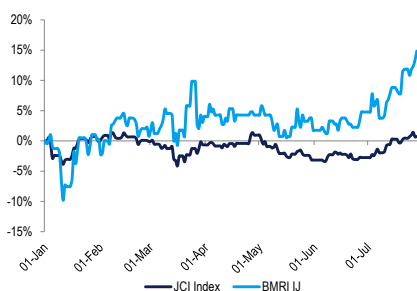


Stock Data

Target price	Rp7,200
Prior TP	Rp5,900
Current price	Rp5,700
Upside/downside	+26.3%
Shares outstanding (mn)	93,333
Market cap (Rp bn)	532,000
Free float	39%
Avg. 6m daily T/O (Rp bn)	509

Price Performance

	3M	6M	12M
Absolute	9.6%	16.0%	41.6%
Relative to JCI	10.3%	15.5%	42.4%
52w low/high (Rp)	3,988 – 5,700		



Major Shareholders

Republic of Indonesia	52%
Indonesia Investment Authority	8%

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Structural changes in CASA franchise and ROE warrant multiple re-rating

- We found that structural changes on BMRI’s CASA franchise have been overlooked especially on its savings.
- BMRI gained in both current account and savings market share. Livin was a truly game changer for savings especially.
- ROE expansion to 20% in FY24-25 vs. 14% in FY19, strong 2Q results and flow reversal underpin our massive upgrade to Rp7.2k (at 2.3x P/B).

Stronger CASA growth especially savings

BMRI surprised us that it was able to outpace its peers with CASA growth of 15.8% yoy in May23 vs. other big banks at 5.3% yoy especially on savings that grew by 7.3% yoy even higher than BCA’s 3.3% yoy (BRI/BNI grew by 2.3/1.8% yoy), this prompted us to do a deeper analysis as savings is the most sticky type of funding and the hardest to grow as its insensitive towards change in rate and relationship (unlike current account and time deposit).

Mandiri is gaining both current account and savings market share

At the same time, we found that since pre-Covid (FY19) only BCA and BMRI gained the CASA market share at 160bp and 80bp (now at 17.2% and 17%). On the savings front, It lost significant savings market share in FY20 (-60bp yoy) due to flight to quality during Covid period (as expected BRI and BCA gained savings market share in FY20 by 30-120bp). However, since FY20 it has gained 100bp savings market share, 2nd to BCA at 160bp whereas BRI and BNI lost by -150bp and -80bp respectively. Concurrently, on CA it now has the largest market share at 17.5% (+140bp since FY19), BCA and BRI also gained 90bp and 50bp market share respectively (now at 13.5% and 12%) but BNI also lost market share by -190bp which reflect stickier BMRI’s relationship with its corporate clients.

Livin was a game changer for savings

For savings, we found that Livin was truly a game changer and we look it based on two proxies: 1) usage rate (no. of mobile banking users divided by no. of retail deposits) that rose to 58% vs. 18% (in FY19) and 2) savings velocity (value of transactions through mobile/internet banking divided by savings balance) which stood at 6.2x vs. 2.4x in 2019 – the highest among SOE banks (figure 8-11) while BCA stood at 44x - the higher the ratio the more customers use the app and stickiness towards the bank’s ecosystem (BCA has the highest ratio as most people use BCA account as their main transaction account). The wide use-case also reflected by the highest e-channel fee per transaction compared to BBNI/BBCA (fig 19) – at Rp1k vs. Rp560-600. As such, we think the next two low hanging fruits shall be lower savings/CASA CoF and further monetization on Livin (details on page 5-7).

BMRI is our conviction pick; upgrading our TP to Rp7,200

We upgrade our FY23-24F EPS by 3-4% (now 6-9% higher than cons) and our TP to Rp7,200 based on 2.3x P/B (18% sustainable ROE, 6.5% Rf – which we think is conservative as BMRI FY23-24F ROE will be at 19-20%); we believe the bank deserve re-rating as: 1) structural change in CASA franchise, 2) better asset quality and 3) ROE expansion. At the same time, we expect BMRI to book strongest 2Q23 result based on its 5M23 results (link) and reversal of flow (link to our previous note) – which has materialized MTD. Risk is worse than expected asset quality which we think is unlikely.

Fig. 1: Financial Summary

In Rp bn	2021A	2022A	2023F	2024F	2025F
Net interest income	73,062	87,903	98,675	109,218	119,659
PPOP	57,984	72,291	79,897	89,845	99,059
Provision charges	(19,543)	(16,123)	(15,904)	(18,324)	(20,156)
Net profit	28,028	41,171	50,208	56,152	61,914
Net profit growth	64%	47%	22%	12%	10%
P/BV (x)	2.4	2.1	1.9	1.8	1.7
Dividend yield	1.9%	3.2%	5.4%	6.6%	7.4%
ROAE	13.5%	17.4%	19.1%	19.8%	20.2%
Forecast changes (%)			3%	4%	3%
IPS vs. consensus			106%	109%	110%

Source: Company, Indo Premier

Share price closing as of: 28 July 2023

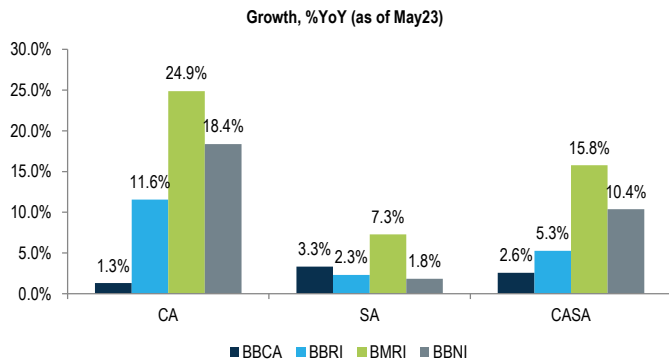
Stronger CASA growth especially savings

BMRI surprised us that its CASA growth of 15.8% yoy in May23 was much faster vs. other big banks at 5.3% yoy. The growth was attributed to both current account which grew the highest at 24.9% yoy and savings that grew by 7.3% yoy even higher than BCA's 3.3% yoy (BRI/BNI grew by 2.3/1.8% yoy).

At the same time, we also found that YTD only BCA and Mandiri posted positive savings growth at +2.6% and +0.5% whereas BRI and BNI posted savings decline of -2.6% and -5.5%. Worth noting that BNI continued to lose savings market share despite offering the highest savings rate of c.60bp.

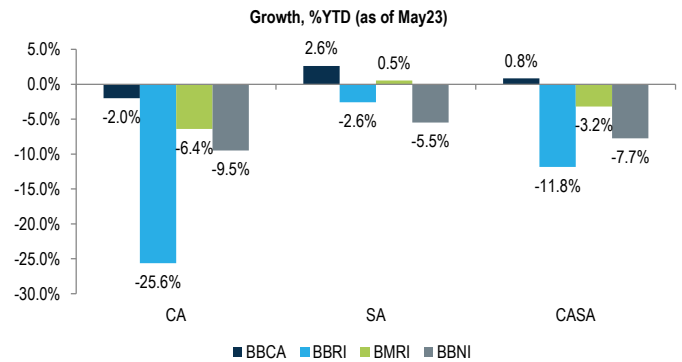
For current account all banks posted a decline on YTD basis at -2% for BCA, -6% for BMRI, -10% for BBNI and -26% for BRI; it still fared better compared to other SOE banks despite the volatile nature of current account; this also reflects stronger relationship with its corporate clients.

Fig. 2: BMRI's CASA growth outpaced other big banks, especially on savings



Source: Company, Indo Premier

Fig. 3: On YTD basis, all banks posted a decline current account



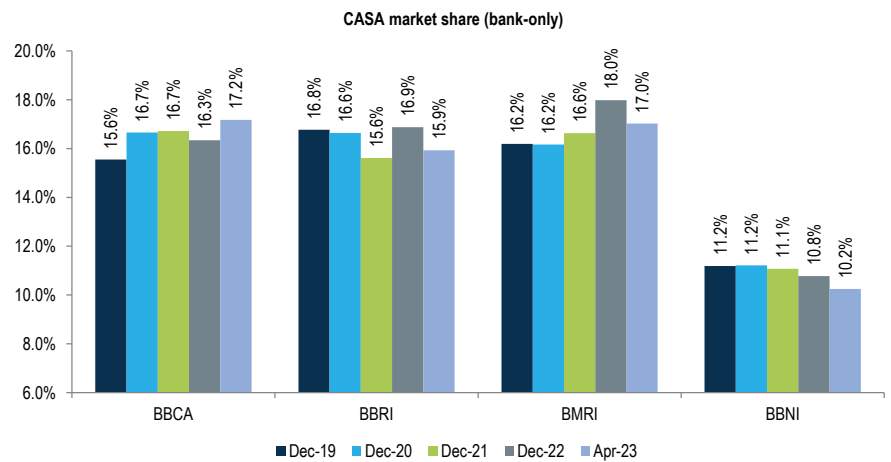
Source: Company, Indo Premier

Mandiri is gaining both current account and savings market share

At the same time, we found that since pre-Covid (FY19) only BCA and BMRI gained the CASA market share at 160bp and 80bp (now at 17.2% and 17%) whereas BRI and BNI lost 90-100bp. On the savings front, It lost significant savings market share in FY20 (-60bp yoy) due to flight to quality during Covid period (as expected BRI and BCA gained savings market share in FY20 by 30-120bp).

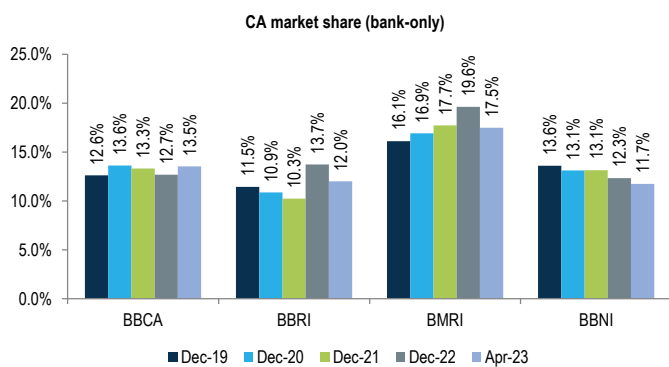
However, since FY20 it has gained 100bp savings market share, 2nd to BCA at 160bp whereas BRI and BNI lost by -150bp and -80bp respectively. Concurrently, on CA it now has the largest market share at 17.5% (+140bp since FY19), BCA and BRI also gained 90bp and 50bp market share respectively (now at 13.5% and 12%) but BNI also lost market share by -190bp which reflect BMRI’s stickier relationship with its corporate clients.

Fig. 4: Only BCA and BMRI gained CASA market share since pre-Covid



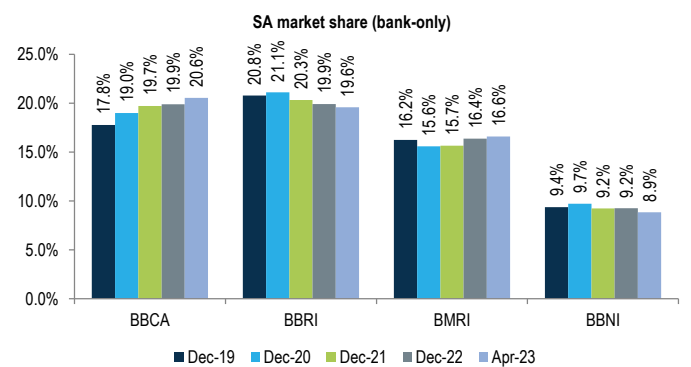
Source: Company, OJK, Indo Premier

Fig. 5: CA market share (bank-only) – BMRI is leading the current account market share



Source: Company, OJK, Indo Premier

Fig. 6: SA market share (bank-only) – only BMRI and BCA gained savings market share while BNI and BRI lost its market share



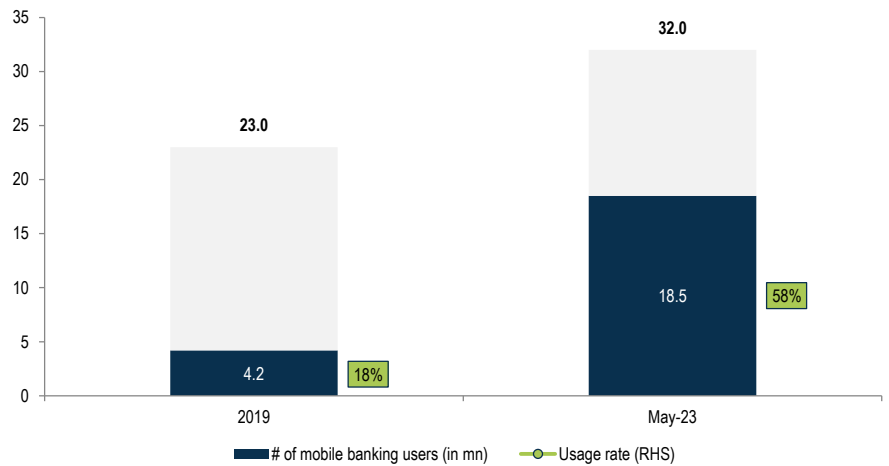
Source: Company, OJK, Indo Premier

Livin was a game changer for savings

For savings, we found that Livin was truly a game changer and we look it based on two proxies: 1) usage rate (no. of mobile banking users divided by no. of retail deposits) that rose to 58% vs. 18% (FY19) and 2) savings velocity (value of transactions through mobile/internet banking divided by savings balance) which stood at 6.2x vs. 2.4x in 2019 – the highest among SOE banks (figure 8-11) while BCA stood at 44x - the higher the ratio the more customers use the app and stickiness towards the bank’s ecosystem (BCA has the highest ratio as most people use BCA account as their main transaction account hence most people use it for transfer between BCA account).

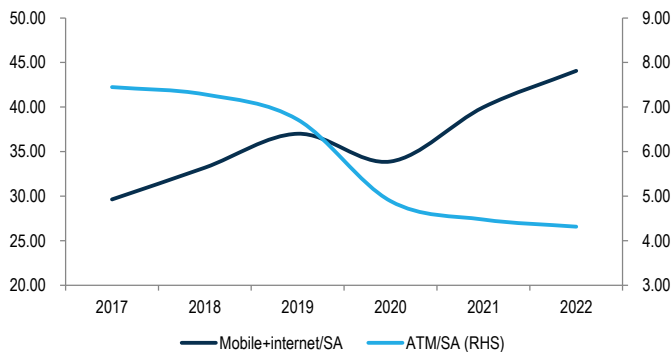
At the same time, the effectiveness of banks’ digital platform should also be negatively correlated with ATM velocity as users convert to using the mobile based transaction. Among big banks, only BMRI/BCA shows a declining trend in its ATM velocity from 3.8/7.3x in 2019 to 1.9/4.3x which can lead to ATMs costs savings. We believe the stable ATM velocity in BRI is more likely due to most of its customers are from tier-2 and 3 cities which still use cash as their main medium of payment and has lower digital penetration.

Fig. 7: Livin’ usage rate rose to 58% from 18% over a three year span



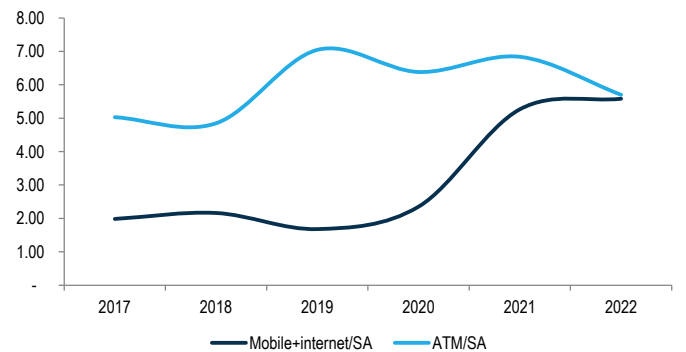
Source: Company, Indo Premier
Note: usage rate = # of mobile banking users as % of total customer base

Fig. 8: BBKA’ savings velocity



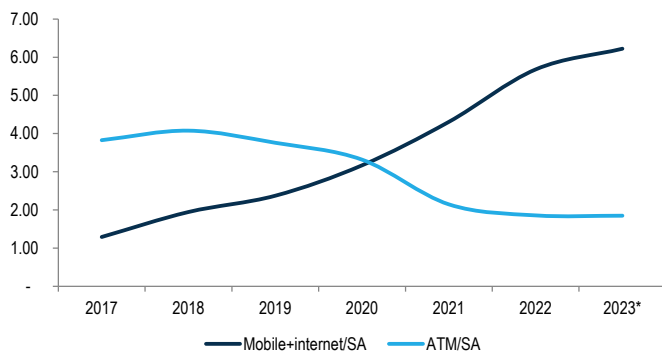
Source: Company, Indo Premier
Note: savings velocity = e-channel transactions value / savings

Fig. 9: BBRI’ savings velocity



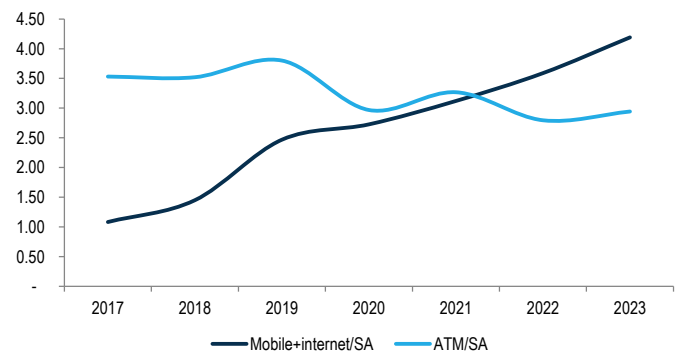
Source: Company, Indo Premier

Fig. 10: BMRI' savings velocity



Source: Company, Indo Premier

Fig. 11: BBNI' savings velocity



Source: Company, Indo Premier

Despite the success of strong savings growth, we see two low hanging fruits:

- 1) Savings rate can be reduced further as savings growth does not correlate with savings rate (fig 12-15). As of 1Q23, BMRI savings cost stood at 0.46% lower than BNI of 0.61% but still higher than BCA and BRI which stood at 0.09% and 0.25% respectively.

Our sensitivity analyses on lowering BMRI' savings cost to three scenarios (-10bp; -21bp (par with BRI); -37bp (par with BCA)) results in higher NIM by 3/7/12bp and higher net profit of by 1/2/4% respectively (fig 17). Furthermore, we also did the same sensitivity analysis on BMRI's CASA cost which impacted higher NIM by 4-44bp and net profit by 1-13% (13% is assuming similar CASA cost with BCA) (fig 18).

- 2) Further monetization on fee-based income (fig 19) – currently BMRI commands the highest fee based income from e-channel at Rp1k average per transaction from FY21-22, higher than BCA at Rp600 average (we use CASA related fees proxy for BCA) per transaction and Rp560 for BNI. Note that BCA fee/transaction is low as most people are using transfers within BCA ecosystem (BCA to BCA transfer) which bears 0 fee. Higher FBI/transaction also reflects the wider use-case for Livin in our view – as the app is intended to be designed as super app.

That being said, with wider scope of uses from ticket purchase for transport (airfare, railway), insurance, loan (multipurpose and vehicle), investment (mutual funds etc.), we think we would expect the contribution of Livin to fee-based income gradually increasing (now at 11% vs. BNI's at 10% of overall non-interest income) – note that BCA's CASA related fees to overall non-ii stood at 48%, hence definitely ample room for BMRI to catch-up.

Fig. 12: Savings rate table comparison between big banks

Savings - Blended	2019	2020	2021	2022	1Q23
BBCA	0.58%	0.26%	0.10%	0.05%	0.09%
BBRI	0.85%	0.69%	0.42%	0.22%	0.25%
BMRI	0.99%	0.98%	0.77%	0.48%	0.46%
BBNI	1.18%	0.96%	0.68%	0.58%	0.61%
Savings - IDR	2019	2020	2021	2022	1Q23
BBCA	0.59%	0.26%	0.10%	0.05%	0.08%
BBRI	0.85%	0.69%	0.42%	0.22%	0.25%
BMRI	1.04%	1.03%	0.82%	0.51%	0.49%
Savings - FX	2019	2020	2021	2022	1Q23
BBCA	0.21%	0.18%	0.14%	0.15%	0.32%
BBRI	0.37%	0.31%	0.18%	0.12%	0.21%
BMRI	0.40%	0.38%	0.22%	0.19%	0.18%

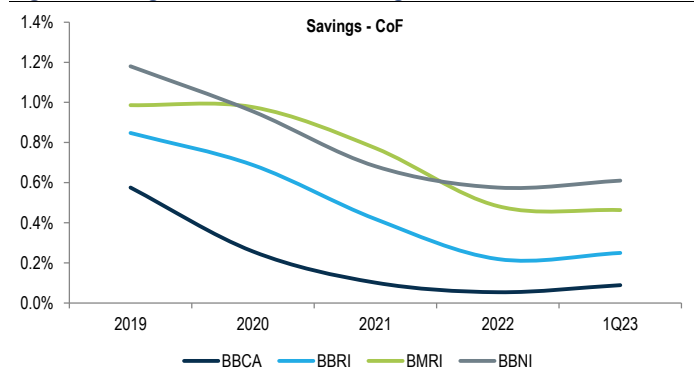
Source: Company, Indo Premier

Fig. 14: CASA rate trend between big banks

CASA - Blended	2019	2020	2021	2022	1Q23
BBCA	0.67%	0.46%	0.34%	0.29%	0.31%
BBRI	1.31%	1.13%	0.76%	0.75%	0.94%
BMRI	1.43%	1.42%	1.15%	0.94%	1.32%
BBNI	1.63%	1.45%	1.01%	1.03%	1.27%
CASA - IDR	2019	2020	2021	2022	1Q23
BBCA	0.71%	0.48%	0.35%	0.30%	0.32%
BBRI	1.38%	1.16%	0.78%	0.78%	0.79%
BMRI	1.59%	1.57%	1.34%	1.10%	1.25%
CASA - FX	2019	2020	2021	2022	1Q23
BBCA	0.17%	0.15%	0.11%	0.10%	0.27%
BBRI	0.53%	0.93%	0.63%	0.59%	1.62%
BMRI	0.66%	0.68%	0.27%	0.40%	1.58%

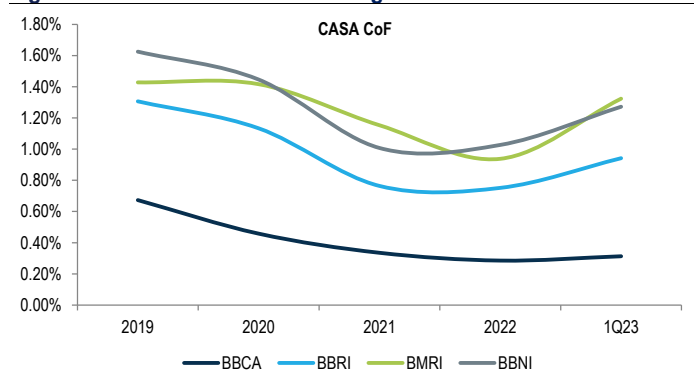
Source: Company, Indo Premier

Fig. 13: Savings rate trend between big banks



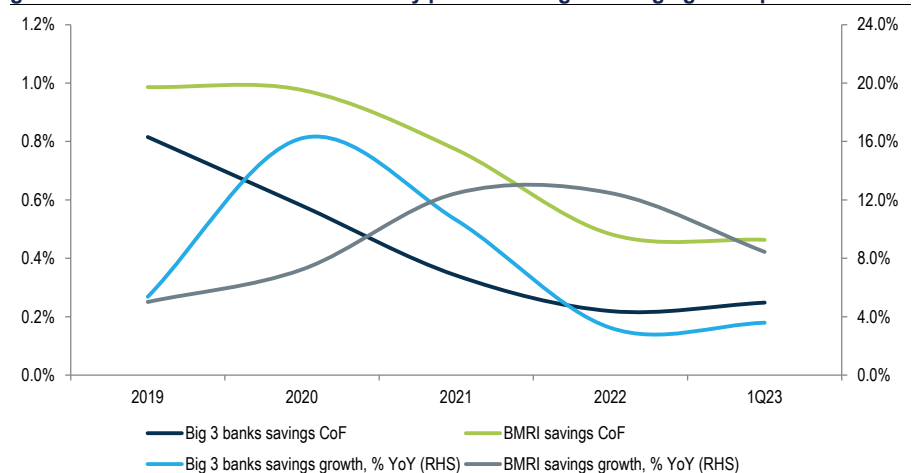
Source: Company, Indo Premier

Fig. 15: CASA rate trend between big banks



Source: Company, Indo Premier

Fig. 16: Big 4 banks savings CoF vs. savings growth – no correlation between savings growth and CoF while BMRI consistently posted stronger savings growth post Livin



Source: Company, Indo Premier

Fig. 17: BMRI sensitivity on lower savings CoF

	Current	Case 1	Case 2	Case 3
	IPS FY23F	Lowering savings CoF by -10bp	Lowering savings CoF to similar with BBRI	Lowering savings CoF to similar with BBKA
CoF	1.6%	1.6%	1.5%	1.5%
TD	2.7%	2.7%	2.7%	2.7%
CASA	1.0%	0.9%	0.9%	0.8%
NIM	5.6%	5.6%	5.7%	5.7%
<i>Impact to NIM</i>		3	7	12
Net profit	48,533	49,004	49,538	50,294
<i>Impact to net profit</i>		1.0%	2.1%	3.6%

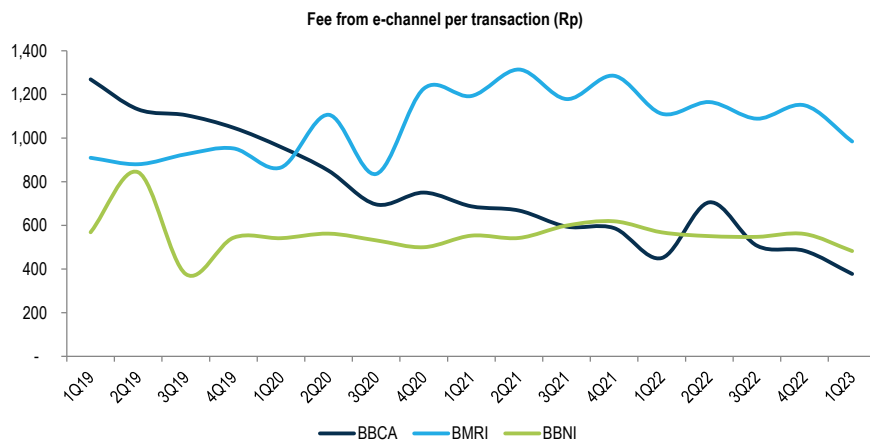
Source: Indo Premier

Fig. 18: BMRI sensitivity on lower CASA CoF

	Current	Case 1	Case 2	Case 3
	IPS FY23F	Lowering CASA CoF by -10bp	Lowering CASA CoF to similar with BBRI	Lowering CASA CoF to similar with BBKA
CoF	1.6%	1.6%	1.6%	1.2%
TD	2.7%	2.7%	2.7%	2.7%
CASA	1.0%	0.9%	0.9%	0.3%
NIM	5.6%	5.7%	5.6%	6.0%
<i>Impact to NIM (bp)</i>		6	4	44
Net profit	48,533	49,451	49,068	54,839
<i>Impact to net profit (%)</i>		1.9%	1.1%	13.0%

Source: Indo Premier

Fig. 19: Fee from e-channel per transaction (Rp) trend across big banks



Source: Company, Indo Premier

Maintain OW with higher TP of Rp7,200

We upgrade our FY23-24F EPS by 3-4% and our TP to Rp7,200 based on 2.3x P/B (18% sustainable ROE, 6.5% Rf – which we think is conservative as BMRI FY23-25F ROE will be at 19-20%); if we use 19% ROE, we arrive at Rp8,100 TP implying 2.6x P/B.

We believe the bank deserve re-rating as: 1) structural change in CASA franchise, 2) better asset quality and 3) ROE expansion. Note that investors currently pays 4.6x for BCA given it has the best in class CoC and CoF; we think with the changes that's currently happening in Mandiri, we think that it deserves to be valued at least 2.3x (50% discount to BCA).

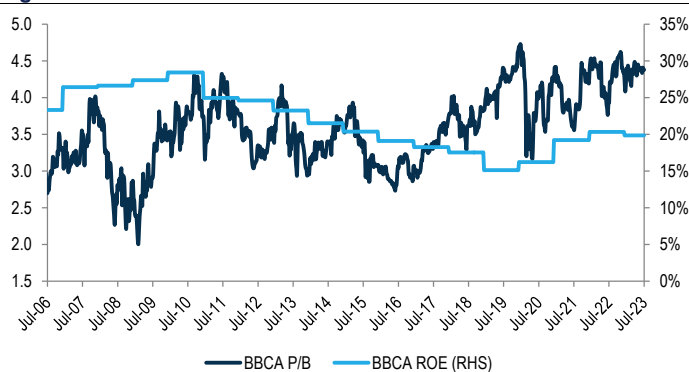
At the same time, we expect BMRI to book strongest 2Q23 result based on its 5M23 results ([link](#)) and reversal of flow ([link to our previous note](#)) – which has materialized MTD. Risk is worse than expected asset quality which we think is unlikely.

Fig. 20: Forecast changes summary

Income statement (Rp bn)	New			Previous			Changes		
	2023F	2024F	2025F	2023F	2024F	2025F	2023F	2024F	2025F
Interest income	127,745	139,336	151,983	127,835	140,264	153,183	0%	-1%	-1%
Interest expense	(29,070)	(30,118)	(32,323)	(27,924)	(30,623)	(33,002)	4%	-2%	-2%
Net interest income	98,675	109,218	119,659	99,911	109,640	120,181	-1%	0%	0%
Non-interest income	41,180	45,734	51,070	41,211	45,805	51,173	0%	0%	0%
Total operating income	139,855	154,951	170,729	141,122	155,446	171,354	-1%	0%	0%
Opex	(59,958)	(65,106)	(71,670)	(60,085)	(65,409)	(71,077)	0%	0%	1%
PPOP	79,897	89,845	99,059	81,036	90,036	100,277	-1%	0%	-1%
Provisions	(15,904)	(18,324)	(20,156)	(19,115)	(21,207)	(23,328)	-17%	-14%	-14%
Operating profit	63,993	71,521	78,903	61,921	68,829	76,950	3%	4%	3%
Non-operating profit	1,704	1,888	2,046	1,707	1,897	2,060	0%	0%	-1%
Pre-tax profit	65,696	73,409	80,949	63,629	70,726	79,009	3%	4%	2%
Income tax	(12,159)	(13,589)	(14,992)	(11,765)	(13,078)	(14,620)	3%	4%	3%
Minority interests	(3,330)	(3,668)	(4,044)	(3,330)	(3,668)	(4,044)	0%	0%	0%
Net profit	50,208	56,152	61,914	48,533	53,981	60,345	3%	4%	3%

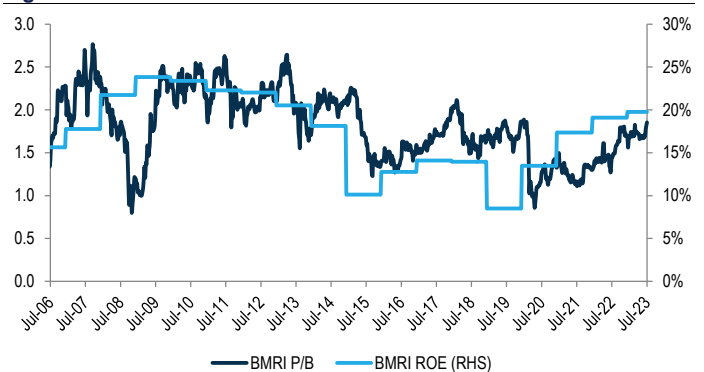
Source: Indo Premier

Fig. 21: BBKA' P/B vs ROE



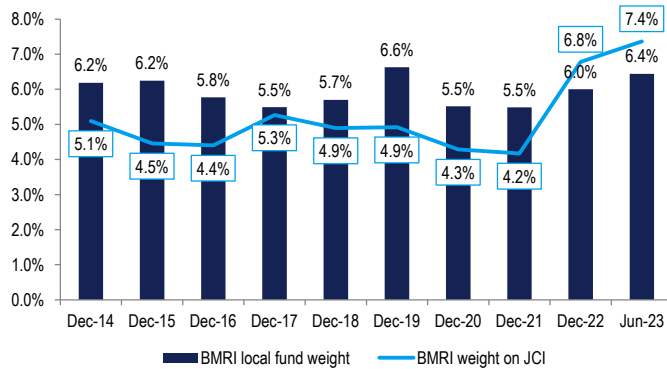
Source: Bloomberg, Company, Indo Premier

Fig. 22: BMRI' P/B vs ROE



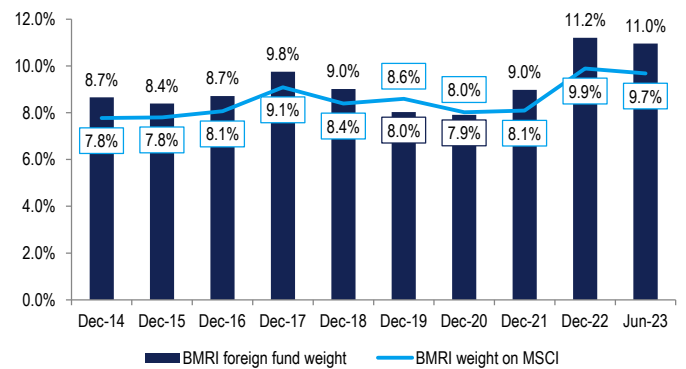
Source: Bloomberg, Company, Indo Premier

Fig. 23: Local fund weight on BMRI vs. BMRI weight on JCI



Source: Bloomberg, KSEI, Indo Premier

Fig. 24: Foreign fund weight on BMRI vs. BMRI weight on MSCI



Source: Bloomberg, KSEI, MSCI, Indo Premier

Fig. 25: 5M23 results income statement summary

NII (Rp bn) - bank only	5M23	5M22	yoy%	May-23	Apr-23	mom%	IPS FY23F - consol	% of IPS	Cons FY23F	% of Cons
BBCA	29,007	23,207	25%	5,874	5,746	2%	75,311	39%	NA	NA
BBRI	43,459	44,394	-2%	8,407	8,787	-4%	138,181	31%	NA	NA
BMRI	28,891	25,694	12%	5,956	6,003	-1%	99,911	29%	NA	NA
BBNI	16,988	16,269	4%	3,484	3,199	9%	41,766	41%	NA	NA
Big 4	118,345	109,564	8%	23,721	23,735	0%	355,169	33%	NA	NA
Non-II (Rp bn) - bank only	5M23	5M22	yoy%	May-23	Apr-23	mom%	IPS FY23F - consol	% of IPS	Cons FY23F	% of Cons
BBCA	8,231	7,941	4%	1,422	1,880	-24%	23,660	35%	NA	NA
BBRI	14,619	13,072	12%	3,456	2,686	29%	52,720	28%	NA	NA
BMRI	10,422	8,802	18%	2,097	1,666	26%	41,211	25%	NA	NA
BBNI	6,246	5,887	6%	1,151	1,154	0%	21,534	29%	NA	NA
Big 4	39,519	35,702	11%	8,126	7,385	10%	139,125	28%	NA	NA
PPOP (Rp bn) - bank only	5M23	5M22	yoy%	May-23	Apr-23	mom%	IPS FY23F - consol	% of IPS	Cons FY23F	% of Cons
BBCA	25,194	20,099	25%	4,936	5,406	-9%	64,218	39%	NA	NA
BBRI	38,784	36,579	6%	7,106	7,924	-10%	101,785	38%	NA	NA
BMRI	26,991	23,748	14%	5,607	5,224	7%	81,036	33%	NA	NA
BBNI	13,856	13,741	1%	2,811	2,474	14%	36,689	38%	NA	NA
Big 4	104,825	94,168	11%	20,460	21,028	-3%	283,728	37%	NA	NA
Provision (Rp bn) - bank only	5M23	5M22	yoy%	May-23	Apr-23	mom%	IPS FY23F - consol	% of IPS	Cons FY23F	% of Cons
BBCA	(1,340)	(2,500)	-46%	18	(16)	-212%	(5,253)	26%	NA	NA
BBRI	(13,627)	(13,105)	4%	(3,339)	(3,819)	-13%	(25,394)	54%	NA	NA
BMRI	(4,231)	(4,521)	-6%	(970)	(835)	16%	(19,115)	22%	NA	NA
BBNI	(3,514)	(5,402)	-35%	(764)	(592)	29%	(10,138)	35%	NA	NA
Big 4	(22,713)	(25,528)	-11%	(5,056)	(5,261)	-4%	(59,900)	38%	NA	NA
Net income (Rp bn) - bank only	5M23	5M22	yoy%	May-23	Apr-23	mom%	IPS FY23F - consol	% of IPS	Cons FY23F	% of Cons
BBCA	19,376	14,386	35%	3,955	4,439	-11%	47,738	41%	47,604	41%
BBRI	20,125	19,153	5%	3,071	3,258	-6%	61,926	32%	58,776	34%
BMRI	18,449	15,529	19%	3,779	3,575	6%	48,533	38%	46,897	39%
BBNI	8,441	7,331	15%	1,684	1,549	9%	21,119	40%	21,645	39%
Big 4	66,391	56,400	18%	12,489	12,821	-3%	179,317	37%	174,922	38%

Source: Company, Indo Premier

Fig. 26: 5M23 results loan summary

Loans (Rp tr)	5M23	5M22	yoy%	4M23	mom%
BBCA	713	642	11%	702	2%
BBRI	1,087	987	10%	1,063	2%
BMRI	964	874	10%	933	3%
BBNI	629	594	6%	622	1%
Big 4	3,394	3,097	10%	3,321	2%

Source: Company, Indo Premier

Fig. 28: 5M23 results CASA summary

CASA (Rp tr)	5M23	5M22	yoy%	4M23	mom%
BBCA	851	829	3%	857	-1%
BBRI	768	729	5%	795	-3%
BMRI	899	776	16%	850	6%
BBNI	513	465	10%	511	0%
Big 4	3,030	2,800	8%	3,013	1%

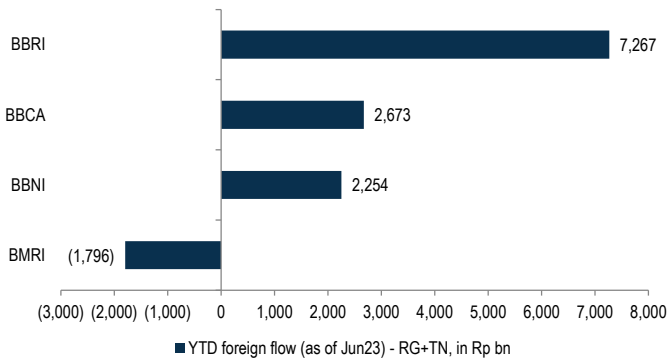
Source: Company, Indo Premier

Fig. 30: 5M23 results current account summary

CA (Rp tr)	5M23	5M22	yoy%	4M23	mom%
BBCA	317	313	1%	325	-3%
BBRI	260	233	12%	288	-10%
BMRI	468	375	25%	420	11%
BBNI	284	240	18%	282	1%
Big 4	1,329	1,161	15%	1,315	1%

Source: Company, Indo Premier

Fig. 32: YTD foreign flow to big banks (as of Jun23) – RG+TN



Source: Company, Indo Premier

Fig. 27: 5M23 results deposit summary

Deposit	5M23	5M22	yoy%	4M23	mom%
BBCA	1,042	1,019	2%	1,045	0%
BBRI	1,203	1,117	8%	1,238	-3%
BMRI	1,150	1,019	13%	1,075	7%
BBNI	735	668	10%	735	0%
Big 4	4,130	3,824	8%	4,093	1%

Source: Company, Indo Premier

Fig. 29: 5M23 results time deposits summary

TD (Rp tr)	5M23	5M22	yoy%	4M23	mom%
BBCA	191	190	1%	188	2%
BBRI	435	388	12%	443	-2%
BMRI	251	243	3%	225	12%
BBNI	223	203	10%	224	-1%
Big 4	1,100	1,024	7%	1,080	2%

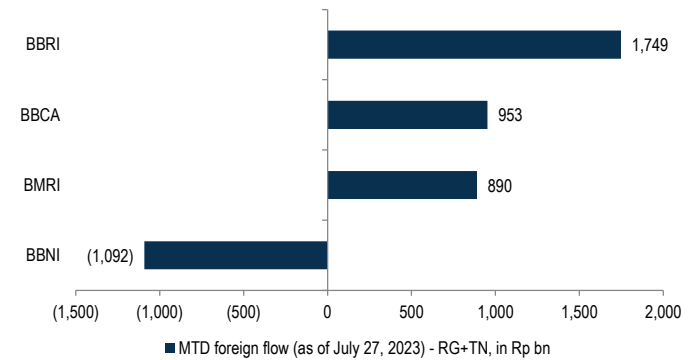
Source: Company, Indo Premier

Fig. 31: 5M23 results savings account summary

SA (Rp tr)	5M23	5M22	yoy%	4M23	mom%
BBCA	534	517	3%	532	0%
BBRI	508	496	2%	507	0%
BMRI	431	401	7%	430	0%
BBNI	229	224	2%	229	0%
Big 4	1,701	1,639	4%	1,697	0%

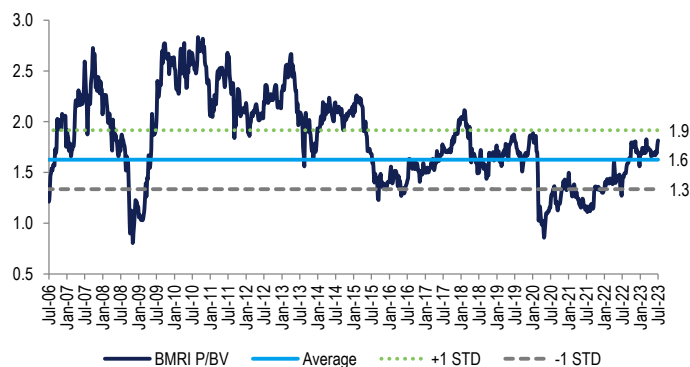
Source: Company, Indo Premier

Fig. 33: MTD foreign flow to big banks (as of July 27, 2023) – RG+TN



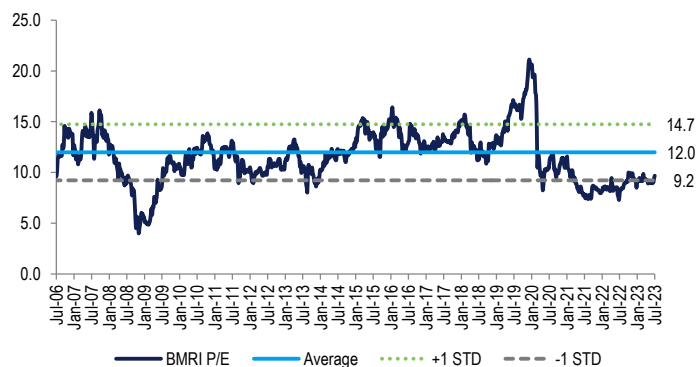
Source: Company, Indo Premier

Fig. 34: BMRI's P/BV – now trading at 1.8x FY24F P/BV vs. 10-year average of 1.6x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 35: BMRI's P/E – now trading at 9.5x FY24F P/E vs. 10-year average of 12x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 36: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY23F	FY24F	10Y Avg	FY23F	FY24F	10Y Avg
BBCA	9,125	10,400	4.7	14%	Buy	23.6	21.6	20.5	4.6	4.2	3.7
BBRI	5,700	5,700	2.5	0%	Buy	14.0	11.7	14.4	2.7	2.5	2.4
BMRI	5,700	7,200	2.3	26%	Buy	10.6	9.5	12.0	1.9	1.8	1.6
BBNI	8,875	10,400	1.1	17%	Buy	7.8	7.2	10.6	1.1	1.0	1.1
BBTN	1,300	1,440	0.6	11%	Hold	6.3	4.9	11.9	0.6	0.5	0.9

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 28 July 2023

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Interest income	97,749	112,382	127,745	139,336	151,983
Interest expense	(24,687)	(24,479)	(29,070)	(30,118)	(32,323)
Net interest income	73,062	87,903	98,675	109,218	119,659
Non-interest income	34,061	37,648	41,180	45,734	51,070
Total operating income	107,124	125,551	139,855	154,951	170,729
Opex	(49,140)	(53,260)	(59,958)	(65,106)	(71,670)
PPOP	57,984	72,291	79,897	89,845	99,059
Provisions	(19,543)	(16,123)	(15,904)	(18,324)	(20,156)
Operating profit	38,440	56,168	63,993	71,521	78,903
Non-operating profit	(82)	210	1,704	1,888	2,046
Pre-tax profit	38,358	56,378	65,696	73,409	80,949
Income tax	(7,807)	(11,425)	(12,159)	(13,589)	(14,992)
Minority interest	(2,523)	(3,782)	(3,330)	(3,668)	(4,044)
Net profit	28,028	41,171	50,208	56,152	61,914

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash + CA with BI	122,972	134,562	148,016	159,088	171,578
Secondary reserves	487,677	566,828	566,828	583,833	601,348
Gross loans	1,050,157	1,202,230	1,342,415	1,476,656	1,624,322
Loan provisions	(68,589)	(64,613)	(58,290)	(54,934)	(51,243)
Other assets	133,394	153,537	164,726	177,522	191,488
Total Assets	1,725,611	1,992,545	2,163,695	2,342,165	2,537,493
Total deposits	1,299,977	1,502,190	1,637,388	1,787,305	1,951,533
Securities and borrowings	106,975	137,376	137,376	137,376	137,376
Other liabilities	96,548	100,734	115,297	122,843	131,336
Total liabilities	1,503,500	1,740,299	1,890,061	2,047,524	2,220,245
Shareholders' equity	222,112	252,245	273,634	294,640	317,247
Total liabilities & equity	1,725,611	1,992,545	2,163,695	2,342,165	2,537,493

Growth YoY	2021A	2022A	2023F	2024F	2025F
Gross loans	17.6%	14.5%	11.7%	10.0%	10.0%
Total assets	20.7%	15.5%	8.6%	8.2%	8.3%
Total deposits	23.4%	15.6%	9.0%	9.2%	9.2%
Net interest income	29.3%	20.3%	12.3%	10.7%	9.6%
Non-interest income	12.7%	10.5%	9.4%	11.1%	11.7%
Total operating income	23.5%	17.2%	11.4%	10.8%	10.2%
Operating expense	20.9%	8.4%	12.6%	8.6%	10.1%
PPOP	25.9%	24.7%	10.5%	12.5%	10.3%
Net profit	63.7%	46.9%	22.0%	11.8%	10.3%

Key Ratios	2021A	2022A	2023F	2024F	2025F
ROAA	1.8%	2.2%	2.3%	2.4%	2.5%
ROAE	13.5%	17.4%	19.1%	19.8%	20.2%
NIM	5.4%	5.5%	5.6%	5.7%	5.7%
Credit cost	2.0%	1.4%	1.3%	1.3%	1.3%
Cost/income	45.9%	42.4%	42.9%	42.0%	42.0%
LDR	80.8%	80.0%	82.0%	82.6%	83.2%
CAR	19.6%	19.6%	19.7%	19.8%	19.7%
NPL ratio	2.7%	1.9%	1.6%	1.3%	1.3%
Provisions/NPL	243.7%	284.9%	265.6%	281.3%	240.6%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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