

PT Bank Pembangunan Daerah Nusa Tenggara Timur

Analysts: Handhayu Kusumowinahyu / Hendro Utomo

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / handhayu.kusumowinahyu@pefindo.co.id / hendro.utomo@pefindo.co.id

CREDIT PROFILE

Corporate Rating *idA/Stable*

Rated Issues

Bond I/2011 idA

Rating Period

April 6, 2018 – April 1, 2019

Rating History

APR 2017 idA/Stable

APR 2016 idA/Stable

APR 2015 idA-/Stable

APR 2014 idA-/Stable

APR 2013 idA-/Stable

MAR 2012 idA-/Stable

MAR 2011 idA-/Stable

FINANCIAL HIGHLIGHTS

As of/for the year ended

	Dec-2017 (Audited)	Dec-2016 (Audited)	Dec-2015 (Audited)	Dec-2014 (Audited)
Total assets [IDR bn]	10,379.2	9,597.9	9,551.2	8,318.3
Total equity [IDR bn]	1,809.5	1,669.0	1,494.8	1,182.2
Total gross loans [IDR bn]	7,995.4	7,297.4	6,559.6	5,499.9
Total cust. dep. + ST funding [IDR bn]	7,013.0	6,795.3	7,281.4	6,272.5
Net interest revenue [IDR bn]	956.3	956.0	890.5	788.6
Net income (loss) [IDR bn]	246.2	233.8	258.2	246.3
NIR/average earning assets [%]	10.2	10.5	10.5	10.7
Operating expense/operating income [%]	74.1	75.4	69.2	68.9
ROAA [%]	2.5	2.4	2.9	3.2
NPL (3-5)/gross loans [%]	3.2	2.3	2.2	1.5
Loan loss reserves/NPL (3-5) [%]	61.7	74.7	62.4	81.1
Risk-weighted CAR [%]	23.7	23.3	21.9	18.2
Gross loans/total deposits (LDR) [%]	114.0	107.4	90.1	87.7
USD exchange rate [IDR/USD]	13,548	13,436	13,785	12,440

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 NTT's rating affirmed at "idA" with stable outlook

PEFINDO has affirmed the "idA" ratings for PT Bank Pembangunan Daerah Nusa Tenggara Timur (BNTT) and its outstanding Bond I/2011. 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, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The corporate rating reflects BNTT's strong market position supported by its captive market, very strong capitalization, and high margin business from the consumer loan segment. However, the rating is constrained by high non-performing loan (NPL) ratio from productive segment, the Bank's limited capacity to access third-party funds, and tightening competition in the productive loan segment.

The rating may be raised the Bank consistently improves its business position and the diversification of its funding portfolio, while improving its asset quality profile substantially. On the other hand, the rating could be lowered if PEFINDO sees a further deterioration in its financial profiles, especially asset quality figures.

Established in 1962, BNTT is a commercial bank that caters primarily to the government and employees of East Nusa Tenggara Province (Nusa Tenggara Timur or NTT). The Bank has 1,560 employees and its head office is supported by a network of 24 branches, 38 sub-branches, 58 cash offices, and 54 functional units. As of December 31, 2017, it was 33.44% owned by the provincial government of NTT, 66.50% by the district and municipal governments of NTT, and the remaining 0.06% was owned by individuals.

DISCLAIMER

PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. PEFINDO cannot be held liable for its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO's public ratings and analyses are made available on its website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.