

Risk & Audit Committee Report

Pursuant to Jakarta Stock Exchange (BEJ) regulation no Kep.339/BEJ/07-2001 dated 20 July 2001, Bapepam Chairman's decree letter number 29/PM/2004 dated September 24, 2004 and BI regulation PBI 5/8/PBI/2003, dated 19 May 2003, PT. Bank Danamon Indonesia, Tbk (Bank Danamon) has established a Risk & Audit Committee (The Committee) to assist the Board of Commissioners in performing its duties.

The duty of The Committee is to give independent and professional opinions to the Board of Commissioners regarding risk, compliance, internal audit (SKAI), external audit, financial statements and others.

Members of The Committee comprise of:

Chairman / Member

Milan Robert Shuster
(Independent Commissioner)
Members

Manggi Taruna Habir
(Independent Commissioner)

Harry Arief Soepardi Sukadis
(Independent Commissioner)

Liew Cheng San Victor
(Commissioner)

Setiawan Kriswanto

Hadi Indraprasta

The Committee was involved in the selection and appointment of public accountants with due consideration given to the scope and adequacy of the audit work, fair and reasonable audit fee and the independence and objectivity of the auditors. During the course of the 2005 audit process, several meetings and discussions have been held between The Committee & the external auditor to ensure that all essential risk and other relevant factors have been considered.

Through regular meetings with the internal audit unit (SKAI), the Committee has evaluated the effectiveness of the internal auditor's functions, discussed significant audit findings, followed-up on the audit recommendations and assisted in the preparation and approval of the 2006 audit plan.

Regular meetings with the Integrated Risk Director were held to ensure that all significant risk factors i.e. credit, market, liquidity, operational, legal, compliance, reputational, and strategic risk have been properly anticipated. The Committee also regularly evaluated the adequacy of the Bank's overall risk management policies, the adequacy of the Board of Directors implementation of such policies as well as compliance by the Board of Directors of all matters pertaining to any transaction requiring approval from the Board of Commissioners.

Meetings with the Compliance Director were held to ensure full compliance with all prevailing internal and external rules and regulations.

The Committee also held regular meetings with Financial Planning and Control to, among others, review and approve outgoing reports to be issued by Bank Danamon.

A review of the implementation of the total compensation package for the Directors and Commissioners has been conducted and the Committee has concluded that the procedures were appropriate and in accordance with the prevailing regulations.

The Committee has also performed several other tasks assigned to it by the Board of Commissioners.

Based upon its review of the above mentioned items, The Committee finds no significant issues that need to be reported in the 2005 Annual Report of PT. Bank Danamon Indonesia Tbk.

The Risk and Audit Committee



Milan R. Shuster, Chairman