



Mbok Cabe

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Corporate Governance

Corporate Governance



Danamon views consistent and continual implementation of GCG practices as a prerequisite for the development of sustainable business growth and long-term economic value for shareholders, as well as maintaining and enhancing the trust of both stakeholders and the general public. Danamon's sound GCG implementation, and its compliance culture, is expected to contribute to the benefit of the financial industry in Indonesia.

Commitment for Good Corporate Governance Implementation

COMMITMENT FOR GOOD CORPORATE GOVERNANCE IMPLEMENTATION

Good Corporate Governance (GCG) practices will enhance the Bank's competitive edge and improve its financial and operating performances, as well as sustaining investors trusts. To that end, Danamon is committed to continue building its GCG implementation in accordance with national standards, as well as ASEAN & international ones.

Danamon conducts sustainable, consistent GCG implementation with a strong commitment supported by:

- Clear and realistic Vision, Mission and Core Values, which are periodically evaluated by the Board of Commissioners and Directors;
- GCG Guidelines as a reference to GCG implementation;
- Guidelines and charters of the Boards of Commissioners and Directors, along with Committees;
- Determination of clear responsibilities and accountabilities of Danamon organs;
- Establishment of a code of conduct consistently implemented in Danamon's corporate culture;
- Strong internal control system, including internal and external audit functions, as well as risk management and compliance functions independent of business units and operations;
- Implementation of a checks & balances mechanism;
- Guidelines for affiliated transactions and related parties' transaction including transaction with conflict of interest.
- Collective Labour Agreement (CLA) to assure the rights and obligations for Danamon employees as conduit for a positive working environment;
- A whistleblowing system as a mechanism for reporting and lodging complaints, suggestions and critiques from employees and other stakeholders;
- Corporate social responsibility and environmental programs.

The Objectives of Good Corporate Governance Implementation

THE OBJECTIVES OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION

GCG implementation is geared toward fostering professionalism, transparency and efficiency in Danamon, including strengthening the functions and independency of Danamon's organs; namely, the Board of Commissioners, Board of Directors, and General Meeting of Shareholders. It is also geared towards encouraging high moral standards among shareholders, the Board of Commissioners, the Board of Directors and stakeholders, as well as improving awareness of the importance of Danamon's social aspirations for all stakeholders.

In addition, enhanced corporate governance implementation is expected to optimize Danamon's value for shareholders, while simultaneously fulfilling ASEAN and international standards of GCG implementation. As such, Danamon may become a well-recognized entity, not only at a national level but also within the ASEAN Economic Community.

GOOD CORPORATE GOVERNANCE IMPLEMENTATION ROADMAP

Danamon continues to refine its GCG implementation through sustainable and well-planned processes, embodied in the Good Corporate Governance Road Map, as follow:

2006

- Published GCG manual for employees at all levels as the practical guidelines for GCG principles implementation
- Appointed four Independent Commissioners;
- Applied Code of Conduct for BoC, BoD, and employees, without exemption;
- Provided confidential channel for employees and/or suppliers to report suspicious activities/ occurrence of fraud, corruption and/or violation of Code of Conduct;
- Applied investment policy that regulates employees' personal investment activities;
- Introduce investment policy regarding personal investment activities of employees;
- Applied policy regarding treatment for confidential information of Danamon
- Segregate the Risk and Audit Committee into Audit Committee and Risk Monitoring Committee;
- Established Nomination and Remuneration Committee and Corporate Governance Committee.

2007

- Expand compliance function's coverage to subsidiaries PT Adira Dinamika Multi Finance, Tbk., PT Asuransi Adira Dinamika, and PT Adira Quantum Multifinance ;
- Align the company Articles of Association with Bank Indonesia regulation regarding GCG implementation;
- Appointed Independent Commissioners as Chairman for Committees under BoC;
- Issued Audit Committee and Risk Monitoring Committee Charters;
- Held Know Your Customer training for new/ existing employees;
- Held "GCG Principles Implementation and Challenges" workshop, inviting speakers from Bank Indonesia and Indonesia Stock Exchange

2008

- Refine and update Corporate Governance Committee Charter
- Developed e-learning module to provide web-based compliance training

2009

- Refine e-learning Compliance Module to further improve employees' compliance awareness.
- Refine and update the Audit Committee and Risk Monitoring Committee Charters

2010

- Established Compliance Committee
- Updated Anti-Money Laundering/ Combating Financing Terrorism
- Strengthened compliance risk management through Compliance Regulatory Self Assessment (CRSA)
- Refine and update Nomination and Remuneration Committee Charter

Good Corporate Governance Implementation Road Map

GCG - A Continuing Journey

2011

- Refined Whistleblower Policy
- Developed Risk Appetite Statement
- Analyzed and evaluated GCG implementation in subsidiaries (ADMF, AD, and AQMF)

2012

- GCG alignment with subsidiaries
- Delegate Operational Risk Management function to Business Unit and Supporting Unit levels
- Implementation of Compliance Regulatory Self Assessment (CRSA) by sistem.
- E-Learning Compliance system & UKPN
- Established ORM Committee under BoD
- Analyzed Danamon's GCG implementation against ASEAN CG Scorecard
- Sustainability report following the Global Reporting Initiative (GRI) standard

2013

- Engaging Independent Party to conduct GCG implementation assessment
- Alignment with ASEAN CG Scorecard

2014

- Aligning good corporate governance implementation with prevailing rules and regulations, particularly the Financial Services Authority regulations enacted in the Roadmap of Indonesian Corporate Governance
- Following and refining the Danamon's GCG with ASEAN CG Scorecard
- GCG assessment by Independent Party

DANAMON'S GOOD CORPORATE GOVERNANCE FOCUS IN 2013

During 2013, Danamon conducted several initiatives to refine its corporate governance implementation and enhance the quality of its risk management application, which include:

1. Evaluation of Danamon Vision, Mission and Core Values

In order to determine the relevancy of the Bank's Vision, Mission, and Core Values with current business conditions, the Board of Commissioners and Directors reviewed and evaluated these in detail at a Board of Directors Meeting on 27 November 2013 and a Board of Commissioners Meeting on 9 December 2013. The meeting concluded that Danamon's Vision, Mission, and Core Values are still eminently suitable for the culture and spirit of Danamon, and in line with Danamon's ultimate objectives, from both commercial and social aspects, and all parties have therefore unanimously agreed to carry on with the existing Vision, Mission, and Core Values of Danamon.

2. Capital Management Committee – ICAAP

As part of the Directors' duties to ensure that the Bank maintains adequate capital to anticipate risks, the Board of Directors has established the Capital Management Committee. The duties and responsibilities of this Committee are, among others, to ensure the availability of a policy for Internal Capital Adequacy Assessment Process (ICAAP), updates to policy, monitoring the implementation of a Risk Appetite Statement (RAS), as well as determining the processes and procedures of capital adequacy measurement. The establishment of this committee was intended to manage the capital effectively and to maintain the capital adequacy to cover all risks.

Danamon's Good Corporate Governance Focus in 2013

3. GCG Self Assessment

In 2013, Bank Indonesia amended the GCG self-assessment implementation mechanism for the banking industry. To this end, Danamon has conducted GCG self-assessment in accordance with the assessment guidelines as mandated by Bank Indonesia, with GCG assessment results adjudged as "Good" which indicated that Bank's activities had been conducted on a sound basis. The GCG assessment results became part of the assessment of the Bank's soundness.

4. Alignment with GCG ASEAN Scorecard

In order to fulfill the standards of GCG implementation at the ASEAN level (ASEAN CG Scorecard), several alignments were conducted during 2013, including enhancement of the transparency aspect in the implementation of GMS, better disclosures of policies related to fairness and protection of minority shareholders (such as Affiliated Parties policy and Conflict of Interests as well as the Vendor Selection policy). In addition, Danamon conducted its own self-assessment to measure its conformity with GCG ASEAN Scorecard standards.

5. Consumer Protection

Pursuant to the regulations of the Financial Services Authority (FSA) regarding Consumer Protection in Financial Services, Danamon has identified and conducted a gap analysis towards policies, procedures, documents and infrastructure related to customer services. The results will be applied as a follow-up to improve consumer protection in Danamon.

6. Anti-Fraud Program

Focusing on fraud prevention and implementing a comprehensive anti-fraud program is a commitment of the Board of Directors and all Danamon employees. Danamon implements Zero Tolerance to Fraud, firm discipline against perpetrators of fraud and early detection through a Whistleblowing mechanism.

7. Training Program

Danamon Corporate University, together with its Integrated Risk Management, Compliance Unit, Know Your Customer Unit (UKPN) and SKAI, provide opportunities to employees to enhance knowledge and skill through classroom training programs at its Ciawi Campus, as well as through e-learning media. Training programs developed and acknowledged with external plaudits are the Risk Academy programs.

8. Assessment Compliance Enhancement

In line with Danamon's commitment to be in compliance with prevailing laws and regulations, the Bank enhances implementation coverage of its compliance assessment practices. In 2013, the Compliance Unit implemented the compliance self assessment at the Regional Office of DSP segment and Syariah Branch Self Assessment Compliance.

Corporate Governance Policy and Structure

CORPORATE GOVERNANCE POLICY AND STRUCTURE

Danamon Governance Policy

Danamon carried out GCG guidelines consistently, in order to achieve business continuity that takes into account the interests of shareholders, customers and other stakeholders. Danamon GCG guidelines were prepared based on the following principles:

- 1. Transparency:** Commitment to provide adequate information disclosure, clearly, accurately and in a timely manner, easily comparable and accessible to shareholders and stakeholders.
- 2. Accountability:** Clear definition of the functions, duties, and authorities as well as responsibility within the organization, set in accordance with the guidelines and working rules of each function. Danamon as an institution is accountable for its performance.
- 3. Responsibility:** Danamon is committed to comply with regulations and its established internal policies. In addition, Danamon manifests its responsibility to society and the environment, to achieve long-term sustainability and to be recognized as a good corporate citizen.

4. Independency: Danamon's organs carry out independent and objective activities, thus avoiding the influence of any party. Danamon is committed to conducting its business professionally.

5. Fairness and Equality: Danamon ensures it will fulfill the rights and interests of all shareholders, both majority and minority. Danamon strives to provide fair and equal treatment of all stakeholders.

The implementation of the above GCG principles is integrated into the business strategy across business units, including subsidiaries, so as to maintain business activities within an established corridor, thus fostering competitive, sound and quality business development.

The following displays GCG strategic integration of Danamon business applications and targets:

Corporate Governance Policy and Structure

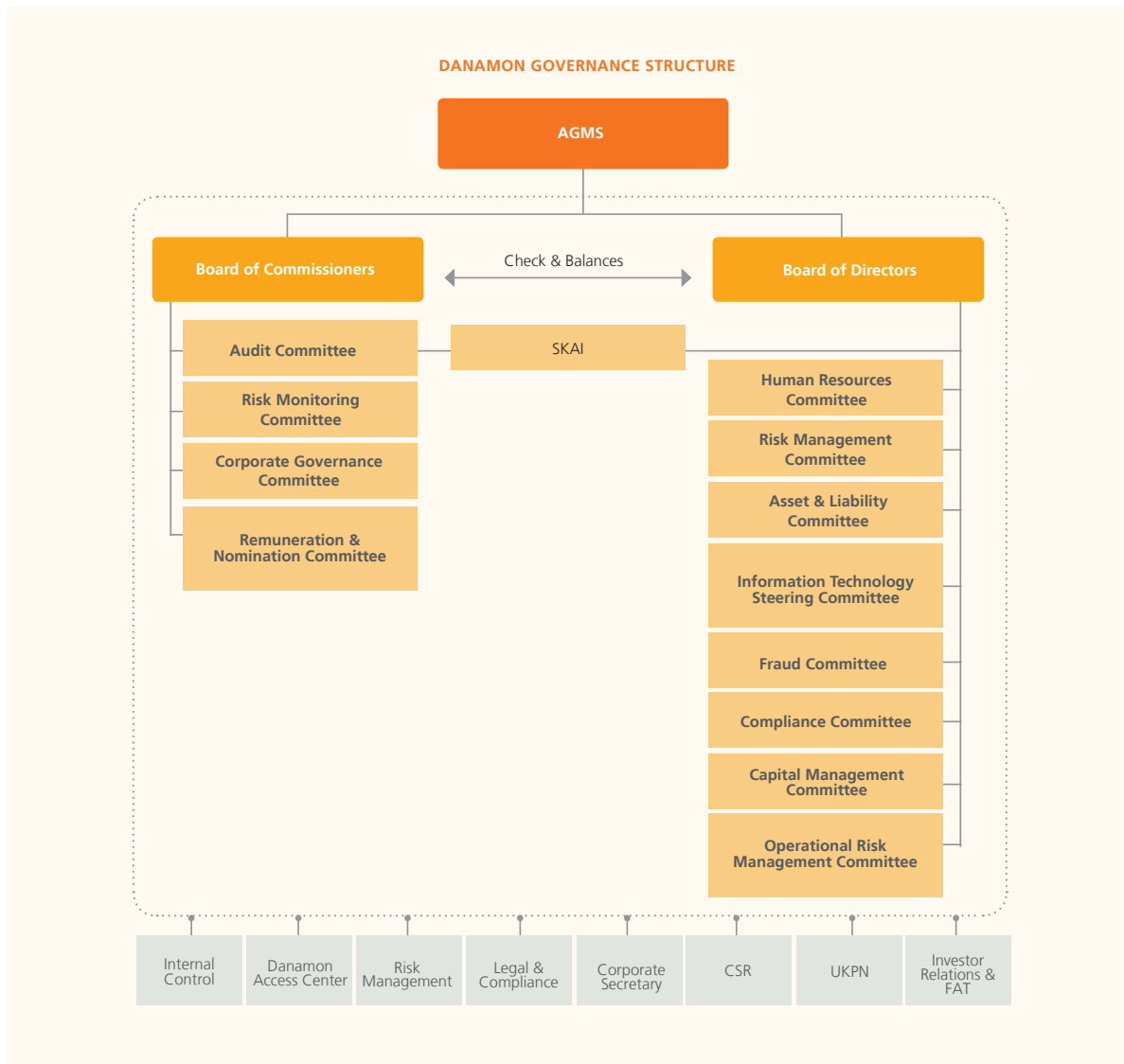
Danamon's GCG Structure is integrated to the business implementation bisnis	Implementation of GCG Principles in Danamon:	The result of Implementation of GCG Principles in Danamon:
<p>Planning: Long Term Plan Short & Medium Term Plan</p> <p>Implementation: Danamon prepared various business policy in accordance to product and services offered also its supporting policy</p> <p>Supervisory: Danamon prepared supervisory policy to ensure its long or short and medium term plan are achievable. The implementation is conducted in accordance to prudent principles and the Bank's risk control</p> <p>Reporting: The implementation of working plan, Bank's policy and supervisory are periodically reported to stakeholders including Danamon's supervisory and authorities.</p>	<p>At least implemented on the below:</p> <ul style="list-style-type: none"> • The implementation of duty and responsibility of the Board of Commissioners and Board of Directors. • Completeness and implementation of duty of the committee and working unit who performed Danamon's internal control function • Implementation of compliance, internal audit and external audit function. • Implementation of risk management, including Danamon's internal control system • Funding provision to related party and large funding provision by Danamon • Danamon's strategic plan • Transparency of financial and non-financial condition of Danamon 	<p>At least resulted as below:</p> <ul style="list-style-type: none"> • Danamon is able to maintain the business continuity to deliver the needs and expectations from the stakeholders in sustainable way • Danamon able to realize efficiency as the result from its skills and capability and able to realize efficiency as the result of skills and capabilities in managing the Bank • Danamon is able to bring benefit through various events and services for the community and national economic. • Danamon always complies to every law and regulation and the Bank's internal regulation, in accordance to its principles as the trusted company • Danamon is able to protect the customers' interest and need • Danamon is able to take active role in maintaining and improving social and environmental responsibility • Danamon is able to conduct self assesment providing objective result of the GCG implementation in the Bank • Danamon obtained satisfactory GCG assesment from the banking regulatory and monitoring authority and GCG implementation awards from GCG reputable institutions.

Danamon Governance Structure

Danamon Good Corporate Governance structure is prepared based on the regulations of Bank Indonesia, BAPEPAM-LK/FSA, Danamon's Articles of Association, and best practices. The Good Corporate Governance structure is set to ensure systematic implementation of Danamon's Good Corporate Governance and clear definition of roles and responsibilities.

- Syariah Corporate Governance

Corporate Governance Policy and Structure



Corporate Governance Implementation Report

A Danamon GCG implementation report is prepared as the Bank's responsibility in presenting detailed recapitulation of GCG principles implementation throughout 2013. The report has covered all aspects stipulated in Bank Indonesia regulations concerning the implementation of Good Corporate Governance for Commercial Banks and rules of the FSA regarding the Annual Report Submission for Public Companies.

GCG implementation report covers the following:

1. General Meeting of Shareholders (GMS);
2. Duties and responsibilities of the Board of Commissioners and Directors;
3. Implementation and composition of committees under the Boards of Commissioners and Directors;
4. Compliance, internal audit and external audit functions;
5. Risk management and internal control system implementation;
6. Provision of funds to related parties and large exposures;
7. Bank's strategic plan;
8. Transparency on financial and non-financial conditions; and
9. Assessment result of Danamon GCG practices.

SHAREHOLDERS

Danamon shares consist of Series A and Series B shares, and both are ordinary shares with equal rights and obligations. Danamon does not divide shares into ordinary shares or special/preferred types.

Danamon's shares are shares in name, and the Bank shall only acknowledge the name of the individual or legal entity as the owner of these shares, namely, the person or legal entity listed as the shareholder in the Shareholders' Register.

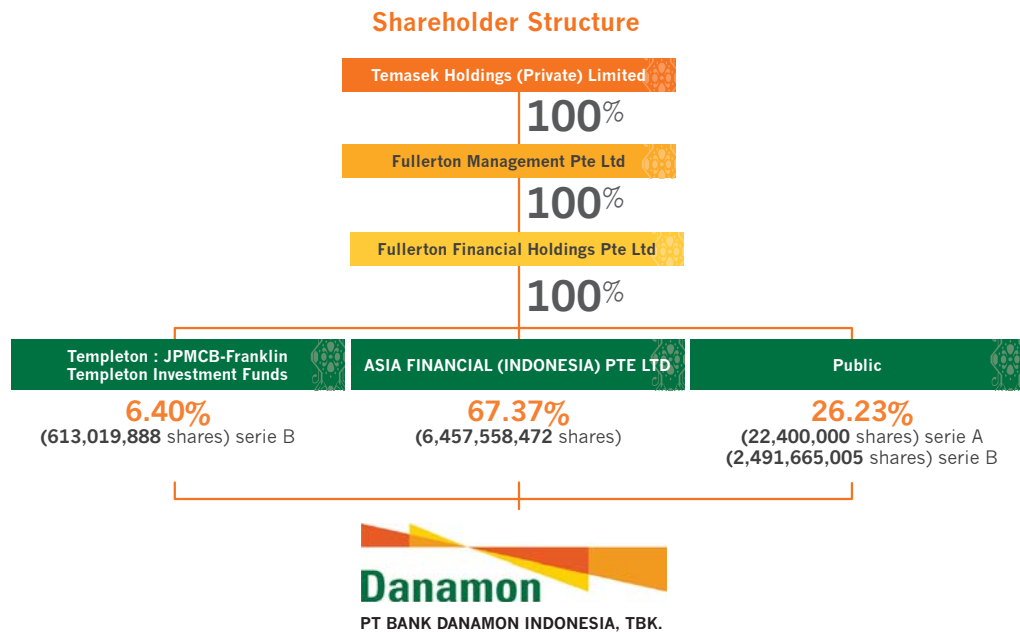
Rights and Obligations of Shareholders

1. Shareholders must give written notice to the Board of Directors and/or the Securities Administration Agency (BAE), for any change in address, sale, transfer of shares (as a grant, inheritance, etc.), lien on shares, stocks fiducia or cessie concerning Danamon shares. For any changes, Danamon will only recognize the last name registered on the Shareholders' Register maintained by BAE.
2. A person or legal entity with 5% or more ownership of Danamon's paid up capital has the obligation to report to the Bank and the FSA regarding ownership and changes in the future. This reporting obligation also applies to the Director or the Commissioner for his/her share ownership in Danamon in any amount and any amendments thereto.
3. Shareholders representing 10% of the Paid-up Capital both of their ownership or jointly with other shareholders, have the right to require Danamon to hold an Extraordinary GMS and/or propose the agenda at the GMS.
4. Shareholders are entitled to receive dividends determined by the GMS, or are entitled to the interim dividends that may be stipulated in the Board of Directors' Meeting held prior to the GMS.
5. Shareholders are entitled to receive meeting materials prior to the GMS, entitled to attend or be represented at the GMS, may ask questions related to the agenda of the GMS and may vote on decisions.

Corporate Governance Implementation Report

Majority and Controlling Shareholders

The following is Danamon's Shareholder Structure, as of 31 December 2013:



Controlling and Majority Shareholder Information

Danamon's Majority Shareholder is Asia Financial (Indonesia) Pte Ltd ("AFI"). AFI is a legal entity based in Singapore, established on 10 November 1990 as ENV Corporation (Pte) Ltd and engaged in the investment holding business.

Danamon's Controlling Shareholder is Temasek Holdings Private Limited ("Temasek"), through Fullerton Management Pte Ltd and Fullerton Financial Holdings Pte Ltd. Temasek is an investment company based in Singapore, owned by the Finance Ministry of Singapore.

Corporate Governance Implementation Report

Information on shareholdings above 5% as of 31 December 2013

Shareholders	Total Shares	Percentage	Nominal Per Shares (Rp)	Nominal value (Rp)
Asia Financial (Indonesia) Pte. Ltd.	6,457,558,472	67.37	500	3,228,779,236,000
JPMCB - Franklin Templeton Investment Funds	613,019,888	6.40	500	306,509,944,000

20 Largest Shareholders as of 31 December 2013

No.	Investor Name	Ownership	%
1	Asia Financial (Indonesia) Lte Ltd	6,457,558,472	67.37
2	JPMCB-Franklin Templeton Investment Funds	613,019,888	6.40
3	Citibank Singapore S/A CBSG-Aranda Inv Pte Ltd	392,822,398	4.10
4	JPMCB-Templeton Emerging Market Investment Trust PLC	134,932,398	1.41
5	Singapex Investment Pte Ltd	130,414,740	1.36
6	PT Guna Dharma	95,846,434	1.00
7	JPMCB-Stiching Depositary APG EME MRKT EQ Pool	88,646,500	0.92
8	BNYM SA/NV AS Cust of Employees Provident Fund	67,869,746	0.71
9	BBH Boston S/A VANGRD EMG MKTS STK INFD	61,899,524	0.65
10	SSB OBIH S/A Emerging Market Index Fund	40,629,216	0.42
11	Bank J.Safra Sarasin Ltd Singapore Branch for Clients A/C	38,594,524	0.40
12	HSBC-Fund Services A/C 086 HBAP-Templeton A/C Best Investment Corporation	37,461,000	0.39
13	JP Morgan Chase Bank RE Abu Dhabi Investment Authority	35,377,155	0.37
14	Citibank New York S/A Dimensional Emerging Market Value Fund	35,396,054	0.36
15	SSB HJT3 S/A HKJC Equity Trust Fund	32,446,000	0.34
16	Credit Suisse AG Zurich	29,327,303	0.31
17	Interventures Capital Pte Ltd	27,585,500	0.29
18	Reksa Dana Sidana Batavia Terbatas Optimal	27,165,000	0.28
19	PT Asuransi Jiwa Sinarmas MSIG	27,057,000	0.28
20	SSB 1BA9 ACF MSCI Equity Index Fund B-Indonesia	24,681,489	0.26
		8,397,730,376	87.62

Corporate Governance Implementation Report

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GMS) is the highest organ of Danamon. Danamon's Articles of Association stipulates that the GMS is authorized to appoint and dismiss members of the Board of Commissioners and Board of Directors, approve amendments to the Articles of Association, approve the Annual Report, appoint the External Auditor, as well as to determine the amount of compensation/remuneration of the Board of Commissioners and Board of Directors.

Annual General Meeting of Shareholders (Annual GMS) 2013**The Annual GMS**

Danamon held the Annual GMS on 10 May 2013 in South Jakarta. The materials and agenda to be discussed in the Annual GMS were available in Danamon's Office and disclosed on Danamon's website on the same date as the date of the Annual GMS of 25 April 2013.

The Annual GMS was opened by Ng Kee Choe, President Commissioner, and further led by J.B. Kristiadi, Vice President Commissioner of Danamon, in accordance with Article 23, Clause 1 of Danamon's Articles of Association and Circular Resolutions of the Board of Commissioners, in lieu of the Decree of a Meeting of the Board of Commissioners of PT Bank Danamon Indonesia Tbk No.KSR-Kom.Corp.Sec.-003 dated 1 March 2013.

Attendance of Shareholders and Management

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

In accordance with Danamon's Shareholder Register List, dated 9 March 2013, shareholders entitled to attend or be represented hold a total of 9,584,643,365 shares. The Annual GMS was attended by holders or representatives of 8,516,790,581 shares, or 88.859% of the total shares issued and paid up by the shareholders. More than 50% or half of the total shares were thus present and had thus fulfilled the requirements of the Annual GMS Quorum.

Mechanism & Voting Count Results of Annual GMS

Any Shareholder or Shareholders' proxy has the right to ask and/or submit opinions to the Chairman of the meeting prior to the voting of each agenda.

In calculating the vote, one share entitles the holder to 1 (one) vote. If one shareholder has more than 1 (one) share, he/she is asked to vote 1 (one) time only and that vote represents the total number of his/her shares.

In this Annual GMS, Danamon has appointed P. Soetrisno A. Tampubolon, SH, M.Kn as the Public Notary and PT Raya Saham Registra as Securities Registrar for the quorum and vote counting.

Corporate Governance Implementation Report

Agenda, Resolutions, Vote Counts and Realization of Annual GMS Result

Agenda and Resolutions

First Agenda

1. Approved the Company Annual Report for the fiscal year ended 31 December 2012,
2. Ratified the Company Financial Report for the fiscal year ended 31 December 2012, audited by Accountant Public Purwantono, Suherman and Surja, member of Ernst & Young Global Limited as published in the Independent Auditor Report, dated 6 February 2013, Number RPC-3194/PSS/2013 with an unqualified opinion,
3. Ratified the Annual Supervisory Duty Report of the Board of Commissioners for the fiscal year ended 31 December 2012, and
4. Provide full release and discharge of responsibility ("*volledig acquit en decharge*") to the Board of Directors and Board of Commissioners for the management and supervision conducted in the fiscal year ended 31 December 2012, as far as the management and supervisory actions are reflected in the annual report for the fiscal year ended 31 December 2012.

Second Agenda

Approved the use of the Company's net profit²⁾ for the fiscal year ended 31 December 2012, amounting to Rp 4,011,873,000,000, with the following details:

1. 1% of the net profit or Rp. 40,118,730,000 was set aside for a reserve fund to fulfill the Article 70 of Law Number 40 year 2007 on Limited Liability Companies,
2. 30% of the net profit or approximately Rp1,203,561,900,000 or Rp125.58 per share, assuming the number of shares issued by the Company on the Record Date are not more than 9,584,643,365 shares, paid out as dividends fiscal year 2012, with the following stipulations:
 - a. Dividends will be paid to shareholders registered in the Shareholders Register List at a date to be fixed by the Company's Board of Directors of (hereinafter referred to as the "Record Date"),
 - b. The Board of Directors will deduct the dividend tax for fiscal year 2012 in accordance with the tax regulations applicable towards the shareholder,
 - c. The Board of Directors is hereby given power and authority to assign matters concerning or relating to the implementation of the fiscal year 2012 dividend payment, among others (but not limited to):
 - (1) set the Record Date to determine the Company's shareholders entitled to receive dividend payments in 2012 fiscal year, and
 - (2) set the dividend payment date of the 2012 fiscal year, all in compliance with regulations of the Stock Exchange where the Company's shares are listed,
3. The balance of net profit for the 2012 (two thousand and twelve) fiscal year is defined as the unappropriated retained earnings of the Company.

Third Agenda

Authorized the Board of Commissioners to appoint a Public Accountant registered in the Financial Service Authority to audit the financial statements of the Company for the 2013 fiscal year and to determine the amount of fees and other requirements relating to the appointment of the Public Accountant, following the recommendation of the Audit Committee.

Fourth Agenda³⁾

Approved the resignation of Joseph Bataona as Director of the Company effective as of 31 December 2012, with a thank you note for the services that have been provided to the Company.

- Syariah Corporate Governance

Corporate Governance Implementation Report

	Voting Counts Table			Realization
	Approve	Disapprove	Abstain ¹⁾	
	8,516,130,581 (99.99%)	nil	660,000 (0.01%)	Has been realized
	8,445,884,227 (99.17%)	54,715,006 (0.64%)	16,191,348 (0.19%)	<p>Reserve fund for financial year 2012 has been booked.</p> <p>The distribution of dividends for the fiscal year 2012 has been carried out on 19 June 2013, based on the Company's announcement via IDX E-Reporting dated 10 May 2013 and published in Media Indonesia, Bisnis Indonesia and the Jakarta Post on 13 May 2013, and the Listing Date (Recording date) on 4 June 2013.</p> <p>Retain earnings for financial year 2012 has been booked.</p>
	8,445,884,227 (99.17%)	54,715,006 (0.64%)	16,191,348 (0.19%)	Based on the Audit Committee Memo Recommendation No.B.010.-KA dated 27 June 2013, the Board of Commissioners agreed to appoint a Public Accountant Firm (KAP) Purwantono, Suherman & Surja (a member of Ernst & Young Global Limited) as a public accounting firm that will examine/audit the books and records of the Company for the 2103 fiscal year.
	7,984,624,368 (93.75%)	508,121,623 (5.97%)	24,044,590 (0.28%)	Has been realized

Corporate Governance Implementation Report

Agenda and Resolutions

Fifth Agenda

1. a. Approved the total payment of tantieme/bonuses, which will be distributed to members of the Board of Commissioners of the Company for the 2012 fiscal year of Rp14,410,000,000 gross,
b. Approved the determination of the total amount of salaries/honorarium and allowances for members of the Board of Commissioners of the Company for the 2013 fiscal year of around Rp14,289,173,532 gross,
c. Approved the delegation of authority to the President Commissioner of the Company to determine the tantieme/bonuses during the 2012 fiscal year as well as the amount of salary/honorarium and allowances for 2013 fiscal year for each member of the Board of Commissioners following the recommendation of the Nomination and Remuneration Committee No.B.007-KRN dated 2 April 2013.
2. a. Approved the total payment of tantieme/bonus which will be distributed to members of the Syariah Supervisory Board for the 2012 fiscal year of Rp68,630,000 gross,
b. Approved the determination of the total amount of salary or honorarium and/or benefits for members of the Syariah Supervisory Board for the 2013 fiscal year of around Rp654,345,148 gross,
c. Approved the delegation of authority to the President Commissioner of the Company to determine the salary or honorarium and/or benefits for each member of the Syariah Supervisory Board for the 2013 fiscal year, following the recommendation of the Nomination and Remuneration Committee No.B.008-KRN dated 2 April 2013.
3. a. Approved the total payment of tantieme that will be distributed to members of the Board of Directors of the Company for the 2012 fiscal year of Rp50,530,005,000 gross, and
b. Approved the delegation of authority to the Board of Commissioners to determine the total tantieme during the 2012 fiscal year as well as the amount of salary/honorarium and allowances for 2013 fiscal year for each member of the Board of Directors, following the recommendation of the Nomination and Remuneration Committee No.B. 006-KRN dated 2 April 2013.

Remarks:

1. According to Article 24, paragraph 10 of Danamon's Articles of Association: "The shareholders with voting rights present in the GMS but abstained is considered as the majority shareholders' vote.
2. Net Profit is a Net Profit attributable to the shareholders of the parent company.
3. Considering Article 24, clause 9 of Danamon's Articles of Association, the voting for the fourth agenda was conducted verbally based on the recommendation of chairman of the meeting with no rejection from the shareholders which represented 1/10 of presence voting rights.

Corporate Governance Implementation Report

	Voting Counts Table			Realization
	Approve	Disapprove	Abstain ¹⁾	
	8,484,942,013 (99.63%)	15,657,220 (0.18%)	16,191,348 (0.19%)	Has been realized

Notice, Announcement, Invitation and Submission of Annual GMS Results

Notice to Regulators	GMS Plan Announcement	Listing Date	Invitation	GMS Results	
				Submission to Regulators	Publications
Notice Letter to: the Financial Service Authority and Indonesia Stock Exchange (through E-Reporting) dated 03 April 2013	Bisnis Indonesia, Media Indonesia, and Jakarta Post newspaper dated 13 April 2013; E-Reporting of Indonesia Stock Exchange dated 10 April 2013; website: www.danamon.co.id	24 April 2013	Bisnis Indonesia, Media Indonesia, and Jakarta Post newspaper dated 25 April 2013; E-Reporting of Indonesia Stock Exchange dated 25 April 2013; website: www.danamon.co.id	Reporting Letter to the Financial Service Authority and Bank Indonesia dated 13 May 2013 To Indonesia Stock Exchange (through E-Reporting) dated 10 May 2013	Bisnis Indonesia, Media Indonesia, and Jakarta Post newspaper dated 13 May 2013; website: www.danamon.co.id

Corporate Governance Implementation Report

BOARD OF COMMISSIONERS

The Board of Commissioners is the Bank's organ responsible to supervise and provide advice to the Board of Directors. The Board of Commissioners also has the duty to ensure the implementation of Good Corporate Governance in the Bank. The Board of Commissioners implementation is conducted independently.

The appointment of members of the Board of Commissioners is by the GMS based on the recommendations of the Remuneration and Nomination Committee through the Board of Commissioners. Pursuant to Danamon's Articles of Association, the appointment is effective from the date specified in the GMS and will end at the conclusion of the third GMS after the date of appointment. The appointment of members of the Board of Commissioners is considered effective following the approval of the Fit and Proper test by Bank Indonesia.

Danamon's Board of Commissioners responsibilities and authorities are clearly defined in Danamon's Articles of Association, and have complied with prevailing laws and regulations.

Board Charter of the Board of Commissioners

The Charter of the Board of Commissioners regulates matters related to the duties and responsibilities of the Board of Commissioners and other matters related to the organization, authorities, transparency, work ethics, committees establishment and meeting arrangement. The Guidelines and Board Charter are prepared based on prevailing regulations, including those of Bank Indonesia and FSA on GCG, as well as best practices, and this is reviewed periodically.

The Board of Commissioners Work Ethics

- The Board of Commissioners shall be subject to the Bank's Code of Conduct and other prevailing banking regulations.
- The majority of members of the Board of Commissioners are prohibited from having family relations up to the second degree with members of the Board of Commissioners and/or members of the Board of Directors.
- The Board of Commissioners is prohibited from taking advantage of the Bank for their personal benefit and/or benefit of their family, and/or other parties, that may lead to a loss or reduction of the Bank's profits.
- Member of the Board of Commissioners are prohibited from taking and/or receiving personal benefit from the Bank, other than the remuneration and other facilities set forth in the General Meeting of Shareholders.

Duties, Responsibilities and Authorities of the Board of Commissioners

Danamon's Board of Commissioners responsibilities and authorities are clearly defined in the Company's Articles of Association, and have complied with prevailing laws and regulations.

Board of Commissioners Duties and Responsibilities

The followings are the Board of Commissioners duties and responsibilities:

1. The Board of Commissioners shall ensure the implementation of GCG in every activity at all levels of the Bank's businesses and corporate organizational hierarchy.
2. The Board of Commissioners shall supervise the performance of duties and responsibilities of the Board of Directors, as well as providing recommendations/advices to the Board of Directors.
3. In its supervisory duty, the Board of Commissioners shall monitor and evaluate the implementation of the Bank's strategic policies.

Corporate Governance Implementation Report

4. The Board of Commissioners shall supervise and evaluate the Information Technology Strategic Plan, including reviewing policies and procedures of risk management in regard to the Bank's information technology, as proposed by the Board of Directors.
5. The Board of Commissioners shall re-evaluate and approve the Vision and Mission of the Bank periodically.
6. In its supervisory duty, the Board of Commissioners is prohibited from decision-making related to the Bank's operational activities, except for the following:
 - a. Provision of funds to related parties, as stipulated in prevailing laws and regulations; and,
 - b. Other matters stipulated in the Bank's Articles of Association or prevailing laws and regulations.
7. The decision-making by the Board of Commissioners as stated above does not relieve the Board of Directors from its responsibility in the management of the Bank.
8. The Board of Commissioners shall allocate sufficient time for effective implementation of its duties and responsibilities.
9. The Board of Commissioners shall ensure that the Board of Directors has followed up audit findings and recommendations from the Bank's Internal Audit Unit and external auditor, supervisory results of Bank Indonesia and/or the results of other regulators.
10. The Board of Commissioners shall inform Bank Indonesia at the latest 7 working days from the detection of:
 - any violation of laws and regulations in finance and banking.
 - a state or supposition of circumstances that could jeopardize the Bank's business.

11. The Board of Commissioners shall attend relevant training to enhance competency and upgrade skills.
12. To establish committees to assist the duties implementation of the Board of Commissioners.

President Commissioner: Duties and Responsibilities

The President Commissioner's main duties are regulated as follow:

1. To receive authorization from the General Meeting of Shareholders to distribute the tantieme to members of the Board of Commissioners.
2. To determine the urgency related to an invitation to a meeting of the Board of Commissioners, to be conducted within 3 days.
3. As the Chairman of the Meeting, the President Commissioner signs the Minutes of Meeting.
4. To act as the Chairman of the Board of Commissioners.
5. From time to time, the President Commissioner receives reports from the Committees under the Board of Commissioners.
6. To invite the other members of the Board of Commissioners to attend a Board of Commissioners meeting.

Board of Commissioners: Authorities

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

1. Conduct supervisory on management policy, general management of Danamon and its businesses, as well as providing advice to the Board of Directors;
2. Based on the Board of Commissioners meeting, the Board of Commissioners may temporarily dismiss a member of the Board of Directors from his/her position by stating the reasons therefore, as stipulated in prevailing laws and regulations;

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3. Conduct a GMS at the latest 45 (forty-five) days after the temporary dismissal of the member of the Board of Directors, considering the announcement and calling period, as defined in the prevailing laws and regulations and Danamon's Articles of Association;
4. In the event all members of the Board of Directors are temporarily dismissed or due to any reason there is no member of the Board of Directors managing the office, the Board of Commissioners will manage Danamon temporarily and act on behalf of Danamon. The Board of Commissioners has the right to appoint one or more members to carry out this authority on behalf of the Board of Commissioners, by following prevailing laws and regulations;
5. The Board of Commissioners has the authority to set limitations on management by the Board of Directors;
6. The Board of Commissioners will provide prior approval to the Board of Directors or sign related documents for one or more actions/activities from time to time, without limiting the provisions of the prevailing laws and regulations regarding the following Board of Directors activities:
 - a. Lending money or providing credit facilities or other banking facilities that represent or result in borrowing money:
 - i. To related parties as stipulated in Bank Indonesia regulations regarding Lending Limit of Commercial banks, or
 - ii. Exceeding the amount that from time to time will be determined by the Board of Commissioners, or
 - b. Binding Danamon as a guarantor or debt underwriter (borgtocht), or in any other way encumbering it with payment obligations of another party:
 - i. As related parties as stipulated in the Bank Indonesia regulation regarding Lending Limits of Commercial banks, or
 - ii. Exceeding the amount that from time to time will be determined by the Board of Commissioners, or
 - c. Establishing a new entity, to form or increase ownership (except for the increase in ownership related to the issuance of stock dividends or bonus shares, or related to loan restructuring efforts), or reducing ownership in other entities, without prejudice to the approval of the authority;

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- d. Borrowing money from another party (not included in Article 3, clause 2 (a) Danamon's Articles of Association) or receiving a credit facility or other banking facilities which result in lending money that exceeds the amount determined from time to time by the Board of Commissioners to the other party;
- e. Writing-off or charging off the Bank's receivables that exceed the amount determined from time to time by the Board of Commissioners from the books;
- f. Changing/passing down or releasing the Bank's rights to collect Bank receivables that were written off and that exceeded the amount determined from time to time by the Board of Commissioners;
- g. Selling/changing or releasing the rights, or collateralizing/offering, the Bank's property, either in a single transaction or in multiple transactions that stand alone or are related to one another, in an amount which is from time to time determined by the Board of Commissioners (without prejudice to the regulations in the Bank's Articles of Association).

Total, Composition, Criteria, Independence and Dual Functions of the Board of Commissioners Members

Board of Commissioners Total Composition and Criteria

As of 31 December 2013, members of Danamon's Board of Commissioners, including the President Commissioner, total 8 (eight) persons, as follows:

1. President Commissioner: Ng Kee Choe
2. Vice President Commissioner/Independent Commissioner: J.B. Kristiadi
3. Commissioner: Gan Chee Yen
4. Independent Commissioner: Milan R. Shuster
5. Independent Commissioner: Harry A.S. Sukadis
6. Independent Commissioner: Manggi T. Habir
7. Commissioner: Ernest Wong Yuen Weng
8. Commissioner: B. Raksaka Mahi

The total does not exceed the total number of BOD member of eleven members, and is in compliance with Bank Indonesia regulations. Of these, there are four (4) Independent Commissioners, or 50% of the 8 (eight) members of the Board of Commissioners, namely, JB. Kristiadi, Milan R. Shuster, Harry A.S. Sukadis and Manggi T. Habir.

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A total of 4 (four) members or 50% (fifty percent) of the members of Danamon's Board of Commissioners are Indonesian citizens and domiciled in Indonesia.

Data/Information on the Appointment of the Board of Commissioners Member

Name	Position	MS Date	Effective Date (BI Approval)	Appointment	Appointment Period	Domicile
Ng Kee Choe	President Commissioner	22 May 2006	24 May 2006	2006-2008 2008-2011 2011-2014	3 x	Singapore
J.B. Kristiadi	Vice President Commissioner (Independent)	9 May 2005	5 Dec 2005	2005-2008 2008-2011 2011-2014	3 x	Indonesia
Milan R. Shuster	Commissioner (Independent)	9 Oct 2000	5 Dec 2000	2000-2002 2002-2005 2005-2008 2008-2011 2011-2014	5 x	Hong Kong
Gan Chee Yen	Commissioner	16 Jun 2003	21 Oct 2003	2003-2005 2005-2008 2008-2011 2011-2014	4 x	Singapore
Harry A.S. Sukadis	Commissioner (Independent)	16 Jun 2003	10 Sep 2003	2003-2005 2005-2008 2008-2011 2011-2014	4 x	Indonesia
Manggi T. Habir	Commissioner (Independent)	9 May 2005	22 Jul 2005	2005-2008 2008-2011 2011-2014	3 x	Indonesia
Ernest Wong Yuen Weng	Commissioner	29 Apr 2010	14 Sep 2010	2010-2011 2011-2014	2x	Singapore
B. Raksaka Mahi	Commissioner	30 Mar 2011	29 Jul 2011 (25 Jul 2011)	2011-2014	1x	Indonesia

Independent Commissioners

Criteria of Independent Commissioner :

1. Member of the Board of Commissioners who does not have any financial, management, stock ownership, and/or family relationships with other members of the Board of Commissioners, the Board of Directors and/or controlling shareholders, or any relationship with Danamon which may affect his/her ability to act independently.
2. Originate from outside of Danamon
3. He/she is not a person who works or has the authority and responsibility for planning, directing, controlling, supervising Danamon's activities in the last 6 (six) months period.
4. Does not own, either directly or indirectly, Danamon's shares.
5. Does not have, either directly or indirectly, business relations associated with Danamon's business activities.

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

There is no independent commissioner who holds another position, unless it has been established in the Bank Indonesia Regulation on the implementation of corporate governance for Commercial Banks. All Independent Commissioners have also signed a statement of non-dual functions, as prohibited by Bank Indonesia.

Board of Commissioners: Independence of Members

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

The Family and Financial Relations of the Board of Commissioners with other members of the Board of Commissioners, Members of the Board of Directors, and Controlling Shareholders, can be seen in the table below:

BOC	Family Relation With						Financial Relations With					
	BOC		BOD		Controlling Shareholders		BOC		BOD		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Ng Kee Choe	-	✓	-	✓	-	✓	-	✓	-	✓	✓	-
J.B. Kristiadi	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Milan R. Shuster	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Gan Chee Yen	-	✓	-	✓	-	✓	-	✓	-	✓	✓	-
Harry A.S. Sukadis	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Manggi T. Habir	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Ernest Wong Yuen Weng	-	✓	-	✓	-	✓	-	✓	-	✓	✓	-
B. Raksaka Mahi	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓

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Board of Commissioners Members' Concurrent Positions

In accordance with Bank Indonesia regulations, members of the Board of Commissioners are allowed to have concurrent positions as members of the Board of Directors, or the Executive Officers at 1 (one) non-financial institution, or in order to carry out the supervisory function at one (1) non-bank subsidiaries that are controlled by Danamon.

Not included as holding concurrent position when non-independent members of the Board of Commissioners conduct functional duties of the shareholders in legal entities in its business group, and/or members of the Board of Commissioners holding positions in non-profit organizations or institutions, as long as he/she does not neglect their duties and responsibilities as a member of the Bank's Board of Commissioners.

Current members of the Board of Commissioners do not hold dual functions other than those specified by Bank Indonesia regulations. The following is a list of the Board of Commissioners' positions, as of 31 December 2013:

Name	Position in Bank Danamon	Position in Other Company(ies)
Ng Kee Choe	President Commissioner	1. SP Ausnet (Singapore Power Group)*: <ul style="list-style-type: none"> • Director/Chairman SP Australia Networks (Transmission) Ltd. • Director/Chairman SP Australia Networks (Distribution) Ltd (previously SP Australia Networks (Distribution) Pty Ltd, SP Energy Pty Ltd). • Director/Chairman SP Australia Networks (Finance) Trust through SP Australia Networks (RE) Ltd (previously SP Finance Pty Ltd) 2. Director Singapore Exchange Limited 3. Director Fullerton Financial Holdings Pte Ltd 4. Chairman Capitaland Limited 5. Director CapitaMalls Asia Limited 6. Other appointments: <ul style="list-style-type: none"> • Member International Advisory Council of China Development Bank. • Member Temasek Advisory Panel of Temasek Holdings (Pte) Ltd. • Chairman Tanah Merah Country Club • Special Advisor to the Board of NTUC Income Insurance Cooperative Limited
J.B. Kristiadi	President Commissioner (Independent)	*SP AusNet is a dual listed company in the Australian Securities Exchange and Singapore Exchange Securities Trading Limited. Member of Board of Commissioner PT Citra Tubindo
Milan R. Shuster	Commissioner (Independent)	-

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Name	Position in Bank Danamon	Position in Other Company(ies)
Gan Chee Yen	Commissioner	<ol style="list-style-type: none"> 1. Director Fullerton Investment & Credit Guarantee Co Ltd 2. Director CEI Contract Manufacturing Limited 3. Director ST Asset Management Ltd 4. Director Fullerton Financial Holdings Pte. Ltd. 5. Chairman Fullerton India Credit Co. Ltd (29 Nov 2011) 6. Director Dunia Finance LLC (6 Oct 2011) 7. Director ACR Capital Holdings Pte Ltd (2 Feb 2011) 8. Director Fullerton Credit (Sichuan) Ltd. (23 Apr 2012) 9. Director Fullerton Credit (Hubei) Ltd. (23 Apr 2012) 10. Director Fullerton Credit (Chongqing) Ltd. (23 Apr 2012) 11. Director Broad Peak Investment Ltd 12. Vice Chairman Cambodia Post Bank Plc
Harry A.S. Sukadis	Commissioner (Independent)	-
Manggi T. Habir	Commissioner (Independent)	<ol style="list-style-type: none"> 1. President Commissioner PT Asuransi Adira Dinamika 2. Chairman of Yayasan Danamon Peduli Board of Supervisors
Ernest Wong Yuen Weng	Commissioner	<ol style="list-style-type: none"> 1. Director/Trustee Nanyang Technological University 2. Director Singapore Health Services Pte Ltd ("SingHealth") 3. Director/Chairman Fullerton Financial Holdings Pte Ltd 4. Director/Chairman Nucleus Connect Pte Ltd 5. Director Singbridge Holdings Pte. Ltd. 6. Director Singbridge Chongqing Investments Holdings Pte. Ltd. 7. Director Singbridge CTM1 Pte. Ltd. 8. Director Singbridge CTM9 Pte. Ltd. 9. Board Member Casino Regulatory Authority 10. Director Singbridge CDIP1 Pte. Ltd 11. Director Singbridge CDIP9 Pte. Ltd 12. Director Singbridge Chengdu Investments Holdings Pte. Ltd 13. Director Pavilion Capital Holdings Pte. Ltd 14. Director (Chairman) A. Menarini Asia-Pacific Holdings Pte Ltd
B. Raksaka Mahi	Commissioner	<ol style="list-style-type: none"> 1. Lecturer and Senior Researcher – Faculty of Economics, Universitas Indonesia 2. Member of Supervisory Board of Yayasan Danamon Peduli

Stock Ownership of the Board of Commissioners Member

As required by the Personal Investment Policy No.Kep: DIR-CORPSEC-014 dated 16 December 2013, Members of the Board of Commissioners shall report any transaction involving the Bank's and its subsidiaries' Securities transactions to the Corporate Secretary on at a minimum of 1 (one) business day prior to the transaction and

within 1 (one) business day after the transaction is completed. Members of the Board of Commissioners shall also report to the Corporate Secretary regarding the purchase and sale of other securities within one (1) business day after the transaction is completed.

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The following is the share ownership of the Board of Commissioners, with both direct and indirect ownership:

Shareholders	Danamon		Other Banks	Non Bank Financial Institution	Other Company	Description
	Direct	Indirect				
Ng Kee Choe	94,275	-	-	-	-	Percentage of ownership : 0.00% Type of Shares : B/B Series Shares
J.B. Kristiadi	-	-	-	-	-	-
Milan R. Shuster	-	-	-	-	-	-
Gan Chee Yen	-	-	-	-	-	-
Harry A.S. Sukadis	-	-	-	-	-	-
Manggi T. Habir	-	-	-	-	-	-
						Company Domicile: Singapore
Ernest Wong Yuen Weng	-	-	-	-	Ewong Pte Ltd Amount of shares owned 50,000	Percentage of ownership : 100% Registered Under the name: Ernest Wong & Paulina Wong
B. Raksaka Mahi	-	-	-	-	-	-

Corporate Governance Implementation Report

Board of Commissioners Meeting**Meeting Policy**

Danamon requires a regular meeting of the Board of Commissioners at least 4 (four) times a year which must be physically attended by all members of the Board of Commissioners at least twice a year. In the case where members of the Board of Commissioners are unable to physically attend a meeting, he/she is to attend a meeting through teleconferencing technology.

The Board of Commissioners meeting is declared a quorum if attended physically or through teleconferencing by more than 50% of the members of the Board of Commissioners. The Board of Commissioners meeting is chaired by the President Commissioner and if he/she is unable to attend, then one of the Commissioners who attended the meeting is appointed to chair the meeting. Invitation and materials are submitted to the meeting participants a minimum of 5 (five) working days prior to the meeting.

The decision-making of the Board of Commissioners meeting is conducted by consensus, or by a majority vote if consensus agreement cannot be reached. All decisions of the Board of Commissioners shall be

binding, and any dissenting opinion that occurs in the Board of Commissioners meetings shall be clearly stated in the Minutes of Meeting, with the reasons for differences. Minutes of Meetings are kept and distributed to each member of the Board of Commissioners and the Corporate Secretary.

Meeting Frequency

During 2013, the Board of Commissioners has conducted six (6) meetings, held on 1 February 2013, 2 April 2013, 28 June 2013, 29 August 2013, 20 November 2013, and 9 December 2013. The meetings were physically attended or attended through teleconferencing technology by all members of the Board of Commissioners, thus fulfilling quorum requirements.

The Board of Commissioners meeting discussed the issues based on the agreed agenda and was scheduled periodically. The decision-making is carried out with deliberation and consensus, and there are no dissenting opinions. The implementation of meetings, attendance, agenda and discussion has been distributed and well-documented.

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Meeting Attendance

Following is the meeting attendance of the Board of Commissioners during 2013:

No.	Name	Board of Commissioners/Joint Meeting with Board of Directors (6 meetings)	Rate of Attendance (%)
1	Ng Kee Choe*	6	100%
2	J.B. Kristiadi	6	100%
3	Gan Chee Yen*	6	100%
4	Milan R. Shuster*	5	83 %
5	Harry A.S. Sukadis	5	83 %
6	Manggi T. Habir	6	100%
7	Ernest Wong Yuen Weng	6	100%
8	B. Raksaka Mahi*	6	100%

Notes:

* including 1 (once) via teleconference

Board of Commissioners Meeting Agenda in 2013

No.	Date	Agenda
1.	1 Feb 2013	1. Financial Result 2012 2. Dividend Payout 2012 3. Annual General Meeting Shareholders 4. Headquarter Building Project 5. Impact of Changes in Insurance Accounting Standard 6. Bank Indonesia New Regulations 7. Committees Report
2	2 Apr 2013	1. February 2013 Financial Result 2. 2012 Subsidiaries Dividend 3. Funding Initiatives & Analysis of Total Cost For CASA versus TD 4. Manpower Productivity & Cost Efficiency Initiative 5. Committees Report
3	28 Jun 2013	1. May 2013 Financial Result 2. Bank Business Plan 2013 3. Committees Report
4	29 Aug 2013	1. YTD Financial Performance Update 2. ICAAP Update 3. The Bank's Medium and Long Term Strategies (including regarding compensation of BoD and Management) 4. Committees Report
5	20 Nov 2013	1. YTD Financial Performance October 2013 2. 2014 Budget & Capital Planning 3. Professional Funding 4. Committees Report
6	9 Dec 2013	1. LTCP 2. Mission and Vision

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Board of Commissioners Duty Implementation and Recommendations 2013

The implementation of duties and recommendations is both submitted through committees as well as presented and discussed at Board of Commissioners meetings. The following are several important recommendations delivered during 2013:

1. Managing the Bank's business with cost-efficient operations.
2. Optimization of funding structure, through of Deposits and Saving Accounts.
3. Balance lending portfolio growth with risk and fair risk levels and good loan quality.
4. Managing loan to deposit ratio at a fair level in compliance with prevailing laws and regulation.
5. Implementing GCG principles in all Bank activities and aligning these with ASEAN and international standards.
6. Enhancement of human resources quality and productivity.

Board of Commissioners Performance Assessment

The Performances were assessed by the Shareholders based on the Board of Commissioners report. The following are the assessment criteria:

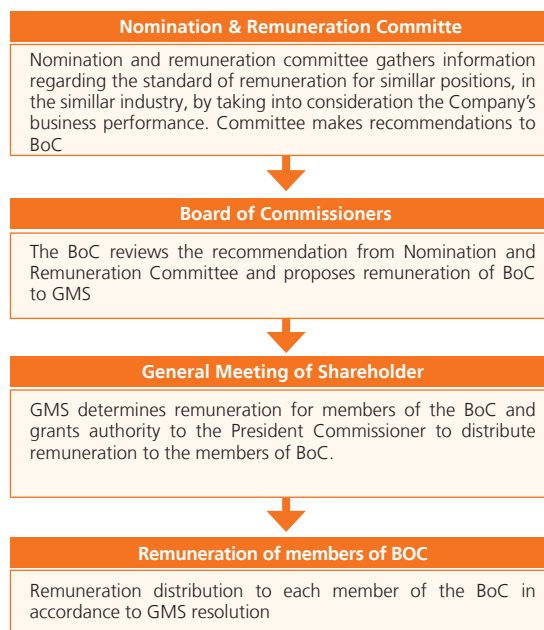
1. The Board of Commissioners contributions to and support of GCG implementation in Danamon's business activities.
2. Good and effective implementation of supervisory and advisory duty over the Board of Directors.
3. Implementation of duties by the committees under the Board of Commissioners.
4. Meeting attendance by members of the Board of Commissioners in Board of Commissioners meetings, joint meetings with the Board of Directors, and Board of Commissioners committee meetings.

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

The Board of Commissioners remuneration is recommended by the Remuneration and Nomination Committee, based on a remuneration formulation in line with the Bank's internal policies, external regulations, industry comparison as well as in consideration of the Bank's performance. The recommendation from the Remuneration and Nomination Committee is submitted to the Board of Commissioners, and presented in the General Meeting of Shareholders to obtain approval.

The determination of total remuneration of members of the Board of Commissioners is based on each member's performance and is determined by the President Commissioner.

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



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Board of Commissioners Remuneration Structure

Members of the Board of Commissioners receive a remuneration package, paid regularly, including Salary, Housing Allowance and Transportation Allowance, Holiday Allowance, Leave Allowance and Tantiem.

The table below represents the remuneration types and other facilities for members of the Board of Commissioners, all members as well as total remuneration received within 1 year:

Remuneration and Other Allowances for the BoC

(in million)

Remuneration	2013		2012		2011		2010		2009	
	Nominal	Persons	Nominal	Persons	Nominal	Persons	Nominal	Persons	Nominal	Persons
1 Salary and Allowance	14,334	8	11,667	8	10,758	8	10,532	7	9,349	8
2 Tantiem *	13,641	8	9,240	8	8,017	8	8,683	7	4,390	8
3 LTCP *	NA		NA		NA		NA		NA	NA
4 Other Benefits in the form of in kind (housing, transportation, health insurance and etc)										
a. may be owned	495	8	495	8	495	8	495	7	660	8
b. may not be owned	931	8	672	8	672	8	672	7	768	8

Notes:

Since 1 January 2013 payroll system has been using a gross system

*accrual

The following is the remuneration level of the group and all members of the Board of Commissioners who received the remuneration during 1 (one) year:

Remuneration amount per person in 1 year	2013	2012	2011	2010	2009
Above 5 billion					-
Above 2 billion up to 5 billion	8	8	8	7	8
Below 2 billion					-

Orientation Program for New Commissioner

Danamon possesses an introductory and orientation program; “On-Boarding Pack” for new Board of Commissioners members. The program aims to provide an understanding of Danamon’s Vision and Mission, Danamon Values, Code of Ethics, Organizational Structure, Lines of Business, Board of Commissioners Charter and prevailing banking laws and regulations.

For the year of 2013, there was no new members of Board of Commissioners.

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Training Program To Increase Competency of the Members of the Board of Commissioners

With a spirit to enhance competency and efforts to conform with the progress in business and the global industry, the Board of Commissioners has the duty to attend internal and external training programs, seminars and workshops.

In 2013, Board of Commissioners members participated in the following programs:

Name	Training	Training Provider	Training Venue	Training Date
Ng Kee Choe	Workshop Sustainability Report	Green Consult	Singapura	2 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
J.B. Kristiadi	Workshop Sustainability Report	Green Consult	Singapore	2 April 2013
	AML/CFT Knowledge Sharing Workshop	KYC Unit	Jakarta	25 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
Gan Chee Yen	Workshop Sustainability Report	Green Consult	Singapura	2 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
Milan R. Shuster	Workshop Sustainability Report	Green Consult	Singapura	2 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
Harry A.S. Sukadis	Workshop Sustainability Report	Green Consult	Singapura	2 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
Manggi T. Habir	Workshop Sustainability Report	Green Consult	Singapore	2 April 2013
	AML/CFT Knowledge Sharing Workshop	KYC Unit	Jakarta	25 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
Ernest Wong Yuen Weng	Workshop Sustainability Report	Green Consult	Singapura	2 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
B. Raksaka Mahi	Workshop Sustainability Report	Green Consult	Singapura	2 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013

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COMMITTEES UNDER THE BOARD OF COMMISSIONERS

In the implementation of its duties and responsibilities, Danamon's Board of Commissioners is supported by 4 (four) committees; namely:

1. Audit Committee,
2. Risk Monitoring Committee,
3. Remuneration and Nomination Committee,
4. Corporate Governance Committee.

Members of the Committees are appointed by the Board of Commissioners, based on a Decision of the Board of Commissioners and committees were headed by Independent Commissioner. The duties and responsibilities of committees under the Board of Commissioners are detailed in the Committee Charters, which are prepared and reviewed periodically, based on prevailing regulations in Indonesia, particularly those from Bank Indonesia regarding Good Corporate Governance and best practices.

Audit Committee

The Audit Committee has the mandate to monitor and evaluate the Company's audit plans and their implementation, as well as monitoring of follow ups of audit findings. These mandates are to assess internal control adequacy, including financial reporting process adequacy.

The Audit Committee was formed based on the Board of Commissioners Decree No. KEP: Kom-Corp.Sec070 dated 21 November 2001 concerning the Establishment and Duty of the Audit Committee.

Committee Guidelines and Charter

In implementing its functions, the Audit Committee refers to Audit Committee Guidelines and Work Charter, regulating implementation of duties and responsibilities, organization, membership requirements, independency, authority, meeting arrangements, work ethics and tenure. The Audit Committee Guidelines and Work Charter are reviewed regularly.

Duties, Responsibilities and Authorities of Audit Committee

The Audit Committee has the following duties and responsibilities:

- a. To review the independency and objectivity of the public accountant and provide recommendations to the Board of Commissioners on the appointment of an accountant based on scope of works and the amount of fee.
- b. To evaluate the adequacy of the review done by the public accountant to ensure all important risks are measured.
- c. To submit the review results to all members of the Danamon Board of Commissioners.
- d. To review the financial information including, amongst others, financial reports, projections, and other reports on Danamon's financial information that will be released by Danamon to the public and/or authorities.
- e. To review compliance with laws and regulations related to Danamon's activities.
- f. To monitor and evaluate the:
 1. Duty implementation of Internal Audit Unit;
 2. Conformity of audit implementation by public accountant with prevailing audit standards;
 3. Conformity of financial reports with prevailing accounting standards;

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4. Follow-up by the Board of Directors on findings of Internal Audit Unit, public accountant, and supervisory results of Financial Service Authority or other regulators, in order to provide recommendations to the Board of Commissioners.
- g. To provide independent opinion in the event of disagreements between management and the accountant for services rendered.
- h. To review complaints on accounting process and financial reporting of Danamon.
- i. To review and provide inputs to the Board of Commissioners on the possibility of conflicts of interests in Danamon.
- j. Maintain confidentiality of documents, data and information
- k. Exert the authority to review affiliated transactions and conflict of interest transactions upon receiving the assessment results from the Compliance Director, to ensure the said transactions were conducted by taking into account Danamon and minority shareholders' interests, and to ensure that the transactions are conducted fairly, based on normal commercial requirements.

The following is a list of the authorities of the Audit Committee:

- a. Access to documents, data, and information on employees, funds, assets, and other resources of Danamon.
- b. Direct communication with employees, including the Board of Directors and internal audit unit, risk management, and accountants related to the Committee Audit and other parties, on the carrying out of related duties and responsibilities.
- c. Appointment of independent external party, apart from the members of Audit Committee, to assist in the implementation of its duty, where necessary.

- d. Appointment of an appraiser.
- e. Exercise of other authorities bestowed upon it by the Board of Commissioners.

Composition, Expertise, Appointments, Legal Basis and Independence of Audit Committee

Danamon's Audit Committee consists of six (6) persons; namely 2 (two) Independent Commissioners, 2 (two) Commissioners, 1 (one) independent party with expertise in Finance and/or Accounting and 1 (one) independent party with expertise in Legal and/or Banking areas.

Each member of the Audit Committee has fulfilled the criteria set out by Bank Indonesia regulations in terms of his/her expertise and independency. In addition, all members of the Audit Committee have proven integrity, good characters and morals, as declared in the individual statement letter.

Members of Danamon's Audit Committee are formed based on the Board of Commissioners Circular Resolutions in lieu of the resolution of the Board of Commissioners Meeting of PT Bank Danamon Indonesia Tbk No.KSR-Kom.Corp.Sec-018 dated 30 March 2011 and the Board of Directors Decision Letter No.KEP.DIR-Corp.Sec.-006 dated 30 March 2011.

To maintain independence and objectivity, Danamon prohibits members of the Board of Directors from serving on the Audit Committee. The Audit Committee is chaired by an Independent Commissioner, Milan R. Shuster. To enhance the independency of the Audit Committee, in accordance with OJK regulation No.IX.1.5 the composition of the Audit Committee became 100% Independent Commissioners and Independent Parties in January 2014.

Corporate Governance Implementation Report

Audit Committee Members: Profiles

The profiles of Audit Committee members provide details of name and position, tenure, skills, qualifications and educational background, as well as work experience of each member, including Independent Parties, as follows:

Name	Position	Period	Expertise	Qualifications/Education History
Milan R. Shuster	Chairman/ Independent Commissioner	March 2011 - Present	<ul style="list-style-type: none"> · Credit · Finance · Risk Management 	Phd of International Economics and Law program from University of Oxford.
Work Experience <ul style="list-style-type: none"> · Independent Commissioner since 2000 - present. · President Director of Danamon from 1999 to 2000. · President Director of PDFCI from 1998 · National Bank of Canada from 1979 - 1991 · Asian Development Bank and ING Bank from 1970 – 1974. 				
Gan Chee Yen	Member/ Commissioner	April 2008 – present	<ul style="list-style-type: none"> · General Management · Accounting · Finance · Investment · Risk Management 	<ul style="list-style-type: none"> · Bachelor's degree in Accounting from the National University of Singapore.
Work Experience <ul style="list-style-type: none"> · Commissioner since 2003 - present · Director of Fullerton Financial Holdings (International) Pte. Ltd. · Finance Senior Manager in Singapore Technologies Marine Ltd in 1988 – 1996. · Showa Leasing (S) Pte Ltd in September 1986. · Auditor in Pricewaterhouse Coopers on May 1984. · Finance Director of Singapore Technogeis Pte Ltd. 				
Ernest Wong Yuen Weng	Member/ Commissioner	April 2010 – present	<ul style="list-style-type: none"> · Banking · Investment and Finance · General Management 	First Class Honours Degree in Chemical Engineering from the University of Surrey, England in 1967.
Work Experience <ul style="list-style-type: none"> · Commissioner since April 2010 - present · Economic Development Board and the Ministry of Finance, Singapore. · Media Corp as its Group CEO from 2000-2005. · Board Member and Group President from 1990 to 2000. · United Overseas Bank (UOB) Group in 1972. · Chairman of the Association of Banks in Singapore. · Director/Chairman of Fullerton Financial Holdings Pte. Ltd. · Director/Trustee of Nanyang Technological University, · Director Singapore Health Services Private Limited · Board Member of Casino Regulatory Authority. 				

Corporate Governance Implementation Report

Name	Position	Period	Expertise	Qualifications/Education History
J.B. Kristiadi	Member/ Independent Commissioner/ Vice President Commissioner	March 2011 – present	<ul style="list-style-type: none"> Finance Risk Management 	He obtained his PhD from Sorbonne University, France, in 1979.
Work Experience <ul style="list-style-type: none"> Vice President Commissioner since 2005 - present Member of National Task Force for Government Institutional Reforms at the Ministry for Apparatus Reforms since 2011-present Secretary Team of Tax and Customs Reform from 2010. Special Staff to the Minister of Finance until 2009. Professor at the State University Padjajaran from 2007-present Secretary General of the Ministry of Finance from 2005 to 2006 Secretary General of Ministry of Communication and Information from 2003 until 2005 Deputy Minister for Apparatus Reform until 2003. Chairman of the National Institute of Administration (LAN) from 1990 to 1998. Director of Budget Ministry of Finance from 1987 to 1990. Commissioner in several SOE (PT Tambang Batu Bara Bukit Asam 1980, Bank Dagang Negara 1982, PT Aneka Tambang 1986, Bank BNI 2005) Director of State Property Directorate General of Monetary Affairs in 1980. Assistant to Coordinating Ministry of Development Monitoring 				
Amir Abadi Jusuf	Member/ Independent Party	April 2008 – present	Accounting/Risk Management	<ul style="list-style-type: none"> Graduated from the Universitas Indonesia in Accounting in 1976. Master of Accounting from University of Hawaii-Manoa, USA.
Work Experience <ul style="list-style-type: none"> Member of Audit Committee and Risk Monitoring Committee of Danamon since 2008 - sekarang Currently serves as Audit Committee of PT HM Sampoerna Tbk. Previously served as Audit Committee member of PT Bank Pembangunan Indonesia (Persero). Commissioner and member/Chairman of Audit Committee of PT Bank Tiara Tbk and PT Bank Universal Tbk. President Commissioner of PT Asuransi Bintang Tbk. Founder, Chairman and Chief Executive Partner of RSM AAJ Associates. 				
Felix Oentoeng Soebagjo	Member/ Independent Party	April 2008 – present	<ul style="list-style-type: none"> Legal Finance 	<ul style="list-style-type: none"> Law degree from the Universitas Indonesia in 1976. LLM Degree from the University of California-Berkeley in 1980. PhD in Law in 2004 from Universitas Gadjah Mada.
Work Experience <ul style="list-style-type: none"> Member of Audit Committee and Risk Monitoring Committee since 2008. Founding Partner of Soebagjo, Jatim, Djarot Legal Consultant (1988-2010). Founding Partner of Oentoeng Suria & Partners (2010-Present). Independent Commissioner of PT Bursa Efek Indonesia since 2008. 				

Corporate Governance Implementation Report

Audit Committee Meeting

Audit Committee Meeting Policy

The Audit Committee conducts regular meetings at least once in 3 (three) months, or as per Bank's requirements. Committee meetings can only be held if attended by at least 51% of the total number of members, including 1 (one) Independent Commissioner and 1 (one) Independent Party.

The principle of deliberation and consensus forms the basis of any decision of the Audit Committee meetings. In the event of a lack of consensus, the decision-making is carried out by a majority vote based on the principle of 1 (one) person - 1 (one) vote.

The results of the Audit Committee meeting were set forth in the Minutes of Meetings, including if there are dissenting opinions, signed by all attended members of the Audit Committee and submitted to the Board of Commissioners.

Audit Committee Meetings: Implementation

During 2013, the Audit Committee held 9 (nine) meetings, with the following attendance:

Audit Committee Meeting Frequency and Attendance

Name	Attendance in Meetings	Level of Attendance (%)
Milan R. Shuster	9	100%
Gan Chee Yen *)	9	100%
Ernest Wong Yuen Weng **)	8	89%
J.B. Kristiadi	8	89%
Amir Abadi Jusuf	7	78%
Felix Oentoeng Soebagjo	7	78%
Manggi T. Habir ***)	9	100%
Harry A.S. Sukadis ***)	9	100%

Note:

*) Including 1 Teleconference

**) Including 4 Teleconferences

***) Observer

Corporate Governance Implementation Report

Main Agenda of Audit Committee Meetings in 2013

No.	Date	Agenda
1.	17-Jan-2013	1. Minutes of Last Meeting 2. Report of SKAI 3. External Auditor (EY) Year End Audit Update 4. Others and Date of Next Meeting
2	28-Feb-2013	1. Minutes of Last Meeting 2. Report of SKAI 3. BI Regulation 4. BI Audit Finding 5. Others and Date of Next Meeting
3	1-Apr-2013	1. Minutes of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting
4	8-May-2013	1. Minutes of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting
5	27-Jun-2013	1. Minutes of last meeting 2. Report of SKAI, including fraud update, internal audit results to date 3. Pawn Broking update 4. Appointment of External Auditor 2013 5. Fincon update 6. Others and Date of Next Meeting
6	23-Jul-2013	1. Minutes of last meeting 2. Report of SKAI 3. External Audit Timetable 4. Others and Date of Next Meeting
7	28-Aug-2013	1. Minutes of Last Meeting 2. Report of SKAI 3. Others and Date of Next Meeting
8	21-Oct-2013	1. Minutes of Last Meeting 2. Reports of SKAI 3. Update of EY external audit 4. Others and Date of Next Meeting
9	20-Nov-2013	1. Minutes of Last Meeting 2. Report of SKAI 3. EY Update 4. Others and Date of Next Meeting

Corporate Governance Implementation Report

Audit Committee Activity Implementation in 2013

The following are important activities carried out by the Audit Committee during 2013, such as:

1. Received SKAI report regarding:
 - 2013 SKAI Audit plan implementation, with total of 837 audits.
 - The approved of the 2013 Audit Plan.
 - Monthly audit internal results, and reporting of corrective actions on audit findings and fraud.
2. Received from the Compliance Director audit results from Bank Indonesia and corrective actions.
3. Approved Danamon financial statement for the year ended 31 December 2013.
4. The external auditor selection process and approved to recommend to the Board of Directors, PT Ernst & Young Indonesia ("E&Y") as the External Auditor.

5. Received SKAI report on 2014 audit plan.
6. Received E&Y audit report on Danamon and subsidiary.

The Audit Committee submitted its activity implementation report to the Board of Commissioners regularly.

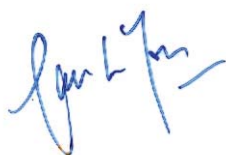
Audit Committee Statement on The Effectiveness of Internal Control System

The internal control system in Danamon is effective and acceptable as reflected from the effectiveness of such control functions as the internal audit, risk management, compliance, financial and operational control.



Milan R. Shuster

Chairman



Gan Chee Yen

Member



Ernest Wong Yuen Weng

Member



J.B. Kristiadi

Member



Amir Abadi Jusuf

Member



Felix Oentoeng Soebagjo

Member

Corporate Governance Implementation Report

Risk Monitoring Committee

The establishment of a Risk Monitoring Committee was intended to directly supervise risk controlling functions, in accordance with Danamon's Articles of Association and Bank Indonesia regulations. This referred to Board of Commissioners Circular Decision No. KEP: Kom-Corp.Sec.026 dated 24 May 2006, concerning the Establishment of a Risk Monitoring Committee.

Committee Guidelines and Charter

In conducting its functions, the Risk Monitoring Committee referred to the Guidelines and Charter of Risk Monitoring Committees, which cover the implementation of duties and responsibilities, organization, membership and work ethics, independence, tenure and meeting arrangements. The Guidelines and Work Charter of the Risk Monitoring Committee are reviewed regularly.

Duties, Responsibilities and Authorities of the Risk Monitoring Committee

Following are the duties and responsibilities of the Risk Monitoring Committee:

- a. To prepare the committee's annual activity plan for submission to the Board of Commissioners.
- b. To evaluate the conformity of Danamon risk management policy with its implementation.
- c. To monitor and evaluate the duty implementation of the Risk Management Committee and its work unit, in order to provide recommendations to the Board of Commissioners.
- d. To report to the Board of Commissioners on risks faced by Danamon and the implementation of risk management by the Board of Directors.
- e. To evaluate the Bank's risk management policy at least once a year.

- f. To evaluate the responsibility of the Board of Directors in implementing risk management policy, on a quarterly basis.
- g. To maintain confidentiality on all documents, data and information on Danamon.
- h. Periodically prepare, review and renew Risk Monitoring Committee Guidelines and Charter.
- i. Conduct and authorize the investigation of matters related to scope of work.
- j. To work with external consultants, accountants, or other external parties that provide input to the Committee or opinions related to investigations, searching for information related to the employee of cooperating parties, based on request of the Committee.
- k. Other duties, in addition to the above, assigned by the Board of Commissioners to the Committee in accordance with its functions and duties from time to time, as required.

Composition, Expertise, Legal Appointment and Independence

Danamon Risk Monitoring Committee consists of 8 (eight) members with 3 (three) Independent Commissioners, 3 (three) Commissioners, one Independent Party with expertise in Accounting and Risk Management, and one Independent Party with expertise in Legal/Finance.

The Risk Monitoring Committee membership refers to the Board of Commissioners Resolutions Circular Decision in lieu of a resolution of the Board of Commissioners Meeting of PT Bank Danamon Indonesia Tbk No.KSR-Kom.Corp.Sec-043 dated 24 October 2011 and the Board of Directors Decision Letter No.KEPDIR-Corp.Sec.-022 dated 28 November 2011.

Corporate Governance Implementation Report

The appointments were deliberated after all members were assessed to have fulfilled the expertise and independent requirements as set out by Bank Indonesia taking into account the individual integrity, character and morals set forth in the personal statement.

To uphold independence and objectivity, Danamon prohibits members of the Board of Directors from serving on the Risk Monitoring Committee, and the Committee membership is required to have more than a 51% composition of Independent

Commissioners and Independent Parties. The composition of Danamon's Independent Commissioners and Independent Parties is 63% of the total membership of the Committee, which is chaired by Manggi T. Habir, an Independent Commissioner.

Risk Monitoring Committee Members: Profiles

The profiles of Risk Monitoring Committee members detailing the name and position, tenure, expertise, qualifications and educational background, work experience of each member including the Independent Party, are as follows:

Name	Position	Period	Expertise	Qualifications/Education History
Manggi T. Habir	Chairman/ Independent Commissioner	March 2011 - Present	<ul style="list-style-type: none"> · Credit · Finance · Risk Management · Corporate Governance 	<ul style="list-style-type: none"> · Master's degree in Business Administration from University of Michigan · Master degree in Public Administration from Harvard University.
Work Experience <ul style="list-style-type: none"> · Independent Commissioner since 2005 - present. · Chairman of the Supervisory Board of Yayasan Danamon Peduli. · President Commissioner of PT Asuransi Adira Dinamika. · President Director of PT Pefindo from 1998-2001. · Research Director at PT Bahana Securities from 1995-1998. · Early in his career he was business and economic correspondent for the Far Eastern Economic Review. · Held various key positions at Citibank N.A. Jakarta. · Director at Standard & Poor's, Singapore. 				
Milan R. Shuster	Member/ Independent Commissioner	March 2011 - Present	<ul style="list-style-type: none"> · Credit · Finance · Risk Management 	Phd of International Economics and Law program from University of Oxford.
Work Experience <ul style="list-style-type: none"> · Independent Commissioner since 2000 - present. · President Director of Danamon from 1999 to 2000. · President Director of PDFCI from 1998 · National Bank of Canada from 1979 - 1991 · Asian Development Bank and ING Bank from 1970 – 1974. 				

Corporate Governance Implementation Report

Name	Position	Period	Expertise	Qualifications/Education History
Ernest Wong Yuen Weng	Member/Commissioner	April 2010 – present	<ul style="list-style-type: none"> Banking Investment and Finance General Management 	First Class Honours Degree in Chemical Engineering from the University of Surrey, England in 1967.
Work Experience <ul style="list-style-type: none"> Commissioner since April 2010 - present Economic Development Board and the Ministry of Finance, Singapore. Media Corp as its Group CEO from 2000-2005. Board Member and Group President from 1990 to 2000. United Overseas Bank (UOB) Group in 1972. Chairman of the Association of Banks in Singapore. Director/Chairman of Fullerton Financial Holdings Pte. Ltd. Director/Trustee of Nanyang Technological University, Director Singapore Health Services Private Limited Board Member of Casino Regulatory Authority. 				
Harry A.S. Sukadis	Member/Independent Commissioner	August 2005 – present	<ul style="list-style-type: none"> Accounting Information Technology Risk Management 	Accounting Degree from Universitas Padjajaran, Bandung in 1982
Work Experience <ul style="list-style-type: none"> Independent Commissioner since 2003. Joined IBRA in 2000 with several postings and last position as Finance Director of IBRA. 1993 – 2000 served as Manager of Accounting and Control Division PT Semen Cibinong. General Manager Accounting Division of PT Indosat for 7 years. 				
Gan Chee Yen	Member/Commissioner	April 2008 – present	<ul style="list-style-type: none"> General Management Accounting Finance Investment Risk Management 	Bachelor's degree in Accounting from the National University of Singapore.
Work Experience <ul style="list-style-type: none"> Commissioner since 2003 - present Director of Fullerton Financial Holdings (International) Pte. Ltd. Finance Senior Manager in Singapore Technologies Marine Ltd in 1988 – 1996. Showa Leasing (S) Pte Ltd in September 1986. Auditor in Pricewaterhouse Coopers on May 1984. Finance Director of Singapore Technogeis Pte Ltd. 				
B. Raksaka Mahi	Member/Commissioner	November 2011 – present	<ul style="list-style-type: none"> Financial Economic Risk Management 	Phd from Economic Department, University of Illinois in Urbana Champaign, Illinois, United States in 1996.
Work Experience <ul style="list-style-type: none"> Member of Supervisory Board of Yayasan Danamon Peduli. Lecturer staff and senior researcher in Economic Faculty of Universitas Indonesia. Deputy Secretary of the National Export and Investment Promotion 2008 to 2011. Special Envoy of Coordinating Ministry on Economic Affairs 2005 to 2009. 				

Corporate Governance Implementation Report

Name	Position	Period	Expertise	Qualifications/Education History
Amir Abadi Jusuf	Member/ Independent Party	April 2008 – present	Accounting/Risk Management	<ul style="list-style-type: none"> Graduated from the Universitas Indonesia in Accounting in 1976. Master of Accounting from University of Hawaii-Manoa, USA.

Work Experience

- Member of Audit Committee and Risk Monitoring Committee of Danamon since 2008.
- Currently serves as Audit Committee of PT HM Sampoerna Tbk.
- Previously served as Audit Committee member of PT Bank Pembangunan Indonesia (Persero).
- Commissioner and member/Chairman of Audit Committee of PT Bank Tiara Tbk and PT Bank Universal Tbk.
- President Commissioner of PT Asuransi Bintang Tbk.
- Founder, Chairman and Chief Executive Partner of RSM AAJ Associates.

Felix Oentoeng Soebagjo	Member/ Independent Party	April 2008 – present	<ul style="list-style-type: none"> Legal Finance 	<ul style="list-style-type: none"> Law degree from the Universitas Indonesia in 1976. LLM Degree from the University of California-Berkeley in 1980. PhD in Law in 2004 from Universitas Gadjah Mada.
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Work Experience

- Member of Audit Committee and Risk Monitoring Committee since 2008.
- Founding Partner of Soebagjo, Jatim, Djarot Legal Consultant (1988-2010).
- Founding Partner of Oentoeng Suria & Partners (2010-Present).
- Independent Commissioner of PT Bursa Efek Indonesia since 2008.

Risk Monitoring Committee Meeting

Committee Meeting Policy

The Risk Monitoring Committee holds regular meetings at least 4 (four) times a year, and a meeting may be held only if attended by at least 51% from the total number of members, including one Independent Commissioner and one Independent Party.

The principle of deliberation and consensus is the basis of any decision of Risk Monitoring Committee meetings. In the event of a lack of deliberation, decision-making is carried out by a majority vote, based on the principle of 1 (one) person - 1 (one) vote.

The results of the Risk Monitoring Committee meeting are set forth in Minutes of Meetings, including dissenting opinions, and are signed by all members of the Risk Monitoring Committee attending, then submitted to the Board of Commissioners.

Committee Meeting Implementation

During 2013, the Risk Monitoring Committee held 9 (nine) meetings, with the following attendance:

Corporate Governance Implementation Report

Risk Monitoring Committee Meeting Frequency and Attendance

Name	Attendance	Rate of Attendance (%)
Manggi T. Habir	9	100%
Harry A.S. Sukadis	9	100%
Milan R. Shuster	9	100%
Ernest Wong Yuen Weng **	9	100%
Gan Chee Yen ***	9	100%
B. Raksaka Mahi	9	100%
Amir Abadi Jusuf	7	78%
Felix Oentoeng Soebagjo	7	78%
J.B. Kristiadi ***	8	89%

Note:

* Including 4 Teleconferences

** Including 1 Teleconference

*** Observer

Main Agenda of Risk Monitoring Committee in 2013

No.	Date	Main Agenda
1.	17-Jan-2013	<ol style="list-style-type: none"> Minutes of Last Meeting TCM Update National Portfolio, Approval Authorities of Policy, Product Program, Credit, Proposal and Changes on Integrated Risk Organization Structure Legal Cases Update, Compliance Update and BI Audit Finding
2	28-Feb-2013	<ol style="list-style-type: none"> Minutes of Last Meeting National Portfolio Report, Risk Analytic Roadmap, ADMF TCM/ALCO/Market and Liquidity Risk Compliance Update and BI Audit Finding Legal Cases Others and Date of Next Meeting
3	1-Apr-2013	<ol style="list-style-type: none"> Minutes of Last Meeting National Portfolio Report Compliance Update and BI Audit Finding Legal Cases Others and Date of Next Meeting
4	8-May-2013	<ol style="list-style-type: none"> Minutes of Last Meeting TCM / ALCO / Market and Liquidity Risk National Portfolio Report – Operational Risk, DSP Compliance Update and BI Audit Findings Litigation Update Others and Date of Next Meeting
5	27-Jun-2013	<ol style="list-style-type: none"> Minutes of Last Meeting Compliance Update and and BI Audit Finding AML update, Litigation update National Portfolio Report – Operational Risk TCM / ALCO / Market and Liquidity Risk Others and Date of Next Meeting

Corporate Governance Implementation Report

No.	Date	Main Agenda
6	23-Jul-2013	<ol style="list-style-type: none"> 1. Minutes of Last Meeting 2. Compliance Update and BI Audit Finding 3. AML Update and Litigation Update 4. National Portfolio Report – SME and Commercial Product Program, Market Risk 5. TCM / ALCO / Market and Liquidity Risk 6. Others and Date of Next Meeting
7	28-Aug-2013	<ol style="list-style-type: none"> 1. Minutes of Last Meeting 2. TCM / ALCO / Market and Liquidity Risk 3. Internal Capital Adequacy Assessment Process Project (ICAAP) 4. National Portfolio Report – Retail Mass Market Overview, Mortgage, Credit Card Portfolio Review, Syariah and Pawn Broking 5. Compliance Update and BI Audit Finding 6. AML Update and Litigation Update 7. Others and Date of Next Meeting
8	21-Oct-2013	<ol style="list-style-type: none"> 1. Minutes of Last Meeting 2. TCM / ALCO 3. National Portfolio Report – Operational Risk, Corporate Banking and ABF PP, Syariah, Market and Liquidity Risk 4. Compliance Update and BI Audit Finding 5. AML Update and Litigation Update 6. Others and Date of Next Meeting
9	20-Nov-2013	<ol style="list-style-type: none"> 1. Minutes of Last Meeting 2. TCM / ALCO / Market and Liquidity Risk 3. National Portfolio Report – Adira Insurance, Adira Quantum 4. Compliance Update and BI Audit Finding 5. AML Update and Litigation Update 6. Others and Date of Next Meeting

Risk Monitoring Committee Activity Implementation in 2013

During 2013, the following activities were carried out by the Risk Monitoring Committee:

1. Received the Compliance Director report on compliance and Bank Indonesia's latest audit status.
2. Reviewed the reports of Legal Unit and Litigation Unit on the development of legal and litigation cases.
3. Reviewed the reports of the Integrated Risk Unit, Treasury Capital Market Unit (TCM), and Assets & Liabilities Committee (ALCO) regarding national portfolio risk management, risk analytics development, market and liquidity risks, loan-to-deposit ratio management, and assets & liabilities management.
4. Provide inputs regarding the Project of Internal Capital Adequacy Assessment Process (ICAAP).
5. Received and reviewed the reports of Anti Money Laundering (AML)/Combating Financing of Terrorism (CFT) reporting on covered suspicious transactions, e-learning implementation, technology system initiatives, SKAI audit results, and others.
6. Evaluated and provided the statement of "no-objection" on several product proposals (renewals).

Corporate Governance Implementation Report

The Risk Monitoring Committee activities and recommendations are regularly reported to the Board of Commissioners.

**Manggi T. Habir**

Chairman

**Harry A.S. Sukadis**

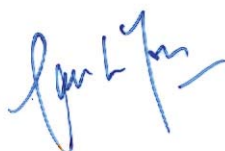
Member

**Milan R. Shuster**

Member

**Ernest Wong Yuen Weng**

Member

**Gan Chee Yen**


Member

**B. Raksaka Mahi**

Member

**Amir Abadi Jusuf**

Member

**Felix Oentoeng Soebagjo**

Member

Corporate Governance Implementation Report

Nomination & Remuneration Committee

The establishment of a Nomination & Remuneration Committee is directed to supervise the implementation of nomination and remuneration policies in accordance with the Bank's Articles of Association, Bank Indonesia and FSA regulations.

The establishment of this Committee refers to the Board of Commissioners Resolutions Circular Decree No. Kep: KOM-HKM-101, dated 12 September 2002, concerning the Establishment of a Remuneration Committee and the Board of Commissioners Decree No. Kep: KOM-HKM-102 dated 12 September 2002 concerning the Establishment of a Nomination Committee.

Nomination & Remuneration Committee Guidelines and Charter

In conducting its functions, the Nomination & Remuneration Committee refers to Committee Guidelines and the Charter that regulates the implementation of duties and responsibilities, organization, independence, and meeting arrangements. The Nomination & Remuneration Committee Guidelines and Work Charter are reviewed regularly.

Nomination & Remuneration Committee Duties, Responsibilities and Authorities

In implementing its duties and authorities, the Nomination & Remuneration Committee shall take into account the Bank's financial performance, individual work achievements, fairness with peer groups, and considerations of the Bank's long-term strategic targets.

Following are the duties and responsibilities of the Nomination & Remuneration Committee:

1. Remuneration Policy

- a. To evaluating remuneration policy;
- b. To provide recommendations to the Board of Commissioners on remuneration policy towards:

- The Board of Commissioners and Directors, to be presented in the General Meeting of Shareholders;
- Executive Officers and all employees, to be presented to the Board of Directors.

2. Nomination Policy

- a. To prepare and provide recommendations on system and procedures for selection and/or nomination, and/or replacement of members of the Board of Commissioners and Directors, to the Board of Commissioners, to be presented in the General Meeting of Shareholders;
- b. To provide recommendations on candidates for the Board of Commissioners and/or Directors to the General Meeting of Shareholders, provide recommendations on candidates as independent party who may assume a position as a candidate member of the Committee, to the Board of Commissioners.

Nomination & Remuneration Committee Composition, Expertise, Appointment Legal Basis and Independence

The Nomination & Remuneration Committee membership consists of 7 (seven) members, with 3 (three) Independent Commissioners, 3 (three) Commissioners, and one Executive Officer of Danamon responsible for the Human Resources Division.

Members of the Nomination & Remuneration Committee are appointed through Board of Commissioners Circular Resolution Decisions, in lieu of the resolution of the Board of Commissioners Meeting of PT Bank Danamon Indonesia Tbk No.KSR-Kom.Corp.Sec-005 dated 2 April 2013 and the Board of Directors Decision Letter No.KEP.DIR-Corp.Sec-006 dated 2 April 2013.

Corporate Governance Implementation Report

The appointments were deliberated after all committee members were assessed to have fulfilled expertise and independent requirements as set out by Bank Indonesia and taking into account individual integrity, character and morals, as set forth in the personal statements. To uphold independence and objectivity, Danamon prohibits members of the Board of Directors from serving on the membership of the Nomination & Remuneration Committee, which is chaired by JB. Kristiadi, an Independent Commissioner.

Nomination & Remuneration Committee

Members: Profiles

The profiles of Nomination & Remuneration Committee members detailing the name and position, tenure, expertise, qualifications and educational background, and work experience of each member, including the Independent Party, are as follows:

Name	Position	Period	Expertise	Qualifications/ Education History
J.B. Kristiadi	Chairman / Independent Commissioner/Vice President Commissioner	January 2007 – present	<ul style="list-style-type: none"> Finance Risk Management 	PhD from Sorbonne University, France, in 1979.
Work Experience <ul style="list-style-type: none"> Vice President Commissioner since 2005 - present Member of National Task Force for Government Institutional Reforms at the Ministry for Apparatus Reforms since 2011-present Secretary Team of Tax and Customs Reform from 2010. Special Staff to the Minister of Finance until 2009. Professor at the State University Padjajaran from 2007-present Secretary General of the Ministry of Finance from 2005 to 2006 Secretary General of Ministry of Communication and Information from 2003 until 2005 Deputy Minister for Apparatus Reform until 2003. Chairman of the National Institute of Administration (LAN) from 1990 to 1998. Director of Budget Ministry of Finance from 1987 to 1990. Commissioner in several SOE (PT Tambang Batu Bara Bukit Asam 1980, Bank Dagang Negara 1982, PT Aneka Tambang 1986, Bank BNI 2005) Director of State Property Directorate General of Monetary Affairs in 1980. Assistant to Coordinating Ministry of Development Monitoring 				
Ng Kee Choe	Member / President Commissioner	August 2005 – present	<ul style="list-style-type: none"> Credit Finance Human Resources Treasury Risk Management 	Honours Degree in Chemistry, Singapore University, 1967
Work Experience <ul style="list-style-type: none"> Commissioner since March 2004 and President-Commissioner since May 2006 - present. Non-executive Chairman of Capitaland Ltd. and SP AusNet. Director of Singapore Exchange Limited. Director/ Chairman of SP Australia Networks (Transmission) Ltd. Chairman of SP Australia Networks (Distribution) Ltd. Director/Chairman SP Australia Networks (Finance) Trust through SP Australia Networks (RE) Ltd Chairman of Capital Land Limited. Director of Fullerton Financial Holdings Pte Ltd. Director of CapitaMalls Asia Limited Member of the Temasek Advisory Panel of Temasek Holdings (Private) Ltd. Member of the International Advisory Council of China Development Bank. Chairman of Tanah Merah Country Club. Special Advisor of NTUC Income Insurance Cooperative Limited. Vice-Chairman of DBS Group Holdings for 33 years . He was conferred the Public Service Star in 2001 and the Meritorious Service Medal in 2012 for his contributions to public service in Singapore. 				

Corporate Governance Implementation Report

Name	Position	Period	Expertise	Qualifications/ Education History
Harry A.S. Sukadis	Member/Independent Commissioner	August 2005 – present	<ul style="list-style-type: none"> Accounting Information Technology Risk Management 	Accounting Degree from Universitas Padjajaran, Bandung in 1982
Work Experience <ul style="list-style-type: none"> Independent Commissioner since 2003. Joined IBRA in 2000 with several postings and last position as Finance Director of IBRA. 1993 – 2000 served as Manager of Accounting and Control Division PT Semen Cibinong. General Manager Accounting Division of PT Indosat for 7 years. 				
Milan R. Shuster	Member/Independent Commissioner	August 2005 - Present	<ul style="list-style-type: none"> Credit Finance Risk Management 	Phd of International Economics and Law program from University of Oxford.
Work Experience <ul style="list-style-type: none"> Independent Commissioner since 2000 - present. President Director of Danamon from 1999 to 2000. President Director of PDFCI from 1998 National Bank of Canada from 1979 - 1991 Asian Development Bank and ING Bank from 1970 – 1974. 				
Gan Chee Yen	Member/Commissioner	April 2010 - present	<ul style="list-style-type: none"> General Management Accounting Finance Investment Risk Management 	<ul style="list-style-type: none"> Bachelor's degree in Accounting from the National University of Singapore.
Work Experience <ul style="list-style-type: none"> Commissioner since 2003 - present Director of Fullerton Financial Holdings (International) Pte. Ltd. Finance Senior Manager in Singapore Technologies Marine Ltd in 1988 – 1996. Showa Leasing (S) Pte Ltd in September 1986. Auditor in Pricewaterhouse Coopers on May 1984. Finance Director of Singapore Technogeis Pte Ltd. 				

Corporate Governance Implementation Report

Name	Position	Period	Expertise	Qualifications/ Education History
Ernest Wong Yuen Weng	Member/Commissioner	April 2010 – present	<ul style="list-style-type: none"> Banking Investment and Finance General Management 	First Class Honours Degree in Chemical Engineering from the University of Surrey, England in 1967.
Work Experience <ul style="list-style-type: none"> Commissioner since April 2010 - present Economic Development Board and the Ministry of Finance, Singapore. Media Corp as its Group CEO from 2000-2005. Board Member and Group President from 1990 to 2000. United Overseas Bank (UOB) Group in 1972. Chairman of the Association of Banks in Singapore. Director/Chairman of Fullerton Financial Holdings Pte. Ltd. Director/Trustee of Nanyang Technological University, Director Singapore Health Services Private Limited Board Member of Casino Regulatory Authority. 				
Andang Lukitomo	Member/Executive Officer	02 April 2013 – present	<ul style="list-style-type: none"> Human Resources Management Organizational Design Compensation Management Industrial Relations 	Degree in Psychology, Universitas Gajah Mada Payroll Management Certification (CCP)
Work Experience <ul style="list-style-type: none"> Human Capital Head of Danamon from 2008 to present. Head of HR & Admin of PT Argha Karya Prima Industry Tbk from 2004 – 2008. Practice Leader in Mercer Human Resources Consulting from 1997 – 2004. 				

Nomination & Remuneration Committee

Meetings: Committee Meeting Policy

The Nomination & Remuneration Committee meeting is held in accordance with Danamon's requirements and may only be held if attended by at least 51% of the total member, including one Independent Commissioner and one Executive Officer responsible for the Human Resources Division.

Committee Meeting Implementation

During 2013, the Nomination & Remuneration Committee held 5 (five) meetings with 100% attendance of all members. This represents a high commitment of all members of the Nomination & Remuneration Committee.

Corporate Governance Implementation Report

The principle of deliberation and consensus is consistently the basis of any decision of Nomination & Remuneration Committee meetings. In the event of a lack of deliberation, decision-making is carried out by a majority vote, based on the principle of 1 (one) person - (1) vote.

The results of the Nomination & Remuneration Committee meeting are set forth in Minutes of Meetings, including dissenting opinions; results are signed by all members of the Nomination & Remuneration Committee in attendance and submitted to the Board of Commissioners.

The attendance of each Committee member in the Nomination & Remuneration Committee meeting is as follows:

Meeting Frequency and Attendance Rate

Name	Meeting Attendance	Rate of Attendance (%)
J.B. Kristiadi	5	100%
Ng Kee Choe	5	100%
Harry A.S. Sukadis	5	100%
Milan R. Shuster	5	100%
Gan Chee Yen	5	100%
Ernest Wong Yuen Weng	5	100%
Andang Lukitomo	5	100%

Main Agenda of the Nomination & Remuneration Committee in 2013

Date	Main Agenda
1 February 2013	1. Changes in Adira Insurance Commissioner 2. 2012 BoC/BoD/DPS tantiem pool
2 April 2013	1. Information on LTCP and Cash Retention Payment 2. Appointment of New HR Director 3. 2012 BoC/BoD/DPS Individual Tantiem Pool
29 June 2013	1. BoD KPI Alignment 2. Long Term Compensation Plan 3. Discussion on HR Director Candidate
28 August 2013	1. Discussion on Retention and Long Term Compensation Plan
20 November 2013	1. The New Long Term Incentive Plan

Corporate Governance Implementation Report

Nomination & Remuneration Committee

Activities: Implementation in 2013

During 2013, the activities of the Nomination & Remuneration Committee can be broadly summarized as follows:

1. Reviewed the Committee composition;
2. Reviewed the remunerations of the Board of Commissioners and Directors;
3. Reviewed the composition of the Board of Commissioners and Directors of subsidiaries;

4. Reviewed the provision of LTCP; and
5. Provided recommendation on remuneration of the Board of Commissioners / Directors / Syariah Supervisory Boards.

The activities of the Nomination & Remuneration Committee are regularly reported to the Board of Commissioners.

 Ng Kee Choe Member	 J.B. Kristiadi Chairman	 Harry A.S. Sukadis Member
 Milan R. Shuster Member		 Gan Chee Yen Member
 Ernest Wong Yuen Weng Member		 Andang Lukitomo Member

Corporate Governance Implementation Report

Corporate Governance Committee

Danamon established the Corporate Governance Committee with its main functions being to assist the Board of Commissioners in optimizing implementation of the principles of Good Corporate Governance. The Committee was established based on a Board of Commissioners Resolution Circular Decision No. KEP: KOM.Corp. Sec.021 dated 12 August 2005, concerning the Establishment of a Corporate Governance Committee. The establishment of a Corporate Governance Committee represents Danamon's initiative and commitment to the implementation of corporate governance.

Committee Guidelines and Charter

In implementing its functions, the Corporate Governance Committee referred to the Committee Guidelines and Charter that regulated the implementation of duties and responsibilities, organization, independence, policy statements, implementation principles and process as well as meeting arrangements. The Corporate Governance Committee Guidelines and Charter are reviewed regularly.

Duties, Responsibilities and Authorities of the Corporate Governance Committee

The Corporate Governance Committee has been delegated the responsibility to supervise, evaluate and improve the implementation of Danamon's corporate governance. With the Board of Directors, the Committee develops and participates in the review process of corporate governance matters.

The following are duties of the Corporate Governance Committee:

1. To oversee all aspects related to corporate governance.
2. To provide recommendations on corporate governance implementation to the Board of Commissioners concerning the Bank's activities.

3. To collaborate with the Board of Directors, in developing and participating in the evaluation of the implementation of corporate governance.
4. To report on Committee activities to the Board of Commissioners.

The following are authorities of the Corporate Governance Committee:

1. Conducting consideration and assessment on the independence of the President Director, independence of Commissioners, and independence of the independent party.
2. Preparing corporate governance principles for implementation in the Bank.
3. Periodically reviewing and re-assessing the principles and their implementation, as well as providing recommendations on any necessary changes to the Board of Commissioners.

Composition, Expertise, Legal Appointments and Independence of Corporate Governance Committee

Corporate Governance Committee consists of 3 (three) members with 2 (two) Independent Commissioners and 1 (one) Commissioner. The Committee member composition fulfills the guidelines and charter as well as Committee members' independence requirements. Each member has the ability to carry out his/her duties, and each has the integrity, good character and morals as declared in the individual personal statement letter.

The Corporate Governance Committee members were appointed through the Board of Commissioners Circular Resolution in lieu of a resolution of the Board of Commissioners Meeting of PT Bank Danamon Indonesia Tbk No.KSR-Kom.Corp.Sec-018 dated 30 March 2011 and the Board of Directors Decision Letter No.KEP.DIR.Corp.Sec-006 dated 30 March 2011.

Corporate Governance Implementation Report

Corporate Governance Committee Members: Profile

The profiles of Corporate Governance Committee members represents detailing the name and position, tenure, expertise, qualifications and educational background and work experience of each member, are as follows:

Name	Position	Period	Expertise	Qualifications/Education History
Manggi T. Habir	Chairman/ Independent Commissioner	January 2007 - present	<ul style="list-style-type: none"> · Credit Finance · Risk Management · Corporate Governance 	<ul style="list-style-type: none"> · Master's degree in Business Administration from University of Michigan · Master degree in Public Administration from Harvard University.

Work Experience

- Independent Commissioner since 2005 - present.
- Chairman of the Supervisory Board of Yayasan Danamon Peduli.
- President Commissioner of PT Asuransi Adira Dinamika.
- President Director of PT Pefindo from 1998-2001.
- Research Director at PT Bahana Securities from 1995-1998.
- Early in his career he was business and economic correspondent for the Far Eastern Economic Review.
- Held various key positions at Citibank N.A. Jakarta.
- Director at Standard & Poor's, Singapore.

J.B. Kristiadi	Member/ Independent Commissioner/ Vice President Commissioner	January 2007 - present	<ul style="list-style-type: none"> · Finance · Risk Management 	PhD from Sorbonne University, France, in 1979.
Work Experience <ul style="list-style-type: none"> · Vice President Commissioner since 2005 - present · Member of National Task Force for Government Institutional Reforms at the Ministry for Apparatus Reforms since 2011-present · Secretary Team of Tax and Customs Reform from 2010. · Special Staff to the Minister of Finance until 2009. · Professor at the State University Padjajaran from 2007-present · Secretary General of the Ministry of Finance from 2005 to 2006 · Secretary General of Ministry of Communication and Information from 2003 until 2005 · Deputy Minister for Apparatus Reform until 2003. · Chairman of the National Institute of Administration (LAN) from 1990 to 1998. · Director of Budget Ministry of Finance from 1987 to 1990. · Commissioner in several SOE (PT Tambang Batu Bara Bukit Asam 1980, Bank Dagang Negara 1982, PT Aneka Tambang 1986, Bank BNI 2005) · Director of State Property Directorate General of Monetary Affairs in 1980. · Assistant to Coordinating Ministry of Development Monitoring 				
B. Raksaka Mahi	Member/ Commissioner	March 2011 – present	<ul style="list-style-type: none"> · Financial Economic · Risk Management 	Phd from Economic Department, University of Illinois in Urbana Champaign, Illinois, United States in 1996.

Work Experience

- Member of Supervisory Board of Yayasan Danamon Peduli.
- Lecturer staff and senior researcher in Economic Faculty of Universitas Indonesia.
- Deputy Secretary of the National Export and Investment Promotion 2008 to 2011.
- Special Envoy of Coordinating Ministry on Economic Affairs 2005 to 2009.

Corporate Governance Implementation Report

Corporate Governance Committee Meeting

Committee Meeting Policy

The meeting is held in accordance with Danamon's requirements and may only be held if attended by at least 51% of the total members, including one Independent Commissioner.

The principle of deliberation and consensus is faithfully adhered to in making any decision in Corporate Governance Committee meetings. In the event of a lack of deliberation, decision-making is carried out by a majority vote based on the principle of 1 (one) person - (1) vote.

The results of the Corporate Governance Committee meeting have been set forth in the Minutes of Meetings, including any dissenting opinions; results are signed by all members of the Corporate Governance Committee in attendance and submitted to the Board of Commissioners.

Committee Meeting: Implementation

During 2013, the Corporate Governance Committee has held 3 (three) meetings, with the following attendance:

Meeting Frequency and Attendance Rate

Name	Meeting Attendance	Rate of Attendance (%)
Manggi T. Habir	3	100%
J.B. Kristiadi	3	100%
B. Raksaka Mahi	3	100%

Main Agenda of Corporate Governance Committee Meeting in 2013

No.	Date	Agenda
1.	14-Feb-2013	1. AGMS Timeline, Agenda & Dividend Payment Update 2. GCG Rules (BI, OJK, ARA/ASEAN Scorecard) Update 3. GCG Self Assessment Score Rating Update
2	14-Jun-2013	1. Minutes of Last Meeting 2. Update GCG BI Regulation 3. Asean Scorecard Journey 4. Others and Date of Next Meeting
3	1-Apr-2013	1. Minutes of Last Meeting 2. ARA Score 3. Asean Scorecard 4. Action Plan 2014 5. Update GCG BI – Audit 6. Consultant GCG Comparison 7. Sustainability Report 8. Others & Date of Next Meeting

Corporate Governance Implementation Report

Corporate Governance Committee Activity
Implementation in 2013

During 2013, the activities of Corporate Governance Committee were as follows:

1. Reviewed the agenda and materials of Danamon's GMS on 10 May 2013.
2. Reviewed the Annual Report completeness and Corporate Governance Implementation Report of Danamon year 2012, to ensure that compliance and transparency level was carried out in accordance with prevailing regulations and corporate governance standards, as well as discussing the improvements in the 2013 Danamon Annual Report.
3. Reviewed the Management Report regarding:
 - a. Implementation of Danamon Good Corporate Governance principles.
 - b. Timeline of 2013 GMS implementation, its agenda and the preparation of the 2013 Danamon Annual Report.
 - c. Timeline of 2013 dividend payments.
 - d. Good Corporate Governance Self Assessment.
 - e. Fulfillment of assessment criteria for the Annual Report Awards (ARA).
 - f. Progress on the Corporate Governance ASEAN CG Scorecard.
 - g. Implementation of Danamon Sustainability Report with Global Reporting Initiative Standard 4.
 - h. Rendering of independent party service for the assessment of Danamon Good Corporate Governance principle implementation.

The Corporate Governance Committee activities and recommendations are regularly reported to the Board of Commissioners.



Manggi T. Habir
Chairman



J.B. Kristiadi
Member



B. Raksaka Mahi
Member

Corporate Governance Implementation Report

BOARD OF DIRECTORS

The Board of Directors is a Danamon organ responsible for the implementation and management of the Bank, and is accountable for implementing its duties to the GMS. In carrying out its duties, the Board of Directors was invested with clear authority and responsibility, in accordance with Danamon's Articles of Association and based on the Law on Limited Liability Companies (PT), Bank Indonesia regulations, FSA and other relevant regulations.

Board of Directors Charter

The Board of Directors (BoD) has established the Charter based on prevailing regulations in Indonesia, particularly Bank Indonesia regulations on Corporate Governance. The Board of Directors Charter is reviewed periodically.

As stated in the BoD Charter, the following are principles that shall be observed by the Board of Directors:

1. Does not take advantage of Danamon for personal interest, or those of family, and/or any other party in a manner that may incur losses or reduction of Danamon profits.
2. Does not take and/or receive personal benefits from Danamon, apart from the remuneration and other facilities as stipulated in the General Meeting of Shareholders.

Board of Directors' Responsibilities, Duties and Authorities

Board of Directors' Responsibilities and Duties

The Board of Directors' responsibilities and duties are stipulated in the Articles of Association as follow:

1. Management of Danamon in accordance with the intents and purposes of Danamon, based on the Articles of Association and prevailing laws.
2. Possess and maintain Board of Directors guidelines and abide by the Board Charter of Danamon.

3. Conduct Good Corporate Governance principles in every business activity at all levels or through all lines of organization.
4. In the implementation of the above Good Corporate Governance principles, the Board of Directors shall at least:
 - a. Establish an Internal Audit Unit
 - b. Report the replacement or termination of the Head of the Internal Audit Unit to Bank Indonesia/FSA.
 - c. Establish a Risk Management Unit and a Risk Management Committee.
 - d. Establish a Compliance Unit.
5. Follow up the audit findings and recommendations from the internal audit unit, external audit, audit results of Bank Indonesia and/or other regulators.
6. Be responsible for information related to Danamon presented to the public through the Corporate Secretary.
7. Provide accurate, relevant and timely data and information to the Board of Commissioners.
8. Prepare the Shareholders Register list, special registers, GMS Minutes of Meetings and the Board of Directors' Minutes of Meetings.
9. Prepare the Annual Report as stated in Clause 66 Law of Limited Company and the Company financial documents.
10. Maintain all lists, Minutes of Meetings, and documents of Danamon.
11. Request the approval of GMS to transfer any Danamon assets or to collateralize Danamon assets, which constitute more than 50% (fifty percent) of Danamon's net assets, in 1 (one) or more inter-related or individual transaction(s).

Corporate Governance Implementation Report

12. Each member of the Board of Directors shall be fully responsible personally for losses of the Bank if the incumbent is at fault or has neglected his/her duties as defined in the Limited Liability Company Law (Company Law) Article 97, clause 3.

Board of Directors' Authorities

In conducting its duties, the Board of Directors has the authority to represent Danamon in and out of a court of law, on all matters and in any event binding the Bank with the other party, as well as executing all actions, both in terms of management and ownership.

Specifically, for the implementation of the following measures, the Board of Directors must obtain prior approval from the Board of Commissioners:

- a. Lending money or providing credit facilities or other banking facilities representing or resulting in borrowing money by a related party, or exceeding an amount which will from time to time be set by the Board of Commissioners.
- b. Binding Danamon as a guarantor or debt underwriter, or in any other way responsible for the payment obligations of another party, either a related party or exceeding the amount that from time to time will be set by the Board of Commissioners.
- c. Setting up a new company, creating or increasing the ownership (except for the increase in ownership related to the issuance of stock dividends or bonus shares or related to loan rescue efforts), or reducing the ownership in another company, without prejudice to the approval of the authority.
- d. Borrowing money from another party (one not included in Danamon's Articles of

Association) or receiving a loan facility or other banking facilities that exceed an amount determined from time to time by the Board of Commissioners.

- e. Writing-off or removing the Bank's receivables from the books, in an amount which exceeds the amount determined from time to time by the Board of Commissioners.
- f. Changing or passing down or releasing the Bank's right to collect the Bank's receivables which had been written off and which exceed the amount determined from time to time by the Board of Commissioners.
- g. Selling or changing or releasing the rights, or collateralizing/offering, Bank property, either in a single transaction or in multiple transactions that stand alone or are related to one another, in an amount that exceeds the amount that from time to time is determined by the Board of Commissioners.

The approval of the Board of Commissioners for the above measures will not absolve the Board of Directors from any responsibility in the management of Danamon. In addition, the Bank requires two (2) members of the Board of Directors jointly acting on behalf of the Board of Directors to represent Danamon in handling the above matters.

To carry out a legal action such as a transaction that contains a conflict of interest between the personal economic interests of the Board of Directors, the Board of Commissioners or the majority shareholders with the economic interests of Danamon, the Board of Directors requires GMS certification that no conflict of interest exists, in accordance with the laws and regulations of the Capital Market.

Corporate Governance Implementation Report

The Board of Directors authority is automatically suspended when members of the Board of Directors are pursuing a court case or there is a conflict of interest with Danamon. In the event of all members of the Board of Directors being in a court case or in a conflict of interest with Danamon, the Bank is to be represented by the Board of Commissioners or by another party as designated by the GMS.

Transparency

In carrying out its duties and responsibilities, the Board of Directors always prioritizes the principle of transparency. All strategic policies related to Danamon employees shall be communicated to all employees through available infrastructure and should be easily accessible to employees.

In addition, the Board of Directors shall disclose the following information, stated in the GCG implementation and Bank Annual Reports:

1. The Board of Directors stock ownership, either directly or indirectly, to the relevant Bank or other bank and companies, domiciled within and/or outside the country.
2. The remuneration and facilities received by the Board of Directors
3. Financial and family relations with members of the Board of Commissioners, other members of the Board of Directors and/or the Bank's controlling shareholders.

Work Ethics

1. The majority of members of the Board of Directors shall not have familial relations to the second degree with members of the Board of Directors and/or members of the Board of Commissioners.
2. Members of the Board of Directors shall not delegate authority to another party, should the delegation of authority result in the shift of duties and functions of the Board of Directors.
3. Each member of the Board of Directors, either individually or jointly, shall not hold stock ownership of more than 25% (twenty five percent) of the paid up capital of Danamon and/or other companies.
4. Members of the Board of Directors shall not use personal advisors and/or retain the professional services of a consultant unless it meets the following requirements:
 - a. special case projects;
 - b. based on a clear contract, which at least covers the scope of work, responsibilities and timeline as well as costs;
 - c. the consultant is an Independent Party and qualified to work on projects that are specifically referred to in Point "a" above.

Corporate Governance Implementation Report

Structure, Composition, Criteria, Independence and Concurrent Positions of the Board of Directors

Structure, Composition and Criteria

The Board of Directors is appointed by the General Meeting of Shareholders (GMS) following the consideration of proposed candidates by the Board of Commissioners, as recommended by the Nomination and Remuneration Committee. The Board of Directors appointment is effective on the date specified in the GMS and ends at the conclusion of the third GMS after the date of the appointment. The appointment of the Board of Directors is effective following the approval of a Fit and Proper test by Bank Indonesia.

The majority of total of 11 members of the Board of Directors hold Indonesian nationality and reside entirely in Indonesia. The Board of Directors is chaired by a President Director from a professional background, independent of the controlling shareholders, one with sufficient integrity and competence, who has passed a fit and proper test of Bank Indonesia.

As of 31 December 2013, the composition of Danamon's Board of Directors is as follows:

Name	Position	GMS Date	Effective Date (BI Approval)	Appointment	Number of Appointment	Domicile
Henry Ho Hon Cheong	President Director	29 Apr 2010	24 Jul 2010	2010- 2011 2011-2014	2 x	Indonesia
Muliadi Rahardja	Director	31 Aug 1999	21 Dec 1999	1999 -2002 2002-2005 2005-2008 2008-2011 2011-2014	5 x	Indonesia
Ali Yong *)	Director	22 May 2006	8 May 2006	2006-2008 2008-2011 2011-2014	3 x	Indonesia
Vera Eve Lim	Director	22 May 2006	26 Jun 2006	2006-2008 2008-2011 2011-2014	3 x	Indonesia
Herry Hykmanto	Director	3 Apr 2008	13 May 2008	2008-2011 2011-2014	2 x	Indonesia
Kanchan Keshav Nijasure	Director	3 Apr 2008	19 Jun 2008	2008-2011 2011-2014	2 x	Indonesia
Fransiska Oei Lan Siem	Director	25 May 2009	11 Jun 2009	2009-2011 2011-2014	2 x	Indonesia
Pradip Chhadva	Director	29 Apr 2010	18 Mar 2010	2010-2011 2011-2014	2 x	Indonesia
Michellina Laksmi Triwardhany	Director	29 Apr 2010	27 May 2010	2010-2011 2011-2014	2 x	Indonesia
Satinder Pal Singh Ahluwalia	Director	29 Apr 2010	24 Jun 2010	2010-2011 2011-2014	2 x	Indonesia
Khoe Minhari Handikusuma	Director	30 Mar 2011	4 Jul 2011	2011-2014	1 x	Indonesia

*) Per January 6, 2014, Ali Yong has tendered his resignation

Corporate Governance Implementation Report

Duties and Responsibilities of Each Member of the Board of Directors

Danamon's Board of Directors duties and responsibilities are set out with reference to the Articles of Association and the Board of Directors Resolutions Circular Decision concerning the Distribution of Duties and Authority of the Board of Directors, No.. DIR.Corp.Sec KSR-009 dated 28 November 2012, as follows:

BoD Member	Duties and Responsibilities
Henry Ho Hon Cheong	President Director, manages the duties and authorities of Danamon's Board of Directors, and directly supervises the Banks' Internal Audit, PT Adira Dinamika Multi Finance Tbk and PT Asuransi Adira Dinamika.
Muliadi Rahardja	Operations and Human Resources Director, manages Danamon's Operation activities, Corporate Real Estate Management, Center for Operational Excellence, Regional Chief Officer, and Human Resources.
Ali Yong	SME and Wholesale Director, manages Danamon's Corporate, Commercial and SME businesses as well as PT Adira Quantum Multi Finance.
Vera Eve Lim	Finance Director, manages Danamon's Financial Planning and Control function.
Herry Hykmanto	Syariah Director, manages Danamon's Syariah Banking business.
Kanchan Keshav Nijasure	Information Technology Director, manages Danamon's Information Technology function.
Fransiska Oei Lan Siem	Compliance Director, manages Danamon's Compliance, Corporate Secretary, UKPN, General Legal Counsel, Litigation and Public Affairs functions.
Pradip Chhadva	Treasury and Capital Markets Director, manages Danamon's Treasury, Capital Markets, Financial Institution and Transaction Banking services.
Michellina Laksmi Triwardhany	Consumer Banking Director, manages Retail Banking; Consumer Assets and Credit Card businesses.
Satinder Pal Singh Ahluwalia	Integrated Risk Director, manages Danamon's Integrated Risk function.
Khoe Minhari Handikusuma	Micro Banking Director, manages Danamon's Micro Business Banking and Consumer Mass Market businesses.

Board of Directors Members: Independence

The Board of Directors independence has been properly maintained in accordance with Bank Indonesia Regulation No.8/4/PBI/2006 & No.8/14/PBI/2006 concerning the GCG Implementation of Commercial Banks and the Board of Directors' Guidelines and Board Charter.

No members of the Board of Directors have familial or financial relations, as set forth in the statement letter, signed by the members of the Board of Directors and updated every year, with details in the table below:

Corporate Governance Implementation Report

Affiliated Relationships of Board of Directors

BOD	Family Relationship						Financial Relationship					
	BOC		BOD		Controlling Shareholders		BOC		BOD		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Henry Ho Hon Cheong	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Muliadi Rahardja	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Ali Yong	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Vera Eve Lim	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Herry Hykmanto	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Kanchan Keshav Nijasure	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Fransiska Oei Lan Siem	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Pradip Chhadva	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Michellina Laksmi Triwardhany	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Satinder Pal Singh Ahluwalia	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Khoe Minhari Handikusuma	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓

Board of Directors Concurrent Positions

No members of the Board of Directors holds a concurrent position as Commissioner, Director or Executive Officer at a bank, company and/or other institution, other than those specified in Bank Indonesia regulations No.8/4/PBI/2006 and No.8/14/PBI/2006 concerning the Commercial Bank's GCG implementation. Board of Directors are not considered as having concurrent position if they have responsibilities for the supervision in subsidiaries, involved in the conducting of functional duties, and as the Board of Commissioners of non-bank subsidiaries.

No members of the Board of Directors hold concurrent positions as set forth in a statement letter signed by the members of the Board of Directors and updated every year, with a detailed list of positions of the Board of Directors of Danamon subsidiaries as of 31 December 2013, as follows:

Corporate Governance Implementation Report

Board of Directors' Positions in Subsidiaries

Name	Position in Danamon	Position in Subsidiaries
Henry Ho Hon Cheong	President Director	President Commissioner PT Adira Dinamika Multi Finance Tbk
Muliadi Rahardja	Director	Commissioner PT Adira Dinamika Multi Finance Tbk
Ali Yong	Director	President Commissioner PT Adira Quantum Multifinance
Vera Eve Lim	Director	Commissioner PT Adira Dinamika Multi Finance Tbk
Herry Hykmanto	Director	Nil
Kanchan Nijasure	Director	Nil
Fransiska Oei Lan Siem	Director	Nil
Pradip Chhadva	Director	Nil
Michellina Laksmi Triwardhany	Director	Vice President Commissioner PT Asuransi Adira Dinamika
Satinder Pal Singh Ahluwalia	Director	Commissioner PT Adira Quantum Multifinance
Khoe Minhari Handikusuma	Director	Commissioner PT Adira Quantum Multifinance

Board of Directors Shares Ownership

Referring to the Personal Investment Policy No.Kep: DIR-CORP.SEC-014, dated 16 December 2013, the Board of Directors shall submit a disclosure of Danamon Group Securities transactions at least 1 (one) business day prior to the transaction and within 1 (one) working day after the transaction has occurred. As for the purchase and sale of

other Securities, the Board of Directors shall submit the transparency within 1 (one) business day after the transaction.

The following is a list of share ownership held by the Board of Directors, either directly or indirectly:

- Syariah Corporate Governance

Corporate Governance Implementation Report

BoD	Danamon		Other Bank	Non Bank Financial Institution	Other Company	Description
	Direct	Indirect				
Henry Ho Hon Cheong	2,161,500 shares	-	-	-	-t	Percentage of Ownership 0.02% Type of Shares: B Series
Muliadi Rahardja	6,405,515 shares	-	Bank Central Asia 25,000 shares Bank Rakyat Indonesia 50,000 shares Bank Mandiri 25,000 shares	-	-	Danamon Ownership Percentage : 0.07% Share type : B Series

Corporate Governance Implementation Report

BoD	Danamon		Other Bank	Non Bank Financial Institution	Other Company	Description
	Direct	Indirect				
Ali Yong	5,720,726 shares	-	-	-	ACE Hardware Indonesia 100,000 shares Adaro Energy 381,500 shares Asia Pacific Fibers 2,412,500 shares Bakrie and Brothers 69,700 shares Krakatau Steel 850,000 shares Steel Pipe Industry of Indonesia 350,000 shares	Danamon Ownership Percentage : 0.06% Shares type : B Series
Vera Eve Lim	5,020,500 shares	-	-	-	-	Percentage of Ownership 0.06% Shares type : B Series
Herry Hykmanto	502,256 shares	-	-	-	-	Percentage of Ownership 0.01% Shares type : B Series

Corporate Governance Implementation Report

BoD	Danamon		Other Bank	Non Bank Financial Institution	Other Company	Description
	Direct	Indirect				
Kanchan Keshav Nijasure	1,187,866 shares	-	-	-	-	Percentage of Ownership 0.01% Shares type : B Series
Fransiska Oei Lan Siem	1,234,730 shares	-	-	-	-	Percentage of Ownership 0.01% Shares type : B Series
Pradip Chhadva	1,096,500 shares	-	-	-	-	Percentage of Ownership 0.01% Shares type : B Series
Michellina Triwardhany	617,000 shares	-	-	-	-	Percentage of Ownership 0.01% Shares type Danamon : B Series
Satinder Pal Singh Ahluwalia	814,000 shares	-	-	-	-	Percentage of Ownership 0.01% Shares type : B Series
Khoe Minhari Handikusuma	1,015,404 shares	-	-	-	PT Berkas Kasih Sahabat 50 shares listed as Phety Soekiato (spouse)	Danamon Ownership Percentage : 0.01% Shares type Danamon: B Series

Corporate Governance Implementation Report

Board of Directors Meeting

Board of Directors: Meeting Policy

A Board of Directors meeting is called to discuss strategic matters and establish company policies. Such a meeting is held at least once in 3 (three) months or can be held at any time if deemed necessary by the President Director or a member of the Board of Directors, or upon written request of 1 (one) or more members of the Board of Commissioners or the written request of 1 (one) or more shareholders representing at least one-tenth of the shares issued by the Bank. The meeting is declared a quorum if attended by more than 50% of the Board of Directors.

Board of Directors Meeting: Frequency

During 2013, 44 Board of Directors meetings, and 6 joint meetings of the Board of Directors and the Board of Commissioners were held, in which decisions were documented in the Minutes of Meetings. The decision-making in all Board of Directors meeting is carried out with deliberation and a consensus, and there are no dissenting opinions. Thus, during 2013, Danamon has been in compliance with Bank Indonesia regarding the minimum number of Board of Directors meetings.

Attendance of the Board of Directors' Members

Board of Directors' Attendance in Board of Directors' Meetings and Joint Meetings

Name	Attendance in the Board of Directors Meeting (44 times)		Attendance in the Board of Commissioners Meeting/joint Meetings of the Board of Commissioners and Directors (6 times)	
	Total Attendance	Attendance Level (%)	Total Attendance	Attendance Level (%)
Henry Ho Hon Cheong	40	91%	6	100%
Muliadi Rahardja	39	89%	6	100%
Ali Yong	38	86%	5	83%
Vera Eve Lim	37	84%	5	83%
Herry Hykmanto	35	79%	6	100%
Kanchan Keshav Nijasure	36	82%	6	100%
Fransiska Oei Lan Siem	36	82%	6	100%
Michellina Laksmi Triwardhany	35	79%	6	100%
Pradip Chhadva	37	84%	6	100%
Satinder Pal Singh Ahluwalia	41	93%	6	100%
Khoe Minhari Handikusuma	39	89%	5	83%

Corporate Governance Implementation Report

Board of Directors Member Attendance at the Annual GMS

All members of the Board of Directors were present at the Annual GMS held on 10 May 2013. The liability of the Board of Directors on the implementation of their duties and responsibilities was delivered and reported to shareholders through the GMS.

Main Agenda and Meeting Results of The Board of Directors in 2013

No.	Date	Main Agenda
1.	9-Jan-2013	<ol style="list-style-type: none"> 1. FY 2012 Financial Performance (Draft) - Unaudited 2. 2012 Bank Indonesia Audit Update 3. Annual General Shareholders Meeting – Timeline and Agenda
2	15-Jan-2013	<ol style="list-style-type: none"> 1. Bank Indonesia (BI) New Regulation Concerning Bank's Capital, Business Activity & Branch Networking based on Bank's business category Single Presence Policy Annual Report Disclosure 2. Impact of Change in Insurance Accounting Standard
3	23-Jan-2013	<ol style="list-style-type: none"> 1. Dividend Payout Ratio 2. Discussion with Parliament Update 3. Danamon Usaha Gedung (DUG) Legal Case Update 4. Risk Management Update – National Portfolio, Approval Authorities of Policy, Product Program, Credit Proposal and Changes on Integrated Risk Organization Structure, Danamon Credit Stress Testing 2012, Jakarta Flood Update
4	30-Jan-2013	<ol style="list-style-type: none"> 1. Kuningan Head Office Project 2. Customer Complaint on Bank Transfer Transaction, Bank Indonesia (BI) Audit Finding on Information Technology, Integration Steering Committee (ISC) Meeting Agendas, Establishment of Committee for Internal Capital Adequacy Assessment Process (ICAAP), Mapping of Branches / Networks based on Bank Indonesia (BI) New Regulation, Changes on Adira Insurance Board of Commissioner (BoC)
5	6-Feb-2013	<ol style="list-style-type: none"> 1. Annual General Meeting of Shareholders (AGMS) Date/Timetable Update 2. Strategic Risk
6	21-Feb-2013	<ol style="list-style-type: none"> 1. Credit Risk Modeling-Basel II/III Gap Analysis & Basel II Pilar 1 Rating Models and Risk Data Warehouse Project 2. Head Office Project-Appointment of Pilling Contractor and Delegation of Authority 3. Bank Indonesia New Regulation Update 4. Financial Performance-January 2013 5. Prime Lending Rate Update 6. Danamon Usaha Gedung (DUG) Legal Case Update 7. Annual General Meeting of Shareholders (AGMS) Timeline Update
7	27-Feb-2013	<ol style="list-style-type: none"> 1. Risk Management Update 2. Legal Case Update 3. Extensive Business Reporting Language (XBRL) Project-Bank Indonesia New Reporting Guideline
8	6-Mar-2013	<ol style="list-style-type: none"> 1. SMS Banking Project Update 2. ATM & Debit Card replacement Update 3. Internal Audit Update 4. Board of Commissioner Meeting Timetable and Agenda

Corporate Governance Implementation Report

No.	Date	Main Agenda
9	13-Mar-2013	<ol style="list-style-type: none"> 1. February 2013 Financial Performance & 1st Quarter 2013 Loans and NPAT Outlook 2. Human Resources Issue – Senior Management Promotion
10	20-Mar-2013	<ol style="list-style-type: none"> 1. Compliance and AML Update 2. Bank Indonesia (BI) New Regulation Update-LPIP, Share Ownership and Reporting on Foreign Exchange Transaction Non Bank Institution
11	27-Mar-2013	<ol style="list-style-type: none"> 1. Risk Management Update 2. Operational Risk Management Update 3. Funding Initiative for CASA & TD and Analysis of Total Cost Associated with CASA & TD Update 4. Cost Efficiency & Productivity Initiative Update 5. Dividend Payout Ratio for Subsidiaries
12	10-Apr-2013	<ol style="list-style-type: none"> 1. Offshore Third Party Funding Placement 2. March 2013 Financial Performance 3. 2013 Focus Priorities 4. BoD's KPI Alignment & Measurement for 2013 5. Tier 1 Capital Allocation for Branches
13	17-Apr-2013	<ol style="list-style-type: none"> 1. Policy, Recommendation and Action Plan on Danamon Corporate Sustainability 2. Analysis and Impact of Gold Price Movement on SES Gold Portfolio 3. Other-Operating Risk Policy/Business Continuity Policy for Group Travelling
14	24-Apr-2013	<ol style="list-style-type: none"> 1. Risk Management Update 2. BoD Off-Site Meeting/Team Building Update
15	1-May-2013	<ol style="list-style-type: none"> 1. Banks Comparison Analysis-FY 2012 Result 2. International Chamber of Commerce (ICC) Banking Commission Update
16	8-May-2013	<ol style="list-style-type: none"> 1. Proposal to Change Adira Finance's Gearing Ratio Limit & Reporting Mechanism
17	15-May-2013	<ol style="list-style-type: none"> 1. April 2013 Financial Performance 2. Article 163 of Manpower Law
18	22-May-2013	<ol style="list-style-type: none"> 1. Operation Update
19	29-May-2013	<ol style="list-style-type: none"> 1. Solusi Emas Syariah (SES) Update 2. Risk Management Update
20	5-Jun-2013	<ol style="list-style-type: none"> 1. May 2013 Financial Performance 2. 2013 Business Plan & Strategy Update
21	12-Jun-2013	<ol style="list-style-type: none"> 1. Banks Comparison Analysis-Insurance Companies Comparison Analysis-Finance Companies Comparison Analysis 2. 2013 Business Plan Update 3. Auditor Appointment Update 4. Board of Commissioner Meeting Agendas 5. Service Quality Update & Customer Complaint/Feedback Management Update
22	19-Jun-2013	<ol style="list-style-type: none"> 1. Solusi Emas Syariah (SES) Update 2. Yayasan Danamon Peduli (YDP) Update

Corporate Governance Implementation Report

No.	Date	Main Agenda
23	26-Jun-013	<ol style="list-style-type: none"> 1. Operational Risk Management (ORM) Update – Vault Access Management 2. Anti Money Laundering (AML)/Combating the Financing of Terrorism (CFT) Update 3. Good Corporate Governance (GCG) Update 4. Business Plan 2013 Update 5. Market Update-Treasury and Capital Market
24	3-Jul-2013	<ol style="list-style-type: none"> 1. HR Update-KPI Alignment 2. IFC Update
25	10-Jul-2013	<ol style="list-style-type: none"> 1. June 2013 Financial Result
26	17-Jul-2013	<ol style="list-style-type: none"> 1. Update on Internal Capital Adequacy Assessment Process (ICAAP) Project 2. Update on Human Resources-Senior Staff Movement
27	24-Jul-2013	<ol style="list-style-type: none"> 1. Risk Management Update 2. Human Resources Update-Preparation for Implementing PerMeNakerTrans 19/12 regarding Outsourcing
28	31-Jul-2013	<ol style="list-style-type: none"> 1. Kick Off Meeting 2013 Audit-Ernst and Young 2. IFRS Update-Ernst and Young 3. Bank Wide Analytic 4. 2013 Financial Forecast Update
29	21-Aug-2013	<ol style="list-style-type: none"> 1. Update Mobility Banking-Transformation of Banking/Financial Services 2. July 2013 Financial Result 3. 2013 Financial Forecast 4. Core (Tier 1) Capital Allocation for Branches 5. Moody's Rating 6. Board of Commissioner and Board of Director Meeting 7. Strategic Meeting (3 to 5 years Plan), Syariah Business-
30	28-Aug-2013	<ol style="list-style-type: none"> 1. Update on Core (Tier 1) Capital Allocation for Branches 2. Update on Solusi Emas Syariah 3. Update on Litigation Case
31	4-Sep-2013	<ol style="list-style-type: none"> 1. Update on Core Capital Allocation (AMI)-DSP Branches 2. Update on Core Capital Allocation (AMI)-Conventional Branches 3. Update on Core Capital Allocation (AMI)-Syariah Branches 4. Organization Optimization/Consolidation 5. Risk Management Update
32	11-Sep-2013	<ol style="list-style-type: none"> 1. Bank Comparison Analysis-Semester I/2013 2. Product Program Review and Approval Process 3. August 2013 Financial Performance 4. Senior Staffs Promotion Proposal
33	18-Sep-2013	<ol style="list-style-type: none"> 1. DIS (Debtor Information System) Update 2. CREM Update-Head Office Property Portfolio Strategy 3. IFC Loan-Financial Covenants 4. Vendors Demo of Mobile Banking
34	25-Sep-2013	<ol style="list-style-type: none"> 1. Risk Management Update 2. Forex Risk Stress Test 3. Risk Heat Map

Corporate Governance Implementation Report

No.	Date	Main Agenda
35	2-Oct-2013	<ol style="list-style-type: none"> 1. Cloud Computing 2. Risk Posture 3. 2014 Budget Guideline
36	10-Oct-2013	<ol style="list-style-type: none"> 1. September 2013 Financial Results 2. Update on 2014 Budget Guideline-Earning Sensitivity Analysis 3. Cloud Computing-Indonesian Cloud
37	16-Oct-2013	<ol style="list-style-type: none"> 1. Foreign Account Tax Compliance Act (FATCA)-KPMG 2. Shares Buy Back-Regulation Update 3. Cloud Computing 4. Update on the Selection Process of Consultant for Funding & Distribution Initiatives
38	23-Oct-2013	<ol style="list-style-type: none"> 1. Review Retail Banking Transformation Project 2. Strategic Funding Initiatives-Kick off Meeting with BCG 3. AMEX Card Update 4. Risk Management Update 5. Compliance Update 6. Anti Money Laundering (AML) / Combating Financing of Terrorism (CFT)
39	6-Nov-2013	<ol style="list-style-type: none"> 1. IFC Loan Update 2. 2014 Business Plan 3. Projects Reporting
40	14-Nov-2013	<ol style="list-style-type: none"> 1. BoC Meeting Itinerary and Agenda 2. Budget 2014 3. ATM/CDM Performance Update 4. Market Feedback on Q3 Result
41	27-Nov-2013	<ol style="list-style-type: none"> 1. Procurement Operating Model-Project SPIDER 2. Risk Management Update 3. Risk Heat Map Update 4. DSP Update 5. 2014 Strategy & Business Plan 6. Danamon Vision, Mission and Core Values 7. Litigation Case Update-Danamon International Case 8. The Appointment of President Director for Adira Quantum
42	4-Dec-2013	<ol style="list-style-type: none"> 1. HR Update
43	11-Dec-2013	<ol style="list-style-type: none"> 1. Risk Infrastructure Roadmap 2. SMEC Credit Processing System 3. Cloud Computing
44	18-Dec-2013	<ol style="list-style-type: none"> 1. XBRL LBUS Reporting Project 2. Gift Policy Update

Corporate Governance Implementation Report

Board of Directors Duties and Responsibilities Implementation in 2013

In 2013, Danamon's Board of Directors conducted duties and discharged its responsibilities with the following objectives:

1. Managing prudential loans and funding by taking into account market dynamics and working in compliance with regulations.
2. Building stronger and efficient third-party fund structures, by emphasizing superior composition of savings accounts and deposits.
3. Applying high standards of risk management implementation, in order to maintain good loan quality.
4. Managing effective capital by taking into account the potential of business growth, the internal capital adequacy assessment process (ICAAP), and compliance with capital requirements and provisions of Basel II & III.
5. Carrying out continuous assessment, to ensure feasibility and compatibility of the Risk Appetite Statement.
6. Implement cross-selling initiatives in support of more efficient and better-integrated business growth.
7. Ensuring high-quality service to customers by offering services and products that are competent, safe, and responsible.
8. Striving to improve productivity and quality of employees, while creating a comfortable working environment.
9. Ensuring that activities are carried out with reference to Good Corporate Governance policies and practices.

Board of Directors Performance Assessment

The assessment of members of the Board of Directors is carried out regularly by the President Director, based on set of goals and KPI (Key Performance Indicators) that have been agreed upon at the beginning of the year in accordance to the corresponding duties and responsibilities of each member of the Board of Directors.

KPI of each director is grouped into 4 assessment criteria; namely, Financial, People, Process and Customer. The weighting of each assessment criteria differs from one director to another depending on the roles and responsibilities of each director.

The Directors' performance appraisals are carried out twice a year through the Performance Appraisal System.

In addition, an assessment of the collective and individual performances of the Board of Directors is conducted by the Nomination & Remuneration Committee. Assessment by the Nomination and Remuneration Committee is based on criteria related to financial performance, reserve fulfillment, fairness with peer groups, significant audit findings, compliance to laws and regulations and consideration of Danamon's long-term goals and strategies.

In addition to the goals and KPI, the Directors are also assessed based on the following:

1. Management of the Bank is in accordance with the authorities and responsibilities as stipulated in the Articles of Association and prevailing laws.
2. Management of the Bank is operations are carried out for the interests of the Bank and in accordance with the purposes and objectives of the Bank.
3. The implementation of governance principles in the Bank's business activities at all levels of the organization.

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4. Compliance with prevailing laws and regulations and the commitment to regulators .
5. Business growth by considering business continuity, principles of prudence and good risk management.
6. Availability of complete, accurate, current, and timely data and information to the Board of Commissioners and other stakeholders.

Board of Commissioners: Opinion on the Board of Directors' Performance

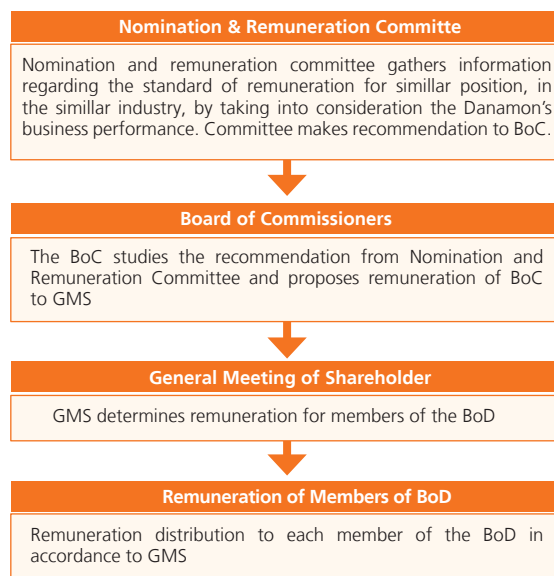
The Board of Commissioners is pleased and extends its appreciation on 2013 achievements by Bank Management. In the midst of all the negative sentiment both in the global and domestic market conditions, Danamon was able to record a promising loan growth portfolio, one relatively sound, with low Non Performing Loan (NPL) ratio, reflecting stringent control as well as prudent risk management implementation by Management. On third party funds, Danamon successfully booked significant growth, in which the ratio of demand deposits and savings accounts to total funding increased. Operating income also increased and Danamon successfully booked a net profit of Rp4,042 trillion in 2013. Regarding capital, Danamon's capital adequacy ratio is very much sufficient, a factor which is inseparable from the well-planned and managed capital by Management. For its Good Corporate Governance, Danamon received the "Best Overall Award" from the Indonesian Institute for Corporate Directorship. This award represents a Management achievement in implementing good corporate governance principles as well as its commitment to transparency and accountability towards stakeholders. Danamon Management strives to build and maintain close relations with its employees through skill improvement programs and to ensure a comfortable working environment.

Corporate Governance Implementation Report

Indicator and Board of Directors Remuneration Determination Procedure

The determination of the Board of Directors' remuneration is recommended by the Nomination and Remuneration Committee, with reference to Danamon's remuneration principles and the assessment results of goal setting, prevailing regulations, industry comparison and Danamon's performance. The committee's recommendations are submitted to the Board of Commissioners, to be approved by the GMS.

The Board of Directors' remuneration determination process is as follows:



Board of Directors: Member Remuneration Structure

Every member of the Board of Directors receives remuneration, paid periodically, comprised of Salaries, Housing Allowances and Transportation Allowance, Holiday Allowances, Leave Allowances and Tantiem.

The following table represents the type of remuneration and other facilities for the Board of Directors, the total membership of the Board of Directors as well as total remuneration received in 1 year:

Board of Directors' Remuneration and Other Facilities (In Million Rupiah)

No	Remuneration Type & Other Facilities	2013		2012		2011		2010		2009	
		Nominal	Person	Nominal	Person	Nominal	Person	Nominal	Person	Nominal	Person
1	Salary and Allowance	58,423	11	32,703	11	33,301	12	35,411	11	32,864	9
2	Tantiem *	54,563	11	36,960	11	32,066	12	34,731	11	17,559	9
3	LTCP *	18,800		29,498		28,005		22,838		-	
4	Other Benefits in the form of in kind (housing, transportation, health insurance and etc)										
	a. may be owned	3,587	11	3,664	11	3,739	12	3,600	11	3,000	9
	b. may not be owned	6,824	11	7,134	11	7,363	12	7,200	11	6,358	9

Note:

Since 1 January 2013 payroll system has applied gross system

* accrual

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Board of Directors Members Remuneration Based on Income Level

Remuneration amount per person in 1 year *)	2013	2012	2011	2010	2009
Above 2 billion	11	11	12	11	9
Above 1 billion up to 2 billion	-	-	-	-	-
Above 500 million up to 1 billion	-	-	-	-	-
Below 500 million	-	-	-	-	-

Notes:

*) received in cash

Orientation Program for New Directors

Danamon possesses an introductory and orientation program; “On-Boarding Pack” for new Board of Directors members. The program aims to provide an understanding of Danamon’s Vision and Mission, Danamon’s Values, Code of Ethics, Organisational Structure, Lines of Business, Board of Directors Charter and prevailing banking laws and regulations.

For the year of 2013, there was no new Directors.

Board of Directors Training Program to Improve Competence

As an opportunity for members of the Board of Directors to develop sustainable competence, professionalism and knowledge, Danamon facilitates participation in various training sessions, certification procedures, workshops and conferences.

During 2013, members of the Board of Directors have participated in the following types of training, obtained certifications, taken part in workshops, and attended conferences:

Name	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Henry Ho Hon Cheong	Workshop Sustainability Report	Green Consult	Singapore	2 April 2013
	AML/CFT Knowledge Sharing Workshop	UKPN	Jakarta	25 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
Muliadi Rahardja	Building a Leadership Pipeline Seminar	AON Hewit		28 February 2013
	Workshop Sustainability Report	Green Consult	Singapore	2 April 2013
	HR Council, FFH		Singapore	3 April 2013
	AML/CFT Knowledge Sharing Workshop	UKPN	Jakarta	25 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
	LPS Seminar	LPS	Jakarta	23 September 2013
	Operation Council	CEB Singapore	Singapore	10 October 2013

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Name	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Ali Yong	Workshop Sustainability Report	Green Consult	Singapore	2 April 2013
	AML/CFT Knowledge Sharing Workshop	UKPN	Jakarta	25 April 2013
	BOD Offsite Meeting	Public Affairs Danamon	Hanoi	17-20 May 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
	Talent Review Forum	HR KP Danamon	Luwansa Jakarta,	7-8 October 2013
	Program Pemeliharaan Sertifikasi Manajemen Risiko--workshop Understanding Derivatives and Their Applications	BSMR	Le Meridien Hotel, Jakarta,	16-17 December 2013
Herry Hykmanto	CDCS Forum	ICC	Jakarta	11 March 2013
	Seminar Nasional Ekonomi Syariah	MES	Jakarta	28 March 2013
	Workshop Sustainability Report	Green Consult	Singapore	2 Apr 13
	3rd Annual Indonesia Trade & Commodity Finance Conference	Exporta , GTR	Jakarta	07 May 2013
	Launching The New ISBP 2013 Versi Bilingual dan Seminar	ICC	Jakarta	26 June 2013
	ICAAP Overview & Strategic Risk Management Workshop	Danamon	Jakarta	22 July 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August
	Media Workshop	Danamon	Solo	09 October 2013
	Syariah Business Strategy	Danamon	Bandung	13 December 2013
Vera Eve Lim	Seminar Akhir Tahun Perbankan Syariah	BI	Jakarta	16 December 2013
	Five key credit issues in Asian corporate ratings	Moodys	Jakarta	19 Apr 13
	Anti Money Laundering (AML)/CFP Knowledge Sharing	UKPN	Jakarta	25 Apr 13
	Asia Finance Leaders Programme 2013	KPMG	Singapore	21-23 May 13
	IFRS 9 Financial Instrument and IFRS 13 Fair Value Training	Ernst & Young	Jakarta	29 May 13
	ASEAN Risk 2013	Asia Risk Magazine	Jakarta	30 May 13
	Tax Business Update	PWC	Jakarta	18 Jun 13
	ICAAP Overview & Strategic Risk Management Workshop	Octagon	Jakarta	22 Jul 13
	Macro Forum 2013	Danareksa	Jakarta	10 Sep 13
	BCG Leadership Forum 2013 - The Shape of Change	BCG	Singapore	10 Oct 13
	Risk Minds Asia 2013	ICBI	Hong Kong	22 Oct 13

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Name	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Satinder Pal Singh Ahluwalia	Workshop Sustainability Report	Green Consult	Singapore	2 April 2013
	AML/CFT Knowledge Sharing Workshop	UKPN	Jakarta	25 April 2013
	Economy Outlook	Anton Gunawan	Jakarta	29 August 2013
	E-Learning Operational Risk Management, by ORM	ORM Danamon	Jakarta	11 November 2013
Kanchan Keshav Nijasure	Workshop Sustainability Report	Green Consult	Singapore	2 Apr 13
	AML/CFT Knowledge Sharing Workshop	UKPN	Jakarta	25 Apr 13
	Economy Outlook	Anton Gunawan	Jakarta	29 Aug 13
	Production Improvement Workshop	IT Danamon	Ciawi	29 Jan 13
	Uninterrupted Customer Service -2nd Workshop	IT Danamon	Jakarta	22 May 13
	Uninterrupted Customer Service Application -2nd Workshop	IT Danamon	Jakarta	23 May 13
	MI-2 Initiative Workshop	IT Danamon	Jakarta	12 Sep 13
	CIO APAC Summit	GDS International	Hong Kong	24-26 Sept 13
	MI-2 Workshop With SAP	SAP	Jakarta	24 Oct 13
	Workshop with FIS	FIS	Jakarta	29 Nov 13
	FST Media's Technology & Innovation – the Future of Banking & Financial Services	FST	Jakarta	4 Dec 13
	Software AG Workshop	Software AG	Jakarta	10 Dec 13
	Huawei Workshop	Huawei	Jakarta	13 Dec 13

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Name	Training/Conference/Seminar/Workshop	Organizer	Location	Date
Fransiska Oei Lan Siem	Sustainability Workshop	Green Consult	Jakarta	22 Jan 13
	National Seminar “Kebijakan Multiple License: Tantangan terhadap perbankan Indonesia”	ISEI	Jakarta	7 Feb 13
	One day training program “Enhancing Corporate Governance disclosure policy & practice. Based on CG Scorecard”	IICD	Jakarta	27 March 2013,
	Workshop Sustainability Report	Green Consult	Singapore	2 Apr 13
	AML/CFT Knowledge Sharing Workshop	UKPN	Jakarta	25 Apr 13
	PPATK National Seminar “Implementasi undang-undang no 9 th 2013 tentang pencegahan dan pemberantasan tindak pidana pendanaan terorisme	PPATK	Jakarta	2 May 13
	Seminar FKDKP, Seminar Harapan dan Tantangan Perbankan Nasional 2013 – 2015	FKDKP	Jakarta	16 May 13
	Economy Outlook	Anton Gunawan	Jakarta	29 Aug 13
	Seminar FKDKP, “Penerapan Program APU-PPT Implementasi FACTA: Respon dan Kesiapan Indonesia ke depan	FKDKP	Jakarta	19 Sep 13
	IICD Speaker Seminar, the 5th IICD Conference & Award” Corporate Governance Road Map for Capital Market Sustainability”	IICK	Jakarta	30 Oct 13
	FKDKP Seminar, Prospek Ekonomi & Perbankan Nasional 2014”	FKDKP	Jakarta	28 Nov 13
	OJK Seminar “Developing Financial Literacy and its Impact to Economic Welfare”	OJK	Denpasar – Bali	2 Dec 13
Michellina Laksmi Triwardhany	Manulife Ivey Asia Leadership	Manulife	Hong Kong	18-19 March 2013
	Workshop Sustainability Report	Green Consult	Singapore	2 Apr 13
	Economy Outlook	Anton Gunawan	Jakarta	29 Aug 13
	The Shape of Change	Boston Consulting Group (BCG)	Singapore	10 Oct 13
Pradip Chhadva	Workshop Sustainability Report	Green Consult	Singapore	2 Apr 13
	Economy Outlook	Anton Gunawan	Jakarta	29 Aug 13
Khoe Minhari Handikusuma	Workshop Sustainability Report	Green Consult	Singapore	2 Apr 13
	AML/CFT Knowledge Sharing Workshop	UKPN	Jakarta	25 Apr 13
	Economy Outlook	Anton Gunawan	Jakarta	29 Aug 13
	DSP Workshop – 2014 Strategy	DSP	Jakarta	11 – 12 Nov 2013

Corporate Governance Implementation Report

Directors' Succession

Danamon possesses a succession policy whereby potential candidates are identified from the pool of executive officers of the Bank through the Talent Review program. Each director is required to identify a minimum of 2 candidates and the competencies and skill gaps of each candidate are thereafter evaluated and identified. Based on the evaluation result, an appropriate development plan is developed for the candidate.

Each potential successor is grouped into the talent inventory for recommendation to the Nomination and Remuneration Committee.

Corporate Governance Implementation Report

COMMITTEES UNDER THE BOARD OF DIRECTORS

In implementing more focused duties and achieving effective performance, the Board of Directors is assisted by 8 (eight) committees, responsible for providing advice and recommendations related to the policies and management of Danamon.

The recommendations of each committee will be used as a reference by the Board of Directors in its decision-making.

As of 31 December 2013, the following are the Committees under the Board of Directors:

1. Human Resources Committee
2. Risk Management Committee
3. Asset & Liability Committee
4. Information Technology Steering Committee
5. Fraud Committee
6. Compliance Committee
7. Operations Risk Management Committee
8. Capital Management Committee

Board of Directors Attendance in Committee Meetings in 2013

BoD Members	Attendance for Committees under BoD (total meetings)							
	Human Resources Committee (7 Meetings)	Risk Management Committee (11 Meetings)	Asset & Liability Committee (12 Meetings)	Information Technology Steering Committee (3 Meetings)	Fraud Committee (3 Meetings)	Compliance Committee (2 Meetings)	Operational Risk Management Committee (2 Meetings)	Capital Management Committee (1 Meeting)
Henry Ho Hon Cheong	7	9	9	2	-	-	2	-
Muliadi Rahardja	7	11	9	1	3	1	2	-
Vera Eve Lim	7	9	10	3	-	-	2	1
Ali Yong	7	10	9	1	-	-	2	1
Herry Hykmanto	-	9	1	1	2	-	1	-
Kanchan Keshav Nijasure	-	8	-	3	-	-	2	-
Fransiska Oei Lan Siem	-	10	-	2	3	2	2	-
Pradip Chhadva	-	10	11	2	-	-	2	1
Michellina Laksmi Triwardhany	7 *	9	7	3	-	-	2	-
Satinder Pal Singh Ahluwalia	-	11	12	2	-	2	2	1
Khoe Minhari Handikusuma	6	11	10	2	2	-	2	-

*)include 1 (once) via teleconference

Corporate Governance Implementation Report

Human Resources Committee

Committee Structure and Membership

Chaired by Human Resources Director, with the following members:

1. President Director
2. Operations and HR Director
3. Finance Director
4. Wholesale and SME Director
5. Consumer Banking Director
6. Micro Banking Director

- Conformity of policy and synergy of human resources with subsidiaries
 - Executive Officer Appointment and Succession Plan
2. Conduct other duties and responsibilities assigned by the Board of Directors;
 3. Provide Minutes of Meetings to the Board of Directors.

Committee Duties and Responsibilities

1. Prepare general policy, including;
 - Employment
 - Employee compensation and benefits
 - Performance Assessment Management
 - Talent Management
 - Organizational structure and ranking
 - Trainings and employee development
 - Corporate culture development
 - Conducive working environment development
 - Employee and Danamon relations development

Human Resources Committee Activity in 2013

1. Evaluation of work
2. Direction for end-year 2012 performance assessment, salaries and bonuses increases
3. Review of car allowance program
4. Assessment of employee tax program
5. Assessment of health insurance
6. Implementation of talent benefits program
7. Assessment of living cost adjustments
8. Assessment annual leave allowances
9. Assessment of joint leaves during Idul Fitri holidays
10. Assessment of 2014 – 2016 HR Budget

Corporate Governance Implementation Report

Risk Management Committee**Committee Structure and Membership**

Chaired by Integrated Risk Director, the Risk Management Committee members are:

1. President Director
2. Operations and HR Director
3. Finance Director
4. Syariah Director
5. Compliance Director
6. Treasury and Capital Markets Director
7. Consumer Banking Director
8. Micro Banking Director

Committee Duties and Responsibilities

1. Establish plans, directives, policies, and risk management strategies of Danamon and its subsidiaries.
2. Ensure all Danamon activities are in accordance with prevailing rules and regulations.
3. Evaluating the risk management process implementation and conduct improvements in line with external and internal changes that may affect the capital adequacy level of the Bank and its subsidiaries, as well as its risk profile.
4. Determine the most appropriate risk management methodology for risk management; determine provisioning of reserves through a policy to accommodate inherent potential risks and ensure the availability of disaster recovery procedures.

5. Evaluate the risk organizational structure of Danamon and its subsidiaries, to ensure that risk management processes are in accordance with the development of the organization.

Risk Management Committee Activities in 2013

Throughout 2013, the Risk Management Committee held meetings, with the following discussions:

1. Regular Discussion
 - Headline
 - Portfolio (Bank level, wholesale, retail, and mass-market)
 - Operations, Market, and Liquidity Risks
 - Business unit portfolio
 - Credit ratings
 - Business unit and industry portfolio concentration
 - Bonds
 - Watch list for debtors
 - Risk Dashboards
2. Specific Discussion: Improvement of DSP documentation system to improve loan efforts

Corporate Governance Implementation Report

Assets & Liabilities Committee

Committee Structure & Membership

The committee is chaired by the Director of Treasury and Capital Markets, with the following members:

1. President Director
2. Consumer Banking Director
3. Finance Director
4. Integrated Risk Director
5. Micro Banking Director
6. SME and Wholesale Director

Committee Duties and Responsibilities

1. Establish Committee membership, meeting procedures, work procedures as well as setting up sub-committees to assist the Committee.
2. Establish policies and guidelines for managing liquidity, interest rate risk and capital adequacy, a stable and diversified funding profile, by fulfilling prevailing requirements.
3. Evaluate market conditions and their impact on liquidity positions, Net Interest Income (NIL) and Danamon capital.
4. Review funding composition and approve changes with alternative funding strategies, including new institutional / structural funding.

5. Periodically review and approve the following:
 - Liquidity framework and ratio
 - Market risk framework and usage limits
 - Fund Transfer Pricing (FTP) methodology and changes
6. Provide recommendation on limits / targets / indicators related to the financial position, for the approval of the Board of Commissioners on the limits approved by the ALCO.
7. Provide information to the Risk Committee on ALCO evaluation results and provide an action plan recommendation in the event of breaches of limits / targets / indicators of the Bank's financial position.

Assets & Liabilities Committee Activities in 2013

During 2013, the Asset & Liability Committee has dealt with several important issues and/or provided recommendations, including:

- LDR Management
- FTP Management
- Market Risk Limit Review
- USD/IDR Liquidity Management
- Balance Sheet Management
- Professional Funding Management
- AFS & MTM Review
- CFP Monitoring
- Economic & Market Review
- Outlook Review

Corporate Governance Implementation Report

Information Technology Steering Committee**Committee Structure & Membership**

The committee is chaired by the Information and Technology Director, with the following members:

1. President Director
2. Finance Director
3. Integrated Risk Director
4. Operations and HR Director
5. SME and Wholesale Director
6. Micro Banking Director
7. Consumer Banking Director
8. Compliance Director

Committee Duties and Responsibilities

The Information Technology Steering Committee regularly reviews the following:

1. Danamon's Information Technology (IT) Strategy, including a resource roadmap evaluation and required earnings, as well as evaluation and approval of changes in this area, in accordance with Danamon's requirements.
2. Indicator of Danamon's production system service level, including the effectiveness of security policies, problem-solving, and recommendations for improvements.
3. Benefits provided by Danamon's IT projects to business units and supporting functions.
4. IT operating expenses and investment.

Other Duties of the Committee

1. Prepare IT Policy, including IT Security Policy and IT Risk Management Policy.
2. Ensure the conformity of IT projects and IT strategic plans with priority level.

3. Review and approve technology investment of Danamon within the strategy contexts, blueprints, priorities and IT roadmap.
4. Define and implement the approval of technology investment guidelines, PAM and IT operating expenses in order to achieve consistency with the procurement policy.
5. Monitor IT core project developments with direction from the Information Technology Project Steering Committee, problem-solving and recommendations for improvements.
6. Review the effectiveness of the Risk Mitigation Plan on IT investment implementation and ensure investment contribution towards Danamon business.
7. Ensure the allocation of accurate IT resources. If the implementation of projects requires third-party services, the Committee must ensure the availability of policies and procedures for the selection and appointment of the third party.

Information Technology Steering Committee Activities in 2013

During 2013, the Information Technology Steering Committee has handled several important issues, and/or provided recommendations, including:

1. Branch PABX Replacement project
2. Asset Liability Management project
3. Mobile Banking Application project
4. SMEC Credit Processing System
5. Cloud Computing

Corporate Governance Implementation Report

Fraud Committee

Danamon has established a Fraud Committee at the Head Office and Regional level. At the Head Office, the Fraud Committee manages violations with a nominal of over Rp1,000,000,000, including material operations risk. Meanwhile, the Fraud Committee on the regional level addresses fraud with a nominal value of Rp10,000,000 to Rp1,000,000,000. The Fraud Committee composition at the Head Office and the regional level is as follows:

Fraud Committee (Head Office)

The Fraud Committee at the Head Office is chaired by the Compliance Director, with the following members:

1. Integrated Risk Director
2. Operations & CREM Director, Center for Operational Excellence, Regional Corporate Officers
3. Division Head of Human Resources
4. Head of SKAI
5. Head of Litigation Division
6. Head of Fraud Investigation Unit
7. Director/Head of related Lines of Business

Fraud Committee (Regional)

The Fraud Committee at the Regional level is chaired by the Regional Corporate Officer, assisted by a Secretary, namely, Head of Regional Human Resources. The Fraud Committee at the Regional level has the following members:

1. Regional Transaction Service Head;
2. Regional Transaction Service Manager;
3. Related Regional Segment Head

Committee Duty and Responsibility

- Decide sanctions for every Danamon employee engaged in fraud, by taking into account Bank regulations, the Collective Labour Agreement (CLA), as well as the Code of Conduct and Danamon's Corporate Values in the implementation of his/her duty.
- Review existing work processes and controls to take preventive measures or required improvements to prevent the recurrence of fraud.

Fraud Committee Activity in 2013

- Decision-making on sanctions against fraud cases occurred in 2013.
- Ensuring the provision of sanctions in accordance with prevailing regulations.

Corporate Governance Implementation Report

Compliance Committee

Committee Structure and Membership

The Compliance Committee is chaired by the Compliance Director, with following members:

1. Integrated Risk Director
2. Head of Compliance Unit
3. Head of KYC Unit
4. Head of Credit Risk Management
5. Head of Operations & Fraud Risk Management
6. Head of Internal Audit Unit

Committee Duties and Responsibilities

- Review the compliance framework to monitor the compliance level towards prevailing laws and regulations.
- Review and evaluate the investigation results conducted by external parties, such as Bank Indonesia, Financial Services Authority (OJK), and other related parties.
- Monitor the improvements in implementation and ensure Danamon's compliance with prevailing laws and banking regulations.

Compliance Committee Activities in 2013

During 2013, the Compliance Committee has held meetings with the following discussions:

- KYC data fulfillment
- Affiliated and related parties
- Debtor Information System issues and a follow-up
- Indication of Fraud Account Information

Corporate Governance Implementation Report

Operational Risk Management Committee

Committee Structure and Membership

The Operational Risk Management Committee is chaired by the Integrated Risk Director with the following members:

1. Operations & HR Director
2. Finance Director
3. Treasury and Capital Markets Director
4. Consumer Banking Director
5. Compliance Director
6. Syariah Director
7. SME and Wholesale Director
8. Micro Banking Director

Duties and Responsibilities

- Approve the ORM framework, strategy and methodology for operational risk.
- Approve the ORM tools and operational techniques in general.
- Approve the proposed action to stand against significant operational system failure.
- Monitor the development of ORM core project and issues related to events with significant operational risk.

- Provide input on the management of operational incidents to the Board of Directors, through RMC.
- Review the effectiveness of ORM framework implementation.
- Review the impact associated with the reputation of the identified operational risks.
- Review of significant operating losses and trend analysis, as well as a factor to determine potential preventive measures.
- Renew/update Bank Indonesia rules/decisions or other regulations related to risk management and its consequences.
- Approve bank-wide decisions related to operational risk issues/events.

Operational Risk Management Committee Activities in 2013

Throughout 2013, the Committee has carried out the following activities:

1. The 2013 Operational Risk Initiatives
2. Transforming Control to Risk-Based Management Approach
3. ISO 22301:2012-BCMS (i.e. background, objectives, ISO Coverage, Project Status, BCM Attestation report)
4. Vault Access Management

Corporate Governance Implementation Report

Capital Management Committee**Committee Structure and Membership**

The Capital Management Committee is co-chaired by the Finance Director and the Integrated Risk Director. The Committee is assisted by a Secretary, who is also concurrently a member, namely, Division Head of Financial Planning & Projects.

Committee Members:

1. Treasury and Capital Markets Directors
2. SME and Wholesale Director
3. Operations and HR Director
4. Head of Risk Modeling & Quantitative Technique

Duties and Responsibilities

1. Responsible to ensure the Bank's compliance with ICAAP regulations from Bank Indonesia. The Committee should also ensure the implementation of best practices in the Bank.
2. Ensure regular updates on capital management policies, approved by the Board of Directors and the Board of Commissioners.
3. Oversee the implementation of a Risk Appetite Statement approved by the Board of Commissioners, as well as monitoring and reporting the compliance on the set limit.
4. Ensure the Bank's capacity to identify processes and procedures, to measure and report material risks and approaches used to determine capital requirements, if any.

5. Ensure the Bank's adequate capital for current requirements, as well as fulfilling capital requirements based on internal calculations, to ensure the capital adequacy of the bank.
6. Ensure regular reporting on the capital position to the Board of Directors and the Board of Commissioners, to anticipate any measure, as necessary.
7. Establish required processes to measure capital adequacy and update the bank capital plan. The Committee should also be able to identify potential shortages of capital, so that a capital plan can be activated with the approval of the Board of Commissioners.

Capital Management Committee Activities Implementation in 2013

This Committee was recently established (at the end of 2013) and has held 1 meeting, in November 2013. The following are activities of the Committee:

1. Capital plan of Danamon with ICAAP principles
2. Capital plan for the next 3 years
3. Stress test implementation
4. Approved the principles stated in the Committee Work Guidelines.

Corporate Governance Implementation Report

Affiliations between Members of the Board of Directors, Board of Commissioners and Majority Shareholders

Danamon has a policy in place regarding affiliated relationships and affiliated transactions; it serves as a guideline in conducting transactions with affiliated parties. One of the objectives is to ensure that transactions are conducted based on normal, fair commercial terms, and do not adversely affect the interests of Danamon and its minority shareholders.

Each member of the Board of Commissioners and Board of Directors is required to disclose any affiliated transaction planned, either by themselves or their families, to the Corporate Secretary. The material transaction planned will be reviewed by the Compliance Director and subsequently reported and presented to the Audit Committee.

Affiliations between members of the Board of Directors with other Board of Directors members, the Board of Commissioners, Majority and/or Controlling Shareholders

No members of Danamon's Board of Directors have any affiliation with any other Board of Directors members, the Board of Commissioners, or the majority and / or controlling shareholders.

Affiliations between members of the Board of Commissioners with other Board of Commissioners members, and Majority and/or Controlling Shareholders

No members of Danamon's Board of Commissioners have any affiliated relations with other Board of Commissioners members. Majority of the Board of Commissioners does not have with main and/or Controlling Shareholders. There are 3 (three) Non-Independent Commissioners that have financial relationships with the controlling shareholder, namely: Ng Kee Choe, Gan Chee Yen, and Ernest Wong.

The table of affiliation between the members of the Board of Directors, the Board of Commissioners and the Controlling Shareholders is displayed in the table of financial and family relations, located in the Board of Commissioners and Board of Directors section of this GCG report.

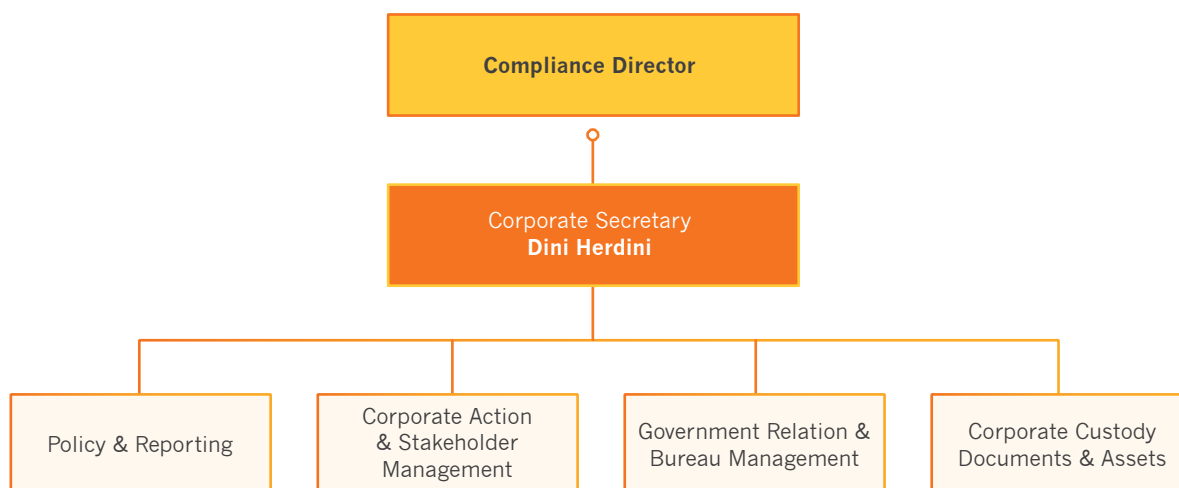
Corporate Governance Implementation Report

CORPORATE SECRETARY

The Corporate Secretary is established under the Board of Directors and is responsible for the implementation of accountability and responsibility of the Board of Directors on matters related to GCG, and the Bank's compliance with prevailing laws and regulations, specifically regulations of capital markets, banking, and social activities.

Communication is a fundamental factor in the implementation of GCG, including communications with shareholders. The main duty of Danamon's Corporate Secretary is to ensure the implementation of the delivery of the Bank's material information to all stakeholders in a timely and accurate manner.

Danamon's Corporate Secretary is responsible for matters related to the conduct of meetings of the Board of Commissioners, Board of Directors, and committees under the Board of Commissioners; implementation of the General Meeting of Shareholders; service to shareholders related to dissemination of information and other general information; monitoring developments of the capital markets, especially in regard to its regulations, and ensuring Danamon's compliance with all relevant regulations.

Corporate Secretary Organizational Structure

Corporate Governance Implementation Report

Corporate Secretary Profile

In accordance with the Board of Directors' Resolution Circular Decree in lieu of the resolution of the Board of Directors Meeting No.KSR-DIR.Corp.Sec.-007, as of 3 April 2008 the Bank appointed Dini Herdini as Corporate Secretary.



Dini Herdini
Corporate Secretary

Dini Herdini, 49 years of age, graduated from Trisakti University in 1987 with a Bachelor's Degree in Law. Dini has a career in legal service (Legal Aid Institution and Law Firm) for the period of 5 (five) years with a total of 19 years in the Banking sector. She was Head of the Legal Team involved in Establishment of PT Bank Ekspor Indonesia; Legal Coordinator for the merger of PT Bank PDFCI Tbk into PT Bank Danamon Indonesia Tbk; Legal Auditor for the Ministry of Finance of the Republic of Indonesia in the audit of PT TASPEN (Persero) and PT Semen Gresik Tbk. (Persero). Member of Legal Consultant Association in Capital Markets (HKHPM), a certified member of the Indonesian Advocate Association (PERADI), and holds a Certificate of BSMR Level 3. Serves as Corporate Secretary since her appointment on 3 April 2008.

Corporate Secretary's Trainings

During 2013, Dini Herdini participated in the following training sessions:

1. Seminar on Bapepam-LK Regulations No. IX.D.4, regarding the Rights of Shareholders.
2. Legal Aspect of International Standard Banking Practice 2013
3. Risk Management Certification, Level 3
4. Corpsec In-house Training of Continuous Public Offering, Implementation of Share Buy Back and Material Affiliated Transactions & Conflicts of Interest.

Corporate Secretary's Activities

The following are activities of Danamon's Corporate Secretary during 2013:

- Regularly attended the Board of Commissioners and Directors Meetings and prepared Minutes of Meetings.
- Organized the GMS and managed the transparency and procedures of dividend payment.
- Prepared replacement policies related to the implementation of corporate governance, including the policy on affiliated transactions and a list of related parties.

Corporate Governance Implementation Report

- Prepared recommendations for any changes on the working guidelines of the committees under the Boards of Commissioners and Directors related to the implementation of corporate governance.
- Reviewed the company's website and provided information to the public.
- Updated capital market development information, particularly on its regulations, and submitted the relevant data to the Board of Commissioners, Directors and Danamon stakeholders.
- Conducted information transparency in accordance with prevailing rules and regulations.

Danamon's Information Transparency List

Danamon's Information Transparency 2013

Danamon periodically submits informations or reports, as its commitment to meet the disclosure requirements, among others are:

Date	Subject	Referral	Address To
03 Jan 2013	Monthly Report Registration of BDMN's securities holder, per December 2012	Item III.3.4 and III.3.5 Decision of the Board of Directors of PT Bursa Efek Jakarta, number : Kep-306/BEJ/07-2004, regarding Regulation Number I-E of Information Disclosure Requirement.	IDX
09 Jan 2013	Data Report of Company's debt/liability in foreign currencies.	Letter from FSA No.S-30/PM.2/2013 dated 7 February 2013 regarding Data Inquiry of Debt/Liabilities in Foreign Currency juncto Letter of Bapepam & LK No.S-13264/B/2012 dated 14 November 2012 juncto Circular Letter No.SE-02/BI/2009 dated 10 March 2009 regarding Data Report of Company's Debt/Liabilities in foreign currencies.	OJK / FSA
09 Jan 2013	Preparation Toward Maturity Bonds or Sukuk	IDX Letter No.00023/BEI.PPS/01-2013 dated 3 January 2013	IDX
04 Feb 2013	Execution plan of BDMN Public Expose	Item V Decision of the Board of Directors of PT Bursa Efek Jakarta, number : Kep-306/BEJ/07-2004, regarding Regulation Number I-E of Information Disclosure Requirement	IDX
19 Feb 2013	Disclosure of Audited Financial Report per 31 December 2012	FSA Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public and OJK Regulation Number X.K.2 regarding the Disclosure of Periodic Financial Report of Issuer Company or Public Listed Company.	OJK / FSA
20 Feb 2013	Disclosure of result from BDMN Public Expose	Item V Decision of the Board of Directors of PT Bursa Efek Jakarta, number : Kep-306/BEJ/07-2004, regarding Regulation Number I-E of Information Disclosure Requirement	IDX
05 Mar 2013	Information Disclosure of Series II A Bond Interest 9th Payment	Electronic Reporting Facility for Issuer Company (e-Reporting) Form E029 – Coupon Payment	IDX

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Date	Subject	Referral	Address To
03 Apr 2013	Execution Plan of BDMN Annual General Meeting of Shareholders	FSA Regulation No.IX.1.1 regarding Plan and Execution of General Meeting of Shareholders dan OJK Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public.	OJK / FSA
10 Apr 2013	Disclosure of Advertisement regarding BDMN AGM Announcement.	FSA Regulation No.IX.1.1 regarding Plan and Execution of General Meeting of Shareholders dan OJK Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public.	OJK / FSA
15 Apr 2013	Disclosure of Advertisement regarding AFI Pte, Ltd. Financial Report, as of 31 December 2013	Regulation of Bank Indonesia (PBI) No.3/22/PBI/2001 dated 13 December 2001 regarding Transparency of Bank's Financial Condition and PBI No.14/14/PBI/2012 dated 18 October 2012 regarding Transparency and Publication of Bank Reports.	OJK / FSA IDX
19 Apr 2013	Disclosure of Quarter I Unaudited Interim Financial Report, as of 31 March 2013 and Disclosure of Advertisement of Consolidated Financial Report of BDMN and Subsidiaries for period ended in 31 March 2013, as of 31 March 2013	FSA Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public and OJK Regulation Number X.K.2 regarding the Disclosure of Periodic Financial Report.	OJK / FSA
19 Apr 2013	Disclosure of Advertisement of Consolidated Financial Report of BDMN and Subsidiaries for period ended 31 March 2013, as of 31 March 2013	Item III.1.6.3 Decision of the Board of Directors of PT Bursa Efek Jakarta Number: Kep-306/BEJ/07-2004, regarding Regulation Number I-E of Information Disclosure Requirement	IDX
10 May 2013	Distribution of Cash Dividen, fiscal year 2012	FSA Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public	OJK / FSA
13 May 2013	Disclosure of Advertisement proof of Annual General Meeting result	FSA Regulation No.IX.1.1 regarding Plan and Execution of General Meeting of Shareholders dan OJK Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public	OJK / FSA
04 Jun 2013	Information Disclosure of Series II A Bond Interest 10th Payment	Electronic Reporting Facility for Issuer Company (e-Reporting) Form E029 – Coupon Payment	IDX
04 Jun 2013	Information Disclosure of per Stock Dividend	FSA Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public	OJK / FSA
04 Jun 2013	Information Disclosure of Extended Conditional Sales Agreement between FFH and DBSH	FSA Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public	OJK / FSA

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Date	Subject	Referral	Address To
19 Jul 2013	Disclosure of Mid Year Unaudited Financial Report, as of 30 June 2013 and Disclosure of Advertisement of Consolidated Financial Report of BDMN and Subsidiaries for period ended 30 June 2013, as of 30 June 2013	OJK Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public and OJK Regulation Number X.K.2 regarding the Disclosure of Periodic Financial Report	OJK / FSA
19 Jul 2013	Disclosure of Advertisement of Consolidated Financial Report of BDMN and Subsidiaries for period ended 30 June 2013	Provision III.1.6.3 Decision of the Board of Directors of PT Bursa Efek Jakarta, number : Kep-306/BEJ/07-2004, regarding Regulation Number I-E of Information Disclosure Requirement	IDX
19 Jul 2013	Disclosure of Mid Year Unaudited Interim Financial Report, per 30 June 2013 PT Bank Danamon Indonesia Tbk,	Provision III.1.6.3 Regulation Number I-E of Information Disclosure Requirement Decision of the Board of Directors of PT Bursa Efek Jakarta, number : Kep-306/BEJ/07-2004 dated 24 July 2004	IDX
16 Aug 2013	Report of Rank result on debt securities Bonds II Series A and B 2010 PT Bank Danamon Indonesia Tbk ("the Company")	Bapepam-LK Regulation Number IX.C.11 regarding Ranking on Debt Securities and Regulation I-E regarding Information Disclosure as the attachment of Decision of the Board of Directors of PT IDX, No. Kep-306/BEJ/07-2004, dated 24 July 2004	IDX
16 Aug 2013	Monitoring Annual Certification for PT Bank Danamon Indonesia Tbk, ("the Company")	(Ex Bapepam-LK) Regulation Number X.K.1 regarding Disclosure of Information to be Immediately Made Public and Regulation I-E regarding Information Disclosure as the attachment of Decision of the Board of Directors of PT IDX, No. Kep-306/BEJ/07-2004, dated 24 July 2004	IDX

Corporate Governance Implementation Report

COMPLIANCE FUNCTION

Considering that one of the bank's roles is to collect and manage third-party funds. Bank's performances may have a systemic impact on the financial services industry. This systemic effect and the complex nature of banking activities, have resulted in the banking industry being closely monitored by regulators. As such, the banking industry is required to be in compliance with all regulations, and therefore cultivating a Compliance Culture is mandatory and a must.

The following are efforts taken to encourage the creation of a Compliance Culture:

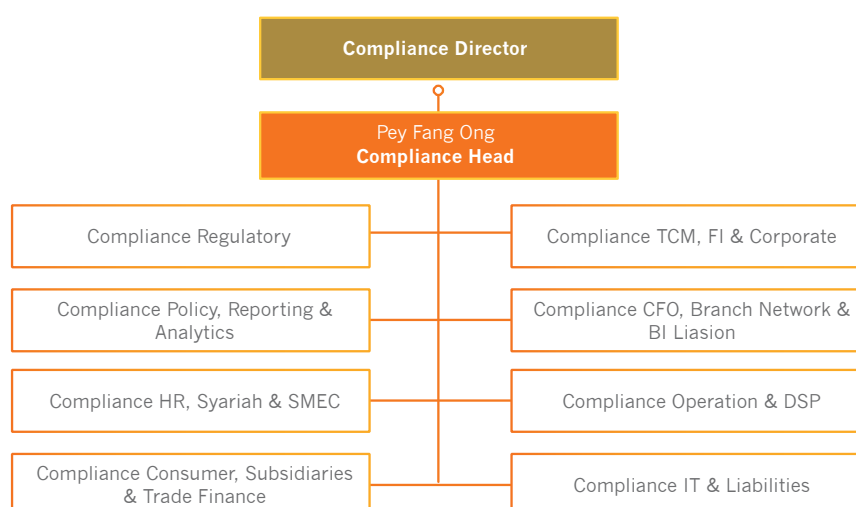
1. Socialization of regulations on an ongoing basis.
2. Optimized compliance training, through e-learning.
3. Improved consultative function on Danamon business activities.
4. Implementation of regulatory self-assessment of compliance.

5. Provision of information on Bank Indonesia regulations, FSA and other legislation on a media portal which can be accessed by Danamon employees.

Danamon's compliance risk is managed through a scheme of "three lines of defense". Each line has pivotal roles and responsibilities in managing compliance risk. The compliance function in Danamon is chaired by a Compliance Director and assisted by the Compliance Unit, as stipulated in Bank Indonesia regulation No. 13/2/PBI/2011 dated 12 January 2011 concerning the Compliance Function of Commercial Banks.

Compliance enforcement will continue to be a part of the Bank's work ethic; hence, Danamon is committed to supporting the FSA and Bank Indonesia in maintaining a compliance culture, within its current supervisory scope.

Compliance Unit Organization Structure



Corporate Governance Implementation Report

Compliance Function Implementation in 2013

The following are activities carried out during 2013 by the Compliance Unit:

1. Coordinated with the Risk Management Unit, in identifying, measuring, monitoring and controlling Compliance Risk by reviewing the policy of fund provision, fundraising and other Bank activities.
2. Periodic assessment and evaluation of policies and guideline effectiveness, through an annual review and compliance test mechanism.
3. Provision of information and review of the impact of new regulations or amendments to regulations from regulators to the relevant work unit, for the update and alignment of Danamon's internal policies and guidelines to internal Danamon policy and rules.
4. Ensure that policies and regulations of the Bank are in compliance with prevailing laws and legislation, through an annual review, compliance test, and socialization, as well as monitoring the follow-up on the update of policies and regulations that need to be aligned by a relevant work unit.
5. Periodical review of Compliance policy and guidelines.
6. As a liaison to bridge any issues related to the Bank's compliance, for both internal and external parties.
7. Monitoring of regulatory parameter of the Bank and its subsidiaries (CAR, BMPK, GWM, NPL, PDN, LDR and ownership limit), its reporting and commitment to Bank Indonesia and other regulators.
8. Expanding the coverage of Compliance Regulatory Self Assessment (CRSA) implementation to Micro Banking segment, at regional and Syariah branches.
9. Provide a consultative function for work units, both business and supporting units, as well as subsidiaries.

Compliance Towards Main Regulations

Parameter	BI Requirements	Bank Position as of December 2013	Remarks
Capital Adequacy Ratio (CAR)	Min. 9% s/d <10% (BUKU 3)	17.49% 17.9% (Consolidated)	Has been fulfilled
Statutory Reverse	Rp Min. 8%	8.12%	Has been fulfilled
	USD Min. 8%	8.49%	Has been fulfilled
Non Performing Loan (NPL)	Max. 5%	Net: 0.17% Gross: 2.03%	Has been fulfilled
Posisi Devisa Netto (PDN)	Max. 20%	0.59%	Has been fulfilled
Batas Maksimum Pemberian Kredit (BMPK) Pihak Terkait	Max. 10%	1.87%	Has been fulfilled
Portofolio Penyertaan	Max. 25%	6.00%	Has been fulfilled

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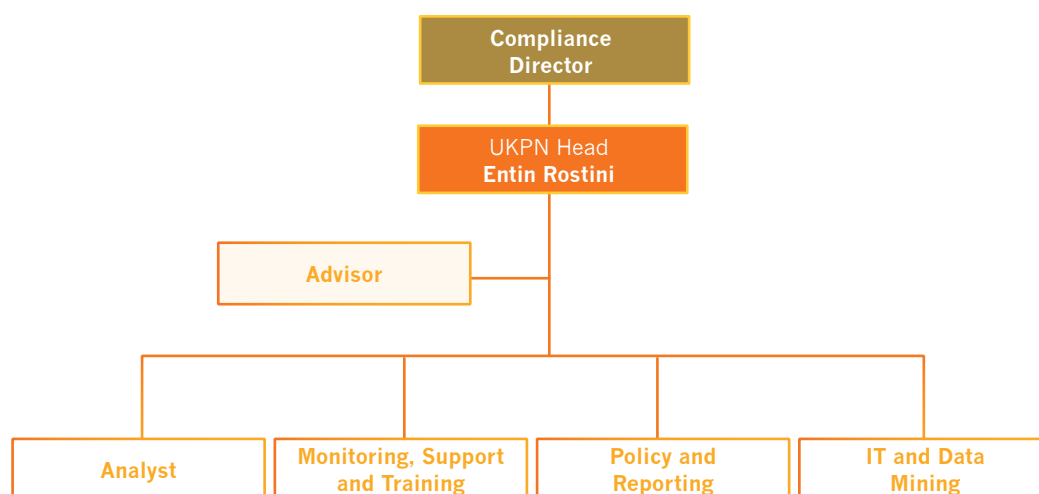
IMPLEMENTATION OF ANTI-MONEY LAUNDERING (AML) AND COMBATING FUNDING OF TERRORISM (CFT) PROGRAMS

To support the implementation of Anti-Money Laundering and Combating Funding of Terrorism (AML and CFT), the Board of Directors and Board of Commissioners are committed to ensure the Bank's compliance towards Bank Indonesia regulations and other legislation related to AML and CFT.

The Board of Commissioners actively supervises the accountability of the Board of Directors towards the implementation of AML and CFT, including the commitment of Danamon to Bank Indonesia.

The Bank coordinated AML and CFT programs through Working Units, for the Implementation of Know Your Customers Principles (UKPN), for which Working Units are responsible directly to the Compliance Director.

UKPN Organizational Structure:



Quality improvement of AML and CFT programs is continuously carried out: active supervision from Management, policy refinement, Branch Assessment implementation, training programs, and information system refinement are included, among other initiatives.

Corporate Governance Implementation Report

A. Bank Initiatives for AML and CFT Programs in 2013

1. Policy and Procedure Evaluation

In 2013, Danamon carried out refinement and endorsement of internal regulations, based on sustainable evaluation, for further adjustment through regulation and best practices. This effort covers 13 regulations, as follows:

- Refinement of Anti-Money Laundering (AML) and Combating Funding of Terrorism (CFT) Policy in lieu of PBI No. 14/27/PBI/2012, published at the end of December 2012.
- Refinement of the mandatory field regulation, in accordance with AML and CFT and other important data, including completion of data.
- Amendments of the identity requirements for foreigners.
- Amendments of the transaction limits and business relations with negative-list countries.
- Review of policies and/or new products and application forms, in order to control the risk of money laundering or terrorist financing.

2. Branch Assessment and Award

Since 2010, UKPN conducted a Branch Assessment (BA), to assess the effectiveness of AML and CFT Program implementation at Danamon branches. During 2013, UKPN has carried out 13 BA assignments in 32 cities with 91 branches. Based on BA results, 4 branches are classified as "Very Good", 39 are "Good", 37 are "Moderate" and 11 branches "Need Improvement".

As an appreciation of the implementation of proper AML and CFT program, Danamon grants the Branch Office with an Award.

3. Training and Socialization

UKPN worked with Danamon Corporate University (DCU) to provide training and socialization on AML and CFT for employees, through induction training for new employees and refreshment training for existing employees. The training is conducted through both classroom and e-learning methods, and has been implemented since 2012.

As of the end of December 2013, a total of 10,993 employees had received AML and CFT training, a roster which consisted of 6,862 employees with classroom training (including that given during Branch Assessment), and 4,131 employees through e-learning.

4. Monitoring of Customer Data Completion

Danamon continued to monitor the quality and completion of customer data, which is carried out through the following activities:

- Periodical monthly monitoring of data completion on Customers who opened new accounts. Out of 494,136 new CIF opening in 2013, a total of 491,946 CIF (99.56%) had fulfilled the required data

Corporate Governance Implementation Report

completion.

- b. Plan and achievement of customer data update reported to Bank Indonesia in the Compliance Report. For the period of 2013, the Bank has been updating the 11,494 CIF from its total target of 12,012 (95.69%) CIF data updating.

5. Screening, Transaction and Report Monitoring

- A screening process is carried out on new customer data and remittance transactions. Periodically, the screening utilized an OFAC list and PEP database.
- To monitor customer profiles and transactions, Danamon has an information system that can identify and provide effective reports on the characteristic of transactions conducted by Danamon customers.
- The monitoring of transactions by Danamon is done to fulfill the reporting requirement of Suspicious Transaction Reporting (STR) and Cash Transaction Reporting (CTR) as stipulated in prevailing laws and regulations, and to fulfill Regulators' data request (PPATK/KPK/BNN). The following are data/report submissions in 2013:

Activity	Total 2013
Report of LTKM/STR	488
Report of LTKT/CTR	272,015
Provision of data for PPATK	43
Provision of data for KPK	129
Provision of data for BNN	10

6. Management Information System

During 2013, Danamon initiated a Management Information System improvements, as follows:

- LTKL reporting implementation, through GRIPS – PPATK application.
- Upgrade/replacement process used to monitor customer transactions (AML System). The refinement of an application process for negative list screening and data quality monitoring.

7. Know Your Employee (KYE)

As part of the implementation of Know Your Employee (KYE), and the recruitment process of new employees, the HR unit has conducted screening procedures of candidates by referring to Bank policy.

A regular routine has been carried out by UKPN and HR unit toward transaction activities through employee accounts.

Corporate Governance Implementation Report

INTERNAL AUDIT UNIT**Internal Audit (IAU) Position and Structure**

Danamon's Internal Audit Unit was established as a business partner to provide added value in upholding a strong control culture, to support Danamon and its subsidiaries in reaching long-term goals, by referring to international best practices.

In implementing its independent and objective duty, IAU is directly responsible to the President Director and to the Board of Commissioners through the Audit Committee. IAU has unlimited access to all activities, functions, records, properties and personnel of Danamon and its subsidiaries. Danamon's IAU reports significant audit findings periodically, including a recommendation for a follow-up of improvements to the Audit Committee and President Director, with an enclosure to the Compliance Director. The Minutes of Meeting will be distributed to the Board of Directors and Commissioners.

In implementing its function, Danamon's IAU fully refers to the Bank Internal Audit Function (SPFAIB) from Bank Indonesia and International Standards for the Professional Practice of Internal Audit (IPPF), from The Institute of Internal Auditors (IIA).

Head of IAU: Appointment and Termination

Referring to SPFAIB regulation of Bank Indonesia, as stated in the Internal Audit Charter and signed by the President Director and the Board of Commissioners, the Head of IAU is to be appointed and terminated by the President Director following the approval of the Board of Commissioners.

The appointment and termination of the IAU Head, with an explanation, must be reported to Bank Indonesia/FSA. Danamon IAU is currently chaired by Antony Kurniawan, appointed on 1 July 2010, in accordance with a Joint Decree of the Board of Directors and the Board of Commissioners of PT Bank Danamon Tbk No Kep-Dire.Corp.Sec – 011 concerning the appointment of Internal Audit Work Unit Head (IAU Head) of Danamon, and has been reported to the Chairman of Capital Market Supervisory Agency - Financial Institution (Bapepam-LK) and Indonesian Stock Exchange, as well as to the Banking Permission & Information Directorate of Bank Indonesia.

Corporate Governance Implementation Report

Head of IAU Profile



Antony Kurniawan
Head of Internal Audit Unit

Antony Kurniawan Bsc, MSc earned his Bachelor's Degree from Iowa State University, Ames, Iowa, USA and a Master's Degree from Columbia University, New York, USA. Antony has pursued a career of 20 years in the banking industry, including 14 years with Citigroup. His audit experience includes 5 years' experience as Citigroup Regional Audit (in Singapore and the Philippines covering 11 countries), as Danamon's Operational Risk Management Head for 3 years and as Mass Market Control & Fraud Head for 2 years.

Serves as Danamon Head of Internal Audit Unit since 2010.

Duties, Responsibilities and Authorities of Internal Audit

In accordance with Internal Audit Charter which has been approved by the President Director and the Board of Commissioners, IAU has the following duties:

- a. Develop an annual audit plan using a risk-based methodology, including risk and control identified by management. To implement the annual plan including special tasks have been approved.
- b. Improve knowledge, skills, experience, knowledge on professional certification, as well as following prevailing regulations for the conduct of audits.
- c. Prepare reports to Bank Indonesia, namely:
 - Half-year report, presented at the end of June and December. A special report regarding internal audit findings, predicted as a possibility to negatively affect the Bank's business.
 - Reassessment report of an external party, which include an opinion on IAU work results and its compliance towards the implementation standard of Bank Internal Audit Function, and necessary improvements.

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d. Determine the follow-up process to monitor and ensure that improvement measures by Management are really effective. Conduct an investigation towards any indications of fraud within the bank, including coordinating investigation measures with other work units, and presenting report results to management and the Board of Commissioners, through the Audit Committee.

Authorities

- Unlimited access to all activities, functions, records, and personnel of Danamon and its subsidiaries.

- Receive full access to the Board of Commissioners through the Audit Committee.
- Allocate resources, determine frequencies, select the subjects, determine the scope of work, and implement techniques required to achieve audit objectives.
- Implement the approved annual audit plan.

Duty Implementation

Danamon IAU Activity in 2013

Audit Implementation

In 2013, Danamon's IAU has audited 837 audit entities (104% from 2013 audit plan), including the Head Office, Regional and Branches, as well as Subsidiaries.

Audit Investigation Plan & Realization as of 31 December 2013

Audit Activity	2013 Audit Plan	2013 Audit Realization			
		Total	% of Plan	Jan-Jun	Jul-Dec
I. Routine Audit					
a. Total Audit on Head Office (Includes Adira Group)	64	70	109%	36	34
b. . Audit on Branches:					
• Conventional (Includes Adira Group)	280	291	104%	155	136
• Self Employed Mass Market	458	476	104%	244	232
Total Audit on Branches	738	767	104%	399	368
Total Audit Rutin	802	837	104%	435	402
II. Investigative Audit					
Total Investigative Audit	-	42	-	12	30

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Independent Review

The PBI No.1/6/PBI/1999 & 9/15/PBI/2007 regulations state that IAU activities will be reviewed by an Independent Institution once every 3 (three) years, by benchmarking with SPFAIB regulations of Bank Indonesia. In addition, the assessment of IAU activities is also carried out with the application of IPPF (International

Professional Practices Framework) standards from IIA (The Institute of Internal Audit), and best Internal Audit practices standards (leading practices) from the global financial and banking industry.

The Quality Assurance Review on IAU activities over 3 assessment periods (2004-2013) are as follows:

External Review Results

Periode	Independent Institution	Result of Quality Assurance Review
2009-2012	PricewaterhouseCoopers Indonesia Advisory Based on Letter No EngAdv/2012000312/Jun/12/GMM/ZWZ dated 13 May 2012	Generally Conforms
2006 - 2009	Ernst & Young Based on Letter PSS-35562/02 dated 4 May 2009	Generally Conforms
2004 - 2006	Ernst & Young Based on Letter No EYAS-1647/02 dated 27 June 2006	Generally Conforms

Total Number and Development of Human Resources

During 2013, Danamon's SKAI recruited 9 new auditors from the Management Associates program. The total human resources in SKAI is 194 employees.

Human Capital Development is one of the priorities of Danamon's IAU. Development is conducted from the recruitment process through to continuous training.

Together with the Human Resources Development Division, Danamon's IAU has prepared a Competency Matrix both for auditor levels and Team Leaders, to maintain the quality standards of human resources. The roadmap training and certification is included in this Competency Matrix for each auditor and Team Leader in participating in its training and certification, to fulfill the competence required at every level.

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In 2013, a total of 194 auditors went through joint training sessions (Soft Skills & Technical Skills) with an average training of 11 working days per auditor.

International & National Certification

The following auditors have received a Degree in International & National Certification, up to 31 December 2013:

International Degree	Total Auditor
Certified Internal Auditor (CIA)	4
Certification in Risk Management Assurance (CRMA)	2
Certified Information System Auditor (CISA)	6
Certified Information System Security Professional (CISSP)	1
Certified Information System Manager (CISM)	1
Certified in the Governance of Enterprise IT	1
Financial Risk Manager	1
Certified Ethical Hacker (CEH)	1
Principal Certified Lotus Professional (PCPL)	1
IBM CAAD (Certified Advanced Application Development)	1
National Degree	Total Auditor
Qualified Internal Auditor (QIA)	84
Risk Management Certification (SMR), Level I	110
Risk Management Certification (SMR), Level II	47
Risk Management Certification (SMR), Level III	9
Risk Management Certification (SMR), Level IV	3

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Training Implementation in 2013

Below is the trainings, seminars and workshops that participated by IAU staffs:

No	Training	Dates
1	Asia-Pacific CACS Information Security And Risk Management Conference 2013, ISACA, The Sands Expo & Convention Centre, Singapore	6-7 May 2013
2	Technology & Innovation - The Future of Security in Financial Services, FST Media	13 November 2013
3	Grafonomi, VBLC (Vibiz Consultancy Services), Danamon Ciawi Campuss	20 February 2013
4	Financial Risk Manager (FRM) Part 1, BINUS, Jakarta	2 February - 4 May 2013
5	MA SKAI Program 2013, Satuan Kerja Audit Intern (SKAI), Plaza Kuningan	March – June 2013
6	Internal Control Framework, Satuan Kerja Audit Intern (SKAI), Graha Surya Internusa	1 April 2013
7	Audit Engagement, Satuan Kerja Audit Intern (SKAI), Graha Surya Internusa	2 April 2013
8	Communication Skill - Batch 1, Satuan Kerja Audit Intern (SKAI), Graha Surya Internusa	3 April 2013
9	Report Writing, Satuan Kerja Audit Intern (SKAI), Graha Surya Internusa	4 April 2013
10	QIA Managerial, Yayasan Pendidikan Internal Audit, Sucofindo Pasar Minggu	1 - 11 April 2013
11	Inhouse Training IT Audit, PT. Iman Tehnologi Informasi, Plaza Kuningan	8 - 12 April 2013
12	ATM Security, LiquidNexus Limited, Jakarta	18 - 19 April 2013
13	Interviewing Skill, Danamon Corporate University, Medan Region	13 - 14 May 2013
14	QIA Lanmillionn I, Yayasan Pendidikan Internal Audit, Sucofindo Pasar Minggu	27 May - 7 June 2013
15	IDEA , Satuan Kerja Audit Intern (SKAI), Kampus Danamon Ciawi	3-4 October 2013
16	DLA 1 - Batch 2, Danamon Corporate University , Danamon Ciawi Campuss	12 - 15 November 2013
17	Audit SDM Berbasis Resiko, Yayasan Pendidikan Internal Audit, Sucofindo Pasar Minggu	27 - 28 November 2013
18	Contract and Procurement Fraud, Lembaga Pengembangan Auditor Internal, Patra Jasa	11 - 12 December 2013
19	Managerial – QIA, Yayasan Pendidikan Internal Audit, Sucofindo Pasar Minggu	2 -12 December 2013

2014 Activity Plan

IAU is committed to continue the improvement of internal audit quality and to strengthen audit functions through several activities.

2014 Internal Audit Plan

IAU plans to audit a total of 811 audit entities during 2014.

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COMPANY ACCOUNTANT/EXTERNAL AUDIT**Accountant Services Company: Appointment and Fee**

The audited consolidated financial statements of the Bank and its Subsidiaries for 2013 were audited by Public Accountant Firm Purwantono, Suherman & Surja (a member of Ernst & Young Global Limited) with a total audit service fee of Rp3,880 billion.

The appointment of a Public Accountant and Public Accountant Firm was approved by the GMS on 10 May 2013, which extended the authority to the Board of Commissioners to appoint a listed Public Accountant Firm based on the Audit Committee's recommendation. The audit of the Bank's financial report is carried out by a Public Accountant Firm as stipulated by the Circular Decision of the Board of Commissioners No. KSR-KOM.Corp.Sec-011.

Audit Period

Public Accountant Drs. Hari Purwantono and Public Accountant Firm Purwantono, Suherman & Surja (a member of Ernst & Young Global Limited) audited the Bank's financial reports during 2 (two) periods. The following table represents the Public Accountant Firm which provided Financial Audits for the Bank for the past 6 (six) years, as well as its audit fees:

External Audit

Year	Public Accounting Firm	Accountant (Individual)	Audit Fee
2013	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp 3,880 billion
2012	Purwantono, Suherman & Surja (member of Ernst & Young Global Limited)	Drs. Hari Purwantono	USD 400,000
2011	KPMG Siddharta & Widjaja	Dra. Tohana Widjaja, CPA	USD 495,000
2010	KPMG Siddharta & Widjaja	Kusumaningsih Angkawijaya, CPA	USD 495,000
2009	KPMG Siddharta & Widjaja	Kusumaningsih Angkawijaya, CPA	USD 414,700
2008	Siddharta & Widjaja	Kusumaningsih Angkawijaya, CPA	USD 414,700

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Other Services In addition to the Financial Audit

In 2013, Public Accountant Firm Purwantono, Suherman & Surja (a member of Ernst & Young Global Limited) only provided audit service to Danamon. Therefore, there was no other fees presented except for the audit fee.

Effectiveness of External Auditor Implementation

The effectiveness of Danamon's external audit implementation is reviewed and evaluated by the Audit Committee. This is intended to ensure the compliance of audit implementation with prevailing laws and standards, and at the same time to uphold external auditor independence.

The evaluation of the external audit process implementation is conducted through meetings with external audit, in order to discuss all findings and audit developments.

In implementing the audit of the financial report of the Bank and its subsidiaries, the following functions are conducted by Public Accountant Firm Purwantono, Suherman & Surja (a member of Ernst & Young Global Limited):

1. Conduct the investigation on all material accounts, based on applicable Professional Public Accountant Standards, and ensure its compliance with Indonesian Accounting Standards.
2. Communicate the audit findings to the Audit Committee, management and Bank Indonesia.
3. Maintain independence during the implementation of its duty.

Relations Between Bank, Public Accountant, and Bank Indonesia

During the audit implementation in 2013, Danamon exercised transparent communication and provided complete information and data to the external auditor for the interest of the investigation. Communication and cooperation with the external auditor was conducted on the latest accounting policy issues, including tax developments, in order to present a fair financial report. The Directors have taken into account the Management Letter received from the Independent Auditor, for a further follow-up.

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RISK MANAGEMENT

The following risk management analysis is a summarized report regarding the Risk Management System, Risk Types and their Management, as well as the effectiveness of the Risk Management System in Danamon. A complete report on risk management is disclosed separately as part of this Annual Report.

Risk Management System

Risk Management of Danamon in general is conducted with a holistic approach towards risks faced by the Bank. Monitoring, controlling, and risk management is carried out by implementing the Three Lines of Defence principles.

Aligned with banking industry practices and in accordance with the Risk Management Framework in Basel II, Danamon has Integrated Risk functions which were centralized and independent of all business lines, containing the incorporation of credit risk, market risk, liquidity risk and operational risk. This group of risks comes under one umbrella, and is chaired by the Integrated Risk Director, with full support of experienced risk managers.

Danamon has also initiated a risk management policy which was endorsed in the Enterprise Risk Management Policy. The Bank has conformed the policy to the latest BI regulations regarding risk management for Commercial Banks, and periodically assesses it in order to reflect changes in market conditions, products, and services offered. The Bank also utilized this policy as a guideline in implementing risk management, with the approval of the Board of Commissioners.

To achieve sustainability by taking stakeholders into account, Danamon has developed a Risk Appetite Statement (RAS), which elaborates the risk level and characteristic taken by the Bank to fulfill its duties and responsibilities to stakeholders. In addition, the capability development of human resources risk management is carried out through training and socialization on risk management standards and procedures.

Types of Risk and their Management

Danamon applies risk management techniques in managing every type of risk embedded in every activity of the Bank and its subsidiaries, namely, Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, and Compliance Risk. In particular for the Syariah Business Unit, the Bank adds Return Risk and Investment Risk.

The following are Danamon's risk management descriptions:

Credit Risk

Credit risk arises from the Bank's lending activities. This risk arises from the possibility that some customers and counterparties will be unable to honour their obligations to the Bank, including repayment of loans and interest.

Credit risk is managed through established policies and procedures covering credit extension criteria, credit origination and approval, pricing, monitoring, non-performing loan management and portfolio management.

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As a guideline for the management of credit risk for business lines and subsidiaries in extending lending activities, Danamon has put in place an approved Credit Risk Management Policy, disseminated and applied it through all of the Bank's business lines and subsidiaries. The customer feasibility is evaluated to set appropriate credit limits in accordance with the Bank's maximum exposure, for a certain period. Credit limits to industry, country and products are also determined to ensure a broad diversification of credit risk and to avoid concentration of risk.

With regard to debt collection, the Bank undertakes lines of efforts at every stage of collection. This is done to improve the quality of collection and to strengthen collection monitoring. Efforts were carried out, including a collection employment recruitment process, selection and examination of prospective employees, training (both collection procedures and codes of conduct), sanctions against staff and collection agencies and reviewing cooperation agreements with debt collectors.

Moreover, Bank Danamon also has a Management Information System that is able to detect any adverse development as early and in as much detail as possible, thus allowing accurate actions on any perceived decrease in credit quality or minimizing credit losses.

Market Risk

Market risk is the risk of loss arising from adverse movement in market variables, in portfolios held by the Bank, which are defined as interest rates and exchange rates. Market risk exists at a bankwide level, as well as treasury business level. These include exposure in securities and money markets, equity participation in other financial institutions, provisions of funds (loans and other similar forms), funding and issuance of debt instruments, and trade financing activities.

Market Risk is managed through a comprehensive policy and limit framework to measure, monitor and control the amount of risk based on the determined risk appetite of the Bank. Market risk limits are set at a bankwide level and are reported and monitored by our Market and Liquidity Risk Division on a daily basis.

The Market Risk Division is responsible for identifying, measuring, monitoring, and controlling market risk in the Bank, based on a framework approved by the Assets and Liability Committee (ALCO). ALCO acts as the apex senior management forum, charged with making all policy decisions regarding market and liquidity risk management. On the other hand, the Risk Management Committee (RMC) confirms and endorses ALCO decisions.

Danamon market risk is divided into the following risks:

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Foreign Exchange Risk

Foreign exchange risk arises from both on- and off-balance sheet positions, both on the asset and liability sides, through transactions in foreign currencies. To manage and mitigate foreign exchange risk, predefined limits are set, below the 20% regulatory limit.

Interest Rate Risk

Interest rate risk is the probability of losses that may occur from adverse movements in market interest rates vis-à-vis the Bank's position or transactions. The Bank manages its interest rate risk through the use of Earning-at-Risk (EAR), repricing gap analysis, and Economic Value of Equity (EVE). Trading book is managed through a position and more risk-sensitive measurements, such as DV01 and MAT.

Liquidity Risk

Liquidity risk is the risk caused by the inability of the Bank to meet its obligations at due dates and unwind positions created from market. The objective of liquidity risk management is to ensure that current and future fund requirements can be met, in both normal and stressed conditions.

Liquidity risk management is implemented through the analysis of liquidity maturity differences and liquidity ratios. Liquidity gap analysis provides a view of the discrepancy in cash inflows with cash outflows at a given time. This condition is managed centrally by the Treasury, with direct access and authorization to interbank markets, institutions and other market professionals, in an effort to help the Bank's main business activities in fund-raising and lending.

To complete the framework, liquidity risk is measured and controlled under both normal and stress scenarios. Thus, the Maximum Cumulative Outflow (MCO) is estimated – also under abnormal market conditions, such that the Liquidity Contingency Plan (LCP) is in place in case of any liquidity crisis.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate and/or failed internal processes, people and systems, or from external events which impact the operations of the Bank.

Simulations of Operational Risk Management (ORM) in Danamon and subsidiaries are being conducted through an integrated ORM process which consists of risk identification, measurement, monitoring and controlling. ORM is conducted with a maximum of 3 main instruments, namely, Risk/Loss Event Database, Risk Control Self Assessment (RSCA) and Key Risk Indicator (KRI), supported by the Operational Risk Management System. The supervisory function is performed by the Operational Risk Management Committee, chaired by the Director of Risk Management. Meanwhile, to ensure the implementation of the operational risk management framework in each unit, in addition to the ORM unit at Headquarters, there are also ORM units/functions in each Line of Business (LOB)/ Support Function/Subsidiary.

Danamon has been implementing Business Continuity Management (BCM), certified with ISO 22301:2012-BCM ensures business continuity and continued existence of Danamon and its subsidiaries. In addition, there is a unit of National Fraud & Quality Assurance to anticipate operational risks due to fraud, and conduct preventive surveillance as well as early detection of over-exposure to operational risk.

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Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or decline in reputation as a result of the Bank's failure to comply with applicable laws and regulations in Indonesia. Danamon has implemented a compliance function engaging the Compliance Committee, Compliance Director, and Compliance Work Unit.

The process of identification and measurement of compliance risk is achieved by reviewing policy, provision of funds, fund-raising, and the Bank's other activities. Danamon also exerts efforts to enhance compliance awareness.

Legal Risk

Legal risk is the risk of litigation and future lawsuits. The Bank's Legal Risk is under the coordination of the Legal Division and is chaired by General Legal Counsel. A Legal Risk management team in Legal Division works in cooperation with related working units, such as the Litigation Unit and Danamon Access Center. As consolidated, the Legal Risk management team also cooperates with the legal risk management team of the Bank's subsidiaries.

Legal risk management is conducted by way of standardizing appropriate legal documentation, in accordance with applicable legislation, reviewing product programs and policies, and preparing and updating laws and policies to execute a guarantee in accordance with the agreement.

Reputation Risk

Reputation risk arises from the perception and/or negative judgement against the Bank as a result of negative publicity over the Bank's operations. The Bank's Reputation Risk management is led by the Corporate Secretary, cooperating with the Public Affairs Unit, Danamon Access Centre (DAC), Compliance Unit, and is coordinated with the Risk Integrated Unit. As consolidated, the Bank's Reputation Risk management team works closely with the Bank's risk management team at its subsidiaries.

Reputation Risk Management is conducted by responding to negative news circulating in the media, so that such news does not cause any financial or reputational impact on Danamon, and provides information needed by the public and shareholders.

Strategic Risk

Strategic risk includes any risks arising from the implementation of inadequate strategic policies taken by the Bank. Strategic risk management is done through the analysis of business strategic conformity with business environment conditions. Strategic Risk is related to several fields: the business plan, information technology and human resources.

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Effectiveness of Risk Management Systems

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

1. Risk Monitoring Committee

With the apex authority at the level of the Board of Commissioners, this committee functions as a supervisory board to monitor strategy implementation and risk management policy and risk exposure, and to evaluate the Board of Directors' accountability.

2. Risk Management Committee

Established under the Board of Directors and responsible for management of the Bank's overall risks, including those of its subsidiaries, by developing a risk strategy, policies and evaluating significant risk issues.

The evaluation is carried out by the committees through a risk assessment methodology, system implementation adequacy, management information system, and accuracy in policies, procedures, and limits.

The Board of Directors and senior management are also responsible to determine the Bank Risk Appetite (RAS) and ensure that the Risk Management Framework covers detailed policies that regulate prudential principle limitations generally on the Danamon's activities.

Moreover, the Bank also conducts a Stress test which has become a standard risk measurement method, by estimating the Bank's adverse economic potential, based on abnormal market conditions, to ensure the Bank's performance sensitivity to risk factors can adjust. The Stress test is applied at least once every year, or in the event of a significant negative impact on the Bank's portfolio.

On a severity level, the factor of a macro-economic stress test scenario is broken down into three categories: Mild, Moderate, and Severe. Apart from a historical-based scenario, the Bank also considers hypothetical adverse impact situations, with the support of the Bank's economic team.

In 2013, the effectiveness of the Bank's risk management and its subsidiaries has been evaluated with the results as "Rating 2" (satisfactory).

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PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES

Total Lending to Related Parties and Largest Debtors as of December 31, 2013

No.	Fund Provision	Debtors	Amount (Rp. million)
1.	Related Parties	Subsidiaries and Key Management	584,575.00
2.	Largest Debtors/ Group	25 Group	15,298,118.64

The provision of funds to Related Parties, referred to Bank Indonesia regulation No. 8/13/PBI/2006 concerns the Amendments On Bank Indonesia Regulation No. 7/3/PBI/2005 concerning the Maximum Limit of Credit Extension of Commercial Banks. During 2013, there was no breached nor over-limit of BMPK to Related Parties or to Non-Related Parties, either individually or as a Borrower Group. Danamon strives to limit the credit concentration to individuals, groups or the industry sector, as an effort to reduce its Concentration Risk.

The provision of funds to related parties must be approved by the Board of Commissioners at arm's-length and in accordance with normal commercial requirements. The approval procedures and their implementations are stipulated in the policy of Related Party Transactions No. KepDir-Corp.Sec-015.

The provision of funds to subsidiaries is conducted on arm's-length and in accordance with normal commercial basis terms; subsidiary transactions details are disclosed in the audited financial report.

INTERNAL CONTROL SYSTEM

Danamon has implemented its internal control functions through duty selection, dual control, dual custody, reconciliation and proof call, as well as Work Process Standards and Implementation Guidelines.

Internal control in Danamon has been carried out by the Operation Risk & Control Unit, through a direct review on an ongoing basis, to branches and working units in Head Office, by random examinations, to ensure transactions have occurred in accordance with policies and applicable procedures. Moreover, this unit is also verifying specific transactions through its on-line system queries, and informing operational units of transactions, in order to monitor and improve them.

Operations Risk & Control has also established the Operations Risk & Fraud Unit, with the duty to ensure proper operational risk management implementation, coordinated with the Operational Risk Management unit.

The internal control system implementation and quality assurance of Danamon follows the framework of internationally-recognized internal control (COSO), which includes:

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1. Control Environment

Control environment is an important component to shaping culture and conduct, and at the same time to increase the awareness of the importance of controlling. This effort is carried out by upholding values of integrity and ethics, a management commitment to competence, the division of authority, duties and responsibilities, leadership philosophy and style, and organizational structure.

2. Risk Assessment.

Danamon is required to be continuously aware of the risks it faces and integrated in its units, so that it can operate in harmony. The Bank must possess a mechanism to identify, analyze, measure and manage related risk periodically.

3. Control Activities

Control activities are intended to ensure operations activity implementation is carried out in accordance with set policies and procedures, as well as other prevailing legislation. In addition, an assessment must be made on the accuracy of existing reports, as well as on the efficiency and effectiveness of operations activity implementation, in an effort to support the achievement of company goals.

4. Information and Communication

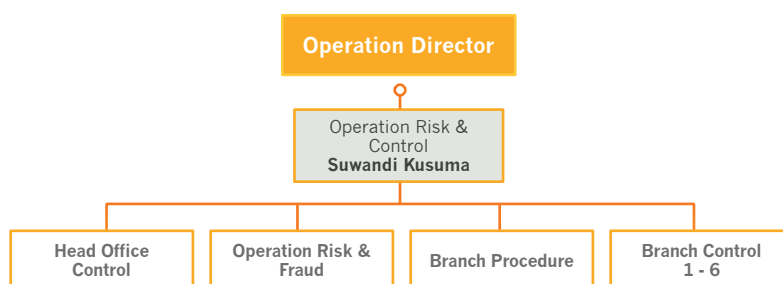
The development of information and communication in the Bank is directed to guarantee the dissemination and exchange of info, required to support the activity flow, management and operational activity control.

5. Monitoring Activities

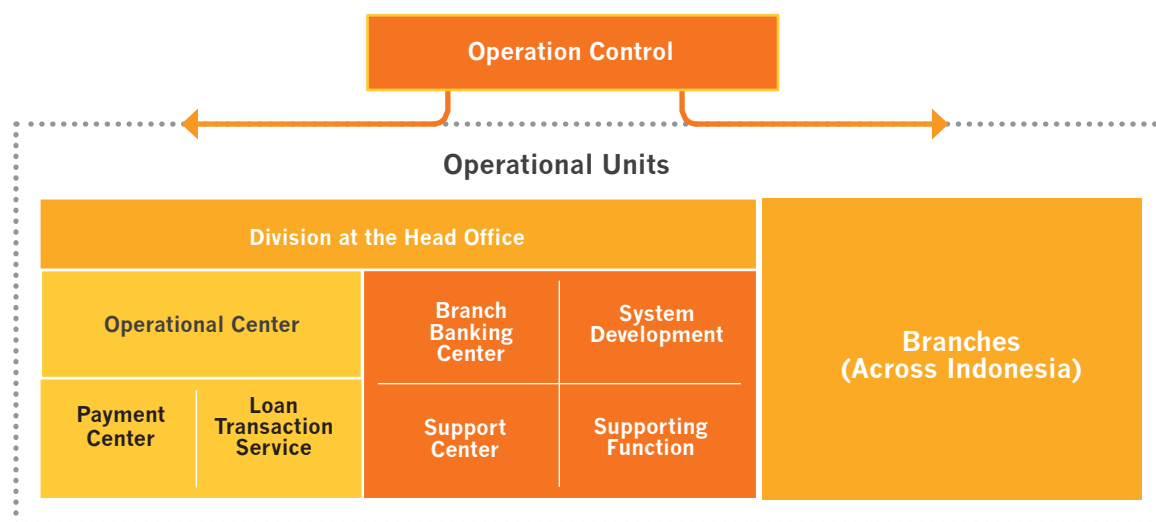
A continuous monitoring process must be carried out to ensure all operations are in compliance with applicable regulations and synergized in the achievement of the Bank's objectives.

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Operation Risk & Control Organizational Structure



Scope of Operations Risk & Control



An Activity Control Process is done for all branches across Indonesia, and working units under the Divisions of Head Office, such as Payment Center, Loan Transaction Service, Trade Service, Treasury Operations, Support Center, and other supporting functions. The Activity Control Process is done both as an on-site review and off-site review, in a continuous fashion.

Operation Risk & Control Events: Highlights

During 2013, the activities and achievements of Operation Risk and Control are as follows:

1. Quarterly Risk Control Self-Assessment (RSCA) by the Risk Operations Unit, to measure operational risk exposure level and compliance in each unit.
2. Audit rating by Operational Unit as one performance indicator for Operations and Operations Risk & Control.

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3. Quality Assurance Rating implementation as one referral of the relative measurement for Units/Branches, to assist Management in identifying the assessment on internal control. Based on Audit Review 2013, 52% were awarded a 'Satisfactory' rating, 37% received an 'Improvement Required' rating, and 11% received an 'Inadequate' rating.
4. Conducted activities with the objective to build 'Fraud and Control Awareness', through:
 - a. Anti-Fraud Campaign which, among others, was conducted through e-mail blast and anti-fraud posters at work units/branches.
 - b. Anti fraud and control national training.
 - c. Danamon Internal Control training, continuously done as part of its training program, in order to continually improve the competence of all lines of organization.
 - d. Appreciation of branches which have conducted proper internal control – Branch Control Award.
5. Monitoring and preparing reports on existing risk and control still within the limits of a reasonable risk appetite.

Evaluation of Internal Control System Effectiveness

Based on reviews done by Operation Risk and Control, Internal Controls had been well implemented managed throughout 2013.

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SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT

A summary of the corporate social responsibility report and activities is summarized in the table below. A full report on Corporate Social Responsibility (CSR), which includes, among others, environmental responsibility, social and community development, health and safety, and responsibilities to consumers, as well as policies and other activities, is in the Corporate Social Responsibility chapter of this Annual Report.

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

No	Topics	Policy
A	Environmental	<ul style="list-style-type: none"> - Sustainability Policy points 1-7, which include, among others: sustainable integration on environmental matters, control of environmental impacts, position on climate change, environmental compliance, management of direct and indirect environmental impact, - Policy, Concept and Frameworks of Yayasan Danamon Peduli Operations can be viewed on the CSR Chapter of this report. - Memo no.B I/PROC/EM/1211 on Video Conference and Business Travel 2012
B	Development of Social Community	<ul style="list-style-type: none"> - Sustainability Policy points 1, 2, 5, 6, 7, which include, among others: sustainability integration in social and cultural matters, management of direct and indirect social impacts. - Policy, concept and operational framework of Yayasan Danamon Peduli can be viewed on the CSR Chapter of this report.

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Activity	Financial Impact and Certifications
<p>Environmental programs relating to the surrounding of the Bank operations</p> <ul style="list-style-type: none"> · Environmental Awareness Month (BKL) was held on May-August 2013 with the theme "Change The Behavior and Lifestyles to Save the Environment" · Waste Reduction Program <p>Conducted in 2013 at five locations: Probolinggo City, Probolinggo Regency, Payakumbuh, Sragen, and Pekalongan</p>	<p>Total funds of Environmental Awareness Month 2013 was Rp4,851,101,760.</p>
<p>Environmental program related to the Bank operations</p> <ul style="list-style-type: none"> · Material and energy utilization <ul style="list-style-type: none"> - Efficiency in electricity, water, paper in daily based operation. - Efficiency in fuel consumption for trips - Application of e-statement to reduce paper usage. - Utilization of video conferences to reduce cost for business trips - Ground breaking of New Head Office construction which embrace green building concept 	<p>Danamon does not have any environmental certification at this time.</p>
*Further information for Enviromental programs can be viewed on the CSR Chapter of this report.	
<p>Improvement of Facility and Infrastructure</p> <ul style="list-style-type: none"> · Revitalization of traditional market through Pasar Sejahtera Revitalization Program · Preservation of Regional Icon <ul style="list-style-type: none"> - Restoration of Rumah si Pitung in Marunda, Jakarta - Planting activities - Provision of garbage bins - Development of Facilities 	<ul style="list-style-type: none"> · Budget allocation of Yayasan Danamon Peduli can be viewed on the CSR Chapter of this report · The disbursement of fund from Yayasan Danamon Peduli for preservation of regional icon in 2013 was at Rp691,899,021
<p>Development of Social Community</p> <ul style="list-style-type: none"> · Support to Majelis Taklim · Coaching on marawis and qasidah 	
<p>Community Empowerment</p> <ul style="list-style-type: none"> · Facilitate the establishment of Koperasi Jasa and Koperasi Simpan Pinjam 	
<p>Disaster Emergency Respond</p> <p>Yayasan Danamon Peduli provide direct aids to fire and flood victims, also through social organization Aksi Cepat Tanggap (ACT).</p>	<ul style="list-style-type: none"> · The disbursement of fund from Dana Yayasan Danamon Peduli for Disaster Emergency Responds in 2013 was at Rp299,325,100
*Further information about Development of Social Community activities can be viewed on the CSR Chapter of this report.	

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No	Topics	Policy
C	Manpower, Health, and Safety at Work	<ul style="list-style-type: none"> - Sustainability Policy point 1, 2, 5, 7, which include, among others: sustainable integration in the business process and internal policies, improvements of the competencies and professionalism of our employees, engage employees in the delivery of their work safety, health and security strategies. - Decree of Directorate General of Industrial Relations and Labor Social Security No.Kep. 10/PHIJSK-PKKAD/PKB/I/2013 regarding Registration of Extension on Collective Agreement - Memo no B.7800-HRKP-1213 Regarding End of year 2013 Performance Evaluation - Danamon Business Continuity Management (BCM) Policy Ver 2.0/Mar13 - Danamon BCM Standard & Principle Ver 1.0/Mar13
D	Consumers Responsibility	<ul style="list-style-type: none"> - Sustainability Policy point 1, 2, 5 - Decree of DIR-DAC-001/21 February 2013 regarding Units Appointment related to Centralized Consumer Complaint Handling, as well as duty and responsibility of each unit

DANAMON SUSTAINABILITY POLICY

Corporate Governance Implementation Report

Activity	Financial Impact and Certifications
<p>Manpower</p> <ul style="list-style-type: none"> Danamon maintain a good relationship with employees union and implement collective agreement which valid through 2014. Performance appraisal is conducted twice a year Employees are provided with health insurance facilities. <p>*Further information about Manpower activities can be viewed on the Human Resources section of this report.</p>	<p>In 2013 Danamon obtained the ISO 22301:2012 certification on Business Continuity Management System from BSI Group.</p>
<p>Health</p> <ul style="list-style-type: none"> Health Talk, a seminar for employees on relevant health topics (e.g blood sugar, cholesterol, healthy diet, chronic diseases). Health Fair, featuring health care provider On-line Health Corner providing information relevan to health at work, for instance the importance of stretching in regular interval during workhour Provide lactation room for employee in need with convenient and hygienic lactation facility Provide pedometer as tools to support employee in conducting "10,000 steps a day" program to maintain employee's fitness Facilitate sport clubs for employees, among others are badminton, futsal, volleybal, basketball, table tennis, aerobics, cycling, bowling, running Organize Pekan Olahraga Antar Wilayah (Poranwil) "The Games", which involve employee's representative from all regional in Indonesia <p>Work Safety</p> <ul style="list-style-type: none"> Establish procedures and resources of emergency respond (natural disaster, fire, riot) including the formation of command center both in corporate and regional level for Danamon and it subsidiaries. Perform evacuation practices periodically. Continually socialize safety procedure to all employees, with e-mail blast. Attention to HSE aspects in every building construction process and also every occupied building. Ensure fulfilment of density ratio standard. Ensure the proper lighting, air conditioner and air circulation. <p>*Further information about Health, Safety, and Enviroment can be viewed on the CSR Chapter of this report</p>	
<p>Responsibility of Product Information</p> <ul style="list-style-type: none"> Consumer Education Danamon provide banking education to consumers in 29 events throughout 2013. Training for Frontliners To ensure that frontliners posses adequate knowlegde of product and service, Danamon through Consumer Service Quality program, has conducted training to 7,320 frontliners staff of retail banking, operations, SME and Danamon Access Center throughout Indonesia <p>Consumer Complaint Handling</p> <ul style="list-style-type: none"> Danamon operates Danamon Access Center (DAC), a 24 hour customer service which assist customer in obtaining information regarding transaction or account. Details of customers' complaint handling in 2013 can be viewed on the CSR Chapter of this report <p>*Further information about Consumer Responsibility can be viewed on the CSR Chapter of this report</p>	<p>Cost for customer banking education program in 2013 was at around Rp1.99billion.</p>

Corporate Governance Implementation Report

DANAMON SUSTAINABILITY POLICY

1. Vision and Mission

- 1.1 Danamon believes that true sustainability involves the integration of environmental, social, cultural, and economic matters with our core business processes. We strive to incorporate this policy into core of business operations through internal and external effort.
- 1.2 It is our policy to minimize the impact of our operations on the environment. We are committed to control of significant environmental impacts associated with our activities.

2. Scope

- 2.1 The policy covers operation of the entire Danamon organization, including the business of subsidiaries companies and covers our business activities and operations.

3. Position on Climate Change

- 3.1 Climate change can have a damaging impact on Indonesia's economy, the business community, our customers, and ultimately our business. Danamon is committed in the fight against climate change.
- 3.2 We continuously engage our stakeholders to further their understanding of the importance to fight against climate changes.

4. Environmental Compliance

- 4.1 Danamon is committed to comply with all environmental legal requirements and best practices where the Bank and its subsidiaries operate.

5. Management of Direct Environmental and Social Impact

- 5.1 We are committed to take proactive steps to mitigate the environment and economic impacts of our operational.
- 5.2 As a bank, we play a clearly defined, positive role in the Indonesian society. Our duty and goal as a financial intermediary is to assist businesses to become established and to expand, to enable consumers to grow their wealth. We aim to provide our customers high-quality, secure, efficiently managed financial services. We believe that this enables us to make a positive contribution to the sustainable development of Indonesian society.
- 5.3 Danamon continues to implement every possible measure to facilitate improvements in our services, people, business, market, product portfolio, skills, management, and confidence. Our people are the driving force behind each of these improvements. The level of innovation, efficiency, and professionalism of our people directly affect Danamon's performance. Thus, our employees are our most important asset. We aim to find, develop and retain the most talented people available.

6. Management of Indirect Environmental and Social Impact

Corporate Governance Implementation Report

- 6.1 Danamon acknowledges that the decision we make on whom and what we finance may affect people and the environment. The greatest impact we have on the environment and society is through our financing activities. Therefore, we continuously develop our environmental and social standards and approaches. We nurture businesses, which have substantial impact to common good, and discourage channeling of funds to businesses that might have direct and indirect negative impact to the environment. We work with our customers and stakeholders to ensure that the economy we support is good for people and the planet.
- 6.2 Danamon considers the environmental performance of suppliers and contractors, as well as the environmental impact of products and services, in the context of the procurement process.
- 6.3 Danamon recognizes the importance to manage the environmental and social risks that comes from our customers' business activities. At Danamon, environmental and social risk management is an integral part of our end-to-end credit process, as stated in our credit policy.
- 6.4 Danamon dedicates considerable resources to prevent, detect and mitigate all types of financial misconducts. In order to ensure that our business is conducted in full compliance with the highest ethical standards, Danamon takes every measure to make sure our full adherence to the Law on the Criminal Act on Anti Money Laundering and on Combating Financing of Terrorism.

7. Stakeholders Engagement and Reporting

- 7.1 We continuously develop our environmental and social standards and approaches. We work with our customers and stakeholders to ensure that the economy we support is good for people and the planet.
- 7.2 Danamon's initiatives to address the management of indirect environmental impact are as follows:
- Through our community programs and Yayasan Danamon Peduli, we will partner with selected organizations that are actively protecting our environment.
 - Engage employees in the delivery of their work safety, health, and security strategies and support them in practical ways so they can reduce their own environmental footprints.
 - Engage with stakeholders to further its understanding of its direct and indirect environmental impacts and contribute to the development of public policy and regulation.
 - Danamon is committed to:
 - a. report publicly on the bank's sustainability performance on, at least, an annual basis; and
 - b. apply the Global Reporting Initiatives (GRI) reporting guidelines as well as the supplement for the Financial Services sector.

8. Governance

- 8.1 The accountability of our Sustainability Policy are as follows:
- Board of Commissioners oversees management's role in ensuring that Danamon's sustainability commitment is promoted and maintained across the organization in a responsible and sustainable manner.
 - Board of Directors has overall responsibility for the organization's sustainability policies and performance.
 - The Head of each Division, business support or group staff function is responsible for ensuring that activities are carried out in accordance with this Policy.
 - Audit Committee is responsible to evaluate the compliance of sustainability policy.

9. Implementation of Process and Policy Review

- 9.1 We will continuously take steps to implement and review the sustainability policy

Corporate Governance Implementation Report

LITIGATION MATTERS

Litigations are civil and criminal cases facing the Bank during the reporting period and have been filed through the judicial process.

Legal Cases Involving Danamon	Number of Cases		Impact on Danamon
	Civil	Criminal	
Settled (has clear legal standing)	155	33	144 civil cases won, 11 civil lost at 6.5% value from total value of cases settled
In the process of settlement	539	46	Nil

Note:

Civil and Criminal Cases involving Danamon during the period of reporting year and has been submitted through District Court. Recapitulation of total cases during 2013.

IMPORTANT CASES FACED BY THE COMPANY, SUBSIDIARIES, MEMBERS OF THE BOARD OF DIRECTORS AND/OR BOARD OF COMMISSIONERS

Important Litigation Faced by Danamon

1. Case of Dharmais Foundation, Dakab and Supersemar
On 11 February 2009, Dharmais Foundation, Dakab and Supersemar sued the Bank through the related District Court, regarding subordinated loans. Currently, the case is still under appeal in the Supreme Court.
2. Case of PT Danamon Internasional
On 10 November 2011, PT Danamon Internasional sued the Bank through the related District Court regarding a Garuda Indonesia Loan. The case is currently in the process of appeal in the Supreme Court.
3. Case of Danamon Usaha Gedung
On 12 December 2012, Danamon Usaha Gedung pressed its case through the International Chamber of Commerce-Asia Office with reference to case No. 19136/CYK [Case] against the Bank. The trial proceedings have been held in Jakarta in late October 2013.

Corporate Governance Implementation Report

Litigation Involving Members of the Board of Commissioners and Directors

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

Litigation Involving Subsidiary

Cases Involving PT Adira Dinamika Multi Finance	Number of Cases		impact on Subsidiary
	Civil	Criminal	
Settled (has clear legal standing)	Nil	Nil	Nil
In the process of settlement	33	1	Nil

Cases Involving PT Asuransi Adira Dinamika	Number of Cases		impact on Subsidiary
	Civil	Criminal	
Settled (has clear legal standing)	2	Nil	Nil
In the process of settlement	1	Nil	Nil

Cases Involving PT Adira Quantum Multifinance	Number of Cases		impact on Subsidiary
	Civil	Criminal	
Settled (has clear legal standing)	Nil	1	Nil
In the process of settlement	Nil	1	Nil

Corporate Governance Implementation Report

INTERNAL FRAUD

Internal frauds are the irregularities/frauds committed by the management, permanent and non-permanent employees (honorary and outsourcing) associated with work processes and operations of the Bank that affect the Bank's performance significantly. The fraud may affect the Bank's financial condition significantly when the impact is more than Rp100,000,000 (One Hundred Million). The following table describes the details of internal fraud within the Bank during 2013:

Internal Fraud	Number of Cases Involving					
	Management		Permanent Employees		Contract Employees	
	2013	2012	2013	2012	2013	2012
Total internal fraud cases	-	-	42	38	-	1
Settled	-	-	42	38	-	1
Under internal process	-	-	-	-	-	-
Pending	-	-	-	-	-	-
Followed up by lawsuit	-	-	5	4	-	-

DISCLOSURE OF ADMINISTRATIVE SANCTION BY CAPITAL MARKET AUTHORITY AND OTHER REGULATORS

Throughout 2013, there was no material administrative sanctions that affected the business continuity of Danamon, nor was there any administrative sanctions imposed on members of the Board of Directors or the Board of Commissioners.

TRANSPARENCY OF FINANCIAL AND NON-FINANCIAL PERFORMANCES

Danamon discloses its financial and non-financial matters periodically through the mass media, a public expose and analyst briefings/forums.

Financial statements and other reports are routinely submitted to Bank Indonesia, and the FSA, as well as to other stakeholders in accordance with prevailing regulations. The Annual Report is submitted to Bank Indonesia, Rating Agencies operating in Indonesia, the Indonesian Banking Association, Indonesian Banking Development Institute (LPPI), FSA, Ministry of Trade and Industry, and two Research Institutes of Economics and Finance. The submission has been in line with the regulations set by Bank Indonesia.

Associated with the change in accounting policy, the Bank has fulfilled the accounting standards issued by the Indonesian Institute of Accountants (IAI), which conform to International Financial Reporting Standards (IFRS).

Corporate Governance Implementation Report

In addition, Danamon also disclosed information about the financial condition, among others, Quarterly Report, Financial Statements, Annual Report and non-financial information, such as, Products/Services, Office Network, Corporate Governance, as well as other non-financial information. These reports can also be accessed through the official website of the Bank (www.danamon.co.id).

	Financial Information	Publication	Reporting	Contents	Access	
					Website	IDX
1.	Consolidated Financial Report	Quarterly	Bapepam/OJK	Consolidated financial statements in accordance with Indonesian Financial Accounting Standards, which covered the Bapepam regulations	✓	✓
2.	Financial Report Publication	Quarterly	Public through Newspaper, BI, IDX, Bapepam/FSA	Summary of financial performance in accordance with BI regulations	✓	✓
3.	Analyst Presentation	Quarterly	Public (4x in 1 year); Bapepam, IDX, BI for yearly	Main financial and non financial information	✓	✗
4.	Newsletter	Quarterly	Public, Exchange, BI	Financial and non financial information with explanation	✓	✗
5.	Annual Report	Yearly	Public, Policy Makers, Investors, other banks, appraisal institutions	Financial and non financial information, business segment, product information, profits	✓	✓

SHARES OPTION

Share options refers to an option to buy shares for the members of the Board of Commissioners, Directors and Executive Officers. The share or option offering is granted as part of the compensation package stipulated in the GMS and/or the Bank's Articles of Association. The vesting period of granted stock options in 2006 ended in June 2011. During 2013, the Bank does not have any program of new stock options for Directors, the Board of Commissioners, or employees.

SHARES OWNERSHIP PROGRAM FOR EMPLOYEES AND/OR MANAGEMENT

Danamon has a Long-Term Cash Program, which is converted into the Bank's Shareholding. This program is only given to members of the Board of Directors and employees that meet the determined criteria. The stock price at the time of purchase on the stock market in March 2011 reached Rp6,386 per share.

Corporate Governance Implementation Report

The retention period of stock plan programs is divided into two, namely, a 3-year retention period that ended in June 2013 with an amount of 8,215,000 shares, and for the 6-year retention period that will expire in June 2016, with 5,047,000 shares. This stock is deposited and administered in the custodial firm PT Trimegah Securities Tbk.

BANK'S SHARES BUY BACK AND BONDS BUY BACK

Implementation of Buy Back refers to FSA regulations No. XI.B.2 which is the Attachment of FSA Chairman Decree No. Kep-105/BL/2010 13 April 2010 and No. 2/POJK.04/2013, where issuers were given the freedom to buy back the shares outside the GMS during a limited transfer period. During 2013, there was no activity to buy back either stocks or bonds.

HIGHEST AND LOWEST SALARIES RATIO

The right of employees is to receive and is expressed in the form of money, or a salary, as remuneration from the Bank (or the employer) to an employee. Salary is determined and paid according to the employment agreement, agreements or legislation, including benefits for employees and their families for a job and/or services rendered.

The illustration of a salary ratio can be seen in the following table, which includes compensation per month for members of the Board of Commissioners, Directors and permanent employees of the Bank.

Salary Comparison Ratio	2013	2012	2011	2010	2009
Employee : Highest - Lowest	230.8 x	80.4 x	81.8 x	79.7 x	80 x
Directors : Highest - Lowest	5.0 x	4.1 x	3.7 x	3.6 x	3.2 x
Commissioners : Highest - Lowest	1.4 x	1.5 x	1.5 x	1.5 x	1.5 x
Directors : Highest - Employee Highest	2.8 x	3.9 x	3.4 x	2.4 x	3.4 x

*) In 2013 there was a change in the mechanism of the calculation highest-lowest salary of employees

Corporate Governance Implementation Report

CONFLICT OF INTERESTS TRANSACTIONS

Conflict of interest transactions are regulated through the Policy of the Bank's Transactions With Affiliated Parties, which is an annex of Directors Decree No. KEP: DIR-Corp.Sec.-015 dated 30 December 2013, concerning the Policy of Transactions with Affiliated, and Related Parties of PT Bank Danamon Indonesia Tbk. This policy was prepared with the following objectives:

1. As a guideline in identifying the existence of affiliated transactions involving any conflict of interest.
2. As a basis to ensure that affiliated transactions with a conflict of interest are executed in accordance with the policy and prevailing legislation, and are not detrimental to the interests of minority shareholders.

During 2013, there were no reports of any conflict of interest.

No.	Name and Position with Conflict of Interest	Name and Position of Decision Maker	Types of transaction	Transaction Value (in million Rupiah)	Description
Nil					

Corporate Governance Implementation Report

BANK STRATEGIC PLAN

Short Term Plans

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

Lending

Danamon will increase market penetration in the mass market segment, continue investment and create sustainable business models. In addition, it will improve market share in the SME, Commercial and Corporate segments, and increase fee-based income.

Funding

To support loan growth, Danamon will take the following measures:

- Increase long-term funding and customer deposits
- Execute a clear and targeted marketing strategy to attract and retain customers through excellent products.
- Synergy in securing funding by leveraging networks of the Bank and its subsidiaries.
- Increasing the number of deposits from the mass market, micro and Syariah segments.
- Efforts to reduce LDR (Loan to Deposits Ratio).

Overhead Costs

Danamon strives to improve efficiency, including in subsidiaries, by taking into account business development, distribution network and regulations related to the increase in the minimum wage, restrictions on contract labor and outsourcing.

Asset Quality

Maintaining the principle of prudence in lending through a stringent customer selection process, measurement of fraud prevention, receivables capacity improvement and recovery as well as the initiation of a quantitative ranking model.

Productivity and Efficiency

Increasing the efficiency of HR, business operations and increased productivity, as well as optimizing the application of IT investment.

Work Network

Danamon plans to expand its network by opening new conventional offices, adding ATMs and Mobile EDCs for Retail Mobile Banking, DSP and Cards, as well as the addition of mobile cash.

Prime Lending Rate

In an effort to support Bank Indonesia programs, the Bank seeks to maintain a reasonable level of interest rates by increasing productivity and efficiency, improvement in lending quality as well as aligning the Bank's cost of funds in accordance with the development of Bank Indonesia interest rate (BI Rate).

Capital Management

On the assessment of capital adequacy, the Bank has implemented ICAAP in managing capital. Based on an internal assessment process, the Bank will continue to consider various alternatives to meet the core capital allocation (AMI) and achieve an adequate level of capital. In addition, to support Syariah business growth, Danamon plans to increase the capital of its Syariah Business Unit.

Corporate Governance Implementation Report

Mid-term and Long-term Plan (3-5 years)

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

Lending

Danamon will continue the lending growth of micro and small, including SMEs, commercial and corporate, trade finance, asset-based financing (ABF) and the financing of household goods.

Funding

Danamon will continue to strengthen its low-cost funds by increasing the composition of demand deposits and savings as well as maintaining the LDR ratio.

Risk Management

Create long-term value for shareholders through proactive management of risks as well as the control mechanisms and returns.

Operations

Provide simple, fast and unique services in order to improve service to customers and to encourage customers to use alternatives to the branch network. In addition, Danamon will continue to conduct its centralization process to improve efficiency, and seeks to create a dynamic situation for the convenience and satisfaction of both customers and employees.

PROVISION OF FUNDS FOR POLITICAL ACTIVITIES

Danamon has a policy prohibiting the Bank's involvement in political activities, including donation of any kind for political purposes.

Corporate Governance Implementation Report

COMPANY'S INFORMATION ACCESS

Danamon provides ease of access and related Information on the Bank for stakeholders, through communication media such as press releases, an investor newsletter, and Analyst Briefing booklets. The information on products and services, events, corporate actions, and others are presented through the company's website, at <http://www.danamon.co.id>.

To improve service to existing and new customers, Danamon provides the Danamon Access Center or 24 Hour Information Services, available in Jakarta, Semarang, Denpasar, Balikpapan, Bandung, Surabaya, Medan, and Makassar.

In addition, the public may also contact:

1. Public Affairs Division at telephone number (021) 57991001-03 or email access: public.affairs@danamon.co.id.
2. Other email addresses: danamon.access@danamon.co.id; corpsec@danamon.co.id; investor.relation@danamon.co.id.

INVESTOR RELATIONS

Danamon's Investor Relations Team is directly responsible to the Finance Director.

The following are the Investor Relations Team's main duties:

1. Provide accurate, reliable and timely information to internal and external parties, including shareholders, investors, analysts, rating agencies, governments and regulators.
2. Conduct periodical activities, such as: quarterly performance report, analyst meetings, investor meetings, non-deal roadshows, and other meetings, to detail periodical performance of Danamon.
3. Provide good access to information for every stakeholder regarding the Bank's financial and corporate actions.

An Investor Relations Team cooperates with management, the Public Affairs division, and the Corporate Secretary in implementing its duties and activities. The Team also communicates through several media, including conference calls, publication of periodical financial reports, roadshows and publication of the Annual Reports.

The following are details of information disclosures by the Investor Relations Team during 2013:

Corporate Governance Implementation Report

Forum	Frekuensi	Keterangan
Analysyt Gathering / Public Expose	4 times	Public expose for media, analyst and senior management to provide latest information regarding financial and non financial condition.
Financial Statement	4 times	Publication of Quarterly Financial Statement in accordance to regulation of Bapepam – LK for listed company
Annual Report	1 time	Comprehensive Report for public and stakeholders regarding performance, business and other activities of Danamon.
Roadshow and Conference	13 days	Participation in various deal and non deal roadshow held by reputable securities company to provide latest information of performance and strategy, challenges and opportunity of Danamon to investor, analiyt and other stakeholders
One on One and conference call	100 One on One and 10 conference call	Meeting with analyst/domestic investor/foreign investor to provide information regarding strategy and performance of Danamon.

During 2013, the Investor Relations team has participated in the following roadshows/conferences:

Event Name	Organizer	Location	Date	Number of Companies Met
ASEAN Conference	Credit Suisse	Singapore	10 - 11 Jan '13	19
Indonesia Corporate Day	Bank of America Merrill Lynch	Singapore	2 - 3 Oct '13	18
Twelfth Annual Asia Pacific Summit	Morgan Stanley	Singapore	15 Nov '13	18
APAC Financials Corporate Day	Credit Suisse	Singapore	3 Dec '13	8
NDR	Goldman Sachs	Hong Kong	23 - 24 Oct '13	12
ASEAN Forum	CLSA	Bangkok	14 -15 Mar '13	14
ASEAN Investor Conference	CITI	Jakarta	4 Jun '13	9
Indonesia Conference 2013	UBS	Jakarta	5 - 6 Mar '13	12

Corporate Governance Implementation Report

PUBLIC AFFAIRS

The Public Affairs Division is responsible for managing relations between Danamon and its stakeholders, both internally and externally, working with employees, mass media, institutions and related associations, as well as other parties.

The Public Affairs organizational structure consists of five sub departments, namely, Internal Communication, External Affairs, Event Management, Brand Management, and Planning and Control. The following are duties and responsibilities of the Division:

1. Building and managing the image of Danamon in public through its public relations function.
2. Managing its internal communications function, from Danamon management to employees and vice versa.
3. Managing external communications, including formulating messages, the form of communications, and message delivery to external parties.
4. To coordinate the activity agenda of BoD, BoC, and to organize corporate events involving internal or external parties.
5. To serve as the first communications gateway for employees and the public who require any information regarding Danamon.
6. To act as a brand custodian for internal stakeholders, in order to ensure that all employees understand and develop a consistent perception regarding Danamon's brand use.
7. To ensure that all operational activities within the Public Affairs Division are in compliance with Good Corporate Governance, and that operational risks that may adversely impact Danamon's business continuity may be avoided.

Communication with External Stakeholders

As our commitment to maintain transparency of information with stakeholders, the public, and regulators, the Bank has submitted the disclosure of the following information in 2013:

1. Through letter Number Ref. B 230 Corpsec dated 31 July 2013 concerning the conditional share purchase agreement between Fullerton Financial Holdings Pte. Ltd. and DBS Group Holdings, this has not been extended and is thus no longer valid, as of 1 August 2013. To this end, the Bank will continue to focus on its business activities and business growth plans in order to strengthen lending in the mass market, wholesale, retail and SMEs segments.
2. Concerning product launches, Danamon has delivered and defined product information to customers in accordance with Bank Indonesia regulations regarding transparency in Bank Product Information and Use of Customer Personal Data.
3. The delivery of procedures in handling customer complaints and dispute settlements in accordance with Bank Indonesia regulations and Banking Mediation.

Danamon's disclosure of information during 2013 can be viewed in the following table:

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Activities 2013	Frequency
Press Conferences	17
Quarterly Financial Report	4
Annual Report	1
Public Expose	4
Press Release	26
Media Coverage (Photo news and articles)	3,896
Media Visit	3
Annual GMS	1
Media Workshop	1

Danamon's Press Releases Published in 2013

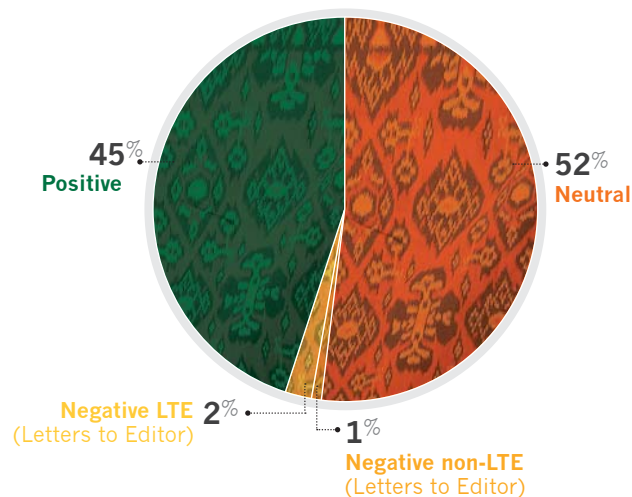
No.	Date	Title
1	18 February 2013	Danamon's 2012 NPAT Reached Rp4 Trillion, Up 22% Year-On-Year
2	4 March 2013	Danamon Launches 'Danamon Lebih Goes To Campus'
3	7 March 2013	Danamon Signs MSME Loan Agreement With Wells Fargo And Opic
4	18 March 2013	Danamon Receives 'BPA Trailblazer Awards 2013'
5	18 April 2013	Danamon Announces First Quarter 2013 Results
6	23 April 2013	Danamon Customers Watch Manchester United Wins the 20th English League Trophy
7	29 April 2013	Ministry of Tourism and Creative Economic with Danamon Held the 6 th ICMITM Activity in Semarang
8	6 May 2013	Danamon and Manulife Indonesia committed to present Universal Access towards Life Insurance
9	8 May 2013	Danamon Educates University Students on Saving Products
10	10 May 2013	Danamon's Annual General Meeting of Shareholders
11	12 May 2013	Danamon Launches "Manchester United Debit/ATM Card - Legend Edition" to Celebrate Manchester United 20th Championship
12	27 May 2013	Danamon Launches Business Card - Credit Card for Entrepreneurs
13	26 June 2013	Danamon Supports the International Chamber of Commerce in the Launch of the New International Standard Banking Practice
14	2 July 2013	Danamon Business Continuity Management Achieves 'ISO 22301: 2012 – BCMS' Certification
15	16 July 2013	Danamon Celebrates 57th Anniversary
16	18 July 2013	Danamon Announces First Half 2013 Financial Result
17	29 August 2013	Danamon Launches SMS Banking
18	18 September 2013	Danamon Social Entrepreneur Awards 2013 Announces 5 Social Figures
19	1 October 2013	Danamon Builds New Headquarter Using the Green Building Concept
20	17 October 2013	Danamon Announces Third Quarter 2013 Financial Results
21	28 October 2013	Danamon Announces Most Favorite Recipient Of The Danamon Social Entrepreneur Awards 2013

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No.	Date	Title
22	31 October 2013	Danamon and Manulife Indonesia Supports Small and Medium Enterprises in Indonesia
23	13 November 2013	Winners of Danamon's Red Match Manchester United Card Watches the Big Match Manchester United vs Arsenal at Old Trafford
24	19 November 2013	IFC Partners with Danamon to Support SME Growth in Indonesia
25	2 December 2013	Danamon Partners With Silver Bird
26	27 December 2013	Danamon Support the Transfer of Banking Supervision from BI to OJK

Danamon consistently monitors the news in both print and electronic media, with the following results:

Danamon Total Coverage – 2013

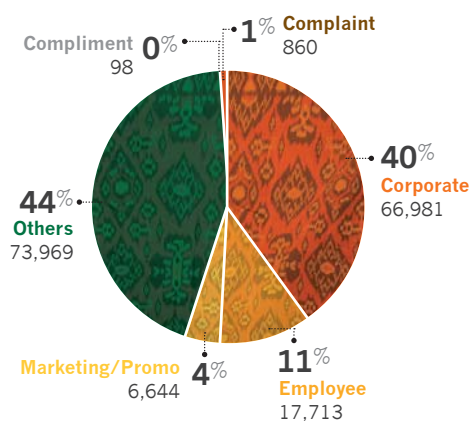


The conversation level of Danamon and Adira in social media (Facebook and Twitter) in 2013:

Corporate Governance Implementation Report

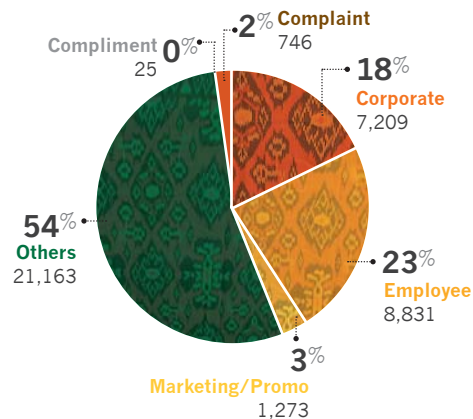
Danamon on Twitter

January - December 2013



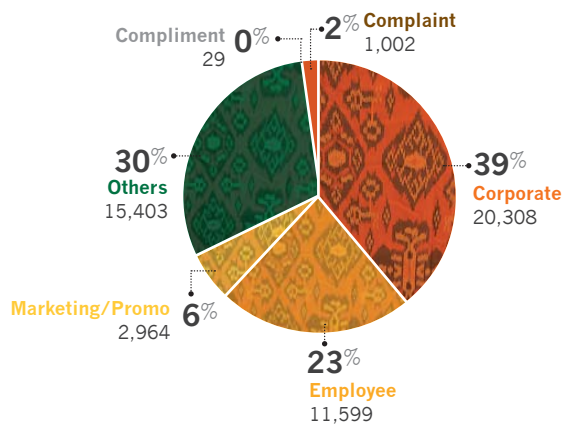
Danamon on Facebook

January - December 2013



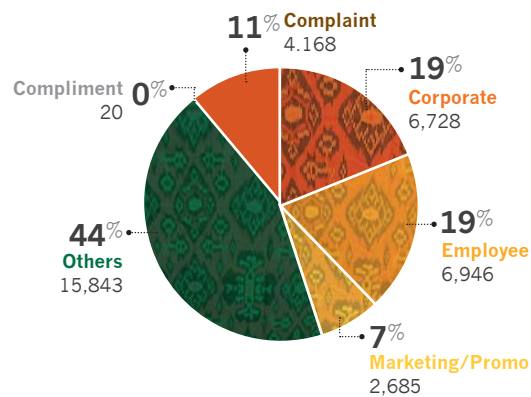
Adira on Twitter

January - December 2013



Adira on Facebook

January - December 2013



Corporate Employee Marketing/Promo Others Compliment Complaint

Corporate Governance Implementation Report

Brand Management

Managing the Danamon Brand

Danamon's Brand is a representation of the Bank's objectives, communicated through TV commercials, print media, radio, outdoor media, and on-line campaigns.

In 2013, Danamon organized surveys and cooperated with Nielsen, an international survey agency, to measure the level of public knowledge about the Danamon brand in the banking industry. The results of brand awareness were positive and Danamon successfully received ratings of top 5 banks in Indonesia in 2013.

"To become the guiding lights for millions to prosper" is Danamon's aspiration, represented through the ray of lights in Danamon's logo. The concept of a ray of light has been part of Danamon's logo since 2002.



The commitment "**We make it happen for you**" has been introduced since 2008, and constitutes the core services, products and programs of Danamon. This commitment placed Danamon in a unique and distinctive positioning from competitors in the market.

Corporate Governance Implementation Report



Danamon Social Entrepreneur Awards 2013

The Danamon Award is the highest appreciation event for the public with the spirit of “Semangat Bisa”. They are for individuals who inspire and are consistently striving to improve the quality of their surrounding community and its environment through entrepreneurship solutions. The program is aligned with Danamon’s Vision, “We Care and Enable Millions to Prosper”.

2013 was the 7th year of the Danamon Award event, since its inception in 2006. The 2013 Award program focused on the social entrepreneur, a concept then integrated into the name of this activity. To that end, from 2013 the Danamon Award has been renamed Danamon Social Entrepreneur Awards.

Danamon Social Entrepreneur Awards again cooperated with the United Nations Development Program (UNDP), and the United Nations (UN), both engaged in the field of development. The program successfully engaged more than 200 participants from across Indonesia. In 2013, Danamon presented awards to 5 participants, from Banten, Central Java, East Java, and Central Kalimantan.



The Winners of Danamon Social Entrepreneur Awards 2013 with Panel Judges

Corporate Governance Implementation Report

The website of Danamon Social Entrepreneur Awards in www.danamonawards.org:



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Banking and Economic Dialog

In 2013, Danamon launched a TV Program “Banking and Economic Dialog”, in cooperation with Metro TV. This program is intended to provide banking education to the general public, including all Danamon’s stakeholders (regulators, media, customers, opinion-makers). The information covered Danamon’s pivotal roles in economic development, specifically banking in Indonesia. This program also provided information on Danamon’s credibility, services, products and innovations.

The program was presented by Rhenald Kasali and participated by 3 speakers, including regulators, bankers and economists, as well as the Board of Directors of Danamon.

The program was aired from 29 October 2013 to March 2014, through 30 minutes of airtime, with new episodes every Wednesday from 20.30 – 21.00, re-run every Tuesday from 14.30 – 15.00 in the afternoon. A brief review by the presenter published in print media the next day. The promotion of the programs is conducted through television, print media, digital and social media.

Topics of Dialog, Banking & Economic TV Programs:

1. Easy Banking Access for an Advanced Economy
2. Micro Banking Roles for The Indonesia Economy
3. The Impact of Interest Rates on Indonesian Economic Development
4. Syariah Banking Roles in Indonesian Economic Development
5. 2014 Economic Outlook
6. Entering The Era of SMEs



Episode #3 Peter Jacobs (Director-Communication Department, Bank Indonesia), Shinta Widjaja Kamdani (Vice Chairman of KADIN) and Vera Eve Lim (Director-Danamon)
Topic : The Impact of Interest Rates on Indonesian Economic Development



Episode #6 Syarifuddin Hasan (Minister of Cooperative & SME), Rudy Lengkon (Chairman of Indonesian Handicraft Producers and Exporters Association) and Ali Yong (Director-Danamon)
Topic : Entering The Era of SMEs

Corporate Governance Implementation Report

Event Management

External communication events are conducted for the Media, Customers, and Stakeholders; internal events are run for employees. In 2013, the Event Management unit held 90 corporate events, most of which were participated in by Management representatives, Commissioners and/or Directors.

Internal Communication

The Internal Communication Unit is managing communications channels for Danamon employees and those of its subsidiaries. The following are internal communication channels managed by the unit:

Bisa! Award

Bisa! Award is the appreciation tool presented to the employees of Danamon and its subsidiaries. They are recognized for their support of Danamon's core values and its Vision. Bisa! Award 2013 was held on 16 July 2013 in conjunction with Danamon Social Entrepreneur Awards 2013, participated by 175 employees of Danamon, Adira Finance, Adira Insurance and Adira Kredit. The winner of Bisa! Award 2013 was announced on 28 October 2013, with three winners in the General Category and three winners in the Service Excellence Category.



Bisa! Award 2013 Finalists with the judges



Participants and winners of Bisa! Award 2013 with Danamons Board of Directors

Danamon Portal

Danamon's effort in facilitating the latest and most important information for its employees, delivered through intranet access, so it can be received at any time by an employee. The information includes work process implementaton, company data, policies, records, and memo publications.

- Syariah Corporate Governance

Corporate Governance Implementation Report

Welcome KEZIA PINGKAN JOVANKA • Site Actions

Bahasa

Corporate Portal

12 Users Online / Monday, 20 January 2014 15:11:32

Home About BDI Divisions News & Events Litbang Directory Knowledge Resources

Kekuatan jaringan membawa kesuksesan bersama Bisa

Lain dari 2.900 Kantor Cabang

Lain dari 1.300 ATM

ADIRA

ADIRA

ADIRA Kredit

My Space

Welcome: KEZIA PINGKAN JOVANKA

08/01/14

My App To Do List

Calendar My Contact

Team Workspace

Select Workspace

Danamoners, kami menawarkan kesempatan bagi pegawai tetap dengan hasil PA minimal 3 dalam 2 tahun terakhir untuk menjawab tantangan

From The Editor

Pemenang Bisa! Award 2013
Mon, 14/11/13 - Posted By: KEZIA PINGKAN JOVANKA

Danamoners,
Mari kita ucapkan SELAMAT kepada para Pemenang Bisa! Award 2013!
Setelah melalui proses penyaringan, voting dan...

[Read More >>](#)

Forum Discussion

Kalimat bijak di pagi hari :)
Mon, 25/11/13 - Posted By: ADIRAH RIDA - 2 replies

Apakah Nasabah DSP dapat melakukan setoran Tunai di Cabang Conven untuk rekening DSP??
Thu, 14/01/14 - Posted By: Lydia Langley Wanga Uboko - 3 replies

APA YANG ANDA PIKIRKAN DI 2014
Fri, 17/01/14 - Posted By: ZUHARI - 3 replies

[View All >>](#)

Subotix

FRANNY JUENDY WANRY
22 Jan 2014 22:25:34
Mando Hapli Hendung :)

SEPTIKA MULARIDA
22 Jan 2014 11:04:55
SEPT..... :)

RUDY ARYANTO HADIKUSUMO
20 Jan 2014 11:21:30
Jangan banjur please

AGUS TRI WALUYO
20 Jan 2014 11:18:04
srtaga hajar mba nambah dekes

HENRY KRISHHA
20 Jan 2014 08:27:47
Sakura Cerah

Dhiyah Piliablika Sari
20 Jan 2014 04:07:23
selam kenal juga para Danamoners

BATNA PUSPITA DEWI
20 Jan 2014 04:00:28

KAMU'....KAMU'....KAMU' LAGI?

[View All Shows](#)

Danamon Press Release

DANAMON PARTNERS WITH SILVER BIRD
Tue, 03/12/13 - Posted By: KEZIA PINGKAN JOVANKA

IFC Partners with Danamon to Support SME Growth in Indonesia
Thu, 01/11/13 - Posted By: KEZIA PINGKAN JOVANKA

Pemenang Red Match Kartu Danamon Manchester United Menyaksikan Big Match Manchester United Melawan Arsenal di Old Trafford
Thu, 14/11/13 - Posted By: KEZIA PINGKAN JOVANKA

[View All >>](#)

Media Monitoring

Adira Insurance premium income up 12%
Thu, 02/01/14 - Posted By: KEZIA PINGKAN JOVANKA

Danamon supports supervision by OJK
Thu, 08/01/14 - Posted By: KEZIA PINGKAN JOVANKA

Adira Insurance books Rp1.6 trillion premium income
Fri, 20/12/13 - Posted By: KEZIA PINGKAN JOVANKA

[View All >>](#)

Gallery

[Layanan WHISTLEBLOWER](#)

[Employee Engagement Survey 2013](#)

Generasi Terbaru Internet Banking
[LOG ON](#)
<https://www.danamonline.com>

Currency

Kurs	Beli	Jual
USD	12114	12144
SGD	9493	9537
HKD	1595	1572
JPY	126.21	126.96
GBP	1859	1909
AUD	10652	10710
NZD	9975	10048
EUR	16384	16477
CHF	13174	13372

Update: Rp. 20 Januari 2014

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Spirit, the Internal Magazine

Danamon's internal communication is completed in the form of a magazine titled "Spirit", which is circulated periodically among all employees. The magazine contains messages from the Board of Directors, announcements about product and service launches, and inspiring articles.

Danamon has published 9 issues of the magazine during 2013, with the following themes:

Edisi	Tema
1	Energetic! Sebar Semangat untuk Bisa!
2	Learn Today, Act Now!
3	Sinergi 1+1 >2
4	Passion and Perfection
5	Bisa!
6	Unity in Diversity
7	Live, Lead, Love
8	Caring
9	See the opportunity in every challenge: OPTIMIST!

Sample cover of Spirit Magazine, 2013 edition



Corporate Governance Implementation Report

E-Mail Blast

This communication medium disseminates mass information through emails, with a controlled delivery method. The emails are dispatched to all employees or to a specific group of employees.

The types of information covered in an e-mail blast include messages from the Directors, corporate information or HR/division policies and product information. A total of 745 email blasts were circulated during 2013.

Sample of email blasts in 2013:



Corporate Governance Implementation Report

Live Chat with Our Director

“Live Chat with Our Director” is a direct communications program with one members of Danamon’s Board of Directors. The program is implemented through chatting facilities on Danamon’s portal. In 2013, 11 programs were conducted, as follows:

Date	Director
22 January 2013	Michellina Triwardhany
20 February 2013	Herry Hykmanto
15 March 2013	Minhari Handikusuma
30 April 2013	Pradip Chhadva
31 May 2013	Satinder Pal Singh Ahluwalia
20 June 2013	Kanchan Nijasure
23 July 2013	Ali Yong
20 September 2013	Muliadi Rahardja
18 Oktober 2013	Fransiska Oei
29 November 2013	Michellina Triwardhany
18 December 2013	Herry Hykmanto



Live Chat with Our Director
Muliadi Rahardja – 19 September 2013

Skip Level Meeting

An internal meeting forum, between the President Director of Danamon and several senior employees, at one or two levels under the Board of Directors. In 2013, the Skip Level Meeting was conducted four times and participated by in 52 employees.

Corporate Governance Implementation Report



Skip Level Meeting – 21 March 2013

Planning and Control

The Planning and Control Unit is engaged in ensuring proper implementation of all operations, processes and activities by Public Affairs, in accordance with its work plan and annual budget, so as to avoid any residual risks that may adversely impact the business continuity of Danamon.

Corporate Governance Implementation Report

DANAMON ACCESS CENTER (DAC)

In an effort to improve its service to customers, and in order to facilitate Danamon's customers in Indonesia when they wish to contact the Call Center, the Bank has launched the Danamon Access Center, or DAC, a customer service unit which can be accessed 24 hours via number 500-090. The DAC team is always ready to provide services required by customers, from data information to complaint settlement.

In 2013, DAC implemented its integrated customer service system, known as 'D'Connect', connecting all branches and units in the Bank to monitor all information on customer input in real time.

DAC further changed the number of its Call Center service to a single number, 500-090, to facilitate Bank customers across Indonesia in their effort to contact the Call Center.

DAC hard work in improving the standard of service yielded good results. In 2013, DAC managed to achieve a ranking of 6th in Phone Banking Machine category and 8th in the category of Phone Banking Officer services, as adjudged by MRI (Market Research Indonesia).

On its CCSEI (Contact Center Service Excellence Index) version, DAC successfully improved its standing in the category of Banking and Credit Card services, from 'Good' in 2012 to 'Excellent' in 2013.

A 'Satisfactory' assessment for DAC has been given by SGS for the Bank's Surveillance ISO 9001:2008 implementation in 2013.

Customer Complaint Category

We take into account complaint settlement, as we believe if a problem is properly managed and well resolved, customer confidence will be restored and satisfaction will also be improved.

Customer complaints are categorized into two varieties, as follows:

1. 'Quick Kill', a direct complaint settlement, which will be handled by a frontliner immediately.
2. 'Non Quick Kill', an indirect complaint settlement, which will be handled by the Customer Care team.

DAC Customer Care

DAC Customer Care is a centralized customer complaints service units. Complaints can be filed through various channels, such as the Call Center, Correspondence, Branches and other Banking divisions. As a settlement measure, the customer will be informed of the time frame required, in accordance with the problem.

DAC and the Service Quality team will periodically conduct a review of existing problems for feedback to relevant units, as a basis for improvement of processes or services within their area of concern. In addition, problems and their settlement will be reported periodically to Bank Management.

Corporate Governance Implementation Report

Customer Complaint Settlement in 2013

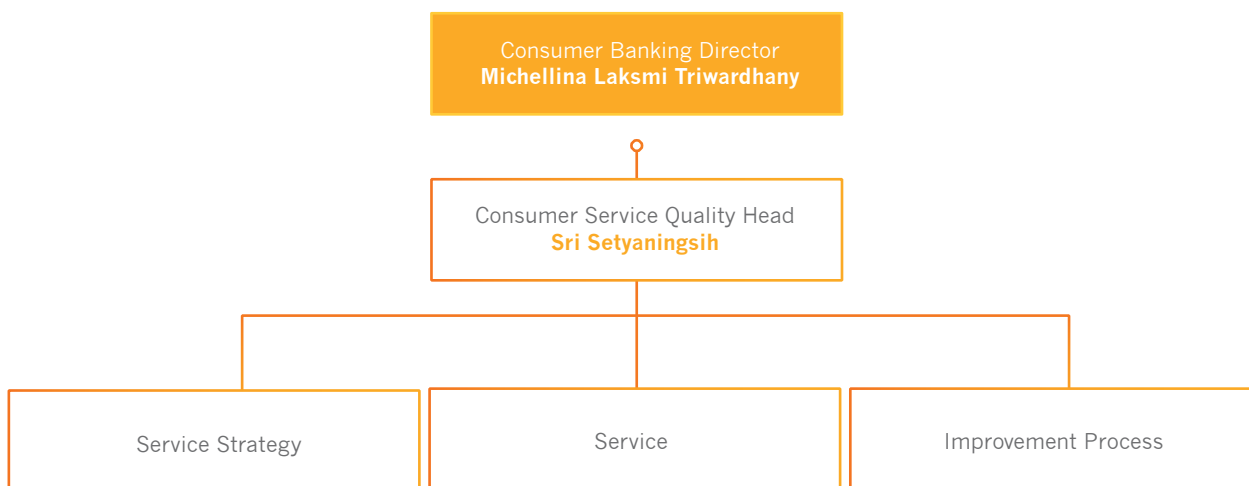
REASONS OF COMPLAINTS	Non Payment System	Payment System Related	Total
	(a)	(b)	(c)
1. Customers' understanding of product characteristic	1,002	2,136	3,138
2. Insufficient product information	502	942	1,444
3. Interference on devices and IT system	1,387	2,490	3,877
4. Interference on ATM / payment point	1,680	4,991	6,671
5. Adjustment / Contract termination / Agreement / Contract	325	155	480
6. Customers' Failure	1,429	1,509	2,938
7. Bank's Failure	273	3,348	3,621
8. Banking Crime	302	14	316
9. Others (please state)			0
10. Settlement/ Dispute through mediation	1		1
11. Settlement / Dispute through court	1		1
Total	6,902	15,585	22,487

PRODUCT TYPE		CATEGORY OF ISSUE						
		Interest / Profit Sharing / Profit Margin	Fine / Penalty	Administration Fee / Provision/ Transaction	Failure / Transaction Pending	Total Billing/ Balance	Others	Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1. Funding								
1.1	Current Account	5	4	12	54	19		94
1.2	Saving Account	5	217	60	2,724	443	305	3,754
1.3	Time Deposit	5			2	6		13
1.4	Inter Bank				3			3
1.5	Others (state)					2	1,029	1,031
2. Lending								
2.1	Credit / Financing							
	2.1.1 Invesment credit / financing				1	3		4
	2.1.2 Working Capital Credit/ financing		2	2	3	3		10
	2.1.3 Consumption Credit/ Financing	28	202	86	216	393	382	1,307
	Non-Credit Card							
2.2	Inter Bank							
2.3	Others (state)							

Corporate Governance Implementation Report

PRODUCT TYPE	CATEGORY OF ISSUE						
	Interest / Profit Sharing / Profit Margin	Fine / Penalty	Administration Fee / Provision / Transaction	Failure / Transaction Pending	Total Billing / Balance	Others	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
3. Payment System							
3.1 ATM / Debit Card	11	7	524	4,142	3,894		8,578
3.2 Credit Card	20	3,465	178	389	1,445	800	6,297
3.3 Pre paid Card			1	5			6
3.4 Direct Debit			20	62	23		105
3.5 Standing Instruction				2			2
3.6 Travellers Cheque				1			1
3.7 Clearance		1	2	57	18	106	184
3.8 RTGS		1	12	65	11	10	99
3.9 Electronic Banking			3	31	34	222	290
3.10 Remittance	8	1	2	11	1		23
3.11 Others (state) IVR							0
4. Produk Kerjasama							
4.1 Bancassurance	80		204	94	262	43	683
4.2 Mutual Fund			1				1
4.3 Others (state)							0
5. Other Products							
5.1 Bank Guarantee							0
5.2 Trade Finance							0
5.3 Derivative							0
5.4 Wealth Management							0
5.5 Safe Deposit							0
5.6 Others (state)							0
Obligation ORI							0
						Total	22,485

Corporate Governance Implementation Report

CONSUMER SERVICE QUALITY (CSQ)**CSQ Organizational Structure**

The Bank has hosted various activities to improve service and to implement a service culture through Consumer Service Quality in 2013:

Service Program:

- Happy Hour, (Branches: 193, Participants: 3,387)
- Board of Directors Meet & Greet Customers in Branches (Directors: 8)
- Branch Monitoring Program, (Branches: 114, Directors: 11, Mentors: 42 Senior Management personnel)
- Certification Frontliners

Service Measurement survey with third party

Service Competition certifies appreciation for good service, such as:

- The Rising Star 2013 – Service Golden Ticket.
- Process Improvement Competition.
- E-Channel Competition.

Service Training in an effort to improve capability and knowledge, such as:

- Communication Skills Service
- Complaint Handling Service
- Service Strategy & Technical Skills
- Service Excellence for Leaders

The Improvement Process includes simplification of transactions at Tellers and SSO (Sales & Service Officer)

During 2013, a total of 7,320 frontliners (Retail Banking, Operations, SMEs, Danamon Access Center) from across Indonesia received Consumer Service Quality training.

Corporate Governance Implementation Report

The following awards were received in 2013 for banking services, from various parties:

1. “Excellent” category for Banking and Credit Card service, by CCSEI (Contact Center Service Excellence Index), improved from “Good” in 2012.
2. “Satisfactory” category from SGS Surveillance ISO 9001:2008.
3. Ranked 2nd of The Best Banks in Bandung and Ranked 5th of the Best Banks in Jakarta, for the Overall Service Quality 2012/2013 based on the valuation of ISMS (Institute of Service Management Studies).
4. Danamon Manado received The Best of Manado Service Excellence Champion 2013, at the 2013 Service Excellence Champion Awards, held by Insight.
5. Danamon Bali and Balikpapan received 2013 Service Excellence Champion for the Conventional Bank category (Assets under Rp150 billion), at the 2013 Service Excellence Champion Award, held by Markplus Insight.
6. Ranked 5th in the category of Phone Banking Officer service, by MRI (Market Research Indonesia).
7. Ranked 6th in the Excellence Service Experience Award (ESEA) 2013 held by Carre CCSL & Business Indonesia.

CORPORATE CULTURE

Danamon implemented several initiatives to establish a positive corporate culture and build a conducive working environment, encouraging a productive work ethic. In accordance with the Vision and Mission of Danamon, the Bank offers a dynamic working environment, in order to encourage employees to contribute optimally.

Principles of Corporate Culture

Every Danamoner is required to have high morale, in accordance with the Danamon Brand Promise, namely ‘For You, we Can’. In addition, employees are also encouraged to be able to apply Danamon’s core values: **Caring, Honesty, Passion for the best, Teamwork, Discipline in Professionalism.**

Corporate Governance Implementation Report

CODE OF ETHICS

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

The consequences of violations of the Code of Ethics will be sanctions up to termination of employment.

Code of Ethics Principles

A Code of Ethics is prepared by referring to the Bank's core values. Danamon's Code of Ethics principally regulates the following:

1. Employee Relations with the Bank, which includes:
 - a. Employment status
 - b. Protection and the use of the Bank's property
 - c. Family relations
 - d. Employee recruitment selection
2. Employee Relations with Other Parties, which includes:
 - a. Third Party Relations
 - b. Giving and Receiving Gifts
 - c. Entertainment
 - d. Protection and the use of customers' property, Relations and Partners
 - e. Bribes
 - f. Activities outside company premises
3. Relations Between Employee
 - a. Teamwork Ethics
 - b. Marriage between Employees

Code of Ethics Implementation

Every employee, member of the Board of Directors or the Board of Commissioners is required to understand, appreciate and carry out the Code of Ethics as the foundation of morals, attitudes and ethics, in their actions and behaviour.

Distribution, Enforcement and Sanction Related to Code of Ethics

In its implementation, each employee has signed a Code of Ethics Statement submitted to the Division of Human Resources (HR) at Head Office/Regional. The Head of Unit disseminates the Code of Ethics to employees under his/her coordination, and employees shall report to his/her immediate supervisor, or the Head of Unit and/or local HR, in the event of any breach, or attempted breach, of the Code of Ethics. In addition, the code of ethics becomes part of the performance appraisal process carried out every semester.

The consequences of a serious breach of the code of ethics can be sanctions, up to termination of employment.

Corporate Governance Implementation Report

WHISTLEBLOWING SYSTEM

A Whistleblowing System is a communication channel for employees, customers, vendors, third-party agencies, and other parties to report suspected fraud associated with action, crime, and violation of the Bank's Code of Conduct, involving an employee of the Bank and/or other parties associated with the Bank. Danamon applies a Whistleblowing System as a commitment of the Bank to the implementation of Good Corporate Governance and to ensure the integrity of business practices.

Whistleblower Policy

Danamon's whistleblower policy is set by the Decree of Directors No. Kep: DIR-COMP-025 dated 7 December 2012. Whistleblower policies ensure the fulfillment of the fundamental principle that all information submitted is confidential, that any whistleblower will receive protection, and that all information reported will be subjected to a due diligence process or further investigation. This policy applies not only to employees but also applies to Directors, Commissioners, Independent Parties or Other Third Parties.

A Whistleblower Policy is also expected to drive checks and balances of all parties in the Bank, so as to raise awareness and deter fraud, violations, and abuse of authority. Implementation of a consistent and firm policy will be an effort to maintain sustainable, transparent business practices, adherence to rules and regulations and uphold ethics of the Bank.

Whistleblowing Reports: Submission

Reports can be submitted by a whistleblower (employees or third parties) through fax or email communication addressed to:

Internal Audit Work Unit

Human Resources Division/Compliance Work Unit

No Fax: +62 21 25505950

Email: fraud@danamon.co.id

Email: whistleblower@danamon.co.id

For breaches or potential violations committed by members of the Board of Commissioners or Board of Directors, in addition to the above communication, the whistleblower can also submit a written report, addressed in a sealed envelop to the Chairman of the Audit Committee (Independent Commissioner).

Every report must be completed with:

1. Indication of the names involved in violations or potential violations
2. Event chronology
3. Time and place

Protection for Whistleblower

Danamon is committed to providing protection to the whistleblower, in order to foster a sense of security and to encourage the whistleblower to come forward to report the violations. This protection is provided in the form of:

1. Confidentiality protection of the whistleblower's identity, including information that can be used to contact the whistleblower.
2. Protection against retaliation from the reported party or other parties who have an interest in the matter.
3. Protection from pressure, the rights as an employee, a lawsuit, or loss of possessions to physical action.

Corporate Governance Implementation Report

4. Protection is applied to the whistleblower and can also be extended to the family members of the whistleblower.

In addition, Danamon also provides legal protection in accordance with prevailing rules and regulations. This commitment includes protection from criminal prosecution and/or civil, protection and personal security for his or her family from physical and/or mental threats.

Whistleblowing Handling and Its Management

The Internal Audit Unit, Human Resources and/or the Compliance Unit serves to receive the reports will evaluate and determine whether reports received should be further processed to a stage of investigation or forwarded to the appropriate party.

The investigation process upholds the presumption of innocence and objectivity. To maintain audit objectivity, investigation of a potential breach is conducted by an independent Internal Investigation team. The Report of the Investigation and its supporting evidence is conveyed to the Board of Directors and Audit Committee periodically.

The Investigation Report will be used as a basis for decisions and and/or sanctions. Furthermore, any parties or persons proved to have violated the Code of Conduct will be given sanctions in accordance with applicable laws and regulations and/or appropriate internal regulations of the Bank. To maintain objectivity, the sanctions are conducted by the Fraud Committee at Headquarters and Regional levels.

Whistleblowing Handling Results 2013

Throughout 2013, Danamon received 241 reports via the whistle-blowing channels and these had been investigated. By the end of 2013, 156 cases had been investigated and of which, 97 were fraud cases whilst 59 were non fraud cases. In addition, 85 cases were in the process of investigation.

LOB / Subsidiaries	Total Number of Whistleblowing Alerts Received	Whistleblowing Alerts Status			
		Total Closed	Closed Proven As Fraud	Not Proven As Fraud	In Investigation Process
Danamon Conventional	222	143	84	59	79
Syariah Business Unit	6	6	6	-	-
Subsidiaries	13	7	7	-	6
Total	241	156	97	59	85

Danamon considers that the implementation of the whistleblower policy has been effective as a means of disclosure of fraud.

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GCG SELF ASSESSMENT

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

The assessment is conducted on the quality of bank management, focusing on the comprehensive and structured implementation of corporate governance principles. This is integrated into 3 (three) aspects of governance: governance structure, governance processes, and governance outcomes.

GCG SELF ASSESSMENT REPORT

SELF ASSESSMENT REPORT GOOD CORPORATE GOVERNANCE (GCG) IMPLEMENTATION

Bank : PT Bank Danamon Indonesia, Tbk.
Position : Per December 2013

GCG Implementation Self Assessment Results

	Rating	Rating Definition
Individual	2	Indicates that the Bank's management has implemented Good Corporate Governance well. This is reflected from the adequate fulfillment of Good Corporate Governance principles. Any weaknesses in the implementation of Good Corporate Governance principles are in general not significant, and can be resolved through normal measures by the Bank's management.

Analysis

GCG implementation in the Bank in 2013 is considered "Good". Danamon has the structure and adequate infrastructure to support implementation of good governance principles as well as meeting the expectations of stakeholders. The following are indicators that support the effectiveness of the Bank's good governance in governance structure, governance process and governance outcomes:

- The requirements of the Board of Commissioners, the Board of Directors and committees are in accordance with regulations.
- Adequacy in duties, responsibilities and functions of the organs of the Bank, as applied in writing, in the form of policies, guidelines and charters. These policies, procedures and management information systems support the Bank's operations.
- A risk management framework and adequate internal control ensures that the Bank can control and mitigate its risks.
- Functions, duties and responsibilities of the Bank's organs have been implemented satisfactorily resulting in an optimal supervisory and control functions.
- Provision of training facilities for employees.
- Sufficient transparency in the GCG implementation of Danamon.
- Sufficient disclosure and dissemination of information on GCG implementation.

There is no significant weaknesses and the ones uncovered can be resolved. Danamon will continue to take corrective measures in order to minimize any errors.

Corporate Governance Implementation Report

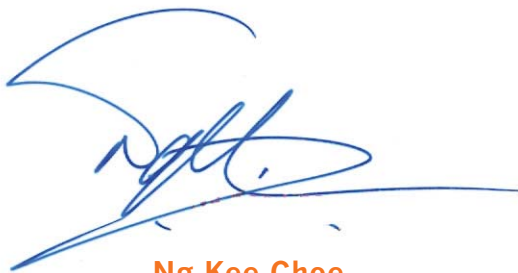
GCG AWARDS

As a result of good, consistent and disciplined GCG implementation, Danamon received the following awards in 2013:

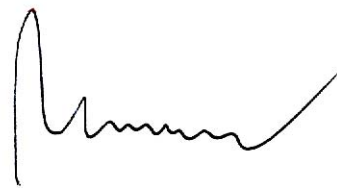
1. Best Overall Award – ASEAN Corporate Governance Scorecard from the Indonesian Institute of Corporate Directorship (IICD) in 2013.
2. 2nd Rank of the “Annual Report Award 2012” Listed Financial Private Category

STATEMENT OF GCG PRINCIPLES IMPLEMENTATION

All members of the Board of Commissioners, Directors and employees of the Bank have implemented Good Corporate Governance principles and there are no material breaches towards prevailing laws and regulations.

**Ng Kee Choe**

President Commissioner

**Henry Ho Hon Cheong**

President Director

Syariah Corporate Governance



Danamon Syariah Business Unit is committed to maintain its active role in implementing Good Corporate Governance through consistent implementation of Syariah Banking principals and regulation.

Preface

PREFACE

The implementation of Good Corporate Governance remains in Danamon UUS's Agenda in 2013 in adherence to Bank Indonesia's Regulation ('PBI') No. 11/33/PBI/2009 dated December 7, 2009 and Bank Indonesia's Circular ('SEBI') No. 12/13/DPbS dated April 30, 2010 on Good Corporate Governance implementation ('GCG') for Commercial Banks and Syariah Business Unit ('UUS').

The year 2013 stood as the grounding year for Danamon to market UUS products so that all office networks of 160 Branch Offices comprising 25 Syariah Branches ('KCS'), 135 Syariah Sub Branch ('KCPS') and 178 Syariah services can offer a range of funding products, UUS Danamon financing products and services, so that they can propel UUS Danamon to achieve its goals, namely:

1. To be the bank of choice, for both emotional and rational client segments.
2. To achieve profitable and sustainable business that serves the investor and shareholder's investment purpose.
3. To adopt strong risk platformed business based on Syariah principles.

The followings are UUS Danamon activities in 2013 in adherence to the fundamental principles of GCG:

1. Reorganizing in several working units by UUS management through review, consolidation and coordination aimed at improving their performances. This initiative reflects the commitment of UUS Director to optimizing their duties and responsibilities for attaining UUS stronger growth in future;
2. Conducting trainings for all UUS Danamon employees on Syariah principles, technical and risk management trainings on UUS Danamon premium products so that these products can be sold through all UUS Danamon networks. This initiative represents an effort to optimize the application of Syariah principles within funding and lending activities;
3. Promoting UUS performance in 2013 to be more active and taking more roles in the process of UUS Danamon new products. This initiative represents the commitment from UUS Danamon SSB to giving their best contributions.
4. Providing more focus and transparent guidelines/policies in selecting and screening the client's segmentation based on their market potential, as such product marketing can be maximized. This step reflects the implementation of transparency policy as one of the GCG principles.

Syariah Supervisory Board (SSB)

1. SYARIAH SUPERVISORY BOARD (SSB)

1.1 Number and Composition of Syariah Supervisory Board

There was no change in the Board's composition in 2013 and the following is the composition of UUS Danamon Syariah Supervisory Board:

1. Prof. Dr. H.M. Din Syamsuddin (Chairman)
2. Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (Member)
3. Dr. Hasanudin, M.Ag (Member)

1.2 Concurrent Position of Syariah Supervisory Board Members at other Syariah Financial Institutions

Every member of UUS Danamon Syariah Supervisory Board has been complied with PBI regulation No.11/10/PBI/2009 on Syariah Business Unit juncto PBI No.15/54/PBI/2013 on the Amendment of PBI No.11/10/PBI/2009 on Syariah Business Unit.

In 2013, the concurrent positions of UUS Danamon Syariah Supervisory Board remains unchanged as 2012 as seen in the following table:

Name	Position with Other Company	Company Name
Prof. Dr. H.M. Din Syamsuddin (Chairman)	DPS	Bank Bukopin
Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (Member)	DPS DPS DPS	a) Asuransi Bintang b) Asuransi Manulife c) BPRS Harta Insan Karimah Bekasi
Dr. Hasanudin, M.Ag (Member)	DPS DPS DPS	a) BNI Syariah b) Asuransi Tugu Pratama c) Asuransi Re-Indo

Syariah Supervisory Board (SSB)

1.3 SSB Work Programs 2013

1. SSB to convene at least 12 (twelve) times in a year to discuss the Syariah compliance issue, new product launching proposals and opinion request on some conditions occurred in daily operations.
2. To conduct periodic review and monitoring on the compliance of Syariah Principles with funding and lending mechanisms as well as UUS service by conducting sampling test on several funding and lending clients.
3. To promote communication with UUS Danamon Syariah Assurance Division in every activity conducted by SSB of UUS Danamon (such as SSB opinion request), to evaluate and seek clarifications from UUS Danamon authorized officials on required matters.
4. To prepare SSB Bi-annual Evaluation Report to be submitted to Bank Indonesia, with copies for DSN-MUI, Board of Commissioners, UUS Danamon Directors, Internal Audit Unit and Compliance Unit.
5. To attain more information/ knowledge by optimizing SSB's potentials through various trainings and workshops that can drive UUS Danamon growth.
6. To provide advices and recommendations for UUS Danamon Director in particular and Danamon Management in general, so that improvements, Syariah principal compliance and UUS Danamon growth and development can be achieved.

1.4 SSB Performance in 2013 :

1. In 2013, the SSB held 16 (sixteen) meetings with agenda as stated in this following table:

Syariah Supervisory Board (SSB)

No	Day & Date	Venue	Agenda	Attendees
1.	Tuesday, 22 January 2013	MBD	1. Update on UUS Danamon performance (2012 Result and 2013 Business Plan). 2. Sharing session on Sanawi SSB VIII 2012 by Mr. Karnaen 3. Sharing session on Annuity by Mr. Hasanudin 4. Update on UUS Danamon and other issues related to Danamon SSB.	1. Prof. Dr. Din Syamsuddin 2. Dr. Hasanudin. M.Ag 3. Drs. Karnaen A Perwataatmadja MPA., FIIS
2.	Wednesday, 23 January 2013	MBD	1. Syariah Current Account Financing ('SCAF iB') 2. Early repayment in Syariah mortgage	Dr. Hasanudin. M.Ag.
3.	Friday, 1 February 2013	MBD	Further discussion on SCAF iB (Syariah scheme)	Dr. Hasanudin. M.Ag.
4.	Thursday, 21 February 2013	MBD	1. Update on UUS Danamon performance report 2. Amendment on akad murabahah (SES) 3. SSB opinion request on IMBT 4. SSB opinion request on Mudharabah financing & Gold Collateral Murabahah 5. Update on issue on UUS Danamon	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
5.	Thursday, 21 March 2013	MBD	1. Update on UUS Danamon performance report 2. Internal Control's findings on SES branch.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
6.	Tuesday, 23 April 2013	MBD	1. Update on UUS Danamon performance report 2. Update on Policy No.17 on Cooperative 3. Simulation on IMBT financing	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja
7.	Monday, 27 May 2013	MBD	1. Update on UUS Danamon performance report 2. SES Investment Portfolio	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja

Syariah Supervisory Board (SSB)

No	Day & Date	Venue	Agenda	Attendees
8.	Friday, 21 June 2013	MBD	<ol style="list-style-type: none"> 1. Update on UUS Danamon performance report 2. I Card product presentation– partnership UUS Danamon and Rumah Zakat 	<ol style="list-style-type: none"> 1. Prof. Dr. Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs. Karnaen A Perwataatmadja MPA., FIIS
9.	Monday, 8 July 2013	MBD	<ol style="list-style-type: none"> 1. Discussion on Syariahh Policy & Procedure 2. Opinion Discussion on SSB partnership with Rumah Zakat (I Card product) 3. Others 	<ol style="list-style-type: none"> 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
10.	Monday, 29 July 2013	MBD	<ol style="list-style-type: none"> 1. Update on UUS Danamon performance 2. Loan Loss Provision (CKPN) 3. Update on issues within UUS Danamon 	<ol style="list-style-type: none"> 1. Prof. Dr. Din Syamsudin 2. Drs. Karnaen A Perwataatmadja MPA., FIIS Dr. Hasanudin. M.Ag.
11.	Thursday, 29 August 2013	MBD	<ol style="list-style-type: none"> 1. Update on UUS Danamon performance 2. Update on issues within UUS Danamon 	<ol style="list-style-type: none"> 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS Dr. Hasanudin. M.Ag.
12.	Thursday, 26 September 2013	MBD	<ol style="list-style-type: none"> 1. Update on UUS Danamon performance 2. Study on the Constitutional Court's Decision pertaining to Dispute Resolutions within Syariah Banking 3. Update on issues within UUS Danamon 	<ol style="list-style-type: none"> 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS Dr. Hasanudin. M.Ag.
13	Thursday, 10 October 2013	MBD	PLN Account for Electricity Payments within Syariah's frameworks.	Dr. Hasanudin. M.Ag.
14	Monday, 21 October 2013	MBD	PLN Account for Electricity Payments within Syariah's frameworks.	Drs. Karnaen A Perwataatmadja MPA., FIIS
15.	Tuesday, 22 October 2013	MBD	<ol style="list-style-type: none"> 1. Update on UUS Danamon Performance 2. Musyarakah Mutanaqisah (MMQ) 3. Update on issues within Danamon BRU 	<ol style="list-style-type: none"> 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS.
16.	Thursday, 19 December 2013	MBD	<ol style="list-style-type: none"> 1. Update on UUS Danamon Performance 2. Update on issues within Danamon BRU 	<ol style="list-style-type: none"> 1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS.

Syariah Supervisory Board (SSB)

The table above shows that SSB has conducted 16 (sixteen) meetings throughout 2013 with attendance rate as shown in the following table :

Name	Total Attendance
1. Prof. Dr. H. M. Din Syamsuddin	3
2. Drs H. Karnaen A. Perwataatmadja, MPA, FIIIS	13
3. Dr. Hasanudin, M. Ag	14

Therefore, the SSB meetings throughout 2013 have complied with Bank Indonesia's regulation.

The SSB meeting's resolutions are taken through consensus. The resolutions are recorded in Minutes of Meeting, completely documented and submitted to UUS Danamon Director and or management further implementation.

2. Conducted periodic review and evaluation on Syariah compliance and sampling on fund acquisition and channeling, the agreements of fund acquisition and channeling, as well as on operational policy and procedures to ensure the compliance between Syariah and implementation at operational level.

In 2013, the SSB has conducted a sampling on 260 (two hundred and sixty) funding and lending clients comprising :

- 20 funding clients;
- 90 employee cooperatives;
- 90 commercial clients/SME; and
- 60 Syariah Gold Solution clients

Syariah Supervisory Board (SSB)

Out of 260 clients, SSB has selected 75 (seventy five) clients with lowest, medium and highest funding range, with the following breakdown :

- 14 funding clients,
- 19 employee cooperatives;
- 28 commercial clients/ SME; and
- 14 Syariah Gold Solution clients;

3. During 2013, SSB has maintained coordination with Syariah Assurance Division to support its function by issuing 18 (eighteen) SSB's opinions as follows:

No	Topic
1	Request for SSB's opinion on Mudharabah and Gold-Backed Securities Murabahah financing
2	Request for SSB's opinion on IMBT financing (i)
3	Request for SSB's opinion on IMBT financing (ii)
4	Request for SSB's opinion on Non Syariah for Property All Risk Insurance Coverage
5	Request for SSB's opinion on 'Giro Bisa iB' product
6	Request for SSB's opinion on IMBT Rental Financing Simulation
7	Request for SSB's opinion on Specific Clients
8	Request for SSB's opinion on IMBT agreement
9	Request for SSB's opinion on Auto Debet for Infaq to Ruman Zakat
10	Request for SSB's opinion on Syariah Treasury Policy & Procedure
11	Request for Opinion on Annual Evaluation on Program Product of Syariah Gold Pawning Solution
12	Request for ppinion on Annual Evaluation on Program Product of Gold Ownership Solution "Solusi Emas Murni" Financing
13	Request for opinion on Non Syariah Insurance for Specific Clients Coverage
14	Request for Opinion on PLN Account for electricity-bills payment account
15	Request for opinion on SSB as Loan Loss Reserve Calculation for Syariah financing
16	Request for Opinion on Social Funding Usage for specific clients.
17	SSB's opinion addendum on IMBT Financing Product No: S.054/BDI-UUS/0313/IL
18	SSB's opinion on BIGSAVE Saving Account

Syariah Supervisory Board (SSB)

4. Submitted SSB's monitoring report bi-annually to Bank Indonesia, with copies to National Syariah Board-MUI, Board of Commissioners, UUS Danamon Director, Internal Audit Unit and Compliance Division.
5. In 2013, UUS Danamon SSB has attended various trainings/workshops to develop their potentials, as follows:

No	Training/Workshop
1	SSB Certification Training Level 2, Batch 1/ 2013, on 19-21 November 2013 at Grand Alia Hotel - Jakarta Participant: Drs Karnaen Perwataatmadja MPA., FIIS
2	SSB Ijtima Tsanawi Batch IX/ 2013, on 9-12 December 2013 at Ussu Grand Hotel – Puncak, Cisarua, discussing important and current issues within Syariah banking industry. Participants: - Dr. Hasanudin. M.Ag. - Drs. Karnaen A Perwataatmadja MPA., FIIS

6. Provided advisory and recommendation to UUS Danamon Director on regular monthly SSB meeting or at any other occasions on Syariah principles compliance and growth as well as UUS Danamon improvement and development purpose. The advices and recommendations are expected to provide UUS Danamon with insights so that they can fulfill performance requirements and be complied with the prevailing regulations, particularly on Syariah principles.

1.5 Monitoring by the Syariah Supervisory Board

The Monitoring Report of Syariah Supervisory Board was reported to Bank Indonesia, with copies to Compliance Division, Internal Audit Unit, PT. Bank Danamon Ltd's Board of Directors and Board of Commissioners as well as DSN-MUI through SSB Monitoring Report for 2 periods, January 2013 - June 2013 and July 2013 - December 2013. The Monitoring Report consists of:

- a. Financial Report and Branch Network, Product & Human Resources Development during monitoring period.
- b. Product Development Monitoring Working Paper
- c. Bank Activity Monitoring Working Paper
- d. SSB's issued opinion during monitoring period.

Syariah Supervisory Board (SSB)

In addition to conducting monitoring, the SSB also provides recommendation, advice and suggestion, to the Board of Directors of PT. Bank Danamon Indonesia, Tbk and management of UUS in the form of Syariah Opinions issued by SBB as required by the management on regular basis.

1.6 The Syariah Supervisory Board's Guidance and Policy

Similar with 2012, in 2013 no revision was made on the Syariah Supervisory Board's Guidance and Policy that was established on November 11, 2011. However, UUS Danamon will always be comply with the Guidance and Policy of Syariah Supervisory Board with the prevailing regulation should Bank Indonesia or other related institutions issue the new ones.

1.7 The Syariah Supervisory Board's Remuneration

The remuneration and other facilities for UUS Danamon Syariah Supervisory Board are proposed by Danamon's Remuneration Committee and Nomination (REMCO) to be endorsed by Danamon's Extra Ordinary General Shareholder Meeting (EGMS).

Following are the remuneration and other facilities during 2013:

Remuneration and Other Facilities	Amount Received in 1 Year (gross)	
	Number of Persons	Rupiah
1. Remuneration	3	721,049,010
2. Other Facilities	3	Health Insurance Program (including family)

Remuneration *) per person in 1 year	Number of Syariah Supervisory Board Member
> 2 billion Rupiah	-
1 billion - 2 billion Rupiah	-
500 million rupiah - 1 million Rupiah	-
< Rp 500 million	3

Director of Syariah Business Unit

2. DIRECTOR OF SYARIAH BUSINESS UNIT

The Director of UUS Danamon is responsible for managing UUS Danamon in accordance to the duties and responsibilities as stipulated in the Articles of Associations and the prevailing regulations in compliance with GCG, Prudence principles and Syariah principles. UUS Danamon Director therefore, conducts coordination at all organization levels at UUS Danamon so as to implement SBB recommendations or advices received during regular meetings and from the SSB's Monitoring Result.

3. LIST OF LEGAL CONSULTANTS AND ADVISORS HIRED BY UUS

In 2013, UUS Danamon hired 1 (one) legal consultant for a consultation service on Ijarah Muntahiya Bittamlik (IMBT) financing product launching, namely:

Consultant	Job Description
Karimsyah Law Firm Alamanda Tower, Level 27 Jalan TB Simatupang Kav. 23-24 Jakarta 12430, Republic of Indonesia Tel: (+62-21) 2966-0001; Fax: (+62-21) 2966-0007 E-mail: info@karimsyah.com; Website: www.karimsyah.com	Preparing legal opinion on IMBT analysis; Reviewing IMBT financing agreements and related supporting documents.

4. INTERNAL FRAUD

In 2013, some internal frauds in UUS Danamon were recorded which perpetrated by UUS Danamon permanent employees, as shown in this following table:

Internal Fraud in 1 year	Number of Cases					
	BoD		Permanent Employees		Contractual Employees	
	2012	2013	2012	2013	2012	2013
Total Internal Fraud	None	None	None	3	None	None
Completely Resolved	None	None	None	2	None	None
Under Resolution Process by UUS' Internal	None	None	None	None	None	None
Yet to be Proceeded	None	None	None	None	None	None
In Legal Process	None	None	None	1	None	None

Legal Disputes

5. LEGAL DISPUTES

In 2013, legal disputes occurred in UUS Danamon are as follows:

Legal Issue	Total	
	Civil	Criminal
Completely Settled (Acquiring Permanent Legal Effect)	2	None
Under Settlement Process	1	1
Total	3	1

6. DANAMON SYARIAH BUSINESS UNIT (UUS) ACTIVITIES

6.1 Fund Channelings for Social Activities

In accordance to Laws no. 21/ 2008 on Syariah Banking Chapter II pertaining to the Principles, Purposes and Functions, the Bank also carries out social function as stipulated in Article 4 clause 2: "Syariah Bank and Syariah Business Unit may carry out social function in the form of Baitul Maal, receiving funds in the form of Zakat, Charity, Infak and Grants or other social funds and channeling them to zakat managing organizations.

The following is the table on UUS Danamon Qardhul Hasan Fund Channeling in 2013:

No	Date	Amount	Purpose
1	27 February 2013	10,000,000	DKM Al Ihya
2	28 February 2013	99,000,000	Marunda
3	26 March 2013	5,000,000	Library Construction
4	27 March 2013	1,000,000	Free Medical by BMT Umat Sejahtera
5	10 April 2013	5,000,000	iB Vaganza in Medan
6	24 June 2013	10,000,000	Pesantren Sijarussaadah
7	3 July 2013	6,000,000	Free Circumcision by BPRS Bhakti Sumekar
8	4 July 2013	57,000,000	Scholarship Program - Rumah Zakat
9	9 July 2013	5,000,000	Orphanage Donation – IBI
10	9 July 2013	12,076,950	Orphan School Needs
11	18 July 2013	12,500,000	Orphanage in Bekasi & Depok
12	22 July 2013	500,000	Basic Needs Donation by Sharia Board, Solo

Danamon Syariah Business Unit (UUS) Activities

No	Date	Amount	Purpose
13	29 July 2013	3,600,000	Dhuafa Mesjid Al Karomah Martapura
14	1 October 2013	9,000,000	Scholarship for STIKES Muhammadiyah Solo
15	28 November 2013	250,000,000	Million Empowering Program by GRES!
16	28 November 2013	25,000,000	Orphanage by Al Azhar Peduli Umat Foundation
17	16 December 2013	1,397,000	Orphanage of YAPENNATIM Foundation
18	12 December 2013	18,000,000	Scholarship by STIKES Muhammadiyah
19	12 December 2013	29,500,000	Scholarship
20	11 December 2013	10,000,000	Orphanage and Dhuafa of POMG SDIT Thariq Bin Ziyad
21	16 December 2013	500,000	Mass Circumcision by HPUI Foundation
22	16 December 2013	50,399,000	Mass Circumcision by Banch Office in West Java Area

6.2 Recognitions for UUS Danamon

In 2013, UUS Danamon performances have been recognized by these following awards:

- The Best Customer Choice – Bandung Region, Islamic Finance Award & Cup 2013 in Syariah Unit Category (UUS);
- Ranked 4th in Syariah Unit Category (UUS) of 10 Best Syariah Bank with Prime Services, Infobank version, May 2013.

7. NON-HALAL REVENUE AND ALLOCATION

In 2013, there was no non-halal revenue of UUS Danamon.

8. UUS DANAMON 2013 GCG SELF ASSESSMENTS

No.	Factor	Rank (a)	Value (b)	Score (a)x(b)	Status	Note
1	Implementation of Duties and Responsibilities of UUS Director	2	35%	0.70	Good	<ul style="list-style-type: none"> • The Director of UUS Danamon passed the BI's fit & proper test, has no conflict of interest and his appointment has been reported to BI. • The Director of UUS Danamon is responsible for managing UUS Danamon, following up the SSB's recommendations and providing data for SSB's monitoring purpose.

UUS Danamon 2013 GCG Self Assessments

No.	Factor	Rank (a)	Value (b)	Score (a)x(b)	Status	Note
2	Implementations of duties and Responsibilities of Syariah Supervisory Board (SSB).	1	20%	0.20	Excellent	<ul style="list-style-type: none"> 3 SSB's members are deemed of having adequate integrity, competence and reputation, appointed by EGMS based on REMCO and National Syariah Board-MUI's recommendation, with service period that is no longer than BOD's/BOC's. SSB's Concurrent Positions are complied with BI's regulation. SSB has assessed and ensured the Syariah compliance on UUS Danamon products and operational guidelines and submitted the monitoring report in accordance to BI's regulation. SSB has conducted 16 meetings in 2013. The meeting's resolutions were done in amicable consensus, well-documented and submitted to UUS Danamon management's for further follow up. The concurrent position as SSB member at other Syariah financial institution as well as the related remuneration/facilities has been reported in the GCG Implementation Report. SSB members hold no concurrent positions as consultants at all UUS Danamon. Based on SSB's Code of Conducts, SSB members are not allowed to take personal benefits from UUS Danamon.
3	Implementations of Syariah principles in funding acquisition and channeling and service performance.	2	10%	0.20	Good	<ul style="list-style-type: none"> Each product to be launched by UUS Danamon is subjected to be reviewed by Syariah Assurance Division and SSB's opinion is required to ensure product compliance with National Syariah Board-MUI's stipulation. UUS Danamon strived to ensure that the implementation of funding acquisition and channeling and services are in compliance with National Syariah Board-MUI's stipulations and BI's regulations, by conducting periodic review on product policy and internal audit process.
4	Fund channeling for prime financing clients and fund deposits by prime depositors.	2	10%	0.20	Good	<ul style="list-style-type: none"> UUS Danamon has applied prudential principle in funding particularly for prime clients by consistently complied with BI's regulation. UUS Danamon does not provide special treatment to prime borrowers and prime depositors, thus all treatments are referred to UUS Danamon general policy. The Product of UUS Danamon Funding Program has been reviewed periodically minimum once a year. The Prime Borrowers and Prime Depositors lists have been reported to BI in accordance to the prevailing regulation.

Uus Danamon 2013 Gcg Self Assessments

No.	Factor	Rank (a)	Value (b)	Score (a)x(b)	Status	Note
5	Transparency on the financial and non-financial conditions, GCG implementation report and internal report.	1	25%	0.25	Excellent	<ul style="list-style-type: none"> UUS Danamon has prepared the Quarterly Publication Financial Report and published them in national newspaper in accordance to BI's regulation UUS Danamon has stated the target, strategy and development policy in Bank's Business Plan and stated the information on Syariah business development in the Implementation Report of Bank's Business Plan and Bank's Annual Report. UUS Danamon has conducted GCG Self- Assessment and prepared the GCG Implementation Report. UUS Danamon has a good internal reporting at its disposal that provides the data/ information from core system and supporting system. The reporting system is supported by adequate and competent human resources and IT security system in line with Danamon's IT Security procedure.
Composite Value			100%	1.55	Good	
Predicate : Excellent /Good/Fair/Poor *)						

GENERAL CONCLUSION

Based on the GCG self-assessment result in 2013 position, UUS Danamon has achieved 1.55 Composite Grade or equivalent to 'Excellent'.

The GCG implementation at UUS Danamon in 2013 has complied with Bank Indonesia's regulations on GCG as the following:

1. The Director of UUS Danamon has complied with the following required criteria:
 - a. Possessing competence in Syariah sector and is fully committed to the development of UUS Danamon, having no conflict of interest and having passed Bank Indonesia's fit and proper test.
 - b. Conducting and taking follow up actions on SSB's recommendation and continuously providing updates to SSB with data pertaining

to UUS Danamon growth/development and condition on monthly basis during SSB regular meeting.

2. The SSB of UUS Danamon has performed the following Duties and Responsibilities:
 - a. All SSB members of UUS Danamon possess good reputation and competence and have no concurrent positions other than those stipulated in the prevailing regulation;
 - b. SSB meetings were held on regular basis and have surpassed the requirement of the prevailing regulations. They also actively provide opinions, reviews, recommendations and suggestions for every UUS Danamon product. All documentation is well-documented at UUS Danamon.
 - c. Preparing Monitoring Result Report for Bank Indonesia on regular basis.

General Conclusion

3. The followings are the implementation of Syariah principles in Fund Acquisition and Channeling as well as Syariah Service Unit Activities:
 - a. UUS Danamon products are always developed on the basis of National Syariah Board-MUI's stipulations and supported by SSB's opinion;
 - b. UUS Danamon always applies the principles of Syariah and prudence principle in the implementation of their products.
4. The Fund Channeling for Prime Financing Clients and Fund Deposits by Prime Depositors are implemented by complying with the principles of Syariah and prudence. Additionally, UUS Danamon does not offer any special treatment to those prime clients, as the Bank only complies with the prevailing general terms and conditions of fund channeling and fund acquisition.
5. Transparency on UUS condition, GCG Implementation Report and Internal Reports are prepared periodically in a transparent manner in accordance to the prevailing regulation.

In general, the GCG implementation at UUS Danamon in 2013 is deemed satisfactory. This result is made possible by uplifting supports that were extended by the SSB, the management and the employees. A

number of challenges encountered in 2013 such as legal dispute have been well addressed by UUS Danamon. The GCG implementation in the future will need improvements and this will pose as a commitment from UUS Danamon management and the entire employees.

UUS Danamon management will strive to continuously make improvements from lessons learned in 2013, so better achievements can be attained in 2014. The improvement steps include tightening control functions, optimizing the application of prudence principles, continuously reviewing internal regulations and SOPs as well as optimizing the potential of all office networks of UUS Danamon.

In 2014, UUS Danamon is expected to improve its performances and maintain compliance with the principles of Syariah principles, as well as transparency, accountability, responsibility, independency and fairness principles. By applying to all these principles consistently, UUS Danamon contribution to the stakeholders can make a significant improvement.

Unit Usaha Syariah
PT Bank Danamon Indonesia, Tbk.



Herry Hykmanto
Syariah Director