

## PT Capital Strategic Invesco

**Company rating** *irA-/Stable*

**Rated Issues**

Proposed MTN Capital Strategic Invesco III Tahun 2022 *irA-*  
 MTN Capital Strategic Invesco I Tahun 2022 *irA-*  
 MTN Capital Strategic Invesco II Tahun 2022 *irA-*

**Rating Period**

September 14, 2022 – September 1, 2023

**Rating History**

May 2022 *irA/Stable*  
 January 2022 *irA/Stable*  
 December 2021 *irA/Stable*

"Debt Securities with an *irA* rating has a high level of certainty to honor its obligations, but it can be affected by adverse changes in business and economic conditions, relative to debt securities with a higher rating"

The minus sign (-) indicates that the rating is still higher than the rating category below, although it is closer to the lower rating than it is to the higher rating category.

### Kredit Rating Indonesia assigns '*irA-*' rating to Proposed MTN Capital Strategic Invesco III Tahun 2022 totaling IDR1 trillion

Kredit Rating Indonesia (KRI) assigns '*irA-*' rating to Proposed MTN Capital Strategic Invesco III Tahun 2022 totaling IDR1 trillion. At the same time, KRI has lowered the ratings for PT Capital Strategic Invesco (CSI or the Company), MTN Capital Strategic Invesco I Tahun 2022 and MTN Capital Strategic Invesco II Tahun 2022 to '*irA-*' from '*irA*'. The downgrade reflects weakened credit quality of CSI's main subsidiaries. The outlook for the company rating is stable.

CSI is parent company of PT Capital Financial Indonesia Tbk (CASA) is a listed holding company with subsidiaries mainly engaged in financial services. Through CASA's subsidiaries, the Company provides banking, life insurance, venture capital, capital market, and financial technology services. The Company recorded IDR38.1 trillion of assets and IDR15.6 trillion of revenue as of FY2021. Major contributors of CSI's asset are coming from Banking (59%), and Life Insurance (29%), while the main contributors of revenue are premium (89%) and interest income from loans (5%).

KRI evaluates CSI's rating based on the credit quality of CASA's major subsidiaries, which are Bank Capital Indonesia, Capital Life Indonesia, and Capital Life Syariah. The credit profile of Bank Capital Indonesia and Capital Life Indonesia is the main anchor of CASA's credit rating as BACA is the largest contributor of CASA in terms of asset and CLI in term of revenue.

PT Bank Capital Indonesia Tbk (BACA) is one of listed banks in Indonesia with IDR22.3 trillion of asset, however the bank recorded only IDR2.4 trillion or 0,04% loan market share as of 1H2022 (FY2021: IDR2.3 trillion). The bank's total loan was decreased significantly from IDR6.4 trillion in 2020 and IDR9.7 trillion in 2019, The decrease in the number of BACA loans in June 2022 was due to the company's strategy to change the debtor segmentation from corporate to retail which has started since 2020. BACA's NIM decreased to -4.1% in December 2021 from 0.3% in 2020 and 2.0 in 2019. BACA's ROA stood at 0.09% as of December 2021, decreased from 0.31% at 2020 but improved from 0.09% at end 2019 though still lower than industry's average of 1.84%. BACA's NPL decreased from 3.5% in 2019 to 0.00% in Dec 2021 (NPL industry: 3.0%) as BACA writes off non-performing loans amounting Rp4.5 trillion in the previous year. The CAR level was in adequate level of 12.7% at FY19, 18.1% at FY20 and 40.5% in December 2021.

PT Capital Life Indonesia (CLI) provides life insurance service with 4.8% market share in terms of gross written premium (GWP) as of 1H2022. CLI recorded GWP of IDR4.07 trillion in 1H22, decreased from the 1H21 with GWP of IDR7.15 trillion. CLI's policyholders increased from 37,883 in FY18 to 156,052 in FY21. CLI recorded 4.9% of ROE with RBC stood at 326% as of 1H2022, higher than regulatory requirement of 120%.

PT Capital Life Syariah (CLS) is one of CASA subsidiaries in sharia life insurance with 42.5% market shares in terms of GWP as of 1H2022. CLS recorded GWP of IDR87.9 billion as of 1H2022, increased from IDR86.2 billion in the previous year. CLS's policyholders significantly increased from 2,757 in FY18 to 11,533 in FY21. CLS recorded 7,1% of ROE and RBC stood at 798% as of 1H2022, far higher than OJK requirement of 120%.

## CSI Financial Results Highlights

As of/For the year ended	Jun 2021 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	37,879.82	38,130.01	33,838.98	35,981.70
Total Equity (IDR, Bn)	4,638.00	4,527.11	3,775.14	3,334.77
Total Revenue (IDR, Bn)	5,236.03	15,562.57	16,237.54	12,357.90
Total Expense (IDR, Bn)	5,153.39	15,501.93	11,706.99	12,184.96
Net Income (IDR, Bn)	7.14	46.98	105.40	15.00
Debt to Equity Ratio (x)	0.64	0.37	0.31	0.35
Liabilities/Total Assets (%)	87.72	88.09	88.80	90.69
Return On Asset (%)	0.02	0.11	0.31	0.04
Return On Equity (%)	0.15	0.95	2.79	0.45

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