

PT Bank Panin Dubai Syariah Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2017	Dec-2016	Dec-2015	Dec-2014
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idAA-/Negative</i>	Total assets [in IDR bn]	8,629.3	8,758.0	7,134.2	6,206.5
Rated Issues	-	Total equity [in IDR bn]	274.2	1,187.9	1,155.5	1,076.3
		Total gross financing [in IDR bn]	6,542.9	6,346.9	5,716.7	4,793.8
Rating Period	<i>March 23, 2018 – April 1, 2018</i>	Total deposits [in IDR bn]	8,169.7	6,976.3	5,943.3	5,093.6
		Net revenue [in IDR bn]	266.4	243.2	244.8	204.0
Rating History		Net income (loss) [in IDR bn]	(968.9)	19.5	53.6	70.9
<i>APR 2017</i>	<i>idAA-/Stable</i>	NR/average earning assets [%]	3.2	3.2	3.7	4.0
<i>JUN 2016</i>	<i>idA+/Stable</i>	Operating expense/income [%]	218.1	96.2	89.3	82.6
<i>MAY 2015</i>	<i>idA+/Stable</i>	ROAA [%]	(11.1)	0.2	0.8	1.4
<i>JAN 2014</i>	<i>idA+/Stable</i>	NPF (3-5)/financing [%]	12.5	2.3	2.6	0.5
		Loss reserves/NPF (3-5) [%]	68.3	58.2	64.0	225.7
		Risk-weighted CAR [%]	11.5	18.2	20.3	25.7
		Financing/deposits ratio [%]	80.1	91.0	96.4	94.0
		Exchange rate [USD/IDR]	13,548	13,473	13,795	12,385

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.

PT Bank Panin Dubai Syariah Tbk rated "idAA-", outlook revised to "negative"

PEFINDO has revised the outlook of PT Bank Panin Dubai Syariah Tbk (PNBS)' "idAA-" rating to "negative" from "stable", reflecting the Bank's sharp deterioration in its asset quality profile with non-performing financing (NPF) ratio surged to 12.5% as of December 31, 2017 from 4.5% as of September 30, 2017, as well as special mention financing (SMF) ratio at 14.3% from 11.8% during the same period. This situation has led to severe decline of its profitability indicators due to huge provision expenses of IDR1.0 trillion in the year 2017 resulting in high operating expenses/income (BOPO) ratio of 218.1% and net loss of IDR968.9 billion. Despite strong capital support from PT Bank Panin Tbk (PNBN, rated idAA/stable) as the controlling shareholder with capital injections of IDR1.1 trillion in December 2017 and February 2018 to maintain its capital adequacy ratio (CAR) within the regulatory threshold, PEFINDO needs to assess further PNBS' capability to recover financial indicators as projected.

We may lower the rating if the Bank fails to produce meaningful improvement in asset quality and profitability profiles, as this may lead to a weaker financial risk profile. PEFINDO may revise the rating outlook to "stable" if PNBS could significantly improve its asset quality and strengthen its profitability on a sustainable basis in the near to medium term, and at the same time the corporate action plan to maintain its capitalization level could materialize as scheduled.

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. The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The rating reflects the very strong likelihood of support from its shareholders, strong capitalization, and an above average market position. However, the rating is constrained by a weak asset quality and weak profitability profile.

Established in 2009, PNBS provides banking services under Islamic principles. As of December 31, 2017, it was 44.69% owned by PT Bank Pan Indonesia Tbk (PNBN, rated idAA/Stable), 38.25% by Dubai Islamic Bank PJSC (DIB), and the remaining 17.1% by the public.

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