

PT Bank Pembangunan Daerah Nusa Tenggara Timur

Analysts: Hendro Utomo / Hanif Pradipta

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

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2019	Dec-2018	Dec-2017	Dec-2016
			<i>Undaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Corporate Rating	<i>idA-/Stable</i>	Total assets [IDR bn]	14,724.5	11,216.0	10,379.2	9,597.9
Rated Issues		Total equity [IDR bn]	1,856.6	1,938.8	1,809.5	1,669.0
<i>Continuous Bonds I/2018</i>	<i>idA-</i>	Total gross loans [IDR bn]	9,450.0	8,769.6	7,995.4	7,297.4
		Total cust. dep. + ST funding [IDR bn]	11,516.0	7,607.4	7,013.0	6,795.3
Rating Period		Net interest revenue [IDR bn]	513.8	1,011.5	981.1	975.4
<i>September 6, 2019 – September 1, 2020</i>		Net income (loss) [IDR bn]	135.3	250.8	246.2	233.8
		NIR/average earning assets [%]	*8.3	10.0	10.5	10.7
Rating History		Operating expense/operating income [%]	78.6	75.8	74.1	75.7
<i>SEP 2018</i>	<i>idA/Negative</i>	ROAA [%]	*2.1	2.3	2.5	2.4
<i>APR 2018</i>	<i>idA/Stable</i>	NPL (3-5)/gross loans [%]	3.4	2.5	3.2	2.3
<i>APR 2017</i>	<i>idA/Stable</i>	Loan loss reserves/NPL (3-5) [%]	51.9	59.4	61.7	74.7
<i>APR 2016</i>	<i>idA/Stable</i>	Risk-weighted CAR [%]	19.5	21.6	22.7	23.6
<i>APR 2015</i>	<i>idA-/Stable</i>	Gross loans/total deposits (LDR) [%]	82.1	115.3	114.0	107.4
<i>APR 2014</i>	<i>idA-/Stable</i>	USD exchange rate [IDR/USD]	14,141	14,481	13,548	13,436
<i>APR 2013</i>	<i>idA-/Stable</i>					
<i>MAR 2012</i>	<i>idA-/Stable</i>					

**) annualized*

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 lowered to "idA-", outlook revised to "stable"

PEFINDO has lowered the ratings of PT Bank Pembangunan Daerah Nusa Tenggara Timur (Bank NTT) and its outstanding Continuous Bonds I/2018 to "idA-" from "idA". The downgrade was mainly triggered due to the Bank's asset quality indicators which is expected to remain under pressure, with non-performing loans (NPL) ratio to remain high compared to the national banking industry. It was burdened by high NPL and special mention loans (SML) ratios from productive loan segment, partly triggered by the weakening macroeconomic condition affecting some of the Bank's large debtors in that segment. As the Bank has just recently appointed new president director and is still seeking for another director, combined with its focus mostly in NTT region, we are of the view that the Bank may continue face challenges in substantially strengthening its market position in the Indonesian banking industry. Following the rating downgrade, the outlook for the corporate rating has been revised to "stable" from "negative".

An obligor rated idA indicates that the obligor 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.

The corporate rating reflects Bank NTT's strong market position supported by a captive market, very strong capitalization, and high margin business from the consumer loan segment. The rating is constrained by the Bank's high NPL ratio from the productive segment, its concentrated funding profile, and tightening competition in productive loan segment.

The rating may be raised should the Bank consistently improve its business position and funding diversification, 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, which may hinder efforts to strengthen its business and financial profiles.

Established in 1962, Bank NTT is a regional development bank (BPD) that caters primarily to the government and employees of East Nusa Tenggara Province (Nusa Tenggara Timur or NTT). It has 1,606 employees and supported by a network of 24 branches, 42 sub-branches, and 149 other offices. As of June 30, 2019, it was 30.63% owned by the provincial government of NTT, 7.05% by City of Kupang, 62.27% by the district and municipal governments in NTT, and the remaining shares were owned by individuals.

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