

PT Bank KB Bukopin Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Mar-2021	Dec-2020	Dec-2019	Dec-2018	
		<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	
Corporate Rating	<i>idAAA/Stable</i>	Total assets [IDR bn]	80,807.9	79,938.6	100,264.2	95,643.9
Rated Issues		Total equity [IDR bn]*	8,265.6	8,446.2	8,883.0	8,572.4
<i>Shelf Registered Sub. Debt II /2015</i>	<i>idAA</i>	Total gross loans [IDR bn]	59,706.6	60,968.6	69,545.5	66,444.2
Rating Period		Total cust. deposits [IDR bn]	45,574.4	44,042.8	80,813.5	76,149.6
<i>June 8, 2021 - June 1, 2022</i>		Net interest revenue [IDR bn]	182.0	552.1	2,014.5	2,593.1
Rating History		Net income [IDR bn]	(167.1)	(3,255.9)	216.3	189.6
<i>SEP 2020</i>	<i>idAA/Stable</i>	NIR/average earning assets [%]	1.1	0.7	2.4	2.9
<i>JUN 2020</i>	<i>idA-/CW Developing</i>	Operating expense/operating income [%]	119.6	164.9	98.9	98.3
<i>JUN 2019</i>	<i>idA-/Stable</i>	ROAA [%]**	(0.8)	(3.6)	0.2	0.2
<i>JUN 2018</i>	<i>idA-/Stable</i>	NPL (3-5)/gross loans [%]	10.0	10.1	6.0	6.6
<i>APR 2018</i>	<i>idA+/Negative</i>	Loan loss reserve/NPL (3-5) [%]	74.7	76.1	41.2	47.5
<i>JUN 2017</i>	<i>idA+/Stable</i>	Risk weighted CAR [%]	11.8	12.1	12.6	13.4
<i>JUN 2016</i>	<i>idA+/Stable</i>	Gross loans/total deposits [%]	131.0	138.4	86.1	87.3
<i>APR 2016</i>	<i>idA+/Stable</i>	USD exchange rate [USD/IDR]	14,572	14,050	13,883	14,380
<i>APR 2015</i>	<i>idA+/Stable</i>					
<i>DEC 2014</i>	<i>idA+/Stable</i>					

*including minority interest

**annualized

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.

KB Bukopin's rating upgraded to "idAAA", outlook stable

PEFINDO has raised the rating for PT Bank KB Bukopin Tbk (KB Bukopin) to "idAAA" from "idAA" and the rating of its Shelf Registered Subordinated Bond II/2015 to "idAA" from "idA+". The outlook for the corporate rating is "Stable". The upgrades reflects PEFINDO's view of the stronger degree of support from Kookmin Bank Co., Ltd (KB Kookmin Bank), especially with the recent termination of the legal case related to the appointment of KB Kookmin as the controlling shareholder. This should further cement the strong integration between KB Bukopin and KB Kookmin Bank, following the incorporation of KB brand name and logo. In addition, this controlling status would allow KB Kookmin Bank to exert significant support to the Bank, especially in terms liquidity and capitalization. Other several plans of adjustments, such in IT infrastructure and underwriting practices, are still in progress to better integrate KB Bukopin's business with KB Kookmin Bank's.

The rating may experience a downward pressure if we view that the level of support or ownership from KB Kookmin Bank deteriorates significantly.

An obligor rated idAAA has the highest rating assigned by PEFINDO. Its capacity to meet its long-term financial commitments, relative to that of other Indonesian obligors, is superior. A debt security rated idAA differs from the highest-rated debt only to a small degree. The issuer's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian issuers, is very strong.

The corporate rating reflects very strong support from KB Kookmin Bank, strong market position in the banking industry and its strategic business partnerships with a number of state-owned enterprises (SOEs). The rating is constrained by its below average asset quality and modest profitability.

We are of the view that the Covid-19 pandemic has increased the overall banking industry's risk profile by causing a substantial business downturn in almost all sectors, resulting in lower demand for loans and other banking services. In addition, a business slowdown will weaken borrowers' repayment capabilities, and asset quality deterioration will subsequently put additional pressure on banks' profitability and liquidity indicators. At the moment, we are of the view that Covid-19 bears a moderate impact on KB Bukopin's overall credit profile. Potential new delinquents on top of lingering legacy NPLs may put additional pressure on the Bank's overall asset quality, with its NPL ratio already weaker than the banking industry average in the past couple of years.

KB Bukopin is an Indonesian commercial bank focused on the retail business, which consists of the micro, small and medium-sized enterprise (MSME) and consumer segments. At the end of March 2021, its shareholders consisted of Kookmin Bank Co., Ltd with 67.00%, PT Bosowa Corporindo (10.04%), the Republic of Indonesia (3.18%), and the public (19.78%). As of March 2021, it was supported by 4,909 employees in its head office, 43 branches, 172 sub-branches, 192 other offices, and 855 ATMs.

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.