

## PT Bank Pan Indonesia Tbk

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	
		<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	
<b>Corporate Rating</b>	<i>idAA/Stable</i>	<b>Consolidated figures</b>				
		Total assets [IDR bn]	211,287.4	207,204.4	213,541.8	199,175.1
		Total equity [IDR bn]	41,374.6	37,746.1	33,981.9	31,614.9
<b>Rated Issues</b>		Total gross loans [IDR bn]	140,682.8	141,232.3	131,954.4	128,109.5
<i>Continuous Bond III</i>	<i>idAA</i>	Total customer deposits [IDR bn]	131,402.9	137,694.3	145,670.6	142,654.2
<i>Continuous Bond II</i>	<i>idAA</i>	Net interest revenue [IDR bn]	8,968.9	8,964.5	8,651.0	8,443.0
<i>Continuous Sub-Debt III</i>	<i>idA+</i>	Net income [IDR bn]	3,316.8	3,112.6	2,412.5	2,405.3
<i>Continuous Sub-Debt II</i>	<i>idA+</i>	NIR/average earning assets [%]	4.6	4.6	4.5	4.8
<b>Rating Period</b>		Operating expense/income [%]	77.5	76.8	84.2	82.2
<i>April 8, 2020 – April 1, 2021</i>		ROAA [%]	1.6	1.5	1.2	1.3
<b>Rating History</b>		NPL (3-5)/gross loans [%]	3.1	3.1	2.8	2.8
<i>APR 2019</i>	<i>idAA/Stable</i>	Loan loss reserve/NPL (3-5) [%]	91.7	88.7	88.7	84.4
<i>APR 2018</i>	<i>idAA/Stable</i>	Risk weighted CAR [%]	23.4	23.3	22.0	20.5
<i>MAR 2018</i>	<i>idAA/Stable</i>	Gross loans/total deposits [%]	107.1	102.6	90.6	89.8
<i>APR 2017</i>	<i>idAA/Stable</i>	USD exchange rate [USD/IDR]	13,883	14,380	13,568	13,473
<i>APR 2016</i>	<i>idAA/Stable</i>	<i>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.</i>				

### Panin Bank rated "idAA" with stable outlook

PEFINDO has affirmed its "idAA" ratings for PT Bank Pan Indonesia Tbk (Panin Bank) and its outstanding Continuous Bonds II and Continuous Bonds III. PEFINDO has also affirmed the "idA+" ratings for the Bank's outstanding Continuous Subordinated Bonds II and Continuous Subordinated Bonds III. The subordinated bonds are rated two notches below Panin Bank's corporate rating to incorporate the risk of the debt instrument being written down in the event of non-viability. The outlook for the corporate rating is "stable".

An obligor rated idAA differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

Debt security rated idA indicates that the obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is strong, however, the debt security is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated debt. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The rating reflects Panin Bank's very strong capitalization, strong market position, and the strong likelihood of support from ANZ Banking Group (ANZ, AA-/stable by S&P) as one of the Bank's controlling shareholders. These strengths are partly offset by its moderate asset quality.

Panin Bank's rating may be raised if the Bank could substantially strengthen its business position in the banking industry and combined with sustainable improvement in its financial indicators, particularly its asset quality and profitability. On the other side, the rating may come under pressure if its financial indicators deteriorate substantially, or it fails to maintain its strong business presence in the banking industry, indicated by a significant decline in its market share. It may also come under pressure if ANZ's divestment plan in Panin Bank materializes and the new shareholder is deemed to have limited capability in providing extraordinary support to Panin Bank when needed.

We are of the view that the COVID-19 outbreak may increase the overall banking industry risk profile, by causing a substantial business downturn in almost all sectors resulting in lower demand for loans and other banking services. In addition, business slowdown will weaken the debtors' repayment capability, and asset quality deterioration will subsequently put additional pressures to the banks' profitability and liquidity indicators. At the moment, we are of the view that impact of COVID-19 to Panin Bank's overall credit profile to remain manageable, supported by its very strong capitalization profile, well-established presence in the banking industry particularly in the commercial segment, and strong liquidity position. Nevertheless, we acknowledge the Bank's substantial exposure to sectors affected by COVID-19 such as hotels and restaurants, households, transportation, real estate, and trading, all representing around 60% of the Bank's loan portfolio as of end of December 2019. Loan delinquencies in these sectors may put additional pressure to the Bank's overall asset quality with its non-performing loans ratio already weaker than banking industry average in the past couple of years. PEFINDO will continue monitor closely the impact of COVID-19 outbreak to Panin Bank's performance and its overall credit profile.

Panin Bank provides commercial banking services through 523 offices across Indonesia. As of December 31, 2019, its shareholders were PT Panin Financial Tbk (46.04%), Votrant No. 1103 PTY Ltd (38.82%), ultimately owned by ANZ, some of the Bank's directors (0.03%), and the public (15.11%).

**DISCLAIMER**

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