

PT BRI Multifinance Indonesia

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CREDIT PROFILE

Corporate Rating *idAA/Stable*

Rated Issues

MTN II/2021 (Proposed)

MTN I/2019

idAA

idAA

Rating Period

July 13, 2021 – July 1, 2022

Rating History

SEP 2020

SEP 2019

OCT 2018

idAA-/Stable

idAA-/Stable

idAA-/Stable

FINANCIAL HIGHLIGHTS

As of / for the year ended

	Mar-2021	Dec-2020	Dec-2019	Dec-2018
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total assets [in IDR bn]	4,115.8	4,048.3	4,653.3	3,617.1
Net receivables [in IDR bn]	3,601.6	3,488.7	4,154.6	3,315.4
Net service assets [in IDR bn]	3,825.0	3,703.4	4,242.7	3,402.8
Total equity [in IDR bn]	1,098.0	1,086.3	947.3	823.0
Net interest revenue [in IDR bn]	86.0	299.1	264.8	206.1
Net income (loss) [in IDR bn]	6.1	4.8	28.1	62.9
Cost to income [%]	75.3	65.9	55.4	49.7
Operating profit margin [%]	6.7	4.0	10.5	29.2
ROAA [%]	*0.6	0.1	0.7	2.0
NPR-balance/net service assets [%]	7.9	5.2	4.6	4.2
Reserves/net service assets [%]	5.8	5.8	2.1	2.6
Equity/net service assets [%]	28.7	29.3	22.3	24.2
Total debt/total equity [x]	2.7	2.6	3.8	3.3
Short-term liquidity ratio [%]	43.3	39.2	29.1	27.4
USD exchange rate [IDR/USD]	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.

PEFINDO assigns "idAA" for BRI Multifinance Indonesia's proposed MTN

PEFINDO has assigned its "idAA" rating for the PT BRI Multifinance Indonesia (BRI Finance)'s proposed Medium Term Notes II Year 2021 of IDR500 billion. PEFINDO has also affirmed its "idAA" rating for BRI Finance and its outstanding MTN. 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 ratings reflect its status as a core subsidiary of PT Bank Rakyat Indonesia (Persero) (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 BRI Finance. 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 BRI Finance as a core subsidiary of BBRI. Such downside pressure may arise if BBRI revises its strategy and reduces its support and commitment, or if BRI Finance 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 BRI Finance's credit profile, given the Company's strong competitive edge with BBRI as its parent, providing stable funding access. BRI Finance 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.

BRI Finance 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.