

## PT Bank Tabungan Negara (Persero) Tbk

Analysts: Hendro Utomo / Imelda Rusli

Phone/Fax/E-mail: (62-21) 72782380 / 72782371 / [hendro.utomo@pefindo.co.id](mailto:hendro.utomo@pefindo.co.id) / [imelda.rusli@pefindo.co.id](mailto:imelda.rusli@pefindo.co.id)

<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
Corporate Rating	<i>idAA+/Stable</i>	As of/for the year ended	Mar-2020	Dec-2019	Dec-2018	Dec-2017
			<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<b>Rated Issues</b>		Total assets [IDR billion]	308,186.7	311,776.8	306,436.2	261,365.3
Bonds XV/2011	<i>idAA+</i>	Total equity [IDR billion]	16,489.3	23,836.2	23,840.4	21,663.4
Bonds XIV/2010	<i>idAA+</i>	Total gross loans [IDR billion]	253,251.9	255,825.2	238,297.7	198,990.6
Shelf Registered Bond I	<i>idAA+</i>	Total customer deposits [IDR billion]	221,653.8	225,383.2	229,829.0	192,473.8
Shelf Registered Bond II	<i>idAA+</i>	Net interest revenue (NIR) [IDR billion]	2,140.8	8,961.8	10,089.2	9,340.9
Shelf Registered Bond III	<i>idAA+</i>	Net income (loss) [IDR billion]	457.1	209.3	2,807.9	3,027.5
		NIR/average earning assets [%]	*2.9	3.0	3.7	4.1
<b>Rating Period</b>		Operating expense/operating income [%]	93.5	98.1	85.6	82.1
May 20, 2020 – May 1, 2021		Return on Average Assets [%]	*0.6	0.1	1.0	1.3
		NPL (3-5)/gross loans [%]	4.9	4.8	2.8	2.7
<b>Rating History</b>		Loan loss reserve/NPL (3-5) [%]	105.7	50.0	49.2	44.6
MAR 2020	<i>idAA+/Stable</i>	Risk weighted CAR [%]	18.7	17.3	18.2	18.9
MAR 2019	<i>idAA+/Stable</i>	Gross loans/total deposits [%]	114.2	113.5	103.7	103.4
MAR 2018	<i>idAA+/Stable</i>	USD exchange rate [IDR/USD]	16,310	13,883	14,380	13,568
MAR 2017	<i>idAA+/Stable</i>					

Note: Deposit insurance (LPS) fee is classified as part of operating expenses. \*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.

### Bank Tabungan Negara (Persero) Tbk rated "idAA+" with stable outlook

PEFINDO has affirmed its "idAA+" ratings for PT Bank Tabungan Negara (Persero) Tbk (BBTN) and its outstanding bonds. The outlook for the corporate rating is "stable".

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 that of other Indonesian obligors. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The rating reflects the very strong likelihood of support from the Indonesian government as the controlling shareholder, its very strong business position in the mortgage loan segment, and its strong capitalization. The rating is constrained by its below average asset quality profile from construction and commercial segments, as well as moderate profitability.

The rating could be raised if PEFINDO views there is a higher degree of support likelihood from the government, which may materialize if BBTN could consistently and substantially improve its profitability and asset quality profile. This should also be accompanied by further improvements in its overall business profile including low-cost funding contribution. The rating could be lowered if there is a downward shift in terms of government support to BBTN, due to its declining role in government program. The rating will also be under pressure if its capitalization and liquidity indicators deteriorate significantly.

We are of the view that the COVID-19 pandemic may increase the overall banking industry's risk profile by causing a substantial business downturn in almost all sectors, resulting in lower demand for loans and other banking services. In addition, a business slowdown will weaken borrowers' repayment capabilities, and asset quality deterioration will subsequently put additional pressure on banks' profitability and liquidity indicators. We are of the view that impact of COVID-19 pandemic on BBTN's overall credit profile will remain manageable, supported by its more than adequate liquidity position particularly to support the repayment of its maturing financial obligations. As the main subsidized mortgage lender, BBTN plays a very important role to support the government mission in providing affordable housing and we expect there is strong likelihood of support from the government when needed. Nevertheless, we acknowledge the Bank's exposure to construction and real estate sectors which are affected by COVID-19 pandemic. Some mortgage debtors particularly the non-fixed income earners may also suffer from weakening disposable income to repay its mortgage installments to BBTN. These may put additional pressure on the Bank's overall asset quality, with its non-performing loan ratio already weaker than the banking industry average. PEFINDO will continue to closely monitor the impact of COVID-19 outbreak on BBTN's performance and overall credit profile.

BBTN is a state-owned bank focused on mortgage lending. It also provides subsidized mortgage loans to support the government's housing program for low-to-medium-income debtors. As of March 31, 2020, the government held 60% of its shares, with the remaining 40% owned by the public.

**DISCLAIMER**

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