

BUY | TP : IDR7,750
BMRI Stock Price Data

Last Price	:	IDR6,575
52wk High	:	IDR7,500
52wk Low	:	IDR5,525
Share Out	:	93.3bn
Market Cap	:	IDR613.7tn

BMRI Stock Price Performance

1-Day	:	-3.3%
1-Week	:	+1.5%
1-Month	:	+5.6%
3-Month	:	-5.4%
Year-to-Date	:	+3.1%

Shareholders

Govt of Indo	:	52.0%
Public	:	48.0%

PT Bank Mandiri Tbk (BMRI IJ)
Loan Growth Fuel Success, Guidance Upgraded
Quarterly Earnings Improvement

- Net profit reached IDR13.8tn in 2Q24 (+9.0% QoQ/ +9.3% YoY), bringing 1H24 NPAT to IDR26.6tn (+5.2% YoY), slightly in-line with our and consensus' estimates which implies ~47%/48% of FY24E target.
- The slight uptick in NII (+3% QoQ), combined with manageable operating and credit costs (-21bps), contributed to the earnings improvement during 2Q24.
- Moreover, the solid performance of its subsidiaries, particularly Bank Syariah Indonesia (BSI), contributed significantly to the solid earnings in 2Q24.
- Provision expense improved, fell by -8% QoQ and resulting in a CoC of 0.98% in 2Q24.
- NIM stood at 5.1% in 1H24, down 47bps YoY, mainly due to higher CoF but this was offset by a CoC reduction (-30bps YoY) to 1.0%. Guidance for FY24E NIM remains at 5.0%-5.3%.

Loan Portfolio Surges; Focuses on Corporate and Commercial

Loan expanding by +6.8% QoQ/+20.5% YoY, outpaced the c.12% YoY industry growth in 1H24. Corporate segment led the way with +30% YoY, followed by commercial loans at +22% YoY. The corporate and commercial segment accounted for 53.7% of 1H24 loan portfolio. BMRI is weighing the option to reprice its c.IDR80tn loans (25-75bps) after a policy rate hike, but it's also keen on retaining market share as competitors experience strong demand in wholesale loans. Hence, management raised its loan growth target to 16%-18% in FY24E (vs 13%-15% previously). On the funding side, BMRI achieved impressive deposit growth of 5% QoQ/+15% YoY, bolstered by +6% QoQ/+18% YoY increase in CASA. CASA ratio strengthened to 75% in 1H24 (vs 73.4% in 1H23).

Asset Quality Remains Stable

BMRI has adeptly managed its asset quality, demonstrating improvements in its NPL which improved to 1.2% (-48bps YoY) in 1H24 with an impressive NPL coverage ratio nearly 300%. Additionally, 2Q24 CoC was 0.98%, falling below its FY24 guidance of 1%-1.2%. LAR continued to decline to 7.8% in (vs 8.4% in 1Q24) with LAR coverage of 44.2%.

Livin App Users Rise 35.8% YoY

Registered Livin app users increased by 6.7% QoQ/35.8% YoY, reaching a total of 25.6mn. Livin' fee-based income reached IDR1.2tn in 1H24 (+26.4% YoY). The merchant app now boasts 1.9mn registered merchants which aiming to maintain low-cost CASA and enhance cross-selling opportunities. BMRI also launched Livin' Mortgage in Jun-24, further extending its digital lending offerings through its flagship app.

Maintain BUY with TP of IDR7,750

We maintain our BUY recommendation with higher TP of IDR7,750 (vs previously IDR7,100) which implied PBV FY24E/FY25F of 2.2x/2.1x. We expect potential loan growth surprises, coupled credit cost savings and steady ROE. Downside risk: slower-than-anticipated loan growth.

Key Financial Highlight	FY21	FY22	FY23	FY24E	FY25E
Net Interest Income (IDR bn)	73,062	87,903	95,887	103,429	116,563
Net Profit (IDR bn)	28,028	41,171	55,060	56,340	63,386
EPS (IDR)	327	482	643	658	741
BVS (IDR)	2,193	2,461	2,795	3,463	3,682
P/E (x)	20.8	14.1	10.6	10.3	9.2
P/B (x)	3.1	2.8	2.4	2.0	1.8
ROAE (%)	15.5	20.7	24.5	21.0	20.7
ROAA (%)	1.9	2.4	2.9	2.7	2.7

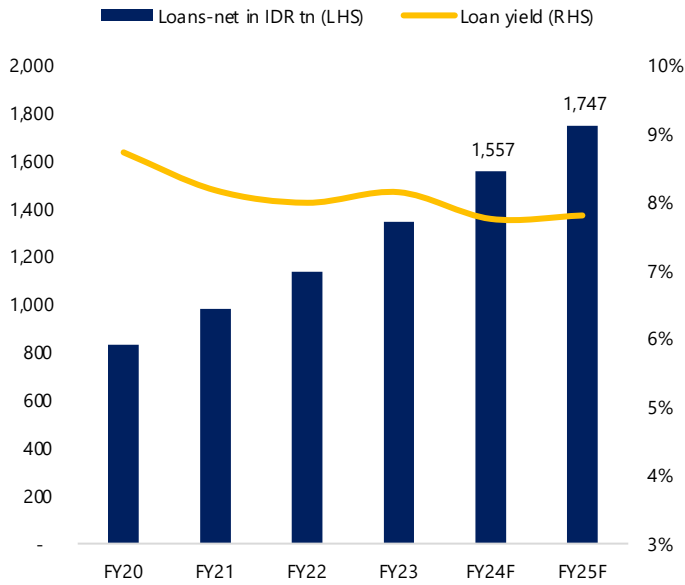
Sources : Bloomberg, MNCS Research


Research Analyst

Victoria Venny

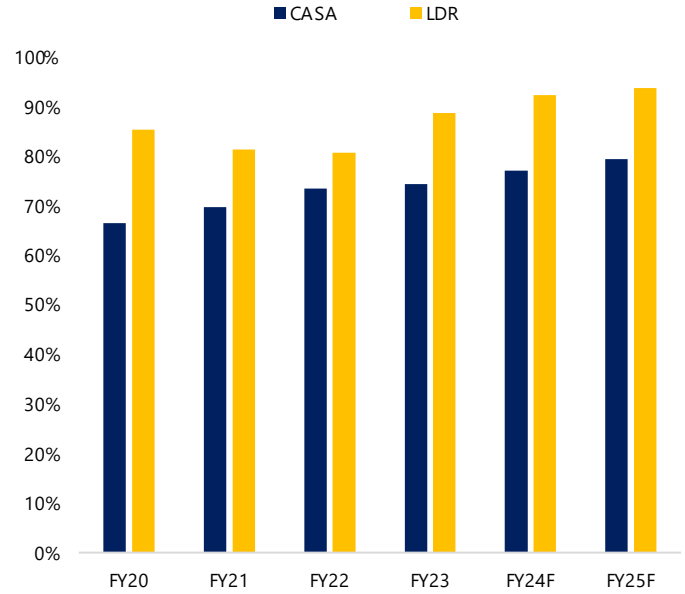
victoria.nawang@mncgroup.com

Exhibit 01. We expect loan to grow ~16% in FY24E



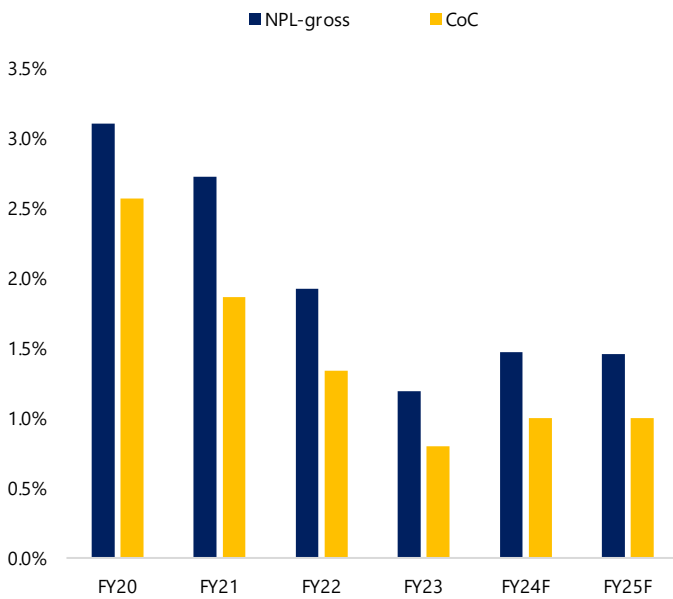
Sources : BMRI Data, MNCS Research

Exhibit 02. CASA & LDR trend



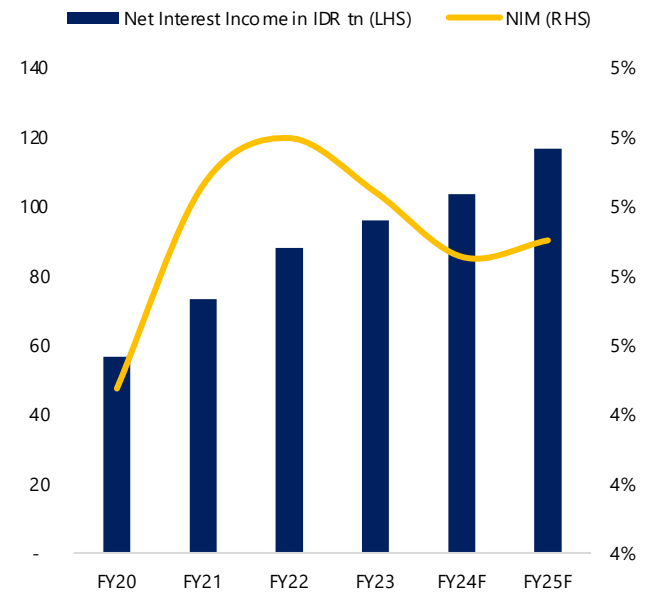
Sources : BMRI Data, MNCS Research

Exhibit 03. Asset quality remain stable



Sources : BMRI Data, MNCS Research

Exhibit 04. NIM stood at 5.1% in 1H24, aligned with the management target of 5.0%-5.3%



Sources : BMRI Data, MNCS Research

Exhibit 05. Net profit increased +9.3% YoY/ +9.0% QoQ in 2Q24

Income Statement (IDR bn)	2Q23	1Q24	2Q24	QoQ (%)	YoY (%)	1H23	1H23	YoY (%)	MNCS Est FY23	Cons Est FY23
Net interest income	24,298	24,186	24,895	2.9%	2.5%	47,307	49,081	3.7%		
Non-interest income	9,106	10,127	10,388	2.6%	14.1%	19,306	20,515	6.3%		
Operating income	33,404	34,313	35,283	2.8%	5.6%	66,613	69,596	4.5%		
Provision expenses	3,949	3,596	3,317	-7.8%	-16.0%	7,641	6,913	-9.5%		
Personnel expenses	5,835	6,046	6,187	2.3%	6.0%	11,751	12,233	4.10%		
GA expenses	4,795	5,335	5,300	-0.7%	10.5%	9,544	10,635	11.4%		
Other expenses	1,648	1,731	1,478	-14.6%	-10.3%	3,259	3,209	-1.5%		
PPOP	21,126	21,201	22,318	5.3%	5.6%	42,059	43,519	3.5%		
Pretax profit	17,183	17,602	19,003	8.0%	10.6%	34,439	36,605	6.3%		
Net profit	12,672	12,702	13,849	9.0%	9.3%	25,232	26,551	5.2%	47.1%	47.6%
Gross loans	1,272,076	1,435,487	1,532,354	6.7%	20.5%					
Third party funds	1,430,130	1,571,891	1,651,025	5.0%	15.4%					
Key ratio:	1H23	1Q24	1H24	(bps)	(bps)					
NIM	5.6	5.1	5.1	0.0	-0.5					
ROA	2.6	2.3	2.4	0.1	-0.2					
ROE	22.1	20.3	20.9	0.6	-1.2					
LDR	86.2	88.7	89.9	1.2	3.7					
NPL-gross	1.6	1.2	1.2	0.0	-0.5					

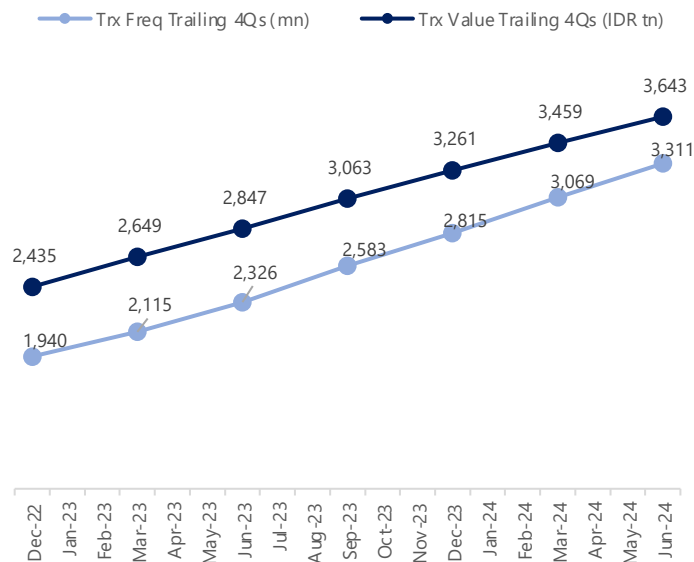
Sources : BMRI Data, MNCS Research

Exhibit 06. Livin General Performance Highlights



Launched in Oct-21

Registered Users **26Mn**
As of Jun-24 ▲35% YoY



Sources : BMRI Data, MNCS Research

Exhibit 07. BMRI's Financial Projection & Key Ratio

Income Statement (IDR bn)	FY21	FY22	FY23	FY24E	FY25E
Interest Income	97,749	112,382	132,544	147,518	167,209
Interest Expense	(24,687)	(24,479)	(36,658)	(44,089)	(50,645)
Net Interest Income	73,062	87,903	95,887	103,429	116,563
Opex	(49,140)	(53,260)	(53,867)	(57,922)	(64,396)
PPOP	57,983	72,264	85,794	92,959	104,227
Provision	(19,543)	(16,096)	(11,153)	(16,217)	(18,068)
Income Before Tax	(82)	210	43	57	70
Tax	38,358	56,378	74,685	76,743	86,159
Net Profit	28,028	41,171	55,060	56,340	63,386
Balance Sheet (IDR bn)	FY21	FY22	FY23	FY24E	FY25E
Securities - net	387,159	412,012	403,729	461,880	484,974
Placement with BI & other Banks	47,784	95,321	73,887	81,276	82,901
Other Earnings Assets	154,190	169,534	169,699	170,548	171,401
Loans	980,963	1,136,868	1,344,189	1,556,787	1,747,135
Total Earnings Assets	1,570,096	1,813,735	1,991,505	2,270,492	2,486,411
Non Earnings Assets	155,515	178,810	182,715	184,542	186,387
Total Assets	1,725,611	1,992,545	2,174,219	2,455,033	2,672,798
CA	413,073	541,801	584,713	748,144	882,001
SA	486,853	552,752	586,992	605,119	646,923
TD	391,251	396,291	405,245	404,247	399,206
Customer Deposits	1,291,177	1,490,845	1,576,950	1,757,510	1,928,129
Total Liabilities	1,503,500	1,740,299	1,886,724	2,095,066	2,290,067
Paid in Capital & Reserves	62,692	63,549	98,254	87,593	59,216
Retained Earnings	166,986	197,304	224,948	256,049	290,099
Shareholders Equity	229,679	260,853	323,202	343,641	349,315
Minority Interests	22,567	26,642	36,765	39,090	39,736
Total Equity	252,245	287,495	359,967	382,731	389,051
Total Liabilities & Equity	1,725,611	1,992,545	2,174,219	2,455,033	2,672,798
Key Ratio	FY21	FY22	FY23	FY24E	FY25E
IEA Yields	6.8%	6.6%	7.0%	6.9%	7.0%
CoF	1.9%	1.6%	2.1%	2.3%	2.4%
NIM	5.1%	5.2%	5.0%	4.9%	4.9%
CIR	45.9%	42.4%	38.6%	38.4%	38.2%
ROAA	1.9%	2.4%	2.9%	2.7%	2.7%
ROAE	15.5%	20.7%	24.5%	21.0%	20.7%
LDR	81.3%	80.6%	88.7%	92.3%	93.7%
NPL-gross	2.7%	1.9%	1.2%	1.5%	1.5%
CoC	1.9%	1.3%	0.8%	1.0%	1.0%

Sources : BMRI Data, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

PT MNC SEKURITAS

MNC Bank Tower Lt. 14 – 16
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340
Telp : (021) 2980 3111
Fax : (021) 3983 6899
Call Center : 1500 899

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