

**PT Bank Sumut**

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	<b>Dec-2014</b>	<b>Dec-2013</b>
			(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idA/Stable</i>	Total assets [IDR bn]	26,192.9	24,130.1	23,394.8	21,512.3
<b>Rated Issues</b>		Total equity [IDR bn]	2,804.2	1,992.4	1,995.7	1,753.4
<i>Sub-Debt I / Year 2011</i>	<i>idA-</i>	Total gross loans [IDR bn]	19,535.0	18,696.0	18,160.9	17,109.2
<b>Rating Period</b>		Total cust. deposits [IDR bn]	20,804.2	19,453.2	18,939.5	15,943.0
<i>March 8, 2017 – March 1, 2018</i>		Net interest revenue [IDR bn]	2,091.4	1,898.4	1,821.9	1,811.3
<b>Rating History</b>		Net income [IDR bn]	584.4	464.9	465.2	532.0
<i>MAR 2016</i>	<i>idA/Stable</i>	NIR/average earning assets [%] *	7.9	7.3	8.1	9.3
<i>MAR 2015</i>	<i>idA/Stable</i>	Operating expense/operating income [%]	78.7	**80.5	**79.4	**72.9
<i>SEP 2014</i>	<i>idA/Stable</i>	ROAA (before tax) [%] ***	2.8	2.3	2.6	3.4
<i>MAR 2014</i>	<i>idA+/Negative</i>	NPL (3-5)/gross loans [%]	4.7	5.0	5.5	3.8
<i>MAR 2013</i>	<i>idA+/Stable</i>	Loan loss reserve/Bad debt (2-5) [%] ****	82.2	74.3	71.9	71.3
<i>MAR 2012</i>	<i>idA+/Stable</i>	Risk weighted CAR [%]	16.9	14.4	14.4	14.5
<i>MAR 2011</i>	<i>idA+/Stable</i>	Gross loans/total deposits [%]	93.9	96.1	95.9	107.3
		USD exchange rate [USD/IDR]	13,436	13,795	12,385	12,170

\*Average of earning assets based on monthly average in each year  
\*\* Figures from audited financial report  
\*\*\* Average of total assets based on monthly average in each year  
\*\*\*\* Calculation of bad debt is based on tiering percentage  
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.

**PEFINDO affirms “idA” rating for PT Bank Sumut**

PEFINDO has affirmed its “idA” rating for PT Bank Sumut (BSMT) and “idA-” for its outstanding Subordinated Debt I/2011. The outlook for the 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, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The minus (-) sign in a particular rating indicates that the rating is relatively weak within the respective rating category.

The ratings reflect its captive market in North Sumatra province and strong margin from the high yield segment. However, the ratings are constrained by its below average asset quality and moderate capitalization.

The rating may be raised if BSMT makes significant improvements to its capitalization, asset quality, and efficiency level on a consistent basis. On the other hand, the rating may be lowered if its market share suffers a significant decline in North Sumatera. The rating could also be under pressure if PEFINDO views a significant decline in its capitalization and 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 December 2016, the North Sumatera provincial government was the largest shareholder with a 48.94%, followed by North Sumatera municipal governments (51.06%). BSMT employed 2,499 staff to operate its 284 offices and has 239 self-owned ATMs by end of 2016.

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