

REPORT FOR GOOD CORPORATE GOVERNANCE IN 2009

A. Overview

In adherence to the Bank Indonesia Regulation No.8/4/PBI/2006 on Good Corporate Governance Implementation for Commercial Banks, Bank Indonesia Regulation No.8/14/PBI/2006 on Revision on Bank Indonesia Regulation No.8/4/PBI/2006 on Good Corporate Governance Implementation for Commercial Banks, and Bank Indonesia Circular Letter No. 9/12/DPNP on Good Corporate Governance Implementation by Commercial Banks, the Board of Commissioners, Board of Directors and all PTBC employees are fully committed to managing the business by following the principles of Transparency, Accountability, Responsibility, Independency and Fairness.

In its effort to maintain, rectify, and improve the quality of the implementation of Good Corporate Governance. PTBC regularly conducts comprehensive Self Assessment on the implementation of Good Corporate Governance relating to 11 (eleven) evaluation aspects to monitor and evaluate the results of implementation and to establish action plans and to take any necessary corrective actions.

B. Board of Commissioners and Committees

1. Composition of Commissioners as of December 2009

The membership of PTBC Board of Commissioners was in accordance to Bank Indonesia Regulation on the Fit and Proper Test by Bank Indonesia, prohibition of multiple appointments, and existence of Independent Commissioner.

The composition of the Board of Commissioners as of December 2009 was as follows:

Board of Commissioners	Appointment	Status	Foreign vs Local Employee (%)	
Garry Lynton Mackrell	President Commissioner	Foreigner	50	50
Craig Carland	Deputy President Commissioner	Foreigner		
Jeffrey Turangan	Independent Commissioner	Local		
Franciskus Antonius (Alijoyo)	Independent Commissioner	Local		

2. Independence of Board of Commissioners

In accordance to Bank Indonesia Regulation No.8/4/PBI/2006 on Good Corporate Governance Implementation for Commercial Banks, every member of PTBC's Board of Commissioners is not allowed to have financial and/or family relationship with another member of the Board of Commissioners and/or with the members of the Board of Directors or other relations.

Hence, the Independent Commissioners are able to fulfill their duties and responsibilities independently without external interference.

3. Duties and Responsibilities of PTBC's Board of Commissioners

- a. The Board of Commissioners monitors and ensures the application of Good Corporate Governance principles in all aspects of the Bank's business and across all levels of the Bank's hierarchy.
- b. The Board of Commissioners actively monitors the performance of duties and responsibilities by the Board of Directors, provides recommendations, and directs, monitors and evaluates the enforcement of Bank's strategic policies.
- c. The Board of Commissioners assures that the Board of Directors addresses the audit findings and recommendations provided by the Bank's Internal Auditor, External Auditor, and Reviews by Bank Indonesia and/or other monitoring authorities.
- d. The Board of Commissioners does not engage in the process of formulating operating decisions, with the exception of approving credit to related parties as mandated in Bank Indonesia regulations on Legal Lending Limit for Commercial Banks or other prevailing rules and regulations.
- e. In accordance to Bank Indonesia Regulation, the Board of Commissioners must establish an Audit Committee, Risk Monitoring Committee and Remuneration and Nomination Committee. The appointment of Committee members are based on the decisions made in the meeting of the Board of Commissioners. 2 (two) Committees were established since in 2009, namely Audit Committee and Risk Oversight Committee.

4. Meeting of the Board of Commissioners

The meetings of the Board of Commissioners and the meetings of the Board of Commissioners with the Board of Directors were conducted on regular basis throughout 2009. The results of the meetings were well-documented in the minutes of the meetings. The Board of Commissioners conducted 4 (four) board meetings, and 4 (four) meetings with the Board of Directors.

5. Committees

The following committees have been performing their duties and responsibilities:

a) Audit Committee

The composition of Audit Committee was as follows:

Audit Committee	Appointment
Franciskus Antonius (Alijoyo)	Chairman and member (Independent Commissioner)
Phillip Lewis *	Member (Independent Party)
Paul Hamilton	Member (Independent Party)
Craig Anthony Carland	Member

* Resignation effective on 18 May 2009

Duties and responsibilities of Audit Committee are as follows:

- 1) Audit Committee is responsible for assessing the SKAI work plan, and monitoring and evaluating the audit planning, audit implementation and follow-up of audit findings.
- 2) Audit Committee provides independent advice to the Board of Commissioners on the implementation of Good Corporate Governance in accordance to the prevailing rules and regulations.
- 3) Audit Committee makes recommendations on the appointment of the Public Auditor and the Public Accounting Firm to the Board of Commissioners to be proposed to the General Meeting of Shareholders.

b) Risk Oversight Committee

The composition of Risk Oversight Committee was as follows:

Risk Monitoring Committee	Appointment
Jeffrey Turangan	Chairman and member (Independent Commissioner)
Phillip Lewis *	Member (Independent Party)
Paul Hamilton	Member (Independent Party)
Craig Anthony Carland	Member
Garry Lynton Mackrell	Member
Leslie Gordon Cupper	Member
Franciskus Antonius (Alijoyo)	Member

* Resignation effective on 18 May 2009

Duties and responsibilities of Risk Oversight Committee are as follows:

- 1) Assesses and evaluates the effectiveness and compliance of the actual execution of risk management policies.
- 2) Monitors and assesses the performance of duties by the Executive Risk Committee and Risk Management work units in making recommendations to the Board of Commissioners.
- 3) Monitors the development of litigation cases involving the Bank and assesses the risks involved, like the regulatory risk, reputation risk and compliance risk.

C. Board of Directors

1. Composition of the the Board of Directors as of December 2009

The membership of PTBC Board of Directors was in accordance to Bank Indonesia Regulation on the Fit and Proper Test by Bank Indonesia, prohibition of multiple appointments, non-existence of letter of authority to other party that may cause the transfer of duties and functions of the Board of Directors. All members of the Board of Directors should be residing in Indonesia.

As per December 2009, there are 5 (five) Board of Directors member, comprised of 1 (one) Acting President Director and 4 (four) Directors, whereby one of the Director is a Compliance Director.

The Deed of Statement on the Limited Liability Company's Shareholders Decision No. 29 dated November 10, 2009, approved the resignation of Nursing (Noersing) as the President Director and appoint Andriaan Laoh as as the acting President Director.

Composition of the Board of Director as of December 2009 was as follows:

Board of Commissioners	Appointment	Status	Foreign vs Local Employee (%)	
Andriaan Laoh	Deputy President Director acts as President Director/ Deputy	Local	40	60
Preditha Dewi	Director	Local		
Tuti Hartini	Compliance Director	Local		
Michael Paul Jarmain	Director	Foreigner		
Malakai Ratu Tanicuvu Naiyaga	Director	Foreigner		

2. Independence of the Board of Directors

In accordance to the Bank Indonesia Regulation, all members of PTBC's Board of Directors is not allowed to have financial and/or family relationship with another member of the Board of Directors and/or with the members of the Board of Commissioners.

3. Duties and Responsibilities of Board of Directors

- a. Board of Directors is fully responsible for the operation of the Bank's management and manage the business in accordance to the authorities and responsibilities according to the Articles of Association and prevailing rules and regulations.
- b. Board of Directors are responsible to ensure that the application of Good Corporate Governance principles in all aspects of the Bank's business and across all levels of the Bank's hierarchy.
- c. Board of Directors consistently addresses the findings and recommendations reported by the Audit Intern Unit, external auditor, and the reviews of Bank Indonesia and/ or other authorities.

- d. Board of Directors builds and ensures the implementation of Risk Management across all levels of the Bank's hierarchy and ensures that the Risk Management functions have operated independently.
- e. Board of Directors reports its performance in fulfilling its duties and responsibilities to the General Meeting of Shareholders.

D. Implementation of the Compliance Functions, Internal Audit, and External Audit

In accordance to Bank Indonesia Regulation No.8/4/PBI/2006 on Good Corporate Governance Implementation for Commercial Banks, PTBC appointed and assigned one Director to hold the position as Compliance Director with the roles and responsibilities of monitoring and guarding PTBC's business activities to comply to Bank Indonesia Regulations and Circular Letters and other prevailing rules and regulations.

Throughout 2009, to enhance the implementation of compliance functions including Know Your Customer Principle, the Bank performed following activities:

1. Performed compliance assessment to provide advice, inputs, and recommendations to the drafts of the Policies and Procedures in developing new products and activities and/ or other Internal Policies.
2. Monitored and coordinated the implementation of Knowing Customer Principle; analyzed, evaluated, and reported compromising financial transactions and cash financial transactions as regulated to the Financial Transactions Report and Analysis Center (PPATK).
3. Monitored and ensured the implementation of covenants and commitments with Bank Indonesia and/ or other authorities. Also, ensured that all development reports and improvement steps have been sent to Bank Indonesia and/or other authorities within agreed time frame.
4. Provided introductory trainings on Knowing Customer Principle for all new employees and provided refreshing trainings for all front liners.
5. Coordinated and monitored the implementation of data update in order to apply the Knowing Customer Principle.
6. Reported the Task Performance of Compliance Director Report to Bank Indonesia every semester.

Internal Audit Function

The Internal Audit Work Unit (SKAI) reports directly to the President Director. Accordance with Internal Audit Charter, SKAI fulfills its functions as independent Internal Auditor on Operational Work Unit.

The Internal Audit scope include all Bank's activities. The results of the audits are submitted to the President Director, Board of Commissioners through Audit Committee, Compliance Director, and other related parties (auditee).

The follow-up actions taken based on the audit results by auditee are monitored and analyzed monthly and the summary is reported to the Directors and other related parties (auditee).

External Audit Function

Based on the recommendation from Audit Committee, the Board of Commissioner proposed to the General Meeting of Shareholders (GMS) a Public Accounting Firm (KAP), which would complete their assignments independently and professionally and would guard the Bank's sensitive information, to conduct external audit on the Bank's financial report. The GMS approved KAP Price Waterhouse Coopers as the external auditor to audit PTBC's financial report for the year ended December 31, 2009.

The appointment of the Public Accounting Firm has been in adherence to the prevailing rules and regulations. The KAP is registered with Bank Indonesia and does not provide other services to PTBC thus does not have any conflict of interest.

E. Risk Management Implementation

The Board of Commissioners and the Board of Directors have been committed to monitoring the implementation of Risk Management.

Several Risk Management actions have been implemented by PTBC by improving capacity of human resources to recognize and understand the risks according to Bank Indonesia Regulations, comprising credit risk, market risk, reputation risk, strategic risk, regulatory risk, liquidity risk, operational risk and compliance risk.

F. Provision of Funds to Related Party and Large Exposures

The details of provision of funds to related party and large exposures as of December 31, 2009 is as follows:

Provision of Fund	Number of Debtor	Nominal (in million Rupiah)
To Related Party	51	104.740
Provision of Large Exposure	Total :	Total Rp.
a. Individual Debtor	a. 23	a. 530.147
b. Group Debtor	b. 25	b. 2.254.428

In its conduct, the Bank consistently upholds the principle of Prudent Banking by referring to Bank Indonesia Regulation on maximum limit of credit provision and other prevailing rules and regulations. Throughout 2009, PTBC performed in accordance to the regulations and reported the transactions to Bank Indonesia in timely manner.

G. Bank's Strategic Plan

PTBC's Business Plans were established based on realistic assumptions and the principles of prudence and measurable. The management has consistently monitored and directed the Bank in order to reach the targets. As the result, PTBC had shown stronger performance compared to the previous year in 2009. The Bank reached various objectives, such as increased loan, increased deposit, and decreased NPL ratio.

H. Transparency of Bank's Financial and Non-Financial Conditions

Information on financial reports has been prepared and provided in a manner, type and scale as regulated by Bank Indonesia Regulation on Transparency of Bank's Financial Condition and have been timely reported to Bank Indonesia and other related institutions. The information on PTBC Financial Reports is available online at PTBC homepage (www.commbank.co.id) to provide easy access to the information in order to serve all stakeholders.

I. Remuneration and Other Facilities Policy for Board of Commissioners and Board of Directors

a. Types of remuneration and other facilities received by PTBC's Board of Commissioners and Board of Directors in 2009 were as follows:

Type of Remuneration and Other Facilities	Amount Received in 2009			
	Board of Commissioners		Board of Directors	
	Number of people	In Million Rupiah	Number of people	In Million Rupiah
1. Remuneration (salaries, bonus, routine benefits, tantiem and other intangible facilities)	2 local commissioners)	660	6	12.788
2. Other tangible facilities	2	15	6	90
Total	2	675	6	12.878

b. The detail on the remuneration per person (received in cash before income tax) received by PTBC's Board of Commissioners and Board of Directors in 2009 is as follows:

Remuneration per person in 1 (one) year in 2009	Number of Directors	Number of Commissioners
Above Rp 3 billion	1	-
Above Rp 2 billion and up to Rp 3 billion	3	-
Above Rp 1 billion and up to Rp 2 billion	1	-
Above Rp 500 million and up to Rp 1 billion	1	-
Below Rp 500 million	-	2 local commissioners

J. Ratios of Highest and Lowest Salaries

Ratios of highest and lowest salaries received by the member of the Board of Commissioners, Board of Directors and employee per month were as follows:

Description	Ratio
Highest and lowest salary of employees	40:1
Highest and lowest salary of Directors	4:1
Highest and lowest salary of Commissioners	1,3:1
Highest salary of Directors and employees	2,5:1

K. Shares Option

As of December 31, 2009, PTBC has not provided any shares option for members of the Board of Commissioners, Board of Directors, Executive Officers, and other Head of Work Units.

L. Internal Fraud

The detail of frauds committed by the management, permanent employee and temporary employee including workers under probation and/or outsourced workers is as follows:

Internal Fraud 2009	Number of Cases Committed by					
	Management		Permanent Employee		Temporary Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Total Internal Fraud	-	-	-	1	-	-
Resolved	-	-	-	-	-	-
Under process of settlement internally	-	-	-	1	-	-
Under process of settlement internally and with customer	-	-	-	-	-	-
Currently no settlement efforts	-	-	-	-	-	-
Followed up through legal process	-	-	-	-	-	-

M. Legal Proceeding

Numbers of civil and criminal cases faced by PTBC, both resolved with final legal binding power and in the process of settlement, as of December 31, 2009, were as follows:

a. PTBC as Plaintiff:

Legal Proceedings	Number of Legal Proceedings	
	Criminal	Civil
Resolved (with final legal binding power)		
• Rp 101 million to Rp 500 million	-	-
• Above Rp 500 million	-	2
In the process of settlement		
• Rp 101 million to Rp 500 million	-	6
• Above Rp 500 million	4	6
Total	4	14

b. PTBC as Defendant

Legal Proceedings	Number of Legal Proceedings	
	Criminal	Civil
Resolved (with final legal binding power)		
• Rp 101 million to Rp 500 million	-	-
• Above Rp 500 million	-	-
In the process of settlement		
• Rp 101 million to Rp 500 million	-	1
• Above Rp 500 million	-	2
Total	-	3

N. Transactions Containing Conflict of Interest

PTBC already have policies on handling transactions containing conflict of interest. Conflict of Interest Policy regulates transactions related to the interest of all employees.

O. Buy Back Shares and Buy Back Bonds

In 2009, PTBC did not perform any share or bond buy back transaction and/or activity.

P. Funds for Social and Political Activities

a. Social Activities

In performing the Bank's corporate social responsibility, PTBC actively participated in improving public welfare, focusing on education and sport. PTBC performed the following social activities in 2009:

Type of Program and Its Purpose	Beneficiary	Total
CBA Group Humanitarian Fund for Tasikmalaya – West Java Earthquake	Kompas Humanitarian Fund, September 16, 2009	AUD 100.000
Commonwealth Bank Institute of Golf to cultivate youth in golf	8 junior golf player under 18	Rp 30.690.000 per month

b. Political Activities

In 2009, the Bank did not fund any political activity.

Q. Self Assessment Review on the Implementation of Good Corporate Governance

The composite score in the Self Assessment Good Corporate Governance was calculated based on Bank Indonesia Regulation to review 11 (eleven) aspects for assessment. The results, calculated as of December 31, 2009, are in the following table:

No	Aspects for Assessment	Weight	Rating	Score	Notes
1	Performance of Duties and Responsibilities by the Board of Commissioners	10%	1	0.10	The number of Board members and composition of Indonesians versus foreign citizens sitting in the Board of Commissioners were in adherence to PBI provisions. The Board was capable of making independent decisions and performed their duties in accordance to GCG principles. Meetings were conducted effectively and efficiently.
2	Performance of Duties and Responsibilities by the Board of Directors	20%	1	0.20	The number, competence, integrity and composition of the members of the Board of Directors were in line with the capacity and complexity of the business today. Members of the Board of Directors were able to take action and make decisions internally. In performing their duties, efforts must be made to meet the principle of compliance and GCG. Meetings were conducted effectively and efficiently while decision making process still needed improvements.
3	Adequacy and Performance of Duties by the Committees	10%	1	0.10	The composition and competence of the members of the Committees were in adherence to PBI provisions. Remuneration and Nomination Committee is to be formed in 2010 considering the Company's increasing capacity and complexity.

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4	Managing Conflict of Interest	10%	1	0.10	Any potential conflict of interest was resolved and mitigated by enforcing strict company policies, binding all PTBC employees and other parties that cooperate with the Bank.
5	Implementation of Bank Compliance Function	5%	1	0.05	The Board of Commissioners and Directors committed to improve and uphold company's compliance to the prevailing rules and regulations. PTBC appointed the Compliance Director who passed the Fit and Proper Test by Bank Indonesia. Bank Indonesia's audit findings on compliance and Knowing Customer Principle have been addressed and will always be attended to.
6	Implementation of Internal Audit Function	5%	1	0.05	The implementation of Internal Audit Function was well-conducted in accordance to Standard Minimum established by SPFAIB.
7	Implementation of External Audit Function	5%	1	0.05	The implementation of External Audit Function was well-conducted by qualified independent Public Accountant.
8	Implementation of Risk Management and Internal Control Functions	7.5%	2	0.15	The management effectively identifies and controls Bank's risks and management actively supervises policy, procedure to keep Bank's internal condition sound.
9	Provision of Funds to Related Party and Large Exposures	7.5%	1	0.08	The provisions of funds to related party and large exposures, including the decision making process, were conducted in adherence to Bank Indonesia Regulation on BMPK.
10	Transparency of Bank's Financial and Non-Financial Conditions, Good Corporate Governance Implementation Report and Internal Report	15%	3	0.45	The Bank's financial and non-financial reports were informed to the public with transparency and easily accessed by stakeholders through various media outlets and the Bank's homepage. The Good Corporate Governance implementation report was reported in a timely and accurate manner in accordance to PBI provisions. The Information Management System regarding Internal Report was in process to provide timely, accurate and complete information.
11	Bank Strategic Plan	5%	1	0.05	PTBC's long-term Corporate Plan and short-term Business Plan were established based on realistic assumptions and took into consideration all external and internal factors as well as the principle of prudence.
Composite Score		100%		1.38	GOOD CORPORATE GOVERNANCE

R. Closing

Thus ends our Report of Good Corporate Governance Implementation. Furthermore, we expect Bank Indonesia's continuous guidance and instruction for the betterment and development of our bank in particular and the banking world in general.

PT Bank Commonwealth

Andriaan Laoh
Acting President Director

Jeffrey Turangan
Commissioner