

## PT Sinar Mas Multifinance

## Company Rating

*irA+/Stable*

## Rated Issues

Obligasi Berkelanjutan II Sinar Mas Multifinance

*irA+*

Obligasi Berkelanjutan III Sinar Mas Multifinance

*irA+*

"Debt Securities with *irA* 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 debt securities with a higher rating."

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

## Rating Period

April 23, 2025 – May 2, 2026

## Rating History

May, 2024

*irA+/Stable*

April, 2023

*irA+/Stable*

November, 2022

*irA+/Stable*

May, 2022

*irA+/Stable*

June, 2021

*irA+/Stable*

April, 2020

*irA+/Stable*
**Kredit Rating Indonesia has affirmed a Company Rating of “*irA+*” for PT Sinar Mas Multifinance with “Stable” Outlook**

Kredit Rating Indonesia (“KRI”) has affirmed a Company Rating of “*irA+*” for PT Sinar Mas Multifinance (“SMMF” or “the Company”) with a “Stable” Outlook. At the same time, KRI has affirmed an “*irA+*” rating for both the Obligasi Berkelanjutan II Sinar Mas Multifinance and Obligasi Berkelanjutan III Sinar Mas Multifinance, each amounting to IDR2.00 Trillion. These ratings reflect SMMF’s adequate capitalization and the continued support from the parent company. However, the ratings also take into consideration SMMF’s limited market share and subdued profitability.

Founded in 1985, SMMF operates as a subsidiary of PT Sinar Mas Multiartha Tbk (SMMA/*irAA*). As of September 2024, SMMA reported consolidated assets of IDR116.15 Trillion. SMMF focuses on consumer financing, particularly for used cars, and recorded total assets of IDR6.23 Trillion as of December 2024, a slight decline from IDR6.44 Trillion in the prior year. This figure represents approximately 4.02% of SMMA’s annualized consolidated assets. Despite its relatively small contribution to the group’s overall size, SMMF continues to receive strong financial backing from its parent, evidenced by increases in paid-up capital from IDR1.19 Trillion in 2020 to IDR1.55 Trillion in 2023, as well as the provision of corporate guarantees and a perpetual loan of IDR400 Billion in 2024.

The Company’s capitalization remains adequate, though the equity-to-assets ratio slightly declined to 18.48% in 2024 from 20.30% in 2023. Meanwhile, the Debt-to-Equity Ratio (DER) increased to 4.27x, from 3.81x in 2023, exceeding the industry average of 2.31x, yet still well within the regulatory limit of 10x set by the Financial Services Authority. The gross Non-Performing Financing (NPF) ratio remained relatively stable at 3.45%, supported by a write-off ratio of around 11%, which helped maintain asset quality.

SMMF’s financing receivables portfolio continued to decline, reaching IDR3.14 Trillion at end-2024, down from IDR3.51 Trillion in 2023. This accounted for only 0.62% of total industry receivables, compared to 1.45% in 2020. The consistent decline in market share is attributed to the Company’s selective booking strategy and tightened risk acceptance criteria, which aim to preserve asset quality. As of December 2024, SMMF operated through 111 branches, with no plans for further expansion in the near term. The Company’s portfolio remains heavily concentrated in used car financing (96.14%), with new car financing comprising the remainder. SMMF has discontinued used motorcycle financing and has shifted its focus toward younger used car segments.

In terms of profitability, SMMF remains under pressure. The Net Interest Margin (excluding insurance underwriting) declined to 4.01% in 2024, from 6.90% in 2023 and 5.10% in 2022. The return on assets (ROA) stood at -8.70% in 2024, compared to -5.33% in 2023 and -3.46% in 2022. The deterioration in profitability was largely driven by increased insurance underwriting expenses from its subsidiary and rising general and administrative expenses. However, early results in Q1 2025 indicate a return to profitability at the pre-tax level, which-if sustained-may lead to meaningful improvement in full-year performance.

Looking ahead, a rating upgrade may be considered if the Company demonstrates sustained improvements in profitability, a reduction in NPF ratio, and lower credit losses. Conversely, any deterioration in asset quality, particularly a significant rise in NPF, may exert downward pressure on the ratings.

#### SMMF Financial Result Highlights (Consolidated)

For the years ended	Dec 2024 (Audited)	Dec 2023 (Audited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Assets (IDR, Bn)	6,227.86	6,436.27	6,652.63	7,122.85	7,997.85
Total Debt (IDR, Bn)	4,915.04	4,978.79	5,204.25	5,303.33	6,329.89
Total Equity (IDR, Bn)	1,151.12	1,306.63	1,325.89	1,562.68	1,431.07
Total Adj. Revenue (IDR, Bn)	843.59	1,224.14	1,195.46	2,285.58	1,347.04
Net Income (IDR, Bn)	-550.769	-349.065	-238.63	128.73	-524.362
Debt to Equity (x)	4.27	3.81	3.93	3.39	4.42
Equity/Assets (%)	18.48	20.30	19.93	21.94	17.89
Adj. Net Interest Margin (%)	4.01	6.90	5.10	2.01	7.44
Cost/Income (%)	167.69	116.82	131.70	96.39	142.68
Return On Asset (%)	-8.70	-5.33	-3.46	1.70	-6.13
Return On Equity (%)	-44.82	-26.52	-16.52	8.60	-30.27
Gross NPF (%)	3.45	3.31	3.64	1.87	2.36

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