

An aerial photograph of a modern glass skyscraper, likely the BRI Tower, reflecting the surrounding city and sky. The building is surrounded by greenery and a highway. A semi-transparent blue rectangle is overlaid on the right side of the image.

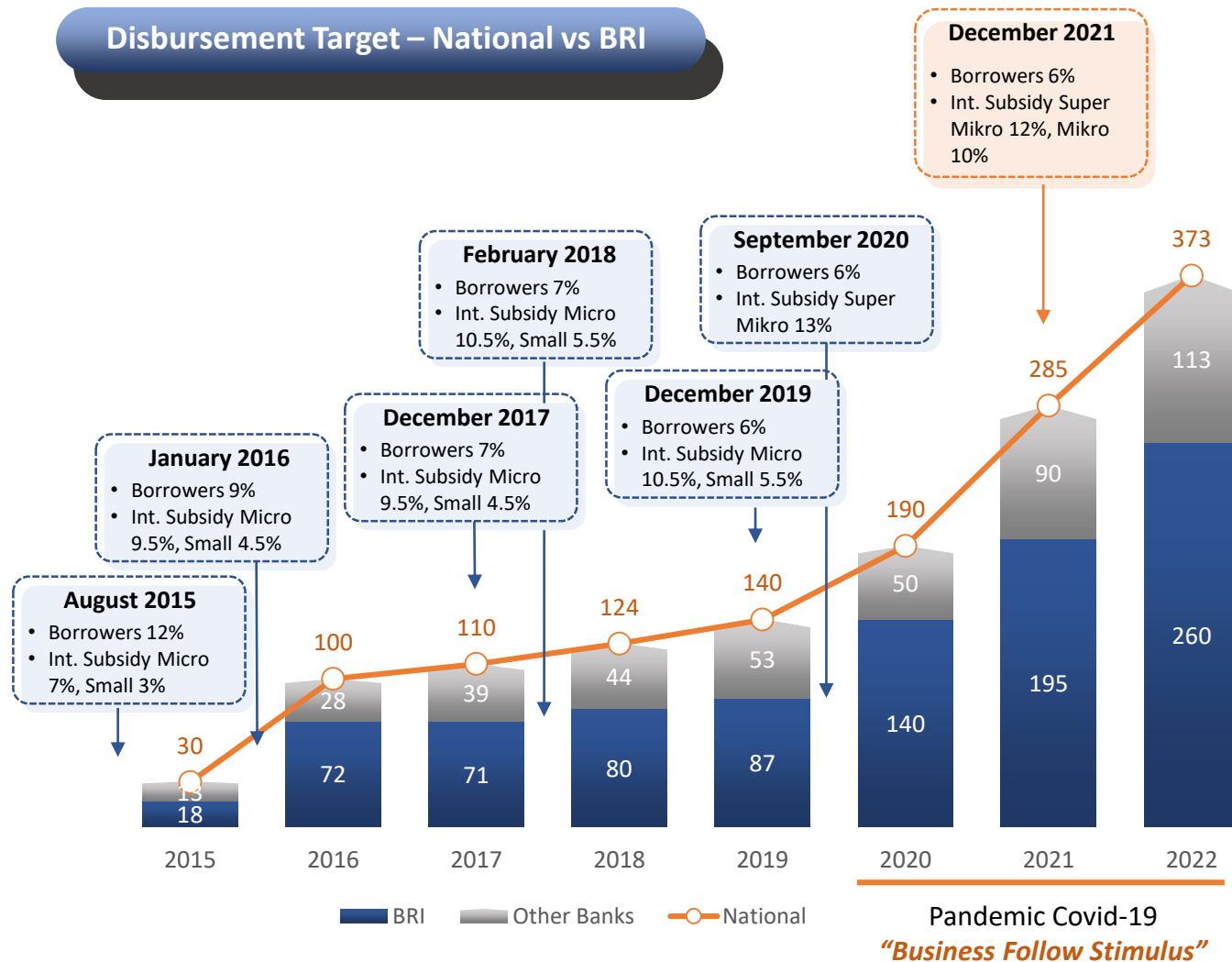
# MICRO BUSINESS UPDATE

January 2022

PT. BANK RAKYAT INDONESIA (PERSERO) Tbk.

# KUR JOURNEY BACKGROUND

## Disbursement Target – National vs BRI

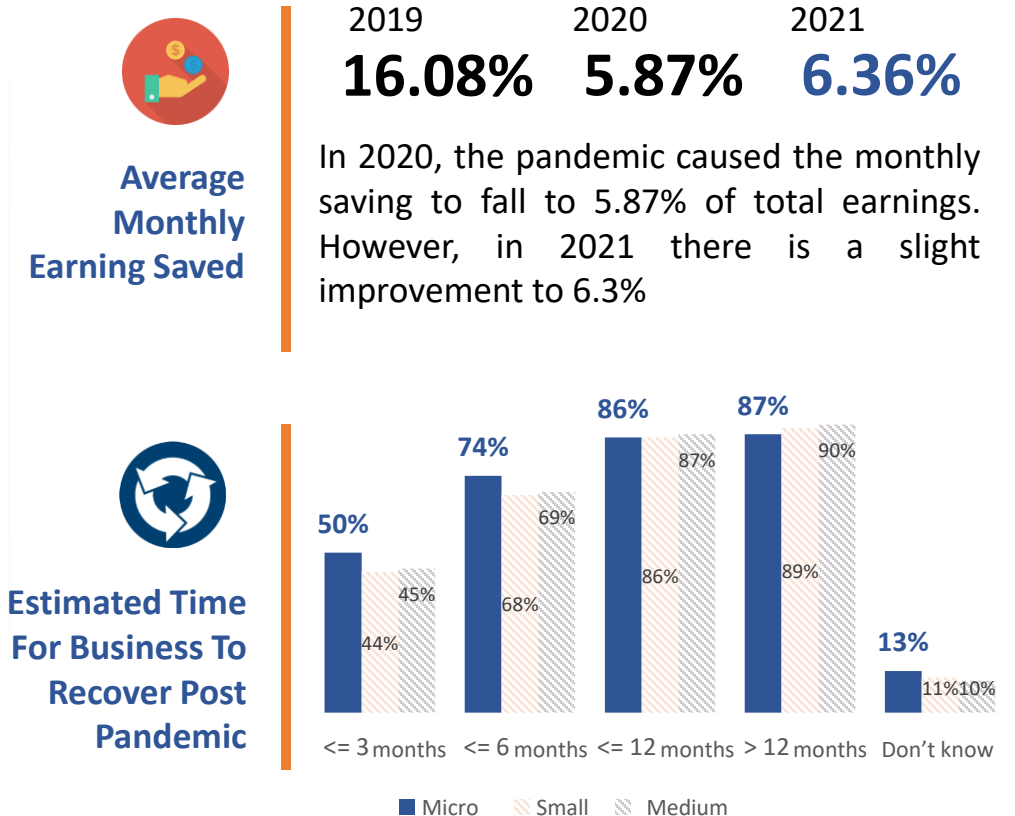


Aspiration to reach financial inclusion

Investor Relations Division

## Research on Micro Segment Resiliency During Covid-19 Pandemic

Conducted by BRI Micro Institute in cooperation with LPEM FEB UI to Micro borrowers through desk study, in-depth interviews and FGD



Despite the continuing economic recovery, the majority of the MSME require **more or less 12 months of recovery time** to return to their pre-pandemic condition

	KUR Super Micro		KUR Micro		KUR Small	
	2021	2022	2021	2022	2021	2022
Size (IDR)	Up to 10 mio	Up to 10 mio	>10 - 50 mio	>10 - 100 mio	>50 - 500 mio	>100 - 500 mio
Total Lending Rate	19.0%	18.0%	16.5%	16.0%	11.5%	11.5%
Interest paid by borrowers	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Govt' Subsidy to BRI	13.0%	12.0%	10.5%	10.0%	5.5%	5.5%
Insurance Premium	2.0%	2.0%	1.75%	1.75%	1.5%	1.5%
Collateral	NA	NA	NA	NA	> 50 – 100 Mio No Collateral > 100 – 500 Mio Based on bank's discretion	Based on bank's discretion

**... In 2022, KUR still becomes the growth driver since borrowers are still in recovery phase ...**

## KUR RELAXATION

- Government increased the upper limit for KUR Micro from up >Rp10-50 million to >Rp10-100 million
- Changes in the lower interest subsidy for KUR Super Micro by 100 bps and KUR Micro by 50 bps
- The changes in KUR scheme is expected to have minimum impact on margin considering higher micro loan composition due to significant increase in KUR quota, improved efficiency and productivity.

“BRI’s strategy to support the economic recovery and drive the loan growth is by actively improve the effectiveness and efficiency of stimulus disbursement, especially that can increase the purchasing power. Therefore our business strategy is *business follow stimulus*”

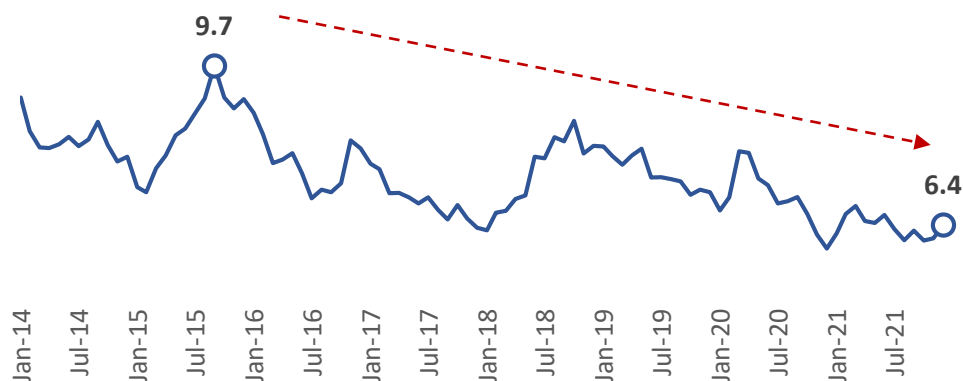
**Press Release**  
**30 December 2021**

# CHANGING INTEREST RATE ENVIRONMENT – PRODUCTIVITY & EFFICIENCY

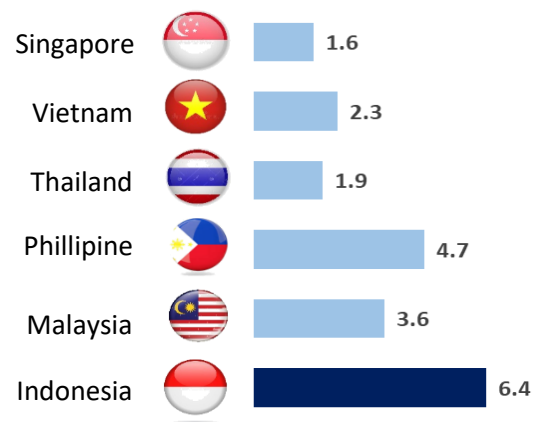
## Interest Rate Environment

(as of December 2021)

### Indonesia 10Yr Govt Yield



### SEA 10Yr Govt Yield

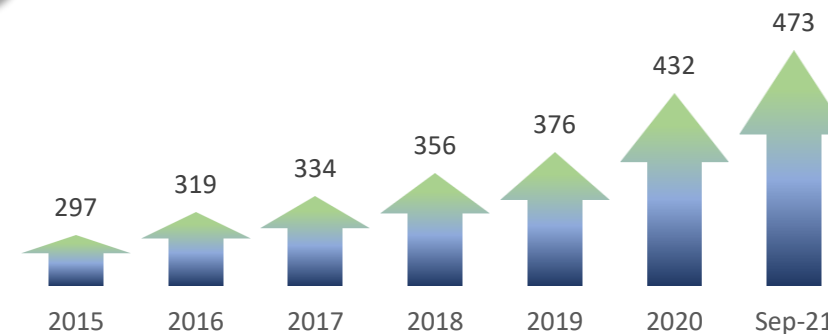


*...Indonesia is entering low interest rate environment, yet still offer attractive yield compared to other SEA country...*

*... Anticipating low interest rate environment, BRI actively improving productivity and efficiency to maintain its profitability...*

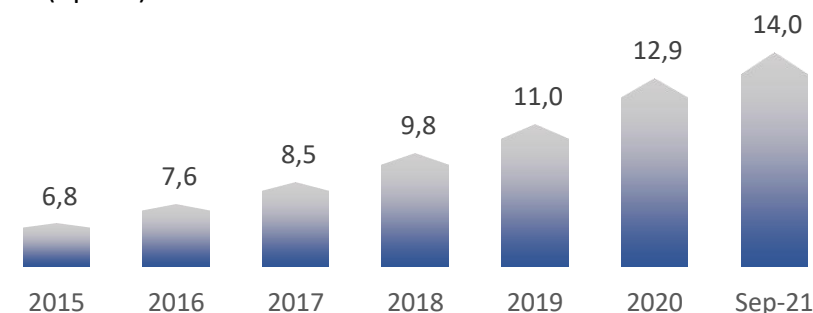


### # Borrower per Loan Officer



### Loan Outstanding per Loan Officer

(Rp bio)



### Cost Of Fund

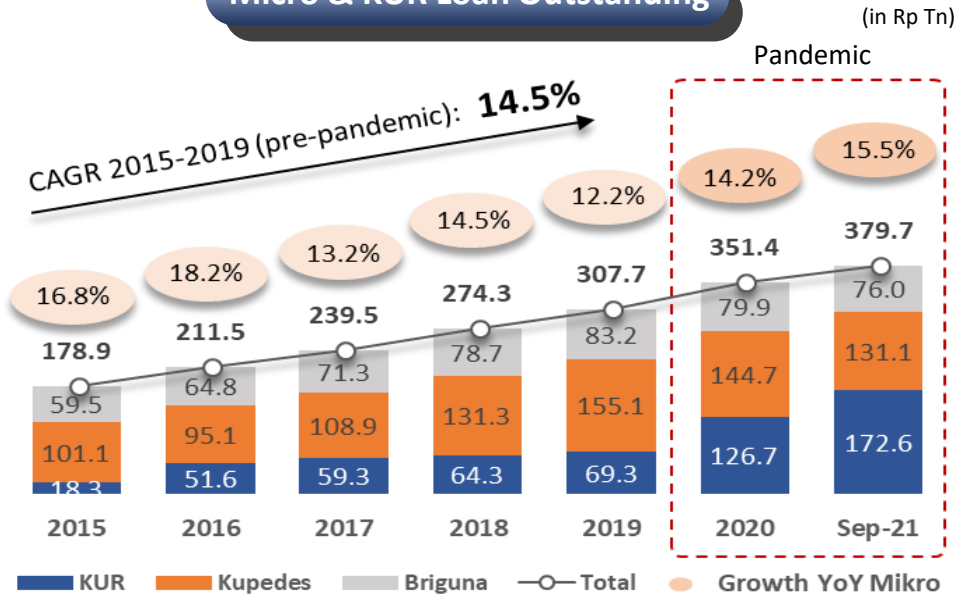
Pre-pandemic (2019)	3.58%	
Pandemic (Sep'21)	2.14%	
		-144 bps



# MICRO LOAN PERFORMANCE



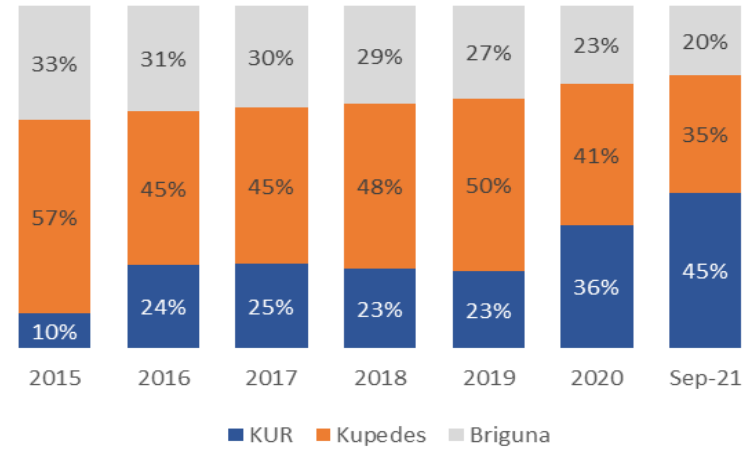
## Micro & KUR Loan Outstanding



## Growth YoY

	2016	2017	2018	2019	2020	Sep-21
KUR	182.4%	14.9%	8.5%	7.9%	82.8%	74.8%
Kupedes	-6.0%	14.5%	20.6%	18.1%	-6.7%	-12.3%
Briguna	8.9%	10.0%	10.4%	5.8%	-4.0%	-5.7%
<b>Total</b>	<b>18.2%</b>	<b>13.2%</b>	<b>14.5%</b>	<b>12.2%</b>	<b>14.2%</b>	<b>15.5%</b>

## Comp. to Total Micro



## Loan Quality

### NPL%

	2015	2016	2017	2018	2019	2020	Sep-21
KUR	1.1%	0.6%	1.0%	1.1%	1.1%	0.5%	1.1%
Kupedes	1.6%	1.7%	1.6%	1.4%	1.6%	1.3%	2.9%
Briguna	0.4%	0.3%	0.3%	0.3%	0.4%	0.5%	0.6%
<b>Total</b>	<b>1.1%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>1.0%</b>	<b>1.2%</b>	<b>0.8%</b>	<b>1.6%</b>

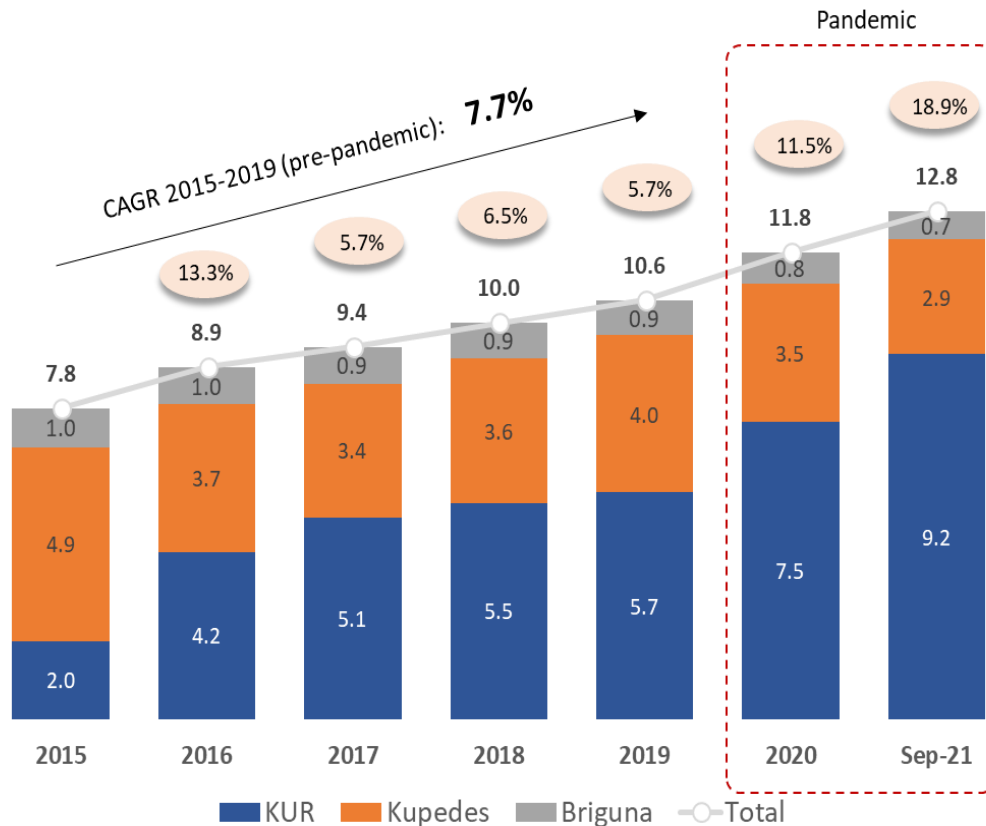
- Micro business consistently grew in double digits, even during the pandemic
- In line with the economic recovery efforts and pressure on borrowers' capacity, KUR become the growth driver of Micro segment, hence KUR composition increases significantly during the pandemic

- Before the pandemic, Kupedes was able to grow by double digits, which shows large Micro business potential
- Historically, Micro segment's NPL remains manageable at ~1%, even during the pandemic

# CROSS SELLING POTENTIAL THROUGH INCREASING CUSTOMER BASE



## #Borrowers – Micro & KUR



During the pandemic, BRI has been able to expand its customer base by double digits through KUR disbursement



## Savings

Dec 20

KUR Rp25.1 T  
(7.5% to Total Micro Deposits)

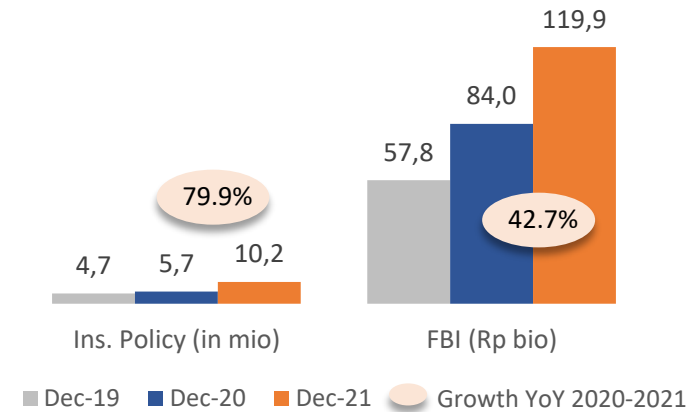
Sep 21

KUR Rp30.3 T  
(9.0% to total Micro Deposits)

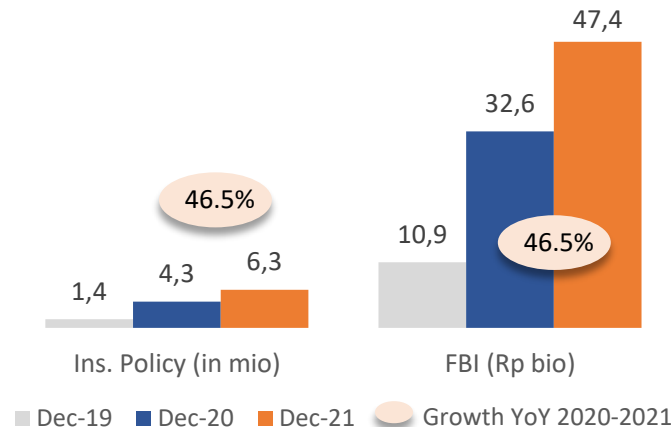
Increasing KUR disbursement also increase the number of Micro Deposit and its compositions coming from KUR borrowers



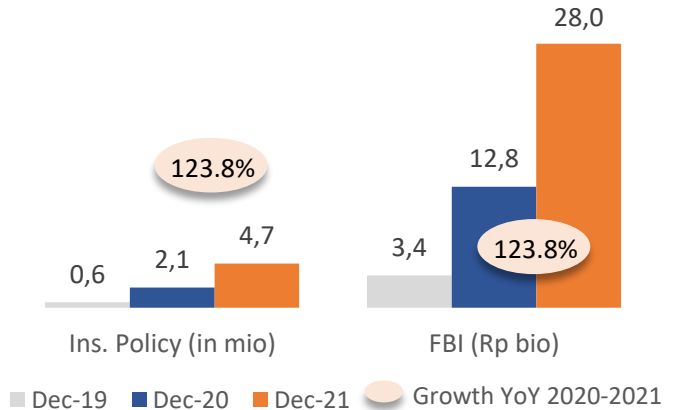
## # Micro Health Insurance (AMKKM)



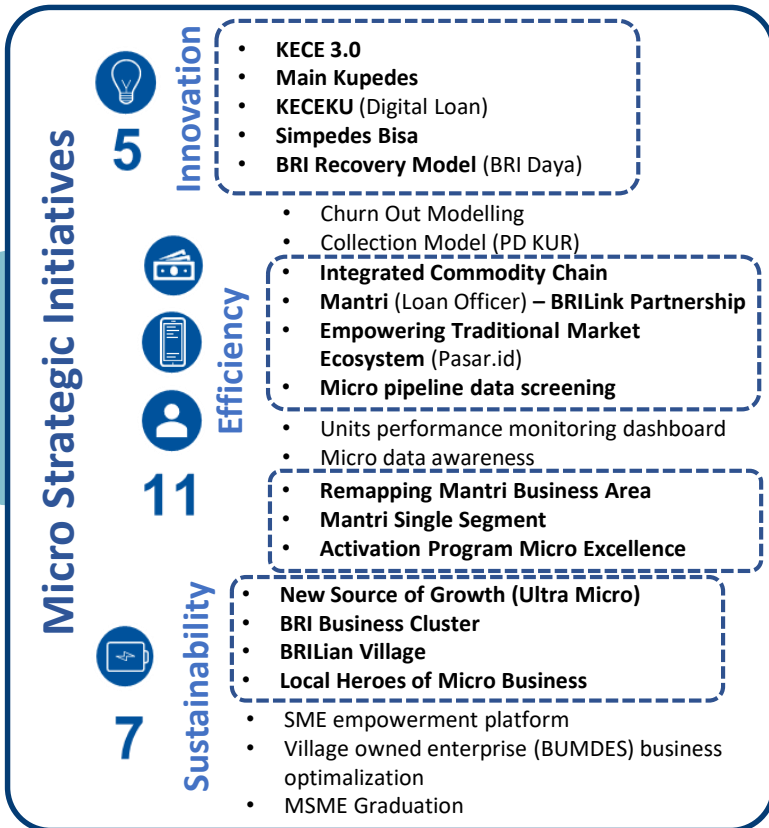
## # Micro Insurance - Rumahku



## # Micro Insurance - Damage to Business Premises



## Micro Business Holistic Strategy



## BAU Enhancement



### KUPEDES GROWTH



#### Business Process Enhancement

- Grace Period Scheme
- Main Kupedes (Hybrid Scheme)
- Kupedes Auto Renewal



#### Product Rejuvenate

- Scale-up Kupedes loan ceiling up to Rp 500 million
- Expansion of Kupedes Rakyat loan ceiling up to Rp 50 million



### KUR ALLOCATION



Growing customer base by maximizing KUR Allocation

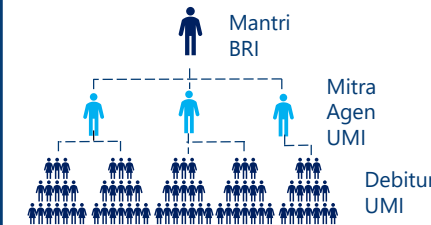
Year	Allocation
2020	Rp 140 T
2021	Rp 193 T
2022	Rp 260 T

## New Source of Growth

### Business Model : Mitra UMI

"280 thousand partner target in 2025"

Closer & more practical Access to Bank Loan  
(similar service to "Travelling Bank"/"Bank Titil")



### KECE Loan

- Digital based lending
- Service time in terms of hours
- Flexible installment (daily/weekly/monthly)
- Loan terms up to 3 months
- Maximum loan limit of Rp10 million
- 15%-20% interest (p.a.)

Progress  
13 Oct '21



6.747  
Active UMI  
Agents



1.381  
Borrowers



Rp 3,80 M  
Total  
Outstanding

... The Micro segment have prepared development strategy for Business as usual and building New Source of Growth as part of the **Micro Business Holistic Strategy** ...

# ULTRA MICRO HOLDING SYNERGY UPDATE

## CO-LOCATION

Expanding access for customers through network optimization



### Co-Location Synergy

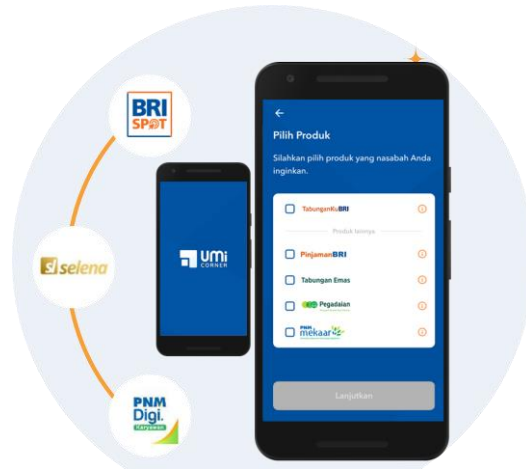
- Joint Branding, intensive marketing & integrated branch layout
- Wider customer access to UMI product
- Integrated customer journey

### Phase 1 Update

UMI Holding has established **153 Co-Location** outlets throughout Jawa and Lampung region,

## UMI CORNER

Integrated digital sales platform for joint acquisition



### Cross-Selling & Joint Acquisition Synergy

- BRI Micro Loan
- Pawn Lending
- Group Lending (Mekaar)
- Saving
- Gold Saving

### Phase 1 Update

Currently UMI Corner has been piloted by more than **~ 450 BRI, Pegadaian and PNM's sales force** that are located in the Co-Location Branch and can be accessed by all BRILink Agents/ UMI partners

## DATA ANALYTICS

Utilise big data analytics and AI to optimize UMI database



### Data Analytics Synergy

- Optimizing cross sell and customer acquisition process (Loan, Savings)
- Strengthen underwriting process

### Phase 1 Update

Currently there are **~22.5 million** customer's database identified based on measured parameter (i.e., personal information, business information, historical transaction)

## SYNERGY RESULT

### Co-Location (as of 25 Dec'21)

- Pawn Lending **~5k borrowers**
- Gold Saving **~7k depositors**
- Cash Deposit **~Rp87 bio**
- Cash Withdrawal **~Rp78 bio**

### # Referrals (as of 27 Dec'21) UMi Corner

- Mekaar **~23k borrowers**
- BRI Loan **~20k borrowers**
- Pawn Lending **~33k borrowers**
- Gold Saving **~67k depositors**
- Tabunganku BRI **~23k depositors**



1. Despite still in recovery phase, the economy is expected to improve in 2022. The significant increase in national KUR quota & scheme relaxation is expected to accelerate MSME recovery as the driver of Indonesia's economic growth
2. Considering the economy is still in the recovery phase, KUR loan scheme with the interest subsidy and insurance coverage remain preferable for loan expansion
3. To maintain profitability, since 2019 the micro segment continuously made improvements through innovations, improve efficiency and increase productivity
4. BRI participation in KUR is part of the strategy to increase the customer base as sustainable new source of growth for both loan and other product and services (i.e. savings and insurances)

# THANK YOU

PT BANK RAKYAT INDONESIA (Persero) Tbk.

Investor Relations

7<sup>th</sup> floor BRI II Building

Jl. Jenderal Sudirman No. 44-46 Jakarta 10210

Indonesia

Phone : 62 21 5752006/09, 5751952/79

Website : [www.ir-bri.com](http://www.ir-bri.com)

Email : [ir@bri.co.id](mailto:ir@bri.co.id)

Investor Relations Division

