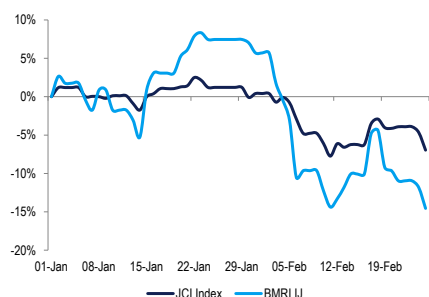


Stock Data

Target price	Rp7,100
Prior TP	Rp7,100
Current price	Rp4,870
Upside/downside	+45.8%
Shares outstanding (mn)	93,333
Market cap (Rp bn)	454,533
Free float	39%
Avg. 6m daily T/O (Rp bn)	787

Price Performance

	3M	6M	12M
Absolute	-25.9%	-30.9%	-30.9%
Relative to JCI	-16.0%	-17.5%	-21.4%
52w low/high (Rp)	4,870 – 7,450		



Major Shareholders

Republic of Indonesia	52%
Indonesia Investment Authority	8%

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## An inflection point is imminent; valuation is too attractive to ignore

- We just recently met with BMRI CEO to discuss the 2025 outlook. The focus for 2025 will be on funding instead of 2024's focus on lending.
- Indeed, the Jan25 results have showed liquidity improvement with LDR dropped from Dec24's high of 98.6% to 93.6%. NII also grew at 11% yoy.
- We maintain our Buy rating as valuation is getting very attractive at 7.7x P/E and 1.4x P/B (vs. 10Y average of 11.8x P/E and 1.7x P/B).

### 2025's focus will be more on funding; reasonable lending target

We recently had a discussion with BMRI's CEO with regards to 2025 outlook and strategy. During our meeting he emphasized that the bank will not be as aggressive in lending as in 2024 with 2025 guidance will be c.2% above industry loan growth which we think is reasonable. In all fairness, we also concur with its 2024's strategy to aggressively grab market share in lending as it will able to get better customer and higher market share during period of tight liquidity; the initial expectation was that liquidity is expected to improve in 1H24 (which almost all banks were having similar view) but liquidity was relatively tight throughout 2024 with rate cut only transpired in 2H24.

### Asset quality was better than what we foresee

During our meeting, it also shared that the write-off target (bank-only) of Rp5-8tr (0.3-0.6% of loan) an improvement over Rp11.1tr in FY24. This is only second to BCA's write-off of Rp3-3.5tr/year (0.3-0.4% of loan) and much lower than BBNi's Rp14tr (1.7% of loan) and BBRI's Rp40tr (3.0% of loan). Note that write-off is important metric to gauge asset quality as it reflects the true NPL (gross NPL formation – [refer to our previous note on this](#)).

### Jan25 results: strong NII along with improving liquidity was overlooked

Judging from the share price reaction today, we don't think that investors appreciated its Jan25 results achievement of which it was able to grow its net-interest income by 11% yoy (NII was c.5% throughout 2024) while its LDR improved to 93.6% in Jan25 from 98.6% with CASA grew at 15% yoy (TD at 18% yoy). Net profit grew at 4% yoy in Jan25 which was in-line with our expectation of c.5% but this was despite its decision to front-load opex.

### Tangible improvement was clearly underappreciated

Our conversation with the bank also suggest that Gunbuster loan ([link](#)) has no impact to provision as the debtor still pay the loan on-time (our checks with other banks also suggested the same) and the legal issue has been resolved in China. BMRI is trading at 7.7x P/E and 1.4x P/B, a very attractive level vs. its 10Y average of 11.8x P/E and 1.7x P/B. We also think that earnings revision will be the least for BMRI. It remains our top pick for the sector.

Financial summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net interest income	95,887	101,757	112,684	121,981	135,887
PPOP	84,790	87,988	95,050	103,420	115,061
Provision charges	(10,149)	(11,929)	(19,262)	(21,292)	(23,650)
Net profit	55,060	55,783	58,706	64,010	71,679
Net profit growth	34%	1%	5%	9%	12%
P/BV (x)	1.6	1.5	1.4	1.3	1.2
Dividend yield	5.4%	7.3%	7.4%	7.7%	8.4%
ROAE	22.4%	20.5%	19.8%	19.8%	20.2%
IPS vs. consensus			100%	101%	104%

Source: Company, Indo Premier

Share price closing as of: 25 February 2025

Fig. 1: BMRI Jan25 results summary

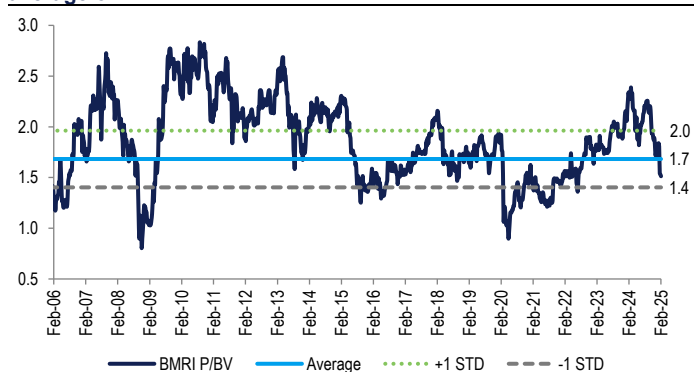
Income Statement (Rp bn)	Jan-25	Jan-24	YoY%	Dec-24	MoM%	IPS FY25F	% of IPS	Cons FY25F	% of Cons
Interest Income	10,000	8,751	14%	10,608	-6%	162,648	6%		
Interest Expense	(3,456)	(2,874)	20%	(3,329)	4%	(49,964)	7%		
<b>Net Interest Income</b>	<b>6,545</b>	<b>5,877</b>	<b>11%</b>	<b>7,279</b>	<b>-10%</b>	<b>112,684</b>	<b>6%</b>		
Non Interest Income	2,101	1,929	9%	2,502	-16%	48,469	4%		
Gains (Loss) on Fin Inst.	448	445	1%	502	-11%				
<b>Total Income</b>	<b>9,093</b>	<b>8,251</b>	<b>10%</b>	<b>10,283</b>	<b>-12%</b>	<b>161,152</b>	<b>6%</b>		
Operating Expense	(3,571)	(2,903)	23%	(5,383)	-34%	(66,102)	5%		
<b>PPOP</b>	<b>5,522</b>	<b>5,348</b>	<b>3%</b>	<b>4,900</b>	<b>13%</b>	<b>95,050</b>	<b>6%</b>		
Provisions	(568)	(594)	-4%	32	-1874%	(19,262)	3%		
<b>Operating Income</b>	<b>4,954</b>	<b>4,754</b>	<b>4%</b>	<b>4,932</b>	<b>0%</b>	<b>75,788</b>	<b>7%</b>	<b>81,136</b>	<b>6%</b>
Non Operating Inc. (Exp.)	20	2	743%	(1)	-2334%	2,119	1%		
Tax Expense	(969)	(922)	5%	(968)	0%	(19,201)	5%		
<b>Net Income</b>	<b>4,005</b>	<b>3,834</b>	<b>4%</b>	<b>3,963</b>	<b>1%</b>	<b>58,706</b>	<b>7%</b>	<b>58,661</b>	<b>7%</b>

Balance Sheet (Rp bn)	Jan-25	Jan-24	YoY%	Dec-24	MoM%
Loan	1,307,185	1,095,766	19%	1,310,779	0%
Deposit	1,396,406	1,212,762	15%	1,328,867	5%
CASA	1,107,418	966,909	15%	1,067,552	4%
CA	590,710	509,573	16%	553,013	7%
SA	516,708	457,336	13%	514,539	0%
TD	288,988	245,852	18%	261,315	11%

Key Ratios	Jan-25	Jan-24	YoY (bp)	Dec-24	MoM (bp)
LDR	93.6%	90.4%	326	98.6%	(503)
Credit Costs	0.6%	0.7%	(14)	0.0%	60
Asset Yield	7.2%	6.9%	25	7.6%	(48)
CoF	2.8%	2.5%	23	2.7%	10
Net Interest Margin	4.7%	4.6%	5	5.2%	(56)
CASA Ratio	79.3%	79.7%	(42)	80.3%	(103)

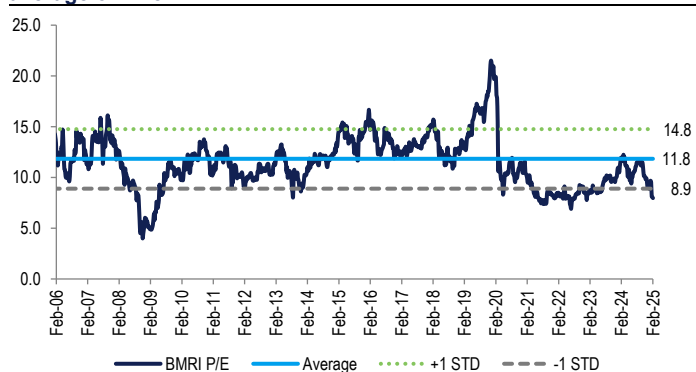
Source: Company, Indo Premier

Fig. 2: BMRI's P/BV – now trading at 1.4x FY25F P/BV vs. 10-year average of 1.7x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 3: BMRI's P/E – now trading at 7.7x FY25F P/E vs. 10-year average of 11.8x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 4: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY25F	FY26F	10Y Avg	FY25F	FY26F	10Y Avg
BBCA	8,825	10,400	4.3	18%	Hold	19.0	17.5	21.2	3.9	3.6	3.8
BBRI	3,800	4,700	2.1	24%	Hold	10.1	9.0	14.6	1.8	1.7	2.4
BMRI	4,870	7,100	2.0	46%	Buy	7.7	7.1	11.8	1.4	1.3	1.7
BBNI	4,230	5,000	1.0	18%	Hold	7.4	6.8	10.6	0.9	0.8	1.1
BBTN	910	1,450	0.6	59%	Buy	3.9	3.6	6.9	0.4	0.3	0.8
BRIS*	2,990	3,500	2.7	17%	Buy	17.0	15.0	16.0	2.6	2.3	2.2

Source: Bloomberg, Company, Indo Premier  
\*4Y avg

Share price closing as of: 25 February 2025

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Interest income	132,544	151,236	162,648	175,965	194,981
Interest expense	(36,658)	(49,479)	(49,964)	(53,983)	(59,094)
<b>Net interest income</b>	<b>95,887</b>	<b>101,757</b>	<b>112,684</b>	<b>121,981</b>	<b>135,887</b>
Non-interest income	42,771	44,842	48,469	54,764	61,873
<b>Total operating income</b>	<b>138,658</b>	<b>146,599</b>	<b>161,152</b>	<b>176,745</b>	<b>197,761</b>
Opex	(53,867)	(58,611)	(66,102)	(73,326)	(82,700)
<b>PPOP</b>	<b>84,790</b>	<b>87,988</b>	<b>95,050</b>	<b>103,420</b>	<b>115,061</b>
Provisions	(10,149)	(11,929)	(19,262)	(21,292)	(23,650)
<b>Operating profit</b>	<b>74,642</b>	<b>76,059</b>	<b>75,788</b>	<b>82,127</b>	<b>91,410</b>
Non-operating profit	43	344	2,119	2,352	2,595
<b>Pre-tax profit</b>	<b>74,685</b>	<b>76,403</b>	<b>77,907</b>	<b>84,479</b>	<b>94,005</b>
Income tax	(14,633)	(15,238)	(15,158)	(16,425)	(18,282)
Minority interest	(4,992)	(5,382)	(4,044)	(4,044)	(4,044)
<b>Net profit</b>	<b>55,060</b>	<b>55,783</b>	<b>58,706</b>	<b>64,010</b>	<b>71,679</b>

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash + CA with BI	135,037	148,721	160,533	177,652	195,564
Secondary reserves	536,883	489,637	553,204	580,864	627,333
Gross loans	1,398,071	1,670,695	1,831,572	2,039,733	2,260,325
Loan provisions	(53,099)	(49,533)	(46,915)	(44,189)	(41,102)
Other assets	157,327	167,702	180,379	194,331	209,696
<b>Total Assets</b>	<b>2,174,219</b>	<b>2,427,223</b>	<b>2,678,773</b>	<b>2,948,391</b>	<b>3,251,817</b>
Total deposits	1,588,133	1,710,908	1,929,506	2,162,359	2,424,223
Securities and borrowings	189,575	280,306	280,306	280,306	280,306
Other liabilities	109,017	122,535	130,234	138,214	146,501
<b>Total liabilities</b>	<b>1,886,724</b>	<b>2,113,749</b>	<b>2,340,047</b>	<b>2,580,879</b>	<b>2,851,031</b>
<b>Shareholders' equity</b>	<b>287,495</b>	<b>313,474</b>	<b>338,726</b>	<b>367,512</b>	<b>400,786</b>
<b>Total liabilities &amp; equity</b>	<b>2,174,219</b>	<b>2,427,223</b>	<b>2,678,773</b>	<b>2,948,391</b>	<b>3,251,817</b>

Growth YoY	2023A	2024A	2025F	2026F	2027F
Gross loans	16.3%	19.5%	9.6%	11.4%	10.8%
Total assets	9.1%	11.6%	10.4%	10.1%	10.3%
Total deposits	5.7%	7.7%	12.8%	12.1%	12.1%
Net interest income	9.1%	6.1%	10.6%	8.3%	11.4%
Non-interest income	13.6%	4.8%	8.0%	13.0%	13.0%
Total operating income	10.4%	5.7%	9.8%	9.7%	11.9%
Operating expense	1.1%	8.8%	12.7%	10.9%	12.8%
PPOP	17.3%	3.8%	8.0%	8.8%	11.3%
Net profit	33.7%	1.3%	5.2%	9.0%	12.0%

Key Ratios	2023A	2024A	2025F	2026F	2027F
ROAA	2.6%	2.4%	2.2%	2.2%	2.2%
ROAE	22.4%	20.5%	19.8%	19.8%	20.2%
NIM	5.3%	5.1%	5.1%	5.0%	5.0%
Credit cost	0.8%	0.8%	1.1%	1.1%	1.1%
Cost/income	38.8%	40.0%	41.0%	41.5%	41.8%
LDR	88.0%	97.6%	94.9%	94.3%	93.2%
CAR	22.0%	20.8%	20.2%	20.0%	19.8%
NPL ratio	1.2%	1.1%	0.7%	0.6%	0.3%
Provisions/NPL	329.1%	265.1%	344.6%	389.4%	536.4%

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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