

PT Usaha Pembiayaan RelianceIndonesia

Company rating *ir*BBB/Stable

Rated Issues

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

April 27, 2022 – May 1, 2023

Rating History

May 2021

*ir*BBB/Stable

October 2020

*ir*BBB/Stable

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

Kredit Rating Indonesia (KRI) has also assigns a Corporate Rating of '*ir*BBB' for PT Usaha Pembiayaan RelianceIndonesia (REFI or the Company) with a 'Stable' outlook. At the same time, KRI has also affirmed a rating of '*ir*BBB' for the Company's Obligasi I REFI Tahun 2022 (Seri A, Seri B, dan Seri C) amounting IDR400 billion. The rating reflects REFI's moderate leverage level, adequate profitability, and varied funding sources. The company's very small market share 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 at 1.96x, at the same level to industry average of 1.94x in February 2022. The gearing level is still below OJK's regulation of maximum 10x. Equity to assets stood at 32.2% at February 2022 decreased from 44.1% in 2021.

The company's ROA decreased in February 2022 to only 0.4%, lower than industry average of 4.8%, due to the company's business pace was still slow at the beginning of the year (2021: 2.8%, 2020: 4.7%, 2019: 0.3%). In a few years before, REFI's low profitability 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.

In the midst of covid-19 pandemic, the company has been able obtain new funding sources. As of December 2021, REFI has received funding from Bank Mandiri, Bank BCA, PT Sarana Multigriya Financial, and Musyarakah Loans (Koperasi Jasa Gramindo Berkah Madani). In addition, the pipeline of REFI funding sources from domestic and foreign creditors supports the company's potential for growth and business development in the future. KRI sees 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. KRI also considers that the company's small market share has constrained the company's rating.

REFI Financial Results Highlights

As of/For the year ended	Feb 2022 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	659.65	482.43	443.46	480.56
Total Debt (IDR, Bn)	416.76	239.45	210.10	272.47
Total Equity (IDR, Bn)	212.68	212.55	200.12	188.15
Net Interest Revenue (IDR, Bn)	2.21	31.87	29.40	32.29
Net Income (IDR, Bn)	0.38	12.88	21.64	1.62
Debt to Equity Ratio (x)	1.96	1.13	1.05	1.45
Equity/Assets (%)	32.24	44.06	45.13	39.15
Return On Asset (%)	0.40	2.78	4.68	0.33
Return On Equity (%)	1.07	6.24	11.15	0.95
NPF (%)	2.10	1.62	1.90	22.40

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