



BUY

Target Price : IDR8,900

Stock Data

Current Price	: IDR7,800
52Wk Range (H-L)	: IDR5,650-7,800
Share Outstanding	: 46.67 bn
Free Float	: 40.00%
Mkt Capitalization (IDR Tn)	: 360.50

Major Shareholders

Government	: 52.00%
INA	: 8.00%
Public	: 40.00%

PT Bank Mandiri Tbk (BMRI IJ)

Banking Sector

Beyond Expectation

FY21 Result : Solid Earnings & Improving Asset Quality

- BMRI booked consolidated net profit attributable to shareholder of IDR28.03tn (+67.74% YoY) throughout FY21.
- BMRI bottom line was 127.20% from our estimate for FY21. Solid earning was driven by : 1) increasing net interest income (+16.86% YoY), 2) successful cost efficient strategy and 3) lower provision expense (-21.69% YoY).
- Net interest income grew despite lowering interest earning asset by 80bps YoY due to declining yield in corporate segment (-90bps YoY) which accounted for 35% loan portfolio.
- However strengthening CASA to 73.7% (+19.8% YoY) while TD decreased -4.7% YoY helped CoF to decrease by 110bps YoY.
- Overall, BMRI NIM slightly improved to 4.8% in FY21 (vs 4.7% in FY20).
- In addition, BMRI also successfully managed its operational efficiency reflected by CIR to drop 288bps YoY in FY21.
- Meanwhile on the provisioning expense, BMRI managed to reduce CoC by 49bps YoY in FY21 along with improving asset quality.
- Throughout FY21, BMRI NPL decreased 38bps YoY to 2.72% with adequate coverage of 244%. Furthermore, LaR including Covid-19 restru was also down by 430bps YoY to 17.1% as of Dec-21.
- BMRI total loans grew 8.9% YoY above industry average of 5.3% YoY driven by disbursement in corporate and commercial segments which accounted >50% and expanded 8.0% YoY and 9.7% YoY respectively.

ESG Focus : Establishing Sustainable Banking

- In FY21, BMRI booked a sustainable financing portfolio (SFP) amounting to IDR205.4tn or equivalent to 24.8% outstanding bank only loan.
- Nearly 86.7% of its SFP was channeled to environmentally sustainable, management of living nat. resources and land use project (~42.8% from SFP) and financing MSME's (~43.8% SFP).
- BMRI continued to increase financing to clean and renewable energy sector by disbursing IDR4.3tn through financing geothermal project (35%) and hydro power plant (65%).
- Furthermore in sustainable palm oil, 88% of debtor coming from this sector was already RSPO and/or ISPO certified, the number increased from 60% in FY19.
- In order to expand its SFP footprint, BMRI raised USD300mn funding from Green Bond issuance last year to finance environmentally and socially focused projects.

Outlook & Recommendation : Maintain BUY Rating with Upgraded TP : IDR8,900

BMRI's management aspired for credit to grow >8% YoY. In our view 8-10% growth for credit remains achievable. BMRI focus toward higher yielding asset combined with low cost of funding mainly through CASA which is supported by its digital apps 'Livin' by Mandiri will also keep NIM to be stable or even slightly increase to 4.8-5.0% in our view for FY22F. Besides that frontloading provisioning strategy will also bring room to cut CoC which BMRI management set to reduce <2% and we think it is achievable. Re-rating BUY for BMRI with upgraded TP to IDR8,900 from previously IDR8,400, implying 1.4x FY22F PBV. Key risks to our call include : 1) slower than expected loan growth as well as 2) deteriorating asset quality due to unfavorable pandemic conditions.

Key Financial Highlight

Financial Performance	FY20	FY21	FY22F	FY23F
Net Interest Income (IDR bn)	62,521	73,062	85,097	96,210
Net Profit (IDR bn)	16,710	28,028	38,109	45,650
EPS (IDR)	358	601	817	978
PER (X)	21.8	13.0	9.6	8.0
BVS (IDR)	4,386	4,760	5,345	6,044
PBV (X)	1.8	1.6	1.5	1.3
ROAE (%)	8.1	13.1	16.2	17.2
ROAA (%)	1.2	1.7	2.1	2.3

Sources : Bloomberg, MNCS

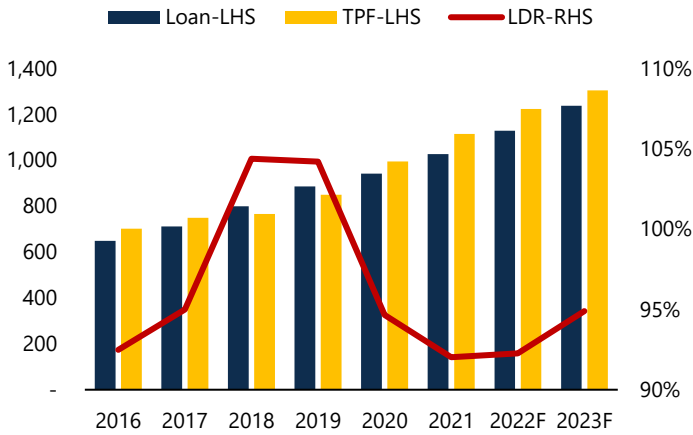


Research Analyst

Tirta Citradi

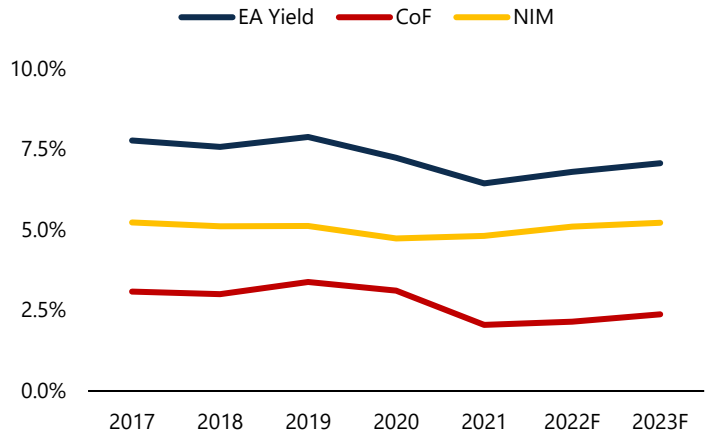
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Exhibit 01. BMRI Loans & TPF (IDR bn) and LDR (%)



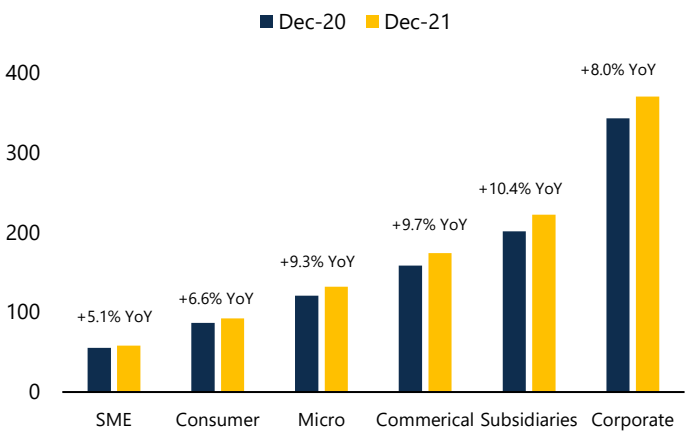
Sources : BMRI Financial Statement, MNCS

Exhibit 02. BMRI Earning Asset Yield, CoF and NIM



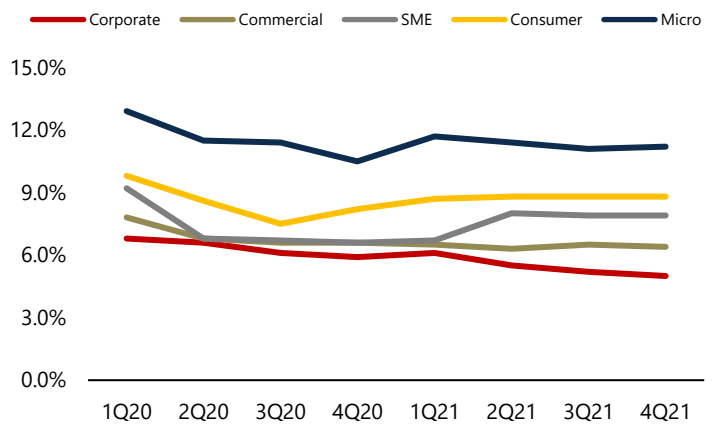
Sources : BMRI Financial Statement, MNCS

Exhibit 03. BMRI Loan Breakdown by Segment (IDR bn) & YoY Growth



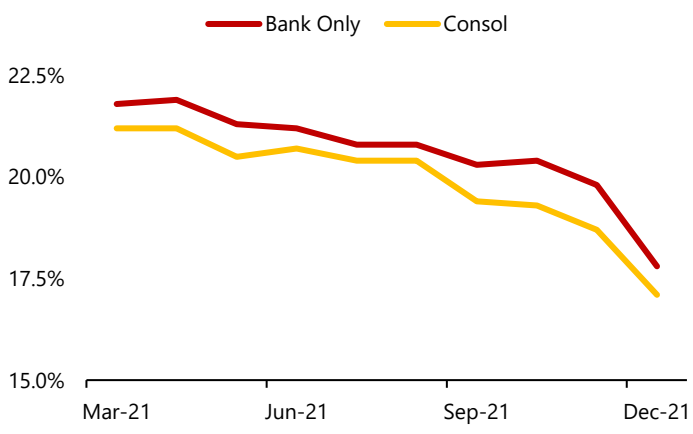
Sources : BMRI Financial Statement, MNCS

Exhibit 04. BMRI Loan Yield by Segments



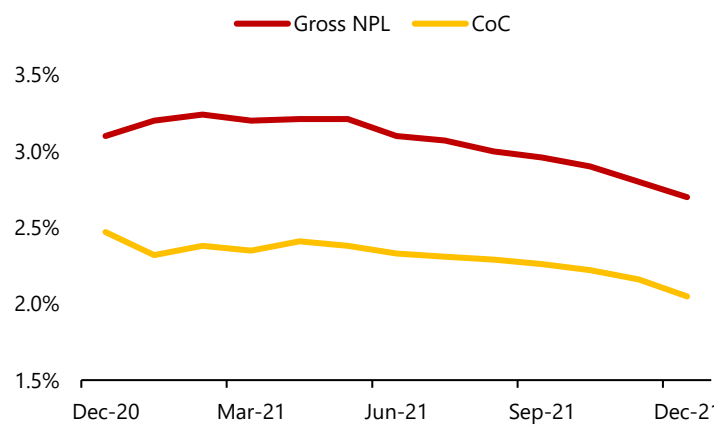
Sources : BMRI Financial Statement, MNCS

Exhibit 05. BMRI LaR including Covid-19 (%)



Sources : BMRI Financial Statement, MNCS

Exhibit 06. BMRI NPL & CoC



Sources : BMRI Financial Statement, MNCS

Exhibit 10. BMRI Financial Projection

Income Statement (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Interest Income	91,525	95,616	97,749	114,470	130,234
Interest Expense	(32,085)	(33,095)	(24,687)	(28,563)	(34,023)
Net Interest Income	59,440	62,521	73,062	85,907	96,210
Non Interest Income	28,830	29,530	34,946	36,473	39,356
Operating Income	88,271	92,051	108,009	122,380	135,566
Operating Expense	(40,076)	(44,530)	(49,140)	(53,864)	(58,984)
PPOP	48,195	47,521	58,869	68,515	76,582
Provision Expense	(11,743)	(23,355)	(20,428)	(15,804)	(13,618)
Pre-Tax Profit	36,452	24,165	38,440	52,712	62,964
Tax	(7,986)	(5,993)	(7,807)	(11,702)	(13,978)
Attributable Net Profit	27,482	16,710	28,028	38,109	45,650
Balance Sheet (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Cash	28,094	26,225	23,948	32,306	31,764
CA with BI	46,491	52,239	99,023	99,023	91,333
Placement with BI and Banks	37,569	82,396	47,784	52,562	58,344
Securities & Government Bonds	200,264	269,314	387,158	414,891	445,088
Loans	855,847	877,051	957,636	1,064,249	1,183,030
Total Earning Assets, net	1,217,328	1,427,935	1,609,660	1,762,706	1,927,192
Total Assets	1,318,246	1,541,965	1,725,611	1,899,526	2,056,893
Current Account	247,444	314,397	399,791	438,566	467,715
Saving Account	324,488	373,022	422,315	463,274	508,857
Time Deposits	278,176	307,781	293,173	321,607	326,191
Third Party Fund	850,108	995,201	1,115,279	1,223,447	1,302,763
Interest Bearing Liabilities	989,839	1,136,149	1,272,631	1,389,777	1,480,692
Total Liabilities	1,109,212	1,337,265	1,503,500	1,650,084	1,774,842
Shareholder Equity	209,035	204,700	222,111	249,442	282,051
Total Liabilities & Equity	1,318,246	1,541,965	1,725,611	1,899,526	2,056,893
Financial Ratio	FY19	FY20	FY21	FY22F	FY23F
CoF	3.38%	3.11%	2.05%	2.15%	2.37%
NIM	5.12%	4.73%	4.81%	5.09%	5.21%
CIR	45.40%	48.38%	45.50%	44.01%	43.51%
BOPO	70.78%	81.68%	72.00%	65.98%	63.77%
ROAA	2.18%	1.17%	1.72%	2.10%	2.31%
ROAE	13.95%	8.08%	13.13%	16.16%	17.18%
ROE	13.15%	8.16%	12.62%	15.28%	16.19%
LDR	104.20%	94.66%	92.02%	92.27%	94.88%
NPL, gross	2.35%	3.12%	2.74%	2.50%	2.10%
CoC	1.33%	2.48%	1.99%	1.40%	1.10%

Sources : BMRI Financial Statement, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

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