



Corporate Governance

Sub Contents

- 267** Commitment to Implement Good Corporate Governance
- 267** Reference for Implementation
- 267** Corporate Governance Implementation Roadmap
- 268** Danamon's Good Corporate Governance Focus in 2015
- 270** Corporate Governance Policy, Structure and Implementation
- 272** Danamon's Corporate Governance Implementation Report
- 273** Shareholders
- 274** General Meeting of Shareholders (GMS)
- 281** The Board of Commissioners
- 297** Committees Under The Board of Commissioners
- 330** The Board of Directors
- 352** Committees Under the Board of Directors
- 359** Relations and Affiliated Party Transactions of the Board of Directors, Board of Commissioners and Majority Shareholders
- 360** Corporate Secretary
- 364** Compliance Function
- 367** Implementation of Anti-Money Laundering Program (AML) And Combating Funding on Terrorism (CFT) Programs
- 368** Internal Audit Unit (IAU)
- 372** Company Accountant/External Auditor
- 374** Risk Management
- 377** Provision of Funds to Related Parties and Large Exposures
- 377** Internal Control Systems
- 379** Social Responsibility and Sustainability Report
- 386** Legal Matters and Important Issues Involving the Bank, its Subsidiaries, Members of Directors and/or Commissioners
- 388** Disclosure of Administrative Sanctions by Financial Services Authority (OJK)
- 388** Internal Fraud
- 388** Transparency of Financial and Non-Financial Performances
- 389** Share Options
- 389** Share Ownership Program for Employees and/or Management
- 390** Share Buy Back and Bond Buy Back
- 390** Highest and Lowest Salaries Ratio
- 390** Conflict of Interest Transactions
- 390** Bank Strategic Plan
- 392** Provision of Funds for Political Activities
- 392** Company Information Access
- 393** Investor Relations
- 394** Public Affairs
- 397** Customer Care Unit
- 399** Consumer Service Quality
- 400** Corporate Culture
- 400** Code of Ethics
- 403** Whistleblowing System
- 405** Good Corporate Governance Self-Assessment
- 407** GCG-Related Awards
- 407** Statement of The Implementation of Good Corporate Governance Principles



“Danamon is committed to proper implementation of and continuous improvements in good corporate governance by adhering to international standards and best industry practices. Proper GCG implementation has placed Danamon among its regional ASEAN peers, giving the Bank a competitive edge and opening access to market opportunities likely to emerge with free trade in the ASEAN Economic Community”

COMMITMENT TO IMPLEMENT GOOD CORPORATE GOVERNANCE

Applying Good Corporate Governance (GCG) best practices has enabled Danamon to weather a challenging year with sound financial and non-financial performances. In order to maintain sustainable growth and to show a keen competitiveness, Danamon is committed to continuously improving the way it implements GCG, in accordance with national and international standards.

The purpose of implementing GCG with consistently high standards is to stimulate the Bank's performance, to foster investor confidence, to protect the interests of stakeholders, and to make a positive contribution to the social environment and national economy.

REFERENCE FOR IMPLEMENTATION

In implementing its GCG practices, Danamon refers to all applicable laws and regulations, including:

- a. Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 dated January 30, 2006 on GCG Implementation for Commercial Banks as later amended through Bank Indonesia Regulation (PBI) 8/14/PBI/2006 dated October 5, 2006, and through Bank Indonesia Circular Letter No. 15/15/DPNP dated 29 April 2013 on GCG Implementation for Commercial Banks;
- b. OJK Regulation No. 18/POJK.03/2014 dated November 18, 2014 and OJK Circular Letter on Integrated GCG for Financial Conglomerates;
- c. OJK Regulation No. 21/POJK.04/2015 dated November 16, 2015 following OJK Circular Letter on the implementation of GCG Code for Public Companies;
- d. Principles of Corporate Governance of the Organization for Economic Co-Operation and Development (OECD);
- e. ASEAN Corporate Governance Scorecard;
- f. Code of GCG in Indonesia and the Indonesian Banking GCG issued by the National Committee of Governance (NCG).

CORPORATE GOVERNANCE IMPLEMENTATION ROADMAP

The implementation of Danamon GCG has been sustainably and consistently conducted since 2006. The roadmap below shows the on-going improvement process by Danamon from 2013 until 2016:

| 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|
| <ul style="list-style-type: none"> • Disclosure of the AGM Agenda and explanation. • Published AGM decisions one day after AGM meeting. • Disclosures on the Bank's website of: Good Governance Policy, Articles of Association, Personal Investment Policy, Related Party Policy, Conflict of Interest transactions, Shareholders and group. • Enhancement of the Company's website (bilingual). • Completing management profile and minutes of the AGM. • Disclosure of the remuneration policy for Directors and Commissioners in the Annual Report. | <ul style="list-style-type: none"> • Aligned and enhanced the implementation of good corporate governance practices with legislation primarily to meet the recommendations of the Financial Services Authority (OJK) as set out in the Corporate Governance Roadmap Indonesia. • Aligned and enhanced implementation of good corporate governance practice with the ASEAN CG Scorecard. • Facilitated all Commissioners with refresher risk management course. • Separated Nomination and Remuneration Committee into two committees: the Nomination Committee, and the Remuneration Committee. • Referring to the applicable regulations, adjusted the structure of the Audit Committee, Risk Monitoring Committee, Remuneration Committee, and Nomination Committee. • Enhanced and updated charters of the board of Commissioners and Directors, Audit Committee, Risk Monitoring Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee. | <ul style="list-style-type: none"> • Implemented an Integrated Corporate Governance and risk management through the availability of structures and integrated infrastructure. • Addition of Independent Commissioner on the Nomination and Remuneration Committees. • Established diversity policy of the Board of Commissioners and Board of Directors, Nomination Policy for the Board of Commissioners and Board of Directors. Policy Performance Assessment for the Board of Commissioners and Board of Directors, Board of Commissioners Tools Performance Assessment, Gifts Policy (Acceptance and Gifts). • Dividend payments within 30 days. • Disclosure of the candidate profiles for members of the Board of Commissioners. | <ul style="list-style-type: none"> • Enhancement of good corporate governance implementation in line regulation of the Financial Services Authority on Guidelines of Corporate Governance for Listed Companies. • Updated the charters of the Remuneration committee and the Nomination committee. • Enhancement to the guidelines and supporting policies in the implementation of good corporate governance. |

DANAMON'S GOOD CORPORATE GOVERNANCE FOCUS IN 2015

In 2015, Danamon was focused on enhancing implementation of Good Corporate Governance such that the Bank may be more competitive as well as placing ethics and integrity at the forefront of Company management. In 2015, the Bank's Corporate Governance focus included:

Implementation of integrated Corporate Governance

Implementation of integrated corporate governance and integrated risk management at Danamon has been achieved through the availability of structures and integrated infrastructure including the establishment of Integrated Corporate Governance Policy and Integrated Risk Management Policy, the adjustment of the role and responsibilities of the Board of Commissioners and the Board of Directors, as well as adjustments to the roles and responsibilities of the working units (Internal Audit, Compliance and Risk Management).

Corporate Governance Guidelines, OJK and ASEAN CG Scorecard

In order to continuously improve the implementation of good governance, and to align its standards with those of the Financial Services Authority (OJK) Regulation and the ASEAN CG Scorecard, Danamon has adjusted its GCG policies concerning the Nomination Policy of the Board of Commissioners and the Board of Directors, the Gift Policy (Anti Gratuities), the Performance Assessment Policy of the Board of Commissioners and of the Board of Directors, and the Diversity Policy of the Board of Commissioners and of the Board of Directors. Furthermore, improvements to the implementation of information disclosure has also been done by the Bank through the disclosure of candidate profiles of members of the Board of Commissioners and important information about the Annual General Meeting of Shareholders (AGM) on the Bank's website, thus providing an opportunity for shareholders to obtain such information. Danamon has also made assurances for the basic rights of shareholders in the form of cash dividend receipts that do not exceed 30 calendar days from the date of the announcement.

Implementation of Recommended Corporate Governance Practices for Listed Companies

In order to enhance the practices of corporate governance, Danamon as a Listed Company has implemented a majority of the 25 recommendations related to the 5 aspects and 8 principles of good corporate governance for listed companies as issued by the Financial Services Authority (OJK) in November 2015. Thereafter, Danamon will further enhance the implementation of corporate governance in accordance with OJK recommendations.

Board of Commissioners Performance Assessment

Strong and effective supervision by the Board of Commissioners is vitally needed to guide the Company towards success. With a forward vision, the Board of Commissioners performs a periodic self-assessment of its performance to identify areas of strengths as well as weaknesses that could be improved. In 2015, Danamon engaged an external party to facilitate an objective performance assessment of the Board of Commissioners.

Improvement in Consumer Protection

In its efforts to improve on consumer protection, Danamon has effected enhancement consumer protection policies such as the policies regarding the provision of products and services information, handling and settlement of customer complaints, and the implementation of public education as part of improved services to consumers and the general public.

Strategic Initiatives of the Bank

Danamon has reviewed the strategic initiatives necessary to improve its performance and productivity, which will eventually lead the Bank to a higher level. In so doing, the Bank has determined a number of strategic initiatives to be implemented starting in 2015. These include measures to become a bank that delivers customer satisfaction through excellent services, with emphasis on Danamon's core values in all its activities, combining individual strengths with a solid teamwork, while eliminating silo mentality to improve productivity, focus on beating market competitors, and proactively adapt to the business environment.

Risk Management

The Bank developed a system of Asset Liquidity Management to support the monitoring of liquidity risk and interest rates by improving market infrastructure and liquidity limits, in accordance with Basel III (Liquidity Coverage Ratio).

Anti-Money Laundering (AML) and Combating the Financing of Terrorism (PPT)

As an effort to support Anti-Money Laundering and combating the Financing of Terrorism, the Bank developed a new AML System as an enhancement of the previous Surveillance System, to support the process of monitoring suspicious activities and transactions, and scoring a customer's risk level so that the Bank can identify high-risk customers with potential to launder money or finance terrorism.

CORPORATE GOVERNANCE POLICY, STRUCTURE AND IMPLEMENTATION

Danamon Corporate Governance Policy

Danamon prepared corporate governance guidelines since 2006 which act as a reference for the implementation of GCG at all levels of the organization in Danamon. Danamon GCG guidelines were prepared in accordance with following principles:

- a. Transparency: Commitment to provide adequate, clear, accurate and timely information disclosure, easily accessible to both shareholders and stakeholders alike.
- b. Accountability: Clear establishment of the functions, duties and authorities and responsibilities within the organization, set in accordance with the guidelines and charters of each function. Danamon as an institution must be accountable and responsible for its performance.
- c. Responsibility: Danamon is committed to comply with laws and regulations and established internal policies. In addition, Danamon also manifests its responsibilities to society and the environment, to achieve long-term sustainability and be recognized as a good corporate citizen.

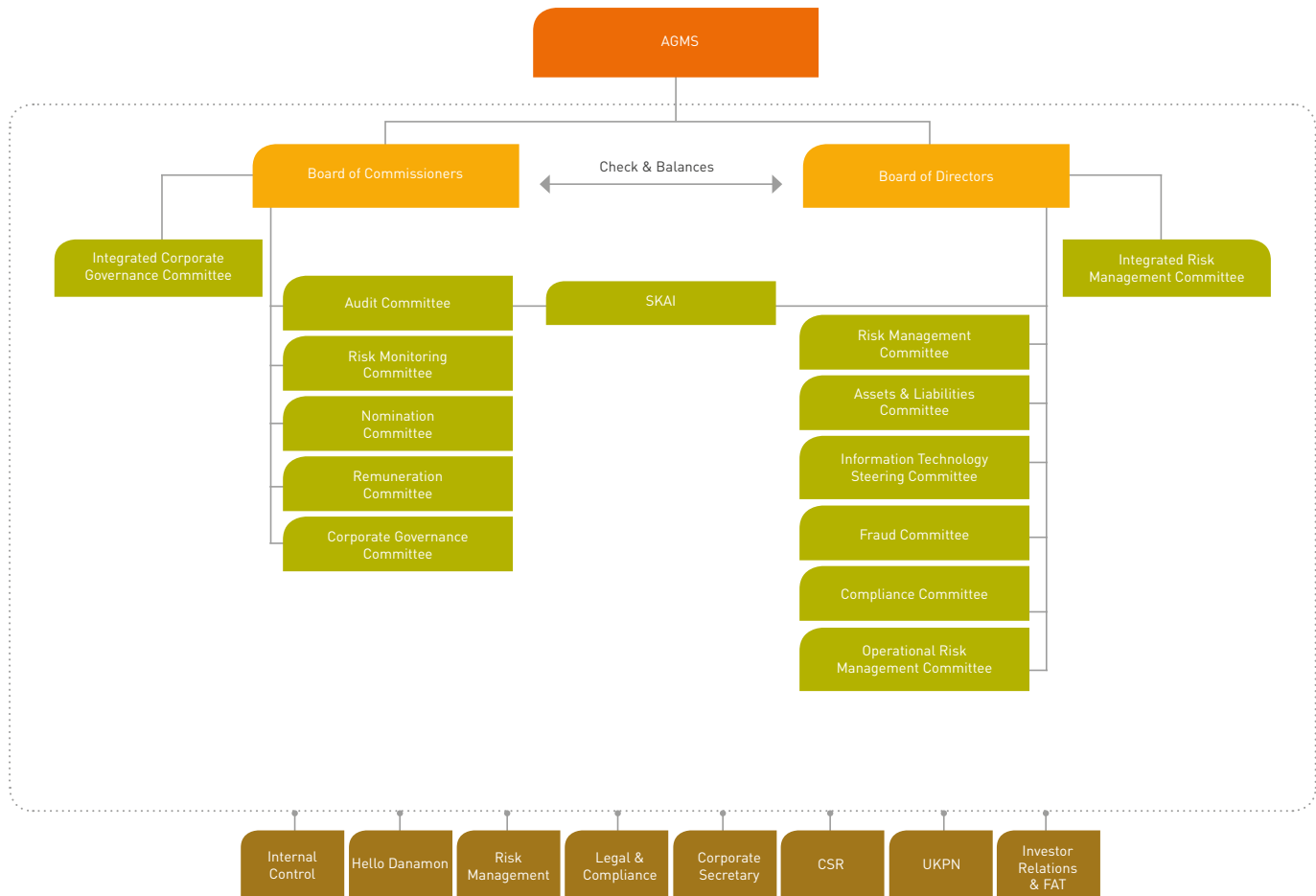
- d. Independency: The organs of Danamon perform their activities independently and objectively, as well as avoiding the influence of any dominant party. Danamon is committed to performing its businesses with professionalism.
- e. Fairness and equality: Danamon always ensures that the rights and interests of all shareholders, both majority and minority can be fulfilled. Danamon also always provides fair and equal treatment to all stakeholders.

Furthermore, Danamon as the Main Entity in a Financial conglomerate also prepared the Danamon Group Integrated Corporate Governance Policies that guide the implementation of good corporate governance for all entities within the Banking Group, the Bank and its subsidiaries.

Danamon's Corporate Governance Organs

Danamon's corporate governance structure is built to ensure that implementation of corporate governance in Danamon is applied systematically. Organs in the corporate governance structure have clear roles and responsibilities in order to support the principles of good corporate governance.

DANAMON CORPORATE GOVERNANCE STRUCTURE



Corporate Governance Implementation

Danamon's Corporate Governance is integrated with 3 (three) features of Corporate Governance; namely, structure, process and outcome, ensuring adequate governance structures and infrastructure, maximizing the effectiveness of the Corporate Governance implementation process, and matching outcome quality with stakeholder expectations.

| Governance Structure | Corporate Governance Process | Governance Outcomes |
|---|---|--|
| <ul style="list-style-type: none"> • Adequate in number, composition, criteria, and independence structure of the Board of Commissioners, Board of Directors, and Danamon committees in accordance with the needs of Danamon and regulations of Bank Indonesia and OJK. • spacing of committees in accordance with the regulation, Danamon maintains the Compliance Committee and Operation Risk Management Committee as part of Danamon GCG structure enhancement. Danamon as an entity of Danamon Group also established the Integrated Corporate Governance Committee and the Integrated Risk Management Committee. • Adequate roles, responsibilities and functions of Danamon organs are set forth in Policies, Guidance, Code of Conduct, Procedures, and management information systems and are already in place and support Danamon's operational activities. • Availability of Corporate Governance guidelines, risk management framework, sufficient internal control, sufficient compliance functions, and internal audit functions and assignment of external audits which meet requirements. • Availability of policies on the provision of funds to related parties, large exposures, conflict of interests, and transparency. • Strategic and business plans are in line with the vision and mission of Danamon. | <ul style="list-style-type: none"> • Adequate implementation of functions, roles, and responsibilities of Danamon organs, thus enabling optimization of supervision and control functions. • Replacement and appointment process for the Board of Commissioners, Board of Directors, and Committees. • Improving the competencies of the Board of Commissioners and Board of Directors through ongoing education and training. • Disclosure of affiliate transactions or conflict of interests by the Board of Directors and Board of Commissioners through a Letter of Declaration. • Provision of funds to the related parties and large credit exposures carried out through process of credit approval on normal and arms length basis. • Proper implementation of risk management so that potential risks may be well managed. • Transparent, comprehensive and accurate disclosure of financial, non financial and bank products. • Realistic, comprehensive and measurable strategic and business plans approved by the Board of Commissioners and communicated to the shareholders and at various levels within the organization. | <ul style="list-style-type: none"> • Positive Danamon performance which amongst other include profitability, efficiency, and capital. • Bank activities are free from the intervention of the owner or other related parties which may lead to conflict of interests. • Disclosure of financial and non-financial conditions as well as other important information are supported by Danamon's informative website and ease of access by stakeholders. • Sufficient level of compliance and risk management as well as follow-up of audit results. • Bank Business Plan indicates sustainable growth for the Bank and provides economic and non-economic benefits for the stakeholders. |

DANAMON'S CORPORATE GOVERNANCE IMPLEMENTATION REPORT

The 2015 preparation of Danamon's Corporate Governance report was one of the Bank's efforts in complying with the prevailing regulation and was part of its transparency responsibility in the application of corporate governance principles by Danamon. The preparation of this report has covered all the implementation aspects of corporate governance with reference to the provisions of Bank of Indonesia, OJK, ASEAN CG Scorecard and universally applicable corporate governance best practices.

SHAREHOLDERS

Shareholders are persons or legal entities whose names are recorded as shareholders in Danamon's register of shareholders. Shares of Danamon are shares in series A and series B. The number of series A shares issued is 22,400,000 with the number of series B shares being 9,562,243,365, giving a total series A and B of 9,584,643,365 shares.

Rights and Obligations of Shareholders

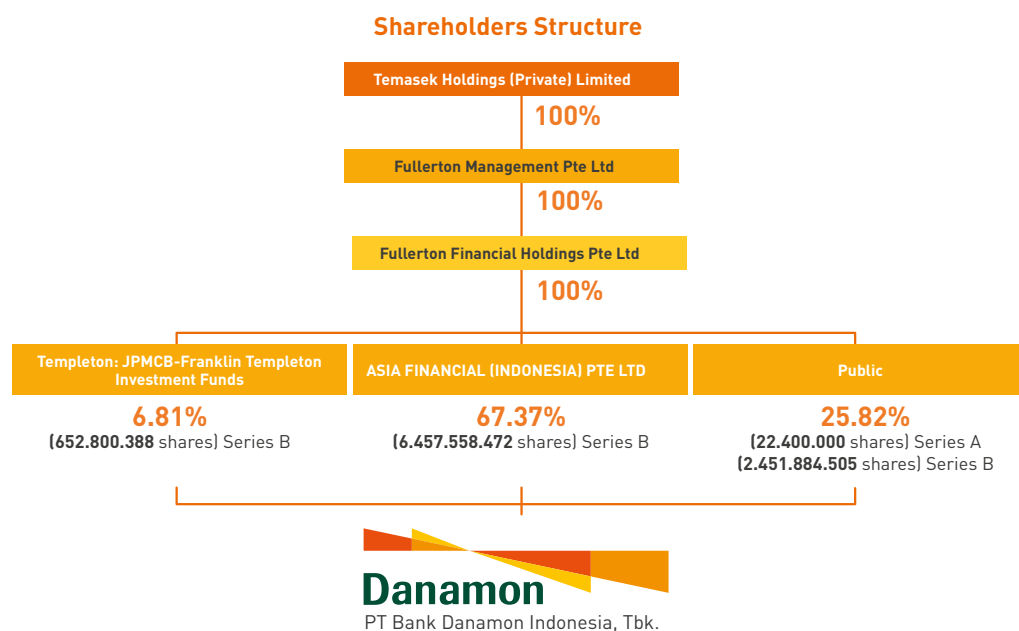
Series A and Series B shareholders have equal rights and obligations and the shares are not differentiated into preference or ordinary shares. Shareholders have the rights to participate in decision making related to changes in the Articles of Association and other changes related to the Company, rights to participate effectively and to exercise his/her votes in the General Meeting of Shareholders as well as rights to obtain information in relation to the General Meeting of Shareholders including agenda, code of conduct and procedures for voting. The rights and obligations are stipulated in detail in Danamon's Articles of Association which can be accessed through Danamon's website (www.danamon.co.id).

Danamon's Shareholder Structure

Composition of Shareholders as of December 31, 2015:

| Shareholders | Shareholders | | | | |
|---|--------------|-----------------|-------|---------------|-------------------|
| | Series | Value per Share | (%) | Shares | Value |
| Public | A | 50,000 | 0.23 | 22,400,000 | 1,120,000,000,000 |
| Public | B | 500 | 25.59 | 2,451,884,505 | 1,225,942,252,500 |
| JPMCB-FRANKLIN Templeton Investment Funds | B | 500 | 6.81 | 652,800,388 | 326,400,194,000 |
| Asia Financial (Indonesia) Pte. Ltd. | B | 500 | 67.37 | 6,457,558,472 | 3,228,779,236,000 |
| Total | | | 100 | 9,584,643,365 | 5,901,121,682,500 |

Main and Controlling Shareholders



Information on Ultimate or Controlling Shareholder

The Main shareholder of Danamon is Asia Financial (Indonesia) Private Ltd (“AFI”). AFI is a Singapore-based legal entity established on November 10, 1990 as an investment holding company under the name ENV Corporation (Private) Limited.

The controlling shareholder of Danamon is Temasek Holding Private Limited (“Temasek”), through Fullerton Management Private Limited and Fullerton Financial Holdings Private Limited. Temasek is an investment company domiciled in Singapore and owned by the Singaporean Ministry of Finance.

Detailed information about shareholders include the structure, composition, shareholders above 5% and the 20 largest shareholders, as well as the profile group of shareholders below 5%, can be viewed under the Company Profile in this Annual Report.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GMS) is an organ of the Bank which has exclusive authority not possessed by the Board of Commissioners and by the Board of Directors as set forth in the Articles of Association. Shareholders have the right to participate in the management of the Bank through the decision-making in the GMS. A GMS can be held at the request of shareholders who fulfill the necessary requirements.

Polling and Vote Count Mechanisms at General Meetings of Shareholders

Decision-making, voting and vote-counting procedures for an EGMS and AGMS are disclosed on the Danamon website and are read out by the Chairman of the meeting at the beginning of any GMS. Each shareholder or proxy of the shareholder has the right to ask questions and/or submit opinions to the chairman of the GMS before voting for each agenda.

In counting the votes, one share entitles the holder to 1 (one) vote. If one shareholder has more than 1 (one) share, he/she is asked to vote once only with that vote representing the total number of his/her shares. P. Soetrisno A. Tampubolon was appointed as the Notary Public and PT Raya Saham Registra was appointed as Registrar for determining quorum and vote counting.

In order to assist shareholders in obtaining information about a GMS as early as possible, the announcement and call/invitation of a GMS contains information about the date of the call, the date of shareholders eligible to attend GMS as well as entitled to propose an agenda, date, place, and time of a GMS.

During 2015, the Bank held 2 (two) GMS, an Extraordinary General Meeting of Shareholders was held on February 27, 2015 and the Annual General Meeting of Shareholders was held on April 7, 2015.

The EGMS 2015

The Extraordinary GMS

The Extraordinary General Meeting of Shareholders of Danamon was held on February 27, 2015 at Le Meridien Hotel, South Jakarta. The EGMS was held at a location easily accessible by shareholders and the domicile/Head Office of the Bank. Agenda of the Extraordinary Meeting of Shareholders were:

- Amendment to Article 11 paragraph 1 and paragraph 10, and to Article 13 paragraph 6 of the Articles of Association of Danamon
- Changes in the Bank’s Board of Directors.

The materials and agenda of the EGMS included explanations and rationale on each agenda item were disclosed on the Bank’s website on February 5, 2015 in conjunction with the date of the EGMS Invitation. Copies and physical documents of the materials and agenda of the EGMS are available at Danamon’s Office and also available at Danamon’s website.

The EGMS was opened by Ng Kee Choe, President Commissioner, and chaired by J.B. Kristiadi, Independent Vice President Commissioner of Danamon.

Notice, Announcement, Invitation and Submission of Results of the EGMS

| Notices of EGMS Plan to Regulator | EGMS Plan Announcement | Listing Date | Invitation | EGMS Results | |
|--|---|-----------------|--|--|--|
| | | | | Submission to Regulators | Publications |
| <ul style="list-style-type: none"> - Notice Letter to: the Financial Service Authority and Indonesia Stock Exchange (through E-Reporting) dated January 2, 2015 and revised on Friday dated January 9, 2015 | <ul style="list-style-type: none"> - Announced in Bisnis Indonesia, Investor Daily, and Jakarta Post newspaper dated January 21, 2015 - E-Reporting Indonesia Stock Exchange and SPE FSA dated January, 21 2015 - web site: www.danamon.co.id | 4 February 2015 | <ul style="list-style-type: none"> - Announced in Bisnis Indonesia, Investor Daily and Jakarta Post newspaper dated February 5, 2015 - E-Reporting of Indonesia Stock Exchange and SPE FSA dated February 5, 2015 - Website: www.danamon.co.id | <ul style="list-style-type: none"> - Reporting Letter to the Financial Service Authority, Indonesia Stock Exchange and Bank Indonesia dated February 27, 2015 - E-Reporting IDXNet and SPE FSA dated February 27, 2015 | <ul style="list-style-type: none"> - Announced in Bisnis Indonesia, Investor Daily, and The Jakarta Post dated March 2, 2015 - E-Reporting IDXNet and SPE FSA dated March 2, 2015 - website: www.danamon.co.id |
| <ul style="list-style-type: none"> - Notification shall be made 7 working days prior to the announcement | <ul style="list-style-type: none"> - The announcements were made 15 days prior to the Invitation for the EGMS | | <ul style="list-style-type: none"> - Invitation 21 days prior to the EGMS | <ul style="list-style-type: none"> - E-Reports submitted on the same day as the EGMS was held | <ul style="list-style-type: none"> - Publication of the results of the EGMS were announced one working day after the General Meeting of Shareholders |

Attendance of Shareholders, Board of Commissioners, Board of Directors, Audit Committee and Syariah Supervisory Board

Shareholders entitled to attend were those recorded in the Register of Danamon's Shareholders on 4 February 2015, namely 1 (one) working day prior to the date of the EGMS invitation. The EGMS was attended by shareholders or their proxies holding 8,847,487,077 shares, or 92.31% of 9,584,643,365 shares issued and paid up by the shareholders. Shareholders holding more than 2/3 of the total shares were present and has met/fulfilled the requirement of the quorum for the first agenda. Also, shareholders holding more than half of the total shares were present and has met/fulfilled the requirement of the quorum for the second agenda.

The Extraordinary General Meeting of Shareholders atau EGMS was attended by all members of the Board of Commissioners, all members of the Board of Directors and a member of the Syariah Supervisory Board. In addition, The EGMS was also attended by a Notary, representative of the Administrative Bureau of Securities and a Public Accountant.

Decisions and Results of The Extraordinary General Meeting of Shareholders 2015

The EGMS in 2015 made decisions on the two (2) items on the agenda proposed through the voting mechanism. All decisions made in the meeting were implemented in 2015 as outlined in the table below:

| First Agenda Item | | | | |
|---|---|------------------------------|-----------------------------------|-------------------------------|
| Details of contents of Agenda | | | | Realised |
| 1. Approved the amendments to the Articles of Association Article 11, paragraph 1, paragraph 10 and Article 13 paragraph 6. | | | | Have been realized |
| 2. To authorize the Board of Directors of the Company to sign any deeds which are required in connection with the resolutions of this Meeting and to submit a notice regarding the data changes to the Ministry of Law and Human Rights of Republic of Indonesia in order to obtain Receipt of notice on Company's data changes from the Ministry of Law and Human Rights of the Republic of Indonesia. | | | | |
| Voting Result | | | | |
| Result of voting card calculation | Against (a) | Abstain ¹⁾ (b) | Agree (c) | No Vote (d) |
| | 4,070,360 shares or 0.04% | 3,917,500 shares or 0.05% | 8,828,171,043 shares or 99.78% | 11,328,174 shares or 0.13% |
| | Total Agree Votes: 8,832,088,543 shares or 99.83% | | | |
| | e=(b+c) | | | |

| Second Agenda Item | | | | |
|--|---|--------------------------------|-----------------------------------|-------------------------------|
| Details of contents of Agenda | | | | Realised |
| 1. Accepted the retirement of Mr. Ho Hon Cheong as Director of the Bank effective as of the closing of this EGM and the resignation of Mr. Khoe Minhari Handikusuma as Director of the Bank effective October 31, 2014, to thank them for the services provided during their tenures; | | | | Have been realized |
| 2. Approved the appointment: | | | | |
| 1. Sng Seow Wah as President Director of the Company; and | | | | |
| 2. Muliadi Rahardja as Vice President Director of the Company. | | | | |
| Therefore, the composition of the Board of Directors is as follows: | | | | |
| President Director: Sng Seow Wah | | | | |
| Vice President Director: Muliadi Rahardja | | | | |
| Director: Vera Eve Lim | | | | |
| Director: Herry Hykmanto | | | | |
| Director: Kanchan Keshav Nijasure | | | | |
| Director (Independent): Fransiska Oei Lan Siem | | | | |
| Director: Pradip Chhadva | | | | |
| Director: Michellina Laksmi Triwardhanny | | | | |
| Director: Satinder Pal Singh Ahluwalia | | | | |
| Effective as of the close of the Meeting, except for: the appointment of Muliadi Rahardja effective since the enactment of changes to Articles of Association, Muliadi Rahardja resigned from his position as Director of the Company and at the same time was appointed as Vice President Director of the Company, and with his tenure ending at the adjournment of the second Annual General Meeting of the Shareholders for the Year ended at December 31, 2016, which will be convened at the latest in June 2017, without prejudice to the right of Annual General Meeting of Shareholder to dismiss him (them) at any time | | | | |
| 3. To authorize the Board of Directors of the Company to sign any deeds which are required in connection with the resolutions of this Meeting and to submit a notice regarding the data changes to the Ministry of Law and Human Rights of the Republic of Indonesia in order to obtain Receipt of notice on Company's data changes from the Ministry of Law and Human Rights of the Republic of Indonesia. | | | | |
| Voting Result | | | | |
| Result of voting card calculation | Against (a) | Abstain ¹⁾ (b) | Agree (c) | No Vote (d) |
| | 27,458,845 shares or 0.31% | 144,496,784 shares or 1.63% | 8,663,288,233 shares or 97.92% | 12,243,215 shares or 0.14% |
| | Total Agree Votes: 8,807,725,017 shares or 99.55% | | | |
| | e=(b+c) | | | |

Description:

¹⁾ Shareholders with voting rights present at the GMS but abstained in the voting are considered to have voted the same as the majority votes by the voting shareholders

Annual General Meeting of Shareholders (Annual GMS) 2015

The Annual GMS

The Annual General Meeting of Shareholders of Danamon was held on April 7, 2015 at Le Meredien Hotel, Jalan Jenderal Sudirman, South Jakarta. The Annual GMS was held at a location easily accessible by the shareholders and is the domicile/Head Office of the Bank.

The Materials and Annual General Meeting agenda included explanations and rationale of each agenda item and was disclosed on the Bank's website on March 16, 2015 in conjunction with date of the Invitation to the Annual General Meeting. Copies and physical documents of the content and agenda of the Annual General Meeting were available at the Bank's office and can be accessed on Danamon's website.

The Danamon Annual General Meeting was opened by Ng Kee Choe, President Commissioner of Danamon and chaired by J.B. Kristiadi, Independent Vice President Commissioner of Danamon.

Notice, Announcement, Invitation and Submission of Results of AGMS

In an effort to provide an opportunity for individual and institutional shareholders to participate actively in exercising their rights as shareholders Danamon announced and called for invitation to its GMS in both Indonesian and English through domestic newspapers with national coverage. In addition, the announcement and invitation were also uploaded on the Bank's and the Indonesia Stock Exchange's websites covering information on the rationale and explanation of each agenda item.

| Notice to Regulator of Plan for GMS | GMS Announcement | Listing Date | Invitation | GMS Resolutions | |
|---|---|---------------|---|--|--|
| | | | | Submission to Regulator | Publication |
| <ul style="list-style-type: none"> - Notification letter to the Financial Services Authority, Bank Indonesia, and the Indonesia Stock Exchange (through E-Reporting) on 18 February 2015 | <ul style="list-style-type: none"> - Announced in Bisnis Indonesia, Investor Daily, and The Jakarta Post dailies on 27 February 2015 - E-Reporting IDXNet and SPE OJK on 27 February 2015 - website: www.danamon.co.id | 13 March 2015 | <ul style="list-style-type: none"> - Announced in Bisnis Indonesia, Investor Daily, and The Jakarta Post dailies on 16 March 2015 - E-Reporting IDXNet and SPE OJK on 16 March 2015 - website: www.danamon.co.id | <ul style="list-style-type: none"> - Reporting letter to the Financial Services Authority, Indonesia Stock Exchange, and Bank Indonesia on 7 April 2015 - E-Reporting IDXNet and SPE OJK on 7 April 2015 | <ul style="list-style-type: none"> - Announced in Bisnis Indonesia, Investor Daily, and The Jakarta Post dailies on 8 April 2015 and advertisement of erratum on 9 April 2015 - E-Reporting IDXNet and SPE OJK on 8 April 2015 and on 9 April 2015 - website: www.danamon.co.id |
| <ul style="list-style-type: none"> - Notification conducted 5 working days prior to announcement | <ul style="list-style-type: none"> - Announcement conducted 16 working days prior to Invitation to GMS | | <ul style="list-style-type: none"> - Invitation conducted 21 days prior to the GMS | <ul style="list-style-type: none"> - Report submitted on the same day as the day of the GMS | <ul style="list-style-type: none"> - Publication of GMS results made 1 working day after the GMS |

Attendance of Shareholders, the Board of Commissioners, the Board of Directors, Audit Committee and the Syariah Supervisory Board at the Annual General Meeting of Shareholders

Those entitled to attend were those whose names were listed in the register of shareholders of the Bank as of March 13, 2015 which was 1 (one) working day before the invitation date of the AGMS. The AGMS was attended by shareholders or their proxies holding 8,834,977,570 shares, or 92.17% of the total 9,584,643,365 shares subscribed and paid up by the shareholders. Shareholders holding more than half of the total shares were present meaning that quorum for AGMS agenda items 1-5 was met while shareholders holding more than 2/3 of the total shares were present meaning that quorum for the sixth agenda was also met.

The Annual General Meeting was attended by all members of the Board of Commissioners, Board of Directors, Syariah Supervisory Board, and Audit Committee. The AGM was also attended by the appointed A Notary, Representative of the Administrative Bureau of Securities, and Public Accountant.

Decisions and Results of the 2015 AGMS

The 2015 Annual General Meeting 2015 decided on the six (6) proposed meeting agenda items through voting, and all of the decisions had been fully implemented by the end of 2015, as listed in the table below:

| First Agenda Item | | | | |
|---|----------------|--|---------------------------------|-----------------------------|
| Details of contents of Agenda | | | | Realised |
| 1. To approve the Annual Report of the Company for the year ended 31 December 2014; 2. To ratify the audited Financial Statements of the Company for the year ended 31 December 2014 that was audited by the Public Accountant Firm of Purwantono, Suherman & Surja, member of Ernst & Young Global Limited as stipulated in the Independent Auditor's Report of 16 January 2015, No. RPC-6597/PSS/2015 with an unqualified opinion; 3. To ratify the annual Supervisory Report of the Board of Commissioners of the Company for the year ended 31 December 2014; and 4. To grant full release and discharge ("volledig acquit et décharge") to: (i) the Board of Directors in their duties and responsibilities of managing and representing the Company; (ii) the Board of Commissioners in their duties and responsibilities of supervising and advising the Board of Directors, assisting the Board of Directors, and providing approval to the Board of Directors; and (iii) the Syariah Supervisory Board in their duties and responsibilities of supervision of the Company's business activities in accordance with the Syariah principles and of providing advise to the Board of Directors, which were undertaken in the period of the year ended 31 December 2014, provided that such implementation of duties and responsibilities are reflected in the Company's Annual Report for the year ended 31 December 2014. | | | | Has been realized |
| Voting Result | | | | |
| Result of voting card count | Against (a) | Abstain ¹⁾ (b) | In Favour (c) | No Vote (d) |
| | nil | 3,657,100 shares or 0.041% | 8,805,589,469 shares or 99.667% | 25,731,001 shares or 0.291% |
| | | Total Votes In Favour: 8,809,246,569 shares or 99.709% <small>e=(b+c)</small> | | |

| Second Agenda Item | | | | |
|--|----------------|---|---------------------------------|-----------------------------|
| Details of contents of Agenda | | | | Realised |
| Approved the appropriation of the Company's net profit for the year ended 31 December 2014 in a total of Rp 2,604,017,000,000 detailed as follows: 1. 1% of the net profit or Rp 26,040,170,000 to be set aside for the reserve fund to comply with Article 70 of Law Number 40 of 2007 on Limited Liability Companies; 2. 30% of the net profit or approximately in total amount of Rp 781,205,100,000 or Rp 81.50 per share, with the assumption that total issued shares of the Company at the Recording Date is not more than 9,584,643,365 shares, to be distributed as dividend for the year 2014, with the following provisions: a. The dividend shall be paid to the shareholders whose names are registered in the Shareholders' Registry on a date to be stipulated by the Board of Directors of the Company (further referred to as the "Recording Date"); b. The Board of Directors will deduct dividend tax for the year 2014 in accordance with the prevailing tax regulations to the shareholders c. The Board of Directors is hereby authorized and empowered to stipulate all matters regarding or relating to the implementation of dividend payment for the year 2014, including, but not limited to: 1) determine the Recording Date for the shareholders of the Company who are entitled to receive dividend payment for the year 2014; and 2) determine the date of implementing payment of dividend for the year 2014, taking into consideration and without prejudice to the regulations of the Stock Exchange where the shares of the Company are listed; The remaining amount of the Net Profit in 2014 which is not determined shall be posted as retained earnings of the Company. | | | | Has been realized |
| Voting Result | | | | |
| Result of voting card count | Against (a) | Abstain ¹⁾ (b) | In Favour (c) | No Vote (d) |
| | nil | 2,164,600 shares or 0.025% | 8,818,101,191 shares or 99.809% | 14,711,779 shares or 0.167% |
| | | Total Vote In Favour: 8,820,265,791 shares or 99.833% <small>e=(b+c)</small> | | |

Third Agenda Item

| Details of contents of Agenda | | Realised | | |
|---|---|------------------------------|---------------------------------|-----------------------------|
| To appoint Purwanto, Suherman & Surja, member of Ernst & Young Global Limited as Public Accountant Firm registered with the Financial Services Authority to audit the Company's financial statements for the year 2015. | | Has been realized | | |
| Voting Result | | | | |
| Result of voting card count | Against (a) | Abstain ¹⁾ (b) | In Favour (c) | No Vote (d) |
| | 2,166,620 shares or 0.025% | 147,038,900 shares or 1.664% | 8,645,534,961 shares or 97.856% | 40,237,089 shares or 0.455% |
| | Total Votes In Favour: 8,792,573,861 shares or 99.52% <small>e=(b+c)</small> | | | |

Fourth Agenda Item

| Details of contents of Agenda | | Realised | | |
|--|---|------------------------------|---------------------------------|-----------------------------|
| 1. a. Approved payment of tantieme/bonus which will be distributed to the members of the Board of Commissioners of the Company for the year 2014 in the total amount of Rp7,031,000,000 gross; b. Approved total amount of remuneration and other allowances for members of the Board of Commissioners of the Company for the year 2015 at Rp10,928,588,161 gross; c. Approved delegation of authority to the President Commissioner of the Company to determine amount of tantieme/bonus for the year 2014 and the remuneration/honorarium and any other allowance for the year 2015 for each member of the Board of Commissioners of the Company, based on the recommendation of Remuneration Committee No.B.02-KR dated 25 February 2015. | | Has been realized | | |
| 2. a. Approved the payment of tantieme/bonus which will be distributed to the Syariah Supervisory Board of the Company for the year 2014 in the total amount of Rp60,000,000 gross; b. Approved total amount of remuneration and other allowances for the Syariah Supervisory Board of the Company for the year 2015 at Rp671,488,006 gross; c. Approve the delegation of authority to the Board of Commissioners of the Company to determine portion of tantieme/bonus for the year 2014 and the remuneration/honorarium and any other allowance for the year 2015, based on the recommendation of Remuneration Committee No.B.03-KR adted 25 February 2015. | | | | |
| 3. a. Approved total payment of tantieme which will be distributed to the Board of Directors of the Company for the year 2014 at Rp22,274,000,000 gross; b. Approved total amount of remuneration/honorarium and other allowances for the Board of Directors for the year 2105 at Rp43,160,891,699 gross; c. Approved delegation of authority to the Board of Commissioners of the Company to determine portion of tantieme for the year 2014 and the remuneration/honorarium and other allowances for the year 2015 for each member of the Board of Directors, based on the recommendation of the Remuneration Committee No.B.01-KR dated 25 February 2015. | | | | |
| Voting Result | | | | |
| Result of voting card count | Against (a) | Abstain ¹⁾ (b) | In Favour (c) | No Vote (d) |
| | 742,406 shares or 0.008% | 29,830,200 shares or 0.338% | 8,783,435,710 shares or 99.417% | 20,969,254 shares or 0.237% |
| | Total vote In Favour: 8,813,265,910 shares or 99.755% <small>e=(b+c)</small> | | | |

Fifth Agenda Item

| | |
|---|-------------------|
| Details of Contents of Agenda | Realized |
| 1. a. Accepted resignation of Andriaan Laoh as Commissioner (Independent) of the Company effective 13 October 2014, with expression of thanks for services rendered by him during his tenure; | Has been realized |
| b. Approved appointment of Emirsyah Satar as Commissioner (Independent) effective as of the date of passing the fit and proper test from the Financial Services Authority. | |

Therefore the composition of the members of the Company's Board of Commissioners is as follows:

BOARD OF COMMISSIONERS

President Commissioner: Ng Kee Choe;
 Vice President Commissioner (Independent): Professor Dr. Johannes Berchmans Kristiadi Pudjosukanto
 Commissioner: Gan Chee Yen;
 Commissioner (Independent): Manggi Taruna Habir;
 Commissioner: Ernest Wong Yuen Weng;
 Commissioner (Independent): Made Sukada;
 Commissioner (Independent): Emirsyah Satar¹⁾.

¹⁾Effective as of the date of passing the fit and proper test from OJK

with the tenure ended at the close of the second Annual General Meeting of Shareholders following this Meeting, which will be convened at the latest in June 2017, without prejudice to the rights of Annual General Meeting of Shareholder to dismiss him (them) at any time;

2. Authorized Board of Directors to sign any deeds which are required in connection with the resolutions of this Meeting and to submit a notice regarding the data changes to the Ministry of Law and Human Rights of the Republic of Indonesia in order to obtain Receipt of Notice on Company's data changes from the Ministry of Law and Human Rights of the Republic of Indonesia.

| Result of voting card count | Voting Result | | | No Vote (d) |
|-----------------------------|--------------------------|--|---------------------------------|-----------------------------|
| | Against (a) | Abstain ¹⁾ (b) | In Favour (c) | |
| | 660,000 shares or 0.007% | 17,353,200 shares or 0.196% | 8,781,556,303 shares or 99.395% | 35,408,067 shares or 0.401% |
| | | Total vote In Favour: 8,798,909,503 shares or 99.592% e=(b+c) | | |

Sixth Agenda Item

| | |
|--|-------------------|
| Details of contents of Agenda | Realised |
| 1. a. Approved amendments of several articles in the Company's Articles of Association, reflecting adjustments with Regulation of the Financial Services Authority, which will be in effect from the date of issuance of the receipt of notice on the amendments to the Articles of Association from the Ministry of Law and Human Rights of the Republic of Indonesia as stipulated in Article 23 sub-article (2) of Law No. 40 Year 2007 on Limited Liability Companies; and | Has been realized |
| b. Reaffirmed all articles and sub-articles in the Articles of Association that were not so amended in this Meeting, which have been in effect since the date of the letter of approval of the amendment to the Articles of Association and the date of the Receipt of notice on the amendments to the Company's Articles of Association from the Ministry of Law and Human Rights of the Republic of Indonesia as stipulated in Article 23 sub-article (1) and sub-article (2) Law No. 40 Year 2007 on Limited Liability Companies. | |
| 2. Authorized Board of Directors of the Company to sign any deeds which are required in connection with the resolutions of this Meeting and to submit a notice regarding the amendments to the Articles of Association of the Company to the Ministry of Law and Human Rights of the Republic of Indonesia in order to obtain Receipt of notice on the amendments to the Company's articles of association from the Ministry of Law and Human Rights of the Republic of Indonesia. | |

| Result of voting card count | Voting Result | | | No Vote (d) |
|-----------------------------|----------------|--|---------------------------------|-----------------------------|
| | Against (a) | Abstain ¹⁾ (b) | In Favour (c) | |
| | nil | 17,353,200 shares or 0.196% | 8,791,457,584 shares or 99.507% | 26,166,786 shares or 0.296% |
| | | Total vote In Favour: 8,808,810.784 shares or 99.704% e=(b+c) | | |

Notes:

¹⁾ Shareholders with voting rights present at the GMS but abstaining in the vote are considered to vote the same as the majority votes by the voting shareholders

²⁾ Net income is the net income that can be attributed to owners of the parent entity

THE BOARD OF COMMISSIONERS

The Board of Commissioners is the Bank's organ responsible for conducting general and/or specific supervision in accordance with the Articles of Association and for advising the Board of Directors. The Board of Commissioners implementation is conducted independently.

Members of the Board of Commissioners are appointed by the GMS based on the recommendations of the Nomination Committee through the Board of Commissioners. Pursuant to Danamon's Articles of Association, the appointment is effective from the date specified in the GMS and will end at the conclusion of the third GMS after the date of appointment. In the event of an addition and/or replacement of a member of the Board of Commissioners, the Term of Office of that member begins on the date specified by the GMS and ends on the same date as those of other members. The appointment of members of the Board of Commissioners is considered effective following the approval of a Fit and Proper Test by the Financial Services Authority (FSA).

Danamon's Board of Commissioner's responsibilities and authorities are clearly defined in Danamon's Articles of Association, and are in compliance with the prevailing laws and regulations.

Charter of the Board of Commissioners

The Board of Commissioners' Charter are prepared based on prevailing regulations, including those of Bank Indonesia, the FSA and international best practices which includes matters of a legal nature, structure and membership, concurrent position, independent commissioner, term of service, resignation, duties and responsibilities of the President Commissioner, authorities, work ethics, meeting arrangements, transparency and reporting.

Board of Commissioners Work Ethics

The Board of Commissioners Work Ethics include:

- a. The Board of Commissioners shall be subject to the Bank's Code of Ethics and other prevailing banking regulations.
- b. The Board of Commissioners is prohibited from taking advantage of the Bank other than remuneration and facilities as set forth by GMS for their personal benefit, family and/or other parties, that may hurt or diminish profit or reputation of the Bank and its subsidiaries.
- c. Members of the Board of Commissioners are prohibited from taking and/or receiving personal benefit from the Bank, other than the remuneration and other facilities set forth in the General Meeting of Shareholders.
- d. Members of the Board of Commissioners are prohibited from directly or indirectly making false statements or not revealing material facts.

Duties, Responsibilities and Authorities of the Board of Commissioners

Duties and responsibilities of the Board of Commissioners include:

- a. Ensuring the implementation of good corporate governance in every activity at all levels of the Bank's businesses and corporate organizational hierarchy including its subsidiaries.
- b. Evaluating integrated corporate governance guidelines in order to be on course for improvements.
- c. Supervising the performance of duties and responsibilities of the Board of Directors, as well as providing recommendation and/or advice to the Board of Directors.
- d. Directing, monitoring and evaluating implementation of the Bank's strategic policies.
- e. Not involved in decision making of the Bank's operational activities, except in the event of provision of funds to related parties and other matters as set forth by the Bank's Articles of Association and prevailing laws.

- f. Periodically re-evaluating and approving the Vision and Mission of the Bank.
- g. Forming Audit, Risk Monitoring, Remuneration, Nomination, Corporate Governance and Integrated Corporate Governance Committees and evaluating performance of these committees.
- h. Ensuring that the Board of Directors has followed up on audit findings and recommendations from the Bank's Internal Audit Unit and external auditor, and on supervisory results of Bank Indonesia and/or the Financial Services Authority and/or the results of other regulators.
- i. Making Recommendations on improvements or suggestions as proposed by the Audit Committee and submitting it to the Directors.
- j. Informing Bank Indonesia and/or the Financial Services Authority at the latest 7 working days from the detection of:
 - Any violation of laws and regulations in finance and banking.
 - A state or supposition of circumstances that could jeopardize the Bank's business.
- k. Monitoring and evaluating the Information Technology Strategic Plan, including reviewing policies and procedures of risk management in regard to the Bank's information technology, as proposed by the Board of Directors.
- l. Preparing, reviewing and renewing of the Board of Commissioners periodically. The guidelines and work ethics of the Board of Commissioners are available on the Danamon website.
- m. Improving competencies through continuous education and training.
- n. Allocating sufficient time for effective implementation of its duties and responsibilities.

Duties and responsibilities of the President Commissioner

- a. The President Commissioner leads the Board of Commissioners in performing supervision and assurance.

- b. The President Commissioner leads and determines the urgency related to an invitation to the Board of Commissioners meeting to be conducted in less than 5 (five) days time.

Authorities of the Board of Commissioners

In undertaking its supervisory functions, the Board of Commissioners exerts the following authorities:

- a. The Board of Commissioners is authorized to access the documents, data, and information about employees, funds, assets, and Danamon's resources.
- b. In carrying out its duties and responsibilities, the Board of Commissioners is authorized to communicate directly with employees, Directors and other parties.
- c. If necessary the Board of Commissioners has the authority to engage independent parties other than members of the Board of Commissioners to assist in carrying out their duties.
- d. The Board of Commissioners is authorized to carry out other authorities as granted by the Articles of Association of Danamon and the prevailing laws and regulations.
- e. Conducting supervision of management policy, management in general, in relation to Danamon as well as to Danamon's businesses and to advise the Board of Directors;
- f. Based on the Board of Commissioners meeting, the Board of Commissioners may temporarily dismiss a member of the Board of Directors from his/her position by stating the reasons thereof, as stipulated in the prevailing laws and regulations;
- g. Conduct a GMS at the latest 45 (forty-five) days after the temporary dismissal of the member of the Board of Directors, considering the announcement and invitation period, as defined in the prevailing laws and regulations and Danamon's Articles of Association;

- h. In the event that all members of the Board of Directors are temporarily dismissed or due to the fact that there is no member of the Board of Directors managing the office for whatever reason, the Board of Commissioners shall manage Danamon temporarily and act on behalf of Danamon. The Board of Commissioners has the right to appoint one or more members to carry out this authority on behalf of the Board of Commissioners, by following the prevailing laws and regulations;
- i. The Board of Commissioners has the authority to set limitations on management by the Board of Directors;
- j. The Board of Commissioners shall provide prior approval to the Board of Directors or sign related documents for one or more actions from time to time, without limiting the provisions of the prevailing laws and regulations regarding the following Board of Directors activities:
- 1) Lending money or providing credit facilities or other banking facilities that represent or result in borrowing money:
 - To related parties as stipulated in Bank Indonesia regulations regarding Lending Limit of Commercial banks, or
 - Exceeding the amount that from time to time will be determined by the Board of Commissioners, or
 - 2) Binding Danamon as a guarantor or debt underwriter (borgtocht), or in any other way encumbering it with the payment obligations of another party:
 - As related parties as stipulated in the Bank Indonesia regulation regarding Lending Limits of Commercial banks, or
 - Exceeding the amount that from time to time will be determined by the Board of Commissioners, or;
 - 3) Establishing a new entity, to form or increase ownership (except for the increase in ownership related to the issuance of stock dividends or bonus shares, or related to loan restructuring efforts), or reducing ownership in other entities, without prejudice to the approval of the authority;
 - 4) Borrowing money from another party or receiving a credit facility or other banking facilities which result in lending money that exceeds the amount determined from time to time by the Board of Commissioners to the other party;
 - 5) Writing-off or charging off the Bank's receivables that exceed the amount determined from time to time by the Board of Commissioners from the books;
 - 6) Changing/passing down or releasing Danamon's rights to collect Bank receivables that were written off and that exceeded the amount determined from time to time by the Board of Commissioners;
 - 7) Selling, changing or releasing the rights, or collateralizing and/or offering the Bank's property, either in a single transaction or in multiple transactions that stand alone or are related to one another, in an amount which is from time to time determined by the Board of Commissioners (without prejudice to the regulations in Danamon's Articles of Association).

Diversity Policy on Composition of the Board of Commissioners

Danamon is a company that emphasizes equal opportunity for everyone by stressing professionalism. Danamon appreciates and respects any differences in viewpoints, knowledge, skills and experience of each individual, and does not discriminate against race, ethnicity, gender and religion.

Danamon's diversity policy is used as a consideration in the process of nomination and succession of the Board of Commissioners by taking into account the knowledge, skills and experience relevant to the needs of the company, thus obtaining the optimal composition of the Board of Commissioners.

Balance and depth of knowledge, expertise and experience is a consideration in determining an optimal composition of the Board of Commissioners and which in turn is expected to optimize decision making and enhance the performance of the Company.

Nomination Policy of the Board of Commissioners

Members of the Board of Commissioners consist of individuals who are qualified and meet the requirements and are able to represent the interests of all stakeholders and as such, a nomination policy for the Board of Commissioners is required.

A candidate identification process is carried out by the Nomination Committee. The Nomination Committee in this process may retain the services of third parties (search firms). The Nomination Committee identifies, interviews, and selects candidates who meet the requirements as well as performing background and reference checks. In identifying suitable candidates, the Nomination Committee will consider the knowledge, skills and professional experience, as well as the diversity of the composition without discriminating against race, ethnicity, gender and religion.

The Nomination Committee proposes selected candidates to the Board of Commissioners for approval and ratification by the General Meeting of Shareholders. The Nomination Committee will also conduct an evaluation of all members of the Board of Commissioners who will be reappointed at the General Meeting of Shareholders.

Composition, Criteria, Independence and Concurrent Positions of Board of Commissioners Members

Board of Commissioners Composition and Criteria

The composition of the Board of Commissioners as of December 2015 was:

1. President Commissioner: Ng Kee Choe
2. Vice President Commissioner/Independent: J.B. Kristiadi
3. Commissioner: Gan Chee Yen
4. Independent Commissioner: Manggi T. Habir
5. Commissioner: Ernest Wong Yuen Weng
6. Independent Commissioner: Made Sukada
7. Independent Commissioner: Emirsyah Satar

The total does not exceed the total number of members of the Board of Directors; namely, seven members, and is in compliance with Bank Indonesia and FSA regulations. Four out of the 7 members of the Board of Commissioners or more than 50% are Independent Commissioners. The majority or 57% (fifty seven percent) of the members of the Board of Commissioners are Indonesian citizens and are domiciled in Indonesia.

Data on the appointment of Commissioners

| Name | Position | MS Date | Effective Date (BI/FSA Approval) | Appointment | Appointment Period | Domicile |
|--------------------------|---|---------------|-------------------------------------|---|-----------------------|-----------|
| Ng Kee Choe | President Commissioner | 22 May 2006 | 24 May 2006 | 2006 – 2008 2008 – 2011 2011 – 2014 2014 – 2017 | 4X | Singapore |
| J.B. Kristiadi | Vice President Commissioner (Independent) | 9 May 2005 | 5 December 2005 | 2005 – 2008 2008 – 2011 2011 – 2014 2014 – 2017 | 4X | Indonesia |
| Gan Chee Yen | Commissioner | 16 June 2003 | 21 October 2003 | 2003 – 2005 2005 – 2008 2008 – 2011 2011 – 2014 2014 – 2017 | 5X | Singapore |
| Manggi T. Habir | Commissioner (Independent) | 9 May 2005 | 22 July 2005 | 2005 – 2008 2008 – 2011 2011 – 2014 2014 – 2017 | 4X | Indonesia |
| Ernest Wong Yuen Weng | Commissioner | 29 April 2010 | 14 September 2010 | 2010 – 2011 2011 – 2014 2014 – 2017 | 3X | Singapore |
| Made Sukada | Commissioner (Independent) | 7 May 2014 | 8 August 2014 | 2014 – 2017 | 1X | Indonesia |
| Emirsyah Satar | Commissioner (Independent) | 7 April 2015 | 15 October 2015 | 2015 – 2017 | 1X | Indonesia |

The reappointment of J.B. Kristiadi as Vice President Commissioner and Independent Commissioner and Manggi T. Habir as Independent Commissioner in the 2014 Annual GMS was necessary in order to maintain continuity and the smooth implementation of the monitoring process, and is not contrary to the Indonesia Stock Exchange Directorial Decision No. Kep-00001/BEI/01-2014 which stipulates that the term of office of the Independent Commissioners is at most two (2) consecutive terms since the enactment of the Indonesia Stock Exchange Directorial Decision.

Criteria for Independent Commissioners

- a. In addition to meeting the provisions as a Commissioner, an Independent Commissioner must meet the following requirements:
- 1) Does not have any financial, management, stock ownership, and/or family relationships with other Commissioners, Directors and/or controlling shareholders, or any relationship with Danamon which may affect his/her ability to act independently.
 - 2) He/she is not a person who has worked or had authority and responsibility for planning, directing, controlling, and supervising Danamon's activities during the previous 1 (one) year period; except for re-appointment as an Independent Commissioner for a subsequent period
 - 3) Does not own, either directly or indirectly, shares in Danamon
 - 4) Is not affiliated with Danamon, other Commissioners, Directors or Danamon main shareholders; and
 - 5) Does not have, either a direct or indirect, business relations with Danamon's business activities.

- b. Term of office is at most 2 (two) consecutive terms.
- c. A former member of the Board of Directors or executive officers of the Bank or the parties who have a relationship with the Bank, which could affect its ability to act independently cannot be an Independent Commissioner of Danamon, before undergoing a cooling off period of 1 (one) year. However, this provision does not apply to former Directors or executive officers whose job has been conducting supervisory functions for at least 1 (one) year.

Independency Statement by Independent Commissioners

Each Independent Commissioner declares his/her Independency through a Declaration Statement on a periodic basis.

| Statement of Independent Commissioner | Danamon's Independent Commissioners | | | |
|---|-------------------------------------|-----------------|-------------|----------------|
| | J.B. Kristiadi | Manggi T. Habir | Made Sukada | Emirsyah Satar |
| Does not have a financial, management, ownership and/ or is related to members of the Board of Commissioners, Directors and/or controlling shareholders or a relationship with Danamon, which could affect its ability to act independently | √ | √ | √ | √ |
| Originating from outside the Bank | √ | √ | √ | √ |
| Not someone who has worked or has had authority and responsibility for planning, directing, controlling, or supervising the activities of the Bank within a one year period | √ | √ | √ | √ |
| Does not have a business relationship connected with the activities of Danamon directly or indirectly | √ | √ | √ | √ |

Independency of members Board of Commissioners

All members of the Board of Commissioners who currently serve have no family relationship to the second degree with members of the Board of Commissioners, Board of Directors as well as the controlling shareholders. The majority of members of the Board of Commissioners do not have any financial relationships with controlling shareholders and all the members of the Board of Commissioners do not have any financial relationship with the Board of Commissioners and Board of Directors.

Affiliated relationship between Commissioners, Directors and the Controlling Shareholders

| BOC | Family Relationship With | | | | | | Financial Relationship With | | | | | |
|---|--------------------------|----|-----|----|--------------------------|----|-----------------------------|----|-----|----|--------------------------|----|
| | BOC | | BOD | | Controlling Shareholders | | BOC | | BOD | | Controlling Shareholders | |
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| Ng Kee Choe President Commissioner | - | √ | - | √ | - | √ | - | √ | - | √ | √ | - |
| J.B. Kristiadi Vice President Commissioner (Independent) | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Gan Chee Yen Commissioner | - | √ | - | √ | - | √ | - | √ | - | √ | √ | - |
| Manggi T. Habir Commissioner (Independent) | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Ernest Wong Yuen Weng Commissioner | - | √ | - | √ | - | √ | - | √ | - | √ | √ | - |
| Made Sukada Commissioner (Independent) | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Emirsyah Satar Commissioner (Independent) | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |

Commissioners' Concurrent Positions

Members of the Board of Commissioner may only assume concurrent positions as:

- A commissioner, director or executive officer in a non financial institution or company, or
- A commissioner, director or executive officer who performs a supervisory role in a non-bank subsidiary company controlled by Danamon.
- Serving in an organization or non-profit organization as long as he/she does not neglect duties and responsibilities as a commissioner.

Not considered to be holding a concurrent position when non-independent members of the Board of Commissioners conduct functional duties of the legal entities shareholders in the business group, at no more than 4 (four) other public companies.

Current members of the Board of Commissioners do not hold concurrent positions other than those specified by Bank Indonesia/FSA regulations. The following is a list of the Board of Commissioners' positions, as of 31 December 2015:

| Name | Position in Bank Danamon | Position in Other Companies |
|-----------------------|---|---|
| Ng Kee Choe | President Commissioner | <ul style="list-style-type: none"> - Director/Chairman CapitaLand Limited - Director/Chairman Ausnet Services (Distribution, Transmission, RE) - Director Fullerton Financial Holdings - Trustee Temasek Trust - Member of International Advisory Council China Development Bank - Chairman Tanah Merah Country Club |
| J.B. Kristiadi | Vice President Commissioner (Independent) | <ul style="list-style-type: none"> - Member of the Board of Commissioners of PT Citra Tubindo - Member of the Independent Team for Bureaucratic Reforms at the Ministry of State Apparatus Empowerment and Bureaucratic Reforms |
| Gan Chee Yen | Commissioner | <ul style="list-style-type: none"> - Chairman Fullerton India CreditCo. Ltd. - Chairman Fullerton Credit (Sichuan) Ltd. - Chairman Fullerton Credit (hubei) Ltd. - Chairman Fullerton Credit (Chongqing) Ltd. - Board Member Fullerton Financial Holdings Pte. Ltd. - Board Member Dunia Finance LLC - Board Member CEI Contract Manufacturing Ltd. - Board Member ST Asset Management Ltd. - Board Member ACR Capital Holdings Pte. Ltd. - Board Member Clifford Capital Pte. Ltd. - Vice Chairman Cambodia Post Bank PLC - Board Member Surbana Jurong Private Limited (formerly known as TJ Holdings (II) Pte. Ltd.) |
| Manggi T. Habir | Commissioner (Independent) | <ul style="list-style-type: none"> - President Commissioner of PT Asuransi Adira Dinamika - Chairman of Supervisory Board of Danamon Peduli Foundation - Advisor PT Avrist Life Insurance |
| Ernest Wong Yuen Weng | Commissioner | <ul style="list-style-type: none"> - Chairman Fullerton Financial Holdings Pte. Ltd. - Chairman A. Menarini Asia-Pacific Holdings - Board Trustee Nanyang Technological University - Board Member Pavilion Capital Holding Pte. Ltd. |
| Made Sukada | Commissioner (independent) | <ul style="list-style-type: none"> - Member of Supervisory Board of Danamon Peduli Foundation |
| Emirsyah Satar | Commissioner (independent) | <ul style="list-style-type: none"> - President Commissioner PT Solusi Ecommerce Global (Mataharimall.com) - Board of Advisory/Executive Director (No Legal Appointment as Director or Commissione) - Honorary Advisor at the Ministry of Tourism |

In addition, Commissioners may also serve as members of a maximum of 5 committees at other Public Companies where they also serve as commissioners or directors.

| BOC | Membership in the Committees under the Board of Commissioners as of 31 December 2015 | | | | | |
|---|---|---------------------------------|---------------------------|-------------------------|--------------------------------------|--|
| | Audit Committee | Risk Monitoring Committee | Remuneration Committee | Nomination Committee | Corporate Governance Committee | Integrated Corporate Governance Committee *) |
| Ng Kee Choe President Commissioner | - | - | √ Member | √ Member | - | - |
| J.B. Kristiadi Vice President Commissioner (Independent) | √ Member | - | √ Chairman | √ Chairman | - | - |
| Gan Chee Yen Commissioner | - | √ Member | √ Member | - | - | - |
| Manggi T. Habir Commissioner (Independent) | √ Member | √ Chairman | √ Member | - | √ Member | √ Member |
| Ernest Wong Yuen Weng Commissioner | - | - | - | √ Member | √ Member | √ Member |
| Made Sukada Commissioner (Independent) | - | √ Member | - | √ Member | √ Chairman | √ Chairman |
| Emirsyah Satar Commissioner (Independent) | √ Chairman | √ Member | √ Member | √ Member | - | - |

*) The membership of Board of Commissioners' members in the Integrated Corporate Governance Committee does not count towards the maximum limit of membership in committees as set forth in FSA Regulation No.18/POJK.03/2014 dated 18 November 2014 on Implementation of Integrated Governance in Financial Conglomeration.

Share Ownership of Commissioners

As required by Personal Investment Policy Decision Number: DIR-CORP.SEC-014 dated 16 December 2013, Members of the Board of Commissioners shall report any transaction involving the Bank's and its subsidiaries' securities transactions to the Corporate Secretary a minimum of 1 (one) business day prior to the transaction and within 1 (one) business day after the transaction is completed. Commissioners shall also periodically to the Corporate Secretary regarding the share ownership in Danamon or other companies.

Danamon's Independent Commissioners shall not directly or indirectly own shares as specified in the Bank BOC Charter. The following is the list of direct or indirect share ownership of members of the Bank Board of Commissioners:

Share Ownerships in Danamon

| No | Names of Members of the Board of Commissioners | As of 31 December 2015 | | As of 31 December 2014 | |
|----|---|------------------------|----------|------------------------|----------|
| | | Direct | Indirect | Direct | Indirect |
| 1 | Ng Kee Choe | - | 94,275 | - | 94,275 |
| 2 | J.B. Kristiadi | - | - | - | - |
| 3 | Gan Chee Yen | - | - | - | - |
| 4 | Manggi T. Habir | - | - | - | - |
| 5 | Ernest Wong Yuen Weng | - | - | - | - |
| 6 | Made Sukada | - | - | - | - |
| 7 | Emirsyah Satar | - | - | - | - |

There is no direct or indirect Danamon shares transaction throughout 2015 done by BoC members.

Share Ownership in other Banks/Companies

| Name of Members of The BoC | Other Bank | Non Bank Financial Institution | Other Company | Description |
|--|---|--------------------------------|---|--|
| Ng Kee Choe President Commissioner | - | - | - | - |
| J.B. Kristiadi Vice President Commissioner (Independent) | - | - | - | - |
| Gan Chee Yen Commissioner | - | - | - | - |
| Manggi T. Habir Commissioner (Independent) | - | - | - | - |
| | | | | Company Domicile: Singapore |
| Ernest Wong Yuen Weng Commissioner | - | - | Ewong Pte Ltd Amount of shares owned 50,000 | Percentage of share ownership: 100% Registered under the name: Ernest Wong Yuen Weng & Paulina Wong |
| | PT Bank Tabungan Negara Persero amount of shares owned 62,500 | - | - | Percentage of share ownership PT Bank Tabungan Negara Persero 0.0006%. |
| | - | - | PT Ace Hardware Indonesia, amount of shares owned 140,000 | Percentage of share ownership PT Ace Hardware Indonesia Persero 0.0008%. |
| | - | - | PT Ciputra Development, amount of shares owned 75,000 | Percentage of share ownership PT Ciputra Development Persero 0.0005%. |
| | - | - | PT Ciputra Property, amount of shares owned 70,000 | Percentage of share ownership PT Ciputra property 0.0001%. |
| Made Sukada Commissioner (Independent) | - | - | PT Waskita Raya, amount of shares owned 100,000 | Percentage of share ownership PT Waskita Raya 0.001%. |
| | - | - | PT Sumarecon Agung, amount of shares owned 100,000 | Percentage of share ownership PT Sumarecon Agung 0.001%. |
| | - | - | PT Perusahaan Gas Negara (Persero), amount of shares owned 20,000 | Percentage of share ownership PT Perusahaan Gas Negara Persero 0.00008%. |
| | - | - | PT Alam Sutra Realty, amount of shares owned 100,000 | Percentage of share ownership PT Alam Sutra Realty 0.0005%. |
| | - | - | PT Agung Podomoro Land, amount of shares owned 150,000 | Percentage of share ownership PT Agung Podomoro Land 0.0007%. |
| Emirsyah Satar Commissioner (Independent) | - | - | PT Citra Bali Sarana, amount of shares owned 250 | Percentage of share ownership PT Citra Bali Sarana 3.57% |

BoC Meetings and Joint Meetings of BoC and BoD

The meetings discuss matters based on a previously agreed agenda. Decisions during the meetings are made by deliberation and consensus. The meetings in 2015 proceeded with no dissenting opinions in the decision making process. The Meetings were attended either physically or through teleconference by the members of the Board of Commissioners and met the meeting quorum. Information about the schedule, agenda, materials, results and minutes of meetings held in 2015 has been distributed to all participants and have been well documented.

Meeting Policy

- a. BoC Meetings are to be held at least once every 2 months in line with the Bank's needs.
- b. Joint Meetings of the BoC and the BoD are to be held at least once every 4 (four) months in line with the Bank's needs.
- c. Each member of the BoC shall attend at least 75% of the total meetings held within a fiscal year.
- d. The BoC shall hold a minimum of two (2) meetings per year to be attended in person by all of its members.
- e. When a member of the BoC is unable to attend a meeting in person, he or she may participate via teleconference or video conference. The Minutes of the Meeting shall be signed by all of meetings' participants who attend the Meeting in person or by tele or videoconferencing if supported by a recording as evidence of attendance.
- f. A BoC meeting shall be chaired by the President Commissioner and shall be attended by a minimum of 75% of all members of the Board of Commissioners.
- g. When the President Commissioner is unable to attend a BoC meeting, any member of the BoC who is present at the meeting shall be appointed as chairman of the meeting.
- h. Meeting decisions shall be made by consensus.
- i. If the meeting fails to meet consensus, meeting decisions shall be made through voting of at least 2/3 (two thirds) of members of the BoC who are present or represented at the meeting. Voting is based on the principle that one person has one vote.
- j. All decisions of the BoC are binding to all of its members. Dissenting opinions during a meeting shall be clearly stated in the minutes of the meeting and the reasons for such dissenting opinions.
- k. Meeting decisions shall be recorded in the minutes of the meeting and correctly documented.
- l. Minutes of meetings shall be filed and distributed to each member of the BoC and to the Bank Corporate Secretary.
- m. The BoC can make a valid and binding decision without having to hold a meeting provided that all of its members give approval to the decision.
- n. For a scheduled BoC meeting, the meeting invitation and materials shall be submitted to participants no later than five (5) days before the meeting is held. For a non scheduled meeting, the agenda can be submitted to the participants before the meeting is held.
- o. During a meeting, a member of the BoC can only be represented by a fellow member of the BoC and with a proxy.
- p. A member of the BoC who in any way, either directly or indirectly, has a involvement or conflict of interest in a transaction, contract or a proposed contract of which Danamon is a party, shall declare the nature of such interest at the meeting and shall not be entitled to participation in voting related to the referred transaction, contract or proposed contract unless the meeting decides otherwise.

Meeting Frequency

- a. During 2015, the BoC held six (6) meetings; on February 26, 2015, April 6, 2015, June 24, 2015, July 29, 2015, October 7, 2015, and November 23 to 24, 2015.
- b. The Board of Commissioners held 3 (three) Joint Meetings of the Board of Commissioners and Board of Directors on February 26, June 24 and November 23-24, 2015, respectively. The Board of Commissioners also attended the Joint Meetings convened by the Board of Directors on April 6, July 29, and October 7, 2015.

Meeting Attendance

Following is the meeting attendance of the Board of Commissioners during 2015:

| Board of Commissioners | Board of Commissioners Meeting (6 meetings) | % Attendance | Joint Meeting (6 meetings) | | % Attendance |
|-------------------------------------|---|--------------|--|--|--------------|
| | | | BoC Meeting with Directors in Attendance | BoD Meeting with Commissioners in Attendance | |
| Ng Kee Choe | 6 | 100% | 3 | 3 | 100% |
| J.B. Kristiadi | 6 | 100% | 3 | 3 | 100% |
| Gan Chee Yen | 6 | 100% | 3 | 3 | 100% |
| Manggi T. Habir | 6 | 100% | 3 | 3 | 100% |
| Ernest Wong Yuen Weng ¹⁾ | 5 | 83% | 2 | 3 | 83% |
| Made Sukada | 6 | 100% | 3 | 3 | 100% |
| Emirsyah Satar ²⁾ | 1 | 100% | 1 | - | 100% |

Notes:

¹⁾ attended the Meeting of the Board of Commissioners on July 29, 2015, by teleconference

¹⁾ attended the Joint Meeting of the Board of Commissioners and Board of Directors on July 29, J2015, by teleconference

²⁾ Appointed as Independent Commissioner in the GMS on April 7, 2015 and effective in office after passing the fit and proper test on October 15, 2015

Board of Commissioners Meeting Agenda in 2015

| No | Date of Meeting | Meeting Participants | Meeting Agenda |
|----|-------------------|--|--|
| 1 | February 26, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada | - Internal Audit in 2015 - Fraud in 2015 - Appointment of Auditor for fiscal year 2015. - The Bank's Overall Risk Heat Map - SME Segment - Program for ADMF Products - Corporate Governance Report |
| 2 | April 6, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada | - SEMM Segment - SME Segment - Main Parameter of Liquidity Risk |
| 3 | June 24, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Gan Chee Yen 4. Manggi T. Habir 5. Made Sukada | - Internal Audit 2015 YTD April 2015 - Audit on Internal Audit work by PwC and yearly financial audit by EY - The Bank's overall Credit - Actual ENR vs ENR targets - Adira Insurance |

| No | Date of Meeting | Meeting Participants | Meeting Agenda |
|----|----------------------|---|--|
| 4 | July 29, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng (tele conference) 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada | - Integrated Management Structure - Establishment of Integrated Corporate Governance Committee - Draft of Integrated Corporate Governance Policy - ASEAN CG Scorecard and Gap of Implementation of CG at Subsidiaries |
| 5 | October 7, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada | - PwC Study on Internal Audit Unit - Plan for Whistleblower Process by Third Party - Fraud in 2015 - Analysis of Danamon's Competitors - Stress Test against Danamon Portfolio - Compliance, Credit Policy Studies, Danamon International, Study on TMC, Adira Insurance - Approval for Integrated Corporate Governance Guidelines - ASEAN Scorecard and ARA Recommendation |
| 6 | November 23-24, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada 7. Emirsyah Satar | - PwC Study on Internal Audit Unit - Plan for Whistleblower Process by Third Party - Fraud in 2015 - Analysis of Danamon's Competitors - Stress Test against Danamon Portfolio - Compliance, Credit Policy Studies, Danamon International, Study on TMC, Adira Insurance - Approval for Integrated Corporate Governance Guidelines - ASEAN Scorecard and ARA Recommendation |

Agenda and Participants of Joint Meetings of BoC and BoD in 2015

| No | Date of Meeting | Meeting Participants | Meeting Agenda |
|----|-------------------|--|--|
| 1 | February 26, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada 7. Henry Ho 8. Muliadi Rahardja 9. Herry Hykmanto 10. Kanchan Nijasure 11. Fransiska Oei 12. Michellina Triwardhany 13. Pradip Chhadva 14. Satinder Pal Singh Ahluwalia | - Minutes of the Previous Meeting - Emerging Issues - Audited Financial Performance - Dividend Payout Ratio - Update on Divestment of Affiliated Companies - Update on AGM |
| 2 | June 24, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Gan Chee Yen 4. Manggi T. Habir 5. Made Sukada 6. Sng Seow Wah 7. Muliadi Rahardja 8. Vera Eve Lim 9. Herry Hykmanto 10. Fransiska Oei 11. Michellina Triwardhany 12. Satinder Pal Singh Ahluwalia | - Minutes of the Previous Meeting - Balance Scorecard - Updates on SEMM - Updates on Adira Finance - Business Performance in May 2015 - Business plan - Updates on Corporate Office Building Project |

| No | Date of Meeting | Meeting Participants | Meeting Agenda |
|----|----------------------|--|---|
| 3 | November 23-24, 2015 | 1. Ng Kee Choe 2. J.B. Kristiadi 3. Gan Chee Yen 4. Ernest Wong Yuen Weng 5. Manggi T. Habir 6. Made Sukada 7. Emirsyah Satar 8. Sng Seow Wah 9. Muliadi Rahardja 10. Vera Eve Lim 11. Herry Hykmanto 12. Fransiska Oei 13. Michellina Triwardhany 14. Satinder Pal Singh Ahluwalia | - Strategic Priority over the next 3 years - Financial Performance in October 2015 - FY 2015 Outlook - Plan for FY 2016 2016-2018 - Sales and Distribution - Human Resources - Consumer - SMEs - Wholesale - Transaction Banking - Adira Insurance - Adira Finance - DSP - Minutes of the Previous Meeting |

Schedule of 2016 BoC Meetings

At year-end 2015, the Board of Commissioners scheduled meetings to be held in 2016 consisting of 7 (seven) Meetings of the Board of Commissioners and 3 (three) Joint Meetings of the Board of Commissioners with the Board of Directors.

Board of Commissioners Duty Implementation and Recommendations 2015

The Board of Commissioners carried out its duties and responsibilities and offered some important recommendations as highlighted below:

- The Management should be watchful of the economic condition and implement the prudent principles in loan management as well as ensuring the management of asset quality remains a priority of Danamon.
- Management shall continue its relentless efforts to pursue quality CASA.
- Danamon shall build up more engines of growth and at the same time refine the mass market business. It is important to explore and tap into various opportunities in the expanding middle and affluent consumer classes, and to leverage on digital banking to promote innovation and drive business growth.
- Management must focus on top line growth and put forth tighter cost control. Danamon shall operate in an efficient manner and improve overall productivity so as to increase income and reduce cost, thus obtaining an improved cost to income ratio.
- Danamon shall be more customer centric rather than product centric. Management must broaden and deepen customer relationship through personalization programs that will create customer loyalty and permanence.
- Management shall have a more innovative, integrated, and total relationship approach so as to increase business acquisition, generate more fee-based income, and introduce stable and inexpensive sources of funding.
- Robust human capital management is very significant. Management must develop internal talent complemented by external hires. It is also important to practice meritocracy.
- Execution of the established strategic plans and initiatives is key and these must be monitored closely. Management shall map out and prioritize the initiatives, and impediments shall be addressed and resolved to ensure successful execution.
- Change is inevitable to survive and grow sustainably. The silo and bureaucratic culture needs to be changed into one that is collegial and collaborative.

Board of Commissioners Performance Assessment

The BoC performance is appraised based on pre-established criteria considering the duties and responsibilities as specified in the Bank's Articles of Association and all applicable regulations are considered first and foremost.

BoC Performance Assessment

Procedure of appraising the Performance of BoC

The method used to appraise the performance of BoC is annual collegial self-assessment. The results of appraisal of each member of BoC are then consolidated for collegial review in order to establish the effectiveness of the board and identify areas that need to be improved.

Criteria of BOC performance appraisal

BOC performance is appraised after several key components have been considered, among others:

- a. BoC structure and composition;
- b. The effectiveness of work programs of committees under the Board;
- c. The Implementation of strategies and management of the company;
- d. The process of carrying out the tasks and responsibilities of BoC members (time allocation, participation, and interaction between members);
- e. The implementation of risk management and internal controls in mitigating potential risks;
- f. Information management;
- g. Individual Development of BoC members;
- h. Succession planning for President Director (CEO) and the BoD;
- i. The Implementation of Good Corporate Governance at the Bank.

Party responsible for appraising the BoC

- a. The performance of BoC is appraised by each of its member using a self-assessment method.
- b. The performance of BoC may be facilitated by an external independent party on a periodic basis. An appointed external independent facilitator provides its perspectives on the Board's performance and subsequently provides the feedback/results of its appraisal.

In 2015, Danamon enlisted the services of an independent external party for objective evaluation of the Board of Commissioners' performance. In the actual process, the external party conducted the following:

- Had initial discussions and reviews of materials to be appraised
- Had interview sessions with each member of the BoC
- Delivered the results of appraisal to the BoC

Appraisal of Performance of Commissioners

The performance of BoC members is appraised by the President Commissioner every year based on the BoC duties and responsibilities. The appraisal results of BoC shall be one of the basic considerations for the Nomination Committee to give recommendations to the BoC to reappoint its members and to structure remuneration for the BoC members.

Board of Commissioners Remuneration Policy Indicators and Procedures for the Determination of the Board of Commissioners' Remuneration

The remuneration formula refers to internal policies at Danamon, applicable external regulations, and industry comparison, while taking into consideration the performance of Danamon. Recommendation by the Remuneration Committee is submitted to the Board of Commissioners and forwarded to the

General Meeting of Shareholders for approval. The distribution of remuneration to Commissioners is based on the performance of individual members as determined by the President Commissioner.

Procedure for Determination of Remuneration for the Board of Commissioners

The determination process of the Board of Commissioners Remuneration may be viewed below:



Board of Commissioners Remuneration Structure

Members of the Board of Commissioners receive a remuneration package, paid regularly, which includes salary, housing allowance and transportation allowance, holiday allowance, leave allowance and tantiem. The table below represents the remuneration types and other compensation for members of the Board of Commissioners, as well as total remuneration received within 1 year:

Remuneration and Facilities for the Board of Commissioners (in million Rupiah)

| Remuneration | 2015 | | 2014 | | 2013 | | 2012 | | 2011 | |
|--|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Amount | Person | Amount | Person | Amount | Person | Amount | Person | Amount | Person |
| 1 Salaries and facilities | 12,584 | 7 | 13,049 | 6 | 14,334 | 8 | 11,667 | 8 | 10,758 | 8 |
| 2 Tantiem | 7,762 *) | 7 | 8,370 | 6 | 13,641 | 8 | 9,240 | 8 | 8,017 | 8 |
| 3 LTCP | NA | | NA | | NA | | NA | | NA | |
| 4 Other Benefits in the form of in-kind (housing, transportation, health insurance and etc.) | | | | | | | | | | |
| a. may be owned | 504 | 7 | 382 | 6 | 495 | 8 | 495 | 8 | 495 | 8 |
| b. may not be owned | 1,756 | 7 | 1,696 | 6 | 931 | 8 | 672 | 8 | 672 | 8 |

Note:

*) accrual and subject to change by resolution of the GMS

Commissioner Remuneration Based on Income Level and Number of Commissioners Receiving Remuneration in a Year, as follows:

| Remuneration amount per person in 1 year * | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------|------|------|------|------|
| Above 5 billion | - | - | - | - | - |
| Above 2 billion up to 5 billion | 5 | 5 | 8 | 8 | 8 |
| Below 2 billion | 2 | 1 | - | - | - |

Notes: A new commissioner joined in April 2015, and serves effective as of 15 October 2015 after passing the fit and proper test

Orientation Program for New Commissioners

The Orientation Program for new Commissioner is conducted to provide understanding of Danamon's vision, mission, and values, Code of Ethics, organizational structure, line of business, BoC Charter and Code of Conduct as well as banking regulations. The program had been done by giving out the On-Boarding Pack and delivering brief explanations by both management and business units as well as the other supporting units. In 2015, Emirsyah Satar was the new member of the Board of Commissioners.

Training Program to Enhance Competency of Commissioners

In the interest of competence improvement, Danamon provides opportunities for Commissioners to participate in training, seminars or workshops, internally provided or external. In 2015, the Board of Commissioners participated in the following competency enhancement programs:

| Name | Training | Provider | Venue | Training Date |
|-----------------|--|---|---------|------------------------|
| Manggi T. Habir | Workshop on Risk Management Certification for Insurance Companies Batch 3 (last) | Insurance Council of Indonesia (DAI) | Jakarta | December 17 – 18, 2015 |
| Emirsyah Satar | Risk Management Certification Level 2 Exam for Commissioners | Banking Profession Certification Institution (LSPP) | Jakarta | June 22, 2015 |

COMMITTEES UNDER THE BOARD OF COMMISSIONERS

The Board of Commissioners established 6 (six) committees to ensure effectiveness in executing its duties and responsibilities. These committees are: Audit Committee; Risk Monitoring Committee; Nomination Committee Remuneration Committee; Corporate Governance Committee, and Integrated Corporate Governance Committee.

The Board of Commissioners appoints members of the committees based on the Board of Commissioners' meeting resolution and the Board of Directors' decree. To perform their duties and responsibilities, the committees under the Board of Commissioners refer to the Committee charters which were compiled and periodically reviewed in reference to the existing regulations.

AUDIT COMMITTEE

Establishment of the Audit Committee refers to the Board of Commissioners decree No. KEP:Kom-Corp. Sec. 070 dated 21 November 2001 on the formation and assignment of the Audit Committee. The Audit Committee serves to monitor and evaluate the audit plan and the conduct of audits. It also serves to monitor the follow-up of the audit outcomes to assess the adequacy internal controls as well as the adequacy of the financial reporting process.

Audit Committee Charter

The Audit Committee is governed by the Audit Committee Charter. It stipulates matters relevant to the execution of duties and responsibilities, organization, membership requirements, independency, authority, meeting organization, work ethics, and term of office of the Audit Committee. The charter of the Audit Committee must be periodically reviewed.

Duties and Responsibilities of Audit Committee

Duties and responsibilities of the Audit Committees include:

a. Financial Reporting

- 1) Review financial information which is to be released by Danamon to the public and/or regulators. This information covers financial reports, projections, and other reports relevant to Danamon financial information.
- 2) Monitor and evaluate financial report compliances to existing accounting standards.
- 3) Review audit adequacy performed by the public accountant. The purpose is to ensure that all significant risks have been taken into consideration.
- 4) Review complaints relevant to accounting processes and Danamon financial reporting.

b. External Audit

- 1) Recommend to the Board of Commissioners appointments, re-appointments, discharges or replacements, requirements of involvement, and the remuneration of the public accountant. All of these will be proposed at the General Meeting of Shareholders.

- 2) Review the public accountant's scope of work and the audit outcome, independency, and objectivity. These reviews are performed on an annual basis and presented in the Annual Report with the following details:
 - total amount of payments made to the public accountant in the fiscal year, and
 - details of total payments made for audit and non-audit services or appropriate negative statements, as well as whether significant risks have been taken into account.

- 3) Review financial audit reports, significant findings, and recommendations of the public accountant and feedback from the Board of Directors.

- 4) Monitor and evaluate the planning and implementation of the public accountant's audit. Monitoring of follow-up on the outcome of the audit shall also be performed. The purpose is to assess the adequacy of internal controls including the adequacy of the financial reporting process.

- 5) Monitor and evaluate public accounting compliances to existing audit standards.

c. Internal Audit

- 1) Review the adequacy and effectiveness of Internal Audit.
- 2) Review the independence of the Head of the Internal Audit Unit. The Head of the Internal Audit Unit shall have direct and unlimited access to the Audit Committee and Danamon's President Director.
- 3) Review the scope of work and audit plan of the Internal Audit Unit. Interaction with the Board of Directors and other matters relevant to audit implementation shall also be part of the review.
- 4) Review significant findings and Internal Audit recommendations as well as feedback from the Board of Directors.
- 5) Monitor and evaluate follow-up implementation by the Board of Directors. Follow-up action by the Board of Directors shall cover the findings of the Internal Audit Unit, public accountant, and of the Financial Services Authority and/or other regulators.

d. Internal Control

- 1) Review and report regularly to the Board of Commissioners on the adequacy and effectiveness of internal controls specified by the Board of Directors. The adequacy and effectiveness of internal control covers such aspects as finance, operations, compliances, and control of information technology.

e. Compliance

- 1) Review the compliance framework, scope of work, and compliance plans.
- 2) Review compliances in line with laws and regulations pertinent to Danamon's activities.
- 3) Review legal cases and their possible material consequences. Elements such as financial reports, policies on relevant compliances, and reports received from the regulators are among those assessed for material consequences.

f. Miscellaneous

- 1) Examine possible inaccuracies in decisions made at the Board of Directors' meeting. Additionally, observations have also to be made on possible deviations in the implementation of decisions made at the meeting of the Board of Directors. The audit may be carried out by the Audit Committee or by an independent party appointed by the Audit Committee at Danamon's expense.
- 2) Submit a report of the outcome of the review to all members of the Board of Commissioners. The report shall be submitted upon completion of the reviews made by the Audit Committee.
- 3) Provide independent opinion in case of dissenting opinions among the Board of Directors and the Public Accountant on services delivered.
- 4) Maintain document, data, and information confidentiality.
- 5) Review and offer opinions to the Board of Commissioners regarding potential Danamon conflicts of interest.
- 6) Enhance competencies through continuous education and training.

Authorities of the Audit Committee

Below are the list of authorities of Audit Committee:

- a. Investigate any issue included in its terms of reference, and maintain access to and collaboration with the Board of Directors. Additionally, has the flexibility to invite any director or executive officers to attend meetings with the Audit Committee. as well as having adequate human resources It is to properly carry out its duties.
- b. Review affiliate transactions and transactions which may bear conflicts of interest based on assessments made by the Director of Compliance. This will ensure that such transactions are made by taking into account Danamon's and minority shareholders' interests and are performed in a fair manner based on normal commercial terms.
- c. Involve independent parties to assist in performing duties where necessary.
- d. Appoint reviewers and exercise other authorities as provided by the Board of Commissioners.

Structure, Expertise, and Legal Basis for Appointing Audit Committee

Danamon's Audit Committee is made up of 5 (five) members. It comprises of 3 (three) Independent Commissioners (Emirsyah Satar, J.B. Kristiadi, and Manggi T. Habir) and 2 (two) independent parties (Angela Simatupang and Yusuf Nawawi). The Audit Committee is chaired by an Independent Commissioner (Emirsyah Satar).

Membership of the Audit Committee is based on the Circular Decision of the Board of Commissioners as a replacement to the decisions made in the Board of Commissioners' Meeting No. KSR-Kom.Corp. Sec-013 dated 26 November 2015 and the decisions of the Board of Directors No. KEP.DIR-Corp.Sec-018 dated 26 November 2015. Each member of the Audit Committee has met the prevailing regulations relevant to the expertise requirements covering the financial and accounting sectors, risk management and legal.

Independence of Audit Committee Members

All committee members have met the prevailing regulations on the independence requirements of integrity, morals, and the morality of each member of the Audit Committee as specified in their personal declaration letters.

To maintain independence and objectivity, all members of the Audit Committee are Independent Commissioners and Independent Parties. Board of Directors members may not sit on the Audit Committee.

Profiles of Audit Committee Members

Profiles of Audit Committee members show details of names and job titles, terms of office, expertise, qualifications, and educational and professional backgrounds including Independent Parties as follows:

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|----------------|-----------|--|---------------------------|---|---|
| Emirsyah Satar | Indonesia | Chairman/ Independent Commissioner | November 2015 –Present | Management/Finance/ Human Resources/Risk | Bachelor in Economy University of Indonesia (1985) |

Professional Experience (Job Title, Organization, Term of Office)

- President Commissioner, PT Solusi Ecommerce Global (Mataharimall.com), 1 May 2015-present
- Board of Advisory/Executive Director Lippo Group, No legal appointment as Director or Commissioner (December 2015-present)
- Honorary Advisor to the Minister of Tourism (present)
- Vice Chairperson for Financial and Capital Market Department, Indonesian Chamber of Commerce and Industry (KADIN) (December 17, 2015-present)
- Independent Commissioner, PT Bank Muamalat Indonesia, Tbk. May 2009-April 2015
- President Director, PT Garuda Indonesia (Persero), March 2005-December 2014
- President Commissioner, PT Garuda Maintenance Facility AeroAsia (GMFAA). 2005-December 2009
- President Commissioner, PT Aerowisata, 2005-December 2009
- Vice President Director, Bank Danamon, July 2003-March 2005
- Commissioner, PT Mandira Erajasa Wahana, September 1999-August 2003
- Chairperson of Supervisory Board, Garuda Indonesia Pension Fund, August 1999-1 October 2003
- Commissioner, PT Senggigi Pratama International, June 1999-August 2003
- President Commissioner, Abacus Distribution System Indonesia, December 1999-August 2003
- Commissioner, Abacus Distribution System Indonesia, July 1999-January 2002
- Commissioner, PT Mirtasari Hotel Development, July 1999-January 2002
- President Commissioner, PT Angkasa Citra Sarana Catering Service, October 1999-January 2002
- Commissioner, PT Aerowisata, 1999-2003
- Executive Vice President Finance (CFO), PT Garuda Indonesia, June 1998-July 2003
- CEO/Managing Director, Niaga Finance Co. Ltd – Hong Kong, January 1996-June 1998
- Member of Supervisory Board, PT Saseka Gelora Finance – Jakarta, September 1995-July 1999
- Managing Director/CEO, PT Niaga Leasing Corp. – Jakarta, November 1994-January 1996
- President Director/CEO, PT Niaga Factoring Corporation – Jakarta, November 1994-January 1996
- General Manager – Corporate Finance Division, Jan Darmadi Corporation, 1990-1994
- Assistant Vice President Corporate Banking Group (latest position), Citibank NA, Indonesia, 1985-1990
- Auditor, Coopers & Lybrand Audit Firm, Jakarta 1983-1985

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|----------------|-----------|--|---------------------------|----------------------------|---|
| J.B. Kristiadi | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | PhD (Public Administration) Sorbonne University France (1979) |

Professional Experience (Job Title, Organization, Term of Office)

- Vice President Commissioner, Danamon, 2005-present.
- Member of the Board of Commissioners, PT Citra Tubindo, 2009-present.
- Member of Independent Team for Bureaucratic Reform, Ministry of State Apparatus Empowerment and Bureaucratic Reform (January 2016-present).
- Member of National Institution Restructuring Team, Ministry of State Apparatus Empowerment, 2011-2015.
- Secretary, Tax and Custom Reform Initiative Team, 2010.
- Expert Staff, Minister of Finance, 2009-2011.
- Professor, Universitas Padjadjaran, Bandung, 2007-present.
- Secretary General, Ministry of Finance, 2005-2006.
- Secretary General, Ministry of Communication and Information, 2003-2005.
- Deputy, Minister of State Apparatus Empowerment, 2001-2003.
- Assistant to Coordinating Minister, Development Supervision, 1999-2001.
- Chairperson, State Administrative Agency of the Republic of Indonesia, 1990-1998.
- Director, Budgetary Management, Ministry of Finance of the Republic of Indonesia, 1987-1990.
- Commissioner, various State-owned Enterprises (PT Tambang Batu Bara Bukit Asam, 1980-1989; PT Bank Dagang Negara, 1982-1991; PT Aneka Tambang, 1986; Bank BNI, 2005).
- Director, State Asset Management, Directorate General of Monetary Affairs, 1980-1987.

| | | | | | |
|-----------------|-----------|--|---------------------------|----------------------------|---|
| Manggi T. Habir | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | BA Degree in Economics Mc. Gill University, 1977 Master in Business Administration, University of Michigan, (1979) and Master in Public Administration, Harvard University, (2002) |
|-----------------|-----------|--|---------------------------|----------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairperson of Board of Supervisor, Yayasan Danamon Peduli, 2006-present.
- Advisor, PT Avrist Life Insurance, 2014-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poor's, Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securities, 1995-1998.
- Business and Economic Correspondent, Far Eastern Economic Review, 1982-1985.
- Assume various key positions, Citibank N.A. Jakarta, 1985-1991

| | | | | | |
|-------------------|-----------|---------------------------------|-------------------------------|---|--|
| Angela Simatupang | Indonesia | Member/ Independent Party | November 2015 – Present | Internal Audit, Risk Management and Corporate Governance | Master of Commerce in International Business and Management of Technology, the University of Sydney, 2002 |
|-------------------|-----------|---------------------------------|-------------------------------|---|--|

Professional Experience (Job Title, Organization, Term of Office)

- Managing Partner, Governance Risk Control Practice at RSM AAJ, 2012-present.
- Member of RSM International Network Limited in Indonesia, RSM global organization, 2009-2012.
- Member of RSM Asia Pacific, Risk Advisory Sub Committee, International Contact Partner for Indonesia, 2008-present.
- Governor, Institute Internal Auditors-Chapter Indonesia, 2014-2017.
- Course instructor for internal audit and risk management at Magister of Accounting and Accounting Professional Training Program, Universitas Indonesia, 2008-2010.
- Written various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Australia, 2005

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|--------------|-----------|---------------------------------|-------------------------------|--|--|
| Yusuf Nawawi | Indonesia | Member/ Independent Party | November 2015 – Present | Micro and Corporate Financing, Derivative, Credit Management and Investment as well as Training and Development | Bachelor Degree in Economic from Universitas Sriwijaya, 1983 and Master of Business Administration from Weatherhead School of Management, Case Western Reserve University, 1994 |

Professional Experience (Job Title, Organization, Term of Office)

- President Director, BRI Pension Fund, 2010-2014.
- Division Head, BRI Education and Training, 2006-2010.
- Division Head, BRI Micro Banking, 2004-2006.
- Director, International Visitors Program, 2001-2004.
- Staff, Directorate General of Budgetary Affairs, Ministry of Finance of the Republic of Indonesia, 1978-1984

Term of Office

Term of office of members of the Audit Committee shall not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association. Members may be appointed for 1 (one) additional period taking into account that the maximum term of office held by the Independent Commissioner is 2 (two) consecutive periods.

Policies and Carrying Out of Audit Committee Meeting

Policies of Audit Committee Meeting

- Meetings shall be held at least once every 3 (three) months in accordance with Danamon's needs.
- Meetings may only take place provided that 51% (fifty one percent) of total number of members including Independent Commissioners and Independent Parties are present.
- Meeting decisions are made based on the principles of deliberation to reach consensus. In cases where deliberation to reach consensus does not occur, the decision will be based on a majority vote and based on the principle of 1 (one) person, 1 (one) vote.
- Records of each meeting held shall be written up in the minutes of the meeting, be properly documented, signed by all attendees, and forwarded to the Board of Commissioners
- Dissenting opinions together with the reasons must be clearly stated in the minutes of the meeting.

Audit Committee Meeting Frequency and Attendance

Throughout 2015, the Audit Committee held 10 (ten) meetings with the following rates of attendance:

| Name | Attendance in Meeting | Attendance Rate (%) |
|------------------------------|-----------------------|---------------------|
| Emirsyah Satar ^{*)} | 1 | 100% |
| J.B. Kristiadi | 8 | 80% |
| Manggi T. Habir | 9 | 90% |
| Angela Simatupang | 8 | 80% |
| Yusuf Nawawi | 10 | 100% |
| Made Sukada ^{**)} | 9 | 100% |

Note:

^{*)} Effective from the appointment date, based on Letter of Appointment as Committee Member, dated 26 November 2015, and has always attended the meeting since the appointment.

^{**)} Effective as of November 26, 2015, no longer serves as Committee member .

Main Agenda of 2015 Audit Committee Meetings

| No. | Date | Main Agenda |
|-----|-------------------|---|
| 1 | January 27, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Report of EY 4. Others and Date of Next Meeting |
| 2 | February 26, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting |
| 3 | March 26, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting |
| 4 | May 28, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting |
| 5 | June 23, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Report of EY 4. Others and Date of Next Meeting |
| 6 | July 30, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting |
| 7 | August 25, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting |
| 8 | October 6, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Report of EY 4. Others and Date of Next Meeting |
| 9 | November 19, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Report of EY 4. Others and Date of Next Meeting |
| 10 | December 14, 2015 | <ol style="list-style-type: none"> 1. Minute of Last Meeting 2. Report of SKAI 3. Report of EY 4. Others and Date of Next Meeting |

Implementation of 2015 Audit Committee Work Activities

Important work activities performed by the Audit Committee include:

- a. Received reports from relevant Internal Audit Units:
 - 1) Implemented the 2015 plans of the Internal Audit Unit. Total audit objects reach a figure of 668.
 - 2) approved the 2016 Danamon Audit Plan.
 - 3) Submitted the monthly internal audit out comes as well as report on follow-up on audit and fraud findings.
- b. Conducted reviews of the External Auditor and recommended PT Ernst & Young Indonesia ("E&Y"). Recommendation is proposed at the General Meeting of Shareholders.
- c. Received reports submitted by PT E&Y on the audit performed on Danamon and its subsidiaries.
- d. Recommended PwC to assess the quality of the Internal Audit reviews.
- e. Recommended outsourcing whistle blower management.
- f. Supervised the SEMM Portfolio regarding routine incidents and levels of fraud.

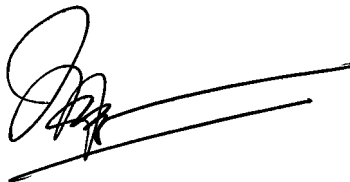
The Audit Committee submits its work reports to the Board of Commissioners on a periodic basis.

Audit Committee Statement over Internal Control System Effectiveness

Internal control systems adopted and applied by Danamon are considered to be effective and adequate as reflected in the effectiveness of internal audit functions such as internal audit function, risk management, compliance, financial and operational control.



Emirsyah Satar
Chairman, Independent
Commissioner



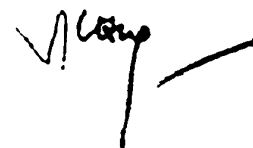
J.B. Kristiadi
Member, Independent
Commissioner



Manggi T. Habir
Member, Independent
Commissioner



Angela Simatupang
Member, Independent Party



Yusuf Nawawi
Member, Independent Party

RISK MONITORING COMMITTEE

The Risk Monitoring Committee was established based on the Circular Decision of the Board of Commissioners No. KEP:Kom-Corp.Sec. 026 dated 24 May 2006. The Committee is responsible for supporting the implementation of risk monitoring. It also offers recommendations or independent professional opinions to the Board of Commissioners regarding the framework and risk management policies consistent with Danamon's risk appetite.

Risk Monitoring Committee Charter

The Committee has a charter which stipulates among others duties and responsibilities, organization, membership, work ethics, independence, period of assignment, and the Risk Monitoring Committee meetings. This Risk Monitoring Committee's charter shall be periodically reviewed.

Duties, Responsibilities, and Authorities of the Risk Monitoring Committee

The Risk Monitoring Committee is responsible for:

- a. Offering independent professional opinions to the Board of Commissioners on reports and other matters presented by the Board of Directors to the Board of Commissioners. It also identifies matters which require the attention of the Board of Commissioners regarding Danamon's risk management.
- b. Evaluating Danamon's risk management policies and the consistency of Danamon's risk management policies with their implementation, with an objective to provide recommendations to the Board of Commissioners at least on an annual basis.
- c. Monitoring and evaluating the Risk Management Unit and executing the committee's duties in line with its recommendations to the Board of Commissioners.
- d. Reporting to the Board of Commissioners on risks encountered by Danamon and implementation of risk management by the Board of Directors.

- e. Evaluating the accountability of the Board of Directors over the implementation of risk management policies. This evaluation shall be undertaken at least once every three months.
- f. Arrange or authorizing investigations within the scope of its powers.
- g. Maintaining confidentiality of Danamon's documents, data, and information.
- h. Improving competencies through continuous education and training.

The authorities of the Risk Monitoring Committee include

- a. Access to Danamon's documents, data, and information when necessary.
- b. Establishment of direct communication with employees, the Board of Directors, and other parties relevant to its duties and responsibilities.
- c. Involvement of independent parties to support its duties where required.
- d. Exercise of additional authority as assigned by the Board of Commissioners.

Structure, Expertise, and Legal Basis of Appointment

Danamon has made amendments to the structure of Risk Monitoring Committee membership based on the Circular Decision of the Board of Commissioners as an amendment to the decision made during the Board of Commissioners meeting. This decision was exhibited in letter No. KSR-Kom. Corp.Sec-013 dated 26 November 2015 and in the letter of the Board of Directors No. KEP.DIR-Corp.Sec.-018 dated 26 November 2015.

The Risk Monitoring Committee is made up of 6 (six) persons. It comprises 3 (three) Independent Commissioners (Manggi T. Habir, Made Sukada, Emirsyah Satar), one Commissioner (Gan Chee Yen), one Independent Party with expertise in Accounting and Risk Management (Angela Simatupang), and one Independent Party with expertise in Legal and Finance (Yusuf Nawawi). All Committee members have met the prevailing regulations with regard to expertise, integrity, and morals, requirement as declared in their personal statements.

Independence of Risk Monitoring Committee Members

To maintain independence and objectivity, the majority (83%) of Committee members are Independent Commissioners and Independent Parties. Members of the Board of Directors may not sit as a member of the Risk Monitoring Committee. The Risk Monitoring Committee is chaired by an Independent Commissioner, Manggi T. Habir.

Profiles of Risk Monitoring Committee Members

Profiles of Risk Monitoring Committee members provide details including names and job titles of Risk Monitoring Committee members, terms of office, expertise, as well as the professional background of each member, including Independent Parties, as follow:

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|-----------------|-----------|--|---------------------------|----------------------------|---|
| Manggi T. Habir | Indonesia | Chairman/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | BA Degree in Economics Mc. Gill University, 1977 Master in Business Administration, University of Michigan, (1979) and Master in Public Administration, Harvard University, (2002) |

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairperson of Board of Supervisor, Yayasan Danamon Peduli, 2006-present.
- Advisor, PT Avrist Life Insurance, 2014-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poor's, Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securities, 1995-1998.
- Business and Economic Correspondent, Far Eastern Economic Review, 1982-1985.
- Assume various key positions, Citibank N.A. Jakarta, 1985-1991

| | | | | | |
|--------------|-----------|-------------------------|---------------------------|----------------------------|--|
| Gan Chee Yen | Singapore | Member/ Commissioner | November 2015 –Present | Finance/Risk Management | Bachelor in Accounting from the National University of Singapore |
|--------------|-----------|-------------------------|---------------------------|----------------------------|--|

Professional Experience (Job Title, Organization, Term of Office)

- Chairman Fullerton India Credit Co. Ltd.
- Chairman Fullerton Credit (Sichuan) Ltd.
- Chairman Fullerton Credit (Hubei) Ltd.
- Chairman Fullerton Credit (Chongqing) Ltd.
- Board Member Fullerton Financial Holdings Pte. Ltd.
- Board Member Dunia Finance LLC
- Board Member CEI Contract Manufacturing Ltd.
- Board Member ST Asset Management Ltd.
- Board Member ACR Capital Holdings Pte. Ltd.
- Board Member Clifford Capital Pte. Ltd.
- Vice Chairman Cambodia Post Bank PLC
- Board Member Surbana Jurong Private Limited (Formerly known as TJ Holdings (II) Pte Ltd)
- Currently serves as Chief Executive Officer, Fullerton Financial Holdings (International) Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings (Pte.) Ltd., 2012.
- Co-Chief Investment Officer and Senior Managing Director, Special Project of Temasek International Pte. Ltd., 2011 – present
- Co-Chief Investment Officer and Head of China, 2010
- Co-Chief Investment Officer, Temasek International Pte. Ltd., 2007
- Senior Managing Director, Investment Temasek international Pte. Ltd., 2005
- Managing Director, Finance Temasek International Pte. Ltd., 2003
- Finance Director, Singapore Technologies Marine Ltd in 1988 for 8 years
- Accounting, Showa Leasing (S) Pte Ltd on September 1986
- Auditor at PricewaterhouseCoopers on May 1984

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|-------------|-----------|--|---------------------------|----------------------------|---|
| Made Sukada | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | Master in Economic from the University of Pittsburgh, USA, 1984 |

Professional Experience (Job Title, Organization, Term of Office)

- Member of Board of Supervision, Yayasan Danamon Peduli, 2014-present
- Advisor to the Board of Governor, Bank Indonesia, 2010-2014
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk. 2010-2014.
- Director-level positions at various departments in Bank Indonesia, 1998-2010

| | | | | | |
|----------------|-----------|--|---------------------------|---|---|
| Emirsyah Satar | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Management/Finance/ Human Resources/Risk | Bachelor in Economy Universitas Indonesia (1985) |
|----------------|-----------|--|---------------------------|---|---|

Professional Experience (Job Title, Organization, Term of Office)

- President Commissioner, PT Solusi Ecommerce Global (Mataharimall.com), 1 May 2015-present
- Board of Advisory/Executive Director Lippo Group, No legal appointment as Director or Commissioner (December 2015-present)
- Honorary Advisor to the Minister of Tourism (present)
- Vice Chairperson for Financial and Capital Market Department, Indonesian Chamber of Commerce and Industry (KADIN) (December 17, 2015-present)
- Independent Commissioner, PT Bank Muamalat Indonesia, Tbk. May 2009-April 2015
- President Director, PT Garuda Indonesia (Persero), March 2005-December 2014
- President Commissioner, PT Garuda Maintenance Facility AeroAsia (GMFAA). 2005-December 2009
- President Commissioner, PT Aerowisata, 2005-December 2009
- Vice President Director, Bank Danamon, July 2003-March 2005
- Commissioner, PT Mandira Erajasa Wahana, September 1999-August 2003
- Chairperson of Supervisory Board, Garuda Indonesia Pension Fund, August 1999-1 October 2003
- Commissioner, PT Senggigi Pratama International, June 1999-August 2003
- President Commissioner, Abacus Distribution System Indonesia, December 1999-August 2003
- Commissioner, Abacus Distribution System Indonesia, July 1999-January 2002
- Commissioner, PT Mirtasari Hotel Development, July 1999-January 2002
- President Commissioner, PT Angkasa Citra Sarana Catering Service, October 1999-January 2002
- Commissioner, PT Aerowisata, 1999-2003
- Executive Vice President Finance (CFO), PT Garuda Indonesia, June 1998-July 2003
- CEO/Managing Director, Niaga Finance Co. Ltd – Hong Kong, January 1996-June 1998
- Member of Supervisory Board, PT Saseka Gelora Finance – Jakarta, September 1995-July 1999
- Managing Director/CEO, PT Niaga Leasing Corp. – Jakarta, November 1994-January 1996
- President Director/CEO, PT Niaga Factoring Corporation – Jakarta, November 1994-January 1996
- General Manager – Corporate Finance Division, Jan Darmadi Corporation, 1990-1994
- Assistant Vice President Corporate Banking Group (latest position), Citibank NA, Indonesia, 1985-1990
- Auditor, Coopers & Lybrand Audit Firm, Jakarta 1983-1985

| | | | | | |
|-------------------|-----------|---------------------------------|-------------------------------|---|--|
| Angela Simatupang | Indonesia | Member/ Independent Party | November 2015 – Present | Internal Audit, Risk Management and Corporate Governance | Master of Commerce in International Business and Management of Technology, the University of Sydney, 2002 |
|-------------------|-----------|---------------------------------|-------------------------------|---|--|

Professional Experience (Job Title, Organization, Term of Office)

- Managing Partner, Governance Risk Control Practice at RSM AAJ, 2012-present.
- Member of RSM International Network Limited in Indonesia, RSM global organization, 2009-2012.
- Member of RSM Asia Pacific, Risk Advisory Sub Committee, International Contact Partner for Indonesia, 2008-present.
- Governor, Institute Internal Auditors-Chapter Indonesia, 2014-2017.
- Course instructor for internal audit and risk management at Magister of Accounting and Accounting Professional Training Program, University of Indonesia, 2008-2010.
- Written various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Australia, 2005

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|--------------|-----------|---------------------------------|-------------------------------|--|---|
| Yusuf Nawawi | Indonesia | Member/ Independent Party | November 2015 – Present | Micro and Corporate Financing, Derivative, Credit Management and Investment as well as Training and Development | Bachelor Degree in Economic from Universitas Sriwijaya, 1983 and Master of Business Administration from Weatherhead School of Management, Case Western Reserve University, 1994 |

Professional Experience (Job Title, Organization, Term of Office)

- President Director, BRI Pension Fund, 2010-2014.
- Division Head, BRI Education and Training, 2006-2010.
- Division Head, BRI Micro Banking, 2004-2006.
- Director, International Visitors Program, 2001-2004.
- Staff, Directorate General of Budgetary Affairs, Ministry of Finance of the Republic of Indonesia, 1978-1984

Term of Office

The term of office shall not exceed those of the Board of Commissioners as stipulated in the Articles of Association. A member may be selected for a maximum of 1 (one) additional period. This policy refers to the maximum Independent Commissioners' term of office which is 2 (two) consecutive periods.

Policies and Carrying Out of Committee Meetings

Policies of Risk Monitoring Committee

- Meetings are scheduled a minimum of once every 3 (three) months in line with Danamon's requirements.
- A meeting may only be held provided that it is attended by a minimum of 51% (fifty one percent) of the total members including Independent Commissioners and Independent Parties.
- Decisions in the meetings are made based on the principles of deliberation to reach a consensus. In the case of deliberation to reach consensus does not occur, decisions shall be made based on a majority vote, and based on the principle of 1 (one) person, 1 (one) vote.
- Records of each meeting shall be written up recorded in the minutes of the meeting, be properly documented, and signed by all members of the Committee present, for further submission to the Board of Commissioners.
- Dissenting opinions during the Committee's meetings along with their reasons shall be clearly expressed in the minutes of the meeting.

Risk Monitoring Committee Meetings Frequency and Attendance

Throughout 2015, the Risk Monitoring Committee held 9 (nine) meetings with the following attendance rates:

| Name | Attendance in Meeting | Attendance Rate (%) |
|---------------------------------------|-----------------------|---------------------|
| Manggi T. Habir | 8 | 89% |
| Made Sukada | 9 | 100% |
| Emirsyah Satar ^{*)} | - | - |
| Gan Chee Yen ^{*)} | - | - |
| Angela Simatupang | 7 | 78% |
| Yusuf Nawawi | 9 | 100% |
| Ernest Wong Yuen Weng ^{**)} | 6 | 67% |

Note:

^{*)} Effective since the appointment based on the Appointment Letter as Committee Member dated 26 November 2015.

^{**)} Effective as of November 26, 2015, no longer serves as member of Risk Monitoring Committee.

Main Agenda of 2015 Risk Monitoring Committee Meetings

| | | |
|---|-------------------|---|
| 1 | January 27, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Update Compliance, AML, Litigation 5. Others & Date of Next Meeting |
| 2 | February 26, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Annual ADMF Portfolio Update & PP Review 5. Update Compliance, AML, Litigation 6. Others & Date of Next Meeting |
| 3 | March 26, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Annual FI Portfolio Update 5. Update Compliance, AML, Litigation 6. Others & Date of Next Meeting |
| 4 | May 28, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Annual SEMM Portfolio Update & PP Review 5. Issue Outsourcing 6. Update Compliance, AML, Litigation 7. Others & Date of Next Meeting |
| 5 | June 23, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Risk Appetite Statement 5. Corporate Banking Update 6. SMEC Update 7. Update Compliance, AML, Litigation 8. Others & Date of Next Meeting |
| 6 | July 30, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Stress Test 5. Consumer Asset Portfolio Update 6. Trade Service Reorganization 7. Update Compliance, AML, Litigation 8. SID Update 9. Others & Date of Next Meeting |
| 7 | August 25, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Annual ABF Portfolio Update 5. Update Compliance, AML, Litigation 6. Others & Date of Next Meeting |
| 8 | October 6, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Update Compliance, AML, Litigation 5. Others & Date of Next Meeting |
| 9 | November 19, 2015 | <ol style="list-style-type: none"> 1. Minutes of the last meeting 2. TCM ALCO Market & Liquidity Risk 3. National Portfolio 4. Annual Syariah Portfolio Update 5. Update Compliance, AML, Litigation 6. Others & Date of Next Meeting |

Implementation of 2015 Risk Monitoring Committee Activities

Key activities of the Risk Monitoring Committee, included:

- a. Review the reports submitted by the Integrated Risk Unit, the Treasury Capital Markets (TCM) Unit, and the Assets and Liabilities Committee (ALCO) with regards no Risk Appetite statement national portfolio risk management, development of risk analytic, market and liquidity risks, loan to deposit ratio management, and assets and liabilities management.
- b. Receive reports submitted by the Compliance Director on the updated status of Financial Authorities/other regulators audit regulatory parameters and Debtors Information System.
- c. Review the reports submitted by the Legal Unit and the Litigation Unit on the progress status of legal and litigation cases.
- d. Receive and review reports on Anti-Money Laundering (AML) Combating Financing of Terrorism (CFT) which covers suspicious transaction reporting, e-learning implementation, technology systems initiatives, and the audit results of the Internal Audit Unit.
- e. Closely monitor the SEMM and ADMF performance and supervise the implementation of corrective action plans.

Activities and recommendations by the Risk Monitoring Committee have been periodically reported to the Board of Commissioners.



Manggi T. Habir

Chairman, Independent
Commissioner



Gan Chee Yen

Member, Commissioner



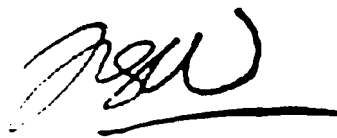
Made Sukada

Member, Independent
Commissioner



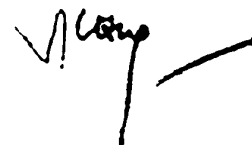
Emirsyah Satar

Member, Independent
Commissioner



Angela Simatupang

Member, Independent Party



Yusuf Nawawi

Member, Independent Party

NOMINATION COMMITTEE

The Nomination Committee is a committee established by and is responsible to support the Board of Commissioners to perform the duties and implement the functions of the Board of Commissioners and member of the Board of Commissioners. Establishment of the Nomination Committee has been portrayed in the Letter No. KEP.DIR.Corp. Sec-004 dated 5 March 2014.

Nomination Committee Charter

The Nomination Committee has a charter and which stipulates matters relevant to the objectives, accountabilities, structure and membership, term of office, duties and responsibilities, authorities, meetings and organization of meetings, as well as reporting. Guideline and Work Rules of Nomination Committee shall be periodically reviewed.

Duties, Responsibilities, and Authorities of Nomination Committee

Duties and responsibilities of Nomination Committee include, among others:

- a. Review, evaluate, and provide recommendation on the system as well as procedures of selection and/or replacement of the members of the Board of Commissioners and the Board of Directors.
- b. Identify, review, and recommend the candidate(s) of the member(s) of the Board of Commissioners and the Board of Directors to the President Commissioner. These recommendations will then be presented to the General Meeting of Shareholders for approval.
- c. Recommend to the Board of Commissioners, Independent Party(ies) who will serve as the member(s) of the Board of Commissioners' committees.
- d. Evaluate and recommend the candidate proposed by 1 (one) or more shareholders which altogether represent 1/10 (one-tenth) or more from the total shares with verified votes. The condition of which is the Nomination Committee has received the written proposal at the latest 7 (seven) days prior to the invitation of General Meeting of Shareholders.

- e. Review and evaluate the candidate with the same method regardless of sex, race, religion as well as source of initial recommendation.
- f. Review and evaluate candidates based on the minimum requirements and other criteria. These reviews and evaluations take into account all facts and conditions considered appropriate, among others, banking knowledge and proposed candidate expertise, in-depth knowledge and vast professional experience or other background characteristics, their independence, and requirements of the Board of Commissioners/ Board of Directors.
- g. Improve competences through continuous education and training.
- h. Maintain confidentiality of the whole Danamon's documents, data, and information.

Authorities of Nomination Committee

- a. Use one or more human resources consultant to identify candidates (including approve the expenses or requirements of such human resources consultant).
- b. Access document, data, and information required by Danamon.
- c. Establish direct communication with the employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- d. Involve independent party to support the implementation of its duties when necessary.
- e. Exercise other authorities assigned by the Board of Commissioners.

Policies on the Succession of the Board of Directors

Succession planning of the Board of Directors is the responsibility of the Nomination Committee. The purpose is to maintain continuity of future leadership. The succession planning process is performed by identifying executive officers with potential through the Talent Review Program. Each member of the Board of Directors is required to present the candidate successor. Subsequently this candidate's competences and skill gap will be identified and evaluated. Future successors will then be grouped into talent inventory to be recommended to the Nomination Committee.

Structure, Expertise, and Legal Basis for Appointment

The Nomination Committee is made up of 6 (six) individuals. It comprises 3 (three) Independent Commissioners (i.e. J.B. Kristiadi, Made Sukada, and Emirsyah Satar), 2 (two) Commissioners (Ng Kee Choe, Ernest Wong Yueng Weng), and 1 (one) Danamon Executive Officer from the Human Resources Division (Marta Jonatan).

Members of the Board of Commissioners who serve in the Nomination Committee are majority (60%) Independent Commissioners.

All members of the Committee have met the prevailing regulations with regard to expertise requirements of Committee members. Integrity, and moral requirements have been taken into consideration as declared in the personal statement.

Members of Nomination Committee have been appointed through the Circular Decision of the Board of Commissioners made during the Board of Commissioners' Meeting of PT Bank Danamon Indonesia, Tbk. Such appointments have been made through Letter No. KSR-Kom.Corp. Sec-013 dated 26 November 2015 and Letter of the Board of Directors No. KEP.DIR-Corp.Sec-018 dated 26 November 2015.

Independency of Nomination Committee

To uphold Independency and objectivity, Nomination Committee is chaired by an Independent Commissioner that is J.B. Kristiadi and prevent members of the Board of Directors to serve as Committee members.

Profiles of Nomination Committee Members

Profiles of Nomination Committee member provide the details including names, job titles, term of office, expertise, qualifications and educational backgrounds, as well as professional experiences in the following table:

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|----------------|-----------|--|---------------------------|----------------------------|---|
| J.B. Kristiadi | Indonesia | Chairman/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | PhD (Public Administration) Sorbonne University France (1979) |

Professional Experience (Job Title, Organization, Term of Office)

- Vice President Commissioner, Danamon, 2005-present.
- Member of the Board of Commissioners, PT Citra Tubindo, 2009-present.
- Member of Independent Team for Bureaucratic Reform, Ministry of State Apparatus Empowerment and Bureaucratic Reform (January 2016-present).
- Member of National Institution Restructuring Team, Ministry of State Apparatus Empowerment, 2011-2015.
- Secretary, Tax and Custom Reform Initiative Team, 2010.
- Expert Staff, Minister of Finance, 2009-2011.
- Professor, University of Padjadjaran, Bandung, 2007-present.
- Secretary General, Ministry of Finance, 2005-2006.
- Secretary General, Ministry of Communication and Information, 2003-2005.
- Deputy, Minister of State Apparatus Empowerment, 2001-2003.
- Assistant to Coordinating Minister, Development Supervision, 1999-2001.
- Chairperson, State Administrative Agency of the Republic of Indonesia, 1990-1998.
- Director, Budgetary Management, Ministry of Finance of the Republic of Indonesia, 1987-1990.
- Commissioner, various State-owned Enterprises (PT Tambang Batu Bara Bukit Asam, 1980-1989; PT Bank Dagang Negara, 1982-1991; PT Aneka Tambang, 1986; Bank BNI, 2005).
- Director, State Asset Management, Directorate General of Monetary Affairs, 1980-1987.

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|-------------|-----------|--------------------------------------|---------------------------|----------------------------|---|
| Ng Kee Choe | Singapore | Member/ President Commissioner | November 2015 –Present | Finance/Risk Management | Bachelor of Chemical Engineering The University of Singapore (1967) |

Professional Experience (Job Title, Organization, Term of Office)

- Board of Directors, Fullerton Financial Holdings Pte Ltd., 2008-present
- Chairman, Tanah Merah Country Club, 2008-present
- Member, Temasek Advisory Panel Temasek Holdings (Private) Ltd.,
- Chairman, NTUC Income, 2005-2013
- Vice chairman, DBS Group Holdings, 1970-2003
- Director, Singapore Exchange Limited, 2003-2014
- Awarded Public Service Star in 2001 and Meritorious Service Medal in 2012 for his contribution in public services in Singapore.

| | | | | | |
|--------------------------|-----------|-------------------------|---------------------------|----------------------------|--|
| Ernest Wong Yuen Weng | Singapore | Member/ Commissioner | November 2015 –Present | Finance/Risk Management | First Class Honours Degree in Chemical Engineering, the University of Surrey, United Kingdom (1967) |
|--------------------------|-----------|-------------------------|---------------------------|----------------------------|--|

Professional Experience (Job Title, Organization, Term of Office)

- The Board of Commissioner, Danamon 2010 - present
- Board Trustee Nanyang Technological University 2006 - present
- Board Member Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd., 2012-present
- Chairman, Fullerton Financial Holdings Pte. Ltd., 2011-present
- Board Member, Singapore Health Services Pte. Ltd. ("SingHealth"), 2006 - 2015
- Board member, Singbridge Holdings Pte. Ltd., 2011-2015
- Board member, Pavilion Capital Holdings Pte. Ltd., 2012-2015
- Board member, Economic Development Board and The Ministry of Finance, 1989-1993.
- Group CEO, MediaCorp Pte. Ltd., 2000-2005
- Board member, United Overseas Bank Group, 1990-2005
- Chairman, the Association of Banks in Singapore, 1991-1993 and 1999-2000

| | | | | | |
|-------------|-----------|--|---------------------------|----------------------------|--|
| Made Sukada | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | Bachelor's in Accounting from University of Padjajaran, Bandung (1977) |
| | | | | | Master in Economic from the University of Pittsburgh, USA, 1984 |

Professional Experience (Job Title, Organization, Term of Office)

- Member of Board of Supervision, Yayasan Danamon Peduli, 2014-present
- Advisor to the Board of Governor, Bank Indonesia, 2010-2014
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk. 2010-2014.
- Director-level positions at various departments in Bank Indonesia, 1998-2010

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|----------------|-----------|--|---------------------------|---|---|
| Emirsyah Satar | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Management/Finance/ Human Resources/Risk | Bachelor in Economy University of Indonesia (1985) |

Professional Experience (Job Title, Organization, Term of Office)

- President Commissioner, PT Solusi Ecommerce Global (Mataharimall.com), 1 May 2015-present
- Board of Advisory/Executive Director Lippo Group, No legal appointment as Director or Commissioner (December 2015-present)
- Honorary Advisor to the Minister of Tourism (present)
- Vice Chairperson for Financial and Capital Market Department, Indonesian Chamber of Commerce and Industry (KADIN) (December 17, 2015-present)
- Independent Commissioner, PT Bank Muamalat Indonesia, Tbk. May 2009-April 2015
- President Director, PT Garuda Indonesia (Persero), March 2005-December 2014
- President Commissioner, PT Garuda Maintenance Facility AeroAsia (GMFAA). 2005-December 2009
- President Commissioner, PT Aerowisata, 2005-December 2009
- Vice President Director, Bank Danamon, July 2003-March 2005
- Commissioner, PT Mandira Erajasa Wahana, September 1999-August 2003
- Chairperson of Supervisory Board, Garuda Indonesia Pension Fund, August 1999-1 October 2003
- Commissioner, PT Senggigi Pratama International, June 1999-August 2003
- President Commissioner, Abacus Distribution System Indonesia, December 1999-August 2003
- Commissioner, Abacus Distribution System Indonesia, July 1999-January 2002
- Commissioner, PT Mirtasari Hotel Development, July 1999-January 2002
- President Commissioner, PT Angkasa Citra Sarana Catering Service, October 1999-January 2002
- Commissioner, PT Aerowisata, 1999-2003
- Executive Vice President Finance (CFO), PT Garuda Indonesia, June 1998-July 2003
- CEO/Managing Director, Niaga Finance Co. Ltd – Hong Kong, January 1996-June 1998
- Member of Supervisory Board, PT Saseka Gelora Finance – Jakarta, September 1995-July 1999
- Managing Director/CEO, PT Niaga Leasing Corp. – Jakarta, November 1994-January 1996
- President Director/CEO, PT Niaga Factoring Corporation – Jakarta, November 1994-January 1996
- General Manager – Corporate Finance Division, Jan Darmadi Corporation, 1990-1994
- Assistant Vice President Corporate Banking Group (latest position), Citibank NA, Indonesia, 1985-1990
- Auditor, Coopers & Lybrand Audit Firm, Jakarta 1983-1985

| | | | | | |
|---------------|-----------|---------------------------------|-------------------------------|-------------------------------|---|
| Marta Jonatan | Indonesia | Member/ Executive Officer | November 2015 – Present | Human Resources Management | Bachelor in Statistics from Institut Pertanian Bogor |
|---------------|-----------|---------------------------------|-------------------------------|-------------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- Human Resources Director, Microsoft Indonesia, 2010-2014
- Human Resources Director, Barclays Indonesia, 2008-2010
- Human Resources Head, Citibank Philippines, 2006-2008
- Head of Compensation & HR Services, Citibank Jakarta, 1998-2006
- Head of Reward, United Tractors, 1992-1998

Term of Office

Term of office of the members of Nomination Committee shall not exceed those of the Board of Commissioners as stipulated by the Article of Association and taking into consideration the maximum term of office of Independent Commissioner for 2 (two) consecutive periods.

Policies and Carrying Out of Nomination Committee Meeting

Policies on the Nomination Committee Meetings

- Meeting is organized in line with Danamon's requirement, at the minimum 2 (two) times a year.
- Meeting may only be organized provided that it is attended by a minimum of 51% (fifty one percent) of the total members including Independent Commissioners and Executive Officers.
- Meeting decision is made based on the principles of deliberation to reach the consensus. In case where deliberation to reach the consensus does not occur, then the decision will be based on the vote majority. Decision made based on the vote majority shall be based on the principle that one 1 (one) person is eligible for 1 (one) vote.
- Each meeting held shall be recorded in a minutes of meeting, properly documented, signed by attendees, and forwarded to the Board of Commissioners.

- e. Dissenting opinion during the Committee's meeting along with their reasons shall be clearly expressed in the minutes of meeting.

Frequency and Level of Attendance Level of Nomination Committee Meeting

- a. Nomination Committee held 5 (five) meetings throughout 2015. Attendance rate of members' attendance reached 100% which signifies the commitment of the entire members of Nomination Committee.
- b. Attendance of each Committee member in the Nomination Committee meeting are as follow:

| Name | Attendance in Meeting | Attendance in Meeting (%) |
|-------------------------------------|-----------------------|---------------------------|
| J.B. Kristiadi | 5 | 100% |
| Ng Kee Choe | 5 | 100% |
| Made Sukada | 5 | 100% |
| Emirsyah Satar ^{*)} | - | - |
| Ernest Wong Yuen Weng ^{*)} | - | - |
| Marta Jonatan | 5 | 100% |

Note:

*) Effective since the appointment based on the Appointment Letter as Committee Member dated 26 November 2015

Main 2015 Agenda of Nomination Committee Meeting

| No. | Date | Main Agenda |
|-----|------------------|--|
| 1. | 26 February 2015 | BoC Composition |
| 2. | 6 April 2015 | BoD Structure |
| 3. | 24 June 2015 | BoD Organization Structure |
| 4. | 29 July 2015 | Composition of Integrated Corporate Governance Committee Members |
| 5. | 7 October 2015 | BoD Structure & Organizational Changes |

Implementation of 2015 Nomination Committee of Work Activities

Key activities of Nomination Committee, including among others:

- Performed review over the composition of Committees.
- Performed review over the composition of Danamon's Board of Commissioners and Board of Directors as well as the subsidiaries.
- Performed review over the overall corporate organization structure.
- Performed review on talent marketing mapping.
- Performed review over the overall human resources.

Activities and recommendations of Nomination Committee have been periodically reported to the Board of Commissioners.



J.B. Kristiadi
Chairman, Independent
Commissioner



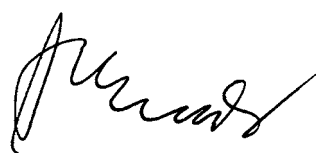
Ng Kee Choe
Member, President Commissioner



Ernest Wong Yuen Weng
Member, Commissioner



Emirsyah Satar
Member, Independent
Commissioner



Made Sukada
Member, Independent
Commissioner



Marta Jonatan
Member, Executive Officer

REMUNERATION COMMITTEE

The Remuneration Committee is a committee established by and responsible to the Board of Commissioners to support the functions and duties of the Board of Commissioners. This support is in line with the policies on remuneration as well as remuneration structure of the Board of Commissioners, Syariah Supervisory Board, Independent Parties, Board of Directors, certain members of Senior Management. The establishment of Remuneration Committee was as per Letter No. KEP.DIR.Corp.Sec-004 dated 5 March 2014.

Remuneration Committee Charter

The Remuneration Committee has a charter which stipulates matters relevant with objectives, accountabilities, structure and membership, term of office, duties and responsibilities, authorities, meeting and meeting organization, as well as reporting. Guideline and Work Rules of Remuneration Committee shall be periodically reviewed.

Duties, Responsibilities, and Authorities of Remuneration Committee

Duties and responsibilities of Remuneration Committee include:

- a. Evaluate and provide recommendations to the Board of Commissioners on
 - 1) The structure of remuneration policies for the Board of Commissioners and Board of Directors and where necessary, for the Senior Management;
 - 2) Remuneration including salaries, allowances, bonus, and incentives provided based on the achievements of objectives and targets set by the President Director and other members of the Board of Directors, members of the Board of Commissioners and Syariah Supervisory Board;
 - 3) Remuneration, including salaries and allowances of Independent Parties.
- b. Remuneration Policy for Executive Officers and Employees to be Submitted to the Board of Directors.
- c. Evaluate the performance of the Board of Directors and propose objective comparison of the performance of the Board of Directors to the industry.

In carrying out its duties and responsibilities, the Remuneration Committee shall take into account of Danamon's financial performance, individual performance, the comparability with peer group, and consideration of Danamon long term strategic objectives.

Authorities of Remuneration Committee

- a. Access document, data, and information on employees, Senior Management, the Board of Directors, and/or the Board of Commissioners.
- b. Establish direct communication with employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- c. Engage independent parties to support its duties where necessary.
- d. Exercise other authorities as assigned by the Board of Commissioners.

Structure, Expertise, and Legal Basis for Appointment of Remuneration Committee

The Remuneration Committee is made up of 6 (six) people. It comprises 3 (three) Independent Commissioners (J.B. Kristiadi, Manggi T. Habir, and Emirsyah Satar), 2 (two) Commissioners (Ng Kee Choe and Gan Chee Yen), and one Executive Officer or an individual with a managerial position in Human Resources Division (Marta Jonatan).

Members of the Board of Commissioners who serve as the members of the Remuneration Committee majority (60%) are Independent Commissioners.

Appointment of Committee members are made once all members have fulfilled all requirements relevant to the expertise requirements of a Committee member. These requirements also take into account integrity, and moral as declared in the members personal statements.

Members of the Danamon Remuneration Committee are appointed through the Circular Decision of the Board of Commissioners. This appointment is a Replacement for the Decision made during the Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. through

Letter No. KSR-Kom.Corp.Sec-013 dated 26 November 2015 and Letter of the Board of Directors No. KEP.DIR-Corp.Sec.-018 dated 26 November 2015.

Independency of Remuneration Committee

To uphold independency and objectivity, the Remuneration Committee is chaired by an Independent Commissioner; J.B. Kristiadi. Additionally, member of the Board of Directors may not serve as a member in the Remuneration Committee.

Profiles of Remuneration Committee Members

Profile of Remuneration Committee Members provide the details including members' names and job titles, terms of office, expertise, qualifications and educational backgrounds, as well as professional experiences, as follow:

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|----------------|-----------|--|---------------------------|----------------------------|---|
| J.B. Kristiadi | Indonesia | Chairman/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | PhD (Public Administration) Sorbonne University France (1979) |

Professional Experience (Job Title, Organization, Term of Office)

- Vice President Commissioner, Danamon, 2005-present.
- Member of the Board of Commissioners, PT Citra Tubindo, 2009-present.
- Member of Independent Team for Bureaucratic Reform, Ministry of State Apparatus Empowerment and Bureaucratic Reform (January 2016-present).
- Member of National Institution Restructuring Team, Ministry of State Apparatus Empowerment, 2011-2015.
- Secretary, Tax and Custom Reform Initiative Team, 2010.
- Expert Staff, Minister of Finance, 2009-2011.
- Professor, University of Padjadjaran, Bandung, 2007-present.
- Secretary General, Ministry of Finance, 2005-2006.
- Secretary General, Ministry of Communication and Information, 2003-2005.
- Deputy, Minister of State Apparatus Empowerment, 2001-2003.
- Assistant to Coordinating Minister, Development Supervision, 1999-2001.
- Chairperson, State Administrative Agency of the Republic of Indonesia, 1990-1998.
- Director, Budgetary Management, Ministry of Finance of the Republic of Indonesia, 1987-1990.
- Commissioner, various State-owned Enterprises (PT Tambang Batu Bara Bukit Asam, 1980-1989; PT Bank Dagang Negara, 1982-1991; PT Aneka Tambang, 1986; Bank BNI, 2005).
- Director, State Asset Management, Directorate General of Monetary Affairs, 1980-1987.

| | | | | | |
|-------------|-----------|--------------------------------------|---------------------------|----------------------------|---|
| Ng Kee Choe | Singapore | Member/ President Commissioner | November 2015 –Present | Finance/Risk Management | Bachelor of Chemical Engineering The University of Singapore 1967 |
|-------------|-----------|--------------------------------------|---------------------------|----------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- Board of Directors, Fullerton Financial Holdings Pte Ltd., 2008-present
- Chairman, Tanah Merah Country Club, 2008-present
- Member, Temasek Advisory Panel Temasek Holdings (Private) Ltd.,
- Chairman, NTUC Income, 2005-2013
- Vice chairman, DBS Group Holdings, 1970-2003
- Director, Singapore Exchange Limited, 2003-2014
- Awarded Public Service Star in 2001 and Meritorious Service Medal in 2012 for his contribution in public services in Singapore.

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|--------------|-----------|-------------------------|---------------------------|----------------------------|--|
| Gan Chee Yen | Singapore | Member/ Commissioner | November 2015 –Present | Finance/Risk Management | Bachelor in Accounting from the National University of Singapore |

Professional Experience (Job Title, Organization, Term of Office)

- Chairman Fullerton India Credit Co. Ltd.
- Chairman Fullerton Credit (Sichuan) Ltd.
- Chairman Fullerton Credit (Hubei) Ltd.
- Chairman Fullerton Credit (Chongqing) Ltd.
- Board Member Fullerton Financial Holdings Pte. Ltd.
- Board Member Dunia Finance LLC
- Board Member CEI Contract Manufacturing Ltd.
- Board Member ST Asset Management Ltd.
- Board Member ACR Capital Holdings Pte. Ltd.
- Board Member Clifford Capital Pte. Ltd.
- Vice Chairman Cambodia Post Bank PLC
- Board Member Surbana Jurong Private Limited (Formerly known as TJ Holdings (II) Pte Ltd)
- Currently serves as Chief Executive Officer, Fullerton Financial Holdings (International) Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings (Pte.) Ltd., 2012.
- Co-Chief Investment Officer and Senior Managing Director, Special Project of Temasek International Pte. Ltd., 2011-present
- Co-Chief Investment Officer and Head of China, 2010
- Co-Chief Investment Officer, Temasek International Pte. Ltd., 2007
- Senior Managing Director, Investment Temasek international Pte. Ltd., 2005
- Managing Director, Finance Temasek International Pte. Ltd., 2003
- Finance Director, Singapore Technologies Marine Ltd in 1988 for 8 years
- Accounting, Showa Leasing (S) Pte Ltd on September 1986
- Auditor at PricewaterhouseCoopers on May 1984

| | | | | | |
|-----------------|-----------|--|---------------------------|----------------------------|---|
| Manggi T. Habir | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | BA Degree in Economics Mc. Gill University, 1977 Master in Business Administration, University of Michigan, (1979) and Master in Public Administration, Harvard University, (2002) |
|-----------------|-----------|--|---------------------------|----------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairperson of Board of Supervisor, Yayasan Danamon Peduli, 2006-present.
- Advisor, PT Avrist Life Insurance, 2014-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poor's, Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securities, 1995-1998.
- Business and Economic Correspondent, Far Eastern Economic Review, 1982-1985.
- Assume various key positions, Citibank N.A. Jakarta, 1985-1991

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|----------------|-----------|--|---------------------------|---|---|
| Emirsyah Satar | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Management/Finance/ Human Resources/Risk | Bachelor in Economy Universitas Indonesia (1985) |

Professional Experience (Job Title, Organization, Term of Office)

- President Commissioner, PT Solusi Ecommerce Global (Mataharimall.com), 1 May 2015-present
- Board of Advisory/Executive Director Lippo Group, No legal appointment as Director or Commissioner (December 2015-present)
- Honorary Advisor to the Minister of Tourism (present)
- Vice Chairperson for Financial and Capital Market Department, Indonesian Chamber of Commerce and Industry (KADIN) (17 December 2015-present)
- Independent Commissioner, PT Bank Muamalat Indonesia, Tbk. May 2009-April 2015
- President Director, PT Garuda Indonesia (Persero), March 2005-December 2014
- President Commissioner, PT Garuda Maintenance Facility AeroAsia (GMFAA). 2005-December 2009
- President Commissioner, PT Aerowisata, 2005-December 2009
- Vice President Director, Bank Danamon, July 2003-March 2005
- Commissioner, PT Mandira Erajasa Wahana, September 1999-August 2003
- Chairperson of Supervisory Board, Garuda Indonesia Pension Fund, August 1999-1 October 2003
- Commissioner, PT Senggigi Pratama International, June 1999-August 2003
- President Commissioner, Abacus Distribution System Indonesia, December 1999-August 2003
- Commissioner, Abacus Distribution System Indonesia, July 1999-January 2002
- Commissioner, PT Mirtasari Hotel Development, July 1999-January 2002
- President Commissioner, PT Angkasa Citra Sarana Catering Service, October 1999-January 2002
- Commissioner, PT Aerowisata, 1999-2003
- Executive Vice President Finance (CFO), PT Garuda Indonesia, June 1998-July 2003
- CEO/Managing Director, Niaga Finance Co. Ltd – Hong Kong, January 1996-June 1998
- Member of Supervisory Board, PT Saseka Gelora Finance – Jakarta, September 1995-July 1999
- Managing Director/CEO, PT Niaga Leasing Corp. – Jakarta, November 1994-January 1996
- President Director/CEO, PT Niaga Factoring Corporation – Jakarta, November 1994-January 1996
- General Manager – Corporate Finance Division, Jan Darmadi Corporation, 1990-1994
- Assistant Vice President Corporate Banking Group (latest position), Citibank NA, Indonesia, 1985-1990
- Auditor, Coopers & Lybrand Audit Firm, Jakarta 1983-1985

| | | | | | |
|---------------|-----------|---------------------------------|---------------------------|-------------------------------|---|
| Marta Jonatan | Indonesia | Member/ Executive Officer | November 2015 –Present | Human Resources Management | Bachelor in Statistics of Institut Pertanian Bogor |
|---------------|-----------|---------------------------------|---------------------------|-------------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- Human Resources Director, Microsoft Indonesia, 2010-2014
- Human Resources Director, Barclays Indonesia, 2008-2010
- Human Resources Head, Citibank Philippines, 2006-2008
- Head of Compensation & HR Services, Citibank Jakarta, 1998-2006
- Head of Reward, United Tractors, 1992-1998

Term of Office

Term of office for members of Audit Committee shall not exceed the term of office of the Board of Commissioners as stipulated by the Article of Association and may be appointed for 1 (one) additional period taking into account that the maximum of term of office held by Independent Commissioner is 2 (two) consecutive periods.

Policies and Organization of Remuneration Committee Meeting

Policies on Remuneration Committee Meeting

- Meeting is organized in line with Danamon's requirements and at least 2 (two) times a year.
- Meeting quorum is 51% (fifty one percent) including the presence of Independent Commissioners and Executive Officer in charge of human resources or staff representative.
- Meeting decision is made based on the principles of deliberation to reach the consensus.
- In case where deliberation to reach the consensus does not occur, then the decision will be based on the vote majority. Decision made based on the vote majority shall be based on the principle that one 1 (one) person is eligible for 1 (one) vote.
- Dissenting opinions during the meeting along with the reasons shall be clearly stated in the minutes of meeting.

- f. Every meeting shall be recorded in a minutes of meeting, properly documented, and signed by all members of the Remuneration Committee present, for further submission to the Board of Commissioners.

Frequency and Attendance Level of Remuneration Committee Meeting

Remuneration Committee held 5 (five) sessions of meeting throughout 2015. Attendance rate of the members reached 100% which signifies the commitment of all Remuneration Committee. Attendance of each Committee member in the Remuneration Committee meeting is as follow:

| Name | Attendance in Meeting | Attendance in Meeting (%) |
|------------------------------|-----------------------|---------------------------|
| J.B. Kristiadi | 5 | 100% |
| Ng Kee Choe | 5 | 100% |
| Manggi T Habir ^{*)} | - | - |
| Emirsyah Satar ^{*)} | - | - |
| Gan Chee Yen ^{*)} | - | - |
| Made Sukada ^{**)} | 5 | 100% |
| Marta Jonatan | 5 | 100% |

Notes:

^{*)} Effective since the appointment based on the Appointment Letter as Committee Member dated 26 November 2015.

^{**)} Effective on 26 November 2015 no longer serve as Committee Member

Main Agenda of 2015 Remuneration Committee Meeting

| No. | Date | Main Agenda |
|-----|-------------------|--|
| 1. | February 26, 2015 | Bonus and Tantiem |
| 2. | April 6, 2015 | BoD/BoC Remuneration |
| 3. | June 24, 2015 | Special Grant Interim Proposal Individual Income Tax Reporting In Indonesia |
| 4. | July 29, 2015 | Special Shares Grant Individual Income Tax Reporting In Indonesia |
| 5. | October 7, 2015 | BoD Benefits |

Implementation of 2015 Remuneration Committee Work Activities

The Remuneration Committee activities may be summarized as follow:

- a. Reviewed and gave approval for salary increase and bonus for members of BoD, BoC, and Syariah Supervisory Board
- b. Reviewed the remuneration for the new and independent member of BoC.
- c. Reviewed the grant of special shares to members of BoD and Employees who have shown potential and high achievements.
- d. Conducted study on changes in inpatient services benefit and in the BoD COP scheme.

Activities and recommendation of the Remuneration Committee have been periodically reported to the Board of Commissioners.



J.B. Kristiadi
Chairman, Independent
Commissioner



Ng Kee Choe
Member, President Commissioner



Gan Chee Yen
Member, Commissioner



Manggi T. Habir
Member, Independent
Commissioner



Emirsyah Satar
Member, Independent
Commissioner



Marta Jonatan
Member, Executive Officer

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is a committee established by and is responsible to the Board of Commissioners to support the duties and responsibilities of the Board of Commissioners. It helps the Board of Commissioners to evaluate and ensure the implementation of good governance principles. This committee is established based on the Circular Resolution of the Board of Commissioners No. KEP:KOM-Corp. Sec.021 dated 12 August 2005 on the Establishment of Governance Committee.

Corporate Governance Committee Charter

The Corporate Governance Committee has a charter which stipulates the objectives, accountabilities, structures and memberships, term of office, duties and responsibilities, authorities, meetings and their organizations, as well as reporting by Corporate Governance Committee. The Corporate Governance charter shall be periodically reviewed.

Duties, Responsibilities, and Authorities of Corporate Governance Committee

Duties and responsibilities of Corporate Governance Committee include:

- a. Periodically evaluate the structure and governance framework as well as consistencies of Danamon's governance policies.
- b. Review Danamon's principles of governance and where necessary recommend the improvement proposal to the Board of Commissioners.
- c. Supervise the implementation of corporate governance and provide recommendations for improvements.
- d. Review the corporate governance report published by Danamon to ensure the transparencies and accuracies of such report.
- e. Report the committee's activities to the Board of Commissioners.

Authorities of Governance Committee include:

- a. Access Danamon's documents, data, and information when necessary.
- b. Establish direct communication with employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.

- c. Involve independent parties to support the duties when required.
- d. Exercise other authorities assigned by the Board of Commissioners.

Structure, Expertise, Legal Basis for Appointment and Independency of Governance Committee

The Corporate Governance Committee is made up of 3 (three) members. There are 2 (two) Independent Commissioners (Made Sukada and Manggi T. Habir) and one Commissioner (Ernest Wong Yuen Weng). The structure of this Committee membership have fulfilled the Guideline and Work Rules as well as independency requirements of Committee members. To uphold the independency and objectivity, Corporate Governance Committee is chaired by an Independent Commissioner that is Made Sukada and prevent members of the Board of Directors to serve as a member of Corporate Governance Committee.

Each member holds a required expertise to perform the functions of the Committee, and each of them maintains integrity, moral, and good morality which is portrayed in the personal declaration letter.

Members of Danamon's Corporate Governance Committee have been appointed through Circular Decision of the Board of Commissioners made during the meeting of Board of Commissioners of PT Bank Danamon Indonesia, Tbk. The appointment has been portrayed in Letter No. KSR-Kom.Corp. Sec-013 date 26 November 2015 and Letter of the Board of Directors No. KEP.DIR-Corp.Sec-018 date 26 November 2015.

Profiles of Corporate Governance Committee Members

Profiles of Corporate Governance Committee members provide the details including names and job titles of Corporate Governance Committee, term office, expertise, qualifications, educational and professional backgrounds of each of the Corporate Governance Committee members, as follow:

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|-------------|-----------|--|---------------------------|----------------------------|---|
| Made Sukada | Indonesia | Chairman/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | Bachelor's in Accounting from University of Padjajaran, Bandung (1977) Master in Economic from the University of Pittsburgh, USA, 1984 |

Professional Experience (Job Title, Organization, Term of Office)

- Member of Board of Supervision, Yayasan Danamon Peduli, 2014-present
- Advisor to the Board of Governor, Bank Indonesia, 2010-2014
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk. 2010-2014.
- Director-level positions at various departments in Bank Indonesia, 1998-2010

| | | | | | |
|--------------------------|-----------|-------------------------|---------------------------|----------------------------|--|
| Ernest Wong Yuen Weng | Singapore | Member/ Commissioner | November 2015 –Present | Finance/Risk Management | First Class Honours Degree in Chemical Engineering, the University of Surrey, United Kingdom (1967) |
|--------------------------|-----------|-------------------------|---------------------------|----------------------------|--|

Professional Experience (Job Title, Organization, Term of Office)

- The Board of Commissioner, Danamon 2010 - present
- Board Trustee Nanyang Technological University 2006 - present
- Board Member Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pasific Holdings Pte. Ltd., 2012-present
- Chairman, Fullerton Financial Holdings Pte. Ltd., 2011-present
- Board Member, Singapore Health Services Pte. Ltd. ("SingHealth"), 2006 - 2015
- Board member, Singbridge Holdings Pte. Ltd., 2011-2015
- Board member, Pavilion Capital Holdings Pte. Ltd., 2012-2015
- Board member, Economic Development Board and The Ministry of Finance, 1989-1993.
- Group CEO, MediaCorp Pte. Ltd., 2000-2005
- Board member, United Overseas Bank Group, 1990-2005
- Chairman, the Association of Banks in Singapore, 1991-1993 and 1999-2000

| | | | | | |
|-----------------|-----------|--|---------------------------|----------------------------|--|
| Manggi T. Habir | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | BA Degree in Economics Mc. Gill University, 1977 Master in Business Administration, University of Michigan, 1979 Master in Public Administration, Harvard University, 2002 |
|-----------------|-----------|--|---------------------------|----------------------------|--|

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairperson of Board of Supervisor, Yayasan Danamon Peduli, 2006-present.
- Advisor, PT Avrist Life Insurance, 2014-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poor's, Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securities, 1995-1998.
- Business and Economic Correspondent, Far Eastern Economic Review, 1982-1985.
- Assume various key positions, Citibank N.A. Jakarta, 1985-1991

Term of Office

The term of office for members of Corporate Governance Committee shall not exceed the term of office of the Board of Commissioners as stipulated by the Article of Association and the maximum of term of office held by Independent Commissioner is 2 (two) consecutive periods.

Corporate Governance Committee Meeting

Policies on Governance Meeting

- Meeting is organized in line with Danamon's needs and at least once every semester.
- Minimum attendees in the committee meeting is 51% (fifty one percent) of the members.
- Meeting decision is made based on the principles of deliberation to reach consensus.
- In case where deliberation to reach consensus does not occur, then the decision will be made based on vote majority. Decision made based on the vote majority shall be performed based on 1 (one) person for 1 (one) vote.
- Dissenting opinions during the meeting and reasons for such dissenting opinions must be clearly stated in the minutes of meeting.
- Each meeting shall be recorded in a minute of meeting, properly documented, and signed by the entire Corporate Governance Committee present. Subsequently this report will be forwarded to the Board of Commissioners.

Frequency of Meetings and Execution of Committee Meeting

Corporate Governance Committee held 5 (five) meetings throughout 2015. The table below illustrates the level of attendance:

| Name | Attendance in Meeting | Attendance in Meeting (%) |
|--------------------------|-----------------------|---------------------------|
| Made Sukada | 5 | 100% |
| Manggi T Habir | 5 | 100% |
| Ernest Wong Yuen Weng *) | - | - |
| Gan Chee Yen**) | 5 | 100% |

Notes:

*) Effective as committee member based on Letter of Appointment to the Committee dated 26 November 2015 and there is no committee meeting since his appointment.

***) Effective as of 26 November 2015 no longer serve as Committee member

Main Agenda of Corporate Governance Committee Meetings in 2015

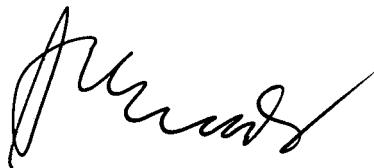
| No. | Date | Main Agenda |
|-----|-------------------|---|
| 1. | January 26, 2015 | <ul style="list-style-type: none"> - Result of Corporate Governance Assessment 2014 - Update on FSA Regulation concerning Integrated Corporate Governance and Integrated Risk Management, Board of Directors and Board of Commissioners, General Meeting of Shareholders, Remuneration and Nomination Committee |
| 2. | February 25, 2015 | <ul style="list-style-type: none"> - Amendments to the Articles of Association - Schedule and Agenda of Annual GMS - Update on Extraordinary GMS - Update on Corporate Governance |
| 3. | April 6, 2015 | <ul style="list-style-type: none"> - ASEAN Corporate Governance Scorecard - Corporate Governance Report 2014 - Gap Analysis on Corporate Governance at Subsidiaries |
| 4. | July 28, 2015 | <ul style="list-style-type: none"> - Policy on Integrated Corporate Governance - Establishment of Integrated Corporate Governance Committee - ASEAN Corporate Governance Scorecard |
| 5. | October 6, 2015 | <ul style="list-style-type: none"> - Policy on Integrated Corporate governance - ARA Recommendations - ASEAN Corporate Governance Scorecard |

Main Agenda of 2015 Corporate Governance Committee Meeting

Key activities for 2015 Corporate Governance Committee, include:

- a. Receive and review the Management Report on:
 - 1) Implementation of Danamon's Corporate Governance self-assessment.
 - 2) Refinement of ASEAN CG Score Card.
 - 3) Establishment of Integrated Corporate Governance Committee.
 - 4) Integrated Corporate Governance Policy.
 - 5) Gap Analysis on regulations relevant to Integrated Corporate Governance and Integrated Risk Management, Board of Directors and Board of Commissioners, General Meeting of Shareholders, Remuneration Committee and Nomination Committee.
 - 6) Gap Analysis on Subsidiaries' Governance.
 - 7) Timeline of General Meeting of Shareholders' implementation and agenda.
 - 8) Timeline on the preparation of Danamon Annual Report.
 - 9) Fulfillment of Annual Report Award (ARA) criteria assessment.
- b. Review the schedule and agenda of 2015 Annual General Meeting of Shareholders
- c. Review 2015 Danamon Corporate Governance Implementation Report to ensure compliance and transparency level have been performed in line with the prevailing regulations and corporate governance standard. Improvements toward 2015 Danamon Annual Report shall also be discussed.
- d. Review and recommend amendments on the Article of Association proposed by the Management.

Activities and recommendations by the Corporate Governance Committee have been periodically reported to the Board of Commissioners.



Made Sukada
Chairman, Independent
Commissioner



Ernest Wong Yuen Weng
Member, Commissioner



Manggi T. Habir
Member, Independent
Commissioner

INTEGRATED CORPORATE GOVERNANCE COMMITTEE

Integrated Corporate Governance Committee helps to maintain effectiveness in performing the duties of the Board of Commissioners of the Main Entity/ Danamon. It helps to supervise the implementation of integrated corporate governance at the Main Entity and Subsidiaries. PT Bank Danamon Indonesia, Tbk is the Main Entity registered at the Financial Services Authority through a letter No. SR-82/PB.32/2015.

This Committee is established through the Letter of the Board of Directors decree No.KEP: DIR-Corp. Sec.009 dated 12 August 2015 on the Establishment of Integrated Corporate Governance Committee.

Integrated Governance Committee Charter

Integrated Corporate Governance Committee has a charter which stipulates the objectives, accountabilities, structures and memberships, term of office, duties and responsibilities, authorities, meetings and their organizations, as well as reporting. Integrated Corporate Governance charter shall be periodically reviewed.

Duties, Responsibilities, and Authorities of Integrated Corporate Governance Committee

Duties and responsibilities of Integrated Corporate Governance Committee include:

- a. Evaluate the implementation of integrated corporate governance through at least assessing the adequacy of internal controls and implementation of integrated compliance function implementation.
- b. Provide recommendation to the Board of Commissioners of the Main Entity on the updates of integrated corporate governance policies where necessary.
- c. Review and update the charter Integrated Corporate Governance Committee periodically.

Authorities of Corporate Governance Committee include:

- a. Access document, data, and information required from the Main Entity and Subsidiaries, by maintaining internal compliances of each entity as well as prevailing laws and regulations.

- b. Establish direct communication with employees, Board of Directors, and other parties in the Main Entity and Subsidiaries.
- c. Involve independent parties to support the duties, when necessary.
- d. Exercise other authorities assigned by the Board of Commissioners of the Main Entity.

Structure, Expertise, Legal Basis for Appointment, and Independency of Integrated Corporate Governance Committee

The Integrated Corporate Governance Committee is made up of 7 (seven) members, respectively:

- Made Sukada, Danamon Independent Commissioner, as Chairperson;
- Ernest Wong Yuen Weng, Danamon Commissioner, as member;
- Manggi T. Habir, Danamon Independent Commissioner, as member;
- Djoko Sudyatmiko, Independent Commissioner, PT Adira Dinamika Multifinance, as member (representing and appointed by subsidiaries from the multi-finance sector);
- Julian Noor, Independent Commissioner of PT Asuransi Adira Dinamika, as member (representing and appointed by subsidiaries of insurance services sector);
- M. Din Syamsuddin, Chairperson of Danamon Syariah Supervisory Board), as member;
- Angela Simatupang, Danamon Independent Party, as member.

The above structure of Integrated Corporate Governance Committee have met the prevailing regulations. Each member holds the required expertise to perform Committee functions and maintain integrity, and high standard of moral as declared in the personal statement.

Members of Danamon Integrated Corporate Governance Committee have been appointed through the Circular Decision of the Board of Commissioners as a Replacement to the Decision made during the Board of Commissioners' Meeting of PT Bank Danamon Indonesia, Tbk. Such appointments have been portrayed in Letter No. KSR-Kom.Corp.Sec-013 dated 26 November 2015 and Letter of the Board of Directors No. KEP.DIR-Corp.Sec-018 dated 26 November 2015.

To support independencies and objectivities, the Integrated Corporate Governance Committee is chaired by an Independent Commissioner, Made Sukada and members of the Board of Directors may not serve as members of the Integrated Corporate Governance Committee.

Profiles of Integrated Corporate Governance Committee Members

Profiles of Integrated Corporate Governance Committee members detail names, job titles, terms of office, expertise, qualifications and educational background, as well as professional background of each member as follows:

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|-------------|-----------|--|---------------------------|----------------------------|---|
| Made Sukada | Indonesia | Chairman/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | Bachelor's in Accounting from University of Padjajaran, Bandung (1977) Master in Economic from the University of Pittsburgh, USA, 1984 |

Professional Experience (Job Title, Organization, Term of Office)

- Member of Board of Supervision, Yayasan Danamon Peduli, 2014-present
- Advisor to the Board of Governor, Bank Indonesia, 2010-2014
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk. 2010-2014.
- Director-level positions at various departments in Bank Indonesia, 1998-2010

| | | | | | |
|--------------------------|-----------|-------------------------|---------------------------|----------------------------|--|
| Ernest Wong Yuen Weng | Singapore | Member/ Commissioner | November 2015 –Present | Finance/Risk Management | First Class Honours Degree in Chemical Engineering, the University of Surrey, United Kingdom (1967) |
|--------------------------|-----------|-------------------------|---------------------------|----------------------------|--|

Professional Experience (Job Title, Organization, Term of Office)

- The Board of Commissioner, Danamon 2010 - present
- Board Trustee Nanyang Technological University 2006 - present
- Board Member Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pasific Holdings Pte. Ltd., 2012-present
- Chairman, Fullerton Financial Holdings Pte. Ltd., 2011-present
- Board Member, Singapore Health Services Pte. Ltd. ("SingHealth"), 2006 - 2015
- Board member, Singbridge Holdings Pte. Ltd., 2011-2015
- Board member, Pavilion Capital Holdings Pte. Ltd., 2012-2015
- Board member, Economic Development Board and The Ministry of Finance, 1989-1993.
- Group CEO, MediaCorp Pte. Ltd., 2000-2005
- Board member, United Overseas Bank Group, 1990-2005
- Chairman, the Association of Banks in Singapore, 1991-1993 and 1999-2000

| | | | | | |
|-----------------|-----------|--|---------------------------|----------------------------|---|
| Manggi T. Habir | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | BA Degree in Economics Mc. Gill University, 1977 Master in Business Administration, University of Michigan, (1979) and Master in Public Administration, Harvard University, (2002) |
|-----------------|-----------|--|---------------------------|----------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairperson of Board of Supervisor, Yayasan Danamon Peduli, 2006-present.
- Advisor, PT Avrist Life Insurance, 2014-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poor's, Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securities, 1995-1998.
- Business and Economic Correspondent, Far Eastern Economic Review, 198201985.
- Assumed various key positions, Citibank N.A. Jakarta, 1985-1991

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|------------------|-----------|--|---------------------------|-------------------------------------|--|
| Djoko Sudyatmiko | Indonesia | Member/ Independent Commissioner PT Adira Dinamika Multi Finance, Tbk | November 2015 –Present | Economy and Corporate Governance | Under-graduate in Electrical Engineering from Institut Teknologi Bandung in 1968 |

Professional Experience (Job Title, Organization, Term of Office)

- Commissioner at ASCO Group, 2012-present
- Commissioner cum Corporate Independent Commissioner, 2011-present
- Corporate Independent Commissioner, 2004-2011
- Commissioner at PT Pakoakuina-Automotive Wheel Rim Manufacturer, 2003-present
- Commissioner at PT Inkoasku-Automotive Wheel Rim Manufacturer, 2003-2010
- Commissioner at PT Palingda-Automotive Wheel Rim Manufacturer, 2003-2010
- Commissioner at PT Adira Sarana Armada, 2003-2009
- Commissioner at PT Asuransi Adira Dinamika, 2003-2008
- Corporate President Commissioner, 2002-2004
- Commissioner at PT Kharaba Unggul/PT Makro Indonesia, 1990-2000
- Commissioner at PT Dharma Sarana Perdana, 1989-1995
- Commissioner at PT Astra Graphia Tbk, 1986-1989
- Member of People Consultative Assembly (MPR-RI), 1992-1997
- Member of People Representative Assembly (DPR) and People Consultative Assembly (MPR-RI), 1971-1992

| | | | | | |
|-------------|-----------|---|---------------------------|-----------|--|
| Julian Noor | Indonesia | Member/ Independent Commissioner PT Asuransi Adira Dinamika | November 2015 –Present | Insurance | <ul style="list-style-type: none"> - Institut Pertanian Bogor, 1985 - Ajun Ahli Asuransi Indonesia (AAAIK), 1994 - Insurance School of Japan (basic), 1995 - Insurance School of Japan (advance), 1999 - Magister management STIE Dharma Bumiputera, 2004 |
|-------------|-----------|---|---------------------------|-----------|--|

Professional Experience (Job Title, Organization, Term of Office)

- Marketing Supervisor of PT Pyridam, Jakarta (1985 - 1988)
- Held various positions including Livestock Insurance Project, Assistant Manager to Manager Underwriting of PT Asuransi Timur Jauh (1988-1993)
- Held various positions including Head of Underwriting Bureau, Head of Technical Division, Head of Marketing Division, Head of Personnel & Logistics Division, up to Director of PT Asuransi Umum Bumiputeramuda (1994-2010)
- Managing Director of PT Asuransi Himalaya Pelindung, (2010-2011)
- Executive Director of the General Insurance Association of Indonesia (2011-present)

| | | | | | |
|-------------------|-----------|---|---------------------------|---|---|
| M. Din Syamsuddin | Indonesia | Member/ Chairman of Syariah Supervisory Board | November 2015 –Present | Islam Law Science (Syariah), Islamic Political Science, and Interfaith/Interculture Communication | <ul style="list-style-type: none"> - Bachelor degree for the Discipline of Ushuluddin awarded by UIN Syarif Hidayatullah, Jakarta, 1980 - Master degree, UCLA, USA, 1988 - Ph.D, UCLA, USA, 1991 |
|-------------------|-----------|---|---------------------------|---|---|

Professional Experience (Job Title, Organization, Term of Office)

- Head of Research and Development of Golkar Party, 1993-1998
- Deputy Secretary General of Golkar Party (1998-2000)
- Member of People Consultative Assembly (MPR-RI), 1998-1999
- Director General of Workers' Placement of the Ministry of Manpower of the Republic of Indonesia (1998-2000)
- Professor for Islamic Political Thought at UIN Jakarta (1982-present)
- Lecturer at various universities (1982-2000)

| | | | | | |
|-------------------|-----------|---------------------------------|-------------------------|--|---|
| Angela Simatupang | Indonesia | Member/ Independent Party | November 2015 – Present | Internal Audit, Risk Management and Corporate Governance | Master of Commerce in International Business and Management of Technology, The University of Sydney, 2002 |
|-------------------|-----------|---------------------------------|-------------------------|--|---|

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Educ. Background |
|------|----------|-----------|----------------|-----------|---------------------------------|
|------|----------|-----------|----------------|-----------|---------------------------------|

Professional Experience (Job Title, Organization, Term of Office)

- Managing Partner, Governance Risk Control Practice at RSM AAJ, 2012-present.
- Member of RSM International Network Limited in Indonesia, RSM global organization, 2009-2012.
- Member of RSM Asia Pacific, Risk Advisory Sub Committee, International Contact Partner for Indonesia, 2008-present.
- Governor, Institute Internal Auditors-Chapter Indonesia, 2014-2017.
- Course instructor for internal audit and risk management at Magister of Accounting and Accounting Professional Training Program, University of Indonesia, 2008-2010.
- Written various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Australia, 2005

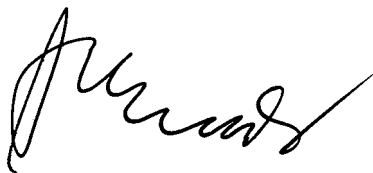
Main Agenda of Integrated Corporate Governance Committee Meetings in 2015

During 2015, the Integrated Corporate Governance Committee held 1 (one) meeting attended by all committee members.

| No | Date | Main Agenda |
|----|----------------|---------------------------------|
| 1 | 13 August 2015 | Integrated Corporate Governance |

Implementation of 2015 Integrated Corporate Governance Committee Work Activities

The Integrated Governance Committee throughout 2015 has verified the Guidelines and Work Rules and Policies of Integrated Corporate Governance.



Made Sukada
Chairman,
Danamon Independent
Commissioner



Ernest Wong Yuen Weng
Member,
Danamon Commissioner



Manggi T. Habir
Member,
Danamon Independent
Commissioner



Djoko Sudyatmiko
Member,
Independent Commissioner
PT Adira Dinamika Multi Finance



Julian Noor
Member,
Independent Commissioner
PT Asuransi Adira Dinamika



M. Din Syamsuddin
Member,
Chairman of Danamon Syariah
Supervisory Board



Angela Simatupang
Member,
Danamon Independent Party

THE BOARD OF DIRECTORS

The Board of Directors is an authorized organ of the Bank and is fully responsible for managing the Bank for the benefit of Danamon according to the Bank's purpose and objective, as well as representing the Bank both inside and outside court.

The Board of Directors is accountable to the General Meeting of Shareholders for the implementation of its duties. In the implementation of its duties, the Board of Directors is authorized and has clear responsibilities in line with the Bank's Articles of Association whereby the latter is in accordance with prevailing laws and regulations.

Board of Directors Charter

The Board of Directors (BoD) charter is prepared based on prevailing regulations which also includes Bank Indonesia/Financial Services Authority regulations and international best practices which contains matters related to the general requirements, membership structure, duties and responsibilities, committee establishment, authority, transparency, work ethics, meetings, terms of service and report. The BoD charter is periodically reviewed.

Board of Directors Work Ethics

- a. Directors are prohibited from taking advantage of the Bank for their personal, family and or other party's benefits which may be detrimental to the profit and reputation of Danamon and its subsidiaries.
- b. Directors are prohibited from receiving personal gains from Danamon other than remuneration and facilities determined in the General Meeting of Shareholders.
- c. Members of the Board of Directors are prohibited from having concurrent positions as a member of the Board of Commissioners, Board of Directors or executive officers of the banks, companies and/or other institutions.
- d. Excluded as a concurrent position as outlined in point c above, is if a Director is responsible for supervision or investment in Danamon's subsidiaries, or performing the functional duties as a member of the Board of Commissioners of a

non-bank subsidiary controlled by Danamon, as long as the concurrent position does not result in the Director concerned to neglecting his/her duties and responsibility as a member of the Board of Directors.

- e. Each Director, either individually or jointly, shall not hold share ownership of more than 25% (twenty five percent) of the paid up capital of Danamon and/or other companies.
- f. Directors are prohibited from giving general authority to another party which will result in the transfer of duties and functions of the Board of Directors.
- g. The Board of Directors is prohibited from using individual advisors and/or professional services as a consultant unless it meets the following requirement 1) The project is specific; 2) Based on the clear contract, which shall include at least the scope of work, responsibilities and duration of employment as well as costs; 3) Consultant is an independent party and have the qualifications to work on specific projects.
- h. Directors shall be subject to the Bank's Code of Conduct, the prevailing laws and regulations, as well as the Bank's internal policies.
- i. Directors are prohibited from directly or indirectly making incorrect statements about material facts or not disclosing material facts, so as to ensure that the statements made on the state of Danamon are not misleading.

Directors' Transparency

- a. Related to reporting on the implementation of Corporate Governance and the Annual Report, the Board of Directors is required to disclose:
 - 1) Shareholding in Danamon as well as in other banks and companies domiciled in the country and abroad;
 - 2) Financial and family relationships with members of the Board of Commissioners, other Directors and/or Danamon's controlling shareholders;

- 3) Remuneration and facilities received from Danamon;
- 4) Position in other companies.
- b. Disclose Danamon's strategic policy related to employment to the employees.

Duties, Responsibilities and Authority of Board of Director

The duties and responsibilities of Board of Directors

- a. Fully responsible for the implementation of the management and managing the Bank in accordance with the authorities and responsibilities as stipulated in the Articles of Association of Danamon and prevailing laws and regulations.
- b. Implement the principles of good corporate governance in business activities of the Bank at all levels of the organization.
- c. Ensuring the implementation of integrated corporate governance in the financial conglomerates as defined in the policies of integrated corporate governance.
- d. Establish the function of Integrated Internal Audit, Integrated Risk Management Unit and Integrated Compliance Unit, in order to implement integrated corporate governance in the Financial conglomerates.
- e. Evaluate the performances of the committees at the end of every fiscal year.
- f. Take full responsibility for setting the short term, long term strategies and priorities of the Bank.
- g. Following up on audit findings and recommendations of the internal audit unit of Danamon, external auditors, monitoring the results of Financial Services Authority supervision and/or the results of supervision of other regulators.
- h. Implementing Danamon social responsibility programs.
- i. Establish an Internal Audit unit, Risk Management Unit and Compliance Unit.
- j. Maintaining a healthy and open relationship with the Board of Commissioners and support the Board's supervisory function.

- k. Accountable for implementing its duties to shareholders through the General Meeting of Shareholders.
- l. Provide accurate, relevant and timely data and information to the Board of Commissioners.

Board of Directors Authorities

- a. The Board of Directors represents the Bank in and out of the court of law on all matters and in any event, binding the Bank with the other parties and other parties with the Bank and to execute all actions, both related to the management and ownership, but with restrictions and conditions as described in the Articles of Association of the Bank.
- b. The Board of Directors are authorized to perform other authorities granted in the Articles of Association of the Bank and the prevailing rules and regulations with prior approval of the Board of Commissioners to do the following:
 - 1) Borrowing money or providing credit facilities or other similar banking facilities which induce lending money to related parties, or from time to time exceeding the amount for which is to be determined by the Board of Commissioners.
 - 2) Binding Danamon as a guarantor or debt underwriter or alternatively being responsible for the payment obligations of another party which is a related party or exceeding the amount which from time to time is set by the Board of Commissioners.
 - 3) Setting up a new company, creating or increasing the ownership (except for the increase in ownership related to the issuance of stock dividends or bonus shares or related to loan rescue efforts), or reducing the ownership in another company, without prejudice to the authorized approval.

- 4) Borrowing money from other parties (which are not included in the provisions referred to in the Articles of Association of Danamon) or receiving credit facilities or other banking facilities of an amount exceeding the amount determined from time to time by the Board of Commissioners.
- 5) Writing-off or removing the Bank's receivables from the books of an amount that exceeds the amount determined from time to time by the Board of Commissioners.
- 6) Transferring or releasing the Bank's rights to collect receivables which had been written off exceeding the amount set from time to time by the Board of Commissioners.
- 7) Selling or transferring or releasing the rights, or collateralizing/guaranteeing, Danamon's property, either in a single transaction or in multiple transactions that stand alone or are related to one another, in an amount that exceeds the amount wherein from time to time determined by the Board of Commissioners. The involvement of the BoC as intended does not BoC the responsibility of the Board of Directors for managing the Bank.

Policy on Diversity in the Board of Directors Composition

Danamon is a company that emphasizes equality of opportunity for everyone by emphasizing professionalism. Danamon appreciates and respects any differences of viewpoints, knowledge, skills and experience of each individual, and does not discriminate on race, ethnicity, gender and religion.

Danamon's diversity policy is used as a material consideration in the nomination process and the succession of Directors with due regard to the knowledge, skills and experience relevant to the needs of the company, thus leading to the optimal composition of the Board of Directors.

Assessment of candidates is carried out by taking into consideration the minimum requirements and other criteria such as professional experience, characteristics, other background traits, and the need for diversity. In addition, the scope and the balance of knowledge, skills and experience are also taken into consideration in meeting the optimum composition of the Board of Directors which is expected to optimize decision-making and improve the performance of the Bank.

Policy on Nomination of Board of Directors

The Board of Directors consists of individuals who are qualified and meet the requirements and can collectively build a strong and sustainable business for stakeholders. Accordingly, an effective Board of Directors nomination policy is required.

Candidate identification process is carried out by the Nomination Committee and the potential candidates may come from the list of the Talent Inventory Executive Officer which has been compiled through the Bank's employee development scheme. In this process, the Nomination Committee may use the services of third parties (search firm). The Nomination Committee identifies candidates who meet the requirements, interviews and selects candidates (including performing background checks and references). In identifying a suitable candidate, the Nomination Committee will consider the knowledge, skills and professional experience, as well as diversity without discrimination against, ethnicity, gender and religion.

The Nomination Committee proposes the elected candidates to the Board of Commissioners for approval and ratification by the General Meeting of Shareholders. The Nomination Committee will also conduct an evaluation of the Board of Directors to be reappointed at the General Meeting of Shareholders.

Number, Composition, Criteria, Independence and Board of Directors Concurrent Positions

Directors are appointed by the General Meeting of Shareholders (GMS) after considering the candidates recommended by the Nomination Committee and the appointment is effective on the date specified in the GMS and ends at the closing of the third GMS after the date of appointment. If there is an addition to or replacement of members of the Board of Directors, the Board members term of office begins on the date determined by the General Meeting of Shareholders and ends on the same date as tenure of other existing members of the Board of Directors. Members of its Board of Directors whose term has expired may be re-elected by the General Meeting of Shareholders for the next 3 years.

Appointment of Directors is declared effective following the approval of the fit and proper test in accordance with applicable regulations.

The Bank's Board of Directors as per December 2015 consists of 7 (seven) persons, the majority of whom are Indonesian citizens and all are domiciled in Indonesia. The Board of Directors is led by a President Director coming from professional circles and is independent from the controlling Shareholders, has integrity and sound competency. The President Director is an independent party that does not have a management, ownership and/or financial relationship and family relationship to the controlling shareholder.

All Directors upon appointment have met the requirements to be a member of the Board of Directors, and have, among others, good morals, character and integrity, have never been declared bankrupt nor been convicted of a criminal offense, and have the knowledge, expertise and experience in the field of operations as an executive officer of the Bank.

Composition of the Board of Directors of the Bank until December 31, 2015 is as follows:

| No | Name | Position | GMS Date | Effective Date (BI Approval) | Appointment | Number of Appointment | Domicile |
|----|-------------------------------|-------------------------|-------------------|------------------------------|--|-----------------------|-----------|
| 1 | Sng Seow Wah | President Director | February 27, 2015 | November 20, 2014 | 2015-2017 | 1x | Indonesia |
| 2 | Muliadi Rahardja | Vice President Director | August 31, 1999 | December 21, 1999 | 1999-2002 2002-2005 2005-2008 2008-2011 2011-2014 2014-2017 | 6 x | Indonesia |
| 3 | Vera Eve Lim | Director | May 22, 2006 | June 26, 2006 | 2006-2008 2008-2011 2011-2014 2014-2017 | 4 x | Indonesia |
| 4 | Herry Hykmanto | Director | April 3, 2008 | May 13, 2008 | 2008-2011 2011-2014 2014-2017 | 3 x | Indonesia |
| 5 | Fransiska Oei Lan Siem | Director | May 25, 2009 | June 11, 2009 | 2009-2011 2011-2014 2014-2017 | 3 x | Indonesia |
| 6 | Michellina Laksmi Triwardhany | Director | April 29, 2010 | May 27, 2010 | 2010-2011 2011-2014 2014-2017 | 3 x | Indonesia |
| 7 | Satinder Pal Singh Ahluwalia | Director | April 29, 2010 | June 24, 2010 | 2010-2011 2011-2014 2014-2017 | 3 x | Indonesia |

Note:

- Henry Ho retired effective 27 February 2015
- Kanchan Nijasure submitted his resignation on 27 April 2015, the resignation is effective from 30 June 2015.
- Pradip Chhadva submitted his resignation on 9 April 2015, the resignation is effective from 1 July 2015.

Independent Director

Danamon's Independent Director is Fransiska Oei Lan Siem who was assigned at the annual GMS on 7 May 2014. The Independent Director term of office is at most 2 (two) consecutive terms.

An Independent Director is required to be:

- Not affiliated with the Bank's controlling Shareholders at least 6 (six) months prior to the appointment as Independent Director;
- Not affiliated with the Board of Commissioners or Directors of the Bank;
- Not having concurrent position as member of the Board of Directors in other companies;
- Not affiliated with institutions or professionals supporting the capital markets where its services are used by the Danamon 6 (six) months prior to the appointment as Director.
- Appointed by the Board of Commissioners.

Duties and Responsibilities of Each Director

Each Director has a role and authorities set with reference to the Articles of Association and Board of Directors Circular Resolution regarding the divisions of Duties and Authorities of Directors No. KSR-DIR.Corp.Sec 009 dated November 3, 2015, as follows:

| BoD Member | Duties and Responsibilities |
|--|---|
| Sng Seow Wah President Director | President Director and Wholesale Banking Director, has overall responsibility for the duties and authorities of Danamon's Board of Directors, and also directly supervises the Bank's Internal Audit, PT Adira Dinamika Multi Finance Tbk, PT Adira Quantum Multi Finance, PT Asuransi Adira Dinamika, Transaction Banking, Operations and wholesale banking. |
| Muliadi Rahardja Vice President Director | The Vice President Director oversees Sales & Distribution and the Regional Chief Officers. Responsible for strategy formulation and ensuring business execution in Sales & Distribution. |
| Vera Eve Lim Director | Financial Director is responsible for Financial Planning and Control, Operation Excellent as well as CREM. Responsible for the direction and supervision of all financial issues at Danamon, as well as to monitor the presentation of financial reporting to ensure compliance with financial and accounting standards and applicable regulations. Functions as a business partner by generating added value through business reports and strategy and operational performance analyses of each respective business line. In addition, provides up-to-date information on business competition, direction of business strategy, and to coordinate the corporate actions of Danamon and Danamon Group. |
| Herry Hykmanto Director | Syariah Director, supervising Syariah Banking and Trade Service Operations. Responsible for strategy development and execution of Danamon Syariah Business Unit. |
| Fransiska Oei Lan Siem Director | Compliance and Legal Director, supervising Compliance, Corporate Secretary, UKPN, Legal, Litigation, and Public Affairs. Responsible to ensure compliance with all applicable laws and regulations, including regulations of Bank Indonesia/Financial Services Authority and the implementation of Anti Money Laundering and Counter Terrorism Financing. In addition, has responsibility over legal, litigation and public affairs issues as well as the corporate secretary. |
| Michellina Laksmi Triwardhany Director | Consumer Banking Director, supervising Consumer Banking. Responsible for strategy formulation and execution as well as achievement of business targets. In addition, also responsible for the optimum progress of Retail Banking business and branch office transformation process. |

| BoD Member | Duties and Responsibilities |
|--|--|
| Satinder Pal Singh Ahluwalia Director | Micro Business Director, supervising Micro Business Banking and Information Technology. Responsible for the development and implementation of strategies in Micro Business Banking. |

Independence of Directors

Directors are in compliance with the requirement of independency in accordance with Good Corporate Governance accommodated in the Charter of the Board of Directors. All Directors have no family and financial relationships as expressed in the statement letter signed by Directors, which is updated yearly.

Affiliated Relationship of Member of Board of Director with Member of Board of Commissioner and Controlling Shareholder

| BoD | Family Relationship | | | | | | Financial Relationship | | | | | |
|---|---------------------|----|-----|----|--------------------------|----|------------------------|----|-----|----|--------------------------|----|
| | BoC | | BoD | | Controlling Shareholders | | BoC | | BoD | | Controlling Shareholders | |
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| Sng Seow Wah President Director | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Muliadi Rahardja Vice President Director | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Vera Eve Lim Director | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Herry Hykmanto Director | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Fransiska Oei Lan Siem Director | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Michellina Laksmi Triwardhany Director | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |
| Satinder Pal Singh Ahluwalia Director | - | √ | - | √ | - | √ | - | √ | - | √ | - | √ |

Board of Directors Concurrent Positions

All Directors have no concurrent position prohibited in accordance with Bank Indonesia Regulation No.8/4/PBI/2006 and No.8/14/PBI/2006 regarding the implementation of GCG in Commercial Banks as well as Financial Services Authority No.33/POJK.04/2014 regarding Board of Directors and Board of Commissioners Issuers of Public Company. Directors are required to disclose positions or other positions as outlined in the statement letter and signed by members of the Board of Directors and renewed annually. This excludes concurrent positions of Directors responsible for supervising subsidiaries, having functional tasks and serving on the Board of Commissioners of subsidiaries.

List of Danamon Director Positions in Subsidiaries

| Name | Position in Danamon | Position in Subsidiaries |
|-------------------------------|-------------------------|--|
| Sng Seow Wah | President Director | President Commissioner PT Adira Dinamika Multi Finance, Tbk. |
| Muliadi Rahardja | Vice President Director | - |
| Vera Eve Lim | Director | Commissioner PT Adira Dinamika Multi Finance, Tbk. |
| Herry Hykmanto | Director | - |
| Fransiska Oei Lan Siem | Director | - |
| Michellina Laksmi Triwardhany | Director | - |
| Satinder Pal Singh Ahluwalia | Director | Commissioner PT Adira Quantum Multifinance |

Share Ownership of Directors

Share ownership of each Director at Danamon, other banks, non bank financial institutions and other companies not exceeding of 5% of the paid-up capital. Below is a list of share ownership, directly or indirectly, by Directors:

Share ownership of Directors

| No | BoD Member Name | Per 31 Dec 2015 | | | | Per 31 Dec 2014 | | | |
|----|-------------------------------|-----------------------|------|-------------------------|---|-----------------------|------|-------------------------|---|
| | | Direct (share amount) | % | Indirect (share amount) | % | Direct (share amount) | % | Indirect (share amount) | % |
| 1 | Sng Seow Wah | 1,371,200 | 0.01 | - | - | - | - | - | - |
| 2 | Muliadi Rahardja | 6,405,515 | 0.07 | - | - | 6,405,515 | 0.07 | - | - |
| 3 | Vera Eve Lim | 5,403,400 | 0.05 | - | - | 5,020,500 | 0.05 | - | - |
| 4 | Herry Hykmanto | 502,256 | 0.01 | - | - | 502,256 | 0.01 | - | - |
| 5 | Fransiska Oei Lan Siem | 1,426,130 | 0.01 | - | - | 1,234,730 | 0.01 | - | - |
| 6 | Michellina Laksmi Triwardhany | 999,900 | 0.01 | - | - | 617,000 | 0.01 | - | - |
| 7 | Satinder Pal Singh Ahluwalia | 382,900 | 0.01 | - | - | - | 0.01 | - | - |

Change in number of shares ownership of Directors due to LTCP and there is no other direct or indirect Danamon share transactions by Directors throughout 2015.

Share Ownership of Member of Director in Other Banks or Companies

| Shareholder | Other Bank | Non Bank Financial Institution | Other Company | Description |
|--|--|--------------------------------------|------------------|-------------|
| Sng Seow Wah President Director | - | - | - | - |
| Muliadi Rahardja Vice President Director | - Bank Central Asia,Tbk, shares owned: 25.000 - Bank Rakyat Indonesia, shares owned: 50.000 - Bank Mandiri (Persero), shares owned: 25.000 | - | - | - |
| Vera Eve Lim Director | - | - | - | - |
| Herry Hykmanto Director | - | - | - | - |
| Fransiska Oei Lan Siem Director | - | - | - | - |
| Michellina Laksmi Triwardhany Director | - | - | - | - |
| Satinder Pal Singh Ahluwalia Director | - | - | - | - |

Board of Directors Meetings

Policy on Board of Directors Meetings

- Board of Directors meetings are scheduled and held at least 1 time a month or as requires. Joint meetings of the Board of Directors with the Board of Commissioners are held at least once every four months.
- Every policy and strategic decision must be decided through the Board of Directors meeting and refer to the provisions set in the Articles of Association and other laws and regulations.
- The President Director chairs the Board of Directors meeting. In case the President Director position is vacant or the President Director is unable to attend the Board of Directors meeting, a member of the Board of Directors shall be elected by the attending Directors to chair the Board of Directors meeting.
- A member of the Board of Directors can be represented in the meeting by another Director based only on power of attorney.
- Concerning scheduled meetings, invitations and materials must be submitted to the participants of the meeting no later than five (5) days before the meeting is held. If the meeting is not scheduled beforehand, the meeting materials are to be submitted to the meeting members before the meeting is held.
- The Board of Directors Meeting can be held if at least 75% of the members of the Board of Directors are present at the meeting.
- Any decision of the Board of Directors meeting is made by consensus. In the event consensus is not reached, decisions are made by a majority vote. Decisions made by a majority vote is based on the principle of one person, one vote.

- h. The results of the Board of Directors meetings shall be noted in the minutes of the meeting and appropriately documented.
- i. Dissenting opinions expressed in the Board of Directors meeting shall be clearly stated in the minutes of the meeting with the reasons for the differences in opinions.
- j. The minutes are kept and distributed to each member of the Board of Directors and the Corporate Secretary.
- k. The Board of Directors may also adopt lawful and binding decisions without convening a meeting of the Board of Directors, provided all the members of the Board of Directors approve in writing by signing a decree containing the proposal in question. Decisions taken in this way have the same legal force as decisions taken at legitimate meetings.
- l. Any member of the Board of Directors who personally has an interest, either directly or indirectly, in a transaction, contract or proposed contract, in which the Bank is a party, must state the nature of the interest in the meeting of the Board of Directors and is not entitled to participate in the voting on matters relating to the transaction or the proposed contract, unless the Directors determine otherwise.

Frequency of Meetings and the Directors' Meetings

In 2015, the Bank held Board of Directors meetings 45 times or has met the minimum requirement of the Board of Directors meetings. All decisions were documented in the minutes of the meetings. Decision-making in all the Board of Directors meeting were conducted by deliberation and consensus, and there were no dissenting opinions.

Attendance Levels of Board of Directors Meetings

| Name | Attendance at Board Of Directors Meetings (45 times) | |
|-------------------------------|--|---------------------|
| | Attendance in Meeting | Attendance Rate (%) |
| Sng Seow Wah*) | 37 | 97% |
| Muliadi Rahardja | 40 | 89% |
| Vera Eve Lim | 41 | 91% |
| Herry Hykmanto | 38 | 84% |
| Fransiska Oei Lan Siem | 38 | 84% |
| Michellina Laksmi Triwardhany | 36 | 80% |
| Satinder Pal Singh Ahluwalia | 42 | 93% |

Note:

- *) Effective appointed as CEO by the EGM dated February 27, 2015

- Kanchan Keshav Nijasure submitted his resignation on 27 April 2015, the resignation is effective from June 30, 2015;

- Pradip Chhadva submitted his resignation on 9 April 2015, the resignation is effective from July 1, 2015.

Frequency of Joint Meetings of BoD and BoC

The Board of Directors held 3 (three) Meetings jointly with the Board of Commissioners on 6 April 2015, 29 July 2015 and 7 October 2015. Directors also attended Joint Meeting held by the Board of Commissioners namely on 26 February 2015, 24 June 2015, and 23-24 November 2015. All meeting resolutions were documented properly in the minutes.

Attendance of Directors at Joint Meetings

| Name | Joint Meeting Board of Directors with Board of Commissioners (6 times) | | |
|-------------------------------|---|---|------------------|
| | BoD Meeting with Commissioners in Attendance | BoC Meeting with Directors in Attendance | Attendance Level |
| Sng Seow Wah *) | 3 (of 3) | 2 (of 2) | 100% |
| Muliadi Rahardja | 3 | 3 | 100% |
| Vera Eve Lim | 3 | 2 | 83% |
| Herry Hykmanto | 3 | 3 | 100% |
| Fransiska Oei Lan Siem | 3 | 3 | 100% |
| Michellina Laksmi Triwardhany | 3 | 3 | 100% |
| Satinder Pal Singh Ahluwalia | 3 | 3 | 100% |

Note:

- *) Effective appointed as CEO by the EGM dated February 27, 2015

- Kanchan Keshav Nijasura filed resignation on 27 April 2015, the resignation is effective from June 30, 2015;

- Pradip Chhadva filed resignation on 9 April 2015, the resignation is effective from July 1, 2015.

Main Agenda and Participants of Board of Directors Meetings 2015

| No | Date | Participant | Meeting Agenda |
|----|------------------|---|--|
| 1 | January 9, 2015 | <ol style="list-style-type: none"> Henry Ho Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Update on Preparation for Audit Full Year Financial Update |
| 2 | January 14, 2015 | <ol style="list-style-type: none"> Henry Ho Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Update From External Auditor EY Review and Approval of Previous Minutes of Meeting |
| 3 | January 21, 2015 | <ol style="list-style-type: none"> Henry Ho Muliadi Rahardja Herry Hykmanto Vera Eve Lim Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update Dividend Payout Ratio Jamsostek Issues Update |
| 4 | January 28, 2015 | <ol style="list-style-type: none"> Henry Ho Muliadi Rahardja Herry Hykmanto Fransiska Oei Lan Siem Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting SKAI Update SEMM and SME Business Update EDW Project Update |
| 5 | February 4, 2015 | <ol style="list-style-type: none"> Henry Ho Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasura Fransiska Oei Lan Siem Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Tax Case Update AGMS Update and New Regulation Update Stress Test 2015 |

| No | Date | Participant | Meeting Agenda |
|----|-------------------|---|---|
| 6 | February 11, 2015 | <ol style="list-style-type: none"> Henry Ho Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting YTD Financial Performance New HO Update SEMM Update-Issues on PA Plus Insurance |
| 7 | February 25, 2015 | <ol style="list-style-type: none"> Henry Ho Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Risk Management Update HR Update-Final Bonus, Salary Increase and Promotion Prepaid Update |
| 8 | March 4, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Weakening Revenue Trend Monthly Business Review Goals for 2015 Balance Score Card Performance Management System Salary Action and Bonus Allocation Process |
| 9 | March 11, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting BoD Meeting Code of Conduct YTD Financial Performance February 2015 |
| 10 | March 18, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Off site Meeting Action Plan Update Avatar Project Update Upcoming BoC Meeting Agenda and Itinerary Remuneration Policy Update Maritime and Fisheries Industry |
| 11 | March 25, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update & Operational Risk Management Update Banking Industry and Top 10 Banks Comparison TD Repricing Weekly Update Closing The Gap Update Launching IT, CREM, Funding and X-Sell Working Group Committee Air Transport Policy |
| 12 | March 31, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Litigation Update Balance Score Card HR Update-Danamon Core Value |

| No | Date | Participant | Meeting Agenda |
|----|----------------|---|--|
| 13 | April 8, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Closing The Gap Update MPR Minutes Asset Recovery Update Value Proposition Update Service Quality Program Update SKAI Report |
| 14 | April 15, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Director's Balance Score Card March 2015 Financial Result New Trade System Update Financial Inclusion |
| 15 | April 22, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update SKAI Update Manulife Update |
| 16 | April 29, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Danamon Anniversary & Danamon Social Entrepreneur Award Leadership Talent Assessment and Development |
| 17 | May 6, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting CREM Update-Menara Danamon Building & Facilities Market Consensus and Analyst View on Danamon's 1Q15 Results Update on Adira Quantum Matters HR Update Head hunting Firms Appointment Process |
| 18 | May 13, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting New Trade System Bankwide Information Security System Credit Bureau Participation Adira Quantum Update Syariah Business |
| 19 | May 20, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting SEMM Action Plan Update YTD Financial Performance-April 2015 Result |
| 20 | May 28, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Business Plan 2015 Cross Sell Update Itinerary and Agenda For The Upcoming BoC Meeting HR Update-Outsource Management Danamon Peduli Update |

| No | Date | Participant | Meeting Agenda |
|----|-----------------|---|---|
| 21 | June 3, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Trade Finance Update-NTFS Risk Management Update-Including Stress Test General Expenses Behavior Analysis Update Tax Regulation Update - Gift to Customer & Loan Forgiveness |
| 22 | June 10, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting 2015 NPAT Forecast SEMM Adira Finance Syariah Update RB and SEMM 2015 |
| 23 | June 17, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting YTD Financial Performance-May 2015 Results Loan to Funding Update Danamon Talent Enrichment Program HR Update Values (1800 Seconds) SEMM Customer Insurance |
| 24 | June 25, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update Peers Bank Comparison Support Group OPEX Forecast Branch Improvement Initiative |
| 25 | July 2, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Vera Eve Lim Fransiska Oei Lan Siem Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Employee's Car Ownership Program (COP) Proposal Talent Management Update Performance Review Update |
| 26 | July 10, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting First Half 2015 Financial Results Employee's Car Ownership Program (COP) |
| 27 | July 15, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting 2015 Forecast Update and BPJS Update |
| 28 | July 30, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management and Stress Test CREM Update-New Head Office building Financial Update 2015 Kick-Off 2016 Business Planning and Strategy Performance Appraisal |
| 29 | August 12, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting SEMM HR Update Adira Finance HR Update July 2015 Financial Result Project Kick Off SEMM Business Update Incentive Scheme Project Update |
| 30 | August 19, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Economy Outlook and Assumption Internal Audit Update Supervisor's Accountability Talent Assessment Update |

| No | Date | Participant | Meeting Agenda |
|----|--------------------|--|---|
| 31 | August 26, 2015 | 1. Sng Seow Wah 2. Herry Hykmanto 3. Vera Eve Lim 4. Fransiska Oei Lan Siem 5. Michellina L. Triwardhany 6. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update Risk Postures 2016 Loan to Funding Ratio (LFR) 2015 Outlook |
| 32 | September 3, 2015 | 1. Sng Seow Wah 2. Muliadi Rahardja 3. Vera Eve Lim 4. Fransiska Oei Lan Siem 5. Michellina L. Triwardhany | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Mid Year 2015 Performance Appraisal Result Special Shares Grant SEMM HR Update |
| 33 | September 16, 2015 | 1. Sng Seow Wah 2. Muliadi Rahardja 3. Vera Eve Lim 4. Fransiska Oei Lan Siem 5. Michellina L. Triwardhany 6. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting First Half Peer Banks Comparison August 2015 Financial Result 2016-2018 Bank Wide Projection Update on SEMM Client's Insurance SEMM Partnership 2016 Manpower Budget and Salary Increase Proposal Cash Allowance Car Ownership Program Proposal |
| 34 | September 23, 2015 | 1. Sng Seow Wah 2. Muliadi Rahardja 3. Vera Eve Lim 4. Fransiska Oei Lan Siem 5. Michellina L. Triwardhany 6. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Executive Talent Management and Development Program-Kick Off New/Revised Indonesian Financial Accounting Standard LAKU PANDAI/Branchless Banking Project |
| 35 | September 30, 2015 | 1. Sng Seow Wah 2. Muliadi Rahardja 3. Herry Hykmanto 4. Vera Eve Lim 5. Fransiska Oei Lan Siem 6. Michellina L. Triwardhany 7. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update Tax Audit Issues |
| 36 | October 8, 2015 | 1. Sng Seow Wah 2. Herry Hykmanto 3. Vera Eve Lim 4. Michellina L. Triwardhany 5. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting 2015 Town Hall Meeting Shared Service Head Office Project 2016 Support Function Operating Expense |
| 37 | October 13, 2015 | 1. Sng Seow Wah 2. Herry Hykmanto 3. Vera Eve Lim 4. Michellina L. Triwardhany 5. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Internal Audit Update New Promotion Framework |
| 38 | October 20, 2015 | 1. Sng Seow Wah 2. Herry Hykmanto 3. Vera Eve Lim 4. Fransiska Oei Lan Siem 5. Michellina L. Triwardhany 6. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting September 2015 Financial Result |
| 39 | October 28, 2015 | 1. Sng Seow Wah 2. Muliadi Rahardja 3. Herry Hykmanto 4. Vera Eve Lim 5. Fransiska Oei Lan Siem 6. Michellina L. Triwardhany 7. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update Trade Service Improvement OE Project-New Governance and Approach |
| 40 | November 5, 2015 | 1. Sng Seow Wah 2. Muliadi Rahardja 3. Herry Hykmanto 4. Vera Eve Lim 5. Fransiska Oei Lan Siem 6. Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Kredit Usaha Tani (KUT) Channeling Update (loans for farmers) FY 2015 Outlook FY 2016 Plan |

| No | Date | Participant | Meeting Agenda |
|----|-------------------|---|--|
| 41 | November 11, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting COP Transition Policy For Promoted Employee Deep Dive on Danamon Tax Issues and Assets Revaluation Update |
| 42 | November 18, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting EES Update SKAI Update Transformation Management Office Update |
| 43 | December 3, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Vera Eve Lim Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Risk Management Update Timeline For Year End Process - Performance Appraisal, Promotion, Bonus & Salary Increase Update Bonus Framework Expense Policy Update Tax Update |
| 44 | December 16, 2015 | <ol style="list-style-type: none"> Muliadi Rahardja Herry Hykmanto Fransiska Oei Lan Siem Michellina L. Triwardhany Satinder Pal Singh Ahluwalia | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Product Approval Committee Update Transaction Management Consultant |
| 45 | December 23, 2015 | <ol style="list-style-type: none"> Sng Seow Wah Muliadi Rahardja Herry Hykmanto Fransiska Oei Lan Siem Michellina L. Triwardhany | <ul style="list-style-type: none"> Review and Approval of Previous Minutes of Meeting Transaction Management Consultant |

Agenda and Participants of the Meetings with the Board of Commissioners

| No | Date | Participant | Meeting Agenda |
|----|---------------|---|--|
| 1 | April 6, 2015 | <ol style="list-style-type: none"> Ng Kee Choe J.B. Kristiadi Ernest Wong Yuen Weng Gan Chee Yen Manggi T. Habir Made Sukada Sng Seow Wah Muliadi Rahardja Vera Eve Lim Herry Hykmanto Kanchan Nijasure Fransiska Oei Lan Siem Michellina L. Triwardhany Pradip Chhadva Satinder Pal Singh Ahluwalia | <ol style="list-style-type: none"> Minutes of the previous meeting Financial performance YTD |

| No | Date | Participant | Meeting Agenda |
|----|-----------------|--|--|
| 2 | July 29, 2015 | <ol style="list-style-type: none"> 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng (conference call) 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada 7. Sng Seow Wah 8. Muliadi Rahardja 9. Vera Eve Lim 10. Herry Hykmanto 11. Fransiska Oei Lan Siem 12. Michellina L. Triwardhany 13. Satinder Pal Singh Ahluwalia | <ol style="list-style-type: none"> 1. Minutes of the previous meeting 2. Update on Financial Performance YTD - June 2015 3. Update on Mid-Year Forecast 4. Risk Appetite Statement 5. Progress on Integrated Conglomeration |
| 3 | October 7, 2015 | <ol style="list-style-type: none"> 1. Ng Kee Choe 2. J.B. Kristiadi 3. Ernest Wong Yuen Weng 4. Gan Chee Yen 5. Manggi T. Habir 6. Made Sukada 7. Sng Seow Wah 8. Muliadi Rahardja 9. Vera Eve Lim 10. Herry Hykmanto 11. Fransiska Oei Lan Siem 12. Michellina L. Triwardhany 13. Satinder Pal Singh Ahluwalia | <ol style="list-style-type: none"> 1. Minutes of the previous meeting 2. Financial performance YTD 3. Adira Finance 4. Update on Taxes |

The Meeting Schedule of 2016

At the end of 2015, the Directors prepared a meeting schedule to be held in 2016 of 12 BoD meetings and 3 Joint Meetings with the BoC.

Attendance of Board of Directors at the Annual GMS

Accountability of Directors for the implementation of duties and responsibilities has been submitted to the shareholders through the Annual General Meeting 2015. All Directors were present at the Annual GMS held on April 7, 2015.

Duties and Responsibilities of the Board of Directors 2015

The Board of Directors set objectives and operated the business in a safe and sound manner to meet the obligation of accountability to the Bank's Shareholders and Stakeholders. In 2015, the Board of Directors carried out its duties and responsibilities by performing the following:

- a. Established goals for business, financial, and other important dimensions that can ensure stability and sustainability.
- b. Implemented close monitoring and provided recommendation to drive achievement of the goals.
- c. Helped allocate and prioritized resources required to build the franchise, and bring the institution back to growth mode.
- d. Reinforced the need for risks and controls to manage and operate in a prudent manner.
- e. Reinforced corporate core values and built a robust performance management system and process, and emphasized meritocracy.

Board of Directors Performance Assessment Procedures, Criteria and Performance Assessor

Directors Individual Assessment

- a. Each Director has performance targets stated in balance scorecard according to his/her duties and responsibilities of each Director also includes compliance, risk management and human resources.
- b. The assessment is conducted every 6 (six) months by the President Director.
- c. The performance assessment is submitted to the Board of Commissioners through the Nomination Committee.

Board of Directors Performance Assessment

Assessment of the Performance of the Board of Directors as a whole is based on decided criteria such as financial performance, comparison with peer groups, the significance of the results of the audit, regulatory compliance, and consideration of long-term goals and strategies of the Bank. In addition, the Board of Directors performance assessment also considers the duties and responsibilities of the Board of Directors in accordance with laws and regulations and the Articles of Association.

Assessment of the Board of Directors is done by the Board of Commissioners and the result of the performance assessment will be taken into consideration in improving the effectiveness of the Board of Directors performance.

Opinion of the Board of Commissioners on the performance of the Board of Directors

The year 2015 was a less favorable year for the banking industry. The Indonesian economy expanded only by 4.8%, declining from 5.0% last year which reflects the weakening of exports, investment, and government spending and consumption. The economy of China, the main destination for Indonesia's export commodities, had not shown any significant recovery, while the economy of other export destinations, like Japan and Europe also continued to struggle. Pressures on the Indonesian Rupiah (IDR) also intensified, triggered by the uncertain timing of the Fed rate hike, the depreciation of the Chinese Yuan, the rise in demand for foreign currency to repay foreign currency corporate loans, and concerns on the sluggish domestic economy. The IDR weakened to Rp14,700/USD level in September 2015 before recovering and stabilizing at Rp13,600/USD in October 2015. The economic slowdown also impacted the banking sector's loan growth and quality. The banking industry's loan growth declined from 3% in 2014 to minus 7% in 2015, while Non Performing Loans (NPLs) rose from 2.3% in 2014 to 3% in 2015.

Danamon's total consolidated outstanding loans decreased by 7% to Rp129.37 trillion with a relatively manageable and healthy non-performing loan ratio (NPL) of 3.32%. SME, Mid-Size, and Commercial loans (including Syariah) grew, but micro-loans from SEMM and automotive financing from Adira Finance declined. On the funding side, consolidated third party deposits decreased 1% year on year to Rp115.14 trillion, mostly due to the decline of the current accounts portion of total deposits. Consolidated total funding (including Structured Funding) also decreased by 4% to Rp138.15 trillion. Danamon booked a consolidated net profit after tax (NPAT) of Rp2.4 trillion and ROAA and ROAE of 1.2% and 7.4% respectively. The Bank's capital management was supported by strong capital planning as reflected in the Bank's CAR of 21.06 %, which was significantly higher than the minimum requirement (9%-10%).

The Board of Commissioners recognizes the tough challenges faced by the Management due to the economic slowdown and less favorable business environment. The Board is grateful for the Management's efforts to closely monitor the Bank's credit standards and prioritize asset quality, building a more diversified, stable and granular deposit structure, and operate more efficiently, which is critical to better address the difficult challenges ahead. In addition, the Board appreciates the Management's effort to establish and implement appropriate strategic initiatives that will transform and bring Danamon to the next level, resulting in a higher level of productivity and ultimately a better performance going forward.

Board of Directors Remuneration Policy

Indicators for Determining Board of Directors Remuneration

The remuneration of the Board of Directors is recommended by the Remuneration Committee with reference to the remuneration principles of the Bank and assessment results of target (goal setting) achievement, prevailing regulations, industry comparison, and the performance of the Bank. Recommendations of the Committee is submitted to the Board of Commissioners for approval in the AGM.

Procedure for Determining Board of Directors Remuneration

The remuneration setting process of the Directors can be described as follows:

Remuneration Committee

The Remuneration Committee gathers information about remuneration standards for position in similar industries in the market by calculating the performance of the company. The Committee makes recommendations to the Board of Commissioners.

Board of Commissioners

The BoC studies the recommendation from the Remuneration Committee and proposes remuneration of BoD to GMS.

General Meeting of Shareholders

AGM establishes the remuneration of the members of the Board of Directors.

Remuneration of the Board of Directors

Remuneration distribution to each member of the BoD in accordance to GMS.

Board of Directors Remuneration Structure

Each member of the Board of Directors receives a remuneration package paid regularly, consisting of Salary, Housing Allowance and Vehicle Allowance, Christmas/Lebaran allowances, Leave allowance, and performance bonus.

Remuneration and other benefits of the Directors (in million Rupiah)

| Remuneration | 2015 | | 2014 | | 2013 | | 2012 | | 2011 | |
|---|---------|----------|---------|----------|---------|----------|---------|----------|---------|----------|
| | Nominal | Person** | Nominal | Person** | Nominal | Person** | Nominal | Person** | Nominal | Person** |
| 1 Salary and Allowance | 40,996 | 7 | 54,256 | 9 | 58,423 | 11 | 32,703 | 12 | 33,301 | 12 |
| 2 Tantiem | 31,049* | 7 | 33,481 | 9 | 54,563 | 11 | 36,960 | 12 | 32,066 | 12 |
| 3 LTCP | NA | | NA | | 18,800 | 11 | 29,498 | 12 | 28,005 | 12 |
| 4 Other allowances in kind (housing, transportation, health insurance and others) | | | | | | | | | | |
| a. may be owned | 2,517 | 7 | 3,315 | 9 | 3,587 | 11 | 3,664 | 12 | 3,739 | 12 |
| b. may not be owned | 6,607 | 7 | 6,505 | 9 | 6,824 | 11 | 7,134 | 12 | 7,363 | 12 |

Note:

* Accrual and can be changed in accordance with the GMS

** Number of members of the Board of Directors as of 31 December 2015

Remuneration of Directors Based on Income Levels

| Remuneration amount per person in 1 year* | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|------|------|------|------|------|
| Above 2 billion | 7 | 9 | 11 | 12 | 12 |
| Above 1 billion up to 2 billion | - | - | - | - | - |
| Above 500 million up to 1 billion | - | - | - | - | - |
| Below 500 million | - | - | - | - | - |

Note:

A new Director joined in February 2015.

Orientation Program for New Directors

An orientation program for new Directors is conducted to provide an understanding of the vision, mission and values of Danamon, code of ethics, organizational structure, lines of business, Board of Directors' charter as well as banking rules and regulations. The orientation program is implemented by providing an On-Boarding Pack and briefing in-person by the business units and other support units.

Training Programs to Enhance Competencies of Directors

Danamon provides an opportunity for Directors to participate in various training, certifications, workshops, and conferences to enhance competence, professionalism and knowledge on an ongoing basis. During 2015, members of the Board of Directors received training, certification, workshops and conferences as follows:

| Director Name | Training/Conference/Seminar/Workshop | Organizer | Location | Date |
|------------------|--|-----------|------------------------|--------------------|
| Sng Seow Wah | Certification BOC Adira Finance | FSA | Mandarin Hotel | October 27, 2015 |
| | Digital Workshop | Accenture | MBD | November 26, 2015 |
| | Demands for Leadership | Gallup | MBD | December 1-2, 2015 |
| | Refreshment course for Risk Management | PPM | PPM Gd A | December 3, 2015 |
| Muliadi Rahardja | Conference: JARING | FSA | Talakar, Makassar | May 7, 2015 |
| | Seminar: Finance Stability Study | BI | Komp. BI, Jakarta | May 8, 2015 |
| | Workshop: Digital Banking | Accenture | MBD, Jakarta | November 26, 2015 |
| | Training: Demand of Leadership | Gallup | Hotel Luwansa, Jakarta | December 1-2, 2015 |

| Director Name | Training/Conference/ Seminar/Workshop | Organizer | Location | Date |
|------------------------------|--|-------------------------------|--|---------------------|
| Vera Eve Lim | JP Morgan ASEAN Financial Forum | JP Morgan | Singapore | January 6-7, 2015 |
| | Indonesia All Access | Nomura | Jakarta | January 20, 2015 |
| | Investment Corporate Day | Mandiri Sekuritas | Jakarta | January 27-28, 2015 |
| | BAML - 2015 ASEAN Conference | Bank of America Merrill Lynch | Singapore | March 4-5, 2015 |
| | UBS Indonesia Conference | UBS | Jakarta | March 9, 2015 |
| | Macquarie - ASEAN Conference | Macquarie | Singapore | August 24, 2015 |
| | Managing Financial Turbulence | LPS | Jakarta | September 22, 2015 |
| | Indonesia Financing Profession Certification | ADMF - SPPI | Jakarta | October 27, 2015 |
| | Investor Summit & Capital Market Expo | FSA, IDX, KSEI | Jakarta | November 13, 2015 |
| | Digital Banking Workshop | Accenture | Jakarta | November 26, 2015 |
| | Financial Resources Management Roundtable | Oliver Wymann | Jakarta | November 27, 2015 |
| Demand of Leadership Program | Gallup | Jakarta | December 1-2, 2015 | |
| Herry Hykmanto | Discussion on the development of Syariah Banking Industry | FSA | Office Complex BI - Jakarta | January 13, 2015 |
| | BSMR (Branchless Banking) As a Mean of Product Development & E-Channel Services to Improve Financial Services Institutions Profit) | BSMR | Le Meridien Jakarta | March 30, 2015 |
| | IFSB Seminar on Enhancing Financial Inclusion Through Islamic Finance | BI & IFSB | Hotel Kempinski Jakarta | March 31, 2015 |
| | 7th IFSB Public Lecture on Financial Policy and Stability | BI & IFSB | Hotel Kempinski Jakarta | April 1, 2015 |
| | 2015 IIF Asia Summit | IIF & Bank Mandiri | The Ritz Carlton Pacific Place - Jakarta | May 7, 2015 |
| | Focused Discussion Workshop on IDB Private Sector Strategy in Indonesia | IDB | Grand Hyatt - Jakarta | June 23, 2015 |
| | FSA International Conference on Islamic Finance 2015 | FSA | Hotel Kempinski Jakarta | November 12, 2015 |
| | Invitation for Demands of Leadership Program | Danamon | JS. Luwansa Hotel Jakarta | December 1-2, 2015 |

| Director Name | Training/Conference/ Seminar/Workshop | Organizer | Location | Date |
|-------------------------------------|--|------------------------------------|-------------------------------|----------------------|
| Fransiska Oei Lan Siem | Integrated Governance Risk Management "Strategies for Managing Bank as Holding Company | IBI | Jakarta | January 21, 2015 |
| | Governance & Risk Management Integrated Financial Conglomeration Implementation | FKDKP | Jakarta | February 16, 2015 |
| | Arbitration Workshop | Legal Division | Jakarta | March 6, 2015 |
| | Refreshment of ASEAN CG Scorecard Assessment | FSA | Jakarta | March 16, 2015 |
| | International Seminar on Financial Literacy to Support Financial Inclusion (Moderator) | FSA | Denpasar, Bali | June 9, 2015 |
| | KPK Gathering, National Banking 2015 | KPK | Jakarta | June 10, 2015 |
| | To do smart e-Banking | FSA | Jakarta | September 14, 2015 |
| | Indonesia Board Governance | KPMG | Jakarta | November 9, 2015 |
| | ASEAN Corporate Governance Conference & Award | ASEAN Development Bank/I C D | Manila, Philippines | November 14, 2015 |
| | Issuer's Governance Guidelines | FSA | Jakarta | November 17, 2015 |
| | (CG Code) (Speaker) | Accenture | Jakarta | November 26, 2015 |
| Demand Of Leadership training | Gallup | Jakarta | December 1-2, 2015 | |
| Michellina Laksmi Triwardhany | Asian Financial Services Congress 2015 | IDC Financial Insights | Singapore | March 5 - 6, 2015 |
| | Demand of Leadership Training | Gallup | Jakarta | December 1 - 2, 2015 |
| Satinder Pal Singh Ahluwalia | Julius Baer Excellence in Investing | Julius Baer Singapore | Hotel Kempinski Jakarta | February 16, 2015 |
| | Macquarie ASEAN Conference | Macquarie | Fullerton Hotel Singapore | August 24 - 26, 2015 |
| | 3rd Annual Financial Service Summit | IDC Singapore | Marriott Hotel Jakarta | October 22, 2015 |
| | Digital Banking Workshop | Accenture | Danamon Jakarta | November 26, 2015 |
| | Demands of Leadership Program | Gallup | Luwansa Hotel Jakarta | December 1-2, 2015 |

Directors Succession

Succession of Directors is made through identifying potential executive officers through the Talent Review Program. Each member of the Board of Directors is obliged to submit candidate successors for evaluation, and identify their competencies and skill gaps. Successor candidates are grouped in a talent inventory for recommendation to the Nomination Committee.

COMMITTEES UNDER THE BOARD OF DIRECTORS

Danamon has established committees under the Board of Directors tasked to support the implementation of the duties and responsibilities of the Board of Directors. These committees provide suggestions and recommendations used by the Board of Directors as reference in decision making:

Committees under the Board of Directors are as follows:

- Risk Management Committee
- Assets & Liabilities Committee
- Information Technology Steering Committee
- Fraud Committee
- Compliance Committee
- Operational Risk Management Committee

Additionally, in the framework of integrated risk management implementation, the Directors also established an Integrated Risk Management Committee.

Risk Management Committee

Committee Structure and Membership

| | |
|------------------|--|
| Chairman: | Director of Integrated Risks |
| | President Director Director of Legal and Compliance Director of Syariah Banking Director of Operation Director of Consumer Banking and SME |
| Members: | Director of Finance (CFO) Director of Micro Banking Director of Treasury and Capital Market Director of Corporate and Commercial (Wholesale Banking) Director of Information Technology Director of Human Resources |

Duties and Responsibilities of the Committee

- a. Support the Board of Directors in performing their duties with regard to risk management.
- b. Define the risk management plan, direction, policies, strategies of Danamon and its subsidiaries.
- c. Ensure all Danamon activities are in line with the prevailing rules and regulations.
- d. Decide aspects concerning business decisions which deviate from normal procedures.
- e. Define the most suitable risk management methodologies for managing the risks, build up the reserve through policies to accommodate the inherent potential risks and ensure the availability of post catastrophic restoration procedures.
- f. Monitor the development of procedures and risk strategies and provide recommendations to the Board of Directors for approval on all strategies, key policies, processes and systems of risk management.
- g. Review credit portfolios, market liquidity, operations and significant risks, periodically reporting the Bank's risk profile and risk exposures to the Board of Directors.
- h. Evaluate the implementation of risk management processes and perform improvement in line with external and internal affecting Danamon's or its subsidiaries' capital adequacy or risk profiles.
- i. Evaluate the risks of the organizational structure of Danamon and its subsidiaries to ensure that the process of risk management is in line with the organization development.

Risk Management Committee Meetings

| Attendance of Board of Directors Members in Committee Meetings | | |
|--|--|------------------|
| Board of Directors | Attendance in Risk Management Committee Meetings (11 Meetings) | Attendance Level |
| Sng Seow Wah*) | 9 (out of 9 meetings) | 100% |
| Muliadi Rahardja | 10 | 91% |
| Vera Eve Lim | 11 | 100% |
| Herry Hykmanto | 11 | 100% |
| Fransiska Oei Lan Siem | 10 | 91% |
| Michellina Laksmi Triwardhany | 10 | 91% |
| Satinder Pal Singh Ahluwalia | 11 | 100% |

*) Effective appointment as President Director pursuant to Extraordinary GMS dated 27 February 2015

Actions Implemented by the Risk Management Committee in 2015

During 2015, the Risk Management Committee conducted meetings with discussion topics which include:

- a. Routine discussions:
 - Portfolio (bank level, wholesale, retail, and micro business).
 - Operational, market, and liquidity risks.
 - Portfolio per business unit.
 - Credit rating.
 - Concentration of business units and industry portfolio.
 - Bonds.
 - Debtors on watchlist.
 - Risk dashboard.
- b. Specific Discussions: Improvement on DSP documentation system to accelerate the improvement of credit quality.

Assets and Liabilities Committee

Committee Structure and Membership

| | |
|------------------|---|
| Chairman: | President Director Director of Finance (Chief Financial Officer) |
| Member: | Director of Sales and Distribution Director of Treasury and Capital Market Director of Transaction Banking Director of Corporate and Commercial (Wholesale Banking) Director of Consumer Banking and SME Director of Micro Banking |

Duties and Responsibilities of the Committee

- a. Define the scope of work of the Committee, meeting procedures, work process, and the formation of sub-committees to support the committee.
- b. Decide on the policies and directions on liquidity, interest risks, and capital management at the Bank and its subsidiaries which reflect the adequacy of liquidity and capital, stable and diversified financing by complying to the prevailing regulations.
- c. Perform evaluation on market conditions and their impacts on the conditions of Bank liquidity, NII, and capital as well as approve the most appropriate actions.
- d. Perform evaluation on the composition of financing and approve every modification on strategy and alternative financing including new institutional/structural financing.
- e. Conduct reviews on liquidity strategy, interest rate, and capital as proposed by TCM, and at the same time monitor the implementation, by performing evaluation on a monthly basis for the following aspects:
 - Early warning indicators.
 - Latest movement on key components of the balance sheet.
 - Position and projection of the liquidity.
 - Deposit analysis.
 - Monitoring on Contingency Funding Plan (CFP).
 - Updates on Professional Funding.
 - Discussions on FTP.
 - Evaluation on AFS activities.
 - Discussion on limits, targets, and indicators of market risks.
 - Other issues relevant with ALCO.
- f. Periodically, perform evaluations and approve the following aspects:
 - Policies on liquidity, interest rate risks on the balance sheet and FTP.
 - Policies on contingency funding plan.
 - Assumptions for liquidity stress tests.
 - Provide recommendations to the Board of Commissioners of all limits/targets/triggers including AFS related to the balance sheet. The Board of Commissioners is responsible to grant approvals for limits set up by ALCO.
 - Core calculation for interest rate and liquidity.
 - Provide recommendations to the Board of Commissioners on all corrective action plans in case of excess threshold/trigger related to the Balance Sheet.

Assets and Liabilities Committee Meetings

| Attendance of Board of Directors Members in Committee Meetings | | |
|--|--|------------------|
| Board of Directors | Attendance in Assets & Liabilities Committee Meetings (11 meetings) | Attendance Level |
| Sng Seow Wah * | 8 (from 9 meetings) | 89% |
| Muliadi Rahardja | 9 | 82% |
| Vera Eve Lim | 11 | 100% |
| Michellina Laksmi Triwardhany | 11 | 100% |
| Satinder Pal Singh Ahluwalia | 10 | 91% |

*] Effective appointment as President Director pursuant to Extraordinary GMS dated 27 February 2015

Actions Implemented by the Assets and Liabilities Committee in 2015

During 2015, the Assets and Liabilities Committee (ALCO) conducted meetings which cover the following discussion topics:

- a. Economic overview and market outlook
- b. Balance Sheet Structure and Yield/COF analysis
- c. Loan to Funding Ratio (LFR)
- d. FTP Rate
- e. Liquidity Risk Profile
- f. Market Risk Profile
- g. Capital Management

Information Technology Steering Committee

Committee Structure and Membership

| | |
|------------------|--|
| Chairman: | Director of Information Technology |
| | President Director |
| | Director of Finance (CFO) |
| | Director of Operation |
| Member: | Director of Corporate and Commercial (Wholesale Banking) |
| | Director of Micro Banking |
| | Director of Consumer Banking and SME |

Duties and Responsibilities

- a. In conjunction with the group business strategic plan, periodically review the strategy of group IT, including the roadmap along with the prerequisite human resources and finance. Evaluate and approve the modifications in this department in line with the Group requirements.
- b. Prepare IT policies such as security policies and IT risk management policies.
- c. Ensure that IT projects and IT strategic plans are in harmony and ensure priorities.
- d. Periodically review the indicators of group production system service level including the effectiveness of security policies, dealing with issues and recommending improvements.
- e. Review and approve CAPEX investments within the context of strategy, blueprint, priorities, and group IT roadmap. Define and implement the approval of CAPEX, PAM, and OPEX IT guidelines as consistent with the procurement policies.
- f. Monitor the development of core IT Group projects through the directions provided by each of the member of Information Technology Project Steering Committee, dealing with each issue, and recommend possible improvements. Such improvement will then be implemented by project teams.
- g. Review the effectiveness of Risk Mitigation Plan on the implementation of IT investments in addition to ensure the contribution of the investment toward the group business.
- h. Ensure the allocation of appropriate and efficient IT resources. In case of requirements to utilize third parties to support project implementation, Information Technology Steering Committee must ensure the availability of policies and procedures of selecting and appointing the third party.
- i. Routinely review the benefits provided by IT Group projects to various business units and supporting functions.
- j. Routinely review OPEX and CAPEX of IT Group.
- k. Define and implement IT initiatives including the Management of information system required in order to support group business.

- l. Conduct self-assessment at a minimum on an annual basis in order to determine the effective functions of Information Technology Steering Committee.
- m. Perform other duties and responsibilities assigned by the Board of Directors from time to time.

Information Technology Steering Committee Meetings

| Attendance of Board of Directors Members in Committee Meetings | | |
|--|---|------------------|
| Board of Directors | Attendance in Information Technology Steering Committee Meetings (1 Meetings) | Attendance Level |
| Sng Seow Wah | 1 | 100 % |
| Muliadi Rahardja | 1 | 100 % |
| Vera Eve Lim | 1 | 100 % |
| Michellina Laksmi Triwardhany | 1 | 100 % |
| Satinder Pal Singh Ahluwalia | 1 | 100 % |

Actions Implemented by the Information Technology Steering Committee in 2015

During 2015, the Information Technology Steering Committee conducted meetings with the following discussion topics:

- Approval for Core Banking Infrastructure Refresh Project.
- Approval for B24 ATM Switch Refresh Project.
- Approval for Cards System Refresh Project.

Fraud Committee

Danamon has established a Fraud Committee at the Head Office and Regional level. At the central level, the Fraud Committee manages violations with a nominal above Rp1,000,000,000 including material operational risks towards Danamon. Meanwhile, the Fraud Committee on the regional level addresses frauds with a nominal value of Rp10,000,000 and up to Rp1,000,000,000. The Fraud Committee at the head office and regional levels are as follows:

Fraud Committee (Head Office)

Committee Structure and Membership

| | |
|------------------|--|
| Chairman: | Director of Legal and Compliance |
| | Director of Integrated Risk |
| | Director of Operations |
| | Division Head, Human Capital |
| Member: | Division Head, Internal Audit |
| | Division Head, Litigation |
| | Unit Head, Fraud Investigation |
| | Director(s) or Head(s) of related business line(s) |

Fraud Committee (Regional)

Committee Structure and Membership

| | |
|------------------|---------------------------------------|
| Chairman: | Regional Corporate Officer |
| Secretary | Head, Regional Human Capital |
| Member: | Head, Regional Transaction Service |
| | Manager, Regional Transaction Service |
| | Head, related Regional Segment |

Duties and Responsibilities of the Committees

- a. Decide the appropriate disciplinary action for each Danamon employee engaged in or involved in fraudulent activities by taking into account Danamon's regulations, Collective Labor Agreement (CLA), as well as Code of Ethics and Danamon's Cultural Values.
- b. Decide the work process and existing control to take preventive as well as remedial actions necessary to avoid the potential of such fraud recurring.

Fraud Committee Meetings

| Attendance of Board of Directors Members in Committee Meetings | | |
|--|---|------------------|
| Committee Members | Attendance in Fraud Committee Meetings (2 Meetings) | Attendance Level |
| Muliadi Rahardja | 2 | 100 % |
| Fransiska Oei Lan Siem | 2 | 100 % |
| Satinder Pal Singh Ahluwalia | 2 | 100 % |

Actions Implemented by the Fraud Committee in 2015

During 2015, the Fraud Committee conducted meetings with the following discussion topics:

- a. Making a decision on the appropriate disciplinary action toward fraud cases taking place during 2015.
- b. Ensuring that the disciplinary actions imposed are in line with the existing regulations.

Compliance Committee

Committee Structure and Membership

| | |
|------------------|---|
| Chairman: | Director of Legal and Compliance |
| | Director of Integrated Risk |
| | Director of Operation |
| Member: | Division Head, AML-CFT |
| | Head, Operational Risk Management |
| | Head, Internal Audit |
| | Division Head, Compliance |

Duties and Responsibilities of the Committee

- a. Review Danamon's compliance framework in order to monitor the level of compliance with the prevailing laws and regulations.
- b. Review and evaluate the audit results performed by external parties such as Bank Indonesia, Financial Services Authority, and other relevant parties.
- c. Carry out monitoring of correction steps and ensure Danamon's compliance with the prevailing laws and regulations in the banking industries.

Compliance Committee Meetings

| Attendance of Board of Directors Members in Committee Meetings | | |
|--|--|------------------|
| Board of Directors | Attendance in Compliance Committee Meetings (2 Meetings) | Attendance Level |
| Fransiska Oei Lan Siem | 2 | 100% |
| Satinder Pal Singh Ahluwalia | 2 | 100% |

Actions Implemented by the Compliance Committee in 2015

During 2015, the Compliance Committee conducted meetings with the following discussion topics:

- a. The result of FSA audit.
- b. Obligations to use Rupiah in the territory of the Republic of Indonesia.
- c. Sharing: Integrated Governance and Integrated Compliance Policies.
- d. New AML System.
- e. Integrated Internal Audit Unit.
- f. Compliance Policies of Subsidiary.

OPERATIONAL RISK MANAGEMENT COMMITTEE

Committee Structure and Membership

| | |
|------------------|--|
| Chairman: | Director of Integrated Risk |
| | Director of Operation Director of Financial Planning and Control Director of Treasury & Capital Market Director of Consumer Banking and SME |
| Member: | Director of Legal & Compliance Director of Syariah Banking Director of Corporate and Commercial (Wholesale Banking) and SME Director of Micro Business Director of Human Capital |

Duties and Responsibilities of the Committee

- a. Approve the framework, strategy, and methodology of Operational Risk Management (ORM) for operational risks.
- b. Approve the tools and ORM operational techniques in general.
- c. Approve the proposed action in order to restore the significant failures of operational systems.
- d. Monitor the development of ORM core project and issues related to incidents which carry significant operational risks.
- e. Provide feedback on the steps of managing an operational incident to the Board of Directors through Risk Management Committee.
- f. Review the effectiveness of ORM framework implementation.
- g. Assess the impacts on reputation from identified operational risks.
- h. Review significant operational losses and trend analysis as well as causative factors in order to determine the potential of preventive action.
- i. Renew/Update the rules/regulations of Bank Indonesia as well as other regulations relevant to Risk Management and their consequences.
- j. Approve decisions with Bankwide effect relevant to operational risk issues/incidents.

Operational Risk Management Committee Meetings

| Attendance of Board of Directors Members in Committee Meetings | | |
|--|---|------------------|
| Board of Directors | Attendance in Operational Risk Management Committee Meetings (2 Meetings) | Attendance Level |
| Sng Seow Wah | 2 | 100% |
| Muliadi Rahardja | 2 | 100% |
| Vera Eve Lim | 2 | 100% |
| Herry Hykmanto | 2 | 100% |
| Fransiska Oei Lan Siem | 2 | 100% |
| Michellina Laksmi Triwardhany | 2 | 100% |
| Satinder Pal Singh Ahluwalia | 2 | 100% |

Actions Implemented by the Operational Risk Management Committee in 2015

During 2015, the Operational Risk Management Committee conducted meetings with the following discussion topics:

- Anti-fraud Strategy and Framework.
- Business Continuity Management (BCM).
- Information Technology related to internet crime.

RELATIONS AND AFFILIATED PARTY TRANSACTIONS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS AND MAJORITY SHAREHOLDERS

Transactions with affiliated parties are based on the policy on affiliate relationships and affiliated party transactions No.DIR-CORP.SEC-015 dated December 30, 2013 regarding Policy of Transaction with Affiliated Party and with Related Party. This policy ensures that affiliate transactions are carried out on normal commercial terms and at an arms length basis and not detrimental to the interests of Danamon and the minority shareholders.

Affiliation between Directors and Commissioners and Controlling Shareholders

None of the Directors have an affiliate relationship with other Directors, Commissioners and/or the Controlling Shareholders.

Affiliation between Commissioners and Directors and Controlling Shareholders

All members of the Board of Commissioners have no affiliation with members of the Board of Commissioners. There are 3 (three) Non Independent Commissioners who have financial relationships with the controlling shareholder, namely: Ng Kee Choe, Gan Chee Yen and Ernest Wong Yuen Weng.

Affiliation between members of the Board of Directors, Board of Commissioners and Controlling Shareholders are as described in the financial relationship and familial relationship charts on the section of Board of Commissioners and Board of Directors in the Corporate Governance report.

The affiliated party transaction policy governs that each member of the Board of Commissioners and Board of Directors are required to disclose any planned affiliated transactions both by themselves and their families to the Corporate Secretary. Proposed material transactions will be assessed by the Director of Compliance and subsequently reported to the Audit Committee.

Directors, Commissioners and/or Controlling Shareholders who are involved in an Affiliated Party Transaction which has a potential conflict of interest with the specified amount must be reported to the Corporate Secretary with a copy to the Director of Compliance. In the event of a Conflict of Interest, the Director or Commissioner concerned shall abstain from the review process and approval of the transaction.

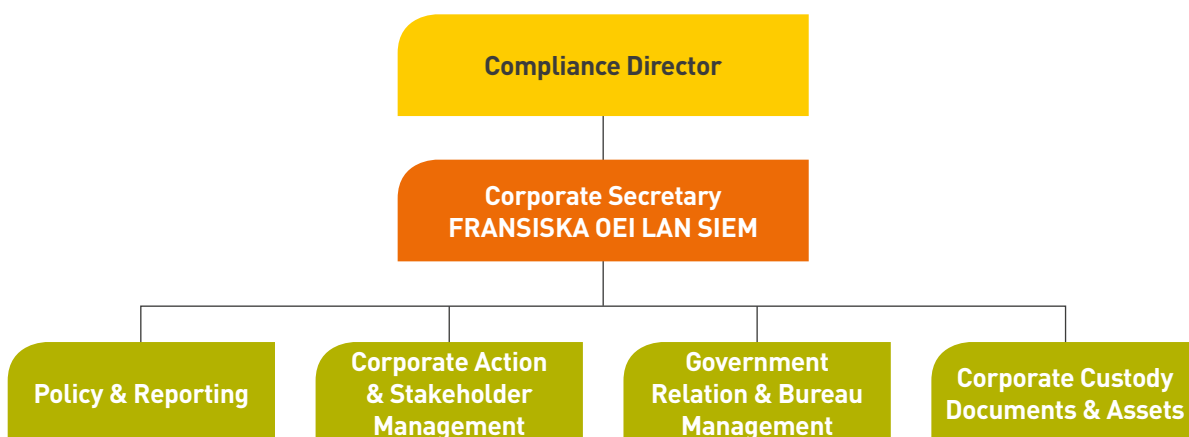
CORPORATE SECRETARY

The function of the Corporate Secretary is to ensure the dissemination of information of the Bank in timely and accurate manner to all Stakeholders. The Corporate Secretary is to be appointed and terminated by Board of Directors' decision. The Corporate Secretary has an important role in nurturing good communications between the Bank and the Shareholders as well as other Stakeholders.

Task Implementation of Corporate Secretary

- a. Preparing recommendations to the Board of Directors and Board of Commissioners to comply the prevailing capital market regulations.
- b. As liaison for communication between the Bank and the Shareholders, Financial Services Authority as well as other Stakeholders
- c. Preparing recommendations to the Board of Directors and Board of Commissioners relating to the implementation of corporate governance:
 - Disclosed information to the public including the information availability on Danamon website.
 - Report submission to Financial Services Authority and other regulators.
 - Organizing and preparing the minutes of AGMS.
 - Organizing and preparing meeting minutes of the Board of Directors and/or the Board of Commissioners.
 - Organizing Bank orientation program for the Board of Directors and/or the Board of Commissioners.

Corporate Secretary Organizational Structure



Corporate Secretary Profile

The position of Corporate Secretary of the Danamon is currently held by Fransiska Oei Lan Siem, a member of the Board of Directors with the following profile:



Fransiska Oei Lan Siem
Corporate Secretary

Fransiska Oei Lan Siem. Indonesian citizen. 58 years old. Holder of law degree from Trisakti University, Jakarta (1981), and was appointed as Director in May 2009 and later reappointed as a Director in the Annual General Meeting on May 7, 2014. Ms. Oei started her career at PT Ficorinvest as Chief of Legal (1982-1984). She later joined Citibank N.A. for the period of 1984-1997 and 1998-2000 and held numerous positions. Her last position at Citibank N.A. was Chief of Staff and Director of Compliance. During February 2005 to 2009, Ms. Oei served as Director of PT Bank Internasional Indonesia Tbk (BII). She had also previously, served as Legal and Compliance Advisor at BII (2004-2005) and as Managing Director/Management Team at BII (2000-2001). She had also served as a Commissioner of PT Bank Mandiri Tbk (2004-2005) and was one of the Founders and Senior Partner at LBAF Law Firm (2002-2004).

Corporate Secretary Training Program

Various training/seminars/workshops to increase competency of the Corporate Secretary:

- a. Integrated Governance Risk Management “Strategies for Managing Bank as Holding Company”
- b. Implementation of Integrated Governance and Risk Management in Financial Conglomeration
- c. Arbitration Workshop
- d. Socialization of ASEAN CG Scorecard Assessment
- e. International Seminar on Financial Literacy to Support Financial Inclusion (Moderator)
- f. KPK Gathering, National Banking 2015
- g. Bijak Ber e-Banking (Smart e-Banking)
- h. Indonesia Board Governance
- i. ASEAN Corporate Governance Conference & Award
- j. Corporate Governance Code for Issuers (Speaker)
- k. Digital Banking Workshop
- l. Demand Of Leadership Training

Task Implementation of Corporate Secretary

During 2015, the Bank’s Corporate Secretary activities included:

- a. Attending Boards of Commissioners and Directors meetings on a regular basis and preparing the minutes of meetings.
- b. Organizing the AGM and managing disclosure and manner of payment of dividends.
- c. Setting up a replacement policy regarding affiliate transactions and related party list in the implementation of corporate governance.
- d. Following the development of the capital market in particular related to the regulation of capital markets and conveying information about these developments to the Board of Commissioners, Directors and other Danamon stakeholders.
- e. Implementing information disclosure in accordance with the prevailing rules and regulations.

List of Danamon Information Disclosure

As part of information disclosure policy, Danamon provides information for public access via its website in Bahasa as well as in English. Danamon also submit regular reports to the Stock Exchange and the Financial Services Authority (FSA):

Regular Reporting

| Report | Regulation | Reporting Period | Report Objectives |
|--|--|------------------|-------------------|
| Monthly Report - Securities Holders BDMN Registration | Kep-306/BEJ/07- 2004 | Monthly | FSA, IDX, BI |
| Foreign Currency Obligation Report | FSA Letter No. S-30/PM.2/2013 in conjunction with Bapepam & LK Letter No. S-13 264/B/2012 in conjunction with Circular No.SE -02/BI/2009 | Monthly | |
| Consolidated Financial Statement BDMN and Subsidiaries | FSA Regulation No.XK1 Attachment Decision No. Kep-86/PM/1996, FSA Regulation No. XK2, Attachment Decision No. Kep-346/BL/2011 | Quarterly | |
| Share Composition Report | 22 PBI No. 11/1/PBI/2009 and Bank Indonesia Letter No. 11/31/DPB2/TPB2-1/Rahasia | Quarterly | |
| Disclosure of Information Report on Debt Securities Coupon Payment of Series IIB of 2010 | Item III.I.6.3 Regulation No. IE on the Obligation to Submit Information which is Attachment of IDX Directorial Decree No. Kep-306/BEJ/2007-2004 dated July 19, 2004 and Financial Services Authority (FSA/ex Bapepam & LK) Regulation No. X.M.1 regarding Disclosure Certain Shareholders | Quarterly | |
| Holding Company Financial Statement (AFI) | PBI No. 3/22/PBI/2001 regarding Transparency of Bank's Financial Condition | Semester | |
| Danamon Annual Report | Item III.2. of the Annual Report (Annual Report), No. Kep-306/BEJ/07-2004 - Regulation No. IE-related to Obligation to Submit Information | Annual | |
| Bond Rating Report | Regarding Ratings on debt securities and Rule Number IE on obligation to deliver information which is an attachment of directors decision JSX No. Kep-306/BEJ/07-2004 | Annual | |
| Company's Annual Financial Report (LKTP) | Industry & Trade Ministry Decree No. 121/MPP/ Kep/2/2002 regarding Rules on Submission of Company's Annual Financial Report | Annual | |

Incidental Reporting

Information Transparency Report

| No | Report | Date | Regulation Base | Report Address |
|----|---|-------------------------------|---|----------------|
| 1 | EGMS Schedule Plan | January 2, 2015 | (i) Financial Services Authority (FSA/ ex Bapepam & LK) Regulation No. X.K.1 on Disclosure of Information that Must be Made Public; | FSA, IDX, BI |
| 2 | Schedule Revision of EGMS Plan | January 9, 2015 | | |
| 3 | Submission of Advertisement Evidencing Announcement of EGMS | January 21, 2015 | (ii) Financial Services Authority (FSA/ ex Bapepam & LK) Regulation No. X.M.1 on Information Disclosure for Specific Shareholder; and | |
| 4 | Implementation Plan and Material Submission of Public Expose | January 26, 2015 | | |
| 5 | Presentation on Public Expose Result | February 2, 2015 | | |
| 6 | Submission of Printed Advertisement as Evidence of EGMS Summons | February 5, 2015 | (iii) Indonesia Stock Exchange (IDX) Directorial Decree regarding the Obligation to Submit Information. | |
| 7 | Submission of Annual GMS Schedule Plan | February 18, 2015 | | |
| 8 | Submission of Printed Advertisement as Evidence of Annual GMS Announcement | February 27, 2015 | | |
| 9 | Submission of EGMS Result | February 27, 2015 | | |
| 10 | Submission of Printed Advertisement as Evidence of EGMS Result | March 2, 2015 | | |
| 11 | Disclosure of Information on the Board of Directors | March 10, 2015 | | |
| 12 | Disclosure of Information Regarding Submission of Notarial Deed Official Report on EGMS | March 11, 2015 | | |
| 13 | Submission of Printed Advertisement of Annual GMS Summon | March 16, 2015 | | |
| 14 | Submission of Annual GMS Result | April 7, 2015 | | |
| 15 | Submission of Printed Advertisement as Evidence of Annual GMS | April 8, 2015 | | |
| 16 | Cash Dividend Payment for Fiscal Year of 2014 and Submission of Printed Advertisement as Evidence of Cash Dividend Payment for Fiscal Year 2014 | April 8, 2015 | | |
| 17 | Disclosure of Information on Certain Shareholders – Kanchan Nijasure Share Offering | May 28, 2015 | | |
| 18 | Disclosure of Information on Submission of Notarial Deed Official Report on Annual GMS | May 7, 2015 | | |
| 19 | Disclosure of Information on Certain Shareholders – Kanchan Nijasure Share Offering | June 19, 2015 & June 22, 2015 | | |
| 20 | Disclosure of Information on Decision Regarding Member Appointment in the Board of Commissioners | October 20, 2015 | | |
| 21 | Disclosure of Information on the Board of Commissioners of Bank Danamon | November 2, 2015 | | |
| 22 | Disclosure of Information on Replacement of SKAI Head | November 6, 2015 | | |
| 23 | Disclosure of Information on Audit Committee Composition | November 30, 2015 | | |
| 24 | Disclosure of Information on the Renaming of Public Accountant Office | December 16, 2015 | | |

COMPLIANCE FUNCTION

Compliance function is an important part of the corporate governance structure and Danamon's risk management framework. Implementation of the compliance function includes actions in achieving compliance culture, managing compliance risk, ensuring policies and Danamon's business activities are in compliance with all regulations and ensuring the Danamon's commitment to regulators. The Bank is also committed to comply with various banking rules, regulations and adhere to the prudent principles through continuous enhancement of its compliance function.

Framework of Compliance Risk Management

Danamon's compliance risk management in general is applied in accordance with the Bank's Enterprise Risk Management Policy embedding 3 (three) lines of defense" scheme, which consists of:

- Business unit or operational as a first line of defense with an important role in the identification, control and mitigation of risks in its business activities/operations.
- Compliance Unit as the second line of defense is independent in monitoring and evaluating the compliance of the Bank as well as disseminating, coordinating and advising to enable first-line activities to operate in accordance with all regulations.
- Internal Audit Unit is the third line of defense tasked to monitor through the audit process, to ensure accuracy, compliance with risk management undertaken by the first and second line.

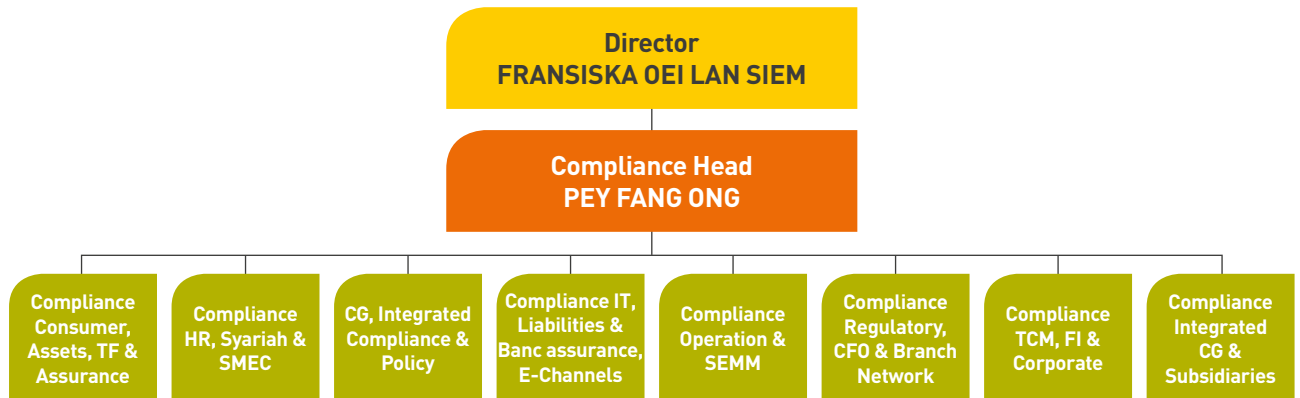
Compliance Unit Organization

The Compliance Unit was established as an independent working unit that is free from the influence of other working units. The Compliance Unit has clear duties and responsibilities and has free access to and is responsible directly to the Director of Compliance. The Compliance Unit also has roles and responsibility for integrating compliance units to ensure implementation of the Bank's and its subsidiaries' compliance.

In implementing the compliance function and compliance risk management, the Director of Compliance is assisted by the Compliance Unit. The Compliance Director has the authority to prevent the implementation of a policy and/or decisions set by the Board of Directors which deviate from the regulations. Preventive measures may be carried out by review process, discussion and compliance tests on policies and/or decision taken by Board of Directors.

As of December 31, 2015, the Compliance Unit was supported by 22 staff (including the Head of Compliance Unit) with the majority having tenure in the banking sector for over 5 years. Compliance Unit staff are risk management certified in accordance with the positions held (Level 2 – Level 4).

Compliance Unit Organization Structure



The Duties and Responsibilities of Compliance Unit 2015

Promoting Compliance Culture

A compliance culture is the basis for work ethics for all organizational levels at Danamon. Strengthening the compliance culture is conducted through continuous socialization and provision of information on regulations, availability of compliance training through e-learning, consultative functions related to Danamon's business activities and the implementation of compliance self-assessment (Regulatory Compliance Self Assessment).

The Compliance Unit is also developing always and updating the external regulation and policy database in the Compliance Library to meet information accessibility needs.

Compliance Risk Management

Compliance risk management is carried out through a process of identifying, measuring, monitoring and controlling compliance risks by reviewing the funding policies and activities, the provision of funds and other service activities. The processes are applied in order to detect potential compliance risks. An assessment of the compliance risk and quality of risk management is conducted regularly as part of the Bank's risk assessment as outlined in the Bank's Risk Profile Report and Consolidation.

The Compliance Unit coordinates with the Risk Management Unit, Internal Audit Unit and related Operations Units, through discussions. Discussion related to compliance risk is also carried out through the Compliance Committee meetings.

Ensuring Compliance and Maintain Commitments

As a preventive measure, reviews or assessments of policies/programs are conducted before the implementation of such policies and product programs to ensure the policies or Danamon's business activities do not deviate from the regulations. Socialization and follow-up on policy updates and updates of internal regulations including changes in the regulations of related units are carried out accordingly to ensure the Danamon compliance is maintained.

In 2015, to support the implementation of integrated corporate governance and risk management, the Compliance Unit coordinated in preparing the integrated corporate governance structure and infrastructure needed in line with Financial Services Authority requirements, including the implementation and policies, procedures and organization alignment.

Periodic monitoring is also carried out to meet compliance on main regulatory parameters both at the Bank level (CAR, LLL, RR, NPL, PDN and participation limit) and consolidated as well as integrated with subsidiaries including the required reporting.

The Compliance Unit also conduct constant monitoring to ensure the follow-up to audit results of Bank Indonesia/ Financial Services Authority (FSA) and other regulators are completed in accordance with commitments and targets set. The Compliance Unit also monitors the follow-up to audit results by FSA at the Subsidiaries.

Compliance to Main Regulations

| Parameter | BI Requirements | Bank Position Per December 2015 | Explanation |
|--------------------------------------|----------------------|------------------------------------|-------------|
| Capital Adequacy Ratio (CAR) | 9% -<10% (BUKU 3) | 20.84% | Fulfilled |
| Reserve Requirement (RR) | Primary Rp Min. 7.5% | 7.58% | Fulfilled |
| | Primary USD Min. 8% | 8.09% | Fulfilled |
| | Secondary Min. 8% | 8.12% | Fulfilled |
| Non Performing Loan (NPLs) | Max. 5% | Net: 1.98% | Fulfilled |
| Net Open Position (NOP) | Max. 20% | 0.34% | Fulfilled |
| Lending Limit (LLL) of Related Party | Max. 10% | 3.70% | Fulfilled |
| Portfolio Investments | Max. 25% | 5.99% | Fulfilled |

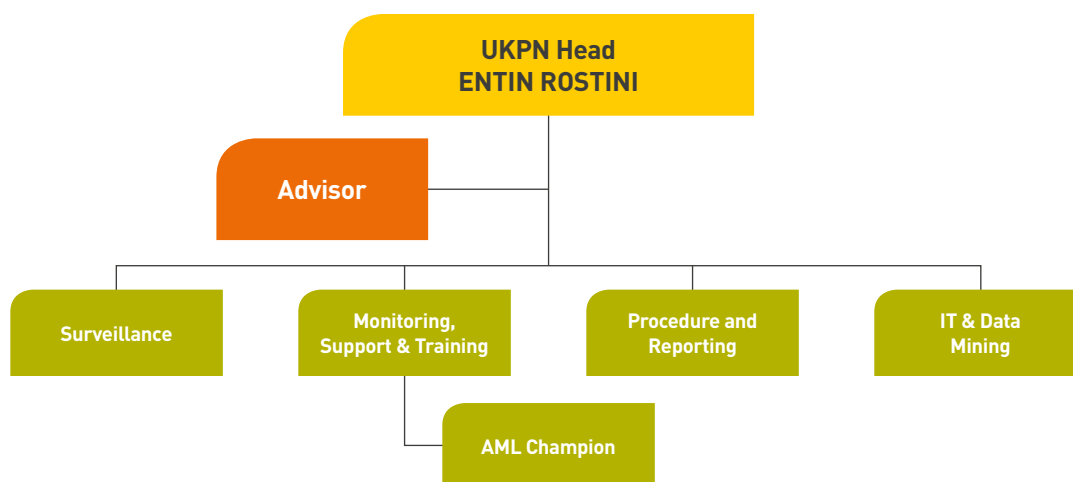
Other Tasks

To support the implementation of compliance, the Compliance Unit also actively participates as a liaison officer in facilitating compliance related matters with both internal and external parties. The Compliance Unit has an important role in providing consultative services related to the implementation of regulations to the work units. This is demonstrated through participating in the discussion and development activities/new products, providing advice/recommendations on regulation related to Danamon's business activities.

IMPLEMENTATION OF ANTI-MONEY LAUNDERING PROGRAM (AML) AND COMBATING FUNDING OF TERRORISM (CFT) PROGRAMS

Organization

The implementation of AML and CFT Program at Danamon is under the coordination of UKPN (Know Your Customer Unit), which reports to the Compliance Director with the following organizational structure:



Implementation of AML and CFT Program in 2015

Danamon is consistently working to improve the quality of AML and CFT programs being carried out: through active supervision from management, policy refinement, Branch Assessment, training programs, and information system refinement as well as other initiatives deemed required.

Policy and Procedure Evaluation

In order to evaluate the policies and procedures for AML and CFT, Danamon in May 2015 adjusted the Implementation of AML and CFT Policies newly issued Financial Services Authority Regulation No 22/POJK.04/2014 on Know Your Customer by Service Providers in the Financial Sector and Capital Markets and issued and made improvements in the Bank's 13 internal regulations related to AML and CFT.

Danamon has been uploading information related to the implementation of AML and CFT Program on the Bank's website including Public Policy, US Patriot Act, Wolfsberg AML Questionnaire, and the Bank's status in terms of FATCA program implementation.

FATCA

Danamon registered FATCA (Foreign Account Tax Compliant Act) on May 5, 2014 with GIIN code: WZU.780.99999.SL.360 and has since followed FACTA standards.

Branch Assessment

To see how effective the implementation of AML and CFT Program is, Danamon has made assessments (BA) on 121 branches in 28 cities. Through this BA, Danamon also provides training to employees (especially front liners).

Training and Socialization

During 2015, 14,109 employees were engaged in AML and FCT training, consisting of 3,366 employees in class room training and 10,743 employees who received e-learning methods.

Monitoring of Customer Data Completion

The Bank continuously monitors the quality and adequacy of customer data, among others the data for new account openings as well as data updates. With regards to data updates, the Bank in 2015 updated some 12,507 CIF from a total target of 13,270 CIF (94.25%).

Screening, Transaction and Report Monitoring

Danamon has continuously monitored all transactions made by customers. The monitoring results are reported in Suspicious Transaction Reports (LTKM), Cash Financial Transaction Reports (LTKT) and the Financial Transaction Reports from and to Overseas (LTKL) as required by applicable regulations.

AML Champion Officer

Danamon has been monitoring its Branch Offices classified as having high business complexity. Officers of AML pay on-site visits to each of the branch offices at least three (3) to four (4) times in a year.

Management Information System

In 2015, Danamon made improvements in its Management Information System including by: replacing the previous Surveillance System with a new transaction monitoring system (AML System), developing a system for recording data and Walk In Customer transactions and improving the screening process system, monitoring the quality of customer data and by reporting International Fund Transfer Instruction (IFTI).

Know Your Employee (KYE)

Danamon applies the Know Your Employee (KYE) method in screening prospective employees and monitors transactions made through the accounts of employees.

INTERNAL AUDIT UNIT (IAU)

IAU Structure and Position

Internal Audit is an independent function reporting directly to the President Director. To support independence and audit process assurance and further monitoring authority, the Internal Audit Unit (IAU) also has direct responsibility to the Board of Commissioners through the Audit Committee. Internal Audit aims to provide independent and objective assurance and consulting services to the Board of Commissioners and Board of Directors to maximize and maintain shareholder value.

IAU was determined to be a business partner that provides added value in fostering a strong culture to support Danamon and its subsidiaries achieving long-term goals with reference to international best practice. Danamon's IAU helps management achieve its objectives by a systematic and disciplined approach to evaluate the adequacy and effectiveness of risk management, control and governance processes.

Based on the Internal Audit Charter which has been approved by the President Director and BoC, Internal Audit is given access to all of the Bank's activities, functions, files, property, and personnel and those of its subsidiaries to remain in compliance with policy for confidentiality in accordance with all applicable laws, professional confidentiality, and personal rights and to ensure the principle of anti-tipping off is upheld during audits on anti-Money Laundering and Combating Financing of Terrorism (AML and CFT).

IAU will report significant audit findings including recommendations for corrective actions plan to the Audit Committee in Audit Committee meetings which were also attended by representatives of the Board of Directors. In addition, Internal Audit also regularly reported their audit activities to the President Director.

Besides Danamon's Code of Ethics, Internal Audit is also guided by the Code of Auditors, which specifies professional standards of auditors as set out in the International Professional Practices Framework (IPPF) covering the principles of integrity, objectivity, confidentiality and competence.

Appointment, Termination and Legal Basis for Appointment of Internal Audit Head

The Head of Internal Audit Unit is to be appointed and terminated by the President Director following the approval from Board of Commissioners. The appointment and termination of the Head of Internal Audit Unit are reported to Financial Services Authority (OJK) and accompanied by the reasons of appointment/termination.

Since November 1, 2015 Danamon Head of Internal Audit Unit is currently chaired by Nathan Tanuwidjaja as acting Head of Internal Audit Unit replacing Antony Kurniawan, who holds the new position as head of Transaction Service and Management Group(TSMG).

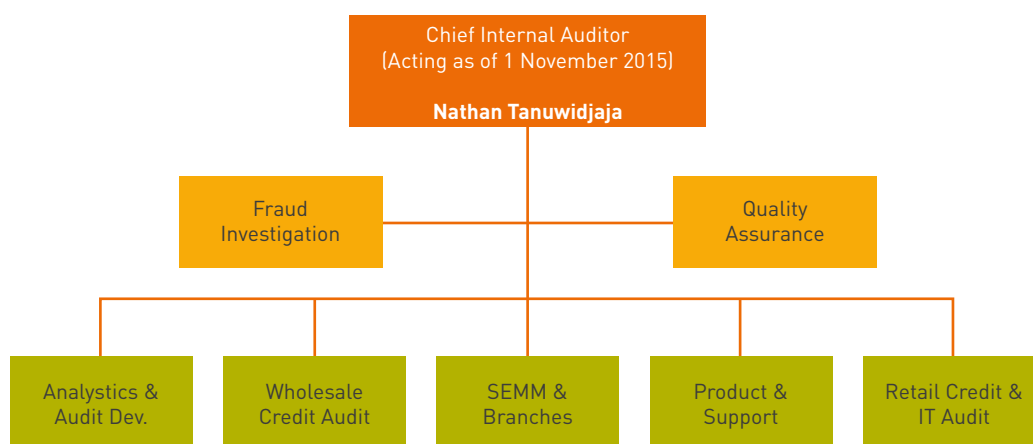
Profile of Head of Internal Audit Unit



Nathan Tanuwidjaja
Head of Internal
Audit Unit (Act)

Nathan Tanuwidjaja BSc, MSc earned his Bachelor of Science in Computer Science from City College of New York (1988), New York, USA and Master of Science in Computer Science from Columbia University (1990), New York, USA. Nathan has pursued a career more than 12 years in the banking industry, including 2 years with Bank Central Asia. He also has 10 years experience at Pricewaterhouse Coopers as Global Risk Management Solutions-Senior Manager, as IT Audit Group head for 4 years, as Branches and IT Audit Group Head for 3 years and as Retail Credit and IT Audit Group head for 3 years.

Organizational Structure of Danamon Internal Audit



Duties, Responsibilities and Authority of IAU

IAU Duties and Responsibilities:

- a. Develop the annual audit plan with risk based methodology;
- b. Implement the approved annual plan, including specific duties;
- c. Increase the knowledge, expertise, experience and adequate professional certification and knowledge of all regulations as applied to the duties of auditing;
- d. Prepare and submit reports to FSA, such as: Report on the implementation and on the results of semi-annual audits, a special report on any findings of internal audit which is expected to disrupt the continuity of operations, and Report the results of external review on the work of Internal Audit and compliance on implementation standard of Bank Internal Audit Function and its repairs;
- e. Establish a follow-up process to monitor and ensure that corrective actions have been carried out effectively by management;
- f. Conduct an investigation on indications of fraud in the Bank.

Role and responsibility of Integrated Internal Audit Unit are managed in Internal Audit Charter and disclosed in integrated corporate governance report.

Internal Audit Authority

IAU has authorities, among others to:

- a. Allocate resources, set frequencies, choose subjects, determine scope of work and apply the techniques required to achieve the objectives of the audit; and
- b. Have the support needed from Danamon's personnel, units and subsidiaries where audits are being conducted, including special other services both for internal and external Danamon and subsidiaries.

Internal Audit Methodology

In carrying out internal audits, IAU has implemented a Risk based Internal Audit. The Risk based Internal Audit begins with the comprehensive planning of the internal audit program, where the performance of the Internal Audit is carried out based on priority on entities having higher risks. IAU has utilized the latest Information Technology to perform risk assessment both in a macro and micro scale over the entities in the Bank. Based on the Macro Risk Assessment combined with the Audit Framework, IAU prepares an annual Audit Plan, where in the process, the entities to be audited, the audit schedules and the required staff and logistics are determined. The Micro Risk Assessment is utilized to determine the sampling.

Focus of Danamon's IAU in 2015

Internal Audit has focused its audit activities to strengthen the function of Internal Audit in 2015 to:

- a. Continue audit focus on high-risk entities and entities that have an extensive branch network, which is Danamon Simpan Pinjam – Self Employed Mass Market (DSP-SEMM), Small Medium Enterprises (SME), Retail Banking, and branches of subsidiaries;
- b. Give special intention to Business lines and areas which implement transformation;
- c. Develop effective review approaches for working unit Processing Centralization in DSP-SEMM;
- d. Continue to improve auditor competency through training, both product and procedure knowledge and management risk training and audit process and professional certification;
- e. Continue to expand analytic functions, on those already well-functioning, as well as infrastructure (hardware and software) capacity and expertise in the analytical field;
- f. Continue the process of quality assurance and learn best practices of internal audit in the banking industry as a comparison.

Danamon's Internal Audit Activities in 2015 Audit Implementation

In 2015, IAU performed 668 audits (102% of the 2015 audit plan) which include the following:

- 65 audits in the Central Office, which covers aspects of credit, business, products, operations, support and information technology as well as including the Head Office of Adira Group.
- 252 audits in the Branch Office and Regional Office, which includes the Office of Regional Services, SME Branch, Syariah Branch, Conventional Branch, Syariah branch and Adira Group Branch.
- 351 audits at Danamon Saving and Loan consisting of 46 Cluster Self Employed Mass Market (SEMM), 261 units of SEMM, and 44 Collateral Document Custody (CDC).

Plan and Inspection of Audit Realization as of 31 December 2015

| Audit Activity | 2015 Audit Plan | 2015 Audit Realization | | | |
|---|-----------------|------------------------|---------|-------|-------------|
| | | Jan-Jun | Jul-Dec | Total | Realization |
| I. Routine Audit | | | | | |
| A. Head Office Audit (Including Adira Group) | 65 | 34 | 31 | 65 | 100% |
| B. Branch Office Audit: Conventional Branch (Including Adira Group Branch Offices) | 245 | 138 | 114 | 252 | 103% |
| Self Employed Mass Market | 344 | 199 | 152 | 351 | 102% |
| Total Branch Office Audits | 589 | 337 | 266 | 603 | 102% |
| Total Routine Audits | 654 | 371 | 297 | 668 | 102% |
| II. Fraud Investigation | | | | | |
| Total Fraud Investigations | | 37 | 55 | 92 | |

The Functions of Danamon's IAU Consultancy

- Review memos or regulation at Line of Business (LOB) or Integrated Risk request;
- To socialize IAU's mission and the latest issues and operations at Regional Offices.

Assessment by Independent Institutions

In accordance with the provisions of PBI 1/6/PBI/1999 and 9/15/PBI/2007 Internal Audit activities will be reviewed by the Independent Agency every 3 years by using benchmark SPFAIB provisions of Bank Indonesia. Besides using the benchmark SPFAIB required by BI, IAU activity is also compared to the standard of the IPPF (International Professional Practices Framework) of institutions IIA (The Institute of Internal Audit) and compared well to the best practices of Internal Audit (leading practices) of the financial industry and global banking.

Assessment by an Independent Institute on the Scope and Effectiveness of Internal Audit

Results of the assessment of external agencies (Quality Assurance Review) on the effectiveness of the implementation and the scope of an audit conducted by the Danamon's IAU in three (3) assessment periods (2006-2015) are as follows:

| Period | Independent Institution | Result of Quality Assurance Review |
|-----------|---|--|
| 2012-2015 | PricewaterhouseCoopers Indonesia Advisory | Generally Conforms (Insight Generator) |
| 2009-2012 | PricewaterhouseCoopers Indonesia Advisory | Generally Conforms |
| 2006-2009 | Ernst and Young | Generally Conforms |

Number of Internal Audit Employees

As of December 31 2015, IAU had 186 staff consisting of Auditors, Team Leaders, Audit Head and Group Head at headquarters and regional supervision offices located in Jakarta, Bandung, Medan, Semarang, Surabaya and Makassar.

Human Resources Development

To maintain the quality standards of human resources, Danamon Internal Audit together with the Human Resources Division have developed a Competency Matrix for both the level of auditor and Team Leader. A roadmap is listed in the Competency Matrix for each auditor and Team Leader in following the training and certification necessary to meet the required competencies at all levels.

Various trainings, self development and certification audits have also been performed in 2015:

| International Certification | Total Participants |
|--|--------------------|
| Certified Internal Auditor (CIA) | 3 |
| Certification in Risk Management Assurance (CRMA) 4 | 1 |
| Certified Information System Auditor (CISA) 1 | 4 |
| Certified Information System Security Professional (CISSP) | 1 |
| Certified Information System Manager (CISM) | 1 |
| Financial Risk Manager | 1 |
| Certified Ethical Hacker (CEH) | 1 |
| National Certification | Total Participants |
| Qualified Internal Auditor (QIA) | 76 |
| Risk Management Certification (SMR) level I | 102 |
| Risk Management Certification (SMR) level II | 32 |
| Risk Management Certification (SMR) level III | 8 |
| Risk Management Certification (SMR) level IV | 1 |

Training, Seminar and Workshop Implementation in 2015

| Training | Total Participants |
|---|--------------------|
| Workshop | 93 |
| Technical Training | 220 |
| Personal Development & Soft Skills Training | 65 |

COMPANY ACCOUNTANT/EXTERNAL AUDITOR

Appointment of Company Accountant

Referring to the result of Annual General Meeting of Shareholders on 7 April 2015 and Board of Commissioners Circular Decision No. KSR-KOM.Corp.Sec-004 on 11 March 2015 appointed Purwantono, Suherman & Surja, a member of Ernst & Young Global Limited as Certified Public Accountants, who are registered at the Financial Services Authority (OJK) to audit the 2015 Bank's financial statement. Based on the information from the Public Accounting Firm on 31 July 2015, stated effectively July 28, 2015, Public Accounting Firm effectively changed its name to Public Accounting Firm Purwantono, Sungkoro & Surja (a member of Ernst & Young Global Limited).

Other Services in addition to the Financial Audit

In 2015, the Public Accountant Firm did not provide services to Danamon other than audit services.

Audit Period and Accountant's Service Value

Public Accountant Firm and Public Accountants which provided financial audit services and incurred audit services costs can be seen in the following table:

| Year | Public Accounting Firm | Accountant's Name | Cost Audit |
|------|--|--------------------------|-----------------|
| 2015 | Purwantonono, Sungkoro & Surja (member Ernst & Young Global Limited) | Benyanto Suherman | Rp4,112 million |
| 2014 | Purwantonono, Suherman & Surja (member Ernst & Young Global Limited) | Drs. Hari Purwantonono | Rp4,112 million |
| 2013 | Purwantonono, Suherman & Surja (member Ernst & Young Global Limited) | Drs. Hari Purwantonono | Rp3,880 million |
| 2012 | Purwantonono, Suherman & Surja (member Ernst & Young Global Limited) | Drs. Hari Purwantonono | USD400,000 |
| 2011 | KPMG Siddharta & Widjaja | Dra. Tohana Widjaja, CPA | USD495,00 |

Effectiveness of External Auditor Implementation

In ensuring the audit implementation has complied with the regulations and the professional standard, agreement and the audit scope, as well as the independence of the external auditor, Audit Committee examined the effectiveness of Danamon external auditor's implementation/performance and evaluated the quality of the audit process.

Evaluation of the implementation of the external audit process is performed through regular meetings between the Audit Committee and the Public Accounting Firm to discuss all findings and developments during the examination conducted by public accounting firms.

The audit implementation of the Financial Report of Danamon and the Subsidiaries had been done in independent, competent, professional and objective manners by the appointed Public Accountant Firm, as follows: the following functions are conducted by Public Accountant Firm Purwantonono, Sungkoro & Surja (a member of Ernst & Young Global Limited):

- Conduct the investigation on all material accounts, based on applicable Professional Public Accountant Standards and ensure compliance with applicable Indonesia Accounting Standards.
- Communicate the audit findings to the audit committee, management and FSA.
- Submit Audited Financial Statement and Management Letter.

Relationship Between Bank, Public Accountants and OJK

Danamon has appointed a Public Accounting Firm/Public Accountant registered at OJK. During the audit implementation in 2015, Danamon exercised transparent communication and provided complete information and data to the external auditor for audit purposes. The auditor (Public Accounting Firm/Public Accountant) independently submitted recommendations and advices for corrective actions to the Danamon management. Communication and cooperation with external auditors on accounting policy issues and fair presentation of financial reports were continually carried out. The audit result will be communicated by the Public Accounting Firm/Public Accountant to the Management and OJK.

RISK MANAGEMENT

Implementation of Integrated Risk Management System

The holistic approach applied to effectively support the implementation of risk management to comprehensively manage risks. Risk Management is applied with risk management principles that cover 4 pillars:

- a. Active monitoring of Boards of Commissioners & Directors
- b. Sufficient policy, procedures and limits set up
- c. Sufficient identification process, measurement, monitoring and risk control and risk management information system
- d. Internal risk mitigation system

Aligned with banking industry practices and in accordance with the Risk Management Framework in Basel II, Danamon Integrated Risk functions are centralized and independent of all lines of business. The function of Integrated Risk covers main risks managed under the coordination of the Director of Integrated Risk with full support of experienced risk managers.

Danamon and subsidiaries, both on an individual and integrated manner, apply Risk Management consistently to manage the risk exposure in their business activities.

Specific discussion on risk management implementation is disclosed in the Review of Operations Risk Management section of Danamon's Annual Report.

Types of Risks and their Management

Embedded individual risks cover Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk, Yield Risk and Investment Risk whilst others risks are embedded in Integrated Risk Management cover Intra-Group Risk and Insurance Risk as described below:

Credit Risk

Credit risk arises due to failure of debtors and/or other parties in meeting their obligation to the Bank. Credit risk is managed through established policies and procedures covering credit extension criteria, credit origination and approval, pricing, monitoring, non-performing loan management and portfolio management.

Market Risk

Market Risk is the risk on balance sheet positions and administrative accounts including derivative transactions, as a result of changes in the overall market condition including changes in options. Market risk arises due to movement in market factors such as interest rate and exchange rate on the Bank's portfolio on the Asset side as well as Liabilities which carry potential loss to the Bank.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate and/or failed internal processes, people and systems, or from external events which impact the operations of the Bank. Management of operational risk is carried out in an integrated fashion optimizing the business and support functions to identify factors causing operational risk on product activity, processes, services, organization and information systems through Risk Event Tables, Risk Control Self Assessment (RCSA) and Key Risk Indicator (KRI).

Liquidity Risk

Liquidity risk is the risk caused by the inability of the Bank to meet its obligations when due funded from cash flow and/or high quality liquid assets to be pledged as collateral without disrupting the Bank's activity and financial condition. Liquidity risk is managed to ensure funding requirements at present or in the future under normal or stressed condition can be met.

Compliance Risk

Refers to risk due to the Bank not complying and/or not implementing prevailing laws and regulations. Compliance risk is managed by the compliance function as a component of the Bank's Integrated Risk Management.

Law Risk

Legal Risk is risk in the event of lawsuits and/or juridical deficiency. Legal risk is managed through the process of identifying factors which could generate legal risk to the line of business, product, process and information technology impacting the Bank's reputation and financials.

Reputation Risk

Reputation Risk is risk in the event of declined stakeholders trust sourced from negative perception toward the Bank. Reputation Risk is managed in an integrated way through handling of customer complaints, performing public relations functions, responding to negative news as well as communicating information required to the stakeholders. The Bank's Reputation Risk team coordinates and consolidates with the risk team of the subsidiaries.

Strategic Risk

Strategic Risk is the risk arising from inaccurate decision making and/or when implementing a strategic decision as well as failure to anticipate changes in the business environment. Strategic risk management is carried out through the analysis of business strategic conformity with business environment conditions. Strategic Risk is related to areas: business plan, information technology and human resources.

Yield Risk

Yield Risk is the risk of yield fluctuations that the Bank pays to customers. This happens because there is a fluctuation in yields which the Bank receives from lending, which could impact the deposit customer behaviour. This Yield Risk is managed by the Syariah business unit, Bank and subsidiaries.

Investment Risk

Investment risk is risk arising from Bank and/or subsidiaries loss sharing with customer based on profit and loss sharing scheme. Investment Risk is managed by the Syariah business unit, Bank and subsidiaries.

Intra Group Risk

Intra Group Risk is risk arising from direct or indirect dependency of one entity to others in one financial conglomeration in terms of fulfilling obligations on written or unwritten agreements, followed by funds transfer or not. The management of Intra Group risk is in integrated risk policy that is monitored from time.

Insurance Risk

Insurance Risk is risk arising from an insurance company that is unable to fulfill its obligation to policy holders as the impact of an insufficiency in the risk selection process (underwriting), premium determination (pricing), Re-insurance user, and/or claim handling. Insurance Risk management in an integrated financial conglomeration is already implemented by Insurance subsidiaries with monitoring from the Bank as main entity.

Special discussion for risks type, management efforts and organization risk management is disclosed in the Operational Management Risk Review in the Bank's Annual Report.

Supervision by the Boards of Commissioners and Directors

The Boards of Commissioners and Directors actively supervise the implementation of risk management, through the following committees:

a. Risk Monitoring Committee

With the highest authority at the Board of Commissioners level this committee functions as the supervisory board in monitoring the implementation of risk management policy and strategy, risk exposure and evaluating the Board of Directors accountability.

b. Risk Management Committee

Under the Board of Directors and is responsible for managing the overall risk of Danamon and its subsidiaries by undertaking the development of risk strategies, policies, and evaluating significant risk issues.

Evaluation of Effectiveness Risk Management Systems

An Enterprise Risk Management (ERM) approach is used by Bank Danamon as an integrated risk management approach, which connects strategic planning, risk appetite, business execution, risk assessment and performance evaluation to optimize business growth and stakeholder value.

The Board of Directors determines the Bank Risk Appetite (RAS) which cascades down the levels and sets risk characteristics that suit the Bank in conducting their activities to achieve the goals set by shareholders.

The Board of Directors and senior management ensure that the Risk Management Framework covers policies in detail and sets broad prudent principle based limits on Danamon's activities.

Evaluations are carried out on the risk assessment methodology, adequacy of implementation system, management information system, and accuracy of policies, procedures, and limits. In 2015, the risk management effectiveness of the Danamon and its subsidiaries is rated as acceptable with risk level 2 (low to moderate).

Integrated Risk Achievements in 2015

In 2015, the achievements in implementing Risk Management are as follows:

- Integrated risk management that includes intragroup Risk and Insurance Risk
- Improved Risk Appetite Statement parameters
- Improved Risk Academy including improvements in training material and prepared risk roadmap academy for employees.
- Developed a model application scoring, behavior scoring and collection scoring, PD, LGD and EAD for credit card business in December 2014 and implemented them in 2015.
- Successfully retained the ISO 22301:2012 - Business Continuity Management System (BCMS) Surveillance Audit certification without non-conforming items.
- Implemented ALM SunGard System Phase I (Static Module) & Phase II (Dynamic Module)

PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES

| Total Lending to Related Parties and Largest Debtors as of 31 December 2015 | | | |
|---|------------------------|---------------------------------|---------------------|
| No. | Fund Provision | Debtors | Amount (Rp million) |
| 1. | Related Parties | Subsidiaries and Key Management | 1,305,121.00 |
| 2. | Largest Debtors/Groups | 25 Groups | 13,883,876.77 |

Danamon reduced loan concentration to individuals, groups or industry sectors. Provision of funds to related parties and subsidiaries was conducted at arms-length and on a normal commercial basis and was approved by the Board of Commissioners.

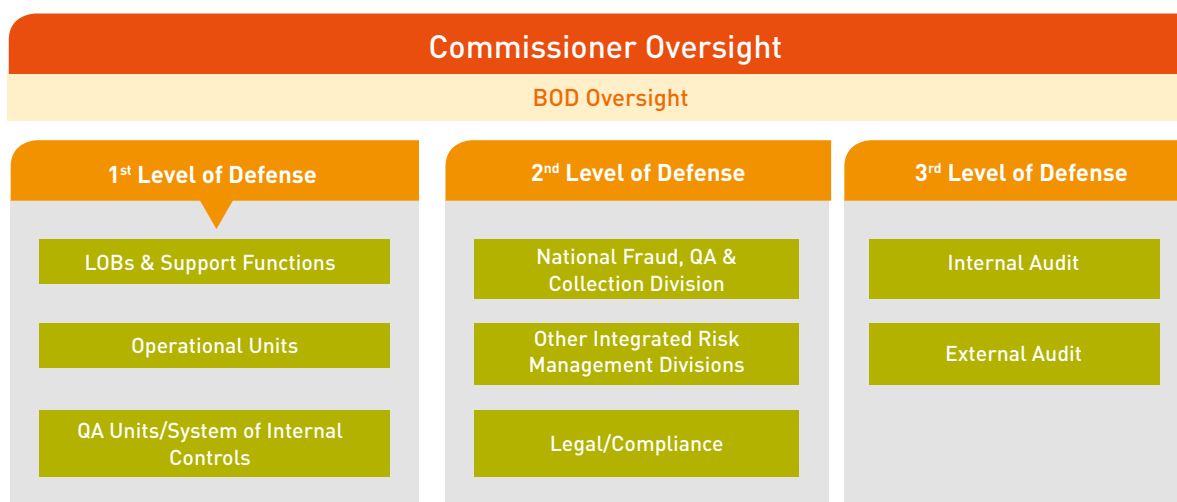
During 2015, there was no breach nor BMPK over-limit extended to Related Parties or to Non- Related Parties, either individually or as Group of Borrowers. The provision of funds to Danamon related parties refers to Bank Indonesia Regulation No. 8/13/PBI/2006 on changes to the Bank Indonesia Regulation No. 7/3/PBI/2005 on Maximum Lending Limit of banks.

INTERNAL CONTROL SYSTEMS

Internal Control covers an integrated methodology, procedure, policy and organization structure, aimed to identify, measure, supervise, and control risk which arises from Danamon and subsidiary activities. The Internal Control of Danamon and its subsidiaries is carried out covering all business aspects both from asset and liability perspectives.

The framework for the Risk Management and Internal Control in Danamon adopts a layered defense known as the Three Lines of Defense as specified in the following diagram:

Danamon Three Lines of Defense

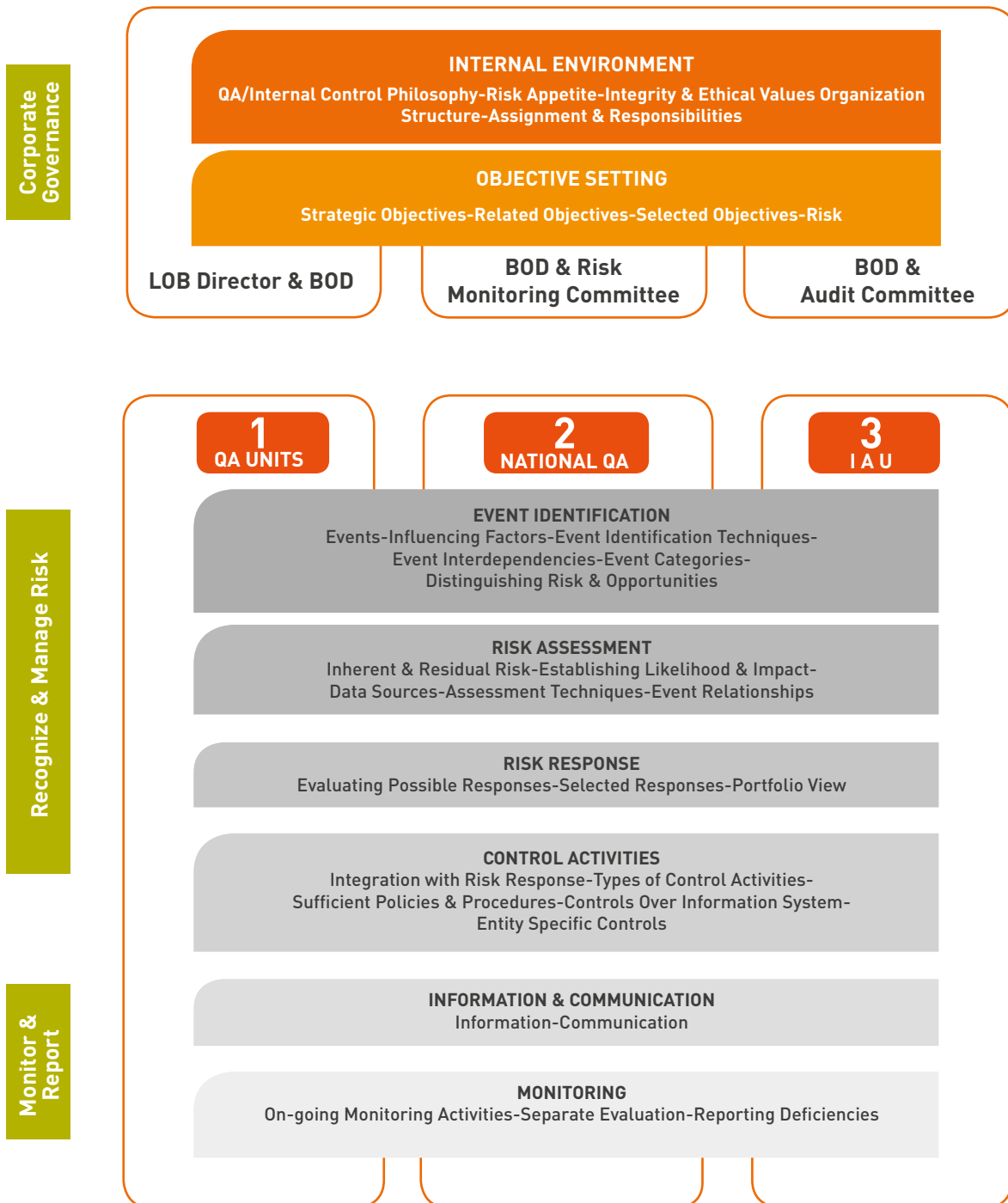


Compatibility of the Internal Control System with COSO

The entirety of the Quality Assurance (QA) unit as the executive for the internal control in Danamon and its Subsidiaries operates on a standard operating procedure (SOP) which is based on the Quality Assurance Policy of Danamon as formulated adopting COSO and BIS Principles on Internal Control Practices.

Danamon has an organizational structure which is well suited and appropriate for managing quality assurance functions. This is based on the philosophy that all business functions must act as the party responsible for managing quality assurance in their respective business.

This philosophy serves as the basis for formulating Danamon’s QA framework structure through combination of the Three Lines of Defense and the Internal Control/ERM framework with COSO as basis as described in the following diagram:



The implementation of internal control by the Quality Assurance unit in 2015 covered divisions, subsidiaries and supporting functions. Divisions that are related directly with customer transactions have a higher examination frequency, while for headquarters divisions, formal internal control reviews are carried out on an annual basis.

An awareness program for internal control towards work units are carried out by the QA unit. In principle internal control is not only the task of the Internal Control unit (Quality Assurance), but also a task and responsibility for all work units.

Evaluation on the Effectiveness of Internal Controls

Internal Audit is an essential part of the Internal Control System and carries out audits to ensure the effectiveness of Danamon's internal control, through independent evaluation of sufficiency and compliance towards policies, procedures and systems. The result of the evaluation of internal control system is one of the basis for management to determine the effectiveness of the performance of the internal control system. Evaluation of the effectiveness of the internal control system is described through an audit rating which serves as a basis for improvements such as updates on policies/procedures/systems.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT

Corporate Social Responsibility

The report on corporate social responsibility has been prepared as a section named Corporate Social Responsibility in this Annual Report. The activities of the corporate social responsibility are summarized in the table below.

| No. | Topics | Policies | Activities | Financial Impacts & Certification |
|-----|---|--|--|---|
| A. | Environment | Sustainability Policy points 1-7, which include, among others: sustainable integration on environmental matters, control of environmental impacts. | <ul style="list-style-type: none"> - Environmental programs relating to the surrounding of the Bank operations in Indonesia - Environment Care Activities conducted full year with focusing on people market in all Danamon/ Adira 's areas, covered activities: green act in market, biopore holes development to reduce the flood potential, maintenance MCK facility, clean water in market, provide hygienic tools, etc. - Calculate reducing carbon emissions created by Bank waste programme and from integrated waste recycling in Pasar Sejahtera. - Coordinate with GIZ to Eco mapping activities in two Pasar Sejahtera locations. Eco Mapping is an environmental problem and solution mapping programme. | <ul style="list-style-type: none"> - Total budget of Environmental Care (PPL) for 2015 was Rp2,500,000,000,- - As of the end of 2015 Danamon does not yet possess environmental Certification |
| | Policy, Concept and Frameworks of Yayasan Danamon Peduli Operations can be viewed on the CSR Chapter of this report | | | |
| | Memo no. B 58/PA/0614/IMEA on Danamon Recycled Paper Initiatives | | <ul style="list-style-type: none"> - Overseeing 3R (reduce-recycle-reuse) processes on paper waste in several offices of Danamon and Adira - Using recycled paper as raw material for paper replacement. | |

| No. | Topics | Policies | Activities | Financial Impacts & Certification |
|-----|---------------------------------|---|--|---|
| B. | Development of Social Community | <ul style="list-style-type: none"> - Sustainability Policy points 1, 2, 5, 6, 7, which include, among others: sustainability integration in social and cultural matters, management of direct and indirect social impacts. - Policy, concept for the operational framework of Yayasan Danamon Peduli can be viewed in the CSR chapter | <p>Improvement of Facility and Infrastructure</p> <ul style="list-style-type: none"> - Health post facility, general facility (MCK) in markets <p>Revitalization of traditional market through Pasar Sejahtera Revitalization Program:</p> <ul style="list-style-type: none"> - Waste management facility - Development wet market physical infrastructure <p>Development of Social Community:</p> <ul style="list-style-type: none"> - Developing and strengthening seller cooperatives, information wall, community radio, waste facility in market through capability training - Facilitating the formation of Market Working Group within the Local Government <p>Community Empowerment:</p> <ul style="list-style-type: none"> - Facilitating the establishment of cooperatives - Facilitating cooperative activities and funds with back up from Danamon Syariah - Establishment the market seller group through serial routine activities such as: discussion, cooperation, clean event, etc. - Finance for market literacy program through Pojok BISA with objective to share the knowledge in planning and financial managing for market sellers and customers. - Build awareness of declining situation of markets through promotion and national champagne Jelajah Pasar Rayat Nusantara and Pasar Rakyat Festival. - Talkshow about planning and financial management for sellers and customers - Training for fire disaster response in markets <p>Rapid Disaster Response: Yayasan Danamon Peduli provides direct aid to fire and disasters victims, collaborated with BPBD (Badan Penanggulangan Bencana Daerah)</p> | <ul style="list-style-type: none"> - The funds of Yayasan Danamon Peduli disbursed for Pasar Sejahtera market in 2015 was Rp8,051,813,334,- - The funds of Yayasan Danamon Peduli disbursed for Rapid Disaster Response in 2015 was Rp321,000,000,- |

| No. | Topics | Policies | Activities | Financial Impacts & Certification |
|-----|-------------------------------|--|--|--|
| C. | Labor, Health and Work safety | <ul style="list-style-type: none"> - Sustainability Policy points 1, 2, 5, 7, which includes, among other things, the integration of sustainability into business processes and internal policies, improve the competence and professionalism of employees, involving employees in the implementation of the strategic plan of safety, health and working environment social and cultural fields, management of social impacts directly and indirectly. - Decision of the Director General of Industrial Relations and Social Security Labor No. Kep. 10/PHIJSKPKKAD/ PKB/I/2013 concerning the Registration Extension of the Collective Labor Agreement, - Memo No. B.7800-HRKP 1213 concerning Implementation of Performance Evaluation End of Year 2013 - Danamon Business Continuity Management (BCM) Policy Ver 2:01 (2015 review) - Danamon BCM Standard Principle Ver 2.01 (2015 review) | <p>Labor</p> <ul style="list-style-type: none"> - Danamon has a good relationship with labor unions and regularly held meetings with trade union officials national and regional levels with the HRD center or in the region, as well as meetings between the Board of Trade Unions Core Danamon with the Directors of the Bank on a regular basis per 3 months or an ad hoc meeting, when there issues that need to be discussed urgently. - Performance Evaluation (performance appraisal) is conducted twice a year. - Employees have health insurance facility. <p>* Detailed information about the activities of labor can be seen in Human Resources section in this report.</p> <p>Health</p> <ul style="list-style-type: none"> - Health Talk, a seminar or discussion for employees with topics relevant to the health of employees (such as blood sugar, cholesterol, a healthy diet, chronic diseases, brittle bones). - D'Health Fair, in collaboration with Medicillin and brought in the field of health providers for services to employees. - Online health Rubrics that provides information on health in the work environment such as the importance of stretching on a regular basis when working. - Provide a lactation room so that these activities can be done in the office with a hygienic and comfortable facilities. - Conducting Program injectable HPV vaccine for prevention of cervical cancer. - Hold Blood Donation involving employees regularly at least 2 or 3 times a year. - Facilitate the establishment of sports and cultural club such as futsal, badminton, volleyball, basketball, table tennis, gymnastics/ aerobics, cycling, hiking, bowling, running, band, singing. - Facilitate creation of such arts club D'Choir and D'Photography involving employee representatives from all regions in Indonesia. To cultivate employee skills through the arts. | <p>In May 2015 the bank succeeded in maintaining the extension of ISO 22301: 2012-Business Continuity Management System (BCMS) obtained in 2013, after going through the audit of maintenance of certification (surveillance audit) by the British Standards Institution Group without any discrepancies (nonconformity findings).</p> |
| | | | <p>Work safety</p> <ul style="list-style-type: none"> - Assign procedures and emergency response resources (natural disasters, fires, riots), including the establishment of Command Center both at the level of Corporate and Area/Regional for the Bank and its subsidiaries. - Implement periodic evacuation drills - Continuously socializing safety procedures to employees such as by e-mail blast - Paying attention to K3L aspect in every building constructed or occupied Danamon. - Ensuring the density ratio (density ratio) of employees meets standards - Ensure lighting systems, air conditioning and air circulation going well. - Establish a new club for employees who are willing to engage the concern of floods ((Community volunteers under D'Club). <p>* Detailed information regarding Health, Safety and Environment (K3L) can seen on the Corporate Social Responsibility in Corporate Social Responsibility Section in this report.</p> | |

| No. | Topics | Policies | Activities | Financial Impacts & Certification |
|-----|--|--|---|--|
| D. | Responsibility to Customers | <ul style="list-style-type: none"> - Sustainability Policy points 1, 2, 5 which includes, among others, the integration of sustainability into every process and business activity, helping businesses to become established and grow, to allow consumers to develop welfare. - Decision of-DAC DIR-001/February 21, 2012 regarding the appointment of the Unit of Work Related to Centralization Handling Customer Complaints and the duties and responsibilities of each work unit | <p>The responsibility of product information</p> <ul style="list-style-type: none"> - Customer Education Danamon conducting financial literacy along with meeting activities for customers and prospective customers are routinely held by each business unit annually to the allocation of special time through submission of banking education materials in every meeting. During 2015, the number of participants were educated on the activities of financial literacy of more than 41,303 participants including mothers, housewives, micro-entrepreneurs and SMEs, student/ students, workers beginners, young couples and communities, which performed around the area Indonesia with total funds allocated Rp. 1,204,225,020. Furthermore, the Bank also provides educational information through the Bank website and social media accounts. - Training for Frontliners To ensure that front liners have deep knowledge about the products and services, in 2015 Danamon through the activities of the Consumer Service Quality, conducted training frontliners retail banking, operations, SMEs, as well as Hello Danamon in Indonesia. <p>Countermeasures Consumer Complaints</p> <ul style="list-style-type: none"> - Danamon has a Customer Service Unit named Hello Danamon which is a 24-hour customer service unit in charge of helping customers find information on their transactions and their accounts. | Costs incurred for banking education during 2015 amounted to approximately Rp. 1.204.225.020 |
| E. | Value chain and relationships with vendors | <ul style="list-style-type: none"> - Danamon Procurement Policy - Credit Policy Danamon - Sustainability Policy 6.3 points which include among others the importance of managing the indirect impacts on the environment and society | <p>In the vendor selection process, including suppliers and contractors, the selection is always done in accordance with the Procurement Policy.</p> <ul style="list-style-type: none"> - Environmentally friendly value chain, including the management of environmental and social risks are derived from business activities of Danamon customers, where environmental and social risks are an integrated part of the whole process of credit, as noted in the Bank's credit policy. | |

Sustainability Report

Danamon has also published a separate Sustainability Report, which is prepared based on standard set in Global Reporting Initiatives and certified by the National Center for Sustainability Reporting (NCSR), including the implementation of Corporate Social Responsibility. Detailed information including funds generated from donation and its uses can be found in the Sustainability Report.

Danamon Sustainability Report Card

| DANAMON Sustainability Pillars | Commitments | 2014 Progress | 2015 Progress |
|--------------------------------------|--|--|--|
| Customer Satisfaction | Maintain and develop high customer satisfaction index in all relevant areas | Maintain top 5 ranking among all banks in Indonesia in the Bank Service Excellence Monitor (BSEM) survey. Achieved 9 awards of MarkPlus WOW Service Excellence Award in 2014 based on a survey conducted MarkPlus Insight and Marketeers in 17 cities with 17,000 respondents about the service quality | Achieved "Consumer Bank of the Year" in "Customer Satisfaction Award" from Roy Morgan. |
| | Fair and inclusive banking | Danamon sets a total target for participants in the financial literacy education activities for 2014 at 350,107 people in the following groups: <ul style="list-style-type: none"> - Housewives - Entrepreneurs of Micro and SMEs, - Students - Beginner Workers - Market Community, - Young Couples | Danamon sets a target total participants consisting of Micro entrepreneurs, especially market entrepreneurs, housewives, students, government employees, corporation employees, to be participants in the financial literacy activities for 2015 at 41,303 in the following groups: <ul style="list-style-type: none"> - Class room - Talk show radio - Advertorial media print and online - Website Danamon |
| A Healthy Bank | Healthy growth in market and financial performance | ROE of 8.6% ROA of 1.4% Total Revenue of Rp17.6 trillion Loan to Deposit Ratio of 92.5% NPAT of Rp2.6 trillion (reported) NPL of 2.3% | ROE amounted to 7.4% ROA amounted to 1.2% Total Revenue Rp.17.4 trillion Loan to Deposit Ratio of 87.5% NPAT of Rp.2.4 trillion NPL of 3.0% |
| Improving and Learning from the best | Implement national and international banking standards and other relevant guidelines | There was no new ISO certification in 2014 | In May 2015 extended the ISO 22301:2012 certification on Business Continuity Management System (BCMS) that was acquired in 2013, following a surveillance audit by the British Standards Institution Group without any non-conformity findings. |

| DANAMON Sustainability Pillars | Commitments | 2014 Progress | 2015 Progress |
|--|---|---|--|
| Corporate Governance and Compliance | Abide by law and regulations | Awarded 1st Annual Report Award 2013 in the Private Financial Listed category | Achieved 50 Best Public Listed Company in ASEAN and 3rd Best in Indonesia in Governance Corporate Award from ASEAN Market Forum. Achieved "Best Overall" in 7th IICD Corporate Governance Conference and Award. |
| | Control mechanism And solid internal | Continue to implement internal socialization through E-Learning modules of Anti Money Laundering (AML)/Combating Funding for Terrorism (CFT). | Continue to implement internal socialization through E-Learning modules of Anti Money Laundering (AML)/Combating Funding for Terrorism (CFT). |
| | Supplier Relationship | Implement new procurement policies where there are provisions on the supplier/ vendor where suppliers/vendors who are appointed by Danamon shall abide by all environmental regulations and understand the impact of their operations on the environment. | Implement new procurement policies where there are provisions on the supplier/vendor where suppliers/vendors who are appointed by Danamon shall abide by all environmental regulations and understand the impact of their operations on the environment. |
| Employee satisfaction and creating a rewarding working experience | Become an employer of choice | 134,073 man-days of employee training. Danamon Corporate University conducts the D4D (Danamon for Danamon) program where Danamon's employees volunteered in the dissemination of knowledge and science as a learning facilitator. | 157,056 man-days employee training. |
| | Creating a healthy and safe working environment | Organize seminars with topic "Health" through D'Club Health Talk program featuring health experts. Medicilin, Adira Health Insurance products, organize a contest "I want to be Fit" where the employees with the best physical health level get a gift such as tourism package and others. | Conducting D'Health activities in three cities, namely Medan, Makassar, and Semarang. Around 780 employees of Danamon participated in these activities that offer health check up and seminars on health. |
| Wise Energy Usage | Reduce electricity usage. | Corporate Real Estate Management (CREM) organizes a contest "Danamon Go Saving" for Danamon buildings or branches that succeed in reducing electricity consumption more than last year will get incentive. | Corporate Real Estate Management (CREM) organizes a contest "Danamon Go Saving" for Danamon buildings or branches that succeed in reducing electricity consumption more than last year will get incentive. To support this, CREM and Public Affairs conducted the socialization for effective electricity consumption through Internal media (SPIRIT Magazine and Email Blast). |

| DANAMON Sustainability Pillars | Commitments | 2014 Progress | 2015 Progress |
|--------------------------------|--|--|--|
| Waste Management | Reducing the amount of waste to the landfill through Reduce, Reuse, Recycle programs | In 2014, Yayasan Danamon Peduli managed to collect 3,103 kg of non-organic waste from Danamon and Adira's building and branches throughout Jakarta for recycling needs. | In 2015, Yayasan Danamon Peduli managed to collect 3,120 kg of non-organic waste from Danamon and Adira's building and branches throughout Jakarta for recycling needs. In 2015, Public Affairs collected 1Ton of waste for recycling as their activities in the Paper Recycle initiative. |
| | Reduce paper consumption | Starting initiative to recycle paper, where Danamon Peduli collects waste paper from Danamon's operations which is then processed into recycled paper by a customer of Danamon SME Banking. Recycled paper is then used as the base material of Danamon corporate communication. Procurement Division set a target reduction of paper consumption by 30%. Greeting card (religious holiday) and printed annual report are replaced with e-media. Danamon reduced the number of printed Annual Reports in 2014. Approaching the end of 2014, Danamon launched a Mobile Banking Application that allows customers to conduct financial transactions via smartphones, thereby reducing paper usage that is generally used for transactions in a branch or ATM (receipt). | Continuing with the Recycled Paper initiative, whereby Danamon Peduli collected wastepaper as the by-product of Danamon's operational activities for subsequent treatment into recycled paper. The recycled paper was then used as a material in Danamon's corporate communications activities. Using recycled paper for the material of Danamon's paperbag and also for the covers of Danamon's Annual Report and Sustainability Report documents. Reducing paper-based corporate communications material such as agenda and calendars, and using digital media in their place. In 2015, Danamon launched an online shopping payment gateway service through Danamon Online Banking, another initiative in support of paperless digital transaction processes. |
| Climate Change | Reduce carbon emissions | From January until July 2014, Yayasan Danamon Peduli distributed Rp4.5 billion to several activities of Bulan Kepedulian Lingkunganku across Indonesia which involved 6,627 Danamon and Adira employees and planted more than 3,000 trees. | In 2015, Danamon Peduli spent Rp2.5 billion for the series of its Bulan Kepedulian Lingkunganku Program throughout Indonesia. |

| DANAMON Sustainability Pillars | Commitments | 2014 Progress | 2015 Progress |
|--|--|---|--|
| | Implement principles of Green Building for Danamon offices. | Topping off Danamon Tower building that employs Green Building concepts. | Danamon switched air conditioning systems at buildings and branches to use a hydro carbon refrigerant that will reduce the electricity's consumption. LED lighting placed in all Danamon buildings and branches. Utilized recycled materials for furniture and office equipment. |
| Environment Conservation | Investing in environmental conservation programs. | Total environmental conservation investment in 2014 was Rp4.58 billion | Total environmental conservation investment in 2015 was Rp2.5 billion. |
| Community Welfare | Improve society's welfare through micro and SME financing. | In 2014, Danamon recorded credit contribution to micro and SME business segment amounting to 28% of total loans of Danamon. | In 2015, Danamon recorded credit contribution to micro and SME business segment amounting to 29% of total loans of Danamon. |
| | Support SME growth. | Danamon's loan for SME grew 9% to Rp20 trillion. | Danamon's loan for SME grew 5% to Rp22.4 trillion. |
| Company's Social Investment through Yayasan Danamon Peduli and other partners. | Enhance total coverage of potential beneficiaries to become banking literate. | In 2014, Yayasan Danamon Peduli provided budget of Rp 13.5 billion for the following activities: Pasar Sejahtera, Cepat Tanggap Bencana, Regional Icon | In 2015, Yayasan Danamon Peduli provided budget of Rp 8 billion for the following activities: Pasar Sejahtera, Cepat Tanggap Bencana, Regional Icon. |
| Access to banking for all | Greeting more people across the country, including those who live in rural and remote areas. | Danamon and the Financial Services Authority (FSA) conduct various activities of financial literacy especially in eastern Indonesia, including implement the Financial Industry Exhibition in Kupang, East Nusa Tenggara. | Danamon conducts financial literacy programmes named "PojoK Bisa" in some areas in Indonesia, especially in public market areas. |

LEGAL MATTERS AND IMPORTANT ISSUES INVOLVING THE BANK, ITS SUBSIDIARIES, MEMBERS OF DIRECTORS AND/OR COMMISSIONERS

Legal matters are civil and criminal cases involving Danamon and its Subsidiaries during the reporting year and has been filed through judicial process.

Legal Matters involving Danamon

| Legal Cases Involving Danamon | Number of Cases | | Impact on Danamon |
|------------------------------------|-----------------|----------|---|
| | Civil | Criminal | |
| Settled (has clear legal standing) | 124 | 19 | Danamon prevails in almost all legal cases, while those cases that Danamon does not prevail do not have financial impact on the Company |
| In the process of settlement | 647 | 55 | Nil |

Note:

Civil and Criminal Cases involving Danamon during the period of reporting year and has been submitted through District Court. Recapitulation of total cases during 2015 based on November 2015 data.

Litigation Involving Members of the Board of Commissioners and Directors

| Legal Cases involving Member of BoD and BoC | Number of Cases | | Impact on Danamon |
|---|-----------------|----------|-------------------|
| | Civil | Criminal | |
| Settled (has clear legal standing) | - | - | Nil |
| In the process of settlement | - | - | Nil |

Litigation Involving Subsidiary

| Legal Cases involving PT Adira Dinamika Multi Finance | Number of Cases | | Impact on Subsidiary Condition |
|---|-----------------|----------|--------------------------------|
| | Civil | Criminal | |
| Settled (has clear legal standing) | 38 | 19 | Nil |
| In the process of settlement | 58 | 4 | Nil |

| Legal Cases involving PT Asuransi Adira Dinamika | Number of Cases | | Impact on Subsidiary Condition |
|--|-----------------|----------|--------------------------------|
| | Civil | Criminal | |
| Settled (has clear legal standing) | - | - | Nil |
| In the process of settlement | 3 | - | Nil |

| Legal Cases involving PT Adira Quantum Multifinance | Number of Cases | | Impact on Subsidiary Condition |
|---|-----------------|----------|--------------------------------|
| | Civil | Criminal | |
| Settled (has clear legal standing) | - | - | Nil |
| In the process of settlement | - | - | Nil |

Legal Substance, Case Status, Financial Impact faced by Danamon

In November 2011, PT Danamon International filed a lawsuit against Danamon at the District Court of South Jakarta wherein Danamon lost the case. Upon filing an appeal to the High Court of DKI Jakarta and the Supreme Court, Danamon filed a legal action for a Judicial Review by the Supreme Court on 10 March 2015. Based on the information obtained from the website of the Supreme Court RI, the Judicial Review No. 395/PK/Pdt/2015 was decided on 30 December 2015, with the verdict to reject the Judicial Review filed by the Ministry of Finance RI and Danamon.

Based on this decision, Danamon must pay PT Danamon International the amount of Rp285.9 billion, wherein Rp130.9 billion represents the interest due on the capital loan outstanding since the capital loan was disbursed until 30 September 2011.

Danamon booked a lawsuit liability on the capital loan principal from PT Danamon International amounting to Rp155 billion namely the same amount due to the State/Government for over recapitulation, by reversing journal entry other assets - capital loan and deducting the additional paid in capital (share premium) in the current year consolidated financial reports.

With reference to the interest liability of Rp130.9 billion, Danamon made corrections and restated their consolidated financial reports for the previous years.

DISCLOSURE OF ADMINISTRATIVE SANCTIONS BY OJK

In 2015 there were no material administrative sanctions that affected the business continuity of Danamon. Administrative sanctions imposed on the Bank in 2015 were fines due to errors in reporting. There were also no administrative sanctions imposed on Directors nor Commissioners.

INTERNAL FRAUD

Internal Fraud is irregularities or fraud committed by management, permanent and temporary employees (honorarium and outsourced) related to work processes and operational activities that affect the Bank significantly. Internal frauds disclosed were those with financial impact of more than Rp.100,000,000 (one hundred million Rupiah) in accordance with BI Circular Letter No.15/15/DPNP on GCG Implementation for Commercial Banks.

The following table lists details of internal fraud which occurred in 2015:

| Internal Fraud | Number of Cases Involving | | | | | |
|----------------------------|---------------------------|------|--------------------|------|-------------------|------|
| | Management | | Permanent Employee | | Contract Employee | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Total Internal fraud cases | - | - | 92 | 47* | - | - |
| Settled | - | - | 52 | 47 | - | - |
| Under Internal Process | - | - | 40 | - | - | - |
| Pending | - | - | - | - | - | - |
| Follow up by law suit | - | - | - | 4 | - | - |

*) Adjustment of total internal fraud on previous year's report.

TRANSPARENCY OF FINANCIAL AND NON-FINANCIAL PERFORMANCE

Financial and non-financial matters are disclosed periodically through the mass media, public expose, analyst briefings/forums and corporate website. Reports on financials and non-financials are prepared for submission to the regulators and other governing bodies in accordance with the prevailing regulations. The Reports on financial statements consist of Published Quarterly Report, Published Financial Report and Annual Report, whilst non-financial reports consist of Report on Corporate Governance, Information on Products and Services, Branch Network and other non financial information.

Below lists the reports and information disclosed and accessible through Danamon website (www.danamon.co.id):

| Financial Information | Publication | Reporting | Contents | Access | |
|----------------------------------|-------------|--|--|---------|-----|
| | | | | Website | IDX |
| Financial Information | | | | | |
| 1. Consolidated Financial Report | Quarterly | FSA | Consolidated financial statements in accordance with Indonesian Financial Accounting Standards, as per FSA regulations | √ | √ |
| 2. Financial Report Publication | Quarterly | Public through Newspaper, BI, IDX, FSA | Summary of financial performance in accordance with BI regulations | √ | - |

| Financial Information | Publication | Reporting | Contents | Access | |
|----------------------------------|-------------|--|---|---------|-----|
| | | | | Website | IDX |
| Financial Information | | | | | |
| 3. Analyst Presentation | Quarterly | IDX, BI yearly Public (4x in 1 year); | Main financial and non financial Information | √ | - |
| 4. Newsletter | Quarterly | Public, Exchange, BI | Financial and non financial information with explanation | √ | - |
| 5. Annual Report | Annual | Public, Policy Makers, Investors, other banks, Appraisal institutions | Financial and non financial information, business segment, product information, profits | √ | √ |
| Non Financial Information | | | | | |
| 1. GCG Report | Annual | Shareholders, FSA, YLKI, Government Institution, Banks Association, Research Institution, Economic and Financial Magazines | Information on the implementation of GCG at Danamon and Assessment Result | √ | - |
| 2. Sustainability Report | Annual | Public, investor, stakeholders | Report on policies and sustainability program | √ | - |
| 3. Branch Office | - | - | Information on branch Offices | √ | - |
| 4. Product/Service | - | - | Information on products and services | √ | - |
| 5. Management and Ownership | - | - | Information on management, ownership structure | √ | - |

SHARE OPTIONS

Share options refer to an option to buy shares for Commissioners, Directors and Executive Officers. The share or option offering is granted as part of the compensation package stipulated in the Bank's Articles of Association. During 2015, the Bank did not have any program of stock options for Directors, Commissioners, or employees.

SHARE OWNERSHIP PROGRAM FOR EMPLOYEES AND/OR MANAGEMENT

The Bank has initiated a Long-Term Compensation Program ("LTCP") in the form of a selective shareownership program for Directors and Senior Executives, in 2010 and 2015. Eligible Directors and Senior Executives would be allocated with cash funds for the purchase of the Bank's shares. The shares are purchased in the name of the respective individuals, and will be held and kept by an independent custodian for a designated holding period.

| Description | LTCP 2010 | LTCP 2015 |
|------------------|-----------|----------------|
| Number of Shares | 3,344,300 | 7,633,200 |
| Year of Purchase | July 2010 | September 2015 |
| Holding Period | 3-6 years | 3 years |
| Purchase Price | Rp6.386 | Rp3.602 |

SHARE AND BOND BUY BACKS

Implementation of Buy Back refers to OJK Regulation No. XI.B.2 as Attachment to OJK Chairman Decision No. Kep-105/BL/2010 13 April 2010 and No. 2/POJK.04/2013, where issuers were given the flexibility to buy back shares without having to go through GMS during a limited transfer period. During 2014, there was no Bank activity to buy back either stocks or bonds.

HIGHEST AND LOWEST SALARIES RATIO

A right of employees is to receive compensation and is expressed in the form of money, or a salary, as remuneration from the Bank (or the employer) to an employee. Salary is determined and paid according to the employment agreement, agreements or legislation, including benefits for employees and their families for a job and/or services rendered. The illustration of a salary ratio can be seen in the following table, which includes compensation per month for Commissioners, Directors and permanent employees of the Bank.

| Salary Comparative Ratio | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------------------------------|---------|---------|---------|--------|--------|
| Employee: Highest - Lowest | 243.8 x | 220.8 x | 230.8 x | 80.4 x | 81.8 x |
| Directors: Highest - Lowest | 5.7 x | 4.9 x | 5.0 x | 4.1 x | 3.7 x |
| Commissioners: Highest - Lowest | 1.5 x | 1.5 x | 1.4 x | 1.5 x | 1.5 x |
| Directors Highest – Employee Highest | 2.5 x | 2.5 x | 2.8 x | 3.9 x | 3.4 x |

CONFLICT OF INTEREST TRANSACTIONS

During 2015, there were no reports of any conflict of interest.

| Name and Position with conflict of interest | Name and a Position of Decision Maker | Type of Transaction | Transaction Value (Rp Million) | Description |
|---|---------------------------------------|---------------------|--------------------------------|-------------|
| Nil | | | | |

In the event that a transaction with conflict of interest occurs, the related Director or Commissioner must abstain from review and approval process on such transaction. Danamon maintains a policy governing Transactions with Affiliated Parties, Related Parties and Transactions containing conflict of interest as regulated by the Board of Directors Decision No. KEP: DIR-Corp.Sec.-015 dated 30 December 2013.

BANK STRATEGIC PLAN

Danamon's strategic plan is based on the vision: "We Care and Enable Millions to prosper.", since sustained financial success can not be achieved without carrying out the responsibilities to the wider community. The Danamon mission is to be a customer-oriented organization, serving all segments and offering a unique value for each segment, based on sales and service excellence, and supported by world-class technology.

Danamon formulates major policy directions through an increase in the Bank's role in supporting growth in the financing of micro, small and medium enterprises through working capital financing and investment, balanced business of growth through diversified businesses, more optimal liquidity management, sales and distribution model changes, increased productivity and efficiency of human resources, as well as increased risk management and good corporate governance.

Short Term Plans

In the coming year, Danamon has established the following strategic measures.

a. Lending

Encourage balanced growth mass market businesses and non-mass market businesses to obtain a diversified portfolio. Focus on increasing market share in the segment of small and medium enterprises, commercial and corporate with adequate risk adjusted return, increasing fee based income through cross-selling them, bancassurance, cash management and trade finance, efficiency and productivity through business model changes Danamon Savings and Loans (DSP), an increase in synergy with the subsidiaries through cross-selling program for automotive financing products and the improvement of integrated services.

b. Funding

Offering competitive and various products accompanied by excellent services to existing customers and potential new customers in order to increase the acquisition of funds (checking and savings), see opportunities to obtain funding through market professionals/professional funding which accommodates most of the loans having fixed interest rates, to undertake funding through the CASA program value chain in cooperation with subsidiary Adira.

Danamon will issue bonds to replace bonds/MTN/NCD that reach its maturity date on 2015 and add bonds/MTC/NCD regularly according to the need of funding, the market conditions and the pertinent regulations, while maintaining the LDR of the Bank.

c. Overhead Cost

Danamon will put its best efforts to increase productivity and efficiency through programs of sustained business transformation and restructuring for supporting the achievement of a sustainable and healthy level of profitability. Revisiting the business model, focusing on increasing HR productivity through improvement of HR capacity to perform its tasks, particularly on sales, collection and frontliner. Additionally, Danamon will improve operational efficiency by consolidation in office network and automation in manual processes.

d. Asset Quality

Observing prudential principles in offering loans by tightening the customer selection process, improvement of measures for fraud prevention, reinforcing the capacity for collection and recovery, initiating quantitative rating model, and gradual automation of loan application processes.

e. Working Network

Danamon will increase the efficiency of its distribution network by improving process and organization, including infrastructure, by consolidating office network and combining similar activities into one working network.

f. Prime Lending Rate (PLR)

To support Bank Indonesia's program, Danamon does its utmost to maintain an acceptable level of interest rates by increasing productivity and efficiency, improving credit quality, and harmonizing its cost of funds with the BI Rate. Credit interest rates are inseparable from interest

rates of the funds, while Danamon supports FSA programs, and is in compliance with FSA rulings on maximum interest rates for deposits.

Medium and Long Term Plans (3-5 Years)

Strategic measures that will be implemented in the next 3 to 5 years are as follows:

a. Lending

Danamon will continue the lending growth of micro and small businesses, including SMEs, commercial and corporate, trade finance, asset-based financing (ABF) and the financing of household goods and motor vehicles, while upholding prudential principles in the granting of loans.

b. Funding

Danamon will continue to strengthen its funding by increasing third party funds and issuance of bonds, while maintaining the LDR ratio in accordance with the prevailing regulations.

c. Risk Management

Strategic measures related to risk management that will be implemented are maintaining the growth of Danamon at a prudent and acceptable level, maintaining an optimal implementation of the Bank's activities on the level of liquidity risk "anticipated" and minimize liquidity risk "unanticipated" in obtaining resources for use in cash flow, continue to utilize internal rating models for credit risk across all business lines, improve the implementation of the framework, strategy and awareness of operational risk management as well as in all business lines and subsidiaries, implementing measurement Liquidity Regulatory Requirement (Basel III - BIS Framework) through the ALM system, and conduct studies and preparation for the Internal Models Approach (IMA) which is in line with the FSA regulation.

d. Operational and CREM

Danamon will provide simplified services, that are fast and unique to improve customer service, and encouraging customers to utilize alternatives to the branch network. In addition, Danamon will continue to conduct its centralization process to improve efficiency, and seeks to create a dynamic situation for the convenience and satisfaction of both customers and employees.

e. Technology

Developing Digital Innovation for Electronic Channel products (E-Channel) and integrated customer data information to facilitate banking services to customers.

PROVISION OF FUNDS FOR POLITICAL ACTIVITIES

During 2015, there were no funds given for any political activities. Danamon has a policy prohibiting the Bank's involvement in political activities, including donation of any kind for political purposes.

COMPANY INFORMATION ACCESS

Danamon provides convenient access to information for its stakeholders on Danamon through communication media such as Press Releases, Investor Newsletter and Analyst Briefing Booklet. Danamon also provides information about the Bank's products and services, investors, office networks, financial statements, annual reports, GCG report and implementation and social events, corporate actions and other information through the website <http://www.danamon.co.id> both in Indonesian and English.

To improve services and consumer protection, fulfill the need of customer for information on products and services, and handle complaints filed by customers and/or potential customers, Danamon has established communication media called Hello Danamon. Hello Danamon can be accessed 24/7 via phone number 1-500-090 and via email: hellodanamon@danamon.co.id

The public may also contact:

1. Public Affairs Division at telephone number (021) 57991001-03 or email access: public.affairs@danamon.co.id.
2. Or other email:
 - a. hellodanamon@danamon.co.id;
 - b. corpsec@danamon.co.id; and
 - c. investor.relation@danamon.co.id.

INVESTOR RELATIONS

The Investor Relations Division is directly responsible to the Finance Director. The role of the Investor Relation Division covers the financial and strategy aspects with the following responsibilities:

- Conduct periodical activities, such as: quarterly performance report, meetings, conferences and other meetings aimed to inform about performance/strategy of Danamon to investors/analysts, other stakeholders (the rating agencies, lenders, regulators).
- Provide adequate access to information for every stakeholder regarding the Bank's financial situation and corporate actions.
- Be involved in the Bank's strategic projects, including those related to independent consultants.

In implementing the activities above, Investor Relations cooperates with Management, Head of each Business Division, Financial Planning and Project Division, Public Affairs Division, and Corporate Secretary.

Information on the performance and strategy updates of the Bank can be accessed through the website www.danamon.co.id.

The following are details of information disclosures by Investor Relations Team during 2015:

| Forum | Frequency | Description |
|---------------------------------|---|---|
| Analyst Gathering/Public Expose | 4 times | Public expose for media, analyst and senior management to provide latest information regarding financial and non financial conditions. |
| Financial Report | 4 times | Publication of Quarterly Financial Statement in accordance to regulation of Bapepam - LK for listed company |
| Annual Report | 1 time | Comprehensive Report for public and stakeholders regarding performance, business and other activities of Danamon. |
| Roadshow and conference | 7 days | Participation in various deal and non deal roadshows held by reputable securities company to provide latest information of performance and strategy, challenges and opportunities of Danamon to investors, analysts, and other stakeholders |
| One on One and conference call | 120 face to face meetings and 15 conference calls | Meeting with analyst/domestic investor/foreign investor to provide information regarding strategy and performance of Danamon. |

Roadshows/conferences in 2015:

| Event Name | Organizer | Location | Date | Number of Company |
|--|--------------------------|-----------|---------------------|-------------------|
| ASEAN Financials 1x1 Forum | J.P. Morgan | Singapore | January 6-7, 2015 | 15 |
| Nomura Indonesia All Access 2015 | Nomura | Jakarta | January 20, 2015 | 8 |
| Mandiri Investment Forum 2015 | Mandiri Sekuritas UBS | Jakarta | January 27-28, 2015 | 18 |
| BAML 2015 ASEAN Conference | BAML | Singapore | August 24, 2015 | 23 |
| UBS Conference 2015 | UBS | Jakarta | March 4-5, 2015 | 6 |
| Macquarie ASEAN Conference 2015 | Macquarie | Singapore | August 24, 2015 | 21 |
| Investor Summit & Capital Market Expo 2015 | FSA & IDX | Jakarta | November 13, 2015 | 50 |

PUBLIC AFFAIRS

The Public Affairs Division is responsible for managing relations between Danamon and its stakeholders, mass media, institutions and related associations, as well as other parties. Public Affairs contributes to establish effective communication which is clear, concise, and reliable.

The Public Affairs organizational structure consists of five departments namely, External Affairs, Event Management, Brand Management, and Planning and Control which cover the following responsibilities:

- Building and managing the image of Danamon in public through its public relations function.
- Managing its internal communications function, from Danamon management to employees and vice versa.
- Managing external communications, including formulating messages and form of communicating so as to reach external parties.
- To coordinate the activity agenda of the Board of Directors and Board of Commissioners as well as organizing corporate events involving internal as well as external parties.
- To serve as the first communications gateway for employees and the public who require any information regarding Danamon.
- To act as a brand custodian for internal stakeholders, in order to ensure that all employees understand and develop a consistent perception regarding Danamon's brand use.
- To ensure that all operational activities within the Public Affairs Division are in compliance with Good Corporate Governance, that operational risks that may adversely impact Danamon's business continuity may be avoided and to maintain Danamon's reputation and business is sustainable.
- To manage the website and corporate social media accounts.

Implementation of duties and responsibilities in 2015

External Affairs

The activities of External Affairs in disseminating information on Danamon throughout 2015 are as follows: Press Conferences (16 times), publishing of Quarterly Financial Statements in national newspapers (3 times), Annual Report 1 time, Public Exposes (3 times), Press Release (26 times), Media Coverage (Photos and Articles) (836 times), Media Visits(4 times).

Media Workshop Danamon and Adira



Danamon consistently monitors news coverage of the Bank through mass and electronics media. Throughout 2015, Danamon generated 54.9% positive tone coverage, 38.88% neutral tone coverage, 2.15% non letter to editors negative tone coverage and 4.07% letter to editors negative tone coverage. Coverage about Danamon in the social media (Facebook) were grouped based on topics, namely corporation (67.98%), employees (15.95%), marketing/promo (1.31%), complaint (1.58%), and others (13.18%). Meanwhile, on Twitter, corporation (64.59%), employees (11.81%), marketing/promo (18.22%) and others (5.38%).

Internal Communication

The Internal Communication Unit is responsible for ensuring the availability and cycle of information for the employees and managing all internal publications in Danamon. A number of activities and channels of communication were managed by

Internal Communication in 2015, including: “Bisa! Awards “is a reward for employees of Danamon and its subsidiaries to further the corporate culture values in their daily work as well as running excellent service to customers. The awarding of the Bisa! Awards 2015 was held on 12 November 2015, announcing the three winners of the General category, three winners of Categories Service Excellence and the first winner of Favorite.

Winners of Bisa! Awards 2015



Internal Communication also manages the “Corporate Portal Danamon”, i.e. interactive intranet facilities that can be accessed by management and employees to share information, as well as the internal magazine “Spirit” that contains various inspiring articles, current information about the activities of the Bank and Adira, presented in print and digital formats. It also manages the “E-mail Blast” as the media mass communication through email that is divided into four categories, namely Corporate Message, Human Resources, Divisional and Promo Products and Services. A total of 725 e-mail blasts were circulated throughout 2015. Employees are also allowed to interact directly with the Board of Directors of the Bank through program “Live Chat with Our Director”. Along the year 2015 five times a Q & A with Directors was conducted via the corporate portal.

Event Management

Danamon organizes events as a means of communicating to external parties such as the media, customers, stakeholders, as well as to its employees as an internal party. In 2015, the Event Management unit organized 51 corporate events, most of which were attended by the Commissioners and/or Directors representing the Management.

Recipient Danamon Social Entrepreneur Awards



Brand Management

Danamon’s Brand is a representation of the Bank’s Vision and Mission, communicated through TV commercials, print media, radio, outdoor media, and online campaigns. The promise ‘We make it happen for you’, introduced in 2008, is the core of Danamon’s services, products and programs. This promise places Danamon in a unique position compared to its market competitors.

One among the initiatives managed by this unit is Danamon Social Entrepreneur Awards (DSEA), which has been done annually since 2006. Danamon Social Entrepreneur Award has provided the highest appreciation to ordinary individuals who are able to give extraordinary and continuous effort in empowering themselves and their surrounding environment. In 2015 Danamon presented the awards to five Social Entrepreneur winners as follows; Ahmed Tessario - developer of village technology; Fajri Mulya Iresha - empowering garbage pickers and other marginalized people in

the Zero Waste Indonesia program; Ni Kadek Citra Ekawati - proprietor of Bali traditional spa business; Putu Gede Asnawa - developer of salak (snake fruit) agro techno park as a vehicle to empower salak growers in Sibetan Village; Yayah Muslihah - eyelash production.

Education on Banking

Brand Management plays a role in implementing educational activities aligned with strategy and direction of Financial Services Authority (FSA) and coordinating with Danamon internally.

Until the end of 2015, the Bank has realized the implementation of educational activities to consumers and/or community, followed by 41,303 people, including MSMEs, housewives, students, civil servants and employees of the cooperative. The total cost incurred was Rp1,204,225,020.

The implementation of this education initiative emphasized in providing information on:

- Benefits from banking products
- Rights and obligation when purchase/use banking products
- Understand the risk that may occur when purchase/use banking products
- Basic features of the products and services of Danamon.

Educational activities conducted by the Bank in 2015 were as follows:

- Support the activities of the People's Financial Markets organized by FSA in the cities of Solo, Banda Aceh, Makassar, Surabaya and Medan in providing an education officer in the Danamon booth and be a moderator at the main stage. This activity is targeting low-income households, as well as people who do not have access to financial services products. Through these activities, the Bank introduced the financial industry,

its products and services, especially low cost products. The Bank also provides information about the risks and benefits of financial products in order to enhance the use of financial products and services

- Conducting "Pojok Bisa" in public markets on Java, among others Surabaya Pasar Kembang, New Market-Probolinggo, Ngasem-Yogyakarta, the Old Market and Market-Tangerang-Bogor Kebon Kembang. The target audience are SME traders and housewives. Danamon teaches the making of the books for the merchant market and household financial management for mothers and housewives. The Bank also invites successful entrepreneurial customers to share their tips for success in building their business.
- Providing books about the introduction of FSA and Financial Institutions to students with a total of 750 books for junior high school students and 750 books for high school students. The books are distributed to Probolinggo, Yogyakarta, Tangerang, and Bogor, in the cities of Pojok Bisa implemented in cooperation with Yayasan Danamon Peduli and the local government.
- Conducting educational activities about the benefits of investing in the capital markets and the risks to the business community and professionals, in collaboration with the Indonesia Stock Exchange and a fund manager in Surabaya
- Organizing "Meet and Greet" with SMEs, entrepreneurs retailers, housewives, and a community market in Pekanbaru. This activity aims to introduce the basic banking products and marketing programs that exist in the Bank, as well as build interaction between the participants and the Bank.

- Through program Prosperous Market (Pasar Sejahtera) and cooperation with Danamon Peduli Foundation in Jakarta, Danamon educates the market traders about the basic banking products and how to perform the separation between business and family finances.
- Through Danamon Peduli, the Bank provides training for cooperative management Tejo Pasar Agung, Kota Metro Lampung in August 2015. Danamon provides understanding of the importance of cooperatives in the market and financial management for the merchant market in order to break the chain of moneylenders and welfare of members who are market traders.
- Conduct "iB Vaganza Expo Islamic Banking" and "iB Blusukan" in Jakarta. This activity allows the general public, employees, and housewives to be more familiar with the basics of Islamic banking products and services.

Banking Education "PojoK Bisa"



Public Affairs' Planning and Control

The Planning and Control Unit aims to ensure that all operational processes and activities managed by the Division of Public Affairs are carried out well and in accordance with the work plan and annual budget. This unit coordinates with ORM Integrated Risk to facilitate and ensure the implementation of operational risk management so that any residual risks will not cause adverse impacts on the continuity of Danamon's business. This unit is also responsible for coordinating Human Resources function covering employee development and training.

CUSTOMER CARE UNIT

In May 2015 the Bank changed the name of Danamon Access Center to Hello Danamon for refreshment. The name change is done in line with the focus of the service unit for closer ties as it is always present to provide the assistance required, ranging from requests for information until the resolution of the complaint. Hello Danamon can be accessed 24-hours-a-day via phone number 1-500-090 and through email: hellodanamon@danamon.co.id

To ensure the service provided is still excellent, Hello Danamon constantly collaborates with other work units, especially the Service Quality Team. This cooperation is not only limited to conducting reviews of the existing problems, but also providing feedback to improve the effectiveness of the handling and settlement of customer complaints.

Customer Complaints Management 2015

| Reasons of Customer Complaint | Non –Payment System | Related to Payment System | Total |
|---|---------------------|---------------------------|-------|
| | (a) | (b) | |
| 1. Customers' knowledge of product characteristics | 2080 | 1662 | 3742 |
| 2. Inadequate information of products | 217 | 37 | 254 |
| 3. Disruption/breakdown of Information technology and equipment | 504 | 2373 | 2877 |
| 4. Disruption/breakdown of ATM/payment point | 698 | 8690 | 9380 |
| 5. Change/termination of agreement/contract | 46 | 25 | 71 |
| 6. Customers' negligence | 2128 | 467 | 2595 |
| 7. Banks' negligence | 211 | 614 | 825 |
| 8. Banking frauds | 136 | 22 | 158 |
| 9. Others | - | - | - |

| Product Type | Categories of Problems | | | | | |
|---|---------------------------------------|---------------|---|---------------------------|-------------------------------------|--------|
| | Interest/Profit sharing/Profit Margin | Fine/ Penalty | Administration Fee/Provision/ Transaction | Transaction Failure/Delay | Account Receivable/ Account Balance | Others |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1. Funds Collection | | | | | | |
| 1.1 Demand Deposits | 1 | | | | 10 | 5 |
| 1.2 Savings Deposits | | 1 | | | 168 | 247 |
| 1.3 Time Deposits | | | | 17 | | |
| 1.4 Inter-Bank | 20 | | 566 | 52 | 281 | 3458 |
| 1.5 Other | | | | | | |
| 2. Funds Distribution | | | | | | |
| 2.1 Credit/Financing | | | | | | |
| 2.1.1 Investment Credit/ Financing | | | | | | |
| 2.1.2 Working Capital Credit/ Financing | | | | | 2 | |
| 2.1.3 Consumption Credit/ Financing (non Credit Card) | 46 | 41 | 22 | 15 | 226 | 537 |
| 2.2 Inter-Bank | | | | | | |
| 2.3 Other | | | | | | |
| 3. Payment System | | | | | | |
| 3.1 ATM/Debit Card | | | 523 | 356 | 10476 | 538 |
| 3.2 Credit Card | 1 | | | 17 | 323 | 1107 |
| 3.3 Pre-Paid Card | | | | | | |
| 3.4 Direct Debit | | | | 30 | | |
| 3.5 Standing Instruction | | | | | | |
| 3.6 Travellers Cheque | | | | | | |
| 3.7 Clearing | | | | 33 | 75 | 116 |
| 3.8 RTGS | | | | 30 | | 4 |
| 3.9 Electronic Banking | | | 46 | 1 | 4 | 191 |

| Product Type | Categories of Problems | | | | | |
|--------------|---------------------------------------|---------------|---|---------------------------|-------------------------------------|--------|
| | Interest/Profit sharing/Profit Margin | Fine/ Penalty | Administration Fee/Provision/ Transaction | Transaction Failure/Delay | Account Receivable/ Account Balance | Others |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 3.10 | Remittance | 9 | | 3 | | |
| 3.11 | Other | | | | 3 | 4 |
| 4. | Joint Products | | | | | |
| 4.1 | Bancassurance | 1 | 0 | 189 | 35 | 45 30 |
| 4.2 | Mutual Funds | | | | 1 | |
| 4.3 | Other | | | | | |
| 5. | Other Products | | | | | |
| 5.1 | Bank Guarantee | | | | | |
| 5.2 | Trade Finance | | | | | |
| 5.3 | Derivatives | | | | | |
| 5.4 | Wealth Management | | | 1 | | |
| 5.5 | Safe Deposit | | | 1 | | |
| 5.6 | Other | 2 | | | | |

CONSUMER SERVICE QUALITY

To build the quality of services, Customer Service Quality instills the importance of a service culture for the Bank's business continuity through Danamon's values of: Caring, Honest, Seek The Best, Disciplined Professionalism and Cooperation. The purpose of quality service is to realize customer satisfaction, loyalty, and engagement with Danamon. This is followed up by the front liners to perform services for Heart to Heart and always put the customer first.

Several initiatives were undertaken to consistently support the implementation of "Service Culture" and "Service Excellence", among others Service Program, Service Competition, Service Measurement, and Service Training & Development.

During 2015, Consumer Service Quality provided frontliners Service Training to Retail Banking, Operations & Small Medium Enterprise (SME) throughout Indonesia.

In addition to improving the quality of service, Danamon simplifies critical processes for its customers. This process improvement aims to eliminate the steps that are not necessary and make improvements to existing processes so as to provide services more quickly and accurately to customers.

In 2015, Danamon received various appreciations in service, among others:

| No | Name Of Organizer | Name Of Event | Award Category | Rank |
|----|---|--|--|------|
| 1 | Marketing Research Indonesia & Infobank | Bank Service Excellence Monitor (BSEM) 2014/2015 | Best Overall Performance Commercial Bank | 4 |
| | | | The Best of Customer Service | 3 |
| | | | The Best of Teller | 3 |
| | | | The Best of Branch telephone | 3 |
| | | | The Best ATM in 10 Banks | 3 |
| | | | Best of Syariah Business Unit | 2 |
| | | | The Best ATM in 10 Bank Syariah | 2 |
| | | | The Best of Customer Service, Syariah | 3 |
| | | | The Best of Teller Bank Syariah | 2 |
| | | | The Best of Telephone Syariah Branch | 2 |

| No | Name Of Organizer | Name Of Event | Award Category | Rank |
|----|---|--|--|------|
| 2 | MarkPlus Insight & Marketeers | MarkPlus WOW Service Excellence Award 2015 (Survey in 18 Cities, we won 15 cities) | The Best of Banjarmasin | 1 |
| | | | The Best of Bali | 1 |
| | | | The Best of Jakarta | 1 |
| | | | The Best of Balikpapan | 1 |
| | | | The Best of Surabaya | 1 |
| | | | The Champion of Semarang | 2 |
| | | | The Champion of Medan | 2 |
| | | | The Champion of Aceh | 2 |
| | | | The Champion of Pontianak | 2 |
| | | | The Champion of Jayapura | 2 |
| | | | The Champion of Bandung | 2 |
| | | | The Champion of Manado | 3 |
| 3 | Institute of Service Management Studies (ISMS) & Infobank | Service Quality Overall 2014 | Bandung | 2 |
| | | | Jakarta | 3 |
| 4 | Roy Morgan | Roy Morgan Customer Satisfaction Award 2014/2015 | Consumer Banking of The Year 2014/2015 | 1 |

CORPORATE CULTURE

Danamon continuously socializes and internalizes its Corporate Culture to ensure that it is understood and is reflected in the day-to-day activities, interaction and decision-making. The corporate culture is a set of values which guide, provide order and manage behavior of employees, Directors and Commissioners in performing their duties and responsibilities to achieve the objectives aligned with the Bank's Vision and Mission.

Corporate Culture Principles

Danamon maintains a corporate culture driven by the Bank's cultural values which consists of Caring, Honesty, Passion to Excel, Teamwork, and Disciplined Professionalism.

Caring

We give a genuine concern for the well-being and advancement of others. This will bring out the best in us.

Honesty

We always hold the truth to ourselves and others without any hidden agenda.

Passion to Excel

We always dare to come up with better ways of doing things to achieve the best result, whilst mitigating the risks involved and without compromising the solidity of our Company.

Teamwork

We leverage the diversity amongst us as the strength of our team to achieve common goals.

Disciplined Professionalism

We deliver our responsibility with the highest standards and ethics and professionalism, through Disciplined People, Disciplined Thoughts, and Disciplined Actions.

CODE OF ETHICS

The Code of Ethics is a basic guideline and an integral part of the Bank's policies, as well as part of its Collective Labour Agreement. Danamon's Code of Ethics is prepared based on the Bank's Vision, Mission, and Core Values, Banking Ethics, regulations, and applicable laws. The Code of Ethics covers compliance policy, or appropriateness, based on the values and moral considerations concerning integrity, conscience, self-awareness, professionalism and a positive image, as well as the Bank's good reputation.

Scope of Code of Ethics Implementation

All parties, including Directors, Commissioners, and Employees, without exception, must understand, comply and implement Danamon's Code of Ethics. Sanctions including termination of employment will be imposed for violating the Code of Ethics.

Code of Ethics Principles

The Code of Ethics was prepared in referring to the Bank's core values. In principle, Danamon's Code of Ethics regulates the following:

Code of Ethics - Conflict of Interest

All parties must avoid situations of conflicting interests between personal interest and interest of the Bank. In relation to Danamon, the following items were governed:

a. Employee Status

In principle the Bank does not wish its employee to be bound by an agreement with another employer during working hours, and/or having another income outside the Bank.

b. Protection and Utilization of the Bank Property

In principal, the utilization of the Bank property is intended for carrying out work assignments, which has to not only follow the prevailing procedures but it must be for the Bank's interest. The utilization for purpose other than for work has to be accounted for and requires prior written permission from the Head of the Work Unit.

c. Family Relationships

In relation to accepting a new employee Party, a candidate of parties who have a direct family relationship with the other Parties (father, mother, wife, husband, brother/sister, or son/daughter) are to be avoided. In case, under special circumstances and for certain reasons retention of the said parties is required, the parties are not allowed to be in a work unit that is related or has influence on one another.

Relationships with Other Parties:

a. Relationship with Other Parties

Protect the customers', colleagues' and/or vendors' confidentiality in accordance to the prevailing rules and regulations. Avoid making decision on behalf of the Bank, which implies conflict of interests and decisions based on friendship, family ties, and/or others for own benefit or benefits to others. Not using the Bank name for personal interests, among others for political and/or other personal business activities. Not giving to others and causing negative presumption and placing the Bank's reputation at risk.

b. Customer Service Conduct

Employees should be responsive and make every effort to understand customers needs and provide their best in alternative solutions to solve customer issues, while attending to the interest of the Bank and the prevailing laws and regulation.

c. Relation with Partners (Third Party/Supplier/Vendors)

All parties must refrain from making decisions for personal interest, family, friendship or based on unprofessional reasons.

d. Giving and Receiving Presents/Gifts

In principle, the Bank does allow providing or accepting gifts of any kind, presents from other parties in return for favours, service, expressing sympathy with relation to inter-personal businesses.

e. Entertainment

In principle, business entertainment may only be exercised by Directors, Commissioners and selected Officers for the interests of the Bank and implemented in line with the prevailing regulation and not conflicting with the Bank's values.

f. Protection of Customers', Clients' and Vendors' Property

Clients and Vendors Property Rights Parties are not allowed to use or accept facilities owned by customers, relations and/or vendors and are prohibited from accepting or requesting loans from them for personal interests.

- g. Bribery
The Bank prohibits bribery in any shape or form.
- h. Activities outside the Bank
Employees and Directors are prohibited from occupying positions in any political party or political-oriented public organizations, which may potentially consume working hours or concentration, except with the Bank approval.

Inter-Employee Relations:

- a. Ethics of Teamwork
Relations between the employees shall not be affected by a threat, violence, or any form of discrimination and abuse based on race, religion, color, gender, age or personal inability either through comments, teasing and or actions, nor shall the inter-employee relations be affected by the interest of an individual employee and the Bank or by groups within the Bank.
- b. Marriage between Employees
In case of marriage between employees, they shall not be allowed to work in the same work unit having a direct relation or otherwise can influence each other.

Code of Ethics - Dealing with Information between Parties and Bank

- a. Information Security
All information belonging to the Bank as a Bank proprietary right (right which cannot be possessed by another party without consent). Each party shall be responsible for securing and preserving the confidentiality of the information they deal with in accordance with the prevailing regulation.
- b. Other Parties' Proprietary Information
The parties concerned must protect all forms of information knowingly belonging to other parties. Accordingly each party does not have the rights to distribute such information without prior consent of the parties involved or based on commitment made with other parties or the prevailing laws and regulation, and must be treated as confidential.

Code of Ethics - Compliance and Ethics

- a. Compliance with Related Regulation
The parties concerned must study, understand and comply with any prevailing rules, policies or regulation and/or all directions/instruction relating to their positions/function within the organization hierarchy. In relation to other parties, the prevailing provision, policy or regulation applicable is restricted to the relevant parties. For parties that perform any deviation, negligence or violation of the prevailing Provisions, Policies or Regulations, shall be penalized in accordance with the procedures and applicable regulations.
- b. Matters Related to Ethics
The parties should demonstrate their professional values and ethics in maintaining appearance and attire. The parties concerned are prohibited from using harsh or abusive words, alluding to someone's physical defect, ethnic group, race, religion or words that can be classified as foul words, either in Indonesian language or any other languages in an emotional and unprofessional manner, so as to ensure that a harmonious working environment is maintained. The parties concerned are prohibited from smoking in the working environment, either during or outside working hours either individually or in a group, except in a specifically assigned smoking room aimed to ensure healthy environment, clean and free from any fire hazard.

Distribution, Enforcement and Sanctions due to breach of Code of Ethics

The Unit Head socializes the Code of Ethics to the employees under his/her to report to his/her direct superior, or Head of work unit and/or the local Human Resources unit in case of breach, or attempt to breach Code of Ethics.

As part of enforcement, every employee has signed the Code of Ethics Statement submitted to the Human Resources Division (HR), Head Office/Region at the time of signing the Collective Labour Agreement. In addition, Code of Ethics has become part of performance appraisal process conducted each semester.

Sanctions including termination of employment may be imposed in accordance with Decision No. DIR-SDM-03 dated March 5, 2014 on Regulation of Employment and Sanction.

Throughout 2015, Danamon gave sanctions to 23 employees as described in the table below:

| Types of Sanction | Number of Employees |
|--------------------------------|---------------------|
| Termination of Employment | 439 |
| 1 st Warning Letter | 229 |
| 2 nd Warning Letter | 9 |
| 3 rd Warning Letter | 268 |
| Warning Letter | 222 |
| Suspension | 4 |
| Total | 1.171 |

WHISTLEBLOWING SYSTEM

The Whistleblowing System is one form of Danamon's commitments in supporting the implementation of good corporate governance and is a good business practice. The Whistleblower System is a communication channel provided by the Bank that allows employees, customers, vendors or other parties to report instances of fraud or other violations without fear.

In providing a sense of security for the whistleblower, the whistleblower is not obligated to provide his/her identity. If the whistleblower disclosed/state the credentials, then the Bank will protect and maintain the confidentiality of the whistleblower's identity.

Based on the policy of Whistleblowers, each report is received and the results of the investigation will be registered every month and report to management and the Audit Committee periodically. All information

coming into the whistleblower or fraud hotline will be reviewed and acted upon by the related parties such as: HR Division, Fraud Investigation Unit of IAU or fraud investigation unit in the Line of Business or subsidiary.

Whistleblower Policy

Danamon supports whistleblowers by publishing Directors Decision No. Kep: DIR-COMP-025 on Whistleblowing policy and Director Decision No. Kep: DIR-CORP.SEC-007 on Fraud Policy and Fraud Committee. This policy has been socialized to all employees through a variety of media such as: email blast, Company Portal, and the Bank website (www.danamon.co.id).

Danamon also provides protection for employees who reported frauds or other violations Act by publishing Director Decision No. Kep: DIR-SDM-060 on Protection of Employees. This is in order to provide support and security for employees who reported the fraudulent act.

Delivering Violation Report

In order to provide the convenience and a sense of security, Danamon provides a range of means for reporting in the Whistleblowers Policy.

Reports of violations related to frauds, breaches of code of ethics, morals, infringement and other threats can be submitted by the whistleblowers (employees or third parties) through email or fax to:

- a. Internal Audit Work Unit,
- b. Human Resources Division, and
- c. Compliance Work Unit

No Fax: +62 21 25505950

Email: whistleblower@danamon.co.id

Specifically, violations related to fraud may also be addressed to the Fraud Investigation unit under IAU via Email: fraud@danamon.co.id.

Each report needs to contain the following:

- a. Name involved in the violation or indicative to violation.
- b. Chronology of events
- c. Time and place of incident.

Violations by Members of the Boards of Commissioners and Directors

Report on a violation or potential violations by a member of the Boards of Commissioners or Directors, other than the above may be reported via communication channels. The whistleblowers can submit their reports in writing sealed and addressed to the Chairman of the Audit Committee (Independent Commissioner).

Protection for Whistleblowers

Danamon is committed to protecting the whistleblowers, building a sense of security and safety and encouraging those who are exposed to file a violation report. The protection is provided in the form of:

- a. Protection of the whistleblowers identity, including information used in contacting the whistleblowers.
- b. Protection of the whistleblowers from retaliation by those being reported or other affected parties.
- c. Protection from pressure, rights as employee, legal lawsuits, assets to physical harm.
- d. Protection is extendable to include family members of the whistleblowers.

In addition, Danamon also provides legal protection in line with the provisions of the applicable legislation and regulations. This commitment includes protection from criminal prosecution and/or civil liability, as well as the protection of whistleblowers safety from physical and/or mental threats and/or his/her family's.

Parties Handling Complaints and Sanctions

Reports received by the Internal Audit Unit, Human Resources and/or the Compliance Unit are evaluated for possible escalation toward investigation stage or forwarded to the appropriate parties.

The process of investigation is carried out under presumption of innocence and objectivity. To ensure the investigation is carried out objectively, investigation on potential violation is conducted by the internal and independent investigating team. The investigation report includes the supporting evidence and is reported to the Board of Directors and Audit Committee periodically.

Report on the results of investigation is used as the basis for decision to impose sanction or for further action. Furthermore, the party or individual who is proven as the violator is sanctioned in accordance to the prevailing laws and provision in line with Danamon's internal regulation. To maintain objectivity, sanctions are given by the Fraud Committee at Headquarters and Regional levels.

Report Handling Result 2015

Until the end of 2015, 71 reports were investigated, where 25 reports were proven to be fraud cases while the other 46 reports could not be proven as frauds. Meanwhile, 63 cases are being investigated.

| LOB/Subsidiaries | Number of Complaints | Complaints Status | | | |
|------------------|----------------------|-------------------|------------------|-------------------|--------------------------|
| | | Total Closed | Review Completed | | Still being investigated |
| | | | Fraud Finding | No Fraud Findings | |
| Danamon | 82 | 40 | 2 | 38 | 42 |
| Subsidiary | 52 | 31 | 23 | 8 | 21 |
| Total | 134 | 71 | 25 | 46 | 63 |

Implementation of Whistleblower policy as a way to reveal fraudulent activities is considered to be effective.

GOOD CORPORATE GOVERNANCE SELF-ASSESSMENT

Danamon periodically conducts a self-assessment on the implementation of corporate governance, in accordance to the assessment period on Commercial Banks Soundness Level, implemented every semester, at end of June and December.

The assessment is conducted on the quality of Bank's management in implementing comprehensive and structured corporate governance principles integrated into three (3) corporate governance aspects: governance structure, governance processes, and governance outcomes.

Self Assessment Report of Implementation of GCG

Name of Bank : PT Bank Danamon Indonesia, Tbk.

Position : As of December 2015

| Self Assessment Result of GCG Implementation | | |
|--|----------|--|
| | Rating | Rating Definition |
| Individual | 2 (good) | Indicates that the Bank Management in general has implemented Good Corporate Government both in individual and consolidated in an appropriate manner. |
| Consolidation | 2 (good) | This is reflected from adequate fulfillment of the principles of Good Corporate Governance. Any weakness in the implementation of Good Corporate Governance principles is less significant in general and may be resolved through normal measures by the Bank Management and its subsidiaries. |

Analysis

Implementations of Good Corporate Governance principles in general have proceeded as they are intended to be and have been implemented comprehensively and in a structured manner toward the three aspects of corporate governance namely governance structure, governance processes, and governance outcomes.

Based on the self-assessment undertaken, the Bank maintains a structure and adequate governance infrastructure thus enabling the implementation process of GCG principles to proceed effectively while generating quality outcomes. This is indicated in following variety of indicators:

- Quantity, composition, criteria, independence of the Board of Commissioner, Board of Directors, Committees, and Business Units have satisfied the conditions and match the scale and complexities of banking business.
- Adequacy of Policies in Governance, Guidance, and Code of Conduct as well as delegations of duties, responsibilities, and functions of each of Bank organs which support the effectiveness of the implementation.

- c. Implementation of compliance department functions, adequate internal and external audits reflected through the satisfactory level of Bank compliances toward the regulation and commitment as well as implementation of internal audit with a coverage which matches the risk level of a Bank.
- d. Implementation of risk management and adequacy of internal control supported by policies, procedures, and adequate management information system supporting the Bank's operational activities.
- e. Implementation of functions, duties, and responsibilities of Bank's organs have proceeded accordingly thus enable the optimum level of supervisory and control functions.
- f. Implementation of strategic plan and business in a consistent manner.
- g. Disclosures of financial and non-financial conditions, product information, annual report as well as implementation of Bank GCG transparently and easily accessible by Stakeholders.

Consolidated GCG

In order to strengthen the implementation of consolidated GCG, the Bank maintains consolidation and alignment in a sustainable manner over the principles of Bank GCG for further implementation in the Subsidiaries by taking into account the characteristics and complexities of each subsidiary. Each subsidiary has been supplied with guidance and

GCG policies as references and joint commitment of all corporate organs. During the self-assessment on the implementation of consolidated GCG, the assessment toward the implementation of GCG were conducted both at the Bank individually and in each of its subsidiaries.

The results of the assessment produced a "Good" rating as reflected in several following indicators:

- a. Each of the subsidiaries maintains a structure and adequate corporate governance in accordance with characteristics and existing conditions for each subsidiary.
- b. All processes have been implemented based on the framework and conditions stipulated in the policies and internal procedures supported by the availability of comprehensive corporate governance structures and duties and responsibilities have been performed accordingly.
- c. The outcome quality and sufficient implementation of GCG principles as well as satisfying the principles of GCG and expectations of the stakeholder.

GCG-RELATED AWARDS

In 2015, Danamon received the following awards:



**2015
7th IICD Award
Indonesian Institute
for Corporate
Directorship**
The Best overall



**2015
ASEAN Corporate
Governance
Conference and
Awards**
Top 50 Publicity
Listed Companies
from ASEAN



**2015
Asean Corporate
Governance
Conference and
Awards**
Top 3 Publicity Listed
Companies from
Indonesia

STATEMENT OF THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE PRINCIPLES

All members of the Board of Commissioners, Board of Directors, and employees of the Bank have implemented the principles of Good Corporate Governance and there are no material breaches toward the prevailing laws and regulations.

Ng Kee Choe
President Commissioner

Sng Seow Wah
President Director

Integrated Corporate Governance

Sub Contents

- 409 Integrated Good Corporate Governance Implementation Report
- 409 The Implementation Principles of Integrated Governance at Danamon Group
- 411 The Structure of Danamon Group Financial Conglomeration
- 411 Structure of Share Ownership
- 412 Majority and Controlling Shareholders
- 412 Danamon Group Management Structure
- 413 Intragroup Transaction Policy
- 414 Board of Commissioners of The Main Entity
- 415 The Board of Directors of Main Entity
- 416 Integrated Governance Committee
- 420 Integrated Compliances Work Unit
- 421 Integrated Internal Audit Work Unit
- 422 Implementation of Integrated Risk Management
- 424 Self-Assessment of ICG Implementation Report

▶ Integrated Corporate Governance

INTEGRATED GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORT

The report on the implementation of Integrated Corporate Governance is a form of responsibility and transparency in carrying out the principles of integrated corporate governance performed by Danamon as the Main Entity.

The implementation of Integrated corporate governance is performed in an integrated framework covering three specific corporate governance aspects namely the structure, process, and outcome thus ensuring the adequacy of the governance structure and infrastructure, effectiveness of its implementation, and quality of the outcome to meet the expectation of the stakeholders. Implementation of Integrated Corporate Governance in the Danamon Group is intended to cover the following aspects:

1. Optimizing the values of Danamon Group entity for the stakeholders through the improvement of transparency, accountability, responsibility, integrity, and fairness. The purpose is to support the Bank to attain a higher level of competitiveness both at national and international levels, and by creating an environment conducive for investment;
2. Improving the organizational management to be more professional, transparent, and efficient, as well as enhancing all functions while promoting impartiality of the Board of Commissioners, the Board of Directors, and General Meeting of Shareholders.
3. Encouraging shareholders, Board of Commissioners and Board of Directors in their decision making process and actions, applying high moral values and compliance toward all prevailing laws and regulations as well as the awareness on the Bank social duties toward its stakeholders;
4. Promoting the improvement of integrated corporate governance quality to create a financial conglomeration with greater prudence in its governance, enabling the stability of the financial system with a role at an optimum level within the national economy.
5. Implementing the integrated corporate governance in consistent and sustainable manners is expected to transform Danamon Group into a Financial Conglomeration which is fundamentally healthy, able to maintain sustainable growth, high level of competitiveness, protect the interests of the stakeholders, acknowledged as a financial institution both at national level and within the ASEAN economic community, as well as contribute positively toward the financial industry and national economy.

IMPLEMENTATION PRINCIPLES OF INTEGRATED CORPORATE GOVERNANCE AT DANAMON GROUP

Implementation of integrated corporate governance in Danamon Group is based on the fundamental principles of good corporate governance, specifically:

Principle of Transparency

Entities within Danamon Group is required to disclose information in sufficient, clear, accurate, and timely manners, as well as comparable and easily accessible by shareholders and stakeholders. The principle of transparency adopted by Danamon Group does not reduce the obligation to fulfill the regulations on bank secrecy and/or company confidentiality in line with the prevailing laws and regulations, confidentiality, and privacy.

Principle of Accountability

- a. Entities within Danamon Group shall clearly define the responsibilities of each organization organ in alignment with the vision, mission, business objectives, and company strategies, as well as belief that all organization organs of Danamon Group maintain the competencies in line with the responsibilities and understand their roles in implementing GCG.
- b. Entities within Danamon Group shall ensure the presence of a check and balance system in the Company management. Additionally, it should also maintain the performance standard of all

ranks at Danamon Group based on the agreed standards consistent to the corporate values, business objectives, and Company strategies.

Principle of Responsibility

- a. To maintain its business sustainability, Danamon Group should adhere to the principles of prudence and ensure the implementation of laws and regulations as well as established internal policies.
- b. All entities in Danamon Group shall behave as good corporate citizens including showing concerns toward the environment and carry out their social responsibilities.

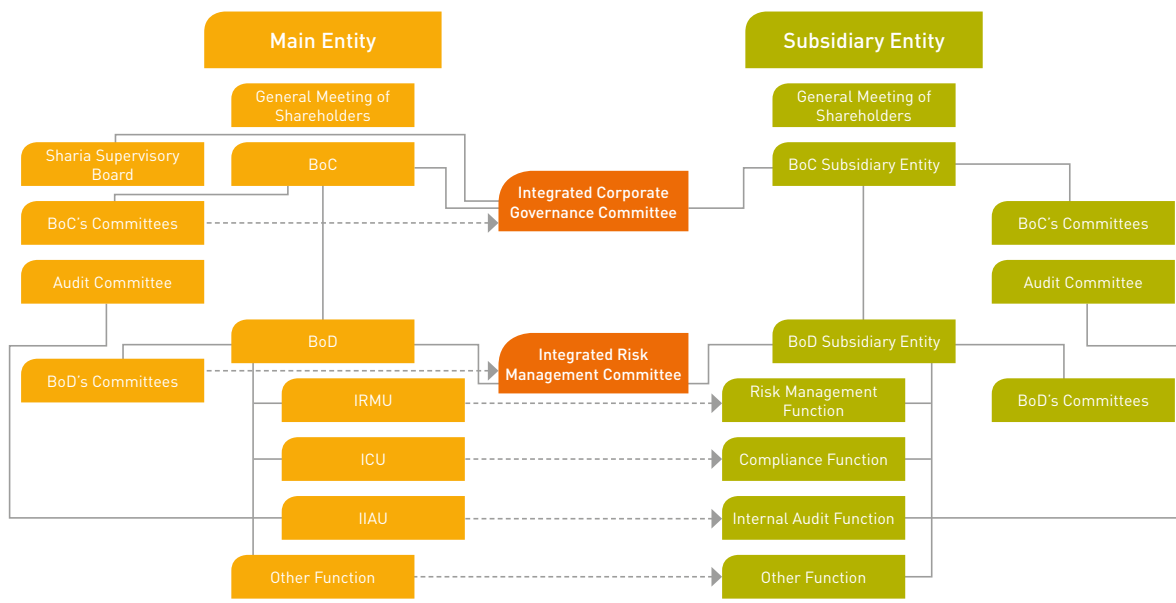
Principle of Independency

- a. Danamon Group should avoid unfair domination by any stakeholder and shall not be affected by unilateral interest as well as be free from conflict of interests.
- b. Decision making shall be objective and free from any duress from any party, as well as showing commitment to operate the business by prioritizing professionalism.

Principle of Fairness

- a. All entities in Danamon Group shall always pay attention to the interests of all stakeholders based on the principles of equality and fairness (equal treatment).
- b. Danamon Group shall provide opportunities to all stakeholders to provide feedback and express their opinions for the interests of the Company as well as grant access to information in line with the principle of transparency.

ORGANS OF INTEGRATED CORPORATE GOVERNANCE DANAMON GROUP



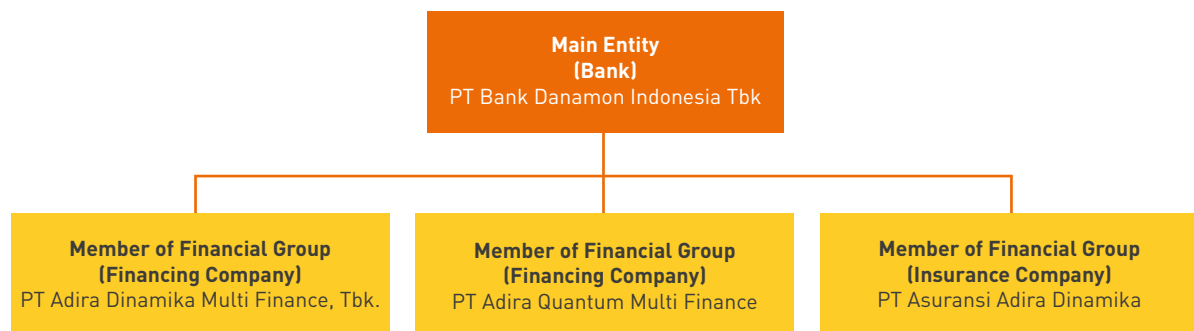
-----> Coordination and monitoring function
 Notes:
 - IRMU : Integrated Risk Management Unit
 - ICU : Integrated Compliance Unit
 - IIAU : Integrated internal Audit Unit

THE STRUCTURE OF DANAMON GROUP FINANCIAL CONGLOMERATION

The regulations of the Financial Services Authority on the Implementation of Integrated corporate governance and Implementation of Integrated Risk for the Financial Conglomeration are effective as of 2015. The presence of the regulations has made Danamon and its subsidiaries a Financial Group. Danamon as parent company is the Main Entity in the Financial Conglomeration, while its subsidiaries PT Adira Dinamika Multi Finance, Tbk., PT Adira Quantum Multifinance, and PT Asuransi Adira Dinamika become members of Danamon Financial Group.

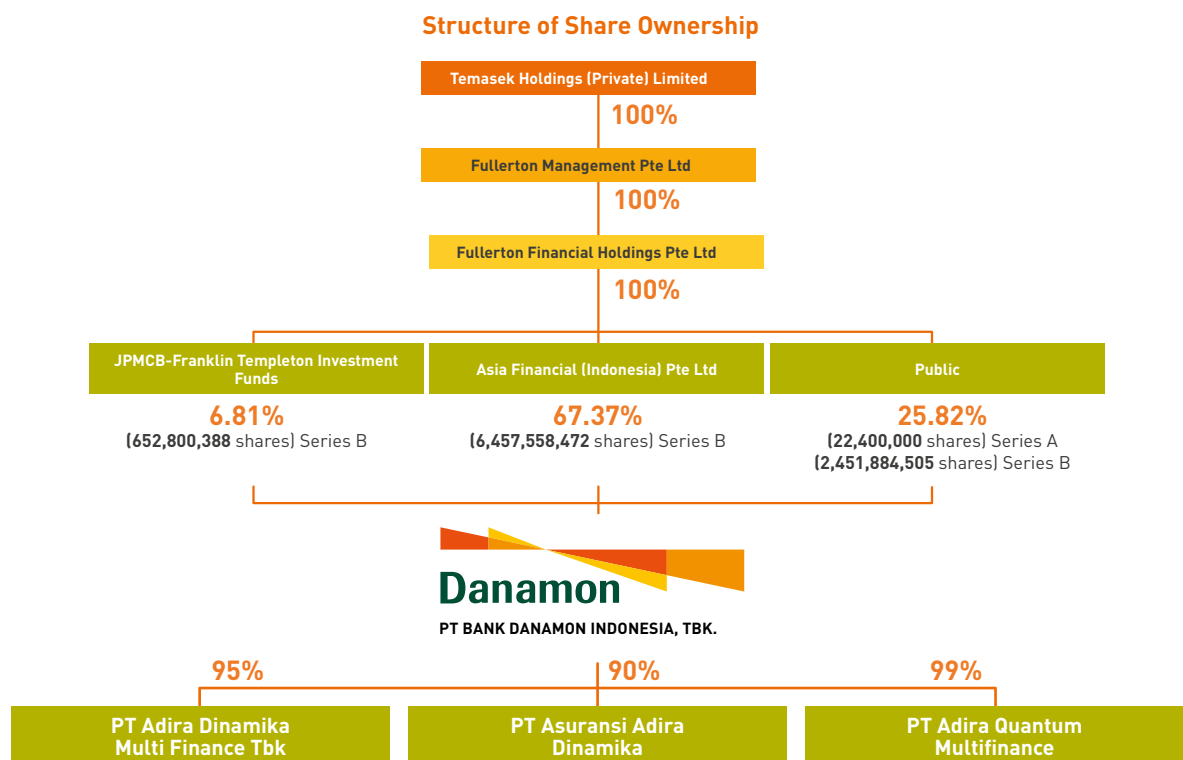
Danamon Group Financial Conglomeration has been registered and administered by the Financial Services Authority in line with the Financial Services Authority's Letter No. SR-82/PB.32/2015 dated 29 April 2015 on the Fulfillment of Obligations as the Main Entity of Danamon Group.

Structure of Danamon Group Financial Conglomeration



STRUCTURE OF SHARE OWNERSHIP

Shareholders of each member of the group up to the ultimate shareholders are as follows:



| Subsidiary | Business Activities | % Ownership |
|---|---------------------|-------------|
| PT Adira Dinamika Multi Finance Tbk (Adira Finance) | Financing | 95% |
| PT Asuransi Adira Dinamika (Adira Insurance) | Insurance | 90% |
| PT Adira Quantum Multifinance (Adira Kredit) | Financing | 99% |

Notes:

Indonesia Stock Exchange (IDX) Regulation No.1-A on "Listing of Shares and Equity Securities Other Than Shares Issued by Listed Companies" stipulates that the amount of shares owned by non-controlling shareholders or non-majority shareholders is at least 50,000,000 shares and at least 7.5% of the number of shares in the issued and fully paid capital. To comply with the regulation, Danamon as the controlling shareholder of PT Adira Dinamika Multi Finance Tbk has conducted a share divestment through private placement of 2.93% on January 25, 2016, leaving Danamon with 92.07% shareholding.

MAJORITY AND CONTROLLING SHAREHOLDERS

The ultimate shareholder of Danamon is Asia Financial (Indonesia) Private Ltd ("AFI"). AFI is a Singapore-based legal entity established on November 10, 1990 as an investment holding company under the name ENV Corporation (Private) Limited.

The controlling shareholder of Danamon is Temasek Holding Private Limited ("Temasek"), through Fullerton Management Private Limited and Fullerton Financial Holdings Private Limited. Temasek is an investment company domiciled in Singapore and owned by the Singaporean Ministry of Finance.

Detailed information about shareholders include the structure, composition, shareholders above 5% and the 20 largest shareholders, as well as the profile group of shareholders below 5% can be viewed on the Company Profile in the Annual Report of the Bank.

DANAMON GROUP MANAGEMENT STRUCTURE

Management Structure of Financial Conglomeration's Main Entity (Bank Danamon)

| PT Bank Danamon Indonesia, Tbk. | |
|--|---|
| Board of Commissioners | Board of Directors |
| 1. Ng Kee Choe (President Commissioner) | 1. Sng Seow Wah (President Director) |
| 2. J.B. Kristiadi (Vice President Commissioner/Independent Commissioner) | 2. Muliadi Rahardja (Vice President Director) |
| 3. Gan Chee Yen (Commissioner) | 3. Vera Eve Lim (Director) |
| 4. Manggi T. Habir (Independent Commissioner) | 4. Herry Hykmanto (Director) |
| 5. Ernest Wong Yuen Weng (Commissioner) | 5. Fransiska Oei Lan Siem (Director) |
| 6. Made Sukada (Independent Commissioner) | 6. Michellina L. Triwardhanny (Director) |
| 7. Emirisyah Satar (Independent Commissioner) | 7. Satinder Pal Singh Ahluwalia (Director) |

Note

1 Emirisyah Satar was effectively appointed as an Independent Commissioner on the 15th October 2015 (Financial Services Authority Letter No. SR 192/d.03/2015)

2 Kanchan Keshav Nijasure submitted his resignation letter on 27th April 2015, whereas his resignation became effective on 30th June 2015;

3 Pradip Chhadva submitted his resignation letter on 9th April 2015, whereas his resignation became effective on 1st July 2015

Management Structure of the Members of Financial Group (Subsidiaries)

| PT Adira Dinamika Multi Finance, Tbk. (Adira Finance) | |
|---|--|
| Board of Commissioners | Board of Directors |
| 1. Sng Seow Wah (President Commissioner) | 1. Ir. Willy Suwandi Dharma (President Director) |
| 2. Djoko Sudyatmiko (Independent Commissioner) | 2. Marwoto Soebiakno (Vice President Director) |
| 3. Eng Heng Nee Philip (Independent Commissioner) | 3. Hafid Hadelı (Director) |
| 4. Vera Eve Lim (Commissioner) | 4. Ho Lioeng Min (Director) |
| 5. Loh Niap Juan (Commissioner) | 5. I Dewa Made Susila (Director) |
| | 6. Cornel Hugroseno (Director) |
| | 7. Swandajan Gunadi (Director/Independent) |

| PT Adira Quantum Multifinance (Adira Kredit) | |
|--|--|
| Board of Commissioners | Board of Directors |
| 1. Marwoto Soebiakno (President Commissioner) | 1. Reza Pely Rusli (President Director)* |
| 2. Satinder Pal Singh Ahluwalia (Commissioner) | 2. Handy Widiya (Director) |

*) Reza Pely Rusli has been honorably discharged effectively on the 31st December 2015 with Erdyan Lazuardy appointed as the President Director, officiating effectively upon passing the fit and proper test on 12 February 2016.

| PT Asuransi Adira Dinamika (Adira Asuransi)/(Adira Insurance) | |
|---|--------------------------------------|
| Board of Commissioners | Board of Directors |
| 1. Manggi Taruna Habir (President Commissioner) | 1. Indra Baruna (President Director) |
| 2. Ir. Willy Suwandi Dharma (Commissioner) | 2. Dedi Nathan (Director) |
| 3. Suhandoko Tjondromuljo (Commissioner) | 3. Donni Gandamana (Director) |
| 4. Julian Noor (Independent Commissioner) | 4. Wayan Pariama (Director) |

INTRAGROUP TRANSACTION POLICY

Intragroup Transaction Risk is a risk due to the dependency of an entity both directly or indirectly on another entity within a Financial Conglomeration in line with the fulfillment of obligations both in the form of written or oral agreements followed by either fund transfers or not.

Implementation of Risk Management

Implementation of Intragroup Transaction Risk Management is carried out by taking into account transaction activities among entities within the Financial Conglomeration.

Policies, Procedures, and Limit Setting

The Bank as the Main Entity has managed the implementation of risk management on intragroup transaction based on the integrated risk management policy, reviewed periodically.

Intragroup transaction limits are set through coordination between the Bank as the Main Entity and the Subsidiary as the Member of the Financial Conglomeration.

Identifying, Measuring, Monitoring, and Risk Controlling as well as Risk Management Information System

Implementation of risk management on Intragroup Transactions is performed through identifying, measuring, monitoring, and risk controlling processes as well as Management Information System. Identification on the types of intragroup transactions which may expose the Financial Conglomeration to various risks. Intragroup Transaction Risks may arise, among others due to:

- Cross-ownership among entities within the Financial Conglomeration.
- Short-term centralized liquidity management.
- Guarantee, loans, and commitment made or received by an entity from another entity within the Financial Conglomeration.
- Exposures to the controlling shareholders, including loan exposures and off-balance sheet such as warranty and commitment.
- Purchase or sales of assets to other entities within the Financial Conglomeration.
- Transfer of risks through reinsurance; and/or
- Transaction to transfer risk exposures to the third party among entities within a Financial Conglomeration.

Risk measurement and monitoring of intragroup transactions within the Financial Conglomeration are performed periodically. Risk control is conducted based on outcome from the monitoring of intragroup transactions among entities within the Financial Conglomeration. Support for intragroup transactions among entities within the Financial Group.

BOARD OF COMMISSIONERS OF THE MAIN ENTITY

As the Main Entity, members of Danamon's Board of Commissioners possess the knowledge required on the core business activities and the main risks on the Main Entity and Subsidiaries to support the Board of Commissioners responsibility in monitoring the implementation of corporate governance on the entity of the Financial Conglomeration. Requirements for members of the Board of Commissioners of the Main Entity (Danamon) are regulated in the Danamon Group's Integrated Corporate Governance Policies.

The Board of Commissioners of the Main Entity as of 31 December 2015 consisted of 7 (seven) members. All members of the Board of Commissioners have passed the fit and proper test and are approved by Bank Indonesia/Financial Services Authority. Each member of the Board of Commissioners has the appropriate educational background, expertise, and sufficient experience in line with their duties and responsibilities.

| Board of Commissioners of the Main Entity | Date of Approval by BI/FSA |
|---|----------------------------|
| Ng Kee Choe (President Commissioner) | May 24, 2006 |
| J.B. Kristiadi (Vice President Commissioner/ Independent Commissioner) | December 5, 2005 |
| Gan Chee Yen (Commissioner) | October 21, 2003 |
| Manggi T. Habir (Independent Commissioner) | July 22, 2005 |
| Ernest Wong Yuen Weng (Commissioner) | September 14, 2010 |
| Made Sukada (Independent Commissioner) | August 8, 2014 |
| Emirsyah Satar (Independent Commissioner) | October 15, 2015 |

Duties and Responsibilities of the Board of Commissioners of the Main Entity

Duties and responsibilities of the Board of Commissioners of the Main Entity in Danamon Group Financial Conglomeration are governed in the Integrated Corporate Governance Policies and Charter of the Board of Commissioners.

In line with the monitoring on the implementation of Integrated Governance, duties and responsibilities of the Board of Commissioners include to:

- Supervise implementation of the Corporate Governance of each Entity to conform to the Integrated Corporate Governance Policies;
- Supervise implementation of duties and responsibilities of the Board of Directors of Main Entity, as well as provide guidance or advise to the Board of Directors of the Main Entity on implementing Integrated Corporate Governance Policies; and
- Evaluate the Integrated Corporate Governance Policies and provide directions in line with their refinements;
- Establish the Integrated Corporate Governance Committee;
- Organize periodic meetings at least once every semester, which may be carried out through video conference.

Implementation of Duties and Responsibilities in 2015

With respect to the integrated governance, the Board of Commissioners organized a meeting during the 2nd semester of 2015, attended in person by members of the Board of Commissioners. Meeting agenda included among others reviews and approvals of Integrated Corporate Governance Policies and Establishment of Integrated Corporate Governance Committee.

Implementation of duties of the Board of Commissioners of the Main Entity include supervision on implementing integrated corporate governance arranged in the Integrated Corporate Governance Policies. In performing their duties, the Board of Commissioners of the Main Entity is supported by the Integrated Corporate Governance Committee.

BOARD OF DIRECTORS OF MAIN ENTITY

As the Main Entity, members of the Board of Directors possess the required knowledge on core business activities and main risks to the Main Entity and Subsidiaries to support Board of Directors responsibilities in managing entities in the Financial Conglomeration. Requirements for members of the Board of Directors of Main Entity (Danamon) are governed in Danamon Group's Integrated Corporate Governance Policies.

The Board of Directors, as of 31 December 2015, are made up of 7 (seven) members. All members of the Board of Directors have passed the fit and proper test and received approval from Bank Indonesia/Financial Services Authority. Each member of the Board of Directors has at least 5 (five) years of experience and sufficient understanding on the core business activities and main risks of the Company in the Financial Conglomeration.

| No | Name | Job Title | Date of Approval (AGMS) | Date of Approval (Bank Indonesia/Financial Services Authority) |
|----|------------------------------|-------------------------|-------------------------|--|
| 1. | Sng Seow Wah | President Director | April 7, 2015 | November 20, 2014 |
| 2. | Muliadi Rahardja | Vice President Director | August 31, 1999 | December 21, 1999 |
| 3. | Vera Eve Lim | Director | May 22, 2006 | June 26, 2006 |
| 4. | Herry Hykmanto | Director | April 3, 2008 | May 13, 2008 |
| 5. | Fransiska Oei Lan Siem | Director | May 25, 2009 | June 11, 2009 |
| 6. | Michellina L. Triwardhany | Director | April 29, 2010 | May 27, 2010 |
| 7. | Satinder Pal Singh Ahluwalia | Director | April 29, 2010 | June 24, 2010 |

Note:

- Kanchan Keshav Nijasure submitted his resignation letter on 27th April 2015, whereas his resignation became effective on 30th June 2015;
- Pradip Chhadva submitted his resignation letter on 9th April 2015, whereas his resignation became effective on the 1st July 2015.

Duties and Responsibilities of the Board of Directors of the Main Entity

Duties and responsibilities of the Board of Directors of the Main Entity in Danamon Group Financial Conglomeration are governed in the Integrated Corporate Governance Policies and the Board of Directors Charter. To ensure implementation of Integrated Governance, the Board of Directors of the Main Entity assume the following roles and responsibilities:

- to prepare the Integrated Corporate Governance Policies;
- to direct, monitor, and evaluate implementation of the Integrated Corporate Governance Policies;
- to follow-up guidance or advice provided by the Board of Commissioners of the Main Entity in line with the refinement of Integrated Corporate Governance Policies;
- to ensure that all audit findings and recommendations of the Integrated Internal Audit, External Auditor, monitoring outcome from the Financial Services Authority and/or monitoring outcome from other authorities have been followed up by entities in the Financial Conglomeration.

The President Director of Danamon as the Main Entity is responsible to perform supervisory functions toward Entities within the Financial Conglomeration.

Implementation of Duties and Responsibilities in 2015

During 2015, the Board of Directors of Danamon as the Main Entity has prepared and established the Integrated Corporate Governance Policies through the Board of Director's Letter No. Kep. Dir-Comp-020 on the Integrated Corporate Governance Policies to serve as a guideline for implementing good corporate governance throughout the entities within the Danamon Group. In formulating and stipulating the Integrated Corporate Governance Policy, the Board of Directors follows up on insights and feedback from the Board of Commissioners as well as recommendations from the Integrated Corporate Governance Committee. Subsequently the Board of Directors will monitor and evaluate the implementation of integrated corporate governance policies.

The Board of Directors has presented the Integrated Corporate Governance Policies of the Danamon Group to each of the Board of Directors of the Subsidiaries within the Financial Conglomeration for further implementation and follow-up, specifically:

- PT Adira Dinamika Multi Finance, Tbk. (Letter No.B.01.78-Comp, dated December 10, 2015).
- PT Adira Quantum Multifinance (Letter No. B.01.80-Comp, dated December 10, 2015).
- PT Asuransi Adira Dinamika (Letter No.B.01.79-Comp, dated December 10, 2015).

The Board of Directors follows up on the audit findings and recommendations made by the Integrated Internal Audit, external auditors, and monitoring outcome from the Financial Services Authority supervision and/or other relevant authorities. Follow up and improvement activities based on the recommendations and findings are continually monitored within a committed timetable.

In addition, in line with the implementation of supervisory duties over the capital shares at non-bank subsidiaries controlled by Danamon (Subsidiaries within the Financial Conglomeration), there are member(s) of the Board of Directors who have the positions as members of the Board of Commissioners of non-bank subsidiaries, as follows:

| No. | Name | Position at the Main Entity (Danamon) | Position at the Subsidiary – Member of the Financial Conglomeration |
|-----|------------------------------|---------------------------------------|---|
| 1. | Sng Seow Wah | President Director | President Commissioner at PT Adira Dinamika Multi Finance, Tbk. |
| 2. | Vera Eve Lim | Director | Commissioner at PT Adira Dinamika Multi Finance, Tbk. |
| 3. | Satinder Pal Singh Ahluwalia | Director | Commissioner at PT Adira Quantum Multifinance |

INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee established by Danamon's Board of Commissioners to support the effectiveness of its duties with respect to the implementation of integrated corporate governance within Danamon's Financial Conglomeration. As the Main Entity, Danamon established an Integrated Corporate Governance Committee based on the Resolution of the Board of Commissioners' Meeting No. R-KOM.Corp.Sec-001 dated 29 July 2015 on the Integrated Corporate Governance and the Board of Directors' Letter No. Kep: Dir-Corp.Sec-009 dated 12 August 2015 on the Establishment of Integrated Corporate Governance Committee.

The Integrated Corporate Governance Committee evaluates the implementation of Integrated Corporate Governance at least through the assessment of the adequacy of internal control and implementation of compliance function in an integrated manner.

Structure of Membership and Composition of Integrated Corporate Governance Committee

The composition of the Integrated Corporate Governance Committee in line with the Circular Decision Letter

on the Resolution of the Board of Commissioners No. KSR-KOM.Corp.Sec.013 dated 26 November 2015 and the Board of Directors' Letter No. Kep-Dir-Corp.Sec-018 dated 26 November 2015, is as follow:

| Integrated Corporate Governance Committee | | | |
|---|-----------------------|----------|--|
| No. | Name | Position | Title |
| 1. | Made Sukada | Chairman | Independent Commissioner of the Main Entity |
| 2. | Ernest Wong Yuen Weng | Member | Commissioner of the Main Entity |
| 3. | Manggi T. Habir | Member | Independent Commissioner of the Main Entity |
| 4. | Djoko Sudyatmiko | Member | Independent Commissioner Representing and Appointed by PT Adira Dinamika Multi Finance, Tbk. |
| 5. | Julian Noor | Member | Independent Commissioner Representing and Appointed by PT Asuransi Adira Dinamika |
| 6. | M. Din Syamsuddin | Member | Chairman of Syariah Supervisory Board of the Main Entity |
| 7. | Angela Simatupang | Member | Independent Party of the Main Entity |

The composition of Independent Commissioners within the Independent Corporate Governance Committee meets regulation and is in line with the Financial Conglomeration requirement taking into account efficiency and effectiveness in implementing the Integrated Corporate Governance Committee's duties. Membership composition of the Integrated Corporate Governance Committee considers representation of each financial services sector in the Financial Conglomeration namely banking, financing, insurance and representation of Syariah Supervisory Board and independent parties. The Integrated Corporate Governance Committee is chaired by Made Sukada who also chairs Danamon Corporate Governance Committee.

Member Profiles of Integrated Corporate Governance Committee

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Education Background |
|-------------|-----------|--|---------------------------|----------------------------|---|
| Made Sukada | Indonesia | Chairman/ Independent Commissioner | November 2015 -Present | Finance/Risk Management | Bachelor's in Accounting from University of Padjajaran, Bandung (1977) Master in Economic from the University of Pittsburgh, USA, 1984 |

Professional Experience (Job Title, Organization, Term of Office)

- Member of Board of Supervision, Yayasan Danamon Peduli, 2014-present
- Advisor to the Board of Governor, Bank Indonesia, 2010-2014
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk. 2010-2014.
- Director-level positions at various departments in Bank Indonesia, 1998-2010

| | | | | | |
|-----------------------|-----------|-------------------------|---------------------------|----------------------------|---|
| Ernest Wong Yuen Weng | Singapore | Member/ Commissioner | November 2015 -Present | Finance/Risk Management | First Class Honours Degree in Chemical Engineering, the University of Surrey, United Kingdom (1967) |
|-----------------------|-----------|-------------------------|---------------------------|----------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- The Board of Commissioner, Danamon 2010 - present
- Board Trustee Nanyang Technological University 2006 - present
- Board Member Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pasific Holdings Pte. Ltd., 2012-present
- Chairman, Fullerton Financial Holdings Pte. Ltd., 2011-present
- Board Member, Singapore Health Services Pte. Ltd. ("SingHealth"), 2006 - 2015
- Board member, Singbridge Holdings Pte. Ltd., 2011-2015
- Board member, Pavilion Capital Holdings Pte. Ltd., 2012-2015
- Board member, Economic Development Board and The Ministry of Finance, 1989-1993.
- Group CEO, MediaCorp Pte. Ltd., 2000-2005
- Board member, United Overseas Bank Group, 1990-2005
- Chairman, the Association of Banks in Singapore, 1991-1993 and 1999-2000

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Education Background |
|-----------------|-----------|--|---------------------------|----------------------------|---|
| Manggi T. Habir | Indonesia | Member/ Independent Commissioner | November 2015 –Present | Finance/Risk Management | BA Degree in Economics Mc. Gill University, 1977 Master in Business Administration, University of Michigan, (1979) and Master in Public Administration, Harvard University, (2002) |

Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairperson of Board of Supervisor, Yayasan Danamon Peduli, 2006-present.
- Advisor, PT Avrist Life Insurance, 2014-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poor's, Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securities, 1995-1998.
- Business and Economic Correspondent, Far Eastern Economic Review, 1982-1985.
- Assume various key positions, Citibank N.A. Jakarta, 1985-1991

| | | | | | |
|---------------------|-----------|--|---------------------------|-------------------------------------|---|
| Djoko Sudyatmiko | Indonesia | Member/ Independent Commissioner PT Adira Dinamika Multi Finance, Tbk | November 2015- Present | Economy and Corporate Governance | Bachelor's degree in Electrical Engineering from Institut Teknologi Bandung in 1968 |
|---------------------|-----------|--|---------------------------|-------------------------------------|---|

Professional Experience (Job Title, Organization, Term of Office)

- Commissioner at ASCO Group, 2012-present
- Commissioner cum Corporate Independent Commissioner, 2011-present
- Corporate Independent Commissioner, 2004-2011
- Commissioner at PT Pakoakuina-Automotive Wheel Rim Manufacturer, 2003-present
- Commissioner at PT Inkoasku-Automotive Wheel Rim Manufacturer, 2003-2010
- Commissioner at PT Palingda-Automotive Wheel Rim Manufacturer, 2003-2010
- Commissioner at PT Adira Sarana Armada, 2003-2009
- Commissioner at PT Asuransi Adira Dinamika, 2003-2008
- Corporate President Commissioner, 2002-2004
- Commissioner at PT Kharaba Unggul/PT Makro Indonesia, 1990-2000
- Commissioner at PT Dharma Sarana Perdana, 1989-1995
- Commissioner at PT Astra Graphia Tbk, 1986-1989
- Member of People Consultative Assembly (MPR RI), 1992-1997
- Member of People Representative Assembly (DPR) and People Consultative Assembly (MPR-RI), 1971-1992

| | | | | | |
|-------------|-----------|---|---------------------------|-----------|--|
| Julian Noor | Indonesia | Member/ Independent Commissioner PT Asuransi Adira Dinamika | November 2015 –Present | Insurance | - Institut Pertanian Bogor, 1985 - Indonesia Associate Insurance Expert, 1994 - Insurance School of Japan (basic), 1995 - Insurance School of Japan (advance), 1999 - Master's degree in Management from STIE Dharma Bumiputera, 2004 |
|-------------|-----------|---|---------------------------|-----------|--|

Professional Experience (Job Title, Organization, Term of Office)

- Marketing Supervisor at PT Pyridam, Jakarta (1985-1988)
- Several positions from Livestock Insurance Project, Assistant Manager to Manager Underwriting at PT Asuransi Timur Jauh (1988-1993)
- Several positions from Head of Underwriting Bureau, Division Head of Technical, Division Head of Marketing, Division Head of Human Resources & Logistics to Director at PT Asuransi Umum Bumiputera Muda (1994-2010)
- Served as Managing Director at PT Asuransi Himalaya Pelindung (2010-2011)
- Serves as Executive Director at Asosiasi Asuransi Umum Indonesia (2011-now)

| Name | Domicile | Job Title | Term of Office | Expertise | Qualifications/Education Background |
|-------------------|-----------|---|---------------------------|---|---|
| M. Din Syamsuddin | Indonesia | Member/ Chairman of Syariah Supervisory Board | November 2015 –Present | Islam Law Science (Syariah), Islamic Political Science, and Interfaith/Interculture Communication | <ul style="list-style-type: none"> - Bachelor degree for the Discipline of Ushuluddin awarded by UIN Syarif Hidayatullah, Jakarta, 1980 - Master degree, UCLA, USA, 1988 - Ph.D, UCLA, USA, 1991 |

Professional Experience (Job Title, Organization, Term of Office)

- Head of Research and Development of Golkar Party, 1993-1998
- Deputy Secretary General of Golkar Party (1998-2000)
- Member of People Consultative Assembly (MPR RI), 1998-1999
- Director General of Workers' Placement of the Ministry of Manpower of the Republic of Indonesia (1998-2000)
- Professor for Islamic Political Thought at UIN Jakarta (1982-present)
- Lecturer at various universities (1982-2000)

| | | | | | |
|-------------------|-----------|---------------------------------|-------------------------------|---|--|
| Angela Simatupang | Indonesia | Member/ Independent Party | November 2015 – Present | Internal Audit, Risk Management and Corporate Governance | Master of Commerce in International Business and Management of Technology, The University of Sydney (2002) |
|-------------------|-----------|---------------------------------|-------------------------------|---|--|

Professional Experience (Job Title, Organization, Term of Office)

- Managing Partner, Governance Risk Control Practice at RSM AAJ, 2012-present.
- Member of RSM International Network Limited in Indonesia, RSM global organization, 2009-2012.
- Member of RSM Asia Pacific, Risk Advisory Sub Committee, International Contact Partner for Indonesia, 2008-present.
- Governor, Institute Internal Auditors-Chapter Indonesia, 2014-2017.
- Course instructor for internal audit and risk management at Magister of Accounting and Accounting Professional Training Program, University of Indonesia, 2008-2010.
- Written various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Australia, 2005

Working Guidelines and Code of Conduct

The Integrated Corporate Governance Committee maintains guidelines and code of conduct which regulates matters relevant to the objective, accountability, structure and membership, office terms, duties and responsibilities, authorities, meeting organization, disclosure and reporting, and prohibitions. The Committee's Guidelines and code of conduct are periodically reviewed.

Duties and Responsibilities of Integrated Corporate Governance Committee

Duties and Responsibilities of the Integrated Corporate Governance Committee cover among others:

1. Evaluating the implementation of Integrated Corporate Governance through assessment on the internal control sufficiency and implementation of compliance functions in an integrated manner; and
2. Providing recommendations to Danamon's Board of Commissioners as the Main Entity on the refinement of Integrated Corporate Governance Policies.

When evaluating, the Integrated Corporate Governance Committee receives reports in the form of evaluation outcomes of the implementation of internal audit and compliance functions of each Entity. The reports are submitted the boards of commissioners of each Entity as members on the Integrated Corporate Governance Committee.

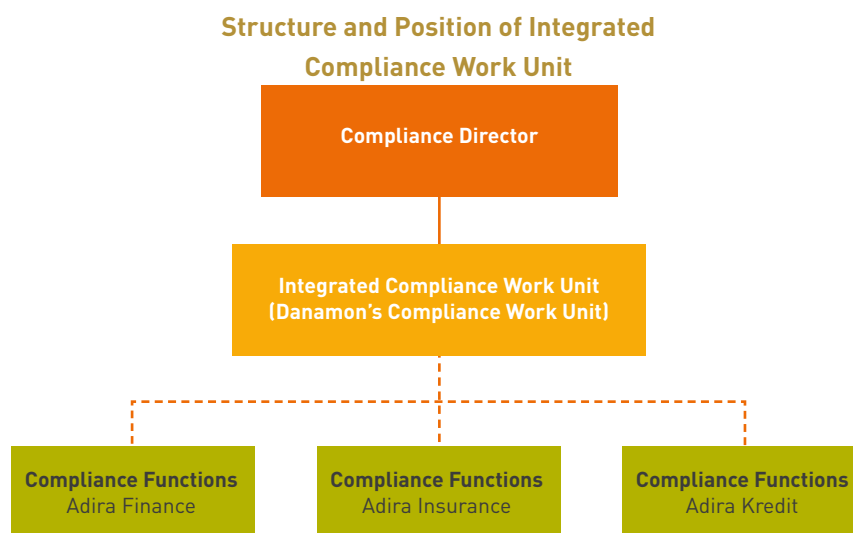
Implementation of Duties and Responsibilities in 2015

The Integrated Corporate Governance Committee established in the second semester of 2015 organized a meeting on 13th August 2015. It was attended by all of the committee members. The Integrated Corporate Governance Committee carries out reviews and recommendations to Danamon's Board of Commissioners as the Main Entity on the issuance of Integrated Corporate Governance Policies of the Danamon Group. The Integrated Good Government policy also regulates the obligation to carry out business activities in line with Syaria'ah principles for Danamon Group companies that carry out Syaria'ah business activities.

INTEGRATED COMPLIANCE WORK UNIT

Danamon as the Main Entity maintains an independent Compliance Work Unit of other operational work units (risk-taking units) and reports directly to the Director who supervises the Compliance Functions (Compliance Director).

The Compliance Work Unit carries out the Integrated Compliance Work Unit functions. Danamon's Compliance Work Unit coordinates and monitors the implementation of compliance function work unit in each entity/subsidiary.



Duties and Responsibilities of Integrated Compliance Work Unit

Duties of Integrated Compliance Work Unit at least cover the following:

1. Monitoring and evaluating the implementation of compliance function on each Entity within the Financial Conglomeration.
2. Preparing and submitting reports on the implementation of duties and responsibilities to the Compliance Director of the Main Entity or a Director appointed to perform the supervisory functions on the Entity within the Financial Conglomeration.

Danamon's Compliance Director, prepares and submits reports on the implementation of duties and responsibilities of integrated compliances as the Main Entity to Danamon's Board of Directors, Board of Commissioners as the Main Entity.

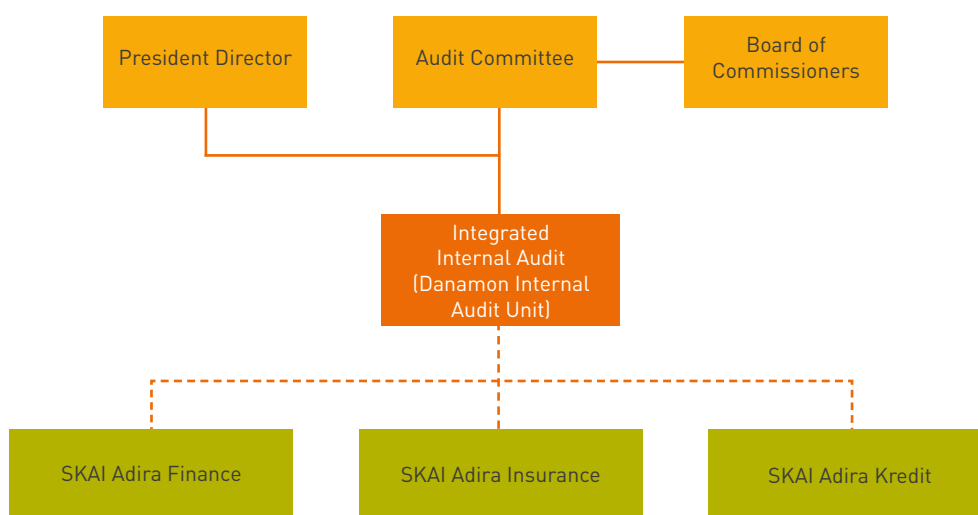
Implementation of Duties and Responsibilities in 2015

Danamon's Compliance Work Unit has expanded the scope of duties and responsibilities with regard to the implementation of integrated compliance functions. Danamon's Compliance Work Unit coordinates with the subsidiaries to review the implementation of compliance functions in the subsidiaries. The Compliance Work Unit analyzes the Bank's and subsidiaries' compliance as well as discusses other matters related to the compliance issues, mitigation, and follow-up of corrective actions.

Implementation of the Compliance Work Unit duties has been reported to the Compliance Director and is part of the duty implementation report of the Compliance Director to the President Director covering the entire compliance function implementation activities, fulfillment of regulatory parameters, and outcome of compliance monitoring.

INTEGRATED INTERNAL AUDIT WORK UNIT

Structure and Position of Integrated Internal Audit Work Unit



In the Danamon Group Financial Conglomeration structure, there are Internal Audit Work Unit of the Main Entity/Danamon and at the member entity level as follows:

- Internal Audit Work Unit of PT Adira Dinamika Multi Finance, Tbk.
- Internal Audit Work Unit of PT Asuransi Adira Dinamika.
- Internal Audit Work Unit of PT Adira Quantum Multifinance.

Danamon Internal Audit is directly responsible to the President Director, and to support the independency of the Internal Audit Work Unit and ensure unobstructed audit process as well as the authority to monitor the follow-ups of activities. Therefore the Head of Internal Audit Work Unit is also responsible directly to the Board of Commissioners through the Audit Committee.

Duties and Responsibilities of Integrated Internal Audit Work Unit

The Charter of Integrated Internal Audit in 2015 governs the duties and responsibilities of Integrated Internal Audit and corresponding Units of Subsidiaries, which expands its current scope of work of the Integrated

Internal Audit Work Unit duties and responsibilities, covering among others:

- a. Reviewing and providing recommendations on annual audit plan from the Internal Audit Work Unit of the member of Financial Conglomeration (Internal Audit Work Unit of Subsidiaries).
- b. Monitoring and reviewing the implementation of internal audit of the Financial Conglomeration (Internal Audit Work Unit of Subsidiaries).
- c. Organizing regular meetings with the Internal Audit Work Unit of the entities of members of the Financial Conglomeration (Internal Audit Work Unit of Subsidiaries' entities) at the minimum of once every quarter.
- d. Submitting integrated internal audit report to the President Director, Board of Commissioners through the Audit Committee as well as Compliance Director at least once every semester.
- e. Preparing program to evaluate the quality of internal audit activities performed.

Implementation of Duties and Responsibilities of Integrated Internal Audit Work Unit

Implementation of the duties and responsibilities of integrated internal audit is performed by the current Danamon's Internal Audit Work Unit referred as Integrated Internal Audit Work Unit, guided by the principles of good corporate governance covering transparency, accountability, responsibility, independency, professionalism, and fairness.

IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

Integrated Risk Management Policies and Their Implementation

Danamon as the Main Entity maintains Integrated Risk Management Policies prepared based on Bank Indonesia and FSA prevailing regulations and other existing and related regulations. Integrated Risk Management Policies cover the risk management framework serves as the guideline for implementing Financial Conglomeration's risk management which is subject to periodic review.

Integrated Risk Management Policies are prepared to guide the Bank and/or Subsidiaries both individually as well as in integrated manner in maintaining risk exposures consistent with the policies and internal procedures as well as relevant external regulations. It is also prepared to ensure that risks are managed by officials who have the knowledge, skills, and expertise in risk management in line with the level of business complexities.

Integrated Risk coordinates all policies and implementation of risk management in the Bank and/or Subsidiaries in a centralized manner both as an individual as well as in integrated manner within a Financial Conglomeration.

The Bank and/or Subsidiaries both individually or in in integrated manner have identified, measured, monitored, and controlled all material risks through risk management processes, using suitable technology and models. Such processes are supported by a Management Information System for accurate and timely reporting.

Supervision by the Board of Directors and Board of Commissioners of the Main Entity

As the main entity, implementation of Integrated Risk Management involve monitoring and active supervision by the Board of Directors and Board of Commissioners. The Board of Directors and the Board of Commissioners understand the risks and ensure the risk culture is embedded, and that the implementation of Risk Management to the Financial Conglomeration as part of the support implementing Integrated Risk Management is performed effectively.

On the implementation, committees are established as required, which include among others Risk Monitoring Committee at the Board of Commissioners' level, Risk Management Committee at the Board of Directors' level, and Integrated Risk Management Committee in the Financial Conglomeration.

Integrated Risk Management Organization

In line with the implementation of comprehensive and effective Integrated Risk Management, the Main Entity established the Integrated Risk Management Committee and Integrated Risk Management Work Unit.

Integrated Risk Management Committee

1. The Bank as the Main Entity has established the Integrated Risk Management Committee in line with the implementation of integrated risk management. Members of Integrated Risk Management Committee are the Bank's Board of Directors, Board of Directors representing the subsidiaries, as well as appointed relevant Executive Officials. The chairperson is the Bank's Integrated Risk Director.

The primary duties of the Integrated Risk Management Committee are to provide recommendations to the Bank's Board of Directors as the Main Entity on the implementation of the Integrated Risk Management in the Financial Conglomeration. Duties and responsibilities, include among others:

- Preparing Integrated Risk Management Policies.
- Revising and refining the Integrated Risk Management Policies based on the outcome of the evaluation of implementation.

2. Integrated Risk Management Work Unit

The Bank as the Main Entity has established Integrated Risk which is a Risk Management Work Unit with the roles and responsibilities of risk management to the Bank individually, as well as an Integrated Risk Management Work Unit in the implementation of risk management in an integrated manner in the Financial Conglomeration.

Integrated Risk of the Main Entity is an independent unit of the risk taking unit and reports to the Bank's Director of Integrated Risk, who subsequently reports directly to the President Director.

In performing the functions as the Integrated Risk Management Work Unit on the Financial Conglomeration, Integrated Risk also coordinates with the Risk Management Work Unit at each entity in the Financial Conglomeration. Authorities and responsibilities of Integrated Risk as the Integrated Risk Management Work Unit include among others:

- Providing feedback to the Board of Directors of the Bank and Integrated Risk Management Committee in preparing and refining the Integrated Risk Management Policies.
- Monitoring the implementation of Integrated Risk Management Policies including the development of procedures and tools to identify, measure, monitor, and risk control.
- Performing risk monitoring on the Financial Conglomeration by monitoring the risk profile of each entity in the Financial Conglomeration, both individually as well as jointly.
- Performing stress tests on the Financial Conglomeration.
- Periodically reviewing the risk assessment methods, sufficiency of management information system implementation, and the appropriateness of policies, procedures, and risk limits in integrated manner.
- Reviewing proposals of new strategic business lines with significant impact toward the risk exposure.
- Providing information to the Integrated Risk Management Committee on issues which need further follow-up actions relevant to the evaluation of Integrated Risk Management implementation.

SELF-ASSESSMENT OF ICG IMPLEMENTATION REPORT

A summary report based on analysis of indicators covering the full assessment factors in the implementation of Integrated Corporate Governance is as follows:

| Indicators | Assessment Summary |
|---|---|
| Board of Directors and Board of Commissioners (Main Entity) | <ul style="list-style-type: none"> Requirements for sufficient integrity, competences, financial reputation of the Danamon's Board of Directors and Board of Commissioners as the Main Entity and in line with the Financial Services Authority regulations. Danamon's Board of Directors and Board of Commissioners' sufficient understanding on the core business activities and main risks of the entities within the Financial Conglomeration and in line with their duties and responsibilities. Implementation of functions, duties, and responsibilities of the Board of Directors and Board of Commissioners have proceeded sufficiently thus may optimize the monitoring and controlling functions. |
| Integrated Corporate Governance Committee | <ul style="list-style-type: none"> Number, composition, and structure of Integrated Corporate Governance Committee membership are in line with the requirements of Financial Conglomeration and have taken into account the representation of each sector of financial services including the representation of Syariah Supervisory Board. The Integrated Corporate Governance Committee has reviewed and recommended the Integrated Corporate Governance Policies. |
| Integrated Compliance Work Unit and Integrated Internal Audit Work Unit | <ul style="list-style-type: none"> Implementation of Integrated Compliance Work Unit and Integrated Internal Audit Work Unit have been performed by Compliance Work Unit and Internal Audit Work Unit existing in Danamon and have been established independently in a number and with a sufficient quality of human resources. Implementation of duties and responsibilities have proceeded accordingly. |
| Implementation of Integrated Risk Management | <ul style="list-style-type: none"> Organization structure supports the implementation of integrated risk management properly and has established the Integrated Risk Management Committee and Integrated Risk Management Work Unit, as well as supported by comprehensive Risk Management Policies. Implementation of integrated risk management has been applied reasonably comprehensively and sufficiently. |
| Integrated Corporate Governance Policies | <ul style="list-style-type: none"> Integrated Corporate Governance Policies are available comprehensively and in line with the Financial Services Authority regulations. Integrated Corporate Governance Policies serve as the minimum references for the implementation of integrated governance for all entities in the Danamon Group. |

Summary of Assessment Results

| Rank | Indicator |
|------|--|
| 2 | The Financial Conglomeration is considered to have implemented the Integrated Corporate Governance which in general is considered satisfactory. This is reflected by the sufficient fulfillment on the implementation of Integrated Corporate Governance principles. In case of weaknesses in the implementation of Integrated Corporate Governance, those weaknesses are less significant and may be resolved through normal actions by the Main Entity and/or Financial Services Institutions. |

PT Bank Danamon Indonesia, Tbk.
Board of Directors



Sng Seow Wah
President Director



Fransiska Oei Lan Siem
Compliance Director

Syariah Corporate Governance

Sub Contents

426 Syariah Corporate Governance
Implementation Report

432 General Summary

▶ Syariah Corporate Governance

FOREWORD

The Implementation of Good Corporate Governance (GCG) by Danamon Syariah Business Unit has been consistently improved from time to time in line with supporting the annual Bank's performance improvement as well as protecting the interests of the stakeholders.

The Bank's compliance on the regulatory requirements and implementation of risk management as well as improvement on internal control in all work units in line with the implementation of Good Corporate Governance is accomplished by prioritizing GCG principles, specifically: Transparency, Accountability, Responsibility, Professionalism, and Fairness.

GCG implementation may only be possible through the presence of synergy and commitments from all Company organs specifically General Shareholders' Meeting, the Board of Commissioners, the Board of Directors, the Syariah Supervisory Board, senior officials, and all Company staff, to apply the principles of GCG Implementation and principles of prudence in conducting Company's business operations.

The benefit of effective GCG implementation for the Bank may be observed through the Bank performance achievements, both quantitatively and qualitatively covering financial and non-financial elements, as well as appreciation showed by external parties.

Danamon's Syariah Business Unit Initiatives

Throughout 2015, the Bank remains committed to consistently apply GCG principles on the implementation of its business strategies. Meanwhile strategies which are to be implemented this year will include among others:

- a. Optimizing functions of Syariah Branch Office networks and Syariah Services (office channeling) especially to increase third party funds;

- b. Develop unique Syariah products which may be developed and marketed through head office networks;
- c. Continue consolidation on the branch offices as part of business transformation. Therefore, at the end of 2015, Danamon maintains 12 Syariah Branch Offices, 2 Syariah Sub Branch Offices, and 117 Syariah Services/Office Channeling (LS/OC);
- d. Focus on the growth of small and medium enterprises portfolio especially financing of Employee Cooperatives and financing for Syariah-based Rural Banks;
- e. Focus on the growth of commercial segment through the financing of heavy equipment and trade finance (including structured trade & commodity finance);
- f. Optimizing cash in circulation from the financing activities through cash management;
- g. Focus on productivity enhancement of human resources.

In line with business development during 2015, Danamon Syariah Business Unit conducted several activities including:

Launch of two new products namely Tabungan BISA Umroh iB, which is a saving product designed to prepare customers in line with their Umrah (Lesser Pilgrimage) travel to Mecca Holy Land by depositing on a monthly basis, and Proteksi Prima Amanah which is a Collaboration Program between Danamon Syariah Business Unit and Manulife Indonesia Life Insurance in line with the improvement of fee-based income.

Activities associated with Danamon's Syariah Business Unit iB Vaganza in 2015 in line with educating the Consumers to enhance their Financial Literacy as promoted by the Financial Services Authority. Meanwhile those programs are composed of several programs in which the purposes are:

| Financial Literacy Program | Objective(s) |
|---|---|
| Education on Syariah-based funding products Mini Public Financial Market | Introduction to basic syariah banking products and services Improve financial access by educating the public regarding products/services of Financial Services Institutions required by micro business entrepreneurs |
| Education on the benefits of investment and their risks | Learn about the Benefits of Investment in the Capital Market and its Risks as well as Socialization on Financial Services Authority |

SYARIAH SUPERVISORY BOARD

Number and Composition of Syariah Supervisory Board

Throughout 2015, there was no alteration in the composition of the Syariah Supervisory Board. Therefore, the composition of Syariah Supervisory Board is as follows:

- Prof Dr. H.M. Din Syamsuddin (Chairman)
- Drs H. Karnoen A. Perwataatmadja, MPA, FIIS (Member)
- Dr. Hasanudin, M.Ag (Member)

Concurrent Positions of the Members of Syariah Supervisory Board in Other Syariah Financial Institutions

All of Syariah Supervisory Board members have met the requirements of PBI no.11/10/PBI/2009 on Syariah Business Unit jo PBI no.15/14/PBI/2013 on the Amendment of PBI no. 11/10/PBI/2009 on Syariah Business Unit. Throughout 2015, the concurrent positions of Syariah Supervisory Board remain unchanged as it was in 2014, as illustrated below:

| Name | Position at Other Company | Name of Company |
|---|---------------------------|---|
| Prof. Dr. H.M. Din Syamsuddin (Chairman) | SSB | Bank Bukopin |
| Drs H. Karnoen A. Perwataatmadja, MPA, FIIS (Anggota) | SSB SSB SSB | a) Syariah Business Unit of Bintang Insurance b) Syariah Unit of Manulife Insurance c) Harta Insan Karimah (Syariah-based Rural Bank) |
| Dr. Hasanudin, M.Ag (Anggota) | SSB SSB SSB | a) BNI Syariah b) Tugu Pratama Insurance c) ReIndo Reinsurance d) Toyota Asuransi Finance Services |

Syariah Supervisory Board 2015 Work Program

- A minimum of 12 (twelve) Syariah Supervisory Board meetings within one year to discuss sharia principle issues, proposing new products as well as request for opinion over several conditions encountered in the field;
- Conduct periodic reviews including supervision on the fulfillment of Syariah Principles against the mechanism of fund amassment and fund disbursement as well as Syariah Business Unit services through sampling processes on several customers both funding customers as well as financing customers;
- Establish communication with Syariah Assurance Division & Operations – in line with all Syariah Supervisory Board activities of Danamon Syariah Business Unit (including request of Opinion to Syariah Supervisory Board), examining, and requesting clarification from the authorized Danamon Syariah Business Unit regarding all necessary matters;
- Prepare a Bi-annual Report of the Monitoring Outcome of the Syariah Supervisory Board to be submitted to the Finaical Services Authority with copies forwarded to the National Syariah Board – Indonesian Council of Ulama, the Board of Commissioners, the Director of Danamon Syariah Business Unit, Internal Audit Work Unit, and Compliance Division.
- Consistenly adding more information/expanding knowledge to optimize the potential of Syariah Supervisory Board through various training and workshops for the development and progress of the Danamon Syariah Business Unit;

- f. Giving advice and recommendations to the Director of Danamon Syariah Business Unit in particular and the Management of Bank Danamon in general in line with the improvement, fulfillment of Syariah principles as well as development and growth of Danamon Syariah Business Unit.

Achievements of Syariah Supervisory Board in 2015

- a. The Syariah Supervisory Board has organized 13 (thirteen) meetings throughout 2015. Details of time, venues, meeting agenda, and attendance are illustrated on Appendix 1 on page 434. Meanwhile the attendance level of members of the Syariah Supervisory Board are as follows:

| Name | Total Attendance |
|--|------------------|
| 1. Prof. Dr. H.M. Din Syamsuddin | 5 |
| 2. Drs H. Karnaan A. Perwataatmadja, MPA, FIIS | 10 |
| 3. Dr. Hasanudin, M.Ag | 13 |

Meetings conducted by the Syariah Supervisory Board throughout 2015 have met Bank Indonesia's regulations. Decisions made during the meetings of the Syariah Supervisory Board were on a consultative basis. The decisions made during the meetings have been recorded in the Meeting Summary, fully documented and submitted to the Director and/or the Bank's Management for further implementation.

- b. In conjunction with the evaluation of Syariah principles fulfillment, the Syariah Supervisory Board has periodically conducted sampling throughout 2015 by sampling 130 funding customers and 36 financing customers, in which the criteria of financing is a large amount/value of financing, and new Customers in which are made up of:

| Funding Products' Customers | Sampling of Customer Data |
|--|-------------------------------------|
| - 40 Funding Products' Customers; | - 16 funding customers; |
| - 61 Employee Cooperative's customers; | - 9 employee cooperative customers; |
| - 17 Small to Medium Enterprises' Customers; | - 7 SMEC customers; |
| - 12 Syariah-based Rural Banks' Customers; | - 3 BPRS customers |

- c. Throughout 2015, the Syariah Supervisory Board has coordinated with the Syariah Assurance Division & Operations to support Syariah Supervisory Board's functions, including the issuance of 3 (three) opinions of Syariah Supervisory Board, with the following details:

| No | Problems/Topics |
|----|---|
| 1 | Seek the Opinion of Syariah Supervisory Board on the Collaboration between PT Bank Danamon Indonesia and Manulife Indonesia Life Insurance in launching "Proteksi Prima Amanah" Product |
| 2 | Seek the Opinion of Syariah Supervisory Board over House Ownership Financing Product through Musyarakah Mutanaqisan (MMQ)/Diminishing Partnership Contract |
| 3 | Seek the Opinion of Syariah Supervisory Board over Syariah Financing Collaboration between Danamon Syariah Business Unit and Non-Syariah (Conventional) Financial Institution |

- d. Report the supervision outcome of Syariah Supervisory Board every 6 months to the Financial Services Authority, with copies forwarded to the National Syariah Council – Indonesian Council of Ulama, Board of Commissioners, the Director of Danamon's Syariah Business Unit, Internal Audit Work Unit, and Compliance Division of Bank Danamon.

- e. The Syariah Supervisory Board of Danamon's Syariah Business Unit throughout 2015 has participated in training/workshops to develop/optimize Syariah Supervisory Board's potentials in line with the following table:

| No | Training/Workshop |
|----|---|
| 1 | Workshop on Syariah-compliant Insurance, from 16-18 November 2015 |
| 2 | Training organized by AASI (Association of Indonesian Syariah-compliant Insurance) in collaboration with National Syariah Council-Indonesian Council of Ulama between 25-26 November 2015 |
| 3 | Ijtima Sanawi (Annual Meeting of Syariah Supervisory Board throughout Indonesia), between 16-18 December 2015 at Hotel Ibis Trans Studio, Bandung |

- f. Give advice and recommendations to the Director of Danamon's Syariah Business Unit during Syariah Supervisory Board's meetings every month or during certain occasions in line with improvements, fulfillment of Syariah principles, as well as development and growth of Danamon's Syariah Business Unit.

Supervision of Syariah Supervisory Board

The outcome of Syariah Supervisory Board supervision is reported to the Financial Services Authority, with copies forwarded to the Compliance Division, Internal Audit Work Unit, the Board of Directors & Board of Commissioners of PT Bank Danamon Indonesia, Tbk as well as National Syariah Council, Indonesian Council of Ulama through the Report of Supervisory Outcome of the Syariah Supervisory Board for 2 (two) periods, that is between January 2015-June 2015 through a letter no. S.004/BDI-UUS/0216/EL dated August 19, 2015 and for the period between July 2015-December 2015 through a letter no. S.034/BDI-UUS/0815/EL dated February 19, 2016. The Report of Supervisory Outcome consisting of:

- Financial report as well as development of branch network, products & human resources during the supervision period.
- Working paper on the supervision of product development.
- Working paper on the supervision of the Bank's activities.
- The opinion of Syariah Supervisory Board issued during the supervisory period.

In addition to conducting supervision, the Syariah Supervision Board also provides recommendations, suggestions, and advice both to the Board of Directors of PT Bank Danamon Indonesia, Tbk. as well as to the Management of Syariah Business Unit in the form of Opinions of Syariah Supervisory Board issued in line with the periodic needs of the Management.

Guidelines and Work Rules of Syariah Supervisory Board

During 2015, a review was carried out, however, Guidelines and Work Rules of Syariah Supervisory Board established on 11 November 2011 have not been updated. Danamon Syariah Business Unit will always conform the Guidelines and Work Rules of Syariah Supervisory Board with prevailing regulations in case of the introduction of new regulations by Bank Indonesia, Financial Services Authority, as well as other relevant agencies.

Remuneration for Syariah Supervisory Board

Remuneration and other facilities for members of Syariah Supervisory Board of Danamon's Syariah Business Unit is proposed by the Remuneration Committee and Nomination by Bank Danamon as well as established during Danamon's Shareholder General Meeting. Total remuneration and other facilities during 2015 period are as follow:

| Total Remuneration and Other Facilities | Amount Received Within 1 Year Period (Gross) | |
|--|--|---|
| | Person | Rupiah |
| 1. Remuneration | 3 | 731,488,006 |
| 2. Other facilities | 3 | Health Insurance Program (including family members) |
| Total Remuneration*) per person within 1 year | Total Members of Syariah Supervisory Board | |
| More than Rp 2 billion | | - |
| Between 1 billion and up to Rp 2 billion | | - |
| More than Rp 500 millions and up to Rp 1 billion | | - |
| Less than Rp 500 million | | 3 |

DIRECTOR OF SHARIA BUSINESS UNIT

- The Director of Danamon's Syariah Business Unit performs coordination with the whole ranks within organization of Danamon's Syariah Business Unit to carry out recommendations or feedback from the Syariah Supervisory Board as the outcome of regular meetings and Reports of the Syariah Supervisory Board's Supervision Outcome.
- The Director of Danamon's Syariah Business Unit performs coordination with all ranks at the Parent Bank's directorate to develop and promote Danamon's Syariah Business Unit businesses;

- c. The Director of Danamon's Syariah Business Unit maintains the health level of Danamon's Syariah Business Unit;
- d. The Director of Danamon's Syariah Business Unit performs coordination with Bank Indonesia and Financial Services Authority (FSA);
- e. The Director of Danamon's Syariah Business Unit is a member of Risk Management Committee and permanent member at Operational Risk Management Committee.

LIST OF CONSULTANTS AND LEGAL COUNSELLORS

During 2015, Danamon's Syariah Business Unit did not consult either consultant services or legal counsellors.

INTERNAL FRAUD

During 2015, no Internal Fraud case was reported at Danamon's Syariah Business Unit. Following is the table:

| Internal Fraud within 1 Year | Total Cases Committed By | | | | | |
|--|--------------------------|------|---------------------|------|--------------------|------|
| | Board of Directors | | Permanent Employees | | Contract Employees | |
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| Total internal fraud | Null | Null | Null | Null | Null | Null |
| Case resolved | Null | Null | Null | Null | Null | Null |
| Being resolved by Syariah Business Unit internally | Null | Null | Null | Null | Null | Null |
| Cases which remain unresolved | Null | Null | Null | Null | Null | Null |
| Cases followed up by legal action | Null | Null | Null | Null | Null | Null |

LEGAL CASES

During 2015, no legal cases were filed involving Danamon's Syariah Business Unit, as illustrated in the following table:

| Legal Cases | Total Number | |
|--|--------------|-------|
| | Civil | Penal |
| Cases resolved (have attained permanent legal force) | Null | Null |
| Cases being resolved | Null | Null |
| Total | Null | Null |

DANAMON'S SHARIA BUSINESS UNIT ACTIVITIES

Distribution of Interest-free Loans for Social Activities

Referring to Law No. 21 of 2008 on Chapter II of Syariah Banking on the Foundation, Purpose, and Function, the Bank also carries out social functions as specified on Article 4 Section 2 which reads: "Syariah Banking and Syariah Business Unit may carry out social functions in the form of Bait-ul-Maal (Public Treasury), that is accepting funds in the form of Wealth Purification (Zakah), Good Deed (Shodaqoh), Wealth Spending (Infaq) and Grant (Hibah) or other social funds as well as distributing the to fund organizing managers 69 times throughout 2015 with a total amount of Rp1,208,393,375. The dates, nominal, and purpose of the distribution are illustrated on a table on page 435.

Achievements of Danamon Syariah Business Unit

Following are the awards received by Danamon Syariah Business Unit throughout 2015:

- Rank First on Financial Institution Digital Brand for the category of Syariah Business Unit and Rank Second on Product Brand for the category of Syariah Business Unit Saving Category by 2015 Infobank Digital Award.
- Rank Second on Best Overall Performance Unit of Syariah Business Unit based on the Survey Outcome of 2014/2015 Bank Service Excellence Monitoring (BSEM) organized by MRI. Survey outcome is based on the measurement of quality of the services delivered by frontliners such as Customer Service, Teller, Security

Personnel, and Telephone Services. Additionally, building conditions as well as provisions of various facilities including restrooms and ATM.

NON-HALAL REVENUES AND THEIR DISBURSEMENTS

For 2015 period, none of the Non-Halal Revenues in Danamon Syariah Business Unit are identified.

OUTCOME ON 2015 BANK DANAMON SHARIA BUSINESS UNIT GOOD CORPORATE GOVERNANCE SELF-ASSESSMENT

| | Factor | Rank (a) | Weight (b) | Score (a) x (b) | Predicate |
|---|---|----------|------------|-----------------|-----------|
| 1 | <p>Implementation of duties and responsibilities of the Director of Syariah Business Unit</p> <ul style="list-style-type: none"> The Director of Danamon Syariah Business Unit passes Bank Indonesia's fit & proper test, free from any conflict of interest, and his/her appointment has been reported to Bank Indonesia. Director of Danamon Syariah Business Unit is responsible in managing Danamon Syariah Business Unit, follow-up Syariah Supervisory Board recommendations, and supply data for Syariah Supervisory Board supervision. | 1 | 35 % | 0.35 | Very Good |
| 2 | <p>Implementation of Syariah Supervisory Board's duties and responsibilities)</p> <ul style="list-style-type: none"> Syariah Supervisory Board is composed of 3 members, in which all of them maintain their integrities, competences, and sufficient financial reputation. They are appointed through General Shareholder Meeting based on the recommendation of Remuneration Committee and Nomination as well as recommendation of National Syariah Council – Indonesian Council of Ulama. Their terms in the office shall not exceed those of the Board of Directors/Board of Commissioners. Dual positions hold by members of Syariah Supervisory Board have met Bank Indonesia's requirements Syariah Supervisory Board has assessed and ensure the fulfillment of Syariah principles on the products and operational guidelines of Danamon's Syariah Supervisory Board as well as submitting the supervisory report in accordance with Bank Indonesia's regulations Syariah Supervisory Board organizes 13 meetings throughout 2015. Decisions made during the meetings are based on the consultation and agreement, documented properly and submitted as recommendation for further follow-up by the management of Danamon's Syariah Business Unit Dual positions as members of Syariah Supervisory Board at other Syariah Financial Institutions as well as other remuneration/facilities received by Syariah Supervisory Board have been reported on the Implementation Report of Good Corporate Governance. Members of Syariah Supervisory Board shall not hold dual positions as consultants in the entire Danamon's Syariah Business Unit. In line with the Syariah Supervisory Board Work Rules, members of Syariah Supervisory Board shall not exploit Danamon's Syariah Business unit for his/her personal interests | 1 | 20% | 0.20 | Very Good |
| 3 | <p>Implementation of Syariah principles in fund amassment activities and distribution of funds as well as service delivery</p> <ul style="list-style-type: none"> Each product launch by Danamon's Syariah Business Unit shall initially be reviewed by Syariah Assurance and Operation Division, Bank Danamon's Compliance Division, and seek Syariah Supervisory Board's opinion to ensure that they conform to the Opinion of National Syariah Council – Indonesian Council of Ulama. Danamon's Syariah Business Unit strives that fund amassment product, fund distribution, and service delivery comply with the Opinion of National Syariah Council – Indonesian Council of Ulama and regulations of Bank Indonesia/Financial Services Authority, which cover periodic reviews over product policy and conduct internal audit process | 2 | 10% | 0.20 | Good |

| | Factor | Rank (a) | Weight (b) | Score (a) x (b) | Predicate |
|----------------------|---|-------------|---------------|--------------------|-----------|
| 4 | <p>Funds distribution to the key financing customers and funds deposited by key depositors</p> <ul style="list-style-type: none"> Danamon's Syariah Business Unit has implemented principles of prudence in delivering fund distribution, especially to the key Customers and consistently refers to the regulations of Bank Indonesia/Financial Services Authority Danamon Syariah Business Unit does not give special treatment to Key Financing Customers and Key Depositors thus treatment to key customers follow Danamon's Syariah Business Unit general policies Danamon Syariah Business Unit's Products for fund distribution programs have been periodically reviewed in line with the Bank's regulations Lists of Key Financing Customers and Key Depositor Customers have been forwarded to Bank Indonesia in line with the prevailing regulations | 2 | 10% | 0.20 | Good |
| 5 | <p>Transparency on financial and non-financial conditions, reports on the implementation of Good Corporate Governance, and internal reporting</p> <ul style="list-style-type: none"> Danamon Syariah Business Unit has reported Trimonthly Financial Report Publication and announced it in national newspapers in line with Bank Indonesia/Financial Services Authority regulations. Danamon Syariah Business Unit has presented the Danamon Syariah Business' objectives, strategies, and policies in the Bank Business plan and present the information on Syariah Business Unit business development in Bank Business Plan's Realization Report as well as the Bank's Annual Report Danamon Syariah Business Unit has performed the GCG Self-Assessment, prepare GCG Implementation Report in line with Bank Indonesia/Financial Services Authority regulations Danamon Syariah Business Unit maintains good internal reporting and is capable to present data/information of the core system as well as supporting system. Reporting system is supported by trained and experienced human resources as well as sufficient IT security system in line with Bank Danamon' IT Security procedures | 1 | 25% | 0.25 | Very Good |
| Composite Number | | | 100% | 1.20 | Very Good |
| Predicate: Very Good | | | | | |

GENERAL SUMMARY

Based on the outcome of GCG self-assessment for the position of 2015, Danamon's Syariah Business Unit receives a Composite Score of 1.20 or a Very Good predicate.

The GCG implementation in Danamon Syariah Business Unit in 2015 has fulfilled several regulations which stipulate the GCG namely:

- The Director of Danamon Syariah Business Unit has met the criteria required, which include having competences in Syariah field, demonstrating full commitments in developing Danamon's Syariah Business Unit, as well as taking follow-up actions of Syariah Supervisory Board's recommendations. In addition he/she has to consistently supply data relevant to Danamon's Syariah Business Unit growth and conditions on monthly basis during Syariah Supervisory Board's regular meetings.
- The Syariah Supervisory Board of Danamon Syariah Business Unit has performed their duties and responsibilities, including maintaining proper reputation and competences throughout the Syariah Supervisory Board, routine Syariah Supervisory Board meetings as well as provide opinions, recommendations, and reviews on Danamon Syariah Business Unit products. Additionally, it also prepares the Report of Syariah Supervisory Board (Supervisory Outcome) biannually;

3. Consistently maintain compliances against all prevailing regulations and implementation of Syariah Principles in amassment activities and fund distribution as well as service delivery of the Syariah Business;
4. Fund distribution to financing customers and fund deposit by depositors remain consistent by applying the principles of prudence and independency based on the Syariah principles;
5. Transparencies on Financial and Non-Financial Conditions, GCG Implementation Report, and periodic and transparent internal reporting in line with the existing regulations.

Danamon Syariah Business Unit continuously performs refinements in line with the quality development and improvement of human resources, provisioning of a more effective management information system, improvement of process and work procedures. Additionally, optimization of the whole potentials existing in the entire Danamon Syariah Business Unit office network is performed to attain the targeted performance level and ultimately providing benefits to all stakeholders.

These improvements are carried out within the corridor of sharia principles and optimum DPS performance with the support of effective communications between DPS and the Director of Danamon UUS as well as enhancement to compliance, risk management and internal audit functions.

In closing, the support of Bank Danamon with its solid infrastructure, extensive service network and excellent brand awareness, will have a positive impact on the ability of Danamon UUS to remain competitive in the domestic syariah banking industry.

Syariah Business Unit,
PT Bank Danamon Indonesia, Tbk.



Herry Hykmanto
Syariah Director

List 1

Details of date, place, agenda and attendance record of meetings of the Syariah Supervisory Board (DPS)

| No | Day and Date | Agenda | Participant(s) |
|-----|---|---|---|
| 1. | Monday 26 January 2015, at Gedung Plaza Kuningan, 2nd Floor | 1. Update on Danamon Syariah Business Unit and Financing Composition by Contracts and Products. 2. Update on the existing issues in Syariah Business Unit, and issues relevant to Syariah Business Unit activities and Danamon (Discussion) | Dr. Hasanudin. M.Ag |
| 2. | Tuesday 3 February 2015, at BDS Tebet Lapangan Roos | Dress Code Standardization for FrontLiners at Syariah Branch Offices | Dr. Hasanudin. M.Ag |
| 3. | Monday 23 February 2015, at Gedung Plaza Kuningan, 2nd Floor | 1. Update on Danamon Syariah Business Unit performance and Financing Composition based on Contracts and Products 2. Collaboration with Partner Conventional Banks | 1. Prof.Dr. HM Din Syamsuddin 2. Hasanudin. M.Ag. 3. Drs. Karnaen A Perwataatmadja MPA., FIIS |
| 4. | Tuesday 24 March 2015, at Gedung Plaza Kuningan, 2nd Floor | 1. Update on the performance of Danamon Syariah Business Unit and Financing Composition based on Contracts and Products 2. Update over the Existing Issues in Syariah Business Unit, and Issues Relevant to Syariah Business Unit and Danamon (Discussion) | 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS |
| 5. | Tuesday 21 April 2015, at Gedung Plaza Kuningan, 2nd Floor | 1. Update on Bank Danamon's Syariah Business Unit Performance and Financing Composition by Contracts and Products 2. Hedging transactions | 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS |
| 6. | Tuesday 19 May 2015, at Gedung Plaza Kuningan, 2nd Floor | 1. Update on the Performance of Danamon Syariah Business Unit and Financing Composition Based on Contracts and Products 2. Update on Issues Existing in the Syariah Business Unit, and Issues Relevant to Syariah Business Unit Activities and Danamon. | 1. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS |
| 7. | Friday 19 June 2015, at Gedung Plaza Kuningan, 2nd Floor | Update on the Performance of Danamon Syariah Business Unit and Financing Composition Based on Contracts and Products | 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS |
| 8. | Wednesday 12 August 2015, at BDS Tebet Lapangan Roos | 1. Discussion on Financial Report as of 30 June 2015 2. Discussion on Outcome Report of Syariah Supervisory Board Supervision. | Drs. Karnaen A Perwataatmadja MPA., FIIS |
| 9. | Thursday 13 August 2015, at BDS Tebet Lapangan Roos | Discussion on Trimonthly Financial Report as of 30 June 2015 | Dr.Hasanudin, M.Ag |
| 10. | Thursday 13 August 2015, at MBD, 5th Floor | 1. Update on Bank Danamon Syariah Business Unit and Financial Composition Based on Contracts and Products 2. Update on Issues Existing in the Syariah Business Unit Relevant to Syariah Business Unit and Danamon Activities | 1. Prof.Dr. HM Din Syamsuddin 2. Hasanudin. M.Ag. 3. Drs. Karnaen A Perwataatmadja MPA., FIIS |
| 11. | Friday 4 September 2015, at Gedung Plaza Kuningan, 2nd Floor | 1. Update on the Performance of Danamon Syariah Business Unit and Financing Composition based on Contracts and Products 2. Syariah-compliant Treasury | 1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs.Karnaen A Perwataatmadja MPA, FIIS |
| 12. | Friday 16 October 2015, at Gedung Plaza Kuningan, 2nd Floor | 1. Update on the Performance of Bank Danamon Syariah Business Unit and Financing Composition Based on Contracts and Products 2. Update on Issues Existing in Syariah Business Unit and Issues Relevant to Syariah Business Unit and Danamon Activities | 1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs.Karnaen A Perwataatmadja MPA, FIIS |

| No | Day and Date | Agenda | Participant(s) |
|-----|--|--|--|
| 13. | Monday 14 December 2015 di Gedung Plaza Kuningan Lt.2, | <ol style="list-style-type: none"> Update on the Performance of Bank Danamon Syariah Business Unit and Financing Composition Based on Contracts and Products Update on Issues Existing in Syariah Business Unit and Issues Relevant to Syariah Business Unit and Danamon Activities Joint Financing | <ol style="list-style-type: none"> Prof.Dr.HM Din Syamsuddin Dr. Hasanudin. M.Ag. Drs.Karnaen A Perwataatmadja MPA, FII |

List 2

Below is the Table of Danamon's Syariah Business Unit Interest-free Fund Distribution throughout 2015:

| No | Date | Amount (Rupiah) | Recipient or Purpose |
|----|-------------------|-----------------|---|
| 1 | January 6, 2015 | 50,000,000 | Danamon Foundation for Victims of Natural Disasters |
| 2 | January 22, 2015 | 30,000,000 | Home Renovations (literally Home Surgery) in Bali |
| 3 | January 21, 2015 | 3,000,000 | Thariq Bin Ziyad Foundation |
| 4 | January 21, 2015 | 3,000,000 | Masjid Jami Al Makmur Foundation |
| 5 | January 27, 2015 | 5,000,000 | Victims of Flood |
| 6 | February 6, 2015 | 10,000,000 | The Construction of Musholla (small Masjid) Al Hikmah, at the Jatiasih Complex Danamon |
| 7 | February 6, 2015 | 5,000,000 | Tahfidz Sulaimaniah Foundation |
| 8 | February 6, 2015 | 10,000,000 | The Construction of Madrasah Diniyah (Islamic Elementary School) Darul Muta'alimin |
| 9 | February 6, 2015 | 25,000,000 | AlAzhar Peduli Umat – Pesantren-based Sheep Breeding |
| 10 | February 6, 2015 | 7,000,000 | The Renovation of Masjid Raodatul Jannah |
| 11 | February 13, 2015 | 5,000,000 | Assistance to Employees who were victims of Flood |
| 12 | February 26, 2015 | 25,000,000 | The Construction of Mushola (small Masjid) and Madrasah (Islamic School) of Husni Sinulingga Foundation |
| 13 | March 3, 2015 | 5,000,000 | The Construction of Babul Jannah Islamic Boarding School |
| 14 | March 4, 2015 | 10,000,000 | The Renovation of Masjid Jami Darussalam, Banten |
| 15 | March 16, 2015 | 2,000,000 | The Quran-Reciting Community of Musicians, Bandung |
| 16 | March 16, 2015 | 1,000,000 | The Construction of Sport Facility in Bukit Duri, South Jakarta |
| 17 | March 16, 2015 | 2,000,000 | Scholarship for Underprivileged Children |
| 18 | April 6, 2015 | 5,000,000 | Assistance of Condolence for the loss of twin children of one of the Bank's employees |
| 19 | April 10, 2015 | 5,000,000 | Donation for Victims of Flood |
| 20 | April 13, 2015 | 3,000,000 | Donation for Orphaned Children and the Less Fortunate through Al Muhajirin Wakaf Foundation |
| 21 | April 28, 2015 | 30,000,000 | The Construction of Musholl (small Masjid) Al Hikmah at the Jatiasih Comlex Danamon |
| 22 | May 4, 2015 | 30,243,375 | Donation for School Need for Orphaned Children |
| 23 | May 29, 2015 | 40,000,000 | ZIS (donation to the Orphan House Ihsan Gemilang and Al Amanah) |
| 24 | June 5, 2015 | 10,000,000 | The Construction of Masjid Al Hidayah Depok Beji |
| 25 | June 8, 2015 | 14,350,000 | Scholarship for Orphaned Children and The Less Fortunate through Al Kahfi Foundation, Bekasi |
| 26 | June 8, 2015 | 9,950,000 | Ramadhan Activities at Daruttaqwa Foundation, Berlan |
| 27 | June 5, 2015 | 2,000,000 | Donation for Orphaned Children for the Commemoration of Isra Mi'raj organized by the Employee Cooperative of PT Sanoh |
| 28 | June 8, 2015 | 3,750,000 | Ramadhan Activity at the Sulaimaniah Islamic Boarding School |
| 29 | June 12, 2015 | 9,800,000 | Ramadhan Activity organized by the Islamic Spiritual Activity at the Laparngan Ros Danamon |
| 30 | June 18, 2015 | 5,000,000 | Caring for VEH Indriati |
| 31 | June 16, 2015 | 6,000,000 | Donation to the construction of Ulul Albab Mosque, Surabaya |
| 32 | June 22, 2015 | 5,000,000 | Compensation to the orphanage and Dhuafa of Jami Nurul Lathif Mosque, West Jakarta |

| No | Date | Amount (Rupiah) | Recipient or Purpose |
|--------------|--------------------|----------------------|--|
| 33 | June 18, 2015 | 40,000,000 | Ramadhan activity and compensation to the orphanage and the underprivileged Rohis Plaza Kuningan |
| 34 | June 26, 2015 | 5,000,000 | Compensation to the orphanage of Plaza Kuningan Syariah |
| 35 | June 29, 2015 | 10,000,000 | Provide capital and entrepreneurship training for under-privileged families in Aceh |
| 36 | June 29, 2015 | 2,000,000 | Renovation of Ar Rohmat Mosque, Pondok Cabe |
| 37 | June 26, 2015 | 7,500,000 | Echo of Ramadhan for Quran recital, Daarul Quran Nusantara foundation |
| 38 | June 29, 2015 | 30,000,000 | Scholarship to the underprivileged but performing students of University of Pajajaran. |
| 39 | June 29, 2015 | 4,000,000 | Donation to construction of Al Muhtadin Islamic boarding school |
| 40 | June 29, 2015 | 2,000,000 | Renovation of Nurul Iman Mosque |
| 41 | June 29, 2015 | 135,000,000 | Umroh package to Dhuafa high performer scholars/hafidz quran through Al Zahar care, Duafa wallet and Zakat house |
| 42 | June 29, 2015 | 2,000,000 | Compensation for the orphanage and underprivileged in Kampung Rawa area |
| 43 | June 30, 2015 | 2,000,000 | Social service to the youth of Tebet Mosque |
| 44 | July 7, 2015 | 10,000,000 | Donation to construction of SDIT Insan Kamil school building, Tangerang |
| 45 | August 10, 2015 | 20,600,000 | Donation to construction of integrated Islamic elementary school Al Raudhan Foundation Bekasi |
| 46 | August 20, 2015 | 20,000,000 | Donation to construction of Madrasah Aliyah building by Nurul Huda Foundation Cirebon |
| 47 | August 20, 2015 | 3,000,000 | Operational funds for Sulaimaniyah Islamic boarding school |
| 48 | August 20, 2015 | 5,000,000 | Benefit event for the community of Danamon Jatiasih complex |
| 49 | August 20, 2015 | 5,000,000 | Free education for the orphans and Madinatur Duahfa foundation of Rahmah Hidayah |
| 50 | August 24, 2015 | 50,000,000 | Assistance to chemotherapy treatment of Ahmad Fauzi |
| 51 | September 16, 2015 | 6,000,000 | Renovation of Syaikhona Kholil Mosque, Madura |
| 52 | September 25, 2015 | 45,500,000 | Channeling of sacrificial animals in 2015 of Al Azhar Islamic boarding school care for community |
| 53 | September 29, 2015 | 4,500,000 | Donation for activities of Thariq Bin Ziyad school |
| 54 | October 5, 2015 | 9,000,000 | Scholarship for underprivileged but performing student of STIKES Muhamaddiyah Kudus |
| 55 | October 12, 2015 | 6,000,000 | Purchase of speakers for the monthly Islamic recitals in Danamon Syariah head office |
| 56 | October 13, 2015 | 20,000,000 | Renovation of Baiturrahim Mosque |
| 57 | October 21, 2015 | 23,600,000 | Muharram activity of Kebon Sirih Islamic spiritual group in the form of compensation to orphans |
| 58 | October 22, 2015 | 20,000,000 | Donation for building Tahfiz Anak Al Azka |
| 59 | October 22, 2015 | 20,000,000 | Al Khorid mosque renovation |
| 60 | October 22, 2015 | 500,000 | Assistance to activity of Sumpah Pemuda Bukit Duri, Tebet |
| 61 | November 10, 2015 | 5,000,000 | Assistance for post operation of Mr Hardy |
| 62 | November 10, 2015 | 25,000,000 | Assistance to treatment of Emma Vanijanti |
| 63 | November 11, 2015 | 6,000,000 | General hospital Fastabiq Sehat PKU Muhammadiyah clean river program |
| 64 | November 30, 2015 | 4,100,000 | Dhuafa scholarship in Malingping Banten |
| 65 | November 30, 2015 | 3,000,000 | Sulaimaniyah Islamic Boarding School |
| 66 | November 30, 2015 | 250,000,000 | Danamon Peduli Foundation |
| 67 | November 30, 2015 | 8,000,000 | Donation to construction of Madrasah Aliyah Nurul Huda building Cirebon |
| 68 | December 10, 2015 | 2,000,000 | Donation to construction of Al Muttaqin Mosque |
| 69 | December 16, 2015 | 20,000,000 | Donation for a Mosque near Danamon Ciawi Campus |
| Total | | 1,208,393,375 | |