

PT Bank Panin Dubai Syariah Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2021	Dec-2020	Dec-2019	Dec-2018
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA+/Stable</i>	Total assets [in IDR bn]	11,657.1	11,302.1	11,135.8	8,771.1
Rated Issues		Total equity [in IDR bn]	3,119.7	3,115.7	1,694.6	1,668.5
-		Total gross financing [in IDR bn]	9,378.6	8,845.6	8,336.3	6,134.0
		Total deposits [in IDR bn]	8,415.9	7,918.8	8,707.7	6,904.6
Rating Period		Net revenue [in IDR bn]	173.7	115.8	122.8	179.4
<i>August 16, 2021 – August 1, 2022</i>		Net income (loss) [in IDR bn]	2.3	0.1	13.2	20.8
		NR/average earning assets [%]	*3.3	1.1	1.4	2.2
Rating History		Operating expense/income [%]	99.3	99.4	97.6	99.4
<i>AUG 2020</i>	<i>idA+/Stable</i>	ROAA [%]	*0.0	0.0	0.1	0.2
<i>AUG 2019</i>	<i>idA+/Stable</i>	NPF (3-5)/financing [%]	4.7	3.4	3.8	4.8
<i>JUL 2018</i>	<i>idA+/Stable</i>	Loss reserves/NPF (3-5) [%]	59.0	79.6	76.0	85.5
<i>MAR 2018</i>	<i>idAA-/Negative</i>	Risk-weighted CAR [%]	30.5	31.4	14.5	23.2
<i>APR 2017</i>	<i>idAA-/Stable</i>	Financing/deposits ratio [%]	111.4	111.7	95.7	88.8
<i>JUN 2016</i>	<i>idA+/Stable</i>	Exchange rate [USD/IDR]	14,500	14,050	13,883	14,380
<i>MAY 2015</i>	<i>idA+/Stable</i>					
<i>JAN 2014</i>	<i>idA+/Stable</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.

Panin Dubai Syariah rated "idA+" with stable outlook

PEFINDO has assigned its "idA+" rating to PT Bank Panin Dubai Syariah Tbk (Panin Dubai Syariah). The outlook for the rating is "stable".

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to those of other Indonesian obligors. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. The plus (+) sign indicates that the rating is relatively strong within its category.

The rating reflects the Bank's very strong support from shareholders, strong capitalization, and moderate market position. The rating is constrained by its weak profitability indicators, below average asset quality profile, and exposure to concentration risk.

The rating may be raised if there is a strong evidence of greater support from the shareholders, which should be reflected by significant improvement in the Bank's business profile, from further development of its sharia products. This must also be accompanied by a substantially greater contribution from the Bank to its shareholders, in terms of size or income. Conversely, the rating may be lowered if there is a material decline of support from shareholders, indicated by the controlling shareholders declining its share ownership substantially. In addition, the downward rating pressure may also come from substantial deterioration of its asset quality and profitability profile.

We are of the view that the pandemic has heightened the overall banking industry's risk profile arising from a marked business downturn in almost all sectors, resulting in subdued demand for loans and other banking services. The business slowdown has also weakened the borrowers' repayment capacity. While the fundamental asset quality problems can be solved through a restructuring process as stipulated in the POJK 48/2020, further deterioration will aggravate the pressure on the banks' profitability and liquidity indicators. Accordingly, we view that the impact of COVID-19 pandemic on Panin Dubai Syariah's overall credit profile will remain manageable, supported by the very strong shareholder from both Dubai Islamic Bank PJSC (DIB) and PT Bank Pan Indonesia Tbk (Panin Bank, rated idAA/stable); and strong capitalization. We note its substantial exposure to sectors affected by Covid-19 pandemic – such as hotels and restaurants, households, business services, construction, transportation, real estate, and trading – representing 74.0% of its total financing portfolio as of June 2021. A significant rise in financing delinquencies from these sectors will put additional pressure on its already below average asset quality profile.

Established in 2009, Panin Dubai Syariah provides banking services under Islamic principles. As of June 30, 2021, its shareholders were Panin Bank (67.3%), DIB (25.1%), and the public (7.6%).

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