

PT Bhakti Multi Artha Tbk

Company Rating

*ii*BBB/Stable

Rated Issues

Proposed MTN Bhakti Multi Artha I Tahun 2022

*ii*BBB

"Obligor with an *ii*BBB rating have an adequate level of certainty to honor the financial obligations. However, this certainty is more likely to diminish in the future than the higher rating categories."

Rating Period

March 1, 2022 – March 1, 2023

Kredit Rating Indonesia assigns '*ii*BBB' rating to Proposed MTN Bhakti Multi Artha I Tahun 2022 totaling IDR 250 Billion

Kredit Rating Indonesia (KRI) assigns a Company Rating of '*ii*BBB' for PT Bhakti Multi Artha Tbk (BHAT or the Company) with "Stable" outlook. At the same time, KRI also assigns *ii*BBB' to Proposed MTN Bhakti Multi Artha I Tahun 2022 totaling IDR 250 Billion. The rating reflects BHAT's capacity to repay its debt is supported by relatively low leverage despite concern of the company's growth sustainability.

BHAT is parent company of PT Nasional Investindo Perkasa (NIP), a holding company with a subsidiary mainly engage in financial service. Through NIP's subsidiary, the Company provides life insurance service in Indonesia. The Company recorded recorded IDR651.76 billion of total assets and IDR85.03 billion of revenue as of FY20 and further posted IDR705.34 billion and IDR76.87 during the 3Q21. Major contributor of the revenue is insurance premium (100%) while the main contributor of asset is investment (84%)

KRI evaluates BHAT's rating based on the credit quality of NIP's subsidiary, which is PT Asuransi Jiwa Nasional (ASJN). The credit profile of ASJN is the main anchor of NIP's credit rating as ASJN is the largest contributor of NIP in term of asset and revenue.

ASJN provides life insurance products. The Risk Based Capital (RBC) ratio of ASJN shows a downward trend from 1023% in FY17 to 409% in September 2021. ASJN maintains a minimum RBC ratio double from the OJK requirement (OJK: min 120%, ASJN: min 240%). KRI sees that ASJN's liquid assets are 2.04x higher than its technical reserves in September 2021. Thus, we believe ASJN is liquid enough to cover sudden claims.

In terms of gross written premium, ASJN's has a relatively very small market share. In last 4 years (FY18 – 3Q21), ASJN's GWP market share has ranged from 0.027% - 0.044%. ASJN's loss ratio shows a figure more than 100% in September 2021, indicating the company's net claims are higher than the net premium written (NPW). The effects of the COVID-19 in 2021 have caused an increase in claims to ASJN, while on the net premium written side, there have been delays in premium payments from policyholders.

BHAT Financial Results Highlights (Consolidated)

As of/For the year ended	Sep 2021 (Unaudited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)
Total Assets (IDR, bn)	705.34	651.76	401.00	238.83
Total Equity (IDR, bn)	531.93	519.52	310.21	4.50
Total Revenue (IDR, bn)	76.87	85.03	63.33	50.60
Total Expense (IDR, bn)	80.32	82.51	61.86	49.64
Net Income (IDR, bn)	6.33	11.77	2.93	1.01
Debt to Equity Ratio (x)	0.010	0.002	0.007	34.70
Liabilities/Total Assets (%)	24.59	20.29	22.64	98.11
Return on Asset (%)	1.20	1.81	0.73	0.42
Return on Equity (%)	1.59	2.26	0.94	22.48

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