

## 1Q25 earnings 3.9% yoy; inline

2 May 2025

	
<b>BMRI IJ</b>	<b>BUY</b>
Sector	Banks
Price at 30 April 2025 (IDR)	4,890
Price target (IDR)	6,240
Upside/Downside (%)	27.6

### Stock Information

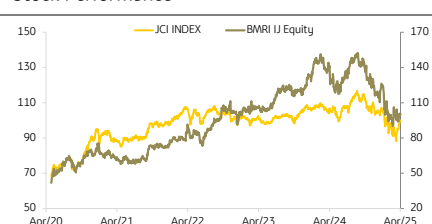
PT Bank Mandiri (Persero) Tbk (Persero) Tbk is a state-owned bank offering a range of banking products and services to its customers from individuals and SMEs to corporations. The bank is formed by a merger of four state-owned banks.

Market cap (IDR bn)	461,067
Shares outstanding (mn)	93,333
52-week range (IDR)	4,250-7,550
3M average daily vol. ('000)	246,788
3M average daily val. (IDR mn)	1,211,339

### Shareholders (%)

Republic of Indonesia	54.9
Public	45.1

### Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(5.9)	(18.8)	(29.3)

BMRI's 1Q25 earnings (3.9% yoy) result came in inline at a run rate of 23.5%/21.6% (vs 23.3%) of our '25F PATMI for BMRI and street forecast. Robust loan growth continues (16.5% yoy) and we expect to witness a stronger liquidity growth (11.2% yoy) in the upcoming quarters to reach LDR (92.5%) level at a more comfortable level. NIM (-27bps to 4.8%), likely to arrive at '25F guidance (5.0%-5.2%) supported by more solid deposit mix and steady yield. We believe CoC (0.88%) will remain at low level and thus will overall support '25F earnings growth performance. We fine-tuned several assumptions (retention ratio, RF, and MRP) to accommodate the previous sell-off on banking stocks and the prolonged uncertainty. Maintain BUY with GGM-based TP of IDR6,240 (5.7% below consensus TP), pegged at 1.9x '25F P/B, while currently trading at 1.5x '25F P/B or slightly above its -1SD historical mean of 1.4x.

### 1Q25 earnings; Inline

BMRI outperformed with 16.5% yoy loan growth, exceeding our forecast (10.4% yoy) and industry trends (9.16% yoy). The figure also surpasses '25F management guidance by a massive 450bp (10%-12% yoy). Corporate lending surged 20.0% yoy driven by coal manufacturing, infra & construction and energy & water sector. Meanwhile, commercial segment saw 21.1% yoy increased on the back of solid demand from oil& gas, metal mining and coal manufacturing. Total third-party fund increased 11.2% yoy. Yet, the growth was mainly driven by high funding cost (18.9% yoy, 12.0% qoq). CASA growth is well managed at 8.62% yoy to IDR 1,269tn driven by strong SA segment growth of 12.0% yoy to IDR 619,417bn.

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

BMRI delivered strong top line (11.5% yoy). Yet amid funding cost challenges (24.4% yoy), NII grew by only 5.5% yoy. Non-IL solid growth of 17.3% yoy has been counterbalance by higher operating expenses (15.7% yoy), bringing PPOP grew by only 3.8% yoy to IDR 22,009bn. Despite small single-digit PATMI growth (3.9% yoy), 1Q25 PATMI of IDR 13.19tn came in inline at a run rate of 23.5%/21.6% (vs 23.3%) of our and street forecast, or 0.16% vs our expectation and -1.68% vs consensus. Worth to note on quarterly basis, 1Q25 net income of IDR 13.19tn also inline vs our '25F for BMRI of IDR13.10tn (consensus: IDR 13.40tn).

### Expect higher NIM; well managed NPL and CoC surpasses guidance

1Q25 NIM declined to 4.8% on the back of rising deposit competition which resulting to a higher funding cost. We expect a much better deposit mix and stronger CASA transactional banking as well as manageable LDR to overall help the bank to achieve its NIM '25F range guidance of 5.0%-5.2% (KBVS '25F for BMRI NIM: 5.0%). The bank saw a higher cost to income, driven by increasing personnel expenses (18.7% yoy) and bringing total operating expenses at 15.7% yoy higher. On risk metrics, gross NPL was well managed at 1.17% vs 1.17% in 1Q24 and 1.12% in 4Q24. Credit cost stood at 0.88% and around 33bps higher vs 0.55% in 4Q24. Nonetheless, it improves by 17bps on yearly basis from 1.05% in 1Q24 and surpassing '25F guidance of 1.0%-1.2%.

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

Livin' Apps platform thrives with 31mn users (26% YoY), driving 34.8% yoy surge in transaction frequency to 4,136mn, translating to IDR 4,175tn value (20.7% YoY). Livin' App generates IDR 667bn fee income (19.8% 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 17.3K accounts per day vs around 15.9K accounts per day in 1Q24. Furthermore, digital loan bookings and savings deposit growth have demonstrated commendable momentum, expanding 9.4% yoy and 12.8% yoy, respectively.

### '25F management guidance sound achievable

The bank targets loan growth within a 10-12% yoy range (KBVS '25F loan growth for BMRI: 10.4% yoy), driven by its focus on ecosystem value chain expansion. NIM is projected to remain within the 5.0-5.2% range (KBVS '25F NIM for BMRI: 5.0%), supported by transactional CASA growth. We expect BMRI could record a much higher liquidity in the upcoming quarters amid the continuing robust loan growth. The bank expects to maintain LDR at around 90% (1Q25: 92.5% vs 95.1% in 4Q24). Credit costs are anticipated to range between 1.0-1.2% (1Q25: 0.88% and KBVS '25F CoC for BMRI: 1.1%). Softer CoF growth will be a key driver, while steady robust non-interest income and a controllable cost-to-income ratio coupled with manageable asset quality will overall support '25F earnings growth.

### Maintain BUY GGM TP of IDR6,240.

To accommodate the previous sell-off on banking stock, we fine-tuned several assumptions on (1) retention ratio (35.2% to 30.0%); (2) risk-free rate (6.0% to 6.5%); (3) MRP (4.7% to 5.1%). Our new GGM-based TP of IDR6,240 (5.7% below consensus TP) is pegged at 1.9x '25F P/B while currently trading at 1.5x '25F P/B or slightly above its -1SD historical mean of 1.4x. Key downside risks to our target price include: 1) deteriorating net interest margin and asset quality; 2) worsening NPL; 3) lower-than-anticipated interest income coupled with rising funding costs; 4) higher-than-expected cost to income; 5) worse than expected global trade war impact; 6) prolonged uncertainty; 7) steady pressure on buying power; 8) lower-than-expected domestic economic activity; 9) persistently attractive SRBI yields; 10) weakening IDR currency.

### Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net Interest income	95,887	101,757	106,865	117,136	128,650
Non int. income	42,771	44,842	49,751	52,420	57,469
Income from operations	138,658	146,599	156,616	169,556	186,119
Pre-provision profit	84,790	87,988	92,336	98,517	107,396
Net income (IDR bn)	55,060	55,782	56,221	60,298	66,271
EPS (IDR)	590	598	602	646	710
EPS growth (%)	33.7	1.3	0.8	7.3	9.9
PER (x)	8.3	8.2	8.1	7.6	6.9
PBV (x)	1.7	1.6	1.5	1.3	1.2
Div. Yield (%)	5.4	7.2	6.1	6.2	6.4
RoE (%)	23.2	21.2	18.8	19.4	20.3

Source: Company, KBVS Research

### Analyst

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**Exhibit 2: BMRI 1Q25 results – selected Profit & Loss, Balance Sheet and Key Ratio**

Income Statements (IDR bn)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)	KBVS '25F	% to KBVS	Cons. '25F	% to Cons
Interest income	35,535	39,626	11.5	35,535	39,626	11.5	40,600	(2.4)				
Interest expenses	(11,349)	(14,121)	24.4	(11,349)	(14,121)	24.4	(13,446)	5.0				
Net Interest Income	24,186	25,505	5.5	24,186	25,505	5.5	27,154	(6.1)				
Non-interest income	10,127	11,673	15.3	10,127	11,673	15.3	12,749	(8.4)				
Total operating income	34,313	37,178	8.3	34,313	37,178	8.3	39,903	(6.8)				
Total operating expenses	(13,112)	(15,169)	15.7	(13,112)	(15,169)	15.7	(18,774)	(19.2)				
PPoP	21,201	22,009	3.8	21,201	22,009	3.8	21,129	4.2				
Loan loss provisions	(3,596)	(3,895)	8.3	(3,596)	(3,895)	8.3	(2,396)	62.6				
Net profit	12,702	13,197	3.9	12,702	13,197	3.9	13,766	(4.1)	56,221	23.5	61,002	21.6

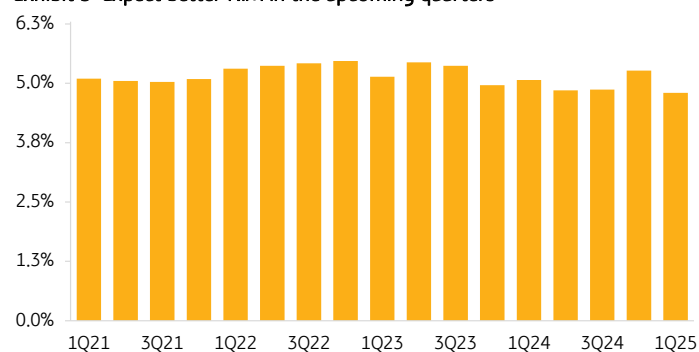
Balance Sheet (IDR bn)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)
Gross loans	1,435,487	1,672,429	16.5	1,435,487	1,672,429	16.5	1,670,547	0.1
Current account	562,103	590,295	5.0	562,103	590,295	5.0	605,765	(2.6)
Saving account	606,832	679,417	12.0	606,832	679,417	12.0	665,446	2.1
Time deposits	402,956	479,007	18.9	402,956	479,007	18.9	427,686	12.0
TPF (IDRbn)	1,571,891	1,748,719	11.2	1,571,891	1,748,719	11.2	1,698,897	2.9
CASA (IDRbn)	1,168,935	1,269,712	8.6	1,168,935	1,269,712	8.6	1,271,211	(0.1)
Total equity	268,787	285,178	6.1	268,787	285,178	6.1	313,474	(9.0)

Selected key ratios	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)
NIM	5.1	4.8	(0.3)	5.1	4.8	(0.3)	5.3	(0.5)
CIR	38.2	40.8	2.6	38.2	40.8	2.6	47.9	(7.1)
CoC	1.1	0.9	(0.2)	1.1	0.9	(0.2)	0.6	0.3
ROAA	2.3	2.2	(0.2)	2.3	2.2	(0.2)	2.2	(0.1)
ROAE	4.0	18.9	14.9	4.0	18.9	14.9	19.5	(0.6)
CASA Ratio	74.4	72.6	(1.8)	74.4	72.6	(1.8)	74.8	(2.2)
LDR	88.2	92.5	4.3	88.2	92.5	4.3	95.1	(2.6)
Cost of Fund (bank only)	2.1	2.4	0.3	2.1	2.4	0.3	2.3	0.1
Loan yield (bank only)	7.7	7.6	(0.1)	7.7	7.6	(0.1)	7.9	(0.2)
NPL Gross	1.2	1.2	0.0	1.2	1.2	0.0	1.1	0.0
NPL Coverage	318.0	265.0	(53.0)	318.0	265.0	(53.0)	271.0	(6.0)
LAR	8.4	7.2	(1.2)	8.4	7.2	(1.2)	6.8	0.5

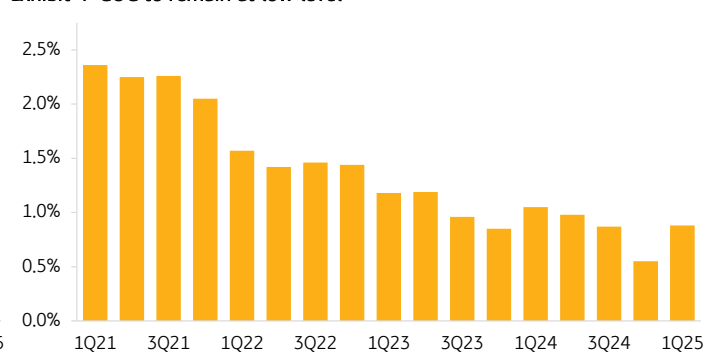
Source : Company, KBVS Research

**Exhibit 3: Expect better NIM in the upcoming quarters**



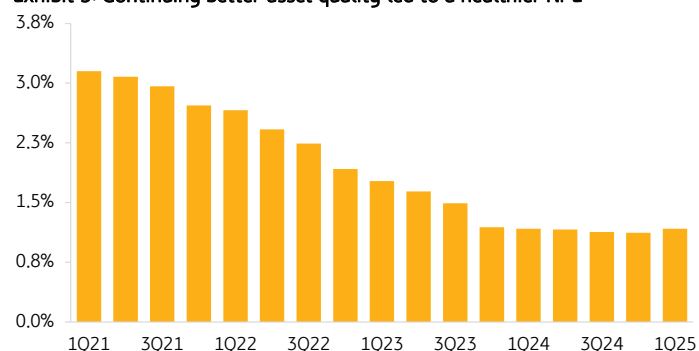
Source: Company, KBVS Research

**Exhibit 4: COC to remain at low level**



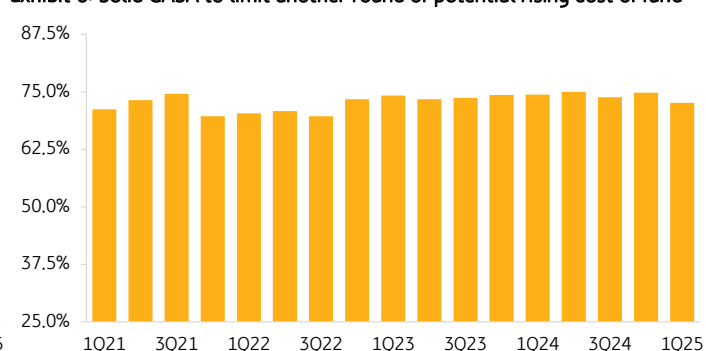
Source: Company, KBVS Research

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



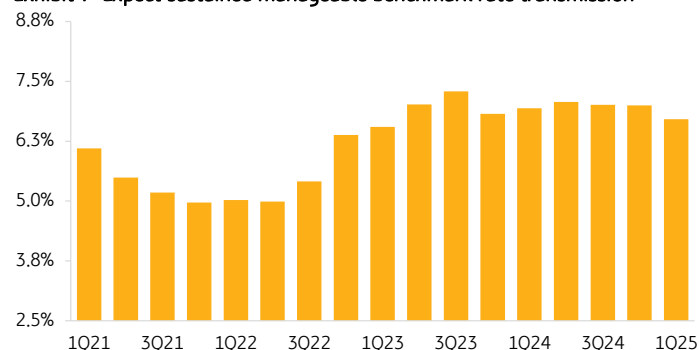
Source: Company, KBVS Research

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



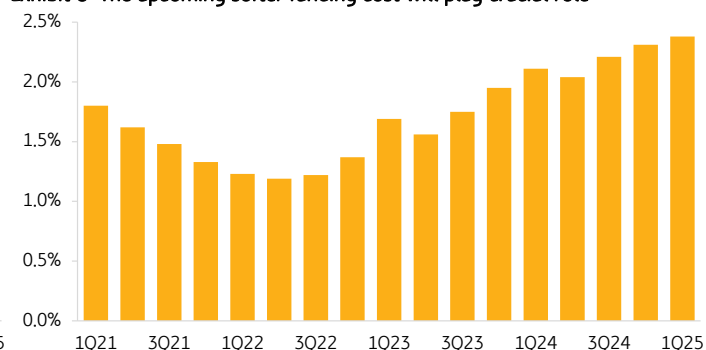
Source: Company, KBVS Research

**Exhibit 7: Expect sustained manageable benchmark rate transmission**



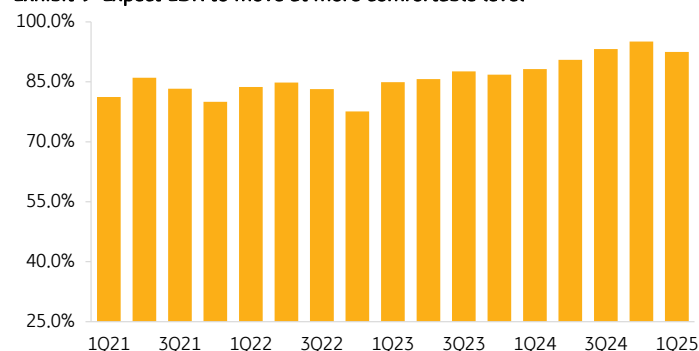
Source: Company, KBVS Research

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



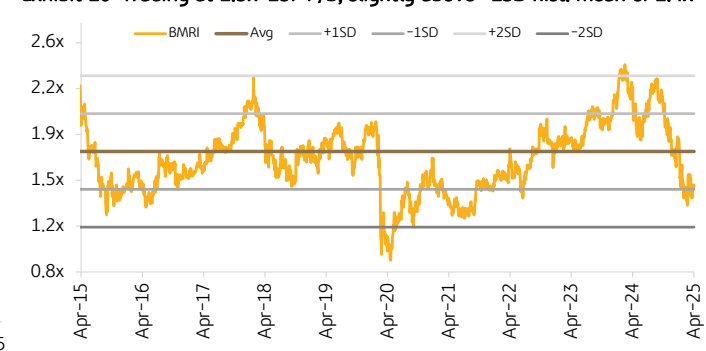
Source: Company, KBVS Research

**Exhibit 9: Expect LDR to move at more comfortable level**



Source: Bloomberg, KBVS Research

**Exhibit 10: Trading at 1.5x '25F P/B, slightly above -1SD hist. mean of 1.4x**



Source: Company, Bloomberg, KBVS Research

**FINANCIAL TABLES**
**Exhibit 11: Profit & Loss**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	132,544	151,236	166,809	184,328	201,290
Interest expenses	(36,658)	(49,479)	(59,944)	(67,192)	(72,639)
<b>Net interest income</b>	<b>95,887</b>	<b>101,757</b>	<b>106,865</b>	<b>117,136</b>	<b>128,650</b>
Non-interest income	42,771	44,842	51,277	54,479	59,374
Operating expenses	(53,867)	(58,611)	(64,280)	(71,040)	(78,723)
<b>Pre-provision operating profit</b>	<b>84,790</b>	<b>87,988</b>	<b>93,862</b>	<b>100,575</b>	<b>109,302</b>
Loan loss provision	(10,149)	(11,929)	(16,660)	(17,597)	(18,785)
Pretax Profit	74,685	76,403	77,546	83,322	90,860
Tax expenses	(14,633)	(15,238)	(15,897)	(16,608)	(17,593)
<b>Net profit</b>	<b>55,060</b>	<b>55,782</b>	<b>56,221</b>	<b>60,298</b>	<b>66,271</b>

**Exhibit 12: Balance sheet**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
<b>Assets</b>					
Cash	26,432	31,665	35,647	37,404	39,679
Current Account at BI	108,605	105,146	113,979	129,176	137,948
Interbank Loans	110,461	109,866	73,535	80,109	87,869
Govt Treas Bills & Sec	309,183	287,273	193,029	200,273	202,100
Investment Securities	94,546	95,478	92,228	80,591	80,836
Loans	1,344,189	1,620,155	1,802,210	2,022,557	2,297,049
Fixed Assets	57,978	63,031	63,731	64,431	66,582
Other assets	122,825	114,610	124,350	116,932	113,705
<b>Total Asset</b>	<b>2,174,219</b>	<b>2,427,223</b>	<b>2,498,709</b>	<b>2,731,474</b>	<b>3,025,768</b>
<b>Liabilities</b>					
Interbank Deposit	18,465	27,721	23,661	27,302	31,355
Customer Deposit	1,576,950	1,698,897	1,838,373	2,002,731	2,196,735
Debts Sec and Subordinates	50,518	41,141	55,151	60,082	61,667
Other Liabilities	240,792	345,990	233,721	256,796	316,903
<b>Total liabilities</b>	<b>1,886,724</b>	<b>2,113,749</b>	<b>2,150,906</b>	<b>2,346,910</b>	<b>2,606,660</b>
<b>Equity</b>					
Capital Stock	11,667	11,667	11,667	11,667	11,667
Additional Paid-in Capital	17,643	18,095	18,095	18,095	18,095
Retained Earnings	197,304	220,050	248,380	280,567	310,660
Other Equity	34,239	33,984	36,366	37,363	38,404
Shareholder's Equity	260,853	283,796	314,507	347,692	378,826
Non-controlling Interest	26,642	29,678	33,296	36,872	40,282
<b>Total Equity</b>	<b>287,495</b>	<b>313,475</b>	<b>347,803</b>	<b>384,564</b>	<b>419,108</b>

**Exhibit 13: Key performance metrics**

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
NIM (%)	5.5	5.2	5.0	5.1	5.5
LDR (%)	88.6	98.4	95.3	90.1	89.2
CASA (%)	74.3	74.8	75.4	76.2	77.1
NPL (%)	1.2	1.2	1.2	1.0	0.9
ROAE (%)	23.2	21.2	18.8	19.4	20.3
ROAA (%)	2.6	2.4	2.3	2.3	2.3
CAR (%)	21.5	20.1	21.9	22.5	21.8
BVPS (IDR)	2,795	3,041	3,370	3,725	4,059
PER (x)	8.3	8.2	8.1	7.6	6.9
PBV (x)	1.7	1.6	1.5	1.3	1.2
Div. Yield (%)	5.4	7.2	6.1	6.2	6.4

Source: Company, KBVS Research

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