

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

April, 2022

*ir*BBB/Stable

October 2021

*ir*BBB/Stable

May 2021

*ir*BBB/Stable

Kredit Rating Indonesia affirms a Company Rating of '*ir*BBB' for PT Usaha Pembiayaan RelianceIndonesia with 'Stable' Outlook

Kredit Rating Indonesia (KRI) affirms a Company 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 the new financing strategy are also considered in the ratings assigned.

REFI was established under the 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 prioritizes mortgage financing for stalled apartment units, productive financing for supply chain financing, and the digitization of the end-to-end financing process beginning in the middle of 2022. Even so, KRI will continue to monitor the progress and result of the company's new strategy that has just been implemented.

The company's shareholders are PT Reliance Capital Management (85%) and PT Asuransi Reliance Indonesia (15%). REFI's Debt to Equity ratio reached 1.87x, below the industry average of 2.07x in December 2022. The gearing level is still below OJK's regulation of maximum 10x. Equity to assets stood at 32.9% in December 2022 decreased from 44.1% in 2021.

In December 2022, the company's ROA was 3.1%, in line with the issuance of bonds used to distribute the company's financing receivables (2021: 2.8%, 2020: 4.7%, 2019: 0.3%). In previous years, REFI's low profitability in 2019 was driven by high SGA expenses and impairment losses on receivables. This ratio jumped dramatically at the end of 2020 due to the recovery of impairment losses of IDR43 billion.

At the end of covid-19 pandemic, the company has been able obtain new funding sources. As of December 2022, REFI has received funding from Pusat Investasi Pemerintah and PT Sarana Multigriya Financial. 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 have been dominating the sector. In addition, KRI considers that it still takes time to assess the sustainability of the mortgage financing strategy, especially for stalled apartments. 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	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	702.53	482.43	443.46	480.56
Total Debt (IDR, Bn)	432.53	239.45	210.10	272.47
Total Equity (IDR, Bn)	231.20	212.55	200.12	188.15
Net Interest Revenue (IDR, Bn)	85.76	64.95	53.26	63.73
Net Income (IDR, Bn)	48.36	31.87	29.40	32.29
Debt to Equity Ratio (x)	18.13	12.88	21.64	1.62
Equity/Assets (%)	1.87	1.13	1.05	1.45
Return On Asset (%)	32.91	44.06	45.13	39.15
Return On Equity (%)	54.90	62.59	57.21	43.54
NPF (%)	3.06	2.78	4.68	0.33

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