

PT Capital Strategic Invesco

Company rating

irA-/Stable

Rated Issues

MTN Capital Strategic Invesco I Tahun 2022

irA-

MTN Capital Strategic Invesco II Tahun 2022

irA-

Rating Period

September 5, 2023 – September 1, 2024

Rating History

September, 2022

irA-/Stable

May, 2022

irA/Stable

January, 2022

irA/Stable

December, 2021

irA/Stable

"Debt Securities with *irA* rating has a high level of certainty to honor its financial 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 has affirmed '*irA-*' rating to MTN Capital Strategic Invesco II Tahun 2022 and MTN Capital Strategic Invesco I Tahun 2022

Kredit Rating Indonesia (KRI) has affirmed a Company Rating of '*irA-*' for PT Capital Strategic Invesco (CSI or the Company) with a "Stable" outlook. At the same time, KRI has affirmed '*irA-*' ratings to MTN Capital Strategic Invesco II Tahun 2022 totalling IDR750 billion and MTN Capital Strategic Invesco I Tahun 2022 totalling IDR700 billion. The rating reflects the credit quality of CSI's major subsidiaries.

CSI is parent company of PT Capital Financial Indonesia Tbk (CASA/*irA-*) 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 IDR34.9 trillion of assets and IDR11.1 trillion of revenue as of FY22. Major contributors of CSI's assets come from Banking (59.1%), and Life Insurance (29.6%), while the main contributors of revenue are premium (82.4%) and interest income from loans (5.6%).

KRI evaluates CSI's rating based on the credit quality of CASA's major subsidiaries, which are PT Bank Capital Indonesia Tbk (BACA/*irBBB+*) and PT Capital Life Indonesia (CLI/*irA*). The credit profile of BACA and CLI is the main anchor of CASA's credit rating as BACA is the largest contributor of CASA in terms of assets and CLI in terms of revenue.

BACA is one of listed banks in Indonesia with IDR21.39 trillion of asset, however the bank recorded only IDR7.09 trillion or 0,11% loan market share as of 1H23 (FY22: IDR2.89 trillion; FY21:IDR2.31 trillion). BACA's experienced significant loan growth from IDR2.89 trillion in FY22 to IDR7.11 trillion in 1H23, even though the majority of the contributors to BACA's loan portfolio consisted of the corporate sector. BACA's strategy to change debtor segmentation from corporate to retail through a takeover process seems to have been delayed due to the negative issue of pension credit. BACA's NIM decreased to -3.76% in June 2023 from 0.32% in 2020 and 1.97% in 2019. BACA's ROA stood at 0.20% as of June 2023, increased from 0.15% at 2022, though still lower than industry's average of 2.73%. BACA's NPL decreased from 3.5% in 2019 to 0.00% in Dec 2020 and maintained at the same level until 1H23 (NPL industry: 2.44%). The CAR level was in adequate level of 33.26% at June 2023 (FY22: 32.26%; FY21: 40.5.2%).

CLI provides life insurance service with 4.35% market share in terms of gross written premium (GWP) as of 1H2023. CLI recorded GWP of IDR3.31 trillion in 1H23, decreased from the 1H21 with GWP of IDR4.07 trillion. CLI's policyholders decreased from 15,241 in FY19 to 3,609 in 1H22. CLI recorded 0.79% of ROA with RBC stood at 349% as of 1H23, higher than regulatory requirement of 120%.

CSI Financial Results Highlights (Consolidated)

As of/For the year ended	Mar 2023 (Unaudited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Assets (IDR, Bn)	36,567.05	34,923.02	38,114.89	33,823.87
Total Equity (IDR, Bn)	2,211.72	2,132.84	1,107.12	875.80
Total Revenue (IDR, Bn)	2,164.85	11,103.68	15,562.57	16,237.54
Total Expense (IDR, Bn)	2,143,18	10,953,83	15,501,93	11,706,99
Net Income (IDR, Bn)	1.21	822.14	42.98	105.39
Debt to Equity Ratio (x)	1.22	1.38	1.54	0.79
Liabilities/Total Assets (%)	83.09	82.68	88.12	88.84
Return On Asset (%)	0.01	2.25	0.12	0.30
Return On Equity (%)	0.22	50.75	4.33	13.29

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