

**KREDIT RATING INDONESIA****PT Capital Financial Indonesia Tbk****Company Rating** *irA-/Stable***Rated Issue**

MTN Capital Financial Indonesia Tahun 2021

*irA-***Rating Period**

September 30, 2022 – October 1, 2023

**Rating History**

October, 2022

*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 lowered MTN Capital Financial Indonesia Tahun 2021 rating to '*irA-*'**

Kredit Rating Indonesia (KRI) lowered MTN Capital Financial Indonesia Tahun 2021 rating to '*irA-*'. At the same time, KRI has lowered the rating for PT Capital Financial Indonesia Tbk (CASA or the Company) to '*irA-*' from '*irA*'. The downgrade reflects weaken credit quality of CASA's main subsidiaries. The outlook for the company rating is stable.

CASA is a listed holding company with subsidiaries mainly engaged in financial services. Through its 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 CASA's asset are coming from Banking (57%), and Life Insurance (29%), while the main contributors of revenue are insurance premium (84%) and interest income from loans (6%).

KRI evaluates CASA rating based on the credit quality of 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, with total loan only IDR2.4 Trillion dropped from IDR6.4 trillion in 2020 and IDR9.7 trillion in 2019. The bank's total loans only represent 0,04% of the industry. The decrease in the bank's total loans due to the company's plan to more focused on retail loans segment. However, as to date, the process of improvement in the bank's technology and distribution channel capability is not finished yet to support the bank's capability to improve its retail customer base. As a result, BACA's NIM declined to -4.1% in December 2021 from 0.3% in 2020 and 2.0 in 2019. Return on asset 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. In addition, BACA must increase its common equity to fulfil OJK's requirement of at least IDR3.0 trillion by the end of 2022.

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. In the future, CLS plans to develop several sharia life insurance products to meet market demand. CLS recorded 7,1% of ROE and RBC stood at 798% as of 1H2022, far higher than OJK requirement of 120%.

**CASA Financial Results Highlights (Consolidated)**

As of/For the year ended	Jun 2021 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	36,443.77	38,129.56	33,838.54	35,981.24
Total Equity (IDR, Bn)	8,405.98	8,272.94	7,790.62	7,380.71
Total Revenue (IDR, Bn)	5,236.03	15,562.57	11,756.82	12,357.90
Total Expense (IDR, Bn)	5,152.83	15,501.93	11,706.99	12,184.96
Net Income (IDR, Bn)	29.29	42.98	105.40	14.77
Debt to Equity Ratio (x)	0.18	0.21	0.09	0.09
Liabilities/Total Assets (%)	76.89	78.26	76.93	79.45
Return On Asset (%)	0.16	0.11	0.31	0.04
Return On Equity (%)	0.70	0.52	1.35	0.20

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