

Attachment 1

-Translation-

The Opinion of the Independent Financial Advisor on Shares
Acquisition of PT Bank Permata Tbk

Prepared for the Attention of

the Shareholders of Bangkok Bank Public Company Limited



Prepared by

Discover Management Company Limited



23 January 2020

This English Translation has been prepared solely for the convenience of the foreign shareholders of Bangkok Bank Public Company Limited and should not be relied upon as the definitive and official opinion of the Independent Financial Advisor. The Thai language version of the Opinion of the Independent Financial Advisor report is the definitive and official document and shall prevail in all respects in the event of any inconsistency with the English translation

The Opinion of the Independent Financial Advisor on Shares Acquisition of PT Bank Permata Tbk

23 January 2020

No. DM003/2020

Subject : The Opinion of the Independent Financial Advisor on Shares Acquisition of PT Bank Permata Tbk

To : Audit Committee and the Shareholders of Bangkok Bank Public Company Limited

Attachment: 1) Summary of Information on Bangkok Bank Public Company Limited
2) Summary of Information on PT Bank Permata Tbk
3) Summary of Information on Standard Chartered Bank
4) Summary of Information on PT Astra International Tbk

Reference: 1) Resolution of the Board of Directors meeting of Bangkok Bank Public Company Limited No. 12/2019 held on 11 December 2019.
2) Notification to the Stock Exchange of Thailand regarding the Entering into a Share Purchase Agreement for the Acquisition of a Majority Shareholding in PT Bank Permata Tbk dated 12 December 2019.
3) Form of Annual Registration Statement (Form 56-1) of Bangkok Public Company Limited and Annual Report as of 31 December 2018.
4) Audited financial statements of Bangkok Bank Public Company Limited and PT Bank Permata Tbk for the years ended on 31 December 2016 - 2018 and reviewed financial statements of Bangkok Bank Public Company Limited and published financial statements of PT Bank Permata Tbk (9 months) as of 30 September 2019.
5) Interviews with executives of Bangkok Bank Public Company Limited and PT Bank Permata Tbk as well as other related persons.
6) Financial estimates of PT Bank Permata Tbk
7) Accounting due diligence and legal due diligence reports
8) Conditional Share Purchase Agreement and other related agreements

- Disclaimers: 1) The results of the study conducted by Discover Management Company Limited (“Discover” or “Independent Financial Advisor” or “IFA”) in this report are based on information and assumptions provided by the management of Bangkok Bank Public Company Limited (“BBL”, the “Bank”, or the “Purchaser”) and PT Bank Permata Tbk (“Permata”) and the information the Bank disclosed to the public or on the websites of the Securities and Exchange Commission (www.sec.or.th) and the Stock Exchange of Thailand (www.set.or.th) and from other channels.
- 2) IFA shall not be responsible for the profits or the losses and any impacts resulting from this transaction.
- 3) IFA conducted the study with knowledge, skills, and cautiousness on the basis of professional ethics.
- 4) IFA considers and provides opinion based on the assumption that the information received is accurate and complete and the situation and information at the present time. If such situation and information changes significantly, the results of the study in this report may be affected.

At the BBL’s Board of Director’s meeting No. 12/2019 on 11 December 2019, the Board of Directors passed a resolution to enter into a Conditional Share Purchase Agreement (“CSPA”) with Standard Chartered Bank (“Standard Chartered”) and PT Astra International Tbk (“Astra”) to purchase from Standard Chartered and Astra 24,991,429,332 Series B¹ shares in total in PT Bank Permata Tbk, representing 89.12% of the total issued and paid-up shares in Permata (the “Transaction”). Each of Standard Chartered and Astra respectively will sell 12,495,714,666 Series B shares, representing 44.56% of the total issued and paid-up shares in Permata, to BBL. The completion of the Transaction is subject to the satisfaction of the conditions precedent under the CSPA.

The entering into the Transaction is not considered a material acquisition under the Notification of the Capital Market Supervision Board No. Tor Jor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, and the Notification of the Board of Governors of the Stock Exchange of Thailand (“SET”) Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (as amended) (the “Notification of the Acquisition or Disposition of Assets”). After the completion of the Transaction and as required by the Financial Services Authority of Indonesia (Otoritas Jasa Keuangan) and relevant

¹ Current Permata’s Shareholders (September 30, 2019)

No.	Name	Number of Shares		Value		%
		Series A	Series B	Series A	Series B	
1.	Astra	-	12,495,714,666	-	1,561,964,333,250	44.56
2.	Standard Chartered	-	12,495,714,666	-	1,561,964,333,250	44.56
3.	Public	26,880,234	3,024,429,639	336,002,925,000	378,053,704,875	10.88
	Total Shares	26,880,234	28,015,858,971	336,002,925,000	3,501,982,371,375	100.00

Note: Series A and Series B shares have the same voting right, dividend, and trading at the same price and same symbol at the IDX. The only different is nominal value when the shares were issued.

regulations, the Bank will need to conduct a tender offer for the remaining shares of Permata held by the minority shareholders. As such, the Bank may acquire up to 100% of the total shares in Permata. The total consideration for the Transaction payable will be equal to 1.77X Book Value as set out in the last published financial statements of Permata prior to the closing of the Transaction (expected to be around Q3 2020) plus IDR 25 million (other expenses to the Transaction).

At the time of entering into the CSPA, the indicative Transaction is 11.74% calculated based on the assumption that the Bank will acquire 100% stake in Permata, using a Net Tangible Assets criteria, which is lower than 15% and therefore does not trigger any requirements under the Notification of the Acquisition or Disposition of Asset. However, as the Bank is conducting businesses under the Financial Institution Business Act. BE 2008 (the "FIBA"), the Bank is obliged to obtain an approval from the Bank of Thailand for the Transaction. In addition, the Bank is required to convene a shareholders' meeting to consider and approve the Transaction, which requires the vote of not less than three-fourths of the total number of votes of the shareholders and proxies attending the meeting and entitled to vote in accordance with Section 43 of the FIBA.

The Extraordinary General Meeting of Shareholders of the Bank No. 1/2020 will be held on 5 March 2020 in order to approve the Transaction which shall have the votes of not less than three fourths of the total votes of shareholders and proxies present at the meeting and entitled to vote.

The Bank approved the appointment of Discover, a financial advisor approved by the Office of the Securities and Exchange Commission, to be the Independent Financial Advisor of the Bank to render the opinions to the shareholders as supporting information for their voting consideration in respect of entering into the Transaction.

The opinion of the Independent Financial Advisor is based on the information received from the Bank as well as through interviews with the Bank and Permata's management and publicly available information. The Independent Financial Advisor assumed that all information received is true and accurate. Therefore, if the said information is not accurate and/or untrue and/or is significantly changed, it will affect the opinion of the Independent Financial Advisor. The information and results of the study could be summarized as follows.

Abbreviation

Meaning	Abbreviation
Bangkok Bank Public Company Limited	BBL or Bank or Purchaser
PT Astra International Tbk	Astra
Association of Southeast Asian Nations comprised of 10 members: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam	ASEAN
Annual General Meeting	AGM
Bank of Thailand	BOT
Board of Directors	BOD
Board of Commissioners	BOC
Conditional Share Purchase Agreement	CSPA
Confirmation of Satisfaction of all the conditions precedent under the CSPA by the Sellers (after consultation with the Purchaser)	Confirmation of Satisfaction
Date of closing which is 10 business days after Confirmation of Satisfaction	Closing Date
Compound Annual Growth Rate	CAGR
Extraordinary General Meeting	EGM
Gross Domestic Product	GDP
Indonesia Stock Exchange	IDX
Indonesian Rupiah	IDR
Discover Management Company Limited	Independent Financial Advisor or IFA or Discover
Indonesia Central Securities Depository (PT Kustodian Sentral Efek Indonesia)	KSEI
Mandatory Tender Offer	MTO
The Financial Services Authority of Indonesia (Otoritas Jasa Keuangan)	OJK: Otoritas Jasa Keuangan
PT Bank Permata Tbk	Permata
Standard Chartered Bank	Standard Chartered
Standard Chartered and Astra	Sellers
The Securities and Exchange Commission	SEC
The Stock Exchange of Thailand	SET
The aggregate of Standard Chartered Sale Shares and Astra Sale Shares, which on 30 September 2019 comprised of (and as at the date hereof comprise) 24,991,429,332 Series B Shares representing approximately 89.12 per cent. of the total issued and paid-up Shares.	Sale Shares
BBL's acquisition of 24,991,429,332 Series B shares in Permata from Standard Chartered and Astra	Transaction
Thai Baht	THB
United States Dollar	USD

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Executive Summary

In accordance with the resolution of BBL's Board of Director's meeting No. 12/2019 on 11 December 2019, the Bank has entered into the CSPA with Standard Chartered and Astra to purchase 24,991,429,332 Series B shares, representing 89.12% of the total issued and paid-up shares in Permata. Each of Standard Chartered and Astra will sell 12,495,714,666 Series B shares, representing 44.56% of the total issued and paid-up shares in Permata, to BBL. The completion of the Transaction is subject to the satisfaction of the condition precedent under the CSPA. The acquisition of Permata also aligns with the Financial Sector Master Plan announced by OJK, which encourages voluntary mergers of financial institutions to enlarge the asset size, reduce duplication, and increase economies of scale, to increase competitiveness and promote stability of Indonesian Banking System.

Current Permata's Shareholders as of September 30, 2019

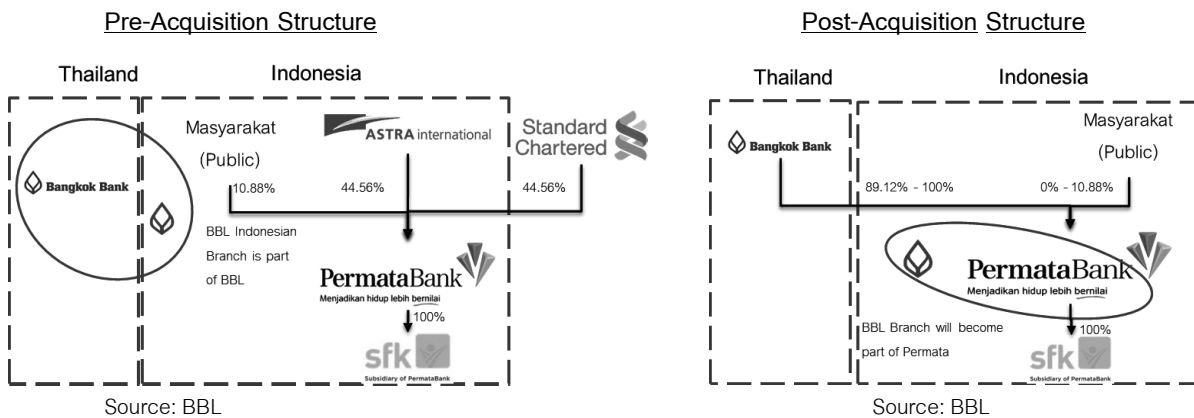
No.	Name	Number of Shares		Value		%
		Series A	Series B	Series A	Series B	
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	Total Shares	26,880,234	28,015,858,971	336,002,925,000	3,501,982,371,375	100.00

Note: Series A and Series B shares have the same voting right, dividend, and trading at the same price and same symbol at the IDX (IDX: BNLI)

The Transaction requires the fulfilment of the following key conditions precedent:

1. BBL shall obtain approval from BOT and OJK to proceed with the Transaction.
2. BBL shall obtain approval for the Transaction from its shareholders.

Pre-acquisition and post-acquisition shareholding structures of Permata are illustrated as follows:



The acquisition of Permata shares has a per share consideration as agreed in the CSPA as follows:

Astra's and Standard Chartered's Consideration

$A = B \times C$

A = Consideration, B = Sale Shares Price, C = Seller's Sale Shares

Sale Shares Price =

Book Value as at Confirmation of the Satisfaction Date

(-) Net proceeds for any new Shares issued between the date of the Agreement and the Confirmation of Satisfaction and included in the Book Value

(x) 1.77

(+) Net proceeds for any new Shares issued between the date of the Agreement and the Confirmation of Satisfaction

(+) Total outstanding shares at Confirmation of Satisfaction

Astra's Consideration = Sale Shares Price x Astra's Sale Shares^{1/} as at Confirmation of Satisfaction

Standard Chartered's Consideration = Sale Shares Price x Standard Chartered's Sale Share^{2/} as at Confirmation of Satisfaction

Note: 1/ Astra's Sale Shares as at 30 September 2019 is 12,495,714,666 shares

2/ Standard Chartered's Sale Shares as at 30 September 2019 is 12,495,714,666 shares

The Sale Shares Price to be paid to the Sellers will depend on the book value as set out in the last published financial statements of Permata prior to the date on which the Sellers jointly issue a confirmation of satisfaction of all the conditions precedent under the CSPA ("Confirmation of Satisfaction"). As of the date of this report, the Transaction is expected to complete by Q3 2020. Based on the book value of Permata as at 30 September 2019, the acquisition price for 89.12% stake in Permata is estimated to be IDR 37,430,973.74 million (100% is equal to IDR 42,001,080.48 million) excluding any other transaction expenses as shown below.

No	Transaction Date: 30 September 2019	IDR: Million
1	$A = B \times C$ [A = Consideration, B = Sale Shares Price, C = Seller Sale Shares]	
2	Permata Book Value (assume at Confirmation of Satisfaction)	
3	Issued and fully paid-up	3,837,985.00
4	Additional paid-in capital - net	17,252,901.00
5	Net fair value reserve - investment securities and placement in Negotiable Certificate Deposits	97,665.00
6	Fixed assets revaluation reserve	1,853,060.00
7	(Deficit) retained earnings	687,813.00
8	Total shareholders' equity (8) = (3)+(4)+(5)+(6)+(7)	23,729,424.00
9	Less net proceeds of any new shares	-
10	Adjusted Book Value (10) = (8)-(9)	23,729,424.00
11	Multiple of Book Value x	1.77

No	Transaction Date: 30 September 2019	IDR: Million
12	Adjusted Book Value x 1.77 ^{1/} (12) = (10)*(11)	42,001,080.48
13	Plus, net proceeds of any new shares (13) = (9)	-
14	Total outstanding shares (million shares)	28,042.74
15	Book Value Per Share (15) = (12) / (14)	1,497.75

Source: CSPA

Note: 1/ Based on CSPA

Payment, Settlement and Source of Fund:

On the Closing Date (10 business days after Confirmation of Satisfaction) by 10.00 a.m. (Jakarta time), the Bank shall pay to the Sellers their respective portions of the purchase price in IDR and deliver a wire transfer evidence to the Sellers. BBL expects the Transaction to be financed via a combination of internal resources and its routine funding sources. At this stage, BBL does not expect to raise equity specifically for the purpose of funding this Transaction.

Price Determination and Timeline

BBL will enter into the Transaction on the basis of an agreed valuation of 1.77 times of Permata's book value as set out in the last financial statements published prior to Confirmation of Satisfaction (subject to certain adjustments). The purchase price is in line with other transactions to acquire Indonesian banks in the past 6 years.

As at the date of this report, BBL management anticipates that the Transaction will be completed by Q3 2020. The timeline may be changed subsequently to accommodate a change in the Transaction structure in accordance with the relevant laws and regulations, and the terms and conditions stipulated in the CSPA.

On the date of completion of the Transaction (expected to be completed by Q3 2020), the Bank will disclose information, including the actual transaction size to the shareholders again as required by relevant regulations.

Opinion of the Independent Financial Advisor Regarding Reasonableness of the Transaction

In assessing the reasonableness of the Transaction, IFA considers the Transaction to involve the acquisition of the entire share capital of Permata, whereby the Bank will purchase 89.12% of Permata's share capital from Standard Chartered and Astra and subsequently conduct an MTO to purchase all remaining shares from the public. IFA has considered the advantages, disadvantages, and risks of entering into the Transaction, which can be summarized as follows:

Benefits and Advantages of the Transaction

- 1) The acquisition of Permata, 89.12% from Sellers and 10.88% from public, aligns with BBL's business plan and long term goal to expand its lending business. BBL's strategy of maintaining its status as a well-established international bank and a leading Asian bank is mentioned as the Bank's vision in its annual reports.
- 2) Permata has just started to recover from one of its worst situations in 2016, in which Permata lost more than IDR 6,000,000 million. Permata's management has been doing their best to turn the bank around. For the past 3 years, Permata has significantly rebounded on both profitability and asset quality and positioned itself as a profitable growing company. The recent asset quality restructuring comprised a complete overhaul including changes to the leadership team, risk culture, and mix of business. These initiatives have promoted a strong turnaround in Permata's business and management is continuing this rebuilding phase into the future. Acquiring Permata at this stage is considered to be an acquisition of a company in a rebuilding stage with high growth potential and limited opportunity for loss.
- 3) The acquisition of Permata is considered to be an investment in an asset with high potential to grow and generate profit, as Indonesia is the largest ASEAN economy with one of the highest growth potentials for the next decade, especially in the Indonesian Banking Sector.
- 4) Entering into the Transaction will instantly increase BBL Indonesia's loans and total assets by 4 times its current size. Moreover, interest margins and return on assets in Thailand are lower than those in Indonesia, which are reflected in asset quality and capital (with a deteriorating prediction from Moody's). Moreover, Permata also has excellent partnerships with major players in Indonesia such as Kredivo, Home Credit, AirAsia and Indosat. Therefore, with BBL's expertise, Permata will be able to boost its fee-based income and diversify the distribution channels.
- 5) Acquiring Permata could be the first step for BBL to become a real international player. With more than 300 branches in Indonesia, Permata will help diversify BBL's business risks as well as providing a new source of growth. BBL could transform from being a Thai-centric financial institution to a more diversified ASEAN financial institution.
- 6) Subsequent to the Transaction, BBL will report a higher operating revenue and better performance as Permata has a higher yield loan portfolio given its higher interest margin. This will result in BBL having a larger interest spread.
- 7) The Transaction will create various business opportunities in Indonesia and Thailand through the integration of complementary strengths of the two banks. In Thailand, BBL has its strength in acquiring deposits as well as having an extensive branch network and corporate customer base, while in Indonesia, Permata is a leading provider of auto hire-purchase loan, mobile banking and Fintech. After the acquisition of Permata, BBL is expecting to create more opportunities in Thailand by adopting Permata's strength in Fintech and mobile banking which could extensively improve BBL's retail customer base. In Indonesia, Permata could adopt BBL's in-depth knowledge in

corporate customers, trading and securities businesses which aligns with Permata's new business strategy to improve its wealth management and non-interest income base.

- 8) The Transaction will help both BBL's and Permata's customers with respect to cross-border capabilities. For the last 10 years, Thai investment in Indonesia has grown approximately 25% annually², which means Indonesian corporates have been more willing to cooperate with Thai corporates. With this acquisition, BBL will definitely help enhancing Permata's capabilities to acquire more deposits and extend loans to Thai corporate customers including major project finance facilities.
- 9) As BBL plans to merge its operation of BBL's Indonesian branches into Permata following the Transaction, BBL could benefit from economies of scale if Permata can effectively manage redundancies, such as duplicate back-office employees.

Disadvantages and Risks of the Transaction

- 1) As BBL is expecting to merge its Indonesian branches into Permata, there is a possibility of some administrative jobs being made redundant. However, in terms of the number of employees, BBL's number of branches in Indonesia is small relative to Permata's (based on BBL's and Permata's annual report as at 31 December 2018, BBL Indonesian's branches' employees are estimated to be around 1% of Permata's employees)
- 2) BBL is planning to finance the Transaction via a combination of internal resources and its routine funding sources. Based on the indicative transaction value, BBL may have to spend roughly THB 90,911.48 million (the number will be finalized based on the book value of Permata as set out in the last financial statements published prior to Confirmation of Satisfaction) to acquire up to 100% of the total issued and paid-up shares of Permata, including all related taxes and the MTO process. For the past 3 years, BBL's dividend payments were THB 12,407.48 million a year. Investing more than THB 90,000.00 million could affect BBL's ability to pay dividend in the future.

Risks of Entering into the Transaction

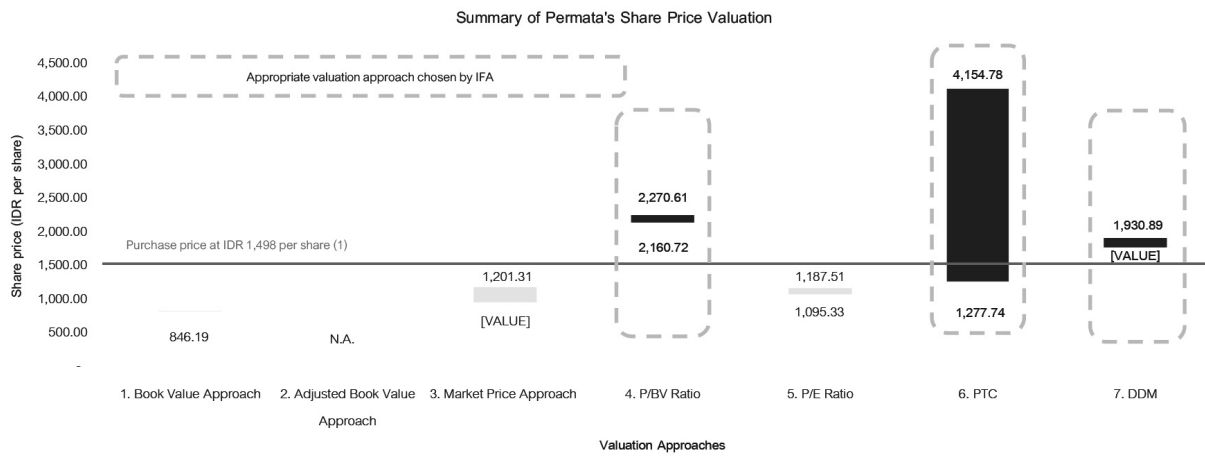
- 1) Even though BBL does not want any changes in terms of cooperation with Astra but the Transaction will result in changes of certain key personnel, especially the Board of Commissioners, which is composed mostly of Standard Chartered and Astra nominated members. Once Astra is no longer a shareholder of Permata, and its nominees to the Board of Commissioners have stepped down, there is a risk that the level of business cooperation between Permata and Astra may decrease.
- 2) The Transaction not only requires approval from the Thai regulator but also an approval from the Indonesian regulator. The process for these approvals may take up to 6 months.

² Source: BOT

- 3) The Transaction requires the approval of shareholders of BBL, and the acquisition plan requires the approval of shareholders of Permata. However, BBL is subject to uncertainty to some extent, while with respect to Permata, the uncertainty may be relatively low since the existing major shareholders representing 89.12% of the share capital of Permata have already agreed to sell their shares to BBL.
- 4) If the Transaction is delayed for any reason, BBL may incur additional expenses such as extra expenses incurred for completion of the Transaction including advisory and legal fees. In addition, another risk factor that could affect the total Transaction size is the MTO starting date. In particular, if the Transaction is not approved within 6 months of the takeover announcement (12 December 2019), then there is uncertainty that BBL may have to offer an MTO price higher than the price per share paid to Astra and Standard Chartered (if and only if the average highest daily trading price during the relevant 90-day period is higher than such price).
- 5) According to CSPA, the Sale Shares Price is based on the book value set out in the last financial statements published by Permata prior to the Confirmation of Satisfaction date (subject to certain adjustments) which is not yet determined. However, CSPA does not specify the verification methodology to verify the accuracy of book value as at Confirmation of Satisfaction date therefore, even though it is unlikely, there is possibility for inaccuracy of the book value as at Confirmation of Satisfaction date.
- 6) 2020 is the first year of a few major changes in accounting standards for Permata including the implementation of IFRS9. IFRS9 could have a major impact on the financial statements of Permata which could lead to a potential negative adjustment to Permata's asset value. As such there is a chance that the book value as at the Confirmation of Satisfaction date may be lower than Book Value as of 30 September 2019.
- 7) As closing is expected to occur by Q3 2020, there is an uncertainty with respect to the foreign exchange rate as BBL has agreed to purchase Permata's shares in IDR and would thus need to exchange THB into IDR.
- 8) After the Transaction, the Bank will be required to conduct an MTO which may result in Permata being in violation of the minimum free float requirement for listed companies on the IDX. However, since the Bank will be acquiring more than 80% of the shares in Permata, the Bank will be required to divest all of the shares that it acquired pursuant to the MTO within 2 years of the MTO as per OJK regulations. After the divestment, the Bank's shareholding in Permata will be restored to 89.12%, and as such Permata will be in compliance with the minimum free float requirement.
- 9) Permata and BBL are planning to improve Permata's operations as well as extensively expanding Permata's business in both deposits and loans. As Permata is governed by the OJK regulations, aggressive expansion may raise OJK concerns and there is a possibility that OJK will require an increase in the amount of capital registered.
- 10) Permata currently has ongoing Corporate Income Tax Disputes along with ongoing Withholding TAX and VAT disputes.
- 11) Impact to the shareholders in the event of non-completion. The Bank has incurred transaction expenses regardless of the completion or non-completion of the transaction. Together with all other potential expenses and charges that

would be incurred over 12 months from CSPA signing even in the event of non-completion, management has estimated that the amount is in line with other comparable transactions and does not constitute to have a material impact to the Bank and its shareholders.

IFA's opinion is that although the Transaction exposes BBL to the disadvantages and risks mentioned above, BBL has plans to manage and mitigate such risks to ensure a smooth acquisition. Therefore, the Transaction is reasonable and expected to strengthen BBL's competitiveness as an international bank and bring sustainable growth to BBL in the long-term. Therefore, the IFA is of the opinion that entering into the Transaction is reasonable.



Note: 1/ Purchase price based on Permata's book value as at 30 September 2019 and will be subjected to change depending on the Confirmation of Satisfaction Date

For the fairness of the Transaction price, IFA evaluated Permata' share value by 7 approaches based on financial projection of Permata made by the management of Permata along with the analysis and consideration of actual historical financial status and performance both audited by certified auditor and financial projection of the Bank including information from the interviews with management and other related information, including the study of current economic and industry conditions, and financial information of other comparable peers which are derived from public information. IFA views that the most appropriate approaches are P/BV Approach, Precedent Transaction Comparable Approach and DDM Approach. P/BV Approach is considered one of the most common approaches that investors and research analysts typically employ when conducting valuation of financial institutions because this approach is suitable for determining the values of the firms with comparable capital structures and accounting policies. Precedent Transaction Comparable approach can reflect Permata's value using specific market perception from the precedent mergers and acquisitions in banking industry in Indonesia. DDM Approach can reflect Permata's value based on its ability to generate profit and cash flows in the future with the adjustment of the industry risk. The value is between IDR 1,277.74 – 4,154.78 per share therefore 89.12% of Permata's value is between IDR 31,932,970.63 - 103,835,023.70 million and 100% of Permata's value is between IDR 35,831,430.24 - 116,511,471.84 million. Therefore, IFA is of the opinion that the value which BBL is expecting to enter into the Transaction of IDR 37,430,998.74 million to hold 89.12% of

Permata and IDR 42,001,105.48 million to hold 100% is appropriate due to the value being in the appropriate price, calculated by IFA.

Most of the terms and conditions under the CSPA are general contractual terms and consistent with business practice for a transaction of this nature. Additionally, BBL has managed to mitigate possible risks associated with the Transaction through an in-depth due diligence of Permata's business, finance, accounting, tax, and legal aspects, to ensure that BBL will not be exposed to a significant risk as a result of entering into the Transaction.

Conclusion of IFA's Opinion

Based on the analysis of appropriateness of the Transaction to acquire Permata, the appropriateness of Transaction Price and the fairness of the Transaction Conditions, IFA is of the opinion that the Transaction is appropriate and will provide long-term benefits to BBL because:

1) The acquisition of shares is reasonable as it is congruent with BBL's business plan and it allows BBL to acquire a commercial bank with potential to increase loans, revenues, and profits and to enter a high potential growth market with well-equipped network and branches. Subsequent to the acquisition of Permata, BBL will be able to enhance its competitiveness as a leading ASEAN bank and diversify its business mix. Moreover, BBL will benefit from significant synergies that would further improve BBL's profitability and long-term return to the shareholders. Therefore, the IFA is of the opinion that entering into the Transaction is reasonable.

2) Under the assumption that the Transaction date was 30 September 2019, the acquisition price of entire shares of Permata is estimated to be IDR 42,001,105.48 million (including net acquisition fee). The acquisition price is in the range of appropriate fair value of Permata's shares determined by IFA under P/BV, Precedent Transaction Comparable and DDM Approaches of IDR 35,831,430.24 - 116,511,471.84 million. Therefore, the acquisition price of Permata's shares is deemed to be fair and appropriate. Hence, the IFA has opinion that the value which BBL is expecting to enter into the Transaction of IDR 37,430,998.74 million to hold 89.12% of Permata and IDR 42,001,105.48 million to hold 100% is appropriate due to the value being in the appropriate price range, calculated by the IFA.

3) Key terms and conditions of the Transaction are of normal business practice for a share sale and purchase transaction and do not impose undue conditions on BBL. Such terms and conditions allow the Transaction to be executed properly as planned between the parties.

Therefore, IFA recommends the shareholders to approve the Transaction.

Nevertheless, the final decision whether to approve the Transaction rests primarily with the individual shareholders of the Bank. The shareholders should review the information contained in this report along with other related information provided and use his/her own discretionary judgement in making the final decision.

1. Transaction Background

1.1. Objective and Background of the Transaction

BBL plans to acquire Standard Chartered and Astra's shares in Permata. Permata is the 12th largest commercial bank in Indonesia. The proposed acquisition is congruent with BBL's business plan to expand its lending business outside Thailand and enhance its competitiveness by integrating with another commercial bank with growth potential, high quality assets and strong capital base, in order to enhance BBL's long-term competitiveness. The acquisition of Permata also aligns with the Financial Sector Master Plan announced by the OJK, which encourages voluntary mergers of financial institutions to enlarge the asset size, reduce duplication, and increase economies of scale, in order to gain competitive edge against other commercial banks in the region as currently there are more than 130 banks in Indonesia.

The Meeting of the Board of Directors of BBL no. 12/2019, held on 11 December 2019, approved the acquisition of 89.12% stake in Permata from Standard Chartered and Astra, and the subsequent mandatory tender offer for the remaining 10.88% stake.

On 12 December 2019, BBL entered into the CSPA with Standard Chartered and Astra (the Sellers) to acquire 24,991,429,332 Series B shares which represents 89.12% of Permata total paid-up shares. Subsequently BBL will launch an MTO for the remaining 26,880,234 Series A shares and 3,024,429,639 Series B shares representing 10.88% of total paid-up shares from the minority shareholders of Permata, at a price which shall be no less than the price per share paid to the Sellers under the CSPA. The purchase price is IDR 1.77 times Permata's latest published book value prior to the Confirmation of Satisfaction date. The Transaction is expected to be completed by Q3 2020. Based on Permata's book value as at 30 September 2019, the indicative purchase price is IDR 1,498 per share and the indicative transaction value is IDR 42,001,080.48 million for 100% stake in Permata. This can be broken down into IDR 37,430,973.74 million for the 89.12% stake of the Sellers and IDR 4,570,106.74 million for the remaining 10.88% stake. The share acquisition is conditional on the satisfaction of conditions precedent and approvals from the applicable regulators

1.2. Date of the Transaction

BBL will acquire 24,991,429,332 Series B shares in Permata from Standard Chartered and Astra, representing 89.12% of Permata's the total paid up capital. Subsequently, BBL will proceed to launch an MTO to acquire the remaining 3,024,429,639 Series B shares and 26,880,234 Series A shares, representing the remaining 10.88% of Permata total paid-up capital from the minority shareholders. The Transaction will take place after BBL has obtained the approval from the Extraordinary Meeting of BBL Shareholders no. 1/2020, which will be held on 5 March 2020, and the satisfactory completion of all conditions precedent stipulated in the CSPA, including but not limited to, the approvals

from BOT and OJK in respect of the Transaction and the approval of Permata's shareholders in respect of the acquisition plan. BBL's management anticipates the Transaction to be completed by Q3 2020.

1.3. Parties involved and Relationship with the Bank

1.3.1. Parties involved

Purchaser	Bangkok Bank Public Company Limited ("Company" or "BBL" or "Bank")
Sellers ^{1/}	Standard Chartered Bank ("Standard Chartered") PT Astra International Tbk ("Astra")

Current shareholders of Permata as of 30 September 2019

No.	Name	Number of Shares		Value		%
		Series A	Series B	Series A	Series B	
1.	Astra	-	12,495,714,666	-	1,561,964,333,250	44.56
2.	Standard Chartered	-	12,495,714,666	-	1,561,964,333,250	44.56
3.	Public	26,880,234	3,024,429,639	336,002,925,000	378,053,704,875	10.88
	Total Shares	26,880,234	28,015,858,971	336,002,925,000	3,501,982,371,375	100.00

1.3.2. Relationship with BBL

The Sellers have no relationship with BBL according to the definition of the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 including any subsequent amendments.

1.4. Characteristics and Details of the Transaction

BBL proposed to acquire Permata's shares from Standard Chartered and Astra (major shareholders of Permata) as part of bidding process. Permata is the 12th largest commercial bank in Indonesia. The proposed acquisition is congruent with BBL's business plan to expand its business outside Thailand and enhance its long-term competitiveness by integrating with another commercial bank with growth potential, high quality of assets and strong capital base.

The acquisition of Permata also aligns with the Financial Sector Master Plan announced by OJK, which encourages voluntary mergers of financial institutions to enlarge the asset size, reduce duplication, and increase economies of scale, to gain competitive edge against other commercial banks in the region as currently there are more than 130 banks in Indonesia. BBL's vision is to maintain its status as a well-established international bank as well as a

leading Asian bank. The Transaction is the first major acquisition by BBL and is the first ever transaction for a Thai bank to acquire a majority stake in an international bank.

1.4.1. Indonesian Market

Indonesia is the largest ASEAN economy with the highest growth potentials over the next decade. Indonesian economy is expected to have a strong and sustainable real GDP growth over the next 10 years at CAGR of 5.0%³. In addition, Indonesia has a relatively young working population with the median age of 28.8 years⁴. Moreover, the level of leverage (loan to GDP) in Indonesia is ~36% which is relatively low comparing to Philippines (51%), Vietnam (136%) and Thailand (82%)⁵. These factors make Indonesia one of the most attractive markets in ASEAN and the perfect fit for BBL's first acquisition.

Rank	Country	Population in million	GDP million USD	GDP / capita USD	GDP (PPP) million USD	GDP (PPP) / capita USD
1	Indonesia	266.998	1,111,713	4,163	3,737,484	13,998
2	Thailand	67.913	529,177	7,791	1,383,022	20,364
3	Malaysia	32.801	365,303	11,136	1,078,537	32,880
4	Singapore	5.670	362,818	63,987	585,055	103,181
5	Philippines	108.307	356,814	3,294	1,025,758	9,470
6	Vietnam	95.494	261,637	2,739	770,227	8,065
7	Myanmar	53.019	65,994	1,244	355,609	6,707
8	Cambodia	16.494	26,730	1,620	76,934	4,664
9	Laos	7.163	19,127	2,670	58,091	8,109
10	Brunei	0.447	12,455	27,871	35,920	80,383

Source: GDP and GDP per capita data are according to International Monetary Fund's October 2019 estimates

1.4.2. Indonesian Banking Sector

Indonesian banking sector has one of the highest growths potentials in ASEAN with low credit penetration rate, opportunities for product innovation and resilient growth. Indonesian banking sector has been growing for the last 10 years (15.0% CAGR loan growth during 2008 - 2018)⁶. Moreover, Indonesia has a relatively low financial asset

³ Source: Business Monitor International (BMI) statistics

⁴ Source: www.worldometers.info

⁵ Source: Euromonitor Report. Loans-to-GDP and Loans per capita based on 2018

⁶ Source: Bank Indonesia

penetration rate at 47% comparing to Philippines (87%), Vietnam (170%) and Thailand (136%)⁷, Indonesian market presents a significant upside for higher credit penetration. The credit penetration in Indonesia is expected to increase further with the introduction of fintech to leverage the existing distribution networks.

1.5. Detail of Acquired Assets and Additional Investments

In the event that BBL's shareholders approve the Transaction to acquire Permata, Permata's shareholders accept the purchase offer made by BBL and the regulators in both Thailand and Indonesia (BOT and OJK) approve the transaction, BBL will be able to acquire 89.12% shares of Permata and subsequently conduct an MTO to purchase all outstanding shares from the public (additional 10.88%). IFA has considered the advantages, disadvantages, and risks of entering into the Transaction, which can be summarized as follows:

1.5.1. Summary Information of Permata

Company name	PT Bank Permata Tbk ("Permata")
Incorporate Date	17 December 1954
Address	Gedung World Trade Center II (WTC II) Lt.21-30, Jl. Jend. Sudirman . 29 - 31, Pinang, Kebayoran Lama, RT.8/RW.3, Kuningan, Karet, Setia Budi, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12920
Registered capital	IDR 12,500,000,000,000 Series A: 26,880,234 shares Par: 12,500 Series B: 28,015,858,971 shares Par: 125
Paid up capital	IDR 3,837,985,296,375
Nature of business	Commercial bank (Buku 3 Level) with variety banking products and services
Buku Level ^{1/}	3
Listing Status	Listed (Symbol IDX:BNLI)
Major Shareholders	Standard Chartered : 44.56% Astra: 44.56% Standard Chartered is a leading international bank with presence in over 60 countries global with total asset at around USD 734,000 million as of Q3 2019 Astra is one of Indonesia's largest conglomerates with over 220 subsidiaries operating general trading, industry, mining, transportation, agriculture, construction, services and consultancy with total assets at around IDR 358,123 billion as of Q3 2019
Distribution Channels	62 CITIES 332 BRANCHES 16 MOBILE BRANCHES 23 ON-STOP SERVICE FOR SHARIA 1 VOICE ID CALL CENTER 18 PAYMENT POINT

⁷ Source: Financial asset penetration defined as total financial asset divided by country GDP; Financial assets based on SNL statistics; GDP based on Euromonitor statistics

Note: 1/ BUKU 3 may conduct all business activities as referred to in BUKU requirement 2 (Commercial Bank (CB) are banks that conduct business activities in the conventional manner and/or based on Shariah principles, which within its business activities provide services related to payment flows) both in Rupiah as well as in foreign currencies, as well as capital participations in financial institutions in Indonesia and/or overseas, but limited to the Asian region

1.5.2. Current Major Businesses

Permata operations can be divided into 5 major sectors:

- 1) Retail Banking
- 2) Sharia
- 3) SME
- 4) Wholesale
- 5) Digital



Source: www.permatabank.com/en/retail/

Retail Banking business unit provides a variety of products and services, which are distributed through Permata's branches across 62 cities in Indonesia as well as the latest e-Channel facilities such as mobile banking (PermataMobile), internet banking (PermataNet), and 1,005 automated teller machines. Products and services offered include savings products, consumer loans, wealth management and SME products. Retail banking consistently improved its performance in terms of asset, liabilities, and low-cost funding by implementing the right strategies.



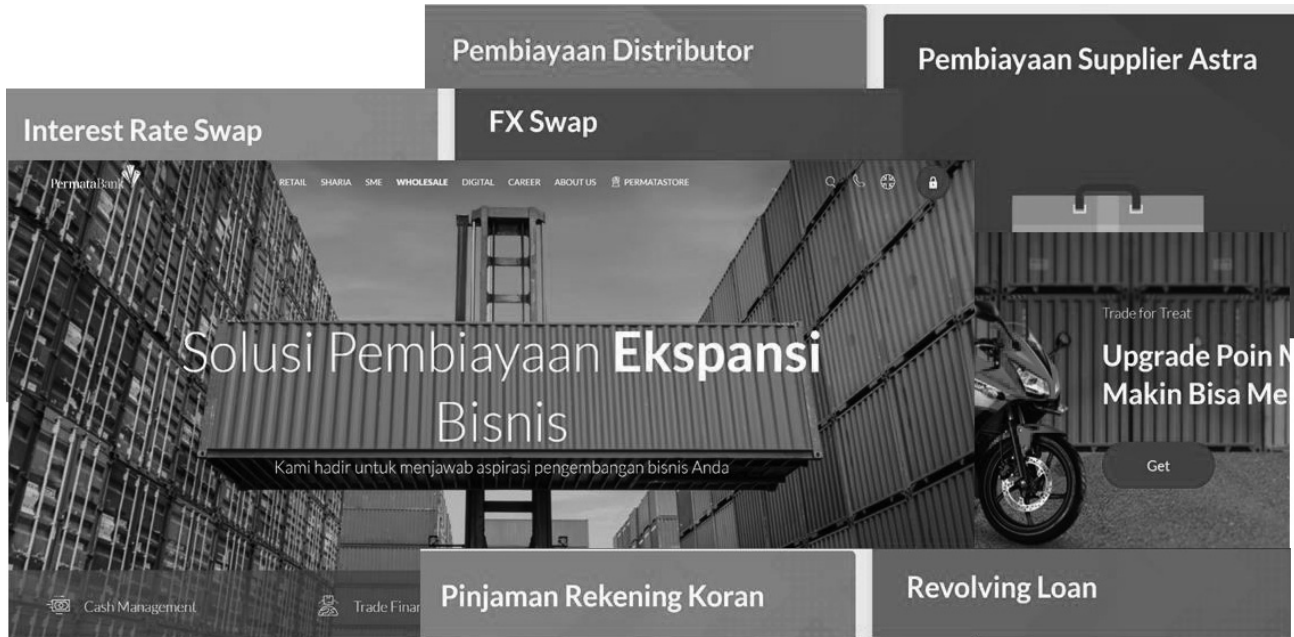
Shariah Banking business unit plays an important role in Indonesian financial sector as it is the largest Muslim country in the world. In 2018, Shariah banking industry in Indonesia grew faster than Indonesia’s economic growth. In 2018, Indonesia’s economy expanded by 5.17%, while, Indonesia’s Shariah banking expanded by 12.5%. The expansion in Shariah banking industry is also higher than the conventional banking industry which grew by 9.2%⁸ during the same period.

⁸ Source: Central Bureau of Statistics (BPS)



Source: www.permatabank.com/en/sme/

SME Banking contributed about 47% of retail banking portfolio in 2018. SME Banking is one of the key drivers for Permata’s future growth and contributes significantly to the total assets, third party funding (TPF) and the expected revenue growth. In 2018, total loans to SME customers reached IDR 6.0 trillion. At the end of 2018, SME banking portfolio contributed 47% of the total retail banking portfolio, while total SME’s TPF contributed 30% of the total retail banking’s TPF. The overall quality of SME loan portfolio in 2018 was good, with a net NPL rate of 3.2%.



Source: www.permatabank.com/en/wholesale/

Wholesale Banking continues to provide the best service for customers by fulfilling their needs for corporate, institutional and commercial banking services. Series of strategic initiatives have been carried out by Permata to increase customer’s satisfaction, such as continued refinement of Permata eBusiness and Permata eValueChain digital banking platform as part of a comprehensive transaction banking solution. Wholesale Banking also actively participates in syndicated loans for a variety of large-scale customer projects. The main focus of wholesale banking in 2018 was to rebuild a healthy asset portfolio by holding onto strong risk management framework and good corporate governance. Various efforts have been delivered to construct a healthy portfolio by selectively acquiring new customers from leading sectors with good prospects and lower risks. Improvement in credit initiation and monitoring are also being carried with the support of adequate resources capability to ensure that credit is given only to good reputable customers.



Source: www.permatabank.com/en/digital-channel/

Digital Banking will play a very important role in the future of Permata. Permata continues to invest and innovate to further strengthen its digital banking franchise. In 2018, Permata launched one of the most revolutionary digital banking apps in the market, PermataMobile X. The PermataMobile X Super app has more than 200 built in features, which allow, among others, the ability ‘to peek’ (account balance inquiry without logging-in), single-customer view, and transfer to a mobile number. These advances reflect Permata’s commitment to provide the best experience for both existing and potential customers.

1.5.3. Financial Information of Permata

Financial Position as of 31 December 2016 – 2018 and 30 September 2019.

Permata's Consolidated Financial Statement (IDR Million)	2016	2017	2018	Q3/2019
Assets				
Cash	2,070,557	1,940,485	2,185,074	1,810,187
Current A/C with Bank Indonesia	10,541,849	8,541,582	8,901,492	7,862,493
Current A/C with Other Banks-net	1,869,188	1,176,921	1,472,630	1,517,192
Placements with Bank Indonesia and other banks	8,045,662	6,294,096	11,850,858	11,691,701
Financial assets held for trading-net	1,879,548	1,104,840	1,744,498	2,041,928
Securities purchased under resale agreements	3,227,881	976,045	-	393,093
Acceptance receivables-net	3,893,443	3,629,860	2,753,391	1,763,836
Loans-net	94,782,664	90,020,985	99,209,601	102,591,933
Investment securities	27,401,825	22,820,908	14,989,712	15,524,988
Asset held for sale	2,488,861	2,478,262	-	-
Fixed assets	2,554,424	2,460,534	2,552,305	2,458,751
Intangible assets	412,980	485,283	498,426	503,800
Deferred tax assets-net	2,650,768	2,454,077	2,181,667	1,749,892
Other assets	3,707,862	3,944,492	4,553,212	5,169,742
Total assets	165,527,512	148,328,370	152,892,866	155,079,536

Permata's Consolidated Financial Statement (IDR Million)	2016	2017	2018	Q3/2019
Liabilities				
Liabilities Payable on Demand	607,930	384,169	336,640	1,004,097
Deposits from customers	130,302,660	111,288,007	118,135,189	120,229,778
Deposits from Other banks	2,661,635	2,697,543	2,460,671	2,115,495
Financial Liabilities Held for trading	45,654	11,948	114,705	51,968
Acceptance payables	3,990,150	3,752,073	2,765,682	1,777,924
Corporate Income Tax payable	-	1,032	346	-
Borrowings	-	36,017	16,971	101,440
Accruals	1,177,535	1,184,496	1,125,496	1,246,842
Other Liabilities	752,498	724,977	621,315	635,534
Bond Issued	-	-	-	-
Obligation for Post Employee Benefits	61,774	138,159	20,163	47,240
Provision	111,484	67,564	59,465	55,943

Permata's Consolidated Financial Statement (IDR Million)	2016	2017	2018	Q3/2019
Subordinate Debts	6,526,586	6,531,643	4,784,287	4,083,841
Total liabilities	146,237,906	126,817,628	130,440,930	131,350,102
Equity				
Issued and fully paid-up	3,125,134	3,837,985	3,837,985	3,837,985
Additional paid-in capital-net	14,970,302	17,252,901	17,252,901	17,252,901
Advanced capital	1,500,000	-	-	-
Net fair value reserve	(23,665)	67,999	(87,215)	97,665
Fixed assets revaluation reserve	1,693,735	1,693,735	1,853,060	1,853,060
Share of other comprehensive income of associate	5,284	(8,625)	-	-
Appropriation for unclaimed dividend by shareholders	128	128	-	-
(Deficit) retained earnings	-	-	-	-
Appropriated	363,624	363,624	363,624	363,624
Unappropriated	(2,344,945)	(1,697,014)	(768,429)	324,189
Total equity	19,289,597	21,510,733	22,451,926	23,729,424
Non-controlling interests	9	9	10	10
Total liabilities and equity	165,527,512	148,328,370	152,892,866	155,079,536

Financial Performance as of 31 December 2017 – 2018 and 30 September 2019.

Permata's Consolidated Financial Statement (IDR Million)	2016	2017	2018	Q3/2019
Income Statement				
Interest income	13,013,698	9,726,541	9,419,839	7,443,064
Shariah income	1,384,872	1,471,605	1,661,113	1,210,989
Interest expense	(7,919,237)	(5,424,405)	(5,026,890)	(4,090,680)
Shariah expense	(595,892)	(549,515)	(653,877)	(456,440)
Net interest and Shariah income	5,883,441	5,224,226	5,400,185	4,106,933
Fees and commission income	1,292,984	1,284,452	1,256,074	939,603
Fees and commission expense	(51,225)	(51,082)	(125,758)	(112,311)
Net fees and commission income	1,241,759	1,233,370	1,130,316	827,292
Net trading income	564,948	258,235	286,182	457,485
Gain on sale of investment securities	87,898	39,379	17,566	83,951
Share of net profit of associate	235,466	239,019	87,333	-
Other operating income	138,708	1,585,956	439,899	131,772

Permata's Consolidated Financial Statement (IDR Million)	2016	2017	2018	Q3/2019
Total operating income	1,027,020	2,122,589	830,980	673,208
Impairment losses on financial assets	(12,207,656)	(3,127,098)	(1,676,421)	(712,361)
General and administrative	(1,760,182)	(1,801,827)	(1,742,024)	(1,378,954)
Salaries and benefits to management and employees	(2,241,129)	(2,341,513)	(2,380,462)	(1,790,322)
Others	(577,287)	(358,615)	(343,347)	(263,030)
Total other operating expenses	(16,786,254)	(7,629,053)	(6,142,254)	(4,144,667)
Income Before Tax	(8,634,034)	951,132	1,219,227	1,462,766
Income tax expense	2,150,950	(202,699)	(317,975)	(370,148)
Net Income	(6,483,084)	748,433	901,252	1,092,618

1.5.4. Board of Commissioners of Permata

No	Name	Position
1	Sebastian Ramon Arcuri	President Commissioner
2	Suparno Djasmin	Vice President Commissioner
3	Mark Spencer Greenberg	Commissioner
4	Ian Charles Anderson	Commissioner
5	David Allen Worth	Independent Commissioner
6	Haryanto Sahari	Independent Commissioner
7	Zulkifli Zaini	Independent Commissioner
8	Rahmat Waluyanto	Independent Commissioner

Note: As of 30 September 2018

1.5.5. Board of Directors of Permata

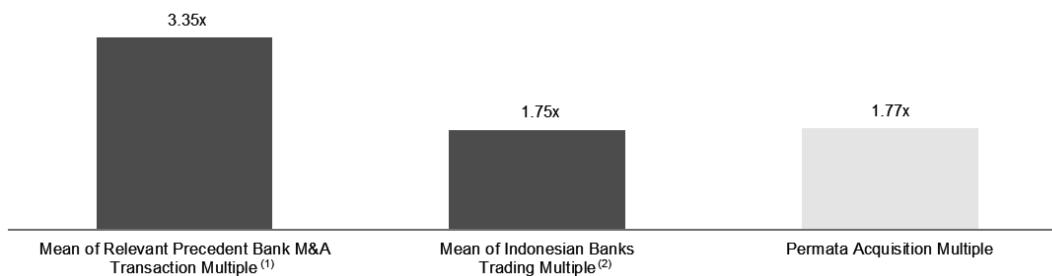
No	Name	Position
1	Ridha DM Wirakusumah	President Director
2	Abdy Dharma Salimin	Technology and Operations Director
3	Djumariah Tenteram	Retail Banking Director
4	Lea Setianti Kusumawijaya	Finance Director
5	Darwin Wibowo	Wholesale Banking Director
6	Herwin Bustaman	Shariah Business Unit Director
7	Dhien Tjahajani	Legal and Compliance Director
8	Dayan Sadikin	Human Resources Director

Note: As of 30 September 2018

For more details, please see Appendix 2 Detail Information on Permata

1.6. Basis for Determining the Purchase Price of Permata

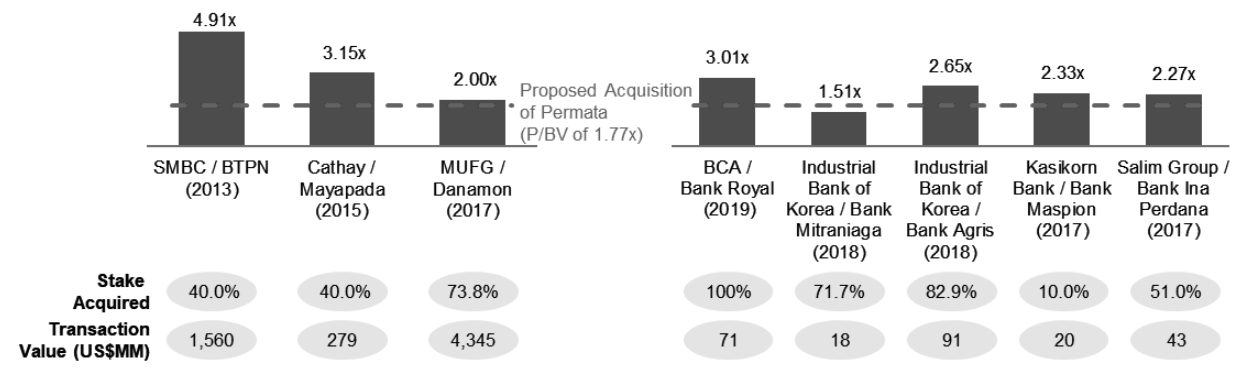
The Transaction will be effective on the basis of the agreed valuation of 1.77 times Permata's book value, as set out in the last financial statements published by Permata prior to the closing of the Transaction (subject to certain adjustments). This implies, on the basis of Permata's book value as at 30 September 2019, an indicative purchase price of IDR 1,498 per share. The purchasing price is in line with other comparable acquisitions of Indonesian banks over the past 6 years.



Source: 1/ Source: Market data from Capital IQ, (11 Dec 2019), Company filings

2/ Includes last 5-year transactions of BUKU 3 banks as of today in which greater than or equal to 40% stake was acquired

3/ Includes Indonesian banks with market capitalization >US\$1Bn as of 11 December 2019



Source: Euromonitor Report

1.7. Transaction Size

The Transaction has an indicative total value of IDR 37,430,973.74 million or THB 81,019.42 million or USD 2,673.83 million (using the exchange rate as at 11 December 2019 of THB 1: IDR 462 and USD 1: IDR 13,999), based on the financial statements as at 30 September 2019, for a 89.12% stake of Permata excluding any other transaction expenses. However, after the completion of the Transaction, BBL may need to conduct an MTO for the remaining shares of Permata pursuant to the relevant Indonesian regulations, in which case the total value of the Transaction, based on the financial statements as at 30 September 2019, could be up to IDR 42,001,080.48 million or

THB 90,911.43 million or USD 3,000.29 million (using the exchange rates as at December 11, 2019) excluding any other transaction expenses.

The Transaction is not regarded as a material acquisition transaction under the Notification of the Acquisition or Disposition of Assets. The maximum Transaction size is 11.74% calculated based on the net tangible asset criteria. The calculation is based on the latest consolidated financial statements of the Bank and Permata as at 30 September 2019). Accordingly, the Transaction does not trigger any requirements under the Notification of the Acquisition or Disposition of Assets as the size of the Transaction is less than 15%. Furthermore, since the Sellers of Permata are third parties with no relationship with the Bank, the Transaction is not considered a connected transaction under the Notification of the Capital Market Supervisory Board No. Tor.Jor. 21/2551 Re: Rules on Connected Transactions (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended).

The Bank is required to obtain the approval of the BOT in order to consummate the Transaction. Furthermore, as a prerequisite to the BOT approval, the Bank will convene a shareholders' meeting to consider and approve the Transaction which requires the vote of not less than three-fourths of the total votes of the shareholders and proxies attending the meeting and entitled to vote in accordance with Section 43 of the Financial Institution Business Act B.E. 2551 (2008) (as amended).

Financial information for the Transaction size calculation can be summarized as follows:

■ Latest Financial Information as at 30 September 2019

Unit: THB Million	BBL	Permata ^{1/}
Total Assets	3,228,091.79	335,669.99
Total Intangible Assets	1,792.38	1,090.48
Total Liabilities	2,797,653.75	284,307.58
Non-Controlling Interest	259.76	0.02
NTA ^{2/}	428,385.90	50,271.91
Net Profit ^{3/}	35,914.89	3,246.14

Note: 1/ Exchange rates as at 11 December 2019 are THB 1: IDR 462, USD 1: IDR 13,999

2/ NTA (Net Tangible Assets) is equal to total assets fewer intangible assets, total liabilities and non-controlling interests

3/ Profits during the last 12 months (only a portion attributed to the Bank's Shareholder)

Total Consideration Value	(IDR Million)
Cash ^{1/}	42,001,080.48
Expected Taxes and Government Fees	25.00
Total	42,001,105.48

Note: 1/ calculated based on financial statement as of Q3 2019 which will be changed due to the closing period is expecting to be around Q3 2020.

■ Transaction Size Calculation Basis (Unit: THB Million)

Basis	Formula	Calculation	Transaction Size
1. Net Tangible Assets (NTA)	$\frac{\text{NTA of Permata}^{1/} \times \% \text{Acquisition}^{2/}}{\text{NTA of BBL}^{1/}}$	$\frac{50,271.91^{1/} \times 100\%^{2/}}{428,385.90^{1/}}$	11.74%
2. Net Profit for the last 4 quarters	$\frac{\text{Net profits of Permata}^{3/} \times \% \text{Acquisition}^{2/}}{\text{BBL Net Profits}^{3/}}$	$\frac{3,246.14^{3/} \times 100\%^{2/}}{35,914.89^{3/}}$	9.04%
3. Total Consideration Value	$\frac{\text{Total Consideration Value}^{4/}}{\text{Total Assets}^{1/}}$	$\frac{90,911.48^{4/}}{3,228,091.79^{1/}}$	2.82%
4. Value of Issued Securities	$\frac{\text{Issuing Securities to Settle the Transaction}}{\text{BBL Total Paid-up Shares}}$	$\frac{\text{N.A.}}{\text{BBL Total Paid-up Shares}}$	N.A. (No issuing securities)

Note: 1/ calculated based on financial statement as of Q3 2019

2/ calculated for highest possible percentage of asset acquired (100%)

3/ Net profit of 4 latest quarters

4/ calculated from total consideration value paid and other related expenses such as taxes and stamp duty.

1.7.1. Acquisition Processes and Timeline

The completion of the Transaction is subject to the following main approvals:

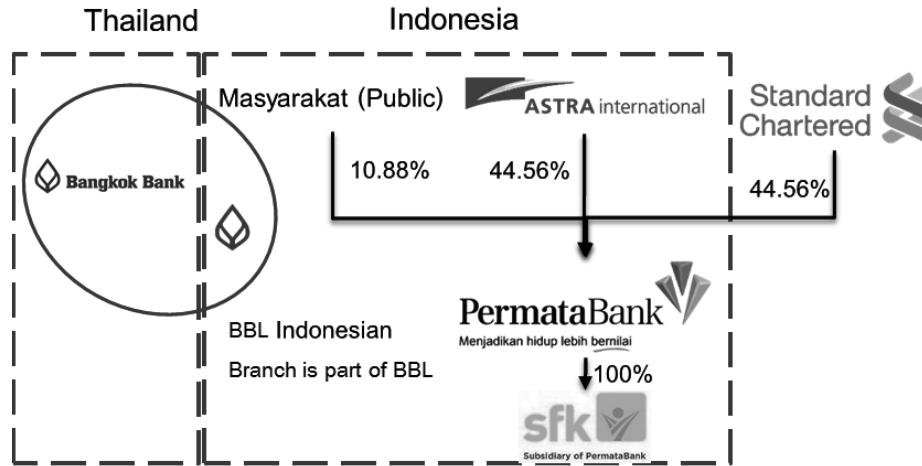
1. Approval from BBL's Shareholders on the Transaction
2. Approval from Permata's shareholders on the acquisition plan
3. Approval from BOT
4. Approvals from OJK:
 - OJK Fit and Proper approval as a controlling shareholder.
 - OJK approval on the acquisition of shares in Permata
 - OJK approval to acquire more than 40% of shares in Permata

The completion of the Transaction is expected to occur by Q3 2020.

1.7.2. Group Structure and Post Acquisition Strategy

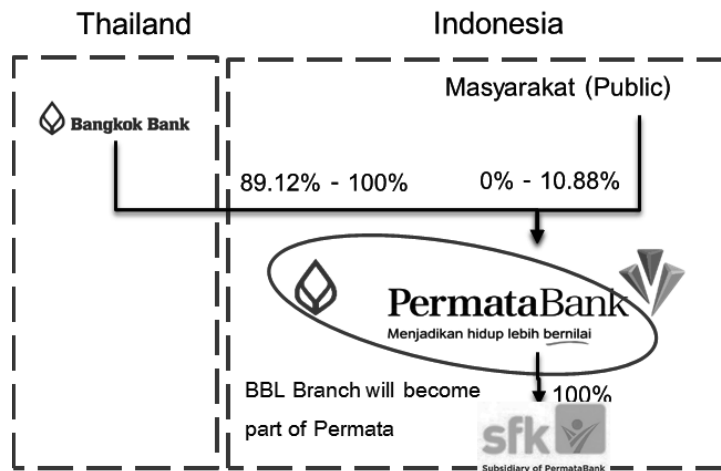
BBL currently has 3 branches in Indonesia with total assets of IDR 36,076,697 million which is equal to 23.26% of Permata's assets, as at 30 September 2019. After the Transaction, BBL plans to merge BBL Indonesia's branches into Permata under Permata's name which will require relevant OJK approvals.

Structure Before the Transaction



Source: BBL

Structure After Complete the Transaction



Source: BBL

After the Transaction, Permata will be majority owned by BBL (89.12%). BBL has no plans to delist Permata from IDX. However, in order to remain listed on the IDX, Permata must comply with the following free float requirements: 1) the number of shares owned by public shareholders (i.e. shareholders that are not a controlling shareholder⁹ or a

⁹ “controlling shareholder” in this context means a shareholder who, directly or indirectly: (i) owns more than 50% voting shares in the listed company, or (ii) has the means to determine, whether directly or indirectly, by any means whatsoever, the management and/or policies of the listed company (even if such party (or concert parties) together hold less than 50% of the shares).

substantial shareholder¹⁰) is at least 50,000,000 shares and at least 7.5% of its total issued and paid-up capital, and 2) there must be at least 300 shareholders with IDX-registered securities accounts. If as a result of the MTO Permata does not comply with the minimum free float requirement, Permata is then required, under the IDX listing regulations, to comply with the minimum free float requirement within 2 years after completion of the MTO. In the case of the Transaction, since the Bank will be acquiring more than 80% of shares in Permata, the Bank will be required to divest all of the shares that it acquired pursuant to the MTO within 2 years of the MTO as per OJK regulations. After the divestment, the Bank's shareholding in Permata will be restored to 89.12%, and as such Permata will be in compliance with the minimum free float requirement.

Board of Commissioners of Permata After Acquisition (expecting)

No	Name	Position
1	BBL Representative	President Commissioner
2	BBL Representative	Vice President Commissioner
3	BBL Representative	Commissioner
4	BBL Representative	Commissioner
5	David Allen Worth	Independent Commissioner
6	Haryanto Sahari	Independent Commissioner
7	Zulkifli Zaini ^{1/}	Independent Commissioner
8	Rahmat Waluyanto	Independent Commissioner

Note: 1/ Mr. Zulkifli Zaini submitted his resignation letter on 17 January 2020. His resignation will be effective once approved by Permata's AGM

Source: BBL

Board of Directors of Permata after Acquisition

No	Name	Position
1	Ridha DM Wirakusumah	President Director
2	Abdy Dharma Salimin	Technology and Operations Director
3	Djumariah Tenteram	Retail Banking Director
4	Lea Setianti Kusumawijaya	Finance Director
5	Darwin Wibowo	Wholesale Banking Director
6	Herwin Bustaman	Shariah Business Unit Director
7	Dhien Tjahajani	Legal and Compliance Director
8	Dayan Sadikin	Human Resource Director
9	BBL Representative	To Be Determined
10	BBL Representative	To Be Determined

Source: BBL

¹⁰ "substantial shareholder" in this context means any shareholder who directly or indirectly holds 20% or more of the listed company's share capital.

1.7.3. Pro-forma Consolidated Financial Statements

The pro-forma consolidated financial statements after the completion of the Transaction was prepared by the Bank (pro-forma is internal preparation and may subject to change by auditor). The Bank has prepared pro-forma consolidated financial statements of the Bank and Permata after the Transaction (acquisition of 89.12% shares of Permata) based on reviewed financial statements of BBL and published financial statement of Permata as at 30 September 2019. In this regard, the pro-forma consolidated financial statements are not an indicator of the actual operating results of the Transaction as the financial information in the pro-forma consolidated financial statements have been prepared based on assumption of the events that did not actually occur at that time.

1. IFRS9: The consolidated financial statements do not include the effect of the change in accounting standard (IFRS9) which will affect 2020 financial statement
2. There is a significant change of non-controlling interest due to 10.88% of Permata shares are currently held by public.

The pro-forma consolidated financial statements of BBL and Permata after the acquisition can be summarized as follows:

Consolidated Financial Statement as of September 30, 2019 (THB million)	BBL	BBL + Permata
Assets		
Cash	51,825	55,743
Interbank and money market items, net	575,970	541,410
Derivatives assets	52,795	53,097
Investments, net	614,339	652,061
Investments in subsidiaries and associates, net	1,732	1,732
Total loan to customers and accrued interest receivables, net	1,847,821	2,069,882
Customer's liability under acceptances	1,562	5,380
Properties for sale, net	9,890	10,448
Premises and equipment, net	41,208	46,530
Other intangible assets, net	1,792	2,883
Goodwill	-	35,246
Deferred tax assets	4,144	7,932
Collateral placed with financial counterparties	8,743	8,743
Other assets, net	16,269	26,901
Total assets	3,228,092	3,517,988
Liabilities		
Deposits	2,362,766	2,623,004
Interbank and money market items	148,575	153,154
Liability payable on demand	5,535	5,535

Consolidated Financial Statement as of September 30, 2019 (THB million)	BBL	BBL + Permata
Derivatives liabilities	39,465	39,578
Debt issued and borrowings	147,375	156,434
Bank's liability under acceptances	1,562	5,410
Provisions	16,985	17,087
Deferred tax liabilities	2,004	2,004
Other liabilities	73,387	79,756
Total liabilities	2,797,654	3,081,961
Shareholders' Equity		
Issued and Paid-Up Share Capital	19,088	19,088
Premium on common shares	56,346	56,346
Other reserves	43,779	43,779
Appropriated		
Legal reserve	24,000	24,000
Others	106,500	106,500
Unappropriated	180,464	180,464
Total bank's equity	430,178	430,178
Non-controlling interest	260	5,848
Total shareholders' equity	430,438	436,026
Total liabilities and shareholders' equity	3,228,092	3,517,988

Consolidated Financial Statement for 9-month ended September 30, 2019 (THB million)	BBL	BBL + Permata
Income		
Interest income	84,851	103,582
Interest expenses	(30,972)	(40,814)
Net interest income	53,878	62,768
Fees and service income	28,205	30,238
Fees and service expenses	(7,885)	(8,128)
Net fees and service income	20,319	22,110
Gains on trading and foreign exchange Transactions	5,675	6,665
Gains on investments	4,777	4,959
Share of profit from investment using equity method	88	88
Gains on disposal of assets	1,700	1,700
Dividend income	3,153	3,153
Other operating income	433	718
Total operating income	90,023	102,160
Other operating expenses		
Employee's expenses	19,908	23,784
Directors' remuneration	111	111

Consolidated Financial Statement for 9-month ended September 30, 2019 (THB million)	BBL	BBL + Permata
Premises and equipment expenses	8,326	8,326
Taxes and Duties	2,509	2,509
Others	8,122	11,676
Total other operating expenses	38,976	46,405
Impairment loss of loans and debt securities	(16,009)	(17,551)
Profit from operating before income tax expenses	35,038	38,205
Income tax expenses	(6,929)	(7,730)
Net profit	28,110	30,475

1.8. Summary of Key Terms of Conditional Share Purchase Agreement

Items	Details
Parties	The Bank as the Purchaser Astra and Standard Chartered as the Sellers
Date	12 December 2019
Sale Shares	Total of 24,991,429,332 Series B shares (the "Sale Shares"), representing 89.12% of the total issued and paid-up shares in Permata.
Consideration	The Transaction will be effected on the basis of an agreed valuation of 1.77 x Book Value as set out in the last published financial statements of Permata prior to the closing of the Transaction (subject to certain adjustments) . This implies, on the basis of Permata's book value as at 30 September 2019, an indicative purchase price of IDR 1,498 per share and an indicative transaction value of IDR 37,430,973.74 million or approximately USD 2,673.83 million or THB 81,019.42 million (excluding other transaction expenses) for the 89.12% stake in Permata (using the exchange rate as at 11 December 2019 of THB 1: IDR 462 and USD 1: IDR 13,999)
Key Conditions Precedent	<ol style="list-style-type: none"> 1. The approvals from the Banking Division of OJK (Financial Services Authority of Indonesia) in relation to (a) the Transaction, including fit and proper approval of the Bank as a controlling shareholder of Permata, and (b) the proposed acquisition structure. 2. The approval of BOT 3. The resolution of the general meeting of shareholders of the Bank approving the Transaction 4. The resolution of the BOC of Permata approving the Transaction 5. The resolution of the general meeting of shareholders of Permata approving: (i) the acquisition plan and the draft deed of acquisition; (ii) the appointment of the representative(s) nominated by the Bank to be the members of the BOD and BOC; and (iii) the resignation, release and discharge of selected members of the BOD and BOC who were nominated by Standard Chartered and Astra, effective immediately after closing.

Items	Details
	6. There is no order, injunction, judgment, decree, regulation or court order issued by any governmental authority, regulatory body or court of competent jurisdiction which would prohibit the Bank from acquiring the Sale Shares.
Standard Chartered Tier 2 Securities	Standard Chartered assigns and transfers, and the Bank receives, Standard Chartered's Tier 2 Securities (i.e., IDR 700,000 million Floating Rate Subordinated Notes which are due to mature on 10 March 2020 and Shelf Subordinated Bonds II Phase II of 2014 in the amount of IDR 103,000 million), in each case to the extent the relevant Tier 2 Securities have not been repaid in full by Permata prior to closing.
Payment	The Bank shall pay the applicable portion of the consideration in IDR to each Seller on the closing date by 10.00 a.m. (Jakarta time).
Seller Representations and Warranties	<ol style="list-style-type: none"> 1. Due Incorporation 2. Authority to Enter into the CSPA 3. Ownership of the Sale Shares 4. Consents and Approvals 5. No Material Legal Action 6. Accuracy of Audited Financial Statements 7. Q3 2019 Interim Financial Statement 8. Tax Matters
Fee and Taxes	<p>The Bank shall bear (i) the cost of any notarial fees that are payable as a result of the transactions contemplated by the Agreement and (ii) any stamp duty, taxes and fees that may be imposed in Thailand.</p> <p>Each Seller shall bear the final disposal tax, which is equal to 0.1% of the consideration (imposed by the IDX as per Ministry of Finance Regulation No. 282/KMK.04/1998).</p>
Seller Undertakings	<p>Customary Seller undertakings, including:</p> <ol style="list-style-type: none"> 1. to exercise its votes in favor to effect the appointment of representatives nominated by the Bank to the BOC and the BOD; 2. to exercise its votes in favor to effect (i) the resignation of each of the Seller's representative in the BOD and BOC and (ii) the release and discharge to each of the Sellers' representatives in the BOD and BOC; 3. to obtain all internal permits, consents, authorizations and approvals that are required for the execution of and the closing of the Transaction; 4. to procure not to vote for any proposal to change or amend the accounting principles, policies and practices of Permata, except as may be required by applicable laws or prevailing Indonesian financial accounting standards; and 5. to not grant or create any encumbrance on or over the Sale Shares. <p>Customary Seller undertakings to vote against any proposal to effect any of the following:</p>

Items	Details
	<ol style="list-style-type: none"> 1. any capital reduction or increase in share capital; 2. any merger, amalgamation, takeover, split, consolidation, acquisition or demerger; 3. any winding up, liquidation or dissolution or the commencement of solvency or bankruptcy proceedings; 4. any declaration and payment of any final or interim dividend, distribution or other return of capital or profits or assets to Permata's shareholders; 5. any Restricted Transaction (i.e., any transaction, that has a value in excess of USD20 million individually or USD50 million in the aggregate, save for a transaction carried out on arm's length terms in the ordinary course of business or a transaction detailed in the company's business plan as disclosed to the Bank); and 6. any material amendment to the constitutional documents. <p>Additional Seller undertakings to procure its respective nominees on the BOC to vote against any proposal of Permata to effect:</p> <ol style="list-style-type: none"> 1. any entry into, amendment or termination of a material agreement to which Permata is a party (including the bancassurance agreement between Permata and Astra Aviva) 2. any Restricted Transaction or approval of any declaration of interim dividend
Purchaser Undertakings	The Bank undertakes: <ol style="list-style-type: none"> 1. to reimburse the Sellers in full for any of their obligations required by OJK in respect of issuance of debt securities by Permata prior to closing (the net proceeds of any such issuance shall be excluded from the calculation of Permata's book value, i.e., the 1.77x multiple shall not apply); and 2. to obtain all internal permits, consents, authorizations and approvals required for the execution of and the closing of the Transaction.
Governing Law	The CSPA and the documents to be entered into pursuant to it, save as expressly referred to therein, shall be governed by and construed in accordance with the laws of the Republic of Indonesia.

Source: BBL

1.9. Source of Fund

BBL expects the Transaction to be financed via a combination of internal resources and its routine funding sources. At this stage, BBL does not expect to raise equity specifically for the purpose of funding this Transaction. According to Permata's financial statement as at 30 September 2019, the maximum Transaction value (100% of Permata) is IDR 42,001,105.48 million or THB 90,911.48 million (using exchange rate as at 11 December 2019: 1 THB: 462 IDR) which represent 7.70% of BBL's liquid assets as at 30 September 2019. Therefore, IFA believes BBL has sufficient cash to enter into the Transaction by using its internal resources.

Total Consideration Value	(Million)	Percentage of BBL's Liquid Assets (%)
Total Payment in IDR ^{1/}	42,001,105.48	N.A.
Total Payment in THB ^{2/}	90,911.48	7.70%
BBL's Liquid Assets as at 30 September 2019	1,180,661.00	100.00%

Note: 1/ calculated based on financial statement as of Q3 2019 which will be changed due the book value set out in the last financial statements published by Permata prior to the Confirmation of Satisfaction date

2/ Using the exchange rate as at 11 December 2019 (1 THB: 462 IDR)

2. Summary of Information on Bangkok Bank Public Company Limited

Summary of Information on Bangkok Bank Public Company Limited is in Attachment No.1

3. Summary of Information on PT Bank Permata Tbk

Summary of Information on PT Bank Permata Tbk is in Attachment No.2

4. Summary of Information on Standard Chartered Bank

Summary of Information on Standard Chartered Bank is in Attachment No.3

5. Summary of Information on Astra

Summary of Information on PT Astra International, Inc is in Attachment No.4

6. Opinion of IFA Regarding to the Reasonableness of the Transaction

In assessing the reasonableness of the Transaction, IFA has considered the strategic rationales, proposed merger plan, and the synergies between BBL and Permata. IFA views as follows

6.1. Objective and Necessity of the Transaction

The Transaction, aligns with BBL's international strategy to diversify its lending business and transform itself into a leading ASEAN bank. At present, BBL is the largest commercial bank in Thailand by deposits and shareholders' equity. The Transaction provides BBL access to the Indonesian market which is the largest ASEAN economy with high growth potentials. Permata is a commercial bank with high growth potential and could become the next growth engine for BBL.

Moreover, BBL can leverage on its expertise by introducing new financial products in the Indonesian market, which will enable BBL to increase its profits and create favorable long-term return to the shareholders. BBL's management anticipates the acquisition to be completed by Q3 2020.

6.2. Advantages, Disadvantages, and Risks of Entering into the Transaction

Based on the information from BBL, Permata and other reliable sources, the advantages, disadvantages, and risks from entering into the Transaction can be summarized as follows:

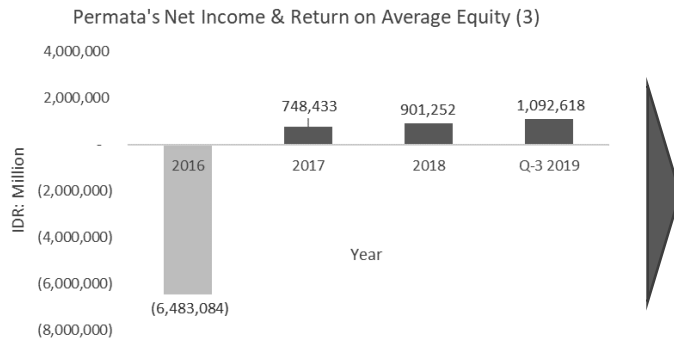
6.2.1. Benefits and Advances from Entering into the Transaction

6.2.1.1. **BBL's International Strategy to Transform into a Leading regional Bank**

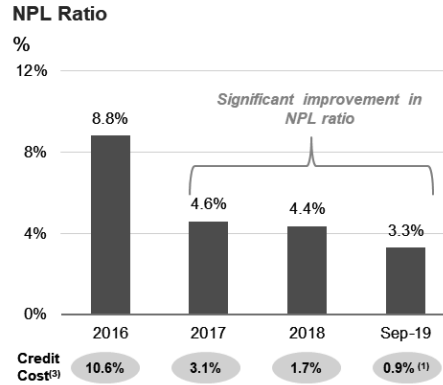
The acquisition of Permata, 89.12% from Sellers and 10.88% from public, aligns with BBL's business plan and long term goal to expand its lending business. BBL's strategy of maintaining its status as a well-established international bank and a leading Asian bank is mentioned as the Bank's vision in its annual reports.

6.2.1.2. **Turn Around Opportunity.**

Permata has returned to profitability since its restructuring in 2016 in which more than IDR 6,000,000 million was written-off. Since 2016, Permata has improved profitability and asset quality significantly and is better positioned for future growth. Recent asset quality restructuring includes an overhaul of senior management team and a change in risk management culture has helped Permata return to profitability. By acquiring Permata at this juncture, BBL will benefit from Permata's high growth potential and limited downside risk.



Recovering Profitability and Asset Quality



Note: 1/ Credit Cost for nine months ending 30 September 2019

2/ 9M19 net income is annualised

3/ Credit cost defined as bank impairments divided by average loans of starting and ending balance for the period

4/ ROE 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 CET1 capital, was (38.3%), 4.8%, 5.0% and 7.1% for 2016, 2017, 2018 and 9M19 respectively

6.2.1.3. Investing in Assets with Growth Potential

The Transaction is considered an investment in assets with high growth potential including deposits, loans and net profits for the following reasons:

Country of Growth – Indonesia is the largest ASEAN economy and has the highest expected growth over the next decade. Indonesia has strong and sustainable projected GDP growth and has an expected real GDP CAGR of 5% over the next 10 years¹¹ due to young working age population with median age of 28.8 years¹², sizable population and rich resources. Indonesia is a more attractive market comparing to BBL's base country (Thailand). For the past decade, Thailand has been struggling with political instability, slow GPD growth and aging population. Indonesia will provide a better growth opportunity for BBL.

No	Details	Indonesia	Thailand
1	Ranking GDP in ASEAN	1st	4th
2	GDP USD Million	1,111,713	529,177
3	Average GDP Growth (2015-2017)	4.99%	3.50%
4	Expecting GDP Growth for the next 10 years	5.00%	3.60%

¹¹ Source: Business Monitor International (BMI) statistics

¹² Source: www.worldometers.info

No	Details	Indonesia	Thailand
5	Median population age as at 2019	28.80	38.30
6	Land (km2)	1,811,570	510,890

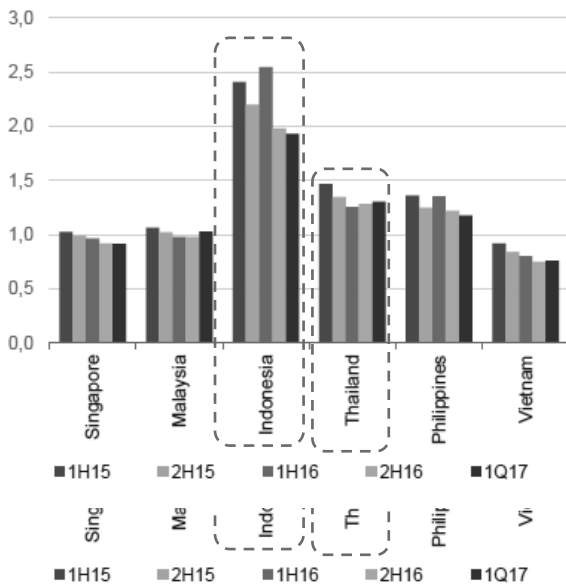
Source: 1/ International Monetary Fund

2/ www.statista.com

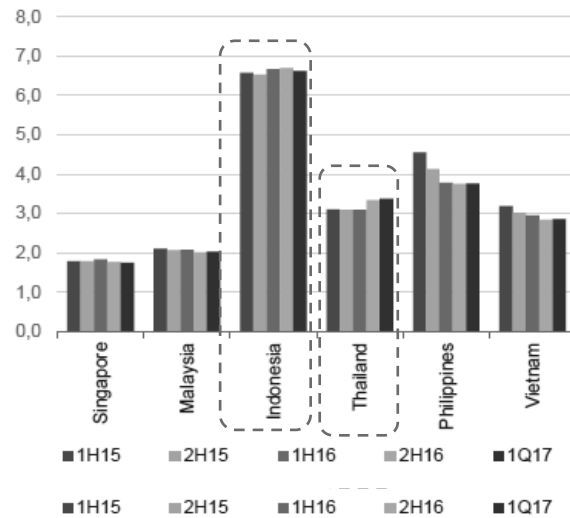
3/ www.worldbank.org

Banking Sector Growth – Indonesian banking sector is one of the highest growth potentials in ASEAN due to low credit penetration and significant scope for new product innovation. Historically, Indonesian banking sector has been growing at 15.0% CAGR over the last 10 years¹³ with higher return on assets and net interest margins compared to Thailand. Going forward, Indonesia has further headroom for growth with more than 66% of its population unbanked as well as the expanding middle class.

Return on Assets across banks in ASEAN during Q1 2017
(%)



Net Interest Margins across banks in ASEAN during Q1 2017
(%)



¹³ Source: Bank Indonesia 2008-2018

Economy	Overall outlook	Operating Environment	Asset Quality	Capital	Funding & Liquidity	Profitability & Efficiency	Government Support
Indonesia	Stable	Positive	Positive	Stable	Stable	Positive	Positive
Malaysia	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Philippines	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Vietnam	Stable	Stable	Stable	Deteriorating	Stable	Stable	Stable
Thailand	Stable	Stable	Deteriorating	Deteriorating	Stable	Stable	Stable

Source: BBVA Research, Moody's Investor Service

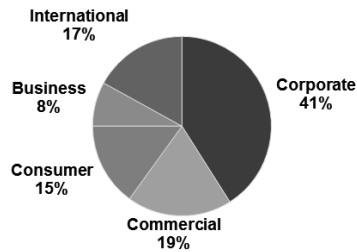
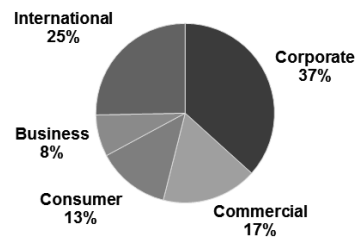
6.2.1.4. Enhancement of Asset Size and BBL's Competitiveness in Indonesia

As of 30 September 2019, Permata has total loan to customers of IDR 102,591,933 million and total asset of IDR 155,079,536 million comparing to BBL Indonesian branches with loan to customers of IDR 22,307,960 million and total asset of IDR 36,076,697 million. BBL Indonesian branches' loan to customers and total assets are 21.17% and 23.26% when comparing to the respective value of Permata. Post-Transaction, BBL's Indonesian exposure by total loans and total assets will increase by approximately 4 times. Moreover, interest margins and return on asset in Thailand are lower than that of Indonesia, with further deteriorating in asset quality and capital for the industry¹⁴. Lastly, Permata also has excellent partnerships with major players in Indonesia such as Kredivo, Home Credit, AirAsia and Indosat. Therefore, with BBL's expertise, IFA expects that BBL will achieve growth in fee-based income and further diversify the distribution channels.

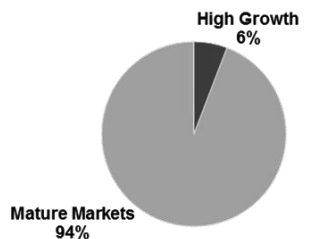
6.2.1.5. Diversification of Business Risks

Even though BBL has 31 locations internationally across 14 economies, its major businesses and growth are concentrated in Thailand. Acquiring Permata is in line with BBL's strategy to become a leading ASEAN bank. With more than 300 branches in Indonesia, Permata will help diversify BBL's loans book and increase exposure to high growth regions. BBL will transform from a Thai centric financial institution to more diversified ASEAN financial institution.

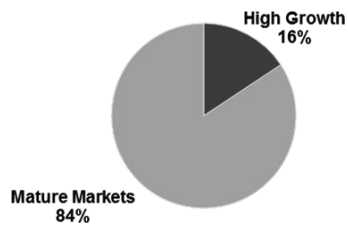
¹⁴ Source: Moody's research

Bangkok Bank Pre-Transaction Loans Breakdown (30 Sep 2019)

Permata Will Contribute ~10% of Bangkok Bank Loans


Permata's business will change from mature markets to exposure to high growth markets

Bangkok Bank Pre-Transaction Loans Breakdown (30 Sep 2019) ⁽¹⁾


Loans: THB2,001 Bn (US\$65.4Bn)⁽²⁾

High Growth Markets Will Contribute ~16% to Bangkok Bank's Loans ⁽¹⁾


Pro forma Loans: THB2,235 Bn (US\$73.1Bn) ⁽²⁾

Notes: 1/ High growth markets include Myanmar, Cambodia, China, Vietnam, Philippines, Indonesia, and Laos. Mature markets include Thailand, USA, UK, Malaysia, Japan, Hong Kong, Taiwan, and Singapore

2/ Based on exchange note of USD/IDR of 14,179 and USD/THB of 30.6 as of 30 September 2019

The Transaction, therefore, enables BBL to better manage its business risks and Thai customer concentration, and to help enhance BBL's competitiveness as a leading ASEAN bank.

6.2.1.6. Enhancement Ability to Generate Revenue and Profits

Subsequent to the acquisition, BBL will report increased operating revenues and better performance as shown below.

30 September 2019 (THB Million)	BBL	Permata	BBL + Permata
Net interest income	53,878	8,889	62,768
Net fee and service income	20,319	1,791	22,110
Other income	15,826	1,457	17,283
Total Operating Income	90,023	12,137	102,160
Operating expenses	(38,976)	(7,429)	(46,405)
Impairment losses and loans and debt securities	(16,009)	(1,542)	(17,551)
Income tax	(6,929)	(801)	(7,730)
Net Profits for the Period	28,110	2,365	30,475

Note: BBL and Permata Consolidated Financial statement is done by Independent Financial Advisor and may be subject to change by auditor

30 September 2019	BBL	Permata
Net interest margin (NIM)	2.4%	4.2%
Cost to income	43.3%	61.2%
Credit cost	1.0%	0.9%

Based on the above information, Permata will provide higher yield loan portfolio with higher interest margins. As the result, BBL will have higher margins going forward.

6.2.1.7. Creation of Value from Different Business Opportunities

The Transaction will create various business opportunities in Thailand and Indonesia from integrating complementary strengths of two banks. In Thailand, BBL has its strength in acquiring deposits, having extensive branch network and corporate customer base. In Indonesia, Permata is a leading provider of auto hire-purchase loan, Shariah banking and mobile banking and best-in-class digital banking platform. After the Transaction, BBL can create more opportunities in Thailand by adapting Permata's strength in digital banking and mobile banking which could help BBL to extensively expand its retail customer base. In Indonesia, Permata could adopt BBL's in-dept knowledge about corporate customers, trading and securities business to improve its wealth management and non-interest income. Major subsidiaries of BBL includes Bualuang Securities Public Company Limited (BLS), BBL Asset Management Company Limited (BBLAM), and Bualuang Ventures (BV). BLS provides brokerage, investment banking and fund management services; BBLAM provides mutual funds, private funds and provident fund products; and BV is a venture capital company. BBL has been providing a wide range of financial services including financial advisory which ranks among the top 3 for investment banking in Thailand. BBL has been a major underwriter in the debt capital markets due to its expertise in corporate banking, long-established client relationships, and its understanding of both issuers' requirements and investors' risk appetites. With BBL's deep industry knowledge and long-term relationships with leading corporates, BBL could turn Permata into one of the leaders in the capital market and investment banking in Indonesia.

6.2.1.8. Enhancement Cross-Border Capabilities

This Transaction will allow both BBL and Permata's customers to gain cross-border capabilities. Over the last 10 years, Thai investment into Indonesia grew approximately 25% annually¹⁵. With this acquisition, BBL will enhance Permata's capabilities to acquire more deposits and expand its loan to high quality corporates as well as to major financing projects (BBL estimates that its corporate clients could invest more than THB 100 billion in Indonesia over the next few years). The Transaction will also enable BBL to better manage its deposit risk from customer concentration

¹⁵ Source: BOT

in Thailand and increase its competitiveness as a leading ASEAN bank, as well as creating stability of the Bank's future earnings.

6.2.1.9. Reduction Redundancies

As BBL plans to merge the operations of BBL Indonesian branches into Permata after the Transaction, BBL could benefit from economies of scale if Permata can effectively manage redundancies such as duplicate back-office employees, to improve operational efficiency.

6.2.2. Disadvantages of Entering into the Transaction

6.2.2.1. Workforce Redundancy

After the acquisition, BBL is expected to merge its Indonesian branches with Permata's therefore there is a possibility that some administrative jobs will be made redundant. However, in terms of the number of employees, BBL's number of branches in Indonesia is small relative to Permata's (based on BBL's and Permata's annual report as at 31 December 2018, BBL Indonesian branches' employees are estimated to be around 1% of Permata's employees). Based on Permata's management interviews, IFA believes Permata's management is more than capable to relocate the duplicated work functions to a better use for expansion strategy.

6.2.2.2. Reduced Ability to Pay Dividend

BBL is expected to use its internal resources to fund the Transaction. Based on the financial statements as at 30 September 2019, BBL may have to spend ~THB 90,911.48 million (subject to change) to acquire 100% share of Permata. For the past 3 years, BBL's dividend payments were THB 12,407.48 million a year. Investing more than THB 90,000.00 million could potentially affect BBL's ability to pay the dividend.

Year	Dividend Paid: THB	Total dividend paid THB Million
2019	6.50	12,407.48
2018	6.50	12,407.48
2017	6.50	12,407.48

Note: 1/ BBL's number of paid-up shares: 1,908,842,894 shares

2/ Par THB 10.00 per share

Based on BBL's financial statement as at 30 September 2019, the indicative Transaction size is 7.70% of BBL's liquid assets. Therefore, IFA's view is that entering into the Transaction will not have a significant impact on BBL's financial status and dividend paying capability.

6.2.3. Risks of Entering into the Transaction

6.2.3.1. Risk of Losing the Cooperation with Astra

BBL does not want any changes in terms of the cooperation with Astra (it is one of the largest conglomerates in Indonesia with businesses in automotive, agricultural, logistic, technologies. BBL also has no immediate plan to replace the management team. Nevertheless, the Transaction will result in changes in certain key personnel's especially the Board of Commissioners which currently comprises mostly Standard Chartered and Astra nominated members. With lacking of close relationship with the Board of Commissioners and direct benefits as major shareholders, Astra cooperation may deteriorate. However, BBL and Astra have mutual undertaking to maintain the cooperation between Astra and Permata which in the future could enhance the relationship between BBL and Astra. IFA views that BBL's strategy and willingness to enhance its relationship with Astra through Permata will reap long-term benefits.

6.2.3.2. Risk of Delay of the Transaction and Regulatory Concerns

The Transaction requires regulatory approvals from BOT and OJK as well as shareholders' approval from BBL and the acquisition plan requires approval from Permata's shareholders. As stated in 1.7.1 Acquisition Process and Timeline, the total approval process could take up to 6 months. Fortunately, at the date of this report, BOT and OJK are aware of the Transaction and there have been preliminary discussions with BOT and OJK. BBL also informed the SET and the SEC to ensure the smooth process and expects to receive approvals from BOT and OJK before Q3 2020.

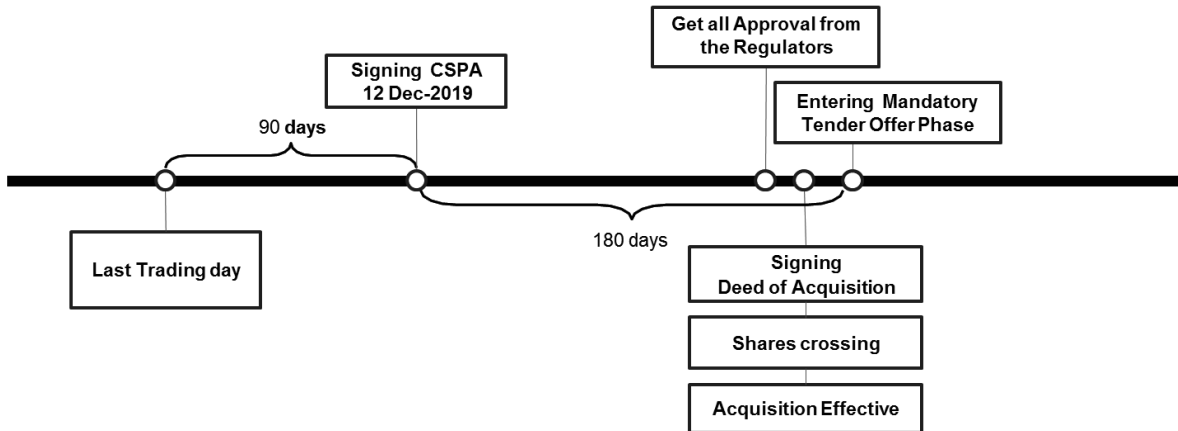
6.2.3.3. Risk of not Getting Approvals of the Shareholders

The Transaction requires the approval of shareholders of BBL, and the acquisition plan requires the approval of shareholders of Permata. However, BBL is subject to uncertainty to some extent, while in respect to Permata, the uncertainty may be relatively low since the existing major shareholders representing 89.12% of the share capital of Permata have already agreed to selling their shares to BBL. However, IFA views that the right communication between BBL's management and its shareholders will mitigate the risk of not getting shareholders' approval.

6.2.3.4. Risk of Incremental Expenses

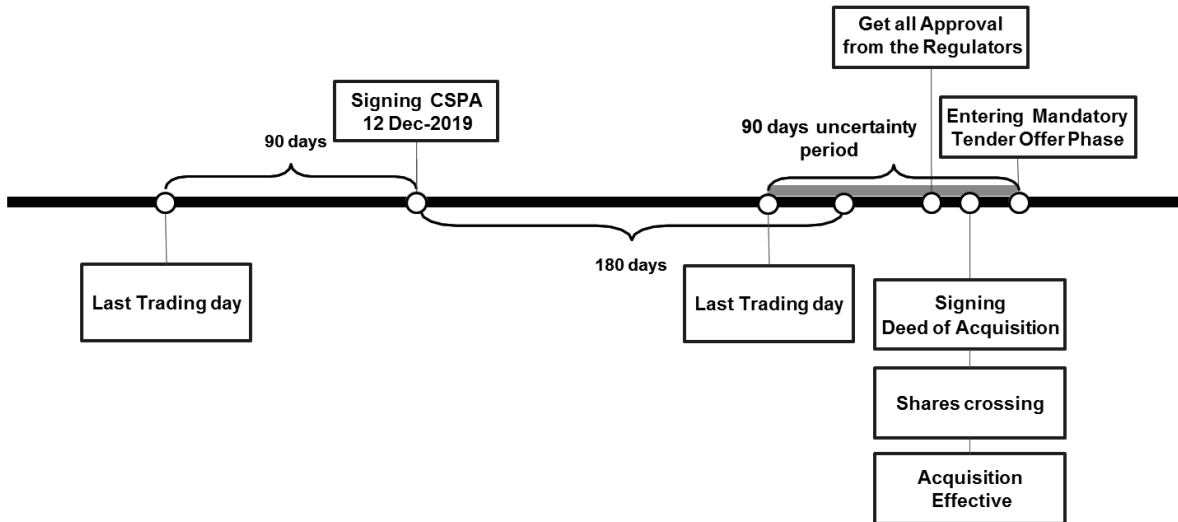
If the Transaction is delayed for any reason, BBL may incur additional expenses such as the advisory and legal fees. Another risk which may affect the total Transaction size is the MTO commencement date. In particular, if the Transaction is not approved within 6 months of the takeover announcement (12 December 2019), then there is uncertainty that BBL may have to offer an MTO price higher than the price per share paid to Astra and Standard Chartered (If and only if the average highest daily trading price during the relevant 90-day period is higher than such price). However, if the MTO process commences after the 6-month period following the takeover announcement then the timeframe for the determination of the MTO price also shifts as set out in Scenario 2 below.

Scenario 1



In Scenario 1, the Transaction is approved by the regulators and the MTO commences within 6 months of the takeover announcement date (12 December 2019). As such, the MTO price shall be equal to the Sale Shares Price under the CSPA (IDR 1,498 per share based on the book value as at 30 September 2019), which is greater than the average price of the highest daily trade price during the 90 day period prior to the announcement (IDR 1,135.32 per share).

Scenario 2



In Scenario 2, the completion of the Transaction is delayed, and the Bank is unable to commence the MTO within the 6 month-period following the takeover announcement date (12 December 2019). Accordingly, the MTO price may differ from the Sale Shares Price depending on the average price of the highest daily trading price during the relevant 90-day period prior to the MTO commencement date whichever is higher. Therefore, in Scenario 2, there is uncertainty that the MTO price may be higher than the Sale Shares Price paid to Astra and Standard Chartered.

6.2.3.5. Risk of the Inaccuracy of Sale Shares Price

According to CSPA, the Sale Shares Price is based on the book value set out in the last financial statements published by Permata prior to the Confirmation of Satisfaction date (subject to certain adjustments) which is not yet

determined. However, CSPA does not specify the verification methodology to verify the accuracy of book value as at Confirmation of Satisfaction date. Therefore, even though it is unlikely, there is possibility for inaccuracy of the book value as at Confirmation of Satisfaction date. Nonetheless, according to CSPA, Permata will ask its auditor to review the last financial statement published prior to the Confirmation of Satisfaction date. As Permata is regulated under OJK and IDX, IFA views that Permata financial statement at any point in time is unlikely to be inaccurate and should have the same standard as audited financial statement.

6.2.3.6. Uncertainty of Book Value due to the Changes in Accounting Standard

Year 2020 is the first year of a few major changes in accounting standards for Permata and one of which is IFRS9 which could have a major impact on the financial statement. IFRS 9 addresses directly the accounting standards for financial instruments. It contains three main pillars which are classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The implementation of IFRS9 could impact Permata's financial statement and lead to the book value as at the Confirmation of Satisfaction date to be lower than the book value as at 30 September 2019. Therefore, the actual transaction value could be lower than the indicative transaction value calculated based on 30 September 2019 book value.

6.2.3.7. Uncertainty of the Foreign Exchange Rate

As the Closing date is expected to be in Q3 2020, there is an uncertainty in movement of foreign exchange rate as BBL agreed to purchase Permata's shares in IDR, but its functional currency is THB. According to BBL's management, BBL will use its core strength on the foreign exchange management including but not limited to, the use of hedging and forward instruments, to minimize the foreign exchange rate risk.

6.2.3.8. The Risk of the Violation of IDX Listing Qualification

After the Transaction, the Bank will likely be required to conduct an MTO which may result in Permata being in violation of the minimum free float requirement for listed companies on the IDX. However, since the Bank will be acquiring more than 80% of the shares in Permata, the Bank will be required to divest all of the shares that it acquired pursuant to the MTO within 2 years of the MTO as per OJK regulations. After the divestment, the Bank's shareholding in Permata will be restored to 89.12%, and as such Permata will be in compliance with the minimum free float requirement.

6.2.3.9. Risk of Capital Increase

Permata and BBL are planning to improve Permata operation as well as extensively expand Permata's business in both deposits and lending. As Permata is under OJK regulations therefore aggressive expansion of the business may cause concerns for OJK which increases the possibility that OJK will force Permata to increase its

registered capital. However, with the BBL's plan to merge its BBL Indonesian branches into Permata after the Transaction, it will enhance Permata's balance sheets and liquidity which could reduce risk of the need to increase its capital.

6.2.3.10. Risk of Tax Dispute Case

Permata currently has a large number of ongoing Corporate Income Tax Disputes along with ongoing Withholding TAX and VAT disputes. However, based on the latest information in December 2019, there are positive signs in respect of the tax dispute cases.

6.2.3.11. Risk of Non-Completion of Transaction

Impact to the shareholders in the event of non-completion. The Bank has incurred transaction expenses regardless of the completion or non-completion of the transaction. Together with all other potential expenses and charges that would be incurred over 12 months from CSPA signing even in the event of non-completion, management has estimated that the amount is in line with other comparable transactions and does not constitute to have a material impact to the Bank and its shareholders.

6.3. Conclusion of the Independent Financial Advisor on the Reasonableness of the Transaction

IFA has an opinion that entering into the Transaction provides BBL with many growth opportunities, advantages, disadvantages and risks mentioned above. BBL has plans to manage and mitigate risks mentioned above to ensure a smooth acquisition. Therefore, the Transaction to acquire 89.12% shares of Permata from Standard Chartered and Astra and later on MTO for another 10.88% from public are reasonable and expected to strengthen BBL's competitive position as International Bank and will bring sustainable growth to BBL in long-term. Therefore, the IFA has an opinion that entering into the Transaction is reasonable.

7. Opinion of IFA Regarding to the Fairness of the Transaction Price

In assessing the fair value of the Transaction Price, Discover, as a certified financial advisor by the SEC and as an Independent Financial Advisor to the Transaction, has been provided with Permata audited financial statements, financial projections, business plans, and other relevant material prepared by BBL's financial, legal and accounting advisors. IFA also reviewed BBL's business plan for Permata, conducted interviews with management of BBL and Permata, studied the current economic and industry conditions, and financial information of other comparable peers of Permata as well as information disclosed to the public. IFA assumes that all information and document received are complete and accurate without material mistakes. If there are significant changes in the current situation, it may materially affect the fair value of Permata, as well as the shareholders' decision.

IFA has evaluated the fair value of Permata using the following 7 approaches:

1. Book Value Approach
2. Adjusted Book Value Approach
3. Market Value Approach
4. Price-to-Book Value Ratio Approach: (P/BV Ratio)
5. Price-to-Earnings Per Share Ratio Approach: (P/E Ratio)
6. Precedent Transaction Comparable (PTC) Approach
7. Dividend Discount Model (DDM) Approach

7.1. Book Value Approach

The book value approach evaluates fair value of Permata based on the net book value (total assets minus total liabilities) divided by the total number of shares as of 30 September 2019:

No.	Details	Values (IDR Million)
1	Issued and fully paid-up	3,837,985.00
2	Additional paid - in capital - net	17,252,901.00
3	Net fair value reserve - investment securities and placement in Negotiable Certificate Deposits	97,665.00
4	Fixed assets revaluation reserve	1,853,060.00
5	(Deficit) retained earnings	687,813.00
6	Equity attributable to owners of Permata (6)=(1)+(2)+(3)+(4)+(5)	23,729,424.00
7	Number of issued and fully paid-up capital (million share) ^{1/}	28,042.74
8	Book value per share (IDR)	846.19

Note: 1/ IDR 3,837,985.30 million comprising Series A shares of 26,880,234 with a par value of IDR 12,500 per share and Series B shares of 28,015,858,971 shares with a par value of IDR 125 per share

Based on the book value approach, Permata's share value is IDR 846.19 per share (total equity value of IDR 23,729,424 million), which is lower than the indicative purchase price at IDR 1,498 per share by (651.81) per share or (43.51%).

Book value approach only reflects financial position of Permata as of 30 September 2019 without considering the current market value of assets, Permata's ability to earn profits in the future, and the competitiveness of the Permata's business. Thus, it only can be used as a reference price to the fundamental fair value of Permata's shares. Therefore, IFA views that this approach is not suitable for valuation of Permata; however, Book Value Approach could be used as the calculation based for other approach.

7.2. Adjusted Book Value Approach

By this approach, the share value is derived from the total assets, reduced by total liabilities, commitments and contingent liabilities as shown in the latest consolidated financial statements as at 30 September 2019, and adjusted by the items occurred after the end of accounting period or the items that may reflect the actual value of Permata such as asset revaluation or impairment to reflect prevailing market value of net assets, reversals of allowance for doubtful account or bad debt, business licenses, goodwill, patent, brand value, dividend payment or losses carried forward, etc. then divided by total number of paid-up shares of Permata to arrive at per share value.

Potential Adjustment

1. IFRS9: 2020 is the first year of a few major changes in accounting standards for Permata including IFRS9.

This change in IFRS9 could have a major impact on the financial statements of Permata.

2. As Permata is a commercial bank, there is always potential adjustment for asset value due to impairment losses, taxes and NPL provision.

As Permata is a listed company on IDX, therefore, IFA does not have right to disclose information relating to Permata ahead of Permata. The information given to IFA during the due diligence period is subject to change and adjustment in the future:

No.	Details	Values (IDR Million)
1	Shareholder's equity	23,729,424.00
2	Potential net asset adjustments - IFRS 9	Cannot be disclosed
3	Potential net asset adjustments - Others	Cannot be disclosed
4	Adjusted total shareholders' equity (4)=(1)-(2)-(3)	N.A.
5	Number of issued and fully paid-up capital (million share) ^{1/}	28,042.74
6	Adjusted book value per share (IDR)	N.A.

Note: 1/ IDR 3,837,985.30 million comprising Series A shares of 26,880,234 with a par value of IDR 12,500 per share and Series B shares of 28,015,858,971 shares with a par value of IDR 125 per share

According to limited disclosure ability, IFA cannot provide potential adjusted book value of Permata

Similar to Book Value Approach, this method also does not consider the ability to earn profits in the future. Thus, IFA believes this method may not be the best method to reflect the real value of Permata, but it can be used as a reference price to reflect the basic price of Permata's shares. Therefore, IFA views that this approach is not suitable for evaluating the value of Permata's shares for this valuation.

7.3. Market Value Approach

This valuation approach considers the weighted average share price of Permata (trading value of Permata/ trading volume of Permata) based on the past periods from 7 to 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days. IFA viewed that the movement of the share price in the stock market over the period of time mentioned above can reflect the fundamental business performance and valuation of Permata. 11 December 2019 was used as the ending date as it is the day prior to the announcement of the Transaction. Calculation is as follows:

(Unit: IDR/share)	Permata's Weighted Average (Days)							
	7	15	30	60	90	120	180	360
High	1,273.33	1,273.33	1,388.41	1,388.41	1,388.41	1,388.41	1,388.41	1,388.41
Low	1,048.66	980.39	980.39	980.39	893.80	786.10	776.92	440.03
Weighted Average	1,189.47	1,139.14	1,190.93	1,201.31	1,135.32	1,089.38	1,038.53	977.09

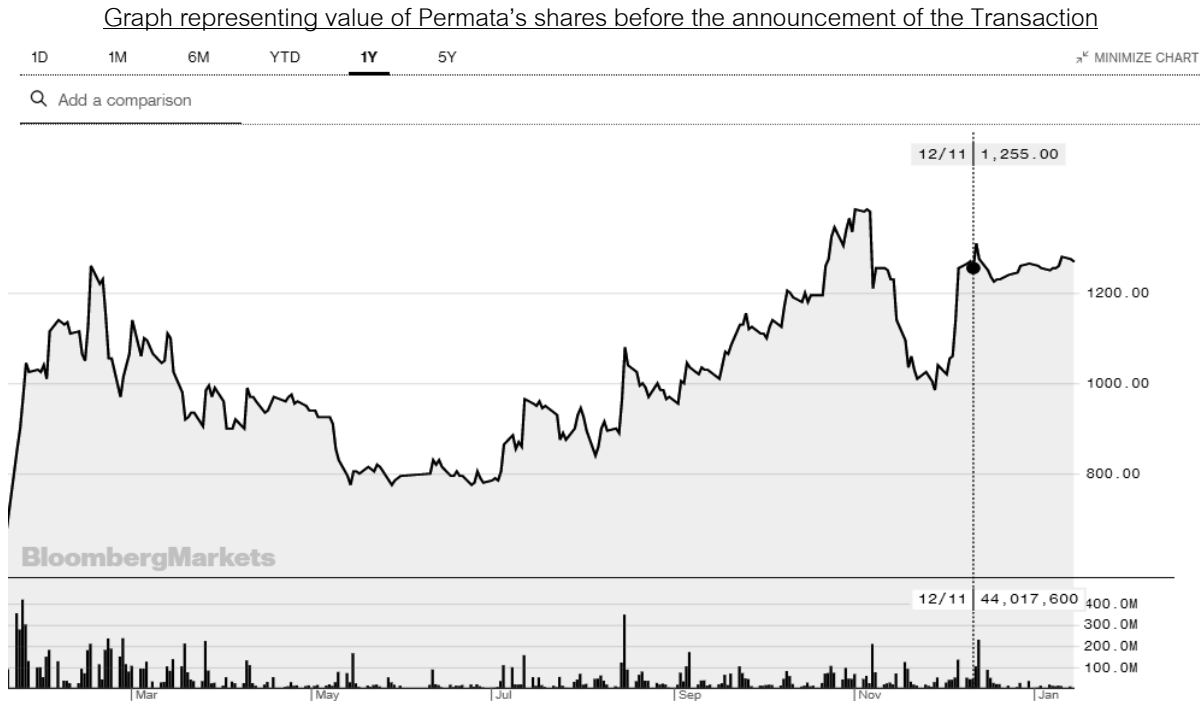
Source: Bloomberg

Note: Information up to 11 December 2019

The highest and lowest share prices of Permata in every quarter over the past 4 years

Year	Quarter	Highest and Lowest Price (IDR per share)	
		Highest	Lowest
2016	Jan – Mar	829.09	526.41
	Apr – Jun	1,140.55	531.54
	Jul – Sep	734.49	541.20
	Oct – Dec	608.85	507.38
2017	Jan – Mar	763.48	502.54
	Apr – Jun	725.00	585.00
	Jul – Sep	725.00	585.00
	Oct – Dec	725.00	585.00
2018	Jan – Mar	695.00	575.00
	Apr – Jun	655.00	480.00
	Jul – Sep	610.00	460.00
	Oct – Dec	670.00	438.00
2019	Jan – Mar	1,280.00	595.00
	Apr – Jun	1,030.00	770.00
	Jul – Sep	1,170.00	780.00
	Oct – 11 Dec	1,425.00	950.00

Source: Bloomberg



Source: Bloomberg

Valuation by market price approach gives a fair value of Permata between IDR 977.09 – 1,201.31 per share (total equity value of IDR 27,400,414.11 – 33,687,972.35 million) which is lower than the indicative purchase price of IDR 1,498 per share by IDR (520.91) – (296.69) per share or (34.77%) – (19.81%), respectively.

Share price of Permata is determined by the supply and demand of the market. However, Permata's strong fundamentals and future growth potentials are not reflected in the share price due to low trading liquidity (89.12% of Permata's share belong to Standard Chartered and Astra). IFA believes that the historical share price of Permata does not reflect the fair value of Permata's shares. Therefore, IFA views that this approach is not suitable for valuing Permata.

7.4. Price-to-Book Value Ratio Approach: P/BV Ratio

This valuation approach is based on the book value of Permata in the latest consolidated financial statements as of 30 September 2019. P/BV ratio are calculated by taking IDR 846.19 per share multiplied by median of P/BV ratios of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of listed comparable banking peers (a total of 43 companies as shown in the table below). IFA chose companies with market capitalization higher than IDR 30,000,000 million and positive operating performance during the latest 12-month period to appropriately reflect the risk of banking business.

List of Banks Registered on IDX

(the grey highlighted rows are selected as comparable companies)

(Unit: IDR Million)

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
1	AGRO	PT Bank Rakyat Indonesia Agroniaga Tbk is an Indonesia-based commercial bank. The Bank's business activities are engaged in savings, which include savings accounts, deposit account, and giro accounts; lending, which it offers various credit facilities such as credit investment, employees credit, residential credit facilities, among others, and other banking services such as bank guarantee, local letter of credit, safe deposit box, and payment services. The Bank is supported by bank branches and sub-branches that spread across Jakarta, Tangerang, Surabaya, Medan, Pekanbaru, Bandar Lampung, Jambi, Bandung, Semarang and Balikpapan. In addition, it has cash offices, payment points and automated teller machines (ATMs).	3,607,016.05	24,924,164.30	707,070.76	47,914.96
2	AGRS	PT Bank IBK Indonesia Tbk, formerly PT Bank Agris Tbk, is an Indonesia-based commercial bank that focuses on small and medium enterprises (SME). The Company provides credit products and loan products. The Company's geographical segments include West Java, Java other than West Java, Sumatera and Kalimantan. The Company serves the customers in various sectors, including trading, hotel and restaurant, transportation, warehousing and communication, business services, agriculture, hunting and agriculture facilities, construction and social services.	1,002,277.30	7,460,411.00	152,692.00	-77,295.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
3	ARTO	PT Bank Artos Indonesia Tbk is an Indonesia-based company primarily engaged in banking sector. It operates under the name Bank Artos. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as working capital loan, investment loan and consumer loan. Its office network is comprised of branches and cash offices located in several areas in Indonesia, such as Jakarta, Bandung and Tangerang.	2,629,625.00	718,949.10	15,748.09	-32,192.63
4	BABP	PT Bank MNC International Tbk (the Bank), formerly known as PT Bank ICB Bumiputera Tbk, is an Indonesia-based financial institution. Its business is categorized into business banking, consumer, treasury, and other segments. The Bank provides various products and services, including savings and deposits, which cover regular savings account and current accounts; credit facilities, which provide loan to small and medium enterprises; consumer asset products, which cover property and car loans; treasury, which covers treasury products; trade finance, which covers letter of credits, customs bonds, shipping guarantee, trust receipts, export bills and documents collection, and remittance, which covers foreign exchange transactions. The Bank was supported by branch offices, sub-branch offices, cash offices, payment points and automated teller machines (ATMs) throughout Indonesia.	1,175,292.48	11,079,984.00	358,700.00	-36,001.00
5	BACA	PT Bank Capital Indonesia Tbk is an Indonesia-based financial institution engaged in the provision of retail and commercial banking products and	2,121,142.76	19,192,375.00	326,579.00	87,541.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		services. Some of the products the Bank offers are deposit, including current account, saving and time deposit, and loan, including multi-purpose loan, investment and working capital loan, car loan, housing loan, unsecured loan and international trade loan. It also offers banking services such as financial transaction service, safe deposit box, clearing and pick up service. Its network includes branches and subbranches in Jakarta, Indonesia and Surakarta, Indonesia.				
6	BBCA	PT Bank Central Asia Tbk is an Indonesia-based company primarily engaged in banking sector. It operates its bank under the name Bank BCA or BCA. Besides conventional banking, it also offers Shariah-compliant banking services through its subsidiary, PT Bank BCA Syariah. Its other subsidiaries include PT BCA Finance, which is engaged in financing business; PT BCA Sekuritas, which provides securities underwriting and brokering services; PT Asuransi Umum BCA, which provides general insurance, and BCA Finance Ltd, which is engaged in money lending business.	786,494,819.00	893,593,882.00	49,148,388.00	28,267,731.00
7	BBHI	PT Bank Harda Internasional Tbk is an Indonesia-based company primarily engaged in banking sector. It operates under the name Bank BHI. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as home loan, car loan, working capital loan and investment loan. Its office network comprises branches, sub-branches and cash offices located in several areas in Indonesia, such as	564,898.29	2,512,842.00	93,237.14	-110,307.97

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		Jakarta, Bandung, Tangerang, Pontianak, Surabaya, Solo, Pekan Baru and Bekasi.				
8	BBKP	PT Bank Bukopin Tbk is an Indonesia-based company primarily engaged in banking sector. It operates its bank under the name Bank Bukopin. Besides conventional banking, it also offers Shariah-compliant banking services through its subsidiary, PT Bank Syariah Bukopin. Its office network is comprised of branches, sub-branches and cash offices in various areas in Indonesia, such as Denpasar, Batam, Banda Aceh, Yogyakarta, Jambi, Bandung, Jakarta, Bogor, Cilegon, Cirebon, Karawang, Tasikmalaya, Purwokerto, Semarang, Tegal, Jember, Malang, Probolinggo, Surabaya, Balikpapan, Banjarmasin, Pontianak, Samarinda, Bandar Lampung, Mataram, Kupang, Pekan Baru, Manado, Medan, Padang and Palembang. The Company is also engaged in financing sector through its subsidiary, PT Bukopin Finance.	2,726,546.65	95,984,292.00	1,746,298.00	13,119.00
9	BBMD	PT Bank Mestika Dharma Tbk is an Indonesia-based company primarily engaged in banking sector. It operates its bank under the name Bank Mestika. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as working capital loan, investment loan and consumer loan. Its office network is comprised of branches, sub-branches and cash offices in various areas in Indonesia, such as Batam, Jakarta, Jambi, Kisaran, Pematang Siantar, Padang Sidempuan, Padang, Pekan Baru, Rantau Prapat, Surabaya, Aek Kanopan, Binjai,	9,775,315.10	12,414,578.36	678,706.36	265,446.65

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		Dumai, Duri, Indrapura, Lubuk Pakam, Marelان, Tanjung Balai and Tebing Tinggi.				
10	BBNI	PT Bank Negara Indonesia (Persero) Tbk is an Indonesia-based company primarily engaged in banking sector. It operates under the name Bank BNI or BNI. The Company's major products and services include credit cards, saving accounts, current accounts and fixed deposits, as well as various types of loans, such as housing loans and other consumer loans. Besides conventional banking, it also offers Shariah-compliant banking services through its subsidiary, PT Bank BNI Syariah. Its other subsidiaries include PT BNI Life Insurance, which provides life insurance; PT BNI Multi-finance, which is engaged in financing business; PT BNI Securities, which provides securities underwriting and brokering services, and BNI Remittance Ltd, which offers money remittance services.	140,331,139.86	815,264,923.00	36,313,289.00	15,550,049.00
11	BBRI	PT Bank Rakyat Indonesia (Persero) Tbk is an Indonesia-based company primarily engaged in banking sector. It operates under the name Bank BRI. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as working capital loan and investment loan. Besides conventional banking, it also offers Shariah-compliant banking services through its subsidiary, PT Bank BRISyariah. Its other subsidiaries include PT Bank Rakyat Indonesia Agroniaga Tbk, which is engaged in banking sector, and BRI Remittance Co Ltd, which offers money remittance services.	519,285,860.10	1,305,666,548.00	80,340,286.00	33,660,151.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
12	BBTN	PT Bank Tabungan Negara (Persero) Tbk is an Indonesia-based company primarily engaged in banking sector. It operates its bank under the name Bank BTN. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as home loan, investment loan and working capital loan. Besides conventional banking, it also offers Shariah-compliant banking services. Its office network is comprised of branches and sub-branches that are located across Indonesia.	22,239,000.00	316,211,345.00	9,495,474.00	1,373,214.00
13	BBYB	PT Bank Yudha Bhakti Tbk is an Indonesia-based company primarily engaged in banking sector. Its products include savings account, current account, time deposit, negotiable certificate deposit and various financing products. Its office network comprises branches, sub-branches and cash offices located in several areas in Indonesia, such as Surabaya, Bandung, Semarang, Medan, Palembang, Pekanbaru, Jakarta, Tangerang Selatan, Bekasi and Depok.	1,737,622.55	4,731,855.12	243,889.80	-179,465.89
14	BCIC	PT Bank JTrust Indonesia Tbk, formerly known as PT Bank Mutiara Tbk, is an Indonesia-based financial institution. The Bank's business activities are divided into five main segments namely Treasury and Corporate Funding, Mass & Individual Banking, Small and Medium Enterprises (SME) Banking, Consumer Banking, and International Banking. The Bank's products and services comprise sale and purchase of banknotes, foreign exchange products, treasury notes or fixed income securities under Treasury and Corporate Funding segment; deposits and savings under	N/A	17,029,802.00	102,273.00	-105,623.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		Mass & Individual Banking segment; working capital loans and installment loans under SME Banking segment; housing loan, multi-finance non-collateral loan and motor vehicle loan under Consumer Banking segment, and import and export products under International Banking segment. In addition, the Bank offers automated teller machine (ATM) and MoneyGram systems, safe deposit box and other bill payment and fund transfer services.				
15	BDMN	PT Bank Danamon Indonesia Tbk is an Indonesia-based bank primarily engaged in the provision of retail banking services. The Company's major business activities are classified into three segments: Retail, Midsize and Wholesale. Its Retail segment includes retail banking services, including unsecured personal loans, mortgages, credit card issuance, insurance business, consumer financing and pawnbroking services. Its Midsize segment provides small and medium enterprises with various commercial banking services, including Overdraft Facility, a short-term loan facility for working capital purposes with option for annual renewal. Its Wholesale segment focuses on the provision of various corporate banking, financial institution and treasury services, such as cash management, working capital requirement, investment loan, trade finance and financial supply chain.	38,312,327.25	195,826,367.00	14,130,992.00	3,480,667.00
16	BEKS	PT Bank Pembangunan Daerah Banten Tbk, formerly known as PT Bank Pundi Indonesia Tbk, is an Indonesia-based financial institution engaged in the banking industry. The Bank is a non-foreign	3,205,471.52	8,185,986.00	79,173.00	-104,352.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		exchange bank focusing on financing Micro, Small and Medium Enterprises. Its business activities are in the finance business with banking products and services like loans, savings, time deposits and current accounts for individual and corporate entities. The Bank is head quartered in Jakarta, Indonesia.				
17	BGTG	PT Bank Ganesha Tbk is an Indonesian-based company primarily engaged in the banking sector. The Company's business is classified into four business segments: Banking, Consumer, Treasury and Others. Its Banking segment provides products and services of transactions with other banks. Its Consumer segment provides products and services of transactions with customers. Its Treasury segment provides products and services on the transactions made on the treasury division, other than transactions conducted with other banks and customers. Its Others segment includes transactions other than those categorized. The Company offers funding products, demand deposits products, savings products, time deposits, loan products as well as banking services. The Company has branch offices across Indonesia in areas such as Jakarta, Semarang, Surabaya dan Tangerang.	715,203.84	4,511,748.00	193,034.00	-5,531.00
18	BINA	PT Bank Ina Perdana Tbk is an Indonesian-based Company engaged in banking businesses. It offers products and services comprise deposits, which are including General Interbank Recurring Order (GIRO) deposit account, savings accounts and regular deposit; lending, which are including investment credit for small and medium enterprises, consumer financing	4,722,728.30	4,523,152.00	156,814.00	11,774.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		for property, consumer financing for vehicles, consumer financing for other goods, and unsecured loans, and other banking products and services, which include automated teller machines (ATM), bill payment services, payroll service for payroll systems of the customers, and currency exchange services. Headquartered in Jakarta, it also operates branch offices in Jakarta and other cities such as Bandung, Yogyakarta, Surabaya and others.				
19	BJBR	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk is an Indonesia-based company primarily engaged in banking sector. It operates its bank under the name Bank BJB. Besides conventional banking, it also offers Shariah-compliant banking services through its subsidiary, PT Bank Jabar Banten Syariah. Its office network is comprised of branches, sub-branches and cash offices in various areas in Indonesia, such as Bandung, Cimahi, Bogor, Depok, Tangerang, Serang, Bekasi, Karawang, Cianjur, Jakarta, Garut, Tasikmalaya and Indramayu.	14,364,629.25	123,560,258.00	6,130,256.00	1,339,130.00
20	BJTM	PT Bank Pembangunan Daerah Jawa Timur Tbk is an Indonesia-based financial institution. The Bank's scope of activities is to engage in general banking services, including banking activities based on Shariah principles and conventional banking activities. It offers deposits and savings, which consist time deposit, automatic roll offer time Deposit (ARO), current account, giro account, as well as financial products based on Shariah such as Hajj saving; credit services, which are including loans for property construction,	10,051,588.29	72,128,316.00	3,818,359.00	1,340,937.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		loans for agribusiness and retail, standby loan, working capital loan, Shariah financing, investment credit, and bank guarantee, and other services, which are including Shariah services, automated trailer machine (ATM) network, call center services, money transfer, mobile banking, foreign exchange transaction services, among others. Headquartered in Surabaya, it has branch offices and ATM network throughout Indonesia.				
21	BKSW	PT Bank QNB Indonesia Tbk, formerly known as PT Bank QNB Kesawan Tbk, is an Indonesia-based financial institution. The Bank is engaged in general banking business in both retail banking and wholesale banking. The Bank offers deposit products, which are including saving accounts, current accounts, multi-currency saving accounts, and multi-currency current accounts as well as foreign exchange transaction service; loan products, which are including personal loan, working capital loan, credit investment, housing loans, car loans, letter of credit, and bank guarantees, and other products such as safe deposit boxes and money transfer service. Headquartered in Jakarta, it is supported by branch offices, subbranch offices and automated teller machines (ATMs) network located throughout Indonesia.	2,963,319.47	21,621,173.00	402,098.00	139,005.00
22	BMAS	PT Bank Maspion Indonesia Tbk is an Indonesia-based company primarily engaged in banking sector. It operates its bank under the name Bank Maspion. Its products include savings accounts, current accounts and fixed deposits. It also offers various loans, such as home loan, car loan,	1,457,455.38	7,383,960.38	241,988.66	75,087.60

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		investment loan and working capital loan. Its office network is comprised of branches in various areas in Indonesia, such as Bandung, Denpasar, Jakarta, Makassar, Malang, Medan, Palembang, Purwokerto, Semarang, Sidoarjo, Solo and Surabaya.				
23	BMRI	PT Bank Mandiri (Persero) Tbk is an Indonesia-based company primarily engaged in banking sector. It operates under the name Bank Mandiri. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as home loan, working capital loan and investment loan. Besides conventional banking, it also offers Shariah-compliant banking services through its subsidiary, PT Bank Syariah Mandiri. Its other subsidiaries include PT AXA Mandiri Financial Services and PT Asuransi Jiwa In Health Indonesia, which provide life insurance; PT Mandiri AXA General Insurance, which provides general insurance; PT Mandiri Tunas Finance, which is engaged in financing business; PT Mandiri Sekuritas, which provides securities underwriting and brokering services; PT Bank Sinar Harapan Bali and Bank Mandiri (Europe) Ltd, which are engaged in banking sector, and Mandiri International Remittance Sdn Bhd, which offers money remittance services.	342,999,999.99	1,275,670,413.00	58,710,096.00	27,173,159.00
24	BNBA	PT Bank Bumi Arta Tbk is an Indonesia-based financial institution. The Bank offers funding products, which include current account, savings account, pension savings, welfare savings, time deposits, and certificate of deposits; financing products, which are including current account loan, fixed loan, on demand loan,	716,100.00	7,148,922.31	307,276.99	69,140.11

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		working capital loan, house ownership loan, car ownership loan, pension loan, term loan, investment loan, consumer loan and trade finance; bank guarantee; electronic banking services, which consist of automated trailer machine (ATM) network, mobile banking, and phone banking, and other banking products and services, which comprise of payment services, corporate payroll, drafts, and foreign exchange services. It is supported by branches, subbranches, cash offices, and payment points in Jakarta, Banten, Java, Bali, North Sumatra, and Lampung.				
25	BNGA	PT Bank CIMB Niaga Tbk is an Indonesia-based company primarily engaged in banking sector. Besides conventional banking, it also offers Shariah-compliant banking services. Its office network is comprised of branches, sub-branches and payment points located across Indonesia. The Company is also engaged in financing sector through its subsidiaries, PT CIMB Niaga Auto Finance and PT Kencana Internusa Artha Finance.	23,875,026.50	262,818,920.00	12,471,172.00	3,569,311.00
26	BNII	PT Bank Maybank Indonesia Tbk is an Indonesia-based company primarily engaged in banking sector. It classifies its business into three segments: Global Banking, which includes corporate banking, transaction banking and global markets; Community Financial Services (CFS), which involves the integration of the retail and business banking functions comprising services, such as third party funds, business loan, SME loan and mortgage among others and, Shariah Banking services. Its office network is comprised of branches, subbranches and	15,663,466.94	177,850,794.00	8,185,290.00	1,806,665.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		cash offices located across Indonesia. Its subsidiaries are PT Maybank Indonesia Finance, formerly known as PT BII Finance Center, and PT Wahana Ottomitra Multiartha Tbk, both of which engage in multi-financing.				
27	BNLI	PT Bank Permata Tbk is an Indonesia-based company primarily engaged in wholesale banking sector. It is engaged in retail banking as well. Besides conventional banking, it also offers Shariah-compliant banking services. Its office network is comprised of branches, sub-branches and cash offices located in various areas in Indonesia. The Company is also engaged in financing sector through its subsidiary, PT Sahabat Finansial Keluarga.	35,193,637.70	155,079,536.00	5,517,774.00	1,499,718.00
28	BRIS	PT Bank BRISyariah is an Indonesia-based bank principally engaged in the provision of financial solution. It is focus on Shariahbanking services. It is mainly operating its business in Indonesia.	3,109,156.32	37,052,848.00	1,972,391.00	11,909.00
29	BSIM	PT Bank Sinarmas Tbk is an Indonesia-based financial institution. It conducts its business on dual banking systems, which consist of conventional banking and Shariahbanking. Its products are categorized into funding, which includes saving accounts, time deposits, multi-currency saving accounts, among others; cash-financing facilities, which consist of car ownership credit loan, working capital loans, investment loans, smal-scale business loans, consumer loans, and non-collateral loans; fund management services, which comprise of money market, foreign exchange, and spot transaction services; electronic banking; which offers	9,509,809.80	37,390,492.00	2,215,010.00	-195,077.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		automated trailer machines (ATM) network, Internet banking and mobile banking services; sales agent products, which include bancassurance and mutual fund products, and other products and services such as safe deposit boxes, bill payments, among others.				
30	BSWD	PT Bank of India Indonesia Tbk is an Indonesia-based financial institution. The business activities of the Bank are engaged in commercial banking. It offers both personal and corporate banking. It provides personal banking services both in funding and lending products as well as automated trailer machine (ATM) network and short message service (SMS) banking service. Its corporate banking services include working capital financing, investment loan, export and import financing, letters of credit and bank guarantee. Headquartered in Jakarta, the Bank has branch offices, sub-branch offices and cash offices located in Jakarta, Bandung, Makassar, Medan, and Surabaya.	2,430,400.00	3,796,684.87	141,439.50	-10,169.64
31	BTPN	PT Bank BTPN Tbk is an Indonesia based company primarily engaged in banking services. The Company is engaged in wholesale banking as well as providing financial services for the low-income and small community businesses through micro-lending. PT Bank BTPN Tbk is a merger between PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) and PT Bank Sumitomo Mitsui Indonesia (SMBCI).	26,239,550.96	182,240,542.00	10,425,995.00	2,292,718.00
32	BTPS	PT Bank Tabungan Pensiunan Nasional Syariah is an Indonesia based bank primarily engaged in providing Shariah banking services. The bank serves the low-	31,893,318.00	14,586,173.00	3,677,759.00	1,243,248.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		income segment, such as small and medium enterprises and pensioners.				
33	BVIC	PT Bank Victoria International Tbk (the Bank) is an Indonesia-based financial institution engaged in the banking industry. Its products and services include saving accounts, deposit accounts, giro, commercial loans, corporate loans, consumer loans, money markets, bill payments, automatic deposits and other commercial banking activities. The Bank's subsidiary is PT Bank Victoria Syariah which is also engaged in banking. The Bank's head office is located in Jakarta, Indonesia.	1,289,080.37	29,747,932.56	379,474.20	49,673.98
34	DNAR	PT Bank Oke Indonesia Tbk, formerly PT Bank Dinar Indonesia Tbk, is an Indonesia-based company that operates as a bank. The Company's products include demand deposit, savings, time deposits and Loans. Loan products include working capital loan, investment loan and consumption loan. Consumption loan products include automotive loan, housing loan and multipurpose loan. Its services include real-time gross settlement and national clearing system, Firecash, phone payment, rental of safe deposit box, bank guarantee and foreign exchange trade.	1,263,765.37	4,522,928.25	171,970.10	18,183.30
35	INPC	PT Bank Artha Graha Internasional Tbk (Bank Artha Graha) is an Indonesia-based financial institution engaged in banking sector. Its products include saving accounts, current accounts, term deposits, working capital loans, consumer loans, bank guarantees and treasuries. Its operating network covers various areas in Indonesia, including Denpasar, Jakarta, Jambi, Bogor, Semarang, Surabaya,	995,160.30	25,491,163.00	1,043,586.00	35,644.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		Pontianak, Banjarmasin, Samarinda, Batam, Bandar Lampung, Ambon, Ternate, Kupang, Manado, Palembang and Medan, among others.				
36	MAYA	PT Bank Mayapada Internasional Tbk (Bank Mayapada) is an Indonesia-based financial institution engaged in banking sector. Its products include saving accounts; current accounts; term deposits, and loans, including working capital loans, consumer loans, international trade finance and investment loans. Its operating network covers various areas in Indonesia, including Jakarta, Tangerang, Bogor, Bekasi, Bandung, Cirebon, Depok, Yogyakarta, Surakarta, Surabaya, Malang, Denpasar, Medan, Palembang, Pekanbaru, Lampung, Pontianak, Banjarmasin, Balikpapan, Samarinda, Makassar and Manado, among others.	60,489,609.50	92,219,734.00	2,837,656.33	392,904.64
37	MCOR	PT Bank China Construction Bank Indonesia Tbk, formerly known as PT Bank Windu Kentjana International Tbk, is an Indonesia-based financial institution. It offers products and services include loans, which include motor vehicle credits, commercial credits, and housing loans; savings, which include savings, giro savings, and foreign currency savings, and other services, which include safe deposit box services, and treasury and international banking services. Headquartered in Jakarta, the Bank is supported by branch offices, sub-branch offices and cash offices which are located in Java Island, Tanjung Pinang, Pontianak, Batam, Denpasar and Palembang.	2,162,090.16	18,098,687.00	542,659.00	64,740.00
38	MEGA	PT Bank Mega Tbk is an Indonesia-based company primarily engaged in banking	41,086,278.32	87,808,884.00	3,553,958.00	1,851,160.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		sector. It operates its bank under the name Bank Mega. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as home loan, car loan and working capital loan. Its office network is comprised of branches and sub-branches that are located across Indonesia.				
39	NISP	PT Bank OCBC NISP Tbk is an Indonesia-based company primarily engaged in banking sector. It is operating under the name Bank OCBC NISP or OCBC NISP. Besides conventional banking, it also offers Shariah-compliant banking services. Its network is comprised of branches in various areas in Indonesia, such as Bali, Balikpapan, Bandung, Banjar Baru, Banjarmasin, Tangerang, Batam, Bekasi, Binjai, Bitung, Bogor, Ciamis, Cianjur, Cikarang, Cimahi, Cirebon, Deli Serdang, Depok, Gresik, Jambi, Surabaya, Kediri, Kendari, Bandar Lampung, Madiun, Magelang, Makassar, Manado, Medan, Mataram, Padang, Palu, Pangkal Pinang, Pekan Baru, Pontianak, Semarang and Surabaya.	19,291,803.34	175,350,373.00	6,370,085.00	2,824,570.00
40	NOBU	PT Bank Nationalnubu Tbk is an Indonesia-based company primarily engaged in banking sector. It is operating under the name Nobu Bank. Its products include savings accounts, current accounts and fixed deposits. It also offers various loans, such as home loan, car loan, investment loan and working capital loan. Its office network is comprised of branches in various areas in Indonesia, such as Jakarta, Bogor, Depok, Tangerang, Bekasi (Jabodetabek), Bandung, Solo, Medan, Pekan Baru, Batam, Pontianak, Sidoarjo,	4,149,448.00	12,079,029.00	430,289.00	42,044.00

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		Malang, Kediri, Mataram, Malang, Palembang, Lampung, Balikpapan, Manado, Pangkal Pinang, Bali and Semarang.				
41	PNBN	PT Bank Pan Indonesia Tbk is an Indonesia-based company primarily engaged in banking sector. It is operating under the name Panin Bank or Bank Panin. Its products include saving accounts, current accounts and fixed deposits. It also offers various loans, such as home loan, investment loan and working capital loan. Besides conventional banking, it also offers Shariah-compliant banking services through its subsidiary, PT Bank Panin Syariah Tbk. The Company is also engaged in financing sector through its subsidiaries, PT Clipan Finance Indonesia Tbk and PT Verena Multi Finance Tbk.	28,784,736.97	212,671,857.00	8,303,632.00	3,389,150.00
42	PNBS	PT Bank Panin Dubai Syariah Tbk, formerly known as PT Bank Panin Syariah Tbk, is an Indonesia-based Company engaged in banking businesses. It offers banking products and services based on Shariah principles: deposits, which are including saving accounts, time deposits and other deposits; consumer financing products, which are including vehicle financing, property financing, investment financing, working capital financing, and bank guarantee; operational services, which are including clearing services, money transfer services, and currency exchange services, and other products and services, which are including safe deposit box rental service, automatic teller machines (ATM) and ATM cards. Headquartered in Jakarta, it also operates branch offices in Jakarta and other cities,	1,191,322.37	9,523,514.72	151,171.19	17,292.72

No.	Abbreviations	Business Descriptions	Market values	Total assets	Net interest income	Net profits
			(as of 11-Dec-19)	(as of 30-Sep-19)	(12 months up to 30-Sep-19)	(12 months up to 30-Sep-19)
		which are including Surabaya, Sidoarjo, Malang, Tangerang and Bandung.				
43	SDRA	PT Bank Woori Saudara Indonesia 1906 Tbk, formerly known as PT Bank Himpunan Saudara 1906 Tbk, is an Indonesia-based financial institution. The Bank offers products and services comprising of funding products, which are including savings, time savings, retirement savings, employee savings, time deposits, among others; loans products, which include employee loans, retirement loans, worker loans, housing loans, micro and middle market business loans, linkage programs, guarantee bonds, and trade finance, and other banking products and services, which are including bancassurance, and personal banking international banking, which it offers remittance and foreign in-cash via correspondent banks and money operators, trade finance and services, and custodian services consisting of safe keeping, transactional handling, corporate banking services, and fund administration such as custodian banks for mutual funds.	5,198,931.74	39,065,823.00	1,182,181.00	568,301.00

Source: Bloomberg

IFA uses the moving averages of P/BV ratios of the chosen listed companies which are calculated by using the moving average of specified period divided by book value of each company based on the specified period.

Details can be summarized as follows:

P/BV: (times) ^{1/}	Average Closing Price (day)							
	7	15	30	60	90	120	180	360
BBCA	4.68	4.65	4.64	4.59	4.61	4.63	4.56	4.45
BBNI	1.18	1.18	1.18	1.17	1.20	1.26	1.33	1.41
BBRI	2.59	2.59	2.57	2.56	2.62	2.68	2.67	2.55
BDMN	0.85	0.85	0.89	0.96	1.02	1.04	1.18	1.50
BMRI	1.71	1.68	1.67	1.65	1.70	1.77	1.81	1.85
BNLI	1.40	1.29	1.38	1.40	1.33	1.26	1.19	1.02

P/BV: (times) ^{1/}	Average Closing Price (day)							
	7	15	30	60	90	120	180	360
BTPS	7.66	7.59	7.55	7.18	6.83	6.75	6.19	5.56
MAYA	5.34	4.98	4.70	4.26	3.98	3.83	3.96	3.86
MEGA	2.75	2.73	2.74	2.69	2.75	2.75	2.76	2.66
Median ^{3/}	2.59	2.59	2.57	2.56	2.62	2.68	2.67	2.55
Value of Permata's share (IDR/share) ^{2/}	2,195.36	2,188.41	2,171.59	2,168.96	2,216.91	2,270.61	2,262.89	2,160.72

Note: 1/ using data from Bloomberg, P/BV ratio up to 11 December 2019

2/ Based on comparable companies' financial statement as of 30 September, 2019

3/ IFA chose to use median instead of mean to reduce the effect of outliers

According to P/BV ratio approach, the fair value of Permata is between IDR 2,160.72 – 2,270.61 per share (total equity value of IDR 60,592,504.13 – 63,674,112.60 million), which is higher than the indicative purchase price at IDR 1,498 per share by IDR 662.72 – 772.61 per share or 44.24% – 51.58%, respectively.

In practice, P/BV ratio approach is one of the most common approaches when valuing financial institutions. Permata's book value will be multiplied by P/BV ratio of other comparable financial institutions with similar capital structures and accounting policies under the supervision of the OJK. IFA views that this approach is suitable as the basis for deriving the fair value of Permata although P/BV ratio does not factor in the control premium of Permata.

7.5. Price-to-Earnings Per Share Ratio Approach: P/E Ratio

This approach uses earning per share data for the last 4 quarters of Permata ending 30 September 2019 which is IDR 53.48 per share multiplied by median closing P/E ratios of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of the 43 Indonesian banks chosen by IFA (details as specified in Clause 7.4 Price to Book Value Approach: P/BV ratio).

Details can be summarized as follows:

P/E: (times) ^{1/}	Average Closing P/E (day)							
	7	15	30	60	90	120	180	360
BBCA	27.79	27.63	27.54	27.22	27.21	27.29	27.01	25.99
BBNI	9.02	9.03	9.04	8.93	9.12	9.53	9.95	10.13
BBRI	15.18	15.13	15.01	14.92	15.05	15.31	15.36	15.32
BDMN	12.82	12.83	13.40	14.35	14.61	14.70	15.99	19.20
BMRI	12.41	12.19	12.11	11.94	12.20	12.62	12.92	13.55
BNLI	22.17	20.48	21.85	22.36	21.93	21.15	21.33	25.30
BTPS	30.56	30.30	30.13	28.65	27.26	26.96	24.71	22.20
MAYA	155.87	145.22	137.20	127.87	124.47	122.41	122.24	95.26
MEGA	22.26	22.07	22.15	21.74	22.10	22.04	22.50	22.49
Median ^{3/}	22.17	20.48	21.85	21.74	21.93	21.15	21.33	22.20

P/E: (times) ^{1/}	Average Closing P/E (day)							
	7	15	30	60	90	120	180	360
Value of Permata's share (IDR/share) ^{2/}	1,185.71	1,095.33	1,168.49	1,162.64	1,173.07	1,131.33	1,140.63	1,187.51

Note: 1/ using data from Bloomberg, P/E Ratio up to 11 December 2019

2/ Based on comparable companies' financial statement as of 30 September 2019

3/ IFA chose to use median instead of mean to reduce the effect of outliers

According to P/E ratio approach, fair value of Permata is between IDR 1,095.33 - 1,187.51 per share (total equity value of between IDR 30,716,004.31 - 33,300,969.57 million) which is lower than the indicative purchase price at IDR 1,498 per share by IDR (402.67) - (310.49) per share or (26.88%) - (20.73%), respectively.

In general, P/E ratio approach is not an appropriate approach when valuing financial institutions because net profits of financial institutions fluctuate with change in the country's economic conditions. Therefore, valuing Permata's shares by comparing Permata's earnings to the P/E ratio of comparable peers at a certain point of time may not truly reflect the fair value of Permata. Therefore, IFA views that this approach is not suitable for evaluating the value of Permata's shares.

7.6. Precedent Transaction Comparable Approach: (PTC)

This approach uses the P/BV ratio of precedent M&A transactions to evaluate fair value of Permata. Details of comparable transactions are specified below.

Year	Acquiror	Target	% Stake	Transaction Value (USD Million)	P / BV
2013	Sumitomo Mitsui Banking Corporation	PT Bank Tabungan Pensiunan Nasional Tbk	40.0%	1,560	4.91
2015	Cathay Financial Holding Co. Ltd.	PT Bank Mayapada Internasional Tbk	40.0%	279	3.15
2017	Mitsubishi UFJ Financial Group, Inc.	PT Bank Danamon Indonesia Tbk	73.8%	4,345	2
2017	Salim Group	PT Bank Ina Perdana Tbk	51.0%	43	2.27
2017	Kasikorn bank Plc.	PT Bank Maspion Indonesia Tbk	10.0%	20	2.33
2018	Industrial Bank of Korea	PT Bank Agris Tbk	82.9%	91	2.65
2018	Industrial Bank of Korea	PT Bank Mitra Niaga Tbk	71.7%	18	1.51
2019	Bank Central Asia	Bank Royal Indonesia PT	100.0%	71	3.01
Median					2.49
Max					4.91
Min					1.51

Source: Attractive Price for a Strategic Investment in Indonesia

Note: Information as of December 2019

Summary of valuation results based on P/BV ratio:

(Unit IDR Million)

No.	Details	P/BV ratio		
		Lowest	Medium	Max
1	P/BV ratio (times)	1.51	2.49	4.91
2	Book value of Permata ^{1/} (IDR Million)	23,729,424.00	23,729,424.00	23,729,424.00
3	Permata's value (IDR Million) (3) = (1) * (2)	35,831,430.24	59,086,265.76	116,511,471.84
4	Number of issued and fully paid-up capital (million share) ^{2/}	28,042.74	28,042.74	28,042.74
5	Permata's share value (IDR)	1,277.74	2,107.01	4,154.78

Note: 1/ As of Permata's consolidated financial statement in 30 September 2019

2/ IDR 3,837,985.30 million comprising Series A shares of 26,880,234 with a par value of IDR 12,500 per share and Series B shares of 28,015,858,971 shares with a par value of IDR 125 per share

According to PTC approach, fair value of Permata is between IDR 1,277.74 - 4,154.78 per share (total equity value of IDR 35,831,430.24 - 116,511,471.84 million) which is higher (lower) than the indicative purchase price at IDR 1,498 per share by IDR (220.26) - 2,656.78 per share or (14.70%) and 177.36%, respectively. Although this approach does not account for factors including takeover percentage and company sizes, all selected transactions are the recent M&A transactions in Indonesia banking industry (within the past 6 years), with similar economic environment, acquisition periods, accounting standards, and regulations. Such similarities appropriately reflect the fair market valuation at that point in time. Moreover, as the transactions were conducted in open bidding environment, the market factors such as demands-supplies also contributed in the process. **Therefore, IFA views that this approach is suitable for evaluating the value of Permata's shares.**

7.7. Dividend Discount Model (DDM) Approach:

IFA adopts DDM approach which value Permata's share based on the sum of present value of future dividend paid out of Permata's net profits. IFA assumes Permata has the same dividend payout policy as BBL post Transaction. This valuation methodology is commonly used for determining the fair value of financial institutions' stocks. IFA, therefore, considers the Dividend Discounted Model as one of the methods for valuing Permata's shares.

IFA calculates the present value of expected dividend based on the projected net profits in the next 10 years (2020 – 2029) which is developed by considering Permata's business plan, policies, financial projection, other information acquired from the interview with management of BBL and Permata. Assumptions for future growth include BBL's projections, analysis of relevant industry trends and historical financial performance of Permata post-restructuring since 2017. Certain assumptions have been adjusted to reflect overall market conditions, competition landscape, and current economic environment under the conservative basis. The projection assumed that Permata will continue its operation on an ongoing basis without significant changes under the current economic condition

throughout the projection periods. Key assumptions in the financial projection of Permata can be summarized as follows:

7.7.1. Loan to Customers

Permata loan to customers are divided into groups such as Wholesale Banking, Small Medium Enterprise, Mortgage, Joint Finance, Personal Loans, Credit Card, and Shariah. Considering historical growth rate of Permata's loan to customers, there was a continuously increasing trend at (17.85%), (7.29%), 8.92% and 0.93%, respectively, between 2016 to 9 months of 2019. Permata's financial problem in 2016 was caused by poor management of former management team resulted in significant impairment loss of IDR 12,207,656.00 million, net losses of IDR 6,483,084.00 million and decrease of lending service at 17.85% from the previous year. Nonetheless, under the current management team, new credit policies have been applied with new customer selection standard and more diversified customers in wholesale loans.

In addition, after the acquisition of Permata, BBL expects to increase Permata's lending service significantly. At present, BBL Indonesian branches have their lending limited due to its ability to gain deposits. Post Transaction, BBL can service its Indonesian clients through higher lending supports through Permata. As of May 2019, Indonesian outstanding loans was around IDR 4,800,000,000.00 million¹⁶ compared to Permata's portfolio as of 30 September 2019 at IDR 108,406,729.00 million. Permata's market share is roughly 2.26% which could be vastly increased in the future.

Permata's lending projection

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Loan to customers	106,372,456.00	98,615,022.00	107,411,295.00	108,406,729.00	123,463,121.96	148,155,746.35	173,827,932.81
% growth	-17.85%	-7.29%	8.92%	0.93%	13.89%	20.00%	17.33%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Loan to customers	203,544,504.86	238,447,039.14	279,459,125.27	307,405,037.80	338,145,541.58	355,052,818.66	372,805,459.59
% growth	17.10%	17.15%	17.20%	10.00%	10.00%	5.00%	5.00%

Based on the above table, Permata's loan is expected to grow at 13.15% CAGR for the next 10 years with annual growth rate between 5.00% - 20.00%. The focus is to increase customers in Wholesale Banking and Small Medium Enterprises which are BBL's core strength. Moreover, Permata is also planning to grow its Personal Loan and Credit Card business which currently contribute at around 3.55% of Permata's loan portfolio. After 2028, IFA conservatively assumes the loan growth rate of 5.00% per year to the end of projection period (5-year average historical growth rate of loans of commercial and governmental banks of Indonesia is 10.62% source: Bank Indonesia).

¹⁶ source: Bank Indonesia

7.7.2. Allowance for Impairment Loss

IFA estimated allowance for impairment loss by considering NPL Coverage Ratio between 2017 – 9 months of 2019 (163.00% - 191.00%) which improved significantly from 96.9% in 2016 due to restructuring. However, high NPL Coverage Ratio might affect Permata's competitiveness in the market. During the projection period, IFA assumes that Permata will maintain its NPL Coverage Ratio of not less than 135.00% which aligns with BBL's expectation. NPL ratio of Permata was 3.30% - 4.60% between 2017 to September 2019. IFA assumes NPL Ratio to be 3.11%, which is consistent with the NPL Ratio in the past.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Allowance for impairment loss	11,589,792.00	8,594,037.00	8,201,694.00	5,814,796.00	8,333,862.58	10,000,635.10	11,969,657.98
% of total loans-gross	10.90%	8.71%	7.64%	5.36%	6.75%	6.75%	6.89%
NPL Coverage Ratio	122.10%	191.00%	176.20%	147.76%	146.55%	153.68%	156.97%
Gross NPL Ratio	8.80%	4.60%	4.36%	3.62%	3.49%	3.18%	3.10%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Allowance for impairment loss	14,259,381.52	16,991,418.56	20,251,887.13	22,277,075.84	24,504,783.43	25,730,022.60	27,016,523.73
% of total loans-gross	7.01%	7.13%	7.25%	7.25%	7.25%	7.25%	7.25%
NPL Coverage Ratio	155.45%	154.69%	149.37%	141.09%	138.33%	135.71%	137.82%
Gross NPL Ratio	3.06%	2.94%	2.87%	2.97%	2.94%	3.03%	3.00%

7.7.3. Deposits

IFA forecasts deposits growth by considering Loan to Deposit Ratio ("LDR"), together with historical growth rate of Permata's deposits. Between 2016 to September 2019, Permata's LDR were at 80.50%, 87.50%, 90.10% and 90.17%, respectively. Post-acquisition, BBL plans to increase LDR to 96.00% within 2021 by increasing interest rates on deposits. As of 30 September 2019, Permata has proportions of time deposits, demand deposits and savings at 50.35%, 25.56% and 24.09%, respectively. BBL plans to keep the same proportions until the end of projection period. Deposits projection can be summarized as shown in the table below.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Deposits from customers	130,302,660.00	111,288,007.00	118,135,189.00	120,229,778.00	132,756,045.11	154,328,902.44	181,070,763.34
% growth rate	-10.42%	-14.59%	6.15%	1.77%	10.42%	16.25%	17.33%
LDR	80.50%	87.50%	90.10%	90.17%	93.00%	96.00%	96.00%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Deposits from customers	212,025,525.89	248,382,332.44	291,103,255.49	320,213,581.04	352,234,939.15	369,846,686.11	388,339,020.41
% growth rate	17.10%	17.15%	17.20%	10.00%	10.00%	5.00%	5.00%
LDR	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%

7.7.4. Interest Income

Permata's interest incomes are composed of 1) interest income from loan to customers 2) interest income from interbank and money market items and 3) interest income from debt securities and other securities, with the following assumptions :

1) Interest incomes from loan to customers

In 2017 – 9 months of 2019, Permata had 8.73% - 8.99% loan yield. During the projection period, BBL plans to adjust the loan yield for certain loan types by 2 – 15 basis point per year, resulting in the assumption of loan yield of 9.16% - 9.61% between 2020 - 2029. Nonetheless, loan yield after adjustment is still less than 10.34%, the rate in the year of Permata's financial problem in 2016.

2) Interest incomes from interbank

Interest yield between central bank of Indonesia and other financial institutions in 2019 was 5.09% per year based on 9 months of 2019 and was assumed to be 4.98% per year from 2020 until the end of projection period based on the average historical interest income rates between 2018 – 2019.

3) interest income from other securities

Other securities are composed of investment securities, financial assets held for trading, securities purchased under resale agreements and other receivables-trade finance which IFA assumed in 2019 based on 9 months of 2019 and assumed from 2020 until the end of projection period based on the average historical interest income rates for each security type between 2018 – 2019.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Interest income	13,013,698.00	9,726,541.00	9,419,839.00	9,924,084.80	10,807,721.98	12,536,799.00	14,961,902.77
% interest yield	7.96%	6.69%	6.70%	6.81%	7.00%	7.21%	7.46%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Interest income	17,738,078.78	20,863,131.49	24,597,863.61	28,045,454.14	31,064,834.30	33,675,015.35	35,785,476.73
% interest yield	7.66%	7.77%	7.86%	7.92%	7.95%	7.96%	7.94%

7.7.5. Shariah income

IFA assumed Shariah income in 2019 by annualizing number in 9 months of 2019 and from 2020 until the end of projection period by average historical proportion of Shariah income to Shariah loans between 2018 – 2019.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Shariah income	1,384,872.00	1,471,605.00	1,661,113.00	1,614,652.00	1,710,414.41	1,971,798.89	2,151,053.34
% Shariah income to loan	12.59%	11.76%	11.25%	10.66%	10.95%	10.95%	10.95%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Shariah income	2,312,382.34	2,659,239.69	3,058,125.64	3,435,057.40	3,778,563.14	4,057,457.09	4,260,329.94
% Shariah income to loan	10.95%	10.95%	10.95%	10.95%	10.95%	10.95%	10.95%

7.7.6. Fees and commission income

Fees and commission income consists of fees and commissions related to loans, administration fees, commissions for trade facilities, fees from bank guarantees, services fees, fees from debit and credit cards, commission fees from bancassurance, mutual fund sales agency commissions, and others with assumptions as follows:

Revenue from fees and commissions related to loans – net, administration fees, commissions for trade facilities, commissions for bank guarantees and commissions for services in 2019 was assumed equal to 0.60% of total lending based on 9 months of 2019 yield and in 2020 at 0.61% of total lending based on the average historical fees and service yield between 2018 – 2019.

Revenue from commissions for debit and credit cards in 2019 was assumed equal to 10.56% of total debit and credit card based on 9 months of 2019 yield and in 2020 at 10.28% of total debit and credit card based on the average historical fees and service yield for debit and credit card between 2018 – 2019.

Revenue from agency commissions on bancassurance sales activities, mutual fund sales agency commissions and others in 2019 based on 9 months 2019 annualizing number and growing at 10.00% per year since 2020 until the end of projection period which is align with BBL's assumption.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Fees and commission income	1,292,984.00	1,284,452.00	1,256,074.00	1,252,804.00	1,364,413.06	1,561,333.28	1,809,963.55
% growth	-4.72%	-0.66%	-2.21%	-0.26%	8.91%	14.43%	15.92%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Fees and commission income	2,080,696.42	2,386,199.39	2,739,323.46	3,075,125.24	3,382,637.77	3,656,205.21	3,889,198.26
% growth	14.96%	14.68%	14.80%	12.26%	10.00%	8.09%	6.37%

7.7.7. Gain on sale of debt and derivative investment securities, gain on sale of securities held for sales and other operating incomes

Other operating income consists of gain on sale of debt and derivative investment securities, gain on securities held for sales and other operating incomes. IFA assumed in 2019 by annualizing number in 9 months of 2019 and from 2020 until the end of projection period by average historical proportion of gain on sale of investment between 2018 – 2019.

7.7.8. Interest expenses

Interest expenses comprises of (1) interest expense on deposits (2) interest expense on borrowings (3) interest expense on subordinate debts and (4) interest expense on money market transactions and other debt securities which IFA made assumptions based on historical information as follows:

1) Interest expense on deposits: cost of deposits for time, demand and savings deposits for 2019 are assumed to be 5.95%, 2.30% and 1.50% respectively, based on cost of deposits in 9 months of 2019. Between 2020 – 2023, the rate was assumed to increase by 5 basis points. After 2023, cost of deposits for time, demand and savings deposits were assumed to be maintained at 6.10%, 2.45% and 1.65% respectively until the end of projection period. Increase in cost of deposits is due to BBL's plan to increase deposit base for loan growth in the forecasted period.

2) Interest expense on borrowings was assumed at 3.11% per year based on interest expense yield on borrowings in 9 months of 2019 and stable until the end of projection period.

3) Interest expense on subordinate debts was assumed at 10.15% per year based on interest expense yield on subordinate debts in 9 months of 2019 and stable until the end of projection period.

4) Interest expense on money market transactions and other debt securities was assumed at 9.02% per year based on interest expense yield on money market transactions and other debt securities in 9 months of 2019 and stable until the end of projection period.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Interest expense from deposits	6,829,125.00	4,535,981.00	4,201,156.00	4,735,696.00	4,993,343.76	5,738,151.33	6,787,698.56
% average interest expense	4.95%	3.76%	3.66%	3.97%	3.95%	4.00%	4.05%
Interest expense from other debts	1,090,112.00	888,424.00	825,734.00	718,544.00	698,335.68	698,017.94	698,446.55
% average interest expense	10.31%	9.14%	9.57%	9.64%	9.58%	9.59%	9.58%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Interest expense from deposits	8,053,616.28	9,432,671.65	11,052,787.91	12,524,440.86	13,776,884.95	14,793,750.27	15,533,437.78
% average interest expense	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
Interest expense from other debts	698,917.91	699,467.83	700,113.88	700,700.72	701,200.15	701,605.64	701,900.60
% average interest expense	9.57%	9.55%	9.53%	9.52%	9.50%	9.49%	9.48%

7.7.9. Shariah expenses

Shariah expense in 2019 was assumed to be 50.26% of revenue from Shariah income based on 9 months of 2019 and from 2020 until the end of projection period equal to 44.81% of revenue from Shariah income based on average historical between 2018 – 2019.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Shariah expenses	595,892.00	549,515.00	653,877.00	608,586.67	766,429.26	883,554.51	963,877.65
% expenses to income	43.03%	37.34%	39.36%	50.26%	44.81%	44.81%	44.81%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Shariah expenses	1,036,168.47	1,191,593.74	1,370,332.80	1,539,234.28	1,693,157.71	1,818,128.88	1,909,035.32
% expenses to income	44.81%	44.81%	44.81%	44.81%	44.81%	44.81%	44.81%

7.7.10. Fees and commission expenses

Fees and commission expenses in 2019 was assumed equal to 11.95% of fees and commission income based on 9 months of 2019 and from 2020 until the end of projection period equal to 10.98% of fees and service income based on average historical proportion of fees and commission expenses to fees and commission income between 2018 – 2019.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Fees and commission expenses	51,225.00	51,082.00	125,758.00	149,748.00	149,846.78	171,473.56	198,779.40
% expenses to income	3.96%	3.98%	10.01%	11.95%	10.98%	10.98%	10.98%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Fees and commission expenses	228,512.66	262,064.55	300,846.43	337,725.89	371,498.48	401,543.04	427,131.52
% expenses to income	10.98%	10.98%	10.98%	10.98%	10.98%	10.98%	10.98%

7.7.11. Operating and administrative expenses

Other operating expenses consist of rental expense, maintenance expense, communication expense, office supplies, IT expense, marketing expense, transportation expense, miscellaneous and others. IFA assumed rental expense, maintenance expense, communication expense and office supplies in 2019 by annualizing numbers in 9 months of 2019 and growing at 3.00% per year from 2020 until the end of projection period based on 5-year average historical inflation rate of Indonesia¹⁸.

IFA assumed IT expense in 2019 by annualizing number in 9 months of 2019. Between 2020 – 2021, IT expense is projected to grow at 10.00% and 5.00% per year based on BBL's plan to increase investment in mobile banking business. From 2022 until the end of projection period, IT expense was assumed to grow 3.00% per year based on 5-year average historical inflation rate of Indonesia¹⁹.

For marketing expense, transportation expense, miscellaneous and others in 2019, it was assumed by annualizing numbers in 9 months of 2019, from 2020 – 2025 equal to 4.68%, from 2026 – 2028 equal to 6.35% and in 2029 equal to 7.35% of interest income, Shariah income and fees and service income which the Bank plans to increase marketing expense in line with the increase in loans.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Operating and administrative expenses	1,760,182.00	1,801,827.00	1,742,024.00	1,842,943.87	1,934,431.00	1,982,377.26	2,137,645.01
% proportion to operating income	11.22%	14.43%	14.12%	14.41%	13.93%	12.34%	11.30%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Operating and administrative expenses	2,336,866.91	2,581,573.58	2,852,407.33	3,685,678.14	3,981,638.03	4,246,462.45	4,896,656.88
% proportion to operating income	10.56%	9.96%	9.38%	10.67%	10.42%	10.26%	11.15%

¹⁸ Source: Bloomberg

¹⁹ Source: Bloomberg

7.7.12. Employee-related expenses

Employee-related expenses consist of salary, benefits, training and others. IFA assumed employee-related expenses in 2019 by annualizing numbers in 9 months of 2019 and growing at 5.00% per year in 2020, 15.00% per year between 2021 – 2022, 10.00% per year between 2023 – 2025 and 8.00% per year from 2026 until the end of projection period. The increase in employee-related expenses is based on BBL's plan to increase frequency of trainings for talent retention and improvement in staff productivity.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Employee-related expenses	2,241,129.00	2,341,513.00	2,380,462.00	2,362,772.00	2,480,910.60	2,853,047.19	3,281,004.27
% growth	0.79%	4.48%	1.66%	-0.74%	5.00%	15.00%	15.00%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Employee-related expenses	3,609,104.70	3,970,015.16	4,367,016.68	4,716,378.02	5,093,688.26	5,501,183.32	5,941,277.98
% growth	10.00%	10.00%	10.00%	8.00%	8.00%	8.00%	8.00%

7.7.13. Credit cost

Credit cost is risk from increase in loans or cost for uncollectible loans consists of an increase in allowance for impairment losses and bad debt write-offs, which IFA assumed credit cost in 2019 equal to 0.88% based on 9 months of 2019. After the Transaction, BBL plans to adjust credit cost to be at around 1.00% - 1.50% per year in order to maintain appropriate and competitive NPL Coverage Ratio.

7.7.14. Corporate income tax

Corporate income tax was assumed at 25.00% of earnings before tax during the projection period.

7.7.15. Capital Adequacy Ratio: CAR

As of 30 September 2019, Permata had a total capital of IDR 22,890,466 million (under Basel 3) and total risk-weighted assets of IDR 115,361,458 million, equivalent to a CAR of 19.80%. CAR is forecasted to be at around 14.86% - 20.88%, slightly lower than the average commercial banks in Indonesia in June 2019, which is 22.63%. Nonetheless, CAR is still higher than 8.00%, the regulatory requirement by OJK.

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Capital Adequacy Ratio (CAR)	15.60%	18.10%	19.40%	20.88%	20.53%	18.88%	17.42%
(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Capital Adequacy Ratio (CAR)	16.29%	15.45%	14.86%	15.14%	15.45%	16.37%	17.22%

7.7.16. Dividend payout ratio

In the past, Permata paid no dividend to shareholders. Therefore, IFA assumed Permata's dividend payout ratio at around 35.00% of its net profits during the projection period while maintaining its CAR no less than 12.50% which is consistent with BBL's dividend payout ratio for 12-month period ended 31 December 2018 at 35.00% of net profit (BBL dividend payout for Permata is subjected to change based on the market situation and BBL's investment strategy).

BBL's dividend payout ratio for accounting period between 31 December 2016 – 31 December 2018

	12-month period Ended 31 December 2016	12-month period Ended 31 December 2017	12-month period Ended 31 December 2018
Net profits (THB million)	32,068.72	33,317.54	35,716.67
Dividend paid (THB million)	12,407.48	12,407.48	12,407.48
Dividend payout ratio	39%	37%	35%

7.7.17. Summary of Permata's statements of profits (losses) and financial positions

(Unit: IDR Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Summary of statements of profits (losses)							
Interest income-net	5,883,441.00	5,224,226.00	5,400,185.00	5,475,910.14	6,060,027.69	7,188,874.12	8,662,933.35
Fees and commission-net	1,241,759.00	1,233,370.00	1,130,316.00	1,103,056.00	1,214,566.28	1,389,859.72	1,611,184.15
Other operating income	1,027,020.00	2,122,589.00	830,980.00	897,610.67	950,694.79	1,030,909.35	1,162,434.96
Impairment losses	(12,207,656.00)	(3,127,098.00)	(1,676,421.00)	(949,814.67)	(1,514,135.83)	(2,037,141.51)	(2,253,885.75)
Other Operating expenses	(1,760,182.00)	(1,801,827.00)	(1,742,024.00)	(1,842,943.87)	(1,934,431.00)	(1,982,377.26)	(2,137,645.01)
Employee expenses	(2,241,129.00)	(2,341,513.00)	(2,380,462.00)	(2,362,772.00)	(2,480,910.60)	(2,853,047.19)	(3,281,004.27)
Income tax expenses	2,150,950.00	(202,699.00)	(317,975.00)	(491,923.68)	(478,080.48)	(573,290.98)	(810,323.41)
Net income	(6,483,084.00)	748,433.00	901,252.00	1,475,771.05	1,434,241.45	1,719,872.95	2,430,970.22
Summary of statements of financial positions							
Loans - net	94,782,664.00	90,020,985.00	99,209,601.00	102,591,933.00	115,129,259.37	138,155,111.25	161,858,274.83
Other investments	55,454,814.00	43,392,654.00	38,959,190.00	39,265,229.02	40,816,153.48	42,475,705.63	47,117,788.62
Other assets	15,290,034.00	14,914,731.00	14,724,075.00	14,727,069.36	14,624,206.49	13,312,657.96	14,232,046.65
Total assets	165,527,512.00	148,328,370.00	152,892,866.00	156,584,231.38	170,569,619.34	193,943,474.83	223,208,110.10
Deposits	130,302,660.00	111,288,007.00	118,135,189.00	120,229,778.00	132,756,045.11	154,328,902.44	181,070,763.34
Borrowings and other debt securities	9,841,805.00	9,625,303.00	7,696,303.00	7,255,401.00	7,255,401.00	7,255,401.00	7,255,401.00
Other liabilities	6,093,441.00	5,904,318.00	4,609,438.00	3,893,847.33	3,918,726.73	3,999,851.94	4,091,656.08
Total liabilities	146,237,906.00	126,817,628.00	130,440,930.00	131,379,026.33	143,930,172.84	165,584,155.38	192,417,820.42
Total equity	19,289,606.00	21,510,742.00	22,451,936.00	25,205,205.05	26,639,446.50	28,359,319.45	30,790,289.68

(Unit: IDR Million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Summary of statements of profits (losses)							
Interest income-net	10,261,758.45	12,198,637.95	14,532,754.66	16,716,135.68	18,672,154.63	20,418,987.65	21,901,432.97
Fees and commission-net	1,852,183.76	2,124,134.84	2,438,477.03	2,737,399.36	3,011,139.29	3,254,662.17	3,462,066.74
Other operating income	1,344,151.30	1,556,355.70	1,813,665.84	2,065,539.19	2,296,095.79	2,527,656.45	2,759,420.63
Impairment losses	(2,452,920.84)	(2,651,949.26)	(2,848,483.90)	(2,934,320.82)	(3,227,752.90)	(3,465,991.80)	(3,639,291.39)
Other Operating expenses	(2,336,866.91)	(2,581,573.58)	(2,852,407.33)	(3,685,678.14)	(3,981,638.03)	(4,246,462.45)	(4,896,656.88)
Employee-expenses	(3,609,104.70)	(3,970,015.16)	(4,367,016.68)	(4,716,378.02)	(5,093,688.26)	(5,501,183.32)	(5,941,277.98)
Income tax expenses	(1,111,963.35)	(1,489,974.04)	(1,969,338.55)	(2,307,034.43)	(2,655,090.12)	(2,961,088.57)	(3,108,010.08)
Net income	3,335,890.05	4,469,922.11	5,908,015.66	6,921,103.28	7,965,270.35	8,883,265.72	9,324,030.24
Summary of statements of financial positions							
Loans - net	189,285,123.34	221,455,620.58	259,207,238.15	285,127,961.96	313,640,758.16	329,322,796.07	345,788,935.87
Other investments	52,966,760.04	60,684,195.24	70,742,585.79	79,049,633.05	88,353,525.98	98,773,886.05	110,444,689.34
Other assets	15,348,671.69	16,400,650.45	17,345,514.25	19,276,240.14	21,583,718.71	22,115,965.96	21,945,913.20
Total assets	257,600,555.07	298,540,466.27	347,295,338.19	383,453,835.15	423,578,002.85	450,212,648.08	478,179,538.41
Deposits	212,025,525.89	248,382,332.44	291,103,255.49	320,213,581.04	352,234,939.15	369,846,686.11	388,339,020.41
Borrowings and other debt securities	7,255,401.00	7,255,401.00	7,255,401.00	7,255,401.00	7,255,401.00	7,255,401.00	7,255,401.00
Other liabilities	4,193,448.45	4,306,630.99	4,432,564.19	4,559,632.33	4,697,171.57	4,836,804.12	4,997,329.90
Total liabilities	223,474,375.34	259,944,364.42	302,791,220.69	332,028,614.37	364,187,511.72	381,938,891.23	400,581,751.31
Total equity	34,126,179.73	38,596,101.84	44,504,117.50	51,425,220.78	59,390,491.13	68,273,756.85	77,597,787.09

7.7.18. Discount rate

The discount rate applied to the calculation of the present value of dividend is based on Cost of equity (Ke) or the required rate of return for shareholders (Re) derived from the Capital Asset Pricing Model (CAPM) as follows:

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

whereby

Risk Free Rate (R_f) = 7.61% p.a. based on 15-year government bond yield (information as of 11 December 2019)²⁰.

Beta (β) = Due to the low liquidity in Permata's shares, IFA based the beta on 2-year average historical data of comparable companies listed on IDX which include BBKA, BBRI, BMRI, BBNI, MAYA, MEGA, BDMN, BNLI and BTPS up until 11 December 2019 at 0.73²¹. These chosen companies are companies with market capitalization higher than IDR 30,000,000.00 million and positive operating performance during the latest 12-month period to appropriately reflect the risk of banking business.

Market Risk (R_m) = 13.32% p.a. based on the average returns on investment in Jakarta Stock Exchange Composite Index over the past 15 years until 11 December 2019²².

Based on the above formula, the discount rate is Cost of equity (Ke) at 11.81% per year.

7.7.19. Terminal Value

Terminal value of Permata was calculated from this formula:

$$\text{Terminal value} = \frac{\text{FCFn} \times (1+g)}{\text{WACC} - g}$$

Whereby

FCFn = Free Cash Flow in last year that the shareholders will receive which was assumed equal to net profit of Permata in 2029.

g = Growth rate of Free Cash Flow which was assumed 3.00% per year based on 5-year average historical inflation rates of Indonesia²³

WACC = Discount rate is Cost of equity (Ke) at 11.81% per year.

Therefore, the Terminal Value is equal to IDR 109,001,507.63 million or equivalent to 1.40 times of 2029 book value according to the projection, which is lower than the purchase price of the Transaction. In addition, this P/BV ratio is lower than the price for other precedent transactions in Indonesia is during 2013 – 2019 at 1.51 – 4.91 times of book value. IFA, therefore, views that the Terminal Value is appropriate under conservative basis.

²⁰ Source: Bloomberg

²¹ Source: Bloomberg

²² Source: Bloomberg

²³ Source : Bloomberg

7.7.20. Summary of DDM used for evaluating Permata's share price

Dividend Discount Model (DDM) is the sum of discounted free cash flows to equity derived from each business, before combining with the terminal value determined at the end of projection period. IFA uses the cost of equity as a discount rate to calculate the present value of Permata's free cash flows to equity. Cost of equity or shareholders' required rate of return is calculated based on Capital Asset Pricing Model (CAPM) with results as follows:

(Unit : IDR Million)	2020F	2021F	2022F	2023F	2024F
Projected net profits	1,434,241.45	1,719,872.95	2,430,970.22	3,335,890.05	4,469,922.11
Projected dividend payment	501,984.51	601,955.53	850,839.58	1,167,561.52	1,564,472.74
Dividend payout ratio (%)	35.00%	35.00%	35.00%	35.00%	35.00%
Discount rate (%)	11.81%	11.81%	11.81%	11.81%	11.81%
Present value of dividend	448,959.44	481,501.89	608,692.66	747,045.31	895,265.74
(Unit : IDR Million)	2025F	2026F	2027F	2028F	2029F
Projected net profits	5,908,015.66	6,921,103.28	7,965,270.35	8,883,265.72	9,324,030.24
Projected dividend payment	2,067,805.48	2,422,386.15	2,787,844.62	3,109,143.00	3,263,410.58
Dividend payout ratio (%)	35.00%	35.00%	35.00%	35.00%	35.00%
Discount rate (%)	11.81%	11.81%	11.81%	11.81%	11.81%
Present value of dividend	1,058,304.00	1,108,819.68	1,141,308.12	1,138,391.99	1,068,660.23
Terminal Value					109,001,507.63
Present value of Terminal Value					35,694,428.51
Add: Excess capital					7,758,174.00
Value of Permata (base case)					52,149,551.57

Therefore, the DDM approach under base case scenario is IDR 52,149,551.57 million. The dividend payment shown above is only an estimation based on the defined set of assumptions from BBL.

IFA conducts sensitivity analysis of Permata's share value determined under the DDM approach upon the change in discount rate by increase (decrease) 0.25% from the base case assumption. Permata's share price will be changed as follows:

	Discount Rate: Ke (% p.a.)		
	+0.25%	0%	-0.25%
<u>Value of Permata (IDR Million)</u>	50,276,503.20	52,149,551.57	54,147,410.76
<u>Value of Permata (IDR per share)</u>	1,792.85	1,859.65	1,930.89

From the sensitivity analysis, the share price of Permata will be IDR 1,792.85 – 1,930.89 per share (total equity value of IDR 50,276,503.20 - 54,147,410.76 million) which is higher than the purchase price of IDR 1,498 per share by IDR 294.85 - 432.89 per share or 19.68% - 28.90%, respectively.

DDM approach reflects Permata's ability to generate future profits and cash flows by considering various factors including BBL integration plan, competitive position, efficiency in cost control, and future investment in core

assets and as well as the regulatory requirement regarding capital fund. Key financial assumptions are based on Permata's historical performance along with the analysis on Permata's future business plan, economic and industry conditions and the interviews with the management. IFA, therefore, determines that this approach is appropriate for valuing Permata's shares. However, the share price determined by this approach can be sensitive to the change in key underlying assumptions.

7.8. Summary of Permata Share Valuation

IFA determined the fair value of Permata's shares based on various valuation approaches as summarized below:

No.	Valuation approaches	Permata Value (IDR/Share)	Appropriateness	Indicative purchase price (IDR) ^{1/}	Higher (Lower) than the Consideration (IDR)	Higher (Lower) than the Consideration (%)
1	Book Value Approach	846.19	Not appropriate: does not reflect current market value of assets, operating performance, competitive advantages of Permata and positive industry trends. ^{2/}	1,498	(651.81)	(43.51%)
2	Adjusted Book Value Approach	N.A.	Not appropriate: does not consider the ability to earn profits and operating results in the future.	1,498	N.A.	N.A.
3	Market Value Approach	977.09 – 1,201.31	Not appropriate: Even though this approach assumes that the traded prices can reflect the fundamentals of the stocks and the views of investors on Permata's future growth potential, there is not enough liquidity for the investors to react and create sufficient demand and supply to reflect the fair value.	1,498	(520.91) – (296.69)	(34.77%) – (19.81%)
4	P/BV ratio Approach	2,160.72 – 2,270.61	Appropriate: The selected companies are financial institutions considered having similar capital structures and accounting policies and under the supervision of the OJK.	1,498	662.72 – 772.61	44.24% – 51.58%
5	P/E Ratio Approach	1,095.33 - 1,187.51	Not appropriate: Financial institutions' net profits seem to fluctuate along the change in the country's economic conditions.	1,498	(402.67) – (310.49)	(26.88%) – (20.73%)
6	PTC Approach	1,277.74 - 4,154.78	Appropriate: past selected transactions have similar economic environment, acquisition periods, accounting standards and regulations.	1,498	(220.26) - 2,656.78	(14.70%) - 177.36%
7	DDM Approach	1,792.85 - 1,930.89	Appropriate: reflects the ability to generate future profits and cash flows by considering various factors affecting business operation.	1,498	294.85 - 432.89	19.68% - 28.90%

Note: 1/ Offering price as of 30 September 2019, which is subjected to change depending on the Confirmation of Satisfaction Date.

2/ Not appropriate but can be used as the calculation base.

IFA summarizes the appropriateness of each valuation approach below.

1) **Book Value Approach:** consider the financial position at any one point in time and the value of the assets as it was recorded without considering future operating performance, competitive advantages of Permata and positive industry trends and more importantly it does not consider Permata's ability to earn profits in the future, and the competitiveness of the Permata's business, however, the approach can be used as a reference price to reflect the fundamental price of Permata's shares. IFA views that this approach is not suitable for valuation of the Permata but could be used as a base for calculation.

2) **Adjusted Book Value Approach:** can reflect the net asset value of company better than Book Value Approach because it takes the accounting value from 1) Book Value Approach, and adjusts by the updated appraisal values of land and buildings, machinery, Goodwill, Patent, and Brand Value to find the market value or fair value, then divide it by number of shares. However, this method also does not consider the ability to earn profits and operating results in the future. Thus, IFA views this method may not reflect the real value of the equity of Permata, but it can be used as one of the referential values of the company.

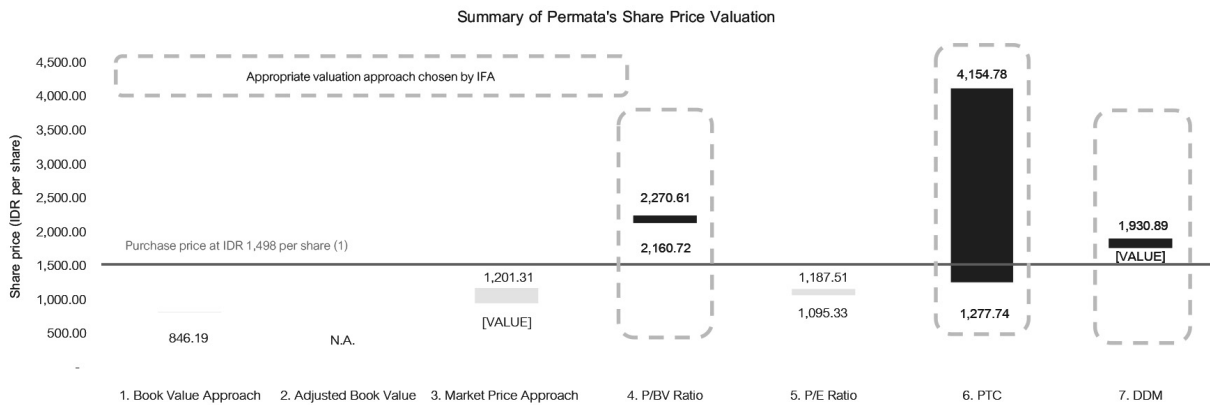
3) **Market Value Approach:** is a market valuation, which determines share price by supply and demand of the share in a traded market if the stock has enough liquidity for the market to react efficiently. It can reflect the value of the stocks at that time, the fundamentals of the company, the company's future growth potential of the company. However, Permata stock does not have enough liquidity for the investors to react and create sufficient demand and supply. IFA therefore believes that the historical market price of Permata may not reflect its actual value. Therefore, IFA views that this approach is not suitable for valuation of Permata.

4) **Price-to-Book Value Ratio Approach:** considering company's financial statement at any one point in time by comparing to a set of referral companies, without considering their ability of the earning profits in the future. This approach assumes that the company's capability and potential are similar to comparable companies. In practice, P/BV multiple approach is considered one of the most common approaches when conducting valuation of a financial institution because this approach determines the value of the firms with comparable capital structures and accounting policies under the supervision of OJK. Even though, P/BV does not factor in control premium, IFA views that this approach is suitable to be used as a base for valuation of Permata.

5) **Price-to-Earnings Per Share Ratio Approach:** considers current profits of the company by comparing the average of the price to earnings ratio of the comparable companies. This approach is widely used. It assumes that the company's capability and potential are similar among comparable companies. However, in practice, P/E multiple approach is not an appropriate approach when conducting valuation of financial institutions because net profits of financial institutions fluctuate along the change in the country's economic conditions. In comparison, the book value typically fluctuates less than earnings in changing economic conditions. Therefore, IFA views that this approach is not suitable for valuation of Permata.

6) **Precedent Transaction Comparable (PTC) Approach:** considers P/B multiples from past M&A transactions in Indonesian banking industry. Selected transactions are acquisition of Indonesian banks (within the past 6 years), which have similar economic environment, acquisition periods, accounting standards, and regulations. Such similarities appropriately reflect the fair market value currently. Moreover, as the Transaction is conducted in an auction method under supervision of OJK, the market factors such as demands-supplies also have been factored in. Therefore, IFA views that this approach is suitable for valuation of Permata.

7) **Dividend Discount Model (DDM) Approach:** is appropriate, as it best reflects Permata’s ability to generate future profits and cash flows by considering various factors including BBL’s integration plan, competitive position, efficiency in cost control, and future investment in core assets, as well as the regulatory requirement regarding capital fund. Key financial assumptions based on Permata’s historical performance along with the analysis on Permata’s future business plan, economic and industry conditions and the interviews with the management. Therefore, IFA views that this approach is suitable for evaluating the value of Permata’s shares for this valuation. However, the valuation determined by this approach can be sensitive to the change of key underlying assumptions.



Note: 1/ Purchase Price based on 30 September 2019 and will be subjected to change depending on the Confirmation of Satisfaction Date

IFA views that P/BV ratios, PTC and DDM are most appropriate valuation methods. The fair value of Permata is between IDR 1,277.74 – 4,154.78 per share, implying a 100% equity valuation of IDR 35,831,430.24 - 116,511,471.84 million. Therefore, IFA has opinion that the value which BBL is expecting to enter into the Transaction of IDR 37,430,998.74 million to hold 89.12% of Permata and IDR 42,001,105.48 million to hold 100% is appropriated due to it is in the appropriated price range, calculated by IFA.

8. Opinion of the IFA Regarding to the Fairness of the Transaction Conditions

IFA has determined the appropriateness of the Transaction by considering the terms and conditions set forth in the CSPA, as summarized in 1.8 Summary of Key Terms and Conditions. IFA's opinion on the fairness of key terms and conditions of the Transaction is as follows:

8.1. Conditions Precedent

Conditions precedent such as the receipt of regulatory approvals from the relevant authorities (both BOT and OJK) as well as the shareholders' approval of the Bank in respect of the Transaction and the shareholders' approval of Permata in respect of the acquisition plan are customary conditions required to ensure that the Transaction is effected in accordance with relevant laws and regulations. IFA, therefore, views that the conditions precedent for the Transaction are standard for a transaction of this nature.

8.2. Undertakings

The CSPA contains customary seller undertakings including, among others, undertakings related to the exercise of votes as a shareholder, obtaining all permits, consents, authorizations required for the Transaction; not granting any encumbrances on the shares, conducting the operation of Permata in the ordinary course of business, etc. The CSPA also contains purchaser undertakings that require the Bank to reimburse Astra and Standard Chartered should they be required to subscribe to any issuance of debt securities by OJK (which will be excluded from Permata's book value and thus be paid on a dollar-for-dollar basis) and to obtain all internal permits, consents and authorizations required for the Transaction. IFA's opinion is that these undertakings are consistent with market practice.

8.3. Determination of Consideration

The final consideration for the Transaction is based on a multiple of Permata's book value as set out in the last financial statements published prior to Confirmation of Satisfaction (subject to certain adjustments). It is worth noting that any proceeds for new shares issued between the date of the CSPA and Confirmation of Satisfaction will not be subject to the 1.77 multiple and instead be calculated on a dollar-for-dollar basis. IFA is of the view that the determination of consideration for the Transaction is fair and consistent with market practice.

8.4. Representations and Warranties

The Sellers provided standard representations and warranties, including but not limited to, due incorporation, authority to enter into the CSPA, ownership of shares, no material legal action, accuracy of audited financial statements, etc. These seller warranties are customary for a transaction of this nature, especially in the context of an acquisition of a publicly listed bank, which is highly regulated.

To mitigate possible risks which may arise from entering into the Transaction, the Bank and its advisors have conducted an in-depth due diligence exercise (financial, legal and tax) of Permata and its business, and the Bank was able to address those issues identified during the due diligence exercise by negotiating and including certain representations and warranties in the CSPA.

8.5. Key Observation 1 (Impact in the Event of Non-Completion)

Impact to the shareholders in the event of non-completion. The Bank has incurred transaction expenses regardless of the completion or non-completion of the transaction. Together with all other potential expenses and charges that would be incurred over 12 months from CSPA signing even in the event of non-completion, management has estimated the amount is in line with other comparable transactions and does not constitute to have a material impact to the Bank and its shareholders.

8.6. Key Observation 2 (Standard Chartered's Tier 2 Securities)

Since the Bank and Standard Chartered have agreed that the Bank will receive the transfer of Standard Chartered's tier 2 securities that have not been repaid in full by Permata prior to closing. The details of Standard Chartered's tier 2 securities are as follows:

No.	Standard Chartered's tier 2 securities (IDR)	Maturity date	Interest rate (%)	Rating
1	700,000,000,000.00	10 March 2020	3-month time deposit interest rate + 2.75% ^{1/}	NA
2	103,000,000,000.00	24 October 2021	11.75%	AA ^{2/}

Note: 1/ as of November 2019, 3-month time deposit interest rate of BI was 6.35%

2/ rating given by PEFINDO Credit Rating Agency and considered as very strong debt instrument

However, the Standard Chartered's tier 2 securities (no. 1) (IDR 700,000 million Floating Rate Subordinated Notes) are due to mature on 10 March 2020 which is prior to the closing planned by the Bank. As a result, this IDR 700,000 million Floating Rate Subordinated Notes will be excluded from the analysis and will not be given opinions. Nonetheless, Standard Chartered's tier 2 securities (no.2) (IDR 103,000 million shelf subordinated bonds II phase II of 2014 issued) are due to mature on 24 October 2021 which is after the closing. Therefore, the Bank would receive the transfer of the mentioned subordinated bonds with details as follows:

Characteristic of bond	Subordinated bonds II
Unit price	IDR 100
Issuance date	2014
Amount held by Standard Chartered	IDR 103,000 million
Maturity date	24 October 2021

Interest rate ^{1/}	11.75%
Rating	AA given by PEFINDO Credit Rating Agency
Remark:	1/ The price of subordinated bonds II phase II listed in IDX as at 11 December 2019 was IDR 108.991 with yield at 6.581%

The consideration paid by the Bank to Standard Chartered for Standard Chartered's tier 2 securities no.2 is the aggregate of the outstanding amount of Standard Chartered's tier 2 securities and accrued and unpaid interest which is lower than that in the market. Therefore, IFA believes that after the transfer of IDR 103,000 million subordinated bonds II phase II, the Bank would be able to gain higher return than the market price or would be able to sell in the secondary market. Therefore, IFA is of the opinion that the receipt of the transfer subordinated bonds II phase II at its outstanding amount is appropriate due to being lower than the market price.

9. Conclusion of IFA Opinions

Based on the analysis of appropriateness of the Transaction to acquire Permata, the appropriateness of Transaction Price and the fairness of the Transaction Conditions, IFA is of the opinion that the Transaction is appropriate and will provide long-term benefits to BBL because:

1) The acquisition of shares is reasonable as it is congruent with BBL's business plan and it allows BBL to acquire a commercial bank with potential to grow loans, revenues, and profits and to enter a high potential growth market with well-equipped network and branches. Subsequent to the acquisition of Permata, BBL will be able to enhance its competitiveness as a leading ASEAN bank and diversify its business mix. Moreover, BBL will benefit from significant synergies that further improve BBL's profitability and long-term return to the shareholders. Therefore, the IFA is of the opinion that entering into the Transaction is reasonable.

2) Under the assumption that the Transaction date was 30 September 2019, the acquisition price of entire shares of Permata is estimated to be IDR 42,001,105.48 million (including net acquisition fee). The acquisition price is in the range of appropriate fair value of Permata's shares determined by IFA under P/BV, Precedent Transaction Comparable and DDM Approaches of IDR 35,831,430.24 - 116,511,471.84 million. Therefore, the acquisition price of Permata's shares is deemed to be fair and appropriate. Therefore, the IFA has opinion that the value which BBL is expecting to enter into the Transaction of IDR 37,430,998.74 million to hold 89.12% of Permata and IDR 42,001,105.48 million to hold 100% is appropriate due to the value being in the appropriate price range, calculated by the IFA.

3) Key terms and conditions of the Transaction are of normal business practice for a share sale and purchase transaction and do not impose undue conditions on BBL. Such terms and conditions allow the Transaction to be executed properly as planned between the parties.

Therefore, IFA recommends the shareholders to approve the Transaction.

Nevertheless, the final decision whether to approve the Transaction rests primarily with the individual shareholders of the Bank. The shareholders should review the information contained in this report along with other related information provided and use his/her own discretionary judgement in making the final decision.

Discover Management Company Limited as the Independent Financial Advisor hereby certifies that the opinions have prudently been provided in compliance with the professional standards and principles, with due regard to the shareholders' benefits.

Yours sincerely,
Discover Management Company Limited

(Mr. Vuthichai Tumasaroj)
Director

(Ms. Kanokporn Pongjetanapong)
Director

(Mr. Vuthichai Tumasaroj)
Supervisor

Contact: Discover Management Co., Ltd.

02-651-4447

Info@discoverym.com

Attachment 1

Business overview and performance of Bangkok Bank Public Company Limited (“Bank”)

1. General Information

Name	:	Bangkok Bank Public Company Limited
Location	:	333 Silom Road, Silom, Bangrak, Bangkok 10500
Telephone	:	0-2231-4333
Fax	:	0-2231-4890
Business Overview	:	Commercial Bank
Registration No	:	0107536000374
Corporate Website	:	https://www.bangkokbank.com
Registered Capital	:	THB 40,000,000,000 comprising common shares of 3,998,345,000 shares of 10 THB each and preferred shares of 1,655,000 shares of 10 THB each
Paid-up Capital	:	THB 19,088,428,940 comprising common shares of 1,908,842,894 shares of 10 THB each

2. Business Information

2.1 Background and Important Development

Bangkok Bank was founded on 1 December 1944 and became the first Thai bank listed on the Stock Exchange of Thailand in 1975. It is one of Southeast Asia’s largest regional banks with total assets of THB 3,228,092 million as of 30 September 2019. The Bank is a leading provider of corporate finance and SME lending in Thailand, with approximately 240 business centers and business desks.

The Bank’s domestic branch network – consisting of 1,148 domestic branches – covers all 77 provinces in Thailand and is among the most extensive networks of Thai banks. It currently has approximately 17 million deposit accounts and has one of the largest deposit bases in Thailand. In addition, the Bank operates in 31 locations internationally, in Cambodia, China, Indonesia, Hong Kong, Japan, Laos, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, the United Kingdom, the United States and Vietnam. The Bank’s international branch network is the largest among Thai banks, enabling it to diversify its portfolio geographically and capture growth opportunities across Southeast Asia.

2.2 Nature of Business

The Bank provides a full range of financial services through six business units: Corporate, Commercial, Business, Consumer, International, and Investment Banking. Its major subsidiaries include Bualuang Securities (BLS), BBL Asset Management (BBLAM), Bangkok Bank Berhad, and Bangkok Bank (China).

Corporate Banking

The Bank is the market leader in corporate banking with industry specialists serving large Thai corporations and multinationals across a wide range of industries. The Bank also provides transaction banking services, such as cash management, trade services and supply chain financing, as well as innovative digital solutions including developing solutions that add value to corporate customers' businesses, such as payment services and credit lines that support their supply chains.

Commercial Banking

The unit works closely with medium-sized businesses, including family enterprises, providing for their financial and business needs. As the country's only bank with a comprehensive regional network, the Bank facilitates companies with international business requirements, such as import and export businesses, and those with regional supply chains.

Business Banking

In addition to general financial services the Bank provides customers with specialist financial and business advice and works with them as partners to create value for their businesses. This includes assisting them to improve efficiencies in their business, manage risks, and connecting them with emerging opportunities.

Consumer Banking

Bangkok Bank offers a wide range of consumer banking services to suit their stage of life through its extensive nationwide branch network, ATMs and other self-service machines, as well as digital banking services such as internet banking (Bualuang iBanking), mobile banking (Bualuang mBanking) and payments via QR code.

International Banking

As Thailand's market leader in corporate and SME banking and as the country's most international bank, with 31 overseas branches in 14 economies, the Bank has a unique role to play in facilitating international companies across ASEAN. In addition to financing, the Bank provides local knowledge and experience, as well as connections to other customers across its network.

Investment Banking

In close cooperation with Corporate Banking, BLS and BBLAM, the Investment Banking Group is committed to offering clients innovative products and effective financing solutions in line with good corporate governance and corporate and social responsibility practices.

Bualuang Securities Public Company Limited

Established in October 2001, BLS provides securities brokerage, investment banking, and equity research services. Its investment management unit is managed by Bangkok Capital Asset Management, BLS's wholly-owned subsidiary. By tapping into the benefits of the Bank's nationwide branch network, BLS promotes its products and services and expands its client base, including through account referrals from the Bank. In addition, BLS draws on its own comprehensive distribution network of 30 offices in Bangkok and major cities throughout Thailand.

BBL Asset Management Company Limited

Established in 1992, BBLAM provides mutual fund products, which are distributed, primarily, through Bangkok Bank's branch network and electronic banking services along with selling agents such as Bangkok Life Assurance Public Company Limited and Bualuang Securities. BBLAM also manages provident funds, private funds, infrastructure funds and REITs.

2.3 Products, Services and Channels

Products and Services

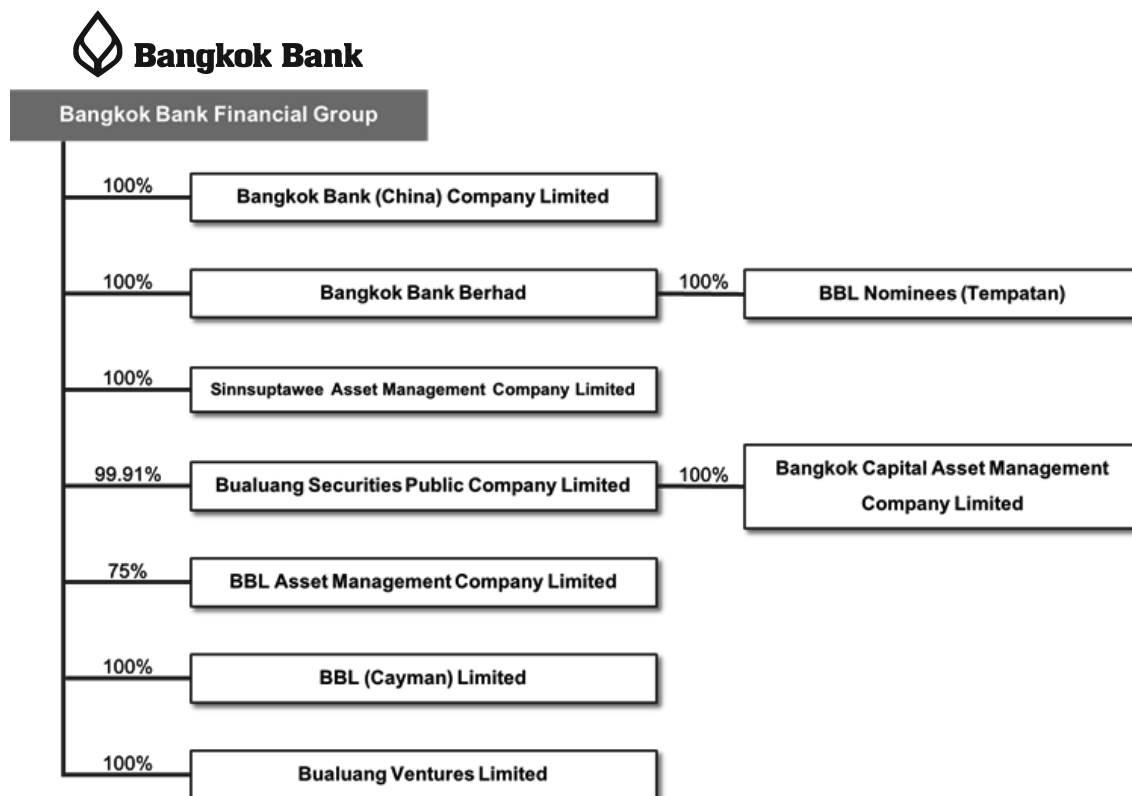
The Bank provides a wide range of financial services for both business and individual customers in Thailand and abroad. Bangkok Bank's business lending products include long-term and short-term loans, trade finance, working capital, letters of guarantee and aval/acceptance as well as other banking products and services, such as deposits, funds transfers, cash management, bancassurance, investment banking, debt securities, foreign exchange and derivatives. These services generate fee and service income for the Bank. Its banking facilities cater to both Thai and international customers.

Channels

The Bank's extensive network of distribution channels includes branches and business centers, ATMs and other self-service machines; digital banking services, such as mobile and internet banking (Bualuang mBanking and Bualuang iBanking); payments via QR codes for individual customers; online services such as BIZ iBanking, Corporate iCash and Bualuang iTrade for business customers; and Bualuang Phone.

The Bank's domestic branch network consists of 1,148 domestic branches across Thailand, as of 31 December 2019. To serve business customers the Bank has 117 business centers and 126 business desks nationwide, staffed by relationship managers and officers providing a full range of services. The Bank also has 68 trade-finance centers nationwide. Bangkok Bank's international network is the largest of all Thai banks and comprises 31 locations in 14 economies.

2.4 Structure of the Bank's Financial Group before the Transaction



BBL's investment in companies at 10 percent or more of paid-up capital as at 31 December 2018 are as follows:

No.	Company	Type of Business	Type of Shares	No. of Shares Held	% of Company's Paid-up Capital
1	BANGKOK BANK BERHAD 1-45-01 Menara Bangkok Bank Laman Sentral Berjaya No.105, Jalan Ampang 50450, Kuala Lumpur, Malaysia Tel. (60) 32-174-6888 Fax. (60) 32-174-6800	BANK	ORDINARY	1,000,000,000	100.00
2	BBL (CAYMAN) LIMITED 25 Main Street George Town, P.O. Box 694 Grand Cayman, KY1-1107, Cayman Islands Tel. 1(345) 949-8066 Fax. 1(345) 949-8080	INVESTMENT COMPANY	ORDINARY	100,000	100.00

No.	Company	Type of Business	Type of Shares	No. of Shares Held	% of Company's Paid-up Capital
3	BANGKOK BANK (CHINA) CO., LTD. Bangkok Bank Building, 2/F (Zone B&C), 3/F, 4/F No. 7, Zhongshan East-1 Road, Huangpu District, Shanghai 200002, The People's Republic of China Tel. (86-21) 2329-0100 Fax. (86-21) 2329-0168	BANK	-	-	100.00
4	SINNSUPTAWEE ASSET MANAGEMENT CO., LTD 323 United Center Building, 30th Floor, Silom Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2635-5001-3 Fax. 0-2635-5004	ASSET MANAGEMENT	ORDINARY	24,999,997	100.00
5	BUALUANG VENTURES LIMITED 173/10 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2011-8730 Fax. 0-2058-9807	VENTURE CAPITAL	ORDINARY	199,999,997	100.00
6	BUALUANG SECURITIES PUBLIC COMPANY LIMITED 191 Silom Complex Office Building, 10th, 12th, 19th, 23rd, 29th-32nd Floor, Silom Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2618-1000, 0-2231-3777 Fax. 0-2231-3951, 0-2618-1001	SECURITIES BUSINESS	ORDINARY	1,079,990,920	99.91
7	BBL ASSET MANAGEMENT CO., LTD. 175 Sathorn City Tower, 7th 21st and 26th Floors, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2674-6400 Fax. 0-2679-5995-6, 0-2679-6855	ASSET MANAGEMENT	ORDINARY	749,996	75.00
8	THAI PRECISION MANUFACTURING CO., LTD. 226 Moo 3, Thungsookhla, Sriracha, Chonburi 20230	MANUFACTURING OF ELECTRONICS COMPONENTS	ORDINARY	4,017,984	59.77
9	THAI PAYMENT NETWORK CO., LTD. 173/19 Asia Centre Building, 18th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2017-9900 Fax. 0-2017-9929	LOCAL SWITCHING CENTER AND SETTLEMENT SERVICE CENTER	ORDINARY	5,240,000	68.08

No.	Company	Type of Business	Type of Shares	No. of Shares Held	% of Company's Paid-up Capital
10	BSL LEASING CO., LTD. 175 Sathorn City Tower, 19th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2670-4700 Fax. 0-2679-6160	LEASING AND HIRE PURCHASE	ORDINARY	358,750	35.88
11	PROCESSING CENTER CO., LTD. 319 Chamchuri Square Building, 25th Floor, Unit 9 - 12, Phayathai Road, Pathumwan, Pathumwan, Bangkok 10330 Tel. 0-2029-0290 Fax. 0-2029-0291	COMPUTER SERVICES	ORDINARY	149,985	30.00
12	HIGH PRESSURE STEEL PIPE INDUSTRY CO., LTD. 36/4 Moo 2, Soi Wat Mahawong, Poochao Samingphrai Road, Samrong, Phra Pradaeng, Samutprakan 10130	STEEL PIPE MANUFACTURER	ORDINARY	95,603	19.12
13	NATIONAL ITMX CO., LTD. 5/13 Moo 3, Chaengwattana Road, Khlongkluea Pakkret, Nonthaburi 11120 Tel. 0-2558-7555 Fax. 0-2558-7566	ELECTRONIC TRANSACTIONS BETWEEN FINANCIAL INSTITUTES	ORDINARY	69,221	13.84
14	ALPHATEC ELECTRONICS PCL. 179/74-80 Bangkok City Tower 15th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2210-0593-6 Fax. 0-2210-0597	ELECTRONIC COMPONENTS	ORDINARY	326	12.34
15	SEACON DEVELOPMENT PCL. 55 Srinakarin Road, Nongbon, Prawet, Bangkok 10250 Tel. 0-2721-8888 Fax. 0-2721-8976	RENTAL BUILDING	ORDINARY	574,000	10.00
16	TOYOTA LEASING (THAILAND) CO., LTD. 990 Abdulrahim Place, 18th-19th Floor, Rama IV Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2634-6400, 0-2634-6391 Fax. 0-2636-1380	LEASING	ORDINARY	5,140,000	10.00
17	THAI NAMSIRI INTERTEX CO., LTD. 44 Srijulsup Tower, 17th Floor, Rama 1 Road, Rongmuang, Pathumwan, Bangkok 10330 Tel. 0-2613-7429 Fax. 0-2613-7422	TEXTILES	ORDINARY	1,000,000	10.00

No.	Company	Type of Business	Type of Shares	No. of Shares Held	% of Company's Paid-up Capital
18	THANATHEP PRINTING CO., LTD. 1017/5 Pracha Phathana Road, Thap Yao, Lat Krabang, Bangkok 10520 Tel. 0-2360-7914-7 Fax. 0-2360-7918	PRINTING	ORDINARY	30,000	10.00
19	THAI OBAYASHI CORP., LTD. 161 Ratchadamri Road, Lumpinee Pathumwan, Bangkok 10330 Tel. 0-2252-5200 Fax. 0-2252-5381	CONSTRUCTION	ORDINARY	2,000	10.00
20	BANGKOK MITSUBISHI UFJ LEASE CO., LTD. 173/35 Asia Centre Tower, 26th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2163-6400 Fax. 0-2163-6411, 0-2163-6422	LEASING	ORDINARY	60,000	10.00
21	BANGKOK MUFG LTD. 898 Ploenchit Tower, 9th Floor, Zone B1, Lumpini, Pathumwan, Bangkok 10330 Tel. 0-2263-0856 Fax. 0-2263-0860	CONSULTING AND INVESTMENT	ORDINARY	200,000	10.00
22	BANGKOK SMBC CONSULTING CO., LTD. No.1 Q.House Lumpini Building, 16th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2677-7270-5 Fax. 0-2677-7279	SERVICE CONSULTING	ORDINARY	2,000	10.00
23	BUMRUNGRAD INTERNATIONAL LTD. 33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road, North Klongtaey, Wattana, Bangkok 10110 Tel. 0-2066-8888, 0-2011-4956 Fax. 0-2011-5100	INVESTMENTS IN ANOTHER COMPANY AND REGIONAL OPERATION OFFICE (ON LIQUIDATION PROCESS)	ORDINARY	4,593	10.00
24	UNITED SILO & SERVICES CO., LTD. 177, 9th Floor, Rajawongse Road, Chakrawad, Samphanthawong, Bangkok 10100 Tel. 0-2225-0200 Fax. 0-2224-5670	SERVICES	ORDINARY	200,000	10.00

No.	Company	Type of Business	Type of Shares	No. of Shares Held	% of Company's Paid-up Capital
25	ASIA INSURANCE (PHILIPPINES) CORPORATION 15th Floor, Tytana Plaza Building, Plaza Lorenzo Ruiz, Binondo, Manila, Philippines Tel. (632) 241-5201 Fax. (632) 243-3216	NON-LIFE INSURANCE	ORDINARY	350,000	10.00
26	ASIA LAMP INDUSTRY CO., LTD. 199 Moo 2, Putharaksa Road, Taiban Ampher Muang, Samutprakran 10280 Tel. 0-2702-9467-8 Fax. 0-2702-9470	ELECTRIC BULB MANUFACTURER	ORDINARY	700,000	10.00
27	ASPAC CO., LTD. 717 Sukhumvit 55 (Soi Thonglor), Sukhumvit Road, Khlong Tan Nuea, Watthana, Bangkok 10110 Tel. 0-2185-1375-80 Fax. 0-2185-1395	IMPORT, EXPORT- CHEMICALS	ORDINARY	26,000	10.00
28	U M C METALS LTD. 32/40 Sino-Thai Tower, 16th Floor, Sukhumvit 21 Road (Asoke), North Klongtoey, Wattana, Bangkok 10110 Tel. 0-2259-2942-5 Fax. 0-2259-2946	STEEL MANUFACTURER	ORDINARY	14,500,000	10.00
29	WONGPAITON GROUP PCL. 686 Ekkachai Road, Bangbon, Bangkok 10150	EXPORTER AND MANUFACTURER OF SPORTS PRODUCTS	ORDINARY	86,826,816	10.00
30	BANGKOK SMARTCARD SYSTEM CO., LTD. 21 TST Tower, 19th and 24th Floor, Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel. 0-2617-8338 Fax. 0-2617-8339	E-MONEY BUSINESS	ORDINARY	400,000	10.00
31	FUCHS CAPITAL PARTNERS PTE. LTD. 112 Robinson Road, #14-04, Singapore 068902 Tel. (65) 6576-5555 Fax. (65) 6576-5592	ALTERNATIVE INVESTMENT MANAGEMENT COMPANY	CLASS B SHARES	400,000	10.00
32	BANGKOK CONSULTING PARTNERS CO., LTD. 942/43 Charn Issara Tower, 1st Floor, Rama 4 Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0-2632-9179 Fax. 0-2632-9354-5	BUSINESS CONSULTING	ORDINARY	200	10.00

No.	Company	Type of Business	Type of Shares	No. of Shares Held	% of Company's Paid-up Capital
33	QUALITY INN CO., LTD. 137/10 Sukhumvit 9 (Soi Ruanchit), Sukhumvit Road, North Klongtaey, Wattana, Bangkok 10110 Tel. 0-2255-4661-4 Fax. 0-2255-4660	HOTEL & RESTAURANT	ORDINARY	200,000	10.00
34	BSS HOLDINGS CO., LTD. 21 TST Tower, 19th Floor, Soi Choei Phuang, Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel. 0-2617-8338 Fax. 0-2617-8339	HOLDING COMPANY	ORDINARY	1,200,000	10.00
35	PERENNIAL HC HOLDINGS PTE. LTD. 8 Shenton Way, #36-01, AXA Tower, Singapore 068811 Tel. (65) 6602-6800 Fax. (65) 6602-6801	REAL ESTATE DEVELOPMENT	ORDINARY	13,836,500	10.00
36	SIAM SOLAR GENERATION CO., LTD. 89 Moo 11, Ban Tan, Bamnet Narong, Chaiyaphum 36220	SOLAR FARM	ORDINARY	1,111,111	10.00

Source: BBL's annual report 2018

3. Shareholders and the Board of Directors

3.1 Shareholders

List of 10 major shareholders as of 5 September 2019 are as follows:

No.	Major shareholder	Number of shares	% Of shares
1	THAI NVDR COMPANY LIMITED	593,959,154	31.12
2.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	77,555,250	4.06
3.	SOCIAL SECURITY OFFICE	65,464,800	3.43
4.	THAILAND SECURITIES DEPOSITORY	47,544,315	2.49
5.	THE BANK OF NEW YORK MELLON	41,333,600	2.17
6.	STATE STREET EUROPE LIMITED	35,686,774	1.87
7.	UOB KAY HIAN (HONG KONG) LIMITED - Client Account	34,817,270	1.82
8.	BANGKOK INSURANCE PUBLIC COMPANY LIMITED	34,097,030	1.79
9.	STATE STREET BANK AND TRUST COMPANY	25,690,400	1.35
10.	MORGAN STANLEY & CO. INTERNATIONAL PLC	25,421,229	1.33
	OTHERS	927,273,072	48.57
	TOTAL PAID-UP CAPITAL	1,908,842,894	100.00

Source: Stock Exchange of Thailand

3.2 Board of Directors

The Board of Directors consists of 17 members as of 31 December 2019 with the following details:

Name	Position
1. Mr. PITI SITHI-AMNUAI	CHAIRMAN OF THE BOARD OF DIRECTORS
2. Mr. DEJA TULANANDA	CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS / DIRECTOR
3. Mr. CHARTSIRI SOPHONPANICH	PRESIDENT / DIRECTOR
4. Mr. AMORN CHANDARASOMBOON	DIRECTOR
5. Mr. SUVARN THANSATHIT	DIRECTOR
6. Mr. SINGH TANGTASWAS	DIRECTOR
7. Mr. THAWEELAP RITTAPIROM	DIRECTOR
8. Mr. CHANSAK FUANGFU	DIRECTOR
9. Mr. CHARAMPORN JOTIKASTHIRA	DIRECTOR
10. Mr. BOONSONG BUNYASARANAND	DIRECTOR
11. Admiral PRACHET SIRIDEJ	INDEPENDENT DIRECTOR / CHAIRMAN OF THE AUDIT COMMITTEE
12. Mr. PHORNTHAP PHORNPRAPHA	INDEPENDENT DIRECTOR
13. Mrs. GASINEE WITONCHART	INDEPENDENT DIRECTOR / MEMBER OF AUDIT COMMITTEE
14. Mr. KOVIT POSHYANANDA	INDEPENDENT DIRECTOR
15. H.S.H. Prince MONGKOLCHALEAM YUGALA	INDEPENDENT DIRECTOR / MEMBER OF AUDIT COMMITTEE
16. Mr. ARUN CHIRACHAVALA	INDEPENDENT DIRECTOR / MEMBER OF AUDIT COMMITTEE
17. Mr. CHOKECHAI NILJIANSKUL	INDEPENDENT DIRECTOR

Source: Stock Exchange of Thailand

4. Financial Position and Operation Results

4.1 Statement of Financial Position – Consolidated

THB Million

Assets	December 2016		December 2017		December 2018		September 2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Cash	66,338	2.25%	65,473	2.13%	62,394	2.00%	51,825	1.61%
Interbank and money market items, net	394,612	13.40%	437,738	14.23%	450,700	14.46%	575,970	17.84%
Derivatives assets	24,471	0.83%	27,360	0.89%	28,650	0.92%	52,795	1.64%
Investments, net	546,614	18.57%	591,720	19.23%	556,788	17.86%	614,339	19.03%
Investments in subsidiaries and associates, net	1,327	0.05%	1,460	0.05%	1,608	0.05%	1,732	0.05%
Total loans to customers and accrued interest receivables, net	1,826,227	62.03%	1,869,029	60.76%	1,935,781	62.11%	1,847,821	57.24%
Customer's liability under acceptances	686	0.02%	1,433	0.05%	1,578	0.05%	1,562	0.05%
Properties for sale, net	12,262	0.42%	11,415	0.37%	10,604	0.34%	9,890	0.31%

THB Million

Assets	December 2016		December 2017		December 2018		September 2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Premises and equipment, net	45,231	1.54%	43,834	1.42%	42,567	1.37%	41,208	1.28%
Other intangible assets, net	829	0.03%	1,032	0.03%	1,080	0.03%	1,792	0.06%
Deferred tax assets	3,348	0.11%	3,676	0.12%	4,091	0.13%	4,144	0.13%
Securities business receivables - cash accounts	3,541	0.12%	5,301	0.17%	3,550	0.11%	-	-
Collateral placed with financial counterparties	4,367	0.15%	3,203	0.10%	3,324	0.11%	8,743	0.27%
Other assets, net	14,375	0.49%	13,636	0.44%	14,036	0.45%	16,269	0.50%
Total assets	2,944,230	100.00%	3,076,310	100.00%	3,116,750	100.00%	3,228,092	100.00%

THB Million

Liabilities and Shareholders' Equity	December 2016		December 2017		December 2018		September 2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Liabilities								
Deposits	2,178,141	73.98%	2,310,743	75.11%	2,326,470	74.64%	2,362,766	73.19%
Interbank and money market items	130,928	4.45%	133,584	4.34%	136,862	4.39%	148,575	4.60%
Liability payable on demand	12,326	0.42%	7,252	0.44%	7,223	0.23%	5,535	0.17%
Derivatives liabilities	26,714	0.91%	21,002	0.68%	22,338	0.72%	39,465	1.22%
Debt issued and borrowings	137,815	4.68%	107,190	3.48%	116,348	3.73%	147,375	4.57%
Bank's liability under acceptances	686	0.02%	1,433	0.05%	1,578	0.05%	1,562	0.05%
Provisions	12,941	0.44%	13,504	0.44%	16,519	0.53%	16,985	0.53%
Deferred tax liabilities	5,702	0.19%	5,743	0.19%	1,399	0.04%	2,004	0.06%
Other liabilities	59,731	2.03%	73,853	2.40%	74,854	2.40%	73,387	2.27%
Total liabilities	2,564,985	87.12%	2,674,303	86.93%	2,703,591	86.74%	2,797,654	86.67%
Shareholders' Equity								
Authorized Share Capital								
1,655,000 Preferred Shares of THB 10 Each	17	0.00%	17	0.00%	17	0.00%	17	0.00%
3,998,345,000 Common Shares of THB 10 Each	39,983	1.36%	39,983	1.30%	39,983	1.28%	39,983	1.24%
Issued and Paid-Up Share Capital								
1,908,842,894 Common Shares of THB 10 Each	19,088	0.65%	19,088	0.62%	19,088	0.61%	19,088	0.59%
Premium on common shares	56,346	1.91%	56,346	1.83%	56,346	1.81%	56,346	1.75%
Other reserves	55,239	1.88%	56,283	1.83%	42,843	1.37%	43,779	1.36%
Appropriated								
Legal reserve	21,000	0.71%	22,000	0.72%	23,000	0.74%	24,000	0.74%
Others	91,500	3.11%	96,500	3.14%	101,500	3.26%	106,500	3.30%
Unappropriated	135,842	4.61%	151,506	4.92%	170,037	5.46%	180,464	5.59%
Total bank's equity	379,016	12.87%	401,724	13.06%	412,814	13.25%	430,178	13.33%
Non-controlling interest	229	0.01%	283	0.01%	345	0.01%	260	0.01%
Total shareholders' equity	379,245	12.88%	402,007	13.07%	413,159	13.26%	430,438	13.33%
Total liabilities and shareholders' equity	2,944,230	100.00%	3,076,310	100.00%	3,116,750	100.00%	3,228,092	100.00%

4.2 Statement of Profit or Loss – Consolidated

THB Million

	December 2016		December 2017		December 2018		9M/2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Income								
Interest income	102,443	96.77%	105,476	93.78%	110,781	91.25%	84,851	94.25%
Interest expenses	38,445	36.32%	38,851	34.54%	39,405	32.46%	30,972	34.40%
Net interest income	63,998	60.46%	66,625	59.24%	71,376	58.79%	53,878	59.85%
Fees and service income	32,936	31.11%	36,460	32.42%	37,437	30.84%	28,205	31.33%
Fees and service expenses	8,444	7.98%	8,934	7.94%	9,847	8.11%	7,885	8.76%
Net fees and service income	24,492	23.14%	27,526	24.47%	27,590	22.73%	20,319	22.57%
Gains on tradings and foreign exchange transactions	7,459	7.05%	6,257	5.56%	8,300	6.84%	5,675	6.30%
Gains on investments	4,272	4.04%	6,428	5.72%	8,009	6.60%	4,777	5.31%
Share of profit from investment using equity method	97	0.09%	204	0.18%	78	0.06%	88	0.10%
Gains on disposal of assets	999	0.94%	1,196	1.06%	1,049	0.86%	1,700	1.89%
Dividend income	3,966	3.75%	3,788	3.37%	3,781	3.11%	3,153	3.50%
Other operating income	575	0.54%	443	0.39%	1,218	1.00%	433	0.48%
Total operating income	105,858	100.00%	112,468	100.00%	121,400	100.00%	90,023	100.00%
Other operating expenses								
Employee's expenses	25,247	23.85%	25,541	22.71%	28,774	23.70%	19,908	22.11%
Directors' remuneration	125	0.12%	148	0.13%	154	0.13%	111	0.12%
Premises and equipment expenses	9,909	9.36%	10,252	9.12%	10,467	8.62%	8,326	9.25%
Taxes and duties	3,388	3.20%	3,357	2.99%	3,367	2.77%	2,509	2.79%
Others	11,836	11.18%	9,650	8.58%	12,403	10.22%	8,122	9.02%
Total other operating expenses	50,505	47.71%	48,948	43.52%	55,165	45.44%	38,976	43.30%
Impairment loss of loans and debt securities	15,728	14.86%	22,370	19.89%	21,965	18.09%	16,009	17.78%
Profit from operating before income tax expenses	39,624	37.43%	41,150	36.59%	44,271	36.47%	35,038	38.92%
Income tax expenses	(7,556)	(7.14%)	(7,832)	(6.96%)	(8,554)	(7.05%)	(6,929)	(7.70%)
Net profit	32,069	30.29%	33,318	29.62%	35,717	29.42%	28,110	31.22%
Net profit attributable to owners of the Bank	31,815	30.05%	33,009	29.35%	35,330	29.10%	27,814	30.90%

4.3 Statement of Cash flows – Consolidated

THB Million

	2016	2017	2018	9M/2019
Net cash flows from (used in) operating activities	1,762.34	72,814.99	(23,855.37)	14,675.59
Net cash flows from (used in) investing activities	15,314.09	(44,926.13)	23,119.87	(49,507.55)
Net cash flows from (used in) financing activities	(12,273.43)	(32,172.35)	(2,503.84)	24,379.89
Effect on cash due to changes in the exchange rates	(50.04)	(86.61)	(51.84)	(116.95)

	2016	2017	2018	9M/2019
Net increase (decrease) in cash and cash equivalents	4,752.96	(4,370.09)	(3,291.18)	(10,569.02)
Cash and cash equivalents at beginning of the year	65,384.72	70,137.68	65,767.59	62,394.09
Cash and cash equivalents at end of the year	70,137.68	65,767.59	62,476.40	51,825.06

4.4 Selected Financial Ratios - Consolidated

Financial Ratios	2016	2017	2018	September 2019
Loan to deposit ratio	89.12	86.72	89.54	84.71
NPL to total loans	3.22	3.88	3.42	3.60
Loan loss reserve to NPL	173.60	160.17	190.93	183.36
Return on average assets	1.09	1.09	1.13	1.17
Return on average equity	8.59	8.49	8.73	8.78
Net interest margin (NIM)	2.34	2.32	2.40	2.36
Cost to income	47.71	43.52	45.44	41.93
Tier 1 capital to risk-weighted assets	16.40	16.63	16.43	17.66
Total capital adequacy ratio	18.32	18.17	17.96	20.71

Under the principles of Basel III, the Bank of Thailand (BOT) requires commercial banks registered in Thailand and members of their financial groups to maintain minimum levels of capital adequacy as measured by three ratios: the Common Equity Tier 1 ratio at no less than 4.50 percent, the Tier 1 ratio at no less than 6.00 percent, and the total capital ratio at no less than 8.50 percent – measured as a percentage of total risk-weighted assets. The BOT also requires a capital conservation buffer, phasing in an additional capital ratio of more than 0.625 percent per annum starting 1 January 2016 until completion of the increment to more than 2.50 percent from 1 January 2019 onwards. It also requires the Bank, which is identified as a Domestic Systemically Important Bank (D-SIB), to have additional capital to meet the Higher Loss Absorbency (HLA) requirement, which gradually raised the Common Equity Tier 1 ratio by 1.00 percent, beginning with a 0.50 percent increase from 1 January 2019, rising to 1.00 percent from 1 January 2020 onwards.

5. Analysis of Operating Results and Financial Positions

9 months of 2019

Statement of Financial Position

Assets

Total assets as of 30 September 2019 amounted to THB 3,228,092 million, an increase of THB 111,342 million from the end of December 2018. Significant items included net interbank and money market items of THB 575,970 million, an increase of THB 125,270 million or 27.8 percent mainly due to higher lending volume and loans to repurchase agreements. Net investments amounted to THB 614,339 million, an increase of THB 57,551 million or 10.3 percent from

higher investments in all categories. Loans amounted to THB 2,001,445 million, a decrease of THB 81,715 million or 3.9 percent.

Loans

As of 30 September 2019, loans amounted to THB 2,001,445 million, a decrease of THB 81,715 million or 3.9 percent from the end of December 2018, due to a decrease in loans to businesses and loans made through the Bank's international network.

The Bank and its subsidiaries had loans distributed across business sectors, with 37.6 percent in the manufacturing and commercial sector, 22.8 percent in the utilities and services sector, 12.3 percent in the housing sector, and 10.0 percent in the real estate and construction sector. The decrease in loans from the end of December 2018 was mainly due to the manufacturing and commercial sector, as well as the 'others' sector.

Classified Loans and Allowance for Doubtful Accounts

Non-performing loan (NPL) at the end of September 2019 amounted to THB 86,221 million, an increase of THB 6,084 million or 7.6 percent from the end of December 2018. The ratio of NPL to total loans stood at 3.6 percent. Total allowance for doubtful accounts at the end of September 2019 was THB 158,095 million or 246.8 percent of the minimum amount of THB 64,048 million required by the Bank of Thailand. The ratio of loan loss reserves to NPL at the end of September 2019 was 183.4 percent.

Net Investments

Net investments as of 30 September 2019 amounted to THB 614,339 million, an increase of THB 57,551 million from the end of December 2018 or 10.3 percent, due to increases in investments in all categories.

Most of the net investments were in government and state-enterprise securities. As of 30 September 2019, these amounted to THB 301,320 million, accounting for 49.0 percent of total investments. The remaining net investments were foreign debt securities of THB 119,598 million, private enterprise debt securities of THB 69,559 million, and net investment in equity securities of THB 116,027 million.

Liabilities

Total liabilities as of 30 September 2019 amounted to THB 2,797,654 million, an increase of THB 94,063 million or 3.5 percent from the end of December 2018. Deposits amounted to THB 2,362,766 million, an increase of THB 36,296 million or 1.6 percent. Debt issued and borrowings amounted to THB 147,375 million, an increase of THB 31,027 million or 26.7 percent.

Deposits

Total deposits as of 30 September 2019 amounted to THB 2,362,766 million, an increase of THB 36,296 million or 1.6 percent from the end of December 2018 due to increases in current and fixed deposits.

Debt Issued and Borrowings

Total debt issued and borrowings as of 30 September 2019 amounted to THB 147,375 million, an increase of THB 31,027 million from the end of December 2018, mainly due to the issuing of 15-year subordinated notes qualified as Tier 2 capital of USD 1,200 million in September 2019.

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of 30 September 2019 amounted to THB 430,178 million, an increase of THB 17,364 million or 4.2 percent from the end of 2018. The increase was mainly due to net profit attributable to owners of the Bank for the first nine months of 2019 of THB 27,814 million net of dividend payments in 2019 totaling THB 12,093 million. The payments consisted of the final dividend payment for the 2018 performance of THB 8,371 million (at THB 4.50 per share) following the resolution of the shareholders' meeting of the Bank held on 12 April 2019, and the interim dividend payment from net profit from operations in the first half of 2019 of THB 3,722 million (at THB 2.00 per share). At the same time, revaluation gains on available-for-sale investments increased by THB 7,099 million while losses on translation of the financial statements of foreign operations rose by THB 5,459 million.

Contingent Liabilities

Contingent liabilities as of 30 September 2019 amounted to THB 660,109 million, an increase of THB 6,379 million from the end of December 2018, predominantly due to an increase in 'others' (under other commitments), while other guarantees and letters of credit decreased.

Sources and Utilization of Funds

The primary sources of funds as of 30 September 2019 were THB 2,362,766 million or 73.2 percent in deposits, THB 430,178 million or 13.3 percent in shareholders' equity attributable to owners of the Bank, THB 148,575 million or 4.6 percent in interbank and money market liabilities, and THB 147,375 million or 4.6 percent in debt issued and borrowings.

The utilization of funds comprised THB 2,001,445 million or 62.0 percent in loans, THB 616,071 million or 19.1 percent in net investments (including net investments in associates), and THB 575,970 million or 17.8 percent in net interbank and money market assets.

Capital Reserves and Capital Adequacy Ratio

In 2019 the Bank is required to maintain the Common Equity Tier 1 ratio at more than 7.50 percent, the Tier 1 ratio at more than 9.00 percent, and the total capital ratio at more than 11.50 percent – measured as percentages of total risk-weighted assets.

As of 30 September 2019, the regulatory capital position was THB 487,730 million, Common Equity Tier 1 capital was THB 415,774 million, and Tier 1 capital was THB 415,837 million. The total capital adequacy ratio was 20.71 percent, the Common Equity Tier 1 capital adequacy ratio was 17.66 percent, and the Tier 1 capital adequacy ratio was 17.66 percent.

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, trading securities and available-for-sale securities. As of 30 September 2019, liquid assets totaled THB 1,180,661 million, an increase of THB 162,213 million or 15.9 percent from the end of December 2018. Significant items included an increase of THB 125,270 million in interbank and money market items and an increase of THB 38,908 million in available-for-sale securities.

Statement of Profit or Loss

Net Interest Income

In the first nine months of 2019, net interest income rose by THB 925 million from the same period last year as a result of higher yield and volume of average earning assets in all categories. Consequently, interest income rose by THB 2,578 million, mainly due to an increase in interest income from loans of THB 1,035 million, while interest expenses rose by THB 1,653 million due to the expansion in deposits and borrowings. The net interest margin slightly increased to 2.39 percent.

Non-Interest Income

In the first nine months of 2019, non-interest income amounted to THB 36,145 million, a decrease of THB 3,240 million from the first nine months of 2018, due to lower gains on investments, gains on tradings and foreign exchange transactions and other operating income, mainly from the recognition of profit sharing from the management of impaired assets by the Thai Asset Management Corporation (TAMC) in the previous year, while in 2019 gains on disposal of assets increased. Net fees and service income decreased as a result of exemption of transaction fees via digital channels and a decrease in fees from securities business in line with the capital market situation, while fees from bancassurance and mutual fund services grew well.

Operating Expenses

In the first nine months of 2019, operating expenses amounted to THB 38,975 million, a slight increase of 0.4 percent from the same period last year.

Impairment Loss of Loans and Debt Securities

In the first nine months of 2019, impairment loss of loans and debt securities amounted to THB 16,009 million, compared to THB 19,200 million in the same period last year.

2018

Statement of Financial Position

Assets

Total assets, as of 31 December 2018, amounted to THB 3,116,750 million, an increase of THB 40,440 million from the end of December 2017. Significant items included an increase of THB 79,171 million or 4.0 percent in loans, and a decrease of THB 34,932 million or 5.9 percent in net investments due to a decrease in available-for-sale securities.

Loans

As of 31 December 2018, loans amounted to THB 2,083,160 million, an increase of THB 79,171 million or 4.0 percent from the end of December 2017 due to increases in loans for large corporates, consumers and loans made through the Bank's international network.

The highest portion of lending was at 39.3 percent to the manufacturing and commercial sector, followed by 21.9 percent to the utilities and services sector, 11.5 percent to the housing sector, and 9.7 percent to the real estate and construction sector. The increase in loans from the end of December 2017 was mainly related to the utilities and services sector and the 'others' sector.

Classified Loans and Allowance for Doubtful Accounts

Non-performing loan (NPL) at the end of December 2018 amounted to THB 80,137 million, a decrease of THB 7,282 million or 8.3 percent from the end of December 2017. The ratio of NPL to total loans stood at 3.4 percent. Total allowance for doubtful accounts at the end of December 2018 was THB 153,003 million or 238.9 percent of the minimum amount of THB 64,035 million required by the Bank of Thailand. The ratio of loan loss reserves to NPL at the end of December 2018 was 190.9 percent.

Net Investments

Net investments as of 31 December 2018 amounted to THB 556,788 million, a decrease of THB 34,932 million or 5.9 percent from the end of December of 2017, due mainly to a decrease in available-for-sale securities.

Most of the net investments were in government and state enterprise securities. As of 31 December 2018, these amounted to THB 314,541 million, accounting for 56.5 percent of total investments.

The remaining net investments were foreign debt securities of THB 86,799 million, private enterprise debt securities of THB 37,384 million, and net investment in equity securities of THB 110,571 million.

Liabilities

Total liabilities as of 31 December 2018 amounted to THB 2,703,591 million, an increase of THB 29,288 million or 1.1 percent from the end of December 2017, mostly from an increase of THB 15,727 million or 0.7 percent in deposits and an increase of THB 9,158 million or 8.5 percent in debt issued and borrowings.

Deposits

Total deposits as of 31 December 2018 amounted to THB 2,326,470 million, an increase of THB 15,727 million or 0.7 percent from the end of December 2017, due to an increase in savings deposits, while fixed deposits and current deposits decreased.

Debt Issued and Borrowings

In 2018, the Bank issued and offered USD 1,200 million of senior unsecured debentures in foreign markets in September 2018 and redeemed senior unsecured debentures of USD 400 million, which matured in March 2018, and of USD 500 million, which matured in October 2018. As a result, total debt issued and borrowings as of 31 December 2018 amounted to THB 116,348 million, an increase of THB 9,158 million or 8.5 percent from the end of December 2017.

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of 31 December 2018 amounted to THB 412,814 million, an increase of THB 11,090 million or 2.8 percent from the end of 2017. The increase was mainly due to the net profit attributable to owners of the Bank for 2018 of THB 35,330 million net of two dividend payments in 2018 totaling THB 12,066 million. The payments consisted of the final dividend payment for 2017 performance of THB 8,350 million (at THB 4.50 per share) following the resolution of the shareholders' meeting of the Bank held on 12 April 2018, and the interim dividend payment made from the net profit from operations in the first half of 2018 of THB 3,716 million (at THB 2.00 per share). At the same time, there was a decrease of THB 9,317 million in revaluation gains on available-for-sale investments and the loss on translation of the financial statements of foreign operations rose by THB 3,180 million due to the THB's appreciation.

Contingent Liabilities

Contingent liabilities as of 31 December 2018 amounted to THB 653,730 million, an increase of THB 53,784 million or 9.0 percent from the end of December 2017, due predominantly to an increase in 'others' (under other commitments).

Sources and Utilization of Funds

The primary sources of funds as of 31 December 2018 were THB 2,326,470 million or 74.6 percent in deposits, THB 412,814 million or 13.2 percent in shareholders' equity attributable to owners of the Bank, THB 136,862 million or 4.4 percent in interbank and money market liabilities, and THB 116,348 million or 3.7 percent in debt issued and borrowings.

The utilization of funds comprised THB 2,083,160 million or 66.8 percent in loans, THB 558,396 million or 17.9 percent in net investments (including net investments in associates), and THB 450,700 million or 14.5 percent in net interbank and money market assets.

Capital Reserves and Capital Adequacy Ratio

In 2018, the Bank was required to maintain the Common Equity Tier 1 ratio at more than 6.375 percent, the Tier 1 ratio at more than 7.875 percent, and the total capital ratio at more than 10.375 percent – measured as percentages of total risk-weighted assets.

As of 31 December 2018, the regulatory capital position was THB 426,563 million, Common Equity Tier 1 capital was THB 390,309 million, and Tier 1 capital was THB 390,369 million. The total capital adequacy ratio was 17.96 percent, the Common Equity Tier 1 capital adequacy ratio was 16.43 percent, and the Tier 1 capital adequacy ratio was 16.43 percent.

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, trading securities and available-for-sale securities. As of 31 December 2018, liquid assets totaled THB 1,018,448 million, a decrease of THB 33,527 million or 3.2 percent from the end of December 2017, due to a decrease of THB 35,813 million in available-for-sale securities, a decrease of THB 7,597 million in trading securities, whereas net interbank and money market items rose by THB 12,962 million.

Statement of Profit or Loss

Net Interest Income

In 2018, the net interest margin rose by 0.08 percent from last year to 2.40 percent due to an increase in yield on loans, combined with a decrease in cost of deposits following an expansion of low-cost deposits in savings and current accounts. Net interest income amounted to THB 71,376 million, an increase of THB 4,751 million or 7.1 percent from 2017, due predominantly to an increase of THB 5,305 million or 5.0 percent in interest income. The increase in interest income was largely due to interest income from loans which rose by THB 4,255 million, in line with the expansion of loan volume from loans to large corporates, consumers and loans made through the Bank's international network, and an increase in yield on loans. Interest expenses rose by THB 554 million or 1.4 percent, due to an increase of THB 1,103 million in interest expenses from interbank and money market items due to the increases in costs and transaction volume. Interest expenses on debt issued and borrowings fell by THB 962 million largely due to the maturity of debentures.

Non-Interest Income

In 2018, non-interest income amounted to THB 50,025 million, an increase of THB 4,182 million or 9.1 percent from 2017, due to the increases of THB 2,043 million in gains on tradings and foreign exchange transactions, and THB 1,581 million in gains on investments. Despite the exemption of transaction fees via digital channels, net fees and service income slightly rose from the previous year due to growth in fee income from bancassurance and mutual funds, and the securities business.

Operating Expenses

In 2018, operating expenses amounted to THB 55,165 million, an increase of THB 6,217 million or 12.7 percent from 2017, due mainly to an increase of THB 3,233 million in personnel expenses, primarily resulting from preparing for an increase in provision for the compensation in lieu of notice in the case of retirement and dismissal of employees according to a Draft Amendment of the new Labor Protection Act (No. 7) B.E. 2562 (2019). Other expenses rose by THB 2,753 million partly due to expenses incurred to accommodate an environment of disruptive technologies, and continuously develop working systems and improve operational business efficiency.

Impairment Loss of Loans and Debt Securities

The impairment loss of loans and debt securities in 2018 amounted to THB 21,965 million, compared to THB 22,370 million in the previous year.

2017

Statement of Financial Position

Assets

Total assets as of 31 December 2017, amounted to THB 3,076,310 million, an increase of THB 132,080 million from the end of December 2016. Significant items included an increase of THB 62,896 million or 3.2 percent in loans, an increase of THB 45,106 million or 8.3 percent in net investments due to the investment in available-for-sale securities, and an increase of THB 43,126 million or 10.9 percent in net interbank and money market items due to an increase in lending volume.

Loans

Loans as of 31 December 2017 amounted to THB 2,003,989 million, an increase of THB 62,896 million or 3.2 percent from the end of December 2016 due to an increase in loans to large corporates, medium-sized businesses and consumers, as well as loans made through the Bank's international network.

The highest portion of lending was to various industries in the manufacturing and commercial sector, at 40.9 percent, followed by 21.0 percent to the utilities and services sector, 11.4 percent to the housing sector, and 9.6 percent to the real estate and construction sector. The main increase in loans from the end of December 2016 was mainly to the utilities and services sector and the real estate and construction sector.

Classified Loans and Allowance for Doubtful Accounts

Non-performing loan (NPL) at the end of December 2017 amounted to THB 87,419 million and the ratio of NPL to total loans was 3.9 percent.

Total allowance for doubtful accounts at the end of December 2017 was THB 140,021 million or 200.0 percent of the minimum amount required by the Bank of Thailand of THB 70,017 million. The ratio of loan loss reserves to NPL as at the end of December 2017 was 160.2 percent.

Net Investments

Net investments as of 31 December 2017 amounted to THB 591,720 million, an increase of THB 45,106 million or 8.3 percent from the end of December 2016, due mainly to an increase in investment from available-for-sale securities.

Most of the net investments were in government and state enterprise securities. As of 31 December 2017, these amounted to THB 315,830 million, accounting for 53.4 percent of total investments. Foreign debt securities were THB 99,413 million, private enterprise debt securities THB 43,468 million, and net equity securities THB 124,131 million.

Liabilities

Total liabilities as of 31 December 2017 amounted to THB 2,674,303 million, an increase of THB 109,318 million or 4.3 percent from the end of December 2016, mostly from deposits which rose by THB 132,602 million or 6.1 percent. Debt issued and borrowings fell by THB 30,625 million or 22.2 percent.

Deposits

Total deposits as of 31 December 2017 amounted to THB 2,310,743 million, an increase of THB 132,602 million or 6.1 percent from the end of December 2016 from all types of deposits; savings deposits rose by 11.2 percent, current deposits rose by 10.8 percent and fixed deposits rose by 1.3 percent due to the cost management of deposits by increasing the proportion of low-cost deposits.

Debt Issued and Borrowings

Total debt issued and borrowings as of 31 December 2017 amounted to THB 107,190 million, a decrease of THB 30,625 million from the end of December 2016. The declines were due mainly to the early redemption of THB 20,000 million of Subordinated Debentures No. 1/2012 on 7 December 2017 and to a decrease in the value of foreign-denominated debentures as a result of the THB's appreciation.

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of 31 December 2017 amounted to THB 401,724 million, an increase of THB 22,708 million or 6.0 percent from the end of 2016, due mainly to the net profit attributable to owners of the Bank for 2017 of THB 33,009 million, net of two dividend payments in 2017 totaling THB 12,056 million. The payments consisted of the final dividend payment for 2016 performance of THB 8,346 million (at THB 4.50 per share) following the resolution of the shareholders' meeting of the Bank held on 12 April 2017, and the interim dividend payment made from the net profit from operations for the first half of 2017 (January to June) of THB 3,710 million (at THB 2.00 per share). At the same time, there was an increase of THB 7,005 million in revaluation gains on available-for-sale investments. Loss on translation of the financial statements of foreign operations rose by THB 5,018 million due to the THB's appreciation.

Contingent Liabilities

Contingent liabilities as of 31 December 2017 amounted to THB 599,946 million, a decrease of THB 3,098 million or 0.5 percent from the end of December 2016, due to decreases in other guarantees and letters of credit, while 'others' (under other commitments) increased.

Sources and Utilization of Funds

The primary sources of funds as of 31 December 2017 were THB 2,310,743 million or 75.1 percent in deposits, THB 401,724 million or 13.1 percent in shareholders' equity attributable to owners of the Bank, THB 133,584 million or 4.3 percent in interbank and money market liabilities, and THB 107,190 million or 3.5 percent in debt issued and borrowings.

The utilization of funds comprised THB 2,003,989 million or 65.1 percent in loans, THB 437,738 million or 14.2 percent in interbank and money market assets, and THB 593,180 million or 19.3 percent in net investments (including net investments in associates).

Capital Reserves and Capital Adequacy Ratio

In 2017, the Bank is required to maintain the Common Equity Tier 1 ratio at more than 5.75 percent, the Tier 1 ratio at more than 7.25 percent, and the total capital ratio at more than 9.75 percent – measured as percentages of total risk-weighted assets.

As of 31 December 2017, the regulatory capital position was THB 419,580 million, Common Equity Tier 1 capital was THB 383,841 million, and Tier 1 capital was THB 383,942 million. The total capital adequacy ratio was 18.17 percent, the Common Equity Tier 1 capital adequacy ratio was 16.62 percent, and the Tier 1 capital adequacy ratio was 16.63 percent.

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, trading securities and available-for-sale securities. As of 31 December 2017, liquid assets totaled THB 1,051,975 million, an increase of THB 95,135 million or 9.9 percent from the end of December 2016. Significant items included an increase of THB 70,909 million in available-for-sale securities and an increase of THB 43,126 million in interbank and money market items.

Statement of Profit or Loss

Net Interest Income

In 2017, net interest income amounted to THB 66,625 million, an increase of THB 2,627 million or 4.1 percent from 2016, due predominantly to an increase of THB 2,236 million or 36.5 percent in interest income from interbank and money market items, and an increase of THB 797 million or 0.9 percent in interest income on loans due to the expansion in loan volume. Interest expenses rose by THB 406 million or 1.1 percent mainly due to an increase in interest expenses on deposits and contributions to the Deposit Protection Agency and Financial Institutions Development Fund in line with an increase in deposit volume. The net interest margin decreased by 0.02 percent from last year to 2.32 percent as a result of lower yield on earning assets.

Non-Interest Income

In 2017, non-interest income amounted to THB 45,843 million, an increase of THB 3,983 million or 9.5 percent from 2016, due to an increase in net fees and service of THB 3,034 million, due mainly to the increase in fee income from bancassurance and mutual funds, loan-related services, and transaction services. Gains on investments increased by THB 2,156 million while gains on tradings and foreign exchange transactions decreased by THB 1,202 million. Consequently, the ratio of net fees and service income to operating income stood at 24.5 percent, compared to 23.1 percent in the previous year.

Operating Expenses

In 2017, operating expenses amounted to THB 48,948 million, a decrease of THB 1,557 million or 3.1 percent from 2016. Significant items included a decrease of THB 2,186 million in other expenses mainly due to lower provisions for contingencies.

Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities in 2017 was THB 22,370 million, compared to THB 15,728 million in the previous year.

2016

Statement of Financial Position

Assets

Total assets, as of 31 December 2016, amounted to THB 2,944,230 million, an increase of THB 108,378 million from 31 December 2015. Significant items included an increase of THB 72,190 million or 3.9 percent in loans, an increase of THB 27,089 million or 5.2 percent in net investments mainly from available-for-sale securities, and an increase of THB 22,605 million or 6.1 percent in net interbank and money market items.

Loans

Loans, as of 31 December 2016, amounted to THB 1,941,093 million, an increase of THB 72,190 million or 3.9 percent from the end of December 2015, due to an increase in loans to large corporates and medium-sized businesses, consumers and loans made through the Bank's international network.

The highest portion of lending was to various industries in the manufacturing and commercial sector, at 41.7 percent, followed by 20.6 percent to the utilities and services sector, 11.3 percent to the housing sector, and 9.3 percent to the real estate and construction sector. The main increase in loans from the end of December 2015 was mainly related to the utilities and services sector, and to the 'others' sector.

Classified Loans and Allowance for Doubtful Accounts

Non-performing loan (NPL) at the end of December 2016 amounted to THB 68,841 million and the ratio of NPL to total loans was 3.2 percent.

Total allowance for doubtful accounts at the end of December 2016 was THB 119,518 million, 205.0 percent of the minimum required by the Bank of Thailand of THB 58,304 million. The ratio of loan loss reserves to NPL was 173.6 percent.

Net Investments

Net investments as of 31 December 2016 amounted to THB 546,614 million, an increase of THB 27,089 million or 5.2 percent from the end of December 2015, due mainly to available-for-sale securities.

Most of the net investments were in government and state-enterprise securities. As of 31 December 2016, these amounted to THB 339,527 million, accounting for 62.1 percent of total investments. Foreign debt securities were THB 82,764 million, private enterprise debt securities THB 18,905 million, and net equity securities THB 104,731 million.

Liabilities

Total liabilities as of 31 December 2016 amounted to THB 2,564,985 million, an increase of THB 91,164 million or 3.7 percent from the end of December 2015, mostly from deposits which rose by THB 87,176 million or 4.2 percent. Interbank and money market items rose by THB 2,247 million or 1.7 percent, due mainly to borrowing transactions.

Deposits

Total deposits, as of 31 December 2016, amounted to THB 2,178,141 million, an increase of THB 87,176 million or 4.2 percent, mostly from savings deposits which rose by 12.6 percent, while fixed deposits fell by 2.5 percent as a result of managing the cost of deposits by increasing the proportion of low-cost deposits.

Debt Issued and Borrowings

Total debt issued and borrowings as of 31 December 2016 amounted to THB 137,815 million, a decrease of THB 587 million from the end of December 2015 was mainly due to the decrease in the value of foreign-denominated debentures resulting from the THB's appreciation.

Shareholders' Equity

Shareholders' equity as of 31 December 2016 amounted to THB 379,016 million, an increase of THB 17,184 million or 4.7 percent from the end of 2015, due mainly to the net profit for 2016 of THB 31,815 million, net of two dividend payments during 2016 totaling THB 12,022 million. These consisted of the final dividend payment for 2015 performance of THB 8,310 million (at THB 4.50 per share) following the resolution of the shareholders' meeting of the Bank held on 12 April 2016, the interim dividend payment made from the net profit from operations in the first half of 2016 (January to June) of THB 3,712 million (at THB 2.00 per share), and appropriation of the profit as legal reserves and as other reserves amounting to THB 6,000 million in total. Loss on translation of the financial statements of foreign operations rose by THB 2,117 million due to the THB's appreciation, surplus on revaluation of premises decreased by THB 947 million, and unrealized gains on available-for-sales investments decreased by THB 620 million.

Contingent Liabilities

Contingent liabilities, as of 31 December 2016, amounted to THB 603,044 million, an increase of THB 47,020 million from the end of December 2015, due predominantly to an increase in other guarantees.

Sources and Utilization of funds

The primary sources of funds, as of 31 December 2016, were THB 2,178,141 million or 74.0 percent in deposits, THB 379,016 million or 12.9 percent in shareholders' equity, THB 137,815 million or 4.7 percent in debt issued and borrowings, and THB 130,928 million or 4.4 percent in interbank and money market liabilities.

The utilization of funds comprised THB 1,941,093 million or 65.9 percent in loans, THB 547,941 million or 18.6 percent in net investments (including net investments in associates), and THB 394,612 million or 13.4 percent in net interbank and money market assets.

Capital Reserves and Capital Adequacy Ratio

In 2016, the Bank is required to maintain the Common Equity Tier 1 ratio at more than 5.125 percent, the requirement for the Tier 1 ratio at more than 6.625 percent, and the requirement for the total capital ratio at more than 9.125 percent – measured as percentages of total risk-weighted assets.

As of 31 December 2016, the regulatory capital position was THB 403,068 million, Common Equity Tier 1 capital was THB 360,702 million, and Tier 1 capital was THB 360,818 million. The total capital adequacy ratio was 18.32 percent, while the Common Equity Tier 1 capital adequacy ratio was 16.40 percent and the Tier 1 capital adequacy ratio was 16.40 percent.

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, trading securities and available-for-sale securities. As of 31 December 2016, liquid assets totaled THB 956,840 million, an increase of THB 50,220 million or 5.5 percent from the end of December 2015. Significant items included an increase of THB 22,605 million in interbank and money market items and an increase of THB 21,245 million in available-for-sale securities.

Statement of Profit or Loss

Net Interest Income

In 2016, net interest income amounted to THB 63,998 million, an increase of THB 6,488 million or 11.3 percent from 2015, due predominantly to a decrease of THB 7,495 million or 25.9 percent in interest expenses on deposits, resulting from an expansion of low-cost deposits in savings and current accounts and a decrease in the cost of fixed deposits, and interest income from investments increased by THB 1,401 million or 20.5 percent. Interest income from interbank and money market items fell by THB 3,393 million or 35.7 percent, due to the decrease in business volume and yield, in line with market yield. The net interest margin rose by 0.18 percent from the previous year to 2.34 percent.

Non-Interest Income

In 2016, non-interest income amounted to THB 41,860 million, a decrease of THB 3,359 million or 7.4 percent from 2015, with gains on disposal of assets declining by THB 2,009 million and gains on investments declining by THB 1,564 million. Net fees and service income rose by THB 421 million, due mainly to increases in fee income from electronic services and remittances, the securities business, loan-related services and securities services.

Operating Expenses

In 2016, operating expenses amounted to THB 50,505 million, an increase of THB 5,460 million or 12.1 percent from 2015. Significant items included an increase of THB 4,169 million in other expenses due predominantly to

provisions for contingencies, an increase of THB 1,020 million in personnel expenses due to annual salary adjustments, and an increase in the number of employees.

Impairment Loss of Loans and Debt Securities

In 2016, impairment loss of loans and debt securities amounted to THB 15,728 million, compared with THB 14,654 million in 2015.

Attachment 2

Business overview and performance of PT Bank Permata Tbk (“Permata”)

1. General Information

Name	:	PT Bank Permata Tbk
Location	:	Gedung WTC II, Jl. Jenderal Sudirman Kav. 29-31, JAKARTA SELATAN, 12920, Indonesia
Telephone	:	+62-21-5237788
Fax	:	+62-21-5237244
Business Overview	:	Banking
Registration No	:	-
Corporate Website	:	https://www.permatabank.com
Registered Capital	:	IDR 12,500,000.00 million comprising class A shares of 26,880,234 with a par value of IDR 12,500 per share and class B shares of 28,015,858,971 shares with a par value of IDR 125 per share
Paid-up Capital	:	IDR 3,837,985.30 million comprising class A shares of 26,880,234 with a par value of IDR 12,500 per share and class B shares of 28,015,858,971 shares with a par value of IDR 125 per share

2. Business Information

2.1 Background and Important Developments

Permata was established under the name PT Bank Persatuan Dagang Indonesia based on the Notarial Deed number 228 dated 17 December 1954 and was approved as a legal entity by the Minister of Justice of the Republic of Indonesia (now Minister of Law and Human Rights) on 4 January 1955. Permata was registered as a commercial bank based on the Decree of the Minister of Finance No. 19371/U.M.II dated 19 February 1957 and permitted to conduct activities as a foreign exchange bank based on the Decision Letter of the Monetary Board of Bank Indonesia No. Sekr/D.M./97 dated 8 May 1956.

Furthermore, based on the Notarial Deed number 35 dated 20 August 1971, PT Bank Persatuan Dagang Indonesia changed its name to PT Bank Bali. Then on 15 January 1990 the Bank listed its shares on the Indonesia Stock Exchange (IDX) with ticker code BNLI and changed its name to PT Bank Bali Tbk on 21 August 1997.

2002 marked an important milestone for Permata: under the supervision of the Indonesian Bank Restructuring Agency (BPPN), PT Bank Universal Tbk, PT Bank Prima Ekspres, PT Bank Artamedia, and PT Bank Patriot were merged into PT Bank Bali Tbk which then later changed its name to PT Bank Permata Tbk.

In 2004, Standard Chartered Bank and PT Astra International Tbk took control of Permata and started the process of transforming the organization. In 2006, as part of their commitment to Permata, the combined ownership of both companies increased to 89.01%. They continue to actively demonstrate support for Permata.

PT Astra International Tbk is a leading Indonesian company with extensive experience in the domestic market. Standard Chartered Bank is a well-respected international bank with global experience and expertise. The unique combination of Permata's strategic shareholders created a synergy that developed into one of Permata's core strengths and has become one of Permata's points of difference in the Indonesian banking industry.

Throughout its growth journey, Permata has held the vision of being the bank of choice, nurturing relationships and creating value for its stakeholders, and I-PRICE (Integrity, Partnership, Responsiveness, Innovation, Caring, and Excellence), as the core value, which has influenced Permata's principle beliefs and guides the way for Permata bankers to work and behave.

Permata has 332 outlets (including branches and mobile branches) distributed in 62 cities across Indonesia, 23 Shariah one-stop services, and 989 ATMs, which are connected to several ATM networks including Prima, ATM Bersama, ALTO and VISA/Plus, providing Permata's customers access to more than 100,000 ATMs across Indonesia. Furthermore, Permata ATM/Debit Card can be used in millions of overseas ATMs, which are connected with VISA/Plus.

- 2018: - Divestment of PT Astra Sedaya Finance.
 - Launching of PermataMobile X.
 - Launching of new Vision, Mission, and I-PRICE Values.
 - Payment of Principal and Interest of Subordinated Bonds II Bank Permata 2011.
- 2017: - Rights Issue VIII amounting to IDR 3 trillion.
- 2016: - Rights Issue VII amounting to IDR 5.5 trillion.
 - Payment of Principal and Interest of Continuous Bonds I of Bank Permata Phase I 2013 B Series.
- 2015: - Payment of Principal and Interest of Continuous Bonds I of Bank Permata Phase I 2013 A Series totaling IDR 715 billion.
- 2014: - Issuance of Subordinated Bonds II of Bank Permata Phase II 2014 amounting to IDR 700 billion.
 - Equity participation of 25% shares ownership in PT Astra Sedaya Finance.

2.2 Nature of Business

Based on Article 3 of Permata's Article of Association, the business activities of Permata are:

- The objective and purpose of Permata is to engage in the field of commercial banking.
- To achieve the objective and purpose mentioned above, Permata can engage in the following core and supporting business activities:

2.2.1 Main Business Activities:

- A. collecting funds from the public in the form of deposits, including demand deposits, time deposits, certificates of deposit, savings, and/or other similar forms;
- B. providing loans;
- C. issuing promissory notes;
- D. purchasing, selling, and guaranteeing at its own risk, and for the benefit of and under the instruction of customers:
 - a. negotiable instruments, including negotiable instruments that are accepted by the bank and whose periods of terms are no longer than normal practice in the trading of such negotiable instruments;
 - b. acknowledgement of indebtedness and other trade papers whose terms are no longer than normal practice in the trading of these papers;
 - c. state treasury certificates and government guarantees;
 - d. Bank Indonesia certificates (SBI);
 - e. bonds;
 - f. fixed-term trade papers with terms of up to 1 (one) year; and
 - g. other commercial papers with the terms of up to 1 (one) year.
- E. transferring funds for Permata's own interest as well as customers;
- F. placing funds with, borrowing funds from, and lending funds to other banks using paper, telecommunications facilities and bearer negotiable instruments, checks and other means;
- G. receiving payments of claims in respect of commercial papers and conducting calculations with or in respect of third parties;
- H. providing places for the storage of valuable items and papers;
- I. providing custodian services to third parties on a contractual basis;
- J. investing customer funds in other customers through the purchase of securities not listed on the stock exchange;
- K. providing factoring, credit card and trusteeship services;
- L. providing financing and/or engaging in other activities in accordance with Shariah Principles and the prevailing Financial Services Authority regulations; and
- M. engaging in such other activities as are customarily engaged in by a bank in so far as they do not violate the prevailing regulations.

2.2.2 Supporting Business Activities:

- A. in foreign exchange operations in accordance with Financial Services Authority regulations;
- B. to make equity participation in other banks or financial services companies, including leasing companies, venture capital companies, stock brokerages, insurance companies, and clearing and custodian agencies, subject to the prevailing Financial Services Authority regulations;
- C. to make temporary equity participation to overcome financing or credit failures based on Shariah Principles, subject to such investments being subsequently withdrawn and to the prevailing Financial Services Authority regulations;
- D. acting as the founder and manager of pension funds in accordance with the prevailing regulations governing the pension fund industry;
- E. purchasing collateral, both entirely and in part, through auctions or other means in a situation where a borrower has failed to fulfill its obligations to Permata, subject to the provision that this collateral must be realized as expeditiously as possible; and
- F. to engage in any other activities normally carried out by the banks to the extent that it does not contravene the prevailing regulations.

2.3 Products and Services

Products		Services
Conventional	Shariah	Services
Receivables Financing	Permata iB Bintang	Account information media (Passbook, e-Statement, Statement) (includes iB)
LC and SKBDN Issuance	PermataMe iB	PermataDebit, Permata Corporate Debit Card, PermataLink (includes iB)
LC Advising	PermataTabungan iB Optima	Permata e-Banking (PermataATM, PermataMobile X, PermataNet, PermataTel, PermataMini ATM dan Permata Bisnis Payment Point/PBPP) & Navigator (includes iB)
LC/SKBDN Confirmation	PermataTabungan iB Bebas	PermataAPI
Guarantee & SBLC	PermataTabungan iB Masa Depan	Permata eWealth (eBond & eMutualFund) (includes iB)
Shipping Guarantee	PermataPayroll iB	Safe Deposit Box (includes iB)
Credit Bills Negotiation (CBN)	PermataPayroll iB Astra	Permata e-Form (includes iB)
Inward Documentary Collection	PermataTabungan iB Perusahaan	PermataBank Priority
Outward Documentary Collection	TabunganKu iB	PermataBank Priority Syariah
Receivable Services	Tabungan SimPel iB	PermataBank Preferred
Post Import Financing	Permata Sub Account iB	PermataBank Preferred Syariah
Pre-Shipment Financing	PermataDollar iB	PermataBank Securities & Agency Services:

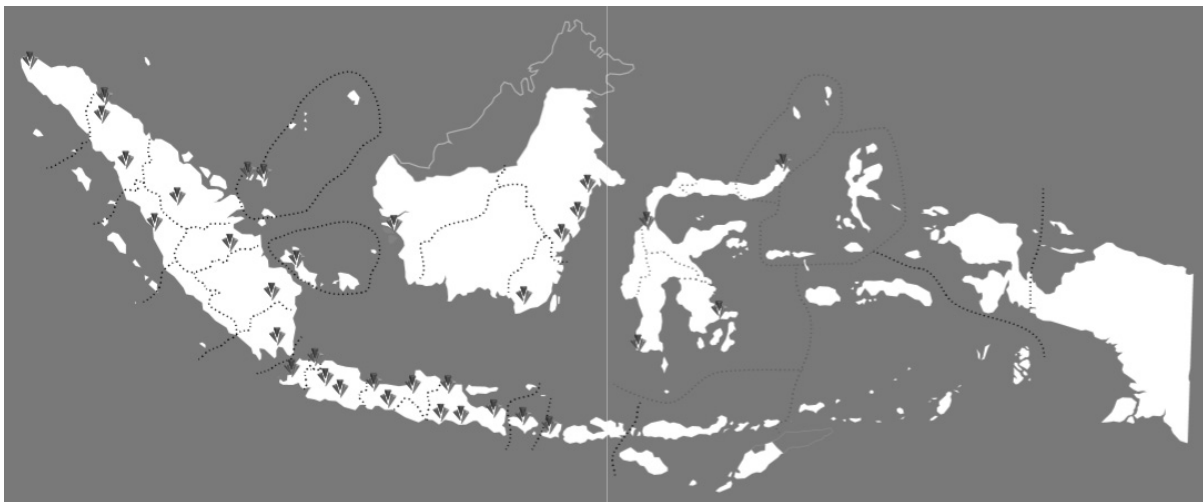
Products		Services
Conventional	Shariah	Services
		- PermataBank Agency Services (Includes iB) - PermataBank Custody Services (Includes iB) - PermataBank Fund Services (Includes iB)
LC Usance Payable at Sight (UPAS)	PermataTabungan iB Haji	Permata e-Business (Cash, Trade & Value Chain)
UPAS for FI	PermataTabungan iB Haji Khusus PermataTabungan iB Bijak & Umroh	Cash Pooling and Netting
Invoice Financing	PermataTabungan iB Bijak	Notional Pooling
Banker's Acceptance	PermataGiro iB IDR & Valas	PermataAuto Sweep (includes iB)
Risk Participation	PermataGiro iB Maxima	Cash Deposit/Withdrawal (includes iB)
Forfaiting	PermataGiro iB Ganda	Virtual Account (includes iB)
Renegotiation	PermataDeposito iB	Cash pick up and Delivery Services (includes iB)
Money Market	PermataKPR iB	Domestic Network Alliances
FX Today, Tom, Spot & Forward	PermataKPR iB Bijak	SKN/RTGS/Online Transfer
Domestic Non-Deliverable Forward (DNDF)	Term Financing	
FX Swap	Revolving Financing	
FX Option	LC and SKBDN Issuance iB	
Cross Currency Swap	Bank Guarantee iB	
Interest Rate Swap	Post Import Finance iB	
Repurchase Bonds (Repo)	Pre-Shipment Financing iB	
Government Securities that consists of Government Bond FR, INDON, ORI and Saving Bond Ritel (SBR) series issued by Government of Indonesia	Invoice Financing iB	
Bank Notes	PO Financing iB	
	PermataMultiguna iB	
	Permata Indirect Consumer Financing iB	
	Various products of Shariah insurance issued by leading insurance company	
	Various Shariah mutual funds managed by leading investment management company	
	Money Market iB	
	PermataFX iB (Spot & Wa'ad)	
	Fixed Income iB	
	Shariah-based Government Securities that consists of PBS (Project Based Sukuk),	

Products		Services
Conventional	Shariah	Services
	Sukuk Global, Sukuk Retail & Sukuk Tabungan series issued by Government of Indonesia	

Source: Permata's annual report 2018

2.4 Operational Area

Permata has a broad and easy to access distribution network with marketing across 62 cities in Indonesia that supports the selling of its products and reliable banking services.



Source: Permata's annual report 2018

2.5 Group Structure

2.5.1 Subsidiary Company

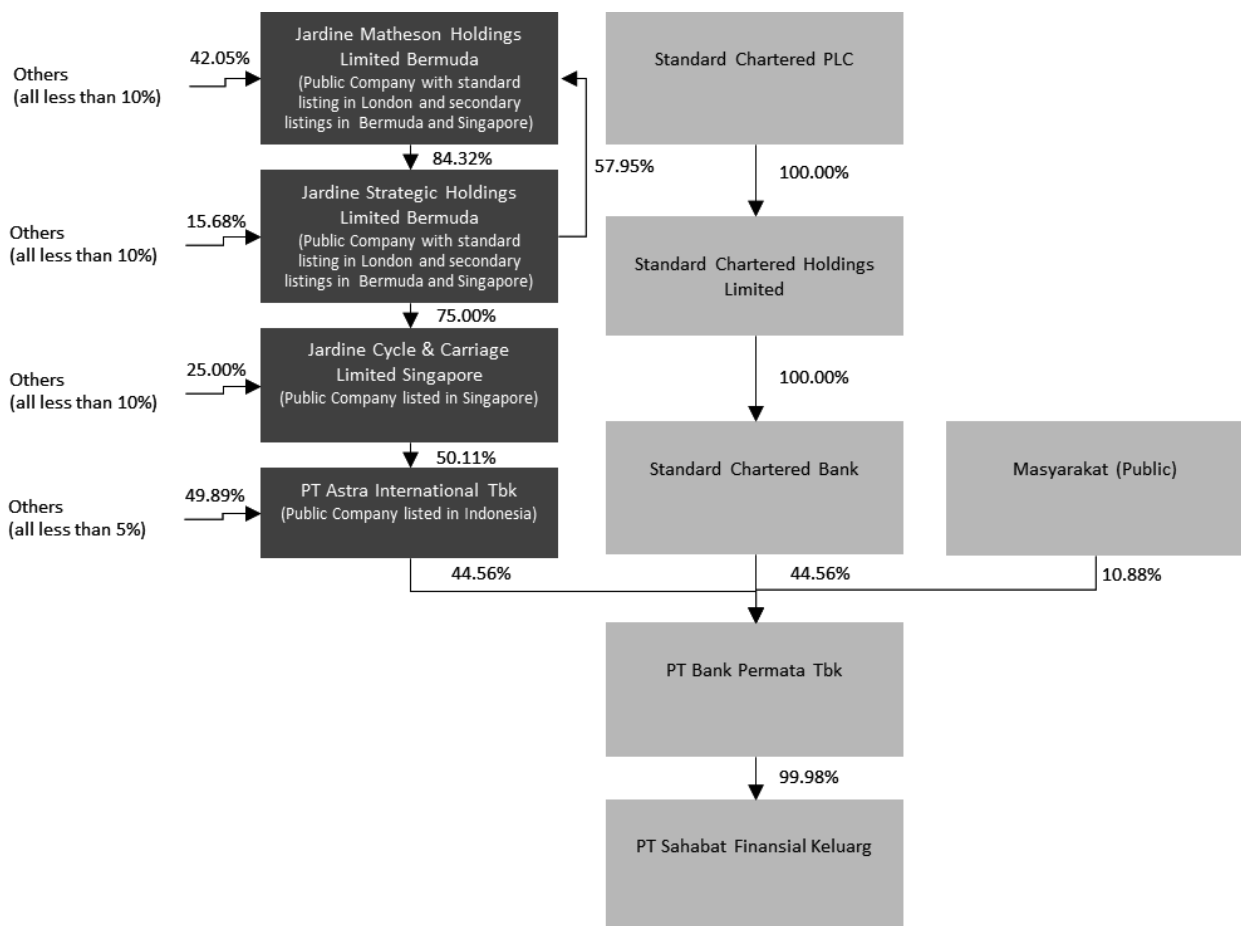
Subsidiary Company Name	PT Sahabat Finansial Keluarga
Line of Business	Finance Company
Address	Metropolitan Tower - Lantai 3 ABEF Jl. RA Kartini Kav 14, TB Simatupang, Jakarta Selatan 12430
Shareholding	99.998%
Legal Entity	Limited Liability Company (PT)
Total Asset	IDR 386,360 million
Operation Status	Operating

2.5.2 Other Investments in Shares

No.	Company Name	Line of Business	Shareholding	Operation Status	Address
1	PT Sarana Bali Ventura	Venture Capital	3.05%	Operating	Jl. Diponegoro No 150 Komplek IDT/Ruko Genteng Biru Blok B 23-24 Denpasar, Bali
2.	PT Aplikanusa Lintasarta	Communication	1.45%	Operating	Jl. M.H. Thamrin Kav. 3 Menara Thamrin Lt. 12 Jakarta 10250
3.	PT Sarana Bersama Pengembangan Indonesia	Investment	0.92%	Operating	Setiabudi 2 Building, Suite 603 G Jl. H.R. Rasuna Said Kav. 62 Kuningan Jakarta 12920
4.	PT Kustodian Sentral Efek Indonesia (KSEI)	Capital Market	1,00%	Operating	Gedung Bursa Efek Indonesia Tower I Lt. 5 Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190

2.5.3 Shareholding Structure

As of 31 December 2018:



Source: Permata's annual report 2018

Remark: 1/ Exclude wholly-owned intermediate holding companies above Jardine Cycle & Carriage Limited.

2.6 Revenue Structure

Permata groups its operations into the segments of Retail Banking, Wholesale Banking, and Others which are as follows:

Lists (IDR million)	Retail banking				Wholesale banking			
	2016	2017	2018	9M Q3/2019	2016	2017	2018	9M Q3/2019
Interest and shariah income - net	1,296,493	1,849,012	2,340,127	1,602,655	5,316,880	3,988,959	3,577,989	2,801,400
Non-interest and shariah income - net	1,408,351	1,479,594	1,212,151	879,129	849,458	1,832,455	504,431	617,701
Revenue between segments - net	1,978,877	1,263,241	1,106,236	1,138,231	(3,661,527)	(2,232,728)	(2,018,588)	(2,012,043)
Amount of income	4,683,721	4,591,847	4,658,514	3,620,012	2,504,811	3,588,686	2,063,832	1,407,058
Other operating expenses	(3,187,628)	(3,328,256)	(3,346,265)	(2,504,324)	(1,279,092)	(1,118,762)	(1,060,501)	(817,780)
Profit before depreciation loss	1,496,093	1,263,591	1,312,249	1,115,688	1,225,719	2,469,904	1,003,331	589,278
Depreciation of financial assets	(1,018,581)	(882,515)	(830,759)	(627,221)	(11,189,094)	(2,244,649)	(845,516)	(85,264)
Profit before tax	477,512	381,076	481,490	488,467	(9,963,375)	225,255	157,815	504,014
Total assets	58,651,431	60,282,229	63,213,053	62,201,506	96,953,472	78,223,396	79,690,479	83,879,990
Total liabilities	99,468,600	85,800,197	91,031,412	92,455,149	38,747,597	33,007,178	33,264,008	33,290,272
Lists (million)	Others				Total consolidated			
	2016	2017	2018	9M Q3/2019	2016	2017	2018	9M Q3/2019
Interest and shariah income - net	(729,932)	(613,745)	(517,931)	(297,122)	5,883,441	5,224,226	5,400,185	4,106,933
Non-interest and shariah income - net	10,970	43,910	244,714	3,673	2,268,779	3,355,959	1,961,296	1,500,000
Revenue between segments - net	1,682,650	969,487	912,352	873,812	-	-	-	-
Amount of income	963,688	399,652	639,135	580,363	8,152,220	8,580,185	7,361,481	5,607,433
Other operating expenses	(111,878)	(54,917)	(59,067)	(110,202)	(4,578,598)	(4,501,955)	(4,465,833)	(3,432,306)
Profit before depreciation loss	851,810	344,735	580,068	470,161	3,573,622	4,078,230	2,895,648	2,175,127
Depreciation of financial assets	19	66	(146)	124	(12,207,656)	(3,127,098)	(1,676,421)	(712,361)
Profit before tax	851,829	344,801	579,922	470,285	(8,634,034)	951,132	1,219,227	1,462,766
Total assets	9,919,371	9,822,745	9,989,334	8,998,040	165,524,274 ^{1/}	148,328,370	152,892,866	155,079,536
Total liabilities	8,008,756	8,010,253	6,145,510	5,604,681	146,224,953 ^{1/}	126,817,628	130,440,930	131,350,102

Source: Permata's annual report and financial statements

Note: Grouped by Permata in its annual report 2016

3. Shareholders and the Board of Directors

3.1 Shareholders

List of major shareholders as of 23 December 2019 are as follows:

No.	Shareholder Name	Total Ownership	% Of shares
1	PT Astra International Tbk	12,495,714,666	44.56
2.	Standard Chartered Bank	12,495,714,666	44.56
3.	Masyarakat (Public)	3,051,309,873	10.88
	Total	28,042,739,205	100.00

Source: Permata

3.2 Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors as of 23 December 2019 are as follows:

Name	Position
Board of Commissioners	
1. Sebastian Ramon Arcuri	President Commissioner
2. Suparno Djasmin	Vice President Commissioner
3. Mark Spencer Greenberg	Commissioner
4. Ian Charles Anderson	Commissioner
5. David Allen Worth	Independent Commissioner
6. Haryanto Sahari	Independent Commissioner
7. Zulkifli Zaini	Independent Commissioner
8. Rahmat Waluyanto	Independent Commissioner
Board of Directors	
1. Ridha DM Wirakusumah	President Director
2. Abdy Dharma Salimin	Technology and Operations Director
3. Lea Setianti Kusumawijaya	Finance Director
4. Darwin Wibowo	Wholesale Banking Director
5. Dhien Tjahajani	Compliance Director
6. Herwin Bustaman	Shariah Business Unit Director
7. Djumariah Tenteram	Retail Banking Director
8. Dayan Sadikin	Human Resources Director

Source : Permata's website

4. Financial Position and Operating Results

4.1 Statement of Financial Position

	2016		2017		2018		Q3/2019	
	IDR million	%	IDR million	%	IDR million	%	IDR million	%
Assets								
Cash	2,070,557	1.25%	1,940,485	1.31%	2,185,074	1.43%	1,810,187	1.17%
Current A/C with Bank								
Indonesia	10,541,849	6.37%	8,541,582	5.76%	8,901,492	5.82%	7,862,493	5.07%
Current A/C with Other Banks								
– net	1,869,188	1.13%	1,176,921	0.79%	1,472,630	0.96%	1,517,192	0.98%
Placements with Bank								
Indonesia and other banks	8,045,662	4.86%	6,294,096	4.24%	11,850,858	7.75%	11,691,701	7.54%
Financial assets held for trading – net	1,879,548	1.14%	1,104,840	0.74%	1,744,498	1.14%	2,041,928	1.32%
Securities purchased under resale agreements	3,227,881	1.95%	976,045	0.66%	-	0.00%	393,093	0.25%
Acceptance receivables – net	3,893,443	2.35%	3,629,860	2.45%	2,753,391	1.80%	1,763,836	1.14%
Loans – net	94,782,664	57.26%	90,020,985	60.69%	99,209,601	64.89%	102,591,933	66.15%
Investment securities	27,401,825	16.55%	22,820,908	15.39%	14,989,712	9.80%	15,524,988	10.01%
Asset held for sale	2,488,861	1.50%	2,478,262	1.67%	-	0.00%	-	0.00%
Fixed assets	2,554,424	1.54%	2,460,534	1.66%	2,552,305	1.67%	2,458,751	1.59%
Intangible assets	412,980	0.25%	485,283	0.33%	498,426	0.33%	503,800	0.32%
Deferred tax assets – net	2,650,768	1.60%	2,454,077	1.65%	2,181,667	1.43%	1,749,892	1.13%
Other assets	3,707,862	2.24%	3,944,492	2.66%	4,553,212	2.98%	5,169,742	3.33%
Total assets	165,527,512	100.00%	148,328,370	100.00%	152,892,866	100.00%	155,079,536	100.00%
Liabilities								
Liabilities Payable on Demand	607,930	0.37%	384,169	0.26%	336,640	0.22%	1,004,097	0.65%
Deposits from customers	130,302,660	78.72%	111,288,007	75.03%	118,135,189	77.27%	120,229,778	77.53%
Deposits from Other banks	2,661,635	1.61%	2,697,543	1.82%	2,460,671	1.61%	2,115,495	1.36%
Financial Liabilities Held for trading	45,654	0.03%	11,948	0.01%	114,705	0.08%	51,968	0.03%
Acceptance payables	3,990,150	2.41%	3,752,073	2.53%	2,765,682	1.81%	1,777,924	1.15%
Corporate Income Tax payable	-	0.00%	1,032	0.00%	346	0.00%	-	0.00%
Borrowings	-	0.00%	36,017	0.02%	16,971	0.01%	101,440	0.07%
Accruals	1,177,535	0.71%	1,184,496	0.80%	1,125,496	0.74%	1,246,842	0.80%
Other Liabilities	752,498	0.45%	724,977	0.49%	621,315	0.41%	635,534	0.41%
Bond Issued	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Obligation for Post Employee Benefits	61,774	0.04%	138,159	0.09%	20,163	0.01%	47,240	0.03%
Provision	111,484	0.07%	67,564	0.05%	59,465	0.04%	55,943	0.04%

	2016		2017		2018		Q3/2019	
	IDR million	%	IDR million	%	IDR million	%	IDR million	%
Subordinate Debts	6,526,586	3.94%	6,531,643	4.40%	4,784,287	3.13%	4,083,841	2.63%
Total liabilities	146,237,906	88.35%	126,817,628	85.50%	130,440,930	85.32%	131,350,102	84.70%
Equity								
Issued and fully paid-up	3,125,134	1.89%	3,837,985	2.59%	3,837,985	2.51%	3,837,985	2.47%
Additional paid-in capital - net	14,970,302	9.04%	17,252,901	11.63%	17,252,901	11.28%	17,252,901	11.13%
Advanced capital	1,500,000	0.91%	-	0.00%	-	0.00%	-	0.00%
Net fair value reserve	(23,665)	-0.01%	67,999	0.05%	(87,215)	-0.06%	97,665	0.06%
Fixed assets revaluation reserve	1,693,735	1.02%	1,693,735	1.14%	1,853,060	1.21%	1,853,060	1.19%
Share of other comprehensive income of associate	5,284	0.00%	(8,625)	-0.01%	-	0.00%	-	0.00%
Appropriation for unclaimed dividend by shareholders	128	0.00%	128	0.00%	-	0.00%	-	0.00%
(Deficit) retained earnings	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Appropriated	363,624	0.22%	363,624	0.25%	363,624	0.24%	363,624	0.23%
Unappropriated	(2,344,945)	-1.42%	(1,697,014)	-1.14%	(768,429)	-0.50%	324,189	0.21%
Total equity	19,289,597	11.65%	21,510,733	14.50%	22,451,926	14.68%	23,729,424	15.30%
Non-controlling interests	9	0.00%	9	0.00%	10	0.00%	10	0.00%
Total liabilities and equity	165,527,512	100.00%	148,328,370	100.00%	152,892,866	100.00%	155,079,536	100.00%

Source: Permata's Consolidated Financial Statements

4.2 Statement of Profit or Loss

	2016		2017		2018		9M Q3/2019	
	IDR million	%	IDR million	%	IDR million	%	IDR million	%
Income								
Interest income	13,013,698	221.19%	9,726,541	186.18%	9,419,839	174.44%	7,443,064	181.23%
Sharia income	1,384,872	23.54%	1,471,605	28.17%	1,661,113	30.76%	1,210,989	29.49%
Interest expense	(7,919,237)	-134.60%	(5,424,405)	-103.83%	(5,026,890)	-93.09%	(4,090,680)	-99.60%
Sharia expense	(595,892)	-10.13%	(549,515)	-10.52%	(653,877)	-12.11%	(456,440)	-11.11%
Net interest and sharia income	5,883,441	100.00%	5,224,226	100.00%	5,400,185	100.00%	4,106,933	100.00%
Fees and commission income	1,292,984	21.98%	1,284,452	24.59%	1,256,074	23.26%	939,603	22.88%
Fees and commission expense	(51,225)	-0.87%	(51,082)	-0.98%	(125,758)	-2.33%	(112,311)	-2.73%
Net fees and commission income	1,241,759	21.11%	1,233,370	23.61%	1,130,316	20.93%	827,292	20.14%
Net trading income	564,948	9.60%	258,235	4.94%	286,182	5.30%	457,485	11.14%
Gain on sale of investment securities	87,898	1.49%	39,379	0.75%	17,566	0.33%	83,951	2.04%

	2016		2017		2018		9M Q3/2019	
	IDR million	%	IDR million	%	IDR million	%	IDR million	%
Share of net profit of associate	235,466	4.00%	239,019	4.58%	87,333	1.62%	-	0.00%
Other operating income	138,708	2.36%	1,585,956	30.36%	439,899	8.15%	131,772	3.21%
Total operating income	8,152,220.00	138.56%	8,580,185.00	164.24%	7,361,481.00	136.32%	5,607,433.00	136.54%
Impairment losses on financial assets	(12,207,656)	-207.49%	(3,127,098)	-59.86%	(1,676,421)	-31.04%	(712,361)	-17.35%
General and administrative	(1,760,182)	-29.92%	(1,801,827)	-34.49%	(1,742,024)	-32.26%	(1,378,954)	-33.58%
Salaries and benefits to management and employees	(2,241,129)	-38.09%	(2,341,513)	-44.82%	(2,380,462)	-44.08%	(1,790,322)	-43.59%
Others	(577,287)	-9.81%	(358,615)	-6.86%	(343,347)	-6.36%	(263,030)	-6.40%
Total other operating expenses	(16,786,254)	-285.31%	(7,629,053)	-146.03%	(6,142,254)	-113.74%	(4,144,667)	-100.92%
Income Before Tax	(8,634,034)	-146.75%	951,132	18.21%	1,219,227	22.58%	1,462,766	35.62%
Income tax expense	2,150,950	36.56%	(202,699)	-3.88%	(317,975)	-5.89%	(370,148)	-9.01%
Net Income	(6,483,084)	-110.19%	748,433	14.33%	901,252	16.69%	1,092,618	26.60%

Source: Permata's Consolidated Financial Statements

4.3 Cash Flow Statement

	2016	2017	2018	9M Q3/2019
	IDR million	IDR million	IDR million	IDR million
Net cash flows from (used in) operating activities	5,333,310.00	(13,394,147.00)	(4,698,941.00)	(2,719,939.00)
Net cash flows from (used in) investing activities	(9,495,423.00)	4,931,597.00	11,090,333.00	(915,792.00)
Net cash flows from (used in) financing activities	4,135,126.00	867,649.00	(2,339,405.00)	(954,596.00)
Net increase (decrease) in cash and cash equivalents	(26,987.00)	(7,594,901.00)	4,051,987.00	(4,590,327.00)
Cash and cash equivalents at beginning of the year	24,145,117.00	24,155,902.00	16,597,184.00	20,896,263.00
Effect of Foreign Exchange Rate Flucturation on Cash and cash equivalents	37,772.00	36,183.00	247,091.00	162,832.00
Cash and cash equivalents at end of the year	24,155,902.00	16,597,184.00	20,896,262.00	16,468,768.00

Source: Permata's Consolidated Financial Statements

4.4 Financial Ratios

Financial Ratios ^{1/}		Financial Statement of Permata			
		2016	2017	2018	9M Q3/2019
Performance ratio					
Capital Adequacy Ratio (CAR)	(%)	15.6	18.1	19.4	19.8
Non-performing earning and non-productive assets to total earning and non-productive assets	(%)	5.0	2.7	2.8	2.0
Non-performing earning assets to total earning assets	(%)	6.3	3.3	3.5	2.6
Allowance for depreciation losses of financial assets to total earning assets	(%)	7.7	6.4	6.1	4.3
NPL-gross	(%)	8.8	4.6	4.4	3.3
NPL-net	(%)	2.2	1.7	1.7	1.2

Financial Ratios ^{1/}		Financial Statement of Permata			
		2016	2017	2018	9M Q3/2019
Return on Assets (ROA)	(%)	(4.9)	0.6	0.8	1.3
Return on Equity (ROE)	(%)	(38.3)	4.8	5.0	7.1
Net Interest Margin (NIM)	(%)	3.9	4.0	4.1	4.2
Operating expenses to operating revenues	(%)	150.8	94.8	93.4	87.2
Loans to Deposits Ratio (LDR)	(%)	80.5	87.5	90.1	88.0
Liquidity Coverage Ratio (LCR) ^{1/}	(%)	239.9	274.5	228.7	262.6
Net Stable Funding Ratio (NSFR)	(%)	NA	NA	120.1	119.4
Liabilities to equity ratio	(%)	-	597.3	589.3	NA
Liabilities to assets ratio	(%)	-	85.7	85.5	NA
Compliance					
Percentage of Violations of the Legal Lending Limit					
Related parties	(%)	0.0	0.0	0.0	0.0
Third parties	(%)	0.0	0.0	0.0	0.0
Percentage of excess of the Legal Lending Limit					
Related parties	(%)	0.8	0.0	0.0	0.0
Third parties	(%)	0.0	0.0	0.0	0.0
Minimum Reserve Requirement					
Rupiah primary GWM	(%)	6.9	6.7	6.9	6.1
Foreign currency GWM	(%)	8.4	8.1	8.1	8.4
Overall net open position	(%)	19.7	1.0	0.1	12.6

Source: Permata's annual report 2018

Remark: 1/ Financial ratios calculated for only Permata entity

2/ Average in 1 month (December 2018 and 2017)

5. Analysis of Operating Results and Financial Positions

9 months of 2019 (Q3/2019)

Permata announced a significant growth in net profit in the third quarter ending 30 September 2019, reflected by its strong business performance and improved asset quality, while liquidity was maintained at an optimum level.

Net profit solidly increased by 121% to IDR 1.1 trillion from the same period last year. Pre Provision Operating Profit recorded 15% growth to IDR 2.1 trillion as the result of a 3.0% increase in Net Interest Income and 22% in Other Operating Income, while Net Interest Margin (NIM) improved to 4.2% followed by a substantial increase in Operating Profit of 279% to IDR 1.4 trillion until end September 2019. Permata's healthier asset quality resulted in a 50% decrease in costs of credit provision to IDR 741 billion at the end of September 2019.

Permata's recorded loans grew moderately by 1.0% to IDR 107.6 trillion in September 2019 on contributions from both Retail and Wholesale banking. The marginal growth in net credit was mainly due to the

accelerated settlement of non-performing loan which caused a decrease in the number of loans extended. On a gross basis, healthy credit grew by 8% compared to last year, which was booked selectively by prioritizing asset quality in accordance with a more prudent credit risk management framework.

The gross Non-Performing Loan (NPL) and net NPL in September 2019 showed significant improvement to 3.3% and 1.2% respectively from 4.8% and 1.7% in September 2018. By comparison, the gross NPL and net NPL ratios were 4.4% and 1.7%, respectively, in December 2018, well within regulatory requirements. The NPL coverage ratio was preserved at 164%, having decreased from 189% in the same period last year and 176% in December 2018. This achievement was in accordance with improved asset quality and vigilant mitigation of potential credit losses.

Permata's overall operating costs were manageable and increased within an inflation range target at 3.0% YoY. The operational costs on operational revenues (BOPO) ratio in September 2019 improved significantly to 87% from 96% YoY, as a result of lower impairment costs and efficient operational costs amid inflationary pressure.

The loan-to-deposit ratio (LDR) was a solid 88% as at September 2019. The ratio was 91% in September 2018 and 90% in December 2018. This number shows strong liquidity and is aligned with Permata's efforts in balancing loans maximization with an optimum liquidity position to support future credit growth.

Permata was able to increase Third Parties Fund by 2.0% YoY in September 2019, on contributions from the growth of Current and Savings accounts of 11.0% and 6.0% respectively, while Time Deposits decreased by 4.0%. Permata's current and savings account (CASA) ratio improved to 50% from 47% in the same period last year. This shows a better funding source structure to balance maximizing Permata's profitability with maintaining optimal liquidity.

Meanwhile, Permata's strong capital position was reflected in increasing the Common Equity Tier 1 (CET-1) ratio and Capital Adequacy Ratio (CAR) of 18.6% and 19.8% respectively. These ratios, which are higher than the minimum capital requirement, improved from 17.1% and 19.2% in the same period the previous year.

2018

Statement of Financial Position

Assets

Permata was able to record total asset growth of 3.1% to IDR 152.89 trillion in 2018. This increase was in line with Permata's net loans growth of 10.2% to IDR 99.21 trillion. The growth of other productive assets in the form of placements with Bank Indonesia and other banks by 88.3% to IDR 11.85 trillion also became a key factor in the growth of Permata's assets in 2018. This increase was offset by a decrease in the investment securities of 34.3% to IDR 14.99 trillion, a decrease in acceptance receivables by 24.1% to IDR 2.75 trillion, and a decrease in assets held for sale of IDR 2.48 trillion.

Cash

Permata booked cash of IDR 2.19 trillion, or up 12.6% from IDR 1.94 trillion in 2017. This increase was in line with higher third-party deposits in both Rupiah and foreign currencies which increased by 6.2% compared to 2017.

Current Accounts with Bank Indonesia

Current accounts with Bank Indonesia (BI) rose by 4.2% to IDR 8.90 trillion in 2018 compared to IDR 8.54 trillion the previous year. This increase was driven by higher current accounts with BI in both Rupiah and foreign currencies, which grew by 2.6% and 10.7% to IDR 7.05 trillion and IDR 1.85 trillion, respectively, in 2018. The increase in current accounts with BI was in line with the fulfillment of BI regulations regarding Minimum Reserve Requirements (GWM) and in line with the increase in customer deposits by 6.2%.

Permata is always able to fulfill the GWM requirements set by BI for both conventional banks and Shariah Business Units.

Current Accounts with Other Banks

Current accounts with other banks grew by 25.1%, or by IDR 295.71 billion, to IDR 1.47 trillion compared with IDR 1.18 trillion the previous year. This increase was due to higher current accounts with other banks both in Rupiah and Foreign currencies, which grew by 229.2% and 3.7% to IDR 367.81 billion and IDR 1,104.82 billion, respectively, in line with the growth of customer deposits in 2018.

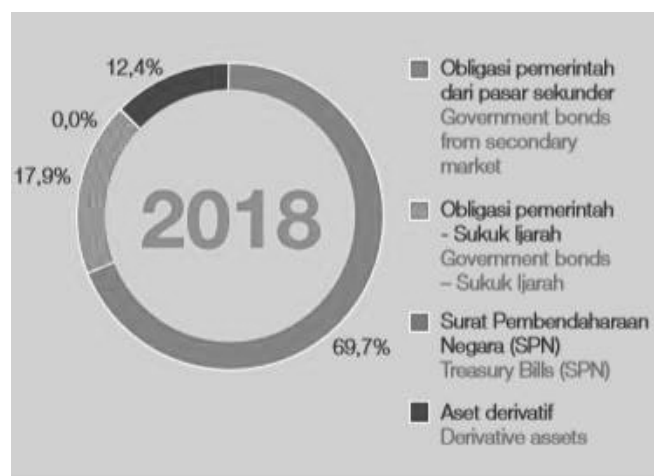
Placement with BI and Other Banks

Placement with BI and other banks was IDR 11.85 trillion in 2018, growing by 88.3% from IDR 6.29 trillion the previous year. This increase was in line with an increase of IDR 5.74 trillion placements in time deposits to IDR 7.87 trillion from IDR 2.12 trillion in 2017. The increase in placements with BI and other banks was due to excess liquidity that has yet been deployed to other productive assets and was therefore placed in short term low-risk instruments.

Financial Assets Held for Trading

Permata actively conducted bond trading transactions in the secondary market in 2018 amid rising investor confidence in Indonesia's economy. This was accompanied by an improvement in Moody's Indonesia's debt securities rating to Baa2/ stable outlook from Baa3/ positive outlook on 13 April 2018. Total financial assets held for trading increased by 57.9% to IDR 1.74 trillion compared to IDR 1.10 trillion the previous year.

Financial Assets Held for Trading 2018



Government bonds from the secondary market accounted for the largest portion of financial assets traded at 69.7% in 2018 compared to 38.5% in 2017. This increase was in line with a higher portfolio of IDR 1.22 trillion in 2018 up from IDR 425.86 billion from the previous year. On the other hand, there was a decline in Government Bonds - Sukuk Ijarah of 27.4% from IDR 430.50 billion in 2017 to IDR 312.73 billion.

Acceptance Receivables

Acceptance receivables decreased by 24.1% to IDR 2.75 trillion compared to IDR 3.63 trillion the previous year. This decrease was mainly due to lower acceptance of receivables in foreign currencies to third-party customers which decreased to IDR 1.82 trillion from IDR 2.97 trillion in 2017 as a result of the downward trend in trade finance transaction volumes throughout 2018.

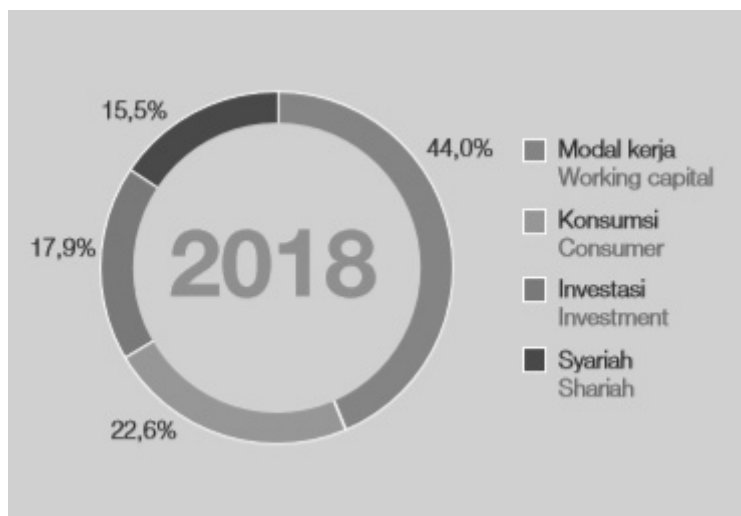
Loans

Permata's net loans grew 10.2%, or IDR 9.2 trillion, to IDR 99.2 trillion at the end of 2018 compared to IDR 90.02 trillion the previous year. The portion of loans to total assets was 64.9% in 2018 and 60.7% the previous year. This shows that Permata continuously maintained the main function of the bank as an intermediary or lending provider.

Loan growth grew on increased lending to customers in both Retail and Wholesale banking, which was done selectively based on efforts to improve asset quality in accordance with a prudent credit risk management framework.

Permata classifies loans into four categories: Working Capital, Consumer, Investment and Shariah. Shariah financing was extended to debtors for working capital, investment and consumer loans. Working capital and investment loans were extended to debtors for working capital and capital goods. Working capital loans included current accounts and overdrafts. Consumer loans consisted of housing loans, motor vehicle loans, and other personal loans.

Credit Composition for 2018



In line with the dominance of working capital loans within the banking industry, Permata also posted growth in working capital loans of 6.3% or IDR 2.57 trillion. In addition, consumer loans increased by 16.2% or IDR 3.12 trillion, followed by growth in investment loans of 14.0% or IDR 2.17 trillion and Shariah financing of 9.4% or IDR 1.32 trillion.

Furthermore, Permata also classifies its loans into Retail Banking and Wholesale Banking segments with loan proportions of 62.6% and 36.9%, respectively, at the end of 2018. The increase in these two main segments in 2018 of 9.0% and 12.6%, respectively, in 2018 was in line with Permata's commitment to expand its sustainable business in the same year.

Based on currency type, the loans provided by Permata were mostly in Rupiah accounting for 86.5% of total loans in 2018 and 85.7% the previous year. Total loans in Rupiah rose by 11.2% from IDR 77.16 trillion in 2017 to IDR 85.77 trillion in 2018, which was in line with the increase in loan volume provided by Permata. Similar increases were also experienced in foreign currency loans which grew by 4.5% to IDR 13.44 trillion in 2018.

Meanwhile, based on the economic sector, loans provided by Permata were mainly for individual segments – in the form of housing loans (KPR), motor vehicle loans, and other personal loans – which had the largest contribution of 33.1% in 2018. The other largest sectors were wholesale and retail trading at 20.6% and manufacturing at 19.4%. The composition of loans was relatively consistent with the previous year where the proportion of loans was 33.4%, 21.4% and 23.3% respectively.

In terms of loan terms based on loan agreements, the loans provided by Permata were mostly loans with a maximum term of one year which accounted for 43.5% of total loans in 2018. This was relatively unchanged from 45.2% the previous year. Permata's loans based on loan terms were well-diversified with the proportion of loans with terms of >1-2 years at 12.0%; >2-5 years at 23.2%; and more than 5 years at 21.3%.

Permata, at an individual and consolidated level, complied with Legal Lending Limit (LLL) requirements for both related parties and third parties as at 31 December 2018 and 31 December 2017.

In addition, the ratio of loans extended to Micro, Small and Medium Enterprises (MSMEs) to total loans as of 31 December 2018 and 31 December 2017 were 5.8% and 6.4%, respectively. These ratios were calculated based on prevailing BI regulations.

Amid the loans upturn, Permata was able to properly manage the quality of its productive assets, including loan quality. This was indicated by the gross NPL ratio in 2018 of 4.4%, improving from 4.6% the previous year. Meanwhile, net NPL remained stable at 1.7% in both 2018 and 2017. Better asset quality was achieved through several efforts, including restructuring non-performing loans, which still have the potential to be recovered, partial write-offs of loans, selling a portion of NPL loans, and selectively and carefully growing a good loan book.

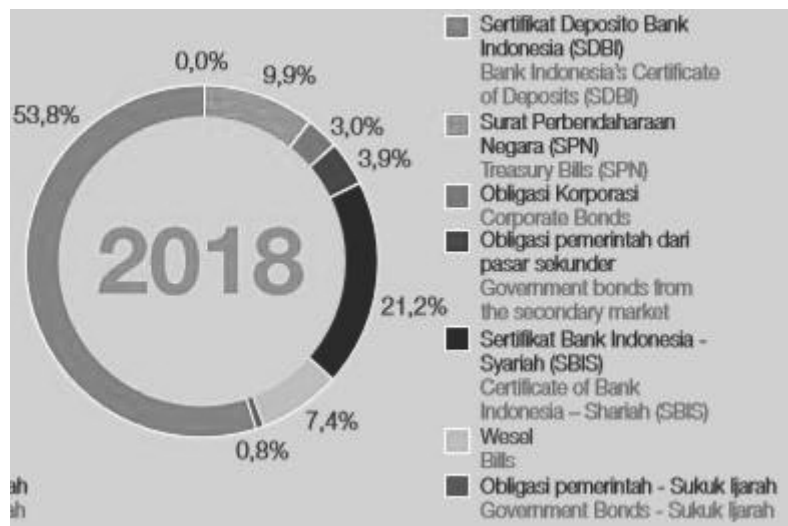
In order to support better credit management, Permata continues to apply prudent banking principles by allocating allowances for loan impairment losses of IDR 8.20 trillion in 2018, slightly lower than IDR 8.60 trillion the previous year. Along with improving asset quality, the NPL coverage ratio was maintained at the level of 176.2%, down from 191.0% the previous year, but still relatively high compared with its banking peers.

Investment Securities

The portfolio of investment securities decreased by 34.3% to IDR 14.99 trillion at the end of 2018 compared with IDR 22.82 trillion at the end of 2017.

The portfolio of investment securities of Permata consists of various instruments: Bank Indonesia’s Certificate of Deposits (SDBI); Treasury Bills (SPN); Shariah Treasury Bills (SPNS); Corporate Bonds; Government bonds from the secondary market; Certificate of Bank Indonesia – Shariah (SBIS); Bills; and Government Bonds – Sukuk Ijarah. From the securities portfolio, the portion of SDBI and Government Bonds – Sukuk Ijarah contributed a significant portion at 37.1% and 34.1% respectively in 2017. In 2018, the composition of investment securities was more diversified. Government Bonds – Sukuk Ijarah still had the largest proportion at 53.8%, followed by Government Bonds from the secondary market at 21.2%.

Portfolio of Investment Securities 2018



Permata's government bonds are fixed bonds and are issued by the Government of the Republic of Indonesia. The government may repurchase these government bonds at their market value before the maturity dates. Treasury Bills (SPN) and Shariah Treasury Bills (SPNS) held by Permata are zero-coupon bonds issued by the Government of the Republic of Indonesia. Corporate bonds owned for investment purposes are very highly rated bonds between AA- to AAA. The rating of Corporate bonds was issued by Pefindo.

Assets Held for Sale

The decrease in assets held for sale was purely because Permata has completed the divestment transaction of all its shares in PT Astra Sedaya Finance (ASF), the associate entity. Further information regarding this transaction can be seen in the sections outlining Transaction Information Related to Investment, Expansion, Divestment, Business Combinations, Acquisitions, Restructuring, Affiliate Transactions, and Conflict of Interest Transactions in Permata's annual report.

Liabilities

Permata booked higher liabilities of 2.9% to IDR 130.44 trillion in 2018, which was aligned with the 6.2% increase in customer deposits from IDR 111.29 trillion in 2017 to IDR 118.14 trillion in 2018, with Permata's liquidity management strategy aligned with loan growth of 10.2%, as well as optimizing the funding structure. This increase was offset by a decrease in subordinated debt at 26.8%, down from IDR 6.53 trillion at the end of 2017 to IDR 4.78 trillion at the end of 2018, following full repayment of Subordinated Bonds II Bank Permata 2011 maturing in 2018.

Customer Deposits

Cumulative customer deposits in the form of demand deposits, savings and time deposits increased to IDR 118.14 trillion in 2018 or grew by 6.2% compared to IDR 111.29 trillion the previous year. These deposits accounted for 90.6% of total consolidated liabilities in 2018, up from 87.8% the previous year.

Amid the challenges of BI's increasing benchmark interest rate in the banking industry, Permata has continued to maintain and improve the optimal funding structure, particularly in maintaining the composition of low-cost funds reflected in the CASA ratio of 48.2% in 2018, slightly lower than 52.1% the previous year.

Permata's deposits in 2017 - 2018::



The average interest rate of customer deposits in 2018, especially for the Rupiah, declined compared to the previous year despite a gradual increase in BI's benchmark interest rate throughout 2018.

In line with managing the optimal composition of low-cost funds, the average interest rate for customer deposits in Rupiah was 4.6% in 2018, down from 4.8% in 2017. Meanwhile, the average interest rate for customer deposits in foreign currencies slightly increased from 0.7% in 2017 to 1.2% in 2018 along with the increase in the benchmark interest rate (Fed Fund) which rose several times in 2018.

Acceptance Payables

Acceptance payables decreased by 26.3% to IDR 2.77 trillion compared to IDR 3.75 trillion the previous year. This decrease was mainly due to reduction of acceptance payables from third parties in foreign currencies as a result of the downward trend in trade finance transaction volumes throughout 2018.

Subordinated Bonds

Permata issued Subordinated Bonds as supplementary capital to finance productive assets related to business development, among other things. Subordinated Bonds and MTN achieved IDR 4.78 trillion in 2018, lower than IDR 6.53 trillion the previous year. This decrease was in line with the repayment of Subordinated Bonds II Bank Permata Year 2011 worth IDR 1.75 trillion that matured in June 2018.

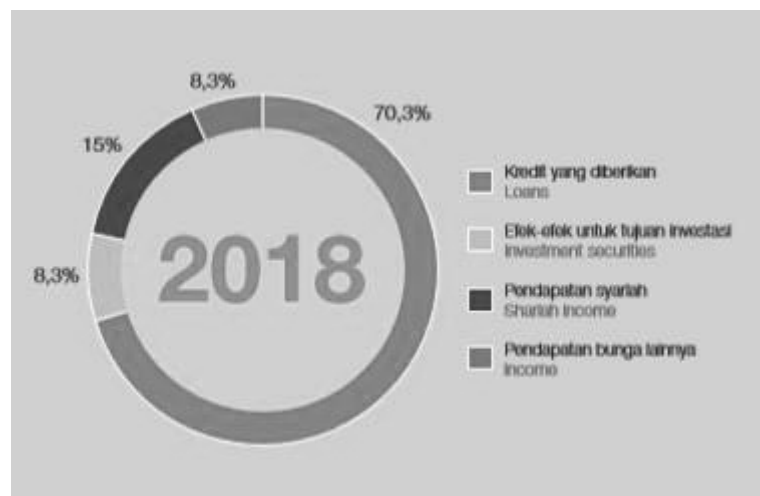
Equity

Permata posted total equity of IDR 22.45 trillion in 2018, an increase of 4.4% from the previous year's IDR 21.51 trillion. This growth was in line with net income in 2018 of IDR 0.90 trillion, reducing the deficit to IDR 0.40 trillion in 2018 compared to IDR 1.33 trillion the previous year.

Statement of Profit or Loss and Comprehensive Income

Permata recorded a net profit of IDR 901.25 billion, an increase of 20.4% compared to IDR 748.43 billion the previous year. The profit was due to Permata improving asset quality, increasing good loan book growth, restructuring non-performing loans and disciplined cost management. Impairment losses on financial assets declined significantly compared to the previous year, which was in line with efforts to improve asset quality, collection and restructuring of non-performing loans.

The Composition of Interest and Shariah Income 2018



Permata's interest and Shariah income was IDR 11.08 trillion in 2018, a slight decrease compared to IDR 11.20 trillion the previous year. This decrease was caused by a decrease in interest income from investment securities by IDR 0.26 trillion to IDR 0.92 trillion in 2018, due to a decrease in the portfolio average balance during 2018 and a decrease in interest income from securities purchased under resale agreements at IDR 0.21 trillion because it was fully paid in 2018.

Interest income from loans contributed the most, at 70.3% of the total interest income in 2018, which was quite stable when compared to 69.8% the previous year. Interest income from loans decreased slightly by 0.3% in 2018 due to prudent principles applied in loan distribution by prioritizing distribution to customers with a better credit grading, hence lowering pricing. This was in line with Permata's strategy to continuously grow the good loan book.

Meanwhile, interest income from placements with BI and other banks increased by 56.0% to IDR 404.16 billion up from IDR 259.16 billion due to an increase in portfolio average balances originating from excess liquidity which has yet been deployed into other productive assets. Therefore it was placed in short-term low risk instruments.

Shariah income also increased by 12.9% from IDR 1.47 trillion in 2017 to IDR 1.66 trillion in 2018, with most income coming from Shariah financing.

Interest and Shariah Expenses

Permata posted interest and Shariah expenses of IDR 5.68 trillion in 2018, down 4.9% compared to the previous year's IDR 5.97 trillion. This decrease was mainly due to the decrease in interest expenses for time deposits which dropped to IDR 3.11 trillion in 2018 from IDR 3.29 trillion the previous year. Interest expenses for savings declined to IDR 0.45 trillion from IDR 0.56 trillion the previous year. Meanwhile, Shariah expenses increased by 19.0% from IDR 0.50 trillion in 2017 to IDR 0.65 trillion, in line with the expansion of the Shariah business segment in 2018.

This reduction in interest and Shariah expenses was in line with Permata's strategy to maximize the implementation of liquidity management aligned with loan growth as well as continuously increasing low-cost funding to optimize NIM growth.

Other Operating Income 2018



Permata recorded other operating income which consisted of income from fees and commissions, trading transactions, sales of investment securities, share of net profit of associates and other operating income. Other operating income amounted to IDR 1.96 trillion in 2018, down 41.6% from IDR 3.36 trillion the previous year. The composition of other operating income was dominated by income originating from fees and commissions of 57.6% in 2018 and 36.7% in 2017.

In 2018 income from fees and commissions decreased to IDR 1.13 trillion, down 8.4% from IDR 1.23 trillion in 2017. Meanwhile, other operating income decreased 72.3% from IDR 1.59 trillion in 2017 to IDR 0.44 trillion due to a decrease in the sale of loans. Throughout 2017, Permata posted gains on sale of loans of IDR 1.31 trillion. In addition, in May 2018, Permata posted a gain on the sale of investment in PT Astra Sedaya Finance of IDR 0.22 trillion.

Impairment of Financial Assets

Permata posted impairment losses on financial assets of IDR 1.68 trillion in 2018, 46.3% lower from IDR 3.13 trillion the previous year. This decrease was mainly in line with improved loan quality in 2018 which resulted in lower impairment losses on financial assets.

Supported by the good management of productive assets, impairment losses on loans decreased by 43.4% to IDR 1.79 trillion in 2018, from IDR 3.16 trillion the previous year. This was also in line with better management of the NPL ratio in 2018 compared to the previous year.

Other Operating Expenses

Other operating expenses consisted of general and administrative expenses, salary and benefits to management and employees, and other expenses. Permata posted other operating expenses of IDR 4.47 trillion

in 2018, down 0.8% compared to the previous year's IDR 4.50 trillion. This decrease was mainly attributable to a decrease in general and administrative expenses to IDR 1.74 trillion from IDR 1.80 trillion the previous year due to a decrease in depreciation and amortization expenses of IDR 50.80 billion and rental expenses of IDR 44.25 billion. However, the decrease was in part diminished by an increase in promotions expenses of IDR 54.19 billion throughout 2018.

Permata continues to improve discipline in managing operational costs efficiently and maintaining a level that is relatively stable amid various investments made by Permata and inflationary pressures. Permata focuses on continuing to improve productivity by conducting a review of organizational effectiveness and developing innovations to further reduce operational costs, including simplifying processes and digitizing all operational aspects.

Net Profit and Comprehensive Income

Permata recorded a net profit of IDR 901.25 billion, an increase of 20.4% compared to IDR 748.43 billion in the previous year. Meanwhile, the total comprehensive income reached IDR 941.32 billion, an increase of 29.7% compared to the previous year of IDR 725.69 billion. This profit reflected Permata's success in improving asset quality, increasing growth of good book loans, recovery of non-performing loans and discipline in cost management.

Statement of Cash Flows

Cash Flows from Operating Activities

In 2018, Permata recorded net cash flows used in operating activities of IDR 4.70 trillion, a decrease compared to IDR 13.39 trillion in 2017. The decrease was caused by the reduction of cash outflows distributed to customer deposits of IDR 25.81 trillion, which was offset by the increase of cash outflows distributed for loan amounting to IDR 13.14 trillion, and a decline in cash received from securities purchased under resale agreements and financial assets held for trading, amounting to IDR 2.80 trillion and IDR 1.13 trillion, respectively.

Cash Flows from Investing Activities

Permata recorded net cash flows of IDR 11.09 trillion in 2018 driven by investing activities. This was an IDR 4.93 trillion increase YoY. The net cash provided by investing activities came from net cash inflows from sales and purchases of investment securities of IDR 2.91 trillion and proceeds from an IDR 2.80 trillion share divestment in PT Astra Sedaya Finance.

Cash Flows from Financing Activities

In 2018, Permata recorded net cash flows used in financing activities of IDR 2.34 trillion, while in 2017 the recorded cash received from financing activities amounted to IDR 0.87 trillion. This was mainly due to cash outflows for repayment of subordinated debts of IDR 1.75 trillion in 2018, while in 2017 Permata received cash inflows from the limited public offering VIII amounting to IDR 1,499.68 billion.

Cash and Cash Equivalents at the End of the Year

In total, in 2018 Permata recorded a net increase in cash and cash equivalents of IDR 4.05 trillion before the effect of foreign exchange rate fluctuations on cash and cash equivalents. With the increase in the Rupiah exchange rate, Permata recorded the effect of these fluctuations amounting to IDR 0.25 trillion, resulting in an increase in cash and cash equivalents to IDR 4.30 trillion.

Permata recorded cash and cash equivalents of IDR 20.90 trillion, up from IDR 16.60 trillion at the end of 2017.

2017

Statement of Financial Position

Assets

Permata's total assets decreased by IDR 17,199.14 billion, down 10.4% to IDR 148,328.37 billion at the end of December 2017. The decrease was mainly caused by the IDR 2,000.27 billion decline of current accounts with BI; IDR 692.27 billion in current accounts with other banks; IDR 1,751.57 billion in placements with BI and other banks; IDR 774.71 billion in financial assets held for trading; IDR 2,251.84 billion in securities purchased under resale agreements; loans of IDR 4,761.68 billion; and the decline of investment securities of IDR 4,580.92 billion.

Current Accounts with Bank Indonesia

Current accounts with Bank Indonesia (BI) decreased by 19.0% from IDR 10,541.85 billion to IDR 8,541.58 billion at the end of 2016. The decrease was in line with regulatory requirements from BI regarding minimum reserve requirements and in line with the 14.6% decline of customer deposits.

Current Accounts with Other Banks

Current accounts with other banks decreased by 37.0% from IDR 1,869.19 billion to IDR 1,176.92 billion at the end of 2016, in line with the decrease of the funding source from customer deposits which decreased 14.6% in 2017, compared to the previous year.

Securities Purchased under Resale Agreements (Reverse Repo Receivables)

At the end of December 2017, securities purchased under resale agreements decreased by 69.8% from IDR 3,227.88 billion to IDR 976.05 billion, mainly due to BI buying back government bonds that had matured.

Placements with Bank Indonesia and Other Banks

Placements with BI and other banks decreased 21.8% from IDR 8,045.66 billion to IDR 6,294.10 billion at the end of 2016. The decline was mainly due to an IDR 3,816.57 billion decrease in the volume of time deposits in BI. This was in line with a decrease in the number of customer deposits and was offset by an IDR 1,235.27 billion increase of placements in call money.

Loans

Loans - net decreased 5.0% to IDR 90,020.99 billion at the end of December 2017. This represented 60.7% of Permata's total consolidated assets. Loan - net portfolio comprised working capital loans, investment loans, and consumer loans, as well as Shariah financing.

The decline in the loan portfolio overall happened due to two major factors. First, significant challenges remain in business conditions and recovery in the macro economy. Second, in the first half Permata prioritized improvement of productive asset quality and non-performing loans liquidation while new loans were disbursed with prudential principles. Shariah financing still experienced positive growth.

In the second half, Permata started to book positive loan growth. Permata's loan disbursement was contributed mainly by mortgages (KPR), Indirect Consumer Financing (ICF) of auto loans, MSME loans, and corporate loans. Corporate loans disbursement grew with the addition of new high-quality customers.

In total, conventional loan portfolio – net decreased where working capital loans dropped 6.1%, or IDR 2,658.36 billion, and investment loans dropped 25.4%, or IDR 5,303.45 billion. Meanwhile Shariah financing – net rose 29.1% or IDR 3,183.37 billion and contributed 15.7% to Permata's total financing.

Loans based on segment

Permata categorizes its operations into Retail Banking and Wholesale Banking segments with loan proportions of 63.3% and 36.1%, respectively, in 2017 compared to 58.2% and 41.1% in the previous year. The decline in Wholesale Banking was due to sales of non-performing assets and prudent loan growth in the first half of the year.

Permata remains focused on the SME and middle market segments which have the potential to recover and adapt faster with economic recovery, considering majority of the products are for basic consumer needs.

Permata's Shariah financing performance in 2017 showed an increase which mostly came from the consumer segment, especially from Indirect Consumer Financing (ICF) and KPR iB. Meanwhile for the SME and Corporate segments, the financing was managed selectively, based on industries with manageable risk levels.

Loans based on currency

In 2017, composition of loans – net disbursed in Rupiah and foreign currencies were 85.7% and 14.3%, respectively. This was a change in composition YoY from 84.0% for Rupiah and 16.0% for foreign currencies. Loans – net in Rupiah were recorded at IDR 77,162.65 billion or down 3.1% compared to the previous year at IDR 79,620.37 billion. Meanwhile loans - net in foreign currencies were recorded at IDR 12,858.34 billion or down 15.2% compared to the previous year of IDR 15,162.29 billion. Focus on increasing Rupiah loans and decreasing foreign currencies loans was part of risk management to minimize the risk arising from exchange rate fluctuation during 2017.

Loans based on economic sectors

Permata's loans - net were negatively impacted by the following economic sectors: transportation, warehousing and communication; real estate, leasing and corporate services; electricity, gas and water; construction; and agriculture, hunting and forestry, lower by 20.1%, 45.4%, 21.9%, 35.0%, and 26.8%, respectively.

The continuing impact of negative performance in 2016 remained a huge challenge for Permata's growth in 2017. Permata pursued many strategic steps in increasing asset quality, such as intensively collecting non-performing loans, selling and writing off some non-performing loans, restructuring non-performing loans that could potentially be claimed, and growing good book loans. These efforts reduced the ratio of gross NPL and net NPL to 4.6% and 1.7% in December 2017, improving from 8.8% and 2.2% YoY, reflecting Permata's prudent approach to mitigate credit loss potential.

Permata continued to maintain a healthy level of liquidity where Loan to Deposit Ratio (LDR) was recorded at 87.5% at the end of December 2017 compared to 80.5% YoY.

The ratio of MSME loans to total loans as of 31 December 2017 and 2016, were 6.4% and 5.7%, respectively. These ratios were calculated based on BI regulations.

Prime lending rate in IDR

BI requires all Commercial Banks conducting conventional business activities in Indonesia to report and publish the Prime Lending Rate (SBDK) in Rupiah. This is in accordance with Bank Indonesia Regulation No. 14/14/PBI/2012 concerning Transparency and Publication of Bank Report (Republic of Indonesia State Gazette 2012 Number 199, Supplement to Republic of Indonesia State Gazette Number 5353) and Bank Indonesia Regulation No. 7/6/ PBI/2005 concerning Transparency of Bank Product Information and Use of Customer's Personal Data (Republic of Indonesia State Gazette 2005 Number 16, Supplement to Republic of Indonesia State Gazette Number 4475).

The application of information transparency regarding SBDK is one of the efforts to provide clarity to customers and to enable them to weigh the benefits, costs and credit risk offered by Permata. In addition, SBDK seeks to improve good governance and encourage healthy competition in the banking industry, including through the creation of better market discipline.

SBDK is also required as an indicator of the loan interest rate to be applied to customers applying for credit from Permata. In such cases, Permata always republishes the SBDK, in accordance with the reference interest rate movement stipulated by BI. In general, the SBDK is calculated based on three components: Cost of Funds for Loans (HPDK) arising from customer fund raising activities, operating expenses incurred for fund raising activities, and lending and profit margin components set by Permata in its lending activities. The calculation of SBDK does not take into account the risk premium component of the debtor, which depends on an assessment of the risk of each debtor. Therefore, the loan interest rate charged to the debtor is not necessarily the same as the SBDK.

Companies are required to report SBDK calculations to BI on a monthly basis, and publish them in wider media periodically. The SBDK calculation applies to corporate loans, retail credit, microcredit, and consumption loans (Mortgage and non-Mortgage). However, BI submits classifications for corporate credit, retail and consumption loans (Mortgage and non-Mortgage) based on internal criteria used by the bank.

Investment Securities

The portfolio of investment securities – net

The portfolio of investment securities – net stood at IDR 22,820.91 billion, or 15.4% of Permata's total assets on 31 December 2017. This position shows a decline of 16.7%, or IDR 4,580.92 billion, from IDR 27,401.83 billion at end of 2016.

The main factor in the decline was an IDR 9,087.92 billion decrease in fund placements with Certificates of Bank Indonesia. The decline was offset with an increase of government bonds – sukuk, Bank Indonesia's Certificates of Deposits and corporate bonds of IDR 3,343.79 billion, IDR 507.90 billion and IDR 473.34 billion, respectively.

Liabilities

Permata's total liabilities also declined by IDR 19,420.28 billion, or 13.3% to IDR 126,817.63 billion, at the end of December 2017. The decline was mainly due to a 14.6% decrease in customer deposits (third party funds) of IDR 19,014.65 billion. Permata's strategy was to align growth of third-party funds with loan growth, as well as maintaining its liquidity level, while optimizing funding and balance sheet structure.

Customer Deposits

As of 31 December 2017, Permata recorded a decline of customer deposits (Third Party Funds) when current accounts, savings and time deposits decreased to IDR 1,299.48 billion, IDR 1,618.84 billion and IDR 16,096.33 billion respectively.

Changes to Permata's funding structure were reflected in a higher CASA ratio of 52.1% as at 31 December 2017 compared to 46.7% YoY. Along with the decrease to the cost of funds, NIM was slightly increased to 4.0% from 3.9% in 2016. CASA growth will continue to be a priority to ensure cheaper and more sustainable cost of funds.

Total customer deposits as of 31 December 2017 reached IDR 111,288.01 billion, representing 87.8% of Permata's total consolidated liabilities.

Average Interest Rate of Customer Deposits

The average interest rate of customer deposits in 2017 decreased compared to 2016. The decrease corresponds with the decline in the BI reference rate. The average interest rate for customer deposits in Rupiah decreased by 1.2% to 4.8% in 2017, from 6.0% in 2016. The average interest rate of customer deposits in foreign currencies slightly increased to 0.7% in 2017 from 0.6% in 2016.

Equity

Total equity increased 11.5% from IDR 19,289.61 billion to IDR 21,510.74 billion at the end of 2016. This increase mainly came from Permata's net profit of IDR 748.43 billion in 2017 and Permata's capital increase of IDR 3 trillion in line with completion of the Rights Issue VIII in June 2017. The success of the Rights Issue reflected strong support from all shareholders on Permata's strategy in strengthening capital, so Permata continues to have a strong foundation for strong growth in the future.

The Rights Issue also managed to strengthen Permata's capital as reflected by the increase of CAR to 18.1% on 31 December 2017 compared to 15.6% YoY, above the OJK requirement. Permata is committed to maintaining an efficient and optimum CAR level in line with business growth and in compliance with prevailing regulations.

Statement of Profit or Loss and Comprehensive Income

In 2017, Permata recorded a net profit of IDR 748.43 billion, a significant jump from a net loss of IDR 6.48 trillion in 2016. The net profit was achieved as a result of Permata's success in improving asset quality, increasing good book loan growth, recovering non-performing loans, as well as discipline in cost management. Impairment losses on financial assets decreased significantly compared to the previous year, alongside efforts to improve asset quality, collecting and restructuring non-performing loans.

In 2017, Permata booked a total operating income of IDR 8.58 billion, up 5.2% from IDR 8.15 trillion YoY. This was caused by several things:

- Decrease in net interest income realization of 11.2% in 2017 to IDR 5.22 trillion YoY in line with a slower loan growth to maintain prudent loan disbursement. Net Interest Margin (NIM) rose to 4.0% from 3.9% at end of December 2016, mainly due to the increase in CASA ratio.
- The operating income, other than interest income, grew 47.9% YoY mainly due to the Bank's success in selling nonperforming loans and write-offs.

Permata will continue to have disciplined cost management.

Interest Income and Shariah Income

Interest and Shariah income stood at IDR 11,198.15 billion in 2017, which decreased by IDR 3,200.42 billion, or 22.2%, from IDR 14,398.57 billion in the previous year. The decrease was mainly due to lower interest income from loans.

Interest income from loans was recorded at IDR 7,811.39 billion, or 69.8% of total interest and Shariah income in 2017 recorded a decline of IDR 3,166.51 billion or 28.8% YoY.

Shariah income contributed around 13.1% of total interest and Shariah income in 2017, an increase of IDR 86.73 billion YoY.

Interest and Shariah Expenses

Interest and Shariah expenses decreased by IDR 2,541.21 billion in 2017, or 29.8%, from IDR 8,515.13 billion in 2016. The decrease in interest and Shariah expenses was due to lower interest expenses for time deposits. These dropped by 38.0% from IDR 5,303.12 billion to IDR 3,285.76 billion in 2016 due to the decline in the balance of time deposits in 2017. This was in line with Permata's strategy to align growth in third party funds and loans, while also reducing the cost of funds.

The decline in time deposit interest expenses was followed by a decrease in savings and current account interest expenses, which were IDR 165.00 billion, or 22.9%, and IDR 110.79 billion, or 13.8%, respectively due to a decrease in the balance of savings and current accounts that year. In addition, total Shariah expenses from profit sharing on time deposits were also down 29.3%, or IDR 104.52 billion, to IDR 252.47 billion.

The decline in the balance of third-party funds resulted in lower premium costs of LPS deposit guarantees (including premiums for Shariah deposit guarantees) in 2017. The premium costs in 2017 fell by 15.3% from IDR 280.75 billion to IDR 237.66 YoY.

There was also a decrease in interest expenses from bonds issued and subordinated debt, which stood at 100.0%, or IDR 70.42 billion, and 8.3%, or IDR 60.59 billion, respectively. The decrease was due to the repayment of foreign currencies subordinated debt in June 2016 and bonds issued in December 2016.

Provision and Commission Income – Net

In 2017 net fee and commission income was down 0.7% from IDR 1,241.76 billion to IDR 1,233.37 billion YoY. The decrease was due to an IDR 48.88 billion reduction in commissions income from debit and credit cards, as well as a fall in fees and commissions related to loans worth IDR 27.11 billion following a decline in the balance of customer deposits and loans. Moreover, an IDR 15.52 billion decrease in the transaction volume of trade finance resulted in lower commissions from trade facilities.

The decrease was offset by a 35.2% increase in agency commissions on bancassurance and mutual funds sales activities compared to the previous year.

Other Operating Income

In 2017 other operating income increased by 106.7%, from IDR 1,027.02 billion to IDR 2,122.59 billion YoY.

The largest contributor to the increase in other operating income was gains on the sale of non-performing loan portfolios amounting to IDR 1,313.15 billion.

The increase was offset by a 54.3% decrease in trading income to IDR 258.24 billion, an IDR 294.57 billion decline in income from derivative instruments of 75.6%, and an IDR 12.15 billion reduction in income from financial instruments.

Lower income from derivative instruments was mainly due to the decline in transactions volume and fluctuation in the exchange rate, while the lower revenue from fixed-income instruments was mainly due to lower profit from the sales of marketable securities held for trading.

Impairment Losses on Financial Assets

In 2017, Permata booked impairment losses of financial assets of IDR 3,127.10 billion, down from IDR 12,207.66 billion to IDR 9,080.56 billion YoY.

The most influential factor was the impairment losses of loans, which was down 74.6% from IDR 12,444.43 billion to IDR 3,157.24 billion YoY, in line with Permata's focus to improve asset quality.

Other Operating Expenses

Other operating expenses were well-managed, with expenses declining 1.7% from IDR 4,578.60 billion in 2016 to IDR 4,501.96 billion in 2017. The decline in operating expenses was mainly due to other operating expense that declined by IDR 218.67 billion, offset by the increase of general and administrative expenses, as

well as salaries and benefits to management and employees by IDR 41.65 billion and IDR 100.38 billion, respectively.

Income Tax Expenses

In 2017, Permata booked income tax expenses of IDR 202.70 billion, comprising IDR 199.64 billion in deferred tax expenses and IDR 3.06 billion in current tax expenses. Deferred tax expenses were generated from a temporary differences in impairment losses of financial assets, which was offset by fiscal losses.

Net Profit

Net profit after tax for 2017 stood at IDR 748.43 billion, against a loss of IDR 6.48 trillion in 2016. This was mainly due to increasing asset quality, growth of good book loans, non-performing loans recovery through restructuring or selling of some non-performing loans, as well as operating cost efficiency.

Comprehensive Income

Permata booked a comprehensive income of IDR 752.69 billion in 2017, an increase from a loss of IDR 6.52 trillion the previous year, in line with increasing net profit.

Statement of Cash Flows

Cash Flows from Operating Activities

In 2017, Permata recorded net cash flows used in operating activities at IDR 13,394.15 billion in 2017, while in 2016 recorded IDR 5,333.31 billion in cash from operating activities. The decline was mainly due to cash outflows as a result of declining customer deposits of IDR 18,954.57 billion, compensated with net cash inflows from operating activities of IDR 4,027.63 billion.

Cash Flows from Investing Activities

Permata recorded net cash provided by investing activities of IDR 4,931.60 billion, while in 2016 booked cash used in investing activities of IDR 9,495.42 billion. Net cash provided by investing activities came from net cash inflows of IDR 4,415.39 billion in the sale and purchase of investment securities, as well as IDR 558.00 billion in interest income from investment securities.

Cash Flows from Financing Activities

In 2017, Permata recorded a decline in net cash flow from financing of 79.0% from IDR 4,135.13 billion to IDR 867.65 billion YoY. This was a result of Permata receiving cash from the Rights Issue VII of IDR 5,499.91 billion and advanced capital from two main shareholders worth IDR 1,500.00 billion in 2016. At the same time, Permata settled its subordinated debts, bonds issued, and paid interest of its subordinated debts at IDR 2,060.55 billion and IDR 800.00 billion, respectively. In 2017, Permata received IDR 1,499.68 billion in cash inflows from Rights Issue VIII and paid interest of subordinated debts of IDR 663.7 billion.

Cash and Cash Equivalents at the End of the Year

In total, Permata recorded a net decrease of cash and cash equivalents amounting to IDR 7,594.90 billion before the effect of foreign exchange rate fluctuation on cash and cash equivalents in 2017. As a result of the

appreciation of the Rupiah, Permata recorded a fluctuation impact of as much as IDR 36.18 billion, meaning cash and cash equivalents decreased to IDR 7,558.72 billion.

At the end of the year, Permata recorded cash and cash equivalents at IDR 16,597.18 billion, decreasing from IDR 24,155.90 billion YoY.

2016

Statement of Financial Position

Assets

Permata's total assets decreased by 9.4% to IDR 165,527.51 billion YoY. The decrease was mainly caused by an IDR 31,085.31 billion decrease in net loans assets as a result of an economic slowdown and an internal focus on managing the NPL portfolio. Moreover, current accounts with Bank Indonesia also decreased by IDR 2,291.97 billion, aligned with the decrease in Permata's third-party funds and the IDR 1,110.00 billion decrease in financial assets held for trading. The decrease was offset by an increase in the balance of investment securities and securities purchased under resale agreements, by IDR 12,492.63 billion and IDR 3,227.88 billion respectively. The increase was mainly due to an increase of excess liquidity as an impact of the lower-than-average LDR ratio in 2016, when compared to 2015. Permata's deferred tax assets also increased by IDR 2,227.84 billion which was mainly due to the temporary differences of impairment losses from financial assets.

Current Accounts with Bank Indonesia

Current accounts with Bank Indonesia (BI) decreased by 17.9% from IDR 12,833.82 billion to IDR 10,541.85 billion YoY. The decrease was in line with the changes in regulatory requirements from BI regarding statutory reserve, where since March 2016 the primary reserve in Rupiah was changed from 7.5% to 6.5% of third-party funds, aligned with a 10.4% decline in third-party funds.

Placements with Bank Indonesia and Other Banks

Placements with BI and other banks, net of allowance for impairment losses, decreased by 3.0% from IDR 8,290.8 billion to IDR 8,045.66 billion YoY. The decrease was in line with the decrease of total above Third-Party Funds acquisition.

Financial Assets Held for Trading

Financial assets held for trading decreased by 37.1% from IDR 2,989.55 billion to IDR 1,879.55 billion YoY.

This decrease was due to a 31.8% reduction of government bonds being purchased from the secondary market, followed by the decrease of Treasury Bills by 50.0%, or IDR 377.30 billion, and a decrease of derivative assets by 38.1%, due to the decrease of fair value caused by the fluctuating Rupiah exchange rate.

Securities Purchased under Resale Agreement

Permata placed some of the funds in securities purchased under resale agreement with maturity in January and March 2017. The balance recorded at the end of 2016 was IDR 3,227.88 billion.

Acceptance Receivables

Acceptance receivables at the end of 2016 decreased by 17.3%, or by IDR 815.40 billion, mainly due to the decrease in the volume of import and export transactions. There was a 26.9%, or IDR 1,191.48 billion, drop in transactions in foreign currencies YoY. Meanwhile, the transactions in Rupiah increased by IDR 352.84 billion or 126.2%.

Loans

Permata's loan portfolio comprised working capital loans, investment loans, consumer loans, and Shariah financing. Loans – net decreased by 24.7% to IDR 94,782.67 billion YoY, representing 57.3% of Permata's total consolidated assets.

The decrease was experienced across all loan portfolios, with the working capital loan portfolio posting the largest decrease of 26.5%, or IDR 15,759.00 billion. Investment loans recorded a decrease of 38.2%, or IDR 12,889.81 billion, and consumer loans posted a decrease of 10.6% or IDR 2,286.93 billion. The decrease in loans was a result of unfavorable economic and business conditions, and an internal focus on managing NPL.

Meanwhile, Shariah financing decreased slightly by 1.4%, or IDR 149.58 billion. The decrease in Shariah financing, after it notably rose in 2013 and 2014, was the result of a more conservative approach to financing policy as a response to market conditions in 2015 and 2016.

Permata's Shariah Business Unit saw improved performance in the transportation sector as a result of the implementation of basic infrastructure projects since 2015, as well as the enablement of MSME products that helped MSMEs to gain access to the market. However, in 2016 there was also a focus on acquiring more third-party funds, especially from Haj savings products.

The decrease across the loan portfolio overall reflected the difficult business environment and the macro economic recovery. In this respect Permata remained prudent in disbursing new loans while focusing on helping existing customers to overcome business challenges.

Permata remained focused on SME and middle market segments, which had the potential to recover and adapt faster with economic improvement, considering that the majority of products circulated in these markets were basic goods that consumers would continually need.

The primary contributors to Permata's decrease in loans were loan disbursements to the following economic sectors: manufacturing, wholesale and retail trading, transportation, mining and excavation, and real estate which recorded declines of 33.3%, 27.5%, 41.3%, 59.8% and 34.2% respectively, reflecting the weakened activity in each sector.

The challenging and difficult macroeconomic situation in 2016 resulted in the decrease of Permata's asset quality, as represented by an increased level of non-performing loans. NPL rose from IDR 3,566.79 billion

at the end of 2015 to IDR 9,611.60 billion. This was due to the weak performance of several industry sectors and the deteriorating loan quality of several debtors. Gross NPL ratio in 2016 and 2015 was 8.8% and 2.7% respectively, while net NPL was 2.2% and 1.4%.

Permata has taken various strategic steps to manage its NPL, either through credit restructuring or collateral execution. In December 2016, Permata identified a portfolio of loans, amounting to IDR 9 trillion, relating to exposures that are beyond its tightened risk tolerance. Permata liquidated this portfolio gradually during the year with a corresponding gradual decline in gross NPL ratio. Impairment losses on the loans within this portfolio were estimated using the value of the estimated future cash flows based on expected sales value of the portfolio.

Investment Securities

The portfolio of investment securities - net at the end of 2016 stood at IDR 27,401.83 billion or 16.6% of Permata's total assets. This represented an increase of 83.8%, or IDR 12,492.63 billion, from IDR 14,909.20 billion at the end of 2015 due to the increased excess liquidity as an impact of the lower average LDR ratio during 2016, compared to 2015.

The main factors behind this increase were placement of funds in Certificates of Bank Indonesia and Bank Indonesia's Certificates of Deposits, which increased by IDR 8,410.65 billion and IDR 7,221.11 billion, respectively. This increase was offset by the IDR 3,026.37 billion decrease in Government bonds – sukuk ijarah.

Placements in the investment securities portfolio was a strategy to manage excess liquidity by placing financial instruments that resulted in better returns.

Investments in Associates

In 2016, Permata's investments in associates stood at IDR 2,488.86 billion, representing 1.0% growth or IDR 23.44 billion from IDR 2,465.42 billion in 2015. Investments in associates referred to 25% share ownership of PT Astra Sedaya Finance (ASF), with acquisition value of IDR 2,193.90 billion. The investment strengthened Permata's position in the automotive financing sector and significantly increased the scale of joint financing business, whilst opening the opportunity to enhance cross-selling capabilities. The increase reflected part of profit attributed to Permata from ASF.

Fixed Assets

Permata's fixed assets decreased by 6.2% or IDR 169.95 billion to IDR 2,554.42 from IDR 2,724.38 billion in 2015. The decrease was impacted by the increase of depreciation expenses of fixed assets.

Other Assets

Other assets decreased by 8.8%, or IDR 356.50 billion, to IDR 3,707.86 from IDR 4,064.36 billion in 2015. This was mainly driven by lower performance of the trade finance business, reflected by the decrease of receivables from trade finance at IDR 493.97 billion. It was also affected by adverse economic conditions, which dampened customers' activities especially in the export and import of certain products.

Liabilities

Permata's liabilities decreased by 10.8%, or IDR 17,638.60 billion, to IDR 146,237.91 billion at the end of 2016, mainly due to deposits from customers of IDR 15,157.98 billion or 10.4%. In addition, Permata repaid Medium-Term Notes (MTN) 2009 at USD100 million in June 2016 and continuous subordinated bonds I tranche I series B of 2013 at IDR 672 billion in December 2016 that led to the decrease of balance of subordinated debts and bonds issued of IDR 1,378.45 billion and IDR 672.14 billion respectively.

Customers Deposits

In 2016, Permata recorded a decrease of 23.0%, or IDR 20,814.77 billion, of time deposits as part of third-party funds to IDR 69,526.83 billion, from IDR 90,341.60 billion the previous year. However, Permata successfully improved low-cost funds to increase Current Accounts by IDR 1,739.42 billion, or 5.9%, to IDR 31,334.28 billion and Savings Accounts by IDR 3,917.37 billion, or 15.4%, to IDR 29,441.55 billion at the end of 2016.

Permata optimized its liquidity and revenue by decreasing the cost of funds by increasing current accounts and savings (CASA) and reducing time deposits growth, resulting in the CASA ratio improving to 46.6% in 2016 from 37.9% in 2015.

In total, customer deposits at year-end reached IDR 130,302.66 billion, accounting for 89.1% of Permata's total liabilities.

Deposits from Other Banks

Deposits from other banks rose by 14.6% to IDR 2,661.64 billion in 2016 from IDR 2,321.86 billion the previous year. Funds gained from deposits placed by other banks are part of liquidity management activities.

Acceptance Payables

Acceptance payables decreased by 15.8% to IDR 3,990.15 billion in 2016, reflecting the lower value of export and import transactions in foreign currencies facilitated by Permata during the year.

Subordinated Debts

Total subordinated debts decreased by 17.4% to IDR 6,526.59 billion from IDR 7,905.04 billion at the end of 2015. The decrease was mainly due to the settlement of IDR 1,378.50 billion (equivalent) of Subordinated 2009 MTN which was due. Meanwhile other subordinated debts included Subordinated Shelf Bonds II Bank Permata Tranche II 2014 ("subordinated shelf bonds II tranche II") worth IDR 700.00 billion dated 24 October 2014 and registered at the Indonesia Stock Exchange; and IDR 700 billion of Subordinated MTN 2010 which will not be due in the near future.

All proceeds from the issuance of subordinated shelf bonds II tranche II are used as supplementary capital (Tier 2) and used to finance productive assets for Permata's business development.

Equity

Total equity increased by IDR 476.76 billion, or 2.5%, to IDR 19,289.61 billion from IDR 18,812.84 billion at the end of 2015. The increase was mainly due to the issuance of 10,456,095,082 new shares Class B with par value of IDR 125/share through Rights Issue VII in June 2016, hence Permata's balance of issued and paid

capital, as well as net additional capital (agio), increased by 43.6% to IDR 5,495.53 billion at the end of 2016. In addition, in December 2016, Permata received a capital advance from majority shareholders of IDR 1.5 trillion. The increase of capital is part of the Bank's efforts to strengthen its capital structure, whereby all funds gained are used to finance productive assets for business growth and strengthening capital. However, for its retained earnings, Permata recorded a deficit of IDR 2,344.95 billion due to losses during the year.

On 31 December 2016, the Bank's CAR stood at 15.6%, exceeding the OJK's regulatory requirement. Permata is committed to maintaining optimum and efficient CAR, in line with Permata's business growth and in compliance with prevailing regulations.

Statement of Profit or Loss and Comprehensive Income

In 2016, Permata booked a net loss after tax of IDR 6,483.08 billion, a significant deterioration from net profit of IDR 247.11 billion the previous year. The loss was mainly due to higher NPL that led to high loan allowance expenses of IDR 12,444.43 billion, up 273.8% from the previous year.

In 2016 Permata recorded total operating income of IDR 8,152.22 trillion, 2.4% lower than 2015. This was mainly due to:

- The decrease of net interest income realization compared with the previous year. Negative loan growth led to a 5.1% decrease in net interest income to IDR 5,883.44 billion, with a slight decrease of Net Interest Margin (NIM) at 3.9% from 4.0% at the end of December 2015. This was a result of a combination of higher NPL and lower LDR compared with the previous periods. This was offset by a decrease in interest expenses as a result of efforts to increase low-cost funds and implement a cap on interest for third party funds, in accordance with prevailing OJK regulations.
- Non-funded income grew by 5.4%, or IDR 116.21 billion, compared with the previous year. This was mainly due to the increase in revenue from fixed income financial instruments and derivative financial instruments.

Permata continues to apply a disciplined approach to operational expense management. However, the continued increase in NPL led to a significant allocation of allowance for impairment losses of financial assets amounting to IDR 12,207.66 billion.

Interest and Shariah Income

The significant impact of the decrease in total loan disbursement and credit quality in the corporate segment, through Wholesale Banking, followed by the SME segment, resulted in the decrease of interest income and Shariah income by 10.7%, or IDR 1,732.25 billion, to IDR 14,398.57 billion from IDR 16,130.82 billion the previous year.

Interest income from loans was IDR 10,977.89 billion or 76.2% of total interest income and Shariah income in 2016, a decrease of IDR 2,218.27 billion or 16.8% from 2015. This was due a 17.9%, or IDR 23,114.97 billion, decline in gross loans to IDR 106,372.46 billion in 2016 from IDR 129,487.43 billion the previous year due to sluggish economic conditions and an internal focus on the management of NPL in 2016.

Shariah income in 2016 grew by 9.6%, or IDR 60.28 billion, from 2015 despite a decrease in Shariah financing of 1.4% to IDR 10,925.96 billion from IDR 11,075.54 billion in 2015.

Meanwhile, interest income from other sources than loans and Shariah grew by 26.4% to IDR 2,035.80 billion from IDR 1,610.07 billion in 2015. The increase was mainly due to Treasury's management of Permata's excess liquidity.

Permata booked a significant 2,257.7% increase in interest income from securities purchased under a resale agreement amounting to IDR 425.97 billion in 2016.

Interest and Shariah Expenses

Interest and Shariah expenses in 2016 declined by IDR 1,418.79 billion, or 14.3%, from IDR 9,933.92 billion in 2015. The decline was driven by a 20.4%, or IDR 1,356.43 billion, decrease in time deposit interest expenses to IDR 5,303.12 billion from IDR 6,659.55 billion in 2015, mainly due to a decrease in total time deposits in 2016 and the restriction on third-party funds interest rates as regulated by OJK.

Subordinated debt interest expenses decreased by 8.8% to IDR 729.35 billion from IDR 799.72 billion in 2015 due to Permata exercising the call option for early repayment of subordinated MTN 2009 that also contributed to a decrease in interest and Shariah expenses in 2016.

Permata's improving liquidity as a result of a Rights Issue led to a reduction in generating funds from interbank call money market transactions, hence call money interest expenses decreased by 98.4% or IDR 39.24 billion in 2016.

Meanwhile the main factors contributing to the increase in interest and Shariah expenses were current accounts and savings, which accounted for IDR 1,526.01 billion or 17.9% of total interest and Shariah expenses. Interest expenses for current and savings accounts grew by 12.6% and 6.3% respectively, mainly due to the increase of volume as a result of the increase in low-cost funds.

Shariah expenses from profit distribution of current accounts, savings and time deposits in total decreased by 8.2% or IDR 53.14 billion to IDR 595.89 billion.

Fee and Commission Income – Net

Net fee and commissions income decreased by IDR 58.89 billion or 4.5% to IDR 1,241.76 billion from IDR 1,300.65 billion in 2015. This decrease was largely due to the IDR 72.76 billion or 15.1% decrease in fee and commissions related to net loans from the previous year, driven mainly by a decrease in Wholesale loans volume.

Other contributing factors to the decrease in fees and commissions income were commissions from trade facilities, services, administration income and remittance services which decreased by 21.2% or IDR 72.22 billion from a decrease in transactions volume during 2016 from the previous year.

In contrast, commissions from debit and credit cards grew by 29.2% growth or IDR 49.47 billion to IDR 219.09 billion, followed by commissions from insurance and mutual funds selling agents that recorded an increase of IDR 24.47 billion or 13.6%, and IDR 13.43 billion or 33.8%, respectively, reflecting Permata's success in increasing fee-based income.

Other Operating Income

Total operating income grew by 20.6%, or IDR175.10 billion, to IDR 1,027.02 billion from IDR 851.92 billion in 2015.

Fixed income financial instruments income grew significantly, rising by 457.2% or IDR 143.67 billion to IDR 175.09 billion in 2016. This was driven by the gain in financial assets held for trading due to the increase in transaction volume as result of excess liquidity related to the decrease in the LDR ratio.

Gain on derivative instruments rose by 47.5% or IDR 125.45 billion to IDR 389.86 billion due to the increase in transaction volume.

The decrease of other operating expenses also resulted from the gain in investments securities, unrealized exchange rate difference and a decrease of transaction service income from retail and Shariah banking.

Impairment Losses on Financial Assets

In 2016, Permata booked impairment losses on financial assets of IDR 12,207.66 billion, an increase of IDR 8,529.62 billion or 231.9% from IDR 3,678.04 billion the previous year.

Impairment losses on loans were the largest contributor rising by 273.8% or IDR 9,115.66 billion to IDR 12,444.43 billion from IDR 3,328.77 billion in 2015. NPL increased in the commercial segment (middle market and SME). Permata allocated significant impairment losses in these segments as a result.

Other Operating Expenses

Permata succeeded in managing its other operating expenses to increase by just 4.6% or IDR 200.70 billion, from IDR 4,377.90 billion in 2015 to IDR 4,578.60 billion in 2016.

General and administrative expenses were managed well, decreasing by 0.7% or IDR 13.00 billion, mainly driven by controlling promotions and other expenses in response to challenging business conditions. Permata focused on repair/maintenance, communication and transportation expenses, which decreased by 8.1%. Disciplined management of cost growth reflected Permata's commitment to improve the organization's productivity, optimize and improve service quality, and enhance customer's convenience both through investment in operational support as part of the optimization of branch distribution networks, as well as e-channel facilities, and prioritizing efficiency.

Depreciation and amortization expenses also contributed to higher costs, rising by 19.3% from the increase in carrying value of premises due to revaluation in November 2015. Outsourcing expenses increased by 6.9% as an impact from higher regional minimum wages.

Salaries and benefits expenses increased by IDR 17.63 billion, or 0.8%, due to inflation-related salary adjustments. This was offset by a decrease in the number of employees from 7,892 in 2015 to 7,499 in 2016.

The increase of other operating expense by 51.4% or IDR 196.07 billion to IDR 577.29 billion from IDR 381.22 billion in 2015 was mainly due to the increase in foreclosed assets impairment losses expenses and abandoned properties of IDR 67.68 billion, additional allowance on administrative accounts of IDR 40.13 billion, and increased service transaction expenses for retail and Shariah banking of IDR 22.41 billion.

Profit / Loss Before Income Tax

Profit before income tax decreased by IDR 8,927.57 billion in 2016, recording a loss of IDR 8,634.03 billion versus IDR 293.54 billion in 2015, mainly due to an increase of allowance for impairment loss of loan as explained above.

Income Tax Expenses

In 2016, Permata booked deferred income tax expenses of IDR 2,150.95 primarily due to positive correction on temporary differences in financial assets impairment losses.

Other Comprehensive Income (Expense)

Permata recorded a decrease of other comprehensive income after tax of IDR 1,684.68 billion from IDR 1,649.00 billion in 2015 to be posted as expense of IDR 35.68 billion.

This was due to an IDR 1,698.11 billion gain on assets revaluation booked in 2015.

Total Comprehensive income / Loss

In 2016, Permata recorded a total comprehensive loss of IDR 6,518.77 billion, compared with IDR 1,896.11 billion the previous year. Hence, Permata posted a loss per share of IDR 368 at the end of 2016. The increased allowance for impairment losses significantly contributed to this loss.

Statement of Cash Flows

Cash Flows from Operating Activities

In 2016, Permata's net cash flow from operating activities increased by 194.9% from IDR 1,808.38 billion in 2015 to IDR 5,333.31 billion. The increase was driven by IDR 16,240.90 billion in the increase in loan settlement and was offset by the decrease of third-party fund disbursement of IDR 12,539.80 billion.

Cash Flows from Investing Activities

Permata recorded net cash flow used in investing activities of IDR 9,495.42 billion up from IDR 5,156.15 billion in 2015. Net cash flow used in investing activities was driven by the purchase of investment securities and the sale of investment securities. Hence net cash used was IDR 14,562.44 billion.

Cash Flows from Financing Activities

Permata's net cash flow from financing activities in 2016 was IDR 4,135.13 billion, while in 2015 Permata used cash for financing activities of IDR 1,665.95 billion. This was primarily from cash proceeds from Rights Issue VII in 2016 of IDR 5,499.91 billion, and advance capital of IDR 1,500.00 billion from the main two shareholders. At the same time Permata settled its subordinated debts of USD 100 million and bonds issued of IDR 672 billion.

Cash and Cash Equivalents at the End of the Year

In total, Permata recorded an IDR 26.99 billion net decrease in cash and cash equivalents in 2016 prior to currency rate fluctuation influencing the cash and cash equivalents. With depreciation of the Rupiah, Permata recorded the effect of fluctuation amounted to IDR 37.77 billion, hence cash and cash equivalents decreased was posted at IDR 10.78 billion.

At the end of the year, Permata recorded cash and cash equivalents of IDR 24,155.90 billion, up IDR 24,145.12 billion from the previous year.

Attachment 3

**Business overview and performance of
Standard Chartered Bank (“Standard Chartered”) and
Standard Chartered PLC (“Standard Chartered PLC”)**

1. General Information of Standard Chartered

Name : Standard Chartered Bank
 Location : 1 Basinghall Avenue, LONDON, EC2V 5DD, United Kingdom
 Telephone : +44-20-78858888
 Fax : +44-20-78859999
 Business Overview : Banking
 Registration No : ZC18
 Corporate Website : www.sc.com/uk/

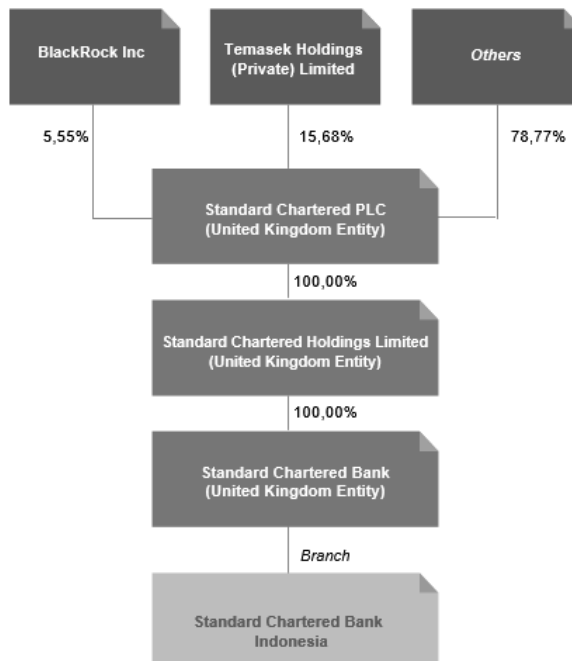
2. Business Information of Standard Chartered

2.1 Background and Important Development of Standard Chartered

Standard Chartered Bank is a subsidiary of Standard Chartered Plc which engages in consumer and wholesale banking.

2.2 Group Structure of Standard Chartered

2.2.1 Shareholding Structure of Standard Chartered



Source: Standard Chartered PLC’s annual report as of 2018

3. Shareholders and the Board of Directors of Standard Chartered Bank

3.1 Shareholders

List of major shareholders as of 23 December 2019 is as follows:

No.	Shareholder Name	% Of shares
1	Standard Chartered Holdings Limited	100.00%
	Total	100.00%

Source: Reuters

3.2 Court of Directors of Standard Chartered Bank

The Board of Directors as of 23 December 2019 is as follows:

Name	Position
Court of Directors	
1. Mr. José Viñals	Chairman of the Board
2. Mr. Bill Winters, CBE	Chief Executive Officer
3. Mr. Andy Halford	Director, Finance
4. Ms. Tracy Clarke	Regional CEO, Europe & Americas and CEO, Private Bank
5. Mr. Mark Smith	Group Chief Risk Officer

Source: Standard Chartered Bank

4. General Information of Standard Chartered PLC

Name : Standard Chartered PLC

Location : 1 Basinghall Avenue, LONDON, EC2V 5DD, United Kingdom

Telephone : +44-20-78858888

Fax : +44-20-78859999

Business Overview : Banking

Registration No : -

Corporate Website : www.sc.com

Registered Capital : In accordance with the Companies Act 2006, the Company does not have authorised share capital.

Paid-up Capital : 3,308 million ordinary shares with a nominal value of 50 cent each

5. Business Information of Standard Chartered PLC

5.1 Background and Important Development of Standard Chartered PLC

Standard Chartered PLC is a leading international bank, listed on the London Stock Exchange, Hong Kong Stock Exchange as well as the Bombay and National Stock Exchanges in India. It has operated for over 150 years in

some of the world’s most dynamic markets and earns more than 90% of its income and profits in Asia, Africa and the Middle East. This geographical focus and commitment to develop deep relationships with clients and customers has driven Standard Chartered’s growth in recent years.

With over 1,000 branches, offices and outlets in 60 markets, Standard Chartered PLC offers exciting and challenging international career opportunities for more than 86,000 employees. It is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. Standard Chartered’s heritage and values are expressed in its brand promise ‘Here for good’.

5.2 Products and Services

Standard Chartered PLC delivers an extensive set of solutions, products and services adapted to the needs of its clients.



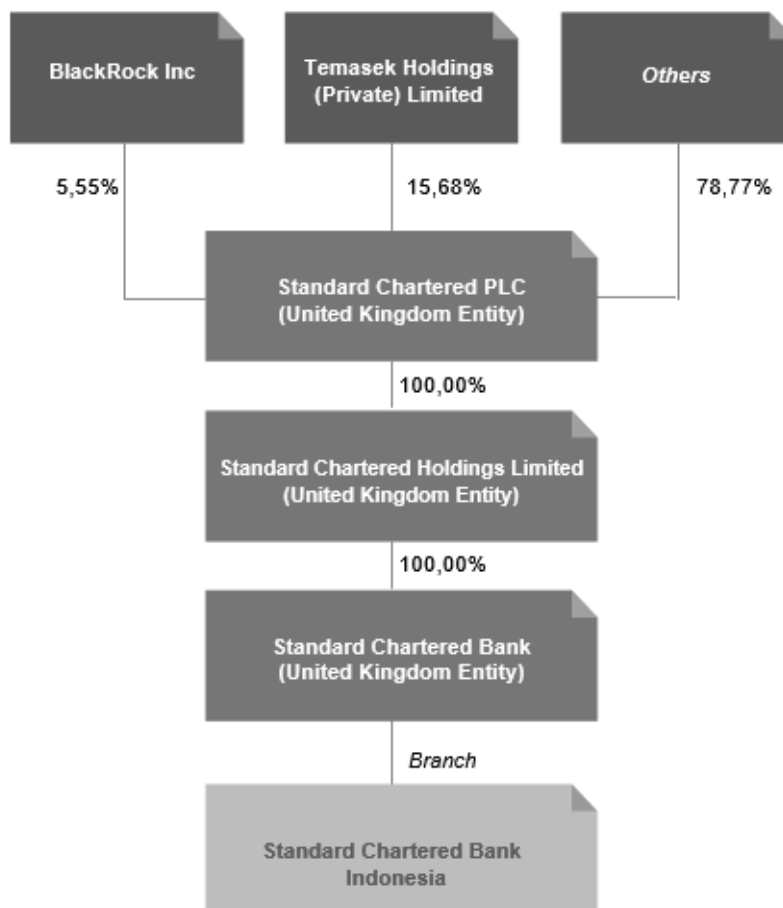
Products and Services	
Retail products	<ul style="list-style-type: none"> - Deposits - Savings - Mortgages - Credit cards - Personal loans
Wealth management	<ul style="list-style-type: none"> - Investments - Portfolio management - Insurance and advice - Planning services
Transaction banking	<ul style="list-style-type: none"> - Cash management - Payments and transaction - Securities services - Trade finance products

Products and Services	
Corporate finance	<ul style="list-style-type: none"> - Structured and project financing - Strategic advice - Mergers and acquisitions
Financial markets	<ul style="list-style-type: none"> - Investment - Risk management - Debt capital market

Source: Standard Chartered PLC's annual report 2018

5.3 Group Structure of Standard Chartered PLC

5.3.1 Shareholding Structure of Standard Chartered PLC



Source: Standard Chartered PLC's annual report as of 2018

5.4 Revenue Structure of Standard Chartered PLC

Lists (USD million)	Corporate & Institutional Banking			Retail Banking		
	2016	2017	2018	2016	2017	2018
Operating income	6,472	6,496	6,860	4,669	4,834	5,041
Operating expenses	(4,268)	(4,409)	(4,396)	(3,413)	(3,585)	(3,736)
Operating profit/loss before impairment losses and taxation	2,204	2,087	2,464	1,256	1,249	1,305
Credit impairment	(1,401)	(658)	(242)	(489)	(375)	(267)
Other impairment	(368)	(168)	(150)	(1)	(1)	(5)
Profit from associates and joint ventures	-	-	-	-	-	-
Underlying profit/(loss) before taxation	435	1,261	2,072	766	873	1,033
Provision for regulatory matters	-	-	(50)	-	-	-
Restructuring	(459)	(275)	(350)	(47)	(19)	(68)
Gains arising on repurchase of senior and subordinated liabilities	-	-	3	-	-	-
Net gains on businesses disposed/held for sale	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-
Statutory profit (loss) before taxation	(24)	986	1,675	719	854	965

Lists (USD million)	Commercial Banking			Private Banking		
	2016	2017	2018	2016	2017	2018
Operating income	1,295	1,333	1,391	495	500	516
Operating expenses	(929)	(881)	(923)	(463)	(500)	(530)
Operating profit/loss before impairment losses and taxation	366	452	468	33	-	(14)
Credit impairment	(491)	(167)	(244)	(1)	(1)	-
Other impairment	5	(3)	-	-	-	-
Profit from associates and joint ventures	-	-	-	-	-	-
Underlying profit/(loss) before taxation	(120)	282	224	32	(1)	(14)
Provision for regulatory matters	-	-	-	-	-	-

Lists (USD million)	Commercial Banking			Private Banking		
	2016	2017	2018	2016	2017	2018
Restructuring	(26)	(13)	(12)	(73)	(15)	(24)
Gains arising on repurchase of senior and subordinated liabilities	-	-	-	-	-	-
Net gains on businesses disposed/held for sale	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-
Statutory profit (loss) before taxation	(146)	269	212	(41)	(16)	(38)

Lists (USD million)	Central & other items			Total		
	2016	2017	2018	2016	2017	2018
Operating income	876	1,126	1,160	13,808	14,289	14,968
Operating expenses	(902)	(745)	(879)	(9,975)	(10,120)	(10,464)
Operating profit/loss before impairment losses and taxation	(26)	381	281	3,833	4,169	4,504
Credit impairment	-	1	13	(2,382)	(1,200)	(740)
Other impairment	(19)	3	7	(383)	(169)	(148)
Profit from associates and joint ventures	25	210	241	25	210	241
Underlying profit/(loss) before taxation	(20)	595	542	1,093	3,010	3,857
Provision for regulatory matters	-	-	(850)	-	-	(900)
Restructuring	(250)	(31)	(24)	(855)	(353)	(478)
Gains arising on repurchase of senior and subordinated liabilities	84	-	66	84	-	69
Net gains on businesses disposed/held for sale	253	78	-	253	78	-
Goodwill impairment	(166)	(320)	-	(166)	(320)	-
Statutory profit (loss) before taxation	(99)	322	(266)	409	2,145	2,548

Source: Standard Chartered PLC's annual reports and financial statements

6. Shareholders and the Board of Directors of Standard Chartered PLC

6.1 Shareholders

List of major shareholders as of 23 December 2019 are as follows:

No.	Shareholder Name	Total Ownership (million)	% Of shares
1	Temasek Holdings Pte. Ltd.	517,051,383.00	16.18%
2	BlackRock Institutional Trust Company, N.A.	183,640,172.00	5.75%
3	Dodge & Cox	136,968,171.00	4.29%
4	Norges Bank Investment Management (NBIM)	100,946,382.00	3.16%
5	Schroder Investment Management Ltd. (SIM)	92,313,612.00	2.89%
6	The Vanguard Group, Inc.	84,089,632.00	2.63%
7	Templeton Investment Counsel, L.L.C.	60,875,599.00	1.90%
8	Legal & General Investment Management Ltd.	53,502,014.00	1.67%
9	Aberdeen Standard Investments (Edinburgh)	45,083,332.00	1.41%
10	Franklin Mutual Advisers, LLC	42,844,344.00	1.34%
	Total		100.00%

Source: Reuters

6.2 Board of Directors

The Board of Directors as of 21 December 2019 is as follows:

Name	Position
Board of Directors	
1. José Viñals	Group Chairman
2. Bill Winters, CBE	Group Chief Executive
3. Andy Halford	Group Chief Financial Officer
4. Naguib Kheraj	Deputy Chairman
5. David Conner	Independent Non-Executive Director
6. Christine Hodgson	Senior Independent Director
7. Jasmine Whitbread	Independent Non-Executive Director
8. Gay Huey Evans, OBE	Independent Non-Executive Director
9. Dr Louis Cheung	Independent Non-Executive Director
10. Dr Byron Grote	Independent Non-Executive Director
11. Dr Ngozi Okonjo-Iweala	Independent Non-Executive Director
12. Carlson Tong	Independent Non-Executive Director
13. David Tang	Independent Non-Executive Director
14. Amanda Mellor	Group Company Secretary

Source: Standard Chartered PLC's website

7. Financial Position and Operation Results of Standard Chartered PLC

7.1 Statement of Financial Position

	2016		2017		2018		Q3/2019	
	USD million	%	USD million	%	USD million	%	USD million	%
Assets								
Cash and balances at central banks	70,706	10.93%	58,864	8.87%	57,511	8.35%	-	0.00%
Financial assets held at fair value through profit or loss	20,077	3.10%	27,564	4.15%	87,132	12.65%	-	0.00%
Derivative financial instruments	65,509	10.13%	47,031	7.09%	45,621	6.62%	-	0.00%
Loans and advances to banks	54,538	8.43%	78,188	11.78%	61,414	8.92%	60,743	8.27%
Loans and advances to customers	226,693	35.05%	282,288	42.55%	256,557	37.25%	269,703	36.70%
Reverse repurchase agreements and other similar secured lending	44,097	6.82%	-	0.00%	-	0.00%	-	0.00%
Investment securities	108,972	16.85%	117,025	17.64%	125,901	18.28%	-	0.00%
Other assets	36,940	5.71%	33,490	5.05%	35,401	5.14%	404,354 ^{1/}	55.03% ^{1/}
Current tax assets	474	0.07%	491	0.07%	492	0.07%	-	0.00%
Prepayments and accrued income	2,238	0.35%	2,307	0.35%	2,505	0.36%	-	0.00%
Interests in associates and joint ventures	1,929	0.30%	2,307	0.35%	2,307	0.33%	-	0.00%
Goodwill and intangible assets	4,719	0.73%	5,013	0.76%	5,056	0.73%	-	0.00%
Property, plant and equipment	7,252	1.12%	7,211	1.09%	6,490	0.94%	-	0.00%
Deferred tax assets	1,294	0.20%	1,177	0.18%	1,047	0.15%	-	0.00%
Assets classified as held for sale	1,254	0.19%	545	0.08%	1,328	0.19%	-	0.00%
Total assets	646,692	100.00%	663,501	100.00%	688,762	100.00%	734,800	100.00%
Liabilities								
Deposits by banks	32,872	5.08%	30,945	4.66%	29,715	4.31%	32,603	4.44%
Customer accounts	338,185	52.29%	370,509	55.84%	391,013	56.77%	387,857	52.78%
Repurchase agreements and other similar secured borrowing	37,692	5.83%	39,783	6.00%	1,401	0.20%	-	0.00%
Financial liabilities held at fair value through profit or loss	16,598	2.57%	16,633	2.51%	60,700	8.81%	-	0.00%
Derivative financial instruments	65,712	10.16%	48,101	7.25%	47,209	6.85%	-	0.00%
Debt securities in issue	46,700	7.22%	46,379	6.99%	46,454	6.74%	-	0.00%
Other liabilities	33,146	5.13%	35,257	5.31%	38,309	5.56%	263,644 ^{1/}	35.88% ^{1/}
Current tax liabilities	327	0.05%	376	0.06%	676	0.10%	-	0.00%
Accruals and deferred income	5,223	0.81%	5,493	0.83%	5,393	0.78%	-	0.00%
Subordinated liabilities and other borrowed funds	19,523	3.02%	17,176	2.59%	15,001	2.18%	-	0.00%
Deferred tax liabilities	353	0.05%	404	0.06%	563	0.08%	-	0.00%
Provisions for liabilities and charges	213	0.03%	183	0.03%	1,330	0.19%	-	0.00%
Retirement benefit obligations	525	0.08%	455	0.07%	399	0.06%	-	0.00%

	2016		2017		2018		Q3/2019	
	USD million	%	USD million	%	USD million	%	USD million	%
Liabilities included in disposal groups held for sale	965	0.15%	-	0.00%	247	0.04%	-	0.00%
Total liabilities	598,034	92.48%	611,694	92.19%	638,410	92.69%	684,104	93.10%
Equity								
Share capital and share premium account	7,091	1.10%	7,097	1.07%	7,111	1.03%	NA	NA
Other reserves	11,524	1.78%	12,767	1.92%	11,878	1.72%	NA	NA
Retained earnings	25,753	3.98%	26,641	4.02%	26,129	3.79%	NA	NA
Total parent company shareholders' equity	44,368	6.86%	46,505	7.01%	45,118	6.55%	NA	NA
Other equity instruments	3,969	0.61%	4,961	0.75%	4,961	0.72%	NA	NA
Total equity excluding non-controlling interests	48,337	7.47%	51,466	7.76%	50,079	7.27%	NA	NA
Non-controlling interests	321	0.05%	341	0.05%	273	0.04%	NA	NA
Total equity	48,658	7.52%	51,807	7.81%	50,352	7.31%	50,696	6.90%
Total liabilities and equity	646,692	100.00%	663,501	100.00%	688,762	100.00%	734,800	100.00%

Source: Standard Chartered PLC's Consolidated Financial Statements

Note: 1/ For Q3/2019, the classification basis was different from the numbers shown on an annual basis

7.2 Statement of Profit or Loss

	2016		2017		2018		9M Q3/2019	
	USD million	%	USD million	%	USD million	%	USD million	%
Income								
Interest income	13,010	166.92%	14,435	176.45%	17,264	196.34%	7,028	100.00%
Interest expense	(5,216)	-66.92%	(6,254)	-76.45%	(8,471)	-96.34%	-	0.00%
Net interest income	7,794	100.00%	8,181	100.00%	8,793	100.00%	7,028	100.00%
Fees and commission income	3,671	47.10%	3,942	48.18%	4,029	45.82%	-	0.00%
Fees and commission expense	(440)	-5.65%	(430)	-5.26%	(537)	-6.11%	-	0.00%
Net fees and commission income	3,231	41.45%	3,512	42.93%	3,492	39.71%	-	0.00%
Net trading income	1,886	24.20%	1,527	18.67%	1,683	19.14%	-	0.00%
Other operating income	1,149	14.74%	1,205	14.73%	821	9.34%	4,646 ^{1/}	66.11%
Operating income	14,060	180.40%	14,425	176.32%	14,789	168.19%	11,674	166.11%
Staff costs	(6,303)	-80.87%	(6,758)	-82.61%	(7,074)	-80.45%	NA	NA
Premises costs	(797)	-10.23%	(823)	-10.06%	(790)	-8.98%	NA	NA
General administrative expenses	(2,372)	-30.43%	(2,007)	-24.53%	(2,926)	-33.28%	NA	NA
Depreciation and amortisation	(739)	-9.48%	(829)	-10.13%	(857)	-9.75%	NA	NA
Operating expenses	(10,211)	-131.01%	(10,417)	-127.33%	(11,647)	-132.46%	(7,470)	-106.29%

	2016		2017		2018		9M Q3/2019	
	USD million	%	USD million	%	USD million	%	USD million	%
Operating profit before impairment losses and taxation	3,849	49.38%	4,008	48.99%	3,142	35.73%	4,204	59.82%
Credit impairment	(2,791)	-35.81%	(1,362)	-16.65%	(653)	-7.43%	-	0.00%
Other impairment								
Goodwill	(166)	-2.13%	(320)	-3.91%	-	0.00%	(533)	-7.58%
Other	(446)	-5.72%	(179)	-2.19%	(182)	-2.07%	(26)	-0.37%
Profit from associates and joint ventures	(37)	-0.47%	268	3.28%	241	2.74%	202	2.87%
Restructuring	-	0.00%	-	0.00%	-	0.00%	(137)	-1.95%
Other items	-	0.00%	-	0.00%	-	0.00%	(191)	-2.72%
Profit before taxation	409	5.25%	2,415	29.52%	2,548	28.98%	3,519	50.07%
Taxation	(600)	-7.70%	(1,147)	-14.02%	(1,439)	-16.37%	(1,251)	-17.80%
Profit for the year	(191)	-2.45%	1,268	15.50%	1,109	12.61%	2,268	32.27%

Source: Standard Chartered PLC's Consolidated Financial Statements

Remark: 1/ Other operating income for 9 months of 2019 includes net fees and commission income.

7.3 Cash Flow Statement

	2016	2017	2018
	USD million	USD million	USD million
Net cash flows from (used in) operating activities	8,433.00	(3,208.00)	25,292.00
Net cash flows from (used in) investing activities	3,812.00	(4,048.00)	(12,417.00)
Net cash flows from (used in) financing activities	(2,137.00)	(5,960.00)	(1,027.00)
Net increase (decrease) in cash and cash equivalents	10,108.00	(13,216.00)	11,848.00
Cash and cash equivalents at beginning of the year	88,428.00	96,977.00	87,231.00
Effect of Foreign Exchange Rate Fluctuation on Cash and cash equivalents	(1,559.00)	3,470.00	(1,579.00)
Cash and cash equivalents at end of the year	96,977.00	87,231.00	97,500.00

Source: Standard Chartered PLC's Consolidated Financial Statements

7.4 Financial Ratios

Financial Ratios		Financial Statement of the Company			
		2016	2017	2018	9M Q3/2019
Statutory return on ordinary shareholders' equity	(%)	(1.1%)	1.7%	1.4%	NA
Statutory return on ordinary shareholders' tangible equity	(%)	(1.2%)	2.0%	1.6%	7.5%
Underlying return on ordinary shareholders' equity	(%)	0.3%	3.5%	4.6%	NA
Underlying return on ordinary shareholders' tangible equity	(%)	0.3%	3.9%	5.1%	8.9%
Statutory cost to income ratio	(%)	72.6%	72.2%	78.8%	64.8%
Underlying cost to income ratio	(%)	72.2%	70.8%	69.9%	62.9%

Financial Ratios		Financial Statement of the Company			
		2016	2017	2018	9M Q3/2019
Net interest margin	(%)	1.50%	1.55%	1.58%	1.56%
Advances-to-deposits ratio	(%)	67.6%	67.0%	65.0%	65.6%
Liquidity coverage ratio	(%)	133%	146%	154%	133%
Capital ratios:					
(CET1)/ Tier 1 capital	(%)	13.6%	13.6%	14.2%	13.5%
Total capital	(%)	21.3%	21.0%	21.6%	20.4%

Source: Standard Chartered PLC's annual reports

8. Analysis of Operating Results and Financial Positions of Standard Chartered PLC

Balance Sheet and Liquidity

9 months of 2019 (Q3/2019)

The Group's balance sheet remains strong, liquid and well-diversified. Loans and advances to customers increased 2 per cent since 30 June 2019 to USD 270 billion driven in particular by Financial Markets and Corporate Finance. Customer accounts of USD 388 billion reduced 3 per cent since 30 June 2019 with an increase in operating account balances within Cash Management balances offset by a run-off in Corporate Term Deposits. As a result, the Group's advances-to-deposits ratio rose to 65.6 per cent from 63.7 per cent in the prior quarter. Other assets and other liabilities since 30 June 2019 were 4 per cent and 15 per cent higher respectively. The growth in other assets was driven by increased trading book assets and reverse repurchase agreements partly offset by a reduction of cash balances at central banks. The growth in other liabilities reflects increased trading book liabilities and repurchase agreements.

2018

The Group's balance sheet is strong, highly liquid and diversified. Loans and advances to customers were up 2 per cent to USD 257 billion with broad-based growth across a range of products. Customer accounts were up 6 per cent as the Group continued to focus on improving the quality and mix of its liabilities. The advances-to-deposits ratio decreased slightly to 65 per cent. As a result of classification and measurement of financial assets under IFRS 9, USD 45 billion of reverse repurchase agreement assets and USD 38 billion of repurchase agreement liabilities were on 1 January 2018 reclassified as financial I assets held at fair value through profit or loss.

2017

Net loans and advances to customers were up 12 per cent year-on-year with strong and broad-based growth across a range of products including in the fourth quarter. Customer deposits were up 9 per cent year-on-year as the Group continued to focus on improving the quality and mix of its liabilities. As a result, the Group's customer advances to customer deposits ratio increased to 69.4 per cent compared to 67.6 per cent as at 31 December 2016.

2016

As a result of actions taken in 2016 the Group's balance sheet is more resilient, more liquid and becoming increasingly diverse across multiple dimensions including industry, region and single names.

Standard Chartered PLC continues to be funded primarily by client deposits with a client advances-to-deposits ratio of 67.6 per cent. The Group's funding structure remains conservative with limited refinancing requirements over the next few years.

Around 70 per cent of the Group's financial assets are held at amortised cost and 61 per cent of total assets have a residual maturity of less than one year.

Statement of Profit or Loss and Comprehensive Income**9 months of 2019 (Q3/2019)**

Summary of financial performance	3Q'19		3Q'18		Chang		Constant Currency Change ¹		2Q'19		Chang		YTD'19		YTD'18		Chang		Constant Currency Change ¹	
	\$m	\$m	e %	e %	e %	%	\$m	e %	\$m	e %	\$m	\$m	e %	%	e %	%	e %	%		
Net interest Income	2,385	2,190	9				2,371	1	7,028	6,577	7									
Other income	1,593	1,534	4				1,512	5	4,646	4,796	(3)									
Operating income	3,978	3,724	7				3,883	2	11,674	11,373	3									
Operating expenses	(2,501)	(2,511)	-				(2,554)	2	(7,470)	(7,628)										
Operating profit before impairment and taxation	1,477	1,213	22				1,329	11	4,204	3,745	12									
Credit impairment	(279)	(115)	(143)				(176)	(59)	(533)	(408)	(31)									
Other impairment	(5)	(76)	93				(19)	74	(26)	(127)	80									
Profit from associates and joint ventures	45	47	(4)				91	(51)	202	215	(6)									
Underlying profit before taxation	1,238	1,069	16				1,225	1	3,847	3,425	12									
Restructuring	(123)	(7)	n.m. ²				(46)	(167)	(137)	(86)	(59)									
Other items	(10)	-	n.m. ²				(7)	(43)	(191)	69	n.m. ²									
Statutory profit before taxation	1,105	1,062	4				1,172	(6)	3,519	3,408	3									
Taxation	(333)	(310)	(7)				(494)	33	(1,251)	(1,063)	(18)									
Profit for the period	772	752	3				678	14	2,268	2,345	(3)									
Net interest margin (%) ³	1.56	1.56					1.62		1.58	1.58										
Underlying return on tangible equity (%)	8.9	7.3					7.3		8.6	7.5										
Underlying basic earnings per share (cents) ⁴	26.6	22.2					21.4		75.7	67.1										
Statutory return on tangible equity (%)	7.5	7.0					5.0		6.8	6.9										
Statutory basic earnings per share (cents) ⁴	22.5	21.4					14.6		60.5	62.0										

1 Comparisons presented on the basis of the current period's functional currency rate

2 Not meaningful

3 Statutory net interest income divided by average interest earning assets, annualized

4 Represents the underlying or statutory earnings divided by basic weighted average number of share

Source: Standard Chartered PLC's annual reports

Operating income

Operating income grew 7 per cent or 8 per cent on a constant currency basis.

Net interest income

Net interest income grew 9 per cent with increased contribution from trading book assets in Financial Markets and increased volumes and margins within Cash Management and Retail Deposits whilst Other income increased 4 per cent.

Operating expenses

Operating expenses were flat or up 1 per cent on a constant currency basis, with tight control of costs generating positive cost-to-income jaws of 7 per cent. The Group has clear strategic priorities and continues to invest behind them. As previously guided, excluding the UK bank levy, costs in the second half of 2019 are expected to be slightly higher than in the first half. That means that costs in the fourth quarter will be higher than in the third quarter due to investment phasing but full-year costs for 2019 are expected to grow below the rate of inflation.

Credit impairment

Credit impairment increased by USD 164 million to USD 279 million driven mainly by higher stage 3 credit impairment relating to a small number of unconnected single-name exposures within Corporate & Institutional Banking. Expected credit losses relating to stage 1 and 2 exposures of USD 54 million in the quarter were USD 89 million higher compared to a net release of USD 35 million in Q3/2018, and included USD 24 million related to the impact of changes to macroeconomic forecasts during the period. Credit impairment of USD 533 million year-to-date represents a loan-loss rate of 23 basis points, an increase of 2 basis points year-on-year.

Other impairment

Other impairment reduced by USD 71 million to USD 5 million following the Group's decision to discontinue its ship leasing business, with the related impairment now recorded as a restructuring charge and excluded from underlying results.

Profit from associates and joint ventures

Profit from associates and joint ventures was down 4 per cent with the exclusion from underlying performance of the Group's non-core share of PT Bank Permata Tbk's earnings offsetting an increase in profit from the Group's other associates and joint ventures.

Profit before tax

Profit before tax improved 16 per cent on both a reported and a constant currency basis. Charges relating to restructuring and other items totalled USD 133 million, an increase of USD 126 million. Including these items, statutory profit before tax improved 4 per cent.

Taxation

Taxation was USD 333 million on a statutory basis. The underlying effective tax rate was 27.1 per cent (Q3/2018: 27.2 per cent).

Return on tangible equity

Return on tangible equity improved by 160 basis points to 8.9 per cent reflecting the increase in underlying profit and the reduction in tangible equity following the completion of the USD 1 billion share buy-back programme.

Basic earnings per shares

Basic earnings per share (EPS) increased 4.4 cents to 26.6 cents and statutory EPS increased 1.1 cents to 22.5 cents.

2018

	31.12.18	31.12.17	Better / (worse)
	\$million	\$million	%
Net interest income	8,840	8,216	8
Other income	6,128	6,073	1
Operating income	14,968	14,289	5
Operating expenses excluding the UK bank levy	(10,140)	(9,900)	(2)
The UK bank levy	(324)	(220)	(47)
Operating expenses	(10,464)	(10,120)	(3)
Operating profit before impairment and taxation	4,504	4,169	8
Credit impairment	(740)	(1,200)	38
Other impairment	(148)	(169)	12
Profit from associates and joint ventures	241	210	15
Underlying profit before taxation	3,857	3,010	28
Provision for regulatory matters	(900)	-	nm
Restructuring and other items	(409)	(595)	31
Statutory profit before taxation	2,548	2,415	6
Taxation	(1,439)	(1,147)	(25)
Profit for the year	1,109	1,268	(13)
Net interest margin (%)	1.58	1.55	
Underlying return on equity (%)	4.6	3.5	
Underlying return on tangible equity (%)	5.1	3.9	
Statutory return on equity (%)	1.4	1.7	
Statutory return on tangible equity (%)	1.6	2.0	
Underlying earnings per share (cents)	61.4	47.2	
Earnings per share (cents)	18.7	23.5	
Dividend per share (cents)	21.0	11.0	
Common Equity Tier 1 (%)	14.2	13.6	

Source: Standard Chartered PLC's annual reports

Income

Operating income growth of 5 per cent was in line with the Group's medium-term target range with all client segments and all regions contributing positively, with the exception of the Africa & Middle East region that was impacted by challenging economic conditions generally and local currency devaluation.

Net interest income grew 8 per cent with sustained momentum in Cash Management and Deposits more than offsetting the impact of asset margin compression. Wealth Management income grew 3 per cent but weaker investor sentiment in the fourth quarter resulted in 14 per cent lower income compared to the same period in 2017.

Corporate & Institutional Banking income was 6 per cent higher after a resilient fourth quarter performance, including in Financial Markets. The focus on high quality operating accounts and the benefit of rising global interest rates resulted in a 22 per cent increase in income from Cash Management and Custody that more than offset the impact of asset margin compression in Corporate Finance and Trade Finance.

Retail Banking income was up 4 per cent driven by 8 per cent growth in Greater China & North Asia and 4 per cent growth in ASEAN & South Asia, that together offset lower income in Africa & Middle East. Although income was slightly lower in the fourth quarter the business continues to increase the proportion of income it generates from serving affluent and emerging affluent clients.

Commercial Banking income was up to 4 per cent. Income in Greater China & North Asia and ASEAN & South Asia grew 11 per cent and 4 per cent respectively. Together this offset 6 per cent lower income from Africa & Middle East.

Private Banking attracted USD 0.7 billion net new money and income was 3 per cent higher with growth across all products.

Income in Central & other items (segment) was 3 per cent higher as Treasury income benefited from rises in global interest rates.

Income from Greater China & North Asia increased 10 per cent with broad-based improvement across all markets and client segments, particularly in Hong Kong and China.

Income from ASEAN & South Asia was 4 per cent higher with growth in most markets, particularly in Singapore where income was up 9 per cent. Excluding one-off Treasury gains from the prior period, income in India was broadly stable.

Income from Africa & Middle East was 6 per cent lower and 3 per cent lower on a constant currency basis as macroeconomic conditions in the region remained challenging.

Europe & Americas income grew 4 per cent with 10 per cent higher income in the UK, where a greater proportion is derived from corporate clients, more than offsetting 1 per cent lower income in the US.

Expenses

Operating expenses excluding the UK bank levy were slightly lower half-on-half and up 2 per cent year-on-year, generating 3 per cent positive income-to-cost operating leverage (jaws). Increases were driven by new investments in people and technology as well as the amortisation of investments made in prior years. The Group will continue to maintain tight control of costs to enable cash investment at a similar elevated rate with a growing proportion into technology-enabled initiatives to deliver improvements in productivity. As a result, it is expected that expenses between 2019 and 2021 will continue to grow below the rate of inflation with a target to deliver significantly positive jaws.

Impairment

Credit impairment of USD 740 million was 38 per cent lower, driven by a significant reduction in impairment in Corporate & Institutional Banking that reflects the continued focus on high-quality new origination. This was partially offset by an increase in Commercial Banking, primarily due to a small number of exposures in the Middle East.

Other impairment of USD 148 million related primarily to transport leasing assets.

Profit from associates and joint ventures

Profit from associates and joint ventures of USD 241 million reflected a return to underlying profitability of the Group's joint venture in Indonesia.

Overall

As a result, profit before tax of USD 3.9 billion was 28 per cent higher and statutory profit before tax of USD 2.5 billion, which is stated after regulatory provisions, restructuring and other items, was 6 per cent higher.

Net interest margin

The Group's net interest margin is calculated on a statutory basis. Statutory net interest income grew 7 per cent to USD 8.8 billion and the Group's net interest margin increased 3 basis points to 1.58 per cent. Rises in global interest rates have benefited asset yields and interest-earning assets have grown faster than interest-bearing liabilities. Together this offset an increase in the rate paid on liabilities particularly in markets like India and China where the Group has a higher proportion of more rate-sensitive customer deposits.

As interest rates rose there was a greater propensity among some clients to switch to higher rate time deposits that, coupled with competitive pressures on asset yields, resulted in net interest income growing more slowly in the second half. This switching however was not evident in the fourth quarter.

The Group maintains a large proportion of less rate-sensitive current accounts and savings deposits that since 2017 have increased 139 basis points to 32 per cent of total average liabilities. The Group is executing a number of operational initiatives and planned legal entity changes to further improve the mix of liabilities and expects to continue to benefit from rises in global interest rates as monetary policy normalises, albeit at a reducing rate as the rate-hike cycle matures.

2017

	2017	2016	Better/(worse)
	\$million	\$million	%
Operating income	14,289	13,808	3
Other operating expenses	(8,599)	(8,465)	(2)
Regulatory costs	(1,301)	(1,127)	(15)
UK bank levy	(220)	(383)	43
Operating expenses	(10,120)	(9,975)	(1)
Operating profit before impairment losses and taxation	4,169	3,833	9
Impairment losses on loans and advances and other credit risk provisions	(1,200)	(2,382)	50
Other Impairment	(169)	(383)	56
Profit from associates and joint ventures	210	25	nm
Underlying profit before taxation	3,010	1,093	175
Restructuring	(353)	(855)	nm
Other Items	(242)	171	nm
Statutory profit before taxation	2,415	409	nm
Taxation	(1,147)	(600)	(91)
Profit/(loss) for the period	1,268	(191)	nm
Net interest margin (%)	1.6	1.5	
Underlying return on equity (%)	3.5	0.3	
Statutory return on equity (%)	1.7	(1.1)	
Underlying earnings per share (cents)	47.2	3.4	
Statutory earnings/(loss) per share (cents)	23.5	(14.5)	
Dividend per share (cents)	11	-	
Common Equity Tier 1 (%)	13.6	13.6	

Source: Standard Chartered PLC's annual reports

Underlying Income

Operating income of USD 14.3 billion was up 3 per cent year-on-year. Good momentum in Transaction Banking, Wealth Management and Deposits, particularly across Greater China & North Asia, together with higher Treasury income more than offset the impact of industry-wide lower volatility in Financial Markets.

Corporate & Institutional Banking income was flat year-on-year. Excluding losses incurred in 2016 in relation to Principal Finance, income was 3 per cent lower as the impact of low volatility in Financial Markets more than offset higher income from Transaction Banking.

Retail Banking income was 4 per cent higher year-on-year and 7 per cent higher excluding the impact of exiting Retail Banking in Thailand and the Philippines. The Group's focus on Priority clients resulted in a strong performance in Wealth Management and Deposits. This more than offset the impact of lower margins on unsecured lending to Personal clients.

Commercial Banking income was 3 per cent higher year-on-year with broad-based growth in Transaction Banking, Financial Markets and Corporate Finance offsetting lower income from Lending.

Private Banking income was 1 per cent higher year-on-year and 6 per cent higher excluding an insurance recovery booked in the first quarter of 2016. This followed good growth in income from investment products that now account for around 65 per cent of total assets under management.

Income from Central & other items (segment) was 29 per cent higher year-on-year benefiting from a lower interest expense than in 2016. Gains in the first half from active interest rate management and a third quarter dividend from a strategic investment were largely offset by a hedge accounting adjustment in the fourth quarter.

Income from Greater China & North Asia was up 8 per cent year-on-year following a strong performance in Hong Kong and further improvement in Korea.

ASEAN & South Asia income was 5 per cent lower year-on-year. Excluding the impact of Retail Banking business exits, income was 2 per cent lower with improved performances in Retail Banking and Commercial Banking offset by the impact of low volatility in Financial Markets, particularly in Singapore which is a major Financial Markets hub for the region.

Income from Africa & Middle East was broadly stable year-on-year and up 3 per cent on a constant currency basis.

Europe & Americas income was 4 per cent lower year-on-year. The region's status in the Group as a hub for Financial Markets activity meant it was particularly impacted by industry-wide lower volatility. The region is a significant contributor to the Group with around one-third of Corporate & Institutional Banking income originating with clients that are based there.

Underlying expenses

Other operating expenses of USD 8.6 billion were up 2 per cent year-on-year driven primarily by higher variable pay arising from the Group's improved business performance.

Regulatory costs of USD 1.3 billion were 15 per cent higher year-on-year, reflecting the implementation of a number of significant regulatory programmes. The UK bank levy of USD 220 million included a USD 105 million benefit in relation to changes to estimates made in previous years and as a result was USD 163 million lower year-on-year. The UK bank levy in 2018 is expected to be around USD 310 million. The Group had by the end of 2017 delivered over 85 per cent of its USD 2.9 billion three-year gross cost efficiency target set in November 2015. This is ahead of plan and has created capacity to fund investments and offset inflation.

Underlying impairment

Loan impairment of USD 1.2 billion was half the level seen in 2016 benefiting from past actions taken to improve the Group's risk profile. The year-on-year improvement was broad-based by client segment and region. Increases in loan impairment in the fourth quarter related to a small number of Commercial Banking clients the Group had been monitoring for some time and a one-off provision in Retail Banking following a change to regulation in Korea. Other impairment was lower year-on-year following the Group's decision to exit Principal Finance which in 2017 was reported within restructuring and is therefore excluded from the Group's underlying performance.

Profit from associates and joint ventures

Profit from associates and joint ventures of USD 210 million reflected an improved performance of the Group's joint venture in Indonesia and the continuing good performance of the Group's associate investment in China.

Profit before tax

As a consequence of the many actions taken since 2015 underlying profit before tax of USD 3.0 billion was 175 per cent higher year-on-year and 71 per cent higher excluding the impact of Principal Finance losses in 2016. Statutory profit before tax of USD 2.4 billion which is stated after restructuring and other items was USD 2.0 billion higher.

These actions have resulted in improved operating profit across most client segments including a significant increase in Corporate & Institutional Banking and good growth in Retail Banking, while Commercial Banking returned to profit. By region, improvement across Greater China & North Asia offset the impact of lower income from the Group's Financial Markets hubs located in ASEAN & South Asia and Europe & Americas. The prior year performance in Central & other item (region) was impacted by Principal Finance Losses.

2016**Underlying performance summary**

	2016	2015	Better/(worse)
	\$million	\$million	%
Operating income	13,808	15,439	(11)
Operating expenses	(9,975)	(10,478)	5
Operating profit before impairment losses and taxation	3,833	4,961	(23)
Impairment losses on loans and advances and other credit risk provisions	(2,382)	(4,008)	41
Other impairment	(383)	(311)	(23)
Profit from associates and joint ventures	25	192	(87)
Underlying profit before taxation ¹	1,093	834	31
Restructuring	(855)	(1,845)	54
Other items	171	(512)	nm ²
Statutory profit /(loss) before taxation	409	(1,523)	127
Taxation	(600)	(673)	11
Loss for the year	(191)	(2,196)	91
Underlying return on equity (%)	0.3	(0.4)	
Return on equity (%)	(1.1)	(5.3)	
Underlying earnings/(loss) per share (cents)	3.4	(6.6)	
(loss) / earnings per share (cent)	(14.5)	(91.9)	
Dividend per share (cents)	-	13.7	
Common Equity Tier 1 ratio and point basis (%)	13.6	12.6	

Source: Standard Chartered PLC's annual reports

Underlying income

Income of USD 13.8 billion was down 11 per cent year-on-year or 8 per cent on a constant currency basis. Factors negatively impacting income include US dollar strength against emerging market currencies and businesses that were sold or exited in 2015. Included in income is a USD 217 million loss in respect of the fair valuation of Principal Finance investments. The Group's Net Interest Margin declined 16 basis points year-on-year to 1.53 per cent, largely driven by actions taken to improve the Group's risk profile as well as changes in product mix.

Despite difficult market conditions quarterly trends remained stable through the year. This is a significant improvement on the sequential quarterly decline experienced through 2015 and reflects the good early progress made against strategic priorities.

Underlying expenses

Operating expenses excluding the UK bank levy were 4 per cent lower year-on-year or 2 per cent on a constant currency basis. Regulatory costs continue to be a significant part of overall costs given the number of continuing initiatives.

The Group delivered more than USD 1.2 billion of gross cost efficiencies in 2016 primarily through actions taken to reduce staff costs at the end of 2015. This created capacity for 50 per cent more investment year-on-year, which contributed to higher expenses in the second half. This investment was focused on

enhancing our regulatory and compliance infrastructure and upgrading or replacing technology platforms. This will over time improve our control environment and make us more efficient and better able to serve our clients.

Actions are underway to achieve at least a further USD 1.1 billion of gross cost efficiencies by the end of 2018 such that operating expenses excluding the UK bank levy in 2018 are lower than in 2015.

Underlying loan impairment

Loan impairment in 2015 included USD 1.6 billion related to exposures transferred to the liquidation portfolio that was incurred prior to transfer. Excluding this, loan impairment in our ongoing business of USD 2.4 billion was flat year-on-year and remains elevated relative to historic trends.

Within the ongoing business, Commercial Banking loan impairment was lower year-on-year across all regions although it remains elevated. Continued improvement in Retail Banking loan impairment was driven primarily by a better performance in Korea and Standard Chartered PLC's focus on affluent clients that resulted in an improved portfolio mix. Offsetting this were increases in Corporate & Institutional Banking loan impairment related to a small number of clients engaged in commodity-related sectors and parts of the diamond and jewellery industry.

Other impairment

Other impairment of USD 383 million included Principal Finance valuation impairment of USD 226 million, up 153 million year-on-year, related to changes in the trading outlook for companies invested in.

Profit from associates and joint ventures

Profit from associates and joint ventures of USD 25 million included a USD 153 million loss in relation to the Group's share of losses arising from credit issues recently reported by its Permata joint venture in Indonesia. In addition to the underlying loss, a further USD 62 million was taken as a restructuring charge, giving a total loss of USD 215 million relating to this joint venture.

Attachment 4

Business overview and performance of PT Astra International Tbk (“Astra”)

1. General Information

Name	:	PT Astra International Tbk
Location	:	Jl. Gaya Motor Raya No. 8 Sunter II, Jakarta 14330 Indonesia
Telephone	:	(62-21) 5084 3888
Fax	:	-
Business Overview	:	General trading, industry, mining, transportation, agriculture, construction, services and consultancy.
Registration No	:	-
Corporate Website	:	https://www.astra.co.id
Registered Capital	:	IDR 3,000,000,000,000 consisting of 60,000,000,000 shares with nominal value of IDR 50 per share
Paid-up Capital	:	IDR 2,024,177,657,000 consisting of 40,483,553,140 shares with nominal value of IDR 50 per share

2. Business Information

2.1 Background and Important Development

PT Astra International Tbk (“Astra”) was established in 1957 in Jakarta as a general trading company under the name Astra International Inc. Along with its business growth and its expansion plans at that time, Astra conducted an Initial Public Offering on the Indonesia Stock Exchange under the ticker code ASII in 1990, and changed its name to PT Astra International Tbk. Market capitalization of Astra as at the end of 2018 was IDR 333.0 trillion.

By 2018, Astra Group had expanded its business by implementing a business model based on synergies and diversification within seven business segments, consisting of: (1) Automotive, (2) Financial Services, (3) Heavy Equipment, Mining, Construction and Energy, (4) Agribusiness, 5) Infrastructure and Logistics, 6) Information Technology and 7) Property.

With a diversified business, Astra Group has touched various aspects of the nation’s life through its products and services. In everyday life, the people of Indonesia use motorcycles and cars, toll roads, printers, as well as financial services, banking and insurance from Astra Group. Business owners partnering with Astra Group use a variety of the commercial vehicles, heavy equipment, logistics services, information technology systems and mining services from

Astra Group. Many products, including palm oil, coal and motor vehicles are continually exported, thus allowing Astra Group to help generate foreign exchange revenues for the country.

By the end of 2018, Astra Group's business operations across Indonesia were being operated through 227 subsidiaries, joint ventures and associates, and supported by 226,140 employees. As one of the nation's largest business groups today, Astra Group has built a strong reputation through diverse and quality products and services offerings, along with good corporate governance and environmental governance standards.

Astra Group continually aspires to become a corporate citizen that is regarded as a Pride of the Nation; one who is actively involved in the national efforts to improve the welfare of the Indonesian people. To this end, Astra Group performs business activities through a balanced combination of commercial interests and non-business contributions through ongoing social responsibility programs focused on four basic areas: health, education, environment, small and medium enterprises (SME) development.

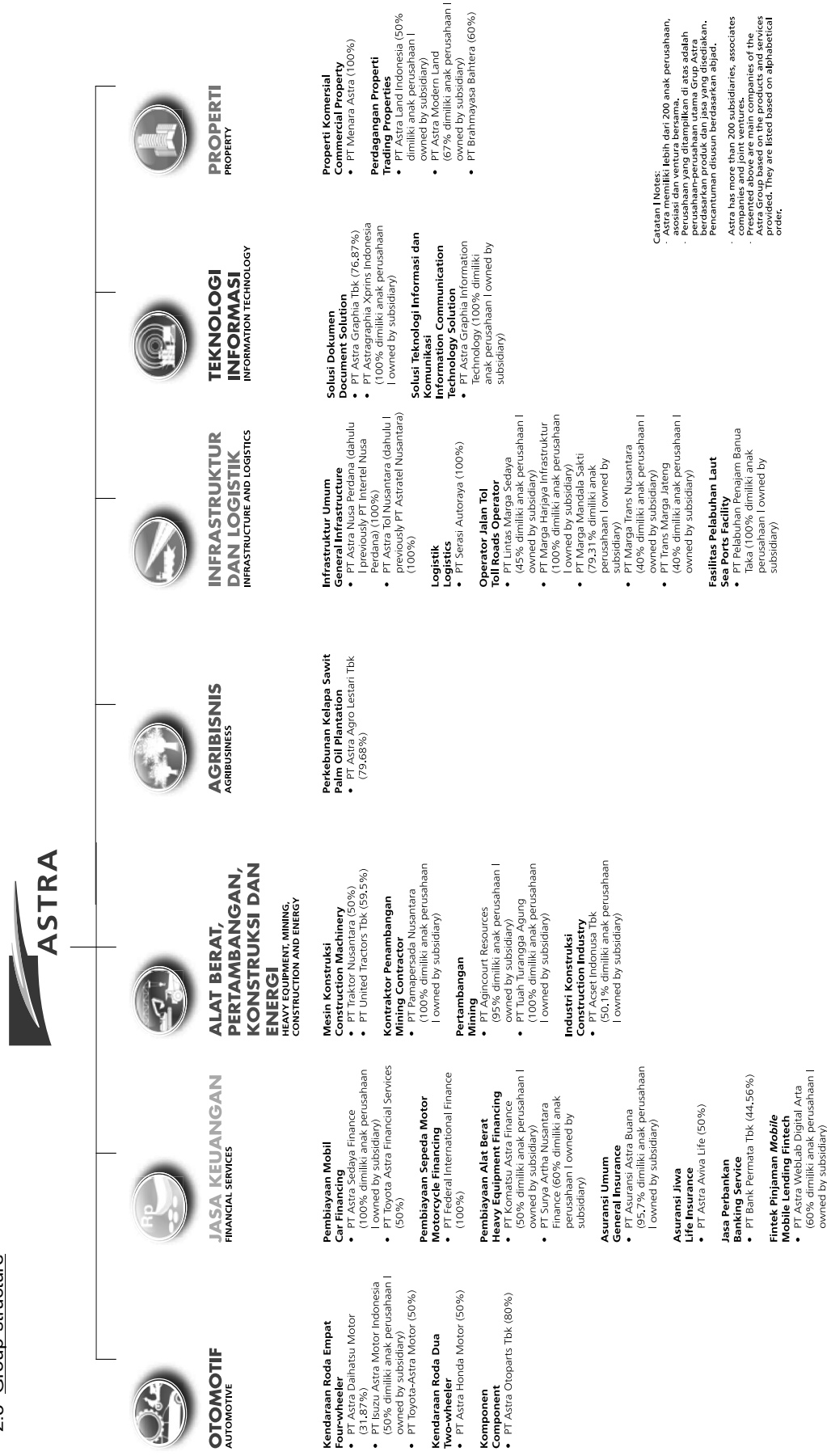
2.2 Products and Services

Products and Services	
Automotive	Four-wheeler: • Toyota • Daihatsu • Isuzu • UD Trucks • Peugeot • BMW Two-wheeler: • Honda Components: • PT Astra Otoparts Tbk Other Automotive Related Products & Services: • AstraWorld
Financial services	Car Financing: • PT Astra Sedaya Finance • PT Toyota Astra Financial Services Motorcycle Financing: • PT Federal International Finance Heavy Equipment Financing: • PT Surya Artha Nusantara Finance • PT Komatsu Astra Finance General Insurance: • PT Asuransi Astra Buana Life Insurance: • PT Astra Aviva Life Banking Services: • PT Bank Permata Tbk Mobile Lending Fintech: • PT Astra WeLab Digital Arta
Heavy equipment, mining, construction and energy	Construction Machinery: • PT United Tractors Tbk • PT Traktor Nusantara Mining Contracting: • PT Pamapersada Nusantara Mining: • PT Tuah Turangga Agung • PT Agincourt Resources Construction Industry: • PT Acset Indonusa Tbk Energy: • PT Bhumi Jati Power
Agribusiness	Palm Oil Plantation: • PT Astra Agro Lestari Tbk Palm Oil Processing Factory: • PT Tanjung Sarana Lestari • PT Kreasijaya Adhikarya • PT Tanjung Bina Lestari Commodity Trading: • Astra-KLK Pte. Ltd. Cattle in Palm Oil Plantation: • PT Agro Menara Rachmat
Infrastructure and logistics	General Infrastructure: • PT Astra Tol Nusantara • PT Astra Nusa Perdana

Products and Services	
	Logistics: • PT Serasi Autoraya Toll Road: • PT Marga Mandalasakti • PT Marga Trans Nusantara • PT Marga Harjaya Infrastruktur • PT Trans Marga Jateng • PT Trans Bumi Serbaraja • PT Lintas Marga Sedaya Sea Ports: • PT Pelabuhan Penajam Banua Taka
Information Technology	Document Solution: • PT Astra Graphia Tbk Office Services Solution: • PT Astragraphia Xprins Indonesia Information and Communication Technology Solution: • PT Astra Graphia Information Technology
Property	Commercial Properties: • PT Menara Astra Trading Properties: • PT Brahmayasa Bahtera • PT Samadista Karya • PT Astra Land Indonesia • PT Astra Modern Land

Source: Astra' s annual report 2018

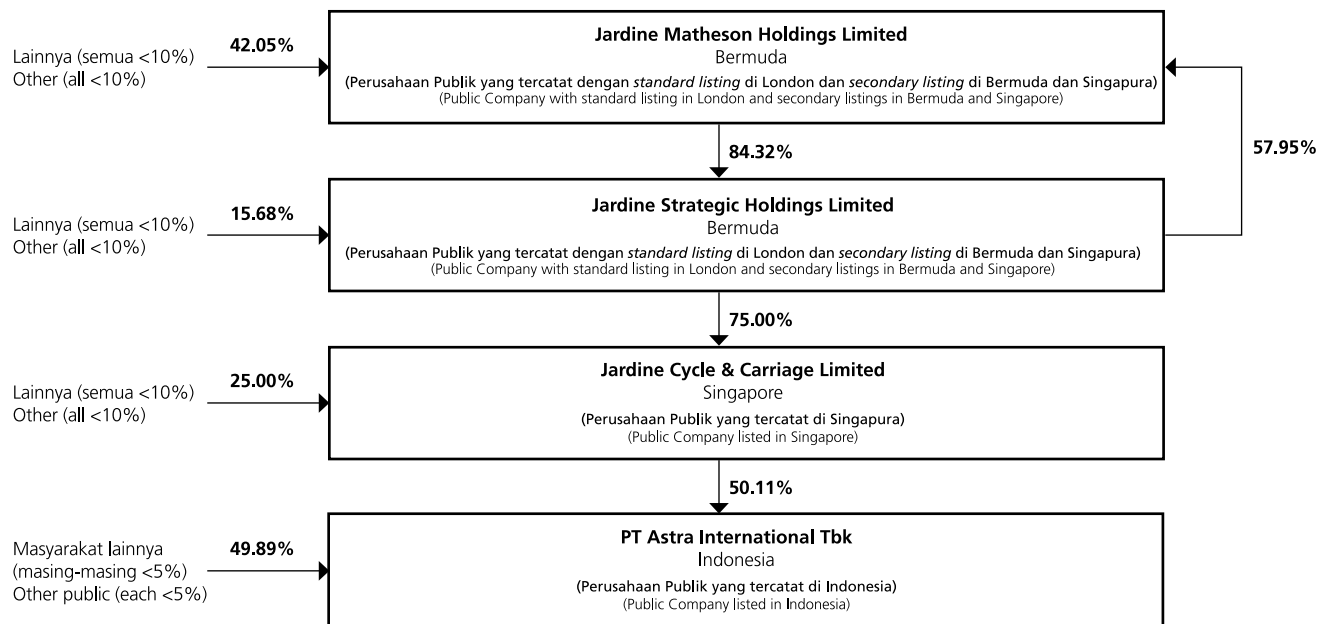
2.3 Group structure



Source: Astra's annual report 2018

2.3.1 Shareholding Structure

As of 31 December 2018.



Source: Astra' s annual report 2018

2.4 Revenue Structure

Net Revenue (IDR billion)	For the years ended			
	2016	2017	2018	Q3/2019
Automotive	94,440	95,210	105,976	76,129
Financial services	17,762	18,641	19,286	15,934
Heavy equipment, mining, construction and energy	45,112	64,429	84,490	65,506
Agribusiness	14,121	17,306	19,084	12,393
Infrastructure and logistics	7,189	6,841	6,572	7,082
Information technology	2,451	3,610	3,652	
Property	9	20	145	
Net revenue	181,084	206,057	239,205	177,044
Automotive	9,166	8,868	8,518	6,060
Financial services	789	3,752	4,815	4,306
Heavy equipment, mining, construction and energy	3,032	4,469	6,630	5,140
Agribusiness	1,599	1,568	1,146	89
Infrastructure and logistics	263	(231)	196	155
Information technology	196	198	208	77
Property	111	223	160	41
Attributable net income to Astra International	15,156	18,847	21,673	15,868

Source: Astra' s annual report and financial statements 2018 and 2017

3. Shareholders and the Board of Directors

3.1 Shareholders

List of major shareholders as of 23 December 2019 are as follows:

No.	Shareholder Name	Total Ownership	% Of shares
1.	Jardine Cycle & Carriage Ltd	20,288,255,040	50.11
2.	Budi Setiadharna	8,440,000	0.02
3.	Anthony John Liddell Nightingale	6,100,000	0.02
4.	Prijono Sugiarto	3,715,000	0.01
5.	Gidion Hasan	1,275,000	0.00
6.	Suparno Djasmin	581,900	0.00
7.	Other Public (each less than 5%)	20,175,186,200	49.84
	Total	40,483,553,140	100.00

Source: Astra's website

3.2 Board of Commissioners and Board of Directors

The Board of Commissioners and the Board of Directors as of 23 December 2019 are as follows:

Name	Position
Board of Commissioners	
1. Budi Setiadharna	President Commissioner
2. M. Chatib Basri	Independent Commissioner
3. Sri Indrastuti Hadiputranto	Independent Commissioner
4. Akihiro Murakami	Independent Commissioner
5. Anthony John Liddell Nightingale	Commissioner
6. Benjamin William Keswick	Commissioner
7. Mark Spencer Greenberg	Commissioner
8. David Alexander Newbigging	Commissioner
9. John Raymond Witi	Commissioner
10. Stephen Gore	Commissioner
Board of Directors	
1. Prijono Sugiarto	President Director
2. Djony Bunarto Tjondro	Vice President Director
3. Johannes Loman	Director
4. Suparno Djasmin	Director
5. Bambang Widjanarko Santoso	Director
6. Chiew Sin Cheok	Director
7. Gidion Hasan	Director
8. Henry Tanoto	Director
9. Santosa	Director
10. Gita Tiffani Boer	Director
11. Fxl Kesuma	Director

Source: Astra's website

4. Financial Position and Operation Results

4.1 Statement of Financial Position

	2016		2017		2018		Q3/2019	
	IDR billion	%	IDR billion	%	IDR billion	%	IDR billion	%
Assets								
Current Assets								
Cash and cash equivalents	29,357	11.21%	31,574	10.67%	25,193	7.31%	25,752	7.19%
Other investments	899	0.34%	305	0.10%	591	0.17%	457	0.13%
Trade receivables, net - Related parties	1,537	0.59%	1,566	0.53%	1,565	0.45%	1,552	0.43%
Trade receivables, net - Third parties	17,409	6.65%	23,785	8.04%	29,655	8.60%	31,026	8.66%
Financing receivables, net	33,216	12.68%	31,882	10.78%	33,842	9.82%	35,650	9.95%
Other receivables, net - Related parties	223	0.09%	388	0.13%	536	0.16%	601	0.17%
Other receivables, net - Third parties	3,741	1.43%	3,851	1.30%	4,386	1.27%	3,830	1.07%
Inventories	17,771	6.79%	19,504	6.59%	26,505	7.69%	26,242	7.33%
Prepaid taxes	4,443	1.70%	5,720	1.93%	8,576	2.49%	9,524	2.66%
Other current assets	1,807	0.69%	2,953	1.00%	2,760	0.80%	3,107	0.87%
Total current assets	110,403	42.16%	121,528	41.08%	133,609	38.76%	137,741	38.46%
Non-current assets								
Trade receivables - third party	480	0.18%	69	0.02%	6	0.00%	1	0.00%
Financing receivables, net	31,423	12.00%	31,370	10.60%	32,065	9.30%	33,513	9.36%
Other receivables - Related parties	489	0.19%	915	0.31%	1,260	0.37%	1,706	0.48%
Other receivables - Third parties	973	0.37%	872	0.29%	2,930	0.85%	1,399	0.39%
Inventories	-	0.00%	3,144	1.06%	4,117	1.19%	3,583	1.00%
Investments in joint ventures	26,988	10.31%	27,929	9.44%	28,194	8.18%	30,211	8.44%
Investments in associates	6,999	2.67%	11,331	3.83%	12,164	3.53%	14,283	3.99%
Other investments	6,372	2.43%	8,613	2.91%	10,772	3.12%	13,064	3.65%
Deferred tax assets	3,980	1.52%	4,200	1.42%	4,209	1.22%	4,999	1.40%
Investment properties	6,183	2.36%	8,381	2.83%	8,504	2.47%	7,349	2.05%
Bearer plants, net	6,675	2.55%	6,747	2.28%	7,049	2.04%	7,096	1.98%
Fixed assets, net	43,237	16.51%	48,402	16.36%	57,733	16.75%	62,068	17.33%
Mining properties, net	4,613	1.76%	5,877	1.99%	15,889	4.61%	14,440	4.03%
Concession rights, net	5,987	2.29%	7,081	2.39%	7,383	2.14%	8,267	2.31%
Goodwill	1,974	0.75%	1,956	0.66%	4,411	1.28%	4,385	1.22%
Other intangible assets	2,072	0.79%	2,569	0.87%	9,186	2.66%	9,570	2.67%
Other non-current assets	3,007	1.15%	4,846	1.64%	5,230	1.52%	4,448	1.24%
Total non-current assets	151,452	57.84%	174,302	58.92%	211,102	61.24%	220,382	61.54%
Total assets	261,855	100.00%	295,830	100.00%	344,711	100.00%	358,123	100.00%
Liabilities								
Current liabilities								
Short-term borrowings	18,764	7.17%	16,321	5.52%	19,588	5.68%	11,879	3.32%
Trade payables - Related parties	3,666	1.40%	3,708	1.25%	4,239	1.23%	5,403	1.51%

	2016		2017		2018		Q3/2019	
	IDR billion	%	IDR billion	%	IDR billion	%	IDR billion	%
Trade payables - Third parties	18,823	7.19%	25,760	8.71%	38,024	11.03%	32,203	8.99%
Other liabilities - Related parties	557	0.21%	308	0.10%	153	0.04%	1,417	0.40%
Other liabilities - Third parties	7,039	2.69%	9,505	3.21%	7,914	2.30%	10,158	2.84%
Taxes payable	1,851	0.71%	2,462	0.83%	4,426	1.28%	2,124	0.59%
Accruals	6,174	2.36%	8,337	2.82%	10,492	3.04%	15,533	4.34%
Provisions	293	0.11%	189	0.06%	158	0.05%	158	0.04%
Employee benefit obligations	420	0.16%	404	0.14%	481	0.14%	481	0.13%
Unearned income	4,436	1.69%	4,465	1.51%	5,051	1.47%	5,121	1.43%
Current portion of long-term debt - Bank loans and other loans	15,104	5.77%	13,265	4.48%	15,591	4.52%	17,071	4.77%
Current portion of long-term debt - Debt securities in issue	11,264	4.30%	13,952	4.72%	10,235	2.97%	7,648	2.14%
Current portion of long-term debt - Obligations under finance leases	688	0.26%	46	0.02%	115	0.03%	157	0.04%
Total current liabilities	89,079	34.02%	98,722	33.37%	116,467	33.79%	109,353	30.54%
Non-current liabilities								
Other liabilities - Third parties	232	0.09%	292	0.10%	400	0.12%	710	0.20%
Deferred tax liabilities	1,641	0.63%	2,003	0.68%	5,231	1.52%	4,988	1.39%
Provisions	207	0.08%	214	0.07%	711	0.21%	729	0.20%
Employee benefit obligations	3,827	1.46%	4,677	1.58%	4,864	1.41%	5,324	1.49%
Unearned income	1,873	0.72%	2,023	0.68%	2,290	0.66%	2,295	0.64%
Long-term debt - Bank loans and other loans	10,195	3.89%	18,589	6.28%	26,272	7.62%	39,585	11.05%
Long-term debt - Debt securities in issue	14,836	5.67%	12,791	4.32%	13,777	4.00%	13,840	3.86%
Long-term debt - Obligations under finance leases	59	0.02%	14	0.00%	336	0.10%	469	0.13%
Total non-current liabilities	32,870	12.55%	40,603	13.73%	53,881	15.63%	67,940	18.97%
Total liabilities	121,949	46.57%	139,325	47.10%	170,348	49.42%	177,293	49.51%
Equity								
Issued and fully paid-up	2,024	0.77%	2,024	0.68%	2,024	0.59%	2,024	0.57%
Additional paid-in capital - net	1,139	0.43%	1,139	0.39%	1,139	0.33%	1,139	0.32%
Retained earnings								
Appropriated	425	0.16%	425	0.14%	425	0.12%	425	0.12%
Unappropriated	101,217	38.65%	113,138	38.24%	127,307	36.93%	134,622	37.59%
Other reserves	7,146	2.73%	7,054	2.38%	6,052	1.76%	4,675	1.31%
Equity attributable to owners of the parent	111,951	42.75%	123,780	41.84%	136,947	39.73%	142,885	39.90%
Non-controlling interests	27,955	10.68%	32,725	11.06%	37,416	10.85%	37,945	10.60%
Total equity	139,906	53.43%	156,505	52.90%	174,363	50.58%	180,830	50.49%
Total liabilities and equity	261,855	100.00%	295,830	100.00%	344,711	100.00%	358,123	100.00%

Source: Astra's Consolidated Financial Statements

4.2 Statement of Profit or Loss and Comprehensive Income

	2016		2017		2018		9M Q3/2019	
	IDR billion	%	IDR billion	%	IDR billion	%	IDR billion	%
Net revenue	181,084	100.00%	206,057	100.00%	239,205	100.00%	177,044	100.00%
Cost of revenue	(144,652)	-79.88%	(163,689)	-79.44%	(188,436)	-78.78%	(139,671)	-78.89%
Gross profit	36,432	20.12%	42,368	20.56%	50,769	21.22%	37,373	21.11%
Selling expenses	(7,855)	-4.34%	(10,222)	-4.96%	(10,090)	-4.22%	(7,219)	-4.08%
General and administrative expenses	(11,043)	-6.10%	(11,820)	-5.74%	(13,811)	-5.77%	(10,590)	-5.98%
Interest income	1,699	0.94%	1,982	0.96%	1,859	0.78%	1,419	0.80%
Finance costs	(1,745)	-0.96%	(2,042)	-0.99%	(3,105)	-1.30%	(3,295)	-1.86%
Foreign exchange losses, net	(155)	-0.09%	(9)	0.00%	(87)	-0.04%	(87)	-0.05%
Other income	3,165	1.75%	3,105	1.51%	3,631	1.52%	2,759	1.56%
Other expenses	(1,594)	-0.88%	(919)	-0.45%	(1,207)	-0.50%	(563)	-0.32%
Impairment losses related to mining properties	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Share of results of joint ventures	2,114	1.17%	5,440	2.64%	5,123	2.14%	4,150	2.34%
Share of results of associates	1,235	0.68%	1,254	0.61%	1,913	0.80%	1,044	0.59%
Profit before income tax	22,253	12.29%	29,137	14.14%	34,995	14.63%	24,991	14.12%
Income tax expense	(3,951)	-2.18%	(6,016)	-2.92%	(7,623)	-3.19%	(5,363)	-3.03%
Profit for the year	18,302	10.11%	23,121	11.22%	27,372	11.44%	19,628	11.09%

Source: Astra's Consolidated Financial Statements

4.3 Cash flow statement

	2016	2017	2018	9M Q3/2019
	IDR billion	IDR billion	IDR billion	IDR billion
Net cash flows from (used in) operating activities	19,407.00	23,285.00	27,692.00	17,615.00
Net cash flows from (used in) investing activities	(10,798.00)	(14,941.00)	(29,731.00)	(12,321.00)
Net cash flows from (used in) financing activities	(5,888.00)	(6,184.00)	(4,873.00)	(4,479.00)
Net increase (decrease) in cash and cash equivalents	2,721.00	2,160.00	(6,912.00)	815.00
Cash and cash equivalents at beginning of the year	27,072.00	29,356.00	31,574.00	24,941.00
Effect of Foreign Exchange Rate Fluctuation on Cash and cash equivalents	(437.00)	58.00	279.00	(15.00)
Cash and cash equivalents at end of the year	29,356.00	31,574.00	24,941.00	25,741.00

Source: Astra's Consolidated Financial Statements

4.4 Financial Ratios

Financial Ratios		Financial Statement of the Company		
		2016	2017	2018
Net Working Capital	IDR billion	14,708	18,600	19,585
Return on Assets	(%)	7%	8%	8%
Return on Equity	(%)	13%	15%	16%
Gross Profit Margin	(%)	20%	21%	21%
Net Income Margin	(%)	10%	11%	11%

Financial Ratios		Financial Statement of the Company		
		2016	2017	2018
Current Ratio	times	1.2	1.2	1.1
Liabilities to Total Assets Ratio	times	0.5	0.5	0.5
Liabilities to Total Equity Ratio	times	0.9	0.9	1.0
Issued Shares	million	40,484	40,484	40,484
Earnings per Share	IDR	374	466	535
Net Asset Value per Share	IDR	2,765	3,058	3,383
Interim Dividend per Share	IDR	55	55	60
Final Dividend per Share	IDR	113	130	154
Net Debt/(Net Cash) to Equity Ratio	(%)	-4.4%	-1.7%	7.5%

Source: Astra's annual report 2018 and 2017

5. Analysis of Operating Results and Financial Positions

9 months of 2019 (Q3/2019)

Astra Group's net earnings were 7% lower during the first nine months of 2019, compared with the same period last year, mainly due to lower contributions from its automotive and agribusiness divisions, which more than offset a higher contribution from its financial services division.

Astra Group's consolidated net revenue for the period increased by 1% to IDR 177.0 trillion, mainly due to higher revenue from its heavy equipment, mining, construction and energy, financial services, and infrastructure and logistics divisions, which more than offset declines in the automotive and agribusiness divisions.

Astra Group's net income was IDR 15.9 trillion, 7% lower than the same period in 2018. The net asset value per share at 30 September 2019 was IDR 3,529, 4% higher than at the end of 2018.

Net debt, excluding Astra Group's financial services subsidiaries, was IDR 17.7 trillion at 30 September 2019, compared with IDR 13.0 trillion at the end of 2018, mainly due to Astra Group's new toll road and Gojek investments, as well as capital expenditure in its mining contracting operation. Astra Group's financial services subsidiaries had net debt of IDR 47.1 trillion at 30 September 2019, compared with IDR 47.7 trillion at the end of 2018.

Automotive Net income from Astra Group's automotive division fell by 14% to IDR 6.1 trillion, mainly due to lower car sales volumes, increased manufacturing costs, and the effect of foreign exchange translation. Highlights were as follows:

- Astra's car sales were 7% lower at 396,000 units. The overall wholesale market declined by 12% to 754,000 units (source: Gaikindo). Astra's market share increased from 50% to 53%. 14 new models and 7 revamped models were launched during the period.

- The wholesale market for motorcycles increased by 4% to 4.9 million units. Astra Honda Motor's sales increased by 5% to 3.7 million units, with its market share slightly up at 75% (source: Ministry of Industry). 6 new models and 19 revamped models were launched during the period.
- Astra Group's 80%-owned components business, Astra Otoparts, reported a 24% increase in net income at IDR 512 billion, mainly due to higher revenue from the replacement market and lower production costs.

Financial Services Net income from Astra Group's financial services division increased by 25% to IDR 4.3 trillion, mainly due to a larger loan portfolio and an improvement in non-performing loans. Highlights were as follows:

- Astra Group's consumer finance businesses saw a 7% increase in the amount financed to IDR 64.2 trillion. The net income contribution from the Group's car-focused finance companies increased by 31% to IDR 1.1 trillion, mainly due to lower nonperforming loan losses. The net income contribution from the Group's motorcycle focused business, Federal International Finance, increased by 8% to IDR 1.9 trillion, mainly due to a larger loan portfolio.
- Astra Group's heavy equipment-focused finance operations saw a 17% decrease in the amounts financed to IDR 3.1 trillion. The net income contribution from this segment grew 27% to IDR 76 billion, with lower loan provisions.
- 44.6%-owned Permata Bank reported a 121% increase in net income to IDR 1.1 trillion, due to improved revenue and lower loan impairment levels, attributable to improved loan quality and recoveries from non-performing loans. The bank's gross and net non-performing loan ratios improved to 3.3% and 1.2%, respectively, compared to 4.4% and 1.7% at the end of 2018.
- General insurance company, Asuransi Astra Buana, reported a 6% growth in net income at IDR 809 billion, due to increased investment income.
- Astra Group's life insurance joint venture, Astra Aviva Life, acquired more than 723,000 new individual life customers and 140,000 new participants for its corporate employee benefits programs.

Heavy Equipment, Mining, Construction and Energy Net income from the Group's heavy equipment, mining, construction and energy division decreased by 5% to IDR 5.1 trillion, principally due to foreign exchange translation, where a significant gain was recorded in the prior year. Excluding foreign exchange translation, net income would have been slightly higher, mainly due to the contribution from the new gold mining operation and improved mining contracting volume, partly offset by lower heavy equipment sales, which were impacted by lower coal prices, and lower earnings from the general contracting business. Highlights were as follows:

- 59.5%-owned United Tractors reported a 5% decrease in net income to IDR 8.6 trillion.
- Komatsu heavy equipment sales fell 30% to 2,568 units, while parts and service revenues were stable.

- Mining contractor Pamapersada Nusantara recorded a 5% higher overburden removal volume at 750 million bank cubic meters, and a 7% higher coal production at 96 million tonnes.
- United Tractors' coal mining subsidiaries achieved 11% higher coal sales at 6.4 million tonnes, including 0.8 million tonnes of coking coal, but were affected by lower coal prices.
- Agincourt Resources, 95%-owned by United Tractors, achieved gold sales of 306,000 oz.
- General contractor Acset Indonusa, 50.1%-owned by United Tractors, reported a net loss of IDR 752 billion, compared to a net income of IDR 91 billion in the first nine months of 2018, mainly due to increased project and funding costs for several ongoing contracts.

Agribusiness Net income from the Group's agribusiness division was down 90% at IDR 89 billion.

Highlights were as follows:

- 79.7%-owned Astra Agro Lestari reported a 90% decline in net income to IDR 111 billion, primarily due to a fall in crude palm oil prices. Average crude palm oil prices fell 16% to IDR 6,449/kg. Crude palm oil and derivatives sales increased by 10% to 1.7 million tonnes.

Infrastructure and Logistics Net income from Astra Group's infrastructure and logistics division increased by 38% to IDR 155 billion, mainly due to improved revenue from its operational toll roads. Highlights were as follows:

- Astra Group has interests in 339km of operational toll roads along the Trans-Java network and a further 11km currently under construction in the Jakarta Outer Ring Road.
- Toll revenue increased due to a 22% higher traffic volume in Astra Group's operational concessions, following the completion of the Trans-Java network in December 2018.
- Serasi Autoraya's net income decreased by 23% to IDR 147 billion, due to a reduction in vehicles under lease and lower used car sales.

Information Technology Net income from Astra Group's information technology division was 28% lower at IDR 77 billion.

76.9%-owned Astra Graphia reported a 28% lower net income at IDR 100 billion, due to lower operating profit margins, despite increased revenue from its document solution and office service solution businesses.

Property Net income from Astra Group's property division was 38% lower at IDR 41 billion, mainly due to reduced development earnings recognised from Anandamaya Residences, as a result of the completion of construction in 2018.

Astra Group's other projects include interests in Arumaya in South Jakarta, Asya in East Jakarta (both of which are residential projects) and a 3-hectare residential and commercial development in Jakarta's Central Business District.

While Astra Group's full year result is expected to continue to benefit from an improved performance from financial services and the contribution from the newly acquired gold mine, concerns remain over relatively weak domestic consumption and low commodity prices.

2018

Statement of Financial Position

Total Assets

Current Assets

In 2018, current assets increased 10% from IDR 121.5 trillion in 2017 to IDR 133.6 trillion. The increase was mainly due to an increase in Inventories by 36% to IDR 26.5 trillion and an increase in trade receivables by 23% to IDR 31.2 trillion.

Non-Current Assets

In 2018, non-current assets increased 21% from IDR 174.3 trillion in 2017 to IDR 211.1 trillion. The increase was mainly due to an increase in mining properties by 170% to IDR 15.9 trillion, fixed assets by 19% to IDR 57.7 trillion, as well as goodwill and other intangible assets by 200% to IDR 13.6 trillion in 2018, primarily related to the acquisition of Agincourt Resources in December 2018

Total Assets

Total assets grew 17% from IDR 295.8 trillion at the end of 2017 to IDR 344.7 trillion as at 31 December 2018.

Cash and Cash Equivalents

Cash and cash equivalents decreased 20% from IDR 31.6 trillion at the end of 2017 to IDR 25.2 trillion at the end of 2018, primarily due to the acquisition of Agincourt Resources.

Trade Receivables

Trade receivables grew 23% to IDR 31.2 trillion (2017: IDR 25.4 trillion) reflecting the improvement in business volume throughout 2018.

Financing Receivables

Financing receivables increased 4% from IDR 63.3 trillion at the end of 2017 to IDR 65.9 trillion.

Astra Group's financing receivables portfolio primarily relates to car, motorcycle and heavy equipment loans to support brands distributed by Astra, such as Toyota, Daihatsu and Isuzu in the car segment, Honda in the motorcycle segment and Komatsu in the heavy equipment segment. All loans are collateralized against financed vehicles or heavy equipment.

The provision for doubtful financing receivables as at 31 December 2018 was IDR 3.2 trillion, compared with IDR 2.8 trillion as at 31 December 2017, an increase of 11%. As a percentage of total financing receivables, the provision level increased from 4.5% to 4.8%.

Inventories

Inventories increased 35% from IDR 22.6 trillion to IDR 30.6 trillion as at 31 December 2018, mainly from the construction machinery and property businesses.

Other Current Assets

Other current assets mainly comprised prepaid taxes and other current receivables. Other current assets increased from IDR 13.2 trillion in 2017 to IDR 16.8 trillion, primarily due to an increase in prepaid taxes from IDR 5.7 trillion in 2017 to IDR 8.6 trillion.

Investments in Joint Ventures and Associates

The material joint ventures of Astra Group are Permata Bank and Astra Honda Motor, with effective interests of 44.56% and 50.00%, respectively; while the material associates of Astra Group are Lintas Marga Sedaya and Astra Daihatsu Motor, with effective interests of 45.00% and 31.87%, respectively. Total investments in joint ventures and associates increased 3% from IDR 39.3 trillion in 2017 to IDR 40.4 trillion.

Investment Properties

Investment properties totaled IDR 8.5 trillion, representing land and buildings held for operating lease or for capital appreciation purposes, including property under construction.

Bearer Plants

Bearer plants, which relate to the agribusiness operations of Astra Agro Lestari, increased from IDR 6.7 trillion in 2017 to IDR 7.0 trillion.

Fixed Assets

Fixed assets increased 19% from IDR 48.4 trillion in 2017 to IDR 57.7 trillion, primarily due to the addition of heavy equipment in the mining contracting business.

Mining Properties

Mining properties mainly comprised contractual rights held by subsidiaries of United Tractors to mine coal and gold reserves in a number of concession areas, which will expire at various dates between 2026 and 2042. Mining properties increased 170% to IDR 15.9 trillion in 2018, due to the acquisition of a 95% stake in Agincourt Resources, the operator of a gold mine in North Sumatra.

Concession Rights

Concession rights are toll road concession rights that grant the holder the right to receive toll payments from users in consideration for the financing and construction of the infrastructure. Toll road concession rights, which are held by subsidiaries Marga Harjaya Infrastruktur (which holds the 40.5 km Jombang – Mojokerto toll road concession) and Marga Mandalasakti (which holds the 72.5km Tangerang – Merak toll road concession) will expire in 2055 and 2059, respectively. Concession rights increased 4% to IDR 7.4 trillion in 2018, primarily due to completion of the construction of the Jombang – Mojokerto toll road.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets increased 200% from IDR 4.5 trillion in 2017 to IDR 13.6 trillion, primarily due to the acquisition of Agincourt Resources.

Other Non-current Assets

Other non-current assets, which consist of other non-current receivables, other investments, deferred tax assets and other assets, increased by 18% from IDR 27.9 trillion in 2017 to IDR 32.9 trillion. The increase

was mainly due to Astra's investment in GOJEK and a mutual fund investment from Astra Group's insurance business.

Liabilities

Current Liabilities

Current liabilities increased 18% from IDR 98.7 trillion at the end of 2017 to IDR 116.5 trillion. The largest components of current liabilities were loans and trade payables.

Non-current Liabilities

Non-current liabilities increased 33% from IDR 40.6 trillion at the end of 2017 to IDR 53.9 trillion. Long-term debt, which accounted for the majority of non-current liabilities, predominantly related to Astra Group's financial services businesses.

Total Liabilities

At the end of 2018, total liabilities stood at IDR 170.3 trillion, a 22% increase from IDR 139.3 trillion as at 31 December 2017.

Short term borrowings

Short term borrowings increased 20% from IDR 16.3 trillion in 2017 to IDR 19.6 trillion, largely from the Group's automotive and financial services businesses.

Trade payables

Trade payables, which increased 43% from IDR 29.5 trillion at the end of 2017 to IDR 42.3 trillion, largely comprised amounts owing by United Tractors (including amounts owing to the Komatsu Group which were secured by letters of credit), amounts owing by Astra Group's sales operation for car and motorcycle purchases, as well as amounts owing by Astra Otoparts for raw materials and finished units purchases.

Long-term Debt

Long-term debt, inclusive of the current portion, increased 13% to IDR 66.3 trillion at the end of 2018. Of the total amount, 42% (2017: 39%) were syndicated bank loans, 36% (2017: 45%) were bonds, 21% (2017: 15%) were bilateral loans from banks, while the rest were non-bank loans and obligations under finance leases. The Company does not guarantee the repayment of debt of any of its subsidiaries.

Equity

Total equity increased 11% from IDR 156.5 trillion at the end of 2017 to IDR 174.4 trillion at the end of 2018. The increase in total equity was primarily attributable to an increase in retained earnings by 12% to IDR 127.7 trillion

Statement of Profit or Loss and Comprehensive Income

Net Revenue

The Group's consolidated net revenue for the year increased by 16% to IDR 239.2 trillion, with higher revenue achieved in most business segments, especially heavy equipment, mining, construction and energy, and automotive.

Cost of Revenue

Cost of revenue during 2018 increased 15% from IDR 163.7 trillion in 2017 to IDR 188.4 trillion, in line with the increase in revenue.

Gross Profit and Gross Margin

Astra Group's gross profit increased 20% from IDR 42.4 trillion in 2017 to IDR 50.8 trillion, in line with a higher net revenue and an increase in the Group's gross margin from 20.6% in 2017 to 21.2%.

Operating Expenses

Selling expenses slightly decreased from IDR 10.2 trillion in 2017 to IDR 10.1 trillion. General and administrative expenses increased 17% from IDR 11.8 trillion in 2017 to IDR 13.8 trillion, mainly due to higher employee expenses.

Share of Results of Joint Ventures and Associates

Astra Group's share of results of joint ventures and associates increased 5% to IDR 7.0 trillion (2017: IDR 6.7 trillion), mainly due to improved performance from the automotive business line.

Profit for the Year

Astra Group's profit for the year in 2018 was IDR 27.4 trillion, an increase of 18% compared to IDR 23.1 trillion recorded in 2017.

Profit Attributable to Owners of the Parent

In 2018, Astra Group recorded profit attributable to owners of the parent of IDR 21.7 trillion, an increase of 15% compared to IDR 18.8 trillion in 2017. Astra Group's positive results were mainly due to increased contributions from its heavy equipment, mining, construction and energy, and financial services businesses, which more than offset lower contributions from its agribusiness and automotive businesses. While the weakening of the Rupiah during the year led to margin pressure in the Group's manufacturing operations, the impact was more than offset by the positive impact on its contract mining and automotive export activities.

Other Comprehensive Income

Total other comprehensive income after tax in 2018 was a net income of IDR 1.5 trillion compared with a net loss of IDR 529 billion in 2017, which was mainly due to gains on cash flow hedges, as well as foreign exchange translation of financial statements in foreign currencies.

Total Comprehensive Income

Total comprehensive income in 2018 was IDR 28.8 trillion, 28% higher compared to IDR 22.6 trillion in 2017.

Earnings per Share

Earnings per share, both basic and diluted, increased 15% from IDR 466 in 2017 to IDR 535.

Statement of Cash Flows

Net Cash Flows from Operating Activities

Net cash flows from operating activities in 2018 was IDR 27.7 trillion, up from IDR 23.3 trillion in 2017. The increase in net cash inflow was in line with the improvement in operational performance and better working capital.

Net Cash Flows from Investing Activities

Net cash flows used in investing activities in 2018 was IDR 29.7 trillion, up from IDR 14.9 trillion in 2017, mainly due to the acquisition of Agincourt Resources and the investment in GOJEK as well as working capital. Dividends received were relatively stable compared to the previous year at IDR 7.0 trillion.

Net Cash Flows from Financing Activities

Net cash flows used in financing activities in 2018 was IDR 4.9 trillion, down 21% from IDR 6.2 trillion in 2017. Financing activities for the year comprised net proceeds from borrowings of IDR 8.9 trillion (2017: IDR 3.6 trillion) and a cash dividend payment of IDR 10.2 trillion (2017: IDR 8.6 trillion).

Cash Position

At the end of 2018, the balance of Astra Group's cash, cash equivalents and bank overdrafts amounted to IDR 24.9 trillion, a decrease of IDR 6.6 trillion.

2017

Statement of Financial Position

Total Assets

Current Assets

In 2017, current assets increased 10% from IDR 110.4 trillion in 2016 to IDR 121.3 trillion. The increase was mainly due to an increase in trade receivables by 34% to IDR 25.4 trillion, increase in inventories by 10% to IDR 19.5 trillion and higher cash and cash equivalents by 8% to IDR 31.6 trillion.

Non-Current Assets

In 2017, non-current assets increased 15% from IDR 151.5 trillion in 2016 to IDR 174.4 trillion. The increase was mainly due to an increase in fixed assets by 12% to IDR 48.4 trillion, increase in investments in joint ventures and associates by 16% to IDR 39.3 trillion and land for development of IDR 3.1 trillion in 2017.

Total Assets

Total assets grew 13% from IDR 261.9 trillion at the end of 2016 to IDR 295.6 trillion as at 31 December 2017. The increase in assets was mainly due to growth of both current assets and non-current assets by 10% to IDR 121.3 trillion and 15% to IDR 174.4 trillion, respectively.

Cash and Cash Equivalents

Cash and cash equivalents increased 8% from IDR 29.4 trillion in 2016 to IDR 31.6 trillion at the end of 2017.

Trade Receivables

Trade receivables grew 31% to IDR 25.4 trillion (2016: IDR 19.4 trillion) primarily due to United Tractors, reflecting improved business volumes during 2017.

Financing Receivables

Current and non-current financing receivables are Astra Group's largest category of assets. Astra Group's portfolio of financing receivables, which decreased 2% from IDR 64.6 trillion at the end of 2016 to IDR 63.3 trillion, comprised of 93% (2016: 93%) consumer financing receivables and 7% (2016: 7%) finance lease receivables.

Astra Group's consumer financing portfolio primarily relates to auto loans, supporting the brands that Astra distributes, including Toyota, Daihatsu and Isuzu in the car market, and Honda in the motorcycle market. The finance lease portfolio primarily comprises equipment leased to support the sale of Komatsu heavy equipment. All loans are collateralized against financed vehicles or heavy equipment.

The provision for doubtful receivables at 31 December 2017 totaled IDR 2.8 trillion, compared with IDR 2.6 trillion as at 31 December 2016, an increase of 8%. As a percentage of total financing receivables, the overall provision increased from 4.1% to 4.5%.

Inventories

Inventories increased 10% from IDR 17.8 trillion to IDR 19.5 trillion as at 31 December 2017, mainly due to heavy equipment and spare parts held by United Tractors, as well as vehicles and spare parts held by Astra Group's automotive businesses.

Other Current Assets

Other current assets, which comprised of other investments, prepaid taxes, other prepayments and other current receivables, increased from IDR 11.1 trillion to IDR 13.0 trillion. This increase was mainly attributable to an increase in prepaid taxes from IDR 4.4 trillion in 2016 to IDR 5.7 trillion in 2017.

Land for Development

Land for development of IDR 3.1 trillion represents the land to be developed by Astra Modern Land, located in Cakung, East Jakarta, covering an area of 62.5 hectares.

Investments in Joint Ventures and Associates

The material joint ventures of Astra Group are Permata Bank and Astra Honda Motor, with effective interests of 44.56% and 50.00%, respectively; while the material associates of Astra Group are Astra Daihatsu Motor and Lintas Marga Sedaya, with effective interests of 31.87% and 45.00%, respectively. Total investments in joint ventures and associates increased 16% from IDR 34.0 trillion in 2016 to IDR 39.3 trillion, mainly due to Astra Group's investment in Lintas Marga Sedaya in 2017 and the performance of Permata Bank as well as the automotive joint ventures and associates.

Investment Properties

Investment properties represent land and buildings held for operating lease or for capital appreciation purposes, including property being constructed or developed for future use. The increase in investment properties by 36% to IDR 8.4 trillion was mainly due to Menara Astra.

Plantations

Plantations represent palm oil and land assets, made up of mature and immature plantations, related to the agribusiness operations of Astra Agro Lestari. Total plantations net of accumulated depreciation was relatively unchanged at IDR 6.7 trillion.

Fixed Assets

Fixed assets increased 12% from IDR 43.2 trillion in 2016 to IDR 48.4 trillion. The increase was mainly due to heavy equipment in the Group's mining contracting business. Accumulated depreciation of net fixed assets increased 12% to IDR 47.7 trillion at the end of 2017.

Mining Properties

Mining properties mainly represent contractual rights held by subsidiaries of United Tractors to mine coal reserves in specific concession areas, which will expire at various dates between 2026 and 2037. Mining properties increased 27% to IDR 5.9 trillion due to the acquisition of 80.1% of Suprabari Mapanindo Mineral, a coking coal company.

Concession Rights

Concession rights are toll road concession rights that grant the holder the right to receive toll payments from users in consideration for the financing and construction of the infrastructure. This right corresponds to the fair value of the asset under concession plus the borrowing costs capitalized during the construction phase. Toll road concession rights held by subsidiaries Marga Mandalasakti (which holds the 72.5km Tangerang – Merak toll road concession) and Marga Harjaya Infrastruktur (which holds the 40.5km Jombang – Mojokerto toll road concession) will expire in 2055 and 2059, respectively. Concession rights increased 18% from IDR 6.0 trillion in 2016 to IDR 7.1 trillion, primarily due to the completion of construction of the Jombang – Mojokerto toll road.

Other non-current assets

Other non-current assets include other non-current receivables, other investments, deferred tax assets, goodwill, other intangible assets and other assets, which in total increased by 27% from IDR 18.9 trillion to IDR 24.0 trillion. This increase was mainly attributable to an increase in other investments, primarily mutual fund investments in Astra Group's insurance business.

Liabilities

Current Liabilities

Astra Group's current liabilities grew 11% from IDR 89.1 trillion at the end of 2016 to IDR 98.7 trillion. The largest component of current liabilities was trade payables, which included IDR 12.0 trillion (2016: IDR 8.1 trillion) owing to the Komatsu Group secured by letters of credit.

Trade payables, which increased by 31% from IDR 22.5 trillion at the end of 2016 to IDR 29.5 trillion, mainly comprised of amounts owing by United Tractors to suppliers, amounts owing by Astra's sales operation for the purchase of cars and motorcycles, and amounts owing by Astra Otoparts for purchases of raw materials and finished units.

Short term borrowings decreased by 13% from IDR 18.8 trillion to IDR 16.3 trillion, largely due to Astra Group's automotive and financial services businesses.

Non-current Liabilities

Non-current liabilities increased 24% from IDR 32.9 trillion at the end of 2016 to IDR 40.6 trillion. Long-term debt, which accounted for the majority of non-current liabilities, predominantly related to Astra Group's financial services businesses. Long-term debt, inclusive of the current portion, increased by 12% to IDR 58.7 trillion at the end of 2017. Of the total amount, 15% (2016: 22%) were bilateral loans from banks, 39% (2016: 26%) were syndicated bank loans, 1% (2016: 2%) were non-bank loans and obligations under finance lease and the remaining balance were bonds. Astra does not guarantee the repayment of debt issued by any of its subsidiaries.

Total Liabilities

At the end of 2017, total liabilities stood at IDR 139.3 trillion, a 14% increase from IDR 121.9 trillion as at 31 December 2016. Total liabilities consisted of IDR 98.7 trillion or approximately 71% of current liabilities and IDR 40.6 trillion or 29% of non-current liabilities.

Equity

Total equity increased 12% from IDR 139.9 trillion at the end of 2016 to IDR 156.3 trillion at the end of 2017. The increase in total equity was primarily attributable to an increase in retained earnings by 12% to IDR 113.4 trillion

Statement of Profit or Loss and Comprehensive Income

Net Revenue

Astra Group's activities are focused on seven business lines, comprising automotive; financial services; heavy equipment, mining, construction and energy; agribusiness; infrastructure and logistics; information technology; and property.

Consolidated net revenue for 2017 was IDR 206.1 trillion, 14% higher as compared with the previous year, with higher revenues achieved in most business segments.

Cost of Revenue

Cost of revenue during 2017 increased by 13% from IDR 144.7 trillion in 2016 to IDR 163.7 trillion, in line with the increase in net revenue.

Gross Profit and Gross Margin

Higher net revenue supported the 16% increase in the Group's gross profit from IDR 36.4 trillion in 2016 to IDR 42.4 trillion in 2017. The Group's gross margin slightly increased from 20.1% in 2016 to 20.6%.

Operating Expenses

Selling expense increased by 30% from IDR 7.9 trillion in 2016 to IDR 10.2 trillion, primarily due to an increase in provision expenses in the financial services and heavy equipment businesses. General and administrative expenses increased by 7% from IDR 11.0 trillion in 2016 to IDR 11.8 trillion, mainly due to higher employee expenses.

Share of Results of Joint Ventures and Associates

Astra Group's share of results of joint ventures and associates increased by 100% to IDR 6.7 trillion (2016: IDR 3.3 trillion), mainly due to the return to profitability at Permata Bank, which recorded a significant loss in 2016.

Profit for the Year

In 2017, Astra Group recorded profit before income tax of IDR 29.2 trillion, a 31% increase compared to IDR 22.3 trillion in 2016.

Income tax expense of IDR 6.0 trillion in 2017 was 53% higher compared to IDR 4.0 trillion incurred in 2016, primarily due to higher taxable profits. Income tax expense recorded in the consolidated profit or loss account represents the current and deferred income tax for Astra and its subsidiaries. Income tax in relation to the Group's joint ventures and associates is presented within the share of results of joint ventures and associates. Publicly listed entities that comply with certain requirements, one of which is the maintenance of a minimum 40% equity free float, are entitled to a 5% tax rate reduction from the applicable corporate income tax rates. Since the fiscal year 2009, the Company and PT United Tractors Tbk have complied with these requirements and have therefore benefitted from lower tax rates.

As a result, Astra Group's profit for the year in 2017 was at IDR 23.2 trillion, an increase of 27% compared to IDR 18.3 trillion recorded in 2016.

Other Comprehensive Income

Total other comprehensive income after tax in 2017 was a net loss of IDR 529 billion compared with net income of IDR 1.5 trillion in 2016, which was mainly due to revaluation of fixed assets in 2016. With the addition of other comprehensive income, total comprehensive income for the year stood at IDR 22.6 trillion, 14% higher compared to IDR 19.8 trillion in 2016.

Profit Attributable to Owners of the Parent

In 2017, Astra Group recorded profit attributable to owners of the parent of IDR 18.9 trillion, an increase of 25% compared to IDR 15.2 trillion in 2016. Astra Group's results benefited significantly from the return to profitability at Permata Bank and higher profits from the heavy equipment and mining businesses due to sustained higher commodity prices, which also positively affected trading performances from the agribusiness activities.

Earnings per Share

Earnings per share, both basic and diluted, increased by 25% from IDR 374 in 2016 to IDR 466 in 2017

Statement of Cash Flows

Net Cash Flows from Operating Activities

The net cash inflow from operating activities for 2017 was IDR 23.3 trillion compared to net cash inflow of IDR 19.4 trillion in 2016. The increase in net cash inflow was mainly due to higher business volumes.

Net Cash Flows from Investing Activities

The net cash outflow used in investing activities in 2017 was IDR 14.9 trillion, IDR 4.1 trillion higher than the net cash outflow in 2016, mainly due to the increase in cash outflow of IDR 2.8 trillion for purchase of associates and IDR 3.2 trillion for addition to other investments. Astra Group's net capital expenditure increased by 41% from IDR 8.4 trillion in 2016 to IDR 11.8 trillion. Cash dividends received were up by 84% from IDR 3.8 trillion in 2016 to IDR 7.0 trillion.

Net Cash Flows from Financing Activities

Net cash flows used in financing activities were IDR 6.2 trillion, an increase of 5% compared with 2016. Financing activities for the year comprised long-term debt and short-term borrowings of IDR 3.4 trillion (2016: IDR 2.7 trillion) with cash dividend payment of IDR 8.6 trillion, 5% higher compared with the IDR 8.1 trillion paid out in 2016.

Cash Position

At the end of 2017, the balance of the Group's cash, cash equivalents and bank overdrafts amounted to IDR 31.6 trillion, an increase of IDR 2.2 trillion, mainly contributed by higher business volumes and higher dividend received.

2016

Statement of Financial Position

Total Assets

Total assets grew by 7% from IDR 245.4 trillion at the end of 2015 to IDR 261.9 trillion as at 31 December 2016. The increase in assets was mainly due to growth of both current assets and non-current assets by 5% to IDR 110.4 trillion and 8% to IDR 151.5 trillion, respectively.

Current Assets

In 2016, current assets increased by IDR 5.2 trillion or 5% from IDR 105.2 trillion in 2015 to IDR 110.4 trillion. The increase was due to the increase in cash and cash equivalents by 8% to IDR 29.4 trillion, increase in trade receivables by 5% to IDR 18.9 trillion, increase in financing receivables by 5% to IDR 33.2 trillion, and increase in other current assets by 12% to IDR 11.1 trillion, compensated by the decrease in inventories by 3% to IDR 17.8 trillion.

Cash and Cash Equivalents

Cash and cash equivalents increased by 8% from IDR 27.1 trillion to IDR 29.4 trillion.

Trade Receivables

Trade receivables predominantly comprise amounts owing to United Tractors from customers, amounts owing to Astra from third party automotive and motorcycle dealers and amounts owing to Astra Otoparts. Trade receivables grew by 5% to IDR 18.9 trillion (2015: IDR 18.1 trillion), an indication of improved business volumes in Astra Group's heavy equipment and mining businesses as well as automotive businesses during 2016.

Financing Receivables

Current and non-current financing receivables are Astra Group's largest category of assets. Astra Group's portfolio of financing receivables, which increased by 8% from IDR 60.1 trillion to IDR 64.6 trillion, was comprised 93% (2015: 89%) consumer financing receivables and 7% (2015: 11%) finance lease receivables. The consumer portfolio primarily related to auto loans, supporting the brands that Astra distributes, including Toyota, Daihatsu and Isuzu in the car market and Honda in the motorcycle market. The finance lease portfolio mainly comprised equipment leased to support the sale of Komatsu heavy equipment. All loans are collateralized against the vehicle or heavy equipment.

Losses on financing receivables are recognized when they are incurred and require management to estimate probable losses inherent in the portfolio. Such an estimate requires consideration of historical loss experience, adjusted for current conditions and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market segments, collateral values and the present and expected future levels of interest rates. The provision for doubtful receivables at 31 December 2016 totaled IDR 2.6 trillion, compared with IDR 2.7 trillion as at 31 December 2015, a decrease of 3%. As a percentage of total financing receivables, the overall provision has fallen slightly from 4.5% to 4.1%.

Inventories

Inventories mainly comprised heavy equipment and spare parts held by United Tractors, vehicles and spare parts held by Astra Group's automotive businesses and CPO held by Astra Agro Lestari. Inventories decreased by 3% from IDR 18.3 trillion to IDR 17.8 trillion as at 31 December 2016, predominately due to the heavy equipment and mining segment.

Other Current Assets

Other current assets, which comprised other investments, prepaid taxes, other prepayments and other current receivables increased from IDR 9.9 trillion to IDR 11.1 trillion. This increase was mainly due to the increase in other current receivables from IDR 3.2 trillion in 2015 to IDR 4.0 trillion in 2016.

Non-current Assets

In 2016, non-current assets increased by 8% from IDR 140.3 trillion to IDR 151.5 trillion. This was mainly driven by the increase in non-current financing receivables by 11% to IDR 31.4 trillion, increase in investments in joint ventures and associates by 15% to IDR 34.0 trillion and increase in investment properties by 77% to IDR 6.2 trillion, compensated by the decrease in mining properties by 5% to IDR 4.6 trillion.

Investments in Joint Ventures and Associates

Total investments in joint ventures and associates increased 15% from IDR 29.6 trillion to IDR 34.0 trillion due mainly to improvements in the performance of the automotive joint ventures and associates.

Plantations

Plantations represent palm oil and land assets, comprising mature and immature plantations, related to the agribusiness operations of Astra Agro Lestari. Total plantations net of accumulated depreciation was relatively unchanged at IDR 6.7 trillion.

Fixed Assets

Fixed assets net of accumulated depreciation increased 4% from IDR 41.7 trillion to IDR 43.2 trillion. The increase was primarily due to investments in land and buildings, mainly for automotive network expansion. At the end of 2016, Astra owned 302 car dealerships (2015: 285) and 156 motorcycle dealerships (2015: 148) nationwide. Accumulated depreciation of fixed assets increased by 9% to IDR 42.5 trillion.

Mining Properties

Mining properties mainly represent contractual rights held by subsidiaries of United Tractors, to mine coal reserves in specific concession areas, which will expire at various dates between 2026 up to 2035. Mining properties net of accumulated amortisation and impairment decreased by 5% to IDR 4.6 trillion in 2016.

Concession Rights

Concession rights relate to toll road concessions that grant the holder the right to receive toll payments from users in consideration for the financing and construction of the infrastructure. This right corresponds to the fair value of the asset under concession plus the borrowing costs capitalized during the construction phase. Toll road concession rights held by subsidiaries Marga Mandalasakti (which holds the 72km Tangerang - Merak toll road concession) and Marga Harjaya Infrastruktur (which holds the 41km Jombang – Mojokerto toll road concession), are valid until 2047 and 2045, respectively. Concession rights net of accumulated amortisation increased by 13% from IDR 5.3 trillion to IDR 6.0 trillion, primarily as a consequence of the ongoing construction of the Jombang – Mojokerto toll road.

Other Non-current Assets

Other non-current assets include non-current other receivables, other investments, deferred tax assets, investment properties, goodwill, other intangible assets and other assets, which in total increased from IDR 23.7 trillion to IDR 25.1 trillion. This increase was mainly due to an increase in investment properties from IDR 3.5 trillion to IDR 6.2 trillion.

Liabilities

Total Liabilities

At the end of 2016, total liabilities stood at IDR 121.9 trillion, a 3% increase from IDR 118.9 trillion as at 31 December 2015. Total liabilities consisted of IDR 89.1 trillion of current liabilities (2015: IDR 76.2 trillion), or approximately 73% (2015: 64%) of the total, and IDR 32.9 trillion of non-current liabilities (2015: IDR 42.7 trillion), or approximately 27% (2015: 36%) of the total.

Current Liabilities

At the end of 2016, the Group's current liabilities were 17% higher at IDR 89.1 trillion. One of the components of current liabilities is trade payables, which predominantly comprised amounts owing by United Tractors to suppliers, amounts owing by Astra's sales operations for the purchase of cars and motorcycles, and amounts owing by Astra Otoparts for the purchase of raw materials and finished units.

Trade payables as at 31 December 2016 included IDR 8.1 trillion (2015: IDR 7.7 trillion) owing to Komatsu Group which are secured by letters of credit. The increase in trade payables by 9% to IDR 22.5 trillion related mainly to the automotive and heavy equipment and mining segments. In addition, the increase in current liabilities was also contributed by the increase in short term borrowings by 57% from IDR 12.0 trillion to IDR 18.8 trillion.

Non-current Liabilities

Total non-current liabilities at the end of 2016 decreased 23% from IDR 42.7 trillion to IDR 32.9 trillion. Long-term debt, which accounts for the majority of non-current liabilities, predominantly related to the Group's financial services businesses. Long-term debt, inclusive of the current portion, decreased by 11% from IDR 58.7 trillion to IDR 52.1 trillion at the end of 2016. Of the total amount, 22% (2015: 20%) were bilateral loans from banks, 26% (2015: 40%) were syndicated bank loans, 2% (2015: 2%) were non-bank loans and obligations under finance lease and 50% (2015: 38%) were bonds. Astra does not guarantee the repayment of debt issued by any of its subsidiaries.

Equity

Total equity attributable to the owners of the parent increased by 10% (2015: 7%) to IDR 112.0 trillion at the end of 2016 from the end 2015 balance of IDR 102.0 trillion. The increase in total equity was primarily attributable to an increase in retained earnings by 9% to IDR 101.2 trillion (2015: IDR 92.6 trillion).

Statement of Profit or Loss and Comprehensive Income

Net Revenue

Astra Group's activities are focused on seven business lines, which are automotive; financial services; heavy equipment and mining; agribusiness; infrastructure and logistics; information technology and property.

Consolidated net revenue for 2016 was down 2% at IDR 181.1 trillion from IDR 184.2 trillion in the previous year, primarily due to lower revenue within heavy equipment and mining coupled with reduced revenue contribution from Astra's Toyota sales operations following the introduction of a two-tiered distribution model at the beginning of the year.

Cost of Revenue

Cost of revenue in 2016 decreased by 2% from IDR 147.5 trillion in 2015 to IDR 144.7 trillion. The decrease was due to lower sales volume in the automotive, heavy equipment and mining, agribusiness segments.

Gross Profit and Gross Margin

Lower net revenue caused Astra Group's gross profit to decline by 1% in 2016 to IDR 36.4 trillion compared to IDR 36.7 trillion in 2015. Astra Group's gross margin improved slightly from 19.9% in 2015 to 20.1%.

Operating Expenses and Income

Astra Group incurred lower selling expenses by 14% from IDR 9.1 trillion to IDR 7.9 trillion primarily due to lower logistics and advertising costs. General and administrative expenses increased by 6% from IDR 10.4 trillion in 2015 to IDR 11.0 trillion in 2016, driven by higher employee costs.

Astra Group's share of results of joint ventures and associates decreased by 25% to IDR 3.3 trillion (2015: IDR 4.5 trillion), with a significantly reduced contribution from Permata Bank, due to higher loan loss provisions caused by a deterioration in the quality of its corporate loan portfolio, compensated by higher contributions from Astra Group's automotive associates and joint ventures which benefited from the increase in automotive volumes.

Profit for the Year

In 2016, Astra Group booked profit before tax of IDR 22.3 trillion, reflecting a 13% increase compared to IDR 19.6 trillion in 2015.

Income tax expense was relatively flat at IDR 4.0 trillion in 2016. Income tax expenses recorded in the consolidated profit and loss account represents the current and deferred income tax for Astra and its subsidiaries. Income tax in relation to Astra Group's joint ventures and associates is presented within the share of results of joint ventures and associates. Publicly listed entities that comply with certain requirements, one of which is the maintenance of a minimum 40% equity free float, are entitled to a 5% tax rate reduction from the applicable corporate income tax rates. Since the fiscal year 2009, Astra and PT United Tractors Tbk have complied with these requirements and have therefore applied lower tax rates.

The deduction of income tax expenses resulted in profit for the year of IDR 18.3 trillion, a 17% increase compared to IDR 15.6 trillion recorded in 2015.

Other Comprehensive Income

Total other comprehensive income after tax in 2016 increased by 79% to IDR 1.5 trillion from IDR 841 billion in 2015. This increase was mainly due to the revaluation of fixed assets. With the addition of other comprehensive income, total comprehensive income for the year stood at IDR 19.8 trillion, 20% higher compared to IDR 16.5 trillion in 2015.

Profit Attributable to Owners of the Parent

In 2016, Astra Group recorded profit attributable to owners of the parent of IDR 15.2 trillion, a 5% increase compared to IDR 14.5 trillion in 2015. The increase was due to improved results in automotive, heavy equipment and mining, agribusiness, and infrastructure and logistics, partially offset by lower contributions from financial services, information technology and property.

Earnings per Share

Basic and diluted earnings per share in 2016 were both at IDR 374 per share, 5% higher compared with 2015.

Statement of Cash Flows

Net Cash Flows from Operating Activities

The net cash inflow from operating activities for 2016 was IDR 19.4 trillion compared to net cash inflow of IDR 25.9 trillion in 2015. The decrease of IDR 6.5 trillion in net cash inflow was mainly due to lower business volume.

Net Cash Flows from Investing Activities

The net cash outflow from investing activities in 2016 was IDR 10.8 trillion, IDR 3.6 trillion higher than the net cash outflow for 2015, mainly due to IDR 3.2 trillion of capital injected into Permata Bank. Astra Group's net capital expenditure increased by 12% from IDR 7.5 trillion in 2015 to IDR 8.4 trillion. Cash dividends received were up by 7% from IDR 3.6 trillion to IDR 3.8 trillion.

Net Cash Flows from Financing Activities

The net cash outflow from financing activities were 56% lower at IDR 5.9 trillion. Financing activities for the year comprised net proceeds of long-term debt and short-term borrowings of 2.7 trillion (2015: net repayment of long-term debt and short-term borrowings amounted to IDR 2.1 trillion) and cash dividend payment of IDR 8.1 trillion (2015: IDR 10.6 trillion).

Cash Position

Astra Group recorded a net increase in cash and cash equivalents of IDR 2.7 trillion in 2016. At the end of 2016, the balance of cash and cash equivalents of Astra Group amounted to IDR 29.4 trillion.

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