

PT Bank Capital Indonesia Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Dec-2020	Dec-2019	Dec-2018	Dec-2017
		Unaudited	Audited	Audited	Audited
Corporate Rating	idBBB+/Negative	20,223.6	18,959.6	18,019.6	16,349.5
Rated Issues		1,640.4	1,537.6	1,485.0	1,408.4
<i>Subordinated Bond III/2017</i>	idBBB-	6,438.1	9,753.1	8,013.3	7,140.8
<i>Subordinated Bond II/2015</i>	idBBB-	16,368.6	16,107.0	15,422.5	14,109.1
<i>Subordinated Bond I/2014</i>	idBBB-	47.4	347.2	431.0	367.6
Rating Period		61.4	15.9	106.5	86.1
<i>April 7, 2021 – April 1, 2022</i>		0.3	2.0	2.6	2.5
Rating History		97.6	98.1	89.6	91.0
<i>APR 2020</i>	idBBB+/Negative	ROAA [%]	0.3	0.1	0.6
<i>APR 2019</i>	idBBB+/Stable	NPL (3-5)/Gross Loans [%]	0.0	3.5	3.0
<i>APR 2018</i>	idBBB+/Stable	Loan Loss Reserves/NPL (3-5) [%]	0.0	48.5	16.8
<i>APR 2017</i>	idBBB+/Stable	Risk-Weighted CAR [%]	18.2	12.7	18.7
<i>OCT 2016</i>	idBBB+/Stable	Gross Loans/Total Deposits (LDR) [%]	39.3	60.6	52.0
<i>OCT 2015</i>	idBBB+/Stable	USD Exchange Rate [IDR/USD]	14,050	13,883	14,380
				13,380	13,568

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PT Bank Capital Indonesia Tbk's rating affirmed at "idBBB+", outlook maintained at "negative"

PEFINDO has affirmed its "idBBB+" rating to PT Bank Capital Indonesia Tbk (Bank Capital or the Bank). PEFINDO also has affirmed its "idBBB-" ratings for its outstanding subordinated bonds. The subordinated bonds' ratings are two notches below Bank Capital's corporate rating to incorporate the risk of the debt instruments being written down in the event of non-viability, as stated under POJK 34/POJK.03/2016. We maintained a "negative" outlook for the corporate rating, reflecting our concerns on the prolonged COVID-19 pandemic to Bank Capital's overall credit profile. As of December 31, 2020 (FY2020) Bank Capital recorded a high special mention loans (SML) ratio of 62.9%, compared to 18.8% as of FY2019, mainly attributable to credit quality deterioration in debtors highly impacted by the pandemic such as in property and trading sectors. Despite government efforts in controlling the pandemic by social distancing restriction and vaccination programs, there are still uncertainties on when the pandemic will be contained, and if this prolongs beyond expectation, some of the debtors may fall into non-performing loans (NPL) category. One of the Bank's strategy in resolving its NPL is by using credit guarantee scheme, however we believe that the asset quality deterioration will still result in lower interest revenue generation and higher provision expenses, adversely affecting its profitability indicators.

We are of the view that the COVID-19 pandemic may increase the overall banking industry's risk profile by causing a substantial business downturn in almost all sectors, resulting in lower demand for loans and other banking services. In addition, a business slowdown will weaken borrowers' repayment capabilities, and asset quality deterioration will subsequently put additional pressure on banks' profitability and liquidity indicators. At the moment, we are of the view that COVID-19 bears a significant but manageable impact on Bank Capital's overall credit profile. However, there is still potential of more new delinquents as reflected by increase of its SML ratio. PEFINDO will continue to closely monitor the impact of the COVID-19 pandemic on Bank Capital's performance and overall credit profile.

The rating may be lowered if the Bank's asset quality issues are not addressed on a prompt and sustainable basis. Any significant deterioration on its market position and financial performance in the near term could also drive the rating downward. PEFINDO may revise the outlook back to stable if the Bank substantially improves its asset quality, and maintains asset quality improvement over the near to medium term.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to weaken its capacity to meet its financial commitments. The plus (+) sign indicates that the rating is relatively strong within the respective rating category.

A debt security rated idBBB denotes adequate protection parameters relative to other Indonesian debt securities. Adverse economic conditions or changing circumstances are more likely to weaken the capacity of the obligor to meet its long-term financial commitments on the debt security. The minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects Bank Capital's adequate liquidity and moderate capitalization profile. The rating is constrained by weak asset quality profile, weak profitability profile, and modest market position.

Established in 1989, Bank Capital is a commercial bank focused on retail lending. Its operations are supported by its head office, five branch offices, 20 sub-branches, and 57 cash offices. As of FY2020, it was 14.72% owned by PT Inigo Global Capital, 13.98% by PT Delta Indo Swakarsa, 10.95% by PT Asuransi Simas Jiwa and 60.35% by the public. PT Inigo Global Capital and PT Delta Indo Swakarsa are ultimately owned by Danny Nugroho.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.