

Press Release

16 February 2017

PermataBank Takes Decisive Actions to Improve Performance, With Plans of Rp 3T Rights Issue to Drive Growth

Good Progress Made in Enhancing Capital, Improving Asset Quality and Strengthening Senior Management Team

JAKARTA – PT Bank Permata Tbk (“PermataBank” or “Bank”) today announced its FY2016 results, delivering income of Rp 8.3 trillion, expenses at Rp 4.7 trillion and a pre-provision profit of Rp 3.6 trillion. **PermataBank** also highlighted a series of decisive actions that it has and is taking to improve its performance, including its plans for a Rp 3 trillion rights issue, out of which, Rp 1.5 trillion has already been received as capital advance on 6 December 2016 from its two major shareholders. The Rp 3 trillion rights issue, subject to regulatory approvals, will be completed in the first semester of 2017 and combined with the Rp 5.5 trillion rights issue in June 2016, will increase the Bank’s capital reserves by Rp 8.5 trillion. These actions also include changes in senior management including the appointment of new **President Director Ridha DM Wirakusumah** and steps taken to improve its asset quality.

In order to maintain solid financial position, **PermataBank** has increased its loan impairment provision to Rp 12.3 trillion in 2016 and resulted in a loss of Rp 6.5 trillion for the year. Newly appointed **PermataBank President Director Ridha DM Wirakusumah** said, “While 2016 was a challenging year, the Bank continued to take proactive actions to improve its financial performance by managing its Non-Performing Loans and tightening risk controls. This year, we are also planning to

further strengthen our capital with an additional rights issue of Rp 3 trillion. This, added to the Rp 5.5 trillion rights issue in June 2016, increases the Bank's capital reserves by Rp 8.5 trillion. The rights issue, which has the full support of our two major shareholders Astra International and Standard Chartered Bank, will allow us to focus on future growth.”

In addition to the appointment of the Bank's new President Director, the Bank has also appointed **Loh Tee Boon as the new Risk Director** earlier this month. These are all part of the Bank's efforts to strengthen its senior management and drive the Bank's performance.

PermataBank recorded a total CAR of 15.6% for the year ending 31 December 2016, compared to 15.0% in December 2015. It remains highly liquid as reflected by the Loan to Deposit Ratio (LDR) of 80%. In 2016, the Bank's fee based income recorded an increase of 7% YOY, driven by strong growth in Global Markets, Bancassurance and Wealth Management. The Wealth Management business in Retail Banking, in particular, had a solid performance in 2016 with a YOY increase in revenue of 41%.

Additionally, the Bank's Joint Finance and Sharia financing products reported a growth of 13% and 3% YOY respectively. **PermataBank** Sharia launched an innovative one-stop Hajj registration model (Layanan Satu Atap) in 9 cities, with more centres planned in 2017.

Furthermore, **PermataBank**, as an affiliate of Astra International Group, continues to play a significant role in supporting the growth of the Automotive Industry by way of Value Chain Financing, Supplier Financing, Auto Dealers as well as Joint Financing for both two and four wheelers (commercial cars). Director of Astra International Gunawan Geniusahardja said, “Astra believes that **PermataBank's** products and services will continue to contribute to the people and nation. Thus, we are fully committed to **PermataBank's** 2017 rights issue to support its business going forward.”

Standard Chartered Regional Head, Retail Banking, ASEAN and South Asia, Sebastian Arcuri said, “We are working together with **PermataBank’s** new President Director, management and Astra International on a range of actions to improve its performance, and we support the upcoming rights issue. We remain committed to Indonesia, a market we have been in for 150 years. The above points will be covered at our Full Year 2016 Results on 24 February 2017.”

As a result of tightened risk appetite, overall loans declined by 18% YOY, with the net NPL ratio of 2.2% improving from 2.7% at the end of June 2016 as the Bank addressed asset quality. The Bank increased the NPL coverage ratio from 97% in December 2015 to 122% for the year ending 31 December 2016. The Bank has also taken other decisive steps to manage its asset quality through proactive restructuring and is making progress in the process of liquidating part of the NPL portfolio.

The Bank further improved its funding structure as evidenced by a stronger CASA ratio of 47% in 2016, compared to 38% in December 2015. CASA balances increased by 10% YOY which is the highest YOY growth in the past three years. This was driven by various campaigns including its PermataBebas Cash Back program.

Additionally, the Bank has maintained its Cost to Income Ratio (CIR) at 56%, relatively stable compared to 54% in December 2015, attributable to disciplined cost management amid flat revenues and declining loan volumes. The Bank continues to enhance the delivery of its products and services to customers by investing in systems, technology and e-channels.

Ridha concluded, “I believe **PermataBank** has a very good franchise with strong capabilities, dedicated employees, loyal customers and innovative products and services. We also have the strong support of our two major shareholders, Astra International and Standard Chartered Bank and we are well capitalized and highly liquid with LDR at 75.2%. We can now focus on business growth in 2017 and the

future. We have already seen a positive turnaround in our January 2017 financial performance with a Net Profit After Tax of Rp136 billion.”

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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 63 cities in Indonesia, as of September 2016 the Bank runs 331 branch offices, 22 mobile branches, six payment points, 1,012 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 which connected with Visa, Mastercard, Cirrus. The latest recognition on **PermataBank** are “Excellent Service Experience Award 2016” in Regular Banking category and Sharia Banking from Service Excellence Magazine and Carre CCSL, Contact Center Service Excellence Award (CCSA) 2016, Exceptional Grade for Regular Banking-Sharia Banking-Priority Banking category; “Best Business Model Execution” from The Asian Banker Indonesia Country Awards.

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

<http://www.permatabank.com>