

May 14th, 2024
Banking, Equity

Price IDR. 6,200
Target Price IDR. 7,650
JKSE Index IDR. 7,083.76



Stock Information

Bloomberg code **BMRI IJ**
Market Cap (IDR Bn) **578,666.7**
52-Week High (IDR) **7,500**
52-Week Low (IDR) **4,950**
6-m Avg Daily. Val (IDR) **6,541**
Free Float Ratio (%) **39.20**

Major Shareholders (%)
Government **52.00**
INA **8.00**
Others **40.00**

USD/IDR-YE (JISDOR)
2023A **15,439**
2024F **15,873**

Key Indicators (%)
NPL Ratio **1.18**
Net Interest Margin **4.94**

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Investment Consideration

Significant Quarterly Decline in PATMI

In Q1-2024, BMRI experienced a significant quarterly decline in its profit after tax and minority interest (PATMI) by -20.59% QoQ, reaching IDR 12.70 trillion. Annually, the figures still show a modest growth of 1.13% YoY. Despite this, BMRI's Net Interest Income maintained an annual growth of 5.11%. However, the Net Interest Margin (NIM) ratio saw a substantial decline of -33 basis points YoY, reaching 5.07%, attributable to a notable 35.40% YoY increase in interest expenses. We forecast that BMRI's PATMI will decrease by -0.72% YoY to IDR 54.66 trillion in December 2024, with the NIM Ratio expected to reach 4.94%, impacted by a BI Rate hike.

Loan Growth Surpassing 2023 Target

As of March 2024, BMRI's consolidated loan portfolio stood at IDR 1,435.49 trillion, expanding by 19.08% YoY and surpassing its 2024 target. The highest growth was observed in the Corporate segment, which increased by 28.03% YoY, with the Metal Mining sector leading the rise by IDR 13.7 trillion YoY. We forecast that BMRI's consolidated loan will grow by 12.94% YoY in 2024.

Enhanced Assets Quality

As of March 2024, BMRI's asset quality showed significant improvement, with its Consolidated NPL ratio decreasing by 60 basis points YoY to 1.17%, supported by a 228-basis points YoY decrease in the Commercial Segment. Additionally, the Corporate segment, now the major contributor to the portfolio, also became the healthiest segment with an NPL ratio standing at only 0.24%, a decrease of 61 basis points YoY. We forecast that BMRI's NPL ratio will stabilize at a level of 1.18% in December 2024.

Sufficient Liquidity

In March 2024, BMRI's liquidity remained sufficient, evident from its LDR, which was higher by 4.8% YoY, reaching 89.7%. Additionally, the bank's CASA ratio improved, increasing by 20 basis points YoY to 74.4%, with Saving Accounts being a major factor, growing by 10.61% YoY. We forecast that BMRI's LDR (Bank – Only) and CASA ratio will stand at levels of 88.62% and 75.27%, respectively, in December 2024.

Serious ESG Commitment

BMRI demonstrated its commitment to implementing ESG practices, as evidenced by its Sustainable Financing Portfolio in Q1-2024, which increased by 13.80% YoY, reaching IDR 264 trillion. Additionally, 81% of wholesale segment palm oil debtors are ISPO and/or RSPO certified, with the portfolio standing at a level of IDR 104 trillion, reflecting an increase of 5.55% YoY.

Valuation: 23% Upside, Buy

Based on the Q1-2024 results, we have revised our Multi-Stage Dividend Discount Model (DDM) Valuation. This revision indicates a target price of IDR 7,650 within a year, corresponding to a price-to-book value (PBV) ratio of 2.52x and offering a potential 24% upside. Therefore, our recommendation is to Buy.

Financial Highlight	2021 A	2022A	2023A	2024 F
Net Income (IDR Bn)	28,028	41,171	55,060	54,662
EPS (IDR)	601.06	441.26	589.93	585.67
NIM (%)	5.09%	5.47%	5.48%	4.94%
ROE (%)	14.20%	19.70%	23.20%	19.32%
Gross NPL	2.72%	1.92%	1.19%	1.18%

Company Profile

PT Bank Mandiri (Persero) Tbk. (hereafter referred to as "Bank Mandiri" or the "Bank") was founded on October 2, 1998, in the Republic of Indonesia, according to notarial deed No. 10 by Sutjipto, S.H., under Government Regulation No. 75 of 1998, dated October 1, 1998. The Ministry of Justice of the Republic of Indonesia approved the deed of establishment in its Decision Letter No. C2-16561.HT.01.01.TH.98, dated October 2, 1998, and it was published in Supplement No. 6859 of the State Gazette No. 97 on December 4, 1998. Bank Mandiri was created through the merger of PT Bank Bumi Daya (Persero), PT Bank Dagang Negara (Persero), PT Bank Ekspor Impor Indonesia (Persero), and PT Bank Pembangunan Indonesia (Persero), collectively known as the "Merged Banks." The Bank operates under the laws and regulations applicable to banking and commenced operations on August 1, 1999.

Company Structure

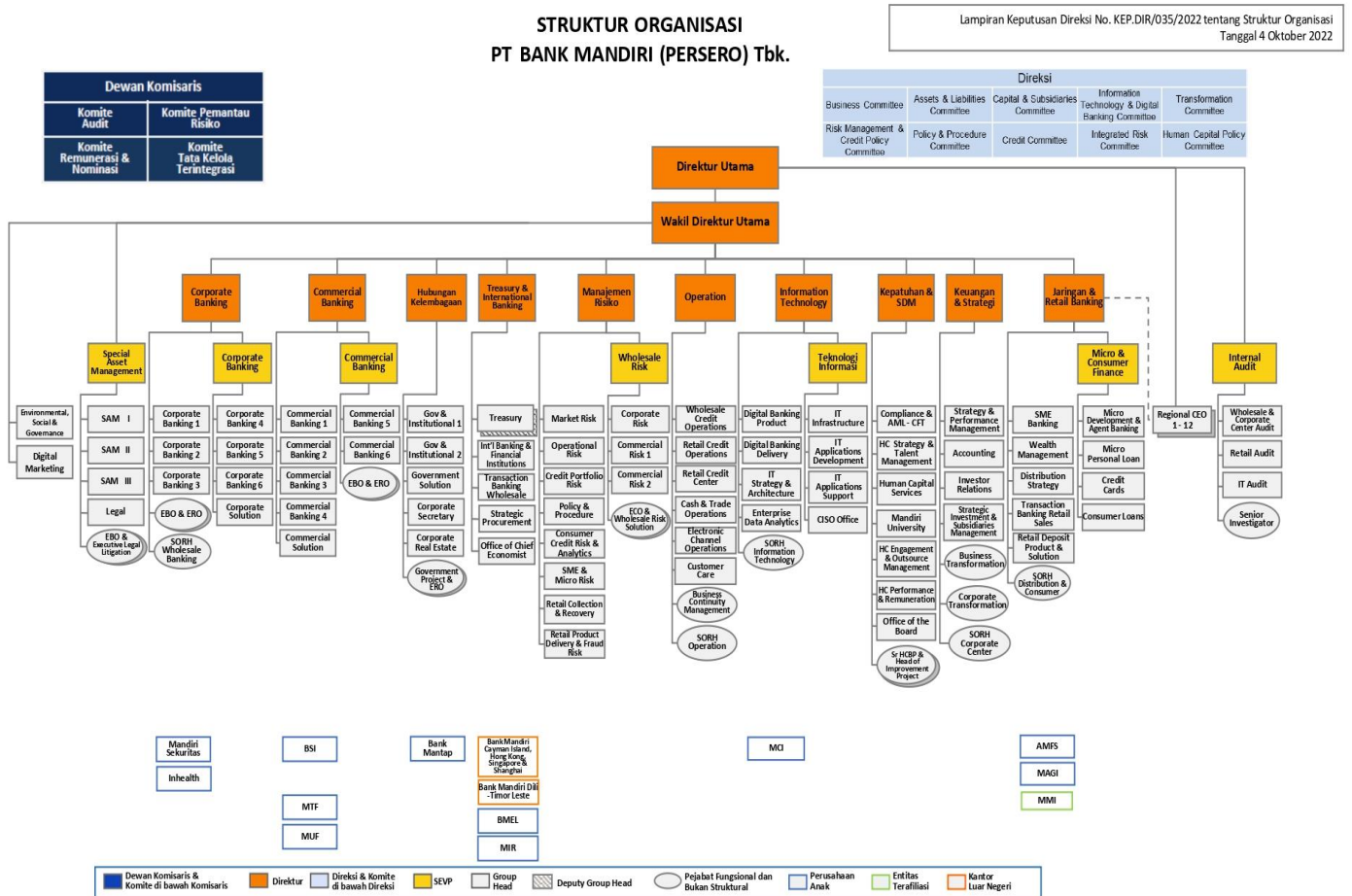


Chart: Gross Loan (IDR Bn) YoY

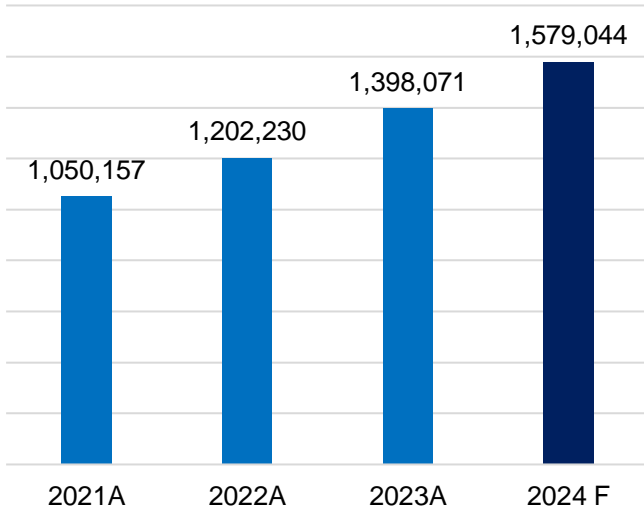


Chart: NPL Ratio (%) YoY

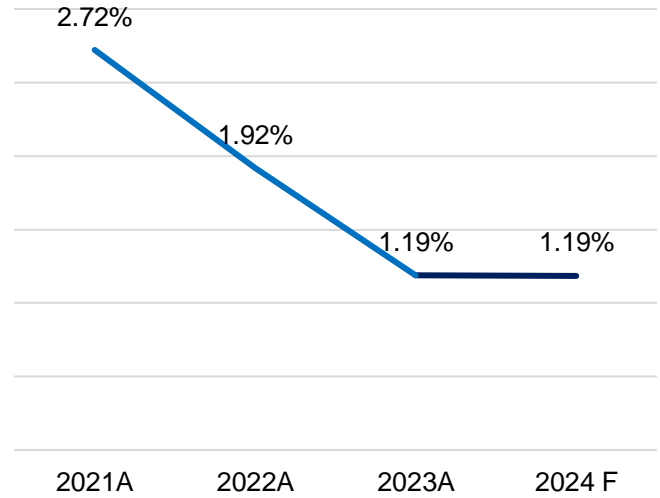


Chart: Profitability (IDR Bn and %) YoY

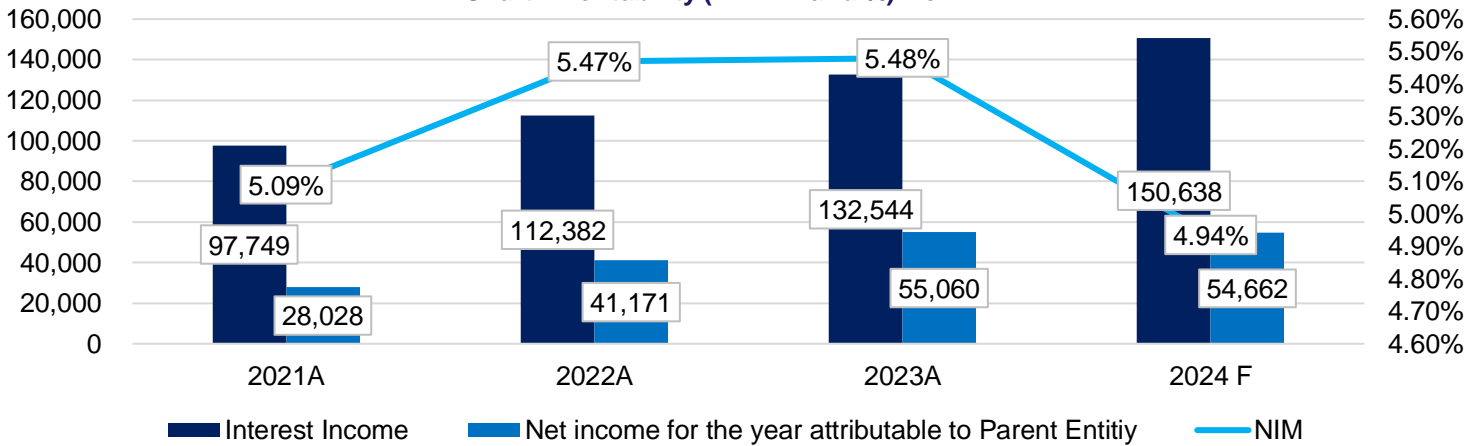


Chart: Liquidity (%) YoY

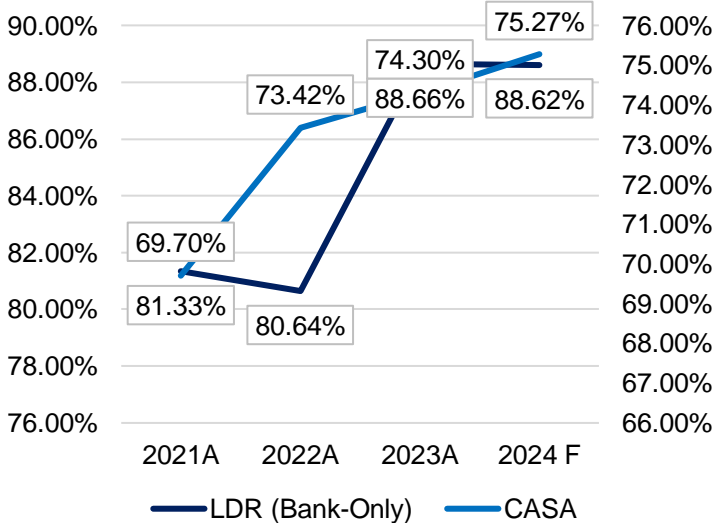


Chart: CAR (%) YoY

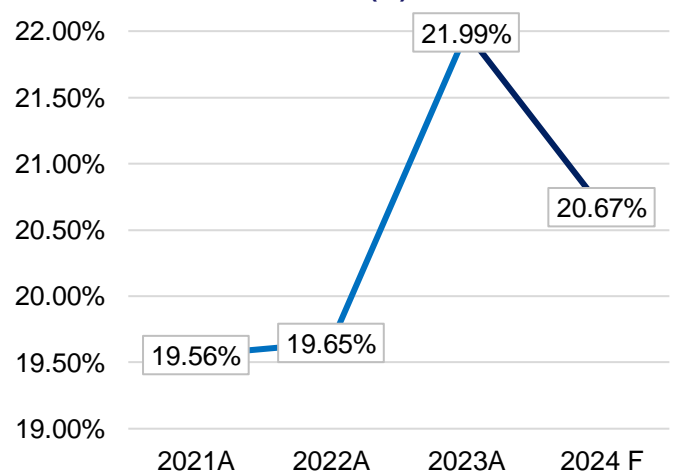


Chart: Gross Loan (IDR Bn) QoQ

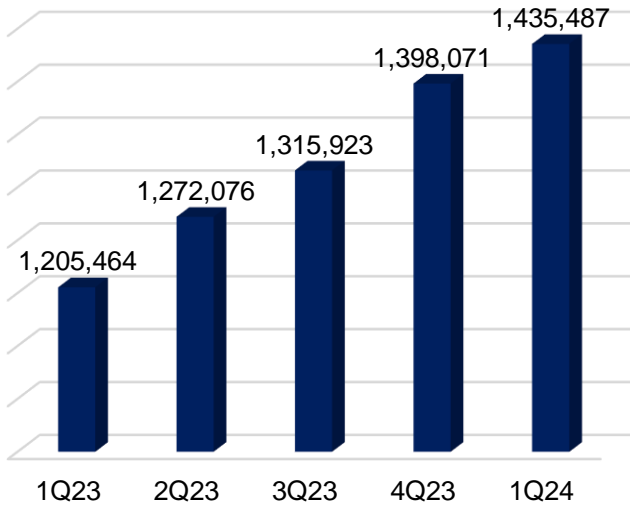


Chart: Customer Deposit (IDR Bn) QoQ

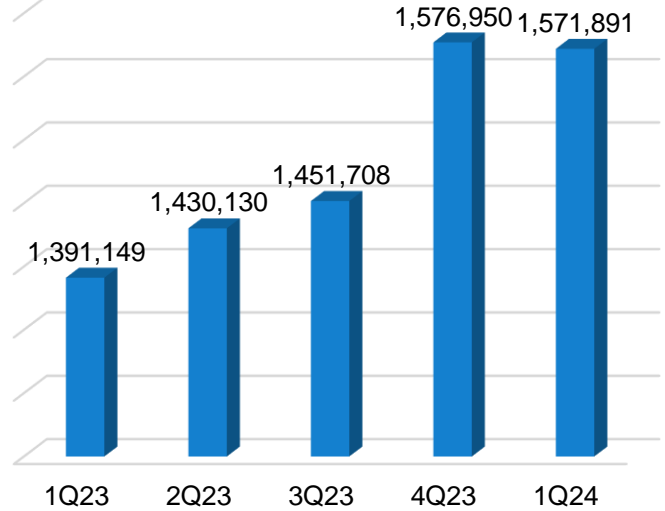


Chart: NIM Ratio (%) QoQ

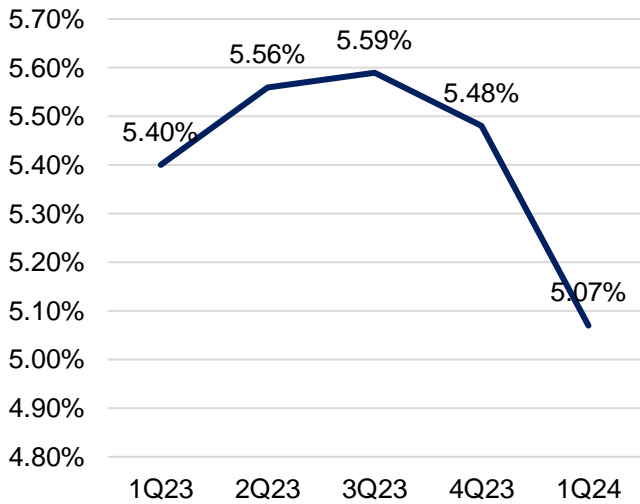
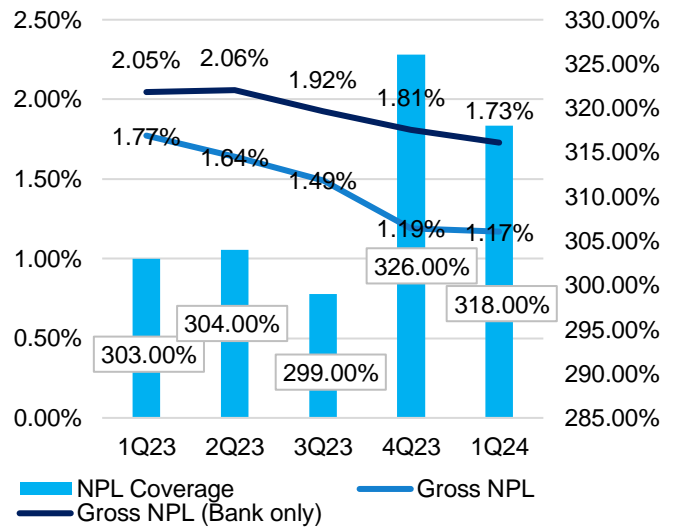


Chart: Asset Quality (%) QoQ



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in IDR Bn)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in IDR Bn)	2021A	2022A	2023A	2024 F
Cash and CA with BI	122,972	134,562	135,037	199,850
Interbank Placement	47,785	95,324	73,888	65,056
Marketable Securities	99,115	82,841	94,696	65,885
Gross Loans	1,050,157	1,202,230	1,398,071	1,579,044
Provision	(69,194)	(65,362)	(53,882)	(56,013)
Net Loan	980,963	1,136,868	1,344,189	1,523,031
Other Earning Assets	529,673	615,677	579,927	521,209
Non-Earning Asset	92,003	105,438	115,066	124,503
TOTAL ASSETS	1,725,611	1,992,545	2,174,219	2,368,593

Deposit:				
Current Account	413,073	541,801	584,713	637,288
Saving Account	486,853	552,752	586,992	639,817
Time Deposit	391,251	396,291	405,245	419,504
Total Customer Deposit	1,291,176	1,490,845	1,576,950	1,696,609
Other Interest-Bearing Liabilities	99,941	123,071	144,897	168,601
Non-Interest-Bearing Liabilities	112,383	126,383	164,878	188,414
TOTAL LIABILITIES	1,503,500	1,740,299	1,886,724	2,053,625
TOTAL EQUITY	222,111	252,245	287,495	314,968

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (In IDR Bn)

STATEMENTS OF PROFIT OR LOSS (In IDR Bn)	2021A	2022A	2023A	2024 F
Interest Income	97,749	112,382	132,544	150,638
Interest Expense	(24,687)	(24,479)	(36,658)	(50,674)
Net Interest Income	73,062	87,903	95,887	99,964
Fee Other Operating Income	34,061	37,648	42,771	42,380
Gross Operating Income	107,124	125,551	138,658	142,344
Operating Expense	(49,140)	(53,260)	(53,867)	(53,373)
PPOP	57,984	72,291	84,790	88,970
Provision Expense	(19,543)	(16,123)	(10,149)	(14,591)
Operating Profit	38,440	56,168	74,642	74,379
Non-Operating Income - net	(82)	210	43	45
Profit Before Tax	38,358	56,378	74,685	74,424
Tax Expense	(7,807)	(11,425)	(14,633)	(14,885)
Earning After Tax	30,551	44,952	60,052	59,539
Income for The Year Attributable to - Non-controlling interest	2,523	3,782	4,992	4,877
Net income for the year attributable to Parent Entity	28,028	41,171	55,060	54,662
EPS (Rp/Share)	601.06	441.26	589.93	585.67

Ratio Highlights

Ratio Analysis (Consolidated)	2021A	2022A	2023A	2024F
Profitability & Efficiency				
NIM	5.09%	5.47%	5.48%	4.94%
Cost-to-Income Ratio	45.90%	42.40%	38.80%	37.50%
ROE	14.20%	19.00%	23.20%	19.32%
ROA	1.72%	2.21%	2.64%	2.31%
Cost of Credit	2.05%	1.44%	0.85%	0.92%
Liquidity				
LDR-Bank Only	80.04%	77.60%	86.75%	88.62%
CASA	69.70%	73.42%	74.30%	75.27%
Asset Quality				
Gross NPL	2.81%	1.88%	1.02%	1.18%
Gross NPL (Bank-Only)	2.72%	1.92%	1.19%	1.02%
NPL Coverage	243.00%	285.00%	326.00%	299.82%
Capital				
CAR	19.56%	19.65%	21.99%	20.67%
Growth				
Loan Growth	8.86%	14.48%	16.29%	12.94%
Deposit Growth	12.80%	15.46%	5.78%	7.59%
Net Income Growth	66.84%	46.89%	33.74%	-0.72%

QoQ Result

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in IDR Bn)	1Q23	2Q23	3Q23	4Q23	1Q24	%QoQ	%YoY
Loan	1,205,464	1,272,076	1,315,923	1,398,071	1,435,487	2.68%	19.08%
Loan Loss Reserves	(64,119)	(62,902)	(58,374)	(53,882)	(53,018)	-1.60%	-17.31%
NPL Consolidated	21,337	20,862	19,607	16,637	16,795	0.95%	-21.28%
Deposit							
Demand	483,111	497,629	506,233	584,713	562,103	-3.87%	16.35%
Savings	548,637	552,434	564,084	586,992	606,832	3.38%	10.61%
Time Deposit	359,401	380,066	381,391	405,245	402,956	-0.56%	12.12%
Total Asset	1,908,171	1,963,987	2,006,939	2,174,219	2,163,785	-0.48%	13.40%
Shareholder Equity	217,759	231,009	243,310	260,853	240,687	-7.73%	10.53%

STATEMENTS OF PROFIT OR LOSS (In IDR Bn)	1Q23	2Q23	3Q23	4Q23	1Q24	%QoQ	%YoY
Interest Income	31,391	32,800	33,817	34,536	35,535	2.89%	13.20%
Interest Expense	(8,382)	(8,502)	(9,261)	(10,513)	(11,349)	7.96%	35.40%
Net Interest Income	23,009	24,298	24,556	24,023	24,186	0.68%	5.11%
Fee Other Operating Income	10,200	9,106	9,638	13,828	10,127	-26.76%	-0.71%
Gross Operating Income	33,209	33,404	34,194	37,851	34,313	-9.35%	3.32%
Operating Expense	(12,276)	(12,278)	(13,899)	(15,415)	(13,112)	-14.94%	6.81%
PPOP	20,933	21,126	20,295	22,436	21,201	-24.28%	10.14%
Provision Expense	(3,692)	(3,950)	(1,511)	(996)	(3,596)	260.99%	-2.61%
Operating Profit	17,241	17,177	18,784	21,440	17,605	-17.89%	2.11%
Non-Operating Income - net	15	7	(11)	33	(3)	-108.02%	-117.88%
Profit Before Tax	17,256	17,183	18,772	21,473	17,603	-18.02%	2.01%
Tax Expense	(3,395)	(3,340)	(3,705)	(4,192)	(3,481)	-16.96%	2.52%
Earning After Tax	13,861	13,843	15,067	17,281	14,121	-18.28%	1.88%
Income for The Year Attributable to - Non-controlling interest	1,300	1,171	1,236	1,284	1,419	10.50%	9.15%
Net Income	12,560	12,672	13,832	15,997	12,702	-20.59%	1.13%
EPS (Rp/Share)	269.15	181.02	148.20	171.39	136.09	-20.59%	-49.43%

Financia Ratios	1Q23	2Q23	3Q23	4Q23	1Q24	%QoQ	%YoY
Profitability & Efficiency							
NIM	5.40%	5.56%	5.59%	5.48%	5.07%	(0.41)	(0.33)
Cost-to-Income Ratio	37.00%	36.80%	38.10%	38.80%	38.20%	(0.60)	1.20
ROE	22.50%	21.90%	22.50%	23.20%	19.70%	(3.50)	(2.80)
ROA	2.58%	2.55%	2.60%	2.64%	2.34%	(0.30)	(0.24)
Cost of Credit	1.18%	1.19%	0.96%	0.85%	1.05%	0.20	(0.13)
Liquidity							
LDR	84.90%	85.68%	87.64%	86.75%	89.70%	2.95	4.80
CASA	74.20%	73.40%	73.70%	74.30%	74.40%	0.10	0.20
Assets Quality							
Gross NPL	1.77%	1.64%	1.49%	1.19%	1.17%	(0.02)	(0.60)
Gross NPL (Bank only)	2.05%	2.06%	1.92%	1.81%	1.73%	(0.08)	(0.32)
NPL Coverage	303.00%	304.00%	299.00%	326.00%	318.00%	(8.00)	15.00
Capital							
CAR	20.30%	20.70%	21.31%	21.99%	19.90%	(2.09)	(0.40)

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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