

# Bank Mandiri Tbk (BMRI)

## Focuses on High-Yield Asset

BMRI's 1Q22 net profit jumped 69.5% to IDR 10.0 trillion. This achievement was supported by the growth of interest and non-interest income. Meanwhile, operating expenses were still manageable. Furthermore, provision expense also decreased by 25.9% YoY. NHKSI Research sees that BMRI is again focusing on high-yield assets to maintain growth in 2022.

### Solid Performance in All Lines

- BMRI posted a solid performance overall during the 1Q22 period, marked by topline growth. Both Net Interest Income and Non-Interest Income grew by 17.1% and 13.5% YoY.
- On the other hand, Operating Expenses were relatively under control, only increasing by 4.5% YoY. This enabled PPOP to grow 25.3% to IDR 17.7 trillion (Vs. IDR 14.1 trillion in 1Q21).
- Provision expense also managed to decrease 25.9% YoY to IDR 4.0 trillion, so net profit jumped to IDR 10.0 trillion (+69.5% YoY Vs IDR 5.9 trillion in 1Q21).

### CASA Ratio at 70%

- BMRI posted loan growth of 2.2% QoQ and 8.9% YoY in 1Q22. While the corporate segment still provided the largest contribution with 35.1% of total loans. Smaller segments showed higher YoY growth: Micro (+11.1%), SME (+11.0%), and Commercial (+9.1%).
- In terms of funding, the bank managed to record impressive growth in low-cost funds, Current Accounts (+5.9% YoY) and Savings Accounts (+15.9% YoY). Meanwhile, Time Deposits fell 8.6% to IDR 249.5 trillion.
- This resulted in the CASA ratio increasing to 70.3% in 1Q22 (from 67.6% in 1Q21); with CoF also managed to drop significantly to 1.2% in 1Q22 (Vs. 1.8% in 1Q21).

### High Yield Asset as the Main Performance Driver

- BMRI will continue its strategy to focus on assets with higher yields in order to maintain financial performance. For the record, consumer loans such as mortgages have recovered, and exceeded pre-pandemic levels. However, payroll loan growth remains challenging despite the improvement we saw in 1Q22.
- For 2022, BMRI has set guidelines for credit growth on a consolidated basis of >8%. In addition, NIM is also expected to book above 5%, as a result of the increased LDR and CoF management.

### Overweight Recommendation with TP IDR 9,800

- We raised our BMRI Target Price to IDR 9,800/share, in line with recent price increases. Our TP reflects a FY22 P/BV of 1.7x (above the 3-year average), as we expect BMRI to continue to deliver a 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	13.2x	13.2x	13.2x
P/BV	1.4x	1.7x	1.7x	1.7x
P/Op. Revenue	3.1x	3.9x	4.2x	4.3x
DPS (IDR)	370	390	497	606
<i>Dividend yield</i>	5.3%	4.0%	4.0%	4.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Overweight

<b>Target Price (IDR)</b>	<b>9,800</b>
Consensus Price (IDR)	9,513
TP to Consensus Price	+3.0%
Potential Upside	+9.5%

### Shares data

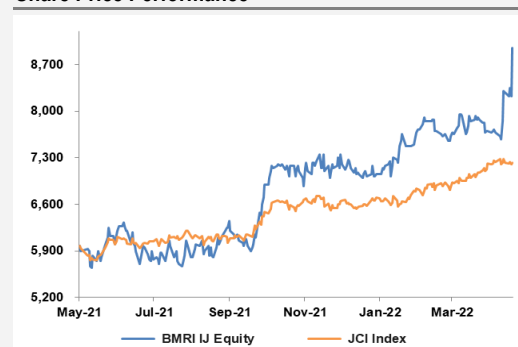
Last Price (IDR)	8,950
Price date as of	Apr. 28, 2022
52 wk range (Hi/Lo)	9,075 / 5,600
Free float (%)	37.9
Outstanding sh.(mn)	46,667
Market Cap (IDR bn)	417,667
Market Cap (USD mn)	28,727
Avg. Trd Vol - 3M (mn)	63.53
Avg. Trd Val - 3M (bn)	500.24
Foreign Ownership	27.8%

### Financial Services

#### Banking

Bloomberg	BMRI IJ
Reuters	BMRI.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	27.4%	13.7%	17.0%	44.4%
Rel. Ret.	17.6%	11.1%	8.2%	23.4%

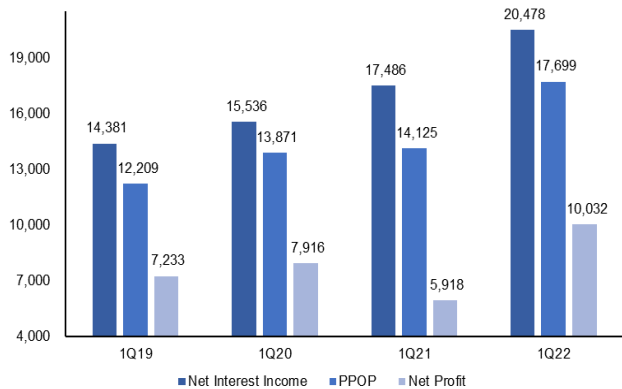
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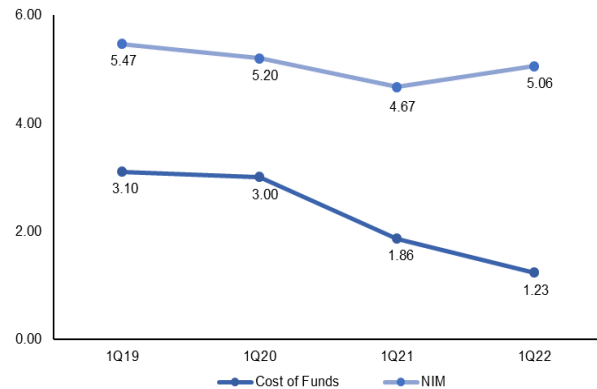
# Performance Highlights

## Financial Performance (IDR Billion)



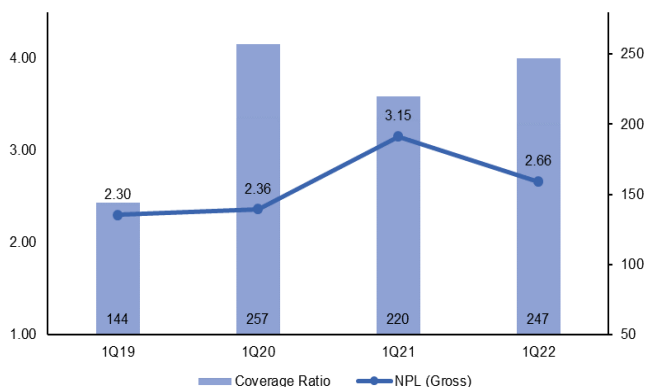
Source: Company, NHKSI Research

## Profitability Ratios (%)



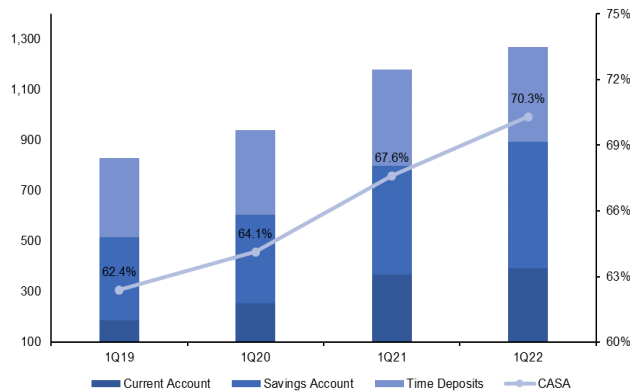
Source: Company, NHKSI Research

## Asset Quality (%)



Source: Company, NHKSI Research

## Third Party Fund (IDR Tn)



Source: Company, NHKSI Research

## Forward P/B Band | Last 3 Years



Source: Bloomberg, NHKSI Research

## Dynamic Forward P/B Band | Last 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>	<i>11.9%</i>	<i>24.3%</i>	<i>14.3%</i>	<i>15.6%</i>	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>	<i>5.0%</i>	<i>4.8%</i>	<i>4.8%</i>	<i>5.0%</i>	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%	4.0%	4.0%	4.0%
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	9,800	12,499	15,243
<i>Growth (% y/y)</i>	<i>92.5%</i>	<i>5.4%</i>	<i>27.5%</i>	<i>21.9%</i>	Market Cap (IDR tn)	327.8	457.3	583.3	711.3

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	13.2x	13.2x	13.2x
Placement in Banks	172,225	182,118	209,422	240,955	Price /Book Value	1.4x	1.7x	1.7x	1.7x
Net Loans	980,963	1,243,102	1,429,472	1,644,711	Price/Op. Revenue	3.1x	3.9x	4.2x	4.3x
Investment	416,908	363,918	418,478	481,490	PE/EPS Growth	0.1x	2.4x	0.5x	0.6x
Fixed Asset	49,145	55,542	62,947	71,517	EV/Operating Revenue	3.9x	5.0x	5.4x	5.6x
Other Assets	82,423	107,411	123,804	142,729	EV/PPOP	7.2x	9.3x	10.0x	10.4x
<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	587,577	752,583	923,903
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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