

- (a) The Merger Statement is submitted to OJK.
- (b) Approval is obtained, or no objections are received, from other related parties that act as required under agreements whereby each of the Merger Participants is a party.
- (c) In principle approval from IDX for listing of additional shares of Bank Danamon as the Surviving Bank.
- (d) The Merger Statement becomes effective according to OJK Regulation No.74/2016.
- (e) GMS approval is obtained from each Merger Participant.
- (f) Approval of the Merger is obtained from the OJK (Department of Banking Licensing and Formalization).
- (g) The Merger Deed has been signed.
- (h) MUFG Bank must obtain JFSA approval for the Surviving Bank to become a subsidiary of MUFG Bank under the Banking Act of Japan No. 59 of 1981.
- (i) Notification receipt on the amendment of the articles of association has been obtained from the MOLHR.

II. APPLICABLE REGULATIONS FOR THE MERGER

Applicable regulations for the Merger are as follows:

- (a) Limited Liability Companies Regulations:
- (i) Company Law; and
 - (ii) Government Regulation No. 27/1998
- (b) Tax Regulations:
- (i) Income Tax Law;
 - (ii) Value Added Tax Law;
 - (iii) Minister of Finance Regulation No. 52/PMK/010/2017;
 - (iv) Regulation of Director General of Tax No. PER-28/PUJ/2008; and
 - (v) Circular Letter of Director General of Tax No. SE-29/PJ/2015
- (c) Banking Regulations:
- (i) Banking Law;
 - (ii) Government Regulation No. 28/1999;
 - (iii) SEBI-32/51/KEP/DIR-1999;
 - (iv) BI Regulation 19/3/2017;
 - (v) OJK Regulation No. 5/2016;
 - (vi) OJK Regulation No. 55/2016;
 - (vii) OJK Regulation No. 56/2016;
 - (viii) OJK Regulation No. 39/2017;
 - (ix) SE OJK No. 25/2016; and
 - (x) SE OJK No. 12/2017
- (d) Capital Market Regulations:
- (i) Capital Market Law;
 - (ii) OJK Regulation No. 32/2014;
 - (iii) OJK Regulation No. 13/2015;
 - (iv) OJK Regulation No. 74/2016; and
 - (v) Listing Regulations of IDX No. 1-G
- (e) Labor Law;
- (i) Articles of association of each Merger Participant; and
 - (ii) Anti-Competition Regulations.
- (f) Anti-Competition Law; and
- (i) Government Regulation No. 57/2010

III. Result of the Merger

In accordance with Article 122 of the Company Law, Government Regulation No. 28/1999 and OJK Regulation No. 74/2016, as a result of the Merger, BNP will be dissolved by law on the Merger Effective Date, without any prior liquidation, and therefore:

- (a) all assets and liabilities of BNP will be transferred by operation of law to Bank Danamon, as the Surviving Bank; and,
- (b) shareholders of Bank Danamon and BNP, except those who opted to sell their shares in Bank Danamon pursuant to the Information and Prospectus of the Merger, will become shareholders of the Surviving Bank by operation of law.

IV. Feasibility of Merger

Directors of each Merger Participant have considered the following matters related to the Merger:

- (a) Business activities and the financial condition of each Merger Participant, with regard to the financial statements of each Merger Participant for the period ended on 30 September 2018 and for the 2015, 2016 and 2017 financial years, each ended on 31 December;
- (b) Business valuation reports prepared by JKR, as an independent party which has been appointed to conduct a valuation of the fair market value of the assets and shares of Bank Danamon and an assessment of the fairness of the proposed Merger, and KJPP Ruky, Safudin & Rekan, as an independent party who has been appointed to conduct a valuation of the fair market value of the assets and shares of BNP;
- (c) Methods and procedures for the conversion of shares that will be used, which are supported by an independent accountant report, on the implementation of mutually agreed upon procedures with respect to the methods and procedures for the conversion of shares prepared by KAP Tandiandjaja, Wibisona, Rintis & Rekan, as an independent party;
- (d) Settlement of rights and obligations of each Merger Participant against third parties;
- (e) Settlement of labor rights of the employees of each Merger Participant;
- (f) Settlement of rights of Bank Danamon's and BNP's shareholders; and
- (g) Analysis on the condition of the Surviving Bank.

V. Background and Objectives of Merger

Both Bank Danamon and BNP believe that the Merger will have strong synergistic benefits for both banks. MUFG Bank, as a long term investor, has expressed its strong testament to its optimism in Indonesia's long term prospects and has pledged its commitment to the ongoing development of the Indonesian banking sector. MUFG Bank is hoping that the Merger will positively contribute to the growth of the Indonesian banking sector and economy as a whole. Due to the firm commitment of MUFG Bank, the BOD and the BOC of each of Bank Danamon and BNP have carefully considered and analyzed the Merger by consistently keeping in mind the shared vision and objectives of both banks in achieving long term growth and profit.

The BOD and the BOC of both banks believe that the Merger is in the best interest of both banks and their stakeholders. The merger will provide positive value to all shareholders, management and employees of both banks and the Indonesian banking sector as a whole.

The Surviving Bank will have an enhanced distribution network and product suite to better serve its customers and strengthen its competitive position in Indonesia's banking landscape. BNP customers will have the ability to access Bank Danamon's product offering and nationwide branch/ATM network. At the same time, this Merger provides Bank Danamon and its affiliates (including Adira Finance and Adira Insurance) with cross-selling opportunities of Bank Danamon's products to BNP's existing customer base.

Being part of the MUFG Bank network will also allow the Surviving Bank to benefit from MUFG Bank's vast wealth of product knowledge, best practices in operational areas such as risk management, compliance, AML, and digital initiatives, and MUFG Bank's strong access to large Java corporates in Indonesia.

The BOD and BOC of both banks are of the view that the proposed merger of Bank Danamon and BNP presents a compelling value proposition for shareholders, management, employees and customers of both banks, as well as the overall banking system in Indonesia. The potential synergies from the merger presents an opportunity for all shareholders to gain from this proposed merger, while customers will benefit from the wider network, stronger combined business and wider product portfolio on offer throughout the country with unique strength in West Java. Also, management and employees will have the opportunity to be a part of a larger, financially sound and operationally more dynamic organization.

Apart from what has been stated in the preceding paragraph, MUFG Bank has effectively owned 40% in Bank Danamon since 3 August 2018. MUFG Bank has been a controlling shareholder in BNP since 2007. Based on OJK Regulation No. 39/2017, MUFG Bank must comply with the single presence policy and MUFG believes that the merger between Bank Danamon and BNP would be the most fitting and beneficial method for complying with the single presence policy, particularly from the perspective of both banks as well as their stakeholders.

VI. Merger Risks

The Directors of each Merger Participant are aware of the possibility of potential challenges regarding the Merger. The risks are:

- (a) **Potential taxation implication due to Merger**
- The proposed Merger is considered a taxable event for income tax purposes, which may give rise to an additional income tax payable. Under the prevailing tax laws and regulations, the proposed Merger may use book value upon approval from the tax authority, subject to the proposed Merger meeting all of requirements for the use of book value, including the business purpose tests. The approval for the use of book value will allow the proposed Merger to not be subject to income tax on the transfer of assets and liabilities under the proposed Merger. The tax authority however may reject the use of book value application or revoke the previously granted approval if one or some of the requirements are not met. This would result in the transfer of assets and liabilities under the proposed Merger being required to be based on the fair market value, which may result in an additional income tax liability, plus related penalty as applicable.
- The BOD of both banks have appointed a tax advisor to address the above and other relevant tax risks and implications, as well as the proposed Merger being exempted from value added tax (VAT) pursuant to the prevailing Indonesian Value Added Tax Law. However, it is understood that the opinion of the tax advisor may be different from that of the tax authorities.
- (b) **Risks related to laws and regulations**
- The Merger Participants must and shall always comply with various regulatory requirements in Indonesia which may change from time to time. In connection with the Merger, the Merger Participants must obtain the Merger Approval from OJK (Department of Banking Licensing and Information) and MUFG Bank, must obtain the approval of JFSA to make the Surviving Bank a Subsidiary Company of MUFG Bank based on the Banking Act of Japan (Act No. 59 of 1981). If the Merger Approval and/or the approval of JFSA are not obtained, then the Merger Participants must not continue with, or may cancel, the Merger with due observance of the prevailing laws and regulations. In such event, the Merger Participants will make an announcement regarding the non-continuation or cancellation of the Merger.
- MUFG Bank will submit an application to JFSA to make Bank Danamon a Subsidiary Company of MUFG Bank based on the Banking Act of Japan (Act No. 59 of 1981) after Bank Danamon has obtained a Merger Approval from OJK (Department of Banking Licensing and Information). If the Merger is completed in accordance with prevailing laws and regulations, the Surviving Bank, which will become a subsidiary of MUFG Bank, will also be subject to the banking regulations in Japan and/or other prevailing laws and regulations at an international level.
- The Surviving Bank therefore shall continuously maintain a good relationship with the regulator for the purpose of complying with all prevailing laws and regulations and conducting ongoing assessments on potential change of laws and regulations in the future so as to ensure the fulfillment of the prevailing requirements and therefore anticipate any issues that may arise.

- (c) **Risks of integration**
- As a consequence of the proposed Merger, there will be an integration of the operational and information technology systems of each Merger Participant which shall be conducted gradually over a transition period. In the early phase of the proposed Merger, the focus of the integration process would be to minimize the disruption to business operations and impact to concerned stakeholders (including customers and partners). The banks will however need to fulfill all requirements from the Regulators (including filings and data reporting). The next integration phase is to optimize the information technology operation and systems, and to realize the synergy of the Merger. The completion of the integration process also requires a change to and/or addition of policies, Standard Operating Procedures (SOP) and information technology systems which may give rise to integration risks during the transition period. The impact of integration includes the possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (d) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (e) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (f) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (g) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (h) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (i) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (j) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (k) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (l) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (m) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (n) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (o) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (p) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (q) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (r) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (s) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (t) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (u) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (v) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (w) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (x) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (y) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (z) **Loss of customers**
- As a result of the Merger, there is a possibility of attrition in the customer base of each Merger Participant. Each Merger Participant will need to communicate the advantage and strength of the Merger to their customers, and highlight the additional services offered by the Surviving Bank as well as its stronger financial strength.

- (aa) **Loss of employees**
- The impact of this Merger is that, in accordance with prevailing conditions, there may be a possibility that several employees of the Merger Participants may choose not to continue the employment with the Surviving Bank. The possibility that completion of various aspects of integration (including IT, Operations, etc.) under either the early phase or the next integration phase of the proposed merger may not be done in a timely manner, which may interrupt the Surviving Bank's operational activities. However, the Integration team has already put in place a detailed project plan that highlights the key activities and timeline for each work stream, and reforms regarding the key milestones to ensure that any risks and delays can be resolved in a timely manner, so that each integration process may be carried out well and in accordance with the agreed schedule and to minimize the costs and risks of implementing integration.

- (ab) **Financial risks / Expected synergy may not be achieved**
- Although one of the key benefits of this Merger would be the potential synergies, there will be initial financial impact to the Merger Participants including costs and expenses and implementation risks which are related to matters regarding culture, management and operations, and which may cause the expected synergy to not be realized in full or in part. Through clarity of vision and strategy, a solid management team, integration of corporate culture and strengthening of risk management, the Surviving Bank may increase the probability for synergy to be achieved from the Merger process in excess of any initial financial impact.

- (c) Complete documents and other reports delivering the completed document, along with other reports, to the IDX for the purpose of listing share application of the Surviving Bank as stated in Listing Regulation of IDX No. 1-G;
- (d) The Merger Statement submitted by the Surviving Bank becomes effective according to OJK Regulation No. 74/2016;
- (e) The approval for the Merger Plan is obtained from the GMS of each of the Merger Participants, where further information related to the GMS can be examined in Section VI of the Information and Description of the Merger on Requirements Regarding GMS and Terms of Voting;
- (f) The Merger Participants sign the Merger Deed concerning the Merger Deed Concept. The Merger Deed Concept can still be changed based on the discretion of the BOD of the respective Merger Participants up to the date of GMS of Bank Danamon and BNP and remain subject to any change up to the date of Bank Danamon and BNP GMS, if considered necessary by the BOD of each Merger Participant in their discretion;
- (g) Considering Bank Danamon is a company engaging in banking activities, then Bank Danamon as the Surviving Bank needs to obtain an approval from OJK (Department of Banking Licensing and Information) in accordance with Government Regulation No. 28/1999;
- (h) MUFG Bank must obtain JFSA approval for the Surviving Bank to become a subsidiary of MUFG Bank under the Banking Act of Japan No. 59 of 1981; and
- (i) The Surviving Bank obtains notification receipt on the Merger from the MOLHR.

- (2) **Appraisal Result from Independent Business Appraisal upon the Merger Participants**
- (a) BNP share appraisal
- To estimate the fair market value of shares of BNP, KJPP Ruky, Safudin & Rekan applied 2 (two) approaches: (i) income approach using Discounted Cash Flow (DCF) with Free Cash Flow to Equity (FCFE) and (ii) market approach using Guideline Utility Traded Company Method and Market Approach. The valuation of Bank Danamon's business development, using income approach and market approach, KJPP Ruky, Safudin & Rekan is of the opinion that the fair market value of BNP as of 30 September 2018 (with the total number of issued and fully paid shares being 799,894,587 shares) is Rp1,415,419,030,982 or equivalent to Rp1,769.51 per share.
- (b) Bank Danamon share appraisal
- The valuation methods applied in the valuation of the 100% shares of Bank Danamon were discounted cash flow method, and guideline publicly traded company method. Discounted cash flow method was used considering that the operations carried out by Bank Danamon in the future will still fluctuate according to the estimated Bank Danamon's business development. In performing the valuation through this method, Bank Danamon's operations were projected based on the estimated Bank Danamon's business development. Future cash flows generated by financial statements projections were converted into the present value using an appropriate discount rate to the level of risk. Indicative value was the total present value of future cash flows.
- Guideline publicly traded company method was used in the valuation despite the unavailability of information for similar companies with similar business scale and assets, which are traded publicly, but it is expected that the available public companies stock data could be used to provide comparative data for the value of Bank Danamon.
- The approaches and valuation methods above were considered to be the most suitable to be applied in this assignment and had been approved by the management of Bank Danamon. It is possible that application of other valuation approaches and methods may give different results.
- Furthermore, the values obtained from each method are reconciled by weighting.
- Based on the analysis of all data and information that JKR has received and by considering all relevant factors affecting the valuation, therefore in JKR's opinion, the fair market value of the 100% shares of Bank Danamon as of 30 September 2018 was Rp 71,813,686,813,262 or equivalent to Rp7,492.58 per share.

- (c) **Fairness Opinion from Independent Business Appraisal regarding the Merger**
- Based on the scope of work, assumptions, data and information obtained from Bank Danamon management which were used in preparation of the report, analysis regarding the financial implications of the proposed merger as stated in the fairness opinion, JKR is of the opinion that the Merger is fair.
- The share percentage owned by the shareholders of each BNP and Bank Danamon will be diluted proportionally based on the conversion ratio and every share in BNP will be equal to 0.236168 shares in Bank Danamon.

- Based on the appraisal result of Bank Danamon and BNP as stated above, every share that is owned by BNP shareholders has rights to additional 0.236168 of Bank Danamon shares (being a total of an additional 188,909,505 shares in Bank Danamon) which represents 1.93% enlarged capital in Bank Danamon after the Merger. Thus, all shares held by BNP's shareholders would amount 188,909,505 shares of Bank Danamon's capital change after the Merger. Based on the appraisal, BNP's shareholders have the right to own 1.93% of the shares in Bank Danamon when the merger becomes effective.

- The details of the conversion calculation method as stated in the fairness opinion report which is conducted by JKR No. 000012.0222-00/BS/07/0153/11/2019 dated 21 January 2019 is as follows:

Description	Bank Danamon	BNP
Market Value of Shares	71,813,686,813,262	1,415,419,030,982
Conversion Ratio	1	0.236168

This appraisal will reflect the fair market value of each Merger Participant.

- (3) **Independent Accountant Explanation and Report of the Method and Procedure of Share Conversion**
- (a) **Share Conversion Methodology and Procedure**
- In the theory, the percentage of shares held by BNP and Bank Danamon's shareholders will be diluted proportionally based on the conversion ratio, where each share in BNP will be equal to 0.236168 shares in Bank Danamon. Such number is based on the following calculation:

Market Value of Shares	Total Shares	Price per share
Bank Danamon	71,813,686,813,262	7,492.58
BNP	1,415,419,030,982	1,769.51

Shares Conversion Ratio for one share of BNP 0.236168

Based on the assessment of Bank Danamon and BNP as stated above, each share owned by the shareholders of BNP in theory, will be exchanged with 0.236168 shares from the increased capital of Bank Danamon after the Merger. Hence, based on the assessment result, shareholders of BNP are entitled to own 1.93% of total Bank Danamon shares as the Surviving Bank, once the merger is effective.

- (b) **The Result of Agreed Upon Procedures of the Share Conversion Method and Procedures**
- The results of the agreed upon method and procedures for share conversion can be examined in Appendix C of the Independent Accountant Report of the Agreed upon Shares Conversion Method and Procedures of the Merger Participants which is issued by KAP Tandiandjaja, Wibisona, Rintis & Rekan (a member firm of PwC global network) regarding the share conversion method and procedures of the Merger Participants.

(4) Summary of Legal Opinions

- (a) **Summary of legal opinion by Armand Yapsutu Muharamsyah & Partners**
- Armand Yapsutu Muharamsyah & Partners has been appointed by Bank Danamon based on the Letter of Appointment, AY/PM/09-601/3641/18 dated 26 September 2018 to act as the legal consultant of Bank Danamon and provide a legal opinion regarding the Merger Plan. Without prejudice to the prevailing assumptions and qualifications in the legal opinion, below is the summary of such legal opinion:

- In relation to the Merger, the BOD of Bank Danamon and the BOD of BNP have jointly prepared the Merger Plan. The Merger Plan has been approved by each of the BOC of Bank Danamon and BNP on 20 January 2019.

- The Merger is carried out in accordance with the following laws and regulations, in particular: (i) Banking Law; (ii) Company Law; (iii) Capital Market Law; (iv) Government Regulation No. 27/1998; (v) Government Regulation No. 28/1999; (vi) SEBI 32/51/KEP/DIR-1999; (vii) OJK Regulation No. 74/2016; (viii) Listing Regulations of IDX No. 1-G and (ix) articles of association of Bank Danamon and BNP.

- The Merger will be effective after the following conditions are met:
 - a. Approval is obtained, or no objections are received from each of Bank Danamon and BNP's creditors and/or the implementation of notification or other necessary actions, as required under agreements in which each Bank Danamon and BNP is a party;
 - b. Merger Statement submitted by the Surviving Bank becomes effective according to OJK Regulation No. 74/2016;
 - c. GMS approval is obtained from each Bank Danamon and BNP on the Merger Plan of Bank Danamon and BNP along with the required transaction documents, including the Merger Plan and the draft of the Merger Deed of Bank Danamon and BNP;
 - d. Bank Danamon, as the Surviving Bank and listed company, receives in-principle listing approval from IDX for the additional shares to be issued;
 - e. Merger Approval is obtained;
 - f. Merger Deed is signed by Bank Danamon and BNP before a notary;
 - g. Approval from JFSA is obtained on the status of Bank Danamon as a subsidiary of MUFG Bank based on the applicable laws in Japan;
 - h. The receipt from MOLHR on the amendment of articles of association of the Surviving Bank is obtained; and

- i. The submission of (i) the merger implementation report in accordance with OJK Regulation No. 74/2016 and (ii) the minutes of GMS in accordance with OJK Regulation No. 32/2014 to OJK (Capital Market Supervisor).

- On the Merger Effective Date, Bank Danamon will act as the Surviving Bank, while BNP will be dissolved by law without any prior liquidation; and

- a. all assets and liabilities of BNP will be transferred by law to the Surviving Bank, including but not limited to movable or immovable objects, and BNP's receivables which arise due to the enactment of a legal provision or on the basis of a contract or agreement, to any party, debtor, and other parties including but not limited to the obligations to the Government of the Republic of Indonesia (both central and regional), creditors or other financial institutions, and other parties; and

- b. Bank Danamon's and BNP's shareholders, aside from those who opted to sell their shares, in accordance with the provisions in Section XII of the Information and Description of the Merger in this Merger Plan, by law become the shareholders of Bank Danamon as the Surviving Bank.

- The Merger between Bank Danamon and BNP is an Affiliated Party Transaction as defined under Rule IX.E.1, as when the Merger is to take place, Bank Danamon and BNP are directly or indirectly controlled by the same party, namely MUFG Bank. This transaction is not a conflict of interest transaction as referred to in Rule IX.E.1.

- Under Government Regulation No. 57/2010, a merger, consolidation or share acquisition exceeding a certain combined amount of assets or turnover must be notified to the Commission for the Supervision of Business Competition by no later than 30 (thirty) business days as from the date on which the merger is legally in effect. Government Regulation No. 57/2010 also provides an exception where such notification obligation does not apply if the merger is conducted between affiliated companies where "affiliation" is defined as the relationship between 2 (two) companies being controlled, either directly or indirectly, by the same party. If the merger of BNP into Bank Danamon has become effective, such transaction will then be exempted from notification obligation based on the Government Regulation No. 57/2010 as on the date of the implementation of such merger, Bank Danamon and BNP are controlled by the same party, namely MUFG Bank that is an affiliated party of Bank Danamon and BNP.

- The Merger of BNP into Bank Danamon is carried out by amending the articles of association of Bank Danamon, as the Surviving Bank, in particular Article 4 on Capital, therefore in accordance with the provisions of the Company Law, Government Regulation No. 27/1998 and OJK Regulation No. 74/2016, the Merger will become effective after the notification receipt by MOLHR on the amendment of articles of association of Bank Danamon is obtained.

- There are no negative covenants that apply to the Merger in the agreements between Bank Danamon and the creditors, except if there is an obligation of Bank Danamon to provide a prior notification regarding the Merger and to ensure that the Surviving Bank will take over all obligations or will continue to fulfill all of its obligations after the Merger Effective Date.

- (b) **Summary of legal opinion by Adnan Kelana Haryanto & Hermanto**
- Adnan Kelana Haryanto & Hermanto has been appointed by BNP based on Appointment Letter No. 474/AKH/HDX/2018 dated 14 September 2018, and has been appointed by BNP based on the Cooperation Agreement No. 118/DCL/PKS/IX/2018 dated 19 September 2018 to act as the legal consultant of BNP and provide a legal opinion regarding the Merger Plan. Without prejudice to the prevailing assumptions and qualifications in the legal opinion, below is the summary of such legal opinion:

- In accordance with the Merger, Bank Danamon and BNP have jointly prepared the Merger Plan. The Merger Plan has been approved by each of the BOC of Bank Danamon and BNP on 20 January 2019.

- The Merger is carried out in consideration of the provisions of the laws and regulations particularly (i) Banking Law, (ii) Company Law, (iii) Capital Market Law, (iv) Government Regulation No. 27/1998, (v) Government Regulation No. 28/1999, (vi) SEBI-32/51/KEP/DIR-1999, (vii) OJK Regulation No. 74/2016, (viii) Listing Regulation of IDX No. 1-G and (ix) the articles of association of Bank Danamon and BNP.

- The Merger will be effective after the following conditions are met:
 - a. Approval is obtained, or no objections are received, from each of the creditors of Bank Danamon and BNP and/or the implementation of necessary actions, as required under the agreements whereby each of Bank Danamon and BNP is a party;
 - b. Bank Danamon, as the Surviving Bank and listed company, receives in-principle listing approval from IDX for the additional shares to be issued;
 - c. Merger Statement submitted by the Surviving Bank becomes effective according to

have been prepared based on Bank Danamon's and BNP's (consolidated) financial statements for the nine month period ending as of 30 September 2018 which has been audited with proforma adjustment in accordance with Indonesian Financial Accounting Standards. Information regarding the historical consolidated financial position of Bank Danamon and BNP are each taken from the consolidated Bank Danamon financial statements as of 30 September 2018 as audited by KAP Tanudredja, Wibisana, Rintis & Rekan (a member firm of PwC global network) and BNP financial statement as of 30 September 2018 as audited by KAP Satrio Bing Ery & Rekan (a member firm of Deloitte global network).

(in millions of Rupiah)

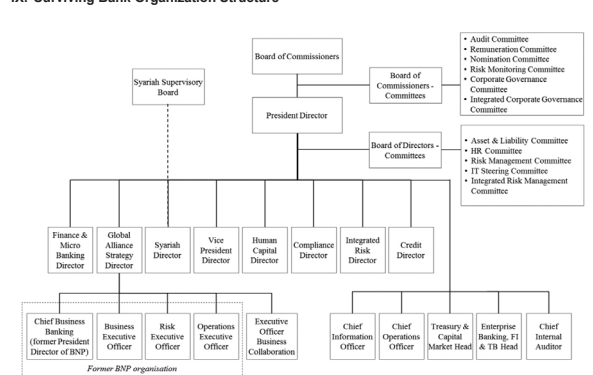
	Proforma adjustments			
	Historical 30 Sep 2018 Bank Danamon Group	Historical 30 Sep 2018 BNP	Transaction related adjustments	Proforma 30 Sep 2018
ASSETS				
Cash	1,854,814	72,739	-	1,927,553
Current accounts with Bank Indonesia	6,193,450	480,046	-	6,673,496
Current accounts with other banks	1,572,920	163,486	-	1,736,406
Placements with other banks and Bank Indonesia	3,885,521	356,999	-	4,242,520
Marketable securities	11,907,987	533,545	-	12,441,532
Government Bonds	12,245,842	-	-	12,245,842
Securities purchased under resale agreements	-	142,765	-	142,765
Derivative receivables	557,125	3	-	557,128
Loans	95,349,874	6,072,088	-	101,421,962
Consumer financing receivables	27,453,902	-	-	27,453,902
Finance lease receivables	249,090	-	-	249,090
Acceptances receivable	1,521,610	18,939	-	1,540,549
Prepaid taxes	537,275	-	-	537,275
Investments in shares	128,763	-	-	128,763
Assets of disposal group classified as held-for-sale	5,177,768	-	(1,151)	5,176,617
Intangible assets	1,530,654	5,048	-	1,535,702
Fixed assets	1,891,476	26,484	-	1,917,960
Deferred tax assets - net	2,408,264	2,349	-	2,410,613
Prepayments and other assets	4,082,641	104,943	-	4,187,584
TOTAL ASSETS	178,546,976	7,979,434	(1,151)	186,525,259
LIABILITIES				
Deposits from customers	98,326,517	6,365,945	(1,011)	104,691,451
Deposits from other banks	6,471,310	78,151	-	6,549,461
Acceptances payable	1,521,690	18,939	-	1,540,629
Securities issued	10,522,172	-	-	10,522,172
Borrowings	9,979,287	-	-	9,979,287
Subordinated loans	-	88,431	-	88,431
Taxes payable	197,924	6,606	-	204,530
Derivative liabilities	173,473	4	-	173,477
Liabilities of disposal group classified as held-for-sale	4,396,100	-	-	4,396,100
Obligation due immediately	-	26,140	-	26,140
Accruals and other liabilities	5,971,981	39,054	(140)	6,010,895
TOTAL LIABILITIES	137,560,454	6,623,270	(1,151)	144,182,573
EQUITY				
Share capital	5,901,122	399,948	(305,493)	5,995,577
Additional paid-up capital	7,256,324	355,798	905,911	8,518,033
Other paid-up capital	189	-	-	189
Other equity components	(134,894)	-	-	(134,894)
Retained earnings				
- Appropriated	390,062	72,580	(72,580)	390,062
- Unappropriated	26,992,175	527,838	(527,838)	26,992,175
	40,404,978	1,356,164	-	41,761,142
Non-controlling interests	581,544	-	-	581,544
TOTAL EQUITY	40,986,522	1,356,164	-	42,342,686
TOTAL LIABILITIES AND EQUITY	178,546,976	7,979,434	(1,151)	186,525,259

The business merger transaction is conducted using the pooling of interest method whereby the business merger is carried out using book value. In the business consolidation of commonly controlled entities, Bank Danamon, as the surviving entity that will continue carrying out the business, acknowledges the difference between the assigned consideration and the net assets from the business consolidation of commonly controlled entities in equity and present it as additional paid-up capital. Cost related to the acquisition will be recognized upon the occurrence of the acquisition.

VIII. Acquisition Confirmation of Rights and Obligation Transition

Under Article 122 paragraph (3) of the Company Law, the Surviving Bank, confirms itself to accept and take over all businesses, operations, assets and liabilities as well as BNP's equity as the consequence of the Merger.

IX. Surviving Bank Organization Structure



X. Merger Risk

The BOD of the Merger Participants have considered and analyzed all risks that are related to the Merger and have prepared plans to mitigate those risks. The Directors of the Merger Participants are sure that no risks would result from the Merger, other than the risks that are stated in Section VI of the Information and Description of the Merger regarding Merger Risks.

RECOMMENDATION FROM THE BOD AND THE BOC

As stated in this Merger Plan, every share of BNP will be exchanged with 0.236168 shares in Bank Danamon.

In accordance with the provision under Article 122 of the Company Law, as the consequence of the Merger, BNP will be dissolved by operation of law without a prior liquidation, and therefore:

(1) all assets and liabilities of BNP will be transferred by law to Bank Danamon, as the Surviving Bank; and

(2) shareholders of BNP will by law become shareholders of Bank Danamon as it is the Surviving Bank.

This Merger is estimated to be effective on 1 May 2019. After the Merger Effective Date, Bank Danamon will remain a public company listed on IDX.

The BOD and BOC of Bank Danamon and BNP view that this Merger will increase the value of the company because it is a positive move for stakeholders, including the shareholders of Bank Danamon.

The BOD and BOC of Bank Danamon and BNP have proposed to their shareholders to agree with the resolution on the proposed Merger in each of their respective GMS.

REQUIREMENTS REGARDING GMS AND TERMS OF VOTING

Bank Danamon's shareholders who are eligible to attend the GMS of Bank Danamon are the shareholders of Bank Danamon that are registered on 1 March 2019.

The shareholders who cannot attend the GMS can be represented by a proxy by completing the power of attorney form provided by PT Adimitra Jasa Korpora, as the BAE assigned by Bank Danamon and returning it to PT Adimitra Jasa Korpora at the latest prior to the date of the GMS.

BNP's shareholders who are eligible to attend the GMS of BNP are the shareholders of BNP that are registered on KSEI and PT Sinartama Gunita.

The shareholders who cannot attend the GMS can be represented by a proxy by completing the power of attorney form provided by BNP and returning it to BNP at the latest prior to date of the GMS.

GMS OF BNP
At the GMS of BNP, BNP will request the following approvals from shareholders regarding the merger:

(a) approval of the Merger Plan; and
(b) approval of the Merger Deed Concept.

GMS OF BANK DANAMON
At the GMS of Bank Danamon, Bank Danamon will request the following approvals from the shareholders relating to the Merger:

(a) approval of the Merger Plan;
(b) approval of the Merger Deed Concept;

(c) approval of the amendment of Bank Danamon's articles of association; and
(d) approval of appointments or changes to the composition of the BOD and BOC of Bank Danamon, as the Surviving Bank, including the approval of remuneration of the BOD and BOC.

The Merger has to be approved by the respective shareholders of Bank Danamon and BNP.

(i) The approval from the respective GMS of Bank Danamon and BNP. The GMS of Bank Danamon and BNP can adopt resolutions if it is respectively attended by at least 3/4 of the total respective shareholders of Bank Danamon and BNP with lawful voting rights and the resolution is approved by more than 3/4 of the total votes that are lawfully casted in the GMS.

(ii) If the quorum of the first GMS is not fulfilled, then the second GMS can adopt resolutions if it is attended by the respective shareholders of Bank Danamon and BNP that represent at least 2/3 of the total shares with lawful voting rights and the resolution is approved by more than 3/4 of the total votes that are lawfully casted in the GMS.

(iii) If the quorum of the second GMS is not fulfilled, then by the request of Bank Danamon and BNP, the quorum for attendance and quorum for resolution adoption can be determined by OJK.

INDICATIVE MERGER IMPLEMENTATION PROCESS TIMETABLE

Item	Activity	Date
1.	Submission of the EGMS plan and agenda to OJK	15 January 2019
2.	Approval of the BOC of Bank Danamon and BNP on the Merger Plan	20 January 2019
3.	a. The BOC of Bank Danamon and BNP to announce the abridged Merger Plan in daily newspapers and the Bank Danamon and BNP websites b. Submission of the Merger Statement to OJK (Capital Markets), attaching the Merger Plan which has been approved by the BOC of Bank Danamon and BNP together with the supporting documents on the same day, with copies to be delivered to OJK (Department of Banking Licensing and Information (in Jakarta and Bandung)), the IDX and BI c. Announcement to convene the GMS of Bank Danamon and BNP, respectively d. The BOD of Bank Danamon and BNP to provide written notification to employees regarding the proposed Merger e. The BOD of Bank Danamon and BNP to provide written notification to creditors to provide objections on the proposed Merger f. Circular letter to be made available for shareholders of Bank Danamon and BNP	22 January 2019
4.	Listing application of shares of the Surviving Bank and delisting application of BNP shares to the IDX	23 January 2019
5.	Submission of evidence of Surviving Bank newspaper announcement and announcement on Bank Danamon and BNP websites to the IDX	24 January 2019
6.	The deadline for creditors and minority shareholders of Bank Danamon and BNP to file objection	25 February 2019
7.	The last recording date in the shareholders register of Bank Danamon and BNP for shareholders who are eligible to attend the GMS and who are entitled to sell their shares	1 March 2019
8.	The BOD of Bank Danamon and BNP to announce the invitation for their respective GMS in newspapers	4 March 2019
9.	Date of issuance of the effective statement from OJK (Capital Market Supervision) on the Merger Statement	11 March 2019
10.	Submission of written report to the IDX after the Merger Statement becomes effective based on the statement from OJK (Capital Market Supervision)	12 March 2019
11.	The BOD of Bank Danamon and BNP to announce any additional information on and/or amendment to the abridged Merger Plan that has been published and amended in daily newspapers	22 March 2019
12.	a. GMS of Bank Danamon and BNP, respectively b. The BOD of Bank Danamon and BNP to sign the Merger Deed based on the draft Merger Deed which has been approved by the GMS	26 March 2019
13.	a. Notification of the abridged minutes of the GMS of Bank Danamon and BNP to OJK (Capital Market Supervision) and the IDX, and announcement of the abridged minutes of the GMS of Bank Danamon and BNP to public in Indonesian language newspapers with national circulation and Bank Danamon's and BNP's websites b. Submission of the Merger Deed to OJK (Capital Market Supervision) and the IDX	28 March 2019
14.	Period to state intention to sell by Bank Danamon's and BNP's shareholders who intend to sell their shares	28 March 2019 – 10 April 2019
15.	Application for the Merger Permit to OJK (Department of Banking Licensing and Information)	28 March 2019

Item	Activity	Date
16.	Estimation of receipt of approval on the Merger from OJK (Department of Banking Licensing and Information)	26 April 2019
17.	Submission of the copy of the approval on the Merger from OJK (Department of Banking Licensing and Information) to the IDX	26 April 2019
18.	Submission of the physical document of the Merger Deed and Amendment of the Articles of Association of the Surviving Bank to the MOLHR	29 April 2019
19.	Estimated cash payment date for the purchase of shares of Bank Danamon's and BNP's shareholders who sell their shares	29 April 2019
20.	Estimated date to obtain (i) the receipt of notification on the Merger, and (ii) the change of shareholding composition from the MOLHR	30 April 2019
21.	Issuance of principle approval for the listing of shares of the Surviving Bank	30 April 2019
22.	Issuance of shares of the Surviving Bank to BNP's shareholders who opted to convert their BNP shares for shares in the Surviving Bank	30 April 2019
23.	Last trading date of BNP's shares in the IDX before the Merger	30 April 2019
24.	Merger Effective Date (Legal Day 1, 'LD1')	1 May 2019 or such other date as later agreed by Bank Danamon and BNP which shall be the first day of the agreed month
25.	a. Effective date for the trading of shares of the Surviving Bank in the IDX b. Effective date of the delisting of BNP shares in the IDX c. Announcement of the Merger result by the BOD of the Surviving Bank in 2 Indonesian language newspapers d. Submission of the amendment of the Articles of Association and its approval to the IDX	The date which is 1 trading day after the Merger Effective Date
26.	Submission of Merger implementation report to OJK (Capital Market Supervision)	The date which is 5 business days after the Merger Effective Date

INDEPENDENT PARTY DESCRIPTION

Independent Public Accountant for Bank Danamon and the Merger Process: KAP Tanudredja, Wibisana, Rintis & Rekan (a member firm of PwC global network)

Independent Public Accountant: KAP Satrio Bing Ery & Rekan (a member firm of Deloitte global network)

Bank Danamon's Legal Consultant: Armand Yapsunto Muharamsyah & Partners

BNP's Legal Consultant: Adnan Kelana Haryanto & Hermanto

Bank Danamon's Independent Appraiser: KJPP Jennywati, Kusnanto & Rekan

BNP's Independent Appraiser: KJPP Ruky, Safudin & Rekan

BNP's and Bank Danamon's Notary: Mala Mukti, S.H., LL.M.

Bank Danamon's Share Registrar: PT Adimitra Jasa Korpora

Appointed Securities Company: PT Mandiri Sekuritas

ADDITIONAL INFORMATION

If the shareholders of Bank Danamon and BNP need further information regarding this Merger, please contact the respected companies at:

PT BANK DANAMON INDONESIA TBK **PT BANK NUSANTARA PARAHYANGAN TBK**

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