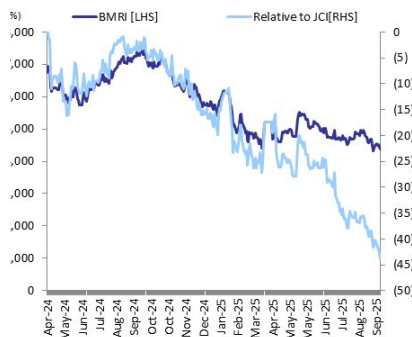


# Buy

(Maintained)

Last Price (Rp)	4,380		
Target Price (Rp)	5,000		
Previous Target Price (Rp)	5,900		
Upside/Downside	+14.2%		
No. of Shares (mn)	93,333		
Mkt Cap (Rpbn/US\$mn)	408,800/24,644		
Avg, Daily T/O (Rpbn/US\$mn)	931.0/56.1		
Free Float (%)	39.2		
Major Shareholder (%)			
Government of Indonesia	52.0		
INA	8.0		
EPS Consensus (Rp)			
	2025F	2026F	2027F
BRIDS	544.7	584.2	636.4
Consensus	584.2	619.0	660.5
BRIDS/Cons (%)	(6.8)	(5.6)	(3.6)

## BMRI relative to JCI Index



Source: Bloomberg

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# Bank Mandiri (BMRI IJ)

## 2Q25 Earnings Missed; Profit Hit by One-Off Cost

- BMRI reported net profit of Rp11.3tr in 2Q25 (-15% qoq, -19% yoy), bringing its 1H25 NP to Rp24.5tr (-8% yoy), missing our/cons FY25F.
- Mgmt. cut FY25 guidance for loan growth to 8–10%, NIM to 4.8–5.0%, CoC to 0.8–1.0%, while expecting CIR to be at 45%.
- We maintain our Buy rating with a lower TP of Rp5,000 as we cut our FY25/26/27F by 9.9/13.4/10.9%, reflecting lower ROE.

### 1H25: weak net profit despite stable asset quality

BMRI's 1H25 net profit came in at Rp24.5tr (-8% yoy), missing both our (43%) and cons (44%) FY25F. The one-off adjustment in mortgage yield added 9bps to NIM, yet it still declined by 22bps yoy to 4.7%, driven by a 33bps increase in CoF. While consumer loan yield rose to 9.0% (from 8.2% in FY24), other segments aside from commercial posted flat to lower yields. Asset quality held firm, with CoC at 0.9% (below the 1.0–1.2% normal range) and LaR improving to 6.9% (-84bps yoy). NPL coverage stood at 246%, still higher than the bank's comfortable level of 230%. Write-offs also remained low at Rp1.3tr in 2Q25, below the Rp1.5tr low base in 1Q25.

### 2Q25 miss from one-off cost spike

BMRI reported a 2Q25 net profit of Rp11.3tr (-15% qoq, -19% yoy), mainly impacted by a sharp opex jump. The opex rose to Rp17.5tr (+15% qoq, +35% yoy) due to a one-off adjustment in Jun25, pushing the CIR to 48%. However, the impact is expected to taper off in the coming months. On a positive note, consumer loan yield was lifted by the adjustment, pushing 2Q25 yield to 7.86% (from 7.64% in 1Q25). Despite strong loan growth, provisions remained resilient at Rp3.4tr, with CoC easing to 0.8%.

### Forecasts trimmed on more conservative FY25 Guidance

Management revised down FY25 loan growth to 8–10% (from 10–12%) and NIM to 4.8–5.0% (from 5.0–5.2%), reflecting recent pressures. CoC guidance was also trimmed to 0.8–1.0% for FY25, but mgmt. expects it to normalize to 1.0–1.2% in FY26F. CIR is expected at ~45% in FY25F due to the one-off, before reverting to 40–42% next year. Based on these changes we trimmed our FY25/26/27F net profit estimates by 9.9/13.4/10.9% on higher CIR.

### Maintain Buy with a lower TP of Rp5,000

We maintain our Buy rating with a lower TP of Rp5,000, based on -0.5SD 5-year average CoE and changed forecasts. This valuation, which we derived from GGM with a 12.4% CoE (11.9% prev.) and a 17.3% FY25F ROE (19.1% prev.), implies an FV PBV of 1.5x (1.8x prev.). Risks to our view include possible asset quality deterioration.

### Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	84,790	87,989	84,087	93,672	105,499
Net profit (Rpbn)	55,060	55,783	50,837	54,521	59,401
EPS (Rp)	589.9	597.7	544.7	584.2	636.4
EPS growth (%)	33.7	1.3	(8.9)	7.2	9.0
BVPS (Rp)	2,794.9	3,040.7	3,258.5	3,492.2	3,746.8
PER (x)	7.4	7.3	8.0	7.5	6.9
PBV (x)	1.6	1.4	1.3	1.3	1.2
Dividend yield (%)	8.1	8.2	7.5	8.0	8.7
ROAE (%)	22.4	20.5	17.3	17.3	17.6

Source: BMRI, BRIDS Estimates

**Exhibit 1. BMRI's 2Q25 earnings summary**

BMRI - Financial (Rpbn)	2Q24	1Q25	2Q25	qoq, %	yoy, %	1H24	1H25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	36,689	39,626	41,950	6%	14%	72,224	81,576	13%	166,172		49%	n/a
Interest expense	11,793	14,121	15,071	7%	28%	23,143	29,193	26%	57,718		51%	n/a
Net interest income	24,895	25,505	26,879	5%	8%	49,081	52,384	7%	108,454	109,667	48%	48%
Other operating income	10,387	11,673	9,321	-20%	-10%	20,515	20,994	2%	43,386	47,943	48%	44%
Operating expenses	12,964	15,169	17,486	15%	35%	26,077	32,655	25%	61,811		53%	n/a
PPOP	22,318	22,009	18,713	-15%	-16%	43,519	40,722	-6%	94,146		43%	n/a
Provision	3,318	3,895	3,384	-13%	2%	6,913	7,279	5%	16,852	17,249	43%	42%
Operating Profit	19,000	18,114	15,329	-15%	-19%	36,606	33,443	-9%	77,293	76,419	43%	44%
Net profit	13,848	13,197	11,258	-15%	-19%	26,551	24,455	-8%	56,416	55,049	43%	44%
Loans	1,532,354	1,672,429	1,701,214	2%	11%	1,532,354	1,701,214	11%	1,780,153	1,840,418	96%	92%
Customer deposits	1,651,630	1,749,295	1,829,070	5%	11%	1,651,630	1,829,070	11%	1,911,076	1,921,832	96%	95%
<b>Key Ratio</b>				qoq, bps	yoy, bps							
Loan yield (%) - ann	8.4	8.2	8.5	↑ 35	↑ 15	8.4	8.3	→ (4)				
Cost of fund (%) - ann	2.7	3.0	3.1	↓ 9	↓ 35	2.7	3.0	↓ 33				
NIM (%) - ann	5.0	4.7	4.8	↑ 16	↓ (15)	5.0	4.7	↓ (22)				
CIR (%) - ann	36.7	40.8	48.3	↓ 750	↓ 1,156	37.5	44.5	↓ 703				
Cost of credit (%) - ann	0.9	0.9	0.8	↑ (13)	→ (9)	1.0	0.9	→ (8)				
ROE (%) - ann	22.4	19.6	17.3	↓ (234)	↓ (509)	21.1	18.2	↓ (284)				
CASA ratio (%)	75.0	72.6	74.0	↑ 142	↓ (98)							
LDR (%)	92.8	95.6	93.0	↑ (260)	↓ 23							
NPL ratio (%)	1.2	1.1	1.2	↓ 6	→ 4							
LaR ratio (%)	7.8	7.2	6.9	↑ (29)	↑ (84)							

Source: Company, BRIDS Estimates, Bloomberg

**Exhibit 2. BMRI's Changes in Forecast**

BMRI - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%	2027F (Prev)	2027F (Curr)	Δ%
Net Interest Income (Rpbn)	108,454	108,454	-	115,280	115,280	-	128,081	128,081	-
PPOP (Rpbn)	94,146	84,087	(10.68)	100,302	93,672	(6.61)	112,587	105,499	(6.30)
Net profit (Rpbn)	56,416	50,837	(9.89)	62,927	54,521	(13.36)	66,681	59,401	(10.92)
BVPS (Rp)	3,282	3,259	(0.73)	3,552	3,492	(1.69)	3,838	3,747	(2.37)
Gross Loans (Rpbn)	1,780,153	1,780,153	-	1,939,248	1,939,248	-	2,119,431	2,119,431	-
Customer Deposits (Rpbn)	1,911,076	1,911,076	-	2,088,712	2,088,712	-	2,270,733	2,270,733	-
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps	2027F (Prev)	2027F (Curr)	Δ bps
Net Interest Margin	4.8	4.8	-	4.8	4.8	-	5.0	5.0	-
Gross NPL Ratio	1.4	1.4	-	1.2	1.2	-	1.2	1.2	-
Cost/Income Ratio	39.6	45.1	548	39.4	42.4	295	38.2	41.1	282
Cost of Credit	1.0	0.8	(18)	0.8	1.0	21	1.0	1.1	10
ROAE	19.1	17.3	(183)	19.7	17.3	(242)	19.3	17.6	(175)

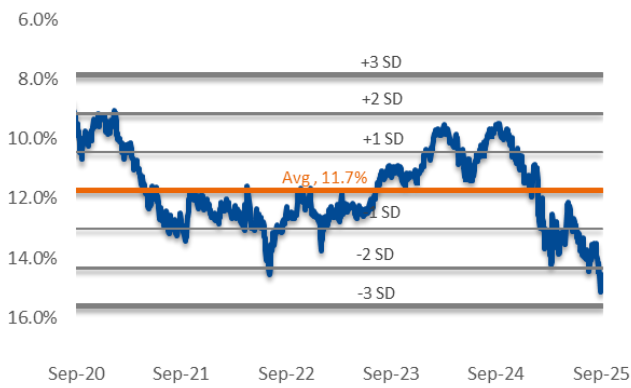
Source: Company, BRIDS Estimates

**Exhibit 3. BMRI's Valuation**

Gordon Growth Valuation with Inverse Cost of Equity	
<b>Parameters:</b>	<b>Comment:</b>
Cost of equity (%)	11.7 5-Year average
Cost of equity (%) - SD	1.3 5-Year average
SD used	(0.5)
Cost of equity (%) used	12.4
Long-term growth (%)	3.0 Long-term nominal GDP growth
Forward ROE (%)	17.3 FY25F ROAE
Fair value P/BV (x)	1.5 (ROAE - g) / (COC - g)
BV/share (IDR)	3,259 FY25F Book value per share
Fair value (IDR)	5,000 Fair value P/BV multiple x BVPS

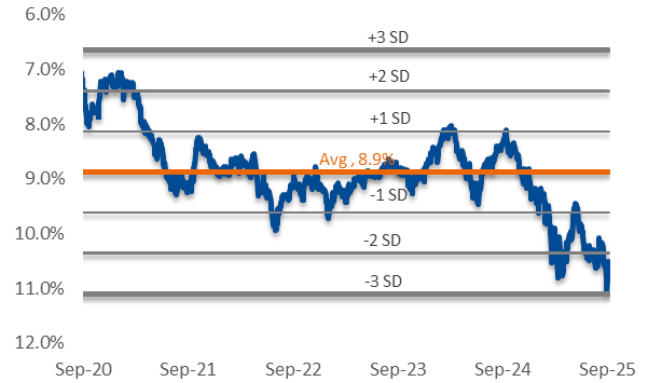
Source: Company, BRIDS Estimates

**Exhibit 4. BMRI's cost of equity band chart (5-year)**



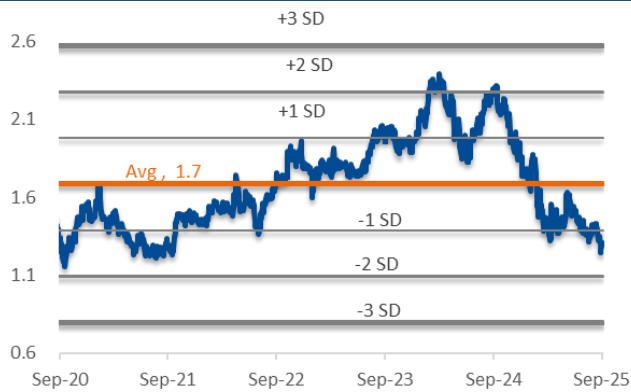
Source: Company, Bloomberg, BRIDS Estimates

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



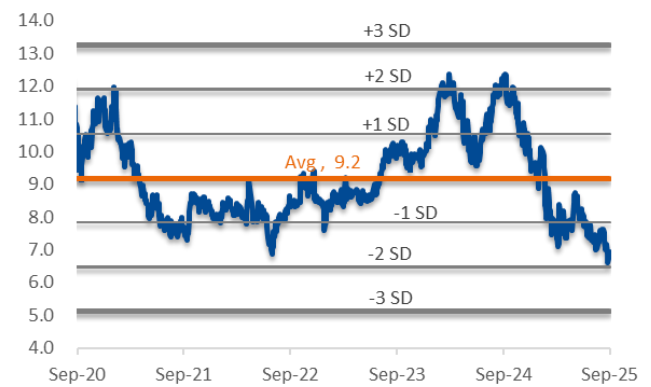
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 6. BMRI's P/BV band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 7. BMRI's P/E band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 8. 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)
<b>Net Interest Income</b>	<b>95,887</b>	<b>101,757</b>	<b>108,454</b>	<b>115,280</b>	<b>128,081</b>
Non-Interest Income (NII)	39,172	40,209	40,617	42,962	46,683
<b>Oper. Income</b>	<b>135,059</b>	<b>141,965</b>	<b>149,071</b>	<b>158,242</b>	<b>174,764</b>
Oper. Expenses	(53,867)	(58,610)	(69,101)	(68,945)	(73,511)
<b>Pre-provisions profit</b>	<b>84,790</b>	<b>87,989</b>	<b>84,087</b>	<b>93,672</b>	<b>105,499</b>
Provisions & Allowances	(10,149)	(11,929)	(13,763)	(18,296)	(23,180)
<b>Operating Profits</b>	<b>74,642</b>	<b>76,060</b>	<b>70,324</b>	<b>75,377</b>	<b>82,319</b>
Non-Operating Income	43	344	344	344	344
Exceptionals	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>74,685</b>	<b>76,403</b>	<b>70,668</b>	<b>75,721</b>	<b>82,663</b>
Income Tax	(14,633)	(15,238)	(14,094)	(15,102)	(16,487)
Minorities	(4,992)	(5,382)	(5,737)	(6,098)	(6,775)
<b>Net Profit</b>	<b>55,060</b>	<b>55,783</b>	<b>50,837</b>	<b>54,521</b>	<b>59,401</b>

**Exhibit 9. 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)
<b>Net Loans</b>	<b>1,306,734</b>	<b>1,573,862</b>	<b>1,732,374</b>	<b>1,899,149</b>	<b>2,084,548</b>
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
<b>Total Earnings Assets</b>	<b>1,975,387</b>	<b>2,216,011</b>	<b>2,348,920</b>	<b>2,500,408</b>	<b>2,669,830</b>
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
<b>Total Assets</b>	<b>2,174,219</b>	<b>2,427,223</b>	<b>2,692,560</b>	<b>2,926,321</b>	<b>3,141,686</b>
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
<b>Total Liabilities</b>	<b>1,886,724</b>	<b>2,113,749</b>	<b>2,353,014</b>	<b>2,558,869</b>	<b>2,743,699</b>
Share capital & Reserves	63,549	63,746	63,746	63,746	63,746
Retained Earnings	197,304	220,050	240,385	262,193	285,954
<b>Shareholders' Funds</b>	<b>260,853</b>	<b>283,796</b>	<b>304,131</b>	<b>325,939</b>	<b>349,700</b>
Minority interests	26,642	29,678	35,415	41,513	48,287
<b>Total Equity &amp; Liabilities</b>	<b>2,174,219</b>	<b>2,427,223</b>	<b>2,692,560</b>	<b>2,926,321</b>	<b>3,141,686</b>

**Exhibit 10. 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	45.1	42.4	41.1
Oper. Exp./Oper. Gross Inc.	57.4	61.2	66.7	66.3	66.1
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	0.8	1.0	1.1
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	17.3	17.3	17.6
ROAA	2.6	2.4	2.0	1.9	2.0
CAR	18.6	17.2	17.2	16.3	0.0

**Exhibit 11. Dupont and Growth**

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Dupont</b>					
Pre-Tax ROAA	3.6	3.3	2.8	2.7	2.7
Tax Retention rate	80.4	80.1	80.1	80.1	80.1
Post-Tax ROAA	2.9	2.7	2.2	2.2	2.2
Goodwil, Assoc& Min	0.2	0.2	0.2	0.2	0.2
Leverage	8.5	8.4	8.7	8.9	9.0
ROAE	22.4	20.5	17.3	17.3	17.6
<b>Growth (%)</b>					
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	17.9	(0.2)	6.6
Fee Based Income	4.7	16.6	(6.7)	6.3	11.1
Pre-Provision Oper. Profit	17.3	3.8	(4.4)	11.4	12.6
Net Profit	33.7	1.3	(8.9)	7.2	9.0
Shareholders' Equity	13.6	8.8	7.2	7.2	7.3
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	10.9	8.7	7.4

Source: BMRI, BRIDS Estimates

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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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