

PT Sinarmas Penjaminan Kredit (SPK)

Financial Strength rating *ir*AA/Stable

Rated Issues -

“Surety Company with *ir*AA rating has a very high level of certainty to honor the financial obligations. There is, however, a slight difference in the rating scale with the highest qualification level of Surety Company.”

Rating Period
July 28, 2022 – August 1, 2023

Rating History
April, 2021 *ir*AA/Stable

Kredit Rating Indonesia assigns ‘*ir*AA’ rating to PT Sinarmas Penjaminan Kredit.

Kredit Rating Indonesia (KRI) assigns a financial strength rating of ‘*ir*AA’ for PT Sinarmas Penjaminan Kredit (SPK or the Company) with “Stable” outlook. The rating reflects SPK’s sound capitalization, strong liquidity and parent support. However, significant decrease of SPK’s revenue is also considered in the rating.

SPK is a surety company that was established in 2019 and started running its business in 2020 after obtained business license from OJK in 2020. As the newest company in industry, SPK secured relatively high revenue with Net Return Guarantee Services (Net RGS) of IDR335.7Bn in 2020 (11% market share). However, in 2021 its Net RGS decreased significantly to IDR56.3Bn and shrank its market size to 1.2%. The company has implemented stringent underwriting policy and is constrained in collaborating with banks due to its early operational age.

SPK is owned by PT Asuransi Sinar Mas (ASM/*ir*AAA) with 75% ownership and PT Reasuransi Nusantara Makmur (*ir*AA-) of 25% share ownership. As a subsidiary of ASM (*ir*AAA), SPK has the advantage of utilizing the network owned by ASM which is spread across various regions. ASM as the parent company of SPK also has given full guarantee for SPK in case there is liquidity difficulty in foreseeable future. However, in terms of beneficiaries (policy holders), the contribution from Sinarmas group has decreased from 24.9% in 2021 to only 2.7% as of May 2022.

In 2021, the Company recorded liquidity ratio of 9087% (2020:5009%), higher than minimum requirement of 120% based on OJK regulations. Its liquidity ratio was highest compare to its peers. We believe that the Company is liquid enough to cover sudden current liabilities. SPK’s gearing ratio was also improved to 9x from 27x in 2020.

SPK has 6 types of products: Credit Guarantee, Surety Bond, Bank Guarantee, Trade Guarantee, Customs Bond, Excise Bond. In 2021, 99.8% of Guarantee Fee's contribution came from credit guarantees and 0.2% from surety bond. In addition, SPK has established a sharia business unit as one of its revenue contributors. As the only private surety company with nationwide guarantee capability, SPK has no direct competitor in the industry.

Downward rating pressures can come from further declining market share and significant decrease of liquidity ratio, which eroding the Company’s ability to mitigate risk from its underwriting and investment activities.

SPK Financial Results Highlights

For the years ended	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Unaudited)
Total Assets (IDR, Bn)	3,311.4	3,289.4	152.5
Total Equity (IDR, Bn)	172.5	166.4	152.4
Total Investment exc. Cash (IDR, Bn)	458.2	340.9	151.3
Net Guarantee Revenue (IDR, Bn)	56.3	335.7	0.0
Net Claims (IDR, Bn)	69.5	340.2	0.0
Underwriting Result (IDR, Bn)	(13.2)	(4.6)	0.0
Net Income After Tax (IDR, Bn)	6.9	9.3	2.4
ROAA (%)	0.2	0.3	1.6
Net Guarantee Revenue / Equity (x)	0.3	2.0	0.0
Equity/Total Assets [%]	5.2	5.1	99.9
Gearing Ratio (x)	9.3	27.1	0.0

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