

PT Bank Mestika Dharma Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Dec-2020	Dec-2019	Dec-2018	Dec-2017	
		(Audited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idBBB+/Stable</i>	14,159.8	12,900.2	12,093.1	11,817.8	
Rated Issues		4,009.3	3,480.5	3,088.0	3,082.6	
-		7,195.6	7,791.5	7,274.8	6,783.7	
Rating Period		9,895.2	8,871.0	8,368.8	8,373.3	
<i>May 5, 2021 – May 1, 2022</i>		795.6	700.5	687.0	692.9	
Rating History		325.9	247.6	265.9	264.2	
<i>MAR 2020</i>	<i>idBBB+/Stable</i>	NIR/average earning assets [%]	6.3	6.0	6.1	6.6
		Operating expense/income [%]	67.4	71.5	68.1	69.0
		ROAA [%]	2.4	2.0	2.2	2.4
		NPL (3-5)/gross loans [%]	1.7	2.3	2.3	2.6
		Loan loss reserve/NPL (3-5) [%]	126.5	81.3	92.4	77.4
		Risk weighted CAR [%]	47.3	38.6	34.6	35.4
		Gross loans/total deposits [%]	72.7	87.8	86.9	81.0
		USD exchange rate [USD/IDR]	14,050	13,883	14,380	13,568

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

Bank Mestika rated "idBBB+" with stable outlook

PEFINDO has assigned the rating of PT Bank Mestika Dharma Tbk (Bank Mestika) at "idBBB+". The outlook for the corporate rating is "stable".

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

The rating reflects Bank Mestika's strong capitalization, above average liquidity profile, and high margin business supported by a favorable funding mix. The rating is constrained by its exposure to concentration risk, moderate asset quality, and tightening competition in the industry.

The rating may be raised if Bank Mestika significantly and sustainably strengthens its business position while reducing its loan concentration risks. At the same time, it had to continue to improve its asset quality and profitability indicators. The rating may be lowered if its business position deteriorates, or its asset quality and profitability indicators significantly weaken.

We are of the view that the Covid-19 pandemic has raised the overall banking industry's risk profile, leading to a substantial business downturn in almost all sectors, resulting in lower demand for loans and other banking services. Following a business slowdown, borrowers' repayment capacity weakened, exerting pressure on asset quality, which subsequently aggravated banks' profitability and liquidity indicators. We are of the view that Covid-19 bears a moderate impact on Bank Mestika's overall credit profile. However, the potential of new delinquents cannot be entirely ruled out given its sizeable restructured loans at 12.7% as of FY2020.

Bank Mestika was established in 1955, focusing on corporate and commercial lending, with headquarter in Medan, North Sumatera. In addition to its head office, its operations are also supported by 12 branch offices, 41 sub-branches, and 11 other offices. As of December 31, 2020 (FY2020), it was 89.4% owned by PT Mestika Benua Mas, 10.5% by the public, and 0.1% by individuals.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.