

PT Asuransi Kredit Indonesia

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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	-	Total Assets [IDR Bn]	28,561.3	22,066.4	19,711.1	16,719.8
Rating Period	<i>December 29, 2021 – December 1, 2022</i>	Total Equity [IDR Bn]	10,799.6	7,427.0	6,262.2	6,345.3
Rating History		Total Investment without Cash [IDR Bn]	13,044.3	10,270.2	9,070.1	8,415.0
<i>DEC 2019</i>	<i>idAA+/Stable</i>	Net Premium Written [IDR Bn]	3,742.6	4,318.0	3,604.4	3,016.3
<i>DEC 2018</i>	<i>idAA+/Stable</i>	Net Claims [IDR Bn]	1,841.2	2,113.3	2,526.1	1,828.6
<i>DEC 2017</i>	<i>idAA+/Stable</i>	Underwriting Result [IDR Bn]	932.0	1,494.3	254.6	511.8
<i>DEC 2016</i>	<i>idAA+/Stable</i>	Net Income After Tax [IDR Bn]	917.0	1,108.9	153.7	509.2
<i>DEC 2015</i>	<i>idAA+/Stable</i>	ROAA [%]	***4.8	5.3	0.8	3.2
		Loss Ratio [%]	49.2	48.9	70.1	60.6
		Net Premium Written / Equity [x]	***0.5	0.6	0.6	0.5
		Retention Ratio [%]	78.4	67.2	61.1	68.6
		Equity/Total Assets [%]	37.8	33.7	31.8	38.0
		Risk Based Capital; RBC [%]	587.8	403.2	345.7	422.1
		USD Exchange Rate [IDR/USD]	14,307	14,050	13,901	14,481

** Based on stand-alone financial statement (not consolidated with subsidiaries)*

*** 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 Asuransi Kredit Indonesia (Askrindo) rated "idAA+" with stable outlook

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

An insurer 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 its category.

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

The rating may be raised if the government strengthens its support, accompanied by improvements in its financial indicators on a sustained basis. Conversely, the rating may be under pressure if the government support weakens markedly due to the diminishing role of Askrindo in supporting government programs.

Following the releases of the audited financial statements for the year ended of December 31, 2020 (FY2020) in November 2021, and the audited financial statements for the year ended of December 31, 2019 (FY2019) in June 2021, we noted some errors in the presentation of premium reserves and claims as required by the PSAK 62 due to inappropriate calculations and the use of data as well as assumptions in the calculation process. These errors resulted in the understatement of the Group's premium reserve and claim balances as of December 31, 2018 (FY2018) and December 31, 2017 (FY2017). Accordingly, the restatement of the financial statements reduced Askrindo's equity to IDR6.3 trillion and IDR5.8 trillion as of FY2018 and FY2017, from IDR8.7 trillion and IDR8.2 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, Askrindo's equity base as of September 30, 2021 was recorded at IDR10.8 trillion, higher than the FY2018 pre-restatement figure of Rp8.7 trillion. In addition, given its important role for the Indonesian government, PEFINDO expects very strong and timely Government support to ensure Askrindo'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. Askrindo 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 occur in the upcoming audit process.

Askrindo provides insurance services for government's micro credit program (KUR), bank loans and non-bank financing, trade credit insurance, surety and customs bonds, general insurance, and reinsurance services. Askrindo is 99.99% owned by PT Bahana Pembinaan Usaha Indonesia and the remainder by the Government of Indonesia through its Serie A *Dwiwarna* share.

DISCLAIMER

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