

PT Sarana Multigriya Finansial (Persero)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		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>
Corporate Rating	<i>idAAA/Stable</i>	Total assets [IDR bn]	29,112.4	26,698.3	19,491.6	15,662.6
Rated Issues		Total outstanding loans [IDR bn]	22,497.7	22,311.6	15,374.9	11,102.6
MTN IX/2020 (NEW)	<i>idAAA</i>	Total equity [IDR bn]	9,417.2	9,348.9	8,185.9	7,873.4
Commercial Paper 2019	<i>idA1+</i>	Net interest revenue [IDR bn]	193.2	723.1	644.3	590.0
SR Sukuk Mudharabah I/2019	<i>idAAA(sy)</i>	Net income [IDR bn]	112.9	472.9	436.5	397.4
SR Bond V/2019	<i>idAAA</i>	Cost to income [%]	23.9	17.5	13.8	14.8
SR Bond IV/2017	<i>idAAA</i>	Operating profit margin [%]	26.6	32.3	41.6	43.1
SR Bond III/2015	<i>idAAA</i>	ROAA [%]	*1.6	2.0	2.5	2.8
Rating Period		NPL/outstanding loans [%]	0.0	0.0	0.0	0.0
<i>July 16, 2020 – July 1, 2021</i>		Equity/net serviced assets [%]	41.9	41.9	53.2	70.9
Rating History		Total debt/equity [x]	2.1	1.8	1.4	1.0
<i>SEP 2019</i>	<i>idAAA/Stable</i>	Short-term liquidity ratio [%]	141.1	102.6	232.3	336.2
<i>APR 2019</i>	<i>idAAA/Stable</i>	USD exchange rate [USD/IDR]	16,367	13,901	14,481	13,548
<i>MAY 2018</i>	<i>idAAA/Stable</i>					
<i>APR 2018</i>	<i>idAAA/Stable</i>					
<i>APR 2017</i>	<i>idAAA/Stable</i>					

**Annualized*

ROAA = Return on Average Assets. NPR = Non-Performing Loan.

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.

"idAAA" rating assigned to PT Sarana Multigriya Finansial (Persero)'s Proposed MTN

PEFINDO has assigned its "idAAA" rating to the proposed Medium-Term Notes (MTN) IX PT Sarana Multigriya Finansial (Persero) (SMF) Year 2020 of up to IDR700 billion. At the same time, PEFINDO has affirmed the "idAAA" ratings of SMF and its outstanding Shelf-Registration Bond III/2015, Shelf-Registration Bond IV/2017, and Shelf-Registration Bond V/2019. PEFINDO has also affirmed the "idAAA(sy)" rating of the Company's Shelf Registered Sukuk Mudharabah I/2019 and the "idA1+" rating of the Company's Commercial Paper I/2019. The outlook for the corporate rating is "stable".

An obligor rated idAAA has the highest rating assigned by PEFINDO. The obligor's capacity to meet its long-term financial commitment, relative to that of other Indonesian obligors, is superior. The suffix (sy) indicates that the rating mandates compliance with Islamic principles.

A short-term debt security rated idA1+ has the highest rating category assigned by PEFINDO. The obligor's capacity to meet its short-term commitments on the debt security, relative to other Indonesian obligors, is superior.

The corporate rating reflects SMF's very strong support from the Indonesian government, favorable asset quality, and very strong capitalization and liquidity profiles. However, the rating is still constrained by the slow growth of mortgage loan securitization products.

The rating could be lowered if PEFINDO witnesses any sign of material decrease in government support.

PEFINDO views the COVID-19 pandemic bears a limited impact to the mortgage financing sector considering the degree of importance of housing to people in general and the very large number of housing backlog in Indonesia. The Government's strong impetus to put housing as one of the important sector in the country's development framework also provide a long term sustainability in the sector. Historically well-maintained price level and underwriting policy has also kept the sector in check, avoiding any potential significant bubble prior to the pandemic.

We expect this pandemic to have a limited effect to SMF's credit profile, considering the high degree of support from the Government, especially in terms of capitalization, and how the Company has performed under special mission backed by a number of regulations, as well as the resiliency of its financing portfolio. The Company's financing portfolio mostly consists financings to mortgage banks with a recourse term that put the repayment risk of the end-debtors to be as remote as possible. PEFINDO is of the view that these factors should gain the Company the ability to maintain creditworthiness in the face of an economic downturn. In addition, we also consider SMF's strong underwriting policy and tight monitoring should provide an additional layer of cushion to encounter any potential volatility in its business or financial profile.

SMF is a state-owned entity that carries a special mission to increase home ownership in Indonesia, through the development of a secondary mortgage market to provide financing to mortgage lenders, such as banks and finance companies, with the mortgage loans as underlying collateral. SMF is wholly owned by the government.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.