

**THE EXPLANATION ON THE AGENDA OF
ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
PT BANK DANAMON INDONESIA, Tbk.**

In relation to the Annual General Meeting of Shareholders (“**AGMS**”) plan of PT Bank Danamon Indonesia, Tbk. (the “**Company**”) which will be held at day/date Thursday, April 28, 2016, the Company had announced via daily newspapers, namely Bisnis Indonesia and Jakarta Post:

- The announcement of AGMS plan on March 22, 2016,
- The invitation to attend AGMS on April 6, 2016.

Furthermore, with respect to:

- Indonesia Financial Services Authority Regulation Number 32/POJK.04/2014 on Plan and Implementation of the General Meeting of Shareholders of the Public Company, and
- ASEAN Corporate Governance Scorecard issued by the ASEAN Capital Market Forum in relation to the rights of shareholders and the disclosure and transparency principles,

the Company hereby submit the explanation on each AGMS agenda as follows:

Agenda 1

- i. Approval of the Company's Annual Report for financial year ended at December 31, 2015 and correction in the amount of Retained Earnings the financial year 2015 for previous years (restatement) and receipt of notification of the use Company's Additional Paid Up Capital in the financial year 2015;**
- ii. Ratification of the Company's Financial Statement for financial year ended at December 31, 2015; and**
- iii. Ratification of Supervisory Report of the Company's Board of Commissioners for financial year ended at December 31, 2015.**

1.1. Background

In compliance with Article 18 and Article 20 of the Company's Articles of Association Jo Article 66, Article 67, Article 68, dan Article 69 of the Law No. 40 year 2007 regarding the Limited Liabilities Company ("**Company Law**").

1.2. Explanation/Opinion of Board of Directors and Board of Commissioners**The Annual Report of Board of Directors**

Indonesia's economy faced considerable challenges during 2015. The economy expanded by 4.8% as compared with 5% the year before, due to several factors, namely: the slowdown of world economic growth, the volatilities of global financial markets, the decline in demand and prices of Indonesia's major export commodities, and the relatively limited growth in domestic investments.

The Company experienced a decline of Net Interest Margin (NIM) by 18 basis points to 8.2%, and booked a lower consolidated Net Profit After Tax (NPAT) of IDR 2.4 trillion, a 9% decrease as compared to last year. Nevertheless, the Company was able to contain its operating costs and improve pre-provision operating profit by 8% to IDR 8.5 trillion. The Company's consolidated total assets also experienced a decrease of 4% to IDR 188 trillion. Although Non Performing Loans (NPL) increased in certain lines of business, nonetheless, the overall asset quality was acceptable as

indicated by the consolidated NPL that stood at 3%. In terms of liquidity, taking into account the business and market dynamics as well as regulatory requirement, the Company prudently managed down its Loan to Funding Ratio (LFR) from 92.6% last year to 87.5%. The Company's capital structure also remained strong as reflected by an increase in CAR from 17.9% last year to 19.8%.

The Company's consolidated loan stood at IDR 129.4 trillion, lower by 7% year-on-year, mostly due to Mass Market loans that declined by 13% to IDR 61.2 trillion. Likewise, Retail Banking also declined by 3% to IDR 8.2 trillion. On the other hand, Small Medium Enterprises (SME) (including Syariah) and Wholesale Banking increased by 5% and 1% to IDR 22.4 trillion and IDR 17.7 trillion respectively, whilst Commercial Banking (including Syariah) remained flat at IDR 15.9 trillion.

Consolidated third party deposits decreased slightly by 1% year on year to IDR 115.1 trillion mostly due to the decline of Current Account balances. Current Account and Saving Account (CASA) balances decreased by 27% and 6% respectively, whilst Time Deposits increased by 11.5%, resulting in the drop of CASA ratio from 49% in 2014 to 42% in 2015. The decrease in our CASA balances took place as we ceased paying high interest rates. Total consolidated funding (third party deposits plus structured funding) also decreased by 4% to IDR 138.15 trillion. A more disciplined approach was introduced to our funding franchise in order to build a more diversified, stable and granular deposits base. The Company successfully managed down its cost of funds.

Total loans channeled and total third party deposits by the end of 2015 reached approximately 95% and 96% of the targets respectively. The level of third party deposits achieved was adequate given the decline in loan demand. LFR was at 87.5%, a marked improvement over the target of 91.5%.

The Company implemented discipline in expense management. Interest expense for 2015 was IDR 8.8 trillion which was better than the target of IDR 9.2 trillion. Similarly, operating expenses was IDR 9 trillion, 5% better than planned.

Cost of credit in 2015 was IDR 4.9 trillion or 20% worse than planned mostly due to the worsening performance of our micro financing segment (Self Employed Mass Market, or "SEMM"). Consolidated Net Operating Income was recorded at IDR 3.9 trillion and Consolidated Net Profit After Tax before restructuring was IDR 2.6 trillion.

The Board of Directors is confident that consistent implementation of high standard corporate governance will improve performance, deepen the investors' confidence and trust, protect the interests of stakeholders and make a positive contribution to the banking industry. The Board of Directors is continuously applying the good corporate governance practices based on transparency, accountability, responsibility, independency and fairness in carrying out the business activities of the Company.

In 2015, there were changes to the composition of the Company's Board of Directors. Henry Ho retired and Sng Seow Wah was appointed as the Company's President Director, whilst Muliadi Rahardja was appointed as the Vice President Director, at the Extraordinary General Shareholders' Meeting conducted earlier in the year. In addition, Pradip Chhadva and Kanchan Nijasure resigned as Directors of the Company to pursue other interests.

Closing the 2015, the Board of Directors would like convey sincere thanks to the Board of Commissioners for providing its full support and invaluable advice and guidance to the management throughout the year. Be grateful for the commitment, support and effort of the Board of Directors members, senior management and employees. And would like to emphasize the importance of the role that our banking regulators play in helping create a conducive and stable environment so that customers and banks can go about their business with confidence.

The Supervisory Report of Board of Commissioners

The Board of Commissioners appreciates for the success of the entire Board of Directors and staff in bringing the Company to face challenges in 2015 and laid a strong foundation to support business development in times to come.

In 2015, the Indonesian economy grew by 4.8%, down from 5% last year due to lower exports, investments, government spending and consumption.

The Company's total consolidated outstanding loans decreased by 7% to IDR 129.4 trillion, carrying a manageable consolidated NPL of 3%. Loans to Commercial and Small Medium Enterprises (SME) grew, but those to the Self Employed Mass Market ("SEMM") and automotive financing declined. Our Trade Finance and Retail portfolio advanced with potential for further growth.

On funding, total consolidated third party deposits declined slightly by 1% to IDR 115.15 trillion with Current and Savings Accounts (CASA) recording a decline of 14% year on year, and CASA ratio dropped from 49% to 42%. This followed our decision to reduce interest rates payable for CASA balances. Total consolidated funding (third party deposits plus structured funding) also declined by 4% to IDR 138.15 trillion, in line with lower demand for loans.

The Company's regulatory Loan to Funding Ratio (LFR) at the end of 2015 was 87.53%, improving from 92.6% at the end of December 2014, whilst the consolidated Liquidity Coverage Ratio (LCR) was at a healthy level of 123.06% at the end of year 2015.

The Company recorded a Net Profit After tax (NPAT) of IDR 2.4 trillion. Return on Adjusted Asset (ROAA) and Return on Adjusted Earnings (ROAE) were 1.2% and 7.4% respectively. Greater selectivity was exercised in credit extensions against the challenging economic environment. Operating expenditure was 5% better than planned due to initiatives to improve efficiency and streamline operations.

The Company continued to be prudent in its capital management. Its capital position remained strong with a Capital Adequacy Ratio (CAR) of 19.8%, which is significantly higher than the minimum regulatory requirement of 9-10% for banks soundness rating of '2'.

The Board of Commissioners recognizes the challenges faced by Management due to the economic slowdown and less favorable business environment. The Board of Commissioners is grateful for Management's efforts to closely monitor the Company's credit standards and maintain asset quality, building a more diversified, stable and granular deposit base.

In 2015, there were changes to the composition of Bank's Board of Commissioners. Emirsyah Satar joined the Board of Commissioners as Independent Commissioner. The Board of Commissioners has a majority of Independent Commissioners.

The Board of Commissioners would like to compliment Management's effort in formulating the Company's strategic priorities for the next 3 years.

2016 Business Plan

The Company will continue its strategic initiatives to achieve a more streamlined model for micro credits; supporting growth in consumer, SME and the commercial banking segments; improved synergy between the Company and its subsidiaries; productivity enhancement in human capital and operations as well as centralizing Human Resources and Finance functions. The Company will continue its prudent risk management policy with a renewed focus on credit and liquidity risk as well tightly managing its risk profile.

1.3. Supported Data/Material

- [Annual Report 2015](#) can be downloaded from the website of the Company and has been available at the Head Office of the Company since April 6, 2016, concurrently with the date of AGMS's Invitation. Annual Report 2015, which among others also includes the Financial Statements for the financial year 2015 and the Report of Supervisory Board of Commissioners, may be requested by the shareholders with a written request addressed to the Corporate Secretary of the Company.
- [Performance Results \(Public Expose\) for the year 2015](#) on March 3, 2016 which contains a summary of the financial performance of the Company and has been submitted to the Indonesia Stock Exchange on March 4, 2016 and has been uploaded on the website of the Company.

Agenda 2

Determination on the appropriation of the Company's profit acquired in financial year ended at December 31, 2015.

2.1 Background

In accordance with the Article 20 paragraph 2 letter (b) and Article 25 of the Articles of Association of the Company, the net profit acquired by the Company in a financial year as set out in the balance sheet and income statement which has been ratified by the AGMS shall be distributed in accordance with the manner of its appropriation, including the allocation of the amount of provisions for mandatory reserves, distribution of dividends and other appropriations, as resolved by the AGMS, provided that the Company has positive profit balance with due observance of the provisions of laws and regulations.

2.2. Explanation/Opinion of Board of Directors and Board of Commissioners

In 2015, the Indonesian economy grew by 4.8%, down from 5.0% last year. This is partly due to lower exports, investments, government spending and consumption.

In the same year, the Company took steps to improve our productivity. Those steps was produced some meaningful result and will help us improve our earnings for 2016 and beyond.

The Company has many opportunities for the Company to grow through its wide distribution channels across Indonesia. The Bank is focused on strengthening its franchise, services and human capital in order to remain one of the key players in commercial, SME, retail and mass market customer segments. Therefore, the Company was made some initiatives to provide better services to their customers, making products and services more accessible and reliable.

The Company recorded a net profit after tax (NPAT) of IDR 2.4 trillion in 2015. Pre-Provision Operating Profit (PPOP) grew by 8% compared to the previous year to IDR 8.4 trillion. Still in 2015, the Company recorded an improved cost-to-income ratio of

51.7% compared to 55.7% in the previous year. Operating costs decreased by 8% to IDR 9.0 trillion. However, net interest income and non-interest income remained slightly decreased, respectively to IDR 13.6 trillion and IDR 3.8 trillion.

In 2015, the Company's Current and Savings Accounts (CASA) balances decreased by 14% to IDR 48.8 trillion from IDR 56.7 trillion in the previous year. Time deposits increased by 12% to IDR 66.4 trillion. However, the cost of funding improved as the momentum for gathering low cost CASA deposits improved.

Through the AGMS 2016, the Board of Directors will propose the use of 30% of the Net Profit of the Company for distribution to shareholders in the form of cash dividends. Payout ratio is maintained at the same number as last year, taking into account the improvement of Company's financial performance and its capital adequacy ratio, as well as the appreciation to its shareholders' supports.

In addition to the dividend, the Company will propose to allocate the mandatory reserve fund for 1 % of the Company's net income in order to comply with the article 70 of the Company Law. The remaining net profit will be appropriated as retained earnings.

2.3. Supported Data/Material

The profit disclosure of the Company can be accessed to the links [Annual Report 2015](#).

Agenda 3

Implementation of new accounting standards, namely: SFAS No. 24 (2013 Revision), which replaces SFAS No. 24 (2010 Revision) and its implications.

Background

In compliance with Financial Services Authority Regulation (ex Bapepam-LK) ("POJK") number VIII.G.7 which is an annex to the decision of the Chairman of Bapepam-LK number KEP-347/BL/2012 dated June 25, 2012 on the "Presentation of Financial Statements of Public Company", the Financial Statements are prepared and presented in accordance with Financial Accounting Standards which is further regulated in the Statement of Financial Accounting Standards ("SFAS") issued by the Financial Accounting Standards Board - Indonesian Institute of Accountants ("DSAK-IAI").

In order to improve the quality of the Company's financial reporting transparency and encourage Good Corporate Governance, the Financial Statements Presentation Guidelines need to be adjusted in accordance with SFAS development.

Agenda 4**The Engagement of Public Accountant and Public Accounting Firm for financial year 2016.****4.1. Background**

In accordance with the Article 20 paragraph 2 letter (c) of the Articles of Association of the Company Jo Article 68 of the Company Law, the Board of Directors is obliged to submit the financial statements to the public accountant, which had been appointed by the AGMS for audit. OJK regulation (ex Bapepam-LK) No.VIII.A.2 regarding the Independence of the Accountant Providing Services in Capital Markets governs the procedures and requirements for the selection of Certified Public Accountants and limit the assignment period, to maximum 6 (six) consecutive years for a public accounting firm and maximum 3 (three) consecutive years for an accountant. Furthermore, the Article 20 paragraph 2 letter (c) of the Articles of Association provides that the appointment of a public accountant, its fees and terms of appointment shall be made by GMS. While the Article 43 of Bank Indonesia Regulation Number 8/4/PBI/2006 on the Implementation of Good Corporate Governance for Commercial Banks and Bank Indonesia Regulation Number 8/14/PBI/2006 regarding the amendment of Bank Indonesia Regulation Number 8/4/PBI/2006 ("**PBI GCG**") provides that the Audit Committee shall make recommendations for the appointment of the Public Accountant and Public Accounting Firm to the Board of Commissioners to be submitted to GMS.

4.2. Explanation/Opinion of Board of Directors and Board of Commissioners

Public Accounting Firm auditing the Company's financial statements for the year 2015 was Public Accounting Firm Purwantono, Suherman & Surja, a member firm of Ernst & Young Global Limited, which had changed its name to Public Accounting Firm Purwantono, Sungkoro & Surja, a member firm of Ernst & Young Global Limited. The Public Accountant firm and its Accountant has been appointed for 4 consecutive years.

In order to select a public accounting firm that will conduct an audit on Company's books and records for the year 2016, the Audit Committee through recommendation Memo No. B. 001 - KA dated April 4, 2016 has recommended to the Board of Commissioners to engage Mr. Yasir as Accountant Public and Public Accounting Firm Purwantono, Sungkoro and Surja, a member firm of Ernst & Young Global Limited as Public Accounting Firm, to conduct audit on the Company's books or records for the year 2016. This recommendation has been accepted by the Board of Commissioners, to be in further proposed to the AGMS.

4.3. Supported Data/Material

[Profile of the Public Accountant and Public Accountant Firm](#) can be downloaded from the website of the Company and has been available at the Head Office of the Company since April 6, 2016, concurrently with the date of AGMS's Invitation.

Agenda 5

- i. Determination of salary or honorarium, tantieme/bonus, and other allowances for members of the Board of Commissioners, members of Sharia Supervisory Board of the Company; and**
- ii. Determination on the remuneration and allowances, bonus/tantieme, and/or other benefits of the members of the Company.**

5.1. Background

In accordance with Article 11 paragraph 6, Article 14 paragraph 8, and Article 20 paragraph 2 letter (e) of the Articles of Association Jo Article 96 and Article 113 of the Company Law, the AGMS determine the salary and allowances and / or other income of the members of the Board of Directors and the salary or honorarium and other allowances of the members of the Board of Commissioners as well as salary or honorarium and / or allowances Sharia Supervisory Board.

5.2. Explanation/Opinion of Board of Directors and Board of Commissioners

The Board of Commissioners accepted the recommendation of the Remuneration Committee and will propose to the AGM the following matters:

- to determine the total amount of tantieme/bonus of the year 2015 for the Board of Directors to be an amount of IDR 19,800,000,000 gross, for the Board of Commissioners to be an amount of IDR 5,764,000,000 gross, and for Sharia Supervisory Board in to be an amount of IDR 69,000,000 gross.
- to specify the total salary/honorarium and allowances of Board of Directors, Board of Commissioners and Sharia Supervisory Board gross for the year 2016.
- to authorize the President Commissioner of the Company in determining the distribution of tantieme/bonuses of the year 2015 as well as the salary/honorarium and allowances of the year 2016 for each member of the Board of Commissioners and Sharia Supervisory Board pursuant to the recommendations of the Remuneration Committee; and
- to authorize the Board of Commissioners of the Company in determining the distribution of tantieme/bonuses of the year 2015 as well as the salary/honorarium and allowances of the year 2016 for each member of the Board of Directors pursuant to the recommendations of the Remuneration Committee.

Agenda 6**The Change in the Composition of the Board of Directors of the Company.****6.1. Background**

Pursuant to (i) Article 8 Financial Service Authority Regulation (“POJK”) number 33/POJK.04/2014 and (ii) Article 11 paragraph 5 of the Company's Articles of Association provides that the members of the Board of Directors who resigned shall submit the resignation in writing to the Company not less than 60 calendar days. The Company shall hold a GMS to decide on a request for resignation of a member of the Board of Directors within an appropriate time frame determined by Laws and regulations.

Pursuant to (i) Article 3 POJK number 33/POJK.04/2014 and (ii) Article 11 paragraph 2 of the Company's Articles of Association provides that the members of the Board of Directors are appointed and dismissed by the GMS. The appointment is effective from the date specified in the GMS where he/she/they are appointed and ends at the conclusion of the 3rd AGMS after their appointment date.

Article (3) of Bank Indonesia Regulation Number 12/23/PBI/2010 on Fit and Proper Test, Bank Indonesia (now the OJK) conducts a fit and proper test for the candidates of Board of Directors and Board of Commissioners.

6.2. Explanation/Opinion of Board of Directors and Board of Commissioners

Considering the following points:

- The resignation of Pradip Chhadva from his position as Director of the Company received by the Company on April 9, 2015;
- The resignation of Kanchan Keshav Nijasure from his position as Director of the Company received by the Company on April 27, 2015;

- The resignation of Fransiska Oei Lan Siem from her position as Compliance Director of the Company received by the Company on March 17, 2016;
- The importance of Director position in charge of Integrated Risk and Director position in charge of Human Resource for the Company,
- Recommendation Memo of Nomination Committee number B. 003 – KN dated March 4, 2016 concerning with the appointment of Adnan Qayum Khan as Risk Director and Recommendation Memo of Nomination Committee number B. 004 – KN dated March 21, 2016 concerning with the appointment of Heriyanto Agung Putra as Human Resource Director.

With regard to the above, the Board of Commissioners has received:

- (i) Received the resignation of:
 - Pradip Chhadva as the Company's Director effective since of July 1, 2015; and
 - Kanchan Keshav Nijasure as the Company's Director effective since of June 30, 2015,
- (ii) Received the Memorandum Recommendation dated March 4, 2016 from the Nomination Committee concerning the appointment of Adnan Qayum Khan as Risk Director and the Memorandum Recommendation dated March 21, 2016 from the Nomination Committee concerning the appointment of Heriyanto Agung Putra as Human Resource Director;

Therefore, the Board of Commissioner will propose to the General Meeting of Shareholders the resignation of Fransiska Oei Lan Siem, the appointment of Adnan Qayum Khan as Risk Director of the Company, and the appointment of Heriyanto Agung Putra as Human Resource Director of the Company. Thus the composition of the Company's Board of Directors will be as follows:

- Sng Seow Wah as President Director;
- Muliadi Rahardja as Vice President Director;
- Vera Eve Lim as Director;
- Herry Hykmanto as Director;

- Fransiska Oei Lan Siem as Director (Independent);
- Michellina Triwardhanny Lakshmi as Director;
- Satinder Pal Singh Ahluwalia as Director;
- Adnan Qayum Khan as Director, and
- Heriyanto Agung Putra as Director,

where the term of office will be expired at the AGMS in 2017.

Provided that:

- The resignation of Fransiska Oei Lan Siem will be effective as of May 17, 2016;
- Adnan Qayum Khan will be effective as Director subject to the Fit and Proper Test of the OJK;
- Heriyanto Agung Putra will be effective as Director subject to the Fit and Proper Test of the OJK.

6.3. Supported Data/Material

[The Profile/ Curriculum Vitae of Candidate of Director](#) can be downloaded from the website of the Company and has been available at the Head Office of the Company since April 6, 2016, concurrently with the date of AGMS's Invitation.

Other Notes

For additional explanation and data associated with exposure as mentioned above, please refer to the data and the documents that we have provided on this website, as follows:

List of important links:

Annual Report 2015	http://www.danamon.co.id/Home/AboutDanamon/InformasiInvestor/AnnualReport/tabid/258/language/en-US/Default.aspx
The Material of Public Expose for the Year 2015	http://www.danamon.co.id/LinkClick.aspx?fileticket=zKETC_Hr26wg%3d&tabid=289&language=en-US
Curriculum Vitae of Board of Directors	http://www.danamon.co.id/LinkClick.aspx?fileticket=hGhJjMn2Yc%3d&tabid=243&language=en-US
Profile of the Public Accountant and Public Accountant Firm	http://www.danamon.co.id/LinkClick.aspx?fileticket=y3nJtHHS1tk%3d&tabid=243&language=en-US
Proxy Forms	http://www.danamon.co.id/Home/AboutDanamon/InformasiInvestor/GMS/tabid/243/language/en-US/Default.aspx
AGMS Rule of Conduct	http://www.danamon.co.id/LinkClick.aspx?fileticket=MvOfB0Wfy8E%3d&tabid=243&language=en-US

The list of Company's announcements in the Newspaper:

The Title of Announcement and link to the Company's website	Newspaper	Issued Date
<p>Announcement of</p> <p>The Annual General Meeting of Shareholders of PT Bank Danamon Indonesia, Tbk. (the "Company")</p> <p><u>in English:</u></p> <p>http://www.danamon.co.id/LinkClick.aspx?fileticket=MvOfB0Wfy8E%3d&tabid=243&language=en-US</p> <p><u>in Bahasa:</u></p> <p>http://www.danamon.co.id/LinkClick.aspx?fileticket=Xoxq4dd98kY%3d&tabid=243&language=id-ID</p>	<p><u>In English:</u> Jakarta Post</p> <p><u>In Bahasa:</u> Bisnis Indonesia</p>	<p>March 22, 2016</p>

The Title of Announcement and link to the Company's website	Newspaper	Issued Date
<p style="text-align: center;">Invitation of The Annual General Meeting of Shareholders of PT Bank Danamon Indonesia, Tbk. (the "Company")</p> <p style="text-align: center;"><u>in English:</u></p> <p style="text-align: center;">http://www.danamon.co.id/LinkClick.aspx?fileticket=DJzlfu30_xM%3d&tabid=243&language=en-US</p> <p style="text-align: center;"><u>in Bahasa:</u></p> <p style="text-align: center;">http://www.danamon.co.id/LinkClick.aspx?fileticket=jmeD9xMZWKg%3d&tabid=243&language=id-ID</p>	<p style="text-align: center;"><u>In English:</u> Jakarta Post</p> <p style="text-align: center;"><u>In Bahasa:</u> Bisnis Indonesia</p>	<p style="text-align: center;">April 6, 2016</p>

Jakarta, April 6, 2016
PT Bank Danamon Indonesia, Tbk.
The Board of Directors