Corporate Governance

The Board of Commissioners and Board of Directors believe good corporate governance practices are intrinsic to Bank Danamon's philosophy. Embedded within Bank Danamon's governance principles are the bank's core values: caring, honesty, passion to excel, teamwork and disciplined professionalism.

Responsibility: compliance with all prevailing laws and regulations, and the commitment to act as a good corporate citizen in the community at large.

Independence: Board member objectivity is upheld in all matters. In judgements with the potential for conflict of interest, independent advice is sought.

Bank Danamon has issued a Good Corporate Governance manual for employees at all levels to serve as a practical reference guide for implementing Good Corporate Governance principles.

Responsibilities of the Boards

Both Boards are guided by the following accountability and disclosure precepts.

Accountability

- Bank Danamon’s written set of rules relating to governance is adhered to in the course of normal business.
- The bank’s vision, mission, and objectives are clearly stated and a supporting business plan is in place.
- A full committee structure ensures key elements of governance are carried out.
- As of December 31, 2006, four Independent Commissioners have been appointed by shareholders in excess of the minimum 30% requirement set by the Jakarta Stock Exchange regulation No.1A, in compliance with Bank Indonesia’s 50% requirement.
- As of January 16, 2007, all committees are chaired by an Independent Commissioner.
Disclosure

- A transparent ownership structure is in place with a clear statement of any beneficial ownership of shares by Commissioners and Directors. Board members hold less than 1% of the bank’s shares, while public shareholders’ constituted 30.75% of the total ownership of Bank Danamon on December 31, 2006 (please refer to Note 5/76 in the Consolidated Financial Statements).
- Accurate, adequate and timely information is provided through quarterly public expose, as well as regular investor meetings and non-deal road-shows on the bank’s financial performance, business operation, competitive position, and the extent of the bank’s approach to managing all risks in its normal operations. Details of the appointment of Board members and Board remuneration are also provided.
- Multiple communication channels for shareholders and the public are in place, including among others, the annual report, company website, regular press and analyst briefings, and the publishing of press releases and newsletters.

Shareholder Rights

- Shareholders have the right to appoint Board members and to approve the remuneration of Board members at the Annual General Meeting of Shareholders (AGM).
- Prior shareholder approval is always sought with regard to any material changes which have any affect whatsoever on the equity, economic interests, or share ownership rights of existing shareholders.
- Proper notice is given to shareholders in calling the AGM and includes the main agenda items for the meeting. Over the year these items will include, among others, the approval of financial statements, the approval of dividend payments, and the appointment and terms of the external auditor. All proxy appointments for the purpose of voting are notarised.
- A formal share ownership programme is in place to offer performance incentives to employees and the Board of Directors, and to align their interests with those of the bank’s shareholders.

Aligning Employee and Shareholder Interests

In line with our mission to be an employer of choice, Bank Danamon launched an Employee/Management Share Option Plan (E/MSOP) in 2004. The principle objectives included retaining employees whose contributions are essential to the success and prosperity of the bank, and recognising outstanding members of the Board of Directors and senior employees who have contributed to the growth and profitability of the bank.
- Members of the Board of Directors and senior employees are eligible for E/MSOP subject to individual performance conditions set out by the relevant Committees. In order to avoid any conflict of interest, members of the Board of Commissioners will not participate in the E/MSOP as they are responsible for determining the compensation paid to management.
- The bank will grant options to eligible persons to subscribe for the shares of the bank up to a maximum of 5% of the total issued and fully paid up shares in the bank as of 26 March 2004, or in aggregate, 245,346,100 shares Series B, each share having a par value of Rp 500. The total accumulated grants issued in 2004, 2005 and 2006 were 164,125,000 options, 225,196,800 options, and 254,638,300 options respectively. The compensation costs associated with E/MSOP were Rp 37 billion in 2004, Rp109 billion in 2005, and Rp107 billion in 2006 (please refer to Note 5/85 in the Consolidated Financial Statements December 31, 2006, for detailed information).
Committee I (comprising members of the Board of Commissioners) determines the allocation and distribution of options to eligible members of the bank’s Board of Directors, and Committee II (consisting of the members of the Board of Directors) performs the same task in the case of senior employees.

The Vesting Period is structured such that the options will be vested in stages. The options will continue to be in force for a maximum period of five years commencing from the respective Grant Dates. The option price is reset for every allocation granted to ensure fairness and proper alignment of the interests of employees with all stakeholders.

Code of Conduct

Bank Danamon’s Code of Conduct applies to the Board of Commissioners, Board of Directors and employees without exception. The Code serves as a basic guideline for all employees to ensure that relationships among employees, customers and other stakeholders are conducted in the most ethical manner and are free from conflict of interest. All employees must sign to the effect that they accept and understand the Code and will be guided accordingly on an annual basis. The Code is supported with appropriate awareness training, reviewed periodically, and approved by the Boards.

A confidential hotline, also known as a whistleblower programme, is offered to employees to report suspected breaches of the Code of Conduct, or cases of fraud or corruption. Awareness of the hotline is promoted through the internal website, posters and trainings. A Statement of Conduct is in all contracts signed with accredited suppliers to the bank. A confidential hotline is provided to report breaches of conduct by suppliers.

Investment Policy

Bank Danamon has implemented an investment policy governing the personal investment activity of its employees. One stipulation of this policy is the imposition of a black out period in the trading of the bank’s securities, 14 working days prior to the release of the bank’s results to the public.

Related Party Transaction Policy

Bank Danamon has implemented a related party transaction policy which serves as a guideline for related party transactions. The policy ensures transactions are conducted in a reasonable manner and are based on commercial and market terms. All bank related party transactions are reported to the Compliance Director, who then reviews and carries out a compliance test on those transactions prior to seeking Commissioner approval.

The Proprietary and Confidential Information Policy

In the normal performance of their duties, employees receive and deal with information which, if improperly used or disclosed, may directly or indirectly expose Bank Danamon to unfavorable risks. To prevent this risk, the proprietary and confidential information policy was established, focusing on the proper way of handling proprietary and non-public information by employees. This policy applies to employees of Bank Danamon and its subsidiaries.
Governance Structure

The Board of Commissioners

In addition to the President Commissioner and four Independent Commissioners, there are two other Board members, bringing the total to seven; all of whom are competent professionals with extensive experience and a wide range of expertise, one of which is in risk management. Members of the Board are nominated and elected at the Annual General Meeting of Shareholders (AGM), and serve a term of three years. The current term runs until 2008. Shareholders have the right to suspend and/or change Board members through a vote at the AGM. The aggregate remuneration in Rupiah (gross) of the Board of Commissioners is as follows:

Compensation for the Board of Commissioners and Board of Directors is determined in the following way: management surveys the market to find the compensation for corresponding jobs within similar banking institutions. Individual performance and contribution is then factored in, and a proposal is submitted to the Nomination and Remuneration Committee (NRC) for discussion. Following the consent of the NRC, the proposals are channelled through the Board of Commissioners, before being presented at the AGM for final discussion and approval.

The Board of Commissioners undertakes a supervisory role in monitoring the bank’s performance against stated strategy and goals. It also provides oversight on the bank’s risk management, its external and internal audit controls and findings (substantially through the work of the Risk and Audit Committees) and ensures the timely disclosure of information required to comply with regulatory requirements. There are regular meetings between Commissioners and Directors and open communication channels are maintained. During the year, the Board of Commissioners held 6 meetings with the Board of Directors and Board of Management (please refer to the table of meetings on page 70).

Independent Commissioners

In accordance with the definitions stated in the prevailing regulations for Bapepam, the Indonesian Capital Market authority, Bank Indonesia regulation No. 8/4/ PBI/2006 and the Jakarta Stock Exchange regulation No. IA, Bank Danamon has appointed four Independent Commissioners who serve the interests of minority shareholders.

<table>
<thead>
<tr>
<th>In Rupiah</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>9,140,431,956</td>
<td>9,074,492,577</td>
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<tr>
<td>Allowance</td>
<td>2,926,502,163</td>
<td>2,991,334,067</td>
</tr>
<tr>
<td>Tantiem</td>
<td>TBD*</td>
<td>10,500,000,000</td>
</tr>
</tbody>
</table>

* To be determined at the AGM on March 27, 2007
Board of Commissioners

Ng Kee Choe, President Commissioner
Ng Kee Choe was appointed President Commissioner in the AGMS of May 2006. He has been a Commissioner since March 2004. He is chairman of Singapore Power Limited and NTUC Income Insurance Cooperative. Mr. Ng also sits on the Boards of Singapore Exchange Limited and Singapore Airport Terminal Services Limited. Mr. Ng was Vice Chairman and Director of DBS Group Holdings Ltd until his retirement in June, 2003. He was awarded the Public Service Star Award in August 2001.

Gan Chee Yen, Commissioner
Gan Chee Yen has been a Commissioner since 2003. He graduated with a Bachelor’s degree in Accounting from the National University of Singapore. He began his career as an auditor at PricewaterhouseCoopers in May 1984. He joined Showa Leasing (S) Pte Ltd in September 1986. He became Senior Manager in Finance for Singapore Technologies Marine Ltd in 1988 for eight years after which he became the Director for Finance at Singapore Technologies Pte Ltd. He is currently the Senior Managing Director for Investments for Temasek Holdings (Pte) Ltd.

Victor Liew Cheng San, Commissioner
Victor Liew Cheng San has been a Commissioner since March 2004. He currently serves as Corporate Advisor of Temasek Holdings (Pte) Ltd. He joined the Overseas Union Bank in 1980 and retired as Global Head of Markets in 2001. He was involved in the development of the Futures Exchange (SIMEX) since its inception in 1984 and was its Chairman from 1996 to 1999. He continued to serve as Director of the merged exchange (SGX) until 2004. He holds a Bachelor’s degree in Social Sciences with Honours from the University of Singapore.

Philip Eng*, Commissioner Candidate
Philip Eng graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy in 1969. He became an Associate Member of the Institute of Chartered Accountants in Australia in 1972. He spent 23 years with the Jardine Cycle & Carriage Group before retiring in February 2005 as Group Managing Director. Mr. Eng is currently Chairman of Accord Customer Care Solutions Limited and City Gas Pte Ltd and Deputy Chairman of MCL Land Limited. He is also Director of Singapore Computer Systems Ltd and Chinese Development Assistance Council.

* Withdrew his appointment as candidate Commissioner as at December 31, 2006, which will be presented at the next Annual General Shareholders’ Meeting.
Independent Commissioners

Johanes Berchmans Kristiadi, Vice President, and Independent Commissioner
Dr. Kristiadi has been a Commissioner since 2005. He obtained his PhD from Sorbonne University, France in 1979. He served as Asset Maintenance Director and Budget Director of the Ministry of Finance in the Republic of Indonesia, and the Chairman of the State Administration Institute of the Republic of Indonesia from 1990 to 1998. He served as Assistant V Coordinating Minister of Supervision, Development and State Owned Enterprises until 1999, Deputy IV Minister of State Owned Enterprises until 2001 and Secretary to the Minister of Communication and Information until 2002. He served as the Secretary General to the Department of Finance for the Republic of Indonesia in 2005-2006.

Milan Robert Shuster, Independent Commissioner
Milan Robert Shuster, PhD, has been a Commissioner since 2000. Dr. Shuster received his PhD in International Economics and Law from the University of Oxford. He joined the Asian Development Bank from 1970 until 1974, after which he joined ING Bank. Dr. Shuster later joined the National Bank of Canada from 1979 until 1991. Prior to his appointment as Commissioner, he was the President Director of Bank PDFCI and President Director of Bank Danamon from 1999 until 2000.

Harry Arief Soepardi Sukadis, Independent Commissioner
Harry Arief Soepardi Sukadis has been a Commissioner since 2003. He graduated in Accounting from the University of Padjajaran, Bandung in 1982. He was the General Manager of the Accounting Division for seven years at PT Indosat. Later, in 1993, he became the Accounting and Control Division Manager for PT Semen Cibinong Tbk for seven years. He joined IBRA in 2000, holding various positions including Finance Director.

Manggi Taruna Habir, Independent Commissioner
Manggi Taruna Habir received a Master’s degree in Business Administration from the University of Michigan and a Master’s in Public Administration from Harvard University. Early in his career he was a business and economic correspondent at the Far Eastern Economic Review and held various key positions at Citibank N.A. Jakarta. Subsequently, he was a Research Director at PT Bahana Securities and the President Director of PT Pefindo. His last position before joining Bank Danamon was Director at Standard & Poor’s, Singapore.
The Board of Directors

The Board of Directors encompasses nine Directors as of December 31, 2006 including the President Director and a Director serving in the capacity of Compliance Director. The current Board of Directors, in accordance with protocol, were proposed by the Nomination and Remuneration Committee of the Bank, and are in office until 2008. Shareholders have the right to suspend and/or change members of the Board of Directors through a vote at the AGM.

The Board of Directors is responsible for the day-to-day management of the bank, including the formulation and execution of business plans, annual budgets and policies, the monitoring and managing of risk, the prudent management of the bank’s assets, resources and reputation, the recruitment and conduct of bank personnel and the formation and operation of management committees in the day-to-day governance of the bank. The aggregate remuneration in Rupiah (gross) of the Board of Management (Board of Directors and Senior Management) is as follows:

<table>
<thead>
<tr>
<th>In Rupiah</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>28,643,362,491</td>
<td>27,976,596,343</td>
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<tr>
<td>Allowance</td>
<td>8,365,829,831</td>
<td>9,529,343,178</td>
</tr>
<tr>
<td>Tantiem</td>
<td>TBD*</td>
<td>46,535,613,215</td>
</tr>
<tr>
<td>Stock Option</td>
<td>(number of shares)</td>
<td>60,622,000</td>
</tr>
</tbody>
</table>

Compliance Director

In accordance with Bank Indonesia’s regulations, a Compliance Director was appointed with the responsibility of ensuring that all laws, regulations and requirements of regulatory bodies including Bank Indonesia, the Capital Market Authority and the Stock Exchange are met in a timely and accurate manner. The Compliance Director is also responsible for ensuring that all internal policies and procedures are adhered to at all times. The Compliance Director is not involved in the day to day operations of the bank but has the right of veto in the event that decisions or policies are taken which contravene regulations or laws.

Sebastian Paredes, President Director

Sebastian Paredes was appointed President Director on May 9, 2005. He received a Master’s degree in International Business Administration from Instituto de Empresa, Madrid, Spain and a Bachelor of Science from California State University, USA. His career in banking, primarily with Citigroup, has spanned more than 20 years. He served as Country Head of Citigroup in Honduras for 2 years and Country Head of Citigroup in Ecuador for 2 years. Subsequently he was appointed CEO of Citigroup in Turkey and Regional Head for Turkey & Israel. Prior to his current position he served as Managing Director and Chief Executive Officer of Citigroup South Africa and Regional Head responsible for Citigroup’s businesses in South Africa and Sub-Sahara Africa.

Sebastian Paredes is responsible for all aspects of the financial performance of Bank Danamon and the interests of all shareholders. His role includes the development and oversight of the Bank’s strategy as a whole in its business operations including coherent policy development and implementation with respect to governance, enterprise risk management, reputation management and the development of its human resources, information technology and corporate social responsibility.
Jerry Ng, Vice President Director

Jerry Ng was appointed as Vice President Director in May 2005. He has been a member of the Board of Director since 2003. Prior to this, he was Commissioner and Deputy President Director of PT Bank Central Asia Tbk (2000-2002), Deputy Chairman and Advisor to the Chairman of IBRA (2000-2001). He served in several senior executive positions in the Financial Services Division of Astra International Group (1991-2000) namely Deputy President Director of PT Bank Universal, President Director of PT Federal International Finance, and Commissioner of PT Astra Colonial Mutual Group Life. He started his career at Citibank Indonesia, with his last position being Assistant Vice President in Consumer Banking (1986-1991). He received his Bachelor of Business Administration in Finance and Business Economics degree from the University of Washington, and attended various executive development programmes at both Stanford Business School and Harvard Business School. He is also a Fellow of the Eisenhower Fellowship Foundation.

Jerry Ng is responsible for the development of overall strategies in Consumer, SME & Commercial business and Mass Market business, ensuring smooth implementation of the strategies, and the achievement of business unit bottom line performance as well as the overall company performance.

Muliadi Rahardja, Director

Muliadi Rahardja has been a Director of the bank since December 1999. He graduated from the Faculty of Economics, University of Indonesia and earned his MBA from the Massachusetts Institute of Technology in 1998. He started his career in a consulting company in 1983, and joined PT Sepatu Bata Indonesia Tbk in 1984. He joined Lippo Group in 1985 and was responsible for Insurance, Garment and Banking, after serving as Deputy Group Head of MIS. In 1989, he joined Bank Danamon as a Branch Manager in Tangerang. His most recent position was Head of the Corporate Planning and Strategy Division before he was appointed a Director of the bank.

Muliadi Rahardja acts as Strategic Business Partner by aligning HR practices to business priorities. He is responsible for identifying and continuously updating core competencies required by the bank to achieve its business priorities and ensuring that management and employees possess these core competencies through skills development programmes and training. In addition, he is responsible for sustaining a positive Industrial Relations climate by directing open and transparent communications with employees, and being actively involved in all dialogues.
Anika Faisal, Director

Anika Faisal has been a Director of the bank since August 2002. A graduate of the University of Indonesia's Law Faculty, her banking career began with Bank Niaga in 1990, her last post being Legal Division Head. She subsequently joined a law firm in Jakarta before joining IBRA as Executive Assistant to the Chairman. She joined Bank Danamon in 2002 and was the Head of the Legal Division prior to being appointed a Director of the bank. She concurrently serves as Compliance Director.

Anika Faisal’s main responsibility is the duty of complying with regulatory requirements as well as advising on all legal matters which affect the company, including national and overseas contracts, employment law and litigation. She is responsible for policy development to ensure that the bank’s business is conducted in conformity with the relevant legislation, official requirements, regulatory guidelines and good business practices and prudential regulation based on Good Corporate Governance and the implementation of Know Your Customer (KYC) principles.

Hendarin Sukarmadji, Director

Hendarin Sukarmadji has been a Director of the bank since May 2005. He graduated from the Faculty of Economics, University of Padjajaran Bandung. Prior to joining Bank Danamon, he served as Director of PT Bank Agroniaga Tbk since 2002. He started his banking career with PT Bank Expor Impor Indonesia (Persero) and in a career spanning 25 years with this bank he held senior management positions with the last position as Junior Director. Later, he joined IBRA as Coordinator of Frozen Bank Management Team in 1999.

Hendarin Sukarmadji is responsible for the development and implementation of strategies for the Syariah business unit, and the achievement of business unit bottom line performance.
Ali Yong, Director
Ali Yong was appointed a Director of the bank in May 2006. He has been working for Bank Danamon since 1999 and most recently holds the position of Head of Transactions and Services. He graduated in Mechanical Engineering from the Institute of Technology in Bandung in 1994 and attended the executive development programme of Harvard Business School in 2003. He started his career with Citibank Indonesia as Management Associate and moved to Bank Papan later as Operation Head. Prior to joining Bank Danamon he was on the Management Team at Bank Pos.

Ali Yong is responsible for the development and implementation of overall strategies of Operations, Transaction Services, Cash Management, Trade Finance, and Custodial services.

Vera Eve Lim, Director
Vera Eve Lim was appointed a Director of the bank in June 2006. She has served on the Board of Management and as Chief Financial Officer of the bank since October 2003. She graduated from the Faculty of Economics, Tarumanegara University. Prior to commencing employment with the bank she joined Sinar Mas Dipta Insurance in 1988. She started her career with the bank in 1990 and served as Senior Vice President in charge of financial planning and control prior to her appointment as Chief Financial Officer.

Vera Eve Lim is responsible for directing and overseeing all the financial activities of the bank, which includes the preparation of current financial performance reports, and quarterly financial statements. She also prepares analysis reports regarding potential business opportunities or threats which may impact the bank’s performance, as well as areas of growth afforded by the prevailing economic conditions.

Sanjiv Malhotra, Director
Sanjiv Malhotra was appointed a Director of Bank Danamon in July 2006, and serves as the Head of Integrated Risk Management. He is a member of the Institute of Chartered Accountants of England and Wales and of Ontario, Canada. He has 33 years of international financial experience, having worked in England, Canada, the Philippines, the Indian Sub continent, Thailand and the United Arab Emirates. He has worked with Citigroup for 21 years in multiple locations and multiple businesses. His last appointment was as the Chief Officer of the Citigroup Private Bank in India. His résumé includes Regional Risk Head for Citigroup India, Sri Lanka, Bangladesh and Nepal, Chief Risk Officer for Citigroup Thailand and Regional Risk Manager for Commercial Credit in South Africa, India and Saudi Arabia.

He is responsible for ensuring all Business Groups fully understand and prudently manage the risks in their business, approving the risk parameters and underwriting standards for each Business Group. His role includes constantly monitoring the risks in all portfolios to ensure that any adverse trends are corrected. He serves as a point of contact for the regulators and Board of Commissioners for all risk issues.
Rene Burger, Director

Rene Burger was appointed a Director of the bank in August 2006. He has served as a member of the Board of Management and Head of Corporate Banking and Financial Institutions since October 2003. He earned his Bachelor’s degree in Economics and Management from Albion College, Michigan, USA in 1985. He began his career with Citigroup, and spent the next eighteen years in various senior management positions in the United States of America, Germany, Saudi Arabia, Taiwan and the Philippines with his last position as Country Risk Manager and Senior Credit Officer of Citibank N.A. Jakarta, Indonesia. He also served as President Commissioner of Korea Exchange Bank Danamon from April 2004 to October 2005.

Rene Burger is responsible for the development of overall strategies in the Corporate Banking and Financial Institutions business unit, ensuring the smooth implementation of strategies, and the achievement of business unit bottom line performance.

Board of Management

The Board of Management comprises both the Board of Directors and the following Senior Management. The Board of Management is responsible for running key business areas of the bank and reports directly to the President Director.

Lam Kun Kin*, Head of Treasury and Capital Markets

Lam Kun Kin served as a member of the Board of Management and Head of Treasury and Capital Markets from September 2003. He graduated with a Bachelor of Accountancy with Honours from the National University of Singapore in 1986. In 1990, he became a designated Chartered Financial Analyst. He started his career at the Government of Singapore Investment Corporation and left as the Head of Short Term Assets. Afterwards, he joined Citibank N.A Singapore in 1995 as the Treasury Head, Regional Currencies & Derivatives Products. During his time with Citibank he held various senior positions. His last concurrent appointments at Citibank were as the Regional Head of Asia Pacific Financial Markets (Trading Products), Regional Head of Asia JV (FX), Singapore Market Manager, Chairman of Bonds in Singapore, Director of CISBL (Merchant Bank Vehicle).

* Lam Kun Kin resigned effective as of December 31, 2006.
Kanchan Nijasure, Chief Technology Officer

Kanchan Nijasure has served as a member of the Board of Management and Chief Technology Officer since April 2004. Prior to this, he was the Global Technology Head for the Commercial and SME business of Citigroup International in London. Since joining Citigroup in 1987, he has held a number of senior positions in different countries. Prior to that, he worked with Unisys. He graduated in Technology from the Indian Institute of Technology, Bombay, in 1980.

Kanchan Nijasure is responsible for designing the bank’s IT vision and strategy in close alignment with the business strategy. As part of this responsibility, he has put in place a roadmap to build a world class IT platform for the bank. He is responsible for executing a number of technology initiatives to achieve this goal and to optimize all existing systems to meet the needs of the bank and its customers.

Djemi Suhenda, Business Head Mass Market

Djemi Suhenda was assigned to the Board of Management in September 2006. He has served as Business Head of the Mass Markets with Bank Danamon since 2003. He graduated in Economics with a major in Management from the University of Trisakti in 1989, and attended the Executive Program of Strategy and Organization at the Stanford Business School in 1999.

He began his career with Citibank Indonesia in 1989 and left in 1994 as Assistant Vice President and Credit Card Operations Manager. From there he served as Assistant Vice President for Citibank Singapore for one year before becoming Vice President and Retail Banking Operations Head of Bank Universal in 1995. He was appointed Director of Bank Universal in 1999.

Djemi Suhenda is responsible for the Self Employed Mass Market business which includes direct involvement in business planning, sales, risk management, human capital management, market research and operations; and for evaluating, refining and launching new models in the Consumer Mass Market business.
## Membership and attendance of key Governance Meetings

<table>
<thead>
<tr>
<th>Name</th>
<th>Board of Commissioners</th>
<th>Board of Directors</th>
<th>Risk Monitoring</th>
<th>Audit Committee</th>
<th>Remuneration Committee</th>
<th>Nomination &amp; Governance Committee</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Commissioners</td>
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</tr>
<tr>
<td>Rene Burger</td>
<td>-</td>
<td>31</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Lam Kun Lin</td>
<td>-</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Kanchan Nijasure</td>
<td>-</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Djemi Suhenda</td>
<td>-</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

The minutes of each meeting are drawn up and signed by the Board of Commissioners and Board of Directors and are distributed to all members of both boards, as well as to the meeting attendants and the members who were absent during the meetings. Dissenting opinions are also noted.

### Resolutions and policy decisions emanating from the Board of Commissioners / Board of Directors meetings:

Over the course of the year key resolutions and policy decisions were made regarding, inter alia, the 2007 audit plan and 2007 business plan, the approval to change to the new core banking system, the appointment of vendors for the credit card system and IT upgrading initiatives including new...
hardware and database vendors, risk management certification programmes, internal credit rating systems, action plans in the event of an influenza pandemic, new procurement and expense policies, the revamping of consumer treasury, and the establishment of the Basel Steering Committee. In addition, the meetings discussed the bank’s financial results on a regular basis.

**Performance of the Board of Commissioners and Board of Directors**

The Board of Commissioners reviews the performance of the Board of Directors as a whole and individually in terms of pre-determined performance indicators. These are clearly defined in terms of specific financial criteria including targets for revenue and costs, number of customers, human resources, including targets for hiring suitably qualified personnel, training (in man-days and by content), attrition rates, and morale and general alignment as measured by the annual employee survey. Process integrity and improvement is also monitored through audit and compliance reports. In addition to the evaluation of individual and group performances as undertaken by the Nomination and Remuneration Committee, shareholders have the right at the AGM to review the performance of both Boards based upon the annual financial report.

**Governance Committee Activities in 2006**

The following committees met regularly during the year.

**The Risk Monitoring Committee**

In order to implement BI’s Decree number 8/4/PBI/2006 of January 30, 2006 regarding the execution of good corporate governance in a public bank, the Board of Commissioners approved the division into two separate units of the Risk Monitoring Committee and Audit Committee in May, 2006. These two committees are each chaired by an independent commissioner.

The Risk Monitoring Committee evaluates the consistency and adequacy between risk management policies and their implementation; and the actual implementation of those policies. To this end the Risk Monitoring Committee works with the Risk Management Committee and the Risk Management Work Units.

**The Audit Committee**

The Audit Committee monitors and evaluates audit plans, their implementation, and their results. It is responsible for ensuring the adequacy of internal control and financial reporting processes. It also ensures the smooth implementation of follow up actions on findings by the Internal Audit Work Units, the public accountants, and BI’s supervision department, and ensures that the bank’s public accountants are in compliance with prevailing accounting standards.

Regarding the appointment of the public accountant, the Audit Committee recommends an accountant to the Board of Commissioners, and that recommendation is subsequently submitted to the Annual General Meeting of Shareholders for formal approval.
The Audit Committee prepares separate monthly reports to the Board of Directors; summaries of the principle conclusions of these reports are included in this annual report.

The composition of both the Risk Monitoring Committee and the Audit Committee until the closing of the Annual General Meeting of Shareholders in 2008 is as follows:

Milan Robert Shuster, Chairman (see Board of Commissioners)
Manggi Trun Hari, Member (see Board of Commissioners)
Harry Arief Soepardi Sukadi, Member (see Board of Commissioners)
Victor Liew Cheng San, Member (see Board of Commissioners)

Setiawan Kriswanto, Member
Setiawan Kriswanto has been a member of the Audit Committee since 2002. Formerly he was Chairman of the Temporary Management Team Banks at IBRA from 1999. Prior to this he served in senior audit positions at Bank Dagang dan Industri (BDI), the Financial and Development Supervisory Board (BPKP) and in the Ministry of Finance, the Republic of Indonesia (DJKPN). He holds degrees from the Sekolah Tinggi Akuntansi Negara (STAN) Jakarta and Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA) Surabaya and an MM from Krisnadwipayana University (UNKRIS).

Major resolutions and policy decisions emanating from the Risk Committee and the Audit Committee meetings of 2006:

<table>
<thead>
<tr>
<th>Date</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 22</td>
<td>Recommendation to the Board of Commissioners that PricewaterhouseCoopers be re-appointed as the bank’s public accountants for 2006.</td>
</tr>
<tr>
<td>June 20</td>
<td>Recommendation to the Board of Directors that Ernst &amp; Young be appointed as external consultants to review the Internal Audit process as required by BI Regulation No 1/6/PBI/1999 of September 20, 1999.</td>
</tr>
<tr>
<td>October 2</td>
<td>• Recommendation to the Board of Commissioners to divide the RAC into two separate committees: the Risk Committee and the Audit Committee.</td>
</tr>
<tr>
<td></td>
<td>• Recommendation to the Board of Commissioners to approve the 2007 Internal Audit Plan.</td>
</tr>
<tr>
<td>Feb 21, Apr 19, Jul 20, Oct 17</td>
<td>Quarterly approval of Bank Danamon’s financial statements.</td>
</tr>
</tbody>
</table>
Hadi Indraprasta, Member
Hadi Indraprasta has been a member of the Audit Committee since May 2004. Prior to this he held a number of senior positions at IBRA from 2000 to 2004. He has held audit and management positions PT Bank Duta and PT Bank Central Asia and commenced his banking career with American Express. He holds a degree from the University of Padjadjaran, Bandung, Faculty of Economics in 1987.

Engagement of an external auditor
The Audit Committee requires an external auditor to confirm that independence standards promulgated by local and overseas regulators and professional bodies have been maintained. The appointment of the auditor is subject to resolutions set at the Annual General Meeting of Shareholders.

The auditors, KAP “Haryanto Sahari & Rekan,” members of PricewaterhouseCoopers, continued in office for a 3rd year. The annual financial statements of 2006 were audited at a total cost of Rp 5,270.5 million, including 10% VAT.

Internal Audit
Internal Audit is an independent function reporting directly to the President Director and to the Board of Commissioners via the Audit Committee. Their objective is to provide independent assurance and consulting services which add to and improve the bank’s operations. Internal Audit’s systematic and disciplined approach assists the bank with the evaluation and improvement of effective risk management, financial control, and governance processes. In doing so, Internal Audit works closely with the Compliance, Risk Management, and Financial Control departments. Internal Audit also works with the External Auditor on matters of mutual interest and coordinates audit efforts.

Internal Audit encompasses all lines of business, product groups and support functions in Head Office, the regional offices and the branches. There are seven regional audit heads, all of whom report directly to Head Office - Internal Audit. Internal Audit has unrestricted access to all functions, records, property and personnel of the bank and its subsidiaries (as per the approved Internal Audit Charter by the President Director and Board of Commissioners). Internal Audit works in compliance with the BI standard for implementation of Internal Audit Functions (SPFAIB) as per BI Regulation No. 1/6/ PBI/1999 dated September 20, 1999.

Audit results will be distributed through an audit report to relevant parties including the President Director, the Integrated Risk Head and the Compliance Director. On a monthly basis, a summary of all audit issues is presented to the Board of Management for constructive discussion. On a separate basis, Internal Audit also holds monthly meetings with the Audit Committee.
Audit activities

In 2006, Internal Audit audited 768 audit entities, 103% of the 2006 audit plan.

<table>
<thead>
<tr>
<th>Internal Audit Activities</th>
<th>2006 Audit Plan</th>
<th>Semester I</th>
<th>Semester II</th>
<th>Total</th>
<th>% of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Routine Audit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Head Office Audit</td>
<td>84</td>
<td>32</td>
<td>52</td>
<td>84</td>
<td>100%</td>
</tr>
<tr>
<td>• Conventional &amp; DSP</td>
<td>663</td>
<td>342</td>
<td>342</td>
<td>684</td>
<td>103%</td>
</tr>
<tr>
<td><strong>Total Routine Audit</strong></td>
<td>747</td>
<td>374</td>
<td>394</td>
<td>768</td>
<td>103%</td>
</tr>
<tr>
<td><strong>Audit Investigations</strong></td>
<td>-</td>
<td>9</td>
<td>12</td>
<td>21</td>
<td>-</td>
</tr>
</tbody>
</table>

The overall acceptable audit rating stands at 70%.

Other activities

In 2006, Internal Audit (SKAI) completed the following other activities:
- External Quality Assurance Review (QAR). Ernst & Young were appointed to undertake an external QAR over Internal Audit activities, as required by SPFAIB. The assessment covered Internal Audit’s activities from 2004-2006 and was concluded to conform to not only Bank Indonesia standards, but prevailing international standards.
- Internal Quality Assurance Review.
- Monitored the progress and follow-ups of audit findings.
- Revised Standard Audit Programmes (SAP).
- Revised the Audit Manual.
- Continued to implement Risk Based Auditing.
- Continued to run the Guest Reviewer audit programme.
- Rolled out a Report Writing & Communication Skills training module for all regional audit offices as well as the Adira Group.
- Continued the implementation of audit automation tools (IDEA – Interactive Data Extraction & Analysis) and Team Mate audit software to move towards electronic working papers and a centralized database.

The Nomination and Remuneration Committee

The Committee nominates potential candidates for positions in the Board of Directors. It also facilitates regular appraisals of the Board of Directors with respect to their managerial duties, and in so doing, establishes clear criteria governing the level of skills and number of Directors required, and oversees succession planning. The Committee ensures that remuneration levels are appropriate by virtue of the financial risks, demands and prerequisites of each role, and monitors remuneration policies. The Committee recommends suitable incentive programmes involving bonus payments or ownership of bank shares to the Board of Directors, and ensures information disclosure to the public fully complies with all prevailing regulations.
The composition of the Committee until the closing of the Annual General Meeting of Shareholders of 2008, is as follows:

**Ng Kee Choe, Chairman**  
(see Board of Commissioners)

**Milan Robert Shuster, Member**  
(see Board of Commissioners)

**Harry Arief Soepardi Sukadis, Member**  
(see Board of Commissioners)

Note: In January 2007, JB Kristiadi was appointed Chairman of the NRC, and Ng Kee Choe subsequently acts as a Member of the committee. All committees are now chaired by Independent Commissioners.

Two meetings were held in 2006. The committee recommended that Sanjiv Malhotra be appointed a director, and JB Kristiadi be appointed an Independent Commissioner.

**The Corporate Governance Committee**

In line with the Board of Commissioners’ decision, No.KEP:Kom-Corp.Sec.021, Good Corporate Governance standards have been implemented, and are monitored by the Corporate Governance Committee and the Compliance Director; this includes ensuring sufficient disclosure and transparency, as well ensuring the equitable treatment of all shareholders. The Committee also reviews the Code of Ethics for executives, employees and directors. Topics discussed over the year include the development of the Good Corporate Governance manual, and developments regarding related party transaction policy.

The composition of the Corporate Governance Committee until the closing of the Annual General Meeting of Shareholders of the Bank to be convened in 2008 is as follows:

**J.B. Kristiadi, Chairman**  
(see Board of Commissioners)

**Manggi Taruna Habir, Member**  
(see Board of Commissioners)

**Gan Chee Yen, Member**  
(see Board of Commissioners)

Two Independent Commissioners are represented on this Committee.

Note: In January 2007, Manggi Taruna Habir was appointed Chairman of the Corporate Governance Committee, and subsequently J.B. Kristiadi acts as a Member of the committee.

**The Risk Management Committee (RMC)** determines the overall risk management policies, strategies and tolerance levels of the bank; as well as credit policies, the credit strategy and the credit limits that the bank imposes on certain borrowers, industries and market segments. It is also responsible for monitoring the implementation and adequate mitigation of risk management. Members of the Committee are the Integrated Risk Head, the President Director, all Business Heads, and the Compliance Director.

**The Asset and Liability Management Committee (ALCO)** determines the policy and strategy of the bank’s assets and liabilities in line with the principles of prudent risk management and applicable regulatory requirements. The focus of ALCO is to ensure that the bank will, at all times, have adequate liquidity and capital to support the operations and development of the bank’s franchises. The Committee comprises the Head of Treasury & Capital Market and other senior members of the Board of Management.
The Syariah Financing Policy Committee (SFPC) formulates the policy, strategy and administrative procedures for the financing activities and risk management of Bank Danamon’s Syariah Banking Unit, and ensures that standard operating policies and procedures are adequately enforced. Members of the SFPC are the President Director, three Directors, and all members of the Bank Syariah Supervisory Board.

The Credit Committee determines credit policies, credit strategies, and credit limits the bank imposes on certain borrowers, industries and market segments. The Committee comprises of the President Director and other members of the Board of Management.

The Human Resources Committee oversees human resources policies, the bank’s Code of Ethics and its implementation. Members of the Committee are the President Director, the Business Heads of Operations, Credit & Compliance, the Board of Directors, as well as the Division Head of Human Resources.

The IT Project Steering Committee reviews and approves IT strategy and different IT projects in view of business and corporate priorities. The President Director is the Chairman of the Committee and its permanent members are President Director, Vice President Director, Chief Technology Officer and Chief Financial Officer. Other Board of Management members are invited depending on the user area and size of investment.

The Syariah Supervisory Board supervises Syariah Banking activities. Members of the Board serve as advisors and counsellors to the Board of Directors, the Head of the Syariah Banking Unit and the General Manager of the Syariah Branch Office in all matters pertaining to Syariah banking products and precepts. This is an independent Board, formed by and responsible to the National Syariah Board (NSB) which operates under the Indonesian Council of Ulemas, and seconded to banks which provide banking services on the basis of Syariah principles with certain rules and regulations provided by the NSB.

The Syariah Supervisory Board of Bank Danamon was formed on February 1, 2002, comprising of:

- Prof. Dr. H.M. Din Syamsuddin (Chairman)
- Drs. Hasanudin, M. Ag (Member)
- Ir. H. Adiwarman A. Karim, SE, MBA (Member)

The Corporate Secretary

The Corporate Secretary serves also as Compliance Director and is responsible for the dissemination and disclosure of all information relating to the performance of the bank in a timely, accurate and transparent manner, and in compliance with standing regulations applicable to the bank as a publicly listed company.

The bank’s Corporate Secretary plays a key role in helping the bank adhere to capital market laws, by providing Commissioners and Directors with ongoing guidance on issues such as corporate governance, the bank’s Article of Association and the law.
The Corporate Secretary also ensures the quality and currency of information and advice given to Commissioners and Directors on applicable laws and regulations, and ensures that shareholder and Board meetings are organized to the highest of standards.

Public Affairs

The bank’s relationships with its internal and external stakeholders are managed through the Public Affairs division. The division maintains a dedicated web portal to serve employees with information pertaining to their welfare and benefits, as well as providing required information to support their daily work.

The bank supplies information to external parties through its website: www.danamon.co.id and carries out activities to build and maintain relationships with the press through workshops, conferences, briefings and media visits. The division also provides support and coordination in the execution of external and internal events, as well as corporate branding guidelines.

Investor Relations

Investor Relations’ (IR) central effort is to sustain and improve communications with investors. During 2006, Bank Danamon was active in conducting regular dialogue and exchanges with shareholders, the institutional investment community, and the stock broking community. A variety of communication events were held including formal group and individual meetings, investment conferences, 5 non-deal road shows to update local and overseas investors, 5 conference calls, the internet and the timely publication of results and material events via press releases, bulletins, and the company’s web site.

Detailed information regarding quarterly, interim, and full year results are made available through formal presentations and interactive dialogues with local and foreign analysts and investors, as well as through the publication of our Quarterly Investor Newsletter. During 2006, 188 meeting were conducted with analysts, securities firms, investors and correspondent banks.

Open and regular dialogue with the investment community is a key part of managing for value.

Mirza Adityaswara of Credit Suisse attended the inaugural Bank Danamon analysts day on November 30, 2006 – here are his comments.

“This has been a first, as far as I know, among listed banks in Indonesia and it is a worthwhile exercise allowing the market to obtain a first hand impression of management’s thinking and approach. We get the opportunity to better understand the bank in terms of business models and strategies. In Indonesia, as an emerging but diverse economy, market conditions can and do change quite rapidly and it helps when we have a more in depth view and can talk to business heads directly about their specific markets within the overall picture.

We see Bank Danamon on a quarterly basis and timely presentations through the year assist us to properly value the company. In addition, considering the key role of banks in broader financial markets, there is from time to time regulatory change, and regular dialogue with the bank affords us more opportunity to assess the impact of these changes. We would encourage Bank Danamon to continue to hold such events.”
Public Expose and Analysts’ Day

For the first time a two-day Analysts’ Event was held in November with the explicit intention of promoting transparency and developing relationships. Bank Danamon is the only bank in Indonesia to have held such an event.

Four public expose events were held over the course of the year. In March, the 2005 year end results were disclosed; April saw the revealing of the 2006 first quarter results; second quarter results were released in July; and third quarter results were disclosed in October.

Road Shows

Five international non-deal road shows were undertaken by Investor Relations and Senior Management to meet foreign investors and present routine performance updates. Updates on current affairs, regulatory issues, macroeconomic conditions and market developments are regularly conducted by Senior Management with investors and securities analysts.

Bank Danamon’s IR team was voted the Best Investor Relations Team by Finance Asia in June 2006, and nominated Best Investor Relations in the Singapore Market by IR magazine.

Bank Danamon credit ratings

<table>
<thead>
<tr>
<th>Rating Agencies</th>
<th>Rating / Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>Long-term / Short-term Local Currency</td>
</tr>
<tr>
<td></td>
<td>Long-term / Short-term Foreign Currency</td>
</tr>
<tr>
<td></td>
<td>Subordinated Debt</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Long-term / Short-term Bank Deposit</td>
</tr>
<tr>
<td></td>
<td>Bank Financial Strength</td>
</tr>
<tr>
<td></td>
<td>Subordinated Debt</td>
</tr>
<tr>
<td>PEFINDO</td>
<td>Corporate Rating</td>
</tr>
<tr>
<td></td>
<td>Bond Rating</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>Long-term / Short-term Foreign Currency</td>
</tr>
<tr>
<td></td>
<td>National Long-term</td>
</tr>
</tbody>
</table>
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 the Jakarta Stock Exchange (JSX) Listing Rules and the requirements of other exchanges in which the bank is listed. It ensures any information that would reasonably be expected to have a material effect on the price of the bank’s securities is disclosed.

The Corporate Secretary ensures compliance with the continuous disclosure requirements in the Listing Rules, and co-ordinates 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.

All employees are required to have complete knowledge of the rules and regulations impacting their job responsibilities.

Compliance Division

The Compliance Division assists the Compliance Director in 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. The 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

The Annual General Meeting of Shareholders (AGM) was held on May 22, 2006 with the following resolutions passed:

- Approval of the report of the Board of Directors for the fiscal year ending December 31, 2005.
- Approval of the bank’s financial statements for the fiscal year ending December 31, 2006.
- Approval for the dividend payment of Rp203.449 per share, which is approximately 50% of the bank’s consolidated net profit after tax (NPAT).
- The formal acceptance of the resignation of Sim Kee Boon, who had been the President Commissioner since 2003.
- The formal acceptance of the resignation of Tejpal Hora, who had been a Director since 2004.
- The formal nomination and approval of Ng Kee Choe for the position of President Commissioner.
- The approval of four senior officers to the Board of Directors: Ali Yong, Vera Eve Lim, Sanjiv Maholtra, and Rene Eugene Burger.
## Top 25 Debtors

<table>
<thead>
<tr>
<th>No.</th>
<th>Business Type</th>
<th>Outstanding Amount (in Rp mio)</th>
<th>% of Total Loans</th>
<th>% of Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food and beverages</td>
<td>750,000</td>
<td>1.8%</td>
<td>6.2%</td>
</tr>
<tr>
<td>2</td>
<td>Textiles and garments</td>
<td>317,272</td>
<td>0.8%</td>
<td>2.6%</td>
</tr>
<tr>
<td>3</td>
<td>Automotives &amp; components</td>
<td>305,807</td>
<td>0.7%</td>
<td>2.5%</td>
</tr>
<tr>
<td>4</td>
<td>Automotives</td>
<td>294,194</td>
<td>0.7%</td>
<td>2.4%</td>
</tr>
<tr>
<td>5</td>
<td>Basic metals</td>
<td>289,657</td>
<td>0.6%</td>
<td>2.2%</td>
</tr>
<tr>
<td>6</td>
<td>Retail trading</td>
<td>160,000</td>
<td>0.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>7</td>
<td>Telecommunications</td>
<td>132,778</td>
<td>0.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>8</td>
<td>Poultry and animal feeds</td>
<td>130,000</td>
<td>0.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>9</td>
<td>Foods and beverages</td>
<td>127,469</td>
<td>0.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>10</td>
<td>Coal mining</td>
<td>124,789</td>
<td>0.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>11</td>
<td>Textiles and garments</td>
<td>113,400</td>
<td>0.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>12</td>
<td>Basic metals - steel</td>
<td>111,896</td>
<td>0.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>13</td>
<td>Utilities</td>
<td>105,189</td>
<td>0.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>14</td>
<td>Plantation</td>
<td>100,090</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>15</td>
<td>Tissue packaging</td>
<td>98,865</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>16</td>
<td>Basic metals</td>
<td>95,982</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>17</td>
<td>Agriculture</td>
<td>95,000</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>18</td>
<td>Services</td>
<td>94,150</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>19</td>
<td>Textiles and garments</td>
<td>90,030</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>20</td>
<td>Agriculture</td>
<td>90,030</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>21</td>
<td>Trading, hotels &amp; restaurants</td>
<td>86,746</td>
<td>0.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>22</td>
<td>Basic metals</td>
<td>85,000</td>
<td>0.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>23</td>
<td>Financial services</td>
<td>82,500</td>
<td>0.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>24</td>
<td>Computers and information technology</td>
<td>77,722</td>
<td>0.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td>25</td>
<td>Home appliances</td>
<td>75,904</td>
<td>0.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,014,470</strong></td>
<td><strong>9.5%</strong></td>
<td><strong>33.3%</strong></td>
</tr>
</tbody>
</table>
### Outstanding Litigation

The top 5 litigation cases in which Bank Danamon serves as a defendant:

<table>
<thead>
<tr>
<th>No.</th>
<th>Total Claims</th>
<th>Remarks</th>
</tr>
</thead>
</table>
| 1.  | Rp 208 billion | • PT. Dharmapala Usaha Sukses (DUS) filed a countersuit against the bank at the South Jakarta District Court to postpone the execution of the loan collateral, to restructure the loan and also claim material damages of Rp 108 billion and immaterial damages of Rp 100 billion. However as of March 8, 2007, the District Court order has approved Bank Danamon to continue with the execution of the loan collateral.  
• The countersuit was triggered after the bank submitted to the court to execute the collateral of DUS's loans as it defaulted under the loan agreement. The principal of the loans amounted to Rp 165 billion with Rp 55 billion accrued interest and the loans have been fully provided for. |
| 2.  | Rp 22 billion  | • The case is a dispute about the legal ownership of the bank's property in Bogor branch by Ms. Purna Omsa Hutagalung.  
• The bank won the case at the High Court Level and the case has been at the Supreme Court as of December 31, 2006. |
| 3.  | Rp 8.7 billion | • PT. Triojaya Indah Andalas (TIA) filed a lawsuit against the bank for unlawful act for refusing to execute their fund transfer order.  
• The bank appealed at the Padang High Court |
| 4.  | Rp 5.1 billion | • Koperasi Taxi Indonesia (KTI) filed a lawsuit against the bank for non payment of their deposit. The claim was filed against the bank as a consequence of the merger between the bank with PT Bank Nusa Nasional (BNN).  
• The bank won the case at District Court Level.  
• KTI appealed the court's decision at the South Jakarta High Court. |
| 5.  | Rp 4.7 billion | • Mr. Tansri Benui filed a countersuit against the bank for the execution of his loan collateral. He had defaulted under the loan agreement. The claim was filed against the bank as a consequence of the merger between the bank with PT Bank Tiara.  
• The case has been at the Supreme Court Level as of December 31, 2006 |
Board members’ interests in shares

As of December 31, 2006, the total shareholdings held by members of both Boards were less than 0.03% of the bank’s ordinary shares during the year. Shares in issue totalled 4,945,757,000.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Series</th>
<th>Number of shares</th>
<th>Per cent of total shares issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sebastian Paredes</td>
<td>B</td>
<td>317,500</td>
<td>0.0064</td>
</tr>
<tr>
<td>Jerry Ng</td>
<td>B</td>
<td>220,000</td>
<td>0.0044</td>
</tr>
<tr>
<td>Ali Yong</td>
<td>B</td>
<td>699,500</td>
<td>0.0141</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,237,000</strong></td>
<td><strong>0.0249</strong></td>
</tr>
</tbody>
</table>

Share Ownership

Regulatory Compliance

Capital Adequacy Ratio (CAR)

The bank’s CAR stood at 20.4% (with market risk charge) as of December 31, 2006, which is above the 8% minimum requirement set by Bank Indonesia.

Non Performing Loans (NPL)

The gross NPL ratio as of December 31, 2006 was 3.3%.

Net Open Position (NOP)

The bank’s NOP as of December 31, 2006 was 1.79% compared to the regulation of Bank Indonesia which stipulates a maximum of 20% of equity.

Legal Lending Limit (LLL)

As of December 31, 2006 there were no loans to any individual debtors or group of debtors that did not comply with the LLL requirements of Bank Indonesia.

A change in Bank Indonesia regulations, as of December 31, 2005, left Bank Danamon with an excess of 2.5% in respect of related parties LLL. Bank Danamon resolved this issue within the time-frame set by Bank Indonesian (please refer to Note 50 in the Consolidated Financial Statements, December 31, 2006).

Anti Money Laundering

Bank Danamon is in compliance with money laundering legislation and Bank Indonesia regulations. Specific training courses are carried out to ensure all business and support units are properly briefed and trained on the prevention and recognition of money laundering.