



REPORT FOR GOOD CORPORATE GOVERNANCE IN 2010

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. General Meeting of Shareholders

General Meeting of Shareholders was held for 8 (eight) times during 2010, which then mentioned in the following Deeds:

1. Deed No. 55 dated April 20, 2010
 - Approval of the appointment of Geoffrey David Coates as President Commissioner.
 - Approval of the appointment of Antonio Da Silva Costa as President Director.
 - Approval of the appointment of Andriaan Laoh as Deputy President Director.
2. Deed No. 51 dated May 18, 2010
 - Approval of reappointment of Craig Anthony Carland as Deputy President Commissioner.
 - Approval of reappointment of Jeffrey Turangan as an Independent Commissioner.
3. Deed No. 19 dated July 7, 2010
Approval of reappointment of Franciskus Antonius (Alijoyo) as an Independent Commissioner.
4. Deed No. 20 dated July 7, 2010
Approval of reappointment of Tanudiredja, Wibisana & Rekan (PriceWaterhouseCoopers) as Independent Auditor to audit the financial statements for the fiscal year ended December 31, 2010 and authorize the Directors to determine the terms of the re-appointment.
5. Deed No. 78 dated July 20, 2010
 - Approval of the appointment of Antonio Da Silva Costa as President Director.
 - Approval of the resignation of Ratu Malakai Tanicuvu Naiyaga as Director.
 - Approval of the resignation of Michael Paul Jarman as Director.
6. Deed No. 25 dated August 4, 2010
Approval of the appointment of Geoffrey David Coates as President Commissioner.

7. Deed No. 52 dated December 15, 2010
Approval to increase paid in capital IDR 221.000.000.000.
8. Deed No. 53 dated December 15, 2010
Approval of the resignation of Preditha Dewi as Director.

C. Board of Commissioners and Committees

1. Composition of Commissioners as of December 2010

The membership of PTBC Board of Commissioners was in accordance with Bank Indonesia Regulation concerning 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 2010 was as follows:

No.	Dewan Komisaris	Appointment
1	Geoffrey David Coates	President Commissioner
2	Craig Anthony Carland	Deputy President Commissioner
3	Jeffrey Turangan	Independent Commissioner
4	Franciskus Antonius (Alijoyo)	Independent Commissioner

2. Independence of Board of Commissioners

In accordance to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, every member of PTBC's Board of Commissioners is not allowed to have any financial and/or family relationship with each other 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 is obligated to establish an Audit Committee, Risk Monitoring Committee and Remuneration and Nomination Committee. The appointment of these Committees members are based on the decisions made in the meeting of the Board of Commissioners. Until 2010, there were 3 (three) Committees established, they were: Audit Committee, Risk Oversight Committee and Remuneration and Nomination 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 2010. The results of the meetings were well-documented in the minutes of the meetings. During 2010 period, the Board of Commissioners meeting had been conducted 4 (four) times, and then its meeting together with the Board of Directors had been conducted 4(four) times.

No.	Member	Appointment	Period			
			March	July	October	December
1	Geoffrey David Coates	Presiden Komisaris	-	-	✓	✓
2	Garry Lynton Mackrell	Presiden Komisaris	✓	✓	-	-
3	Craig Anthony Carland	Komisaris	✓	✓	✓	✓
4	Jeffrey Turangan	Komisaris Independen	✓	✓	✓	✓
5	Franciskus Antonius (Alijoyo)	Komisaris Independen	✓	✓	✓	✓

5. Committees

The following committees have been performing their duties and responsibilities:

a) Audit Committee

The composition of Audit Committee was as follows:

No.	Audit Committee	Appointment
1	Franciskus Antonius (Alijoyo)	Chairman and member (Independent Commissioner)
2	Paul Hamilton	Member (Independent Party)
3	Craig Anthony Carland	Member

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)
Paul Hamilton	Member (Independent Party)
Craig Anthony Carland	Member
Franciskus Antonius (Alijoyo)	Member

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) Remuneration and Nomination Committee

The composition of Remuneration and Nomination Committee was as follows:

No.	Remuneration and Nomination Committee	Appointment
1	Jeffrey Turangan	Chairman and member (Independent Commissioner)
2	Craig Anthony Carland	Member
3	Richard Indrakusuma	Member

Duties and responsibilities of the Remuneration and Nomination Committee are as follows:

Committee had conducted an evaluation of the remuneration policy and provide recommendations to the Board of Commissioners concerning the remuneration and nomination policy, taking into account several factors, as follows:

- 1) Financial performance and reserve fulfillment following the prevailing rules and regulations.
- 2) Individual work achievement.
- 3) Fairness to the peer group.

4) Consideration of Banks long-term target and strategies.

D. Board of Directors**1. Composition of the the Board of Directors as of December 2010**

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 2010, there were 3 (three) Board of Directors member, consist of 1 (one) President Director and 2 (two) Directors, whereas one of the Directors is a Compliance Director.

Composition of the Board of Director as of December 2010 was as follows:

Board of Commissioners	Appointment
Antonio Da Silva Costa	President Director
Andriaan Laoh	Deputy President Director
Tuti Hartini	Compliance Director

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.

E. 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.

Compliance Function

Throughout 2010, to enhance the implementation of compliance functions the implementation of Anti Money Laundering/ Counter Terrorism Funding, the Bank performed following activities:

1. Performe compliance assessment to provide advice, inputs, and recommendations to drafts of Policies and Procedures in developing new products and activities and/ or other Internal Policies.
2. Monitoring and coordinating the implementation of Anti Money Laundering/Counter Terrorism Financing; analize, evaluation, and then reporting any suspected financial transactions and cash financial transactions as regulated by the Financial Transactions Report and Analysis Center (PPATK).
3. Monitoring and ensure 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. Providing introductory trainings on Anti Money Laundering/ Counter Terrorism Funding for all new employees and refreshing trainings for all front liners.
5. Coordinating and monitoring the implementation of data updating in order to implement Anti Money Laundering/ Counter Terrorism Funding
6. Reporting the Task Performance of Compliance Director Report to Bank Indonesia every semester.

Internal Audit Function

Internal Audit (IA) Unit directly reports to the President Director. In accordance to Internal Audit Charter, IA fulfills its functions independently and objectively on Business Unit's design and implementation of governance, risk and control.

IA covers all areas of the Bank's operations. IA has full authorities widespread, free and unrestricted to any and all of Bank's records, physical properties, and personnel relevant to any function reviewed. IA shall also have free and unrestricted access to Board of Commissioners.

The internal audit result reports are submitted to the President Director, Board of Commissioners through the Audit Committee, and auditee as well as Compliance Director. The implementation of the corrective action plans that was committed are monitored and reported on periodically basis to auditee, President Director, and Board of Commissioners through the Audit Committee.

External Audit Function

Based on the recommendation from Audit Committee to the Board of Commissioner to be presented in the General Meeting of Shareholders (GMS) and decision was made whereas they appointed Pricewaterhouse Coopers as external auditor who works independently and professionally whilst

keeping Bank's secret to conduct an external audit to PTBC's financial report for the year ended December 31, 2010.

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.

F. Risk Management Implementation

Board of Commissioners and Board of Directors understand the Bank's risks and has conducted reviews, oversight of the risks inherent in sustainable business. Risk Management Unit in a timely submit monitoring reports over the risk exposure to the management, directors and commissioners to be studied in order to support the risk control implementation.

Bank has risk management policies and procedures that set up the implementation of identification, assessment, monitoring and control on Bank's environmental risks. Bank's risk management policy prepared in accordance with its mission, business strategy, capital adequacy, human resource capability, and Bank's risk appetite.

Several measures have been made in the risk management implementation, such as, improving risk management culture in the bank's business continue to progress, development and improvement processes and procedures such as but not limited to credit areas, as well as Control Self Assessment implementation in Bank's units gradually.

G. 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, 2010 is as follows:

Provision of Fund	Number of Debtor	Nominal (in million Rupiah)
To Related Party	27	313.842
Provision of Large Exposure	Total :	Total Rp.
a. Individual Debtor	a. 50	a. 1.015.681
b. Group Debtor	b. 16	b. 228.117

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 2010, PTBC performed in accordance to the regulations and reported the transactions to Bank Indonesia in timely manner.

H. Bank's Strategic Plan

PTBC's Business Plans were established based on prudential principles, realistic and measured whilst consistently supervise and monitor its achievement. 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 2010. The Bank has reached various objectives, such as increase loan, increase CASA, and decrease NPL ratio.

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

Information in financial reports has been prepared and presented in such procedures, type and scope as regulated by Bank Indonesia Regulation concerning Transparency of Bank's Financial Condition and submitted to Bank Indonesia and other related institutions in a timely manner.

The above information also available online at PTBC homepage (www.commbank.co.id) so that it can be easily access by all PTBC's stakeholders.

J. 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 2010 were as follows:

Type of Remuneration and Other Facilities	Amount Received in 2010			
	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	570	6	7.000
2. Other tangible facilities	2	18	6	78
Total	2	588	6	7.078

- 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 2010 is as follows:

Remuneration per person in 1 (one) year in 2010	Number of Directors	Number of Commissioners
Above Rp 3 billion	-	-
Above Rp 2 billion and up to Rp 3 billion	2	-
Above Rp 1 billion and up to Rp 2 billion	2	-
Above Rp 500 million and up to Rp 1billion	2	-
Below Rp 500 million	-	2

Note : The Number of Director by end of December 2010 is 3 (three) persons

K. 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	3 : 1
Highest and lowest salary of Commissioners	1,4 : 1
Highest salary of Directors and employees	1,2 : 1

L. Shares Option

During the year of 2010, PTBC does not provide any shares option for members of the Board of Commissioners, Board of Directors, Executive Officers, and other Head of Business Units.

M. Internal Fraud

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

Internal Fraud 2010	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	0	0	1	1	0	0
Resolved	0	0	0	1*	0	0
Under process of settlement internally	0	0	0	0	0	0
Under process of settlement internally and with customer	0	0	0	0	0	0
Currently no settlement efforts	0	0	0	0	0	0
Followed up through legal process	0	0	1	0	0	0

*) Has been settled on 28th February 2011

N. 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, 2010, 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	1	5
• Above Rp 500 million	-	-
In the process of settlement		
• Rp 101 million to Rp 500 million	3	5
• Above Rp 500 million	2	4
Total	6	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	-	1
In the process of settlement		
• Rp 101 million to Rp 500 million	-	1
• Above Rp 500 million	-	2
Total	-	4

O. 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.

P. Buy back Shares and Buy Back Bonds

In 2010, there were no bonds buy back or shares buy back transaction.

Q. 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 2010:

No	Type of Program and Its Purpose	Beneficiary	Total
1	Looking for a Heroic - a Program that seek Woman who has made a difference in the lives of her surrounding communities	1. Setiaji Wibowo & Yohana Sulastri 2. Esti Murdani & Wahyu Setiarini	IDR 70.000.000

2	Commonwealth Bank Golf Institute in search for some youth potentials	8 junior golf player under 18	IDR 368.828.000
3	ANZA Social Welfare - A Community Programs to support development and education of underprivileged children to improve their health and welfare	ANZA (Australian and New Zealand Association)	IDR 37.600.000
4	Smile Foundation/ Yayasan Senyum - to help Cleft Lip and Palate Patients	Grand Hyatt Foundations	IDR 84.600.000
5	Coral Reef Program - to support Coral Preservation	Nusa Dua Reef Foundation	IDR 8.300.000

b. Political Activities

In 2010, the Bank did not fund any political activity.

R. 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, 2010, 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 people and composition of Board members and composition 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.

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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. Committee meetings have been run and attended by members.
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 held by Bank Indonesia. Bank Indonesia's audit findings related with 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	Risk Management will still and identify continuously and control Bank's risk. The management actively monitor 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 implementation of provision 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%	2	0.30	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,

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					accurate and complete information.
11	Bank Strategic Plan	5%	1	0.05	Bank's strategic plan has been prepared and submitted to Bank Indonesia. The plan is as a guidance in carrying out banking business.
Composite Score		100%		1.23	VERY GOOD

S. 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



Antonio Da Silva Costa
President Director



Geoffrey David Coates
President Commissioner