

## PT Bank BRIsyariah Tbk

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### CREDIT PROFILE

**Corporate Rating** *idAA+/Positive*

**Rated Issues**

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**Rating Period**

*November 6, 2020 – November 1, 2021*

**Rating History**

*OCT 2017*

*idAA+/Stable*

### FINANCIAL HIGHLIGHTS

**As of/for the year ended**

	Sep-2020 (Unaudited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)
Total Assets [in IDR Bn]	56,096.8	43,123.5	37,915.1	31,543.4
Total Equity [in IDR Bn]	5,295.3	5,088.0	5,026.6	2,602.8
Total Gross Financing [in IDR Bn]	40,360.1	27,383.0	21,855.1	19,011.8
Total Deposits [in IDR Bn]	48,748.5	34,137.0	28,874.6	26,359.1
Net Revenue [in IDR Bn]	1,975.1	2,054.0	1,803.2	1,622.3
Net Income (Loss) [in IDR Bn]	190.6	74.0	106.6	101.1
NIR/Average Earning Asset [%]	5.5	5.3	5.4	5.7
Operating Expense/Operating Income [%]	90.2	96.7	95.0	95.2
ROAA [%]	*0.5	0.2	0.3	0.3
NPF(3-5)/Financing [%]	3.2	4.9	6.7	6.4
Financing Loss Reserves/NPF (3-5) [%]	96.5	55.5	38.0	48.3
Risk-Weighted CAR [%]	19.4	25.3	29.7	20.3
Gross Financing/Total Deposits [%]	82.8	80.2	75.7	72.1
Exchange rate [USD/IDR]	14,880	13,883	14,380	13,568

*\*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 assigns the rating of PT Bank BRIsyariah Tbk at "idAA+" with "positive" outlook following merger announcement

PEFINDO has assigned its "idAA+" rating to PT Bank BRIsyariah Tbk (BRIsyariah) with a "positive" outlook. The outlook reflects our view that the merger transaction of PT Bank BRIsyariah Tbk, PT Bank BNI syariah and PT Bank Syariah Mandiri will enhance the merged bank's credit profile given the merger will create the largest sharia bank in Indonesia. The merger will result in a single sharia bank with total assets exceeding IDR214.7 trillion or equal to approximately 40.4% of the sharia banking industry and 2.4% of the banking industry as of June 2020, constituting the 7<sup>th</sup> largest bank in the banking industry. Referring to the official timetable, the merger is scheduled to conclude in February 2021, which we view it as a very strong likelihood for this plan to be realized. In the long term, the merger will solidify the combined bank's business profile by leveraging the network of the Parents' Group, better financing diversification and funding structure, and firm financial indicators. BRIsyariah will be the surviving entity of the merged banks and the shares will be proportionally owned by the previous shareholders of the merged banks, including PT Bank Mandiri (Persero) Tbk (Bank Mandiri, rated idAAA/stable), PT Bank Negara Indonesia (Persero) Tbk (rated idAAA/stable), PT Bank Rakyat Indonesia (Persero) Tbk (BBRI, rated idAAA/stable), and the public.

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 in a particular rating indicates that it is relatively strong within its rating category.

The rating reflects BRIsyariah' status as a core subsidiary of BBRI, strong capitalization, and a strong liquidity and financial flexibility profile. However, these strengths are partly offset by its below average asset quality.

The rating may be raised if the merger process is realized as planned. The rating outlook could be revised back to stable if the merger process is cancelled or delayed without clear timetable.

We are of the view that the COVID-19 pandemic will bring about a modest impact on the sharia banking industry risk profile. The substantial business downturn in almost all sectors will result in subdued demand for financing and other banking services, adversely affecting banks' profitability profile. In addition, the economic downturn will also weaken debtors' repayment capacity, exerting pressure on its quality, and liquidity indicators. The bank's sound capitalization profile and adequate liquidity position will provide adequate cushion to mitigate these risks. Accordingly, we are of the view that impact of COVID-19 on BRIsyariah's overall credit profile will remain sound given the firm commitment of its Parent to support, strong capitalization, and a strong liquidity and financial flexibility profile. However, we are cognizant of the Bank's substantial exposure to the sectors most affected by COVID-19 such as trading, transportation, constructions, business services and households, which together accounting for 68.6% of the Bank's financing portfolio at the end of June 2020. Financing delinquencies in these sectors may exert additional pressure on the Bank's overall asset quality. PEFINDO will continue to remain vigilant on the impact of the pandemic on BRIsyariah's performance and overall credit profile.

BRIsyariah was founded in November 2008 when BBRI acquired Bank Jasa Artha and established a syariah bank. BBRI owns 73.0% of its shares, DPLK Bank Rakyat Indonesia-Syariah 8.5% and the public 18.5%. As of September 30, 2020, it had 311 offices and 2,997 employees.

**DISCLAIMER**

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