

JULY 10, 2023 | SINARMAS SEKURITAS

Initiation coverage

Team Coverage | research@sinarmassekuritas.co.id

NEW JOURNEY, NEW VALUE

Investment Highlights

AMAR, a rising star Indonesian digital bank, has achieved remarkable growth in savings accounts through its 'Senyumku' with a CAGR of 73% from 2019 to 2022, savings accounts reached IDR150 bn. AMAR aims to sustain annual growth rates over 50%, increasing cheap funding through CASA from 18% in 2022 to over 25% by 2025. Restructuring in 2022 reduced reliance on TD and boosted NII. TD is expected to grow conservatively at 25% over three years, reaching IDR1.5 tn by 2025. Total customer deposits are estimated to surpass IDR2.2 tn by 2025, providing a foundation for lending via the 'Tunaiku' online lending application. AMAR stands out with an average savings per customer of IDR1.3 mn, surpassing competitors. Despite stringent loan criteria, accelerated loan disbursement is expected with a projected 12% annual growth. Loan yield remains around 30% since 2018, independent of central bank rates. With robust growth in fee and other income, AMAR aims for profitability. Estimated net profit in 2023 is IDR111 bn, with further growth anticipated. This positive outlook may result in a higher share price, potentially leading to a re-rating from a P/B ratio of 1x to 3-year mean, suggesting a 45% upside potential to our 12-month TP of IDR410. Indonesia is a leader in digital banking development in ASEAN, with several purely digital banks in operation. Digital banks in Indonesia comply with existing regulations and capital requirements, fostering acquisitions and partnerships between fintech and traditional banks. Indonesia's market offers opportunities with its large population and low financial penetration. Growth is driven by limited financial literacy, increasing smartphone ownership, and the potential to improve banking access. Intense competition necessitates sustainability and funding access for new players. Learning from successful global digital banks like WeBank, Kakao Bank, Nubank, and Monzo can provide valuable insights for Indonesia's digital banking market. Effective technology utilization by Indonesian digital banks can enhance financial inclusion and reshape the banking landscape.

Contents

Executive Summary ____ 2

Financial Analysis & Valuation ____ 3

Company Overview ____ 11

Industry Analysis ____ 15

Executive Summary

12M Rating: BUY **12M Target Price: IDR410**

Financial Analysis & Valuation

AMAR, an Indonesian digital bank, has achieved remarkable growth in savings accounts with a 73% CAGR, reaching IDR150 billion from 2019 to 2022. The bank expects continued annual growth of over 50% and aims to increase cheap funding through CASA deposits from 18% to over 25% by 2025. By reducing reliance on time deposits, AMAR anticipates conservative TD growth of 25% and total customer deposits exceeding IDR2.2 trillion by 2025. The bank stands out with an average savings per customer of IDR1.3 million and projects accelerated loan disbursement with a 12% annual growth rate. AMAR targets profitability through robust fee and other income growth, with an estimated net profit of IDR111 billion in 2023, indicating the potential for higher share prices and a re-rating.

Company Overview

AMAR, formerly Amin Bank, was established in 1991 and acquired by Tolaram Group in 2014. It conducted an IPO in 2020 and focuses on online access, with limited physical branches. The bank's strategy revolves around serving individuals, MSMEs, corporate, and digital businesses through partnerships with digital ecosystem platforms. AMAR offers embedded banking and financing features, configurable properties, and robust security measures. Positioned as a Digital Bank, it targets industries like P2P lending, agriculture, logistics, and e-commerce, aiming to provide comprehensive and easily accessible banking capabilities through technology and application-based financial services.

Industry Analysis

Indonesia is leading digital banking development in the ASEAN region, with established digital banks operating under existing regulations. Other countries are also progressing in this area. Partnerships and acquisitions between fintech companies and traditional banks are prevalent. While the large population and low financial penetration present opportunities, challenges remain in reaching the underbanked and improving financial literacy. User experience, seamless onboarding, and direct digital lending are vital. Factors driving digital bank growth include limited financial literacy, increasing smartphone ownership, and improved banking access. Competition is intense, and sustainability and funding access are crucial for new entrants. Learning from successful global digital banks can guide Indonesia's digital banking market.

Financial Highlights

IDR bn	2020	2021	2022	2023F	2024F	2025F
Interest Income	652	702	775	805	892	991
Interest Expense	189	220	119	60	76	98
Net Interest Income	463	482	656	745	815	893
Pre-provision profit	374	303	427	546	611	689
Net Profit	9	4	-155	111	181	279
EPS (IDR/share)	1	1	-11	8	13	20

Source: Company, SimInvest Research

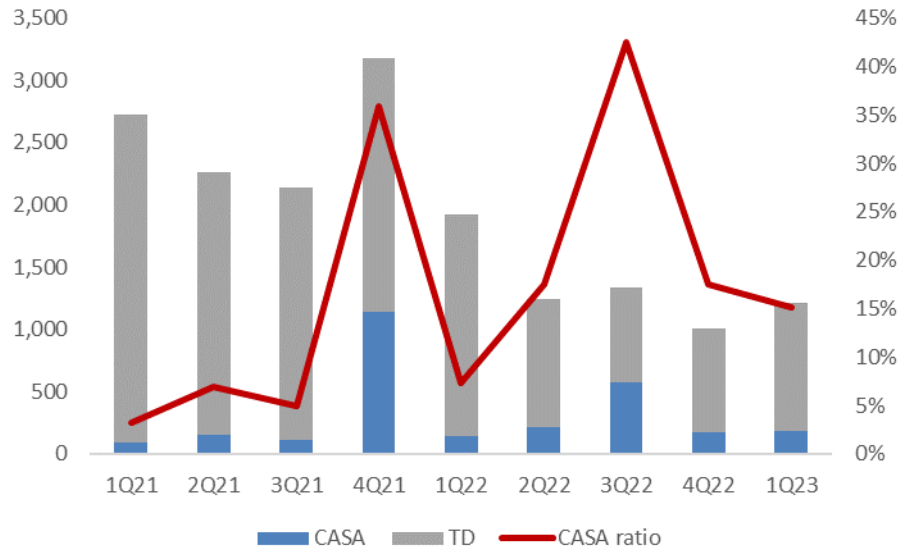
DOWNLOAD
Our App SimInvest

Financial Analysis & Valuation

Saving to Drive Future Growth

AMAR has enjoyed a fruitful expansion of saving accounts, thanks to the hype of digital banks. During 2019-22, AMAR was able to grow its savings tremendously by 73% Compounded Annual Growth Rate (CAGR), reaching IDR150 bn. Savings expansion was mainly attributable to its flagship super app called 'Senyumku' which has already surpassed 100k users in Google Playstore. Going forward, we estimate that savings should easily maintain >50% growth. This will also help cheap funding or CASA (current account saving account) to see contribution to total customer deposits growing from 18% in 2022 to more than 25% by 2025F. It's worth noting that due to its size, AMAR still relies heavily on time deposit (TD) as its core funding source with TD making up more than 80% of total customer deposits.

AMAR Customer Deposits Breakdown

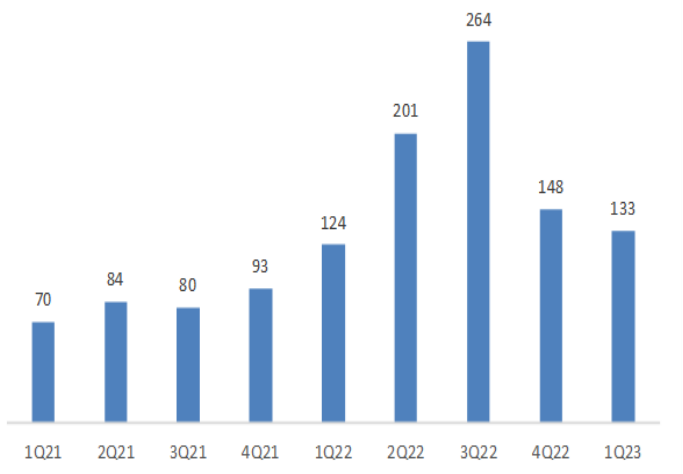


Source: Bloomberg, Company, SimInvest Research

Time Deposit to Remain as a Core Funding

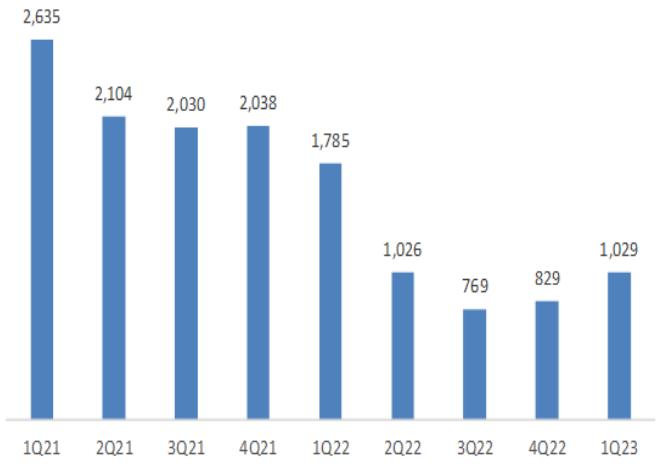
AMAR went through a year of slimming down its funding structure in 2022, where it saw TD shrink 60% to IDR830 bn from IDR2 tn a year earlier. This has resulted in a 46% decrease in interest expenses and finally boosted net interest income (NII) by 36%. Going into 2023, TD has returned to above IDR1 tn in 1Q23, which prompted us to set a conservative 25% TD growth for the next 3 years. We estimate that TD amount to reach more than IDR1.5 tn by 2025F, or double from 2022. Simultaneously, total customer deposits are expected to grow from IDR1 tn in 2022 to over IDR2.2 tn by 2025F. This should be a solid footprint to deliver more loans through 'Tunaiku', its flagship online lending application.

AMAR Third-Party Savings (IDR bn)



Source: Bloomberg, Company, SimInvest Research

AMAR Third-Party Deposits (IDR bn)

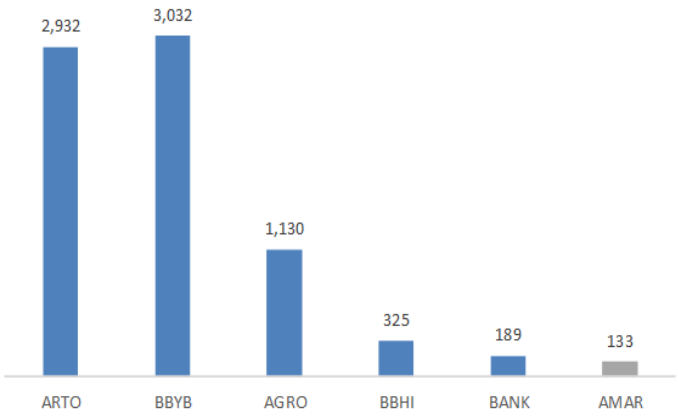


Source: Bloomberg, Company, SimInvest Research

The Quality of Savings Franchise

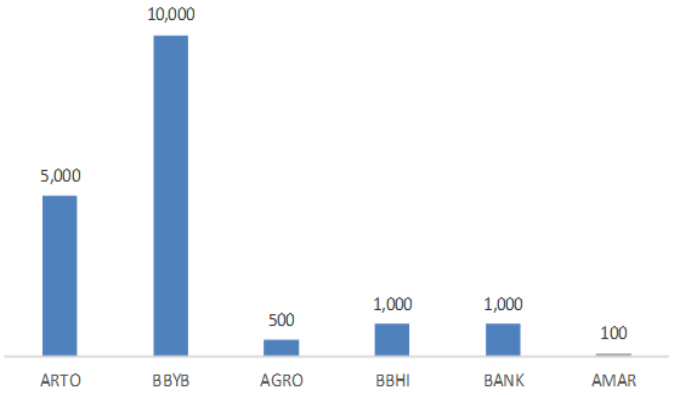
AMAR is not the largest digital bank in Indonesia but has a notable quality of savings in terms of ticket size. Based on the 1Q23 book, the third-party savings only amounted to IDR133 bn, but with over 100k users under the 'Senyumku' apps, the average savings per costumers reached IDR1.3 mn. This is quite large compared to the likes of Bank Neo Commerce (BBYB), Bank Aladin (BANK), and Allo Bank (BBHI) with under IDR500k average savings size per customer. Even AMAR has larger average savings per customer than Bank Jago (ARTO) which only has an IDR600k savings size per customer. In terms of users, BBYB was the largest with over 10 million accounts but the size of the savings per customer was one of the lowest among digital banks.

Digital Bank's Third-Party Savings (IDR bn)



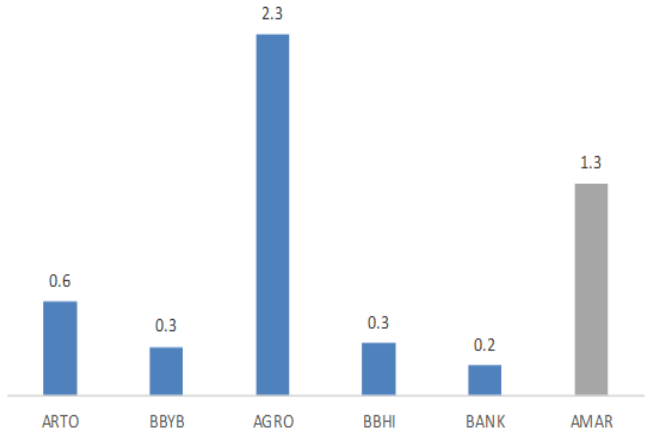
Source: Bloomberg, Company, SimInvest Research

Digital Bank's Number of Users ('000)



Source: Bloomberg, SimInvest Research

Digital Bank's Average Savings per Customer (IDR mn)

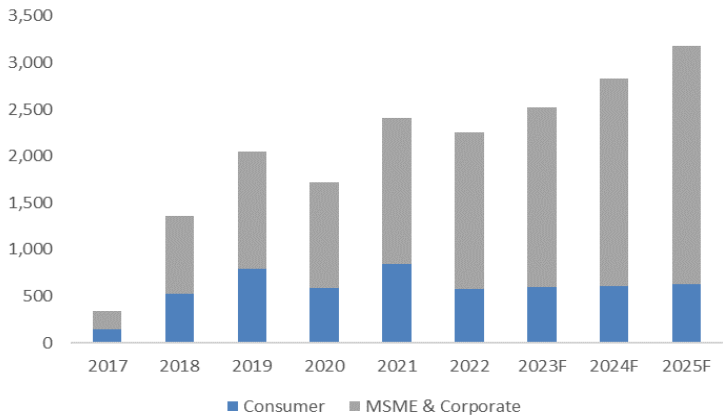


Source: Bloomberg, SimInvest Research

Loan Growth to Regain Tractions

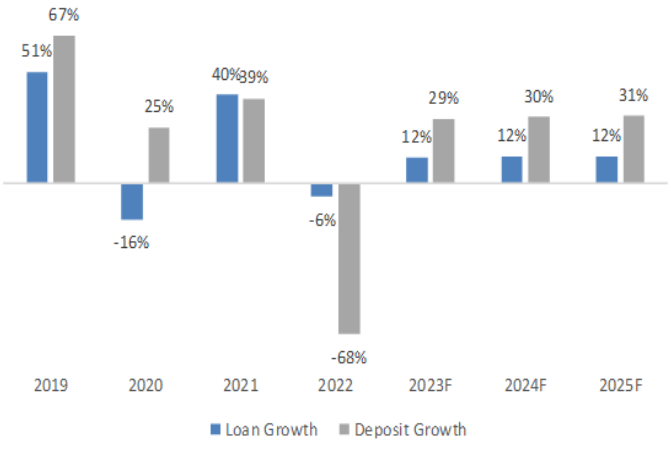
Unlike aggressive disbursement and loosen risk management on its peers, 'Tunaiku' remain stringent with the management claiming that the approval rate has remained low (<30% from loan applications). This has limited loan growth at AMAR, as the 3-year CAGR only stood at 3% based on 2022 data. However, we expect loan disbursement to regain acceleration as 1Q23 data showed that loan growth reached 8% YoY under MSME & corporate loans. AMAR has relied heavily on the commercial loan segment which made up almost 75% of total loans in 2022. Our 3-year assumption for loan growth sets at 12% p.a., driven by a 15% CAGR of MSME & corporate loan loans.

AMAR Loan by Composition



Source: Bloomberg, Company, SimInvest Research

AMAR Loan Growth and Deposit Growth

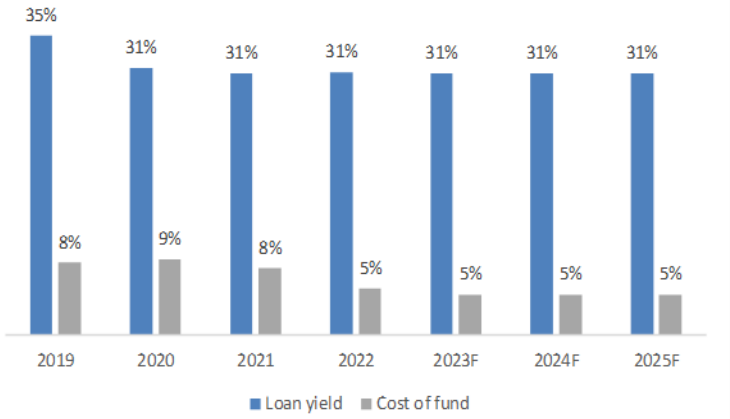


Source: Bloomberg, Company, SimInvest Research

Benefiting from a Steady Loan Yield

AMAR was able to maintain c. 30% loan yield since 2018, no matter what the central bank rate was. This is the key strength of digital banks, in our view. Meanwhile, the slim down of the funding structure has sent down interest expense by half in 2022 and brought a fresh net interest margin (NIM) expansion in tandem. For 2023F, we expect NIM to remain high near the 15% level. Overall, we expect NII to grow at 11% CAGR over 2023-25F, which should be mainly driven by a 9% CAGR of interest income over the same period.

AMAR Loan Yield and Cost of Fund

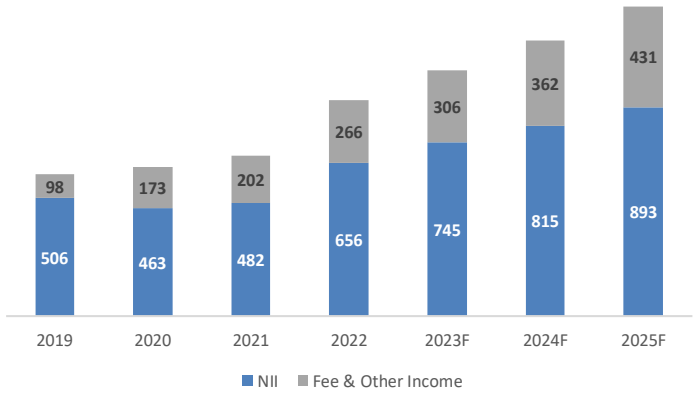


Source: Bloomberg, Company, SimInvest Research

A Sweet Spot of Fees & Other Income

Being a digital bank has enabled AMAR to book significant fee-based income, partly from late charges and penalties. The bank has enjoyed a strong 40% CAGR of fee & other income during 2019-22, with a double-digit growth still expected for the next 3 years. Based on our financial model, we estimate a 17.5% CAGR for fees & other income for the 2023-25F period. It's worth mentioning that the total fee & other income in 2022 is equal to 12% of its gross loan.

AMAR Fee-Other Income & Net Interest Income (NII)

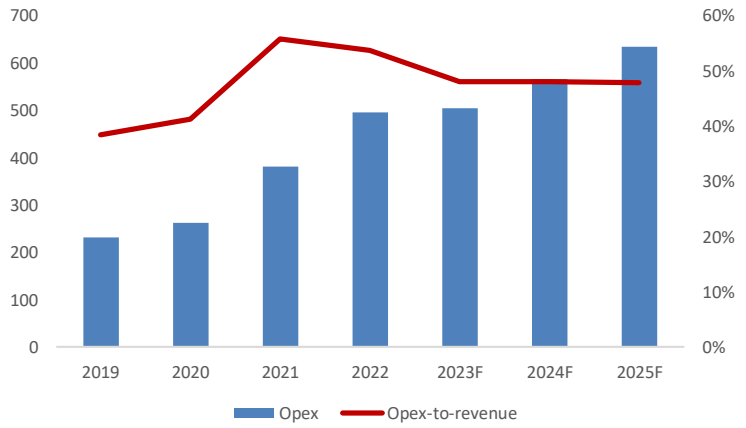


Source: Bloomberg, Company, SimInvest Research

Lighter Overhead Cost Growth Ahead

Extra efforts needed to establish itself in the digital banking space means AMAR is heavily invested in promotion, which has resulted in one-third of its overhead cost going to the promotion and the other one-third going to personnel expenses, based on 2022 data. The burn rate was operating expenses (opex) made up 22% of the total gross loan in 2022 (up from around 15% in 2020-21), sending opex surging 30%. However, we believe that this burn rate should be peaked, as 1Q23 data suggest that the promotion budget has been cut by more than half. Assuming this trend to sustain, we expect 2023F opex to grow flattish at 2%, with 2023-25F CAGR estimated at 9% (versus almost 30% CAGR seen during 2019-22). Accordingly, we expect pre-provision operating profit (PPOP) to book a solid CAGR of 17.5% for 2023-25F, vastly improving from just 5% CAGR during 2019-22%.

AMAR Operating Expenses

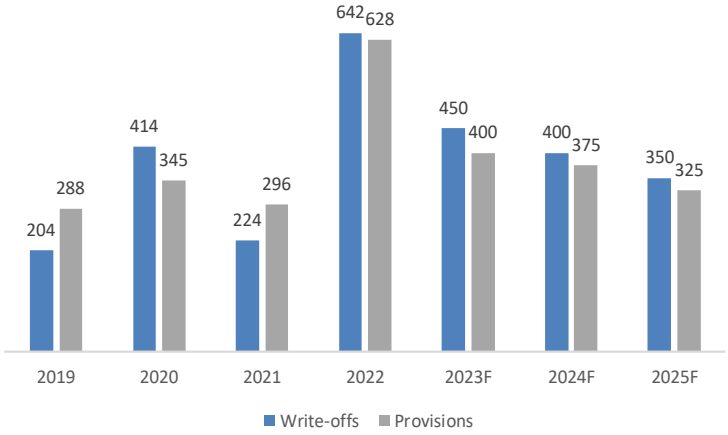


Source: Bloomberg, Company, SimInvest Research

Stringent Risk Aversion Resulted in Solid PPOP Growth

A solid base of PPOP should be well accompanied by lesser provision expenses ahead. Based on our discussion with the management, write-offs for this year are estimated to be around IDR425-450 bn, with our assumption sets at the upper target. Accordingly, provisions are expected to be booked at IDR400 bn in 2023F, down from more than IDR600 bn in 2022. We estimate that provisions should steadily decrease towards IDR300 bn over the next 5 years. This should truly benefit from a stable gross non-performing loan (NPL) of 6% since 2020. Thanks to AMAR' very stringent risk aversion with a reasonably low approval rate.

AMAR Write-Offs and Provisions



Source: Bloomberg, Company, SimInvest Research

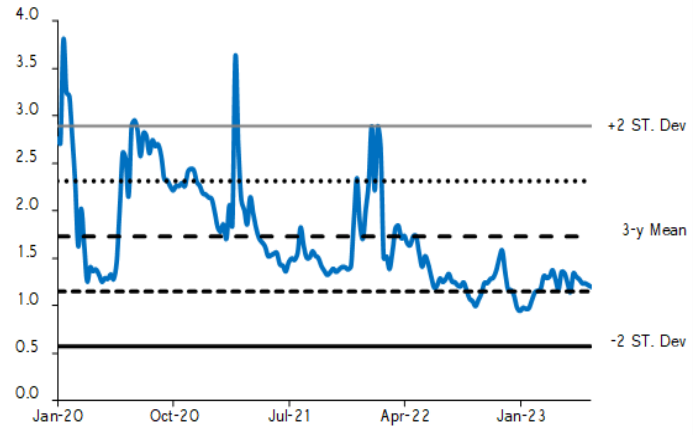
Welcoming the Harvesting Era

AMAR has successfully booked IDR34 bn net profit in 1Q23, with more to come in the future as we might officially say that the loss-making era is now on the backseat. Based on our aforementioned assumption, we estimate that the full-year 2023F net profit to reach IDR111 bn. Going further we expect 2024F and 2025F net profit to reach IDR181 bn & IDR279 bn. This will translate to a 5% & 7% ROE respectively., making AMAR one of the digital banks to turn into profits.

New Journey, New Value

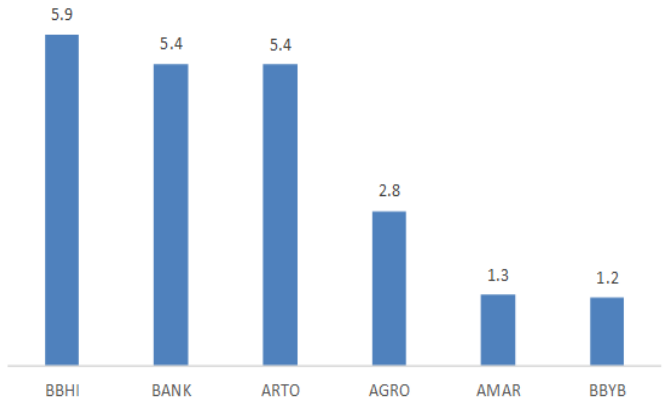
AMAR has gone through a very good start in 2023 by booking IDR34 bn net profit in 1Q23 with more to come as we expect the full-year net profit to reach over IDR100 bn. This should be enough to drive up the share price as we foresee a re-rating from a current P/B 1x P/B (-1 sd. below the 3-year mean) to a 3-year mean (or 1.7x P/B). Based on this, we derived IDR410 12-month TP offering 45% upside potential. We think that it is still a reasonable stance, as our TP implies only 31x P/E. It's reasonably undemanding when compared to Allo Bank (BBHI) that already constantly booking profits and now is trading at over 100x P/E.

AMAR P/B Band



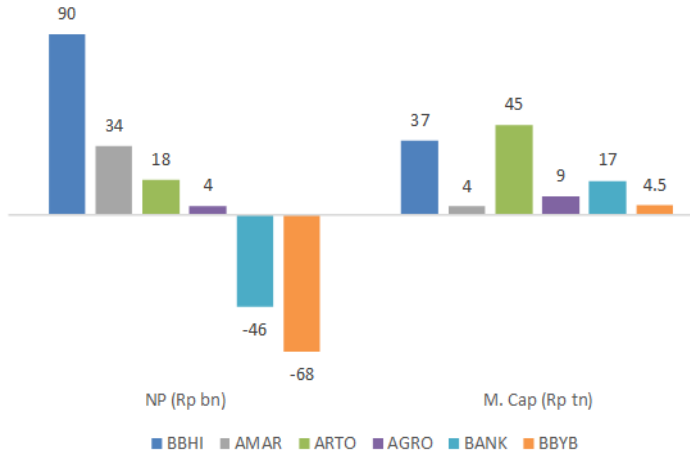
Source: Bloomberg, Company, SimInvest Research

Digital Banks P/B



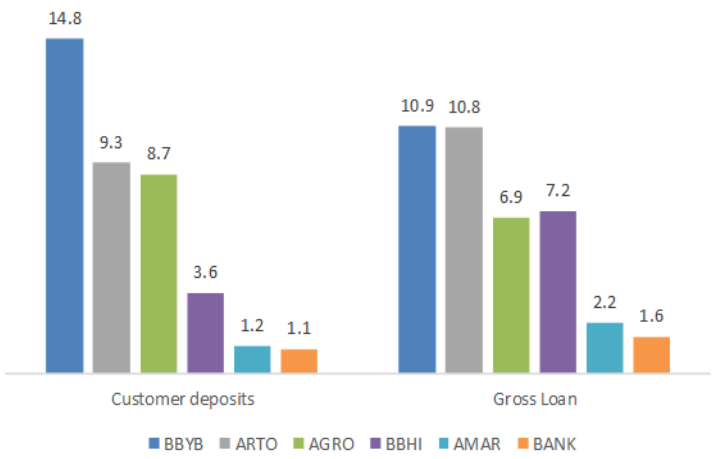
Source: Bloomberg, Company, SimInvest Research

Digital Bank's Net Profit and Market Cap.



Source: Bloomberg, Company, SimInvest Research

Digital Bank's Customer Deposits and Gross Loan



Source: Bloomberg, Company, SimInvest Research

Selected Features of Digital Banks

	ARTO	BBYB	AGRO	BBHI	BANK	AMAR
Face Recognition (KYC)	✓	✓	✓	✓	✓	✓
Face Recognition (Login)	✓			✓		✓
Physical Debit Card	✓				✓	✓
Virtual Debit Card	✓			✓		
Share Pocket (multiple pockets for system needs)	✓		✓		✓	✓
Shared Pocket with Other Users	✓					
Personal Finance	✓	✓				✓
High Deposit Rate (at least 4%)	✓	✓	✓	✓		✓
Loyalty Point				✓		
Referral Cashback	✓	✓		✓	✓	
Gamefication		✓				✓
QRIS		✓	✓	✓		✓
Digital Lending		✓		✓		✓
Wealth Management	✓					
Insurance						
PPOB (Bill Payment)	✓	✓	✓	✓	✓	✓
Sending Gift				✓	✓	
Cash Withdrawal in offline merchant				✓	✓	

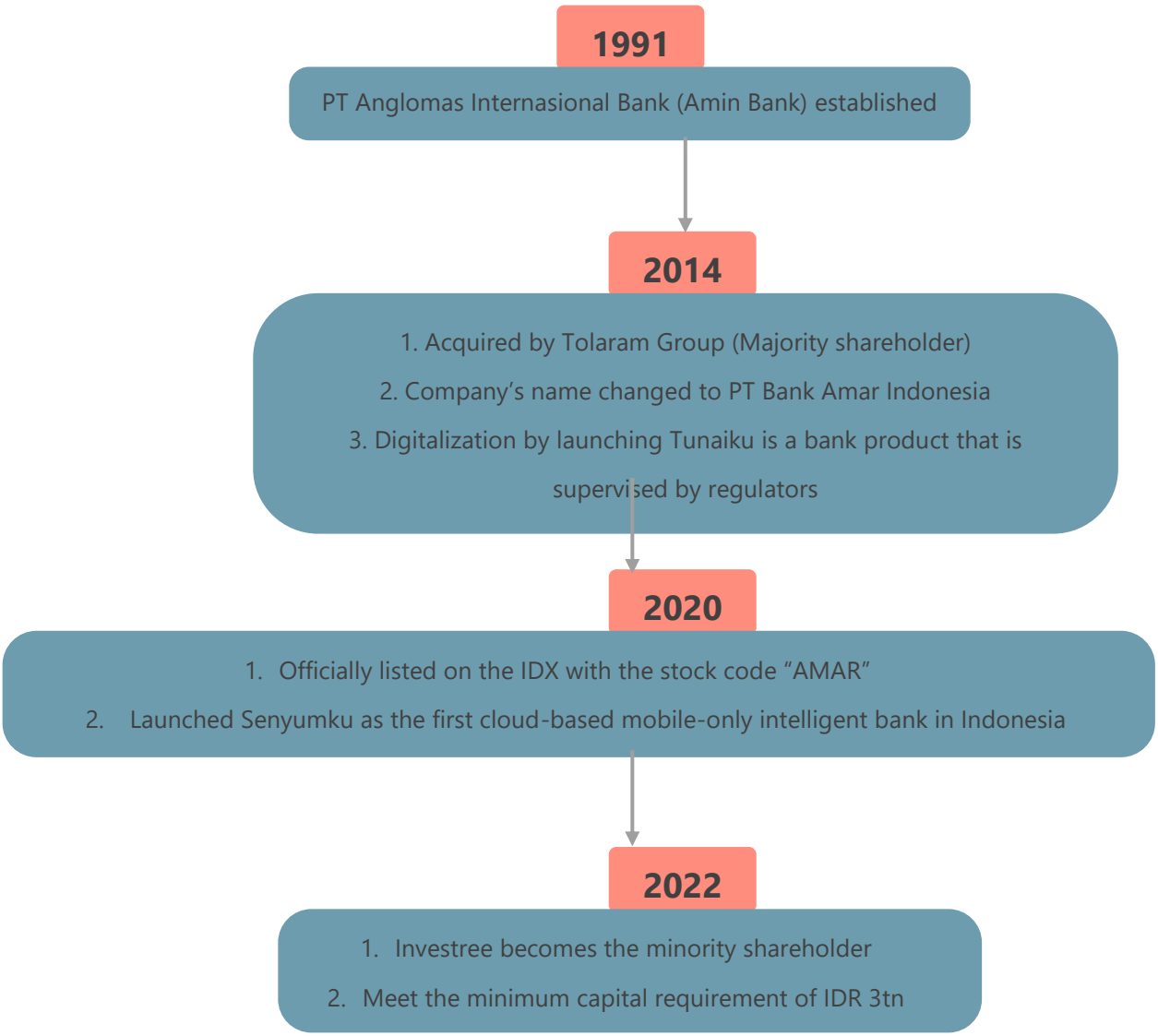
Source: Company, SimInvest Research

Company Overview

Bank Amar Company Profile

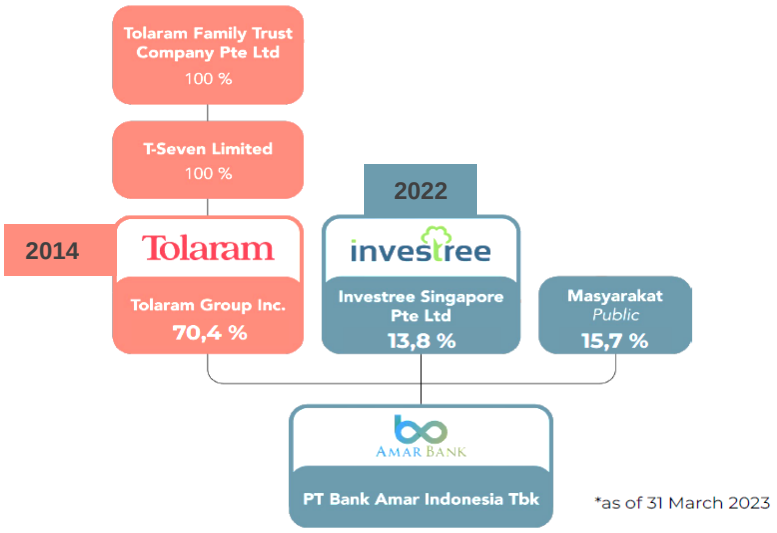
Amar Bank' journey began on March 15, 1991, in Surabaya as PT Anglomas International Bank (Amin Bank) which was later acquired by Tolaram Group in 2014. On January 9, 2020, Amar Bank officially listed on the Indonesia Stock Exchange (IDX) releasing 1.2 billion shares through an initial public offering (IPO) with the stock code "AMAR". In 2022, Investree become a minority shareholder of Amar Bank (13.8% ownership).

Company at a Glance



Source: Company, SimInvest Research

Shareholder Structure



Source: Company, SimInvest Research

AMAR' current physical access is limited because the Bank has chosen to focus on expansion through non-physical (online) access. In 2022, the Bank did not expand or add an office network, therefore the total Bank office network remained at 6 offices spread across Surabaya and Jakarta. Amar Bank also does not have an overseas office network yet.

Office Network



Source: Company, SimInvest Research

AMAR also Strengthened the Four Pillars of its Strategy:

1. Serving individuals and Micro, Small Medium Enterprise (MSMEs) businesses through Tunaiku.
2. Business Banking, where Amar Bank serves corporate and commercial businesses.
3. Serving digital businesses ranging from individuals and MSMEs businesses to small and medium businesses.
4. This new collaboration of embedded banking and financing. These pillars further encourage Amar Bank's enthusiasm to continue providing access to digital banking services for the people of Indonesia.

Product and Services

In 2014, AMAR launched Tunaiku (Digital Online Lending), the first application-based MSMEs-loan product in Indonesia, and continues to be AMAR' flagship product. In 2020, AMAR launched another digital product, Senyumku, a digital bank application which later changed the name of the application to Amar Bank in 2023.

Senyumku and Tunaiku



Source: Bloomberg, Company, SimInvest Research

Tunaiku Features

- Instant Installment via Virtual Account
- Tunaiku Express
- Billing Payment
- Realtime Disbursement to Senyumku
- Senyumku Widget in Tunaiku Application
- Realtime Disbursement
- E-Commerce Payment
- Digital Onboarding

Senyumku Features

- Savings
- E-statement report
- Transfer and top up e-wallet
- Finsight
- Loans -> Tunaiku
- QRIS
- BI Fast

Types of Products and Services are offered besides Tunaiku and Senyumku:

1. Funding: Savings Account (Aster Savings, Tamara, Amar Cemerlang Savings, Amar Term Savings, Employee Savings); Time Deposit (Term Deposit, On Call Deposit); and Current Accounts (Aster Current Account – Individual & Company).
2. Fund distribution: Working capital credit; and Investment credit.
3. Amar Payroll Service.

Plug-and-Play Collaborative Embedded Banking and Financing

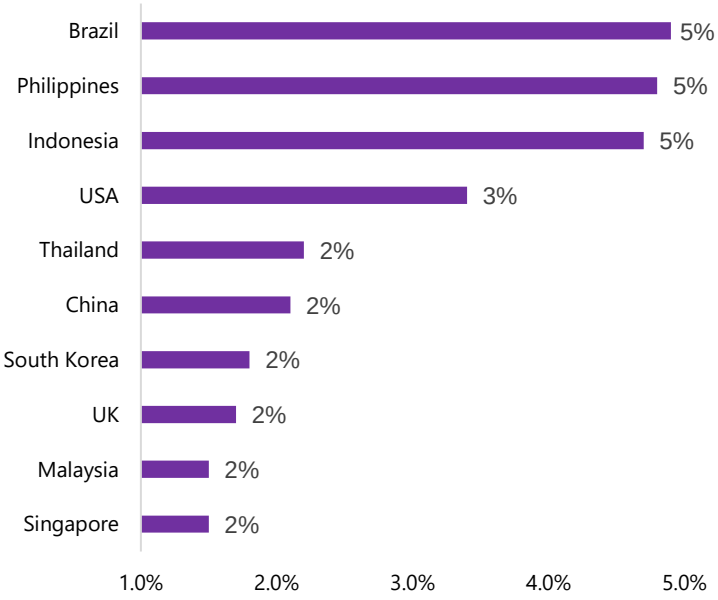
AMAR focuses on developing a technology-based Digital Bank to reach its target market. Their strategy involves collaborative embedded banking and financing, where they partner with digital ecosystem platforms to offer comprehensive and easily accessible banking services. This strategy caters to various industries such as P2P, Agriculture, Logistics, and E-commerce. AMAR also offers plug-and-play embedded banking and financing for non-bank players, allowing them to provide banking services within their applications without needing a banking license. The services include built-in banking features, configurable properties, secure banking standards, and pre-approved credit limits. Overall, Amar Bank utilizes technology and collaboration to deliver innovative financial solutions.

Industry Analysis

Indonesia Leads the Way

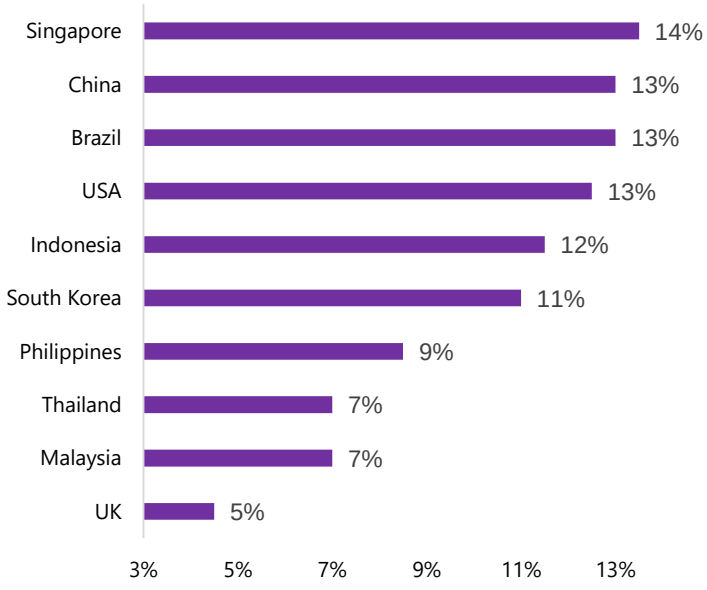
Indonesia is at the forefront of digital banking development in ASEAN, with several purely digital banks already competing in the retail and Small Medium Enterprise (SME) sectors. Overall, Indonesia leads in digital banking, while other ASEAN countries are at different stages of development. Indonesia's digital banks operate under existing banking regulations, without specific digital bank licenses required. They must meet capital requirements and adhere to criteria such as secure technology usage, sustainable business models, and risk management practices.

Banking Sector NIM



Source: Bloomberg, SimInvest Research

Banking Sector ROE

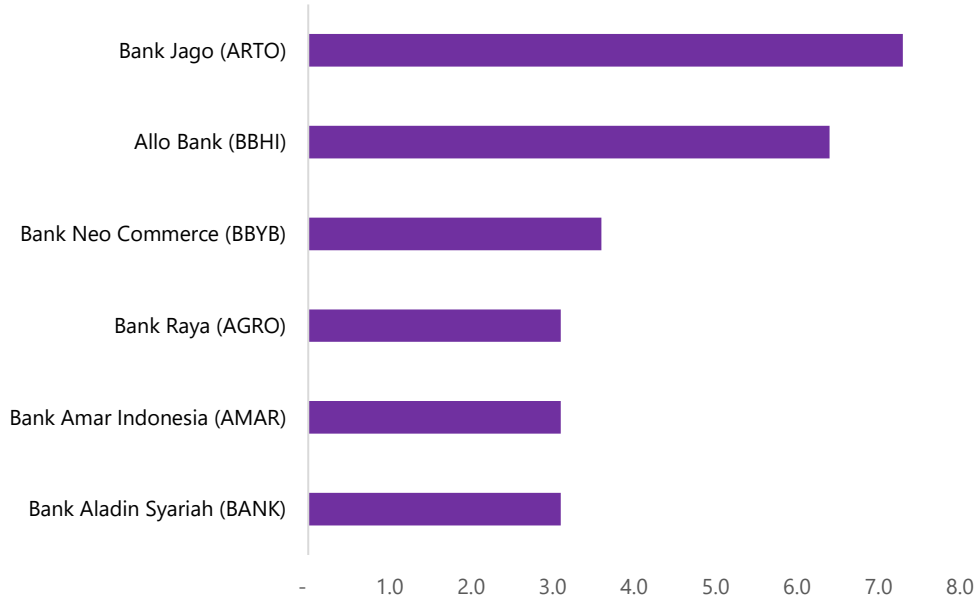


Source: Bloomberg, SimInvest Research

Fintech Companies Eyeing Opportunities in Indonesia

The digital banking sector in Indonesia has seen significant growth, attracting interest from conglomerates, fintech companies, e-commerce platforms, and technology firms. Several banks are planning to transition into pure digital banks, joining the existing 15 digital banks in the country. Fintech companies are increasingly acquiring stakes in banks to facilitate their transition. However, the rapid increase in digital banks may lead to a situation similar to the past, with numerous traditional banks. Early entrants have an advantage in navigating regulations and building a competitive digital ecosystem. The interest in digital banks reflects Indonesia's large population and low financial penetration.

Indonesian Banks Core Capital (IDR tn)

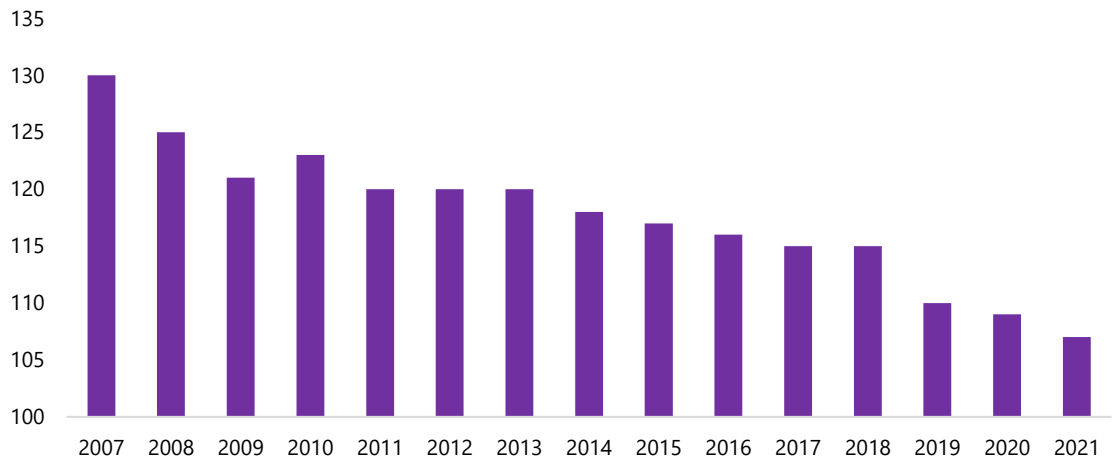


Source: Company, SimInvest Research

Tech. Valuations and Digital Banks

The COVID-19 pandemic accelerated digitalization and increased the value of tech companies globally, including in Indonesia. However, the recent rise in interest rates by central banks has made investors cautious, leading to lower valuations for tech stocks and potentially impacting digital banks. Aspiring digital banks that don't meet regulatory capital requirements may be affected. Establishing a digital bank requires substantial investment and time to achieve profitability. Banks with strong capital and support from major shareholders, like Bank Jago, have an advantage in the market. However, tighter funding conditions due to global interest rate hikes may pose challenges for fintech companies investing in new digital banks.

Number of Indonesian Commercial Banks

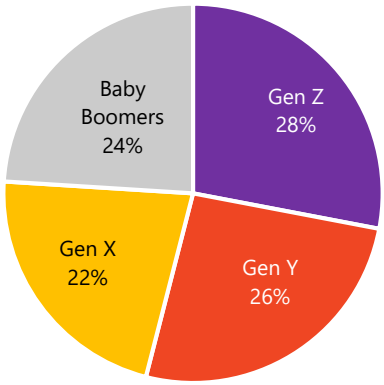


Source: FSA, SimInvest Research

The Rise of Digital Banks in a Populous Market

Indonesia's low banking penetration and limited financial literacy create a favorable environment for digital banks to thrive. With a large population and rising smartphone ownership, there is untapped potential for digital banks to improve banking access. Fintech companies and digital banks primarily target the underbanked and unbanked segments, offering enhanced customer experiences and digital banking solutions. Hybrid models, online-to-offline approaches, and agent banking can connect with new customers. Digital banks must address customer pain points and provide seamless experiences. While average deposits and monthly incomes are lower for digital bank customers compared to traditional banks, digital banks have the potential to bridge the banking access gap and improve financial inclusion in Indonesia.

Indonesia Population by Generation

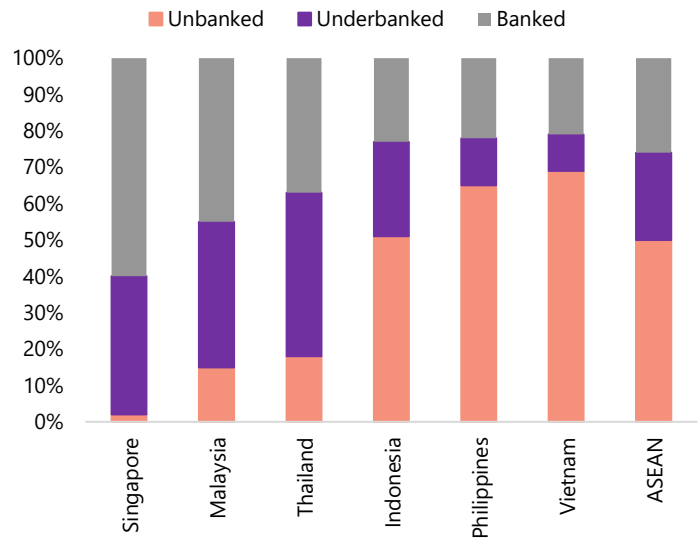


Source: BPS, SimInvest Research

Key Strategies for Digital Banks

To stand out in Indonesia's competitive digital banking landscape, digital banks should prioritize a seamless onboarding process, leveraging face recognition and liveness detection for quick online account opening. Incorporating features like QRIS and physical/virtual debit cards can enhance customer experience. User-friendly UI/UX is crucial, particularly for attracting millennial customers who value easy and fast account opening and fully digital services. Security concerns and the lack of personal touch should be addressed. Direct digital lending can drive user engagement and expand financing access. Prioritizing seamless onboarding, essential features, intuitive UI/UX, and exploring direct digital lending are key to success in Indonesia's digital banking market.

Southeast Asia Adult Population

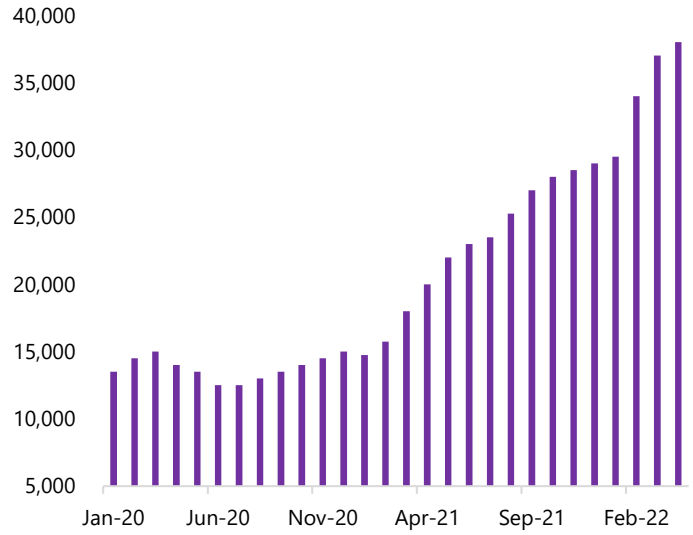


Source: World Bank, SimInvest Research

Retail Deposits, Digital Adoption, and Lending

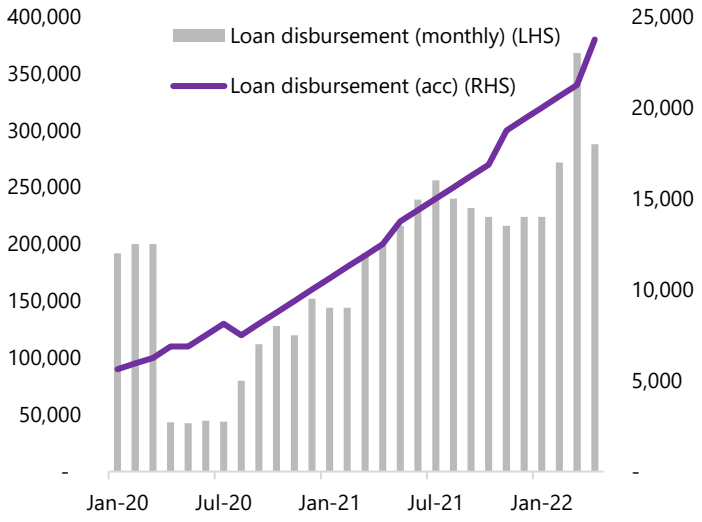
In Indonesia's banking space, retail deposits accounted for about 35% of total deposits, and it is projected to contribute around 44% by 2030F. Digital adoption is expected to rise from 12% in 2021 to 40% by 2030F, driving digital deposits to IDR1,075 tn. Digital banking will focus on retail and SME segments, while digital lending is set to significantly increase, reaching approximately IDR1,167 tn by 2030F, benefiting consumers and small businesses.

Fintech Loan Outstanding (IDR bn)



Source: FSA, SimInvest Research

Fintech Loan Disbursements (IDR bn)



Source: FSA, SimInvest Research

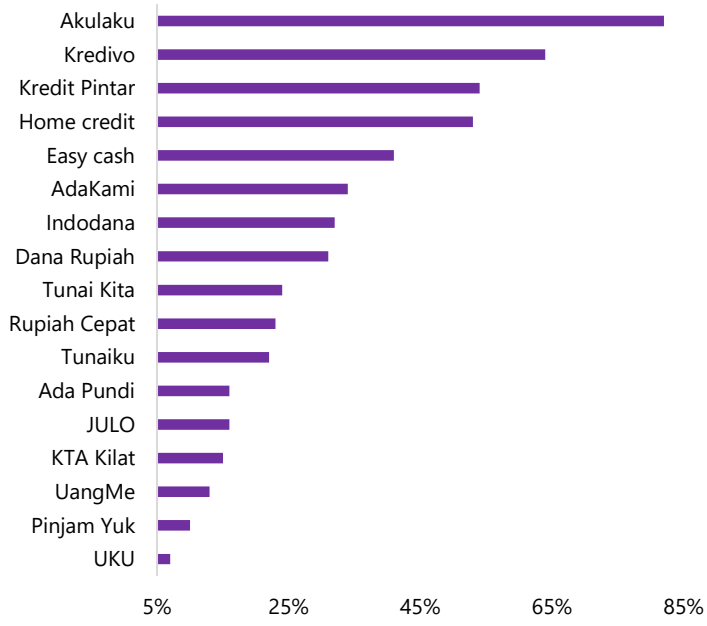
Loan Dynamics, Fintech Partnerships and Navigation

In the increasingly competitive digital banking sector, digital banks must adopt innovative strategies to support asset growth. Loan channeling through partnerships with fintech companies has been a key driver of loan growth for digital banks. Bank Jago and Bank Neo Commerce have experienced significant loan growth through such partnerships. Institutional lenders, including banks and non-bank financial institutions, account for the majority of outstanding fintech loans. Fintech platforms like Akulaku, Kredivo, and Shopee Paylater are popular choices for cash loans and buy now, pay later services. As some fintech partners express interest in acquiring stakes in digital banks, it may lead to a smaller loan pool for non-affiliated digital banks. To thrive, digital banks must continue to innovate and differentiate themselves in a competitive market.

Entrant Challenges and Market Opportunities

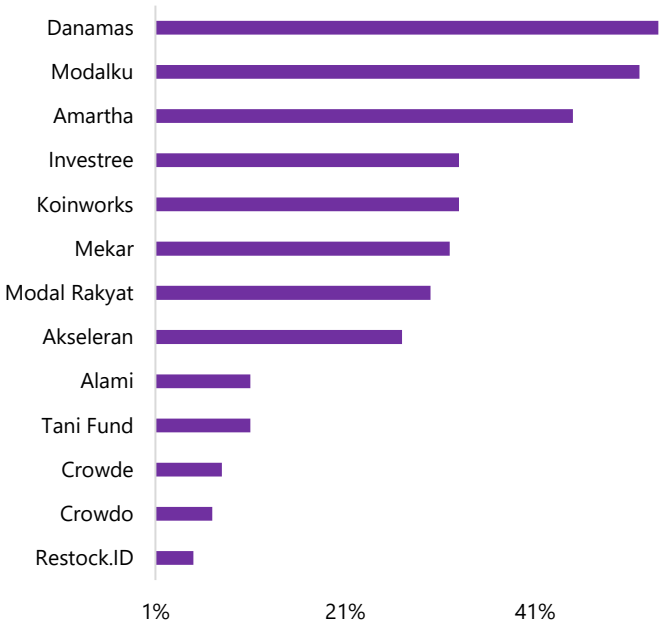
Digital banks initially focus on building a strong funding base and often offer elevated savings and time deposit rates to attract users. Deposit rates range from 2% to 8% for digital banks, compared to 1.9% to 2.8% for traditional banks. While these high rates may not be sustainable in the long term, they remain effective in the short term. Referral cashback programs have also proven successful in acquiring customers. Overall, new digital banks must invest in incentives and higher rates, but sustainability and funding access is crucial for success, posing challenges for late entrants.

Cash Loan Products Awareness



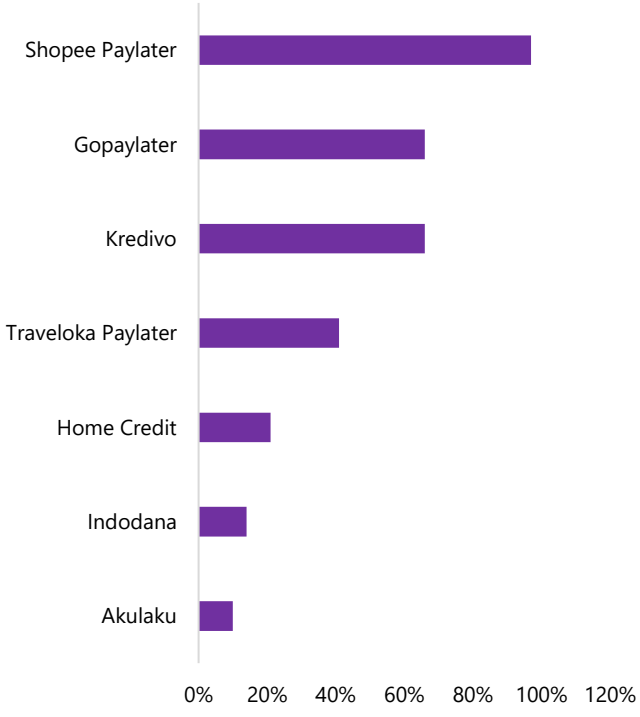
Source: Bloomberg, SimInvest Research

Productive Lending Platform Awarness



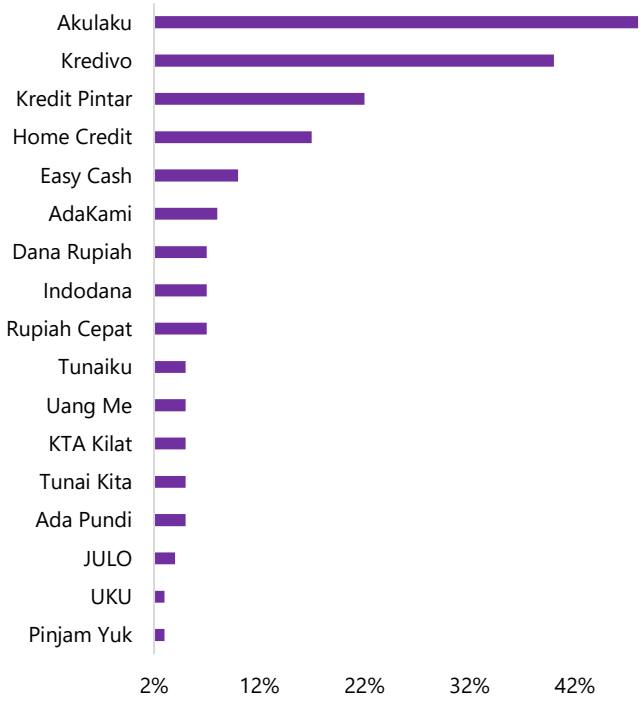
Source: Bloomberg, SimInvest Research

Pay later Products Awareness



Source: World Bank, SimInvest Research

Cash Loan Platform Frequency of Use

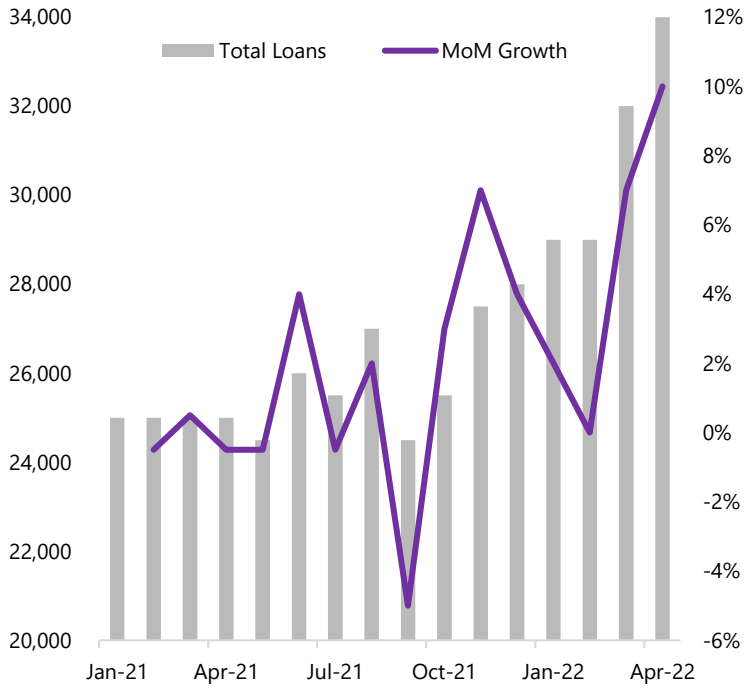


Source: Bloomberg, SimInvest Research

Unbanked Potential in Indonesian Digital Banking

To assess Indonesia's digital banking sector, it is valuable to compare it with successful global counterparts like WeBank, Kakao Bank, Nubank, and Monzo Bank. These banks have effectively served unbanked populations by leveraging technology. While South Korea and many European nations have high banking penetration, China and Brazil still have significant unbanked populations. Nubank's success in Brazil stems from targeting the retail market with limited competition, while Chinese digital banks focus on serving unbanked SMEs. Trust and technological competency are key factors in their achievements. Credit risk management is a concern, but global digital banks have shown better non-performing loan ratios than conventional banks. Investors can draw insights from these benchmarks to evaluate Indonesia's digital banking potential.

Digital Banks Total Loans



Source: World Bank, SimInvest Research

Summary of Financials

Income Statement (Rp bn)	2021	2022	2023F	2024F	2025F
Interest Income	702	775	805	892	991
Interest Expense	220	119	60	76	98
Net Interest Income	**482**	**656**	**745**	**815**	**893**
Fee-Other Operating Income	202	266	306	362	431
Gross Operating Income	**684**	**922**	**1,051**	**1,177**	**1,325**
Operating Expenses	382	496	505	566	635
Pre Provision Operating Profit	**303**	**427**	**546**	**611**	**689**
Provision	296	628	400	375	325
Net Operating Income	**7**	**-202**	**146**	**236**	**364**
Non-Operating Net	6	1	1	1	1
EBT	**1**	**-203**	**145**	**235**	**363**
Net Profit	**4**	**-155**	**111**	**181**	**279**
Balance Sheet (Rp bn)	**2021**	**2022**	**2023F**	**2024F**	**2025F**
Cash & Cash Equivalents	81	134	50	145	81
Gross Loans	2,406	2,259	2,525	2,829	3,177
- Provision	163	149	99	74	49
Net Loan	2,243	2,110	2,426	2,755	3,128
Non Earning Asset	393	218	281	366	478
Total Asset	**5,203**	**4,505**	**5,791**	**7,662**	**9,963**
Demand Deposits	1,047	28	41	62	93
Saving Deposits	93	149	223	335	502
Time Deposits	2,039	830	1,037	1,297	1,621
Customer Deposits	3,180	1,006	1,302	1,694	2,216
Other Interest Bear. Liabilities	5	3	1	1	0
Non Interest Bear. Liabilities	952	320	1,200	2,500	4,000
Total Liabilities	**4,136**	**1,329**	**2,503**	**4,194**	**6,217**
Total Equity	**1,067**	**3,176**	**3,287**	**3,468**	**3,746**
Financial Ratios	**2021**	**2022**	**2023F**	**2024F**	**2025F**
NIM	11.8%	15.9%	15.1%	12.8%	10.7%
LFR	75.5%	223.9%	193.7%	167.0%	143.3%
Gross NPL	6.6%	6.1%	6.1%	6.3%	6.1%
Net NPL	-3.0%	0.6%	2.0%	0.9%	0.8%
Cost of Credit	12.3%	27.8%	15.8%	13.3%	10.2%
Provision Coverage	103.0%	108.6%	64.2%	41.5%	25.4%
CASA	35.9%	17.5%	20.3%	23.4%	26.9%
Cost-to-Income Ratio	55.7%	53.7%	48.1%	48.1%	48.0%
Expense Ratio	66.5%	59.0%	50.9%	51.2%	51.6%
ROE	0.4%	-4.9%	3.4%	5.2%	7.4%
ROA	0.1%	-3.4%	1.9%	2.4%	2.8%
Loan Growth	40.2%	-6.1%	11.8%	12.0%	12.3%
Deposit Growth	38.6%	-68.4%	29.4%	30.1%	30.9%

Source: Company, SimInvest Research

Disclaimer & legal information:

This material is issued by PT Sinarmas Sekuritas, a member of Indonesia Stock Exchanges, represents the opinion of Sinarmas Sekuritas, and derived its judgment from sources deemed reliable, however, PT Sinarmas Sekuritas and its affiliate cannot guarantee its accuracy and completeness. Important sources for the production of this document are e.g. Indonesia Stock Exchange & Central Bank of Indonesia, national and international media & information services (e.g. Bloomberg Finance L.P).

All information and data used for this document relate to past or present circumstances and may change at any time without prior notice. Statements contained in this document regarding financial instruments or issuers of financial instruments related to the time of the production of this document. Such statements are based on a multitude of factors that are subject to continuous change. A statement contained in this document may, thus, become inaccurate without this being published. Potential risk regarding statements and expectations expressed in this document may result from issuer-specific and general (e.g. political, economic, market, etc.) developments.

SUITABILITY

This document has been prepared without taking into account the objectives, financial situation, or needs of any particular investor. Before entering into any transaction, investors should consider the suitability of the transaction to individual circumstances and objectives. Any investment or trading or other decision should only be made by the client after a thorough reading of the relevant product term sheet, subscription agreement, information memorandum, prospectus, or other offering document relating to the issue of the securities or other financial instruments. This document should not be read in isolation without reference to the full research report.

IMPORTANT LEGAL INFORMATION

PT Sinarmas Sekuritas or its affiliates may be involved in transactions contrary to any opinion herein or have positions in the securities recommended herein and may seek or will seek investment banking or other business relationships with the companies in this material. PT Sinarmas Sekuritas, its employees, and its affiliates, expressly disclaim any liability for representation or warranties, expressed or implied, here in or omission therefrom or for any loss how so ever arising from any use of this material or its contents or otherwise arising in connection there with the opinion expressed in this material are our present view and are subject to change without notice.

To the fullest extent allowed by law, Sinarmas Sekuritas shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by any person or organization arising from reliance on or use of any information contained on this report. The information that we provide should not be construed in any manner whatsoever as, personalized advice.

'This document is intended for information purposes only'. For further information please contact us.

PT Sinarmas Sekuritas
Sinarmas Land Plaza Tower 3, 6th Fl. Jl. M.H. Thamrin no.51, Jakarta, Indonesia
Phone: +62 21 392 5550
Email: research@sinarmassekuritas.co.id