

PT Capital Financial Indonesia Tbk

Company Rating *irA-/Stable*

Rated Issue

MTN Capital Financial Indonesia Tahun 2021 *irA-*

Rating Period

November 5, 2024 – November 1, 2025

Rating History

September, 2024	<i>irA-/Stable</i>
September, 2023	<i>irA-/Stable</i>
September, 2022	<i>irA-/Stable</i>
October, 2021	<i>irA-/Stable</i>

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

Kredit Rating Indonesia (KRI) has affirmed a Company Rating of '*irA-*' for PT Capital Financial Indonesia Tbk (CASA or the Company) with a "Stable" outlook. At the same time, KRI has also affirmed '*irA-*' rating to MTN Capital Financial Indonesia Tahun 2021 totalling IDR1.0 trillion. The rating still reflects the credit quality of CASA's major subsidiaries.

CASA, a publicly listed holding company, operates primarily in the financial services sector through its various subsidiaries. Its diverse business portfolio encompasses banking, life insurance, venture capital, capital markets, and financial technology services. As of August 31, 2024, CASA recorded total assets of IDR32.2 trillion and generated revenue of IDR4.68 trillion. Banking constitutes the largest portion of its assets, contributing 66.58%, followed by conventional life insurance at 13.53%. On the revenue side, insurance premiums lead contributes with 67.55%, while interest income from loans accounts for 13.48%.

KRI evaluates CASA rating based on the credit quality of 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, a listed bank in Indonesia, possesses IDR20.38 trillion in assets. However, as of the first half of 2024, its loan market share stood at only 0.09%, equivalent to IDR7.08 trillion (FY23: IDR7.02 trillion; FY22: IDR2.89 trillion; FY21: IDR2.31 trillion). BACA experienced significant loan growth from IDR2.89 trillion in FY22 to IDR7.02 trillion in FY23, primarily driven by the corporate sector. The bank's strategic shift in debtor segmentation from corporate to retail, planned through a takeover process, is facing delays due to challenges surrounding pension loans. In the interim, while awaiting the acquisition's finalization and necessary infrastructure preparation, BACA is expanding its credit portfolio by focusing on corporate loans, particularly in the real estate sector.

BACA's net interest margin has shown improvement, although it remains negative at -0.74% in 1H24 (FY23: -2.95%; FY22: -3.31%; FY21: -4.14%). This improvement aligns with the increase in loan disbursements in recent years. On the other hand, BACA's Non-Performing Loan (NPL) ratio decreased significantly from 3.5% in FY19 to 0.00% in FY20, due to the bank's efforts to write off non-performing loans during that year. The NPL ratio has remained at a low level of 0.07% in 1H24, outperforming the industry average of 2.26%. BACA's Capital Adequacy Ratio remains robust at 33.80% as of 1H24 (FY23: 35.57%; FY22: 32.26%; FY21: 40.52%).

CLI, a provider of conventional life insurance services, currently holds a 3.48% market share based on Gross Written Premium (GWP) as of June 2024. However, the Company recorded a GWP of IDR2.08 trillion in the 1H2024, marking a decrease from IDR5.45 trillion in 2023. This decline is attributed by CLI's strategic shift towards prioritizing traditional risk-based general insurance products since 2022. CLI demonstrates financial strength with a return on average assets of 0.60% and a robust Risk-Based Capital (RBC) ratio of 275.45% as of August 31, 2024. This RBC ratio comfortably surpasses the regulatory requirement of 120%.

CASA Financial Result Highlights (Consolidated)

As of/For the years ended	Aug 2024 (Unaudited)	Dec 2023 (Audited)	Dec 2022 (Audited)	Dec 2021 (Audited)
Total Adjusted Assets (IDR, Bn)	32,188.00	30,792.33	34,922.50	38,114.45
Total Adjusted Debt (IDR, Bn)	1,015.83	1,252.40	1,506.56	1,710.47
Total Adjusted Equity (IDR, Bn)	7,249.38	6,912.93	7,206.05	6,886.22
Total Revenue (IDR, Bn)	4,679.22	7,596.47	11,103.68	15,562.57
Total Operating Expense (IDR, Bn)	3,873.51	7,397.01	10,952.94	15,501.93
Net Income After Tax (IDR, Bn)	66.61	96.83	34.89	42.98
Debt to Equity Ratio (x)	0.14	0.18	0.21	0.25
Liabilities/Total Assets (%)	72.26	72.05	74.59	78.29
Return On Asset (%)	0.22	0.29	0.10	0.12
Return On Equity (%)	0.97	1.37	0.50	0.64

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