
PT Bank Permata Tbk

June 2018

Business and Financial Update

Company Presentation

PermataBank 

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PermataBank in Brief



Year Established	1955
Listing at the Bourse	Since 1990 at the Jakarta Stock Exchange and Surabaya Stock Exchange (both merged and now known as the Indonesian Stock Exchange (BEI)
Asset **) Market Capitalization **)	Rp 159 tn (consolidated) Rp 16 tn
Branches **)	<ul style="list-style-type: none"> • 327 branch offices (including 17 sharia) • 16 mobile branches • 2 payment points
ATMs **)	1,000 and additional access to >100,000 ATMs*
Shareholders	<ul style="list-style-type: none"> • PT Astra International Tbk (44.56%) • Standard Chartered Bank (44.56%) • Public 10.88%
Corporate Rating	id AAA (Pefindo) AAA(idn) (Fitch)
Senior Bond Rating	id AAA (Pefindo)
Sub Debt Rating	id AA+ (Pefindo)
Basel-III Sub Debt Rating	Id AA (Pefindo)

Controlling Shareholders



- One of the largest listed companies in Indonesia with strong market position and key partnership in various businesses.
- A major conglomerate with seven business lines with more than 210 companies
- Strong reputation in Environment, Social and Governance.



- An International Bank with over 150 years experience
- over 1,100 branches, offices and outlets in 68 markets across the globe
- Strong reputation in innovative banking products and services and risk management

*) connected through Alto, Visa Plus, ATM Bersama, Master Card, Cirrus and Prima networks **) as of June-18

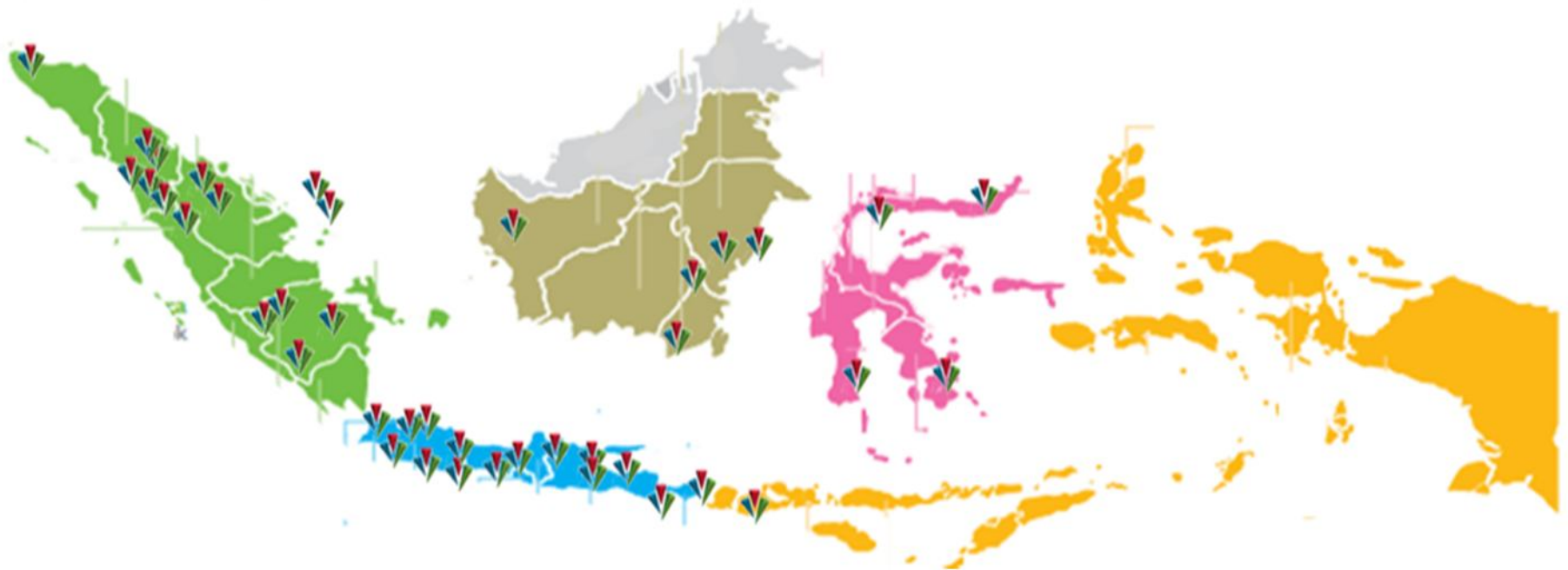
Wide Spread Networks and Distribution

We offer a variety of banking products for both individuals and SMEs. We also focus on Wholesale Banking which is concentrated in the middle market corporates and value chain business segments

310 Conventional Branches

17 Shariah Branches

62 Cities



1,000 ATMs,
Access to > 100,000 ATMs*

16 Mobile Branches

>3,500 Corporate Clients,
>1.5m Retail Customers

**) Connected through local & global network of Alto, Visa Plus, ATM Bersama, Master Card and Prima*

Vision & Mission



"Menjadi bank pilihan dengan terus membina kemitraan dan menciptakan nilai bermakna bagi nasabah dan masyarakat".

"To be the bank of choice, nurturing relationships and creating value for its customers and society."



- Berperan aktif sebagai mitra di bidang keuangan dan agen pembangunan yang efisien bagi nasabah dan masyarakat.
- Memberikan layanan keuangan menyeluruh secara sederhana, cepat, andal dan inovatif.
- Berkomitmen untuk memberikan pengalaman unggul bagi pemangku kepentingan dan membangun nilai positif bagi pemegang saham.
- *Serving as an efficient financial intermediary and agent of development for our customers and the people.*
- *Offering universal financial services in a simple, fast, reliable and innovative way*
- *Providing excellent stakeholders experience and positive value to its shareholders.*

I-PRICE



INTEGRITY

Kita bekerja dengan mengutamakan kejujuran, sesuai dengan kode etik perusahaan.

We uphold trustworthiness and work in accordance with the company's code of ethics.



PARTNERSHIP

Kita saling memahami dan bersama-sama membangun hubungan yang kokoh dengan pihak internal dan eksternal berlandaskan rasa saling menghormati.

We understand each other and build strong relationships based on mutual respect internally and externally.



RESPONSIVENESS

Kita bekerja dengan cepat, akurat, dan efektif dalam memberikan layanan yang terbaik dan tepat waktu.

We work quickly, accurately and effectively to deliver prompt services.



INNOVATION

Kita selalu berpikir inovatif untuk meningkatkan cara kita bekerja, membuatnya lebih mudah, lebih baik, dan lebih cepat.

We continuously think out of the box to improve the way we work, making it simpler, better and faster.



CARING

Kita menaruh perhatian dan menghargai nasabah, rekan kerja, masyarakat, investor, dan regulator.

We are attentive and respect our customers, colleagues, communities, investors, and regulators.



EXCELLENCE

Kita memberikan layanan prima kepada nasabah dan menghasilkan kinerja yang optimal dalam pekerjaan sehari-hari.

We deliver service excellence to our customers and drive optimal performance in our day to day job.

Strategy Going Forward

BUILD FINANCIAL BUILDING BLOCKS - THROUGH DISCIPLINE EXECUTION

- **REVENUE:** Grow customer (incl. partnership), deepen relationship (fee, cross-sell), increase NIM (e.g. pricing, unsecured lending), drive BETTER product/offering
- **COST:** Improve efficiency and productivity: process, review network/branch model, commercial excellence
- **LOSS:** Manage risk and risk-return reward: recovery of bad debt, operation risk

BUILD DIFFERENTIATOR - DERIVE FULL SYNERGY WITH ASTRA and SCB

- Increase penetration and deepen relationship with Astra Group
- Leverage capabilities and increase collaboration with SCB

BUILD ENABLERS - TOWARD SIMPLE, FAST AND RELIABLE

- **CREDIT:** Create credit culture to drive responsible growth, clear governance and compliance adherence
- **DIGITAL:** Create and execute Digital Roadmap (Customer experience, Digitize sales, Tech/Ops, Agile Operating model)
- **NETWORK:** Revamp network and review branch model (lean branch service, lean branch model)
- **ORGANIZATION:** Manage changes across organization (people, culture)
- **EXPERIENCE:** Improve Stakeholder Experience (addressed complaints, better process – lower TAT & service delivery)

Performance Highlights

1 Positive business growth

- **Loan balances up by 11% yoy** from IDR 92.7tn to IDR 103.2tn contributed by both Retail Banking and Wholesale Banking. Growth mainly contributed by good book in both Retail and Wholesale Banking approximately Rp 8.6tn (11% yoy)
- Retail Banking loans grew by 14%yoy mainly driven from Joint Financing, Mortgage and SME at 29%, 14%, and 10% yoy, respectively as the result of innovative product and services designed specifically to meet customer needs including the development of digital banking as well as a strong commitment to provide excellent operational services (simple, fast and reliable) to customers
- Wholesale Banking loans grew by 8% yoy which was supported by the industrial sector and segment expansion including corporate customers / large enterprise groups and State-Owned Enterprises (SOEs), development of value chain financing, innovative product and service, and deepening customer relationships through cross selling.

2 Loan Quality maintained

- Gross and Net NPL ratio were 4.3% and 1.5% respectively, much better than in Jun 2017 (4.7% and 1.8%)
- This achievement was a result of Bank's continuous efforts in managing asset quality through collections, restructuring and liquidation of NPL intensively.
- NPL coverage ratio was well managed and increased from 191% in Dec 2017 to 211% in June 2018. This indicates the Bank's continued prudence principal in managing its NPL's.

3 Liquidity remained strong and optimal

- Loan to Deposit Ratio (LDR) recorded at 86%, in line with Bank's efforts to maintain liquidity at an optimum level.
- CASA grew by 4% yoy as a result of Bank's efforts to improve the ability in providing transactional services to customer.

Performance Highlights

4 Bank is well capitalized

- The completion of Divestment has further strengthen the Bank's capital, and ability to allocate capital more optimum in lending as reflected in the Common Equity Tier 1 (CET-1) ratio and Total Capital Adequacy Ratio (CAR), improved from 15.4% and 18.9% in June 2017 to 17.3% and 19.6% at the same period last year, which was much higher than regulatory requirements.

5 Uncertain economic condition and tight industry competition derived lower profitability

- Exclude one off gain, net profit before tax improved from Rp 175 billion in H1-2017 to Rp 400 billion in H1-2018
- Amid increasing in BI interest rate and tight industry competition, Bank still can improve in net interest income by 3% yoy at the end of the first semester of 2018 mainly due to higher interest income from JF, mortgage and CCPL segments net off by margin compression in Wholesale Banking.
- Bank's NIM improved from 3.8% in Jun-17 to 4.0% in Jun-18 as a result of lower cost of fund yoy
- Fee based income exclude one off gain from NPL sale were lower by 21% yoy mainly due to unfavorable bonds market condition since April 2018 which give negative impact to treasury performance
- Continuous improvement in asset quality has successfully reduced loan impairment provision by 13% yoy to Rp 1.1 trillion
- Bank maintains operational efficiency through disciplined cost management. Operating expenses in the first half of 2018 were relatively stable compared to the same period last year amidst various investments made by the Bank and inflationary pressures. Net profit after tax in the first half 2018 was recorded at Rp 289 billion.

Income Statement

(in IDR bn)	Dec-16	Dec-17	YoY	Jun-17	Jun-18	YoY
Net Interest Income	6,164	5,462	-11%	2,673	2,754	3%
Non Interest Income	2,185	3,195	46%	1,621	793	-51%
Revenue	8,349	8,657	4%	4,294	3,548	-17%
Operating Expense	4,709	4,737	1%	2,331	2,351	1%
Pre Provision Operating Profit	3,640	3,920	8%	1,963	1,197	-39%
Provision Expense	12,276	3,128	-75%	1,235	1,076	-13%
Operating Profit	(8,636)	792	N/M	728	121	-83%
Non Operating Income	2	159	9371%	81	280	247%
Profit Before Tax	(8,634)	951	N/M	809	400	-51%
Tax	2,151	(203)	N/M	(189)	(112)	-41%
Profit After Tax	(6,483)	748	N/M	621	289	-53%

Source : Published Report (Consolidated).

Balance Sheet

[Rp Tn]	Dec-16	Jun-17	Dec-17	Jun-18	Growth		
					Dec-17 vs Dec 16	Jun-17 vs Jun 18	Dec-17 vs Jun 18
Marketable Securities *	30.4	22.9	22.6	13.5	-26%	-41%	-40%
Loans (gross) **	105.0	92.7	97.6	103.2	-7%	11%	6%
Other Assets	30.1	29.0	28.1	42.7	-7%	47%	52%
Total Assets	165.5	144.6	148.3	159.4	-10%	10%	7%
Deposits **	130.0	106.5	111.1	119.3	-15%	12%	7%
- Current Accounts	31.3	27.5	30.0	28.2	-4%	3%	-6%
- Saving Accounts	29.4	27.8	27.8	29.0	-5%	4%	4%
- Time Deposits	69.3	51.2	53.3	62.1	-23%	21%	16%
Subordinated Debt	6.5	6.5	6.5	4.8	1%	-26%	-27%
Others Liabilities	9.7	10.2	9.2	13.7	-5%	35%	49%
Total Liabilities	146.2	123.2	126.8	137.8	-13%	12%	9%
Shareholders' Equity	19.3	21.4	21.5	21.6	12%	1%	0%
Total Liabilities & Shareholders' Equity	165.5	144.6	148.3	159.4	-10%	10%	7%

Notes : * Including Reverse repo

** Including Sharia deposits

Source : Published Report (Consolidated)

Key Ratios

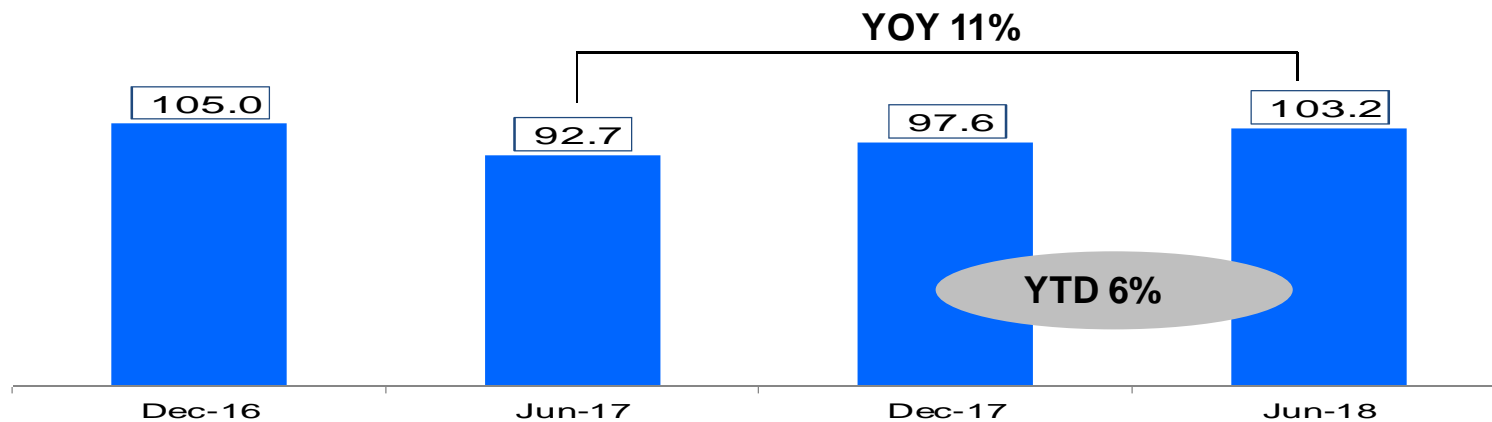
(in %)	Dec-16	Jun-17	Dec-17	Jun-18
CET-1 ratio	11.8	15.4	15.2	17.3
Total CAR	15.6	18.9	18.1	19.6
LDR	80.5	87	88	86
CASA ratio *	46.7	51.9	52.1	48.0
ROA	(4.9)	1.0	0.6	0.5
ROE	(38.3)	8.5	4.8	3.3
BOPO	150.8	91	95	98
CIR	56.2	54	55	66
NIM	3.9	3.8	4.0	4.0
NPL Gross	8.8	4.7	4.6	4.3
NPL Net	2.2	1.8	1.7	1.5
NPL Coverage ratio	122.0	166	191	211

Note: CASA Ratio includes Sharia deposits

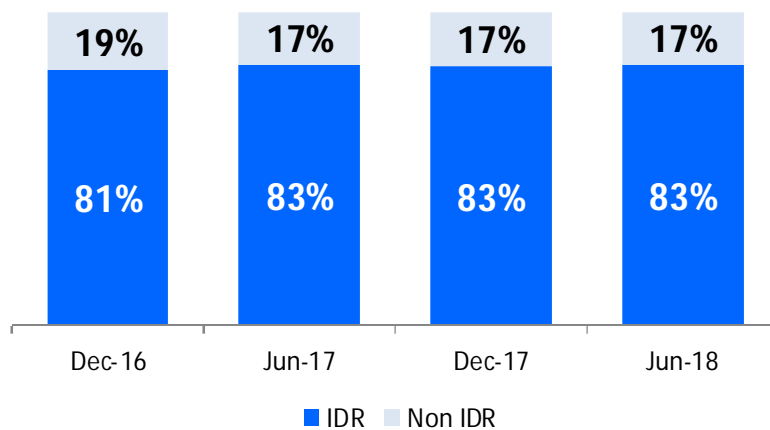
Source: Published and Management Report (Bank only)

Loan

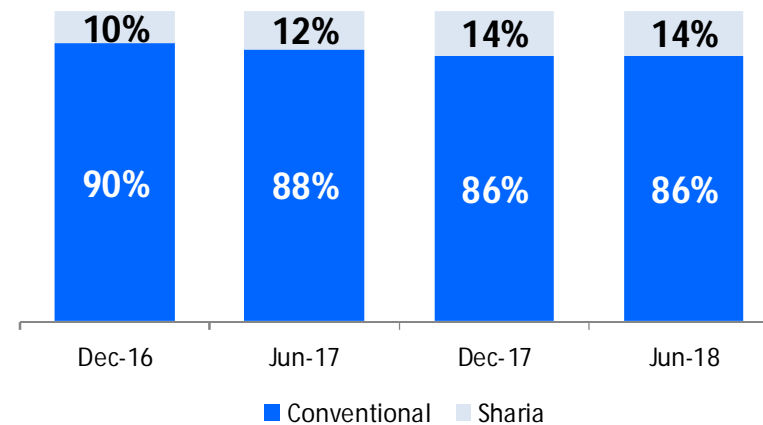
Loans Growth (IDR tn)



By Currencies*



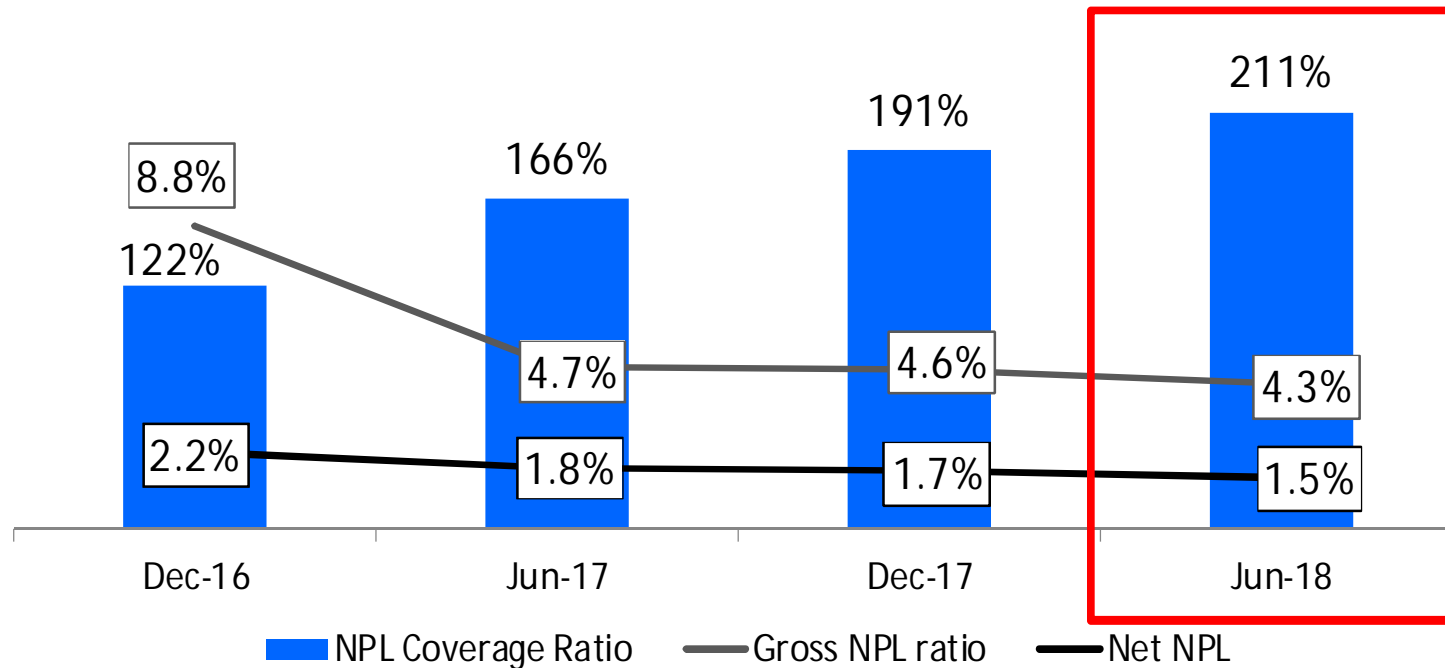
Conventional vs Sharia*



*Notes: Bank only, as of Jun 2018

Loan Quality & Coverage

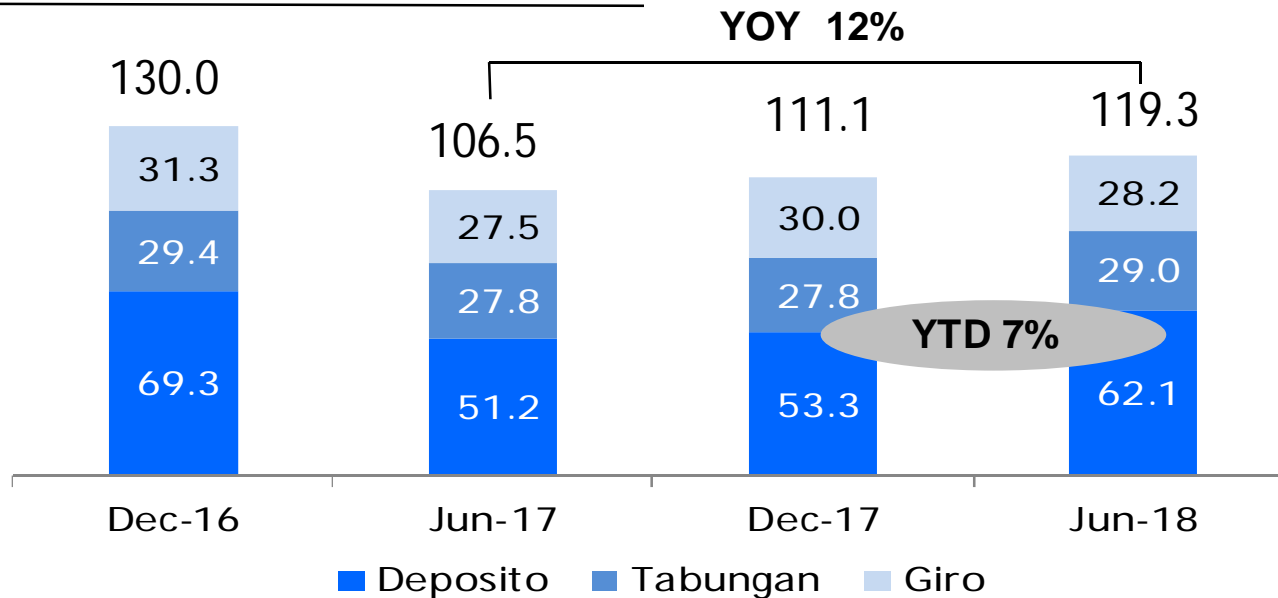
Loan quality improves, Bank continues to grow a good book and recognize potential loan losses on a prudent basis



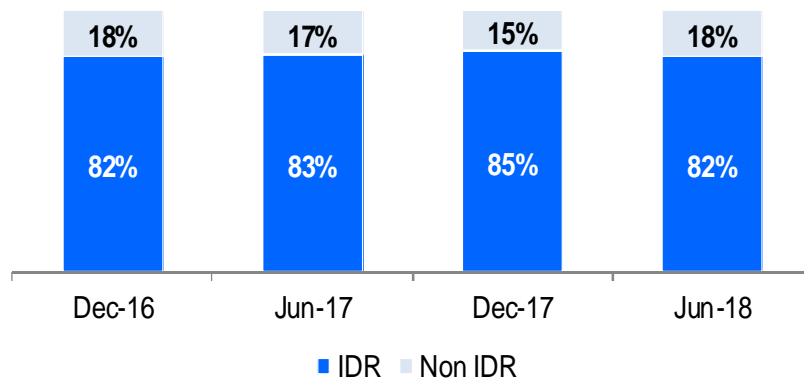
Source: Published Report (Bank only)

Deposits

Deposits (IDR Tn)



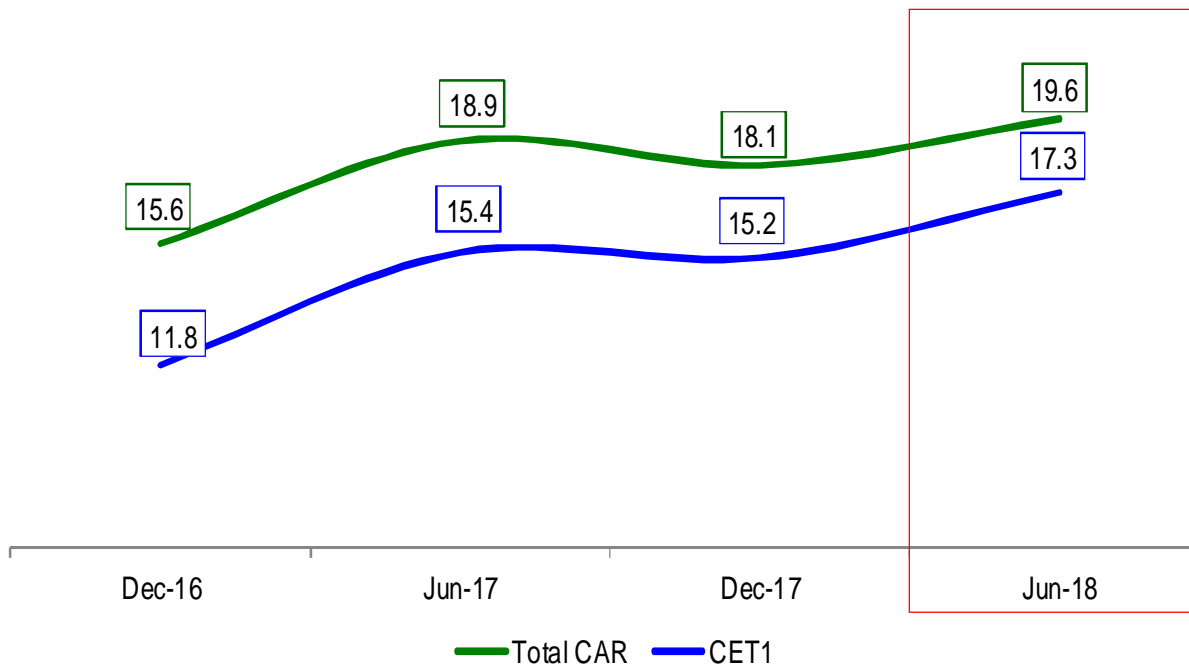
By Currencies*



Deposits grew by 12% yoy with CASA growth of 4% yoy as a result of Bank's efforts to improve the ability in providing transactional services to customer.

Capital – strong capital base to grow

Capital Ratios (%)



Stronger capital position post sale of all investments in PT Astra Sedaya Finance, as reflected in strengthened **Common Equity Tier 1 (CET-1) ratio and Capital Adequacy Ratio (CAR) of 17.3% and 19.6% respectively**, compared to 15.4% and 18.9% in the same period last year - far higher than the minimum capital requirements.

Description	Dec-16	Jun-17	Dec-17	Jun-18
Tier 1 Capital	13,568	16,005	16,072	18,677
Tier 2 Capital	4,408	3,676	3,096	2,520
Total Capital	17,976	19,681	19,168	21,197
RWA - Credit	96,972	88,440	90,075	92,153
RWA - Market	3,991	772	726	1,139
RWA - Operational	13,958	14,986	14,986	14,923
Total RWA	114,921	104,197	105,787	108,215

Source: Published Report (Bank only)

Award in 2018

2018 Contact Center Service Excellence Award

Award with Exceptional predicate for the Regular Banking, Priority Banking, Regular Credit Card, Platinum Credit Card, Sharia Banking categories

2018 Banking Service Excellence Award – MRI / Infobank

- Digital Banking Services Terbaik
- Commercial Bank Category:
 - #1 *Best Opening Account Website Application*
- Sharia Bank Category:
 - *Golden Trophy Award (The Best Bank – UUS Category)*
 - #1 *Best Overall Performance*
 - #1 *Best Overall Minus E-Banking*
 - #1 *Best Customer Service*
 - #1 *Call Center Sharia*

2018 Digital Touch Points Customer Engagement Award

Award with Good title for Regular Banking

2018 Service Quality Award

Diamond predicate (highest award) for PermataBank Priority, Regular Banking, Platinum Credit Card

The Asian Banker Indonesia Country Awards 2018

Award for *The Best Frictionless Internet Banking Initiative, Application or Programme* untuk Permata E-Wealth category



CSR PermataHati berfokus pada pendidikan, khususnya literasi keuangan dengan memadukan berbagai aktivitas dalam tiga pilarnya (3E) yaitu: *Education*, *Enhancement*, dan *Empowerment*

Flagship Programs	PERMATA BANKIR CILIK 	PERMATA YOUTHPRENEUR 	GURUKU Permataku 	CERITA <small>Cerita & Esport Untuk Literasi</small>	B.R.A.V.E <small>-Because Everyone is Able & Creative-</small>
Objectives & Target Beneficiaries	Literasi Keuangan bagi pemimpin "Duta Menabung" siswa Sekolah Dasar (SD) dan Sekolah Dasar Luar Biasa (SDLB)	Inspirasi & pendampingan startup Financial Technology siswa SMK	Peningkatan Competency Guru PAUD/TK, SD,SMP,SMA & SMK & SLB	Literasi keuangan bagi siswa PAUD/TK,SD,SMP,SMA/SMK & SLB	Program Peningkatan Pendampingan kesiapan kerja dan pendampingan bisnis bagi komunitas disabilitas
Frequency / Format	<ul style="list-style-type: none"> • 3 Bulan • Curriculum-based 	<ul style="list-style-type: none"> • 3 Bulan • Mentoring 	<ul style="list-style-type: none"> • 1x/year • Seminar & Training 	<ul style="list-style-type: none"> • 1x/ year • Fun based learning 	<ul style="list-style-type: none"> • 3 sessions/year • Workshops • Special training
# of Participants	<ul style="list-style-type: none"> • 90 student • 5 Sekolah 	<ul style="list-style-type: none"> • 30 students • 5 Sekolah 	<ul style="list-style-type: none"> • 100 Guru • 10 Sekolah 	<ul style="list-style-type: none"> • 9,000 students • 1,000 employees • 50 Sekolah, Kota 	<ul style="list-style-type: none"> • 200 Disabilitas • Sekolah&Komunitas Disabilitas

ACHIEVEMENT	2013	2014	2015	2016	2017	Total
Poin Senyum	6.920	6.894	8.082	8.330	9.345	39.571
Employee Volunteers	2.459	1.512	3.863	2.887	2.936	13.657
Scholarship	692	689	808	833	623	3.645

THANK YOU

PT Bank Permata Tbk

Investor Relations

World Trade Center II

Jl. Jend. Sudirman Kav. 29-31

Jakarta 12920 - Indonesia

Phone: (62-21) 523 - 7899 / 7999

Website : www.permatabank.com

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