

PT Bank Pembangunan Daerah Sumatera Barat

Analyst: Adrian Noer / Danan Dito

Tel/Fax/E-mail: (62-21) 7278 2380 / 7278 2370 / adrian.noer@pefindo.co.id / danan.dito@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2017	Dec-2016	Dec-2015	Dec-2014
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	idA/Stable	Total assets [IDR bn]	22,267.2	20,616.9	19,448.3	18,017.9
Rated Issues		Total equity [IDR bn]	2,457.8	2,474.3	2,139.6	1,789.2
Sub-Debt I/2010	idA-	Total gross loans [IDR bn]	15,687.5	15,361.9	14,509.9	13,509.6
Sub-Debt II/2012	idA-	Total cust. deposits [IDR bn]	17,172.2	15,669.2	14,613.9	13,727.2
Bond VII/2015	idA	Net interest revenue [IDR bn]	644.5	1,267.7	1,183.5	1,011.4
Sukuk Mudharabah II/2015	idA _(sy)	Net income [IDR bn]	157.2	340.7	317.3	293.8
Rating Period		NIR/average earning assets [%]	*6.4	6.7	6.7	6.3
October 9, 2017 – October 1, 2018		Operating expense/income [%]	82.9	81.8	81.8	84.3
October 9, 2017 – January 13, 2018 for Subordinated Debt I/2010		ROAA [%]	*1.5	1.7	1.7	1.7
Rating History		NPL (3-5)/gross loans [%]	3.3	3.1	2.7	2.5
OCT 2016	idA/Stable	Loan loss reserve/NPL (3-5) [%]	42.8	41.2	44.5	51.6
OCT 2015	idA/Stable	Risk weighted CAR [%]	18.7	20.0	18.3	15.8
MAR 2015	idA/Stable	Gross loans/total deposits [%]	91.4	98.0	99.3	98.4
MAR 2014	idA/Stable	Total assets [IDR bn]	13,319	13,436	13,785	12,385

*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.

PEFINDO affirmed its "idA" rating for Bank Nagari

PEFINDO has affirmed its "idA" ratings for PT Bank Pembangunan Daerah Sumatra Barat (Bank Nagari) and the Bank's outstanding Bond VII/2015. PEFINDO has also affirmed its "idA_(sy)" rating for the Bank's outstanding Sukuk Mudharabah II/2015 and affirmed its "idA-" rating for the Bank's outstanding Subordinated Debt II/2012. At the same time, PEFINDO has affirmed its "idA-" rating for the Company's Subordinated Debt I/2010 amounting of IDR81 billion that will mature on January 13, 2018. The outlook for the corporate credit rating is "stable". The Company's readiness to repay the maturing Subordinated Debt is supported by its cash and secondary reserves of IDR1.8 trillion at the end of June 2017.

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. Suffix (sy) means the rating mandates Islamic principles compliant.

The ratings reflect the Bank's captive market in West Sumatra province, high margin business from the consumer loan segment, and strong capitalization. However, the ratings are constrained by the Bank's high non-performing loans (NPL) from the productive segment, below average operating efficiency, and the tightening competition in the productive loan segment.

The rating may be raised if the Bank significantly strengthens its market share on a consistent basis. This should be followed by an improvement in its funding profile, assets quality indicators, and profitability measures. The rating may be lowered if there is a further decline in its asset quality indicators and profitability measures.

Bank Nagari was established in 1962 as a regional development bank (bank pembangunan daerah, BPD) focused on West Sumatra. It offers complete banking services, including corporate, commercial, consumer, micro/retail, treasury, and sharia. As of June 30, 2017 in RR, it was 31.13% owned by the Provincial Government of West Sumatra, 66.84% by the municipal and city regional governments of West Sumatra, and the remaining 2.03% by its employees' cooperative.

DISCLAIMER

PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents in this report or publication. PEFINDO cannot be held liable for its use, its partial use, lack of use, in combination with other products or used solely, nor can it be held responsible for the result from its use or lack of its use in any investment or other kinds of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the base of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO public ratings and analyses are made available on its Website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.