

TMB & PRUDENTIAL ESTABLISH STRATEGIC BANCASSURANCE PARTNERSHIP

Special Live WebX
March 2020

1 TMB & Prudential establish a strategic bancassurance partnership

- 9 months transition period from 1 April – 31 Dec 2020
- Exclusive partnership commences 1 Jan 2021 with 15-year initial term

2 Revenue and accounting implication

- THB 20.8 bn of deferred revenue, up from THB 16.7 bn
- THB 1.3 bn of transition service fees, to be realized in 2020
- THB 4.4 bn of revenue received under FWD contract, not affected from the new arrangement
- +74 bps positive impact to CAR as of Dec-19 due to lower goodwill after the new arrangement of banca

Extended and Expanded Prudential Partnership

Current & Transitional Period



Post transaction



The following parties have entered into agreements covering the future bancassurance partner to the Merged bank, TMB & Thanachart Bank:

- TMB Bank Public Company Limited (“TMB”)
- Thanachart Bank Public Company Limited (“TBANK”)
- Prudential Life Assurance (Thailand) Public Company Limited (“Prudential”)
- FWD Life Insurance Public Company Limited (“FWD”)

The agreements will ultimately result in a strategic banca partnership between the Merged bank and Prudential that will accelerate the scale of the life insurance platform to TMB’s large physical footprint and growing customer base whilst completing the broader strategic partnership across both life bancassurance and asset management between the Merged bank and Prudential

- 1** TMB, Prudential and FWD enter into **novation agreement** - Novation of existing banca¹ from FWD to Prudential
- 2** TMB and Prudential enter into **amendment and restatement agreement** from the existing banca to expand scope to cover TMB and TBANK network. Under the partnership, there will be a transition period between 1 April 2020 and 31 December 2020 where TMB may sell both FWD and Prudential’s products and TBANK will exclusively sell Prudential’s products. From 1 January 2021 the partnership will be exclusive for both TMB and TBANK with the initial term of 15 years.
- 3** TBANK and Prudential enter into **termination agreement** from existing banca² between TBANK and Prudential

1/ The bancassurance agreement between TMB and FWD has an initial term of 15 years, effective from 1 January 2017.

2/ The bancassurance agreement between Thanachart and Prudential has an initial term of 15 years, effective from 3 May 2013.

Full Commitment To Growing Bancassurance Franchise of the Merged Bank







- Thailand is the second largest life insurance market and the largest mutual fund market in ASEAN
- Deepening Prudential's successful partnership with Thanachart Bank to TMB Bank, the 6th largest bank by deposits
- Significant growth potential from over 9 million customers of TMB and TBANK, equivalent to 17 per cent of Thailand's adult population
- Expanding network, more than 900 branches of TMB and TBANK nationwide (Ranked the 4th)
- Deepens the strong asset management relationship ensuring significant potential synergies from providing holistic health and wealth solutions to TMB customers
- Partnership aligned with TMB's aspirations of being a partner in our customers' financial well-being and Prudential's ambitions to achieve scale and market leadership in Thailand

Announcement of strategic Banca Partnership with Prudential for the next 15 years

Under the new long-term strategic partnership, there will be 2 steps as follows

Step 1
Transition period
(1 April- 31 Dec 2020)

To facilitate customer services of both banks during the transition period in 2020, TMB will continue to sell FWD's life insurance products until the end of this year and will be able to gradually onboard Prudential's products through TMB's channels and TBANK will continue to sell Prudential's products exclusively.

	 Products	 Products
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Step 2
Exclusivity period
(1 Jan 2021- 31 Dec 2035)

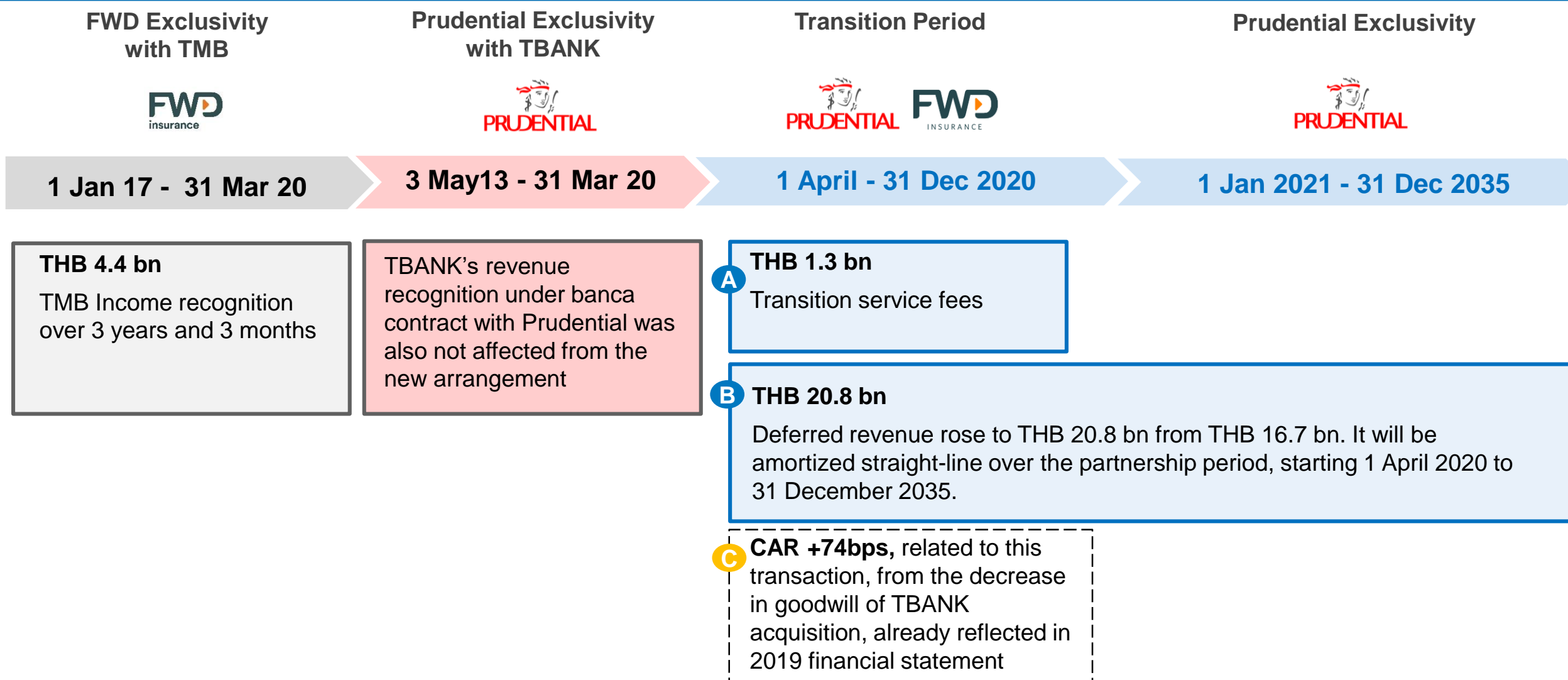
The extended exclusive partnership agreement will start on 1 January 2021 for the initial contractual term of 15 years.

	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>



No impact to FWD's and Prudential's policy holders, terms and conditions in the policies remain legally enforceable and customers can use TMB and TBANK service

Revenue recognition from the transaction



Revenue recognized previously not affected from the new arrangement

Revenue to be realized under the novation and amended agreements

Off balance sheet exposure from banca contract between TBANK and Prudential

TMB Bank Public Company Limited
3000 Phahonyothin Road
Chatuchak Bangkok
10900

TMB Website : www.tmbbank.com

IR Webpage : www.tmbbank.com/ir



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