

PT Jaminan Kredit Indonesia (Jamkrindo)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
Corporate Rating	<i>idAA+/Stable</i>	As of/for the year ended	*Sep-2021 (Unaudited)	Dec-2020 (Audited)	Dec-2019 (Audited)	Dec-2018 (Audited)
Rated Issues	N/A	Total assets [IDR bn]	26,070.1	19,122.8	16,770.3	15,146.1
Rating Period	<i>December 29, 2021 – December 1, 2022</i>	Total equity [IDR bn]	13,992.6	8,855.9	8,678.1	8,416.6
Rating History		Total investment [IDR bn]	15,275.5	12,320.8	11,398.7	10,534.1
<i>DEC 2020</i>	<i>idAA+/Stable</i>	Net guarantee fee [IDR bn]	3,199.3	2,773.5	2,240.4	1,309.8
<i>SEP 2019</i>	<i>idAA+/Stable</i>	Net claims [IDR bn]	2,297.7	2,334.7	2,231.5	1,195.0
<i>AUG 2018</i>	<i>idAA+/Stable</i>	Underwriting result [IDR bn]	886.1	257.0	(138.8)	103.8
<i>JUL 2017</i>	<i>idAA+/Stable</i>	Net income after tax [IDR bn]	554.7	456.1	198.9	397.5
<i>APR 2016</i>	<i>idAA+/Stable</i>	Total comprehensive income [IDR bn]	554.7	545.6	301.2	261.6
		ROAA [%]	**3.3	2.5	1.2	2.7
		Loss ratio [%]	71.8	84.2	99.6	91.2
		Net guarantee fee/equity [x]	**0.3	0.3	0.3	0.2
		Retention ratio [%]	86.2	83.4	84.7	79.8
		Equity/total assets [%]	53.7	46.3	51.7	55.6
		Gearing ratio [x]	17.8	22.2	18.4	17.2?
		Exchange rate [USD/IDR]	14,312	14,901	13,901	14,481

** The figures have not factored the restatement on the previous period yet*

*** 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.

PT Jaminan Kredit Indonesia (Jamkrindo) rated "idAA+" with stable outlook

PEFINDO has assigned its "idAA+" financial strength rating to PT Jaminan Kredit Indonesia (Jamkrindo). The outlook for the rating is "stable".

A guarantee company rated idAA has very strong financial security characteristics relative to those of other companies in Indonesia, differing only slightly from those rated higher. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The rating reflects Jamkrindo's important role to the Indonesian government, its very strong business position in the credit guarantee business, and its very strong capitalization profile. However, these strengths are partly offset by its moderate operating performance.

The rating may be raised if there is further evidence of stronger support from the government, accompanied by improvement on its profitability indicators on a sustainable basis. Conversely, the rating may be under pressure if there is a substantial decline in its business position, or if PEFINDO is of the view that there is a material decline in government support. Major disruption in the government's credit program may affect its business position as well as its importance to the government.

Following the release of audited financial statements for the year ended of December 31, 2020 (FY2020), we noted that there were corrections in regards to the method of calculation of liabilities for financial guarantee contracts for the year ended of December 31, 2019 (FY2019) and December 31, 2018 (FY2018). In previous version, the liabilities related to financial guarantee contracts were understated by IDR2.5 trillion (FY2019) and IDR1.9 trillion (FY2018). Accordingly, the financial statement has been restated resulting in Jamkrindo's equity to be restated to IDR8.7 trillion as of FY2019 and IDR8.4 trillion as of FY2018, from IDR12.0 trillion and IDR11.3 trillion, respectively.

Despite the very significant amount of restatement, we view the impact to the Company's financial indicators such as capitalization and liquidity profiles as manageable, particularly after the recent capital injection of Rp3 trillion related to the national economic recovery program (PEN). With this additional capital, Jamkrindo's equity base as of September 30, 2021 was recorded at IDR14.0 trillion, higher than the FY2019 pre-restatement figure of Rp12.0 trillion. In addition, given its important role for the Indonesian government, PEFINDO expects very strong and timely Government support to ensure Jamkrindo's financial resilience. Regardless of the indication of potential deficiency on its corporate governance in the past, as reflected on the significant value of the restatement, we view that this risk can be significantly mitigated with strict supervision from PT Bahana Pembinaan Usaha Indonesia (Persero) (BPUI), the holding company for state-owned insurance and guarantee companies. Jamkrindo must follow the parent company's standard corporate governance practices including accounting, risk management, and underwriting policies. Given the close oversight, we expect further material developments or incidences are unlikely to happen again in the upcoming audit process.

Jamkrindo was established in 1970 as Lembaga Jaminan Kredit Koperasi (LJKK). Jamkrindo is owned by PT Bahana Pembinaan Usaha Indonesia (Persero) at 99.99%, while the remaining share owned by the Government of Indonesia through its Serie A *Dwiwarna* share. It provides credit guarantee services to micro, small and medium-sized enterprises (MSMEs) through various guarantee products. It has been a guarantor of the KUR, a government loan program since 2007. In addition to its head office in Jakarta, it had 55 branch offices and 16 unit offices in major cities in Indonesia, with 982 permanent employees as of September 30, 2021.

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.