

Buy

(Maintained)

Bank Mandiri (BMRI IJ)

In Line 1Q25 Results: Positive PPOP growth despite lower NIM

Last Price (Rp)	4,890
Target Price (Rp)	5,900
Previous Target Price (Rp)	5,900
Upside/Downside	+20.7%

No. of Shares (mn)	93,333
Mkt Cap (Rpbn/US\$mn)	456,400/27,492
Avg, Daily T/O (Rpbn/US\$mn)	928.9/56.0
Free Float (%)	39.2

Major Shareholder (%)	
Government of Indonesia	52.0
INA	8.0

EPS Consensus (Rp)	2025F	2026F	2027F
BRIDS	604.5	674.2	714.4
Consensus	606.6	652.4	708.0
BRIDS/Cons (%)	(0.4)	3.4	0.9

- BMRI recorded net profit of Rp13.2tr (-4%qoq, +4% yoy) in 1Q25, forming 23% of both our and consensus FY25F i.e., in line.
- Mgmt. is aiming to boost retail lending, which should normalize loan growth, NIM, CIR, and CoC towards its FY25 guidance.
- Maintain our FY25-27F estimates and Buy rating for BMRI with an unchanged TP of Rp5,900.

NIM remained under pressure on lower yield and steady CoF

BMRI reported a net profit of Rp13.2tr (-4% qoq, +4% yoy) in 1Q25, forming 23% of both our and consensus FY25F, in line. Positive growth in PPOP, which rose 4% both qoq and yoy, partly offset a sharp increase in provisions. However, NIM continued to decline to 4.7%, driven by weaker loan yields, especially from USD corporate loans, while funding costs remained high. The decline in the CASA ratio to 73% also contributed to the elevated CoF, as time deposits grew faster than CASA.

Loan growth remained high, driven by the wholesale segment

Despite the rise in provisions, CoC remained low at 0.9%, supported by a strong 17% yoy loan growth and an improvement in NPL formation. Opex rose 16% yoy, as BMRI shifted its business focus toward retail value chains in 2025. The bank maintained a relatively low bank-only LDR at 93.5% due to stronger deposit growth. Loan expansion was mainly driven by the corporate and commercial segments, while growth in the consumer and SME segments remained modest. NPLs were stable yoy at 1.2%, with minor seasonal upticks from the corporate and micro segments.

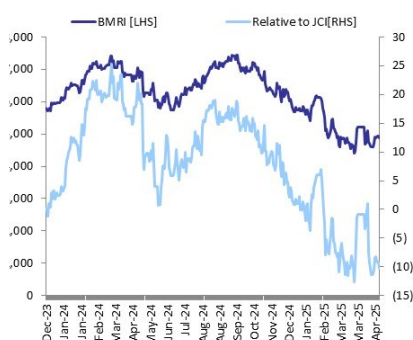
Maintaining FY25 target, normalization expected in subsequent quarters

Management reaffirmed its FY25 guidance, targeting 10–12% loan growth, a NIM of 5.0–5.2%, and CoC of 1.0–1.2%. Mgmt expects NIM to stay tight in 1H25, CoC to normalize without reversals, and loan growth to follow deposits, keeping LDR within the 90–95% range. BMRI is also maintaining its long-term ROE target of 20% and a DPR of 60–70%. The bank indicated that it is not currently involved in the government's new program but remains open to supporting it if aligned with its strategy. Investors should monitor the continued pressure on NIM and the sustainability of asset quality as the bank transitions to its more retail-focused strategy.

Maintain Buy with a TP of Rp5,900

We maintain our Buy rating and TP of Rp5,900, based on an unchanged -0.5SD 5-year average CoE and forecasts. This valuation, which we derived from GGM with an 11.9% CoE and a 19.1% FY25F ROE, implies an FV PBV of 1.8x. Risks to our view include lower asset yields and possible asset quality deterioration.

BMRI relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	84,790	87,989	94,146	100,302	112,587
Net profit (Rpbn)	55,060	55,783	56,416	62,927	66,681
EPS (Rp)	589.9	597.7	604.5	674.2	714.4
EPS growth (%)	33.7	1.3	1.1	11.5	6.0
BVPS (Rp)	2,794.9	3,040.7	3,282.5	3,552.1	3,837.9
PER (x)	8.3	8.2	8.1	7.3	6.8
PBV (x)	1.7	1.6	1.5	1.4	1.3
Dividend yield (%)	7.2	7.3	7.4	8.3	8.8
ROAE (%)	22.4	20.5	19.1	19.7	19.3

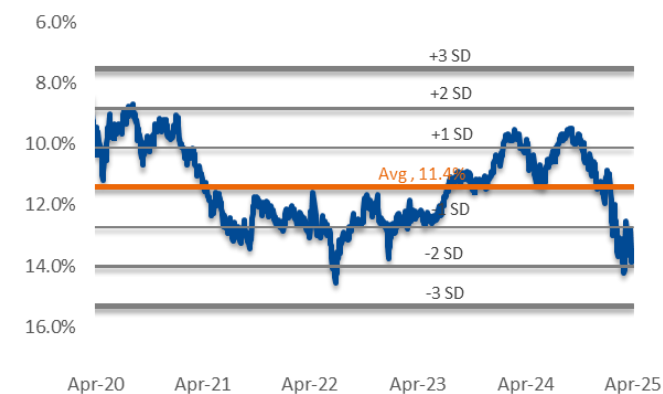
Source: BMRI, BRIDS Estimates

Exhibit 1. BMRI's 1Q25 earnings summary

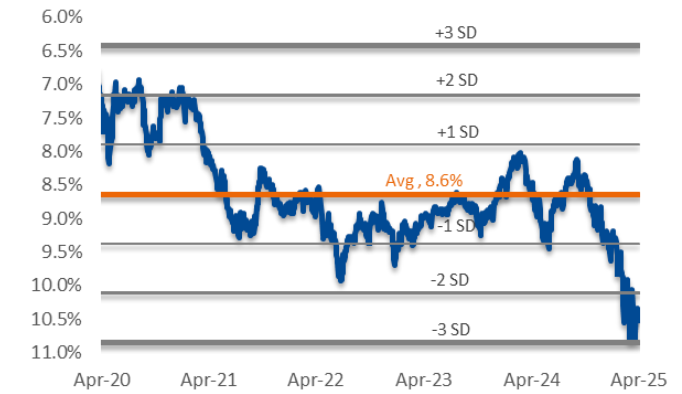
BMRI - Financial (Rpbn)	1Q24	4Q24	1Q25	qoq, %	yoy, %	1Q24	1Q25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	35,535	40,600	39,626	-2%	12%	35,535	39,626	12%	166,172		24%	n/a
Interest expense	11,349	13,446	14,121	5%	24%	11,349	14,121	24%	57,718		24%	n/a
Net interest income	24,186	27,154	25,505	-6%	5%	24,186	25,505	5%	108,454	112,951	24%	23%
Other operating income	10,127	12,748	11,673	-8%	15%	10,127	11,673	15%	43,386	49,196	27%	24%
Operating expenses	13,112	18,773	15,169	-19%	16%	13,112	15,169	16%	61,811		25%	n/a
PPOP	21,201	21,129	22,009	4%	4%	21,201	22,009	4%	94,146		23%	n/a
Provision	3,596	2,395	3,895	63%	8%	3,596	3,895	8%	16,852	18,241	23%	21%
Operating Profit	17,605	18,734	18,114	-3%	3%	17,605	18,114	3%	77,293	79,135	23%	23%
Net profit	12,702	13,765	13,197	-4%	4%	12,702	13,197	4%	56,416	57,423	23%	23%
Loans	1,435,487	1,670,547	1,672,429	0%	17%	1,435,487	1,672,429	17%	1,780,153	1,840,418	94%	91%
Customer deposits	1,572,468	1,699,575	1,749,295	3%	11%	1,572,468	1,749,295	11%	1,911,076	1,921,832	92%	91%

Key Ratio			qoq, bps		yoy, bps			yoy, bps	
Loan yield (%) - ann	8.5	8.6	8.2	↓ (39)	↓ (28)	8.5	8.2	↓ (28)	
Cost of fund (%) - ann	2.7	3.7	3.0	↑ (75)	↓ 29	2.7	3.0	↓ 29	
NIM (%) - ann	5.0	5.1	4.7	↓ (42)	↓ (29)	5.0	4.7	↓ (29)	
CIR (%) - ann	38.2	47.0	40.8	↑ (625)	↓ 259	38.2	40.8	↓ 259	
Cost of credit (%) - ann	1.0	0.6	0.9	↓ 34	↓ (8)	1.0	0.9	↓ (8)	
ROE (%) - ann	20.3	19.8	19.6	↓ (18)	↓ (64)	20.3	19.6	↓ (64)	
CASA ratio (%)	74.3	74.8	72.6	↓ (221)	↓ (175)				
LDR (%)	91.3	98.3	95.6	↑ (269)	↓ 432				
NPL ratio (%)	1.2	1.1	1.1	→ 4	→ (2)				
LaR ratio (%)	8.4	6.8	7.2	↓ 45	↑ (122)				

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. BMRI's cost of equity band chart (5-year)


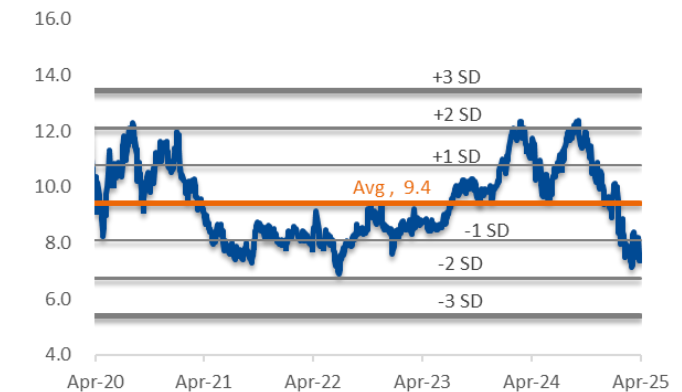
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 3. Sector's cost of equity band chart (5-year)


Source: Company, Bloomberg, BRIDS Estimates

Exhibit 4. BMRI's P/BV band chart (5-year)


Source: Company, Bloomberg, BRIDS Estimates

Exhibit 5. BMRI's P/E band chart (5-year)


Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	132,544	151,236	166,172	176,433	191,737
Interest Expense	(36,658)	(49,479)	(57,718)	(61,153)	(63,656)
Net Interest Income	95,887	101,757	108,454	115,280	128,081
Non-Interest Income (NII)	39,172	40,209	43,386	45,987	49,986
Oper. Income	135,059	141,965	151,840	161,267	178,067
Oper. Expenses	(53,867)	(58,610)	(61,811)	(65,340)	(69,726)
Pre-provisions profit	84,790	87,989	94,146	100,302	112,587
Provisions & Allowances	(10,149)	(11,929)	(16,852)	(14,425)	(21,175)
Operating Profits	74,642	76,060	77,293	85,877	91,412
Non-Operating Income	43	344	344	344	344
Exceptionals	0	0	0	0	0
Pre-tax Profit	74,685	76,403	77,637	86,221	91,756
Income Tax	(14,633)	(15,238)	(15,484)	(17,196)	(18,300)
Minorities	(4,992)	(5,382)	(5,737)	(6,098)	(6,775)
Net Profit	55,060	55,783	56,416	62,927	66,681

Exhibit 7. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	1,359,832	1,623,217	1,780,153	1,939,248	2,119,431
Provisions	(53,099)	(49,355)	(47,779)	(40,098)	(34,883)
Net Loans	1,306,734	1,573,862	1,732,374	1,899,149	2,084,548
Govt. Bonds	309,183	287,273	266,956	248,490	231,607
Securities	94,546	95,478	92,640	89,302	86,203
Other Earnings Assets	37,456	46,293	45,147	52,159	56,550
Total Earnings Assets	1,975,387	2,216,011	2,348,920	2,500,408	2,669,830
Fixed Assets	82,315	90,459	95,417	100,812	106,536
Non-Earnings Assets	46,909	49,954	44,707	47,116	47,259
Total Assets	2,174,219	2,427,223	2,693,359	2,929,253	3,149,420
Customer Deposits	1,577,730	1,699,575	1,911,076	2,088,712	2,270,733
Banks Deposits	17,685	27,043	28,936	30,961	33,128
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	1,886,724	2,113,749	2,351,581	2,556,207	2,742,927
Share capital & Reserves	63,549	63,746	63,746	63,746	63,746
Retained Earnings	197,304	220,050	242,617	267,788	294,460
Shareholders' Funds	260,853	283,796	306,363	331,534	358,206
Minority interests	26,642	29,678	35,415	41,513	48,287
Total Equity & Liabilities	2,174,219	2,427,223	2,693,359	2,929,253	3,149,420

Exhibit 8. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	7.0	7.2	7.3	7.3	7.4
Cost of funds	2.1	2.6	2.7	2.6	2.5
Interest Spread	4.9	4.6	4.6	4.7	4.9
Net Interest Margin	5.1	4.9	4.8	4.8	5.0
Cost/Income Ratio	38.8	40.0	39.6	39.4	38.2
Oper. Exp./Oper. Gross Inc.	57.4	61.2	63.8	62.1	62.8
Gross NPL Ratio	1.2	1.1	1.4	1.2	1.2
LLP/Gross NPL	329.1	273.7	196.1	171.8	135.0
Cost of Credit	0.8	0.8	1.0	0.8	1.0
Loan to Deposit Ratio	86.2	95.5	93.1	92.8	93.3
Loan to Funding Ratio	83.5	93.2	89.2	89.2	90.0
CASA Mix	66.5	66.5	64.4	65.4	65.1
ROAE	22.4	20.5	19.1	19.7	19.3
ROAA	2.6	2.4	2.2	2.2	2.2
CAR	18.6	17.2	17.2	16.4	0.0

Exhibit 9. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	3.6	3.3	3.0	3.1	3.0
Tax Retention rate	80.4	80.1	80.1	80.1	80.1
Post-Tax ROAA	2.9	2.7	2.4	2.5	2.4
Goodwil, Assoc& Min	0.2	0.2	0.2	0.2	0.2
Leverage	8.5	8.4	8.7	8.8	8.8
ROAE	22.4	20.5	19.1	19.7	19.3
Growth (%)					
Interest income	17.9	14.1	9.9	6.2	8.7
Net Interest Income	9.1	6.1	6.6	6.3	11.1
Other Oper. Expenses	1.1	8.8	5.5	5.7	6.7
Fee Based Income	4.7	16.6	4.0	6.6	10.9
Pre-Provision Oper. Profit	17.3	3.8	7.0	6.5	12.2
Net Profit	33.7	1.3	1.1	11.5	6.0
Shareholders' Equity	13.6	8.8	8.0	8.2	8.0
Loan	16.0	19.4	9.7	8.9	9.3
Earnings Asset	8.9	12.2	6.0	6.4	6.8
Deposit	5.9	8.2	12.4	9.3	8.7
Int. Bearing Liab.	8.5	12.7	11.7	9.0	7.5
CASA	6.2	8.2	8.7	10.9	8.2
Total Asset	9.1	11.6	11.0	8.8	7.5

Source: BMRI, BRIDS Estimates

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INVESTMENT RATING

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

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