

## PT Usaha Pembiayaan RelianceIndonesia

**Corporate rating** *ir*BBB/Stable

**Rated Issues**

*Proposed 'Obligasi I REFI Tahun 2022 (Seri A, Seri B, dan Seri C)'* *ir*BBB

"Debt Securities with an *ir*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**

October 12, 2021 – May 1, 2022

**Rating History**

May 2021

**Kredit Rating Indonesia assigns '*ir*BBB' rating to Proposed Obligasi I REFI Tahun 2022 (Seri A, Seri B, dan Seri C) totaling IDR400 billion**

Kredit Rating Indonesia (KRI) has also affirms a Corporate Rating of '*ir*BBB' for PT Usaha Pembiayaan RelianceIndonesia (REFI or the Company) with a 'Stable' outlook. At the same time, KRI also assigns a rating of '*ir*BBB' for the Company's proposed Obligasi I REFI Tahun 2022 (Seri A, Seri B, dan Seri C) amounting to maximum IDR400 billion. The rating reflects REFI's moderate leverage level and above average profitability. The company's very small market share, limited financial flexibility and challenges to new financing strategy are also considered in ratings assigned.

REFI was established under name of PT Sebaru Sejahtera Finance Corporation in 1989. The Company's name has been amended several times, most recently changed its name to PT Usaha Pembiayaan RelianceIndonesia after being acquired by PT Reliance Capital Management (RCM) in 2012. Previously the Company focused on working capital and investment financing. Since 2020, REFI has switched to mortgage, productive financing through communities, and multipurpose financing through digital platform.

The company's shareholders are PT Reliance Capital Management (85%) and PT Asuransi Reliance Indonesia (15%). REFI's Debt to Equity ratio reached quite low level at 1.3x, lower than industry average of 2.0x in July 2021. The gearing level is still below OJK's regulation of maximum 10x. Equity to assets stood at 39.9% at July 2021 decreased from 45.1% in 2020.

The company's ROA increased in July 2021 to 2.6% (2020: 4.7%, 2019: 0.3%), lower than industry average of 3.2%. The low profitability of REFI in 2019 was driven by the high SGA expenses and impairment losses on receivable. This ratio increased sharply at the end of 2020 due to the recovery of impairment losses of IDR43 billion.

KRI views that REFI has a very small franchise among the industry. With total asset of IDR520.1 billion at July 2021 (2020: IDR443.5 billion; 2019: IDR480.6 billion), REFI represented only around 0.09% market share. REFI currently does not have branches and sub-branches, thus the financing activities are carried out by the head office.

In the midst of covid-19 pandemic, the company has limited funding source. As of July 2021, REFI has received funding only from BCA, PT Sarana Multigriya Financial, and Musyarakah Loans (Koperasi Jasa Gramindo Berkah Madani and PT Agung Kentjana Abadi). The Company did not have any unused credit facilities in last 3 years. KRI is also of the view that a change in REFI's financing strategy that focuses more on mortgages will face direct challenges from banks which has been dominating the sector

## REFI Financial Results Highlights

As of/For the year ended	Jul 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)
Total Assets (IDR, Bn)	520.05	443.46	480.56	490.24
Total Debt (IDR, Bn)	278.41	210.10	272.47	314.07
Total Equity (IDR, Bn)	207.54	200.12	188.15	153.62
Net Interest Revenue (IDR, Bn)	17.83	29.40	32.29	32.75
Net Income (IDR, Bn)	7.43	21.64	1.62	11.42
Debt to Equity Ratio (x)	1.34	1.05	1.45	2.04
Equity/Assets (%)	39.91	45.13	39.15	31.34
Return On Asset (%)	2.64	4.68	0.33	2.41
Return On Equity (%)	6.24	11.15	0.95	7.72
NPF (%)	1.78	1.90	22.40	1.50

**Analysts** : Furqon Samara ([Furqon.Samara@kreditratingindonesia.com](mailto:Furqon.Samara@kreditratingindonesia.com))  
Gromy Purba ([Gromy.Purba@kreditratingindonesia.com](mailto:Gromy.Purba@kreditratingindonesia.com))

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