

No. 052 /CRSC/XI/2020

**To:**

**FSA Capital Market**

Gedung Soemitro Djojohadikusumo  
Jl. Lapangan Banteng Timur No. 1-4  
Jakarta 10710

Jakarta, 27 November 2020

Re : **Information Disclosure related to Affiliate Transaction of PT Bank  
QNB Indonesia Tbk**

Herewith the information disclosure of PT Bank QNB Indonesia Tbk (the "Company") in connection with Sale Transaction of Non-Performing Loans and Low Quality Loans sale.

The description of the Transaction as referred to is as follows:

## **1. Background**

- 1.1. On 27 November 2020, the Company conducted Sale Transaction of Non-Performing Loans and Low Quality Loans ("Transaction").
- 1.2. Total Transaction amounting to Rp693,262,217,442 or equivalent of US\$49,202,428.49 (calculated using the exchange rate of US\$1 = Rp14,090), consisting of Rp682,514,139,579 and US\$762,816.03. The transaction value represents 14.78% of the Company's total equity as of 31 December 2019.
- 1.3. The Transaction is an Affiliate transaction. Therefore, the Company must comply with the OJK Regulation No. 42/POJK.04/2020 dated 1 July 2020 concerning Affiliate Transactions and Conflict of Interest Transactions and OJK Regulation No. 31/POJK.04/2015 dated 16 December 2015 concerning Disclosure of Information or Material Facts by Issuers or Public Companies.

## **2. Description of Affiliate Transaction**

### **2.1. Date of Transaction**

The Company conducted sale Transaction of Non-Performing Loan ("NPL") and Low Quality Loans ("LQL") on 27 November 2020.

### **2.2. Object and Value of Transaction**

Object of transaction in the form of NPL and LQL sales totaling Rp693,262,217,442 or equivalent of US\$49,202,428.49 (calculated using the exchange rate of US\$1 = Rp14,090), consisting of Rp682,514,139,579 and US\$762,816.03.

### **2.3. The Parties of the Transaction**

(1) The Company, as the Selling Party

Address : Revenue Tower  
District 8, SCBD Lot 13  
Jl. Jend. Sudirman Kav. 52-53  
Jakarta 12190  
Phone : (+62 21) 515 5155  
Fax : (+62 21) 515 5388

The composition of Board of Commissioners and Board of Directors:

Board of Commissioners

- President Commissioner : Fareeda Ali Abulfath
- Commissioner : Khalid Ahmed KH Al-Sada
- Commissioner : Stephen Robert James Holden
- Independent Commissioner : Djoko Sarwono
- Independent Commissioner : Suroto Moehadji
- Independent Commissioner : Muhammad Anas Malla

Board of Directors

- President Director : Stewart Donald Hall
- Director : Adhiputra Tanoyo
- Director : Windiartono Tabingin
- Director : Leka Madiadipoera
- Director : Geoffry Nugraha
- Director : Bambang Andri Irawan

(2) BDFK Limited, as the Buying Party

Address : Cayman Corporate Centre,  
27 Hospital Road, George Town,  
Grand Cayman KY1-9008  
Cayman Islands

Contact Number (Phone/Fax/Email) : +13458147600/ +13459497886

Name of Director : Mr. Al-Neama

The Company has a high confidence towards BDFK Limited because the securities issued by BDFK Limited as payment are guaranteed by SBLC issued by QNB (Q.P.S.C.) as the controlling shareholder of the Company that QNB (Q.P.S.C.) is the largest bank in the Middle East and North Africa region. QNB (Q.P.S.C.) maintains its position as one of the highest-rated regional bank of leading credit rating agencies including Standard & Poor's (A), Moody's (Aa3), and Fitch Ratings (A+). QNB (Q.P.S.C.) has also received numerous awards from the world's leading international financial media. QNB (Q.P.S.C.) also included in the Top 200 Banks on the Banker's Almanac.

Nature of Affiliate Relationship

- 2.4. BDFK Limited as the buyer of the NPL and LQL is not an affiliate. Payment of NPL and LQL by BDFK Limited is paid in the form of cash for 20% of the Transaction, amounting to US\$9,840,485.70, and the remaining 80% of the Transaction paid with bonds in US Dollar amounting to US\$39,361,942.79 with 5-year tenor and interest of 4.8% per annum to the Company. Bonds repayment will be made annually amounting to 20% of the bonds

value and interest will be paid quarterly. The bonds is guaranteed with SBLC in the form of cash collateral issued by Qatar National Bank (Q.P.S.C.). Qatar National Bank (Q.P.S.C.) is the Controlling Shareholder of the Company with 92.48% ownership or equivalent to 18,900,786,704 shares of the Company (as of 31 October 2020).

### **3. Summary of Fairness Report**

Public Appraisal Toha, Okky, Heru and Rekan ("KJPP") have been appointed by the Company's management as independent appraiser to issue the Fairness Opinion Report on the Transaction Plan which will be conducted by the Company. KJPP has submitted opinion as stated in The Fairness Opinion Report Number 00180/2.0014-00/BS/07/0080/1/XI/2020 dated 21 November 2020 with the following summary:

#### **3.1. Parties in the Transaction**

The parties in the Transaction plan are as follows:

(1) Company

The Company is a company which is going to perform the sale transaction of Non-Performing Loans and Low Quality Loans to BDFK Limited.

(2) BDFK Limited

BDFK Limited is a business which purchase the Non-Performing Loans and Low Quality Loans of the Company.

#### **3.2. Object and Value of Transaction**

Transaction's object and value in the sale of Non-Performing Loans and Low Quality Loans of the Company to BDFK Limited totaling Rp693,193,563,999 or equivalent US\$49,513,826 (calculated using the exchange rate of US\$1 = Rp14,000), consisting of Rp682,514,139,579 and US\$762,816.03.

#### **3.3. Purpose and Objective of Fairness Opinion**

The purpose and objective of the providing fairness opinion is in order to conduct a fair analysis of proposed transaction performed by the Company in connection with the sale of Non-Performing Loans & Low Quality Loans of the Company's to BDFK Limited.

#### **3.4. Assumption & Limiting Condition**

##### **Assumption**

The Fairness Opinion of the Transaction is to ensure that the Transaction is performed on an arm's length basis within commercial limit and does no harm to the interest of the Company and its Shareholder, several assumption are used by KJPP such as:

- i. There is no change from the date of issuance of the Fairness Opinion report until the date of Transaction that significantly affects the transaction;
- ii. This Fairness Opinion is a comprehensive piece of analysis which can't be separated from one section to another. Partial analysis and discussion of this Fairness Opinion by an incompetent party which disregard to the discussion and analysis of the other sections in this Fairness Opinion as a whole may lead to different understanding on the conclusion of the Fairness Opinion.

##### **Limiting Conditions**

Limiting Conditions of the Transaction are as follows:

- i. This Fairness Opinion is made based on the integrity principle of information available. The information and data provided by the Management are the basis for issuing this

Fairness Opinion, which by its nature is true, complete, and reliable as well as not misleading. No audit or verification on such information and data is conducted.

- ii. As a basic analysis for preparing the Fairness Opinion, data listed in the data source is utilized as considered materials.
- iii. If there is any change on the data, the valuation result could be significantly affected. Therefore, different conclusion due to the change of the data is not part of KJPP's responsibility.
- iv. KJPP assume that Management of the Company has submitted all important and relevant information regarding to the Transaction. According to Management's consideration, there is no data and any material information which has not been disclosed and misled.
- v. KJPP assignment does not include analysing any transaction out of the Transaction which may be available to the Company as well as the effect of such transactions on the Company.
- vi. The results of KJPP analysis and review are specific to Transaction valuation, not including the taxation and legal, as these are outside the scope of assignment.

### 3.5. Methodology of Fairness Transaction Review

In evaluating the fairness of the Transaction, an analysis is conducted with the stages as follows:

- i. Transaction analysis on related parties involved in the transaction and the transaction requirements;
- ii. Fairness Transactions Analysis on benefits and risk of transaction;
- iii. Qualitative and quantitative analysis in the form of fairness analysis, and incremental analysis of transaction to Company.

### 3.6. Opinion related to Fairness Transaction

Based on fairness analysis of Transactions conducted includes analysis of Transaction, analysis of benefits and risks of the Transaction, as well as quantitative analysis and fairness analysis of Transactions, KJPP states that the overall value of transactions is **unfair** because the transaction value of sale of Non-Performing Loan and Low Quality Loans is much higher than the fair value of the loans itself (more than 7.5% threshold in accordance with Regulation of the Capital Market and Financial Institutions Supervisory Agency No. VIII.C.3).

The Company's Management states that although the Transaction value is un-fair, however the successful sale of Non-Performing Loans and Low Quality Loans at its book value (at par) improve the performance of the Company and no shareholders will be aggrieved.

## **4. Explanation, Consideration and Reason of Transaction**

- 4.1. This transaction is not a series of transactions conducted by the Company previously in 2017 and 2018, because the loans entered in this Transaction has only experienced a loans quality decline after the implementation of the previous transaction.
- 4.2. The Company will have a healthier and more feasible financial structure with a better risk profile, so in the future the Company can concentrate and allocate its resources to develop competencies and accelerate business growth, and deliver value added for stakeholders.
- 4.3. Taking into the prevailing regulations, namely OJK Regulation No. 15/POJK.03/ 2017 dated 4 April 2017 concerning the Determination of status and follow-up supervision of

Commercial Banks, OJK as regulator and supervisor of banking industry in Indonesia, concerned about the condition of the Company's NPL Net. Therefore, OJK required the Company to perform a necessary plan so the NPL Net can be reduced to less than 3%.

4.4. In order to improve the Company's performance, the implementation of the Transaction will reduce the Risk-Weighted Assets (ATMR) and at the same time lower the Company's NPL level, that the NPL Gross and NPL Net previously amounted to 7.1% and 5.59% in October 2020 to 5.6% and 2.55% for the forecast in December 2020. Thus, the Company can improve the ability for lending new loans with better quality.

## **5. Statement of the Board of Commissioners and Board of Directors**

5.1 The Board of Commissioners and Board of Directors of the Company states that the transaction:

- (1) Does not contain Conflict of Interest; and
- (2) All material information has been disclosed and the information is not misleading.

5.2. The Board of Directors of the Company states that the transaction has gone through the procedures as referred to in Article 3 of OJK regulation No. 42/POJK.04/2020 concerning Affiliated Transactions and Conflict of Interest Transaction.

Thank you for your attention.

Regards,  
**PT Bank QNB Indonesia Tbk.**

**Windiartono Tabingin**  
*Director*

**Indah Mathilda**  
*Head of Corporate Secretary*

CC :

- Indonesia Stock Exchange
- FSA Banking Supervision