

## Bank Mandiri (BMRI)

## FY22 result beats estimates

1 February 2023



<b>BMRI IJ</b>	<b>BUY</b>
Sector	Banks
Price at 31 January 2023 (IDR)	9,950
Price target (IDR)	11,250
Upside/Downside (%)	13.1

## Stock Information

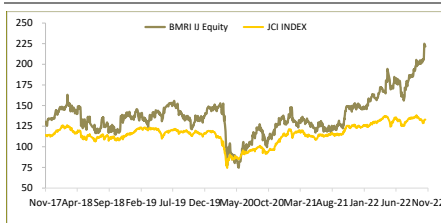
PT Bank Mandiri (Persero) Tbk (Persero) Tbk is a state-owned bank offering a range of banking products and services to its customers from individuals and SMEs to corporations. The bank is formed by a merger of four state-owned banks.

Market cap (IDR bn)	464,334
Shares outstanding (mn)	46,667
52-week range (Rp)	7,175-11,000
3M average daily vol. ('000)	47,993
3M average daily val. (Rp mn)	445,101

## Shareholders (%)

Republic of Indonesia	52.0
Public	48.00

## Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	0.0	(5.7)	33.1

## Analyst(s)

Akhmad Nurcahyadi

akhmad.nurcahyadi@kbvalbury.com

BMRI recorded a solid FY22 result with 4Q22 and FY22 earnings surpassing our and street forecasts. Profitability metrics and asset quality remain intact in the improvement trajectory. We trust BMRI could sail well this year and is likely to book another solid earnings growth. We also like BMRI for its solid risk coverage and LAR improvement, on top of our believe that NIM expansion likely to persist and well-managed asset quality which will provides ample of room for further lower COC. **Maintain BUY, with a target price of IDR11,250 (2.3x 2023F P/B) while it is currently trading at 2.0x 2023F P/B, or below +1SD of 10-year historical mean.**

## FY22 earnings beats estimates

BMRI's 4Q22 NPAT was at 34.3% to its FY22 and above our and consensus' expectations of 29.0% and 28.5% (historically, 4Q NPAT accounted for an average of 29% of the full-year NPAT). Albeit flat qoq, solid 4Q22 NPAT growth in year-on-year basis (19.5% yoy) has brought FY22 NPAT to IDR41.17 tn or grew by 46.89% yoy and beating KBVs and street forecast at 104.1%/104.5%. The cumulative growth was mainly driven by 20.31% yoy and 24.68% yoy growths in net interest income and PPOP coupled with the helped from 17.50% drop in provision expenses.

## Well shape loan growth

BMRI 4Q22 loan came in at IDR1,202.2 tn or grew strongly by 14.5% yoy, surpassing our expectation of 10.2% yoy (vs. management guidance of 11% and industry growth of 11.3%). The stellar loan growth was boosted by subsidiaries, micro and corporate segment which grew 21.4%, 15.3% and 11.9% yoy, respectively. The bank is guiding '23F loan growth within the range of 10%-12% yoy which will be supported by value-chain base and higher-yield segments in commercial, micro, SME and consumer. We believe BMRI's corporate loan will remain as the growth backbone and forecasted to grow by 12% yoy in 2023F.

## Improving key performance metrics

BMRI saw better cost of credit and non-performing loan (NPL) in FY22, as a result of continuing improvement in asset quality. FY22 cost of credit was at 1.44%, 62bps better vs 2.05% in FY21 and arrived within management's guidance of 1.4-1.7% (KBVs '22F CoC: 1.72%). NPL also saw a better figures at 1.92% from 2.72% in FY21 or improved by 80bps yoy. Management expects '23F cost of credit in the range of 1.3-1.5%. NIM expanded at 5.5% from 5.1% in FY21 while the management forecasts '23F NIM to hovers at 5.3-5.6%, driven by loan repricing, stable CASA ratio and higher LDR.

## Three focus strategy to ride the uncertain year

To remain stand out in the cautiously optimistic year, we like BMRI focus on three main strategies. Firstly, the bank is focusing on sustainable growth through expanding market share on loan and deposit as well as asset quality management, aside from maintaining high RoE level and cost leadership. Secondly is margin improvement and liquidity management which will underpin by CASA sustainability through transaction and digital innovation, loan repricing and maintaining LDR at manageable level as well as healthy CAR. Lastly, the bank would like to improve innovation to serve customer and better synergy with subsidiaries

## Maintain BUY with higher target price of IDR11,250

Our target price is based on Gordon Growth Model with fair 2023F P/B of 2.3x. BMRI is currently trading at 2.0x 2023F P/B, or below its +1SD 10-year historical mean. Risks to our call are: a) lower-than-expected loan growth, NIM and loan yield, b) higher than expected CoC and c) higher inflation, slowing economic activity and d) deteriorating asset quality.

## Key Statistics

Year-end Dec	2020A	2021A	2022F	2023F	2024F
Net interest income	62,521	73,062	83,595	89,766	97,071
Non-interest income	31,120	34,061	39,154	46,524	51,491
Total operating income	93,640	107,124	122,749	136,290	148,562
Pre-provision operating profit	49,110	57,984	70,805	80,259	87,688
Net profit	16,800	28,028	39,536	44,378	48,295
EPS (IDR)	360	601	847	951	1,035
EPS growth (%)	(0.4)	0.7	0.4	0.1	0.1
PER (x)	28.3	16.9	12.0	10.7	9.8
PBV (x)	2.5	2.3	2.1	1.9	1.8
Div. Yield (%)	2.2	3.8	5.8	5.6	6.1
ROE (%)	8.5	14.2	18.3	18.7	18.8

Source: Company, KB Valbury Sekuritas

Figure 1: BMRI's Financial Overview

## Bank Mandiri (BMRI)

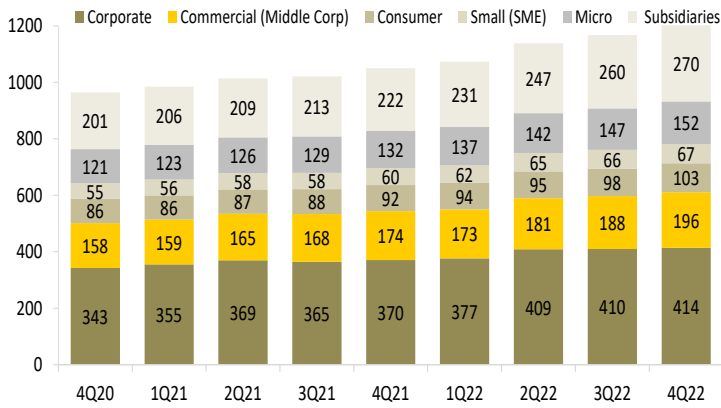
Income Statements (IDR bn)	12M22	12M21	YoY (%)	4Q22	4Q21	YoY (%)	3Q22	QoQ (%)	2022F	Achievement
<b>Net interest income</b>	<b>87,903</b>	<b>73,062</b>	<b>20.3</b>	<b>23,918</b>	<b>19,746</b>	<b>21.1</b>	<b>22,153</b>	<b>8.0</b>	<b>83,595</b>	<b>105.2</b>
Non-interest income	37,648	34,061	10.5	10,969	8,941	22.7	9,201	19.2	39,154	96.2
Total operating income	125,551	107,123	17.2	34,887	28,687	21.6	31,354	11.3	122,749	102.3
Total operating expenses	(53,260)	(49,140)	8.4	(16,610)	(14,536)	14.3	(12,722)	30.6	(51,944)	102.5
<b>PPoP</b>	<b>72,291</b>	<b>57,983</b>	<b>24.7</b>	<b>18,277</b>	<b>14,151</b>	<b>29.2</b>	<b>18,632</b>	<b>(1.9)</b>	<b>70,805</b>	<b>102.1</b>
Loan loss provisions	(16,123)	(19,543)	(17.5)	(4,280)	(3,104)	37.9	(4,188)	2.2	(14,890)	108.3
<b>Net profit</b>	<b>41,171</b>	<b>28,028</b>	<b>46.9</b>	<b>10,518</b>	<b>8,799</b>	<b>19.5</b>	<b>10,444</b>	<b>0.7</b>	<b>39,536</b>	<b>104.1</b>

Balance Sheet (IDR bn)	12M22	12M21	YoY (%)	4Q22	4Q21	YoY (%)	3Q22	QoQ (%)
Gross loans	1,202,230	1,050,157	14.5	1,202,230	1,050,157	14.5	1,167,518	3.0
Current accounts	541,801	413,073	31.2	541,801	413,073	31.2	416,012	30.2
Saving deposits	552,752	486,853	13.5	552,752	486,853	13.5	533,153	3.7
Time deposits	396,291	391,251	1.3	396,291	391,251	1.3	412,132	-3.8
Total equity	229,679	204,687	12.2	229,679	204,687	12.2	212,096	8.3

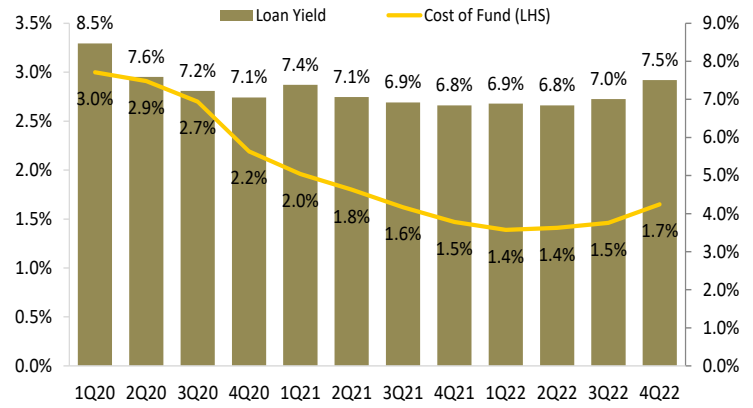
Financial Ratios	12M22	12M21	YoY (%)	4Q22	4Q21	YoY (%)	3Q22	QoQ (%)
LDR	80.6	81.3	(0.9)	80.6	81.3	0.0	86	-6.0
CASA	73.4	69.7	5.3	73.4	69.7	0.0	70	5.3
NPL gross	1.9	2.7	(29.4)	1.9	2.7	0.0	2	-20.7
NIM	5.5	5.1	7.5	5.5	5.1	0.0	5	4.2
ROE	18.1	13.5	34.1	18.1	13.5	0.0	18	-1.4
ROA	2.2	1.7	28.5	2.2	1.7	0.0	2	-3.5

Figure 2: Higher Corporate loan segmentation (IDRtn)

Figure 3: CoF and Loan Yield room adjustment remain healthy (%)

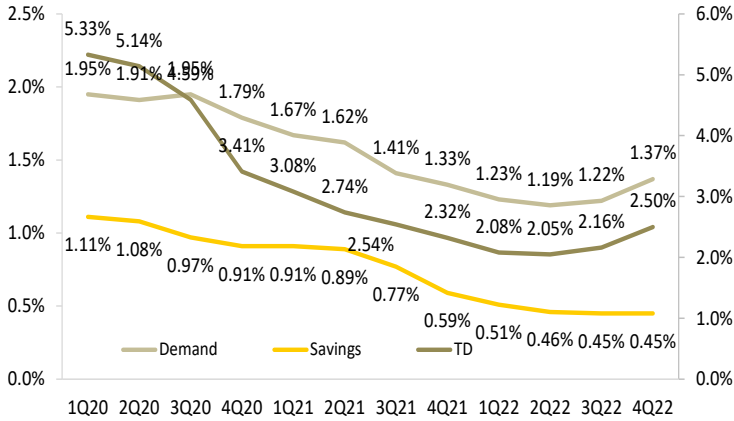


Source: Company



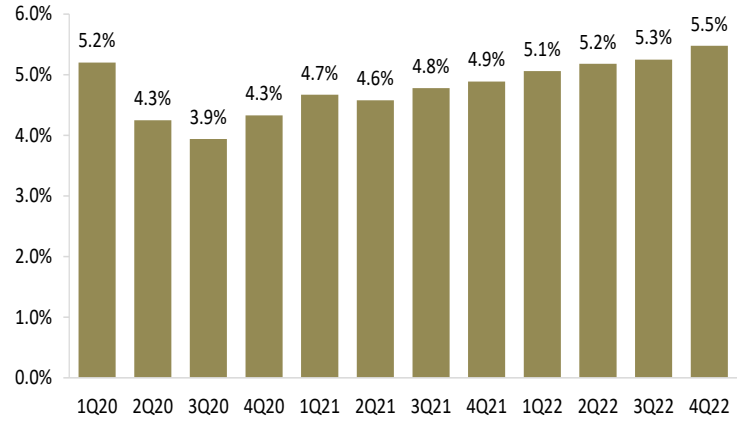
Source: Company

Figure 4: Cost of DD, SA and TD (%)



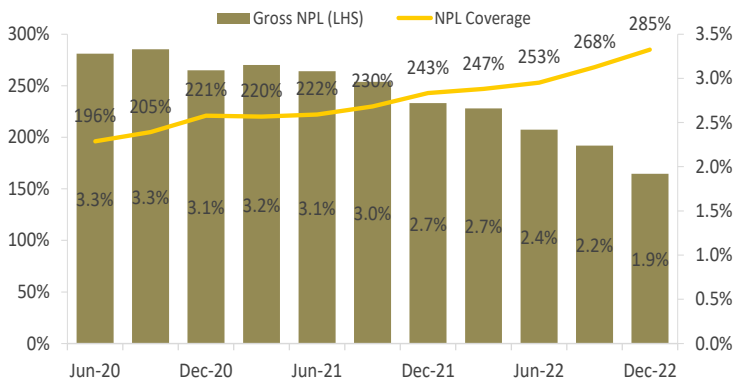
Source: Company

Figure 5: NIM consistently improved in four straight quarters



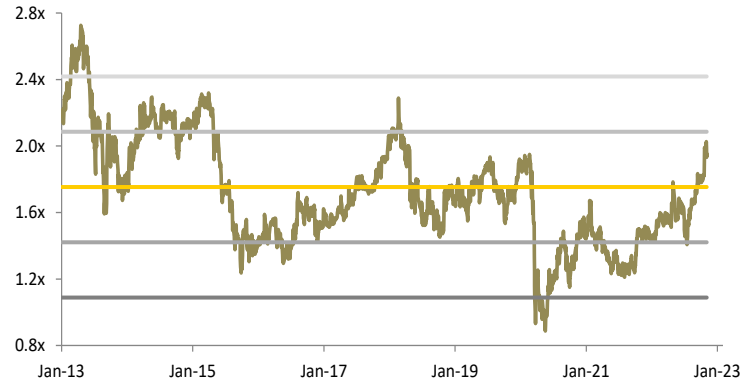
Source: Company

Figure 6: Asset quality continuously trending up with stronger coverage



Source: Company

Figure 7: Currently at 2.0x 2023F P/B, below +1SD 10-year historical mean



Source: Company, KB Valbury Sekuritas

# Bank Mandiri (BMRI)

## FINANCIAL TABLES

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (IDR bn)	2020A	2021A	2022F	2023F	2024F
Interest income	95,616	97,749	109,261	118,735	129,625
Interest expenses	(33,095)	(24,687)	(25,666)	(28,968)	(32,554)
Net interest income	62,521	73,062	83,595	89,766	97,071
Non-interest income	31,120	34,061	39,154	46,524	51,491
Total operating income	93,640	107,124	122,749	136,290	148,562
Operating expenses	(44,530)	(49,140)	(51,944)	(56,031)	(60,873)
Pre-provision operating profit	49,110	57,984	70,805	80,259	87,688
Loan loss provision	(24,855)	(19,543)	(14,890)	(15,580)	(16,119)
Pretax profit	24,392	38,358	55,833	64,597	71,601
Tax Expenses	(5,993)	(7,807)	(14,461)	(16,989)	(19,368)
Minorities interest	(1,599)	(2,523)	(1,836)	(3,230)	(3,938)
Net profit	16,800	28,028	39,536	44,378	48,295

Source: Company, KB Valbury Sekuritas

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (IDR bn)	2020A	2021A	2022F	2023F	2024F
<b>Assets</b>					
Cash	26,225	23,948	24,879	23,563	24,256
Current Account at BI	52,239	99,023	48,243	46,049	48,495
Interbank Loans	108,818	73,201	120,608	141,688	119,927
Govt Treasury Bills & Securities	178,744	289,055	201,013	198,363	194,881
Investment Securities	90,570	98,104	107,407	99,314	112,496
Loan	899,224	980,963	1,084,399	1,185,372	1,297,411
Fixed Assets	48,307	49,145	52,616	53,316	54,016
Other assets	137,839	112,172	122,470	128,790	135,456
Total Asset	1,541,965	1,725,611	1,761,635	1,876,455	1,986,937
<b>Liabilities</b>					
Interbank Deposit	8,312	13,811	6,700	7,084	7,495
Customer Deposit	1,144,640	1,291,176	1,340,085	1,416,881	1,499,082
Debts Securities Issued	39,111	45,138	40,203	42,506	44,972
Other Liabilities	145,202	153,375	126,591	142,119	145,260
Total liabilities	1,337,265	1,503,500	1,513,579	1,608,591	1,696,810
<b>Equity</b>					
Capital Stock	11,667	11,667	11,667	11,667	11,667
Additional Paid-in Capital	17,316	17,643	17,643	17,643	17,643
Retained Earnings	119,557	142,588	163,906	180,609	202,277
Other Equity	40,839	32,789	35,312	36,313	34,805
Shareholder's Equity	189,378	204,687	228,528	246,232	266,391
Non-controlling Interest	15,321	17,425	19,528	21,632	23,735
Total Equity	204,700	222,111	248,056	267,864	290,126

Source: Company, KB Valbury Sekuritas

### RATIO ANALYSIS

Year End Dec	2020A	2021A	2022F	2023F	2024F
NIM (%)	5.0	5.1	5.4	5.5	5.5
LDR (%)	84.3	81.3	86.3	89.0	91.7
CASA (%)	65.6	69.7	70.5	71.7	72.8
NPL (%)	3.1	2.7	2.6	2.5	2.2
ROAE (%)	8.5	14.2	18.3	18.7	18.8
ROAA (%)	1.2	1.7	2.3	2.4	2.5
CAR (%)	19.9	19.6	19.6	19.9	20.4
BVPS (IDR)	4,058	4,386	4,897	5,276	5,708
PER (x)	28.3	16.9	12.0	10.7	9.8
PBV (x)	2.5	2.3	2.1	1.9	1.8
Div. Yield (%)	2.2	3.8	5.8	5.6	6.1

Source: Company, KB Valbury Sekuritas

## Bank Mandiri (BMRI)

## Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

## KB Valbury Sekuritas

## Headquarters

Menara Karya, 9th Floor  
Jl. H.R. Rasuna Seldi Blok X-5 Kav 1-2  
Jakarta 12950, Indonesia  
T +62 21 255 33 600  
F +62 21 255 33 778

## Branch Office

## Jakarta - Kelapa Gading

Nukan Plaza Pacific  
Jl. Raya Boulevard Barat Blok A1 No. 10  
Jakarta 13670  
T +62 21 - 29451577

## Jakarta - Puri Indah

Rukan Grand Aries Wisya  
Blok E.2 No. 2 V JI. Taman Aries, Kembangan,  
Jakarta 14450  
T +62 21 - 22542890  
F +62 21 - 29264330

## Jakarta - Pluit

Jl. Pluit Putra Raya No. 7  
Jakarta 14240  
T +62 21 - 29364300  
F +62 21 - 22542391

## Bandung

Jl. HOS Cokroaminoto No. 82  
Bandung 40173  
T +62 22 - 87258888  
T +62 22 - 87255800  
F +62 22 - 87259831

## Semarang

Cardi Plaza Building Lt. Dasar  
Jl. Sultan Agung No. 90-90A  
Semarang 50252  
T +62 24 - 8521888  
T +62 24 - 8501122  
F +62 24 - 8507450

## Yogyakarta

Jl. Magelang KM 5.5 no. 75  
Yogyakarta 55204  
T +62 274 - 4469504  
T +62 274 - 623111  
F +62 274 - 628222

## Galeri Investasi

## Padang

Jl. Kampung Nias II no. 10,  
Kel. Belakang Pondok,  
Kec. Padang Selatan  
T +62 751 8955747

## Manado

Kawasan Megamas, Ruko Megaprofit  
Blok IF2 No. 38 Manado. 95254  
T +62 431 7917 836  
F +62 431 889 2129

## Surabaya

Paksawan Center Turgungan Plaza Lantai 23  
Jl. Embong Malang No.1  
Surabaya 60161  
T +62 31 - 2955777  
T +62 31 - 2955288  
F +62 31 - 2955736

## Depasar

Komplek Bili Styles Hotel  
Jl. Teuku Umar No. 177  
Depasar Bili 80134  
T +62 361 - 254888  
T +62 361 - 225229  
F +62 361 - 225339

## Banjarmasin

Jl. Gatot Subroto No.33 Kel. Kebun Bunga  
Kec. Banjarmasin Timur  
Kalimantan Selatan 70235  
T +62 511 - 8269418  
F +62 511 - 8253432

## Solo

Jl. Renggo Wansito no. 34  
Solo 57118  
T +62 271 832888  
F +62 271 856888

## Makassar

Ratulang Points 11. 3  
Jl. Dr Sam Ratulangi No. 2 Kunjungan, Mariso  
Makassar, Sulawesi Selatan 90125  
T +62 411 8955999

## Malang

Jl. Pahlawan Trip no. 7  
Malang 65112  
T +62 341 - 585888  
F +62 341 - 560056

## Solo

Jl. Hinggowaristo No. 34  
Surakarta 57118  
T +62 271 - 628888

## Palembang

Komp. PTC Mall Blok I No. 7 & R. Sukanto Kel. 8 Ilir  
Kec. Ilir Timur II Palembang 30114  
T 07115700281

## Medan

Komplek Jati Junction No. PS-5A  
Jl. Pemuda Kemerdikaan  
Medan 20218  
T +62 61 - 88816222  
F 62 61 - 88816333

## Pekanbaru

Jl. Tazanu Tambusai  
Komplek CNV Blok A No.5 Pekanbaru 28291  
T +62 763 - 839993  
Galeri Investasi

## Padang

Jl. Kampung Nias II no. 10,  
Kel. Belakang Pondok,  
Kec. Padang Selatan  
T +62 751 8955747

## Manado

Kawasan Megamas, Ruko Megaprofit  
Blok IF2 No. 38 Manado. 95254  
T +62 431 7917 836  
F +62 431 889 2129

## Solo

Jl. Hinggowaristo No. 34  
Surakarta 57118  
T +62 271 - 628888

## Palembang

Komp. PTC Mall Blok I No. 7 & R. Sukanto Kel. 8 Ilir  
Kec. Ilir Timur II Palembang 30114  
T 07115700281

## Galeri Investasi REI - KBVS

Yogyakarta  
Universitas Kristen Duta Wacana  
T +62 274 - 544052

## Manado

Universitas Prima Manado  
T 0431 8800850

## Jakarta

Universitas Gadjadarma  
T +62 21 - 8727541