

# Good Corporate Governance Implementation Report

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# 04



# Good Corporate Governance Implementation Report

The implementation of Good Corporate Governance is indispensable to the banking sector in facing an ever-growing business risk and competition. The consistent implementation of Good Corporate Governance at PT Bank Danamon Indonesia Tbk. ("The Bank") aims to increase the competitiveness of the Bank, maximize stakeholder's value, and enhance the effectiveness and efficiency of the Bank in managing its resources and risks. This, in the long term, will increase the trust of stakeholders, enabling the Bank to operate and to have sustainable growth.

The Bank strives to implement the principles of Good Corporate Governance in each of its business lines and at all levels of its organization. The Bank believes that the implementation of Good Corporate Governance principles will truly support the Bank in realising its business targets as well as providing advantages and long term benefits to all stakeholders.

The Bank commits itself to implementing the principles of Good Corporate Governance through the following:

1. Execution of the duties and responsibilities of the Board of Commissioners (BoC) and the Board of Directors (BoD);
2. Adequacy and execution of the duties of the Committees and working units responsible for internal control functions;

3. Implementation of the compliance function, the internal and external audit functions;
4. Implementation of risk management, including the internal control system;
5. Control of the provision of funds to related parties and large exposure;
6. Strategic business plan of the Bank; and
7. Transparency of the Bank's financial and non-financial conditions.

In complying with Bank Indonesia's Regulation on the Implementation of Good Corporate Governance by Commercial Banks, the Bank herewith submits its Report on the Implementation of Good Corporate Governance, comprising of:

- a. The scope of Good Corporate Governance as enumerated in points 1 to 7 above, and the self assessment results over the implementation of Good Corporate Governance;
- b. Share ownership by members of the BoC and financial or filial relationships between members of the BoC with another member of the BOC, any member of the BoD and/or the shareholders of the Bank.
- c. Share ownership by members of the Board of Directors (BoD) and financial or filial relationships between members of the BoD, with another member of the BoD, any member of the BoC, and/or the shareholders of the Bank;

- d. Remuneration package/policy and other benefits provided to the BoC and the BoD;
- e. Shares option owned by the Commissioners, Directors, and Executive Officers;
- f. Highest and lowest salary ratios;
- g. Frequency of BoC and BoD meetings;
- h. The number of internal frauds that occurred and resolution efforts by the Bank;
- i. The number of litigation cases and resolution efforts by the Bank;
- j. Transactions that contain conflicting interests;
- k. Buy back shares and/or buy back bonds by the Bank;
- l. Allocation of funds for social and political activities, including nominal sums and the beneficiaries.

## 1. GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GMS) has the authority to appoint and dismiss members of the BoC and BoD, approve amendments to the Articles of Association, approve the Bank's Annual Report, appoint the Bank's external auditors and determine remuneration and compensation for members of the BoD. Furthermore, the GMS authorizes Bank's President Commissioner to determine remuneration and other allowances for members of the BoC.

In 2009, The Bank held three General Meeting of Shareholders, which were the Extraordinary General Meeting of Shareholders (EGMS) on March 23, 2009, the Annual General Meeting of Shareholders (AGMS) and the Extraordinary General Meeting of Shareholders (EGMS) on May 25, 2009. Complete resolutions resulting from those meetings are in the last section of this report.

## 2. BOARD OF COMMISSIONERS (BoC)

The BoC has clear rights and responsibilities accorded to it by the Articles of Association of the Bank that adhere to the Company Law, the regulations of Bank Indonesia

and the Capital Market and Financial Institution Supervisory Board (Bapepam-LK).

### 2.1. Number, Composition, Criteria & Independency of the BoC

As of December 31, 2009, the BoC comprised of eight Commissioners, including the President Commissioner. This number does not exceed the number of BoD members, which comprised of nine Directors. Four of the eight Commissioners, namely J.B. Kristiadi, Manggi T.Habir, Harry Arief Soepardi Sukadis and Krisna Wijaya, are Indonesian citizens and domiciled in Indonesia. This complies with the Bank Indonesia regulation (PBI)

No.8/4/PBI/2006 and No. 8/14/PBI/2006 on the implementation of Good Corporate Governance for Commercial Bank; and No. 9/8/PBI/2007 on the Use of Foreign Employee and the Knowledge Transfer Program in the Banking Sector that requires at least 50% of the members of the BoC must be Indonesian citizens.

Name	Effective since		Effective until	Domicile
	Bank Indonesia Approval	GMS		
Ng Kee Choe, President Commissioner	24 May 2006	25 May 2009	GMS 2011	Singapore
JB Kristiadi, Vice President Commissioner / Independent Commissioner	5 December 2005	25 May 2009	GMS 2011	Indonesia
Gan Chee Yen, Commissioner	21 October 2003	25 May 2009	GMS 2011	Singapore
Victor Liew C. S., Commissioner	21 July 2004	25 May 2009	GMS 2011	Singapore
Milan R. Shuster, Independent Commissioner	5 December 2000	25 May 2009	GMS 2011	Hong Kong
Harry A.S. Sukadis, Independent Commissioner	10 September 2003	25 May 2009	GMS 2011	Indonesia
Manggi T. Habir, Independent Commissioner	22 July 2005	25 May 2009	GMS 2011	Indonesia
Krisna Wijaya, Commissioner	19 June 2008	25 May 2009	GMS 2011	Indonesia

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Independent Commissioners are members of the BoC with no financial, management, share ownership and/or filial relations with another BoC member and/or the controlling shareholder or any other relations with the Bank that may influence their capacity to act independently. The four Independent Commissioners are J.B. Kristiadi, Milan Robert Shuster, Harry Arief Soepardi Sukadis, and Manggi T. Habir, representing 50% of the BoC members.

All members of the BoC do not have concurrent positions that are prohibited by Bank Indonesia Regulation on the implementation of Good Corporate Governance. The Bank Indonesia Regulation stipulates that BoC members may only have a concurrent position as a member of the BoC, BoD or Executive Officer in a non-financial company, or as a member of the BoC, BoD or Executive Officer that undertakes a supervisory role in a non-bank subsidiary company controlled by the Bank.

Excluded from this is a concurrent position where a non-independent member of the BoC undertakes an assignment from shareholders of the Bank to a legal entity within the group, and/or the member of the BoC holds a position at a non-profit organization or institution as long as the said member does not neglect his/her roles and responsibilities as a member of the Bank's BoC.

## 2.2.Roles and Responsibilities of the BoC

The BoC of the Bank discharges its duties and responsibilities independently. The BoC ensures the implementation of Good Corporate Governance in all of the business activities of the Bank and at all levels of the organization, supervises the management duties and responsibilities of the BoD, and provides counsel to the BoD. In performing its oversight function, the BoC directs, monitors and evaluates the execution of the strategic policies of the Bank.

In undertaking its supervisory roles, the BoC is not involved in decision making that relates to the operational activities of the Bank, with the exception of the provision of funds to related parties and other matters stipulated in the Articles of Association of the Bank. In those instances, any decision taken by the BoC is part of the supervisory duties of the BoC and does not absolve the BoD of its responsibilities to manage the Bank. The BoC must ensure that the BoD follows through the audit findings and recommendations of the Internal Audit Unit, the external auditors, as well as reviews and findings by Bank Indonesia and/or other authorities.

The BoC is obligated to inform Bank Indonesia within seven working days of detection of any transgression of banking and financial laws and regulations; and of any circumstance or anticipated circumstance that is deemed detrimental to the business continuity of the Bank. However, the BoC had no reason to carry out this directive in 2009, due to the fact that the BoC did not find any transgression of banking and financial laws, or circumstances that may be detrimental to the business continuity of the Bank.



To enhance the effectiveness of the BoC in discharging its duties and responsibilities, the BoC has four committees; namely the Audit Committee, the Risk Monitoring Committee, the Remuneration and Nomination Committee, and the Corporate Governance Committee. The induction of the committee members is undertaken by the BoD based on the resolution of the BoC Meeting. The BoC has ensured that the established committees had undertaken their duties effectively.

### 2.3. Meetings of the Board of Commissioners

During 2009, the BoC convened eight meetings, which were held on January 22, February 13, March 24, May 25, June 22, July 13, September 30 and December 15. The Bank has complied with Bank Indonesia regulation on

the convening of BoC meetings. Meetings of the BoC must be convened regularly at least four times a year and must be attended physically by each member of the BoC at least twice a year. All members of the BoC of the Bank were physically present on more than two BoC meetings. The following table shows the attendance record of BoC members in BoC meetings throughout 2009:

Attendance of BoC Members at BoC Meetings			
Name	Total Attendance	Attendance through Teleconference	Physical Attendance
Ng Kee Choe	8	2	6
JB Kristiadi	8	-	8
Gan Chee Yen	7	2	5
Victor Liew C.S.	8	2	6
Milan R Shuster	8	2	6
Harry A.S. Sukadis	8	-	8
Manggi T. Habir	8	1	7
Krisna Wijaya	7	1	6

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Listed below are the main agenda of the BoC meetings in 2009:

Date & Location of Meeting	Main Agenda
January 22, 2009 (Jakarta)	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Year-end financial performance and the business plan submitted to Bank Indonesia
	3. Derivatives (Target Redemption Forwards and others);
	4. Capital management.
February 13, 2009* (Jakarta)	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Year-end financial performance;
	3. Rights issue;
	4. Treasury.
March 24, 2009 (Jakarta)	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Financial Performance as of February 2009;
	3. Right issue and Adira option;
	4. Liquidity management
	5. Derivatives (Target Redemption Forwards and others);
	6. Taskforce update;
	7. Report of Committees;
	8. Latest status of NCBS;
	9. Date approval for GMS and EGMS
May 25, 2009 (Jakarta)	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Dividend payout ratio;
	3. Adira call option;
	4. Financial Performance as of April;
	5. Derivatives (Target Redemption Forwards and others);
	6. Long-term funding strategy for retail;
	7. Foundation;
	8. Report of Committees;
June 22, 2009** (Jakarta)	1. Exercise of Adira call option
July 13, 2009 (Jakarta)	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Corporate Banking strategy;
	3. Treasury strategy;
	4. Cost of credit / Non performing loan & Risk matrix organization;
	5. Funding mix strategy;
	6. Legal cases;
	7. Financial performance as of June 2009;

Date & Location of Meeting	Main Agenda
September 30, 2009 (Jakarta)	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Derivatives (Target Redemption Forwards and others);
	3. Report of the Committees;
	4. Financial Performance as of August 2009;
	5. Proposition for new business model;
December 15, 2009 (Jakarta)	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. 2010 budget and business plan;
	3. Derivatives (Target Redemption Forwards and others);
	4. Proposition for new business model;
	5. Approval of credit limit;
	6. Custodian strategy / Security Agent;
	7. Report of Committees;

## Notes:

\*) meetings with conference call format for certain members of the BoC

\*\*) meetings with video conference format for certain members of the BoC

The minutes of the BoC meetings were signed by the meeting Chairman and distributed to all BoC members, both to the attendees and absentees. Decision making at the BoC meeting is taken based upon consensus, or through voting in the event that a consensus is not reached. Dissenting opinions on the BoC meeting are noted in the minutes of meeting including the reasons of such dissenting opinions. In 2009 there were no dissenting opinions.

All resolutions of the BoC are binding to all members of the Bank's BoC. In the event that a BoC member could not physically attend the meeting,

he/she could participate through teleconferencing.

The resolutions taken at the BoC meetings have been well documented. These resolutions represent the recommendations and/or advice that can be implemented by the General Meeting of Shareholders (GMS) and/or the BoD.

## 2.4 Supervision and Recommendations of the Board of Commissioners

During 2009, the BoC had met with the BoD on several occasions, whether through face-to-face meeting, conference calls or electronic mails. The BoC interacted intensively with

the BoD as well as Executive Officers of the Bank through the meetings of the Audit Committee, Risk Monitoring Committee, Remuneration & Nomination Committee and Corporate Governance Committee.

The BoC commits to continuously ensure that the Bank complies with all prevailing banking laws and regulations in Indonesia. During 2009, the Bank has complied with all Bank Indonesia regulations regarding i.e. Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Net Open



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Position (NOP), Legal Lending Limit (LLL), Reserve Requirement (RR) and Provision for Losses (PPAP).

## 2.5. Fit and Proper Test

Each member of the BoC possesses a high level of integrity, competence and good financial reputation and had obtained approval from Bank Indonesia by going through and passing the fit and proper test.

## 2.6. Charter of the Board of Commissioners

The BoC has equipped itself with the BoC Charter, which sets forth the guidelines and standard operating procedures for the duties and responsibilities of the BoC, as well as standard etiquette for members of the BoC. This Charter is formulated based on prevailing regulations in Indonesia, especially Bank Indonesia Regulation on Good Corporate Governance. The BoC Charter is reviewed periodically.

Among other things, the Charter regulates that members of the BoC should not take advantage of the Bank for personal gains, or those of family members, and/or other parties that can lead to either loss or less profitability for the Bank. In addition, members of the BoC will not take and/or receive personal gains from the Bank other than remuneration and benefits that have been accorded through the General Meeting of Shareholders.

## 2.7. Remuneration of the Board of Commissioners

### The Board of Commissioners Remuneration (Valued equivalent in million Rupiah)

	2009	2008	2007	2006
1 Salaries and Allowances	14,037	13,574	9,864	12,067
2 Tantiem *	TBD	9,150	11,000	7,800
3 LTCP paid	-	-	-	-
3 Other Benefits in the form of in kind (housing, transportation, health insurance and etc)				
a. may be owned	1.980	1.980	1.125	1.125
b. may not be owned	768	768	672	768

\* Paid in subsequent year

Notes:

1. Tantiem for BoC for fiscal year 2009 will be determined in the Annual General Meeting of Shareholders which is convene on April 29, 2010

### Classification of the Board of Commissioners Remuneration

Remuneration amount per person in 1 year *)	2009	2008	2007	2006
Above 5 billion Rupiah	-	-	-	-
From 2 billion up to 5 billion Rupiah	8	8	7	8
Under 2 billion Rupiah	-	-	-	-

\*) received in cash

### 3. REPORT OF THE AUDIT COMMITTEE

#### 3.1. Structure, Membership, Expertise and Independency of the Audit Committee

The Audit Committee comprises of six members, two of whom are Independent Commissioners, two are Non Independent Commissioners, an Independent Party with expertise in accountancy/risk management, and legal expertise; and another Independent Party with expertise in legal matters and finance. The Audit Committee is chaired by an Independent Commissioner. The Bank forbids any member of the BoD to sit on the Audit Committee, and requires more than 51% of the composition of the Audit Committee comprises of Independent Commissioners and Independent Parties.

All members of the Audit Committee possess a high level of integrity and are good moral character. The Audit Committee of the Bank has complied with Bank Indonesia and Bapepam-LK regulations relating to the requirements, expertise and independency of the Committee members.

**As per December 31, 2009, members of the Audit Committee consisted of :**

Name	Position	Expertise
Manggi T. Habir	Chairman/Independent Commissioner	Credit/Finance/Risk Management/Corporate Governance
Victor Liew C.S.	Member/Commissioner	Treasury/ Risk Management
Harry A.S. Sukadis	Member/Independent Commissioner	Accounting/ Risk Management/IT
Gan Chee Yen	Member/ Commissioner	Accounting/Finance/ Risk Management
Amir Abadi Jusuf	Member/Independent Party	Accounting/ Risk Management
Felix Oentoeng Soebago	Member/Independent Party	Legal Expertise/Finance

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### 3.2. Roles and Responsibilities of the Audit Committee

The Audit Committee of the Bank reviews and evaluates the audit plan and its implementation, and monitors the follow up action on audit finding as part of its assessment of the adequacy of the Bank's internal control system including the adequacy of the financial reporting process.

The Committee shall provide professional and independent advice to the BoC regarding reports or matters submitted to the BoC by the BoD, and to identify matters that require BoC attention including amongst others:

- a. review and approve Internal Audit Unit's (IAU) annual plan;
- b. Review the Bank's financial information that is to be released, such as financial statement, projection and other financial information as well as ensuring that the financial statements are in line with the prevailing accounting standards.
- c. Analyze the Bank's compliance with capital market regulation and all other laws and regulation that relate to the Bank's activities.
- d. Evaluate and analyze the Bank's audit plan and its implementation to ensure that audit had been carried out with the appropriate frequency and scope and to monitor the follow up action of the audit reports.
- e. Analyze the independency and objectivity of the Bank's public accountants and also the compatibility of the audit by the public accountant with generally accepted audit standards.
- f. Analyze the adequacy of the audit performed by the public accountant to ensure all significant risks have been considered.
- g. Monitor and evaluate whether the BoD has performed the follow up action in light of internal audit findings, public accounting firm and Bank Indonesia's supervision results, in order to provide recommendation to the BoC.
- h. The Committee shall provide recommendations regarding the appointment of public accounting firm to the BoC for further submission to the General Meeting of Shareholders.
- i. Analyze and report to the BoC on any claims relating to the Bank.
- j. Maintain confidentiality of all documents, data and information of the Bank in its possession.
- k. Prepare, review and periodically update its Charter.
- l. Conduct or authorize investigation into any matter within its scope.
- m. Retain a consultancy service, accountant, or other external parties who will provide advice, conduct investigation or gather information needed by the Committee.
- n. Conduct other duties that from time to time is given by the BoC.

### 3.3. Audit Committee's Meeting and Work Program

During 2009, the Audit Committee held 10 meetings, with the following attendance records:

#### Attendance in the Audit Committee Meetings

Name	Attendance in meeting
Gan Chee Yen *)	6
Victor Liew C.S.	10
Harry A.S. Sukadis	10
Manggi T. Habir	10
Amir Abadi Jusuf	7
Felix Oentoeng Soebagjo	10

\*) including one participation through a conference call

#### The Audit Committee reviewed the following matters in 2009:

- The overall audit rating for 2009 with Acceptable audit rating has declined to 57% compared to 67% in 2008, while the Unsatisfactory audit rating increased from 4% to 6%. To address the above trend, the Bank has initiated several initiatives as follow:
  - Formed special unit management that focuses on units with control issues;
  - KPI and incentives are related to IAU's internal rating
  - control and Fraud Management unit reports directly to SEMM Director
  - Formed Head Office's Early Detection unit in control to detect frauds at an early stage;
  - initiate checks and balance before and after disbursements of fund;
  - enhance awareness of control and fraud through training;
  - reemphasizing the whistle blower program.
- The IAU had submitted the audit results for Treasury and derivative transactions of 2008 to the Audit Committee. In early 2009, the BoD formed a Special Task Force to follow up on the audit findings of IAU. Through out 2009, the Committee monitored the corrective actions taken by the Special Task Force, ensuring that these actions correspond with targets that had been set by the Bank.
- In adherence to Bank Indonesia regulation on the proper functioning of the IAU, Ernst & Young had reviewed the audit works of IAU regularly and confirmed that the requirements of Bank Indonesia had been satisfied and that the audit works had reached best practice level and were in line with International Internal Audit Standards.
- During the second semester, the Audit Committee had periodically monitored and discussed the year-end audit findings of the public accounting firm, KPMG.
- In 2009, there were 26 fraud cases that resulted in a total net loss of Rp30.8 billion, which improved Bank's quarterly from the total net loss of Rp39,1 billion of the previous year. The ratio of gross fraud loss to gross income also improved from 0.31% in 2008 to 0.25% in 2009.

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## Main Agenda of the Audit Committee Meetings in 2009:

Date of Meeting	Main Agenda
January 21, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. KPMG monthly update;
	3. Internal Audit update;
	4. Determination of next meeting date;
February 26, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters
	2. KPMG monthly update;
	3. Internal Audit update;
	4. Determination of next meeting date;
March 23, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters
	2. KPMG monthly update;
	3. Internal Audit update;
	4. Adira Insurance update;
April 20, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters
	2. Report on the appointment of the external auditors for year 2009;
	3. Sharia;
	4. SEMM update;
	5. Internal Audit update;
	6. Determination of next meeting date;
May 26, 2009	1. The approval of previous minutes of meeting and pertinent matters;
	2. Internal Audit update;
	3. KPMG monthly update;
	4. Determination of next meeting date;
July 2, 2009	1. The approval of previous minutes of meeting and pertinent matters;
	2. EY update – progress of SKAI review;
	3. Internal Audit;
	4. SMEC update;
	5. Administrative matters;
	6. Determination of next meeting date;

Date of Meeting	Main Agenda
August 13, 2009	1. The approval of previous minutes of meeting and pertinent matters;
	2. EY update – progress of SKAI review;
	3. Internal Audit update;
	4. Determination of next meeting date;
September 10, 2009	1. The approval of previous minutes of meeting and pertinent matters;
	2. SEMM update;
	3. Internal Audit update;
	4. EY report;
November 5, 2009	1. The approval of previous minutes of meeting and pertinent matters;
	2. KPMG monthly update;
	3. 2010 Audit Plan;
December 16, 2009	1. The approval of previous minutes of meeting and pertinent matters;
	2. KPMG monthly update;
	3. 2009 Internal Audit report;
	4. 2010 Internal Audit plan;
	5. Determination of next meeting date;

Throughout 2009, the Audit Committee had undertaken all of its activities inline with its duties and responsibilities. The Audit Committee convened monthly meetings in accordance with the planned schedule, totaling 10 meetings in 2009. In addition, the Audit Committee reviewed the Bank's quarterly financial statements to ensure their accuracy and reliability prior to publication; follow up on audit findings of IAU, the public accountants and Bank Indonesia; recommended public accountant firm for appointment by BoC through the GMS; and monitored the audit processes by IAU and public accounting firm, and ensuring that the scope of audit works is in line with the audit plan that has been approved the BoC.

In the case of the audit process, the Audit Committee reviewed and undertook follow up actions on the scope, results, effectiveness and objectivity of the reports from the IAU, Independent Auditors and the auditors of Bank Indonesia.



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### 3.4. Audit Committee Charter

The Audit Committee has equipped itself with the Audit Committee Charter. The Charter regulates specific matters pertaining to duties and responsibilities of the Audit Committee and matters that govern etiquettes. The Charter was formulated on the basis of prevailing rules and regulations, especially Bank Indonesia Regulation on Good Corporate Governance. The Charter is reviewed periodically.

Commissioner. The Bank forbids any member of the BoD to sit on the Risk Monitoring Committee and requires that at least 51% of the members of the Risk Monitoring Committee comprises of Independent Commissioners and Independent Parties.

All members of the Risk Monitoring Committee of the Bank possess a high level of integrity and are of good moral character. The structure, composition, expertise and independence criteria of the Risk Monitoring Committee have complied with Bank Indonesia regulations.

## 4. REPORT OF THE RISK MONITORING COMMITTEE (RMC)

### 4.1. Structure, Membership, Expertise and Independency of RMC

The Risk Monitoring Committee comprises of eight members, including three Independent Commissioners, three Commissioners, one Independent Party with accounting and risk management expertise, and another Independent Party with legal and finance expertise. The Risk Monitoring Committee is chaired by an Independent

#### Composition of the Bank's Risk Monitoring Committee Membership of the Risk Monitoring Committee

Name	Position	Expertise
Milan R. Shuster	Chairman/ Independent Commissioner	Credit/Finance/Risk Management
Victor Liew C.S.	Member/Commissioner	Treasury/Risk Management
Harry A.S. Sukadis	Member/Independent Commissioner	Accounting/IT/ Risk Management
Manggi T. Habir	Member /Independent Commissioner	Credit/Finance/Risk Management/Corporate Governance
Gan Chee Yen	Member/ Commissioner	Accounting/Finance/Risk Management
Krisna Wijaya	Member/Commissioner	Credit/Finance/Capital Market/ Risk Management
Amir Abadi Jusuf	Member/Independent Party	Accounting/Risk Management
Felix Oentoeng Soebagio	Member/Independent Party	Legal/Finance

#### 4.2. The Roles and Responsibilities of the Risk Monitoring Committee

The Committee provides professional and independent opinion to the BoC with regards to reports or matters submitted by the BoD to the BoC, and identifies matters that require the attention of the BoC, including, among others, the following:

- a. Evaluate whether the risk management policies of the Bank are being fully & properly implemented;
- b. Monitor and evaluate the performance of the Risk Management Committee and the Risk Management Unit in order to provide recommendations to the BoC;
- c. Report to the BoC risks faced by the Bank and the implementation of risk management by the BoD;
- d. Evaluate the Bank's risk management policy at least once a year;
- e. Evaluate the accountability of the implementation of risk management policy by the BoD at least once every quarter;
- f. Protect the confidentiality of all documents, data and information pertaining to the Bank;
- g. Formulate, review and revise Charter of the Risk Management Committee Charter periodically;
- h. Undertake or extend the authority to carry out an investigation within the scope of its duties;
- i. Appoint the services of consultants, accountants or other external parties that can provide advice or undertake an investigation and information collection that are required by the Committee from employees;
- j. Undertake other assignments from the BoC from time to time.

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### 4.3. Meetings and Work Program of the Risk Monitoring Committee

During 2009, the Risk Monitoring Committee held 10 meetings, with the following attendance records:

Attendance in the Risk Monitoring Committee Meetings	
Name	Attendance in meeting
Milan R. Shuster	10
Victor Liew C.S.	10
Harry A.S. Sukadis	10
Manggi T. Habir	10
Gan Chee Yen	6
Krisna Wijaya	9
Amir Abadi Jusuf	7
Felix Soebago	10

#### The Risk Monitoring Committee reviewed the following matters in 2009:

1. In early 2009, the Risk Monitoring Committee monitored the Bank's liquidity position that had been affected by the tight money market conditions and the tight inter-bank money market conditions at the time. The Committee gave its recommendation to the BoC to be conveyed to the BoD that the latter should maintain adequate liquidity in light of a potential fund withdrawals.
2. In the first quarter of 2009, the Committee closely monitored the Bank's corporate credit portfolio of major companies and financial institutions, followed by the monitoring of the commercial and SME credit portfolios, the micro credit portfolio and individual credit portfolio in the second semester. The Committee also monitored credit portfolios of subsidiary companies, Adira Finance and Adira Quantum, as well as insurance and re-insurance portfolios of Adira Insurance. In addition, throughout 2009 the Committee constantly monitored whether the Bank's provisioning level was adequate, given the NPL level of the overall credit portfolio.
3. To assure independency of the risk function and to increase the supervisory function, the Committee recommended to the BoC the separation of reporting lines between credit unit and business unit at each business unit to the respective unit heads. The Committee also recommended limits for single and group borrowers over which the BoC should review the credit approval process. Similarly the Committee recommended to the BoC guidelines with respect to credit extensions for the Bank's product programmes where BoC review will be required. In line with the above, the Committee will monitor new business product program that will be launched in 2010 in accordance to Bank's policy.
4. The Committee also monitored the implementation of the NCBS core system project that was launched in Semarang to ensure that any problem were properly addressed prior to implementing it to other branches.
5. The Committee also paid special attention to derivative transactions (target redemption forwards and others), recovery efforts conducted with regard of these transactions, including related litigation cases.

The following table lists the main agenda of the Risk Monitoring Committee meetings in 2009:

Date of Meeting	Main Agenda
January 21, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Related party transactions;
	3. National portfolio;
	4. Treasury;
	5. Market & Liquidity Risks;
	6. Determination of next meeting date;
February 26, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Related party transactions;
	3. National portfolio;
	4. Corporate Banking portfolio;
	5. Heavy equipment portfolio;
	6. Derivatives (Target Redemption Forwards and others);
	7. Treasury;
	8. Market & Liquidity Risk;
	9. Macro economic overview;
	10. Determination of next meeting date;
March 23, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Retail Banking;
	3. Related party transactions;
	4. Update on Corporate Banking;
	5. Market & Liquidity Risks;
	6. Derivatives (Target Redemption Forwards and others);
	7. Presentation of Task Force plan;
	8. Determination of next meeting date;
April 20, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Related party transactions;
	3. National portfolio;
	4. Derivatives (Target Redemption Forwards and others);
	5. Organizational matrix;
	6. Treasury & Capital Markets;
	7. Market & Liquidity Risks;
	8. Litigation cases;
	9. Determination of next meeting date;

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Date of Meeting	Main Agenda
May 26, 2009	1. Approval of minutes of the previous meeting and discussion of current pertinent matters
	2. Related party transactions;
	3. National Portfolio & Integrated Risk;
	4. Update on Corporate Banking;
	5. Retail banking;
	6. Derivatives (Target Redemption Forwards and others);
	7. Treasury & Capital Market;
	8. Market & Liquidity Risks;
	9. Determination of next meeting date;
July 2, 2009	1. Approval of minutes of the previous meeting and discussion of current pertinent matters
	2. Related party transactions;
	3. Taxation and Accountancy;
	4. Litigation cases;
	5. Derivatives (Target Redemption Forwards and others);
	6. Corporate Banking portfolio;
	7. New Core Banking System (NCBS);
	8. Treasury & Capital Markets;
	9. Market & Liquidity Risks;
	10. National portfolio;
	11. Determination of next meeting date;
August 13, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters
	2. National Portfolio & Integrated Risk Management
	3. Organizational risk structure & approval of credit limits;
	4. Derivatives (Target Redemption Forwards and others);
	5. Litigation Cases;
	6. Related party transaction & regulatory parameters;
	7. Updates on LDR/LFR, Treasury & Capital Markets, Liquidity & Market Risks;
	8. Determination of next meeting date;
September 10, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters
	2. National Portfolio & Integrated Risk Management;
	3. Updates on risks analyses;
	4. Corporate Banking portfolio;
	5. CMM portfolio;
	6. Adira-CMM cross sell portfolio;
	7. Derivatives (Target Redemption Forwards and others);
	8. Litigation Cases;
	9. Related party transactions & regulatory parameters;

Date of Meeting	Main Agenda
	10. Treasury & capital markets, liquidity & market risks;
	11. Determination of next meeting date;
November 5, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. New business model discussion;
	3. National portfolio;
	4. Litigation cases;
	5. Derivatives (Target Redemption Forwards and others);
	6. Treasury and capital markets, market risk, liquidity and ALCO;
	7. Updates on the Padang earthquake and flu pandemic;
	8. Approval of credit limits;
	9. Determination of next meeting date;
December 15-16, 2009	1. New business model discussion;
	2. Approval of credit limits;
	3. Approval of minutes of the previous meeting and discussion of current pertinent matters;
	4. National portfolio – Derivatives (Target Redemption Forwards and others);
	5. Related party transactions & regulatory parameters;
	6. Litigation cases;
	7. Updates on CMM portfolio;
	8. Treasury and capital markets, market risk, liquidity and ALCO;
	9. Determination of next meeting date;

Throughout 2009, the Risk Monitoring Committee had undertaken all of its activities in line with its duties and responsibilities. The Risk Monitoring Committee convened frequent meetings in accordance with the planned schedule, totaling 10 meetings in 2009. In addition the Risk Monitoring Committee monitored the potential risks faced by

the Bank and Bank's business strategy; reviewed the quality of risk management; evaluated the risk management policy and its implementation; monitored and evaluated the performance of the Risk Management Unit and reported its findings to the BoC.

#### 4.4. Risk Monitoring Committee Charter

The Risk Monitoring Committee has equipped itself with the Risk Monitoring Committee Charter. The Charter regulates specific matters pertaining to the implementation of the Committee's roles and responsibilities. The Charter was formulated on the basis of prevailing rules and regulations, especially Bank Indonesia Regulation on Good Corporate Governance. The Charter is reviewed periodically.



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## 5. REPORT OF THE NOMINATION & REMUNERATION COMMITTEE (NRC)

### 5.1. Structure, Membership, Expertise and Independency of the NRC

The Nomination and Remuneration Committee (NRC) comprises of five members: three Independent Commissioners, a Commissioner and a Senior Executive of the Bank that oversees human resources. The NRC is chaired by an Independent Commissioner. The Bank forbids any member of the BoD to sit on the NRC.

All members of the NRC of the Bank possess a high level of integrity and are of good moral character. The requirement, expertise and independence criteria of the Nomination and Remuneration Committee have complied with Bank Indonesia regulations.

Composition of the Nomination & Remuneration Committee		
Name	Position	Expertise
J.B. Kristiadi	Chairman/Independent Commissioner	Finance/Risk Management
Ng Kee Choe	Member/President Commissioner	Credit/Finance/HR/Treasury/ Risk Management
Harry A.S. Sukadis	Member/ Independent Commissioner	Accounting/IT/Risk Management
Milan R. Shuster	Member/ Independent Commissioner	Credit/Finance/Risk Management
Maria Theodora <sup>1)</sup>	Member/Senior Executive	HR

<sup>1)</sup> An Executive Officer supervising human resources with expertise on the regulation of Nomination & Remuneration and succession.

## 5.2.Roles and Responsibilities of the Nomination and Remuneration Committee

Within the scope of the remuneration policy, the Committee must observe the Bank's financial performance: fulfillment of reserves requirement; individual performance; parity with peer groups; and considerations over the long term strategy and targets of the Bank.

At the minimum, the Committee has the following duties and responsibilities:

- With the respect to remuneration policy, the Committee evaluates the remuneration policy and makes its recommendation to the BoC on the remunerations for:
  - a. Members of the BoC and BoD to be presented to the GMS;
  - b. Executive Officers and employees as a whole to be presented to the BoD;
- With the respect to nomination policy, the Committee:
  - a. Formulates and makes its recommendation to the BoC on the system and procedure for the appointment and/or replacement of members of the BoC and of the BoD, to be presented to the GMS;

- b. Makes its recommendation on potential candidates for membership to BoC and/or BoD to the GMS;
- c. Makes its recommendation to the BoC on potential Independent Parties who are eligible for candidacy to sit on the Committees.

## 5.3.Meetings and Work Program of the Nomination and Remuneration Committee

During 2009, the Nomination and Remunerations Committee held 4 meetings, with the following attendance records:

### Attendance in the Nomination & Remuneration Committee Meeting

Name	Attendance in meeting
JB Kristiadi	4
Ng Kee Choe	4
Harry A.S. Sukadis	4
Milan R. Shuster	4
Maria Theodora	4

### In 2009, the Nomination & Remuneration Committee undertook the followings:

1. Reviewed remunerations for members of the BoC and BoD.
2. Determined the Key Performance Indicators for BoD members.
3. Determined the criteria and appointment of the President Director
4. Reviewed agreements on the appointment of new BoD members.
5. Reviewed Committee Charter.

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The Nomination & Remuneration Committee gave its recommendation to the BoC/BoD to review the Bank's overall remuneration, including treatment of employees' withholding tax by appointing an independent consultant.

The following table lists the main agenda of the Nomination & Remuneration Committee meetings in 2009:

Date of Meeting	Main Agenda
January 22, 2009	1. Updates on Legal & Compliance Director and Retail Banking Director;
	2. Discussion on Senior Executives;
	3. Discussion / recommendation on LTCP;
	4. Resignation of the Head of Treasury & Capital Markets and Financial Institutions (TCM & FI);
	5. Approval on a Appointment of TCM & FI Director;
	6. Discussion on the 2007 tantien.
May 25, 2009	1. Tantien and Salary/Honorarium for the Directors and Commissioners;
	2. Honorarium for the Sharia Supervisory Board;
	3. Honorarium for Independent Parties of the Audit Committee;
	4. Computation for payment of LTCP;
	5. Retained Shares (Participants of E/MSOP).
September 30, 2009	1. Nomination of Head of Treasury and Financial Institution
	2. Nomination of Head of Corporate Banking;
	3. Nomination of the President Commissioner of Adira Quantum;
	4. Nomination of the Director of Adira Quantum;
	5. Nomination of the temporary President Director of Adira Quantum.
December 15, 2009	1. Nomination of members of the Board of Commissioners of Adira Finance.

### 5.4. Charter of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has equipped itself with the Nomination and Remuneration Committee Charter. The Charter regulates specific matters pertaining to the implementation of the Committee's roles and responsibilities, and matters that govern etiquettes.

The Charter was formulated on the basis of prevailing rules and regulations, especially Bank Indonesia Regulation on Good Corporate Governance. The Charter is reviewed periodically.

## 6. REPORT OF CORPORATE GOVERNANCE COMMITTEE (CGC)

### 6.1. Structure, Membership, Expertise and Independency of the CGC

Even though the establishment of the Corporate Governance Committee is not required by Bank Indonesia, the Bank is nevertheless decided that it was prudent and appropriate to form such a Committee to support its commitment to implement Corporate Governance in the business activities of the Bank and at every level of its organization.

Composition of the Corporate Governance Committee		
Name	Position	Expertise
Manggi T. Habir	Chairman/Independent Commissioner	Credit/Finance/Risk Management/Corporate Governance
J.B. Kristiadi	Member/Independent Commissioner	Finance/Risk Management
Gan Chee Yen	Member/Commissioner	Accounting/Finance/Risk Management

### 6.2. Roles and Responsibilities of the Corporate Governance Committee

The Corporate Governance Committee is charged with duties and responsibilities of overseeing the implementation of the principles of Good Corporate Governance as follows:

- Along with the BoD, develop and participate in a process for systematic review of important corporate governance issues and trends in corporate Governance practices that could potentially impact the Bank and enhance the effectiveness of the Committee.

- Perform such other functions, and have such powers, as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities.
- Report all material activities of the Committee to the BoC from time to time or whenever so requested by the BoC through the Committee chairperson.

The Committee has the full power and authority to carry out the following primary responsibilities:

- The Committee considers and assesses the independence of President/Director/Independent of Commissioners and independence of independent parties.
- The Committee evaluates if majority (51%) members of the Committee are Independent Commissioners. Results of such reviews are provided to the BoC for further discussion as appropriate.
- The Committee periodically reviews and assesses corporate governance principles and their application, and makes its recommendation on any changes deemed appropriate to the BoC for consideration.

### 6.3. Meetings and Work Programs of the Corporate Governance Committee

During 2009, the Corporate Governance Committee held two meetings, with the following attendance records:

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Name	Attendance in meeting
Manggi T. Habir	2
J.B. Kristiadi	2
Gan Cee Yen	2

In 2009, the main activities of the Corporate Governance Committee were to ensure compliance for transparency of the Bank's Annual Report; to ensure the Bank's compliance with Bank Indonesia Regulation on the Implementation of Good Corporate Governance for Commercial Bank, and to review policies that relate to corporate governance of the Bank.

Main Agenda of the Corporate Governance Committee Meetings in 2009 were as follow:

Date of Meeting	Main Agenda
May 25, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Corporate Governance Implementation Report to Bank Indonesia;
	3. Annual report;
	4. The Corporate Governance Committee Charter;
	5. Corporate Policy Manual;
	6. Updates on Subsidiary Company Committees and Corporate Governance Plan for 2009;
	7. New Compliance Director;
	8. The ongoing audit by Bank Indonesia;
	9. Determination of next meeting date;
August 13, 2009	1. Approval of minutes of the previous meeting and discussion of pertinent matters;
	2. Corporate Policy Manual;
	3. Results of BI Audit;
	4. Subsidiary;
	5. Acquisition of Adira and Capital Injection of Adira Quantum;
	6. Annual Report Awards (ARA);
	7. Determination of next meeting date;

#### 6.4. Charter of the Corporate Governance Committee

The Corporate Governance Committee has equipped itself with the Corporate Governance Committee Charter. The Charter regulates specific matters pertaining to the implementation of the Committee's roles and responsibilities, and matters that govern etiquettes.

The Charter was formulated on the basis of prevailing rules and regulations in Indonesia. The Charter is reviewed periodically.

All BoD members have more than five years of experience in the banking industry as an executive officers and posses expertise in the banking operation. All BoD members have fulfilled the requirements of the fit and proper test. Members of the BoD do not delegate their authorities to other parties that may result in a transfer of roles and responsibilities. Members of the BoD do not hold concurrent positions as the Commissioner, Director, or executive of another bank, company or institution, with the exception of undertaking a supervisory role as a BoC member in a non-bank subsidiary company of the Bank.

the Bank. All these are in line with the Corporate Governance guidelines. The following table is a list of the members of the BoD as at year-end 2009, along with the dates of GMS appointment and Bank Indonesia approval.

### 7. BOARD OF DIRECTORS

#### 7.1. Structure, Composition and Independency of the Board of Directors

The Board of Directors of the Bank is led by a President Director, which is independent of the controlling shareholder. The BoD comprises of nine Directors, all of whom are domiciled in Indonesia. All recommendations by the BoC pertaining to the replacement/ appointment of a BoD member are submitted for the approval of the General Meeting of Shareholders, with due consideration of the recommendation of the Remuneration and Nomination Committee.

The BoD members of the Bank, either individually or collectively, shall not own more than 25% shares of the paid-in capital in another company.

Each BoD member does not have filial relationships to the second degree with other Directors and/ or BoC members. In addition, all Directors either individually or collectively, shall not own more than 5% of the paid-in capital of the Bank; and Sebastian Paredes, as the President Director of the Bank, is independent of the controlling shareholder of



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Name	Position	Bank Indonesia Approval	GMS <sup>1)</sup>	Adjourns
Sebastian Paredes <sup>3)</sup>	President Director	9 May 2005	3 April 2008	GMS 2011
Jos Luhukay	Vice President Director	5 June 2008	3 April 2008	GMS 2011
Muliadi Rahardja	Director	21 December 1999	3 April 2008	GMS 2011
Ali Yong	Director	8 May 2006	3 April 2008	GMS 2011
Vera Eve Lim	Director	26 June 2006	3 April 2008	GMS 2011
Sanjiv Malhotra <sup>4)</sup>	Director	26 July 2006	3 April 2008	GMS 2011
Herry Hykmanto	Director	13 May 2008	3 April 2008	GMS 2011
Kanchan Nijasure	Director	19 June 2008	3 April 2008	GMS 2011
Fransiska Oei Lan Siem <sup>2)</sup>	Compliance Director	11 June 2009	25 Mei 2009	GMS 2011

**Note:**

- <sup>1)</sup> GMS reappointing all members of the Board of Directors except Fransiska Oei Lan Siem
- <sup>2)</sup> Fransiska Oei Lan Siem was appointed through Annual GMS on May 25, 2009 and effective by the letter of Bank Indonesia dated on June 11, 2009 No.11/74/GBI/DPIP/Secret.
- <sup>3)</sup> The resignation of Sebastian Paredes will be effective on the 2010 GMS of the Bank
- <sup>4)</sup> The resignation of Sanjiv Malhotra will be effective on the 2010 GMS of the Bank

## 7.2. Role and Responsibilities

The Board of Directors takes full responsibility for managing the Bank. The BoD manages the Bank in line with its rights and responsibilities as set forth in the Bank's Article of Association and prevailing laws and regulations. The BoD implements the principles of good corporate governance in all of the Bank's business activities and all levels of its organization. In addition, the BoD follows up audit findings and recommendations provided by the Internal Audit Unit of the Bank, the external auditors, and supervisory findings of Bank Indonesia and/or other authorities.

In implementing the principles of good corporate governance, the BoD has formed the Internal Audit Unit, the Risk Management Unit as well as the Risk Management Committee and Compliance Unit. The BoD accounts for its performance to the shareholders through General Meeting of Shareholders. The BoD keeps employees informed of the Bank's strategic policy on human resources. The BoD provides the BoC with data and information that are accurate, relevant and timely.

Throughout 2009, the BoD did not employ the services of individual consultants professional counsel and/or professional consultants, except for projects that are special in nature, and are covered by unambiguous contracts that clearly stipulate the scope of work, responsibility, time schedule and amount of cost. Such consultants, when employed, were selected from independent parties, and possess the necessary qualifications to undertake the special tasks. Appointment of such consultants is provided for in the BoD Charter.

### 7.3. Fit and Proper Test

All members of the BoD possess financial integrity, competency, reputation and experience, in addition to various expertises; and have passed the Fit and Proper Test of Bank Indonesia.

### 7.4. Meetings of the Board of Directors

The BoD of the Bank formulates the strategic policy and/or takes Board decision through the BoD meetings in which decisions are arrived at on the basis of consensual agreement. If a consensus cannot be reached, the decision will be reached through a majority vote.

Resolutions of BoD meetings are duly noted in the minutes of meeting and are well documented, signed either by the Chairperson of the Meeting or the President Director, and distributed to all members of the BoD, including those who were absent from the meeting. Dissenting opinions are noted in the minutes of meetings. During 2009, the BoD convened a total of 15 meetings with no dissenting opinions.

Attendance in meeting		
Name	Attendance in the Board of Directors Meeting (15 meetings)	Attendance in the Board of Commissioners Meeting (8 meetings)
<b>Board of Directors</b>		
Sebastian Paredes	15	8
Jos Luhukay	13	7
Muliadi Rahardja	15	7
Ali Yong	14	6
Vera Eve Lim	13	8
Sanjiv Malhotra	10	7
Herry Hykmanto	14	6
Kanchan Keshav Nijasure	13	7
Fransiska Oei Lan Siem*	6	5

\* Fransiska Oei Lan Siem was appointed through Annual GMS on May 25, 2009 and effective by the letter of Bank Indonesia dated on June 11, 2009 No.11/74/GBI/DPIP/Secret.

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Agenda discussed in the Board of Directors' meetings in 2009 are the following:

Date	Main Agenda
January 16, 2009	1. Rights issue; 2. Adira Call Option discussion;
February 6, 2009	1. Rights issue;
February 11, 2009	1 Next Step for BCG of Retail Bank;
February 18, 2009	1. Next Step for BCG of Retail Bank;
March 11, 2009	1. Adira call option update; 2. Adira Quantum update; 3. Update derivative (target redemption forward and others);
March 19, 2009	1. Stock option adjustment proposition;
April 8, 2009	1. Adira call option update; 2. Derivative related resolution strategy;
May 6, 2009	1. Adira call option update; 2. EMSOP discussion in relation to the rights issue; 3. Long-term compensation plan (LTCP) discussion in relation to the rights issue; 4. Corporate Banking Strategy;
May 11, 2009	1. Legal case; 2. Adira call option update; 3. Preparation of BoC Meeting / GMS – EGMS;
June 22, 2009	1. Adira call option update;
September 29, 2009	1. Derivative (target redemption forwards and others)
October 01, 2009	1. West Sumatra earthquake;
October 06, 2009	1. BI Meeting 2009;
December 09, 2009	1. Internal audit update; 2. Analysis report from CMM; 3. The Bank's 2010 Business Plan; 4. Derivative (target redemption forwards and others); 5. BI findings update; 6. Custodial Services;
December 17, 2009	1. Governance Assessment Result from Octagon (consultant);

## 7.5. BoD Remuneration

Members of the BoD do not use their position in the Bank for personal gains, or for those of family members and/or other parties that may be detrimental to the profitability of the Bank. Members of the BoD shall neither take nor receive benefits from the Bank, other than the remuneration and benefits accorded to them on the basis of the resolution of the General Meeting of Shareholders. The total amounts of remuneration and benefits for the BoD of the Bank in 2009 were as follows:

The Board of Directors Remuneration (Valued equivalent in million Rupiah)				
	2009	2008	2007	2006
Salaries and Allowances	39,221	39,301	24,322	28,199
Tantiem *	TBD	27,215	35,888	28,329
LTCP Paid	-	11,834	-	-
Other Benefits in the form of in kind (housing, transportation, health insurance and etc)				
a. may be owned	9,000	8,100	5,400	7,200
b. may not be owned	6,358	6,036	4,352	5,773

\* Paid in subsequent year

Notes:

1. Tantiem for BoD for fiscal year 2009 will be determined in the Annual General Meeting of Shareholders on April 29, 2010.
2. In 2007, the BoC agreed to grant the Long Term Compensation Program (LTCP) to the Bank's BoD and eligible employees. This program is a three (3) year plan commencing on July 1, 2007 and payable in 2008, 2009 and 2010. Payment of this LTCP will depend on certain corporate measures and individual performance rating. Corporate performance will be determined by the BoC, whilst the individual performance will be based on year-end performance appraisals. Total LTCP granted to the BoD amounted to Rp47.5 billion for 2008, 2009 and 2010. In 2008, LTCP paid to BoD amounted to Rp11.8 billion.

Classification of the Board of Directors Remuneration				
Amount of Remuneration per Person in 1 Year *	2009	2008	2007	2006
Above 2 billion	9	8	6	9
Above 1 billion up to 2 billion	-	-	-	-
Above 500 million up to 1 billion	-	-	-	-
Below 500 billion	-	-	-	-

\*) Cash received

## 7.6. Training Programs for BoD Members

To enhance their competencies, members of the BoD participate in various training programs, conferences, seminars, and/or workshops that are organized internally within the Bank or by independent organizers. Newly appointed members of the BoD undergo a comprehensive induction program that among other things cover the vision, mission and values of the Bank.

## 7.7. Charter of the Board of Directors

The BoD has established a BoD Charter, and such Charter applies to all BoD members without exception. The BoD Charter constitutes the Boards' code of ethics, working hours and meeting regulations. All decisions that are taken in conformity with the BoD Charter shall be binding to, and become the responsibility of, all BoD members.

Matters that are governed by the BoD Charter include among other things the provision that members of the BoD shall not use their position in the Bank for personal gains, or those of family members and/or other parties that may result in a loss or lessen the profitability of the Bank. Members of the BoD shall neither take nor

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receive benefits from the Bank, other than the remuneration and benefits accorded to them on the basis of the resolution of the General Meeting of Shareholders. The BoD Charter is formulated on the basis of prevailing laws and regulations in Indonesia, especially Bank Indonesia Regulation on Good Corporate Governance.

## 7.8. Committees under the Board of Directors

The BoD is assisted by seven Committees, which provide advice and recommendations with respect to Bank policies and management. Committee members are selected and formed based on the scope and complexity of the duties and responsibilities of the respective committees. Recommendations from the various committees are used as reference by the BoD to make decisions. The Compliance Director participates actively in all committees by maintaining its independency and must refuse any policies and transactions that are not in accordance with the prevailing rules and regulations. The seven committees under the BoD are:

1. Risk Committee;
2. Operating Committee;
3. Asset & Liability Committee (ALCO);
4. Information Technology Steering Committee (ITSC);
5. Human Resources Committee (HR);
6. Business Executive Committee; and
7. Fraud Committee.

**Memberships of Committees under the BoD:**

BoD Members	Name of Committees						
	Risk Committee	Operating Committee	ALCO	ITSC	HR Committee	Business Executive Committee	Fraud Committee
Sebastian Paredes	√	√ (Chairman)	√ (Chairman)	√	√	√	
Joseph Luhukay	√	√		√ (Chairman)	√		√ (Chairman)
Muliadi Rahardja	√	√		√	√		√
Sanjiv Maholtra	√ (Chairman)	√	√	√		√	√
Vera Eve Lim	√	√	√	√		√ (Chairman)	
Ali Yong	√	√	√	√	√ (Chairman)	√	
Herry Hykmanto	√	√	√			√	
Kanchan Nijasure		√		√			
Fransiska Oei Lan Siem		√					√

Tabled below are the attendance details of BoD members in Committees meetings during 2009:

BOD Members	Attendance Record in Meetings of Committees under the BoD						
	Risk Committee (Ten Meetings)	Operating Committee (Eighteen Meetings)	ALCO (Six Meetings)	ITSC (One Meeting)	HR Committee (Five Meetings)	Executive Business Committee (Eight Meetings)	Fraud Committee (Five Meetings)
Sebastian Paredes	2	12	5	1	5	7	
Joseph Luhukay		16		1	4		4
Muliadi Rahardja		17		1	4		4
Sanjiv Malhotra	7	13	4			6	2
Vera Eve Lim	1	13	1			5	
Ali Yong		17	5		5	8	2
Herry Hykmanto	4	16	6			7	
Kanchan Nijasure		17		1			
Fransiska Oei		11					2



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### 7.8.1 Risk Committee

The Risk Committee is responsible for determining any plan, guidance, policies and risk management strategies of the Bank and its subsidiaries; ensuring that all Bank's activities are in line with prevailing regulations; evaluating the risk management process and remedial actions inline with external and internal changes that can affect the Bank's capital adequacy ratio, the Bank's subsidiary capital levels and their respective risks profiles; determining the most appropriate integrated risk management methodology to manage risk; determining capital allocation and sufficient provisions and reserves to accommodate inherent potential risk and assuring business continuity program. In addition, the Risk Committee evaluates the appropriateness of the Bank and its subsidiaries' risk organization to ensure that the risk management processes are inline with the organization's development.

Agenda discussed in the meetings of the Risk Committee in 2009 include the following:

Meeting Date	Main Agenda
January 27, 2009	1. National portfolio;
	2. Product program;
	3. CMM;
	4. Adira Quantum;
	5. Corporate Banking;
	6. Operational risk management;
	7. Compliance;
	8. Legal;
March 25, 2009	1. National portfolio;
	2. SEMM;
	3. Commercial;
	4. Asset based financing;
	5. Product program;
April 23, 2009	1. National portfolio;
	2. Product program;
	3. Risk analysis;
	4. Syariah;
	5. Center of operational excellent;
	6. Compliance;
	7. Legal;
May 28, 2009	1. National portfolio;
	2. Product program;
	3. SEMM;
	4. Internal Audit;
	5. Risk analysis;
	6. Syariah;
	7. SAM;
June 23, 2009	1. National portfolio;
	2. Product program;
	3. Quantum;
	4. CMM;
	5. Risks analysis;
July 28, 2009	1. National portfolio;
	2. Product program;
	3. Risk matrix organization;

Meeting Date	Main Agenda
	4. Risks analysis;
	5. TCM – development;
	6. Credit Card;
	7. ORM;
	8. Compliance;
August 25, 2009	1. National Portfolio;
	2. Product program;
	3. Risks analysis;
	4. ORM;
	5. SEMM;
October 26, 2009	1. National portfolio;
	2. Risks analysis;
	3. ORM;
	4. Compliance;
	5. Legal;
November 23, 2009	1. National portfolio;
	2. Product program;
	3. Risks analysis;
	4. SEMM;
	5. Credit Card;

### 7.8.2. Operating Committee

#### Duties and Responsibilities of Operating Committee:

- Monitor the Bank's operating performance, key performance indicator results and trends, and any significant incidents or events.
- Review the Bank's historical and projected financial performance and review any matters brought to the Committee's attention affecting the Bank's financial or liquidity condition.
- Review and recommend approval of investment and borrowing guidelines.
- Review the Bank's financing plan and recommend approval of the issuance of debt.
- Review and recommend to the BoD the Bank's dividend actions.
- Review the Bank's operations budget.
- Review the Bank's capital Management.
- Review the Bank's adherence to the prevailing regulations.

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- Review and recommend for approval by the BoD any and all policies or amendments to current policies relating to regulatory compliance activities, including, but not limited to, the Bank Indonesia & Bapepam-LK regulations and prevailing Company Law and review and monitor compliance with all such policies.
- Review the Bank's relationships with major stakeholders.
- Review the Bank's investment programs.
- Review and monitor performance of the Bank's social responsibility programs.
- Review the Bank's insurance programs.
- Review the results of inspections and evaluations by external oversight bodies such as Bank Indonesia.
- Conduct a self-assessment on at least an annual basis to determine whether the Committee is functioning effectively.
- Perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the BoD.

### Main Agenda of the Operating Committee Meetings in 2009:

Date of Meeting	Main Agenda
January 7, 2009 *)	1. Macro Economic overview; 2. Business update; 3. Preparation for the BoC Meeting and corporate action (EGMS);
January 14, 2009	1. Matters Arising on Human Resources; 2. Internal Audit update;
January 28, 2009	1. Danamon Employee Opinion Survey Report; 2. Performance appraisal & bonus guidelines; 3. Legacy matters;
February 4, 2009	1. Macro Economic overview; 2. Business update; 3. 2008 OPEX update; 4. HR update;
March 11, 2009	1. Macro Economic overview; 2. Loan, cost of credit and NPL growths; 3. Performance as of February 2009; 4. Non Deal Road Show update; 5. NCBS update; 6. New BI Regulation update;
March 18, 2009	1. Introduction of Compliance Director candidate; 2. Internal Audit update;
April 22, 2009	1. 360° assessment ; 2. Internal Audit presentation; 3. Matrix organization;
May 20, 2009	1. Macro Economic overview; 2. Impact of Customers characteristics, economic conditions and development of regional customers (BRI – Kupedas); 3. 360° assessment; 4. Internal Audit update; 5. NCBS implementation;

Date of Meeting	Main Agenda
May 27, 2009	1. LTCP discussion in relation to the rights issue; 2. Communication of compensation for the BoD;
June 3, 2009	1. Presentation of Octagon advisor;
June 24, 2009	1. Human Resources; 2. Internal Audit update;
July 1, 2009	1. Syariah update; 2. Pawnshop discussion;
July 15, 2009	1. Task Force Discussion;
July 29, 2009	1. Legal Issues 2.Coordination of Branch & System Transformation (NCBS & BCG Project); 3. KUT Update; 4. Legacy matters.
August 5, 2009	1. Task force people management; 2. BCG update;
August 12, 2009	1. Performance as of July 2009; 2. IFRS Project; 3. Cross selling task force; 4. Internal Audit update;
August 26, 2009	1. Branches consolidation – Headquarter Office; 2. 360° assessment; 3. Key vacancies on Human Resources; 4. Road show; 5. Litigation cases; 6. Cayman Island; 7. Investment limit update;
September 2, 2009	1. Internal Audit update; 2. Derivative update (target redemption forward and others); 3. Adira Quantum & Adira Finance; 4. Key vacancies update; 5. CEO program priority; 6. HR Committee report;
September 9, 2009 *)	1. Trends and opportunities in banking; 2. Asia economic conditions update; 3. Business impact;

# Good Corporate Governance Implementation Report

Date of Meeting	Main Agenda
October 7, 2009 *)	1. Cross selling task force;
	2. Business impact;
	3. New Business model discussion;
	4. Collection capacity expansion;
	5. Padang earthquake;
	6. Bank blanket bond insurance;
	7. Directorship and officers insurance;
	8. 2010 Internal Audit plan;
October 21, 2009	1. PoA handling;
	2. 2010 Internal Audit plan;
October 28, 2009 *)	1. 2010 plan 1st cut;
	2. Cross selling task force;
	3. Business impact;
	4. People management task force;
November 4, 2009	1. Monitoring on Treasury's product limit;
	2. Custodian update;

Notes :

\*) Joint Meeting between Operating Committee and Business Executive Committee.

## 7.8.3. Asset & Liability Committee (ALCO)

### Duties and Responsibilities of the Asset and Liability Committee:

- Establish Committee coverage, meeting procedures, working process and form sub committees to support the Committee.
- Approve Committee's policy, strategy, objectives, compliance framework and guidelines.
- Ensures the Bank and its subsidiaries have adequate liquidity at all times.
- Monitors and anticipate changes in local market for adequacy of liquidity.
- Ensures the Bank and its subsidiaries have adequate capital to meet business needs and regulatory requirements.
- Determines policy for capital hedging, capital raising and capital management.

- Diversifies funding by source, maturity, currency and instrument, including Assets sales.
- Manages balance sheet of the Bank and its subsidiaries to ensure that business strategies are consistent with adequate liquidity, capital and diversified funding.
- Approves and review the followings:
  - Liquidity framework and ratios
  - Capital framework and ratios
  - Market risk framework and limits usage
  - Liquidity stress test assumptions
  - Actuarial assumptions used in liquidity projections
- Performs Scenario Analysis (Economic and Political factors).
- Approves FTP methodology, amendments and FTP decisions for new products.
- Monitors financial covenants of all marketable securities and debt issuances.

## Main Agenda of the Asset &amp; Liability Committee Meetings in 2009:

Date of Meeting	Main Agenda
January 20, 2009	1. Update from from previous ALCO Meeting; 2. Economic overview update; 3. Interbank update;
February 18, 2009	1. Update form previous ALCO Meeting; 2. Economic overview update; 3. Risks analysis;
March 18, 2009	1. Update from previous ALCO Meeting; 2. Economic overview update ; 3. Scenario analysis; 4. Ratios and balance sheet review; 5. Market and liquidity risks
April 22, 2009	1. Update from previous ALCO Meeting; 2. Economic overview update ; 3. Scenario analysis; 4.Ratios and balance sheet review; 5. Market and liquidity risks;
May 20, 2009	1.Update from previous ALCO Meeting; 3. Scenario analysis; 4. Ratios and balance sheet review; 5. Middle office update; 6. Market and liquidity risks;

## Good Corporate Governance Implementation Report

### 7.8.4. Information Technology Steering Committee (ITSC)

#### Duties and Responsibilities of Information Technology Steering Committee:

- In conjunction with the Bank's Business strategic Plan, review periodically Bank's IT strategic Plan, including roadmap together with the required resources and benefits. Assess and approve changes in this area depending on Bank's needs.
- Formulate IT Policies such as IT Securities Policy and IT Risk Management Policy.
- Ensure alignment of IT Projects with IT Strategic Plan and ensure their prioritization.
- Review periodically Bank's IT Production systems' service level indicators including the effectiveness of the security policy, address any issues and recommend improvements.
- Review and approve Bank's IT Capex investments in the context of Bank's IT strategy, blueprint, priorities and roadmap. Define and implement IT Capex, PAM and Opex approval guidelines consistent with procurement policy.
- Monitor progress of Bank's key IT projects by way of respective Project Steering Committees, address any issues and recommend improvements. These improvements will be implemented by the project teams.
- Review effectiveness of Risk Mitigation Plan on IT investments as well as ensuring the contribution of the investment to the Bank's business.
- Ensure allocation of adequate and proper resources to IT. In case the Bank needs to engage a third party to assist in project implementation, ITSC should ensure that policies and procedures are in place to guide the process of selecting and appointing such third parties.
- Review periodically benefits delivered by the Bank's IT projects to different businesses and support functions.
- Review periodically Bank's IT Opex and Capex.
- Define and implement business enablement IT initiatives including Management for information System needed to support the Bank's business.
- Conduct a self-assessment on at least an annual basis to determine whether the committee is functioning effectively.
- Perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the BoD.

#### Main Agenda of the Information Technology Steering Committee Meetings in 2009:

Date of Meeting	Main Agenda
March 25, 2009	1. The improvement of ITSC Charter
	2. Approval of IT policy;
	3. Approval of EMV project;

### 7.8.5. Human Resource (HR) Committee

#### Duties and Responsibilities of Human Resource Committee:

- Primary duty of the Committee is to provide strategic direction and to determine key policies in Human Resources area, including (without limitation to) below areas:
  - General Policies on employment
  - Compensation and employees' benefits
  - Performance appraisal management
  - Talent management
  - Organization structure and grading
  - Training and development of employees
  - Development of corporate values
  - Development of good working environment

#### Main Agenda of the Human Resource Committee Meetings in 2009:

Date of Meeting	Main Agenda
January 15, 2009	1. Approval of bonus & salary modification guidelines for performance appraisal at end of 2008;
February 24, 2009	1. Approval of 2008 bonus pool, 2009 salaries modification and promotion;
August 13, 2009	1. Approval of salary increase and grade adjustment requests; 2. LTCP decision and resignation allowance accruals; 3. Decision for secondment policy
October 6, 2009	1. Discussion on feedback & input of LTCP product; 2. Discussion and decision on assumptions of 2010 Human Resources budget;
December 11, 2009	1. Discussion on bonus & salary modification guidelines; 2. Discussion on performance appraisal and other matters;
9. Development of employees and the Bank relationship Alignment and synergy of human resources' policies with subsidiaries' one	<ul style="list-style-type: none"> <li>Perform such other duties and responsibilities as may be assigned to the committee from time to time by the BoD.</li> <li>Distribute minutes of meeting to BoD.</li> </ul>
10. Executive Officers appointments and succession planning	



## Good Corporate Governance Implementation Report

### 7.8.6. Business Executive Committee (BEC)

#### Duties and Responsibilities of the Business Executive Committee:

- Review market conditions, economic landscape, industry trends and competitors positioning.
- Monitor the Bank's business and financial performance against the backdrop of external environment.
- Review the Bank's business revenue performance and review any matters brought to the Committee's attention affecting the Bank's overall revenue which include interest income, interest expense and fee income.
- Review and define for the Bank the specific medium/long-term "revenue drivers".
- Review and recommend approval of cross marketing and strategies which include desired product

mix, cross-selling initiatives, customer acquisition plans and sale force mobilization plans.

- Review, define and clarify for the Bank what is the "unique value proposition" to the Bank's customers for all revenue initiatives undertaken by BEC.
- Continuous review of regulatory changes that may affect Bank's business.
- Discuss any other matters that may affect or have an impact on the revenue of the Bank.

#### Main Agenda of the Business Executive Committee Meetings in 2009:

Date of Meeting	Main Agenda
March 25, 2009	1. Macro economic overview; 2. Launching of shared services center;
April 15, 2009	1. Macro economic overview; 2. 2009 strategic priorities: improving efficiency & synergy across LoBs & regional offices; 3. Outlook of Indonesia motorcycle industry;
April 29, 2009	1. Macro economic overview; 2. Top 10 Banks update; 3. Operational expenditure of Q1 2009; 4. Consolidation on cost to income ratio; 5. Operating expense overview; 6. Segmented cost income ratio;
June 11, 2009	1. Macro economic overview; 2. Asia banking CEO forum update; 3. Non deal road show update; 4. Top 10 banks update;
June 25, 2009	1. Macro economic overview; 2. Business update;
August 12, 2009	1. Macro economic overview; 2. Business update;
November 11, 2009	1. Macro economic overview; 2. Budget for supply chain task force; 3. Reallocation of 2010 costs – second discussion; 4. Business update;
November 25, 2009	1. Macro economic overview; 2. Cross sell task force on 4th step (wallet sizing), business model and financial; 3. Top 10 banks update;
December 3, 2009	1. Danamon 2010 plan update (second round); 2. FTP update;

### 7.8.7. Fraud Committee

The duties and responsibilities of the Fraud Committee are to determine appropriate sanction imposed upon Bank's employees who conducted or involved in fraud. In implementing its duties and responsibilities, the Fraud Committee is obligated to conduct their duties and responsibilities in accordance with Bank's Regulations and/or Labor Agreement and/or Code of Ethics and/or Bank Culture Values. In case of fraud, Fraud Committee is also obliged to review the working process and control immediately and to take preventive actions to avoid the fraud from recurring.

Main Agenda of the Fraud Committee Meetings in 2009:

Date of Meeting	Main Agenda
March 18, 2009	Decisions on fraud cases:
	1. Personal Banking of Sungguminasa Branch – South Sulawesi;
	2. SEMM of Cerme Market – Purwokerto;
	3. SEMM of Johar & Peterong Markets – Semarang;
	4. CREM of Head Office;
May 5, 2009	Decisions on fraud cases:
	1. Danamon card business;
	2. SEMM of Johar & Peterong Markets – Semarang;
	3. CREM of Head Office;
June 1, 2009	Decisions on fraud cases:
	1. SEMM of Cijerah Market;
	2. Pemuda Branch – Semarang – Central Java;
	3. CREM of Head Office;
August 5, 2009	Decisions on fraud cases:
	1. Personal Banking of Jember branch – East Java;
	2. SEMM DSP of Kijang, Batam Cluster;
	3. SEMM DSP of Besar Market, Madiun – East Java;
	4. SEMM DSP of Kuala Tungkal Market, Jambi;
	5. Pemuda Branch – Semarang – Central Java;
November 11, 2009	Recovery Decision in relation with the loss of personal banking customer at Jember Branch – East Java

# Good Corporate Governance Implementation Report

## 8. COMPLIANCE

### 8.1. Implementing the Compliance Function

Aside from human capital, the most important asset of a bank is its reputation. With the ever-changing and volatile climate of the banking sector today, the need to preserve and maintain a good reputation is critical. On that basis, the compliance function of the Bank is key to ensuring the management of compliance risk that is commensurate with the continuing growth of the Bank, with the awareness that non compliance to prevailing laws and regulation not only leads to warning letters from regulators but can also generate negative publicity that is harmful to the Bank's reputation.

In addition to that, in line with the nature of the banking business, it is necessary to carefully anticipate risk that is attached to its products and services, particularly the possibility of their misuse as means to money laundering or funding for terrorism activities, thereby causing a threat to the business continuity of the Bank.

The main goal of compliance implementation is that each and every unit within the Bank's organization is constantly reminded and directed to comply with the laws, regulations, norms, code of ethics and corporate

governance standards. Ultimately, the compliance function aims to cultivate a culture of compliance whereby the Bank can performance with good reputation.

In line with Bank Indonesia regulation, PBI No. 1/6/PBI/1999 and PBI No. 11/PBI/2009, the Compliance Director is responsible for ensuring the Bank's compliance accordance to Bank Indonesia regulation and other prevailing rules and regulations, considering the Bank's prudent principle and ensuring there is no deviation in the Bank's business activities. The Compliance Director is also responsible to formulate and implement an effective and integrated compliance system within the Bank. The Compliance unit is responsible for cultivating the culture of compliance at every level of the organization. The Compliance Director periodically reports the Bank's compliance status to the President Director with a copy submitted to the BoC.

In accordance with the Decision Letter of the BoD No. DIR-COMP.112 of October 28, 2002, the compliance operating framework is in the form of compliance manual and the standard compliance operating procedure. BoD maintains that compliance is an integral part of the Bank's corporate culture as stipulated in the Bank's Code of Conduct.

### 8.2. Responsibilities of Compliance Director include:

- Determine steps to ensure that the Bank complies with all prevailing rules and regulations, inline with the Bank's prudential principles;
- Monitor and minimize the number of deviations occurring in the Bank;
- Monitor and maintain the Bank's compliance standards on all agreements and commitments made by the Bank to Bank Indonesia
- Establish and update the Charter, system and procedure on compliance.

In implementing compliance of the Bank towards Bank Indonesia Regulation, the prevailing laws and regulation as well as prudential principles, the Compliance Director sets forth the following measures:

- Undertake a compliance test on the policies, procedures and programs with respect to a product launches or a credit disbursement that requires the authority of the BoD.
- Monitor the regulatory parameter ratio and submit reports in accordance with prevailing laws and regulation.

Report of The Risk Monitoring Committee (RMC)	Report of The Nomination & Remuneration Committee (NRC)	Report of Corporate Governance Committee (CGC)	Board of Directors	Compliance
Risk Evaluation and Management	Lending To Related Parties and Large Exposure Loans	Strategic Plan	Financial and non Financial Report Transparency	Board of Directors and Senior Officers Shares Option

- Monitor and maintain the compliance of the Bank on all agreements and commitments made with Bank Indonesia, and supervise the follow-up action on the findings of Bank Indonesia audits.

Pursuant to the Decision Letter of the BoD No. DIR-COMP.112 dated on October 28, 2002, the duties of the Compliance Director include the ex-ante monitoring to prevent the Management of the Bank from taking a course of policy or decision on a material transaction that is non-compliant in substance. Such prevention is facilitated through the BoC/BoD meetings or through the compliance test.

The duties of the Compliance Unit are as follows:

- Design and provide database of external regulations that can be accessed by every employee through the Bank's intranet (e-manual) channel;
- Disseminate newly issued regulations and socialize these regulations to all operating units;
- Report on the results of the compliance test and undertake an analysis on the implementation of compliance;

- Review policies, transactions and products, related to the implementation of the Good Corporate Governance principle;

The results of these compliance reviews and assessments are contained in periodical reports by the Compliance Director to Bank Indonesia for every semester. In addition, matters that do not comply with prevailing rules and regulations or do not conform to prudential principles are closely monitored and addressed accordingly within the required time frame. In essence, compliance at the Bank is based upon the following principles:

- Comply with prevailing rules and regulations.
- Be an integral part of the standards of Good Corporate Governance.
- Based on the competence and integrity of employees.
- Embedded into the business process.

## Good Corporate Governance Implementation Report

### 8.3. Compliance Regulation

Item	Status	Note
Capital Adequacy Ratio (CAR)	Complied	The Bank's CAR reached 20.7% (with market risk charge) as at December 31, 2009. It has exceeded Bank Indonesia's minimum requirement of 8%.
Minimum Reserve Requirements	Complied	Minimum Reserve Requirements (Rupiah) as at December 31, 2009 were met at 5.11% (primary) and 15.59% (secondary)
Non Performing Loans (NPL)	Complied	Gross NPL ratio as at December 31, 2009 was 4.6%. Net NPL reached 2.4%
Net Open Position (NOP)	Complied	NOP as at December 31, 2009, was 4.15%, below the maximum limit under Bank Indonesia Regulation of 20% of Capital.
Anti Money Laundering	Complied	Danamon has fully complied with Bank Indonesia Regulation. Special training has been provided for all business and supporting units to prevent and identify any money laundering transaction.
Legal Lending Limit (LLL)	Complied	During the year 2009 there were no excess or violations of the LLL for both individual or group
Investment Portfolio	Complied	Bank's total investment has not exceeded 25% of its capital as regulated in Bank Indonesia regulation

#### Compliance to Key Regulations

#### 8.4. Compliance Activities in 2009

Compliance activities in 2009 were the following:

- Continue to implement a compliance function for Bank's subsidiaries by applying monitoring regulatory parameter, to provide inputs and to review programs - the joint programs of

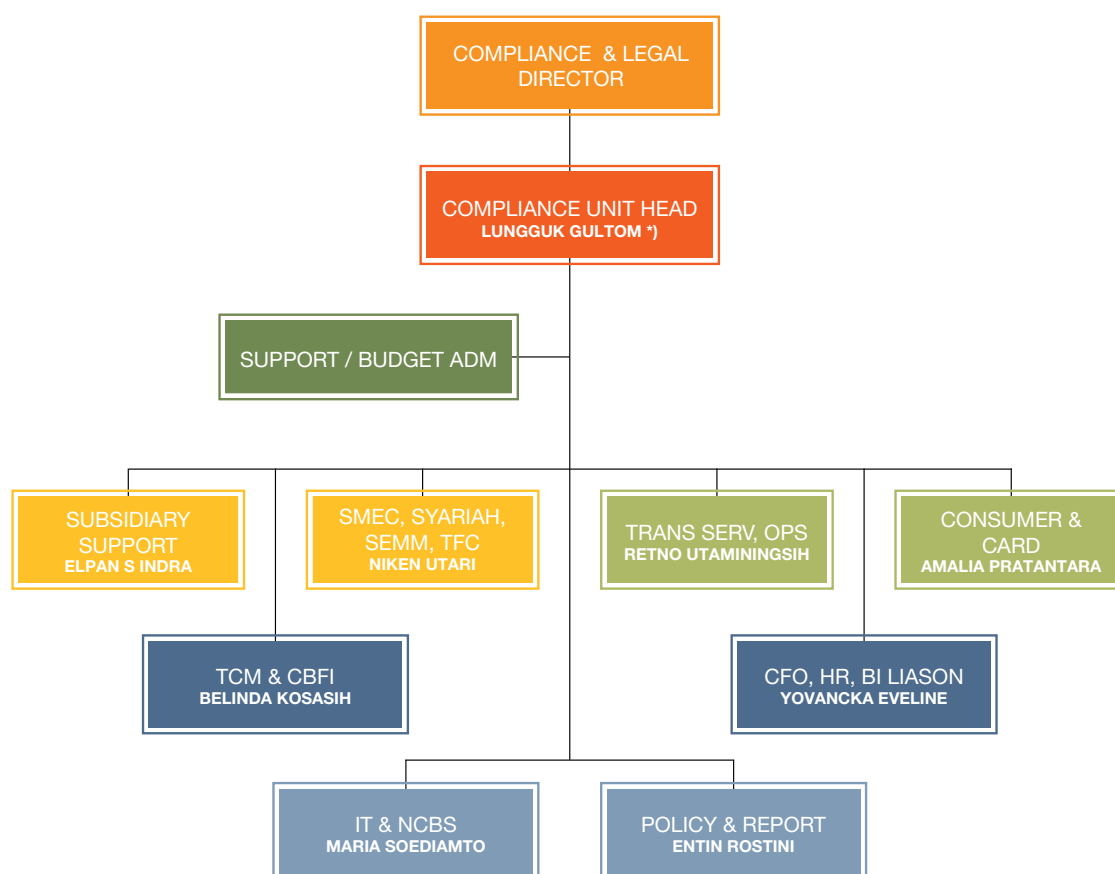
the Bank and its subsidiaries.

- Revise the SOP on Compliance and disseminating it to all relevant units.
- Inform new regulations to all units and undertake any follow-up actions as necessary.
- perfecting the training modules for Compliance, including the e-Learning preparation in cooperation with the Danamon

Corporate University (DCU).

- Provide training to employees on compliance to prevailing laws and regulations.
- Coordinate periodic self assessments on a quarterly basis on the soundness of the Bank.
- Recruit additional staff to strengthen the Compliance Team.

## ORGANIZATION STRUCTURE OF COMPLIANCE STRUCTURE UNIT



\*) As of January 1, 2010 was replaced by Ms. Pey Fang Ong

# Good Corporate Governance Implementation Report

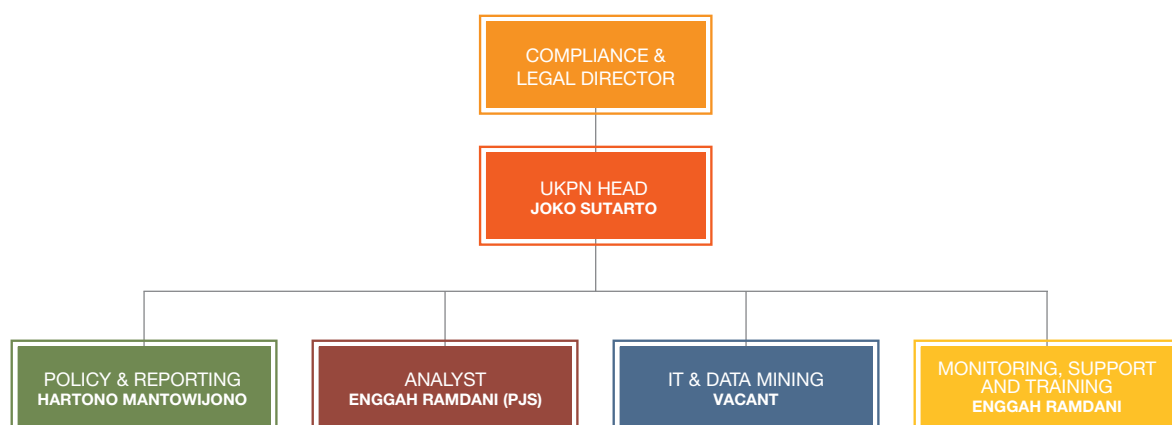
## 8.5. Implementation of the Know Your Customer (KYC) and Money Laundering Act (MLA) Programs

The Bank continues to enhance the implementation of the KYC and MLA programs (formerly known as the Know Your Customer/KYC Principle), including among other things the enhancement of organization, development of policies and information systems, provision of training and socialization to employees, program towards the Bank's employees, and other initiatives. The followings are some of the initiatives that the Bank undertook with respect to KYC and MLA in 2009:

### 8.5.1 Organization

Starting in the second semester of 2009, the Bank reorganized the KYC Unit, by separating the unit from the Compliance Division altogether, adding the Unit staff, and incorporating the Surveillance Unit that had previously been under the supervision of Operations into the KYC Unit. This reorganization is expected to be able to support the Bank to undertake the TPPU Laws and other regulations pertaining to the KYC and MLA programs.

### ORGANIZATION STRUCTURE OF KYC UNIT



### 8.5.2 Training and Socialization

Throughout 2009, the Bank continued to provide training and socialization programs on KYC/MLA for employees, including in the induction trainings for new recruits, refresher trainings for employees (especially front liners) who have previously undergone similar trainings, as well as socialization programs to the branches and working units. These trainings were held under the coordination of the HR department and the KYC Unit. In 2009, a total of 4,447 employees undertook the KYC and MLA trainings.

### 8.5.3 Monitoring Updates of Customer Database

The monitoring of the completeness customer database updates is carried out every month, in coordination with the respective business units. As at year-end 2009, update progress of the database had reached 99.89% of the total CIF (Customer Information File), and fulfilled all of the mandatory fields to be completed.

### 8.5.4 Reports

Pursuant to the TPPU Laws and related regulations of Bank Indonesia, in 2009 the Bank submitted a total of 52 reports on suspicious financial transactions (or Suspicious Transaction/STR) to the Center for Financial Transaction Analysis (PPATK). During that period, the Bank also submitted a total of 143,518 of Cash Transaction Reports (CTR) to PPATK. In addition, in response to data and information request from external parties, the Bank has submitted 124 letters to PPATK, KPK, Bank Indonesia, the Police and other third parties.

### 8.5.5 Evaluation of Policies and Procedures

Pursuant to Bank Indonesia Regulation No.11/28/2009 on the Implementation of the KYC and MLA Programs by a Commercial Bank and subsequent Circular Letter No.11/31/DPNP on the Guideline for the Implementation of KYC and MLA Programs by a Commercial Bank, the Bank had begun the process of revising training materials on KYC/MLA and PPT in accordance with said regulation and circulation letter. Meanwhile, reviews are carried out on transaction forms used by

the Bank, including application forms to open an account, transfer forms and others. Socialization of the revised training materials was undertaken as part of this change. The KYC/MLA and PPT training materials were revised to be in accordance with the said regulation and circular letter.

The Bank had submitted its action plan for the implementation of the KYC/MLA programs in the periodical report of the Compliance Director to Bank Indonesia in December 2009.

### 8.5.6 Management Information System

To increase the effectiveness of the monitoring process on the report of the PDS application that was previously undertaken by branch units to monitor customer transactions, certain rules that were applied to these reports have now been implemented through the Surveillance System (SS) at Head Office and has become effective since October 2009.

The Bank has also implemented the CTR reporting using a web-based application, the CTR-Web, in seven branch offices in 2009.



# Good Corporate Governance Implementation Report

## 9. INTERNAL AUDIT UNIT (IAU)

### 9.1. Internal Audit

The Internal Audit Unit (IAU) is an independent function that reports directly to the President Director and to the BoC, through the Audit Committee. IAU provides independent and objective assessments and consultations to the BoC and BoD in order to maximize and maintain shareholder value. In addition, it assists the BoD in achieving the Bank's objectives by adopting a disciplined and systematic approach to evaluate and improve the effectiveness of risk management, internal control and governance process. IAU is committed to become a partner that can add value and a robust culture of control that would enable the Bank and its subsidiaries to achieve their long-term objectives by engaging in best practices of international standards.

Pursuant to the Internal Audit Charter that was signed by the President Director and the BoC, IAU has unrestricted access to all activities, functions, notes, properties and personnel of the Bank and its subsidiaries. The scope of internal audit works covers all entities of PT Bank

Danamon Tbk and its subsidiaries (PT Adira Dinamika Multi Finance, Tbk, PT Asuransi Adira Dinamika and PT Adira Quantum Multi Finance).

In assessing the adequacy and effectiveness of the control and risk management processes, IAU reports significant audit findings relating to these areas and provide recommendations for improvement, and monitors follow up corrective actions. Each month, the audit results are presented to the BoD and Management and presented at the monthly meetings of the Audit Committee.

In discharging its duties, IAU refers to the Standard Implementation of the Bank Internal Audit Function (SPFAIB) issued by Bank Indonesia, as well as the International Standards for the Professional Practice of Internal Audit from The Institute of Internal Auditors.

### 9.2. Main Activities in 2009

In 2009, Internal Audit performed audits on 507 entities (102% of 2009 plan) which comprised of:

- 58 audits on Head Office Entity
- 230 audits on Branch Entities, and

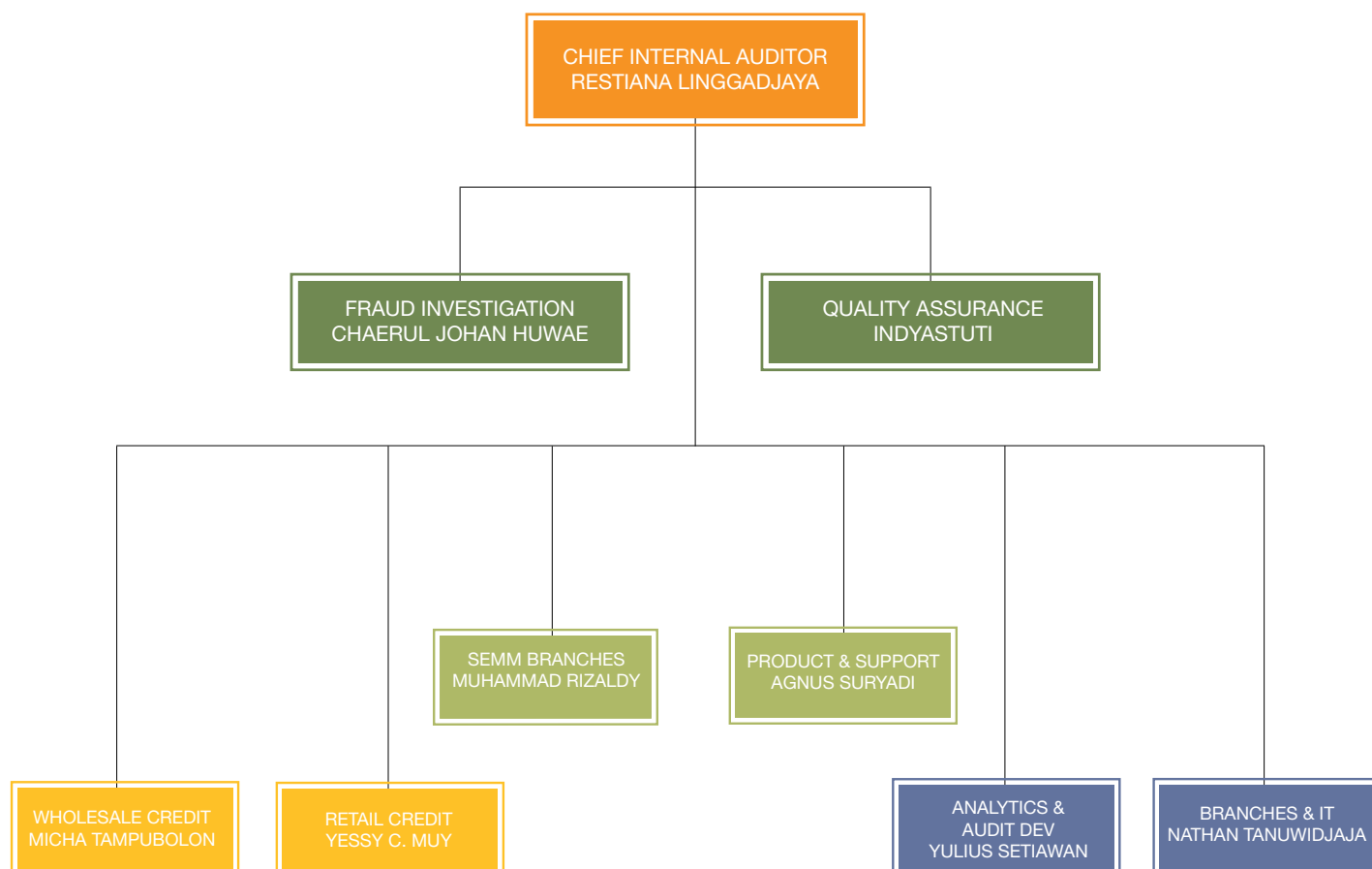
- 219 audits on the Bank's SEMM (including 69 units of SEMM clusters, 139 units of SEMM and 11 Consumer Mass Market/CMM Credit Factories) IAU has achieved 102% of its audit plan established in 2009.

### 9.3. 2010 Audit Plan

1. IAU plans to undertake audits on 672 entities in 2010, comprising of:
  - a. 50 audit works at Head Office that cover credit aspects, business, product, operations, support and information technology.
  - b. 23 audit works on Regional Office entities covering Regional Offices, Small Medium Enterprise (SME) Branches, Retail Banking and Consumer Mass Market (CMM) and Credit Factory.
  - c. 416 audit works on DSP, including 100 SEMM Clusters and 316 SEMM units
  - d. 183 audit works on Branch Office entities including Conventional Branch Office, Sharia Branch, Adira Branch, SME & Commercial Branch and Credit Support Administration (CSA).

2. Formulate the 2010 Audit Plan to be aligned with key risk factors, and focus on the use of audit time on areas that reflect a higher degree of risk.
3. Focus on the implementation of New Core Banking System (NVBS), Treasury activities, unsecured products, high risk customers, third party services and compliance towards business models.
4. Broaden the scope of analyses on audit entities with higher risk profiles, along with wider network coverage, in addition to the SEMM analysis in 2009.

## INTERNAL AUDIT STRUCTURE



## Good Corporate Governance Implementation Report

The scope of audit works encompasses all business lines, product categories, and support functions at Head Office and Branch Office, including the subsidiaries, Adira Finance, Adira Insurance and Adira Quantum.

RISK	2009 AUDIT METHODOLOGY		
High		<b>12 Months</b> <ul style="list-style-type: none"> <li>• All High Risk (Head Office &amp; Branches)</li> <li>• Unsatisfactory Rating</li> <li>• Fraud</li> </ul>	
Medium		<b>24 Months</b> <ul style="list-style-type: none"> <li>• Head Office Entitles (Medium &amp; Low Risk)</li> <li>• SEMM Cluster (Medium &amp; Low Risk)</li> <li>• Branches: Medium Risk with Need Improvement &amp; Acceptable Rating</li> </ul>	
Low	<b>36 Months</b>  Conventional Branches Only * Low Risk (Need Improvement & Acceptable)		
	ACCEPTABLE	NEED IMPROVEMENT	UNSATISFACTORY
	ANALYTICS & EARLY WARNING - DYNAMIC RISK BASED AUDITING		

### 10. EXTERNAL AUDIT

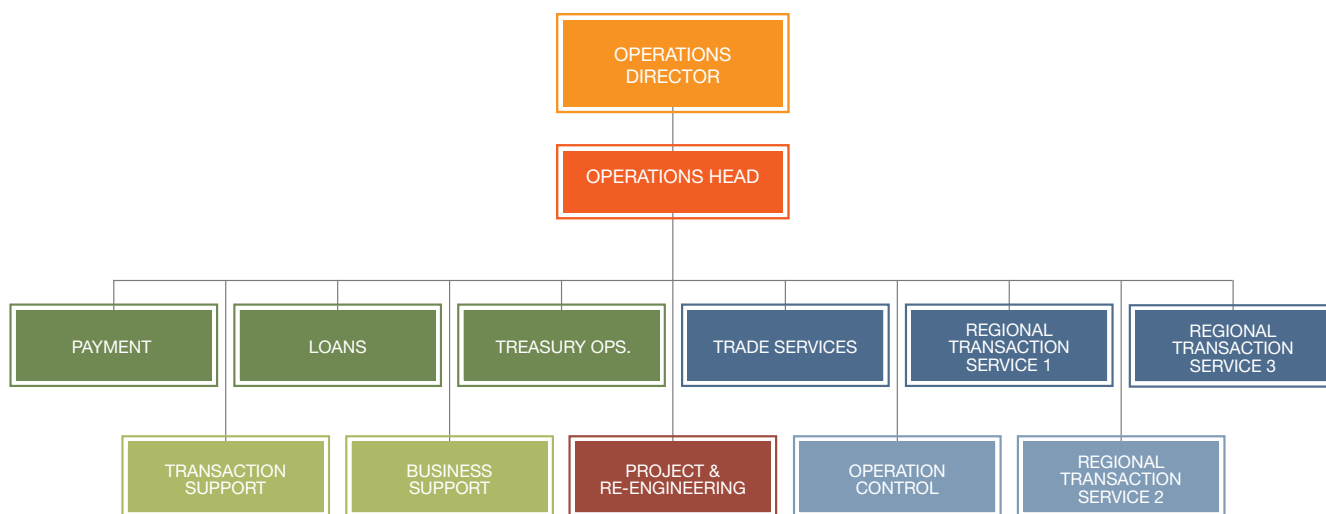
The financial statements of the Bank and its subsidiaries for the year ending 31 December 2009 were audited by the Public Accounting Firm of KPMG Siddharta Widjaja at an audit fee of US\$414,700. Both the Public Accountants and Public Accounting Office obtained GMS approval on May 25, 2009. The Management Letter from the Independent Auditors received the full attention of the BoD to be followed up as appropriate.

Furthermore, the appointment of the Independent Auditors has complied with Bank Indonesia regulation, which among other things stipulated the requirement to select public accountants and firms that are registered with Bank Indonesia. The Public Accounting Firm of KPMG Siddharta Wijaya did not provide management consultancy services during the year under review.

## 11. INTERNAL CONTROL WITHIN OPERATIONS

The Bank implements control functions in its operations, which include segregation of duties, dual control/custody, reconciliation and proof call as well as standard operating procedures and guideline manuals. The Operations Control Unit undertakes periodical site inspections to Head Office Divisions and Branch Offices for random checks and reviews to ascertain that transactions are carried out in accordance within the Bank's policies and procedures.

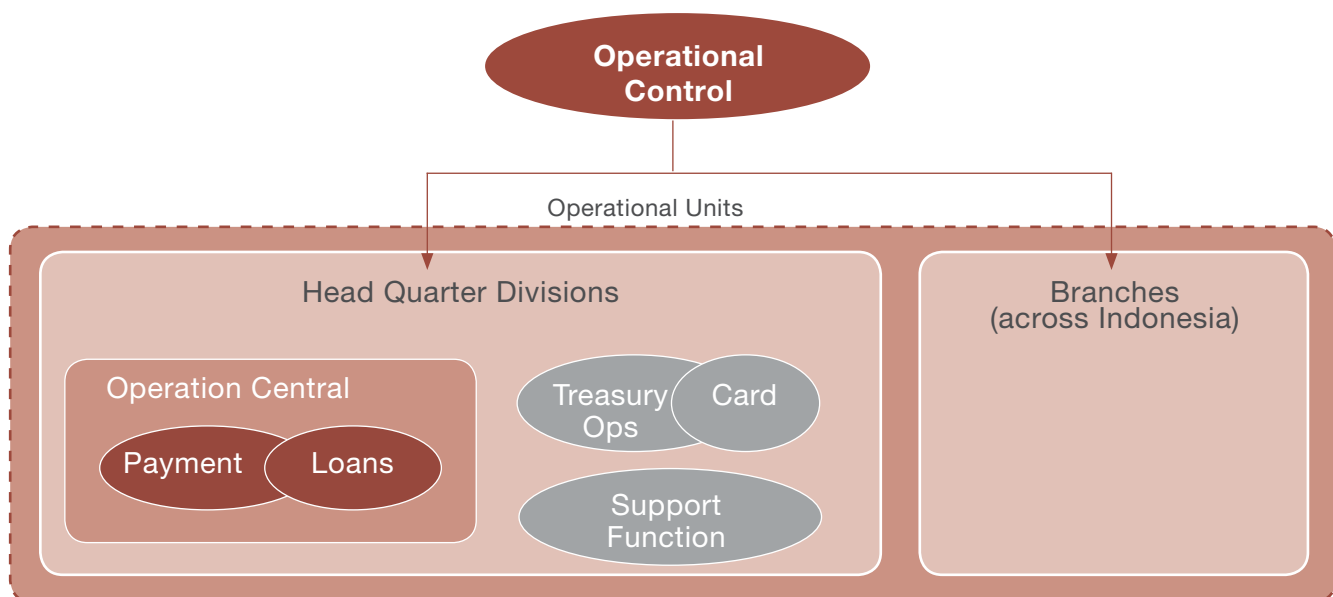
### OPERATION ORGANIZATION STRUCTURE



# Good Corporate Governance Implementation Report

From time to time, the Unit would retrieve unusual transactions through the on-line system query, and send these transaction records to the relevant operating units for monitoring and remedial actions.

## OPERATION CONTROL STRUCTURE



A Surveillance System operating under the management of the KYC Unit is used as an internal control tool to detect fraudulent transactions. Quarterly Risk Control Self Assessment (RCSA) exercises are performed by the Operating Units. The assessment serves as a risk monitoring tool used to measure the level of exposure to operational risks as well as compliance level of respective operating units. Furthermore, training on Bank Internal Control continues to be a part of the Bank's training program to upgrade competency and increase

control awareness throughout the organization.

The Audit Ratings of Operating Units is one of the Key Performance Indicators (KPI) for the Operating Unit as well as Operations Control Group. For a number of years, a significant increase in the audit ratings was noted by the Internal Audit Unit (IAU). Based on 2009 audit ratings, 75% were rated 'Satisfactorily,' 24% had a rating of 'Need Improvement,' while 1% was Rated 'Unsatisfactory.' The Bank has also launched an Anti-Fraud Bank Campaign and undertook

control initiatives at every level of the organization to increase fraud awareness.

## 12. RISK EVALUATION AND MANAGEMENT

### 12.1. Risk Evaluation and Management

Major risks faced by the Bank and its subsidiaries have been identified, analyzed and mitigated through an integrated, enterprise-wide risk management system. The BoD has explicitly communicated

the Bank's mission, strategy, target market and risk appetite as well as performance indicators and criteria to measure achievements, while minimizing unexpected events. In addition, adequate mechanism and infrastructure of risk management have been built to evaluate potential risks and hindrances. Anticipating service interruptions, the Bank operates fully redundant disaster recovery systems and business recovery plans.

The BoC and BoD are cognizant of the importance of risk management in the Bank's business activity. Business units are responsible to measure the routine risks faced in day-to-day operations. Risk assessment results are discussed in the Risk Monitoring Committee Meetings to ensure that sufficient follow-ups have been performed.

As of 4Q 2009, the Bank's internal self assessment of its risk profile stood at a rating of 2, indicating that in general the Bank has a sound risk rating and is capable of withstanding negative economic and financial conditions.

The BoC and BoD actively supervise the Bank's risk management implementation and such matter is shown in the related committees'

The table below summarizes the Bank's self assessment Performance Level (Camels).

Bank Soundness Assessment Report as of December 31, 2009		
Component	Composite Ratings	Ratings
Capital	1	Sound
Asset quality	2	Sound
Management	2	Sound
Rentability	2	Sound
Liquidity	2	Sound
Sensitivity to Market Risk	2	Sound
The Bank Soundness Rating	2	Sound

performance on risk management. At the executive level, the Risk Committee is chaired by the Integrated Risk Director, who reviews the Bank's risk profile and determines actions to mitigate and control risks. This committee serves as the main forum through which the Bank implements risk management for all of its businesses and subsidiaries.

The BoC is assisted by its Risk Monitoring Committee to conduct in-depth reviews of the Bank's risk. This Committee periodically meets with the Risk Committee and Risk Management unit as counterparts to discuss the Bank's risk profile and the adequacy of existing policy and procedure as well as other internal control issues.

The Risk Management unit is staffed with skilled and competent people to analyze risks, prepare models and methodologies, report portfolio analyses as well as create and improve upon policy and risk control processes.

Further explanation of the Bank's risk management is described in the Risk Management section of the Bank's 2009 Annual Report.

# Good Corporate Governance Implementation Report

## 12.2. Results of Bank's Ratings

The Bank is rated by both local and international rating agencies. Bank's ratings as of December 31, 2009 are as follows:

Credit Ratings		
Agency	Rating/Outlook	
PEFINDO (Indonesia) March 2009	Corporate Rating	idAA+ / Stable
	Bond Rating	idAA+ / Stable
Standard & Poor's October 2009	Long Term/Short Term Local Currency	BB- / B / Positive
	Long Term/Short Term Foreign Currency	BB- / B / Positive
		D/Stable
Fitch Ratings October 2009	Long-term/Short-term Foreign Currency	BB+/B/Stable
	National Long-term	AA+ (idn)/Stable
	Individual / Support Rating	C/D /3/Stable
Moody's September 2009	Global Local Currency Deposit	Baa3 / P-3 /Stable
	Foreign Currency Long Term / Short Term Deposit	BA3 / NP / Stable
	Bank Financial Strength Rating (BFSR)	D / Stable

## 13. LENDING TO RELATED PARTIES AND LARGE EXPOSURE LOANS

Bank Indonesia regulates the LLL (legal lending limit) as well as the procedure of lending to related parties. During 2009, the Bank has neither violated nor exceeded its LLL. To reduce risk concentration, the Bank also sets limits on lending to individual, group or industry.

Total Lending to Related Parties and Largest Debtors as of December 31, 2009			
No.	Fund Provision	Debtors	Amount (Rp million)
1.	Related Parties	Subsidiaries and Key Management	995,496
2.	Group / Largest debtor	25	5,872,054

## 14. STRATEGIC PLAN

The BoD has communicated the Bank's plan to Bank Indonesia and to all stakeholders so as to ensure effective implementation. The Bank's Plan is compiled in accordance to Bank Indonesia Regulation regarding bank corporate plan and takes into consideration all relevant risks and prudent banking practices. The plan has also been reviewed by the BoC.

### 14.1. Long term Plan

To realize its vision, the Bank plans to grow through various alternatives, both organically and inorganically. The Bank will execute various activities to reach its vision, among others, by expanding the synergy process, and other corporate actions. Such corporate actions will be adopted according to market and macroeconomic conditions.

### 14.2. Short term and Mid-term plan

The Bank's short-term strategic priorities are as follow:

- Re-invigorate the lending growth within every line of business;
- Focus on Value Chain
- Cross-selling transaction between the customer and the Bank's line of business;
- Increase the synergic of risk function in order to support business growth;
- Launch the Bank's new business, which is the Pawn Broking;
- In-organic growth.

### 14.3. Mid-term plan (2010-2012)

The Bank's targets of operations within the next 3 – 5 years are as follows:

- **Credit**  
Maintain the contribution of micro portfolios at the level of 50% or more of total credit portfolio. The Bank will also try to increase its market shares, including the share of SME to 10-12%, share of Commercial credit to 10%, share of Adira Finance to reach 15-20% and SEMM to reach 12-15%.
- **Funding**  
Develop the Bank's retail banking network to approximately 700 branches, in order to improve the composition of the Bank's third party funds. The Bank plans to limit time deposits to less than 60% of total funding, while increasing savings and current accounts to more than 30% of total funding. In addition to that, the Bank will start optimizing the potential of funding from the micro sector.
- **Capital**  
The Bank will maintain the adequacy level of its capital in a sustainable manner, after considering the operational risk which will start commencing in 2010, and above the required level determined by the regulatory party.

## 15. FINANCIAL AND NON FINANCIAL REPORT TRANSPARENCY

The Bank always communicates its financial and non financial conditions to the stakeholders, through quarterly publication of financial reports and other reports submitted to Bank Indonesia, the Capital Market and Financial Institution Supervisory Board (Bapepam – LK) and other stakeholders in accordance with the prevailing rules and regulations. Quarterly Financial Reports are published in at least one Indonesian national newspaper. In addition, these reports are also available in the Bank's web site ([www.danamon.co.id](http://www.danamon.co.id)).

Reports submitted among others cover the Bank's financial condition, product information and customer data utilization, customer claims processing; the Annual Report submitted to at least Bank Indonesia, Rating Agencies operating in Indonesia, Indonesian Banking Associations, Indonesian Banking Development Institute (LPPI), Bapepam – LK, the Ministry of Trade and Industry, and two Research Institutions of Economy and Finance. This submission is in line with the Bank Indonesia regulations.



# Good Corporate Governance Implementation Report

## 16. BOARD OF DIRECTORS AND SENIOR OFFICERS SHARES OPTION

### 16.1. E/MSOP Policy

Inline with the Bank's mission to become the employer of choice, the Bank introduced its Employee/Management Share Option Plan (E/MSOP) in 2004. The main objective of this plan is to retain key employees and to reward the BoD and senior employees who have made significant achievement and contribution to the growth and profitability of the Bank. Highlights of the policy are as follows:

- BoD members and senior officers are entitled to EMSOP if their performance exceeds a certain criteria determined by related committees. To avoid any conflict of interest, BoC members are not entitled to participate in the EMSOP program as their responsibility is to determine management's compensation program;
- The option program is given to those whom are entitled to a maximum of 5% of the amount shares issued and paid fully by March 26, 2004, or a total amount of 245,346,100 B series shares with a nominal of Rp500 per share. In 2004, 2005, and 2006, the accumulated option given is 164,125,000; 225,196,800 and 254,638,300, respectively.
- Compensation expense relating to E/MSOP is Rp37 billion in 2004, Rp109 billion in 2005 and Rp107 billion in 2006;
- Committee I (consisting of BoC members) determines the allocation and tranche given to BoD members who are entitled and Committee II (consisting of BoD members) conducts the same process for senior officers;
- Vesting period is determined accordingly in order for the options vested to be done in tranches. The option will remain valid until a period of five years from the date granted. Option price is determined in each tranche to assure fairness among the employees' and stakeholders' interest.

## 16.2. Board of Directors Share Option

By the end of December 2009, members of BoD who have received share options are noted in the table below:

### Members of the Board of Directors that have Received Share Options as of December 31, 2009

Name	Option amount		Option Price (Rupiah)	Vesting Period <sup>4)</sup>
	Granted	Exercised		
Sebastian Paredes	7,000,000	0	5,173 <sup>1)</sup>	3 years
	840,000	0	4,353 <sup>2)</sup>	3 years
Muliadi Rahardja	3,714,000	3,714,000	2,451 <sup>1)</sup>	3 years
	1,110,000	0	5,173 <sup>2)</sup>	3 years
	500,000	0	4,353 <sup>3)</sup>	3 years
Sanjiv Maholtra	500,000	500,000	4,353 <sup>3)</sup>	3 years
Ali Yong	4,214,000	4,214,000	2,451 <sup>1)</sup>	3 years
	1,110,000	0	5,173 <sup>2)</sup>	3 years
	600,000	0	4,353 <sup>3)</sup>	3 years
Vera Eve Lim	3,714,000	3,714,000	2,451 <sup>1)</sup>	3 years
	1,110,000	0	5,173 <sup>2)</sup>	3 years
	600,000	0	4,353 <sup>3)</sup>	3 years
Herry Hykmanto	2,745,000	2,745,000	2,451 <sup>1)</sup>	3 years
	400,000	160,000	5,173 <sup>2)</sup>	3 years
	187,000	0	4,353 <sup>3)</sup>	3 years
Kanchan Nijasure	3,714,000	3,714,000	2,451 <sup>1)</sup>	3 years
	1,110,000	777,000	5,173 <sup>2)</sup>	3 years
	600,000	240,000	4,353 <sup>3)</sup>	3 years
Joseph Luhukay	-	-	-	
	-	-	-	
	-	-	-	
Fransiska Oei Lan Siem	-	-	-	
	-	-	-	
	-	-	-	
Total	18,101,000	18,101,000	2,451 <sup>1)</sup>	3 years
	11,840,000	937,000	5,173 <sup>2)</sup>	3 years
	3,827,000	740,000	4,353 <sup>3)</sup>	3 years

#### Note:

<sup>1)</sup> in accordance with the decision of Extraordinary General Meeting of Shareholders on March 23, 2009, exercise price for option granted on July 1, 2004 has been adjusted to Rp1,792 and for Option granted on November 8, 2004 has been adjusted to Rp1,709;

<sup>2)</sup> In accordance with the decision of Extraordinary General Meeting of Shareholders on March 23, 2009, exercise price for option granted on July 1, 2005 has been adjusted to Rp3,749;

<sup>3)</sup> In accordance with the decision of Extraordinary General Meeting of Shareholders on March 23, 2009, exercise price for option granted on July 1, 2006 has been adjusted to Rp2,953;

<sup>4)</sup> Option with 3 years period may be exercised in 5 years period since its grant.

## Good Corporate Governance Implementation Report

### 16.3. Shares Ownership of Board of Commissioners and Board of Directors

As per December 31, 2009, the amount of shares owned both by the BoC and BoD are 0.07% of total Bank shares.

Shares Ownership of Board of Commissioners and Board of Directors		
Name	Number of shares	Percentage Ownership (per 31/12/2009)
Ng Kee Choe	82,843	0.0010%
Sebastian Paredes	1,155,500	0.0138%
Muliadi Rahardja	4,248,196	0.0506%
Herry Hykmanto	1,290,000	0.0154%
Vera Eve Lim	2,914,000	0.0347%
Ali Yong	2,514,500	0.0300%
Kanchan Keshav Nijasure	1,574,848	0.0188%

### 17. SHARES OWNERSHIP OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS REACHING 5% OR MORE OF BANK PAID-UP CAPITAL

As of December 31, 2009, there were no BoC nor BoD members who own 5% or more than the Bank's paid-up capital, as well as shares in other banks; in other non-bank financial institutions and in other companies domiciled locally or abroad.

### 18. FINANCIAL AND FAMILY RELATIONSHIP OF EACH MEMBER OF THE BOC AND THE BOD WITH THE MEMBER OF THE BOC AND/OR CONTROLLING SHAREHOLDERS

Aside from certain BoC members, who have financial relationship with the controlling shareholder, all BoD members and Independent Commissioners have no financial and family relationships with other BoC and BoD members and/or the Bank's controlling shareholder.

### 19. HIGHEST AND LOWEST SALARY RATIO

Salary is employees' rights received and stated in the form of cash as compensation from the Bank or employer stipulated and paid according to the work agreements or contracts according to prevailing rules and regulations.

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	

Information below shows the salary comparison ratio, which covers compensation received per month by members of BoC, BoD and full-time employees in the Bank.

Salary Comparison Ratio	
Note	Ratio
Highest employee – Lowest Employee	80 x
Highest Director – Lowest Director	3.2 x
Highest Commissioner – Lowest Commissioner	1.5 x
Highest Director – Highest Employee	3.4 x

## 20. INTERNAL FRAUD

Internal frauds are deviations/ frauds done by management, full time employees and contractual employees (including outsourcing) relating to work process and the Bank's operational activity, that can adversely affect the Bank's condition in a material way. This covers internal frauds exceeding Rp100,000,000 (one hundred million Rupiah). The following table details internal frauds during 2009:

Internal Fraud Cases						
Internal Fraud	Number of Cases Involving					
	Management		Full Time Employees		Contractual Employees	
	2009	2008	2009	2008	2009	2008
Total Internal Fraud	0	0	23	18	2	1
Resolved	0	0	23	18	2	1
Internal Process	0	0	0	0	0	0
Pending Process	0	0	0	0	0	0
Action through legal actions	0	0	8	7	0	0

# Good Corporate Governance Implementation Report

## 21. LEGAL CASES

Legal cases are legal cases faced by the Bank during the reporting period that have proceeded into legal actions. Below are the legal cases as of December 31, 2009:

Legal Cases	Total	
	Civil	Criminal
Resolved (has binding legal power)	45	17
In the process of settlement	165	8
Total	210	25

## 22. TRANSACTIONS BEARING CONFLICT OF INTEREST

During 2009, there were no transactions that contain any conflict of interest within the Bank.

## 23. SHARES BUY BACK AND/OR BONDS BY THE BANK

Shares buy back and/or bonds buy back is an effort to reduce the amount of shares or bonds issued by the Bank by buying back such shares or bonds, with terms and conditions in accordance with the prevailing rules and regulations. During 2009, the Bank did not execute any buy back of shares or bonds.

## 24. CORPORATE SOCIAL RESPONSIBILITY AND POLITICAL PARTIES SPONSORSHIP

The Bank policy prohibits involvement in any political activities, including any donations for political interest. Therefore, the Bank did not contribute to any political activities. For social activities, however, the Bank provides donation via Danamon Peduli Foundation. In 2009, the Bank has provided Danamon Peduli Foundation with Rp10 billion and was allocated as follow:

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactons Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	

Outgoings of Danamon Peduli Foundation in 2009		
No	Description	Amount
1	Traditional Market Revitalization (My Clean, Health and Prosperous Market, including Market Contest and Traditional Market Survey)	Rp4,687,260,920
2	Danamon Go Green (Converting Market Waste into High Quality Compost)	Rp2,130,003,496
3	Natural Disaster Quick Response	Rp348,260,705
4	Program Development, Knowledge Management and Monitoring Evaluation	Rp169,896,036
5	Outreach Communication and Accountability Report	Rp244,372,881
6	Operational Expenses	Rp2,407,101,966
TOTAL		Rp9,986,896,004

Funds and social activities done by Danamon Peduli Foundation are explained in greater detail in the Corporate Social Responsibility section of the Bank's 2009 Annual Report

## 25. GOOD CORPORATE GOVERNANCE SELF ASSESSMENT

In compliance with Bank Indonesia Regulation on Good Corporate Governance, a self assessment on the implementation of good corporate governance within the Bank was completed in 2009. The self assessment covered 11 aspects namely:

- The BoC role and responsibilities
- The BoD role and responsibilities
- The execution and comprehensiveness of the BoC Committees' roles
- Management of conflict of interest
- Application of Compliance Functions within the Bank
- Application of Internal Audit Functions
- Application of External Audit Functions
- Risk Management functions, including internal control
- Lending to related parties and large exposures
- The Bank's transparency of financial and non-financial conditions, the Bank's Good Corporate Governance report and several internal reports
- The Bank's strategic plan.

## Good Corporate Governance Implementation Report

Rating of each aspect is based upon the application of good corporate governance to meet Bank Indonesia's minimum GCG criteria. Based upon the 2009 self-assessment, the Bank's GCG rating is Sound.

Summary of Composite Value Calculation					
Corporate Governance Self Assessment					
No	Aspect	Weight	Rank	Score	Notes
		(a)	(b)	(a) x (b)	
1	Implementation & responsibilities of Board of Commissioners	10.00%	2	0.200	<ul style="list-style-type: none"> <li>Number, composition, integrity and competency of members of the BoC are correspond to size and complexity of Bank's businesses and are in line with the prevailing regulations;</li> <li>Members of the BoC are independently able to act and make decision.</li> <li>The implementation of BoC's responsibilities has fully satisfied GCG principles and has proceeded effectively without minor weakness;</li> <li>Meetings of the BoC proceeded effectively and efficiently;</li> <li>Transparency aspect of the BoC is good and the BoC has never violated any prevailing regulations.</li> </ul>
2	Implementation & responsibilities of Board of Directors	20.00%	2	0.400	<ul style="list-style-type: none"> <li>Number, composition, integrity and competency of members of the BoD are correspond to size and complexity of Bank's businesses and are in line with the prevailing regulations;</li> <li>Members of the BoD are independently able to act and make decision.</li> <li>The implementation of BoD's responsibilities has fully satisfied GCG principles and has proceeded effectively without minor weakness;</li> <li>Meetings of the BoD proceeded effectively and efficiently;</li> <li>Transparency aspect of the BoD is good and the BoD has never violated any prevailing regulations.</li> </ul>
3	Completeness & implementation of Committee duties	10.00%	2	0.200	<ul style="list-style-type: none"> <li>Composition and competency of Committees members correspond to size and complexity of Bank's businesses;</li> <li>The implementation of Committees' responsibilities has proceeded effectively without minor weaknesses;</li> </ul>

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	

Corporate Governance Self Assessment					
No	Aspect	Weight	Rank	Score	Notes
		(a)	(b)	(a) x (b)	
					<ul style="list-style-type: none"> <li>Committees' recommendations are useful and can be used as reference by the BoC in making decisions;</li> <li>Committees' meetings are conducted in accordance with internal policies and have proceeded efficiently and efficiently.</li> </ul>
4	Conflict of interest handling	10.00%	1	0.100	<ul style="list-style-type: none"> <li>Bank posses very effective and complete policy of system and procedure for the handling of conflict of interest;</li> <li>All conflict of interests in any decision has been revealed, noted in minutes of meeting, administered, and documented very well;</li> <li>During 2009 there were no conflict of interests</li> </ul>
5	Implementation of bank Compliance function	5.00%	2	0.10	<ul style="list-style-type: none"> <li>Bank's compliance is good and the Bank has non materially violated commitments and prevailing regulations that have been remedied during CAMEL rating period.</li> <li>Compliance Director and Compliance Unit implement their duties and independency effectively.</li> <li>Compliance Director and Compliance Unit periodically review majority operating units.</li> <li>Guidelines, system, and work procedure of all units are updated, in accordance with prevailing regulations, very complete and are available.</li> </ul>
6	Implementation of Internal Audit function	5.00%	2	0.10	<ul style="list-style-type: none"> <li>Bank's Internal Audit function works effectively, internal guidelines are in accordance with SPFAIB and that there are no minor weaknesses.</li> <li>Internal Audit has performed is function independently and objectively.</li> </ul>
7	Implementation of External Audit bank function	5.00%	1	0.05	<ul style="list-style-type: none"> <li>Public accountant's audit is very effective and is in line with minimum requirement prescribed in the regulations;</li> <li>Coverage and quality of the public accountant's audit are very good;</li> <li>The implementation of audit by public accountant is very independently conducted and had satisfied established criteria.</li> </ul>
8	Implementation of Risk Management and Internal Control	7.50%	2	0.15	<ul style="list-style-type: none"> <li>Management identifies and manages all Bank's risks effectively.</li> </ul>



## Good Corporate Governance Implementation Report

Corporate Governance Self Assessment					
No	Aspect	Weight	Rank	Score	Notes
		(a)	(b)	(a) x (b)	
					<ul style="list-style-type: none"> <li>Management monitors policy, procedure, limits, comprehensive management information system actively and effectively to maintain sound Bank's internal condition.</li> </ul>
					<ul style="list-style-type: none"> <li>Procedure and internal control implementation is comprehensive and is very in line with Bank's objective, size, business complexity and risks faced by the Bank.</li> </ul>
					<ul style="list-style-type: none"> <li>Management monitors the adherence of Bank's condition with prudential principles, prevailing regulations and with Bank's internal policy and procedure effectively.</li> </ul>
					<ul style="list-style-type: none"> <li>The implementation of internal control shows some weaknesses but the corrective measures that have been initiated - preventing the Bank to be affected significantly.</li> </ul>
9	Fund provision to related parties and large exposures	7.50%	2	0.15	<ul style="list-style-type: none"> <li>Bank possesses updated written policy, system and procedure for fund provision to related parties and large exposures.</li> </ul>
					<ul style="list-style-type: none"> <li>There are no violation and/or excess of LLL and of prudential principles and any occurrence of excess of LLL has been resolved.</li> </ul>
					<ul style="list-style-type: none"> <li>Fund provision is diversified evenly or that the amount of large exposure/core debtor is insignificant in comparison to the amount of total fund provision.</li> </ul>
					<ul style="list-style-type: none"> <li>The decision to extend fund to related parties and to provide large exposure are conducted independently.</li> </ul>
10	Transparency of Financial and Non Financial, GCG Implementation Report and Internal Report	15.00%	1	0.15	<ul style="list-style-type: none"> <li>Bank is very transparent in conveying its financial and non financial information to public via website and easily accessible media;</li> </ul>
					<ul style="list-style-type: none"> <li>Coverage of financial and non financial information are available very timely, complete, accurate, updated, and whole;</li> </ul>
					<ul style="list-style-type: none"> <li>Bank is very transparent in conveying products and services information, implement customers complaint very effectively and maintain customers' personal information very sufficiently;</li> </ul>
					<ul style="list-style-type: none"> <li>Coverage of Bank's GCG implementation report is very complete, accurate, updated and whole, submitted very timely to shareholders in adherence to the prevailing regulation;</li> </ul>

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
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Corporate Governance Self Assessment					
No	Aspect	Weight	Rank	Score	Notes
		(a)	(b)	(a) x (b)	
					<ul style="list-style-type: none"> <li>Bank's management information system especially Bank's internal reporting system able to make available data and information in very timely manner, accurate, complete, very reliable and effective for management decision making.</li> </ul>
11	Bank Strategic Plan	5.00%	2	0.1	<ul style="list-style-type: none"> <li>Bank's Business Plan is inline with Bank's vision and mission and is inline with Bank's Corporate Plan;</li> <li>Bank's Corporate Plan and Business Plan are prepared realistically and had considered all external and internal factors, prudential and sound banking principles.</li> </ul>
					<ul style="list-style-type: none"> <li>Realization of Bank's business plan is inline with Bank's Business Plan.</li> <li>Low strategic risk rating or moderate to low strategic risk rating.</li> </ul>
Composite value		100.00%		1,700	

Composite Score and Rating Index	
Composite Score	Composite Rating
Composite Score < 1.5	Very good
1.5 ≤ Composite Score < 2.5	Good
2.5 ≤ Composite Score < 3.5	Sufficient
3.5 ≤ Composite Score < 4.5	Insufficient
4.5 ≤ Composite Score < 5	Poor

## 25.1. Overall Conclusion

Based upon the self-assessment result it can be reported that the Bank attained Good grade that needs to be maintained going forward.

## Good Corporate Governance Implementation Report

### 25.2. 2009 Corporate Action Calendar

Date	Corporation Action
March 20, 2009	Right issue (Based on effective date from Bapepam)
March 30, 2009	Subdebt Payment
July 5, 2009	Dividend Payment
July 9, 2009	Adira call option (Adira Insurance acquisition, Additional Pay-in Capital of Adira Finance)
July 23, 2009	Additional Pay-in Capital of Adira Quantum

### 26. CORPORATE SECRETARY

The Corporate Secretary is responsible for communicating in a timely and accurate manner all material information regarding the Bank to the stakeholders. Announcements regarding the Bank's condition and performance are made in accordance with rules and regulations and the Bank's Article of Association.

The following are disclosures of the Bank during 2009:

2009 Disclosures		
Date	Subject	Reference/Provision
Jan 29, 2009	Plans to conduct public expose	Indonesia Stock Exchange (BEI) Regulation No.I.E regarding compulsory information to disclose
Feb 6, 2009	Plans to conduct public expose	Indonesia Stock Exchange (BEI) Regulation No.I.E regarding compulsory information to disclose
Feb 12, 2009	Plans to conduct General Meeting of Shareholder	Bapepam Regulation No.X.K.1
Feb 13, 2009	Conveyance of PT. Bank Danamon Indonesia Tbk Financial Report as of December 31, 2009	Bapepam Regulation No.X.K.2
Feb 13, 2009	Conveyance of PT. Bank Danamon Indonesia Tbk plan to conduct Public Offering IV	Bapepam Regulation No.X.D.1
Feb 16, 2009	Conveyance of public expose material	BEI Regulation No.I.E regarding compulsory information to disclose
Feb 19, 2009	Advertisement proof of Right Issue IV to the Shareholders in connection with Pre-emptive Right Issue	Bapepam Regulation No.IX.K.1
Feb 20, 2009	Advertisement proof to conduct the GMS	BEI Regulation No.I.E regarding compulsory information to disclose
Mar 10, 2009	Advertisement proof of Invitation of EGMS on March 23, 2009	BEI Regulation No.I.E regarding compulsory information to disclose

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	

2009 Disclosures		
Date	Subject	Reference/Provision
Mar 19, 2009	Changes on Financial Report as of December 31, 2009	Bapepam Regulation No.X.K.2
Mar 19, 2009	Advertisement proof of Right Issue IV to the Shareholders in connection with Pre-emptive Right Issue	BEI Regulation No.I.E regarding compulsory information to disclose
Mar 24, 2009	Resolution of EGMS on March 23, 2009	Bapepam Regulation No.IX.K.1
Mar 24, 2009	Report on the effectiveness of changes on the Bank's Article of Association in connection with additional paid-in capital as of December 2008	BEI Regulation No.I.E regarding compulsory information to disclose
Apr 16, 2009	Plans to conduct the GMS	BEI Regulation No.I.E regarding plan and execution of the GMS
Apr 22, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Apr 23, 2009	Advertisement proof of AGMS & EGMS	BEI Regulation No.I.E regarding compulsory information to disclose
Apr 23, 2009	Disclose of Financial Report for Financial Year 2008	Bapepam Regulation No.X.K.2
Apr 24, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Apr 24, 2009	Disclosure of un audited financial report of Q1-2009 (interim)	BEI Regulation No.I.E regarding compulsory information to disclose
May 26, 2009	Resolution of AGMS & EGMS on May 25, 2009	BEI Regulation No.I.E regarding compulsory information to disclose
May 29, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
May 27, 2008	Disclosure of information concerning the advertisement of resolution from the AGMS and EGMS	BEI Regulation No.I.E regarding compulsory information to disclose
May 29, 2009	Disclosure of information concerning the acquisition of 13,500 shares of PT Asuransi Adira Dinamika that represent 90% of their total shares	BEI Regulation No.I.E regarding compulsory information to disclose
Jun 3, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jun 11, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jun 12, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jun 15, 2009	Conveyance the changes on the Article of Association	BEI Regulation No.I.E regarding compulsory information to disclose
Jun 15, 2009	Conveyance the changes on the Article of Association	BEI Regulation No.I.E regarding compulsory information to disclose
Jun 15, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose

## Good Corporate Governance Implementation Report

2009 Disclosures		
Date	Subject	Reference/Provision
Jun 19, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jun 22, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jun 23, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jun 29, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jul 3, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Jul 17, 2009	Conveyance of Unaudited Financial Report (Mid-Year) as of June 30, 2009 and 2008	Bapepam Regulation No.X.K.2
Aug 5, 2009	Conveyance of changes on Capital due to E/MSOP and Right Issue	BEI Regulation No.I.E regarding compulsory information to disclose
Aug 25, 2009	Conveyance of changes on the composition of the Boards	BEI Regulation No.I.E regarding compulsory information to disclose
Oct 5, 2009	Conveyance of changes on Capital due to E/MSOP for period of Q2 in 2009	BEI Regulation No.I.E regarding compulsory information to disclose
Oct 7, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Oct 7, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Oct 8, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Oct 13, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Oct 13, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Oct 13, 2009	Conveyance of changes on Capital due to E/MSOP for period of Q2 in 2009	BEI Regulation No.I.E regarding compulsory information to disclose
Oct 23, 2009	Conveyance of changes on Capital due to E/MSOP for period of Q3 in 2009	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Oct 27, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Nov 10, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose
Nov 17, 2009	Disclosure of certain shareholders	Bapepam Regulation No.X.M.1 regarding shareholders information to disclose



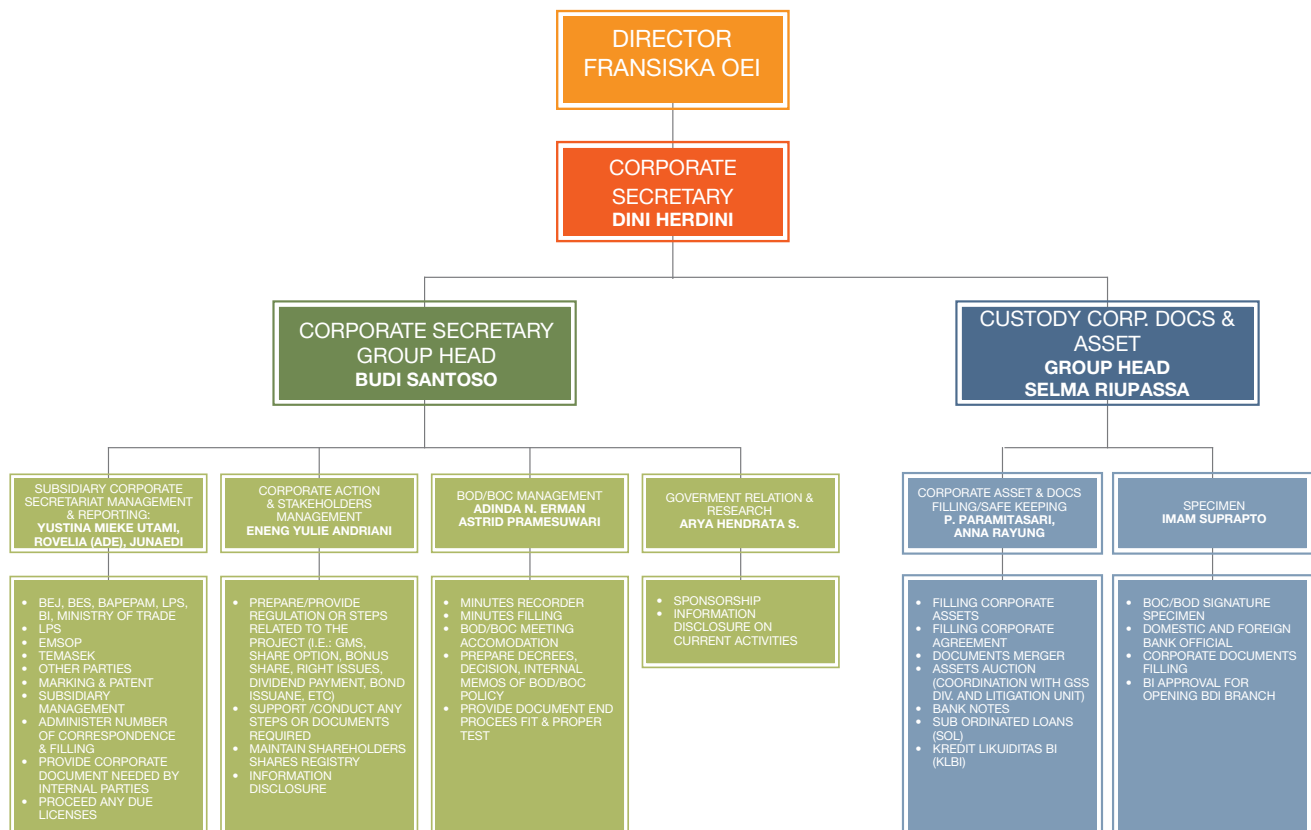
The Corporate Secretary is also responsible for assisting the BoD regarding their accountability and responsibility as

well as on issues related to good corporate governance and corporate social responsibility. On April 3, 2008, the Bank appointed Dini Herdini as its Corporate Secretary. Her professional resume is as follow:

Dini Herdini, 44 years old, graduated from Trisakti University in 1987 with a Bachelor in Law. Her career was spent for almost five years in the legal service (Legal Aid Institution and Law Firm) and 14 years in the banking sector (joint venture bank, and private/ local bank) to date. Some of her work experiences include being a member of the Team for the Implementation and Establishment of PT Bank Ekspor Indonesia; Legal Coordinator for the merger of PT Bank PDFCI, Tbk into PT Bank Danamon Indonesia, Tbk,; and as Legal Auditor for the Ministry

of Finance of the Republic Indonesia in the audit of PT TASPEN (Persero) and PT Semen Gresik Tbk. (Persero). Several experiences in banking and the capital markets include among other things credit restructuring, project finance and mergers and acquisitions. She holds a licence from Legal Consultant Association in Capital Market (HKHPM) and is a certified member of the Indonesian Advocate Association (PERADI), and also holds the Certificate of Banks Risk Management (BSMR) Level 2. Dini was appointed as Corporate Secretary as of April 3, 2008.

## ORGANIZATION STRUCTURE OF CORPORATE SECRETARY UNIT



## Good Corporate Governance Implementation Report

The roles and responsibilities of the Corporate Secretary include the followings:

- Keep abreast of capital market issues, especially in relation to capital market regulations and informing the BoC, BoD and stakeholders of the Bank of these developments.
- Disseminate public information pertaining to the Bank's condition
- Give advice to the BoD on compliance with Law No. 8 year 1995 regarding capital market and related regulations.
- Liaise between the Bank and capital market authorities (Bapepam-LK, Stock Exchange and others) and the investing public.
- Monitor and advise on the Bank's compliance to prevailing rules and regulations.
- Prepare and attend BoC and BoD meetings, ensuring that meeting resolutions are properly documented and kept in the minutes of meeting.
- Ensure that all mandatory reports of the Bank to authority institutions and other parties are submitted accordingly.

### 27. INVESTOR RELATIONS

Investor Relations enable effective communications between the Bank, the financial community and other related parties, with the aim of achieving a fair value for the Bank's shares and other financial instruments.

Investor Relations communicate the Bank's financial strategy and its broad strategic direction ensuring that the image of the Bank is maintained in a cohesive fashion.

Investor Relations disseminate the Bank's information through a variety of communication channels and events including public exposes, conference calls, one-on-one meetings with investors, and publications such as quarterly financial reports, annual report and the Bank's official website.

Information Dissemination Activities		
Event	Frequency/ duration	Remarks
Analyst Meeting/Public Expose	4 times	Quarterly meeting between senior management and analysts/investors where strategic direction against current and upcoming issues facing the Bank is presented.
Financial Reports	4 times	Unaudited information about the financial position, performance and changes in financial position of the Bank.
Annual Report	1 time	Comprehensive report on the Bank's activities throughout the preceding year including audited financial performance issued by an independent external auditor.
Non Deal Road shows	23 days	Meeting with foreign institutional investors where routine Bank's performance updates is presented including macro economic conditions, market development, regulatory issues and current affairs.
One-on-one meetings and conference calls	238 times	Meeting with a small group of analyst and/or investor to discuss financial results of a reporting period. Conference call is provided for foreign participants to address particular subjects.

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	

## 28. PUBLIC AFFAIRS

The Bank's relationship with its internal and external stakeholders is managed through the Public Affairs Division. The Division also provides support in the execution of external and internal events as well as corporate branding guidelines. The Division is grouped into four subdivisions: Internal Communications, Event Management, Brand Management and External Affairs.

### 28.1. Internal Communications

Internal Communications are responsible to ensure availability as well as circulation of information for employees including subsidiaries and maintain control over internal communications, which include:

- **Intranet Portal**

Intranet Portal, accessible to all employees, (currently not including subsidiaries) is linked via email facility. This Intranet Portal serves employees with information relating to their welfare and benefit as well as providing key information to support their daily work. The Portal provides substantial information that is of interest to employees. A wide variety of information about the Bank can be accessed, including policy archives and published memos. A new portal facility had

been completed as a second-generation Portal, effective since March 2009. This second-generation Portal was designed to provide a more superior and effective media facilitator in the dissemination and sharing of information and ideas within the Bank. Since its launch, the use of the second Portal has grown rapidly and with more variety, including a survey engine for the Bank to undertake polling among employees, discussion forums and live chats between employees and the BoD.





## Good Corporate Governance Implementation Report

### • Spirit Magazine

Spirit Magazine is a monthly internal magazine. To date, the magazine has a monthly circulation of 10,000 copies that are distributed to all employees in the Head Office, Regional Offices, Branch Offices, and those of Adira Finance, Adira Insurance, and Adira Quantum.

The Internal Communications team act as the editorial team for Spirit Magazine and collaborate with other division and working units to accommodate various news and informative articles as well as an educative information about the Bank or updated topics within the banking sector.



### • E-mail Blasts

E-mail Blasts is a mass-information circulation either to all employees or a select group of employees. The e-mail blast can be a management information that is processed by the Public Affairs Division for distribution to targeted group of employees as needed, or information from users in various Divisions, which after evaluation by the Public Affairs Division, is referred to the IT Division for e-mail broadcast to all.

During 2009, a total of 295 e-mail blasts were sent to the employees.



Komitmen Danamon sebagai organisasi yang senantiasa memberikan layanan berkualitas yang mengacu pada Quality Management System kembali diakui dunia internasional dengan lolosnya Danamon dalam Surveillance Audit terhadap unit-unit ISO pada April 2009 lalu, dan karenanya berhak melanjutkan sertifikasi ISO 9001:2008 - Quality Management System yang telah diraih sejak tahun 2003



Danamon Access Center • Opening & closing of current & saving account in MBD branch • Statement Management • Real Time Gross Settlement • International Remittance • Centralized E-Channel Reconciliation & Resolution • Centralized Signature Verification • Information Technology (Data Center, Data Center Admin & Process Quality, Service Monitoring, Helpdesk, System Security Operations, Disaster Recovery Center, Data Center Facilities Management, Availability Management, Production Continuity Management).



Satu lagi motivasi untuk terus meningkatkan kualitas layanan } Bisa

#### • Internal Communications Forum

Internal Communications (IC) forum serves as a communication forum among the appointed Person in Charge (PIC) of each division/unit regarding circulation of information, which needs to be acknowledged by each unit and/or need to be shared with other units. The IC forum was an initiative from the Internal Communications Team, which was established in mid 2008, and during 2009, the forum held five events with details as follows;

Forum	Date	Total Participants	Topic
I	18/02/09	65 persons	Soft Launching
			Direction from the Vice President Director
			The introduction of Portal 2nd Generation features
			Try Out
II	12/03/09	50 persons	Launching of Portal 2nd Generation
			Direction from the President Director
III	12-22/04/09	140 persons	Training Class of Portal 2nd Generation
IV	16/08/09	40 persons	Direction from Vice President Director
			Program Updates – Internal Communications
			Socialization process of using the Internal Communications Channels
V	16/12/09	32 persons	Writing Skill Workshop
			Inviting Devi Asmarani (Journalist, Script Writer and Columnist) as a speaker and Enda Nasution whom is known as the Father of Indonesian Blogger
			Sharing Session with Agung Nugroho, the Bank's employee who also wrote a book: "Ocehan Si Mbot"

## Good Corporate Governance Implementation Report

### • **Weekly Regional Corporate Officers Teleconference**

Regional Corporate Officers (RCO) are officers who are appointed as representative of the Bank in relation to:

- (i) External parties, including the government, media, etc. in responding to enquiries regarding performance as well as matters related to the Bank;
- (ii) Internal parties, including all employees in each region. In this capacity, The RCO represents the Head Office Management in conveying various information as well as responding to current issues and ensuring that all employees receive information stemming from official source of data approved by the Bank.

In recognition of the importance of this function, since November 2008, weekly communications meetings have been convened with all RCOs through teleconference, which are guided directly by President Director. Internal communication acted to facilitate the process, documented important issues and undertook follow up actions with other RCOs.

### • **Monthly Live Chat with BOD**

The monthly live chat between employees and the BoD is a new activity that began in 2009, enabling anyone to communicate one-on-one with the President Director or any other member of the BoD. This line of communication was made possible only with the introduction of the Bank's latest Intranet Portal. This communication enhances the flow of information from Management to employees and vice-versa. In carrying out the live chat, the Directors are accompanied by the Head of Public Affairs and Head of Internal Communications.



Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	

This sustainable effort was taken to provide the best services to all stakeholders and to this instance, the Bank will always strive to improve and enhance its communication system.

- **BOD Road Shows**

In discharging its duties, Internal Communications undertakes another program that facilitates direct communications between Management – in this case the BoD – and regional representatives to convey the Bank's condition and its future outlook, so that these representatives can convey the right message from the top in their respective offices, and vice-versa, Management can get feedback from regional offices. Currently, the Bank operates through seven regional offices throughout Indonesia.

Regular BoD roadshows take members of the BoD to these regional offices on a rotational basis to meet with the representatives of all branch offices in the particular region. These road shows are carried out twice a year, or when deemed necessary.

BOD Road Show I (May - June 2009)		
Date	Region/City	Remarks
07 May 2009	<b>Balikpapan</b>	• Highlights of Q1-2009 Results
11 May 2009	<b>Medan</b>	• Organizational Highlights - Strategic Priorities 2009
29 May 2009	<b>Semarang</b>	• Current Situation
05 June 2009	<b>Bandung</b>	• Key Actions
12 June 2009	<b>Surabaya</b>	• Media Coverage
15 June 2009	<b>Makassar</b>	• Work Flow (External & Internal Communications)
24 June 2009	<b>Jakarta</b>	• Communication Channels (Top Down & Bottom Up)
		• Role of RCO & BCO (Governance Related)

BOD Road Show II (Nov - Dec 2009)		
Date	Region/City	Remarks
05 Nov 2009	<b>Jakarta</b>	• Clear Skies
21 Nov 2009	<b>Semarang</b>	• Key Challenges
23 Nov 2009	<b>Makassar</b>	• Opportunities
19 Nov 2009	<b>Surabaya</b>	• 2010 Strategic Priorities
07 Dec 2009	<b>Balikpapan</b>	
09 Dec 2009	<b>Bandung</b>	
16 Dec 2009	<b>Medan</b>	



## Good Corporate Governance Implementation Report



Caption:

BOD Roadshow was held in every region by inviting all senior officers from those regions to communicate directly with the Board of Directors. On this occasion, the Bank also handed over the appreciation to several employees with a total tenure of 15-20 years.

that were appointed as the Bank's representatives from each region. In mid 2009, the Bank held a workshop on the mapping of the Indonesian mass media to emphasize the roles of new, emerging media. This workshop was held in recognition of the growing influence of social networks through the online media. The Bank has made these new media as one of its medium to communicate with stakeholders in order to support a global polling for the Danamon Peduli campaign, which later won 2nd runner up in the global BBC World Challenge 2009 competition.

### 28.2. External Affairs

External Affairs manages communications with the Bank's stakeholders and does so through maintaining rapport and relationship with the media to ensure a desired image of the Bank is formed. The following activities were conducted by External Affairs in 2009:

- **Media Relations**

Regular contacts with media representatives were conducted to assess public perception on the Bank. Various activities were carried out to build and maintain relationship with the press through workshops, conferences, briefings and media visits.

- **Managing Communications**

In 2009, the Bank initiated the development of a bank wide Standard Operational Procedure for Communications, to establish

normal business condition and crisis communications guidelines. The socialization process to senior officers who undertake external communications had been implemented in seven regional offices of the Bank, namely Jakarta, Bandung, Medan, Semarang, Makassar, Surabaya and Balikpapan. The participants of these trainings among others were the Regional Corporate Officer (RCO) and Branch Corporate Officer (BCO)

- **Perception Audit and Benchmarking**

Mass media plays a crucial role in the forming of public opinion towards a given institution. To gauge the perception of media towards Danamon, a quantitative research was conducted by a third party which involved 25 editors and assistant editors from top general-nationally circulated media, print economic and finance media, magazines and online media in Indonesia for the 2009 period.



The survey also studied the common communication media used by the press to gather information about Danamon. Findings from this survey is used to plan Danamon's strategic communication plan for 2010 and going forward.

In terms of frequency of informational materials distributed throughout the 2009 period, 60% of respondents recalled receiving press releases regularly from Danamon.

In terms of content of written information provided, 60% of respondents stated that the quality of press release sent out was 'good'.

Sixty percent of survey respondents answered that it is easy to gather information from Danamon's officers, as compared to 4% which stated otherwise.

Finally, related to ways of attaining information about Danamon, 72% of respondents claims to utilize access via phone to management/senior officers; 60% through written published press releases; 48% through email communication; 44% answered direct communications through interviews with the Bank's management while the remaining 4% sources information from rumors/issues in the public domain. The survey noted that no respondents used the corporate website to gain information about Danamon.

- Website**

The official website of the Bank,

www.danamon.co.id, serves not only as a service portal but also as a provider of information updates to external parties, both to the public and the investors. A new corporate website will be launched in 2010 and will reflect the new spirit and characteristics of the Danamon brand.

- Other Communication Channels**

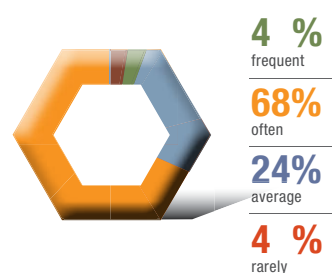
As a public listed company, the Bank upholds the transparency and fairness principles by continuously providing updates to all stakeholders through various communication channels, both printed and electronic. The Bank records complaints submitted online which are promptly addressed. These complaints will be closely monitored from the front office to Head Office and will be used as feedback to improve the performance of the Bank in the years to come.

During 2009, a variety of communication events and publications were held including:

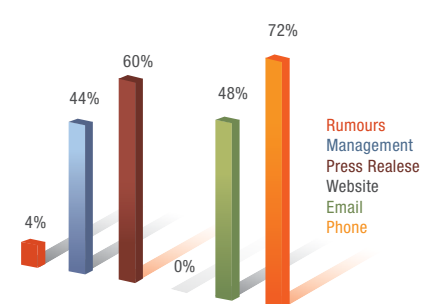
1. Press Conference (4 times)
2. Press release (25 times)
3. Media coverage (2,842 news)
4. Media meeting (72 times)
5. Annual and Extraordinary Meetings of Shareholders (one time)



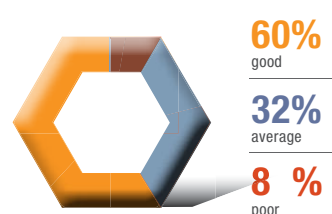
Media Relation Frequency



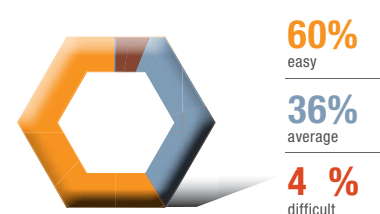
Information Channel



Press Release



Information Accessibility



# Good Corporate Governance Implementation Report

## 2009 Press Releases

The following are activities of the Bank publicized through press releases.

Press Releases	
2008/2009	Activity
January	
15	Official opening of the Bank's new branch office, located at The Jakarta Post Building. This was the first branch out of 18 new branches that would eventually be opened throughout Indonesia in 2009.
21	Announcement of the Bank's 2008 Financial Results.
29	The Bank launched the market waste-processing unit in Cisarua-Bogor, this represent the 4th inauguration after similar projects in Bantul, Sragen and Wonosobo.
February	
12	Announcement of the Bank's 2008 Full Year of Audited Financial Results .
13	The announcement of agreement for conducting a mediation process through Bank Indonesia in relation with the USD selling contract issue between Danamon and Elnusa.
18	The Bank execute the right issue for a total of Rp4 trillion.
19	The Bank Labor Union signing of a working agreement for the period of August 1, 2009 – July 31, 2011
27	Danamon Peduli Foundation constructed a production plant of high quality organic fertilizers with the other 31 regencies.
March	
10	SEMM Danamon celebrates their 5th anniversary together with its customers by holding a several activities such as tumpengan, healthy walk, outbound, etc.
16	Danamon Peduli Foundation and Regional Government of Probolinggo had launched a market waste processing unit at TPS Ungup-Ungup, Probolinggo.
23	The Right Issue IV to increase capital and the E/MSOP had been approved by the EGMS.
April	
21	The Rp4 Trilion of Bank's Right Issue IV was being well-received by the market.
23	The Bank's Public Expose for performance of first semester of 2009.
May	
4	Danamon Peduli Foundation inaugurate the 8th compost unit in Kendal.
	Information concerning updated initiatives from Indonesia MICE & Corporate Travel Mart 2009 (IM-CTM), wherein all customers of the American Express Corporate and holders of the American Express Corporate Card were participated on such program based on the Bank's invitation.
25	Danamon convenes the AGMS and EGMS: approval of dividend payment amounted to 50% of the Bank's Net Profit of 2008.
June	
1	The American Express Corporate Card Services from PT Bank Danamon Indonesia Tbk supported and cooperated within the activities of Indonesia MICE & Corporate Travel Mart 2009 (IMCTM).
14	Danamon Peduli Foundation inaugurate the 9th compost unit in Kebon Agung Market, Probolinggo.
19	The Bank had launched Danamon Online Banking Services – the first internet banking service that uses the SMS token.

## Press Releases

2008/2009

Activity

22

Danamon had officially announced its status as the official partner of the Manchester United Asia Tour 2009.

July

9

Danamon announced the 2009 Danamon Young Leaders Award – an educational program for college students with a strong background of knowledge in business, social as well as environmental issues.

16

The Bank's Public Expose for performance of second semester of 2009.

18

The 2nd National Clean Market Day: more than 11,000 of SEMM staff was simultaneously cleaned up a total of 750 markets.

The Indonesian of Market Tenant Association and Danamon Peduli Foundation announced the winner of market competition throughout the Special Region of Jogjakarta.

August

1

Danamon Peduli and the Regional Leading Council of The Indonesian of Market Tenant Association for Special Region of Jogjakarya announced the winner of Clean Market, Market Management and Heritage Market within the Special Region of Jogjakarta.

18

Danamon Peduli continuing the market compost program in 4 cities of Sumatra.

September

1

The Bank registered their appeal memory from the verdict on the Court of Central Jakarta in relation with the insolvent requirement from Esa Kertas.

10

Danamon Peduli lending a helping hand to the victims of Tasikmalaya's earthquake.

28

Information concerning the selection of winner of 2009 BBC World Challenge via online method had been started, it is dedicated for Go Green Danamon Peduli of "Nothing Wasted" for the 2009 BBC World Challenge.

October

1

The Board of Directors of the Bank conducts a direct visit to the location of Padang earthquake and supporting the evacuation of victims of Danamon and Adira Group Staff.

2

The Bank provide updated information concerning the development of victims handling from Padang earthquake, especially towards the employee of the Bank's and Adira Group.

2

The Bank extend an update information concerning the handling of Padang earthquake victims towards the employee of the Bank & Adira Group.

16

Danamon Peduli continuing the market waste compost in 6 cities in Sulawesi.

December

8

The announcement of Danamon Peduli Go Green of Market Waste Compost – Nothing Wasted as the 1st runner up on 2009 BBC World Challenge.



## Good Corporate Governance Implementation Report

### 29. THE SYARIAH SUPERVISORY BOARD REPORT

Syariah Business Unit is supervised by an independent Syariah Supervisory Board. Its members were determined by the National Syariah Board (DSN), an institution under the Majelis Ulama Indonesia (Indonesia Islamic Council). All guidelines concerning funding, lending products and operational activities must be approved by the Syariah Supervisory Board to assure its conformity with the principles of Syariah.

The duties, authorities and responsibilities of Syariah Supervisory Board are as follows:

- Monitors the implementation of syariah principle within all business activity of the Bank;
- Ensure and supervise the appropriateness of the Bank's operational activity in relation with fatwas (decreed) issued by DSN;
- Evaluates the syariah aspects of the operational guidelines and the products issued by the Bank;
- Provide Opinions from the perspective of syariah in regards with the execution of the Bank's operational performance through the bank publication
- Review the new products and services that has not been certified to the DSN and asked for their approval.
- Extending the shariah monitoring reports at least once in every 6 (six) months period to the

Board of Directors, Board of Commissioners, National Syariah Board and Bank Indonesia including the copy of the report to the IAU, furthermore, the DPS is entitled to have the copy of monitoring reports from the IAU.

#### 29.1. Syariah Supervisory Board Report in 2009 covers:

- Provide inputs and opinions of products and service to the syariah business unit and ensure the compatibility of fatwas that has been issued by DSN-MUI;
- Provide inputs and opinions of standard operating procedure and product guidelines of the Bank;
- Submit and report the internal and external audit finding results of DPS Supervisory Report to Bank Indonesia.

- Conduct a regular meeting with the management of syariah business unit to discuss the developments and current issues within the performance of syariah banking.

#### 29.2. Members of the Syariah Supervisory Board consist of:

1. Prof. Dr. H.M. Din Syamsuddin MA (Chairman)
2. Drs. H. Hasanudin M.Ag (Member)
3. Ir. H. Adiwarman A. Karim, SE, MBA (Member \*)

\*) Ir. H. Adiwarman A. Karim, SE, MBA resigned on January 4, 2010. the resignation will be effective on Bank's 2010 GMS

#### 29.3. Remuneration for the Syariah Supervisory Board in 2009

Remuneration of Syariah Supervisory Board	
Remuneration type and other facilities	Amount received in 1 year
	Syariah Supervisory Board
Remuneration (allowance)	Rp415,450,000

PT Bank Danamon Indonesia Tbk.,



**Ng Kee Choe**  
President Commissioner



**Sebastian Paredes**  
President Director

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	The Resolution of EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

**The Resolution of  
EXTRAORDINARY GENERAL  
MEETING OF SHAREHOLDERS  
PT Bank Danamon Indonesia Tbk  
Dated the 23rd of March 2009**

in Jakarta, substantially as follows:

**First Agenda**

1. to approve the Limited Public Offering ("LPO IV") to the Shareholders with preemptive right ("Rights") by way of issuing subscribed and paid up shares with the following terms and conditions:
  - a. the new Company's issued shares shall be at maximum of 3.328.206.411 B shares with a nominal value of Rp500 per share and the offering price of Rp1,200 per share;
  - b. the new shares issuance will be conducted by way of issuing Rights to the shareholders of the Company whose name are registered at the Shareholders Registry of the Company on 3 April 2009 at 16:00 WIB pursuant to the prevailing capital market regulation and stock exchange regulation where the Company's shares are listed.
  - c. Every holder of 102 A and B Shares is entitled of 67 Rights, whereas 67 Rights are representing 67 New B Shares of the Company's portfolio shares, offered in offering price of Rp1.200 per share, and must be fully paid at the time of allotment form submitted.

- d. The Right certificate may be traded on or outside the Stock Exchange starting from 7 April 2009 to 15 April 2009, in the case that shareholders has denomination Rights, such Rights must be sold to the Company and the sold fund shall be transferred into the Company's account.
- e. Citigroup Global Markets Singapore Private Limited and Morgan Stanley Asia (Singapore) Private Limited are acting as Standby Purchasers. They are committed to purchase the remaining new shares resulted from LPO IV, pursuant to Standby Purchase Agreement dated 18 February 2009 as amended by the Deed No.12 dated 13 March 2009 of Amended And Restated Standby Purchased Agreement and the Deed No.22 dated 19 March 2009 of the Amendment to Amended And Restated Standby Purchased Agreement, both are drawn before Fathiah Helmi, SH, Notary in Jakarta.
- f. Proceeds from the LPO IV, after deducting with the issuance expenses, shall be used to support loan provided for high yield businesses especially micro, small and medium (SME) lending and automotive financing when the economy improves.

At the same time, the LPO IV will strengthen Bank's capital in light of uncertain global economy condition. After completing the LPO IV, Bank's consolidated CAR shall become 20.8%. The LPO IV will enable the Bank to proactively prepare itself to comply with Basel II operational risk requirements which applicable in 2010 and is predicted to decrease Bank's consolidated CAR by 3%-4%.

- g. The other requirements in relation to the Rights Issue including the LPO IV Schedule shall refer to the Prospectus issued by the Company in relation to the LPO IV's plan.
- h. To this LPO IV, the capital market regulation, Indonesian Company acts/laws, the Company's Articles of Associations and Stock Exchange rules, shall apply.

## Good Corporate Governance Implementation Report

2. In relation to the LPO IV's plan, it is proposed to:

- a. grant the power of Attorney to the Board of Directors to execute the LPO IV;
- b. grant the power of Attorney to the Board of Commissioners of the Company to at any time stipulate the increase of the subscribed and issued Capital, after the shareholders whom are entitled of new B Shares, registered in Shareholders Registry, therefore to amend the Article 4 paragraph 2 and 3 of the Company's articles of associations, including to administer the notification process to Minister of Law and Human Right of Republic of Indonesia as resolved in the second agenda of this Meeting.

### Second agenda

1. to approve Employee/Management Stock Option Program ("E/MSOP") adjustments with the following terms:
  - a. the use of Equivalent Economic Value Concept Method to the exercised price calculation upon the outstanding option;
  - b. the determination of 1 April 2009 as modification date and 15 April 2009 as effective date.
2. to grant power of attorney to the Board of Directors of the Company to adjust and determine

the exercised price of E/MSOP pursuant to the above stipulated method and formula.

**The resolutions of the Annual General Meeting of Shareholders ("AGMS") and the Extraordinary General Meeting of Shareholders ("EGMS") convened on Thursday, May 25, 2009, in Jakarta, substantially as follows:**

### AGMS

#### First Agenda:

- a. To approve the Annual Report of the Board of Directors of the Company for the fiscal year ending on December 31, 2008;
- b. To ratify the financial statements of the fiscal year ending on December 31, 2008 which was audited by the Public Accountants Office of Siddharta, Siddharta & Widjaja, a member firm of KPMG International as stipulated in the Independent Auditor's Report of March 12, 2009 Number L.08-3351-09/III.12.002, with an unqualified proper opinion;
- c. To ratify the Supervisory Report of the Board of Commissioners of the Company for the fiscal year ending on December 31, 2008 and
- d. To acquit and discharge (volledig acquite et decharge) the Board of Directors and the Board of Commissioners of the Company for their management and

supervision in the fiscal year that ended on December 31, 2008.

#### Second Agenda:

To approve the appropriation of the Company's net profit for the fiscal year which ended on December 31, 2008 amounting to Rp1,530,022,000,000 detailed as follows:

- a. 1% of the net profit or Rp15,300,220,000 to be set aside for the reserve fund to comply with Article 70 of Law Number 40 of 2007 on Limited Liability Companies ("Company Law");
- b. 50% of the net profit or Rp765,011,000,000 or  $\pm$  Rp90.82 per share (by estimating that the total shares issued by the Company do not exceed 8,423,625,816 shares), to be distributed as dividend for the fiscal year 2008, with the following provisions:
  - i. The dividend shall be paid to the shareholders whose names are registered in the Shareholders' Register on a date to be stipulated by the Board of Directors of the Company ("Recording Date");
  - ii. The total dividend to be paid shall be based on the total shares issued by the Company on the Recording Date as mentioned in point (i) above, including the total shares issued by the Company in the frame of the Employee / Management Stock Option Program up to and inclusive such date;

iii. On said dividend for the fiscal year 2008 the Board of Directors shall deduct dividend tax according to the prevailing tax regulations in respect of shareholders;

iv. The Board of Directors is hereby empowered and authorized to stipulate matters regarding or relating to the implementation of dividend payment for the fiscal year 2007, amongst others (however not limited to):

- To determine the Recording Date in order to determine the shareholders of the Company who are entitled to receive payment of dividend for the fiscal year 2008; and
- To determine the distribution date of dividend for the fiscal year 2007, everything without prejudice to the regulations of the Stock Exchange where the shares of the Company are registered;

c. Net profit balance for fiscal year 2009 at the amount of Rp. 749,711,000,000 with undetermined utilization will be set forth as the Bank's retain earning.

### Third Agenda:

a. To accept the appointment of Fransiska Oei Lan Siem as a member of the Board of Directors of the Bank, effectively since the approval of Bank Indonesia until the remaining tenure of the current members of the Board of Directors. This means that the membership composition of the Board of Directors of the Company is as follows:

#### Board of Directors

President Director :

**Juan Eugenio Sebastian**

**Paredes Muirragui**

Vice President Director :

**Joseph Fellipus Peter Luhukay**

Director :

**Muliadi Rahardja**

Director :

**Ali Rukmijah (Ali Yong)**

Director :

**Vera Eve Lim**

Director :

**Sanjiv Malhotra**

Director :

**Herry Hykmanto**

Director :

**Kanchan Keshav Nijasure**

Director :

**Fransiska Oei Lan Siem**

With the tenure ending at the closing of the Annual General Shareholders' Meeting of the Company for the fiscal year ending on December 31st 2010, which will be executed at the latest in June 2011, without alleviate the rights of the GSM

to terminate any member at any time.

b. Granting ascendancy to the Board of Directors of the Company to sign the necessary decrees in relation with the resolution of this Meeting and other requirement that requested by the authorized institution.

### Fourth Agenda:

1. To approve the total payment of tantiem/bonus of fiscal year 2008 for a total amount of Rp. 9,150,000,000 to be distributed to the Board of Commissioners
2. To approve the fulfillment of total wages/honorarium and benefits for the Board of Commissioners for fiscal year 2009 at the amount of Rp. 14,055,000,000 - gross;
3. To approve the authorization of the President Commissioner of the Bank to determine the amount of tantiem/bonus for the fiscal year of 2008 to each member of the Board of Commissioners of the Company, as well as the amount of wages/honorarium and benefits for the fiscal year of 2009 for each member of the Board of Commissioners of the Bank based on the recommendations of the Nominations and Remunerations Committee No. B. 002-KRN dated May 25th 2009 and No. B. 004-KRN dated May 25th 2009.

## Good Corporate Governance Implementation Report

4. To approve the authorization of the Board of Commissioners of the Bank to determine the amount of wages/honorarium and benefits for each member of the Syariah Monitoring Board for fiscal year 2009, based on the recommendations of the Nominations and Remunerations Committee No. B. 006-KRN dated May 25th 2009.

### Fifth Agenda:

- a. 1. To approve the total payment of tantiem that will be distributed to the Board of Directors for fiscal year 2008 at the amount of Rp. 28,212,500,000 - gross;
2. To Approve the authorization of the Board of Commissioners of the Bank to determine the amount of tantiem for fiscal year 2008 and the amount of wages/honorarium and benefit for each member of the Board of Directors of the Bank for fiscal year of 2009, based on the recommendations of the Nominations and Remunerations Committee No. B. 003-KRN dated May 25th, 2009 and No. B. 005-KRN dated May 25th, 2009;
- b. In accordance with paragraph 5 and 6 of article 92 of the Company Law, the Company hereby informs the shareholders that the delegation of roles and responsibilities of the members of the Board of Directors shall be determined pursuant to a Decree of the Board of Directors.

### Sixth Agenda:

Granting authority to the Board of Commissioners of the Company to appoint a Public Accountant listed in the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) to audit the financial report of the Company for the fiscal year of 2009 and to determine the amount of honorarium and other requirements for the appointment of the abovementioned Public Accountant, with due consideration of the recommendations of the Audit Committee.

### Seventh Agenda:

The Board of Directors of the Bank submit a report to the shareholders on the adjustment of the Bank's Articles of Association in accordance with the stipulations of Bapepam-LK Regulation No. IX.J.1., and within the Amendment Decree of the Bank's Articles of Association No. 87 dated on March 31st, 2009, which is created in front of Pahala Sutrisno Amijoyo Tampubolon, the Public Notary in Jakarta.

### EGMS

### First Agenda:

- To approve the execution of the Bank's option rights to purchase additional shares of PT Adira Dinamika Multi Finance Tbk ("ADMF") at the maximum amount of 20% of the total number of shares issued by ADMF, which previously owned by Mega Value Profit Limited at a total price of

Rp. 1,614,000,000,000, wherein the purchase includes premium on options rights at the amount of Rp. 187 billion, which have been paid by the Bank during the issuance of the options rights, under the stipulation that all of the requirements and conditions related to the Inclusion of Additional Share Transactions have been approved beforehand by the Board of Directors of the Bank.

- Granting full authority to the Board of Directors of the Bank to execute the necessary actions for the Inclusion of Additional Share Transaction in ADMF for a maximum of 20%, in consequence with the discharging options right owned by the Bank, under the stipulation that the entire requirements and conditions related to the Inclusion of Additional Share Transaction have been approved beforehand by the Board of Directors.
- To approve that under circumstances in which the decisions of this agenda cannot be executed, due to the lack of approval of any or all of the requirements and conditions related to the Additional Inclusion of Share Transaction by the Board of Directors of the Bank, then an agreement of a General Shareholders' Meeting to annul that decision of shareholders is unnecessary. In the occurrence of such an event, the Board of Directors of the Company is authorized to disclose the matter to the public in accordance with prevailing rules and regulations.

Highest and Lowest Salary Ratio	Internal Fraud	Legal Cases	Transactions Bearing Conflict of Interest	Shares Buy Back and/or Bonds by The Bank
Corporate Secretary	Investor Relations	Public Affairs	The Syariah Supervisory Board Report	EGMS

## Second Agenda:

1. Approving the takeover of the shares of PT Asuransi Adira Dinamika ("Asuransi Adira") at most 90%, with the stipulation that all of the requirements and conditions for the takeover of these shares have been approved beforehand by the Board of Directors of the Company.
2. Granting full authority to the Board of Directors of the Company to execute all necessary actions in the shares takeover of Asuransi Adira at most 90%, with the stipulation that all of the requirements and conditions for the takeover of these shares have been approved beforehand by the Board of Directors of the Company.
3. Agreeing that if the decisions of this agenda cannot be executed due to the lack of approval of any or all of the requirements and conditions related to the takeover of Asuransi Adira by the Board of Directors of the Company, then an agreement of the General Shareholders' Meeting to annul this decision of the shareholders is unnecessary. In the occurrence of such an event, the Board of Directors of the Company is granted the authority to disclose the matter to the public in accordance with the prevailing rules and regulations.

# Good Corporate Governance Implementation Report

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