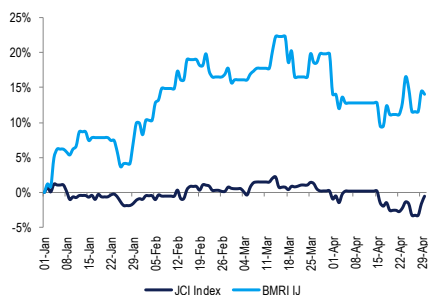


Stock Data

Target price	Rp7,800
Prior TP	Rp8,000
Current price	Rp6,900
Upside/downside	+13.0%
Shares outstanding (mn)	93,333
Market cap (Rp bn)	644,000
Free float	39%
Avg. 6m daily T/O (Rp bn)	761

Price Performance

	3M	6M	12M
Absolute	6.6%	20.5%	33.3%
Relative to JCI	5.5%	13.1%	28.7%
52w low/high (Rp)	4,925 – 7,250		



Major Shareholders

Republic of Indonesia	52%
Indonesia Investment Authority	8%

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## 1Q24 results: tepid PPOP amidst high base non-ii and higher CoF

- 1Q24 net profit of Rp12.7tr (+1% yoy) came behind amidst high base non-II and higher CoF. NII still grew by 5% yoy while provision was flat.
- NIM contracted by -30bp yoy to 5.1% amid pick up in CoF (+42bp yoy) underpin the revision in NIM guidance to 5-5.3% vs. 5.3-5.5% initially.
- We cut our FY24-26F EPS by 10-11% to incorporate lower NIM guidance and weaker non-ii. Maintain Buy with new TP of Rp7,800.

### 1Q24 results: benign PPOP amidst high base non-ii

BMRI posted 1Q24 net profit of Rp12.7tr (+1% yoy), forming 20/22% of our/consensus FY24F estimates. PPOP growth was tepid (+1% yoy) amid modest NII growth (+5% yoy) and higher opex (+6% yoy). Non-interest income came at -1% yoy but this was due to drop in cash recovery at -44% yoy amidst 1Q23 high base. Provision decreased by -2% yoy, which brought 1Q24 credit costs to 1.1%, in-line with its FY24F guidance of 1-1.2%.

### Inevitable lower NIM guidance from high CoF

Overall NIM contracted to 5.1% from 5.4/5.5% in 1Q23/FY23, below management's FY24F target of 5.3-5.5% largely due to pick up in CoF (+42bp yoy/+16bp qoq) despite higher LDR at 88% (vs. 86% in 1Q23/FY23). Hence, it now expects lower NIM of 5-5.3% in FY24F. Deposit grew by +13% yoy (flat qoq) supported by both CASA (+13% yoy/flat) and TD (+12% yoy/-1% qoq).

### Loan growth was ahead guidance

On the bright side, overall loan growth was stellar at +19% yoy (+3% qoq) ahead of its guidance of 13-15%. The growth was led by corporate segment at +28% yoy (+3% qoq), followed by commercial at +20% yoy (+3% qoq), and subsidiaries at +16% yoy (+3% qoq). However, it decided to kept its loan growth guidance unchanged at 13-15%.

### Sequential asset quality improvement

NPL improved by -60bp yoy but stable qoq at 1.2%, while SML improved by -10bp yoy but slightly pickup by +10bp qoq at 4%. This resulted in significant LAR improvement to 8.4% in 1Q24 vs. 11.3/8.6% in 1Q23/4Q23. LAR coverage stood at 45% in 1Q24 (vs. 47/45% in 1Q23/4Q23).

### Maintain Buy with new TP of Rp7,800

We fine tune our FY24-26F EPS by 10-11% to incorporate lower NIM guidance. Nonetheless, we kept our Buy rating with lower TP of Rp7,800 (from Rp8,000 previously). BMRI is currently trading at 2.1x FY24F P/B (vs. 10Y average of 1.6x) and 11.4x FY24F P/E (vs. 10Y average of 11.9x). Risk is further NIM compression from elevated CoF.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net interest income	87,903	95,887	100,244	112,496	123,076
PPOP	72,291	84,790	86,154	96,136	106,502
Provision charges	(16,123)	(10,149)	(14,295)	(15,476)	(17,557)
Net profit	41,171	55,060	56,395	63,312	70,206
Net profit growth	47%	34%	2%	12%	11%
P/BV (x)	2.6	2.2	2.1	1.9	1.7
Dividend yield	2.6%	3.8%	5.1%	5.3%	5.9%
ROAE	19.0%	22.4%	20.7%	21.2%	21.3%
IPS vs. consensus			96%	99%	99%

Source: Company, Indo Premier

Share price closing as of: 30 April 2024

**Fig. 1: BMRI 1Q24 results summary**

BMRI 1Q24 result (Rp bn)	1Q24	1Q23	yoy%	4Q23	%QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons.
Interest Income	35,535	31,391	13%	34,517	3%	144,000	25%		
Interest Expenses	(11,349)	(8,382)	35%	(10,513)	8%	(38,828)	29%		
<b>Net interest income</b>	<b>24,186</b>	<b>23,009</b>	<b>5%</b>	<b>24,004</b>	<b>1%</b>	<b>105,172</b>	<b>23%</b>		
Non interest income	10,127	10,200	-1%	13,827	-27%	48,203	21%		
<b>Total Income</b>	<b>34,313</b>	<b>33,209</b>	<b>3%</b>	<b>37,831</b>	<b>-9%</b>	<b>153,375</b>	<b>22%</b>		
Overhead Expenses	(13,112)	(12,276)	7%	(15,415)	-15%	(58,276)	22%		
<b>Pre-provision profit</b>	<b>21,201</b>	<b>20,933</b>	<b>1%</b>	<b>22,416</b>	<b>-5%</b>	<b>95,099</b>	<b>22%</b>		
Loan loss provision	(3,596)	(3,692)	-3%	(996)	261%	(14,990)	24%		
Non Operating	(3)	15	-120%	33	-109%	1,856	0%		
<b>Pretax Profit</b>	<b>17,602</b>	<b>17,256</b>	<b>2%</b>	<b>21,453</b>	<b>-18%</b>	<b>81,964</b>	<b>21%</b>	<b>80,106</b>	<b>22%</b>
Taxes	(3,481)	(3,396)	3%	(4,173)	-17%	(15,221)	23%		
Minority interest	(1,419)	(1,300)	9%	(1,284)	11%	(3,668)	39%		
<b>Net Profit</b>	<b>12,702</b>	<b>12,560</b>	<b>1%</b>	<b>15,996</b>	<b>-21%</b>	<b>63,076</b>	<b>20%</b>	<b>58,484</b>	<b>22%</b>

Source: Company, Indo Premier

**Fig. 2: BMRI 1Q24 balance sheet summary**

Balance Sheet (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ
Cash + CA with BI	214,833	188,114	14%	245,531	-13%
Secondary Reserves	396,708	418,401	-5%	426,422	-7%
<b>Gross Loan</b>	<b>1,435,487</b>	<b>1,205,464</b>	<b>19%</b>	<b>1,398,071</b>	<b>3%</b>
Loan loss provisions	(53,018)	(64,119)	-17%	(53,882)	-2%
Other assets	169,775	160,311	6%	158,077	7%
<b>Total Assets</b>	<b>2,163,785</b>	<b>1,908,171</b>	<b>13%</b>	<b>2,174,219</b>	<b>0%</b>
Demand Deposits	562,103	483,111	16%	584,713	-4%
Saving deposits	606,832	548,637	11%	586,992	3%
<b>CASA</b>	<b>1,168,935</b>	<b>1,031,748</b>	<b>13%</b>	<b>1,171,705</b>	<b>0%</b>
Time Deposits & CD	402,956	359,401	12%	405,245	-1%
<b>Deposit from Customers</b>	<b>1,571,891</b>	<b>1,391,149</b>	<b>13%</b>	<b>1,576,950</b>	<b>0%</b>
Wholesale funding	222,797	161,561	38%	215,767	3%
Other liabilities&accrued	100,311	113,816	-12%	94,008	7%
<b>Total Liabilities</b>	<b>1,894,999</b>	<b>1,666,526</b>	<b>14%</b>	<b>1,886,724</b>	<b>0%</b>
<b>Equity</b>	<b>268,787</b>	<b>241,645</b>	<b>11%</b>	<b>287,495</b>	<b>-7%</b>

Source: Company, Indo Premier

**Fig. 3: BMRI 1Q24 key ratios**

Key Ratios (%)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Loan yield - reported, bank only	6.9	6.8	7.0	7.5	7.7	7.9	8.1	7.7	7.7
NIM (Q) - reported, bank only	5.1	5.2	5.3	5.5	5.1	5.4	5.5	5.0	4.8
NIM (C) - reported	5.3	5.4	5.4	5.5	5.4	5.6	5.6	5.5	5.1
Credit costs (C) - reported	1.6	1.4	1.5	1.4	1.2	1.2	1.0	0.9	1.1
Cost to income ratio	40.4	40.8	40.7	42.4	37.0	36.8	38.1	38.8	38.2
CASA ratio	70	71	70	73	74	73	74	74	74
LDR	84	86	85	80	86	86	88	86	88
CAR	18.0	18.2	18.9	19.7	20.3	20.0	21.3	22.0	19.9
Gross NPL	2.7	2.4	2.2	1.9	1.8	1.6	1.5	1.2	1.2
Special mention	4.6	4.3	4.0	3.8	4.1	4.1	4.3	3.9	4.0
Loan at risk (incl. Covid)	16.6	14.6	13.4	11.9	11.3	10.3	9.8	8.6	8.4
Coverage ratio	247	253	268	285	303	304	299	326	318

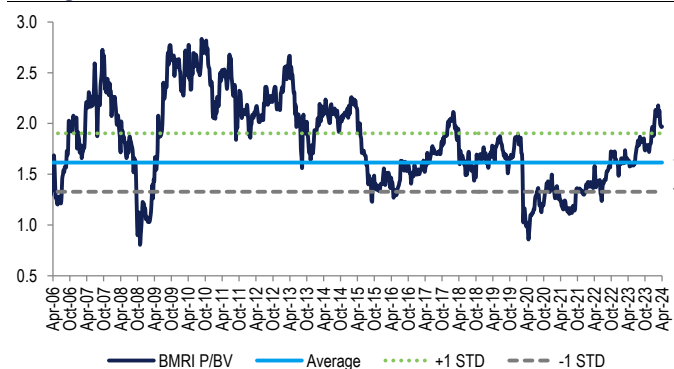
Source: Company, Indo Premier

Fig. 4: Forecast changes summary

Income statement (Rp bn)	New			Previous			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Interest income	142,782	157,319	170,884	144,000	156,713	170,050	-1%	0%	0%
Interest expense	(42,538)	(44,823)	(47,808)	(38,828)	(41,245)	(43,991)	10%	9%	9%
<b>Net interest income</b>	<b>100,244</b>	<b>112,496</b>	<b>123,076</b>	<b>105,172</b>	<b>115,468</b>	<b>126,059</b>	<b>-5%</b>	<b>-3%</b>	<b>-2%</b>
Non-interest income	42,873	46,675	52,168	48,203	53,953	60,997	-11%	-13%	-14%
<b>Total operating income</b>	<b>143,118</b>	<b>159,171</b>	<b>175,244</b>	<b>153,375</b>	<b>169,421</b>	<b>187,055</b>	<b>-7%</b>	<b>-6%</b>	<b>-6%</b>
Opex	(56,963)	(63,035)	(68,742)	(58,276)	(64,458)	(70,171)	-2%	-2%	-2%
<b>PPOP</b>	<b>86,154</b>	<b>96,136</b>	<b>106,502</b>	<b>95,099</b>	<b>104,963</b>	<b>116,884</b>	<b>-9%</b>	<b>-8%</b>	<b>-9%</b>
Provisions	(14,295)	(15,476)	(17,557)	(14,990)	(15,366)	(17,432)	-5%	1%	1%
<b>Operating profit</b>	<b>71,859</b>	<b>80,660</b>	<b>88,945</b>	<b>80,108</b>	<b>89,596</b>	<b>99,452</b>	<b>-10%</b>	<b>-10%</b>	<b>-11%</b>
Non-operating profit	1,856	2,021	2,205	1,856	2,018	2,197	0%	0%	0%
<b>Pre-tax profit</b>	<b>73,716</b>	<b>82,681</b>	<b>91,149</b>	<b>81,964</b>	<b>91,615</b>	<b>101,649</b>	<b>-10%</b>	<b>-10%</b>	<b>-10%</b>
Income tax	(13,653)	(15,325)	(16,899)	(15,221)	(17,023)	(18,896)	-10%	-10%	-11%
Minority interests	(3,668)	(4,044)	(4,044)	(3,668)	(4,044)	(4,044)	0%	0%	0%
<b>Net profit</b>	<b>56,395</b>	<b>63,312</b>	<b>70,206</b>	<b>63,076</b>	<b>70,548</b>	<b>78,709</b>	<b>-11%</b>	<b>-10%</b>	<b>-11%</b>

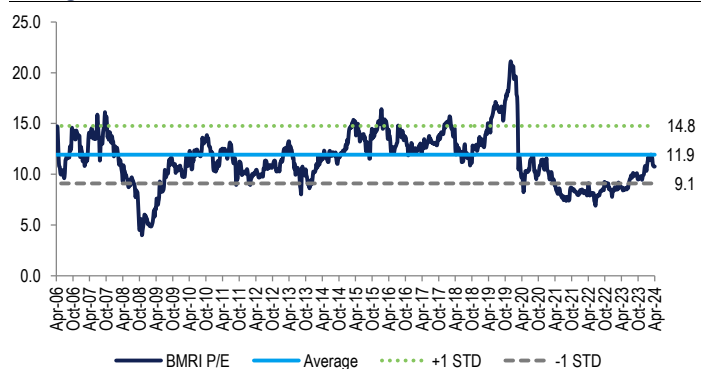
Source: Indo Premier

Fig. 5: BMRI's P/BV – now trading at 2.1x FY24F P/BV vs. 10-year average of 1.6x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 6: BMRI's P/E – now trading at 11.4x FY24F P/E vs. 10-year average of 11.9x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 7: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY24F	FY25F	10Y Avg	FY24F	FY25F	10Y Avg
BBCA	9,800	10,400	4.7	6%	Buy	22.1	20.0	20.9	4.7	4.3	3.8
BBRI	4,940	5,600	2.5	13%	Buy	12.6	11.5	14.8	2.3	2.2	2.4
BMRI	6,900	7,800	2.4	13%	Buy	11.4	10.2	11.9	2.1	1.9	1.6
BBNI	5,250	5,600	1.1	7%	Hold	9.3	8.5	10.7	1.2	1.1	1.1
BBTN	1,320	1,750	0.7	33%	Buy	4.8	4.4	7.0	0.6	0.5	0.8
BRIS*	2,640	2,600	2.4	-2%	Buy	18.2	16.4	16.0	2.8	2.4	2.2

Source: Bloomberg, Company, Indo Premier  
\*3Y avg

Share price closing as of: 30 April 2024

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Interest income	112,382	132,544	142,782	157,319	170,884
Interest expense	(24,479)	(36,658)	(42,538)	(44,823)	(47,808)
<b>Net interest income</b>	<b>87,903</b>	<b>95,887</b>	<b>100,244</b>	<b>112,496</b>	<b>123,076</b>
Non-interest income	37,648	42,771	42,873	46,675	52,168
<b>Total operating income</b>	<b>125,551</b>	<b>138,658</b>	<b>143,118</b>	<b>159,171</b>	<b>175,244</b>
Opex	(53,260)	(53,867)	(56,963)	(63,035)	(68,742)
<b>PPOP</b>	<b>72,291</b>	<b>84,790</b>	<b>86,154</b>	<b>96,136</b>	<b>106,502</b>
Provisions	(16,123)	(10,149)	(14,295)	(15,476)	(17,557)
<b>Operating profit</b>	<b>56,168</b>	<b>74,642</b>	<b>71,859</b>	<b>80,660</b>	<b>88,945</b>
Non-operating profit	210	43	1,856	2,021	2,205
<b>Pre-tax profit</b>	<b>56,378</b>	<b>74,685</b>	<b>73,716</b>	<b>82,681</b>	<b>91,149</b>
Income tax	(11,425)	(14,633)	(13,653)	(15,325)	(16,899)
Minority interest	(3,782)	(4,992)	(3,668)	(4,044)	(4,044)
<b>Net profit</b>	<b>41,171</b>	<b>55,060</b>	<b>56,395</b>	<b>63,312</b>	<b>70,206</b>

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash + CA with BI	134,562	135,037	143,543	157,013	168,436
Secondary reserves	566,828	536,883	472,457	420,487	357,414
Gross loans	1,202,230	1,398,071	1,611,399	1,828,289	2,074,586
Loan provisions	(64,613)	(53,099)	(46,100)	(40,194)	(33,490)
Other assets	153,537	157,327	169,389	182,545	197,031
<b>Total Assets</b>	<b>1,992,545</b>	<b>2,174,219</b>	<b>2,350,687</b>	<b>2,548,140</b>	<b>2,763,978</b>
Total deposits	1,502,190	1,588,133	1,734,045	1,893,913	2,069,101
Securities and borrowings	137,376	189,575	189,575	189,575	189,575
Other liabilities	100,734	109,017	116,214	124,323	132,754
<b>Total liabilities</b>	<b>1,740,299</b>	<b>1,886,724</b>	<b>2,039,834</b>	<b>2,207,811</b>	<b>2,391,430</b>
<b>Shareholders' equity</b>	<b>252,245</b>	<b>287,495</b>	<b>310,854</b>	<b>340,329</b>	<b>372,548</b>
<b>Total liabilities &amp; equity</b>	<b>1,992,545</b>	<b>2,174,219</b>	<b>2,350,687</b>	<b>2,548,140</b>	<b>2,763,978</b>

Growth YoY	2022A	2023A	2024F	2025F	2026F
Gross loans	14.5%	16.3%	15.3%	13.5%	13.5%
Total assets	15.5%	9.1%	8.1%	8.4%	8.5%
Total deposits	15.6%	5.7%	9.2%	9.2%	9.3%
Net interest income	20.3%	9.1%	4.5%	12.2%	9.4%
Non-interest income	10.5%	13.6%	0.2%	8.9%	11.8%
Total operating income	17.2%	10.4%	3.2%	11.2%	10.1%
Operating expense	8.4%	1.1%	5.7%	10.7%	9.1%
PPOP	24.7%	17.3%	1.6%	11.6%	10.8%
Net profit	46.9%	33.7%	2.4%	12.3%	10.9%

Key Ratios	2022A	2023A	2024F	2025F	2026F
ROAA	2.2%	2.6%	2.4%	2.5%	2.6%
ROAE	19.0%	22.4%	20.7%	21.2%	21.3%
NIM	5.5%	5.3%	5.1%	5.3%	5.3%
Credit cost	1.4%	0.8%	1.0%	0.9%	0.9%
Cost/income	42.4%	38.8%	39.8%	39.6%	39.2%
LDR	80.0%	88.0%	92.9%	96.5%	100.3%
CAR	19.6%	22.0%	21.0%	21.2%	21.5%
NPL ratio	1.9%	1.2%	1.1%	1.1%	1.0%
Provisions/NPL	284.9%	329.1%	257.5%	207.1%	158.5%

Source: Company, Indo Premier

## INVESTMENT RATINGS

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

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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