

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

May 2, 2024 – May 2, 2025

Rating History

April, 2023

***ir*BBB/Stable**

April, 2022

***ir*BBB/Stable**

October 2021

***ir*BBB/Stable**

May 2021

***ir*BBB/Stable**

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

Kredit Rating Indonesia (KRI) has affirmed a company rating of '*ir*BBB' for PT Usaha Pembiayaan Reliance Indonesia (REFI or the Company) with a 'Stable' outlook. Simultaneously, KRI has also affirmed '*ir*BBB' rating for the Company's Obligasi I REFI Tahun 2022 (Series A, B, and C) totaling IDR400 billion. The ratings reflect REFI's moderate leverage levels, adequate profitability, and diverse funding sources. Additionally, the company's very small market share and the challenges associated with its new financing strategy have been considered in the ratings.

REFI was established as PT Sebaru Sejahtera Finance Corporation in 1989. The company has undergone several name changes, with the most recent being in 2012, when it was renamed PT Usaha Pembiayaan RelianceIndonesia following its acquisition by PT Reliance Capital Management. Originally focused on working capital and investment financing, REFI shifted its focus in 2020 to mortgage, productive financing through communities, and multipurpose financing via a digital platform. The company now prioritizes mortgage financing for stalled apartment units, productive financing for supply chain operations, and digitization of the end-to-end financing process, initiated in mid-2022. KRI continues to monitor the outcomes of the company's newly implemented strategy.

The company's shareholders include PT Reliance Capital Management, holding an 85% stake, and PT Asuransi Reliance Indonesia, holding 15%. As of December 2023, REFI's Debt to Equity ratio was 1.52x, below the industry average of 2.26x, and well within the OJK regulation maximum of 10x. The equity to assets ratio slightly increased from 32.91% in 2022 to 33.96% in 2023.

In December 2023, REFI's Return on Assets (ROA) was positive at 1.34%, though it showed a decline from the previous year's 3.06% (2021: 2.8%, 2020: 4.7%, 2019: 0.3%). The low profitability in 2019 was due to high SGA expenses and impairment losses on receivables. This ratio dramatically improved by the end of 2020 following a recovery of impairment losses amounting to IDR 43 billion.

After navigating through the COVID-19 pandemic, REFI has been able to secure new funding sources. As of December 2023, it has maintained funding from Pusat Investasi Pemerintah and PT Sarana Multigriya Finansial and received new funding from various financial institutions. Moreover, REFI's funding pipeline from domestic and international creditors is set to bolster the company's potential for future growth and business development.

KRI sees that REFI's strategic shift to focus more on mortgage financing will encounter significant challenges from banks, which traditionally dominate this sector. Additionally, KRI considers that more time is needed to evaluate the long-term sustainability of the mortgage financing strategy, particularly concerning stalled apartment projects. Furthermore, KRI points out that the company's small market share is a limiting factor in its rating.

REFI Financial Results Highlights

As of/For the year ended	Dec 2023 (Audited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Assets (IDR, Bn)	708.68	702.53	482.43	443.46
Total Debt (IDR, Bn)	365.18	432.53	239.45	210.10
Total Equity (IDR, Bn)	240.67	231.20	212.55	200.12
Total Revenue (IDR, Bn)	69.59	85.76	64.95	53.26
Net Interest Revenue (IDR, Bn)	34.43	48.36	31.87	29.40
Net Income (IDR, Bn)	9.47	18.13	12.88	21.64
Debt to Equity Ratio (x)	1.52	1.87	1.13	1.05
Equity/Assets (%)	33.96	32.91	44.06	45.13
Cost/Income (%)	63.82	54.90	62.59	57.21
Return On Asset (%)	1.34	3.06	2.78	4.68
Return On Equity (%)	4.02	8.17	6.24	11.15
NPF (%)	1.66	1.76	1.62	1.90

Analysts : Furqon Abrory Samara (Furqon.Samara@kreditratingindonesia.com)
Cut Nabila Saraziva (Cut.Nabila@kreditratingindonesia.com)

DISCLAIMER

PT Kredit Rating Indonesia (KRI) does not represent or warrant or guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. KRI does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. Although the information upon which KRI rating report are based, and any other contents provide in this rating report is obtained by KRI from sources which KRI believes to be reliable.

KRI will be held harmless against any responsibility arising from its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. The issuance of a solicited or unsolicited rating report does not supply financial, legal, tax or investment consultancy. The rating report is not an opinion as to the value of securities, therefore KRI is not responsible for any credit, loan or investment decision, damages or other losses resulting from the reliance upon or use of this report.

In no event shall KRI be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this rating report or publication.

Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. Therefore, this report may not reflect any event or circumstances which occur after the date of this report.

KRI also assumes no obligation to update the content following publication in any form. KRI does not act as fiduciary or an investment advisor. KRI keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical process and products. As a result, certain units of KRI may have information that is not available to other units. KRI has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. KRI may receive compensation for its ratings and other analytical work, normally from issuers of securities. KRI reserves the right to disseminate its opinions and analyses. KRI's public ratings and analyses are made available on its website, <http://www.kreditratingindonesia.com> (free of charge) and through other subscription based services, and may be distributed through other means, including via KRI publications and third party redistributors. Information in KRI's website and its use fall under the restrictions and disclaimer stated above. No part of KRI's website, the content of this report, may be reproduced or transmitted by any means, electronic or non-electronic whether in full or in part, will be subjected to written approval from KRI.