

## Press Release

25 April 2016

# PermataBank Operating Profit Up 7% Amidst Q1 Loss

*Focuses on Improving Asset Quality and Planned Rp 5.5 Trillion Rights Issue*

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**JAKARTA – PT Bank Permata Tbk** (“PermataBank” or “Bank”) announced improved operating performance in the midst of continuing challenging macro-economic conditions in the three-month period ending 31 March 2016 (consolidated and unaudited).

“The Bank’s Pre-Provision Operating Profit grew 7% year-on-year (yoy) supported by growth in revenue whilst maintaining strong control on costs. The Bank, however, recorded a 1st quarter loss as it allocated a significant provision expense. The higher provision expense is a planned measure to improve the Bank’s asset quality,” said Permata Bank President Director Roy Arfandy. Compared to Q4-2015, the provision expense was 24% lower, and the loss was 46% lower.

“Total operating revenue was up by 4% yoy to Rp 2.17 trillion, driven by an improved net interest margin, a strong growth in fee-based income and a robust 13% increase in Sharia revenues. These figures, together with the Bank’s planned Rp 5.5 trillion rights issue in June, will strengthen the foundation for the Bank’s growth,” said **Permata Bank Finance Director Sandeep Jain**.

Net Interest Income grew to Rp 1.54 trillion from Rp 1.50 trillion a year prior driven by lower cost of funds from growth in CASA despite a 6% drop in loans. Fee-based income rose to Rp 624 billion from Rp 594 billion in the previous year, mainly driven

by good performance in treasury-related transactions and investment services. The Bank has continued to manage costs in a disciplined way whilst continuing to invest in people, technology, premises and branches. Operating costs increased by only 1% yoy, and this resulted in positive jaws of 3% (revenue growth of 4% less cost growth of 1%) and an improved cost-to-income ratio (CIR) of 53% from 54% last year.

Given the continued downturn in overall economic conditions, the Bank has experienced significant portfolio stresses, particularly since the second half of 2015, with increased NPL's. Gross and Net NPL ratios are up to 3.5% and 1.8% as of 31 March 2016, from 1.6% and 0.6% respectively a year prior. Provision expense is up by 552% yoy to Rp 1.55 trillion. This has resulted in a net loss of Rp 376 billion, against a net profit of Rp 567 billion a year prior and a net loss of Rp 691 billion in Q4-2015. The Bank booked a significant increase in provision expense to increase coverage ratios, improve asset quality and to position the Bank for future growth, provided the macroeconomic conditions improve further.

Meanwhile, Net Interest Margin increased to 3.9% in the first quarter 2016 from 3.6% in the year prior as the Bank successfully grew its CASA balances and reduced expensive time deposits funds.

Total assets as of 31 March 2016 are down by 8% yoy to Rp 175 trillion, mainly driven by a 6% yoy decrease in Loans to Rp 123 trillion in March 2016.

Liquidity remains healthy with Loan-to-Deposit (LDR) ratio of 90% at end of March 2016; comparable to 89% last year. The Bank managed out high cost time deposits in line with declining loans to manage LDR, whilst at the same time improved its funding structure by increasing the CASA base. As a result, the CASA ratio improved to 38% in March 2016 compared to 34% in the same period last year.

The Bank has continued to maintain a prudent level of capital relative to risk weighted assets and ended the period with a Common Equity Tier 1 ratio and Total

Capital Adequacy Ratio of 10.9% and 15.1% respectively. Shareholders' equity grew 5% yoy to Rp 18.5 trillion at end of March 2016. The Bank is in the process of completing its Rp 5.5 trillion rights issue in the first half 2016 as announced earlier, subject to final regulatory approvals.

“As predicted, the Bank continues to see 2016 as a challenging period. We have identified where we need to improve and set in motion plans to do so,” said Roy Arfandy. “We are thus optimistic that our policy of improving asset quality, growing our assets selectively, strengthening capital including through our planned rights issue, and controlling costs will enable us to return a progressively stronger performance in the future.”

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**PROFILE OF PT BANK PERMATA Tbk**

**PT Bank Permata Tbk (PermataBank)** has grown to be a major bank within Indonesian banking sector which offers innovative and comprehensive banking products and services, especially with its delivery channels that are equipped with Internet Banking and Mobile Banking features. **PermataBank** envisions to be the pioneer in delivering innovative financial solutions. Serving approximately two million customers in 62 cities in Indonesia, as of March 2016 the Bank runs 330 branch offices, 22 mobile branches, three payment points, 1,023 ATMs accessible from a network comprising of more than 100,000 ATMs (Alto, Visa Plus, ATM Bersama,

Master Card, Cirrus and Prima) nationwide as well as millions of ATMs around the world. The latest recognition on **PermataBank** are Best SME Banking and Best CRM Project from The Asian Bankers, Indonesia Record Business for PermataKTA Speed as well as 9 Awards from AsiaMoney 2015 Award Programme including as the Best Overall Domestic Cash Management Services for Small/Medium size.

More information about **PermataBank** is available on its website

<http://www.permatabank.com>