Bank Mandiri Tbk (BMRI)

Likuiditas Tinggi untuk Biaya Dana Rendah

BMRI periode 9M20 mencatatkan laba bersih senilai Rp 14 triliun, atau 82% dari estimasi kami FY20E. Likuiditas BMRI yang tinggi dengan LDR 84,4%, namun dengan CoF rendah. Kami mempertahankan BUY dengan TP di level Rp 7.000 (1,7x PBV FY20E). Adapun, BMRI akan menjadi induk bank BUMN syariah, seiring Bank Syariah Mandiri memberikan kontribusi terbesar dari aset entitas hasil merger.

Likuiditas Tertinggi dalam Empat Tahun Terakhir

Likuiditas tinggi memberikan ruang pertumbuhan kredit. Sebelumnya, kredit BMRI stagnan 0,2% QoQ, atau hanya naik 3,8% YoY. Angka ini lebih rendah dari dana pihak ketiga (DPK) yang tumbuh 4,9% QoQ atau bahkan 14,9% YoY. Kombinasi ini, kembali menekan loan to deposit ratio (LDR) ke level 84,4% atau turun 970 bps secara tahunan. Hal ini juga, menjadikan LDR BMRI saat ini terendah sejak periode 1Q16. Likuiditas tinggi ini meningkatkan kemampuan BMRI mendorong current account and saving account (CASA) ratio menjadi 65,4% di 9M20 dari 61,9% di 1H20. Ruang ekspansi kredit, juga diimbangi kemampuan BMRI menjaga non performing loan (NPL) ratio, seiring proses restrukturisasi kredit yang hampir selesai.

NPL Terjaga di Level 3,3%

BMRI mampu menjaga NPL ratio di level 3,3% periode 9M20 atau level yang sama dengan periode 1H20. BMRI juga tetap menjaga aset produktif, dengan cara membentuk NPL coverage ratio hingga 205,2% atau lebih tinggi dari periode 1H20 di level 196%. Adapun kenaikan rasio ini, sebagai mitigasi risiko selama masa pandemi. Kami melihat, BMRI menjaga pencadangan tetap tinggi dengan kebijakan penyaluran kredit yang konservatif.

Laba Bersih Tumbuh 57,1% QoQ

BMRI mencatatkan laba bersih Rp 3,7 triliun 3Q20 atau tumbuh 57,1% secara kuartalan. Kenaikan laba ditengah pendapatan bunga bersih turun 1,3% dalam periode yang sama. Sementara itu, BMRI mampu menjaga biaya operasional secara kuartalan, sehingga periode 9M20 hanya senilai Rp 9,1 triliun atau relatif sama dibanding kuartal sebelumnya. Hal ini mendorong laba operasional 3Q20 menjadi Rp 5,1 triliun atau tumbuh 44,3% QoQ. Kami memproyeksikan laba bersih BMRI tumbuh 27,5% YoY untuk periode FY21F, setelah turun 38% YoY untuk periode FY20E.

Maintain Buy dengan Target Price Rp 7.000

Kemampuan menekan Cost of Fund (CoF) dan biaya operasional, serta mendorong pendapatan non bunga, membuat kami merevisi naik 11% dan 2% proyeksi laba bersih BMRI untuk periode FY20E dan FY21F. Selain tren penurunan suku bunga acuan, peningkatan transaksi perbankan digital juga akan menekan menekan CoF BMRI. Kami mempertahankan TP di level Rp 7.000 yang mengimplikasikan PBV sebesar 1,7x dari rata-rata 3-tahun terakhir.

Bank Mandiri Tbk | Summary (IDR bn)

in IDR bn	2019/12A	2020/12E	2021/12F	2022/12F
Interest Income	91,525	86,709	95,933	101,184
Interest Income growth	*13.0%*	*-5.3%*	*10.6%*	*5.5%*
Operating Revenue	88,600	80,604	85,429	86,772
Net profit	27,482	17,015	21,694	26,987
EPS (IDR)	589	365	465	578
EPS growth	*9.1%*	*-38.1%*	*27.5%*	*24.4%*
BVPS (IDR)	4,479	4,174	4,519	4,918
Net Interest Margin	*5.2%*	*4.4%*	*4.4%*	*4.1%*
Loan/Deposits	*95.8%*	*93.1%*	*92.8%*	*90.5%*
NPL	*2.3%*	*2.3%*	*2.8%*	*2.7%*
ROE	*14.0%*	*8.4%*	*10.7%*	*12.3%*
ROA	*2.2%*	*1.3%*	*1.5%*	*1.7%*
P/E	13.0x	19.2x	15.1x	12.1x
P/BV	1.7x	1.7x	1.5x	1.4x
P/Op. Revenue	4.0x	4.1x	3.8x	3.8x
DPS (IDR)	353	219	279	347
Dividend yield	*4.6%*	*3.1%*	*4.0%*	*5.0%*

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS

Company Report | Nov. 6, 2020

BUY

Target Price (IDR)	**7,000**
Consensus Price (IDR)	6,992
TP to Consensus Price	+0.1%
vs. Last Price	+21.2%

Shares data

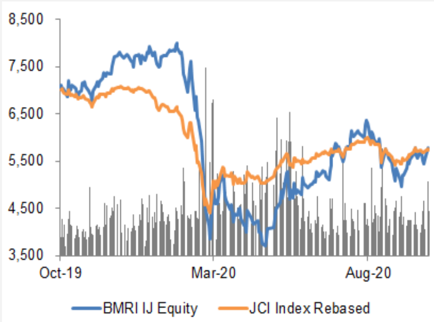
Last Price (IDR)	5,775
Price date as of	Oct. 27, 2020
52 wk range (Hi/Lo)	8,050 / 3,660
Free float (%)	37.7
Outstanding sh.(mn)	46,667
Market Cap (IDR bn)	277,667
Market Cap (USD mn)	18,996
Avg. Trd Vol - 3M (mn)	53.65
Avg. Trd Val - 3M (bn)	303.81
Foreign Ownership	27.2%

Finance

Bank

Bloomberg	**BMRI IJ**
Reuters	**BMRI.JK**

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	32.9%	-10.8%	1.7%	21.2%
Rel. Ret.	10.1%	-6.5%	2.0%	-1.0%

Arief Machrus

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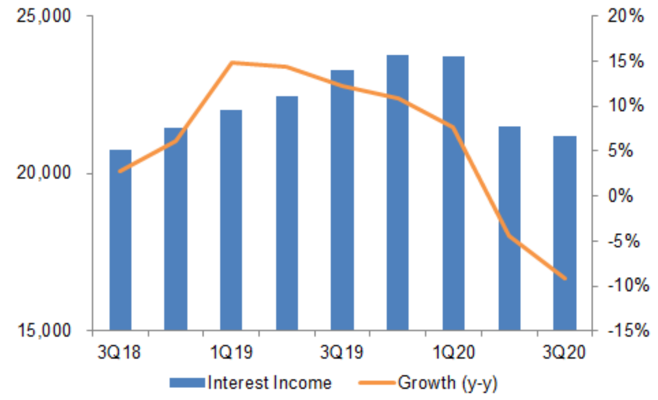
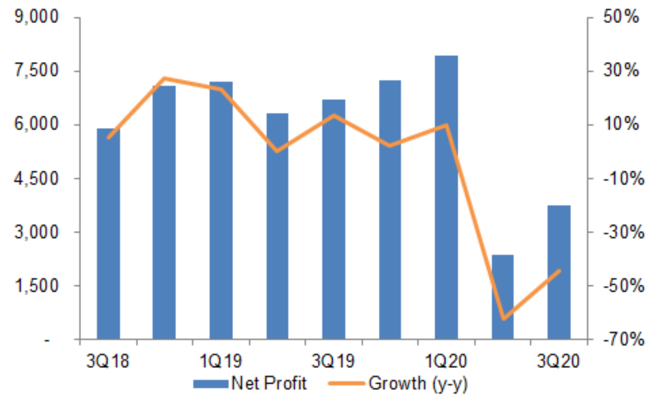
Performance Highlights

Interest Income (IDR bn) | 3Q18 - 3Q20



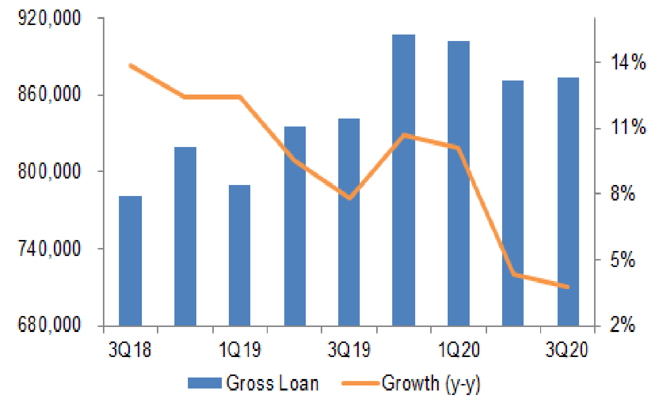
Source: Company, NHKSI Research

Net Profit (IDR bn) | 3Q18 - 3Q20



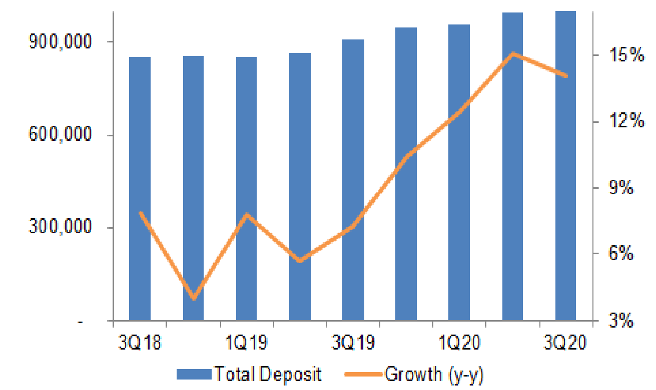
Source: Company, NHKSI Research

Gross Loan (IDR bn) | 3Q18 - 3Q20



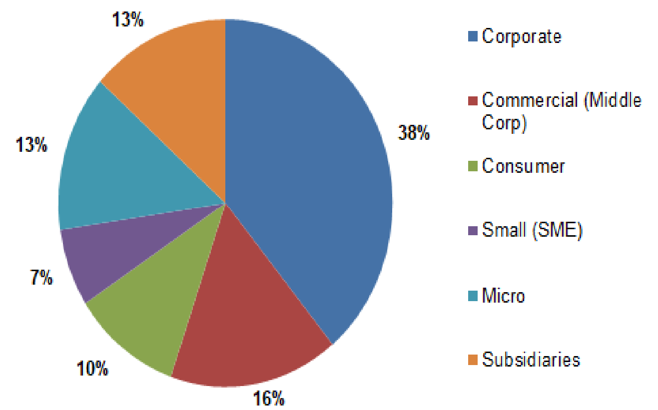
Source: Company, NHKSI Research

Deposit (IDR bn) | 3Q18 - 3Q20



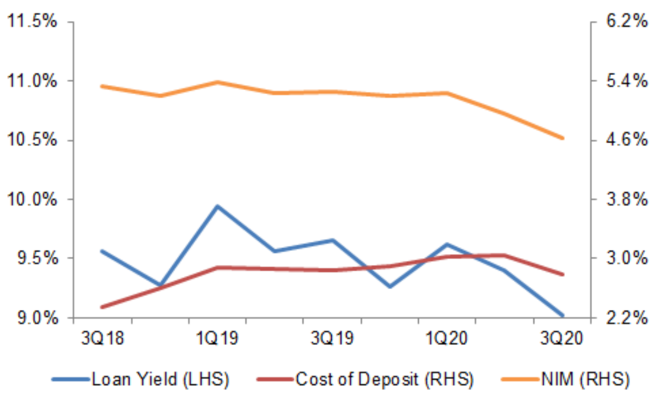
Source: Company, NHKSI Research

Loan Composition



Source: Company, NHKSI Research

Loan Yield, Cost of Deposit, NIM | 3Q18 - 3Q20



Source: Company, NHKSI Research

3Q20 review (IDR bn)

	3Q19	4Q19	1Q20	2Q20	3Q20 Actual	3Q20 Estimate	3Q20 y-y	3Q20 q-q	3Q20 Surprise	4Q20
Interest Income	23,282	23,755	23,709	21,490	21,172	10,428	-9.1%	-1.5%	103.0%	20,337
Interest Expense	(8,187)	(8,255)	(8,173)	(8,091)	(7,948)	(7,051)	-2.9%	-1.8%	12.7%	(8,003)
Net Interest Income	15,095	15,500	15,536	13,399	13,224	3,377	-12.4%	-1.3%	291.6%	12,334
Operating Revenue	22,705	23,635	23,900	19,472	19,605	5,184	-13.7%	0.7%	278.2%	17,626
Pre-Provisioning Operating Profit (PPOP	12,879	11,762	13,871	10,316	10,469	2,826	-18.7%	1.5%	270.5%	9,606
Loan loss provisions	(4,062)	(1,798)	(3,479)	(6,811)	(5,409)	(8,603)	33.1%	-20.6%	-37.1%	(5,727)
Net Profit	6,719	7,233	7,916	2,377	3,735	(4,499)	-44.4%	57.1%	-183.0%	2,987

Source: Bloomberg, NHKSI research

Earnings revision (IDR bn)

		2020E	2021F	2022F
Interest Income	Revised	86,709	95,933	101,184
	Previous	87,715	97,681	112,361
	Change	*-1.1%*	*-1.8%*	*-9.9%*
Interest Expenses	Revised	(32,215)	(37,778)	(42,116)
	Previous	(33,128)	(38,432)	(44,485)
	Change	*-2.8%*	*-1.7%*	*-5.3%*
Net Interest Income	Revised	54,494	58,155	59,069
	Previous	54,587	59,248	67,875
	Change	*-0.2%*	*-1.8%*	*-13.0%*
Operating Revenue	Revised	80,604	85,429	86,772
	Previous	82,215	87,141	100,125
	Change	*-2.0%*	*-2.0%*	*-13.3%*
Pre-Provisioning OP	Revised	44,262	47,885	48,476
	Previous	44,775	48,779	55,848
	Change	*-1.1%*	*-1.8%*	*-13.2%*
Loan Loss Provision	Revised	(21,426)	(17,986)	(11,303)
	Previous	(23,237)	(19,290)	(17,229)
	Change	*-7.8%*	*-6.8%*	*-34.4%*
Net Profit	Revised	17,015	21,694	26,987
	Previous	16,073	21,989	28,786
	Change	*5.9%*	*-1.3%*	*-6.3%*

Source: NHKSI research

Sekilas Tentang BMRI

Bank Mandiri merupakan bank terbesar kedua di Indonesia setelah Bank Rakyat Indonesia dari segi total aset. Sementara itu, Bank Mandiri merupakan bank nomor satu di Indonesia di segmen korporasi. Pada 1Q20, Bank Mandiri menyalurkan kredit sebesar Rp362,6 triliun ke segmen korporasi atau 40% dari total kredit. Bank Mandiri terus berupaya tidak hanya memperkuat *client relationship* dengan nasabah korporasi tetapi juga meningkatkan kontribusi dari segmen konsumer dan mikro. Kontribusi segmen kredit konsumer fokus pada produk kredit pemilikan rumah (KPR), otomotif, dan kredit berbasis *payroll*, terutama bagi karyawan dari perusahaan yang sudah menjadi nasabah korporasi Bank Mandiri.

Daya Saing Perbankan Indonesia di ASEAN

Industri perbankan di Indonesia menjadi prioritas investasi utama di ASEAN karena menawarkan suku bunga kredit yang lebih tinggi dibandingkan dengan suku bunga yang ditawarkan bank lain di ASEAN. Hal ini merupakan faktor utama keunggulan industri perbankan di Indonesia. Bank di Indonesia masih mampu mempertahankan NIM di atas 5% meskipun sedang menghadapi tekanan penurunan suku bunga acuan oleh bank sentral. Keunggulan NIM ini mampu ditranslasikan menjadi ROE yang lebih tinggi.

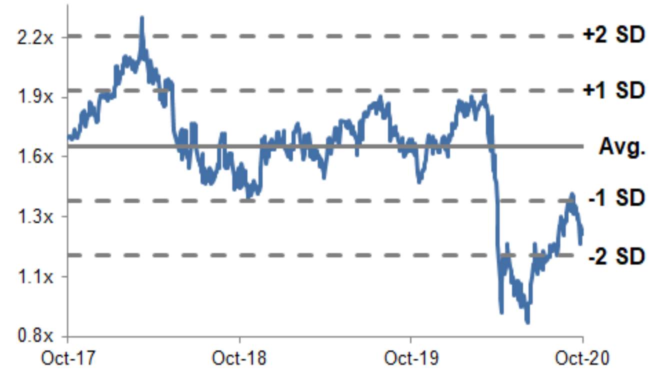
ASEAN Banking Sector

	Market Cap (USD mn)	**Asset** (USD mn)	**Int. Income LTM** (USD mn)	**Net Profit LTM** (USD mn)	**Net Profit Growth LTM**	**ROE LTM**	**P/E LTM**	**P/BV**
Indonesia								
BMRI	19,007	95,201	5,511	1,469	-21.8%	11.1%	13.1	1.5
BBRI	28,453	102,315	7,763	1,982	-15.6%	15.2%	14.5	2.2
BBCA	49,322	66,367	3,846	1,913	-2.1%	16.0%	26.0	4.0
BBNI	5,949	61,068	3,598	534	-50.3%	6.7%	11.2	0.8
BBTN	1,015	22,516	1,660	36	-61.6%	2.5%	28.2	0.8
Singapore								
DBS Group	39,275	430,571	7,589	4,012	-7.3%	10.8%	9.7	1.0
United Overseas Bank	23,694	300,765	7,767	2,662	-11.8%	9.8%	8.8	0.9
Oversea-Chinese Banking	27,971	365,678	8,122	2,779	-16.9%	8.2%	9.8	0.8
Malaysia								
CIMB Group	6,968	140,141	4,710	629	-47.1%	4.8%	10.9	0.5
Malayan Banking	18,923	203,988	4,086	1,769	-7.4%	9.2%	10.6	1.0
Hong Leong Financial	3,883	59,191	1,206	442	-3.2%	9.3%	8.6	0.8
Thailand								
Bangkok Bank	6,020	108,104	3,266	731	-36.6%	5.2%	8.2	0.4
Siam Commercial Bank	7,075	99,602	3,771	890	-33.9%	6.9%	7.9	0.5
Bank of Ayudhya	4,497	79,298	3,499	837	-19.5%	9.5%	5.4	0.5
Philippines								
BDO Unibank	8,180	62,894	2,856	571	-33.7%	7.8%	13.8	1.1
Metropolitan Bank & Trust	3,738	48,338	1,860	349	-34.7%	5.6%	11.4	0.6
Bank of the Philippine Island	6,853	43,490	1,734	476	-14.8%	9.9%	13.8	1.2

Source: Bloomberg, NHKSI Research

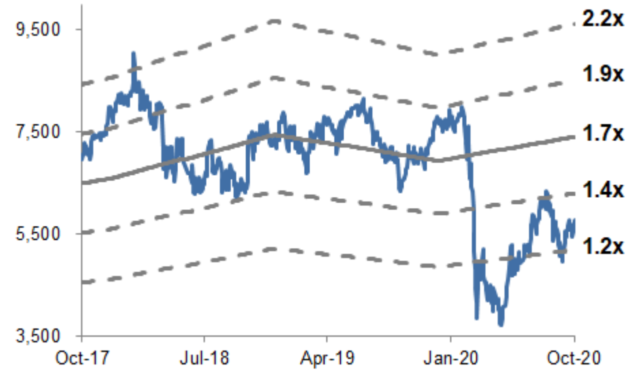
Multiple Valuation

Forward P/B band | Last 3 years



Source: NHKSI research

Dynamic Forward P/B band | 3 years



Source: NHKSI research

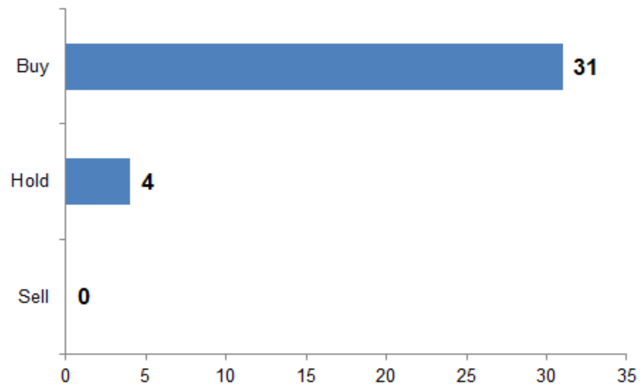
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
07/24/2020	Buy	6,400 (12 Month)	5,275	6,000	+21.3%	+6.7%
09/22/2020	Buy	7,000 (12 Month)	5,575	6,790	+25.6%	+3.1%
11/06/2020	Buy	7,000 (12 Month)	5,775	6,992	+21.2%	+0.1%

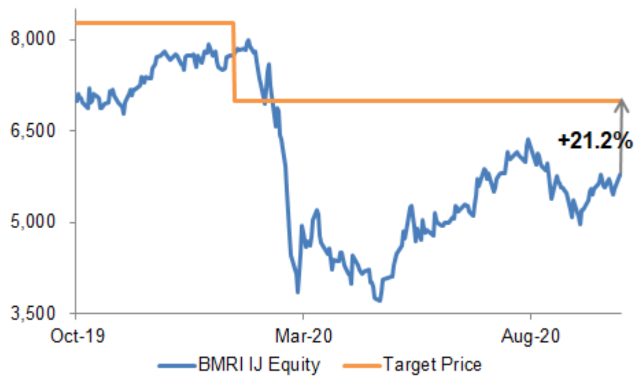
Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: Next 12-months
2. Rating system based on a stock's absolute return from the date of publication
   - Buy : Greater than +15%
   - Overweight : +5% to +15%
   - Hold : -5% to +5%
   - Underweight : -5% to –15%
   - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT				
(IDR bn)	**2019/12A**	**2020/12E**	**2021/12F**	**2022/12F**
Interest Income	**91,525**	**86,709**	**95,933**	**101,184**
Growth (% y/y)	*13.0%*	*-5.3%*	*10.6%*	*5.5%*
Interest Expenses	(32,085)	(32,215)	(37,778)	(42,116)
Net Interest Income	**59,440**	**54,494**	**58,155**	**59,069**
Net Interest Margin	*5.2%*	*4.4%*	*4.4%*	*4.1%*
Net Fee Income	16,066	14,192	16,283	16,539
Trading Income	4,734	5,626	6,106	6,202
Other Operating Income	8,361	6,292	4,885	4,962
Operating Revenue	**88,600**	**80,604**	**85,429**	**86,772**
Operating Expenses	(40,076)	(36,341)	(37,544)	(38,296)
Pre-provisioning OP	**48,524**	**44,262**	**47,885**	**48,476**
Provision for Impairment	(12,072)	(21,426)	(17,986)	(11,303)
EBT	**36,441**	**22,757**	**29,813**	**37,086**
Income Tax	(7,986)	(5,220)	(7,453)	(9,272)
Non-controlling Interest	(973)	(522)	(665)	(828)
Net Profit	**27,482**	**17,015**	**21,694**	**26,987**
Growth (% y/y)	*9.1%*	*-38.1%*	*27.5%*	*24.4%*

PROFITABILITY & STABILITY				
	2019/12A	**2020/12E**	**2021/12F**	**2022/12F**
ROE	14.0%	8.4%	10.7%	12.3%
ROA	2.2%	1.3%	1.5%	1.7%
Non-Int. Inc. /Op. Rev	32.9%	32.4%	31.9%	31.9%
Cost/Income	45.2%	45.1%	43.9%	44.1%
Cash Dividend (IDR bn)	16,489	10,209	13,017	16,192
Dividend Yield (%)	4.6%	3.1%	4.0%	5.0%
Payout Ratio (%)	60.0%	60.0%	60.0%	60.0%
Loan/Deposits	95.8%	93.1%	92.8%	90.5%
Loan/Assets	68.8%	68.1%	68.0%	66.6%
NPL	2.3%	2.3%	2.8%	2.7%
Loan Loss Res./Loan	3.3%	4.7%	5.4%	5.4%
CASA/Deposits	65.3%	65.8%	65.8%	66.3%
Time Deposits/Deposits	34.7%	34.2%	34.2%	33.7%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	46,667	46,667	46,667	46,667
Share Price (IDR)	7,675	7,000	7,000	7,000
Market Cap (IDR tn)	358.2	326.7	326.7	326.7

BALANCE SHEET				
(IDR bn)	**2019/12A**	**2020/12E**	**2021/12F**	**2022/12F**
Cash	28,094	30,548	33,072	36,821
Placement in Banks	96,618	87,406	103,141	105,944
Net Loans	877,105	880,599	952,051	1,033,875
Investment	202,825	244,273	262,444	321,966
Fixed Asset	44,612	46,207	53,186	60,536
Other Assets	68,992	67,990	75,862	82,244
Total Assets	**1,318,246**	**1,357,023**	**1,479,756**	**1,641,386**
Deposits	946,968	992,776	1,084,496	1,206,729
Debt	87,038	96,344	113,872	126,707
Other liabilities	75,205	73,139	70,492	78,437
Total Liabilities	**1,109,211**	**1,162,260**	**1,268,860**	**1,411,874**
Capital Stock & APIC	29,143	28,983	28,983	28,983
Retained Earnings	143,310	124,553	136,037	150,008
Shareholders' Equity	**209,035**	**194,763**	**210,896**	**229,512**

VALUATION INDEX				
	2019/12A	**2020/12E**	**2021/12F**	**2022/12F**
Price /Earnings	13.0x	19.2x	15.1x	12.1x
Price /Book Value	1.7x	1.7x	1.5x	1.4x
Price/Op. Revenue	4.0x	4.1x	3.8x	3.8x
PE/EPS Growth	1.4x	-0.5x	0.5x	0.5x
EV/Operating Revenue	4.8x	4.9x	4.8x	4.9x
EV/PPOP	8.7x	9.0x	8.6x	8.7x
EV (IDR bn)	421,544	396,885	411,877	420,950
Op. Rev. CAGR (3-Yr)	15.9%	6.3%	4.7%	3.6%
EPS CAGR (3-Yr)	11.4%	-5.8%	16.3%	9.3%
Basic EPS (IDR)	589	365	465	578
Diluted EPS (IDR)	589	365	465	578
BVPS (IDR)	4,479	4,173	4,519	4,918
Op. Revenue PS (IDR)	1,899	1,727	1,831	1,859
DPS (IDR)	353	219	279	347

Source: NHKSI research