



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
October 1, 2014

Bank Sumut's ratings downgraded to "idA", its outlook revised to "stable"

PEFINDO has lowered the ratings for PT Bank Sumut (BSMT or the Bank) and its outstanding Bonds III/2011 of IDR600.0 billion to "idA" from "idA+". At the same time, PEFINDO has lowered the rating for the Bank's outstanding Sub-Debt I/2011 of IDR400.0 billion to "idA-" from "idA". The outlook of the corporate rating is revised to "stable" from "negative". The downgrade was mainly triggered by BSMT's weakening asset quality in almost all asset categories, which has started to show an impact on its profitability profile. The growth of the Bank's lending and funding businesses have been stagnant in recent years. The ratings for BSMT reflect the Bank's captive market in North Sumatera province and strong profitability. However, the ratings are constrained by the Bank's moderate capitalization and its weak asset quality.

BSMT is a regional development bank in North Sumatera, which focuses on the consumer and micro, small, and medium (MSME) segments. At the end of June 2014, the Provincial Government of North Sumatera was the largest shareholder with a 53.21% ownership, followed by the District Governments in North Sumatera (46.79%). BSMT employed 2,588 staffs to operate its 226 offices and had 233 self-owned ATMs.

Rating Period: September 29, 2014 – March 1, 2015
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