

## PT Bank Victoria International Tbk

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### CREDIT PROFILE

**Corporate Rating** *idA-/Negative*

#### Rated Issues

*Shelf.Reg Bond II/2019* *idA-*  
*Shelf.Reg Sub-Debt II/2019* *idBBB*  
*Shelf.Reg Bond I/2017* *idA-*  
*Shelf.Reg Sub-Debt I/2017* *idBBB*  
*Sub-Debt III/2013* *idBBB+*

#### Rating Period

*April 13, 2020 – April 1, 2021*

*Sub-Debt III/2013*  
*April 13, 2020 – June 27, 2020*

#### Rating History

*APR 2019* *idA-/Stable*  
*APR 2018* *idA-/Stable*  
*APR 2017* *idA-/Stable*  
*APR 2016* *idA-/Negative*  
*APR 2015* *idA-/Stable*

### FINANCIAL HIGHLIGHTS

#### As of/for the year ended

	Dec-2019	Dec-2018	Dec-2017	Dec-2016
	Unaudited	Audited	Audited	Audited
Total Asset [in IDR Bn]	30,526.1	30,172.3	28,825.6	26,000.0
Total Equity [in IDR Bn]	3,020.4	2,806.0	2,846.3	2,626.3
Total Gross Loan [in IDR Bn]	17,440.1	16,393.6	15,831.3	14,537.9
Total Cust. Dep.+ ST Funding [in IDR Bn]	23,297.6	22,086.4	22,248.7	20,691.8
Net Interest Revenue [in IDR Bn]	269.1	459.3	457.7	303.6
Net Income (Loss) [in IDR Bn]	18.2	79.1	136.1	100.4
NIR/Average Earning Asset [%]	1.0	1.7	1.8	1.3
Operating expense/operating income [%]	98.9	100.2	94.9	96.6
ROAA [%]	0.1	0.3	0.5	0.4
NPL (3-5)/Gross Loans [%]	5.8	3.5	3.2	4.2
Loan Loss Reserves/NPL (3-5) [%]	30.1	50.4	50.6	45.7
Risk-Weighted CAR [%]	17.2	16.8	18.4	25.4
Gross Loans/Total Deposits (LDR) [%]	74.9	74.2	71.2	70.3
USD Exchange Rate [IDR/USD]	13,883	14,380	13,568	13,436

*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 Victoria's rating affirmed at "idA-", outlook revised to "negative"

PEFINDO has affirmed its "idA-" ratings for PT Bank Victoria International Tbk (Bank Victoria or the Bank), its outstanding Shelf Registration Bond I Year 2017 and Shelf Registration Bond II Year 2019, while affirmed its "idBBB+" rating for the Bank's outstanding Subordinated Bond III/2013. PEFINDO has also affirmed the ratings of its Shelf Registration Subordinated Bond I Year 2017 and Shelf Registration Subordinated Bond II Year 2019 at "idBBB". The Subordinated Bonds are rated two notches below the Bank's corporate rating to incorporate the risk of the debt instrument being written down in the event of non-viability, as stated under central bank regulation 15/12/PBI/2013. The outlook for the corporate rating is revised to "negative" from "stable".

The outlook revision was driven by PEFINDO's concern on the unfavorable impact of COVID-19 outbreak which could result in BVIC's weakening overall credit profile due to a worsened asset quality and profitability profiles. As of end of December 2019 (FY2019), Bank Victoria has high loan concentration in sectors that are substantially impacted by the outbreak, consists of real estate (21.4% to total loan portfolio), trading, restaurant, and hotel (21.0%), finance companies (18.6%), and manufacturing industry (10.6%). 99.4% of its financing portfolio is generated from Java, areas that are significantly affected by the outbreak. Debtor's weakening capability may create disruption in its asset quality and profitability profiles as well as its incoming cash flow from operations. The Bank's non-performing loans (NPL) ratio was 5.8% in FY2019, up from 3.5% in FY2018 and weaker than banking industry average of 2.5% as of FY2019. It also recorded high special mention loans (SML) ratio of 9.0% in FY2019 and 9.4% as of FY2018, compared to banking industry average of 5.1% as of FY2019. Higher portion of non-current and restructured loans may cause lower cash flow generation from its banking activities, affecting its liquidity position.

The rating may be lowered if there is no meaningful improvement in its asset quality or profitability profiles in the near to medium term. Rating downgrade may also be triggered if there is any deterioration in its liquidity or capitalization profile. PEFINDO may revise the outlook to "stable" if the impact of COVID-19 has been subsided, and the Company is able to substantially improve its asset quality and profitability profiles on a consistent basis while maintaining its capitalization and liquidity profiles.

Bank Victoria's Subordinated Bond III/2013 of IDR300 billion will mature on June 27, 2020. Its readiness to repay the maturing bond is supported by cash and placement in Bank Indonesia of IDR1.3 trillion as of February 29, 2020.

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

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 Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The corporate rating reflects Bank Victoria's strong capitalization and adequate liquidity, but is constrained by its weak asset quality, weak profitability indicators, and exposure to concentration risk.

Bank Victoria is a commercial bank targeting affluent and mass affluent customers. As of December 31, 2019, its shareholders were PT Victoria Investama Tbk (46.29%), Suzanna Tanojo (17.18%), *Deutsche Investitions-und Entwicklungsgesellschaft* (8.72%), PT Nata Patindo (4.42%), and the public (23.40%).

**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.*