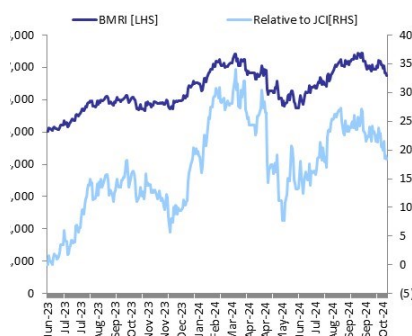


# Buy

(Maintained)

Last Price (Rp)	6,700
Target Price (Rp)	8,200
Previous Target Price (Rp)	8,200
Upside/Downside	+22.4%
No. of Shares (mn)	93,333
Mkt Cap (Rpbn/US\$mn)	625,333/39,838
Avg, Daily T/O (Rpbn/US\$mn)	725.6/46.2
Free Float (%)	39.2
Major Shareholder (%)	
Government of Indonesia	52.0
INA	8.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	608.8 672.7 706.1
Consensus	607.8 671.0 736.3
BRIDS/Cons (%)	0.2 0.3 (4.1)

## BMRI relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analysts

### Victor Stefano

(62-21) 5091 4100 ext. 3503  
victor.stefano@brids.co.id

### Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507  
naura.muchlis@brids.co.id

# Bank Mandiri (BMRI IJ)

## 3Q24 Earnings: Strong profitability supported by loan growth and asset quality

- BMRI booked a robust net profit of Rp15.5tr in 3Q24, bringing 9M24 net profit to Rp42.0tr (+8% yoy), in line with our and consensus FY24F ests.
- Funding remained challenging, but earnings were supported by strong loan growth and improving asset quality, allowing for a low CoC.
- Maintain Buy with a TP of Rp8,200 derived from GGM model based on 5-year inverse CoE of 10.3%, LTG of 3%, and FY25F RoE of 21.2%.

### 9M24 net profit growth driven by robust loan expansion

In 9M24, BMRI reported robust net profit growth of 8% to Rp42.0tr, in line with both BRIDS and consensus expectations. This was driven by a 7% yoy increase in PPOP, offsetting a 4% rise in provision expenses. Loan growth was notably strong at 21% yoy, while customer deposits grew 15% yoy, resulting in an increased LDR of 95.3%. Despite a 51bps drop in NIM to 4.9%, BMRI managed positive NII growth, largely driven by its expanding corporate (+29% yoy) and commercial loan (+24% yoy) portfolios.

### 3Q24 net profit rose on high loan growth and improved asset quality

In 3Q24, BMRI's net profit rose by 12% qoq to Rp15.5tr, driven by strong loan growth, although its bank-only NIM fell to 4.9%, impacted by a slight decrease in loan yields and a higher CoF. However, the bank's CoC improved qoq to 0.7% as corporate and commercial segments remained solid contributors to its loan portfolio. Subsidiary performance further strengthened non-NII growth, with recovery income increasing by 28% qoq and subsidiary income rising by 110%. Asset quality continued to improve, with an NPL decline to 1.1% in 3Q24 and ample NPL and LaR coverage at above pre-COVID levels.

### FY24 loan growth guidance maintained, aiming sub 1% CoC in FY24

The bank's FY24 loan growth guidance remains at 16-18%, noting the high base from 4Q23, and mgmt. hints at an FY25F loan growth of 15%, above the expected industry growth of 10-11%. As BMRI anticipates continuous asset quality improvement, it is targeting a new FY24 CoC below 1% (previously 1.0-1.2%) but expects the LT ratio to normalize within the 1.0-1.2% range. Conservatively, the bank expects 4Q24 NIM to remain stable qoq and FY24F still within the guidance of 5.0-5.3%.

### Maintain Buy with a GGM-based TP of Rp8,200

We maintain our GGM-based valuation with a 5-year inverse CoE of 10.3%, FY25F ROE of 21.2%, and LTG of 3.0%, resulting in an FV PBV of 2.5x. Hence, we maintain our TP (Rp8,200) and Buy rating on the stock. Risks to our view are NIM compression and higher CoC.

## Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	72,291	84,790	92,878	102,202	111,123
Net profit (Rpbn)	41,171	55,060	56,817	62,781	65,905
EPS (Rp)	441.1	589.9	608.8	672.7	706.1
EPS growth (%)	46.9	33.7	3.2	10.5	5.0
BVPS (Rp)	2,460.8	2,794.9	3,038.4	3,307.4	3,589.9
PER (x)	15.2	11.4	11.0	10.0	9.5
PBV (x)	2.7	2.4	2.2	2.0	1.9
Dividend yield (%)	4.0	5.3	5.5	6.0	6.3
ROAE (%)	19.0	22.4	20.9	21.2	20.5

Source: BMRI, BRIDS Estimates

**Exhibit 1. BMRI's 3Q24 earnings summary**

BMRI - Financial (Rpbn)	3Q23	2Q24	3Q24	qoq, %	yoy, %	9M23	9M24	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	33,817	36,689	38,413	5%	14%	98,008	110,637	13%	149,120		74%	n/a
Interest expense	9,261	11,793	12,891	9%	39%	26,145	36,033	38%	47,692		76%	n/a
Net interest income	24,556	24,895	25,522	3%	4%	71,863	74,603	4%	101,429	103,772	74%	72%
Other operating income	9,638	10,387	11,579	11%	20%	28,944	32,094	11%	44,138	45,111	73%	71%
Operating expenses	13,899	12,964	13,761	6%	-1%	38,453	39,837	4%	56,737	56,373	70%	71%
PPOP	20,295	22,318	23,341	5%	15%	62,354	66,860	7%	92,878	92,510	72%	72%
Provision	1,511	3,318	2,621	-21%	73%	9,153	9,534	4%	15,368	14,694	62%	65%
Operating Profit	18,784	19,000	20,720	9%	10%	53,202	57,326	8%	77,510	77,816	74%	74%
Net profit	13,832	13,848	15,467	12%	12%	39,064	42,017	8%	56,817	56,385	74%	75%
Loans	1,315,923	1,532,354	1,589,835	4%	21%	1,315,923	1,589,835	21%	1,599,449	1,613,285	99%	99%
Customer deposits	1,452,425	1,651,630	1,668,164	1%	15%	1,452,425	1,668,164	15%	1,804,456	1,767,728	92%	94%
<b>Key Ratio</b>												
				qoq, bps	yoy, bps			yoy, bps				
Loan yield (%) - ann	8.7	8.4	8.4	↔	4 ↓	(30)	8.6	8.4 ↓	(19)			
Cost of fund (%) - ann	3.0	2.7	3.6	↓	88 ↓	63	2.3	2.8 ↓	48			
NIM (%) - ann	5.5	4.97	4.94	↔	(3) ↓	(58)	5.5	4.9 ↓	(51)			
CIR (%) - ann	40.6	36.7	37.1	↓	34 ↑	(356)	38.1	37.3 ↑	(81)			
Cost of credit (%) - ann	0.5	0.9	0.7	↑	(22) ↓	20	1.0	0.9 ↑	(12)			
ROE (%) - ann	23.3	22.4	23.5	↑	112 ↑	17	23.3	23.5 ↑	17			
CASA ratio (%)	73.7	75.0	73.8	↓	(117) ↑	12						
LDR (%)	90.6	92.8	95.3	↓	253 ↓	470						
NPL ratio (%)	1.5	1.2	1.1	↔	(3) ↑	(36)						
LaR ratio (%)	9.8	7.8	7.3	↑	(48) ↑	(251)						

Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 2. Peers Comparison**

Ticker	Rec.	Target Price (Rp)	Market Cap (Rpbn)	P/E (x)		P/BV (x)		ROE
				FY24F	FY25F	FY24F	FY25F	FY25F
BBCA IJ	BUY	12,800	1,263,569	23.1	21.2	4.8	4.4	21.8%
BBRI IJ	NR	n/a	727,483	n/a	n/a	n/a	n/a	n/a
BMRI IJ	BUY	8,200	625,333	11.0	10.0	2.2	2.0	21.2%
BBNI IJ	BUY	7,600	195,811	9.0	8.0	1.2	1.1	14.3%
BRIS IJ	HOLD	3,000	139,772	20.5	17.8	3.2	2.8	16.9%
BTPS IJ	HOLD	1,200	8,204	7.8	7.5	0.9	0.8	11.1%

Source: Company, BRIDS Estimates

**Exhibit 3. BMRI's cost of equity band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 4. Sector's cost of equity band chart (5-year)**



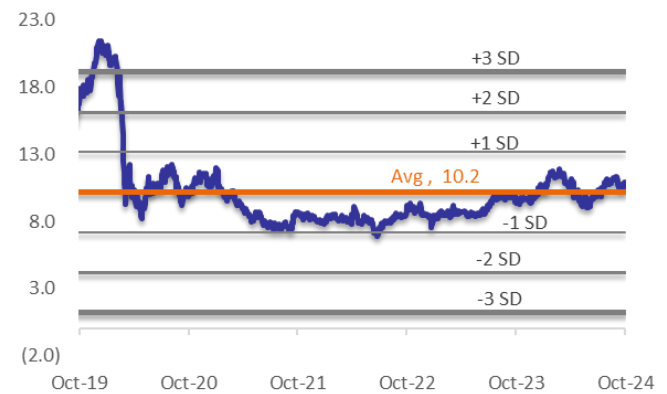
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 5. BMRI's PBV band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 6. BMRI's PE band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 7. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	112,382	132,544	149,120	162,092	173,565
Interest Expense	(24,479)	(36,658)	(47,692)	(50,496)	(51,130)
<b>Net Interest Income</b>	<b>87,903</b>	<b>95,887</b>	<b>101,429</b>	<b>111,596</b>	<b>122,435</b>
Non-Interest Income (NII)	33,254	39,172	44,138	48,473	52,166
<b>Oper. Income</b>	<b>121,157</b>	<b>135,059</b>	<b>145,567</b>	<b>160,069</b>	<b>174,601</b>
Oper. Expenses	(53,260)	(53,867)	(56,737)	(61,691)	(67,414)
<b>Pre-provisions profit</b>	<b>72,291</b>	<b>84,790</b>	<b>92,878</b>	<b>102,202</b>	<b>111,123</b>
Provisions & Allowances	(16,123)	(10,149)	(15,368)	(16,583)	(20,897)
<b>Operating Profits</b>	<b>56,168</b>	<b>74,642</b>	<b>77,510</b>	<b>85,619</b>	<b>90,226</b>
Non-Operating Income	210	43	43	43	43
Exceptionals	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>56,378</b>	<b>74,685</b>	<b>77,553</b>	<b>85,663</b>	<b>90,269</b>
Income Tax	(11,425)	(14,633)	(15,456)	(17,072)	(17,990)
Minorities	(3,782)	(4,992)	(5,280)	(5,810)	(6,374)
<b>Net Profit</b>	<b>41,171</b>	<b>55,060</b>	<b>56,817</b>	<b>62,781</b>	<b>65,905</b>

**Exhibit 8. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Gross Loans	1,172,600	1,359,832	1,599,449	1,751,238	1,947,210
Provisions	(64,613)	(53,099)	(48,089)	(41,225)	(36,017)
<b>Net Loans</b>	<b>1,107,987</b>	<b>1,306,734</b>	<b>1,551,360</b>	<b>1,710,013</b>	<b>1,911,194</b>
Govt. Bonds	329,212	309,183	281,040	256,078	233,843
Securities	82,800	94,546	99,505	104,723	109,540
Other Earnings Assets	28,881	37,456	38,601	45,178	52,170
<b>Total Earnings Assets</b>	<b>1,814,469</b>	<b>1,975,387</b>	<b>2,195,729</b>	<b>2,334,907</b>	<b>2,533,692</b>
Fixed Assets	77,970	82,315	92,001	95,197	98,656
Non-Earnings Assets	36,852	46,909	39,216	41,261	42,462
<b>Total Assets</b>	<b>1,992,545</b>	<b>2,174,219</b>	<b>2,405,464</b>	<b>2,550,527</b>	<b>2,751,785</b>
Customer Deposits	1,491,779	1,577,730	1,804,456	1,905,557	2,064,622
Banks Deposits	14,847	17,685	18,923	20,247	21,665
Int. Bearing Liab. - Others	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,740,299</b>	<b>1,886,724</b>	<b>2,089,962</b>	<b>2,204,103</b>	<b>2,372,624</b>
Share capital & Reserves	62,684	63,549	63,549	63,549	63,549
Retained Earnings	166,995	197,304	220,031	245,143	271,505
<b>Shareholders' Funds</b>	<b>229,679</b>	<b>260,853</b>	<b>283,580</b>	<b>308,692</b>	<b>335,054</b>
Minority interests	22,567	26,642	31,923	37,732	44,106
<b>Total Equity &amp; Liabilities</b>	<b>1,992,545</b>	<b>2,174,219</b>	<b>2,405,464</b>	<b>2,550,527</b>	<b>2,751,785</b>

**Exhibit 9. Key Ratios**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	6.6	7.0	7.2	7.2	7.1
Cost of funds	1.6	2.1	2.5	2.4	2.3
Interest Spread	5.0	4.9	4.6	4.7	4.8
Net Interest Margin	5.2	5.1	4.9	4.9	5.0
Cost/Income Ratio	42.4	38.8	37.9	37.6	37.8
Oper. Exp./Oper. Gross Inc.	62.6	57.4	60.7	60.1	60.7
Gross NPL Ratio	1.9	1.2	1.6	1.5	1.4
LLP/Gross NPL	284.9	329.1	189.4	154.7	131.7
Cost of Credit	1.5	0.8	1.0	1.0	1.1
Loan to Deposit Ratio	78.6	86.2	88.6	91.9	94.3
Loan to Funding Ratio	76.3	83.5	87.6	90.9	93.4
CASA Mix	66.3	66.5	63.5	66.5	66.4
ROAE	19.0	22.4	20.9	21.2	20.5
ROAA	2.2	2.6	2.5	2.5	2.5
CAR	19.5	18.6	17.8	17.2	16.2

**Exhibit 10. Dupont and Growth**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Dupont</b>					
Pre-Tax ROAA	3.0	3.6	3.4	3.5	3.4
Tax Retention rate	79.7	80.4	80.1	80.1	80.1
Post-Tax ROAA	2.4	2.9	2.7	2.8	2.7
Goodwil, Assoc& Min	0.2	0.2	0.2	0.2	0.2
Leverage	8.6	8.5	8.4	8.4	8.2
ROAE	19.0	22.4	20.9	21.2	20.5
<b>Growth (%)</b>					
Interest income	15.0	17.9	12.5	8.7	7.1
Net Interest Income	20.3	9.1	5.8	10.0	9.7
Other Oper. Expenses	8.4	1.1	5.3	8.7	9.3
Fee Based Income	23.7	4.7	10.9	7.3	9.8
Pre-Provision Oper. Profit	24.7	17.3	9.5	10.0	8.7
Net Profit	46.9	33.7	3.2	10.5	5.0
Shareholders' Equity	12.2	13.6	8.7	8.9	8.5
Loan	14.3	16.0	17.6	9.5	11.2
Earnings Asset	15.1	8.9	11.2	6.3	8.5
Deposit	15.5	5.9	14.3	5.6	8.3
Int. Bearing Liab.	16.4	8.5	11.5	5.6	7.9
CASA	21.6	6.2	9.0	10.6	8.2
Total Asset	15.5	9.1	10.6	6.0	7.9

Source: BMRI, BRIDS Estimates

## BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	<a href="mailto:natalia.sutanto@brids.co.id">natalia.sutanto@brids.co.id</a>
Niko Margaronis	Telco, Tower, Technology, Media	<a href="mailto:niko.margaronis@brids.co.id">niko.margaronis@brids.co.id</a>
Timothy Wijaya	Metal, Oil and Gas	<a href="mailto:timothy.wijaya@brids.co.id">timothy.wijaya@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	<a href="mailto:ismail.suweleh@brids.co.id">ismail.suweleh@brids.co.id</a>
Richard Jerry, CFA	Automotive, Cement, Infrastructure	<a href="mailto:richard.jerry@brids.co.id">richard.jerry@brids.co.id</a>
Ni Putu Wilastita Muthia Sofi	Research Associate	<a href="mailto:wilastita.sofi@brids.co.id">wilastita.sofi@brids.co.id</a>
Naura Reyhan Muchlis	Research Associate	<a href="mailto:naura.muchlis@brids.co.id">naura.muchlis@brids.co.id</a>
Sabela Nur Amalina	Research Associate	<a href="mailto:sabela.amalina@brids.co.id">sabela.amalina@brids.co.id</a>
Kafi Ananta Azhari	Research Associate	<a href="mailto:kafi.azhari@brids.co.id">kafi.azhari@brids.co.id</a>

## BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

## BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlicheh Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

## BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

## INVESTMENT RATING

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

### Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.