

PT Bank Mandiri Tbk. (BMRI)

Banking Sector

Turning digital transformation into profit

11 July 2022

Recommendations : BUY

Laba bersih BMRI naik 69,5% YoY pada 1Q22 menjadi Rp10,0 triliun
Pertumbuhan kredit BMRI pada tahun 2022 dapat mencapai 8% YoY
Rekomendasikan "BUY" dengan target Rp9.500 per saham

Stock

Price on 08/07/2022 (Rp)	7,475
12M target price (Rp)	9,500
Capital gain potential	27%

Stock Data

Outstanding shares	46,666,666,666
Market cap (Rp)	348,833,333,320,875
Weight VS IHSG (%)	5.22

Shareholders (%)

Government of Indonesia	52.00%
Indonesia Investment Authority	8.00%
Board of Directors	0.02%
Public	39.90%
Treasury stocks	0.08%
Outstanding Shares (unit)	46,631,266,666

Price Performance

52-week high/low	Rp9,075/Rp5,625
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Capital gain/(loss) (in %)

1M	3M	6M	1Y	YTD
(8.56)	(2.61)	6.03	29.44	6.41

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Interest Income	98,066	99,647	102,018
Net Interest Income	73,379	74,245	75,700
Net Revenue	101,277	102,782	105,329
Operating Income	38,440	48,233	55,843
OPM	37.96%	46.93%	53.02%
Net Income	28,028	35,405	40,680
Net Income Margin	5.09%	5.34%	5.52%
EPS (Rp)	601	759	872
PER (x)	11.69	9.85	8.57
PBV (x)	1.53	1.59	1.47
Loans to Deposits	80.80	80.37	77.57
Loans to Assets	62.47	63.71	62.16

*) based on market price (08/07/2022) at Rp7,475

Sources : Company, Bloomberg and KB Valbury Sekuritas

Efisiensi CoF mendorong perolehan laba bersih

Laba BMRI naik 69,5% YoY pada 1Q22 menjadi Rp10,03 triliun (+14,0% QoQ). Kenaikan laba bersih tersebut didorong oleh peningkatan pendapatan bunga bersih 17,1% YoY menjadi Rp20,5 triliun pada 1Q22 dari penurunan beban bunga 18,5% YoY. CoF turun dari 1,86% pada 1Q21 menjadi 1,23% pada 1Q22. Sehingga, NIM meningkat dari 5,1% pada 1Q21 menjadi 5,31% pada 1Q22. Kemudian, non-interest income tumbuh 13,6% YoY pada 1Q22 menjadi Rp8,65 triliun dari kenaikan cash recoveries. Adapun, beban operasional naik 4,6% YoY pada 1Q22 terutama dari beban karyawan. Tetapi, CIR turun dari 44,9% pada 1Q21 menjadi 40,4% pada 1Q22. Provisi berhasil dikurangi 26,0% YoY pada 1Q22. PPOP naik 25,3% YoY pada 1Q22 menjadi Rp17,7 triliun (+25,1% QoQ).

Perbaikan kualitas aset dan pertumbuhan kredit yang solid

Pertumbuhan kredit BMRI pada 1Q22 mencapai 8,9% YoY menjadi Rp1.072,9 triliun, utamanya subsidiaries, korporasi, dan komersial. Dari segi kualitas aset, NPL BMRI juga menurun dari 3,2% pada 1Q21 menjadi 2,66% pada 1Q22 juga QoQ dari 2,72% pada 4Q21. Hal ini juga dibarengi oleh peningkatan NPL coverage dari 220% pada 1Q21 menjadi 247% pada 1Q22. Kemudian, LAR inc. covid juga berkurang dari 21,2% pada 1Q21 menjadi 16,8% pada 1Q22. Restrukturisasi kredit terkait covid-19 juga terus menurun dari 12,0% dari total kredit pada 1Q21 menjadi 8,0% pada 1Q22. Di sisi lain, CASA meningkat dari 67,6% pada 1Q21 menjadi 70,3% pada 1Q22. LDR naik dari 81,1% pada 1Q21 menjadi 83,7% pada 1Q22. Dari segi permodalan, CAR relative stabil pada 18,0% pada 1Q22.

Fokus pada pengembangan digitalisasi

Ditengah pemulihan ekonomi, kami mempertahankan proyeksi pertumbuhan kredit dapat mencapai 8% YoY pada 2022, terutama dari segmen korporat, SME juga consumer. Dari segi sector, BMRI juga akan focus pada perkebunan, telekomunikasi dan F&B. Kemudian, BMRI juga akan terus mendorong adopsi digitalisasi melalui aplikasi Livin' dengan menambah fitur baru seperti investasi dan wisata yang dapat mendorong fee-based income dan juga CASA. BMRI berencana untuk menambahkan fitur paylater pada Livin', ditambah dengan adopsi system API sehingga memudahkan integrasi bagi fitur pada fintech dan e-commerce. Dengan demikian, kami memperkirakan NIM dapat bertahan pada 5,3% pada 2022. Kemudian, BMRI juga akan mendorong Kopra atau platform digital yang diperuntukan untuk segmen wholesale yang juga dapat dimanfaatkan untuk value-chain financing. Dengan peningkatan mobilitas, credit cost diperkirakan dapat dipertahankan dibawah 2% pada tahun ini.

Rekomendasi "BUY" ditopang oleh perbaikan pertumbuhan kredit

Kami mempertahankan rekomendasi BUY untuk saham BMRI dengan target Rp9.500 per saham, yang merefleksikan valuasi PE2022E sebesar 1,59x. Pertimbangan atas rekomendasi kami yakni 1) perekonomian yang pulih sehingga dapat mendorong pertumbuhan kredit dan kualitas aset yang lebih baik; 2) fundamental yang solid yang terefleksikan dari rasio LDR dan CAR yang cukup sehat; 3) kualitas aset yang cukup manageable atau lebih baik dibandingkan kompetitor; 4) digitalisasi yang mendorong pertumbuhan CASA, fee-based income dan operasional yang efisien dan 5) management resiko yang membaik. Namun, kami juga melihat risiko atas rekomendasi kami 1) ketidakpastian ekonomi yang tinggi berdampak pada pertumbuhan kredit yang lebih lamban dibandingkan proyeksi dan pemburukan aset; 2) penurunan NIM akibat banyak persaingan yang tinggi; 3) kenaikan suku bunga lebih tinggi dibandingkan dengan ekspektasi.

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PT Bank Mandiri Tbk. (BMRI)

Banking Sector

FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Interest Income	24,142	25,901	7.3%	25,901	25,901	1.7%
Interest Expenses	(6,656)	(5,423)	(18.5%)	(5,423)	(5,423)	(5.4%)
Net Interest Income	17,486	20,478	17.1%	20,478	20,478	3.7%
Non-Interest Income	7,614	8,646	13.6%	8,646	8,646	1.9%
Total operating income	25,612	29,712	16.0%	29,712	29,712	3.6%
Total operating expenses	(11,487)	(12,013)	4.6%	(14,536)	(12,013)	(17.4%)
PPOP	14,125	17,699	25.3%	14,151	17,699	25.1%
Provision expenses	(5,407)	(4,002)	(26.0%)	(3,104)	(4,002)	28.9%
Profit from operations	8,718	13,697	57.1%	11,047	13,697	24.0%
Profit after tax & minority interest	5,918	10,032	69.5%	10,032	10,032	14.0%
EPS (IDR)	127	215	69.5%	189	215	14.0%
NPL Gross (%)	3.15	2.66	(0.49)	2.72	2.66	(0.06)
CAR (%)	18.6	18.0	(0.6)	19.6	18.0	(1.6)
NIM (%)	5.10	5.31	0.21	5.18	5.31	(0.13)
ROA (%) after tax	1.51	4.70	3.19	2.15	4.70	2.55
ROE (%) after tax	11.86	11.11	(0.75)	16.29	11.11	(5.18)
LDR (%)	82.5	84.0	1.5	80.8	84.0	3.2
CASA (%)	67.6	70.3	2.7	69.7	70.3	0.6

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Interest Income	95,943	98,066	99,647	102,018	105,375
Interest Expense	(33,095)	(24,687)	(25,402)	(26,318)	(27,491)
Net Interest Income	62,848	73,379	74,245	75,700	77,884
Other Income	26,015	27,898	28,537	29,629	30,806
Net Revenue	88,863	101,277	102,782	105,329	108,690
Provisions for Loan Losses	(19,934)	(13,345)	(13,543)	(13,744)	(13,948)
Net Revenue After Provisions	68,929	87,933	89,239	91,585	94,742
Non-Interest Expenses	(44,816)	(49,419)	(41,005)	(35,742)	(32,128)
Operating Income	24,255	38,440	48,233	55,843	62,614
Net Non-Operating (Losses)/Gains	280	(156)	(163)	(170)	(177)
Pretax Income	24,392	38,358	48,071	55,673	62,437
Income Tax Expenses	(5,993)	(7,807)	(9,478)	(11,331)	(12,708)
Income for The Year	18,399	30,551	38,592	44,342	49,728
Minority Interests	(1,599)	(2,523)	(3,187)	(3,662)	(4,107)
Net Income	16,800	28,028	35,405	40,680	45,622
EPS (IDR)	360	601	759	872	978
Dividends Per Share (IDR)	220	361	465	535	601

Sources: Company, Bloomberg and KB Valbury Sekuritas

PT Bank Mandiri Tbk. (BMRI)

Banking Sector

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Assets					
Cash & Near Cash Items	78,464	122,972	82,655	92,868	97,219
Interbanking Assets	163,912	100,518	103,703	117,498	135,076
ST And LT Investments	271,498	389,539	440,774	516,840	603,861
Total Commercial Loans	675,589	721,284	776,917	835,561	901,696
Total Consumer Loans	263,482	283,040	294,863	310,431	329,168
Other Loans	53,965	73,650	93,122	112,191	128,368
Total Loans	993,036	1,077,974	1,164,902	1,258,183	1,359,233
Reserve for Losses on Loans	65,504	69,194	82,328	98,214	117,268
Net Loans	927,532	1,008,781	1,082,573	1,159,969	1,241,965
Net Fixed Assets	48,307	49,145	60,081	74,488	93,531
Total Intangible Assets	4,545	5,112	5,513	5,946	6,412
Investments in Associates	66	52	64	83	111
Total Deferred Tax Assets	8,096	10,355	11,446	12,726	14,177
Total Derivative Assets	2,579	1,670	2,185	3,015	4,018
Other Assets	36,966	37,468	39,376	40,776	43,444
Total Assets	1,541,965	1,725,611	1,828,371	2,024,210	2,239,815
Demand Deposits	319,745	413,073	479,560	553,695	643,355
Saving Deposits	431,507	486,853	545,583	602,512	661,572
Time Deposits	393,387	391,251	424,310	465,838	507,865
Total Deposits	1,144,640	1,291,176	1,449,454	1,622,046	1,812,791
ST Borrowings & Repos	40,069	58,719	67,860	70,585	71,824
LT Debt	0	58,740	59,596	60,463	61,344
Pension Liabilities	8,319	11,206	12,085	13,034	14,057
Total Derivative Liabilities	1,571	1,019	1,222	1,350	1,214
Total Liabilities	1,337,265	1,503,500	1,590,216	1,767,477	1,961,230
Share Capital & APIC	28,983	29,310	29,310	29,310	29,310
Retained Earnings	119,557	142,588	156,325	172,068	189,678
Other Equity	40,990	32,940	33,837	35,214	37,742
Equity before Minority Interest	189,378	204,687	219,472	236,592	256,730
Minority/Non Controlling Interest	15,321	17,425	18,683	20,141	21,855
Total Equity	204,700	222,111	238,155	256,733	278,585
Total Liabilities & Equity	1,541,965	1,725,611	1,828,371	2,024,210	2,239,815
Book Value Per Share (IDR)	4,061	4,389	4,707	5,074	5,506

Sources: Company, Bloomberg and KB Valbury Sekuritas

PT Bank Mandiri Tbk. (BMRI)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	16,800	28,028	35,405	40,680	45,622
+ Depreciation & Amortization	3,934	3,558	2,808	2,875	2,970
+ Provision for Loan Losses	19,934	13,345	13,543	13,744	13,948
+ Non-Cash Items	19,771	7,538	7,728	11,468	9,564
+ Net Ch in Operating Capital	(66,831)	31,332	21,170	(25,740)	(18,728)
Cash From Operating Activities	(6,393)	83,801	80,654	43,027	53,376
+ Net Change in Fixed Assets	565	0	592	606	621
+ Net Change in Investments	(5,075)	(3,240)	(3,244)	(3,536)	(3,756)
+ Change in Investments	(63,445)	(127,281)	(141,235)	(90,396)	(97,021)
+ Other Investing Activities	(14,318)	(103,545)	(116,927)	(93,281)	(121,050)
Cash From Investing Activities	(52,528)	(234,066)	(260,815)	(186,607)	(221,206)
+ Dividends Paid	(16,566)	(10,272)	(21,668)	(24,937)	(28,012)
+ Cash From (Repayment) Debt	2,132	6,836	3,235	6,066	9,425
+ Cash (Repurchase) of Equity	(151)	0	0	0	0
+ Net Change In Deposits	127,257	147,681	158,278	172,592	190,746
Cash From Financing Activities	114,277	143,976	139,845	153,721	172,159
Net Changes in Cash (IDR)	3,879	44,508	(40,317)	10,213	4,351

Sources: Company, Bloomberg and KB Valbury Sekuritas

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings	17.56	11.69	9.85	8.57	7.64
EV to EBIT	10.52	6.87	8.16	6.93	6.14
Price to Sales	4.54	4.26	4.69	4.60	4.48
Price to Book	1.51	1.53	1.59	1.47	1.36
Dividend Yield	3.60%	5.38%	6.22%	7.15%	8.04%
Profitability Ratios					
Operating Margin	27.30%	37.96%	46.93%	53.02%	57.61%
Net Interest Margin	5.10%	5.09%	5.34%	5.52%	5.97%
Return on Assets	1.09%	1.62%	1.94%	2.01%	2.04%
Return on Common Equity	11.31%	16.31%	19.07%	20.20%	20.83%
Return on Capital	8.24%	11.30%	13.01%	13.93%	14.59%
Operating Income/Total Cap.	11.89%	15.50%	17.72%	19.12%	20.03%
Coverage Ratios					
Total Loans/Total Deposits	83.40	80.80	80.37	77.57	74.98
Total Loans/Total Assets	64.40	62.47	63.71	62.16	60.69
Total Deposits/Total Assets	74.23	74.82	79.28	80.13	80.93
CASA (%)	65.63	69.70	70.73	71.28	71.98
Equity/Assets	12.28	11.86	12.00	11.69	11.46
Capital Adequacy Ratio (%)	18.62	19.55	14.89	14.43	13.96
NPL - Gross (%)	3.10	2.72	2.27	2.25	2.22
Leverage Ratios					
LT Debt/Common Equity	0.36	0.34	0.32	0.30	0.28
LT Debt/Total Assets	3.52	3.40	3.26	2.99	2.74
Total Debt/Total Equity	69.97	68.33	68.66	65.08	60.81
Total Debt/Total Assets	6.98	6.81	6.97	6.47	5.95

*) based on market price (08/07/2022) at Rp7,475

Sources: Company, Bloomberg and KB Valbury Sekuritas

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Banking Sector

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