

FY24 earnings inline

6 February 2025



<b>BMRI IJ</b>	<b>BUY</b>
Sector	Banks
Price at 5 February 2025 (IDR)	5,525
Price target (IDR)	8,180
Upside/Downside (%)	48.1

**Stock Information**

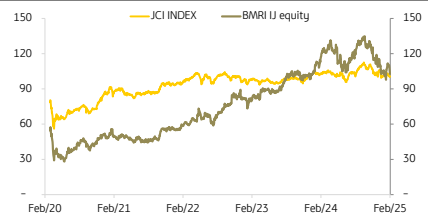
PT Bank Mandiri (Persero) Tbk (Persero) Tbk is a state-owned bank offering a range of banking products and services to its customers from individuals and SMEs to corporations. The bank is formed by a merger of four state-owned banks.

Market cap (IDR bn)	529,667
Shares outstanding (mn)	93,333
52-week range (IDR)	5,400-7,550
3M average daily vol. ('000)	106,588
3M average daily val. (IDR mn)	647,666

**Shareholders (%)**

Republic of Indonesia	54.9
Public	45.1

**Stock Performance**



Source: Bloomberg

	1M	3M	12M
Performance	(4.7)	(20.2)	(19.0)

BMRI delivered strong FY24 top-line growth (14.1% yoy) despite elevated funding costs and 4Q24 opex. Earnings aligned with consensus and our '24F PATMI for BMRI (97.0%/97.3%). Loan growth surged (19.5% yoy), exceeding industry, management guidance, and our forecast. Total third-party funds also outperformed. NIM demonstrated consistent improvement throughout 2024, reaching 5.15% in FY24, within the 5.0-5.3% guidance (KBVS: 5.1%), and CoC improved to 0.79%, surpassing guidance ( $\leq 1.0\%$ ) and our forecast (0.95%). FY25 targets: 10-12% yoy loan growth, NIM 5.0-5.2%, CoC 1.0-1.2%. Main catalysts: softer funding costs, stable AQ. Crucial challenges: consistent eye catching SRBI yield and tight liquidity. **Maintain BUY with GGM-based TP IDR8,180 (2.3x '25F P/B), while currently trading at 1.6x '25F P/B or slightly above its -1SD historical mean of 1.4x.**

**FY24 earnings; inline**

BMRI saw strong interest income growth (14.1% yoy, 5.70% qoq) in FY24. However, surging funding costs (35% yoy) due to elevated interest rates constrained net interest income growth to 6.12% yoy (6.4% qoq). Rising operating expenses in 4Q24 and a 17.5% yoy increase in provisions pressured earnings, despite improving on quarterly basis (-8.55% qoq). Consequently, BMRI's FY24 earnings reached IDR55.78 tn, a modest 1.31% yoy increase, arriving at 97.0%/97.3% of consensus our '24F net income for BMRI.

**Robust loan growth exceeds industry, BMRI, and our estimates.**

BMRI outperformed with 19.5% yoy loan growth, exceeding our forecast (13.7% yoy) and industry trends. This surpasses management guidance by 150bps. Corporate lending surged 26.7% yoy, while commercial loans grew 23% yoy, outpacing last year by 180bps. Total third-party fund increased 7.73% yoy (driven by low-cost funding), exceeding industry growth and peers. Notably, CASA grew 8.49% yoy, led by 13.4% yoy savings growth, significantly outpacing time deposit growth of 5.54% yoy.

**NIM on target, CoC surpasses guidance and our estimate**

Bank Mandiri demonstrated robust financial performance across key metrics in FY24. Net Interest Margin exhibited sustained improvement, culminating at 5.15% in FY24 (1Q24: 5.07%), exceeding expectations and falling within the management '24F forecasted range of 5.0-5.3% (KBVS '24F: 5.1%). Concurrently, risk metrics exhibited a favorable trajectory. Non-performing loans declined to 1.12%, a marked improvement from 1.19% in the prior year and surpassing our forecast of 1.16%. Furthermore, credit costs demonstrated a positive trend, improving to 0.79%. This outperformance exceeded management's guidance of  $\leq 1.0\%$  and our forecast of 0.95%, underscoring the bank's prudent risk management practices.

**Continued positive impact from Livin' Apps is expected**

Livin' Apps platform thrives with 29M users (29.1% YoY), driving 37.8% yoy surge in transaction frequency to 3,878mn, translating to IDR 4,025tn value (23.4% YoY). Livin' App generates IDR 2,624bn fee income (41.2% yoy). The potential for transaction banking through this platform remains substantial and is poised to play a pivotal role, particularly in 2025. Daily new account openings via Livin' have exhibited robust growth, averaging 17.2K accounts per day. Furthermore, digital loan bookings and savings deposit growth have demonstrated commendable momentum, expanding 11.8% yoy and 13.4% yoy, respectively.

**2025 guidance seems achievable**

The bank targets loan growth within a 10-12% yoy range, driven by its focus on ecosystem value chain expansion. NIM is projected to remain within the 5.0-5.2% range, supported by transactional CASA growth and a targeted LDR in the mid-to-low 90s. Credit costs are anticipated to range between 1.0-1.2%. We view the bank's guidance as achievable. Softer CoF growth will be a key driver, while robust non-interest income and a manageable cost-to-income ratio will support sustained PPOp growth. Moreover, provisions are expected to remain at low levels. However, potential headwinds include a moderating loan-to-GDP ratio and the impact of prolonged tight liquidity conditions as well as continued attractiveness of SRBI yield

**Maintain BUY GGM TP of IDR8,180.**

Our GGM-based TP of IDR8,180 is pegged at 2.3x '25F P/B while currently trading at 1.6x '25F P/B or slightly above its -1SD historical mean of 1.4x. While we maintain a positive outlook on Bank Mandiri, it is important to acknowledge the potential downside risks that could impact the bank's performance and, consequently, its stock price, such as: 1) decelerating loan growth; 2) deteriorating net interest margin (NIM) and asset quality; 3) cost of credit (CoC) and non-performing loan (NPL) levels exceeding projections; 4) lower-than-anticipated interest income coupled with rising funding costs; 5) a slowdown in economic activity; 6) persistently attractive SRBI yields; 7) a prolonged "higher for longer"; 8) a strengthening US dollar (DXY); and 9) sustained market uncertainty.

**Exhibit 1: Key Statistics**

Year end Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Net Interest income	87,903	95,887	106,990	119,687	134,429
Non int. income	37,648	42,771	48,357	55,750	58,884
Income from operations	125,551	138,658	155,348	175,438	193,313
Pre-provision profit	72,291	84,790	95,483	108,090	118,458
Net income (IDR bn)	41,171	55,060	57,334	61,827	67,545
EPS (IDR)	441	590	614	662	724
EPS growth (%)	46.9	33.7	4.1	7.8	9.2
PER (x)	12.6	9.4	9.0	8.4	7.7
PBV (x)	2.3	2.0	1.8	1.6	1.4
Div. Yield (%)	3.2	4.8	5.3	5.5	6.0
RoE (%)	19.7	22.9	22.5	22.6	23.4

Source: Company, KBVS Research

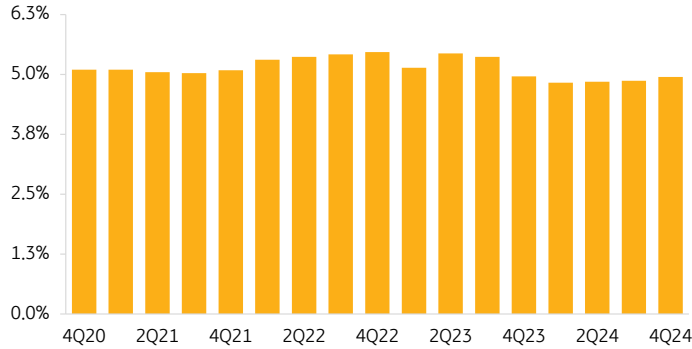
**Analyst**  
**Akhmad Nurcahyadi**  
akhmad.nurcahyadi@kbvalbury.com

Exhibit 2: BMRI 12M24 bank only results – Profit and Loss

Income Statements (IDR bn)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)	KBVS '24F % to KBVS	Cons. '24F % to Cons.
Interest income	132,545	151,236	14.1	34,537	40,600	17.6	38,412	5.7		
Interest expenses	(36,658)	(49,479)	35.0	(10,513)	(13,446)	27.9	(12,890)	4.3		
Net Interest Income	95,887	101,757	6.1	24,024	27,154	13.0	25,522	6.4		
Non-interest income	42,771	44,842	4.8	13,827	12,749	(7.8)	11,578	10.1		
Total operating income	138,658	146,599	5.7	37,851	39,903	5.4	37,100	7.6		
Total operating expenses	(53,867)	(58,611)	8.8	(15,415)	(18,774)	21.8	(13,760)	36.4		
PPoP	84,791	87,988	3.8	22,436	21,129	(5.8)	23,340	(9.5)		
Loan loss provisions	(10,149)	(11,929)	17.5	(996)	(2,396)	140.6	(2,620)	(8.5)		
Net profit	55,060	55,783	1.3	15,996	13,766	(13.9)	15,466	(11.0)	57,334	97.3
									57,518	97.0
Balance Sheet (IDR bn)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)		
Gross loans	1,398,071	1,670,547	19.5	1,398,071	1,670,547	19.5	1,589,835	5.1		
Current account	584,713	605,765	3.6	584,713	605,765	3.6	596,388	1.6		
Saving account	586,992	665,446	13.4	586,992	665,446	13.4	634,981	4.8		
Time deposits	405,245	427,686	5.5	405,245	427,686	5.5	436,128	(1.9)		
TPF (IDRbn)	1,576,950	1,698,897	7.7	1,576,950	1,698,897	7.7	1,667,497	1.9		
CASA (IDRbn)	1,171,705	1,271,211	8.5	1,171,705	1,271,211	8.5	1,231,369	3.2		
Total equity	287,495	313,474	9.0	287,495	313,474	9.0	272,119	15.2		
Selected key ratios	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)		
NIM	5.48	5.15	(0.3)	5.48	5.15	(0.3)	5.11	0.0		
CIR	38.80	40.00	1.2	38.80	40.00	1.2	37.30	2.7		
CoC	0.85	0.79	(0.1)	0.85	0.79	(0.1)	0.87	(0.1)		
ROAA	2.64	2.42	(0.2)	2.64	2.42	(0.2)	2.49	(0.1)		
ROAE	23.20	21.20	(2.0)	23.20	21.20	(2.0)	21.70	(0.5)		
CASA Ratio	74.30	74.80	0.5	74.30	74.80	0.5	73.80	1.0		
LDR	85.80	95.10	9.3	85.80	95.10	9.3	92.10	3.0		
Cost of Fund (bank only)	3.23	4.17	0.9	3.23	4.17	0.9	3.96	0.2		
Loan yield (bank only)	7.69	7.83	0.1	7.69	7.83	0.1	7.69	0.1		
NPL Gross	1.19	1.12	(0.1)	1.19	1.12	(0.1)	1.13	(0.0)		
NPL Coverage	326.00	271.00	(55.0)	326.00	271.00	(55.0)	281.00	(10.0)		
LAR	8.62	6.76	(1.9)	8.62	6.76	(1.9)	7.51	(0.8)		

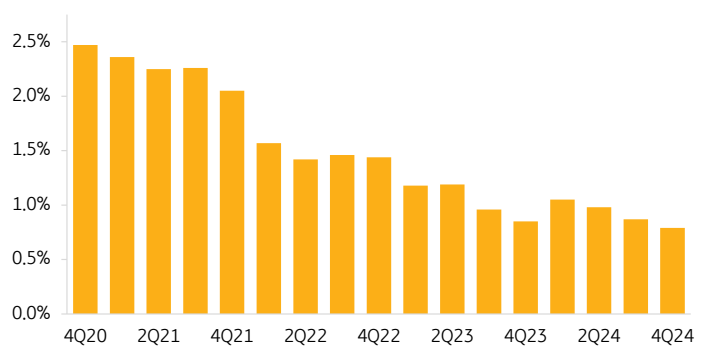
Source: Company, KBVS Research

Exhibit 3: Expect better NIM figure to continue



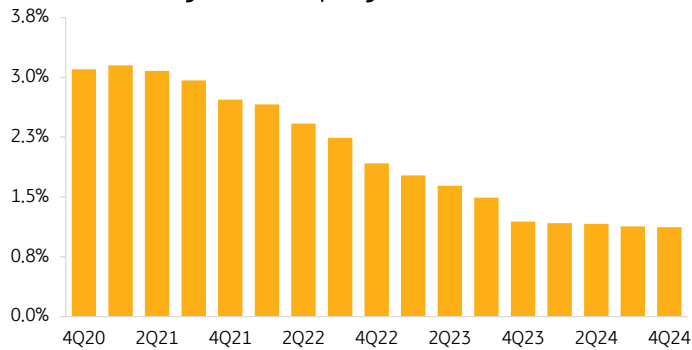
Source: Company, KBVS Research

Exhibit 4: COC to remain at low level



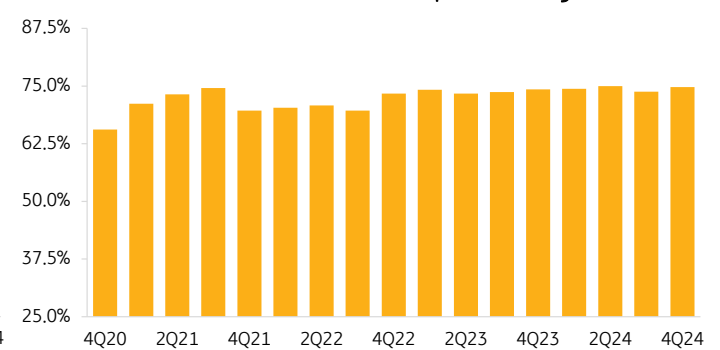
Source: Company, KBVS Research

Exhibit 5: Continuing better asset quality led to a healthier NPL



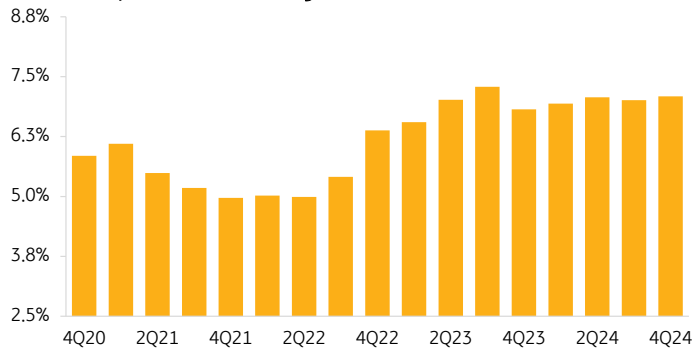
Source: Company, KBVS Research

Exhibit 6: Solid CASA to limit another round of potential rising cost of fund



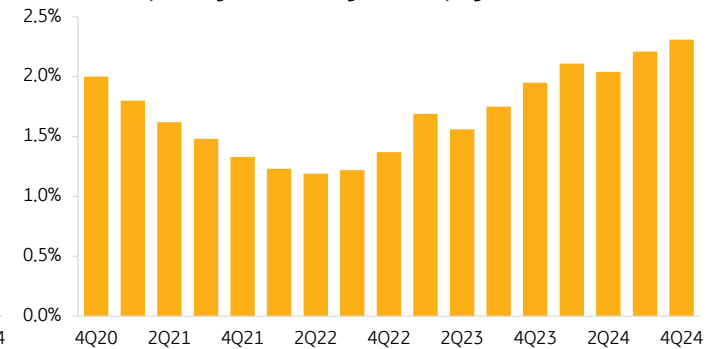
Source: Company, KBVS Research

Exhibit 7: Expect sustained manageable benchmark rate transmission



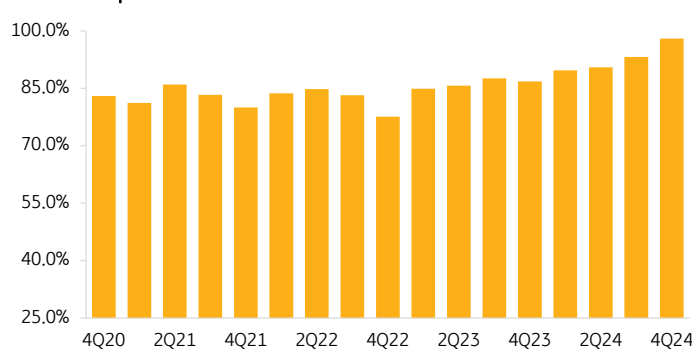
Source: Company, KBVS Research

Exhibit 8: The upcoming softer funding cost will play crucial role



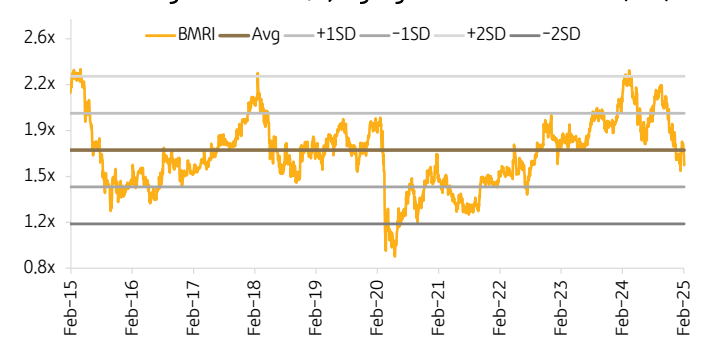
Source: Company, KBVS Research

Exhibit 9: Expect much better LDR



Source: Bloomberg, KBVS Research

Exhibit 10: Trading at 1.6x '25F P/B, slightly above -1SD hist. mean (1.4x)



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 11: Profit & Loss

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Interest income	112,382	132,544	152,812	171,453	193,109
Interest expenses	(24,479)	(36,658)	(45,822)	(51,766)	(58,680)
<b>Net interest income</b>	<b>87,903</b>	<b>95,887</b>	<b>106,990</b>	<b>119,687</b>	<b>134,429</b>
Non-interest income	37,648	42,771	48,357	55,750	58,884
Operating expenses	(53,260)	(53,867)	(59,865)	(67,348)	(74,855)
<b>Pre-provision operating profit</b>	<b>72,291</b>	<b>84,790</b>	<b>95,483</b>	<b>108,090</b>	<b>118,458</b>
<b>Loan loss provision</b>	<b>(16,123)</b>	<b>(10,149)</b>	<b>(10,972)</b>	<b>(12,266)</b>	<b>(13,769)</b>
Pretax Profit	56,378	74,685	84,543	95,856	104,721
Income Tax Expenses	(11,425)	(14,633)	(21,136)	(24,443)	(26,704)
<b>Net profit</b>	<b>41,171</b>	<b>55,060</b>	<b>57,334</b>	<b>61,827</b>	<b>67,545</b>

Exhibit 12: Balance sheet

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
<b>Assets</b>					
Cash	27,213	26,432	26,082	25,396	24,698
Current Account at BI	107,349	108,605	114,811	122,980	171,108
Interbank Loans	143,110	110,461	76,541	79,342	90,773
Govt Treas Bills & Sec	329,212	309,183	292,247	287,614	272,320
Investment Securities	82,800	94,546	101,713	99,110	90,691
Loans	1,136,868	1,344,189	1,544,636	1,793,023	2,082,265
Fixed Assets	56,541	57,978	58,678	59,378	60,078
Other assets	109,452	122,825	155,307	172,397	186,980
<b>Total Asset</b>	<b>1,992,545</b>	<b>2,174,219</b>	<b>2,370,015</b>	<b>2,639,240</b>	<b>2,978,913</b>
<b>Liabilities</b>					
Interbank Deposit	15,781	18,465	26,093	24,659	29,608
Customer Deposit	1,490,845	1,576,950	1,739,566	1,983,547	2,269,332
Debts Sec and Subordinates	45,774	50,518	52,187	59,506	68,080
Other Liabilities	187,899	240,792	230,073	211,617	209,303
<b>Total liabilities</b>	<b>1,740,299</b>	<b>1,886,724</b>	<b>2,047,919</b>	<b>2,279,329</b>	<b>2,576,323</b>
<b>Equity</b>					
Capital Stock	11,667	11,667	11,667	11,667	11,667
Additional Paid-in Capital	17,643	17,643	17,643	17,643	17,643
Retained Earnings	166,995	197,304	227,107	260,268	296,899
Other Equity	33,374	34,239	35,967	37,027	39,244
Shareholder's Equity	229,679	260,853	292,385	326,604	365,453
Non-controlling Interest	22,567	26,642	29,711	33,307	37,137
<b>Total Equity</b>	<b>252,245</b>	<b>287,495</b>	<b>322,096</b>	<b>359,911</b>	<b>402,590</b>

Exhibit 13: Key performance metrics

Year End Dec (%)	2022A	2023A	2024F	2025F	2026F
NIM (%)	5.5	5.5	5.1	5.2	5.3
LDR (%)	80.6	88.6	91.4	92.1	92.7
CASA (%)	73.4	74.3	75.8	78.1	80.3
NPL (%)	1.9	1.2	1.16	1.1	1.0
ROAE (%)	19.0	22.4	20.7	20.0	19.5
ROAA (%)	2.2	2.6	2.5	2.5	2.4
CAR (%)	19.5	21.5	23.2	23.8	24.2
BVPS (IDR)	2,461	2,795	3,133	3,499	3,916
PER (x)	12.6	9.4	9.0	8.4	7.7
PBV (x)	2.3	2.0	1.8	1.6	1.4
Div. Yield (%)	3.2	4.8	5.3	5.5	6.0

Source: Company, KBVS Research

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## KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41<sup>st</sup> Floor Unit A-C  
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,  
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia  
T. +62 21 – 250 98 300  
F. +62 21 – 255 33 778

## Branch Office

### Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C  
Jalan Jenderal Sudirman No. 86 Karet Tengsin,  
Tanah Abang, Jakarta Pusat 10220  
T. (021) 25098300/301

### Jakarta – Kelapa Gading

Rukan Plaza Pasifik  
Jl. Raya Boulevard Barat Blok A1 No. 10  
Jakarta Utara 11620  
T. (021) 29451577

### Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV  
Jl. Taman Aries, Kembangan  
Jakarta Barat 11620  
T. (021) 22542390

### Jakarta – Pluit

Jl. Pluit Putra Raya No. 2  
Jakarta Utara 14450  
T. (021) 6692119

### Bandung

Jl. HOS Cokroaminoto No. 82  
Bandung 40171  
T. (022) 87255800

### Malang

Jl. Pahlawan Trip No. 7  
Malang 65112  
T. (0341) 585888

### Banjarmasin

Jl. Gatot Subroto No. 33  
Banjarmasin 70235  
T. (0511) – 3265918

### Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN  
Blok A No. 3 Pekanbaru 28291  
T. (0761) 839393

### Palembang

Komplek PTC Mall Blok I No. 7  
Jl. R. Sukanto  
Palembang 30114  
T. (0711) 5700281

### Surabaya

Pakuwon Center Lt 21  
Jl. Embong Malang No.1  
Surabaya 60261  
T. (031) 2955788

### Padang

Jl. Kampung Nias II No. 10,  
Padang 25211  
T. (0751) 8955747

### Yogyakarta

Jl. Magelang KM 5.5 No. 75  
Yogyakarta 55000  
T. (0274) 623111

### Semarang

Candi Plaza Building Lt. Dasar  
Jl. Sultan Agung No. 90-90A  
Semarang 50252  
T. (024) 8501122

### Makassar

Komplek RUKO Citraland City Losari  
Business Park, Blok B2 No. 09  
Jl. Citraland Boulevard Makassar 90111  
T. (0241) 16000818

### Medan

Komplek Jati Junction No. P5-5A  
Jl. Perintis Kemerdekaan  
Medan 20218  
T. (061) 88816222

### Denpasar

Jl. Teuku Umar No. 177  
Komplek Ibis Styles Hotel  
Denpasar Bali 80114  
T. (0361) 225229

## Investment Gallery

### Jakarta

Citra Garden 6 Ruko Sixth Avenue  
Blok J.1 A/18, Cengkareng  
Jakarta Barat 11820  
T. (021) 522392181

### Semarang

Jl. MT Haryono 637  
Semarang 50242  
T. (024) 8415195

### Salatiga

Jl. Diponegoro No. 68  
Salatiga 50711  
T. (0298) 313007

### Solo

Jl. Ronggowarsito No. 34  
Surakarta 57118  
T. (0271) 6726306