

PT BRI Multifinance Indonesia

Analysts: Hasnalia Hanifah / Kreshna D. Armand

Tel/Fax/Email: (62-21) 50968469 / 50968468 / hasnalia.hanifah@pefindo.co.id / kreshna.armand@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Mar-2021	Dec-2020	Dec-2019	Dec-2018
		(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idAA/Stable</i>	4,115.8	4,048.3	4,653.3	3,617.1
Rated Issues		3,601.6	3,488.7	4,154.6	3,315.4
<i>MTN I/2019</i>	<i>idAA</i>	3,825.0	3,703.4	4,242.7	3,402.8
Rating Period		1,098.0	1,086.3	947.3	823.0
<i>July 13, 2021 – July 1, 2022</i>		86.0	299.1	264.8	206.1
Rating History		6.1	4.8	28.1	62.9
<i>SEP 2020</i>	<i>idAA-/Stable</i>	75.3	65.9	55.4	49.7
<i>SEP 2019</i>	<i>idAA-/Stable</i>	6.7	4.0	10.5	29.2
<i>OCT 2018</i>	<i>idAA-/Stable</i>	*0.6	0.1	0.7	2.0
		7.9	5.2	4.6	4.2
		5.8	5.8	2.1	2.6
		28.7	29.3	22.3	24.2
		2.7	2.6	3.8	3.3
		43.3	39.2	29.1	27.4
		14,275	14,105	13,901	14,481

**Annualized*
 ROAA=return on average assets - calculated using profit after tax or net profit
 NPR-balance=non-performing receivables (overdue > 30 days)
 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.

PT BRI Multifinance Indonesia's rating raised to "idAA"

PEFINDO has raised the ratings for PT BRI Multifinance Indonesia (BRIF) and its Medium-Term Notes I/2019 to "idAA" from "idAA-". The outlook for the corporate rating is "stable". The ratings action primarily reflects our view on the higher degree of support likelihood from PT Bank Rakyat Indonesia (Persero), Tbk (BBRI) as the controlling shareholder. Despite the prolonged Covid-19 pandemic and BBRI's strong focus in micro financing segment especially with the holding establishment plan, we believe that in line with its mission to become an integrated and leading financial services solution provider, BBRI will continue its strategy to strengthen BRIF's performance by positioning BRIF as the single gateway for the group's automotive financing services also bolstered by allowing BRIF to exploit BBRI's network, infrastructure and risk management practices. This strategy will strengthen BRIF's position in the financing industry in the near to medium term, and subsequently will result in BRIF's higher contribution and more important role to BBRI. To accommodate BRIF's business expansion and particularly in the times of need, we are of the view that BBRI should also provide stronger capital and funding support.

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 ratings reflect its status as a core subsidiary of BBRI (rated *idAAA/stable*), strong capitalization, and strong financial flexibility. However, the ratings are constrained by its below average profitability and adequate asset quality indicators.

The rating may be raised if there is a stronger degree of likelihood of support from BBRI, which may be driven by a significantly greater contribution from BRIF. This must be accompanied by a steady improvement on its business as well as its asset quality and profitability indicators. We may lower the rating if we no longer view BRIF as a core subsidiary of BBRI. Such downside pressure may arise if BBRI revises its strategy and reduces its support and commitment, or if BRIF fails to significantly deliver on the Parent's expectations. The rating may also be under pressure if the Company suffers a significant deterioration in financial performance, and the Parent does not provide immediate assistance.

PEFINDO is of the view that the Covid-19 pandemic has significantly impacted the financing industry in terms of growth, asset quality, and profitability, particularly from economic sectors that are directly impacted such as hotels, tourism, restaurants, and transportation. Manufacturing and commodity-based trading sectors are also affected at a lesser degree, as people's access to work sites is limited. Borrowers from these sectors are significantly affected, resulting in a lower ability to repay their financial obligations, hence affecting the financial profiles of finance companies. Although the POJK 58/POJK.05/2020 allows finance companies to restructure accounts impacted by Covid-19 to maintain manageable asset quality ratios, its implementation also carries a moral hazard risk as a non-affected borrower may be tempted to stop paying their installments.

We expect the Covid-19 pandemic to have a manageable impact on BRIF's credit profile, given the Company's strong competitive edge with BBRI as its parent, providing stable funding access. BRIF also applying stronger underwriting criteria and selective financing, while the business will still be supported by the Group ecosystem which in our view, provides more stability amid the pandemic.

BRIF is a financing company which 99.9% owned by BBRI, with the remainder owned by Yayasan Kesejahteraan Pekerja BRI. It delivers its services through 11 branches, 14 sub-branches, and 663 employees.

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.