

PT BANK SINARMAS Tbk (BSIM)

Corporate rating *ir*A+/Stable

Rated Issues

*Proposed Obligasi Subordinasi
Berkelanjutan I Bank Sinarmas*

*ir*A/Stable

"Obligor with *ir*A rating has a high level of certainty to honor its financial obligations, but it can be affected by adverse changes in business and economic conditions, relative to Obligor with a higher rating."

The plus sign (+) indicates that the rating given is closer to the rating scale above it.

Rating Period

April 5, 2022 – April 1, 2023

Rating History

October, 2021

*ir*A/Stable

Kredit Rating Indonesia assigns '*ir*A' rating to Proposed Obligasi Subordinasi Berkelanjutan I Bank Sinarmas totaling IDR3 trillion.

Kredit Rating Indonesia (KRI) assigns '*ir*A' rating to Proposed Obligasi Subordinasi Berkelanjutan I Bank Sinarmas totaling IDR3 trillion. At the same time, upgrades the rating for PT Bank Sinarmas Tbk (BSIM or the Company) from '*ir*A' to '*ir*A+' with "stable" outlook. The rating reflects BSIM' improved capitalization and profitability. However, the Company's less diversified loan distribution is also considered in ratings assigned.

BSIM was established on 1989 and acquired by PT Sinar Mas Multiartha Tbk (SMMA/*ir*AA) on 2005 under the name of Bank Shinta. In 2021, BSIM contributed of 37.8% to the total assets of SMMA. In 2021, SMMA injected additional capital to the company from the conversion of Series III 2021 warrants of IDR1.18 trillion.

The Company has relatively small market share as of in 2021, with only 0.3% lending market share and 0.4% third party fund market share. Considering the current business environment, the bank is focusing on maintaining their portfolio. The bank always maintains CASA Ratio above 50% (1H2021:71%, 1H2020: 59%).

BSIM's CAR has improved from 17.1% in 2020 to 29.1% in 2021 (industry: 25.7%) due to additional capital from warrant conversion. With the issuance subordinated bond of IDR1 trillion in 2022, it is estimated that CAR level will be maintained at 28%.

Improved performance in 2021 as reflected in growth in profit before tax from IDR116.6 billion in 2020 to IDR159.5 billion in 2021 due to significant decrease of loan loss reserve. In addition, the Bank's net interest income grew by 10.40% from 2020, due to a decrease in interest expense.

KRI are of the view that BSIM has less diversified loan distribution. BSIM has disbursed 39% of total loan to wholesale & retail sector, much higher than other sectors (household: 11%, financial intermediaries: 10%, manufacturing: 9%, agriculture, hunting and forestry: 8%). The Company also has disbursed 36% of its total loan to its top 10 debtors as of 1H2021 which has the potential to significantly increase the NPL ratio if top debtors have repayment issues.

Downward rating pressures can come from a material decrease of its capitalization and weaken asset quality, which eroding the Company's ability to generate profitability.

BSIM Financial Results Highlights

For the year ended	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)
Total asset (IDR, bn)	52,671.98	44,612.05	36,559.56	30,748.74	30,404.08
Total gross loans (IDR, bn)	18,181.59	20,940.44	23,125.28	20,468.42	19,034.73
Total equity (IDR, bn)	7,359.42	6,056.84	6,074.46	4,856.42	4,844.18
Total cust. deposit (IDR, bn)	38,637.06	36,756.56	28,219.86	24,298.43	23,606.52
Net interest revenue (IDR, bn)	2,415.80	2,188.20	2,210.50	2,165.94	1,925.21
Net Income (IDR, bn)	127.75	118.52	6.75	50.47	318.92
ROA (%)	0.26	0.30	0.23	0.25	1.26
NPL gross (%)	4.67	4.75	7.83	4.74	3.79
Loan loss reserve/NPL (%)	190.75	154.40	67.82	68.62	60.73
CAR (%)	29.12	17.10	17.32	17.60	18.31
LDR (%)	43.49	56.97	81.95	84.24	80.57

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