

PT Bank Mayapada Internasional Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of / for the years ended	Mar-2018	Dec-2017	Dec-2016	Dec-2015
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	Total assets [in IDR bn]	79,838.0	74,745.6	60,839.1	47,306.0
Rated Issues		Total equity [in IDR bn]	8,760.7	8,543.4	7,053.5	4,587.1
<i>Shelf Registration</i>		Total gross loans [in IDR bn]	58,989.7	56,420.1	47,197.3	34,241.0
<i>Subordinated Bond I/2017</i>	<i>idBBB</i>	Total cust. dep. + ST funding [in IDR bn]	67,440.9	62,633.5	51,640.3	41,257.4
<i>Subordinated Bond IV/2014</i>	<i>idBBB</i>	Net interest revenue [in IDR bn]	683.5	2,600.1	2,417.6	1,696.0
<i>Subordinated Bond III/2013</i>	<i>idBBB+</i>	Net income (loss) [in IDR bn]	228.1	675.4	820.2	652.3
Rating Period		NIR/average earning assets [%]	*3.7	4.0	4.6	4.2
<i>May 4, 2018 - June 1, 2018</i>		Operating expense/operating income [%]	87.6	87.2	82.8	82.6
Rating History		ROAA [%]	*1.2	1.0	1.5	1.6
<i>JUN 2017</i>	<i>idA-/Stable</i>	NPL (3-5)/gross loans [%]	3.7	5.6	2.1	2.5
<i>SEP 2016</i>	<i>idA-/Stable</i>	Loan loss reserves/NPL (3-5) [%]	55.6	33.6	52.6	16.5
<i>SEP 2015</i>	<i>idA-/Negative</i>	Risk-weighted CAR [%]	12.9	14.1	13.3	13.0
<i>SEP 2014</i>	<i>idA-/Stable</i>	Gross loans/total deposits (LDR) [%]	87.5	90.1	91.4	83.0
<i>MAR 2014</i>	<i>idA-/Stable</i>	USD exchange rate [IDR/USD]	13,768	13,568	13,473	13,785
<i>MAR 2013</i>	<i>idA-/Stable</i>					

*Annualized

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.

Bank Mayapada's rating lowered to "idA-"

PEFINDO has lowered the rating of PT Bank Mayapada Internasional Tbk (Bank Mayapada) to "idA-" from "idA". At the same time, PEFINDO has lowered the ratings of the Bank's outstanding Shelf Registration Subordinated Bond I/2017 and Subordinated Bonds IV/2014 to "idBBB" from "idBBB+". The rating for the Bank's outstanding Subordinated Bond III/2013 has also been lowered to "idBBB+" from "idA-". The rating downgrade is mainly driven by the Bank's weakening asset quality indicators that in our estimation will be unlikely to improve significantly in the near to medium term. Based on its financial statements as of March 31, 2018 (1Q2018) and December 31, 2017 (FY2017-audited), the Bank suffered from high non-performing loans (NPL) at 3.7% and 5.6%, respectively, and special mention loans (SML) at 45.1% and 33.9%, respectively. We also observed a higher loan provisions, with its operating expense to operating income (*beban operasional terhadap pendapatan operasional*, BOPO) ratio reached 87.6% in 1Q2018 and 87.2% in FY2017, weighing on its profitability. The outlook for the corporate rating is "stable".

The Bank's management has addressed the situation by tightening its risk management policy and strengthening monitoring control. However, we are of the view that it is difficult for its asset quality to significantly improve in the near term as its efforts are challenged by the soft macroeconomic condition.

The rating may be raised if PEFINDO sees a higher degree of support from Cathay Life, as a result of a significantly increased contribution due to improving business and financial profiles. It may also be raised if Bank Mayapada strengthens its business profile and improves its asset quality to the level of pre-relaxation policy removal. The rating may be lowered if there is evidence of lower support from the Parent, such as a material decline in ownership, or a deterioration in its capitalization profile. Negative rating action may also result from continuous or further deterioration in its asset quality profile.

An obligor rated *idA* indicates that the obligor has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

Debt security rated *idBBB* denotes adequate protection parameters relative to other Indonesian debt securities. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity on the part of the obligor to its long-term financial commitments on the debt security.

The Minus (-) sign in a particular rating indicates that the rating is relatively weak within the respective rating category. The Plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The corporate rating reflects strong support from Cathay Life, moderate business position, and adequate liquidity. The rating is constrained by the Bank's weak asset quality, high exposure to the corporate sector, and high funding dependence on time deposits.

Bank Mayapada is a commercial bank, focusing on the corporate and small and medium enterprises (SME) segments. As of 1Q2018, it has 3,440 employees and a network of 1 head office, 38 branches, 90 sub-branches, 4 cash offices, 83 functional offices, 144 ATMs, and 1 ADM connected to more than 103,645 ATMs Prima and Bersama. Its shareholders were JPMCB-Cathay Life Insurance Co Ltd (40%), PT Mayapada Karunia (26.42%), Galasco Investments Ltd (10%), Unity Rise Ltd (7.31%), and the public (16.27%).

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