

## PT Bank Mayapada Internasional Tbk

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>			
		<b>as of / for the years ended</b>			
		<b>Mar-2020</b>	<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>
		(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idBBB+/Negative</i>	89,205.2	93,408.8	86,971.9	74,745.6
<b>Rated Issues</b>		11,842.0	12,342.0	10,788.6	8,543.4
Subordinated Bond V/2018	<i>idBBB-</i>	52,275.9	71,882.1	65,669.8	56,420.1
SR Subordinated Bond I/2017	<i>idBBB-</i>	73,203.0	77,009.1	71,510.5	62,633.5
Subordinated Bond IV/2014	<i>idBBB-</i>	(221.2)	2,919.8	2,969.6	2,600.1
Subordinated Bond III/2013	<i>idBBB</i>	79.2	528.1	437.4	675.4
<b>Rating Period</b>		NIR/average earning assets [%]	*(1.1)	3.4	3.8
July 3, 2020 - July 1, 2021		Operating expense/operating income [%]	93.4	92.1	92.5
<b>Rating History</b>		ROAA [%]	*0.3	0.6	0.5
JUL 2019	<i>idBBB+/Negative</i>	NPL(3-5)/gross loans [%]	6.9	3.9	5.6
JUL 2018	<i>idA-/Negative</i>	Loan loss reserves/NPL (3-5) [%]	77.3	101.6	57.3
JUN 2018	<i>idA-/Stable</i>	Risk-weighted CAR [%]	13.8	16.2	15.8
MAY 2018	<i>idA-/Stable</i>	Gross loans/total deposits (LDR) [%]	71.4	93.3	91.8
JUN 2017	<i>idA/Stable</i>	USD exchange rate [IDR/USD]	16,310	13,883	14,380
SEP 2016	<i>idA-/Stable</i>				13,568

\*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 affirmed at "idBBB+", outlook maintained at "negative"

PEFINDO has affirmed the rating of PT Bank Mayapada Internasional Tbk (Bank Mayapada) at "idBBB+". PEFINDO has also affirmed the ratings of its outstanding Subordinated Bond V/2018, Shelf Registration Subordinated Bond I/2017, and Subordinated Bond IV/2014 at "idBBB-", two notches below the corporate rating due to the existence of non-viability clause as stated in POJK no. 11/POJK.03/2016. The rating of its outstanding Subordinated Bond III/2013 was affirmed at "idBBB". The outlook for the corporate rating remains "negative", as PEFINDO maintains the view of potential asset quality deterioration, especially from its high portion of special mentioned loans (SML). Although the SML ratio to total loans has decreased significantly to 23.4% in May 2020 from above 50% in March 2020 (1Q2020) and December 2019 (FY2019), the figure was still considered to be very high compared to average of the overall banking industry, and sustainability of its improvement will be highly exposed to the impact of COVID-19 pandemic to the bank's debtors. In addition, there have been increasing liquidity pressure in the banking industry in recent times that may affect the Bank's financial performance further, although the pressure is not widespread and Bank Mayapada has taken significant actions including capital injections and fund placements to stabilize the financial positions.

We are of the view that the COVID-19 outbreak may increase the overall banking industry's risk profile by causing a substantial business downturn in almost all sectors, resulting in lower demand for loans and other banking services. In addition, a business slowdown will weaken borrowers' repayment capabilities, and asset quality deterioration will subsequently put additional pressure on banks' profitability and liquidity indicators. At the moment, we are of the view that COVID-19 bears a significant impact on Bank Mayapada's overall credit profile. Also, there is still potential of more new delinquents as reflected by increase of its NPL ratio, and another round of liquidity pressure may further impact the Bank's overall credit quality. PEFINDO will continue to closely monitor the impact of the COVID-19 outbreak on Bank Mayapada's performance and overall credit profile.

The rating may be downgraded further if the Bank's asset quality issues are not addressed on a prompt and sustainable basis. Any deterioration in its NPL and SML in the near term could also drive the rating downward. Pressure on the rating may also arise if there is a further significant liquidity profile deterioration. PEFINDO may revise the outlook back to stable if the Bank significantly curbs its NPL and SML, and maintains asset quality improvement over the near to medium term. In addition, the Bank must also show signs of liquidity stability.

An obligor rated *idBBB* has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

A 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 meet its long-term financial commitments on the debt security. The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects the Bank's strong support from Cathay Life Insurance Co Ltd, moderate business position, and adequate liquidity. The rating is constrained by the Bank's very 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-sized enterprise (SME) segments. As of 1Q2020, it had 3,519 employees, one head office, 39 branches, 91 sub-branches, three cash offices, 83 functional offices, 144 ATMs, and one automatic deposit machine (ADM) connected to 110,200 Prima and Bersama ATMs. Its shareholders were JPMCB-Cathay Life Insurance Co Ltd (Cathay Life, 37.33%), PT Mayapada Karunia (26.42%), Galasco Investments Ltd (12.67%), Unity Rise Ltd (7.31%), and the public (16.27%).

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