

Press Release

28 October 2020

PermataBank PermataBank Maintains Solid Performance in Q3

In the midst of the COVID-19 pandemic, Pre-Provision Operating Profit grows 20.4%

JAKARTA – PT Bank Permata Tbk (“PermataBank” or “Bank”) was able to maintain a solid financial performance at the end of the third quarter of 2020, amid slowing economic growth as a result of the COVID-19 pandemic and global economic uncertainty. **PermataBank** recorded a growth in operating income before provision of Rp2.6 trillion, increasing by 20.4% year-on-year (yoy), supported by a very strong capital position and an optimally maintained liquidity. With the support of Bangkok Bank Public Company Limited (“Bangkok Bank”) as the new controlling shareholder, **PermataBank** is optimistic that it will record sustainable business growth with strong capital to support growth and post-pandemic economic recovery in Indonesia.

Ridha D.M. Wirakusumah, President Director of PermataBank said, "Optimism for **PermataBank's** solid performance in the third quarter of 2020 amid the global financial crisis due to the pandemic is the Bank's effort to maintain operating profit, manage asset quality, maintain optimal liquidity and very strong capital position. This is also supported by the integration agreement given by regulators between Bangkok Bank Indonesia and **PermataBank** in 7 October 2020, while at the same time providing the future of our bank to join the ranks of BUKU IV in Indonesia."

PermataBank posted a growth in pre-provision operating profit of 20.4% yoy compared to the same period last year, which is mainly contributed by growth in net interest income of 8.6% and non-interest income of 9.0% yoy. This achievement was

followed by an improvement in the interest margin ratio (Net Income Margin or NIM) to 4.4%, up from 4.2% in the same period last year. Discipline in operational cost management, supported by the application of digitalization technology in banking transactions, has helped the Bank to continue to increase sustainable efficiency ratios. The Cost to Income Ratio (CIR) was recorded at 59.8%, significantly improving compared to last year's position of 63.6%. This is also in line with the increase in the number of **PermataBank** digital transactions during 2020 and has become the customer's main choice in adapting to the new normal period, that is proven by an increase in the volume of mobile banking transactions by 69% and API (application programming interface) by 400% in 2020 which is higher than the volume of transactions throughout 2019.

In line with the principle of prudence in dealing with the impacts of COVID-19, up to the third quarter of 2020, **PermataBank** has allocated a significant provision for deteriorating asset quality of Rp1.86 trillion, taking into account the potential for an increase in credit losses as a result of slowing economic growth which has an impact on credit portfolio risk profile. As a result of the reduction in the Corporate Income Tax (PPH) rate from 25% to 22%, which became effective in March 2020, the Bank also recognized an additional deferred tax expense, which resulted in a decrease in profit after tax.

In facing the challenges that arise due to the COVID-19 pandemic, **PermataBank** is making strategic efforts to function as a Universal Bank that provides the best service for Retail, Corporate, and Sharia customers. The bank continues to focus on lending for healthy customers. The decline in loans compared to the same period last year was mainly due to slower credit growth contributed by slowing economic growth in Indonesia and applying prudential principles to maintain the quality of the loan portfolio.

During the third quarter of 2020, in line with the direction of the regulator, the Bank implemented a credit restructuring and relaxation program for customers affected by COVID-19. As of the end of September 2020, approximately 11.6% of the loan

portfolio applied for restructuring and relaxation, most of which have been completed. In addition, **PermataBank** continues to strengthen excellent digital banking services by utilizing and embedding digital processes in the application of banking transactions that operate easily, quickly, and safely, especially through PermataMobile X and PermataNet as the primary transaction channels for customers in facing the new normal period.

The Bank's Performing Loan (NPL) can still be well managed at a safe level amid a decline in asset quality in the Indonesian banking industry. The gross NPL ratio was recorded to have slightly increased to a 3.8% level compared to the same period last year of 3.3%, with net NPLs maintained at the level of 1.5% compared to September 2019's position of 1.2%. The Bank is making continuous efforts to improve NPLs by restructuring non-performing loans, writing off loans, selling NPL loans and growing good book loans.

The Bank's liquidity position is well maintained, as evidenced by the optimum liquidity ratio of the Loan-to-Deposit Ratio (LDR) of 74.5% in September 2020 and the CASA ratio of 50.8%, an increase of 103 basis points compared to the same period last year. Total public deposits grew by 11.1% yoy, an immense contribution from current account product growth at 18.3%, followed by Savings and Time Deposits at 8.2% and 8.9% yoy, respectively. This shows that **PermataBank** is still trusted by the public to fulfill banking transaction needs and manage business operations and liquidity needs appropriately amid challenging economic conditions.

In terms of capital, the Common Equity Tier 1 (CET-1) and Capital Adequacy Ratio (CAR) ratios were also well maintained in September 2020 at 20.5% and 21.6%, respectively, an increase compared to 18.6% and 19.8% in the same period last year, much higher than the applicable minimum capital requirement.

Integration Phase with Bangkok Bank Indonesia Branch Offices Towards Bank Buku IV

After the Financial Services Authority (OJK) approved in principle the plan to integrate business with all Bangkok Bank branches in Indonesia (BBI) effective 7 October 2020, **PermataBank** has announced the integration plan with the Bangkok Bank Indonesia Branch Office to support the banking consolidation policy in Indonesia and provide a positive impact for all stakeholders. The plan for this integration is targeted to be completed by the end of December 2020.

This integration will unite the strengths of Bangkok Bank, one of the diversified banks in Asia that has been present in Indonesia for 52 years, with **PermataBank**, one of the 15 largest banks in Indonesia. The integrated entity is projected to have a core capital of more than IDR 30 trillion, making **PermataBank** meet the regulatory requirements to become one of the BUKU IV banks in Indonesia. Furthermore, this integration will help increase the capabilities and support of **PermataBank's** strategy to become a Universal Bank that can provide a more complete digital and commercial banking solution for Retail, SMB, Corporate, and Sharia customers with a broader customer base and network.

"With the various corporate actions we have experienced and changes in business strategy that have continued to develop so far in 2020, **PermataBank** will continue to build its performance as the chosen bank and provide meaningful value to our stakeholders. Going forward, we see **PermataBank** growing to become the top bank in Indonesia that continues to apply the principles of prudential banking in strong risk management in business development by doing the right things, doing the things right, with the right tools. " closed **Ridha**.

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PROFILE OF PT BANK PERMATA Tbk

PermataBank is one of Indonesia's top 15 banks offering comprehensive financial services to more than 3 million customers in 55 cities throughout Indonesia.

PermataBank has 304 branch offices, 2 mobile branches, 942 ATMs with access to more than 100,000 ATMs (VisaPlus, Visa Electron, MasterCard, Alto, ATM Bersama and ATM Prima) and millions of ATMs worldwide that are connected to the Visa, Mastercard and Cirrus networks. **PermataBank** has received recognition from various reputable award platforms. In 2019, **PermataBank** won the 2019 Satisfaction Loyalty & Engagement (SLE) Award based on the Infobank and Marketing Research Indonesia (MRI) survey, one of which is ranked # 1 for the INDEX 2019 OVERALL-ENGAGEMENT category (conventional commercial bank / book 3 bank). Its PermataTel Customer Care has won the 2019 Contact Center Service Excellence Award in 10 categories, from Service Excellence Magazine. In terms of products; credit card, debit card and Syariah Business Unit **PermataBank** was ranked I & II in the 2019 Digital Brand Awards by InfoBank Magazine.

PermataBank also won various service excellence awards in both conventional Banks and Sharia banking categories, and the 2020 Banking Service Excellence Award by InfoBank magazine in collaboration with Market Research Indonesia. As a pioneer in mobile banking and mobile cash technology in the Indonesian market, in 2018, the Bank launched its PermataMobile X super application with 200 innovative features, and is currently one of the digital mobile banking leaders in the Indonesian market.

For further information on **PermataBank**, please visit us at

<http://www.permatabank.com>