

Press Release

08 May 2020

PermataBank Records a Stable Performance Amidst Pandemic COVID-19

Pre Provision Operating Profit Grew 37.4%, Loans Up 5.7%, NPL at Safe Level

JAKARTA – PT Bank Permata Tbk ("PermataBank" or "Bank") managed to maintain assets growth and operating income amidst the COVID-19 outbreak. The impact of the COVID-19 crisis was evidenced in Indonesia's economy starting from March 2020, which also significantly affected the performance of the financial sector including the banking industry. In the midst of this challenging period, **PermataBank** provided full support for the stimulus set by the Government and Regulators in the financial sector, including providing credit relaxations and restructuring for affected customers in the Retail, SME, Commercial and Corporate segments.

To maintain business continuity, **PermataBank** continues to channel loans to customers selectively for critical economic sectors to support Indonesia's economic growth by continuing to apply prudential principles as well as a strong risk management framework and good corporate governance. Delivering superior digital banking services, among others through PermataMobile X and PermataNet, have been the main focus in fulfilling customers' needs in executing their banking transactions during the period of Large-Scale Social Restrictions ("PSBB") across regions.

Despite the challenging conditions, **PermataBank** was able to book an operating income of Rp2.1 trillion in the first quarter of 2020, increasing by 15.5% year-on-year

(yoy) compared to the same period last year. Net Interest Income of Rp1.6 trillion grew by 15.5% yoy in line with loan growth of 5.7% yoy. This credit growth was mainly contributed by Wholesale Banking segment.

Fee-based income also experienced a significant growth of 15.8% yoy, mainly contributed by gains from foreign exchange (forex) trading transactions amid fluctuations in US Dollar's exchange rate against Rupiah as well as income from commissions, provisions and administration banking transactions related fees.

Operating costs have been maintained through the implementation of a continuous cost management discipline. Operating costs only experienced a marginal increase of 3.8% yoy, so the Operational Profit Before Allowance for Impairment Losses experienced a satisfactory increase of 37.4% yoy to Rp865 billion. The Cost to Income (CIR) efficiency ratio improved substantially to 58.6% compared to the same period last year of 65.1%.

The increase in the BOPO ratio to 94% from 88% in the same period last year was mainly due to an increase in the allowance for impairment losses of financial assets, in line with the implementation of PSAK 71 which was effective on January 1, 2020. The COVID-19 pandemic has caused volatility in several macroeconomic indicators, causing an increase in the probability of default in the future hence an increase in provision for loan losses.

Further, with the Government's policy to reduce the Corporate Income Tax rate from 25% to 22% effective as of March 31, 2020, the Bank has recognized the decrease of deferred tax assets which resulted in an increase in the deferred tax expenses by Rp216 billion. Excluding the impact of COVID-19 to the higher provision for loan losses and the impact of lower corporate income tax rates to the lower deferred tax assets, the normalized profit after has slightly increased from Rp377 billion to Rp378 billion. This shows that **PermataBank's** performance has been maintained stable.

The Bank's liquidity position remains strong despite COVID-19 challenges, with growth in third party funds of 11.4% yoy mainly contributed by low-cost funds (current accounts and saving accounts) of 25.8% yoy. The CASA ratio also experienced a significant improvement from last year's 47.4% to 53.5%. In general, the Bank's Loan-to-Deposit (LDR) liquidity ratio is maintained at around 79.9%, which shows the optimum management of funds received from customer deposits and lending to customers. Good funding structure has also positively impacted Net Interest Margin (NIM), which increased to 4.6% from the previously 4% in the same period last year, a contrary to the general condition of the banking industry which experienced a decline in NIM.

Credit risk management continues to run well, as seen from the gross Non-Performing Loan (NPL) ratio which decreased to 3.2% compared to March 2019 at 3.8%. The NPL coverage ratio has been maintained well by 152% in March 2020, an increase compared to the position in December 2019 of 133%. This is in line with efforts to improve credit quality by applying the prudent principle in channeling new loans and accelerating the settlement of non performing loans through restructuring and liquidations.

Common Equity Tier 1 (CET-1) and Capital Adequacy Ratio (CAR) were strongly maintained in March 2020 at 18.4% and 19.6%, compared to 18.3% and 19.9% in the same period last year, much higher than the regulatory requirements regarding minimum capital of 12.5%. The capital ratio even remained strong after incorporating the negative impact of the first implementation of PSAK 71 regarding the provision for losses of financial instruments effective from January 1, 2020.

Ridha DM Wirakusumah, President Director of PermataBank said. "In the first quarter, we continued to apply prudential principles through a strong risk management framework to support Government policies in maintaining the stability of the Indonesian economy. The Bank's ability to score credit growth, third party funds, especially low-cost funds and operational income in the midst of difficult economic conditions shows that we continue to play an important role in supporting

our customers in managing their business operations and liquidity needs well. This achievement continues to encourage us to provide optimal experience and added value for our customers. "

"In the challenging period that is hitting various industries due to the current COVID-19 pandemic, we also prioritize the use of digital solutions through PermataMobile X and PermataNet to our customers as a solution to remain active in transactions and remain at home. We believe that by continuing to apply the prudential banking principle, we can maintain the stability of performance and the soundness of the bank in a sustainable manner, "concluded **Ridha**.

For more information, please contact:

Richele Maramis

Head, Corporate Affairs PermataBank

P: +62 21 523 7788

e: corporate.affairs@PermataBank.co.id

Katharine Grace

Head, Corporate Secretary PermataBank

P: +62 21 523 7788

F: +62 21 5237244

e: corporate.secretary@permatbank.co.id

PROFILE OF PT BANK PERMATA Tbk

PermataBank is one of the major private banks offering comprehensive financial services to more than 3 million customers in 62 cities in Indonesia. **PermataBank** has 316 branch offices, 16 mobile branches, 978 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. In the third quarter of 2019, in terms of services, **PermataBank** won 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 bank 3). In the second quarter, PermataTel again won the 2019 Contact Center Service Excellence Award for 10 categories, from Service Excellence Magazine. In

terms of products; credit card, debit card and Syariah Business Unit **PermataBank** ranked I & II for the Digital Brand Awards 2019 by InfoBank Magazine.

PermataBank also won various service excellence awards in both categories of conventional Banks and Sharia banking, in the 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 the PermataMobile X application with the latest 200 innovative features.

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

<http://www.permatabank.com>