

PT Bank Pembangunan Daerah Nusa Tenggara Timur

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2018	Dec-2017	Dec-2016	Dec-2015
			<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Corporate Rating	<i>idA/Negative</i>	Total assets [IDR bn]	13,601.9	10,379.2	9,597.9	9,551.2
Rated Issues		Total equity [IDR bn]	1,738.8	1,809.5	1,669.0	1,494.8
-		Total gross loans [IDR bn]	8,056.2	7,995.4	7,297.4	6,559.6
		Total cust. dep. + ST funding [IDR bn]	10,856.3	7,013.0	6,795.3	7,281.4
Rating Period		Net interest revenue [IDR bn]	455.7	956.3	956.0	890.5
<i>September 28, 2018 – September 1, 2019</i>		Net income (loss) [IDR bn]	93.5	246.2	233.8	258.2
		NIR/average earning assets [%]	*8.0	10.2	10.5	10.5
Rating History		Operating expense/operating income [%]	81.5	74.1	75.4	69.2
<i>APR 2018</i>	<i>idA/Stable</i>	ROAA [%]	*1.6	2.5	2.4	2.9
<i>APR 2017</i>	<i>idA/Stable</i>	NPL (3-5)/gross loans [%]	3.6	3.2	2.3	2.2
<i>APR 2016</i>	<i>idA/Stable</i>	Loan loss reserves/NPL (3-5) [%]	72.9	61.7	74.7	62.4
<i>APR 2015</i>	<i>idA-/Stable</i>	Risk-weighted CAR [%]	20.2	22.7	23.6	21.9
<i>APR 2014</i>	<i>idA-/Stable</i>	Gross loans/total deposits (LDR) [%]	74.2	114.0	107.4	90.1
<i>APR 2013</i>	<i>idA-/Stable</i>	USD exchange rate [IDR/USD]	14,404	13,548	13,436	13,785
<i>MAR 2012</i>	<i>idA-/Stable</i>					
<i>MAR 2011</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 outlook revised to negative, rating affirmed at "idA"

PEFINDO has revised the outlook for the corporate rating's PT Bank Pembangunan Daerah Nusa Tenggara Timur (Bank NTT) to "negative" from "stable", reflecting our concerns on the Bank's continuously weakening non-performing loans (NPL) ratio, particularly from productive loan segment. This has resulted in increasing provision expenses, which combined with ongoing margin pressure due to competition have narrowed its profitability indicators. In addition, the Bank's incomplete management personnel since 2016 may also constrain its efforts in strengthening its business position to minimize the impact of weakening asset quality and profitability profiles. PEFINDO has affirmed Bank NTT's corporate rating at "idA".

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 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 non-performing loan (NPL) ratio from the productive segment, the Bank's limited capacity to access retail funds, and pressure from competition in NTT region.

The rating could be lowered if the Bank fails in improving its asset quality and profitability figures substantially in the near to medium term, or Bank NTT could not complete its board of management personnel which may hinder the Bank's effort in strengthening its business and financial profiles. The outlook could be revised back to stable if the Bank could strengthen its business position substantially and on a consistent basis by enlarging its market presence in the banking industry and improving funding diversity. It can also be triggered by sustainable improvement in its asset quality and profitability figures.

Established in 1962, Bank NTT is a regional development bank (BPD) focusing in East Nusa Tenggara Province (Nusa Tenggara Timur). The Bank has 1,582 employees and is supported by a network of 24 branches, 39 sub-branches, and 131 other offices. As of June 30, 2018, it was 31.54% owned by the NTT Province, 6.39% by City of Kupang, 62.02% by the district governments in NTT, and the remaining was owned by individuals.

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