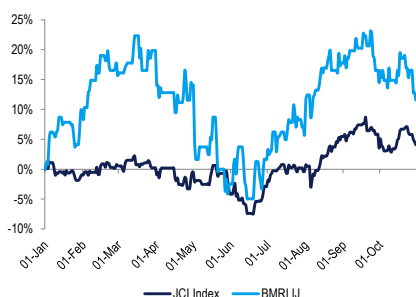


Stock Data

Target price	Rp7,800
Prior TP	Rp7,800
Current price	Rp6,750
Upside/downside	+15.6%
Shares outstanding (mn)	93,333
Market cap (Rp bn)	630,000
Free float	39%
Avg. 6m daily T/O (Rp bn)	642

Price Performance

	3M	6M	12M
Absolute	4.2%	-2.2%	18.9%
Relative to JCI	-0.3%	-6.8%	6.8%
52w low/high (Rp)	5,650 – 7,450		



Major Shareholders

Republic of Indonesia	52%
Indonesia Investment Authority	8%

Jovent Muliadi

PT Indo Premier Sekuritas
jovent.muliadi@ipc.co.id
+62 21 5088 7168 ext, 710

Anthony

PT Indo Premier Sekuritas
anthony@ipc.co.id
+62 21 5088 7168 ext, 715

3Q24 results: in-line with sequential qoq improvement; lower CoC is a boon

- 9M24 net profit of Rp42tr (+8% yoy/+12% qoq) came in-line at 75% of our/cons' forecast. PPOP growth was decent at +7% yoy (+5% qoq).
- Resilient asset quality resulted in lower LAR of 7.5% (vs. 9.8/7.8% in 3Q23/2Q24) which prompting CoC revision to ≤1% from 1-1.2%.
- BMRI remains as our top pick along with BBRI. Maintain Buy.

9M24 results: in-line with decent PPOP coupled with lower CoC

BMRI posted 9M24 net profit of Rp42tr (+8% yoy/+12% qoq) and came in-line at 75% of our/consensus FY24F estimates. PPOP growth was decent at +7% yoy/+5% qoq as NII (+4% yoy/+3% qoq) and non-II growth (+11% yoy/qoq) was complemented with benign opex (+4% yoy/+6% qoq). Provision slightly increased by +4% yoy but decreased by -21% qoq which translated to CoC of 0.9% in 9M24 lower than initial guidance of 1.0-1.2% amid continuous improvement in asset quality.

Slight NIM drop is a short-term consequences of market share focus which shall be paying off in the mid-term

Bank-only NIM saw a -20bp qoq contraction to 4.9% on the back of lower loan yield (-6bp qoq) and higher CoF (+16bp qoq) as it continued to ramp-up loan market share during tight liquidity condition. We like this strategy as it shall enable them to cherry-pick good wholesale names; this shall not be possible during ample liquidity condition. As such we think this only as short-term consequences and will pay-off in the mid-term. However, consolidated NIM remain stable qoq at 5.1% and came in-line with guidance of 5.0-5.3% supported by its subsidiaries. BMRI deposit growth continue to be the highest at +15% yoy/+1% qoq compared to other big banks at +4% yoy/-1% qoq supported by both CASA (+15% yoy/-1% qoq) and TD (+14% yoy/+6% qoq).

Loan growth continued its strong momentum

Overall loan growth continued its momentum growing by +21% yoy/+4% qoq which coming from all segment but largely driven by corporate (+29% yoy/+3% qoq). However, the management conservatively kept loan growth guidance unchanged at +16-18% as it expect corporate loan to slightly normalise amid high base effect in 4Q23.

Resilient asset quality prompting lower CoC guidance

Asset quality sequentially improved with consolidated NPL now stood at 1.1% (vs. 1.5/1.2% in 3Q23/2Q24) and LAR at 7.5% in 3Q24 (9.8/7.8% in 3Q23/2Q24), second to BCA's 6.1%. Note that this LAR also lower than pre-Covid level of 9% Meanwhile LAR coverage stood at 43% in 3Q24 still above management comfortable level of 41-42%. This has prompting the management to revise its FY24F CoC to ≤1% in FY24F from 1.0-1.2% initially.

Maintain Buy as the bank continued to deliver superior ROA/ROE

We continue to like BMRI amid its robust loan and CASA growth on top of resilient asset quality. BMRI is currently trading at 2.0x FY25F P/B (vs. 10Y average of 1.7x) and 10.1x FY25F P/E (vs. 10Y average of 11.9x). Risk to our call is worsening liquidity and slower loan growth.

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)	2.5	2.2	2.0	1.9	1.7
Dividend yield	2.7%	3.9%	5.2%	5.4%	6.0%
ROAE	19.0%	22.4%	20.7%	21.2%	21.3%
IPS vs. consensus			100%	102%	102%

Source: Company, Indo Premier

Share price closing as of: 30 October 2024

Fig. 2: BMRI 3Q24 results summary

BMRI 3Q24 result (Rp bn)	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	%QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons.
Interest Income	110,636	98,008	13%	38,412	33,817	14%	36,689	5%	142,782	77%		
Interest Expenses	(36,033)	(26,145)	38%	(12,890)	(9,261)	39%	(11,794)	9%	(42,538)	85%		
Net interest income	74,603	71,863	4%	25,522	24,556	4%	24,895	3%	100,244	74%		
Non interest income	32,093	28,944	11%	11,578	9,638	20%	10,388	11%	42,873	75%		
Total Income	106,696	100,807	6%	37,100	34,194	8%	35,283	5%	143,118	75%		
Overhead Expenses	(39,837)	(38,452)	4%	(13,760)	(13,898)	-1%	(12,965)	6%	(56,963)	70%		
Pre-provision profit	66,859	62,355	7%	23,340	20,296	15%	22,318	5%	86,154	78%		
Loan loss provision	(9,533)	(9,153)	4%	(2,620)	(1,512)	73%	(3,317)	-21%	(14,295)	67%		
Non Operating	19	10	90%	20	(11)	-282%	2	900%	1,856	1%		
Pretax Profit	57,345	53,212	8%	20,740	18,773	10%	19,003	9%	73,716	78%	77,065	74%
Taxes	(11,262)	(10,441)	8%	(3,928)	(3,705)	6%	(3,853)	2%	(13,653)	82%		
Minority interest	(4,066)	(3,707)	10%	(1,346)	(1,236)	9%	(1,301)	3%	(3,668)	111%		
Net Profit	42,017	39,064	8%	15,466	13,832	12%	13,849	12%	56,395	75%	56,281	75%

Source: Company, Indo Premier

Fig. 3: BMRI 3Q24 balance sheet summary

Balance Sheet (Rp bn)	3Q24	3Q23	%YoY	2Q24	%QoQ
Cash + CA with BI	211,046	193,241	9%	208,814	1%
Secondary Reserves	401,895	399,990	0%	399,511	1%
Gross Loan	1,589,835	1,315,923	21%	1,532,354	4%
Loan loss provisions	(50,357)	(58,374)	-14%	(51,755)	-3%
Other assets	171,572	156,159	10%	168,877	2%
Total Assets	2,323,991	2,006,939	16%	2,257,801	3%
Demand Deposits	596,388	506,233	18%	612,071	-3%
Saving deposits	634,981	564,084	13%	626,379	1%
CASA	1,231,369	1,070,317	15%	1,238,450	-1%
Time Deposits & CD	436,128	381,391	14%	412,575	6%
Deposit from Customers	1,667,497	1,451,708	15%	1,651,025	1%
Wholesale funding	253,565	191,981	32%	230,997	10%
Other liabilities&accrued	101,591	94,646	7%	93,447	9%
Total Liabilities	2,022,653	1,738,335	16%	1,975,469	2%
Equity	301,337	268,604	12%	282,332	7%

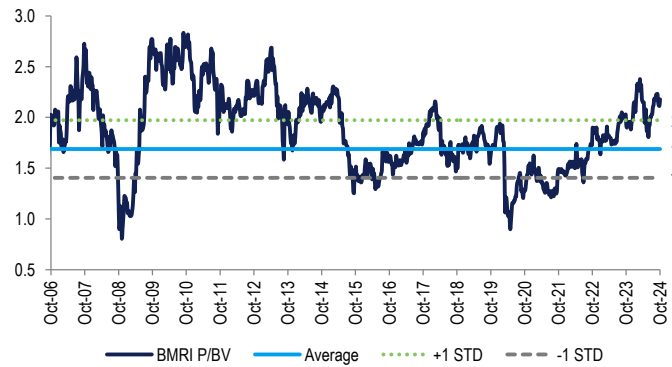
Source: Company, Indo Premier

Fig. 4: BMRI 3Q24 key ratios

Key Ratios (%)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
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	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	5.1	4.9
NIM (C) - reported	5.3	5.4	5.4	5.5	5.4	5.6	5.6	5.5	5.1	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	0.9
Cost to income ratio	40.4	40.8	40.7	42.4	37.0	36.8	38.1	38.8	38.2	37.5	37.3
CASA ratio	70	71	70	73	74	73	74	74	74	75	74
LDR	84	86	85	78	86	86	88	86	88	90	92
CAR	18.0	18.2	18.9	19.7	20.3	20.7	21.3	22.0	19.9	20.1	20.7
Gross NPL	2.7	2.4	2.2	1.9	1.8	1.6	1.5	1.2	1.2	1.2	1.1
Special mention	4.6	4.3	4.0	3.8	4.1	4.4	4.3	3.9	4.0	3.6	3.4
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	7.5
Coverage ratio	247	253	268	285	303	304	299	326	318	293	281

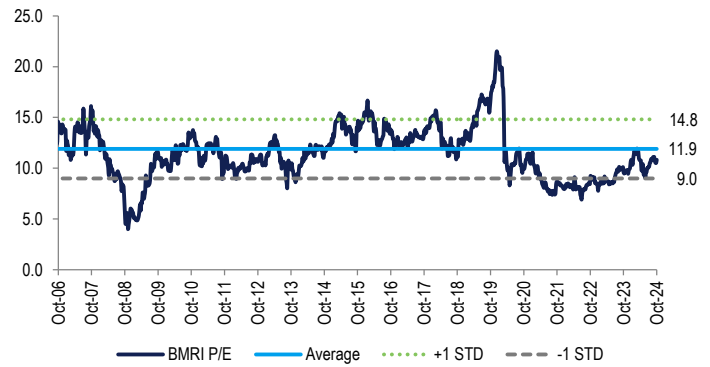
Source: Company, Indo Premier

Fig. 5: BMRI's P/BV – now trading at 2.0x FY25F 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 10.0x FY25F 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	10,350	11,500	4.7	11%	Buy	23.3	21.2	21.1	4.9	4.5	3.8
BBRI	4,710	5,800	2.6	23%	Buy	11.4	10.3	14.7	2.2	2.1	2.4
BMRI	6,750	7,800	2.4	16%	Buy	11.2	10.0	11.9	2.2	2.0	1.7
BBNI	5,225	5,600	1.1	7%	Hold	9.3	8.4	10.7	1.2	1.1	1.1
BBTN	1,405	2,120	0.8	51%	Buy	6.4	5.4	6.9	0.6	0.5	0.8
BRIS*	2,960	3,300	2.7	11%	Buy	20.4	18.4	16.1	3.1	2.7	2.2

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

Share price closing as of: 30 October 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)
Net interest income	87,903	95,887	100,244	112,496	123,076
Non-interest income	37,648	42,771	42,873	46,675	52,168
Total operating income	125,551	138,658	143,118	159,171	175,244
Opex	(53,260)	(53,867)	(56,963)	(63,035)	(68,742)
PPOP	72,291	84,790	86,154	96,136	106,502
Provisions	(16,123)	(10,149)	(14,295)	(15,476)	(17,557)
Operating profit	56,168	74,642	71,859	80,660	88,945
Non-operating profit	210	43	1,856	2,021	2,205
Pre-tax profit	56,378	74,685	73,716	82,681	91,149
Income tax	(11,425)	(14,633)	(13,653)	(15,325)	(16,899)
Minority interest	(3,782)	(4,992)	(3,668)	(4,044)	(4,044)
Net profit	41,171	55,060	56,395	63,312	70,206

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
Total Assets	1,992,545	2,174,219	2,350,687	2,548,140	2,763,978
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
Total liabilities	1,740,299	1,886,724	2,039,834	2,207,811	2,391,430
Shareholders' equity	252,245	287,495	310,854	340,329	372,548
Total liabilities & equity	1,992,545	2,174,219	2,350,687	2,548,140	2,763,978

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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