PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Bussan Auto Finance

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CREDIT PROFILE

Corporate Rating	*idAA/Stable*
Rated Issues	
Bond III/2019	*idAA*
Bond II/2018	*idAA*
Bond I/2017	*idAA*
Rating Period	
April 1, 2020 – April 1, 2021	
Rating History	
AUG 2019	*idAA/Stable*
FEB 2019	*idAA/Stable*
FEB 2018	*idAA/Stable*
MAY 2017	*idAA/Stable*
SEP 2009	*idAA-/Stable*
MAR 2008	*idA+/Stable*
JAN 2008	*idA/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Dec-2019**	**Dec-2018**	**Dec-2017**	**Dec-2016**
	(Audited)	*(Audited)*	*(Audited)*	*(Audited)*
Total assets [IDR bn]	12,642.2	11,116.8	8,015.3	7,320.3
Net receivables [IDR bn]	11,620.8	9,993.0	7,391.2	6,777.0
Net service assets [IDR bn]	12,253.6	10,274.0	7,596.3	7,021.0
Total equity [IDR bn]	1,886.7	2,000.6	1,845.0	1,666.3
Net interest revenue [IDR bn]	2,764.7	2,144.4	1,728.6	1,656.7
Net income [IDR bn]	294.3	224.1	182.7	82.1
Cost to income [%]	45.7	52.9	58.3	59.8
Operating profit margin [%]	11.4	12.0	11.8	5.3
ROAA (including off-balance) [%]	2.5	2.3	2.4	1.0
NPR-balance/NSA [%]	3.3	4.9	4.5	5.6
Reserves/NSA [%]	5.2	2.7	2.7	3.4
Equity/NSA [%]	15.4	19.5	24.3	23.7
Total debt/equity [x]	5.2	4.1	3.0	3.0
Short-term liquidity ratio [%]	195.6	134.6	180.4	185.5
USD exchange rate [USD/IDR]	13,901	14,481	13,548	13,436

ROAA=return on average assets. NPR=non-performing receivables> 30 days. NSA=net service assets.
The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PT Bussan Auto Finance's rating affirmed at "idAA"

PEFINDO has affirmed "**idAA"** ratings of PT Bussan Auto Finance (BAF), its Bond I/2017, Bond II/2018, and Bond III/2019. The outlook for the corporate rating is **"stable"**.

An obligor rated idAA differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The rating reflects BAF's strong parent support, strong capitalization, and strong market position in the industry. The rating is constrained by its moderate asset quality and tight competition in motorcycle financing.

The rating may be raised if BAF significantly improves its business position in the financing industry, and at the same time improves its asset quality and profitability performances on a sustainable basis. The rating may be lowered if its asset quality and profitability performances suffer significant setbacks, or if PEFINDO considers that the Parent's support has diminished significantly.

PEFINDO views the COVID-19 outbreak will have a significant impact in the financing industry in terms of growth, asset quality, and profitability, particularly from the economic sectors that are directly impacted such as hotel, tourism, restaurant, and transportation. Limited access for workers combined with weaker demand may also affect manufacturing and commodity-based trading sectors. The capability of debtors from those economic sectors may be significantly affected, resulting in lower ability to repay their financial obligations, thus affecting the financial profiles of the finance companies as well. The impact should be partly mitigated by the implementation of POJK no.11/POJK/03/2020, allowing banks and financing companies to provide certain relaxations to manage the credit quality of COVID-19-affected debtors.

At the moment, we are of the view that BAF's credit profile will remain relatively unchanged amid this outbreak, supported by the existence of Mitsui Co, Ltd and Yamaha Motor Co, Ltd as the shareholders, both providing funding access and captive business to BAF. This factor should compensate impact of COVID-19 to BAF's financing portfolio and its expansion plan, where around 50% of its financing portfolio is generated from Java, areas that are significantly impacted by the outbreak.

PEFINDO will closely monitor these conditions to continually assess the impact of COVID-19, and should there be any material development we will conduct the necessary actions.

BAF was established in 1995 as PT Pembiayaan Getraco Indonesia. It was renamed PT Danamon-Mitsui Otomotif Finance in 1997, and changed to its present name in 1998. As of December 2019, its shareholders were: Mitsui Co, Ltd (Mitsui, 65.0%); Yamaha Motor Co, Ltd (Yamaha, 17.7%); PT Sinergi Autoindo Abadi (15.0%); and PT Yamaha Indonesia Motor Manufacturing (2.3%). It had 191 branches, serving 928,445 accounts, with a workforce of 6,423 staff.