

## PT Pegadaian (Persero)

Analysts: Danan Dito / Putri Amanda

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / [danan.dito@pefindo.co.id](mailto:danan.dito@pefindo.co.id) / [putri.amanda@pefindo.co.id](mailto:putri.amanda@pefindo.co.id)

<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	<b>Dec-2014</b>	<b>Dec-2013</b>
			<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<b>Corporate Rating</b>	<i>idAAA/Stable</i>	Total assets [IDR bn]	46,873.9	39,158.0	35,443.4	33,588.0
<b>Rated Issues</b>		Total loans disbursed [IDR bn]	120,901.0	112,750.0	102,593.0	101,884.0
Shelf Reg. Bond I/2013	<i>idAAA</i>	Total outstanding loans [IDR bn]	35,659.9	31,144.7	27,977.0	26,584.9
Shelf Reg. Bond I/2011	<i>idAAA</i>	Total equity [IDR bn]	16,476.9	12,532.9	10,809.1	9,886.7
Bonds X, XII, XIII	<i>idAAA</i>	Net interest revenue [IDR bn]	6,313.4	5,698.8	4,931.6	5,028.1
<b>Rating Period</b>		Net income [IDR bn]	2,210.3	1,938.4	1,761.8	1,907.3
April 5, 2017 – April 1, 2018		Cost to income [%]	57.2	59.5	58.1	53.6
<b>Rating History</b>		Operating profit margin [%]	30.9	29.2	30.5	32.4
APR 2016	<i>idAA+/Stable</i>	ROAA (including off-balance) [%]	5.1	5.2	5.1	6.1
APR 2015	<i>idAA+/Stable</i>	NPL/outstanding loans [%]	2.4	1.3	0.9	4.9
MAY 2014	<i>idAA+/Stable</i>	Equity/total assets [%]	35.2	32.0	30.5	29.4
MAY 2013	<i>idAA+/Stable</i>	Total debt/equity [x]	1.7	1.9	2.1	2.2
JUN 2012	<i>idAA+/Stable</i>	Short-term liquidity ratio [%]	146.5	172.1	158.3	156.4
JUL 2011	<i>idAA+/Stable</i>	USD exchange rate [USD/IDR]	13,436	13,795	12,440	12,189
JUN 2010	<i>idAA+/Stable</i>					
MAY 2009	<i>idAA+/Stable</i>					

ROAA=return on average assets. NPL = non-performing loans.

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

### PEFINDO upgrades PT Pegadaian (Persero)'s rating to "idAAA" from "idAA+"

PEFINDO has raised the ratings for PT Pegadaian (Persero) (PPGD) and its outstanding Bonds X/2003, XII/2007, and XIII/2009; Shelf Registration Bond I Phase I/2011 and Phase II/2012; and Shelf Registration Bond II Phase I/2013, Phase II/2014, and Phase III/2015 to "idAAA" from "idAA+". The outlook for the corporate rating is "stable". The upgrade reflects proven results of improved underwriting methods in limiting potential loss from gold price volatility, as reflected by non-performing loan (NPL) containment and track record of very little credit loss from collateral settlement. Moreover, amidst unfavorable macroeconomic environment, PPGD has been able to maintain a stable business growth as reflected by its loan disbursement of IDR120.9 trillion at end-December 2016 (FY2016) from IDR112.8 trillion as of FY2015.

An obligor rated idAAA has the highest rating assigned by PEFINDO. The obligors' capacity to meet its long-term financial commitment, relative to that of other Indonesian obligors, is superior.

The ratings reflect PPGD's status as an important government-related entity (GRE), its superior position in the pawn service business, as well as its very strong capitalization, and very strong liquidity and financial flexibility position. However, the ratings are constrained by some exposure to gold price volatility.

The rating may be lowered if there is a downward shift in support from the government. The rating could also be under pressure if its asset quality and profitability figures deteriorate significantly.

PPGD provides pawning and micro-lending services through a network of 12 regional offices and 4,455 units located throughout the country. It is fully owned by the Indonesian government.

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