

## PT Bank DKI

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
<b>Corporate Rating</b>	<i>idAA-/Stable</i>	<b>As of/for the year ended</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	<b>Dec-2014</b>
			<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<b>Rated Issues</b>		Total assets [IDR bn]	51,417.0	40,567.4	38,637.6	36,440.6
<i>Subordinated Debt II/2011</i>	<i>idA+</i>	Total equity [IDR bn]	8,189.8	7,396.4	5,885.8	4,341.6
<i>Shelf Registered Bond I/2016</i>	<i>idAA-</i>	Total gross loans [IDR bn]	27,131.9	24,871.1	25,691.3	25,020.4
<b>Rating Period</b>		Total cust. deposits [IDR bn]	38,335.5	28,452.4	28,189.4	27,030.0
<i>March 9, 2018 – March 1, 2019</i>		Net interest revenue [IDR bn]	2,086.4	2,500.1	2,223.3	1,948.9
		Net income (loss) [IDR bn]	712.3	645.1	231.8	468.2
		NIR/avg. earning assets [%]	4.8	6.8	6.2	6.0
<b>Subordinated debt II/2011</b>		Operating expense/operating income[%]	76.7	77.8	91.0	80.0
<i>March 9, 2018 – June 17, 2018</i>		ROAA [%]	1.5	1.6	0.6	1.4
		NPL (3-5)/gross loans [%]	3.8	5.3	8.0	4.4
		Loan loss reserve/NPL (3-5) [%]	66.4	65.5	57.0	46.8
<b>Rating History</b>		Risk weighted CAR [%]	28.4	29.8	24.5	17.9
<i>MAR 2017</i>	<i>idA+/Positive</i>	Gross loans/total deposits [%]	70.8	87.4	91.1	92.6
<i>MAR 2016</i>	<i>idA+/Stable</i>	USD exchange rate [IDR/USD]	13,548	13,473	13,795	12,385
<i>SEP 2015</i>	<i>idAA-/Negative</i>					
<i>MAR 2015</i>	<i>idAA-/Stable</i>					
<i>MAR 2014</i>	<i>idAA-/Stable</i>					
<i>MAR 2013</i>	<i>idA+/Stable</i>					
<i>MAR 2012</i>	<i>idA+/Stable</i>					
<i>MAR 2011</i>	<i>idA+/Stable</i>					

*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 DKI's rating raised to "idAA-", outlook revised to stable

PEFINDO has raised the rating of PT Bank DKI (BDKI) to "idAA-" from "idA+". The rating of its outstanding Subordinated Debt II/2011 has also been raised to "idA+" from "idA". At the same time, PEFINDO has assigned "idAA-" rating for the Bank's Shelf Registered Bond I/2016. The upgrade was driven by the sustainable recovery in BDKI's asset quality indicators, while maintaining its business and other financial profiles at strong level. BDKI has gradually improved its non-performing loan (NPL) ratio to 3.8% as of FY2017 from 5.3% as of FY2016. PEFINDO believes its overall asset quality profile will continue to be on par with the industry average in the medium term. This is in line with settlements from existing bad debtors, collateral execution, and implementation of a more prudent risk management. The outlook for the corporate rating is revised to "stable" from "positive".

An obligor rated idAA differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to other Indonesian obligors. The minus (-) sign indicates that the rating is relatively weak within the respective rating category.

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

The ratings reflect a strong likelihood of support from Pemprov DKI as the controlling shareholder, BDKI's captive business in the region, and very strong capitalization. The ratings are constrained by its modest asset quality profile and moderate profitability.

Subordinated debt II/2011 of IDR300 billion is due on June 17, 2018. PEFINDO is of the view that the Bank has the capability to fulfill its maturing bond with short-term placement in secondary reserves which amounted to IDR6.1 trillion as of March 5, 2018.

The rating could be raised if BDKI substantially strengthens its business profile and at the same time realizes material improvement in its asset quality and profitability indicators on a consistent basis. The rating may be lowered if its market presence falls considerably, or its financial indicators experience significant deterioration, particularly its asset quality and profitability profiles. It could also be under pressure if it suffers a substantial deterioration in support from the Provincial Government of Jakarta (Pemprov DKI).

BDKI is Jakarta's regional development bank (BPD or Bank Pembangunan Daerah), offering complete banking services including corporate, commercial, consumer, micro/retail, treasury, and sharia. As of December 31, 2017, its shareholders structure comprised of the Pemprov DKI (99.98%) and PD Pasar Jaya (0.02%).

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