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**Good  
Corporate  
Governance**





# Corporate Governance

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“Danamon is committed to implement and improve the quality of sustainable good corporate governance. The implementation of good corporate governance will greatly support the increase in corporate values and make Danamon as a fundamentally sound and highly competitive Bank.”

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

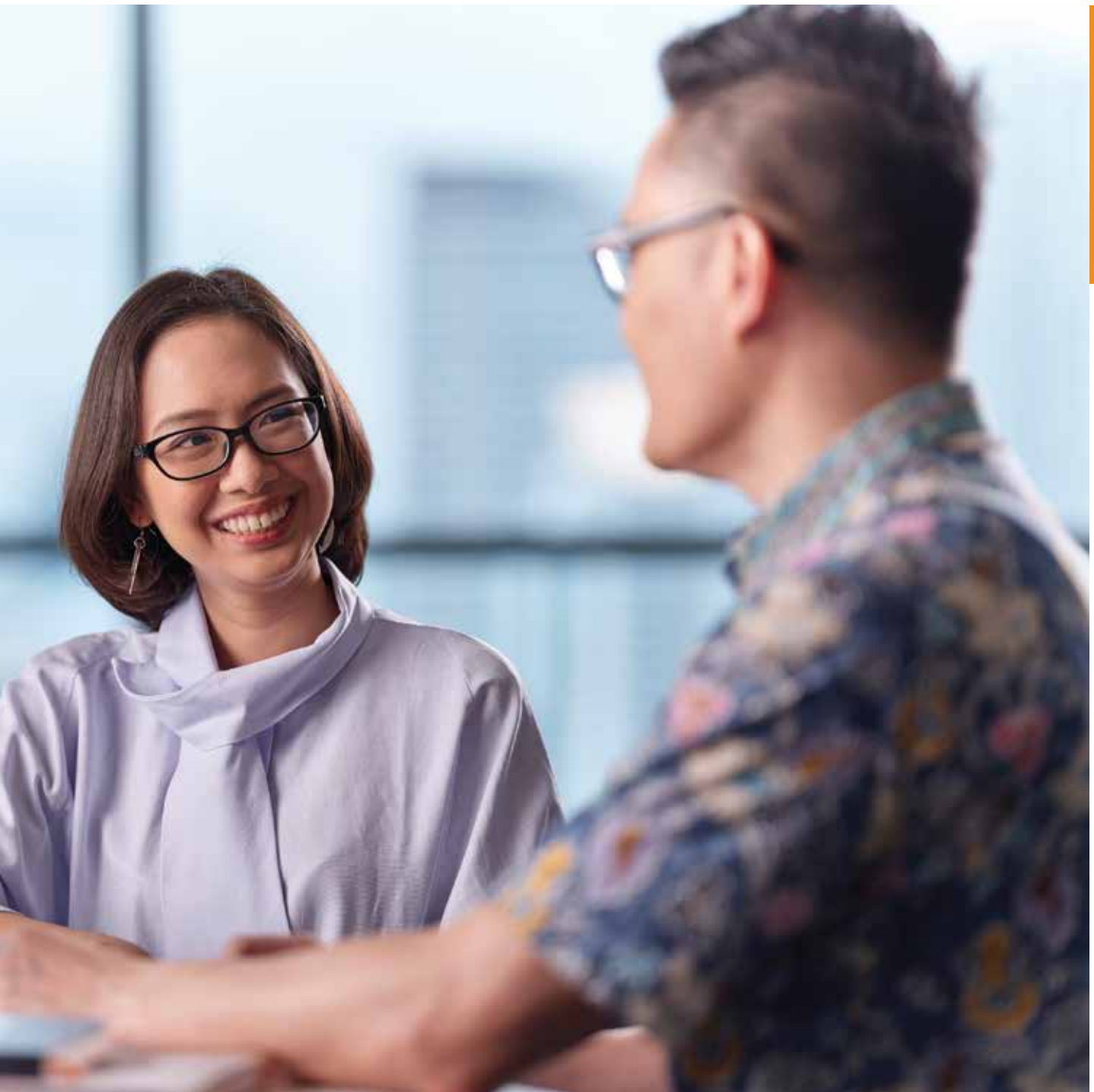
Danamon has an Integrated Corporate Governance Policy and a Corporate Governance Policy which serve as practical guidelines and reference in the implementation of good corporate governance (GCG) principles in all activities and organizational levels in Danamon and its subsidiaries. Corporate Governance policies are prepared 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, Company's Articles of Association, ASEAN Corporate Governance Scorecard, Indonesian GCG General Guidelines and Indonesian Banking GCG Guidelines issued by the National Committee on Governance Policy (KNKG), as well as the 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 subsidiaries 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 form of commitment to improve the quality of GCG implementation in Danamon.

The implementation and application of GCG principles is a joint commitment of all levels of organization at Danamon, conducted in a consistent and sustainable manner. By implementing GCG, Danamon aims to optimize the values of Danamon for stakeholders, grow sustainably, highly competitive, and become a recognized financial institution as well as provide positively contribute to the financial industry and national economy.





# Corporate Governance Implementation Roadmap of Danamon

Danamon has consistently and continuously made improvements to Danamon's corporate governance as outlined in corporate governance implementation roadmap of Danamon. Corporate governance implementation roadmap of Danamon is as follows:

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## POLICY, ORGAN AND IMPLEMENTATION OF CORPORATE GOVERNANCE IN DANAMON

### Corporate Governance Policy of Danamon

Corporate Governance Policy of Danamon is part of the Danamon Group Financial Conglomeration's Integrated Corporate Governance Policy which is a guideline in implementing corporate governance at all levels of the organization based on the principles of good corporate governance as follows:

#### 1. Transparency

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

#### 2. 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.

#### 3. 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.

#### 4. Independency

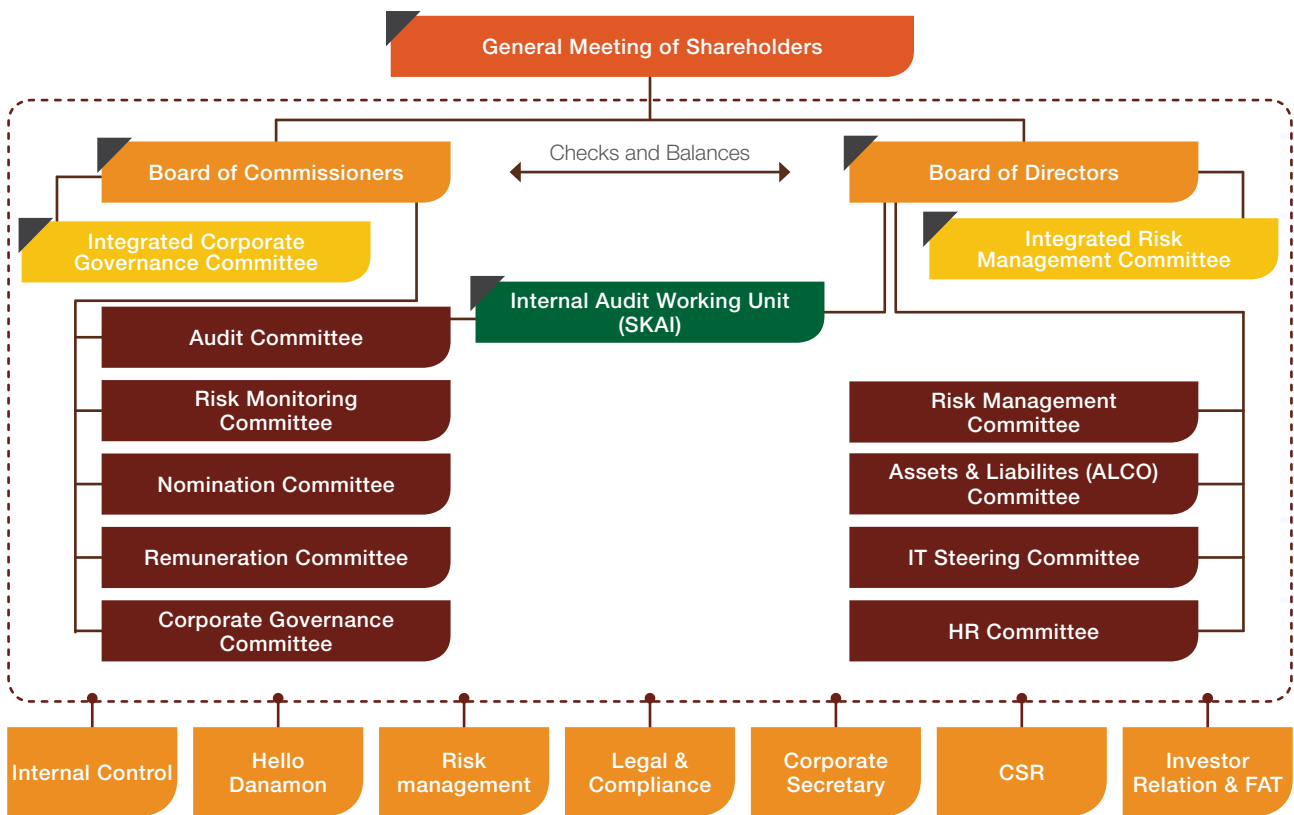
Danamon perform their activities independently and objectively, as well as avoiding the influence of any dominant party. Danamon is committed to conduct its business with professionalism.

#### 5. 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.

**Corporate Governance Organs of Danamon**

Danamon’s corporate governance organs are established to support the implementation of corporate governance principles so that they can run systematically and structured. Supporting organs for the implementation of Danamon corporate governance have clear roles and responsibilities to create a check and balance control mechanism.



**Implementation of Danamon’s Corporate Governance**

Danamon realizes that implementing good corporate governance is no longer a requirement, but is a basic need and foundation in carrying out business activities. The implementation of good corporate governance is based on solid integrity, so that the principles of good governance can be implemented at every level of the organization, and carried out in every Danamon activity so that all operational activities can be carried out consistently and continuously.

the principles of Transparency, Accountability, Responsibility, Independency and Fairness which are grouped in a governance system which consists of 3 (three) aspects of governance in the form of Governance Structure, Governance Process and Governance Outcome.

The implementation of Danamon’s Corporate Governance is based on 5 (five) basic principles of good corporate governance, namely

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### Governance Structure

- The number, composition, criteria and independence of the Board of Commissioners, the Board of Directors and Danamon's committees are adequate and meet the needs of Danamon and the prevailing regulations of the Financial Services Authority/ Bank Indonesia;
- Danamon as the Main Entity of Danamon Group has established the Integrated Corporate Governance Committee and Integrated Risk Management Committee;
- Main tasks, responsibilities and functions of all levels at Danamon are adequate and stipulated in the Policies, Guidelines and Work Rules. Danamon's Policies, Procedures and Management Information Systems are available and support Danamon's operational activities;
- Adequacy of Corporate Governance Guidelines, Risk management framework, adequacy of internal controls, compliance functions and internal audit functions with the assignment of external audits that meet the requirements;
- Availability of policies for providing funds to related parties/ provision of large funds, conflicts of interest and aspects of transparency;
- Strategic and business plan are in line with Danamon's vision and mission.

### Governance Process

- Implementation of the functions, duties and responsibilities of Danamon's organs is adequate so that it can optimize the functions of supervision and control;
- The process of replacing and appointing the Board of Commissioners, Board of Directors and Committees is in accordance with the applicable regulations;
- Competence enhancement of the Board of Commissioners and Board of Directors through sustainability education and trainings;
- Disclosure of affiliated transactions, conflicts of interest by the Board of Directors and the Board of Commissioners;
- Provision of funds to related parties and the provision of large funds is conducted through normal credit approval processes and taking into account the principle of arm's length;
- Risk management has been well implemented so that the risks that may arise can be managed adequately;
- Information disclosure of financial, non-financial, Danamon's product, and customer complaint completely, accurately and proportionally;
- The preparation of strategic and business plans is carried out in a realistic, comprehensive and measurable manner approved by the Board of Commissioners and communicated to the shareholders and to all levels of the organization.

### Governance Outcome

- Positive Danamon's performance includes profitability, efficiency and capital;
- Danamon's activities are free from the intervention of the owners and other related parties which can cause a conflict of interest;
- Disclosure of financial and non-financial conditions and other important information supported by the Danamon website that is informative and easily accessible by stakeholders;
- Adequate compliance and risk management and follow-up of audit results in accordance with the commitments;
- Bank Business Plan describes Danamon's sustainable growth and provides economic and non-economic benefits to all Stakeholders.



# Focus and Achievement of Danamon's Corporate Governance Implementation in 2018

The implementation of Danamon's corporate governance focuses on improving and enhancement of the implementation of Danamon and subsidiaries' corporate governance by prioritizing ethics and integrity in the management of the company. During 2018, various initiatives in terms of strengthening the implementation of corporate governance have been carried out through alignment in accordance with the laws and regulations as well as improvement of supporting policies structures, among others:

## Adjustment of Membership of Committees under the Board of Commissioners

In order to increase the effectiveness of the implementation of the duties and responsibilities of the Board of Commissioners, Danamon establishes and reaffirms the membership of committees under the Board of Commissioners whose task is to assist the Board of Commissioners in carrying out their duties and responsibilities. Committees under the Board of Commissioners are Audit Committee, Risk Monitoring Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee, and Integrated Corporate Governance Committee.

## Adjustment or Amendment to Articles of Association

Danamon adjusted or amended several articles in Danamon's Articles of Association and restated all articles in Danamon's Articles of Association. During 2018 there were 2 (two) adjustments or amendments to the Articles of Association. Adjustments or amendments to Danamon's Articles of Association have been approved by the EGMS on March 20, 2018 and the EGMS on November 19, 2018.

## Refinement of the Board of Commissioners' Charter and Board of Directors' Charter

Danamon conducted reviews and improvements/ updates of the Board of Commissioners' Charter and Board of Directors' Charter in accordance with the prevailing laws and regulations and the implementation of Bank's good corporate governance.

## Refinement of the Committee under the Board of Commissioners' Charter

Danamon conducted reviews and improvements/ updates of the Audit Committee Charter in accordance with the prevailing laws and regulations and the implementation of Bank's good corporate governance.

## Refreshment of Code of Conduct

Danamon conducted refreshment on the understanding and knowledge of Danamon's Code of Conduct to all employees which can be done online through Eazy application. Danamon's Code of Conduct is a basic attitude and ethics guide for Danamon's Management and Employees. The Refreshment of Code of Conduct is intended to reinforce the values and behavior of Management and Employees in facing the changes and challenges in the digital era as well as business transformation and the Danamon strategies.

## Recovery Plan

In 2018, as a follow-up to the fulfillment of POJK No. 14/POJK.03/2017 concerning Recovery Plan for Systemic Banks, Danamon has created a Recovery Plan to ensure that Danamon has created and possessed credible and feasible recovery options to maintain Danamon in a series of stress test scenarios. The Recovery Plan has obtained Shareholders Approval through the Annual GMS in March 2018. The Bank has issued an instrument that has a capital characteristic in the form of convertible loan of IDR 25 billion.

## Preparation and Submission of Sustainable Finance Action Plan

Danamon conducted the preparation and submission of Sustainable Finance Action Plan for the period 2019-2023 in order to fulfill POJK no. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies.

## Refinement of Risk Management Policies

In 2018, Bank has prepared and reviewed/refined several policies to accommodate the development of applicable laws and regulations related to risk management, including:

1. Refinement of Integrated Risk Management Policy
2. Intra-Group Transaction Policy
3. Credit Risk Policy
4. Refinement of Policies related to Market and Liquidity Risk Management

## Refinement of Terms of Reference for Implementation of the Compliance Function & Development of E-Learning

1. In 2018, Bank has conducted review/ refinement of the Terms of Reference for Implementation of the Compliance Function. The Terms of Reference is prepared as a guideline for implementing the Danamon's Compliance function so that Danamon's business activities are always in line with applicable provisions.
2. Bank has developed the 2018 Compliance e-learning and 2018 AML-CFT e-learning.

## Refinement of the Policy and Application of AML CFT

1. Bank has adjusted and aligned several internal regulations related to the implementation of anti money laundering and counter financing of terrorism in the financial services sector related to the issuance of POJK No. 12/POJK.01/2017 and SEOJK No. 32/SEOJK.03/2017 concerning the Implementation of Anti-Money Laundering Program and Counter Financing of Terrorism in the Banking Sector.
2. In order to evaluate the application of the AML CFT provisions properly by all Branches and also to exercise proactive control and to ensure that the implementation of the CDD/ EDD is in accordance with the Bank's risk appetite and in line with applicable regulations, in 2018 BAR (Branch AML CFT Report) project has been established.

# Assessment of The Implementation of Danamon's Corporate Governance in 2018

## Self Assessment Result of The Implementation of Corporate Governance

In accordance with POJK No. 55/POJK.03/2016 concerning the Implementation of Corporate Governance for Commercial Banks and its implementation rules SEOJK No. 13/SEOJK.03/2017 concerning Implementation of Corporate Governance for Commercial Banks, Danamon periodically conducts self assessment of the implementation of corporate governance biannually for positions at the end of June and December. The assessment is carried out based on the assessment factors stipulated based on OJK regulations, among others, the quality of implementing the principles of corporate governance in a comprehensive and structured manner which is integrated into 3 (three) governance aspects, namely governance structure, governance process, and governance outcome.

In accordance with POJK No. 4/POJK.03/2016 concerning Assessment of Commercial Bank's Soundness Level, the result of the self-assessment of the implementation of corporate governance is one of the factors in the coverage of the assessment of the Bank's Soundness Level. The results of the self-assessment of the implementation of Danamon's corporate governance have been submitted to OJK together with the submission of reports on the self assessment result of the Bank's Soundness Level. The self-assessment also includes self-assessment of the implementation of corporate governance in a Consolidated manner with Subsidiaries.

### Self - Assessment Results of Danamon's Corporate Governance Implementation Position: As of June and December 2018

	Rank	Rank Definition
Bank	2 (Good)	Reflecting Danamon management has implemented the corporate governance which in general is 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 Danamon's management.

## Self Assessment Analysis in 2018

During 2018, based on Danamon's assessment on 11 (eleven) good corporate governance factors, Danamon has adequate governance structures and infrastructures that support the effectiveness and quality of corporate governance principles that meet the expectations of the stakeholders, among others:

- The number of members of the Board of Directors of the Company is 9 (nine), with the composition namely as follows: Sng Seow Wah (President Director), Michellina L. Triwardhary (Vice President Director), Herry Hykmanto (Director), Satinder Pal Singh Ahluwalia (Director), Adnan Qayum Khan (Director), Heriyanto Agung Putra (Director), Dadi Budiana (Director), Yasushi Itagaki (Director) and Rita Mirasari (Independent Director). In semester 2-2018, the EGMS was held on November 19, 2018 but there were no changes to the composition of the Directors.

The division of duties and authority of the Directors is determined by the Decree of the Board of Directors. The implementation of the duties and responsibilities of the Board of Directors has been completed with clear policies and Charters. All members of the Board of Directors do not have concurrent positions as Board of Commissioners, Board of Directors or Executive Officers in other banks, companies and or institutions, except in the context of carrying out supervisory duties on participation in non-bank subsidiaries controlled by Danamon.

- The current number, composition, criteria and independence of the Board of Commissioners have considered the scale and

complexity of the Bank's business. The number of members of the Board of Commissioners still does not exceed the number of members of the Board of Directors according to the requirements. 50% of the members of the Board of Commissioners consist of Independent Commissioners. The implementation of the duties and responsibilities of the Board of Commissioners has been carried out according to their duties and responsibilities which are complemented by clear policies and Charters. The AGMS on March 20, 2018, agreed to appoint Peter Benyamin Stok as Independent Commissioner of Danamon and Takayoshi Futae as Commissioner of Danamon. Both of them have obtained approval of the fit and proper test from OJK.

Based on the EGMS on November 19, 2018, the resignation of Mr. Ernest Wong Yuen Weng from his position as Commissioner of Danamon was approved as of the closing of the EGMS. In addition, the EGMS agreed to appoint Mr. Masamichi Yasuda as the Commissioner of Danamon, where the appointment of Mr. Masamichi Yasuda as Danamon's Commissioner is effective after obtaining approval from the OJK for term of office in accordance with the remaining term of office of the current Danamon Board of Commissioners.

- The Bank has Committees that assist the implementation of the duties of the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, Nomination Committee, Remuneration Committee, Corporate Governance Committee and Integrated Corporate Governance Committee.

Committees are established according to the provisions and Bank's needs with the composition of membership that supports independence and implementation of committee duties. The implementation of the duties and responsibilities of the Committees has been carried out according to their duties and responsibilities which are complemented by clear policies and Charters. In 2018, charters of the committees were reviewed to be updated.

4. Bank has a policy that supports the handling of conflicts of interest for Management and employees of the Bank. Management and Employees of the Bank must prioritize the interests of the Bank and are prohibited from taking actions that can harm and/ or reduce the Bank's profits. During the assessment period there is no conflict of interest transaction that is detrimental to the interests of the Bank.
5. The Compliance Function has been implemented adequately. The compliance working unit has been established independently with the support of adequate human resources. The appointment of the Compliance Director has met the applicable requirements, namely independent and does not oversee functions that are not permitted by the applicable provisions and have obtained OJK approval. The Compliance Working Unit is under the responsibility of the Director in charge of the Compliance Function.

Bank as the Main Entity in the Financial Conglomeration of Danamon Group has the function of an Integrated Compliance Working Unit (SKKT) that is independent from other operational working units whose implementation of their duties and responsibilities is carried out by the Bank's Compliance Working Unit. SKKT is responsible to the Director in charge of the Compliance Function. SKKT has the duty to monitor and evaluate the implementation of the compliance function in each Entity in the Financial Conglomeration.

Bank has made various efforts to ensure the Bank's compliance, among others through increasing awareness and understanding of compliance (Compliance Culture), implementation of Compliance Tests, conducting monitoring and testing activities, monitoring the Bank's regulatory parameters and monitoring follow-up of the results of Regulatory examination. Compliance culture has been well socialized at all levels of the organization and is the responsibility of all Bank management and employees. The Bank has also developed the 2018 Compliance e-learning and 2018 AML-CFT e-learning.

6. Bank has an independent Internal Audit Working Unit (SKAI) as stated in the Integrated Internal Audit Charter Version 2018. SKAI is led by the Head of SKAI who is directly

responsible to the President Director. As of December 10, 2018, Ms. Evi Damayanti has no longer served as the Bank Danamon's Head of SKAI. And Bank Danamon has appointed Mr. Nathan Tanuwidjaja as Acting Head of SKAI since December 10, 2018.

To support the independence of SKAI and to ensure the smooth running of the audit and authority in monitoring follow-up, the Head of SKAI is also directly responsible to the Board of Commissioners through the Audit Committee. Bank Danamon has implemented the Implementation of Standards for Commercial Bank's Internal Audit Function (SPFAIB) by establishing an Internal Audit Unit, having an Integrated Internal Audit Charter and developing an Internal Audit Manual (Audit Manual and Standard Audit Program). SKAI has independence in conducting audits and expressing views in accordance with professional standards by not taking sides with the interests of other parties that are not in accordance with the laws and regulations. SKAI has quality human resources obtained through a structured recruitment process and adequate trainings so as to meet the needs of the audit tasks in accordance with the scope and audit plan.

SKAI uses a Risk Based Audit Approach to determine all aspects and elements of activities that are directly expected to affect the interests of Bank Danamon and the community.

The effectiveness of the implementation of SKAI's work and its compliance with SPFAIB has been evaluated by external parties every three years in accordance with the provisions of SPFAIB from Bank Indonesia. In 2018, SKAI was reviewed by PT Ernst & Young Indonesia ("EY"), for the period May 2015-May 2018. The results of the "Independent Examination Regarding the Implementation of Standards for Commercial Bank's Internal Audit Function (SPFAIB)" dated July 27, 2018 are "Generally Conforms" to SPFAIB and has been sent to OJK on July 30, 2018.

The SKAI audit plan is prepared annually and is stated in the Annual Internal Audit Plan of Bank Danamon which is approved by the President Director and the Board of Commissioners through the Audit Committee. The scope of the audit covers all business units and supporting units at Bank Danamon. The scope of audit of SKAI covers the adequacy and effectiveness of the Bank Danamon's control system, compliance with internal and external regulations and quality of performance. In carrying out its functions, SKAI refers to the Implementation of Standards for Commercial Bank's Internal Audit Functions (SPFAIB) and the Control System and Internal Audit for the Implementation of Information Technology from Bank Indonesia and the International Standards for the Professional Practice of Internal Audit (IPPF) from The Institute of Internal Auditors (IIA).

SKAI has reported all findings of the audit to the Board of Commissioners through the Audit Committee and to the President Director and delivered significant findings on a regular basis. SKAI has monitored, analyzed and reported on the progress of the follow-up improvements made by the auditees periodically to the Board of Commissioners through the Audit Committee. The Board of Directors ensures that the follow-up of each of the Bank Danamon internal audit findings has been carried out by the working unit concerned with reference to the policies and directions of the Board of Commissioners through the Audit Committee. SKAI has made and updated work guidelines and systems and procedures to carry out tasks for internal auditors on a regular basis and as needed, including updating internal audit charter.

The audit program and audit scope are adequate and in accordance with the SPFAIB principles covering the principles of independence, objectivity and unlimited access in carrying out the audit function. The number and quality of internal auditors are adequate and in accordance with the approved audit plan.

7. Implementation of the external audit function is adequate with assignment in accordance with the provisions. Based on the Annual GMS dated March 20, 2018, appointed Doctorandus M. Jusuf Wibisana, M.Ec., CPA, as a Public Accountant (AP) and Tanudiredja, Wibisana, Rintis & Partners (member firms of the PwC global network) as Public Accountant Firm (KAP) registered with the Indonesian Institute of Certified Public Accountants (IAPI) and OJK. The scope of the assignment is an audit of the consolidated financial statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for fiscal year 2018. The professional standards of public accountants used are Audit Standards issued by IAPI. The audit interim results submitted for fiscal year 2018 illustrate the condition of banks actually based on the objective analysis of the auditor and has been submitted in accordance with the time limit specified. The interim audit results for 2018 financial year communicated to the OJK (Supervisor) have covered and are in accordance with the scope of the audit as stipulated in the applicable provisions. The Public Accountant will submit the final audit results for the 2018 financial year in the first quarter of 2019. The auditor has acted objectively during the audit process.
8. Bank has an Integrated Risk Management Policy that regulates the Risk Management Framework for Banks and the Financial Conglomeration and the Implementation of Risk Management in each type of risk comprehensively. This policy is also complemented by derivative policies made separately including Credit Risk Management Policy, Operational Risk Management Policy, Market and Liquidation Risk Management Policy, Business Continuity Management Policy, Information Security Policy and Group Risk Appetite Statement (RAS) and RAS Cascading RAS Policy.

These policies are reviewed periodically so that they can be used effectively as guidelines in identifying, measuring, monitoring and controlling risks. In addition, the Bank has Group Risk Appetite Statement (RAS) and RAS Cascading.

In second semester of 2018, the Integrated Risk Management Policy has been reviewed in accordance with applicable regulations and current conditions. The duties and responsibilities of the Board of Directors and Board of Commissioners regarding Risk Management are clearly stipulated in the Bank's Integrated Risk Management Policy. The Board of Directors established Risk Management Committee to assist in the implementation of risk management functions. The Bank's ability to manage inherent risk and the quality of risk management implementation is categorized as good and adequate. This is indicated by the results of the assessment of Bank Danamon's risk profile as a whole composite rating of the Bank which is ranked 2 (Low to Moderate).

The Board of Commissioners is assisted by the Risk Monitoring Committee in carrying out the function of monitoring the implementation of risk management. The main role of the Risk Monitoring Committee is to monitor, report and provide recommendations to the Board of Commissioners regarding the implementation of risk management.

The internal control system in the application of risk management has been quite comprehensive and adequate, among others, through the approach of three lines of defense, stipulating the authority to monitor policies, procedures and limits, clear organizational structure, implementing an adequate four eyes principle, applying risk awareness and culture as well as adequate procedures for compliance with regulations. Internal audits of the risk management process are also carried out and improvements to the audit findings are monitored.

9. Bank has policies and procedures regarding the provision of funds to related parties and large exposures. Policies and procedures for providing funds to related parties and large exposures are adjusted to the applicable regulations (if there are changes). In 2018, the Guideline on LLL and Related Parties has been reviewed in accordance with applicable regulations and current conditions.

Provision of funds is approved by the Board of Directors through the Credit Committee independently and in accordance with the authority to approve credit. Especially the provision of funds to related parties, must go through the Compliance Director's review and get approval from the Board of Commissioners.

There are no violations and exceeds of the maximum legal lending limit to related parties and the provision of large funds. Bank Danamon always monitors the maximum legal lending limit

and diversification of the funding portfolio by considering the condition of the Bank's capital and applying the prudential principles and applicable regulations in providing funds. Bank Danamon regularly submits reports on Provision of Funds to the Related Parties properly and in accordance with the specified deadline.

10. Sufficiency of transparency in financial and non-financial conditions and reports on the implementation of corporate governance are adequate. The Bank has operational and marketing collateral policies that are made and reviewed in accordance with the provisions of the Consumer Protection in the Financial Services Sector. The bank carries out the necessary trainings and certifications to the marketing officer in accordance with the product provisions. In product launches, Bank Danamon through marketing officers deliver and explain product information to customers in accordance with the guidelines prepared. All product information documents that will be marketed to customers are first reviewed by the relevant working units. The Bank always announces financial and non-financial reports routinely through printed media and through the company's website and submits financial and non-financial reports to OJK.

11. Bank has a strategic plan in the form of a Corporate Plan and a Business Plan in accordance with the Bank's vision and mission. The Bank's Business Plan has been prepared by the Board of Directors and approved by the Board of Commissioners and is fully supported by the owner, reflected in the commitment and efforts of the owner in maintaining a healthy Bank capital, where the Bank's capital ratio remains above the minimum ratio set by the regulator.

The Bank prepares a Business Plan by considering macro and micro conditions, risk appetite, infrastructure, strategies and paying attention to the prudential principles and responsiveness to internal and external changes. The Board of Directors has communicated the Bank Danamon's Corporate Plan and Business Plan (RBB) to the Controlling Shareholders and to all levels of the organization of Bank Danamon through an offsite meeting forum. The Board of Commissioners has supervised the implementation of the RBB through Board of Commissioners meetings and/ or Joint meetings, and based on the Board of Commissioners' oversight report.

Bank's Positive growth has provided benefits to stakeholders, both economically and non-economically. The condition of the Bank's capital is very good with a capital adequacy ratio above the minimum requirements set by the regulator. The Bank has also implemented the Internal Capital Adequacy Assessment Process (ICAAP) in conducting capital management. Based on the internal assessment process, the capital adequacy ratio is well above the required level, both internally and as required by the regulator.

In general, there are no significant problems in the implementation of Corporate Governance principles at Danamon. Good Corporate Governance principles have been applied thoroughly and structured to three aspects of governance, namely governance structure, governance process and governance outcome. Reviews of activities, processes, policies and strategies are carried out continuously to achieve optimal processes and effective controls.

#### EXTERNAL ASSESSMENT

##### ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard)

Danamon continues to make improvements in the implementation of corporate governance principles so that it is expected to achieve good corporate governance that ultimately can provide added value to all Danamon stakeholders. One of the efforts made by Danamon is to use the ASEAN CG Scorecard as a guide for improving the implementation of sustainable corporate governance principles.

In addition to the self assessment of the implementation of corporate governance as regulated by the provisions of OJK, Danamon is also assessed by the Indonesian Institute for Corporate Directorship (IICD), RSM and OJK based on the ASEAN CG Scorecard principles. Danamon conducts self assessment to determine the necessary action plan improvements.

#### ACHIEVEMENT OF CORPORATE GOVERNANCE IMPLEMENTATION

In 10<sup>th</sup> Indonesian Institute for Corporate Directorship (IICD) Corporate Governance Award, Danamon received the award "IICD Corporate Governance Award 2018" as one of the Top 50 Big Capitalization Public Listed Company, a public company with the best corporate governance practices for "Best Financial Sector" category. This award is given to public companies that have implemented good corporate governance best practices based on the parameters in the ASEAN CG Scorecard.

#### REPORTS OF DANAMON'S CORPORATE GOVERNANCE IMPLEMENTATION

The Corporate Governance Implementation Report covers all aspects of the implementation of corporate governance at Danamon, which are formulated by referring to prevailing legislative regulations and implementation of corporate governance best practices that are universally applicable. The issuance of Danamon's corporate governance implementation report is part of the responsibility for implementing transparency principles towards the stakeholders and fulfilling applicable laws and regulations.

# General Meeting of Shareholders (GMS)

The General Meeting of Shareholders (GMS) is the highest organ in Danamon's corporate governance, which is a forum for shareholders to take decisions with due regard to the articles of association and legislation. Decisions taken at the GMS are based on the interests of Danamon, and are carried out fairly and transparently.

GMS consists of the Annual GMS and Extraordinary GMS, as follows:

1. Annual General Meeting of Shareholders (AGMS)
  - a. AGMS must be held by the Board of Directors annually, at the latest by the end of June, as referred to in the statutory regulations preceded by the GMS Announcement and Invitation;
  - 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. AGMS decides on the agenda or on matters that have been submitted in accordance with the statutory regulations and Danamon's Articles of Association.
2. Extraordinary General Meeting of Shareholders (EGMS)
  - a. EGMS can be held by the Board of Directors at any time based on the needs for the interests of Danamon in accordance to the statutory regulations and Danamon's Articles of Association preceded by the GMS Announcement and Invitation;
  - b. In the EGMS, the proposed agenda may be determined in accordance with the provisions of the Articles of Association and the prevailing laws and regulations.

## Legal Basis for GMS Implementation

The GMS held by Danamon is carried out by referring to Law No. 40 Year 2007 concerning Limited Liability Companies, FSA Regulation No. 32/POJK.04/2014 dated December 8, 2014 concerning Planning and Holding General Meetings of Shareholders of Public Limited Companies along with the amendment rules through FSA Regulation No. 10/POJK.04/2017 dated March 14, 2017, Danamon's Articles of Association and Danamon's Corporate Governance Guidelines.

## 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 Rp 50,000.00 per share and 17,760,000,000 Series B shares with voting rights, each with a nominal value of Rp 500.00 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 and 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 amendments in the Articles of Association and other changes related to the Company, the right to participate effectively and to exercise his/her votes in the GMS, as well as the right to obtain information in relation to the GMS, including agenda, rules and procedures for voting.

Danamon protects the rights of shareholders and facilitates the implementation of the basic rights of shareholders. The basic rights of shareholders are, among others:

1. Attend and vote in the GMS;
2. Obtain relevant and material information about Danamon in a timely and orderly manner;
3. Obtain the ownership registration method;
4. Assign or transfer shares;
5. Appoint and dismiss the Board of Directors and the Board of Commissioners;
6. Receive a portion of Danamon's profit; and
7. Perform other rights and authorities pursuant to Danamon's Articles of Association and the prevailing laws and legislations.

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

## Limitation of Shareholders

1. Shareholders are not allowed to intervene in the operational activities of Danamon, and the Board of Directors and the Board of Commissioners must reject such intervention.
2. The controlling shareholders can coordinate the preparation of business strategy, corporate plan, and business plan.
3. Supervision by the controlling shareholders can only be performed through the GMS or policy coordination and conducting audits in accordance with the applicable regulations.
4. The controlling shareholders must avoid any conflict of interest.
5. The controlling shareholders must not abuse the dominance of ownership or control that could lead to violations of the principles of corporate governance.
6. The Board of Commissioners and Board of Directors must refuse requests for information regarding Danamon by the controlling shareholder that does not comply with the principle of fairness and equality.
7. Shareholders may not take advantage of Danamon for personal, family, company or business interest in a manner that is contrary to the legislation and the principle of fairness which is commonly applicable in the banking and financial sectors.

### Access to Information for Shareholders

Shareholders may obtain information regarding Danamon through various communication media facilitated by Danamon, such as the GMS, public exposure, analyst briefing, publication of quarterly financial statements and annual report, the website, as well as email access to Investor Relations (investor.relations@danamon.co.id) and Corporate Secretary (corpsec@danamon.co.id).

### Voting and Vote Counting Mechanisms at GMS

Danamon prepares the GMS Rule of Conduct. The GMS Rule of Conduct is disclosed on Danamon website, recited by the chairman of the meeting at the beginning of the GMS. The GMS Rule of Conduct includes the voting and vote counting procedures. Prior to the voting, the chairman of the meeting gives the shareholders, or proxy of shareholders, the opportunity to ask questions and/or opinions, having the right to ask and/or voice opinions 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:

1. GMS decisions are taken based on deliberation to reach consensus. In the case of a decision based on consensus not being reached, the decision is made by voting.
2. Decision-making by voting is conducted with due regard to the provisions of attendance quorum and GMS decision quorum as stipulated in Danamon's Articles of Association.
3. 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 with a different voice.

4. In the vote counting, 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.
5. In voting, members of the Board of Commissioners, the Board of Directors and employees are prohibited from acting as the proxy of shareholders.
6. In the event of a GMS decision related to cash dividend distribution, the disbursement to those that are entitled is effected no later than 30 (thirty) days after the publication of the summary minutes of GMS that decides the cash dividend distribution.

### 2018 GMS Holding of AGMS and EGMS

In 2018, Danamon has held 1 (one) AGMS and 2 (two) EGMS in which one of the EGMS was held along with the 2018 AGMS. The 2018 AGMS and EGMS holding mechanism was carried out in accordance with the provisions in the Bank's Articles of Association and FSA Regulation No. 32/POJK.04/2014 concerning Planning and Holding General Meetings of Shareholders of Public Limited Companies and FSA Regulation No. 10/POJK.04/2017 dated March 14, 2017 concerning Amendments to FSA Regulation No. 32/POJK.04/2014.

### AGMS and EGMS March 20, 2018

Danamon held the AGMS which was continued with the EGMS on March 20, 2018.

AGMS and EGMS holding process on March 20, 2018 was as follows:

Date and Time	Tuesday, March 20, 2018: AGMS – started at 09.50 a.m. West Indonesia Time and closed at 11.40 a.m. West Indonesia Time EGMS – started at 11.58 a.m. West Indonesia Time and closed at 12.51 p.m. West Indonesia Time
Venue	The venue for the GMS is Danamon's location of domicile and is easily accessible to shareholders: Menara Bank Danamon, Auditorium, 23 <sup>rd</sup> Floor, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, and South Jakarta 12920.
Quorum (Attendance of Shareholders)	In accordance with the Register of Danamon Shareholders as of February 23, 2018, the number of entitled Shares is 9,584,643,365 shares. The number of shares with voting rights that attended or being represented at the AGMS is 8,882,784,105 shares or approximately 92.677% of the total shares issued by Danamon, meanwhile, the number of shares with voting rights that attended or being represented at the EGMS is 8,883,015,450 shares or approximately 92.68% of the total shares issued by Danamon. Therefore, it meets the decision-making quorum requirements for the AGMS agenda (i.e. more than 1/2 of the total shares that have been placed and paid up by the Shareholders with valid voting rights) and decision-making quorum requirements for the first agenda of the EGMS (i.e. 2/3 of the total shares that have been placed and paid up by the Shareholders with valid voting rights). Thus, the GMS is valid to take place and make decisions.
Chairman of the AGMS and EGMS	The GMS was chaired by Johannes Berchmans Kristiadi Pudjosukanto, Vice President Commissioner (Independent) of Danamon, in accordance with Danamon's Articles of Association and Circular Resolutions of the Board of Commissioners.
Attendance of members of the Board of Commissioners including the President Commissioner	Ng Kee Choe as the President Commissioner and all members of the Board of Commissioners were present.
Attendance of the Sharia Supervisory Board	Prof. Dr. H. M. Din Syamsuddin as Chairman of the Sharia Supervisory Board and Dr. Hasanudin, M. Ag as a member of the Sharia Supervisory Board were present.
Attendance of the Chairman of the Audit Committee and Members of the Audit Committee	Made Sukada as Chairman of the Audit Committee was present. Angela Simatupang as a member (Independent Party) of the Audit Committee and Yusuf Nawawi as a member (Independent Party) of the Audit Committee were present.
Attendance of the Chairman of the Nomination Committee and Remuneration Committee	Johanes Berchmans Kristiadi Pudjosukanto as the Chairman of Nomination Committee and Remuneration Committee was present.
Attendance of the Chairman of Risk Monitoring Committee	Manggi T. Habir as the Chairman of Risk Monitoring Committee was present.
Attendance of members of the Board of Directors including President Director	Sng Seow Wah as President Director and all other members of the Board of Directors were present.
Attendance of Compliance Director	Rita Mirasari as Compliance Director was present.

Independent parties to calculate the quorum and voting of the AGMS and EGMS decisions	Danamon has appointed P. Soetrisno Tampubolon, SH, MKN as a Public Notary and PT Raya Shares Registra as the Securities Administration Bureau to calculate the quorum and voting.
Number of Shareholders who ask questions and/ or give opinions at the AGMS and EGMS	6 (six) Shareholders asked questions, in the first agenda of the AGMS were 2 (two) people, in the second agenda of the AGMS was 1 (one) person, in the third agenda of the AGMS was nil, in the fourth agenda of the AGMS was 1 (one) person, in the fifth agenda of the AGMS was 1 (one) person, in the first agenda of the EGMS was 1 (one) person and in the second and third agenda of the EGMS was nil.
The decision-making mechanism at the AGMS and EGMS	<p>a. Meeting decisions were taken based on deliberation to reach consensus. In the case of a decision based on deliberation for consensus was not reached, a decision was valid if approved by more than 1/2 of the total shares with valid voting rights presented or being represented at the Meeting;</p> <p>b. voting on each agenda of the Meeting was conducted through a closed polling with select and tick procedure:</p> <ul style="list-style-type: none"> <li>• AGREE Vote; or</li> <li>• AGAINST Vote; or</li> <li>• ABSTAIN/ BLANK Vote,</li> </ul> <p>on the Voting Card which has been distributed before the Meeting starts; and</p> <p>c. shareholders or shareholders proxies who did not submit the Voting Card or left the meeting room when the vote on the proposed decision of the Meeting's agenda was taking place, was considered as NO VOTE.</p>

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

1. Notification of the planned holding of GMS to the Financial Services Authority and the Indonesia Stock Exchange, respectively on February 2, 2018;
2. Announcement of the planned holding of the GMS, on February 9, 2018 in the Bisnis Indonesia daily newspaper and upload it to the Danamon website: [www.danamon.co.id](http://www.danamon.co.id) ("Danamon website") on the same day and date;
3. Invitation to attend the GMS, on February 26, 2018 in Bisnis Indonesia daily newspaper and upload it to the Danamon website on the same day and date;
4. Upload the announcement, invitation, explanation of GMS

5. Upload the explanation of GMS Agenda, Public Accountant and Public Accounting Firm Profiles, GMS Rules of Conduct, and other GMS materials to the Danamon website, on February 26, 2018.

#### RESOLUTION AND REALIZATION OF AGMS AND EGMS RESULTS ON MARCH 20, 2018

The AGMS on March 20, 2018 has decided on 5 (five) meeting agendas and the EGMS on March 20, 2018 has decided on 3 (three) meeting agendas. All meeting resolutions have been realized in 2018, as listed below:

#### Agenda Resolutions and Realization of AGMS Decisions on March 20, 2018

AGMS – The First Agenda		Realization
1. Approve the annual report of the Company's for financial year ended at December 31, 2017;		Realized in 2018
2. Ratify the financial statements of the year ended December 31, 2017 which was audited by the Public Accounting Firm of Tanudiredja, Wibisana, Rintis & Partner, a firm member of the PricewaterhouseCoopers as stipulated in the Independent Auditor's Report of January 26, 2018 Number 180126007/DC2/MJW/2018 with an unqualified opinion;		
3. Ratify the annual Supervisory Report of the Board of Commissioners of the Company for financial year ended at December 31, 2017; and		
4. Give release and discharge ("volledig acquit et décharge") to: (i) the Board of Directors in the performance of duties and responsibilities for the management as well as the duties and responsibilities to represent the Company; (ii) the Board of Commissioners in the performance of duties and oversight responsibilities, duties, and responsibilities in providing advice to the Board of Directors, assist the Board of Directors, and give approval to the Board of Directors; and (iii) the Sharia Supervisory Board in the performance of duties and responsibilities of supervision of the Sharia aspects of the implementation of the Company's business activities in accordance with Islamic principles as well as providing advice and suggestions to the Board of Directors, which is done in the financial year ending December 31, 2017, as long as the duties and responsibilities are reflected in the annual report for the financial year ended December 31, 2017.		
<b>Voting results</b>	<b>Total of Majority Votes and Approve Votes:</b> 8,870,884,578 shares or 99.866%	
	<b>Total of No Votes:</b> 11,674,127 shares or 0.131%	
	<b>Abstain</b>	<b>Disapprove</b>
	1,705,500 shares or 0.019%	225,400 shares or 0.003%
		<b>Approve</b>
		8,869,179,078 shares or 99.847%



AGMS – The Second Agenda		Realization						
Approve the appropriation of the Company's net profit for the financial year ended December 31, 2017 in total amount of IDR3,681,551,000,000 detailed as follows:		Realized in 2018						
<ol style="list-style-type: none"> <li>1. 1% of the net profit or IDR 36,816,551,000 to be set aside for the reserve fund to comply with Article 70 of Law number 40 of 2007 on Limited Liability Companies;</li> <li>2. 35% of the net profit or amounting to IDR1,288,542,850,000 or approximately IDR134.44 per share (with the assumption that total number of shares issued by the Company on the Recording Date shall not be more than 9,584,643,365 shares), shall be paid as dividends for the year of 2017, with the following conditions: <ol style="list-style-type: none"> <li>a. Dividend shall be paid to the shareholders whose names are registered in the Shareholders' Registry on a date to be stipulated by the Board of Directors of the Company (further referred to as the "Recording Date");</li> <li>b. Dividends which are unclaimed after period of 5 (five) years as from the date of payment of the dividends has been elapsed shall be included in the Special Reserves Funds. Procedures to claim Dividend which has been recorded in the Special Reserve Fund can be accessed through the Company's website;</li> <li>c. The Board of Directors will deduct dividend tax for the financial year 2017 in accordance with the prevailing tax regulations to the shareholders;</li> <li>d. The Board of Directors is hereby authorized and empowered to stipulate all matters regarding or relating to the implementation of dividend payment for the financial year 2017, including (however without limitation) to: <ol style="list-style-type: none"> <li>1) Determine the Recording Date for the shareholders of the Company who are entitled to receive dividend payment for the financial year 2017; and</li> <li>2) determine the date of implementing payment of dividend for the financial year 2017, taking into consideration and without prejudice to the regulations of the Stock Exchange where the shares of the Company are listed;</li> </ol> </li> </ol> </li> <li>3. The remaining amount of the net profit for the financial year 2017 which is not determined shall be posted as retained earnings of the Company.</li> </ol>								
<b>Voting results</b>	<p><b>Total of Majority Votes and Approve Votes:</b> 8,876,923,013 shares or 99.934%</p> <p><b>Total of No Votes:</b> 5,861,092 shares or 0.066%</p> <table border="1"> <thead> <tr> <th>Abstain</th> <th>Disapprove</th> <th>Approve</th> </tr> </thead> <tbody> <tr> <td>Nil</td> <td>Nil</td> <td>8,876,923,013 shares or 99.934%</td> </tr> </tbody> </table>	Abstain	Disapprove	Approve	Nil	Nil	8,876,923,013 shares or 99.934%	
Abstain	Disapprove	Approve						
Nil	Nil	8,876,923,013 shares or 99.934%						
AGMS – The Third Agenda		Realization						
Appoint Mr. Doktorandus M. Jusuf Wibisana, M.Ec., CPA as Public Accountant and Public Accounting Firm Tanudiredja, Wibisana, Rintis & Partner, member firm of PricewaterhouseCoopers as a Public Accounting Firm that listed in the Indonesia Financial Services Authority to audit the Company's financial statement for the financial year 2018 and give authority to the Board of Commissioners to determine the amount of honorarium and other requirements relating to the appointment of the Public Accounting Firm, with the consideration of the recommendation of the Audit Committee.		Realized in 2018						
<b>Voting results</b>	<p><b>Total of Majority Votes and Approve Votes:</b> 8,880,277,773 shares or 99.972%</p> <p><b>Total of No Votes:</b> 2,506,332 shares or 0.028%</p> <table border="1"> <thead> <tr> <th>Abstain</th> <th>Disapprove</th> <th>Approve</th> </tr> </thead> <tbody> <tr> <td>Nil</td> <td>Nil</td> <td>8,880,277,773 shares or 99.972%</td> </tr> </tbody> </table>	Abstain	Disapprove	Approve	Nil	Nil	8,880,277,773 shares or 99.972%	
Abstain	Disapprove	Approve						
Nil	Nil	8,880,277,773 shares or 99.972%						
AGMS – The Fourth Agenda		Realization						
<ol style="list-style-type: none"> <li>1. <ol style="list-style-type: none"> <li>a. approve the payment of tantieme/bonus which will be distributed to the Board of Commissioners of the Company for the financial year 2017;</li> <li>b. approve the total amount of the remuneration and/or other allowances for the Board of Commissioners of the Company for the financial year 2018 to be estimated at IDR15,436,716,768 gross; and</li> <li>c. approve the delegation of authority to the President Commissioner of the Company to determine portion of tantieme/bonus for the financial year 2017 and the remuneration/honorarium and any other allowance for the financial year 2018, for each member of the Board of Commissioners of the Company, based on the recommendation of Remuneration Committee;</li> </ol> </li> <li>2. <ol style="list-style-type: none"> <li>a. approve the payment of tantieme which will be distributed to the Sharia Supervisory Board of the Company for the financial year 2017;</li> <li>b. approve the total amount of the remuneration and other allowances for the Sharia Supervisory Board of the Company for the financial year 2017 to be estimated at IDR 633,369,690 gross; and</li> <li>c. approve the delegation of authority to the Board of Commissioners of the Company to determine portion of tantieme/bonus for the financial year 2017 and the remuneration/ honorarium and any other allowance for the financial year 2018, for each member of the Sharia Supervisory Board of the Company, based on the recommendation of Remuneration Committee</li> </ol> </li> <li>3. <ol style="list-style-type: none"> <li>a. approve the payment of tantieme/bonus which will be distributed to the Board of Directors of the Company for the financial year 2017;</li> <li>b. approve the total amount of the remuneration and other allowances for the Board of Directors of the Company for the financial year 2018 to be estimated at IDR47,181,718,910; and</li> <li>c. approve the delegation of authority to the Board of Commissioners of the Company to determine portion of tantieme/bonus for the financial year 2017 and the remuneration/honorarium and any other allowance for the financial year 2018 for each member of the Board of Directors of the Company, based on the recommendation of Remuneration Committee</li> </ol> </li> </ol>		Realized in 2018						
<b>Voting results</b>	<p><b>Total of Majority Votes and Approve Votes:</b> 8,875,787,052 shares or 99.921%</p> <p><b>Total of No Votes:</b> 5,043,347 shares or 0.057%</p> <table border="1"> <thead> <tr> <th>Abstain</th> <th>Disapprove</th> <th>Approve</th> </tr> </thead> <tbody> <tr> <td>27,168,900 shares or 0.306%</td> <td>1,953,706 shares or 0.022%</td> <td>8,848,618,152 shares or 99.615%</td> </tr> </tbody> </table>	Abstain	Disapprove	Approve	27,168,900 shares or 0.306%	1,953,706 shares or 0.022%	8,848,618,152 shares or 99.615%	
Abstain	Disapprove	Approve						
27,168,900 shares or 0.306%	1,953,706 shares or 0.022%	8,848,618,152 shares or 99.615%						

## AGMS – The Fifth Agenda

## Realization

1. a. accept of resignation of **Vera Eve Lim** from her title as the Director of the Company with the expression of thanks for the services given by her during her tenure to the Company; Realized in 2018
- b. dismiss with honor of **Michellina Laksmi Triwardhany** from her title as the Director of the Company and at the same time to appoint **Michellina Laksmi Triwardhany** as the Vice President Director of the Company effective after this Meeting is adjourned with the terms of service until the end of the term of service of the incumbent Board of Directors; the appointment of **Michellina Laksmi Triwardhany** has been approved from Financial Services of Authority with the letter number SR-43/PB.12/2018, dated 16 March 2018 so that the appointment becomes effective upon closing of this Meeting;
- c. approve the appointment of:
- Mr. **Dadi Budiana** as the Director of the Company;
  - Mr. **Yasushi Itagaki** as the Director of the Company;
- the appointment is effective since the date of passing fit and proper test from Financial Services of Authority with the terms of service until the end of the term of service of the incumbent Board of Directors. Distribution of task and authority the Board of Directors will be determined by the decision of the Board of Directors;
- d. approve the appointment of:
- Mr. **Takayoshi Futae as the Commissioner of the Company;**
  - Mr. **Peter Benyamin Stok** as the Independent Commissioner of the Company,

the appointment is effective since the date of passing fit and proper test from Financial Services of Authority with the terms of service until the end of the term of service of the incumbent Board of Commissioner;

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

## BOARD OF DIRECTORS

1. President Director	Sng Seow Wah	6. Director	Heriyanto Agung Putra
2. Vice President Director	Michellina Laksmi Triwardhany	7. Director	Dadi Budiana*
3. Director	Herry Hykmanto	8. Director	Yasushi Itagaki*
4. Director	Satinder Pal Singh Ahluwalia	9. Director (Independent)	Rita Mirasari
5. Director	Adnan Qayum Khan		

\* the appointment of Mr. Dadi Budiana and Mr. Yasushi Itagaki is effective since the date of passing fit and proper test from Financial Services of Authority. (As per December 31, 2018 Mr. Dadi Budiana and Mr. Yasushi Itagaki has received FSA approval).

## BOARD OF COMMISSIONERS

1. President Commissioners	Ng Kee Choe	5. Commissioner	Ernest Wong Yuen Weng
2. Vice President Commissioner (Independent)	Profesor Dr. Johannes Berchmans Kristiadi Pudjosukanto	6. Commissioner (Independent)	Made Sukada
3. Commissioner	Gan Chee Yen	7. Commissioner	Takayoshi Futae*
4. Commissioner (Independent)	Manggi Taruna Habir	8. Commissioner (Independent)	Peter Benyamin Stok*

\* the appointment of Mr. Takayoshi Futae and Mr. Peter Benyamin Stok is effective since the date of fit and proper test from Financial Services of Authority. (As per December 31, 2018 Mr. Takayoshi Futae and Mr. Peter Benyamin Stok has received FSA approval).

all members with the tenure ended at the adjournment of the Annual General Meeting of the Shareholders for the financial year ended at December 31, 2019, which will be convened at the latest in June 2020, without prejudice to the right of Annual General Meeting of Shareholder to dismiss him (them) at any time.

2. Approve to appoint Mr. Drs. Asep Supyadillah, M.Ag to replace Mr. Drs. Karnaan A. Perwataatmadja, MPA, FIS (has passed away) as a member of the Sharia Supervisory Board which is effective since the date of passing fit and proper test from Financial Services of Authority. Furthermore, with the composition of the Sharia Supervisory Board as follows:

## SHARIA SUPERVISORY BOARD

1. Chairman	Prof. DR. HM Din Syamsudin
2. Member	Dr. Hasanudin M. Ag.
3. Member	Drs. Asep Supyadillah, M.Ag*

\* the appointment of Mr. Drs. Asep Supyadillah, M. Ag. Is effective since date of passing fit and proper test from Financial Services of Authority, with the tenure ended at the adjournment of the Annual General Meeting of the Shareholders for the financial year ended at December 31, 2019, which will be convened at the latest in June 2020, without prejudice to the right of Annual General Meeting of Shareholder to dismiss him (them) at any time; and

3. authorize the Board of Directors of the Company to declare the decisions of the meeting in deed made before a notary; to access Legal Entity Administration System; to submit a notice regarding the data changes to the Ministry of Law and Human Rights of Republic of Indonesia in order to obtain Receipt of notice on Company's data changes from the Ministry of Law and Human Rights of Republic of Indonesia as referred in the Article 94 paragraph (7) and Article 111 paragraph (7) of the Limited Liability Company Law.

Voting results	Total of Majority Votes and Approve Votes: 8,879,358,874 shares or 99.961%		
	Total of No Votes: 2,352,531 shares or 0.026%		
	Abstain	Disapprove	Approve
	122,700 shares or 0.001%	1,072,700 shares or 0.012%	8,879,236,174 shares or 99.960%

## Agenda, Resolutions and Realization of EGMS Decisions on March 20, 2018

EGMS – The First Agenda			Realization
1.	Approve the Acquisition of the Company by The Bank of Tokyo-Mitsubishi UFJ, Ltd. through the purchase of 20.1% of Danamon's shares.		Realized in 2018
2.	Give authorization to the Board of Directors with substitution rights to perform any and all actions with regard to matters relating to the Acquisition of the Company by The Bank of Tokyo Mitsubishi UFJ, Ltd., in accordance to the governing regulations.		
<b>Total of Majority Votes and Approve Votes:</b> 8,877,719,261 shares or 99.94% <b>Total of No Votes:</b> 5,269,225 shares or 0.059%			
Voting results	Abstain	Disapprove	Approve
	Nil	26,964 shares or 0.0003%	8,877,719,261 shares or 99.940%

EGMS – The Second Agenda			Realization
1.	Approve the plan to amend Article 24 Paragraph 1 of the Company's Article of Association to state as follow: Article 24 1 Unless otherwise provided for in this Articles of Association, the attendance quorum and decision of the GMS with regard to matters which must be decided upon in a GMS, including (but not limited to) decisions concerning the issuance of Equity Securities, addition of issued and paid-up capital within the limit of the authorized capital, change in members of the Board of Directors, change in members of the Board of Commissioners, approval of the annual report, ratification of the annual financial statements, ratification of the report on the supervisory duties of the Board of Commissioners and decision concerning the utilization of profit, must fulfill the following provisions: a. Shareholders and/or their authorized representatives representing at least 2/3 (two thirds) of the total number of shares with valid voting rights issued by the Company are present in the GMS. The decisions of the GMS shall be made based on deliberation for consensus. In the event that decision based on deliberation for consensus is not reached, a decision shall be valid if it is approved by more than 2/3 (two-thirds) of the total number of shares with valid voting rights which are present or are represented in the GMS, unless otherwise provided for by the provisions of laws and regulations. b. In the event that the attendance quorum of the first GMS cannot be reached, the second GMS may be held. The second GMS shall be valid and entitled to make decisions if shareholders and/or their authorized representatives representing at least 3/5 (three-fifths) of the total number of shares with valid voting rights issued by the Company are present or are represented in the GMS. Decisions of the GMS shall be made based on deliberation for consensus. In the event that a decision based on deliberation for consensus is not reached, a decision shall be valid if approved by more than 1/2 (one-half) of the total number of shares with valid voting rights present in the second GMS, unless otherwise provided for by the provisions of laws and regulations. c. In the event that the attendance quorum for the second GMS is not reached, upon the Company's request, the attendance quorum, number of votes for decision making, invitation and time for holding the third GMS shall be stipulated by the competent institution and authorities in accordance with laws and regulations.		Realized in 2018
2.	Approve to restate all of the Company's Articles of Association including the amendment of Article 24 Paragraph 1 of the Company's Article of Association.		
3.	Give the authorization to the Board of Directors of the Company with substitution rights, to perform any and all actions with regard to matters relating to the amendment of Article 24 paragraph 1 of the Company's Article of Association and the re-statement of the Company's Articles of Association in consideration of the governing regulations.		
<b>Total of Majority Votes and Approve Votes:</b> 7,446,802,986 shares or 83.832% <b>Total of No Votes:</b> 2,920,176 shares or 0.003%			
Voting results	Abstain	Disapprove	Approve
	22,684,300 shares or 0.255%	1,433,292,288 shares or 16.135%	7,424,118,686 shares or 83.577%

EGMS – The Third Agenda			Realization
1.	To approve the Bank's Recovery Plan to satisfy Article 3 and Article 5(b) OJK Regulation No. 14/POJK.03/2017 on the Recovery Plan for Systemic Bank which has been submitted to OJK through letter dated 21 December 2017, including the issuance of debt instrument or investment instrument which has capital characteristic or debt instrument which can be written-down in the amount as approved by OJK subject to the applicable regulations and/or its amendment in the future, if any, subject to the applicable regulations.		Realized in 2018
2.	To approve granting authority to the Board of Commissioners and/or Board of Directors with right of substitution, to perform each and all actions related to the Bank's Recovery Plan by observing OJK Regulation No. 14/POJK.03/2017 on the Recovery Plan for Systemic Bank including the issuance of debt instrument or investment instrument which has capital characteristic or debt instrument which can be written-down.		
<b>Total of Majority Votes and Approve Votes:</b> 8,874,268,327 shares or 99.902% <b>Total of No Votes:</b> 8,747,123 shares or 0.098%			
Voting results	Abstain	Disapprove	Approve
	223,000 shares or 0.003%	Nil	8,874,045,327 shares or 99.899%

**EGMS on November 19, 2018**

Danamon held the EGMS on November 19, 2018.

Date and Time	Monday, November 19, 2018 : EGMS - started at 09.45 a.m. West Indonesia Time and closed at 10.08 am West Indonesia Time
Venue	The venue for the GMS is Danamon's location of domicile and is easily accessible to shareholders: Menara Bank Danamon, Auditorium, 23 <sup>rd</sup> Floor, Jl. HR. Rasuna Said, Blok C No. 10, Karet Setiabudi, and South Jakarta 12920.
Quorum (Attendance of Shareholders)	In accordance with the Register of Danamon Shareholders as of October 25, 2018, the number of entitled Shares is 9,584,643,365 shares. The number of shares with voting rights that attended or being represented at the Meeting was 8,729,462,925 shares or approximately 91.08% of the total shares issued by Danamon. Therefore, it has fulfilled the decision-making quorum requirements for the EGMS agenda (i.e. more than 2/3 of the total shares that have been placed and paid by the Shareholders with valid voting rights) and decision-making quorum requirements for the first agenda of the Meeting (i.e. 2/3 of the total shares issued and paid up by the Shareholders with valid voting rights) and the second agenda of the Meeting (i.e. 2/3 of the total shares that have been placed and paid up by the Shareholders with valid voting rights). Thus, the GMS is valid to take place and make decisions.
Chairman of the EGMS	The GMS was chaired by Johannes Berchmans Kristiadi Pudjosukanto, Vice President Commissioner (Independent) of Danamon, in accordance with Danamon's Articles of Association and Circular Resolutions of the Board of Commissioners.
Attendance of members of the Board of Commissioners including the President Commissioner	Ng Kee Choe as the President Commissioner and all members of the Board of Commissioners were present.
Attendance of the Sharia Supervisory Board	Dr. Hasanudin, M. Ag and Drs. Asep Supyadillah, M. Ag as members of the Sharia Supervisory Board were present.
Attendance of the Chairman of the Audit Committee and Members of the Audit Committee	Made Sukada as Chairman of the Audit Committee was present. Angela Simatupang as a member (Independent Party) of the Audit Committee and Yusuf Nawawi as a member (Independent Party) of the Audit Committee were present.
Attendance of the Chairman of the Nomination Committee and Remuneration Committee	Johanes Berchmans Kristiadi Pudjosukanto as the Chairman of Nomination Committee and Remuneration Committee was present.
Attendance of the Chairman of Risk Monitoring Committee	Manggi T. Habir as the Chairman of Risk Monitoring Committee was present.
Attendance of members of the Board of Directors including President Director	Sng Seow Wah as President Director and all other members of the Board of Directors were present.
Attendance of Compliance Director	Rita Mirasari as Compliance Director was present.
Independent parties to calculate the quorum and voting of the EGMS decisions	Danamon has appointed P. Soetrisno Tampubolon, SH, MKN as a Public Notary and PT Raya Shares Registra as the Securities Administration Bureau to calculate the quorum and voting.
Number of Shareholders who ask questions and/ or give opinions at the EGMS	Shareholders who asked questions in the first agenda of the Meeting: nil and in the second agenda: nil.
The decision-making mechanism at the EGMS	<p>a. Meeting decisions were taken based on deliberation to reach consensus. In the event that a decision based on deliberation for consensus is not reached, a decision is valid if it is approved by more than 2/3 (two thirds) of the total shares with valid voting rights presented and or being represented at the Meeting; and</p> <p>b. Voting for each agenda of the Meeting is carried out by raising hand with the following procedure: the Shareholders or their proxies with AGAINST or ABSTAIN votes to raise their hands and subsequently will be given voting notes to record their AGAINST or ABSTAIN votes with regard to the proposed resolution of Meeting agenda. These votes will be counted by the Notary with assistance from the Share Administration Bureau. Shareholders or their Proxies who do not raise their hands will be deemed to have AGREE vote.</p>

In connection with the holding of the EGMS on November 19, 2018, the Board of Directors of Danamon carried out the following disclosures:

1. Notification of the planned holding of GMS to the Financial Services Authority and the Indonesia Stock Exchange, respectively on October 4, 2018;
2. Announcement of the planned holding of the GMS, on October 11, 2018 in the Bisnis Indonesia daily newspaper and upload it to the Danamon website: [www.danamon.co.id](http://www.danamon.co.id) ("Danamon website") on the same day and date;
3. Invitation to attend the GMS, on October 26, 2018 in the Bisnis Indonesia daily newspaper and upload it to the Danamon website on the same day and date;
4. Upload the announcement, invitation, explanation of GMS Agenda, and other GMS materials to the IDX Website: [www.idx.co.id](http://www.idx.co.id) through the IDXNet reporting system; and

5. Upload the explanation of EGMS Agenda, amendments to the articles in the Articles of Association of the Company, GMS Rules of Conduct, and other meeting materials on the Company's website, on October 26, 2018.

**RESOLUTIONS AND REALIZATION OF EGMS RESULTS ON NOVEMBER 19, 2018**

The EGMS on November 19, 2018 has decided on 2 (two) meeting agendas. All meeting resolutions have been realized in 2018, as listed below:

**Agenda, Resolution and Realization of EGMS Decisions on November 19, 2018**

EGMS – The First Agenda		Realization
1.	Approving the amendment of Article 11 Paragraph 1 of the Company's Article of Association concerning the number of positions of Vice President Director so that Article 11 paragraph 1 of the Company's Articles of Association shall read as follows: Board of Directors Article 11 1. The Board of Directors consists of 3 or more members with the composition: <ul style="list-style-type: none"> <li>• 1 (one) President Director;</li> <li>• Maksimum 2 (two) Vice President Directors;</li> <li>• At least 1 (one) Director.</li> </ul> which will be applicable from the date of receipt of the notification of the amendments of Articles of Association from Minister of Law and Human Rights of the Republic of Indonesia (SPP-PAD). 2. to re-state all articles in the Company's Articles of Association which are not amended including amendment of Article 11 paragraph 1 of the Company's Articles of Association. 3. to authorize the Board of Directors of the Company to declare the decisions in one or more meeting statement deed made before a notary, notify the amendment to the Minister of Law and Human Rights of the Republic of Indonesia in order to obtain SPP-PAD.	Realized in 2018
<b>Voting results</b>		<b>Total of Majority Votes and Approve Votes: 8,729,462,925 shares or 100%</b> <b>Total of No Votes: Nil</b>
	<b>Abstain</b>	<b>Disapprove</b>
	Nil	Nil
		<b>Approve</b>
		8,729,462,925 shares or 100%

EGMS – The Second Agenda		Realization																
1.	a. accepting the resignation of Mr. Ernest Wong Yuen Weng from his position as Commissioner of the Company as of the closing of this Meeting, with expression of thanks for the services he has provided to the Company. The granting of release and discharge (volledig acquit et de charge) to Mr. Ernest Wong Yuen Weng will be determined at the Annual General Meeting of Shareholders in accordance to his term of office; and  b. approving the appointment of Mr. Masamichi Yasuda as Commissioner of the Company, where the appointment of Mr. Masamichi Yasuda will be effective after passing the Fit and Proper Test of the Financial Services Authority (OJK) where his term of office is the same as the term of office of the incumbent of the Board of Commissioners.  Therefore, the composition of the Company's Board of Commissioners is as follows: <b>BOARD OF COMMISSIONERS</b> <table border="1"> <tbody> <tr> <td>President Commissioner</td> <td>Ng Kee Choe</td> <td>Commissioner (Independent)</td> <td>Made Sukada</td> </tr> <tr> <td>Vice President Commissioner (Independent)</td> <td>Johanes Berchmans Kristiadi Pudjosukanto</td> <td>Commissioner</td> <td>Takayoshi Futae</td> </tr> <tr> <td>Commissioner</td> <td>Gan Chee Yen</td> <td>Commissioner (Independent)</td> <td>Peter Benjamin Stok</td> </tr> <tr> <td>Commissioner (Independent)</td> <td>Manggi Taruna Habir</td> <td>Commissioner</td> <td>Masamichi Yasuda</td> </tr> </tbody> </table> with term of office that will end up to the closing of the third Annual General Meeting of Shareholders which will convene at the latest on 30 June 2020, without prejudice to the right of General Meeting of Shareholders to dismiss him (them) at any time; and there is no change in the composition of the Board of Directors and Sharia Supervisory Board of the Company.	President Commissioner	Ng Kee Choe	Commissioner (Independent)	Made Sukada	Vice President Commissioner (Independent)	Johanes Berchmans Kristiadi Pudjosukanto	Commissioner	Takayoshi Futae	Commissioner	Gan Chee Yen	Commissioner (Independent)	Peter Benjamin Stok	Commissioner (Independent)	Manggi Taruna Habir	Commissioner	Masamichi Yasuda	Realized in 2018
President Commissioner	Ng Kee Choe	Commissioner (Independent)	Made Sukada															
Vice President Commissioner (Independent)	Johanes Berchmans Kristiadi Pudjosukanto	Commissioner	Takayoshi Futae															
Commissioner	Gan Chee Yen	Commissioner (Independent)	Peter Benjamin Stok															
Commissioner (Independent)	Manggi Taruna Habir	Commissioner	Masamichi Yasuda															
2.	to authorize the Board of Directors to declare the decisions of the meeting in deed made before a notary, to submit the notice regarding the data changes to the Ministry of Law and Human Rights of Republic of Indonesia in order to obtain receipt of notification of changes to the Company's data.																	
<b>Voting results</b>		<b>Total of Majority Votes and Approve Votes: 8,707,430,648 shares or 99.75%</b> <b>Total of No Votes: Nil</b>																
	<b>Abstain</b>	<b>Disapprove</b>																
	122,700 shares or 0.001%	22,032,277 shares or 0.25%																
		<b>Approve</b>																
		8,707,307,948 shares or 99.75%																

**REALIZATION OF 2018 GMS RESULTS**

All resolutions of the AGMS and EGMS in 2018 were realized in the same year.

## Board of Commissioners

The Board of Commissioners is the organ of Danamon which has duties and responsibilities collectively for supervising and providing advices to the Board of Directors and ensuring that the company implements the principles of good corporate governance. The working relationship of the Board of Commissioners and the Board of Directors is the relationship of checks and balances with the principle that both organs have an equal position and both have the ultimate goal for the progress and health 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 in accordance with 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 Financial Services Authority. 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 the members of the Board of Commissioners had been given the opportunity to defend themselves.

### Charter of the Board of Commissioners

The Board of Commissioners has owned the Charter of the Board of Commissioners 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 developed based on applicable regulations, corporate governance principles, and best practices in the implementation of good corporate governance and is reviewed periodically.

### Work Ethics of the Board of Commissioners

- a. Prohibited from taking advantage of Danamon for personal, family, and/or other party's interests 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 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 so that the statements made are not misleading about the conditions of Danamon at the time the statement 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

1. The Board of Commissioners is subject to the work ethics (code of conduct), applicable legislation, internal regulations and policies of Danamon.

2. 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.
3. The Board of Commissioners must ensure the implementation of good corporate governance in all Danamon's business activities at all levels of the organization.
4. In conducting supervision, the Board of Commissioners must direct, monitor, and evaluate the strategic policy implementation of Danamon.
5. The Board of Commissioners must not be involved in the decision-making of Danamon's operations, except:
  - In the case of funds provision to related parties;
  - Other matters specified in the Articles of Association of Danamon and applicable legislation.
6. The Board of Commissioners must review the vision and mission of Danamon on a regular basis.
7. In order to support the effective implementation of its duties and responsibilities, the Board of Commissioners has established:
  - Audit Committee
  - Risk Monitoring Committee
  - Remuneration Committee
  - Nomination Committee
  - Corporate Governance Committee
  - Integrated Corporate Governance Committee
8. The Board of Commissioners must evaluate the performance of the Committees annually.
9. Members of the Board of Commissioners agree to sit as a member or as a 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.
10. The Board of Commissioners must ensure that the Board of Directors have followed up audit findings and recommendations of Danamon's internal audit working unit, external auditor, supervision results of Financial Services Authority/ Bank Indonesia and/or other authorities.
11. The Board of Commissioners must make recommendations on improvements or suggestions submitted by the Audit Committee and submit those recommendations to the Board of Directors.
12. The Board of Commissioners must safeguard all confidential documents, data, and information of Danamon.
13. The Board of Commissioners must inform Financial Services Authority no later than 7 (seven) working days after the finding of:
  - Violation of legislation in the field of finance and banking; and
  - Conditions or estimated conditions that could endanger the continuity of Danamon's business
14. The Board of Commissioners must monitor and evaluate the information technology strategic plan, including reviewing the policies and procedures of risk management for the utilization of information technology by Danamon, as proposed by the Board of Directors.

15. The Board of Commissioners must prepare the Charter of the Board of Commissioners, as well as review and update the charter periodically.
16. Members of the Board of Commissioners must enhance competencies through continuous education and training.

#### Duties and Responsibilities of the President Commissioner

Perform coordination functions on the implementation of the duties and responsibilities of the Board of Commissioners, among others:

- 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 authorities of the Board of Commissioners are stipulated in the

Articles of Association, Corporate Governance Policy, and Charter of the Board of Commissioners, as follows:

- a. Access documents, data, and information regarding Danamon's employees, funds, assets, and resources as deemed necessary.
- b. Directly communicate with the Board of Directors, employees, and other parties in connection with the implementation of its duties and responsibilities.
- c. Engage independent parties other than members of the Board of Commissioners to assist in carrying out its duties, if necessary.
- d. Carry out other authorities as granted by the Articles of Association of Danamon and the prevailing laws and regulations.

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

There were changes in the composition of the Board of Commissioners in 2018. Based on 2018 AGMS on March 20, 2018, the composition of the Board of Commissioners is as follows:

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

No	Name	Position
1	Ng Kee Choe	President Commissioner
2	J.B. Kristiadi	Vice President Commissioner (Independent Commissioner)
3	Gan Chee Yen	Commissioner
4	Manggi T. Habir	Independent Commissioner
5	Ernest Wong Yuen Weng	Commissioner
6	Made Sukada	Independent Commissioner
7	Takayoshi Futae	Commissioner
8	Peter Benyamin Stok	Independent Commissioner

The number of members of the Board of Commissioners of Danamon is 8 (eight), of which the number does not exceed the number of members of the Board of Directors of 9 (nine) people.

All members with the terms since the adjournment of AGMS, with the tenure ended at the adjournment of the third Annual General Meeting of the Shareholders for the Year ended at December 31, 2019, which will be convened at the latest in June 2020, without prejudice to the right of General Meeting of Shareholders to dismiss him (them) at any time.

Based on the OJK Letter No.SR-135/PB.12/2018 dated July 9, 2018, the appointment of Peter Benyamin Stok as an Independent Commissioner was approved. The Bank has reported the appointment of Peter Benyamin Stok as an Independent Commissioner has been effective as of July 11, 2018 through Letter No.B.479-DIR dated July 11, 2018.

Based on OJK Letter No.SR-211/PB.12/2018 dated October 4, 2018, the appointment of Takayoshi Futae as Commissioner has

been approved. The Bank has reported the appointment of Takayoshi Futae as Commissioner has been effective as of November 16, 2018 through Letter No.B.821-DIR dated November 23, 2018.

Based on the EGMS on November 19, 2018, it was decided and approved, among others:

1. accepted the resignation of Mr. Ernest Wong Yuen Weng from his position as Commissioner of the Company as of the closing of the EGMS;
2. agreed to appoint Mr. Masamichi Yasuda as the Company's Commissioner to be effective from the date of passing the fit and proper test of the Financial Services Authority (FSA) for the term of office in accordance with the remaining term of office of the current Board of Commissioners of the Company.

The composition of the members of the Company's Board of Commissioners based on the EGMS dated November 19, 2018 is as follows:

No	Nama	Jabatan
1	Ng Kee Choe	President Commissioner
2	J.B. Kristiadi	Vice President Commissioner (Independent Commissioner)
3	Gan Chee Yen	Commissioner
4	Manggi T. Habir	Independent Commissioner
5	Made Sukada	Independent Commissioner
6	Takayoshi Futae	Commissioner
7	Peter Benyamin Stok	Independent Commissioner
8	Masamichi Yasuda*	Commissioner

Note:

\* The appointment of Mr. Masamichi Yasuda as the Company's Commissioner is effective after obtaining OJK approval for the term of office in accordance with the remaining term of office of the currently serving member of the Company's Board of Commissioners.

Half or 50% of the members of the Board of Commissioners are Independent Commissioners, namely J.B. Kristiadi, Manggi T. Habir, Made Sukada and Peter Benyamin Stok. Half of the members of the Board of Commissioners are domiciled in Indonesia. The number and composition of the Board of Commissioners are in accordance with the needs and complexity of Danamon while taking into account the effectiveness in decision making, as well as fulfilling the applicable laws and regulations.

#### Term of Office of the Board of Commissioners

With the term of office that will end up to the closing of the third Annual General Meeting of Shareholders which will convene at the latest on 30 June 2020, without prejudice to the right of General Meeting of Shareholders to dismiss him (them) at any time.

Members of the Board of Commissioners whose term of office has expired can be reappointed with due regard to the provisions apply.

Members of the Board of Commissioners can be dismissed at any time by the GMS even though his term of office has not ended. The termination is effective from the closing of the meeting, except if the GMS determines otherwise.

The term of office of the members of the Board of Commissioners will end with itself if the member of the Board of Commissioners:

- declared bankrupt or placed under custody based
- a court decision; or
- prohibited from serving as a member of the Board of Commissioners because of the provision of laws or legislation; or
- pass away; or
- dismissed based on the resolution of the GMS; or
- does not meet the requirements referred to in
- the provisions of the legislation; or
- resignation.

Name	Position	GMS Date	Effective Date (BI/ FSA Approval)	Appointment	Number of Appointment	Domicile
Ng Kee Choe	Presiden Commissioner	22 May 2006	24 May 2006	2006-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Singapore
J.B. Kristiadi	Vice President Commissioner (Independent)	9 May 2005	5 December 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Gan Chee Yen	Commissioner	16 June 2003	21 October 2003	2003-2005 2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	6x	Singapore



Name	Position	GMS Date	Effective Date (BI/ FSA Approval)	Appointment	Number of Appointment	Domicile
Manggi T. Habir	Commissioner (Independent)	9 May 2005	22 July 2005	2005-2008 2008-2011 2011-2014 2014-2017 2017-2020	5x	Indonesia
Made Sukada	Commissioner (Independent)	7 May 2014	8 August 2014	2014-2017 2017-2020	2x	Indonesia
Takayoshi Futae	Commissioner	20 March 2018	3 October 2018	2018-2020	1x	Singapore
Peter Benyamin Stok	Commissioner (Independent)	20 March 2018	5 July 2018	2018-2020	1x	Indonesia
Masamichi Yasuda*	Commissioner	19 November 2018	In the process of OJK's fit & proper test	2018-2020	1x	Japan

Note:

\* In the process of FSA's fit &amp; proper test

**Criteria for Independent Commissioner**

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

1. Have no financial, management, share ownership and/or family relationships with other members of the Board of Directors, 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 Sharia 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.
5. All Independent Commissioners have signed the statement of independency which is prepared and updated periodically,

including statement regarding concurrent positions that are prohibited by Financial Services Authority.

**Independency of Members of the Board of Commissioners**

All members of the Board of Commissioners who are 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 Relationship**

Family and Financial Relationship 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:

**Family and Financial Relationship**

Name	Position	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	-	√	-	√	-	√	-	√	-	√	√	-

Name	Position	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
Manggi T. Habir	Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Made Sukada	Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Peter Benyamin Stok	Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Takayoshi Futae	Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
Masamichi Yassuda	Commissioner	-	√	-	√	-	√	-	√	-	√	√	-

Note:

\* In the process of FSA's fit &amp; proper test

### Concurrent Positions of the Board of Commissioners

1. Members of the Board of Commissioners may only assume concurrent positions as:

- A member of Board of Commissioners, Board of Directors, or executive officer in a non financial institution or company; or

- Members of Board of Commissioners who serve as members of the Board of Directors, members of the Board of Commissioners or Executive Officers who carry out the supervisory function in 1 (one) non-bank subsidiary controlled by Danamon;

With the following exceptions:

- Non-independent members of the Board of

Commissioners who carry out functional duties from the Company's shareholders in the form of legal entities in their business groups

- Members of the Board of Commissioners serve in non-profit organizations or institutions.
2. Member of the Board of Commissioners can only become committee member in no more than 5 (five) committees where the concerned serves.

All members of the Board of Commissioners do not hold concurrent positions that are prohibited by the Financial Services Authority regarding the implementation of corporate governance for commercial banks, as reflected in the following table:

### Concurrent Positions of the Board of Commissioners

Name	Position in Danamon	Position at Other Companies
Ng Kee Choe	President Commissioner	Director Fullerton Financial Holdings Pte Ltd Chairman Capitaland Limited Trustee Temasek Trust Member International Advisory Council of China Development Bank Chairman Tanah Merah Country Club
J.B. Kristiadi	Vice President Commissioner (Independent)	Member of Board of Commissioner PT Citra Tubindo Tbk Member of the Independent Bureaucratic Reform Team of the Ministry of Apparatus Empowerment and Bureaucratic Reform
Gan Chee Yen	Commissioner	Board Member CEI Limited Chairman Fullerton India Credit Co. Ltd Chairman Fullerton Credit (Sichuan) Ltd. Chairman Fullerton Credit (Hubei) Ltd. Chairman Fullerton Credit (Chongqing) Ltd

Name	Position in Danamon	Position at Other Companies
		Chairman Fullerton Credit (Yunan) Ltd
		Board Member Dunia Finance LLC
		Chairman Fullerton Technology (Shanghai) Ltd
		Board Member ST Asset Management Ltd
		Vice Chairman Cambodia Post Bank PLC
		Board Member Surbana Jurong Private Limited
Manggi T. Habir	Commissioner (Independent)	President Commissioner PT Asuransi Adira Dinamika
		Chairman of the Supervisory Board of the Danamon Peduli Foundation
		Member of the Risk Committee and Investment Committee of PT Avrist Life Insurance
Made Sukada	Commissioner (Independent)	Members of Supervisory Board of Danamon Peduli Foundation
Peter Benyamin Stok	Commissioner (Independent)	-
Takayoshi Futae	Commissioner	Managing Executive Officer, Regional Executive for Asia – Mitsubishi UFJ Financial Group Inc.
		Senior Managing Executive Officer, Regional Executive for Asia – MUFG Bank, Ltd.
		Alternate Director – Dah Sing Financial Holdings Limited
		Member of the Board of Directors – Asian Bankers Association
Masamichi Yasuda*	Commissioner	Chief Credit Officer – MUFG Bank, Ltd.

Note:

\* will be effective after obtaining OJK approval

#### Share Ownership of the Members of the Board of Commissioners

Members of the Board of Commissioners must report any transactions involving Danamon's and its subsidiaries' Securities to the Corporate Secretary at least 1 (one) working day prior to the transaction and at

the latest 1 (one) working day after the transaction occurs as stated in internal policy regarding Personal Investment Policy.

As December 31, 2018, ownership of shares owned by members of the Board of Commissioners, either directly or indirectly is as follows:

**Table of Share Ownership of the Members of the Board of Commissioners**

Name	Position	Share Ownership In			Description
		Danamon	Other Bank	Non Bank Financial Institution	
Manggi Taruna Habir	Independent Commissioner			PT HBK	Percentage of shares ownership: 55.9%
				The number of shares owned 285	
Made Sukada	Independent Commissioner			PT Ciputra Development	Percentage of shares ownership: 0.00026%
				The number of shares owned 39,582	
				PT Waskita Raya	Percentage of shares ownership: 0.001%
				The number of shares owned 100,000	
				PT Sumarecon Agung	Percentage of shares ownership: 0.001%
				The number of shares owned 100,000	
				PT Perusahaan Gas Negara, Persero	Percentage of shares ownership: 0.00008%
				The number of shares owned 20,000	

		PT Alam Sutra Realty	Percentage of shares
		The number of shares owned	ownership: 0.0005%
		100,000	
		PT Agung Podomoro Land	Percentage of shares
		The number of shares owned	ownership: 0.0007%
		150,000	
Peter Benyamin Stok	Independent Commissioner	Aneka Tambang (Persero Tbk.)	
		The number of shares owned	
		205,000	
		Energi Mega Persada Tbk.	
		The number of shares owned	
		451,125	
		Kawasan Industri Jababeka Tbk.	
		The number of shares owned 33.00	
		Krakatau Steel (Persero) Tbk.	
		The number of shares owned	
		500.00	
		Resource Alam Indonesia Tbk.	
		The number of shares owned,	
		335,000.00	
		Semen Indonesia (Persero) Tbk.	
		The number of shares owned	
		20,500.00	
		Wahana Ottomitra Multiartha Tbk.	
		The number of shares owned,	
		1,009,600.00	
		Waskita Beton Precast Tbk.	
		The number of shares owned,	
		608,000.00	
Masamichi Yasuda *	Commissioner	MUFG. The number of shares	Percentage of
		owned, 35081.997	shares ownership:
			0.00000253709%

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

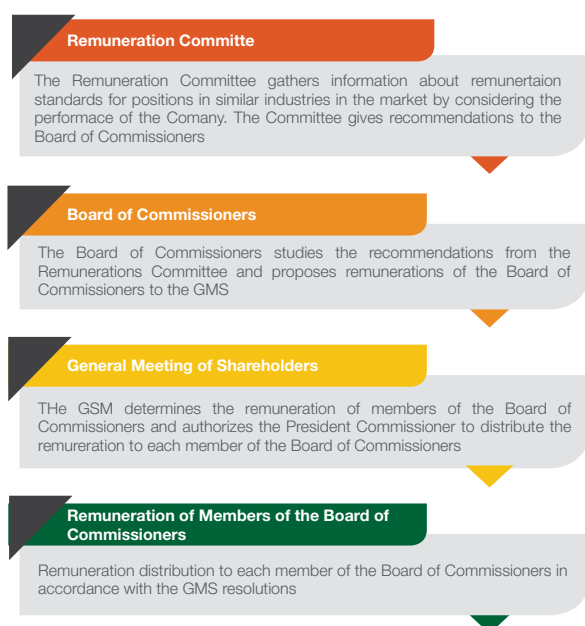
In the nomination process of the members of the Board of Commissioners, in addition to paying attention to the minimum requirements, scope and balance of knowledge, expertise and experience as well as diversity needs are also taken into consideration to determine the composition of the Board of Commissioners. Optimum composition of the Board of Commissioners will enhance the effectiveness of the implementation of duties and responsibilities of the Board of Commissioners.

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

### Remuneration of the Board of Commissioners Indicators and Procedures for Determining the Remuneration of the Board of Commissioners

The remuneration of members of the Board of Commissioners is determined based on the performance of each member by considering the duties and responsibilities of the Board of Commissioners. The remuneration formulation refers to Danamon's internal policy, applicable external regulations, industry comparison and takes into account the Danamon's performance. The Remuneration Committee provides recommendations to the Board of Commissioners and submits them to the General Meeting of Shareholders for approval. The distribution of remuneration is carried out by the President Commissioner. GMS approved the granting of power to the President Commissioner of Danamon to determine the amount of bonus/tantieme during the fiscal year 2017 and the amount of salary or honorarium and allowances for the fiscal year 2018 for each member of the Board of Commissioners based on the recommendation of the Remuneration Committee.

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



#### Remuneration Structure of the Board of Commissioners

The remuneration package received by members of the Board of Commissioners and the classification of remuneration levels and the number of members of the Board of Commissioners who receive the remuneration package in 1 (one) year, are disclosed in the Remuneration Policy section of this report.

### Meetings of the Board of Commissioners Meeting Policy of the Board of Commissioners

- Boards of Commissioners meetings should be held at least 1 (one) time in 2 (two) months .
- The Board of Commissioners must hold a minimum of 2 (two) 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 1 (one) time every 4 (four) months.
- Each member of the Board of Commissioners must attend at least 75% of the total Board of Commissioners meetings held within a year. Members of the Board of Commissioners who are unable to attend meetings in person may participate in meetings through teleconference or videoconference. The Minutes of Meeting must be signed by all participants who attended the meeting both by physically and by teleconference or videoconference which is supported by recording evidence.
- The Board of Commissioners meeting is chaired by the President Commissioner. If the President Commissioner is not present, any member of the Board of Commissioners who is present at the meeting can be appointed to chair the meeting.
- The Board of Commissioners must schedule the following year's meetings before the end of the financial year. At scheduled meetings, meeting invitations and meeting materials must be submitted to the participants no later than 5 (five) days before the meeting is held. In the event that a meeting is not scheduled, the meeting material is delivered to the participant no later than 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. Decisions made by 2/3 (two thirds) of the members are based on the principle of one person one vote.
- All results of the Board of Commissioners meetings, 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 members of the Board of Commissioners in attendance, and documented well.
- In the event that there is a member of the Board of Commissioners who does not sign the results of the meetings, the concerned member must state the reason in writing in a separate letter attached to the minutes of the meeting.
- 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.
- The Board of Commissioners can make legitimate and binding decisions without holding a Board of Commissioners meeting, provided that all members of the Board of Commissioners submit written approval to the decision.

- m. In a Board of Commissioners meeting, a member of the Board of Commissioners can only be represented by a fellow member of the Board of Commissioners with a power of attorney.
- n. Any member of the Board of Commissioners who in any way, either directly or indirectly, has a personal or conflict of interest in a transaction, contract, or a proposed contract of where Danamon is one of the parties, 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 Board of Commissioners meeting decides otherwise.

#### Frequency of Board of Commissioners Meetings

During 2018, the Board of Commissioners conducted 10 (ten) meetings of Board of Commissioners meetings and 5 (five) Joint Board of Commissioners and Board of Directors Meetings.

#### Board of Commissioners Meeting Agenda

No	Date of Meeting	Meeting Agenda
1	January 24, 2018	Committee Report
2	March 19, 2018	Committee Report
		2018 Annual General Meeting of Shareholders Agenda
3	June 8, 2018	Committee Report
4	July 19, 2018	Committee Report
		Financial Performance in May 2018
		Redefinition of Company Values
		Governance on Providing Information to Shareholders
5	July 31, 2018	Approvals of the Authority on MUFG Ownership by 40% in Danamon
6	August 23, 2018	Subsidiary's Strategic Plan
7	September 5, 2018	Corporate Action Strategic Plan
8	September 25, 2018	Committee Report
		Extraordinary General Meeting of Shareholders (EGMS) 2018
		Financial Performance in August 2018 & Forecast 2018
9	November 19, 2018	Committee Report
10	December 21, 2018	Corporate Action Strategic Plan

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

No	Date of Meeting	Meeting Agenda
1	January 24, 2018	Financial Performance in 2017
		2018 Annual General Meeting of Shareholders Agenda
2	June 8, 2018	Revision of the 2018 Business Plan
		Financial Performance in April 2018
3	July 31, 2018	Approvals of the Authority on MUFG Ownership by 40% in Danamon
4	September 5, 2018	Corporate Action Strategic Plan
5	November 19, 2018	Priority Strategy for 3 Years
		2018 Performance, 2018 Fiscal Year and 2019 Fiscal Year & 3 Year Plan
		Digital Strategy of Bank Danamon
		Digital Strategy of Adira Finance
		Business Collaboration to support the 3-Year Business Plan

### Attendance Rates in Meetings

The attendance rates of members of the Board of Commissioners in the meetings held during 2018 are as follows:

#### Attendance Rates in Meetings

Commissioners	Board of Commissioners Meeting (Total of 5 Times)	Joint Meeting with The Board of Directors (Total of 5 Times)	Attendance Rate
Ng Kee Choe	5	5	100% <sup>1)</sup>
JB Kristiadi	5	5	100% <sup>1)</sup>
Ernest Wong			67% *
Gan Chee Yen	5	5	100% <sup>2)</sup>
Manggi T Habir	5	5	100%
Made Sukada	5	5	100% <sup>2)</sup>
Takayoshi Futae	1	1	100% <sup>** 2)</sup>
Peter Benyamin Stok	3	2	71% <sup>***</sup>

\* Ernest Wong has resigned from the Board of Commissioners since November 19, 2018. He attended 6 of the 9 meetings.

\*\* Takayoshi Futae has passed OJK Fit & Proper Test since October 9, 2018. He attended 1 of 1 meetings.

\*\*\* Peter Benyamin Stok has passed the OJK Fit and Proper Test since July 9, 2018. He attended 5 of the 7 meetings.

1) 2 times via teleconference

2) 1 times via teleconference

All meetings held during 2018 met the quorum requirements of the meeting and were attended both physically as well as through teleconference by the members of the Board of Commissioners. Meeting decisions were made by deliberation and consensus and there were no dissenting opinions in the decisions of the meetings held during 2018. Information regarding schedule, agenda, materials, results and minutes of meetings were distributed to the participants of the meeting and well documented.

#### Schedule of the Board of Commissioners Meeting Plans for 2019

At the end of 2018, the Board of Commissioners has arranged schedule of meeting plans to be conducted in 2019 as many as 6 (six) meetings of the Board of Commissioners and 3 (three) times of Board of Commissioners Joint Meetings with the Board of Directors. Schedule of meeting plans to be conducted in 2019 is as follows:

Meeting Date	Board of Commissioners Meeting	Board of Commissioners Joint Meeting with Board of Directors
1 February 2019	√	√
25 - 26 March 2019	√	
25 June 2019	√	√
31 July 2019	√	
26 September 2019	√	
25 - 26 November 2019	√	√

### Implementation of Duties and Recommendations of the Board of Commissioners in 2018

In implementing the supervisory function, the Board of Commissioners provides recommendations to the Board of Directors by taking into account the inputs from the Committees that assist and are directly responsible to the Board of Commissioner. Key recommendations provided by the Board of Commissioners are, among others:

- Continuing the transformation journey and implementing the initiatives which are in line with the long-term strategy that has been previously planned to strengthen Danamon.
- Diversifying the loan portfolio by expanding loans to the Small and Medium Enterprises and Consumer Banking segments wisely.
- Carry out good risk management in order to maintain high credit quality and implement a cost effective and efficient policy.
- Providing reliable and quality services and competitive products supported by the use of technology and digital platforms.

### Performance Assessment of the Board of Commissioners

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. Assessment of the performance of the Board of Commissioners is carried out by considering several components including:

- Board of Commissioners' structure and composition.
- The effectiveness of the implementation of work programs of committees under the Board of Commissioners.
- Monitoring of the implementation of strategies and management of the company.
- The Implementation of Good Corporate Governance in Danamon.
- 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 of the Board of Commissioners 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 Members of the Board of Commissioners

For new Commissioners, Danamon has the orientation program 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 face-to-face briefings presented by the management and business units, as well as other supporting units. During 2018, there were new members of the Board of Commissioners.

### Training Program of the Board of Commissioners

Members of the Board of Commissioners are always provided with the opportunity to improve competency through training programs/seminars/workshops held internally and externally. In 2018, the participation of members of the Board of Commissioners in training programs/seminars/workshops were as follows:

**Table of Trainings of the Board of Commissioners in 2018**

Director Name	Training Program/ Conference/ Seminars	Organizer	Location	Date
Manggi Taruna Habir	IIA Indonesia National Conference 2018	IIA (The Institute of Internal Auditors Indonesia)	The Trans Resort Bali	August 27-29, 2018
	Fintech: Opportunities & Challenges of the Banking Industry in the Digital Era (Overview of Operational Risk and Business Risk) "	Risk Management Certification Body/ <i>Badan Sertifikasi Manajemen Risiko</i>	Hotel Atlet Century - Jakarta	May 3, 2018
	Digital & risk Management in Insurance 2018	Indonesian Life Insurance Association	The Westin Hotel, Nusa Dua - Bali	February 22-23, 2018
Made Sukada	IIA Indonesia National Conference 2018	IIA (The Institute of Internal Auditors Indonesia)	The Trans Resort - Bali	August 27-29, 2018



	Fintech: Opportunities & Challenges of the Banking Industry in the Digital Era (Overview of Operational Risk and Business Risk) "	Risk Management Certification Body/ <i>Badan Sertifikasi Manajemen Risiko</i>	Hotel Atlet Century - Jakarta	May 3, 2018
Peter Benyamin Stok	Risk Management Competency Test Level 1	Banking Professional Certification Institute/ <i>Lembaga Sertifikasi Profesi Perbankan</i>	Jakarta	March 21, 2018
Takayoshi Futae	Risk Management Competency Test Level 1	Banking Professional Certification Institute/ <i>Lembaga Sertifikasi Profesi Perbankan</i>	Jakarta	March 20, 2018

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

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

Each Committee is required to have a Charter which is prepared and periodically reviewed based on the prevailing regulations. Committee membership is appointed by the Board of Commissioners based on Meeting Resolution of the Board of Commissioners. All of the Committees are chaired by an Independent Commissioner.

#### Performance Assessment of the Committees of the Board of Commissioners

The Board of Commissioners assesses the performance of Committees of the Board of Commissioners based on reports of the duties and responsibilities implementation submitted by each of the Committees on a regular basis. Performance of the Committees of the Board of Commissioners throughout 2018 was rated good by the Board of Commissioners and provided contributions in supporting the implementation of duties and responsibilities of the Board of Commissioners.

#### Profile of the Members of Committees

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ng Kee Choe 74 Years Old President Commissioner	Singapore	Member of Nomination Committee	April 2017-Present	Finance	Bachelor of Chemical Engineering, the University of Singapore, 1966
		Member of Remuneration Committee	April 2017-Present		

#### 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., 2003 - 2014.
- 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.

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
J.B. Kristiadi 72 Years Old Vice President Commissioner	Indonesia	Chairman of Nomination Committee	April 2017-Present	Finance/ Risk Management	PhD (Public Administration), Sorbonne University, France, 1979
		Chairman of Remuneration Committee	April 2017-Present		

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

- Vice President Commissioner concurrently as Independent Commissioner, Danamon, 2005 – present.
- Member of the National Bureaucratic Reform Team under the leadership of the Indonesian Vice President, 2018 – present.
- Professor, Padjajaran State University, Bandung, 2007 – present.
- Commissioner, several State Owned Enterprises (PT Tambang Batu Bara Bukit Asam, 1980; PT Bank Dagang Negara, 1982; PT Aneka Tambang, 1986; and Bank BNI, 2005)
- Secretary, Tax and Customs Reform Initiative Team, 2010
- Special Staff of the Minister of Finance, 2009 - 2011
- Secretary General, Ministry of Finance, 2005.
- 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) Republic of Indonesia, 1990-1998.
- Director, Budget Development of the Ministry of Finance, 1987-1990
- Director, State Asset Development of the Directorate General of Monetary (Finance Department), 1980-1987.

Gan Chee Yen 59 Years Old Commissioner	Singapore	Member of Risk Monitoring Committee	April 2017-present	Finance/ Risk Management	Bachelor in Accounting, National University of Singapore
		Member of Remuneration Committee	April 2017-present		

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

- Commissioner, Danamon, 2003 – present
- Chairman Fullerton India Credit Co.Ltd.
- Chairman Fullerton Credit (Sichuan) Ltd.
- Chairman Fullerton Credit (Hubei) Ltd.
- Chairman Fullerton Credit (Chongqing) Ltd.
- Board Member Fullerton Financial Holdings Pte. Ltd.
- Board Member Dunia Finance LLC
- Board Member CEI Contract Manufacturing Ltd.
- Board Member ST Asset Management Ltd.
- Board Member ACR Capital Holdings Pte. Ltd.
- Chairman Fullerton Credit (Yunan) Ltd
- Board Member Clifford Capital Pte. Ltd.
- Vice Chairman Cambodia Post Bank PLC
- Board Member Surbana Jurong Private Limited (Formerly known as TJ Holdings (II) Pte Ltd)
- Chief Executive Officer, Fullerton Financial Holdings (International) Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings (Pte.) Ltd., 2012.
- Chief Executive Officer of Fullerton Financial Holdings (International) Pte. Ltd., subsidiaries of Temasek Holdings Pte. Ltd. and as Director of TJ Holdings (II) Pte Ltd, 9 June 2015 - Present
- 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
- Senior Managing Director, Investment Temasek Internasional Pte. Ltd., 2005
- Managing Director, 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 65 Years Old Independent Commissioner	Indonesia	Chariman of Risk Monitoring Committee	April 2017 - present	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>
		Member of Remuneration Committee	April 2017 - present		
		Member of Corporate Governance Committee	April 2017 - present		
		Member of Integrated Corporate Governance Committee	April 2017 - present		

**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 & 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.
- Served at several key position, Citibank N.A. Jakarta, 1985-1991

Corporate Data

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Ernest Wong Yuen Weng 73 Years Old Commissioner*	Singapore	Member of Nomination Committee	April 2017-2018	Finance/ Risk Management	First Class Honours Degree in Chemical Engineering, University of Surrey, United Kingdom, 1967
		Member of Corporate Governance Committee	April 2017-2018		
		Member of Integrated Corporate Governance Committee	April 2017-2018		

Corporate Social Responsibility

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

- Commissioner, Danamon, 2010-2018 (His resignation has been approved in EGMS November 19, 2018)
- Chairman, Media Corp, July 2016 - present
- Board Trustee Nanyang Technological University, 2006 - present
- Board member, Pavilion Capital Holding Pte. Ltd., 2012 - present
- 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 ("Sing Health"), 2006-2015
- Board member, Economic Development Board and The Ministry of Finance
- Group CEO, Media Corp 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, 1990-2000

Note:

\* His resignation as a Commissioner was approved based on EGMS on November 19, 2018.

Good Corporate Governance

Made Sukada 66 Years Old Independent Commissioner	Indonesia	Chairman of Audit Committee	April 2017 - present	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>
		Member of Risk Monitoring Committee	April 2017 - present		
		Member of Nomination Committee	April 2017 - present		
		Chairman of Corporate Governance Committee	April 2017 - present		
		Chairman of Integrated Corporate Governance Committee	April 2017 - present		

Operational Review

**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.
- Credit Analyst at Bank Indonesia, 1979.

Management Discussion and Analysis

Masamichi Yasuda 58 Years Old Commissioner	Japan	Member of Corporate Governance Committee	December 2018 ** - present	Finance/ Risk Management	Bachelor in Law, Hitotsubashi University, Japan
		Member of Integrated Corporate Governance Committee			

Company Profile

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

- Chief Credit Officer of MUFG and MUFG Bank, 2015
- Deputy Chief Global Markets Unit, 2014
- Executive Officer and Head of the Global Planning Division with oversight for a business strategy of the Global Business Unit in MUFG Bank, 2011
- Deputy Chief Financial Officer and Chief of Staff for Union Bank, N.A, 2009
- Treasurer of the Global Markets Division MUFG Bank for the Americas in 2008
- Corporate Planning Division and moved to the Financial Planning Division of MUFG, 2004
- The Bank of Tokyo, Ltd., a predecessor of MUFG Bank, in 1983
- Group Chief Risk Officer of MUFG and Chief Credit Officer of MUFG Bank
- Member of the Board and Executive Committee of MUFG and MUFG Bank

Management Report

\* In the process of OJK's fit and proper test

\*\* will be effective after obtaining OJK approval

Main Highlights

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
Peter Benyamin Stok 69 Years Old Independent Commissioner	Indonesia	Member of Audit Committee	December 2018 - present	Finance	Bachelor in Economics, Padjajaran University, Bandung – Indonesia
		Member of Risk Monitoring Committee			

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

- Independent Commissioner, Danamon, 2018-present
- OJK panelist team for implementation of fit and proper tests for candidates for directors and commissioners of the Bank, 2016-2018
- President Commissioner, Bank Negara Indonesia, 2009-2015
- Commissioner, Bank Permata, 2008-2009
- President Director, Bank Niaga, 2000-2006
- Presiden Director, Bank Dagang Negara, 1999-2000
- Presiden Commissioner, Bank Danamon, 1998-1999
- Vice President Director, Bank Pelita, 1997-1998
- Vice President Director, Bank Niaga, 1994-1997
- Member of the Board of Directors, Bank Niaga, 1991-1994

Takayoshi Futae 57 Years Old Commissioner	Singapore	Member of Remuneration Committee	December 2018 - present	Finance	<ul style="list-style-type: none"> <li>• Graduated with an economics degree from Osaka University in Osaka Japan</li> <li>• Master's degree in Business Administration from the Booth School of Business, University of Chicago, USA</li> </ul>
		Member of Nomination Committee			

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

- Commissioner, Danamon, 2018-present
- Vice Chairman of the Board of Bank of Ayudhya
- Vice-chairman of the Board of Bank of Ayudhya Plc (Krungsri), Thailand
- Director on the Board of Security Bank Corporation, Philippines, 2016-2018
- Regional Executive for MUFG Bank in Asia, 2018
- Senior Managing Director – MUFG Bank, 2017
- Chief Executive Officer of MUFG Bank's Asia & Oceania region, 2017
- Corporate banking, credit and corporate advisory
- Part of the Structured Finance Division, serving the MNCs and the non-Japanese corporates
- Senior roles in structured finance, project and asset based finance, and corporate restructuring – 10 years
- The Sanwa Bank, Ltd. which was a predecessor of MUFG Bank, 1983

Angela Simatupang 43 Years Old Independent Party	Indonesia	Member of Audit Committee	April 2017 - present	Corporate Governance, risk management and control	Master of Commerce in International Business and Management of Technology, The University of Sydney, Australia, 2002
		Member of Risk Monitoring Committee	April 2017 - present		
		Member of Risk Monitoring Committee	April 2017 - present		
		Member of Integrated Corporate Governance Committee	April 2017 - present		

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

- Independent Party, Danamon, 2017- present
- Senior Partner & Head of Consulting of RSM Indonesia (member firm of RSM Global), present
- Vice President of Institute of Internal Auditors (IIA) Indonesia, 2018 - present
- Member of the RSM Asia Pacific Risk Consulting Committee, 2010 - present
- International Contact Partner for Indonesia, 2008 - present
- Managing Partner Consulting of RSM Indonesia, 2017-2018
- Governor Institute of Internal Auditors (IIA) Indonesia, 2014-2017
- Managing Partner Governance Risk Control Practice of RSM Indonesia, 2010-2015
- Supervisor of RSM Australia, 2005
- Speaker at various seminars on governance, internal audit and risk management both at local and abroad.
- Author of various articles to socialize and encourage public awareness about good governance since 2007.

Yusuf Nawawi 63 Years Old Independent Party	Indonesia	Member of Audit Committee	April 2017-present	Micro and Corporate Financing, Derivatives, Credit and Investment Management, as well as Training and Development	<ul style="list-style-type: none"> <li>• Bachelor of Economics, University of Srijwijaya, 1983</li> <li>• Master of Business Administration from Weatherhead School of Management, Case Western Reserve University, 1994</li> </ul>
		Member of Risk Monitoring Committee	April 2017-present		

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

- Independent Party, Danamon, 2017-present.
- 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 Republic of Indonesia, 1978-1984.

Corporate Data

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
M. Din Syamsuddin 60 Years Old Chairman of Sharia Supervisory Board	Indonesia	Member of Integrated Corporate Governance Committee/ Chairman of Sharia Supervisory Board	April 2017-present	Islam Law Science (sharia), Islamic Political Science, and Inter-religion/ Inter-culture communication	<ul style="list-style-type: none"> <li>(Bachelor degree) Faculty of Ushuluddin UIN Syarif Hidayatullah, Jakarta, 1980</li> <li>(Master degree) University of California Los Angeles (UCLA), USA, 1988</li> <li>(Ph.D) University of California Los Angeles (UCLA), USA, 1991</li> </ul>

Corporate Social Responsibility

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

- President's Special Envoy for Dialogue and Cooperation Inter-Religion and Civilization, Nov 2017 - Oct 2018
- Deputy Secretary General of Golkar Party, 1998-2000
- Director General of Workforce Placement of the Ministry of Manpower of Republic of Indonesia, 1998-2000
- Member of People's Consultative Assembly (MPR) Republic of Indonesia, 1998-1999
- Head of Research and Development of Golkar Party, 1993-1998
- Lecturer at various universities, 1982-2000
- Professor for Islamic Political Thought at UIN Jakarta, 1982-present

Good Corporate Governance

Seskia Aqil Balfas 47 Years Old HR Executive Officer	Indonesia	Member of Nomination Committee	September 2017-present	Human Resource Management	Master in Management – HR from the University of Indonesia, 2014
		Member of Remuneration Committee	September 2017-present		

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

- Talent Acquisition and Reward Head, PT Bank Danamon Indonesia, Feb 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

Note:

She has resigned and replaced by Roy Fahrizal Permana

Operational Review

Roy Fahrizal Permana 44 years old HR Executive Officer	Indonesia	Secretary, concurrently as member of Nomination Committee	2018 – present	<ul style="list-style-type: none"> <li>Risk Management Certification (BSMR) level 1</li> <li>Human Resources Management</li> <li>Rewards and Performance Management</li> </ul>	Master Degree in Industrial Engineering
		Secretary, concurrently as member of Remuneration Committee			

Management Discussion and Analysis

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

- Rewards Head, Bank Danamon, 2018-present
- Secretary, concurrently as member of Remuneration Committee and Nomination Committee, Bank Danamon, 2018-present
- Country Head of HR, Grab Indonesia, 2017-2018
- Rewards and Services Head, Bank UOB Indonesia, 2009-2017
- Secretary and member of Remuneration Committee and Nomination Committee, Bank UOB Indonesia, 2009-2017.
- Compensation and Benefit Head, Esia – BakrieTelecom, 2008-2009
- Managerial position in Human Resources, among others: Rewards and Performance Management, HR Operation, HR Area and Business Partner, Bank CIMB Niaga, 2003-2008
- HR Compensation and Benefit Analyst, Texmaco Group, 1998-2003
- Financial Executive, Bank Umum Nasional, 1998

Company Profile

Djoko Sudyatmiko 73 Years Old Independent Commissioner of PT Adira Dinamika Multi Finance, Tbk	Indonesia	Member/ Independent Commissioner of PT Adira Dinamika Multi Finance, Tbk	April 2017-present	Economy and Corporate Governance	Bachelor degree in Electrical Engineering from Institut Teknologi Bandung, 1968
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Management Report

Main Highlights

Name, Age and Position	Citizenship & Domicile	Position	Term of Office	Expertise	Qualification/ Educational Background
<b>Professional Experience (Job Title, Organization, Term of Office)</b>					
<ul style="list-style-type: none"> <li>Commissioner at ASCO Group, 2012-present</li> <li>Commissioner concurrently as Corporate Independent Commissioner, 2011-present</li> <li>Corporate Independent Commissioner, 2004-2011</li> <li>Commissioner at PT Pakoakuina - Automotive Wheel Rim Manufacturer, 2003-present</li> <li>Commissioner at PT Inkoasku - Automotive Wheel Rim Manufacturer, 2003-2010</li> <li>Commissioner at PT Palingda - Automotive Wheel Rim Manufacturer, 2003-2010</li> <li>Commissioner at PT Adira Sarana Armada, 2003-2009</li> <li>Commissioner at PT Asuransi Adira Dinamika, 2003-2008</li> <li>Corporate President Commissioner, 2002-2004</li> <li>Commissioner at PT Kharaba Unggul/PT Makro Indonesia, 1990-2000</li> <li>Commissioner at PT Dharma Sarana Perdana, 1989-1995</li> <li>Commissioner at PT Astra Graphia Tbk, 1986-1989</li> <li>Member of People's Consultative Assembly (MPR) Republic of Indonesia, 1992-1997</li> <li>Member of People's Representative Council (DPR) and People's Consultative Assembly (MPR) Republic of Indonesia, 1971-1992</li> </ul>					
Ariyanti Suliyanto 65 Years Old Independent Commissioner of PT Asuransi Adira Dinamika	Indonesia	Member / Independent Commissioner of PT Asuransi Adira Dinamika	July 2018 - present	Finance, Corporate Governance, Risk Management	<ul style="list-style-type: none"> <li>Bachelor of Engineering from Diponegoro University Semarang in 1981.</li> <li>Master in Management/ Risk Management</li> </ul>

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

- Independent Commissioner at PT Asuransi Adira Dinamika, 2018-present.
- Chairman of the OJK Insurance Sector SKKNI Review Team, 2017.
- Member of the Selection Committee for the Election of OJK Board of Commissioners, 2012 and 2017.
- Member of the Insurance Sector Competency Standards Committee, 2012.
- Independent Commissioner at PT Asuransi Wana Artha Life, 2011-present.
- Independent Commissioner at PT Asuransi Indrapura, 2011-2015.
- Member of the Working Group on the Arrangement of Insurance Industry Competency Function and its Fulfillment, 2011-2012.
- Head of Trisakti Insurance Management College, 2010-present.
- Deputy Chairman of the Compilation Team for the GCG Guidelines for Insurance Companies and Indonesian Reinsurance Companies (KNKG-ISEA Cooperation), 2008-2009.
- Independent Commissioner at PT Asuransi Binagriya Upakara, 2007-2008.
- Insurance Corporate Governance Consultant and speaker at the ISEA (Indonesian Senior Executives Association), 2006-present.
- President Director of PT Asuransi Bintang, Tbk, 1996.
- Finance Director of PT Asuransi Bintang, Tbk, 1995-1996.
- Occupying various managerial positions to Head of Division and Corporate Secretary at PT Asuransi Bintang, Tbk, 1982-1995.

### 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. Appointed Independent party must meet the requirements of competency and independency required by the committees.

# Committees Under The Board of Commissioners

Corporate  
DataCorporate  
Social ResponsibilityGood Corporate  
GovernanceOperational  
ReviewManagement  
Discussion and AnalysisCompany  
ProfileManagement  
ReportMain  
Highlights

## AUDIT COMMITTEE

The Audit Committee was established in order to support the implementation of the duties and responsibilities of the Board of Commissioners to monitor and evaluate the plans and implementation of audits as well as to monitor the follow-up of audit results in assessing the adequacy of internal controls, including the adequacy of the financial reporting process. The Audit Committee ensures that the integrity, accuracy and adequacy of financial reports and all important risks have been considered. The Audit Committee also monitors the effectiveness of regulatory compliance. The Audit Committee also provides recommendations for public accountants from the proper public accounting firm and oversees their effectiveness.

### Charter of Audit Committee

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 proceedings, work ethics, and term of office of the Audit Committee. The Audit Committee Charter is reviewed periodically so that they are in accordance with the applicable provisions and needs of the Bank. In 2018 an update was made to the Audit Committee Charter.

### 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, among others: financial reports, projections, and other reports relevant to Danamon's 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 regarding appointments, reappointments, dismissals or replacements, requirements of involvement, and the remuneration of the public accountant to be proposed at the Annual General Meeting of Shareholders (AGMS).
  - b. In preparing recommendations, Audit Committee will take the following matters into account:
    - Independence of the Public Accountant, Public Accounting Firm and the insider in the Public Accounting Firm.
    - The scope of the audit.
    - Audit service benefits.
    - Expertise and experience of the Public Accountant, Public Accounting Firm and Audit team of the Public Accounting Firm.
    - Methodology, techniques and audit facilities used by the

Public Accounting Firm.

- Benefits of fresh eye perspectives that will be obtained through replacing the Public Accountant, Public accounting firm and audit team from the Public Accounting Firm.
- c. Review the public accountant's scope of work and audit outcome, independency, and objectivity on an annual basis and present the following in the Annual Report:
    - Total amount of payments made to the public accountant in the fiscal year, and
    - Details of total payments made for audit and non-audit services or appropriate negative statements, as well as whether significant risks have been taken into account.
  - d. Review the audited financial reports, significant findings, and recommendations of the public accountant and feedback from the Board of Directors.
  - e. Monitor and evaluate the planning and implementation of the public accountant's audit as well as monitor the follow-up of audit results in order to assess the adequacy of internal controls including the adequacy of the financial statement process.
  - f. Monitor and evaluate public accountant's compliance with the existing audit standards.
  - g. Evaluate the implementation of audit services for annual historical financial information by Public Accountants and/ or Public Accounting Firm at least through:
    - Conformity of audit implementation by Public Accountants and/ or Public Accounting Firms with applicable audit standards.
    - Adequacy of time for field work.
    - Assessment of coverage of services provided and adequacy of quotation tests.
    - Recommendations for improvements provided by Public Accountants and/ or Public Accounting Firms.

The results of the Audit Committee evaluation are no later than 6 (six) months after the financial year ends.

### 3. Internal Audit

- a. Review the adequacy and effectiveness of the Internal Audit Working Unit.
- b. Review the independence of the Head of the Internal Audit Working Unit. The Head of the Internal Audit Working 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 Working Unit, including interaction with the Board of Directors and other matters relevant to audit implementation.
- d. Review significant findings and recommendations from Internal Audit Working Unit as well as feedback from the Board of Directors.
- e. Monitor and evaluate the follow-up actions by the Board of Directors on the findings of the Internal Audit Working Unit, Public Accountant, and audit findings from Financial Services Authority 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, including control of finance, operations, compliance and control of information technology.
5. Compliance
  - a. Review the compliance framework, scope of work, and compliance plans.
  - b. Review compliance to the laws and regulations related to Danamon 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 acts independently.
  - b. The Audit Committee examines possible inaccuracies in decisions made at Board of Directors meetings or 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 review results to all members of the Board of Commissioners after the review results are completed 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 must enhance their competencies through continuous education and trainings.

#### Authority of the Audit Committee

The Audit Committee has the following authority:

1. Investigate any issue included in its terms of reference, has access to and collaborate with the Board of Directors, has the flexibility to invite any Director or executive officers to attend meetings with the Audit Committee, as well as has adequate human resources to properly carry out its duties.
2. Review affiliate transactions and conflict of interest transactions based on assessments made by the Compliance Director, to ensure that such transactions are conducted by taking into account the interests of Danamon and the minority shareholders and are performed in a fair manner based on normal commercial terms.
3. Involve independent parties to assist in performing duties where necessary.
4. Invite/ appoint reviewers and exercise other authorities provided by the Board of Commissioners.

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

##### Structure and Membership of Audit Committee

Audit Committee has of 4 (four) members, consists of 2 (two) Independent Commissioners and 2 (two) Independent Parties. The Audit Committee is chaired by an Independent Commissioner, namely Made Sukada. Structure and membership of the Audit Committee has met the prevailing regulations.

#### Members Composition of Audit Committee in 2018

No	Name	Position in Danamon	Position in Audit Committee
1	Made Sukada	Independent Commissioner	Chairman
2	Peter Benyamin Stok	Independent Commissioner	Member
3	Angela Simatupang	Independent Party	Member
4	Yusuf Nawawi	Independent Party	Member

#### Expertise of Audit Committee Members

All members of the Audit Committee have complied with the applicable provisions related to the requirements of the expertise of the Audit Committee members covering the fields of finance and/ or accounting, risk management, banking and/ or law, taking into account the integrity, character and morals of each member as stated in the personal statement.

#### Legal Basis of Appointment

Audit Committee members are appointed by Circular Decision of the Board of Commissioners as a Substitute for Decisions taken at

Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. Number KSR-Kom. Corp. Sec-011 dated December 13, 2018.

#### Independency of Audit Committee

All members of Danamon's Audit Committee are independent (Independent Commissioners and Independent Parties). Non-independent Commissioners and members of the Board of Directors may not sit on the Audit Committee. Audit Committee members must fulfill Danamon's Code of Conduct.



**Term of Office**

The term of office of Audit Committee members 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.

**Policy and Holding of Audit Committee Meetings****Policy 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 including Independent Commissioners and Independent Parties.
- 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. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.

- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.
- Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.

**Meeting Frequency and Attendance Rate of Audit Committee**

During 2018, the Audit Committee held 6 (six) meetings with attendance rates as the following:

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

**Meeting Agenda of Audit Committee in 2018**

No	Date	Meeting Agenda
1	January 23, 2018	Proposal of Revised Guidelines & Work Procedure of Internal Audit 2017 ICAAP Review 2018 Internal Control System Review Internal Audit Update Quality Assurance Review on Internal Audit
2	March 19, 2018	SKAI Update
3	May 16, 2018	SKAI Update
4	July 18, 2018	Guidelines & Work Procedure of Internal Audit Review Preliminary Observation of Quality Assurance Review Internal Audit Update
5	September 24, 2018	Internal Audit Update Internal Fraud Case Update Danamon's Whistle Blower Update Quality Assurance Review on Adira Finance's Internal Audit Guidelines & Work Procedure of Internal Audit Update
6	November 15, 2018	SKAI Update

### Implementation of Duties of Audit Committee in 2018

1. Appointment of PwC as Bank Danamon's external auditor
2. Received SKAI Reports related to:
  - Revision of Guideline and Work Procedures of Internal Audit
  - Internal Control System Assessment
  - Internal Audit Result
  - Quality Assurance Review on internal audit in Bank and Subsidiaries
  - Whistle Blower Result
  - Review on Internal Audit Plan
  - Update the fraud cases

### Audit Committee Statement on Effectiveness of Internal Control System

Internal control systems applied by Danamon are considered to be effective and adequate as reflected in the effectiveness of internal audit functions such as functions of internal audit, risk management, compliance, financial, and operational control. The Audit Committee submits its implementation of duties reports to the Board of Commissioners on a regular basis.

### RISK MONITORING COMMITTEE

The Risk Monitoring Committee is responsible for carrying out the risk monitoring function and providing independent professional recommendations or opinions related to risk management frameworks and policies consistent with Danamon's risk appetite.

### Charter of Risk Monitoring Committee

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 meetings. The Charter of Risk Monitoring Committee Charter is 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 alignment of Danamon's risk management policies with their implementation in order to provide recommendations to the Board of Commissioners, at least once a year.
- c. Monitor and evaluate the Risk Management Working 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 responsibility 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 of the Committee.

### Authority of the Risk Monitoring Committee

The Risk Monitoring Committee has the following authority:

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

### Structure, Membership, Expertise and Legal Basis for Appointment of Risk Monitoring Committee

#### Structure and Membership of Risk Monitoring Committee

In 2018, there was a change in the structure and membership of the Risk Monitoring Committee, namely Peter Benyamin Stok and Masamichi Yasuda who had been appointed as members of the Risk Monitoring Committee. Thus the Risk Monitoring Committee has 7 (seven) members, consists of 3 (three) Independent Commissioners, 2 (two) Commissioners, 2 (two) independent parties. The structure and membership of the Risk Monitoring Committee have complied with the applicable regulations.

### Members Composition of Risk Monitoring Committee in 2018

No	Name	Position in Danamon	Position in Risk Monitoring Committee
1	Manggi T. Habir	Independent Commissioner	Chairman
2	Made Sukada	Independent Commissioner	Member
3	Gan Chee Yen	Commissioner	Member
4	Peter Benyamin Stok	Independent Commissioner	Member
5	Masamichi Yasuda <sup>1)</sup>	Commissioner	Member
6	Angela Simatupang	Independent Party	Member
7	Yusuf Nawawi	Independent Party	Member

Note

<sup>1)</sup> Will be effective after passing the OJK fit and proper test.

**Legal Basis of Appointment**

The membership of Risk Monitoring Committee is determined based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

**Independency of Risk Monitoring Committee Members**

The majority or as many as 80 % of the members of the Committee are Independent Commissioners and Independent Parties in an effort to maintain independence and objectivity. Members of the Board of Directors are not permitted to be members of the Risk Monitoring Committee.

**Term of Office**

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

**Holding of Risk Monitoring Committee Meetings**

During 2018, Risk Monitoring Committee held 8 (eight) meetings with attendance rates as follows:

**Members Composition of Risk Monitoring Committee in 2018**

Name	Meeting Attendance	Attendance Rate
Manggi Taruna Habir	8	100%
Gan Chee Yen <sup>1)</sup>	7	88%
Made Sukada	8	100%
Angela Simatupang	7	88%
Yusuf Nawawi	8	100%
Peter Benyamin Stok <sup>2)</sup>		
Masamichi Yasuda <sup>3)</sup>		

Note

<sup>1)</sup> 1 (one) time through teleconference.

<sup>2)</sup> Effective as a Committee member as of December 13, 2018.

<sup>3)</sup> Will be effective after pass the OJK fit and proper test.

**Policy and Holding of Risk Monitoring Committee Meetings****Policy of Risk Monitoring Committee Meetings**

- Meetings are 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 including Independent Commissioners and Independent Parties.
- 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. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.
- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.
- Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.

**Meeting Agenda of Risk Monitoring Committee in 2018**

No	Date	Meeting Agenda
1	January 23, 2018	Net Stable Funding Ratio (NSFR) Update Risk Management Update International Financing Reporting Standards (IFRS) 9 Update Financial Information Service System (SLIK) Update Treasury and Capital Market (TCM) Update Legal and Compliance Update
2	March 19, 2018	Market and Liquidity Risk Limit Review Sales of Idle Assets Integrated Risk Profile Regulation on Sustainable Finance Legal Lending Limit and Net Stable Funding Ratio Financial Information Service System (SLIK)

		Treasury and Capital Market
		Legal and Compliance
3	April 23, 2018	SLIK update
		Adira Finance Update - Update on Product Programs and Portfolio
		SEMM Update - Update on Product Programs and Portfolio
		Risk Management Update
		Treasury and Capital Market Update
		Legal and Compliance Update
4	July 18, 2018	ICAAP Policy Review and ICAAP Stress Test Results
		Legal Lending Limit & Policy for Related Parties
		Intra Group Transaction Policy
		Market & Liquidity Risk Policy Review and Changes in ALCO Indicators from LFR to RIM
		Credit Plan for State-Owned Enterprises
		Consumer Remedial Asset Sales
5	August 2, 2018	Treasury and Capital Market Update
		Revision of Indicator of Income Fluctuations for Risk Appetite Statement (RAS)
		Revision of the Product Program Approval Matrix
		Risk Management Update (June 2018) and Risk Profile (Second Quarter 2018)
		Interest Rate Risk Banking Book (IRRBB) Update
		Information Security Update
		Financial Information Service System (SLIK)
		Top 10 Non-Performing Loans (NPL) for Enterprise Banking
		Simulation of the Impact of Trade War on Credit Portfolios
		Legal and Compliance Update
6	September 24, 2018	Treasury and Capital Market Update
		Credit Risk Policy Report
		ICAAP Review 1 <sup>st</sup> Semester 2018
		Same Class Bank Analysis - Quarterly Portfolio Quality
		CoC and NPL – 2018 Middle Forecast
		FinCo Portfolio Update
		MUFG Collaboration
		Update on Consumer Banking (CB):
		a. UPL Product Program Update
		b. Consumer Portfolio Update
		Legal and Compliance Update
7	October 31, 2018	Treasury and Capital Market Update
		Risk Management Update
		Enterprise Banking Portfolio and SME Portfolio Update
		The Impact of the Palu and Lombok Earthquakes on Credit and Business Continuity Management
		Phishing Email Learning
		Adira Insurance Risk Update
8	November 9, 2018	Treasury and Capital Market Update
		Legal and Compliance Update
		Integrated Risk/ National Portfolio Report

### Implementation of Duties of Risk Monitoring Committee in 2018

Key activities conducted by Risk Monitoring Committee, among others:

- Update on Risk Management activities.
- Integrated Risk/ National Portfolio Report.
- Credit Risk Policy Report.
- Market and Liquidity Risk Limit Review.
- ICAAP Policy Review and ICAAP Stress Test Results.
- Risk Profile Update.
- LLL and Related Party Policy.
- Intra Group Transaction Policy
- Market & Liquidity Risk Policy Review and Changes in ALCO Indicators from LFR to RIM
- Analysis and revision of Indicators of Income Fluctuations for Risk Appetite Statement (RAS)
- Update on the Interest Rate Risk Banking Book (IRRBB)
- MUFG Collaboration
- SLIK update
- Update on legal and compliance activities.
- Update on Consumer Banking activities.
- Update on Net Stable Funding Ratio (NSFR).
- Enterprise Banking Portfolio and SME Portfolio Updates.
- Phishing Email Learning.
- Update on Subsidiaries' Risk.
- Update on Treasury and Capital Market.
- Regulation of Sustainable Finance.
- Legal Lending Limit and Net Stable Funding Ratio.
- Product Program Approval.
- Indonesian economy and global economic conditions.
- Risk Appetite Statement Analysis.

The Risk Monitoring Committee reports activities and recommendations to the Board of Commissioners on a regular basis.

### NOMINATION COMMITTEE

Nomination Committee is a committee that assists the implementation of the functions and duties of the Board of Commissioners regarding the nominations of members of the Board of Directors and members of the Board of Commissioners. The Nomination Committee is responsible to the Board of Commissioners.

### Charter of 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, meeting proceedings, and reporting. The Charter of the Nomination Committee is periodically reviewed.

### Duties, Responsibilities and Authorities of Nomination Committee

#### Duties and Responsibilities

Duties and responsibilities of the Nomination Committee include:

- a. 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. 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. Identifies, reviews, and recommends candidates for the Board of Commissioners and/ or the Board of Directors including President Director 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, 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. Can evaluate all members of the Board of Commissioners and/ or Board of Directors who will 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 needs of the Board of Commissioners/ Board of Directors.
  - i. Recommends all candidates both identified internally and 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/ Board of Directors in the next General Meeting of Shareholders.
  - j. The official appointment of candidates as members of the Board of Commissioners/ Board of Directors will be conducted after the approval of GMS and after all requirements as required by regulations including but not limited to the OJK's Fit and Proper Test and other authorities are fulfilled.
  - k. 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.
  - l. Assists the Board of Commissioners to assess the performance of members of the Board of Commissioners and/ or members of the Board of Directors based on the benchmarks that have been prepared as evaluation material.
  - m. 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.

- n. Must improve competency through continuous education and trainings.
- o. Must prepare, review, and update the Charter of the Nomination Committee regularly. The Charter is available on Danamon's website.
- p. Maintain the confidentiality of all Danamon's documents, data and information.

The Nomination Committee must report on the implementation of its duties and responsibilities and nomination procedures that have been carried out to the Board of Commissioners. The report is part of the Report on the implementation of the duties of the Board of Commissioners and submitted at the GMS.

#### Authority of Nomination Committee

The Nomination Committee is authorized to, among others:

- a. Access documents, data, and information required from 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 authorities assigned by the Board of Commissioners.

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

##### Structure and Membership of Nomination Committee

In 2018, there was a change in the structure and membership of the Nomination Committee. Seskia A. Balfas as a member of the Nomination Committee and an Executive Officer of Human Resources has resigned as a member of the Nomination Committee since July 31, 2018. As a replacement, Roy F. Permana has been appointed as a member of the Nomination Committee and is the Executive Officer of Human Resources. In addition, based on the EGMS on November 19, 2018, the resignation of 1 (one) member of the Board of Commissioners, Ernest Wong Yuen Weng who is a member of the Nomination Committee has been decided and approved. Takayoshi Futae who is a member of the Board of Commissioners has been appointed as a member of the Nomination Committee.

Thus the Nomination Committee has 5 (five) members, consists of 2 (two) Independent Commissioners, 2 (two) Commissioners, and 1 (one) Executive Officer of Danamon who is in charge of Human Resources. Structure and membership of the Nomination Committee has fulfilled the applicable provisions.

#### Members Composition of Nomination Committee in 2018

No	Name	Position in Danamon	Position in Nomination Committee
1	J.B. Kristiadi	Vice President Commissioner (Independent)	Chairman
2	Ng Kee Choe	President Commissioner	Member
3	Made Sukada	Commissioner (Independent)	Member
4	Takayoshi Futae	Commissioner	Member
5	Roy Fahrizal Permana	Executive Officer of Human Resources	Member

#### Expertise of Nomination Committee Members

All committee members fulfill the applicable provisions related to the requirements of the expertise of the Nomination Committee members, taking into account each integrity, character and morals as stated in a personal statement.

#### Legal Basis of Appointment

Members of Nomination Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

#### Independency of Nomination Committee

To uphold independence and objectivity, the Nomination Committee is chaired by an Independent Commissioner, namely J.B. Kristiadi. Members of the Board of Directors are not permitted to become members of the Nomination Committee. Nomination Committee members must comply with Danamon's Code of Conduct.

#### Term of Office

The term of office of the Nomination Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

#### Policy and Holding of Nomination Committee Meetings

##### Policy of Nomination Committee Meetings

- a. Nomination Committee meetings are held regularly at least once every 4 (four) months.
- b. Nomination Committee meetings can only be held if attended by the majority of the Nomination Committee members and attended by the Chairman of the Nomination Committee including 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, the decision will be based on a majority vote. Decision-making based on majority vote is based on the principle of 1 (one)

person, 1 (one) vote.

- e. Dissenting opinions occur in the Nomination Committee meeting along with the reasons must be clearly stated in the minutes of the meeting.
- f. Each Nomination Committee meeting is recorded in the minutes of meeting which is properly documented and signed by all attendees.

- g. Nomination Committee's minutes of meetings must be submitted in written to the Board of Commissioners.

#### Holding of Nomination Committee Meetings

In 2018, Nomination Committee held 7 (seven) meetings with attendance rates as follows:

Name	Meeting Attendance			Attendance Rate
	Meeting Attendance	Physical Attendance	Teleconference Attendance	
J. B. Kristiadi	7	6	-	100%
Ng Kee Choe	7	7	-	100%
Ernest Wong Yuen Weng	4 <sup>1)</sup>	3	1	67%
Made Sukada	7	7	-	100%
Seskia A. Balfas	4 <sup>2)</sup>	4	-	100%
Takayoshi Futae	2 <sup>3)</sup>	2	-	100%
Roy F. Permana	2 <sup>3)</sup>	2	-	100%

Note:

<sup>1)</sup> Based on the EGMS on November 19, 2018, the resignation of Ernest Wong Yuen Weng as a member of the Board of Commissioners was approved. As a Nomination Committee member, he attended 4 (four) meetings out of 6 (six) Nomination Committee meetings.

<sup>2)</sup> The attendance of Ernest Wong Yuen Weng in meeting as a Nomination Committee member was 1 (one) time through teleconference.

<sup>3)</sup> Seskia A. Balfas has resigned as a member of the Nomination Committee since July 31, 2018. She attended 4 (four) meetings out of 4 (four) Nomination Committee meetings.

<sup>3)</sup> He attended 2 (two) meetings out of 2 (two) Nomination Committee meetings

#### Meeting Agenda of Nomination Committee in 2018

Table of Meeting Agenda of Nomination Committee

No	Date	Meeting Agenda
1	January 23, 2018	Confirmation of Finance & Micro Banking Director Nomination of Director Candidates Nomination of Commissioner Candidates
2	March 9, 2018	Nomination of Commissioner Candidates Nomination of Director Candidates
3	March 22, 2018	Approval of the composition of the Committees of the Board of Commissioners effective March 20, 2018
4	July 19, 2018	Nomination of Integrated Corporate Governance Committee Members of the Committee under the Board of Commissioners
6	November 19, 2018	Nomination of Senior Officer Candidates for Recruitment Expatriate Recruitment from MUFG Nomination of the Nomination Committee and Remuneration Committee Secretary
7	December 6, 2018	Recommendations for Operations, CREM and YDP. Business Process Re-Engineering (BPR) and Transformation, Legal Services, SKAI

### Implementation of Duties of Nomination Committee in 2018

The implementation of duties of the Nomination Committee can be summarized as follows:

- Reviewed candidates for the Board of Directors and Board of Commissioners of Danamon.
- Provided recommendations for candidates for members of the Board of Commissioners and Directors of Danamon.
- Provided recommendations on the approval of the composition of the Board of Commissioners' Committees.
- Reviewed the nominations of candidates for the Integrated Corporate Governance Committee.
- Reviewed the resignation and appointment of members of the Board of Commissioners and members of the Committee under the Board of Commissioners.
- Reviewed recruitment nominations for senior officers, expatriates from MUFG and nominations for the secretary of the Nomination Committee and Remuneration Committee.
- Reviewed and provided recommendations on Operations, Crem and YDP. Reviewed BPR and Transformation, Legal Services and SKAI.

Activities and recommendations from the Nomination Committee are reported regularly to the Board of Commissioners.

### REMUNERATION COMMITTEE

Remuneration Committee is a committee that assists the implementation of the duties and responsibilities of the Board of Commissioners regarding the remuneration policy and structure of the members of the Board of Commissioners, Board of Directors, Sharia Supervisory Board, Independent Party, and certain Senior Management. The Remuneration Committee is responsible to the Board of Commissioners for the effectiveness of the framework and policies as well as the structure of Danamon's remuneration.

#### Charter of Remuneration Committee

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

### Duties, Responsibilities and Authorities of Remuneration Committee

#### Duties and Responsibilities

Duties and responsibilities of the Remuneration Committee include:

- a. Prepare policy, evaluate and provide recommendations to the Board of Commissioners regarding:
  - The structure and amount of remuneration for the Board of Commissioners, Board of Directors, and Senior Management.
  - Remuneration, including salaries, allowances, bonuses and incentives that will be given based on achievement of the predetermined objectives and targets for the President Director and other members of the Board of Directors,

members of the Board of Commissioners and the Supervisory Board.

- Remuneration, including salaries and benefits of Independent Parties.
- b. Assist the Board of Commissioners to conduct performance assessment with the suitability of remuneration received by each member of the Board of Commissioners and/ or members of the Board of Directors.
  - c. Consider the following matters in preparing the structure, policy, and the amount of remuneration:
    - Applicable remuneration in the industry according to the business activity and business scale of Danamon in the industry.
    - 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 individual performance of members of the Board of Directors and/or members of the Board of Commissioners.
    - The balance of fixed 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 forementioned structure, policies, and amount of remuneration at least 1 (one) time in 1 (one) year.
  - e. Evaluate and update the Charter of Remuneration Committee periodically.
  - f. Maintain the confidentiality of all Danamon's documents, data, and information.
  - g. Improve competency through continuous education and trainings.

The Remuneration Committee must report on the implementation of its duties and responsibilities and the remuneration procedures that have been carried out to the Board of Commissioners. The report is part of the Report on the implementation of the duties of the Board of Commissioners and submitted at the GMS.

#### Authority of Remuneration Committee

Authorities of Remuneration Committee among others:

- a. Access documents, data, and information about employees, Senior Management, Board of Directors and/ or 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. Involve an independent party to support the implementation of its duties when necessary.
- d. Exercise other authorities assigned by the Board of Commissioners.



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

### Structure and Membership of Remuneration Committee

In 2018, there was a change in the structure and membership of the Remuneration Committee. Seskia A. Balfas as a member of the Remuneration Committee and an Executive Officer of Human Resources has resigned as a member of the Remuneration Committee since July 31, 2018. As a replacement, Roy F. Permana has been appointed as a member of the Remuneration Committee and is the Executive Officer of Human Resources. Moreover, there is 1 (one) additional member of the Board of Commissioners, namely Takayoshi Futae, to be a member of the Remuneration Committee.

Thus the Remuneration Committee has 6 (six) members, consists of 2 (two) Independent Commissioners, 3 (three) Commissioners, and 1 (one) Executive Officer of Danamon who is in charge of Human Resources. Structure and membership of the Remuneration Committee has fulfilled the applicable provisions.

### Members Composition of Remuneration Committee in 2018

No	Name	Position in Danamon	Position in Remuneration Committee
1	J.B. Kristiadi	Vice President Commissioner (Independent)	Chairman
2	Ng Kee Choe	President Commissioner	Member
3	Gan Chee Yen	Commissioner	Member
4	Manggi T. Habir	Commissioner (Independent)	Member
5	Takayoshi Futae	Commissioner	Member
6	Roy Fahrizal Permana	Executive Officer of Human Resources	Member

### Expertise of Remuneration Committee Members

All committee members fulfill the applicable provisions related to the requirements of the expertise of the Remuneration Committee members, taking into account each integrity, character and morals as stated in a personal statement.

### Legal Basis of Appointment

Members of Remuneration Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

### Independency of Remuneration Committee

To uphold independence and objectivity, the Remuneration Committee is chaired by an Independent Commissioner, namely J.B. Kristiadi. Members of the Board of Directors are not permitted to become members of the Remuneration Committee. Remuneration Committee members must comply with Danamon's Code of Conduct.

### Term of Office

The term of office of the Remuneration Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

### Policy and Holding of Remuneration Committee Meetings

#### Policy of Remuneration Committee Meetings

- Remuneration Committee meetings are held regularly at least once every 4 (four) months.
- Remuneration Committee meetings can only be held if attended by the majority of the Remuneration Committee members and attended by the Chairman of the Remuneration Committee including 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 a majority vote. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote. Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.
- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted in written to the Board of Commissioners.

#### Holding of Remuneration Committee Meetings

In 2018, Remuneration Committee held 6 (six) meetings with attendance rates as follows:

**Table of Meeting Attendance Rate of Remuneration Committee**

Name	Meeting Attendance			Attendance Rate
	Meeting Attendance	Physical Attendance	Teleconference Attendance	
J. B. Kristiadi	6	6	-	100%
Ng Kee Choe	6	4	2	100%
Gan Chee Yen	6	3	3	100%
Manggi T. Habir	6	5	1	100%
Seskia A. Balfas	5 <sup>1)</sup>	5	-	100%
Takayoshi Futae	1 <sup>2)</sup>	1	-	100%
Roy Fahrizal Permana	1 <sup>2)</sup>	1	-	100%

Note:

<sup>1)</sup> Seskia A. Balfas has resigned as a member of the Remuneration Committee since July 31, 2018. She attended 5 (five) meetings out of 5 (five) Remuneration Committee meetings.

<sup>2)</sup> He attended 1 (one) meetings out of 1 (one) Remuneration Committee meetings.

### Meeting Agenda of Remuneration Committee in 2018

**Table of Meeting Agenda of Remuneration Committee**

No	Date	Meeting Agenda
1.	January 23, 2018	Long-term Intensive Plans and Plans to Maintain Key Personnel
2.	February 14, 2018	Proposal of 2017 Bonus Performance and Tantiem
3.	March 9, 2018	2017 Tantieme Proposal and 2018 Additional Directors
4.	March 19, 2018	Limitation of Granting Shares
5.	July 19, 2018	Approval of Remuneration for new Directors, new Board of Commissioners and Executive Officers
6.	November 19, 2018	Remuneration for Senior Officers

### Implementation of Duties of Remuneration Committee in 2018

The implementation of duties of the Remuneration Committee can be summarized as follows:

- Reviewed long-term intensive plans and plans to maintain key personnel.
- The main guideline for determining tantiem and bonus.
- Provided recommendations for tantiem and additional directors and 2018 additional salary.
- Reviewed the limitation of granting shares.
- Reviewed and approved compensation packages for new Directors and Executive Officers.
- Provided recommendations on the remuneration of Senior Officers.

Activities and recommendations from the Remuneration Committee are reported regularly to the Board of Commissioners.

### CORPORATE GOVERNANCE COMMITTEE

Corporate Governance Committee is a committee that assists the implementation of the duties and responsibilities of the Board of Commissioners in overseeing the effectiveness of governance structures, frameworks, policies and resources to support the implementation of the principles of good corporate governance. The Corporate Governance Committee is responsible to the Board

of Commissioners for overseeing the implementation of Danamon's corporate governance and compliance with regulations.

### Charter of Corporate Governance Committee

The Corporate Governance Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meeting proceedings, and reporting. The Charter of the Corporate Governance Committee is periodically reviewed.

### Duties, Responsibilities and Authorities of Corporate Governance Committee

#### Duties and Responsibilities

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

- Periodically evaluate the corporate governance structure and framework as well as the suitability of Danamon's corporate governance policies.
- Review and evaluate Danamon's principles of corporate governance and its implementation and where necessary recommend improvements to the Board of Commissioners.
- Supervise the implementation of corporate governance and provide recommendations for improvements.

- d. Review the corporate governance report published by Danamon to ensure its transparency and accuracy of the reports and recommend the improvements to the Board of Directors.
- e. Provide recommendations in the framework of providing endorsement of the Board of Commissioners on Danamon's corporate governance reports and corporate governance policies.
- f. Prepare, review, and update the Charter of the Committee periodically. Charter of the Committee is available in Danamon's website.
- g. Maintain the confidentiality of all Danamon's documents, data, and information.
- h. Report the Corporate Governance Committee's activities to the Board of Commissioners.

#### Authority of Corporate Governance Committee

- a. Access documents, data, and information required from 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 authorities assigned by the Board of Commissioners.

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

In 2018, there was a change in the structure and membership of Corporate Governance Committee. Based on the EGMS on November 19, 2018, the resignation of 1 (one) member of the Board of Commissioners, namely Ernest Wong Yuen Weng who is a member of the Corporate Governance Committee has been decided and approved. Based on the EGMS, the appointment of Masamichi Yasuda as a member of Board of Commissioners was approved, where his appointment was effective from the date of passing the fit and proper test from the Financial Services Authority. Masamichi Yasuda has been appointed as a member of the Corporate Governance Committee.

Thus Corporate Governance Committee has 3 (three) members, consist of 2 (two) Independent Commissioners and 1 (one) Commissioner. The composition of this Committee has fulfilled the Corporate Governance Committee Charter and the independence requirements of the Committee members.

#### Members Composition of Corporate Governance Committee in 2018

No	Name	Position in Danamon	Position in Corporate Governance Committee
1	Made Sukada	Commissioner (Independent)	Chairman
2	Manggi T. Habir	Commissioner (Independent)	Member
3	Masamichi Yasuda <sup>1)</sup>	Commissioner	Member

Note:

<sup>1)</sup> Effective after passing the OJK's fit and proper test.

#### Expertise of Corporate Governance Committee Members

All committee members fulfill the applicable provisions related to the requirements of the expertise of the Corporate Governance Committee members, taking into account each integrity, character and morals as stated in a personal statement.

#### Legal Basis of Appointment

Members of Corporate Governance Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

#### Independency of Corporate Governance Committee

To uphold independence and objectivity, the Corporate Governance Committee is chaired by an Independent Commissioner, namely Made Sukada. Members of the Board of Directors are not permitted to become members of the Corporate Governance Committee.

Corporate Governance Committee members must comply with Danamon's Code of Conduct.

#### Term of Office

The term of office of the Corporate Governance Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

#### Policy and Holding of Corporate Governance Committee Meetings

##### Policy of Corporate Governance Committee Meetings

1. Meetings are held according to Danamon's needs at least once every 1 (one) semester.
2. The minimum attendance of committee meetings (quorum of meetings) is 51% (fifty one percent) of total members.
3. Meeting decisions are made based on the principles of deliberation to reach consensus.
4. In cases where deliberation to reach consensus does not occur,

the decision will be based on a majority vote. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.

5. Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.
6. Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.

#### Holding of Corporate Governance Committee Meetings

In 2018, Corporate Governance Committee held 4 (four) meetings with attendance rates as follows:

#### Members Composition of Corporate Governance Committee

Name	Meeting Attendance	Attendance Rate
Made Sukada	4	100%
Ernest Wong Yuen Weng <sup>1)</sup>	4	100%
Manggi T. Habir	4	100%
Masamichi Yasuda <sup>2)</sup>		

Note:

<sup>1)</sup> Based on EGMS on November 19, 2018, resignation of Ernest Wong Yuen Weng has been approved. Ernest Wong Yuen Weng attended the Committee meeting through teleconference on January 23, 2018, April 26, 2018 and July 10, 2018.

<sup>2)</sup> Effective after passing the fit and proper test from OJK.

#### Meeting Agenda of Corporate Governance Committee in 2018

The Corporate Governance Committee conducted meetings during 2018 with the meeting agenda as follows:

No	Date	Meeting Agenda
1	January 23, 2018	Corporate Governance Update
2	April 26, 2018	Corporate Governance Update
3	July 10, 2018	Corporate Governance Update
4	November 15, 2018	Improvement Status on CG Semester 2 2018 Highlight on: a. Extraordinary General Meeting of Shareholders b. Fit & Proper Test Result of the Board of Directors & Board of Commissioners c. Refreshment on Regulation related to Board of Directors & Board of Commissioners Others: a. Status Highlight on SLIK Governance b. Requirement on the Sharia Business Unit's spin off

#### Implementation of Duties of Corporate Governance Committee in 2018

Key activities of Corporate Governance Committee in 2018 including:

- a. Received and reviewed Management Report regarding:
  - Danamon's Implementation Report of Corporate Governance.
  - Implementation of Danamon's corporate governance self assessment.
  - Refinement of the implementation of corporate governance.
- b. Reviewed the agenda and materials for Annual GMS and Extraordinary GMS.
- c. Reviewed the Fit & Proper Test Result of the Board of Directors & Board of Commissioners.
- d. Received regulation update regarding Board of Directors & Board of Commissioners.

Corporate Governance Committee report its activities and recommendations to the Board of Commissioners regularly.

#### INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee assists in the implementation of the duties and responsibilities of the Board of Commissioners to supervise the implementation of integrated corporate governance of the Danamon Group (Danamon and Subsidiaries). The Integrated Corporate Governance Committee is responsible to the Danamon's Board of Commissioners which is the Main Entity in the Danamon Group financial conglomeration.

**Charter of Integrated Corporate Governance Committee**

The Integrated Corporate Governance Committee has a Charter that stipulates matters relevant to the objectives, accountability, structure and membership, term of office, duties and responsibilities, authority, meeting proceedings, and reporting. The Charter of the Integrated Corporate Governance Committee is periodically reviewed.

**Duties, Responsibilities and Authorities of Integrated Corporate Governance Committee****Duties and Responsibilities**

The duties and responsibilities of the Integrated Corporate Governance Committee include:

- Evaluate the implementation of integrated corporate governance through at least the assessment of the adequacy of internal controls and the implementation of integrated compliance function.
- Provide recommendations to the Board of Commissioners of the Main Entity in terms of improving the integrated corporate governance policy if needed.
- Improve the competency of members through continuous education and trainings.
- Possess, review, and update the Charter of the Integrated Corporate Governance Committee periodically.
- Maintain the confidentiality of all Danamon's and Subsidiaries' documents, data, and information.

**Authority of Integrated Corporate Governance Committee**

- The Integrated Corporate Governance Committee has the authority to access the required documents, data and information from the Main Entity and Subsidiaries, while adhering to the internal policies of each entity and applicable laws and regulations.
- The Integrated Corporate Governance Committee is authorized to communicate directly with employees, Board of Directors and other parties in the Main Entity and Subsidiaries.
- The Integrated Corporate Governance Committee has the authority to involve independent parties to assist in carrying out their duties, if needed.

- The Integrated Corporate Governance Committee has the authority to exercise other authorities granted by the Board of Commissioners of Danamon/ Main Entity.

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

In 2018, there was a change in the structure and membership of the Integrated Corporate Governance Committee. Based on the EGMS on November 19, 2018, the resignation of 1 (one) member of the Board of Commissioners, namely Ernest Wong Yuen Weng who is a member of the Integrated Corporate Governance Committee, has been decided and approved. Based on the EGMS, the appointment of Masamichi Yasuda as a member of the Board of Commissioners was approved, where his appointment was effective from the date of passing the fit and proper test from the Financial Services Authority. Masamichi Yasuda was appointed as a member of the Integrated Corporate Governance Committee.

The Integrated Corporate Governance Committee consists of 7 (seven) people as follows:

- From the Main Entity which consists of:
  - 2 (two) Independent Commissioners.
  - 1 (one) independent party.
  - 1 (one) commissioner.
  - 1 (one) member of the Sharia Supervisory Board.
- From the Subsidiaries which consist of:
  - 1 (one) Independent Commissioner who represents and is appointed from the financing company.
  - 1 (one) Independent Commissioner who represents and is appointed by the insurance company.

The composition of this Committee has fulfilled the Integrated Corporate Governance Committee Charter and the independency requirements of the Committee members.

**Members Composition of Integrated Corporate Governance Committee in 2018**

No	Name	Position in Danamon	Position in Integrated Corporate Governance Committee
1	Made Sukada	Commissioner (Independent)	Chairman
2	Manggi T. Habir	Commissioner (Independent)	Member
3	Masamichi Yasuda <sup>1)</sup>	Commissioner	Member
4	Angela Simatupang	Independent Party of Main Entity	Member
5	Djoko Sudyatmiko	Independent Commissioner of Adira Finance	Member
6	Ariyanti Suliyanto	Independent Commissioner of Adira Insurance	Member
7	M. Din Syamsuddin	Chairman concurrently as a member of Sharia Supervisory Board of the Main Entity	Member

Note:

<sup>1)</sup> Effective after passing the OJK's fit and proper test.

### Expertise of Integrated Corporate Governance Committee Members

Each member has the expertise needed to carry out the functions of the committee by paying attention to their respective integrity, character and morals as stated in a personal statement.

### Legal Basis of Appointment

Members of Integrated Corporate Governance Committee is appointed based on 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. Number KSR-Kom.Corp.Sec-011 dated December 13, 2018.

### Independency of Integrated Corporate Governance Committee

To uphold independence and objectivity, the Integrated Corporate Governance Committee is chaired by an Independent Commissioner, namely Made Sukada. Members of the Board of Directors are not permitted to become members of the Integrated Corporate Governance Committee.

### Term of Office

The term of office of the Integrated Corporate Governance Committee members may not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected only for the next 1 (one) period.

### Policy and Holding of Integrated Corporate Governance Committee Meetings

#### Policy of Integrated Corporate Governance Committee Meetings

- Meetings are held according to Danamon's needs at least once every 1 (one) semester.
- The minimum attendance of committee meetings is 51% (fifty one percent) of total members.
- 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. Decision-making based on majority vote is based on the principle of 1 (one) person, 1 (one) vote.
- Dissenting opinions occur in the meeting along with the reasons must be clearly stated in the minutes of the meeting.
- Each meeting is recorded in the minutes of meeting which is properly documented, signed by all attendees, and submitted to the Board of Commissioners.

#### Holding of Integrated Corporate Governance Committee Meetings

In 2018, Integrated Corporate Governance Committee held 3 (three) meetings with attendance rates as follows

### Meeting Attendance

Name	Meeting Attendance	Attendance Rate
Made Sukada	3	100%
Ernest Wong Yuen Weng <sup>1)</sup>	2	100%
Manggi T Habir	3	100%
Djoko Sudyatmiko	3	100%
Angela Simatupang	3	100%
Din Syamsuddin	2	67%
Ariyanti Suliyanto <sup>2)</sup>	1	100%
Masamichi Yasuda <sup>3)</sup>		

Note:

<sup>1)</sup> Resignation of Ernest Wong Yuen Weng has been approved through the EGMS on November 19, 2018. When he was a member of the Integrated Corporate Governance Committee he attended 3 (three) meetings. The committee meetings which were attended through teleconference were 2 (two) times, namely on January 23, 2018 and July 10, 2018.

<sup>2)</sup> Ariyanti Suliyanto was appointed as a member of the Integrated Corporate Governance Committee at the Committee meeting on July 10, 2018

<sup>3)</sup> Effective after passing the fit and proper test from OJK.

**Meeting Agenda of Integrated Corporate Governance Committee in 2018**

No	Date	Meeting Agenda
1	January 23, 2018	Self Assessment Report of Integrated Corporate Governance. Follow-up on Commitment to OJK Findings. Review Integrated Corporate Governance Committee Charter. Update related liquidation progress of Adira Quantum. Update from Subsidiaries.
2	July 10, 2018	Self Assessment Report of Integrated Corporate Governance. Follow-up on Commitment to OJK Findings. Membership of Integrated Corporate Governance Committee. Update from Subsidiaries.
3	November 15, 2018	Update related Main Entity in the Financial Conglomeration. Update related liquidation progress of Adira Quantum. Update related Adira Insurance. Follow-up on Commitment to OJK Findings. Update from Subsidiaries.

**Implementation of Duties of Integrated Corporate Governance Committee in 2018**

The Integrated Corporate Governance Committee during 2018 has reviewed and evaluated:

- Self assessment results of the implementation of integrated corporate governance.
- OJK Findings and Integrated Corporate Governance Committee Charter.
- Implementation of Integrated Corporate Governance of the Main Entity and Subsidiaries.

Integrated Corporate Governance Committee report its activities and recommendations to the Board of Commissioners regularly.

## Board of Directors

The Board of Directors is a corporate organ that is collectively responsible for the management of the company for the interests and objectives of the company and represents the company both inside and outside the 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 through 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. If there is an addition/ appointment of new members of 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 implementation 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.

### Charter of the Board of Directors

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

### Work Ethics of the Board of Directors

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

1. Prohibited from taking advantage of Danamon for personal, family, and/ or other parties' interests that may harm or reduce the profits and reputation of Danamon and its subsidiaries.
2. Prohibited from taking and/ or receiving personal benefits from Danamon other than remuneration and facilities determined in the General Meeting of Shareholders.
3. Prohibited from having concurrent positions as a member of a Board of Commissioners, Board of Directors or executive officers at other banks, companies and/ or institutions. Excluded as concurrent positions if the Board of Directors responsible for oversight of participation in Danamon's Subsidiaries, carrying out functional duties to become a member of the Board of Commissioners in 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.
4. Prohibited from owning shares more than 25% (twenty five percent) either individually or collectively of the paid up capital of Danamon and/ or other companies.
5. Prohibited from giving general authority to another party, which will result in the transfer of duties and functions of the Board of

Directors.

6. 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 the costs; 3) Consultant is an independent party and has the qualifications to work on specific projects.
7. Prohibited from directly or indirectly making incorrect statements about material facts or not disclosing material facts so that the statements made are not misleading about the conditions of Danamon at the time the statement was made.
8. Subject to Danamon's Code of Conduct, the prevailing laws and regulations, as well as Danamon's internal policies.

### Transparency of the Board of Directors

1. The Board of Directors must disclose the information in the Corporate Governance Implementation Report including:
  - a. Shares ownership in Danamon as well as in other banks and companies, which are domiciled at home and overseas;
  - b. Financial and family relationships with fellow members of Danamon's Board of Commissioners, Board of Directors and/or controlling shareholders;
  - c. Remuneration and facilities received from Danamon;
  - d. Positions in other companies.
2. The Board of Directors must disclose Danamon's strategic employment policies to all employees.

### Duties and Responsibilities of the Board of Directors

The Duties and Responsibilities of the Board of Directors, including:

1. Manage Danamon with its authority and responsibilities as stipulated in the Articles of Association of Danamon and the prevailing laws and regulations;
2. Implement the principles of corporate governance in each of Danamon's business activities at all levels of the organization;
3. Take full responsibility for setting the short-term and long-term strategies, and the priorities of Danamon.
4. Follow up the audit findings and recommendations of the internal audit working unit of Danamon, external auditors; supervisory results of Financial Services Authority, Bank Indonesia and/ or the other regulators.
5. Implement Danamon social responsibility programs.
6. Establish an Internal Audit Working Unit, Risk Management Working Unit and Compliance Working Unit, in order to implement the principles of good corporate governance.
7. Maintain a healthy and open relationship with the Board of Commissioners and support the Board of Commissioners in carrying out their role as a supervisory organ.
8. Responsible for the implementation of the duties to shareholders through the General Meeting of Shareholders;
9. Disclose the strategic Human Resources policies in the field of employment to employees;
10. Provide accurate, relevant and timely data and information to the Board of Commissioners.



11. Ensure the implementation of Integrated Corporate Governance in the Financial Conglomeration as defined in the Integrated Corporate Governance policy.

#### Authority Board of Directors

Authorities of the Board of Directors are as follows:

1. Representing Danamon inside and outside the court on all matters and in all events, binding Danamon with other parties and other parties with Danamon and carrying out all actions, both regarding management and ownership, but with restrictions and conditions as stated in the Danamon's Articles of Association.
2. Performing other authorities granted in the Danamon's Articles of Association and the prevailing rules and regulations.

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

Danamon has a diversity policy that is used as a reference in the nomination process 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 company's 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 2 (two) 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 prepared as a basis in the process of identifying candidates for members of the Board of Directors with the best qualifications which meet the minimum requirements as set out in legislation and other criteria.

The process of identifying candidates for the Board of Directors is carried out by the Nomination Committee, if necessary, the Nomination Committee can use the services of a third party (search firm). The Nomination Committee identifies candidates who meet the requirements, interviews and selects the candidates (including conducts background checks and references).

The Nomination Committee will consider the knowledge, skills and professional experience, as well as the diversity without discrimination against race, ethnicity, gender and religion in identifying the candidates. 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 the Board of Directors

In 2018 there was a change in the composition of the Board of Directors. Based on the Annual General Meeting of Shareholders (AGMS) on March 20, 2018, the number of members of the Board of Directors of the Company is 9 (nine) and 1 (one) of them is appointed as an Independent Director, with the following arrangement :

No	Name	Position
1	Sng Seow Wah	President Director
2	Michellina L. Triwardhany	Vice President Director
3	Herry Hykmanto	Director
4	Satinder Pal Singh Ahluwalia	Director
5	Adnan Qayum Khan	Director
6	Heriyanto Agung Putra	Director
7	Dadi Budiana	Director
8	Yasushi Itagaki	Director
9	Rita Mirasari	Director (Independent)

Based on the AGMS on March 20, 2018, it was agreed to appoint Dadi Budiana and Yasushi Itagaki as Directors of the Company, where each appointment is effective after obtaining OJK approval for the term of office in accordance with the remaining term of office of the current Board of Directors. The appointment of Dadi Budiana and Yasushi Itagaki has effectively obtained the approval of the Financial Services Authority (OJK) based on the OJK Board of Commissioners' decree dated October 17, 2018 and September 7, 2018.

In the second semester of 2018, the EGMS was held on November 19, 2018, but there were no changes to the composition of the Board of Directors. The majorities of the 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 shareholders.

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 never been declared bankrupt, have never been convicted of a criminal offense, and have the knowledge, expertise and experience in the operational field as bank executives. All members of the Board of Directors have passed the fit and proper test in accordance with the provisions of Financial Services Authority/BI.

Composition of Danamon's Board of Directors as of December 31, 2018 is as follows:

Name	Position	GMS Date	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
Michellina Laksmi Triwardhany	Vice President Director	March 20, 2018	March 14, 2018	2018-2020	1x	Indonesia
Herry Hykmanto	Director	April 3, 2008	May 13, 2008	2008-2011 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	Director (Independent)	September 7, 2016	September 14, 2016	2016-2017 2017-2020	2x	Indonesia
Yasushi Itagaki	Director	March 20, 2018	September 7, 2018	2018-2020	1x	Indonesia
Dadi Budiana	Director	March 20, 2018	October 17, 2018	2018-2020	1x	Indonesia

#### Independent Director

Rita Mirasari as an Independent Director has fulfilled the criteria as a member of the Board of Directors; in addition to that, she is also required to fulfill 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 whose 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 2 (two) 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.

**Scope of Work and Responsibilities of Each Member of the Board of Directors**

Each member of the Board of Directors has duties and authorities that are regulated based on the Articles of Association and Decree of the Board of Directors. In 2018, based on the Organizational Structure, the scope of duties and responsibilities of each member of the Board of Directors is as follows:

Director	Duties and Responsibilities
Sng Seow Wah President Director	As President Director who is responsible as the highest function of management and oversees all duties and authorities of the Directors and the Board of Directors and supervises the management of the following fields: <ul style="list-style-type: none"> <li>Business:                             <ul style="list-style-type: none"> <li>• Sales Distribution (Branch Network) &amp; Consumer Banking</li> <li>• SME - Small Medium Enterprise,</li> <li>• Bancassurance</li> <li>• Digital Banking</li> <li>• Micro Banking (SEMM)</li> <li>• Enterprise Banking &amp; Financial Institution, Transaction Banking</li> <li>• Treasury &amp; Capital Market</li> <li>• Sharia Banking</li> <li>• Global Alliance Strategy</li> </ul> </li> <li>“Middle office” functions:                             <ul style="list-style-type: none"> <li>• Credit</li> <li>• Risk Management</li> <li>• Operational Banking</li> </ul> </li> <li>Supporting functions:                             <ul style="list-style-type: none"> <li>• Financial Management</li> <li>• Compliance</li> <li>• Internal Audit</li> <li>• Information Technology</li> <li>• Marketing Communication &amp; Service, Decision Making</li> <li>• Human Resources</li> </ul> </li> <li>Subsidiaries:                             <ul style="list-style-type: none"> <li>• PT. Adira Dinamika Multi Finance Tbk.</li> <li>• PT. Asuransi Adira Dinamika</li> </ul> </li> </ul>

Director	Duties and Responsibilities
<p>Michellina L. Triwardhary Vice President Director</p>	<p>As a Vice President Director who has duties and responsibilities:</p> <ul style="list-style-type: none"> <li>• Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>• Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>• Carrying out the duties and responsibilities for the overall strategy and operations for the business growth and profitability of the Retail Banking (Liabilities and Investment), Consumer Lending (Mortgage, Credit Cards, and Unsecured Personal Loans), Small and Medium Enterprises (SME) and Branch Network. This position is also responsible for leading all relevant divisions in continuously improving business processes, empowering digital transformation and ensuring services that are customer-centred. The scope of the Vice President Director includes but is not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects, namely: <ul style="list-style-type: none"> <li>o Sales &amp; Distribution/ Branch Network</li> <li>o Consumer Banking</li> <li>o Small &amp; Medium Enterprise/ SME</li> <li>o Marketing and Communication</li> <li>o Digital Banking</li> <li>o Decision Management</li> <li>o Bancassurance</li> <li>o Service Quality and Contact Center</li> <li>o Network Development &amp; Sales Strategy</li> <li>o Internal Control &amp; QA</li> </ul> </li> </ul>
<p>Satinder Pal Singh Ahluwalia Director</p>	<ul style="list-style-type: none"> <li>• Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>• Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>• Carrying out duties and responsibilities in planning, implementing, managing and conducting all financial activities, including Bank business planning, budgeting, forecasting, financial negotiations, establishing investor relations and partnership compliance. Responsible for Micro Banking business strategies, managing business operations and maintaining business risks and compliance with regulations in the Micro Banking business line, according to Bank Danamon's vision and mission. The scope of the functions of Financial Management &amp; Micro Banking (SEMM) includes but is not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects as follows: <ul style="list-style-type: none"> <li>o Financial Management Function</li> <li>o Micro Banking (SEMM)</li> <li>o Procurement</li> </ul> </li> </ul>
<p>Herry Hykmanto Director</p>	<ul style="list-style-type: none"> <li>• Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>• Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>• Carrying out the duties and responsibilities in the functions of Sharia Banking, YDP (Yayasan Danamon Peduli/ Danamon Peduli Foundation) and CREM (Corporate Real Estate Management) including but not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects. The scope of the Sharia Banking function includes: <ul style="list-style-type: none"> <li>o Sharia Banking.</li> <li>o Strategy and Operations of Sharia Banking, Sharia Products and Sales.</li> <li>o CREM (Corporate Real Estate Management)</li> <li>o Optimizing infrastructure utilization and continuously anticipating and resolving issues in a timely manner.</li> <li>o YDP (Danamon Peduli Foundation)</li> <li>o Ensuring the contribution of the Bank, Adira Finance and Adira Insurance for YDP annual funding, and optimizing the distribution of YDP assistance to those in need.</li> </ul> </li> </ul>

Director	Duties and Responsibilities
<p>Adnan Qayum Khan Director</p>	<ul style="list-style-type: none"> <li>• Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>• Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>• Carrying out the duties and responsibilities in the Risk Management function, including but not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects. The scope of Risk Management includes:                             <ul style="list-style-type: none"> <li>o Market Liquidity Risk</li> <li>o Risk Modelling Quantitative Technique &amp; Analytic</li> <li>o Operational Risk Management (ORM) &amp; Quality Assurance (QA)</li> <li>o Credit Enterprise Risk Management</li> </ul> </li> </ul>
<p>Heriyanto Agung Putra Director</p>	<ul style="list-style-type: none"> <li>• Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>• Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>• Carrying out the duties and responsibilities in the functions of Human Resources, including but not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects. The scope of the functions of Human Resources includes:                             <ul style="list-style-type: none"> <li>o Talent Management</li> <li>o Talent Acquisition</li> <li>o Learning, Engagement &amp; Corporate University</li> <li>o Employee and Industrial Relations</li> <li>o Organization Development</li> <li>o Compensation &amp; Benefit (Rewards)</li> <li>o HC Business Partner &amp; HC Region</li> <li>o Operating HC</li> </ul> </li> </ul>
<p>Rita Mirasari Independent Director</p>	<ul style="list-style-type: none"> <li>• Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>• Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>• Carrying out the duties and responsibilities in strategic directions to manage the fields of Compliance, AML/CFT, including the Corporate Secretary at Bank Danamon for all product segments, activities and business activities of the Bank. The scope includes but is not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects:                             <ul style="list-style-type: none"> <li>o Compliance</li> <li>o Implementation of AML (Anti Money Laundering) and CFT (Counter-Financing of Terrorism) Program</li> <li>o Litigation</li> <li>o Legal</li> <li>o Corporate Secretary</li> </ul> </li> </ul>
<p>Dadi Budiana Director</p>	<ul style="list-style-type: none"> <li>• Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>• Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>• Carrying out the duties and responsibilities in the Credit function, including but not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects. The scope of credit includes:                             <ul style="list-style-type: none"> <li>o Credit approval process.</li> <li>o The bank's credit portfolio includes the early warning monitoring process.</li> <li>o Settlement of non-performing loans, including maintaining the absence of a conflict of interest between settlements / restructuring of non-performing loans with the role of a credit approver.</li> <li>o Information management, analytics and Quality Assurance for credit portfolios.</li> </ul> </li> </ul>

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Director	Duties and Responsibilities
Yasushi Itagaki Director	<ul style="list-style-type: none"> <li>Carrying out the duties and responsibilities of the Board of Directors by referring to the applicable legislation and banking governance regulations.</li> <li>Carrying out the duties and responsibilities as a member of the Board of Directors.</li> <li>Carrying out the duties and responsibilities in realizing Danamon's growth strategy through collaboration with MUFG namely "Business Collaboration" to develop Danamon's business by providing ecosystems related to JC/ MNC with unique hybrid products/ services and "Platform Collaboration" to ensure sustainable growth of Danamon by transferring knowledge about business safety and health platforms. The Global Alliance Strategy function includes but is not limited to the achievement of financial, franchise building, risk &amp; control, and human capital aspects. The scope of the Global Alliance Strategy includes Business Collaboration.</li> </ul>

#### Independency of Members of the Board of Directors

All members of the Board of 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 regulation as stipulated in the Charter of the Board of Directors.

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

Name	Position	Familial 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
Sng Seow Wah	President Director	-	√	-	√	-	√	-	√	-	√	-	√
Michellina Laksmi Triwardhany	Vice President Director	-	√	-	√	-	√	-	√	-	√	-	√
Hery Hykmanto	Director	-	√	-	√	-	√	-	√	-	√	-	√
Satinder Pal Singh Ahluwalia	Director	-	√	-	√	-	√	-	√	-	√	-	√
Adnan Qayum Khan	Director	-	√	-	√	-	√	-	√	-	√	-	√
Heriyanto Agung Putra	Director	-	√	-	√	-	√	-	√	-	√	-	√
Rita Mirasari (Independent)	Director	-	√	-	√	-	√	-	√	-	√	-	√
Yasushi Itagaki	Director	-	√	-	√	-	√	-	√	-	√	-	√
Dadi Budiana	Director	-											

**Concurrent Positions of Members of the Board of Directors**

Members of the Board of Directors are required to disclose other positions as outlined in the statement letter and are signed by members of the Board of Directors and are 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 Danamon's Directors have no prohibited concurrent positions in accordance with FSA regulation concerning Implementation of Corporate Governance for Commercial Banks.

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

**Shares Ownership of Members of the Board of Directors**

All members of the Board of Directors do not own shares that reach 25% of the paid up capital of a company. Direct or indirect shares ownership of each member of the Board of Directors in Danamon, Other Banks, Other Non-Bank Financial Institutions and other Companies, is as follows:

**List of Share Ownership by Members of the Board of Directors**

No.	Name	Position	Number of Shares Placed and Full paid	Percentage of ownership	Nominal Amount <sup>1)</sup>
1	Sng Seow Wah	President Director	2,325,400	0.02%	1,162
2	Michellina Laksmi Triwardhany	Vice President Director	814,200	0.01%	407
3	Satinder Pal Singh Ahluwalia	Director	396,300	0.01%	198
4	Herry Hykmanto	Director	131,856	0.00%	66
5	Adnan Qayum Khan	Director	-	-	-
6	Heriyanto Agung Putra	Director	-	-	-
7	Rita Mirasari	Independent Director	-	-	-
8	Dadi Budiana	Director	-	-	-
9	Yasushi Itagaki	Director	-	-	-

### Remuneration of the Board of Directors

#### Indicators for Determining the Remuneration of the Board of Directors

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

#### Procedures for Determining the Remuneration of the Board of Directors

The process of determining the Remuneration of the Board of Directors can be illustrated as follows:



#### Remuneration Structure of the Board of Directors

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 of this report.

### Meetings of the Board of Directors

#### Meeting Policy of the Board of Directors

- a. Board of Directors meetings should be held periodically at least 1 (one) time a month.
- b. Joint meetings of the Board of Directors with the Board of Commissioners should be held at least 1 (one) time every 4 (four) months.
- c. Board of Directors should schedule the meetings of the Board of Directors and the Joint Meetings with the Board of Commissioners for the following year before the end of the fiscal year.
- d. Every strategic policy and decision must be decided through the Board of Directors meeting referring to the provisions set in the Danamon's Articles of Association and other laws and regulations.
- e. At scheduled meetings, meeting invitations and materials must be submitted to the participants no later than 5 (five) days prior to the meeting.
- f. If the meeting is not scheduled beforehand, the meeting material is submitted to the meeting participants prior to the meeting.
- g. Meeting invitations must be sent to the 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. A member of the Board of Directors can only be represented in the Board of Directors meeting by a fellow member of Board of Directors with a power of attorney.
  - 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 referred transaction or the proposed contract, unless the Board of Directors decides otherwise.
- m. The Board of Directors meeting results must be recorded in the minutes of 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 joint meetings with the Board of Commissioners must be recorded 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 that there is a member of the Board of Directors and/ or member of the Board of Commissioners who does not sign the results of the meetings, the concerned member must state the reason 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 meeting with the reasons for the dissenting opinions.
- q. The Board of Directors can also make legitimate and binding decisions without holding a Board of Directors meeting, provided that all members of the Board of Directors agree in writing by signing a decree containing the proposal in question.

Decisions taken in this way have the same legal force as the decisions taken legally at the Board of Directors' meeting.

#### Frequency of the Board of Directors Meetings

During 2018, the Board of Directors conducted 32 meetings consisting of 27 meetings of the Board of Directors and 5 (five) joint Board of Directors and Board of Commissioners meetings. All results of the meeting decisions are documented in the minutes of 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 Director Meeting (Total of 27)	Joint Meetings with the Board of Commissioners (Total of 5)	Attendance Rate
Sng Seow Wah	26	5	97%
Michellina Laksmi Triwardhany	25	5	94%
Hery Hykmanto	22	5	84%
Satinder Pal Singh Ahluwalia	27	5	100%
Adnan Qayum Khan	24	5	91%
Heriyanto Agung Putra	26	5	97%
Rita Mirasari	27	5	100%
Yasushi Itagaki	9*	1***	100%
Dadi Budiana	4**	1****	71%

\* Yasushi Itagaki has passed the OJK Fit and Proper Test since September 12, 2018. He attended 9 of 9 Directors meetings.

\*\*\* Yasushi Itagaki attended 1 of 1 joint meeting with the Board of Commissioners.

\*\* Dadi Budiana has passed the OJK Fit and Proper Test since October 17, 2018. He attended 4 of the 6 Board of Directors meetings.

\*\*\*\* Dadi Budiana attended 1 of 1 joint meeting with the Board of Commissioners.

#### Main Agenda of Board of Directors Meetings in 2018

Month	Board of Director Meeting	Agenda
January	January 9, 2018	2017 Financial Performance
	January 22, 2018	Bank Business Plan in 2018-2020 for FSA Risk Management Update Audit Result 2017 2017 Annual Report Progress 2018 Annual General Meeting Shareholders
February	February 5, 2018	Bank Danamon & Adira Finance Digital Roadmap
	February 20, 2018	Bottom Up Stress Test (BUST) 2017-2018 FSA Letter – Bank Danamon Business Plan 2018-2020 Human Resources Update – LTI Scheme January 2018 Financial Performance Update on Financial Information Service System (SLIK)
March	March 13, 2018	February 2018 Financial Performance
	March 26, 2018	5 Years Synergy Plan for MUFG and Danamon Fixed Assets Fraud

April	April 23, 2018	Tax Audit in Subsidiaries
		FFH Request for Audit Group's Reporting
		Risk Management Update (including Law & Compliance)
May	May 7, 2018	Customer Relationship Management
	May 21, 2018	Securities Administration Bureau
		April 2018 Financial Performance
		Risk Management Update and Legal & Compliance Update
June	June 4, 2018	Update on SLIK progress
		Revised Business Plan in Middle 2018
		Medium Term Notes (MTN) or Negotiable Certificate Deposit (NCD)
		Processing System during the Eid holiday
		Corporate Real Estate Management (CREM) Update
July	July 2, 2018	Results of Pulse Survey for BoD & BoM
		May 2018 Financial Performance
	July 9, 2018	CoC and NPL - May Actual and June Forecast
	July 23, 2018	Risk Management Update (including Legal & Compliance Update)
	July 31, 2018	Credit Plans to State-Owned Enterprises (BUMN)
		Consumer Remedial Asset Sales
		Governance in Sharing Information About Shareholders
		62 <sup>nd</sup> Anniversary of Danamon
		2018 First Semester Financial Performance
		Kick Off 2018 Audit Plans
Risk Management Update		
Sharia Business Update		
August	August 6, 2018	OPEC Optimization Project - Consumer, SME and S&D
		Cyber Attacks and Data Theft
	August 14, 2018	Information Risk Update
	August 20, 2018	Highlights of MUFG Digital Conference
		2018 Forecast
		July 2018 Forecast and NPL Quick Count
		Corporate Action Strategic Plan
Refresh 3 Years Strategy		
September	September 3, 2018	Cost Optimization Project
		Findings on the Effectiveness of the Directors and Board of Management Teams
	September 17, 2018	2018 Forecast CoC and NPL
		Update on the Danamon Adira Employee Program
		Governance in Handling Regulatory Audits
		Procedure in Handling Legal Claims
		July 2018 Financial Performance
		2018 2 <sup>nd</sup> Savings Forecast
		Assumption of 3 Years Macroeconomic
		Risk Management Update (Updates including Legal & Compliance)
Danamon's Digital Journey		
August 2018 Financial Performance		
August 2018 CoC and NPL		
Corporate Action Strategic Plan		
Risk Posture		

Corporate Data	October		Governance Data		
			Regulatory Audit Process		
Corporate Social Responsibility	October	October 1, 2018	Product Program Approval Committee		
		October 15, 2018	Risk Management Update (including Legal & Compliance Update)		
		October 29, 2018	Change Transformation Management		
			Town Hall Program and Participation		
			2019 First Savings Plan and Potential Improvement		
			Impact of Palu Earthquake on September 2018 to CoC & NPL		
			Custodian Operations and Investment Operations Update		
			Major Challenge on IT Projects Updates		
			Financial Information Service System (SLIK) Update		
			Subsidiary's Strategic Plan		
Good Corporate Governance	October		Fourth Quarter Regional Townhall		
			2019 2 <sup>nd</sup> Savings Plan		
			Impact of SEMM Costs		
			Corporate Action Strategic Plan		
			Risk Management Update		
			Phishing Email Learning Results		
			Alternative Site for Command Center		
		Operational Review	November	November 12, 2018	October 2018 CoC & NPL Update and Foreclosed Collateral (AYDA) from SME
				November 14, 2018	Corporate Action Strategic Plan
				November 26, 2018	Results of the October 2018 Internal Audit and 2019 Internal Audit Plan
Management Discussion and Analysis	November		September 2018 Interim Audit Results		
			Preparation of 2018 Annual Report		
			2018 Danamon Run Event		
			October 2018 Financial Performance		
			The impact of SEMM Costs Update		
			Corporate Action Strategic Plan		
			Risk Management Update (including Legal & Compliance Update)		
		Company Profile	November		Regulator's Audit Process
					Cyber Table Top Learning
					Anatsena Project - Integrated Regulator Report
Management Report	December		IT Kebon Sirih Relocation Plan		
			Corporate Action Strategic Plan		
			Sharia Update - Summary of FSA Findings		
Main Highlights	December	December 20, 2018	November 2018 Financial Performance		
			FSA - Sharia Finding Update		
			Self Assessment RCSA		
			Business Process Reengineering Organizational Structure		
			2018 Global Compliance Officer Conference		
	Corporate Action Strategic Plan				

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

No	Date	Agenda
1	January 24, 2018	Financial Performance in 2017 2018 Annual General Meeting of Shareholders (GMS) Agenda
2	June 8, 2018	Revision of the 2018 Business Plan Financial Performance in April 2018
3	July 31, 2018	Approval of the Authority on MUFG Ownership by 40% MUFG in Danamon
4	September 5, 2018	Corporate Action Strategic Plan
5	November 19, 2018	Priority Strategy for 3 Years 2018 Performance, 2018 Fiscal Year & 2019 Fiscal Year & 3 Years Plan Digital Strategy of Bank Danamon Digital Strategy of Adira Finance Business Collaboration to support the 3-years Business plan

### 2019 Meeting Schedule

At the end of 2018, the Board of Directors has compiled meetings for the following year as many as 24 Board of Directors meetings and 3 (three) Board of Directors joint meetings with the Board of Commissioners.

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

The responsibility of the Board of Directors on the implementation of duties and responsibilities was submitted to the shareholders through the 2018 Annual GMS. All members of the Board of Directors were present at the Annual GMS, which was held on March 20, 2018.

### Implementation of Duties and Responsibilities of the Board of Directors in 2018

The Board of Directors carries out 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:

1. Followed up consistently on the implementation of Danamon's long-term strategy that was formulated in 2015.
2. Diversified Danamon's growth drivers which include Small & Medium Enterprises, Enterprise Banking, and Consumer Banking.
3. Reviewed and reorganized Micro Banking business through branch optimization, quality improvement of human resources and extensive credit process automation.
4. Strengthened Sales & Distribution (S & D) capabilities by introducing a culture and sales and service process known as "Danamon Way".
5. 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 function and process as well as maintaining the quality of the portfolio.

6. Invested in digital technology solutions to deliver superior customer service improvements and automated operational processes to become more efficient and effective.

### Performance Assessment of the Board of Directors Performance Assessment Implementation Process

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 the Board of Directors also considers the duties and responsibilities in accordance with laws and regulations and Danamon's Articles of Association.

### Performance Assessment Criteria

The evaluation criteria for the performance of the Board of Directors is based on overall achievements including aspects of the Financial, Franchise Building, Risk and Control, Human Capital and Danamon Core Values, as follows:

1. Financial performance,
2. Bank's soundness level,
3. Capital,
4. Risk profile,
5. Regulatory compliance,
6. Significance of audit results,
7. Long-term goals and strategies, as well as
8. Implementation of corporate governance principles.

### Executor of the Assessment

The performance assessment of the Board of Directors is conducted by the Board of Commissioners and the performance assessment results of the Board of Directors 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 Members of the Board of Directors**

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 members of the Board of Directors are conducted every 6 (six) months by the President Director.

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

The implementation of Danamon's strategy succeeded in driving strong financial growth. The Bank's net profit in 2018 reached IDR 3.92 trillion, increased from IDR 3.68 trillion in 2017. The overall credit growth of the key segments (excluding micro financing) was achieved at 12%, reaching IDR 137.2 trillion on a year on year basis.

From the asset quality aspect, Danamon continues to ensure the risk management that adheres to the prudential principle, and is always guided by the risk appetite statement. As a result, Danamon's cost of credit ratio was successfully reduced to 2.7% from 2.8% in the previous year.

Danamon's capital level was successfully maintained in the good category with the Capital Adequacy Ratio (CAR) recorded at 22.2%, far above the minimum level determined by the regulations. This position gives Danamon the ability to grow and also the strength to face unexpected developments.

For its brilliant achievements in 2018, and its dedication that continuously being shown, the Board of Commissioners gave its highest appreciation to the entire Board of Directors.

### Orientation Program for New Members of the Board of Directors

During 2018, there were 2 (two) new Directors in Danamon namely Yasushi Itagaki and Dadi Budiana. Danamon has an orientation program for new Members of the Board of Directors 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 the Board of Directors

Danamon provides opportunities for members of the Board of Directors to participate in trainings, certifications, workshops, and conferences to enhance competency, professionalism and knowledge on an on-going basis. During 2018, members of the Board of Directors participated in trainings, certifications, workshops, and conferences as follows:

Board of Director	Training/ Conference/ Seminar/ Workshop	Organizer	Location	Date
Sng Seow Wah	Imagine Lab for Danamon Digital Roadmap	Deloitte	Grand Hyatt Hotel, Jakarta	March 8-9, 2018
	Danamon Digital Roadmap: Integration Lab	Deloitte	Menara Bank Danamon	Aug 23, 2018
	BCG Digital & Consumer Conference: Customer Centricity in The New Digital World	BCG	St. Regis Embassy & Consulate Room, Singapore	Sept 14, 2018
	Workshop Robotic Process Automation	MUFG Digital Team	Menara Bank Danamon	Sept 26, 2018
	Barclays Asia Forum 2018	Barclays	Ritz Carlton, Millenia, Singapore	Oct 5, 2018
	Refreshment Training: Economic Outlook & Its Impact to Indonesia Multi Finance Industry	Prasetya Mulya	Landmark, Jakarta	Dec 12, 2018
Michellina L. Triwardhany	Breakthrough Program for Senior Executives	International Institute for Management Development (IMD)	IMD Campus – Lausanne, Switzerland	Apr 10 - 19, 2018
	RRA Coaching Session	Russel Reynolds Associates	Menara Bank Danamon – Jakarta, Indonesia	May 21, 2018
	RRA Coaching Session	Russel Reynolds Associates	Menara Bank Danamon – Jakarta, Indonesia	Jun 26, 2018
	MUFG Global Partners Conference Digital	MUFG	MUFG – Tokyo, Japan	Jul 30 - 31, 2018
	MUFG Global Partnership Conference	MUFG	MUFG – Tokyo, Japan	Dec 3, 2018
	APU PPT: Customer Due Diligence (2018)	BDI	Online	
	2017 Code of Conduct	BDI	Online	
Herry Hykmanto	SPPUR field certification scheme	Bank Indonesia	Jakarta	Jan 18, 2018
	IMAGINE LAB for Danamon Digital Roadmap	Deloitte	Jakarta	Mar 8, 2018
	IFSB Public Hearing	Bank Indonesia & IFSB	Jakarta	Apr 10, 2018
	Sustainability Study on Hajj Fund	Hajj Fund Management Agency (BPKH)	Yogyakarta	May 18, 2018
	Speaker of Trade Finance Training with Bank Indonesia	Bank Indonesia	Yogyakarta	Jul 28, 2018
	Danamon Digital Roadmap: Integration LAB	Deloitte	Jakarta	Aug 23, 2018
	Speaker of Knowledge Sharing Trade Finance with FSA	FSA	Jakarta	Sep 14, 2018

Board of Director	Training/ Conference/ Seminar/ Workshop	Organizer	Location	Date
	The FSA 7 <sup>th</sup> Anniversary National Seminar - "Financial Sector 4.0 (Synergizing Fintech And Financial Institutions)"	FSA	Jakarta	Nov 13, 2018
	Speaker of the National Conference of Indonesian Logistics and Forwarders Association (ALFI / ILFA) VI	Indonesian Logistics and Forwarders Association (ALFI/ILFA)	Jakarta	Dec 4, 2018
Satinder Pal Singh Ahluwalia	Speaker of Kompasianival Blogger Gathering	Kompasiana	Jakarta	Dec 8, 2018
	Code of Conduct	BDI	Online	
	Digital Roadmap	Deloitte	Menara Bank Danamon	Mar 23, 2018
	Managed Development Program	RRA	Menara Bank Danamon	Jan - Jun 2018
	Leadership Giving back session	BDI	Menara Bank Danamon	Jul 27, 2018
	BCM Awareness Program	BDI	Matraman	Dec 14, 2018
Adnan Qayum Khan	2017 Code of Conduct	BDI	Online	Jan 12, 2018
	Managed Development Program	RRA	Menara Bank Danamon	Jan - Jun 2018
	Early Warning Signal	KPMG	Menara Bank Danamon	Jul 2, 2018
Heriyanto Agung Putra	Digital Roadmap (1 Day)	Internal	Menara Bank Danamon	Mar 23, 2018
	Managed Development Program	RRA	Menara Bank Danamon	Jan - Jun 2018
Rita Mirasari	Leaders Giving Back: Leadership in Present Era	BDI	Jakarta	Jan 16, 2018
	BDI Digital Roadmaps	BDI & Deloitte	Jakarta	Feb 21, 2018
	Implementation of Risk Management & Good Corporate Governance in order to minimize Legal & Compliance Risk in the Financial Industry	Hukum Online	Jakarta	Feb 27, 2018
	ABA-COFITT Sustainable Finance Seminar "Managing Climate Related Risk, Capturing Sustainable Finance Opportunities"	PERBANAS & ASEAN Bankers Association (ABA)	Jakarta	May 4, 2018
	The Active Role of Banking Compliance Maintains The Stability Through Counter Financing of Terrorism	FKDKP	Jakarta	Jun 26, 2018
	Opening Speech – Sharia Legal Training	BDI	Jakarta	Jun 29, 2018
	AML-CFT e-Learning	BDI	Online	Jun 30, 2018
	Compliance Concept e-Learning	BDI	Online	Jun 30, 2018
	BARa Risk Forum	BARa	Jakarta	Aug 1, 2018
	Danamon Digital Roadmap: INTEGRATION LAB	BDI	Jakarta	Aug 23, 2018
	Secured & Unsecured Credit	BDI	Jakarta	Sep 27, 2018
	Socialization of Commercial Bank Provisions	OJK		Sep 28, 2018
	Level 3 Compliance Certification Training (Executive) - "Compliance Director Reporting"	Compliance Director Communication Forum (FKDKP)	Jakarta	Oct 4, 2018

Board of Director	Training/ Conference/ Seminar/ Workshop	Organizer	Location	Date
	Financial System Policy Response to Recent Economic Developments: Fundamental Economic, Exchange Rate, and Current Account Balance Deficit	Financial System Stability Committee	Jakarta	Nov 1, 2018
	US Sanction	BDI	Jakarta	Nov 5, 2018
	Guidance for Volcker Rule	BDI	Jakarta	Nov 6, 2018
	Indonesia Banking Expo 2018	PERBANAS	Jakarta	Nov 15, 2018
	National Seminar: Prospect of Indonesian Economy Towards a Political Year 2019	Association of Advent Indonesia University Alumni (IA UNAI)	Jakarta	Nov 22, 2018
	Implementation of Prudential Banking in Facing Global Economic Challenges & OJK Supervision FGD in the Banking Sector	FKDKP	Jakarta	Nov 29, 2018
	2018 CEO Networking in the Commemoration of the 41 <sup>st</sup> Capital Market Anniversary	BDI	Jakarta	Dec 3, 2018
Dadi Budiana	2018 Global Compliance Officer Conference	MUFG	Yokohama	Dec 5-6, 2018
	2017 Code of Conduct	BDI	Online	
	Digital Roadmap	Deloitte	Jakarta	Mar 23, 2018
	Managed Development Program	Russel Reynolds Associate	Jakarta	Jan - Jun 2018
	Executive Coaching Program	Russel Reynolds Associate	Jakarta	Jun - Des 2018
	Early Warning Signal	KPMG	Jakarta	Jul 2, 2018
	AML CFT Customer Due Diligence (2018)	BDI	Online	Jul 26, 2018
	Cyber Security Awareness	BDI	Online	Jul 28, 2018
	Information Security Awareness	BDI	Online	Jul 28, 2018
	New Business Continuity Management	BDI	Online	Jul 28, 2018
	Work Health and Safety	BDI	Online	Jul 29, 2018
	Compliance Concept & Implementation	BDI	Online	Jul 29, 2018
	New Fraud Awareness	BDI	Online	Jul 29, 2018
Yasushi Itagaki	Danamon Digital Roadmap	Deloitte	Jakarta	Aug 23, 2018
	MUFG Global Advisory Board	MUFG	Tokyo	Dec 2, 2018
	MUFG Global Partnership Conference	MUFG	Tokyo	Dec 3, 2018



## Committees Under the Board of Directors

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

The committees under the Board of Directors are as follows:

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

### Charter of the Committees

Each of the committees under the Board of Directors has Charter as a reference and binds each committee member. The Committees' Charters regulate, among others, membership, duties and responsibilities, meetings proceedings, and reporting. The Committees' Charters are constantly updated according to the development of Danamon and the regulations.

### Performance Assessment of the Committees of the Board of Directors

During 2018, 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

### Structure and Membership of the Committee

Chairman	Integrated Risk Director
Members	President Director
	Consumer, SME & Branch Network Director
	Finance & Micro Banking Director
	Sharia & Operation Director
	HR Director
	Legal & Compliance Director
	Wholesale & Transaction Banking Head
	Treasury & Capital Market Head
	Chief Information Officer
	Chief Credit Officer

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

Nama	Position	Attendance of Members of the Board of Directors in the Risk Management Committee Meeting
Adnan Goyum Khan	Chairman	12
Sng Seow Wah	Member	12
Michellina Triwardhary	Member	12
Satinder Pal Singh Ahluwalia	Member	12
Herry Hykmanto	Member	12
Heriyanto Agung Putra	Member	12
Rita Mirasari	Member	12

### 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

- Assist the Board of Directors in carrying out their responsibilities related to risk management
- Establish the risk management plan, direction, policies, strategies of Danamon and its Subsidiaries.
- Ensure that all Danamon activities are in line with the prevailing rules and regulations.
- Decide on matters related to business decisions that deviate from normal procedures.
- Determine the most suitable risk management methodologies for managing the risks, build up the reserves through policies to accommodate the inherent potential risks and ensure the availability of disaster recovery procedures.
- 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.
- Review various portfolios of credit, market liquidity, operations and significant risks as well as periodically report it to the Board of Directors through Danamon's risk profile and risk exposures.
- Evaluate the implementation of risk management processes and perform improvement in line with the external and internal changes that can affect the level of Danamon's capital adequacy, the level of Subsidiary's capital and its risk profile.
- Evaluate the risk organizational structure of Danamon and Subsidiaries to ensure that the process of risk management is in line with organizational development.

### Risk Management Committee Meeting

During 2018, the Committee held 12 meetings and attended by members of the Board of Directors as follows:

### Implementation of Duties of Risk Management Committee in 2018

The Risk Management Committee conducted meetings with the following materials:

- Risk Profile
- Risk Appetite Statement
- SLIK
- Market & Liquidity Risk
- Operational Risk
- Legal & Compliance Risk

### ASSETS & LIABILITIES COMMITTEE (ALCO)

#### Structure and Membership of the Committee

Chairman	President Director
Alternative Chairman	Finance & Micro Banking Director
Members	<ul style="list-style-type: none"> <li>Integrated Risk Director</li> <li>Consumer, SME &amp; Branch Network Director</li> <li>Credit Director</li> <li>Treasury &amp; Capital Market Head</li> <li>Enterprise Banking, Financial Institution &amp; Transaction Banking Head</li> </ul>

#### Status of Voting Rights and Decision Making

ALCO consists of members who have the same voting rights, if there is a member of the committee who cannot attend the meeting then he/she can appoint 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 based on the majority vote.

#### Duties and Responsibilities of the Committee

Assets & Liabilities Committee has duties and responsibilities, among others:

- Define the work scope of the Committee, meeting procedures, work process, and establish sub-committees to support assist the Committee.

- Determine the policies and directions regarding liquidity risk, interest risk, and capital management of Danamon and its subsidiaries which reflect the adequacy of liquidity and capital, stable and diversified funding, as well as complying with the prevailing regulations.
- Perform the 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 funding and approve every modification on strategy and alternative funding including new institutional/ structural funding.
- Conduct reviews on liquidity, interest rate, and capital strategies proposed by the Treasury Capital Market, while also monitor the implementation.
- Conduct review 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 and liquidity risk profile on the balance sheet, AFS portfolio and trading book
  - Monitor the Contingency Funding Policy (CFP)
  - Capital management and other matters related to ALCO
- Conduct periodic evaluations on the following:
  - The limit framework of market and liquidity risk 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
  - Contingency Funding Policy
  - Target Loan to Funding Ratio (LFR)

#### Assets & Liabilities Committee Meetings

During 2018, the Committee held 12 meetings and was attended by the following Board of Directors members:

#### Assets & Liabilities Committee Meetings

Name	Position	Attendance of Members of the Board of Directors in the Assets & Liabilities Committee Meeting
Sng Seow Wah	Chairman	11
Satinder Pal Singh Ahluwalia	Alternative Chairman	12
Michellina Triwardhary	Member	9
Adnan Qayum Khan	Member	11
Dadi Budiana	Member	1
Herman Savio	Member	10
Yen Yen Setiawan	Member	8

Note:

Dadi Budiana has joined the ALCO meeting since November 2018

Yen Yen Setiawan has resigned

### Implementation of Duties of Assets & Liabilities Committee in 2018

The Assets & Liabilities Committee held meetings to discuss the materials which cover:

- Economic & Market Outlook
- Balance Sheet Management
- Management of Fund Transfer Pricing (FTP) Rate
- Review on lending interest rates and third party funds
- Review on market and liquidity risks
- 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.

### INFORMATION TECHNOLOGY (IT) STEERING COMMITTEE

#### Structure and Membership of the Committee

Chairman	Finance & Micro Banking Director
Members	Consumer, SME & Branch Network Director
	Integrated Risk Director
	Sharia & Operation Director
	Human Resources Director
	Transaction Banking Head
	Treasury & Capital Market
	Chief Information Officer
	Internal Audit Head (does not have voting rights)

Other invitations depend on the relevance of each area

#### Status of Voting Rights and Decision Making

Each Committee member has equal voting rights, except the Head of the SKAI, who is a member of the committee without voting rights. Decision making in the 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 duties and responsibilities, among others:

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

### IT Steering Committee Meeting

During 2018, the Committee held 1 (one) meeting. The meetings were attended by the following members of the Board of Directors:

#### IT Steering Committee Meeting

Name	Position	Attendance of Members of the Board of Directors in the IT Steering Committee Meeting
Satinder Pal Singh Ahluwalia	Chairman	1
Michellina Triwardhany	Member	1
Heriyanto Agung Putra	Member	1
Adnan Qayum Khan	Member	1

### Implementation of Duties of Information Technology Steering Committee in 2018

The Information Technology Steering Committee held meetings with discussion materials as follows:

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### HUMAN RESOURCES COMMITTEE

#### Structure and Membership of the Committee

Chairman	President Director
Alternative Chairman, Secretary	Human Resources Director
Members	Consumer, SME & Branch Network Director
	Finance & Micro Banking Director
	Sharia Director
	Integrated Risk Director
	Compliance Director
	Credit Director
	Global Alliance Strategy Director

Members of the Human Resources Committee are all members of the Board of Directors. The Human Resources Committee is responsible to the Board of Directors, and routinely reports its activities to the Board of Directors.

#### Status of Voting Rights and Decision Making

Each Committee member has equal voting rights. Every decision

taken through the HR Committee Meeting must be decided unanimously. In the event that consensus cannot be reached, the decision will be made by majority vote. The Chairman of the Human Resources Committee has the right to determine the final decision.

#### Duties and Responsibilities of the Committee

- Provide strategic directions and develop general policies in the field of Human Resources including the amendments, in the areas as the following (but not limited to) :
  - 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 as well as employee engagement
  - Employee and industrial relations development
  - Alignment of policies with subsidiaries
  - Human Resources Planning
  - Organizational Health and Safety
- Carry out other duties and responsibilities that may be granted by the Board of Directors to the HR Committee, from time to time.
- The HR Committee may establish sub-Committees to undertake the scope of duties and responsibilities of the HR Committee.

#### Human Resources Committee Meeting

During 2018, the Committee held 20 meetings, attended by the following members of the Board of Directors:

#### Human Resources Committee Meeting

Name	Position	Attendance of Members of the Board of Directors in the Human Resources Committee Meeting
Sng Seow Wah	Chairman	20
Heriyanto Agung Putra	Alternative Chairman, Secretary	20
Herry Hykmanto	Member	18
Michellina Laksmi Triwardhany	Member	19
Satinder Pal Singh Ahluwalia	Member	20
Adnan Qayum Khan	Member	20
Rita Mirasari	Member	20
Yasushi Itagaki	Member	4
Dadi Budiana	Member	4

The Committee Meeting results must be recorded in minutes of meeting that are well documented. Meetings are declared quorum if attended by at least 2/3 of the members of the Human Resources Committee.

### Implementation of Duties of Human Resources Committee in 2018

The Human Resources Committee held meetings with the following topics:

1. Introduction on 2018 LTI and Retention Bonus.
2. Apology letter/Statement.
3. Approval on Participants for 2018 LTI and Retention Bonus.
4. Confirmation Critical points on LTI and Retention Bonus.
5. 2018 Salary Increase & 2017 Bonus Guideline.
6. Review for Promotion proposal to Grade O.
7. Follow up Mutual Place Agreement.
8. Assignment.
9. Job Simplification.
10. Revamping BDI's Culture.
11. Mass Leave.
12. HC Organization.
13. Succession Planning.
14. CLA Negotiation.
15. Industrial Relation update, Job Simplification Proposal, Manpower Cost Discussion, Senior Resignation.
16. MUFG Assignment.
17. Core Values Refinement.
18. CLA Update
19. Proposal for Managing Low Performers.
20. Update on CLA Communication.
21. Expatriate Formalities.
22. Organization Structure-Operations.
23. Post Service Benefit (CLA Update).
24. Discussion on Advisor.
25. Union Update.
26. Support for Lombok Earthquake/Disaster.
27. Post Service Benefit for Retirement Employee.
28. Individual DPLK (Pensiun Fund)

### INTEGRATED RISK MANAGEMENT COMMITTEE

Details regarding Integrated Risk Management Committee is disclosed in Integrated Corporate Governance Report.

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

Danamon has a Policy of Transacting with Affiliated Parties that regulates transactions with affiliated parties. This policy regulates that the affiliated transaction is carried out based on normal commercial terms and at an arm's length basis and does not harm the interests of Danamon and the minority shareholders.

The Board of Commissioners and Board of Directors of Danamon always maintain independency and have no conflict of interest that can interfere with their ability to carry out tasks professionally and objectively.

### 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 and with Majority and/or Controlling Shareholders.

### Affiliations between members of the Board of Commissioners with fellow members of the Board of Commissioners, Board of Directors 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 shareholders, namely: Ng Kee Choe, Gan Chee Yen, and Takayoshi Futae.

Affiliations between members of the Board of Commissioners, Board of Directors, and Majority and/ or 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 Policy of Transacting with Affiliated Parties governs that 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 Compliance Director 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.

## Corporate Secretary Organizational Structure



## Corporate Secretary Profile

Rita Mirasari is a member of Danamon's Board of Directors who serves as Danamon's Corporate Secretary since October 24, 2016 based on Decree of Board of Directors No.KSR-DIR.Cor.Sec-003 dated October 17, 2016 concerning Appointment of Corporate Secretary.



RITA MIRASARI  
Corporate Secretary  
(Independent Director)

Rita Mirasari, Indonesian national, 49 years old and domiciled in Indonesia. Completed her education at Faculty of Law, University of Indonesia. Pursued her banking career at a local bank as a legal officer. Have wide experience in the fields of law, compliance and being a corporate secretary in various leading banks in Indonesia. Last position prior to joining Danamon was Director of Regulatory Compliance & Financial

Crime in HSBC – Indonesia. Currently, she is the Director of Compliance, Anti Money Laundering & Corporate Secretary concurrently as Independent Director.

Complete profile is stated at Profile of the Board of Directors.

## Roles and Responsibilities of Corporate Secretary

1. Provide input to the Board of Directors and Board of Commissioners to comply with laws and regulations in the capital market;
2. Act as liaison between Danamon and its shareholders, the Financial Services Authority and other stakeholders;
3. 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.

## Developing Corporate Secretary Competency

In 2018, various trainings have been held to improve the competency of the Corporate Secretary as follows:

No	Trainings/ Conferences/ Seminars/ Workshops	Organizer	Location	Date
1	Leaders Giving Back: Leadership in Present Era	BDI	Jakarta	Jan 16, 2018
2	BDI Digital Roadmaps	BDI & Deloitte	Jakarta	Feb 21, 2018
3	Implementation of Risk Management & Good Corporate Governance in order to minimize Legal & Compliance Risk in the Financial Industry	Hukum Online	Jakarta	Feb 27, 2018
4	ABA-COFITT Sustainable Finance Seminar "Managing Climate Related Risk, Capturing Sustainable Finance Opportunities"	PERBANAS & ASEAN Bankers Association (ABA)	Jakarta	May 4, 2018
5	The Active Role of Banking Compliance Maintains The Stability Through Counter Financing of Terrorism	FKDKP	Jakarta	Jun 26, 2018
6	Opening Speech – Sharia Legal Training	BDI	Jakarta	Jun 29, 2018
7	AML-CFT e-Learning	BDI	Online	Jun 30, 2018
8	Compliance Concept e-Learning	BDI	Online	Jun 30, 2018
9	BARa Risk Forum	BAR	Jakarta	Aug 1, 2018
10	Danamon Digital Roadmap: INTEGRATION LAB	BDI	Jakarta	Aug 23, 2018
11	Secured & Unsecured Credit	BDI	Jakarta	Sep 27, 2018
12	Socialization of Commercial Bank Provisions	OJK		Sep 28, 2018
13	Level 3 Compliance Certification Training (Executive) - "Compliance Director Reporting"	FKDKP	Jakarta	Oct 4, 2018
14	Financial System Policy Response to Recent Economic Developments: Fundamental Economic, Exchange Rate, and Current Account Balance Deficit	Financial System Stability Committee	Jakarta	Nov 1, 2018
15	US Sanction	BDI	Jakarta	Nov 5, 2018
16	Guidance for Volcker Rule	BDI	Jakarta	Nov 6, 2018
17	Indonesia Banking Expo 2018	PERBANAS	Jakarta	Nov 15, 2018
18	National Seminar: Prospect of Indonesian Economy Towards a Political Year 2019	Alumni Association of Indonesian Advent University (IA UNAI)	Jakarta	Nov 22, 2018
19	Implementation of Prudential Banking in Facing Global Economic Challenges & OJK Supervision FGD in the Banking Sector	FKDKP	Jakarta	Nov 29, 2018
20	2018 CEO Networking in the Commemoration of the 41 <sup>st</sup> Capital Market Anniversary	BDI	Jakarta	Dec 3, 2018
21	2018 Global Compliance Officer Conference	MUFG	Yokohama	Dec 5 - 6, 2018

### Implementation of Function & Duties of Corporate Secretary in 2018

During 2018, the Corporate Secretary has carried out the duties and responsibilities according to the functions carried out, among others, as follows:

1. Followed the development of the capital market, especially regulations related to capital market regulation and conveying information about these developments to the Board of Commissioners, Board of Directors and stakeholders of Danamon.
2. Organized and documented the General Meeting of Shareholders and the Public Expose held by the Bank.
3. Organized and attended Board of Commissioners meetings, Board of Commissioners meetings attended by Directors and Committee under the Board of Commissioners meeting as well as preparing and administering the minutes of meetings.
4. Submitted reports related to the provisions in the Capital Market, both periodic and incidental reports to the OJK and IDX in a timely manner.
5. Conducted information disclosure in accordance with applicable laws and regulations.
6. Prepared recommendations for amendments to the Charters of Committees under the Board of Commissioners and Board of

Directors related to the implementation of corporate governance.

7. Made adjustments to the Articles of Association in accordance with the needs of the company as well as the new rules and regulations that apply.
8. Updated/ adjusted the Board of Directors Charter and Board of Commissioners Charter in accordance with applicable laws and regulations and implementing Bank's good corporate governance.
9. Prepared documentation and assisted the Fit and Proper Test process for prospective members of the Board of Directors and prospective members of the Board of Commissioners.

### Information Disclosure in 2018

As a 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 e-reporting sites of IDXNet and FSA's SPE.

## List of Information Disclosure Reports in 2018

Date	Concerning	Reference	Addressed To	Report Type
<b>December 2018</b>				
06 Dec 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of November 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
07 Dec 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
11 Dec 2018	Annual Public Expose Plan	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
12 Dec 2018	Information Disclosure that the Public Needs to Know - Changes in the Head of the Internal Audit Unit PT Bank Danamon Indonesia Tbk ("Company")	OJK Regulation No. 56/POJK.04/2015 concerning the Opening and Guidelines for Preparation of the Internal Audit Unit Charter; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Incidental
12 Dec 2018	Changes in Internal Audit	OJK Regulation No. 56/POJK.04/2015 concerning the Opening and Guidelines for Preparation of the Internal Audit Unit Charter; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX	Incidental
14 Dec 2018	Changes in Audit Committee	Regulation Number I-E concerning Obligations for Submitting Information; OJK Regulation No. 55/POJK.04/2015 concerning Establishment and Working Guidelines of the Audit Committee	IDX OJK	Incidental
19 Dec 2018	Submission of Annual Public Expose Material	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
27 Dec 2018	Report on the results of the Annual Public Expose	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
<b>November 2018</b>				
09 Nov 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of October 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
09 Nov 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
19 Nov 2018	Information Disclosure that the Public Needs to Know - Changes in the member of the Board of Commissioners	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
22 Nov 2018	Results of Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
22 Nov 2018	Results of Extraordinary GMS	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Periodic
22 Nov 2018	Submission of Evidence of Advertisement of Extraordinary GMS Results	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
22 Nov 2018	Submission of Evidence of Advertisement of Extraordinary GMS Results	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017; OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Periodic
<b>October 2018</b>				
04 Oct 2018	Notification of the Extraordinary GMS Plan	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
09 Oct 2018	Submission of Advertisement Proof of Basic Credit Interest Rates	OJK Regulation No. 06/POJK.03/15 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/ DPNP about Transparency of Information on Basic Credit Interest Rates juncto OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Periodic



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Date	Concerning	Reference	Addressed To	Report Type
10 Oct 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of September 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
10 Oct 2018	Information Disclosure that the Public Needs to Know – Fit and Proper Test of Appointment of member of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
11 Oct 2018	Notification of Plan for Extraordinary General Meeting of Shareholders	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
11 Oct 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
22 Oct 2018	Information Disclosure that the Public Needs to Know – Report on Material Information or Facts of Fit and Proper Test of Appointment of member of the Board of Directors of PT Bank Danamon Indonesia Tbk	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
22 Oct 2018	Notification of the Extraordinary GMS Plan	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
25 Oct 2018	Submission of Evidence of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended September 30, 2018	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
25 Oct 2018	Submission of Proof of Advertisement of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
25 Oct 2018	Submission of Proof of Advertisement of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
26 Oct 2018	Invitation for Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
26 Oct 2018	Invitation for Extraordinary GMS	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
26 Oct 2018	Submission of Evidence of Advertisement of Invitation for Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
26 Oct 2018	Submission of Evidence of Advertisement of Invitation for Extraordinary GMS	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
26 Oct 2018	Submission of Extraordinary GMS Agenda	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
<b>September 2018</b>				
10 Sep 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of August 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
10 Sep 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currenc	OJK	Regular

Date	Concerning	Reference	Addressed To	Report Type
14 Sep 2018	Information Disclosure that the Public Needs to Know – Fit and Proper Test Results of Controlling Shareholders	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
27 Sep 2018	Information Disclosure that the Public Needs to Know – Report of Material Information or Facts on Divestment of Subsidiary (Conditional)	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
<b>August 2018</b>				
01 Aug 2018	Changes in the Securities Administration Bureau	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
02 Aug 2018	Changes in the Securities Administration Bureau	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Incidental
02 Aug 2018	Explanation of the Stock Exchange Request	Refer to the Indonesia Stock Exchange Letter Number S-04382/ BEI. PP1/07-2018 dated July 31, 2018	IDX	Incidental
03 Aug 2018	Information Disclosure that the Public Needs to Know – MUFG Bank Has Become a Controlling Shareholder of BDMN	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
08 Aug 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
08 Aug 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of July 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
08 Aug 2018	Information Disclosure of Certain Shareholders	OJK Regulation No. 11/POJK.04/ 2017 concerning Report of Ownership or Any Changes in the Ownership of Shares in Public Company	IDX	Incidental
08 Aug 2018	Information Disclosure of Certain Shareholders	OJK Regulation No. 11/POJK.04/ 2017 concerning Report of Ownership or Any Changes in the Ownership of Shares in Public Company	IDX	Incidental
15 Aug 2018	Submission of Proof of Advertisements for Asia Financial (Indonesia) Financial Reports Pte. Ltd.	OJK Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/ POJK.03/2016 concerning Amendments to OJK Regulation No. 6/ POJK.03/2015 concerning Transparency and Publication of Bank Reports and SEOJK No. 43/SEOJK.03/2016 concerning Transparency and Publication of Reports of Conventional Commercial Banks	IDX OJK	Periodic
<b>July 2018</b>				
09 Jul 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of June 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
09 Jul 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
09 Jul 2018	Submission of Advertisement Proof of Basic Credit Interest Rates	OJK Regulation No. 06/POJK.03/2015 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/ DPNP concerning Transparency of Information on Basic Credit Interest Rates juncto OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Periodic
12 Jul 2018	Information Disclosure that the Public Needs to Know – Appointment of Independent Commissioner as member of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
12 Jul 2018	Information Disclosure that the Public Needs to Know – Composition of Members of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Incidental
12 Jul 2018	Information Disclosure that the Public Needs to Know – Composition of Members of the Board of Commissioners of PT Bank Danamon Indonesia Tbk	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Incidental
26 Jul 2018	Submission of Advertisement Proof of Information on Consolidated Financial Statements and Subsidiaries	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic

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Date	Concerning	Reference	Addressed To	Report Type
26 Jul 2018	Submission of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
26 Jul 2018	Submission of Proof of Advertisement of Unaudited Interim Financial Statements as of June 30, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended June 30, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
31 Jul 2018	Information Disclosure that the Public Needs to Know – Fit and Proper Test Results of Controlling Shareholders	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
<b>June 2018</b>				
07 Jun 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of May 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
07 Jun 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
<b>May 2018</b>				
09 May 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
09 May 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of April 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
11 May 2018	Submission of Advertisement Proof of Net Stable Funding Ratio	OJK Regulation No. 50/POJK.03/2017 concerning Obligation to Fulfill the Net Stable Funding Ratio for Commercial Banks; OJK Regulation No. 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Regular
16 May 2018	Information Disclosure that the Public Needs to Know – Resignation of the Director of the Subsidiary	OJK Regulation No. 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and IDX Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Incidental
<b>April 2018</b>				
02 Apr 2018	Submission of Advertisement Proof of Interim Financial Report Information	OJK Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports and its amendments through POJK 32/POJK.03/2016 concerning Amendments to OJK Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports and SEOJK No. 43/SEOJK.03/2016 concerning Transparency and Publication of Reports of Conventional Commercial Banks	IDX OJK	Periodic
06 Apr 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of March 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
06 Apr 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
09 Apr 2018	Submission of Advertisement Proof of Basic Credit Interest Rates	OJK Regulation No. 06/POJK.03/15 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/DPNP about Transparency of Information on Basic Credit Interest Rates juncto OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Periodic
23 Apr 2018	Submission of Advertisement Proof of Information on Consolidated Financial Statements and Subsidiaries	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
23 Apr 2018	Submission of Advertisement Proof of Information on Consolidated Financial Statements and Subsidiaries	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic

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23 Apr 2018	Submission of Unaudited Interim Financial Statements as of March 31, 2018 and Proof of Advertisement of Consolidated Financial Statements of PT Bank Danamon Indonesia Tbk and Subsidiaries for the Period Ended March 31, 2018	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and OJK Regulation No. X.K.2 concerning Obligation to Submit Periodic Financial Reports	OJK	Periodic
<b>March 2018</b>				
07 Mar 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of February 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
08 Mar 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
21 Mar 2018	Submission of Annual – Extraordinary GMS Results	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
21 Mar 2018	Submission of Annual – Extraordinary GMS Results	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
21 Mar 2018	Submission of Advertisement Proof of Schedule for Cash Dividend Distribution	Regulation Number I-E concerning Obligations for Information Submission; The Securities Trading Regulation which is an attachment of IV, VI, and VII of the Directors Decision of PT Jakarta Stock Exchange No. Kep-565/BEJ/11-2003; Director Decree of Indonesia Stock Exchange No. Kep-00023/BEI/03-2015	IDX OJK	Periodic
21 Mar 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Results	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
21 Mar 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Results	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	OJK	Periodic
<b>February 2018</b>				
02 Feb 2018	Notification of the Annual and Extraordinary GMS Plan	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
04 Feb 2018	Submission of Annual and Extraordinary GMS Agenda	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
07 Feb 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of January 2018	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX OJK	Regular
07 Feb 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
09 Feb 2018	Submission of Advertisement Proof of Announcement of Annual – Extraordinary GMS	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
09 Feb 2018	Submission of Advertisement Proof of Announcement of Annual – Extraordinary GMS	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
13 Feb 2018	Explanation of the Stock Exchange Request	Refer to the Indonesia Stock Exchange Letter Number S-00824/BEI.PP1/02-2018 dated February 8, 2018	IDX	Incidental
26 Feb 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Invitation	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic
26 Feb 2018	Submission of Advertisement Proof of Annual - Extraordinary GMS Invitation	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
26 Feb 2018	Annual - Extraordinary GMS Invitation	Regulation Number I-E concerning Obligations for Submitting Information	IDX	Periodic

Date	Concerning	Reference	Addressed To	Report Type
26 Feb 2018	Annual - Extraordinary GMS Invitation	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies; OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
26 Feb 2018	Submission of Annual Report	Fulfill the provisions in point III.2 concerning the Annual Report listed in the Decree of the Directors of the Jakarta Stock Exchange Number Kep-306/BEJ/07-2004 dated July 19, 2004 concerning Regulation Number I-E relating to the Obligation to Submit Information	IDX	Periodic
26 Feb 2018	Submission of Annual Report	OJK Regulation No. 29/POJK.04/ 2016 concerning the Annual Report for Issuers or Public Companies	OJK	Periodic
27 Feb 2018	Submission of Annual and Extraordinary GMS Agenda	OJK Regulation No. 32/POJK.04/2014 concerning the Plan and Implementation of the General Meeting of Shareholders of the Public Company as amended by OJK Regulation No. 10/POJK.04/ 2017	OJK	Periodic
<b>January 2018</b>				
05 Jan 2018	Monthly Report on BDMN Securities Holder Registration, as of the end of December 2017	Item III.3.4 and III.3.5 Decision of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306/BEJ/07-2004 concerning Regulation Number I-E concerning Obligations for Submitting Information	IDX	Regular
08 Jan 2018	Information Disclosure of Certain Shareholders	OJK Regulation No. 11/POJK.04/ 2017 concerning Report of Ownership or Any Changes in the Ownership of Shares in Public Company	IDX OJK	Incidental
08 Jan 2018	Report on Company's Debt/ Liabilities in Foreign Currency	Circular Letter No. SE-02/BI/2009 dated March 10, 2009 concerning Report on Data on Debt/ Liability of Companies in Foreign Currency; OJK Letter No. S-30/PM.2/2013 dated February 7, 2013 concerning Requests for Data on Debt/ Liabilities in Foreign Currency	OJK	Regular
08 Jan 2018	Submission of Advertisement Proof of Basic Credit Interest Rates	OJK Regulation No. 06/POJK.03/15 concerning Transparency and Publication of Bank Reports in conjunction with SEBI Regulation No. 15/1/DPNP about Transparency of Information on Basic Credit Interest Rates juncto OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies	IDX OJK	Periodic
09 Jan 2018	Information Disclosure of Certain Shareholders	OJK Regulation No. 11/POJK.04/ 2017 concerning Report of Ownership or Any Changes in the Ownership of Shares in Public Company	IDX OJK	Incidental
11 Jan 2018	Explanation of mass media coverage	Refer to the Indonesia Stock Exchange Letter Number S-00188/BEI.PP1/01-2018 dated January 9, 2018	IDX	Incidental
15 Jan 2018	Explanation of mass media coverage	Refer to the Indonesia Stock Exchange Letter Number S-07058/BEI.PP1/12-2017 dated December 28, 2017	IDX	Incidental
15 Jan 2018	Information Disclosure of Certain Shareholders	OJK Regulation No. 11/POJK.04/ 2017 concerning Report of Ownership or Any Changes in the Ownership of Shares in Public Company	IDX	Incidental
26 Jan 2018	Information Disclosure that the Public Needs to Know – Announcement of Summary of Acquisition Plans	OJK Regulation No. 31/POJK.4/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies and IDX Regulation No. I-E concerning Obligations for Submitting Information	IDX OJK	Incidental

# Compliance Function

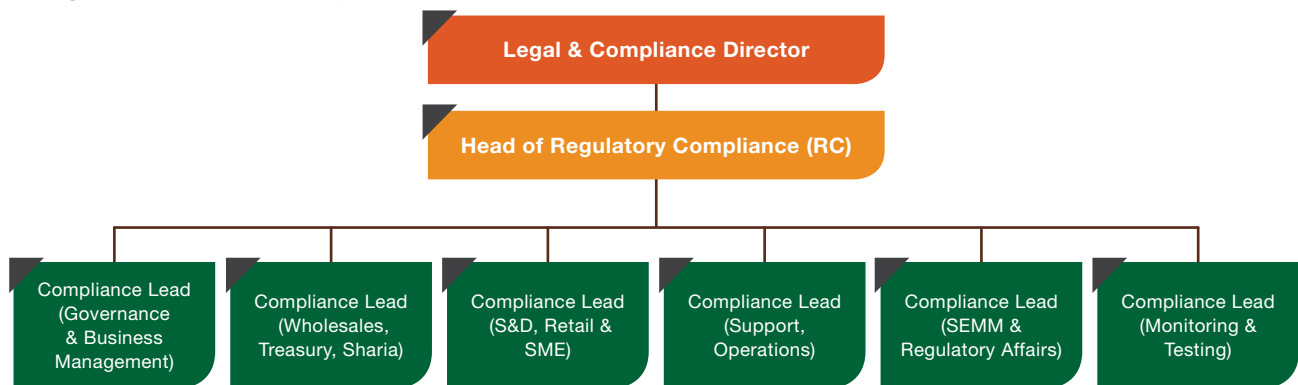
## COMPLIANCE FUNCTION

Compliance function is one of the important aspects in Danamon's corporate governance. Referring to Regulation of the Financial Services Authority No. 46/POJK.03/2017 dated July 12, 2017 concerning the Implementation of Compliance Function in Commercial Banks, the main duties of compliance function are as follows:

1. Realize the implementation of Compliance Culture at all levels of organization and business activities.
2. Manage Compliance Risk faced by the Bank.
3. Ensure that the policies, provisions, systems, and procedures as well as the activities carried out by the Bank are in accordance with the provisions of the Regulators and applicable laws and regulations.
4. Ensure the Bank's compliance with commitments made by the Bank to Bank Indonesia, Financial Services Authority, and/ or other authorized supervisory 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 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 AGMS on March 20, 2018 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) which is an independent working unit separated from other working units and is under the responsibility of the Director in charge of Compliance Function. Compliance Working Unit is responsible for the implementation of Danamon's compliance function. As the Main Entity in Danamon Group Financial Conglomeration, Danamon's Compliance Working Unit also performs the function of the Integrated Compliance Working Unit (SKKT). In 2017, the Regulatory Compliance has updated the Policy regarding Compliance Function and Compliance Working Unit through the Decree of the Board of Directors No. KEP: DIR-COMP-020 dated December 28, 2017, which covers compliance culture, compliance function, compliance risk management, and reporting.

The roles and responsibilities of Compliance Working Unit are as follows:

1. Create steps to support the creation of a compliance culture in all business activities of the Bank at every level of the organization;
2. Identify, measure, monitor and control the risk of compliance by referring to the rules of the Financial Services Authority;
3. Assess and evaluate the effectiveness, adequacy and suitability of policies, regulations, systems and procedures that are owned by the Bank with the applicable laws and regulations;
4. Conduct review and/ or recommend the updates and improvement of policies, regulations, systems and procedures owned by the Bank to align with the provisions of the Financial Services Authority and prevailing laws and regulations, including Sharia principle for Sharia Commercial Bank and Sharia Business Unit;
5. Carry out efforts to ensure that the policies, provisions, systems and procedures, as well as the Bank's business activities are in accordance with the provisions of the Financial Services Authority and the provisions of legislation; and
6. Carry out other tasks related to the compliance function.
7. Integrated Compliance Working Unit, among others, has the task of at least monitoring and evaluating the implementation of the compliance function in each Financial Service Institution in the Financial Conglomeration.

## Implementation of Duties of Compliance Working Unit in 2018

The implementation of duties and responsibilities of the Compliance Working Unit throughout 2018 were as follows:

1. Training and Socialization  
As part of the efforts to build compliance culture, Compliance

Working Unit organized various trainings and socialization for all Danamon's employees. The trainings were done by the method of face to face meeting (classroom) and through e-learning method. At the end of May 2018, the Compliance Working Unit developed 2018 Compliance e-learning which must be taken by all Bank employees. As of December 31, 2018, 72.2% of employees have completed the 2018 Compliance e-Learning. Employee turnover is a contributor to the number of employees who have not taken the refreshment of Compliance e-learning.

In 2018, the Compliance Working Unit has organized 28 trainings/socializations to the relevant working units. During 2018, Compliance Working Unit has delivered new regulations to the related working units (both the Bank and its subsidiaries). Compliance Working Unit in collaboration with related working units discussed the implementation of fulfilling the regulations, including the matters that must be met and the deadline.

2. 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 2018, Danamon conducted 257 compliance reviews and 26 policy reviews. In addition, the Compliance Working Unit developed monitoring and testing function to see whether remedial action was required on some processes related to Danamon's products/ activities.

3. Monitoring Compliance to the Prudential Regulations

The Compliance Working Unit regularly monitors the Danamon's compliance to the prudential regulations in the form of key regulatory parameters, namely the ratio of LLL, GWM, NPL, NOP, Participation and CAR. During 2018, there were no violations based on the regulatory parameters set.

4. Compliance Risk Management

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

5. Commitment to OJK and Regulators

The Compliance Working Unit monitors and ensures compliance of follow-up commitments related to the results of examination conducted by the Regulator on a regular basis. During 2018, all commitments from the regulatory audit results can be fulfilled and do not exceed the agreed deadline. The Compliance Working Unit also acts as liaison regarding the implementation of compliance for internal and external parties.

6. The implementation of the Integrated Compliance Working Unit Function is disclosed in the Integrated Corporate Governance section.

**Development of Human Resources in Compliance Working Unit**

As of December 2018, the Compliance Working Unit was supported by 23 staff (including the Head of the Compliance Working Unit) with the majority of staff having over 5 years of experience working in the banking sector with adequate capability. Danamon always provides opportunity to the staffs of the Compliance Working Unit to increase their knowledge and competence to support their work performance. Some of the material of training/ seminars/ workshop both internal and external that have been attended by Compliance Working Unit staffs, are as follows:

Internal	External
Leader's Giving Back: Leadership in Present Era	Provisions on Literacy & Financial Inclusion
Sharia Product	Socialization of Bank Indonesia Regulation of Financial Technology
Risk Management Certification Training Level 2	Gateway of National Payment (GPN) Implementation Progress
Risk Management Certification Training Level 1	POJK concerning Structured Product and Systemic Banks
Thought Leadership Café with Edwin Soeryadjaya: Crisis, Comebacks & Character	Socialization of several commercial bank provisions issued in the third quarter
Risk Management Certification Refreshment Level 4 (Macroeconomic Factors Affecting Business & Banking Risk)	
Compliance Workshop	
LOR and NSFR Training	
Basic Sharia Banking Principle	
Crucial Conversation Training	
Anti Social Element	
Operational Risk Management	
Secured & Un-secured Loan Training	
D-Talk With Yotaro Agari "Leading Through Diversity"	
US Sanction	
Guidance for Volker Rule	

Internal	External
Indonesian Banking Expo	
Cyber Crime Security	
D-Talk with Aryan Pramudito	
Risk Management Certification Refreshment	
Sustainable Finance for Banking Sector	

**Compliance with Primary Regulations**

Parameter	Requirement	Compliance
Capital Adequacy Ratio (CAR)	Min. 9% s/d <10% (BUKU 3)	Comply
Statutory Reserve Requirement (GWM)	Primary IDR Min. 6.5% Primary USD Min. 8% Secondary Min. 8%	Comply Comply Comply
Non Performing Loans (NPL)	NPL Net Max. 5%	Comply
Net Open Position (NOP)	Max. 20%	Comply
Related Parties' Legal Lending Limit (LLL)	Max. 10%	Comply
Portfolio of Investment	Max. 25%	Comply

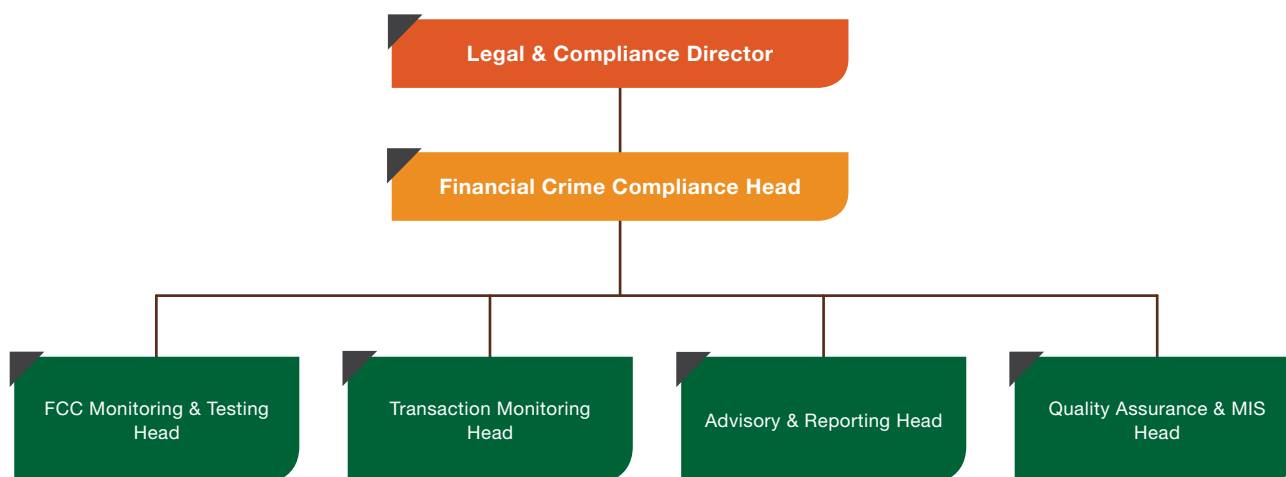
**IMPLEMENTATION OF ANTI-MONEY LAUNDERING (AML) AND COUNTER-FINANCING OF TERRORISM (CFT) PROGRAM**

**Organization**

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

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-Financing of Terrorism Program, including the commitments made by Danamon to Financial Services Authority/ Bank Indonesia and reporting to the regulators in accordance with prevailing regulations.

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





Danamon consistently makes efforts to increase the quality of AML and CFT program, through active monitoring from the Management, refinement of policies, organizing training programs, and improvement of information systems and other initiatives.

The Framework for the Implementation of Anti Money Laundering (AML) Program and the Counter-Financing of Terrorism (CFT) is illustrated in the Three Lines of Defense concept as follows:

#### 1. First Line of Defense

The first line of defense is the most important line of defense in preventing Crime of Money Laundering and Financing of Terrorism, detecting the possibility of such crime and identifying weaknesses and vulnerabilities in controlling AML and CFT implementation. The Business/ Operations/ Control Unit are the units that conduct daily corporate activities as the frontline of Danamon

#### 2. Second Line of Defense

The second line of defense is carried out by the FCC Working Unit at the Head Office with duties and responsibilities include preparing the methods and tools that can be used by the first line of defense to carry out their duties and responsibilities, preparing adequate policies and procedures, systems and trainings, and ensuring that the first line of defense has performed its function well.

#### 3. Third Line of Defense

This function is runned by internal auditors, as well as external auditor, to ensure the implementation of AML and CFT Program in the first line of defense and the responsibilities of the second line of defense have been carried out effectively.

### Implementation of AML and CFT Program Throughout 2018

#### 1. Evaluation on Policy and Procedures

- a. In order to comply with the provisions of the Financial Services Authority as well as other provisions related to the application of AML and CFT, Danamon has refined the internal regulations of AML and CFT with the issuance of 29 internal regulations.
- b. Reviewed 25 new draft policies and/ or products and application forms based on the requests of Bank Danamon's working units and socialized 4 AML Forum to ensure its conformity with the implementation of AML and CFT Program.
- c. Report on a periodic basis to the Management (Board of Commissioners and Board of Directors) relating to the implementation of AML and CFT program in the form of presentation in the RMC forum and Monthly Report.
- d. Published information related to the implementation of AML and CFT program on Danamon's website among others providing information related Bank's General Policy, US Patriot Act, Wolfsberg AML Questionnaire.

#### 2. Monitoring and Evaluation Process

- a. Monitoring & Testing  
In order to ensure the implementation of AML and CFT program in Branch Offices (Sales & Distribution), FCC

conducted monitoring & testing both actively and passively, including thematic testing to assess the awareness, effectiveness and quality of data on the implementation of the AML and CFT program compared to the provisions that govern. In addition, FCC has made an initiative to make compliance reports and completeness of customer data (KYC) through the Branch AML CFT Report (BAR).

During 2018 (January - December), FCC Monitoring & Testing has carried out monitoring & testing as follows:

- 1) Actively to 4 (four) Branches in 4 (four) Areas namely MBD Branch (SnD 02 Jakarta), Bandung Asia Africa Branch (SnD 05 West Java), Surabaya Governor Suryo Branch (SnD 07 East Java) and Medan Diponegoro Branch (SnD 09 North Sumatra).
- 2) Passively to 4 (four) Branches in 4 (four) Areas, namely Kelapa Gading 1 Branch (SnD 01 Jakarta), Kebon Sirih Branch (SnD 02 Jakarta), Kebon Jeruk Intercon Branch (SnD 04 Jakarta), and Medan Putri Hijau Branch (SnD 09 North Sumatra).
- 3) Thematic testing to:
  - a) Customers who have suspicious financial transactions in 4 (four) branches, namely: Cibubur Time Square Branch, Jakarta Cinere Branch, Prabumulih Branch, and Denpasar Branch Hayam Wuruk.
  - b) Customers with business type of Money Transfer Services in 10 (ten) Branches namely: Tegal Sudirman Branch, Jakarta Fatmawati Branch, Cirebon Yos Sudarso Branch, Blitar Merdeka Branch, Medan Katamso Branch, Pasar Lamongan Micro Branch, Tanjung Redeb AKB Sanipa Branch, Jakarta Kebon Branch Jeruk Intercon Branch, Jakarta Roxy Mas Branch, and Jakarta MBD Branch.
  - c) Customers in the category of PEP/ PEP Family/ Close People of PEP in 4 (four) Branches namely: Jakarta MBD Branch, Jayapura A. Yani branch, Jakarta Matraman Branch, and Ambon Diponegoro Branch.
  - d) Non Personal Customers (see the completeness of information on Beneficial Owner) at 12 SnD with a sample of 10 (ten) Customers who have the highest balance.

- b. Monitoring on Completeness of Customer Data  
Monitoring of the quality and completeness of customer data is performed continuously using several methods/ processes:

- 1) During 2018, monitoring on the fulfillment of AML CFT mandatory data on the opening of CIF and new accounts in the current year, opening of new accounts using the old CIF in the current year. As of December 2018, from the opening of CIF/ Account as many as 479,793 it is known that the number of CIF/ Account openings whose data is complete is 479,070 or 99.84%.

- 2) Updating Data is also one method of monitoring customer data quality. Updating data is the Bank's commitment to the FSA where the target data and the progress is submitted to the FSA every year through Compliance Report. As of December 2018, there have been 10,947 CIF (92.19%) data updates from the set target of 11,875 CIF.
- 3) Monitoring the quality of Customer data through AML System (Customer Due Diligence & Watch List Filtering):
  - a) CDD (Customer Due Diligence) Alert in AML System if there is a significant change in risk value and for new opened account with high risk level or PEP. During 2018, monitoring was carried out on 5,646 alerts, and requested corrections or completeness of data/ information if there were still incomplete/ inadequate data.
  - b) Alert WLF (Watch List Filtering), is a screening process on new opened CIFs for PEP and Negative List data held by the Bank, using World Check databases (including OFAC) and DTTOT - Proliferation of WMD. During 2018, analysis of 3,866 screening alerts was conducted. There were 40 (forty) positive hit alerts with PEP data that require data corrections or adjustments by Branch or other related Working Units and 10 (ten) alerts being escalated to the FCC Transaction Monitoring unit to be followed-up due to negative news.
- 4) Bank also regularly conducts periodic screening of all existing CIF, which is one method of monitoring the Customer to ensure there are no customers who belong to the Negative List (DTTOT, proliferation of WMD, Negative News and OFAC). From the results of the screening, it was known that 901 CIFs were PEPs/ related to PEP so that data corrections or adjustments by Branch or related working unit were needed.
- 5) Monitoring the quality of Customer data is also conducted based on input from FCC Transaction Monitoring related to the results of the analysis of customer transactions. During 2018 there were 5 (five) CIFs that were requested to branches or other related working units to carry out the data update or adjustment so that the data stored in the system is the latest data.

- c. Branch AML CFT Report (BAR)
 

In order to evaluate the application of the AML CFT regulation properly and correctly by all Branches and also to proactively exercise control and to ensure that the implementation of the CDD/ EDD is in accordance with the Bank's risk appetite and in line with applicable regulations, in 2018 BAR (Branch AML CFT Report) project is made. BAR report will be delivered to the CEO and to all Regional Heads related to the assessment that has been conducted on all SnD Branches, per semester each year and will begin in the 1st semester 2019.

The variables used in preparing the referred BAR (Branch AML CFT Report) report are among others:

No	Variable	Weight
1	KYC Blank for the opening of CIF and accounts in current year (year of report preparation), excluding the opening of the Pegasus Adira CIF and account, D'Save and Laku Pandai.	30%
2	Invalid data on CIF opening for the current year (year of report preparation), excluding the opening of Pegasus Adira CIF, D'Save and Laku Pandai.	30%
3	Target of data updates to FSA for the current year (year of report preparation)	15%
4	Completion of the previous year's Updating Data	10%
5	Completion of outstanding KYC Blank in the previous year	10%
6	The participation of the e-learning in the year of report making version	5%

### 3. Training and Socialization

Employees' understanding of AML and CFT is very important. Danamon together with Danamon Corporate University (DCU) coordinates training and socialization of AML and CFT 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 as mandatory training, where employees recruited within the period 1 January – 30 September 2018 were obliged to take and pass the AML and CFT e-learning module version 2018.

During 2018, 9,751 employees or 98.71% of the total permanent employees as of September 30, 2018 (excluding SEMM employees) have received training in the AML and CFT field through the method of 2018 e-learning.

In addition to training related to the provisions of AML and CFT, during 2018 socialization of BAR (Branch AML CFT Report) Project and ASE (Anti-Social Element) was conducted, with details as follows:

- a. BAR (Branch AML CFT Report), with discussion material on the reports to be used to provide an assessment of

the Branch related to the implementation of AML and CFT provisions, the assessment will be effective starting in January 2019.

The socialization was carried out to 294 employees consisting of Regional Head, Area Manager, RTSH, Branch Manager, Branch Support, ROSM and Branch Control.

- b. ASE (Anti-Social Element), with discussion material on the screening process for personal and non-personal Customers who have Japanese citizenship status.  
The socialization was conducted in 4 (four) cities, namely: Jakarta (SnD 01 to 04), Bandung, Surabaya, and Bali with 815 socialization participants consisting of Regional Heads, Area Managers, RTSH, Branch Managers, Branch Service Managers, Relation Officer, Sales and Service Officer, Branch Support, ROSM and Branch Control.
- c. BWRA (Bank Wide Risk Assessment), identifies the risk of applying AML CFT in Bank Danamon by comprehensively

evaluating Customer Profiles, Products and Services, Geographical Areas and Distribution Networks by referring to OJK provisions related to AML CFT, Sectoral Risk Assessment (SRA) and National Risk Assessment (NRA) issued by FSA and PPAATK.

- 4. Reporting  
Danamon has carried out reporting activities as stipulated by the Regulation. The reports are Suspicious Transaction Report (STR), Cash Transaction Report (CTR), International Fund Transfer Instruction (IFTI) and Integrated Services User Information System Report (SIPESAT). In addition to the reporting, Danamon also provides responses to requests for data and information from external parties (PPATK, KPK, BI, Police and other third parties).

The following is the number of reports and responses to requests for information from external parties that have been carried out until December 2018:

Total Reporting in 2018				
STR	CTR	IFTI	SIPESAT	Response to External Party Letters
1,276	71,658	219,817	446,789 CIF	469

- 5. Management Information System  
Danamon enhanced the monitoring and screening of customer transactions/ profiles application (AML System) in order to improve control and effectiveness in identifying suspicious financial transactions using periodically adjusted parameters, including:
  - Screening SWIFT transactions
  - Automation of data taking which was previously done manually
  - Improvement of workflow in the process of investigating customer transactions
  - Check the amount of data and nominal transactions between data sources and AML System
- 6. Audit  
In October 2018, audit on the implementation of AML and CFT was conducted by Internal Audit (SKAI) and until the end of December 2018 was still in the process of discussing and finalizing the findings of the audit results.
  - Enhancement of logic withdrawals and formation of reporting data
  - Improved control and monitoring functions of data that need to be reported to PPAATK
  - Check the amount of data and nominal transactions between data sources and CTR Web

In addition, Danamon also enhanced to the reporting application to PPAATK with the aim of increasing control and accuracy as well as completeness of the information in the reports submitted to PPAATK, including:

## Internal Audit Working Unit (SKAI)

### Structure and Position of SKAI

Internal Audit Working 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 SKAI 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 Board of Commissioners and Board of Directors 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), Implementation of Standards for Commercial Bank's Internal Audit Functions (SPFAIB), Bank Indonesia regulation, Financial Services Authority (FSA) regulation, and Company's Code of Conduct. SKAI helps the 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 and Subsidiaries' activities, functions, records, property, and personnel while adhering to the confidential principle of bank and/ or company in accordance with the applicable laws and regulations, professional secrecy, and personal rights as well as guarantees the application of anti-tipping off principles in conducting audit of Anti Money Laundering and Counter-Financing of Terrorism (AML CFT).

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 adhering to the Danamon's Code of Conduct, SKAI is also guided by the Internal Audit Charter and Auditor's Code of Ethics, which regulates the existence and function of SKAIT and includes auditor professional standards as stipulated in the International Professional Practices Framework by The Institute of Internal Audit (covering the principle of integrity, objectivity, confidentiality, and competence).

### Appointment, Dismissal, and Legal Basis for Appointment of Head of SKAI

The 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 SKAI is reported to the OJK along with the reasons for appointment/dismissal.

Since June 1, 2016 Evi Damayanti has served as the Chief Internal Auditor (Head of SKAI) of Danamon. But in December 2018 there was a change in the Head of the Internal Audit Working Unit. Since December 10, 2018, the Integrated Internal Audit Working Unit (SKAIT) has been led by Nathan Tanuwidjaja as an acting of the Head of SKAI replacing Evi Damayanti in accordance with the letter addressed to OJK No. B.869-Dir dated December 12, 2018 concerning Submission of Dismissal of Head of Internal Audit Working Unit (SKAI) and Temporary Appointment of Head of SKAI PT Bank Danamon Indonesia Tbk. ("Company").



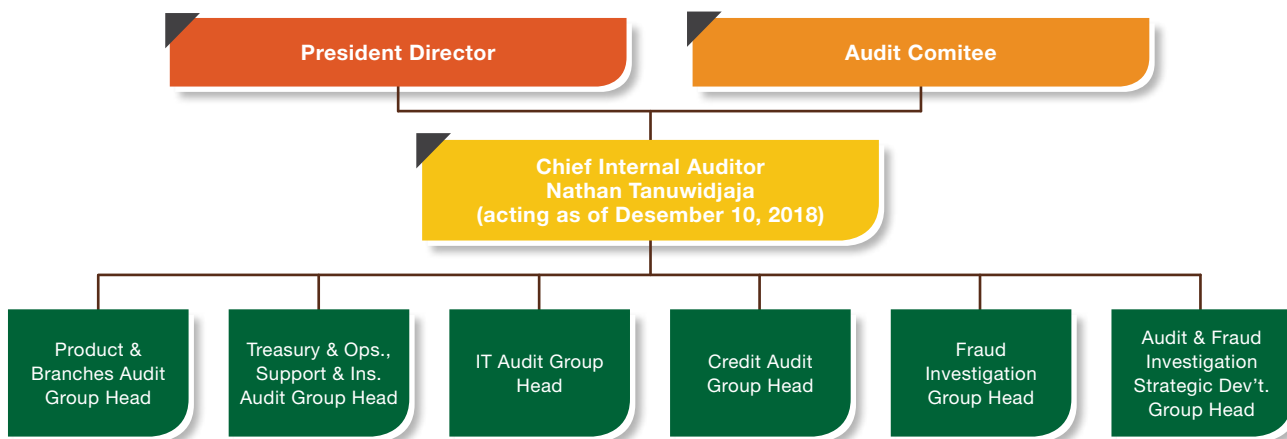
Nathan Tanuwidjaja, MSc  
Head of SKAI (Acting)

Nathan Tanuwidjaja, MSc has a Master's degree from Columbia University, New York, USA. He has more than 12 years career experience in the banking industry, including 2 years career at Bank Central Asia. Besides that, 10 years of experience at PricewaterhouseCoopers as Global Risk Management Solutions - Senior Manager. In Danamon, he has served as an IT

Audit Group Head for 4 years, as a Branches and IT Audit Group Head for 3 years, as a Retail and IT Audit Group Head for 3 years, and as an IT, Treasury and Operation Audit Group Head for 1 year.

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**Organizational Structure of SKAI**



**Duties and Responsibilities of Integrated SKAI**

SKAIT has duties and responsibilities, among others:

- a. Make an annual audit plan with a risk-based methodology and implement the approved annual audit plan, including specific tasks/ projects;
- b. Review and provide recommendations for the annual audit plan of the subsidiaries' Internal Audit;
- c. Improve adequate knowledge, expertise, experience and professional certifications;
- d. Monitor and review the implementation of audits from Internal Audit of subsidiaries;
- e. Prepare and submit reports to OJK, in the form of implementation reports and the main results of internal audit, special reports on each internal audit finding that are expected to disrupt the continuity of the bank's business, as well as external party review reports containing opinions on the results of SKAI's work;
- f. Recommend improvement plans for audit findings to related units as well as monitor and ensure that corrective actions have been carried out by management effectively;
- g. Conduct regular meetings with Internal Audit of subsidiaries at least every quarter;
- h. Develop a program to evaluate the quality of the carried out internal audit activities;

Duties and responsibilities are regulated in the Integrated Internal Audit Charter and delivered in the Integrated Corporate Governance Report.

**Internal Audit Priority in 2018**

- a. SKAIT continues the focus of audits on high-risk entities and those with extensive branch networks.
- b. SKAIT pays special attention to business lines and areas that are transforming.
- c. SKAIT continues to improve auditor competencies through trainings, both on product knowledge and procedures, as well as training in understanding risk management and audit processes and professional certifications.
- d. SKAIT continues to develop analytical functions by continuing to develop the scope of the data analyzed.
- e. SKAIT continues the quality assurance process and studies internal audit best practices in the banking industry (Danamon's SKAI), the financing industry (ADMF's Internal Audit Unit), and the insurance industry (AAD's Internal Audit Unit) as a comparison.
- f. Danamon's SKAI together with the ADMF's and AAD's Internal Audit team conduct joint audits in each of the related entities.
- g. Danamon's SKAI together with ADMF's and AAD's Internal Audit team routinely coordinate, align and share knowledge.

### Audit Plan and Realization as of December 31, 2018

During 2018, SKAIT has conducted internal audit activities as follows:

1. Danamon's SKAI has conducted audit on 295 entities in Danamon:

#### Plan and Realization of Audit Implementation as of December 31, 2018

Danamon	Audit Plan 2018	Audit Realization 2018
a. Head Office Audit	43	47
b. Regional Office Audit	36	29
c. Branch Audit:		
Conventional Branches	126	133
Self Employed Mass Market (SEMM)	85	86
Total Audit of Branches	211	219
<b>Total Audit</b>	<b>290</b>	<b>295</b>

2. 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 Danamon's SKAI.

#### Plan and Realization of Audit Implementation as of December 31, 2018

ADMF	Audit Plan 2018	Audit Realization 2018
a. Head Office Audit	12	16
b. Regional Office Audit	50	59
c. Branch Audit	96	95
<b>Total Audit</b>	<b>158</b>	<b>170</b>

#### Plan and Realization of Audit Implementation as of December 31, 2018

AAD	Audit Plan 2018	Audit Realization 2018
a. Head Office Audit	6	6
b. Branch Audit	6	6
<b>Total Audit</b>	<b>12</b>	<b>12</b>

### Development of Human Resources

As of December 2018, the total number of personnel of Danamon's SKAI was 158 personnel domiciled at headquarters and in regional audit offices (KPW) across Jakarta, Semarang, Surabaya, Medan, Makassar and Balikpapan, which was established in early 2018. Moreover, the Internal Audit of ADMF had 71 personnel and the Internal Audit of AAD 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 trainings and certifications to meet the required competencies at every level.

Training, self-development, and certification that was taken by Integrated SKAI staff throughout 2018:

International Certification	Number of Personnel
Certified Internal Auditor (CIA)	4
Certified Fraud Examiner (CFE)	3
Certified Ethical Hacking (CEH)	3
Certified Incident Handler (CIH)	1
Certified Information System Auditor (CISA)	3
Certified Information System Security Professional (CISSP)	1
Certified Information System Manager (CISM)	1
Financial Risk Manager (FRM)	1
Certified Anti-Money Laundering Specialist (CAMS)	1

International Certification	Number of Personnel
Qualified Internal Auditor (QIA)	59
Risk Management Certification (SMR), Level I	120
Risk Management Certification (SMR), Level II	36
Risk Management Certification (SMR), Level III	8
Risk Management Certification (SMR), Level IV	1
Sertifikasi Dasar Pembiayaan Managerial oleh Lembaga Sertifikasi Profesi Pembiayaan Indonesia (SPPI)	8
Ajun Ahli Asuransi Indonesia Kerugian (AAAIK)	3
Certified Risk Management Officer	1
Certified General Insurance (CGI)	4

#### Implementation of Training and Workshop in 2018

No	SKAIT	Personnel Per Dec 2018	Implementation of Training and Workshop	Mandays
1	Danamon's SKAI	158 people	71	11 days
2	ADMF's Internal Audit Unit	71 people	30	8 days
3	AAD's Internal Audit Unit	10 people	22	6 days

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## Company's Accountant/ External Auditor

### Appointment of Company's Accountant

Based on AGMS Danamon that was held on March 20, 2018, the appointment of Drs. Jusuf Wibisana, M. Ec., CPA as Public Accountant (AP) and Public Accounting Firm (KAP) Tanudiredja, Wibisana, Rintis & Partners (member firm of PwC's global network) as KAP registered at the Indonesian Institute of Public Accountants (IAPI) and the Financial Services Authority to audit the Company's consolidated financial statements for fiscal year 2018 was approved. As well as the determination of the amount of honorarium and other requirements associated 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 by considering the proposal of the Board of Commissioners.

The proposed appointment of AP and/ or KAP 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 insiders in KAP;
- audit scope;
- remuneration of audit services;
- skills and experiences of AP, KAP, and Audit team of KAP;
- methodology, techniques, and audit tools used by KAP;
- benefit of fresh eye perspectives obtained through the changing of AP, KAP, and Audit Team of KAP;
- potential risk on the use of audit services by the same KAP consecutively for a long period of time.

### Other Services besides Financial Audit

The Public Accounting Firm throughout 2018 provided services other than audit services. Other services fees that are quoted are less than the fees for audit services.

### Audit Period and Accountant's Honorarium

The Public Accountants/ Public Accounting Firms who provide financial audit services and honorarium for audit implementation are as follows:

Year	Public Accounting Firm (KAP)	Name of Accountant	Service Fee
2018	Tanudiredja, Wibisana, Rintis & Partners (member firm of PwC global network)	Drs. M. Jusuf Wibisana, M.Ec, CPA	Rp 4,405 billion
2017	Tanudiredja, Wibisana, Rintis & Partners (member firm of PwC global network)	Drs. M. Jusuf Wibisana, M.Ec, CPA	Rp 4,346 billion
2016	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Yasir	Rp 4,112 billion
2015	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Benyanto Suherman	Rp 4,112 billion
2014	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp 4,112 billion
2013	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp 3,880 billion
2012	Purwantono, Sungkoro & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	USD 400,000

### Effectiveness of External Audit Implementation

The Audit Committee reviews the effectiveness of audit implementation, 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 audit conducted.

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

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

Evaluation of the Audit Committee on the implementation of audit services on annual historical financial information by the forementioned

AP/ KAP is done through:

- Alignment of audit implementation by AP and/ or KAP with prevailing standards of audit;
- Adequacy of field work time;
- Assessment of the scope of services provided and the adequacy of the quotation test;
- Recommendations for improvement provided by AP and/ or KAP.

### Relationship between Bank, Public Accountant, and Financial Services Authority

Danamon as an audited party openly 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 examination 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 clean presentation of financial statements. The audit results have been communicated by the Public Accountant/ Public Accounting Firm to the Management, Audit Committee, and Financial Services Authority.



# Risk Management

Corporate Data

Corporate Social Responsibility

Good Corporate Governance

Operational Review

Management Discussion and Analysis

Company Profile

Management Report

Main Highlights

## Implementation of Integrated Risk Management

The approach taken in supporting the effective application of risk management is to carry out a holistic approach to manage Danamon's risks in a comprehensive manner that includes 4 pillars, namely:

1. Active supervision of Board of Commissioners and Board of Directors
2. Adequacy of policies, procedures and limit setting
3. Adequacy of identification, measurement, monitoring and risk control processes and risk management information systems
4. Risk management internal control system.

In line with the practice in the banking industry and in accordance with the Financial Services Authority Regulation (POJK), Danamon has an integrated Risk Management function that is centralized and independent from Risk Taking Units. The Integrated Risk Management function covers the management of the main risks inherent in the activities of Danamon and Subsidiaries. The implementation of the integrated risk management function is carried out by the Integrated Risk Management Unit which is responsible to the Integrated Risk Director.

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

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

## Supervision of the Board of Commissioners and Board of Directors

The Board of Commissioners and Board of Directors actively supervise the implementation of risk management through committees:

- a. Risk Monitoring Committee
 

With the highest authority at the Board of Commissioners level, this committee functions as a supervisory board to monitor and provide recommendations to the Board of Commissioners in relation to the implementation of risk management strategies and policies and to evaluate the responsibility of Board of Directors in managing risk exposures.
- b. Risk Management Committee
 

At the Board of Directors level and is responsible for evaluating and providing recommendations to the President Director

regarding the management of the overall risk both at Danamon and Subsidiaries by monitoring the implementation of risk strategies, policies and evaluating significant risk issues.

## Effectiveness of the Risk Management System

Danamon uses the Integrated Risk Management approach as an approach to manage all risks in an integrated manner, which links between strategic planning, risk appetite, business execution, risk assessment and performance evaluation, in an effort to optimize business growth and maximize Stakeholder value.

Danamon has set Risk Appetite Statement (RAS) which outlines the level and characteristics of risks that are able to be accepted by Danamon in carrying out its activities to achieve the objectives set by the shareholders. The application of RAS to the Lines of Business and Subsidiaries has been carried out since 2017. The RAS parameters and thresholds will be reviewed regularly every 2 years, to ensure the suitability of RAS with internal and external business conditions.

The Board of Directors and senior management are responsible for ensuring that the Risk Management Framework is effective and can mitigate the risks to be faced and includes detailed policies that regulate the limits of the prudential principles extensively towards Danamon's activities.

The evaluation of the effectiveness of risk management is carried out by the working unit through periodic self assessments and evaluations carried out by the Internal Auditor on the risk assessment methodology, adequacy of system implementation, management information systems, and the accuracy of policies, procedures and limits. In 2018, the assessment of the effectiveness of Danamon and Subsidiaries' risk management is satisfactory with risk level at 2 (low to moderate).

## Type of Risk and Its Management

The risks inherent to Danamon individually include Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk, Yield Risk and Investment Risk. While the risks inherent in integrated risk management also include Intra-Group Transaction Risk and Insurance Risk. Further explanation is as follows :

**Credit Risk**

Credit risk is risk due to failure of debtors and/or other parties in fulfilling their obligation to Bank and/ or Subsidiaries, including credit risk due to debtor failure, credit concentration risk, counterparty credit risk and settlement risk. Credit risk is managed through established policies and procedures covering credit granting 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 risk of price 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, in the trading book and banking book position, which has the potential to cause losses to the bank.

**Operational Risk**

Operational Risk is a risk arising from inadequacy and/ or dysfunction of internal processes, human errors, system failures and/ or the presence of external events that affect operational activities. Operational risk management is carried out to minimize impacts that can lead to financial losses and reputation damages. Operational risk management also includes management of information security risks (including cyber security risks) and technology risks.

**Information Security Risk (including cyber security risks)**

Information Security Risk is a risk related to the use of Bank's information and/ or data on potential risks related to Confidentiality, Integrity and Availability.

**Technology Risk**

Technology Risk is the potential for losses arising from excessive use or because of dependence on systems related to computers/ technology to support business and operational processes.

**Liquidity Risk**

Liquidity Risk is a risk due to the inability of the Bank/Financial Conglomeration to fulfill its obligations maturing from cash flow funding sources and/ or from high-quality liquid assets that can be used as collateral, without disturbing the activities and financial conditions of the Bank/Financial Conglomeration.

**Reputation Risk**

Reputation Risk is risk due to the lessening of stakeholder's trusts as the result of negative perception. 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. On a consolidated basis, the Bank's Reputation Risk management team works with the risk management team in the Subsidiaries

**Strategic Risk**

Strategic Risk is the risk arising from inaccuracy in taking and/ or implementing any strategic decisions and failure in anticipating modification in business environment. Strategic risk management is carried out through the analysis of business strategy conformity with the business environment conditions. Strategic Risk is related to areas: business plan, information technology and human resources.

**Compliance Risk**

Refers to risk due to in compliance and/ or failed to obey the prevailing regulation and provisions. Compliance risk is managed by an independent working unit that performs the compliance function.

**Legal Risk**

Legal Risk is risk due to legal claim and/ or constraints in the juridical aspect. Legal risk management is carried out through a process of identification of the factors that can cause legal risk in the line of business, products, processes and information technology that have an impact on the financial position and reputation of the Bank. In an integrated manner, the Legal Risk management team also works with the legal risk management team in the Subsidiaries.

**Investment Risk**

It is a risk due to Bank and/ or Subsidiaries taking part in bearing the loss of the customer's business financed in profit-sharing financing on profit and loss sharing or net revenue sharing basis. Investment Risk is managed by the Sharia Business Unit, both at the Bank and the Subsidiaries.

**Yield Risk**

Yield Risk is the risk of yield fluctuations that bank pays to customers, because there is a fluctuation in yields which is received by Bank and/ or from the distribution of funds, which can affect the behavior of customers of third party funds. This Yield Risk is managed by the Sharia business unit, both at the Bank and subsidiaries.

**Intra-Group Transaction Risk**

Risk due to the dependency of any entity either directly or indirectly towards other entity in the Financial Conglomeration with regard to fulfill obligation of the written agreement and non-written agreement either followed by funds transfer and/ or not followed by funds transfer. The management of Intra Group Transaction risk is carried out by the Bank together with the Subsidiaries.

**Insurance Risk**

Insurance Risk is the risk due to the failure of insurance company to fulfill its obligation to policyholder as the effect of inadequacy in underwriting, pricing, use of reinsurance, and/ or claim handling. Management of Insurance Risk in an integrated Financial Conglomeration has been carried out by the Insurance Subsidiary with supervision from Danamon as the Main Entity.

Specific discussion of the types of risks, management efforts and risk management organizations is disclosed in the Risk Management Operational Review in the Danamon's Annual Report.

**Achievement of Integrated Risk in 2018****Integrated Risk Management:**

- Implementation of Integrated Risk Management in Danamon and Subsidiaries in the Financial Conglomeration.
- Refinement of the Risk Profile report according to regulatory provisions.
- Preparation and submission of Sustainable Finance Action Plan for the period 2019-2023 in order to fulfill POJK no. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies.
- Updating the Recovery Plan in accordance with the Financial Services Authority Regulation No. 14/POJK.03/2017 for Systemic Banks.
- Carry out the Risk Academy on continuous basis as a risk management learning tool for all Bank's employees through face-to-face training in classrooms, as well as creating and implementing various types of e-Learning modules related to risk management.
- Carry out bankwide stress tests according to Basel II at least once a year.
- Carry out the ICAAP framework that the Bank has already had continuously.
- Implementation of various Risk Culture programs that focus on campaigns regarding the application of the Three Lines of Defense.

**Credit Risk Management:**

- Renewed the Internal Rating Model for Corporate, Commercial, Financial Institutions and Financing Company business lines which includes review of segmentation and Internal Model logic, Model Refinement and Validation, along with calibration of PD, LGD and EAD, have been completed and implemented properly.
- Development of an Early Detection Model (Early Warning Indicator) for the Corporate and Commercial business lines.
- Development of the Risk Based Pricing Model for the Corporate and Commercial business lines.
- Scorecards and Internal Rating models have been developed in the Small Medium Enterprise (SME) business line.
- Scorecards model has been developed for the line of business of Home Ownership Credit (KPR) and Multipurpose (KMG).
- Implementation of the Cross Selling Scorecard Model for credit card & Unsecured Credit (KTA) financing based on customer savings cash flow data has been implemented.
- Development of PSAK 71 or IFRS9 Models for business lines of Corporate, Commercial, Financial Institution, Financing Company, SME, KPR, KMG, Credit Card, KTA, Micro Credit (SEMM), Vehicle Ownership Loans, Consumer and Investment Loans, has been conducted well.
- The Bank has updated the Credit Risk Policy which has been applied bankwide.
- Set and classified various types of industries into industrial groups with high, medium and low risk levels. Bank will focus its growth on industries with moderate and low risk levels.
- Continued to focus on acquiring new credit in low-risk business

lines such as Mortgage and conducted CrossSell.

- Limited credit provision to high-risk groups such as ABF and UPL.
- Stopped the provision of high-risk loans in the Micro Credit (SEMM) business and strengthened the Collection strategy.
- Has implemented the credit system infrastructure such as the Credit Processing System (CPS) in the SME business line and the Rules Based Engine in the SME business line.
- Regularly review all processes, policies (including adjustments required by Regulator regulations), authorities and relevant limits and will adjust them if necessary.
- Routinely review Danamon's product programs, in terms of portfolios, criteria, limitations and other provisions, and make adjustments needed.
- Periodically conduct backtesting to assess the adequacy of credit reserves. If needed, additional credit reserves will be made based on the results of the backtesting.

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

- Increased the independence of the functions and roles of operational risk officers in the lines of business, support functions and Subsidiaries.
- Improved the Operational Risk Management System (ORMS) application to increase effectiveness in managing comprehensive operational risk in the Bank and Subsidiaries.
- Built awareness of Operational Risk Management through E-Learning, risk academy modules, email blasts, anti-fraud awareness videos to increase awareness of all levels of management and employees on the importance of managing operational risk.
- Implementation of ORPA (Operational Risk Pre Assessment) to review the risks of proposed new strategic initiatives, along with the recommendations of the risk mitigations.
- Self Raise Issue campaign to provide a means for employees to raise an issue that has potential to cause operational risk.
- Implemented an escalation mechanism for operational risk potential/ events.
- Implementation of Risk Acceptance to ensure that issues that cannot be mitigated at all but the process/ activity will be continued to be carried out and the risks will still be borne by the Bank; hence must be requested for the risk acceptance and action plan for operational risk issues that have yet to be completed that has been approved by management.
- Improved the Risk Control Self Assessment method by implementing the RCSA Workshop (RCSA top down approach)
- Increased the ability of early detection of potential fraud by providing Whistle-blower reporting channels through independent third party.

**Information Risk Management:**

- Developed Danamon Information Security Policy which is a basic sign and as a guide to the application of the risk management of Information Security aspect in Danamon.
- Conducted Information Security Assessment to measure the maturity levels and recommendations related to the application

of Danamon's Information Security Policy.

- Carried out a gradual implementation of the Bank's Information Security Policy by prioritizing and focusing according to the agreed implementation strategy.
- In order to manage risks related to cyber security, initiation of assessment activities has been carried out through the Cyber Threat Modelling mechanism for applications that have Internet exposure. This will be continued in 2019 for all applications that fall into the critical category.
- Held continuous trainings to the Board of Commissioners, Board of Directors and members of the Incident Management Team (IMT), to raise awareness regarding risk management of cyber security incidents, which is in line with the Bank's business strategy in the digitalization era.
- Carried out cyber risk awareness programs through simulation exercises such as Phishing eMail Exercise, and Cyber Risk Workshop to business units and operational support units.
- Developed framework document that regulates the response process to cyber incidents, including developed Cyber Incident Response Playbook document, as a simple guide for employees when identifying cyber incidents.
- Developed and continued to implement the Business Continuity Management (BCM) program comprehensively to maintain the continuity of business and operational activities in facing emergencies. This application includes critical and non-critical units, by coordinating the preparation of Business Continuity Plan (BCP) documents, supervising BCP testing, and managing the handling of incidents that occur.

- Increased the awareness of Business Continuity Management by conducting simulation exercises on the activation of the Alternate Command Center to the Board of Directors and senior management, including members of the Incident Management Team (IMT).
- Built awareness regarding Information Risk Management for all levels of management and employees through various media, for example: LoB Sharing sessions covering the area of BCM and Information Security, Risk Academy, through various available communication media. This includes developed online training materials (e-Learning), in the aspects of Information Security and Business Continuity (BCM).

#### Market and Liquidity Risk Management:

- Updated limit structure and Market Risk and Liquidity Risk policy.
- Validated the methodology for measuring market and liquidity risk, including the methodology to support new Treasury products.
- Adjustments to the calculation of the Net Stable Funding Ratio (NSFR) in accordance with the Financial Services Authority Regulations which have been reported since the first quarter of 2018.
- Improvement of the ALM System to support NSFR calculation and reporting adjustments.
- Prepared for the implementation of the Interest Rate Risk in Banking Book (IRRBB) in accordance with the provisions of the Financial Services Authority which will be reported starting in 2019.

#### Provision of Funds to Related Parties and Large Exposures

No	Provision of Funds		
	Provision of Funds	Debtors	Nominal (Million IDR)
1	Related Parties	Subsidiaries and Core Management	1,815,408
2	Largest Group/ Debtor	25 Groups	16,310,906

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 Unit and approval from the Board of Commissioners.

During 2018, there were no violations or exceeds of the LLL to the Related Parties either Individuals or Debtor 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 setting aimed at identifying, measuring, monitoring, and controlling risks arising from Danamon’s and Subsidiaries’ activities with a risk-based approach. Internal Control in 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 Three Lines of Defense approach as shown in diagram below:



**Quality Assurance (QA)**

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

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

The implementation of internal control carried out by the Quality Assurance unit until 2018 has included divisions, subsidiaries and support functions. Divisions that are directly related to customer transactions have a high frequency of examinations, while head office divisions, formal internal control reviews are only conducted once a year.

Awareness programs regarding internal control of working units are also routinely carried out by QA unit. In principle, internal control is not only the task of the Quality Assurance unit, but it is the duty and responsibility of all working units.

Since mid-2018, the Credit QA function specifically in the Enterprise Banking (EB) business line has been transferred to the Integrated Risk Directorate (Credit and Enterprise Risk Management Division). EB Credit QA (as the Second Line of Defense) has the duty to review and ensure that credit approvals have been made in accordance with applicable policies and guidelines.

**Evaluation of Effectivity Level on Internal Control System**

The Internal Audit Working Unit (SKAI) which is part of the Internal Control System conducts audits to ensure the effectiveness 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 which is the basis for making improvements, among others, in the form of updating policies/ procedures/ systems.

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

Legal matters are the civil and criminal cases involving Danamon and its subsidiaries during the reporting period and have been submitted through judicial process.

### Legal Cases Involving Danamon

Legal Cases involving Danamon	Amount of Cases		Impacts on Danamon's Condition
	Civil	Criminal	
Settled and legally binding	255	19	The cases do not have financial impact on Danamon
In the process of settlement	690	66	The legal process has not been legally binding so that there is no liability arised for Danamon

Note:

The civil and criminal cases faced by Danamon during the reporting period have been filed through the judicial process. The recapitulation is the total cases during 2018 according to data as of December 2018.

### Legal Cases Involving Members of the Board of Commissioners and Board of Directors

Legal Cases involving members of the Board of Commissioners & Board of Directors	Amount of Cases		Impacts on Danamon's Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In the process of settlement	1	-	None

### Legal Cases Involving Subsidiaries

Legal Cases involving PT Adira Dinamika Multi Finance	Amount of Cases		Impacts on Subsidiary's Condition
	Civil	Criminal	
Settled and legally binding	-	-	None
In the process of settlement	19	-	The cases have no significant impact on the Subsidiary

Legal Cases involving PT Asuransi Adira Dinamika	Amount of Cases		Impacts on Subsidiary's Condition
	Civil	Criminal	
Settled and legally binding	3	-	None
In the process of settlement	1	-	None

PT Adira Quantum Multifinance is in the process of liquidation.

### IMPORTANT CASES INVOLVING DANAMON

The Bank received a loan capital of Rp155,000 in 1997 from PT Danamon International, a former controlling shareholder of the Bank. This loan capital has been recorded as a liability in the Bank's financial statements since 1997, as a "Loan Capital". As of 31 December 2007, this loan capital was reclassified as other liabilities (Note 27). This is pursuant to the payment made by the Bank to the Government of Republic of Indonesia on 13 December 2007 based on the requests and letter from the Ministry of Finance of Republic of Indonesia dated 23 April 2007 related to the excess of recapitalisation of the Bank by the Government.

However, in November 2011, PT Danamon International has filed a legal case against the Bank through the South Jakarta District Court. In its claims, PT Danamon International stated that the Bank has defaulted on its obligation under the Loan Capital Agreement and asked the Bank to fulfill its obligation based on the agreement.

This dispute has been decided by the District Court of South Jakarta, High Court of Jakarta, Supreme Court and at the level of Judicial

Review. At the Judicial Review stage, the Supreme Court on 31 December 2015 decided that the Bank has to settle its obligation to PT Danamon International under the Loan Capital Agreement.

To implement a court decision which is final and binding, on 20 July 2017, the Bank and PT Danamon International signed a Settlement Agreement as full and final settlement, with the obligations as stated in the Settlement Agreement. In relation to the agreement, the Bank has adjusted the retained earnings to reverse the accruals which are no longer required and were previously taken from retained earnings in 2015. In 2018, the Bank has made full and final settlement on all obligations in accordance with the Settlement Agreement.

### DISCLOSURE OF ADMINISTRATIVE SANCTIONS BY THE FINANCIAL SERVICES AUTHORITY

Administrative sanctions imposed by the regulator to Danamon are the administrative sanctions related to reporting and there was no administrative sanction imposed on the members of the Board of Directors and Board of Commissioners of Danamon during 2018.

## INTERNAL FRAUD

Internal fraud is the fraud carried out by the management, permanent employees, and non-permanent employees (honorary and outsourcing) related to work processes and operational activities. The table below is the number of internal fraud cases with financial impact of more than Rp 100,000,000 (one hundred million Rupiah):

Internal Fraud	Total Cases Involving								
	Management			Permanent employees			Non-permanent employees		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Total internal fraud	-	-	-	12	15	121	-	-	-
Completed	-	-	-	7	9	55	-	-	-
In internal process	-	-	-	5	6	66	-	-	-
Pending process	-	-	-	-	-	-	-	-	-
Follow up through legal action	-	-	-	-	-	-	-	-	-

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

Access to company information and data in the form of financial and non-financial is regularly disclosed through mass media, public exposure and through analyst briefing forums and websites. Reports on financial and non-financial condition are prepared and submitted to regulators and other institutes in accordance with applicable regulations. Reports on financial condition include Quarterly

Published Reports, Published Financial Reports, Annual Reports and non financial reports include Good Corporate Governance report, information on Products/ Services, Branch Networks and other non-financial information.

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

Type of Information	Published	Substances
<b>Financial Information</b>		
Consolidated Financial Report	Quarterly	Consolidated Financial Report in accordance with the standard of Financial Accounting in Indonesia
Published of Financial Report	Quarterly	Summary of Financial Performance according to BI
Analyst Presentation	Quarterly	Main financial and non-financial information
Annual Report	Annually	Financial and non-financial information, business segments, product information, 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 and ownership structure
4. Policies on Corporate Governance	-	Information on corporate governance policies of Danamon
5. Corporate Governance Report	Annually	Information on corporate governance implementation of Danamon and result of corporate governance assessment

# Remuneration Policy

## Process for Preparation of Remuneration Policy

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

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

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

## Coverage of Remuneration Policy and its Implementation

This Remuneration Policy applies to all business units both at the head office and in the regions including the Sharia business unit.

## Remuneration Associated With Risk

In providing remuneration to employees, the company will consider the potential risks that may arise from all types of risks.

In the event of a risk occurred due to the decision taken, the company has the right to extend the deferred period of the given variable.

## Measurement of Performance Related to Remuneration

To provide fair rewards to every employee, Danamon always pays attention to and considers the workload and expertise of its employees and practices in the market for the appropriate position.

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 salary structure as a guide for the minimum salary and maximum salary for a given level.
- c. Payment Reference for a position in the market is 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 concerned area where the employees work.

Based on the measurement of performance and contribution to Danamon 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 Danamon's performance against the determined work plan:
  - 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 pool against NPAT should take into account the achievement of the Danamon'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 Material Risk Taker (MRT) due to the authority they possess in decision making can have a significant impact on Danamon's risk profile, part of their 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 shares/shares-based instruments.
- c. If a Danamon Official (Board of Directors/ employee) is terminated by the company not by fault, negligence or fraud, the deferred portion may be continued but the payment cannot be accelerated.
- d. The amount of deferred portion is differentiated by the level of position. The higher the position, the larger the portion deferred. The amount of the portion and schedule of suspension is determined by the Human Resources Committee.
- e. If a Danamon Official (Board of Directors/ employee) resigns by their own will, the deferred portion that has not yet matured will be written off.
- f. If a Danamon Official (Board of Directors/ Employee) has committed an offense such as negligence, fraud, etc. in the previous year and is just found in the following year and has received the performance bonus, then the performance bonus may be withdrawn (Claw back).

## Remuneration Consultant

Danamon uses the consulting firm Willis Towers Watson as the consultant organizer of 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 Providing 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 Bank's risk profile. Therefore, 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
- Senior Credit Officer
- Market & Liquidity Risk Head

### Remuneration of Remuneration Committee

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

Total remuneration paid to all Remuneration Committee members during 2018 amounted to Rp 23.3 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:

Facilities	Amount Received in 1 Year							
	Board of Directors				Board of Commissioners			
	2018		2017		2018		2017	
	People	IDR million	People	IDR million	People	IDR million	People	IDR million
Salary, bonus, routine allowances, tantiem, and other non-natura facilities	9*	75.355	9	85.885	7*	20.083	7	22.153
Other natura facilities (housing, health insurance, and others) which:								
a. Can be Owned	9*	2.175	9	4.197	7*	1.412	7	472
b. Cannot be Owned	9*	5.903	9	6.484	7*	1.711	7	1.694
<b>Total</b>	<b>9*</b>	<b>83.433</b>	<b>9</b>	<b>96.566</b>	<b>7*</b>	<b>23.206</b>	<b>7</b>	<b>24.319</b>

Note:

\* From 9 Directors, 2 Directors joined effectively in 2018

\* From 7 Commissioners, 1 Commissioner joined effectively in 2018

### Remuneration of Board Of Directors and Board Of Commissioners Based on Income Levels

The remuneration packages are classified into income levels received by the Board of Directors and 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	
	2018	2017	2018	2017
More than Rp 2 billion	9*	9	6*	7
More than Rp 1 billion to Rp 2 billion	-	-	1*	-
More than Rp 500 million to Rp 1 billion	-	-	-	-
Less than Rp 500 million	-	-	-	-

Note:

\* From 9 Directors, 2 Directors joined effectively in 2018

\* From 7 Commissioners, 1 Commissioner joined effectively in 2018

\*\* Receive in cash

## VARIABLE REMUNERATION

In addition to the 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 employees to work at Danamon.

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

The amount of performance bonus differs each year which 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 very selectively 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 right of the President Director and the Board of Commissioners.

The number of Board of Directors, Board of Commissioners and Employees who receive variable remuneration for 1 (one) year and total nominal, as in the table below:

Variable Remuneration	Total Amount Received in 1 (one) Year											
	Board of Directors				Board of Commissioners				Employees			
	2018		2017		2018		2017		2018		2017	
	People	Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million	People	Rp million
Total:	7	45,450	7	42,900	6	11,150	6	9,624	7,350	211,524	7,931	187,138

### Unconditionally Guaranteed Variable Remuneration

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

### Deferred Variable Remuneration

The deferred variable remuneration consists of cash and/or shares or shares based instruments will be applied in the 2018 annual performance bonuses that will be paid out in March 2019 if the blackout period of purchase of Bank Danamon's shares has been lifted.

### Highest and Lowest Ratio of Salaries

Salary is the right of employees received and is expressed in the form of money as a reward from the company or employer to the employee that is determined and paid under an employment agreement, agreement or legislation, including allowances for employees and their families for the work and/or service that has been completed. The comparable salary in the salary ratio is the remuneration received by the Board of Directors, Board of Commissioners, and Employees.

Salaries Comparison	2018	2017
Employees highest and lowest	215.7 x	223.6 x
Board of Directors: highest and lowest	4.8 x	5.0 x
Board of Commissioners: highest and lowest	1.3 x	1.3 x
Highest Board of Directors and highest employees	2.7 x	2.7 x

### Share Options

Danamon did not have a share option program for the Board of Directors, Board of Commissioners, or employees throughout 2018.

### Termination of Employment and Total Nominal of Severance Paid

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

Nominal of Severance Payment Paid per Person in 1 (one) Year	Number of Employees	
	2018	2017
More than Rp 1 billion	17	15
More than Rp 500 million to Rp 1 billion	19	1,347
Less than Rp 500 million	3,503	331

#### Details of the amount of Remuneration given in 1 (one) year

- 1) Fixed Remuneration and Variable Remuneration;
- 2) Remuneration deferred and not deferred; and
- 3) the form of Remuneration given in cash and/ or shares or shares-based instruments issued by the Bank, as in the table below:

A. Fixed Remuneration *		
1. Cash		Rp 55,673
2. Shares or shares-based instruments issued by the Bank		**
B. Variable Remuneration *		
	Not Deferred	Deferred
1. Cash	Rp 53,713	Rp 93,073
2. Shares or shares-based instruments issued by the Bank	**	**

Note:

\* Only for MRT and illustrated in million rupiah

\*\* In 2018 Bank Danamon cannot provide remuneration in the form of shares because it is in a blackout period where it is prohibited to conduct transactions of selling/ buying shares

#### Quantitative Information

- 1) the total remaining Remuneration that is still deferred both those which are implicitly and explicitly exposed;
- 2) total reduction in remuneration caused by explicit adjustments during the reporting period; and
- 3) total reduction in remuneration caused by implicit adjustments during the reporting period, as in the table below:

Variable Remuneration*	Remaining Remuneration That Is Still Deferred	Total Reduction During the Report Period		
		Caused by explicit adjustments (A)	Caused by implicit adjustments (B)	Total (A) + (B)
1. Cash (in million rupiah)	Rp 74,228	-	-	-
2. Shares/ Shares or shares-based instruments issued by the Bank (in shares and nominal million rupiah which is a conversion from the shares)	**	-	-	-
	Rp 74,228	-	-	-

Note:

\* Only for MRT and illustrated in million rupiah

\*\* In 2018 Bank Danamon cannot provide remuneration in the form of shares because it is in a blackout period where it is prohibited to conduct transactions of selling/ buying shares

**BANK'S SHARES BUY BACK AND BONDS BUY BACK**

There were no repurchase activities either in shares or bonds in 2018.

**CONFLICT OF INTEREST TRANSACTIONS**

There were no reports of conflicts of interest transactions during 2018. Conflict of Interest Transactions is stipulated in the Transaction Policy with Affiliated Parties, Related Parties and Conflict of Interest Transactions. In the case that conflict of interest occurs in a transaction, the member of the Board of Directors, Board of Commissioners concerned shall abstain from the review process or approval of the transaction.

No.	Name and Position with Conflict of interest	Name and Position of Decision Maker	Type of Transaction	Value of Transaction (Mio Rp)	Description
Nil					

**BANK'S STRATEGIC PLAN**

Danamon's strategic plan is based on a vision: "We Care and Enable Millions to Prosper", because successful sustainable finance 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 and service excellence, 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 facilities investment, and improvement of risk management and good corporate governance.

**Short Term Plan**

In 2019, 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 Bank'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 funding 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/ others in accordance with the funding requirements, market conditions and prevailing regulations of the Financial Services Authority (FSA)/ Bank Indonesia (BI) while taking into account and maintaining the Loan-to-Funding Ratio (LFR) in accordance with regulatory provisions and Danamon's business strategies.

## c. Overhead Cost

Enhance Danamon's and subsidiaries' productivity and efficiency through investment in technology tools to enhance digital banking, data analytics and automation capabilities, effective cost management, improvement of human resource capability in carrying out tasks, especially sales, collection and frontliners, and operational efficiency through consolidated office network (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, increase risk awareness through credit risk training to business and risks teams, improvement of fraud prevention measures, increase in billing and recovery capacity, gradual automation of credit process, and application of Early Warning Signal on enterprise business lines (commercial and corporate) to detect deteriorating signals of the quality of the debtor based on debtor's data/ transaction behavior.

## e. Networks

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. Prime Lending Rate (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 funding interest rate, where Danamon also supports the Financial Services Authority program by giving the maximum of the determined funding interest rate.

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

The strategic steps that will be implemented in the next 3 to 5 years are:

- a. Credit  
Danamon will continue to grow consumer, small and medium, enterprises (commercial and corporate) loans, trade finance, and financing of household goods and financing of motor vehicles while maintaining the prudential principles in granting credit and criteria of customer selection.
- b. Funding  
Strengthen funding by increasing third party funds, issuing bonds/ MTN/NCD/Contingency Convertible Bond, and maintaining LFR ratio according to prevailing regulations.
- c. Risk management  
The strategic steps to be undertaken in relation to risk management are keeping Danamon's growth at an acceptable level while staying prudent, maintaining optimal implementation of Danamon activities at the level of liquidity risk at "anticipated", and minimizing the risk of "unanticipated" liquidity in obtaining cash flow funding sources, 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 Pillar II Basel III - BIS Framework for measuring the Liquidity Regulatory Requirement (Net Stable Funding Ratio - 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 in business, risk, and support (operations) teams to be able to understand current business challenges, risk-related elements, and their risk mitigations.

- 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 bank meet the customers' needs more precisely, support business teams with information technology that enables them to build relationships with customers, and improve IT capabilities in operational process and approval of loans process 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 2018, there was no funding for political activities.

#### PROVISION OF FUNDS FOR SOCIAL ACTIVITIES

Provision of funds for social activities is disclosed in the Corporate Social Responsibility section in this Annual Report.

## Access to Company Information

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

In order to improve customer service and protection, to fulfill the needs of product and service information, and to handle customer complaints and/or prospective customers, Danamon prepares communication media through Hello Danamon. Hello Danamon is accessible 24 hours via phone number 1-500-090, mobile phone 67777 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:corporate.secretary@danamon.co.id">corporate.secretary@danamon.co.id</a>
Investor Relations	(021) 80645000 Ext. 8621; 8611	<a href="mailto:investor.relations@danamon.co.id">investor.relations@danamon.co.id</a>
Corporate Communication	(021) 80645000 Ext.8361; 8328	<a href="mailto:corporate.communication@danamon.co.id">corporate.communication@danamon.co.id</a>

### INVESTOR RELATIONS

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

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

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

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

### Provision of information for Investors during 2018

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	98 face to face meetings and 15 conference calls	Meetings with local/overseas analysts/investors to provide information on Danamon's strategy and performance

## CORPORATE COMMUNICATIONS

The Corporate Communications Unit is responsible for managing communication between Danamon and the public, 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 public relations function.
- Carry out the communication function of the Danamon management in the wider community through mass media, both print and electronic form.
- Carry out external communication functions, including formulating messages, determining the form of communication and delivering information to outside parties.
- Be the first door of communication (gateway) for people who need information about Danamon.

### Social Media

Danamon's official corporate accounts are:

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

## SERVICE QUALITY & CONTACT CENTER

In providing Service Excellence, we have the opportunity to interact more intensely with the customers, where in every moment of truth, the chain of service processes will create a positive memorable customer experience. The main key to success in creating a positive

memorable customer experience is to build positive perceptions and focus on customer needs. Over time, customer expectations are increasing and customers also have many choices to support their financial needs. The world of banking services continues to grow following the development of technology and existing service trends.

For this reason, every front liner in both Branch and Hello Danamon always focuses on customer needs by creating an impressive customer experience, through services that are "different" compared to the competitors. By providing an ideal banking experience for customers, customer loyalty and satisfaction will increase and make Danamon the bank of choice for providing financial solutions.

For supporting the forementioned matter, various initiatives have been implemented involving branch front liners, namely:

- Each front liner, is given continuous briefing in the form of insights that can improve service quality and awareness of Service Excellence culture that is guided by Danamon's values. This is expected to create collaboration between front liners and support functions and strengthen the Service Excellence culture at Danamon that is oriented towards customer needs.
- In addition, various motivational programs have been implemented to enhance the spirit of branches' front liners, so that each front liner can provide "different" Customer Experience to impress the customers with Danamon's services.
- To complete the positive memorable customer experience, it needs to be supported by an easier and faster service process, as well as process digitalization to increase the productivity of the branch teams & head office. Simplification of the process has been carried out, such as the SDB One Stop Service and D'Flow E-Registration.

### Roadshow/conference in 2018

Event	Organizer	Location	Date	Number of Companies
Indonesia Conference	UBS	Jakarta	March 5, 2018	19
Non Deal Road show	Macquarie	Kuala Lumpur	April 6, 2018	5
Non Deal Road Show	Macquarie	Singapore	April 9 - 10, 2018	14
Indonesia Investor Conference	CITI	Jakarta	May 3, 2018	7
Indonesia DB Access Conference	DB	Jakarta	November 13, 2018	17

In 2018, several awards that have been achieved by Danamon in the Service field are as follows:

No.	Organizer	Award	Award Category	Rank
1	Institute of Service Management Studies (ISMS) & Infobank	Service Quality Overall 2017/2018	Jakarta and Bandung	2
2	Marketing Research Indonesia & Infobank	Bank Service Excellence Monitor (BSEM) 2017/ 2018	The Most Consistent Bank in Service Excellence	1
			Best Overall Performance Commercial Bank	2
			Walk in Channel Performance Commercial Bank	2
			SMS Banking	1
			Best Performance for Teller	1
			Best Performance for Security	2
			Best Performance for Customer Service	2
			Best Performance for Telephone Branch	2
3.	Marketing Research Indonesia & Infobank	Satisfaction Loyalty and Engagement Survey 2019	SLE Index 2019	3
			Experience Index Performance	2
			Satisfaction Index Performance –Security	1
			Satisfaction Index Performance - Customer Service	3
			Satisfaction Index Performance - Teller	2
			Satisfaction Index Performance- ATM	2
			Engagement Index Performance	1
NPS Index Performance	1			

### CUSTOMER SERVICE UNIT

Hello Danamon is ready to serve 24 hours/ 7 days for various customer needs, with the spirit of “Ready to Provide Solutions Every Time” always present to provide the information and best solutions to customers, via telephone 67777 (GSM) or 1-500-090, Twitter @hellodanamon, and email: hellodanamon@danamon.co.id.

In an effort to improve the quality of interaction with customers and the provision of solutions that focus on the interests of customers, Hello Danamon’s various initiatives are carried out to achieve these objectives, such as:

- Automated processes are continuously conducted to shorten service time in Hello Danamon, as well as to reduce the complaints submitted by customers, either through Branch or Hello Danamon.
- SMS notification for every change in customer data, which aims for customer security.
- Providing Hello Danamon services in Japanese language, in order to provide convenience to customers from Japan.
- Pilot account opening process through Video Call service, which can provide a “different” experience to customers, with easier and faster process, anytime and anywhere.

Hello Danamon also continuously educates and updates new information to customers who contact Hello Danamon so that customers can enjoy useful facilities to facilitate customers, such as D’Card education that can be accessed 24 hours/ 7 days to know

the total bill, redeem D’Points, My Own Installment (MOI), blocking cards due to lost cards, and etc.

### CORPORATE CULTURE

Corporate culture is the values that guide, order and control employee behavior, members of the Board of Directors and Board of Commissioners of Danamon in carrying out their duties and obligations to achieve the goals in accordance with Danamon’s Vision and Mission.

- **Caring**  
Giving a genuine concern for the well-being and advancement of others will bring out the best in us.
- **Honesty**  
Always hold the truth to ourselves and others without any hidden agenda.
- **Passion to Excel**  
Always dare to come up with better ways of doing things, to achieve the best result, whilst mitigating the risk involved and without compromising the solidity of our company.
- **Teamwork**  
Leverage the diversity amongst us as the strength of our team to achieve common goals.
- **Disciplined Professionalism**  
Deliver our responsibility with the highest standards of ethics and professionalism, through disciplined people, disciplined thoughts and disciplined actions.



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 the employees 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 that is accessible to every employee, conducting Danamon Essential Leader (DEL) and Danamon Essential People (DEP) trainings to build leadership based on the values of Danamon, conducting dialogue sessions between employees and representatives of leaders throughout bank's operational areas, management that is facilitated by HR consistently so that strategic and operational communication can be cascaded properly, in addition to other media such as articles sent by email blast, newsletters, and etc. Moreover, Danamon also conducts compulsory E-Learning based Code of Ethics training to improve the integrity and joint commitment 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 activity 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 conducted initiatives include building an On-Boarding framework and guidance for Working Unit Leaders as an effort to provide a positive experience for new employees. It is expected that the presence of an effective onboarding process can increase productivity and ensure new employees understand the 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 ethical values that refer 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, Sharia 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.

### The Code of Conduct Statement Applies at All Levels of Company Organizations

Management and Employees without exception must know, understand, obey, and apply 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 violating the Code of Ethics will be given sanctions until the work termination.

Code of Conduct covers:

- Introduction: contains the background of the Code of Conduct, purpose, vision, mission, and values of Danamon.
- Conflict of Interest: regulates all matters concerning the occurrence of a conflict of interest between Personal interests and the interests of Danamon, activities outside Danamon, use of Danamon's assets and personal investment.
- Management of Danamon's Information: regulates all matters concerning the management of Danamon's information, i.e. security of Danamon's information, accuracy of reporting and recording of Danamon, Danamon's 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, i.e. personal ethics within Danamon, ethics with customers, ethics with third parties, ethics with regulators, ethics between Management with Employees, giving/ receiving gifts and banquets, protecting and using customer facilities, relations and partners, bribery and corruption, and ethics with competitors.
- Enforcement of the Code of Conduct: requires the roles and responsibilities of Management and Employees, annual statements, whistle-blowing systems, violations of the Code, and enforcement of the Code of Conduct.

**Sanction Imposed in 2018**

Type of Sanctions	Number of Employees
Termination	110
1 <sup>st</sup> Warning Letter	155
2 <sup>nd</sup> Warning Letter	1
3 <sup>rd</sup> Warning Letter	259
Reprimand Letter	133
Total	658

**WHISTLEBLOWING SYSTEM**

The Whistleblowing System is a communication channel to facilitate whistleblowers who 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 of conduct violations involving Danamon employees and/or parties related to Danamon with the confidentiality of the identity of the reporter. 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 system that is more independent, transparent, simple, confidential, protected and monitored for reporters, Danamon works with third parties in managing and providing Danamon Whistle Blowing Service (WBS).

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

Reports received together with the investigation results are registered every month to be reported periodically to management and the Audit Committee. Any information that enters the whistleblower channel 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, Danamon Portal, and Danamon website ([www.danamon.co.id](http://www.danamon.co.id)).

**Mechanism of Violation Report Submission**

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

**Potential Violations by the Board of Commissioners and Directors**

Potential or suspected violations by members of the Board of Commissioners or the Board of Directors may be reported through the above communication channels and will be escalated to independent parties outside the parties suspected of being involved in the report, such as the Chairman of the Audit Committee (Independent Commissioner) or Chairman of the Board of Commissioners.

**Protection for Reporters**

Danamon provides protection to the reporters to provide security for reporters. Protection provided to reporters, among others:

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

Danamon also provides legal protection that is in compliance with the 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 the report received to the Danamon WBS team to be evaluated whether it will be processed further into the investigation stage by the internal investigation team or be forwarded to the appropriate party.

Internal investigations of potential violations are undertaken by an independent Internal Investigation Team, by holding the principle of presumption of innocence and objectivity. Investigation results form the basis for the decision to take actions and/ or sanctions to parties or perpetrators who are proven to have committed violations in accordance with applicable laws and regulations and/ or according to Danamon's internal regulations. Reports on Investigation Results are reported to the Board of Directors and the Audit Committee regularly.

**Result of Complaint Handling in 2018**

Danamon received 47 complaint reports through WBS. Up to end of 2018, investigations of 44 reports had been completed, 16 of which were proven to be fraud/ violation of procedures/ code of ethics while 28 reports were not proven to be fraud/ violation of procedures/ code of ethics. 3 reports are still in the process of investigation.

**Complaint Handling Results in 2018**

Amount of Complaints Received	Status of Complaints			
	Amount of Settled Complaints	Completed		In Investigation Process
		Proven Fraud / Violation of Procedure / Code of Ethics	Not Proven Fraud / Violation of Procedure / Code of Ethics	
47	44	16	28	3

# The Implementation of Corporate Governance Guidelines in Listed Companies

## 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

delivered by FSA are presented in the table "Implementation of 25 Recommendations of Corporate Governance Guidelines in Listed Companies".

## STATEMENT OF IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

Danamon has applied the principles of good corporate governance. During 2018 there was no material violation of applicable laws and regulations.

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

No.	Principle	Recommendation	Explanation
<b>A. Public Company Relationship With Shareholders In Ensuring Shareholder Rights</b>			
1.	Increasing the Value of Implementation of the General Meeting of Shareholders (GMS)	1.1. Public Company has technical means or procedures for voting both openly and closed which prioritizes independence and the interests of shareholders.  1.2. All members of the Board of Directors and Board of Commissioners of the Public Company present at the Annual GMS.  1.3. Summary of the GMS is available in the Public Company's Website for at least 1 (one) year.	Danamon has a GMS Code of Conduct which regulates the general guidelines of GMS, voting mechanisms, decision making, and calculation of votes that prioritize the independence and interests of shareholders. All GMS procedures and code of conduct are available and can be accessed through the Danamon's website ( <a href="http://www.danamon.co.id">www.danamon.co.id</a> ). Status: Comply  The annual GMS held on March 20, 2018 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 also attended by the Sharia Supervisory Board and Audit Committee Members. Status: Comply  Danamon has summarized the minutes of GMS in bahasa and English which was announced 1 (one) day after the GMS was held and has been available at Danamon's Website for more than 1 (one) year. Status: Comply

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

No.	Principle	Recommendation	Explanation
<b>A. Public Company Relationship With Shareholders In Ensuring Shareholder Rights</b>			
1.	Increasing the Value of Implementation of the General Meeting of Shareholders (GMS)	1.1. Public Company has technical means or procedures for voting both openly and closed which prioritizes independence and the interests of shareholders.	Danamon has a GMS Code of Conduct which regulates the general guidelines of GMS, voting mechanisms, decision making, and calculation of votes that prioritize the independence and interests of shareholders. All GMS procedures and code of conduct are available and can be accessed through the Danamon's website ( <a href="http://www.danamon.co.id">www.danamon.co.id</a> ). Status : Comply
		1.2. All members of the Board of Directors and Board of Commissioners of the Public Company present at the Annual GMS.	The annual GMS held on March 20, 2018 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 also attended by the Sharia Supervisory Board and Audit Committee Members. Status: Comply
		1.3. Summary of the GMS is available in the Public Company's Website for at least 1 (one) year.	Danamon has summarized the minutes of GMS in bahasa and English which was announced 1 (one) day after the GMS was held and has been available at Danamon's Website for more than 1 (one) year. Status : Comply
2.	Improve the Quality of Public Company Communication with Shareholders or Investors	2.1 Public company has a policy of communication 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 Bank's financial performance, and enable shareholders and investment communities to be actively involved with Danamon. Status: Comply
		2.2 Public Company discloses the communication policy with shareholders or investors on the Website.	Communication Policy is publicly available including Shareholders and Investors and can be accessed through Danamon's Website. Status: Comply
<b>B. Function and Role of the Board of Commissioner</b>			
3.	Strengthen the Membership and Composition of the Board of Commissioners	3.1 Determination of the number of members of the Board of Commissioners considers 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 2018, Danamon's Board of Commissioners consisted of 8 (eight) 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 9 (nine) persons. Status: Comply

**IMPLEMENTATION OF 25 RECOMMENDATIONS  
GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES**

No.	Principle	Recommendation	Explanation
		3.2 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
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 of the Board of Commissioners prepared as a guide to assess the performance in the implementation of 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.	Members of Danamon's Board of Commissioners who are involved in financial crime must resign from the Board of Commissioners. This obligation to resign is regulated in the Charter of Board of Commissioners. 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 related to the nomination and remuneration functions of Danamon's members of the Board of Commissioners and Board of Directors. Danamon has Nomination Policy for Board of Commissioners and Directors. Status: Comply
<b>C. Function and Role of the Board of Directors</b>			
5.	Strengthen the Membership and Composition of the Board of Directors	5.1 Determination of the number of members of the Board of Directors considers the conditions of the Public Company and the effectiveness of decision making	At the end of 2018, Danamon's Board of Directors consists of 9 (nine) 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 considers 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

**IMPLEMENTATION OF 25 RECOMMENDATIONS  
GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES**

No.	Principle	Recommendation	Explanation
		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 Annual Report of the Public Company.	Danamon has a performance appraisal policy of the Board of Directors. 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.	Members of Danamon's Board of Directors who are involved in financial crime must resign from the Board of Directors. This obligation to resign is regulated in the Charter of Board of Directors. Status: Comply

**D. Participation of Stakeholders**

7.	Improving Aspects of Corporate Governance through Stakeholder Participation	7.1 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 Public Company has anti-corruption and anti-fraud policies	Danamon has a Code of Conduct that prohibits the Management and Employees to participate in any bribery and corruption act in any forms. In addition, Danamon also has a Gift Policy that governs the prohibition of giving and receiving gifts for management and employees. Status: Comply
		7.3 Public Company possesses a policy on the selection and skill-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 Company has 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 customer protection policy that covers: <ul style="list-style-type: none"> <li>- Rights to obtain sufficient explanation on product characteristics</li> <li>- Rights to access the terms and conditions of funding products</li> <li>- Conveniences to do transactions through any branches, e-banking services or other services set out by the Bank</li> </ul>

**IMPLEMENTATION OF 25 RECOMMENDATIONS  
GUIDELINES ON GOOD CORPORATE GOVERNANCE FOR PUBLIC COMPANIES**

No.	Principle	Recommendation	Explanation
			<ul style="list-style-type: none"> <li>- Obtain profit / interest in the amount according to applicable regulations</li> <li>- Procedures for customer complaint handling</li> </ul> Status: Comply
7.5		Public company has whistleblowing system policy	Danamon has a Whistleblower Policy that regulates the Whistleblowing system. Management of the Whistleblowing system is managed by third parties to guarantee independence in its implementation. Status: Comply
7.6		Public company has a policy of providing longterm incentives to the Board of Directors and employees.	Danamon has a Remuneration policy. Status: Comply
<b>E. Disclosure Of Information</b>			
8.	Improving Disclosure of Information	8.1 Public company makes use of the information technology wider than the Website as a medium of disclosure of information.	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.  Website <a href="http://www.danamon.co.id">www.danamon.co.id</a>  Twitter @Danamon @HelloDanamon (customer service)  Facebook Bank Danamon Instagram @mydanamon  LinkedIn Bank Danamon  YouTube Bank Danamon  Status: Comply
		8.2 Public Company's Annual Report discloses the ultimate beneficiary ownership of public companies' share ownership of at least 5% (five percent), in addition to disclosure of the ultimate beneficial owner in the shares ownership of the public Company through majority and controlling shareholders.	Annual Report of Danamon discloses the majority and controlling shareholders as well as the shareholder group profiles with shares ownership below 5% (five percent). Status: Comply



# **Integrated Corporate Governance**



## APPLICATION AND IMPLEMENTATION REPORT

As a form of transparency in the implementation of integrated corporate governance and compliance with the Financial Services Authority (OJK) Regulation No. 18/POJK.03/2014 dated November 18, 2014 concerning Implementation of Integrated Good Corporate Governance for Financial Conglomerates and Circular Letter of OJK No. 15/SEOJK.03/2015 dated May 25, 2015 concerning Implementation of Integrated Good Corporate Governance for Financial Conglomerates, Danamon as the Main Entity in the Financial Conglomerate of the Danamon Group prepares a report on the implementation of Integrated Corporate Governance.

The consistent and sustainable application of the good corporate governance principles is a joint commitment of all management and employees in the Danamon Group Financial Conglomerate. In addition, the implementation of good corporate governance is expected to increase added value for all Danamon Group stakeholders and make Danamon Group grow sustainably, have good and healthy fundamentals, so as to increase competitiveness and be able to contribute positively to the national economy.

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

Integrated corporate governance in the Danamon Group is implemented based on the basic principles of good corporate governance, namely:

### Principle of Transparency

- a. The Main Entity and Subsidiaries are required to disclose material and relevant information clearly, accurately, and timely, as well as the information that is easily comparable and accessible to shareholders and stakeholders.
- b. The principle of transparency adopted by the Main Entity and Subsidiaries does not reduce the obligation to fulfill the confidential provisions of the bank and/ or company in accordance with the prevailing laws and regulations, professional secrecy, and personal rights.

### Principle of Accountability

- a. The Main Entity and Subsidiaries must determine clear responsibilities of each company organ that are in line with the company's vision, mission, business objectives and strategies, as well as ensure that all company organs have competencies in line with their responsibilities.
- b. The Main Entity and Subsidiaries must ensure the availability of check and balance system in the management of the company. All levels of company organizations have performance measures

based on the agreed measures, and are consistent with corporate values, business objectives, and corporate strategies.

### Principle of Responsibility

- a. The Main Entity and Subsidiaries must adhere to the ethical values, prudential principles, and regulations and internal policies that have been established in maintaining the continuity of their business.
- b. The Main Entity and Subsidiaries must act as good corporate citizens in carrying out social responsibilities including caring for the environment.

### Principle of Independency

- a. Management of Main Entity and Subsidiaries is carried out professionally and independently, and is free from conflict of interest, influence or pressure from any party that is not in accordance with the laws and regulations, ethical values and the principles of conducting a sound business.
- b. In making a decision, the Main Entity and Subsidiaries must be objective and free from any parties' pressures, and committed to conduct business by prioritizing professionalism.

### Principle of Fairness

- a. The Main Entity and Subsidiaries must always pay attention to the interests of all stakeholders based on the principle of equality and fairness (equal treatment).
- b. The Main Entity and Subsidiaries must provide opportunities for all stakeholders to provide feedback and express their opinions for the interests of the company as well as have equal access to information in line with the principle of transparency.

## DANAMON GROUP FINANCIAL CONGLOMERATION

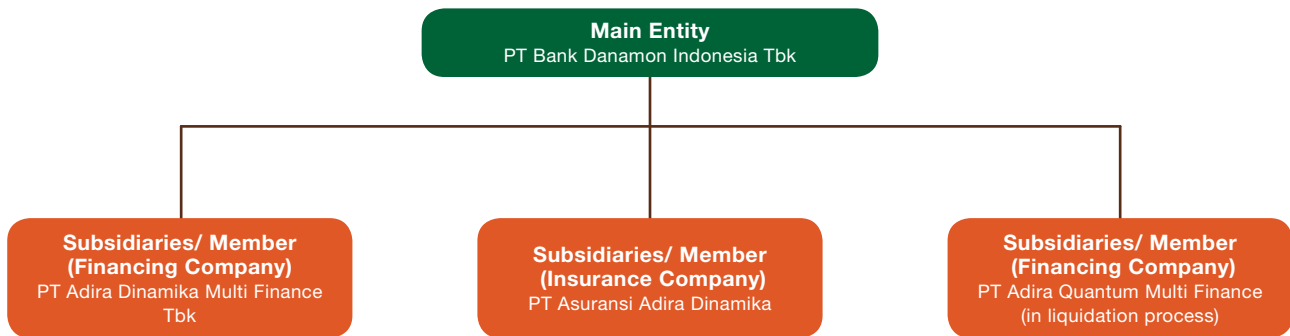
### STRUCTURE OF MEMBERSHIP

Based on the Letter No. SR-82/PB.32/2015 dated April 29, 2015, Danamon Group Financial Conglomeration has been recorded and administered by the Financial Services Authority.

Danamon Group Financial Conglomeration membership is as follows:

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

**Structure of Danamon Group Financial Conglomeration**



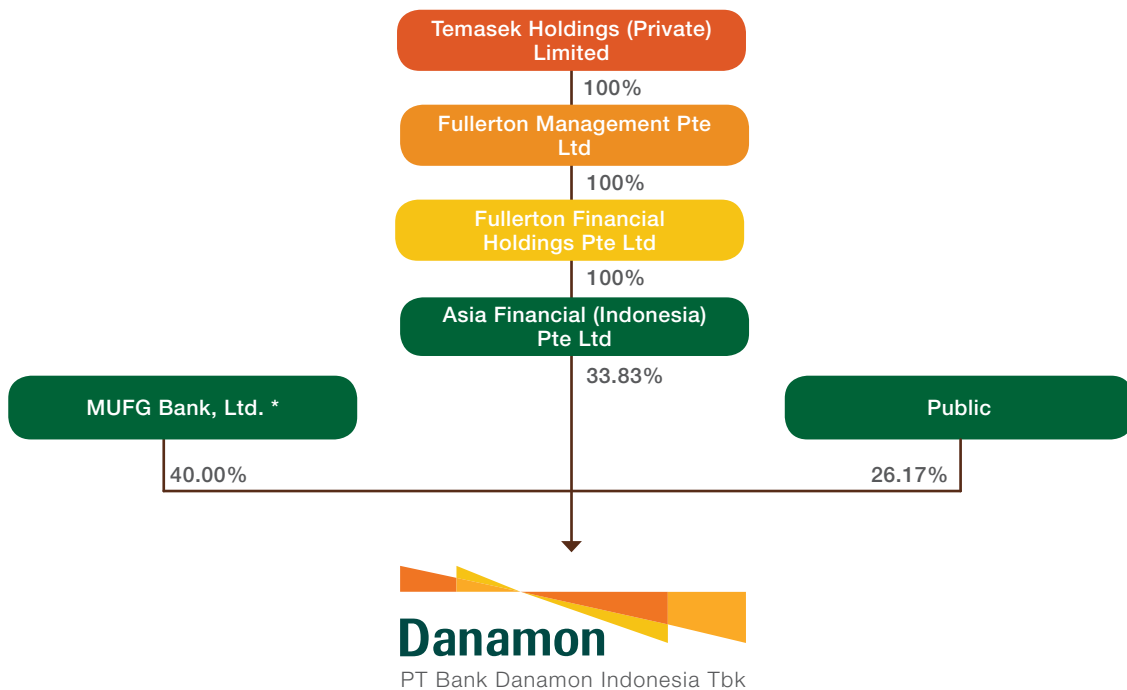
Based on the Extraordinary GMS of PT Adira Quantum Multi Finance (Adira Quantum) as outlined in the Deed of Shareholders Resolution No.126 dated August 22, 2017 made before Hasbullah Abdul Rasyid, SH, M.Kn., a Notary in Jakarta, it is stated that Adira Quantum has stopped operational activities and is in the process of liquidation. Based on the OJK Board of Commissioners' decree dated December 21, 2017 No.KEP-103/D.05/2017, OJK has revoked Adira Quantum's

business license. As of the date of this report, Adira Quantum is still in the process of liquidation settlement.

**STRUCTURE OF SHARE OWNERSHIP**

The shareholders of each member of the conglomeration to the ultimate shareholders are as follows:

**Structure of Danamon Group Financial Conglomeration**

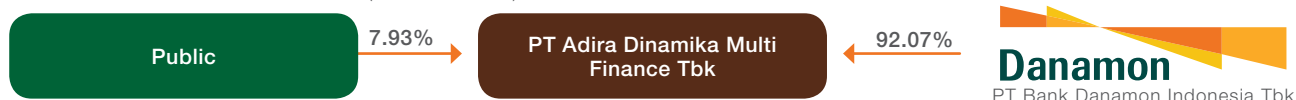


\* The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. since April 1, 2018.

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**Structure of Share Ownership of Subsidiaries**

- PT Adira Dinamika Multi Finance Tbk (“Adira Finance”)



- PT Asuransi Adira Dinamika (“Adira Insurance”)



\* On September 27, 2018, Danamon has entered into a Conditional Sales and Subscription Agreement (CSSA) with Zurich Insurance Company Ltd (“Zurich”), for the sale of 70% share ownership in Adira Insurance. Under the terms of the transaction, Zurich will acquire a total of 80% stake in Adira Insurance from Bank Danamon (70%) and a minority shareholder (10%). This transaction will be effective after obtaining approval from the FSA.

**STRUCTURE OF MANAGEMENT**

All members of the Board of Directors and Board of Commissioners of each Danamon Group entity meet the requirements of integrity, competence and financial reputation.

The following is the management structure of each Entity in the Danamon Group financial conglomeration as of December 2018:

**Structure of Management in Main Entity**

In 2018 there were changes in the composition of the Board of Commissioners and Board of Directors of Danamon. Details of the changes can be seen in the Corporate Governance Report in the 2018 GMS, the Board of Commissioners, and the Board of Directors.

The composition of the members of the Main Entity’s Board of Commissioners and Board of Directors as of December 31, 2018 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. Manggi T. Habir (Independent Commissioner)
5. Made Sukada (Independent Commissioner)
6. Takayoshi Futae (Commissioner)
7. Peter Benjamin Stok (Independent Commissioner)
8. Masamichi Yasuda (Commissioner) \*

**BOARD OF DIRECTORS**

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

\* Will be effective after obtaining OJK approval.

### Structure of Management in Subsidiaries

#### PT Adira Dinamika Multi Finance, Tbk

At the Annual GMS of PT Adira Dinamika Multi Finance, Tbk dated April 20, 2018 there was a change in the composition of the members of the Board of Directors of PT Adira Dinamika Multi Finance, Tbk, namely:

- Cornel Hugroseno resigned as Director.
- Niko Kurniawan Bonggowarsito was appointed as Director.

The composition of the members of the Board of Commissioners and Board of Directors of PT Adira Dinamika Multi Finance, Tbk as of December 31, 2018 is as follows:

#### PT Adira Dinamika Multi Finance Tbk

##### 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 (President Director)
2. Ho Lioeng Min (Director)
3. I Dewa Made Susila (Director)
4. Swandajani Gunadi (Director/ Independent Director)
5. Niko Kurniawan Bonggowarsito (Director)

#### PT Asuransi Adira Dinamika

At the Annual GMS of PT Asuransi Adira Dinamika on April 12, 2018, there was a change in the composition of the members of the Board of Commissioners of PT Asuransi Adira Dinamika where Ariyanti Sulyanto was appointed as Independent Commissioner and has been effective since passed the fit and proper test on May 18, 2018.

At the Extraordinary GMS of PT Asuransi Adira Dinamika on May 22, 2018, there was a change in the composition of the members of the Board of Directors of PT Asuransi Adira Dinamika, where Dedi Nathan resigned as Director.

The composition of the members of the Board of Commissioners and Directors of PT Adira Dinamika Insurance as of December 31, 2018 is as follows:

#### PT Asuransi Adira Dinamika Tbk

##### BOARD OF COMMISSIONERS

1. Manggi Taruna Habir (President Commissioner)
2. Willy Suwandi Dharma (Komisaris)
3. Pratomo (Komisaris Independen)
4. Ariyanti Sulyanto (Komisaris Independen)

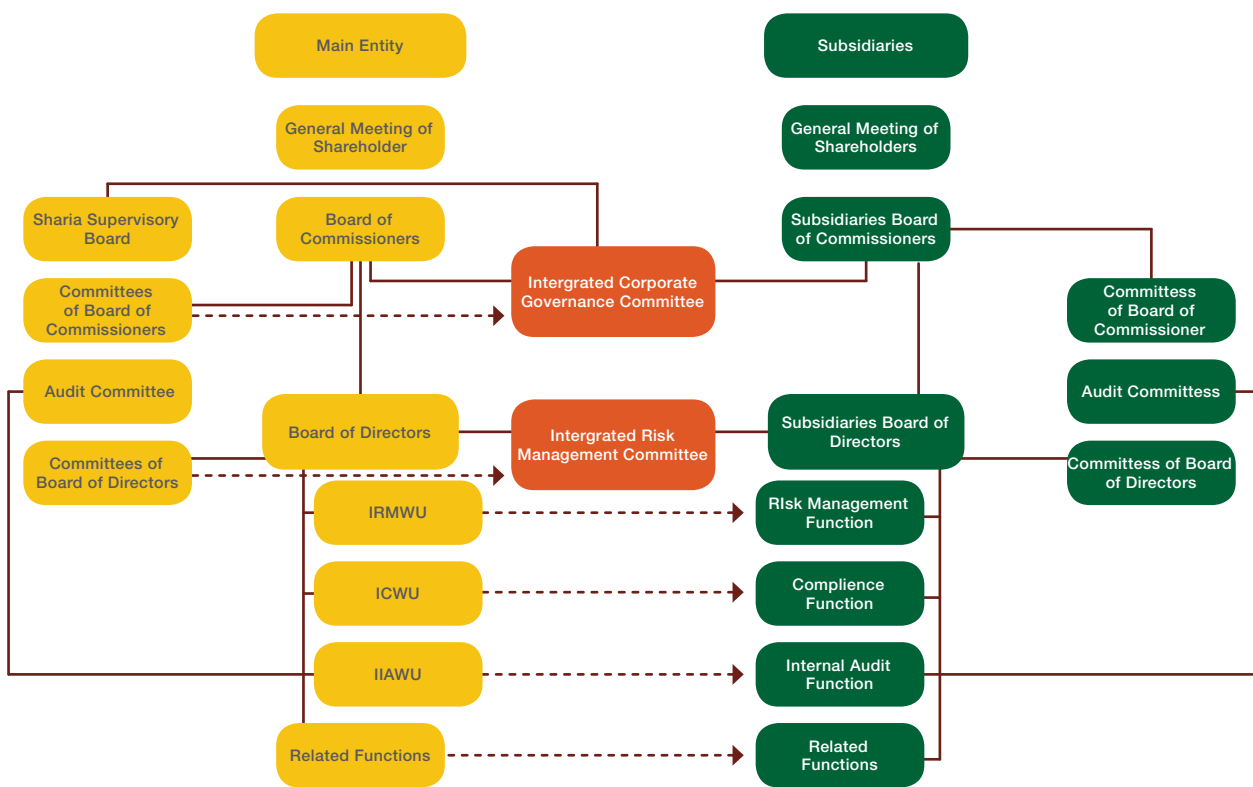
##### BOARD OF DIRECTORS

1. Yulian Noor (Direktur Utama)
2. Donni Gandamana (Direktur)
3. Wayan Pariama (Direktur)

**ORGANS OF INTEGRATED CORPORATE GOVERNANCE**

Danamon Group established integrated corporate governance organs to ensure that the principles of corporate governance are well implemented. The Danamon Group's integrated corporate governance organs are as follows:

**Organ of Integrated Corporate Governance of Danamon Group**



---> Coordination and Monitoring Function

- Note:  
 IRMWU : Integrated Risk Management Working Unit  
 ICWU : Integrated Compliance Working Unit  
 IIAWU : Integrated Internal Audit Working Unit

The implementation of the corporate governance organs in each of the subsidiaries, including the Committees of the Board of Commissioners and the Board of Directors is disclosed in the annual report of each subsidiary.

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### INTEGRATED CORPORATE GOVERNANCE POLICY

Danamon Group Financial Conglomeration has an Integrated Corporate Governance Policy of Danamon Group through Director Decree No. KEP: DIR-COMP-020 concerning Integrated Corporate Governance Policy dated November 26, 2015. Update of Danamon Group's Integrated Corporate Governance Policy was conducted through Decision Letter of Board of Directors of PT Bank Danamon Indonesia, Tbk. No. KEP : DIR-COMP-004 concerning Corporate Governance Policy For Bank Danamon and Corporate Governance Framework For Subsidiaries (Danamon Group) dated August 29, 2017. This policy is valid as the official Danamon Corporate Governance Policy (Main Entity) as well as the Corporate Governance Framework for subsidiaries.

Integrated Corporate Governance Policy was prepared by Board of Directors, as well as was given guidance and recommendation from the Corporate Governance Committee, Integrated Corporate Governance Committee and Board of Commissioners. The scope of Danamon Group's Integrated Corporate Governance Policy includes:

a. Integrated Corporate Governance Policy:

- Objectives of The Implementation of Integrated Corporate Governance
- Principles of Integrated Corporate Governance
- Vision, mission, values, corporate culture and business ethics
- Guidelines of Integrated Corporate Governance Implementation (including Structure of Financial Conglomeration and Duties and Responsibilities of Entity in Financial Conglomeration)
- Organ of Integrated Corporate Governance (including Main Entity's Board of Commissioners, Main Entity's Board of Directors, Integrated Corporate Governance Committee, Integrated Compliance Working Unit, Integrated Internal Audit Working Unit, Integrated Risk Management)
- Reports, Assessment, and Disclosure of Integrated Corporate Governance

b. Corporate Governance Policy for Danamon and Corporate Governance Framework for Subsidiaries (Danamon Group):

- Corporate Governance Principles and Coverage of Corporate Governance
- Commitment For The Implementation of Good Corporate Governance
- Vision, mission, and corporate values
- Business ethics and code of ethics
- Structure/ organ of corporate governance (including shareholders, General Meeting of Shareholders, Board of Commissioners, Board of Directors, Sharia Supervisory Board, Committees of the Board of Commissioners, Compliance Function, Risk Management Function, Internal Audit Function, and External Audit Function)
- Principles of policies related to corporate governance implementation (including policy on conflict of interests, personal investment policy, related party and affiliated party transaction, procurement policy, remuneration policy, proprietary and confidential information, whistle-blowing system, relationship with stakeholders, corporate social responsibility)
- Self assessment and implementation of corporate governance report

### BOARD OF COMMISSIONERS OF THE MAIN ENTITY

The Board of Commissioners of the Main Entity, besides fulfilling the requirements as a member of the Board of Commissioners of the Bank, also has an understanding of the main business activities and main risks of the entities in the Financial Conglomeration. The Main Entity's Board of Commissioners members as of December 31, 2018 are 8 (eight) people and 4 (four) or 50% of them are Independent Commissioners. All members of the Main Entity's Board of Commissioners have passed the fit and proper test from the Financial Services Authority/ Bank Indonesia, except for 1 (one) member of the Board of Commissioners who is currently in the process of fit and proper test of OJK.

Board of Commissioners of the Main Entity	Date of GMS Approval	Date of Approval by OJK/BI
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
Made Sukada (Independent Commissioner)	May 7, 2014	August 8, 2014
Peter Benyamin Stok (Independent Commissioner)	March 20, 2018	July 5, 2018
Takayoshi Futae (Commissioner)	March 20, 2018	October 3, 2018
Masamichi Yasuda (Commissioner)	November 19, 2018	In the process of fit and proper test of OJK



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

The duties and responsibilities of the Board of Commissioners of the Main Entity in the Danamon Group financial conglomeration are regulated in the Integrated Corporate Governance Policy. The duties and responsibilities of the Board of Commissioners of the Main Entity include:

1. Exercise supervision over the implementation of integrated corporate governance with the duties and responsibilities shall at a minimum include:
  - a) Oversee the implementation of Corporate Governance at each Entity to ensure that it is in accordance with the Integrated Corporate Governance Policy;
  - b) oversee the duties and responsibilities of the Board of Directors of the Main Entity as well as provide guidance or advices to the Board of Directors of the Main Entity on the implementation of Integrated Corporate Governance Policy; and
  - c) Evaluate the Integrated Corporate Governance Policy and providing recommendations for improvement of the policy.
2. Establish an Integrated Corporate Governance Committee in order to support the effective performance of its duties.
3. Hold regular meetings at least 1 (one) time each semester with the following provisions:
  - a) The Main Entity Board of Commissioners' meeting can be held via video conference;
  - b) The results of the Main Entity Board of Commissioners' meeting are recorded in the minutes of the meeting and are well documented.
  - c) Dissenting opinions that occur in the Main Entity Board of Commissioners' meeting are clearly stated in the minutes of the meeting along with the reasons for dissent.

### Implementation of Duties and Responsibilities of the Main Entity Board of Commissioners in 2018

The implementation of duties of the Main Entity Board of Commissioners in supervising the implementation of integrated corporate governance is assisted by the Integrated Corporate Governance Committee. The Integrated Corporate Governance Committee evaluates the implementation of integrated corporate governance and reports its implementation to the Board of Commissioners.

During 2018, there were 3 (three) meetings of the Board of Commissioners whose agenda discussed the Integrated Corporate Governance Committee's report related to the implementation of integrated corporate governance which included among others the results of self-assessment of integrated corporate governance, updates on the implementation of corporate governance in Subsidiaries, and discussions regarding Main Entity in financial conglomeration.

### BOARD OF DIRECTORS OF THE MAIN ENTITY

The Board of Directors of the Main Entity, besides fulfilling the requirements as a member of the Board of Directors of the Bank, also has an understanding of the main business activities and main risks of the entities in the Financial Conglomeration. The members of the Main Entity Board of Directors as of December 31, 2018 are 9 (nine) people. The majority of the members of the Main Entity Board of Directors have been working in banking industry for more than 25 years both in national and international banks and have had experience of at least 5 (five) years as company's Executive Officers/ Directors. All members of the Board of Directors have passed the fit and proper test and have obtained approval from the Financial Services Authority/ Bank Indonesia.

Board of Directors of the Main Entity	Title	Date of GMS Approval	Date of Approval by OJK/ BI
Sng Seow Wah	President Director	27 Februari 2015	20 November 2014
Michellina L. Triwardhany	Vice President Director	20 March 2018	16 March 2018
Herry Hykmanto	Director	03 April 2008	13 May 2008
Satinder Pal Singh Ahluwalia	Director	29 April 2010	24 June 2010
Adnan Qayum Khan	Director	28 April 2016	8 August 2016
Heriyanto Agung Putra	Director	28 April 2016	23 December 2016
Rita Mirasari	Director (Independent)	7 September 2016	14 September 2016
Dadi Budiana	Director	20 March 2018	17 October 2018
Yasushi Itagaki	Director	20 March 2018	7 September 2018

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

The duties and responsibilities of the Board of Directors of the Main Entity in Danamon Group financial conglomeration are regulated in the Integrated Corporate Governance Policy and Charter of the Board of Directors. The duties and responsibilities of the Danamon Directors as the Main Entity are as follows:

1. Ensure the implementation of Integrated Corporate Governance in the Financial Conglomeration with duties and responsibilities at a minimum:
  - a) Prepare the Integrated Governance Policy;
  - b) Direct, monitor and evaluate the implementation of Integrated Corporate Governance Policy; and
  - c) Follow up on the recommendations or advices from the Board

of Commissioners of the Main Entity in order to improve the Integrated Corporate Governance Policy.

2. Ensure that audit findings and recommendations from the Integrated Internal Audit Working Unit, External Auditor, supervisory results of the Financial Services Authority and/ or other authority bodies have been followed up by the Entities in the Financial Conglomeration.
3. Responsible for carrying out the supervision function of Entities in the Financial Conglomeration.

#### Implementation of the Duties and Responsibilities of the Board of Directors of the Main Entity in 2018

The Board of Directors of the Main Entity has prepared and established the Integrated Corporate Governance Policy through Director Decree No. KEP: DIR-COMP-020 concerning Integrated Corporate Governance Policy dated November 26, 2015. In 2017, the Board of Directors of the Main Entity, with input, recommendations and direction from the Board of Commissioners and the Integrated Corporate Governance Committee, updated the Integrated Corporate Governance Policy through BoD Decision No. KEP: DIR-COMP-004 dated August 29, 2017 concerning Corporate Governance Policy For Bank Danamon and Corporate Governance Framework For

Subsidiaries (Danamon Group). The Board of Directors has delivered the Integrated Corporate Governance Policy as well as the updated framework for the implementation of Good Corporate Governance (Danamon Group) to each of Subsidiaries' Directors in the Financial Conglomeration to be followed-up.

The Board of Directors performed supervisory functions of entities in financial conglomeration through reports and meetings held during 2018 with discussion material concerning 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 Working Unit, External Auditor, the supervisory results of the Financial Services Authority and/or the supervisory results of other authorities. During 2018, there was no follow-up to the fulfillment of audit results from regulators that exceeded the agreed deadline.

In order to support the effective implementation of supervisory duties, the Board of Directors of the Main Entity also become members of the Board of Commissioners in subsidiaries, namely as follows:

Name	Position in Main Entity (Danamon)	Position in Subsidiaries - Members of Financial Conglomeration
Sng Seow Wah	President Director	President Commissioner of PT Adira Dinamika Multi Finance, Tbk

#### INTEGRATED CORPORATE GOVERNANCE COMMITTEE

Danamon as the Main Entity has established the Integrated Corporate Governance Committee in accordance with the Financial Services Authority Regulation No. 18/POJK.03/2014 concerning the Implementation of Integrated Good Corporate Governance for Financial Conglomerates. The Integrated Corporate Governance Committee is established to support the effectiveness of the implementation of the duties of Board of Commissioners of the Main Entity and assist the Board of Commissioners of the Main Entity in the supervisory function related to the implementation of integrated corporate governance in the Danamon Group.

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

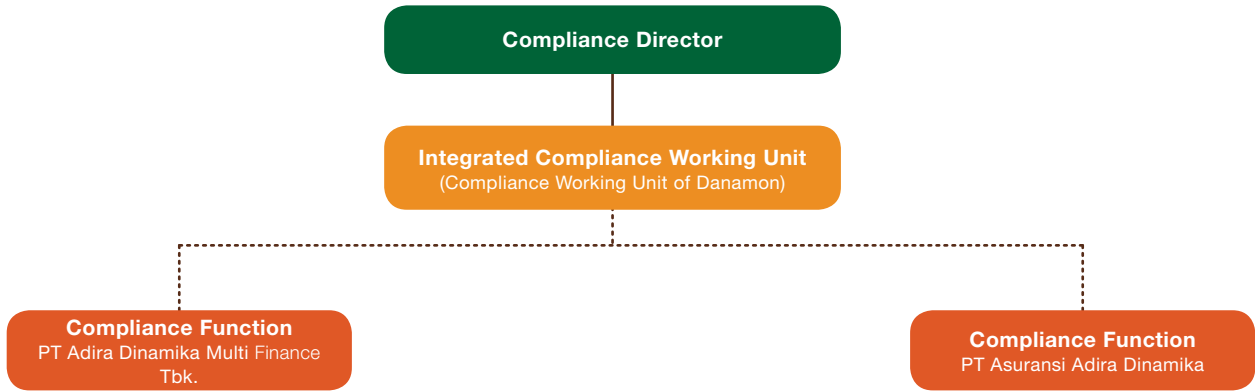
Details regarding Integrated Corporate Governance Committee's Charter, Duties, Responsibilities, Authorities, Structure, Membership,

Expertise and Legal Basis for Appointment, Independency of Integrated Corporate Governance Committee, Term of Office, Policy and Holding of Integrated Corporate Governance Committee Meetings, and Implementation of Duties of Integrated Corporate Governance Committee in 2018 can be seen in Corporate Governance Report in the Integrated Corporate Governance Committee Section.

#### INTEGRATED COMPLIANCE WORKING UNIT

The implementation of the Integrated Compliance Working Unit (SKKT) function is carried out by the existing Danamon Compliance Working Unit. The Compliance Working Unit is established independently and is under the responsibility of the Director in charge of the Compliance Function (Compliance Director). The structure and infrastructure are adequate so that it can support the implementation of the Integrated Compliance Working Unit function to coordinate, monitor and evaluate the compliance function of all entities in the Danamon Group Financial Conglomeration.

**Structure and Position of Integrated Compliance Working Unit**



**Duties and Responsibilities of The Integrated Compliance Working Unit**

Integrated Compliance Working Unit has the duties of at least monitoring and evaluating the implementation of the compliance function in each Entity in the Financial Conglomeration.

**Implementation of Duties and Responsibilities of the Integrated Compliance Working Unit in 2018**

During 2018, the Integrated Compliance Working Unit has carried out its duties and responsibilities, including:

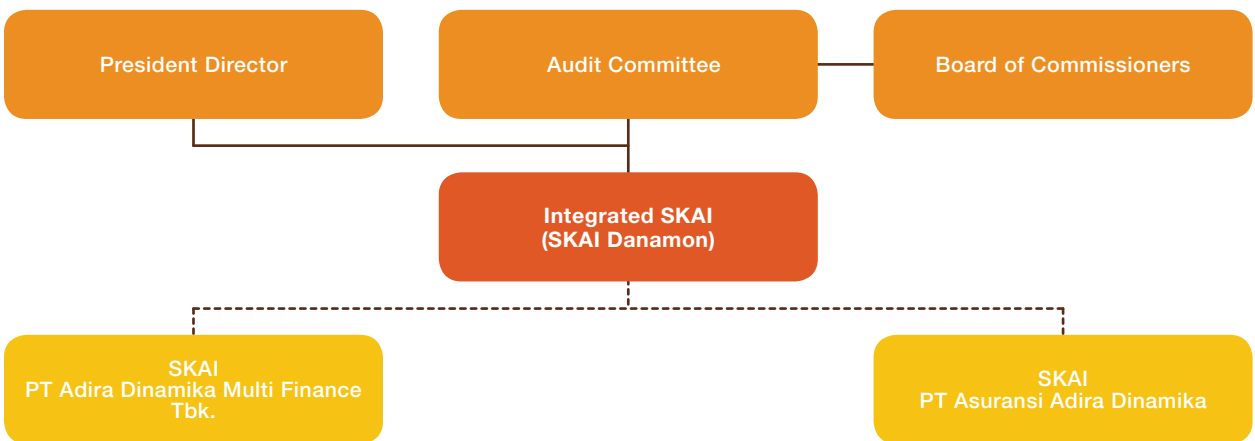
- Ensure that the compliance function in each subsidiary is established independently and supported by adequate compliance policies or guidelines.
- Coordinate and monitor related to the implementation of the compliance function of subsidiaries, including provide

consultative functions on the implementation of compliance.

- Ensure compliance of subsidiaries with regulatory parameters periodically.
- Review reports on the implementation of compliance functions submitted by subsidiaries on a quarterly basis.
- Conduct compliance testing to 9 product programs issued by Subsidiaries and 1 policy related to the Financial Conglomeration.
- Deliver new regulations to subsidiaries.
- Monitor follow-up/ commitments of improvement on the audit results conducted by the Financial Services Authority.
- Conduct integrated compliance risk assessment and prepare an integrated compliance risk profile report.
- Coordinate the assessment and preparation of integrated corporate governance self-assessment biannually.

**INTEGRATED INTERNAL AUDIT WORKING UNIT**

**Structure and Position of Integrated Internal Audit Working Unit**



Since December 10, 2018, SKAIT has been led by Nathan Tanuwidjaja as an Acting of the Head of the Internal Audit Working Unit replacing Evi Damayanti based on the letter addressed to OJK no. B. 869 - Dir dated December 12, 2018 concerning Submission of Dismissal of Head of Internal Audit Working Unit (SKAI) and Temporary Appointment of Head of Internal Audit Working Unit PT Bank Danamon Indonesia Tbk. ("Company").

Further details on Integrated SKAI including duties and responsibilities, authority, internal audit methodology, 2018 internal audit priorities as well as plans and realization of audits up to December 31, 2018 can be seen in the Corporate Governance Report concerning Internal Audit Working Unit (SKAI).

## IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

### Integrated Risk Management Policies and The Implementation

Danamon as the Main Entity has an Integrated Risk Management Policy prepared based on the regulations of the Financial Services Authority and other applicable regulations. The Integrated Risk Management Policy covers risk management framework and serves as a guide for the implementation of integrated risk management for the Danamon Financial Conglomerate. Danamon's Integrated Risk is responsible for developing overall risk management strategies that include policy, methodology, framework, limit as well as procedures and controls periodically.

The implementation of Integrated Risk Management is carried out as follows:

- a. Supervision of the Board of Directors and Board of Commissioners of the Main Entity
 

The implementation of Integrated Risk Management involves active monitoring and supervision of the Board of Directors and Board of Commissioners of Danamon as the Main Entity. The Board of Directors and Board of Commissioners of the Main Entity understand the risk, develop the risk culture, and ensure that the implementation of Risk Management in the Financial Conglomerate to support the implementation of Integrated Risk Management has been carried out effectively. In its implementation, Integrated Risk Management Committee has been established in the Financial Conglomerate.
- b. Integrated Risk Management Organization
 

In order to implement a comprehensive and effective Integrated Risk Management, the Main Entity has established Integrated Risk Management Committee and Integrated Risk Management Working Unit.

  1. Integrated Risk Management Committee
 

The membership of the Integrated Risk Management Committee consists of Integrated Risk Director of Bank as the Main Entity, the Board of Directors representing the Subsidiaries, and the relevant Executive Officer appointed. The Chairman of the Committee is the Integrated Risk Director of Bank.

Integrated Risk Management Committee meetings are held regularly. Each member as an individual or group can request an extraordinary meeting to discuss a very important topic/issue. The Integrated Risk Management Committee meeting is chaired by the Chairman of the Committee.

The duties and responsibilities of the Integrated Risk Management Committee are to provide recommendations to the Board of Directors of the Bank as the Main Entity related to the preparation of the Integrated Risk Management Policy and the improvement or refinement of the Integrated Risk Management Policy based on the evaluation results of the implementation.

2. Integrated Risk Management Working Unit
 

Danamon as the Main Entity has established an Integrated Risk Directorate which is a Risk Management Working Unit that has risk management roles and responsibilities on the Bank individually, as well as an Integrated Risk Management Working Unit in implementing integrated risk management.

The Integrated Risk Directorate is an independent unit from the risk taking units and reports to the Integrated Risk Director, who then reports directly to the President Director.

In carrying out its function as an Integrated Risk Management Working Unit, Danamon's Integrated Risk Directorate coordinates with the Risk Management working unit in each entity in the Financial Conglomerate. Authority and responsibility of the Integrated Risk Management Working Unit, including:

- Provide input to the Board of Directors and the Integrated Risk Management Committee in the preparation and improvement of the Integrated Risk Management Policy.
- Monitor the implementation of Integrated Risk Management policy including the development of procedures and tools to identify, measure, monitor and control risks.
- Monitor the risks in the Financial Conglomerate by monitoring the risk profile of each entity in the Financial Conglomerate, both in individual and in integrated manner, including the risk level for each type of risk in an integrated manner.
- Conduct stress testing on the Financial Conglomerate.
- Periodically review risk assessment methodology, implementation adequacy of management information systems, and the precision of policies, procedures and limit of integrated risks.
- Examine the proposal of new line of business that is strategic and significantly influential towards the Financial Conglomerate Risks exposure.
- Provide information to Integrated Risk Management Committee concerning matters that must be acted upon according to the evaluation results of the implementation of Integrated Risk Management.

## Integrated Risk Management Committee

### Structure and Membership of the Committee

Chairman	Integrated Risk Director of the Main Entity (Danamon)
Members	<ul style="list-style-type: none"> <li>Appointed Director from each Subsidiary</li> <li>Appointed Division Heads in Integrated Risk Management Working Unit</li> </ul>

### Status of Voting Rights and Decision Making

Decisions of Committee Meetings are taken based on the principle of deliberation and consensus. In the event that consensus does not occur, a decision is made based on a majority vote. Decisions taken based on majority vote are based on the principle of 1 (one) person 1 (one) vote.

policies; and  
b. Provide recommendations to the Board of Directors of the Main Entity related to the improvement or refinement of the Integrated Risk Management policy based on the evaluation results of the implementation.

### Duties and responsibilities of the Integrated Risk Management Committee

a. Provide recommendations to the Board of Directors of the Main Entity related to the preparation of Integrated Risk Management

### Attendance Rate of the Integrated Risk Management Committee Meeting

During 2018, the Integrated Risk Management Committee held 2 meetings with the attendance of committee members as follows:

Committee Member	Title	Meeting Attendance
Adnan Qayum Khan	Danamon Integrated Risk Director	2
Ho Lioeng Min	Director of PT Adira Dinamika Multi Finance, Tbk	2
Meryati	Chief Risk Officer of PT Asuransi Adira Dinamika (represent Director of PT Asuransi Adira Dinamika)	2
Iwan Dharmawan	Danamon Credit & Enterprise Risk Management Division Head	2
Eunice Kurniawan	Danamon Operational Risk Management, Fraud & QA Division Head	2
Ari Priyatna	Danamon Market & Liquidity Risk Management Division Head (appointed in March 2018)	1

### Meetings and Agenda of Integrated Risk Management Committee Meeting

Date	Agenda
13 February 2018	<ul style="list-style-type: none"> <li>Integrated Risk Profile second semester of 2017</li> <li>Revision of IRMC Charter</li> <li>Group RAS Monitoring</li> <li>Recovery Plan Update</li> <li>New POJK - Sustainable Finance</li> <li>Intragroup Transaction</li> <li>NSFR Overview</li> <li>IRRBB Highlight</li> <li>Adira Insurance Update</li> <li>Adira Finance Update</li> <li>Sharia Risk Profile</li> </ul>

Date	Agenda
13 August 2018	<ul style="list-style-type: none"> <li>• Follow Up Action from Prior IRMC Meeting</li> <li>• CERM Update <ul style="list-style-type: none"> <li>- Intra-Group Transaction policy &amp; risk profile</li> <li>- Integrated Risk Profile first semester of 2018</li> <li>- Legal Lending Limit &amp; Related Party Guideline</li> <li>- Legal Lending Limit – New draft of POJK</li> <li>- Sustainable Finance Update</li> <li>- Recovery Plan Update – 2018</li> <li>- Financial Conglomeration Structure</li> </ul> </li> <li>• Information Security Update</li> <li>• IFRS 9 Update</li> <li>• Adira Finance Update</li> <li>• Adira Insurance Update</li> <li>• Sharia Risk Profile</li> </ul>

#### Implementation of Duties of Integrated Risk Management Committee in 2018

Important activities carried out by the Integrated Risk Management Committee during 2018 are:

- a. Approval of the Integrated Risk Profile
- b. Subsidiaries Update
- c. Sharia Risk Profile Update
- d. Policy and Risk Profile of Intra-Group Transaction Update
- e. Discussion about Group Risk Appetite Statement
- f. Recovery Plan Update
- g. IFRS 9 Update
- h. Information Security Update
- i. NSFR and IRRBB Update
- j. New POJK regarding Sustainable Finance Update

#### INTRA-GROUP TRANSACTION POLICY

Intra-Group Transaction Risk is the risk due to the dependence of an entity both directly and indirectly on other entities in a Financial Conglomeration in order to fulfill written and unwritten agreement obligations that are followed by transfer of funds and/ or not followed by transfer of funds.

The implementation of Intra-Group Transaction Risk Management is carried out by taking into account inter-entity transaction activities in the Financial Conglomeration. Danamon as the Main Entity

has regulated the implementation of intra-group transaction risk management in the Integrated Risk Management Policy which is regularly reviewed. Intra-group transaction limits are determined through coordination between Danamon as the Main Entity and Subsidiaries as Members of the Financial Conglomeration.

The implementation of Intra-Group Transaction Risk Management is carried out through the process of identifying, measuring, monitoring and controlling risks as well as the Management Information System.

The risks of Intra-Group Transactions may arise from, among others:

- Cross ownership between the entities in Financial Conglomeration.
- Centralized management of short-term liquidity.
- The guarantees, loans, and commitments which is provided or obtained by an entity from other entities in Financial Conglomeration.
- The exposure to controlling shareholders, including loan exposures and off balance sheets such as guarantees and commitments.
- The purchase or sale of assets to other entities in Financial Conglomeration.
- Transfer of risk through reinsurance.
- The transactions to shift the third party's risk exposure between the entities within a Financial Conglomeration.

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**SELF-ASSESSMENT RESULT OF INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION**

Self-Assessment Result Integrated Corporate Governance Implementation Position June and December 2018	
Rank	Definition of Rank
2	Financial Conglomeration is considered 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 the self-assessment, Danamon has an adequate integrated corporate governance structure and infrastructure to allow the principles of integrated corporate governance to be effectively implemented. This is reflected in some of the following indicators:

Indicator	Summary of Self Assessment
Board of Directors of the Main Entity	<ul style="list-style-type: none"> <li>Board of Directors members of Main Entity have fulfilled the requirements of integrity, competence and financial reputation.</li> <li>Board of Directors members of Main Entity who are currently serving have passed the fit and proper test and have obtained approval letter from OJK.</li> <li>All audit findings and recommendations from SKAI, external auditors, OJK supervision results and/ or the results of supervision by other authorities are always followed up by the Directors of Main Entity.</li> </ul>
Board of Commissioners of the Main Entity	<ul style="list-style-type: none"> <li>Board of Commissioners members of Main Entity have fulfilled the requirements of integrity, competence and financial reputation.</li> <li>All Board of Commissioners members of Main Entity have passed the fit and proper test and have obtained approval letter from OJK, except for 1 (one) BOC member who is currently in the process of OJK fit and proper test.</li> <li>During 2018, Board of Commissioners of Main Entity has held 10 (ten) meetings of the Board of Commissioners of the Main Entity.</li> </ul>
Integrated Corporate Governance Committee	<ul style="list-style-type: none"> <li>The composition of the Independent Commissioner in the Integrated Corporate Governance Committee is in accordance with the needs of the Financial Conglomeration as well as the efficiency and effectiveness of the implementation of the duties of the Integrated Corporate Governance Committee.</li> <li>The ICG Committee is chaired by an Independent Commissioner who is also the chairman of the Bank Danamon's Corporate Governance (CG) Committee. Representative Commissioners from Subsidiaries are Independent Commissioners.</li> <li>The results of ICG self-assessment which includes the internal control function and the implementation of the integrated compliance function are regularly evaluated by the ICG Committee in the ICG Committee meeting.</li> </ul>
Integrated Compliance Working Unit	<ul style="list-style-type: none"> <li>Bank Danamon's Compliance Working Unit carries out the function of the Integrated Compliance Working Unit.</li> <li>The Integrated Compliance Working Unit is independent from other operational working units and is not in a position to face conflict of interest in carrying out its duties and responsibilities.</li> <li>Bank Danamon's Compliance Working Unit is supported by employees who have adequate qualifications.</li> </ul>

Integrated Working Unit	Internal Audit	<ul style="list-style-type: none"> <li>• Implementation of the functions of the Integrated Internal Audit Working Unit (SKAIT) is carried out by Bank Danamon's Internal Audit Working Unit (SKAI).</li> <li>• SKAI is independent of other operational working units.</li> <li>• SKAI is headed by the Head of SKAI who is directly responsible to the President Director. To support the independency of SKAI and ensure the smooth running of the audit and authority in monitoring follow-up, the Head of SKAI is also directly responsible to the Board of Commissioners through the Audit Committee.</li> <li>• There was a change in the Head of the Internal Audit Working Unit which was previously held by Evi Damayanti since June 1, 2016 and as of December 10, 2018 Evi Damayanti has no longer held the position of head of the Internal Audit Unit because she was assigned to assume the position of Chief Operations Officer. Furthermore, Nathan Tanuwidjaja has been appointed as Acting Chief of the Internal Audit Working Unit as of December 10, 2018. The change has been reported to the relevant Regulators.</li> </ul>
Integrated Risk Management Implementation	Risk Management	<ul style="list-style-type: none"> <li>• Bank Danamon as the Main Entity in the financial conglomeration has Integrated Risk Management Policy that regulates the Risk Management Framework for Banks and the Financial Conglomeration and the Implementation of Risk Management in each type of risk comprehensively. Bank Danamon has implemented Group Risk Appetite Statement (RAS) and has RAS Cascading.</li> <li>• Bank Danamon has an Intra-Group Transaction Policy that refers to the Integrated Risk Management Policy.</li> <li>• the Integrated Risk Management Policy has been reviewed in accordance with applicable regulations and current conditions.</li> <li>• The Board of Directors and Board of Commissioners of Main Entity actively supervise the implementation of integrated risk management policies and strategies and hold regular meetings to analyze the performance of Bank Danamon and subsidiaries and discuss other matters related to risk issues, mitigation mechanisms, potential losses and the follow-up improvements.</li> </ul>
Integrated Governance Policy	Corporate	<ul style="list-style-type: none"> <li>• Bank Danamon has an Integrated Corporate Governance Policy of Danamon Group. The policy applies as a Corporate Governance Policy of Bank Danamon (Main Entity) as well as Framework for the Implementation of Corporate Governance for Subsidiaries.</li> <li>• The implementation of integrated corporate governance principles at the Bank and Subsidiaries has been guided by the applicable Integrated Corporate Governance Policy.</li> </ul>



**Sharia**  
**Corporate**  
Governance



**Introduction**

**INTRODUCTION**

The implementation of Corporate Governance at Danamon Sharia (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 sharia 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 sharia principles in conducting sharia business activities.

The Company'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**

In 2017, Danamon Syariah began to fully implement a marketing strategy with leverage model where all Danamon's Syariah product

can be sold throughout all bank network leveraging the Branch Network. Some important milestones carried out in 2018 were as follow:

1. In February 2018, Danamon Syariah was appointed as Deposit Bank for Biaya Penyelenggaran Ibadah Haji (BPS BPIH)
2. In August 2018, Danamon Syariah launched Tabungan Rencana Haji (TRH) and Tabungan Jemaah Haji Account (RTJH).
3. Offered retail financing through mortgages program.
4. Improved Syariah brand image and awareness through:
  - Actively engages in Syariah financial inclusion and literation, alignment with OJK and others Syariah Bank
  - Started digital strategy for Syariah products through media gathering, media promotion as well as social media
  - Employee campaign program (Haji, Umrah, Qurban, Mortgage) for Danamon Group employee
5. Focus to socialize Danamon's syariah product such as Syariah Leasing, TRH, RTJH, Umroh Saving, Syariah insurance product i.e Proteksi Prima Amanah in all bank distribution network.
6. Enhancement and improvement in our infrastructure and integrated technology to improve SLA, minimize manual process with core banking system integration.

In order to raise consumer and community sharia financial literacy, launched by the Financial Services Authority (OJK), the Company has undertaken several programs as follows:

Sharia Financial Literacy Program	Objectives
Education on Sharia banking "iB Vaganza Program" in collaboration with OJK (Banking)	Fostering community awareness on sharia banking and products
Sharia Finance Fair in cooperation with OJK (Banking, insurance, and capital market)	Information dissemination to the public in regard to sharia financial products that include: Takaful, Sharia Banking, and Sharia Capital Markets

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## SHARIA SUPERVISORY BOARD (SSB)

### Number and Composition of SSB

In 2018, the number of UUS Danamon SSB members was 3 (three) persons as mentioned below.

Name	Position
Prof. Dr. H.M. Din Syamsuddin	Chairman
Dr. Hasanudin, M.Ag	Member
Drs. Asep Supyadillah, M.Ag*	Member

\* Effective as a Sharia Supervisory Board (DPS) PT Bank Danamon Indonesia Tbk as of June 22, 2018 based on the Financial Services Authority (OJK) Letter Number SR-35/PB.13/2018 dated June 22, 2018 concerning Decision on Submission of Prospective Board Members Sharia Supervisor PT Bank Danamon Indonesia Tbk

### Dual Position of SSB Members at Other Sharia Financial Institutions

All members of the SSB have fulfilled the terms of dual position as stipulated in Bank Indonesia Regulation No.11/10/PBI/2009 regarding Sharia Business Unit Dual Positions as follows:

Name	Position Held in Other Companies	Name of Company
Prof. Dr. H.M. Din Syamsuddin (Chairman)	SSB	Bank Bukopin
Dr. Hasanudin, M.Ag (Member)	SSB	BNI Syariah Toyota Astra Finance Services Syariah Trimegah
Drs. Asep Supyadillah, M.Ag. (Anggota)	SSB	PT Capital Life Syariah PT Asuransi Reliance Indonesia PT Asuransi Jiwa Generali Indonesia

### SSB Work Program 2018

UUS Danamon SSB in 2018 conducted the following work programs:

- Held at least 12 (twelve) SSB discussion meetings on sharia principles, filling new products and requests for opinions on situations occurring during operations
- Conducted periodic reviews including oversight of the fulfillment of sharia 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
- Established proper collaboration between the Sharia 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.
- Prepared the SSB Supervision Result Report every 6 months, submitted it to the OJK with copies to DSN-MUI, the Board of

Commissioners, the Director of UUS Danamon, the Internal Audit Unit and the Compliance Division

- Heightened sharia and banking knowledge by continuously improving SSB capacity through training programs and workshops in order to boost UUS Danamon growth and progress
- Provided advice and recommendations to UUS Danamon Director on specific and general management of Bank Danamon in order to improve and fulfill sharia principles and to bolster UUS Danamon growth and development

### DPS Work Accomplishment 2018

- 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	8
Dr. Hasanudin, M.Ag	12
Drs. Asep Supyadillah, M.Ag.	6

The execution of SSB Meetings in 2018 complied with Bank Indonesia and OJK 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.

2. In the assessment of sharia principles fulfillment performed on a regular basis during 2018, and from the 200 customers' data presented, SSB conducted samplings of 104 customers, both funding and financing customers. The customer criteria is as follows:

Customer Data Presented	Customer Data Sampling
178 Funding customers	76 Funding customers
4 Employee cooperation	3 Employee cooperation
25 SME customers	19 SME customers
2 BPRS customers	2 BPRS customers
4 EB Customers	4 EB Customers

3. Throughout 2018, SSB coordinated with Sharia Assurance Unit - UUS Danamon to back its function as SSB by issuing 15 (fifteen) DPS Opinions with details as follows:

No	Issues / Topics
1	SSB's Opinion on fee compensation (Ta'widh) for repayment of accelerated IMBT financing
2	SSB's Opinion on Approval of the Offer 3 Sharia Insurance Partner Partners to Customers House Ownership Financing Products (PKR) - Syariah iB Mortgage
3	SSB's Opinion on Take Over (Top Up) and Refinancing Home Ownership Financing (PKR) - iB Sharia Mortgage
4.	SSB's Opinion on iB Hajj Savings Program and Services
5	SSB's Opinion on the Opening of the CAN CAN Umrah Savings Account for Non-Muslim Customers
6	SSB's Opinion about Dormant Sharia Account Activation Marketing Program
7	SSB's Opinion on Program Support Documents and iB Hajj Savings Services
8	SSB's Opinion on Mudharabah Muqayadah Financing
9	SSB's Opinion about Marketing Program for Hajj Savings Users
10	SSB's Opinion on Virtue Fund SOP May 2018
11	SSB's Opinion on SOP for the Hajj Savings Account [RTJH]
12	SSB's Opinion on SOP for Hajj Plans Savings [TRH]
13	SSB's Opinion on SOP for Sharia Financing and Funding Product Management
14	SSB's Opinion on SOP for Mutanaqisah Musharaka Financing (MMQ)
15	SSB's Opinion on Offering Letter of Financing: BPRS, IMBT, Kopkar, Mudharabah, Murabahah, Musyarakah, BG/SKBDN

4. Submitted a report on the SSB supervision results once every 6 months to the OJK with copies to DSN-MUI, the Board of Commissioners, the Director of Danamon UUS, the Internal Audit Unit and Bank Danamon Compliance Division

5. in 2018, UUS Danamon SSB attended training programs and workshops to upgrade SSB capabilities as detailed in the following table:

No	Training Programs and Workshops
1	<i>Pra Ijtima' Sanawi</i> (Indonesia Annual Meeting Dewan Pengawas Syariah), dated October 02, 2018, Aula Kantor DSN-MUI Lt. 2, Jakarta.
2	<i>Ijtima' Sanawi</i> (Indonesia Annual Meeting Dewan Pengawas Syariah), dated November 08-09, 2018, Hotel <i>Mercure Convention Centre</i> , Taman Impian Jaya Ancol, Jl. Pantai Indah Jakarta Utara 14430.

6. 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 sharia principles, and to sustain development and growth of UUS Danamon

### SSB Supervision

SSB supervision results were reported to the OJK with copies to the Compliance Division, Internal Audit Work Unit, Board of Directors & Commissioner of PT. Bank Danamon Indonesia, Tbk and the National Sharia Board - Majelis Ulama Indonesia (DSN-MUI) for 2 (two) periods, such as the Report of Supervision Results (LHP) year ending 2018. The LHP consists of:

1. Financial reports, branch network development, products, human resources, and regular meetings with Bank Danamon UUS management during the period of such supervision
2. Report on the Bank's products and services compliance follow-up, accompanied by the DSN-MUI fatwas
3. Bank supervision working papers on Bank activities & product development

4. 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 the Danamon Remuneration Committee and stipulated in Danamon's Annual General Meeting of Shareholders. Total remuneration and other fringe benefits in 2018 are as follows:

Total Remuneration and other Benefits	Amount Received in 1 Year (gross)	
	Persons	Rupiah
1. Remunerations	3	833,798,024
2. Other Benefits	3	Health Insurance (including family members)
Total Remuneration* per person in 1 year	Total SSB Members	
Above 2 billion Rupiah	-	
Between 1 billion and 2 billion Rupiah	-	
Above 500 million rupiah s.d. 1 billion Rupiah	-	
Below Rp 500 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 :

1. 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
2. Coordinated with all levels of directorates for the development and upgrading of UUS Danamon's business, including operational and marketing coordination of sharia products through sharia services at the Bank's main branch
3. Ensured UUS Danamon's soundness in accordance with OJK

4. Coordinate with BI and OJK
5. Is a member of the Risk Management Committee

### LIST OF CONSULTANTS AND LEGAL ADVISORS

In 2018, UUS Danamon did not hire any services from consultants and legal advisors

### INTERNAL VIOLATIONS

In 2018, there were no internal fraud cases in UUS Danamon

Internal Fraud within 1 year	Number of cases committed by					
	Directors		Permanent Employees		Contract Employees	
	2017	2018	2017	2018	2017	2018
Total internal fraud	None	None	None	None	None	None
Resolved	None	None	None	None	None	None
Under settlement within internal UUS	None	None	None	None	None	None
Completion 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 2018, legal issues in UUS Danamon were as follows:

Legal Issues	Total	
	Civil	Criminal
Case closed (permanent & legally binding)	None	None
Not settled / Under settlement	None	None
<b>Total</b>	None	None

### 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 Sharia Banking Chapter II on Principles, Objectives and Functions. Islamic banks also carry out social functions as stated in Article 4 paragraph 2 which reads: "Sharia 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

1. The Best Syariah Business Unit in the category of Islamic Asset Banks under Rp 20 Trillion from Tempo Media Group and Indonesia Banking School

2. The Best in Profitability Syariah Unit (SILO Asset 20 T – 2 T) from Karim Consulting.
3. Achieved "Very Good" performance for the Sharia Business Unit category with Assets of Rp 2.5 Trillion - Rp 5 Trillion from Infobank.
4. Award for the 2018 Infobank Banking Service Excellence Awards, namely
  5. Rank 1 in teller category
  6. Rank 1 in branch telephone
  7. Rank 1 in security service
  8. Rank 2 in Overall category minus E-Banking
  9. Rank 2 in customer service
  10. Rank 2 in Best Overall Performance Syariah

#### NON-HALAL INCOME AND ITS USE

In 2018, there was no non-halal income received by UUS Danamon

#### 2017 UUS DANAMON GCG SELF-ASSESSMENT RESULTS

Based on the working papers related to the self-assessment of the 2017 UUS Danamon GCG implementation, we present the following composite value 2017 summary and the 2017 UUS Danamon GCG self-assessment results.

**Table of Composite Value Summary Calculation 2018**

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	2	20.00%	0.40
3	Ssharia 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%	1.75
Predicate: Excellent / <b>Good</b> / Satisfactory / Below Satisfactory / Poor				

No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
1	UUS Director duties and responsibilities <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%	0.7	Good
2	SSB duties and responsibilities <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 sharia 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%	0.2	Good
3	Sharia principles Implementation in fund raising, channeling of funds, and services activities <ul style="list-style-type: none"> <li>Each product issued by UUS Danamon shall be reviewed by the Sharia Assurance Unit, Bank Danamon Compliance Division with requests for SSB opinions to ensure the suitability of the product with Fatwa DSN - MUI</li> </ul>	2	10%	0.2	Good



No	Valuation Factors	Rank (a)	Weight (b)	Value (a) x (b)	Predicate
	<ul style="list-style-type: none"> <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 BI / OJK provisions, one of which is conducting product policy periodic reviews and internal audit</li> </ul>				
4	Fund disbursement to core financing customers and deposit funds by core depositors <ul style="list-style-type: none"> <li>UUS Danamon shall apply prudential principles in providing funding, especially to Core Customers by continuously referring to BI/OJK 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%	0.2	Good
5	Transparency of financial and non-financial conditions, GCG implementation reports and internal reporting <ul style="list-style-type: none"> <li>UUS Danamon shall publish Quarterly Financial Published Reports in national newspapers in accordance with BI / OJK 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 the Bank's Annual Report.</li> <li>UUS Danamon shall conduct GCG Self- Assessment, and shall prepare the GCG Implementation Report according to BI / OJK 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 Bank 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 2018, UUS Danamon obtained a composite score of 1.75, attaining the category of "Good."

- At all times complied with the prevailing regulations and sharia implement principles in fund raising activities and fund channeling and sharia unit services
- Boosted third party fund raising by making the best use of the sharia branch office network and sharia services (office channeling) through the bank's office network while upholding prudent principles and improving knowledge of sharia human resource principles.
- Fund disbursement activities in financing customers and third party fundraising remained consistent with the principles of

- prudence and independence based on sharia 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 sharia 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, sharia 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 sharia 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 Sharia 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 sharia principles in its banking activities.

#### Sharia Business Unit

**P.T. Bank Danamon Indonesia Tbk.**

**Herry Hykmanto**

**Director**

#### ATTACHMENT 1

Details of times, venues, and agenda of SSB 2018 meetings

No	Day, Dates, and Year	Agenda	Members
1	Tuesday, January 23, 2018, at Menara Bank Danamon 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	Dr. Hasanudin. M.Ag.
2	Wednesday, February 14 2018, at DSN-MUI Bureau	Discussion of Funding & Financing Examination Results for Supervision Results Report - Sharia Supervisory Board (LHP-DPS)	Dr. Hasanudin. M.Ag.
3	Tuesday, February 20, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag.
4	Thursday, April 05, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag.

No	Day, Dates, and Year	Agenda	Members
5	Thursday, April 26, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag.
6	Monday, May 28, 2018, at Menara Bank Danamon 7 <sup>th</sup> floor	Request for related SSB Opinion: Program supporting documents and iB Haji Savings Services and Mudharabah Muqayyadah Financing	Dr. Hasanudin. M.Ag.
7	Thursday, July 05, 2018, at Menara Bank Danamon 7 <sup>th</sup> floor	1. Danamon & Financing Composition based on Contract & Product 2. Update on UUS issues, and issues related to UUS and Bank Danamon activities	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
8	Monday, August 20, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
9	Thursday, September 27, 2018, at Menara Bank Danamon 7 <sup>th</sup> floor	1. Update on UUS Bank Danamon & Financing Composition performance based on Contract & Product 2. Update of Request for Sharia Supervisory Board Opinion 3. Update on UUS issues, and issues related to UUS and Bank Danamon activities	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
10	Thursday, November 01, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
11	Tuesday, November 27, 2018, at DSN-MUI Bureau	Discussion Regarding the Results of the Audit Financial Services Authority (OJK)	Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.
12	Tuesday, Desember 18, 2018, at Menara Bank Danamon 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	Prof. Dr. H.M. Din Syamsuddin Dr. Hasanudin. M.Ag. Drs. Asep Supyadillah, M.Ag.

**ATTACHMENT 2**

No.	Date	Name of Beneficiary Funds	Objective	Amount
1	January 11, 2018	CDCC Foundation	Funding assistance to sustain the work of the CDCC civilization	50,000,000.00
2	January 23, 2018	Ponpes Al Hidayah	Mosque renovation at Jl Raya Mayjen H.R Sukma Km 20 Kp Cosalopa RT 03/02 Ds Pasir Buncir, Caringin District Bogor Kab 16730	5,000,000.00
3	January 23, 2018	MARHALAH Cabang Jakarta	Alquran Reading Training, Marhalah Jakarta Branch	5,000,000.00
4	February 1, 2018	Mushola Thursina	Construction of Musholah Thursina	5,000,000.00

5	February 12, 2018	Citron Academy Depok	Funding assistance for Entertraining Parenting activities, Citron Academy Depok	3,000,000.00
6	March 23, 2018	Masjid Raya Kebayoran Residence	Funding for the construction of the Great Mosque of Kebayoran Residence Bintaro	5,000,000.00
7	March 23, 2018	Masjid Nurul Falah	Construction funding assistance (MCK & Wudhu Place) Nurul Falah Mosque	5,000,000.00
8	March 23, 2018	Musholla At Taqwa	assistance with the renovation of the Ataqwa musholla	5,000,000.00
9	March 26, 2018	SMP Negeri 3 Leuwiliang Bogor	Funding for the construction of mosques at SMP Negeri 3 Leuwiliang Bogor	5,000,000.00
10	March 26, 2018	Yayasan Raffiah	Funding for foster children & tahfidz scholarships, Raffiah Foundation	25,000,000.00
11	April 5, 2018	Mushola Al Ishlah	Funding for the procurement of carpeting in Al Ishlah mosque	7,500,000.00
12	April 9, 2018	PMD Menara Bank Danamon	Financial assistance for tahsin school program for danamon employees, PMD Menara Bank Danamon	8,650,000.00
13	April 17, 2018	Yayasan Danamon Peduli	Assistance with funds for facilities (facilities & infrastructure) for PAUD Tunas Jaya PAUD Foundation, Danamon Peduli Foundation	25,000,000.00
14	April 26, 2018	STIKES Muhammadiyah Kudus	Scholarship assistance for children excel, STIKES Muhammadiyah Kudus	6,000,000.00
15	April 26, 2018	SMPIT Thariq Bin Ziyad	Musabaqah Hizil Qur'an (MHQ) Activities Funding, SMPIT Thariq Bin Ziyad	5,000,000.00
16	May 14, 2018	SD IT Harapan Ummat	Donations for orphans & underprivileged people (Ramadhan), SD IT Harapan Ummat	5,000,000.00
17	May 14, 2018	Mushola AT-Tabi'in	Donations for orphans & underprivileged people (Ramadhan), AT-Tabi'in Mosque	5,400,000.00
18	May 14, 2018	Pimpinan Ranting Aisyiyah	Donations for orphans & underprivileged people (Ramadhan), Aisyiyah Branch Manager	1,000,000.00
19	May 22, 2018	PMD Matraman	Compensation for funds for orphans & underprivileged people (Ramadhan), PMD Matraman	10,000,000.00
20	May 22, 2018	PMD Lapangan Ros Tebet	Compensation for funds for orphans & underprivileged people (Ramadhan), PMD Lapangan Ros Tebet	8,000,000.00
21	May 22, 2018	Remaja Sosial Tebet	Donations for orphans & underprivileged people (Ramadhan), Remaja Sosial Tebet	500,000.00
22	May 22, 2018	Yayasan Al Kahfi Bekasi	Assistance with school supplies, Al Kahfi Foundation Bekasi	4,500,000.00
23	May 22, 2018	PMD MBD	Compensation for funds for orphans & underprivileged people (Ramadhan), PMD MBD	20,000,000.00
24	May 25, 2018	Mushola Al Husna	Purchase of carpeting in Al Husna prayer room	9,000,000.00
25	May 25, 2018	Yayasan Mahmudah	Compensation for funds for orphans & the elderly, the Easy Foundation	1,500,000.00
26	May 30, 2018	PMD Kebon Sirih	Funding for Ramadhan (ta'jil funds), PMD Kebon Sirih	5,000,000.00
27	June 7, 2018	Laznas Al Azhar	Assistance with funds for worship facilities (mosques), Laznas Al Azhar	50,000,000.00
28	June 7, 2018	Dompot Duafa	School renovation funding, Dompot Duafa	50,000,000.00
29	June 7, 2018	Masjid Al Amien (Energizer)	Purchase of carpeting in Al Amien mosque	7,500,000.00
30	June 8, 2018	Masjid Cirebon	Eid Al-Fitr gifts 1429 H for Koran Teachers & Imams in several villages in Cirebon	20,000,000.00
31	June 8, 2018	Yayasan at tarbiyah	Benefits for Orphans and Underprivileged People, At Tarbiyah Foundation	3,000,000.00

32	June 8, 2018	Yayasan Bangun Anak Jakarta	Compensation for Orphans and Underprivileged People, Bangun Anak Jakarta Foundation	3,000,000.00
33	June 29, 2018	Anak Asuh Ahmad Chairul Syah	Assistance for school needs of orphans, guided by Ahmad Chairul Shah	24,500,000.00
34	July 9, 2018	Universitas Gajah Mada	Community Empowerment Funds through Horticulture Planting in the Gajah Mada University Community Service Program	4,000,000.00
35	August 2, 2018	Unit Usaha Syariah - Danamon	Earthquake Natural Disaster Relief in Lombok NTB YPI Al Azhar	50,000,000.00
36	August 7, 2018	Masjid Al Mubaarokah	Funds for the Construction of the Al Mubaarokah Mosque	5,000,000.00
37	August 7, 2018	Masjid Al Himni	Funds for the Construction of Al Himni Mosque	10,000,000.00
38	August 9, 2018	Unit Usaha Syariah - Danamon	Earthquake Natural Disaster Assistance in NTB Lombok Asbisindo	100,000,000.00
39	August 21, 2018	Masjid Al Awwabin	Funds for purchasing school supplies for 40 orphans at Al Awwabin Mosque	5,000,000.00
40	September 7, 2018	Yayasan Insan Nashirus Sunnah	Ma'had Endowments Tahfizh Al Qur'an Donation Abdullah Ibn Mas'ud Nashirus Sunnah Insan Foundation	25,000,000.00
41	September 18, 2018	Mushola Ainul Yaqin	Assistance for Ainul Yaqin Mosque Building Funds	4,000,000.00
42	October 3, 2018	Masjid Al Ubudiyah	Al Ubudiyah Mosque Development Fund Assistance	20,000,000.00
43	October 30, 2018	Mushola Nursaniah	Aid for Renovation of Nursaniah Mosque	3,000,000.00
44	October 24, 2018	OJK Peduli	Disaster Relief Aid for the Earthquake in Palu with OJK Peduli	50,000,000.00
45	October 24, 2018	Karang Taruna RW 06 Bukit Duri	Community Youth Empowerment Community Empowerment Activities on Youth Oath Day	500,000.00
46	October 30, 2018	Mushola As Salam	Assisting to Renovating the As Salam Mosque	3,000,000.00
47	October 29, 2018	Masjid Jami Al Ihsan	Renovation Aid for Jami Al Ihsan Mosque	5,000,000.00
48	December 6, 2018	Masjid Jami Al Ma'mur	Assisting with Mawlid Prophet Muhammad's funds at the Al Ma'mur Jami Mosque Foundation	5,000,000.00
49	December 19, 2018	STIKES Muhammadiyah Kudus	Scholarship assistance for outstanding children of STIKES Muhammadiyah Kudus	9,000,000.00
50	December 19, 2018	Anak Asuh Chairul Syah	Aid for orphanage Chairul Syah's	8,645,000.00
51	December 31, 2018	Kementrian Agama	Funding for the Istiqlal Mosque Takmir and the Sunda Strait tsunami victims	15,000,000.00
<b>Total</b>				<b>715,195,000.00</b>

## GENERAL CONCLUSIONS

### Danamon 2018 UUS GCG Self Assessment

In accordance with Bank Indonesia Regulations, in 2018 Sharia Business Units (UUS) Danamon has conducted a self-assessment of the implementation of Good Corporate Governance (GCG) in 5 (five) aspects as follows:

1. Implementation of duties and responsibilities of the Director of UUS
2. Implementation of SSB duties and responsibilities

3. Implementation of sharia principles in the activities of raising funds and channeling funds and services
4. Distribution of funds to core financing customers and raising funds by core depositors
5. Transparency of financial and non-financial conditions on GCG implementation reports and internal reporting

The rating of these aspects is based on the performance of Good Corporate Governance on the minimum criteria set by BI.

## THE RESULTS OF SELF ASSESSMENT GCG UUS BANK DANAMON 2018

No	Factor	Ranking (a)	Weighting (b)	Value (a) x (b)	Predicate
1	<p>Implementation of duties and responsibilities of the Director of UUS</p> <ul style="list-style-type: none"> <li>The Director of the UUS Danamon passes the BI fit &amp; proper test, is independent, has no conflict of interest &amp; his appointment has been reported to BI</li> <li>Director of UUS Danamon is responsible for managing Danamon UUS, following up on SSB recommendations &amp; providing data for SSB supervision</li> </ul>	2	35%	0.70	Good
2	<p>Implementation of SSB duties and responsibilities</p> <ul style="list-style-type: none"> <li>3 SSB members, have integrity, competence and adequate financial reputation, are appointed through a GMS based on the recommendation of the Nomination Committee and recommendations of the DSN-MUI with tenure not exceeding the Board of Directors/Board of Commissioners. Multiple positions of SSB members are in accordance with BI regulations</li> <li>SSB has assessed and ensured compliance with sharia principles for products and operational guidelines for the UUS Danamon and submitted supervision reports in accordance with Bank Indonesia regulations</li> <li>SSB conducts 12 meetings during 2018. Decisions on meetings based on consensus meetings are well documented and submitted as recommendations for follow-up management of Danamon UUS</li> <li>Multiple positions as SSB members in other sharia financial institutions and other remuneration/ facilities DPS have been reported in the GCG Implementation Report. DPS members do not hold concurrent positions as consultants in all BUS/UUS Danamon. In accordance with the SSB Work Rules, SSB members do not use the Danamon UUS for personal gain</li> </ul>	2	20%	0.40	Good
3	<p>The implementation of sharia principles in the activities of raising funds and channeling funds and services</p> <ul style="list-style-type: none"> <li>Every product that will be issued by the Danamon UUS is reviewed by the Syariah Assurance Unit, Bank Danamon Compliance Division and DPS opinion is requested to ensure the suitability of the product with the DSN Fatwa - MUI</li> </ul>	2	10%	0.20	Good

Corporate Data	3	<ul style="list-style-type: none"> <li>Danamon UUS strives for the implementation of fund collection products, distribution of funds and services in accordance with the Fatwa of the DSN-MUI and the provisions of BI/OJK, among others by conducting periodic reviews of product policies &amp; conducting internal audit processes</li> </ul>				
	4	<p>Distribution of funds to core financing customers and deposit of funds by core depositors</p> <ul style="list-style-type: none"> <li>UUS Danamon has applied the precautionary principle in providing funds, especially to core customers by always referring to BI/OJK provisions</li> <li>Danamon UUS does not provide special treatment for core financing customers and core depositors so that treatment of core customers follows the general policies of Danamon UUS</li> <li>The product of the provision of Danamon UUS funds has been periodically reviewed according to bank regulations</li> <li>List of details of core financing customers and customers of Core depositors have been submitted to BI according to applicable regulations</li> </ul>	2	10%	0.20	Good
Corporate Social Responsibility						
Good Corporate Governance						
Operational Review	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 has compiled a Quarterly Published Financial Report and announced it to national newspapers in accordance with BI/OJK regulations</li> <li>UUS Danamon has delivered the targets, strategies and policies for developing the UUS Danamon in the RBB and delivered information on UUS business development in the RBB Realization Report and the Bank's Annual Report</li> <li>Danamon UUS has carried out GCG Self Assessment, made a GCG Implementation Report in accordance with BI/OJK regulations</li> <li>UUS Danamon has good internal reporting and is able to present data/information from core systems and supporting systems. The reporting system is supported by human resources who have training and experience and an adequate IT security system in accordance with Bank Danamon's IT Security procedures</li> </ul>	1	25%	0.25	Very Good
Management Discussion and Analysis						
Company Profile						
Management Report	5	<ul style="list-style-type: none"> <li>UUS Danamon has good internal reporting and is able to present data/information from core systems and supporting systems. The reporting system is supported by human resources who have training and experience and an adequate IT security system in accordance with Bank Danamon's IT Security procedures</li> </ul>	1	25%	0.25	Very Good
Main Highlights						
<b>Composite Value</b>						
Predicate: Very Good/ <b>Good</b> /Fairly Good/Less Good/Not Good						

The GCG implementation in Danamon UUS in 2018 has fulfilled several provisions governing GCG, as follows:

1. Always maintain compliance with applicable rules and implementation of sharia principles in fund raising and fund distribution activities and sharia unit services
2. Increased third party funds by optimizing the function of the Sharia branch network and Sharia Services (office channeling) network through the parent bank office network while still applying the precautionary principle and increasing human resource knowledge regarding sharia principles
3. Funding activities to customers financing and collecting third party funds remain consistent by applying the principle of prudence and independence based on sharia principles
4. Transparency of financial and non-financial conditions, reports on GCG implementation and internal reporting are carried out periodically and transparently in accordance with applicable regulations
5. The Director of the UUS Danamon has fulfilled the required criteria, including having competence in the field of sharia and fully committed to the development of the Danamon UUS and following up on recommendations from DPS and always providing data regarding the growth and condition of the Danamon UUS every month through regular SSB meetings
6. The UUS SSB Danamon has carried out its duties and responsibilities, among others, all SSB have good reputation and competence, carry out routine SSB meetings and provide

opinions, recommendations and reviews of Danamon UUS products and make SSB Supervisory Reports every semester.

Sustainable UUS Danamon will continue to make improvements related to the increased productivity of better human resources accompanied by an increase in knowledge and capabilities regarding Islamic banking, the provision of a more effective information management system, improvement of work processes and procedures and the optimization of all potential exist in the main bank office network (office channeling) in order to achieve performance according to predetermined targets so as to provide benefits to all stakeholders and also protect the interests of stakeholders.

The aforementioned improvement efforts were carried out while prioritizing GCG principles and prudential principles and optimizing SSB performance in implementing Sharia Principles accompanied by increased communication effectiveness between the SSB and the Director of the UUS Danamon, improving compliance, risk management and internal audit functions.

Finally, Danamon UUS can become the Bank 2018 Most Reliable Sharia Unit thanks to the support of Bank Danamon which has a strong infrastructure, extensive service network, good brand awareness, so that it will have a positive impact on Danamon UUS while maintaining consistent application of the principles sharia principles in banking activities.

#### Sharia Business Unit

PT Bank Danamon Indonesia Tbk.

Ng Kee Choe

President Commissioner

Sng Seow Wah

President Director