

PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Dec-2019	Dec-2018	Dec-2017	Dec-2016
		(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA/Stable</i>	27,983.1	25,672.2	22,145.4	18,911.4
Rated Issues		3,501.6	3,270.0	2,977.1	2,829.8
-		16,571.8	14,487.2	13,560.7	12,645.4
Rating Period		21,730.3	20,053.3	17,172.9	14,221.2
April 23, 2020 – April 1, 2021		1,973.0	1,563.8	1,386.4	1,300.6
Rating History		363.0	328.1	293.1	299.7
<i>JUN 2013</i>	<i>idA-/Stable</i>	8.1	7.2	7.5	8.2
<i>OCT 2011</i>	<i>idA/Stable</i>	81.5	78.7	79.9	80.4
<i>JUL 2007</i>	<i>idBBB+/Stable</i>	1.4	1.4	1.4	1.7
<i>JUN 2006</i>	<i>idBBB/Stable</i>	4.4	5.5	6.4	6.2
<i>AUG 2005</i>	<i>idBBB/Stable</i>	71.3	69.5	51.6	46.3
<i>JUL 2004</i>	<i>idBBB-/Stable</i>	18.9	21.6	21.4	17.8
		76.3	72.2	79.0	88.9
		13,882	14,380	13,568	13,473

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 Sumsel Babel rated "idA" with stable outlook

PEFINDO has assigned its "idA" to PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung (Bank Sumsel Babel/the Bank). The outlook for the corporate rating is "stable".

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 rating reflects Bank Sumsel Babel's captive market in the region, strong capitalization profile, and above average liquidity position. The rating is constrained by its below average asset quality profile and tightening competition in the productive loan segment.

The rating may be raised if the Bank significantly strengthens its business position and makes significant and sustainable improvements to its asset quality profile and profitability. The rating may be lowered if its asset quality and profitability deteriorate, or its business profile weakens substantially.

We are of the view that the COVID-19 outbreak may increase the overall banking industry risk profile, by causing a substantial business downturn in almost all sectors resulting in lower demand for loans and other banking services. In addition, the business slowdown will weaken the debtors' repayment capability, and asset quality deterioration will subsequently put additional pressures to the banks' profitability and liquidity indicators. At the moment, we are of the view that the impact of COVID-19 to Bank Sumsel Babel's overall credit profile to remain manageable, supported by its core product of civil servant (ASN) consumer loans dominating more than 70% out of its loan portfolio. We view ASN loans will be least impacted by the outbreak as the payment will be directly deducted from the salary. This segment should support the Bank's revenue and cash flow generation amid this pandemic, and act as the cushion to potential asset quality deterioration from around 5% of its loan portfolio in sectors affected by COVID-19 such as hotels and restaurants, households, transportation, real estate, and trading. PEFINDO will continue to monitor closely the impact of COVID-19 outbreak to Bank's performance and its overall credit profile.

Bank Sumsel Babel was established in 1962 as a regional development bank (Bank Pembangunan Daerah, BPD), offering complete banking services including corporate, commercial, consumer, micro/retail, and sharia. As of December 31, 2019, it was owned by the Provincial Regional Government of South Sumatra with a 26.1% stake, the Provincial Regional Government of Bangka Belitung (2.9%), cities and regencies in South Sumatra (50.8%) and Bangka Belitung (16.4%), as well as Bank Sumsel Babel's Employees Cooperative (3.9%).

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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.