

## PT KB Finansia Multi Finance

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### CREDIT PROFILE

|                                       |                        |
|---------------------------------------|------------------------|
| <b>Corporate Rating</b>               | <i>idAA-/Stable</i>    |
| <b>Rated Issues</b>                   |                        |
| MTN IV Phase I 2017                   | <i>idAA-</i>           |
| MTN IV Phase II 2018                  | <i>idAA-</i>           |
| <b>Rating Period</b>                  |                        |
| September 7, 2020 – September 1, 2021 |                        |
| <b>Rating History</b>                 |                        |
| JUL 2020                              | <i>idAA-/Stable</i>    |
| JAN 2020                              | <i>idBBB+/Positive</i> |
| SEP 2019                              | <i>idBBB+/Stable</i>   |
| SEP 2018                              | <i>idBBB+/Stable</i>   |
| DES 2017                              | <i>idBBB+/Stable</i>   |
| SEP 2017                              | <i>idBBB+/Stable</i>   |
| NOV 2016                              | <i>idBBB+/Stable</i>   |
| NOV 2015                              | <i>idBBB+/Stable</i>   |
| NOV 2014                              | <i>idBBB+/Stable</i>   |

### FINANCIAL HIGHLIGHTS

| As of/for the year ended       | Jun-2020<br>(Unaudited) | Dec-2019<br>(Audited) | Dec-2018<br>(Audited) | Dec-2017<br>(Audited) |
|--------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Total assets [IDR bn]          | 2,994.1                 | 3,494.0               | 3,320.9               | 2,609.9               |
| Net receivables [IDR bn]       | 2,405.3                 | 2,961.1               | 2,737.3               | 2,027.1               |
| Net service assets [IDR bn]    | 2,868.2                 | 3,502.1               | 3,004.0               | 2,948.7               |
| Total equity [IDR bn]          | 527.4                   | 583.8                 | 550.0                 | 522.3                 |
| Net interest revenue [IDR bn]  | 413.1                   | 1,016.8               | 954.4                 | 960.3                 |
| Net income [IDR bn]            | (176.8)                 | 45.5                  | 2.1                   | 108.8                 |
| Cost to income [%]             | 98.1                    | 70.5                  | 69.3                  | 62.2                  |
| Operating profit margin [%]    | (38.4)                  | 4.8                   | 0.5                   | 12.0                  |
| ROAA [%]                       | *(9.6)                  | 1.2                   | 0.1                   | 3.4                   |
| NPR-balance/NSA [%]            | **17.5                  | 10.4                  | 10.2                  | 9.0                   |
| Reserves/NSA [%]               | 4.0                     | 1.3                   | 1.0                   | 1.0                   |
| Equity/NSA [%]                 | 18.4                    | 16.7                  | 18.3                  | 17.7                  |
| Total debt/equity [x]          | 4.4                     | 4.7                   | 4.8                   | 3.7                   |
| Short-term liquidity ratio [%] | 106.7                   | 114.5                 | 122.4                 | 199.8                 |
| USD exchange rate [USD/IDR]    | 14,302                  | 13,901                | 14,481                | 13,548                |

\* annualized  
\*\* presented in nett (including allowances)  
ROAA=return on average assets (including JF) NPR=non-performing receivables  
NPR-balance=overdue > 30 days, outstanding receivables  
Short-term liquidity ratio=gross receivables, <12 months / ST funding

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.

### PEFINDO affirms "idAA-" rating to PT KB Finansia Multi Finance

PEFINDO has affirmed its "idAA-" ratings of PT KB Finansia Multi Finance (KBFMF) and its Medium-Term Notes (MTN) IV Phase I 2017 and MTN IV Phase II 2018. The outlook for the corporate rating is "stable".

The rating includes KBFMF's MTN IV Phase I Year 2017 of IDR397 billion due on October 27, 2020. The Company's readiness to pay this maturing MTN is supported by cash and cash equivalent of IDR193.6 billion and monthly collection receivable of IDR321 billion as of June 30, 2020. KBFMF is also in the process of signing new credit facility from offshore lenders totaling USD150 million in September 2020.

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 Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The rating reflects KBFMF's very strong support from Kookmin Card, above average financial flexibility and above average capitalization. However, the rating is constrained by its below average asset quality profile and high operating expenses.

The rating may be raised if PEFINDO views an even stronger support from Kookmin Card, which may include improvement in integration of branding and business operations, including risk management. On the other hand, PEFINDO may lower the rating if there is a material reduction in support and commitment from Kookmin Card, particularly during times of financial distress.

PEFINDO is of the view that the COVID-19 pandemic will have a significant impact on the financing industry's growth, asset quality, and profitability, particularly from directly impacted economic sectors such as hotels, tourism, restaurants, and transportation. The manufacturing and commodity-based trading sectors may be affected to a lesser degree, as people's access to work sites is limited. Borrowers from these sectors may be significantly affected, resulting in a lower ability to repay their financial obligations, thus affecting the financial profiles of the finance companies. Although the POJK 14/POJK.05/2020 allows finance companies to restructure accounts impacted by COVID-19 to maintain manageable asset quality ratios, it still impacts the Company's cash flow. In addition, the restructuring implementation also carries a moral hazard risk as a non-affected borrower may be tempted to stop paying their installments.

We expect COVID-19 to have a manageable impact on KBFMF's credit profile, given the very strong support from Kookmin Card, which provides guarantees to KBFMF's banking partners, resulting in stable funding access. KBFMF has also applied stronger underwriting criteria and intensifying collection efforts, supported by strong IT infrastructure, which should partially mitigate the concerns from a business downturn. PEFINDO will continue to closely monitor how the impact of the pandemic continues to develop, and should there be material changes, we will conduct the necessary rating actions.

Established in 1994, KBFMF is a finance company covering used cars and motorcycles, and white goods (electronics, furniture, home appliances). As of July 2020, KBFMF is 80% owned by Kookmin Card, while the remaining 20% is held by PT Finansia Pacifica Raya.

**DISCLAIMER**

*The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.*