

Bank Mandiri Tbk (BMRI)

Maintaining Performance, Efficiency, and Strengthening Ecosystems

BMRI recorded a fairly solid performance throughout 2022. BMRI posted their FY22 Net Profit of IDR 41,171 T, an increase of 47% YoY. This performance was supported by NIM of 5.47%, an increase of 38 bps YoY from 5.09% (on a consolidated basis). This increase in Net Profit was also supported by a 20.3% increase in Net Interest Income (NII) to IDR 87.903 T YoY and PPOP by 24.7 to IDR 72.281 T YoY.

The Ecosystem Supports Quality, CASA Growth, and Loan Size

- CASA growth increased by 21.63% YoY; this increase was underpinned by an increase in current account deposits of 31.16%, along with an interesting growth in savings deposits, which stood at 13.54% YoY. It appears that one of the factors is driven by the penetration of Livin', which is aimed at the retail segment and Superapp KOPRA, which is aimed at the non-individual segment (Corporate) and is one of the engines for generating a new customer base. In FY 2022, the total CASA grew to IDR 1,095 trillion from IDR 899 trillion. Livin' platform scored 16 million users, with 22 million downloads since its launch. Compared to 2021, the transaction value and volume growth increased by 50% and 60%, respectively. For KOPRA's wholesale banking segment platform, total value and transaction volume growth increased by 21% and 43%, respectively.
- As for the Loan, it is also appeared to be quite interesting. The company recorded that the Loan experienced an upwards of 14.48%, from IDR 1,167 trillion to IDR 1,202 trillion. The largest increase was underpinned by an 11.9% increase for loans in the Corporate Segment, from IDE 370.2 T (FY2021) to IDR 414.1 T (FY2022). Moreover, LDR decreased by 62 bps and remained steady at 80.2% in 2022 from 80.9% in 2021.

Improved Asset Quality and More Efficient Performance

- As of 12M22, BMRI managed to record a Gross Non-Performing Loan (NPL) of 1.92%, down 80 bps on an annual basis. Meanwhile, Loan at Risk (LAR) was recorded to fall by 569 Bps to 11.7% from 17.4% on an annual basis. This figure also includes the Covid-19 restructuring. In addition, asset quality is also supported by the level of NPL Coverage (LLR), which increased by 41.77% from 243% (FY21) to 285% (FY22).
- Interestingly, in maintaining efficiency and margin performance, BMRI recorded a 32 bps decrease in CoF Deposit from 1.71% to 1.39%, then a 61 bps decrease in CoC from 2.05% to 1.44% on an annual basis.

BMRI Management Presentation and Outlook for 2023F

- Based on the management presentation, the indications targeted by BMRI include the NIM level, which is targeted at 5.3%-5.6% by maintaining CASA stability, reducing CoF, and increasing LDR. Moreover, the loan/credit value is targeted to grow by 10-12% (all segments). Additionally, the cost of credit (CoC) is targeted to decrease at 1.3-1.5%. In 2023, BMRI will carry out three main strategies. First, the strategy is to maintain stable growth by increasing the market share of loans and CASA and maintaining ROE to remain high. The second is to focus on margin improvement and better liquidity management by maintaining a stable CASA level, measurable LDR, and good CAR. As for the last strategy, a more aggressive and innovative strategy is planned through expanding the Livin' and KOPRA ecosystems and adding features. As for 2023, the company plans to launch BMRI's new business model, Paylater.

Overweight Recommendation with a TP of IDR 11,650

- NHKSI Research provides an Overweight recommendation for BMRI and a target price of IDR 11,650, reflecting a 23F P/BV of 2.2x. This is supported by the growth performance of the wholesale-retail banking segment and improved NIM. As for the risks, it includes uncertain macro conditions, inappropriate loan growth expectations, and declining NIM.

Bank Mandiri Tbk | Summary (IDR bn)

in IDR Bn	2022/12A	2023/12F	2024/12F	2025/12F
Interest Income	112,382	127,722	141,527	160,303
Interest Income growth	15.0%	13.6%	10.8%	13.3%
Operating Revenue	125,541	140,140	149,985	170,423
Net profit	41,171	46,501	54,941	61,323
EPS (IDR)	882	996	1,177	1,314
EPS growth	24.9%	13.0%	18.1%	11.6%
BVPS (IDR)	5,405	5,694	6,398	7,219
Net Interest Margin	5.5%	5.5%	5.3%	5.4%
Loan/Deposits	79.8%	75.0%	75.1%	77.1%
NPL	1.9%	1.9%	1.8%	1.6%
ROE	17.2%	18.0%	19.5%	19.3%
ROA	2.2%	2.2%	2.3%	2.3%
P/E	11.6x	11.7x	10.2x	10.2x
F P/BV	1.9x	2.2x	2.3x	2.3x
P/Op. Revenue	3.8x	3.9x	3.7x	3.7x
DPS (IDR)	432	518	626	740
Dividend yield	4.2%	4.4%	5.2%	5.5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Report | Mar. 9 2023

Overweight

Target Price (IDR)	11,650
Consensus Price (IDR)	11,859
TP to Consensus Price	-1.8%
Potential Upside	+14.2%

Shares data

Last Price (IDR)	10,275
Price date as of	Mar 08, 2023
52 wk range (Hi/Low)	11,000 / 6,925
Free float (%)	39.25
Outstanding sh.(mn)	46,667
Market Cap (IDR bn)	486,500
Market Cap (USD mn)	31,530
Avg. Trd Vol - 3M (mn)	49.25
Avg. Trd Val - 3M (bn)	486.83
Foreign Ownership	22.2%

Financial Services

Banking

Bloomberg	BMRI.IJ
Reuters	BMRI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	4.1%	0.7%	2.2%	36.1%
Rel. Ret.	5.1%	3.1%	2.6%	36.6%

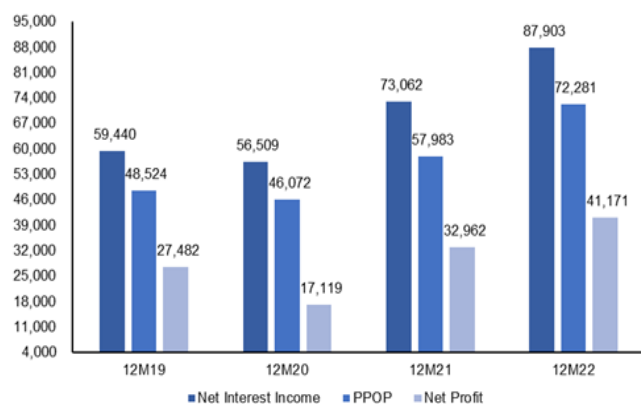
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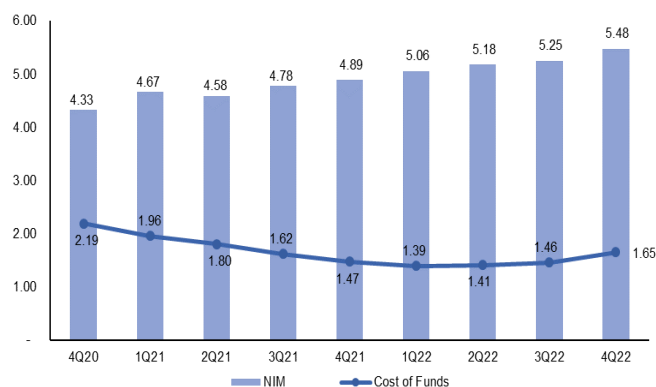
Performance Highlights

Financial Performance (IDR Billion)



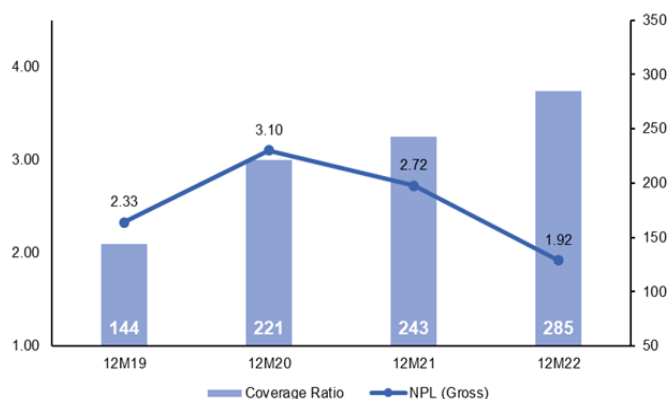
Source: Company, NHKSI Research

Profitability Ratios (%)



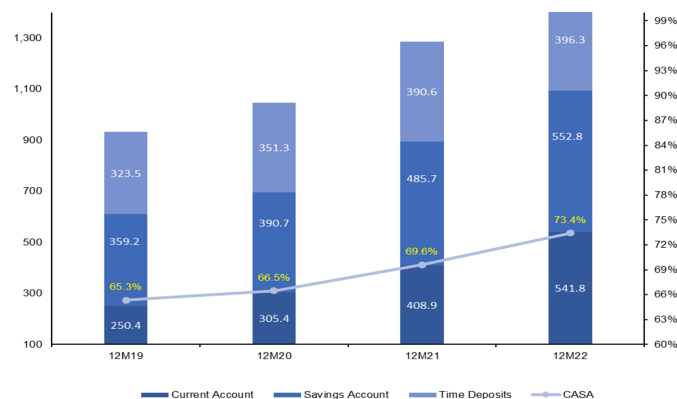
Source: Company, NHKSI Research

Asset Quality (%)



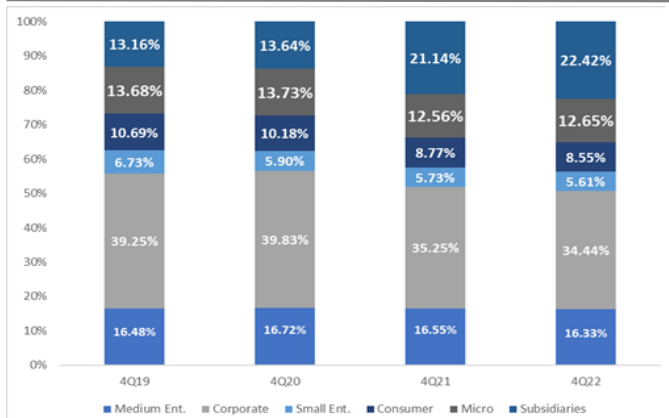
Source: Company, NHKSI Research

Third Party Fund (IDR Tn)



Source: Company, NHKSI Research

Loan Composition Breakdown



Source: Company, NHKSI Research

F-PBV | Last 3 Years



Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT				
(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Interest Income	112,382	127,722	141,527	160,303
Growth (% y/y)	15.0%	13.6%	10.8%	13.3%
Interest Expenses	(24,479)	(30,234)	(37,122)	(40,824)
Net Interest Income	87,903	97,488	104,405	119,480
Net Interest Margin	5.5%	5.6%	5.7%	5.7%
Net Fee Income	21,310	24,497	25,739	29,157
Trading Income	4,384	8,374	9,131	9,604
Other Operating Income	11,944	9,781	10,710	12,182
Operating Revenue	125,541	140,140	149,985	170,423
Operating Expenses	(53,260)	(61,870)	(64,923)	(74,505)
Pre-provisioning OP	72,281	78,270	85,062	95,918
Provision for Impairment	(16,123)	(18,965)	(15,321)	(18,363)
EBT	56,368	59,397	69,870	77,673
Income Tax	(11,425)	(12,058)	(14,173)	(15,762)
Non-controlling Interest	(3,782)	(838)	(756)	(589)
Net Profit	41,171	46,501	54,941	61,323
Growth (% y/y)	24.9%	13.0%	18.1%	11.6%

PROFITABILITY & STABILITY				
	2022/12A	2023/12F	2024/12F	2025/12F
ROE	17.9%	19.6%	20.9%	20.8%
ROA	2.2%	2.2%	2.3%	2.3%
Non-Int. Inc. /Op. Rev	30.0%	30.4%	30.4%	29.9%
Cost/Income	42.4%	44.1%	43.3%	43.7%
Cash Dividend (IDR bn)	20,180	24,156	29,210	34,512
Dividend Yield (%)	4.2%	4.4%	5.2%	5.5%
Payout Ratio (%)	49.0%	51.9%	53.2%	56.3%
Loan/Deposits	79.8%	75.0%	75.1%	77.1%
Loan/Assets	60.4%	57.0%	57.1%	58.5%
NPL	1.9%	1.9%	1.8%	1.6%
Loan Loss Res./Loan	5.8%	4.6%	4.7%	4.5%
CASA/Deposits	73.4%	75.2%	75.9%	76.1%
Time Deposits/Deposits	26.6%	24.8%	24.1%	23.9%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	46,667	46,667	46,667	46,667
Share Price (IDR)	10,250	11,650	12,000	13,350
Market Cap (IDR tn)	478.3	543.7	560.0	623.0

BALANCE SHEET				
(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Cash	23,948	26,141	29,834	32,492
Placement in Banks	250,467	304,951	322,417	335,868
Net Loans	1,136,868	1,250,270	1,392,775	1,555,875
Investment	426,407	500,974	589,648	624,562
Fixed Asset	56,541	68,669	72,487	76,694
Other Assets	95,057	147,135	153,010	161,207
Total Assets	1,989,288	2,298,139	2,560,171	2,786,698
Deposits	1,506,626	1,746,854	1,947,097	2,113,748
Debt	109,248	138,516	148,252	155,287
Other liabilities	124,426	147,052	166,227	180,753
Total Liabilities	1,740,299	2,032,421	2,261,576	2,449,789
Capital Stock & APIC	29,310	29,241	29,241	29,241
Retained Earnings	166,995	166,272	196,871	229,434
Shareholders' Equity	252,245	265,717	298,595	336,908

VALUATION INDEX				
	2022/12A	2023/12F	2024/12F	2025/12F
Price /Earnings	11.6x	11.7x	10.2x	10.2x
Price /Book Value	1.9x	2.0x	1.9x	1.8x
Price/Op. Revenue	3.8x	3.9x	3.7x	3.7x
PE/EPS Growth	0.5x	0.9x	0.6x	0.9x
EV/Operating Revenue	4.7x	4.9x	4.8x	4.6x
EV/PPOP	8.1x	8.8x	8.4x	8.2x
EV (IDR bn)	586,200	684,927	713,622	787,319
Op. Rev. CAGR (3-Yr)	12.3%	17.4%	11.9%	10.7%
EPS CAGR (3-Yr)	14.4%	39.5%	18.6%	14.2%
Basic EPS (IDR)	882	996	1,177	1,314
Diluted EPS (IDR)	882	996	1,177	1,314
BVPS (IDR)	5,405	5,694	6,398	7,219
Op. Revenue PS (IDR)	2,690	3,003	3,214	3,652
DPS (IDR)	432	518	626	740

CASH FLOW STATEMENT				
(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Operating Cash Flow	76,150	36,710	71,050	73,712
Investing Cash Flow	(220,282)	(242,649)	(275,273)	(301,732)
Financing Cash Flow	153,478	210,327	210,916	235,678
Net Changes in Cash	9,346	4,388	6,693	7,658

OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	77.59	Republic of Indonesia
United States	8.96	INA (Indonesian SWF)
Luxembourg	5.70	Schroeders PLC
Others	7.75	Others

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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