

PT Bhakti Multi Artha Tbk

Company Rating *irBBB/Stable*

Rated Issues

MTN Bhakti Multi Artha I Tahun 2022 *irBBB*

Rating Period

March 1, 2024 – March 1, 2025

"Obligor with an *irBBB* 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 History

February, 2023

irBBB/Stable

March, 2022

irBBB/Stable

Kredit Rating Indonesia affirms 'irBBB' rating to MTN Bhakti Multi Artha I Tahun 2022 totaling IDR250 Billion

Kredit Rating Indonesia (KRI) assigns a Company Rating of 'irBBB' for PT Bhakti Multi Artha Tbk (BHAT or the Company) with "Stable" outlook. At the same time, KRI also affirms *irBBB* to MTN Bhakti Multi Artha I totaling IDR250 billion. The rating reflects BHAT's capacity to repay its debt is supported by relatively moderate leverage despite concern of the company's growth sustainability.

BHAT, serving as the parent entity of PT Nasional Investindo Perkasa (NIP), operates as a holding company with a primary focus on the financial service sector. Through its subsidiary under NIP, BHAT offers life insurance services within the Indonesian market. For the end of 2022, BHAT reported significant financial metrics, with total assets amounting to IDR1,038.90 billion and revenue reaching IDR166.91 billion. As of September 2023, the company recorded total assets of IDR1,065.31 billion and revenue of IDR106.45 billion. Insurance premiums stand as the sole source of revenue, highlighting the core operation of the company in the insurance sector. Additionally, the composition of BHAT's assets is predominantly cash and investments, accounting for 87% of the total assets.

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 BHAT's credit rating as ASJN is the largest contributor of BHAT in terms of asset and revenue.

ASJN, specializing in life insurance products, has experienced a downward trend in its Risk-Based Capital (RBC) ratio, decreasing from 910% in FY18 to 193% by December 2023. Despite this decline, ASJN's RBC ratio remains well above the Otoritas Jasa Keuangan (OJK) minimum requirement of 120%, indicating ASJN's continued compliance with regulatory capital adequacy standards. In contrast, BHAT has seen its Debt-to-Equity ratio rise from 0.00x in 2021 to 0.47x in the third quarter of 2023. Looking forward, BHAT is focused on maintaining solvency, aiming for a Debt-to-Equity ratio around 0.45x until 2026, in anticipation of debt maturation in 2027. Concurrently, KRI sees that as of December 2023, ASJN's liquid assets were 1.86 times its technical reserves, underscoring ASJN's robust liquidity position. This financial stability is indicative of ASJN's capability to promptly address any unforeseen claims.

ASJN operates within a niche segment of the life insurance market, maintaining a small market share in terms of gross written premium (GWP), which has increased from 0.027% in FY19 to 0.093% in FY23. As of December 2023, ASJN reported a loss ratio of 82.39%, demonstrating its effectiveness in managing claims and operational costs. This performance is attributed to ASJN's strategic focus on selling traditional (risk-based) life insurance products, which form the core of its offerings. By concentrating on these products, ASJN has successfully kept its loss ratio below the 100% threshold, indicating a healthy balance between premiums collected and claims paid out. ASJN's policyholder base is comprised of group premiums from 62 policies, covering a total of 79,867 individuals as of December 2023.

BHAT Financial Results Highlights (Consolidated)

As of/For the year ended	Sept 2023 (Unaudited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Adjusted Assets (IDR, Bn)	1.065.31	1.038.90	736.03	400.90
Total Adjusted Debt (IDR, Bn)	248.35	248.00	0.00	0.00
Total Adjusted Equity (IDR, Bn)	530.76	537.41	536.02	516.04
Total Revenues (IDR, Bn)	106.45	166.91	107.37	85.03
Total Operating Expense (IDR, Bn)	113.50	173.05	110.04	82.54
Net Income After Tax (IDR, Bn)	0.34	3.32	9.45	11.77
Debt to Equity Ratio (x)	0.47	0.46	0.00	0.00
Liabilities/Total Assets (%)	49.81	47.89	26.68	20.29
Return on Asset (%)	0.04	0.50	1.82	2.98
Return on Equity (%)	0.08	0.62	1.80	2.86

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