

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 27, 2020 – November 1, 2021

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 relatively strong business position supported by its good network coverage and technology. BSIM's adequate liquidity is also considered in the rating. However, BSIM's asset quality although improving, still weakens the rating.

PT Bank Sinarmas Tbk was established in 1989 and acquired by PT Sinar Mas Multiartha Tbk (SMMA/*irAA*) in 2005 under the name of Bank Shinta. As of 1H20, BSIM contributed 37.8% to the total asset of its parent company. In 2019, SMMA injected additional capital to the company from the conversion of series III warrants of IDR1 Tn.

As of 1H20, BSIM owned 438 offices and more than 800 ATMs across Indonesia to support their business activities. In 2019, users of mobile banking services increased by 69%. The company has also improved IT infrastructure to deliver better quality of services with digitalization.

The Company has relatively small market share as of 1H20, with only 0.4% lending market share and 0.51% on funding side. Considering the current business environment, the bank is focusing on maintaining their portfolio. BSIM has maintained CASA Ratio of 57% as of June 2020.

BSIM has adequate liquidity with Loan to Deposit Ratio (LDR) at 70.41% as of 1H20. Such number is below the threshold set by regulator at 92.00%. This is in line with management strategy to tighten credit distribution during current economic situation.

The quality of BSIM's assets deteriorated quite significantly in 2019, with NPL ratio of 7.8% at the end of 2019, up from 4.7% at the end of 2018. The company managed to improve its quality with an NPL ratio of 5.9% in June 2020, higher than the industry average of 3.1%.

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

BSIM Financial Results Highlights

As of/For the year ended	Jun 20	Dec 19	Dec 18	Dec 17	Dec 16
	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
Total Assets (IDR, Bn)	37,302.45	36,559.56	30,748.74	30,404.08	31,192.63
Total Gross Loans (IDR, Bn)	21,494.31	23,125.28	20,468.42	19,034.73	19,587.75
Total Equity (IDR, Bn)	5,675.95	6,074.46	4,856.42	4,844.18	4,475.32
Total Cust. Deposit (IDR, Bn)	30,527.78	28,219.86	24,298.43	23,606.52	25,077.74
Net Interest Revenue (IDR, Bn)	1,099.77	2,210.50	2,165.94	1,925.21	1,744.98
Net Income (IDR, Bn)	52.17	6.75	50.47	318.92	370.65
ROA (%)	0.35	0.23	0.25	1.26	1.72
NPL (%)	5.92	7.83	4.74	3.79	2.10
Loan loss reserve/NPL (%)	157.55	67.82	68.62	60.73	67.04
CAR (%)	16.35	17.32	17.60	18.31	16.70
LDR (%)	70.41	81.95	84.24	80.57	77.47

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