

## BTPN—“Do Good and Do Well”

In May 2013, SMBC acquired the initial stake in Indonesia’s PT Bank Tabungan Pensiunan Nasional Tbk (hereinafter, BTPN). In March 2014, SMBC carried out additional investment in BTPN and established a platform for full-fledged cooperation between SMBC and BTPN. To highlight the concrete cooperation efforts and the company's aim, this section provides an interview with Mr. Jerry Ng, BTPN’s President Director.



### Snapshot of BTPN

Establishment	Total Assets
<b>1958</b>	<b>JPY 713.1 billion</b>
Number of Employees	<b>IDR 81,040 billion</b>
<b>27,247</b>	Business Locations
SMBC’s Investment	<b>1,317</b>
<b>40%</b>	

BTPN, which was established in 1958 to only serve retired military personnel, now offers a wide range of financial services with primary focus on the mass market. Listed on the Indonesia Stock Exchange (IDX ticker: BTPN)

(As of December 31, 2015)



### Q Would you tell me about Indonesia’s market situation? And the business strategy of BTPN?

Driven by its large and young population of more than 250 million people, Indonesia is poised for a sustainable and quality growth over the next 10-15 years. In general, the market can be divided into two large segments: the rising middle-consuming class and the under-served mass market segment. It is estimated that 60% of adults in Indonesia are yet to have access to banking services, which in turn provides a tremendous mass market banking opportunity. The rest of the population then forms the middle-consuming class who are gaining sophistication and becoming comfortable in the new world of digital economy.

BTPN, which has been one of the leading banks focusing on the mass market segments, will continue to do so by building this mass market mobile banking platform called BTPN Wow! This platform is designed by using the mobile phone as a means to deliver financial services and products to the mass market in a very cost-effective way. The reach to the

mass market customers is greatly enhanced by the Agent Bank networks which BTPN started building since last year.

Meanwhile, to cater for the rising consumer class, BTPN is building one of its kind digital banking platform.

We believe that the two platforms will provide BTPN with a unique proposition in serving the two large segments of the Indonesian population.

### Q Would you tell me about the vision of BTPN?

We have been known as one of the more innovative banks in Indonesia. We believe that to stay ahead we should continue to embrace next new technologies and launch innovative business models and find relevant ways to serve our customers. Over the years, we have pioneered and introduced new ways to better serve and engage with our customers. Just to name a few examples, (i) we introduced the use of psychometric data to underwrite micro businesses which are considered unbankable by most banks; (ii) we reconfigured



### Pension business

Serves pensioners and pre-pensioners by offering loans both for business and personal use

### Micro / SME business

Offers business loans to micro traders and Small Medium Enterprises (SME), mainly located in local traditional markets and tier-1 and tier-2 cities

### Syariah business

Provides financial services to lower income communities in rural areas utilizing islamic financing scheme

## SMBC's Collaboration with BTPN

### Purpose of investment

- Considering market size, competitiveness, and potential growth, SMBC aims to expand our businesses in emerging countries and grow to become a globally active diversified financial services group with Asia as our home market. Indonesia is one of our target countries.
- By investing in BTPN and leveraging on SMBC's Indonesian platform, SMBC aims to provide full-fledged financial services, from corporate transaction to retail banking business.
- Starting from long-term funding support and technical support, SMBC will collaborate with BTPN to further promote building a strong business platform in Indonesia such as developing a branchless retail banking model.

and redesigned our branches serving pensioners to become community centers, opening at 5:30 in the morning, and even operating medical clinics in those branches as part of the added value to our customers; and (iii) we launched combined package of financial products and capacity building by providing various practical trainings to help our micro and SME customers improve the ways they run their businesses. The core of our business philosophy is to grow together with our customers and their communities – “Do Good and Do Well”.

In Indonesia, we may not be one of the largest banks, but we would like to be known as a bank which remains relevant and provides cutting edge solutions through technology and added value services to the customer segments we serve.

### **Q** Would you describe your collaboration with SMBC? Why is SMBC a strategic partner for BTPN?

SMBC is a large global bank with lots of strengths and resources. Since SMBC became our major shareholder,

we have benefited tangibly through the upgrade of our rating to an AAA-rating\*. I believe this reflects the level of confidence of our rating agency has on having SMBC as a strategic shareholder of BTPN.

We then received a sizable long-term structured funding facility from SMBC, which enables BTPN to further diversify our sources of funding. SMBC has been instrumental in assisting BTPN as we move to become a foreign-exchange bank.

We also embarked on strategic projects by jointly combining our resources to design new digital banking platforms for the future.

Our vision is that at the right time we will expand into other markets in the ASEAN region together with SMBC. I believe that the combination of SMBC / SMFG's networks and resources with BTPN's innovation and agility in business building capabilities, there are clear opportunities to expand into other markets with similar characteristics.

\* Fitch ratings, Indonesian domestic ratings