

## PT BANK SINARMAS Tbk (BSIM)

**Corporate rating** *irA*/Stable

**Rated Issues** -

"Obligor 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 Obligor with a higher rating."

**Rating Period**

October 29, 2021 – November 1, 2022

**Kredit Rating Indonesia (KRI) assigns a Corporate Rating of '*irA*' for PT Bank Sinarmas Tbk (BSIM or the Company) with "stable" outlook.** The rating reflects BSIM's improved asset quality and capitalization. However, the Company's less diversified loan distribution is also considered in ratings assigned.

PT Bank Sinarmas Tbk was established on 1989 and acquired by PT Sinar Mas Multiartha, Tbk (SMMA/*irAA*) on 2005 under the name of Bank Shinta. As of 1H21, BSIM contributed of 39.3% to the total assets of SMMA. Throughout 9M2021, SMMA injected additional capital to the company from the conversion of Series III 2021 warrants of IDR1.05 trillion.

As of 9M21, BSIM owned 435 offices across Indonesia to support their business activities. The company has also improved IT infrastructure and human resource to deliver better quality of services with digitalization.

The Company has relatively small market share as of 1H21, with only 0.3% lending market share and 0.5% 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: 63%).

The quality of BSIM's assets has improved in 2020, with NPL ratio of 4.75% at the end of 2020 from 7.83% at the end of 2019. The company managed to maintain its credit quality with an NPL ratio of 4.69% as of September 2021, higher than the industry average. BSIM's CAR has improved from 17.10% in 2020 to 27.79% in 3Q2021 due to additional capital from warrant conversion.

BSIM has adequate liquidity with Loan to Deposit Ratio (LDR) at 49.25% as of 9M21 (FY2020: 56.97%). Such number is aligned with industry's LDR which has gradually decreased since the COVID-19 pandemic (8M2020: 85.38%, 7M2021: 80.39%). The management of BSIM has tightened its loan distribution during current economic situation.

KRI is of the view that BSIM has less diversified loan distribution. As of 9M2021, BSIM has disbursed 36% of total loan to wholesale & retail sector, much higher than other sectors (manufacturing: 14%, agriculture, hunting and forestry: 10%). The Company also has disbursed 31% of its total loan to its top 10 debtors.

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**

As of/For the year ended	Sep 2021 (Unaudited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)
Total asset (IDR, bn)	46,796.05	44,612.05	36,559.56	30,748.74	30,404.08
Total gross loans (IDR, bn)	19,027.96	20,940.44	23,125.28	20,468.42	19,034.73
Total equity (IDR, bn)	7,318.60	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)	1,727.40	2,188.20	2,210.50	2,165.94	1,925.21
Net Income (IDR, bn)	104.89	118.52	6.75	50.47	318.92
ROA (%)	0.38	0.30	0.23	0.25	1.26
NPL gross (%)	4.69	4.75	7.83	4.74	3.79
Loan loss reserve/NPL (%)	178.55	154.40	67.82	68.62	60.73
CAR (%)	27.79	17.10	17.32	17.60	18.31
LDR (%)	49.25	56.97	81.95	84.24	80.57

**Analyst** : Gromy Pilipi Pranata Purba ([Gromy.Purba@kreditratingindonesia.com](mailto:Gromy.Purba@kreditratingindonesia.com))  
Furqon Abrory Samara ([Furqon.Samara@kreditratingindonesia.com](mailto:Furqon.Samara@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.