

# CONFIDENT

## ► Corporate Governance

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## 📍 Good Corporate Governance

**“Good corporate governance (GCG) implementation and development in Danamon and its Subsidiaries is more than compliance with regulations set by the Financial Services Authority, Bank Indonesia or other relevant regulators. Good Corporate Governance provides immense support for the betterment of the corporate values and sustainable growth of Danamon.”**

### **BASIS OF IMPLEMENTATION OF DANAMON'S CORPORATE GOVERNANCE POLICY**

Danamon has an Integrated Corporate Governance Policy and a Corporate Governance Policy which serve as practical guidelines and reference in the implementation of good corporate governance principles in all activities and at all organizational levels in Danamon and its subsidiaries. Corporate Governance policies are structured in accordance with the relevant laws and regulations, including: Law of Limited Liability Companies, Banking Law, Regulations of the Financial Services Authority, Bank Indonesia Regulations, Indonesian Stock Exchange Regulations, the Articles of Association, ASEAN Corporate Governance Scorecard, GCG Indonesia General Guidelines and Indonesian Banking GCG Guidelines issued by the National Committee on Governance Policy (KNKG), and best practices of good corporate governance.

### **COMMITMENT AND OBJECTIVES OF DANAMON'S CORPORATE GOVERNANCE IMPLEMENTATION**

Danamon is committed to continuously strengthen and improve the implementation quality of GCG

principles in all aspects of its business activities including its subsidiary companies in an integrated manner. Along with the development of best practices in the implementation of corporate governance, both in the banking industry and the financial services industry, as well as adjustments to the implementation of Integrated Corporate Governance, Danamon has enhanced GCG policy as a commitment to improve the quality of GCG implementation in Danamon.

The implementation and application of GCG principles is a joint commitment of all organs and levels at Danamon, conducted in a consistent and sustainable manner. The implementation of GCG is expected to further optimize Danamon's value for stakeholders, its sustainable growth and high competitiveness, and to be a recognized financial institution, as well as providing a positive contribution to the financial industry and the national economy.

### **DANAMON GCG ROADMAP**

Danamon has consistently and continuously made improvements to corporate governance as outlined in Danamon corporate governance roadmap. Danamon corporate governance roadmap is as follows:



## IMPLEMENTATION ROADMAP OF DANAMON GCG

### 05 2017

- Alignment of GCG with the regulation of the Financial Services Authority on the Implementation of Corporate Governance for Commercial Banks.
- Improvement of the Company's Website
- Enhancement of policies to support corporate governance.

### 03 2015

- Implementation of Integrated Corporate Governance and Integrated Risk Management through the availability of Integrated Structure and Infrastructure.
- Addition of Independent Commissioner on the Nomination Committee and Remuneration Committee.
- Established diversity policy of the Board of Commissioners and Board of Directors, Nomination Policy for the Board of Commissioners and Board of Directors, Performance Assessment Policy for the Board of Commissioners and Board of Directors, Tools for Performance Assessment of the Board of Commissioners, Anti Gratuity Policy (Providing and Receiving Gifts).
- Dividend payment within 30 days.
- Disclosure of candidate profiles for members of the Board of Commissioners.

### 01 2013

- Disclosure of AGM Agenda and its Description.
- Published GMS Resolutions one day after the GMS.
- Disclosures on the Bank's website: Governance Policy, Article of Association, Personal Investment Policy, Related Party Policy, Transactions with Conflicts of Interest, Shareholders, and groups.
- Enhancement of the Bank's website (bilingual).
- Completed management profile and minutes of the GMS.
- Disclosure of the Remuneration Policy for the Directors and Commissioners in the Annual Report.

### 06 2018

- Corporate Governance improvement
- Review the charters of the Board of Directors, Board of Commissioners, Committees under the Board of Commissioners.
- Review the Subsidiaries' Corporate Governance Policy.
- Adjustment to the membership structure of the Integrated Corporate Governance Committee.

### 04 2016

- Enhancement of Integrated Corporate Governance and improvement of Subsidiaries' GCG guidelines.
- Enhancement of GCG in line with the FSA Governance Guidelines for Listed Companies.
- Updated the Nomination Committee and Remuneration Committee's charters.
- Adjustment and simplification of Committees under the Board of Directors.
- Established Communication Policy, Directors Succession Policy, and Directors Performance Assessment Tools.
- Enhancement of the Whistleblower Policy.

### 02 2014

- Aligned and enhanced GCG with the applicable legislation, primarily to meet the recommendations of the Financial Services Authority as set out in the Indonesian Corporate Governance Roadmap.
- Aligned and enhanced GCG with the ASEAN GC Scorecard.
- Facilitated all Commissioners with risk management refreshment course.
- Separated the Nomination Committee from the Remuneration Committee.
- Referring to the applicable regulations, adjusted the membership structure of the Audit Committee, Risk Monitoring Committee, Remuneration Committee, and Nomination Committee
- Enhanced and updated charters of the Boards of Commissioners and Directors, Audit Committee, Risk Monitoring Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee.
- Affiliated Transaction and Conflicts of Interest Policies.

## POLICY, ORGANS, AND IMPLEMENTATION OF DANAMON CORPORATE GOVERNANCE

### Danamon Corporate Governance Policy

Danamon's Corporate Governance Policy is part of the Integrated Corporate Governance Policy of Danamon Group Financial Conglomeration which guides corporate governance at all levels of the organization based on the following good corporate governance principles:

#### Transparency

Commitment to provide adequate, clear, accurate, and timely information disclosure, easily accessible to both shareholders and stakeholders.

#### Accountability

Clear establishment of functions, duties, and authorities and responsibilities within the organization set in accordance with the guidelines and charters of each function. Danamon as an institution should be accountable and responsible for its performance.

#### 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.

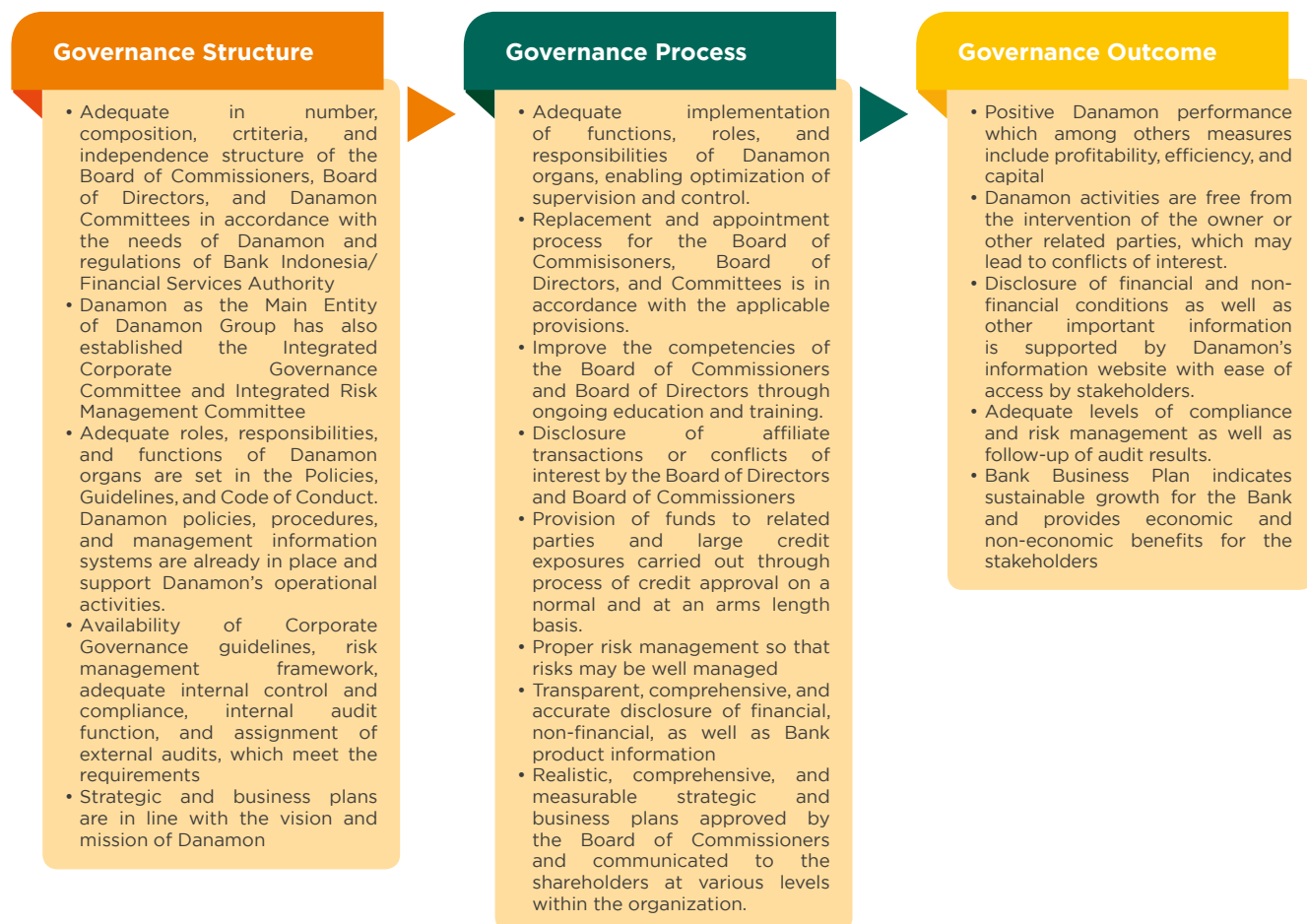
#### Independency

The organs of Danamon perform their activities independently and objectively, as well as avoiding the influence of any dominant party. Danamon is committed to conduct its business with professionalism.

#### Fairness and Equality

Danamon always ensures that the rights and interests of all shareholders, both majority and minority can be fulfilled. Danamon always provides fair and equal treatment to all stakeholders.





## FOCUS OF DANAMON CORPORATE GOVERNANCE IMPLEMENTATION IN 2017

Danamon's Corporate Governance focuses on the increase and improvement of corporate governance implementation in Danamon and its subsidiaries by promoting ethics and integrity within the management of the Company. Danamon has taken initiatives to strengthen corporate governance through aligning corporate governance in accordance with the laws and regulations, improving the Company's website, as well as improving the structure and policies supporting corporate governance.

### Corporate Governance Policy Improvement

Danamon conducts studies and improvements to the Company's Corporate Governance Policy. Danamon's Corporate Governance Policy is integrated into Danamon Group's Integrated Corporate Governance Policy, which also serves as the guidelines for corporate governance within subsidiaries. GCG adjustments are conducted to accommodate the development of best

practices for corporate governance implementation in the banking and financial services industry as part of Danamon's commitment to continuously strengthen and improve the quality of the implementation of GCG principles.

### Adjustment to Committees under Board of Directors

In order to improve the effectiveness of the implementation of the duties and responsibilities of the Board of Directors, Danamon has established and reaffirmed the committees under the Board of Directors who are responsible for assisting the Board of Directors in the performance of their duties and responsibilities. Committees under the Board of Directors are the Human Resources Committee, Risk Management Committee, Assets & Liabilities Committee, Information Technology Steering Committee, and the Integrated Risk Management Committee.

### Refinement to the Articles of Association

Danamon has amended several articles in Danamon's Articles of Association and has restated all articles. The amendments were made to conform with and fulfill FSA regulations and prevailing laws and legislations. The amendment of Danamon's Articles of Association was approved by the EGMS on April 12, 2017.

### Renewal of the Code of Conduct

Danamon updated its Code of Conduct, which contains the basic ethics and behaviour guidelines for the Management and Employees of Danamon. The Code of Conduct renewal aims to further strengthen the ethical and behavioral values of the Management and Employees to address changes and challenges in the digital age, and the business transformation and strategy of Danamon.

### Recovery Plan

In 2017, Danamon, as one of the systemic banks in Indonesia, developed a Recovery Plan as a follow up to the fulfillment of FSA Regulation No.14/POJK.03/2017 on Recovery Plan for Systemic Banks. Danamon has created a Recovery Plan to ensure that Danamon has established and has credible and feasible recovery options to maintain Danamon in a series of stress test scenarios. The Shareholders Approval for the Recovery Plan will be requested in March 2018.

### Risk Appetite Statement (RAS)

Risk Appetite is a number of risks that are ready to be taken to achieve business goals. In 2017, Danamon reviewed the RAS that has been in effect since 2012, including cascading the RAS to the Business Line and Subsidiaries level. Danamon has also established a RAS Policy as an improvement effort in RAS implementation, to ensure that the governance structure of risk appetite is adequate and clearer.

### Strategy Initiative of Danamon

In 2017, Danamon continued to strengthen its SME and consumer distribution systems, namely Sales & Distribution Network (S&D Network) by equipping S&D frontliners with the "Danamon Way" sales & service culture. This is in line with the original S&D Network's objectives, in which S&D frontliners are able to offer products that are tailored to the personal

and business needs of the customers, provide better services, provide more cross-selling opportunities, and foster collaboration across segments, including subsidiary companies. In addition, by 2017 there were several other strategic initiatives, namely: more effective, comprehensive, and integrated Human Capital empowerment, enhancement and refinement of credit processes to be more effective and efficient, improved Credit Governance of Danamon with the inclusion of Chief Credit Officer to ensure that credit approval is performed independently, development of human resources and technology, development of technological capability, particularly digital banking and data analytics to improve Danamon productivity and efficiency, as well as development of cooperation with e-commerce companies, Fintech, and other third parties.

## ASSESSMENT OF DANAMON CORPORATE GOVERNANCE IMPLEMENTATION IN 2017

### Self- Assessment of Corporate Governance Implementation

Danamon periodically conducts self-assessment on corporate governance on a bi-annual basis at the end of June and December. The assessment is based on factors established under FSA Regulations, the implementation quality of corporate governance principles in a comprehensive and structured manner, integrated into 3 (three) governance aspects, namely governance structure, process and outcome. The following are the self- assessment results of Danamon's corporate governance.

### Self - Assessment Results of Corporate Governance Implementation

Name of Bank: PT Bank Danamon Indonesia, Tbk.

Position: As of June and December 2017

Danamon's Corporate Governance Implementation Self-Assessment Results		
	Rank	Rank Definition
Bank	2 (Good)	The Bank's implementation of good corporate governance is classified as "Good". This is reflected in the adequate fulfillment of the corporate governance principles. If there are weaknesses in the implementation of the governance principles, they are generally less significant and can be resolved by normal actions by the Bank's management.



### Self- Assessment Analysis

Based on Danamon's assessment on 11 (eleven) GCG factors, Danamon has adequate governance structures and infrastructures that support the effectiveness and quality of Good Corporate Governance principles that meet the expectations of the stakeholders:

- The number, composition, criteria and independence of Danamon's Board of Directors have considered the scale and complexity of Danamon's business. Danamon's Annual General Meeting of Shareholders held on April 12, 2017 decided to re-appoint the members of the Board of Directors and to approve the decision made by Muliadi Rahardja not to be reappointed as Vice President Director of Danamon. In the second half of 2017, one of the Directors resigned, namely Vera Eve Lim. Her resignation did not affect the fulfillment of the requirements in terms of amount, composition, criteria, and independence of the Board of Directors. The duties and responsibilities of the Board of Directors have been complemented by clear policies, guidelines and procedures. The Board of Directors has accounted for the implementation of its duties to shareholders through the AGMS.
- Quantity, composition, criteria, and independence of Danamon's Board of Commissioners has considered Danamon's business scale and complexities. 50% of the Board of Commissioners members are Independent Commissioners. The implementation of duties and responsibilities of the Board of Commissioners has been carried out in accordance with its mandate, which is complemented by clear policies, guidelines and procedures.
- Danamon already has Committees to assist the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, Nomination Committee, Remuneration Committee, Corporate Governance Committee and Integrated Corporate Governance Committee. The Committees have been established in accordance with Danamon's provisions and requirements with membership composition that supports the committee in terms of independency and execution of duties.
- Danamon already has a Policy on handling conflicts of interest. Danamon's management and employees must prioritize the interests of Danamon and are prohibited from taking action that is detrimental to and/or decreases Danamon's profits. During the assessment period, there were no transactions with conflicts of interest that were detrimental to the interests of Danamon.
- The Compliance function has been adequately implemented. Danamon has conducted various efforts to ensure compliance, such as: increasing awareness and understanding of compliance culture, compliance assessment, development of monitoring and testing functions, monitoring of Danamon regulatory parameters, and monitoring of Regulator audit result follow-up.
- Danamon has an independent Internal Audit Unit (SKAI). The Internal Audit Unit has an audit charter and is supported by adequate human resources. In applying the audit function, Internal Audit uses the Risk Based Audit Approach. The implementation of the internal audit programs covers all business and supporting units, taking into account the risk levels of each work unit.
- The implementation of the external audit function was adequate. The appointment of Mr. Drs. M. Jusuf Wibisana, M. Ec., CPA as Public Accountant (AP) and Tanudiredja, Wibisana, Rintis & Rekan (PwC) as Public Accounting Firm (KAP) was conducted through the AGM of Shareholders approval in April 2017 by taking into account the recommendations of the Audit Committee through the Board of Commissioners. The Public Accountant and the Public Accounting Firm are registered with the Indonesian Institute of Certified Public Accountants (IAPI) and the Financial Services Authority (FSA).
- Danamon has a risk management policy that comprehensively sets the risk management framework and process. The Board of Directors has established the Risk Management Committee to assist in the implementation of risk management functions. Risk management has been conducted adequately. This is indicated by Danamon's risk profile being at Low to Moderate level.
- There are written policies and procedures regarding the provision of funds to related parties and the provision of substantial funds. There were no violations or exceedances related to the legal lending limit.

- Adequacy of transparency of financial and non financial conditions, as well as the report on corporate governance. Danamon has a policy on product information and the use of customers' personal data. Danamon announces financial and non-financial reports regularly through print media or through the company's website, as well as submitting financial and non-financial reports to the Financial Services Authority.
- Danamon already has a Business Plan that was developed in accordance with its vision and mission by taking into account macro and micro conditions, risk appetite, infrastructure, strategy, with due regard to the prudential principle, as well as being responsive to internal and external changes. The Business Plan and its realization have been submitted to the Regulators periodically in accordance with the applicable provisions.

In general, there were no significant issues in the implementation of GCG principles at Danamon. GCG Principles have been applied, in a comprehensive and structured manner, to the three governance aspects of governance structure, governance process and governance outcome. Assessment on activities, processes, policies, and strategies were carried out continuously to achieve optimum processes and effective control.

### ACHIEVEMENT OF CORPORATE GOVERNANCE IMPLEMENTATION

In the 9<sup>th</sup> Indonesian Institute for Corporate Directorship (IICD) Corporate Governance Award, Danamon won the "IICD Corporate Governance Award" as a public company with the best GCG practice in the Best Financial Sector Big Capitalization Category. This award is given to companies that have performed Best Practices of Good Corporate Governance based on parameters in the ASEAN CG Scorecard.

### DANAMON CORPORATE GOVERNANCE IMPLEMENTATION REPORT

Danamon's Corporate Governance Implementation Report has covered all the implementation aspects

of corporate governance with reference to the applicable regulations and universally applicable corporate governance best practices. The publication of Danamon's corporate governance report was part of the transparency responsibility to the stakeholders and complies with the prevailing regulations.

### GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders (GMS) is a forum for shareholders to take decisions with due regard to the Articles of Association and legislation. The GMS consists of the Annual GMS and Extraordinary GMS, as follows:

- 1) Annual GMS
  - a. The Annual GMS (AGMS) is held by the Board of Directors annually, by the end of June at the latest, as referred to in the statutory regulations preceded by the GMS Announcement and Summons;
  - b. The Board of Directors submits the Annual Report to the GMS after being reviewed by the Board of Commissioners with coverage as stipulated in Danamon's Articles of Association;
  - c. The Annual GMS decides on the agenda, or on matters that have been submitted in accordance with the provisions of the laws and regulations and Danamon's Articles of Association.
- 2) Extraordinary GMS
  - a. The Extraordinary GMS (EGMS) can be held by the Board of Directors at any time based on the needs and interests of the Company in accordance to the applicable regulations and Danamon's Articles of Association preceded by the GMS Announcement and Summons;
  - b. In the Extraordinary GMS, the proposed agenda may be determined in accordance with the provisions of the Articles of Association and the prevailing laws and regulations.

### Legal Basis of GMS

The GMS was conducted by referring to Danamon's Articles of Association pursuant to Notarial Deed. 08 dated April 12, 2017 and the Guidelines of Good Corporate Governance.

## Shareholders

Shareholders are owners of the capital whose names are recorded in Danamon's register of shareholders. The authorized capital of Danamon is divided into 22,400,000 Series A shares with voting rights, each with a nominal value of Rp50,000.00 per share and 17,760,000,000 Series B shares with voting rights, each with a nominal value of Rp500.00 per share. Authorized capital that has been placed by the shareholders amounted to 9,584,643,365 shares consisting of 22,400,000 series A shares and 9,562,243,365 series B shares. Shareholders are classified as holders of series A and series B shares. All shares issued by Danamon are registered shares.

### Rights and Authority of Shareholders

Danamon does not differentiate preferred shares from common shares. Shareholders have equal rights and obligations. Shareholders may participate in the management of the Company through the GMS. The GMS may be held at the request of the shareholders by meeting the requirements stipulated in Danamon's Articles of Association.

Shareholders have the right to participate in decision making related to changes in the Articles of Association and other changes related to the Company, and the right to participate effectively and to exercise his/her votes in the the GMS, as well as the right to obtain information in relation to the GMS, including agenda, code of conduct and procedures for voting.

Danamon ensures equal rights of shareholders and facilitates the implementation of their basic rights. The basic rights of the shareholders are:

- a. Attend and vote in the GMS;
- b. Obtain relevant and material information about Danamon in a timely and orderly manner;
- c. Accept the ownership registration method;
- d. Assign or transfer shares;
- e. Appoint and dismiss the Board of Directors and the Board of Commissioners;
- f. Receive a portion of Danamon's profit;

- g. Perform other rights and authorization pursuant to Danamon's Articles of Association and the prevailing laws and legislations.

The rights and obligations of shareholders are regulated in detail in the Articles of Association of Danamon that can be accessed through the website at ([www.danamon.co.id](http://www.danamon.co.id)).

### Limitation of Shareholders

- a. Shareholders are not allowed to intervene in the operations of Danamon, and the Board of Directors and Commissioners can reject any such intervention.
- b. The controlling shareholder can coordinate the preparation of business strategy, corporate plan, and business plan.
- c. Supervision by the controlling shareholder can only be performed through the GMS or policy coordination and conduct audits in accordance with the applicable regulations.
- d. The controlling shareholders must avoid any conflict of interest.
- e. The controlling shareholders must not abuse the dominance of ownership or control that could lead to violations of the principles of corporate governance.
- f. The Board of Commissioners and Board of Directors can refuse requests for information regarding Danamon by the controlling shareholder that does not comply with the principle of fairness and equality.
- g. Shareholders may not take advantage of Danamon for personal, family, company or business gain in a manner, contrary to legislation and the principle of fairness, applicable to the banking and financial sectors.

### Access to Information for Shareholders

Shareholders may obtain information on Danamon through various communication media facilitated by Danamon, such as the GMS, performance exposure, analyst briefing, the website, an investor relations email address ([investor.relations@danamon.co.id](mailto:investor.relations@danamon.co.id)), and the Corporate Secretary email address, ([corpsec@danamon.co.id](mailto:corpsec@danamon.co.id)).

### Polling and Vote Count Mechanisms at GMS

Danamon prepares the GMS procedures. The GMS procedures are disclosed on Danamon website, recited by the chairperson of the meeting at the beginning of the GMS. The GMS procedures include voting and vote counting. Prior to the vote, the chairperson of the meeting gives the shareholders, or proxy of shareholders, the opportunity to ask questions or voice opinions, having the right to ask and/or submit an opinion to the chairperson of the GMS prior to voting for any agenda of the GMS. The decision making in the GMS is conducted as follows:

- a. GMS decisions are taken based on consultation and consensus. In the case of a decision based on consensus not being reached, the decision is made by voting.
- b. Decision-making by voting is conducted with due regard to the provisions of quorum of attendance and quorum of GMS decision as stipulated in the Company's Articles of Association.
- c. In voting, ballots cast by shareholders apply to all shares that they own and shareholders are not entitled to give authority to more than one person for a portion of the shares owned by a different voice.
- d. In counting the vote, 1 (one) share entitles its holder to cast 1 (one) vote, if a shareholder has more than 1 (one) share, the concerned are asked to vote 1 (one) time only and the vote represents the entire number of owned shares based on the voting card received.
- e. In voting, members of the Board of Commissioners, the Board of Directors and employees are prohibited from acting as the proxy of shareholders.
- f. In the event of a GMS decision relating to cash dividends, disbursement to those that are entitled is effected no later than 30 (thirty) days after the publication of the GMS minutes summary.

### GMS 2017

#### AGMS and EGMS

In 2017, Danamon held the GMS, namely the Annual GMS (AGMS) and Extraordinary GMS (EGMS). The 2017 Danamon GMS was held on Wednesday, April 12, 2017, the AGMS from 10.00 to 12.20 and the EGMS from 12.24 to 12.55 Western Indonesia Time, at Bank Danamon, Auditorium, Floor 23, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, Jakarta 12920. The venue of the GMS is Danamon's domicile and is easily accessible to shareholders.

In connection with the holding of the GMS, Danamon's Board of Directors made the following disclosures:

- a. Notification of the GMS implementation plan to the Financial Services Authority (FSA) and PT Bursa Efek Indonesia (IDX) on February 20, 2017;
- b. Announcement regarding the GMS implementation plan on February 27, 2017 in Media Indonesia and The Jakarta Post and on Danamon's website: [www.danamon.co.id](http://www.danamon.co.id) on the same date;
- c. A summon announcement to attend the GMS, on March 14, 2017 in Media Indonesia and The Jakarta Post, and on Danamon's website on the same date;
- d. Posting the summon announcement, the GMS agenda, and other GMS content on the BEI on the IDX website: [www.idx.co.id](http://www.idx.co.id) through the IDXNet reporting system;
- e. Posting the GMS agenda, Public Accountant and Public Accounting Firm Profiles, amendments to articles in Danamon's Articles of Association, GMS rules, and other GMS content on Danamon website on March 14, 2017.

The GMS was chaired by Johanes Berchmans Kristiadi Pudjosukanto, Vice President Commissioner (Independent) of Danamon, in accordance with Danamon's Articles of Association and Circular Resolution of the Board of Commissioners.

Danamon has appointed P. Soetrisno Tampubolon, SH, MKN as Public Notary and PT Raya Saham Registra as the Securities Administration Bureau to perform quorum and vote counting. Danamon provides an opportunity for the Shareholders to submit questions and/or opinions on the GMS agenda, where 1 (one) Shareholder submitted a question in the second agenda of the AGMS.

### Attendance of Shareholders, the Board of Commissioners, the Board of Directors, Audit Committee and the Syariah Supervisory Board at the GMS 2017

In accordance with Danamon's Shareholders Register as of March 13, 2017, the number of entitled Shares was 9,584,643,365 shares. Shareholders with voting rights present or represented in the AGMS held 8,896,838,343 shares or approximately 92.824% of the total shares issued by Danamon, meanwhile, shareholders with voting rights present or represented in the EGMS held 8,896,929,257 shares or approximately 92.825% of the total shares issued

by Danamon. Therefore, having fulfilled the quorum decision-making requirement for the AGMS agenda (namely more than 1/2 of the total shares issued and paid with valid voting rights by the shareholders) and the quorum decision-making requirements for the first EGMS agenda (namely 2/3 of the total shares issued and paid with valid voting rights by the shareholders). Therefore, the GMS was valid to be conducted and to take decisions.

The GMS was attended by all members of the Board of Commissioners, Board of Directors, Audit Committee, and Syariah Supervisory Board.

### Resolution and Realization of GMS 2017

The AGMS 2017 resolved 5 (five) proposed meeting agenda items through the voting mechanism and the EGMS 2017 resolved 1 (one) proposed meeting agenda item through the voting mechanism and 1 (one) meeting agenda announced without any voting mechanism. All decisions of the meeting were realized in 2017, as stated below:

#### AGMS – First Agenda

1. Approved the annual report of the Company for the financial year ended on December 31, 2016;
2. Approved the financial statements of the Company for the financial year ended on December 31, 2016 audited by the Public Accounting Firm Purwantono, Sungkoro & Surja, a member firm of Ernst & Young Global Limited as published in the Independent Auditor's Report dated February 24, 2017 No. RPC-3039/PSS/2017 with unqualified opinion;
3. Approved the report of Supervisory duties of the Board of Commissioners of the Company for the year ended December 31, 2016;
4. Provided full responsibility release and discharge ("volledig acquit et décharge") to: (i) the Board of Directors of the Company in the performance of its duties and responsibilities for the management of the Company and duties and responsibilities of representing the Company; (ii) the Board of Commissioners of the Company in performing its supervisory duties and responsibilities and the duties and responsibilities in providing advice to the Board of Directors of the Company, assisting the Board of Directors of the Company, and providing approval to the Board of Directors of the Company; and (iii) Syariah Supervisory Board in the execution of duties and responsibilities of supervision of the syariah aspects of the implementation of the Bank's operations in accordance with syariah principles, as well as providing advice and suggestions to the Board of Directors, which was made in the fiscal year ended on December 31, 2016, the duties and responsibilities are reflected in the annual report for the fiscal year ended on December 31, 2016.

Result of voting card calculation	<b>Total Majority and In Favor Vote:</b> 8,686,781,066 shares or 97.639%		
	<b>Total Abstain Vote:</b> 210,057,277 shares or 2.361%		
	<b>Abstain<sup>1)</sup></b>	<b>Against</b>	<b>In Favor</b>
	2,429,834 shares or 0.027%	none	8,684,351,232 shares or 97.612%



**AGMS - Second Agenda**

Approved the use of the Company's net profit for the fiscal year ended December 31, 2016 amounting to Rp2,669,480,000,000 with the following details:

1. 1% of the net profit or Rp26,694,800,000 set aside for a reserve fund to comply with Article 70 of the Limited Liability Company Law;
2. 35% of net profit or approximately Rp934,318,000,000 or Rp97.48 per share, assuming the number of shares issued by the Company on the Listing Date is not more than 9,584,643,365 shares, payable as dividends for fiscal year 2016, subject to the following provisions:
  - a. Dividends shall be paid to the Shareholders whose names are recorded in the Shareholder Register on the date to be determined by the Board of Directors of the Company (hereinafter referred to as "Registration Date");
  - b. Dividends not taken after 5 (five) years from the date set for the payment of past dividends, are included in the special reserve fund. The procedure for withdrawing dividends in the Special Reserves can be accessed on the Company's website;
  - c. The Board of Directors shall deduct dividend tax for the fiscal year 2016 in accordance with the prevailing tax regulations on Shareholders;
  - d. The Board of Directors is hereby appointed and authorized to stipulate matters concerning or related to the implementation of the dividend payment for the fiscal year 2016, among others (but not limited to):
    - 1) decided on the Registration Date to determine the shareholders of the Company entitled to receive a dividend payment of fiscal year 2016; and
    - 2) Determined the date of disbursement of the 2016 fiscal year dividend payment, all without prejudice to the fulfillment of the Stock Exchange rules in which the Company's shares are listed;
3. The remainder of the net profit for the fiscal year 2016 not appropriated is defined as retained earnings of the Company.

Result of voting card calculation	<b>Total Majority and In Favor Vote:</b> 8,875,491,523 shares or 99.76%		
	<b>Total Abstain Vote:</b> 20,803,020 shares or 0.234%		
	<b>Abstain<sup>9)</sup></b>	<b>Against</b>	<b>In Favor</b>
	None	543,800 shares or 0.006%	8,875,491,523 shares or 99.76%

**AGMS - Third Agenda**

Appointed Drs. M. Jusuf Wibisana, M. Ec., CPA as the Public Accountant and Tanudiredja, Wibisana, Rintis & Rekan (member firm of PwC International Limited) as the Public Accounting Firm registered with the Financial Services Authority to audit the Company's financial statements for the fiscal year 2017 as well as determining the honorarium and other requirements relating to the appointment of The Public Accountant and the Public Accounting Firm, taking into account the recommendations of the Audit Committee and the proposal of the Board of Commissioners.

Result of voting card calculation	<b>Total Majority and In Favor Vote:</b> 8,873,102,379 shares or 99.733%		
	<b>Total Abstain Vote:</b> 3,571,858 shares or 0.04%		
	<b>Abstain<sup>9)</sup></b>	<b>Against</b>	<b>In Favor</b>
	1,918,770 shares or 0.022%	20,164,106 shares or 0.227%	8,871,183,609 shares or 99.712%

**AGMS - Fourth Agenda**

1. a. Approved a total bonus payment/tantieme to be distributed to the Board of Commissioners for the fiscal year 2016;
- b. Approved the determination of total salary/honorarium and/or allowances for the Board of Commissioners for the fiscal year 2017 in the amount of Rp12,164,998,879 gross; and
- c. Approved the granting of power to the President Commissioner of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary or honorarium and allowances for the fiscal year 2017 for each member of the Board of Commissioners based on the recommendation of the Remuneration Committee;
2. a. Approved the total bonus payment/tantiem to be distributed to the Syariah Supervisory Board for the fiscal year 2016;
- b. Approved the determination of total salary/honorarium and allowances for the Syariah Supervisory Board for the fiscal year 2017 in the amount of Rp671,488,024 gross; and
- c. Approved the granting of power to the Board of Commissioners of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary or honorarium and allowances for the fiscal year 2017 for each member of the Syariah Supervisory Board based on the recommendation of the Remuneration Committee; and
3. a. Approved the total bonus patymnt/tantiem to be distributed to the Board of Directors for the fiscal year 2016;
- b. Approved the determination of total salaries and allowances and/or other income for the Board of Directors of the Company for the fiscal year 2017 in the amount of Rp44,397,693,656 gross; and
- c. Approved the granting of power to the Board of Commissioners of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary and allowances and/or other income for the fiscal year 2017 for each member of the Board of Directors based on the recommendation of the Remuneration Committee.

Result of voting card calculation	<b>Total Majority and In Favor Vote:</b> 8,881,573,347 shares or 99.828%		
	<b>Total Abstain Vote:</b> 1,593,820 shares or 0.018%		
	<b>Abstain<sup>9)</sup></b>	<b>Against</b>	<b>In Favor</b>
	53,507,400 shares or 0.601%	13,671,176 shares or 0.154%	8,828,065,947 shares or 99.227%

## AGMS-Fifth Agenda

1. a. Accepted the resignation of Emirsyah Satar from his position as Commissioner (Independent) of the Company whose resignation letter was received by the Company on February 1, 2017, by expressing gratitude for his services to the Company;
- b. Agreed not to re-appoint Muliadi Rahardja from his position as Vice President Director of the Company, by expressing gratitude for his services to the Company. In this case, the position of Deputy President Director remains vacant until the new appointment; and
- c. Approved to reappoint some members of the Board of Directors of the Company and members of the Board of Commissioners of the Company who are currently serving, effective since the close of the Meeting;

Thus the composition of the Board of Directors and Board of Commissioners of the Company is as follows:

BOARD OF DIRECTORS			
1. President Director	: Sng Seow Wah	5. Director	: Satinder Pal Singh Ahluwalia
2. Director	: Vera Eve Lim	7. Director	: Adnan Qayum Khan
3. Director	: Herry Hykmanto	8. Director	: Heriyanto Agung Putra
4. Director	: Michellina Laksmi Triwardhany	9. Director (Independent)	: Rita Mirasari
BOARD OF COMMISSIONERS			
1. President Commissioner	: Ng Kee Choe	5. Commissioner	: Ernest Wong Yuen Weng
2. Vice President Commissioner (Independent)	: Professor Dr. Johannes Berchmans Kristiadi Pudjosukanto	6. Commissioner	: Made Sukada
3. Commissioner	: Gan Chee Yen		
4. Commissioner (Independent)	: Manggi Taruna Habir		

with a term of office that will be terminated with the close of the third AGMS after this meeting, namely the fiscal year ended on 31-12-2019, which will be conducted no later than June 2020, without prejudice to the right of the General Meeting of Shareholders to dismiss (them) at any time.

2. Approved the reappointment of all members of the Syariah Supervisory Board of the Company with the following composition:

SHARIA SUPERVISORY BOARD	
Chairman	: Prof. DR. HM Din Syamsuddin
Member	: Drs. H.Karnaen A Perwataatmadja, MPA, FIIS
Member	: Dr. Hasanudin M. Ag.,

effective since the close of this Meeting, with the term of office which will expire at the close of the 3rd Annual General Meeting of Shareholders following this Meeting, which is the fiscal year ended on 31-12-2019, which will be conducted no later than June 2020, without prejudice to the right of the General Meeting of Shareholders to dismiss (them) at any time; and

3. Granted power to the Board of Directors to declare the decision of the Meeting in a Notarial Deed made before a Notary; accessed the Legal Entity Administration System; submitted the notification of changes in Company data to the Ministry of Justice and Human Rights of the Republic of Indonesia to obtain a letter of notification from the Ministry of Justice and Human Rights of the Republic of Indonesia as stipulated in Article 94 paragraph (7) and Article 111 paragraph (7) of the Limited Liability Company Law.

Result of voting card calculation	Total Majority and In Favor Vote: 8,322,466,215 shares or 93.544%		
	Total Abstain Vote: 1,079,620 shares or 0.012%		
	Abstain <sup>1)</sup>	Against	In Favor
	77,547,753 shares or 0.872%	573,292,508 shares or 6.444%	8,244,918,462 shares or 92.672%

**EGM – First Agenda**

1. a. Approved the amendment of several articles in the Company's Articles of Association as contained in the minutes of meeting of this Meeting, which come into force on the date of the issuance of the letter of acceptance of the amendment of the Articles of Association from the Minister of Law and Human Rights of the Republic of Indonesia as referred to in Article 23 paragraph (2) of the Limited Liability Company Law;
- b. Restated all articles of the Articles of Association and paragraphs of Articles of Association which are not amended in this Meeting as contained in the State Gazette of the Republic of Indonesia dated 27-11-2015 No. 95 Additional No. 655/L, which has been effective since the date of issuance of approval letter for the amendment to the Articles of Association and the date of issuance of the letter of acceptance of the amendment of the Articles of Association from the Minister of Law and Human Rights of the Republic of Indonesia as referred to in Article 23 paragraph (1) and paragraph (2) of the Limited Liability Company Law, including reinstating the Company's Shareholders and the composition of the Company's Board of Directors, members of the Board of Commissioners of the Company, and members of the Syariah Supervisory Board of the Company as contained in the minutes of this Meeting; and
2. Granted power to the Board of Directors of the Company to sign the deed required in connection with the resolution of this Meeting, to access the Legal Entity Administration System; submitted notification of the amendment to the Company's Articles of Association to the Ministry of Law and Human Rights of the Republic of Indonesia to obtain a letter of acceptance of notification of amendment to the Company's Articles of Association from the Minister of Justice and Human Rights of the Republic of Indonesia as referred to in Article 23 paragraph (2).

Result of voting card calculation	<b>Total Majority and In Favor Vote:</b> 8,874,936,819 shares or 99.753%		
	<b>Total Majority and In Favor Vote:</b> 21,992,328 shares or 0.247%		
	<b>Abstain<sup>1)</sup></b>	<b>Against</b>	<b>In Favor</b>
	None	110 shares or 0%	8,874,936,819 shares or 99.753%

**EGM – Second Agenda**

The Company informed the Meeting regarding the procedures for the acquisition of Dividends in the Company's Special Reserves, whereby a full explanation of the procedures was submitted at the Meeting and may be accessed on the Company's website.

Description:

- 1) Pursuant to the provisions of Article 24 paragraph 11 of the Company's Articles of Association: "Shareholders with voting rights present at the GMS but not voting or abstaining shall be deemed to be in a voice equal to the majority of the voting of Shareholders".
- 2) Net Income refers to the Net Income attributable to the owner of the parent entity.

**Realization of GMS 2016**

All resolutions of the Annual GMS and Extraordinary GMS in 2016 were realized in the same year.

**BOARD OF COMMISSIONERS**

The Board of Commissioners is in charge of, and collectively responsible for overseeing and advising the Board of Directors, as well as ensuring that the Company implements the principles of good corporate governance. The working relationship of the Boards of Commissioners and Directors is the relationship of checks and balances with the principle that both organs have equal terms with the ultimate goal being the progress and strength of the Company.

Members of the Board of Commissioners are appointed and dismissed by the GMS based on a transparent process with regard to the recommendation of the Nomination Committee. Members of the Board of Commissioners are appointed with terms of office of 3 (three) years pursuant to the Articles of Association and may be reappointed. Appointment of members

of the Board of Commissioners is declared effective after passing the fit and proper test required by the FSA. The GMS can dismiss members of the Board of Commissioners even though his/her term has not expired; dismissal would be based on reasonable grounds and after members of the Board of Commissioners had been given the opportunity to defend themselves.

**Charter of the Board of Commissioners**

The Board of Commissioners refers to the Board of Commissioners Charter that regulates the structure and membership, independent commissioners, terms of office, duties and responsibilities of the Board of Commissioners, duties and responsibilities of the President Commissioner, authority, work ethic, meetings and implementation, transparency, and reporting. The Charter is established under applicable regulations, corporate governance principles, and best practices in the implementation of good corporate governance and is reviewed periodically.

### Board of Commissioners Work Ethics

- a. Prohibited from taking advantage of Danamon for personal, family, and/or other party gain that may reduce profits or be detrimental to the reputation of Danamon and its subsidiaries.
- b. Prohibited from taking and/or receiving personal gain from Danamon other than remuneration and other benefits or facilities as specified in the General Meeting of Shareholders.
- c. Prohibited from directly or indirectly making incorrect statements about material facts, or not disclosing material facts, that would mislead regarding the state of Danamon at the time the statement(s) was made.
- d. In conducting supervision, prohibited from interfering in the operational decisions of the Company except for the provision of funds to related parties and other matters set forth in Danamon's Articles of Association.

### Duties and Responsibilities of the Board of Commissioners

The Board of Commissioners' duties and responsibilities are stipulated in the Articles of Association, Corporate Governance Policy and The Charter, as follows:

- a. The Board of Commissioners is subject to the work ethics (code of conduct), applicable legislation, regulations and internal policies of Danamon.
- b. The Board of Commissioners must conduct its duties and responsibilities independently. In performing its duties, the Board of Commissioners must provide sufficient time to carry out its duties and responsibilities optimally.
- c. The Board of Commissioners must ensure the implementation of good corporate governance in all Danamon's business activities at all levels of the organization.
- d. In conducting supervision, the Board of Commissioners must direct, monitor, and evaluate the strategic policy implementation of Danamon.
- e. The Board of Commissioners must not be involved in the decision-making of Danamon's operations, except:
  1. In the case of funds provision to related parties;
  2. Other matters specified in the Articles of Association of Danamon and applicable legislation.
- f. The Board of Commissioners must examine the vision and mission of Danamon on a regular basis.
- g. In order to support the effective implementation of its duties and responsibilities, the Board of Commissioners has established:
  1. The Audit Committee
  2. The Risk Monitoring Committee
  3. The Remuneration Committee
  4. The Nomination Committee
  5. The Corporate Governance Committee
  6. The Integrated Corporate Governance Committee
- h. The Board of Commissioners must evaluate the performance of the Committees annually.
- i. Members of the Board of Commissioners agree to sit as a member or as chairman in one of the above Committees as recommended by the Nomination Committee. The Board of Commissioners must ensure that the above Committees carry out their duties effectively.
- j. The Board of Commissioners must ensure that the Directors have followed up on audit findings and recommendations of Danamon's internal audit unit, external auditor, supervision results of FSA/Bank Indonesia and/or other authorities.
- k. The Board of Commissioners must make recommendations on improvements or suggestions submitted by the Audit Committee and submit recommendations to the Board of Directors.
- l. The Board of Commissioners must safeguard all confidential documents, data, and information of Danamon.
- m. The Board of Commissioners must inform FSA/Bank Indonesia no later than 7 (seven) days after a finding of:
  1. Violation of legislation in the field of finance and banking;
  2. Circumstances or evaluations that could be detrimental to the business continuity of Danamon.

- n. The Board of Commissioners must monitor and evaluate the information technology strategic plan, including reviewing the policies and procedures of risk management for the use of information technology by Danamon, as proposed by the Board of Directors.
- o. The Board of Commissioners must prepare the Board of Commissioners Charter, as well as review and update the charter periodically.
- p. Members of the Board of Commissioners must enhance competence through continuous education and training.

### **Duties and Responsibilities of the President Commissioner**

Coordinate the execution of duties and responsibilities of the Board of Commissioners, including to:

- a. Receive reports from the Committees under the Board of Commissioners.
- b. Lead the Board of Commissioners in conducting oversight and assurance functions and recognize an urgent situation in the meeting invitation in the event the Board of Commissioners meeting is conducted in less than 5 (five) days.
- c. Receive authority from the GMS to distribute tantieme to members of the Board of Commissioners.

### **Authority of the Board of Commissioners**

The authority of the Board of Commissioners is stipulated in the Articles of Association, Governance Policy, and the Board of Commissioners Charter, as follows:

- a. To access documents, data, and information regarding employees, funds, assets, and Danamon's resources, as deemed necessary.
- b. To communicate directly with employees, Directors and other parties in connection with the implementation of its duties and responsibilities.

- c. To engage independent parties other than members of the Board of Commissioners to assist in carrying out its duties, if necessary.
- d. To carry out other duties as granted by the Articles of Association of Danamon and the prevailing laws and regulations.

### **Number, Composition, Criteria, Independency and Concurrent Positions of Board of Commissioners Members**

#### **Number and Composition of the Board of Commissioners**

There was a change in the composition of the Board of Commissioners in 2017. The 2017 GMS agreed to accept the resignation of Emirsyah Satar as Independent Commissioner and agreed to reappoint members of Danamon's Board of Commissioners with the term of office that will end at the closing of the 3<sup>rd</sup> Annual GMS after the 2017 GMS. The composition of the Board of Commissioners is as follows:

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

Board of Commissioners members total 6 (six) people. This number does not exceed the number of members of the Board of Directors, which is 7 (seven) persons. 50% of the members of the Board of Commissioners are Independent Commissioners, namely J.B. Kristiadi, Manggi T. Habir, Made Sukada. Half of the members of the Board of Commissioners are domiciled in Indonesia. The number and composition of the Board of Commissioners is in accordance with the needs and complexity of Danamon with due regard to the effectiveness in decision making, and has complied with the applicable laws and regulations.



Name	Position	Date of GMS	Effective Date (BI/FSA Approval)	Appointment	Appointment Period	Domicile
Ng Kee Choe	President Commissioner	May 22, 2006	May 24, 2006	2006-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Singapore
J.B. Kristiadi	Vice President Commissioner (Independent)	May 9, 2005	December 5, 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Gan Chee Yen	Commissioner	June 16, 2003	October 21, 2003	2003-2005 2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	6x	Singapore
Manggi T. Habir	Commissioner (Independent)	May 9, 2005	July 22, 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Ernest Wong Yuen Weng	Commissioner	April 29, 2010	September 14, 2010	2010-2011 2011-2014 2014-2017 2017-2020	4x	Singapore
Made Sukada	Commissioner (Independent)	May 7, 2014	August 8, 2014	2014-2017 2017-2020	2x	Indonesia

### Criteria for Independent Commissioner

In addition to meeting the requirements as a member of the Board of Commissioners, Danamon Independent Commissioners must comply with the following provisions:

1. Have no financial, management, share ownership and/or family relationships with members of the Board of Directors, other members of the Board of Commissioners, and/or controlling shareholders, or relationship with Danamon that may affect the ability to act independently.
2. Have no shares, directly or indirectly, in Danamon.
3. Have no direct or indirect business relationship related to Danamon's business activities.
4. Have not been a member of the Board of Directors, member of the Board of Commissioners, member of the Syariah Supervisory Board, or held a position one level below the Board of Directors of the same Bank or other company affiliated with the Bank within the last 1 (one) year.

All Independent Commissioners have signed the statement of independency, which is prepared and updated periodically, including statements regarding concurrent positions that are prohibited by FSA.

### Independency of Members of the Board of Commissioners

All members of the Board of Commissioners currently serving have no family relationship up to the second degree with other members of the Board of Commissioners, Board of Directors, or the controlling shareholders. 50% of the members of the Board of Commissioners have no financial relationships with the controlling shareholders and all members of the Board of Commissioners have no financial relationship with other members of the Board of Commissioners and Board of Directors.

Family and Financial Relations of members of the Board of Commissioners with their fellow members of the Board of Commissioners, members of the Board of Directors, and Controlling Shareholders can be viewed in the following table:

Board of Commissioners	Family Relationship with						Financial Relationship with					
	Board of Commissioners Members		Board of Directors Members		Controlling Shareholders		Board of Commissioners Members		Board of Directors Members		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)	-	√	-	√	-	√	-	√	-	√	-	√

### Concurrent Positions of The Board of Commissioners

- Members of the Board of Commissioners 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 1 (one) non-bank subsidiary company controlled by Danamon;
 With the following exceptions:
  - Non-independent members of the Board of Commissioners conducting functional duties of the legal entities of shareholders in its business group,
  - Members of the Board of Commissioners serving in an organization or non-profit organization.
- Members of the Board of Commissioners may be a committee member in no more than 5 (five) committees.

No Danamon Commissioners hold concurrent positions prohibited by the FSA on governance practices for commercial banks, as reflected in the following table:

Name	Position at Danamon	Position at Other Companies
Ng Kee Choe	President Commissioner	<ol style="list-style-type: none"> <li>1. Director Fullerton Financial Holdings Pte Ltd</li> <li>2. Chairman Capitaland Limited</li> <li>3. Trustee Temasek Trust</li> <li>4. Member International Advisory Council of China Development Bank</li> <li>5. Chairman Tanah Merah Country Club</li> </ol>
J.B. Kristiadi	Vice President Commissioner (Independent)	<ol style="list-style-type: none"> <li>1. Board Member PT Citra Tubindo</li> <li>2. Member of Independent Team for Bureaucracy Reform of the Ministry of Administrative Reform and Bureaucratic Reform</li> </ol>
Gan Chee Yen	Commissioner	<ol style="list-style-type: none"> <li>1. Chairman Fullerton India Credit Co. Ltd</li> <li>2. Chairman Fullerton Credit (Sichuan) Ltd.</li> <li>3. Chairman Fullerton Credit (Hubei) Ltd.</li> <li>4. Chairman Fullerton Credit (Chongqing) Ltd</li> <li>5. Chairman Fullerton Credit (Yunan) Ltd</li> <li>6. Board Member Dunia Finance LLC</li> <li>7. Board Member CEI Contract Manufacturing Ltd</li> <li>8. Board Member ST Asset Management Ltd</li> <li>9. Non-Executive Director ACR Capital Holdings Pte. Ltd</li> <li>10. Board Member Clifford Capital Pte. Ltd</li> <li>11. Vice Chairman Cambodia Post Bank PLC</li> <li>12. Board Member Surbana Jurong Private Limited</li> <li>13. Board Member Fullerton Financial Holdings Pte Ltd</li> </ol>
Manggi T. Habir	Commissioner (Independent)	<ol style="list-style-type: none"> <li>1. President Commissioner PT Asuransi Adira Dinamika</li> <li>2. Chairman of Yayasan Danamon Peduli Board of Supervisors</li> <li>3. Risk Committee and Investment Committee PT Avrist Life Insurance</li> </ol>
Ernest Wong Yuen Weng	Commissioner	<ol style="list-style-type: none"> <li>1. Chairman Fullerton Financial Holdings Pte Ltd</li> <li>2. Chairman A. Menarini Asia-Pacific Holdings Pte Ltd</li> <li>3. Board Trustee Nanyang Technological University</li> <li>4. Board Member Pavilion Capital Holding Pte Ltd.</li> <li>5. Chairman Mediacorp Pte Ltd</li> </ol>
Made Sukada	Commissioner (Independent)	<ol style="list-style-type: none"> <li>1. Member of Yayasan Danamon Peduli Board of Supervisors</li> </ol>

### Share Ownership of Commissioners

Members of the Board of Commissioners must report any transaction involving Danamon's and its subsidiaries' Securities Transactions to the Corporate Secretary minimum 1 (one) business day prior to the transaction and within 1 (one) business day after the transaction is completed as stated in the Personal Investment Policy No. DIR-CORP.SEC-014 dated December 16, 2013.

Ownership of shares owned by members of the Board of Commissioners, either directly or indirectly, in 2017 were as follows:

Shareholders	Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Ng Kee Choe President Commissioner	Number of Shares owned 94,275	-	-	-	Percentage of Shares owned: 0.00% Shares Type: Series B Shares
J.B. Kristiadi Vice President Commissioner (Independent)	-	-	-	-	-
Gan Chee Yen Commissioner	-	-	-	-	-
Manggi T. Habir Commissioner (Independent)	-	-	-	PT Unilever, Tbk. Number of Shares owned 1,000	Percentage of Shares owned: 0.00000013%
				PT HBK. Number of Shares owned 285	Percentage of Shares owned: 55.95%
Ernest Wong Yuen Weng Commissioner	-	-	-	Ewong Pte Ltd Number of Shares owned 50,000	Company Domicile: Singapore
					Percentage of Shares owned: 100%
					Registered as : Ernest Wong Yuen Weng & Paulina Wong
Made Sukada Commissioner (Independent)	-	-	-	PT Ciputra Development Number of Shares owned 38,582	Percentage of Shares owned PT Ciputra Development 0.00026%
				PT Waskita Karya Number of Shares owned 100,000	Percentage of Shares owned PT Waskita Karya 0.001%
				PT Sumarecon Agung Number of Shares owned 100,000	Percentage of Shares owned PT Sumarecon Agung 0.001%
				PT Perusahaan Gas Negara (Persero) Number of Shares owned 20,000	Percentage of Shares owned PT Perusahaan Gas Negara (Persero) 0.00008%
				PT Alam Sutera Realty Number of Shares owned 100,000	Percentage of Shares owned PT Alam Sutera Realty 0.0005%
				PT Agung Podomoro Land Number of Shares owned 150,000	Percentage of Shares owned PT Agung Podomoro Land 0.0007%

### Diversity Policy on Composition of the Board of Commissioners

In the nomination process of the Board of Commissioners members, in addition to observing the minimum requirements, scope and balance of knowledge, expertise, and experience, diversity requirements are also taken into account to determine its composition. Optimum composition of the Board of Commissioners will enhance the effectiveness of its the duties and responsibilities.

In this case, Danamon has a Diversity Policy, which is used as a reference in the nomination process of Board of Commissioners candidates. Danamon recognizes and respects any and all differences in perspective, knowledge, ability, and experience of each individual, without prejudice to race, ethnicity, gender, and religion.

## Board of Commissioners Remuneration

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

The remuneration of members of the Board of Commissioners is determined based on the performance of each member by considering the duties and responsibilities. The remuneration formulation refers to Danamon's internal policy, applicable external regulations, industry comparison and takes into account Danamon's performance. The Remuneration Committee makes recommendations to the Board of Commissioners and submits them to the General Meeting of Shareholders for approval. The President Commissioner performs the disbursement of remuneration. GMS approved the granting of power to the President Commissioner of the Company to determine the amount of bonus/tantieme during the fiscal year 2016 and the amount of salary or honorarium and allowances for the fiscal year 2017 for each member of the Board of Commissioners based on the recommendation of the Remuneration Committee.

### Procedure for the Determination of Remuneration for the Board of Commissioners

#### Remuneration Committee

The Remuneration Committee gathers information about remuneration standards for positions in similar industries in the market by considering the performance of the Company. The Committee makes recommendations to the Board of Commissioners.

#### Board of Commissioners

The Board of Commissioners studies the recommendations from the Remuneration Committee and proposes remuneration of the Board of Commissioners to the GMS.

#### General Meeting of Shareholders

The GMS establishes the remuneration of members of the Board of Commissioners and authorizes the President Commissioner to implement and distribute to each member of the Board of Commissioners.

#### Remuneration of Members of the Board of Commissioners

Remuneration distribution to each member of the Board of Commissioners in accordance with the GMS resolutions.

## Board of Commissioners Remuneration Structure

Members of the Board of Commissioners receive a remuneration package and the classification of remuneration level as well as the number of members of the Board of Commissioners receiving remuneration package in 1 (one) year is disclosed in the Remuneration Policy section of this report.

## Board of Commissioners Meeting

### Meeting Policy of the Board of Commissioners

- Board of Commissioners Meetings are to be held at least once every 2 months.
- The Board of Commissioners must hold a minimum of two (2) meetings per year to be attended in person by all of its members.
- Board of Commissioners meetings must be attended by a minimum of 75% of all members of the Board of Commissioners.
- Joint Meetings of the Board of Commissioners and the Board of Directors are to be held at least once every 4 (four) months.
- Each member of the Board of Commissioners must attend at least 75% of the total meetings held within a fiscal year. When a member of the Board of Commissioners is unable to attend a meeting in person, he or she may participate via teleconference or videoconference. The Minutes of a Meeting must be signed by all participants who attended the Meeting in person or by tele or videoconferencing if supported by a recording as evidence of attendance.
- In the event the President Commissioner being unable to attend a Board of Commissioners meeting, any member of the Board of Commissioners who is present at the meeting can be appointed as Chairman of the meeting.
- For a scheduled Board of Commissioners meeting, the meeting invitation and content must be submitted to participants no later than 5 (five) days before the meeting is held. For a non-scheduled meeting, the agenda can be submitted to the participants before the meeting is held.
- Meeting decisions must be made by consensus. If the meeting fails to meet consensus, meeting decisions must be made through voting of least 2/3 (two thirds) of members of the Board of Commissioners who are present or represented at the meeting. Voting is based on the principle of one person, one vote.



- i. All decisions of the Board of Commissioners, including Joint Meetings of the Board of Commissioners and the Board of Directors shall be recorded in the minutes of the meetings, signed by all the members of the Board of Commissioners in attendance, and well documented.
- j. In the event a member of the Board of Commissioners not signing the results of the meetings, that member shall specify the reasons in writing in a separate letter attached to the minutes of the meeting.
- k. All decisions of the Board of Commissioners are binding to all of its members. Dissenting opinions during a meeting must be clearly stated in the minutes of the meeting including the reasons for such dissenting opinions.
- l. The Board of Commissioners can make valid and binding decisions without having to hold a meeting, provided that all members of the Board of Commissioners submit written approval to the decision.
- m. During a BOC meeting, a member of the Board of Commissioners can only be represented by a fellow member of the Board of Commissioners with a proxy letter.
- n. A member of the Board of Commissioners 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, must declare the nature of such interest at the Board of Commissioners Meeting and may not be entitled to participate in voting related to the referred transaction, contract, or proposed contract, unless the meeting decides otherwise.

### Meeting Frequency

During 2017, the Board of Commissioners conducted 10 (ten) meetings consisting of 6 (six) meetings of the Board of Commissioners and 4 (four) Joint Board of Commissioners and Board of Directors Meetings.

### Agenda of Board of Commissioners Meetings

No.	Date of Meeting	Meeting Agenda
1	January 24, 2017	- Report of Board of Commissioners Committee
2	March 10, 2017	- Report of Board of Commissioners Committee
3	April 11, 2017	- Financial Performance - Risk Appetite Statement - Danamon Simpan Pinjam
4	June 14, 2017	- Financial Performance - Revision of Danamon's Business Plan
5	September 28, 2017	Report of Board of Commissioners Committee
6	November 23-24, 2017	October 2017 Financial Performance & 2017 Outlook Report of Board of Commissioners Committee

### Agenda of Joint Meeting of the Board of Commissioners and Board of Directors

No.	Date of Meeting	Meeting Agenda
1	March 10, 2017	- January 2017 Financial Performance - Adira Quantum update
2	August 24, 2017	Financial Performance
3	November 6, 2017	Danamon's Strategic Project
4	November 23-24, 2017	- Strategic Priorities - 2018 Plan & 3 Year Plan (2018-2020) - Danamon Simpan Pinjam Plan - Digital Banking & E-Channel - Adira Finance - Enterprise Banking & Financial Institution - Consumer Banking, Small medium enterprise and Sales & Distribution - Adira Insurance - Integration & Credit Risks - Human Resources

### Rates of Attendance in Meetings

The following are the attendance rates of members of the Board of Commissioners in meetings held during 2017:

Commissioner	Board of Commissioners Meeting (Total of 6 times)	Joint Meeting with the Board of Directors (Total of 4 times)	Attendance
Ng Kee Choe	6	4	100%
J.B. Kristiadi	6	3	90%
Gan Chee Yen	6	4	100%
Manggi T. Habir	6	4	100%
Ernest Wong Yuen Weng	6	4	100%
Made Sukada	6	4	100%

All meetings held during 2017 met the quorum requirements and were attended, both physically as well as through teleconference, by the members of the Board of Commissioners. During 2017, decision-making at the meetings was conducted by deliberation and consensus and without dissenting opinion. Information regarding schedules, agendas, materials, results and minutes of meetings were distributed to the participants of the meeting and well documented.

### 2018 Board of Commissioners Meeting Schedule Plan

At year-end 2017, the Board of Commissioners scheduled the meetings to be held in 2018 will consist of 6 (six) Meetings of the Board of Commissioners and 3 (three) Joint Meetings of the Board of Commissioners with the Board of Directors. The schedule of meetings to be conducted in 2018 is as follows:

Meeting Schedule	Board of Commissioners Meeting	Joint Meeting of BOC and BOD
January 24, 2018	✓	✓
March 19, 2018	✓	
June 12, 2018	✓	✓
July 19, 2018	✓	
September 25, 2018	✓	✓
November 29-30, 2018	✓	

### Implementation of Duties and Recommendations of the Board of Commissioners in 2017

In performing its oversight function, the Board of Commissioners provided recommendations to the Board of Directors by considering the input of the Committee that assists and is directly responsible to the Board of Commissioners. Key recommendations provided by the Board of Commissioners were:

- Continued the transformation and conduct initiatives that are in line with the long-term strategy that has been pre-determined to strengthen Danamon.
- Diversified the loan portfolio by expanding loans in the Small and Medium Enterprise segment and Consumer Banking in a prudent manner.

- c. Implemented good risk management to maintain high credit quality as well as implementing cost policies that are effective and efficient.
- d. Provided reliable and quality services as well as competitive products supported by the use of both conventional and digital technology.

### Board of Commissioners Assessment

Danamon has a policy of performance evaluation that is used as a guideline for assessing the effectiveness of the duties and responsibilities of the Board of Commissioners, both collegially and individually.

Board of Commissioners' performance is assessed by considering several key elements, which are:

- Board of Commissioners' structure and composition.
- The effectiveness of work programs of committees under the Board of Commissioners.
- The implementation of strategies and management of the Company.
- The Implementation of Good Corporate Governance.
- The implementation of risk management and internal controls in mitigating risks.

The individual performance appraisal of the Board of Commissioners is conducted annually by the President Commissioner on the basis of the benchmarks agreed

upon by each member of the Board of Commissioners. The results of the performance appraisal are one of the basic considerations for the Nomination Committee in providing recommendations to the Board of Commissioners to reappoint members of the Board of Commissioners as well as consideration for drawing up the remuneration structure of the Board of Commissioners.

### Orientation Program for New Commissioners

The Orientation Program for new Commissioners is conducted to provide understanding of Danamon's vision, mission, corporate culture, code of conduct, organizational structure, line of business, Board of Commissioners Charter, and banking and capital market regulations. The orientation program is conducted through an on-boarding pack and briefings presented by the management and business units, as well as other supporting units. During 2017, there were no new members of the Board of Commissioners.

### Board of Commissioners Training Program

Members of the Board of Commissioners are always provided the opportunity to improve competency through training programs/seminars/workshops held internally and externally. In 2017, the participation of members of the Board of Commissioners in training programs/seminars/workshops was as follows:

Name	Training Program	Training Organizer	Training Location	Date of Training
Ng Kee Choe	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
J.B. Kristiadi	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Gan Chee Yen	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Manggi T. Habir	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Ernest Wong Yuen Weng	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017
Made Sukada	Board Cyber Oversight Training	Singtel Cyber Security Institute	Singapore	August 25, 2017

## COMMITTEES UNDER THE BOARD OF COMMISSIONERS

In carrying out its duties, the Board of Commissioners has 6 (six) committees to enhance the effectiveness of its duties and responsibilities. These are:

- Audit Committee;
- Risk Monitoring Committee;
- Nomination Committee;
- Remuneration Committee;
- Corporate Governance Committee;
- Integrated Corporate Governance Committee.

Each committee must possess a Committee Charter that is prepared and periodically reviewed pursuant to the applicable regulations. The Board of

Commissioners based on the Board of Commissioners' Meeting Resolution appoints committee membership. All committees are chaired by an Independent Commissioner.

## Performance Assessment of Board of Commissioners Committees

The Board of Commissioners assesses the performance of Committees on a regular basis, based on reports of the duties and responsibilities implementation by each of the Committees. Performance of the Committees throughout 2017 was rated "good" by the Board of Commissioners and contributed to the successful implementation of the duties and responsibilities of the Board of Commissioners.

## Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ng Kee Choe 73 Years Old	Singapore	<ul style="list-style-type: none"> <li>• Member of the Nomination Committee</li> <li>• Member of the Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>• April 2017-Present</li> <li>• April 2017-Present</li> </ul>	Finance	Bachelor of Chemical Engineering the University of Singapore, 1966

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

- President Commissioner, Danamon 2006-present.
- 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.
- Member of the International Advisory Council China Development Bank.

J.B. Kristiadi 71 Years Old	Indonesia	<ul style="list-style-type: none"> <li>• Chairman of the Nomination Committee</li> <li>• Chairman of the Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>• April 2017-Present</li> <li>• April 2017-Present</li> </ul>	Finance/Risk Management	PhD (Public Administration) Sorbonne University, France, 1979
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### Professional Experience (Job Title, Organization, Term of Office)

- Vice President Commissioner, Danamon, 2005-present.
- Board of Commissioners member, PT Citra Tubindo, 2009-present.
- Member of Independent Team for Bureaucracy Reform of the Ministry of Administrative Reform and Bureaucratic Reform (January 2016).
- Member of the National Institutional Structuring Team, Ministry of State Administrative Reform -Menpan, 2011-present.
- Secretary, Tax Reform and Customs Reform Team, 2010.
- Special Staff, Finance Minister, 2008-2011.
- Professor, Padjadjaran State University, Bandung, 2007-present.
- Secretary General, Ministry of Finance, 2005-2006.
- Secretary General, Ministry of Communications and Information, 2003-2005.
- Deputy, Minister of Administrative Reform, 2001-2003.
- Assistant to the Coordinating Minister, Development Supervision, 1999-2001.
- Chairman, Institute of Administration (LAN) Country RI, 1990-1998.
- Director, Budget Development of the Ministry of Finance, 1987-1990.
- Commissioner, several SOE (PT Tambang Batu Bara Bukit Asam, 1980-1989; PT Bank Dagang Negara, 1982-1991; PT Jakarta Industrial Estate Pulogadung (JIEP), 1986; PT Aneka Tambang, 1986; PT Perkayuan Marunda, 1987; PT Jakarta Lloyd, 1988; and Bank BNI, 2005).
- Director, State Asset Development of the Directorate General of Monetary, 1980-1987.

## Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Gan Chee Yen 58 Years Old	Singapore	<ul style="list-style-type: none"> <li>Member of the Risk Monitoring Committee</li> <li>Member of the Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>April 2017- Present</li> <li>April 2017- Present</li> </ul>	Finance/Risk Management	Bachelor in Accounting, National University, 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.
- BoardMember Dunia Finance LLC.
- BoardMember CEI Contract Manufacturing Ltd.
- BoardMember ST Asset Management Ltd.
- BoardMember ACR Capital Holdings Pte. Ltd.
- Chairman Fullerton Credit (Yunan) Ltd
- BoardMember Clifford Capital Pte. Ltd.
- ViceChairman Cambodia Post Bank PLC.
- BoardMember Surbana Jurong Private Limited (Formerly known as TJ Holdings (II) Pte Ltd) .
- ChiefExecutiveOfficer, 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 Internasional Pte. Ltd., 2007.
- SeniorManagingDirector, Investment Temasek internasional Pte. Ltd., 2005.
- ManagingDirector, Finance Temasek Internasional Pte. Ltd., 2003.
- Senior Financial Manager up to Director of Finance of Singapore Technologies Marine Ltd from 1988 for 8 years.
- Accountant, Showa Leasing (S) Pte Ltd in September 1986.
- Auditor at Pricewaterhouse Coopers in May 1984.

Manggi T. Habir 64 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Chairman of the Risk Monitoring Committee</li> <li>Member of the Remuneration Committee</li> <li>Member of the Corporate Governance Committee</li> <li>Member of the Integrated Corporate Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>April 2017-Present</li> <li>April 2017-Present</li> <li>April 2017-Present</li> <li>April 2017-Present</li> </ul>	Finance/Risk Management	<ul style="list-style-type: none"> <li>BA Degree in Economics Mc. Gill University, 1977</li> <li>Master in Business Administration, University of Michigan, 1979</li> <li>Master in Public Administration, Harvard University, 2002</li> </ul>
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### Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2005-present.
- Chairman of Supervisory Board, Yayasan Danamon Peduli, 2006-present.
- President Commissioner, PT Asuransi Adira Dinamika, 2013-present.
- Director, Standard & Poors', Singapore, 2002-2005.
- President Director, PT Pefindo, 1998-2001.
- Research Director, PT Bahana Securitas, 1995-1998.
- Business and economic correspondent, Far Eastern Economic Review, 1982-1985.
- Served at several key position, Citibank N.A. Jakarta, 1985-1991.



## Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ernest Wong Yuen Weng 72 Years Old	Singapore	<ul style="list-style-type: none"> <li>Member of the Nomination Committee</li> <li>Member of the Corporate Governance Committee</li> <li>Member of the Integrated Corporate Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>April 2017-Present</li> <li>April 2017-Present</li> <li>April 2017-Present</li> </ul>	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)

- Commissioner, Danamon, 2010-present.
- Chairman, MediaCorp, July 2016-present.
- Board Trustee Nanyang Technologies University, 2006-present.
- Board member, Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd. 2012-sekarang.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd. 2012-present.
- Board member, Singapore Health Services Pte. Ltd (iSingHealth) 2006-2015.
- Board member, Pavilion Capital Holding Pte. Ltd. 2012-present.
- Board member, Economic Development Board and the Ministry of Finance.
- Group CEO, MediaCorp Pte. Ltd. 2000-2005.
- Board member, United Overseas Bank Group, 1990-2005.
- Chairman, Association of Banks in Singapore, 1991-1993 and 1999-2000.
- Board Member and Group President, the United Overseas Bank (UOB) Group, 1999 - 2000.

Made Sukada 65 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee</li> <li>Member of the Risk Monitoring Committee</li> <li>Member of the Nomination Committee</li> <li>Chairman of the Corporate Governance Committee</li> <li>Chairman of the Integrated Corporate Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>April 2017-Present</li> <li>April 2017-Present</li> <li>April 2017-Present</li> <li>April 2017-Present</li> <li>April 2017-Present</li> </ul>	Finance/Risk Management	<ul style="list-style-type: none"> <li>Bachelor in Accounting, University of Padjajaran, Bandung, 1977</li> <li>Master in Economics, University of Pittsburgh, USA, 1984</li> </ul>
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### Professional Experience (Job Title, Organization, Term of Office)

- Independent Commissioner, Danamon, 2014 - present.
- Supervisory Board member, Yayasan Danamon Peduli, 2014 - present.
- Advisor to Governor Council, BI, 2010 - 2014.
- Member of Risk Monitoring Committee, PT Bank Permata, Tbk, 2010-2014.
- Executive Director of Economic Research and Monetary Policy of Bank Indonesia, 2006 - 2010.
- Deputy Executive Director IMF Assignment - Washington D.C., 2004 - 2006.
- Director of Bank Indonesia at various Departments, 1998 - 2010.
- Deputy Director at Monetary Management Directorate, 1995.
- Associate Representative at Bank Indonesia New York Representative Office, 1993 - 1995.
- Analyst at Bank Indonesia, 1979.

## Profile of Committee Members

Name & Age	Nationality & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Angela Simatupang 42 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Risk Monitoring Committee</li> <li>Member of the Integrated Corporate Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>April 2017-Present</li> <li>April 2017-Present</li> <li>April 2017-Present</li> </ul>	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.
- Internal audit and risk management course lecturer in Accounting and Accounting Profession Master Program, University of Indonesia, 2008-2010.
- Author of various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Bird Cameron Australia, 2005.

Yusuf Nawawi 62 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Risk Monitoring Committee</li> </ul>	<ul style="list-style-type: none"> <li>April 2017-Present</li> <li>April 2017-Present</li> </ul>	Micro and Corporate Financing, Derivatives, Credit and Investment Management, as well as Training and Development	<ul style="list-style-type: none"> <li>Bachelor in Economics, University of Brawijaya, 1983</li> <li>Master of Business Administration from the Weatherhead School of Management, Case Western Reserve University, 1994</li> </ul>
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### 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 Budgeting, Department of Finance of RI, 1978-1984.

Seskia Aqil Balfas 46 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of the Nomination Committee</li> <li>Member of the Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>September 2017-Present</li> <li>September 2017-Present</li> </ul>	Human Resource Management	Master in Management - HR from the University of Indonesia, 2014
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### Professional Experience (Job Title, Organization, Term of Office)

- Talent Acquisition and Reward Head, PT Bank Danamon Indonesia, February 2017-present.
- Director of HR and GA, Sampoerna Foundation, Dec 2011-Jan 2017.
- VP, Sr Business Partner, Bank DBS Indonesia, 2005-2011.
- Training Assistant Manager, HSBC, 2000-2005.
- Corporate Marketing, Eficorp Sekuritas, 1997-2000.

### Independent Party in Committees

An Independent Party is a party outside of Danamon who does not have financial, management, share ownership, and/or family relationship with members of the Board of Commissioners, Directors, and/or the controlling shareholders or a relationship with Danamon, which could affect his/her ability to act independently. The Board of Commissioners has appointed Independent Parties (Angela Simatupang and Yusuf Nawawi) as independent members on Committees of the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, and Integrated Corporate Governance Committee based on the recommendations of the Nomination Committee. Independent party appointment must meet the requirements of competency and independency required by the committees.

### AUDIT COMMITTEE

The Audit Committee was established based on Board of Commissioners Decision No. KEP: Kom.Corp.Sec.070 dated November 21, 2001 on the Establishment and Assignment of the Audit Committee. The Audit Committee has the primary function of monitoring and evaluating the planning and execution of audits and monitoring the follow up of audit results in assessing the adequacy of internal controls, including the adequacy of the financial reporting process.

### Audit Committee Charter

The Audit Committee has the Audit Committee Charter that stipulates matters relevant to the implementation 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 Committee include:

#### 1. Financial Reporting

- a. Review financial information that will be released to the public and/or regulators. This information covers financial reports, projections, and other reports relevant to Danamon financial information.

- b. Monitor and evaluate the compliance of financial report with existing accounting standards.
- c. Review audit adequacy performed by the public accountant to ensure that all significant risks have been taken into consideration.
- d. Review complaints relevant to Danamon's accounting processes and financial reporting.

#### 2. External Audit

- a. Recommend the Board of Commissioners re-appointments, dismissals or replacements, requirements of involvement, and the remuneration of the public accountant. These will be proposed at the Annual General Meeting of Shareholders (AGMS).
- b. Review the public accountant's scope of work and audit outcome, independency, and objectivity. These reviews are conducted on an annual basis and presented in the Annual Report, and cover:
  - Total amount of payments made to the public accountant in the fiscal year.
  - 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.
- c. Review the audited financial reports, significant findings, and recommendations of the public accountant and feedback from the Board of Directors.
- d. Monitor and evaluate the planning and implementation of the public accountant's audit. Monitoring of follow-up on the outcomes of the audit must also be performed to assess the adequacy of internal controls including the adequacy of the financial reporting process.
- e. Monitor and evaluate public accounting compliance with the existing audit standards.

#### 3. Internal Audit

- a. Review the adequacy and effectiveness of the Internal Audit
- b. Review the independence of the Head of the Internal Audit Unit. The Head of the Internal Audit Unit must have direct and unlimited access to the Audit Committee and President Director.

- c. 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 must also be part of the review.
- d. Review significant findings and Internal Audit recommendations as well as feedback from the Board of Directors.
- e. Monitor and evaluate follow-up action by the Board of Directors on the findings of the Internal Audit Unit, public accountant, and of the FSA and/or other regulators.
- 4. Internal Control  
Review and report regularly to the Board of Commissioners regarding the adequacy and effectiveness of internal control specified by the Board of Directors. The adequacy and effectiveness of internal control covers such aspects as finance, operations, compliance and control of information technology.
- 5. Compliance
  - a. Review the compliance framework, scope of work, and compliance plans.
  - b. Review the compliance in line with laws and regulations pertinent to business activities
  - c. Review legal cases with possible material consequences to the financial reports, relevant compliance policies, and reports received from the regulators.
- 6. Others
  - a. In conducting its duties and responsibilities, the Audit Committee serves independently.
  - b. The Audit Committee examines possible inaccuracies in decisions made at Board of Directors meetings as well as possible deviations in the implementation of decisions made at the meetings 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.
  - c. The Audit Committee must prepare, review, and update the Charter of the Audit Committee on a regular basis.
  - d. The Audit Committee must submit reports of study results of all members of the Board of Commissioners after the study report of the findings conducted by the Audit Committee.
  - e. Provide independent opinion in the event of a disagreement between the Board of Directors and the public accountant on the services it provides.

- f. The Audit Committee must safeguard confidential documents, data, and information.
- g. The Audit Committee reviews and offers opinions to the Board of Commissioners regarding potential conflicts of interest.
- h. The Audit Committee enhances competencies through continuous education and training.

### Authority of the Audit Committee

The Audit Committee has the following authority:

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

### Structure, Expertise, Legal Basis for Appointment and Independency of the Audit Committee

#### The Composition and Expertise of Committee Members

Danamon's Audit Committee consists of 3 (three) members. It comprises 1 (one) Independent Commissioner (Made Sukada) and 2 (two) independent parties (Angela Simatupang and Yusuf Nawawi). The Audit Committee is chaired by an Independent Commissioner, namely Made Sukada. Each member of the Audit Committee has met the prevailing regulations relevant to the expertise requirements covering the financial and accounting, risk management, and legal sectors.

### Legal Basis of Appointment

Membership of the Audit Committee is based on the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting No. KSR-Kom.Corp.Sec-005 dated April 28, 2017.

### Independency of Audit Committee Members

All members of Danamon's Audit Committee are Independent Commissioners or Independent Parties. Non-independent Commissioners and members of the Board of Directors may not sit on the Audit Committee.

### Term of Office

Term of office of members of the Audit Committee must not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association and may be reappointed for 1 (one) additional period.

### Policies and Implementation of Audit Committee Meetings

#### Policies of Audit Committee Meeting

- Meetings must 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 the total number of members 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 must 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

During 2017, the Audit Committee held 7 (seven) meetings with the following details:

Name	Attendance in Meeting	Attendance Rate
Made Sukada	7	100%
Angela Simatupang	6	86%
Yusuf Nawawi	7	100%

### Main Agenda of 2017 Audit Committee Meetings

No	Date	Main Agenda
1	January 23, 2017	- Public Accountant's report - Internal Audit's report
2	February 27, 2017	Internal Audit's report
3	April 11, 2017	Internal Audit's report
4	May 31, 2017	Internal Audit's report
5	July 25, 2017	Internal Audit's report
6	September 28, 2017	Internal Audit's report
7	November 21, 2017	Internal Audit's report

### Implementation of 2017 Audit Committee Work Activities

1. Received reports from External Audit related to:
  - Progress of external audit implementation
  - Input regarding the IT system at Danamon
2. Received Internal Audit reports regarding:
  - Audit findings trends on Wholesale, SME, and DSP businesses
  - Whistleblowing report
  - Update on the status of fraud cases
  - Update on audit results of Bank Danamon and Subsidiaries
  - Discussions to improve audit rating results
  - Update on issues with applications related to investment & bancassurance at Consumer Banking
  - Discussions to fix Danamon Mobile Banking issues
  - Discussions to improve security on the Oracle systems in Adira Finance human resource system
  - Discussions on fraud prevention
  - Update on the use of Balance Scorecard to improve the Audit Ratings of Danamon and its Subsidiaries
  - Update of DSP and S&D improvement efforts to address recurring audit findings
  - Summary and status of follow-up on audit findings
  - System improvements to DSP employee data who have resigned
  - Update on DSP credit process improvement
  - Update on improvements of credit authority to branch heads
  - Efforts to improve the 'unsatisfactory' audit status on Subsidiaries
  - Update on efforts to improve the security of information systems in Danamon and its Subsidiaries
  - Update of standardization initiatives for internal audit ratings
  - Improved 'follow-up' monitoring system for audit findings.

### Audit Committee Statement on 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, and financial, as well as operational control.

The Audit Committee submits implementation reports to the Board of Commissioners on a regular basis.

### RISK MONITORING COMMITTEE

The Risk Monitoring Committee was established based on Circular Decision of the Board of Commissioners No. KEP: Kom-Corp.Sec.026 dated May 24, 2006 on the Establishment of the Risk Monitoring Committee. The Risk Monitoring Committee is responsible for carrying out the risk control function and providing independent professional recommendations or opinions related to risk management frameworks and policies consistent with Danamon's risk appetite.

### Risk Monitoring Committee Charter

The Risk Monitoring Committee has a Charter that stipulates matters related to the implementation of duties and responsibilities, organization, membership and work ethics, independency, term of office, and Risk Monitoring Committee meetings. This Risk Monitoring Committee's Charter must be periodically reviewed.

### Duties and Responsibilities of the Risk Monitoring Committee

The Risk Monitoring Committee has the following duties and responsibilities:

- a. Offer independent professional opinions to the Board of Commissioners regarding the implementation of Danamon's risk management.
- b. Evaluate 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 on an annual basis.
- c. Monitor and evaluate the Risk Management Unit and the implementation of the committee's duties to provide recommendations to the Board of Commissioners.
- d. Report to the Board of Commissioners on risks encountered by Danamon and the implementation of risk management by the Board of Directors.
- e. Evaluate the accountability of the Board of Directors over the implementation of risk management policies at least once every three months.
- f. Arrange or authorize investigations within the scope of its powers.
- g. Regularly develop, review and update the Charter.



### Authority of the Risk Monitoring Committee

The Risk Monitoring Committee has the following authority:

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

### Structure, Expertise, and Legal Basis of Appointment

#### Composition and Expertise

Membership of the Risk Monitoring Committee consists of 5 (five) people, comprising 2 (two) Independent Commissioners (Manggi T. Habir and Made Sukada), 1 (one) Commissioner (Gan Chee Yen), 1 (one) Independent Party with expertise in Accounting and Risk Management, and 1 (one) Independent Party with expertise in Legal/Finance (Angela Simatupang dan Yusuf Nawawi). An Independent Commissioner, Manggi T. Habir, chairs the Risk Monitoring Committee. All Committee members have met the prevailing regulations with regard to expertise, integrity, and morals, requirements as declared in their personal statements.

#### Legal Basis of Appointment

The Circular Decision of the Board of Commissioners as a Substitute to the Resolution of the Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. No. KSR-Kom.Corp.Sec-005 dated April 28, 2017 stipulated the membership composition of the Risk Monitoring Committee.

### Independency of Risk Monitoring Committee Members

Majority or 80% of Committee members are Independent Commissioners and Independent Parties to maintain the independency and objectivity. Members of the Board of Directors may not sit as a member of the Risk Monitoring Committee.

#### Term of Office

The term of office shall not exceed those of the Board of Commissioners as stipulated in the Articles of Association.

### Policies and Implementation of Risk Monitoring Committee Meetings

#### Policies of Risk Monitoring Committee Meetings

- 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 based on the principles of deliberation to reach a consensus. In the case of deliberation to reach consensus does not occur, decisions must be 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 and 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 must be clearly expressed in the minutes of the meeting.

#### Risk Monitoring Committee Meeting Frequency and Attendance

During 2017, the Risk Monitoring Committee conducted 9 (nine) meetings with attendance rates as follows:

Name	Attendance in Meeting	Attendance Rate
Manggi T. Habir	9	100%
Gan Chee Yen *	9	100%
Made Sukada	9	100%
Angela Simatupang	8	89%
Yusuf Nawawi	9	100%

\* 3 times via teleconference

### Main Agenda of 2017 Risk Monitoring Committee Meetings

No	Date	Main Agenda
1	January 23, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
2	February 27, 2017	- Market & Liquidity Risks - National Portfolio report - Consumer portfolio update - Compliance, AML, Litigation
3	April 11, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
4	May 31, 2017	- National Portfolio report - Compliance, AML, Litigation - Market & Liquidity Risks
5	June 14, 2017	- Risk Management update
6	August 7, 2017	- Adira Quantum update - Added Value Tax in Tax Amnesty - National Portfolio report
7	September 28, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
8	October 31, 2017	- Market & Liquidity Risks - National Portfolio report - Compliance, AML, Litigation
9	November 21, 2017	- National Portfolio report - Compliance, AML, Litigation - Market & Liquidity Risks

### Implementation of 2017 Risk Monitoring Committee Activities

Key activities of the Risk Monitoring Committee included:

- Approval of FX Call Spread Option;
- Approval of Credit Authority Delegation Changes;
- Legal status update;
- Update on Anti Money laundering activities, FATCA, initiatives on IT systems;
- Indonesia's economy and global economic conditions;
- Analysis of Risk Appetite Statement;
- Approval of Product Program;
- Provided input on the Integrated Capital Management Policy;
- Approval of Information Security Policy

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

### NOMINATION COMMITTEE

The Nomination Committee was based on Decision No. KEP.DIR.Corp.Sec-004 dated March 4, 2014. The Nomination Committee assists the implementation of duties and functions of the Board of Commissioners related to the nomination of members of the Board of Directors and Board of Commissioners.

#### Charter of the Nomination Committee

The Nomination Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meetings and organization of meetings, and reporting. The Charter of the Nomination Committee must be periodically reviewed.

## Duties and Responsibilities of the Nomination Committee

### Duties and Responsibilities

The Nomination Committee has the following duties and responsibilities:

- a. The Nomination Committee provides recommendations to the Board of Commissioners regarding:
  - The composition of members of the Board of Commissioners and/or members of the Board of Directors
  - Policies and criteria needed in the nomination process
  - Performance evaluation policy for members of the Board of Commissioners and Board of Directors
- b. The Nomination Committee reviews, evaluates, and provides recommendations on the system and procedures of selection and/or replacement of the Board of Commissioners and the Board of Directors.
- c. The Committee identifies, reviews, and recommends candidates for the Board of Commissioners and the Board of Directors to the President Commissioner, to be presented at the General Meeting of Shareholders for approval.
- d. Recommends Independent Parties to the Board of Commissioners that will serve as members of the Board of Commissioners' committees.
- e. At Danamon's expense, the Nomination Committee may from time to time use its authority to use the services of one or more search firms to identify candidates (including approving the fees or requirements of the search firm).
- f. The Nomination Committee can evaluate all members of the Board of Commissioners and Board of Directors to be reappointed at the General Meeting of Shareholders.
- g. Reviews and evaluates candidates equally regardless of sex, race, religion, as well as source of initial recommendation.
- h. Reviews and evaluates candidates based on the minimum requirements and other criteria by taking into account all facts and conditions considered appropriate, such as, banking knowledge and proposed candidate expertise, in-depth knowledge and professional experience or other background

characteristics, their independence, and the requirements of the Board of Commissioners and the Board of Directors.

- i. The Nomination Committee recommends all candidates (both identified internally or by shareholders), who pass the evaluation test, to the Board of Commissioners through circulars to be nominated as a member of the Board of Commissioners or Board of Directors in the next General Meeting of Shareholders.
- j. The Nomination Committee evaluates and recommends candidates for the Board of Commissioners and Board of Directors of subsidiaries that have a significant impact on Danamon to the Board of Commissioners of Danamon. The Nomination Committee can provide no objection concerning a candidate member of the Board of Directors of Subsidiaries.
- k. The Nomination Committee assists the Board of Commissioners to assess the performance of members of the Board of Commissioners and members of the Board of Directors based on the evaluation benchmarks.
- l. The Nomination Committee provides recommendations to the Board of Commissioners regarding the capacity building program for members of the Board of Commissioners and/or the Board of Directors.
- m. The Nomination Committee must prepare, review, and update the Charter of the Nomination Committee regularly. The Charter is available on Danamon's website.

### Authority of the Nomination Committee

The Nomination Committee is authorized to:

- a. Access documents, data, and information required by Danamon.
- b. Establish direct communication with employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- c. Involve an independent party to support the implementation of its duties when necessary.
- d. Exercise other authority assigned by the Board of Commissioners.

## Structure, Expertise, and Legal Basis for the Appointment of the Nomination Committee

### Structure and Expertise

The Nomination Committee is made up of 5 (five) people comprising 2 (two) Independent Commissioners (J.B. Kristiadi and Made Sukada), 2 (two) Commissioners (Ng Kee Choe and Ernest Wong Yuen Weng), and 1 (one) Danamon Executive Officer from the Human Resources Division (Seskia Aqil Balfas).

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

### Legal Basis of Appointment

Members of the Nomination Committee are appointed through the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. No. KSR-Kom.Corp.Sec-004 dated April 20, 2017.

### Independency of the Nomination Committee

An Independent Commissioner, J.B. Kristiadi, chairs the Nomination Committee. To uphold independency and objectivity, members of the Board of Directors are not allowed to sit as members of the Nomination Committee.

### Term of Office

The term of office of members of the Nomination Committee must not exceed those of the Board of Commissioners as stipulated in the Articles of Association.

## Policies and Conduct of Nomination Committee Meetings

### Policies on the Nomination Committee Meetings

- Nomination Committee Meetings are held periodically at least 1 (one) time in 4 (four) months.
- The Nomination Committee Meeting can only be held if attended by the majority of the members and attended by the Chairman, including the Executive Officer in charge of Human Resources.
- 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 the vote majority. Decisions made are based on the principle of 1 (one) person, 1 (one) vote.
- Dissenting opinions during the Nomination Committee meetings along with their reasons must be clearly expressed in the minutes of the meetings.
- Each meeting must be recorded in the minutes of the meeting, properly documented, signed by attendees, and forwarded to the Board of Commissioners.
- Minutes of meetings of the Nomination Committee shall be submitted in writing to the Board of Commissioners.

### Implementation of the Nomination Committee Meeting

The Nomination Committee held 3 (three) meetings during 2017. The attendance rate of each Committee member is as follows:

Name	Attendance in Meeting	Attendance Rate
J.B. Kristiadi	3	100%
Ng Kee Choe	3	100%
Ernest Wong Yuen Weng	3	100%
Made Sukada	3	100%
Eric Gunawan Kosasih <sup>1)</sup>	1	100%
Seskia Aqil Balfas <sup>2)</sup>	2	100%

<sup>1)</sup> Eric Gunawan Kosasih resigned on July 26, 2017

<sup>2)</sup> Seskia Aqil Balfas replaced Eric Gunawan Kosasih based on the Committee meeting resolution dated September 28, 2017

### Main Agenda of 2017 Nomination Committee Meetings

No	Date	Main Agenda
1	March 10, 2017	Changes to the Composition of the Board of Directors, Board of Commissioners, and Syariah Supervisory Board
2	September 28, 2017	<ul style="list-style-type: none"> <li>- Resignation of Member of the Board of Directors of a Subsidiary &amp; Nomination of Replacement Candidates</li> <li>- Resignation of Member of the Danamon's Board of Directors</li> <li>- Appointment of Member/Secretary of the Nomination Committee</li> </ul>
3	October 24, 2017	<ul style="list-style-type: none"> <li>- Nomination of Member of the Danamon's Board of Directors</li> <li>- Nomination of Member of the Danamon's Syariah Supervisory Board</li> <li>- Nomination of an Independent Commissioner for the Subsidiary</li> </ul>

### Implementation of 2017 Work Activities of Nomination Committee

Key activities of the Nomination Committee were:

- Reviewed the candidates for members of Danamon's Board of Directors, Board of Commissioners, and Syariah Supervisory Board.
- Reviewed the composition of the subsidiaries' Board of Commissioners and Board of Directors
- Conducted review on replacement of Nomination Committee members.

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

### REMUNERATION COMMITTEE

The Remuneration Committee was established based on Decision No. KEP.DIR.Corp.Sec-004 dated March 5, 2014. The Remuneration Committee assists the execution of functions and duties of the Board of Commissioners regarding remuneration policy and remuneration structure of the Board of Commissioners, Syariah Supervisory Board, Independent Party, Board of Directors and certain Senior Management. The Remuneration Committee is responsible to the Board of Commissioners.

### Remuneration Committee Charter

The Remuneration Committee has a charter that stipulates matters relevant to objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meetings and meeting organization, and reporting. The Charter of the Remuneration Committee must be periodically reviewed.

### Duties and Responsibilities of the Remuneration Committee

#### Duties and Responsibilities

The Remuneration Committee has the following duties and responsibilities:

- Prepare policy, evaluate and provide recommendations to the Board of Commissioners on:
  - The structure of remuneration policies for the Board of Commissioners and Board of Directors and if necessary, Senior Management.
  - Remuneration, including salaries, allowances, bonus, and incentives, 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 the Syariah Supervisory Board.
  - Remuneration, including salaries and allowances of Independent Parties.
- Assist the Board of Commissioners to assess the suitability of performance with the remuneration received by each member of the Board of Commissioners and Board of Directors.
- Consider the following in preparing the structures, policies, and the amount of remuneration:
  - Applicable remuneration according to the business activity and business scale of Danamon and the industry it is in.
  - Fairness of remuneration compared with peer group
  - Duties, responsibilities, and authority of the Board of Directors and/or members of the Board of Commissioners in relation to the achievement of objectives and the performance of Danamon

- Target performance or the performance of individual members of the Board of Directors and/or members of the Board of Commissioners
  - The balance of permanent and variable benefits
  - The financial performance of Danamon and its compliance with the applicable regulations
  - Target consideration and long-term goal strategies of Danamon
- d. Evaluate the above structure, policies, and remuneration at least 1 (one) time per year.

In performing its duties and responsibilities, the Remuneration Committee must take into account Danamon's financial performance, individual performance, comparisons with peer groups, and consideration of Danamon's long-term strategic objectives.

#### Authorization of the Remuneration Committee

- a. Access documents, data, and information on employees, Senior Management, the Board of Directors, and 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 authority as assigned by the Board of Commissioners.

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

##### Structure and Expertise of Committee Members

The Remuneration Committee is made up of 5 (five) people, comprising 2 (two) Independent Commissioners (J.B. Kristiadi and Manggi T. Habir), 2 (two) Commissioners (Ng Kee Choe and Gan Chee Yen), and 1 (one) Executive Officer or an individual with a managerial position in Human Resources Division (Seskia Aqil Balfas).

All members of the Committee have fulfilled the requirements relevant to the expertise of a Committee member. These requirements also take into account integrity and ethics as declared in the member's personal statements.

#### Legal Basis of Appointment

Members of the Remuneration Committee are appointed through the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. No. KSR-Kom.Corp.Sec-004 dated April 20, 2017.

#### Independency of the Remuneration Committee

To uphold independency and objectivity, an Independent Commissioner, J.B. Kristiadi, chairs the Remuneration Committee. Additionally, members of the Board of Directors may not serve as a member of the Remuneration Committee.

#### Term of Office

Term of office for members of the Remuneration Committee must not exceed the term of office of the Board of Commissioners as stipulated by the Articles of Association.

#### Policies and Conduct of Remuneration Committee Meetings

##### Policies of Remuneration Committee Meetings

- a. Remuneration Committee meetings are held periodically at least 1 (one) time in 4 (four) months.
- b. Remuneration Committee meetings can only be held if attended by a majority of members of the Remuneration Committee and attended by the Chairman of the Remuneration Committee, including the Executive Officer in charge of Human Resources.
- c. Meeting decisions are made based on the principles of deliberation to reach consensus.
- d. In cases where deliberation to reach consensus does not occur, then the decision will be based on majority vote. Decisions made based on majority vote must be based on the principle of 1 (one) person, 1 (one) vote. Dissenting opinions during the meeting along with their reasons must be clearly expressed in the minutes of the meeting.
- e. Each meeting must be recorded in the minutes of the meeting, properly documented, signed by attendees, and forwarded to the Board of Commissioners.



### Implementation of Remuneration Committee Meetings

The Remuneration Committee held 4 (four) meetings throughout 2017. The attendance rate of each Committee member is as follows:

Name	Attendance in Meeting	Attendance Rate
J.B. Kristiadi	4	100%
Ng Kee Choe	4	100%
Gan Chee Yen	4	100%
Manggi T. Habir	4	100%
Eric Gunawan Kosasih <sup>1)</sup>	2	100%
Seskia Aqil Balfas <sup>2)</sup>	2	100%

<sup>1)</sup> Eric Gunawan Kosasih resigned on July 26, 2017

<sup>2)</sup> Seskia Aqil Balfas replaced Eric Gunawan Kosasih based on the Committee meeting resolution dated September 28, 2017

### Remuneration of Committee Members

Total remuneration for all members of the Remuneration Committee during 2017 amounted to Rp 17.9 billion.

### Main Agenda of 2017 Remuneration Committee Meetings

No	Date	Main Agenda
1	February 17, 2017	Bonus and Tantiem Proposal for 2016 Performance
2	March 10, 2017	- Proposal of Salary Increase and Distribution of 2016 Tantiem - Expatriate Salary Guideline
3	September 28, 2017	- Long Term Incentive Plan - Salary Scale and Structure
4	October 24, 2017	Long Term Incentive Plan and Retention Plan

### Implementation of 2017 Remuneration Committee Work Activities

The Remuneration Committee activities can be summarized as follows:

- Review the main guidelines for the determination of tantiem and bonus
- Review the compensation packages of the Directors and Senior Executive Officers
- Provide recommendations on remuneration of the Board of Commissioners, Board of Directors, and the Syariah Supervisory Board
- Review the incentive guideline principles.

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

### CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established based on circular resolution of the Board of Commissioners No. KEP: KOM-Corp.Sec.021 dated August 12, 2005 on the establishment of the Corporate Governance Committee. The Corporate Governance Committee assists the Board of Commissioners in terms of monitoring the effectiveness of governance structures, policies and resources to support the implementation of good corporate governance principles.

### Corporate Governance Committee Charter

The Corporate Governance Committee has a Charter that stipulates the objectives, accountability, structures and memberships, term of office, duties and responsibilities, authority, meetings and their organization, and reporting by the Corporate Governance Committee. The Corporate Governance Charter must be periodically reviewed.

## Duties and Responsibilities of the Corporate Governance Committee

### Duties and Responsibilities

In implementing its duties and responsibilities, the Corporate Governance Committee must act independently. The duties and responsibilities of the Corporate Governance Committee include:

- Periodically evaluate the structure and corporate governance framework as well as the consistencies of Danamon's corporate governance policies.
- Review Danamon's principles of corporate governance and where necessary recommend improvements to the Board of Commissioners.
- Supervise the implementation of corporate governance and provide recommendations for improvements.
- Review the corporate governance report published by Danamon to ensure its transparency and accuracy.
- Report the Committee's activities to the Board of Commissioners.

### Authority of the Corporate Governance Committee

- Access Danamon's documents, data, and information when necessary.
- Establish direct communication with employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- Involve independent parties to support its duties when required.
- Exercise other authority assigned by the Board of Commissioners.

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

### Structure and Expertise of Committee Members

The Corporate Governance Committee is made up of 3 (three) members, comprising 2 (two) Independent Commissioners, namely Made Sukada and Manggi T. Habir, and 1 (one) Commissioner, namely Ernest Wong Yuen Weng. The structure of this Committee membership has fulfilled the Charter, as well as independency requirements of Committee members.

Each member has the required expertise to perform the functions of the Committee, and each of them maintains integrity and ethics, as portrayed in their personal declaration letters.

### Legal Basis of Appointment

Members of Danamon's Corporate Governance Committee are appointed through the Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at Board of Commissioners Meeting No. KSR-Kom.Corp.Sec-005 dated 28 April 2017.

## Independency of the Corporate Governance Committee

To uphold independency and objectivity, an Independent Commissioner, namely Made Sukada, chairs the Corporate Governance Committee, and members of the Board of Directors are not allowed to sit as members of the Corporate Governance Committee.

### Term of Office

Term of office for members of the Corporate Governance Committee must not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association.

## Policy and Conduct of Corporate Governance Committee Meetings

### Policy of Corporate Governance Committee Meetings

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

### Implementation of Corporate Governance Committee Meetings

The Corporate Governance Committee held 4 (four) meetings during 2017 with the following attendance rates:

Name	Attendance in Meeting	Attendance Rate
Made Sukada	4	100%
Ernest Wong Yuen Weng <sup>1)</sup>	4	100%
Manggi T. Habir	4	100%

<sup>1)</sup> Attended the committee meeting via teleconference once on July 25, 2017

### Main Agenda of 2017 Corporate Governance Committee Meeting

No	Date	Main Agenda
1	January 23, 2017	<ul style="list-style-type: none"> <li>- GCG Self -Assessment report</li> <li>- Timeline of the 2017 General Meeting of Shareholders</li> <li>- Improvement on the 2016 Corporate Governance Activities</li> </ul>
2	March 10, 2017	<ul style="list-style-type: none"> <li>- Corporate Governance Implementation Report in the Annual Report</li> <li>- Update on Improvement and Action Plan to strengthen Corporate Governance</li> </ul>
3	July 25, 2017	<ul style="list-style-type: none"> <li>- GCG Self- Assessment report</li> <li>- Update on Corporate Governance Activities</li> </ul>
4	November 21, 2017	<ul style="list-style-type: none"> <li>- Update on Integrated and Danamon's Corporate Governance Policies</li> <li>- Corporate Governance Improvement Plan</li> <li>- New Regulation Update</li> </ul>

### Main Agenda of 2017 Corporate Governance Committee Meeting

Key activities for the 2017 Corporate Governance Committee, included:

- Received and reviewed the Management Report on:
  - Integrated Corporate Governance Policy
  - Report on GCG implementation of Danamon
  - Implementation of Danamon's GCG self-assessment
- Reviewed the agenda and content of the 2017 Annual GMS and Extraordinary GMS.

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

### INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee was established by the Board of Commissioners and stipulated by Board of Directors Decision No. KEP: DIR-Corp.Sec.009 dated August 12, 2015 on the Establishment of the Integrated Corporate Governance Committee. The Integrated Corporate Governance Committee is responsible to Danamon's Board of Commissioners, which is the main entity in Danamon Group financial conglomeration. The Integrated Corporate Governance Committee helps oversee the implementation of Danamon Group's (Danamon and Subsidiaries) integrated corporate governance.

### **Integrated Corporate Governance Committee Charter**

The Integrated Corporate Governance Committee has a Charter that stipulates the objectives, accountability, structures and memberships, term of office, duties and responsibilities, authority, meetings and their organization, and reporting. The Integrated Corporate Governance Charter must be periodically reviewed.

### **Duties and Responsibilities of the Integrated Corporate Governance Committee**

Duties and responsibilities of the Integrated Corporate Governance Committee include:

- a. Evaluate the implementation of integrated corporate governance through assessing the adequacy of internal controls and implementation of the integrated compliance function.
- b. Provide recommendations to the Board of Commissioners of the Main Entity on updates of integrated corporate governance policies where necessary.
- c. Increase the competencies of members through continuous education and training.
- d. Review and update the Charter of Integrated Corporate Governance Committee periodically.
- e. Maintain the confidentiality of all documents, data and information of the Main Entity and its Subsidiaries.

### **Authority of the Integrated Corporate Governance Committee includes**

- a. The Integrated Corporate Governance has the authority to access documents, data, and information required from the Main Entity and Subsidiaries, while complying with the internal policies of each entity as well as prevailing laws and regulations.
- b. The Integrated Corporate Governance has the authority to establish direct communication with employees, the Board of Directors, and other parties in the Main Entity and Subsidiaries.
- c. The Integrated Corporate Governance Committee has the authority to involve independent parties to support the duties, when necessary.
- d. The Integrated Corporate Governance Committee has the authority to exercise other authority assigned by the Board of Commissioners of the Main Entity.

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

Membership of the Integrated Corporate Governance Committee comprises 7 (seven) members consisting of 2 (two) Independent Commissioners (Made Sukada and Manggi T. Habir) and 1 (one) commissioner (Ernest Wong Yuen Weng) from Danamon (Main Entity), an independent commissioner who represents and is appointed from each of the Subsidiaries based on representation within the financial services sector (finance company (Djoko Sudyatmiko) and insurance company (Yulian Noor)), an independent party from the Main Entity (Angela Simatupang), as well as a member of the Syariah Supervisory Board of the Main Entity (M. Din Syamsuddin). The members of this Committee have met the Charter and independency requirements for Committee membership.

In relation to the appointment of a member of the Integrated Corporate Governance Committee (Yulian Noor) to become the President Director of a Subsidiary Company, the total number of members of the Integrated Corporate Governance Committee becomes 6 people.

An Independent Commissioner, Made Sukada, chairs the Integrated Corporate Governance Committee and members of the Board of Directors cannot sit as a member of the Integrated Corporate Governance Committee. Each member holds the required expertise to perform Committee functions and maintain integrity, and high standards of ethics as declared in their personal statements.

Members of Danamon's Integrated Corporate Governance Committee are appointed through the Circular Decision of the Board of Commissioners in replacement of the decisions taken in the Board of Commissioners Meeting No. KSR-Kom.Corp.Sec-005 dated April 28, 2017.

### **Term of Office**

Term of office for members of the Integrated Corporate Governance Committee must not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association.

## Policy of Integrated Corporate Governance Committee Meetings

Policy of Integrated Corporate Governance Committee Meetings

- Meetings are organized in line with Danamon's needs, at least once every semester.
- Minimum attendance at the committee meeting is 51% (fifty one percent).
- Meeting decisions are based on the principles of deliberation to reach consensus. In cases where deliberation to reach consensus does not occur, then the decision will be made based on majority vote. Decisions based on majority vote must be made based on 1 (one) person, 1 (one) vote.

- Dissenting opinions during meetings and reasons for such dissenting opinions must be clearly stated in the minutes of meetings.
- Each meeting must be recorded in the minutes of the meeting, properly documented, and signed by all the members of the Integrated Corporate Governance Committee present. Subsequently, this report will be forwarded to the Board of Commissioners.

## Conduct of Integrated Corporate Governance Committee Meetings in 2017

The Integrated Corporate Governance Committee held 3 (three) meetings during 2017 on January 23, 2017, July 25, 2017 and November 21, 2017, with the following attendance rates:

Date	Attendance in Meeting	Attendance Rate
Made Sukada	3	100%
Manggi T. Habir	3	100%
Ernest Wong Yuen Weng <sup>1)</sup>	3	100%
M. Din Syamsuddin	2	67%
Djoko Sudyatmiko	3	100%
Julian Noor <sup>2)</sup>	2	100%
Angela Simatupang	3	100%

<sup>1)</sup> Ernest Wong Yuen attended the Committee meeting via teleconference once on November 21, 2017

<sup>2)</sup> Yulian Noor did not attend the Committee meeting on November 21, 2017 as he was appointed as the President Director of PT AAD as of October 2017

## Main Agenda of 2017 Integrated Corporate Governance Committee Meetings

No	Date	Main Agenda
1	January 23, 2017	<ul style="list-style-type: none"> <li>- Integrated Corporate Governance Self-Assessment report</li> <li>- Update on Corporate Governance and Integrated Corporate Governance Policies</li> <li>- Update from Subsidiaries</li> </ul>
2	July 25, 2017	<ul style="list-style-type: none"> <li>- Integrated Corporate Governance Self-Assessment report</li> <li>- Update from Subsidiaries</li> </ul>
3	November 21, 2017	<ul style="list-style-type: none"> <li>- Update on the issuance of Integrated Corporate Governance Policy</li> <li>- Follow-Up Commitment to FSA Findings</li> <li>- Membership of Integrated Corporate Governance Committee</li> <li>- Update from Subsidiaries</li> </ul>

## Implementation of 2017 Integrated Corporate Governance Committee Work Activities

The Integrated Corporate Governance Committee during 2017 reviewed and evaluated the following:

- Results of the assessment (self-assessment) implementation of integrated corporate governance
- Renewal of Integrated Corporate Governance Policy
- Implementation of Corporate Governance in the Main Entity and its Subsidiaries.

The Integrated Corporate Governance Committee reports its activities and recommendations to the Board of Commissioners on a regular basis.

## BOARD OF DIRECTORS

The Board of Directors is collectively and fully responsible for the management of the company, for its interests and objectives, as well as representing the Company both in and out of court in accordance with the Articles of Association.

The appointment of members of the Board of Directors is conducted by the General Meeting of Shareholders (GMS) after considering the recommendations of the Nomination Committee by the Board of Commissioners. The appointment is effective from the date set out in the GMS and ends at the closing of the third GMS after the date of appointment. In the case of an additional member to the Board of Directors, the terms of office of the new Director starts on the date specified in the GMS and ends on the same date as the terms of office of the other Directors.

The Board of Directors is accountable for the execution of its duties to the GMS. In performing its duties, the Board of Directors is given clear authority and responsibility pursuant to the Articles of Association, which refers to the prevailing rules and regulations. Members of the Board of Directors that reach the end of tenure may be re-elected by the GMS for the next 3 years.

### Board of Directors Charter

The Board of Directors (BoD) Charter is prepared based on prevailing regulations (Financial Services Authority/Bank Indonesia), international best practices and best governance practices. The Board of Directors Charter contains matters related to the general requirements, membership structure, duties and responsibilities, committee establishment, authority, transparency, work ethics, meetings, terms of office and reporting.

### The Board of Directors Work Ethics

Members of the Board of Directors have work ethics as follows:

- a. 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. Prohibited from receiving personal gains from Danamon other than remuneration and facilities determined in the General Meeting of Shareholders.
- c. Prohibited from having concurrent positions as a member of a Board of Commissioners, Board of Directors or executive officers of other banks, companies or other institutions. Excluded as a prohibited concurrent position, if a Director is responsible for the supervision of 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 neglecting his/her duties and responsibility as a member of the Board of Directors.
- d. Must not hold a share ownership of more than 25% (twenty five percent) of the paid up capital of Danamon and/or other companies.
- e. Prohibited from giving general authority to another party, which will result in the transfer of duties and functions of the Board of Directors.
- f. Prohibited from using individual advisors and/or professional services as a consultant unless it meets the following requirements: 1) The project is specific; 2) Based on a 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 has the qualifications to work on specific projects.
- g. Prohibited from directly or indirectly making incorrect statements about material facts or not disclosing material facts, to ensure that the statements made on the state of Danamon are not misleading
- h. Subject to Danamon's Code of Conduct, the prevailing laws and regulations, as well as Danamon's internal policies.

### Board of Directors Transparency

- a. The Board of Directors must disclose in the Corporate Governance Implementation Report information including:
  - Shareholding in Danamon as well as in other banks and companies domiciled in the country and overseas;



- Financial and family relationships with members of the Board of Commissioners, fellow Directors and/or Danamon's controlling shareholders;
  - Remuneration and facilities received from Danamon;
  - Positions in other companies.
- b. The Board of Directors must disclose Danamon's strategic employment policy to all employees.

### **Duties, Responsibilities and Authority of Board of Directors**

- a. The duties and responsibilities of the Board of Directors include:
- Manage Danamon in accordance with the authorities and responsibilities as stipulated in the Articles of Association and prevailing laws and regulations.
  - Implement the principles of good corporate governance in the business activities of Danamon at all levels of the organization.
  - Take full responsibility for setting the short-term and long-term strategies, and the priorities of Danamon.
  - Follow up on audit findings and recommendations of the internal audit unit of Danamon, external auditors, monitor the results of Financial Services Authority supervision and/or the results of supervision of other regulators.
  - Implement Danamon social responsibility programs.
  - Establish an Internal Audit unit, Risk Management Unit and Compliance Unit to implement good corporate governance principles.
  - Maintain a healthy and open relationship with the Board of Commissioners and support the Board of Commissioners in performing their supervisory function.
  - Be accountable for implementing its duties to the shareholders through the General Meeting of Shareholders.
  - Disclose to employees, Human Resources strategic policies in the field of personnel.

- Provide accurate, relevant and timely data and information to the Board of Commissioners.
  - Ensure the implementation of integrated corporate governance in the Financial Conglomerate as defined in the policies of Integrated Corporate Governance.
- b. Authority of the Board of Directors
- Represent Danamon in and out of courts of law on all matters and in any event, binding Danamon with other parties and other parties with Danamon, as well as executing all actions, both related to the management and ownership, but with restrictions and conditions as described in the Articles of Association.
  - Perform other authority granted in the Articles of Association of Danamon and the prevailing rules and regulations.

### **Policy on Diversity in the Board of Directors**

Danamon has a diversity policy that is used as a reference in the process of nomination of candidates for the Board of Directors. 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.

During the nomination process, in addition to the minimum requirements and other criteria, the scope and balance of knowledge, skills and experience, as well as diversity are taken into consideration to obtain optimum composition of the Board of Directors. Optimum composition of the Board of Directors can enhance decision-making and ultimately improve Danamon performance.

### **Board of Directors Succession Policy**

Danamon has a succession policy for members of the Board of Directors that is used to maintain continuity of leadership in the future. Implementation of succession is conducted through the identification of executive officials who show potential, through the Talent Review Program. Each member of the Board of Directors is obliged to submit a minimum of two

(2) candidates who will be evaluated and identified for his/her competency and skills. The replacement candidates will be grouped in a talent inventory to be recommended to the Nomination Committee.

### Board of Directors Nomination Policy

The Nomination Policy is compiled as a basis in the process of identifying candidates for members of the Board of Directors with the best qualifications who meet the minimum requirements as set out in legislation and other criteria.

The Nomination Committee carries out the candidate identification process and if necessary, may use the services of third parties (search firms). The Nomination Committee identifies candidates who meet the requirements, interviews and selects the best candidates (including performing background checks and references).

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 on the Board of Directors to be reappointed at the General Meeting of Shareholders.

### Number, Composition and Criteria of Directors

In 2017 there was a change in the composition of the Board of Directors. The AGMS 2017 agreed to accept Muliadi Rahardja's request not to be reappointed as a member of the Board of Directors. The AGMS 2017 approved to reappoint some members of Danamon's Board of Directors with the term of office that will end at the closing of the 3<sup>rd</sup> Annual GMS after the GMS 2017 with the following composition:

1. President Director: Sng Seow Wah
2. Director: Vera Eve Lim
3. Director: Herry Hykmanto

4. Director: Michellina Laksmi Triwardhany
5. Director: Satinder Pal Singh Ahluwalia
6. Director: Adnan Qayum Khan
7. Director: Heriyanto Agung Putra
8. Director (Independent): Rita Mirasari

Vera Eve Lim who served as the Finance Director resigned with term of office period ending on December 19, 2017, the composition of Directors as of December 2017 is as follows:

1. President Director: Sng Seow Wah
2. Director: Herry Hykmanto
3. Director: Michellina Laksmi Triwardhany
4. Director: Satinder Pal Singh Ahluwalia
5. Director: Adnan Qayum Khan
6. Director: Heriyanto Agung Putra
7. Director (Independent): Rita Mirasari

Danamon's Board of Directors consists of 7 (seven) members, one of them being appointed as Independent Director. The majority or 4 of the 7 members of the Board of Directors are Indonesian nationals and are all domiciled in Indonesia. The Board of Directors is chaired by a President Director who is a professional, and has adequate integrity and competence. The President Director is an independent party that has no management relationship, ownership and/or financial relationship and/or family relationship with the controlling shareholder.

All members of the Board of Directors upon appointment have met the requirements of integrity, competency and financial reputation, as well as good character and morals, have not been declared bankrupt, have not been convicted of a criminal offense, and have the knowledge, expertise and experience as bank executives. All members of the Board of Directors have passed the fit and proper test in accordance with the provisions of FSA/BI.

Composition of Danamon's Board of Directors as of December 31, 2017:

Name	Position	Date of GMS	Effective Date (FSA/BI Approval)	Appointment	Number of Appointment	Domicile
Sng Seow Wah	President Director	February 27, 2015	November 20, 2014	2015-2017 2017-2020	2x	Indonesia
Herry Hykmanto	Director	April 3, 2008	May 13, 2008	2008-2011 2011-2014 2014-2017 2017-2020	4x	Indonesia
Michellina Laksmi Triwardhany	Director	April 29, 2010	May 27, 2010	2010-2011 2011-2014 2014-2017 2017-2020	4x	Indonesia
Satinder Pal Singh Ahluwalia	Director	April 29, 2010	June 24, 2010	2010-2011 2011-2014 2014-2017 2017-2020	4x	Indonesia
Adnan Qayum Khan	Director	April 28, 2016	August 8, 2016	2016-2017 2017-2020	2x	Indonesia
Heriyanto Agung Putra	Director	April 28, 2016	December 23, 2016	2016-2017 2017-2020	2x	Indonesia
Rita Mirasari	Independent Director	September 7, 2016	September 14, 2016	2016-2017 2017-2020	2x	Indonesia

### Independent Director

Danamon re-appointed Rita Mirasari as Independent Director through the Annual GMS on April 12, 2017. The Independent Director, in addition to meeting the criteria as a member of the Board of Directors, is also required to meet the following criteria:

- Not affiliated with Danamon's controlling shareholders at least 6 (six) months prior to the appointment as Independent Director;
- Not affiliated with the Board of Commissioners or other Directors of Danamon;
- Not having a concurrent position as a 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 Danamon 6 (six) months prior to the appointment as Director.
- Appointed by the Board of Commissioners.

The term of office for the Independent Director is maximum two (2) consecutive terms and in case of a vacancy, the position must be filled no later than the next GMS or within six (6) months after the vacancy occurs.

### Duties and Responsibility of Each Director

Each member of the Board of Directors has duties and authorities that are subject to the Articles of Association and Circular Resolution of the Board of Directors on the Duties and Authorities of the Board of Directors No. KSR-DIR.Corp.Sec.-002 effective on November 1, 2017, as follows:

BoD Member	Duties and Responsibilities
Sng Seow Wah President Director	As the President Director, has overall responsibility for the duties and authority of the Board of Directors, and also directly supervises Danamon's Internal Audit, PT Adira Dinamika Multi Finance Tbk, PT Asuransi Adira Dinamika, Wholesale Banking, Transaction Banking, Treasury Capital Market and Information Technology.
Herry Hykmanto Director	As a Director, supervising Syariah Banking and Operations
Michellina Laksmi Triwardhany Director	As a Director, supervising Branch Network (Sales & Distribution), Consumer Banking, Small and Medium Enterprises
Satinder Pal Singh Ahluwalia Director	As a Director, supervising Danamon Simpan Pinjam, Corporate Real Estate Management (CREM), and Financial Planning and Control.
Adnan Qayum Khan Director	As a Director, supervising Integrated Risk
Heriyanto Agung Putra Director	As a Director, supervising Human Resources
Rita Mirasari Independent Director	As the Legal and Compliance Director, supervising Compliance, AML/KYC, Legal, Litigation.

### Independence of Directors

All Directors must have no familial or financial relationships with each other as expressed in the statement letter signed by members of the Board of Directors, which is updated every year. Directors must be in compliance with the requirement of independency in accordance with Good Corporate Governance as stipulated in the Board of Directors Charter.

### Family Relations and Financial Relations of Members of the Board of Directors

Board of Director	Family Relation with						Financial Relation with					
	Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Sng Seow Wah President Director	-	√	-	√	-	√	-	√	-	√	-	√
Herry Hykmanto Director	-	√	-	√	-	√	-	√	-	√	-	√
Michellina Laksmi Triwardhany Director	-	√	-	√	-	√	-	√	-	√	-	√
Satinder Pal Singh Ahluwalia Director	-	√	-	√	-	√	-	√	-	√	-	√
Adnan Qayum Khan Director	-	√	-	√	-	√	-	√	-	√	-	√
Heriyanto Agung Putra Director	-	√	-	√	-	√	-	√	-	√	-	√
Rita Mirasari Director	-	√	-	√	-	√	-	√	-	√	-	√

## Concurrent Positions of the Board of Directors

Directors are required to disclose other positions as outlined in the statement letter and signed by members of the Board of Directors and renewed every year. Concurrent positions of Directors are excluded for Directors who are responsible in supervising Subsidiaries, having functional tasks and serving on the Board of Commissioners of Subsidiaries. All Directors have no concurrent position prohibited in accordance with FSA regarding Implementation of Corporate Governance for Commercial Banks.

## List of Danamon Director Positions in Subsidiaries

Name	Position in Bank Danamon	Position in Subsidiaries
Sng Seow Wah	President Director	President Commissioner of PT Adira Dinamika Multi Finance Tbk
Herry Hykmanto	Director	-
Michellina Laksmi Triwardhany	Director	-
Satinder Pal Singh Ahluwalia	Director	-
Adnan Qayum Khan	Director	-
Heriyanto Agung Putra	Director	-
Rita Mirasari	Independent Director	-

## Share Ownership of Directors

Share ownership, directly or indirectly, of each Director at Danamon, other banks, non-bank financial institutions and other companies exceeding 25% of the paid-up capital is listed below:

Board of Directors	Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Sng Seow Wah President Director	Number of shares owned 2,325,400 shares	-	-	-	- Percentage of Danamon Shares owned: 0.02% - Type of Shares: Series-B Shares
Herry Hykmanto Director	Number of shares owned 131,856 shares	-	-	-	- Percentage of Shares owned: 0.00% - Type of Shares: Series-B shares
Michellina Laksmi Triwardhany Director	Number of shares owned 1,014,200 shares	-	-		- Percentage of Danamon Shares owned: 0.01% - Type of Danamon Shares: Series-B Shares
		-	-	PT. Sapta Selera Kreasi	Percentage of Shares owned: 20%
Satinder Pal Singh Ahluwalia Director	Number of shares owned 396,300 shares	-	-	-	- Percentage of Danamon Shares owned: 0.01% - Type of Danamon Shares: Series-B Shares

Board of Directors	Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Adnan Qayum Khan Director	-	Royal Bank of Scotland Number of shares owned 9,596 shares	-	-	Percentage of Shares owned: 0.001%
Heriyanto Agung Putra Director	-	-	-	PT. Garuda Indonesia Number of shares owned 207,804 shares	Percentage of Shares owned: 0.002%
Rita Mirasari Independent Director	-	-	-	-	-

## Board of Directors Remuneration

### 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 Danamon and assessment results of target (goal setting) achievement, prevailing regulations, industry comparison, and the performance of Danamon. Recommendation of the Committee is submitted to the Board of Commissioners for approval in the GMS.

### Procedure for Determining Board of Directors Remuneration

Procedure for determining Board of Directors Remuneration could be depicted 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 Board of Commissioners studies the recommendation from the Remuneration Committee and proposes remuneration of Board of Directors 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 Board of Directors in accordance to GMS.



### Board of Directors Remuneration Structure

The remuneration package of members of the Board of Directors is paid periodically and the classification of remuneration level and the number of Board of Directors' members receiving remuneration package within 1 (one) year, is disclosed in the Remuneration Policy section in this report.

### Board of Directors Meetings

#### Policy on Board of Directors Meetings

- a. Board of Directors meetings are scheduled and held at least 1 (one) time a month.
- b. Joint meetings of the Board of Directors with the Board of Commissioners are held at least once every 4 (four) months.
- c. Directors should schedule the meeting of the Board of Directors and the Joint Meeting with the Board of Commissioners for the following year before the end of the fiscal year.
- d. 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 of Danamon and other laws and regulations.
- e. Concerning scheduled meetings, invitations and materials must be submitted to the participants of the meeting no later than 5 (five) days prior to the meeting.
- f. If the meeting is not scheduled beforehand, the meeting materials are to be submitted to the meeting members prior to the meeting.
- g. Meeting invitations must be delivered to participants at least 3 (three) days prior to the meeting taking place.
- h. The President Director chairs the Board of Directors meetings. 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 must be appointed by the attending Directors to chair the Board of Directors meeting.
- i. Another Director based only on power of attorney can represent a member of the Board of Directors in the meeting.
- j. 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.
- k. 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 are based on the principle of 1 (one) person, 1 (one) vote.
- 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 Danamon 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 other Directors determine otherwise.
- m. The meeting of Directors must be set forth in the minutes of the meeting, signed by all members of the Board of Directors in attendance, and submitted to all members of the Board of Directors and the Corporate Secretary.
- n. Results of Board of Directors meetings together with the Board of Commissioners must be set out in the minutes of the meetings, signed by all members of the Board of Directors and members of the Board of Commissioners in attendance, and submitted to all members of the Board of Directors and the Board of Commissioners and the Corporate Secretary.
- o. In the event of a member of the Board of Directors and/or member of the Board of Commissioners not signing the results of the above meetings, he or she must state the reasons in writing in a separate letter attached to the minutes of the meeting.
- p. Dissenting opinions expressed in the Board of Directors meeting must be clearly stated in the minutes of the meeting with the reasons for the differences in opinions.
- q. The Board of Directors may also adopt lawful and binding decisions without convening a meeting of the Board of Directors, provided all members of the Board of Directors approve in writing by signing a Circular Decision containing the proposal in question. Decisions taken in this way have the same legal force as decisions taken at legitimate meetings.

### Frequency of the Board of Directors Meetings

During 2017, the Board of Directors convened 32 meetings consisting of 28 meetings of the Board of Directors and 4 meetings of the Board of Directors with the Board of Commissioners. All results of the meeting decisions are documented in the minutes of the meeting. Decision making in all meetings of the Board of Directors must be conducted by deliberation and consensus, and there were no dissenting opinions.

### Attendance Rate of Board of Directors Meetings and Joint Meeting with the Board of Commissioners

Board of Directors	Board of Directors Meetings (Total of 28)	Joint Meetings with the Board of Commissioners (Total of 4)	Attendance Rate
Sng Seow Wah	26	4	94%
Herry Hykmanto	24	4	88%
Michellina Laksmi Triwardhany	24	4	88%
Satinder Pal Singh Ahluwalia	26	4	94%
Adnan Qayum Khan	27	4	97%
Heriyanto Agung Putra	26	4	94%
Rita Mirasari	26	4	94%

### Main Agenda of 2017 Board of Directors Meetings

Month	Board of Directors Meetings	Main Agenda
January	<ul style="list-style-type: none"> <li>January 11, 2017</li> <li>January 16, 2017</li> <li>January 30, 2017</li> </ul>	<ul style="list-style-type: none"> <li>Organizational Structure of Compliance, Legal, Corporate Secretary, Legal, Litigation, and KYC Unit</li> <li>2016 Financial Performance</li> <li>2016 Audit results</li> <li>2017 Internal Audit Plan</li> <li>Follow-up on FSA Findings</li> <li>Update on the Completion of the 2016 Annual Report</li> <li>Risk Management update</li> <li>GCG and Bank Soundness Self- Assessments</li> </ul>
February	<ul style="list-style-type: none"> <li>February 13, 2017</li> <li>February 20, 2017</li> <li>February 27, 2017</li> </ul>	<ul style="list-style-type: none"> <li>January 2017 Financial Performance</li> <li>New Regulation on Bilyet Giro</li> <li>3 Year Plan</li> <li>Work Culture Survey</li> <li>Update on Kredit Usaha Tani (KUT)</li> <li>Standard Operational Procedure of Corporate Real Estate Management</li> <li>Transformation Governance</li> </ul>
March	<ul style="list-style-type: none"> <li>March 6, 2017</li> <li>March 10, 2017</li> <li>March 13, 2017</li> </ul>	<ul style="list-style-type: none"> <li>3 Year Plan</li> <li>Update on the 3 Year Plan</li> <li>2017 Employee Engagement Initiative</li> <li>Risk Management update</li> <li>January 2017 Financial Performance</li> <li>Adira Quantum update</li> </ul>
April	<ul style="list-style-type: none"> <li>April 3, 2017</li> <li>April 17, 2017</li> </ul>	<ul style="list-style-type: none"> <li>Proposal on Dividend Payment Ratio-Adira Finance and Adira Asuransi</li> <li>Changes to the IT Steering Committee</li> <li>Real Estate Steering Committee</li> <li>March 2017 Financial Performance</li> <li>Risk Management update: IFRS9 Project, Danamon Recovery Plan for systemic bank, Update of Risk Appetite Statement, and ORM- new structure of QA/ICO</li> <li>Digitalization Project</li> </ul>

### Main Agenda of 2017 Board of Directors Meetings

Month	Board of Directors Meetings	Main Agenda
May	<ul style="list-style-type: none"> <li>• May 3, 2017</li> <li>• May 16, 2017</li> <li>• May 29, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- Misappropriation of health insurance claims</li> <li>- 2016 ICAAP Stress Test</li> <li>- Employee Engagement Initiative Proposal</li> <li>- April 2017 Financial Performance</li> <li>- Comparison of peer-banks in the first quarter</li> <li>- Information Security Policy</li> <li>- Risk Management update</li> </ul>
June	<ul style="list-style-type: none"> <li>• June 12, 2017</li> <li>• June 19, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- Danamon Corporate Campaign and 61st Anniversary Program</li> <li>- SLIK Project</li> <li>- Disciplinary Committee</li> <li>- May 2017 Financial Performance</li> <li>- Mid 2017 Forecast-Macroeconomic Assumptions</li> </ul>
July	<ul style="list-style-type: none"> <li>• July 10, 2017</li> <li>• July 24, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- Revision on the 2017 Danamon Business Plan &amp; Summary of June 2017 Financial Performance</li> <li>- June 2017 Financial Performance and Mid 2017 Forecast</li> <li>- Internal Audit Rating Change</li> <li>- Risk Management update</li> </ul>
August	<ul style="list-style-type: none"> <li>• August 21, 2017</li> <li>• August 28, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- Mid 2017 Forecast and July 2017 Financial Performance</li> <li>- 2017 External Audit Plan</li> <li>- 2018-2020 Kick Off Budget Timeline</li> </ul>
September	<ul style="list-style-type: none"> <li>• September 11, 2017</li> <li>• September 18, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- Comparison of peer-Banks - Second Quarter of 2017</li> <li>- Legal and Compliance update</li> <li>- Risk Management update</li> <li>- August 2017 Financial Performance</li> <li>- Code of Conduct</li> </ul>
October	<ul style="list-style-type: none"> <li>• October 2, 2017</li> <li>• October 23, 2017</li> <li>• October 31, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- Provisions for Legal Obligations</li> <li>- Revision of 2018 Plan</li> <li>- Business Recovery Plan update</li> <li>- Risk Management update</li> <li>- SLIK update</li> <li>- AML and CFT Evaluations</li> <li>- 2017 Annual Report Kick Off</li> </ul>
November	<ul style="list-style-type: none"> <li>• November 16, 2017</li> <li>• November 27, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- October 2017 Financial Performance and 3 Year Plan</li> <li>- 2017 Internal Audit results</li> <li>- Risk Management update</li> <li>- Executive Leadership Program</li> </ul>
December	<ul style="list-style-type: none"> <li>• December 11, 2017</li> </ul>	<ul style="list-style-type: none"> <li>- SLIK and CDCM update</li> <li>- November 2017 Financial Performance</li> <li>- 2017 Performance Assessment Guidelines and New Performance Management System</li> </ul>

### Main Agenda of Joint Meeting with the Board of Commissioners

No	Date	Main Agenda
1.	January 24, 2017	<ul style="list-style-type: none"> <li>- Financial Performance</li> <li>- General Meeting of Shareholders</li> </ul>
2.	March 20, 2017	Dividends
3.	September 28, 2017	Financial Performance
4.	November 15, 2017	Danamon's Strategic Project

## 2018 Meeting Schedule

At the end of 2017, the Board of Directors arranged a schedule of 24 Board of Directors' meetings and 3 joint meetings with the Board of Commissioners to be held in 2018.

## Attendance of Members of the Board of Directors in the Annual GMS

The responsibility of the Board of Directors on the execution of duties and responsibilities was submitted to shareholders through the 2017 Annual GMS. All members of the Board of Directors were present at the Annual GMS, which was held on April 12, 2017.

## Implementation of Duties and Responsibilities of the Board of Directors in 2017

The Board of Directors undertook Danamon's business activities in a directed and planned manner to fulfill its obligations to the stakeholders. The Board of Directors performed their duties and responsibilities as follows:

- Followed up consistently on the implementation of Danamon's long-term strategy that was formulated in 2015.
- Diversified Danamon's growth drivers which include Small & Medium Enterprises, Enterprise Banking, and Consumer Banking.
- Reviewed and reorganized Micro Banking through branch optimization, quality improvement of human resources and extensive credit process automation.
- Strengthened Sales & Distribution (S & D) capabilities by introducing a culture and sales and service process known as "Danamon Way".
- Strengthened credit risk management by integrating all loan approval functions previously reported to each business segment to Chief Credit Officer, to ensure more independent credit approval and process as well maintaining the quality of the portfolio.
- Invested in digital technology solutions to deliver superior customer service improvements and automated operational processes to become more efficient and effective.

## Board of Directors Performance Assessment

### Implementation Process of Performance Assessment

Performance assessment of the Board of Directors is based on collegial work of all members of the Board of Directors on the achievement of Danamon's business plans. In addition, the performance assessment of Directors also considers the duties and responsibilities in accordance with laws and regulations and the Company's Articles of Association.

### Assessment Criteria

The evaluation criteria for the performance of the Board of Directors is based on overall achievements including financial, franchise building, risk and control, human capital and Danamon core values, as follows:

- financial performance,
- soundness level of the bank
- capitalization,
- risk profile,
- regulatory compliance,
- significance of audit results,
- long-term goals and strategies,
- implementation of corporate governance principles.

### Assessment Implementation

The performance assessment of the Board of Directors is conducted by the Board of Commissioners and the performance assessment results are taken into consideration in improving the effectiveness of the performance of the Board of Directors. In addition, the Board of Directors performance assessment was delivered in the form of accountability of the duties and responsibilities at the Annual GMS.

### Performance Assessment of Board of Directors Members

All members of the Board of Directors have performance targets set forth in the balanced scorecard in accordance with the duties and responsibilities of each Director, including compliance management, risk control, and human resources. The performance assessment of Directors is performed every 6 (six) months by the President Director.

## Board of Commissioners' Opinion to Board of Directors' Performance

Danamon's Net Profit after Tax increased by 38% to reach Rp3.7 trillion in 2017. Return on Equity improved to 10.5% % compared to 8.0% the preceding year.

Danamon continued to reconstitute its loan portfolio to a more diversified loan book and less reliance on the mass market. The move to expand the coverage of SME customers gained traction with loans to this segment growing by 10% to Rp29.2 trillion whilst loans to the Consumer segment grew by 20% to reach Rp9.1 trillion.

Danamon continued to maintain prudence, with a sharp focus on credit quality and risk management, whilst expanding its loans. The Cost of Credit improved to 2.8% from 3.5%.

During the year Danamon implemented a comprehensive sales and service training in its Sales and Distribution network. The application of the 'Danamon Way' throughout the whole organization will go towards enhancing the overall sales culture and productivity, and customer centricity.

Danamon continues to maintain a strong capital position: Danamon's Capital Adequacy Ratio stood at 23.2 % which was amongst the highest in the banking industry. This provides Danamon with the capacity to grow as well as the strength to meet unforeseen adverse developments.

The Board of Commissioners (BOC) commends the Board of Directors (BOD) in achieving the strong performance.

### Orientation Program for New Directors

During 2017, there were no new Directors in Danamon. Danamon has an orientation program for new BoD members through the provision of the On-Boarding Pack and a face-to-face briefing by related units to provide a better understanding of the organization, duties and responsibilities, and processes in Danamon.

### Training Programs of Directors

Danamon provides the opportunity for Directors to participate in training, certification, workshops, and conferences to enhance competency, professionalism and knowledge on an on-going basis. During 2017, members of the Board of Directors participated in training, certification, workshops, and conferences as follows:

Board of Director	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Sng Seow Wah	2017 Credit Suisse ASEAN Conference	Credit Suisse	Singapore	January 12-13, 2017
	Senior Leader Workshop	Cohen Brown Project	Jakarta	April 28, 2017
	Manchester United Business Network 2017	Aon	United Kingdom	May 21-22, 2017
	Danamon Digital Workshop	BDI	Jakarta	May 30, 2017
	Danamon Leadership Assessment & Senior Management Team Performance Development Program	Russell Reynolds Associates	Yogyakarta	October 5-6, 2017
	Cyber Security Workshop	Singtel Cyber Security Institute	Jakarta	October 20, 2017
	Barclays Asia Forum 2017	Barclays	Singapore	November 2, 2017
	Executive Enrichment Program: Understanding Shifting Behavior of The Customer in The Current Market	PPM School Management	Jakarta	December 13, 2017
Herry Hykmanto	Executive Seminar on Enterprise Path to Agility	Scrum Indonesia's Joshua Partogi	Jakarta	March 13, 2017
	Refreshment Sertifikasi Manajemen Risiko Level V	The Risk Forum	Jakarta	March 29, 2017
	Customer Journey Workshop	Danamon & BCG	Jakarta	April 3, 2017
	ICC Banking Commission Annual Meeting	ICC Indonesia	Jakarta	April 3-7, 2017
	ICC B20-G20 Policy Consultation on Trade Finance	ICC Indonesia	Jakarta	April 4, 2017
	Innovations in Islamic Trade Finance at Annual Meeting ICC Banking Commission	ICC Indonesia	Jakarta	April 5, 2017
	RSKKNi National Praconvention Payment System Field	Bank Indonesia	Surakarta	August 24-25, 2017
	Banking Potential Dispute and Alternative in Dispute Resolution through DOCDEX (Documentary Instruments Dispute Resolution Expertise)	ICC Indonesia & LAPSPI	Jakarta	September 20, 2017
	Bank Danamon Leadership Assessment and Senior Management Team performance development program	Russell Reynolds Associates (RRA)	Yogyakarta	October 5-6, 2017
	Cybersecurity Workshop with Management Readiness	SingTel	Jakarta	October 20, 2017
	RSKKNi National Convention Payment System Field	Bank Indonesia	Jakarta	November 8-9, 2017
	Interviewee of Trade Finance and Risk Mitigation : Sharing Knowledge with Bank Indonesia's Stakeholder	Bank Indonesia	Solo	November 18, 2017
	Socialisation of Virtual Account Workshop	Badan Pengelola Keuangan Haji (BPKH)	Jakarta	December 28, 2017



Board of Director	Training/Conference/Seminar/ Workshop	Organizer	Location	Date
Michellina Laksmi Triwardhany	Sales & Service Culture: TTT (Train-the-Trainer) Program ESL	Cohen Brown	Jakarta	May 8, 2017
	E Sol Manulife Workshop	Manulife	Jakarta	January 5, 2017
	Cloudera Big Data Platform	Cloudera	Jakarta	February 21, 2017
	Customer Journey Workshop	Boston Consulting Group	Jakarta	April 3, 2017
	Sales & Service Culture	Cohen Brown	Jakarta	May 8, 2017
	Danamon <i>Leadership</i>	Russel Reynolds	Yogyakarta	October 6, 2017
	Cyber Security Workshop	SingTel	Jakarta	October 20, 2017
	Senior Leaders Workshop PRB	Cohen Brown	Jakarta	November 20-21 2017
Satinder Pal Singh Ahluwalia	RAS Cascading Workshop	Oliverwyman	Jakarta	March 7, 2017
	Cyber Security Workshop	BARa	Jakarta	September 14, 2017
	Leadership Assessment & Senior Management Development Program	Russell Reynolds Associate	Yogyakarta	October 5-6, 2017
	Cyber Security Workshop with Management Readiness	SingTel	Jakarta	October 20, 2017
Adnan Qayum Khan	Cloudera's FSI Breakfast Roundtable	Cloudera	Jakarta	February 21, 2017
	UBS Indonesia Conference 2017	UBS	Jakarta	March 7, 2017
	Recovery & Resolution Planning: Challenges for Indonesia Banks	Oliver Wyman	Jakarta	April 26, 2017
	The Future of Finance, Indonesia 2017 & Heads of Risk Dialogue	The Asian Banker	Jakarta	July 27, 2017
	Cyber Security Workshop	SingTel	Jakarta	October 20, 2017
	Digital Identity: Laying the Foundation for the Digital Enterprises	Deloitte	Jakarta	November 2, 2017
Heriyanto Agung Putra	Senior Leader Workshop	Cohen Brown	Jakarta	April 28, 2017
	Workshop HC Policy	Internal	Jakarta	July 7, 2017
	Cyber Security Training	SingTel	Jakarta	October 20, 2017
	Service and Collaboration	Elisa Lumbantoruan	Jakarta	November 1, 2017
	Compliance	Internal	Jakarta	September 4, 2017
	APU PPT	Internal	Jakarta	September 4, 2017
	Code of Conduct	Internal	Jakarta	December 28, 2017

Board of Director	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Rita Mirasari	Perbanas CEO Forum "Expectation & Anticipation of Economic Condition from Bankers Perspective 2017"	Perbanas	Jakarta	January 26, 2017
	Transaction Derivative in-house Training	Legal - ISDA	Jakarta	January 27, 2017
	Speaker at Executive Seminar of Basic Finance Proficiency Program Certification & Association of Indonesian Financing Companies	Asosiasi Perusahaan Pembiayaan Indonesia	Jakarta	May 23, 2017
	FKDKP Seminar, Policy Direction and Payment System Development in Indonesia	FKDKP	Jakarta	May 24, 2017
	Compliance Workshop 2017	Internal	Bandung	September 15-16, 2017
	Financial Crime Compliance Workshop 2017	Internal	Yogyakarta	October 6, 2017
	Legal & Corporate Secretary	Internal	Yogyakarta	October 6-8, 2017
	Danamon Leadership	Russel Reynolds	Yogyakarta	October 6, 2017
	Cyber Security Training	SingTel	Jakarta	October 20, 2017
	Compliance Level 3 Certification Workshop (Executive)	FKDKP	Jakarta	October 12-13, 2017

## COMMITTEES UNDER THE BOARD OF DIRECTORS

In order to support the effectiveness of the execution of its duties and responsibilities, the Board of Directors has committees that are responsible for assisting the Board of Directors to provide suggestion and recommendations that can be used as a reference in decision making related to the implementation of the duties and responsibilities of the Board of Directors.

The following are committees under the Board of Directors:

- Risk Management Committee
- Human Resources Committee
- Assets & Liabilities Committee
- IT Steering Committee
- Integrated Risk Management Committee

### Charter of Committee

Each of the committees under the Board of Directors has Charter for reference and binds every member of the committee that regulates the membership, duties and responsibilities, and meeting and reporting provisions. Committee's Charters are constantly updated in line with the development of Danamon and regulations.

## Performance Evaluation of Board of Directors Committees

During 2017, Committees under the Board of Directors have performed their functions and contributed to support the implementation of the duties and responsibilities of the Board of Directors.

## RISK MANAGEMENT COMMITTEE

### Committee Structure and Membership

Chairman: Director of Integrated Risk

Members:

- President Director
- Director of Legal & Compliance
- Director of Syariah & Operation
- Director of Finance & Micro Banking
- Director of Consumer, SME & Branch Network
- Director of HR

If required, the Risk Management Committee will invite other parties to attend the meeting.

### Status of Voting Rights and Decision Making

Each Risk Management Committee member has equal voting rights. Committee decisions are taken by consensus. In the event that consensus cannot be reached, the decision will be made by a majority vote.

### Duties and Responsibilities of the Committee

- a. Support the Board of Directors in performing its duties with regard to risk management.
- b. Establish the risk management plan, direction, policies, strategies of Danamon and its Subsidiaries.
- c. Ensure that all Danamon activities are in line with the prevailing rules and regulations.
- d. Decide on matters concerning business decisions that deviate from normal procedures.
- e. Define the most suitable risk management methodologies for managing the risks, build up reserves through policies to accommodate the inherent potential risks and ensure the availability of post disaster 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 Danamon'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 events 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 organizational development.

### Risk Management Committee Meeting

During 2017, the Committee held 13 meetings, attended by members of the Board of Directors as follows:

Board of Directors	Attendance of BoD Members in Committee Meetings
Sng Seow Wah	11
Herry Hykmanto	8
Satinder Pal Singh Ahluwalia	11
Michellina Laksmi Triwardhany	9
Adnan Qayum Khan	11
Heriyanto Agung Putra	11
Rita Mirasari	9

### Implementation of 2017 Risk Management Committee Duties

The Risk Management Committee conducted meetings with the following content:

- Risk Management update
- Risk Profile
- Credit Authority Governance
- Assets Ownership (AYDA)
- IFRS9 Adjustment Simulation
- Risk Profile Survey
- Proposal of New Risk Appetite Statement
- Policy on Integrated Capital Adequacy for Financial Conglomeration
- ICAAP Review
- Recovery Plan

- Risk Appetite Statement Update
- New Structure of ORM-QA/ICO
- Information Security Policy
- Risk Priority Mapping
- RAS Policy
- LLL Analysis
- Update on SLIK

## ASSETS & LIABILITIES COMMITTEE (ALCO)

### Structure and Membership of ALCO

Chairman:	President Director
Alternative Chairman:	Director of Finance & Micro Banking
Members:	<ul style="list-style-type: none"> <li>• Director of Integrated Risk</li> <li>• Director of Consumer, SME &amp; Branch Network</li> </ul>

### Status of Voting Rights and Decision Making

ALCO is composed of members who have the same voting rights; if there is a member of ALCO who cannot attend the meeting then he/she can appoint another member of ALCO as a replacement with voting rights. Delegation of voting rights must be obtained prior to approval from the Chairman of the Committee. Committee decisions are taken by consensus. In the event that consensus cannot be reached, the decision is made by majority vote.

### Duties and Responsibilities of ALCO

ALCO has duties and responsibilities including:

- Define the scope of work with meeting procedures, work process, and the formation of sub-committees to support it.
- Decide on the policies and directions on liquidity risk, interest risk, and capital management of Danamon and its subsidiaries which reflect the adequacy of liquidity and capital, stable and diversified financing by complying with the prevailing regulations.
- Perform evaluation on market conditions and their impacts on the conditions of Danamon's liquidity, NII, and capitalization, and approve the most appropriate action.
- Conduct reviews and determine the balance sheet structure to improve profitability.
- Perform evaluation on the composition of financing and approve every modification on strategy and alternative financing including new institutional/structural financing.
- Conduct reviews on liquidity, interest rate, and capital strategies proposed by the Treasury Capital Market, and at the same time monitor its implementation.
- Perform evaluation on the following:
  - Economic and Market Overview
  - Current movement of the key components of the balance sheet, Yield/COF and NIM
  - Fund Transfer Pricing (FTP)
  - Interest rates on financing and loans
  - Market risk profile and liquidity on the balance sheet, AFS portfolio and trading book
  - Monitor Emergency Funding Policy (CFP)
  - Management of capital and other matters related to ALCO
- Conduct periodic evaluations on the following:
  - The framework of market and liquidity risk limits on the balance sheet, AFS portfolio and derivatives for funding
  - Assumptions for stress testing on liquidity risk and interest rate
  - Calculation of core balance on liquidity risk, interest rate risk and FTP calculation
  - Policy and methodology of FTP
  - Emergency Funding Policy
  - Target Loan to Funding Ratio (LFR)

## Meetings of Assets & Liabilities Committee

During 2017, the Committee held 12 meetings and was attended by the following Board of Directors members:

Board of Directors	Attendance in Committee Meetings
Sng Seow Wah	11
Michellina Laksmi Triwardhany	10
Satinder Pal Singh Ahluwalia	11
Adnan Qayum Khan	12

## Implementation of 2017 Assets & Liabilities Duties

The Assets & Liabilities Committee held meetings to discuss content that included:

- Economic & Market Outlook
- Balance Sheet Management
- Management of Fund Transfer Pricing (FTP) Rate
- Review on lending interest rates and third party funds
- Market and liquidity risks review
- Management of Loan to Funding Ratio (LFR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)
- Capital Management
- Professional Funding Management
- Management of Available for Sale (AFS) portfolio.

## IT STEERING COMMITTEE

### Structure and Membership of the Committee

Chairman: Director of Finance & Micro Banking

Members:

- Director of Consumer, SME & Branch Network
- Director of Integrated Risk
- Director of Syariah & Operation
- Director of HR
- Transaction Banking Head
- Treasury & Capital Market
- Chief Transformation Officer
- Chief Information Officer
- Internal Audit Head (no voting rights)

Other invitations depend on the respective area of relevance.

## Status of Voting Rights and Decision Making

Each Information Technology Steering Committee member has equal voting rights, except the Head of the Internal Audit Unit, who is a member of the committee without voting rights. Decision-making in Committee meetings is conducted with the aim of reaching consensus. In the event that deliberation does not reach consensus, decision-making is based on voting by the affirmative vote of more than ½ (half) of the total valid votes in the meeting.

## Duties and Responsibilities

The Committee has the following duties and responsibilities:

- Periodically review and recommend Danamon's IT strategy plan, and ensure that IT projects are in line with their strategic plans.
- Review and recommend IT policies, including IT Security Policy and IT Risk Management Policy.
- Review and recommend all IT projects that are in line with Danamon's strategy or with Capex investment value of more than IDR 10 billion.
- Review the progress of projects and adapt them to Danamon's strategy in terms of project status, time, cost & benefits, which will be presented by the relevant Business Project Manager Team.
- Review the post-implementation of a strategic project & benefit from its realization after implementation in terms of costs and benefits.
- Review the number of transactions through channels and provide recommendations to increase e-channel transactions in order to align with the digital banking strategy.

- g. Periodically review IT Risk Management covering the following topics:
  - Current strategy/strategic projects.
  - IT security issues and Cyber security and its remediation.
  - IT audit findings and follow-ups on the improvement.
- h. Ensure accurate and proper allocation of IT resources. If necessary, use a third party to assist with implementation of the project. KPTI must ensure the existence of policies and procedures for the selection and appointment processes of third parties.
- i. Review recommendations from subcommittees and other committees on IT related matters.
- j. Provide recommendations on resolving IT-related issues that cannot be solved by the IT user and provider in an effective, efficient, and timely manner.
- k. Carry out other duties and responsibilities delegated by the Board of Directors from time to time.
- l. Prepare the committee activity report each year.

### IT Steering Committee Meeting

During 2017, the Committee held 3 meetings, on January 25, 2017, February 17, 2017, and July 27, 2017. The meetings were attended by the following members of the Board of Directors:

Board of Directors	Attendance in Committee Meetings
Sng Seow Wah *	1
Michelllina Laksmi Triwardhany	3
Satinder Pal Singh Ahluwalia	3
Herry Hykmanto	3
Adnan Qayum Khan	3

Note:

\* Not a committee member since July, 2017

### Implementation of the Information Technology Steering Committee, 2017

The Information Technology Steering Committee held meetings including topics for discussion as follows:

- IT Project Status
- New HC Management System
- CRM
- Data & Analytics of Danamon
- Discussion on the Status of IT Projects in the First Semester of 2017
- Digitalizing (on-boarding) & Omni Channel Project
- Data Center Relocation Initiative

### HUMAN RESOURCES COMMITTEE

#### Structure and Membership of Committee

Chairman:	President Director
Alternative Chairman, Secretary:	Director of HR
Members:	<ul style="list-style-type: none"> <li>• Director of Syariah &amp; Operation</li> <li>• Director of Consumer, SME &amp; Branch Network</li> <li>• Director of Finance &amp; Micro Banking</li> <li>• Director of Integrated Risk</li> <li>• Director of Legal &amp; Compliance</li> </ul>



### Status of Voting Rights and Decision Making

Each Committee member has equal voting rights. Committee decisions are taken by consensus. In the event that consensus cannot be reached, the decision will be made by majority vote.

### Duties and Responsibilities of the Committee

1. Provide strategic direction and develop general policies in the field of Human Resources including amendments, in the following areas:
  - Human Resources Strategy
  - General Policy on Employment
  - Employee compensation and benefit
  - Performance Assessment Management, including promotion
  - Talent Management and Succession Planning
  - Organizational structure and rank level
  - Employee Training and Development

- Corporate culture and values and Employee Engagement
  - Development of employee and industrial relations
  - Policy alignment with subsidiaries
  - Manpower planning
  - Organizational Health and Safety
2. Carry out other duties and responsibilities that may be granted by the Board of Directors to the HR Committee, from time to time.
  3. The Human Resources Committee may establish sub-Committees to undertake the scope of duties and responsibilities of the HR Committee.

### Human Resources Committee Meeting

During 2017, the Committee held 25 meetings, attended by the following members of the Board of Directors:

Board of Directors	Attendance in Committee Meetings
Sng Seow Wah	24
Herry Hykmanto	22
Michelllina Laksmi Triwardhany	24
Satinder Pal Singh Ahluwalia	25
Adnan Qayum Khan	23
Heriyanto Agung Putra	24
Rita Mirasari	23

### Implementation of 2017 Human Resources Committee Duties

The Human Resources Committee held meetings with the following topics:

- Bonus Pool Proposal
- The Contractual
- Review Promotion Proposal
- Annual Leave Entitlement and Collective/Mass Leave
- Salary Scale and Structure
- FAQ regarding 2016 Tantieme
- Restructuring Cost
- Union Demands, Negotiation & Update
- Housing Loan Proposal
- Collective Leave
- Code of Conduct
- Approval of Selection Process Improvement
- Medical Inpatient Limit

- Leadership Assessment and Team Performance Program
- Approval of Man Power Cost (MPC) Assumption for 2018 Budget
- CLA update
- Nomination of CEO Adira Insurance
- Nomination of Commissioners Danamon Syariah
- Danamon Executive Education Program (DEEP)
- Employee Engagement Survey 2017
- HC Function Roles and Responsibilities
- Updates on CLA Negotiation
- Resignation Notice Period
- Early Retirement Package & Career Transition Program for SEMM

### INTEGRATED RISK MANAGEMENT COMMITTEE

Discussion on the Integrated Risk Management Committee is disclosed in the Integrated Corporate Governance Report section.

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

Danamon has a policy regarding related party transactions and affiliated transactions. This policy ensures that related party and affiliated transactions are carried out on normal commercial terms and at an arms length basis and are not detrimental to the interests of Danamon and the minority shareholders.

### Affiliations of members of the Board of Directors with fellow members of the Board of Directors, members of the Board of Commissioners, Majority and/or Controlling Shareholders

All members of Danamon's Board of Directors have no affiliation with other members of the Board of Directors, members of the Board of Commissioners or with major and/or controlling shareholders.

### Affiliations between members of the Board of Commissioners with fellow members of the Board of Commissioners and Majority and/or Controlling Shareholders

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

Affiliations between members of the Board of Directors, Board of Commissioners and Controlling Shareholders have been disclosed in the table of financial relations and familial relationships in the Boards of Commissioners section and Board of Directors section in this Corporate Governance report.

The Affiliated Party Transaction Policy governs each member of the Board of Commissioners and Board of Directors is required to disclose any planned affiliated transactions both by themselves and their families to the Corporate Secretary. Material transaction plans will be reviewed by the Director of Compliance and subsequently reported to the Audit Committee. In the event of Conflicts of Interest, the member of the Board of Directors or Board of Commissioners concerned shall abstain from the process of assessment and approval of the transaction.

### CORPORATE SECRETARY

The function of the Corporate Secretary is to ensure the timely and accurate submission of Danamon material information to all stakeholders. The Corporate Secretary is appointed and dismissed based on the Board of Directors' decision. The Corporate Secretary plays an important role in fostering good communication between Danamon and its shareholders and other stakeholders.

#### Structure of Corporate Secretary



## Corporate Secretary Profile

Rita Mirasari is a Danamon Director who has been Corporate Secretary of Danamon since October 24, 2016 based on Decision No. KSR-DIR.Cor.Sec-003 dated October 17, 2016 regarding Appointment of Corporate Secretary.



**Rita Mirasari**  
Director (Independent)

Rita Mirasari, Indonesian national, 48 years old, domiciled in Indonesia. Completed her education at Faculty of Law, University of Indonesia. Pursued her career at a local bank as a legal officer. Started her career within the field of law, compliance and corporate

secretariate. Last position prior to joining Danamon was Director of Regulatory Compliance & Financial Crime, HSBC – Indonesia. Currently, she is the Director of Legal and Compliance and Independent Director at Danamon

## Roles and Responsibilities of Corporate Secretary

- a. Provide input to the Board of Directors and Board of Commissioners to comply with laws and regulations in the capital market;
- b. Act as liaison between Danamon and its shareholders, the Financial Services Authority and other stakeholders;
- c. Assist the Board of Directors and Board of Commissioners in the implementation of corporate governance which includes:
  - Disclosure of information to the public including the availability of information on the website
  - Submission of reports to the Financial Services Authority and other authorities
  - Holding and providing documentation of the General Meeting of Shareholders
  - Holding and providing documentation of meetings of the Board of Directors and/or Board of Commissioners
  - Implementation of corporate orientation programs for the Board of Directors and/or Board of Commissioners.
- d. Speaker at Executive Seminar of Basic Finance Proficiency Program Certification & Association of Indonesian Financing Companies
- e. FKDKP Seminar, Policy Direction and Payment System Development in Indonesia
- f. Compliance Workshop 2017
- g. Financial Crime Compliance Workshop 2017
- h. Legal and Corporate Secretary
- i. Cyber Security Training
- j. Compliance Level 3 Certification Workshop (Executive)

## Implementation of the Corporate Secretary Duties 2017

- a. Attended the Board of Commissioners and Board of Directors meetings regularly and arrange minutes of meetings.
- b. Conducted the GMS in April 2017.
- c. Prepared recommendations for amendment on the committees' charter at the level of the Board of Commissioners and the Board of Directors in relation to the implementation of corporate governance.
- d. Followed the development of the capital market in particular in relation to capital market regulations and convey information regarding such development to the Board of Commissioners, Board of Directors and Danamon stakeholders.

## Developing Corporate Secretary Competency

Various job training exercises have been held to improve the competency of the Corporate Secretary:

- a. Perbanas CEO Forum "Expectation & Anticipation of Economic Condition from Bankers Perspective 2017"
- b. Transaction Derivative in-house Training

- e. Facilitated adjustments to the Articles of Association in accordance with new laws and regulations.
- f. Disclosure of information in accordance with applicable laws and regulations.

### Correspondence of Corporate Secretary

As one form of information disclosure, Danamon has provided information to the public through Danamon website that is available in both Indonesian and English. Danamon also submits periodic reports to the Indonesia Stock Exchange (IDX) and the Financial Services Authority (FSA), including through IDXNet and SPE FSA e-reporting sites.

### Regular Report

No	Report	Regulation	Date	Purpose of Report
1	Monthly Registration Report of BDMN Securities Holder	Decision of Board of Directors of Indonesian Stock Exchange No. Kep-306/BEJ/07- 2004	Monthly	FSA, IDX, BI
2	Foreign Currency Debenture Report	FSA Letter No. S-30/PM.2/2013 jo Surat Bapepam&LK No.S-13264/B/2012 jo Circulation Letter No.SE-02/BI/2009	Monthly	FSA
3	Consolidated Financial Report of Company and Subsidiaries	FSA Regulation No. 31/POJK.04/2015 and Bapepam Regulation No. X.K.2 on Obligation to Submit Regular Financial Report; IDX Regulation No. I-E	Quarterly	FSA, IDX, Trustee
4	Financial report of XBRL (eXtensible Business Reporting Language)	IDX Regulation No. I-E	Quarterly	IDX
5	Holding Company Financial Report ( Asia Financial (Indonesia) Pte Ltd )	BI Regulation No.3/22/PBI/2001 on Transparency on Financial Condition of Banks	Biannually	FSA, Trustee, IFC
6	Annual and Ongoing Reports	Regulation No. VIII.G.2 and IDX Reg. No. Kep-306/BEJ/07-2004 Rules Nomor I-E related to Obligation of Information Submission	Yearly	FSA, IDX
7	Company's Annual Financial Report (LKTP)	Decision of Ministry of Industry and Trade No. 121/MPP/Kep/2/2002 Year 2002 on Requirements of Companies Annual Financial Report Submission	Yearly	FSA, IDX
8	Certain Reports	Article 22 FSA Reg. No. 6/ POJK.03/2015 dated April 1, 2015 on Transparency and Publication of Bank Report	Quarterly	FSA
9	Information Report on Shares Ownership Composition	Article 22 BI. Reg. No. 11/1/PBI/2009 dated January 27, 2009 on Banks	Monthly	LPS
10	Reports on Basic Interest Rates for Credit	FSA Reg. No. 06/POJK.03/15 on Transparency and Publication of Bank Report; (ii) Regulation of SEBI No. 15/1/DPNP dated 15 January 2013 on Information Transparency of Basic Interest Rate Credit; and (iii) FSA Regulation No. 31/POJK.4/2015 on Disclosure of Information or Material Facts by Emitted of Public Companies	Quarterly	FSA

## Incidental Report of Information Disclosure Report

As a form of Information Disclosure, Danamon submits Incidental Reports to the Financial Services Authority, Indonesian Stock Exchange and Bank of Indonesia. Incidental Reports are made by reference to the following:

1. FSA Regulation No. 31/POJK.04/2015-on Disclosure of Information or Material Facts by Issuer or Listed Companies;
2. Regulation on Securities Record No. I-E Attachment of Decision of Directors of Indonesian Stock Exchange No. Kep-306/BEJ/07-2004 on Obligation of Information Disclosure;
3. FSA Regulation No. 60/POJK.04/2015 on Disclosure of Information on Certain Shareholders.

## Incidental Reports

No	Report	Date
1	Submission of Proof of Advertising on Basic Interest Rate of Loan of PT Bank Danamon Indonesia Tbk	January 12, 2017
2	Disclosure of Information on members of the Board of Directors of PT Bank Danamon Indonesia Tbk	January 16, 2017
3	Resignation of Independent Commissioner of PT Bank Danamon Indonesia Tbk	February 3, 2017
4	Plan on Annual Public Expose Implementation of Bank Danamon Indonesia Tbk	February 14, 2017
5	Submission of Public Expose materials of PT Bank Danamon Indonesia Tbk	February 24, 2017
6	Announcement/Disclosure of Annual General Meeting of Shareholders (RUPST) and Extraordinary of General Meeting of Shareholders (RUPSLB) of PT Bank Danamon Indonesia Tbk	February 27, 2017
7	Change of Audit Committee composition of PT Bank Danamon Indonesia Tbk	March 1, 2017
8	Submission of Public Expose results of PT Bank Danamon Indonesia Tbk	March 2, 2017
9	Submission of Annual Financial Report (audited) as per 31 December 2016 of PT Bank Danamon Indonesia Tbk	March 2, 2017
10	Submission of evidence of advertisement of Consolidated Financial Report of PT Bank Danamon Indonesia Tbk and its subsidiaries for the period ending December 31, 2016	March 2, 2016
11	Submission of Annual Report, 2016 of PT Bank Danamon Indonesia Tbk	March 13, 2017
12	Announcement of Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders of PT Bank Danamon Indonesia Tbk	March 14, 2017
13	Submission of evidence of advertisement of Financial Report of Asia Financial (Indonesia) Pte. Ltd	March 31, 2017
14	Disclosure of Information on Cancellation of Registration Letter as Trustee of PT Bank Danamon Indonesia Tbk	April 7, 2017
15	Submission of Summary of Minutes of Annual General Meeting of Shareholders (AGMS) and Extraordinary General Meeting of Shareholders (EGMS) of PT Bank Danamon Indonesia Tbk	April 12, 2017
16	Submission of Proof of Announcement Summary of Annual General Shareholders' Meeting (AGMS) and Extraordinary General Meeting of Shareholders (EGMS) PT Bank Danamon Indonesia Tbk	April 13, 2017
17	Distribution of Cash Dividend for Fiscal Year 2016 and Proof of Submission of Cash Dividend Distribution for Book Year 2016 of PT Bank Danamon Indonesia Tbk	April 13, 2017
18	Submission of Correction of Proof of Advertisement of Allocation of Cash Dividend for 2016 Fiscal Year of PT Bank Danamon Indonesia Tbk	April 20, 2017
19	Submission of Interim Unaudited Financial Statements as of March 31, 2017 of PT Bank Danamon Indonesia Tbk	April 27, 2017
20	Submission of Advertising Proof of Consolidated Financial Statement of PT Bank Danamon Indonesia Tbk and Subsidiaries ending on March 31, 2017	April 27, 2017

**Incidental Reports**

No	Report	Date
21	Good Corporate Governance Implementation Report of PT Bank Danamon Indonesia Tbk	April 28, 2017
22	Explanation of the mass media report of PT Bank Danamon Indonesia Tbk	May 4, 2017
23	Disclosure of Information on the Submission of Notarial Deed concerning Minutes of Annual and Extraordinary General Meeting of Shareholders of PT Bank Danamon Indonesia Tbk	May 9, 2017
24	Changes in the Composition of the Audit Committee of PT Bank Danamon Indonesia Tbk	July 13, 2017
25	Submission of Audit Committee Evaluation Result on the Implementation of Audit Service Provision of Annual Historic Financial Information of PT Bank Danamon Indonesia Tbk	June 22, 2017
26	Report of Appointment of Public Accountant and Public Accountant Firm of PT Bank Danamon Indonesia Tbk	July 31, 2017
27	Submission of Interim Unaudited Financial Statements as of June 30, 2017 of PT Bank Danamon Indonesia Tbk	July 26, 2017
28	Submission of Advertising Proof of Consolidated Financial Statement of PT Bank Danamon Indonesia Tbk and Subsidiaries ending on June 30, 2017	July 26, 2017
29	Resignation of Members of the Board of Directors of PT Bank Danamon Indonesia Tbk	October 10, 2017
30	Submission of Interim Unaudited Financial Statements as of September 30, 2017 of PT Bank Danamon Indonesia Tbk	October 31, 2017
31	Submission of Advertising Proof of Consolidated Financial Statement of PT Bank Danamon Indonesia Tbk and Subsidiaries ending on September 30, 2017	October 31, 2017
32	Shares of PT Bank Danamon Indonesia Tbk (the "Company")	November 9, 2017
33	Explanation of the mass media report of PT Bank Danamon Indonesia Tbk.	November 15, 2017
34	Explanation of mass media reporting of PT Bank Danamon Indonesia Tbk	December 8, 2017
35	Submission of Material Fact – Execution of Conditional Sales and Purchase of Shares by and between MUFG and AFI other affiliated parties.	December 26, 2017
36	Completion of acquisition of 19.9% shares of PT Bank Danamon Indonesia Tbk by MUFG	December 29, 2017

**COMPLIANCE FUNCTION**

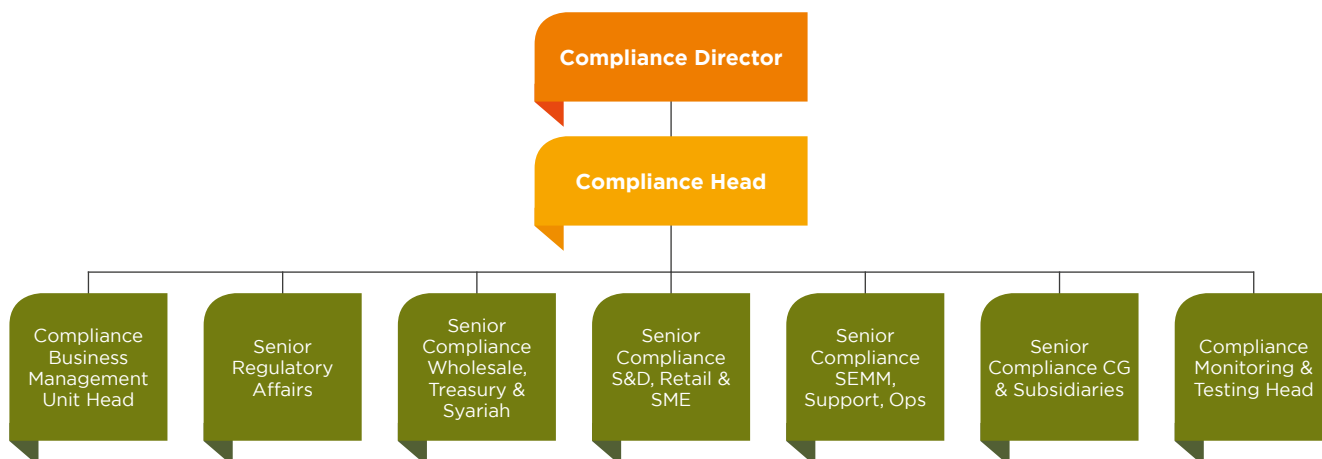
Compliance is one of the important aspects in Danamon's governance. In accordance with Regulation of the Financial Services Authority No. 46/POJK.03/2017 dated July 12, 2017 on the Implementation of the Commercial Bank Compliance, the primary role of compliance is as follows:

- Create a compliance culture at all levels of the organization and business activities of the Bank.
- Manage compliance risks faced by the Bank.
- Ensure that the policies, regulations, systems and procedures and business activities undertaken by the Bank are in compliance with the provisions of the Regulators and applicable legislation.
- Ensure the Bank's compliance with commitments made by Bank Indonesia, the Financial Services Authority, and/or other regulatory authorities.



## Organizational Structure of Compliance Function

The organizational structure of Compliance Function in Danamon is as follows.



### Compliance Director

Danamon has a Director in charge of the Compliance Function (Compliance Director). The appointment of the Director in charge of the Compliance Function has met the applicable requirements, which is independent and does not supervise the functions which are not permitted by the applicable provisions. Danamon through its AGMS on April 12, 2017 has reinstated Rita Mirasari as Compliance Director. She has passed the fit and proper test and the appointment of the Compliance Director has gone through the process as stipulated by the Financial Services Authority.

### Compliance Working Unit

Danamon has a Compliance Working Unit (Regulatory Compliance Unit) which is an independent working unit separated from other working units directly responsible to the Director of Compliance. Regulatory Compliance Unit is responsible for performing the compliance function in Danamon. As the main entity in the financial conglomeration of Danamon Group, the Regulatory Compliance Working Unit also acts as an Integrated Compliance Working Unit. In 2017, the Regulatory Compliance Working Unit updated the Policy on Compliance and the Regulatory Compliance Working Unit through Board of Directors Decree No. KEP: DIR-COMP-020 dated December 28, 2017, including compliance culture, compliance function, managing compliance risk, and reporting.

The roles and responsibilities of the Regulatory Compliance Unit are as follows:

- Create steps to support the formation of compliance culture;
- Identify, measure, monitor and control the risk of compliance by referring to the rules of the Financial Services Authority related to the implementation of risk management;
- Conduct compliance review to assess and evaluate the adequacy and conformity of other policies and conditions;
- Conduct compliance review, recommending updating and improving policies, regulations, systems to conform with the provisions of the Financial Services Authority, Bank Indonesia and applicable laws and regulations, including Syariah-compliant rules for Syariah Business Units;
- Carry out other tasks related to the Compliance Function, including:
  - Ensure compliance with regulations of the Financial Services Authority, Bank Indonesia, and other regulatory authorities.
  - Perform consultations.
  - Conduct socialization on matters related to the Compliance Function, especially regarding the applicable provisions.
  - Act as contact person/liaison for compliance issues for internal and external parties.

- f. Carry out the tasks of the Integrated Compliance Working Unit, and monitor and evaluate the implementation of the Compliance Function in each of the Subsidiaries in Danamon Group Financial Conglomeration.

### Implementation of Compliance Working Unit's Duties 2017

The roles and responsibilities of the Compliance Working Unit throughout 2017 were as follows:

- a. Training and Socialization

As part of the efforts to build culture of compliance, the Compliance Working Unit organized trainings and socialization for all Danamon's employees. The training and socialization were performed either through classroom sessions or through compliance e-learning.

The Compliance Working Unit, in 2017, developed a new e-learning module for all employees that is expected to further strengthen compliance culture and their understanding of compliance and its risks. The participation rates of those who undertook compliance e-learning during 2017 was very high, at 98.15% of all Danamon employees.

In 2017, the Compliance Working Unit conducted 30 training or socialization programs for working units. The Compliance Working Unit also conducted refreshment compliance awareness in 9 cities, namely Jakarta, Bandung, Semarang, Surabaya, Denpasar, Medan, Palembang, Balikpapan and Makassar as an attempt to regenerate employees' awareness of the compliance risks that may occur in daily work activities.

During 2017, the Compliance Working Unit submitted new provisions or regulations to the relevant working units (either Danamon or its subsidiaries). The Compliance Working Unit in collaboration with the relevant work unit addressed the realization of compliance provisions, including tasks that must be achieved and their implementation targets.

- b. Compliance Review and Monitoring

The Compliance Working Unit conducts compliance review to ensure that the products, activities and policies issued by Danamon and its subsidiaries are not in conflict with the applicable provisions. During 2017, Danamon conducted 241 compliance reviews and 28 policy reviews. In addition, the Compliance Working Unit developed a monitoring and testing system to see whether remedial action was required on some processes related to Danamon's products/activities.

- c. Monitoring of Prudential Principles

The Compliance Working Unit regularly monitors compliance with Danamon's prudential regulations in the form of regulatory key parameters, namely the ratio of LLL, GWM, NPL, NOP, Participation and CAR. During 2017, there were no violations based on the regulatory parameters set.

- d. Managing Compliance Risks

Compliance risk management is conducted through identification, compliance risk measurement, monitoring and control in accordance with the implementation of risk management. The compliance risk management strategy is implemented through a 3 (three) defense line scheme. The Compliance Working Unit conducts an analysis of compliance risks for both individual and consolidated risk of Danamon's compliance, as well as integrated compliance risks.

- e. Commitment to FSA and Other Regulators

The Compliance Working Unit monitors and ensures compliance with follow-up commitments related to the results of evaluation conducted by the Regulator on a periodic basis. During 2017, all commitments results submitted by the regulators could be achieved and did not exceed the agreed time limit. The Compliance Working Unit also acts as liaison regarding the implementation of compliance with internal and external parties.

f. Implementation of Integrated Compliance Working Unit

As part of the implementation of the Integrated Compliance Working Unit, Danamon's Compliance Working Unit undertakes the following:

- Formation and perfection of compliance in subsidiaries to meet the provisions of laws and regulations.
- Assessment and advice in arranging corporate governance policies in subsidiaries to be in line with the Integrated Corporate Governance policy.
- Monitor and ensure compliance of subsidiaries through subsidiary regulatory parameters on a monthly basis.
- Monitor and ensure the implementation of compliance in subsidiaries.
- Submit new regulations related to subsidiaries periodically.

- Submit response on requests for advice and input related to compliance activities of subsidiaries, product programs, policy and compliance procedures and policies related to subsidiaries' compliance.

### Development of Human Resources of Compliance Working Unit

As of December 2017, the Compliance Working Unit was supported by 19 staff (including the Head of the Compliance Unit) with the majority having over 5 years of experience working in the banking sector. Danamon always provides an opportunity to the staffs of the Compliance Working Unit to increase their knowledge and competence to support their work performance. Training, seminars, and workshops that have been attended by Internal and external Compliance Working Unit staff, are as follows:

Internal	External
- Certification and refreshment of Risk Management	- Derivative Transaction & ISDA Master Agreement
- Workshop TB Initiatives, 2017	- Workshop Alipay
- Leadership Greatness	- Workshop Operation Risk, Fraud, Security e-Commerce Business with Tokopedia
- Compliance and AML for WU Transaction	- Training Bancassurance Product Knowledge
- Workshop ORM LOB/Support Function	- Workshop Deepening Syariah For WAPERD
- Training, Mastering Operational Risk	- Sharing Knowledge on Mutual Funds
- Market Liquidity for Non Treasury	- Outsourcing Implementation in Companies
- Financial Technology	- Vision of National Banks to Welcome Digitalization Era of Financial Services
- Finance for Legal	- Developing Risk Management in Facing Digitalization Era
- Thought Leadership Café Sharing Session: Women in Leadership	- Opportunities and Challenges in Digitalization of Banking System and Perspective of Performer and Regulator
- Training Product Knowledge Bancassurance	- Ecosystem in Digitalization Era - Opportunity Business for UMKM
- Business Presentation: Creating a Powerful, Persuasive Message	- Managing Human Resources & Industrial Relations
	- Data Protection
	- NPG: Implementation of Price Scheme Policy
	- APMK: Cash Swipe, Surcharge, Double Swipe
	- Socialization of Alternative Disputes Resolution (LAPS)
	- Socialization of National Payment Gate (GPN)
	- Corporate Crime

### Compliance with Primary Regulations

Parameter	Requirements	Explanation
Capital Adequacy Ratio (CAR)	Min. 9% s/d <10% (BUKU 3)	Comply
Statutory Reserve Requirement (GWM)	Primary Rp Min. 6,5% Primary USD Min. 8% Secondary Min. 8%	Comply
Non Performing Loans (NPL)	NPL Net Max. 5%	Comply
Net Open Position (PDN)	Max. 20%	Comply
Related Parties' Legal Lending Limit (LLL)	Max. 10%	Comply
Portfolio of Investment	Max. 25%	Comply

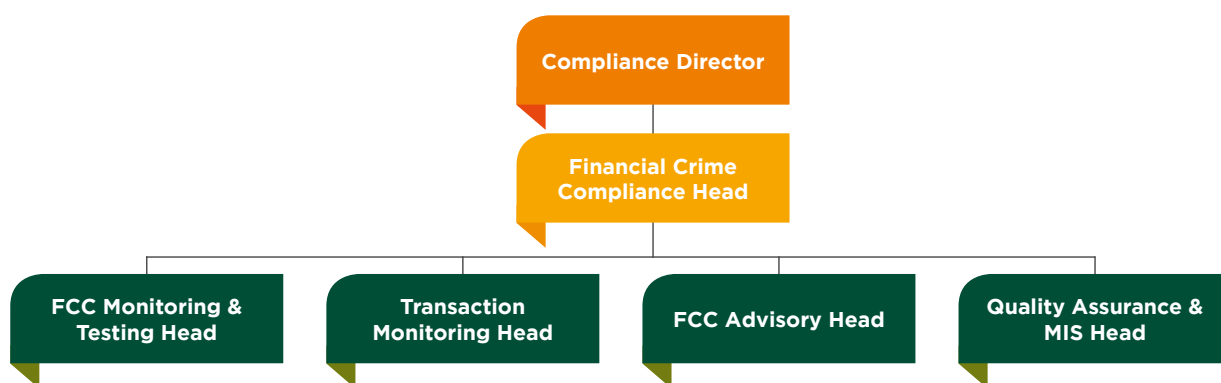
### IMPLEMENTATION OF ANTI-MONEY LAUNDERING PROGRAM (APU) AND COUNTER-FINANCING OF TERRORISM (PPT)

#### Organization

In order to support the implementation of Anti Money Laundering and Counter-Financing of Terrorism Program (APU and PPT), the Board of Directors and Commissioners continuously give their full commitment so that Danamon may comply with the FSA/Bank of Indonesia regulations and other applicable laws relating to APU and PPT.

The Board of Commissioners exercises active supervision in overseeing the implementation of the Board of Directors' responsibilities for the implementation of the Anti-Money Laundering and Counter-Terrorism Financing Program, including commitments made by Danamon to Bank Indonesia/FSA and reporting to the regulators in accordance with prevailing regulations.

The implementation of APU and PPT Programs in Danamon is coordinated by the Financial Crime Compliance Working Unit (FCC) that reports directly to the Compliance Director and has the following organizational structure:



Danamon consistently makes efforts to increase the quality of APU and PPT programs, either through active monitoring from the Management, policy perfection, training programs, and improvement of information systems and other initiatives.

The Framework for the Implementation of Anti Money Laundering (APU) Programs and the Counter-Financing of Terrorism (PPT) is illustrated in the Three Lines of Defense as follows:

#### 1. First Line of Defense

The first line of defense is the most important line of defense in preventing criminal action such as Money Laundering and Financing of Terrorism, detecting the possibility of such crime and identifying weaknesses and vulnerabilities in controlling APU and PPT implementation. The Business/Operations/Control Unit are the units that conduct daily corporate activities as the front line of the organization.

#### 2. Second Line of Defense

The second line of defense is carried out by the FCC's Working Unit at the Head Office with duties and responsibilities including preparation of first-line methods and tools that can be used by the first liners of defense to carry out their duties and responsibilities, prepare adequate policies and procedures, systems and trainings, and ensure that the first line of defense has performed its function well.

#### 3. Third Line of Defense

This is run by internal auditors, as well as external auditors, to ensure the implementation of APU and PPT Programs in the first line of defense and the responsibilities of the second line of defense, have been carried out effectively.

### Implementation of APU Program and PPT Throughout 2017

#### a. Evaluation on Policy and Procedures

1. In order to comply with the provisions of the Financial Services Authority as well as other provisions related to the application of APU

and PPT, Danamon has made improvements to the internal provisions of the APU and PPT with the issuance of 22 internal provisions.

2. Review 35 new draft policies and/or products or application forms and disseminating 1 AML Forum to ensure its conformity with APU and PPT Program implementation.
3. Report on a periodic basis to the Management (BOC dan BOD) relating to the implementation of APU and PPT programs in the form of presentation in the RMC forum and monthly Report.
4. Publicize information related to the implementation of APU and PPT programs on Danamon's website by providing related information on Danamon's General Policy, US Patriot Act, Wolfsberg AML Questionnaire, as well as the form related to Danamon's status in FATCA Program implementation.

#### b. Monitoring and Evaluation Process

##### 1. Branch Assessment

In order to ensure the implementation of APU and PPT programs in Branch Offices, FCC conducted Branch Assessment (BA) visits to evaluate the effectiveness of APU and PPT programs.

During 2017 (Jan - May), FCC conducted BA Assignments at 3 branches situated in 8 cities and 11 branches and 7 training branches. As of June 2017, Danamon made alterations to the method of Branch Assessment to use a Risk Based Approach (RBA).

Based on the result of BA in 2017, evaluation results are as follows:

BA 2016 LOB	Branch Offices Undertaking BA	Evaluation				Branches of Training Participants	Number of Training Participants
		Very Good	Good	Satisfactory	Needs Improvement		
RB/SnD	8	-	5	3	-	6	116
SEMM	3	-	-	2	1	1	
Grand Total	11	0	5	5	1	7	116

As of July 2017, Branch Assessment - Monitoring & Testing activities were conducted off-site on 6 (six) branches, namely:

- Bandung Merdeka,
- Denpasar Diponegoro,
- Medan Iskandar Muda,
- Medan Pemuda,
- Semarang Pemuda
- Balikpapan Sudirman.

## 2. AML Champion Officer

As part of the implementation of the APU and PPT Programs, Danamon identified 12 branch offices that were categorized as having high business complexities using the Risk Based Approach. Danamon appoints branch officers as AML Champion Officer who are responsible for ensuring that policies, procedures and other regulations related to the implementation of the APU and PPT Programs have been effectively implemented at the branch office concerned. 27 on-site visits to 12 branches with high business complexities have been conducted, each undergoing 2 to 3 visits per year.

## 3. Monitoring of Completeness of Customer Information

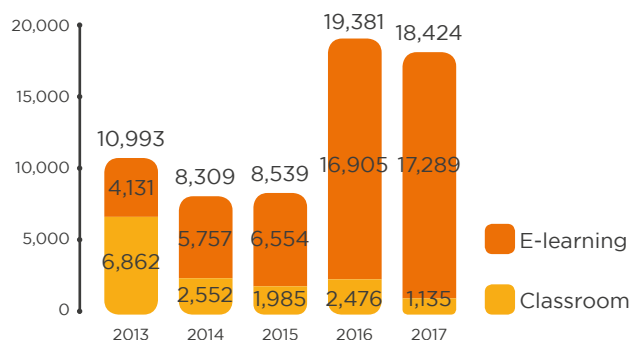
Monitoring of the quality and completeness of customer data is performed continuously. A total of 477,170 CIFs have fulfilled the data completeness out of an initial 478,659 CIFs. During 2017, updated customer data reached 12,912 CIFs (91.35%) out of the 14,135 CIF target.

## c. Trainings and Socialization

Employees' understanding of APU and PPT is very important. Danamon together with Danamon Corporate University (DCU) coordinates training and socialization of APU and PPT to employees, through induction training for new employees using both classroom and e-learning methods for both new and existing employees. Danamon treats e-learning training as mandatory, where employees recruited within the period 1 January - 30 September 2017 were obliged to follow and pass the APU and PPT e-learning modules.

Throughout 2017, 18.424 employees have received training in APU and PPT, comprising:

- 845 employees attended classroom training (including DCU Ciawi and DCU Territories, and programs conducted during Branch Assessment activities),
- 290 employees participated in special training related to the recognition of Suspicious Financial Transactions Report (LTKM) conducted in Jakarta (3 batches), Makassar, Bali, Surabaya, Medan, Semarang, Yogyakarta, Bandung and Balikpapan.
- 17,289 out of 17,527 employees (98.64%) attended training through e-learning.



#### d. Reporting

Danamon has undertaken reporting activities as stipulated in the Regulations. Reports are made on Suspicious Financial Transactions (LTKM), Cash Transactions (LTKT), Financial Transactions from abroad (LTKL/IFTI) and Integrated Services User Information System Report (SIPESAT). In addition, Danamon also provides responses to requests for information from Law Enforcement Officials (APGAKUM).

The following includes the number of reports and responses on information requests from APGAKUM which was conducted throughout 2017:

Total Report 2017				
LTKM	LTKT	IFTI	SIPESAT	Responses
1,265	72,934	245,951	447,335 CIF	381

#### e. Management Information System

Danamon continuously reviews and improves its reporting system. In 2017, Danamon made necessary improvements, including an assessment of the AML system to ensure that all parameters were as expected, to improve control over CTR Web and SIPESAT, to improve the quality of reporting to regulators, related to customer acceptance, monitoring of customer transactions, as well as screening processes.

#### f. Audit

In 2017, Danamon conducted examination of the implementation of APU and PPT through the FSA and the Internal Audit (SKAI). There were several audit findings to be followed up on by Danamon but no significant findings.

### INTERNAL AUDIT UNIT (SKAI)

#### Structure and Position of SKAI

Internal Audit Unit (SKAI) is an independent function directly responsible to the President Director. To support independency and monitoring of the implementation of internal audit programs, the Head of the Internal Audit Unit is also directly responsible to the Board of Commissioners through the Audit Committee. SKAI aims to provide independent and objective views in conducting assurance activities and providing consultation services to the BoC and BoD to maintain a continuous process of risk control and management within the company.

SKAI is committed to be the business partner that provides added value in fostering a strong control culture to support Danamon and its subsidiaries to achieve their long-term goals by referring to the International Standards for the Professional Practice of Internal Audit (IPPF) from The Institute of Internal Auditors (IIA), Standard for Implementation of Bank Internal Audit Function (SPFAIB), and Internal Control and Audit System on Information Technology Implementation from the Bank Indonesia. SKAI helps the Company's management to achieve its goals with a systematic and disciplined approach to evaluate the adequacy and effectiveness of risk management, control, and corporate governance processes.

In accordance with the Internal Integrated Audit Charter that has been approved by the President Director and Board of Commissioners, SKAI has access to all Danamon's activities, functions, records, property, and personnel while adhering to the principle of secrecy of banks and/or company in accordance with the applicable laws and regulations, employment



secrets, and personal rights and guarantees the application of anti-tipping off principles in conducting audits of Anti Money Laundering and Counter-Financing of Terrorism (APU PPT).

SKAI reports significant auditing activities and audit findings including recommendations for follow-up improvements that have been submitted to related units to the Audit Committee and the President Director.

In addition to complying with the Bank Danamon Code of Conduct, SKAI is also subject to the Auditor's Code of Conduct, which contains the auditor's professional standards as defined in the International Professional Practices Framework by The Institute of Internal Audit (including principles of integrity, objectivity, confidentiality and competency).

### Profile of Head of SKAI

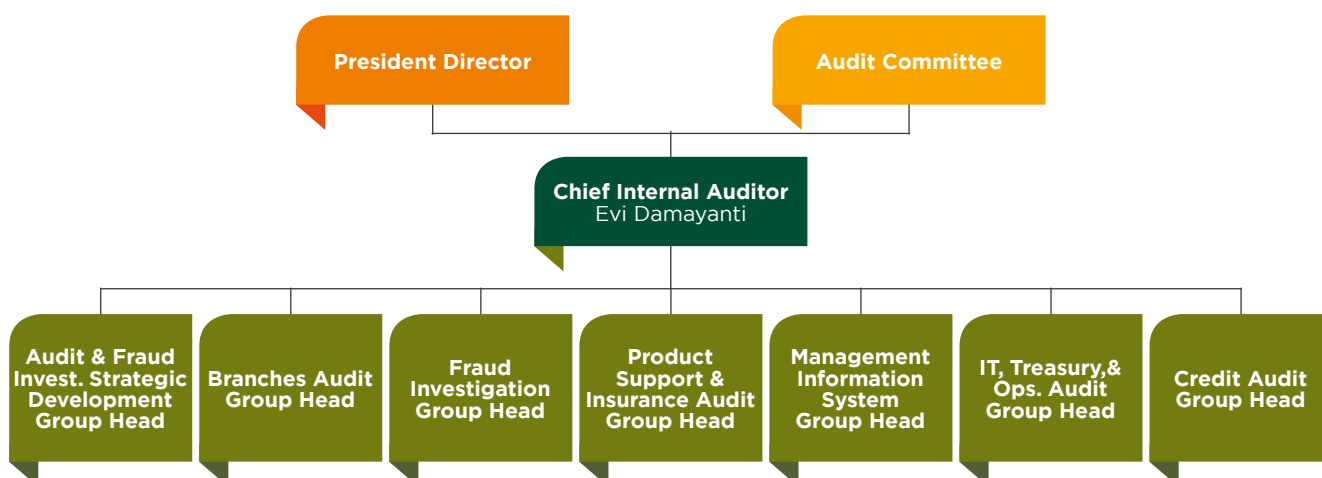


**Evi Damayanti**  
Head of SKAI

Evi Damayanti received a Bachelor of Economics degree from the University of Indonesia and is a Chartered Financial Analyst/CFA charterholder. She has over 20 years' career experience in the financial services industry. She started her career as an Associate in Abacus Capital investment company for 2 years, after moving to Europe to join Citibank (London and Zurich) and Barclays Global Investors

(London) with the last position at Citibank London as Program Director for Internal Audit for Private Banks. Five years ago she returned to Indonesia to form an In-Business Controls division at Citibank Indonesia and held the position of In-Business Controls Head - Director. She started her career as Chief of Internal Auditor (CIA) at Bank Danamon in June 2016

### SKAI Structure of Organization



### Appointment, Termination, and Legal Basis of Appointment of Head of SKAI

Head of SKAI is appointed and dismissed by the President Director with the approval of the Board of Commissioners. Appointment and dismissal of the Head of the Internal Audit Unit must be reported to the Financial Services Authority (FSA) accompanied by the reason for appointment/termination.

As of 1 June 2016 Integrated SKAI Bank Danamon has been headed by Evi Damayanti, who acts as Chief Internal Auditor (Head of SKAI) replacing Antony Kurniawan, according to the letter addressed to FSA No. B. 140 - Corp. Sec. dated 31 May 2016 regarding: Disclosure of Information on the Release of Duties of Temporary Head of Internal Audit Task Force and Appointment of Head of Internal Audit Unit of PT Bank Danamon Indonesia, Tbk.

### Duties and Responsibilities of Integrated SKAI

Integrated SKAI has duties and responsibilities as follows:

- a. Create annual audit plan with risk based methodology and implement approved yearly audit plan including special assignments/projects;
- b. Review and provide recommendations against yearly audit plan from Internal audit of subsidiaries;
- c. Increase knowledge, skills, experience and adequate professional certification;
- d. Monitor and review the implementation of internal audit from Internal audit of subsidiaries;
- e. Arrange and submit reports to the FSA in the form of: planning and implementation of internal audit, special report on every internal audit finding which indicates a potential disturbance in the business activities of Danamon, as well as report on review result external parties covering opinions on the work of SKAI;
- f. Recommend improvement plan on audit findings to related audit unit and monitor and ensure that improvement action has been executed by the management effectively;
- g. Conduct routine meetings with Internal Audit of subsidiaries a minimum of every quarter;
- h. Arrange a program to evaluate the quality of completed internal audit;
- i. Roles and responsibilities of SKAI is covered under the Integrated internal audit charter and submitted in the Internal Audit Governance Report.

### Integrated SKAI Authorization

SKAIT possesses the following authority:

- a. Allocation of resources, appointment of frequency, choice of subjects, determining coverage of work, and set out necessary techniques to achieve the goal of audit;
- b. Obtain the necessary help from unit personnel within Danamon and subsidiaries where audit is conducted, including other special services from within and outside Danamon and subsidiaries.

### Methodology of the Internal Audit

SKAI has implemented Risk based Internal Audit. The internal audit program plan is conducted comprehensively on the basis of priority over entities considered to be at high or moderate risk. SKAI utilizes information technology to conduct risk assessment, either macro or micro. Based on the macro risk assessment combined with the audit framework, SKAI prepares an annual audit plan, and establishes the entity to be audited, the audit schedule, and the staff and logistics required. The micro risk assessment process is used to determine sampling.

### Internal Audit Priority, 2017

- a. SKAIT continued its focus on auditing entities with high risk and built branch-wide networks.
- b. SKAIT paid special attention to lines of business and areas being transformed.
- c. SKAIT continued to increase auditors' competency through training on product knowledge and procedures, as well as training on risk management understanding and audit processes, as well as professional certification.

- d. SKAIT continued to develop analytical functions by continually developing data coverage to be analyzed.
- e. SKAIT continued the quality assurance process and studied best practices for internal audit in the banking industry (SKAI Danamon), financing industry (Internal Audit Unit, Adira Dinamika Multi Finance), and insurance industry (Internal Audit Unit, Asuransi Adira Dinamika) as a comparison.
- f. SKAI Danamon together with the Internal Audit team of ADMF and AAD performed joint audits within related entities.

- g. SKAI Danamon together with the Internal Audit ADMF and AAD routinely conducted coordination, alignment and knowledge sharing.

#### Audit Plan and Realization up to 31 December 2017

Throughout 2017, Integrated SKAI (SKAIT) of Danamon Group Financial Conglomeration performed internal audit activities as follows:

- a. SKAI Danamon commenced audit on 433 entities in Danamon:

#### Audit Plan and Realization per December 31, 2017

Danamon	Audit Plan 2017 (revision*)	Audit Realization 2017
a. Head Office Audit	42	44
b. Area Office Audit	24	24
c. Branch Office Audit:		
• Conventional Branches	172	174
• Self Employed Mass Market (SEMM)	181	191
Total Audit of Branches	353	365
<b>Total Audit</b>	<b>419</b>	<b>433</b>

\* Revision of Audit Plan becomes 419 entities performed in July 2017 due to new projects released within the business, adding/altering the focus of examination and changing/altering the approach of branch audit.

- b. Implementation of internal audit in entites within Adira Dinamika Multi Finance (ADMF) and Asuransi Adira Dinamika (AAD) is currently performed individually by the Internal Audit Unit from each company as well as joint audits with SKAI Danamon.

#### Audit Plan and Realization per December 31, 2017

ADMF	Audit Plan 2017	Audit Realization 2017
a. Head Office Audit	7	10
b. Area Office Audit	28	34
c. Branch Audit	137	128*
<b>Total Audit</b>	<b>172</b>	<b>172</b>

\* Realization of branch audits of ADMF differs due to the following:

- 3 branches of ADMF became the object of examination by SKAI Danamon as well as the object of examination by the Internal Audit Unit of ADMF, leading to the three branches to undergo joint audit examinations.
- Some branches have been closed or merged with other branches have been replaced by 6 examination area offices.

#### Audit Plan and Realization per December 31, 2017

AAD	Audit Plan 2017	Audit Realization 2017
a. Head Office Audit	11	11
b. Branch Audit	1	1
<b>Total Audit</b>	<b>12</b>	<b>12</b>

### SKAI Consultation Function

Perform special on-demand reviews of business and operational processes as requested by the President Director, Board of Directors or Board of Commissioners.

### Human Resources Development

As of December 2017, the total number of personnel of SKAI Danamon was 185 personnel domiciled at headquarters and in regional inspection offices (KPW) across Jakarta, Bandung, Semarang, Surabaya, Medan, Makassar and Balikpapan, which was established in early 2017. In contrast, the Internal Audit of Adira

Dinamika Multi Finance had 66 personnel and the Internal Audit of Adira Dinamika Insurance had 10 (ten) personnel.

To maintain the standardization of human resource quality, SKAI together with the Human Resource Development Division has developed a competency matrix, which is a roadmap for every auditor and team leader to participate in the training and certification to meet the required competencies at every level.

Training, self-development, and certification that was followed by Integrated SKAI staff throughout 2017:

International Certification	Number of Personnel
Certified Internal Auditor (CIA)	2
Chartered Financial Analyst (CFA)	1
Certified Fraud Examiner (CFE)	2
Certified Ethical Hacking (CEH)	1
Certified Information System Auditor (CISA)	5
Certified Information System Security Professional (CISSP)	1
Certified Information System Manager (CISM)	1
Financial Risk Manager (FRM)	1

National Certification	Number of Personnel
Qualified Internal Auditor (QIA)	65
Risk Management Certification (SMR), Level I	129
Risk Management Certification (SMR), Level II	35
Risk Management Certification (SMR), Level III	9
Risk Management Certification (SMR), Level IV	2
Basic Certification for Finance Managerial by Lembaga Sertifikasi Profesi Pembiayaan Indonesia (SPPI)	8
Ajun Ahli Asuransi Indonesia Kerugian (AAAIK)	3
Certified Risk Management Officer	1

### Execution of Training and Workshops in 2017

No.	Integrated SKAI	Personnel per December 2017	Implementation of Training and Workshop	Man-days
1.	SKAI Danamon	185 people	80	12 days
2.	ADMF Internal Audit Unit	66 people	33	12 days
3.	AAD Internal Audit Unit	10 people	17	7 days

## COMPANY'S ACCOUNTANT/EXTERNAL AUDITOR

### Appointment of Company's Accountant

AGMS Danamon that was held on April 12, 2017 approved the appointment of Drs. M. Jusuf Wibisana, M. Ec., CPA as Public Accountant (AP) and Public Accountant Firm Tanudiredja, Wibisana, Rintis & Rekan (member firm of PwC's global network) as KAP, registered at the Indonesian Institute of Certified Public Accountants (IAPI) and the Financial Services Authority (FSA) to audit the Company's consolidated financial statements for fiscal year 2017 and to determine the amount of honorarium and other requirements relating to the appointment of AP and KAP by taking into account the recommendations of the Audit Committee.

Appointment of AP and/or KAP that will provide audit services to annual historical financial information has been decided by the General Meeting of Shareholders of the Person Conducting Financial Services Activities by considering the proposal of the Board of Commissioners.

The proposed appointment of AP and/or KAP filed by the Board of Commissioners has considered

the recommendations of the Audit Committee. In making recommendations, the Audit Committee has considered:

- the independence of AP, KAP, and persons in the Firm;
- audit scope;
- remuneration of audit services;
- skills and experiences of AP, KAP, and Audit team of KAP;
- methodology, techniques, and audit vehicles used by KAP;
- benefit of fresh eye perspectives obtained through the changing of AP, KAP, and Audit Team of KAP;
- risks on the use of audit services by the same KAP consecutively for a long period of time.

### Other Services than Financial Audit

The office of Public Accountant throughout 2017 provided services other than audit services. Other services fees that are quoted are less than the fees for audit services.

### Audit Period and Accounting Services Value Added

The Public Accountant/Public Accountant Office provides financial audit services and honorarium for audit implementation, as follows:

Year	Public accountant Firm (KAP)	Name of Accountant (Individual)	Audit Services Fee
2017	Tanudiredja, Wibisana, Rintis & Partner (member of PwC International Limited)	Drs. M. Jusuf Wibisana, M. Ec., CPA	Rp4.346 billion
2016	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Yasir	Rp4.112 billion
2015	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Benyanto Suherman	Rp4.112 billion
2014	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp4.112 billion
2013	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp3.880 billion
2012	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	USD400,000

### External Audit Implementation

The Audit Committee reviews the effectiveness of audits, ensuring that the audit implementation is in compliance with professional provisions and standards, work agreements and scope of audit, as well as the independence of the external auditor. The Audit Committee periodically conducts meetings with the Public Accountant/Public Accounting Firm to discuss the progress and process of the examination being conducted.

The audit conducted by the Public Accountant/Public Accountant Firm on the Company's financial report has been conducted independently, professionally and objectively:

- a. Inspection has been made on all material accounts based on the applicable Public Accountant Professional Standards and in compliance with the Current Accounting Standards in Indonesia.
- b. The submission of audited consolidated financial statements is accompanied by a Letter of Recommendation to Management (Management Letter).

Evaluation of the Audit Committee against the implementation of audit services on financial information is performed historically on a yearly basis by AP/KAP through:

1. alignment of audit implementation by AP and/or KAP with prevailing standards of audit;
2. adequacy of fieldwork time;
3. assessment of the scope of services provided and the adequacy of the quotation test;
4. recommendations for improvement provided by AP and/or KAP.

### **Relationship between Danamon, Public Accountant and FSA**

Danamon as an audited party must publicly provide data and information required by the Public Accountant/Public Accounting Firm for the purpose of the examination. Auditors (Public Accountants/Public Accounting Firm) independently conduct evaluation and submit suggestions and feedback on improvements to Danamon's management for follow-up.

Communication and cooperation with external auditors is always conducted in relation to accounting policy issues and fair presentation of financial statements. The results of the audit have been communicated by the Public Accountant/Public Accountant Office to the Management, Audit Committee, and FSA.

## **RISK MANAGEMENT**

### **Implementation of Integrated Risk Management**

The approach taken to support the effective implementation of risk management is to adopt a holistic approach to manage Danamon's risks comprehensively. Risk management is conducted by taking into account the principles of risk management covering four pillars, namely:

- a. Active supervision of the Board of Commissioners and the Board of Directors
- b. Adequacy of policies, procedures and limit setting
- c. Adequacy of process identification, measurement, monitoring and risk control and risk management information system
- d. Internal risk management control system.

In line with practices in the banking industry and in accordance with the Financial Services Authority (POJK) Regulations, Danamon has a centralized and independent risk Integrated function of all business lines. The Integrated Risk Management function includes management of key risks inherent in the activities of Danamon and Subsidiaries. Implementation of integrated risk management is performed by the Integrated Risk Management Unit which is responsible to the Director of Integrated Risk.

Danamon and Subsidiaries, both individually and integrated, have applied Risk Management consistently to manage risk exposure in their business activities.

Specific discussions on the implementation of risk management are disclosed in the Risk Management Operations Review in Danamon's Annual Report.

### **Types of Risk and their Management**

Risks attached to a Danamon include Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk, Risk of Return, and Investment Risk. While the risks inherent in integrated risk management also include the Risks of Intra-Group Transactions and Insurance Risk, as follows:

**Credit Risk**

Credit risk arises due to failure of debtors and/or other parties in meeting their obligation to 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 Danamon's portfolio on the Asset side as well as Liabilities which carry potential loss to 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 Danamon. 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 bank to meet its obligations when due funded from cash flow and/or high quality liquid assets to be pledged as collateral without disrupting 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 bank not complying and/or not implementing prevailing laws and regulations. Compliance risk is managed by the compliance function as a component of bank's Integrated Risk Management.

**Legal 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 bank's reputation and financials.

**Reputation Risk**

Reputation Risk is risk in the event of declined stakeholders trust sourced from negative perception toward 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. Danamon'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 bank pays to customers. This happens because there is a fluctuation in yields which 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 bank as main entity.



Specific discussions on the types of risks, management efforts and risk management organizations are disclosed in the Risk Management Operations Review in Danamon's Annual Report.

### Monitoring of Board of Commissioner and Directors

The Board of Commissioners and the Board of 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 a supervisory board to monitor the implementation of risk management strategies and policies and evaluate the Board of Directors' accountability in managing risk exposure.

b. Risk Management Committee

It sits at the Board of Directors level and is responsible for managing overall risks in both Danamon and the Subsidiary Companies by monitoring the implementation of risk strategies, policies and evaluating significant risk issues.

### Effectiveness of Risk Management

Danamon employs the Enterprise Risk Management (ERM) approach that connects strategic planning, risk appetite, business execution, risk assessment and performance evaluation in an effort to optimize business growth and maximize stakeholder value.

Danamon has established a Risk Appetite Statement (RAS) that outlines the level and characteristics of risks that Danamon can accept in conducting its activities to achieve the objectives set by the shareholders. The application of RAS to the Business Lines and Subsidiaries was conducted in 2017.

The Board of Directors and senior management are responsible for ensuring that the Risk Management Framework is effective and able to mitigate the risks to be faced and includes detailed policies that govern the broad range of prudential principles of Danamon activities.

The evaluation of the effectiveness of risk management is carried out by the work unit through self assessments and periodic evaluations conducted by the Internal Auditor on risk assessment methodologies, adequacy of system implementation, management information systems, and policy, procedure and limit accuracy. In addition, evaluation of the implementation of risk management is conducted periodically by the External Auditor and the Financial Services Authority (FSA). In 2017, assessment of risk management effectiveness of Danamon and Subsidiaries was at the satisfactory level of risk 2 (low to moderate).

### Achievement of Integrated Risk 2017

Integrated Risk Management:

- Implementation of Integrated Risk Management at Danamon and Subsidiaries in the Financial Conglomeration.
- Integrated risk management covering Intra-Group Transaction Risk and Insurance Risk.
- Improvement of Risk Profile report in accordance with regulatory requirements.
- Update the Risk Appetite Statement (RAS) and apply to the Business Line and Subsidiary Companies.
- Establishment of an Action Plan (Recovery Plan) in accordance with the Financial Services Authority Regulation No. 14/POJK.03/2017 for the Systemic Bank.
- Implement Risk Management School on an ongoing basis as a means of risk management learning for all Danamon employees through face-to-face classroom training.
- Implement bankwide stress tests according to Basel II at least once a year.
- Run an ICAAP framework of Danamon in a sustainable manner.
- Establish a special division, the Information Risk Management Division, which is responsible for addressing the risks associated with the use of Information Technology, Information Security and Business Sustainability.

#### Credit Risk Management:

- Implement a database of bankwide negative lists to improve the underwriting process.
- Renewal of Internal Rating Models for the Corporate, Commercial, Financial Institution and Financing Company lines that include segmentation and logic reviews of Internal Models, Refinement and Validation Models following PD, LGD and EAD calibrations.
- Development of Early Warning Indicator for Corporate and Commercial business lines.
- Development of Risk Based Pricing Model for Corporate and Commercial business lines.
- Development of Scorecard and Internal Rating models on the Small Medium Enterprise (SME) business line.
- Development of a scorecard model for the Home Ownership (KPR) and Multiguna (KMG) line of business.
- Development of the Cross Selling Scorecard Model for credit card financing & Unsecured Loans (KTA) based on customers' cash flow data.
- Development of PSAK 71 or IFRS9 Model for Corporate, Commercial, Financial Institution, Financing, SME, KPR, KMG, Credit Card, KTA, Micro Credit (SEMM), Vehicle Ownership Credit, Consumption Credit, Investment and Insurance Cards,
- Establish CCO (Chief Credit Officer) Office which has an independent function and focus as credit and remedial breaker.
- Danamon already has a Credit Risk Policy that has been implemented in all Danamon Business Lines and Subsidiary Companies. Danamon has also established an Enterprise Banking Credit Guideline.
- Establish and classify different types of industries into industrial groups with high, medium, and low risk levels. Danamon will focus its growth on industries with medium and low risk levels.
- Continue to focus on acquiring new loans in low-risk business lines such as Mortgage and Cross Sell.
- Reduced lending to high risk segments such as ABF, SEMM and UPL.
- Implementation of credit system infrastructure such as Credit Processing System (CPS) in SME business line and Rules Based Engine implementation on SME and SEMM business lines.
- Regularly review all processes, policies (including any adjustments required by regulations), relevant authorities and limits and will adapt them if necessary.
- Regularly review the product program owned by Danamon, in terms of portfolio, criteria, limitations and other requirements, and make necessary adjustments.
- Periodically backtest to assess the adequacy of credit provision. Where necessary, additional credit backups will be made based on the results of the backtesting.
- In SEMM (Micro Credit) business, several initiatives have been initiated, such as the separation of DSP SEMM's work units into two groups, Micro Banking and Special Assets.
  - Micro Banking is the identified unit having good potential and will be the work unit that sustains the growth of SEMM credit. The Billing Process and Initiation will be part of the 'Single Captain' which will be expected to encourage a healthier credit growth.
  - Special Assets (SA) includes all units focused on handling the billing process including payment, settlement and closing of credit facilities. The main focus of re-collection within SA units will be a good step in improving credit quality.

#### Operational Risk Management, Fraud and QA:

- Improve the independence of functions and roles of operational risk officers in business lines, support functions and subsidiary companies.
- Improve the application of Operational Risk Management System (ORMS) to increase effectiveness in managing operational risk comprehensively in Danamon and subsidiaries.

- Build awareness of Operational Risk Management through E-Learning, risk management school modules, email blast, anti-fraud awareness video to raise awareness of management and employees of the importance of managing operational risk.
- Implementation of ORPA (Operational Risk Pre Assessment) to review risks on proposals of new strategic initiatives, along with risk mitigation recommendations.
- Self-Raise Campaign to provide a means for employees in raising an issue that poses operational risks.
- Implement escalation mechanisms for potential operational risk events.
- Implementation of Risk Acceptance to ensure that the unfinished operational risk action plan exceeds 12 months and has received management approval.

#### Information Risks Management:

- Develop Danamon's Information Security Policy that acts as a basic guide and as a guide to the implementation of risk management from the aspect of Information Security in Bank Danamon Indonesia.
- Conduct training for the Board of Commissioners, Directors and members of the Incident Management Team (IMT), to raise awareness regarding the management of cyber security incident risk, which is in line with Danamon's business strategy in the era of digitalization.

- Develop a standard template for conducting an IT risk assessment that includes the need for control within the scope of the Information Risk Management.
- Continue and develop the implementation of the Business Continuity Management (BCM) program to maintain the continuity of business and operational activities in a comprehensive emergency. This application includes both Danamon and its subsidiaries; both in critical and non-critical units, by coordinating the preparation of the Business Continuity Plan (BCP) document, monitoring BCP testing, and coordinating the handling of incidents.
- Build awareness of Risk Information Management through various media, eg e-Learning, Risk Academy, periodic email broadcasting, sharing session events in the LoB, to raise awareness of management and employees about the importance of managing operational risks.

#### Market Risk Management and Liquidity:

- Update the limit structure and policies of Market Risk and Danamon Liquidity Risk.
- Implementation of ALM SunGard System in Subsidiaries that is in line with Danamon as the Main Entity.
- Completion of LCR calculations and reporting adjustments under FSA Rules.
- Application of validation to measurement methodology of market risk and liquidity.
- Adjustment of NSFR calculations according to FSA Rules to be implemented by 2018.

## PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES

PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES PER DECEMBER 31, 2017			
No.	Provision of Funds	Debtor	Nominal (Rp Million)
1.	Related Parties	Subsidiaries and Main Management	2,495,874
2.	Largest Group/Debtor	25 Groups	14,497,960

Danamon limits the concentration of loans to individuals, groups or industrial sectors in order to reduce Concentration Risk. The provision of funds to related parties and subsidiaries is conducted on an arms-length basis and in accordance with normal commercial requirements and is required to obtain Compliance Assessment (HUK) from the Compliance Working Units and approval from the Board of Commissioners.

During 2017, there were no violations or exceedances of the LLL to the Related Parties either Individuals or Borrower Groups. Provision of Funds to Related Parties of Danamon refers to Bank Indonesia regulation No. 7/3/PBI/2005 concerning the Legal Lending Limit for Commercial Banks and Bank Indonesia Regulation No. 8/13/PBI/2006 concerning Amendment to Bank Indonesia Regulation No. 7/3/PBI/2005 concerning Legal Lending Limit for Commercial Banks.

### INTERNAL CONTROL SYSTEM

Internal Control is an integrated methodology, policy, procedure and organizational structure aimed at identifying, measuring, monitoring, and controlling risks arising from Danamon's and Subsidiaries' activities with a risk-based approach. Internal Control in Bank Danamon and Subsidiaries is done by covering all aspects of business from both the assets and liabilities sides.

Danamon Risk Management and Internal Control framework adopts a layered defense principle called Three Lines of Defense as shown below:

### Danamon Three Lines of Defense

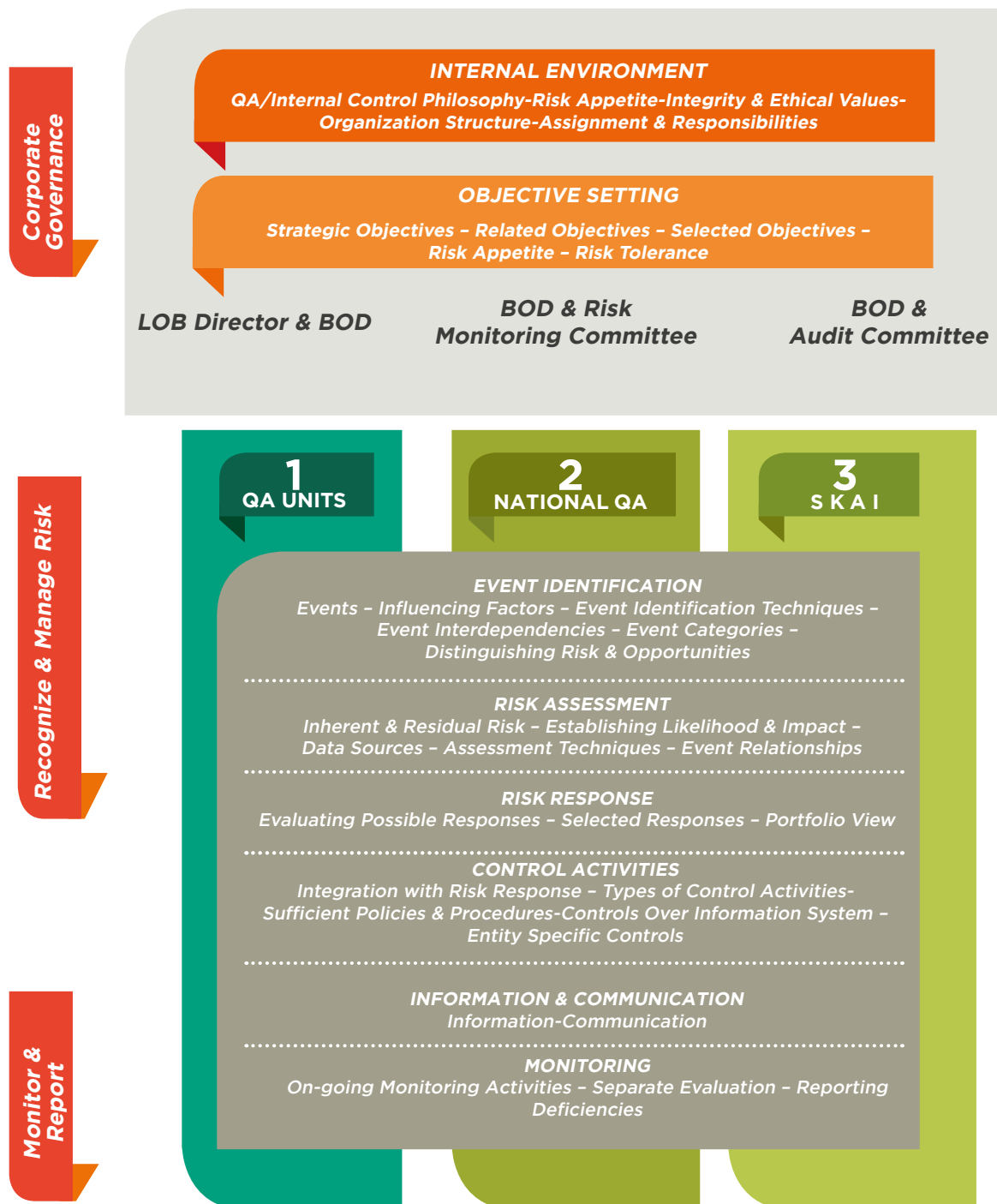


### Conformity of Internal Control System with COSO

All Quality Assurance (QA) units as internal control performer in Danamon and Subsidiaries have work reference standards (SOPs) based on Danamon's Quality Assurance Terms of Reference made by adopting COSO and BIS Principles on Internal Control Practices

Danamon has a well-structured organization structure suitable for quality assurance management. It is based on all business functions having to act as the main responsibility in the management of quality assurance in each business unit.

The above philosophy is the basis for developing the structure of Danamon QA framework by combining the Three Defense Level approach with the Internal Control/ERM framework based on COSO as shown below:



Implementation of internal controls conducted by Quality Assurance units until 2017 already includes divisions, subsidiaries and support functions. Divisions dealing directly with customer transactions have a high frequency of evaluation, while head office divisions, and formal internal controls are reviewed only once a year.

Awareness programs on internal control of the work unit are also routinely performed by QA units. In principle internal control is not only a task of the Internal Control Unit (Quality Assurance), but it is the duty and responsibility of all work units.

### Evaluation of Effectivity Level on Internal Control System

The Internal Audit Unit (SKAI) which is part of the Internal Control System conducts audits to ensure the effective level of Danamon's internal control, through an independent evaluation of adequacy and compliance with policies, procedures and systems. The evaluation of the implementation of internal control system is one of basic management to determine the effectiveness of the implementation of the internal

control system. The evaluation of the effectiveness level of the internal control system is illustrated by the audit rating on which the improvements are made, such as in the form of policy/procedure/system update.

### LEGAL MATTERS AND IMPORTANT CASES INVOLVING DANAMON, ITS SUBSIDIARIES, MEMBERS OF BOARD OF DIRECTORS AND/OR BOARD OF COMMISSIONERS

Legal matters include civil and criminal cases involving Danamon and its subsidiaries through out the yearly period of reporting and has been submitted through the justice process.

#### Legal Cases Involving Danamon

Legal Cases that Danamon's Exposed to	Case Amount		Effects to Danamon's Financial Condition
	Civil	Criminal	
Settled and legally binding	146	6	No effect
In process of settlement	832	67	Legal cases that are not yet executable do not have any impact on Danamon's Financial Condition

Note:

The civil and criminal matters faced by Danamon during the reporting year period have been filed through the judicial process. Total case recapitulation during 2017 according to data as of December 2017.

#### Legal Cases Involving Members of BoD and BoC

Legal Cases Involving Members of BOD, BOC	Case Amount		Effects on Danamon's Financial Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In process of settlement	1	-	None

#### Legal Cases Involving Subsidiaries

Legal Cases Involving PT Adira Dinamika Multi Finance	Case Amount		Effects to Subsidiaries' Financial Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In process of settlement	19	-	None

Legal Cases Involving PT Asuransi Adira Dinamika	Case Amount		Effect on Subsidiaries' Financial Condition
	Civil	Criminal	
Settled and legally binding	3	-	None
In process of settlement	1	-	None

PT Adira Quantum Multifinance is in process of liquidation.

## IMPORTANT CASES INVOLVING DANAMON

### Civil Case of PT Danamon International

In November 2011, PT Danamon International sued Danamon at the South Jakarta District Court. On August 7, 2012, the South Jakarta District Court has read out its verdict, and Danamon appealed to the Jakarta High Court on August 10, 2012. On May 23, 2013, the Jakarta High Court gave its verdict, and Danamon filed an appeal to the Supreme Court on August 16, 2013. On January 12, 2015, Danamon received a copy of the Supreme Court ruling. In this regard, Danamon filed a judicial review filing with the Supreme Court on March 10, 2015. Therefore, the execution attempts on the Cassation decision which has been of legally binding was postponed according to the determination of the South Jakarta District Court Number 03/Eks.Pdt/2015 Jo Number 539/Pdt.G/2011/PN Jkt.Sel on March 31, 2015.

On December 5, 2016, the South Jakarta District Court submitted a Notice of Decision of Judicial Review of the Supreme Court. 395 PK/Pdt/2015 was terminated on December 31, 2015, with the verdict rejecting the Judicial Review filed by the Minister of Finance and Danamon, thus the case is legally binding. Based on the verdict refusing the Review, Danamon is required to pay to PT Danamon International. In 2015, Danamon recorded liabilities on the principal of PT Danamon International's legal claims by journalizing other assets - loan capital and reducing additional paid-in capital in the consolidated financial statements. In relation to the interest obligation, Danamon made a correction by performing a restatement of the consolidated financial statements for prior years taking into account that such interest obligations should be recognized since the loan capital is granted.

The South Jakarta District Court issued Decision No.03/Eks.Pdt/2015 Jo 593/Pdt.G/2011/PN.Jkt.Sel dated March 14, 2017 which granted the petition of the execution from the Petitioner, and declared no more suspension/postponement of execution. As a follow-up, the South Jakarta District Court issued a warning letter (aanmaning) on Friday, March 24, 2017, and dated April 5, 2017, both on the implementation of Determination of Execution No. 03/Eks.Pdt/2015 Jo 593/Pdt.G/2011/PN.Jkt.Sel. On July 20, 2017, the Deed of Amicable Agreement was signed, Deed number 77 was made before Notary Jose Dima Satria, S.H, M.Kn Notary in Jakarta to end and settle the case amicably. In relation to the agreement, Danamon adjusted its retained earnings to reverse the unnecessary accruals previously taken from retained earnings.

### DISCLOSURE OF ADMINISTRATIVE SANCTIONS BY THE FSA

Administrative sanctions imposed by the regulator on Danamon is the administrative sanction related to reporting. No administrative sanction was imposed on the members of the BoD and BoC of Danamon in 2017.



## INTERNAL FRAUD

Internal fraud that has financial impact of more than Rp100,000,000 (one hundred million rupiah) made by the management, permanent and non permanent (honorary and outsourced) employees related to the work process and operational activities as follows:

Internal Fraud	Amount of Cases								
	Management			Permanent Employees			Contract Employees		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Total internal fraud	-	-	-	15	121	92	-	-	-
Settled	-	-	-	9	55	52	-	-	-
Within internal process	-	-	-	6	66	40	-	-	-
Pending	-	-	-	-	-	-	-	-	-
Follow up by legal actions	-	-	-	-	-	-	-	-	-

## TRANSPARENCY OF BANK'S FINANCIAL AND NON-FINANCIAL CONDITION

Access to Company information and data in the form of financial or non-financial is regularly disclosed through mass media, public exposure and through forum analyst briefings and websites. Reports on financial and non-financial conditions are prepared and submitted to regulators and other agencies in accordance with applicable regulations. Reports on financial condition include Quarterly Publication Reports, Publications Financial Reports, Annual Reports and Non Financial Reports, Good Corporate Governance reports, Information on Products/Services, Branch Networks and other non-financial information.

The following are reports and information that have been disclosed and can be accessed via Danamon website [www.danamon.co.id](http://www.danamon.co.id):

Type of Information	Issuance	Substances
<b>Financial Information</b>		
1. Consolidated Financial Report	Quarterly	Consolidated Financial Report in accordance with the standard of Financial Accounting in Indonesia.
2. Publication of Financial Report	Quarterly	Summary of Financial Performance according to BI.
3. Analytical Presentation	Quarterly	Information of Financial and Primary Non-Financial
4. Annual Report	Yearly	Information on Financial and Non-Financial, business segment, Product Information and profit
<b>Non Financial Information</b>		
1. Products/Services	-	Information on products and services that are offered
2. Branch Network	-	Information on Branch Offices
3. Management and Ownership	-	Information on the management, structure and ownership
4. Policy on Corporate Governance	-	Information on corporate governance policy of Danamon
5. Corporate Governance Report	Yearly	Information on corporate governance implementation of Danamon and result of corporate governance assessment

## REMUNERATION POLICY

### Remuneration Arrangement and Policy

Danamon considers the importance of applying good philosophy and principles concerning remuneration to keep Danamon's remuneration level competitive in the market, so that the employees could be motivated to make their best contribution to Danamon and to support Danamon's business and mission to become the leading financial institution in Indonesia.

The remuneration policy aims to regulate the processes and approaches for determining remuneration for all Directors, Board of Commissioners and employees on the basis of employment, contribution to Danamon, and equity in the market for the same position.

To ensure that the remuneration of employees in the control unit is independent, each employee has a separate Key Performance Indicator (KPI) as a measure of performance unrelated to the KPI in the supervised work unit.

### Measurement of Performance Related to Remuneration

To give a fair return to every employee, Danamon always takes into account, and assesses the employee's strengths, expertise, and performance in appropriate positions.

This guideline is used to determine the amount of employee salaries:

- a. Danamon implements a 'Clean Wage' system where there is only one salary with no other allowances.
- b. Danamon uses the pay structure as a guide for the minimum salary and maximum salary for a given level.
- c. Payment Terms of a position in the market are based on:
  - Corporate business strategy
  - Comparative study in the market for the appropriate position
- d. The amount of salary is different based on:
  - Skill competence
  - Performance
  - Experience
  - Scarcity of positions in the market

- e. For employees with the lowest salary, attention should be paid to the minimum wage provisions of the area in question where the employees work.

Based on the measurement of performance and contribution to the Company each year, eligible employees will be rewarded in the form of annual performance bonuses.

The performance bonus is intended to motivate and encourage employees to perform and contribute more to Danamon.

The guideline below is used to determine the amount of employees' bonus:

- a. Pool bonuses for employees and senior management are made on the basis of Company performance against the work plan that has been determined:
  - The main factor is Net Profit After Tax (NPAT) before the restructuring fee.
  - The second factor is economic conditions, government regulations, market, restructuring, etc.
- b. The amount of the bonus pool is based on a certain percentage of Net Profit After Tax (NPAT) before the restructuring fee.
- c. The increase or decrease of the percentage of bonus pools against NPAT should take into account the achievement of the Company's performance against the plan that has been set at the beginning of the year. The distribution of bonuses must be in line with unit performance and individual performance.

### Remuneration Adjustment Associated with Performance and Risk

For officials appointed as MRT due to the authority they possess in decision making can have a significant impact on Danamon's risk profile, part of the annual performance bonus will be made as follows:

- a. Some of the annual performance bonuses are deferred for at least 3 years.
- b. The deferred portion is divided into cash and in stock/stock-based instruments.
- c. If Danamon Officer (Board of Directors/employee) is terminated by the Company not by fault, negligence or fraud, the deferred portion may proceed but payment can not be accelerated.

- d. The amount of deferred portion is differentiated by the level of position. The higher the level of office the larger the portion deferred. The amount of the portion and schedule of suspension is determined by the Human Resources Committee.
- e. If Danamon Officer (Board of Directors/employees) resigns by their own will, the portion of the postponed bonus will be written off.
- f. If a Danamon Officer (Board of Directors/Employee) has committed an offense such as negligence, fraud, etc. in the previous year and is only found the following year and has received a performance bonus, then the performance bonus may be withdrawn (Claw back).

### Remuneration Consultant

Danamon uses the consulting firm Willis Towers Watson to organize the annual salary survey. The results of the salary survey are used as a reference to determine the salary of employees. Danamon also uses the same consulting firm to assist in designing the Long Term Compensation Program/Long Term Incentive Program (LTI).

### Position and Number of Parties Who Become Material Risk Takers

In the application of FSA Regulation No. 45/POJK.03/2015 on the Implementation of Corporate Governance in Remuneration for Commercial Banks,

Danamon applies remuneration principles with caution against risk for officials who have the authority to make decisions that may have a significant impact on Danamon's risk profile. To that end, the Company has identified Danamon officials categorized as Material Risk Takers (MRT) for the following positions:

- Board of Directors
- Chief Credit Officer
- Treasury Head
- Wholesale Banking Head
- LOB Risk Head (for Wholesale, SME, Retail, Remedial, Consumer, SEMM units)
- Markets & Liquidity Risk Head.

### Remuneration Committee

The Remuneration Committee consists of 4 members of the Board of Commissioners and one official who oversees Human Resources.

Total remuneration paid to all Remuneration Committee members during 2017 amounted to Rp17.9 billion.

### Remuneration of Board of Directors and Board of Commissioners

The remuneration packages and facilities received by the Board of Directors and Board of Commissioners cover the remuneration structure and details of the nominal amount, as in the table below:

Type of Remuneration and Facilities	Total Amount Received in 1 (one) Year							
	Directors				Board of Commissioners			
	2017		2016		2017		2016	
	People	Rp million	People	Rp million	People	Rp million	People	Rp million
Salary, bonus, routine allowances, tantiem, and other non-natura facilities	9*	85,885	10	83,053	6	22,153	7	22,538
Other facilities (housing, health insurance, and others) which:								
a. can be owned	9*	4,197	10	3,009	6	472	7	746
b. cannot be owned	9*	6,484	10	5,889	6	1,694	7	1,861
<b>Total</b>	<b>9*</b>	<b>96,566</b>	<b>10</b>	<b>91,951</b>	<b>6</b>	<b>24,319</b>	<b>7</b>	<b>25,145</b>

Note:

\* Among 9 Directors, 1 Director was not willing to be reappointed in AGMS April 12, 2017 and 1 Director resigned with term of office ended December 19, 2017

## Board Of Directors and Board Of Commissioners Remuneration Based On Salary

The remuneration packages are classified into income levels received by the Board of Directors and members of the Board of Commissioners within 1 (one) year, as shown in the table below:

Remuneration Amount per Person in 1 (one) Year **)	Number of Directors		Number of Commissioners	
	2017	2016	2017	2016
More than Rp2 billion	9*	8	6	3
More than Rp1 billion to Rp2 billion	-	2	-	4
More than Rp500 million to Rp1 billion	-	-	-	-
Less than Rp500 million	-	-	-	-

Note:

\* Among 9 Directors, 1 Director was not willing to be reappointed in AGMS April 12, 2017 and 1 Director resigned with term of office ended December 19, 2017

\*\* Receive in cash

## Variable Remuneration

In addition to fixed remuneration, Danamon provides variable remuneration to employees in the form of annual performance bonuses that aim to show appreciation for the performance and contribution of employees every year, also in the form of retention programs or long-term compensation programs that aim to keep key Company employees working at Danamon.

Annual performance bonuses are granted to the rightful Directors, Commissioners and Employees.

The amount of performance bonus differs each year, and is determined by the performance of Danamon as a whole, the performance of each Business Segment, and the performance of each employee.

Long term compensation programs are highly selective and are offered to the Board of Directors and Senior Officers who perform very well and/or hold key positions. The provision of a long-term compensation program is a prerogative of the President Director and the Board of Commissioners.

Danamon's management and employees receive variable remuneration. Details can be seen in the table below:

Variable Remuneration	Total Amount Received in 1 (one) Year											
	Board of Directors				Board of Commissioners				Employees			
	2017		2016		2017		2016		2017		2016	
		Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million
Total:	7	42,900	7	19,548	6	9,624	7	5,764	7,934	187,138	7,990	118,236

## Unconditional Guaranteed Variable Remuneration

Danamon does not provide unconditional variable remuneration to prospective Directors, Board of Commissioners and/or Employees for the first 1 (one) year.

## Deferred Variable Remuneration

The deferred variable consisting of cash and/or shares or stock based instruments will be applied in the 2017 annual performance bonuses that will be paid out in March 2018

### Highest and Lowest Ratio of Salaries

To receive salary is the right of the employees, and is expressed in the form of money and paid under an employment agreement, or legislation, including allowances for employees and their families for a job and/or service that has been completed. The comparable salary in the salary ratio is the remuneration received by the Board of Directors, members of the Board of Commissioners, and Employees.

Salaries Comparison	2017	2016
Employees: highest and lowest	223.6 x	213.2 x
Board of Directors: highest and lowest	5.0 x	5.2 x
Board of Commissioners: highest and lowest	1.3 x	1.5 x
Highest Board of Directors and highest employees	2.7 x	2.8 x

### Share Options

During 2017, Danamon did not have a share option program for the Board of Directors, Board of Commissioners, or employees.

### Termination of Employment and Total of Paid Severance

Employees affected by Termination of Employment (PHK) received severance payment. The total nominal severance paid is listed in the table below:

Severance Payment Amount Paid per Person in 1 (one) Year	Number of Employees	
	2017	2016
More than Rp1 billion	15	17
More than Rp500 million to Rp1 billion	1,347	34
Less than Rp500 million	331	2,436

### SHARE AND BOND BUY BACKS

There were no repurchase activities either in shares or bonds in 2017.

### CONFLICT OF INTEREST TRANSACTIONS

There were no reports of conflicts of interest transactions during 2017.

No.	Name and Position with Conflict of interest	Name and Position of Decision Maker	Type of Transaction	Value of Transaction (Mio Rp)	Explanation
None					

Conflict of Interest Transaction is stipulated in the Transaction policy with Affiliated Parties, Related Parties and Transactions containing Conflict of Interest in No. KEP: DIR-Corp.Sec.-015 dated December 30, 2013. In the event of a conflict of interest in a transaction, the member of the Board of Directors, or the Board of Commissioners concerned shall abstain from the review process or approval of the transaction.

### BANK STRATEGIC PLAN

Danamon's strategic plan is based on a vision: "We Care and Help Millions Achieve Prosperity ", because sustained financial success is impossible without carrying out responsibilities to the wider community. Danamon's mission is to become a customer-oriented organization, serving all segments and offering unique value-added for each segment, based on sales excellence and service, and supported by the latest technology.

Danamon formulates a major policy direction to achieve diversified business growth through increased financing in the small and medium sized businesses, consumer sectors, and enterprise (commercial and corporate) sectors, and through cross-selling and inter-segment collaboration, more optimum liquidity management, increased productivity and human resource capabilities, technology investment facilities, and improved risk management and good corporate governance.

### Short Term Plan

In 2018, Danamon has determined the strategic steps to be taken.

#### a. Credit

Encourage balanced growth between mass market businesses and non-mass market businesses to gain a diversified credit portfolio. Danamon will focus on increasing market share in the small and medium enterprises (SME) segment, consumer segment through development and growth in mortgage business line, and enterprise (commercial and corporate) segment that provides risk-adjusted return in accordance with Danamon's target. The non-credit income strategy is through increased fee-based income by increasing bancassurance, cash management and trade finance sales, and enhancing Danamon's synergy with subsidiaries through cross-sell programs for automotive financing products and integrated service improvements.

#### b. Funding

Strategies to increase public fundraising to support credit growth include: optimizing office network and customer acquisition programs through the community banking approach and synergizing with subsidiary network (Adira Finance and Adira Insurance), offering value-added products, improving service quality to customers and prospective customers. Danamon's other funding-related strategy is to explore the issuance of the MTN/Negotiable Certificate of Deposit (NCD)/Contingency Convertible Bond/in accordance with the funding requirements, market conditions and regulations of the Financial Services Authority

(FSA)/Bank Indonesia ) in effect while taking into account and maintaining the Loan-to-Funding Ratio (LFR) ratio in accordance with Danamon's regulatory and business strategy provisions.

#### c. Overhead

Enhance Danamon's productivity and efficiency through investment in technology tools to enhance digital banking, data analytics and automation capabilities, effective cost management, human resource capability in carrying out tasks, especially sales, collection and frontliners, and operational efficiency through office network consolidation (shared service between business lines and subsidiaries) and automation of manual processes.

#### d. Quality of Assets

Maintain prudential principles in the provision of credit through adjustment and determination of enhanced customer selection criteria and in accordance with business dynamics, appropriate collateral appraisals, increased risk awareness through credit risk training to business teams and risks, improvement of fraud prevention measures, capacity building, billing and recovery, gradual credit process automation, and application of Early Warning Signal on enterprise business lines (commercial and corporate) to detect debtor quality deterioration signals based on data behavior/debtor transactions.

#### e. Networking

Improve the efficiency and optimization of distribution networks by adjusting processes and organizations including infrastructure by consolidating office networks and incorporating the same activities into a network and planning the development of office networks with digital services.

#### f. Basic Interest Rate of Credit (SBDK)

In an effort to support the Bank Indonesia program, Danamon strives to maintain reasonable interest rates by increasing productivity and efficiency, maintaining credit quality and aligning Danamon funding costs in line with the development of the BI Rate. The amount of loan interest rate can not

be separated by the interest rate, where Danamon also supports the FSA program by giving the maximum of the determined fund interest rate.

### Mid to Long Term Plan (3-5 Years)

Strategic steps to be implemented within 3 - 5 years ahead are as follows:

#### a. Credit

Danamon will continue to grow consumer credit, small and medium enterprise, commercial and corporate financing, trade finance, and financing of household goods and motor vehicle financing while maintaining prudential principles in lending and criteria of customer selection.

#### b. Funding

Strengthen funding by increasing third party funds, issue bond/MTN/NCD/Contingency Convertible Bond, and maintain LFR ratio according to prevailing regulations.

#### c. Risk management

The strategic steps to be undertaken in relation to risk management are to keep Danamon's growth at an acceptable level by remaining prudent, maintain optimal Danamon activity at an anticipated level of liquidity risk, and minimize the risk of "unanticipated" liquidity in obtaining sources of cash flow financing, continuing the development and implementation of the score card/internal rating model for credit risk in all business lines in stages to support the credit process, improving the implementation of operational risk management framework and strategy and operational risk awareness across all business lines and Subsidiaries, implementing Basel II III - BIS Framework for measuring the Liquidity Regulatory Requirement (NSFR) and Interest Rate Risk in the Banking Book (IRRBB) through ALM system in line with FSA and Bank

Indonesia Regulations, and improving the quality of human resources and business teams, risk, and support (operations) to understand current business challenges, risk-related elements, and risk mitigation.

#### d. Operational and CREM

Provide simple, fast and unique services to improve customer service and encourage customers to use alternative networks other than branches. Continue to centralize processes to achieve efficiency and create a dynamic space for the convenience and satisfaction of customers and employees.

#### e. Information Technology

Continue to increase digital service offerings to consumer and corporate customers, increase data analytics capabilities to help Danamon meet customers' needs more precisely, support business teams with information technology that enables them to build relationships with customers, and improve IT capabilities in operational processes and process approval of loans more efficiently.

### PROVISION OF FUNDS FOR POLITICAL ACTIVITIES

Danamon has a policy that prohibits Danamon's involvement in political activities, including donations of any kind for political purposes. During 2017, there was no funding for political activities.

### ACCESS TO COMPANY INFORMATION

Danamon provides access to information on Danamon for stakeholders through communication media such as Press Releases and Booklet Analyst Briefing. In addition, Danamon provides information on products and services, investor information, office network, financial statements, annual reports, reports and implementation of governance and social activities, corporate actions and others presented through its website: <http://www.danamon.co.id>, both in Indonesian and English.



In order to improve customer service and protection, to fulfill the needs of product and service information, and handling customer complaints and/or potential customers, Danamon prepares communication media through Hello Danamon. Hello Danamon is accessible 24 hours via phone number 1-500-090, 67777 mobile phone and via email: [hellodanamon@danamon.co.id](mailto:hellodanamon@danamon.co.id), and twitter: @hellodanamon.

In addition, the public can also contact:

Unit	Telephone Number	Email
- Corporate Secretary	(021) 80645000 Ext. 8706; 8794	<a href="mailto:corpsec@danamon.co.id">corpsec@danamon.co.id</a>
- Investor Relations	(021) 80645000 Ext. 8621; 8628	<a href="mailto:investor.relations@danamon.co.id">investor.relations@danamon.co.id</a>
- Corporate Communications	(021) 80645000 Ext.8361; 8328	<a href="mailto:corporate.communications@danamon.co.id">corporate.communications@danamon.co.id</a>

## INVESTOR RELATIONS

Investor Relations is directly responsible to the Director of Finance. The role of the Investor Relations Division includes the following financial and strategic aspects:

- Deliver regular financial performance updates, business strategies, work plans to investors/analysts, stakeholders (ratings agencies, lenders, regulators) in quarterly performance exposures, meetings, and conferences.
- Provide adequate, reliable and timely information about Danamon's corporate actions to each stakeholder.
- Engage in Danamon strategic projects, including those dealing with independent consultants.

In performing its duties, Investor Relations works closely with the management, the leadership of each business unit, Corporate Communications, Integrated Risk, Corporate Secretary and other teams under the Director of Finance.

Information about Danamon's performance update and strategy can be accessed through the website [www.danamon.co.id](http://www.danamon.co.id).

### Information Availability to Investors in 2017

Forum	Frequency	Explanation
Analyst presentation/ Public expose	4 times	Public Expose for media, analysts and senior management to provide final information on financial and non-financial conditions.
Financial Report	4 times	Publication of quarterly financial statements in accordance with Bapepam-LK requirements as a public company
Annual Report	1 time	A comprehensive report to the public and stakeholders on Danamon's performance, business and other activities
Roadshow and Conference	8 times	Participation in various deal and non-deal roadshows held by reputable securities firms to provide up-to-date information on Danamon's performance and strategies, challenges and opportunities to investors, analysts and other stakeholders
Face to face meetings and conference call	121 face- to- face meetings and 16 conference calls	Meetings with local/overseas analyst/investors to provide information on Danamon's strategy and performance

### Roadshow/conference in 2017

Agenda	Organizer	Location	Date	Number of Companies
Pulse of ASIA Conference	DBS Vickers Securities	Singapore	January 11, 2017	16
8th Annual Asean Conference	Credit Suisse	Singapore	January 12-13, 2017	32
Mandiri Sekuritas Corporate Day	Mandiri Sekuritas	Jakarta	February 10, 2017	22
Indonesia Conference	UBS	Jakarta	March 7, 2017	17
Non Deal Roadshow	Macquarie	Hongkong	March 22-23, 2017	18
Non-Deal Road Show	Macquarie	Tokyo	March 27-28, 2017	8
Macquarie Asean Conference	Macquarie	Singapore	August 21, 2017	16
Non Deal Roadshow	Credit Suisse	Singapore – Hongkong	September 4-7, 2017	30

### CORPORATE COMMUNICATIONS

The Corporate Communications Unit is responsible for managing communication between Danamon and the public at large, through mass media. Corporate Communications has a role to build effective, clear, concise and reliable communication with the following scope of duties and responsibilities:

- Build and manage Danamon's image in the community through community relations.
- Implement the communication function of Danamon community management through mass media, both printed and electronic.
- Implement external communication, including the formulation of messages, determination of communication and delivery of information to outsiders.
- Be the first door of communication (gateway) for people who need information about Danamon.

### Social Media

In 2017, Danamon restructured its official accounts to become:

- Akun Twitter: @danamon, @HelloDanamon (customer service)
- Facebook: Bank Danamon
- Instagram: @myDanamon
- LinkedIn: Bank Danamon
- YouTube: Bank Danamon

### SERVICE QUALITY & CONTACT CENTER

The Spirit of Service Quality & Contact Center continues to transform in providing non-stop services to customers. Commitment continues to focus on the customer (customer centric) in providing service excellence at all points of service, such as branches and Contact Centers. It aims to maintain closer contact with customers and gain their trust to make Danamon the perfect solution solution for their financial needs.

Initiatives by Service Quality in improving services to customers include:

- Service Program, Service Development and Service Reward & Recognition to foster the spirit of service excellence for all frontliners who deal directly with the Customer, such as Branch and Hello Danamon team. Not only that, Service Quality collaborates with all Danamon employees such as support in the regions, Danamon & Adira Head Office continue to spread the service excellence spirit to all employees until service becomes a culture in Danamon.
- Process improvement to upgrade service quality by simplifying critical processes for customers, such as Mortgage Initial Process Simplification, Customer Relationship Management Implementation, and Single Screen. Simplification of processes makes

service time faster, more relaxing and more straight forward, so as to meet the needs and expectations of the Customer.

In 2017, several awards were received for Service Excellence as follows:

No	Organizers	Award	Award Category	Rank
1	Institute of Service Management Studies (ISMS) & Infobank	Service Quality Overall 2016	Jakarta and Bandung	1
2	Marketing Research Indonesia & Infobank	Bank Service Excellence Monitor (BSEM) 2016/2017	Best Overall Performance Commercial Bank	3
			Best Performance for Teller	1
			Best Performance for Telephone Branch	1
			Best Performance for Security	2
			Best Performance for Customer Service	3
			Best Syariah Unit	2
3	MarkPlus Insight & Marketers	MarkPlus WOW Service Excellence Award 2017 (Danamon achieves awards in 14 cities out of 18 cities being surveyed)	Gold Champion of Banjarmasin	1
			Gold Champion of Denpasar	1
			Gold Champion of Jayapura	1
			Gold Champion of Makassar	1
			Gold Champion of Pontianak	1
			Gold Champion of Pekanbaru	1
			Gold Champion of Surabaya	1
			Silver Champion of Balikpapan	2
			Silver Champion of Semarang	2
			Bronze Champion of Banda Aceh	3
			Bronze Champion of Bandung	3
			Bronze Champion of Jabodetabek	3
			Bronze Champion of Medan	3
			Bronze Champion of Padang	3

## CUSTOMER SERVICE UNITS

"Always Ready to Provide a Solution" is the spirit of Hello Danamon. Hello Danamon is ready to serve Customers 24 hours/7 days for various customer needs such as requests for information, advice, and settlement of complaints by phone 67777 (GSM) or 1-500-090 or email [hello.danamon.co.id](mailto:hello.danamon.co.id) and Twitter @Danamon.

Hello Danamon continuously strives to achieve its goal of improving the quality of interaction with the Customer and providing solutions. Various initiatives undertaken to achieve these objectives include:

- Automated processes are continuously conducted to shorten service time in Hello Danamon or reduce customer complaints submitted, either through branch or Hello Danamon as follows:

- Verification process by sending OTP (one time password) to the customer
- Newspaper delivery
- Request for a credit card PIN, where Customer simply sends SMS to 3435 or via IVR menu, the PIN will then be directly accepted and can be directly used.
- Automation of closing card applications so that the closing letter of the card will automatically be printed and sent to the Customer's home address/ email, etc.

Hello Danamon also continuously educates customers who contact Hello Danamon so that Customers can benefit from facilities that are useful, such as education D'Card that can be accessed 24 hours/7 days to know the total bill, redeem D'Points, My Own Installment (MOI), and Blocking cards due to lost cards.

#### Customer Reports Handled in 2017

Product Type	Complaints Category						
	Interests/ Profit Sharing/ Margin	Penalty	Admin Fee/ Provision/ Transaction	Failure/ Transaction Delay	Total Amount of Invoice/ Account Balance	Others	Total
Fund Raising	-	-	137	44	17	984	1,182
Fund Allocation - Financing	9	23	10	3	63	136	244
Payment System	23		282	107	10,557	2,302	13,271
Other Cooperation Products	6				13		19
Other Products	-	-	-	-	-	-	-

### CORPORATE CULTURE

Corporate culture are the values that guide, order and have control over the behavior of employees, members of the Board of Directors and Board of Commissioners in carrying out their duties and obligations to achieve the goals in accordance with the Vision and Mission of the Company.

- Care  
Showing genuine concern for good and common progress will encourage us to always be the best.
- Honesty  
Always be truthful to yourself and others with no hidden agenda.
- Striving for the Best  
Always be brave enough to find a better way to work to achieve the best results by taking into account existing risks without sacrificing Company resilience.
- Cooperation  
Make plurality a team strength to achieve common goals.
- Disciplined Professionalism  
Carry out responsibility by upholding professional standards and ethics through people who are disciplined in thinking and action.

In order to grow Corporate Culture, Danamon applies a reward system based on contributions, known as SIPASTI. Its aim is to show appreciation to employees who contribute more, and coach others so that all employees can perform better. Appreciation can be either financial or non-financial, for example: employee development, career development, or recognition of the work/achievement of employees.

To embed the Company's values, Danamon undertakes a wide range of activities, including developing E-Learning-based Corporate Values module accessible to every employee, conducting Danamon Essential Leader (DEL) and Danamon Essential People (DEP) training to build leadership based on the values of Danamon, conducting a dialogue session between employees and representatives of leaders throughout Danamon's operational areas, consistently managed by HR management so that strategic and operational communication can be downgraded, in addition to other media such as articles sent by email blast and newsletters. In addition, Danamon conducts compulsory training of E-Learning Code of Ethics to improve the integrity and commitment of the mutual trust that can increase the trust of customers, shareholders and other stakeholders.

Danamon also undertakes a number of initiatives related to Employee Engagement (EE), by publishing Employee Engagement Insight articles periodically in several internal communication media such as magazines, portals, and email blasts. As has been done in the previous year, each Employee Engagement Champion of each Line of Business (LOB) has run programs that can improve employee engagement, such as sharing sessions both internally and by bringing in external speakers, coaching programs and award programs for employees. In addition, Shared Success is also conducted for every Line of Business/Directorate in order to increase Employee Engagement, motivate and encourage employees to provide a better performance for the company. This activity also fosters a positive spirit for employees in strengthening collaboration and implementing Danamon's cultural values.

Other initiatives include building an On-Boarding framework and guidance for Unit Leaders as an effort to provide a positive experience for new

employees. It is hoped that an effective onboarding process can increase productivity and ensure new employees understand Danamon's vision, mission and cultural values. In addition, Bank Danamon began to build internal capability in measuring employee engagement on a regular basis through digital technology.

## CODE OF CONDUCT

In 2017 Danamon renewed the Code of Conduct. Danamon's Code of Conduct is an ethical value that refers to its vision, mission and corporate culture. The Code of Conduct serves as a guide in behaving to all management (Board of Directors, Board of Commissioners, Syariah Supervisory Board, including and not limited to parties outside Danamon who are members of the Audit Committee or Risk Management Committee) and employees in performing daily duties and establishing relationships with customers, co-workers and third parties. The Code of Conduct is expected to support Danamon's business continuity and reputation.

### Prevailing Code of Conduct Statement at All Levels of the Company

Management and Employees must know, understand, obey, and implement Danamon's Code of Conduct. The Code of Conduct is binding and any violation of the Code of Conduct may be subject to administrative, civil or criminal sanctions in accordance with applicable rules and procedures. The consequences of a violation of the Code will be sanctioning and termination.

Code of Conduct covers:

- Introduction: contains the background of the Code of Conduct, its purpose, its vision, mission, and values.
- Conflict of Interest: regulates all matters concerning the occurrence of a conflict of interest between Personal interests and the interests of the Company, activities outside the Company, use of Company assets and personal investment.

- Management of Company Information: regulates all matters concerning the management of Danamon information, ie security of Danamon information, accuracy of reporting and recording of Danamon, Danamon identity, use of social media and provision of information to other parties.
- Anti Money Laundering And Counter Financing of Terrorism: Danamon's commitment to combat money laundering, terrorism financing and other crimes of any kind.
- Danamon's Business Ethics: regulates all matters related to ethics in work, ie personal ethics within Danamon, ethics with customers, ethics with third parties, ethics with regulators, ethics between Management with Employees, receipt of gifts from customers, relationships and partners, bribery and corruption, and ethics with competitors.
- Enforcement of the Code: requires the roles and responsibilities of Management and Employees, annual statements, whistle-blowing systems, violations of the Code, and enforcement of the Code.

#### Sanctions imposed in 2017

Type of Sanction	Number of Employees
Termination	20
1 <sup>st</sup> Warning Letter	2
2 <sup>nd</sup> Warning Letter	1
3 <sup>rd</sup> Warning Letter	1
Reprimand Letter	12
Amount	36

#### WHISTLEBLOWING SYSTEM

The Whistleblowing System is a communication channel that enables employees, customers, vendors or other parties to report fraud or other offenses without fear. The whistleblowing system is one of Danamon's commitments in supporting the implementation of good corporate governance and business practices with integrity.

In an effort to improve whistleblowing reporting systems that are more independent, transparent, simple, confidential, protected and more effectively monitored for reporters, Danamon works with third parties in providing Danamon Whistle Blowing Service (WBS).

WBS is a communication channel to facilitate whistleblowers who will report events or allegations relating to fraud, policy offenders, bribes/lending-borrowing money with customers, sexual harassment, theft/embezzlement, financial report fraud, illegal activity and other code violations involving Danamon employees and/or parties related to Danamon.

Any employee may report any irregularities or allegations of irregularities that have taken place frankly, responsibly, in good faith and without fear or worry because their secrecy is guaranteed. Danamon will protect and maintain the confidentiality of the identity of the complainant.

Reports received together with the results of the investigation are registered every month to be reported periodically to management and the Audit Committee. Any information that enters the whistleblower path will be reviewed and acted upon by the Whistleblower team appointed by Danamon.

#### Whistleblower Policy

Danamon has a whistleblower policy that is socialized to all employees through various media such as email blast, company portal, and Company website ([www.danamon.co.id](http://www.danamon.co.id)).

#### Mechanism of Submission of Violation Report

Danamon provides an easily accessible reporting facility through several communication channels, as follows:

- E-mail address: [danamon-wbs@tipoffs.info](mailto:danamon-wbs@tipoffs.info)
- Website: <https://danamon-wbs.tipoffs.info/>
- SMS: 085716715560
- Fax: (021) 23507060
- Postal Address: PO BOX 2666 JKP 10026

### Violations by the Board of Commissioners and Directors

Violation or potential violation by members of the Board of Commissioners or the Board of Directors may be reported through the above communication channels and/or submit the sealed report in writing to the Chairman of the Audit Committee (Independent Commissioner).

### Protection For Reporters

Danamon provides protection to any complainant, including:

- a. Identity confidentiality of the reporter that includes information that may be used to contact the complainant.
- b. Protection against counterattack from the party or other interested parties.
- c. Protection from pressure, employee rights, lawsuits, property and physical retaliation.
- d. Protection is not only for complainants but may also be extended to family members of the reporting party.

Danamon also provides legal protection that is in compliance with prevailing laws and regulations. This commitment includes protection from criminal and/or civil claims, as well as protection for personal safety and/or family safety from physical and/or mental threats.

### Handling of Complaints, Party Who Manages Complaints, and Sanction Imposition

Danamon appoints an independent third party in managing the WBS of Danamon, including complaint handling and complaint administration. Third party

WBS managers will forward reports received to Danamon's WBS team for evaluation.

Danamon WBS Team (Internal Audit Unit, HR and Compliance Working Unit) evaluates the reports received to determine whether to proceed further to the investigative stage or forward it to the appropriate party.

Investigation of potential violations are undertaken by an independent Internal Investigation Team, the investigation process is conducted by holding the principle of presumption of innocence and objectivity. Investigation Result along with supporting evidence are reported to the Board of Directors and Audit Committee periodically.

Investigation results become the basis of a decision to take action and/or impose sanctions on parties or perpetrators proven to have violated in accordance with prevailing laws and regulations and/or in accordance with internal regulations of Danamon.

### Result of Complaint Handling in 2017

Danamon received 71 complaint reports through WBS. Of the number received through WBS Danamon there were no complaints related to subsidiaries. Up to end of 2017, investigations of 63 reports had been completed, 19 of which were proven to be fraud while 44 reports were not proven to be fraud. 8 reports are still in the process of investigation.



**Complaint Handling Results in 2017**

Business Unit/ Subsidiaries	Amount of Complaints Received	Status of Complaint			
		Amount of Settled Complaints	Completed		In Investigation Process
			Proven Fraud	Non-proven Fraud	
Danamon	71	63	19	44	8
Subsidiaries	-	-	-	-	-
Total	71	63	19	44	8

**THE IMPLEMENTATION OF CORPORATE GOVERNANCE GUIDELINES IN LISTED COMPANIES**

Danamon as a listed company has observed and implemented the recommendation of the Financial Services Authority in accordance with FSA Regulation No.21/POJK.04/2015 concerning the Implementation of Corporate Governance Guidelines in Listed Companies and FSA Circular Letter No. 32/SEOJK.04/2015 concerning Corporate Governance Guidelines in Listed Companies. The Implementation of 5 (five) aspects, 8 (eight) principles of good corporate governance and 25 (twenty five) recommendations submitted by FSA are presented in the table "Implementation of 25 Recommendation of Corporate Governance Guidelines in Listed Companies".

**STATEMENT OF IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE**

Danamon has applied the principles of good corporate governance. During 2017 there was no material violation of applicable laws and regulations.

## IMPLEMENTATION OF 25 RECOMMENDATION GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES

No.	Principle	Recommendation		Explanation
A.	Public Company Relationship With Shareholders In Ensuring Shareholder Rights			
1.	Increase Value of General Shareholders Meeting (GMS)	1.1.	Public Companies have technical or voting methods both open and closed, which emphasize independency, and the interests of shareholders.	Danamon has GMS Rules of Procedure which regulate general guidelines for the conduct of the GMS voting mechanism, decision-making and vote counting procedures that prioritize the independence and interests of shareholders. All procedures and rules of the GMS are available and can be accessed through Danamon's website (www.danamon.co.id).
		1.2.	All members of the Board of Directors and members of the Board of Commissioners of Public Companies are present at the Annual GMS.	The annual GMS was held on 12 April 2017 and was attended by all members of the Board of Directors and members of the Board of Commissioners of Danamon. In addition, the Annual GMS was attended by the Syariah Supervisory Board and Audit Committee Members. Status: Comply
		1.3.	Summary of minutes of the GMS is available on the Public Company Website for at least 1 (one) year.	Danamon has summarized the minutes of the GMS in Bahasa and English which are announced 1 (one) business day after the General Meeting of Shareholders is held and available on Danamon Website for more than 1 (one) year. Status: Comply
2.	Improving the Quality of Public Company Communication with Shareholders or Investors	2.1	Public companies have a communication policy with shareholders or investors.	Danamon has a policy of communication governing the process of providing information to shareholders and the investment community on a timely and reasonable basis regarding Danamon so as to assess Danamon's strategy, progress, operations and financial performance, and enable shareholders and investment communities to be actively involved with Danamon. Status: Comply
		2.2	Public Companies disclose their communication policy with shareholders or investors in the Website.	Communication Policy is publicly available including Shareholders and Investors and can be accessed through Danamon Website. Status: Comply
B.	Function and Role of Board of Commissioners			
3.	Strengthen the Membership and Composition of the Board of Commissioners	3.1	Determine the number of members of the Board of Commissioners to consider the conditions of the Public Company.	The amount, composition and structure of the Board of Commissioners are in compliance with the requirements and in accordance with the size and complexity of Danamon's business. At the end of 2017, Danamon's Boards consisted of 6 (six) members and 50% of the total members of the Board of Commissioners are Independent Commissioners. The total number of members of the Board of Commissioners does not exceed the number of members of the Board of Directors, amounting to 7 (seven) persons. Status: Comply
		3.2	The determination of the composition of members of the Board of Commissioners takes into account the diversity of skills, knowledge, and experience required.	Danamon has a diversity policy for members of the Board of Commissioners. The composition and structure of members of the Board of Commissioners has taken into consideration the knowledge, expertise and experience required by Danamon that can optimize the implementation of the Board of Commissioners oversight function. Status: Comply

No.	Principle		Recommendation	Explanation
4.	Improving the Quality of Implementation of Duties and Responsibilities of the Board of Commissioners	4.1	The Board of Commissioners has a self-assessment policy to assess the performance of the Board of Commissioners.	Danamon has a Performance Appraisal Policy to the Board of Commissioners prepared as a guide to assess performance in the implementation of the duties and responsibilities of the Board of Commissioners. Status: Comply
		4.2	The self-assessment policy to assess the performance of the Board of Commissioners, disclosed through the Annual Report of the Public Company.	Danamon has a performance appraisal policy of the Board of Commissioners. The assessment policy is disclosed in the Annual Report and is available on Danamon's Website. Status: Comply
		4.3	The Board of Commissioners has a policy related to the resignation of members of the Board of Commissioners if they are involved in financial crimes.	The Board of Commissioners of Danamon has a Nomination Committee and Remuneration Committee which assists the Board of Commissioners' duties relating to the nomination and remuneration functions of members of the Board of Commissioners and members of Danamon's Board of Directors. Danamon has a Nomination Policy for Board of Commissioners and Directors. Status: Comply
		4.4	The Board of Commissioners or the Committee performing the Nomination and Remuneration function shall establish a succession policy in the process of Nomination of the members of the Board of Directors.	The Board of Commissioners of Danamon has a Nomination Committee and Remuneration Committee which assists the Board of Commissioners' in duties relating to the nomination and remuneration functions of members of the Board of Commissioners and members of Danamon's Board of Directors. Danamon has Nomination Policy for Board of Commissioners and Directors. Status: Comply
C. Function and Role of Board of Directors				
5.	Strengthen the Membership and Composition of the Board of Directors	5.1	Determination of the number of members of the Board of Directors to consider the conditions of the Public Company and the effectiveness of decision making.	At the end of 2017, Danamon's directors consist of 7 (seven) members. The number, composition and structure of the Board of Directors have met the requirements and in accordance with the size and complexity of Danamon's business.Status: Comply
		5.2	Determination of the composition of members of the Board of Directors must consider the diversity of skills, knowledge, and experience required.	Danamon has a diversity policy for members of the Board of Directors. The composition and structure of the members of the Board of Directors has taken into account the knowledge, expertise and experience in accordance with the needs of the company, so as to optimize decision making and improve the performance of the Company. Status: Comply
		5.3	Members of the Board of Directors in charge of accounting or finance have expertise and/or knowledge in accounting.	Danamon's Finance Director has knowledge and expertise in accounting. Status: Comply
6.	Improving the Quality of Duties and Responsibilities of the Board of Directors	6.1	The Board of Directors has a self-assessment policy to assess the performance of the Board of Directors.	Danamon has a Performance Appraisal Policy for the Board of Directors as a guide to assess the effectiveness of the implementation of the duties and responsibilities of the Board of Directors. Status: Comply
		6.2	The self-assessment policy to assess the performance of the Board of Directors is disclosed through the Company's annual report.	Danamon has a performance appraisal policy of the Board of Commissioners. The assessment policy is disclosed in the Annual Report and is available on Danamon Website. Status: Comply
		6.3	The Board of Directors has a policy related to the resignation of members of the Board of Directors if they are involved in a financial crime.	The Board of Directors has a policy for members of the Board of Directors involved in financial crimes to be required to resign. The liability for resignation is governed by the Code of Conduct of the Board of Directors. Status: Comply

No.	Principle	Recommendation	Explanation
<b>D. Participation of Stakeholders</b>			
7.	Improving Aspects of Corporate Governance through Stakeholder Participation	7.1 The Public Company has a policy to prevent the occurrence of insider trading.	Danamon has a Personal Investment Policy in order to prevent the occurrence of Insider Trading. This policy is available and accessible through Danamon's Website. Status: Comply
		7.2 Danamon has a Personal Investment Policy in order to prevent the occurrence of Insider Trading. This policy is available and accessible through Danamon Website.	Danamon has a Code of Conduct that prohibits the Management and Employees to participate in any bribery and corruption act in any form whatsoever. In addition, Danamon also has a Reward Policy that governs the prohibition of granting and receiving gifts for management and employees. Status: Comply
		7.3 Public Companies possess a policy on the selection and upgrading of suppliers or vendors.	Danamon has a procurement policy that governs the restrictions and ethics in dealing with business partners or vendors in the procurement activities of goods and services. This policy is available and disclosed in Danamon Website. Status: Comply
		7.4 Public Companies have a policy on the fulfillment of creditor rights.	Fulfillment of creditor rights in the form of depositors (customers who place their funds within the company) is governed under the protection of customer policy that covers: <ul style="list-style-type: none"> <li>- Rights to obtain explanation amicably on product characteristics</li> <li>- Rights to access requirements of funding products</li> <li>- Conveniences to do transactions through any branches, e-banking services or other services set out by Danamon</li> <li>- Obtains profit/interest that is governed by prevailing requirements</li> <li>- Procedures for customer complaint handling</li> </ul> Status: Comply
		7.5 Public companies have whistleblowing system policy.	Danamon has a whistleblowing system. Danamon's whistleblowing system management is managed by a third party to ensure independence in its implementation. Status: Comply
		7.6 Public companies have a policy of providing long-term incentives to the Directors and employees.	Danamon has a Remuneration policy. Status: Comply

No.	Principle	Recommendation	Explanation
<b>E. Disclosure Of Information</b>			
8.	Improving Disclosure of Information	<p>8.1 Public companies takes the best advantage of information technology than just using the Website as a medium of information disclosure</p> <p>8.2 Public Companies Annual Report reveal the ultimate beneficiary ownership of public companies' stake of at least 5% (five per cent), in addition to disclosure of the ultimate beneficial owner in the shares ownership of the public Company through major shareholders and controllers.</p>	<p>Danamon continues to refine the media for information disclosure including use of the website to provide an opportunity for shareholders and other stakeholders to access information about Danamon easily.</p> <p><b>Media and User Name:</b>  Website: <a href="http://www.danamon.co.id">www.danamon.co.id</a>  Twitter: @Danamon  Facebook: Bank Danamon  Instagram: @mydanamon</p> <p>Status: Comply</p> <p>Annual Report of Danamon discloses the major shareholders and controllers as well as the shareholder group profiles with stake below 5% (five per cent).  Status: Comply</p>



# Integrated Corporate Governance

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## Integrated Corporate Governance

### APPLICATION AND IMPLEMENTATION REPORT

The implementation and application of the principles of good corporate governance is a commitment for all members of Danamon and its subsidiaries (Danamon Group), to be conducted consistently and continuously. The implementation of integrated corporate governance is expected to position Danamon Group as a financial conglomeration that is fundamentally healthy, with sustainable growth and high competitiveness, as well as possessing the ability to contribute positively to the financial industry and the national economy.

In order to improve the quality of good governance in a financial conglomeration, the Financial Services Authority regulates financial conglomeration and implementation of Integrated Corporate Governance through FSA Regulation No. 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomeration, and FSA Circular Letter No. 15/SEOJK.03/2015 on the Implementation of Integrated Corporate Governance for Financial Conglomeration.

Integrated Corporate Governance Report is a form of responsibility and transparency in the application of the principles of integrated corporate governance conducted by Danamon as the Main Entity within the financial conglomerate of Danamon Group.

### IMPLEMENTATION OF PRINCIPLES OF INTEGRATED CORPORATE GOVERNANCE IN DANAMON GROUP

Implementation of integrated corporate governance in Danamon Group is based on the fundamental principles of good corporate governance, specifically:

#### Principle of Transparency

- a. Entities within Danamon Group are required to disclose information in an adequate, clear, accurate, and timely manner, as well as being comparable with and easily accessible to shareholders and stakeholders.
- b. The principle of transparency adopted by Danamon Group does not lessen the obligation to follow the regulations on bank privacy and/or confidential company information in line with the prevailing laws and regulations.

#### Principle of Accountability

- a. Entities within Danamon Group shall clearly define the responsibilities of each organizational organ in line with the vision, mission, business objectives, and company strategies, as well as the conviction that all organs of Danamon Group maintain competencies in line with the responsibilities, and understand their roles in implementing GCG.
- b. Entities within Danamon Group should ensure the presence of a check and balance system in their company management. Additionally, they should maintain performance standards at all levels of Danamon Group based on agreed standards consistent with the corporate values, business objectives, and company strategies.

#### Principle of Responsibility

- a. To maintain its business sustainability, Danamon Group should adhere to the code of conduct, prudential principles, laws and regulations as well as established internal policies.
- b. All entities in Danamon Group should behave as good corporate citizens by showing concern toward the environment and carrying out their social responsibilities.

#### Principle of Independency

- a. Danamon Group should avoid unfair domination by any stakeholder and should not be affected by unilateral interests, and be free from conflict of interests.
- b. Decision making should 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 should always pay attention to the interests of all stakeholders based on the principles of equality and fairness.

- b. Danamon Group should provide opportunities to all stakeholders to provide feedback and express their opinions in the interests of Danamon as well as grant the same access to information in line with the principle of transparency.

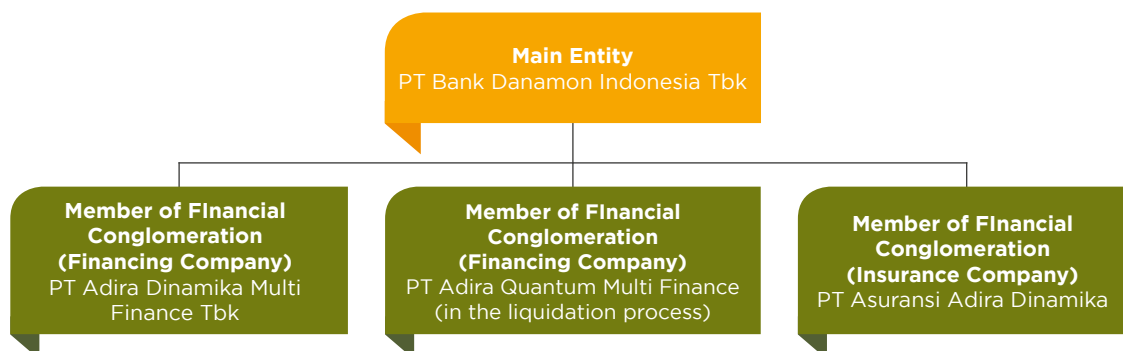
## DANAMON GROUP FINANCIAL CONGLOMERATION

### The Structure Of Membership

Danamon Group has been administered and registered by the Financial Services Authority in line with Financial Services Authority Letter No. SR-82/PB.32/2015 dated April 29, 2015. The structure of Danamon Group is as follows:

1. Main Entity: PT Bank Danamon Indonesia, Tbk.
2. Subsidiaries/Members:
  - a. PT Adira Dinamika Multi Finance Tbk.
  - b. PT Adira Quantum Multifinance (the company is in the process of liquidation)
  - c. PT Asuransi Adira Dinamika

### Structure of Danamon Group Financial Conglomeration



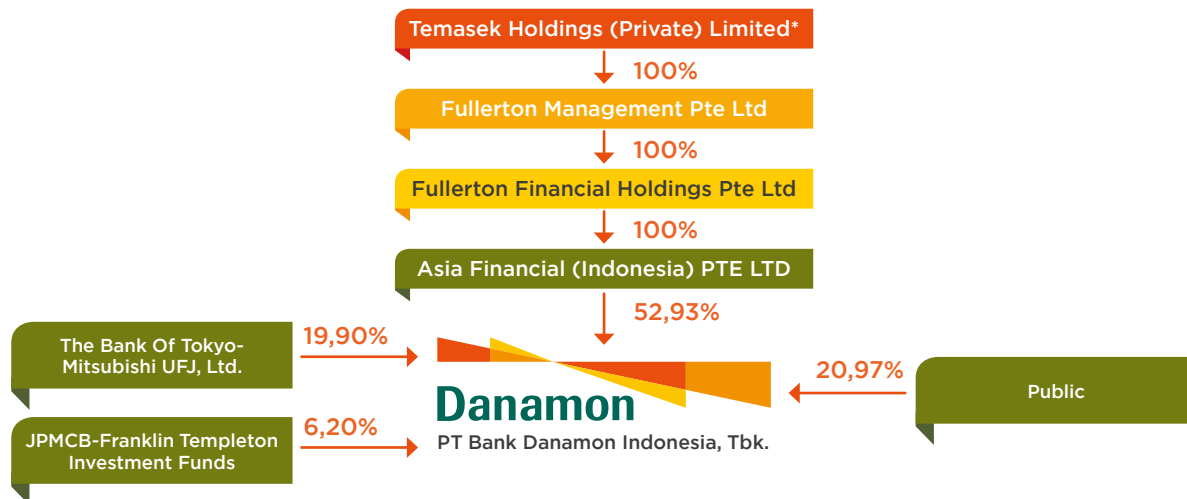
PT Adira Quantum Multi Finance (Adira Quantum) has suspended its operating activities and is in the process of liquidation based on Extraordinary General Meeting of Shareholders of Adira Quantum as set forth in the Deed of Shareholder Resolution No.126 dated August 22, 2017 prepared before Hasbullah Abdul Rasyid, SH, M. Kn., Notary in Jakarta. Based on the application submitted by Adira Quantum to FSA to revoke the Adira Quantum business license, FSA has granted the application by revoking the business license based on the decision of the FSA Board of Commissioners dated December 21, 2017 No.KEP-103/D.05/2017. As of the date of this report, Adira Quantum is still in the process of liquidation settlement.

## Structure Of Share Ownership

Shareholders of each member of the Group up to the ultimate shareholders are as follows:

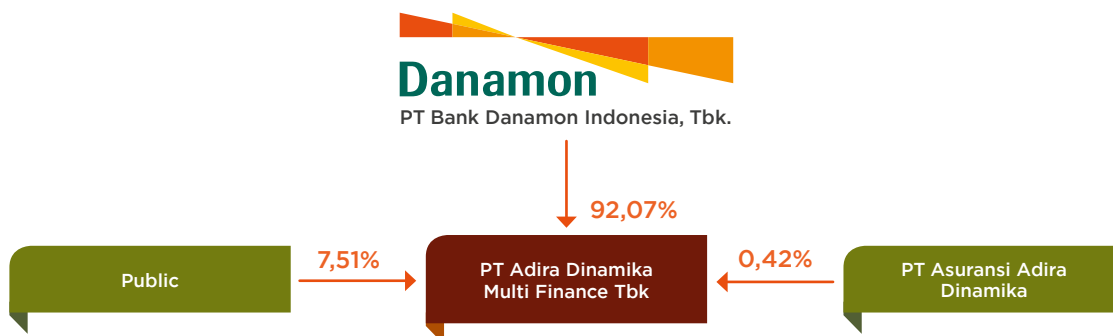
### Structure of Share Ownership of Main Entity

- PT Bank Danamon Indonesia Tbk



### Structure of Share Ownership of Subsidiaries

- PT Adira Dinamika Multi Finance Tbk



- PT Asuransi Adira Dinamika



## Management Structure

All members of the boards of directors and board of commissioners in each entity of Danamon Group have complied with the requirements of integrity, competency, and financial reputation. The following is the management structure of Danamon Group financial conglomeration as of December 2017:

### Management Structure of Main Entity

#### PT Bank Danamon Indonesia, Tbk

In 2017 there was a change in the composition of Danamon's Board of Commissioners and Board of Directors. The Annual General Meeting of Shareholders (AGMS) held on April 12, 2017 agreed to accept the resignation of Emirsyah Satar as Independent Commissioner and agreed to reappoint Danamon Board members with term of office up to the closing of the 3rd AGMS, which was after the 2017 AGMS. The 2017 AGMS agreed to accept Muliadi Rahardja's request not to be reappointed as a member of the Board of Directors and agreed to reappoint some members of the Board of Directors of Danamon with term of office up to the close of the 3rd AGMS, which was after 2017 AGMS. Vera Eve Lim resigned, with her term of office ending on December 19, 2017.

The composition of the Company's Boards of Commissioners and Directors, as of December 31, 2017, is as follows:

#### PT Bank Danamon Indonesia, Tbk.

##### Board of Commissioners

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

##### Board of Directors

1. Sng Seow Wah (President Director)
2. Herry Hykmanto (Director)
3. Michellina L. Triwardhanny (Director)
4. Satinder Ahluwalia (Director)
5. Adnan Qayum Khan (Director)
6. Heriyanto Agung Putra (Director)
7. Rita Mirasari (Independent Director)

### Management Structure of Subsidiaries

#### PT Adira Dinamika Multi Finance, Tbk

At the Annual General Meeting of Shareholders of PT Adira Dinamika Multi Finance, Tbk dated May 17, 2017, there were changes in the composition of the Board of Commissioners and Board of Directors of PT Adira Dinamika Multi Finance Tbk, namely:

- Marwoto Soebiakno resigned as Vice President Director.
- Vera Eve Lim and Loh Niap Juan resigned as Commissioner.
- Willy Suwandi Dharma was honorably discharged as President Director and appointed as Commissioner.
- Hafid Hadeli was honorably discharged as Director and appointed as President Director.

The composition of the Board of Commissioners and Board of Directors of PT Adira Dinamika Multi Finance Tbk as of December 31, 2017 is as follows:

#### PT Adira Dinamika Multi Finance, Tbk. (Adira Finance)

##### Board of Commissioners

1. Sng Seow Wah (President Commissioner)
2. Djoko Sudyatmiko (Commissioner/Independent Commissioner)
3. Krisna Wijaya (Commissioner/Independent Commissioner)
4. Eng Heng Nee Philip (Commissioner)
5. Muliadi Rahardja (Commissioner)
6. Willy Suwandi Dharma (Commissioner)

##### Board of Directors

1. Hafid Hadeli (Director)
2. Ho Lioeng Min (Director)
3. I Dewa Made Susila (Director)
4. Cornel Hugroseno (Director)
5. Swandajani Gunadi (Director/Independent Director)

#### PT Asuransi Adira Dinamika

At the Extraordinary General Meeting of Shareholders of PT Asuransi Adira Dinamika dated October 30, 2017, there were changes in the composition of the Board of Commissioners and Board of Directors of PT Asuransi Adira Dinamika, namely:

- Suhandoko Tjondromuljo resigned as Independent Commissioner.
- Indra Baruna resigned as President Director.
- Yulian Noor (formerly Independent Commissioner) was appointed as President Director to replace Indra Baruna effective November 17, 2017 after passing the fit and proper test.
- Pratomo was appointed as Independent Commissioner and his position will be effective upon passing the fit and proper test.

The composition of the Board of Commissioners and Board of Directors of PT Asuransi Adira Dinamika as of December 31, 2017 is as follows:

#### PT Asuransi Adira Dinamika (Adira Asuransi)

##### Board of Commissioners

1. Manggi T. Habir (President Commissioner)
2. Willy Suwandi Dharma (Commissioner)
3. Pratomo (Independent Commissioner)\*

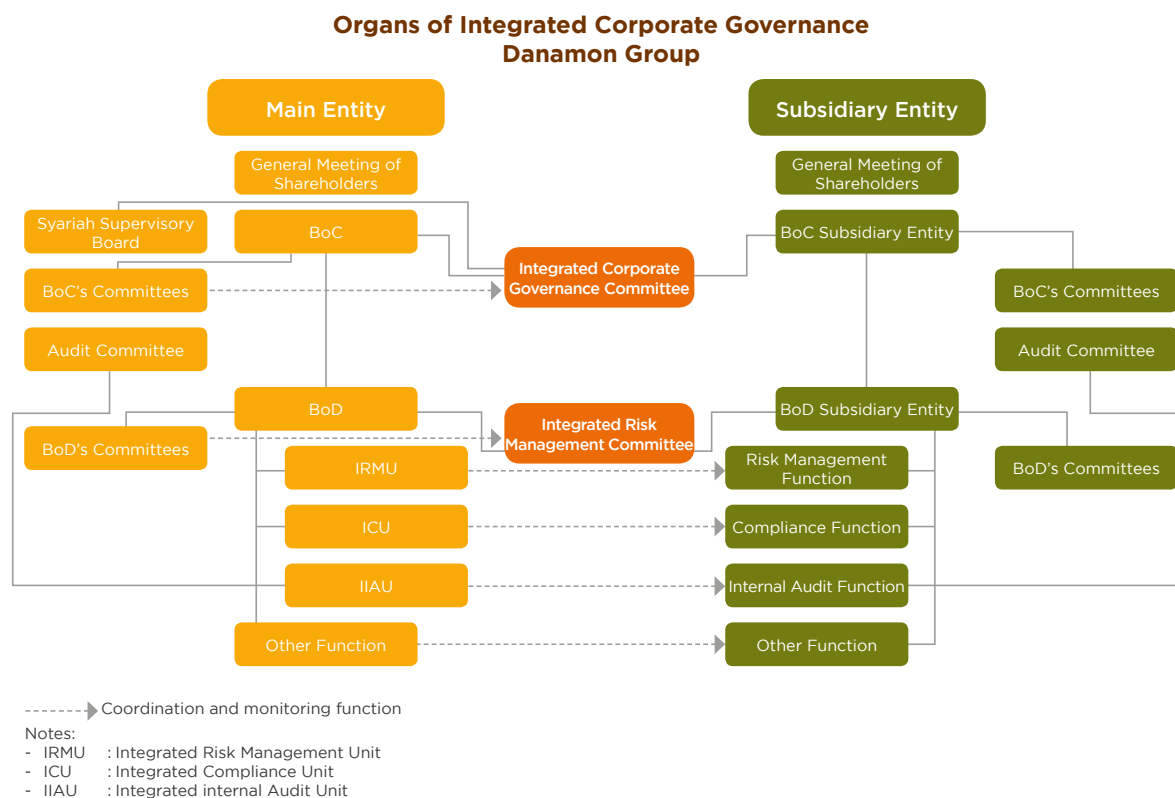
##### Board of Directors

1. Yulian Noor (President Director)
2. Donni Gandamana (Director)
3. Dedi Nathan (Director)
4. Wayan Pariama (Director)

\* Will be effective upon passing the fit and proper test.

## ORGANS OF INTEGRATED CORPORATE GOVERNANCE

The integrated corporate governance organs in Danamon Group are organized to ensure that implementation of Danamon Group's corporate governance can be performed systematically. The integrated corporate governance organs of Danamon Group are as follows:



The implementation of corporate governance organs in each subsidiary, including the Board of Commissioners Committees, the Board of Directors Committees, compliance function, risk management, and internal audit are disclosed in the annual report of each subsidiary.

## INTEGRATED CORPORATE GOVERNANCE POLICY

The financial conglomeration of Danamon Group has secured Danamon Group's Integrated Corporate Governance Policy through BoD Decision KEP: DIR-COMP-020 on the Integrated Corporate Governance Policy dated November 26, 2015. Danamon Group's Integrated Corporate Governance Policy is updated through BoD Decision No. KEP: DIR-COMP-004 on Bank Danamon Corporate Governance Policy and Terms of Reference for the implementation of Good Corporate Governance (Danamon Group) dated August 29, 2017. This policy is valid as the official Danamon Corporate Governance Policy (Main Entity) as well as the Terms of Reference for subsidiaries.

With guidance and recommendations from the Corporate Governance Committee, Integrated Corporate Governance Committee and Board of Commissioners, the Board of Directors has prepared the Integrated Corporate Governance Policy. The scope of Danamon Group's Integrated Corporate Governance Policy includes:

- a) Integrated Corporate Governance Policy:
- The purpose of implementing Integrated Corporate Governance
  - The principles of Integrated Corporate Governance
  - Vision, mission, values, corporate culture and business ethics
  - Guidelines for the implementation of Integrated Corporate Governance (including the structure of Financial Conglomeration and the duties and responsibilities of Entities in Financial Conglomerations)
  - Corporate governance organs (including BoC and BoD of the Main Entity, Integrated Corporate Governance Committees, Integrated

Compliance Working Units, Integrated Internal Audit Unit, Integrated Risk Management)

- Integrated Corporate Governance reports, assessments, and disclosures
- b) Bank Danamon Corporate Governance Policy and Terms of Reference for Good Corporate Governance for Subsidiaries (Danamon Group):
  - the basic principles and scope of corporate governance
  - commitment to the implementation of good corporate governance
  - corporate vision, mission, and values
  - business ethics and behavioral guidelines
  - corporate governance structures (including shareholders, General Meeting of Shareholders, Board of Commissioners, Board of Directors, Syariah Supervisory Board, Board of Commissioners Committees, Compliance Functions, Risk Management Functions, Audit Functions)
  - key policies related to the implementation of corporate governance (including management of conflicts of interest, personal investment policies, stakeholder transactions and affiliated

parties, procurement policies, remuneration policies, ownership and confidentiality of information, whistle-blowing systems, stakeholder relations, corporate social responsibility)

- self-assessment and report on the implementation of corporate governance.

## BOARD OF COMMISSIONERS OF THE MAIN ENTITY

The Board of Commissioners of Danamon as the Main Entity, in addition to being eligible as the Board of Commissioners of Danamon, has an obligation to show an understanding of the business activities and main risks of the entities in the Financial Conglomeration as part of the improvement to its duties and responsibilities in the management of Danamon Group Financial Conglomeration. Members of the Board of Commissioners as of December 31, 2017 totaled 6 (six) people, 3 (three) of whom were Independent Commissioners. All members of the Board of Commissioners of the Main Entity have passed the fit and proper tests of the Financial Services Authority and Bank Indonesia.

Board of Commissioners of the Main Entity	Date of Approval (AGMS)	Date of Approval by BI/FSA
Ng Kee Choe (President Commissioner)	May 22, 2006	May 24, 2006
J.B. Kristiadi (Vice President Commissioner/Independent Commissioner)	May 9, 2005	December 5, 2005
Gan Chee Yen (Commissioner)	June 16, 2003	October 21, 2003
Manggi T. Habir (Independent Commissioner)	May 9, 2005	July 22, 2005
Ernest Wong Yuen Weng (Commissioner)	April 29, 2010	September 14, 2010
Made Sukada (Independent Commissioner)	May 7, 2014	August 8, 2014

## 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 by the Integrated Corporate Governance Policies and Charter of the Board of Commissioners. Duties and responsibilities of the Board of Commissioners of the Main Entity are:

- 1) Conduct monitoring of the implementation of Integrated Corporate Governance with duties and responsibilities that include:
  - a) Supervise implementation of the Corporate Governance of each Entity to conform to the Integrated Corporate Governance Policies;
  - b) Supervise implementation of duties and responsibilities of the Board of Directors of the Main Entity, as well as provide guidance or advice to the Board of Directors of the Main Entity on implementation of Integrated Corporate Governance Policy;
  - c) Evaluate the Integrated Corporate Governance Policy and provide directions for their refinement.
- 2) Establish the Integrated Corporate Governance Committee to support the effectiveness of its duties.
- 3) Hold regular meetings at least once each semester with the following provisions:
  - a) The Board of Commissioners of the Main Entity meeting can be conducted via video conference;
  - b) Results of the Board of Commissioners of the Main Entity meeting are recorded in the minutes of meetings and well documented.



- c) Dissenting opinions that occur in the meeting of the Board of Commissioners of the Main Entity are prominently recorded in the minutes of the meeting including the reasons for dissent.

### Implementation of Duties and Responsibilities of The Board of Commissioners of the Main Entity in 2017

Implementation of duties of the Board of Commissioners of the Main Entity on implementing integrated corporate governance is supported by the Integrated Corporate Governance Committee. The Integrated Corporate Governance Committee evaluates the implementation of Integrated Corporate Governance through assessment of the adequacy of internal controls and the implementation of compliance in an integrated manner.

During 2017, the Board of Commissioners held 3 (three) meetings with content that included reports on the implementation of Integrated Corporate Governance from the Integrated Corporate Governance Committee to the Board of Commissioners, the results of self-assessment of Integrated Corporate Governance, an update of Integrated Corporate Governance policies

in 2017, an update on the implementation of Good Corporate Governance at Subsidiaries, and the action plan to strengthen Integrated Corporate Governance in Danamon Group Financial Conglomeration. In 2017, the Board of Commissioners approved an update of the Integrated Corporate Governance Policy which includes Danamon Governance Policy and the Corporate Governance Performance Standards for Subsidiaries (Danamon Group).

### BOARD OF DIRECTORS OF MAIN ENTITY

The Board of Directors of Danamon as the Main Entity, in addition to being eligible as the Board of Directors of the Bank, has an obligation to show an understanding of the main business activities and major risks of the entities in the Financial Conglomeration as part of the improvement in duties and responsibilities in the management of Danamon Group Financial Conglomeration. The Board of Directors, as of December 31, 2017, was composed of 7 (seven) members. The majority of Board of Directors members have at least 5 (five) years of experience as bank executives. All members of the Board of Directors have passed the fit and proper tests and received approval from Bank Indonesia and the Financial Services Authority.

No	Name	Job Title	Date of Approval (AGMS)	Date of Approval by BI/FSA
1	Sng Seow Wah	President Director	February 27, 2015	November 20, 2014
2	Herry Hykmanto	Director	April 03, 2008	May 13, 2008
3	Michellina L. Triwardhanny	Director	April 29, 2010	May 27, 2010
4	Satinder Pal Singh Ahluwalia	Director	April 29, 2010	June 24, 2010
5	Adnan Qayum Khan	Director	April 28, 2016	August 8, 2016
6	Heriyanto Agung Putra	Director	April 28, 2016	December 23, 2016
7	Rita Mirasari	Director (Independent)	September 7, 2016	September 14, 2016

### Duties and Responsibilities of the Board of Directors of the Main Entity

Duties and responsibilities of the Board of Directors of the Main Entity within Danamon Group financial conglomerate is set out in the Integrated Corporate Governance Policy and the Charter of the Board of Directors. The duties and responsibilities of Danamon's Board of Directors within the Main Entity are to:

- 1) Ensure the implementation of Integrated Corporate Governance in Danamon Group financial conglomerate with duties and responsibilities as follows:
  - a. Prepare the Integrated Corporate Governance Policies;
  - b. Direct, monitor, and evaluate, the implementation of the Integrated Corporate Governance Policies;
  - c. Follow up on guidance or advice provided by the Board of Commissioners of the Main Entity in line with the refinement of Integrated Corporate Governance Policies.
- 2) Ensure that all audit findings and recommendations of the Integrated Internal Audit, External Auditor, the monitoring outcome from the Financial Services Authority and the monitoring outcome from other authorities, have been followed up by the Main Entity in Danamon Group.
- 3) Be responsible for supervision of each Entity within Danamon Group Financial Conglomeration.

## Implementation of Duties and Responsibilities in 2017

The Board of Directors of the Main Entity has prepared and established the Integrated Corporate Governance Policies through BoD Decision KEP: DIR-COMP-020 on the Integrated Corporate Governance Policy dated November 26, 2015. In 2017, the Board of Directors of the Main Entity, with input, recommendations and directives from the Board of Commissioners and the Integrated Corporate Governance Committee, updated the policy on Integrated Corporate Governance through BoD Decision No. KEP: DIR-COMP-004 dated August 29, 2017 on Danamon Governance Policy and Terms of Reference for Good Corporate Governance (Danamon Group). The Board of Directors has submitted an Integrated Corporate Governance Policy and updated the terms of reference for the implementation of Good Corporate Governance (Danamon Group) to each of the Directors of Subsidiary Companies in Financial Conglomeration for follow-up.

The Board of Directors performed supervisory functions of entities in financial conglomeration through reports and meetings held during 2017 with discussion material on subsidiaries, implementation of Integrated Corporate Governance and/or integrated risk management. The Board of Directors through its reports and meetings also ensured follow-up and correction of the audit findings and recommendations of the Integrated Internal Audit Unit, External Auditor, the results of the supervision of the Financial Services Authority and/or the results of oversight of other authorities. During 2017, there was no follow-up to the fulfillment of audit results from regulators that exceeded the agreed deadline.

In order to support the effectiveness of the implementation of supervisory duties, the Directors of the Company also become members of the Board of Commissioners of the subsidiaries, as follows:

No	Nama	Position at the Main Entity (Danamon)	Position at the Subsidiary
1.	Sng Seow Wah	President Director	President Commissioner at PT Adira Dinamika Multifinance, Tbk.

## INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee is established under Financial Services Authority Regulation Number 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomeration to support the effectiveness of the implementation of the duties of the Board of Directors of the Main Entity and assist the Board of Directors of the Main Entity to supervise the implementation of Integrated Corporate Governance in Danamon Group.

The Integrated Corporate Governance Committee is established by the Board of Commissioners and is determined based on BoD Decision No. Kep: DIR-Corp.Sec.-009 dated August 12, 2015 on the Establishment of an Integrated Corporate Governance Committee.

### Integrated Corporate Governance Committee Charter

The Integrated Corporate Governance Committee has a Charter governing matters related to the objectives, accountability, structure and membership, tenure, duties and responsibilities, authority, organization of meetings, disclosure and reporting, and sanctions. The Committee Charter is periodically reviewed.

### Structure of Membership of Integrated Corporate Governance Committee

- 1) The Integrated Corporate Governance Committee comprises:
  - a) An Independent Commissioner, who is Chairman in one of the BOC Committees of Danamon, as Chairman and Member;
  - b) Independent Commissioner(s) who represents, and is appointed from one or more Entities in Danamon Group, as member(s);
  - c) An independent party, as a member;
  - d) Members of the Syariah Supervisory Board from one or more Entities in Danamon Group, as member(s).

- 2) The number and composition of the independent commissioners to be members of the Integrated Corporate Governance Committee will be adapted to the needs of Danamon Group, as well as to the efficiency and effectiveness of the implementation of the Integrated Corporate Governance Committee's tasks with attention to, and representation of each of the financial services.
- 3) Membership of independent commissioners in the Integrated Corporate Governance Committee can be either permanent or non-permanent, according to the needs of Danamon Group.
- 4) The independent party can be an independent party from a Danamon Committee.
- 5) Membership of the Syariah Supervisory Board in the Integrated Corporate Governance Committee is only required if there are entities conducting business based on syariah principles.
- 6) Membership of the Independent Commissioner, independent party, and Syariah Supervisory Board on the Integrated Corporate Governance Committee of the Financial Conglomeration is not counted as a concurrent position.

### Composition of Integrated Corporate Governance Committee of Danamon Group

Based on BoC Circular Resolution No. KSR-KOM. Corp.Sec.005 dated April 28, 2017, members of the Integrated Corporate Governance Committee consists of 7 (seven) members, including 2 (two) Independent Commissioners (Made Sukada and Manggi T. Habir) and 1 (one) Commissioner (Ernest Wong Yuen Weng) from Danamon (Main Entity), an Independent Commissioner representing and appointed from each Subsidiary Company based on representation of the financial services sector (finance company (Djoko Sudyatmiko) and insurance company (Yulian Noor), an independent party from the Main Entity (Angela Simatupang), and a member of the Syariah Supervisory Board of the Main Entity (M. Din Syamsuddin).

In relation to the appointment of a member of the Integrated Corporate Governance Committee (Yulian Noor) to the President Director of the Subsidiary Company, the total number of members of the Integrated Corporate Governance Committee is 6 persons. The members of the Integrated Corporate Governance Committee as of December 31, 2017 are as follows:

Integrated Corporate Governance Committee			
No.	Name	Position	Title
1.	Made Sukada	Chairman	Independent Commissioner of the Main Entity (Danamon)
2.	Ernest Wong Yuen Weng	Member	Commissioner of the Main Entity (Danamon)
3.	Manggi T. Habir	Member	Independent Commissioner of the Main Entity (Danamon)
4.	Djoko Sudyatmiko	Member	Independent Commissioner Representing and Appointed by PT Adira Dinamika Multi Finance, Tbk.
5.	Angela Simatupang	Member	Independent Party of the Main Entity (Danamon)
6.	M. Din Syamsuddin	Member	Chairman concurrently member of Syariah Supervisory Board of Main Entity (Danamon)

In order to maintain independence, members of the Board of Commissioners and/or members of the Syariah Supervisory Board who are Chairmen or members of the Integrated Corporate Governance Committee are not provided with any additional income other than income as members of the Board of Commissioners or the Syariah Supervisory Board.

## Profile of Members of the Integrated Corporate Governance Committee

Nama and Age	Citizenship and Domicile	Job Title	Term of Office	Expertise	Qualifications/ Education Background
Made Sukada 65 Years Old	Indonesia	Chairman/ Independent Commissioner	April 2017 -Present	Finance/Risk Management	<ul style="list-style-type: none"> <li>Bachelor in Accounting from University of Padjajaran, Bandung, 1977</li> <li>Master in Economics from the University of Pittsburgh, USA, 1984</li> </ul>

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

- Independent Commissioner, Danamon 2014-present
- 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 72 Years Old	Singapore	Member/ Commissioner	April 2017 - Present	Finance/Risk Management	First Class Honours Degree Chemical Engineering from University of Surrey, United Kingdom, 1967
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### Professional Experience (Job Title, Organization, Term of Office)

- Commissioner, Danamon 2010-present
- Chairman, MediaCorp July 2016-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, 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 64 Years Old	Indonesia	Member/ Independent Commissioner	April 2017- Present	Finance/Risk Management	<ul style="list-style-type: none"> <li>Master in Business Administration, University of Michigan, 1979</li> <li>Master in Public Administration, Harvard University, 2002</li> </ul>
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### 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.
- Assumed various key positions, Citibank N.A. Jakarta, 1985-1991.

### Profile of Members of the Integrated Corporate Governance Committee

Nama and Age	Citizenship and Domicile	Job Title	Term of Office	Expertise	Qualifications/ Education Background
Djoko Sudyatmiko 72 Years Old	Indonesia	Member/ Independent Commissioner PT Adira Dinamika Multi Finance, Tbk	April 2017 - Present	Economy and Corporate Governance	Bachelor 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 Peoples Consultative Assembly (MPR RI), 1992-1997
- Member of Peoples Representative Assembly (DPR) and Peoples Consultative Assembly (MPR-RI), 1971-1992.

M. Din Syamsuddin 59 Years Old	Indonesia	Member/Chairman of Syariah Supervisory Board	April 2017 - Present	Islam Law Science (Syariah), Islamic Political Science, and Interfaith/ Interculture Communication	<ul style="list-style-type: none"> <li>• Bachelor degree in the Discipline of Ushuluddin awarded by UIN Syarif Hidayatullah, Jakarta, 1980</li> <li>• Master degree, UCLA, USA, 1988</li> <li>• Ph.D, UCLA, USA, 1991</li> </ul>
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#### 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 Peoples 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 42 Years Old	Indonesia	Member/ Independent Party	April 2017 - Present	Internal Audit, Risk Management and Corporate Governance	Master of Commerce in International Business and Management of Technology, The University of Sydney, 2002
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#### 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.
- Wrote various articles to socialize and encourage public awareness on good governance, 2007-2011.
- Supervisor, RSM Australia, 2005.

### Duties and Responsibilities of the Integrated Corporate Governance Committee

The duties and responsibilities of the Integrated Corporate Governance Committee in Danamon Group Financial Conglomeration are stipulated in the Integrated Corporate Governance Policy and the Charter of the Integrated Corporate Governance Committee. The duties and responsibilities of the Integrated Corporate Governance Committee include:

- 1) Evaluate the implementation of Integrated Corporate Governance through an assessment of the adequacy of internal controls and the implementation of integrated compliance.
- 2) Provide recommendations to the Board of Commissioners of the Main Entity for the improvement of the Integrated Corporate Governance Policy.

- 3) Increase the competence of members through continuous education and training.
- 4) Maintain, review and update the Charter of the Integrated Corporate Governance Committee periodically.
- 5) Maintain the confidentiality of all documents, data, and information of the Company and Subsidiaries.

### Implementation of Integrated Corporate Governance Committee Meeting 2017

The Integrated Corporate Governance Committee held 3 (three) meetings during 2017, on 23 January 2017, 25 July 2017, and 21 November 2017, with the following attendance rates:

#### Attendance Rate of the Integrated Corporate Governance Committee Meeting 2017

Name	Meeting Attendance	Attendance Rate
Made Sukada	3	100%
Manggi T. Habir	3	100%
Ernest Wong Yuen Weng <sup>1)</sup>	3	100%
M. Din Syamsuddin	2	67%
Djoko Sudyatmiko	3	100%
Julian Noor <sup>2)</sup>	2	100%
Angela Simatupang	3	100%

<sup>1)</sup> Ernest Wong Yuen Weng attended via teleconference on the committee meeting on November 21, 2017

<sup>2)</sup> Julian Noor did not attend the meeting on November 21, 2017 as of appointed as President Director of PT AAD per October 2017

#### Main Agenda of the Integrated Corporate Governance Committee Meeting 2017

Date	Main Agenda
January 23, 2017	<ul style="list-style-type: none"> <li>• Report on Self-Assessment of Integrated Corporate Governance</li> <li>• Update on Corporate Governance Policy and Integrated Corporate Governance</li> <li>• Update from Subsidiaries</li> </ul>
July 25, 2017	<ul style="list-style-type: none"> <li>• Report on Self-Assessment of Integrated Corporate Governance</li> <li>• Update from Subsidiaries</li> </ul>
November 21, 2017	<ul style="list-style-type: none"> <li>• Update on the Issuance of Integrated Corporate Governance Policy</li> <li>• Follow-up on Commitment to FSA Findings</li> <li>• Membership of Integrated Corporate Governance Committee</li> <li>• Update from Subsidiaries</li> </ul>

### Implementation of Duties and Responsibilities of the Integrated Corporate Governance Committee in 2017

During 2017, the Integrated Corporate Governance Committee reviewed and evaluated:

1. Self-assessment results of the implementation of Integrated Corporate Governance which includes:
  - Board of Directors of the Main Entity
  - Board of Commissioners of the Main Entity
  - Integrated Corporate Governance Committee
  - Integrated Compliance Working Unit

- Integrated Internal Audit Unit
  - Implementation of Integrated Risk Management
  - Guidelines for Integrated Corporate Governance
2. Integrated Corporate Governance policy update (Danamon Corporate Governance policy and terms of reference for the implementation of good corporate governance of subsidiaries)
  3. Implementation of Integrated Corporate Governance of the Main Entity and Subsidiaries.

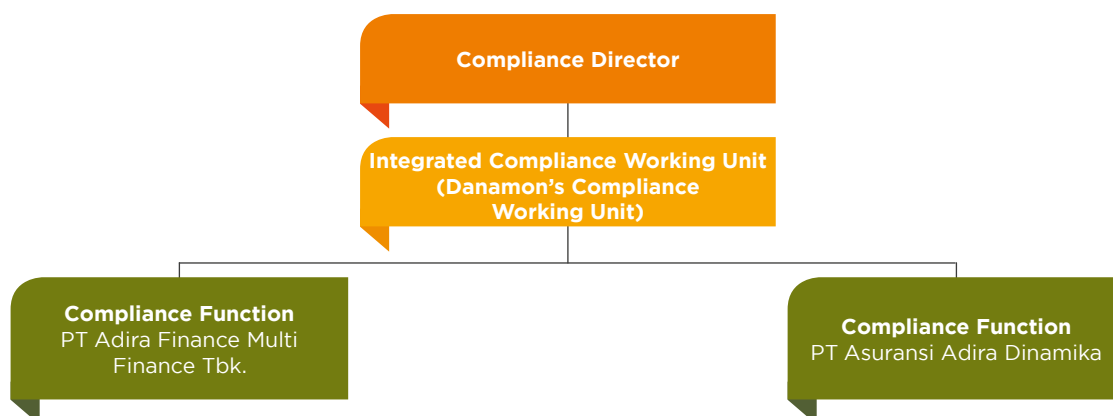
The Integrated Corporate Governance Committee directed management to improve the implementation of Danamon Group Integrated Corporate Governance in 2017. The Integrated Corporate Governance Committee periodically submits implementation

reports related to the implementation of Integrated Corporate Governance to the Board of Commissioners in the Board of Commissioners' meeting.

### INTEGRATED COMPLIANCE WORKING UNIT

Implementation of the Integrated Compliance Working Unit (SKKT) is carried out by the existing Danamon Compliance Working Unit. The Compliance Working Unit is established independently and is directly responsible to the Compliance Director. Structure and infrastructure are adequate to support the implementation of the SKKT to coordinate, monitor and evaluate compliance in all entities in Danamon Group Financial Conglomeration.

#### Structure and Position of Integrated Compliance Working Unit



### Duties and Responsibilities of The Integrated Compliance Working Unit

The Integrated Compliance Working Unit is allocated tasks as follows:

- a. Monitor and evaluate the implementation of compliance in each Entity in the Financial Conglomeration.
- b. Prepare and submit reports on the execution of duties and responsibilities to the Director of Compliance of the Main Entity or the Director appointed to perform the oversight of the Entity in the Financial Conglomeration.

### Implementation of Duties and Responsibilities of The Integrated Compliance Working Unit in 2017

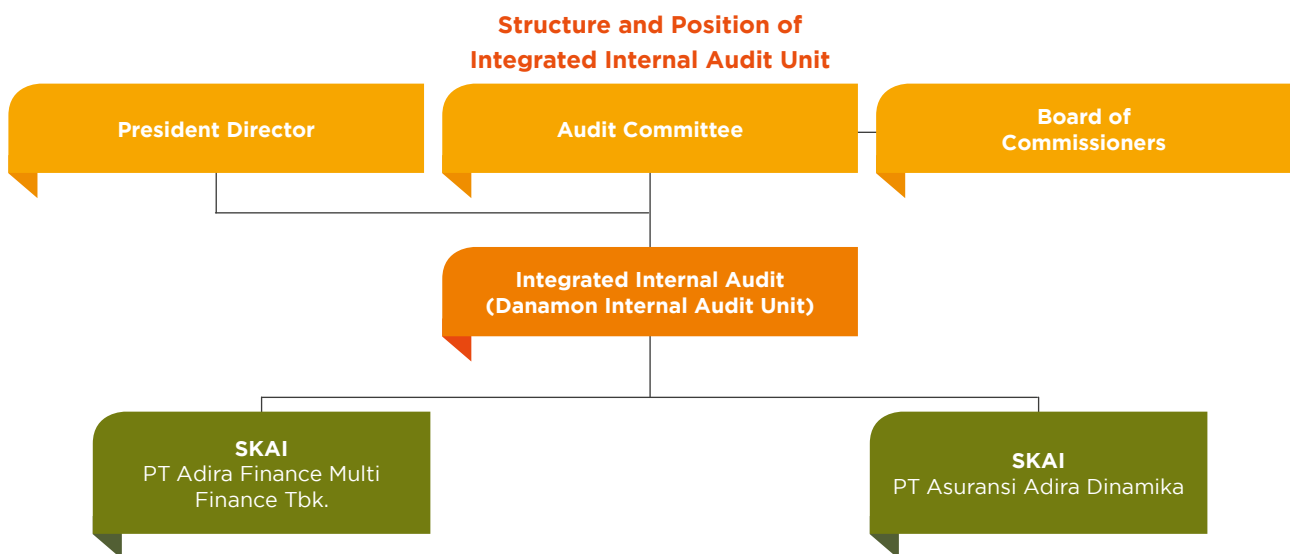
During 2017, the Integrated Compliance Working Unit fulfilled the following duties and responsibilities:

- Ensured compliance in each subsidiary company was established independently and supported by adequate compliance policies or guidelines.
- Coordinated and monitored the implementation of compliance in the subsidiaries, including providing consultation on compliance implementation.
- Ensured regular compliance of subsidiaries against regulatory parameters.
- Developed regulatory parameter monitoring limits for Subsidiaries.



- Reviewed reports on compliance implementation submitted by subsidiaries on a quarterly basis.
- Conducted compliance testing on 12 product programs issued by Subsidiaries.
- Delivered new regulations to Subsidiaries
- Monitored follow-up and commitment to improve the results of the audit conducted by FSA.
- Conducted integrated compliance risk assessment and prepared an integrated compliance risk profile report.
- Coordinated the assessment and preparation of self- assessment results of Integrated Corporate Governance on a semi-annual basis.

## INTEGRATED INTERNAL AUDIT UNIT



Since June 1, 2016, Evi Damayanti has headed the Integrated Internal Audit Unit (SKAIT) of Bank Danamon, serving as Head of Internal Audit, and replaced Antony Kurniawan, according to Letter addressed to FSA No. B. 140 - Corp. Sec. dated May 31, 2016 regarding: Disclosure of Information on the Release of Duty of the Acting Head of Internal Audit Unit and Appointment of Head of Internal Audit Unit of PT Bank Danamon Indonesia, Tbk.

### Integrated SKAI Duties and Responsibilities

Integrated SKAI's duties and responsibilities, include:

- Establish an annual audit plan with a risk-based methodology and implement an approved annual audit plan, including specific tasks/projects;
- Review and recommend the annual audit plan of the subsidiary's Internal Audit;
- Improve professional knowledge, expertise, experience and professional certification;
- Monitor and review the internal audit implementation of the Subsidiaries;
- Prepare and submit reports to FSA, in the form of: implementation reports and the principle internal audit results, special reports on any internal audit findings that are expected to disrupt the business continuity of the bank, and reports on the external review which contain opinions on the work of the Internal Audit Unit;

- f. Recommend counteractive plans for audit findings to relevant units and monitoring, as well as ensure that counteractive actions have been effectively undertaken by management;
- g. Conduct regular meetings with the Danamon's Internal Audits at subsidiaries at least quarterly;
- h. Develop programs to evaluate the quality of internal audit activities undertaken;
- i. Ensure tasks and responsibilities of the Integrated Internal Audit Unit (SKAIT) are governed as per the integrated internal audit charter and submitted in the Integrated Corporate Governance Report.

### Integrated SKAI Authority

SKAIT has the authority to:

- a. Allocate resources, assign frequency, select subjects, determine the scope of work, and apply the techniques required to achieve audit objectives;
- b. Obtain the necessary assistance from Danamon and subsidiary unit personnel where the audit is carried out, including other specialized services from within and outside Danamon and its subsidiaries.

### Internal Audit Methodology

In the implementation of the internal audits, SKAIT has implemented Risk based Internal Audit. The planning of the internal audit program is conducted comprehensively on the basis of priority over entities considered to be at high or moderate risk. SKAIT utilizes information technology to conduct risk assessment, either macro risk assessment or micro risk assessment. Based on the macro risk assessment combined with the audit framework, SKAIT prepares

an annual audit plan, and establishes the entity to be audited, the audit schedule, and the staff and logistics required. The micro risk assessment process is used to determine sampling.

### Internal Audit Priority in 2017

- a. SKAIT continued the audit focus on high-risk entities that have a branch-wide network namely, Danamon Simpan Pinjam - Self Employed Mass Market (DSP-SEMM), Retail Banking, Small Medium Enterprise (SME) and subsidiary branches.
- b. SKAIT paid special attention to business lines and areas undergoing transformation.
- c. SKAIT continued to improve the competence of auditors through training, both on product knowledge and procedures, as well as training on risk management understanding and audit processes, as well as professional certification.
- d. SKAIT continued the development of analytic functions by continuing to develop the scope of data analyzed.
- e. SKAIT continued the quality assurance process and studied the best internal audit practices in the banking industry (SKAI Danamon), the financing industry (Adira Dinamika Multi Finance Internal Audit Unit), and the insurance industry (Adira Dinamika Insurance Internal Audit Unit) as a comparison.
- f. SKAI Danamon together with the ADMF and AAD Internal Audit teams conducted joint audits in each related entity.
- g. SKAI Danamon together with the ADMF and AAD Internal Audit teams regularly coordinated, aligned and shared knowledge.

### Audit Plan & Realization until 31 December 2017

During 2017, SKAIT of Bank Danamon Financial Conglomerate conducted internal audit activities as follows:

- a. SKAI Danamon commenced an audit of 433 entities in the Bank:

#### Audit Plan & Realization as of December 31, 2017

Danamon	Audit Plan 2017 (revised*)	Audit Realization in 2017
a. Head Office Audit	42	44
b. Regional Office Audit	24	24
c. Branch Audit:		
- Conventional Branch	172	174
- Self Employed Mass Market (SEMM)	181	191
Total Branch Audit	353	365
<b>Total Audit</b>	<b>419</b>	<b>433**</b>

The revision of the Audit Plan to 419 entities was carried out in July 2017 due to new projects, the additions to and changes in examination focus and changes in the auditing approach of branch offices.

\*\* The audit realization of 433 entities includes an additional 4 audit entities added to the audit plan throughout 2017.

- b. The implementation of the internal audit of Adira Dinamika Multi Finance (ADMF) and Asuransi Adira Dinamika (AAD) is currently performed individually by the Internal Audit Unit of each company or jointly audited with SKAI Danamon.

#### Audit Plan & Realization as of December 31, 2017

ADMF	Audit Plan 2017	Audit Realization in 2017
a. Head Office Audit	7	10
b. Regional Office Audit	28	34
c. Branch Audit	137	128
<b>Total Audit</b>	<b>172</b>	<b>172*</b>

\* The audit realization of 172 entities includes an additional 1 audit entity added to the audit plan throughout 2017.

#### Audit Plan & Realization as of December 31, 2017

AAD	Audit Plan 2017	Audit Realization in 2017
a. Head Office Audit	11	11
b. Branch Audit	1	1
<b>Total Audit</b>	<b>12</b>	<b>12</b>

## IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

### Integrated Risk Management Policies and Their Implementation

Danamon as the Main Entity maintains Integrated Risk Management Policies based on Bank Indonesia and FSA prevailing regulations and other existing and related regulations. Integrated Risk Management Policies cover the risk management framework serving as the guideline for implementing Danamon Group's risk management, and are subject to periodic review.

Concerning Integrated Risk, Danamon is centrally responsible for coordinating all policies and implementation of risk management at Danamon and its Subsidiaries, both individually and integrated.

Implementation of Integrated Risk Management is conducted as follows:

- a. Supervision by the Board of Directors and Board of Commissioners of the Main Entity.

For the main entity, implementation of Integrated Risk Management involves 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 of Danamon Group, as part of implementing Integrated Risk Management, is performed effectively. In 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 Danamon Group.

- b. Integrated Risk Management Organization

In line with the implementation of comprehensive and effective Integrated Risk Management, Danamon, as the Main Entity, has established the Integrated Risk Management Committee and Integrated Risk Management Working Unit.

- 1) Integrated Risk Management Committee

Danamon as the Main Entity has established the Integrated Risk Management Committee in line with the implementation of integrated risk management. Members of the Integrated Risk Management Committee are Danamon's Board of Directors, Directors representing the Subsidiaries, as well as appointed relevant executive officials. The chairperson is Danamon's Integrated Risk Director.

Integrated Risk Management Committee meetings are held on a regular basis. Members, individually or as a group, may request an extraordinary meeting to be held to discuss an important issue. Integrated Risk Management

Committee meetings are led by the Chairman of the Committee.

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 Integrated Risk Management in Danamon Group. Duties and responsibilities include to:

- a. Prepare Integrated Risk Management Policies.
- b. Revise and refine the Integrated Risk Management Policies based on the outcome of implementation evaluations.

- 2) Integrated Risk Management Unit

Danamon as the Main Entity has established Integrated Risk which combines a Risk Management Unit that has a role and responsibility for risk management at Danamon individually, and an Integrated Risk Management Unit for the implementation of integrated risk management.

Integrated Risk is independent of risk taking units and reports to Danamon's Director of Integrated Risk, who subsequently reports directly to the President Director. The Integrated Risk Director is also the Chairman of Danamon's Risk Management Committee and Chairman of the Integrated Risk Management Committee.

In implementing its functions as an Integrated Risk Management Unit, Integrated Risk of Danamon coordinates with the risk management units of the Subsidiaries in Danamon Group. The authority and responsibilities of the Integrated Risk Management Unit include:

- Provide feedback to the Board of Directors and Integrated Risk Management Committee in preparing and refining Integrated Risk Management Policies.
- Monitor the implementation of Integrated Risk Management Policies including the development of procedures and tools to identify, measure, monitor, and control risk.

- Perform risk monitoring in Danamon Group by monitoring the risk profile of each Entity, both individually as well as jointly.
- Perform stress tests on Danamon Group.
- Periodically review the risk assessment methods, the adequacy of management information system implementation, and the appropriateness of policies, procedures, and risk limits in an integrated manner.
- Review proposals of new strategic business lines with significant impact toward risk exposure.
- Provide information to the Integrated Risk Management Committee on issues, which need further follow-up relevant to the evaluation of Integrated Risk Management implementation.

## Integrated Risk Management Committee

### Structure and Membership of the Committee

Chairman: Main Entity's Director of Integrated Risk Entity

Members:

- Designated Directors of each Subsidiary
- Division Heads in Integrated Risk Management Unit

### Status of Voting Rights and Decision Making

Decision-making of Committee meetings is based on the principle of consensus deliberation. In cases when consensus does not occur, a decision is made by a majority vote. Decisions made by majority vote are based on the principle of 1 (one) person/1 (one) vote.

### The duties and responsibilities of the Integrated Risk Management Committee

- Provide recommendations to the Board of Directors of the Main Entity in relation to the preparation of the Integrated Risk Management policy;
- Provide recommendations to the Board of Directors of the Main Entity related to the improvement of the Integrated Risk Management policy based on the results of the implementation evaluation.

### Member Attendance Rates In Integrated Risk Management Committee Meetings

In 2017, the Integrated Risk Management Committee held 2 meetings with the following committee members attending:

Committee Members	Attendance of Members in Committee Meetings
Adnan Gayum Khan	1
Iwan Dharmawan	2
Eunice Kurniawan	1
Ho Liong Min	2
Meryati	2
Handy Widiya	1

### Meetings and Agenda of Integrated Risk Management Committee Meeting

Date of Meeting	Agenda
February 24, 2017	<ul style="list-style-type: none"> <li>- FSA Integrated Risk Profile Semester 2 2016</li> <li>- Risk Profile Adira Insurance</li> <li>- Risk Profile Adira Finance</li> <li>- Update on the risk framework project</li> <li>- Policy of Integrated Capital Adequacy for Financial Conglomeration</li> </ul>

### Meetings and Agenda of Integrated Risk Management Committee Meeting

Date of Meeting	Agenda
August 10, 2017	<ul style="list-style-type: none"> <li>- FSA Integrated Risk Profile Semester 1 2017</li> <li>- Group Risk Appetite Statement (RAS)</li> <li>- Recovery Plan</li> <li>- New Risk Acceptance and Escalation Matrix</li> <li>- Adira Insurance Update</li> <li>- Adira Finance Update</li> <li>- Syariah Update</li> </ul>

### Implementation of Integrated Risk Management Committee in 2017

Important activities undertaken by the Integrated Risk Management Committee during 2017 were:

- Approval of Integrated Risk Profile
- Update of Risk Framework projects
- Company Subsidiaries Update
- Update on Integrated Capital Adequacy for Financial Conglomeration policy
- Discussion about Group Risk Appetite Statement
- Update Recovery Plan
- Discussion on New Risk Acceptance and Escalation Matrix

### INTRAGROUP TRANSACTION POLICY

Intragroup Transaction Risk is due to the dependency of an entity either 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.

The implementation of Intragroup Transaction Risk Management is conducted by taking into account transaction activities among entities within a financial conglomeration. Danamon 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 Danamon as the Main Entity and the subsidiaries as the entities within Danamon Group.

Implementation of risk management on Intragroup Transactions is performed through identifying, measuring, monitoring, and risk controlling processes as well as the means of the Management Information System. Intragroup Transaction Risks may arise, due to:

- Cross-ownership among entities within a financial conglomeration.
- Short-term centralized liquidity management.
- Guarantees, loans, and commitment made or received by an entity from another entity within a financial conglomeration.
- Exposures to the controlling shareholders, including loan exposures and off-balance sheet such as warranties and commitments.
- Purchases or sales of assets to other entities within a financial conglomeration.
- Transfer of risks through reinsurance;
- Transactions to transfer risk exposures to a third party among entities within a financial conglomeration.

### SELF-ASSESSMENT RESULT OF INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION

Self-Assessment Result Integrated Corporate Governance Implementation Position June and December 2017	
Rank	Definition of Rank
2	Indicates that the Financial Conglomeration in general has well implemented Integrated Corporate Governance (ICG). This is reflected in the adequate implementation of the principles of ICG. Any weaknesses in the implementation of ICG principles in general are not significant and may be resolved through normal measures by the Main Entity and/or Entities in the Financial Conglomeration.

Based on self-assessment, Danamon has an adequate Integrated Corporate Governance structure and infrastructure to allow the implementation of the principles of Integrated Corporate Governance to work effectively and produce quality outcomes. This is reflected in some of the following indicators:

Indicators	Assessment Summary
Board of Directors and Board of Commissioners of Main Entity	<ul style="list-style-type: none"> <li>The Board of Directors of the Main Entity and the Board of Commissioners of the Main Entity have passed the fit and proper tests and obtained approval from the Financial Services Authority and Bank Indonesia.</li> <li>The Board of Directors of the Main Entity and the Board of Commissioners of the Main Entity have fulfilled the requirements of integrity, competency and financial reputation and have understood the key business and financial risks of the Main Entity in the Financial Conglomeration.</li> <li>The Board of Commissioners of the Main Entity evaluates the Integrated Corporate Governance Policy and the Board of Directors of the Main Entity follows up on the direction or advice of the Board of Commissioners of the Main Entity in the context of the improvement of the Integrated Corporate Governance Policy.</li> <li>The Board of Directors of the Main Entity has ensured that audit findings and recommendations from the Integrated Internal Audit Unit, external auditors, and FSA supervisory results and/or other authorities have been acted upon by the Company in the Financial Conglomeration.</li> </ul>
Integrated Corporate Governance Committee	<ul style="list-style-type: none"> <li>The Integrated Corporate Governance Committee held 3 meetings during 2017 which discussed the implementation of Danamon Group Integrated Corporate Governance and updates of each Subsidiary Company.</li> <li>The Integrated Corporate Governance Committee periodically evaluates the implementation of Integrated Corporate Governance and provides recommendations to the Board of Commissioners to improve the Integrated Corporate Governance Policy</li> </ul>
Integrated Compliance Working Unit and Integrated Internal Audit Unit	<ul style="list-style-type: none"> <li>The Integrated Compliance Working Unit and Integrated Internal Audit Unit tasks are conducted by existing Danamon Working Units and independently formed with sufficient quantity and quality human resources.</li> <li>The Integrated Compliance Working Unit in Danamon monitors compliance with Danamon and its subsidiaries on the basis of agreed regulatory parameters and reports on the implementation of the Subsidiary's compliance. In 2017, there were some addition in the coverage of regulatory parameter and renewal of regulatory parameter's monitoring limit in each subsidiaries based on discussion of Danamon's Compliance Unit and subsidiaries' Compliance Unit.</li> <li>The Integrated SKAI monitors the implementation of internal audits by the subsidiary SKAI through routine meetings and reports submitted by the subsidiaries' internal audit units, and carry out the Quality Assurance Review to audit activities in subsidiaries' SKAI.</li> </ul>
Implementation of Integrated Risk Management	<ul style="list-style-type: none"> <li>Danamon has established a Risk Management Work Unit, Risk Management Committee, Risk Monitoring Committee and Integrated Risk Management Committee that has functioned according to their respective duties and responsibilities, and is supported by a comprehensive Risk Management Policy.</li> <li>Danamon has improved the Group Risk Appetite Statement (RAS) including RAS cascading for subsidiaries and has created a Recovery Plan in 2017.</li> <li>The Board of Directors and the Board of Commissioners of the Main Entity exercise active oversight of the implementation of integrated risk management policies and strategies.</li> </ul>
Integrated Corporate Governance Policies	<ul style="list-style-type: none"> <li>Danamon Group's Integrated Corporate Governance Policy was updated in 2017 and is applicable to the Bank Danamon Corporate Governance Policy (Main Entity) as well as the Terms of Reference for Good Corporate Governance Implementation.</li> <li>The implementation of the Integrated Corporate Governance process in Danamon Group refers to the Integrated Corporate Governance Policy.</li> </ul>





# Syariah Corporate Governance

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## Syariah Corporate Governance

### INTRODUCTION

The implementation of Corporate Governance at Danamon Syariah (UUS Danamon) is based on 5 (five) basic principles of Good Corporate Governance (GCG), as follows:

1. Transparency is openness in disclosing material and relevant information in the decision making process.
2. Accountability is the clarity of purpose in implementation of Bank operations leading to effective management.
3. Responsibility is the Bank management's compliance with the rules and legislation and the principles of sound management.
4. Professionalism is the competence and ability to act objectively and be free from influence or pressure from any party and show a strong commitment to the development of the syariah banking business.
5. Fairness is justice and equity in fulfilling the rights of stakeholders under the applicable laws and regulations.

The implementation of GCG principles is a commitment of all Company functions to support performance improvement and to protect the interests of stakeholders by continuing to observe fulfillment of syariah principles in conducting syariah business activities.

Danamon's consistency in GCG is reflected in compliance with laws and regulations, implementation of risk management, improvement of internal control encompassing all UUS work units and sustaining the best possible performance.

### UUS DANAMON INITIATIVES

2017 was the second year in which UUS Danamon implemented a marketing strategy with a leveraging model, where all syariah products can be offered in all branch offices through sales and distribution networks (office channeling network). Strategic steps taken in 2017 were as follows:

- Strengthened sales and distribution strategy to be more customer centric rather than product-focused.
- Enhancement of Human Resource (HR) productivity accompanied by increased knowledge and skills, specifically in regard to syariah banking and intensive information dissemination of syariah products
- On-going improvements to risk management and corporate governance through policy enhancement and enhancement of other supporting systems
- Enhancement and improvement of infrastructure in terms of more integrated automation so as to improve customer service levels. This is accomplished by minimizing the manual process and by integrating multiple processes within existing Company systems
- Development of unique customer-oriented syariah products that can be marketed through Danamon's network of offices and in collaboration with Danamon group

In order to raise consumer and community syariah financial literacy, launched by the Financial Services Authority (FSA), Danamon has undertaken several programs as follows:

Syariah Financial Literacy Program	Objectives
Education on Syariah banking "iB Vaganza Program" in collaboration with FSA (Banking)	Fostering community awareness on syariah banking and products
Syariah Finance Fair in cooperation with FSA (Banking, insurance, and capital market)	Information dissemination to the public in regard to syariah financial products that include: Takaful, Syariah Banking, and Syariah Capital Markets

## SHARIA SUPERVISORY BOARD (SSB)

### Number and Composition of SSB

In 2017, the number of UUS Danamon SSB members was 3 (three) people as mentioned below. However, on July 10, 2017, a member of SSB, Drs H. Karnaen A. Perwataatmadja, MPA, FIIS, passed away. In this regard, UUS Danamon made report to the FSA through Letter No. B.408-DIR dated July 13, 2017. The composition of SSB is as follows:

- a. Prof. Dr. H.M. Din Syamsuddin (Chairman)
- b. Dr. Hasanudin, M.Ag (Member)
- c. Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (passed away on July 10, 2017)

### Concurrent Position of SSB Members at Other Syariah Financial Institutions

All members of the SSB have fulfilled the terms of concurrent position as stipulated in Bank Indonesia Regulation No.11/10/PBI/2009 regarding Syariah Business Unit Concurrent Positions as follows:

Name	Position Held in Other Companies	Name of Company
Prof. Dr. H.M. Din Syamsuddin (Chairman)	DPS	
Dr. Hasanudin, M.Ag (Member)	DPS DPS	a. BNI Syariah b. Toyota Astra Finance Services Syariah c. Trimegah
Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (*) (Member)	DPS	a. Unit Syariah Asuransi Bintang b. Unit Syariah Asuransi Manulife c. BPRS Harta Insan Karimah

(\*) on July 10, 2017, Drs H. Karnaen A. Perwataatmadja, MPA, FIIS passed away, which has been reported to FSA by letter no. B.408-DIR dated July 13, 2017 regarding notices related to members of the Syariah Supervisory Board of PT Bank Danamon Indonesia Tbk (the "Company")

### SSB Work Program 2017

UUS Danamon SSB in 2017 conducted the following work programs:

- a. Held at least 12 (twelve) SSB discussion meetings on syariah principles, filing new products and requests for opinions on situations occurring during operations
- b. Conducted periodic reviews including oversight of the fulfillment of syariah principles on fund raising mechanisms and the distribution of funds and UUS services by means of sampling tests on customers, both customer funding and financing
- c. Established proper collaboration between the Syariah Assurance Unit and UUS Danamon in the implementation of all UUS Danamon SSB activities, to examine and request clarification from Danamon UUS officials in charge of essential matters.
- d. Prepared the SSB Supervision Result Report every 6 months, submitted it to the FSA with copies to DSN-MUI, the Board of Commissioners, the Director of UUS Danamon, the Internal Audit Unit and the Compliance Division
- e. Heightened syariah and banking knowledge by continuously improving SSB capacity through training programs and workshops in order to boost UUS Danamon growth and progress
- f. Provided advice and recommendations to UUS Danamon Director on specific and general management of Bank Danamon in order to improve and fulfill syariah principles and to bolster UUS Danamon growth and development.



## DPS Work Accomplishment 2017

- a. 12 (twelve) SSB routine monthly meetings were convened in 2017. Details of time, venue, meeting agenda, and attendance can be observed in Appendix 1. The attendance level of SSB members was as follows:

Name	Attendance
Prof. Dr. H.M. Din Syamsuddin	7
Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (*)	6
Dr. Hasanudin, M.Ag	9

(\*) on July 10, 2017, Drs H. Karnaen A. Perwataatmadja, MPA, FIIS passed away

The execution of SSB Meetings in 2017 complied with Bank Indonesia and FSA regulations. The decisions made during the SSB meetings were based on consensus deliberation. The result of the meetings decisions has been registered in the Minutes of Meeting, fully documented and submitted to the Director and management of the Bank for discharge.

- b. In the assessment of syariah principles fulfillment performed on a regular basis during 2017, and from the 200 customers' data presented, SSB conducted samplings of 55 customers, both funding and financing customers. The customer criteria is as follows:

Customer Data Presented	Customer Data Sampling
40 Funding customers; 2 Employee Cooperative Customers; 13 SMEC Customers;	40 Funding customers; 2 Employee Cooperative Customers; 13 SMEC Customers;

- c. Throughout 2017, SSB coordinated with Syariah Assurance Unit - UUS Danamon to back its function as SSB by issuing 7 (seven) DPS Opinions with details as follows:

No	ISSUES/TOPICS
1.	SSB's Opinion on Refinancing of Syariah Al-Ba'l wa al-isti'jar Scheme (case study: PT Galenium Pharmasia Laboratories/PT GPL)
2.	SSB opinion on Syariah CASA Improvement Program
3.	SSB Opinion on Al-Ijarah Al-Muntahiyah Bi Al-Tamlik (IMBT) Document Simplification
4.	SSB's Opinion on Musyarakah Mutanaqisah Product (MMQ)
5.	SSB opinion on Ijarah Maushufah Fi Dzimmah (IMFZ)
6.	SSB Opinion on Opening of New Funding Account Through Digital Channels
7.	SSB Opinion on Temporary Use of Conventional Insurance in Syariah Financing

- d. Submitted a report on the SSB supervision results once every 6 months to the FSA with copies to DSN-MUI, the Board of Commissioners, the Director of Danamon UUS, the Internal Audit Unit and Danamon Compliance Working Unit.
- e. In 2017, UUS Danamon SSB attended training programs and workshops to upgrade SSB capabilities as detailed in the following table:

No	TRAINING PROGRAMS AND WORKSHOPS
1	Pra Ijtima Sanawi (Annual Meeting of the Indonesian Syariah Supervisory Board), dated October 3, 2017, Hall of DSN-MUI Office 2 <sup>nd</sup> Floor, Jakarta
2	Pra Ijtima Sanawi (Annual Meeting of the Indonesian Syariah Supervisory Board), November 2-3, 2017, Millenium Hotel, Fachrudin Road No.3, Kebon Kacang, Tanah Abang, Central Jakarta 10250

- f. Provided advice and recommendations to UUS Danamon Director during routine SSB meetings once a month or on certain occasions in order to improve and fulfill syariah principles, and to sustain development and growth of UUS Danamon.

### SSB Supervision

SSB supervision results were reported to the FSA with copies to the Compliance Working Unit, Internal Audit Unit, Board of Directors & Commissioner of PT. Bank Danamon Indonesia, Tbk and the National Syariah Board - Majelis Ulama Indonesia (DSN-MUI) for 2 (two) periods, such as the Report of Supervision Results (LHP) for two period with consist the Report of Supervision Result (LHP) for mid year and year end. The LHP consists of:

- Financial reports, branch network development, products, human resources, and regular meetings with Bank Danamon UUS management during the period of such supervision
- Report on Danamon's products and services compliance follow-up, accompanied by the DSN-MUI fatwas
- Danamon supervision working papers on Danamon activities & product development
- SSB opinions issued during the period of such supervision.

In addition to supervision, SSB also provides recommendations and advice to the Board of Directors of PT. Bank Danamon Indonesia, Tbk and UUS Danamon management in the form of SSB opinions published in accordance with management requirements.

### SSB Working Guidelines and Code of Conduct

SSB abides by the Working Guidelines and Code of Conduct, which are reviewed periodically. UUS Danamon constantly aligns SSB Working Guidelines and Working Procedures in accordance with the development of prevailing regulations and provisions.

### SSB Remuneration

UUS Danamon SSB's members' remuneration and other fringe benefits are proposed by Danamon Remuneration Committee and stipulated in Danamon's Annual General Meeting of Shareholders. Total remuneration and other fringe benefits in 2017 are as follows:

Total Remuneration and other Benefits	Amount Received in 1 Year (gross)	
	Persons	Rupiah
1. Remuneration	3 <sup>(*)</sup>	671,088,020
2. Other Benefits	3	Health Insurance (including family members)
<b>Total Remuneration *) per person in 1 year</b>	<b>Total SSB Members</b>	
More than Rp2 billion	-	
More than Rp1 billion to Rp2 billion	-	
More than Rp500 million to Rp1 billion	-	
Less than Rp500 million	3	

(\*) on July 10, 2017 Drs H. Karnaen A. Perwataatmadja, MPA, FIIS passed away



## DIRECTOR OF UUS

With regard to GCG implementation, the UUS Danamon Director has performed the following:

- Coordinated with all levels of in UUS Danamon to carry out SSB's recommendations or input derived from SSB's regular meetings and Supervision Result Reports
- Coordinated with all levels of directorates for the development and upgrading of UUS Danamon's business, including operational and marketing coordination of syariah products through syariah services at the Bank's main branch
- Ensured Danamon's UUS health in accordance with FSA provision
- Coordinates with Bank Indonesia and FSA
- Is a member of the Risk Management Committee

## LIST OF CONSULTANTS AND LEGAL ADVISORS

In 2017, UUS Danamon commissioned the law firm, M & Partner Services to handle case No.652/Pdt.G/2017/PA.PWK in Purwakarta Religious Court related to debt settlement with Debtor Lutpi Hidayat Nasir & Hj. Tien Nazhatin, where the case has been settled.

## INTERNAL VIOLATIONS

In 2017, there were no internal fraud cases in UUS Danamon

Internal Fraud within 1 year	Number of cases committed by					
	Directors		Permanent Employees		Contract Employees	
	2016	2017	2016	2017	2016	2017
Total internal fraud	None	None	None	None	None	None
Settled	None	None	None	None	None	None
Under settlement within internal UUS	None	None	None	None	None	None
Settlement has not been sought	None	None	None	None	None	None
Has been followed up on through legal process	None	None	None	None	None	None

## LEGAL ISSUES

In 2017, legal issues in UUS Danamon were as follows:

Legal Issues	Total	
	Civil	Criminal
Settled (permanent & legally binding)	1	None
Not settled/Under settlement	None	None
<b>Total</b>	<b>1</b>	<b>None</b>

## UUS DANAMON ACTIVITIES

UUS Danamon activities consisted of 2 (two) proceedings, the distribution of the virtue funds for social activities and UUS Danamon achievements in the Indonesian banking industry. The following are the descriptions.

### Distribution of Virtue Funds for Social Activities

Pursuant to Law Number 21 of 2008 concerning Syariah Banking Chapter II on Principles, Objectives and Functions. Islamic banks also carry out social functions as stated in Article 4 paragraph 2 which reads: "Syariah Bank and UUS can perform social functions in the form of baitul mal institutions, which receive funds derived from zakat, infak, alms, grants, or other social funds and channeling it to the zakat management organization." Hence, in 2017, UUS Danamon distributed 56 virtue funds to establishments, institutions, foundations, mosques/mushola, and eligible individuals totaling Rp. 1,061,280,000. The details of these proceedings can be observed in Appendix Table 2.

### UUS Danamon Achievements

Achievement received by UUS Danamon in 2017 are as follows:

1. Banking Service Excellence Award 2017, 3rd Best Overall Performance from Infobank Magazine in cooperation with Marketing Research Indonesia (MRI) in the category of:
  - a. 1<sup>st</sup> Best Syariah Branch Phone Banking
  - b. 2<sup>nd</sup> Best Syariah Unit.
2. 2<sup>nd</sup> Digital Brand, in the category of Syariah Business Unit at Infobank Digital Brand 2017 Awards in cooperation with Isentia Research.
3. 1<sup>st</sup> Rank in The Most Efficient Karim Award 2017, Syariah Business Unit category with Asset ≥Rp 1.5 Trillion, based on KARIM Konsulting Indonesia assessment.
4. Indonesia Syariah Finance Award 2017; Most Reliable Syariah Bank Unit from Warta Ekonomi.

### NON-HALAL INCOME AND ITS USE

In 2017, there was no non-halal income received by UUS Danamon.

### 2017 UUS DANAMON GCG SELF-ASSESSMENT RESULTS

Based on the self-assessment of UUS Danamon GCG implementation in 2017, the following is composite value 2017 summary and the 2017 UUS Danamon GCG self-assessment results.

**Table of Composite Value Summary Calculation 2017**

No	Factors	Rank (a)	Weight (b)	Value (a) x (b)
1	UUS Director duties and responsibilities Implementation	2	35.00%	0.70
2	SSB duties and responsibilities Implementation	1	20.00%	0.20
3	Syariah principles implementation in fund raising activities and funds channeling and services	2	10.00%	0.20
4	Fund disbursement to core financing customers and deposit of funds by core depositors	2	10.00%	0.20
5	Financial and non-financial Transparency status, GCG implementation reports and internal reporting	1	25.00%	0.25
Composite Value			100%	1.55
Predicate: Excellent/ <b>Good</b> /Satisfactory/Below Satisfactory/Poor				

## Summary of UUS Danamon GCG Self Assessment Result in 2017

No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
1	<p>UUS Director duties and responsibilities</p> <ul style="list-style-type: none"> <li>Director of UUS Danamon shall pass the fit &amp; proper test of BI, be independent, shall have no conflict of interest and his appointment shall be reported to BI.</li> <li>Director of UUS Danamon shall be responsible for managing UUS Danamon, shall follow up on SSB recommendations &amp; provide data for SSB supervision</li> </ul>	2	35 %	0.70	Excellent
2	<p>SSB duties and responsibilities</p> <ul style="list-style-type: none"> <li>Members of SSB shall be 3 persons, having integrity, competence and adequate financial reputation, appointed through the GMS, based on recommendations of the Nomination Committee and recommendations of DSN-MUI with tenure not exceeding the Board of Directors/Board of Commissioners. The dual positions of members of SSB shall be in accordance with Bank Indonesia regulations</li> <li>SSB shall ensure and assess the fulfillment of syariah principles on UUS Danamon's operational products and operational guidelines and submit supervisory reports in accordance with the provisions of BI</li> <li>SSB shall convene 12 meetings in 2017. Decisions of the meetings shall be based on consensus deliberations, be well documented and submitted as recommendations for follow-up to UUS Danamon management</li> <li>Multiple positions as members of SSB at other Islamic financial institutions as well as remuneration/other facilities shall be reported in the GCG Implementation Report. SSB members shall not hold concurrent positions as consultants in the entire Business Unit/UUS Danamon. In accordance with the SSB Working Procedures, SSB members shall not take advantage of UUS Danamon for personal gain</li> </ul>	1	20%	0.20	Excellent
3	<p>Syariah principles Implementation in fund raising, channeling of funds, and services activities</p> <ul style="list-style-type: none"> <li>Each product issued by UUS Danamon shall be reviewed by the Syariah Assurance Unit, Bank Danamon Compliance Division with requests for SSB opinions to ensure the suitability of the product with Fatwa DSN - MUI</li> <li>UUS Danamon shall make efforts in the implementation of fundraising products, channeling of funds and services in accordance with the DSN-MUI Fatwa and FSA/BI provisions, one of which is conducting product policy periodic reviews and internal audit</li> </ul>	2	10%	0.20	Excellent
4	<p>Fund disbursement to core financing customers and deposit funds by core depositors</p> <ul style="list-style-type: none"> <li>UUS Danamon shall apply prudential principles in providing funding, especially to Core Customers by continuously referring to FSA/BI provisions.</li> <li>UUS Danamon's non-special treatment for Core Financing Customers and Core Depositors so that the treatment to core customers follows the general policy of UUS Danamon</li> <li>Products of The UUS Danamon funding program shall periodically be reviewed according to the Bank's provisions</li> <li>A detailed list of Core Financing Customers and Core Deposit Customers shall be submitted to BI in accordance with applicable regulations.</li> </ul>	2	10%	0.20	Excellent

No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
5	<p>Transparency of financial and non-financial conditions, GCG implementation reports and internal reporting</p> <ul style="list-style-type: none"> <li>UUS Danamon shall publish Quarterly Financial Published Reports in national newspapers in accordance with BI/FSA provisions.</li> <li>UUS Danamon shall submit UUS Danamon's targets, strategies and development policies in RBB and convey information on UUS business development in the RBB Realization Report as well as in Danamon's Annual Report.</li> <li>UUS Danamon shall conduct GCG Self- Assessment, and shall prepare the GCG Implementation Report according to BI/FSA regulations.</li> <li>UUS Danamon shall possess appropriate internal reporting and shall be able to present data/information from core and support systems. The reporting system shall be supported by personnel with adequate training and experience and shall have IT security system knowledge in accordance with Danamon's IT Security procedures</li> </ul>	1	25%	0.25	Excellent
<b>Composite Value</b>			<b>100%</b>	<b>1.55</b>	<b>Satisfactory</b>
Predicate: Excellent/ <b>Good</b> /Satisfactory/Below Satisfactory/Poor					

## GENERAL CONCLUSIONS

Based on the results of GCG self-assessment in 2017, UUS Danamon obtained a composite score of 1.55, attaining the category of "Good."

GCG in UUS Danamon 2017 Implementation fulfilled several provisions that govern GCG as follows:

- At all times complied with the prevailing regulations and syariah implement principles in fund raising activities and fund channeling and syariah unit services.
- Boosted third party fund raising by making the best use of the syariah branch office network and syariah services (office channeling) through the bank's office network while upholding prudent principles and improving knowledge of syariah human resource principles.
- Fund disbursement activities in financing customers and third party fundraising remained consistent with the principles of prudence and independence based on syariah principles.
- Financial and non-financial transparency, GCG implementation reports and internal reporting conducted periodically and transparently in accordance with prevailing regulations.
- The UUS Danamon Director has met the prerequisites, for example having the required syariah competence, is fully committed to expanding Danamon UUS, follows up on SSB recommendations, and punctually submits the monthly report on UUS Danamon growth and status at regular SSB meetings.
- UUS Danamon SSB has performed its duties and responsibilities well, for example, all SSB members enjoy good reputations and show competence, hold regular SSB meetings, provide opinions and recommendations, review UUS Danamon products, and prepare the SSB supervision Report every semester.

UUS Danamon will continue to improve human resource productivity, syariah banking knowledge and skills, effective information management systems, work processes and procedures, and optimize all office channelling networks in order to achieve the set targets to provide benefits and protect the interests of all stakeholders.

The above endeavors are carried out by means of ongoing prioritization of GCG and prudential principles, SSB's best possible performance in the implementation of syariah principles, better

communication between SSB and the Director of UUS Danamon, and refinement of compliance, risk management and internal audit.

Finally, UUS Danamon has become the Most Reliable Syariah Bank Unit, of 2017 with due respect to the support shown by Bank Danamon's well-built infrastructure, extensive service networks, and excellent brand awareness generating an encouraging outcome for UUS Danamon while remaining consistent in the application of syariah principles in its banking activities.

## Attachment 1

Date, Place, Agenda of SSB Meeting in 2017

No	Day, Date & Place	Agendas	Participants
1	Tuesday, January 24, 2017, at Bank Danamon Tower 7 <sup>th</sup> Floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs. Karnaen A Perwataatmadja MPA., FIIS
2	Friday, February 17, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
3	Thursday, March 30, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Drs. Karnaen A Perwataatmadja MPA, FIIS
4	Tuesday, April 25, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA, FIIS
5	Monday, May 15, 2017, at the Office of DSN MUI	1. Discussion on SSB Opinions in regard to Simplification and Finalization of IMBT Documents	Dr. Hasanudin. M.Ag.
6	Wednesday, May 31, 2017, at Bank Danamon Tower 7 <sup>th</sup> Floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs. Karnaen A Perwataatmadja MPA., FIIS
7	Tuesday, June 06, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Drs. Karnaen A Perwataatmadja
8	Tuesday, July 25, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag.
9	Thursday, August 24, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions 3. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag.

No	Day, Date & Place	Agendas	Participants
10	Wednesday, September 27, 2017, at Bank Danamon Tower 7 <sup>th</sup> Floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions 3. Update on UUS issues, and issues related to UUS and Bank Danamon activities	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag.
11	Tuesday, October 24, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions	Dr.Hasanudin M.Ag.
12	Thursday, November 30, 2017, at Bank Danamon Tower 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update on the request for Syariah Supervisory Board opinions	Dr. Hasanudin M.Ag.

## Attachment 2

Distribution of Virtue Fund UUS Danamon in 2017

No	Date	Beneficiaries of Virtue Fund	Purpose	Nominal (Rp)
1	January 31, 2017	Al Azhar 29 Islamic Junior High School-Semarang	Syariah law laboratory equipment assistance	50,000,000
2	February 3, 2017	Musholla At Taubah Depok	Musholla construction	50,000,000
3	February 3, 2017	Pondok Pesantren Ustad Hanan, Gadog, Ciawi	Boarding school construction	15,000,000
4	February 3, 2017	Madrasah Ibtidaiyah Al Falah Ujung Menteng, Cakung, East Jakarta	School equipment assistance	20,000,000
5	February 8, 2017	Muhammad Indra Saputra	Syariah economy education - syariah economic days	6,000,000
6	February 22, 2017	Lamijan	Provision of community ambulance	50,000,000
7	February 27, 2017	PT Mulia Bestari Media	Syariah banking product information dissemination	5,000,000
8	March 16, 2017	Al Ikhlas Mosque Bandung	Mosque construction	10,000,000
9	March 22, 2017	Al hidayah Mosque Village of Nagrek Bandung	Renovation	10,000,000
10	April 13, 2017	Wahida Rakhmat	Procurement of hearing aids	10,000,000
11	April 13, 2017	Indonesian Red Cross (PMI)	Humanitarian aid program	10,000,000
12	April 13, 2017	Hamud Ulya Mosque	Assistance for the construction of mosque windows and doors & TPA classes	35,000,000
13	May 2, 2017	Jannatul Firdaus Mosque Taman Galaxy Indah - South Bekasi	Mosque renovation & expansion	10,000,000



No	Date	Beneficiaries of Virtue Fund	Purpose	Nominal (Rp)
14	May 5, 2017	Al-Ubudiyah Mosque Babelan - Bekasi	Mosque construction assistance	30,000,000
15	May 9, 2017	Danamon Muslin Association (PMD) Lapros	Donation for orphans during Ramadhan	30,000,000
16	May 9, 2017	SMPIT Thariq bin Ziyad	Youth entrepreneurship & economy OSIS campaign	8,000,000
17	May 29, 2017	Center for Islacmi Civilation Foundation	Humanitarian aid/Mustahiq Service	25,000,000
18	May 29, 2017	Pesantren Islam (YPI) Al Azhar Foundation	Empowerment Assistance	25,000,000
19	May 29, 2017	Dompel Dhuafa Republika Foundation	Humanitarian aid/Mustahiq Service	100,000,000
20	May 31, 2017	Majelis Ratib Alattas Ciawi/ ustad Abdul Hanan	Development assistance	25,000,000
21	May 31, 2017	Al Ridho Mosque, PT Sanoh Indonesia	Donation for orphans	2,000,000
22	June 12, 2017	Keluarga Besar "KIBLAT" Brebes	Halal bihalal and mass circumcision assistance	1,000,000
23	June 12, 2017	Danamon Muslim Association - Matraman	Ramadan 1438 H assistance	18,000,000
24	June 12, 2017	Persatuan Muslim - Rohis Danamon Plaza Kuningan	Orphanage assistance	20,000,000
25	June 12, 2017	Ahlul Quran Indonesia Foundation	Baiturahman Mosque construction assistance	20,000,000
26	June 13, 2017	Mahmudah/Tien Martina Soekarno Foundation	Ramadan 1438 H event	3,000,000
27	June 13, 2017	Nurul Huda Beringin Cirebon Foundation	Tarbiyah Ramadhan 1438 H program	9,000,000
28	June 13, 2017	Al Kahfi Foundation Bekasi Branch	Help the orphans and the poor	9,000,000
29	June 13, 2017	Rohis Bank Danamon Syariah Ciracas	Ramadan 1438 H assistance	5,000,000
30	June 15, 2017	Dana Bantuan Foundation	Free health care for the elderly & poor assistance	15,000,000
31	June 20, 2017	Cirebon Mosque	Idul Fitri gifts for imam and ustadz	25,000,000
32	June 21, 2017	Nurul Huda Mosque Danamon Housing Complex	Renovation of mosque/ Kemaslahatan	20,000,000
33	June 21, 2017	Rohis Menara Bank Danamon 7th floor	Help fund the purchase of carpet	8,870,000
34	June 22, 2017	Mushola At Taqwa	Musholla renovation assistance	5,000,000
35	July 7, 2017	Chairul Foster Children	Orphanage school equipment for the odd semester & Even academic year 2017-2018	51,410,000
36	August 2, 2017	Al 'Awwabin Mosque	Mosque refurbishment assistance	48,000,000
37	August 22, 2017	Yahya Ependi	Orphaned students assistance	8,000,000

No	Date	Beneficiaries of Virtue Fund	Purpose	Nominal (Rp)
38	August 31, 2017	Al Awabin Mosque	Qurban donation to orphans & dhuafa	27,000,000
39	September 4, 2017	TPQ Shiratal Mustaqim Depok	Development fund assistance	25,000,000
40	September 6, 2017	Koperasi Pegawai PT Pelabuhan Indonesia III	Education fund (scholarship)	5,000,000
41	September 13, 2017	Pondok Pesantren/Masjid Nurul Hikmah Kertasari	Development fund assistance	50,000,000
42	September 26, 2017	Danamon Muslim Association - Matraman	11th Floor Musholla carpet procurement	11,000,000
43	October 11, 2017	STIKES Muhammadiyah Kudus	Scholarship assistance	9,000,000
44	October 13, 2017	Rohis Menara Bank Danamon 7th floor	Fund assistance for tahsin school program for Danamon employees	35,000,000
45	October 24, 2017	Masjid Nurul Huda Mosque Danamon Housing Complex	Funding assistance for mosque construction	25,000,000
46	November 6, 2017	Musholla Al Ikhlas Depok	Musholla construction assistance	15,000,000
47	November 6, 2017	DKM Nurul Anwar Sukabumi	Mosque construction assistance	20,000,000
48	November 15, 2017	Pondok Pesantren Sulaimaniyah	Pesantren fund assistance for hafiz Quran in October-December 2017	5,000,000
49	November 15, 2017	Ministry of Labor RI	Sponsorship Ministry Cup Employment "New Kansas BC" assistance	3,000,000
50	November 24, 2017	Zaini Muslim	BDS Employees medical expenses assistance	10,000,000
51	November 27, 2017	Housing Complex DPR RI Kalibata	Mass circumcision and orphans/dhuafa assistance	5,000,000
52	November 27, 2017	Musholla Nurul Hasanah Cipinang Muara	Musholla refurbishment assistance	5,000,000
53	November 29, 2017	Putri Nina	Child health care assistance	2,000,000
54	December 7, 2017	Masjid Jami Al Ma'mur Tebet	Commemoration of Prophet Muhammad SAW assistance	2,000,000
55	December 16, 2017	Ny Sulastri	Odontectomy (Operation of canine teeth) funding assistance	5,000,000
56	December 16, 2017	Marhalah Branch Jakarta	Al Quran recitation lesson assistance	10,000,000
<b>Total</b>				<b>1,061,280,000</b>

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