

**ABRIDGED INTEGRATION PLAN
BETWEEN
PT BANK PERMATA TBK
AND
BANGKOK BANK PUBLIC COMPANY LIMITED, JAKARTA BRANCH, SURABAYA SUB-
BRANCH AND MEDAN SUB-BRANCH**



PT Bank Permata Tbk
WTC II, Lt. 1-2; 21-30
Jl. Jenderal Sudirman Kav. 29-31
Jakarta 12920
Indonesia
Telephone: (+62 21) 523 7788



**Bangkok Bank Public Company Limited
Jakarta Branch, Surabaya Sub-Branch and
Medan Sub-Branch**
Jl. M.H. Thamrin No. 3
Jakarta 10110
Telephone: (+62 21) 231 1008

THIS INTEGRATION PLAN (“**INTEGRATION PLAN**”) IS IMPORTANT TO BE NOTED BY THE SHAREHOLDERS OF PT BANK PERMATA TBK. (“**BANK PERMATA**”) FOR THE SHAREHOLDERS TO MAKE A DECISION IN THE GENERAL MEETING OF SHAREHOLDERS (“**GMS**”) OF BANK PERMATA THAT WILL BE HELD ON 1 DECEMBER 2020 IN CONNECTION WITH THE PROPOSED INTEGRATION BETWEEN BANK PERMATA AND BANGKOK BANK PUBLIC COMPANY LIMITED, JAKARTA BRANCH, MEDAN SUB-BRANCH AND SURABAYA SUB-BRANCH (“**BBI**”) WHERE BANK PERMATA WILL BECOME A RECEIVING BANK IN THE INTEGRATION AND FOLLOWED BY THE REVOCATION OF BBI’S BUSINESS LICENSE (“**INTEGRATION**”).

SHOULD YOU HAVE ANY DIFFICULTIES IN UNDERSTANDING THIS INTEGRATION PLAN OR DOUBTFUL AS TO MAKING A DECISION, YOU ARE RECOMMENDED TO CONSULT WITH A PROFESSIONAL ADVISOR.

THE INTEGRATION WILL BE CONDUCTED BY CONSIDERING THE INTEREST OF EACH OF THE PARTICIPANTS OF THE INTEGRATION, THE PUBLIC AND A FAIR BUSINESS COMPETITION AS WELL AS ENSURING THE FULFILMENT OF THE RIGHTS OF PUBLIC SHAREHOLDERS AND THE EMPLOYEES IN ACCORDANCE WITH THE PREVAILING LAWS AND REGULATION.

THIS INTEGRATION PLAN WAS JOINTLY PREPARED BY THE BOARD OF DIRECTORS OF BANK PERMATA AND BRANCH MANAGEMENT OF BBI, AND HAS BEEN APPROVED BY THE BOARD OF COMMISSIONERS OF BANK PERMATA AND THE BOARD OF DIRECTORS OF BANGKOK BANK PUBLIC COMPANY LIMITED (“**BBL**”). HOWEVER, THIS INTEGRATION PLAN HAS NOT BEEN APPROVED BY THE SHAREHOLDERS OF BANK PERMATA.

THIS INTEGRATION PLAN ALSO SERVES AS THE INFORMATION DISCLOSURE TO THE PUBLIC FOR AFFILIATED TRANSACTIONS BASED ON BAPEPAM-LK REGULATION NO.

IX.E.1 ON AFFILIATED TRANSACTIONS AND CONFLICT OF INTEREST ON CERTAIN TRANSACTIONS, ATTACHMENT TO DECREE OF CHAIRMAN OF BAPEPAM-LK NO. KEP-412/BL/2009 AND OJK REGULATION NO. 42/POJK.04/2020 ON AFFILIATED TRANSACTIONS AND CONFLICT OF INTEREST TRANSACTIONS

THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS OF BANK PERMATA AND THE BRANCH MANAGEMENT OF BBI AND THE BOARD OF DIRECTORS OF BBL ARE FULLY RESPONSIBLE FOR THE CORRECTNESS OF ALL MATERIAL INFORMATION OR FACTS IN THIS INTEGRATION PLAN AND CONFIRM THAT AFTER DUE INQUIRY, THERE IS NO RELEVANT MATERIAL INFORMATION OR FACTS PRESENTED WHICH CAUSE MATERIAL INFORMATION OR FACTS DISCLOSED IN THIS INTEGRATION PLAN TO BE INCORRECT AND MISLEADING.

This Abridged Integration Plan is published on 7 October 2020

1. DEFINITIONS AND ABBREVIATIONS

In this Integration Plan, the following terms and expressions have the following meanings unless the context otherwise requires:

Affiliated Transaction Regulation	shall mean Regulation of Bapepam-LK No. IX.E.1 as will be replaced on 21 October 2020 by POJK 42/2020.
BAE	shall mean Securities Administration Bureau (<i>Biro Administrasi Efek</i>).
Bank Permata or Bank Receiving Integration or Integrated Bank	shall mean PT Bank Permata Tbk.
Banking Law	shall mean Law No. 7 of 1992 on Banking as amended by Law No. 10 of 1998 on Amendment of Law No. 7 of 1992 on Banking.
BBI	shall mean Bangkok Bank Public Company Limited, Jakarta Branch, Medan Sub-Branch and Surabaya Sub-Branch.
Bapepam – LK	shall mean Capital Market Supervisory and Financial Institution.
BBL	shall mean Bangkok Bank Public Company Limited.
BEI	shall mean Indonesian Stock Exchange.
BNRI	shall mean State Gazette of the Republic of Indonesia.
Capital Market Law	shall mean Law No. 8 of 1995 dated 10 November 1995 on Capital Market, State Gazette of the Republic Indonesia No. 64 of 1995, Supplement of State Gazette No. 3608.
Deed of Integration	shall mean a deed of integration made before a notary in the Indonesian language, a draft of which must be approved by the GMS of Bank Permata.
DGT	shall mean Directorate General of Tax, Minister of Finance of the Republic Indonesia.
GMS	shall mean General Meeting of Shareholders.
ICAAP	shall mean Internal Capital Adequacy Assessment Process.
IDX	shall mean the Indonesian Stock Exchange.
KJPP	shall mean the Office of Public Appraisal Services.
KPPU	shall mean the Indonesian Competition Commission (<i>Komisi Pengawas Persaingan Usaha</i>).
KSEI	shall mean PT Kustodian Sentral Efek Indonesia.

Manpower Law	shall mean Law No. 13 of 2003 dated 25 March 2003 on Manpower, State Gazette of the Republic Indonesia No. 39 of 2003, Supplement of State Gazette No. 4279.
Material Transaction Regulation	shall mean Regulation of Bapepam-LK No. IX.E.2 as will be replaced on 21 October 2020 by POJK 17/2020.
MOF	shall mean the Minister of Finance of the Republic of Indonesia, as amended from time to time.
MOLHR	shall mean the Minister of Law and Human Rights of the Republic of Indonesia, as amended from time to time.
OJK or Financial Services Authority	shall mean Indonesian Financial Services Authority, an independent institution as referred to in Law No. 21 of 2011 on Financial Services Authority, whose duties and authorities include the regulation and supervision of financial service activities in the banking, capital market, insurance, pension funds, financial institutions sector and other financial institutions.
PMK No. 205	shall mean MOF Regulation No. 205/PMK.010/2018 as an amendment to MOF Regulation No. 52/PMK.010/2017 on the Use of Book Value for Transfer and Acquisition of Assets in the Context of Merger, Consolidation, Expansion or Business Takeover.
POJK 31/2015	shall mean OJK Regulation No. 31/POJK.04/2015 on Disclosure of Information or Material Facts by Issuers or Public Companies.
POJK 15/2020	shall mean OJK Regulation No. 15/POJK.04/2020 on Planning and Organization of General Meetings of Shareholders by Public Companies.
POJK 16/2020	shall mean OJK Regulation No. 16/POJK.04/2020 on Implementation of Electronic General Meeting of Shareholders by Public Companies.
POJK 17/2020	shall mean OJK Regulation No. 17/POJK.04/2020 on Material Transaction and Change of Business Activities.
POJK 42/2020	shall mean OJK Regulation No. 42/POJK.04/2020 on Affiliated Transaction and Conflict of Interest Transaction.
POJK 39/2017	shall mean OJK Regulation No. 39/POJK.03/2017 on Single Presence Policy of Indonesian Banks.
POJK 5/2016	shall mean OJK Regulation No. 5/POJK.03/2016 on Business Plan of Banks.
POJK 55/2016	shall mean OJK Regulation No. 55/POJK.03/2016 on Implementation of Good Corporate Governance for Commercial Banks.

POJK 41/2019	shall mean OJK Regulation No. 41/POJK.03/2019 on Merger, Consolidation, Acquisition, Integration, and Conversion of Commercial Banks.
POJK 11/2016	shall mean OJK Regulation No. 11/POJK.03/2016 on Minimum Capital Requirement of Commercial Banks, as amended by OJK Regulation No. 34/POJK.03/2016 on Amendment of OJK Regulation No. 11/POJK.03/2016 on Minimum Capital Requirement of Commercial Banks.
Regulation of Bapepam-LK No. IX.E.1	shall mean Regulation of Bapepam-LK Regulation No. IX.E.1 on Affiliated Transactions and Conflicts of Interest of Certain Transactions as stated in the Decree of the Chairman of Bapepam-LK No. Kep-412/BL/2009.
Regulation of Bapepam-LK No. IX.E.2	shall mean Regulation of Bapepam-LK Regulation No. IX.E.2 on Material Transaction and Change of Main Business Activity as stated in the Decree of the Chairman of Bapepam-LK No. Kep-614/BL/2011.
SE OJK 12/2017	shall mean OJK Circular Letter No. 12/SEOJK.03/2017 on Shares Ownership of Commercial Banks.
SE OJK 25/2106	shall mean OJK Circular Letter No. 25/SEOJK.03/2016 on Business Plan of Commercial Banks.

2. DESCRIPTION OF BANK PERMATA AND BBI

A. Information regarding Bank Permata

(1) Brief History

Bank Permata, domiciled in South Jakarta and whose main office is located at WTC II Building, Jl. Jend. Sudirman Kav. 29-31, Jakarta, Indonesia, was established on 17 December 1954 based on Deed No. 228 dated 17 December 1954, made before Eliza Pondaag, as the substitute to Raden Mas Soerojo, notary in Jakarta, the deed of which had been approved by the Ministry of Justice of Republic of Indonesia in its decision No. J.A.5/2/2 dated 4 January 1955 (as published in State Gazette No. 22 dated 18 March 1955, Supplement of State Gazette No. 292).

Bank Permata started its commercial operations on 5 January 1955 and obtained its licence as commercial bank pursuant to the Decision Letter of the MOF No. 19371/U.M.II dated 19 February 1957. Bank Permata also obtained licences to engage in foreign exchange activities as well as activities based on Sharia principles, each pursuant to the Decision Letter of the Monetary Council of Bank Indonesia No. Sekr/D.M./97 dated 8 May 1956 and the letter of the Directorate of Sharia Banking No. 6/1082/DPbS dated 5 October 2004, respectively.

The articles of association of Bank Permata have been amended several times. The latest amendment is stated in Deed No. 23 dated 9 June 2017, made before Aryanti Artisari, S.H., M.Kn., a notary in South Jakarta, which has been notified to the MOLHR as indicated by the MOLHR Notification Receipt No. AHU-AH.01.03-0145208 dated 13 June 2017.

As of 30 June 2020, Bank Permata has 309 branch offices in 62 major cities, supported by 16 mobile branches, 23 Sharia payment points and 965 ATMs.

(2) Business Activities

Based on its articles of association, the purpose and objectives of Bank Permata are to engage in general banking services in accordance with prevailing laws and regulations and to engage in other banking activities based on Sharia principles.

To achieve the above objectives, Bank Permata may conduct the following business activities:

- (a) Main Business Activities:
 - (i) to pool public funds in the form of saving, namely current/giro account, term deposit, certificate of deposit, saving, and/or other forms equivalent thereto;
 - (ii) to provide credit;
 - (iii) to issue acknowledgment of indebtedness;
 - (iv) to acquire, sell or guarantee at its own risk or for the interest and upon instruction of its customers:
 - a. draft, including draft accepted by the bank with maturity no longer than customary practice in such securities trading;
 - b. acknowledgment of indebtedness and other commercial notes with maturity no longer than customary practice in such securities trading;
 - c. state treasury and government bonds;
 - d. Bank Indonesia Certificate/*Sertifikat Bank Indonesia* (SBI);
 - e. bonds;

- f. commercial notes with maturity up to 1 (one) year; and/or
 - g. other securities instruments, with maturity up to 1 (one) year;
 - (v) to transfer money, either for its own interest or its customer's interest;
 - (vi) to place funds in, borrow funds from, or provide funds to another bank, either by way of letters, telecommunication means or sight draft, check or other means;
 - (vii) to receive payment derived from collection of securities and conduct calculation with or amongst third parties;
 - (viii) to provide a place for valuable goods and securities safekeeping;
 - (ix) to provide custodian services for the interest of other parties based on a contract;
 - (x) to place funds from a customer to another customer in the form of securities not listed on the stock exchange;
 - (xi) to engage in venture capital, credit card business and trust activities;
 - (xii) to provide financing and or other activities based on the Sharia Principles according to the requirements set out by the OJK; and/or
 - (xiii) to engage in any other activities normally carried out by the bank to the extent that it does not contravene the prevailing laws.
- (b) **Supporting Business Activities:**
- (i) to engage in foreign currency activities according to the requirements as set out by the OJK;
 - (ii) to engage in equity participation in another bank or another company in the financial sector, such as leasing, venture capital, credit card, consumer financing, securities company, insurance, and depository and settlement clearing institution, according to the requirements as set out by the OJK;
 - (iii) to engage in temporary equity participation to recover bad debts, including payment default based on the Sharia principles, provided that it must retrieve its participation according to the requirements as set out by the OJK;
 - (iv) to act as the founder and management of pension fund pursuant to the provisions of the prevailing pension fund laws;
 - (v) to acquire collateral, either wholly or partially, through an auction or otherwise, in the event that the debtor is in default towards the bank, provided that such acquired collateral must be liquidated as soon as possible; and/or
 - (vi) to engage in any other activities normally carried out by the bank to the extent that it does not contravene the prevailing laws.
 - (vii)

Bank Permata provides a range of comprehensive banking products and financial services, including Sharia banking that helps its customers to succeed as well as to create wealth and growth through its retail banking, small and medium enterprise (“SME”) and wholesale banking businesses.

(3) **Management**

The current management of Bank Permata is as follows:

Board of Directors

President Director	: Ridha DM Wirakusumah
Director	: Abdy Dharma Salimin
Director	: Lea Setianti Kusumawijaya
Director	: Darwin Wibowo
Compliance Director	: Dhien Tjahajani
Sharia Business Unit Director	: Herwin Bustaman

Director : Djumariah Tenteram
Director : Dayan Sadikin

Board of Commissioners

President Commissioner : Chartsiri Sophonpanich
Commissioner : Chong Toh
Commissioner : Chalit Tayjasanant
Commissioner : Niramarn Laisathit
Independent Commissioner : Haryanto Sahari
Independent Commissioner : Rahmat Waluyanto
Independent Commissioner : Goei Siauw Hong
Independent Commissioner : Yap Tjay Soen

Sharia Supervisory Board

Chair : H. Muhamad Faiz, MA.
Member : Prof. Dr. H. Jaih, SE. MH., M.Ag

Apart from the Integration, Bank Permata is also planning to appoint a Director of Bank Permata with the effectiveness of appointment will be at the soonest upon the obtainment of the GMS approval and the fit and proper test approval from OJK.

(4) Bank Permata's Capital Structure and Shareholders

Authorized capital : IDR12,500,000,000,000
Issued and paid-up capital : IDR3,837,985,296,375
Nominal value of share - Series A Shares IDR12,500
- Series B Shares: IDR.125

Shares ownership composition as of 5 October 2020*:

No	Shareholders	Shares Classification	Number of Shares	Percentage (%)
1	Bangkok Bank Public Company Limited	B	24,991,429,332	89.12
2	Public	B	3,024,429,639	10.78
3	Public	A	26,880,234	0.10
	Number of Shares		28,042,739,205	100.00

** The above shares ownership composition reflects the position of Bank Permata's Shareholders Register as of the closing position of the stock exchange on 5 October 2020 and before: (i) the transfer by BBL of 1% shares in Bank Permata, which shares are not listed in the Indonesian Stock Exchange, to an Indonesian citizen or an Indonesian legal entity to comply with Article 3 of Government Regulation No. 29 of 1999 and (ii) the settlement by BBL of the purchase of shares held by the public through a Mandatory Tender Offer, both of which are planned to be completed by no later than before the closing of the stock exchange on 7 October 2020.*

(5) Report on Condition, Development and Results Achieved by Bank Permata

(a) Financial Performance

Until the period ended as of 30 June 2020, amid the challenges faced by the banking industry regarding the impact of the COVID-19 pandemic, Bank Permata's consolidated operational income continued to increase by 13% compared to the same period last year. In line with the stimulus launched by the Indonesian Government and the OJK, Bank Permata contributes in providing restructuring and relaxation to the debtors affected by COVID-19 of which about 12% of the loan portfolio was given in the process of restructuring and relaxation. Bank Permata's main focus since the end of the first quarter of 2020 is to complete the restructuring and the relaxation while maintaining the quality of its credit portfolio. The overall management actions taken in maintaining the quality of the loan portfolio are carried out with prudential principles, these are reflected in the ratio of NPL coverage that is maintained well in the range of 112%. The Bank also maintains a strong liquidity position with a RIM ratio of 81.36% and a CASA ratio in the range 52%. Bank Permata's capital position even strengthened compared to the same period last year with Common Equity Tier-1 (“**CET-1**”) and Capital Adequacy Ratio (“**CAR**”) ratios of 20.2% and 21.3% respectively, after taking into consideration the impact of the first adoption of PSAK 71 (IFRS 9).

(b) Governance

Through a consistent implementation of good corporate governance (“**GCG**”), Bank Permata strives to always create meaningful value for all stakeholders by implementing five GCG principles, namely: transparency, accountability, responsibility, independence and fairness, by: (i) implementing professional and independent management over Bank Permata; (ii) conducting a decision-making process based on high moral values and in accordance with the prevailing laws and regulations in all aspects of the company; (iii) carry out corporate social responsibility towards relevant stakeholders; and (iv) contribute to enhancing a conducive investment climate in Indonesia, particularly in the financial and banking sectors.

The GCG structure at Bank Permata is designed to support the implementation of GCG, consisting of the following components: General Meeting of Shareholders, Board of Commissioners, Board of Directors, Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee, Integrated Corporate Governance Committee, Internal Audit Working Unit, and the committees positioned under the Board of Directors are equipped with a series of applicable guidelines and policies. The completeness of the GCG guidelines and policies are evaluated and reassessed to make developments and adjustments to the conditions and needs of Bank Permata as well as to the development or alteration in regulations.

(6) Reports and Financial Performance Information

Bank Permata’s financial statements as of and for the years ended 31 December 2017, 2018 and 2019 are sourced from the Consolidated Financial Statements of PT Bank Permata Tbk and its Subsidiary that have been audited by KAP Tanudiredja, Wibisana, Rintis & Partner, a member of the PricewaterhouseCoopers network of firms, with their respective partners Drs. M. Jusuf Wibisana, M.Ec., CPA for 2017 and 2018 and Drs. Irhoan Tanudiredja, CPA for 2019, who expressed an Unmodified Opinion.

(a) Consolidated Statements of Financial Position*(In Million Rupiah, unless otherwise stated)*

<u>Description</u>	31 December		
	2017 (audited)	2018 (audited)	2019 (audited)
ASSETS			
Cash	1,940,485	2,185,074	2,303,932
Current accounts with Bank Indonesia	8,541,582	8,901,492	8,082,615
Current accounts with Other Banks - net	1,176,921	1,472,630	2,190,441
Placements with Bank Indonesia and Other Banks - net	6,294,096	11,850,858	14,854,689
Financial Assets Held for Trading	1,104,840	1,744,498	2,484,364
Securities Purchased under Resale Agreements	976,045	-	1,534,574
Acceptance Receivables - net	3,629,860	2,753,391	1,693,465
Loans - net	90,020,985	99,209,601	105,082,244
Investment Securities - net	22,820,908	14,989,712	13,801,606
Asset Held for Sale	2,478,262	-	-
Fixed Assets - net	2,460,534	2,552,305	2,451,459
Intangible Assets - net	485,283	498,426	516,952
Deferred Tax Assets - net	2,454,077	2,181,667	1,643,021
Other Assets - net	3,944,492	4,553,212	4,811,897
Total Assets	148,328,370	152,892,866	161,451,259

(In Million Rupiah, unless otherwise stated)

<u>Description</u>	31 December		
	2017 (audited)	2018 (audited)	2019 (audited)
LIABILITIES			
Liabilities Payable on Demand	384,169	336,640	345,257
Deposits from Customers	111,288,007	118,135,189	123,184,575
Deposits from Other Banks	2,697,543	2,460,671	2,973,682
Financial Liabilities Held for Trading	11,948	114,705	82,101
Acceptance Payables	3,752,073	2,765,682	1,715,318
Securities Sold under Repurchase Agreements Payable	-	-	4,733,309
Corporate Income Tax Payable	1,032	346	45,791
Borrowings	36,017	16,971	12,881
Accruals	1,184,496	1,125,496	1,267,122
Other Liabilities	724,977	621,315	562,970
Obligations for Post-Employment Benefits	138,159	20,163	156,067
Provisions	67,564	59,465	56,017
Subordinated Debts	6,531,643	4,784,287	2,278,818
Total Liabilities	126,817,628	130,440,930	137,413,908

(In Million Rupiah, unless otherwise stated)

<u>Description</u>	31 December		
	2017 (audited)	2018 (audited)	2019 (audited)
EQUITY			
Issued and Fully Paid-Up Capital	3,837,985	3,837,985	3,837,985
Additional Paid-in-Capital – Net	17,252,901	17,252,901	17,252,901
Net fair value reserve – investment securities and placement in Negotiable Certificate Deposits	67,999	(87,215)	71,329
Share of Other Comprehensive Income of Associate	(8,625)	-	-
Appropriation for Unclaimed Dividend by Shareholders	128	-	-
Fixed Assets Revaluation Reserve	1,693,735	1,853,060	1,853,060
Retained Earnings (Deficit)	(1,333,390)	(404,805)	1,022,066
Non-controlling Interests	9	10	10
Total Equity	21,510,742	22,451,936	24,037,351
Total Liabilities and Equity	148,328,370	152,892,866	161,451,259

(b) Consolidated Statements of Profit or Loss and Other Comprehensive Income

(In Million Rupiah, unless otherwise stated)

<u>Description</u>	31 December		
	2017 (audited)	2018 (audited)	2019 (audited)
OPERATING INCOME AND EXPENSES			
Interest Income	9,726,541	9,419,839	10,114,747
Sharia Income	1,471,605	1,661,113	1,627,316
Interest Expense	(5,424,405)	(5,026,890)	(5,372,123)
Sharia Expense	(549,515)	(653,877)	(648,972)
Net Interest and Sharia Income	5,224,226	5,400,185	5,720,968
Net Fees and Commission Income	1,233,370	1,130,316	1,118,522
Net Trading Income	258,235	286,182	575,766
Gain on Sale of Investment Securities	39,379	17,566	185,060
Share of Net Profit of Associate	239,019	87,333	-
Other Operating Income	1,585,956	439,899	234,157
	3,355,959	1,961,296	2,113,505
Total Operating Income	8,580,185	7,361,481	7,834,473
Impairment losses on financial assets	(3,127,098)	(1,676,421)	(1,086,106)
Other Operating Expenses			
General and Administrative Expenses	(1,801,827)	(1,742,024)	(1,884,001)
Salaries and Benefits to Management and Employees Expenses	(2,341,513)	(2,380,462)	(2,501,423)

Other Expenses	(358,615)	(343,347)	(352,208)
Total Other Operating Expenses			
	(4,501,955)	(4,465,833)	(4,737,632)
Total Operating Expenses			
	(7,629,053)	(6,142,254)	(5,823,738)
Income Before Income Tax	951,132	1,219,227	2,010,735
Income tax expense			
Current	(3,062)	(2,939)	-
Deferred	(199,637)	(315,036)	(510,315)
	(202,699)	(317,975)	(510,315)
Net Income	748,433	901,252	1,500,420
Other Comprehensive Income, Net of Income Tax	(22,747)	40,070	84,995
Total Comprehensive Income	725,686	941,322	1,585,415
Net income attributable to:			
Equity holders of the parent entity	748,433	901,251	1,500,420
Non-controlling interest	-	1	-
	748,433	901,252	1,500,420
Comprehensive Income Attributable to:			
Equity holders of the parent entity	725,686	941,321	1,585,415
Non-controlling interest	-	1	-
	725,686	941,322	1,585,415
Basic and Diluted Earnings per Share Attributable to Equity Holders of the Parent Entity (whole Rupiah)			
	29	32	54

(7) Financial Performance of Bank Permata

The financial performance report for financial year 2019 showed a significant improvement, marked by net profit after tax growth of 66.5% to IDR1.5 trillion and a decline in the ratio of NPL from 4.4% at the end of 2018 to 2.8% at the end of 2019, proving the success of Bank Permata in increasing profitability which was supported by growth in operating income in line with the increase in Net Interest Margin (“NIM”) to 4.4% and the quality of assets that continued to improve. Improvements in credit quality provided a significant reduction in the cost of credit reserves, decreased gross NPL and net NPL ratios to 2.8% and 1.3%, while the NPL coverage ratio was maintained at 133%. In addition, the Bank also maintained operational costs so that the efficiency ratio of BOPO improved to 87%.

The Bank's liquidity position was maintained optimally, with the growth in the CASA ratio in line with the growth in demand deposits and savings of 15.5% and 3.6% respectively. This achievement is Bank Permata's strategy in maintaining balance in maximizing the Bank's profitability while still managing optimal liquidity supported by a better funding source structure. Bank Permata's capital position continues to increase and is strongly maintained, which is exposed to the achievement figures of Common Equity Tier 1 (CET-1) and Capital Adequacy Ratio (“CAR”) at the end of December 2019 of 18.7% and 19.9%, compared to 17.6% and 19.4% in the same period last year, where these ratios are significantly higher than the applicable minimum capital requirements.

(8) Statement from Bank Permata

The Board of Directors of Bank Permata hereby declares that Bank Permata will accept the transfer of certain rights and obligations held by BBI that are the objects of the Integration in accordance with the minutes of the transfer of rights and obligations between BBI and Bank Permata.

B. Information regarding BBL and BBI

(1) Brief History

BBL is a publicly listed company registered in the Kingdom of Thailand and the Stock Exchange of Thailand with its headquarters located at 333 Silom Road, Bangrak, Bangkok. BBL was established in 1944 in Bangkok, Thailand, and is one of the largest regional banks in Southeast Asia. BBL operates in the commercial banking sector and conducts its business activities through an extensive international branch network located in 14 economies around the world. As a banking entity domiciled in Thailand, BBL is subject to banking regulation provisions under the authority of the Bank of Thailand.

Bangkok Bank Public Company Limited, Jakarta Branch (“**BBI**”) is located on Jl. MH Thamrin No. 3, Jakarta, Indonesia. It operates with a business license from the MOF No. D.15.6.3.26 dated 21 June 1968 and has obtained permission to operate as a Foreign Exchange Bank on 22 June 1968 with Decree of Bank Indonesia No. 4/12/KEP.DIR. It has been doing its business since July 1968.

Bangkok Bank Public Company Limited, Surabaya Sub-Branch Office is located on Jl. Raya Darmo No. 73, Surabaya. It was opened on 29 March 2012 under permit No. 14/112/DPIP. Bangkok Bank Public Company Limited, Medan Sub-Branch Office is located at B&G Tower Ground Floor, Jl. Putri Hijau No. 10, Medan. It was opened on 6 November 2013 under permit No. 15/231/DPIP.

BBI is a branch of BBL and has no separate legal status or existence. In accordance with Clause 3 of BBL’s Articles of Association, the scope of BBI’s activities is to run a commercial bank business including other businesses related to banks.

(2) Business Activities

BBI’s business activities are providing banking services and products in the form of credit to corporate customers, raising funds from the public in the form of demand deposits (*giro*) and time deposits (*deposito berjangka*), local and international remittance services, export and import financing, bank guarantees, foreign exchange services, derivative products such as: Forward, Swap, Spot and Interest Rate Swaps (IRS), Local Currency Settlement (LCS) IDR-THB and Thai Baht Express Transfer (TBET).

(3) Management

Current composition of Management of BBI is as follows:

General Manager	: Nithapong Senavongse
Deputy General Manager	: Joko Chahjono
Deputy General Manager	: Udomsab Sirojanakul
Compliance Director	: Anwar Munaf

(4) **Capital Structure and Shareholders of Bangkok Bank Public Company Limited**

The ownership structure of the 10 (ten) largest shareholders of BBL as of 12 June 2020 is as follows:

No.	10 Largest Shareholders	Number of Ordinary Shares	%
1.	THAI NVDR COMPANY LIMITED	448,535,678	23.50%
2.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	98,649,920	5.17%
3.	SOCIAL SECURITY OFFICE	85,852,300	4.50%
4.	UOB KAY HIAN (HONG KONG) LIMITED - Client Account	39,837,220	2.09%
5.	STATE STREET EUROPE LIMITED	36,715,127	1.92%
6.	BANGKOK INSURANCE PUBLIC COMPANY LIMITED	34,287,030	1.80%
7.	THE BANK OF NEW YORK MELLON	32,663,005	1.71%
8.	BNY MELLON NOMINEES LIMITED	31,094,920	1.63%
9.	MORGAN STANLEY & CO. INTERNATIONAL PLC	25,988,223	1.36%
10.	STATE STREET BANK AND TRUST COMPANY	25,690,400	1.35%
	Other Shareholders	1,049,529,071	54.97%
	Total paid-up capital	1,908,842,894	100.00%

(5) **Report on the Condition, Development and Results Achieved by BBI**

(a) **Financial Performance**

BBL continues its contribution to the growth of the Indonesian economy by supporting Indonesian government policies and promoting broad based growth in industrial investments, labor force employment, retail consumption, infrastructure development, and digital transformation. BBL has expanded its business in Indonesia through BBI which has been operating in Indonesia for more than five decades.

BBI provided loan both US Dollars and Rupiah to Indonesian companies and Thai Companies, as well as other Asian linked corporate clients. BBI continued increasing loans to manufacturing, mining, hospitality & restaurant sectors. In addition, BBI also provided loan to SME Sectors (including export non-oil and gas sector) which exceed minimum requirement of Bank Indonesia Regulation No. 17/12/PBI/2015 on Provision of Credit or Financing by Commercial Banks and Technical Help to Develop Micro, Small and Medium Business which requires 20% of the total portfolio to be loans to SMEs.

BBI provided additional reserve for the impairment losses related to first adoption of PSAK71 (or IFRS9) of IDR3.32 trillion in March 2020, that help increased the impairment reserves to

become IDR6.00 trillion (NPL coverage ratio of 11.31 times). BBI obtained additional working capital fund (Dana Usaha) of USD200 million in April 2020, and increased CAR to 79.21% as of June 2020.

(b) Governance

BBI implements 5 (five) basic principles of GCG (transparency, accountability, responsibility, independency and fairness) called TARIF. Furthermore, BBI periodically performs self-assessment in comprehensively and structured using 3 (three) aspects such as governance structure, governance process and governance outcome. The assessment of GCG Bank has periodically reviewed and assessed at least every semester in the current year. Governance structure, governance process and governance outcome implementation is in accordance with the complexity and scale of BBI's business. BBI has also established a variety of functions including the compliance, internal audit and risk management function that are independent from the operational units. BBI has an adequate infrastructure in the form of human resources, IT, office networks, policies and procedures to apply the GCG principles and is fully supported by its head office's International Banking Group which performs the function similar to the board of commissioner.

BBI's corporate governance principles and structures are continually assessed, and its self-assessment consists of: (i) adequacy of transparency reports; (ii) compliance with laws and regulations; (iii) protection of consumers; (iv) objectivity in performing assessment or audit; (v) performance of BBI such as profitability, efficiency, and capital; and/or (vi) compliance with applicable regulations.

(6) Financial Report and Financial Performance Information

The audited financial statements of BBI for the years ended 31 December 2017, 2018 and 2019 were sourced from the Financial Statements of BBI audited by KAP Satrio Bing Eny and Partners with their respective partners Merliyana Syamsul (for the year ending 31 December 2017) and Muhammad Irfan (for the year ending 31 December 2018), and from the Financial Statements of BBI audited by KAP Imelda & Rekan with their respective partner Muhammad Irfan (for the year ending 31 December 2019), which expressed an Unqualified Opinion.

(a) Consolidated Statements of Financial Position

(In Million Rupiah, unless otherwise stated)

Description	31 December		
	2017 (audited)	2018 (audited)	2019 (audited)
ASSETS			
Cash	9,712	9,391	10,226
Demand deposits with Bank Indonesia	848,781	878,740	850,870
Demand deposits with Other Banks	322,861	169,172	231,895
Placements with Bank Indonesia and Other Banks	6,142,785	7,264,400	9,074,973
Securities - Third Parties	2,110,175	1,812,449	2,396,921
Acceptances Receivable - Third Parties	1,393,738	1,545,016	1,282,107
Derivatives Receivables	15,627	52,667	55,254
Loans - Net	17,669,808	18,136,101	18,263,696

Interest Receivable	96,520	96,571	88,957
Premises and Equipment – Net	89,501	90,398	87,994
Deferred Tax Assets	605,441	640,233	713,027
Other Assets	60,785	78,886	82,104
Total Assets	29,365,733	30,774,023	33,138,023

(In Million Rupiah, unless otherwise stated)

<u>Description</u>	31 December		
	2017 (audited)	2018 (audited)	2019 (audited)
LIABILITIES			
Liabilities Payable Immediately	59	14	-
Deposits	10,251,974	7,065,474	7,813,355
Deposits from Other Banks	307,614	1,106,920	605,004
Acceptances Payable	1,393,738	1,694,863	1,418,779
Derivatives Payable	32,305	68,598	37,791
Taxes Payable	172,513	109,605	180,163
Accrued Expenses	55,267	32,109	46,600
Post-employment Benefits Obligations	10,816	11,367	7,973
Other Liabilities	422,625	572,102	565,940
Declared Working Capital Funds	11,735,888	15,314,700	17,561,363
Total Liabilities	24,382,800	25,975,751	28,236,966

HEAD OFFICE ACCOUNT			
Head Office Contribution Fund	3,690,957	3,690,957	3,690,957
Other Comprehensive Income	9,934	(814)	11,868
Unremitted Earnings	1,282,042	1,108,128	1,198,232
Total Head Office Account	4,982,934	4,798,272	4,901,057
Total Liabilities and Head Office Account	29,365,733	30,774,023	33,138,023

(b) Income Statement and Other Consolidated Comprehensive Income

(In Million Rupiah, unless otherwise stated)

<u>Description</u>	31 December		
	2017 (audited)	2018 (audited)	2019 (audited)
Operating Revenues and Expenses			
Interest revenues	1,577,362	1,643,583	1,858,387
Interest expenses	298,638	342,192	407,964
Interest Revenues - Net	1,278,724	1,301,391	1,450,423
Other Operating Revenues			
Other commissions and fees - net	114,511	47,170	43,529
Gains (losses) on foreign exchange transactions	(46,609)	22,666	52,116

- net			
Other revenues – net	2,554	2,868	3,049
Total Other Operating Revenues	70,456	72,703	98,695
Provision (Reversal) for Impairment Losses			
Securities	(714)	1,501	(594)
Acceptances receivable	(79,280)	149,846	(13,175)
Loans	589,654	383,974	396,918
Total Provision for Impairment Losses	509,660	535,321	383,150
Other Operating Expenses			
Personnel expenses	49,660	62,503	57,467
General and administration expenses	63,753	69,265	75,269
Total Other Operating Expenses	113,412	131,768	132,736
OPERATING REVENUES - NET	726,107	707,005	1,033,232
NON-OPERATING INCOME (EXPENSES) - NET	(8,514)	(3,083)	(2,947)
INCOME BEFORE TAX	717,593	703,922	1,030,285
TAX EXPENSE	259,868	343,911	409,435
NET INCOME FOR THE YEAR	457,725	360,011	620,850
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement to defined benefit obligation	10,344	1,562	2,681
Income tax relating to item that will not be reclassified subsequently to profit or loss	(4,138)	(625)	(1,072)
Subtotal	6,206	937	1,608
Item that will be reclassified subsequently to profit or loss			
Changes in fair value of AFS securities	18,791	(19,476)	18,456
Income tax relating to item that will be reclassified subsequently to profit or loss	(7,516)	7,790	(7,382)
Subtotal	11,274	(11,685)	11,074
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR AFTER TAX	17,481	(10,748)	12,682
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	475,206	349,263	633,532

(c) **Financial Performance of BBI**

In 31 December 2019, BBI reported total assets of IDR33.13 trillion, which comprised of loans IDR18.26 trillion (1% yoy) and securities under third parties of IDR2.39 trillion (32% yoy). On the funding side, BBI also obtained additional declared operating funds (*dana usaha*) from BBL of USD200 million and reported declared working capital funds (*dana usaha yang dinyatakan*) of IDR17.56 trillion at year-end 2019. These declared operating funds helped to strengthen BBI's core capital to IDR20.73 trillion, and is reflected in its CAR of 68.42% in December 2019 (compared with CAR of 65.91% in December 2018).

BBI continued to pay special attention to improve portfolio of asset quality and was able to reduce gross NPL ratio as well as net NPL ratio. This was due to BBI tightening portfolio quality control and enforcing collateral on the non-performing loans.

On the income side, net interest income increased to IDR1.45 trillion in line with the interest rates and the growth of loan portfolio. The growth of net fee and commission income in 2019 are mainly caused by FX gain. BBI maintained operating expenses of IDR0.13 trillion, and increased in net operating revenue of IDR1.03 trillion, and net income for the year of IDR0.63 trillion.

3. INFORMATION AND DESCRIPTION OF INTEGRATION

A. Schedule of Plans and Effective Date of Integration and Schedule of Plans and Estimated Date of Revocation of BBI Business Licenses.

Actions	Date of Completion
OJK's notification that the proposed Integration may proceed	06/10/2020
Announcement of the abridged Integration Plan in a newspaper Written announcement regarding proposed Integration to the employees	07/10/2020
Submission of the GMS' agenda to OJK	16/10/2020
The last day of the waiting period for the submission of creditors' objections	21/10/2020
GMS announcement through a newspaper	23/10/2020
GMS invitation	09/11/2020
The implementation of GMS	01/12/2020
The result of the GMS to be announced through a newspaper, Bank Permata's official website, and IDX's official website	02/12/2020
Submission to OJK on the bank integration approval	02/12/2020
Last day for the shareholders who intends to sell their shares to Bank Permata to submit the Share Sale Statement Form	08/12/2020
Anticipated receipt of OJK integration approval	14/12/2020
The signing of the Deed of Integration of Bank Permata and transfer documents, subject to the receipt of the OJK Approval	15/12/2020
Submission of application for approval of the amendment to the Articles of Association of Bank Permata to the MOLHR	21/12/2020
Integration approval becomes effective	21/12/2020*

Integration becomes effective and effectuation of the transfer of assets, liabilities and capital	21/12/2020
Settlement to the shareholders that sold the shares to Bank Permata	13/01/2021
Estimated date of revocation of BBI's business licenses	Estimated in 21/12/2022 or earlier.

** As a contingency plan due to the pandemic, the target effective date may be delayed but the delay will not be longer than 30 days since the signing of the Deed of Integration.*

B. Background and Reasons of the Proposed Integration

BBL intended to transform into a leading regional bank in this decade; and Indonesia is the flagship of BBL's expansion strategy due to its largest economy in ASEAN and huge population base of more than 270 million. After completion of the acquisition of 89.12% of Bank Permata's share capital, BBL plans to integrate banking operations which are currently held separately by BBI and Bank Permata. The integration is to follow OJK's directives stipulated on its letter No. SR-129/PB.12/2020 regarding approval for the acquisition of Bank Permata by BBL, where OJK requested BBL to integrate BBI into Bank Permata to support Indonesia banking consolidation. The Integration will be completed by legal transfer of assets in good quality and/or certain liabilities which are the Integration object from BBI to Bank Permata in compliance with POJK 41/2019.

With the support of BBL as the controlling shareholder, the Integrated Bank will have a stronger capital structure and qualified for BUKU IV bank. The integration of BBI and Bank Permata will enhance the ability of the Integrated Bank to raise funds, optimize new branch networks, increase the range of quality banking products and services offered to customers. The integration of BBI to Bank Permata will support BBL aspiration for Integrated Banks to become well-diversify universal bank, covering retail, SME, corporate and conglomerate banking service. Clients can reach wider Rupiah-based funding for domestic business, and connects to BBI foreign customer networks. BBL will provide the development of technical capabilities of the Integrated Bank staffs, in particular related to SME financing and supply chain. Bank Permata's state-of-the-art digital banking solutions will be leveraged to fulfill customer desire and experience, and to expand customer base including the BBI and BBL customer ecosystem. As a bank with the largest international branch network in Thailand with a strong presence in the ASEAN region, BBL will also continue to use its expertise and share its best practice, technical and technological knowledge in a variety of functions, including risk management, operations, human resource development, especially with the Bank. BBI aims to bring in fruitful results to the Indonesian banking sector. BBL also intends to reinvest profits from the Integrated Bank to expand the bank business in Indonesia and help support Indonesian economic expansion. The combined platform will unfold the new opportunities arising from increased business cooperation between Indonesia and Thailand, supporting ASEAN cooperation and forging closer ties between the two countries. With the Integration, BBL will also improve GCG in Bank Permata, and will support the management of Bank Permata in a professional and independent manner to promote a healthy banking system with emphasis on prudence principles and risk management framework.

C. Current Year Information

(1) Financial Report and Financial Performance Information Period 30 June 2020 Bank Permata

Bank Permata's financial statements as of and for the period ended 30 June 2020 are sourced from the Interim Consolidated Financial Statements of PT Bank Permata Tbk and its subsidiary that has been audited by KAP Tanudiredja, Wibisana, Rintis & Partner, a member of the PricewaterhouseCoopers network of firms, with the respective partner, Drs. Irhoan Tanudiredja, CPA, who expressed an Unmodified Opinion.

Consolidated Statements of Financial Position

(In Million Rupiah, unless otherwise stated)

Description	30 June	
	2019 (unaudited)	2020 (audited)
ASSETS		
Cash	1,936,714	1,839,717
Current accounts with Bank Indonesia	8,326,990	4,412,819
Current accounts with Other Banks - net	916,721	1,572,485
Placements with Bank Indonesia and Other Banks - net	6,422,589	12,670,440
Financial Assets Held for Trading	1,226,056	2,677,592
Securities Purchased Under Resale Agreements	2,333,942	2,717,235
Acceptance Receivables - net	1,913,824	908,395
Loans - net	101,886,723	100,237,874
Investment Securities - net	12,716,919	20,719,487
Fixed Assets - net	2,485,248	2,815,927
Intangible Assets - net	496,306	518,757
Deferred Tax Assets - net	1,889,647	1,439,276
Other Assets - net	5,220,921	5,431,063
TOTAL ASSETS	147,772,600	157,961,067

(In Million Rupiah, unless otherwise stated)

Description	30 June	
	2019 (unaudited)	2020 (audited)
LIABILITIES		
Liabilities Payable on Demand	1,050,559	2,626,248
Deposits from Customers	113,066,189	124,749,028
Deposits from Other Banks	2,135,510	1,944,209
Financial Liabilities Held for Trading	80,920	124,723
Acceptance Payables	1,922,282	928,314
Borrowings	14,973	53
Accruals	1,184,544	1,136,569
Other Liabilities	823,487	914,882
Obligation for Post-Employment Benefits	39,954	45,472
Provisions	57,687	60,327
Subordinated Debts	4,083,202	1,576,316
TOTAL LIABILITIES	124,459,307	134,106,141

(In Million Rupiah, unless otherwise stated)

Description	30 June	
	2019	2020

	(unaudited)	(audited)
EQUITY		
Issued and Fully Paid-Up Capital	3,837,985	3,837,985
Additional Paid-in-Capital – Net	17,252,901	17,252,901
Net fair value reserve – investment securities and placement in Negotiable Certificate Deposits	62,752	165,970
Allowance for expected credit losses - at Fair Value through Other Comprehensive Income	-	2,002
Fixed Assets Revaluation Reserve	1,853,060	1,853,060
Retained Earnings	306,585	742,998
Non-controlling Interests	10	10
TOTAL EQUITY	23,313,293	23,854,926
TOTAL LIABILITIES AND EQUITY	147,772,600	157,961,067

Consolidated Statements of Profit or Loss and Other Comprehensive Income

(In Million Rupiah, unless otherwise stated)

Description	30 June	
	2019 (unaudited)	2020 (audited)
OPERATING INCOME AND EXPENSES		
Interest Income	4,964,749	4,978,714
Sharia Income	819,221	762,123
Interest Expense	(2,781,187)	(2,384,448)
Sharia Expense	(301,067)	(325,146)
Net Interest and Sharia Income	2,701,716	3,031,243
Net Fees and Commission Income	541,522	520,905
Net Trading Income	271,448	382,391
Gain on Sale of Investment Securities	70,120	51,397
Other Operating Income	78,593	141,771
	961,683	1,096,464
Total Operating Income	3,663,399	4,127,707
Impairment Losses on Financial Assets	(438,506)	(1,064,383)
Impairment Losses on Transactions of Administrative Accounts	-	(2,295)
Other Operating Expenses		
General and Administrative Expenses	(899,451)	(836,936)
Salaries and Benefits to Management and Employees Expenses	(1,185,218)	(1,315,429)
Other Expenses	(186,803)	(158,275)
Total Other Operating Expenses	(2,271,472)	(2,310,640)
Total Operating Expenses	(2,709,978)	(3,377,318)
Income Before Income Tax	953,421	750,389

Income Tax Expense		
Current	-	-
Deferred	(242,031)	(383,911)
	(242,031)	(383,911)
Net Income	711,390	366,478
Other Comprehensive Income, Net of Income Tax	149,967	71,686
Total Comprehensive Income	861,357	438,164
Net Income Attributable to:		
Equity Holders of the Parent Entity	711,390	366,478
Non-controlling Interests	-	-
Comprehensive Income Attributable to:		
Equity Holders of the Parent Entity	861,357	438,164
Non-controlling Interests	-	-
Basic and Diluted Earnings per Share Attributable to Equity Holders of the Parent Entity (whole Rupiah)	25	13

Until the period ended as of 30 June 2020, amidst of COVID-19 pandemic, Bank Permata still manage to maintain its ability to increase the performance, marked by asset growth accompanied by growth in third party funds, maintained asset quality and optimal liquidity accompanied by strong capital. The revenue trajectory still showed positive growth of 13% yoy, in line with the increase in NIM to 4.5%. The decrease in net profit was mainly affected by the increase in loan impairments amongst under related to impact of COVID-19 dan the reduction in corporate income tax rates than before from 25% to 22% has resulted in an increase in deferred tax expense by IDR216 billion.

In response to the impact of COVID-19, Bank Permata has been focusing on the restructuring of loans where debtors are impacted by COVID-19 as much as 12% of total portfolio and accelerating the settlement of non-performing loan through intensive collection efforts, liquidation, restructuring and write-off. As of June 2020, gross NPL and net NPL ratios were 3.7% and 1.8%, with NPL coverage ratio of 112%. The liquidity position remains strong with LDR of 81% and CASA ratio continued to increase to 52%. Capital ratio also remained strong with CET-1 and CAR Ratios at June 30, 2020 at 20.2% and 21.3%, above the minimum CAR requirement of 12.5%.

(2) **Financial Report and Financial Performance Information Period 30 June 2020 of BBI**

BBI's financial statements for the period ended 30 June 2020 were sourced from BBI's Financial Statements that were audited by KAP Satrio Bing Eny and Partners with their counterpart Elizabeth Imelda, who expressed an Unqualified Opinion.

Consolidated Statements of Financial Position

(In Million Rupiah, unless otherwise stated)

	30 June	
<u>Description</u>	2019 (unaudited)	2020 (audited)

ASSETS		
Cash	8,391	11,161
Demand Deposits with Bank Indonesia	1,000,734	972,360
Demand Deposits with other Banks	196,302	218,040
Placements with Bank Indonesia and Other Banks	8,798,991	9,578,774
Securities – Third Parties	1,920,777	1,614,045
Securities Purchased with Agreements to Resell – Third Parties	-	4,760,326
Acceptance Receivable – Third Parties	1,619,898	1,175,870
Derivatives Receivable	18,925	124,249
Loans - Net	18,383,211	16,381,548
Interest Receivable	181,479	122,465
Premises and Equipment - Net	89,016	85,791
Deferred Tax Assets	640,243	1,864,249
Other Assets	204,482	139,395
Total Assets	33,062,449	37,048,273

(In Million Rupiah, unless otherwise stated)

Description	30 June	
	2019 (unaudited)	2020 (audited)
LIABILITIES		
Deposits	7,044,412	11,133,489
Deposits from Other Banks	502,370	23,336
Securities Sold with Agreements to repurchase	370,759	-
Acceptances Payable	1,619,898	1,345,036
Derivatives Payable	25,033	255,014
Taxes Payable	5,678	319,067
Accrued Expenses	42,837	69,537
Post-Employment Benefits Obligation	9,214	8,251
Estimated Losses on Commitments and Contingencies	-	365,839
Other Liabilities	212,906	45,242
Declared Working Capital Funds	17,871,287	20,883,575
Total Liabilities	27,704,394	34,448,387

(In Million Rupiah, unless otherwise stated)

Description	30 June	
	2019 (unaudited)	2020 (audited)
HEAD OFFICE ACCOUNT		
Head Office Contribution Fund	3,690,957	3,690,957
Other Comprehensive Income	19,997	11,596
Unremitted Earnings (Deficit)	1,647,101	(1,102,667)
Total Head Office Account	5,358,055	2,599,886
Total Liabilities and Head Office Account	33,062,449	37,048,273

Consolidated Statements of Profit or Loss and Other Comprehensive Income

(In Million Rupiah, unless otherwise stated)

<u>Description</u>	30 June	
	2019 (unaudited)	2020 (audited)
Operating Revenues and Expenses		
Interest revenues	894,882	887,021
Interest expenses	172,722	308,247
Interest Revenues – Net	722,160	578,774
Other Operating Revenues		
Other commissions and fees - net	50,059	15,932
Other revenues – net	1,536	1,373
Total Other Operating Revenues	51,595	17,305
Other Operating Expenses		
Personnel expenses	26,076	26,460
General and administration expenses	30,981	36,265
Losses (gains) on foreign exchange transactions – net	(7,149)	22,913
Allowance for impairment losses on financial assets	127,853	190,521
Total Other Operating Expenses	177,762	276,159
OPERATING REVENUES - NET	595,993	319,920
NON-OPERATING REVENUES (EXPENSES) - NET	9	(2,364)
INCOME BEFORE TAX	596,002	317,556
TAX EXPENSE	57,029	619,296
NET INCOME (LOSS) FOR THE PERIOD	538,973	(301,740)
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement to defined benefit obligation	-	(1,389)
Income tax relating to item that will not be reclassified subsequently to profit or loss	-	743
Subtotal	-	(645)
Item that will be reclassified subsequently to profit or loss		
Changes in fair value of FVTOCI securities	-	(272)
Income tax relating to item that will be reclassified to profit or loss	-	646
Subtotal	-	374

TOTAL OTHER COMPREHENSIVE LOSS FOR THE PERIOD AFTER TAX	-	(271)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	538,973	(302,011)

After the announcement of BBL's corporate action to take over Bank Permata in December 2019, BBL has carried on its commitment and strategy to expand its banking business in Indonesia. As of June 2020, BBI's total loans granted increased to IDR21.84 trillion; while deposits increased to IDR11.34 trillion. BBI has recorded a net loss of IDR0.30 trillion after implementing additional allowance following IFRS 9 guidelines for impairment losses in the amount of IDR3.32 trillion (equivalent to USD 200 million) in March 2020.

Overall, BBI's capital position as at 30 June 2020 remains higher than the minimum CAR required by OJK of 9%. BBI received additional declared operating funds (*dana usaha*) of USD 200 million in April 2020, and strengthen the core capital. BBI's reported CAR ratio to 79.21% as of 30 June 2020; compared with 68.56% in December 2019.

(3) Main Business Change of Bank Permata and BBI

There is no change in the main activities of Bank Permata and BBI in the period ending 30 June 2020.

(4) Details of Issues Arising During 2020

During the period ending on 30 June 2020, Bank Permata and BBI faced challenges in achieving credit lending targets and the impact of slowing economic growth and increasing inherent credit risk as a result of the COVID-19 pandemic. Slowing credit growth mainly occurred in the retail and SME sectors, in line with the decline in public purchasing power with the introduction of large-scale social restrictions in major cities in Indonesia since March 2020. In addition, the impact of the COVID-19 pandemic on the international economy also caused volatility in several macroeconomic indicators, especially foreign exchange rates and yields in the bond market.

Following COVID-19 pandemic, the Ministry of Finance has also introduced tax stimulus to reduce Corporate Income Tax rate from 25% to 22% with effective from 31 March 2020. This has also resulted in disadvantage for Bank Permata given its significant amount of deferred tax assets position mainly comes from accumulated tax loss. Lower income tax rate caused Bank Permata to recognize valuation adjustment on its deferred tax assets thus lower profit after tax.

Following up on slowing economic growth and increasing inherent credit risk, both BBI and Bank Permata's Management conducted several management actions including focusing lending activities to customers with healthy credit quality, accelerating restructuring and relaxation efforts for customers affected by the COVID-19 pandemic, focusing on the growth of savings and demand deposits as a stable and efficient source of funds as well as making efforts to improve bank operational costs. As at the date of this Integration Plan, uncertainty in the market remains with low probability of economic recovery in near future. This unfavorable market condition will result in the pressure on the Integrated Bank's performance achievement and target profitability.

D. Policy Compliance with Taxation Provisions

Taxation treatment of BBI into Bank Permata will be carried out with due regard to compliance with relevant taxation provisions as follows:

- (a) Law No. 36/2008 on Income Tax (“**Income Tax Law**”);
- (b) Law No. 42/2009 on Value Added Tax of Goods and Services and Sales Tax of Luxurious Goods (“**VAT Law**”);
- (c) Government Regulation No. 94 Year 2010 on Current Year Corporate Income Tax Calculation and Payment (“**GR 94**”); and
- (d) Minister of Finance Regulation No. 52/PMK.010/2017 as amended by Minister of Finance Regulation No. 205/PMK.010/2018 on the Use of Book Value for Transfer and Acquisition of Assets in the Context of Merger, Consolidation, Expansion or Business Takeover (collectively, “**PMK 205**”).

Tax Treatment of Integration

(a) Corporate Income Tax

Based on Article 10 paragraph (3) of Income Tax Law and Article 1 paragraph (7) of PMK 205, transfer of all or part of assets/liabilities of BBI to Bank Permata in the context of integration is categorized as business takeover. Furthermore, the transfer of assets in the context of business takeover carried out using market value, except determined otherwise by the Minister of Finance. Article 18 paragraph (3) of Income Tax Law provides rights to the Directorate General of Tax (“**DGT**”) to re-calculate the income and cost of Taxpayer who has related party relationship with other Taxpayer, in accordance with fairness principle and predominance of business between independent party which is not affected by related party relationship.

In accordance with the above terms, the transfer of assets in the context of this integration must use market value and constitute a taxable transaction. However, under Article 10 (3) of Income Tax Law and PMK 205, the transfer of assets in the context of the Integration may use tax book value after obtaining an approval from the DGT, with the following requirements:

- (i) submitting an application carried out by Bank Permata, as the party who received the transfer of assets, within 6 (six) months after the Integration attaching the reasons and purposes for conducting the Integration;
- (ii) meeting the business purpose test; and
- (iii) obtaining tax clearance from (*Surat Keterangan Fiskal*) from the DGT for both Bank Permata and BBI.

The approval to use the tax book value from the DGT will allow the transfer of assets in the context of Integration to be exempted from the income tax.

(b) Value Added Tax

Under Article 1A of the VAT Law, assets transferred during a business takeover is not classified as a taxable delivery if both the transferor and the transferee are registered as VAT entrepreneurs. Since both Bank Permata and BBI are registered as VAT entrepreneurs, therefore, the proposed business takeover should be exempt from VAT.

(c) Withholding Tax of Additional Tier 1 Capital

The withholding tax of Article 26 of the Income Tax Law is made if there is any yield to the Additional Tier 1 Capital when such yield (i.e. the coupon) is determined and becomes liable or such yield (i.e. coupon) is paid, whichever comes first. The applicable

withholding tax rate is 20% or the applicable rate pursuant to the applicable tax treaty, with due observance of the terms under the tax treaty.

E. Methods of Transfer of Assets and Liabilities

(a) The method of legal transfer of assets in good quality and/or certain liabilities which are the Integration object from BBI to Bank Permata

Assets in good quality and certain liabilities which are the Integration object will be transferred by BBI to Bank Permata by way of legal transfer upon receipt of regulatory approvals, including from OJK. In line with POJK 41/2019, only good quality assets, i.e. assets with Collectability Pass and Special Mention, will be included in the assets portfolio transfer. All legal documents for the transfer of assets and liabilities will be executed between BBI and Bank Permata, with necessary acknowledgement and/or consent from BBI customers and/or counterparties as required. BBI will arrange a formal communication to its clients and will be announced after OJK's support on the Integration is obtained. In the event consent from BBI customers and/or counterparties of good quality assets and/or certain liabilities of BBI as required to support legal transfer are not obtained before the effective date of the Integration, those assets and/or liabilities will not be assigned or transferred to Bank Permata and will continue to be managed by BBI up until the revocation of BBI's business license, with due observance of Article 58 POJK 41/2019. Assets that are not assigned or transferred to Bank Permata will stay with and belong to BBI up until the revocation of BBI's business license, with due observance of Article 58 POJK 41/2019. All lands and buildings owned by BBI with a right to use will be transferred to Bank Permata on a commercial basis before the effective date of the Integration, thus they do not become part of BBI's assets transferred on the date of the Integration.

The transfer of certain liabilities of BBI to Bank Permata includes its declared working capital funds which represents amount of placement from BBL to BBI. The declared working capital funds are part of BBI's liabilities that are calculated as the Bank's Capital and therefore the declared working capital funds will also be legally transferred to Bank Permata, as part of certain liabilities transfer on the effective date of the Integration. The declared working capital funds amounted to USD 1,465 million will be entirely transferred to Bank Permata as Payable to Shareholder (BBL), a part of which will be transferred in the form of Additional Tier 1 Capital amounting to USD 700 million that is calculated as part of the Bank's Core Capital as per POJK 11/2016. To qualify as Additional Tier 1 Capital, an instrument has to fulfill the criteria set under POJK 11/2016. Instruments eligible to qualify as Additional Tier 1 Capital include: (i) fully issued and paid up; (ii) have no tenure and no specific requirements which mandated full payment by the bank in the future; (iii) do not have step-up feature; (iv) convertible into common share or write-down mechanism in the event of bank's non-viability; (v) subordinated upon liquidation; (vi) the amount of yield is not guaranteed both in amount and timing, and non-accumulative; and (vii) do not have feature for payment of dividend or yield sensitive to credit risk.

Additional Tier 1 Capital of Bank Permata is planned to have a write-down mechanism in the event of Bank Permata's point of non-viability. In addition, Additional Tier 1 Capital of Bank Permata will also have a call option feature with the requirement that such call option can only be executed at the earliest of 5 (five) years after the capital instrument is

issued and with OJK's approval.

The implementation of the Additional Tier 1 Capital of Bank Permata will be carried out by observing the applicable regulations including the capital market regulations.

Furthermore, the remaining Payable to Shareholder amounting to USD 765 million will be paid by Bank Permata on the effective date of the Integration which will be followed by a placement of Advance Capital Payment by BBL in Bank Permata on the same date. The specific amount, terms and conditions of the Advance Capital Payment and the Additional Tier 1 will be subject to approvals from the regulators, both OJK and Bank of Thailand.

Liabilities that are not and/or cannot be assigned or transferred to Bank Permata will still stay with and belong to BBI up until the revocation of BBI's business license, with due observance of Article 58 POJK 41/2019.

(b) The financial aspects of the Integration in accordance with the Statement of Financial Accounting Standards

The Integration of BBI into Bank Permata is considered as a Business Combination between Entities under Common Control as per the Statement of Financial Accounting Standard ("SFAS") No. 38. Entities under common control are defined as entities which are directly or indirectly controlled or being controlled by or under common control. In this case, BBI and Bank Permata are under common control by BBL.

In accordance with SFAS No 38, the business combination transaction between entities under common control is undertaken in terms of reorganization of entities under the same group entities, not resulted from change of ownership in economic substance, hence the transaction will not result in the profit or loss for the group nor for the individual entities.

The Integration of BBI into Bank Permata falls into the definition of business combination transaction of entities under common control whereby BBL as the parent entity transfers part of the assets and liabilities of one of the group entity (BBI) to another group entity (Bank Permata). Even though BBI will eventually be liquidated post Integration, the Integration does not change the economic substance of BBL ownership on BBI assets and liabilities transferred to Bank Permata.

Since the business combination transaction between entities under common control does not result in change of economic substance of the ownership of BBL on the part of assets and liabilities of BBI are transferred to Bank Permata, thus the transaction shall be recognized at carrying value (*nilai buku*) based on pooling of interest method. Adjustments to the carrying amount are only made to adjust the accounting policies of the transferring entity with the accounting policies adopted by the receiving entity (Bank Permata).

F. Settlement of Status, Rights and Obligations of Members of the Board of Directors, Board of Commissioners, Sharia Supervisory Board, and Employees

(1) Bank Permata

Based on the requirement under POJK 41/2019, the candidate of members of Board of Directors and Board of Commissioners of the bank resulting from the Integration mentioned in this Integration Plan shall undergo a fit and proper assessment by the OJK. Bank Permata does not plan to change the status, rights and obligations of members of the Board of Directors, members of Board of Commissioners, members of Sharia Supervisory Board, and employees in Bank Permata.

Apart from the Integration, Bank Permata is also planning to appoint a Director of Bank Permata with the effectiveness of appointment will be at the soonest upon the obtainment of the GMS approval and the fit and proper test approval from OJK.

(2) BBI

BBI is the branch office of BBL and the International Banking Group (IBG) domiciled at the headquarters of BBL is closely conducting the oversight role function similar to a Board of Commissioners. BBI has no Sharia Supervisory Board.

Settlement of the rights and obligations of BBI's Branch Management will be determined in accordance with the terms and conditions agreed by BBL and Bank Permata as well as applicable regulations, and with the aim of achieving a seamless integration process.

BBI will notify its employees on the Integration process and the vision of the business. As part of the Integration, BBI expects that all its employees will agree to be the employees of Bank Permata. BBI will offer its employees a compensation or severance package in accordance with the Manpower Law and BBI's collective labour agreement prior to onboarding with Bank Permata, whereby BBI's employees agreeing to join Bank Permata under Bank Permata's normal employment terms and conditions. The transition plan will be designed to manage on-boarding of BBI's employees to Bank Permata to ensure the continuity of activities during the Integration process and a seamless combination of employees, reinforcing professional development and sustainability of the new structure.

G. Conflict of Interest of Bank Permata and BBI and Members of the Board of Directors, Board of Commissioners or Sharia Supervisory Board (if any)

There is no conflict of interest between Bank Permata and BBI as well as members of the Board of Directors, Board of Commissioners or Sharia Supervisory Board (as relevant) either in Bank Permata or BBI.

H. Settlement of Rights and Obligations towards Third Parties

(1) Bank Permata

Pursuant to Article 50 paragraph 1 POJK 41/2019, the creditors of Bank Permata may submit objections to the proposed Integration within 14 (fourteen) days upon the announcement of the abridged Integration Plan in at least one newspaper.

On 7 October 2020, Bank Permata will announce abridged Integration Plan on the newspaper and on website of Bank Permata. Creditors who do not submit objections until 21 October 2020, will be deemed to have approved the Integration Plan. In the event that the objection of Bank Permata creditors are unable to be resolved by the Board of Directors of Bank Permata up to the date of

the GMS, such objection shall be resolved in the GMS to reach settlement in accordance with provisions under POJK 41/2019. As long as settlement has not been resolved, the Integration cannot be conducted.

Additionally, there is no negative covenant applicable against the Integration process under the agreements between Bank Permata and its vendors.

(2) BBI

Pursuant to Article 50 paragraph 1 POJK 41/2019, the creditors of BBI may submit objections to the proposed Integration within 14 (fourteen) days upon the announcement of the abridged Integration Plan in at least one newspaper and the websites of BBI and Bank Permata.

On 7 October 2020, BBI will announce abridged Integration Plan on the newspaper and on website of BBI. Creditors who do not submit objections until 21 October 2020, will be deemed to have approved the Integration Plan. In the event that the objection of BBI creditors are unable to be resolved by BBI's Branch Management up to the date of the GMS of Bank Permata, such objections shall be resolved in the GMS of Bank Permata to reach settlement in accordance with provisions under POJK 41/2019. As long as settlement has not been resolved, the Integration cannot be conducted. BBI must settle creditors' objection pursuant to creditors' objection settlement scheme up until the revocation of BBI's business license.

In the event that the settlement of creditors' objection pursuant to creditors' objection settlement scheme cannot be resolved, accordingly based on Article 50 paragraph (8) of POJK 41/2019, the settlement of creditors' objections will become: (i) the responsibility of the BBI's headquarters, supported by the document of BBI headquarters' liability statement or (ii) the liability of Bank Permata based on a deed made before a notary in Indonesian language.

Additionally, there is no negative covenant applicable against the Integration process under the agreements between BBI and its vendors.

I. Settlement of Shareholders Rights

Pursuant to Article 52 of POJK 41/2019, the shareholders of Bank Permata are given the option to sell their shares to Bank Permata or to remain as shareholders of Bank Permata post Integration. The shareholders of Bank Permata who are entitled to take such option are the shareholders who are registered under Bank Permata's Shareholders Register dated 6 November 2020, a date which is 1 (one) business day before the date of the invitation of GMS of Bank Permata and those shares have been issued for more than 5 (five) years.

If the shareholders choose to sell their shares to Bank Permata due to the Integration, Bank Permata will purchase the shares at a price of Rp.1,338 per share which constitutes the fair price based on the valuation report of KJPP Suwendho Rinaldy & Rekan, an independent valuator, as set out in report no. 00342/2.0059-02/BS/07/0242/1/IX/2020 dated 15 September 2020. As such, the shareholders who choose to sell their shares to Bank Permata will need to follow the following procedures to sell their shares to Bank Permata:

- (1) Shareholders who intend to sell their shares must fill out the Share Sale Statement Form and provide selling instructions to their brokers / securities companies where the shareholders open their respective securities accounts to transfer their shares to the

escrow account provided by KSEI for each share of Bank Permata (“**Escrow Account**”), with broker company’s seal affixed thereto.

- (2) Shareholders must submit to Bank Permata the Share Sale Statement Form through the Securities Administration Bureau / Biro Administrasi Efek, PT Raya Saham Registra located at Plaza Sentral Building 2nd Floor, Jl. Jend. Sudirman 47-48, Jakarta Selatan, Indonesia, within business hours from 09.00 to 16.00 WIB at the latest 7 calendar days after the GMS of Bank Permata which will be held on 1 December 2020, or at the latest by 8 December 2020 (“**Sale Intention Statement Period**”). All instructions given by public shareholders to have their shares transferred to the Escrow Account are final and irrevocable.
- (3) Bank Permata’s public shareholders who have stated their intention to sell their shares in the Sale Intention Statement Period, but did not transfer their shares to the Escrow Account up to 8 December 2020, will be deemed to have canceled their intention to sell and transfer their shares.
- (4) Settlement of the share purchase will be made on within 10 working days after the Integration Effective Date or at the latest 13 January 2021 (“**Settlement Date**”). No later than the Settlement Date, KSEI will transfer the existing shares in the Escrow Account to the account of a securities company to be appointed by Bank Permata as the party acting as the broker of the securities of the shareholders.
- (5) Settlement Date may change subject to changes to the Integration Effective Date. If there is any change on the Settlement Date, Bank Permata will make an announcement of such change.
- (6) Any tax or commission subjected and paid for the sale of public shares as described above will be borne by the relevant sellers and purchasers in accordance with applicable IDX regulations and fee arrangements agreed with the broker of each party.

Public shareholders holding scrip shares and intend to sell their shares in accordance with the provisions above, will be given time to contact and appoint a securities broker to convert their scrip shares to scripless shares through the Securities Administration Bureau of Bank Permata, no later than 3 December 2020 namely 3 (three) working days prior to the end of the Sale Intention Statement Period. Any fees for such share conversion shall be borne by the shareholders.

Bank Permata will purchase up to 2,804,273,920 shares which constitute 10 per cent of the amount of the paid up capital of Bank Permata. If the shares tendered to Bank Permata exceeds 2,804,273,920 shares, the remaining shares will be purchased by a third party who will be appointed by Bank Permata with the same price as of the purchase price from Bank Permata.

**J. Expert Opinion in relation to the Integration
Opinion of Bank Permata Tax Consultant**

Under the applicable tax regulations, the transfer of assets in the context of Integration may use tax book value with the approval from the DGT. Failure to obtain the tax book value approval will cause the transfer of assets in the context of Integration to use market value, which may incur additional income tax expense.

BBI and Bank Permata has engaged a tax consultant to mitigate the risk of tax implication above and other relevant tax implications, such as exemption of Value Added Tax of the transfer of assets in the context of Integration, in accordance with the applicable Income Tax Law. However, kindly be advised that the opinion of a tax consultant may be different with the opinion of the tax authority.

K. Brief Statement of Opinion from Legal Aspect

Hadiputranto, Hadinoto & Partners has been appointed by Bank Permata based on Appointment Letter dated 22 June 2020 as legal counsel to Bank Permata and to provide an opinion from legal aspects ("**Legal Opinion**") in connection with the Integration as intended under Article 1 item 8 *jo.* Article 43 of POJK 41/2019.

With due regard to the scope, qualification and assumptions of the Legal Opinion, a brief statement of the Legal Opinion is as follows:

- (1) The Integration can only be carried out subject to the fulfilment of the following requirements:
 - (a) submission of the application for integration approval from OJK (Department of Banks Licensing and Information/DPIP), alongside the following documents as attachments:
 - (i) minutes of the GMS of Bank Permata approving the Integration;
 - (ii) Integration Plan that has been approved by the GMS of Bank Permata;
 - (iii) draft Deed of Integration that has been approved by the GMS of Bank Permata;
 - (iv) draft amendment to the articles of association ("**AOA**") of Bank Permata that has been approved by the GMS of Bank Permata; and
 - (v) draft minutes of assignment of rights and obligations that constitutes the Integration object from BBI to Bank Permata;
 - (b) announcement of abridged Integration Plan in one newspaper having a nationwide circulation, and the websites of each BBI and Bank Permata;
 - (c) written announcement of the plan for the Integration to the employees of each Bank Permata and BBI, which is planned to be conducted on 7 October 2020;
 - (d) receipt of approval or absence of objection from the creditors from each BBI and Bank Permata and/or satisfaction of undertakings as required under the agreements in which each BBI and Bank Permata is a party;
 - (e) receipt of approval on the application for Integration from OJK (Department of Banks Licensing and Information/DPIP);
 - (f) receipt of valid approval from the GMS of Bank Permata concerning the Integration, the Integration Plan, the draft Deed of Integration, continuity of appointment of the BOD and the BOC members of Bank Permata as the Integrated Bank, the purchase of the shares of shareholders intending to sell their shares to Bank Permata and the draft amendment to the AOA of Bank Permata
 - (g) receipt of approval from BBI's headquarters (namely BBL) concerning the Integration, which also includes an approval for BBI's license revocation as a

- result of the Integration;
 - (h) receipt of fit and proper approval for each candidate of the BOD and the BOC members of Bank Permata as the Integrated Bank issued by OJK (Department of Banks Licensing and Information/DPIP);
 - (i) execution of the Deed of Integration and minutes of assignment of assets in good quality and/or certain liabilities, which are the Integration object, by BBI and Bank Permata; and
 - (j) receipt of notification and approval from the MOLHR for amendment to the articles of association of Bank Permata as the Integrated Bank.
- (2) The Integration constitutes an affiliated party transaction as defined under the Affiliated Transaction Regulation because the assignment of assets in good quality and/or certain liabilities, which are the Integration object, is made between BBL as the controlling shareholder and Bank Permata as its controlled public company. For the purpose of the Integration, Bank Permata has obtained a fairness opinion issued by KJPP Suwendho Rinaldy & Rekan, as an independent appraiser based on the Fairness Opinion Report No. 00358/2.0059-02/BS/07/0242/1/IX/2020 dated 18 September 2020, which contains an opinion that in entirety, the Integration is fair.
Based on the Fairness Opinion Report No. 00358/2.0059-02/BS/07/0242/1/IX/2020 dated 18 September 2020 issued by KJPP Suwendho Rinaldy & Rekan, as an independent appraiser, the Integration does not constitute a material transaction as defined under the Material Transaction Regulation considering its value is at Rp. 0 or 0% of Bank Permata's equity. This value is not material as it is below 20% of Bank Permata's equity.
- (3) In connection with the Integration, BBI and Bank Permata have jointly prepared an Integration Plan as required under POJK 41/2019, which is jointly proposed by the BOD of Bank Permata and Branch Management of BBI; the Integration Plan has been approved by (i) the General Manager and Deputy General Manager of BBI, on 25 August 2020 and the BOD of BBL, on 27 August 2020. and (ii) the BOD and the BOC of Bank Permata, on 21 August 2020, which amendments have also been approved by (i) the General Manager and Deputy General Manager of BBI, on 29 September 2020 and the Executive Board of Directors of BBL, on 29 September 2020, and (ii) the BOD and the BOC of Bank Permata, on 28 September 2020.
- (4) In connection with the Integration, BBI and Bank Permata have jointly prepared a draft of Deed of Integration as required under POJK 41/2019, which will be approved by the GMS of Bank Permata and stated in a notarized deed at the latest two working days following the date of OJK's approval on the application for Integration approval (which is expected to be received on 14 December 2020).
- (5) Subject to the satisfaction of all the requirements specified under paragraph (1) above, from the date when the Integration approval is effective (namely from of the approval from the MOLHR on the amendment to the articles of association of the Integrated Bank, which is expected to take place on 21 December 2020),) assets in good quality and certain liabilities which are the Integration object will be transferred to Bank Permata; that assignment will be recorded in minutes of assignment of assets in good quality and/or certain liabilities which are the Integration object that will be stated in a notarized deed.
- (6) Based on Article 52 of POJK 41/2019 *jo.* Article 62 of Law No. 40 of 2007 on Limited Liabilities Companies ("**Company Law**"), the shareholders of Bank Permata are given

the option to sell their shares to Bank Permata or stay as the shareholders of Bank Permata.

Bank Permata is the party that will purchase the shares owned shareholders of Bank Permata who wish to sell their shares at a price disclosed in the Integration Plan.. Shares purchase by Bank Permata can only be carried out if Bank Permata purchases the shares:

- (a) after the five-year period since the issuance of those shares;
- (b) for certain purposes;
- (c) in line with the prevailing laws and regulations;
- (d) after obtaining an approval from OJK Banking Division;
- (e) without causing the capital to decrease below the minimum requirement as set out under POJK 11/2016;
- (f) after OJK Capital Market Division indicates its no objection to the plan of Bank Permata to purchase the shares held by the shareholders of Bank Permata that intend to sell their shares to Bank Permata;
- (g) after obtaining an approval in a GMS of Bank Permata;
- (h) after announcing to the public and submitting the disclosure of information to OJK Capital Market Division regarding the shares purchase by Bank Permata.

That Bank Permata is willing to purchase the shares owned by the shareholders of Bank Permata who wish to sell their shares is in line with the provision under Article 62 of the Company Law.

L. Fairness Opinion on the Integration from Independent Appraiser

The following is summary of the fairness opinion report on the Integration of Bangkok Bank Indonesia into PT Bank Permata Tbk No. 00358/2.0059-02/BS/07/0242/1/IX/2020 dated 18 September 2020 compiled by KJPP Suwendho Rinaldy & Rekan (“SRR”) (the “Fairness Opinion Report”):

(1) Parties Involved in the Integration

The parties involved in the Integration are Bank Permata and BBI.

(2) Object of the Fairness Opinion

The object of the fairness opinion is the Integration, which is the legal transfer of assets in good quality and/or certain liabilities which are the Integration object from BBI to Bank Permata and revocation of BBI’s business license.

(3) Objective and Purpose of the Fairness Opinion

The objective of preparing the fairness opinion is to review the fairness of the Integration. The purpose of preparing the fairness opinion is to comply with POJK 41/2019 and the Affiliated Transaction Regulation.

(4) Assumptions and Limiting Conditions

- (a) The Fairness Opinion Report is a non-disclaimer opinion report.
- (b) SRR has reviewed the documents used in the process of preparing the Fairness Opinion Report.
- (c) The data and information are obtained from accurate reliable sources.
- (d) The analysis in the preparation of the fairness opinion is made by using adjusted financial projection reflecting the fairness of the financial projection made by Bank Permata’s management with its fiduciary duty.
- (e) SRR is responsible for the implementation of the preparation of the fairness

opinion and the reasonableness of the financial projection.

- (f) The Fairness Opinion Report is open for public, unless there are confidential information, which may affect Bank Permata's operation.
- (g) SRR is responsible for the Fairness Opinion Report and the conclusion of the Fairness Opinion Report.
- (h) SRR has obtained the terms and conditions in the agreements related to the Integration from Bank Permata.

(i)

(5) Approach and Procedure of the Fairness Opinion

In evaluating the fairness of the Integration, SRR has conducted (a) qualitative analysis, i.e. analysis of the parties involved in the Integration and their relationship, industry analysis, as well as analysis on the benefit and risk of the Integration; and (b) quantitative analysis, in the form of analysis on Bank Permata's historical financial statements, analysis on Bank Permata's financial performance without and with the Integration, and analysis on the impact of the Integration on Bank Permata's financial performance.

(6) Conclusion

Based on the analysis of the fairness of the Integration as conducted, SRR is of the opinion that the Integration is **fair**.

4. INFORMATION RELATING TO THE BANK RECEIVING INTEGRATION

A. Brief History

Please refer to Section 2.A.(1) for information on the brief history of Bank Permata.

B. Business Activities

Please refer to Section 2.B.(2) regarding information on Bank Permata's business activities.

C. Management

Please refer to Section 2.B.(3) regarding information on Bank Permata's Management.

D. Technology and Information

Up to the effective date of integration, selected BBI's customer assets and liabilities, as agreed by both Banks, will be transferred over to Bank Permata and will be done manually without system integrations between the two banks. All transaction histories of these customers resulted prior to the transfer will stay in BBL systems. As such, Bank Permata will need to continue to have an access to BBI's systems, infrastructure, data center, etc post integration in order to continue serve the customers. For this purpose, the arrangement, operating policy, procedure, etc will be made between Bank Permata and BBI.

Post integration, Bank Permata may decide to convert all transaction histories to Bank Permata's systems so that need for Bank Permata's access to BBI systems will cease at some point in future. Further, all BBI system will remain with BBI and will be decommissioned upon liquidation of BBI.

E. Human Resources

The Integration enables the potential for collaboration and synergy between talents at BBI and Bank Permata to strengthen the human resource capacity of the Bank as a result of the Integration in the future. The main purpose of the proposed Integration is to absorb all BBI's employees into Bank Permata. New contracts will be made and offered by Bank Permata to employees who join under Bank Permata's current normal employment terms and conditions. However, through the matching process and also by considering individual employee needs going forward, we may expect that some of BBI's employees may refuse to join.

Training and development programs during and after the Integration will be continuously improved by strengthening and internalization of Bank Permata's values. In addition, Bank Permata will sustainably improve its human resource capabilities with programs focusing on strengthening the ability to anticipate rapid market changes, including the ability to innovate and implement digitalization in all aspects and banking processes, carefulness in recognizing and anticipating clients' needs and preferences, as well as creating comprehensive financial products and services in a simple, fast, reliable and innovative way.

F. Office Network

BBI branch office in Jakarta and sub-branch office in Medan will continue to operate after the Integration only for the purpose of settling the assets and liabilities which are not transferred to Bank Permata within a maximum of 2 (two) years since the effectiveness of the integration approval and do not carry out other banking business activities. Furthermore, BBI branch office

in Jakarta and sub-branch office in Medan will be closed in accordance with the application for Business License Revocation ("CIU") which will be submitted by the Head Office of Bangkok Bank. BBI sub-branch office in Surabaya will cease operations on the effective date of Integration and following the fulfilment of the applicable regulatory requirements by Bank Permata, ex-BBI's Surabaya sub-branch office will be re-branded and operated as a Bank Permata branch office after the effective date of Integration. Bank Permata also plans to open a new branch office on the location of ex-BBI's Jakarta branch which will become operational upon obtaining the relevant permits from OJK after the Integration.

All assets with good quality and certain liabilities of BBI at the Jakarta branch office, Surabaya sub-branch office and Medan sub-branch office which are the objects of Integration will be transferred to Bank Permata based on a series of legal documents as part of the Integration, except for the title to the land and building of the Jakarta and Surabaya offices which will be transferred to Bank Permata on a commercial basis before the effective date of the Integration.

The Integration will bring bigger business opportunities to Bank Permata's branches, further elaborating the benefits that arise from combining the two branches' networks and growing customer numbers, including the benefits that customers will experienced from this Integration. We will set ambitious goals for customer retention and accelerating actions to improve the customers' experience by combining conventional banking and digital banking in supporting the customers' transactions.

G. Corporate and Commercial Banking Business

The Integration of Bank Permata and BBI creates a strong synergy value. Bank Permata currently has extensive client base ranging from multinationals to large corporates and commercial clients across Indonesia supported by our wide range of network coverage. Our portfolio is diversified in various industries and we have comprehensive capabilities to support our customers for working capital and investment financing, trade and supply chain, cash and treasury management, and securities services. In addition, Bank Permata is one of the leading Sharia bank that also provides innovative products to corporate clients. BBI brings the BBL's global presence and allows Bank Permata to access untapped cross-border business, supported by very capable industry experts and best practices.

Digitalization remains to be our focus driven by evolving needs from our corporate clients, and both Bank Permata and BBI are committed to continue delivering robust platform and solutions that can help our clients grow their business sustainably.

H. Plan on Changes of Name and Logo

There is no plan to change the name and/or logo of Bank Permata in relation to the proposed Integration of BBI with Bank Permata.

I. Capital Structure and Shareholders of Bank Permata

There is no change of the capital structure and shareholders of Bank Permata immediate upon the effective date of Integration. However, considering all BBI's declared working capital funds will be transferred to Bank Permata in the form of in the form of Payable to Shareholder, a part of which will be in the form of Additional Tier 1 Capital debt instruments in foreign currencies in the amount of USD 700 million, where the remainder in the amount equivalent to USD 765 million will be paid by Bank Permata and re-injected by the Shareholder (BBL) as Advance Capital

Payment in Rupiah currency on the effective date of the Integration, the amount of Bank Permata's capital that can be calculated in the Capital Adequacy Ratio (KPMM) will increase by the amount of USD 1,465 million or equivalent to Rp.21 trillion.

J. Pro-forma Financial Information Post-Integration Reviewed by Public Accountant

Bank Permata's Financial Information Post-Integration of and for the year ended 31 December 2019 is sourced from the Pro-forma Consolidated Financial Information of PT Bank Permata Tbk and its subsidiary, the compilation of which has been examined by KAP Tanudiredja, Wibisana, Rintis & Partner, a member of the PricewaterhouseCoopers network of firms, with the partner, Drs. Irhoan Tanudiredja, CPA, in its report dated 29 September 2020. Bank Permata's Financial Information Post-Integration of and for the years ending 31 December 2020, 2021, and 2022 are sourced from the Combined Prospective Financial Information of PT Bank Permata Tbk, the compilation of which has been examined by KAP Tanudiredja, Wibisana, Rintis & Partner, a member of the PricewaterhouseCoopers network of firms, with the partner, Drs. Irhoan Tanudiredja, CPA, in its report dated 29 September 2020.

The Pro Forma Consolidated Financial Information and the Combined Prospective Financial Information are presented solely to illustrate the impact of the business integration as if the event had occurred or the transaction had been undertaken on 1 January 2019, under the assumption of full business combination between BBI and Bank Permata in line with PSAK 38. Accordingly, the actual outcome of the event or transaction are likely to be different from the forecast. The Pro Forma Consolidated Financial Information and the Combined Prospective Financial Information are prepared based on certain assumptions, estimates and information available at the time of the issuance of the report which are not included in this Integration Plan.

(1) Statements of Financial Position

(In Million Rupiah, unless otherwise stated)

	BBI	Bank Permata and Subsidiary	Post Integration	Bank Post-Integration		
	2019	2019	2019	2020	2021	2022
Assets						
Cash	10,226	2,303,932	2,303,932	2,265,393	2,281,329	2,297,685
Current accounts with Bank Indonesia	850,870	8,082,615	8,082,615	6,121,585	7,067,856	7,841,566
Current accounts with Other Banks - net	231,895	2,190,441	2,422,336	867,519	1,289,640	1,331,180
Placements with Bank Indonesia and Other Banks - net	9,074,973	14,854,689	22,830,541	21,061,229	23,558,577	25,050,709
Financial Assets Held for Trading	55,254	2,484,364	2,539,618	1,421,084	1,658,466	1,701,695
Securities Purchased under Resale Agreements	-	1,534,574	1,534,574	8,549,776	6,460,884	5,944,449
Acceptance Receivables - net	1,282,107	1,693,465	2,975,572	2,177,969	2,361,956	2,596,590

Loans - net	18,352,654	105,082,244	121,994,898	121,427,962	135,117,294	155,563,732
Investment Securities - net	2,396,921	13,801,606	14,565,996	16,298,860	23,676,731	27,691,415
Fixed Assets - net	87,994	2,451,459	2,451,459	2,842,134	2,817,514	2,821,549
Intangible Assets - net	1,297	516,952	516,952	666,098	834,929	1,108,471
Deferred Tax Assets - net	713,027	1,643,021	2,356,048	1,933,259	1,635,132	1,043,803
Other Assets - net	80,805	4,811,897	4,892,702	4,577,329	4,872,067	5,380,074
Total Assets	33,138,023	161,451,259	189,467,243	190,210,197	213,632,375	240,372,918

(In Million Rupiah, unless otherwise stated)

	BBI	Bank Permata and Subsidiary	Post Integration	Bank Post-Integration		
	2019	2019	2019	2020	2021	2022
LIABILITIES						
Liabilities Payable on Demand	-	345,257	345,257	396,301	294,840	275,999
Deposits from Customers	7,813,355	123,184,575	130,997,930	134,683,562	157,821,919	181,644,994
Deposits from Other Banks	605,004	2,973,682	3,578,686	2,266,239	2,414,904	2,613,950
Financial Liabilities Held for Trading	37,791	82,101	119,892	259,974	263,200	267,426
Acceptance Payables	1,418,779	1,715,318	3,134,097	2,994,078	3,249,550	3,587,468
Securities Sold under Repurchase Agreements Payable	-	4,733,309	4,733,309	-	-	-
Corporate Income Tax Payable	180,161	45,791	116,216	-	-	-
Borrowings	-	12,881	12,881	12,881	12,881	12,881
Accruals	46,600	1,267,122	1,313,722	1,454,456	1,022,086	860,376
Other Liabilities	565,940	562,970	562,970	863,259	606,121	615,276

Obligation for Post-Employment Benefits	7,973	156,067	156,067	148,796	106,791	80,872
Provisions	-	56,017	56,017	55,651	54,736	49,739
Subordinated Debts	-	2,278,818	2,278,818	1,225,336	510,759	511,116
Declared working capital funds	17,561,363	-	17,561,363	-	-	-
Additional Tier-1 Capital	-	-	-	10,000,000	10,000,000	10,000,000
Total Liabilities	28,236,966	137,413,908	164,967,225	154,360,533	176,357,787	200,520,097
EQUITY						
Share Capital	3,690,957	3,837,985	3,837,985	3,837,985	6,082,085	8,326,185
Additional Paid-in-Capital – Net	-	17,252,901	17,252,901	17,252,901	17,252,901	17,252,901
Net fair value reserve – investment securities and placement in Negotiable Certificate Deposits	8,214	71,329	79,543	100,284	69,797	94,938
Fixed Assets Revaluation Reserve	-	1,853,060	1,853,060	1,853,060	1,853,060	1,853,060
Advance Capital Payment	-	-	-	11,096,000	9,096,000	7,096,000
Retained Earnings	1,201,886	1,022,066	1,476,519	1,709,424	2,920,735	5,229,727
Non-controlling Interests	-	10	10	10	10	10
Total Equity	4,901,057	24,037,351	24,500,018	35,849,664	37,274,588	39,852,821
Total Liability & Equity	33,138,023	161,451,259	189,467,243	190,210,197	213,632,375	240,372,918

(2) **Statements of Profit or Loss and Other Comprehensive Income**

(In Million Rupiah, unless otherwise stated)

	BBI	Bank Permata and Subsidiary	Post Integration	Bank Post-Integration
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OPERATING INCOME AND EXPENSES	2019	2019	2019	2020	2021	2022
Interest and Sharia Income	1,858,387	11,742,063	13,313,317	12,660,319	13,970,089	15,982,324
Interest and Sharia Expense	(407,964)	(6,021,095)	(6,429,059)	(5,674,988)	(7,006,236)	(7,665,492)
Net Interest and Sharia Income	1,450,423	5,720,968	6,884,258	6,985,331	6,963,853	8,316,832
Net Fees and Commission Income	43,529	1,118,522	1,162,051	1,248,143	1,441,903	1,667,893
Net Trading Income	52,116	575,766	627,882	416,517	428,027	482,816
Gain on Sale of Investment Securities	-	185,060	185,060	-	-	-
Other Operating Income	3,050	234,157	237,207	124,528	131,061	137,843
Total Operating Income	1,549,118	7,834,473	9,096,458	8,774,519	8,964,844	10,605,384
Impairment losses on financial assets	(383,150)	(1,086,106)	(1,458,256)	(2,749,328)	(2,860,271)	(2,598,529)
Other Operating Expenses						(1,883,296)
General and Administrative Expenses	(75,269)	(1,884,001)	(1,959,270)	(1,648,020)	(1,723,739)	
Salaries and Benefits to Management and Employees Expenses	(57,467)	(2,501,423)	(2,558,890)	(2,639,447)	(2,549,234)	(2,726,776)
Other Expenses	(2,947)	(352,208)	(355,155)	(314,606)	(322,403)	(338,860)
Total Other Operating Expenses	(135,683)	(4,737,632)	(4,873,315)	(4,602,073)	(4,595,376)	(4,948,932)
Total Operating Expenses	(518,833)	(5,823,738)	(6,331,571)	(7,351,401)	(7,455,647)	(7,547,461)
Income Before Income Tax	1,030,285	2,010,735	2,764,887	1,423,118	1,509,197	3,057,923
Income Tax Expense	(409,435)	(510,315)	(810,014)	(533,903)	(337,643)	(620,860)
Net Income	620,850	1,500,420	1,954,873	889,215	1,171,554	2,437,063
Other Comprehensive Income, Net of Income Tax	12,682	84,995	96,069	(14,980)	9,270	14,226
Total Comprehensive Income	633,532	1,585,415	2,050,942	874,235	1,180,824	2,451,289
Net income attributable to:						
Equity holders of the parent entity	620,850	1,500,420	1,954,873	889,215	1,171,554	2,437,063

Non-controlling interests	-	-	-	-	-	-
	620,850	1,500,420	1,954,873	889,215	1,171,554	2,437,063
Comprehensive Income Attributable to:						
Equity holders of the parent entity	633,532	1,585,415	2,050,942	874,235	1,180,824	2,451,289
Non-controlling interest	-	-	-	-	-	-
	633,532	1,585,415	2,050,942	874,235	1,180,824	2,451,289
Basic and Diluted Earnings per Share Attributable to Equity Holders of the Parent Entity (whole Rupiah)	-	54	70	32	39	78

K. Bank Soundness Level Projection for 3 (three) Assessment Periods

Bank Permata's soundness level projections for 3 (three) assessment periods after the effective date of the Integration (estimated at the end of second semester of 2020), namely the period of December 2020, June 2021 and December 2021 are expected to remain in rank 2 (Low to Moderate) according to the soundness level of Bank Permata before the Integration. This is based on the assumption that Bank Permata's risk management and GCG framework after the Integration will refer to the risk management and governance framework of Bank Permata prior to the Integration. The transfer of assets in good quality and certain liabilities which are the Integration object from BBI to Bank Permata will not affect the risk profile of Bank Permata after the Integration considering the value of the assets transferred does not exceed 10% of the total assets of Bank Permata prior to the Integration.

In terms of profitability and capital, Bank Permata's rating after the Integration is expected to strengthen with the transfer of BBI's capital to Bank Permata and the positive impact of the Integration of commercial and corporate businesses on the performance of Bank Permata after the Integration. However, the strengthening of the performance is not expected to be significant in the second semester of 2021 given the impact of COVID-19 which shall still affect the slowing of economic growth in Indonesia.

L. Benefit and Risk of the Integration

(1) Benefit

The Integration of BBI into Bank Permata will bring benefits to the Integrated Bank in the following aspects:

(a) Consolidation in Indonesian banking industry

Integration of BBI to Bank Permata will support OJK's agenda in relation to the Indonesian banking architecture as it promotes the consolidation in banking sector.

The key objective of Indonesia banking architecture is the creation of a robust structure for the domestic banking system that is able to meet the public needs and the promotion of a sustainable economic development. The program is aimed at building stronger capitalization into commercial banks as part of the strengthening of banks' capacity for business and risk management, development of information technology and expansion of business scale in order to support increased capacity for bank credit expansion. This includes reinforcing capitalisation of commercial banks through among others the following efforts:

- (i) injection of additional capital from existing shareholders of new investors;
- (ii) merger with another bank (or several banks) or an anchor bank to meet the new minimum capital requirements; or
- (iii) issuance of new shares or secondary offering on the capital market.

The integration of BBI to Bank Permata is aligned with the objective of Indonesia banking architecture where there will be assignment of capital from BBI to Bank Permata as the integration receiving bank. Post Integration, Bank Permata will be have stronger capitalization which entice BUKU4 status.

(b) Contribution to Indonesian economy

SME sector is the backbone of Indonesia and Thailand's economy where BBL and Bank Permata are the leading players in SME sector in both markets. The Integrated Bank will benefit from transfer of knowledge among these banks, which will further strengthen the position of the Integrated Bank in SME sector. In addition, the Integration will provide a greater value to the Integrated Bank's SME customers, whereby they can leverage BBL's network to expand regionally and internationally and provide opportunities to the Integrated Bank's SME customers to capitalize on greater ASEAN integration, whether conventional or sharia products. Eventually this will increase the Integrated Bank's penetration to Indonesia SME market and contribute to the growth of Indonesia economy significantly.

(c) Stronger capital base

Bank Permata will have a very strong capital base amounting to over IDR40 trillion to support the growth of Bank Permata's business going forward. Furthermore, this will make Bank Permata as a universal bank having the BUKU 4 status with strong professional financial capabilities and infrastructure to penetrate further into the Indonesia banking market and enable it to provide the best financial services solutions to its customers. This will further support Bank Permata to realise its mission to being the bank of choice, nurturing relationships and creating value for its stakeholders.

(d) Stronger customer base

BBI has been operating in Indonesia for more than five decades and will bring a strong corporate customer base to Bank Permata. These customers have long standing relationships with BBI and will enlarge Bank Permata's corporate and retail customer base. There are significant opportunities for cross-selling Bank Permata's excellent retail and sharia products to BBI's customers which have never been tapped before as BBI did not previously has the capacity to offer any retail banking products nor sharia banking product.

The Integrated Bank will have commercial benefits from wider regional customer base brought in by BBL supported by Bank Permata's more comprehensive product offerings to satisfy customers' needs.

Affiliation between the Integrated Bank and BBL will further contribute to grow the expertise of the Integrated Bank, especially in some sectors that Thailand has extensive knowledge on (e.g. manufacturing, agriculture and tourism). For BBL, the Integration will provide access and relationships with a wider pool of customers, particularly from sectors which are prominent in Indonesia (e.g. auto-manufacturing and plantations).

(e) Stronger transaction banking infrastructure

The Bangkok Bank group is known as having strong transaction banking infrastructure, especially in the areas of trade and value-chain financing which has been well implemented in BBI for years. The Integration of BBI into Bank Permata will facilitate the smooth transfer of the infrastructure which can be utilised by the Integrated Bank in their financial services offering to its wider customers.

(f) Stronger business growth as a result of synergy impact

The synergy impact between Bank Permata and BBI post Integration will be contributed by various factors, including stronger capital base and stronger customer base which will enable Bank Permata to grow customer assets and market share exponentially. BBI's and/or BBL's customer base will now have wider access to funding in Rupiah which previously was relatively more restricted. The customer base includes regional and international customers (including Thai-based customers) of BBL who may or may not have presence in Indonesia but require more sizeable fundings, both in Rupiah and/or foreign currencies, as well as more comprehensive product range, including retail and sharia products products. BBI also have strong and long business relationships with top tier industry players who have wide value chain globally.

Trade capabilities owned by BBL and/or BBI will also support for wider market penetration in Indonesian market which will be channeled through Bank Permata. This will bring significant added value to Bank Permata's presence, specifically in SME market in Indonesia.

From funding perspective, the Integration will drive Bank Permata to increase its scale, improve its CASA ratio and lower its cost of funds. Penetration to wider retail customer base leveraging BBI and BBL customer base will be supported optimized use of Bank Permata's branch network and digital banking solution, including PermataMobileX. The lower cost of funds will support further improved efficiency and profitability.

(g) Stronger risk management and corporate governance

Supported by BBL, the Integration will be able to strengthen and improve Bank Permata's risk management and corporate governance level. This will help to improve the performance of the banking sector in Indonesia.

(2) Risk

Aside from the benefits, there are several risks arising from the Integration of BBI into Bank Permata. The following are such risks and the relevant risk mitigation.

(a) Tax Risk

(i) Corporate Income Tax

Approval from the DGT to use the tax book value is required to allow the proposed Integration of BBI's bank business to be exempt from the income tax. However, the DGT may refuse the application to use tax book values or revoke prior approval that has been granted if one or more of the requirements for the use of book value is not met. This will result in the transfer of assets in the framework of the proposed Integration to be based on fair market value, which can increase income tax obligations, plus penalties according to applicable taxation provisions.

(ii) Value Added Tax

Pursuant to Article 1A of the VAT Law, since both Bank Permata and BBI are VAT-able entrepreneurs, the proposed Integration should be exempted from VAT. However, there is a risk that the assessment carried out by the tax authority in Indonesia is different from the assessment conducted by Bank Permata, so that the transfer of assets that occur in connection with the proposed Integration becomes payable Value Added Tax, plus fines in accordance with applicable taxation regulations. Further, there is a risk that the transfer of assets and liabilities from BBI may be deemed as cross border transactions and implied goodwill transfer hence subject to Value Added Tax.

(iii) Withholding Income Tax on Additional Tier 1 Capital

The withholding tax of Article 26 of the Income Tax Law is made if there is any yield to the Additional Tier 1 Capital when such yield (i.e. the coupon) is determined and becomes liable or such yield (i.e. coupon) is paid, whichever comes first. The applicable withholding tax rate is 20% or the applicable rate pursuant to the applicable tax treaty, with due observance of the terms under the tax treaty.

To mitigate such tax risk, BBL has appointed a tax advisor to address the risks and relevant tax implications mentioned above, among others by ensuring the completeness of the supporting documents required in submitting an application to use the tax book value on the transfer of assets that occur as well as providing tax opinion that is relevant to the proposed Integration to minimize the risk of underpayment of tax liabilities. However, it is understood that the opinion of the tax advisor may differ from the opinion of the tax authority.

(b) Legal Risk

The proposed Integration of BBI to Bank Permata is in line with the OJK's policy on banking industry consolidation roadmap. It is also aligned with the OJK's directives to BBL as the new controlling shareholder of Bank Permata provided upon approval for the acquisition of Bank Permata by OJK.

Completion of the Integration of BBI into Bank Permata requires formal approval from the OJK. Specific steps are taken by BBI and Bank Permata to ensure that the proposed Integration can obtain formal approval from OJK in a timely manner is by ensuring due compliance with POJK 41/2019 and other related provisions. Bank Permata together with legal counsels appointed by both parties will also conduct intensive discussions with OJK to ensure alignment of understanding of the requirements for approval of the Integration Plan.

Bank Permata will continue to ensure compliance with all applicable regulations and will conduct studies on potential changes to laws and regulations in the future to ensure compliance with applicable requirements and also to prevent issues that might arise later on.

(c) Net Open Position Risk

The transfer of assets in good quality and certain liabilities which are the Integration object

from BBI to Bank Permata may affect the reported Net Open Position of Bank Permata given more than 80% of the transferred assets are denominated in foreign currency. Shall the declared working capital funds transfer from BBI to Bank Permata is denominated in Rupiah currency, there is potential risk that there will be a breach of Net Open Position beyond maximum limit allowed as per the prevailing regulation of 20% of capital.

The potential risk will be mitigated by structuring a portion of the transfer of declared working capital funds in the form of Additional Tier 1 capital instrument denominated in USD amounting to the equivalent of USD 700 million. The transfer structure of the declared working capital funds will be subject to OJK approval.

(d) Strategy Risk

The Integration of BBI into Bank Permata might impact on the achievement of Bank Permata's business strategy, related to the costs and resources needed to complete corporate actions with regards to the Integration and the time needed to adjust on the technological infrastructure, operations, human resources and product and service supply strategies of banking to customers. This might lead to the benefits of business synergy expected to occur from the Integration not being achieved in whole or in part. Furthermore, there is also a risk that the performance of the Integrated Bank post Integration is declining as a result of failure to achieve the intended strategy. However, the activities conducted across workstreams before and after the Integration is intended to minimize this risk.

Bank Permata will mitigate such risk by preparing business strategy synergies as early as possible to reduce the possibility of negative impacts on the achievement of the strategy. In addition, given that BBI's business sector primarily focuses on commercial and corporate banking segment where Bank Permata has quite good capability and performance, and given that BBI's business volume is relatively small compared to Bank Permata, thus the possibility of a negative impact on achieving Bank Permata's business strategy is not material.

Post Integration, there is a risk that the synergy impact to the growth of the business, customer base and performance may not be realized without thorough business strategy planning and monitoring supported by the controlling shareholder and board of management of Bank Permata. In order to mitigate the risk, Bank Permata has established its medium and long-term business strategy incorporating all relevant aspects of the business synergy with Bangkok Bank Group with close oversight by the Board of Commissioners and BBL as controlling shareholder, in order to ensure that there are proper business strategy execution planning and close monitoring on a monthly basis. Bank Permata's strategic risk management framework has also incorporated establishment of strategic risk key leading indicators which will enable the management to ensure proper execution with desired results and enable agility to amend the strategy in line with internal and/or external factor movements as required.

(e) Reputation Risk

The process of the Integration of BBI into Bank Permata might cause a reputation risk if communication to clients of BBI and Bank Permata regarding the Integration Plan not being delivered thoroughly and planned. This might result in a decrease in customer trust in Bank Permata and Bank Permata will have the risk of losing its clients.

This risk will be mitigated by Bank Permata and BBI, where the two banks will work together in delivering information on the relevant Integration Plan to clients, whether Bank Permata's or BBI's clients, especially related to the benefits of the Integration with regards to client services. These benefits include additional banking services to be offered to customers and Bank Permata's financial strength as a business partner of clients.

(f) Operational Risk

The implementation of the Integration Plan will include synchronizing operational processes and information technology systems, both those related to customer service and those related to internal banking operational activities at Bank Permata. This requires optimization of the synergy efforts undertaken to avoid disruptions to customer service and business operations, while still meeting the conditions set by the OJK and other relevant authorities. Synchronizing operational processes and information technology systems can create operational risks caused by system, process and human resource failures if not managed properly.

This operational risk is mitigated by the formation of a special integration project team for technology and operations, where the team will have the duty in carrying out comprehensive project planning with detailed deadlines to ensure all integration activities are able to be carried out accurately and in a timely manner. In addition, the project team will also conduct periodic monitoring of the work activities and achievement of work plans for each workflow and conduct periodic tracking of important matters to ensure that all risks and delays can be completed on time, so that every integration process can be carried out properly and in accordance with the agreed schedule and also to minimize the costs and risks of implementing the Integration.

(g) Risk of Losing Customers

There is no certainty that Bank Permata and/or BBI customers will choose to continue their business relationship with Bank Permata post Integration. The risk will be mitigated by preparing comprehensive communication plan to all existing customers on the potential benefits of the Integration to customer's business growth. Further, the Integrated Bank will strive to maintain customer loyalty through communicating excellence and strength, additional services offered, and greater financial strength that will ultimately provide improving quality of services provided to customers. With stronger capital base, more comprehensive product range, strong transaction banking capabilities and wider access to regional and international customer base, customers will enjoy bigger benefits and values to their business growth potentials.

(h) Risk of Losing Employees

There is a possibility that several Bank Permata and/or BBI employees may choose not to continue their employment with Bank Permata as a result of the Integration of BBI into Bank Permata.

The risk is mitigated by having comprehensive communication plan to the employees of Bank Permata and BBI on the Integration Plan and confirming that they will be offered to join Bank Permata post Integration and there will be further development plan for their career growth. The employees of Bank Permata and BBI at their own discretion may choose to continue or terminate their working relationship with the employers, pre or post

Integration. In this case, the settlement of the employer's obligation will be fulfilled in line with the prevailing regulations. Nevertheless, all employees of Bank Permata and BBI are assured that they will retain their growth potentials and career opportunities post Integration.

To retain key employees for implementing the Integration, BBI will prepare strategic steps to achieve optimal results, including retention plans and socialization of the proposed Integration purpose to BBI employees and Bank Permata's potential growth that provides a broader and more open career opportunities to employees who choose to continue their work with Bank Permata.

M. Salaries, Honorariums, and Other Allowances for Members of the Board of Directors, Board of Commissioners and Sharia Supervisory Board

The amount of remuneration, including salary, honorarium, allowances and benefits for the Board of Directors and Board of Commissioners of Bank Permata after the Integration will be determined in accordance with applicable provisions, namely with the approval of the GMS of Bank Permata. Furthermore, the amount of remuneration for the Board of Directors and Board of Commissioners will be disclosed in Bank Permata consolidated audited financial statements.

BBI has no Sharia Supervisory Board and thus will not result in any changes on remuneration of Bank Permata Sharia Supervisory Board after the Integration.

Settlement of the rights and obligations of BBI's Branch Management will be determined in accordance with the terms and conditions agreed by BBL and Bank Permata as well as applicable regulations, and with the aim of achieving a seamless integration process.

N. Amendment to the Articles of Association

After the Integration, Bank Permata will need to strengthen the capital structure in the form of increasing Share Capital gradually. For this purpose, Bank Permata intends to increase its authorized capital to provide a sufficient allocation of capital as set out in its amendment to the Articles of Association.

The amendment of the Articles of Association of Bank Permata is limited to Article 4 paragraph 1 of the Articles of Association of Bank Permata.

O. Business Plan

(1) Business Growth

The Integration of BBI into Bank Permata will place Bank Permata into a very strong capital position along with expanded operating parameters due to the expanded capital. Bank Permata will continue to carry on with the Bank's vision in "Becoming the Bank of Choice, Nurturing Partnership and Delivering Value for Our Stakeholders" with the purpose to achieving more significant business growth.

With the strengthening of capital structure, Bank Permata will aim to accelerate business growths across all banking segments: Corporate & Commercial, Retail (including SME), and Sharia; both organically as well as inorganically.

With a very strong capital structure, Bank Permata has the potential to strive to accelerate business growth, whether organically or inorganically. Organic business growth will be pursued among other by optimizing business relationships with existing and new customers in the retail, SME, commercial and corporate segments, including BBL's customers and its ecosystem in Indonesia and abroad. Inorganic business growth will be carried out in stages in accordance with market potential with the principle of prudence, which is expected to help improving the structure of Bank Permata's yields on the assets and profitability in general.

Pursuit for organic growth will see the Integrated Bank continuing to invest in developing existing partnerships with key strategic partners by deepening relationship and cooperation as their agent of development, further advancing Bank Permata's technological capabilities to support the digital transformation agenda, expanding its distribution and product offerings across the board, both traditional and digital, and strengthening Bank Permata's operating fundamentals such as financial controllership, risk management, operational excellence, and talent development.

Bank Permata will also be open to pursuing inorganic growth opportunities which enable Bank Permata to expand Bank Permata's core product offerings and capabilities which will assist in the expansion of Bank Permata's portfolio composition to bring higher yield, but with enhanced stability and reduced volatility, expand Bank Permata's ability to offer an end-to-end financial product solutions to all customer segments Bank Permata is targeting, and acquire operational and technological capabilities that Bank Permata does not currently possess to secure future growth avenues and/or gain access to new business models.

(2) Synergies

Through this Integration, Bank Permata is expecting to realize greater growth realization as a combined entity as opposed to operating as separate entities. The synergy will be expected primarily as a result of much stronger capital position of the Integrated Bank to a capital level of approximately IDR44 trillion and CAR near to 30%. This will entice the Integrated Bank as BUKU 4 bank, with much wider capacity of business growth both from business segment and geography perspective. Post Integration, the loans and deposits growth of the Integrated Bank is expected to be grow at double digit compared to pre-integration. We expect further synergy impacts will improve operating efficiencies and reduce operating cost to below 70% within 5 years post Integration. Likewise, liquidity position is expected to improve with LDR to be maintained at around 90% levels, healthy CASA ratio at over 50%, and gross NPL ratio projected to fall under 2%.

Bank Permata's business plan will focus on strengthening performance with the following 3 (three) focus areas:

- a) Further strengthen Bank Permata's fundamentals in terms of governance and risk management standards with prudent principles to ensure a strong risk reward culture
- b) Business growth in the Retail segment (including SMEs), the Commercial and Corporate segments and the Sharia segment which is focused on deepening customer relationships through continuous cross-selling efforts and expanding the number of customers by providing financial services according to customer needs.
- c) Capability enhancement, especially in terms of transformation and investment to strengthen digital banking capabilities, human resource development that will be the main driving force for Bank Permata in providing financial services that satisfy customers, and developing an ecosystem to offer end-to-end financial solutions.

ADDITIONAL INFORMATION

For shareholders and/or other third party who has an interest who need further information in connection with this Integration Plan, please contact:

PT Bank Permata Tbk

WTC II, Lt. 1-2; 21-30

Jl. Jenderal Sudirman Kav. 29-31

Jakarta 12920

Indonesia

Telephone: (+62 21) 523 7788

Email: Corporate.Secretary@permatabank.co.id

Bangkok Bank Public Company Limited

Jakarta Branch, Surabaya Sub-Branch and Medan Sub-Branch

Jl. M.H. Thamrin No. 3

Jakarta 10110

Telephone: (+62 21) 231 1008

Email: bbl.jk@bangkokbank.com