danamon Cash Connect (DCC) provides more features with better user experience through mobile devices so that customers are able to execute business transactions anywhere online and real-time, such as balance checking, fund transfers, mass transfers, virtual account services, payroll services, tax payments, bill payments, treasury rates etc.

2. API Central provides real-time connection services for funds transfer (payment), virtual accounts (collection and payment) and Financial Supply Chain.

- **MUFG Collaboration**

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

2024 STRATEGIES AND INITIATIVES

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

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



SMALL MEDIUM ENTERPRISE BANKING



Annual Sales Turnover
of up to

Rp100
Billion

“Danamon’s SME banking focuses on small and medium businesses with a need for loans of up to Rp30 billion and annual sales turnover of up to Rp100 billion.”

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

PRODUCTS AND SERVICES

1. Productive business loans

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

2. Funding

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

3. Transactions

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

4. Foreign Exchange

Offers convenience in foreign exchange to meet customer needs in making payments in foreign currency.

5. Bancassurance

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

2023 STRATEGIES AND INITIATIVES

In 2023, Danamon’s SME Banking focused on expanding customer relationships by optimizing the entire value chain ecosystem, including increasing collaboration with the MUFG Group.

Apart from utilizing external collaboration, Danamon’s SME Banking also has internal strategies that focused on loan growth. Real example from this approach was the utilization of the Enterprise Banking ecosystem. Danamon’s SME Banking offers financing to customers through this ecosystem, creating synergies between internal services that can expand access to financing and push the growth of relevant business sectors.

With a holistic approach to the ecosystem, not only does Danamon's SME Banking build sustainability in its own business, but it also plays an active stakeholder role that supports economic growth. Through this strategy, Danamon's SME Banking has presented itself as a pioneer in creating added value through a diverse ecosystem, which reflects the Company's vision to become a leading partner for SME business players in Indonesia.

PERFORMANCE IN 2023

- The loan portfolio grew 8.6% in 2023, the highest growth in the last 4 years, due to support of both inter-division collaboration and MUFG Group.
- Stable loan growth in 2023 began to be seen in May 2023 and was expected to continue to grow sustainably alongside SME Banking's efforts to deepen relationships with customers through the optimization of the MUFG Group ecosystem.
- Deposit Portfolio (CASA & TD) grew 23%, supported by transactions with relatively low Cost of Fund through granular CASA.
- SME Banking also managed to increase revenue from Non-Interest Income transactions made in Credit Related Fees, FX, Channel and Cash Management Fees.

STRATEGIES AND INITIATIVES FOR 2024

Small and Medium Enterprises (SME) Banking Strategy, as follows:

a. Inter-Division Collaboration

The 2024 business strategy will be supported by a culture of collaboration amongst various divisions at Danamon. To optimize business opportunities while creating more interactions and maintaining harmony between divisions.

The ultimate objective is to identify potential products or programs to offer to the customers which can eventually expand the market share of SME Banking and make it a one stop banking solution for the customers.

b. Ecosystem Development

To acquire principal chains that have become existing debtors in Enterprise Banking while strengthening collaboration with the MUFG ecosystem and Adira as a group of companies, which is to be achieved by developing need-based financing products in each of the ecosystems.

SME Banking Collaboration with Adira offers loan facilities to the dealers that have built long partnerships with Adira Finance. Dealers of both new and used motor vehicles falling under this segment are eligible for this loan facility. This action not only strengthens the business partner network, but also poses a wider growth opportunity in the automotive ecosystem.

Furthermore, SME Banking will optimize the MUFG ecosystem in Indonesia through strategic collaborations with Multinational and Japanese customers, as well as digital partners in which MUFG has made investments.

c. Process Efficiency

Based on simplified processes and policies, SME Banking will digitize its upstream-to-downstream process.

SME Banking will be developing technologies that can increase the efficiency of loan disbursement to customers, from pre-screening to loan disbursement.

The implementation of technology such as Optical Character Recognition (OCR) used to analyze current accounts and to make continuous development of the Loan Originating System (LOS) is expected to contribute to improving the effectiveness of the credit process for the SME segment.

d. Expanding Regional Potential

Identifying regional characteristics and making a larger acquisition of customer chains within the same regions as an effort to expand the regions' customer network and bring to the customers a range of innovative and comprehensive financial solutions to meet their evolving needs and preferences within each of the regions.



CONSUMER BANKING



“Consumer banking has demonstrated a positive trend across all primary metrics. Customer expansion is continuously being enhanced, notably through leveraging strategic ecosystems and digital channels to deliver solutions tailored to their needs.”

Consumer Banking continues to aspire to be a top financial institution by providing convenient experience in all touch points and relevant solutions based on customer needs.

The Indonesia economic performance has shown strong growth and resilience in 2023 amid global risk driven by surge in global inflation due to supply disruption and continued geopolitical tensions. This strong economic performance was partly driven by increase in household consumptions, a driving factor of growth in retail consumers.

Competition remained intense among banks in a high-rate environment as monetary tightening continued. Another factor that raised the bar in the banking industry was that peer banks continued to improve their customer-oriented solutions and services.

To overcome the challenges, Consumer Banking have been executing strategies by investing in all touch points including branch transformation and mobile banking, as well as enhancing brand awareness and communication to customers. Customer experience always come first in our business initiatives, from

customer expansion, deepening engagement, and product creation.

PRODUCTS AND SERVICES

Consumer Banking offers the following products and services:

- **Privilege**
Providing tailored and different relevant solutions to affluent & high-end affluent clients, wealth advisory with various product solution such as investment (mutual funds & bonds), bancassurance, foreign exchange, structured products, deposit, and property investment with various benefit.
- **Optimal**
Consumer Banking offer personal financial advisory to help emerging affluent clients achieve their financial goals throughout their life stages.
- **Savings**
Tailored to meet the needs of market segments, consumer banking products are saving accounts, checking accounts and time deposits.

- **Loans**

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

- **Investment and Bancassurance**

For investment and bancassurance products, Consumer Banking provide products through partnerships with reputable third-party institutions in Indonesia. To meet the needs of more affluent customers, Consumer Banking also provide personalized and exclusive services.

- **Foreign Exchange & Structured Products**

Fulfilling customer needs for foreign exchange services with competitive pricing and convenient process.

2023 STRATEGIES AND INITIATIVES

Compared to 2022, Consumer Banking have shown strong positive trend across all key metrics. Customer expansion accelerated by leveraging, not limited to, strategic ecosystem and digital channel to onboard customer with seamless journey and relevant solution depending on customer needs. Affluent customers have shown rapid growth due to community-approach initiatives and differentiated benefits. Besides that, Consumer Banking execute strategies to deepen customer relationship by delivering relevant product and services supported by convenient touch points, strong branding, and communication.

Throughout 2023, Consumer Banking launched nation-wide raffle deepening program “Danamon Hadiah Beruntun” contributing to deposit growth and strengthening Danamon funding franchise branding. From Wealth Management side, Consumer Banking accelerated penetration to customer base by leveraging digital channel for a more seamless way to transact. To commemorate Danamon 67th Anniversary Consumer Banking held the 1st Danamon Expo. Consumer Banking also became official partner on Indonesia International Motor Show 2023 with Adira Finance and MUFG to enhance Danamon brand awareness on automotive ecosystem.

On the credit card business, Danamon Consumer Banking continue to launch various new innovations such as instant application approval, virtual credit cards to provide convenient banking experience, in addition to continuing promotional cooperation with business partners to provide mandate and attractive programs to card users. Danamon also gained strong momentum in the mortgage business due to increased productivity and synergy with the MUFG Group.

2024 STRATEGIES AND INITIATIVES

With growing confidence in Indonesian economy in 2024, Consumer Banking is optimistic about achieving its stated target with well-planned strategies and right execution. The key strategies and initiatives are as follow:

- Ecosystem-based approach to acquire engaged customer through strategic partnership with MUFG.
- Deepening customer engagement by building digital ecosystem connecting Consumer Banking product and services with customer's life cycle, e.g. education and automotive.
- Building customer behaviour on affluent transaction leading to higher and sticky balance.
- Privilege centre creation to expand affluent client base and improve Wealth Management business to generate more revenue stream.
- Continuing card business digitalization and developing potential business through ecosystem to increase utilization and penetration in market.
- Stepping up mortgages through aggressive acquisitions, retentions, and cross-sell initiatives.
- Continuing and further improving asset quality through the execution of risk-based collection strategy and new collection system with digital capabilities.

GROUP MARKETING



"Through 7 important elements, namely brand identity, brand associations, brand image, perception of quality, brand awareness, brand experience and brand loyalty, the Marketing Group aims to continue building brand values."

Danamon's marketing and communications functions are integrated within the Group Marketing division, led by the Chief Marketing Officer (CMO) who reports to the Vice President Director.

Group Marketing aims to develop strong Danamon brand equity, through 7 important elements, namely brand identity, brand association, brand image, perception of quality, brand awareness, brand experience and brand loyalty by communicating customer-centered, technology-backed brand positioning for solutions with human touch through products, services, channels and brand stories.

The Marketing Group consists of:

- **Brand Communications:** Building Danamon's corporate identity in a modern image by rejuvenating and humanizing the story about Danamon.
- **Marketing Communications:** Creating customer attention and demand through stories about relevant products, services and channels.
- **Corporate Communications:** Maintaining the bank's reputation and managing public opinion, through media and public relations, communication crisis handling, and internal communications.
- **Digital Marketing:** referred also to as online marketing, is brand promotion to build relationships with potential new customers through digital channels. The role of Digital Marketing in this case includes managing digital channels such as the Danamon Corporate Website (DCW), email, Danamon social media accounts, Search Engine Optimization and Search Engine Marketing, digital marketing analytics, and mobile advertising and displays to ensure our online presence and increase brand awareness, marketing initiatives and sales.
- **Brand Activations:** Building brand relevance and scale that gives the perception that Danamon is "everywhere", and creating a strong brand presence in people's lives by bringing brand experiences that are relevant to their aspirations, needs and lifestyle.

- **Marketing Planning and Research:** Developing a marketing organization that is driven by a deep understanding of people's behavior and strong marketing budget management.

MARKETING ACTIVITIES IN 2023

DANAMON REWARD PRIZES

Danamon Hadiah Beruntun is a lottery program with prizes from Danamon Savings which was borne out of Danamon's commitment which focuses on customer satisfaction. Initiated as a research conducted together with the Jakpat research company with the theme "Program Undian Berhadiah Perbankan", Danamon listens to the customers and answers their needs by launching Danamon Hadiah Beruntun. This program has a unique and unprecedented scheme since it offers everyone the opportunity to win (#SemuaBisaMenang), and even win multiple times (#MenangBerkaliali). Every customer has a chance to win monthly cashback prizes multiple times monthly prizes drawn in 12 regions, and a chance to win the Grand Prize at the end of the program period with one of the prizes being a Tesla Model 3.

Danamon Hadiah Beruntun is also Danamon's strategic measure to increase the Current Account Savings Account (CASA) ratio, to support the achievement of more competitive credit interest rates and optimal Net Interest Margin (NIM). Here, Danamon focuses its efforts on increasing customer portfolio and savings volume, with a special emphasis on CASA or low-cost funds.

DXPO by Danamon

Commemorating its 67th anniversary, Danamon embraced the GROWING TOGETHER theme to reaffirm its commitment towards becoming an organization that always focused on the financial needs of each of its customers and aspires to grow with its employees and the society at large. Danamon went beyond providing attractive offerings and promos when the Bank hosted the DXPO by Danamon event at Central Park Mall, Jakarta on July 20-23, 2023 to showcase what its products, services and channels can do to its customers, which reaffirmed Danamon's commitment as a one stop financial solution provider that helps customers grow and thrive as they achieve various financial goals at every stage of their lives.

Present at the DXPO series were many promos and activities such as the Danamon Travel Fair sponsored by Garuda Indonesia, KPR Danamon Expo which presents 10 well-known developers, KPM Prima Expo, which provides special offers where customers can enjoy special interest/margin promos to take home their dream cars. Also hosted at the event was DXPO Market, a lifestyle bazaar where customers can enjoy attractive discounts from selected merchants. DXPO by Danamon offered much more than just product introductions and promotions as visitors could also see on the DXPO Stage a special music performance by Tulus and get interesting insights into growing with Danamon through a series of DXPO Talks talk shows throughout the DXPO period that featured well-known influencers such as Den Dimas, Agustinus Michel, Caca Tengker, and Rius Vernandes.

DANAMON FINANCIAL FRIDAY

To raise awareness of Danamon's products and expertise in helping customers obtain comprehensive financial solutions, the Marketing Group presents a weekly educational program entitled "Danamon Financial Friday". This educational series is broadcasted every Friday through Danamon official YouTube channel and Vidio.com, featuring experts from Danamon to discuss how various Danamon products provide solutions to help the customers with their financial problems.

"Lawan Cemas Financial" CAMPAIGN

To cement its position as a complete and trusted financial solution, Danamon launched the "Lawan Cemas Financial" (fight your financial worries) campaign. This campaign highlights the phenomenon of people's financial worries that normally increase during the Eid al-Fitr season and come with psychological pressure from their close ones on financial stability. As a solution, Danamon presents itself as a partner for customers that helps them thrive towards prosperity and conquer their financial worries through the series of products, services and channels.

INDONESIA INTERNATIONAL MOTOR SHOW 2023

Danamon worked with Adira Finance to strengthen its commitment to support the Indonesian automotive industry with the support from MUFG. This commitment was further shown with extended official partnership with the Indonesia International Motor Show (IIMS) organized by Dyandra Propertindo this year, as the Official Bank Partner and Official Multifinance Partner, supported by the already established ecosystem and MUFG's collaborative efforts.

Through this second participation, MUFG, Danamon and Adira Finance emphasized their aspirations to become partners of choice of both banks and multi-finance in the automotive industry by providing comprehensive financial solutions in every automotive supply chain, from importers, manufacturers, suppliers, distributors, dealers, including small and medium entrepreneurs in the aftermarket, spare parts and accessory sellers, by offering them solutions for transaction-funding, protection and loan needs. At the other end of the chain, Danamon offers a variety of consumer loans through Adira Finance, along with other consumer products such as credit cards, savings, bancassurance and investments.

BRIDESTORY MARKET 2023

Danamon was present at Bridestory Market 2023 as the main sponsor that helped visitors realize their dream wedding day, as well as their post wedding financial management as they start a new family. Danamon's participation in this event was consistent with the Bank's commitment to present itself and grow with customers at every step and stage of their lives through various financial solutions that help them have a better control over their various financial goals and needs. Held in Hall 3 and 3A Indonesia Convention Exhibition (ICE), BSD, Bridestory Market held on October 5-8, 2023 featured various wedding packages with attractive promos and discounts from hundreds of wedding vendor booths that offer dozens of categories, such as photography, dresses bridal, venue, decoration, wedding organizer, jewelry, invitations, catering, and many more.

JAK-JAPAN MATSURI 2023

Danamon together with MUFG and Adira Finance again supported the Jak-Japan Matsuri (JJM). In accordance with the theme raised "Indonesia & Japan Always Together", in line with the group's commitment to supporting Indonesia's long-term economic growth through strengthening bilateral relations between Indonesia and Japan. This collaboration also reflects the synergy between Danamon, MUFG and Adira Finance which complement each other to create comprehensive financial solutions for each customer segment. Danamon as a hybrid bank has a unique position that can combine strong local capabilities and networks with Adira Finance as a subsidiary, and is supported by MUFG's global network and extensive and international capabilities.

ADIRA FESTIVAL 2023

To strengthen the position of Adira Finance, Danamon and MUFG as providers of one-stop financial solutions for every part of the financial supply chain in the automotive industry ecosystem to the local community, Danamon fully supports the Adira Festival series held in 5 cities, from Medan, Surabaya, Yogyakarta, Jakarta, to Makassar where the peak of Adira Finance's 33rd anniversary celebration was celebrated on December 9-10, 2023, where more than 120,000 visitors and 600 MSME partners enjoyed themselves.

Through the 2023 Adira Festival, Adira, Danamon and MUFG hoped to build healthy long-term relationships with customers and strong collaboration with groups and business partners in order to make Adira Finance the main financing company of choice for the Indonesian people through excellent products from collaboration with Danamon, the Prima auto loan. Besides Indonesian culinary delights, the Adira Festival in each city was successful in entertaining hundreds of thousands of visitors through the Musikaria stage where famous singers and bands from Jakarta performed such as KOTAK, Jamrud, Armada, Wali, JKT 48 to Dewa 19.

Furthermore, at the Adira Festival the visitors could also visit the Adira Expo, an automotive exhibition area for both new and used cars, spare parts, business exhibition (franchise), test ride, driving license, and moservice (oil change) and get attractive and special offers such as Prima auto loan rates starting from 2.19% and 33% cashback for every transaction in the Food and Beverage area.

"SOLUSI INVESTASI CERDAS" DANAMON WEALTH MANAGEMENT

"Solusi Investasi Cerdas" is a campaign to fulfill our promise to provide one-stop wealth management solutions to investors with the offering of a comprehensive choice of wealth management products including Foreign Exchange, Mutual Funds, Bonds and Structured Products as well as investor access to our investment advisors.

Danamon Wealth Series holds regular events as part of the Smart Investment Solutions campaign to inform our customers on the latest market developments, new wealth management product launches, new wealth management features at D-Bank PRO, as well as increasing investors' awareness of our wealth management capabilities through "Solusi Investasi Cerdas" campaign.

DANAMON JCB PRECIOUS CREDIT CARD

The Danamon JCB Precious Credit Card was launched to be the best complementary card for the 'free yourself from boring routines' (#BebasDariRutinitas) campaign that allows users to enjoy the many optimum benefits as well as features on every card transaction. The Danamon JCB Precious Card also allows its users who are mid income earners to enjoy the convenience of escaping their boring routines by traveling, doing their other hobbies such as cooking, and spending time with colleagues and family while having a variety of culinary delights.

RELAUNCH OF THE DANAMON PRIVILEGE CAMPAIGN

In an effort to increase awareness and reach out to a wider audience, Danamon Privilege launched a campaign in 2023 with an updated brand promise, "Menjaga Setiap Generasi, Menjaga Setiap Aspirasi" Danamon Privilege Services aims to assist customers in developing and protecting welfare that is relevant for every generation given the difference of aspirations they may each may have both in life and financial goals.

This campaign also highlighted Danamon Privilege's Unique Value Proposition, namely Travel & Medical Benefits that offers various privileges and conveniences for customers. Apart from that, Danamon Privilege also provides complete banking solutions supported by 4 service pillars, namely Wealth Advisory, Wealth Growth and Preservation, World of Privileges and Convenient Access.

DANAMON PAYLIGHT CARD

The Danamon PayLight Card was launched exclusively in 2023 with various features specifically designed to help the younger generation manage their finances more effectively, build a good credit record, while keeping control of their spending. Through this card, users can live an #AntiRibet life and fulfill various financial needs that are #JadiRingan.

DANAMON CREDIT CARD ONBOARDING DIGITAL CAMPAIGN

Danamon launched an online Credit Card application process with just one minute approval time, in response to the public's need for easy and fast banking services. Currently, customers who have a Danamon Credit Card in #1Menit can immediately use a Virtual Credit Card to shop online. Customers can apply for a credit card from various Danamon Credit Card options according to their needs.

BUSINESS & INVESTMENT MATCHING FAIR 2023

Together with MUFG, Danamon hosted a series of Business and Investment Matching Fair 2023. The purpose of this event was to connect corporate customers in the MUFG ecosystem and provide access for start-ups to access potential investors.

Around 115 customers, 150 start-ups and three financing entities under MUFG attended the two events. The online Business Matching session was held on February 22 and 24, while the face-to-face session was held on February 27 at the Grand Ballroom, Kempinski Hotel Jakarta. For the first time, MUFG and Danamon also held an Investment Matching forum for start-ups. This Investment Matching Forum was supported by MUFG's investment units, namely MUIP, KFIN and MARS Capital, who met with Indonesian start-ups to provide business insights and discuss collaboration opportunities.

DANAMON GOLF EVENT 2023

In order to strengthen relations between Danamon and corporate customers, every year Danamon holds the Danamon Golf Event. In 2023, Danamon again held this event at Sedayu Indah Golf PIK on August 26, 2023. Apart from inviting customers, this year Danamon also used environmentally friendly products as souvenirs produced by one of its customers, EIGER. This collaboration is expected to strengthen cooperation between Danamon and corporate customers.

DANAMON WEALTH SERIES MARKET OUTLOOK EVENT 2023

Danamon Wealth Series Market Outlook Event is held in collaboration between PT Bank Danamon Indonesia Tbk and Partner Asset Management. This event takes the form of a talk show to provide insight into the latest global and domestic economic conditions, and how to capture opportunities in the current conditions and challenges.

D-Bank PRO by Danamon #SelaluMenggoda

D-Bank PRO by Danamon is a One Control Application that gives customers a lot of the comfort in meeting banking, financial transaction, and lifestyle needs. The product answers the current shift of customer/user purpose from initially only saving money and making transactions to meeting a variety of other lifestyles needs such as Top Up for game vouchers, ticket purchases, e-commerce transactions, credit/data package purchases, top up for e-wallet, purchase of TV and internet vouchers, payment of monthly



utility bills such as electricity and water, payment of auto and health insurance, making foreign exchange transactions, paying credit cards and even public services (BPJS and Tax).

Danamon hopes that D-Bank PRO #SelaluMenggoda will entice smart and fashionable young people with the offering of convenience and attractive benefits especially for those who seek to manage their finances. The various features and benefits makes D-Bank PRO a choice that #SelaluMenggoda (entice) the young people into better managing their finances to realize their financial goals.

There were 4 features highlighted in 2023, including:

- Transaction: QRIS promos at various favorite merchants with special cashback and free transfers or e-wallet top ups using tabungan Danamon Save.
- Foreign Currency: FX (foreign currency) feature with competitive exchange rates with minimum transaction of Rp10,000.
- Credit Card: for better cash flow where transactions can be converted to installments with My Own Installment feature.
- Protection: meet your insurance needs with Zurich that offers auto and health insurance.

Under the very same #SelaluMenggoda campaign, Danamon through D-Bank PRO #SelaluMenggoda collaborated with Danamon Peduli and Sunyi Academy to present a silence sharing program. Kopi Sunyi is a coffee shop served by deaf baristas or their immediate circles with other form of disabilities. Sunyi Academy's mission to equip the disabled with a skill that can make them self-reliant and prosper, consistent with Danamon's vision to Care for and Help Millions Reach Prosperity.

STRATEGY AND ACTION PLAN 2024

- Building awareness of Danamon's Brand through branding, products, services and channels.
- Building awareness of Danamon's Brand by being present and relevant in customers live.
- Building awareness of the Danamon Brand as a trusted modern bank with global and local capabilities.
- Refreshing the Bank's Image through brands and products, as well as through internal Danamon employees (Danamoners).
- Strengthening solution-based communications for products, services and channels as a value proposition based on a combination of superior products, services and channels as well as strong, meaningful and relevant communications that build strong emotional connections; Positioning our product features, services and selected channels to help customers identify their financial needs, find solutions and have better control over their finances.

SHARIA BANKING



“Danamon’s Sharia Business Unit continues to support the development of digital banking services to meet community needs by providing comprehensive solutions through the Digital Platform as one-stop Halal Solutions with Sharia Savings, Sharia Saving Plan (Haji, Umrah, Qurban, Education, etc.), and Digital ZISWAF.”

SHARIA BANKING INDUSTRY

By the end of 2023, 86.7% of Indonesia’s population or around 240 million people were Muslims, making it one of the countries with the largest Muslim population in the world. This year, Islamic banking assets in Indonesia grew by 10.94% to Rp831,958 trillion. Sharia banking growth is projected to remain on positive trajectory, supported by Indonesia’s economic recovery.

The Islamic banking market share had increased to 7.27% by September 2023, indicating a tremendous opportunity for the development of the Islamic industry. As a country with the largest Muslim population in the world, Indonesia has great potential for the development of the halal ecosystem to encourage the growth of the Islamic market share.

DANAMON SHARIA BANKING

Sharia Banking is Danamon’s Sharia Business Unit that is based on sharia principles and managed by Danamon’s Sharia Business Unit (UUS). The vision of Danamon Sharia is to help millions of people thrive towards prosperity based on sharia principles.

Danamon Sharia serves all segments, from consumers and SMEs to corporations and financial institutions to meet customer needs by continuously developing and strengthening Sharia Banking through business expansion, product development, and strengthening relationships with leveraging concepts both in terms of infrastructure and distribution networks.

This growth is supported by the strong business network within MUFG group, which is the bank’s strength in developing Sharia businesses.

PRODUCTS AND SERVICES

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



- **Deposits**

Sharia digital savings (Danamon Save iB) and sharia digital plan savings (Tabungan Perencanaan Syariah iB), allow customers to open an account conveniently without the need to visit a Danamon branch. The Pilgrims Savings Account (RTJH) is a Hajj savings account that is directly connected to the government's Integrated Hajj Computerized System (SISKOHAT). Other savings products include Hajj iB Plan Savings (Hajj savings), BISA Umrah iB Savings (Umrah savings), BISA Qurban iB Savings (qurban savings), Danamon Lebih iB, Fleximax iB, Giro BISA iB (current accounts), and iB Deposits.

- **Financing**

Employee Cooperative Financing, Sharia Working Capital Financing, Sharia Investment Financing, Sharia Leasing Financing, Sharia Trade Financing, Sharia Home Ownership Financing, Distributor Financing, Hajj & Umrah Travel Financing, Heavy Equipment Financing, and also Sustainable Financing (electric vehicles).

- **Bancassurance**

Protection Prima Amanah (PPA).

- **Services**

Cash Management, Electronic Channel, Digital on Boarding, Cash Waqf Recipients, and Money Waqf Services through Social Banking.

2023 PERFORMANCE

Danamon Sharia's assets grew by 25.4% in December 2023 compared to the corresponding period in the previous year (year-on-year) with a profit of Rp164 billion. This shows that the growth rate far outpaced the growth rate of the banking market in general and that sales of Islamic products can be further enhanced to attain significant growth.

- **Sharia Financing**

Danamon Sharia Banking focuses on developing Sharia Lease Financing and Employee Cooperative Financing. By December 2023, Sharia financing had grown by 21.5% year-on-year to Rp11.1 trillion. This financing growth was mostly contributed by the corporate and consumer segments.

- **Sharia Funding**

In December 2023, sharia funding reached Rp8.8 trillion, growing 56.3% year-on-year. The increase was due to the leveraging strategy through the expansion of Danamon's Sharia Banking Branch Network, which led to greater growth in third-party fund raising, and by providing distinct halal lifestyle solutions that are focused on granular fundraising through communities and leveraging with MUFG group customers, including ADMF.

BUSINESS/PRODUCT FOCUS

Danamon Sharia provides financial solutions for customers through a complete, unique, and creative range of sharia-based products and services.

On the funding side, the Sharia Business Unit has launched Digital Sharia On Boarding and digital cash waqf services as important milestones within the digital era, and will continue to develop comprehensive digital-based products by strengthening the funding structure through the community and also business development related to Hajj and Umrah services. In the field of financing, Danamon Sharia Banking continues to develop a unique financing product, namely Sharia Leasing which provides great benefits for customers, especially in the commercial and corporate segments. The SME segment, Danamon Sharia Banking optimizes cooperation and collaboration with the MUFG group by offering Employee Cooperative Financing through Japanese Companies as its parent company and by developing businesses with other 3rd party cooperation (finance companies, BPRS) as well as other business partners. Within the consumer segment, Danamon Sharia Banking strengthens Sharia mortgage financing by promoting halal living.

In line with the development of unique and creative products, Danamon Sharia focuses on socializing Danamon Sharia's superior products, namely Sharia Leasing, TRH (Hajj Plan Savings), RTJH (Hajj Plan Savings Account), Social Banking Services, Umrah Savings, and sharia insurance products namely Proteksi Prima Amanah, Qurban Savings that has been strongly promoted throughout Danamon's new distribution network.

Danamon Sharia continues to improve its human resources productivity by enhancing their knowledge and skills, particularly in the areas of product promotion and Islamic banking.

Danamon Sharia continues to enhance risk management and good corporate governance. The infrastructure and technology have been improved and refined to make them more integrated. This initiative has improved the level of services to customers by streamlining and consolidating several processes within the parent bank's system.

AWARDS

In 2023, Danamon Sharia received several awards in recognition of its excellent service to customers. These awards include:

- 1st Place - Sharia Business Unit Category Conventional Commercial Bank Assets IDR 5 T – 10 T, Infobank Digital Brand Award.
- Golden Recognition – 5 consecutive years in Service excellence for Sharia Business Unit, Infobank-MRI Banking Service Excellent 2023.
- Rank 1 - Sharia Business Unit in Best Teller, Infobank-MRI Banking Service Excellent 2023.
- Excellence Financial Performance – Islamic Banking Unit of Commercial Banking in 2022 (Asset Class IDR 5 - <10 Trillion)
- 3rd Place - Sharia Business Unit in Banking Service Excellence Award, Infobank-MRI Banking Service Excellent 2023.
- 3rd Place - Sharia Business Unit in Best Walk-in Channel in Service Excellence, Infobank-MRI Banking Service Excellent 2023.
- Rank 3 - Sharia Business Unit in Best Walk-in Channel & Digital Channel in Service Excellence, Infobank-MRI Banking Service Excellent 2023.
- Certificate of Appreciation from Infobank – The Asian Post in Infobank 12th Sharia Award 2023.

BUSINESS PLAN 2024

Danamon has developed a number of strategic initiatives in line with the Parent Bank's strategy to further expand its sharia banking services in 2024 by developing banking operations by strengthening relationships with Subsidiary Banks through optimizing the branch network as well as infrastructure and will continue to optimize collaboration with the MUFG Group.

In line with the Bank's strategy in 2024, Danamon Sharia will improve its products and services through digital banking platforms and will stay oriented towards the needs of customers while innovating creative and unique products in order to stay competitive in this digital era. Danamon Sharia continues to maintain the principle of prudence in terms of providing financing as one of the steps in growing quality sharia assets.



PT ADIRA DINAMIKA MULTI FINANCE, TBK.



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

PROFILE

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

Adira Finance has become a leading company in the financing sector that serves a variety of brands and products. Adira Finance has presented mobile/digital platforms Adiraku, momobil.id, momotor.id, and dicicilaja.com. As of December 31, 2023, Adira Finance operates 466 business networks throughout Indonesia, supported by more than 17 thousand employees to serve 2.0 million consumers with total managed receivables reaching Rp55.7 trillion.

Adira Finance has a vision of **Creating Common Values for the Sustainability of the Company and Prosperity of Indonesian Society**. PT Adira Dinamika Multi Finance, Tbk. in 2015 introduced a new logo and brand promise “Sahabat Setia Selamanya”. This tagline exhibits the company's commitment to build long-term partnerships in its ecosystem, both internally and externally, such as employees, consumers, business partners, and other stakeholders.

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

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

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

BRAND PERSONALITY

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

LINE OF BUSINESS

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

PRODUCTS AND SERVICES

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

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

2023 STRATEGIES AND WORK PROGRAMS

Adira Finance adopted several strategies and work programs to respond to the challenges of 2023, including:

1. Strategies in Business Development

- Adira Finance strengthen and gain market share in the automotive business through product diversification and by providing various attractive sales programs for customers, as well as strengthening good relations with our dealers.
- Adira Finance expanded networks to non-automotive businesses by continuing to diversify the products offered to support business growth such as multipurpose loans and durables.
- Adira Finance focus to Increase customer retention by offering loyalty and referral programs, as well as conducting cross-selling based on needs to existing consumers. Thus providing a better customer experience to support the growth of the Company's financing.
- Adira Finance accelerate digitalization within the Company and its ecosystem to improve business efficiency and effectiveness such as performing digital/automation processes and investing in digital businesses (Adiraku, momobil.id, momotor.id, dicicilaja.co.id and etc).
- Adira Finance continued to manage its asset quality in order to keep the NPL ratio under control by applying prudent risk-management principles.

- Adira Finance Secure sufficient liquidity to fund business requirement and to meet all financial obligations.

2. Strategies in managing optimal funding

Throughout 2023, Adira Finance had sufficient liquidity to pay its financial obligations and fund its business needs using income from its customers' instalment payment and available funding sources facilities.

The company continued to diversify its funding sources through continuous support from joint financing with its parent company, Danamon, and external borrowings, including bank loans and bonds. As of December 2023, joint financing represented 47% of managed receivables.

The company's total external borrowings in December 2023 has increased by 53% year-on-year to Rp16.1 trillion consisting of onshore and offshore bank loans and bonds & sukuk, each contributing 58% and 42% respectively. As a result, the company's gearing ratio recorded by 1.5 times in 2023.

As part of the Company's effort to diversify its sources of funding, Adira Finance issues bonds on an annual basis. Adira Finance issued the Continuous Bonds VI Phase I and Continuous Sukuk Mudharabah V Phase I in July 2023, amounting to Rp2.0 trillion, followed by the Continuous Bonds VI Phase II and Continuous Sukuk Mudharabah V Phase II in November for Rp1.55 trillion. Both were oversubscribed 2.3x and 2.6x, respectively, which demonstrates Adira Finance's high credibility in the investor community. In addition, Adira Finance has signed a Social Loan facility with MUFG Bank Ltd., on 20 July 2023, the first of its kind for a multi-finance company in Indonesia to promote financial inclusion.

Adira Finance has also succeeded in maintaining the highest national and international investment ratings at idAAA/stable from Pefindo, and BBB ratings from the international rating agency Fitch Rating. In addition, Moody's also maintained its rating at Baa1/stable at the end of 2023, higher than Indonesia's national rating, based on its strong capital structure and profitability, asset quality and liquidity.



3. Initiatives to increase productivity and operational excellence

- a. **Strengthening the Organization.** The Company strengthens the organization especially in information technology organization, organization of digital business, credit and risk, and several other functions to support the implementation of its business strategies.
- b. **Productivity Improvement.** Initiatives to increase productivity are carried out through various programs, including the adjustment of productivity calculation and allocation of manpower with consideration of business achievements, business potentials and specific regional characteristics.
- c. **Human Resources development through an improved learning ecosystem.** The learning methods have become more varied according to the needs and contexts of the learning objective: online, offline or hybrid.

- d. **Cultivating relationships between employees.** Various offline activities were held such as business trips, morning prayer and sharing activities, face-to-face events and other employee activities which promote the spirit of 'One Adira One'.
- e. **Culture Development which Supports Business Initiatives.** Various culture development activities undertaken in 2023 were aimed to empowering of Adira Top values (Advance, Integrity, Obsessed and Professional).
- f. **Improvement of Digital Capability.** Through various programs such as IT transformation, the School of Digital program with certifications regarding IT & digital skills.
- g. **Improving the role of Change Management.** The role of Change Management is carried out by improving the supervision of the implementation of transformation projects and the implementation of policies regarding mindset change, work pattern and employee behaviour.

2023 PERFORMANCE

Details of the 2023 business performance are outlined in the following table:

Details	YoY	2022	2023	2023
			Achievement	Projection
Total Assets (Rp trillion)	24.5%	24.9	31.0	28.1
Net Profit (Rp trillion)	21.1%	1.6	1.9	1.5
New Financing (Rp trillion)	31.2%	31.7	41.6	38.0
Non- Performing Financing (%)	0.2%	1.7%	1.9%	±2.0%
Market Share-Motorcycles (%)	1.4%	8.2%	9.7%	9.0%
Market Share-Cars (%)	1.0%	4.0%	5.0%	4.7%

2024 STRATEGIES AND PLANS

Adira Finance's several strategies to be executed in 2024 are as follows:

- Adira Finance strengthen and gain market share in the automotive business through product diversification and by providing various attractive sales programs for customers, as well as strengthening good relations with our dealers.
- Adira Finance expanded networks to non-automotive businesses by continuing to diversify the products offered to support business growth such as multipurpose loans and durables.
- Adira Finance focus to Increase customer retention by offering loyalty and referral programs, as well as conducting cross-selling based on needs to existing consumers. Thus, providing a better customer experience to support the growth of the Company's financing.
- Adira Finance accelerate digitalization within the Company and its ecosystem to improve business efficiency and effectiveness such as performing digital/automation processes and investing in digital businesses (Adiraku, momobil.id, momotor.id, dicicilaja.co.id and etc).

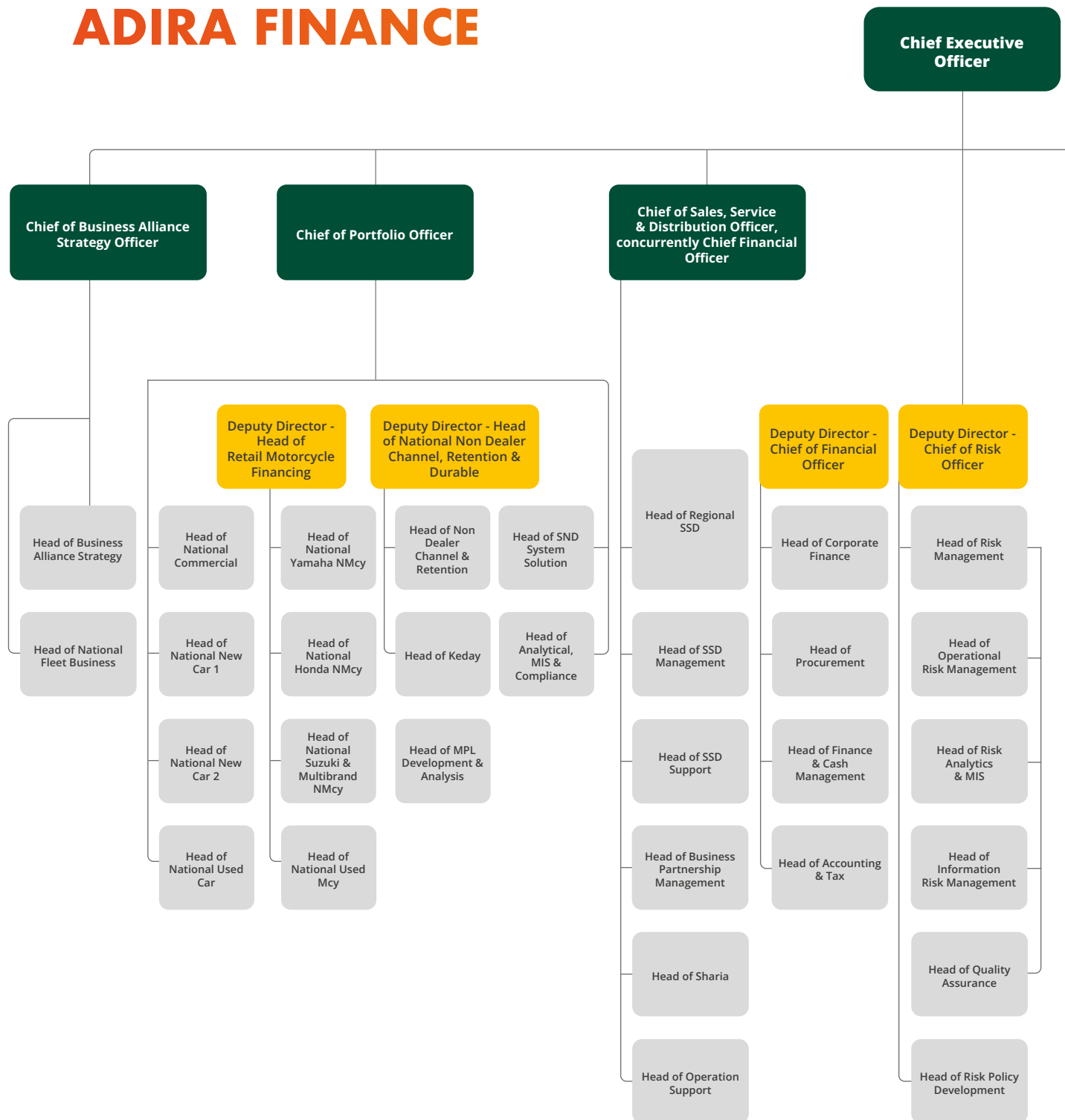
- Adira Finance continued to manage its asset quality in order to keep the NPL ratio under control by applying prudent risk-management principles.
- Adira Finance Secure sufficient liquidity to fund business requirement and to meet all financial obligations.

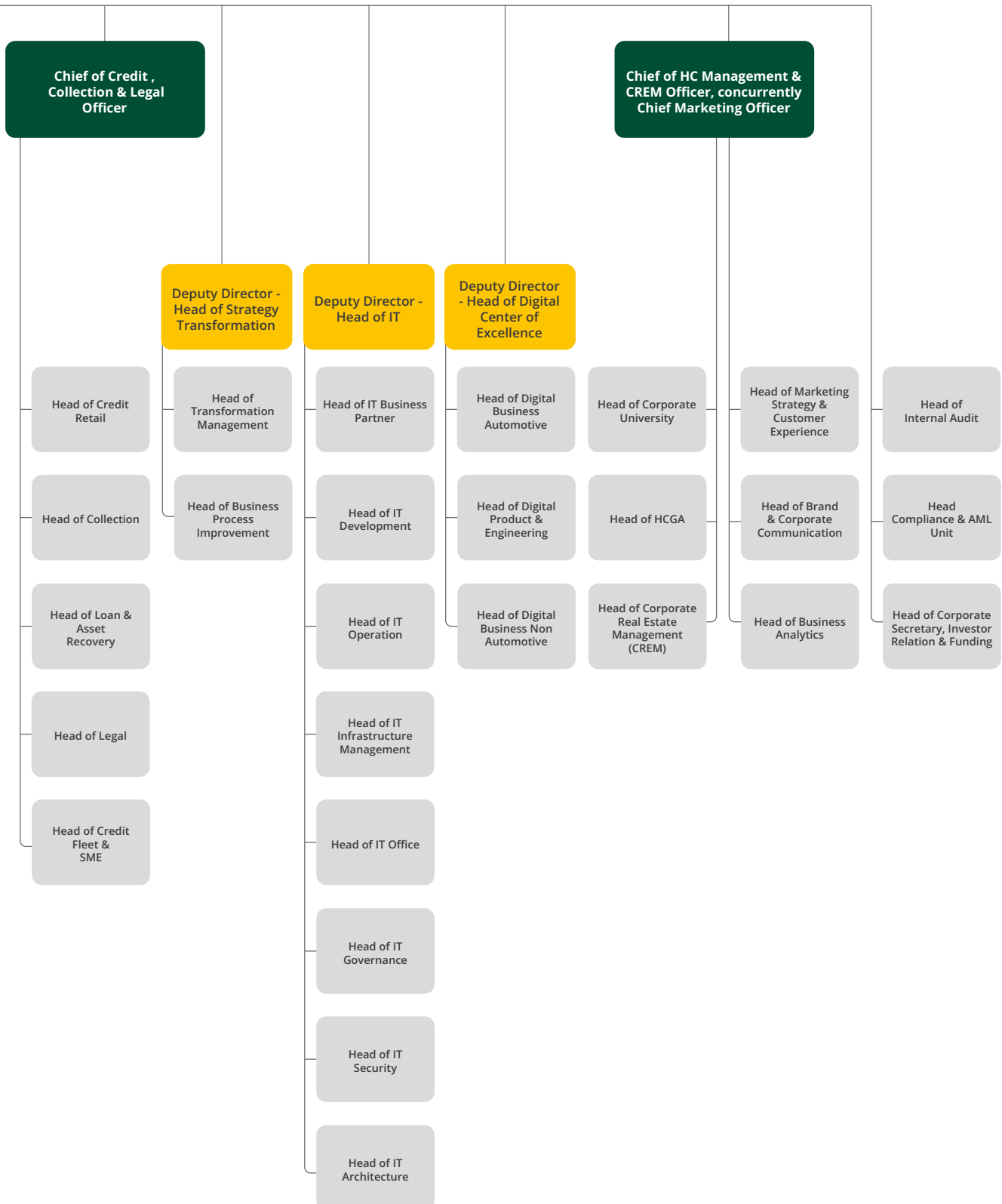
FULL ADDRESS :

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Millennium Centennial Center
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ORGANIZATION STRUCTURE OF ADIRA FINANCE





FINANCIAL REVIEW

In 2023, Danamon posted net profit after tax of Rp3.50 trillion, increased by 6.1% compared to 2022. In addition, loans - net and Consumer financing receivables & Finance lease receivables - net also increased by 19.4% and 24.8% to Rp136.31 trillion and Rp27.64 trillion, respectively. From the liabilities side, Third Party Funds (TPF) increased by 11.1% to Rp141.44 trillion.

Danamon NPL ratio (consolidated) was well managed at 2.2% at the end of 2023, improved 40bps compared to 2.6% at the end of 2022. In addition, NPL Coverage ratio stood at 265.9%, increased compared to 230.8% at the end of previous year.

The following financial reviews are based on Danamon and its subsidiary consolidated financial statements position as of 31 December 2023, and consolidated financial performance and consolidated cash flows for the corresponding fiscal year, in accordance with Indonesian Financial Accounting Standards.

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

(in Rp billion)

Description	2023			2022		
	Retail ¹	Wholesale ²	Jumlah	Retail ¹	Wholesale ²	Jumlah
Assets	72,154	134,782	206,936	56,240	126,918	183,158
Liabilities	71,638	84,897	156,535	67,437	69,804	137,241
Net Interest Income	10,622	4,594	15,216	9,104	5,016	14,120
Non-Interest Income	3,206	1,054	4,260	2,845	1,085	3,930
Operating Income	13,828	5,648	19,476	11,949	6,102	18,050
Operating Expenses	(8,365)	(2,662)	(11,027)	(7,543)	(2,670)	(10,214)
Cost of Credit	(2,767)	(900)	(3,667)	(1,949)	(1,296)	(3,246)
Non Operating Income and Expenses	(68)	(19)	(87)	(109)	(44)	(153)
Restructuring cost			-			(33)
Profit before Income Tax			4,694			4,405
Income Tax			(1,036)			(975)
Net Income from Continuing Operations			3,658			3,430
Net Income			3,658			3,430
Net Profit After Income Tax Attributable to Parent Entity			3,504			3,302

1. Consists of small and medium enterprises, micro, credit card, Sharia, insurance business, consumer financing, and retail banking.
2. Consists of commercial banking, corporations, financial institutions and treasury.

CONSOLIDATED FINANCIAL STATEMENTS POSITION

Danamon posted total assets of Rp221.30 trillion in 2023, increased by 11.9% compared to Rp197.73 trillion in the previous year. The increasing assets was largely due to an increase in loans - net and Consumer financing receivables & Finance lease receivables - net by 19.4% and 24.8% to Rp136.31 trillion and Rp27.64 trillion, respectively.

In line with the increment in assets, the Bank's total liabilities also increased from Rp150.25 trillion in 2022 to Rp171.35 trillion in 2023. The liabilities growth was mainly due to an increase in Third Party Funds (TPF) by 11.1% to Rp141.44 trillion in 2023. At the end of 2022, Danamon's TPF was recorded at Rp127.36 trillion.

ASSETS

Description	(in Rp billion)		
	2023	2022	Growth YoY
Cash	2,362	2,760	-14.4%
Current Accounts with Bank Indonesia	5,035	6,918	-27.2%
Current Accounts with Other Banks-net	2,134	2,250	-5.2%
Placements with Bank Indonesia and other banks - net	9,032	7,733	16.8%
Marketable securities - net	5,645	8,792	-35.8%
Loans - net	136,314	114,599	19.4%
Consumer Financing Receivables & Finance Lease Receivables - net	27,645	22,156	24.8%
Government Bonds	16,318	18,786	-13.1%
Fixed assets and Right-of-Use Assets-net	2,161	1,926	12.2%
Others	14,659	11,810	24.1%
Total assets	221,305	197,730	11.9%

CASH

Danamon posted cash of Rp2.36 trillion as of 31 December 2023, 14.4% lower than the previous year's position of Rp2.76 trillion. Cash contributed 1.1% of Danamon's total assets.

CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia decreased by 27.2% to Rp5.04 trillion from Rp6.92 trillion in the previous year following lower reserve requirements.

The ratio of Danamon's reserve requirement in Rupiah is 7.10% while reserve requirement in foreign currencies is 2.29% in 2023.

CURRENT ACCOUNTS WITH OTHER BANKS

Current accounts with other banks in 2023 decreased by 5.2% to Rp2.13 trillion. Current accounts with other banks accounted for 1.0% of total assets in 2023.

PLACEMENT WITH OTHER BANKS AND BANK INDONESIA

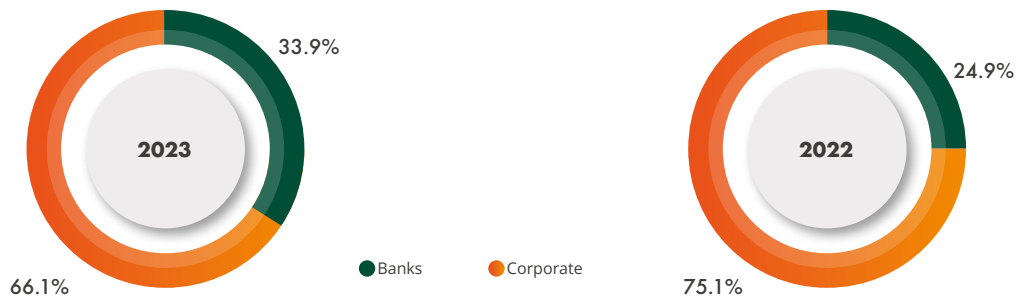
Danamon's placements with Other Banks and Bank Indonesia increased by 16.8% to Rp9.03 trillion in 2023 compared to Rp7.73 trillion in previous year. The increase was driven by higher Rupiah denominated placement in Bank Indonesia by 96.8% in 2023 to Rp5.88 trillion.

Based on the prevailing BI regulations, all placements with other banks and Bank Indonesia as of 31 December 2023 and 31 December 2022 are classified as current.

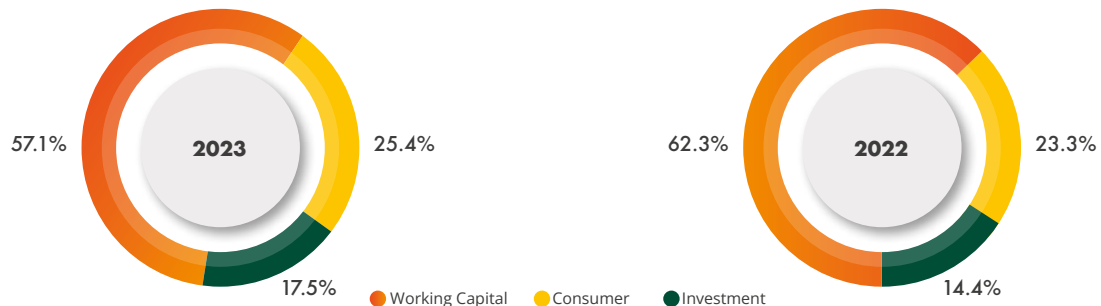
MARKETABLE SECURITIES

As of 31 December 2023, Danamon held Rp5.65 trillion of corporate bonds issued by banks and corporations. Securities issued by corporations have a larger portion at 66.1% compared to securities issued by banks of 33.9%.

MARKETABLE SECURITIES GRAPH



LOAN BY USAGE GRAPH



GOVERNMENT BONDS

Danamon's government bonds decreased by 13.1% from Rp18,79 trillion in 2022 to Rp16,32 trillion in 2023. This decrease was driven by lower government bonds denominated in both Rupiah and Foreign Currencies.

LOANS

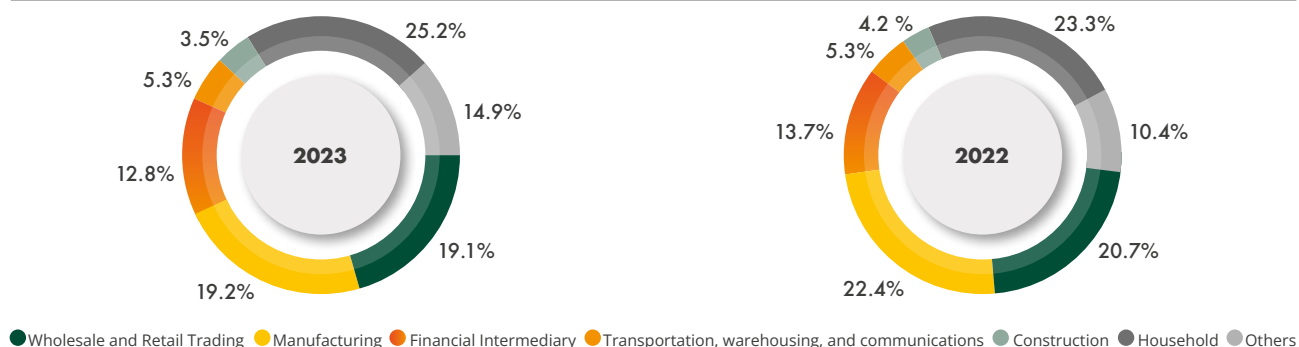
In 2023, the net loans reached Rp136.31 trillion, 19.4% higher than its position in 2022, while gross loans grew by 18.5% YoY and reached Rp143.65 trillion.

Based on currency type, loans denominated in Rupiah and foreign currencies were up by 19.7% and 7.9% respectively in 2023. The portions of these two types of loans are 90.6% and 9.4% respectively in 2023.

Meanwhile, based on the types and orientation of use, working capital loans still had the largest portion of 57.1% in 2023 while investment loans accounted for 17.5% of total loan. Cumulatively, the two types of credit for productive purposes contributed 74.6% of loans in 2023. In addition, Consumer loans increased by 29.1% to Rp36.47 trillion in 2023.

Loans outstanding based on Industry sector was dominated by the household and manufacturing sector which reached Rp36.25 trillion and Rp27.56 trillion, respectively, with a portion of 25.2% and 19.2% of total loans (gross) respectively. The wholesale and retail sector recorded the third largest loan outstanding of Rp27.47 trillion or representing 19.1% in 2023.

LOAN BY ECONOMIC SECTOR GRAPH



Description	2023	2022	(in Rp billion) Growth YoY
Wholesale and retail	27,467	25,108	9.4%
Manufacturing	27,555	27,146	1.5%
Financial intermediary	18,431	16,616	10.9%
Transportation, warehousing, and communications	7,535	6,428	17.2%
Construction	5,048	5,062	-0.3%
Households	36,251	28,251	28.3%
Others	21,364	12,645	68.9%
Total-gross	143,651	121,256	18.5%

Based on geographic region, loans are concentrated in the areas of Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung. Total loans in these areas amounted to Rp102.30 trillion in 2023 or representing 71.2% of total loans. In previous year, the portion of outstanding loans in that region was also the highest, at 71.5%.

Description	2023	2022	(in Rp billion) Growth YoY
Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	102,296	86,737	17.9%
West Java	6,802	6,153	10.5%
North Sumatra	10,045	7,189	39.7%
East Java	7,433	5,835	27.4%
Central Java and Yogyakarta	6,027	5,861	2.8%
Sulawesi, Maluku, and Papua	4,403	3,633	21.2%
Kalimantan	3,256	2,530	28.7%
South Sumatra	2,100	2,020	4.0%
Bali, NTT, and NTB	1,289	1,298	-0.7%
Total-gross	143,651	121,256	18.5%



PRIME LENDING RATE

Following are the Prime Lending Rate calculated and published at the end of December 2022 and 2023:

Description	(in Rp billion)	
	2023	2022
Corporate Loans	8.50%	8.50%
Retail Loans	9.00%	9.00%
Consumer Loans		
• Mortgage	8.00%	8.25%
• Non-Mortgage	9.25%	9.25%

The weighted average effective interest rate per annum for the year ended 31 December 2023 was 8.4% for Rupiah and 6.0% for foreign currencies. In the previous year, the effective interest rates were 7.6% and 3.7%, respectively.

CONSUMER FINANCING RECEIVABLES AND FINANCE LEASE RECEIVABLES

In addition to bank loans, loans that Danamon provides on a consolidated basis also include consumer financing receivables and finance lease receivables through its subsidiary, Adira Finance. Net consumer financing receivables and finance leases grew by 24.8% to Rp27.64 trillion in 2023, from Rp22.16 trillion in previous year.

Collectability of Loans, Consumer Financing and Finance Leases

Description		
	2023	2022
NPL-gross	2.2%	2.6%
Special Mention	8.0%	7.7%
Current	89.8%	89.7%

FIXED ASSETS AND RIGHT-OF-USE ASSETS

Danamon's fixed assets and Right-of-use assets in 2023 increased by 12.2% to Rp2.16 trillion from Rp1.93 trillion in the previous year. The increase was mainly due to the on going branch transformation projects in major cities across Indonesia to serve our customers better.

Fixed Assets	(in Rp billion)		
	2023	2022	Growth YoY
Land	614	615	-
Building	616	550	12.0%
Office Supplies	302	189	59.8%
Motor vehicles	10	14	-28.6%
Total fixed assets - net	1,542	1,368	12.7%
Rights of use assets			
Cost	1,091	934	16.8%
Accumulated amortization	(473)	(376)	25.8%
Net book value	618	558	10.8%
Total fixed assets and right of use assets	2,161	1,926	12.2%

OTHER ASSETS

Danamon's other assets comprising of accounts other than those described above. The total other assets reached Rp14.66 trillion in 2023 from Rp11.81 trillion in the previous year.

LIABILITIES

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

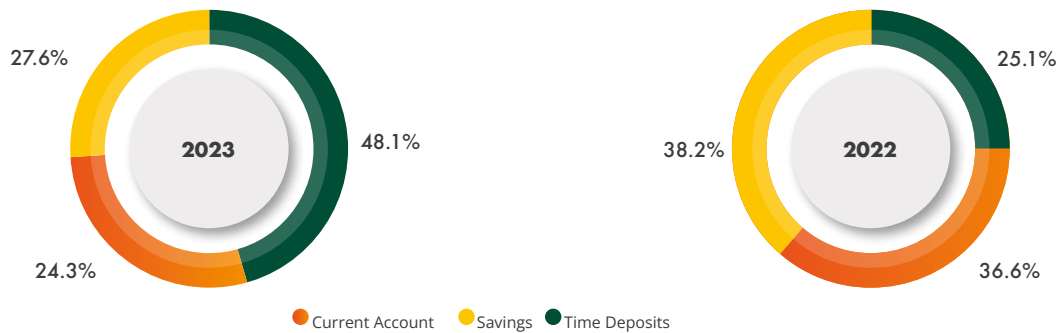
	(in Rp billion)		
Liabilities	2023	2022	Growth YoY
Customer Deposits	138,412	124,960	10.8%
Deposits from Other Banks	3,032	2,395	26.6%
Total Third Party Funds	141,444	127,355	11.1%
Bonds Payable	6,694	5,381	24.4%
Borrowings	8,321	4,428	87.9%
Subordinated Loans	25	25	-
Others	14,861	13,062	13.8%
Total	171,345	150,251	14.0%

DEPOSITS FROM CUSTOMERS

Danamon's Customer's deposits amounted to Rp138.41 trillion. In 2023, customer deposits composition comprising of Current and Savings Accounts (CASA) from customers stood at 52.3% compared to time deposits portion of 47.7%.

Deposits from customer's contribution to total liabilities reached 83.2% and 80.8% in 2022 and 2023, respectively.

DEPOSITS FROM CUSTOMERS GRAPH



	(in Rp billion)		
Description	2023	2022	Growth YoY
Current Account	33,580	31,426	6.9%
Savings	38,169	47,786	-20.1%
Time Deposits	66,663	45,747	45.7%
Total	138,412	124,960	10.8%



DEPOSITS FROM OTHER BANKS

Danamon also has deposits from other banks as a funding source for business expansion. In 2023, deposits from other banks reached Rp3.03 trillion, up by 26.6% from the previous year's position of Rp2.40 trillion. The contribution of this account to total liabilities is 1.6% and 1.8% for 2022 and 2023 respectively.

SECURITIES ISSUED

On a consolidated basis, Danamon's outstanding bonds reached Rp6.69 trillion in 2023, 24.4% higher than the previous year's position of Rp5.38 trillion. Danamon's subsidiary, Adira Finance, issue bonds to support financing business activities. Adira Finance's total bonds that have not yet matured minus underwriting fees and others are Rp5.84 trillion in 2023, higher than Rp4.94 trillion in the previous year. All Adira Finance's bonds were rated idAAA by Pemeringkat Efek (Pefindo).

In addition, Adira Finance has a Sukuk Mudharabah of Rp859.00 billion in 2023, higher than the previous year's position of Rp441.00 billion. All of Adira Finance's Mudharabah sukuk were also rated idAAA(sy) by Pemeringkat Efek (Pefindo).

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

BORROWINGS

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

The total borrowings received in 2023 was worth Rp8.32 trillion, an 87.9% increase from previous year's position of Rp4.43 trillion. An increase in the borrowings received was mainly due to higher Rupiah denominated borrowings from Rp3.64 trillion to Rp8.09 trillion in 2023. The borrowings received came from various institutions either abroad or domestic which demonstrates Danamon group's high flexibility in obtaining funding sources.

SUBORDINATED LOANS

Danamon has a strong financial support from the controlling shareholder. On 27 November 2018, the Bank entered into a subordinated loan agreement amounted to Rp25.00 billion with fixed interest rate of 9.27% with MUFG Bank, Ltd., a related party. The subordinated loan was fully disbursed from MUFG Bank, Ltd. on 4 December 2018. The subordinated loan has been extended on 4 December 2023 with fixed interest rate of 7.33% per annum and will mature in 5 years from the loan extension date.

EQUITY

Danamon booked a stronger equity in 2023, reaching Rp49.96 trillion. This was largely supported by a 6.8% increase in retained earnings to Rp35.23 trillion in 2023.

Description	(in Rp billion)		
	2023	2022	Growth YoY
Issued and fully paid	5,996	5,996	0.0%
Additional paid-up capital	7,986	7,986	0.0%
Other equity components	18	(120)	115.0%
Retained earnings	35,236	32,982	6.8%
Non-controlling interests	723	635	13.9%
Total	49,959	47,478	5.2%

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Description	(in Rp billion)		
	2023	2022	Growth YoY
Interest income	20,210	17,393	16.1%
Interest expense	(4,994)	(3,273)	52.6%
Interest income – net	15,216	14,120	7.8%
Other operating income – net	4,260	3,930	8.4%
Other operating expenses	(14,694)	(13,459)	9.2%
Net operating income	4,782	4,591	4.2%
Non-operating income-net	(88)	(187)	52.9%
Income before tax expense	4,694	4,405	6.6%
Tax expense	(1,036)	(975)	6.3%
Net income	3,658	3,430	6.6%
Total comprehensive income for the year	3,698	2,880	28.4%
Net profit attributable to:			
Parent entity	3,504	3,302	6.1%
Non-controlling interests	154	127	21.1%
Total comprehensive income for the year attributable to:			
Parent entity	3,549	2,746	29.2%
Non-controlling interests	149	134	11.9%
Net income per share (full amount)	359	338	6.2%

NET INTEREST INCOME

Helped by increasing interest income in 2023, Danamon booked a 7.8% YoY growth in net interest income to Rp15.22 trillion from Rp14.12 trillion in the previous year.

OTHER OPERATING INCOME

Other operating income reached Rp4.26 trillion in 2023, improved by 8.4% compared to the previous year level, mainly driven by higher realized gain from derivative instruments - net.

OTHER OPERATING EXPENSES

Other operating expense accounts increased 9.2% YoY from Rp13.46 trillion to Rp14.70 trillion in 2023. Danamon's other operating expenses was dominated by salaries and employee benefits as well provision for impairment losses. These two other operating expense components amounted to Rp6.14 trillion and Rp3.67 trillion in 2023, respectively. In previous year, these two components were Rp5.67 trillion and Rp3.25 trillion, respectively.

NET OPERATING INCOME

Danamon posted a net operating income of Rp4.78 trillion in 2023. This achievement was 4.2% higher than the previous year's position of Rp4.59 trillion. The growth was mainly due to higher interest income.

INCOME BEFORE TAX EXPENSE

In line with the higher net operating income, Danamon posted a profit before income tax of Rp4.69 trillion in 2023, up 6.6% compared to the previous year's position of Rp4.41 trillion.

NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT

Net income attributable to Owners of the Parent Entity increased 6.1% from the previous year to Rp3.50 trillion in 2023.

In 2023, Danamon's earning per share reached Rp359 per share (full amount), an increase compared to Rp338 per share (full amount) in previous year.

Consolidated Statements of Cash Flows

Description	(in Rp billion)		
	2023	2022	Growth YoY
Net cash provided from/(used by) operating activities	(6,409)	(8,211)	-22.0%
Net cash provided from/(used by) investing activities	1,445	11,554	-87.5%
Net cash provided from/(used by) financing activities	3,878	(2,042)	289.9%
Net increase/(decrease) in cash and cash equivalents	(1,086)	1,302	-183.4%
Cash and cash equivalents at beginning of the year	19,661	18,261	7.7%
Cash and cash equivalents at the end of year	18,563	19,661	-5.6%

CASH FLOWS FROM OPERATING ACTIVITIES

Danamon posted a net cash used by operating activities of Rp6.41 trillion in 2023. This was 22.0% lower than previous year's net cash used by operating activities of Rp8.21 trillion in line with decrease of treasury assets and increase in time deposits.

CASH FLOWS FROM INVESTING ACTIVITIES

Danamon recorded net cash provided by investment activities of Rp1.45 trillion in 2023, a 87.5% decrease compared to the previous year's net cash provided by investing activities of Rp11.55 trillion. This decrease was mainly due lower proceeds from sales of and matured marketable securities and Government Bonds in 2023.

CASH FLOWS FROM FINANCING ACTIVITIES

Danamon reported that net cash provided for financing activities of Rp3.88 trillion in 2023, increased 289.9% from previous year's net cash used for financing activities of Rp2.04 trillion. This increase was mainly due to higher proceeds from borrowings as compared to that of the previous year.

KEY FINANCIAL RATIO

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

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

Key Financial Ratios (%)	2023	2022
CAR-Consolidated	27.5	26.3
Gross NPL-Consolidated	2.2	2.6
ROA-Consolidated	1.7	1.7
ROE-Consolidated	8.3	8.3
NIM-Consolidated	7.7	7.7
RIM-Consolidated	97.3	92.1
LDR-Bank Only	96.5	91.0
Cost to Income-Bank Only	51.6	50.0

DEBT REPAYMENT CAPABILITY AND RECEIVABLES COLLECTIBILITY

Debt Repayment Capability

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

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

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

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

Solvency Ratio

The capital ratio is one of the parameters used in measuring the solvency ratio. Danamon always ensures that its capital is able to meet Capital Adequacy Ratio (CAR) requirement which includes credit risk, market risk and operational risk. On a consolidated basis, Danamon recorded a CAR of 27.5% in 2023, higher than 26.3% in 2022. Danamon's CAR ratio exceeded the minimum CAR ratio required by the regulator.

Profitability Ratio

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

Danamon recorded profitability ratios of ROAA and ROAE of 1.7% and 8.3% respectively in 2023, similar to previous year. Meanwhile, Net Interest Margin (NIM) ratio was flat at 7.7% in both 2023 and 2022. On the other hand, Danamon's BOPO ratio was recorded at 75.7% in 2023 compared to 72.9% in the previous year.

Liquidity Ratio

The bank's liquidity management is very important to Danamon since it is closely related to the Bank's ability to meet either short-term or long-term obligations. Key measures of liquidity risk for Danamon includes the Macroprudential Intermediation Ratio (RIM), Loan to Deposit Ratio (LDR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). These ratios are 97.3%, 96.6%, 131.8% and 120.9%, respectively in 2023 compared to 92.1%, 91.0%, 152.5% and 130.5%, respectively in 2022. All the ratios indicated ample liquidity for Danamon.

CAPITAL STRUCTURE

Capital Structure Components

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

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

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

Core capital comprised 96.3% of Danamon's total capital in 2023.

(in Rp billion)

Description	Bank Only			Consolidated		
	2023	2022	YoY	2023	2022	YoY
Core Capital (Tier-I)	34,157	32,210	6.0%	44,058	41,211	6.9%
Supplementary Capital (Tier-II)	1,596	1,344	18.8%	1,697	1,420	19.5%
Total Capital	35,753	33,554	6.6%	45,755	42,632	7.3%
Credit, Operational, Market Risk Weighted Assets	141,110	132,390	6.6%	166,274	161,838	2.7%
CAR	25.3%	26.3%	-1.0%	27.5%	25.3%	2.2%

Management Policy on Capital Structure

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

Danamon consistently maintains capital adequacy level above the minimum CAR level stipulated by the regulator. Danamon's consolidated CAR ratio reached 27.5% in 2023 compared to 25.3% in 2022.

Danamon also performed an Internal Capital Adequacy Assessment Process (ICAAP) to determine capital adequacy in accordance with the risk profile and determine strategies to maintain capital levels. The Bank's risk profile in 2023 is rated Low to Moderate (2). In accordance with POJK No. 34/ POJK.03/2016 and SEOJK No.26/SEOJK.03/2016, CAR that must be provided by considering the risk profile rating of Low to Moderate (2) and Basel 3 Capital Buffer in 2023 is 9.0%.

Basis for Determining Management Policy on Capital Structure

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

Commitments and Contingencies

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

Cumulatively, in 2023 total commitment liabilities and net contingent liabilities amounted to Rp12.48 trillion or a 68.0% increase compared to the previous year's position of Rp7.43 trillion.

(in Rp billion)

Description	2023	2022	Growth YoY
Unused loan facilities to debtors	4,923	255	1831%
Outstanding irrevocable letters of credit	853	1,068	-20.1%
Total commitment payable	5,776	1,323	336.6%
Contingent receivables			
Guarantee from other banks	744	602	23.6%
Total contingent receivables	744	602	23.6%
Contingent payables			
Guarantees issued	7,448	6,710	11.0%
Total contingent payables	7,448	6,710	11.0%
Contingent payables - net	6,704	6,107	9.8%
Commitment payables and contingent payables - net	12,480	7,430	68.0%

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

Impact of Interest Rate Changes

Changes in interest rates have an impact towards banking industry by adjusting bank interest rates for retail loans; consumers, including mortgages. Bank Indonesia has increased the 7-Day Reverse Repo Rate (BI7DRR) for several times since the end of 2022 from 5.5% to 6.0% at the end of 2023.

The impact of interest rates changes on the performance of the Bank can encourage more optimal credit absorption, trigger the recovery in economic condition so as to improve the Bank's performance. Danamon's interest rate risk management regularly conducts a sensitivity analysis based on a number of scenarios to see the impact of changes in interest rates. This is important because interest rate risk is the probability of loss that may occur as a result of the opposite movement in positions vis-à-vis the interest rate market or the Bank's transactions.

Impact of Foreign Currencies Changes

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

Investment Properties

Danamon does not own property assets that are used for investment purposes until the period ended 31 December 2023.

Material Commitments for Capital Goods Investment

Until the end of 2023, Danamon has no material commitments related to capital goods investment. Thus, data related to the name of party making commitments; purpose of the commitments; the source of funds expected to fulfil these commitments; the currency being denominated; and the Company's plans to hedge the risk from its associated foreign currency position are not presented in this section.

Capital Expenditures Realized in The Last Fiscal Year

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

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

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

Comparison of 2023 Target and Realization

Indonesia's economy in 2023 has started to recover, which has caused Danamon's profitability and loans to increase compared to the previous year. The Bank was able to exceed the loan and net profit target set in the previous year.

Dividend Policy

Based on the decision of the Annual General Meeting of Shareholders ("AGMS") dated 29 March 2023, it was decided amongst other to distribute cash dividends for 2022 financial year, representing 35.0% of the 2022 net profit or approximately Rp1,155,809,900,000 or amounting to Rp118.26 per share.

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

Fiscal Year	AGMS date	% Net Profit	Dividend per Share for series A and series B (Rp full amount)	Total Dividend Payment (Rp Billion)	Payment date	General & Mandatory Reserves (Rp Billion)
2022	29-Mar-23	35%	118.26	1,155.8	4-May-23	33.0
2021	25-Mar-22	35%	56.33	550.6	28-Apr-22	15.7
2020	30-Apr-21	35%	36.08	352.7	3-Jun-21	10.1



Employee and/or Management Equity Ownership Program

In 2023, Danamon did not have a share option program for the Board of Directors, Board of Commissioners or employees. Henceforth, the Bank did not provide related information regarding:

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

Realization of Proceeds from Public Offering

In 2023, Danamon as a parent company did not conduct any public offerings, either bonds or shares. Thus information related to the total proceeds; plan for the use of proceeds; details of the use of proceeds; proceeds balance; and approval date of the GMS/RUPO for changes in the use of proceeds (if any) was not presented.

Important Changes in The Bank and Bank Business groups In 2023

Danamon reported that there were no important changes that occurred in the Bank and the Bank's business groups as of 31 December 2023 which affected Danamon's financial position.

Other Important Transactions in Significant Amount

There was no other important transaction in significant amounts executed by Danamon throughout 2023 other than those described in this Management Discussion and Analysis chapter.

Material Transactions Containing Conflicts of Interest

Throughout 2023, Danamon did not record transactions containing conflicts of interest.

Transactions with Affiliated Parties/Related Parties

Danamon conducts various transactions with related parties which are not conflict of interest transactions in performing its business activities. The transaction is executed fairly based on normal commercial terms such as transactions with unrelated parties.

More complete information related to transactions with related parties can be seen in the attachment of 2023 audited financial report of PT Danamon Tbk (Note No. 47).

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

Investment

On 13 January 2023, Danamon has signed a fund placement agreement with MUFG Innovation Partners Garuda No.1 Investment Limited Partnership (Venture Fund) as a limited partner with a total commitment of USD10,000,000 (10% of total funding). The first placement was made on 9 February 2023 and the second placement of USD1,000,000 was made on 24 November 2023.

Expansion

Danamon did not perform expansion activities in 2023 so that information regarding purpose, transaction value and source of funds for expansion activities are not presented.

Divestment

Danamon did not perform divestment activities in 2023 so that information regarding purpose, transaction value and source of funds for divestment activities are not disclosed.

Acquisition

Adira Finance will make an equity investment in PT Mandala Multifinance Tbk (PT MFIN) which is expected to be completed in early 2024 subject to certain conditional conditions and regulatory approvals. On 23 June 2023, ADMF has entered into a conditional sale and purchase agreement in relation to the acquisition of 10% of the issued shares of PT MFIN with a transaction value of Rp873.7 billion.

On 2 October 2023, ADMF invested in PT Home Credit Indonesia (HCI) with purchase price of EUR23,163,839 (full amount) or equivalent to Rp380.397 which represents 9.83% of the issued and paid up capital of HCI.

Based on prevailing Bank Indonesia regulation, investments in shares as of 31 December 2023 and 2022 are classified as current.

On 17 April 2023, the Bank has entered into a portfolio transfer agreement with Standard Chartered Bank Indonesia (SCBI) to acquire SCBI's Conventional Retail Loan Portfolio consisting of Credit Cards, Unsecured Loans, Home Loans, and Motor Vehicle Loans (by ADMF). The acquisition was completed on 8 December 2023, with a final closing statement on 13 March 2024.

Restructuring

There were no debt or capital restructuring activities in 2023. Therefore, Danamon did not provide information related to restructuring activities in terms of objectives, transaction value and sources of funds for restructuring activities.

REGULATORY CHANGES THAT HAD A SIGNIFICANT INFLUENCE ON BANK AND ITS FINANCIAL STATEMENTS IN 2023

No	Regulation	The main points of the new regulations or significant changes to the previous regulations	Impact on Danamon	Impact on Financial Statements
1	SEOJK No.29/SEOJK.03/2022 concerning Cyber Resilience and Security for Commercial Banks	<ol style="list-style-type: none"> 1. Banks are required to conduct self-assessments of the level of cyber security maturity. 2. Banks are required to conduct regular cyber security testing of network, system and data security based on scenarios and vulnerability analysis. 3. Banks are required to establish units/functions that handle Bank cyber resilience and security. 	<ol style="list-style-type: none"> 1. Danamon has made assessments of the level of cyber security maturity and submitted a report to the OJK. 2. Danamon has conducted cyber security assessments based on scenarios and submitted the results to the OJK. The Bank has also assessed its cyber security based on vulnerability analysis and submitted the results to the OJK as part of the Current Condition of Information Technology Implementation Report. 3. Danamon has set up a unit that handles cyber resilience and security. 	Has no impact on the composition of the Financial Statements.
2	PBI No.6 of 2023 concerning Money Markets and Foreign Exchange Markets	<ol style="list-style-type: none"> 1. Treasury dealers must be registered with BI. 2. BI can set up a Self-Regulatory Organization (SRO) to support the development of the money market and/or foreign exchange market. 3. Consumer protection applies to all parties carrying out activities in both money and foreign exchange markets that have direct contact with consumers. These provisions are in line with the new BI regulations regarding Bank Indonesia Consumer Protection. 	Danamon will register treasury dealers at Bank Indonesia to comply with the newly issued BI provisions of the Money and Foreign Exchange Markets and make the necessary adjustments to its Treasury Certification Policy.	Has no impact on the composition of the Financial Statements.
3	POJK No.8 of 2023 concerning Implementation of Anti-Money Laundering Programs, Prevention of Terrorism Financing, and Prevention of Funding for the Proliferation of Weapons of Mass Destruction in the Financial Services Sector.	<ol style="list-style-type: none"> 1. Banks are required to conduct a TPPU TPPT PPSPM risk assessment of customers, country/geography, products, services, transactions or distribution networks and submit the risk assessment document, namely the Individual Risk Assessment (IRA), to the OJK every year. 2. The Bank must proactively take counter measures against high-risk FATF countries/jurisdictions. 3. Banks can use the results of identification and verification conducted by third parties which must meet the criteria and have their use regulated under written agreements. 4. Members of the Financial Conglomeration (KK) must apply the same APU PPT PPSPM standards. The Main Entity in the KK is responsible for the implementation and guarantee. 5. Banks are required to align internal policies with this POJK no later than December 2023. 	<ol style="list-style-type: none"> 1. Danamon had aligned internal policies with these new requirements as of December 2023. 2. Danamon has conducted an overall yearly risk assessment of the Bank to comply with the provisions and will submit the results to the OJK no later than the end of June 2024. 	Has no impact on the composition of the Financial Statements.



No	Regulation	The main points of the new regulations or significant changes to the previous regulations	Impact on Danamon	Impact on Financial Statements
4	POJK No.12 of 2023 concerning Sharia Business Units	<ol style="list-style-type: none"> Capital <ul style="list-style-type: none"> Existing UUS are required to fulfill and maintain business funds of at least Rp1 trillion no later than 31 December 2024, carried out in stages: <ol style="list-style-type: none"> Rp500 billion on December 31, 2023. Rp1 Trillion on December 31, 2024. UUS that does not meet the business funding requirements as referred to above (Rp1 trillion) must transfer or sell its assets or to the existing BUS or another UUS. Obligation to spin off UUS from BUK if the UUS' assets have reached 50% of the total asset value of the parent BUK and/or have reached least Rp50 trillion. 	Danamon has complied with the provisions related to strengthening Sharia business funds in stages in accordance with applicable OJK regulations.	Has no impact on the composition of the Financial Statements.
5	PBI No.3 of 2023 concerning Bank Indonesia Consumer Protection	<ol style="list-style-type: none"> Rights and obligations of consumers and payment system providers (including banks) and ensure providers educate consumers regarding their rights and obligations. Additional arrangements for handling complaints in the event of disputes through alternative dispute resolution institutions, including strengthening coordination with other authority bodies such as the OJK, Associations, Police in handling consumer protection. 	Danamon will adjust its internal provisions regarding Customer Protection to comply with the currently applicable provisions.	Has no impact on the composition of the Financial Statements.
6	POJK No.9 Tahun 2023 perihal Penggunaan Jasa Akutan Publik dan Kantor Akuntan Publik dalam Kegiatan Jasa Keuangan.	<ol style="list-style-type: none"> Parties (Banks, Issuers, Public Companies) are required to limit the services of audited historical financial information from the same Public Accountant (AP) for a cumulative 7 (seven) years, with a waiting period in accordance with the AP's role in the engagement as follows: <ul style="list-style-type: none"> AP acts as an engagement partner, with a time lag of 5 (five) consecutive reporting years. AP acts as the person responsible for reviewing assignment quality control, with a reporting period of 3 (three) consecutive years. AP acts as another audit engagement partner, with a time lag of 2 (two) consecutive financial reporting years. The cumulative calculation above has been accumulated since the 2017 financial year. The Bank asks the Public Accounting Firm (KAP) to conduct and provide the results of a self-assessments of compliance with restrictions on the use of audit services and waiting periods. Include the specific audit scope in the agreement with the KAP. The details will be regulated in SEOJK. Changes in submitting reports to OJK. Previously via SIPENA (unstructured) and now via Apolo (structured). 	<ul style="list-style-type: none"> AP, which acts as an engagement partner with Danamon, has currently been analyzed and has not exceeded 7 (seven) cumulative years, since 2017. In the Cooperation Agreement between Danamon and AP KAP always includes the scope according to the applicable SEOJK. 	Has no impact on the composition of the Financial Statements.

No	Regulation	The main points of the new regulations or significant changes to the previous regulations	Impact on Danamon	Impact on Financial Statements
7	PBI No.7 of 2023 concerning Export Proceeds Foreign Exchange (DHE) and Import Payment Foreign Exchange (DPI)	<ol style="list-style-type: none"> 1. Exporter's obligation to place 30% of DHE funds > USD 250,000.00 for at least three months in the Indonesian Financial System. These funds can be placed in the form of a FCY Account specifically for Exporters at the Bank, Foreign Currency (FCY) Time Deposit (FCY), FCY Term Deposit at Bank Indonesia (BI) through an Agent Bank, or an LPEI promissory note. 2. Exporters can use these funds as cash collateral for FCY loans or as the basis for FX Swap transactions between Exporters and Banks. 3. Banks are required to provide special markers for funds placed in banking instruments and report them to Bank Indonesia every month. 	<ul style="list-style-type: none"> • In order to support government programs for the DHE instruments, Danamon has made guidelines for using Natural Resources DHE instruments as credit/financing collateral. • Income, placement and utilization transactions are carried out by the business team in accordance with BI regulations. The relevant work units are in the process of adjusting internal arrangements. • Danamon as Bank Agent signed an addendum to the Agreement with BI to transact FCY Term Deposits for conventional Open Market Operations. In September 2023, Danamon already reported to BI with new requirements on its August 2023 data. 	Has no impact on the composition of the Financial Statements.
8	PBI No.10 of 2023 concerning Amendments to PBI No.4 of 2023 concerning Short-Term Liquidity Loans (PLJP) for Conventional Commercial Banks.	<ol style="list-style-type: none"> 1. SRBI can be used as PLJP collateral. 2. The value of collateral in the form of SRBI is set at 100%. 	Danamon has made adjustments to the Emergency Funding Policy to accommodate PLJP provisions.	Has no impact on the composition of the Financial Statements.
9	PBI No.11 of 2023 and PADG No.11 of 2023 concerning Macroprudential Liquidity Incentive Policy (KLM).	<ol style="list-style-type: none"> 1. KLM/ GWM Incentive for: <ul style="list-style-type: none"> • Credit or financing to 23 specific sectors (10 mineral and coal downstream sectors, 8 (eight) downstream sectors other than the mineral and coal downstream sector, 4 (four) housing sectors, 1 (one) tourism sector); • Achievement of RPIM targets; • Credit or Financing to Ultra Micro Enterprises (UMi); • Environmentally friendly credit or financing which includes mortgage and auto loan. 2. The KLM amount is set at a maximum of 4% of the average third party funds: <ul style="list-style-type: none"> • maximum 2% in annual credit growth from certain new sectors (3 month average); • maximum 1% on RPIM achievement; • maximum 0.5% in the Property & Automotive Industry (environmentally friendly credit/financing); • (new) maximum 0.5% ultra micro inclusive credit/financing 3. BI provides details of incentives every 3 (three) months. 4. KLM/GWM incentives start on 1 October 2023. 	Danamon has fulfilled the GWM calculation with incentives to meet the applicable Bank Indonesia regulations related to the Macroprudential Liquidity Incentive Policy (KLM).	Has no significant impact on financial statements.



No	Regulation	The main points of the new regulations or significant changes to the previous regulations	Impact on Danamon	Impact on Financial Statements
10	POJK No.17 of 2023 concerning Implementation of Governance for Commercial Banks.	<ol style="list-style-type: none"> 1. The term of office for members of the Board of Directors and Board of Commissioners is a maximum of 5 (five) years for 1 (one) term of office starting from the effective date of appointment by the GMS. 2. The dismissal/replacement of the Independent Commissioner, President Director and Compliance Director before the end of their term of office must be approved by the OJK. 3. The Board of Directors and Board of Commissioners are required to ensure that the implementation of bank risk management includes Country Risk and Transfer Risk. 4. The share ownership of the President Director and Compliance Director as a result of ESOP/MSOP is not taken into account in assessing the independence of the controlling shareholder as long as it meets certain criteria. 5. The Board of Commissioners is required to report to the OJK no later than 5 (five) working days if there are violations and/or conditions or predicted conditions that could harm the bank's business sustainability. 6. Requirements for Independent Party expertise. 	Danamon has updated written guidelines or internal Bank regulations.	Has no impact on the composition of the Financial Statements.
11	SEOJK No.19/SEOJK.06/2023 concerning the Implementation of Information Technology-Based Joint Funding Services (LPBBTI)	<ol style="list-style-type: none"> 1. LPBBTI is a financial service that connects fund providers with fund recipients directly through an electronic system using the internet (peer-to-peer lending/P2P lending). 2. P2P business activities include system provision, management and electronic operations. 3. P2P lending must have permission from the OJK and be registered as an electronic system operator (PSE) with the relevant regulatory authority. 4. Financing risks arising from P2P lending transactions must be borne by the fund provider. P2P can facilitate risk mitigation (for example billing, insurance). 5. OJK sets a maximum limit for economic benefits (i.e. interest, fees/commissions, late payment fines, etc.). 	In order to explore collaboration in lending through fintech companies, Danamon will collaborate only with companies that have permits and are registered with the OJK and meet other regulatory criteria.	Has no impact on the composition of the Financial Statements.

Changes in Accounting Policies

The following standards, amendments and annual improvements became effective since 1 January 2023 and are relevant to the Bank and Subsidiary:

- Amendment to PSAK 1 "Presentation of Financial Statement" related to Liabilities Classification as Short or Long-term and Disclosure of Accounting Policies;
- Amendment to PSAK 16 "Property, Plant and Equipment" related to Proceeds before Intended Use;
- Amendment to PSAK 25 "Accounting Policies, Changes in Accounting Estimates and Errors" related to Definition of Accounting Estimates;
- Amendment of PSAK 46 "Income Tax" on Deferred Tax related to Assets and Liabilities arising from a Single Transaction which adopted from Amended IAS 12 Income Taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
- Amendment of PSAK 107 "Ijarah Accounting".

The implementation of PSAK above does not cause significant change to the financial reporting and disclosure in the consolidated financial statements.