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## **Standard Chartered PLC**

**渣打集團有限公司**

*(Incorporated as a public limited company in England and Wales with limited liability)*

*(Registered Number: 966425)*

**(Stock Code: 2888)**

### **DISCLOSABLE TRANSACTION**

#### **Disposal of interest in PT Bank Permata Tbk**

#### **INTRODUCTION**

Standard Chartered announces that its wholly owned subsidiary SCB and Astra have entered into the Agreement with Bangkok Bank on 12 December 2019 to sell their respective 44.56% equity interests (89.12% in aggregate) in Permata.

The purchase price will be 1.77 times Permata's Book Value based on the most recent financial results published prior to completion. The estimated consideration payable to SCB in cash is approximately IDR 19 trillion (US\$1.3 billion) based on Permata's Book Value as at 30 September 2019.

Completion of the Transaction is conditional on the satisfaction of certain conditions, including approval by the Purchaser's shareholders and receipt of regulatory approvals in Indonesia and Thailand. Upon completion of the Transaction, SCB will cease to have any equity interest in Permata.

Standard Chartered announced on 26 February 2019 that its 44.56% equity interest in Permata was no longer core and that it had chosen to focus on its wholly-owned banking presence through Standard Chartered Bank Indonesia for its ongoing operations and future growth in Indonesia. Divesting the stake in Permata is an important part of Standard Chartered's capital optimisation plans, an update on which will be provided at its full-year results on 27 February 2020.

Bill Winters, Group Chief Executive of Standard Chartered said:

"The sale of our stake in Permata will allow us to focus on our wholly-owned business in the large and strategically important Indonesian market; and will release capital for reinvestment or return to shareholders. This transaction further demonstrates our focus on executing the refreshed strategic priorities we announced earlier this year, at pace."

The Directors consider that the terms of the Agreement and the proposed sale of SCB's 44.56% equity interest in Permata are fair and reasonable and in the interests of Standard Chartered and its shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated in accordance with the HK Listing Rules in respect of the Transaction exceeds 5% but none of the ratios exceeds 25%, the Transaction constitutes a disclosable transaction of Standard Chartered and is subject to the reporting and announcement requirements under Chapter 14 of the HK Listing Rules.

#### **THE AGREEMENT**

The Sellers entered into the Agreement on 12 December 2019 with the Purchaser, pursuant to which the Sellers have agreed to sell, and the Purchaser has agreed to purchase, the Sellers' respective 44.56% equity interests (89.12% in aggregate) in Permata.

The principal terms of the Agreement are summarised as follows:

## **Parties to the Agreement**

- (1) Standard Chartered Bank (as one of the Sellers)
- (2) PT Astra International Tbk (as one of the Sellers)
- (3) Bangkok Bank Public Company Limited (as the Purchaser)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Astra, the Purchaser and their respective ultimate beneficial owner(s) are third parties independent of Standard Chartered and its connected persons.

## **Consideration**

The estimated aggregate consideration for the Transaction is approximately IDR 37 trillion (US\$2.6 billion), equivalent to IDR 1,498 per Permata share, representing 1.77 times Book Value (based on Permata's financial results as at 30 September 2019). The estimated consideration for the sale of SCB's 44.56% equity interest in Permata is approximately IDR 19 trillion (US\$1.3 billion).

The actual price to be paid in cash at completion will be 1.77 times Permata's Book Value based on the most recent financial results published prior to completion.

The consideration has been determined on the basis of normal commercial terms after arm's length negotiations between the Sellers and the Purchaser as part of a competitive process. It also takes into account prevailing market conditions, Permata's historical financial performance and business prospects, the Purchaser's due diligence on Permata, and the strategic significance of Permata and the Transaction.

## **Completion**

Completion of the Transaction will take place on the tenth business day after the date of confirmation that each of the conditions under the Agreement is fulfilled or waived, or on such other date as agreed by the parties. Completion of the Transaction is subject to certain conditions, including approval by the Purchaser's shareholders and receipt of the applicable regulatory approvals in Indonesia and Thailand, which the Sellers and Purchaser hope to achieve by the end of 2020.

## **FINANCIAL IMPLICATIONS TO STANDARD CHARTERED OF THE TRANSACTION**

The net asset value of SCB's 44.56% equity interest in Permata was US\$0.8 billion as at 30 September 2019. For financial reporting purposes, Standard Chartered's interest in Permata is recorded using the equity method of accounting and held as an investment in an associate. The net profits attributable to Standard Chartered's interest in Permata included in the consolidated financial statements for each of the two financial years ended 31 December 2017 and 2018 were US\$29 million and US\$26 million, respectively (profit impact to Standard Chartered is the same both on a pre-tax basis and post taxes and extraordinary items).

Based on Standard Chartered's financial results for the period ended 30 September 2019:

- It would record, upon completion of the Transaction an estimated gain of approximately US\$0.5 billion, being the estimated consideration of US\$1.3 billion less the US\$0.8 billion net asset value.
- The Transaction would increase its common equity tier 1 capital by approximately US\$0.1 billion, reduce risk-weighted assets by around US\$9.5 billion and increase its common equity tier 1 capital ratio by around 50 basis points.

As the Transaction is expected to close at a future date, the actual consideration, the actual gain amount, and the actual common equity tier 1 capital impact will be determined at completion.

## **INFORMATION ON THE PARTIES**

### **(i) Information on Standard Chartered**

Standard Chartered is a leading international banking group, with a presence in 60 of the world's most dynamic markets, and serving clients in a further 85. Standard Chartered's purpose is to drive commerce and prosperity through its unique diversity, and its heritage and values are expressed in its brand promise, Here for good.

Standard Chartered is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

#### **(ii) Information on Astra**

PT Astra International Tbk was established in 1957 in Jakarta as a general trading company under the name Astra International Inc. In 1990, for the purpose of the company's initial public offering (IPO), the name of the company changed to PT Astra International Tbk, followed by listing its shares on the Indonesia Stock Exchange under the ticker code ASII.

Astra has developed its business by implementing a business model based on synergies and diversification within seven business segments, consisting of: 1) Automotive, 2) Financial Services, 3) Heavy Equipment, Mining, Construction & Energy, 4) Agribusiness, 5) Infrastructure and Logistics, 6) Information Technology and 7) Property.

Astra conducts business operations in all parts of Indonesia under the management of more than 230 subsidiaries, joint ventures and associates companies, and was supported by more than 226,000 employees, as of September 2019.

As one of the largest national business groups today, Astra has built a strong reputation through offering a range of quality products and services, taking into account the implementation of good corporate governance and environmental governance. Astra always aspires to be the pride of the nation that participates in efforts to improve the welfare of the Indonesian people.

For further information, please visit [www.astra.co.id](http://www.astra.co.id) & [www.satu-indonesia.com](http://www.satu-indonesia.com)

#### **(iii) Information on Permata**

Permata is one of the leading banks in Indonesia with total assets of approximately US\$10.9 billion and total shareholders' equity of approximately US\$1.7 billion as of Permata's quarterly report as at 30 September 2019. For the 9-month period ended 30 September 2019, Permata reported net income of approximately US\$77 million.

Headquartered in Jakarta, Permata has a network that is spread across 62 cities with over 332 outlets (including branches and mobile branches) and nearly 7,700 employees. Permata offers banking products and services in Indonesia to help people and companies to succeed, creating wealth and growth through its retail banking, SME and wholesale businesses.

Permata is listed on the Jakarta Stock Exchange under the symbol 'BNLI'.

#### **(iv) Information on Bangkok Bank**

Bangkok Bank, established in 1944, is one of Southeast Asia's leading regional banks and Thailand's largest bank by deposits and shareholders' equity. It has more than 17 million customer accounts and close to 1,200 branches nationwide and total assets of US\$105 billion as of 30 September 2019. Internationally, Bangkok Bank has the largest overseas branch network of any Thai bank, with 31 overseas locations in 14 economies, including China, Cambodia, Hong Kong, Indonesia, Japan, Laos, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, Vietnam, the United Kingdom, and the United States.

### **LISTING RULES IMPLICATIONS**

In respect of the Transaction, as the highest applicable percentage ratio under the HK Listing Rules exceeds 5% but none of the ratios exceeds 25%, the Transaction constitutes a disclosable transaction of Standard Chartered and is subject to the reporting and announcement requirements under Chapter 14 of the HK Listing Rules.

### **DEFINITIONS**

“Agreement”	the share purchase agreement dated 12 December 2019 between the Sellers and the Purchaser
“Astra”	PT Astra Indonesia Tbk
“Board”	the board of directors of Standard Chartered PLC
“Book Value”	the shareholders’ equity balance in Permata
“connected person”	has the meaning ascribed to it under the HK Listing Rules
“Director(s)”	the director(s) of Standard Chartered PLC
“HK Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Permata”	PT Bank Permata Tbk
“Purchaser” or “Bangkok Bank”	Bangkok Bank Public Company Limited
“SCB”	Standard Chartered Bank, a wholly-owned subsidiary of Standard Chartered
“Sellers”	SCB and Astra
“Standard Chartered”	Standard Chartered PLC
“Transaction”	the proposed sale by the Sellers of their combined 89.12% stake in Permata to the Purchaser pursuant to the Agreement
“US\$”	United States dollars, the lawful currency of the United States of America

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By order of the Board  
**Standard Chartered PLC**  
**Amanda Mellor**  
*Group Company Secretary*

Hong Kong, 12 December 2019

*As at the date of this announcement, the Board of Directors of Standard Chartered PLC comprises:*

*Chairman:*  
José María Viñals Iñiguez

*Executive Directors:*  
William Thomas Winters and Andrew Nigel Halford

*Independent Non-Executive Directors:*  
Dr Louis Chi-Yan Cheung; David Philbrick Conner; Dr Byron Elmer Grote; Christine Mary Hodgson (Senior Independent Director); Gay Huey Evans, OBE; Naguib Kheraj (Deputy Chairman); Dr Ngozi Okonjo-Iweala; David Tang; Carlson Tong and Jasmine Mary Whitbread

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*Note:*

*In this announcement, the conversions of IDR into US\$ have been made at the rate of IDR14,250 to US\$1. Such conversions are for reference only and should not be construed as representations that the IDR amount could be converted into United States dollars at that rate.*

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