



**Successful Person Focuses On  
Doing The Right Thing**  
(Peter Drucker)





# Corporate Governance

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## ➤ Good Corporate Governance

**“Danamon is committed to implementing and improving the implementation of good corporate governance in accordance with standards, and international exemplary practices that promote financial robustness, assets quality and a winning strategy.”**

### **REFERENCES FOR IMPLEMENTATION OF DANAMON CORPORATE GOVERNANCE**

In implementing its GCG practices, Danamon refers to all applicable laws and regulations, including: OJK Regulation No. 55/POJK.03/2016 on the Implementation of GCG for Commercial Banks; OJK Regulation No. 18/POJK.03/2014 dated November 18, 2014 and OJK Circular Letter on Integrated GCG for Financial Conglomerates; OJK Regulation No. 21/POJK.04/2015 dated November 16, 2015 following OJK Circular Letter on the implementation of GCG Code for Public Companies; OJK regulations governing the GMS, the Board of Directors and the Board of Commissioners, as well as the Committees of the Board of Commissioners; ASEAN Corporate Governance Scorecard; Code of GCG in Indonesia and the Indonesian Banking GCG issued by the National Committee of Governance (NCG).

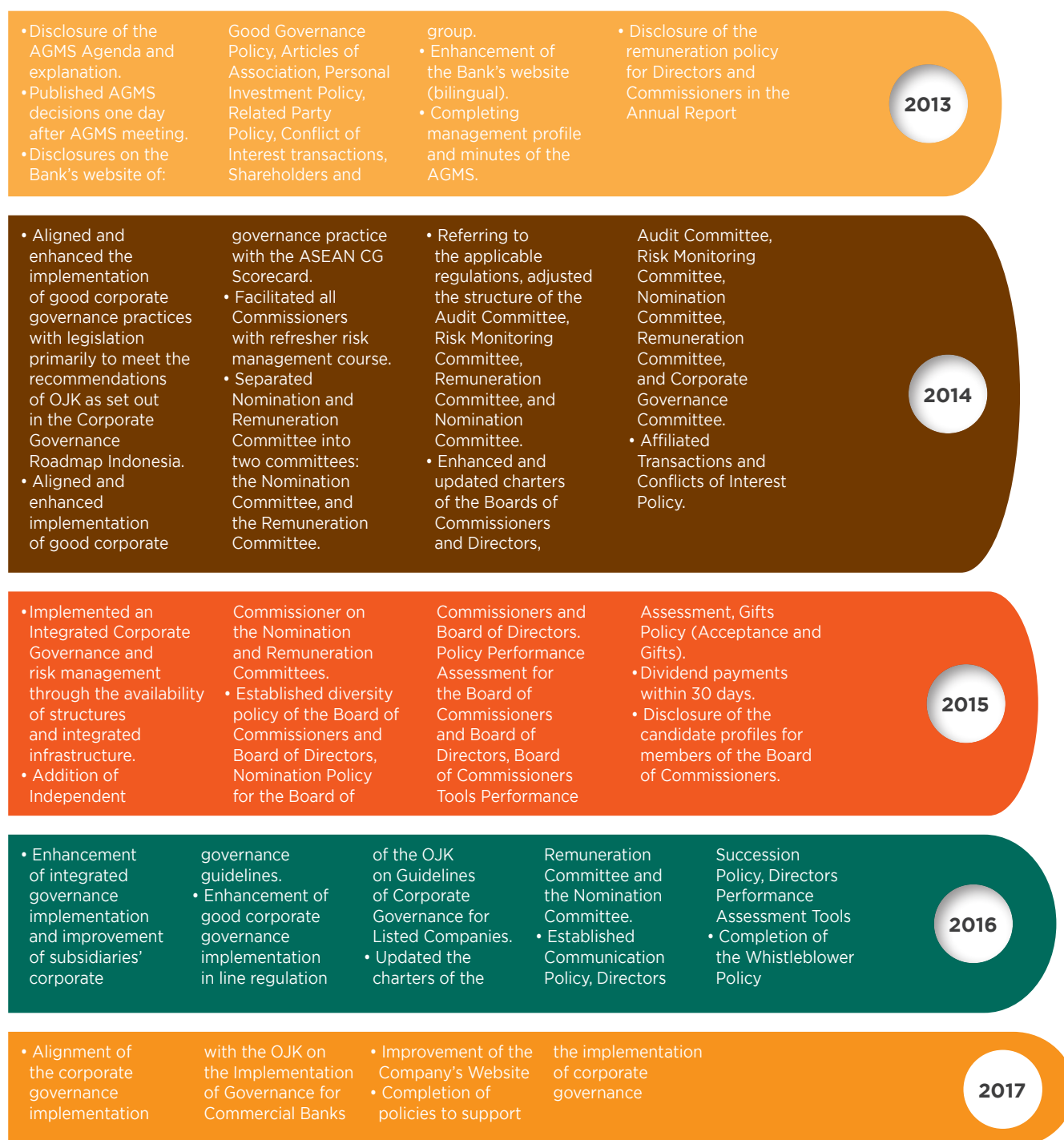
### **DANAMON'S CG IMPLEMENTATION COMMITMENT AND PURPOSE**

The implementation of Danamon's corporate governance through encouraging ethics and integrity in the management of the Bank has consistently aimed to boost performance, improve investor confidence, protect the interests of stakeholders, as well as provide a positive contribution to the financial industry and the national economy.

Danamon sustainably strengthen the implementation of governance in accordance with the exemplary standards and practices of corporate governance by encouraging financial robustness, assets quality, and superior strategy as the key elements to face the challenges of global competition and achieve sustainable growth.

## IMPLEMENTATION ROADMAP OF DANAMON GCG

Improvement process of Danamon GCG implementation has been sustainably and consistently conducted, as outlined in the implementation roadmap of Danamon GCG from 2013 to 2017, as follows:





## POLICY, ORGAN AND IMPLEMENTATION OF DANAMON CORPORATE GOVERNANCE

### Commitment to Danamon GCG

Danamon governance policy is the implementation guidelines of governance at all levels of the organization based on the following principles:

#### Transparency

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

#### Accountability

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

#### Responsibility

Danamon is committed to comply with laws and regulations and established internal policies. In addition, Danamon also manifests its responsibilities to society and the environment, to achieve long-term sustainability and be recognized as a good corporate citizen.

#### Independency

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

#### Fairness and Equality

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

Danamon as the Main Entity in a Financial Conglomerate of the Danamon Group also prepared Integrated Corporate Governance Policies that guide the implementation of integrated good corporate governance for all entities within Danamon Group.

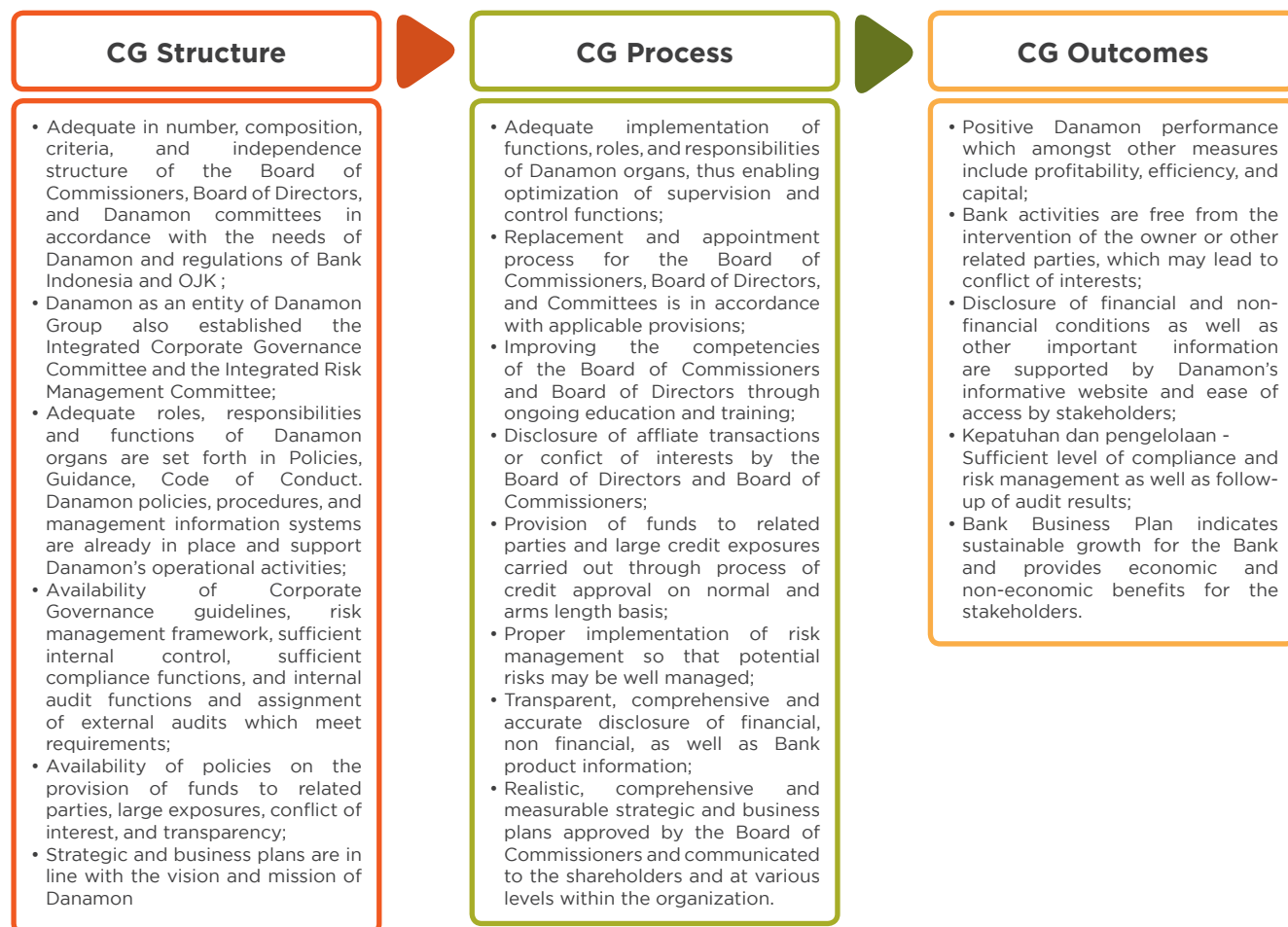






## Danamon CG Implementation

In the implementation of governance, Danamon has a governance structure and infrastructure, as well as adequate governance implementation process to realize quality results, which will continuously be improved.



## DANAMON'S CG FOCUS IN 2016

The Implementation of Danamon GCG in 2016 focused on the increase and improvement of governance performance both individually and as a group (Danamon Group) by promoting ethics and integrity in the management of the Bank. The focus of Danamon CG in 2016, among others:

### Implementation of Corporate Governance Recommendations

As a public company, Danamon implementing and considering the recommendation of the Financial Services Authority (FSA) through the regulations No.21/POJK.04/2015 regarding Implementation Guidelines of the Corporate Governance for Public Company. The FSA provided 25 recommendations that largely have been implemented. Danamon conducted improvement to the application of corporate governance, among others through the issuance of Communications Policy with Shareholders and Directors Succession Policy in 2016, as well as reviewing the development of policies continuously regarding the Long Term Incentives For Directors and Employees, as well as creditor rights policy.

### Integrated CG Implementation

Danamon sustainably implement integrated governance through the availability of adequate integrated structure and infrastructure, among others, through the formation of integrated governance bodies and governance policies. In 2016, Danamon ensuring and guiding subsidiaries to enhance its governance structure and infrastructure in line with the guidelines of integrated CG implementation of Danamon Group.



### Performance Assessment of the Board of Directors

Performance Assessment of the Board of Directors is a form of accountability for implementing the tasks and responsibilities that can be used as media for the Directors to identify areas that need improvement. Danamon prepares a questionnaire as a tool in assessing the performance of the Board of Directors collegially. Assessment is conducted based on criteria by considering the duties and responsibilities of the Board of Directors through the self-assessment method performed by each member of the Board of Directors.

### Whistleblowing Management By Third Party

In order to improve the independence, transparency and confidentiality in the whistleblowing process, Danamon collaborate with an independent third party for the management of Whistleblower Service (WBS). Working closely with an independent third party to encourage all parties to disclose or report any violation/problem/irregularities without fear of becoming a victim, discrimination or loss.

### Bank Strategic Initiatives

In 2016, as part of Danamon's commitment to provide integrated services to meet customers' needs, Danamon combines SME distribution systems and consumers in Sales & Distribution Network (S&D Network). The S&D structure allows banks to offer the best products that fit the needs of private and business customers. This initiative provides more opportunities for cross selling and encourage collaboration among segments including subsidiaries. In addition, there are several strategic initiatives that include the increase and improvement of the credit process to be more effective and efficient, changing the business model of micro financing through rationalization assurance, human resource development and technology, digital channels development, as well as exploring cooperation with the e-commerce company, Fintech Companies and other third parties.

### Risk management

As part of the Bankwide implementation of risk management, Danamon prepares and develops models for impairment calculation within the applicable IFRS9 or PSAK 71 framework, conducting Bankwide stress tests, as well as performing ICAAP framework, which has been maintained by the Bank on an ongoing basis. bankwide, performing the ICAAP framework, which owned by the Bank on an

ongoing basis, ORMS improvement, implementation of Operational Risk Pre-Assessment (ORPA), Danamon Rating Scale development, as well as the implementation of the Control Environment Assessment.

## ASSESSMENT OF GCG IMPLEMENTATION 2016

### Internal GCG Self Assessment

Danamon periodically conducts a self-assessment on the implementation of corporate governance every semester, at end of June and December.

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

### Self Assessment Result of GCG Implementation

Name of Bank : PT Bank Danamon Indonesia, Tbk.

Position : As of December 2016

Self Assessment Result of GCG Implementation		
	Rating	Rating Definition
Bank	2 (Good)	Indicates that the Bank Management in general has implemented Good Corporate Governance. This is reflected from adequate fulfillment of the principles of Good Corporate Governance. Any weakness in the implementation of Good Corporate Governance principles is less significant in general and may be resolved through normal measures by Bank Management.

### Self Assessment Analysis

Implementation of Good Corporate Governance principles in general has proceeded as intended and has been implemented comprehensively and in a structured manner on the three aspects of corporate governance namely governance structure, governance processes, and governance outcomes.

Danamon maintains an adequate structure and governance infrastructure thus enabling the implementation process of GCG principles to proceed effectively while generating quality outcomes. This is indicated in the following variety of indicators:

- a. Quantity, composition, criteria, and independence of the Board of Commissioners, Board of Directors, Committees, and Business Units have satisfied the conditions and match the scale and complexities of banking business.
- b. Adequacy of Policies in Governance, Guidance, and Code of Conduct as well as delegations of duties, responsibilities, and functions of each Bank organ, which support the effectiveness of the implementation.
- c. Implementation of compliance department functions, adequate internal and external audits reflected through the satisfactory level of Bank compliance with regulation and commitment, as well as implementation of internal audits with coverage that matches the risk level of Danamon.
- d. Implementation of risk management and adequacy of internal control is supported by policies, procedures, and adequate management information system supporting Danamon's operational activities.
- e. Implementation of functions, duties, and responsibilities of Danamon's organs have proceeded accordingly thus enable the optimum level of supervisory and control functions.
- f. Implementation of strategic plan and business in a consistent manner.
- g. Disclosures of financial and non-financial conditions, product information, annual report as well as implementation of Danamon GCG are transparently and easily accessible by stakeholders.

#### GCG Assessment by External Parties

In 2016, the Indonesian Institute for Corporate Directorship (IICD) evaluated the practices of Corporate Governance (CG) based on the principles established in the ASEAN CG Scorecard. Total value obtained by Danamon is as follows:

No.	Component Assessment (Principle)	Value Every Principle
1	Rights of Shareholders	10
2	Equal Treatment of Shareholders	15
3	Role of Stakeholders	10
4	Openness and Transparency	24.39
5	Responsibilities of the Board of Commissioners	37.30
6	Bonus	7
7	Penalty	0
Total Value of CG Practice		103.69

Overall score of corporate governance (CG) practices obtained by Danamon amounted to 103.69. Overall, the assessment results of Danamon CGC implementation was awarded the predicate of "Leadership in Corporate Governance" which reflect that the performance of CG practice implementation in the Bank has met international standards of GCG practices.

#### RECOGNITIONS ON IMPLEMENTATION OF GCG

Danamon is recognized as Best Overall in the implementation of good corporate governance by the Indonesian Institute for Corporate Directorship (IICD).

#### DANAMON'S CORPORATE GOVERNANCE IMPLEMENTATION REPORT

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

#### GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GMS) is the principal organ of the Company, a forum for shareholders to make decisions with regard to internal rules and regulations. Shareholders have the right to participate in the management of the Company through decision-making in the GMS. The GMS can be held, among other times, at the request of shareholders who meet certain requirements.

In a company, a GMS consists of the Annual General Meeting of Shareholders and Extraordinary General Meeting, of Shareholders as follows:

- 1) Annual General Meeting (AGMS)
  - a. Annual General Meeting shall be held each year, no later than 6 (six) months after the end of the fiscal year;
  - b. In the AGMS, the Board of Directors submits an Annual Report to the AGMS after examined by the Board of Commissioners;



- c. The AGMS decides on matters that have been submitted in accordance with the provisions of the legislation and the Articles of Association of the Company.

## 2) Extraordinary General Meeting (EGMS)

- a. An EGMS can be held at any time based on the need for the interests of the Company in accordance to the applicable statutes and regulations;
- b. In the EGMS, the proposed agenda can be decided in accordance with the provisions of the Articles of Association and applicable legislation.

### Legal Basis for GMS

The GMS implementation held by Danamon shall refer to the Company's Articles of Association in accordance to Notarial Deed No.03 dated April 7, 2015 and the Code of Corporate Governance.

### SHAREHOLDERS

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

### Rights, Responsibilities, Obligations and Authority of Shareholders

Danamon shares are not differentiated into preferred stock or common stock.

Series A and Series B shareholders have equal rights and obligations. Shareholders have the rights to participate in decision making related to changes in the Articles of Association and other changes related to the Company, rights to participate effectively and to exercise his/her votes in the General Meeting of Shareholders as well as rights to obtain information in relation to the General Meeting of Shareholders including agenda, code of conduct and procedures for voting.

Danamon ensures equal treatment to shareholders, both controlling shareholders and non-controlling shareholders. Equal treatment is applied at least to the fulfilment of the basic rights of shareholders and

in the decision-making should take into consideration and does not harm the interests of non-controlling shareholders. The basic rights of shareholders, among others:

- a. Attend and vote in the GMS;
- b. Obtain relevant and material information about the Company in a timely and orderly manner;
- c. Receive the ownership registration method;
- d. Assign or transfer shares;
- e. Appoint and dismiss the Board of Directors and the Board of Commissioners;
- f. Receive the part in the Company's profit; and
- g. Perform the rights based on the statutes and legislations.

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

### Limitation of Shareholders

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

### Access to Information for Shareholders

Danamon provides a communication medium to facilitate communication with shareholders through the GMS, meetings or regular dialogue, website and email access (investor relations@danamon.co.id; corsec@danamon.co.id; publicaffairs@danamon.co.id)

### Polling and Vote Count Mechanisms at GMS

Decision-making, voting and vote-counting procedures for the GMS are disclosed on the Danamon website and recited by the Chairman of the meeting at the beginning of any GMS. Each shareholder or proxy of the shareholder has the right to ask questions and/or submit opinions to the Chairman of the GMS before voting for each agenda item. Decision-making in the GMS is conducted as follows:

- a. GMS decisions are taken based on consultation and consensus. In the case a decision based on consensus cannot be reached, the decision is made by voting.
- b. Decision-making by voting shall be conducted with due regard to the provisions of quorum of attendance and quorum of AGMS decision as stipulated in the Company's Articles of Association.
- c. In voting, ballots cast by shareholders apply to all shares that they own and shareholders are not entitled to authorize to more than one person for a portion of the shares owned by a different voice.
- d. In calculating the vote, 1 (one) share entitles its holder to cast 1 (one) vote, if a shareholder has more than 1 (one) share, the concerned are asked to vote 1 (one) time only and the vote represents the entire number of owned shares based on the voting card received.
- e. In voting, members of the Board of Commissioners, the Board of Directors and employees are prohibited from acting as the proxy of shareholders.

- f. In the event of a GMS decision relating to cash dividends, the implementation of cash dividend to the shareholders who are entitled not later than 30 (thirty) days after the publication of the GMS minutes summary will decide to distribute cash dividends.

### 2016 General Meeting of Shareholders

During 2016, Danamon held 2 (two) GMS, namely the Annual General Meeting of Shareholders held on April 28, 2016 and the Extraordinary General Meeting of Shareholders held on September 7, 2016. Danamon appointed P. Soetrisno A. Tampubolon, S.H., M.Kn as a Public Notary and PT Raya Saham Registra as the Registrar for calculating the quorum and tabulating the voting at the GMS.

### 2016 General Meeting of Shareholders

#### The Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders of Danamon was held on April 28, 2016 at a location that was easily accessible to the shareholders and also the head office of Danamon, namely JS Luwansa Hotel & Convention Center, Jalan HR. Rasuna Said, South Jakarta.

The material and agenda of AGMS include the explanation and rationale on each agenda item and was disclosed on Danamon's website dated April 6, 2016 in conjunction with the Annual General Meeting summons date. Copy and physical documents for the content and agenda of the Annual General Meeting had been available at the Danamon's office and was also accessed on the website.

The Danamon AGMS was opened by Ng Kee Choe, President Commissioner of Danamon and led by J.B. Kristiadi, Vice President Commissioner (Independent) of Danamon.

### Notice, Announcement, Invitation and Submission of Results of AGMS

In an effort to provide an opportunity for individual and institutional shareholders to participate actively in exercising their rights as shareholders Danamon announced and called for invitation to its GMS in both



Indonesian and English through domestic newspapers with national coverage. In addition, the announcement and invitation were also uploaded on the Bank's and the Indonesia Stock Exchange's websites covering information on the rationale and explanation of each agenda item.

Notice to Regulator of Plan for GMS	GMS Announcement	Listing Date	Invitation	GMS Resolutions	
				Submission to Regulator	Publication
<ul style="list-style-type: none"> <li>Notification letter to the Financial Services Authority, Bank Indonesia, and the Indonesia Stock Exchange (through E-Reporting) on March 14, 2016.</li> <li>Notification conducted 5 working days prior to announcement</li> </ul>	<ul style="list-style-type: none"> <li>Announced in Bisnis Indonesia and The Jakarta Post on March 22, 2016</li> <li>E-Reporting IDXNet and SPE OJK on March 22, 2016</li> <li>website: <a href="http://www.danamon.co.id">www.danamon.co.id</a></li> <li>Announcement conducted 16 working days prior to Invitation to GMS</li> </ul>	April 5, 2016	<ul style="list-style-type: none"> <li>Announced in Bisnis Indonesia and The Jakarta Post on April 6, 2016</li> <li>E-Reporting IDXNet and SPE OJK on April 6, 2016</li> <li>website: <a href="http://www.danamon.co.id">www.danamon.co.id</a></li> <li>Invitation conducted 21 days prior to the GMS</li> </ul>	<ul style="list-style-type: none"> <li>Reporting letter to the Financial Services Authority, Indonesia Stock Exchange, and Bank Indonesia on April 28, 2016</li> <li>E-Reporting IDXNet and SPE OJK on April 28, 2016</li> <li>Report submitted on the same day as the day of the GMS</li> </ul>	<ul style="list-style-type: none"> <li>Announced in Bisnis Indonesia and The Jakarta Post on April 29, 2016</li> <li>E-Reporting IDXNet and SPE OJK on April 29, 2016</li> <li>website: <a href="http://www.danamon.co.id">www.danamon.co.id</a></li> <li>Publication of GMS results made 1 working day after the GMS</li> </ul>

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

Those entitled to attend were those whose names were listed in the register of shareholders of the Bank as of April 5, 2016, which was 1 (one) working day before the invitation date of the AGMS. The AGMS was attended by shareholders or their proxies holding 8,947,075,502 shares, or 93.348% of the total 9,584,643,365 shares subscribed and paid up by the shareholders. Shareholders holding more than half of the total shares were present, meaning that there was quorum for the AGMS.

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

#### Decisions and Results of the 2016 AGMS

The Annual General Meeting 2016 decided on the 5 (five) proposed meeting agenda items through voting and 1 (one) meeting agenda announced without the mechanism of voting, and all of the decisions had been fully implemented in 2016, as listed in the table below:

## First Agenda Item

Details of contents of Agenda Realized

1. To approve the Bank's annual report for the financial year ended on December 31, 2015 and the correction for retained earnings of the financial statements for previous years (restatement) and acceptance of Agio usage reports for the financial year 2015;
2. To approve the Bank's financial statements for the fiscal year ended December 31, 2015 audited by Purwantono, Sungkoro & Surja, a member firm of Ernst & Young Global Limited, as published in the Independent Auditor's Report, dated March 1, 2016 No. RPC- 348/PSS/2016, with opinion without modification;
3. To ratify the Supervisory Report of the Board of Commissioners for the fiscal year ended December 31, 2015; and
4. Provide a release and full responsibility discharge ( "volledig acquit et decharge") to: (i) the Board of Directors in the performance of duties and responsibilities for the management, as well as the duties and responsibilities to represent the Bank; (ii) the Board of Commissioners in the performance of duties and supervisory responsibilities and duties and responsibilities in providing advice to the Board of Directors, assist the Board of Directors, and giving approval to certain decisions of the Board of Directors; and (iii) the Syariah Supervisory Board in the execution of duties and responsibilities of supervision of the syariah aspects of the implementation of the Bank's operations in accordance with Islamic principles, as well as providing advice and suggestions to the Board of Directors, which was made in the fiscal year ended on December 31, 2015, the duties and responsibilities are reflected in the annual report for the fiscal year ended on December 31, 2015.

## Voting Result

Result of voting card calculation	Against (a)	Abstain <sup>1)</sup> (b)	In Favor (c)	No Vote (d)
	nil	22,119,100 shares or 0.247%	8,868,276,256 shares or 99.119%	56,680,146 shares or 0.634%
	Total In Favor: e=(b+c)		8,890,395,356 shares or 99.366%	

## Second Agenda Item

Details of contents of Agenda Realized

Approved the use of Net Profit for the fiscal year ended December 31, 2015 amounted to Rp 2,393,305,000,000 with the following details:

1. 1% of the net profit or Rp, 23,933,050,000 set aside for a reserve fund to comply with Article 70 of Law No. 40 of 2007 on Limited Liability Company;
2. 30% of the net profit or approximately Rp 717,991,500,000 or Rp 74.90 per share, assuming the number of shares issued by the Company on the Record Date are no more than 9,584,643,365 shares, paid out as dividends fiscal year 2015, with provisions as follows:
  - a. Dividends will be paid to shareholders whose names are registered in the Register of Shareholders at a date to be determined by the Board of Directors of the Company (hereinafter referred to as the "Registration Date");
  - b. The Board of Directors shall deduct dividend tax for the financial year 2015 in accordance with the tax regulations applicable to Shareholders;
  - c. The Board of Directors is hereby empowered and authorized to stipulate matters concerning or related to the fiscal year 2015 dividend payout, including (but not limited to):
    - 1) determine the Listing Date to determine the shareholders of the Company who is entitled to receive a dividend payment of fiscal year 2015; and
    - 2) determine the date of implementation of the 2015 fiscal year dividend payment, everything is without prejudice to the fulfillment of the Stock Exchange rules in which the Company's shares are listed;
3. The remainder of the net profit for the fiscal year 2015 were not appropriated defined as retained earnings of the Company.

## Voting Result

Result of voting card calculation	Against (a)	Abstain <sup>1)</sup> (b)	In Favor (c)	No Vote (d)
	475,300 shares or 0.005%	21,711,300 shares or 0.243%	8,895,525,842 shares or 99.424%	29,363,060 shares or 0.328%
	Total In Favor: e=(b+c)		8,917,237,142 shares or 99.667%	



**Third Agenda Item**

Details of contents of Agenda

Realized

Implementation of new accounting standards effective on the financial statements of the Company for the financial year 2015 in which SFAS No. 24 (Revised 2013) replaces SFAS No. 24 (Revised 2010). The Company and Subsidiaries have applied SFAS No. 24 (Revised 2013), which is common to all of the Company, effective for financial statements with periods beginning on or after January 1, 2015 and is applied retrospectively.

Has been realized

No Vote

**Fourth Agenda Item**

Details of contents of Agenda

Realized

Appointment of Mr. Yasir as a Public Accountant and Purwantono, Sungkoro & Surja, a member firm of Ernst & Young Global Limited as a public accounting firm that is registered with the Financial Services Authority to audit the financial statements of the Company for the financial year 2016 and to determine the amount of honorarium and other requirements relating to the appointment of a Public Accountant and the Public Accounting Firm, with regard to the recommendation of the Audit Committee.

Has been realized

## Voting Result

Result of voting card calculation	Against <sup>(a)</sup>	Abstain <sup>(b)</sup>	In Favor <sup>(c)</sup>	No Vote <sup>(d)</sup>
	191,177,920 shares or 2.137%	23,630,070 shares or 0.264%	8,700,934,626 shares or 97.249%	31,332,886 shares or 0.35%
	Total In Favor: e=(b+c)			8,724,564,696 shares or 97.513%

**Fifth Agenda Item**

Details of contents of Agenda

Realized

1. a. Approved a total bonus payment/tantieme which will be distributed to the Board of Commissioners for the fiscal year 2015 amounted to Rp 5,764,000,000 gross;
- b. To approve the total amount of salary/honorarium and allowances for the Board of Commissioners of the fiscal year 2016 amounting to Rp 12,858,927,452 gross; and
- c. Approved the granting of authority to the Commissioner of the Company to determine the amount of bonus/tantieme during the fiscal year 2015, as well as the amount of salary or honorarium and allowances for the 2016 fiscal year for each member of the Board of Commissioners on the recommendation of the Remuneration Committee No. B. 002-KR dated March 30, 2016;
2. a. Approved a total bonus payment/tantieme, which will be distributed to the Syariah Supervisory Board for the fiscal year 2015 amounting to Rp 69,000,000 gross;
- b. To approve the total amount of salary/honorarium and allowances for Syariah Supervisory Board for the financial year 2016 amounting to Rp 671,488,006 gross; and
- c. Approved the authorization to the Board of Commissioners to determine the amount of bonus/tantieme during the fiscal year 2015, as well as the amount of salary or honorarium and allowances for the financial year 2016, based on the recommendation of the Remuneration Committee No. B. 003-KR dated March 30, 2016; and
3. a. Approved a total bonus payment/tantieme, which will be distributed to the Board of Directors for the fiscal year 2015 amounting to Rp 19,800,000,000 gross;
- b. To approve the total amount of salaries and allowances and/or income of the Board of Directors for the financial year 2016 amounting to Rp 44,243,147,250 gross; and
- c. Approved the authorization to the Board of Commissioners to determine the amount of bonus/tantieme during the fiscal year 2015, as well as the salaries and benefits and/or other income for fiscal year 2016 for each member of the Board of Directors based on the recommendation of the Remuneration Committee No. B. 001-KR dated March 30, 2016.

Has been realized

## Voting Result

Result of voting card calculation	Against <sup>(a)</sup>	Abstain <sup>(b)</sup>	In Favor <sup>(c)</sup>	No Vote <sup>(d)</sup>
	2,243,390 shares or 0.025%	79,787,400 shares or 0.892%	8,835,568,231 shares or 98.754%	29,476,481 shares or 0.329%
	Total In Favor: e=(b+c)			8,915,355,631 shares or 99.645%

**Sixth Agenda Item**

Details of contents of Agenda	Realized
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- |  |                   |
|--|-------------------|
| <p>1. a. Accept the resignation:</p> <p>1) Pradip Chhadva from his post as Director of the Company effective as of July 1, 2015;</p> <p>2) Kanchan Keshav Nijasure from his post as Director of the Company effective as of June 30, 2015; and</p> <p>3) Fransiska Oei Lan Siem from her post as Director of the Company who also served as Independent Director of the Company, effective as of May 17, 2016, To say thank you for the services that have been provided to the Company; and</p> <p>b. Approved the appointment:</p> <p>1) Adnan Qayum Khan as a Director of the Company; and</p> <p>2) Heriyanto Agung Putra as a Director of the Company Effective as of the date of passing the fit and proper test of the Financial Services Authority, for the remaining term of the Board of Directors that is currently in office.</p> <p>Thus the composition of the Board of Directors of the Company is as follows:</p> <p>1. President Director : Sng Seow Wah;</p> <p>2. Vice President Director : Muliadi Rahardja;</p> <p>3. Director : Vera Eve Lim</p> <p>4. Director : Herry Hykmanto</p> <p>5. Director (Independent) : Fransiska Oei Lan Siem(*)</p> <p>6. Director : Michellina Laksmi Triwardhanny</p> <p>7. Director : Satinder Pal Singh Ahluwalia</p> <p>8. Director : Adnan Qayum Khan(**)</p> <p>9. Director : Heriyanto Agung Putra(**)</p> <p>(*) Resignation effective as of May 17, 2016.</p> <p>(**) Effective as of the date of passing the fit and proper test of the OJK.</p> <p>with a term of office that will be terminated with the closing of the AGMS for the financial year ended on December 31, 2016, which will be held at the latest in June 2017, without prejudice to the right of the GMS to dismiss (them) at any time.</p> | Has been realized |
| <p>2. To authorize the Board of Directors to declare the decision of the Meeting in the deed of Notary; access the Legal Entity Administration System; delivers the notification of changes in Company data to the Ministry of Justice and Human Rights of the Republic of Indonesia to obtain a letter of notification from the Ministry of Justice and Human Rights of the Republic of Indonesia as stipulated in Article 94 paragraph (7) of the Act Company Limited.</p>   |                   |

Result of voting card calculation	Voting Result			No Vote (d)
	Against (a)	Abstain <sup>1)</sup> (b)	In Favor (c)	
	17,555,964 shares or 0.196%	21,711,300 shares or 0.243%	8,874,804,625 shares or 99.192%	33,003,613 shares or 0.369%
	Total In Favor: e=(b+c)		8,896,515,925 shares or 99.435%	

## The Extraordinary General Meeting of Shareholders 2016 (EGMS)

### Extraordinary General Meeting of Shareholders

The Extraordinary General Meeting of Shareholders of Danamon was held on September 7, 2016 at Menara Bank Danamon (Head Office), South Jakarta, which was easily accessible by shareholders and the domicile/Head Office of the Danamon. The agenda of the Extraordinary Meeting of Shareholders was Changes in the Danamon's Board of Directors.

The materials and agenda of the EGMS included explanations and rationale on each agenda item that were disclosed on the Danamon's website on August 16, 2016 in conjunction with the date of the

EGMS Invitation. Copies and physical documents of the materials and agenda of the EGMS were available at Danamon's Office and also available at Danamon's website.

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



**Notice, Announcements, Invitation and Submission Summary of the Result of EGMS**

Notice to Regulator of Plan for GMS	GMS Announcement	Listing Date	Invitation	GMS Resolutions	
				Submission to Regulator	Publication
<ul style="list-style-type: none"> <li>Notification letter to the Financial Services Authority, Bank Indonesia, and the Indonesia Stock Exchange (through E-Reporting) on July 25, 2016.</li> <li>Notification conducted 5 working days prior to announcement</li> </ul>	<ul style="list-style-type: none"> <li>Announced in Bisnis Indonesia and The Jakarta Post on August 1, 2016</li> <li>E-Reporting IDXNet and SPE OJK on August 1, 2016</li> <li>website: <a href="http://www.danamon.co.id">www.danamon.co.id</a></li> <li>Announcement conducted 16 working days prior to Invitation to GMS</li> </ul>	August 15, 2016	<ul style="list-style-type: none"> <li>Announced in Bisnis Indonesia and The Jakarta Post on August 16, 2016</li> <li>E-Reporting IDXNet and SPE OJK on August 16, 2016</li> <li>website: <a href="http://www.danamon.co.id">www.danamon.co.id</a></li> <li>Invitation conducted 21 days prior to the GMS</li> </ul>	<ul style="list-style-type: none"> <li>Reporting letter to the Financial Services Authority, Indonesia Stock Exchange, and Bank Indonesia on September 7, 2016</li> <li>E-Reporting IDXNet and SPE OJK on September 7, 2016</li> <li>Report submitted on the same day as the day of the GMS</li> </ul>	<ul style="list-style-type: none"> <li>Announced in Bisnis Indonesia and The Jakarta Post on September 8, 2016</li> <li>E-Reporting IDXNet and SPE OJK on September 8, 2016</li> <li>website: <a href="http://www.danamon.co.id">www.danamon.co.id</a></li> <li>Publication of GMS results made 1 working day after the GMS</li> </ul>

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

Shareholders entitled to attend were those recorded in the Register of Danamon's Shareholders on August 15, 2016, namely 1 (one) working day prior to the date of the EGMS invitation. The EGMS was attended by shareholders or their proxies holding 8,909,737,374 shares, or 92.958 % of 9,584,643,365 shares issued and paid up by the shareholders. Shareholders holding more than half of the total shares were present and thus quorum was met for the Extraordinary General Meeting of Shareholders.

All members of the Board of Commissioners, the Board of Directors and the Syariah Supervisory Board, as well as the Audit Committee attended the Extraordinary General Meeting of Shareholders. In addition, a Public Notary, representative of the Administrative Bureau of Securities and a Public Accountant, also attended the EGMS.

**Decisions and Results of The Extraordinary General Meeting of Shareholders 2016**

The EGMS in 2016 decided on 1 (one) item on the agenda proposed through the voting mechanism. All decisions made in the meeting were implemented in 2016 as outlined in the table below:

**Agenda Rapat**

Details of contents of Agenda	Realised																				
1. Approved the appointment of Rita Mirasari approved as the Company's Director concurrently as Independent Director, effective after passing the OJK Fit and Proper Test, for the remaining term of the Board of Directors. The composition of the Company's Board of Directors is as follows:	Has been realized																				
<table border="1"> <tbody> <tr> <td>1. President Director</td> <td>: Sng Seow Wah</td> <td>6. Director</td> <td>: Satinder Pal Singh Ahluwalia</td> </tr> <tr> <td>2. Vice President Director</td> <td>: Muliadi Rahardja</td> <td>7. Director</td> <td>: Adnan Qayum Khan</td> </tr> <tr> <td>3. Director</td> <td>: Vera Eve Lim</td> <td>8. Director</td> <td>: Heriyanto Agung Putra(*)</td> </tr> <tr> <td>4. Director</td> <td>: Herry Hykmanto</td> <td>9. Director (Indendepent)</td> <td>: Rita Mirasari,ζ(*)</td> </tr> <tr> <td>5. Director</td> <td>: Michellina Laksmi Triwardhany</td> <td></td> <td></td> </tr> </tbody> </table>	1. President Director	: Sng Seow Wah	6. Director	: Satinder Pal Singh Ahluwalia	2. Vice President Director	: Muliadi Rahardja	7. Director	: Adnan Qayum Khan	3. Director	: Vera Eve Lim	8. Director	: Heriyanto Agung Putra(*)	4. Director	: Herry Hykmanto	9. Director (Indendepent)	: Rita Mirasari,ζ(*)	5. Director	: Michellina Laksmi Triwardhany			
1. President Director	: Sng Seow Wah	6. Director	: Satinder Pal Singh Ahluwalia																		
2. Vice President Director	: Muliadi Rahardja	7. Director	: Adnan Qayum Khan																		
3. Director	: Vera Eve Lim	8. Director	: Heriyanto Agung Putra(*)																		
4. Director	: Herry Hykmanto	9. Director (Indendepent)	: Rita Mirasari,ζ(*)																		
5. Director	: Michellina Laksmi Triwardhany																				
(*) Effective after passing the OJK Fit & Proper Test																					
with a term of office that will expire until the closing of the Company's General Meeting of Shareholders for the financial year ended on December 31, 2016, which will be held at the latest in June 2017, without diminishing the rights of the General Meeting of Shareholders to dismiss (them) at any time.																					
2. Authorized the Board of Directors to declare the decision of the Meeting in the deed of Notary; accessed the Legal Entity Administration System; delivered notification on data change of the Company to the Ministry of Justice and Human Rights of the Republic of Indonesia to obtain a letter of notification on the Company data change from the Ministry of Justice and Human Rights of the Republic of Indonesia as stipulated in Article 94 paragraph (7) of the Act of Company Limited.																					

1. President Director	: Sng Seow Wah	6. Director	: Satinder Pal Singh Ahluwalia
2. Vice President Director	: Muliadi Rahardja	7. Director	: Adnan Qayum Khan
3. Director	: Vera Eve Lim	8. Director	: Heriyanto Agung Putra(*)
4. Director	: Herry Hykmanto	9. Director (Indendepent)	: Rita Mirasari,ζ(*)
5. Director	: Michellina Laksmi Triwardhany		

(\*) Effective after passing the OJK Fit & Proper Test

with a term of office that will expire until the closing of the Company's General Meeting of Shareholders for the financial year ended on December 31, 2016, which will be held at the latest in June 2017, without diminishing the rights of the General Meeting of Shareholders to dismiss (them) at any time.

2. Authorized the Board of Directors to declare the decision of the Meeting in the deed of Notary; accessed the Legal Entity Administration System; delivered notification on data change of the Company to the Ministry of Justice and Human Rights of the Republic of Indonesia to obtain a letter of notification on the Company data change from the Ministry of Justice and Human Rights of the Republic of Indonesia as stipulated in Article 94 paragraph (7) of the Act of Company Limited.

Result of voting card calculation	Voting Result			No Vote (d)
	Against (a)	Abstain <sup>1)</sup> (b)	In Favor (c)	
	42,064,862 shares or 0.472%	21,776,100 shares or 0.244%	8,843,857,158 shares or 99.261%	2,039,254 shares or 0.023%
	Total In Favor: e=(b+c)			8,865,633,258 shares or 99.505%

**Implementation of 2015 GMS Resolutions in 2016**

All resolutions of the Annual GMS and Extraordinary GMS conducted in 2015 have been implemented in 2016.

**THE BOARD OF COMMISSIONERS**

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

Members of the Board of Commissioners are appointed and dismissed by the GMS based and transparent process with regard to the recommendation of the Nomination Committee. Members of the Board of Commissioners are appointed with tenure of 3 (three) years in accordance with the Articles of Association

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

**Charter of the Board of Commissioners**

The Board of Commissioners has a Charter, prepared and reviewed periodically based on applicable laws, the principles of good governance, and best practices for the implementation of good corporate governance. The Charter of the Board of Commissioners addresses, among other matters, the structure and membership, Independent Commissioners, term of office, duties and responsibilities of the Board of Commissioners, the duties and responsibilities of President Commissioner, authority, work ethics, meetings and practices, transparency, as well as reporting.

### Board of Commissioners Work Ethics

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

- a. Prohibited from taking advantage from the Bank for personal, family, and/or other parties that may damage or reduce profits and reputation of the Bank and its subsidiaries.
- b. Prohibited from taking and/or receiving for personal gain from the Bank other than remuneration and other facilities specified in the General Meeting of Shareholders.
- c. Prohibited from directly or indirectly making incorrect statements about material facts, or not disclosing material facts, that would mislead regarding the state of the Bank at the time the statement(s) was/was not made.

### Duties and Responsibilities of the Board of Commissioners

The Board of Commissioners of Danamon has duties and responsibilities that are clearly stipulated in the Articles of Association, Governance Policy and The Charter as follows:

- a. The Board of Commissioners is subject to the work ethics (code of conduct), applicable legislation, regulations and internal policies of Danamon.
- b. The Board of Commissioners must conduct their duties and responsibilities independently. In performing its duties, the Board of Commissioners must provide sufficient time to carry out their duties and responsibilities optimally.
- c. Ensure the implementation of good corporate governance in all business activities of the Bank at all levels of the organization.
- d. In conducting supervision, the Board shall direct, monitor, and evaluate the strategic policy implementation of Danamon.
- e. The Board of Commissioners should not be involved in decision-making of Danamon's operations, except:
  1. In the case of funds provision to the related parties;
  2. Other matters specified in the Articles of Association of Danamon and applicable legislation.
- f. The Board of Commissioners shall examine the vision and mission of Danamon on a regular basis.

- g. In order to support the effective implementation of its duties and responsibilities, the Board of Commissioners must establish at least:

1. Audit Committee
2. Risk Oversight Committee
3. Remuneration Committee
4. Nomination Committee
5. Corporate Governance Committee
6. Integrated Governance Committee

- h. The Board of Commissioners shall evaluate the performance of Committees annually.
- i. Members of the Board of Commissioners agreed to sit as a member or as chairman in one of the above Committees as recommended by the Nomination Committee. The Board of Commissioners shall ensure that the above Committees carry out their duties effectively.
- j. The Board of Commissioners shall ensure that the Directors have followed up on audit findings and recommendations of Danamon's internal audit unit, external auditor, supervision results of Bank Indonesia, OJK and/or other authorities.
- k. The Board of Commissioners shall make recommendations on improvements or suggestions submitted by the Audit Committee and submit recommendation to the Board of Directors.
- l. The Board of Commissioners shall keep confidential all documents, data, and information of Danamon.
- m. The Board of Commissioners must inform the OJK/Bank Indonesia no later than 7 (seven) days from a finding of:
  1. Violation of legislation in the field of finance and banking; and
  2. Circumstances or evaluations that could risk the business continuity of Danamon.
- n. The Board of Commissioners shall monitor and evaluate the information technology strategic plan, including a review the policies and procedures of risk management for the use of information technology by Danamon proposed by the Board of Directors.
- o. The Board of Commissioners shall prepare the charter of BOC, and review and update the charter periodically. The Charter is available on Danamon's website.
- p. Member of the Board of Commissioners shall enhance competence through continuous education and training.



### Duties and Responsibilities of the President Commissioner

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

### Authorities of the Board of Commissioners

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

- The Board of Commissioners is authorized to access the documents, data, and information about employees, funds, assets, and Danamon's resources.
- In carrying out its duties and responsibilities, the Board of Commissioners is authorized to communicate directly with employees, Directors and other parties.
- If necessary, the Board of Commissioners has the authority to engage independent parties other than members of the Board of Commissioners to assist in carrying out their duties.
- The Board of Commissioners is authorized to carry out other authorities as granted by the Articles of Association of Danamon and the prevailing laws and regulations.

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

#### The Amount and Composition of the Board of Commissioners

- President Commissioner: Ng Kee Choe
- Vice President Commissioner/Independent: J.B. Kristiadi
- Commissioner: Gan Chee Yen
- Independent Commissioner: Manggi T. Habir
- Commissioner: Ernest Wong Yuen Weng
- Independent Commissioner: Made Sukada
- Independent Commissioner: Emirshyah Satar<sup>1)</sup>

Note:

1) Danamon has accepted resignation of Emirshyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

Members of the Board of Commissioners amounted to 7 (seven) people; the number does not exceed the members of the Board of Directors, which amounted to 9 (nine) people. The majority, or 57% of members of the Board of Commissioners are Independent, namely J.B. Kristiadi, Manggi T. Habir, Made Sukada and Emirshyah Satar. The majority members of the Board of Commissioners are domiciled in Indonesia. The amount and composition of the Board of Commissioners is in accordance with the needs and complexity of Danamon with regard to effectiveness in decision-making, as well as compliance with the regulations of OJK/BI.

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

Note:

<sup>1)</sup> Danamon has accepted resignation of Emirshyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

### Criteria for Independent Commissioner

Independent Commissioner is a member of the Board of Commissioners who have no financial, management, share ownership and/or family relationship with members of the Board of Directors, members of the Board of Commissioners and/or controlling shareholders, or any relationship with Danamon that may affect their capacity to act independently.

All Independent Commissioners signed the declaration of independence, as prepared and updated regularly, including statements regarding concurrent positions that are prohibited by the OJK/BI. In addition to meet the requirements as a member of the Board of Commissioners, Independent Commissioners of Danamon must also meet the following requirements:

- a. Terms of Independent Commissioners are:
  1. He/she is not a person who has worked or had authority and responsibility for planning, directing, controlling, and supervising Danamon's activities during the previous 1 (one) year period; except for re-appointment as an Independent Commissioner for a subsequent period
  2. Does not own, either directly or indirectly, shares in Danamon
  3. Is not affiliated with Danamon, other Commissioners, Directors or controlling shareholders of Danamon
  4. Does not have either a direct or indirect business relation with Danamon's business activities.

- b. Term of office is at most 2 (two) consecutive terms.
- c. A former member of the Board of Directors or executive officers of the Bank or the parties who have a relationship with the Bank, which could affect his/her ability to act independently cannot be an Independent Commissioner of Danamon, before undergoing a cooling off period of 1 (one) year. However, this provision does not apply to former Directors or executive officers whose job has been conducting supervisory functions for at least 1 (one) year.
- d. If a position for Independent Commissioner becomes vacant and this results in violation of law and prevailing regulation, the Bank is required to fill the vacancy at the latest by the next Annual General Meeting of Shareholders or within six (6) months after the vacancy occurs.

### Independency of Board of Commissioners Members

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

Family and financial relations of Member of the Board of Commissioners with fellow members of the Board of Commissioners, Directors and Controlling Shareholders can be seen from the table below:

BOC	Family Relation With						Financial Relation With					
	BOC		BOD		Controlling Shareholders		BOC		BOD		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Ng Kee Choe President Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
J.B. Kristiadi Vice President Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Gan Chee Yen Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
Manggi T. Habir Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Ernest Wong Yuen Weng Commissioner	-	√	-	√	-	√	-	√	-	√	√	-
Made Sukada Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√
Emirsyah Satar <sup>1)</sup> Commissioner (Independent)	-	√	-	√	-	√	-	√	-	√	-	√

Note:

<sup>1)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

### Concurrent Positions of The Board of Commissioners

- Members of the Board of Commissioner may only assume concurrent positions as:
  - A commissioner, director or executive officer in a non financial institution or company, or
  - A commissioner, director or executive officer who performs a supervisory role in 1 (one) non-bank subsidiary company controlled by Danamon;
 With the exceptions:
  - Non-independent members of the Board of Commissioners conduct functional duties of the legal entities shareholders in the business group, and/or
  - Members of the Board of Commissioners serving in an organization or non-profit organization.
- Members of the Board of Commissioners may be members of no more than 5 (five) committees where they serve.

All Independent Commissioners have no concurrent position except for the positions that have been set by the OJK/BI on the implementation of governance for commercial banks. All Independent Commissioners have signed the statement of concurrent positions, as determined by OJK/BI and as disclosed regularly in the governance implementation report.



Name	Position in Bank Danamon	Position in Other Company
Ng Kee Choe	President Commissioner	<ol style="list-style-type: none"> <li>1. Director/Chairman SP Ausnet (Singapore Power Group)* Services (Distribution, Transmission)</li> <li>2. Director Fullerton Financial Holdings Pte Ltd</li> <li>3. Chairman Capitaland Limited</li> <li>4. Director CapitaMalls Asia Limited</li> <li>5. Trustee Temasek Trust</li> <li>6. Member International Advisory Council of China Development Bank</li> <li>7. Chairman Tanah Merah Country Club</li> </ol>
J.B. Kristiadi	Vice President Commissioner (Independent)	<ol style="list-style-type: none"> <li>1. Anggota Dewan Komisaris PT Citra Tubindo</li> <li>2. Anggota Tim Independen Reformasi Birokrasi Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi</li> </ol>
Gan Chee Yen	Commissioner	<ol style="list-style-type: none"> <li>1. Chairman Fullerton India Credit Co. Ltd</li> <li>2. Director Fullerton Credit (Sichuan) Ltd.</li> <li>3. Chairman Fullerton Credit (Hubei) Ltd.</li> <li>4. Chairman Fullerton Credit (Chongqing) Ltd</li> <li>5. Board Member Dunia Finance LLC</li> <li>6. Board Member CEI Contract Manufacturing Ltd</li> <li>7. Board Member ST Asset Management Ltd</li> <li>8. Board Member ACR Capital Holdings Pte. Ltd</li> <li>9. Board Member Clifford Capital Pte. Ltd</li> <li>10. Board Member Cambodia Post Bank PLC</li> <li>11. Board Member Surbana Jurong Private Limited (formerly known as TJ Holdings {II} Pte. Ltd)</li> </ol>
Manggi T. Habir	Commissioner (Independent)	<ol style="list-style-type: none"> <li>1. Dewan Komisaris Utama PT Asuransi Adira Dinamika</li> <li>2. Chairman of Board of Supervisors Yayasan Danamon Peduli Board of Supervisors</li> <li>3. Penasehat PT Avrist Life Insurance</li> </ol>
Ernest Wong Yuen Weng	Commissioner	<ol style="list-style-type: none"> <li>1. Director/Chairman Fullerton Financial Holdings Pte Ltd</li> <li>2. Director/Chairman A. Menarini Asia-Pacific Holdings Pte Ltd</li> <li>3. Board Trustee Nanyang Technological University</li> <li>4. Board Member Pavilion Capital Holding Pte Ltd.</li> </ol>
Made Sukada	Commissioner (Independent)	<ol style="list-style-type: none"> <li>1. Anggota Dewan Pengawas Yayasan Danamon Peduli</li> </ol>
Emirsyah Satar <sup>1)</sup>	Commissioner (Independent)	

Note:

<sup>1)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

### Share Ownership of Commissioners

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

Ownership of shares owned by members of the Board of Commissioners, either directly or indirectly, in 2016 were as follows:

Shareholders	Bank Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Ng Kee Choe President Commissioner	Number of shares owned 94,275	-	-	-	Percentage of ownership: 0.00% Type of Shares : Series Shares B
J.B. Kristiadi Vice President Commissioners (Independen)	-	-	-	-	-
Gan Chee Yen Commissioner	-	-	-	-	-
Manggi T. Habir Commissioner (Independent)	-	-	PT Unilever, Tbk. Number of share owned 1,000	-	Percentage of ownership: 0.80%
Ernest Wong Yuen Weng Commissioner	-	-	-	Ewong Pte Ltd – Number of shares owned 50,000	Company Domicile: Singapore  Percentage of ownership : 100%  Registered Under the name: Ernest Wong Yuen Weng & Paulina Wong
Made Sukada Commissioner (Independent)	-	PT Bank Tabungan Negara Persero – Number of shares owned 62,500	-	-	-
				PT Ciputra Development – Number of shares owned 75,000	Percentage of ownership PT Ciputra Development 0.0005%
				PT Ciputra Property – Number of shares owned 70,000	Percentage of ownership PT Ciputra Property 0.0001%
				PT Waskita Karya – Number of shares owned 100,000	Percentage of ownership PT Waskita Karya 0.001%
				PT Sumarecon Agung – Number of shares owned 100,000	Percentage of ownership PT Sumarecon Agung 0.001%
				PT Perusahaan Gas Negara (Persero) – Number of shares owned 20,000	Percentage of ownership PT Perusahaan Gas Negara (Persero) 0.00008%
				PT Alam Sutera Realty – Number of shares owned 100,000	Percentage of ownership PT Alam Sutera Realty 0.0005%
				PT Agung Podomoro Land – Number of shares owned 150,000	Percentage of ownership PT Agung Podomoro Land 0.0007%
Emirsyah Satar <sup>1)</sup> Commissioner (Independent)					

Note:

<sup>1)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

## Diversity Policy on Composition of the Board of Commissioners

Danamon has a diversity policy that is used as a reference in the process of nomination for candidates for the Board of Commissioners. Danamon appreciates and respects any differences in viewpoints, knowledge, skills and experience of each individual, and does not discriminate on race, ethnicity, gender and religion.

In the nomination process, aside from the minimum requirements and other criteria, the scope and balance of knowledge, skills and experience, as well as diversity requirements are the considerations to determine the composition of the Board of Commissioners. An optimal Board of Commissioners composition improves the effectiveness of the duties and responsibilities of the Board of Commissioners in performing oversight functions.

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

Determination of the amount of remuneration for the Board of Commissioners is based on the performance of each member by taking into account the duties and responsibilities of the Board of Commissioners.

The remuneration formula refers to internal policies at Danamon, applicable external regulations, and industry comparison, while taking into consideration the performance of Danamon. Recommendation by the Remuneration Committee is submitted to the Board of Commissioners and forwarded to the General Meeting of Shareholders for approval. The distribution of remuneration to Commissioners is based on the performance of individual members as determined by the President Commissioner.

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

### Remuneration Committee

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

### Board of Commissioners

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

### General Meeting of Shareholders

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

### Remuneration of Members of BoC

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

## Board of Commissioners Remuneration Structure

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

Remuneration and Facilities	2016		2015		2014		2013		2012	
	Amount (Rp billion)	Person	Amount (Rp billion)	Person	Amount (Rp billion)	Person	Amount (Rp billion)	Person	Amount (Rp billion)	Person
1 Salary and Allowance	11.961	7	12.584	7	13.049	6	14.334	8	11.667	8
2 Tantien	10.974 <sup>1)</sup>	7	7.762	7	8.370	6	13.641	8	9.240	8
3 LTCP	N/A		NA		NA		NA		NA	
4 Other Benefits in the form of in kind (housing, transportation, health insurance and etc)										
a. may be owned	746	7	504	7	382	6	495	8	495	8
b. may not be owned	1.861	7	1.756	7	1.696	6	931	8	672	8

Note:

<sup>1)</sup> accrual and subject to change by resolution of the GMS



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

Remuneration amount per person in 1 year*	2016	2015	2014	2013	2012
Above IDR 2 billion	3	5	5	8	8
Above IDR 1 billion up to IDR 2 billion	4	2	1	-	-
Above IDR 500 million up to IDR 1 billion	-	-	-	-	-
Below IDR 500 million	-	-	-	-	-

\*Received in cash

## The Board of Commissioners Meetings

### Meeting Policy of the Board of Commissioners

- a. Board of Commissioners Meetings are to be held at least once every 2 months.
- b. The Board of Commissioners shall hold a minimum of two (2) meetings per year to be attended in person by all of its members.
- c. Board of Commissioners meetings shall be attended by a minimum of 75% of all members of the Board of Commissioners.
- d. Joint Meetings of the Board of Commissioners and the Board of Directors are to be held at least once every 4 (four) months.
- e. Each member of the Board of Commissioners shall attend at least 75% of the total meetings held within a fiscal year. When a member of the Board of Commissioners is unable to attend a meeting in person, he or she may participate via teleconference or video conference. The Minutes of a Meeting shall be signed by all of meetings' participants who attended the Meeting in person or by tele or videoconferencing if supported by a recording as evidence of attendance.
- f. When the President Commissioner is unable to attend a Board of Commissioners meeting, any member of the Board of Commissioners who is present at the meeting can be appointed as Chairman of the meeting.
- g. For a scheduled Board of Commissioners meeting, the meeting invitation and materials shall be submitted to participants no later than 5 (five) days before the meeting is held. For a non-scheduled meeting, the agenda can be submitted to the participants before the meeting is held.
- h. Meeting decisions shall be made by consensus. If the meeting fails to meet consensus, meeting decisions shall be made through voting of least 2/3 (two thirds) of members of the Board of Commissioners who are present or represented at the meeting. Voting is based on the principle that one person has one vote.
- i. All decisions of the Board of Commissioners, including Joint Meetings of the Board of Commissioners and the Board of Directors shall be recorded in the minutes of the meetings, signed by all the members of Board of Commissioners in attendance, and as correctly documented delivered to all members of Board of Commissioners.
- j. In the event when a member of the Board of Commissioners does not sign the results of the meetings, then that member shall specify the reasons in writing in a separate letter attached to the minutes of the meeting.
- k. All decisions of the Board of Commissioners are binding to all of its members. Dissenting opinions during a meeting shall be clearly stated in the minutes of the meeting and the reasons for such dissenting opinions.
- l. The Board of Commissioners can make a valid and binding decision without having to hold a meeting provided that all of its members give approval to the decision.
- m. During a meeting, a member of the Board of Commissioners can only be represented by a fellow member of the Board of Commissioners and with a proxy letter.

n. A member of the Board of Commissioners who in any way, either directly or indirectly, has a involvement or conflict of interest in a transaction, contract or a proposed contract of which Danamon is a party, shall declare the nature of such interest at the meeting and shall not be entitled to participation in voting related to the referred transaction, contract or proposed contract unless the meeting decides otherwise.

### Meeting Frequency

Board of Commissioners meetings in 2016 were scheduled with the agendas that were agreed at the end of 2015. During 2016, the Board of Commissioners

held 7 (seven) meetings on January 19, 2016, March 22, 2016, April 27, 2016, June 27, 2016, July 28, 2016, September 7, 2016 and November 18 to 19, 2016.

The Board of Commissioners also held 4 (four) Joint Board Meetings with the Board of Directors on January 19, 2016, April 27, 2016 July 28, 2016 and November 18 to 19, 2016.

### Meeting Attendance

The presence of members of the Board of Commissioners in meetings held during 2016 are as follows:

Board of Commissioners	Board of Commissioners Meetings (7 meetings)	Attendance	Joint Meetings		
			BoC Meeting with Directors in Attendance	BoD Meeting with Commissioners in Attendance	Attendance
Ng Kee Choe <sup>1)</sup>	7	100%	4	3	100%
J.B. Kristiadi	7	100%	4	3	100%
Gan Chee Yen <sup>2)</sup>	6	86%	3	3	86%
Manggi T. Habir	7	100%	4	3	100%
Ernest Wong Yuen Weng <sup>3)</sup>	7	100%	4	3	100%
Made Sukada	7	100%	4	3	100%
Emirsyah Satar <sup>4)</sup>	7	100%	4	3	100%

Note:

<sup>1)</sup> Attended the Board Meeting via teleconference 2 (two) times on January 19, 2016 and June 27, 2016

<sup>2)</sup> Attended the Joint Meeting of Commissioners, Directors via teleconference 2 (two) times

<sup>3)</sup> Attended the Joint Meeting of Commissioners, Directors via teleconference 2 (two) times

<sup>4)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

All meetings held during 2016 met quorum requirements and were attended, both physically as well as through teleconferencing technology, by the members of the Board of Commissioners. During 2016, decision-making at the meetings was conducted by deliberation and consensus and without dissenting opinion. Information regarding schedules, agendas, materials, results and minutes of meetings had been distributed to the participants of the meeting and have been well documented.

**Board of Commissioners Meeting Agenda in 2016**

No.	Date of Meeting	Meeting Agenda
1	January 19, 2016	<ul style="list-style-type: none"> <li>- Risk Monitoring Committee Report</li> <li>- Audit Committee Report</li> <li>- Corporate Governance Committee</li> <li>- Integrated Corporate Governance Committee</li> <li>- The Nomination Committee Report</li> <li>- Remuneration Committee Report</li> </ul>
2	March 22, 2016	<ul style="list-style-type: none"> <li>- Risk Monitoring Committee Report</li> <li>- Audit Committee Report on the Results of Internal Audit, Outsourcing Whistle Blowing Fraud Case Status and DSP Fraud Investigation, EY Proposed Appointment as Auditor in 2016.</li> <li>- Corporate Governance Committee Report.</li> <li>- Nomination Committee Report.</li> </ul>
3	April 27, 2016	<ul style="list-style-type: none"> <li>- Audit Committee Report</li> <li>- Nomination Committee Report</li> </ul>
4	June 27, 2016	<ul style="list-style-type: none"> <li>- Audit Committee Report</li> <li>- Update on Fraud Case</li> </ul>
5	July 28, 2016	<ul style="list-style-type: none"> <li>- Audit Committee Report</li> <li>- Risk Monitoring Committee Report</li> </ul>
6	September 7, 2016	<ul style="list-style-type: none"> <li>- Audit Committee Report</li> <li>- Risk Monitoring Committee Report</li> </ul>
7	November 18-19, 2016	<ul style="list-style-type: none"> <li>- Audit Committee Report</li> <li>- Risk Monitoring Committee Report</li> <li>- Corporate Governance Committee Report</li> <li>- Corporate Governance Committee Report on Self Assessment Integration</li> <li>- Nomination Committee Report</li> <li>- Remuneration Committee Report</li> </ul>

**Board of Commissioners and Board of Directors Meeting Agenda in 2016**

No	Date of Meeting	Meeting Agenda
1	January 19, 2016	<ul style="list-style-type: none"> <li>- Financial Performance in 2015</li> <li>- Results of Employee Engagement</li> </ul>
2	April 27, 2016	<ul style="list-style-type: none"> <li>- Financial Performance in March 2016</li> <li>- Update on Sales &amp; Distribution</li> <li>- Update on Adira Finance Transformation Project</li> <li>- Danamon Mobile Journey</li> </ul>
3	July 28, 2016	<ul style="list-style-type: none"> <li>- Financial Performance in June 2016</li> <li>- Forecast 2016</li> <li>- SEMM Strategy</li> </ul>
4	November 18-19, 2016	<ul style="list-style-type: none"> <li>- Assessment 2016</li> <li>- Financial Performance in October 2016</li> <li>- Outlook 2016 and Plan for 2017</li> <li>- Business Plan 2017-2019</li> <li>- Subsidiary</li> <li>- SEMM Business</li> <li>- Sales &amp; Distribution, Consumer and SME</li> <li>- Wholesale Business</li> <li>- Integration and Credit Risk</li> <li>- Human Resources</li> <li>- Digital and E-Channel Banking</li> <li>- Marketing &amp; Branding</li> </ul>



### Schedule of 2017 Board of Commissioners Meetings

At year-end 2016, the Board of Commissioners scheduled meetings to be held in 2017 consist of 6 (six) Meetings of the Board of Commissioners and 3 (three) Joint Meetings of the Board of Commissioners with the Board of Directors. The schedule of meetings to be conducted in 2017 is as follows:

Meeting Schedule	BoC Meeting	Joint Meeting with BoC and BoD
January 24, 2017	✓	✓
March 10, 2017	✓	
April 11, 2017	✓	✓
June 14, 2017	✓	
September 18, 2017	✓	✓
November 23, 2017	✓	

### Implementation of Duties and Recommendations of the Board of Commissioners in 2016

The Board of Commissioners conducted the oversight function thoroughly, and provided recommendations to the Board of Directors by taking into account the input of the Committees that assist and are directly responsible to the Board of Commissioners. The summary of recommendations provided by the Board of Commissioners throughout 2016 is as follows:

- Focusing on business growth in order to increase the Bank's revenues with regard to the existing business risks.
- Maintaining high credit quality standards by continuing to improve and maintain the cost of credit and keep non-performing loans at a low level.
- Attracting quality savings at low cost to build a sound and robust financing structure.
- Performing business loans without collateral with prudence and always prioritizing quality loans above the credit volume.
- Performing necessary programs consistently and continuously related to the results of the Employee Engagement Survey.
- Researching market conditions and business situations in order to understand the precise time to reduce or expand the Danamon's risk appetite.

- Conducting investments related to the banking digitalization while, however, remaining selective with purchase systems and applications to fit the needs and continuously take notice of system security issues.
- Managing liquidity in a cautious and prudent manner amid financial market volatility and challenging business conditions.
- Reviewing the business model of Danamon Simpan Pinjam (Savings and Loans) comprehensively to obtain the optimal model.
- Supporting Tax Amnesty program while maintaining and managing operational risks that may arise through the implementation of AML and KYC processes.
- Mapping and optimization of the branches in order to support the Bank's business operations that are more efficient, effective and sustainable.
- Using the data and information available for further analysis and creating an early warning system.
- Performing business efficiently and effectively, and constantly improving productivity.

### Board of Commissioners Assessment

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

### Performance Assessment Process

The method used to appraise the performance of Board of Commissioners is an annual collegial self-assessment. The results of appraisal of each member of Board of Commissioners are then consolidated for collegial review in order to establish the effectiveness of the Board and identify areas that need to be improved. Danamon may use an independent external party to conduct performance assessment process of Board of Commissioners.

### Assessment Criteria

Board of Commissioners performance is assessed after several key components have been considered, among others:

- Board of Commissioners structure and composition.
- The effectiveness of work programs of committees under the Board.
- The implementation of strategies and management of the Bank.

- The Implementation of Good Corporate Governance at Danamon.
- The implementation of risk management and internal controls in mitigating potential risks.

### Assessment Implementation

The performance of the Board of Commissioners is appraised by each of its members using a self-assessment method or facilitated by an external party. In 2016, Danamon enlisted the services of an independent external party for objective evaluation of the Board of Commissioners' performance.

The process of assessment by the external party was conducted through the following steps:

- Discussions and reviews of materials to be appraised
- Interview sessions with each member of the Board of Commissioners
- Deliver the results of appraisal to the Board of Commissioners.

### Assessment of Board of Commissioners Members Performance

The President Commissioner every year based on the Board of Commissioners duties and responsibilities appraises the performance of BoC members. The

appraisal results of Board of Commissioners shall be one of the basic considerations for the Nomination Committee to give recommendations to the Board of Commissioners to reappoint its members and to structure remuneration for the Board of Commissioners members.

### Orientation Program for New Commissioners

The Orientation Program for new Commissioners is conducted to provide understanding of Danamon's vision, mission, and values, Code of Ethics, organizational structure, line of business, Board of Commissioners Charter and Code of Conduct, as well as banking regulations. The orientation program is conducted through on boarding pack and delivering brief explanations by the management and business units, as well as the other supporting units. During 2016, there were no new members of the Board of Commissioners.

### Board of Commissioners Training Program

In the interest of competence improvement, Danamon provides opportunities for Commissioners to participate in training, seminars or workshops, internally or externally provided. In 2016, the participation of members of the Board of Commissioners in training/ seminar/workshop programs was as follows:

Name	Training Program	Provider	Venue	Date
Ng Kee Choe	-	-	-	-
J.B. Kristiadi	PSAK 9	KPMG	Jakarta	October 24, 2016
Gan Chee Yen	-	-	-	-
Manggi T. Habir	PSAK 9	KPMG	Jakarta	October 24, 2016
Ernest Wong Yuen Weng	-	-	-	-
Made Sukada	PSAK 9	KPMG	Jakarta	October 24, 2016
Emirsyah Satar <sup>1)</sup>				

Note:

<sup>1)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

## COMMITTEES UNDER THE BOARD OF COMMISSIONERS

The Board of Commissioners of Danamon form 6 (six) committees to support the effectiveness of their duties and responsibilities, including 1 (one) committee on the implementation of integrated governance, namely:

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

Each committee refers to the Committee charters that were compiled and reviewed periodically by the applicable regulations. Membership of the Committee

is by decision of the Board of Commissioners Meeting and established by decision of the Board of Directors. An Independent Commissioner chairs all Committees.

## Performance Assessment of Board of Commissioners Committees

Board of Commissioners assesses the performance of Committees based on reports of the duties and responsibilities implementation by each of the Committees on a regular basis. Performance of the Committees throughout 2016 was rated good by the Board of Commissioners and contributed in supporting the implementation of the duties and responsibilities of the Board of Commissioners.

## Profiles of Committee Members

Name and Age	Citizenship & Domicile	Job Title	Term of Office	Expertise	Qualification/Education Background
Ng Kee Choe 72 Years Old	Singapore	<ul style="list-style-type: none"> <li>• Member of Nomination Committee</li> <li>• Member of Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>• March 2016-Present</li> <li>• March 2016-Present</li> </ul>	Finance	Bachelor of Chemical Engineering The University of Singapore, 1966

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

- President Commissioners, Danamon 2006-present
- Board of Directors, Fullerton Financial Holdings Pte Ltd., 2008-present
- Chairman, Tanah Merah Country Club, 2008-present
- Member, Temasek Advisory Panel Temasek Holdings (Private) Ltd.,
- Chairman, NTUC Income, 2005-2013
- Vice Chairman, DBS Group Holdings, 1970-2003
- Director, Singapore Exchange Limited, 2003-2014
- Member of International Advisory Council China Development Bank

J.B. Kristiadi 70 Years Old	Indonesia	<ul style="list-style-type: none"> <li>• Member of Audit Committee</li> <li>• Chairman of the Nomination Committee</li> <li>• Chairman of the Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>• November 2015-Present</li> <li>• March 2016-Present</li> <li>• March 2016-Present</li> </ul>	Finance/Risk Management	PhD (Public Administration), Sorbonne University, France, 1979
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### Professional Experience (Job Title, Organization, Term of Office)

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

Name and Age	Citizenship & Domicile	Job Title	Term of Office	Expertise	Qualification/Education Background
Gan Chee Yen 57 Years Old	Singapore	<ul style="list-style-type: none"> <li>Member of the Risk Monitoring Committee</li> <li>Member of Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>November 2015-Present</li> <li>March 2016-Present</li> </ul>	Finance/Risk Management	Bachelor in Accounting from the National University of Singapore

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

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

Manggi T. Habir 63 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of Audit Committee</li> <li>Chairman of the Risk Monitoring Committee</li> <li>Member of Remuneration Committee</li> <li>Member of Corporate Governance Committee</li> <li>Member of Integrated Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>November 2015-Present</li> <li>November 2015-Present</li> <li>March 2016-Present</li> <li>November 2015-Present</li> <li>November 2015-Present</li> </ul>	Finance/Risk Management	<ul style="list-style-type: none"> <li>BA Degree in Economics Mc. Gill University, 1977</li> <li>Master in Business Administration, University of Michigan, 1979</li> <li>Master in Public Administration, Harvard University, 2002</li> </ul>
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**Professional Experience (Job Title, Organization, Term of Office)**

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



Name and Age	Citizenship & Domicile	Job Title	Term of Office	Expertise	Qualification/Education Background
Ernest Wong Yuen Weng 71 Years Old	Singapore	<ul style="list-style-type: none"> <li>Member of Nomination Committee</li> <li>Member of Corporate Governance Committee</li> <li>Member of Integrated Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>March 2016-Present</li> <li>November 2015-Present</li> <li>November 2015-Present</li> </ul>	Finance/Risk Management	First Class Honours Degree in Chemical Engineering, the University of Surrey, United Kingdom (1967)

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

- Commissioners, Danamon 2010-present
- Chairman, MediaCorp July 2016-present
- Board Trustee Nanyang Technological University 2006-present
- Board Member Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd., 2012-present
- Chairman, Fullerton Financial Holdings Pte. Ltd., 2011-present
- Board Member, Singapore Health Services Pte. Ltd. ("SingHealth"), 2006-2015
- Board Member, Singbridge Holdings Pte. Ltd., 2011-2015
- Board Member, Pavilion Capital Holdings Pte. Ltd., 2012-2015
- Board Member, Economic Development Board and The Ministry of Finance
- Group CEO, MediaCorp Pte. Ltd., 2000-2005
- Board Member, United Overseas Bank Group, 1990-2005
- Chairman, the Association of Banks in Singapore, 1991-1993 and 1999-2000.

Made Sukada 64 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of the Risk Monitoring Committee</li> <li>Member of Nomination Committee</li> <li>Chairman of the Corporate Governance Committee</li> <li>Chairman of the Corporate Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>November 2015-Present</li> <li>March 2016-Present</li> <li>November 2015-Present</li> </ul>	Finance/Risk Management	<ul style="list-style-type: none"> <li>Bachelor degree in Accountancy from Universitas Padjajaran, Bandung in 1977</li> <li>Master in Economics from the University of Pittsburgh, USA, 1984</li> </ul>
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**Professional Experience (Job Title, Organization, Term of Office)**

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

Emirsyah Satar 57 Years Old	
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Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval. His position as a Chairman of Audit Committee has been replaced by Made Sukada (Independent Commissioner) and his position in the membership of others committees be inactive.

Angela Simatupang 41 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of Audit Committee</li> <li>Member of the Risk Oversight Committee</li> <li>Member of Integrated Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>November 2015-Present</li> <li>November 2015-Present</li> <li>November 2015-Present</li> </ul>	Internal Audit, Risk Management and Corporate Governance	Master of Commerce in International Business and Management of Technology, the University of Sydney, 2002
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**Professional Experience (Job Title, Organization, Term of Office)**

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

Name and Age	Citizenship & Domicile	Job Title	Term of Office	Expertise	Qualification/Education Background
Yusuf Nawawi 61 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of Audit Committee</li> <li>Member of the Risk Oversight Committee</li> </ul>	<ul style="list-style-type: none"> <li>November 2015-Present</li> <li>November 2015-Present</li> </ul>	Microfinance and Corporate, Derivatives, Credit and Investment Management, as well as Training and Development	Bachelor degree in Economic from Universitas Sriwijaya and Master of Business Administration from Weatherhead School of Management, Case Western Reserve University

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

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

Eric Gunawan Kosasih 46 Years Old	Indonesia	<ul style="list-style-type: none"> <li>Member of Nomination Committee</li> <li>Member of Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>March 2016-Present</li> <li>March 2016-Present</li> </ul>	Human Resources Management	University of Indonesia – Petrochemical Engineering, 1995
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**Professional Experience (Job Title, Organization, Term of Office)**

- SVP & Head of the Centre of Expertise and Learning-CIMB Niaga 2010 to February 2015
- SVP Resource Planning, Policy, Performance and Talent Management-HSBC 2007-July 2010
- VP HR Development Head Coverage: Recruitment, Performance and Rewards, Organization and Talent Management-BII 2004-November 2007
- Corporate Training Department Head-AIG Lippo 2001-March 2004
- Assistant Manager Training and Development-KSEI 2000-2001
- Organizational Development Section Head-Astra International Toyota Sales Operations 1995-1999.

**Independent Party in Committees**

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

**AUDIT COMMITTEE**

The Audit Committee serves to monitor and evaluate the audit plan, as well as to monitor the follow-up of the audit outcomes to assess the adequacy internal controls, as well as the adequacy of the financial reporting process. The establishment of the Audit

Committee refers to the Board of Commissioners Decision No. KEP: Kom-Corp. Sec. 070 dated November 21, 2001 on the formation and assignment of the Audit Committee.

**Audit Committee Charter**

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

**Duties and Responsibilities of Audit Committee**

Duties and responsibilities of the Audit Committees include:

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

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

## 2. External Audit

- a. Recommend to the Board of Commissioners for appointments, re-appointments, discharges or replacements, requirements of involvement, and the remuneration of the public accountant. All of these will be proposed at the General Meeting of Shareholders.
- b. Review the public accountant's scope of work and the audit outcome, independency and objectivity. These reviews are performed on an annual basis and presented in the Annual Report with the following details:
  - Total amount of payments made to the public accountant in the fiscal year, and
  - Details of total payments made for audit and non-audit services or appropriate negative statements, as well as whether significant risks have been taken into account.
- c. Review financial audit reports, significant findings, and recommendations of the public accountant and feedback from the Board of Directors.
- d. Monitor and evaluate the planning and implementation of the public accountant's audit. Monitoring of follow-up on the outcomes of the audit shall also be performed. The purpose is to assess the adequacy of internal controls including the adequacy of the financial reporting process.
- e. Monitor and evaluate public accounting compliance to existing audit standards.

## 3. Internal Audit

- a. Review the adequacy and effectiveness of Internal Audit.
- b. Review the independence of the Head of the Internal Audit Unit. The Head of the Internal Audit Unit shall have direct and unlimited access to the Audit Committee and Danamon's President Director.
- c. Review the scope of work and audit plan of the Internal Audit Unit. Interaction with the Board

of Directors and other matters relevant to audit implementation shall also be part of the review.

- d. Review significant findings and Internal Audit recommendations as well as feedback from the Board of Directors.
  - e. Monitor and evaluate follow-up implementation by the Board of Directors. Follow-up action by the Board of Directors shall cover the findings of the Internal Audit Unit, public accountant, and of the OJK and/or other regulators.
- ## 4. Internal Control
- Review and report regularly to the Board of Commissioners on the adequacy and effectiveness of internal controls specified by the Board of Directors. The adequacy and effectiveness of internal control covers such aspects as finance, operations, compliance, and control of information technology.
- ## 5. Compliance
- a. Review the compliance framework, scope of work, and compliance plans.
  - b. Review compliance in line with laws and regulations pertinent to Danamon's activities.
  - c. Review legal cases and their possible material consequences. Elements such as financial reports, policies on relevant compliances, and reports received from the regulators are among those assessed for material consequences.
- ## 6. Miscellaneous
- a. In conducting its duties and responsibilities, the Audit Committee serves independently.
  - b. The Audit Committee examines possible inaccuracies in decisions made at Board of Directors' meetings. Additionally, observations have also to be made on possible deviations in the implementation of decisions made at the meetings of the Board of Directors. The audit may be carried out by the Audit Committee or by an independent party appointed by the Audit Committee at Danamon's expense.
  - c. The Audit Committee shall prepare, review, and update Charter of the Audit Committee on a regular basis.
  - d. The Audit Committee shall submit reports of study results of all members of the Board of Commissioners after the study report of the findings conducted by the Audit Committee.
  - e. Provide independent opinion in the event of a disagreement between the Board of Directors and public accountant on the services it provides.

- f. The Audit Committee maintains document, data, and information confidentiality.
- g. The Audit Committee reviews and offers opinions to the Board of Commissioners regarding potential Danamon conflicts of interest.
- h. The Audit Committee enhances competencies through continuous education and training.

### Authorities of the Audit Committee

Below is the list of authorities of Audit Committee:

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

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

#### The Composition and Expertise of Committee Members

Danamon's Audit Committee is made up of 5 (five) members. It comprises of 3 (three) Independent Commissioners (Emirsyah Satar, J.B. Kristiadi, and Manggi T. Habir) and 2 (two) independent parties (Angela Simatupang and Yusuf Nawawi). Each member of the Audit Committee has met the prevailing regulations relevant to the expertise requirements covering the financial and accounting sectors, risk management and legal.

An Independent Commissioner, Emirsyah Satar, chairs the Audit Committee. Emirsyah Satar has filed resignation on February 1, 2017. The resignation will be effective after the approval of the AGM. Chairman of the Audit Committee replaced by Made Sukada (Independent Commissioner) based on the result of Board of Commissioners meeting.

### Legal Basis of Appointment

Membership of the Audit Committee is based on the Circular Decision of the Board of Commissioners as a replacement to the decisions made in the Board of Commissioners' Meeting No. KSR-Kom.Corp. Sec-013 dated 26 November 2015 and the Decision of the Board of Directors No. KEP.DIR-Corp.Sec- 018 dated 26 November 2015.

### Independence of Audit Committee Members

All committee members have met the prevailing regulations on the independence requirements of integrity, morals, and the morality of each member of the Audit Committee as specified in their personal declaration letters. All members of the Audit Committee are Independent Commissioners or Independent Parties. The Board of Directors members who are not independent may not sit on the Audit Committee.

### Terms of Office

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

### Policies and Carrying Out of Audit Committee Meetings

#### Policies of Audit Committee Meeting

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

### Audit Committee Meeting Frequency and Attendance

Throughout 2016, the Audit Committee held 10 (ten) meetings with the following rates of attendance:

Name	Attendance in Meeting	Attendance Rate
Emirsyah Satar <sup>1)</sup>	10	100%
J.B. Kristiadi	10	100%
Manggi T. Habir	9	90%
Angela Simatupang	8	80%
Yusuf Nawawi	10	100%

<sup>1)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

### Main Agenda of 2016 Audit Committee Meetings

No	Date	Main Agenda
1	January 18, 2016	Report of SKAI
2	February 23, 2016	Report of SKAI
3	March 21, 2016	- Report of SKAI - Appointment of the External Auditor for Fiscal Year 2016
4	April 27, 2016	Report of SKAI
5	June 3, 2016	Report of SKAI
6	July 28, 2016	Report of SKAI
7	August 26, 2016	Report of SKAI
8	September 29, 2016	Report of SKAI
9	October 24, 2016	- Report of SKAI - External Auditor Report
10	December 6, 2016	- External Auditor Report - Report of SKAI

### Implementation of 2016 Audit Committee Work Activities

Received reports from SKAI related to:

- Audit plan implementation of SKAI 2016, with total 744 audit objects.
- Approved the 2017 Danamon Audit Plan.
- Whistleblowing Outsourcing functions to third parties who report directly to the Audit Committee and the PIC of SKAI;
- Implementation of HR sanction on fraud cases;
- Audit Compliance report on IT Security Policy;
- Education to Supervisors on fraud incidence;
- Recommend that business units and risk unit visit a debtor together, and take pictures of the business location;
- Suggest subsidiaries to have a mechanism of control over the placement of funds through a broker;
- Advise Treasury to always check financial liquidity and the capacity of the debtor in conducting self-financing;
- Advise Treasury Operation to develop a system that automatically performs early warning system on suspicious transactions;
- Reviewing the management's proposal to appoint EY as External Auditor;
- Advise on the implementation of dual custody in IT deployment process of Adira Finance;

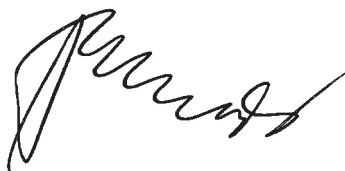


- Suggest the Bank should evaluate the BI Checking of the debtor business groups in other banks, to determine the quality of credit and total credit exposure;
- Suggest the Bank to have a policy on Watch List Accounts, so that the business units and risk units have the same view of the status of the debtor;
- Suggest the Bank to conduct studies on various aspects (risk, legal, tax opinion, financial disclosure, etc.) in the Tax Amnesty program.

#### **Audit Committee Statement over Internal Control System Effectiveness**

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

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



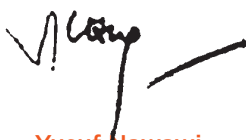
**Made Sukada**  
Chairman, Independent  
Commissioner



**J.B. Kristiadi**  
Member, Independent  
Commissioner



**Manggi T. Habir**  
Member, Independent  
Commissioner



**Yusuf Nawawi**  
Member, Independent Party



**Angela Simatupang**  
Member, Independent Party

\* Appointed as a Chairman of Audit Committee since February 2017 based on the Board of Commissioner's decision.

## RISK MONITORING COMMITTEE

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

### Risk Monitoring Committee Charter

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

### Duties, Responsibilities, and Authorities of the Risk Monitoring Committee

The Risk Monitoring Committee is responsible for:

- Offering independent professional opinions to the Board of Commissioners regarding Danamon's risk management.
- Evaluating Danamon's risk management policies and the consistency of Danamon's risk management policies with their implementation, with an objective to provide recommendations to the Board of Commissioners at least on an annual basis.
- Monitoring and evaluating the Risk Management Unit and executing the committee's duties in line with its recommendations to the Board of Commissioners.
- Reporting to the Board of Commissioners on risks encountered by Danamon and implementation of risk management by the Board of Directors.
- Evaluating the accountability of the Board of Directors over the implementation of risk management policies. This evaluation shall be undertaken at least once every three months.
- Arranging or authorizing investigations within the scope of its powers.
- Regularly develop, review and update the Charter.

The authorities of the Risk Monitoring Committee include:

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

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

The Members of Risk Monitoring Committee is made up of 6 (six) persons. It comprises 3 (three) Independent Commissioners (Manggi T. Habir, Made Sukada, Emirsyah Satar), 1 (one) Commissioner (Gan Chee Yen), 1 (one) Independent Party with expertise in Accounting and Risk Management, and 2 (two) Independent Parties with expertise in Legal and Finance (Angela Simatupang dan Yusuf Nawawi). An Independent Commissioner, Manggi T. Habir, chairs the Risk Monitoring Committee. All Committee members have met the prevailing regulations with regard to expertise, integrity, and morals, requirement as declared in their personal statements.

### Legal Basis of Appointment

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

### Independence of Risk Monitoring Committee Members

To maintain independence and objectivity, the majority (83%) of Committee members are Independent Commissioners and Independent Parties. Members of the Board of Directors may not sit as a member of the Risk Monitoring Committee.

### Terms of Office

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

### Policies and Implementation of Risk Monitoring Committee Meetings

#### a. Policies of Risk Monitoring Committee

- Meetings are scheduled a minimum of once every 3 (three) months in line with Danamon's requirements.
- A meeting may only be held provided that it is attended by a minimum of 51% (fifty one percent) of the total members including Independent Commissioners and Independent Parties.

- Decisions in the meetings are made based on the principles of deliberation to reach a consensus. In the case of deliberation to reach consensus does not occur, decisions shall be made based on a majority vote, and based on the principle of 1 (one) person, 1 (one) vote.
- Records of each meeting shall be written up and recorded in the minutes of the meeting, be properly documented, and signed by all members of the Committee present, for further submission to the Board of Commissioners.
- Dissenting opinions during the Committee's meetings along with their reasons shall be clearly expressed in the minutes of the meeting.

#### b. Risk Monitoring Committee Meetings Frequency and Attendance

Throughout 2016, the Risk Monitoring Committee held 10 (ten) meetings with the following attendance rates:

Name	Attendance in Meeting	Attendance Rate
Manggi T. Habir	9	90%
Gan Chee Yen	10 <sup>1)</sup>	100%
Made Sukada	10	100%
Emirsyah Satar <sup>4)</sup>	10 <sup>2)</sup>	100%
Angela Simatupang	8 <sup>3)</sup>	80%
Yusuf Nawawi	10	100%

<sup>1)</sup> 3 times via teleconference

<sup>2)</sup> 1 times via teleconference

<sup>3)</sup> 1 times via teleconference

<sup>4)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

#### c. Main Agenda of 2016 Risk Monitoring Committee Meetings

No	Date	Main Agenda
1	January 18, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Report of the National Portfolio</li> <li>- Compliance, AML, Litigation</li> </ul>
2	February 23, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Report of the National Portfolio</li> <li>- ADMF Portfolio and Product Approval Program</li> <li>- SEMM Portfolio</li> <li>- Compliance, AML, Litigation</li> </ul>
3	March 21, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Report of the National Portfolio</li> <li>- Stress Test</li> <li>- Portfolio FI Update</li> <li>- Compliance, AML, Litigation</li> </ul>
4	April 27, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- ADMF Product Program</li> <li>- Report of the National Portfolio</li> <li>- Compliance, AML, Litigation</li> </ul>

No	Date	Main Agenda
5	June 2, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Review of SME portfolio</li> <li>- Securing Credit Card Data Delivery to the Tax Office and Fraud Prevention Measures</li> <li>- Delegation to CRP-Delegate Authority to Consumer Call Center</li> <li>- Report of the National Portfolio</li> <li>- Compliance, AML, Litigation</li> </ul>
6	July 28, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Corporate Banking Portfolio</li> <li>- Report of the National Portfolio</li> <li>- Compliance, AML, Litigation</li> </ul>
7	August 25, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Report of the National Portfolio</li> <li>- Compliance, AML, Litigation</li> </ul>
8	September 29, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Report of the National Portfolio</li> <li>- Capital Limitation according to ICAAP</li> <li>- Compliance, AML, Litigation</li> </ul>
9	October 25, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Report of the National Portfolio</li> <li>- Adira Insurance Annual Portfolio Update</li> <li>- Compliance, AML, Litigation</li> </ul>
10	December 6, 2016	<ul style="list-style-type: none"> <li>- Market Risk &amp; Liquidity</li> <li>- Report of the National Portfolio</li> <li>- Compliance, AML, Litigation</li> </ul>

### Implementation of 2016 Risk Monitoring Committee Activities

Key activities of the Risk Monitoring Committee, includes:

- Approval of Product Program and Delegation Authority;
- Risk Appetite Statement (RAS), Risk Heat Map, OJK Stress Test, Insurance Risk, Credit Risk for each LOB, Market and Liquidity Risk and Operational Risk;
- Top & Emerging Risks;
- Policies related to High Quality Liquid Assets (HQLA);
- ICAAP Capital Buffer;

- Indonesia's economy and global economic conditions;
- Risk Limit and Trading Limit;
- Funding Maturity Profile of Danamon Bank;
- Fund Transfer Pricing (FTP) Policy;
- Changes to processes and establish additional indicators in the Market & Liquidity Risk for Syariah Unit;
- Compliance, Anti-Money Laundering (AML) and law case.

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



**Manggi T. Habir**  
Chairman, Independent  
Commissioner



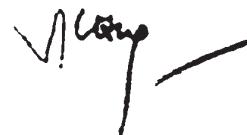
**Gan Chee Yen**  
Member, Commissioner



**Made Sukada**  
Member, Independent  
Commissioner



**Angela Simatupang**  
Member, Independent Party



**Yusuf Nawawi**  
Member, Independent Party

## NOMINATION COMMITTEE

The Nomination Committee is a committee established to perform the duties and implement the functions of the Board of Commissioners related to the nomination of the Board of Directors and Board of Commissioners. The establishment of the Nomination Committee was effected in the Letter No. KEP.DIR. Corp. Sec-004 dated March 5, 2014.

### Nomination Committee Charter

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

### Duties, Responsibilities, Authorities of Nomination Committee

#### Duties and Responsibilities

Duties and Responsibilities of Nomination Committee include, among others:

- a. The Nomination Committee provides recommendations to the Board of Commissioners regarding:
  - The office composition of members of the Board of Commissioners and/or members of the Board of Directors
  - Policies and criteria needed in the Nomination process
  - Performance evaluation policy for members of the Board of Commissioners and members of the Board of Directors
- b. Review, evaluate, and provide recommendations on the system as well as procedures of selection and replacement of the members of the Board of Commissioners and the Board of Directors.
- c. Identify, review, and recommend the candidates for the Board of Commissioners and the Board of Directors to the President Commissioner. These recommendations will then be presented to the General Meeting of Shareholders for approval.
- d. Recommend to the Board of Commissioners, Independent Parties who will serve as the members of the Board of Commissioners' committees.
- e. The Nomination Committee occasionally is able to use its authority to use the services of one or more search firm to identify candidates (including the costs and requirements to approve the search firm).

- f. The Nomination Committee can evaluate all members of the Board of Commissioners and Board of Directors to be reappointed at the General Meeting of Shareholders.
- g. Review and evaluate the candidate with the same method regardless of sex, race, religion as well as source of initial recommendation.
- h. Review and evaluate candidates based on the minimum requirements and other criteria. These reviews and evaluations take into account all facts and conditions considered appropriate, among others, banking knowledge and proposed candidate expertise, in-depth knowledge and professional experience or other background characteristics, their independence, and requirements of the Board of Commissioners/ Board of Directors.
- i. The Nomination Committee proposes all candidates (either identified internally or by shareholders) who pass the evaluation to the Board of Commissioners through circulars to be nominated as a member of the Board of Commissioners/the Board of Directors in the next General Meeting of Shareholders.
- j. The Nomination Committee evaluates and recommends candidates for the Board of Commissioners and Board of Directors of the subsidiaries that have a significant impact on the Bank to the Board of Commissioners of the Bank. The Nomination Committee can provide "no objection" on a candidate member of the board of directors of subsidiaries.
- k. The Nomination Committee assists the Board of Commissioners to assess the performance of members of the Board of Commissioners and members of the Board of Directors based on benchmarks.
- l. The Nomination Committee provides recommendations to the Board of Commissioners regarding the capacity building program for the Board of Commissioners and members of the Board of Directors.
- m. The Nomination Committee shall prepare, review and update the Charter of the Nomination Committee regularly. The Charter is available on the Bank's website.

### Authorities of Nomination Committee

- a. Access documents, data, and information required by Danamon.



- b. Establish direct communication with the employees, the Board of Directors, and other parties relevant to the implementation of its duties and responsibilities.
- c. Involve an independent party to support the implementation of its duties when necessary.
- d. Exercise other authorities assigned by the Board of Commissioners.

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

#### Structure and Expertise

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

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

#### Legal Basis for Appointment

Members of Nomination Committee have been appointed through the Circular Decision of the Board of Commissioners made during the Board of Commissioners' Meeting of PT Bank Danamon Indonesia, Tbk. Such appointments have been made through Letter No. KSR-Kom.Corp.Sec-002 dated March 4, 2016 and Letter of the Board of Directors No. KEP.DIR-Corp.Sec-002 dated March 4, 2016.

#### Independency of Nomination Committee

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

### Terms of Office

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

### Policies and Carrying Out of Nomination Committee Meeting

#### Policies on the Nomination Committee Meetings

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

#### Nomination Committee Meetings

The Nomination Committee held 7 (seven) meetings throughout 2016. Attendance of each Committee member is as follows:

Name	Attendance in Meeting	Attendance in Meeting
J.B. Kristiadi	7	100%
Ng Kee Choe	6	86%
Ernest Wong Yuen Weng	6	86%
Made Sukada	6	86%
Emirshyah Satar <sup>1)</sup>	7	100%
Marta Jonatan <sup>2)</sup>	2	100%
Eric Gunawan Kosasih <sup>3)</sup>	4	80%

Note:

<sup>1)</sup> Danamon has accepted resignation of Emirshyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

<sup>2)</sup> Marta Jonatan resigned and attended 2 meetings, and was replaced by Eric Gunawan Kosasih.

<sup>3)</sup> Eric Gunawan Kosasih attended 4 out of 5 meetings.

### Main Agenda of 2016 Nomination Committee Meeting

No	Date	Main Agenda
1.	January 19, 2016	- Key Strategies Recruitment Update - Recommendations on the appointment of Independent Commissioner of Subsidiary
2.	February 12, 2016	Determination of Director candidates
3.	March 16, 2016	Determination of Director candidates
4.	April 27, 2016	- Talent management framework - CEO of Subsidiary Candidates
5.	May 25, 2016	- Audit Committee Member - Determination of Director candidates
6.	August 31, 2016	Appointment of Senior Executive Officer candidates
7.	November 19, 2016	Appointment of Senior Executive Officer candidates

### Implementation of 2015 Work Activities of Nomination Committee

- Reviewing the candidates for the Board of Directors and Senior Executive Officers of the Bank
- Reviewing the composition of the subsidiary board of commissioners and board of directors
- Reviewing the main recruitment strategy
- Conduct studies on membership of the Audit Committee.

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



**J.B. Kristiadi**  
Chairman, Independent  
Commissioner



**Ng Kee Choe**  
Member, President Commissioner



**Ernest Wong Yuen Weng**  
Member, Commissioner



**Made Sukada**  
Member, Independent  
Commissioner



**Eric Gunawan Kosasih**  
Member, Executive Officer

## REMUNERATION COMMITTEE

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

### Remuneration Committee Charter

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

### Duties and Responsibilities of Remuneration Committee

#### Duties and Responsibilities

Duties and Responsibilities of Remuneration Committee include, among others:

- a. Prepare policy and provide recommendations to the Board of Commissioners on
  - The structure of remuneration policies for the Board of Commissioners and Board of Directors and where necessary, for the Senior Management;
  - Remuneration including salaries, allowances, bonus, and incentives provided based on the achievements of objectives and targets set by the President Director and other members of the Board of Directors, members of the Board of Commissioners and Syariah Supervisory Board
  - Remuneration, including salaries and allowances of Independent Parties.
- b. Assist the Board of Commissioners to assess the suitability of performance with the remuneration received by each member of the Board of Commissioners and Board of Directors.
- c. Consider the following in preparing the structures, policies, and the amount of remuneration:
  - Applicable remuneration in the industry according to the business activity and business scale of Danamon in its industry.
  - Fairness of remuneration compared with peer group

- Duties, responsibilities, and authorities of the Board of Directors and members of the Board of Commissioners is associated with the achievement of objectives and the performance of Danamon
  - Target performance or the performance of individual members of the Board of Directors and members of the Board of Commissioners
  - The balance of permanent and variable benefits
  - The financial performance of Danamon and its compliance with applicable regulations
  - Target consideration and long-term goals strategies of Danamon.
- d. Evaluating the structure, policies, and remuneration as referred to above at least 1 (one) time in 1 (one) year.

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

### Authorities of Remuneration Committee

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

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

#### Structure and Expertise of Committee Members

The Remuneration Committee is made up of 6 (six) individuals. It comprises 3 (three) Independent Commissioners (J.B. Kristiadi, Manggi T. Habir, and Emirsyah Satar), 2 (two) Commissioners (Ng Kee Choe and Gan Chee Yen), and 1 (one) Executive Officer or an individual with a managerial position in Human Resources Division (Eric Gunawan Kosasih).

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

### Legal Basis for Appointment

Members of the Danamon Remuneration Committee were appointed through the Circular Decision of the Board of Commissioners. This appointment is a Replacement for the Decision made during the Board of Commissioners Meeting of PT Bank Danamon Indonesia, Tbk. Through Letter No. KSR-Kom.Corp.Sec-002 dated March 4, 2016 and Letter of the Board of Directors No. KEP.DIR-Corp.Sec-002 dated March 4, 2016 that effective to serve since September 20, 2016.

### Independency of Remuneration Committee

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

### Terms of Office

Terms of office for members of Audit Committee shall not exceed the term of office of the Board of Commissioners as stipulated by the Article of Association considering that the maximum term of office of the Independent Commissioner is two (2) consecutive terms.

### Policies and Carrying Out of Remuneration Committee Meeting

#### Policies of Remuneration Committee Meeting

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

### Frequency and Attendance Level of Remuneration Committee Meetings

The Remuneration Committee held 8 (eight) sessions of meeting throughout 2016. Attendance of each Committee member in Remuneration Committee meetings is as follows:

Name	Attendance in Meeting	Attendance in Meeting
J.B. Kristiadi	8	100%
Ng Kee Choe	7	88%
Gan Chee Yen	8	100%
Manggi T. Habir	6	75%
Emirsyah Satar <sup>1)</sup>	8	100%
Marta Jonatan <sup>2)</sup>	2	100%
Eric Gunawan Kosasih <sup>2)</sup>	5	83%

<sup>1)</sup> Danamon has accepted resignation of Emirsyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval.

<sup>2)</sup> Marta Jonatan resigned and replaced by Eric Gunawan Kosasih.

### Member of Remuneration Committee

Total remuneration paid to all members of remuneration committee in 2016 amounting Rp15.5 billion.

### Main Agenda of 2016 Remuneration Committee Meeting

No	Date	Main Agenda
1.	February 4, 2016	Determination of tantiem and pool bonus
2.	February 12, 2016	The compensation package for members of the Board of Directors
3.	March 16, 2016	The compensation package for members of the Board of Directors
4.	March 21, 2016	- Approval of tantiem and distribution of tantiem in 2015 - Approval of remuneration for members of the Board of Directors
5.	May 25, 2016	The compensation package for members of the Board of Directors
6.	June 27, 2016	Allowance facility for Board of Directors and Board of Commissioners
7.	August 31, 2016	The compensation package for Senior Executive Officer
8.	November 19, 2016	- Approval of the compensation proposal - Incentives Guiding Principle

### Implementation of 2016 Remuneration Committee Work Activities


The Remuneration Committee activities may be summarized as follow:

- Reviewing the main guidelines for the determination of bonus and pool bonus
- Reviewing the compensation packages of the Directors and Senior Executive Officers
- Provide recommendations on remuneration of the Board of Commissioners/Directors/Syariah Supervisory Board
- Reviewing the incentive guidelines principles.

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



**J.B. Kristiadi**  
Chairman, Independent  
Commissioner



**Ng Kee Choe**  
Member, President Commissioner



**Gan Chee Yen**  
Member, Commissioner



**Manggi T. Habir**  
Member, Independent  
Commissioner



**Eric Gunawan Kosasih**  
Member, Executive Officer



## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee assists the Board of Commissioners in supervising the effectiveness of the structures, policies and governance resource to support the implementation of GCG principles. This Committee was established based on the Circular Resolution of the Board of Commissioners No. KEP: KOM-Corp.Sec.021 dated August 12, 2005 on the Establishment of Corporate Governance Committee.

### Corporate Governance Committee Charter

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

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

#### Duties and Responsibilities

Duties and responsibilities of Corporate Governance Committee include:

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

#### Authorities of Governance Committee include:

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

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

#### Structure and Expertise

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

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

#### Legal Basis of Appointment

Members of Danamon's Corporate Governance Committee were appointed through Circular Decision of the Board of Commissioners as an amendment during the meeting of Board of Commissioners, in Letter No. KSR-Kom.Corp. Sec-013 dated November 26, 2015 and Letter of the Board of Directors No. KEP. DIR-Corp.Sec-018 dated November 26, 2015.

#### Independence of Corporate Governance Committee

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

#### Terms of Office

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

### Policy and Carrying Out of Corporate Governance Committee Meeting

#### Policy of Corporate Governance Committee Meetings

- Meetings are organized in line with Danamon's needs and at least once every semester.
- Minimum attendance in Committee meetings is 51% (fifty one percent) of the members.
- Meeting decisions are made based on the principle of deliberation to reach consensus.

- d, In case where deliberation to reach consensus does not occur, then the decision will be made based on majority vote. Decisions made based on the majority vote shall be based on 1 (one) person, 1 (one) vote.
- e. Dissenting opinions during meetings and reasons for such dissenting opinions must be clearly stated in the minutes of meetings.
- f. Each meeting shall be recorded in a minutes of the meeting, properly documented, and signed by the all members of the Corporate Governance Committee present. Subsequently this report will be forwarded to the Board of Commissioners.

### Frequency of Meetings and Execution of Committee Meetings

The Corporate Governance Committee held 4 (four) meetings throughout 2016. The table below illustrates the level of attendance:

Name	Attendance in Meeting	Attendance in Meeting
Made Sukada	4	100%
Manggi T. Habir	3	75%
Ernest Wong Yuen Weng <sup>1)</sup>	4	100%

<sup>1)</sup> 2 (two) time attending the committee meeting via teleconference on January 18, 2016

### Main Agenda of 2016 Corporate Governance Committee Meetings

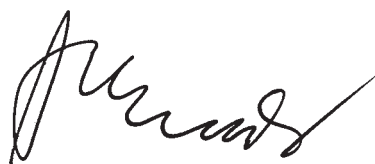
No	Date	Main Agenda
1.	January 18, 2016	<ul style="list-style-type: none"> <li>- GCG Self Assessment</li> <li>- Regulatory Gap Analysis</li> <li>- Anti Fraud Management</li> <li>- Plan for 2016</li> </ul>
2.	March 21, 2016	<ul style="list-style-type: none"> <li>- Timeline and Agenda General Meeting of Shareholders</li> <li>- Update of GCG Report</li> </ul>
3.	July 28, 2016	<ul style="list-style-type: none"> <li>- CG Self Assessment June 2016</li> <li>- Progress of CG ASEAN Scorecard</li> <li>- Gap Analysis of OJK Regulations</li> <li>- Extraordinary General Meeting of Shareholders</li> </ul>
4	December 6, 2016	<ul style="list-style-type: none"> <li>- Finalization of the Corporate Governance/Integrated Corporate Governance</li> <li>- Tools Performance for the Directors Assesment</li> <li>- Outsourcing &amp; Direct Contracts</li> </ul>

### Main Agenda of 2016 Corporate Governance Committee Meeting

Key activities for the 2016 Corporate Governance Committee, include:

- a. Receiving and reviewing the Management Report on:
- Integrated Corporate Governance Policy
  - Report on GCG implementation of Danamon
  - Implementation of Danamon's Corporate Governance self-assessment.
  - Progress of ASEAN CG Score Card
  - Tools for performance assessment of Directors
  - Anti Fraud Management
  - Labor outsourcing and direct contract
- b. Reviewing the agenda and content of Annual General Meeting and Extraordinary General Meeting 2016.

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



**Made Sukada**  
Chairman, Independent  
Commissioner



**Manggi T. Habir**  
Member, Independent  
Commissioner



**Ernest Wong Yuen Weng**  
Member, Commissioner

## INTEGRATED CORPORATE GOVERNANCE COMMITTEE

The Integrated Corporate Governance Committee is responsible to the Board of Commissioners of Danamon, which is the main entity of Danamon Group. The Integrated Corporate Governance Committee helps to supervise the implementation of integrated corporate governance of Danamon Group (Danamon and Subsidiaries). This Committee is established through Board of Directors Decision No.KEP: DIR-Corp. Sec.009 dated August 12, 2015 on the Establishment of the Integrated Corporate Governance Committee.

### Integrated Corporate Governance Committee Charter

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

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

Duties and responsibilities of the Integrated Corporate Governance Committee include to:

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

### Authorities of Integrated Corporate Governance Committee include to:

- Access documents, data, and information required from the Main Entity and Subsidiaries, while complying with the internal policies of each entity as well as prevailing laws and regulations.
- Establish direct communication with employees, Board of Directors, and other parties in the Main Entity and Subsidiaries.
- Involve independent parties to support the duties, when necessary.
- Exercise other authorities assigned by the Board of Commissioners of the Main Entity.

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

Membership of the Integrated Corporate Governance Committee is made up of 7 (seven) members consisting of 2 (two) Independent Commissioners and 1 (one) commissioner from Danamon (Main Entity), an independent commissioner who represents and is appointed from each of the Subsidiaries based on representation within the financial services sector (finance company and insurance company), an independent party who comes from the Main Entity, as well as a member of the Syariah Supervisory Board of the Main Entity. The members of this Committee have met the Charter and independence requirements for Committee membership.

The Integrated Corporate Governance Committee is chaired by an Independent Commissioner, Made Sukada, and members of the Board of Directors cannot become a member of the Integrated Corporate Governance Committee. Each member holds the required expertise to perform Committee functions and maintain integrity, and high standard of ethics as declared in the personal statements.

Members of Danamon's Integrated Corporate Governance Committee were appointed through the Circular Decision of the Board of Commissioners as an Amendment to the Decision made during the Board of Commissioners' Meeting of Danamon in Letter No. KSR-Kom.Corp.Sec-013 dated November 26, 2015 and Letter of the Board of Directors No. KEP. DIR-Corp.Sec-018 dated November 26, 2015.

### Terms of Office

The terms of office for members of Integrated Corporate Governance Committee shall not exceed the term of office of the Board of Commissioners as stipulated by the Articles of Association and may be reelected only for 1 (one) period with the consideration that the maximum tenure of Independent Commissioners is 2 (two) consecutive terms.

### Policy of Integrated Corporate Governance Committee Meetings

Policy of Integrated Corporate Governance Committee Meeting

- a. Meetings are organized in line with Danamon's needs and at least once every semester.

- b. Minimum attendee in the committee meeting is 51% (fifty one percent) of the members.
- c. Meeting decisions are made based on the principles of deliberation to reach consensus. In case where deliberation to reach consensus does not occur, then the decision will be made based on majority vote. Decisions made based on the majority vote shall be performed based on 1 (one) person, 1 (one) vote.
- d. Dissenting opinions during meetings and reasons for such dissenting opinions must be clearly stated in the minutes of meetings.
- e. Each meeting shall be recorded in a minutes of the meeting, properly documented, and signed by all the members of the Integrated Corporate Governance Committee present. Subsequently this report will be forwarded to the Board of Commissioners.

### Implementation of Integrated Corporate Governance Committee Meetings

The Integrated Corporate Governance Committee held 3 (three) meetings during 2016, namely on January 18, 2016, March 21, 2016, and July 28, 2016, with the level of attendance as follows:

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

Note:

<sup>1)</sup> Ernest Wong conducted one teleconference at the Committee meeting dated January 18, 2016

<sup>2)</sup> Attendance at the meeting held on March 21, 2016 and July 28, 2016 authorized attendance of Diyah Sasanti (Independent Party of ADMF)

<sup>3)</sup> The presence at the meeting held on January 18, 2016 authorized attendance of Suhandoko (Independent Commissioner of Adira Insurance)

### Main Agenda of 2016 Integrated Corporate Communication Meetings

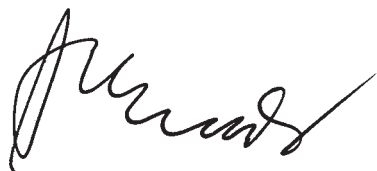
No	Date	Main Agenda
1.	January 18, 2016	<ul style="list-style-type: none"> <li>- Minutes of the previous meeting</li> <li>- Implementation of integrated Governance and Action Plan</li> <li>- Self Assessment of Integrated Governance 2015</li> </ul>
2.	March 21, 2016	<ul style="list-style-type: none"> <li>- Report on Integrated Governance</li> <li>- Action plan for the implementation of Corporate Governance of Subsidiary</li> </ul>
3.	July 28, 2016	<ul style="list-style-type: none"> <li>- Self Assessment on Integrated Governance</li> <li>- Implementation of Corporate Governance of Subsidiaries</li> </ul>

### Implementation of 2016 Integrated Corporate Governance Committee Work Activities

Integrated Corporate Governance Committee during 2016 has reviewed and evaluated:

- Results of the assessment (self-assessment) implementation of integrated governance
- Report on the implementation of integrated governance
- Implementation of governance in subsidiaries.

Integrated Corporate Governance Committee report their activities and recommendations to the Board of Commissioners on a regular basis.



**Made Sukada**  
Chairman,  
Danamon Independent  
Commissioner



**Ernest Wong Yuen Weng**  
Member,  
Danamon Commissioner



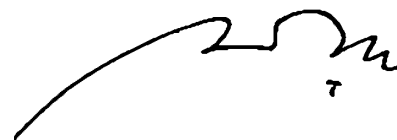
**Manggi T. Habir**  
Member,  
Danamon Independent  
Commissioner



**Djoko Sudyatmiko**  
Member,  
Independent Commissioner  
PT Adira Dinamika Multi Finance



**Julian Noor**  
Member,  
Independent Commissioner  
PT Asuransi Adira Dinamika



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



**Angela Simatupang**  
Member,  
Danamon Independent Party



## THE BOARD OF DIRECTORS

The Board of Directors is the organ collectively and fully responsible for managing the Bank's interests and objectives, as well as represents the Bank both inside and outside of the court in accordance with the Articles of Association.

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

Directors are accountable for the execution of his/her duty to the GMS. In performing its duties, the Board of Directors is given the authority and responsibility clearly appropriate according to the Articles of Association, which are guided by prevailing rules and regulations. Members of the Board of Directors that reach the end of tenure may be re-elected by the GMS for the next 3 years.

### Board of Directors Charter

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

### The Board of Directors Work Ethics

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

- a. Directors are prohibited from taking advantage of the Bank for their personal, family and or other party's benefits, which may be detrimental to the profit, and reputation of Danamon and its subsidiaries.

- b. Directors are prohibited from receiving personal gains from Danamon other than remuneration and facilities determined in the General Meeting of Shareholders.
- c. Members of the Board of Directors are prohibited from having concurrent positions as a member of a board of commissioners, board of directors or executive officers of other banks, companies or other institutions. Excluded as a prohibited concurrent position, if a Director is responsible for supervision or investment in Danamon's subsidiaries, or performing the functional duties as a member of the board of commissioners of a non-bank subsidiary controlled by Danamon, as long as the concurrent position does not result in the Director neglecting his/her duties and responsibility as a member of the Board of Directors.
- d. Directors, either individually or jointly, shall not hold share ownership of more than 25% (twenty five percent) of the paid up capital of Danamon and/or other companies.
- e. Directors are prohibited from giving general authority to another party, which will result in the transfer of duties and functions of the Board of Directors.
- f. The Board of Directors is prohibited from using individual advisors and/or professional services as a consultant unless it meets the following requirements: 1) The project is specific; 2) Based on the clear contract, which shall include at least the scope of work, responsibilities and duration of employment as well as costs; 3) Consultant is an independent party and has the qualifications to work on specific projects.
- g. Directors are prohibited from directly or indirectly making incorrect statements about material facts or not disclosing material facts, so as to ensure that the statements made on the state of Danamon are not misleading.
- h. Directors shall be subject to the Bank's Code of Conduct, the prevailing laws and regulations, as well as the Bank's internal policies.

### Board of Directors Transparency

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

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

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

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

- Ensure the implementation of integrated corporate governance in the Financial Conglomerate as defined in the policies of integrated corporate governance.
- b. Board of Directors Authorities
- The Board of Directors represents the Bank inside and outside of courts of law on all matters and in any event, binding Danamon with other parties and other parties with Danamon, as well as to execute all actions, both related to the management and ownership, but with restrictions and conditions as described in the Articles of Association.
  - The Board of Directors is authorized to perform other authorities granted in the Articles of Association of the Bank and the prevailing rules and regulations.

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

Danamon has a diversity policy that is used as a reference in the process of nomination of candidates for the Board of Directors. Danamon appreciates and respects any differences of viewpoints, knowledge, skills and experience of each individual, and does not discriminate on race, ethnicity, gender and religion.

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

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

Danamon has a succession policy for members of the Board of Directors that is used to maintain continuity of leadership in the future. Implementation of succession is conducted through the identification of executive officials who have the potential through the Talent Review Program. Each member of the Board of Directors is obliged to submit a minimum of two (2) candidates who will be evaluated and identified for his/her competency and skills gap. The replacement candidates will be grouped in a talent inventory to be recommended to the Nomination Committee.

### Board of Directors Nomination Policy

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

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

The Nomination Committee will consider the knowledge, skills and professional experience, as well as diversity without discrimination against, ethnicity, gender and religion.

The Nomination Committee proposes the elected candidates to the Board of Commissioners for approval and ratification by the General Meeting of Shareholders. The Nomination Committee will also

conduct an evaluation of the Board of Directors to be reappointed at the General Meeting of Shareholders.

### The number, composition and criteria of Directors

The Board of Directors of Danamon per end of December 2016 consisted of 9 (nine) people, of them was appointed as an Independent Director. The majority, or six of the nine members of the Board of Directors, are Indonesian citizens and all are domiciled in Indonesia. The Board of Directors is led by the President Director who is a professional, with integrity and sufficient competence. The President Director is an independent party that does not have management, ownership, financial relationship and/or family relationship to the controlling shareholder.

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

### Composition of the Board of Directors of the Bank at December 31, 2016 is as follows:

Name	Position	GMS Date	Effective Date (BI Approval)	Appointment	Number of Appointment	Domicile
Sng Seow Wah	President Director	February 27, 2015	November 20, 2014			Indonesia
Muliadi Rahardja	Vice President Director	August 31, 1999	21 December 1999	1999-2002 2002-2005 2005-2008 2008-2011 2011-2014 2014-2017	6 x	Indonesia
Vera Eve Lim	Director	May 22, 2006	June 26, 2006	2006-2008 2008-2011 2011-2014 2014-2017	4 x	Indonesia
Herry Hykmanto	Director	April 3, 2008	May 13, 2008	2008-2011 2011-2014 2014-2017	3 x	Indonesia
Michellina Laksmi Triwardhany	Director	April 29, 2010	May 27, 2010	2010-2011 2011-2014 2014-2017	3 x	Indonesia

Name	Position	GMS Date	Effective Date (BI Approval)	Appointment	Number of Appointment	Domicile
Satinder Pal Singh Ahluwalia	Director	April 29, 2010	June 24, 2010	2010-2011 2011-2014 2014-2017	3 x	Indonesia
Adnan Qayum Khan	Director	April 28, 2016	August 8, 2016	2016-2017	1x	Indonesia
Heriyanto Agung Putra	Director	April 28, 2016	December 23, 2016	2016-2017	1x	Indonesia
Rita Mirasari	Director	September 7, 2016	October 1, 2016	2016-2017	1x	Indonesia

### Independent Director

Rita Mirasari was appointed as an Independent Director by the Extraordinary General Meeting on September 7, 2016. Independent Directors, in addition to meeting the criteria as a member of the Board of Directors, shall also meet the following criteria:

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

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

### Duties and Responsibility of Each Director

Each Director has a role and authorities set out with reference to the Articles of Association and Board of Directors Circular Resolution regarding the divisions of Duties and Authorities of Directors No. KSR-DIR.Corp. Sec.-002 dated October 1, 2016, as follows:

BoD Member	Duties and Responsibilities
Sng Seow Wah President Director	President Director and Wholesale Banking Director has overall responsibility for the duties and authorities of Danamon's Board of Directors, and also directly supervises the Bank's Internal Audit, PT Adira Dinamika Multi Finance Tbk, PT Adira Quantum Multi Finance, PT Asuransi Adira Dinamika, Wholesale Banking, Transaction Banking, Treasury Capital Market and Technology Information.
Muliadi Rahardja Vice President Director	As the Vice President Director-Special Projects. Assist the President Director on important projects related to the Company.
Vera Eve Lim Director	Financial Director is responsible for Financial Planning and Control, Operational Excellence as well as CREM. Responsible for the direction and supervision of all financial issues at Danamon, as well as to monitor the presentation of financial reporting to ensure compliance with financial and accounting standards and applicable regulations. Functions as a business partner by generating added value through business reports and strategy and operational performance analyses of each respective business line. In addition, provides up-to-date information on business competition, direction of business strategy, and coordinates on corporate actions of Danamon and Danamon Group.

BoD Member	Duties and Responsibilities
Herry Hykmanto Director	Syariah Director, supervising Syariah Banking and Operations
Michellina Laksmi Triwardhany Director	Consumer Banking Director, supervising Consumer Banking, Small and Medium Enterprises; and Marketing, as well as the Sales & Distribution and Regional Chief Officers.  Responsible for strategy formulation and execution, as well as achievement of business targets. In addition, also responsible for the optimum progress from Consumer Banking; Small & Medium Enterprises and Sales & Distribution.
Satinder Pal Singh Ahluwalia Director	Micro Business Director, supervising Micro Banking/Danamon Savings and Loans.  Responsible for the development and implementation of strategies in Micro Banking/Danamon Savings and Loans.
Adnan Qayum Khan Director	As the Director in charge of Risk Integration  Responsible for the development and implementation of risk management strategies for Danamon and Danamon Group.
Heriyanto Agung Putra Director	HR Director in charge of Human Resources.  Responsible for the development of Human Resources.
Rita Mirasari Director	Compliance and Legal Director, supervising Compliance, Corporate Secretary, UKPN, Legal, Litigation, and Public Affairs.  Responsible to ensure compliance with all applicable laws and regulations, including regulations of Bank Indonesia/Financial Services Authority and the implementation of Anti Money Laundering and Counter Terrorism Financing. In addition, has responsibility over legal, litigation and public affairs issues as well as the Corporate Secretary.

### Independence of Directors

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

### Family Relations and Financial Relations Board of Directors

BoD	Family Relationship						Financial Relationship					
	BoC		BoD		Controlling Shareholders		BoC		BoD		Controlling Shareholders	
	Yes	No	Ya	Tdk	Ya	Tdk	Ya	Tdk	Ya	Tdk	Ya	Tdk
Sng Seow Wah President Director	-	√	-	√	-	√	-	√	-	√	-	√
Muliadi Rahardja Vice President Director	-	√	-	√	-	√	-	√	-	√	-	√
Vera Eve Lim Director	-	√	-	√	-	√	-	√	-	√	-	√



BoD	Family Relationship						Financial Relationship					
	BoC		BoD		Controlling Shareholders		BoC		BoD		Controlling Shareholders	
	Yes	No	Ya	Tdk	Ya	Tdk	Ya	Tdk	Ya	Tdk	Ya	Tdk
Herry Hykmanto Director	-	√	-	√	-	√	-	√	-	√	-	√
Michellina Laksmi Triwardhany Director	-	√	-	√	-	√	-	√	-	√	-	√
Satinder Pal Singh Ahluwalia Director	-	√	-	√	-	√	-	√	-	√	-	√
Adnan Qayum Khan Director	-	√	-	√	-	√	-	√	-	√	-	√
Heriyanto Agung Putra Director	-	√	-	√	-	√	-	√	-	√	-	√
Rita Mirasari Director	-	√	-	√	-	√	-	√	-	√	-	√

### Board of Directors Concurrent Positions

Directors are required to disclose other positions as outlined in the statement letter and signed by members of the Board of Directors and renewed annually. Exclusions on concurrent positions of Directors does not apply to supervising subsidiaries, having functional tasks and serving on the board of commissioners of subsidiaries. All Directors have no concurrent position prohibited in accordance with as Financial Services regarding Implementation of Corporate Governance for Commercial Banks.

### List of Danamon Director Positions in Subsidiaries

Name	Position in Danamon	Position in Subsidiaries
Sng Seow Wah	President Director	President Commissioner PT Adira Dinamika Multi Finance, Tbk.
Muliadi Rahardja	Vice President Director	-
Vera Eve Lim	Director	Commissioner PT Adira Dinamika Multi Finance, Tbk.
Herry Hykmanto	Director	-
Michellina Laksmi Triwardhany	Director	-
Satinder Pal Singh Ahluwalia	Director	Commissioner PT Adira Quantum Multifinance
Adnan Qayum Khan	Director	-
Heriyanto Agung Putra	Director	-
Rita Mirasari	Director	-

### Share Ownership of Directors

Share ownership, directly or indirectly, of each Director at Danamon, other banks, non-bank financial institutions and other companies exceeding of 5% of the paid-up capital is listed below:

Directors	Bank Danamon	Other Bank	Non Bank Financial Institution	Other Company	Description
Sng Seow Wah President Director	Number of shares owned 1,896,100 shares	-	-	-	- Percentage of Danamon shareholding: 0.01% - Type of share: Series-B Share
Muliadi Rahardja Vice President Director	Number of shares owned 6,405,515 shares	- Bank Central Asia,Tbk, Number of shares owned 25,000 shares - Bank Rakyat Indonesia, Number of shares owned 50,000 shares - Bank Mandiri (Persero), Number of shares owned 25,000 shares	-	-	- Percentage of Danamon shareholding: 0.07% - Type of share: Series-B Share
Vera Eve Lim Director	Number of shares owned 5,411,200 shares	- Bank Central Asia,Tbk, Number of shares owned 25,000 shares	-	-	- Percentage of shareholding: 0.06% - Type of share: Series-B Share
Herry Hykmanto Director	Number of shares owned 131,856 shares	-	-	-	- Percentage of shareholding: 0.00% - Type of share: Series-B Share
Michellina Laksmi Triwardhany Director	Number of shares owned 1,007,700 shares	-	-	-	- Percentage of shareholding Danamon shares: 0.01% - Type of share: Series-B Share
Satinder Pal Singh Ahluwalia Director	Number of shares owned 389,800 shares	-	-	-	- Percentage of shareholding Danamon shares: 0.01% - Type of share: Series-B Share
Adnan Qayum Khan Director	-	-	-	-	-
Heriyanto Agung Putra Director	-	-	-	-	-
Rita Mirasari Director	-	-	-	-	-

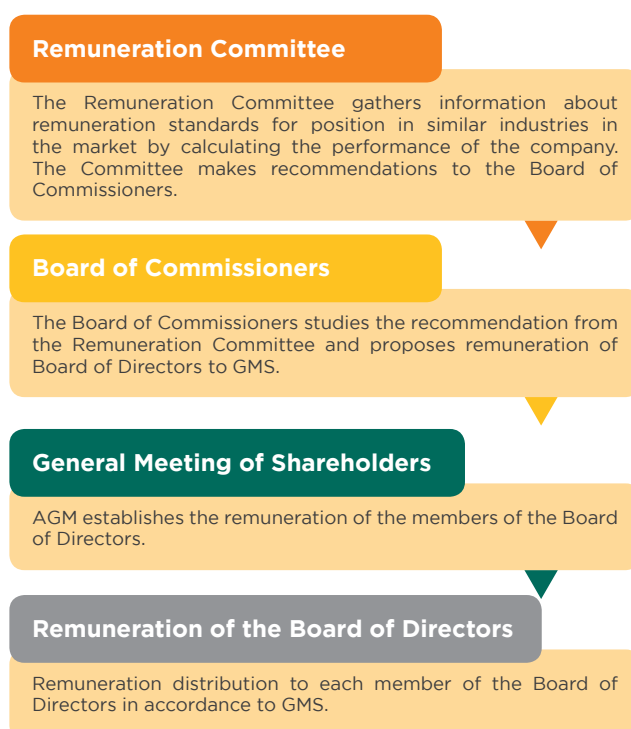
## Board of Directors Remuneration Policy

### Indicators for Determining Board of Directors Remuneration

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

### Procedure for Determining Board of Directors Remuneration

The remuneration setting process of Directors is described as follows:



### Board of Directors Remuneration Structure

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

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

Remuneration and Facility	2016		2015		2014		2013		2012	
	Nominal	Person	Nominal	Person	Nominal	Person	Nominal	Person	Nominal	Person
1 Salary and Allowance	39,896	9	40,996	7	54,256	9	58,423	11	32,703	12
2 Tantiem	46,100 <sup>1)</sup>	9	31,049	7	33,481	9	54,563	11	36,960	12
3 LTCP	NA		NA		NA		18,800	11	29,498	12
4 Other allowances in kind (housing, transportation, health insurance and others)										
a. may be owned	3,009	9	2,517	7	3,315	9	3,587	11	3,664	12
b. may not be owned	5,889	9	6,607	7	6,505	9	6,824	11	7,134	12

Note:

<sup>1)</sup> Accrual and can be changed in accordance with the GMS

## Remuneration of Directors Based on Income Levels

Remuneration amount per person in 1 year	2016	2015	2014	2013	2012
Above IDR 2 billion	9	7	9	11	12
Above IDR 1 billion up to IDR 2 billion	1 <sup>1)</sup>	-	-	-	-
Above IDR 500 million up to IDR 1 billion	-	-	-	-	-
Below IDR 500 million	-	-	-	-	-

Note:

<sup>1)</sup> Member of BoD has been resigned in April 2016.

## Board of Directors Meetings

### Policy on Board of Directors Meetings

- a. Board of Directors meetings are scheduled and held at least 1 (one) time a month.
- b. Joint meetings of the Board of Directors with the Board of Commissioners are held at least once every 4 (four) months.
- c. Directors should schedule the meeting of the Board of Directors and the Joint Meeting with the Board of Commissioners for the following year before ending the fiscal year.
- d. Every policy and strategic decision must be decided through the Board of Directors meeting and refer to the provisions set in the Articles of Association and other laws and regulations.
- e. Concerning scheduled meetings, invitations and materials must be submitted to the participants of the meeting no later than 5 (five) days before the meeting is held.
- f. If the meeting is not scheduled beforehand, the meeting materials are to be submitted to the meeting members before the meeting is held.
- g. Meeting invitations delivered to participants at least 3 (three) days prior to the meeting taking place.
- h. The President Director chairs the Board of Directors meetings. In case the President Director position is vacant or the President Director is unable to attend the Board of Directors meeting, a member of the Board of Directors shall be elected by the attending Directors to chair the Board of Directors meeting.
- i. Another Director based only on power of attorney can represent a member of the Board of Directors in the meeting.
- j. The Board of Directors Meeting can be held if at least 75% of the members of the Board of Directors are present at the meeting.
- k. Any decision of the Board of Directors meeting is made by consensus. In the event consensus is not reached, decisions are made by a majority vote. Decisions made by a majority vote are based on the principle of 1 (one) person, 1 (one) vote.
- l. Any member of the Board of Directors who personally has an interest, either directly or indirectly, in a transaction, contract or proposed contract, in which the Bank is a party, must state the nature of the interest in the meeting of the Board of Directors and is not entitled to participate in the voting on matters relating to the transaction or the proposed contract, unless the other Directors determine otherwise.
- m. The meeting of Directors shall be set forth in the minutes of the meeting, signed by all members of the Board of Directors in attendance, and submitted to all members of the Board of Directors and the Corporate Secretary.
- n. Results of Board of Directors meetings together with the Board of Commissioners shall be set out in the minutes of the meetings, signed by all members of the Board of Directors and members of the Board of Commissioners in attendance, and submitted to all members of the Board of Directors and the Board of Commissioners and the Corporate Secretary.
- o. In the event if a member of the Board of Directors and/or member of the Board of Commissioners does not sign the results of the above meetings, he or she shall state the reasons in writing in a separate letter attached to the minutes of the meeting.

- p. Dissenting opinions expressed in the Board of Directors meeting shall be clearly stated in the minutes of the meeting with the reasons for the differences in opinions.
- q. The Board of Directors may also adopt lawful and binding decisions without convening a meeting of the Board of Directors, provided all the members of the Board of Directors approve in writing by signing a Circular Decision containing the proposal in question. Decisions taken in this way have the same legal force as decisions taken at legitimate meetings.

### Frequency of the Board of Directors Meetings

In 2016, the Board of Directors held 36 meetings, meeting the minimum requirement for number of Board of Directors meetings. All decisions were documented in the minutes of the meetings. Decision-making in the entire Board of Directors meeting was conducted by deliberation and consensus, and there were no dissenting opinions.

### Attendance Levels of Board of Directors Meetings

Name	Attendance at Board Of Directors Meetings (36 times)	
	Attendance in Meeting	Attendance Rate
Sng Seow Wah	35	97%
Muliadi Rahardja	32	89%
Vera Eve Lim	32	89%
Herry Hykmanto	31	86%
Michellina Laksmi Triwardhany	31	86%
Satinder Pal Singh Ahluwalia	33	92%
Adnan Qayum Khan <sup>1)</sup>	12 (out of 13)	92%
Rita Mirasari <sup>2)</sup>	11 (out of 11)	100%

Note:

<sup>1)</sup> Adnan Qayum Khan passed the OJK Fit & Proper Test since the date of August 8, 2016;

<sup>2)</sup> Rita Mirasari passed the OJK Fit and Proper Test since the date of September 14, 2016;

### Frequency of Joint Meetings of BoD and BoC

The Board of Directors held 3 (three) meetings jointly with the Board of Commissioners throughout 2016. All meeting resolutions were documented properly in the minutes.

### Attendance of Board of Directors at Joint Meetings with the Board of Commissioners

Name	Joint Meeting Board of Directors with Board of Commissioners (7 times)		
	BoD Meeting with Commissioners in Attendance	BoC Meeting with Directors in Attendance	Attendance Level
Sng Seow Wah	3	4	100%
Muliadi Rahardja	3	3	86%
Vera Eve Lim	3	4	100%
Herry Hykmanto	3	4	100%
Michellina Laksmi Triwardhany	3	3	86%
Satinder Pal Singh Ahluwalia	3	4	100%
Adnan Qayum Khan <sup>1)</sup>	1 (out of 1)	1 (out of 1)	100%
Rita Mirasari <sup>2)</sup>	-	1 (out of 1)	100%

Note:

<sup>1)</sup> Adnan Qayum Khan passed the OJK Fit & Proper Test on August 8, 2016;

<sup>2)</sup> Rita Mirasari passed the OJK Fit and Proper Test on September 14, 2016



**Agenda of Board of Directors Meetings 2016**

Month	BOD Meeting	Main Agenda
January	<ol style="list-style-type: none"> <li>1. January 5, 2016</li> <li>2. January 13, 2016</li> <li>3. January 20, 2016</li> <li>4. January 25, 2016</li> </ol>	<ul style="list-style-type: none"> <li>- Progress of Strategic Plan</li> <li>- Branch Office Optimization</li> <li>- 2015 Financial Performance</li> <li>- 2015 Closing Audit</li> <li>- Preparation of 3-Year Budget Plan</li> <li>- Employee Engagement Survey (EES)</li> <li>- Plan for Head Office Relocation</li> <li>- Latest Audit</li> <li>- Risk management and Stress Test</li> <li>- Business Transformation Plans</li> <li>- Sensitivity Analysis of Q1 2016 Revenues</li> </ul>
February	<ol style="list-style-type: none"> <li>1. January 25, 2016</li> <li>2. February 29, 2016</li> </ol>	<ul style="list-style-type: none"> <li>- Integrated Risk Profile-Semester II 2015</li> <li>- Audit Internal-Proposal Whistle Blower</li> <li>- Financial Performance January 2016 Balance Score Card 2016 from CEO</li> <li>- Region Skip Level Meeting</li> <li>- IT Strategy 2016-2018</li> <li>- Risk Management</li> <li>- Interest Rate Trends</li> </ul>
March	<ol style="list-style-type: none"> <li>1. March 14, 2016</li> <li>2. March 28, 2016</li> </ol>	<ul style="list-style-type: none"> <li>- Financial Performance February 2016</li> <li>- Dividend Payout Ratio</li> <li>- Stress Test</li> <li>- Operational Risk Review</li> <li>- Employee Engagement</li> <li>- Branch Office Optimization</li> <li>- Head Office Building Management</li> <li>- Risk Management</li> </ul>
April	<ol style="list-style-type: none"> <li>1. April 7, 2016</li> <li>2. April 2016</li> <li>3. April 19, 2016</li> <li>4. April 25, 2016</li> </ol>	<ul style="list-style-type: none"> <li>- Financial Performance March 2016</li> <li>- Subsidiaries Dividend Payment</li> <li>- handling of Indicated Fraud</li> <li>- Talent Management</li> <li>- IT Steering Committee Charter</li> <li>- Sales &amp; Distribution</li> <li>- Risk Management</li> </ul>
May	<ol style="list-style-type: none"> <li>1. May 2, 2016</li> <li>2. May 9, 2016</li> <li>3. May 23, 2016</li> <li>4. May 31, 2016</li> </ol>	<ul style="list-style-type: none"> <li>- Branch Office Optimization</li> <li>- Financial Performance April 2016</li> <li>- Bank Business Plan</li> <li>- Employee Performance Evaluation and Incentives</li> <li>- OJK Regulation-Risk-Based Remuneration</li> <li>- Framework for Enterprise Information Security</li> <li>- Risk Management</li> <li>- Internal Audit</li> <li>- Credit Card Reporting</li> <li>- AML</li> </ul>
June	<ol style="list-style-type: none"> <li>1. June 6, 2016</li> <li>2. June 13, 2016</li> <li>3. June 20, 2016</li> </ol>	<ul style="list-style-type: none"> <li>- Review of Subsidiaries Risk</li> <li>- Loan Write Off Analysis</li> <li>- Financial Performance May 2016</li> <li>- Bank Business Plan to OJK</li> <li>- Integrated Risk</li> <li>- Prevention and Handling of Financial System Crisis</li> <li>- Employee Engagement Survey</li> </ul>
July	<ol style="list-style-type: none"> <li>1. July 11, 2016</li> <li>2. July 18, 2016</li> <li>3. July 25, 2016</li> </ol>	<ul style="list-style-type: none"> <li>- Off Site Quarterly Dialog Program</li> <li>- Financial Projections 2016</li> <li>- Cyber Security Review</li> <li>- Risk Management</li> <li>- Head Office Building Management</li> </ul>

Month	BOD Meeting	Main Agenda
August	1. August 8, 2016 2. August 23, 2016 3. August 23, 2016	<ul style="list-style-type: none"> <li>- IFRS Standard Reporting</li> <li>- Governance of Economist Publications</li> <li>- Integrated Risk Profile-Semester I 2016</li> <li>- Financial Performance July 2016</li> <li>- Macro Economic Projections 2017</li> <li>- Risk Management</li> <li>- Branch Office Optimization</li> <li>- Macro Economic Projections 2017</li> </ul>
September	1. September 5, 2016 2. September 19, 2016 3. September 21, 2016 4. September 26, 2016	<ul style="list-style-type: none"> <li>- Progress on Strategic Initiatives</li> <li>- Risk Posture 2017</li> <li>- Human Resources 2017</li> <li>- Business Development Micro Banking</li> <li>- Crisis Management</li> <li>- Mid-Year 2016 Performance Evaluation</li> <li>- Survey &amp; Review of Danamon Culture</li> <li>- Call Spread Option</li> <li>- FSAP Stress Testing</li> </ul>
October	1. October 3, 2016 2. October 17, 2016 3. October 24, 2016 4. October 31, 2016	<ul style="list-style-type: none"> <li>- Risk Management</li> <li>- Debtor Information System (SID)</li> <li>- 2017 Budget</li> <li>- Separation of SME, Mid Market and Wholesale Segment Portfolio</li> <li>- Foreclosed Collateral (AYDA) for SME and Wholesale Customer</li> <li>- Outlook 2016 and Plans for 2017</li> </ul>
November	1. November 14, 2016 2. November 21, 2016	<ul style="list-style-type: none"> <li>- Financial Performance October 2016</li> <li>- Operation Transformation Project</li> <li>- POJK-Renmuneration Policy</li> <li>- Adjustment of BOD Committees</li> <li>- Capital Market Trustee</li> <li>- 2016 Annual Report</li> <li>- Bank Business Plan</li> </ul>
December	1. December 1, 2016 2. December 13, 2016	<ul style="list-style-type: none"> <li>- GMS Agenda and Schedule</li> <li>- Risk Management</li> <li>- BOD Performance Evaluation</li> <li>- New Data Center</li> <li>- Financial Performance November 2016</li> <li>- Incentive Scheme</li> <li>- Human Resources Environment Control-ORM</li> <li>- Product Working Group</li> <li>- Crisis Protocols for Financial Institutions</li> </ul>

#### Agenda of Board of Director with Board of Commissioners Joing Meetings

No	Date of Meeting	Meeting Agenda
1	March 22, 2016	<ul style="list-style-type: none"> <li>- Financial Performance February 2016</li> <li>- 2015 Dividend Payout Ratio</li> <li>- 2016-2018 IT Strategy</li> </ul>
2	June 27, 2016	<ul style="list-style-type: none"> <li>- Bank Business Plan to OJK</li> <li>- Extraordinary General Meeting of Shareholders (EGMS) to Appoint Compliance Director</li> <li>- Appointment of Interim Director for Compliance and Interim Director for Syariah</li> </ul>
3	September 7, 2016	<ul style="list-style-type: none"> <li>- Financial Performance Juli 2016</li> <li>- Development of Micro Business</li> <li>- Branch Office Optimization</li> </ul>

### The Meeting Schedule of 2017

At the end of 2016, the Directors prepared a meeting schedule to be held in the following year as follows; 12 Board of Director meetings and 3 Joint Meetings with the Board of Commissioners.

### Attendance of Board of Directors at the Annual GMS

Accountability of Directors for the implementation of duties and responsibilities has been submitted to the shareholders through the Annual General Meeting 2016. All Directors were present at the Annual GMS held on April 28, 2016.

### Duties and Responsibilities of the Board of Directors 2016

The Board of Directors set objectives and operate the business in a safe and sound manner to meet the obligation of accountability to the shareholders and stakeholders. In 2016, the Board of Directors carried out its duties and responsibilities by performing the following:

- Established goals for business, financial, and other important matters that help ensure stability and sustainability.
- Implemented close monitoring and provided recommendations to drive goal achievement.
- Helped allocate and prioritize resources required to build the franchise, and bring the institution back into a growth mode.
- Reinforced the need for risks and controls to manage and operate in a prudent manner.
- Reinforced corporate core values and built a robust performance management system and process that emphasizes meritocracy.

### Board of Directors Assessment

#### Implementation Process of Performance Assessment

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

### Assessment Criteria

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

- Financial performance,
- Robustness of the Bank,
- Capital,
- Risk profile,
- Regulatory compliance,
- The significance of the audit results,
- Long-term goals and strategies,
- Implementation of the principles of corporate governance.

### Assessment Implementation

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

### Assessment Implementation of Board of Directors Member

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

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

Against the backdrop of the Indonesian banking industry which was impacted by slower loan growth and rising industry NPLs, we are satisfied with the overall results delivered by the Board of Directors. While Danamon's loans declined by 5% to Rp 122 trillion mainly due to the decline in our Mass Market segment, net operating income (net income before non-operating income and expenses and taxes) increased by 29% due to improvements in our cost of funds, lower operating expenses and cost of credit. We are satisfied with Danamon's prudent management of the loan portfolio, and overall asset quality remained sound.

The lower loan portfolio was matched by a managed decline in total third-party funding of 10% to Rp 105 trillion. At the same time, increased focus in gathering granular and lower cost funding provided us with a better funding franchise. CASA ratio also improved from 43% in 2015 to 46% in 2016. The Loan to Funding ratio (LFR) at the end of 2016 was 91%, in line with Management's target and well within regulatory limits.

We are appreciative of the Board of Directors' positive actions in 2016 in carrying out the Bank's transformation. While the transformation journey to diversify growth engines and become more customer-centric is not yet over, the projects undertaken so far have shown very encouraging results. These achievements are particularly visible from the speed of progress in the roll-out of the Sales and Distribution network and revamp of the SME business model. Through these initiatives Danamon has strengthened its engagement with customers.

### Orientation Program for New Directors

During 2016, there were 3 (three) new Directors at Danamon, namely Adnan Qayum Khan, Heriyanto Agung Putra, and Rita Mirasari. Danamon has an orientation program for new members of the Board of Directors that contains Company profile, vision, mission and values of Danamon, code of ethics, organizational structure, rules of banking and capital markets, internal policies, as well as the duties and responsibilities of the Board of Directors. The program is conducted through the provision of On-Boarding Pack and concise understanding of the relevant units face-to-face to give a better understanding of the organization, duties and responsibilities, and processes in Danamon.

### Training Programs of Directors

Danamon provides an opportunity for Directors to participate in training, certifications, workshops, and conferences to enhance competence, professionalism and knowledge on an on-going basis. During 2016, members of the Board of Directors received training, certification, workshops and conferences as follows:

Director Name	Training/Conference/ Seminar/Workshop	Organizer	Location	Date
Sng Seow Wah	DBS Vickers Pulse of Asia Conference January 2016	DBS Vickers	Singapore	January 7, 2016
	Credit Suisse-ASEAN Conference 2016	Credit Suisse	Singapore	January 8, 2016
	BCG 2016 Asia Pacific Conference on Digital: How to Make it Happen	BCG	Singapore	August 19, 2016
	Singapore Summit 2016 – Global Asia Confluence	The Singapore Summit	Singapore	September 16-17, 2016
	10th Financial Services CEO Round Table	Temasek	Singapore	16 November 2016
	The Digital Vortex: Implication for the Boardroom	TMS Academy Singapore	Singapore	November 24, 2016
Muliadi Rahardja	Workshop Digital Branch	IBM	MBD	April 25, 2016
	Digital Revolution – Transforming	IBM	Jakarta	December 8, 2016
Vera Eve Lim	DBS Vickers Pulse of Asia Conference January 2016	DBS Vickers	Singapore	January 7, 2016
	Credit Suisse-ASEAN Conference 2016	Credit Suisse	Singapore	January 8, 2016
	Mandiri Investment Forum 2016	Mandiri Sekuritas	Jakarta	January 29, 2016
	Indonesia Investor Summit & Capital Market Expo 2016	Bursa Efek Indonesia	Jakarta	August 3, 2016
	Refreshment Sertifikasi Management Resiko	The Risk Forum	Jakarta	August 10, 2016
	MacQuarie ASEAN Conference	MacQuarie	Singapore	August 22, 2016
	Challenge to Global Economy Seminar	LPS	Jakarta	September 22, 2016
	CNBC – Asia Business Leader Forum	CNBC Asia	Jakarta	November 23, 2016
	Non-deal Roadshow Asia	DBS Vickers	Hongkong-Malaysia	November 28-30, 2016
Herry Hykmanto	Seminar Trade based on Islamic Law at the University of Al Azhar	ICC Indonesia	University of Al Azhar-Jakarta	April 30, 2016
	Islamic Trade Finance Forum (ITFC)	Islamic Development Bank (IDB) Group	Jakarta Convention Center	May 17, 2016
	The Islamic Corporation for Insurance of Investment and Export Credit (ICIEC)	Islamic Development Bank (IDB) Group	Jakarta Convention Center	May 17, 2016
	3rd Banking Commission ‘Trade Sharing & Learning Forum’ 2016	ICC Indonesia	New Menara Bank Danamon	May 27, 2016

Director Name	Training/Conference/ Seminar/Workshop	Organizer	Location	Date
Michellina Laksmi Triwardhany	Asian Financial Services Congress	IDC Financial Insights	Singapore	March 2-4, 2016
	Workshop Digital Branch BDI & IBM	IBM	Danamon Office	April 25, 2016
	BCG Conference	Boston Consulting Group	Singapore	August 19, 2016
	McKinsey Innovation Forum Indonesia in a Digital World	Mc Kinsey	Jakarta	September 27, 2016
	Manchester United Partner Conference	Manchester United	Los Angeles	October 3-5, 2016
Satinder Pal Singh Ahluwalia	Refreshment Sertifikasi Management Resiko	The Risk Forum	Jakarta	August 10, 2016
Adnan Qayum Khan	Sertifikasi Manajemen Risiko Tingkat V	Badan Sertifikasi Manajemen Risiko	Jakarta	May 28, 2016
	22nd Indonesia Rendezvous. An International Insurance Gathering	The General Insurance Association of Indonesia	Bali	October 26-29, 2016
	Insurance Risk Training	Guy Carpenter	Singapore	November 17, 2016
Heriyanto Agung Putra	Sertifikasi Manajemen Risiko Tingkat IV	LSPP	Jakarta	October 8, 2016
Rita Mirasari	Prospek Perekonomian Nasional 2017: Peluang Dan Tantangan Industri Perbankan"	FKDKP	Jakarta	November 3, 2016

## COMMITTEES UNDER THE BOARD OF DIRECTORS

The Board of Directors established committees under the Board of Directors to provide advice and recommendations that can be used as a reference in decision making related to the implementation of the tasks and responsibilities of the Board of Directors. Committees under the Board of Directors are as follows:

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

In the framework of the implementation of integrated risk management, Board of Directors of the Bank as the main entity in the financial conglomerate

Danamon Group also established the Integrated Risk Management Committee.

### Committee Guidelines and Work Rules

Each of the committees under the Board of Directors has guidelines and work rules for reference and binds every member of the committee that regulates among others the membership, duties and responsibilities, meeting and reporting provisions. Committee guidelines and work rules are constantly updated according to the development of the Bank and regulations.

### Performance Evaluation of Board of Directors Committees

The committees under the BOD have performed their functions and contributed to the implementation of the duties and responsibilities of the BOD throughout 2016.



## Risk Management Committee

### Committee Structure and Membership

Chairman:	Director of Integrated Risks
Members:	President Director Director of Compliance Director of Syariah Banking and Operation Director of Micro Business Director of Consumer Banking and SME, Sales & Distribution Director of Finance Director of Human Resources

### Status of Voting Rights and Decision Making

Each Risk Management Committee member has equal voting rights. Committee decisions are taken by consensus. In the event that consensus does not happen then the decision made by a majority vote.

### Duties and Responsibilities of the Risk Management Committee

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

## Risk Management Committee Meetings

Board of Directors	Attendance Directors and Members in Committee Meetings
	Attendance in Risk Management Committee Meetings
Sng Seow Wah	35
Muliadi Rahardja	32
Vera Eve Lim	32
Herry Hykmanto	31
Michellina Laksmi Triwardhany	31
Satinder Pal Singh Ahluwalia	33
Adnan Qayum Khan <sup>1)</sup>	12 (out of 13)
Rita Mirasari <sup>2)</sup>	11 (out of 11)

Note:

<sup>1)</sup>Adnan Qayum Khan effectively passed the OJK Fit & Proper Test since the date of August 8, 2016;

<sup>2)</sup>Rita Mirasari effectively passed the OJK Fit and Proper Test since the date of October 1, 2016

### Actions Implemented by the Risk Management Committee in 2016

The Risk Management Committee conducted meetings with discussion topics which include:

- Portfolio (Bank level, wholesale, retail, and micro business).
- Concentration of business units and industry portfolio.
- Debts watch list
- Highlight key operational, market and liquidity risks
- Risk Profile Report.

### ASSETS AND LIABILITIES COMMITTEE (ALCO)

#### Structure and Membership of ALCO

Chairman: President Director

Alternate Chairman: Director of Finance

Members:

- Director of Integrated Risk
- Director of Consumer Banking, SME, Sales & Distribution
- Director of Micro Banking

#### Status of Voting Rights and Decision Making

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

#### ALCO Duties and Responsibilities

ALCO has duties and responsibilities including to:

- a. Define the ALCO scope of work with meeting procedures, work process, and the formation of sub-committees to support ALCO.

- b. Decide on the policies and directions on liquidity, interest risks, and capital management at the Bank and its subsidiaries which reflect the adequacy of liquidity and capital, stable and diversified financing by complying to the prevailing regulations.
- c. Perform evaluation on market conditions and their impacts on the conditions of Bank liquidity, NII, and capital as well as approve the most appropriate actions.
- d. Perform reviews and determine the balance sheet structure to improve profitability.
- e. Perform evaluation on the composition of financing and approve every modification on strategy and alternative financing including new institutional/ structural financing.
- f. Conduct reviews on liquidity, interest rate, and capital strategies as proposed by Treasury Capital Market, and at the same time monitor the implementation.
- g. Perform evaluation on the following:
  - Economic and Market Overview
  - The current movement of the key components of the balance sheet, Yield/COF and NIM
  - Funds Transfer Pricing (FTP)
  - Interest rates on financing and loans
  - Market risk profile and liquidity on the balance sheet, AFS portfolio and trading book
  - Monitor Emergency Funding Policy (CFP)
  - Management of capital and other matters related to ALCO.
- h. Conduct periodic evaluations on the following matters:
  - The framework of market and liquidity risk limits on balance sheet, AFS portfolio and derivatives for funding.
  - Assumptions for stress testing on liquidity risk and interest rate.
  - Calculation of core balance on liquidity risk, interest rate risk and FTP calculation.
  - Policy and methodology of FTP.
  - Emergency Funding Policy.
  - Target Loan to Funding Ratio (LFR).

**Assets and Liabilities Committee Meetings**

Board of Directors	Attendance Directors and Members in Committee Meetings
	Attendance in Assets & Liabilities Committee Meetings
Sng Seow Wah	11
Muliadi Rahardja	10
Vera Eve Lim	10
Michellina Laksmi Triwardhany	10
Satinder Pal Singh Ahluwalia	10
Adnan Qayum Khan <sup>1)</sup>	6

Note:

<sup>1)</sup>Adnan Qayum Khan effectively passed the OJK Fit & Proper Test since the date of August 8, 2016;**ALCO Actions Implemented in 2016**

Throughout 2016, ALCO held meetings with discussion on materials that included:

- LFR Management
- FTP Management rate
- Balance Sheet management
- Study on interest rates and third party loans
- Study on market and liquidity risk limits
- Capital management
- Professional Funding Management
- AFS Portfolio Management
- CFP monitoring
- Economic and market outlook review

**INFORMATION TECHNOLOGY STEERING COMMITTEE****Committee Structure and Membership**

Chairman: President Director

Alternate Chairman: Chief Information Officer

Members:

- Director of Integrated Risk
- Director of Micro Banking
- Director of Consumer Banking, SME, Sales & Distribution
- Director of Finance
- Director of Operations and Syariah
- Head of Internal Audit (SKAI)
- Head of Transaction Banking

**Status of Voting Rights and Decision Making**

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

**Duties and Responsibilities**

The Information Technology Steering Committee has the duty and responsibility including to:

- In conjunction with the group business strategic plan, periodically review the strategy of group IT, including the roadmap along with the prerequisite human resources and finances. Evaluate and approve the modifications in this department in line with the Group requirements.
- Prepare IT policies such as security policies and IT risk management policies.
- Ensure that IT projects and IT strategic plans are in harmony and ensure priorities.
- Periodically review the indicators of group production system service levels, including the effectiveness of security policies, dealing with issues and recommending improvements.
- Review and approve CAPEX investments within the context of strategy, blueprint, priorities, and group IT roadmap. Define and implement the approval of CAPEX, PAM, and OPEX IT guidelines as consistent with the procurement policies.
- Monitor the development of core IT Group projects through the directions provided by each of the member of the Information Technology Project Steering Committee, dealing with each issue, and recommend possible improvements. Project teams will then implement the improvement.
- Review the effectiveness of Risk Mitigation Plan on the implementation of IT investments in addition to ensuring the contribution of the investment is toward the Group business.
- Ensure the allocation of appropriate and efficient IT resources. In case of requirements to utilize third parties to support project implementation, Information Technology Steering Committee must ensure the availability of policies and procedures of selecting and appointing the third party.

- i. Routinely review the benefits provided by IT Group projects to various business units and supporting functions.
- j. Routinely review OPEX and CAPEX of IT Group.
- k. Define and implement IT initiatives including the information management system required to support Group business.
- l. Conduct self-assessment at a minimum on an annual basis in order to determine the effective functions of the Information Technology Steering Committee.
- m. Perform other duties and responsibilities assigned by the Board of Directors from time to time.

### Information Technology Steering Committee Meetings

Board of Directors	Attendance Directors and Members in Committee Meetings
	Attendance in Information Technology Steering Committee Meetings
Sng Seow Wah	3
Muliadi Rahardja	3
Vera Eve Lim	3
Michelllina Laksmi Triwardhany	3
Satinder Pal Singh Ahluwalia	2
Herry Hykmanto	1
Heriyanto Agung Putra <sup>1)</sup>	1
Adnan Qayum Khan <sup>2)</sup>	1

<sup>1)</sup> Heriyanto Agung Putra effectively passed the OJK fit & proper test since December 23, 2016

<sup>2)</sup> Adnan Qayum Khan effectively passed the OJK fit & proper test since August 8, 2016

### Actions Implemented by the Information Technology Steering Committee in 2016

The Information Technology Steering Committee conducted meetings with the following discussion topics:

- a. Rule Based Engine Project
- b. B2B2C Digital Strategy Project
- c. 357 ATM Project
- d. SLIK OJK Project
- e. IT 2017 Update Project.

### FRAUD COMMITTEE

Danamon has established a Fraud Committee at the head office and regional levels. At the head office, the Fraud Committee decided to handle the recommendations of Reports of Investigations (LHI) of the Fraud Investigation Unit with a nominal potential losses above Rp1 billion including material operational risks towards Danamon. Meanwhile, the Fraud Committee at the regional level handles recommendations of Reports of Investigations (LHI) of Fraud Investigation Unit with nominal potential losses of Rp10 million up to Rp1 billion.

### The Composition of the Fraud Committee at the head office and regional levels are as follows:

#### Fraud Committee at Head Office

Chairman: Director of Compliance

Secretary: HR Services & Relations Head

Members:

- Director of Integrated Risk
- Director of Operations and Syariah
- Director of Consumer Banking, SME, Sales & Distribution
- Director of the Micro Banking

- Head of SKAI
- Head of Human Resources Division
- Head of Fraud Investigation unit
- Director/Head of Related Line of Business

Sanctions at Fraud Committee Head Office are authorized by:

1. Director of Compliance
2. Director of Integrated Risk
3. Director of Operation, SME & Micro Business
4. Head of Internal Audit
5. Director of Human Resources
6. Director/Head of Related Line of Business.

### Fraud Committee at Regional Level

The composition of the Regional Fraud Committee and those who authorize sanctions:

1. Regional Corporate Officer (Chairman)
2. Head of Regional HR (Secretary)
3. Head of Regional Transaction Service (Member)
4. Regional Transaction Service Manager (Member)
5. Head of Regional Inspection Office (Member)
6. Head of Regional Segment (Member).

In 2017, Fraud Committee is a part of HR Committee.

### Status of Voting Rights and Decision Making

Each of these members has equal voting rights. Committee decisions are taken by consensus. In the event that deliberation does not reach consensus, decision-making is based on majority vote.

### Duties and Responsibilities of the Committees

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

### Fraud Committee Meeting

Board of Directors	Attendance in Fraud Committee Meetings
Rita Mirasari	7
Muliadi Rahardja	2
Herry Hykmanto	10
Satinder Pal Singh Ahluwalia	9
Heriyanto Agung Putra	6
Adnan Qayum Khan	6
Michelllina Laksmi Triwardhany	1

\*) - Rita Mirasari effectively passed the FSA fit and proper test as of October 1, 2016  
 - Heriyanto Agung Putra effectively passed the FSA fit and proper test as of December 23, 2016  
 - Adnan Qayum Khan effectively passed the FSA fit and proper test as of August 8, 2016

### Action Implemented by Fraud Committee in 2016

During 2016, the Fraud Committee has decided on the recommendation outcome of Investigation Report from Fraud Investigation Unit with the potential loss of over Rp.1 billion, including material operational risk for Danamon.

### COMPLIANCE COMMITTEE

#### Compliance Committee Structure and Membership

Chairman: Director of Compliance

Members:

- Director of Integrated Risk
- Head of SKAI
- Head of the Compliance Unit
- Head UKPN
- Head of Credit Risk Management
- Head of Operational Risk Management and Fraud

In 2017, Bod resolve the compliance committee, compliance issues are discussed.

### Status of Voting Rights and Decision Making

Each of these members has equal voting rights. Compliance Committee decisions are taken by consensus. In the event that deliberation does not reach a consensus, then the decision made by a majority vote.

### Duties and Responsibilities of the Compliance Committee

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

### Compliance Committee Meetings

Board of Directors	Attendance in Compliance Committee Meetings
Herry Hykmanto	1
Adnan Qoyum Khan <sup>1)</sup>	1

<sup>1)</sup> Adnan Gayum Khan passed the OJK fit and proper test on August 8, 2016

### Actions Implemented by the Compliance Committee in 2016

The Compliance Committee conducted meetings with the following discussion topics:

- Whistleblower Management Services by Third Party
- Changes in Foreign Exchange Transaction Regulations.

### OPERATIONAL RISK MANAGEMENT COMMITTEE Committee Structure and Membership

Chairman: Director of Integrated Risk

Members:

- President Director
- Director of Operations and Syariah
- Director of Finance
- Director of Consumer Banking, SME, Sales & Distribution
- Director of Compliance
- Director of the Micro Banking
- Director of Human Resources

In 2017, BoD merged the Operational Risk Management Committee in to the Risk Management Committee.

### Status of Voting Rights and Decision Making

Each Operational Risk Management Committee member has equal voting rights. Operational Risk Management Committee decisions are taken by consensus. In the event that deliberation does not reach consensus then the decision is made by a majority vote.

### Duties and Responsibilities of the Operational Risk Management Committee

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

### Operational Risk Management Committee Meetings

Board of Directors	Attendance in Operational Risk Management Committee Meetings
Sng Seow Wah	2
Muliadi Rahardja	2
Vera Eve Lim	2
Herry Hykmanto	2
Michellina Laksmi Triwardhany	2
Satinder Pal Singh Ahluwalia	2
Adnan Qayum Khan <sup>1)</sup>	1

<sup>1)</sup> Adnan Gayum Khan passed the OJK fit and proper test on August 8, 2016

### Action Implemented by Operational Risk Management Committee in 2016

Throughout 2016, Operational Risk Management Committee conducted meeting with the main subject that includes Information Security and Control Environment HR.



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

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

### Affiliation between Directors and Commissioners and Controlling Shareholders

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

### Affiliation between Commissioners and Controlling Shareholders

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

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

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

The affiliated party transaction policy governs that each member of the Board of Commissioners and Board of Directors are required to disclose any planned affiliated transactions both by themselves and their families to the Corporate Secretary according to the requirements set out in affiliate transaction policy. The Director of Compliance will review the plan and subsequent transactions that have been reported to the Audit Committee. In the event of a Conflict of Interest, the member of the Board of Directors or Board of Commissioners concerned must abstain from the process of assessment and approval of the transaction. In the event of a Conflict of Interest, the Director or Commissioner concerned shall abstain from the review process and approval of the transaction.

## CORPORATE SECRETARY

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

### Corporate Secretary Organizational Structure



### Corporate Secretary Profile

Rita Mirasari as one of the Directors of Bank Danamon and has served as Corporate Secretary since October 24, 2016 based on Board of Directors Decision No.KSR-DIR.Cor.Sec-003 dated October 17, 2016 on the appointment of the Corporate Secretary.



**Rita Mirasari**  
Director (Independent)

Rita Mirasari, Indonesian citizen, age 47 and domiciled in Indonesia. Obtained a Bachelor degree in Law at University of Indonesia. Started a career in banking since 1991 as Legal Officer at a local bank. Acquired extensive experience in legal, compliance and corporate secretary working with various leading banks in Indonesia. Last position prior to joining Danamon was as Director, Regulatory Compliance & Financial Crime Compliance, HSBC, Indonesia. Currently serves as Director, Legal Compliance and concurrently Independent Director of Danamon

### Duties and Responsibility of Corporate Secretary

- a. Preparing recommendations to the Board of Directors and Board of Commissioners to comply the prevailing capital market regulations;
- b. As liaison for communication between the Bank and the shareholders, Financial Services Authority as well as other stakeholders;
- c. Preparing recommendations to the Board of Directors and Board of Commissioners relating to the implementation of corporate governance:
  - Disclosed information to the public including information availability on Danamon website
  - Report submission to Financial Services Authority and other regulators
  - Organizing and preparing the minutes of AGMS.
  - Organizing and preparing meeting minutes of the Board of Directors and the Board of Commissioners
  - Organizing Bank orientation program for the Board of Directors and the Board of Commissioners.
- d. 18<sup>th</sup> ASEAN Bankers Association Conference: Towards one ASEAN Market
- e. Group Risk Masterclass
- f. Advance Leadership Program
- g. Seminar on Banking Compliance-Readiness in Facing Ownership Restrictions of Commercial Bank Stock
- h. TTEP Group Legal
- i. Compliance Seminar: Bank Crime: Scam Prevention and Handling
- j. Specialized Information Sharing
- k. Asia.com (Conference) for Legal & Compliance Officers and others.

### Task Implementation of Corporate Secretary in 2016

During 2016, the Bank's Corporate Secretary activities included:

- a. Attending Boards of Commissioners and Directors meetings on a regular basis and preparing the minutes of meetings.
- b. Organizing the AGMS and managing disclosure and manner of dividends payment.
- c. Preparing recommendations of amendments to committee charters for the Board of Commissioners and Board of Directors related to the implementation of corporate governance.
- d. Following the developments of the capital market in particular related to the regulation of capital markets and conveying information to the Board of Commissioners, Directors and other Danamon stakeholders.

### Corporate Secretary Training Program

Various training was taken in 2016 to increase the competency of the Corporate Secretary:

- a. Seminar on Banking Compliance-Readiness in Facing the Assessment of Financial Action Task Force On Money Laundering (FATF) in Indonesia
- b. Compliance Seminar: POJK Implementation
- c. Banking Risk & Regulation Refreshment Program

- e. Overseeing adjustments to the Articles of Association in accordance with the regulations and applicable new legislation.
- f. Implementing information disclosure in accordance with the prevailing rules and regulations.

### Corporate Secretary Correspondence

As part of information disclosure policy, Danamon provides information for public access via its website in Bahasa Indonesia as well as in English. Danamon also submits regular reports to the Indonesia Stock Exchange and the Financial Services Authority (OJK), including through e-reporting sites IDXNet and SPE OJK.

### Regular Reporting

No	Report	Regulation	Reporting Period	Report Objectives
1	Monthly Report-Securities Holders BDMN Registration	Kep-306/BEJ/07- 2004	Monthly	FSA, IDX, BI
2	Foreign Currency Obligation Report	OJK Letter No. S-30/PM.2/2013 in conjunction with Bapepam & LK Letter No. S-13 264/B/2012 in conjunction with Circular No.SE -02/ BI/2009	Monthly	
3	Consolidated Financial Statement BDMN and Subsidiaries	POJK No. 31/POJK.04/and OJK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements; Exchange Regulation No. I-E	Quarterly	
4	XBRL (eXtensible Business Reporting Language) Financial Report	Exchange Regulation No. I-E	Quarterly	
5	Share Composition Report	22 PBI No. 11/1/PBI/2009	Quarterly	
6	Holding Company Financial Statement (Asia Financial (Indonesia) Pte Ltd)	PBI No. 3/22/PBI/2001 regarding Transparency of Bank's Financial Condition	Semester	
7	Annual Report and Sustainability Report	OJK Regulation No. VIII.G.2 and Exchange Regulation Item III.2. No. Kep-306/BEJ/07-2004 Rule Number I-E Related to Obligations of Information Submission	Annual	
8	Company's Annual Financial Report (LKTP)	Industry & Trade Ministry Decision No. 121/MPP/Kep/2/2002 regarding Rules on Submission of Company's Annual Financial Report	Annual	

## Incidental Reporting Information Transparency Report

No	Report	Date	Regulation Base	Report Address
1	Sales Information Disclosure of PT Adira Dinamika Multi Finance Tbk. ("ADMF")	January 26, 2016	1) POJK No. 31/POJK.04/2015-Disclosure of information or Material Facts by the Issuer or Public Company; 2) Regulation on Stock Registration No. I-E Appendix Decision of Board of Directors of the Jakarta Stock Exchange No. Kep-306/BEJ/07-2004 regarding Obligation of Information Submission; 3) POJK No. 60/POJK.04/2015 regarding Disclosure Certain Shareholders	OJK, IDX, BI
2	Disclosure of Use of Capital Stock and Retained Earnings Correction	February 29, 2016		
3	Content Submission of Public Expose	February 24, 2016		
4	Result Submission of Public Expose	February 24, 2016		
5	Implementation Plan Information of Public Expose	February 18, 2016		
6	Submission Results of Public Expose	March 3, 2016		
7	AGMS Implementation Plan	March 14, 2016		
8	AGMS Announcement	March 22, 2016		
9	AGMS Announcement Ads	March 22, 2016		
10	AGMS Summons	April 6, 2016		
11	Submission of AGMS Advertisement Summons	April 6, 2016		
12	Head Office Address Change	April 25, 2016		
13	Summary Submission of AGMS Minutes	April 28, 2016		
14	Submission of Advertisement Announcement AGMS Minutes Summary	April 29, 2016		
15	Cash Dividend for Fiscal Year 2015 and Submission of Advertisement for Cash Dividend for Fiscal Year 2015	April 29, 2016		
16	The effective date of the resignation of Frances Oei	May 17, 2016		
17	Changes in Corporate Secretary	May 20, 2016		
18	Submission of AGMS Minutes of Meeting	May 23, 2016		
19	Task Exemption of interim Internal Audit Head and the Appointment of Internal Audit Head	May 30, 2016		
20	Submission of EGMS Agenda	July 25, 2016		
21	Announcement of EGMS	August 1, 2016		
22	Submission of EGMS Ad Announcement	August 1, 2016		
23	Disclosure of Certain Shareholders-Herry Hykmanto	August 8, 2016		
24	EGMS Summons	August 16, 2016		
25	Submission of EGMS Summons Advertisement	August 16, 2016		
26	Disclosure of Certain Shareholders-Herry Hykmanto	August 24, 2016		
27	Summary Submission of EGMS Minutes	September 7, 2016		
28	Submission of Advertisement Announcement of EGMS Summary Minutes	September 8, 2016		

No	Report	Date	Regulation Base	Report Address
29	Submission of Information Disclosure of Decision on Appointment of Members of the Board of Directors	September 22, 2016		
30	Submission of Change on Corporate Secretary	October 24, 2016		
31	Submission of Advertisement Information on Replacement Appointment of Corporate Secretary	October 24, 2016		
32	Exchange Request-Explanation on Mass Media Coverage	November 1, 2016		
33	Disclosure of Certain Shareholders-Herry Hykmanto	November 4, 2016		
34	Submission of Information Disclosure of Decision on Appointment of Members of the Board of Directors	December 29, 2016		

## COMPLIANCE FUNCTION

Compliance is important to the governance structure and the soundness of the Bank. The growth in the compliance role and functions is done in a sustainable manner. Danamon continues to realize the Culture of Compliance and ensure the implementation of the compliance function according to Bank Indonesia Regulation No. 13/2/PBI/2011 on the Implementation of Commercial Bank Compliance Function. The compliance function consists of strategic steps to ensure that the policies and business activities conducted by the Bank are in accordance with the applicable rules and regulations, including Syariah principles for the Syariah Business Unit.

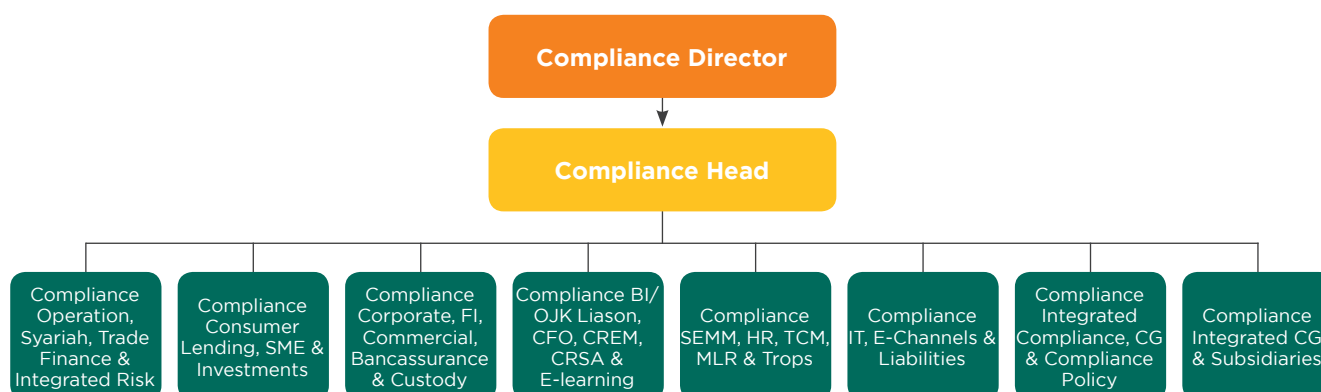
### Organizational Structure of Compliance Function

The Compliance Unit as an independent working unit has a direct responsibility to the Director in charge of Compliance Function (Director of Compliance)

as set out in the Bank's internal policy regarding the Compliance Function and Compliance Unit.

The appointment of the Compliance Director has met the applicable requirements; specifically independence and not supervising prohibited functions. In 2016, Danamon, through the Extraordinary General Meeting Shareholders on September 7, 2016, appointed Rita Mirasari as Director in charge of Compliance Function and Independent Director, replacing interim Director of Compliance, Herry Hykmanto. The appointment of the Compliance Director has been conducted through the process and she has passed the Fit and Proper test as provision of the Financial Services Authority.

Appointment, replacement and/or resignation of the Director of Compliance has been done according to applicable regulations.



## Compliance Unit

The Compliance Unit is responsible for the implementation of the compliance function including:

- a. Creating steps in order to support the foundation of a Compliance Culture at every level of the organization;
- b. Conducting identification, measurement, monitoring, and control of the Compliance Risk with reference to Bank Indonesia regulation concerning Risk Management Implementation for Commercial Banks;
- c. Assessing and evaluating the adequacy and appropriateness of internal policies with prevailing legislation;
- d. Conducting a review and/or recommending to update and refine policies, regulations, systems and procedures to comply with the provisions of Bank Indonesia/Financial Services Authority and other competent supervisory authorities;
- e. Performing other tasks related to the compliance function, including to:
  - Ensure compliance with commitments to Bank Indonesia/Financial Services Authority and/or other competent supervisory authority.
  - Socialize on matters related to the compliance function, especially regarding the applicable provisions.
  - Act as a contact person for problems of compliance for internal and external parties.
- f. The Bank's Compliance Unit as Integrated Compliance Unit also monitors and evaluates the implementation of the compliance function in subsidiaries through the coordination of compliance at each of the entities in the Financial Conglomerate.

## Implementation of the 2016 Compliance Function Work Program

Implementation of the compliance function in 2016 focused on promoting the compliance culture. In order to promote the compliance culture, a work program was conducted that covers the activities of the compliance function, among other activities:

### Improvement of Compliance Culture

E-learning is training that can be followed by employees through intranet facility. The Compliance Unit provides the opportunity for all employees to participate in compliance training via e-learning. The

Compliance Unit develops improvement on e-learning through module updates which will be implemented in early 2017. Changes in the modules are expected to facilitate the employees to understand the training material and will ultimately improve the compliance culture.

The Compliance Unit also conducted socialization on the provisions at the branches in an effort to improve understanding by the personnel at the branches about the external provisions, particularly those provisions that are directly related to their activities.

## Compliance Risk Management

Compliance risk management is done through the process of identifying, measuring compliance risks, monitoring and control in accordance with risk management regulations. The compliance risk management strategy is implemented through the 3 (three) lines of defense. The process of identification and measurement is done through a review of the draft policy, the provision of funds and fund-raising, as well as the Bank's other activities. Each line has a role and responsibility in managing compliance risk.

## Monitoring Compliance

Compliance monitoring is conducted by the Compliance Unit to meet regulations that have a significant impact and to fulfill the Bank's commitments to regulators. Compliance monitoring is also carried out directly by the Compliance Unit through visits to branches to ensure compliance with certain external conditions.

In order to maintain the compliance risk level of the Bank individually and on a consolidated basis, the Compliance Unit periodically monitors the fulfillment of main regulatory parameters (CAR, BMPK, GWM, NPL, PDN, and limit participation) including the fulfillment of the follow-up results of Bank Indonesia/Financial Services Authority (OJK) and other regulators.

During 2016, Danamon as the main entity in the financial conglomerate Danamon Group implemented integrated governance including measures through the compliance function. The Compliance Unit, which serves as an Integrated Compliance Unit, monitored



the implementation of the compliance function in each subsidiary. In general, the structure and infrastructure that exists in each of the subsidiaries supports the implementation of the compliance function.

#### Compliance to Main Regulations

Parameter	Bi Requirements	Bank Position Per December 2016	Explanation
Capital Adequacy Ratio (CAR)	Min. 9% s/d <10% (Buku 3)	Bank: 22.30% Consolidated: 20.93%	Fulfilled
Reserve Requirement (RR)	Primacy Rp Min. 6,5% Primacy USD Min. 8% Secondary Min. 8%	6.59% 8.11% 10.02%	Fulfilled Fulfilled Fulfilled
Non Performing Loan (NPLs)	NPL Net Max. 5%	Net: 1.80%	Fulfilled
Net Open Position (NOP)	Max. 20%	0.66%	Fulfilled
Lending Limit (LLL) of Related Party	Max. 10%	5.59%	Fulfilled
Portfolio Investments	Max. 25%	5.55%	Fulfilled

#### Development of Compliance Unit Human Resources

The Compliance Unit is supported by 22 staff (including the Head of the Compliance Unit) with the majority having tenures in the banking sector over 5 years with sufficient capacity. Danamon continues to provide opportunity to the Compliance Unit staff to improve their knowledge and competence in order to support the execution of their duties. Several of the training materials/exercises/seminars/workshops that were followed by Compliance Unit staff both internally and externally in 2016 include:

Internal	External
- Risk Management Certification	- Cyber Insurance
- Anti-Money Laundering and Combating the Funding of Terrorism	- Assessment of Bank Health Level
- Operational Risk Management	- ASEAN CG Scorecard
- Leadership Greatness	- Risk Management Information Technology
- Crucial Conversation	- Integrated Supervision
- Foreign Currency Transaction against Rupiah	- L/C Export and Import
- Traffic Monitoring of Foreign Exchange Bank and the Customer	- Financial Sector Assessment Program
- L/C and Trade Finance	- Credit Reporting System
- Market and Liquidity Framework	- Identify Suspicious Transactions
- Laws of PT (limited company), Bonds and Intellectual Property Rights	- The Role of Banks in Banking Crime Prevention through Internal Oversight
- Creative Problem Solving	- Banking Maneuver in Penetrating the Digital Generation
- Thinks Business for Result	- Legal and Technical Aspects of Implementation of Internet Banking Services
- Contract Law and Business Competition	- Mutual Funds as a Form of Collective Investment Contract

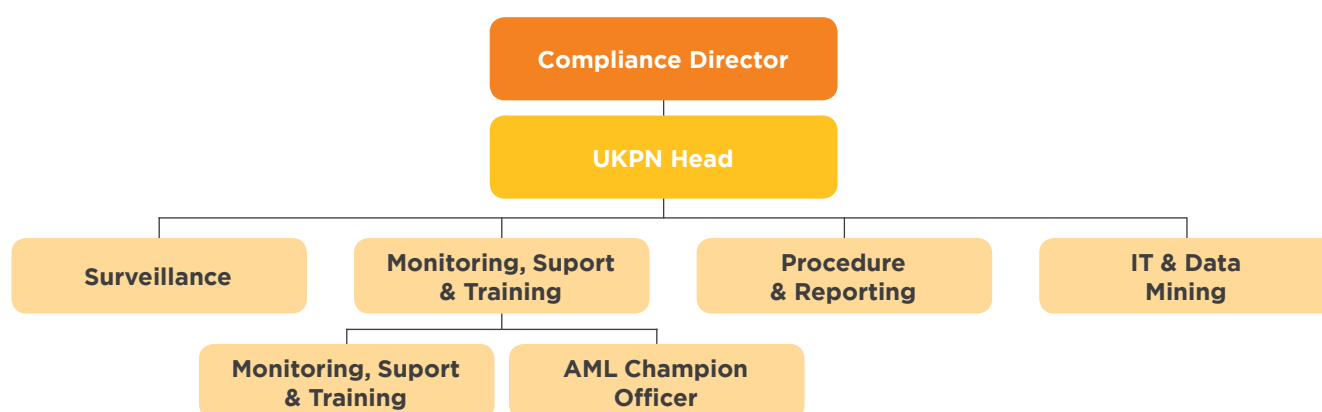
## IMPLEMENTATION OF ANTI-MONEY LAUNDERING PROGRAM (AML) AND COMBATING FUNDING OF TERRORISM (CFT) PROGRAMS

### Organization

In order to support the implementation of the Anti-Money Laundering and Combating the Funding of Terrorism (AML and CFT), the Board of Directors and Board of Commissioners offer full commitment that the Bank will always comply with FSA/Bank Indonesia and other legislation that applies to the AML and CFT.

The Board of Commissioners actively supervises in overseeing the implementation of the Board of Directors' responsibilities in the realization of AML and CFT programs, including the commitments made by Danamon to Bank Indonesia/OJK, as well as reporting to regulators in accordance with applicable regulations.

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



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

The framework of Anti-Money Laundering (AML) and Combating the Funding of Terrorism (CFT) Implementation is described in the concept of three lines of defense as follows:

1. The First Line of Defense  
The first line of defense is the most important line of defense in the prevention of Money Laundering and Terrorism Funding; detect the possibility of a criminal act; and identify weaknesses and vulnerabilities in the implementation of AML and CFT. The business unit/operational/control conducting the daily activities of the Bank is the front-line organization.
2. Second Line of Defense  
The second line of defense is implemented by KYC. KYC has the duty and responsibility of preparing methods and tools that can be used by the first line to perform its duties and responsibilities, set up policies and procedures, provide systems and adequate training, as well as ensure that the first line of defense is functioning properly.
3. Third Line of Defense  
Internal and external auditors perform this function in order to ensure that the implementation of AML and CFT programs in first-line and responsibility of second-line of defense is effective.

## The Bank Initiatives Related to AML and CFT Program for 2016

### 1. Evaluation of Policies and Procedures

Based on the results of ongoing evaluation, in order to adjust the internal policies with regulations or best practice, in 2016 the Bank has issued and completed 10 internal regulations related to AML and CFT. KYC also reviewed 88 policy draft and/or new products, as well as application forms to ensure compliance with the implementation of AML and CFT programs.

Danamon has been conducting publicity of information related to the implementation of AML and CFT programs on the Bank's website by

providing information related to Bank Public Policy, US Patriot Act, Wolfsberg AML Questionnaire, as well as the form related to the Bank's status in implementing FATCA Program.

### 2. Branch Assessment

In order to ensure the implementation of AML and CFT programs at branch offices, KYC conducts Branch Assessment (BA) visits to assess the effectiveness of the implementation of AML and CFT programs.

During 2016, KYC conducted BA assignments to 13 areas covering 30 cities with 129 BA branches and 97 training branches. Based on the BA results in 2016, the assessment obtained results as follows:

BA 2016 LOB	Implementation Branch Office BA	Assesment				Training Participants Branch Offices	Number of Training Participants
		Very Good	Good	Fairly Good	Needs Improvement		
RB/S&D	72	65	2	5	-	46	702
SEMM	57	6	28	10	13	51	
Grand Total	129	71	30	15	13	97	702

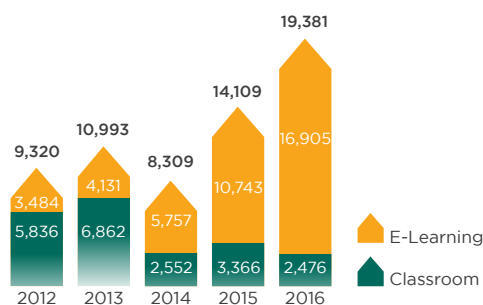
### 3 AML Champion Officer

As part of the AML and CFT program implementation, the Bank has established branches classified as having high business complexity with a Risk Based Approach. The Bank has effectively appointed branch officers as AML Champions who are responsible for ensuring the policies, procedures and other regulations related to AML and CFT program implementation. On-site visits to 12 branches with high business complexity were conducted 54 times and up to 3 to 4 visits per branch per year.

### 4 Training and Awareness

Employee understanding of AML and CFT is a very important matter, KYC together with Danamon Corporate University ("DCU") coordinate the delivery of training and socialization of AML and CFT to employees, among others, through an induction training for new employees and refreshment training for employees (especially the front liners). The training method is conducted through classroom and e-learning methods.

During 2016, a total of 19,381 employees received training in the field of AML and CFT, consisting of 2,476 staff who attended the training programs with classroom method (including those conducted during the Branch Assessment), 11,648 employees trained through the e-learning method and 5,257 employees participated in training via manual e-learning modules.



#### 5. Monitoring on Customer Data Completion

Monitoring on the quality and completeness of customer data is done continuously, with 362,517 CIF meeting data completion. During 2016, 12,714 CIF or 91% of customer data updating was completed.

### INTERNAL AUDIT UNIT (SKAI)

#### SKAI Structure and Position

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

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

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

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

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

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

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

Since June 1, 2016 SKAI integrated has been led by Evi Damayanti, who served as Chief Internal Auditor replacing Antony Kurniawan.

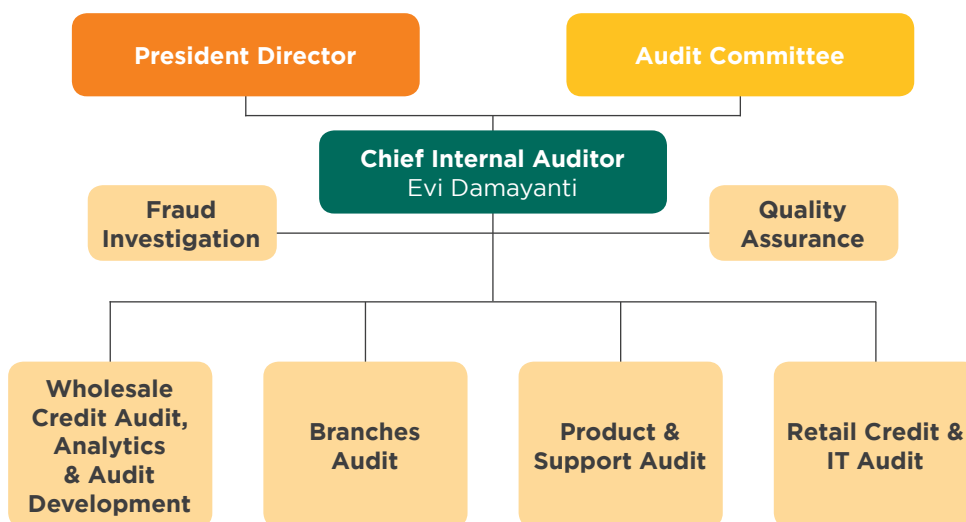
## Head of Internal Audit Profile



**Evi Damayanti**  
Head of SKAI

Evi Damayanti has a degree in Economics from the University of Indonesia and is a CFA charter holder. She has career experience in the financial services industry for 20 years. She started her career as an Associate in the investment firm Abacus Capital for two years, later she moved to Europe to join Citibank (London and Zurich) and Barclays Global Investors (London) with the last position in Citibank London as the Program Director for Internal Audit Private Bank. Four years ago she returned to Indonesia to form the Inclusive Business Controls division at Citibank Indonesia and held the position of Business Controls Head-Director. She started her career at Danamon as Head of Internal Audit (CIA) in June 2016.

## Organizational Structure of Danamon Internal Audit



## Duties and Responsibilities of Integrated SKAI

SKAI Duties and Responsibilities, among others are to:

- Develop the annual audit plan with risk based methodology. Implement the approved annual plan, including specific duties;
- Review and provide recommendations on the annual audit plan of the internal audits units of the subsidiaries;
- Increase the knowledge, expertise, experience and adequate professional certification;
- Monitor and review the implementation of the audits of the internal audit units of the subsidiaries;
- Prepare and submit reports to OJK, such as: Report on the implementation and on the results of semi-annual audits, a special report on any findings of internal audits which are expected to disrupt the continuity of operations, and report the results of external reviews on the work of Internal Audit;
- Recommend an improvement plan on audit findings to the relevant units and monitor, as well as ensure that corrective actions have been conducted effectively by the management;
- Conduct regular meetings with the internal audit units of the subsidiaries at least every quarter;
- Develop a program to evaluate the quality of internal audits activities;
- Duties and responsibilities of the Integrated Internal Audit Unit are arranged in a Charter of Internal Audit and delivered in the Integrated Governance Reports.

### Internal Audit Authority

SKAI has authorities, among others to:

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

### Internal Audit Methodology

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

### SKAI Focus in 2016

Internal Audit has focused its audit activities to strengthen the functioning of Internal Audit in 2016 to:

- Continue audit focus on high-risk entities that have an extensive branch network, which is Danamon Simpan Pinjam - Self Employed Mass Market (DSP-SEMM), Small Medium Enterprises (SME), Retail Banking, and branches of subsidiaries;
- Give special intention to Business lines and areas that implement transformation;
- Continue to improve auditor competency through training, both product and procedure knowledge and management risk training and audit process and professional certification;
- Continue to expand analytic functions, by developing the scope of the analyzed data.
- Continue the process of quality assurance and learn best practices of internal audit in the banking industry, industrial financing, and the insurance industry as a comparison.

### Plan & Audit Realization until December 31, 2016

During 2016, SKAI Integrated conducted internal audits as follows:

- SKAI Danamon initiated audits on 606 entities in Danamon (104% of the audit plan 2016):

### Audit Plan and Realization as of December 31, 2016

Bank Danamon	2016 Audit Plan	2016 Audit Realization	
		Total	%
A. Head Office Audit	49	54	110%
C. Regional Office Audit	21	23	110%
B. Branch Office Audit:			
• Conventional Branch (Including Adira Group Branch Offices	216	223	103%
• Self Employed Mass Market	297	306	103%
Total Branch Office Audits	513	529	103%
<b>Total Audits</b>	<b>583</b>	<b>606</b>	<b>104%</b>



B. The implementation of internal audit activities at the entities of Asuransi Adira Dinamika (AAD) and Adira Dinamika Multi Finance (ADMF) are currently conducted individually by the respective internal audit unit or in joint audits with SKAI Danamon. Audits for AAD or ADMF reached 106% implementation of the 2016 audit plan, and consisted of 17 AAD entities and 179 ADMF entities.

#### Audit Plan and Realization as of December 31, 2016

##### Asuransi Adira Dinamika ("AAD") and Adira Dinamika Multi Finance ("ADMF")

AAD	Audit Plan 2016	Audit Realization 2016	
		Total	%
a. Head Office Audit	10	13	130%
b. Branch Audit	6	4	67%
<b>Total Audit</b>	<b>16</b>	<b>17</b>	<b>106%</b>

ADMF	Audit Plan 2016	Audit Realization 2016	
		Total	%
a. Head Office Audit	8	23	288%
b. Regional Office Audit	27	26	96%
c. Branch Audit	134	130	97%
<b>Total Audit</b>	<b>169</b>	<b>179</b>	<b>106%</b>

#### Human Resource Development

As of December 2016, total personnel of SKAI Danamon was 202 personnel based in head office and in the regional offices: Jakarta, Bandung, Semarang, Surabaya, Medan and Makassar.

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

Training, self-development, and certification that has been followed by the Integrated Audit Unit staff throughout 2016:

International Certification	Number of Personnel
Certified Internal Auditor ("CIA")	3
Chartered Financial Analyst ("CFA")	1
Certified Fraud Examiner ("CFE")	1
Certification in Risk Management Assurance ("CRMA")	1
Certified Information System Auditor ("CISA")	4
Certified Information System Security Professional ("CISSP")	1
Certified Information System Manager ("CISM")	1
Financial Risk Manager ("FRM")	1

National Certification	Number of Personnel
Qualified Internal Auditor ("QIA")	78
Risk Management Certification ("SMR"), Level I	122
Risk Management Certification ("SMR"), Level II	37
Risk Management Certification ("SMR"), Level III	10
Risk Management Certification ("SMR"), Level IV	2
Basic Managerial Finance Certification (Sertifikasi Dasar Pembiayaan Manajerial) by Lembaga Sertifikasi Profesi Pembiayaan Indonesia ("SPPI")	6
Ajun Ahli Asuransi Indonesia Kerugian ("AAAIK")	1

#### Implementation of Training and Workshops 2016

No.	Integrated SKAI	Personnel YTD Dec 2016	Training and Workshop	Mandays
1.	SKAI Danamon	202 persons	48	8 days
2.	Internal Audit Unit AAD	10 persons	14	7 days
3.	Internal Audit Unit ADMF	62 persons	17	9 days

## COMPANY ACCOUNTANT/EXTERNAL AUDITOR

### Appointment of Company Accountant

The Annual General Meeting of Shareholders on April 28, 2016, appointed Yasir as the Public Accountant and Purwantono, Sungkoro & Surja, a member firm of Ernst & Young Global Limited as the public accounting firm, as it is registered with the Financial Services Authority, to audit the financial statements of the Bank for the fiscal year 2016. The AGMS also determined the honorarium and other requirements relating to the appointment of the Certified Public Accountant and Public Accountants Office with regard to the recommendation of the Audit Committee.

### Other Services in addition to the Financial Audit

During 2016, Public Accounting Office provided other services in addition to audit services. The cost of other services provided was not greater than the cost of audit services.

### Audit Period and Accountant's Service Value

Public Accountants/Public Accounting Firm that provided audit services and the honorarium are as follows:

Year	Public Accounting Firm	Accountant's Name	Cost Audit
2016	Purwantono, Sungkoro & Surja (member firm of Ernst & Young Global Limited)	Yasir	Rp4.112 billion
2015	Purwantono, Sungkoro & Surja (member firm of Ernst & Young Global Limited)	Benyanto Suherman	Rp4.112 billion
2014	Purwantono, Suherman & Surja (member firm of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp4.112 billion
2013	Purwantono, Suherman & Surja (member firm of Ernst & Young Global Limited)	Drs. Hari Purwantono	Rp3.880 billion
2012	Purwantono, Suherman & Surja (member firm of Ernst & Young Global Limited)	Drs. Hari Purwantono	USD400,000

### Effectiveness of External Auditor Implementation

The Audit Committee examines the effectiveness of the audit, including ensuring that the implementation of the audit has been consistent with the policies and professional standards, labor agreements and the scope of the audit, as well as the independence of the external auditor. The Audit Committee regularly meets with Public Accountants/Public Accountant Office to discuss the progress and process of examination that has been performed.

The audit performed by the Public Accountants/Public Accounting Firm on its financial report has been conducted independently, professionally and objectively, among others to:

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

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

The audit implementation of the Financial Report of Danamon and the Subsidiaries had been done in an independent, competent, professional and objective manner by the appointed Public Accountant Firm, as had been to:

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

### Relationship Between Bank, Public Accountants and OJK

As the auditee, the Bank openly provides the data and information required by the Public Accountant/Public Accountant Office in the investigation. The auditor (Certified Public Accountants/Public Accountants Office) independently conducts inspections and submits suggestions and feedback for improvements to the management of the Bank to follow up. The Public Accountant/Public Accounting Firm appointed by the Bank is a Public Accountant/Office Public Accountant registered in the OJK.

The audit results are communicated by the Public Accountants/Public Accountant Office to the Bank and the OJK.

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

### RISK MANAGEMENT

#### Implementation of Integrated Risk Management System

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

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

Aligned with banking industry practices and in accordance with the Risk Management Framework in Basel II, Danamon Integrated Risk functions are centralized and independent of all lines of business. The function of Integrated Risk covers the management of main risks inherent in the Bank's activities, and is managed by the Risk Management Work Unit under the coordination of the Director of Integrated Risk.

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

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

### **Types of Risks and their Management**

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

**Credit Risk**

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

**Market Risk**

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

**Operational Risk**

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

**Liquidity Risk**

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

**Compliance Risk**

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

**Legal Risk**

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

**Reputation Risk**

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

**Strategic Risk**

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

**Yield Risk**

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

**Investment Risk**

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

**Intra Group Risk**

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

**Insurance Risk**

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

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

### Supervision by the Boards of Commissioners and Directors

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

- a. Risk Monitoring Committee  
With the highest authority at the Board of Commissioners level this committee functions as the supervisory board in monitoring the implementation of risk management policy and strategy, risk exposure and evaluating the Board of Directors accountability.
- b. Risk Management Committee  
Under the Board of Directors and is responsible for managing the overall risk of Danamon and its subsidiaries by undertaking the development of risk strategies, policies, and evaluating significant risk issues

### Effectiveness of Risk Management Systems

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

Danamon has established the Risk Appetite Statement (RAS) defining risk levels and characteristics that can be tolerated by the Bank in its activities to achieve the objectives set by shareholders.

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

Evaluations are carried out on the risk assessment methodology, adequacy of implementation system, management information system, and accuracy of policies, procedures, and limits. In 2016, the risk

management effectiveness of the Danamon and its subsidiaries is rated as acceptable with risk level 2 (low to moderate).

### Integrated Risk Achievement 2016

Integrated Risk Management:

- Implementation of Integrated Risk Management in the Bank and its subsidiaries in the financial conglomerate group.
- Integrated risk management includes Intra-Group Risk and Insurance Risk.
- Improvement of Risk Appetite Statement parameters.
- Completion of the risk profile report in accordance with regulators.
- Completion of the Risk Academy including improvements in the training material and prepare risk academy roadmap for employees.
- Implementation of stress tests, among others: the annual stress test and OJK stress test (FSAP Bottom Up Stress Test).
- Implementation of best practices ICAAP method.

Credit Risk Management:

- Implementation of Bank-wide negative list database to improve the underwriting process.
- Socialization to the users of Internal Rating Wholesale and Model PD, LGD and EAD for Corporate and Commercial.
- Development of the retail segment models.
- Application scoring, behavior scoring and collection scoring, PD, LGD and EAD for the micro segment in 2016.
- Application scoring, behavior scoring, PD, LGD and EAD for auto financing through subsidiary in 2016.
- Application scoring, behavior scoring for financing a loan without collateral in 2016.
- The beginning process of developing a model for the Small and Medium Enterprise segment in 2016.



- The use of 25 Grade called “Danamon Rating Scale” is mapped to the Probability of Default to be applied to the model score and rating that is built in each business unit.
- The System Development of Wholesale credit risk assessment using the DRS was implemented in 2016.
- Improving Central Liability System (CLS).

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

- Increased the Independence function and role of operational risk officers in the Business line, support functions and subsidiaries.
- Enhancing the application of Operational Risk Management System (ORMS) to improve effectiveness in managing operational risk in a comprehensive manner in the Bank and its subsidiaries.
- Build awareness of the Operational Risk Management through E-Learning, risk management modules school, email blast, anti-fraud awareness video, testing BCM Response Plans include BCP to raise awareness of all management and employees for the importance of managing operational risks.

- Successfully maintain certification ISO 22301:2012-Business Continuity Management System (BCMS) by implementing the Maintenance Audit in 2016 without non-conforming items.
- Meeting alignment between the second line and third line of defense to improve coordination between ORM, Internal Audit and Compliance.
- Implementation of Orpah (Operational Risk Pre Assessment) to review the risks of the proposed new strategic initiatives, along with risk mitigation recommendations.
- Implementation of Control Environment Assessment for handling human resources functions.

#### Market and Liquidity Risk Management:

- Updating the limit structures and Market Risk policies, as well as Bank Liquidity Risk.
- Implementation of ALM SunGard System.
- Implementation of LCR calculations.
- Implementation of the validation of the methodologies for measuring market risk and liquidity.
- Application of limit structures and Market Risk and Liquidity policies in the subsidiaries that are in line with the Bank as the main entity.

## PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES

No.	Total Lending to Related Parties and Largest Debtors as of 31 December 2016		
	Fund Provision	Debtors	Amount (Rp million)
1.	Related Parties	Subsidiaries and Key Management	2.074.363,00
2.	Largest Debtors/Groups	25 Groups	13.118.188,12

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

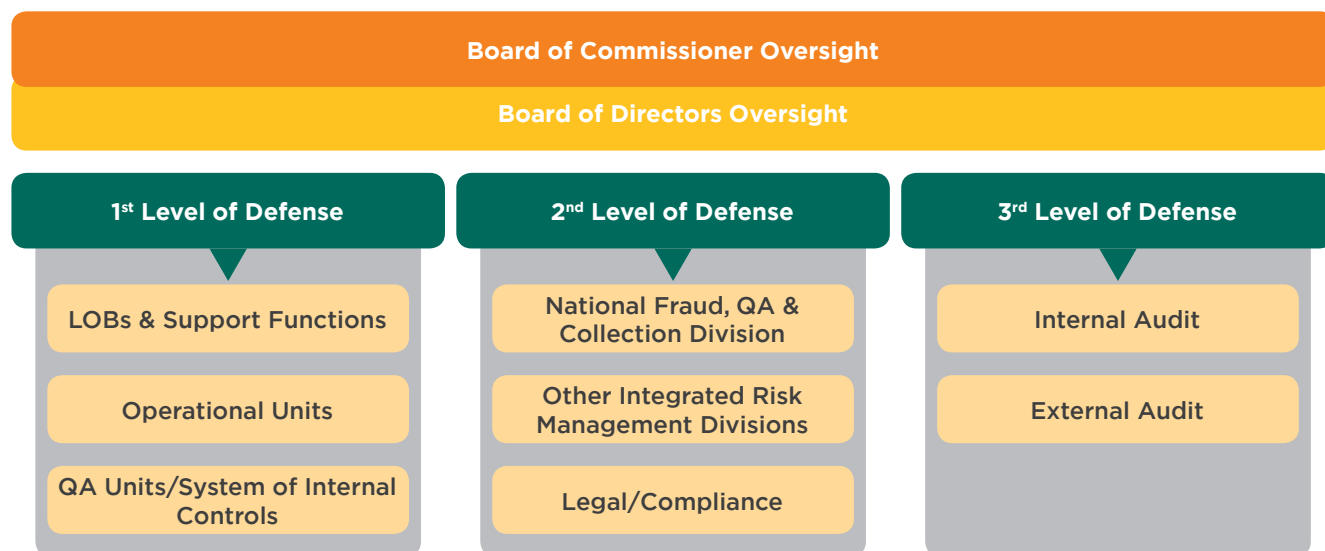
During 2016, there was neither breach nor BMPK over-limit extended to Related Parties or to Non-Related Parties, either individually or as Group of Borrowers. The provision of funds to Danamon related parties refers to Bank Indonesia Regulation No. 8/13/PBI/2006 on changes to the Bank Indonesia Regulation No. 7/3/PBI/2005 on Maximum Lending Limit of Banks.

## INTERNAL CONTROL SYSTEMS

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

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

#### **Danamon Three Lines of Defense**



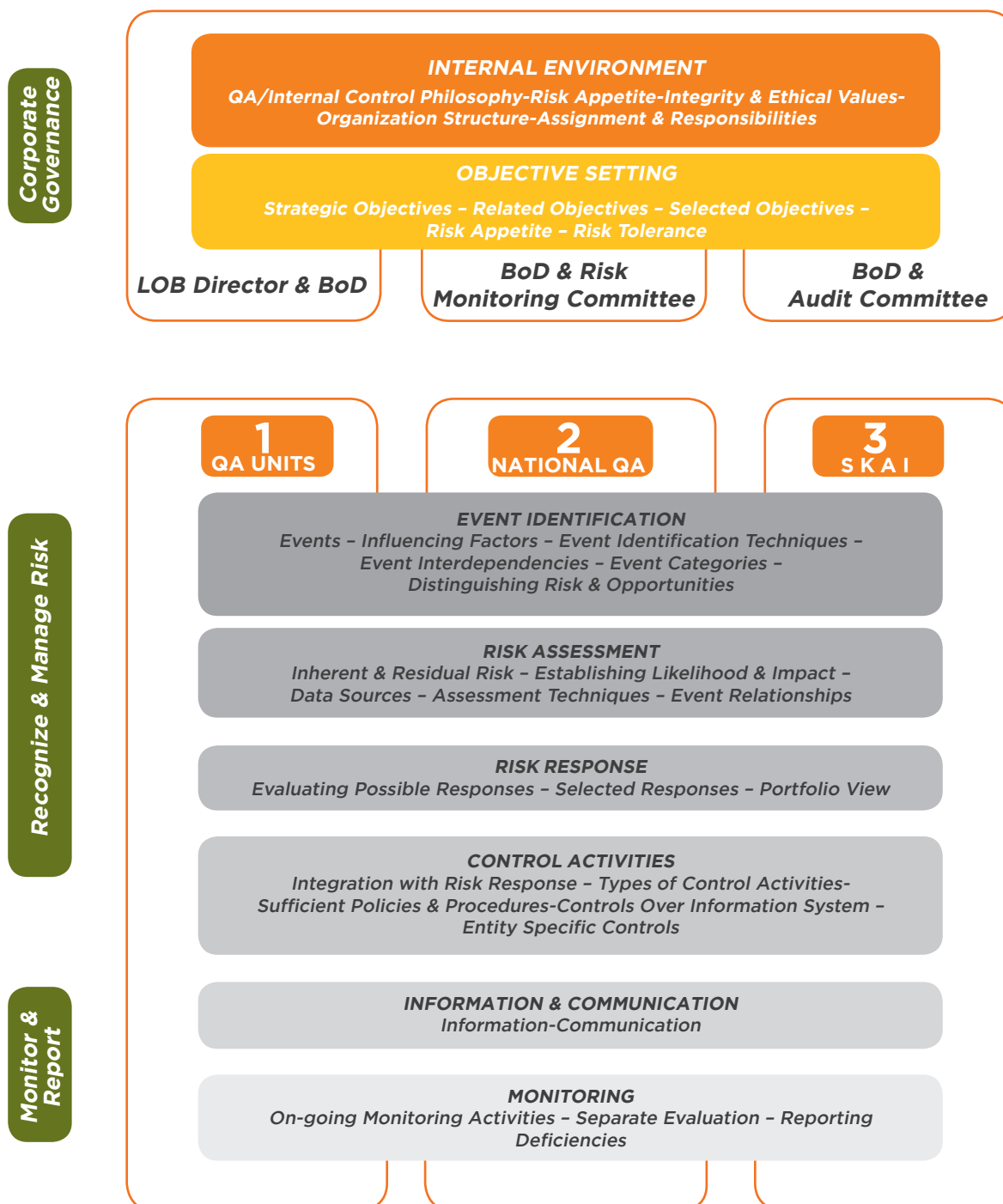
#### **Compatibility of the Internal Control System with COSO**

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

Danamon has an organizational structure, which is a well-suited and appropriate for managing quality assurance function. This is based on the philosophy that all business functions must act as the party

responsible for managing quality assurance in their respective business.

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



The implementation of internal control by the Quality Assurance unit in 2016 covered divisions, subsidiaries and supporting functions. Divisions that are related directly with customer transactions have a higher examination frequency, while for the head office divisions, formal internal control reviews are carried out on an annual basis.

The QA unit conducts an awareness program for internal control on work units. In principle internal control is not only the task of the Internal Control unit (Quality Assurance), but also a task and responsibility for all work units.

### Evaluation on the Effectiveness of Internal Controls

Internal Audit is an essential part of the Internal Control System and carries out audits to ensure the effectiveness of Danamon's internal control, through independent evaluation of sufficiency and compliance towards policies, procedures and systems. The result of the evaluation of the internal control system is one of the bases for management to determine the effectiveness of the performance of the internal control system. Evaluation of the effectiveness of the

internal control system is described through an audit rating which serves as a basis for improvements such as updates on policies/procedures/systems.

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

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

#### Legal Matters involving Danamon

Legal Cases Involving Danamon	Number of Cases		Impact on Danamon
	Civil	Criminal	
Settled (has clear legal standing)	98	20	Danamon prevails in almost all legal cases, while those cases do not have financial impact on the Company
In the process of settlement	810	57	Nil

Note:

Civil and Criminal Cases involving Danamon during the period of reporting year were submitted through District Court. Recapitulation of total cases during 2016 based on December 2016 data.

#### Litigation Involving Members of the Board of Commissioners and Directors

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

#### Litigation Involving Subsidiary

Legal Cases involving PT Adira Dinamika Multi Finance	Number of Cases		Impact on Subsidiary Condition
	Civil	Criminal	
Settled (has clear legal standing)	70	6	Nil
In the process of settlement	51	1	Nil

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

Legal Cases involving PT Adira Quantum Multifinance	Number of Cases		Impact on Subsidiary Condition
	Civil	Criminal	
Settled (has clear legal standing)	1	-	Nil
In the process of settlement	-	-	Nil

### Important Case faced by Danamon

#### PT Danamon International Civil Case

In November 2011, PT Danamon International filed a lawsuit to Danamon in South Jakarta District Court. On August 7, 2012, the South Jakarta District Court has read the verdict, and Danamon appeal to the Jakarta High Court on August 10, 2012. On May 23, 2013, the Jakarta High Court has given its verdict, and Danamon appeal to the Supreme Court on August 16, 2013. On January 12, 2015, Danamon has received a copy of the Supreme Court ruling. Related to this matter, Danamon has filed a legal action of judicial review to the Supreme Court on March 10, 2015. Therefore, the execution efforts of the Cassation decision, which has permanent legal force, pending based on determination by the South Jakarta District Court No. 03/Eks.Pdt/2015 Jo No. 539/Pdt.G/2011/PN Jkt.Sel dated March 31, 2015. According to the official information on the Supreme Court website, the Judicial Review No. 395/PK/Pdt/2015, was terminated on December 30, 2015, with the ruling rejecting the judicial review submitted by the Finance Minister and Danamon. Related to the Judicial Decision that is final and binding, Danamon is preparing a new civil lawsuit according to binding the Company in Capital Loan without Shareholder approval.

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

There were no material administrative sanctions during 2016 that affected the business continuity of Danamon. The imposed administrative sanctions in the form of penalties by BI/OJK are sanctions for reporting errors. In addition, there were no administrative sanctions imposed on the members of the Board of Directors or members of the Board of Commissioners of Danamon during 2016.

### INTERNAL FRAUD

Internal fraud is a fraud that has financial impact of more than Rp100.000.000 (one hundred million Rupiah) conducted by the Boards, permanent and non-permanent (honorarium and outsourcing) staff related to work processes and operational activities as follows:

Internal Fraud	Number of Cases Involving					
	Management		Permanent Employee		Contract Employee	
	2016	2015	2016	2015	2016	2015
Total Internal fraud cases	-	-	121	92	-	-
Settled	-	-	55	52	-	-
Under Internal Process	-	-	66	40	-	-
Pending	-	-	-	-	-	-
Follow up by law suit	-	-	-	-	-	-

## TRANSPARENCY OF FINANCIAL AND NON-FINANCIAL PERFORMANCE

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

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

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



## SHARE OPTIONS

During 2015, the Bank did not have any program of stock options for Directors, Commissioners, or employees.

## SHARE OWNERSHIP PROGRAM FOR EMPLOYEES AND/OR MANAGEMENT

The stock ownership program for employees and the Board of Directors of Danamon is done through the Long Term Compensation Program ("LTI"). This program is granted to the Directors and employees of the Bank who meet the requirements and is part of the Bank's Compensation strategy aimed to link the Bank's and its subsidiaries' performance as a whole with the compensation received by the Board of Directors and employees.

In addition, the Bank also provides a special share program (Special Share Grant) to the Directors and employees by providing a certain amount of cash used to purchase shares of the Bank. The shares purchased on behalf of the Board of Directors and

employees will be locked-up and deposited for 3 years at the appointed securities company. Shares will be distributed after the waiting period of 3 years.

## SHARE AND BOND BUY BACKS

During 2016, there were no to share or bond buy backs. Implementation of a Buy Back refers to OJK Regulation No. XI.B.2 as Attachment to OJK Chairman Decision No. Kep-105/BL/2010 April 13, 2010 and No. 2/POJK.04/2013, where issuers were given the flexibility to buy back shares without having to go through a GMS during a limited transfer period.

## HIGHEST AND LOWEST SALARIES RATIO

Salary is determined and paid according to the employment agreement, agreements or legislation, including benefits for employees and their families for doing the job and/or rendering services. The illustration of a salary ratio can be seen in the following table, which includes compensation per month for Commissioners, Directors and permanent employees of Danamon.

Salary Comparative Ratio	2016	2015	2014	2013	2012	2011
Employee: Highest-Lowest	213.2 x	243.8 x	220.8 x	230.8 x	80.4 x	81.8 x
Directors: Highest-Lowest	5.2 x	5.7 x	4.9 x	5.0 x	4.1 x	3.7 x
Commissioners: Highest-Lowest	1.5 x	1.5 x	1.5 x	1.4 x	1.5 x	1.5 x
Directors Highest - Employee Highest	2.8 x	2.5 x	2.5 x	2.8 x	3.9 x	3.4 x

## Consultant for Remuneration Policy

Danamon uses consulting services from Willis Towers Watson for its yearly salary surveys. Results of the surveys are used as a reference to make employee salary adjustments.

## CONFLICT OF INTEREST TRANSACTIONS

During 2016, there were no reports of any conflict of interest transactions.

No.	Name and Position with conflict of interest	Name and a Position of Decision Maker	Type of Transaction	Transaction Value (Rp million)	Description
Nil					

A Conflict of Interest Transaction is defined in policy as those Transactions with Affiliated Parties, Related Parties and Transactions containing conflict of interest as regulated by the Board of Directors Decision No. KEP: DIR-Corp.Sec.-015 dated December 30, 2013. In the event that a transaction with conflict of interest could occur, the related Director or Commissioner must abstain from review and approval process on such transaction.

## BANK STRATEGIC PLAN

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

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

### Short Term Plans

For 2017, Danamon has established the following strategic measures.

#### a. Lending

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

#### b. Funding

Offering products that are competitive and varied, accompanied by superior service to existing customers and potential new customers in order to increase the acquisition of low-cost funds (checking and savings accounts), see opportunities to obtain funding through market professional/funding professional that accommodates partial loans with

a fixed interest rate, approach funding through the CASA Value Chain program in collaboration with subsidiary, namely Adira Leveraging.

Danamon will also explore the issuance of bonds/Medium Term Notes (MTN)/Negotiable Certificates of Deposit (NCD) and others depending on funding needs, market conditions, and in accordance with the regulation of Financial Services Authority (OJK)/Bank Indonesia (BI), while taking into account and maintaining the LFR ratio.

#### c. Overhead Cost

Increase productivity and efficiency through the business transformation program and ongoing restructuring in order to support the recording of a sound and sustainable level of profitability. Implementing business model that focuses on the level of human resource productivity through automation, and improve human resource capacity in the line of duty, especially sales, collection and frontline. In addition, Danamon will also conduct operational efficiency through office network consolidation and automation of manual processes.

#### d. Asset Quality

Maintaining the principle of prudence in lending through strict client selection processes, accurate appraisal, increased measurement of fraud prevention, capacity building of billing and recovery, further develop the rated models quantitatively, and automation of credit process in stages, as well as having Operational Pre Assessment (ORPA) framework to make an assessment of the new project before the project is implemented.

#### e. Working Network

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

## f. Prime Lending Rate (PLR)

To support Bank Indonesia's program, Danamon does its utmost to maintain an acceptable interest rate levels by increasing productivity and efficiency, improving credit quality, and harmonizing its cost of funds with the BI Rate. Credit interest rates are inseparable from interest rates of the funds, while Danamon supports OJK programs, and is in compliance with OJK rulings on maximum interest rates for deposits.

**Medium and Long Term Plans (3-5 Years)**

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

## a. Lending

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

## b. Funding

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

## c. Risk Management

Strategic measures related to risk management that will be implemented are maintaining the growth of Danamon at a prudent and acceptable level, maintaining an optimal implementation of the Bank's activities on the level of "anticipated" liquidity risk and minimize "unanticipated" liquidity risk in obtaining resources for use in cash flow, continuing to utilize internal rating models for credit risk across all business lines, as a preparatory step towards the Internal Rating Based (IRB) stage, improving the implementation of the framework, strategy and awareness of operational risk management in all business lines and subsidiaries, and implementing Liquidity Regulatory Requirement (Basel III-BIS Framework) through the ALM system.

## d. Operations and CREM

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

## e. Technology

Developing Digital Innovation for Electronic Channel products (E-Channels) and integrated customer data information in order to facilitate banking services to customers, and to improve IT efficiency in operations and loan approval processes.

**PROVISION OF FUNDS FOR POLITICAL ACTIVITIES**

During 2016, there were no funds given for any political activities. Danamon has a policy prohibiting the Bank's involvement in political activities, including donations of any kind for political purposes.

**COMPANY INFORMATION ACCESS**

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

To improve services and consumer protection, fulfill the needs of customer for information on products and services, and handle complaints filed by customers and/or potential customers, Danamon has established a communication media called Hello Danamon. Hello Danamon can be accessed 24/7 via phone number 1-500-090, mobile phone at 67777, email: [hellodanamon@danamon.co.id](mailto:hellodanamon@danamon.co.id), and twitter: @hellodanamon.

The public may also contact:

Unit	Phone Number	Email
- Corporate Secretary	(021) 80645000 Ext. 8706; 8794	corpsec@danamon.co.id
- Investor Relations	(021) 80645000 Ext. 8621; 8611	investor.relations@danamon.co.id
- Public Affairs	(021) 80645000 Ext.8361; 8323	public.affairs@danamon.co.id

## INVESTOR RELATIONS

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

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

In implementing the activities above, Investor Relations cooperates with Management, Heads of each Business Division, Public Affairs, Integrated Risk, Corporate Secretary, and other teams under the Director of Finance

Information on the performance and strategy updates of the Bank can be accessed through the website [www.danamon.co.id](http://www.danamon.co.id).

### Investor Meetings in 2016:

Forum	Frequency	Description
Analyst Gathering/Public Expose	4 times	Public expose for media, analyst and senior management to provide latest information regarding financial and non financial conditions.
Financial Report	4 times	Publication of Quarterly Financial Statement in accordance to regulation of Bapepam-LK for listed company
Annual Report	1 time	Comprehensive Report for public and stakeholders regarding performance, business and other activities of Danamon.
Roadshow and Conferences	7 times	Participation in various deal and non deal roadshows held by reputable securities company to provide latest information of performance and strategy, challenges and opportunities of Danamon to investors, analysts, and other stakeholders .
One on One and conference call	128 one-on-one meetings and 15 conference calls	Meeting with analyst/domestic investor/foreign investor to provide information regarding strategy and performance of Danamon.

### Roadshows/Conferences in 2016:

Acara	Penyelenggara	Lokasi	Tanggal	Jumlah Perusahaan
Pulse of ASIA Conference	DBS Vickers Securities	Singapore	January 7, 2016	38
7th Annual Asean Conference	Credit Suisse	Singapore	January 8, 2016	23
Mandiri Sekuritas Conference	Mandiri Sekuritas	Jakarta	January 29, 2016	10
ASEAN Conference 2016	Macquarie	Singapore	August 22-23, 2016	50
Non-Deal Road Show	DBS Vickers Securities	Hong Kong & Kuala Lumpur	November 28-30, 2016	31

## PUBLIC AFFAIRS

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

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

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

In October 2016, the Public Affairs Division has been restructured to comprise separate departments of Corporate Communications, Digital & Social Media, Event Management, and Internal Communication, under the overall coordination of Group Marketing Division. Activities by the Public Affairs Division in 2016 consist of external affairs, internal communication, event management, brand management, and banking education programs.

## Social Media

In 2016, the Public Affairs Division established a Social Media unit under the Brand Management unit responsible for the management of Danamon's official social media accounts, with the following formation:

- @HelloDanamon, 24-hour customer service related to Danamon product and services.
- @Danamon, access to information on the corporation, banking education, social activities and job vacancies at Danamon.
- @myDanamon, information on the latest lifestyle and tips on personal financial management for individual customers.
- @KartuDanamon, access to the latest information on promotion programs for Danamon Visa, Mastercard and Amex credit card and debit card.
- @DanamonDSP, access to inspiring stories and tips on how to start and manage a micro business.
- @DanamonBiz, access to smart information on the business world.

As of the end of 2016, the Bank's official social media accounts have a total followers and fans of 31,761 with total exposures amounting to 159,852,021 and engagement of 2,976,833.

## Planning and Control

Planning and Control Unit aims to ensure the continuity of all operational processes and activities managed by the Public Affairs Division in accordance with the Bank's annual work plan and budget. This unit coordinates with the Operational Risk Management (ORM)-Integrated Risk to facilitate and ensure the implementation of operational risk management, including overseeing residual risks that exist in order not to adversely impact the business sustainability of Danamon. Moreover, the unit is also responsible for coordinating the human resources function that includes the development and training of employees.

## CUSTOMER CARE UNIT

In February 2016, Hello Danamon service unit launched a twitter account @hellodanamon. This facility was launched so that Hello Danamon can provide an option to customers in providing the necessary service support, ranging from requests for information to the resolution of a complaint.

Additionally, Hello Danamon can also serve Transaction Banking, SEMM, and Trade Finance customers, and can be accessed via:

- Phone 1-500-090
- Email: [hellodanamon@danamon.co.id](mailto:hellodanamon@danamon.co.id)

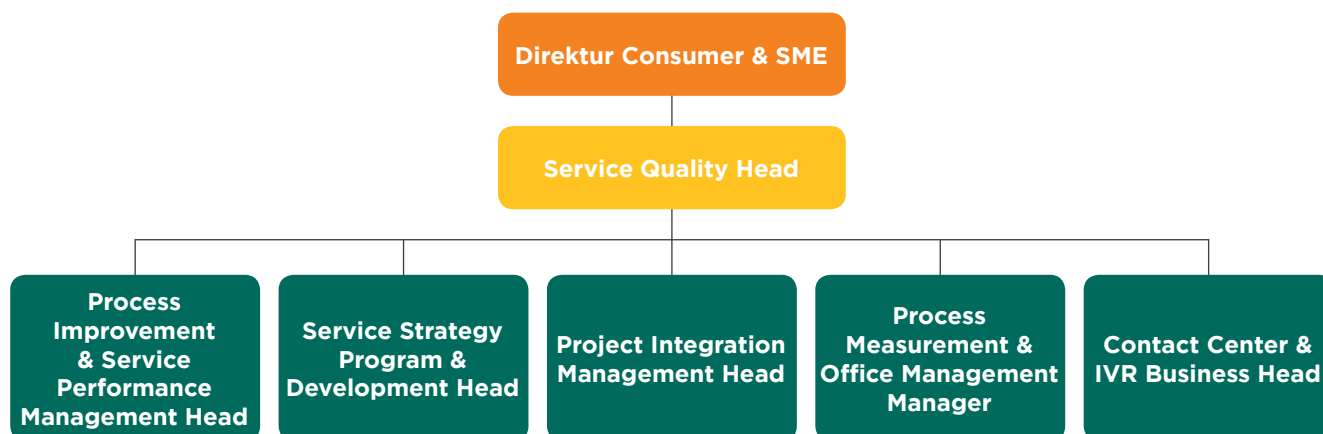
### Customer Complaints Management 2016

Product Type		Categories of Problems					
		Interest/ Profit sharing/ Profit Margin	Fine/ Penalty	Administration Fee/Provision/ Transaction	Transaction Failure/Delay	Account Receivable/ Account Balance	Others
		(a)	(b)	(c)	(d)	(e)	(f)
<b>1.</b>	<b>Funds Collection</b>						
1.1	Demand Deposits						43
1.2	Savings Deposits				1		85
1.3	Time Deposits			-	-	4	
1.4	Inter-Bank			-	-		
1.5	Other	2		394	61	1.347	1.174
<b>2.</b>	<b>Funds Distribution</b>						
2.1	Credit/Financing						
2.1.1	Investment Credit/Financing						
2.1.2	Working Capital Credit/ Financing			58		6	2
2.1.3	Consumption Credit/Financing (non Credit Card)	4	39	7	2	73	31
2.2	Inter-Bank						
2.3	Other						
<b>3.</b>	<b>Payment System</b>						
3.1	ATM/Debit Card			356	83	5.977	1.090
3.2	Credit Card				5	22	24
3.3	Pre-Paid Card						
3.4	Direct Debit				19	9	
3.5	Standing Instruction						
3.6	Traveller Cheque						
3.7	Clearing				8		
3.8	RTGS				7		
3.9	Electronic Banking			18		3	66
3.10	Remittance	8			7		
3.11	Other						
<b>4.</b>	<b>Joint Products</b>						
4.1	Bancassurance	5				11	
4.2	Mutual Funds					1	
4.3	Other						
<b>5.</b>	<b>Other Products</b>						
5.1	Bank Guarantee						
5.2	Trade Finance						
5.3	Derivatives						
5.4	Wealth Management						
5.5	Safe Deposit						1
5.6	Other						



## CONSUMER SERVICE QUALITY

### Service Quality Organizational Structure



Service Quality instills the importance of a service culture towards the Bank's business continuity through Danamon's values of: Caring, Honesty, Seek The Best, Disciplined Professionalism and Cooperation. This matter can be followed up by Front-liners in providing the best solutions and excellent service that satisfies customers' needs, so that satisfaction, loyalty and customer engagement towards Danamon can be realized.

Several initiatives were undertaken to support the culture and consistency of service to customers, among others: Service Program, Service Reward & Recognition, Service Measurement, and Service Training.

In 2016, Danamon received various appreciations in service, among others:

No	Name of Organizer	Name of Event	Award Category	Rank
1	Marketing Research Indonesia & Infobank	Bank Service Excellence Monitor (BSEM) 2015/2016	Best Overall Performance Commercial Bank	4
			The Best of Customer Service	3
			The Best of Teller	1
			The Best of Branch Telephone	2
			The Best ATM in 10 Banks	1
			Best of Syariah Business Unit	3
			The Best ATM in 10 Bank Syariah	1
			The Best of Customer Service, Syariah	3
			The Best of Teller Bank Syariah	3
			The Best of Telephone Syariah Branch	4
			Performa Terbaik Satpam Cabang Syariah	1

No	Name of Organizer	Name of Event	Award Category	Rank
2	MarkPlus Insight & Marketeers	MarkPlus WOW Service Excellence Award 2016 (Survey in 18 Cities, Danamon won 14 cities)	The Best Champion of Banda Aceh	1
			The Best Champion of Pontianak	1
			The Champion of Balikpapan	2
			The Champion of Semarang	2
			The Champion of Makassar	2
			The Champion of Banjarmasin	3
			The Champion of Bandung	3
			The Champion of Denpasar	3
			The Champion of Jabodetabek	3
			The Champion of Jayapura	3
			The Champion of Medan	3
			The Champion of Padang	3
			The Champion of Pekanbaru	3
			The Champion of Surabaya	3
		MarkPlus WOW Service Excellence Award 2016 (Survey in 4 Region, Danamon won in Java)	Bronze Champion of Java	3
3	Institute of Service Management Studies (ISMS) & Infobank	Service Quality Overall 2015	Jakarta and Bandung	2

During 2016, Service Quality provided training to both the front-liners from branches throughout Indonesia, as well as to employees of Danamon in the Head Office and regional offices.

In addition, Danamon is committed to improving the quality of service by simplifying the critical processes for its customers. Process Improvement that has been done includes: One Stop Service for Frontliners, Account Opening and Credit Card Bundling Form, and others.

Process Improvement is done to eliminate process steps that are unnecessary, in order to provide faster service time, convenience and ease, so that Danamon can meet the needs and expectations of customers.

## CORPORATE CULTURE

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

### Corporate Culture Principles

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

#### 1) Caring

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

## 2) Honesty

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

## 3) Passion to Excel

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

## 4) Teamwork

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

## 5) Disciplined Professionalism

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

In order to grow a corporate culture, Danamon applies the Award system based on contributions, known as SIPASTI, with the aim of giving appreciation to employees with best contribution, and to provide guidance so that employees can perform better. Appreciation can be given in the form of financial or non-financial rewards, such as employee development, career development, and recognition of work/employee achievements.

To instill the values of the Company, the Bank performs a variety of activities, namely development of the e-learning corporate values module, which can be accessed by any employee, holding dialogue sessions between representatives of employees and leaders in all operational areas of the Bank. Manajemen yang difasilitasi oleh SDM secara konsisten sehingga komunikasi yang bersifat strategis maupun operasional dapat diturunkan dengan baik, disamping media lainnya seperti melalui artikel yang dikirimkan lewat email blast, newsletter dan lain-lain.

Management is facilitated by HR on a consistent basis so that the communication of strategic and operational levels can be well reduced, in addition to other media such as through articles sent via email blasts, newsletters and others.

Danamon is also undertake a number of initiatives related to employee engagement, with regular publication of Employee Engagement Insight articles and several internal communication media such as magazines, portals, and email blasts. As a continuation of the employee Engagement Survey that has been conducted in the previous year, this year formed a team of Employee Engagement Champion of each Line of Business (LOB) to ensure the program in each LOB. Employee engagement initiatives related to each LOB through different programs, such as sharing sessions, coaching programs, award programs for employees, and others. Follow-up of Employee Engagement Survey monitored regularly during the period 2016 through Mood Ring Pulse Check Survey.

## CODE OF ETHICS

Danamon's Code of Ethics is prepared based on the Bank's vision, mission, and corporate values, as well as moral considerations concerning integrity, conscience, self-awareness, professionalism and a positive image, as well as the Bank's good reputation.

### Scope of Code of Ethics Implementation

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

### The Code of Ethics Content

The Code of Ethics content covers Conflict of Interest Code, the Information Handling on Relationship with Parties Related to the Company, as well as Ethical Compliance and Code of Ethics.

### Code of Ethics-Conflict of Interest

All parties must avoid situations of conflicting interests between personal interest and the interest of the Bank. In relation to Danamon, this governs:

- a. Employee Status  
In principle the Bank does not wish its employees to be bound by an agreement with another employer during working hours, and/or having another income or outside the Bank.
- b. Protection and Utilization of the Bank Property  
In principle, the utilization of Bank property is intended for carrying out work assignments, which has to not only follow the prevailing procedures but it must be for the Bank's interest. The utilization for purposes other than for work has to be accounted for and requires prior written permission from the Head of the Work Unit.
- c. Family Relationships  
In relation to accepting a new employee candidate, candidates who have a direct family relationship with another party (father, mother, wife, husband, brother/sister, or son/daughter) are to be avoided. In case, under special circumstances and for certain reasons retention of the said parties is required, the parties are not allowed to be in a work unit that is related or has influence on one another.

Relationships with Other Parties:

- a. Relationship with Other Parties  
The Bank is resolute in protecting customers', colleagues' and/or vendors' confidentiality in accordance to the prevailing rules and regulations and this also means to avoid making decision on behalf of the Bank which implies a conflict of interest or decision-making based on friendship, family ties, and/or others for own benefit or benefits to others. Also required is not using the Bank's name for personal interests, among others for political and/or other personal business activities, and not giving to others and causing negative perceptions and placing the Bank's reputation at risk.
- b. Customer Service Conduct  
Employees should be responsive and make every effort to understand customers' needs and seek alternative solutions to solve customer issues, while attending to the interest of the Bank and the prevailing laws and regulations.

- c. Relations with Partners (Third Parties/Suppliers/Vendors)  
All parties must refrain from making decisions for personal interest, family, friendship or based on unprofessional reasons.
- d. Giving and Receiving Presents/Gifts  
In principle, the Bank does not allow providing or accepting gifts of any kind, that is, accepting presents from other parties in return for favours, service, expressing sympathy with relation to inter-personal businesses.
- e. Entertainment  
In principle, business entertainment may only be exercised by Directors, Commissioners and selected Officers for the interests of the Bank and implemented in line with the prevailing regulation and not conflicting with the Bank's values.
- f. Protection of Customers', Clients' and Vendors' Property and Clients and Vendors Property Rights Parties are not allowed to use or accept facilities owned by customers, relations and/or vendors and are prohibited from accepting or requesting loans from them for personal interests.
- g. Bribery  
The Bank prohibits bribery in any shape or form.
- h. Activities outside the Bank  
Employees and Directors are prohibited from occupying positions in any political party or political-oriented public organizations, which may potentially consume working hours or concentration, except with Bank approval.

Inter-Employee Relations:

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

### Code of Ethics-Dealing with Information between Parties and Bank

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

### Code of Ethics-Compliance and Ethics

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

### Dissemination, Enforcement and Sanction on Violation of Code of Conduct

The Head of Work Unit disseminates the Code of Conduct to employees under its coordination and employees are required to report to his immediate supervisor, or Head of Unit and/or local human resource departments, in case of violations, as well as attempts at violations, of the Code of Conduct.

Every employee has signed the Statement of Code of Conduct to be submitted to the Division of Human Resources (HR) Head Office/Regional, and the Code of Conduct is to be part of the employee performance appraisal in each semester.

### Sanctions for Violations of the Code of Ethics

The consequences of a serious breach of the Code of Ethics can met with a sanction up to termination of employment in accordance with Board of Directors Decision No. DIR-SDM-03 dated March 5, 2014 on Manpower Development and Sanctions Regulations.

The sanctions issued during 2016 were:

Types of Sanction	Number of Employees
Termination of Employment	2
1st Warning Letter	8
2nd Warning Letter	-
3rd Warning Letter	6
Suspension	6
Total	22

### WHISTLEBLOWING SYSTEM

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

In an effort to improve the whistleblower reporting system as more independent, transparent, easy, confidential, protected and monitored for whistleblowers, Danamon collaborates with a third party in the management of the Danamon Whistle Blowing Service (WBS).

WBS is a channel of communication to facilitate the whistleblower (rapporteur) who reports incidents or allegations relating to acts of fraud, policy violation, bribery/borrowing of money by the customer, sexual harassment, theft/embezzlement, fraudulent financial reports, illegal activities and violation of Code of Ethics involving other employees of the Bank and/or parties related to the Bank.

Every employee can report any irregularities or alleged irregularities that are occurring, that are responsible and based on good faith without fear or concern because confidentiality is assured. Danamon will protect and maintain the confidentiality of the identity of the complainant.

Reports that are received, along with the results of the investigation will be registered every month and then reported to management and the Audit Committee on a regular basis. Any information entered into the path of the whistleblower will be reviewed and acted upon by the Whistleblower team appointed by the Bank.

### Whistleblower Policy

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

### How to Report on Violations

Danamon provides means of reporting that is easily accessible via multiple communication channels, as follows:

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

### Violations by Members of the Boards of Commissioners and Directors

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

### Protection for Whistleblowers

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

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

In addition, Danamon also provides legal protection in line with the provisions of the applicable legislation and regulations. This commitment includes protection from criminal prosecution and/or civil liability, security and protection of personal and/or family of the rapporteur from physical threats and/or mental pressure.

### Parties Handling Complaints and Sanctions

Danamon has appointed an independent third party to manage the WBS Danamon, including the handling of complaints and administrative complaints. WBS

third party managers will forward the received report to the WBS Danamon team to be evaluated.

The WBS Danamon Team (Internal Audit, Human Resources and Compliance Unit) evaluate the received reports to determine whether they will be further processed to the investigation stage or forwarded to the appropriate party.

Investigation of potential violations conducted by the Independent Internal Investigation Team, the investigation process is done by holding the presumption of innocence and objectivity. Reports of Investigation accompanied by supporting evidence are reported to the Board of Directors and the Audit Committee on a regular basis.

Results of Investigation are the basic decision-making action and/or sanctions to parties or offenders who are convicted of violations according to the applicable provisions and regulations and/or according to Danamon internal regulations.

### Report Handling Result 2016

Danamon received 78 reports through the WBS. As of the end of 2016, investigations have been completed on 65 reports, 39 of which were cases of fraud and 26 reports were not proven fraud, while 13 reports are still under investigation.

LOB/Subsidiaries	Number of Complaints	Complaints Status			
		Total Closed	Review Completed		Still being investigated
			Fraud Finding	No Fraud Findings	
Danamon	50	37	12	25	13
Subsidiary	28	28	27	1	-
Total	78	65	39	26	13

## STATEMENT OF GOOD CORPORATE GOVERNANCE PRINCIPLES

The principles of good corporate governance have been adopted by all members of the Board of Commissioners, Board of Directors and employees of Danamon, and there were no material breaches of prevailing legislation.



**Ng Kee Choe**  
President Commissioner



**Sng Seow Wah**  
President Director







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# Integrated Corporate Governance



## ➤ Integrated Corporate Governance

### APPLICATION AND IMPLEMENTATION REPORT

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

Preparation of the implementation of Integrated Corporate Governance is a form of responsibility and transparency in the application of the principles of integrated corporate governance conducted by Danamon as the Main Entity in the financial conglomerate of Danamon Group, as well as compliance with OJK Regulation No.18/POJK.03/2014 on the Application of Integrated Corporate Governance for Financial Conglomerates.

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

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

#### Principle of Transparency

- a. Entities within Danamon Group are required to disclose information in sufficient, clear, accurate, and timely manners, as well as be comparable and easily accessible by shareholders and stakeholders.
- b. The principle of transparency adopted by Danamon Group does not reduce the obligation to fulfill the regulations on bank secrecy and/or company information confidentiality in line with the prevailing laws and regulations on confidentiality and privacy.

#### Principle of Accountability

- a. Entities within Danamon Group shall clearly define the responsibilities of each organization organ in alignment with the vision, mission, business objectives, and company strategies, as well as

belief that all organization organs of Danamon Group maintain the competencies in line with the responsibilities and understand their roles in implementing GCG.

- b. Entities within Danamon Group shall ensure the presence of a check and balance system in their company management. Additionally, they should also maintain the performance standard of all ranks at Danamon Group based on the agreed standards consistent to the corporate values, business objectives, and company strategies.

#### Principle of Responsibility

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

#### Principle of Independency

- a. Danamon Group should avoid unfair domination by any stakeholder and shall not be affected by unilateral interest as well as be free from conflict of interests.
- b. Decision making shall be objective and free from any duress from any party, as well as showing commitment to operate the business by prioritizing professionalism.

#### Principle of Fairness

- a. All entities in Danamon Group shall always pay attention to the interests of all stakeholders based on the principles of equality and fairness (equal treatment).
- b. Danamon Group shall provide opportunities to all stakeholders to provide feedback and express their opinions for the interests of the Bank as well as grant access to information in line with the principle of transparency.

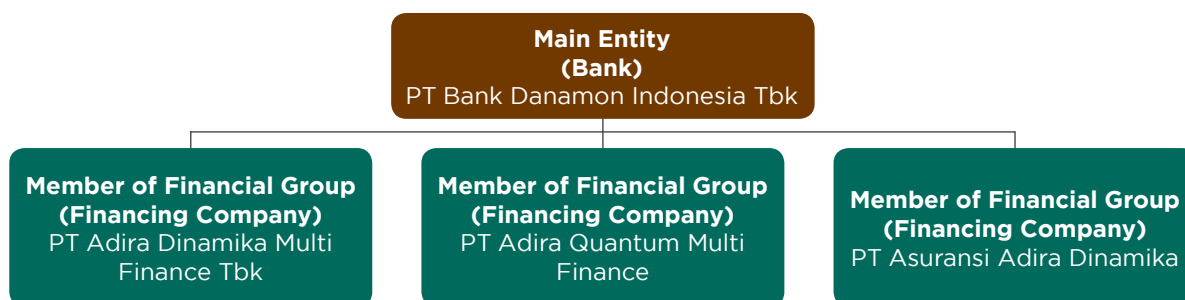
## DANAMON GROUP FINANCIAL CONGLOMERATION

### THE STRUCTURE OF MEMBERSHIP

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

1. Main Entity: PT Bank Danamon Indonesia, Tbk.
2. Subsidiaries/Members:
  - a. PT Adira Dinamika Multi Finance Tbk.
  - b. PT Adira Quantum Multifinance.
  - c. PT Asuransi Adira Dinamika

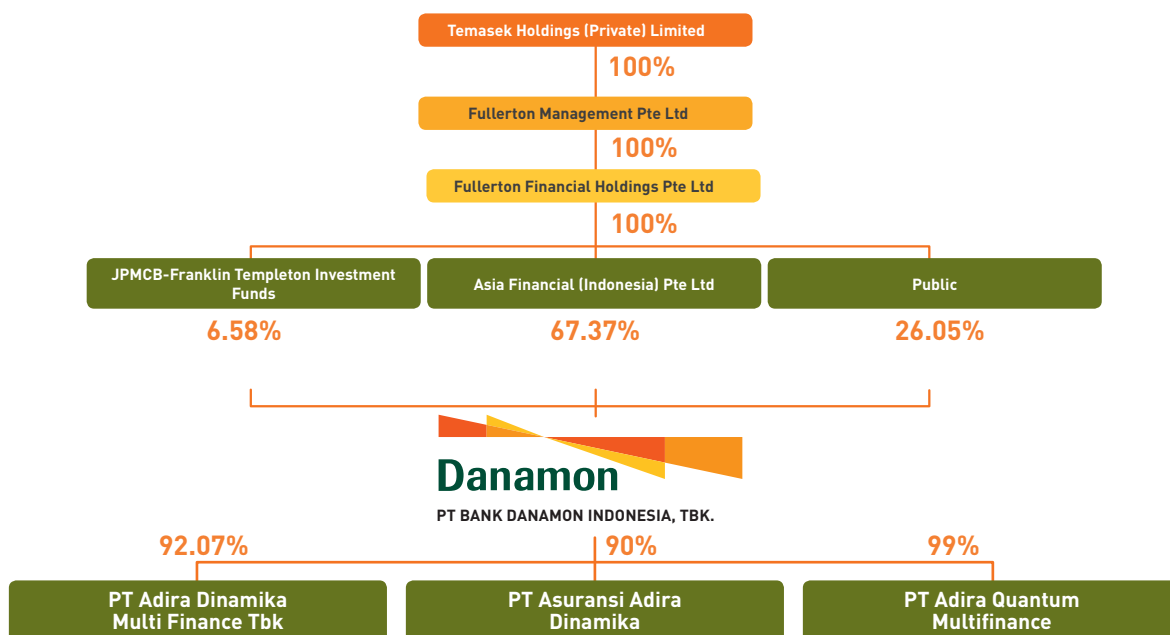
#### Structure of Danamon Group Financial Conglomeration



### STRUCTURE OF SHARE OWNERSHIP

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

#### Structure of Share Ownership



## MANAGEMENT STRUCTURE

All members of the Board of Directors and Board of Commissioners in Danamon Group have complied with the requirements of integrity, competency, and financial reputation and have obtained approval from the Financial Services Authority in the management structure as follows:

### Management Structure of Financial Conglomeration's Main Entity (Bank Danamon)

#### PT Bank Danamon Indonesia, Tbk.

##### Board of Commissioners

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

##### Board of Directors

1. Sng Seow Wah (President Director)
2. Muliadi Rahardja (Vice President Director)
3. Vera Eve Lim (Director)
4. Herry Hykmanto (Director)
5. Michellina L. Triwardhanny (Director)
6. Satinder Ahluwalia (Director)
7. Adnan Qayum Khan (Director)
8. Heriyanto Agung Putra (Director)
9. Rita Mirasari (Independent Director)

Note:

\*) Danamon has accepted resignation of Emirisyah Satar as of February 1, 2017. Resignation will be effective upon AGMS approval..

### Management Structure of the Members of Financial Group (Subsidiaries)

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

##### Board of Commissioners

1. Sng Seow Wah (President Commissioner)
2. Djoko Sudyatmiko (Commissioner/Komisaris Independen)
3. Krisna Wijaya (Komisaris/Independent Commissioner)
4. Eng Heng Nee Philip (Independent Commissioner)
5. Vera Eve Lim (Commissioner)
6. Loh Niap Juan (Commissioner)

##### Board of Directors

1. Willy Suwandi Dharma (President Director)
2. Marwoto Soebiakno (Vice President Director)
3. Hafid Hadeli (Director)
4. Ho Lioeng Min (Director)
5. I Dewa Made Susila (Director)
6. Cornel Hugroseno (Director)
7. Swandajani Gunadi (Independent Director)

#### PT Adira Quantum Multifinance (Adira Kredit)

##### Board of Commissioners

1. Marwoto Soebiakno (President Commissioner)
2. Satinder Pal Singh Ahluwalia (Commissioner)

##### Board of Directors

1. Erdyan Lazuardy (President Director)
2. Handy Widiya (Director)

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

##### Board of Commissioners

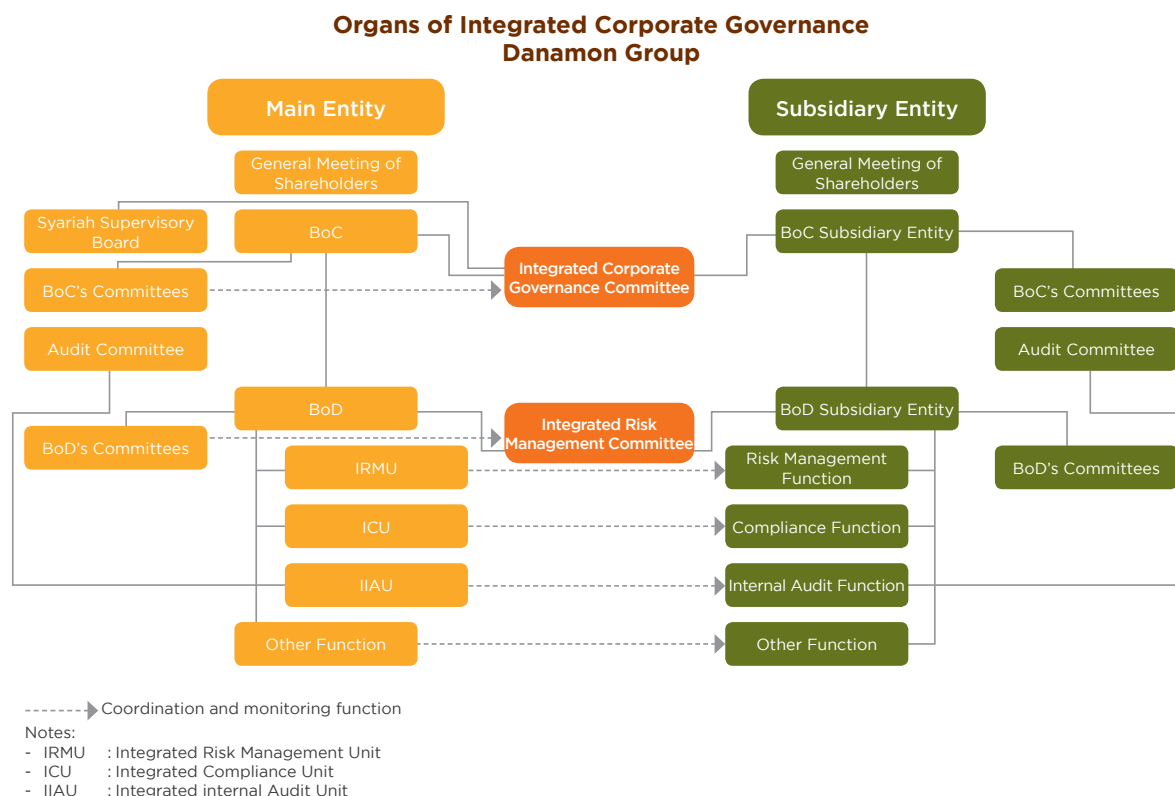
1. Manggi T. Habir (President Commissioner)
2. Willy Suwandi Dharma (Commissioner)
3. Suhandoko Tjondromuljo (Independent Commissioner)
4. Julian Noor (Independent Commissioner)

##### Board of Directors

1. Indra Baruna (President Director)
2. Dedi Nathan (Director)
3. Donni Gandamana (Director)
4. Wayan Pariama (Director)

## ORGANS OF INTEGRATED CORPORATE GOVERNANCE

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



## BOARD OF COMMISSIONERS OF THE MAIN ENTITY

Danamon Group shall require the members of the Board of Commissioners of the main entity, of Bank Danamon, to understand the core business activities and main risk of the entity of the financial conglomerate as a whole, including subsidiaries. This knowledge is required because of the increased management duties and responsibilities of a financial conglomerate.

The Board of Commissioners as of December 31, 2016 consisted of 7 (seven) members. Each member of the Board of Commissioners has the appropriate educational background, expertise, and sufficient experience in line with their duties and responsibilities. All members of the Board of Commissioners have passed the fit and proper test and are approved by Bank Indonesia/Financial Services Authority.

Board of Commissioners of the Main Entity	Date of Approval by AGMS	Date of Approval by BI/FSA
Ng Kee Choe (President Commissioner)	May 22, 2006	May 24, 2006
J.B. Kristiadi (Vice President Commissioner/ Independent Commissioner)	May 9, 2005	December 5, 2005
Gan Chee Yen (Commissioner)	June 16, 2003	October 21, 2003
Manggi T. Habir (Independent Commissioner)	May 9, 2005	July 22, 2005
Ernest Wong Yuen Weng (Commissioner)	April 29, 2010	September 14, 2010
Made Sukada (Independent Commissioner)	May 7, 2014	August 8, 2014
Emirsyah Satar (Independent Commissioner)	May 7, 2015	October 15, 2015

## **Duties and Responsibilities of the Board of Commissioners of the Main Entity**

Duties and responsibilities of the Board of Commissioners of the Main Entity in Danamon Group Financial Conglomeration are governed in the Integrated Corporate Governance Policies and Charter of the Board of Commissioners.

- 1) The Board of Commissioners conducts the monitoring on the implementation of Integrated Corporate Governance. Duties and responsibilities of the Board of Commissioners in order to supervise the implementation of Integrated Governance, include to:
  - a) Supervise implementation of the Corporate Governance of each Entity to conform to the Integrated Corporate Governance Policies;
  - b) Supervise implementation of duties and responsibilities of the Board of Directors of Main Entity, as well as provide guidance or advise to the Board of Directors of the Main Entity on implementation of Integrated Corporate Governance Policies; and;
  - c. Evaluate the Integrated Corporate Governance Policies and provide directions for their refinements.
- 2). The Board of Commissioners of Danamon is required to establish the Integrated Corporate Governance Committee to support the effective implementation of their duties.
- 3) Board of Commissioners of Danamon shall hold regular meetings at least 1 (one) time each semester with the following provisions:
  - a) The Board of Commissioners of the Main Entity meeting can be conducted via video conference;
  - b) Results of the Board of Commissioners of the Main Entity meeting are recorded in the minutes of meetings and well documented. Dissenting opinions that occur in the meeting of the Board of Commissioners of the Main Entity are recorded prominently in the minutes of the meeting and the reasons for dissent.

## **Implementation of Duties and Responsibilities in 2016**

Implementation of duties of the Board of Commissioners of the Main Entity includes supervision on implementing integrated corporate governance

arranged in the Integrated Corporate Governance Policies. In performing their duties, the Board of Commissioners of the Main Entity is supported by the Integrated Corporate Governance Committee. The Integrated Corporate Governance Committee evaluates the implementation of Integrated Corporate Governance at least through the assessment of the adequacy of internal controls and the implementation of the compliance function in an integrated manner.

During 2016, the Board of Commissioners held 3 (three) meetings of the Board of Commissioners with material that included subsidiaries and integrated corporate governance, as well as integrated corporate governance report on the implementation of the Integrated Corporate Governance Committee to the Board Commissioners. Several issues discussed at the meeting related to integrated corporate governance, including referrals and recommendations from the Board of Commissioners of the Main Entity to the Subsidiaries to improve their performance. The Board of Commissioners assisted by the Integrated Corporate Governance Committee discussed the establishment of an integrated corporate governance framework for 2016 and action plan to strengthen integrated corporate governance in Danamon Group.

## **BOARD OF DIRECTORS OF MAIN ENTITY**

Danamon, as the main entity in the financial conglomerate of Danamon Group, shall require the Board of Directors members to have the knowledge of Main Entity and Subsidiaries in Danamon Group. The knowledge requirements for prospective candidates for the Board of Directors of Danamon regarding the Main Entity in Danamon Group is necessary because of the increased duties and responsibilities in the management of a financial conglomerate. The Board of Directors members of Danamon are also required to comply with the requirements as stipulated in the fit and proper test.

The Board of Directors, as of December 31, 2016, was composed of 9 (nine) members. All members of the Board of Directors have passed the fit and proper test and received approval from Bank Indonesia/ Financial Services Authority. Each member of the Board of Directors has at least 5 (five) years of experience and sufficient understanding on the core business activities and main risks of the companies in Danamon Group.



No	Name	Job Title	Date of Approval (AGMS)	Date of Approval by BI/FSA
1	Sng Seow Wah	President Director	February 27, 2015	November 20, 2014
2.	Muliadi Rahardja	Vice President Director	August 31, 1999	December 21, 1999
3	Vera Eve Lim	Director	May 22, 2006	June 26, 2006
4	Herry Hykmanto	Director	April 03, 2008	May 13, 2008
5	Michellina L. Triwardhanny	Director	April 29, 2010	May 27, 2010
6	Satinder Pal Singh Ahluwalia	Director	April 29, 2010	June 24, 2010
7	Adnan Qayum Khan	Director	April 28, 2016	August 8, 2016
8	Heriyanto Agung Putra	Director	April 28, 2016	December 23, 2016
9	Rita Mirasari	Director (Independent)	September 7, 2016	September 14, 2016

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

Duties and responsibilities of the Board of Directors of the Main Entity are as follows:

- 1) The Board of Directors of Danamon, as the Main Entity, shall ensure the implementation of Integrated Corporate Governance in Danamon Group. Duties and responsibilities of the Board of Directors of the Main Entities in ensuring the implementation of Integrated Governance, at least include:
  - a. Preparing the Integrated Corporate Governance Policies;
  - b. Directing, monitoring, and evaluating the implementation of the Integrated Corporate Governance Policies; and
  - c. Following-up guidance or advice provided by the Board of Commissioners of the Main Entity in line with the refinement of Integrated Corporate Governance Policies.
- 2) In order to ensure that all audit findings and recommendations of the Integrated Internal Audit, External Auditor, and monitoring outcome from the Financial Services Authority and/or monitoring outcome from other authorities have been followed up by the Entity in Danamon Group.
- 3) The President Director of Danamon as the Main Entity is responsible to perform supervisory functions toward each Entity within Danamon Group.

### Implementation of Duties and Responsibilities in 2016

The Board of Directors prepared and established the Integrated Corporate Governance Policies through the Board of Director Letter No. Kep. Dir-Comp-020 on the Integrated Corporate Governance Policies to serve as a guideline for implementing good corporate governance throughout the entities within Danamon Group. The Board of Directors followed up on insights and feedback from

the Board of Commissioners as well as recommendations from the Integrated Corporate Governance Committee related to the enhancements of Integrated Corporate Governance Policy of Danamon Group.

The Board of Directors presented the Integrated Corporate Governance Policies of the Danamon Group to each of the boards of directors of the Subsidiaries within Danamon Group, specifically: PT Adira Dinamika Multi Finance, Tbk, PT Adira Quantum Multifinance and PT Asuransi Adira Dinamika, as guidance on integrated corporate governance in Danamon Group.

In 2016, the Board of Directors of Danamon has been conducting its duties and responsibilities as Directors of the Main Entity, which include evaluating, monitoring and ensuring the implementation of Integrated Governance in Financial Conglomerate of Danamon Group. Members of the Board of Directors conducted an oversight function of the Entities in Danamon Group through meetings held by the Board of Directors with material discussions on subsidiaries, the implementation of integrated corporate governance and integrated risk management.

The Board of Directors followed up on the audit findings and recommendations made by the Integrated Internal Audit, external auditors, and monitoring outcome from the Financial Services Authority supervision and/or other relevant authorities. Follow up and improvement activities based on the recommendations and findings were continually monitored within a committed timetable.

Moreover, in the framework of the implementation of the effectiveness of supervisory tasks towards a subsidiary, members of the Board of Directors of the Main Entity are also members of the boards of commissioners in subsidiaries, as follows:

No	Name	Position at the Main Entity (Danamon)	Position at the Subsidiary – Member of the Financial Conglomeration
1.	Sng Seow Wah	President Director	President Commissioner at PT Adira Dinamika Multifinance, Tbk.
3.	Vera Eve Lim	Director	Commissioner at PT Adira Dinamika Multifinance, Tbk.
4.	Satinder Pal Singh Ahluwalia	Director	Commissioner at PT Adira Quantum Multifinance

## INTEGRATED CORPORATE GOVERNANCE COMMITTEE

Integrated Corporate Governance Committee was established to support the effective implementation of the Board of Commissioners and assist the Board of Commissioners in oversight functions related to the implementation of integrated corporate governance in Danamon Group. The Integrated Corporate Governance Committee has evaluated the implementation of Integrated Corporate Governance within Danamon Group, including an adequacy assessment of internal controls and the implementation of the compliance function in an integrated manner.

As the Main Entity, Danamon established an Integrated Corporate Governance Committee based on Board of Commissioners Meeting Resolution No. R-KOM.Corp.Sec-001 dated July 29, 2015 on Integrated Corporate Governance and Board of Directors Letter No. Kep: Dir-Corp.Sec-009 dated August 12, 2015 on the Establishment of Integrated Corporate Governance Committee.

### Committee Charter

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

Structure of Membership and Composition of Integrated Corporate Governance Committee

Structure of Committee Membership

- 1) The Integrated Corporate Governance Committee comprises at least:
  - a) An Independent Commissioner who is Chairman in one of the BOC Committees of Danamon, as Chairman and Member;
  - b) Independent Commissioner(s) who represents and is appointed from one or more Entity in Danamon Group, as member(s);

- c) An independent party, as a member; and
- d) Members of the Syariah Supervisory Board from one or more Entity in Danamon Group, as member(s).

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

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

Integrated Corporate Governance Committee of Danamon Group consists of 7 (seven) members from the Main Entity and its Subsidiaries. Based on Board of Commissioners Circular Resolution No. KSR-KOM.Corp.Sec.013 dated November 26, 2015 and Board of Directors Decision No. Kep-Dir-Corp.Sec-018 dated November 26, 2015, the members of the Integrated Governance Committee are as follows:

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

The composition of Independent Commissioners within the Independent Corporate Governance Committee meets regulation and is in line with Danamon Group so that the tasks and responsibilities of the committee can be implemented effectively. Membership of the Committee considers representation of each financial services sector in the Financial Conglomeration namely banking, financing, insurance and representation of a Syariah Supervisory Board.

#### Member Profiles of Integrated Corporate Governance Committee

Nama and Age	Citizenship and Domicile	Job Title	Term of Office	Expertise	Qualifications/Education Background
Made Sukada 64 Years Old	Indonesia	Chairman/ Independent Commissioner	November 2015–Present	Finance/Risk Management	<ul style="list-style-type: none"> <li>Bachelor's in Accounting from University of Padjajaran, Bandung, 1977</li> <li>Master in Economic from the University of Pittsburgh, USA, 1984</li> </ul>

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

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

Ernest Wong Yuen Weng 71 Years Old	Singapore	Member/ Commissioner	November 2015–Present	Finance/Risk Management	First Class Honours Degree Teknik Kimia dari University of Surrey, Inggris pada tahun 1967
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##### Professional Experience (Job Title, Organization, Term of Office)

- Commissioner, Danamon 2010-present
- Chairman, MediaCorp July 2016-present
- Board Trustee Nanyang Technological University 2006-present
- Board Member Pavilion Capital Holding Pte. Ltd.
- Chairman, A. Menarini Asia-Pacific Holdings Pte. Ltd., 2012-present
- Chairman, Fullerton Financial Holdings Pte. Ltd., 2011-present
- Board Member, Singapore Health Services Pte. Ltd. ("SingHealth"), 2006-2015
- Board member, Pavilion Capital Holdings Pte. Ltd., 2012-2015
- Board member, Economic Development Board and The Ministry of Finance, 1989-1993.
- Group CEO, MediaCorp Pte. Ltd., 2000-2005
- Board member, United Overseas Bank Group, 1990-2005
- Chairman, the Association of Banks in Singapore, 1991-1993 and 1999-2000.

Nama and Age	Citizenship and Domicile	Job Title	Term of Office	Expertise	Qualifications/Education Background
Manggi T. Habir 63 Years Old	Indonesia	Member/ Independent Commissioner	November 2015–Present	Finance/Risk Management	<ul style="list-style-type: none"> <li>Master in Business Administration, University of Michigan, 1979</li> <li>Master in Public Administration, Harvard University, 2002</li> </ul>

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

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

Djoko Sudyatmiko 71 Years Old	Indonesia	Member/ Independent Commissioner PT Adira Dinamika Multi Finance, Tbk	November 2015–Present	Economy and Corporate Governance	Bachelor's degree in Electrical Engineering from Institut Teknologi Bandung in 1968
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**Professional Experience (Job Title, Organization, Term of Office)**

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

Julian Noor 55 Years Old	Indonesia	Member/ Independent Commissioner PT Asuransi Adira Dinamika	November 2015–Present	Insurance	<ul style="list-style-type: none"> <li>Institut Pertanian Bogor, 1985</li> <li>Indonesia Associate Insurance Expert, 1994</li> <li>Insurance School of Japan (basic), 1995</li> <li>Insurance School of Japan (advance), 1999</li> <li>Master's degree in Management from STIE Dharma Bumiputera, 2004</li> </ul>
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**Professional Experience (Job Title, Organization, Term of Office)**

- Marketing Supervisor at PT Pyridam, Jakarta (1985-1988)
- Several positions from Livestock Insurance Project, Assistant Manager to Manager Underwriting at PT Asuransi Timur Jauh (1988-1993)
- Several positions from Head of Underwriting Bureau, Division Head of Technical, Division Head of Marketing, Division Head of Human Resources & Logistics to Director at PT Asuransi Umum Bumiputera Muda (1994-2010)
- Served as Managing Director at PT Asuransi Himalaya Pelindung (2010-2011)
- Serves as Executive Director at Asosiasi Asuransi Umum Indonesia (2011-present).

Nama and Age	Citizenship and Domicile	Job Title	Term of Office	Expertise	Qualifications/Education Background
M. Din Syamsuddin 58 Years Old	Indonesia	Member/Chairman of Syariah Supervisory Board	November 2015–Present	Islam Law Science (Syariah), Islamic Political Science, and Interfaith/Interculture Communication	<ul style="list-style-type: none"> <li>Bachelor degree for the Discipline of Ushuluddin awarded by UIN Syarif Hidayatullah, Jakarta, 1980</li> <li>Master degree, UCLA, USA, 1988</li> <li>Ph.D, UCLA, USA, 1991</li> </ul>

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

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

Angela Simatupang 41 Years Old	Indonesia	Member/Independent Party	November 2015–Present	Internal Audit, Risk Management and Corporate Governance	Master of Commerce in International Business and Management of Technology, The University of Sydney, 2002
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**Professional Experience (Job Title, Organization, Term of Office)**

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

**Duties and Responsibilities of the Committee**

Duties and Responsibilities of the Committee cover among others:

- 1) Evaluating the implementation of Integrated Corporate Governance through assessment on the internal control sufficiency and implementation of compliance functions in an integrated manner; and
- 2) Providing recommendations to Danamon's Board of Commissioners as the Main Entity on the refinement of Integrated Corporate Governance Policies.
- 3) In conducting an evaluation, the Integrated Corporate Governance Committee receives reports in the form of evaluation outcomes of the implementation of internal audit and compliance functions of each Entity from member of the Boards of Commissioners of each Entity who are members of the Integrated Corporate Governance Committee.

### Duties and Responsibilities of Integrated Corporate Governance Committee 2016

During 2016, the Integrated Corporate Governance Committee held 3 (three) meetings on January 18, March 21, and July 28, 2016 attended by the majority of the Committee members, with the meeting agenda as follows:

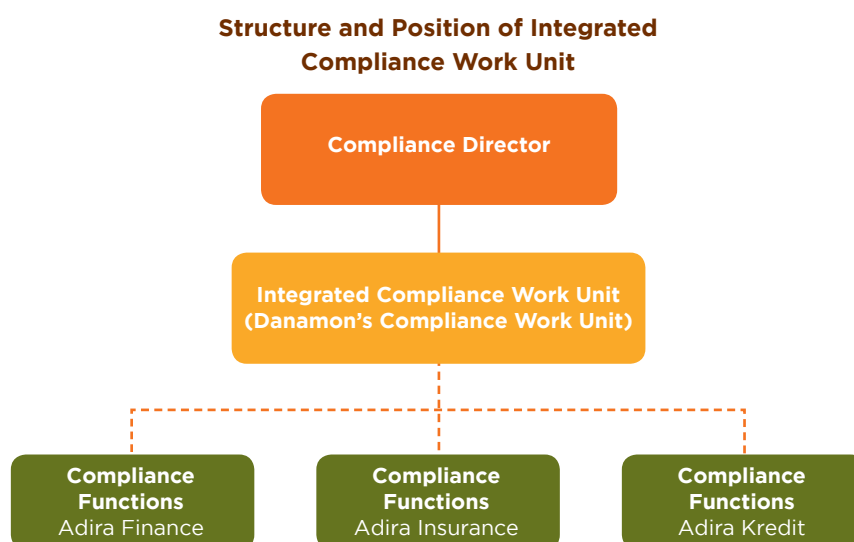
Date of Meeting	Meeting Agenda
January 18, 2016	<ul style="list-style-type: none"> <li>• Discussion on Integrated Governance</li> <li>• Self Assessment of Integrated Governance 2015.</li> </ul>
March 21, 2016	<ul style="list-style-type: none"> <li>• Update Progress on Follow-up Plans of Governance in Subsidiaries.</li> </ul>
July 28, 2016	<ul style="list-style-type: none"> <li>• Update on Self Assessment of Integrated Governance Semester I Year 2016.</li> <li>• Update from Subsidiaries.</li> </ul>

The Integrated Corporate Governance Committee evaluated the implementation of integrated corporate governance of each subsidiary, including the application of applicable policies of compliance and corporate governance at the subsidiaries. The Committee also provided guidance to management for improvement in the implementation of integrated corporate governance of Danamon Group in 2016.

The Integrated Corporate Governance Committee periodically submitted reports on the implementation of work and recommendations to the Board of Commissioners, including on the results of Self-Assessment of Integrated Corporate Governance position in December 2015 and June 2016, and the Integrated Corporate Governance Report..

### INTEGRATED COMPLIANCE WORK UNIT

Danamon as the Main Entity maintains an independent Compliance Work Unit, which is separate from the other operating units, and directly responsible to the Director in charge of Compliance (Director of Compliance). With adequate structure and infrastructure support, the Integrated Compliance Work Unit coordinates, monitors and evaluates the compliance function across all Entities in Danamon Group.



### Duties and Responsibilities of Integrated Compliance Work Unit

Duties of Integrated Compliance Work Unit at least cover the following:

- 1) Monitoring and evaluating the implementation of compliance function on each Entity within Danamon Group.
- 2) Preparing and submitting reports on the implementation of duties and responsibilities to the Compliance Director of the Main Entity and/or a Director appointed to perform the supervisory functions on the Entity within Danamon Group.
- 3) Danamon's Compliance Director prepares and submits reports on the implementation of duties and responsibilities of integrated compliance to Danamon's Board of Directors and Board of Commissioners.

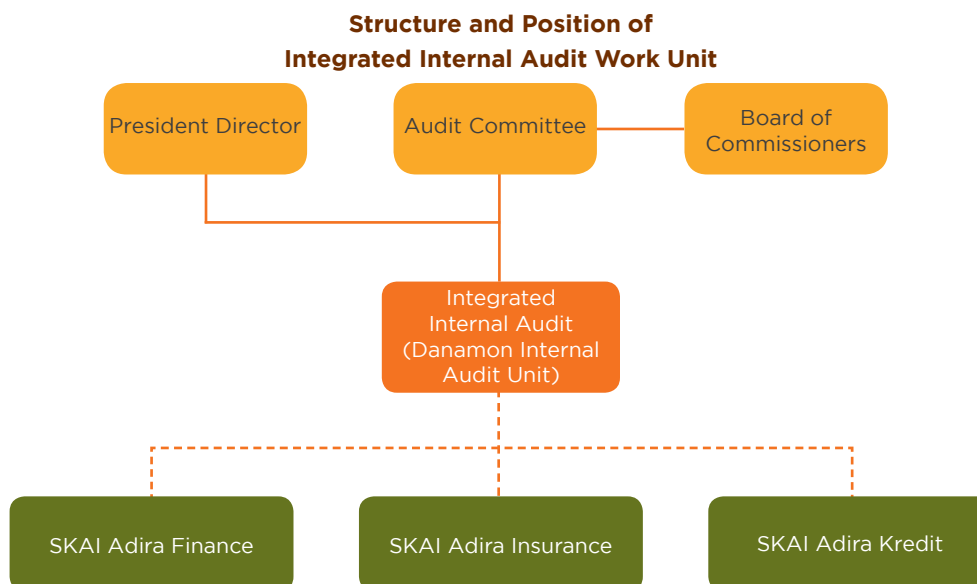
### Implementation of Duties and Responsibilities of in 2016

The current Danamon Compliance Unit performed implementation of the Integrated Compliance Work Unit. During 2016, the Compliance Unit conducted its duties and responsibilities, among others:

- Ensuring that the compliance function at each Subsidiary was independently formed and supported by adequate policy and compliance guidelines.
- Coordinating and monitoring related to the implementation of the compliance function of Subsidiaries, including providing consultative function for the implementation of compliance.
- Ensuring subsidiaries compliance on regulatory parameters, which is established by regulators on a regular basis.
- Assessing the compliance function implementation report submitted by Subsidiaries.
- Assessing the governance policies of each Subsidiary, in line with the integrated corporate governance policies and other supporting governance policies/guidelines.
- Testing compliance with joint programs and Subsidiaries' programs product according to integrated risk management policy.
- Communicating and disseminating new regulations to Subsidiaries, as well as monitoring the implementation of action plans.
- Monitoring the follow-up/commitments on the results of audits conducted by the OJK.
- Conducting integrated compliance risk assessment and preparing reports on the integrated compliance risk profile.
- Coordinating assessment and the drafting of self-assessment results of integrated governance.

The Compliance Unit presented the results of the evaluation and responsibility to the Director of Compliance.

### INTEGRATED INTERNAL AUDIT UNIT



In the structure of Danamon Group, there is the Internal Audit of the Main Entity/Danamon and the internal audit units of the Subsidiary Entities, namely:

- o Internal Audit Unit of PT Adira Dinamika Multi Finance Tbk.,
- o Internal Audit Unit of PT Adira Quantum Multifinance,
- o Internal Audit Unit of PT Asuransi Adira Dinamika.



Internal Audit of Danamon is directly responsible to the President Director, and to support the independence of Internal Audit and ensure smooth operation of the audits and the authority in monitoring the follow-up, the Head of Internal Audit is also responsible directly to the Board of Commissioners through the Audit Committee.

### **Duties and Responsibilities of Integrated Internal Audit Unit in 2016**

Integrated in the Internal Audit Charter 2016 of Integrated Internal Audit Unit and internal audit units of Subsidiaries, namely:

#### **A. Duties and responsibilities Integrated Internal Audit Unit are:**

1. To create the annual audit plan with appropriate risk-based methodology, including risks and controls identified by management, and submit the plan to the Board of Commissioners through the Audit Committee and the President Director for review, approval, and regular updates.
2. To implement the annual audit plan that approved both individual and joint audits, including special tasks or projects requested by management and the Board of Commissioners through the Audit Committee.
3. To review and provide recommendations on the annual audit plans of the internal audit units of the Subsidiaries.
4. To maintain the adequacy of the audit staff with the knowledge, skills, experience and professional certification that is sufficient to conduct the audit requirements, including having knowledge of legislation in the field of capital markets and other legislation.
5. To monitor and review the implementation of internal audits in Danamon Group.
6. To evaluate and assess the function of merger/consolidation that is significant, as well as products and services, processes, operations, and processes control that are new/revised, relating to the development, implementation and/or each expansion when required.

#### **7. Create reports to the Financial Services Authority, namely:**

- Semester report submitted at the end of June and December at the latest two months after the reporting month, signed by the President Director and the Board of Commissioners through the Audit Committee.
  - A special report on any findings of internal audits that could disturb the continuity of the Bank, which must be submitted no later than 7 (seven) days after the audit findings are known, signed by the President Director and the Board of Commissioners through the Audit Committee.
  - Report of the review results from external parties performed at least once in three years, which includes an opinion on the Standards of Internal Audit of the Bank and the possible improvements, no later than one month after the results of the review from external parties accepted by the Bank.
8. To inform all new audit findings that are significant to the President Director and the Board of Commissioners through the Audit Committee, with a copy to the Director of Compliance each month.
  9. To establish a follow-up process to monitor and ensure that corrective actions have been effectively carried out by the management, or that senior management have taken the risk to reject corrective action, and validate the status of follow-up in accordance with the Internal Audit Framework that has been established.
  10. To conduct regular meetings with members of the internal audit units of the Subsidiaries at least every quarter.
  11. To deliver integrated internal audit reports to the President Director, the Board of Commissioners through the Audit Committee and the Director of Compliance at least every semester.
  12. To inform the status of corrective action on audit recommendations to the President Director and the Board of Commissioners through the Audit Committee on a quarterly basis ("Follow-up on Audit Findings Status").

13. To conduct an investigation of indications of fraud within the Bank, including coordinating an investigation with other work units.
14. To report on the investigation result that has abroad impact and material to the Management and the Board of Commissioners through the Audit Committee.
15. To consider the scope of work of the external auditor and the government, as appropriate, with the goal of providing optimal scope of the investigation at a reasonable cost.
16. To develop programs to evaluate the quality of the internal audit activity.

**B. Duties and Responsibilities of Internal Audit Unit of Subsidiaries:**

1. To deliver the Integrated Internal Audit Unit annual audit plan that has been reviewed and approved by the competent authorities of the Subsidiaries, and report if there is a change in implementation.
2. To report to the Integrated Internal Audit Unit on the implementation of internal audits carried out by the subsidiary at least every quarter.
3. To report to Integrated Internal Audit Unit on the implementation of the follow-up monitoring on findings by internal audit units of Subsidiaries at least every quarter.

**Implementation of Duties and Responsibilities of Integrated Audit Unit 2016**

Implementation of duties and responsibilities of Integrated Internal Audit Unit is conducted by the Internal Audit Unit of Danamon. During 2016, the implementation of the duties and responsibilities related to Integrated Internal Audit Unit included:

- a. Continuing the development of analytic functions by continuing to develop over the scope of the analyzed data.
- b. Continuing the process of quality assurance, as well as learning the best practices of internal audit in the banking industry (Internal Audit Unit of Danamon), financing industry (Internal Audit Unit of Adira Dinamika Multi Finance), and insurance industry (Internal Audit Unit Asuransi Adira Dinamika) as comparison.

- c. Conducting joint audits in each subsidiary together with the internal audit teams of Adira Finance and Adira Insurance. The implementation of audits for subsidiaries completed 106% of the audit plan for 2016, which was of 17 entities of Adira Insurance and 179 entities of Adira Finance.

**IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT**

**Integrated Risk Management Policies and Their Implementation**

Danamon as the Main Entity maintains Integrated Risk Management Policies prepared based on Bank Indonesia and OJK prevailing regulations and other existing and related regulations. Integrated Risk Management Policies cover the risk management framework serving as the guideline for implementing Danamon Group's risk management, and are subject to periodic review.

Integrated Risk Danamon is centrally responsible for coordinating all policies and implementation of risk management at the Bank and its Subsidiaries individually and integrated.

Implementation of Integrated Risk Management is conducted as follows:

- a. Supervision by the Board of Directors and Board of Commissioners of the Main Entity  
For the main entity, implementation of Integrated Risk Management involves monitoring and active supervision by the Board of Directors and Board of Commissioners. The Board of Directors and the Board of Commissioners understand the risks and ensure the risk culture is embedded, and that the implementation of Risk Management of Danamon Group as part of implementing Integrated Risk Management is performed effectively. In the implementation, committees are established as required, which include among others Risk Monitoring Committee at the Board of Commissioners' level, Risk Management Committee at the Board of Directors' level, and Integrated Risk Management Committee in Danamon Group.

## b. Integrated Risk Management Organization

In line with the implementation of comprehensive and effective Integrated Risk Management, the Main Entity established the Integrated Risk Management Committee and Integrated Risk Management Work Unit.

### 1) Integrated Risk Management Committee

Danamon as the Main Entity has established the Integrated Risk Management Committee in line with the implementation of integrated risk management. Members of Integrated Risk Management Committee are Danamon's Board of Directors, directors representing the Subsidiaries, as well as appointed relevant executive officials. The chairperson is Danamon's Integrated Risk Director.

Integrated Risk Management Committee meetings are held on a regular basis. Members, individually or as a group, may request an extraordinary meeting to be held to discuss an important issue. Integrated Risk Management Committee meetings are lead by the Chairman of the Committee.

The primary duties of the Integrated Risk Management Committee are to provide recommendations to the Bank's Board of Directors as the Main Entity on the implementation of the Integrated Risk Management in Danamon Group. Duties and responsibilities include:

- 1) Preparing Integrated Risk Management Policies.
- 2) Revising and refining the Integrated Risk Management Policies based on the outcomes of implementation evaluations.

### 2. Integrated Risk Management Unit

Danamon as the Main Entity has established Integrated Risk, which is a Risk Management Unit with the roles and responsibilities of risk management for the Bank individually, as well as an Integrated Risk Management Unit in the implementation of risk management in an integrated manner.

Integrated Risk is independent of risk taking units and reports to Danamon's Director of Integrated Risk, who subsequently reports directly to the President Director. The Integrated Risk Director is also the Chairman of the Bank's Risk Management Committee and Chairman of the Integrated Risk Management Committee.

In implementing its functions as an Integrated Risk Management Unit, Integrated Risk of Danamon coordinates with the risk management units of the Subsidiaries in Danamon Group. The authorities and responsibilities of the Integrated Risk Management Unit include:

- Providing feedback to the Board of Directors and Integrated Risk Management Committee in preparing and refining the Integrated Risk Management Policies.
- Monitoring the implementation of Integrated Risk Management Policies including the development of procedures and tools to identify, measure, monitor, and risk control.
- Performing risk monitoring on Danamon Group by monitoring the risk profile of each Entity, both individually as well as jointly.
- Performing stress tests on Danamon Group.
- Periodically reviewing the risk assessment methods, sufficiency of management information system implementation, and the appropriateness of policies, procedures, and risk limits in integrated manner.
- Reviewing proposals of new strategic business lines with significant impact toward the risk exposure.
- Providing information to the Integrated Risk Management Committee on issues, which need further follow-up actions relevant to the evaluation of Integrated Risk Management implementation.

## INTRAGROUP TRANSACTION POLICY

Intragroup Transaction Risk is a risk due to the dependency of an entity either directly or indirectly on another entity within a financial conglomeration in line with the fulfillment of obligations both in the form of written or oral agreements followed by either fund transfers or not.

The implementation of Intragroup Transaction Risk Management is conducted by taking into account transaction activities among entities within a financial conglomerate. Danamon as the Main Entity has managed the implementation of risk management on intragroup transaction based on the integrated risk management policy, reviewed periodically. Intragroup transaction limits are set through coordination between the Bank as the Main Entity and the Subsidiaries as the Entities within Danamon Group.

Implementation of risk management on Intragroup Transactions is performed through identifying, measuring, monitoring, and risk controlling processes as well as the means of the Management Information System. Intragroup Transaction Risks may arise, among others due to:

- Cross-ownership among entities within a financial conglomerate.
- Short-term centralized liquidity management.
- Guarantee, loans, and commitment made or received by an entity from another entity within a financial conglomerate.
- Exposures to the controlling shareholders, including loan exposures and off-balance sheet such as warranties and commitments.
- Purchase or sales of assets to other entities within a financial conglomerate.
- Transfer of risks through reinsurance; and/or
- Transaction to transfer risk exposures to third party among entities within a financial conglomeration.

## SUMMARY OF ASSESSMENT RESULTS

Results of Self Assessment Integrated Governance Implementation Position December 2016	
Rank	Definition of Rank
2	The Financial Conglomeration has implemented Integrated Governance that is generally proper. This is reflected on the adequate fulfillment of the implementation of Integrated Governance principles. Any weaknesses in the implementation of Integrated Governance is generally not significant and can be rectified by normal action by the Main Entity and/or LJK.

Based on the self-assessment, Danamon has sufficient integrated governance structure and infrastructure to allow the implementation of the principles of integrated governance work effectively and produce quality outcomes. This is reflected in some of the following indicators:

Indicators	Assessment Summary
Board of Directors and Board of Commissioners	<ul style="list-style-type: none"> <li>Requirements for sufficient integrity, competences, financial reputation of the Danamon's Board of Directors and Board of Commissioners as the Main Entity and in line with the Financial Services Authority regulations.</li> <li>Danamon's Board of Directors and Board of Commissioners' sufficient understanding on the core business activities and main risks of the entities within the Financial Conglomeration and in line with their duties and responsibilities.</li> <li>Implementation of functions, duties, and responsibilities of the Board of Directors and Board of Commissioners have proceeded sufficiently thus may optimize the monitoring and controlling functions.</li> </ul>
Integrated Corporate Governance Committee	<ul style="list-style-type: none"> <li>Number, composition, and structure of Integrated Corporate Governance Committee membership are in line with the requirements of Financial Conglomeration</li> <li>The Committee met regularly (3 times in 2016) to discuss the implementation of Integrated Governance and updates from each subsidiaries.</li> <li>The Committee submits the review results and its recommendations on the implementation of Integrated Governance to the Board of Commissioner.</li> </ul>
Integrated Compliance Work Unit and Integrated Internal Audit Work Unit	<ul style="list-style-type: none"> <li>Integrated Compliance Work Unit and Integrated Internal Audit Work Unit are implemented by existing Work Units at Danamon established independently and equipped with human resources in adequate number and quality.</li> <li>The Compliance Function and Internal Audit Function have been established each subsidiary.</li> <li>Monitoring, coordination and cooperation between Main Entity and the Compliance Function and Internal Audit Function at subsidiaries are managed properly.</li> </ul>
Implementation of Integrated Risk Management	<ul style="list-style-type: none"> <li>Organization structure supports the implementation of integrated risk management properly and has established the Integrated Risk Management Committee and Integrated Risk Management Work Unit, as well as supported by comprehensive Risk Management Policies.</li> <li>Integrated risk management has been implemented including internal control system.</li> </ul>
Integrated Corporate Governance Policies	<ul style="list-style-type: none"> <li>Integrated Corporate Governance Policies are available comprehensively and in line with the Financial Services Authority regulations.</li> <li>Integrated Corporate Governance Policies serve as the minimum references for the implementation of integrated governance for all entities in the Danamon Group.</li> <li>Subsidiaries have aligned the policies for governance with the Integrated Governance Policies of Danamon Group.</li> </ul>

PT Bank Danamon Indonesia, Tbk.

Board of Directors



**Sng Seow Wah**  
President Director



**Rita Mirasari**  
Compliance Director



# Syariah Corporate Governance

## Sub Contents

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- 388** General Summary



## ► Syariah Corporate Governance

### FOREWORD

Implementation of Corporate Governance in Danamon Syariah Business Unit is based on 5 (five) basic principles of Good Corporate Governance (GCG):

1. Transparency, meaning transparency in disclosing material and relevant information as well as transparency in decision making process.
2. Accountability, which is clarity of function and implementation in Bank's organ responsibility to ensure effective management.
3. Responsibility which is compatibility of Bank management with existing regulations and laws and healthy Bank management principles.
4. Professional which means competent, able to act objectively and independent of influence or pressure from other parties as well as highly committed to develop syariah banking business.
5. Fairness which is fairness and equality in fulfilling stakeholder rights based on existing agreements and regulations.

Implementation of those GCG principles is the commitment of all corporate organs to support the increase in Company performance and protect the interest of stakeholders by fulfilling syariah compliance in performing syariah business activities.

Company consistency in GCG implementation is reflected in compliance to regulations, risk management implementation, internal control in all working units and optimization of Syariah Business Unit performance.

### Danamon SBU Initiatives

Year 2016 is the first year when the Bank implemented a marketing strategy with a leveraging model, in which all Bank products can be sold in all conventional offices of the Bank through the Sales and Distribution network of Bank. Strategic steps conducted this year are as follows:

- Changes in sales and distribution model which is more customer centric and not product centric.
- Increase in Human Resources (HR) productivity followed by increase in knowledge and ability especially on syariah banking as well as intensive socialization of syariah products.
- Continue increasing risk management and corporate governance through improvement in policy and other supporting system.
- Improvement as well as refinement in a more integrated infrastructure and technology as well as improving service level to customers, by minimizing manual processes as well as integrating several process with the Bank's conventional banking system.
- Developing syariah unique products and customer orientation which can be developed and marketed through the Bank's conventional office network.

In providing education to increase Financial Literacy to Customers and the people as initiated by the Financial Services Authority (OJK), several programs have been made as follows:

Financial Literacy Program	Objective(s)
Education on Syariah-based funding products	Introduction to basic syariah banking products and services
Mini Public Financial Market	Increasing financial access by educating the public about products/services of Financial Services Institutions required by micro business entrepreneurs
Education on the benefits of investment and their risks	Learning the Benefits of Investment in Capital Market and its Risks, as well as Socialization of Financial Services Authority



## Syariah SUPERVISORY BOARD

### Number and Composition of Syariah Supervisory Board

Throughout 2016 there was no change in the composition of Syariah Supervisory Board. Therefore, the composition of Syariah Supervisory Board is as follows:

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

### Concurrent Position of Members of Syariah Supervisory Board in Other Syariah Financial Institutions

All members of Syariah Supervisory Board have met the requirement on concurrent position as regulated in Bank Indonesia regulation No.11/10/PBI/2009 on Syariah Business Unit jo No.15/14/PBI/2013 on the Amendment of Bank Indonesia Regulation No. 11/10/PBI/2009 on Syariah Business Unit. The concurrent positions of Syariah Supervisory Board members are as follows :

Name	Position at Other Company	Name of Company
Prof. Dr. H.M. Din Syamsuddin (Chairman)	DPS	Bank Bukopin
Drs H. Karnaen A. Perwataatmadja, MPA, FIIS (Member)	DPS DPS DPS	a) Unit Syariah Asuransi Bintang b) Unit Syariah Asuransi Manulife c) BPRS Harta Insan Karimah
Dr. Hasanudin, M.Ag (Member)	DPS DPS	a) BNI Syariah b) Toyota Astra Finance Services

### Work Program of SSB 2016

- To have 12 (twelve) SSB meetings within one year to discuss syariah principle issues, proposing new products as well as requesting opinions on several conditions encountered in the field;
- Conducting periodic reviews including supervision on the fulfillment of syariah principles against fund collection and fund disbursement mechanisms as well as SBU services through sampling processes on several customers both funding customers as well as financing customers;
- Establishing communication with Syariah Network & Assurance Division – Danamon SBU in all the implementation of all Danamon SBU SSB activities (among others request for SSB Opinion), examining and requesting clarification from authorized Danamon SBU officials regarding all necessary matters;
- Making Report of SSB Monitoring Results to be submitted to the Financial Services Authority with copies forwarded to the National Syariah Board – Indonesian Ulema Council, the Board of Commissioners, Danamon SBU Director, Internal Audit Work Unit, and Compliance Division;
- Consistently adding information/knowledge by optimizing the potential of Syariah Supervisory Board through training and workshops for the development and progress of the Danamon SBU;
- Giving advice and recommendations to the Danamon SBU Director in particular and the Management of Bank Danamon in general in the improvement, fulfilment of syariah principles as well as development and growth of Danamon SBU.

### Work Realisation of SSB 2016

- Syariah Supervisory Board conducted 12 (twelve) meetings in 2016. Details of time, venues, meeting agenda, and attendance are illustrated on Appendix 1. The attendance level of SSB members are as follows:

Name	Total Attendance
1. Prof. Dr. H.M. Din Syamsuddin	4
2. Drs H. Karnaen A. Perwataatmadja,MPA, FIIS	12
3. Dr. Hasanudin, M.Ag	10

Meetings conducted by the Syariah Supervisory Board in 2016 have fulfilled Bank Indonesia or Financial Services Authority regulations. Decisions made during the Syariah Supervisory Board meetings were based on agreement. The meeting decisions have been recorded in the Meeting Summary, fully documented and submitted to the Director and/or the Bank's management for further implementation.

- b) In evaluating syariah principles fulfillment, SSB periodically in 2016, from data of 180 customers, conducted sampling to 18 customers, both funding and financing customers. The customer criteria are as follows:

Funding Products' Customers	Sampling of Customer Data
• 125 Funding Products' Customers;	• 10 Funding Products' Customers;
• 25 Employee Cooperative's customers;	• 2 Employee Cooperative Customers;
• 23 Small to Medium Enterprises' Customers;	• 4 Small to Medium Enterprises' Customers;
• 7 Syariah-based Rural Banks' Customers.	• 2 Syariah-based Rural Banks' Customers

- c) Throughout 2016, SSB coordinated with the Syariah Network & Assurance Division – Danamon SBU to supports its function as SSB, including by issuing 5 (five) opinions of SSB, with the following details:

No	Problems/Topics
1.	Opinion of SSB on the use of ATM, Cheque, Transfer Form, Bank Savings Book for Syariah Customers and Syariah Branch helping Bank Transactions
2.	Opinion of SSB on "Forward Agreement" Syariah Hedging Product Feature
3.	Opinion of SSB on Syariah Nostro Account Usage
4.	Opinion of SSB on on Syariah Hedging Transaction Document
5.	Opinion of SSB on Syariah Joint Financing between Danamon SBU and Adira Finance SBU

- d) Reporting the SSB supervision result every 6 months to the Financial Services Authority (OJK), with copies to the National Syariah Council – MUI, Board of Commissioners, Danamon SBU Director, Internal Audit Work Unit, and Compliance Division of Bank Danamon.

- e) Danamon SBU SSB in 2016 has participated in training/workshops to develop/optimize its potentials as SSB, in line with the following table :

No	Training/Workshop
1	Pra Ijtima Sanawi (Annual Meeting of Syariah Supervisory Board around Indonesia), on November 9-10, 2016, DSN-MUI Office Hall, Jakarta.
2	Ijtima Sanawi (Annual Meeting of Syariah Supervisory Board around Indonesia), on December 8-9, 2016, Hotel Mercure, Taman Impian Jaya Ancol, Jakarta.

- f) Providing advice and recommendations to the Director of Danamon SBU during SSB monthly meetings or certain occasions in the improvement, fulfillment of syariah principles, as well as development and growth of Danamon SBU.

### Syariah Supervisory Board Supervision

The result of Syariah Supervisory Board supervision is reported to the Financial Services Authority, with copies to the Compliance Division, Internal Audit Work Unit, Board of Directors & Board of Commissioners of PT Bank Danamon Indonesia, Tbk as well as National Syariah Council-MUI through SSB Supervision Result Report for 2 (two) periods, the January 2016-June 2016 period through Letter No. S.014/BDI-UUS/0816/EL dated August 24, 2016 and the July 2016-December 2016 period through Letter No. S.005/BDI-UUS/0217/EL dated February 27, 2017. The Supervision Result Report consists of:

- Financial report as well as development of branch network, products & human resources during the supervision period.
- Working paper on the supervision of product development.
- Working paper on the supervision of Bank activities.
- Opinions of Syariah Supervisory Board issued during the supervision period

In addition to supervision, SSB also provides recommendation, suggestion and advice, both to the

Board of Directors of PT Bank Danamon Indonesia, Tbk. as well as to the Management of Syariah Business Unit in the form of Syariah Supervisory Board Opinions issued in line with the management needs.

### Guideline and Work Conduct of Syariah Supervisory Board

Syariah Supervisory Board has Guidelines and Work Conduct of Syariah Supervisory Board which is periodically reviewed. Danamon SBU continuously conforms to the Guideline and Work Conduct of Syariah Supervisory Board to the development of prevailing rules and regulations.

### Remuneration for Syariah Supervisory Board

Remuneration and other facilities for Syariah Supervisory Board members of Danamon SBU are proposed by the Danamon Remuneration Committee and set in the Danamon's Shareholders General Meeting. Total remuneration and other facilities during 2016 are as follows:

Total Remuneration and Other Facilities	Amount Received Within 1 Year Period (Gross)	
	Person	Rupiah
1. Remuneration	3	731,488,015
2. Other facilities	3	Health Insurance Program (including family members)

Total Remuneration*) per person within 1 year	Total Members of Syariah Supervisory Board
More than Rp 2 billion	-
Between 1 billion and up to Rp 2 billion	-
More than Rp 500 millions and up to Rp 1 billion	-
Less than Rp 500 million	3

### DIRECTOR OF Syariah BUSINESS UNIT

- Director of Danamon SBU performs coordination with all ranks within the Danamon SBU organization to carry out recommendations or feedback from the Syariah Supervisory Board as a result of regular meetings and SSB Supervisory Reports.
- Director of Danamon SBU performs coordination with all ranks at the Bank's directorate to develop and increase Danamon SBU businesses, including operational coordination and Syariah product marketing through Syariah Service in Bank's conventional branches;
- Director of Danamon SBU maintains the health level of Danamon's Syariah Business Unit;
- Director of Danamon SBU performs coordination with Bank Indonesia and Financial Services Authority (OJK);
- Director of Danamon SBU is a member of Risk Management Committee.

## LIST OF CONSULTANTS AND LEGAL COUNSELLORS

In 2016, Danamon SBU did not use consultant services and legal counsellors.

## INTERNAL FRAUD

In 2016 there was no Internal Fraud case reported at Danamon's Syariah Business Unit.

Internal Fraud within 1 Year	Total Cases Committed By					
	Board of Directors		Permanent Employees		Contract Employees	
	2015	2016	2015	2016	2015	2016
Total internal fraud	Null	Null	Null	Null	Null	Null
Case resolved	Null	Null	Null	Null	Null	Null
Being resolved by Syariah Business Unit internally	Null	Null	Null	Null	Null	Null
Cases which remain unresolved	Null	Null	Null	Null	Null	Null
Cases followed up by legal action	Null	Null	Null	Null	Null	Null

## LEGAL CASES

During 2016, no legal cases were filed involving Danamon's Syariah Business Unit, as illustrated in the following table:

Legal Cases	Total Number	
	Civil	Penal
Telah diselesaikan (telah mempunyai kekuatan hukum yang tetap)	Null	Null
Dalam proses penyelesaian	Null	Null
Total	Null	Null

## DANAMON SBU ACTIVITIES

### Distribution of Interest-Free Loans for Social Activities

Referring to Law No.21 of 2008 on Chapter II of Syariah Banking on the Foundation, Purpose, and Function, the Bank also carries out social functions as specified on Article 4 Section 2 which reads: "Syariah Banking and Syariah Business Unit may carry out social functions in form of Bait-ul-Maal (Public Treasury), that is accepting funds in form of Wealth Purification (Zakah), Good Deeds (Shodaqoh), Wealth Spending (Infaq) and Grants (Hibah) or other social funds as well as distributing funds to organizing managers 67 times throughout 2016 with a total amount of Rp945,410,219. The date, nominal, and purpose of the distribution are illustrated on Appendix 2 table.

### Danamon SBU Achievements

Following are the awards received by Danamon SBU in 2015:

- Banking Service Excellence 2016 by Infobank & MRI Research
  - 1<sup>st</sup> Best Security
  - 3<sup>rd</sup> Best Teller
  - 3<sup>rd</sup> Best Customer Service
  - 3<sup>rd</sup> Best Overall Performance
- 1<sup>st</sup> The Most Profitable Syariah Unit for Asset Category ≥ Rp 1.5 trillion in Islamic Finance Award – Karim Consulting.
- Excellent Predicate for 2015 Financial Performance in Infobank Syariah Finance Awards 2016.
- Special Mention Predicate as The Highest Profit in Syariah Business Unit in Indonesia Best Banking Awards 2016 – Warta Ekonomi.

## NON-HALAL REVENUES AND THEIR DISBURSEMENTS

For the 2016 period, there were no non-halal revenues in Danamon SBU.

### SUMMARY CALCULATION OF COMPOSITE SCORE BANK DANAMON Syariah BUSINESS UNIT YEAR 2016

No.	Factor	Rank (a)	Weight (b)	Score (a) X (b)
1	Implementation of duties and responsibilities of SBU Director	2	35.00%	0.70
2	Implementation of duties and responsibilities of Syariah Supervisory Board	1	20.00%	0,2
3	Implementation of syariah principle in funding and financing activities and provision of services	2	10.00%	0.2
4	Financing to Core Debtor and funding from Core Depositor	2	10.00%	0.2
5	Transparency of financial and non-financial condition, GCG implementation report, and internal reporting	1	25.00%	0.25
Composite Score			100.00%	1.55
Predicate : <del>Excellent</del> /Good/ <del>Fair</del> /Not Good/ <del>Bad</del> <sup>1)</sup>				

<sup>1)</sup> cross as needed

### SELF ASSESSMENT RESULT OF UUS BANK DANAMON 2016

	Factor	Rank (a)	Weight (b)	Score (a)x(b)	Predicate
1	Implementation of duties and responsibilities of SBU Director <ul style="list-style-type: none"> <li>Director of Danamon SBU passes Bank Indonesia fit &amp; proper test, independent, free from any conflict of interest, and his/her appointment has been reported to BI.</li> <li>Director of Danamon SBU is responsible in managing Danamon SBU, following-up Syariah Supervisory Board recommendations, and supplying data for Syariah Supervisory Board supervision.</li> </ul>	2	35%	0.70	Good
2	Implementation of Syariah Supervisory Board's (SSB) duties and responsibilities <ul style="list-style-type: none"> <li>SSB is composed of 3 (three) members, having integrity, competence, and adequate financial reputation, appointed through GMS based on the recommendation of Nomination Committee as well as National Syariah Council – Indonesian Ulama Council with office terms not exceeding the Board of Directors/ Board of Commissioners. Dual positions hold by SSB members have met Bank Indonesia's requirements.</li> <li>SSB has assessed and ensured the fulfillment of syariah principles on products and operational guidelines of Danamon SBU as well as submitting supervisory reports in accordance with Bank Indonesia regulations.</li> <li>SSB organized 12 (twelve) meetings in 2016. Decisions made in the meetings are based on agreement, well documented and submitted as recommendation for further follow-up by the management of Danamon SBU.</li> <li>Dual positions as SSB members in other syariah financial institutions as well as other remuneration/facilities have been reported in the GCG Implementation Report. SSB members do not hold positions as consultants at Danamon Syariah Bank or other Business Units. In line with SSB Work Conduct, SSB members do not exploit Danamon SBU for personal interests.</li> </ul>	1	20%	0.20	Very Good
3	Implementation of syariah principles in fund collection and fund disbursement activities as well as services. <ul style="list-style-type: none"> <li>Each product launched by Danamon SBU is reviewed by the Syariah Network &amp; Assurance Division, Bank Danamon's Compliance Division, and sought for SSB opinion to ensure it conforms to the Fatwa of National Syariah Council – MUI.</li> <li>Danamon SBU strives that fund collection, fund disbursement and services comply with the Fatwa of National Syariah Council – MUI and BI/OJK regulations, among others by conducting periodic reviews on product policy and conducting an internal audit process.</li> </ul>	2	10%	0.20	Good

	Factor	Rank (a)	Weight (b)	Score (a)x(b)	Predicate
4	Fund disbursement to key financing customers and funds deposited by key depositors <ul style="list-style-type: none"> <li>Danamon SBU has implemented prudential principles in fund disbursement, especially to Key Customers by consistently referring to BI/OJK regulations.</li> <li>Danamon SBU does not give special treatment to Key Financing Customers and Key Depositors thus treatment to key customers follows Danamon SBU general policies.</li> <li>Danamon SBU's fund disbursement program products have been periodically reviewed in line with the Bank's regulations.</li> <li>Lists of Key Financing Customers and Key Depositor Customers have been submitted to BI in line with prevailing regulations.</li> </ul>	2	10%	0.20	Good
5	Transparency on financial and non-financial conditions, GCG implementation reports and internal reports. <ul style="list-style-type: none"> <li>Danamon SBU has created Quarterly Financial Report Publication and announced it in national newspapers in line with BI/OJK regulations.</li> <li>Danamon SBU has presented objectives, strategies, and policies of Danamon SBU development in the Bank Business Plan (RBB) and presented the information on SBU business development in RBB Realization Report as well as the Bank's Annual Report.</li> <li>Danamon SBU has performed GCG Self Assessment, prepared GCG Implementation Report in line with BI/OJK regulations.</li> <li>Danamon SBU has good internal report and is capable to present data/information from the core system or supporting system. The reporting system is supported by trained and experienced human resources as well as sufficient IT security system in line with Bank Danamon' IT Security procedures.</li> </ul>	1	25%	0.25	Very Good
<b>Composite Number</b>			<b>100%</b>	<b>1.55</b>	<b>Good</b>
Predicate : <del>Very Good</del> /Good/ <del>Fair</del> / <del>Poor</del> / <del>Very Poor</del> *)					

## GENERAL SUMMARY

Based on the GCG self assessment result for 2016, Danamon SBU receives a Composite Score of 1.55 or a Good predicate.

GCG implementation in Danamon SBU in 2016 has fulfilled several regulations which stipulate GCG:

- Consistently maintaining compliance with all prevailing regulations and implementation of syariah principles in fund collection and disbursement activities as well as Syariah Unit service;
- Increase of third party funds by optimizing function of syariah office network and syariah service (office channeling) through the Bank's conventional office network by implementing prudential principles and increase of human resources knowledge on syariah principles;
- Fund distribution to financing customers and fund deposit by depositors remain consistent by applying prudential principles and independency based on syariah principles;
- Transparency of on financial and non-financial conditions, GCG Implementation Report, and periodic and transparent internal reports in line with existing regulations.
- Danamon SBU Director has met the criteria required, including having competence in the syariah field and is fully committed in developing Danamon SBU, as well as following up SSB recommendations and consistently provides data relevant to Danamon SBU's growth and conditions on monthly basis through SSB regular meetings.
- Danamon SBU's SSB has performed their duties and responsibilities, including maintaining proper reputation and competence, conducting routine SSB meetings as well as providing opinions,

recommendations, and reviews on Danamon SBU products as well as making SSB Supervisory Result Report every semester.

Danamon SBU towards sustainable growth will try to make improvements related to a better human resources productivity along with increasing knowledge and capability on syariah banking, more effective management information system, improvement of process and work procedure as well as optimization of all potentials in the Danamon SBU office network to achieve performance as targeted and provide benefits to all stakeholders and also protect stakeholder interests.

Those improvements are carried out by prioritizing GCG principles and prudential principles as well as optimizing SSB performance in implementing syariah principles followed by an increase in effective communications between SSB and Danamon SBU Director, increase in compliance, risk management and internal audit functions.

In closing, Danamon SBU became The Most Profitable Syariah Unit with Asset Category > Rp 1.5 trillion due to the support of Bank Danamon with its solid infrastructure, extensive service network, excellent brand awareness, which will give positive impact in the future for Danamon SBU to remain competitive in the Syariah Banking Industry by maintaining consistent implementation of syariah principles in banking activities.

Syariah Business Unit  
PT Bank Danamon Indonesia, Tbk.



**Herry Hykmanto**  
Syariah Director



## Appendix 1

Details of date, place, agenda and attendance record of meetings of the Syariah Supervisory Board (DPS)

No	Day, Date & Place	Agenda	Participant(s)
1.	Tuesday, January 26, 2016, at Gedung Plaza Kuningan, 2nd Fl	1. Update on Danamon SBU performance and financing composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
2.	Monday, February 15, 2016, at Gedung Plaza Kuningan, 2nd Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
3.	Monday, March 21, 2016, at Gedung Plaza Kuningan, 2nd Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Prof.Dr.HM Din Syamsuddin 2. Drs.Karnaen A Perwataatmadja MPA, FIIS
4.	Thursday, April 21, 2016, at Gedung Plaza Kuningan, 2nd Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs.Karnaen A Perwataatmadja MPA, FIIS
5.	Thursday, May 26, 2015, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
6.	Thursday, June 23, 2015, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
7.	Friday, July 29, 2016, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
8.	Tuesday, August 30, 2016, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
9.	Tuesday, September 27, 2016, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Dr. Hasanudin. M.Ag. 2. Drs. Karnaen A Perwataatmadja MPA., FIIS
10.	Tuesday, October 11, 2016, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs.Karnaen A Perwataatmadja MPA, FIIS
11.	Tuesday, November 29, 2016, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	Drs.Karnaen A Perwataatmadja MPA, FIIS
12.	Tuesday, December 27, 2016, at Menara Bank Danamon 7th Fl	1. Update on Bank Danamon SBU performance and Financing Composition by Contracts and Products. 2. Update on existing issues in SBU, and relevant issues to SBU and Bank Danamon activities.	1. Prof.Dr.HM Din Syamsuddin 2. Dr. Hasanudin. M.Ag. 3. Drs.Karnaen A Perwataatmadja MPA, FIIS

## Appendix 2

The following is the table of Danamon SBU's Interest-Free Fund Distribution throughout 2016:

No	Date	Nominal	Recipient or Purpose
1	February 4, 2016	4,100,000	Dhuafa Scholarship for area of Malingping Banten an Yahya
2	February 15, 2016	3,000,000	Yayasan Uswatun in Lubuk Linggau area
3	February 18, 2016	25,000,000	Al Azhar poverty reduction in Bekasi
4	February 26, 2016	5,000,000	Construction of Masjid Darussaadah
5	March 11, 2016	35,000,000	Al Azhar Peduli Umat
6	March 11, 2016	5,000,000	Rehabilitation of Masjid Nurul Iman Sukabumi
7	March 15, 2016	2,000,000	Yayasan Ridha
8	March 15, 2016	10,000,000	Masjid Al Hidayah Ciracas
9	March 15, 2016	15,000,000	Medical aid for husband of Herita Indrasari
10	March 22, 2016	35,400,000	Medical aid for Mrs. Heriyati
11	March 28, 2016	15,000,000	Medical aid for the child of Mrs. Listia Indrawan
12	March 28, 2016	5,000,000	Pesantren Sulaimaniyah
13	March 29, 2016	3,000,000	Masjid Darussaadah
14	April 14, 2016	5,000,000	Masjid Muttaqin bogor
15	April 14, 2016	5,000,000	Masjid Al Furqon
16	April 14, 2016	3,000,000	Mushola Al Muhajirin
17	April 21, 2016	15,000,000	Construction of Masjid Nurul Iman Sukabumi
18	May 10, 2016	58,341,500	School Aid for Orphanage under the care of Mr. Ahmad Chairul Syah
19	May 12, 2016	25,000,000	Dompot Dhuafa IB Vaganza
20	May 12, 2016	25,000,000	Laznas Al Azhar IB Vaganza
21	May 20, 2016	5,000,000	Assistance for Orphans and Dhuafa around the neighborhood od RSU Fastabiq sehat sku
22	May 31, 2016	25,500,000	Rohis Plaza Kuningan Taklim Dzuhur Ramadhan dan assistance Yatim Dhuafa
23	June 6, 2016	1,000,000	Yayasan Rumah Peduli Dhuafa
24	June 6, 2016	3,000,000	SDIT Harapan Ummat
25	June 7, 2016	3,000,000	Rohis SMAN 100 Jaktim for orphan assistance
26	June 14, 2016	14,588,000	Rohis BDI Kebon Sirih
27	June 15, 2016	6,000,000	Pondok Pesantren Sulaimaniyah
28	June 23, 2016	8,500,000	Rohis Danamon Syariah Medan for Orphans Assistance
29	June 24, 2016	17,500,000	Yayasan Al-Kahfi
30	June 24, 2016	35,000,000	Medical Aid for Diana Agustina
31	June 28, 2016	12,500,000	Eid Parcel for Recital Teacher, Imam Masjid/Musholah around Cirebon & Kuningan
32	July 26, 2016	6,000,000	Masjid Al Ikhlas Malang
33	August 1, 2016	5,500,000	Dhuafa Scholarship for STAI Nurul Huda
34	August 4, 2016	12,000,000	Dhuafa Scholarship for Animal Husbandry School of Unpad
35	August 25, 2016	10,000,000	Masjid Al Furqon
36	August 25, 2016	20,000,000	Masjid Al Attas
37	August 25, 2016	5,000,000	Ponpes Berlin Sawangan Depok
38	September 7, 2016	20,000,000	Masjid Al Himni
39	September 9, 2016	5,000,000	Educational fund aid for KOPEG Pelabuhan III Surabaya
40	September 15, 2016	5,000,000	Orphan Assistance, Institut Banking Indonesia
41	September 15, 2016	10,000,000	Dompot Dhuafa
42	September 23, 2016	30,000,000	Masjid Nurul Iman Sukabumi

No	Date	Nominal	Recipient or Purpose
43	September 23, 2016	5,000,000	NU Jogja
44	September 27, 2016	5,000,000	Construction of Masjid Annur
45	September 27, 2016	20,000,000	Donation for Flash Flood Disaster in RSUD Garut Dr. Slamet
46	October 6, 2016	10,000,000	Dompot Dhuafa for assistance aid to flood and landslide victims in Garut
47	October 6, 2016	10,000,000	Laznas Al Azhar of Flash Flood Disaster Response in Garut Jawa Barat
48	October 12, 2016	20,000,000	Masjid Al Attas
49	October 14, 2016	9,000,000	Scholarship for outstanding students of STIKES Muhammadiyah Kudus
50	October 27, 2016	3,043,219	Pondok Pesantren Sulaiman
51	November 1, 2016	500,000	Karang Taruna RW 06 Bukit Duri for Drug-Free Young Generation Counselling
52	November 1, 2016	15,000,000	Rohis Danamon Kebon Sirih for orphanage aid
53	November 2, 2016	10,000,000	BAZIS DKI of Setiabudi district
54	November 10, 2016	3,000,000	Pondok Pesantren Sulaimaniah
55	November 18, 2016	31,937,500	Danamon Moslem Brotherhood Activities
56	November 23, 2016	7,500,000	KPN Depag "Mushola Construction"
57	November 23, 2016	10,000,000	Al Himni Tasikmalaya "Mosque Construction"
58	November 23, 2016	6,000,000	Majelis Dzikir As-sobur "Orphan Assistance "
59	November 28, 2016	25,000,000	Mesjid Nurul Huda " Mosque Construction"
60	November 23, 2016	30,000,000	Assistance for Employees whose Houses Were Caught on Fire
61	December 9, 2016	2,000,000	Orphan Assistance in iB Marcom
62	December 14, 2016	8,000,000	Rohis Danamon "Mushola Renovation"
63	December 14, 2016	15,000,000	Mesjid Annur in Gadog Ciawi
64	December 14, 2016	100,000,000	Al Azhar
65	December 16, 2016	25,000,000	Yayasan Pusat Peradaban Islam
66	December 23, 2016	500,000	Mushola Al Hidayah Tebet
67	December 29, 2016	15,000,000	Masjid Annur
Total		945,410,219	

## GENERAL CONCLUSION

### Self Assesment GCG UUS Danamon 2016

In line with Bank Indonesia Regulation, in 2016 Danamon's Syariah Business Unit (SBU) conducted a Good Corporate Government (GCG) Self-Assessment with 5 (five) aspects as follows:

1. Implementation of duties and responsibilities of SBU Director
2. Implementation of duties and responsibilities of Syariah Supervisory Board (SSB)
3. Implementation of syariah principles in fund collection and fund disbursement activities as well as services

4. Fund disbursement to key financing customers and fund deposited by key depositors
5. Transparency on financial and non-financial conditions, GCG implementation reports and internal reports.

Ranks on the aspects are based on the implementation of Good Corporate Governance on the minimum criteria set by Bank Indonesia.

No	Factor	Rank (a)	Weight (b)	Score (a)x(b)	Predicate
1	Implementation of duties and responsibilities of SBU Director <ul style="list-style-type: none"> <li>Director of Danamon SBU passes Bank Indonesia's fit &amp; proper test, independent, free from any conflict of interest, and his/her appointment has been reported to BI.</li> <li>Director of Danamon SBU is responsible in managing Danamon SBU, following up Syariah Supervisory Board recommendations &amp; supplying data for Syariah Supervisory Board supervision.</li> </ul>	2	35%	0.70	Good
2	Implementation of Syariah Supervisory Board's (SSB) duties and responsibilities <ul style="list-style-type: none"> <li>SSB is composed of 3 members, having integrity, competence, and adequate financial reputation, appointed through GMS based on the recommendation of Remuneration &amp; Nomination Committees as well as National Syariah Council - Indonesian Ulema Council with office terms not exceeding the Board of Directors/Board of Commissioners. Dual positions held by SSB members have met Bank Indonesia requirements.</li> <li>SSB has assessed and ensured the fulfilment of syariah principles on products and operational guidelines of Danamon SBU as well as submitting supervisory report in accordance with Bank Indonesia regulations.</li> <li>SSB organized 12 (twelve) meetings in 2016. Decisions made in the meetings are based on agreement, well documented and submitted as recommendation for further follow-up by the management of Danamon SBU.</li> <li>Dual positions as SSB members in other syariah financial institutions as well as other remuneration/facilities have been reported in the GCG Implementation Report. SSB members do not hold positions as consultants in the entire Danamon Syariah Bank or Business Unit. In line with SSB Work Conduct, SSB members do not exploit Danamon SBU for personal interests</li> </ul>	1	20%	0.20	Very Good
3	Implementation of syariah principles in fund collection and fund disbursement activities as well as services. <ul style="list-style-type: none"> <li>Each product launched by Danamon SBU is reviewed by the Syariah Network &amp; Assurance Division, Bank Danamon's Compliance Division, and sought for SSB opinion to ensure it conforms to the Fatwa of National Syariah Council - MUI.</li> <li>Danamon SBU strives that fund collection, fund disbursement and services comply with the Fatwa of National Syariah Council - MUI and BI/OJK regulations, among others by conducting periodic reviews on product policy and conducting an internal audit process.</li> </ul>	2	10%	0.20	Good
4	Fund disbursement to key financing customers and fund deposited by key depositors <ul style="list-style-type: none"> <li>Danamon SBU has implemented prudential principles in fund disbursement, especially to Key Customers by consistently referring to BI/OJK regulations.</li> <li>Danamon SBU does not give special treatment to Key Financing Customers and Key Depositors thus treatment to key customers follows Danamon SBU general policies.</li> <li>Danamon SBU's fund disbursement program products have been periodically reviewed in line with the Bank's regulations.</li> <li>Lists of Key Financing Customers and Key Depositor Customers have been submitted to BI in line with prevailing regulations.</li> </ul>	2	10%	0.20	Good
5	Transparency on financial and non-financial conditions, GCG implementation reports and internal reports. <ul style="list-style-type: none"> <li>Danamon SBU has created Quarterly Financial Report Publication and announced it in national newspapers in line with BI/OJK regulations.</li> <li>Danamon SBU has presented objectives, strategies, and policies of Danamon SBU development in the Bank Business Plan (RBB) and presented the information on SBU business development in RBB Realization Report as well as the Bank's Annual Report.</li> <li>Danamon SBU has performed GCG Self-Assessment, prepared GCG Implementation Report in line with BI/OJK regulations.</li> <li>Danamon SBU has good internal reports and is capable to present data/information from the core system or supporting system. Reporting system is supported by trained and experienced human resources as well as sufficient IT security system in line with Bank Danamon' IT Security procedures.</li> </ul>	1	25%	0.25	Very Good
<b>Composite Number</b>			<b>100%</b>	<b>1.55</b>	<b>Good</b>
Predicate : Good					

Based on the GCG self-assessment result for 2016, Danamon SBU receives a Composite Score of 1.55 or a Good predicate.

GCG implementation in Danamon SBU in 2016 has fulfilled several regulations which stipulate GCG:

1. Consistently maintaining compliance with all prevailing regulations and implementation of syariah principles in fund collection and disbursement activities as well as Syariah Unit service;
2. Increase of third party funds by optimizing function of syariah office network and syariah service (office channeling) through the Bank's conventional office network by implementing prudential principles and increase of human resources knowledge on syariah principles;
3. Fund distribution to financing customers and fund deposit by depositors remain consistent by applying prudential principles and independency based on syariah principles;
4. Transparencies on financial and non-financial conditions, GCG Implementation Report, and periodic and transparent internal report in line with existing regulations.
5. Danamon SBU Director has met the criteria required, including having competence in Syariah field and is fully committed in developing Danamon SBU, as well as following up SSB recommendations and consistently provides data relevant to Danamon SBU's growth and conditions on monthly basis through SSB regular meetings.
6. Danamon SBU's SSB has performed their duties and responsibilities, including maintaining proper reputation and competence, conducting routine


SSB meetings as well as providing opinions, recommendations, and reviews on Danamon SBU products as well as making SSB Supervisory Result Report every semester.

Danamon SBU toward sustainable growth will try to make improvements related to a better human resources productivity along with increasing knowledge and capability on syariah banking, more effective management information system, improvement of process and work procedures as well as optimization of all potentials in the Danamon SBU office network to achieve performance as targeted and provide benefits to all stakeholders and also protect stakeholders interests.

Those improvements are carried out by prioritizing GCG principles and prudential principles as well as optimizing SSB performance in implementing Syariah Principles followed by increase in effective communications between SSB and Danamon SBU Director, increase in compliance, risk management and internal audit functions.

In closing, Danamon SBU became The Most Profitable Syariah Unit with Asset Category > Rp 1.5 trillion due to the support of Bank Danamon with its solid infrastructure, extensive service network, excellent brand awareness, which will give positive impact in the future for Danamon SBU to remain competitive in the Syariah Banking Industry by maintaining consistent implementation of syariah principles in banking activities.

Syariah Business Unit  
PT Bank Danamon Indonesia Tbk



**Ng Kee Choe**  
President Commissioner



**Sng Seow Wah**  
President Director





antrian

- privilege
- customer service
- teller

BAMBANG PRAYITNO

