

PT Bank Permata Tbk

December 2017

Business and Financial Update

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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 148 tn (consolidated) Rp 17 tn
Branches	<ul style="list-style-type: none"> • 327 branch offices (including 17 sharia) • 17 mobile branches • 3 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 in Asia, Africa and Middle East
- over 1,100 branches, offices and outlets in 68 countries
- Strong reputation in innovative banking products and services and risk management

*) connected through Alto, Visa Plus, ATM Bersama, Master Card, Cirrus and Prima networks

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/offerings
- **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**, across 7 industry verticals and segment offering (retail, commercial, corporate and Syariah)
- **Leverage capabilities and increase collaboration with SCB:** leveraging international customers, product skills and joint deals across lending, transaction banking, FM sales and ALM

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)

1 PermataBank (“Bank”) main focus during 2017:

- **Liquidity management** - increased the level of trust from stakeholders by maintaining liquidity, improving profitability and strong public relationship to prevent "bank run" in the first quarter
- **Risk management** – improved governance and strengthening risk management framework and infrastructure.
- **Bad book management** - improved quality of loan portfolio, maximize recovery and efforts to reduce NPLs such as: restructuring, write off and partial sales of nonperforming loans.
- **Grow good book** - increased the number of customers as well as deepening relationships with customers to grow good book loans for both Retail and Wholesale, increase liquid asset yields, increase revenue sources from good book customers such as fee-based income and retail loan products.
- **NIM** - reduced the cost of funds by increasing CASA ratio and lowering TD cost

2 Sustainable improvement in operational performance.

- Net profit after tax of IDR748 billion, improved significantly compared to a loss of IDR6.5 trillion in 2016.
- This achievement was driven by asset quality improvement, loan growth from good book customers, recovery of non performing loans through restructuring and selling of non-performing assets, as well as operational cost efficiency.
- All financial ratios, including CIR, CASA, BOPO, ROA and ROE improved in 2017 over 2016.

3 Positive Loan growth in Q4

- Negative loan growth in 2017 up to Q3 by 12% resulting from Bank's focus to improve loan governance & risk management, liquidation and write off some of non-performing loans while maintaining credit growth cautiously.
- In Q4 2017 **good book loans grew 5% qoq to IDR 97.6 trillion** from both Retail and Wholesale Banking including Syariah segment.
- Overall, negative loan growth 7%.yoy.

4 Improved Loan Quality

- Gross and Net NPL ratio were 4.6% and 1.7% respectively, improved from 2016 (8.8% and 2.2%)
- This is accomplished by selling and partially write-off some NPLs, loan restructuring which still has potential to be recovered, and continues to grow good book.
- Bank maintain prudential principles by continuing to increase its NPL coverage ratio from 122% in 2016 to 191%, to anticipate future loan deterioration.

5 Maintained Strong Liquidity

- *Loan to Deposit Ratio (LDR) recorded at 88%, up from 80% previous year.*
- *CASA ratio was 52%, up from previous year's 47%..*

6 Strengthen Capital

- Completion of the rights issue of IDR3.0 trillion and compounded by positive profit (PAT) accumulated up to December 2017 increased CET-1 and CAR ratios to 15.2% and 18.1%, better than 2016 (11.8% and 15.6%)

Income Statement

(in IDR bn)	Dec-17	Dec-16	YoY	Q4-17	Q3-17	QOQ
Net Interest Income	5,462	6,164	-11%	1,403	1,386	1%
Non Interest Income	3,195	2,185	46%	1,012	562	80%
Revenue	8,657	8,349	4%	2,415	1,947	24%
Operating Expense	4,737	4,709	1%	1,235	1,171	5%
Pre Provision Operating Profit	3,920	3,640	8%	1,181	776	52%
Provision for losses	3,128	12,276	-75%	1,164	729	60%
Operating Profit	792	(8,636)	N/M	17	47	-65%
Non Operating Income	159	2	N/M	27	51	-48%
Profit Before Tax	951	(8,634)	N/M	43	99	-56%
Tax	(203)	2,151	N/M	(2)	(12)	-79%
Profit After Tax	748	(6,483)	N/M	41	87	-53%

Balance Sheet

(in IDR tn)	Dec-17	Dec-16	YoY	Sep-17	QoQ
Cash	1.9	2.1	-6%	1.8	8%
Placement with Bank Indonesia	13.1	18.4	-29%	16.8	-22%
Placement with Other Banks	5.0	4.0	27%	3.2	58%
Marketable Securities *	22.5	30.4	-26%	26.8	-16%
Loans (gross)	97.6	105.0	-7%	92.8	5%
Allowance for Loan Impairment Losses	(8.5)	(11.3)	-24%	(7.6)	12%
Other Assets	16.6	17.1	-3%	16.9	-2%
Total Assets	148.3	165.5	-10%	150.7	-2%
Deposits **	111.1	130.0	-15%	111.7	-1%
- Current Accounts	30.0	31.3	-4%	28.7	5%
- Saving Accounts	27.8	29.4	-5%	27.7	1%
- Time Deposits	53.3	69.3	-23%	55.3	-4%
Senior Bond	0.0	0.0	0%	0.0	0%
Subordinated Debt	6.5	6.5	1%	6.5	1%
Others Liabilities	9.2	9.7	-5%	10.9	-15%
Total Liabilities	126.8	146.2	-13%	129.1	-2%
Shareholders' Equity	21.5	19.3	12%	21.6	0%
Total Liabilities & Shareholders' Equity	148.3	165.5	-10%	150.7	-2%

Notes : * Including Reverse repo

** Including Sharia deposits

Source : Published Report (Consolidated)

Key Ratios

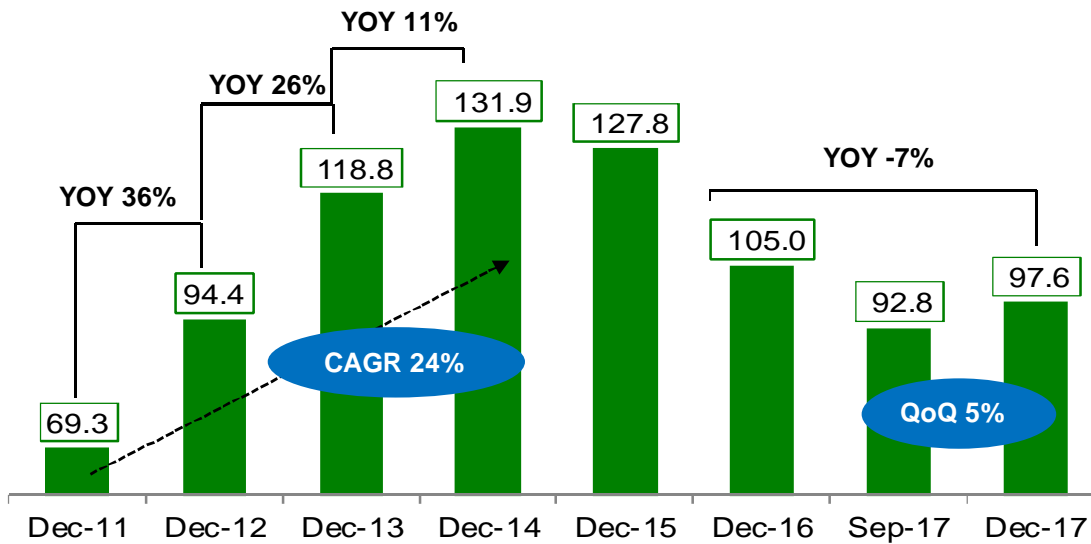
(in %)	Dec-17	Sep-17	Dec-16
CET-1 ratio	15.2	15.6	11.8
Total CAR	18.1	18.8	15.6
LDR	88	83	80
CASA ratio *	52	50	47
ROA	0.6	0.8	-4.9
ROE	4.8	6.2	-38.3
BOPO	95	93	151
CIR	55	56	56
NIM	4.0	3.9	3.9
NPL Gross	4.6	4.7	8.8
NPL Net	1.7	1.8	2.2
NPL Coverage ratio	191	175	122
Regulatory Coverage ratio	223	254	227

Note: CASA Ratio includes Sharia deposits

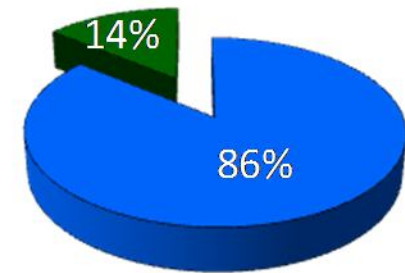
Source: Published and Management Report (Bank only)

Loan

Loans Growth (IDR tn)

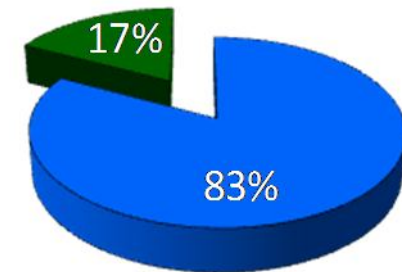


Conventional vs Sharia*



■ Conventional ■ Sharia

By Currencies*



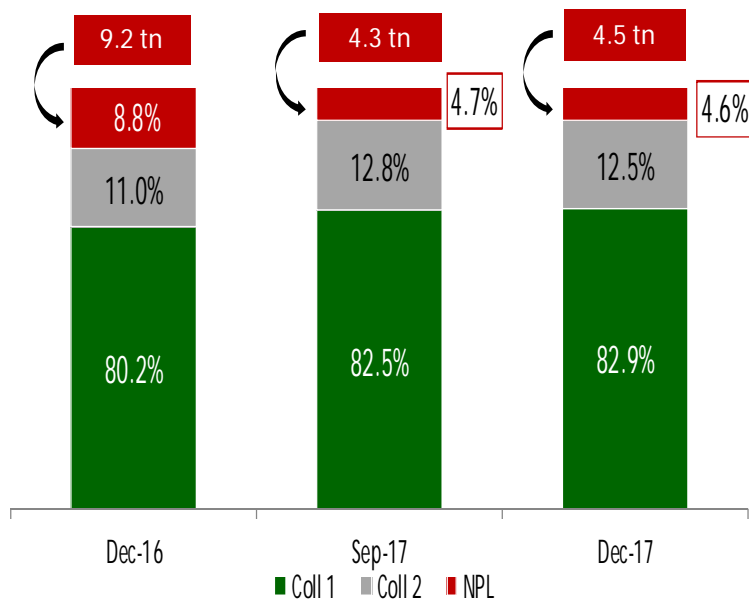
■ IDR ■ FCY

*Notes: Bank only, as of Des 2017

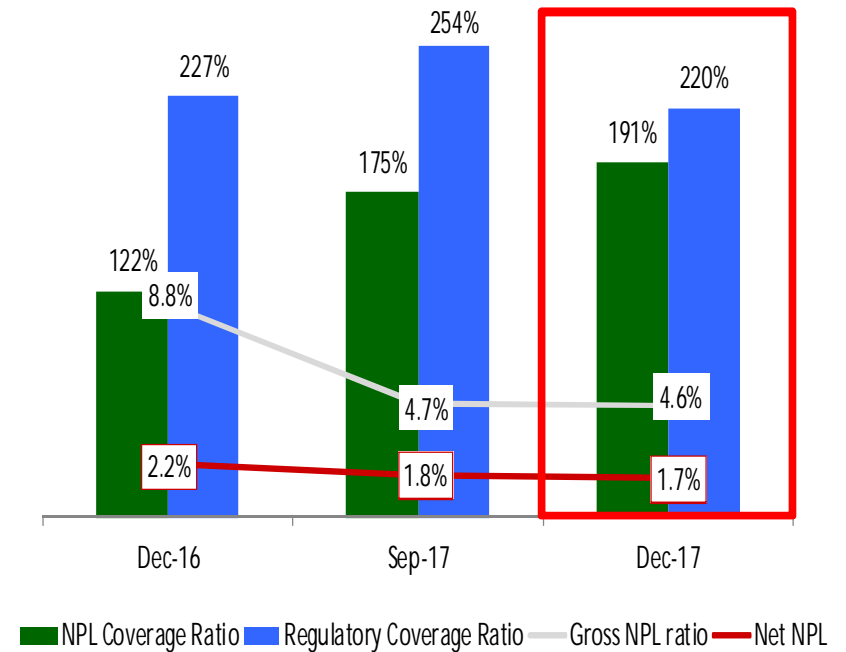
Loan Quality & Coverage

Loan quality improves, Bank continues to recognize potential loan losses on a prudent basis

Loan by Collectability (% to total Loan)



NPL and Coverage



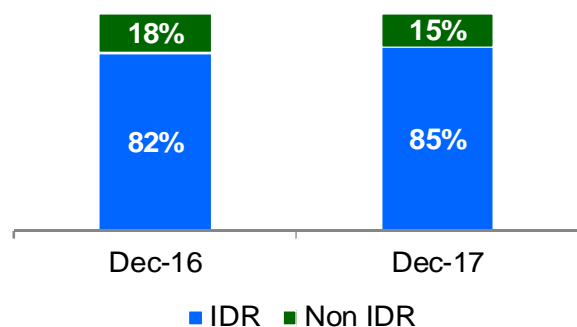
Source: Published and Management Report (Bank only)

Deposits

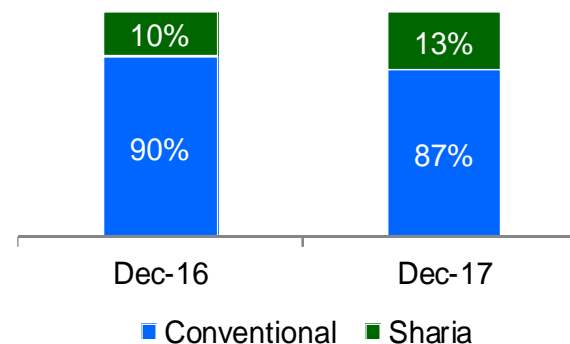
Continuous improvement in CASA Ratio

Deposits	IDR tn **					YoY Growth				CAGR 13-17
	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-14	Dec-15	Dec-16	Dec-17	
Current Account	25.3	26.7	29.6	31.3	30.0	5%	11%	6%	-4%	4%
Saving Account	21.5	24.3	25.5	29.4	27.8	13%	5%	15%	-5%	7%
<i>Total CASA</i>	<i>46.8</i>	<i>51.0</i>	<i>55.1</i>	<i>60.7</i>	<i>57.8</i>	<i>9%</i>	<i>8%</i>	<i>10%</i>	<i>-5%</i>	<i>5%</i>
Time Deposits	86.0	96.6	90.0	69.3	53.3	12%	-7%	-23%	-23%	-11%
Total	132.8	147.6	145.1	130.0	111.1	11%	-2%	-10%	-15%	-4%
CASA Ratio (%)	35	35	38	47	52					
LDR (%)	89	89	88	80	88					

By Currencies*



Conventional vs Sharia *



Notes:

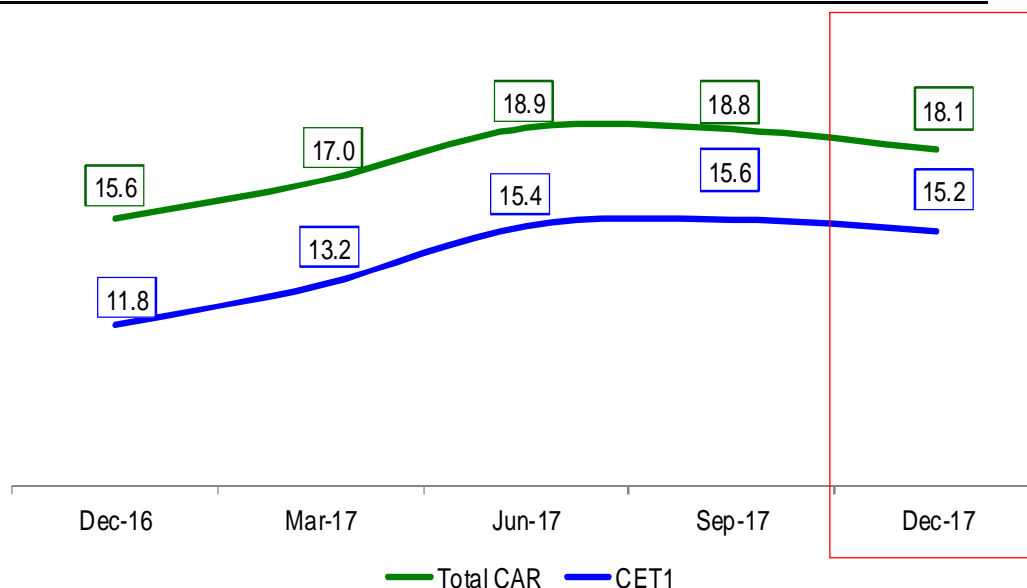
* Bank only

** Current Account, Saving Account, and Time Deposit including Sharia deposits

Source: Published and Management Report

Capital

Capital Ratios (%)

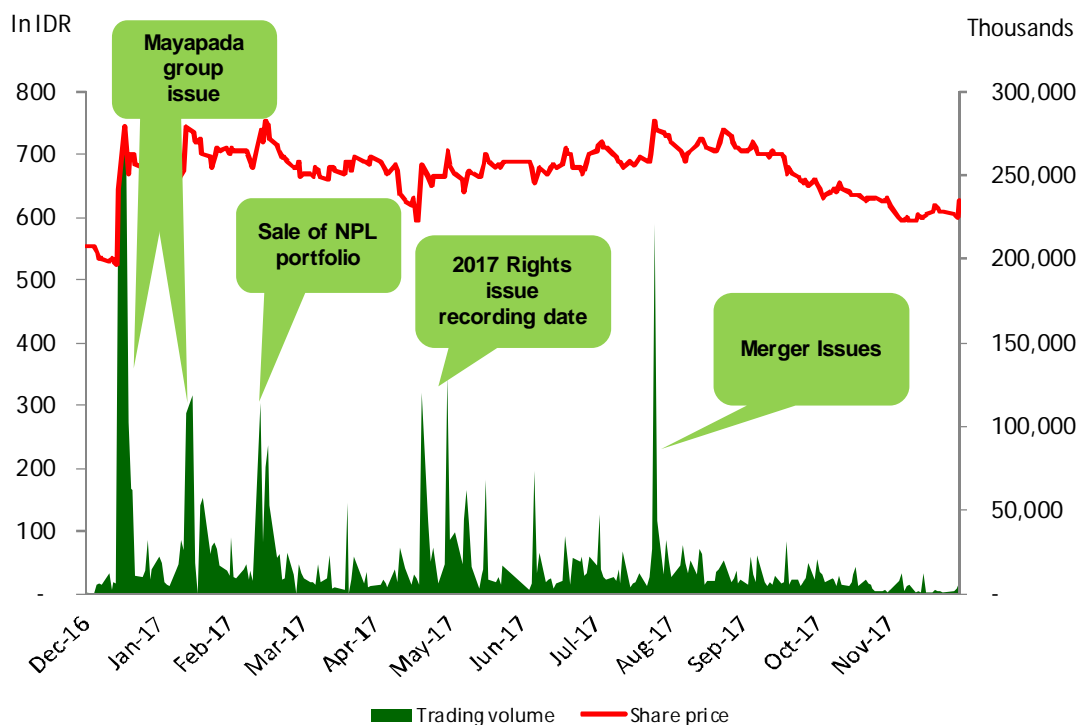


Description	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Tier 1 Capital	13,568	14,202	16,005	16,149	16,072
Tier 2 Capital	4,408	4,020	3,676	3,359	3,096
Total Capital	17,976	18,222	19,681	19,508	19,168
RWA - Credit	96,972	91,830	88,440	87,867	90,075
RWA - Market	3,991	449	772	701	726
RWA - Operational	13,958	14,986	14,986	14,986	14,986
Total RWA	114,921	107,266	104,197	103,555	105,787

- **Well capitalized**
- CET-1 ratio and total CAR of 15.2% and 18.1% in Dec 2017; **far in excess of regulatory minimum** (CET-1 = 7.75% and total CAR = 11.75% with risk profile of 2)
- **Continued strong support from both main shareholders, PT Astra International Tbk (Astra) and Standard Chartered Bank (Standard Chartered)**
- Completed IDR 3.0tn **Rights Issue** in June 2017

Shares & Rating

Share Price & Trading Volume



Source: Reuters and IDX

BNLI	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Price (Rp.)	555	670	690	705	625
PBV (x)	0.5	0.8	0.8	0.9	0.8
P/E ratio	(8)	(2)	8	16	18
Market Cap (Rp Tn)	12.3	14.8	15.2	19.6	17.4

Source: IDX publication

Rating Agencies Rating/Outlook

Pefindo (Sep 2017)	Corporate Rating	id AAA / Stable
	Senior Bond Rating	id AAA
	Pre Basel-III Sub Debt Rating	id AA+
	Basel-III Compliant Subordinated Bonds Rating	id AA
Fitch (Oct 2017)	National Long Term Rating	AAA(idn) / Stable
	National Short Term Rating	F1+(idn)
Moody's (Jan 2018)	Local and Foreign Currency Deposit Rating	Baa3/P-3
	Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
	Baseline Credit Assessment	Ba2
	Adjusted Baseline Credit Assessment	Ba1

THANK YOU

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