

PT Bank Pembangunan Daerah Sulawesi Selatan dan Sulawesi Barat

Credit Rating(s)

General Obligation (GO)	idA+/Stable
SR Bond III	idA+
SR Bond II	idA+

Rating Period

June 6, 2024 – June 1, 2025

Published Rating History

JUN 2023	idA+/Stable
JUN 2022	idA+/Stable
JUN 2021	idA+/Stable
OCT 2020	idA+/Stable
OCT 2019	idA+/Stable

PEFINDO has affirmed its idA+ rating with stable outlook for PT Bank Pembangunan Daerah Sulawesi Selatan & Sulawesi Barat (Bank Sulselbar) and its idA+ rating to its outstanding bonds. The rating reflects Bank Sulselbar's strong business position supported by its captive market, very strong capitalization profile, and strong asset quality indicators. However, the rating is constrained by its concentrated funding source from regional governments and institutions, as well as the tightening competition in the productive loan segment.

The rating may be raised if Bank Sulselbar significantly and consistently strengthens its business position as well as funding structure while at the same time improving its financial performance, particularly asset quality and profitability indicators. We may lower the rating if there is a material decline in its business and financial performance.

Established in 1961, Bank Sulselbar is the regional development bank (Bank Pembangunan Daerah or BPD) engaged in commercial banking with most of its services directed to South Sulawesi and West Sulawesi governments and their employees. As of March 31, 2024, it was 33.0% owned by the Provincial Government of South Sulawesi, 2.1% by the Provincial Government of West Sulawesi, 0.4% by the employee cooperatives of Bank Sulselbar, and the remaining 64.5% was held by cities and regencies in both provinces.

Financial Highlights

As of/for the year ended	Mar-2024 (Unaudited)	Dec-2023 (Audited)	Dec-2022 (Audited)	Dec-2022 (Audited)
Total assets [IDR bn]	30,358.8	30,799.5	29,653.3	27,785.0
Total equity [IDR bn]	4,970.5	4,802.8	4,508.8	4,231.7
Total gross loans [IDR bn]	22,514.9	22,403.1	21,803.5	21,267.4
Total deposit + ST funding [IDR bn]	20,324.1	20,138.6	19,548.4	18,624.0
Net interest revenue [IDR bn]	377.5	1,579.0	1,723.8	1,638.0
Net income (loss) [IDR bn]	167.7	666.9	653.7	651.8
NIR/average earning assets [%]	*5.2	5.5	6.3	6.5
Operating expense/op. income [%]	70.0	69.4	67.9	68.8
ROAA [%]	*2.2	2.2	2.3	2.5
NPL (3-5)/gross loans [%]	2.2	2.2	1.2	0.9
Loan loss reserves/NPL (3-5) [%]	90.6	89.7	139.7	137.3
Risk-weighted CAR [%]	30.6	28.6	27.5	21.3
Gross loans/total deposits (LDR) [%]	110.8	111.2	111.5	114.2
USD exchange rate [USD/IDR]	15,853	15,416	15,731	14,278

*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.

Rating Definition

Debt security rated idA indicates that the issuer's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian issuers, is strong. However, the issuer's capacity is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated issuers. The plus (+) sign indicates that the rating is relatively strong within its category.

Contact Analysts:

adrian.noer@pefindo.co.id

hasnalia.hanifah@pefindo.co.id

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.