

Material Disclosure & Compliance

The Bank is committed to giving all shareholders comprehensive and equal access to information about our activities and obligations to the broader market.

The market disclosure policy governs how the Bank communicates with shareholders and the market. This policy is designed to ensure compliance with Jakarta Stock Exchange (JSX) Listing Rules continuous disclosure requirements and the requirements of other exchanges where the Company is listed. It ensures any information that a reasonable person would expect to have a material effect on the price of the Bank's securities is disclosed.

The Corporate Secretary has responsibility for ensuring compliance with the continuous disclosure requirements in the Listing Rules, and overseeing and co-ordinating information disclosure to the JSX, analysts, brokers, shareholders, the media and the public.

Guidelines exist for employees and Directors to ensure that unpublished information, which may be price sensitive about the company or any other organisation, is not used in an illegal manner. Restrictions imposed by law and regulations are supplemented by the Board of Directors adopting guidelines which further limit any such dealings by Directors, their spouses, any dependent child, family or related company.

Each employee is required to have complete knowledge of the rules and regulations impacting his/her job responsibilities.

Compliance Division

Assisting the Compliance Director the Compliance Division is responsible for ensuring Bank Danamon fully adheres to all regulatory requirements. A formal function and policy is in place, together with a programme of monitoring business activities and liaison with all relevant external bodies. Compliance Division advises the Board of Management on all changes in the regulatory framework and is responsible for disseminating this information within the Bank.

This section of the report highlights some of the Bank's corporate actions, material events and matters of compliance with regulations.

AGM and EGMs

An Annual General Meeting of Shareholders (AGM) was held on May 9, 2005 with the following resolutions passed:

- Approval of the report of the Board of Directors for the fiscal year ending December 31, 2004.
- Approval of the Balance Sheet and Profit/Loss Account of the Bank for the fiscal year ending December 31, 2004 as audited by KAP "Haryanto Sahari & Rekan" member of PricewaterhouseCoopers as public accountant.
- Approval of the appropriation of the Bank's net income for the year ending December 31, 2004 to be divided between a reserve fund of Rp 24,080,790,000, a dividend payment of Rp 1,204,039,500,000 or Rp 245.37 earnings per share, and Rp 52,720,600,000 for tantiem payments.
- To receive the resignation of Emirsyah Satar as Vice President Director and to approve changes to the composition of the Board of Commissioners and Board of Directors.

- Approval of the recommendations of The Nomination and Remuneration Committee and the authority of the President Commissioner to determine the amount of remuneration and benefits of the Board of Commissioners and Board of Directors.
- Approval of the Board of Commissioners recommendation of the appointment of Public Accountants to audit the Bank's Financial Statements for the year 2005.

Divestment of DBS Vickers Securities

Bank Danamon sold its entire 25% stake in PT DBS Vickers Securities Indonesia (DBSV) to DBS Vickers Securities Holdings Pte. Ltd (10%), DBS Vickers Securities Singapore Pte. Ltd. (14%), and to PT Saratoga Sentra Business (1%) for a gross consideration of Rp 25.7 billion.

Divestment of Shareholding in PT Korean Exchange Bank Danamon (KEBD)

During the year Bank Danamon divested its entire 15% shareholding in KEBD through two separate sales transactions in July and August 2005. The total proceeds were Rp 111 billion gross.

Top 25 Debtors

No	Business type	Amount (in Rp mio)	% of total loans
1	Coal mining	411,594	1.1%
2	Cigarettes and cigars	363,771	1.0%
3	Automotives	334,454	0.9%
4	Textiles and garments	319,893	0.9%
5	Basic Metals	214,692	0.6%
6	Basic Metals	163,415	0.4%
7	Multi finance companies	162,067	0.4%
8	Telecommunication	151,892	0.4%
9	Poultry & prepared animal feeds	130,000	0.4%
10	Foods and beverages	127,469	0.3%
11	Plantations	119,226	0.3%
12	Automotives & components	112,693	0.3%
13	Chemicals	111,189	0.3%
14	Automotives & components	104,574	0.3%
15	Plantations	103,990	0.3%
16	Retail tradings	100,000	0.3%
17	Electronic Appliances	94,368	0.3%
18	Telecommunication	88,470	0.2%
19	Coal mining contractor	87,638	0.2%
20	Coal mining contractor	79,247	0.2%
21	Plantations	73,921	0.2%
22	Computers and information technologies	71,098	0.2%
23	Basic Metals	70,625	0.2%
24	Stationery manufacturer	67,758	0.2%
25	Oil and gas production	53,082	0.1%
Total		3,717,127	10.3%

Outstanding Litigation

There were no material cases outstanding as of the reporting date.

Board members' interests in shares

As of December 31, 2005, total shareholdings of both Boards were less than 0.01% of the Bank's ordinary shares during the year.

Regulatory Compliance

Capital Adequacy Ratio (CAR) - without market risk charge

The Bank's CAR was 23.5%, above the minimum requirement by Bank Indonesia of 8% as of December 31, 2005.

Non Performing Loans (NPL)

The gross NPL ratio as of December 31, 2005 was 2.6% compared with the limit of 5% set by Bank Indonesia.

Net Open Position (NOP)

The Bank's NOP as of December 31, 2005 was 1.95% compared with the regulation of Bank Indonesia which stipulates a maximum of 20% of equity.

Legal Lending Limit (LLL)

As of December 31, 2005 there were no loans to any individual debtors or group of debtors that did not comply with the LLL requirements of Bank Indonesia.

Due to change in Bank Indonesia regulation, as of December 31, 2005 Bank Danamon has an excess of 2.5% in respect of related parties LLL. According to the regulation, Bank Danamon has up to 18 months to resolve this (please refer to Note 49 to the Consolidated Financial Statements, December 31, 2005).

Anti Money Laundering and Know Your Customer (KYC)

Bank Danamon is in compliance with money laundering legislation and Bank Indonesia regulation relating to "Know Your Customer". Specific training courses are carried out to ensure all business and support units are properly briefed and trained on prevention of suspicious of money laundering.