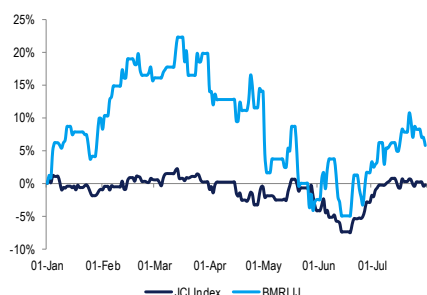


## Stock Data

Target price	Rp7,800
Prior TP	Rp7,800
Current price	Rp6,400
Upside/downside	+21.9%
Shares outstanding (mn)	93,333
Market cap (Rp bn)	597,333
Free float	39%
Avg. 6m daily T/O (Rp bn)	807

## Price Performance

	3M	6M	12M
Absolute	-7.2%	-3.8%	13.3%
Relative to JCI	-7.5%	-4.6%	7.9%
52w low/high (Rp)	5,650 – 7,400		



## Major Shareholders

Republic of Indonesia	52%
Indonesia Investment Authority	8%

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## 1H24 results: overall in-line with sequential qoq improvement

- 1H24 net profit of Rp26.6tr (+5% yoy/+9% qoq) broadly in-line at 47/48% of our/ cons' forecast. PPOP growth of +3% yoy (+5% qoq) was in-line.
- Bank-only NIM improved by +30bp qoq to 5.1% on loan repricing and robust loan growth (refer to our previous note); CoF was flat qoq.
- Loan growth grew at +20% yoy (vs. other big banks +11-16% yoy), prompting guidance revision to 16-18% from 13-15%. Maintain Buy.

### 1H24 results: broadly in-line but improving on qoq basis

BMRI posted 1H24 net profit of Rp26.6tr (+5% yoy/+9% qoq), broadly in-line at 47/48% of our/consensus FY24F estimates. PPOP growth came at +4% yoy (+5% qoq). Provision dropped by -9% yoy/-8% qoq, translated to lower credit costs (CoC) of 1.0% in 1H24 vs. 1.3/1.1% in 1H23/1Q24, in-line with its FY24F guidance of 1.0-1.2%.

### Successful loan repricing and strong CASA growth led to better NIM

Overall NIM contracted by -50bp yoy but improved by +30bp qoq (bank-only) to 5.1%, in-line with management's FY24F target of 5.0-5.3%. The qoq improvement was largely due to pick up in asset yield (+10bp qoq) and robust loan growth while CoF was flat qoq, as discussed in our previous [note](#) that strong loan growth will eventually translate higher NIM. BMRI posted the highest deposit growth among big banks at +15% yoy (+5% qoq) mainly driven CASA (+18% yoy/+6% qoq) – CA (+23% yoy/+9% qoq), SA (+13% yoy/+3% qoq) – this was much faster compared to BCA/BRI growth of +5/+1% yoy and +1%/flat qoq). TD was slower at +9% yoy/+2% qoq.

### Robust loan growth prompting guidance revision

Moreover, BMRI's overall loan growth was also exceptionally strong at +20% yoy/+7% qoq (vs. other big banks +11-16% yoy/+2% qoq), ahead of its guidance of 13-15% which prompted a revision to 16-18%. Corporate and commercial segment remain the largest contributor at +30% yoy/+11% qoq and +22% yoy/+8% qoq.

### Significant improvement on LAR

Asset quality improved in both yoy and qoq basis with NPL at 1.2% (-40bp yoy/flat qoq), SML at 3.6% (-80bp yoy/-40bp qoq). This resulted in significant LAR improvement by -250bp yoy/-60bp qoq to 7.8%, worth noting the improvement was even better than BBKA's -20bp qoq to 6.4%. LAR coverage was flat qoq at 44% in 2Q24 (vs. 48% in 2Q23) but still higher than pre-Covid level of 37%.

### Maintain Buy

We continue to like BMRI amid its robust loan and CASA especially savings growth, which will likely to translate into higher NIM. At the same time, asset quality is proven to be resilient and continuously improving. BMRI is currently trading at 2.1x FY24F P/B (vs. 10Y average of 1.7x) and 10.6x FY24F P/E (vs. 10Y average of 11.9x). Risk to our call is worsening liquidity and slower loan growth in 2H.

Fig. 1: Financial Summary

in 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)	2.4	2.1	1.9	1.8	1.6
Dividend yield	2.8%	4.1%	5.5%	5.7%	6.4%
ROAE	19.0%	22.4%	20.7%	21.2%	21.3%
IPS vs. consensus			101%	102%	101%

Source: Company, Indo Premier

Share price closing as of: 31 July 2024

Fig. 2: BMRI 2Q24 results summary

BMRI 2Q24 result (Rp bn)	1H24	1H23	yoy%	2Q24	2Q23	yoy%	1Q24	%QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons.
Interest Income	72,224	64,191	13%	36,689	32,800	12%	35,535	3%	142,782	51%		
Interest Expenses	(23,143)	(16,884)	37%	(11,794)	(8,502)	39%	(11,349)	4%	(42,538)	54%		
<b>Net interest income</b>	<b>49,081</b>	<b>47,307</b>	<b>4%</b>	<b>24,895</b>	<b>24,298</b>	<b>2%</b>	<b>24,186</b>	<b>3%</b>	<b>100,244</b>	<b>49%</b>		
Non interest income	20,515	19,306	6%	10,388	9,106	14%	10,127	3%	42,873	48%		
<b>Total Income</b>	<b>69,596</b>	<b>66,613</b>	<b>4%</b>	<b>35,283</b>	<b>33,404</b>	<b>6%</b>	<b>34,313</b>	<b>3%</b>	<b>143,118</b>	<b>49%</b>		
Overhead Expenses	(26,077)	(24,554)	6%	(12,965)	(12,278)	6%	(13,112)	-1%	(56,963)	46%		
<b>Pre-provision profit</b>	<b>43,519</b>	<b>42,059</b>	<b>3%</b>	<b>22,318</b>	<b>21,126</b>	<b>6%</b>	<b>21,201</b>	<b>5%</b>	<b>86,154</b>	<b>51%</b>		
Loan loss provision	(6,913)	(7,641)	-10%	(3,317)	(3,949)	-16%	(3,596)	-8%	(14,295)	48%		
Non Operating	(1)	21	-105%	2	6	-67%	(3)	-167%	1,856	0%		
<b>Pretax Profit</b>	<b>36,605</b>	<b>34,439</b>	<b>6%</b>	<b>19,003</b>	<b>17,183</b>	<b>11%</b>	<b>17,602</b>	<b>8%</b>	<b>73,716</b>	<b>50%</b>	<b>76,810</b>	<b>48%</b>
Taxes	(7,334)	(6,735)	9%	(3,853)	(3,340)	15%	(3,481)	11%	(13,653)	54%		
Minority interest	(2,720)	(2,472)	10%	(1,301)	(1,171)	11%	(1,419)	-8%	(3,668)	74%		
<b>Net Profit</b>	<b>26,551</b>	<b>25,232</b>	<b>5%</b>	<b>13,849</b>	<b>12,672</b>	<b>9%</b>	<b>12,702</b>	<b>9%</b>	<b>56,395</b>	<b>47%</b>	<b>55,768</b>	<b>48%</b>

Source: Company, Indo Premier

Fig. 3: BMRI 2Q24 balance sheet summary

Balance Sheet (Rp bn)	2Q24	2Q23	%YoY	1Q24	%QoQ
Cash + CA with BI	208,814	195,529	7%	214,833	-3%
Secondary Reserves	399,511	401,459	0%	396,708	1%
<b>Gross Loan</b>	<b>1,532,354</b>	<b>1,272,076</b>	<b>20%</b>	<b>1,435,487</b>	<b>7%</b>
Loan loss provisions	(51,755)	(62,902)	-18%	(53,018)	-2%
Other assets	168,877	157,825	7%	169,775	-1%
<b>Total Assets</b>	<b>2,257,801</b>	<b>1,963,987</b>	<b>15%</b>	<b>2,163,785</b>	<b>4%</b>
Demand Deposits	612,071	497,629	23%	562,103	9%
Saving deposits	626,379	552,434	13%	606,832	3%
<b>CASA</b>	<b>1,238,450</b>	<b>1,050,063</b>	<b>18%</b>	<b>1,168,935</b>	<b>6%</b>
Time Deposits & CD	412,575	380,066	9%	402,956	2%
<b>Deposit from Customers</b>	<b>1,651,025</b>	<b>1,430,129</b>	<b>15%</b>	<b>1,571,891</b>	<b>5%</b>
Wholesale funding	230,997	186,381	24%	222,797	4%
Other liabilities&accrued	93,447	92,230	1%	100,311	-7%
<b>Total Liabilities</b>	<b>1,975,469</b>	<b>1,708,741</b>	<b>16%</b>	<b>1,894,999</b>	<b>4%</b>
<b>Equity</b>	<b>282,332</b>	<b>255,246</b>	<b>11%</b>	<b>268,787</b>	<b>5%</b>

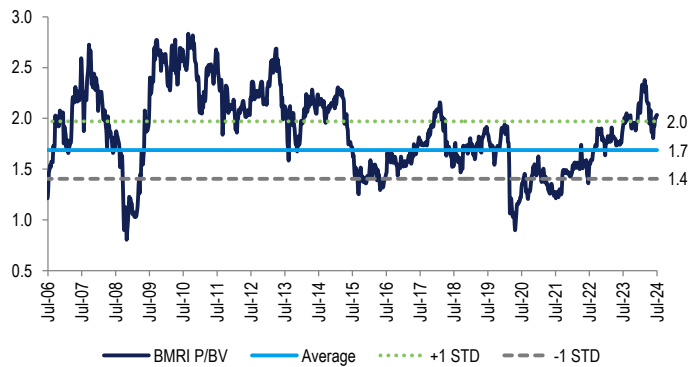
Source: Company, Indo Premier

Fig. 4: BMRI 2Q24 key ratios

Key Ratios (%)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Loan yield - reported, bank only	6.9	6.8	7.0	7.5	7.7	7.9	8.1	7.7	7.7	7.8
NIM (Q) - reported, bank only	5.1	5.2	5.3	5.5	5.1	5.4	5.5	5.0	4.8	5.1
NIM (C) - reported	5.3	5.4	5.4	5.5	5.4	5.6	5.6	5.5	5.1	5.1
Credit costs (C) - reported	1.6	1.4	1.5	1.4	1.2	1.2	1.0	0.9	1.1	1.0
Cost to income ratio	40.4	40.8	40.7	42.4	37.0	36.8	38.1	38.8	38.2	37.5
CASA ratio	70	71	70	73	74	73	74	74	74	75
LDR	84	86	85	78	86	86	88	86	88	90
CAR	18.0	18.2	18.9	19.7	20.3	20.7	21.3	22.0	19.9	20.1
Gross NPL	2.7	2.4	2.2	1.9	1.8	1.6	1.5	1.2	1.2	1.2
Special mention	4.6	4.3	4.0	3.8	4.1	4.4	4.3	3.9	4.0	3.6
Loan at risk (incl. Covid)	16.6	14.6	13.4	11.9	11.3	10.3	9.8	8.6	8.4	7.8
Coverage ratio	247	253	268	285	303	304	299	326	318	293

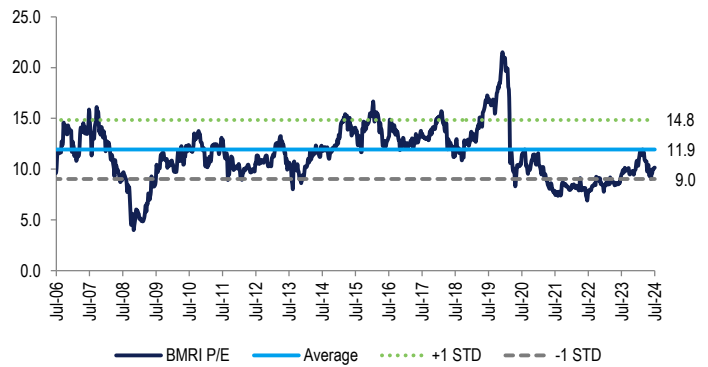
Source: Company, Indo Premier

Fig. 5: BMRI's P/BV – now trading at 2.1x FY24F P/BV vs. 10-year average of 1.7x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 6: BMRI's P/E – now trading at 10.6x 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	10,275	10,400	4.7	1%	Buy	23.2	21.0	21.0	4.8	4.4	3.7
BBRI	4,670	5,800	2.6	24%	Buy	11.3	10.2	14.7	2.2	2.1	2.4
BMRI	6,400	7,800	2.4	22%	Buy	10.6	9.4	11.9	2.1	1.9	1.7
BBNI	4,970	5,600	1.1	13%	Hold	8.8	8.0	10.7	1.1	1.0	1.1
BBTN	1,315	1,580	0.7	20%	Buy	6.0	5.0	6.9	0.6	0.5	0.8
BRIS*	2,600	2,600	2.4	0%	Buy	17.9	16.1	16.1	2.7	2.4	2.2

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

Share price closing as of: 31 July 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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