

PT Bank Syariah Mandiri

Analyst: Adrian Noer / Kreshna Dwinanta Armand

Tel/Fax/E-mail: (62-21) 7278 2380 / 7278 2370 / adrian.noer@pefindo.co.id / kreshna.armand@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2019	Dec-2018	Dec-2017	Dec-2016
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idAA+/Stable</i>	Total assets [IDR bn]	102,782.9	98,341.1	87,915.0	78,831.7
Rated Issues		Total equity [IDR bn]	8,849.7	8,039.2	7,314.2	6,392.4
Sukuk Subordinated Mudharabah 2016		Total gross financing [IDR bn]	73,554.4	67,502.9	60,694.9	55,580.2
	<i>idAA-(sy)</i>	Total deposits [IDR bn]	90,494.3	87,471.8	77,903.1	69,949.9
Rating Period		Net margin [IDR bn]	3,944.2	4,964.8	4,678.9	4,067.8
<i>November 7, 2019 – November 1, 2020</i>		Net income (loss) [IDR bn]	872.3	605.2	365.2	325.4
Rating History		Net margin/avg earning assets [%]	*5.5	5.6	5.9	5.8
<i>NOV 2018</i>	<i>idAA+/Stable</i>	Operating expense/income [%]	83.2	90.2	94.1	93.7
<i>NOV 2017</i>	<i>idAA+/Stable</i>	ROAA [%]	*1.2	0.6	0.4	0.4
<i>NOV 2016</i>	<i>idAA+/Stable</i>	NPF (3-5)/gross financing [%]	2.7	3.3	4.5	4.9
<i>SEP 2016</i>	<i>idAA+/Stable</i>	Loan loss reserve/NPF (3-5) [%]	107.1	101.3	70.5	67.4
<i>SEP 2015</i>	<i>idAA+/Stable</i>	Risk weighted CAR [%]	16.1	16.3	15.9	14.0
<i>SEP 2014</i>	<i>idAA+/Stable</i>	Gross financing/total deposits [%]	81.3	77.2	77.9	79.5
<i>SEP 2013</i>	<i>idAA+/Stable</i>	USD exchange rate [USD/IDR]	14,195	14,380	13,548	13,473
<i>SEP 2012</i>	<i>idAA+/Stable</i>					
<i>MAY 2012</i>	<i>idAA+/Stable</i>					

**Annualized*

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 Syariah Mandiri's rating affirmed at "idAA+"

PEFINDO has affirmed its "idAA+" rating for PT Bank Syariah Mandiri (BSM) and "idAA-(sy)" rating for its outstanding Sukuk Subordinated Mudharabah 2016. The Sukuk Subordinated is rated two notches below BSM's corporate rating to incorporate the risk of the debt instrument being written down in the event of non-viability, as stated under regulation 15/12/PBI/2013. The outlook for the corporate rating is "stable".

An obligor rated idAA differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. The plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

A debt security rated idAA differs from the highest rated debt only to a small degree. The obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is very strong. The Minus (-) sign in a particular rating indicates that the rating is relatively weak within the respective rating category. Suffix (sy) means the rating mandates Islamic principles compliant.

The rating reflects BSM's very strong support from PT Bank Mandiri (Persero) Tbk (Bank Mandiri or BMRI, rated idAAA/stable), very strong position in the sharia banking segment, and strong liquidity and financial flexibility. The rating is constrained by its moderate asset quality and modest profitability indicators.

BSM's rating may be raised if it strengthens its business position in the banking industry substantially, or its financial performance - particularly asset quality and profitability performance- continue to improve on a consistent basis. These also have to be followed by an increasing contribution to Bank Mandiri. The rating may be under pressure if PEFINDO believes there is a downward shift in terms of support from BMRI.

BSM became a sharia bank and started its business in 1999. BMRI holds 99.99% of its shares, with the rest held by PT Mandiri Sekuritas, also a subsidiary of BMRI.

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.