

PT Jamkrida Jateng

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
Corporate Rating	<i>idBBB/Stable</i>	As of/for the year ended	Mar-2021 (Unaudited)	Dec-2020 (Audited)	Dec-2019 (Audited)	Dec-2018 (Audited)
Rated Issues	-	Total assets [IDR bn]	360.6	331.9	277.5	227.5
		Total equity [IDR bn]	173.9	169.7	162.5	154.3
		Total investment [IDR bn]	143.1	138.6	131.1	116.9
Rating Period	July 6, 2021 – June 1, 2022	Net guarantee fee [IDR bn]	12.9	50.7	40.6	25.1
		Net claims [IDR bn]	3.7	19.2	16.6	8.9
		Underwriting result [IDR bn]	5.8	21.4	18.0	12.9
Rating History	-	Net income after tax [IDR bn]	3.6	13.8	12.4	8.6
		Total comprehensive income [IDR bn]	3.6	15.5	14.0	6.5
		ROAA [%]	*4.2	4.5	4.9	4.3
		Loss ratio [%]	28.6	37.9	40.9	35.6
		Net guarantee fee/Equity [x]	*0.3	0.3	0.2	0.2
		Retention ratio [%]	73.0	76.7	79.6	81.1
		Equity/Total assets [%]	48.2	51.1	58.6	67.8
		Gearing ratio [x]	20.6	19.6	20.7	21.0
		USD exchange rate [IDR/USD]	14,572	14,105	13,901	14,481

*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.

Jamkrida Jateng rated "idBBB" with stable outlook

PEFINDO has assigned its "idBBB" rating to PT Jamkrida Jateng (Jamkrida Jateng). The outlook for the rating is "stable".

A guarantee provider rated idBBB has adequate financial security characteristics relative to other companies in Indonesia, but is more likely to be affected by adverse business conditions than higher rated guarantee providers.

The rating reflects the Company's important role to the Provincial Government of Central Java (the Parent) and moderate operating performance. The rating is constrained by its below average market position and limited potential for revenue generation.

The rating may be raised if Jamkrida Jateng significantly and sustainably improves its business presence in the credit guarantee industry, accompanied by steady revenue. The rating may be lowered if PEFINDO views a weakening degree of support from the Parent. Rating pressure may also come from a sharp decline in its market position, or if its capitalization or liquidity profile weakens substantially.

We are of the view that the Covid-19 pandemic has moderately impacted the credit guarantee industry's generation of new business resulting from declining new loan disbursements by banks and finance companies. Moreover, claim activities may increase following the economic downturn affecting debtors' repayment capacity, although this is partly mitigated by the relaxation scheme for eligible debtors affected by the Covid-19. We expect the credit guarantee industry to further augment its reserve provision due to the underwriting losses. The prevailing low interest rate and heightening investment market volatility will also weigh on industry players' profitability and slow down capital accumulation over the near term. However, credit guarantee companies typically have a key position in their niche market and manage modest growth in their guarantee volumes. We expect the industry to maintain a sufficient buffer over its regulatory solvency requirements, supported by a re-guarantee scheme. We view the industry's liquidity as adequate with sufficient holdings of liquid assets, remaining supportive of its short-term repayment needs.

We are of the view that the impact of the Covid-19 on Jamkrida Jateng's overall credit profile will remain manageable given the majority of its gross guarantee fee is generated from multi-purpose loans extended to civil servants (PNS), which employment status should remain relatively unchanged during the pandemic. As the loans entail low risk due to the salary deduction scheme, we are of the view that the debtors' repayment capacity is less vulnerable to the pandemic, mitigating potential higher claim to Jamkrida Jateng as the credit guarantee provider.

Jamkrida Jateng was established in December 2014 to provide credit guarantee services to cooperatives, and micro, small and medium-sized enterprises (MSMEs), particularly in Central Java province through various guarantee products. It provides credit guarantees for productive and consumer loans, as well as management consultancy assistance. As of March 31, 2021, its shareholders consisted of the Provincial Government of Central Java (95.27%), KPRI Bhakti Praja (1.36%), Regency Government of Demak (1.36%), Regency Government of Temanggung (0.37%), and Regency Government of Grobogan (1.64%).

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.