



# Permata and Bangkok Bank

Strategic Investment for Growth

February 2020



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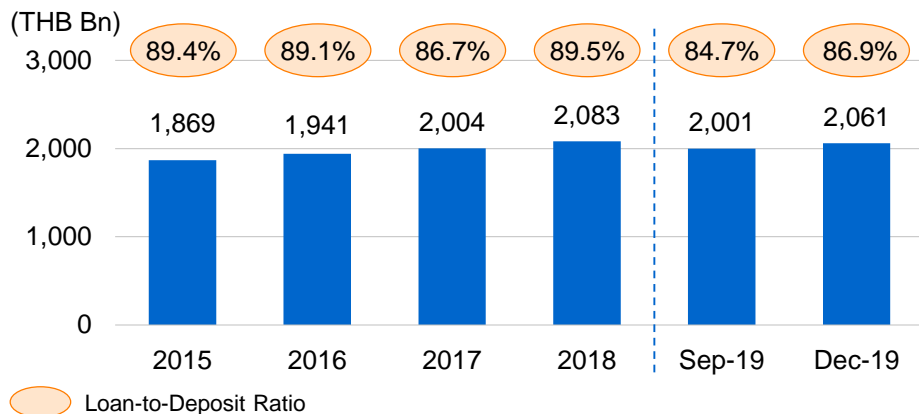
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# Update on Bangkok Bank's 2019 Results

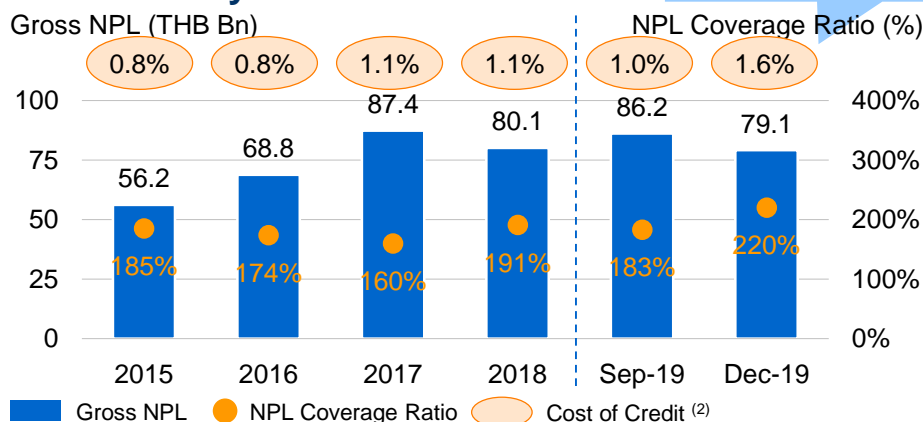


## Loan



Source: Bangkok Bank

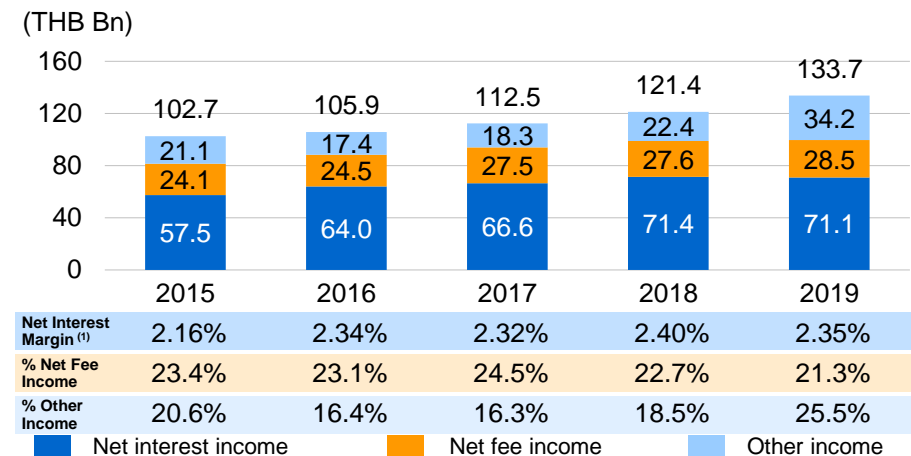
## Asset Quality



Source: Bangkok Bank

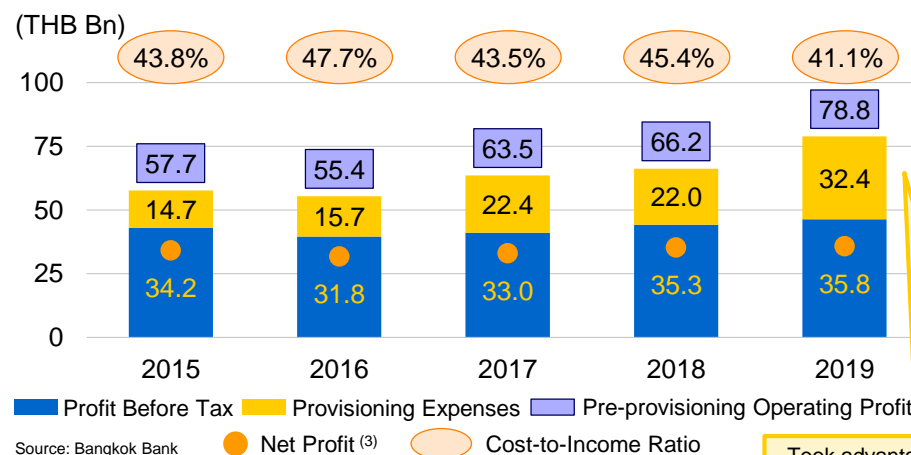
- Notes:**
1. Net interest income as a percentage of average earning assets
  2. Impairment loss of loan and debt securities divided by average loan less deferred revenue. Sep-19 and Dec-19 cost of credit refer to annualized cost of credit for 9M2019 and FY2019, respectively
  3. Attributable to owners of the bank

## Income Breakdown and NIM



Source: Bangkok Bank

## Profit



Source: Bangkok Bank

Took advantage of the transition to IFRS9 to book a one-off increase in provisioning

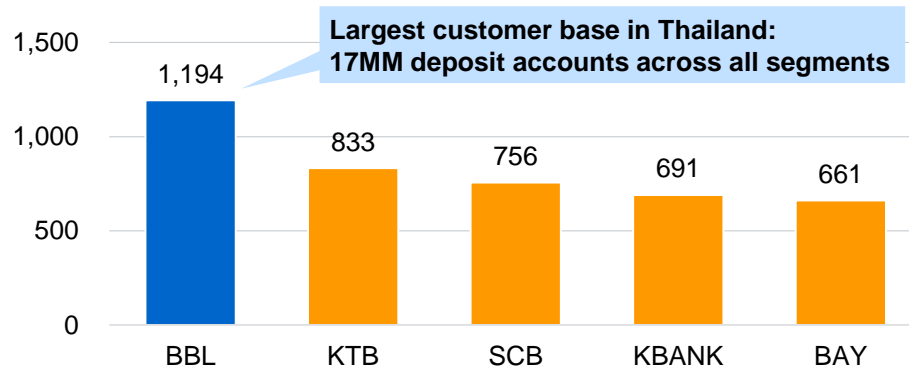
# Bangkok Bank Today



## Bangkok Bank's Aim is to Become a Leading and Well-Diversified ASEAN Regional Bank, with Long-Term Sustainable Growth and Returns

### Largest Corporate Book in Thailand

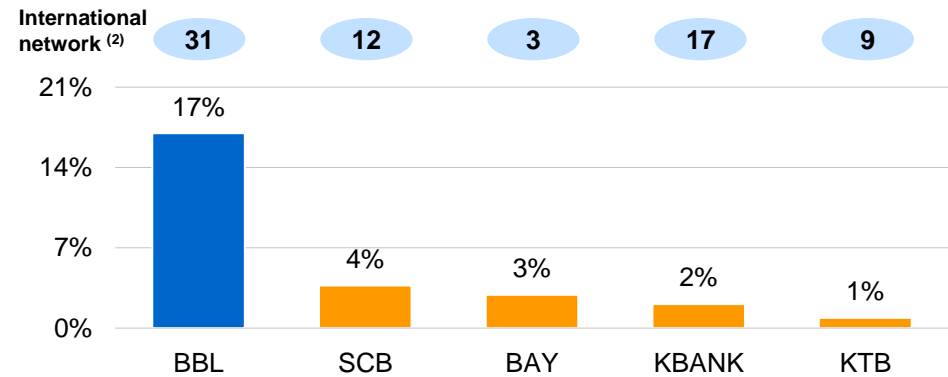
Corporate Loans (THB Bn), as of 31 December 2019



Source: Company Information

### Most International Thai Bank

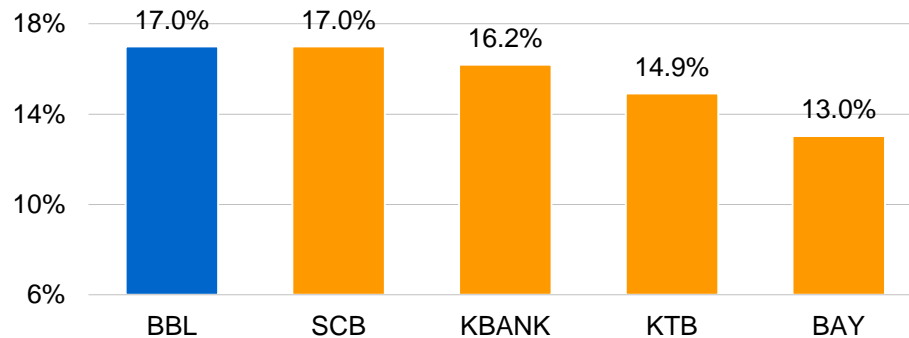
% of Loans Classified as Foreign, as of 30 June 2019 <sup>(1)</sup>



Source: Company Information

### Robust Capital – Highest CET1 Ratio Among Peers

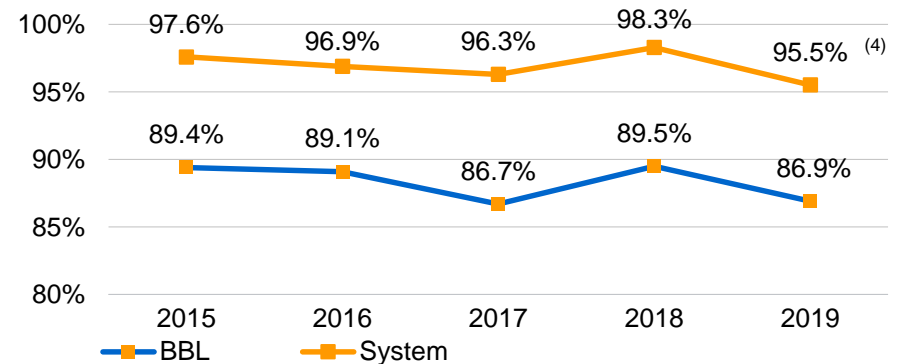
Consolidated CET1 Ratio (%), as of 31 December 2019 <sup>(3)</sup>



Source: Company Information

### Prudent Liquidity Position

Loan-to-Deposit Ratio (%)



Source: Bangkok Bank, Bank of Thailand

**Notes:**  
 1. BBL: international segment as a proportion of total loans. Other banks: proportion of foreign loans, classified by customer's residence per Thai Financial Reporting Standards. Based on the latter metric, BBL would have 23% foreign loans.  
 2. Includes head offices, branches, and rep offices  
 3. KTB and BAY as of 30 September 2019 (latest currently available)  
 4. As of 30 November 2019

# Longstanding Presence and Proven Track Record in Indonesia



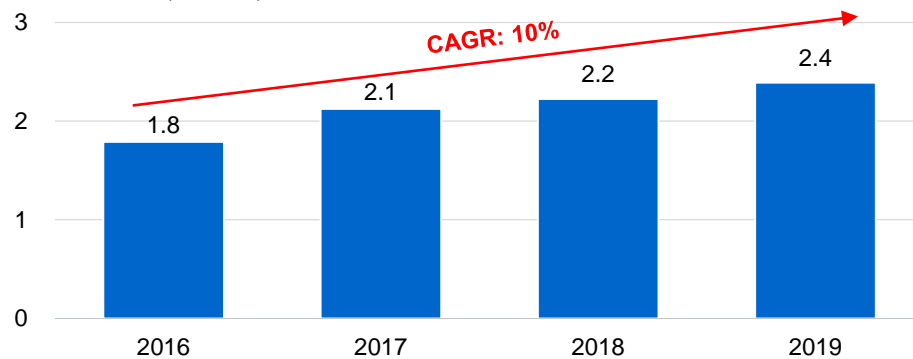
## Over 50 Years of Experience

- Jakarta branch established in 1968; Surabaya and Medan branches opened in 2012 and 2013, respectively
- Focused on corporate banking – scope of business primarily international trade finance
- Provides a broad variety of banking products and services, including loan, deposit, remittance, export and import, bank guarantee, and foreign exchange
- 93 employees across three branches, as of 31 December 2018
- Loan breakdown by sector (as of 31 December 2018): 80% manufacturing, 8% mining, 5% restaurants and hotels, 3% real estate, 2% trading

Source: Bangkok Bank

## Robust Asset Growth

Total Assets (US\$Bn) <sup>(1)</sup>



Source: Bangkok Bank

**Notes:**

1. Based on exchange rate of US\$/IDR of 13,838 as of 31 December 2019

2. Calculated as net income for the period divided by the average of the beginning and ending total head office account for the period; annualized for 9M2019. May differ from the "return on equity" as stated in the company's annual and quarterly disclosures, and does not take into account "declared working capital funds"

## Banking the Largest Companies in Indonesia

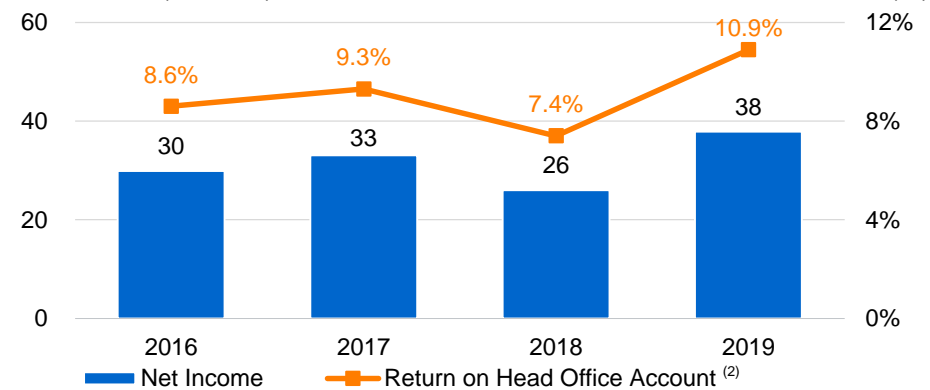
<b>Indonesian Companies</b>	
<b>Thai Companies</b>	
<b>Pan-Asian Companies</b>	

Source: Bangkok Bank

## Strong Profitability

Net Income (US\$MM) <sup>(1)</sup>

Return on Head Office Account (%)



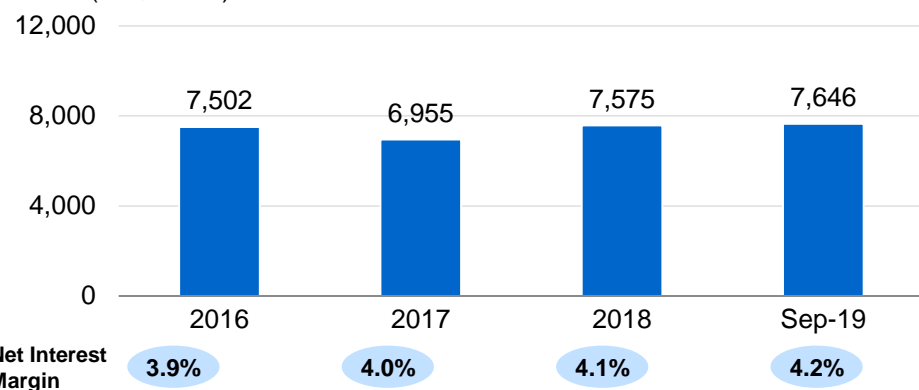
Source: Bangkok Bank

# Permata – Growth and Profitability Have Rebounded



## Stable Loans and Net Interest Margin

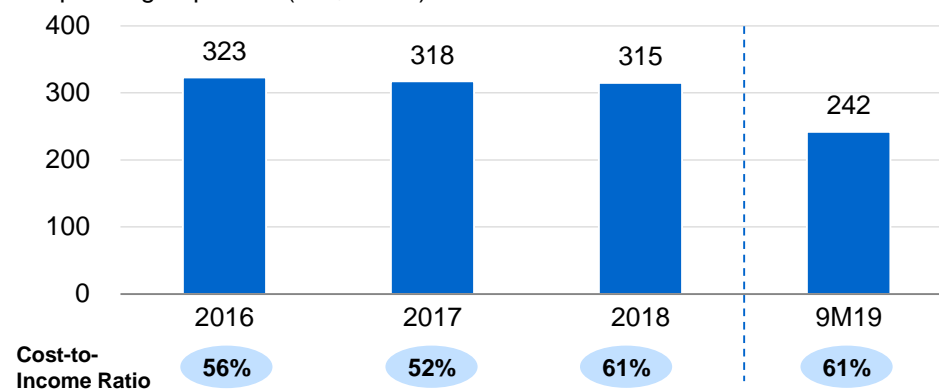
Loans (US\$MM<sup>(1)</sup>)



Source: Company Filings

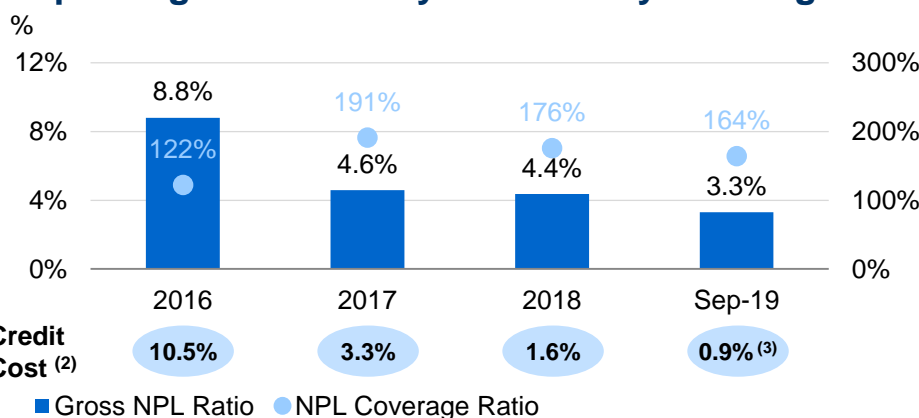
## Stable Cost Structure

Operating Expenses (US\$MM<sup>(1)</sup>)



Source: Company Filings

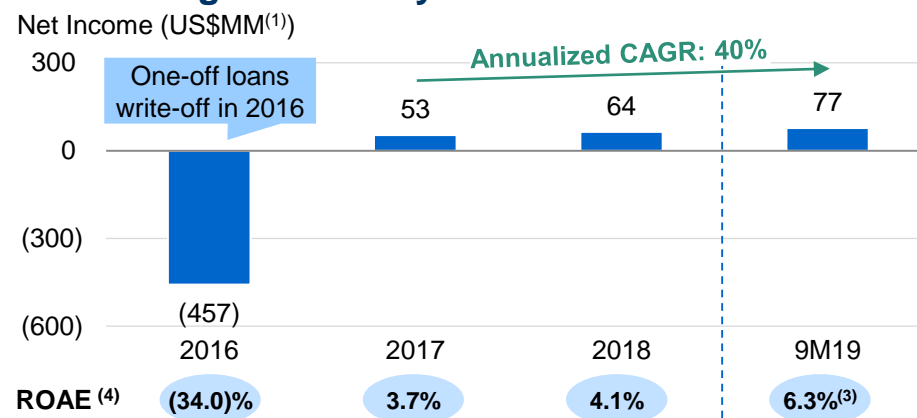
## Improving Asset Quality and Healthy Coverage



Source: Company Filings

**Notes:**  
 1. Based on exchange rate of US\$/IDR of 14,179 as of 30 September 2019  
 2. Credit cost defined as bank impairments divided by average loans of starting and ending balance for the period  
 3. Annualized for nine months ending 30 September 2019

## Recovering Profitability



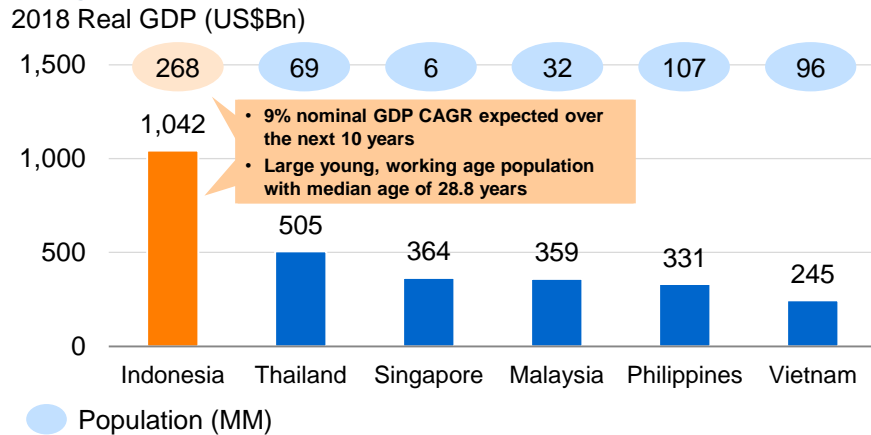
Source: Company Filings

4. ROAE defined as net income attributable to equity holders of the parent entity divided by average shareholders equity value; Regulatory disclosure of ROE, which is based on parent entity CET1 capital, was (38.3%), 4.8%, 5.0% and 7.1% for 2016, 2017, 2018 and 9M19 respectively

# Indonesia – Largest ASEAN Economy and Fast-Growing Banking Sector, Underpinned by Favorable Demographic Tailwinds

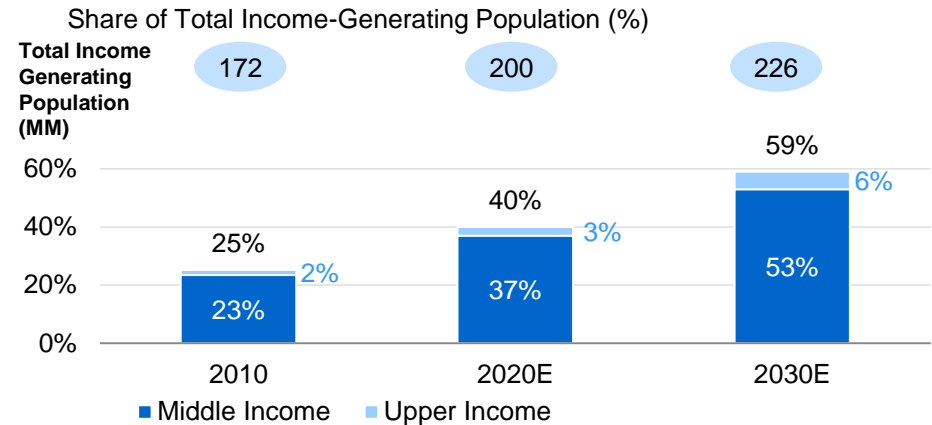


## Largest Economy and Population in SEA



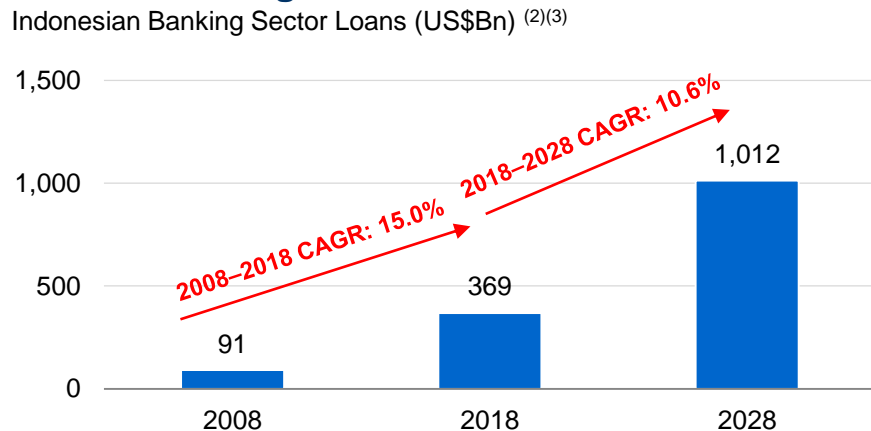
Source: Euromonitor, BMI

## Large and Rapidly Growing Middle and Upper Income Population (1)



Source: Euromonitor

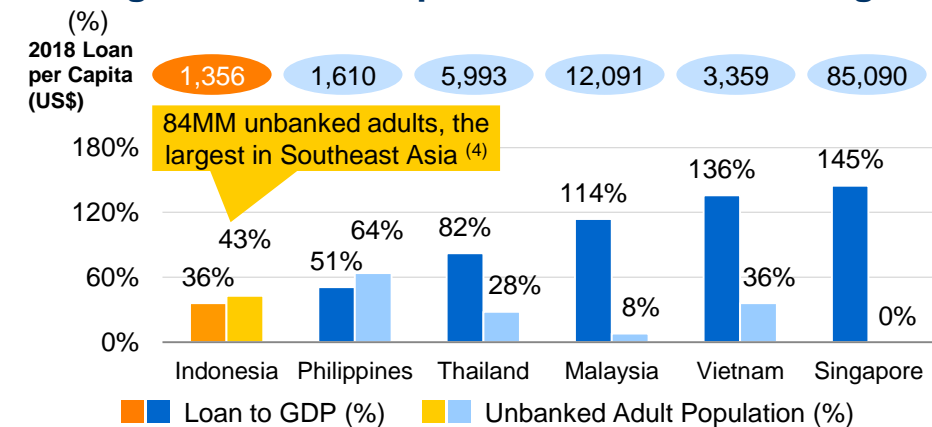
## Robust Banking Sector Growth to Continue



Source: Bank Indonesia, Fitch Solutions

- Notes:
1. Lower income is defined as an annual income of less than US\$3,500. "Middle income" is defined as an annual income of US\$3,500 to US\$15,000. "Upper income" is defined as an annual income of above US\$15,000. All three definitions at constant prices
  2. Includes loans in Rupiah and foreign currency of commercial and rural banks
  3. Using an FX rate of 14,423 IDR/USD as of 31 December 2018
  4. "Adult" is defined as individuals above the age of 15

## Large Unbanked Population and Low Leverage




Source: BMI, Euromonitor


# What Permata Brings to Bangkok Bank




## 1 Solid, Scalable Platform in an Attractive Market




**#12  
Assets**



**#9  
Deposits**




**#8  
Mortgages**




**#6  
Bancassurance**

## 2 Leading Digital Capabilities Provides Solid Funding Base For Growth



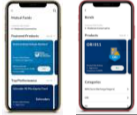
**PermataMobileX**

- Best-in Class mobile banking app in Indonesia
- 200+ features
- 58% Monthly Active Users
- Enhance customer acquisition and loyalty



**Banking API**

- 200+ APIs and 800+ API partners
- >70% of new accounts booked in 1H2019 (x2 2018)
- Build scale and accelerate growth



**Digitally-Driven Wealth Management Platform**

- 20% of mutual fund and bond trades executed online
- One of the few banks authorized to distribute government savings bonds digitally

## 3 Expertise in the Retail and SME Segments

**Loans: US\$7.6Bn<sup>(1)</sup>**

Corporate	42%
SME	26%
Mortgage	16%
Joint Financing (Auto)	12%
Credit Card and Personal Loan	4%

**Retail + SME: 58%**

**3.6MM customers**


**Deposits: US\$8.5Bn<sup>(1)</sup>**

Time	50%
Demand	26%
Saving	24%


**CASA: 50%**

**17.5% wealth management AUM CAGR<sup>(2)</sup>**


## 4 Unique Partnership Model and Fintech Channeling




**online lending and joint financing;**  
385k new loans monthly, ~65% of total new accounts booked




**3<sup>rd</sup> largest mobile operator, digital value chain, FX, lending**




**Joint financing;**  
31k new loans monthly, 5% of total new accounts booked




**Mortgage origination network of ~350 developers and ~580 brokers nationwide**



**Co-branded credit and debit card; API-based account opening**



**co-branded Shariah debit card**



**>120k active payroll accounts; >500 suppliers; close to 400 dealers**

Source: Company Information

**Notes:**  
 1. Based on exchange rate of US\$/IDR of 14,179 IDR/USD as of 30 September 2019  
 2. Total wealth management AUM including bancassurance; CAGR from 2016 to 3Q2019



# Significant Synergy Potential By Combining the Strengths of Both Banks



## Key Strengths of Permata

- Strong Retail and SME franchise – 58% of loans, #6 in bancassurance, #8 in mortgages
- Large funding base – 3.6+ MM customers, 50% CASA ratio
- Best-in-class digital capabilities to aid customer acquisition and enhance customer loyalty
- Unique low-cost partnership ecosystem model and fintech channelling to build scale and accelerate growth



## Key Strengths of Bangkok Bank

- Largest corporate and second largest SME bank in Thailand
- Leading cross-border product capabilities and full suite of customized, end-to-end solutions
- Thailand's most international bank
- Robust capital position, prudent liquidity, and best-in-class risk management practices

### Retail

- Larger funding base to increase Bangkok Bank Indonesia's legal lending limit
- Apply Permata's retail banking expertise to Bangkok Bank's consumer business
- Onboard management and employees of Bangkok Bank's Indonesia customers

### Corporate and SME





- Introduce cross-border capabilities
- Promote transfer of knowledge to help Permata clients grow
- Cross-sell Permata's payroll, cash management, and transaction banking services to Bangkok Bank's customers

### Operations and Risk Management

- Share best practices across functions
- Utilize Bangkok Bank's leading risk management capabilities to strengthen Permata's risk management framework
- Extend Permata's digital capabilities to the full Bangkok Bank platform

# Clear Roadmap to Drive ROE uplift and Transform Permata into a Leading Indonesian Bank



Key Drivers of ROE	PermataBank  : Historically	PermataBank  : Today and Beyond	PermataBank  : With  <b>ธนาคารกรุงเทพ</b> Bangkok Bank
<b>Operating Income</b>	<ul style="list-style-type: none"> <li>Restructuring exercise</li> <li>Refocus business mix</li> <li>Revamp KPIs to align incentives</li> </ul>	<ul style="list-style-type: none"> <li>Enhance best-in-class digital capabilities to enhance customer loyalty and acquire customers</li> <li>Leverage partnerships to acquire customers and drive loans and fees</li> <li>Focus on cross-selling and increase penetration of high-yielding assets</li> <li>Enhance fee income through trade services and wealth management</li> </ul>	<ul style="list-style-type: none"> <li>Leverage relationships with Asian corporates and SMEs</li> <li>Introduce new product capabilities and services (e.g. trade finance, supply chain) to existing and new customers</li> <li>Cross-sell Permata's universal banking products and services to Bangkok Bank's Indonesia customers</li> </ul>
<b>Operating Costs</b>	<ul style="list-style-type: none"> <li>Rollout digital enablers to improve efficiency and strengthen credit management process</li> <li>Cost control and stable expenses</li> </ul>	<ul style="list-style-type: none"> <li>Digital account opening and loan application to improve efficiency</li> <li>Branch optimization e.g. triple the proportion of sales-focused staff</li> </ul>	<ul style="list-style-type: none"> <li>Share best practices on recruitment, talent development, and productivity</li> <li>Extend Permata's digital capabilities to the full Bangkok Bank platform</li> </ul>
<b>Asset Quality</b>	<ul style="list-style-type: none"> <li>Strengthen risk culture and corporate governance</li> <li>Address asset quality issues</li> <li>NPL sales and recoveries</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of strong risk culture</li> <li>Investment in technology to improve decision-making and risk management</li> </ul>	<ul style="list-style-type: none"> <li>Share best-in-class risk management practices and apply Bangkok Bank's risk management philosophy</li> </ul>

# Appendix



# Transaction Summary



<p><b>Overview</b></p>	<ul style="list-style-type: none"> <li>• Acquisition of 89.12% stake in PT Permata Tbk (“Permata”) in an all cash transaction from Standard Chartered Bank (“SCB”) (44.56%) and PT Astra International Tbk (“Astra”) (44.56%)             <ul style="list-style-type: none"> <li>– Transaction expected to complete within 2020</li> </ul> </li> <li>• Bangkok Bank anticipates conducting a Mandatory Tender Offer (“MTO”) in respect of the remaining 10.88% stake in Permata following completion of the Transaction</li> </ul>
<p><b>Transaction Value</b></p>	<ul style="list-style-type: none"> <li>• P/BV multiple: 1.77x of Permata's book value (subject to certain adjustments)             <ul style="list-style-type: none"> <li>– Final Purchase Price based on last financial statement prior to closing</li> </ul> </li> <li>• Implies Purchase Price of IDR1,498 per share on basis of 30 September 2019 book value             <ul style="list-style-type: none"> <li>– Transaction Value of IDR37,430,974 million (US\$2,674 million) <sup>(1)</sup> for 89.12% stake</li> <li>– Transaction Value of IDR42,001,080 million (US\$3,000 million) <sup>(1)</sup> for 100.0% stake</li> </ul> </li> </ul>
<p><b>Funding</b></p>	<ul style="list-style-type: none"> <li>• Financed via combination of internal resources and through routine funding sources</li> <li>• Bangkok Bank does not intend to raise equity for this Transaction</li> </ul>
<p><b>Financial Impact</b></p>	<ul style="list-style-type: none"> <li>• Permata will contribute ~10% pro forma to our loans / deposits and our key financial metrics will not be impacted</li> <li>• Bangkok Bank’s capital ratios will remain robust and strong – pro forma CET 1 of 14.5%; Total CAR of 17.2%</li> </ul>
<p><b>Conditions to Closing</b></p>	<ul style="list-style-type: none"> <li>• Subject to various conditions including:             <ul style="list-style-type: none"> <li>– Otoritas Jasa Keuangan (“OJK”) approval;</li> <li>– Bank of Thailand (“BoT”) approval; and</li> <li>– Bangkok Bank shareholder approval</li> </ul> </li> </ul>
<p><b>Timing</b></p>	<ul style="list-style-type: none"> <li>• Announcement: 12 December 2019</li> <li>• Bangkok Bank shareholder approval: 5 March 2020</li> <li>• Completion of 89.12% stake acquisition (post approvals from OJK and BOT): 3Q2020 (tentative)</li> <li>• Mandatory Tender Offer: 3Q2020 (tentative)</li> </ul>

**Note:**  
1. On basis of 30 September 2019 book value; Based on exchange rate of US\$/IDR of 13,999 as of 11 December 2019

# For Further Information and Queries



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