

# Bank Mandiri Tbk (BMRI)

## Impressive Overall FY21 Performance

Bank Mandiri Tbk (BMRI) FY21 net profit soared 66.8% to IDR 28 Tn. This was supported by growth from both Interest and Non-Interest Income, while Operating Expenses was relatively manageable. Furthermore, provision expenses also decreased by 21.4% YoY. BMRI will continue its shifts into high-yielding assets in order to maintain growth in 2022.

### Impressive Performance Down the Line, Profit Soars

- BMRI booked an impressive overall performance throughout 2021, marked by topline growth. Both Net Interest Income and Non-Interest Income grew by 16.86% and 9.01% YoY respectively.
- On the other hand, Operating Expenses was relatively well-controlled, rose only by 10.35% YoY. This allowed for PPOP to improve 18.1% to IDR 57.9 Tn (vs IDR 49.1 Tn in FY20).
- Provision expenses also managed to go down 21.4% YoY to IDR 19.5 Tn, which resulted in net profit soared to IDR 28.0 Tn (+66.8% YoY vs IDR 16.8 Tn in FY20).

### CASA Growth Pushed CoF Down

- BMRI booked loan growth of 2.8% QoQ in 4Q21 & 8.9% YoY in FY21. While corporate segment still contributed the most with 35.2% of total loans, other smaller segments had higher yoy growth; such as: Commercial (+9.7%), Micro (+9.3%), and SME (+8.7%).
- In terms of funding, the bank managed to record impressive low-cost fund growth, with Current Account (+29.9% YoY) and Savings (+12.8% YoY). On the contrary, Time Deposits fell 0.5% to IDR 391.2 Tn. This resulted in CASA ratio improved to 74% (from 68.5% in FY20); with CoF also managed to go down considerably to 1.7% in FY21 (vs 2.7% in FY20).

### High Yield Assets as Key Performance Drivers

- BMRI will continue its strategy to focus on higher yield assets in order to maintain its financial performance. As a note, consumer loans such as Payroll and Mortgages have recovered to above pre-pandemic levels;
- For 2022, the bank has set consolidated loan growth guidance at >8%. Moreover, NIM is also expected to be above 5%, as a result of higher LDR and CoF management.

### Overweight call with Unchanged TP at IDR 8,600

- We maintain Target Price for BMRI at IDR 8,600/share, with the recent price rally caused our call to change into Overweight. Our TP implies a FY22 P/BV of 1.6x (in line with its 3-year average), while we expect BMRI to continue recording sustainable financial performance.

### Bank Mandiri Tbk | Summary (IDR bn)

in IDR bn	2021/12A	2022/12F	2023/12F	2024/12F
Interest Income	97,749	121,457	138,767	160,476
<i>Interest Income growth</i>	11.9%	24.3%	14.3%	15.6%
Operating Revenue	107,124	118,366	139,693	164,991
Net profit	32,962	34,743	44,312	54,038
EPS (IDR)	706	744	950	1,158
<i>EPS growth</i>	92.5%	5.4%	27.5%	21.9%
BVPS (IDR)	4,881	5,790	7,342	8,994
Net Interest Margin	5.0%	4.8%	4.8%	5.0%
Loan/Deposits	80.8%	89.4%	90.9%	92.0%
NPL	2.3%	2.7%	2.7%	2.7%
ROE	15.6%	14.0%	14.5%	14.2%
ROA	2.1%	1.9%	2.1%	2.2%
P/E	9.9x	11.6x	9.1x	7.4x
P/BV	1.4x	1.5x	1.2x	1.0x
P/Op. Revenue	3.1x	3.4x	2.9x	2.4x
DPS (IDR)	370	390	497	606
<i>Dividend yield</i>	5.3%	4.5%	5.8%	7.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Overweight

<b>Target Price (IDR)</b>	<b>8,600</b>
Consensus Price (IDR)	8,698
TP to Consensus Price	-1.1%
Potential Upside	+14.7%

### Shares data

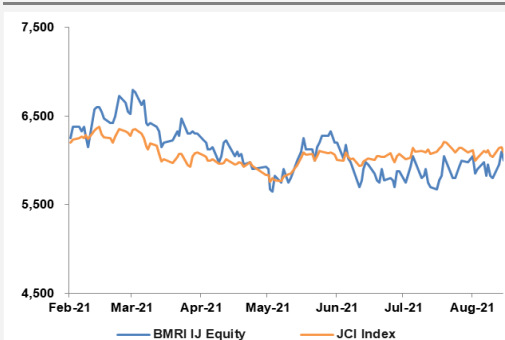
Last Price (IDR)	7,500
Price date as of	Feb. 7, 2022
52 wk range (Hi/Lo)	7,775 / 5,600
Free float (%)	37.9
Outstanding sh.(mn)	46,667
Market Cap (IDR bn)	350,000
Market Cap (USD mn)	24,324
Avg. Trd Vol - 3M (mn)	34.60
Avg. Trd Val - 3M (bn)	248.71
Foreign Ownership	27.8%

### Financial Services

#### Banking

Bloomberg	BMRI IJ
Reuters	BMRI.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	6.8%	6.4%	7.1%	14.1%
Rel. Ret.	3.4%	4.8%	4.5%	4.5%

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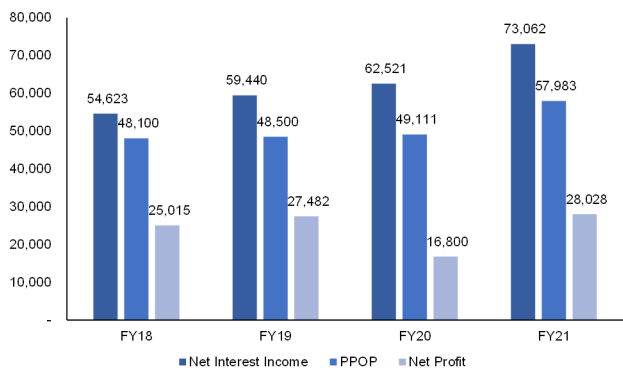
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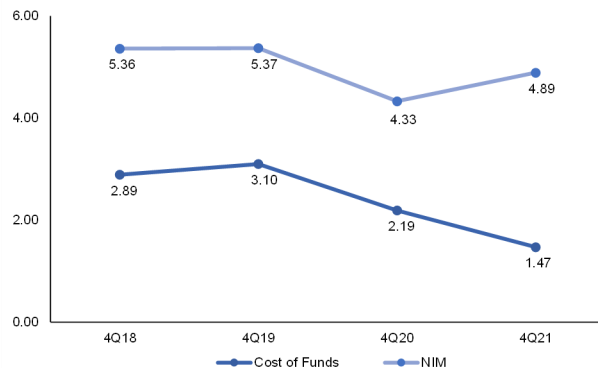
# Performance Highlights

## Financial Performance (IDR Billion)



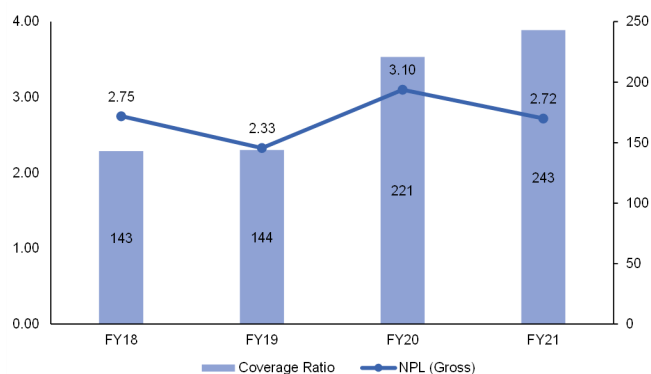
Source: Company, NHKSI Research

## Profitability Ratios (%)



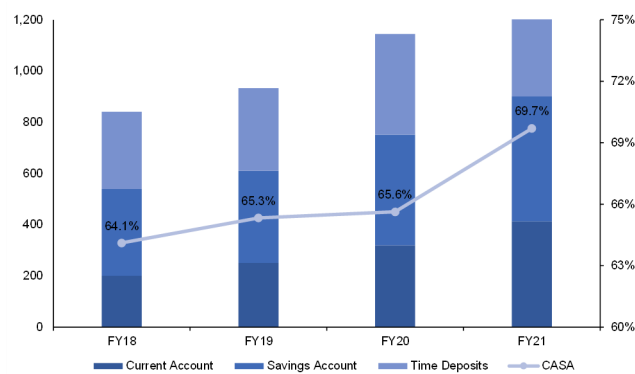
Source: Company, NHKSI Research

## Asset Quality (%)



Source: Company, NHKSI Research

## Third Party Fund (IDR Tn)



Source: Company, NHKSI Research

## Blended Forward P/E Ratio - 3 Years



Source: Bloomberg, NHKSI Research

## Price / Book Ratio - 3 Years



Source: Bloomberg, NHKSI Research

## Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F		2021/12A	2022/12F	2023/12F	2024/12F
<b>Interest Income</b>	<b>97,749</b>	<b>121,457</b>	<b>138,767</b>	<b>160,476</b>	ROE	15.6%	14.0%	14.5%	14.2%
<i>Growth (% y/y)</i>	11.9%	24.3%	14.3%	15.6%	ROA	2.1%	1.9%	2.1%	2.2%
Interest Expenses	(24,687)	(39,852)	(42,662)	(46,346)	Non-Int. Inc. /Op. Rev	31.8%	31.1%	31.2%	30.8%
<b>Net Interest Income</b>	<b>73,062</b>	<b>81,605</b>	<b>96,105</b>	<b>114,131</b>	Cost/Income	45.9%	46.4%	46.1%	46.2%
<i>Net Interest Margin</i>	5.0%	4.8%	4.8%	5.0%	Cash Dividend (IDR bn)	17,254	18,187	23,196	28,287
Net Fee Income	17,236	20,747	23,919	28,115	Dividend Yield (%)	5.3%	4.5%	5.8%	7.0%
Trading Income	7,183	7,989	9,994	11,421	Payout Ratio (%)	52.3%	52.3%	52.3%	52.3%
Other Operating Income	9,642	8,026	9,676	11,325	Loan/Deposits	80.8%	89.4%	90.9%	92.0%
<b>Operating Revenue</b>	<b>107,124</b>	<b>118,366</b>	<b>139,693</b>	<b>164,991</b>	Loan/Assets	60.9%	66.0%	65.9%	66.0%
Operating Expenses	(49,141)	(54,889)	(64,430)	(76,304)	NPL	2.3%	2.7%	2.7%	2.7%
<b>Pre-provisioning OP</b>	<b>57,983</b>	<b>63,477</b>	<b>75,263</b>	<b>88,687</b>	Loan Loss Res./Loan	6.6%	5.0%	5.0%	5.0%
Provision for Impairment	(19,543)	(19,074)	(19,303)	(21,465)	CASA/Deposits	69.6%	70.9%	72.2%	73.6%
<b>EBT</b>	<b>38,402</b>	<b>44,441</b>	<b>56,025</b>	<b>67,245</b>	Time Deposits/Deposits	30.4%	29.1%	27.8%	26.4%
Income Tax	(7,807)	(9,852)	(12,468)	(14,936)	Par Value (IDR)	250	250	250	250
Non-controlling Interest	2,367	154	755	1,729	Total Shares (mn)	46,667	46,667	46,667	46,667
<b>Net Profit</b>	<b>32,962</b>	<b>34,743</b>	<b>44,312</b>	<b>54,038</b>	Share Price (IDR)	7,025	8,600	8,600	8,600
<i>Growth (% y/y)</i>	92.5%	5.4%	27.5%	21.9%	Market Cap (IDR tn)	327.8	401.3	401.3	401.3

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F		2021/12A	2022/12F	2023/12F	2024/12F
Cash	23,948	32,622	38,165	42,455	Price /Earnings	9.9x	11.6x	9.1x	7.4x
Placement in Banks	172,225	182,118	209,422	240,955	Price /Book Value	1.4x	1.5x	1.2x	1.0x
Net Loans	980,963	1,243,102	1,429,472	1,644,711	Price/Op. Revenue	3.1x	3.4x	2.9x	2.4x
Investment	416,908	363,918	418,478	481,490	PE/EPS Growth	0.1x	2.1x	0.3x	0.3x
Fixed Asset	49,145	55,542	62,947	71,517	EV/Operating Revenue	3.9x	4.5x	4.1x	3.7x
Other Assets	82,423	107,411	123,804	142,729	EV/PPOP	7.2x	8.4x	7.6x	6.9x
<b>Total Assets</b>	<b>1,725,612</b>	<b>1,984,712</b>	<b>2,282,287</b>	<b>2,623,857</b>	EV (IDR bn)	419,308	531,577	570,621	613,915
Deposits	1,299,319	1,463,536	1,655,739	1,881,469	Op. Rev. CAGR (3-Yr)	23.5%	20.8%	23.3%	28.3%
Debt	97,175	130,803	147,981	168,156	EPS CAGR (3-Yr)	16.9%	11.3%	17.3%	46.7%
Other liabilities	101,339	120,173	135,956	154,491	Basic EPS (IDR)	706	744	950	1,158
<b>Total Liabilities</b>	<b>1,497,833</b>	<b>1,714,513</b>	<b>1,939,676</b>	<b>2,204,116</b>	Diluted EPS (IDR)	706	744	950	1,158
Capital Stock & APIC	29,241	29,241	29,241	29,241	BVPS (IDR)	4,881	5,790	7,342	8,994
Retained Earnings	137,024	154,514	180,639	211,482	Op. Revenue PS (IDR)	2,296	2,536	2,993	3,536
<b>Shareholders' Equity</b>	<b>227,779</b>	<b>270,199</b>	<b>342,611</b>	<b>419,741</b>	DPS (IDR)	370	390	497	606

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F	By Geography	% Shareholders	%	
Operating Cash Flow	78,049	27,549	56,095	67,900	Indonesia	72.3	Republic of Indonesia	52.0
Investing Cash Flow	(258,930)	(224,398)	(288,033)	(332,605)	United States	8.9	DJS Ketenagakerjaan	8.0
Financing Cash Flow	173,325	205,523	237,481	268,996	Luxembourg	5.1	Vanguard Group	2.0
<b>Net Changes in Cash</b>	<b>(7,555)</b>	<b>8,674</b>	<b>5,543</b>	<b>4,290</b>	Others	13.8	Others	38.0

Source: Bloomberg, NHKSI research

## NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside 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%

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