

PT Bhakti Artha Global

Company Rating

*ii*BBB/Stable

Rated Issues

Proposed Medium Term Note (MTN)
Bhakti Artha Global 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

November 24, 2022 – December 1, 2023

Kredit Rating Indonesia assigns '*ii*BBB' rating to Proposed Medium Term Note (MTN) Bhakti Artha Global Tahun 2022 totaling IDR500 Billion

Kredit Rating Indonesia (KRI) assigns a Company Rating of '*ii*BBB' for PT Bhakti Artha Global (BHAG or the Company) with "Stable" outlook. At the same time, KRI also assigns *ii*BBB' to Proposed Medium Term Note (MTN) Bhakti Artha Global Tahun 2022 totaling IDR500 Billion. The rating reflects BHAG's capacity to repay its debt is supported by relatively moderate profitability despite concern of the company's growth sustainability.

BHAG, parent company of PT Bhakti Multi Artha Tbk (BHAT), is a holding company with a subsidiary mainly engage in financial service. Through BHAG's subsidiary, the Company provides life insurance service in Indonesia. The Company recorded IDR736.10 billion of total assets and IDR107.37 billion of revenue as of FY21 and further posted IDR1,024.48 billion and IDR65.19 billion during the 1H22, respectively. Major contributor of the revenue is insurance premium (100%) while the main contributor of asset is investment (85%).

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

ASJN provides life insurance products. The Risk Based Capital (RBC) ratio of ASJN shows a downward trend from 910% in FY18 to 304% in June 2022. The decrease in RBC shows that ASJN's working capital is being utilized properly and we see that this ratio is sufficient to cover negative shocks to risk. ASJN maintains a minimum RBC ratio double from the OJK requirement (OJK: min 120%, ASJN: min 240%). Meanwhile, on the BHAG side, the company's Debt-to-Equity ratio rose from 0.00x in 2021 to 0.46x in 1H22. We deem that the company is still able to maintain its leverage level in line with the upcoming MTN issuance. In addition, KRI sees that ASJN's liquid assets are 2.05x higher than its technical reserves in June 2022. Thus, we believe ASJN is liquid enough to cover sudden claims.

ASJN's loss ratio shows figure below than 100% in June 2022, followed by an improvement in the return on average asset (ROAA) ratio from 0.38% in FY21 to 3.52% in 1H22. The easing of COVID-19 in 2022 has made claim submissions and premium payments from policyholders gradually back to normal. In terms of gross written premium (GWP), ASJN's has a relatively very small market share. In the last 5 years (FY18 – 1H22), ASJN's GWP market share has ranged from 0.027% - 0.062%. In term of policyholders, the total contribution of all ASJN policyholders comes from group premiums of 63 policies with 70,976 insured in September 2022.

BHAG Financial Results Highlights (Consolidated)

As of/For the year ended	June 2022 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, bn)	1,024.45	736.07	651.73	400.94
Total Equity (IDR, bn)	537.06	539.71	519.49	310.15
Total Revenue (IDR, bn)	65.19	107.37	85.03	63.33
Total Expense (IDR, bn)	65.30	110.02	82.51	61.87
Net Income (IDR, bn)	3.74	9.45	11.77	2.92
Debt to Equity Ratio (x)	0.46	0.00	0.00	0.00
Liabilities/Total Assets (%)	47.58	26.68	20.29	22.64
Return on Asset (%)	0.37	1.28	1.81	0.73
Return on Equity (%)	0.70	1.75	2.27	0.94

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