

August 11th, 2022
Banking, Equity

Price IDR. 8,600
Target Price IDR. 10,250
JKSE Index IDR. 7,086.24



Stock Information

Bloomberg code **BMRI IJ**
Market cap (IDR bn) **401.33**
52-Week High (IDR) **9,075**
52-Week Low (IDR) **5,775**
6-m Avg Daily. Val (IDR) **7,915**
Free Float (%) **48**

Major Shareholders (%)
Government **52.00**
Public **48.00**

USD/IDR-YE (IDR)
2021A **14,263**
2022F (6M Avg) **14,595**

Key Indicators (%)
Non-Performing Loan **2.39**
Net Interest Margin **5.01**

Analyst: Achmadi Hangradhika
achmadi.hangradhika@binaartha.com

Investment Consideration

61.66% Profit Growth

As of 1H22, BMRI recorded a Net Profit of IDR 20.21 trillion, up 61.66% YoY from IDR 12.50 trillion in 1H21. Growth was supported by higher Net Interest Income +18.99% YoY and well managed operating expenses +3.91%. BMRI's positive performance was also driven by digitalization through Livin' by Mandiri so that the CASA ratio increased from 67.46% in 1H21 to 70.75% in 1H22. We estimate BMRI will grow Net Profit +39.63% from IDR 28.03 trillion to IDR 39.14 trillion in 2022.

Strong Loan growth

BMRI recorded strong loan growth of +10.67% YoY in the first semester of 2022. The growth was driven by SME Loans, which grew 12.48% YoY. Other segments increased too. Micro, Corporate, Commercial, and Consumer grew +12.03%, +10.59%, +9.90% and +9.30% respectively. We predict Total Gross Loans (bank only) will grow +11.85% in 2022 with Corporate Loans growing the fastest at 15.14% compared to last year.

Asset Quality Improved

BMRI improved its asset quality with the gross NPL ratio declining from 3.21% in 1H21 to 2.44% in 1H22. Of the five segments that are served by BMRI, only one, Corporate lending had a NPL ratio increase from 0.39% last year to 1.04%. Micro loans had the largest improvements with the NPL ratio declining from 2.82% to 1.25%. The NPL ratios from SME, Consumer, and Commercial loans were 0.96%, 1.91% and 7.36% respectively. The asset quality improvement was also seen by a decrease in the Consolidated Restructured Loans Ratio which declined from 19.22% to 13.21%. We forecast BMRI's gross NPL will decline again to 2.39%.

Valuation: 19% Upside, Buy.

Based on our DDM Valuation, we have a target price within one year of IDR 10,250 or trading at 2,0x PBV which gives 19% potential upside, **Buy**

Income Statement (Idr bn)	2019A	2020A	2021A	2022F
Interest Income	103.501	109.518	115.852	131.992
Interest Expense	41.391	44.472	37.757	42.440
Net Interest Income	62.110	65.046	78.096	89.552
Net Operating Income	26.490	28.594	29.028	29.078
Operating Expense	-40.076	-44.530	-49.140	-56.220
PPOP	48.524	49.110	57.984	62.410
Provision Expense	-12.072	-24.855	-19.543	-9.543
Operating Profit	36.452	24.255	38.440	52.868
Non-Operating Income – Net	-10	137	-82	82
Profit Before Tax	36.441	24.392	38.358	52.949
Tax Expense	7.986	5.993	7.807	12.003
Profit After Tax	28.456	18.399	30.551	40.946
Income for The Year Attributable to - Non-Controlling Interest	973	1.599	2.523	1.811
Net Income	27.482	16.800	28.028	39.135
EPS (Rp/Share)	588,9	360,2	601,1	839,2

Company Profile

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on October 2, 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated October 1, 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-16561.HT.01.01.TH.98 dated October 2, 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated December 4, 1998. Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) (“BBD”), PT Bank Dagang Negara (Persero) (“BDN”), PT Bank Ekspor Impor Indonesia (Persero) (“Bank Exim”) and PT Bank Pembangunan Indonesia (Persero) (“Bapindo”) (hereinafter collectively referred to as the “Merged Banks”). Bank Mandiri is engaged in banking activities under prevailing laws and regulations. The Bank commenced its operations on August 1, 1999.

Company Structure

STRUKTUR ORGANISASI
PT BANK MANDIRI (PERSERO) Tbk.

Lampiran Keputusan Direksi No. KEP.DIR/048/2021 tentang Struktur Organisasi
Tanggal 3 September 2021

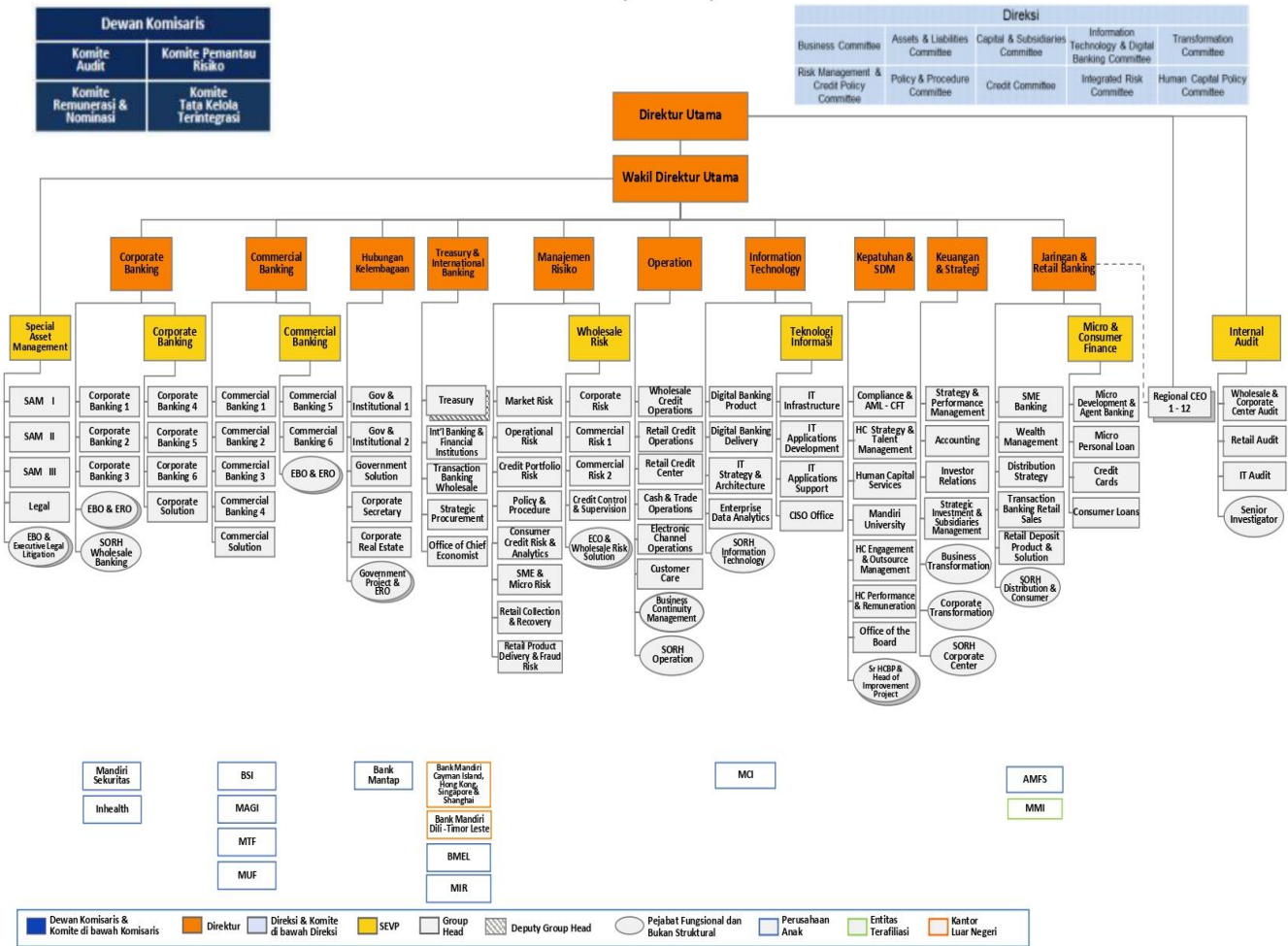


Chart: Gross Loan (IDRin.Tn) YoY

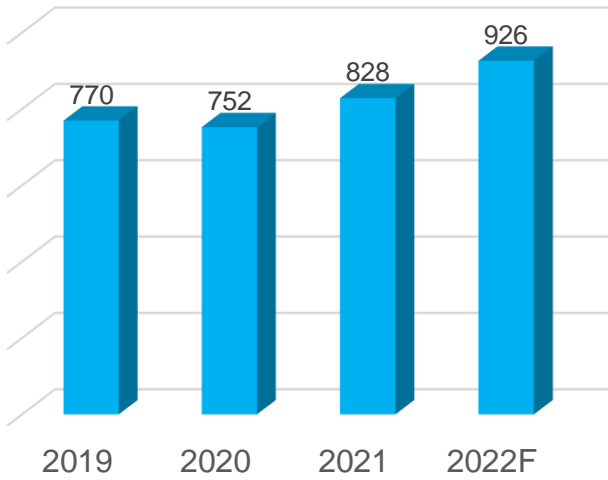


Chart: Loan to Deposit Ratio (%) YoY

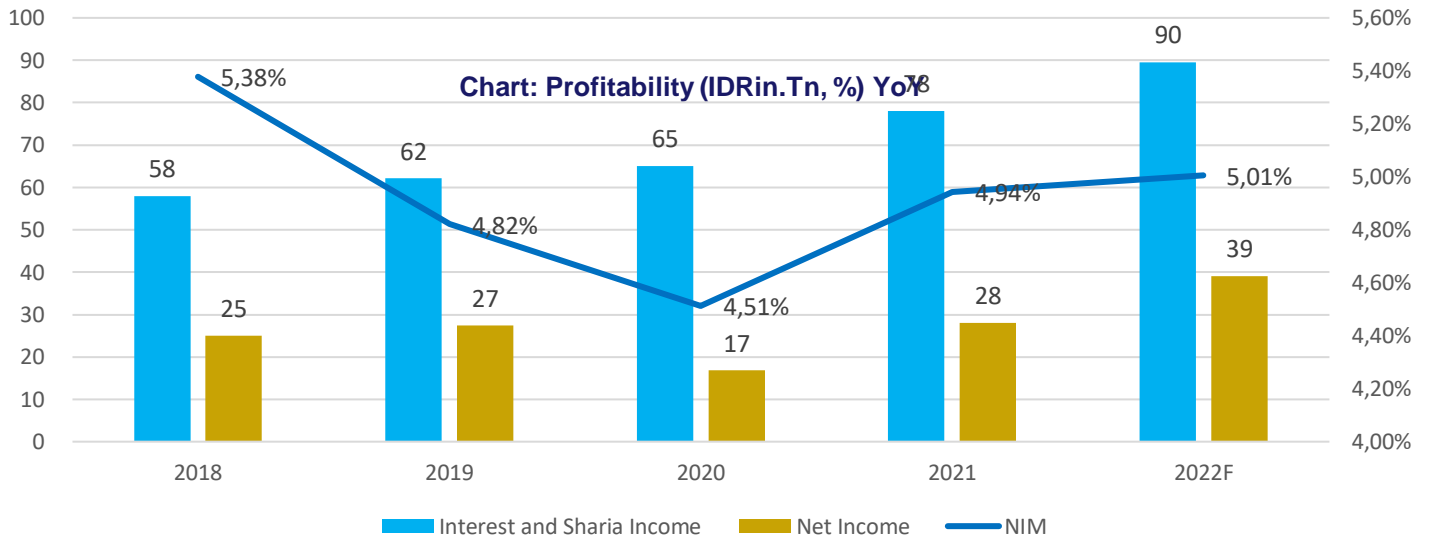
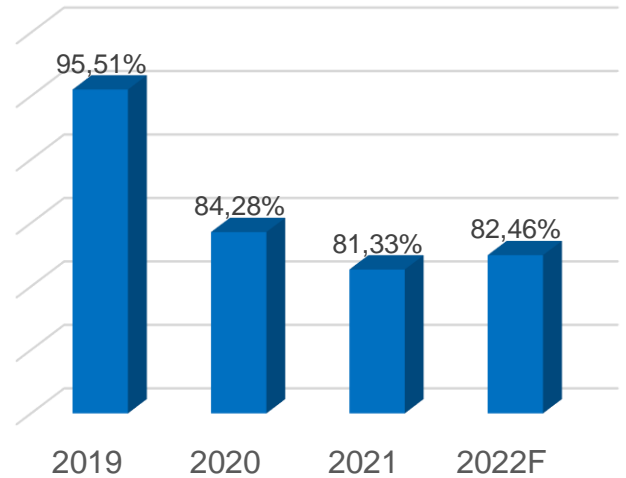


Chart: Net Interest Margin (%) YoY

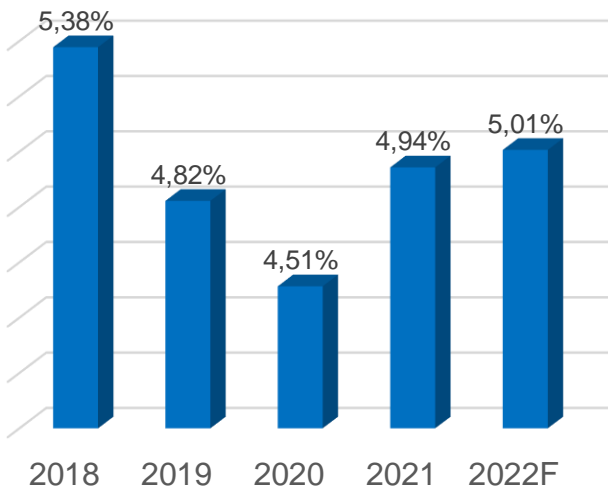


Chart: Non Performing Loan (%) YoY

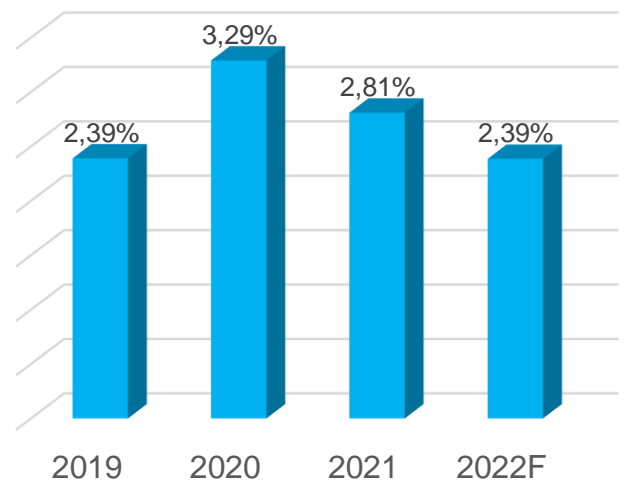


Chart: Gross Loan (IDRTn) QoQ

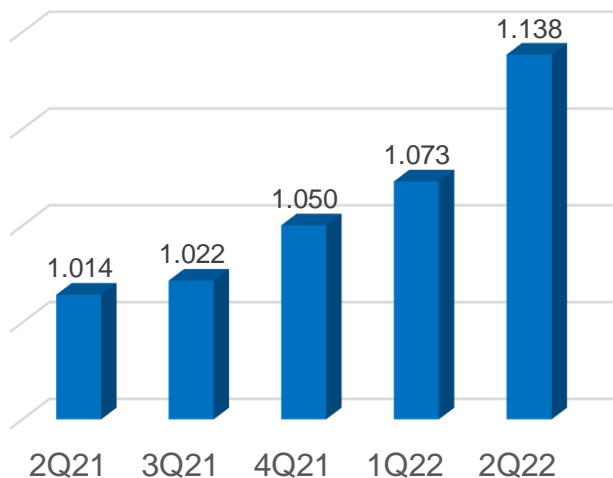


Chart: Customer Deposit (IDRTn) QoQ

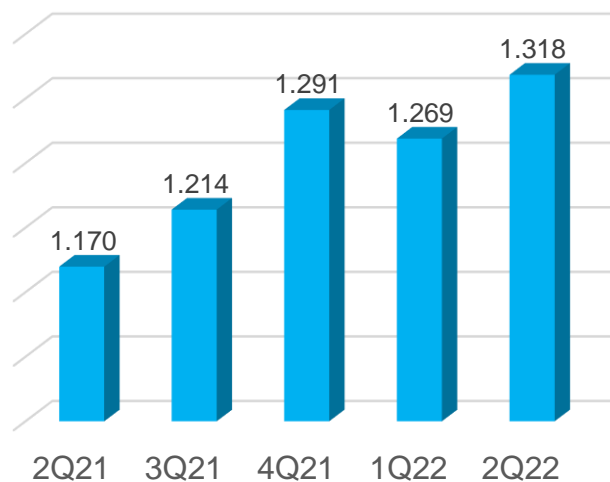


Chart: Non Performing Loan (%) QoQ

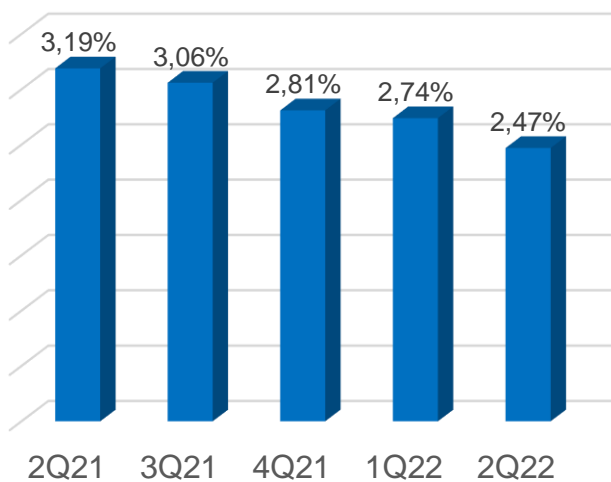
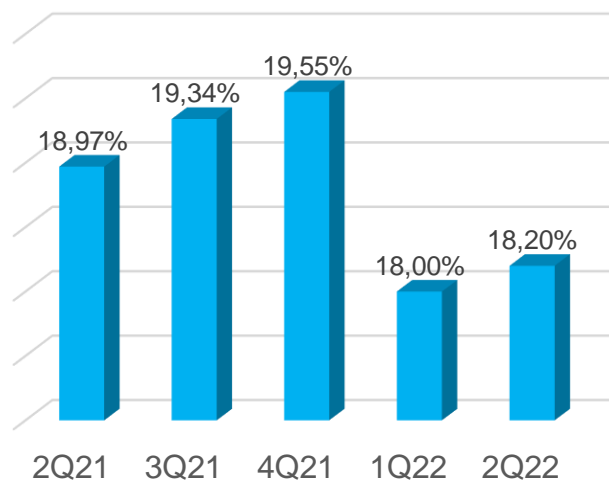


Chart: CAR (%) QoQ



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2019A	2020A	2021A	2022F
Cash and CA with BI	78.506	78.464	122.972	123.402
Interbank Placement	44.446	82.396	47.784	69.936
Marketable Securities	75.853	90.570	98.104	122.883
Gross Loan	965.661	964.728	1.050.157	1.215.790
Allowance for Loans	-32.158	-65.504	-69.194	-66.429
Loans-net	933.503	899.224	980.963	1.149.360
Other Earning Asset	322.332	476.472	529.673	572.967
Non Earning Asset	76.903	87.805	92.003	108.586
Total Asset	1.411.244	1.541.965	1.725.611	1.954.316
Deposit:				
Current Account	264.231	319.745	413.073	509.020
Saving Account	388.067	431.507	486.853	543.059
Time Deposits	358.723	393.387	391.251	422.266
Other Interest Bearing Liabilities	81.540	84.389	99.941	105.438
Non Interest Bearing Liabilities	99.831	108.236	112.383	123.138
Total Liabilities	1.192.392	1.337.265	1.503.500	1.702.920
Total Shareholder's Equity	218.852	204.700	222.111	251.396

Income Statement (IDR.bn)

Income Statement (Idr bn)	2019A	2020A	2021A	2022F
Interest Income	103.501	109.518	115.852	131.992
Interest Expense	41.391	44.472	37.757	42.440
Net Interest Income	62.110	65.046	78.096	89.552
Net Operating Income	26.490	28.594	29.028	29.078
Operating Expense	-40.076	-44.530	-49.140	-56.220
PPOP	48.524	49.110	57.984	62.410
Provision Expense	-12.072	-24.855	-19.543	-9.543
Operating Profit	36.452	24.255	38.440	52.868
Non-Operating Income – Net	-10	137	-82	82
Profit Before Tax	36.441	24.392	38.358	52.949
Tax Expense	7.986	5.993	7.807	12.003
Profit After Tax	28.456	18.399	30.551	40.946
Income for The Year Attributable to - Non-Controlling Interest	973	1.599	2.523	1.811
Net Income	27.482	16.800	28.028	39.135
EPS (Rp/Share)	588,9	360,2	601,1	839,2

Ratio Highlights

Ratio Analysis	2019A	2020A	2021A	2022F
Profitability & Efficiency				
NIM	4,82%	4,51%	4,94%	5,01%
Cost-to-Income Ratio	45,23%	47,55%	45,87%	47,39%
ROE	13,40%	8,87%	13,69%	16,73%
ROA	1,95%	1,09%	1,62%	2,00%
ROAE	13,60%	11,14%	11,28%	15,21%
BOPO	53,38%	46,45%	46,49%	55,33%
Cost of Credit	1,25%	2,20%	2,50%	2,20%
Liquidity				
LDR	95,51%	84,28%	81,33%	82,46%
CASA	64,52%	65,63%	69,70%	71,36%
Asset Quality				
Gross NPL	2,39%	3,29%	2,81%	2,45%
Capital				
CAR	20,90%	19,48%	19,55%	20,23%
Growth				
Loan Growth	10,00%	7,10%	10,07%	11,85%
Deposit Growth	20,17%	13,22%	12,80%	14,19%
Net Income Growth	9,86%	-38,87%	66,84%	39,63%

QoQ Result

Balance Sheet	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Interest Income	27.821	28.075	30.728	30.411	30.917	1,7%	11,1%
Interest Expense	8.742	8.979	10.332	8.622	8.745	1,4%	0,0%
Net Interest Income	19.079	19.096	20.396	21.789	22.172	1,8%	16,2%
Net Operating Income	7.350	7.299	8.292	7.922	7.427	-6,3%	1,0%
Operating Expense	11.542	11.575	14.536	12.013	11.915	-0,8%	3,2%
PPOP	14.887	14.820	14.151	17.699	17.684	-0,1%	18,8%
Provision Expense	5.592	5.439	3.104	4.002	3.653	-8,7%	-34,7%
Operating Profit	9.295	9.381	11.047	13.696	14.031	2,4%	51,0%
Profit Before Tax	9.227	9.483	10.948	13.706	14.052	2,5%	52,3%
Tax Expense	2.061	2.114	1.450	2.812	2.902	3,2%	40,8%
Earning After Tax	7.166	7.368	9.498	10.894	11.150	2,3%	55,6%
Income for The Year Attributable to - Non-controlling interest	583	640	698	863	972	12,7%	66,8%
Net Income	6.583	6.728	8.799	10.032	10.178	1,5%	54,6%
EPS (Rp/Share)	141,17	144,28	188,69	215,12	218,16	1,4%	54,5%

Ratio	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Profitability & Efficiency							
NIM	5,05%	5,03%	5,09%	5,31%	5,37%	0,06	0,32
Cost-to-Income Ratio	45,34%	45,90%	47,30%	40,40%	40,80%	0,40	(4,54)
ROE (bank only)	15,12%	15,08%	16,24%	22,15%	23,03%	0,88	7,91
ROA (bank only)	2,43%	2,42%	2,53%	3,34%	3,38%	0,04	0,95
Cost of Credit	2,25%	2,26%	1,42%	1,57%	1,42%	(0,15)	(0,83)
Liquidity							
LDR	85,90%	83,64%	80,80%	84,00%	85,70%	1,70	(0,20)
CASA	68,50%	69,74%	69,70%	70,30%	70,80%	0,50	2,30
Asset Quality							
Gross NPL (Bank only)	3,19%	3,06%	2,81%	2,74%	2,47%	(0,27)	(0,72)
NPL Coverage	222,00%	230,00%	243,00%	247,00%	253,00%	6,00	31,00
Capital							
CAR	18,97%	19,34%	19,55%	18,00%	18,20%	0,20	(0,77)

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

**RESEARCH TEAM
(62-21) 520-6678 ext.612**

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.