

Bank Mandiri Tbk (BMRI)

Ekses Likuiditas Mendorong Ekspansi

BUY

Target Price (IDR)	7,000
Consensus Price (IDR)	6,790
TP to Consensus Price	+3.1%
vs. Last Price	+25.6%

Shares data

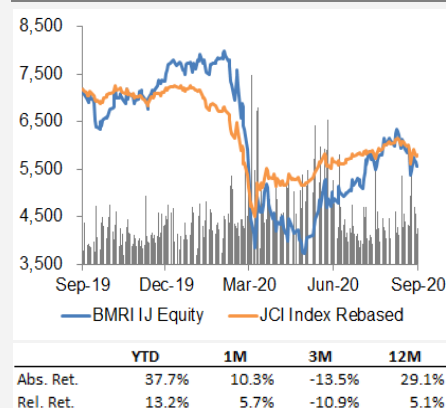
Last Price (IDR)	5,575
Price date as of	Sept. 18, 2020
52 wk range (Hi/Lo)	8,050 / 3,660
Free float (%)	37.7
Outstanding sh.(mn)	46,667
Market Cap (IDR bn)	248,500
Market Cap (USD mn)	16,825
Avg. Trd Vol - 3M (mn)	50.95
Avg. Trd Val - 3M (bn)	283.58
Foreign Ownership	27.3%

Finance

Bank

Bloomberg	BMRI IJ
Reuters	BMRI.JK

Share Price Performance



Arief Machrus

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LDR Terendah Sejak 2016

Likuiditas BMRI relatif longgar seiring dengan rasio *Loan to Deposit Ratio* (LDR) yang terus menurun. Per Maret 2020, LDR BMRI sebesar 94,9%, kemudian menurun menjadi 87,7% pada Juni 2020. Angka ini terendah sejak Desember 2016 di level 86,5%. Permintaan yang menurun dan selektif, membuat kredit BMRI tercatat senilai Rp 871,7 triliun atau hanya tumbuh 4,4% YoY. Sementara, dana pihak ketiga (DPK) senilai Rp 976,6 triliun atau tumbuh 15,8% YoY per Juni 2020. Penempatan pada Surat Berharga Negara (SBN) khususnya seri *fixed rate*, sebagai salah satu strategi BMRI untuk menggantikan potensi pendapatan bunga yang hilang. Hal ini terlihat dari penempatan pada SBN dan efek-efek yang mencapai nilai Rp 223,5 triliun, lebih tinggi dibanding posisi penempatan di Bank Indonesia dan kas yang senilai Rp 200 triliun.

Pencadangan Tekan Laba Bersih

BMRI mencatatkan penurunan laba bersih konsolidasi 23,9% menjadi senilai Rp 10,3 triliun pada 1H20, seiring penerapan strategi yang konservatif. Perseroan menaikkan pembentukan pencadangan hingga 65,7% YoY sebagai antisipasi ketidakpastian ekonomi mendatang. Di sisi lain, kenaikan pencadangan ini tetap mendukung BMRI untuk berekspansi. Sementara itu, pendapatan bunga BMRI bertumbuh tipis 0,3% menjadi senilai Rp 28,9 triliun. Adapun, pendapatan operasional dan biaya operasional masing-masing senilai Rp 43,4 triliun atau naik 2,6% YoY dan Rp 19,2 triliun atau naik 4,4%. Sebagai catatan, hingga pertengahan Agustus 2020, BMRI telah merestrukturisasi kredit terdampak Covid-19 senilai Rp 119,3 triliun. Segmen korporasi memiliki porsi restrukturisasi terbesar, mencapai nilai Rp 49,6 triliun. Kemudian diikuti oleh Usaha Kecil Menengah dan Mikro Rp 32,6 triliun, ritel Rp 25 triliun, dan sektor komersial Rp 12 triliun.

Rekomendasi Buy dengan Target Price Rp 7.000

NHKS Research menaikkan target harga BMRI menjadi Rp 7.000, yang mengimplikasikan P/BV sebesar 1,7x dari rata-rata 3 tahun terakhir. Restrukturisasi kredit terdampak Covid-19 yang mereda, membuat kami merevisi naik proyeksi laba bersih BMRI menjadi Rp 16,2 triliun. Walaupun DPK deposito berjangka tumbuh signifikan, namun beban bunga relatif *flat*. Hal ini seiring dengan tren suku bunga rendah dan rasio current account and saving account (CASA) yang terjaga di level 65,9%. Saat ini, harga saham BMRI diperdagangkan pada 1,4x PBV.

Bank Mandiri Tbk | Summary (IDR bn)

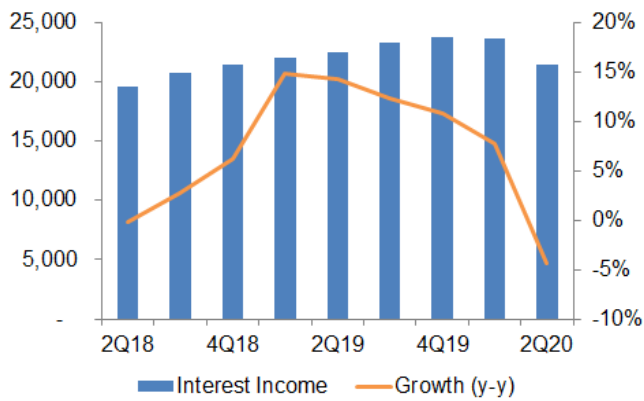
in IDR bn	2019/12A	2020/12E	2021/12F	2022/12F
Interest Income	91,525	87,273	97,276	101,703
<i>Interest Income growth</i>	13.0%	-4.6%	11.5%	4.6%
Operating Revenue	88,600	82,428	85,857	87,326
Net profit	27,482	16,224	23,294	27,050
EPS (IDR)	589	348	499	580
<i>EPS growth</i>	9.1%	-41.0%	43.6%	16.1%
BVPS (IDR)	4,479	4,195	4,620	5,034
Net Interest Margin	5.2%	4.4%	4.4%	4.1%
Loan/Deposits	95.8%	94.5%	94.3%	92.0%
NPL	2.3%	2.3%	2.8%	2.7%
ROE	14.0%	8.0%	11.3%	12.0%
ROA	2.2%	1.2%	1.6%	1.7%
P/E	13.0x	20.1x	14.0x	12.1x
P/BV	1.7x	1.7x	1.5x	1.4x
P/Op. Revenue	4.0x	4.0x	3.8x	3.7x
DPS (IDR)	353	209	299	348
<i>Dividend yield</i>	4.6%	3.0%	4.3%	5.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

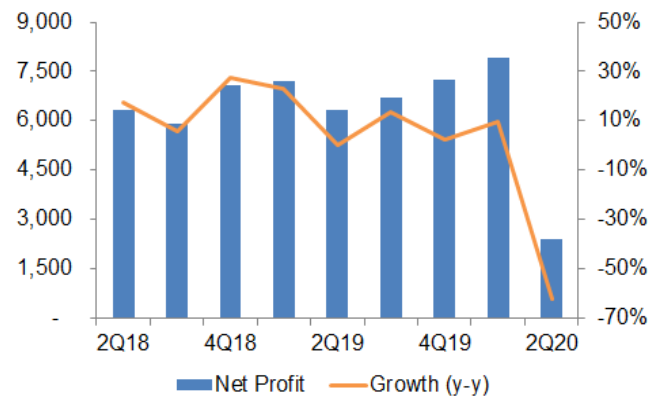
Performance Highlights

Interest Income (IDR bn) | 2Q18 - 2Q20



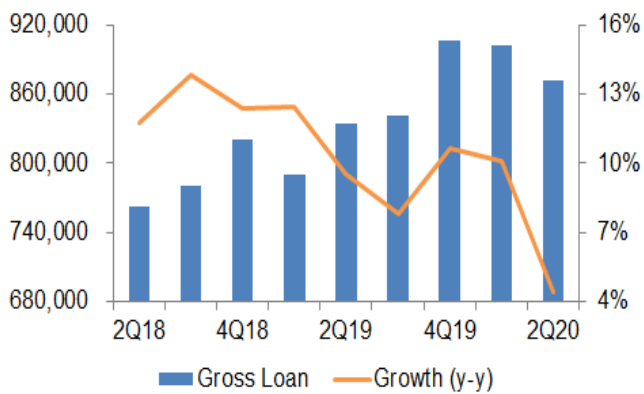
Source: Company, NHKSI Research

Net Profit (IDR bn) | 2Q18 - 2Q20



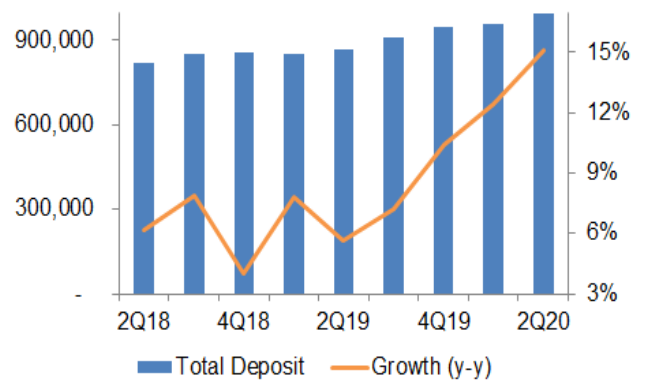
Source: Company, NHKSI Research

Gross Loan (IDR bn) | 2Q18 - 2Q20



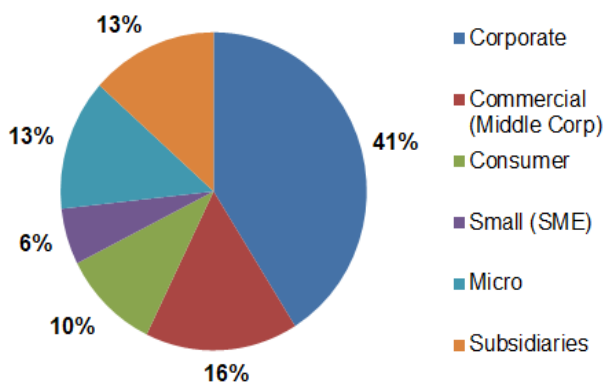
Source: Company, NHKSI Research

Deposit (IDR bn) | 2Q18 - 2Q20



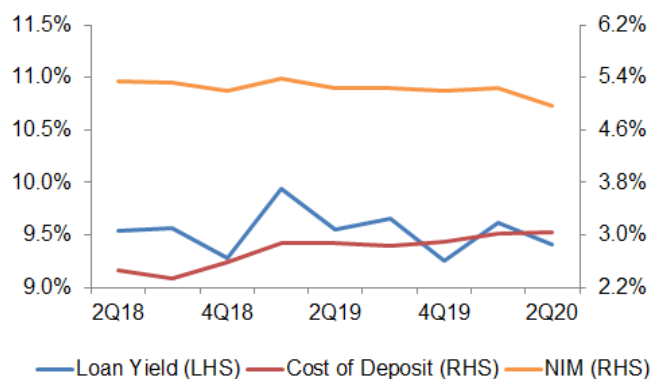
Source: Company, NHKSI Research

Loan Composition



Source: Company, NHKSI Research

Loan Yield, Cost of Deposit, NIM | 2Q18 - 2Q20



Source: Company, NHKSI Research

2Q20 review (IDR bn)

	2Q19	3Q19	4Q19	1Q20	2Q20					3Q20
					Actual	Estimate	y-y	q-q	Surprise	
Interest Income	22,471	23,282	23,755	23,709	21,490	10,683	-4.4%	-9.4%	101.2%	10,428
Interest Expense	(8,008)	(8,187)	(8,255)	(8,173)	(8,091)	(6,067)	1.0%	-1.0%	33.4%	(7,051)
Net Interest Income	14,463	15,095	15,500	15,536	13,399	4,616	-7.4%	-13.8%	190.3%	3,377
Operating Revenue	21,224	22,687	23,653	23,900	19,472	6,893	-8.3%	-18.5%	182.5%	5,184
Pre-Provisioning Operating Profit (PPOP)	11,700	12,861	11,780	13,871	10,316	3,800	-11.8%	-25.6%	171.5%	2,826
Loan loss provisions	(3,455)	(4,062)	(1,798)	(3,479)	(6,811)	(8,351)	97.1%	95.8%	-18.4%	(8,603)
Net Profit	6,323	6,701	7,251	7,916	2,377	(3,495)	-62.4%	-70.0%	-168.0%	(4,499)

Source: Bloomberg, NHKSI research

Earnings revision (IDR bn)

		2020E	2021F	2022F
Interest Income	Revised	87,273	97,276	101,703
	Previous	87,715	97,681	112,361
	Change	-0.5%	-0.4%	-9.5%
Interest Expenses	Revised	(32,894)	(38,830)	(42,257)
	Previous	(33,128)	(38,432)	(44,485)
	Change	-0.7%	1.0%	-5.0%
Net Interest Income	Revised	54,379	58,446	59,446
	Previous	54,587	59,248	67,875
	Change	-0.4%	-1.4%	-12.4%
Operating Revenue	Revised	82,428	85,857	87,326
	Previous	82,215	87,141	100,125
	Change	0.3%	-1.5%	-12.8%
Pre-Provisioning OP	Revised	45,473	48,161	48,829
	Previous	44,775	48,779	55,848
	Change	1.6%	-1.3%	-12.6%
Loan Loss Provision	Revised	(23,835)	(16,051)	(11,562)
	Previous	(23,237)	(19,290)	(17,229)
	Change	2.6%	-16.8%	-32.9%
Net Profit	Revised	16,224	23,294	27,050
	Previous	16,073	21,989	28,786
	Change	0.9%	5.9%	-6.0%

Source: NHKSI research

Sekilas Tentang BMRI

Bank Mandiri merupakan bank terbesar kedua di Indonesia setelah Bank Rakyat Indonesia dari segi total aset. Sementara itu, Bank Mandiri merupakan bank nomor satu di Indonesia di segmen korporasi. Pada 1Q20, Bank Mandiri menyalurkan kredit sebesar Rp362,6 triliun ke segmen korporasi atau 40% dari total kredit. Bank Mandiri terus berupaya tidak hanya memperkuat *client relationship* dengan nasabah korporasi tetapi juga meningkatkan kontribusi dari segmen konsumen dan mikro. Kontribusi segmen kredit konsumen fokus pada produk kredit pemilikan rumah (KPR), otomotif, dan kredit berbasis *payroll*, terutama bagi karyawan dari perusahaan yang sudah menjadi nasabah korporasi Bank Mandiri.

Daya Saing Perbankan Indonesia di ASEAN

Industri perbankan di Indonesia menjadi prioritas investasi utama di ASEAN karena menawarkan suku bunga kredit yang lebih tinggi dibandingkan dengan suku bunga yang ditawarkan bank lain di ASEAN. Hal ini merupakan faktor utama keunggulan industri perbankan di Indonesia. Bank di Indonesia masih mampu mempertahankan NIM di atas 5% meskipun sedang menghadapi tekanan penurunan suku bunga acuan oleh bank sentral. Keunggulan NIM ini mampu ditranslasikan menjadi ROE yang lebih tinggi.

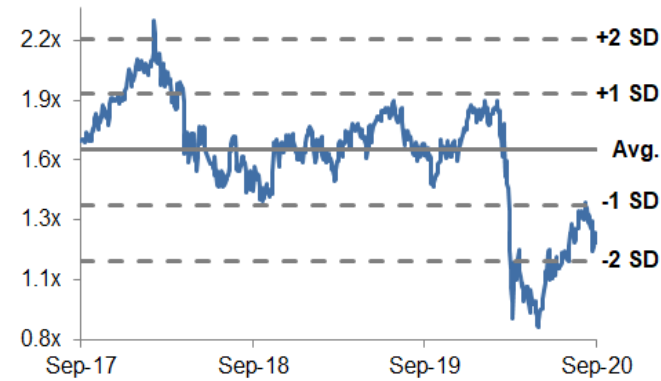
ASEAN Banking Sector

	Market Cap (USD mn)	Asset (USD mn)	Int. Income LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Interest Margin	ROE (LTM)	P/E LTM	P/BV
Indonesia									
BMRI	16,904	95,201	5,725	1,693	-8.1%	4.1%	13.3%	10.3	1.4
BBRI	26,139	102,315	7,576	1,982	-15.6%	7.7%	15.2%	13.5	2.1
BBCA	46,030	66,367	3,976	1,951	2.4%	6.0%	17.0%	24.3	4.0
BBNI	5,720	61,068	3,720	852	-19.8%	5.6%	10.9%	6.9	0.8
Singapore									
DBS Group	36,726	430,571	7,589	4,012	-7.3%	1.7%	10.8%	9.1	0.9
United Overseas Bank	23,314	300,765	7,767	2,662	-11.8%	1.7%	9.8%	8.7	0.8
Oversea-Chinese Banking	27,284	365,678	8,122	2,779	-16.9%	1.8%	8.2%	9.7	0.8
Malaysia									
CIMB Group	7,510	140,141	4,710	629	-47.1%	2.1%	4.8%	11.7	0.6
Malayan Banking	19,653	203,988	4,086	1,769	-7.4%	1.6%	9.2%	10.9	1.0
Hong Leong Financial	3,899	59,191	1,206	442	-3.2%	1.6%	9.3%	8.6	0.8
Thailand									
Bangkok Bank	6,112	108,104	3,273	909	-20.6%	2.3%	6.5%	6.8	0.4
Siam Commercial Bank	7,221	99,602	3,916	1,222	0.5%	3.3%	9.5%	6.0	0.6
Bank of Ayudhya	4,617	79,298	3,565	856	-17.2%	3.5%	9.9%	5.5	0.5
Philippines									
BDO Unibank	7,990	62,894	2,854	555	-28.7%	4.9%	7.9%	13.7	1.1
Metropolitan Bank & Trust	3,323	48,338	1,893	474	0.5%	4.3%	7.8%	7.2	0.5
Bank of the Philippine Island	5,994	43,490	1,734	524	3.7%	3.8%	9.9%	10.9	1.0

Source: Bloomberg, NHKSI Research

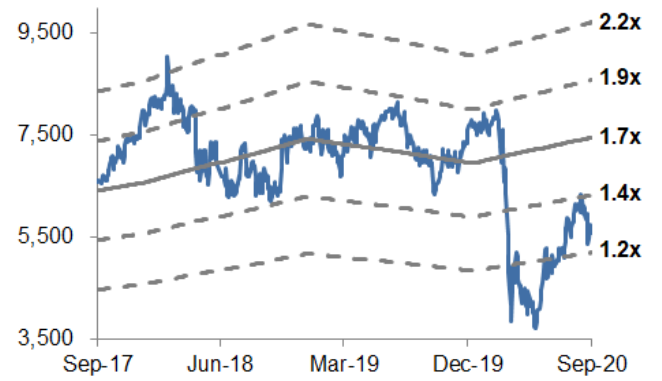
Multiple Valuation

Forward P/B band | Last 3 years



Source: NHKSI research

Dynamic Forward P/B band | 3 years



Source: NHKSI research

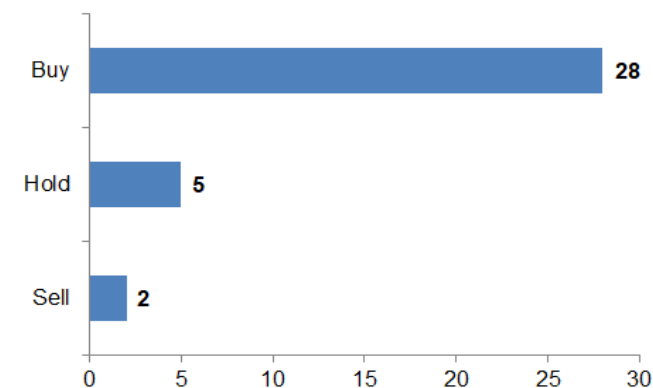
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
11/06/2018	Hold	8,275 (Dec 2019)	7,375	8,201	+12.2%	+0.9%
07/24/2020	Buy	6,400 (12 Month)	5,275	6,000	+21.3%	+6.7%
09/22/2020	Buy	7,000 (12 Month)	5,575	6,790	+25.6%	+3.1%

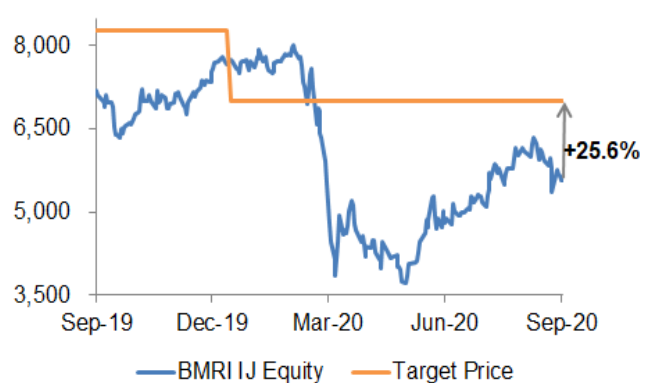
Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2019/12A	2020/12E	2021/12F	2022/12F		2019/12A	2020/12E	2021/12F	2022/12F
Interest Income	91,525	87,273	97,276	101,703	ROE	14.0%	8.0%	11.3%	12.0%
<i>Growth (% y/y)</i>	13.0%	-4.6%	11.5%	4.6%	ROA	2.2%	1.2%	1.6%	1.7%
Interest Expenses	(32,085)	(32,894)	(38,830)	(42,257)	Non-Int. Inc. /Op. Rev	32.9%	34.0%	31.9%	31.9%
Net Interest Income	59,440	54,379	58,446	59,446	Cost/Income	45.2%	44.8%	43.9%	44.1%
<i>Net Interest Margin</i>	5.2%	4.4%	4.4%	4.1%	Cash Dividend (IDR bn)	16,489	9,734	13,976	16,230
Net Fee Income	16,066	14,526	16,365	16,645	Dividend Yield (%)	4.6%	3.0%	4.3%	5.0%
Trading Income	4,734	7,794	6,137	6,242	Payout Ratio (%)	60.0%	60.0%	60.0%	60.0%
Other Operating Income	8,361	5,728	4,909	4,993	Loan/Deposits	95.8%	94.5%	94.3%	92.0%
Operating Revenue	88,600	82,428	85,857	87,326	Loan/Assets	68.8%	67.9%	68.9%	67.5%
Operating Expenses	(40,076)	(36,955)	(37,696)	(38,498)	NPL	2.3%	2.3%	2.8%	2.7%
Pre-provisioning OP	48,524	45,473	48,161	48,829	Loan Loss Res./Loan	3.3%	4.0%	5.4%	5.4%
Provision for Impairment	(12,072)	(23,835)	(16,051)	(11,562)	CASA/Deposits	65.3%	65.9%	65.9%	66.4%
EBT	36,441	21,503	31,967	37,122	Time Deposits/Deposits	34.7%	34.1%	34.1%	33.6%
Income Tax	(7,986)	(4,805)	(7,992)	(9,280)	Par Value (IDR)	250	250	250	250
Non-controlling Interest	(973)	(475)	(682)	(792)	Total Shares (mn)	46,667	46,667	46,667	46,667
Net Profit	27,482	16,224	23,294	27,050	Share Price (IDR)	7,675	7,000	7,000	7,000
<i>Growth (% y/y)</i>	9.1%	-41.0%	43.6%	16.1%	Market Cap (IDR tn)	358.2	326.7	326.7	326.7

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2019/12A	2020/12E	2021/12F	2022/12F		2019/12A	2020/12E	2021/12F	2022/12F
Cash	28,094	34,527	22,052	28,979	Price /Earnings	13.0x	20.1x	14.0x	12.1x
Placement in Banks	96,618	101,665	105,167	108,068	Price /Book Value	1.7x	1.7x	1.5x	1.4x
Net Loans	877,105	903,959	970,754	1,054,606	Price/Op. Revenue	4.0x	4.0x	3.8x	3.7x
Investment	202,825	220,897	256,322	311,723	PE/EPS Growth	1.4x	-0.5x	0.3x	0.7x
Fixed Asset	44,612	50,799	57,407	64,348	EV/Operating Revenue	4.8x	5.0x	4.9x	4.9x
Other Assets	68,992	74,657	77,154	83,701	EV/PPOP	8.7x	9.0x	8.8x	8.8x
Total Assets	1,318,246	1,386,505	1,488,857	1,651,425	EV (IDR bn)	421,544	411,107	423,202	429,071
Deposits	946,968	996,439	1,088,259	1,210,670	Op. Rev. CAGR (3-Yr)	15.9%	7.1%	4.8%	3.8%
Debt	87,038	114,591	114,267	127,120	EPS CAGR (3-Yr)	11.4%	-7.3%	19.1%	9.4%
Other liabilities	75,205	79,715	70,737	78,694	Basic EPS (IDR)	589	348	499	580
Total Liabilities	1,109,211	1,190,746	1,273,263	1,416,484	Diluted EPS (IDR)	589	348	499	580
Capital Stock & APIC	29,143	29,143	29,143	29,143	BVPS (IDR)	4,479	4,195	4,620	5,034
Retained Earnings	143,310	123,761	137,320	150,394	Op. Revenue PS (IDR)	1,899	1,766	1,840	1,871
Shareholders' Equity	209,035	195,759	215,594	234,941	DPS (IDR)	353	209	299	348

Source: NHKSI research

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