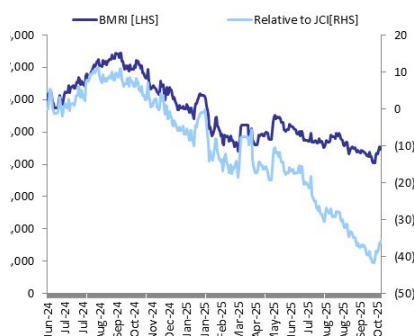


Buy

(Maintained)

Last Price (Rp)	4,510
Target Price (Rp)	5,000
Previous Target Price (Rp)	5,000
Upside/Downside	+10.9%
No. of Shares (mn)	93,333
Mkt Cap (Rpbn/US\$mn)	420,933/25,350
Avg, Daily T/O (Rpbn/US\$mn)	781.0/47.0
Free Float (%)	39.2
Major Shareholder (%)	
Government of Indonesia	52.0
INA	8.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	541.4 559.4 635.4
Consensus	541.8 590.4 640.9
BRIDS/Cons (%)	(0.1) (5.3) (0.9)

BMRI relative to JCI Index



Source: Bloomberg

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Bank Mandiri (BMRI IJ)

3Q25 Earnings In-Line: Rebounding from 2Q25's low base but still pressured by higher opex

- BMRI booked 3Q25 net profit of Rp13.3tr (+18% qoq, -14% yoy) bringing its 9M25's NP tp Rp37.7tr (-10% yoy), in line with our and cons. FY25F.
- BMRI is looking at higher loan growth and lower CoF, but remains cautious on the loan yield. One-off opex will remain until FY25F.
- We adjusted our FY25/27F net profit est. by -0.6/-0.2% and maintain Buy rating with an unchanged GGM-based TP of Rp5,000.

9M25: Double digit negative bottom line has been priced in

In 9M25, BMRI booked Rp37.7tr net profit (-10% yoy), achieving 74% of our and 75% of consensus FY25F, in line. NIM softened to 4.7% (from 5.0%) as CoF rose to 3.0% (+24bps yoy), offsetting the one-off mortgage yield gain. CoC stood at 0.8% thanks to lower NPL at 1.2% and high coverage of 243%, with credit costs mainly driven by subsidiaries, particularly in the auto segment. Wholesale asset quality improved while retail NPLs rose, though recovery is expected in 4Q25.

3Q25: Earnings driven by other operating income

BMRI's 3Q25 net profit rose 18% qoq to Rp13.3tr, rebounding from 2Q25's low base but still 14% lower yoy. The recovery was mainly driven by a 35% increase in other operating income, supported by an 80% jump in loan-related fees. Opex remained elevated at Rp17.3tr (+25% yoy), down only 1% qoq, as one-off costs persisted from Jun25. Loan yield fell 48bps qoq to 8.1% due to the absence of prior one-off gains and easing benchmark rates. Provisions stayed manageable at Rp3.2tr, keeping CoC low at 0.7% despite 11% yoy loan growth.

Expect better loan growth with potential recovery in retail segment

Management remains focused on managing opex after two consecutive quarters of elevated expenses. Loan growth is expected to stay wholesale-driven in 4Q25, while retail momentum should gradually recover as consumer confidence strengthens. CoC is guided to stay below 1% for FY25 with stable asset quality, supported by prudent provisioning. Key points to watch include opex normalization and maintaining margin stability amid easing rate conditions. We adjusted our net profit forecasts by -0.6%/-4.2%/-0.2% for FY25F/26F/27F. The revisions reflect lower NIM forecasts amid lower EA yield expectations and higher loan growth.

Maintain Buy with an unchanged TP of Rp5,000

We maintain our Buy rating and TP of Rp5,000, based on -0.5SD 5-year average CoE and revised forecasts. This valuation, which we derived from GGM with a 12.2% CoE (12.4% prev.) and a 17.2% FY25F ROE (17.3% prev.), implies an FV PBV of 1.5x. Risks to our view include possible asset quality deterioration and significant drop in loan yields.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	84,790	87,989	83,574	90,040	102,130
Net profit (Rpbn)	55,060	55,783	50,528	52,209	59,304
EPS (Rp)	589.9	597.7	541.4	559.4	635.4
EPS growth (%)	33.7	1.3	(9.4)	3.3	13.6
BVPS (Rp)	2,794.9	3,040.7	3,257.2	3,481.0	3,735.1
PER (x)	7.6	7.5	8.3	8.1	7.1
PBV (x)	1.6	1.5	1.4	1.3	1.2
Dividend yield (%)	7.8	8.0	7.2	7.4	8.5
ROAE (%)	22.4	20.5	17.2	16.6	17.6

Source: BMRI, BRIDS Estimates

Exhibit 1. BMRI's 3Q25 earnings summary

BMRI - Financial (Rpbn)	3Q24	2Q25	3Q25	qoq, %	yoy, %	9M24	9M25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	38,413	41,950	40,721	-3%	6%	110,637	122,297	11%	166,172		74%	n/a
Interest expense	12,891	15,071	14,846	-1%	15%	36,033	44,039	22%	57,718		76%	n/a
Net interest income	25,522	26,879	25,875	-4%	1%	74,603	78,259	5%	108,454	108,296	72%	72%
Other operating income	11,579	9,321	12,551	35%	8%	32,094	33,545	5%	40,617	46,707	83%	72%
Operating expenses	13,761	17,486	17,251	-1%	25%	39,837	49,906	25%	69,101		72%	n/a
PPOP	23,341	18,713	21,176	13%	-9%	66,860	61,897	-7%	84,087		74%	n/a
Provision	2,621	3,384	3,185	-6%	22%	9,534	10,464	10%	13,763	14,709	76%	71%
Operating Profit	20,720	15,329	17,991	17%	-13%	57,326	51,434	-10%	70,324	70,451	73%	73%
Net profit	15,467	11,258	13,275	18%	-14%	42,017	37,730	-10%	50,837	50,466	74%	75%
Loans	1,589,835	1,701,214	1,764,328	4%	11%	1,589,835	1,764,328	11%	1,780,153	1,828,567	99%	96%
Customer deposits	1,668,164	1,829,070	1,884,858	3%	13%	1,668,164	1,884,858	13%	1,911,076	1,907,600	99%	99%
Key Ratio												
				qoq, bps	yoy, bps			yoy, bps				
Loan yield (%) - ann	8.4	8.5	8.1	↓ (48)	↓ (37)	8.4	8.2	↓ (18)				
Cost of fund (%) - ann	3.6	3.1	3.7	↓ 64	↓ 11	2.8	3.0	↓ 24				
NIM (%) - ann	5.0	4.8	4.6	↓ (25)	↓ (38)	5.0	4.7	↓ (26)				
CIR (%) - ann	37.1	48.3	44.9	↑ (341)	↑ 780	37.3	44.6	↑ 730				
Cost of credit (%) - ann	0.7	0.8	0.7	↓ (7)	↓ 6	0.9	0.8	↓ (3)				
ROE (%) - ann	23.5	17.3	19.4	↑ 208	↓ (414)	21.8	18.5	↓ (328)				
CASA ratio (%)	73.8	74.0	69.2	↓ (477)	↓ (458)							
LDR (%)	95.3	93.0	93.6	↓ 60	↑ (170)							
NPL ratio (%)	1.1	1.2	1.2	⇒ (4)	⇒ 3							
LaR ratio (%)	7.3	6.9	6.5	↑ (44)	↑ (80)							

Source: Company, BRIDS Estimates, Bloomberg

Revised earnings estimates

We have adjusted our net profit forecasts by -0.6%/-4.2%/-0.2% for FY25F/26F/27F. The revisions reflect lower NIM forecasts at 4.7%/4.5%/4.7% underpinned by lower EA yield expectations. We forecast loan growth to be at 9.7%/12.1%/7.4% and TPF growth at 12.9%/11.5%/7.0% in FY25F/26F/27F.

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	106,534	(1.77)	115,280	111,001	(3.71)	128,081	124,028	(3.16)
PPOP (Rpbn)	84,087	83,574	(0.61)	93,672	90,040	(3.88)	105,499	102,130	(3.19)
Net profit (Rpbn)	50,837	50,528	(0.61)	54,521	52,209	(4.24)	59,401	59,304	(0.16)
BVPS (Rp)	3,259	3,257	(0.04)	3,492	3,481	(0.32)	3,747	3,735	(0.31)
Gross Loans (Rpbn)	1,780,153	1,780,153	-	1,939,248	1,995,804	2.92	2,119,431	2,143,634	1.14
Customer Deposits (Rpbn)	1,911,076	1,921,192	0.53	2,088,712	2,144,089	2.65	2,270,733	2,294,977	1.07
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps	2027F (Prev)	2027F (Curr)	Δ bps
Net Interest Margin	4.8	4.7	(8)	4.8	4.5	(23)	5.0	4.7	(23)
Gross NPL Ratio	1.4	1.4	-	1.2	1.2	-	1.2	1.2	(0)
Cost/Income Ratio	45.1	45.1	0	42.4	43.3	93	41.1	41.8	78
Cost of Credit	0.8	0.8	-	1.0	0.9	(4)	1.1	1.0	(17)
ROAE	17.3	17.2	(10)	17.3	16.6	(70)	17.6	17.6	3

Source: Company, BRIDS Estimates

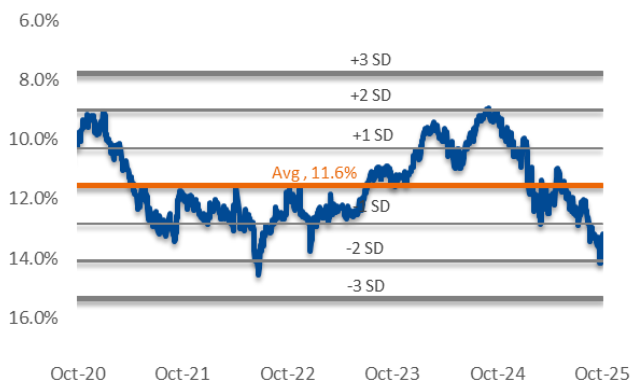
Exhibit 3. BMRI's Valuation

Gordon Growth Valuation with Inverse Cost of Equity

Parameters:	Comment:
Cost of equity (%)	11.6 5-Year average
Cost of equity (%) - SD	1.3 5-Year average
SD used	(0.5)
Cost of equity (%) used	12.2
Long-term growth (%)	3.0 Long-term nominal GDP growth
Forward ROE (%)	17.2 FY25F ROAE
Fair value P/BV (x)	1.5 (ROAE - g) / (COC - g)
BV/share (IDR)	3,257 FY25F Book value per share
Fair value (IDR)	5,000 Fair value P/BV multiple x BVPS

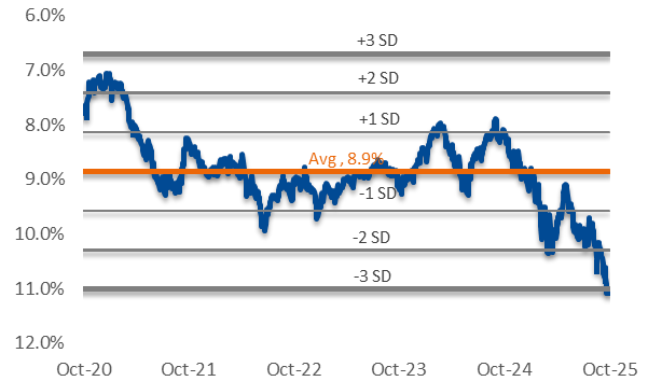
Source: Company, BRIDS Estimates

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)



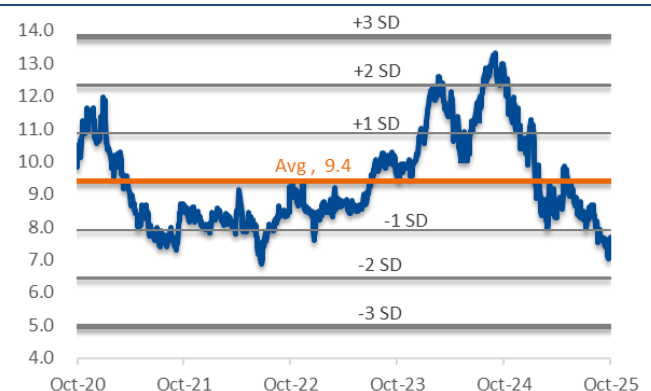
Source: Company, Bloomberg, BRIDS Estimates

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	163,343	171,042	186,693
Interest Expense	(36,658)	(49,479)	(56,809)	(60,041)	(62,664)
Net Interest Income	95,887	101,757	106,534	111,001	124,028
Non-Interest Income (NII)	39,172	40,209	41,612	43,500	47,347
Oper. Income	135,059	141,965	148,146	154,501	171,375
Oper. Expenses	(53,867)	(58,610)	(68,689)	(68,836)	(73,491)
Pre-provisions profit	84,790	87,989	83,574	90,040	102,130
Provisions & Allowances	(10,149)	(11,929)	(13,763)	(17,835)	(20,200)
Operating Profits	74,642	76,060	69,811	72,206	81,930
Non-Operating Income	43	344	344	344	344
Exceptionals	0	0	0	0	0
Pre-tax Profit	74,685	76,403	70,155	72,550	82,273
Income Tax	(14,633)	(15,238)	(13,992)	(14,470)	(16,409)
Minorities	(4,992)	(5,382)	(5,635)	(5,871)	(6,560)
Net Profit	55,060	55,783	50,528	52,209	59,304

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	1,995,804	2,143,634
Provisions	(53,099)	(49,355)	(47,779)	(41,268)	(35,281)
Net Loans	1,306,734	1,573,862	1,732,374	1,954,536	2,108,353
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	2,558,282	2,694,597
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	2,702,489	2,980,855	3,164,532
Customer Deposits	1,577,730	1,699,575	1,921,192	2,144,089	2,294,977
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	2,363,168	2,614,780	2,768,175
Share capital & Reserves	63,549	63,746	63,746	63,746	63,746
Retained Earnings	197,304	220,050	240,261	261,145	284,866
Shareholders' Funds	260,853	283,796	304,007	324,891	348,612
Minority interests	26,642	29,678	35,313	41,185	47,745
Total Equity & Liabilities	2,174,219	2,427,223	2,702,489	2,980,855	3,164,532

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	7.0	7.2	7.2	7.0	7.1
Cost of funds	2.1	2.6	2.6	2.5	2.4
Interest Spread	4.9	4.6	4.5	4.5	4.7
Net Interest Margin	5.1	4.9	4.7	4.5	4.7
Cost/Income Ratio	38.8	40.0	45.1	43.3	41.8
Oper. Exp./Oper. Gross Inc.	57.4	61.2	66.6	67.0	65.6
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	0.9	1.0
Loan to Deposit Ratio	86.2	95.5	92.7	93.1	93.4
Loan to Funding Ratio	83.5	93.2	88.7	89.6	90.1
CASA Mix	66.5	66.5	64.0	63.7	64.4
ROAE	22.4	20.5	17.2	16.6	17.6
ROAA	2.6	2.4	2.0	1.8	1.9
CAR	18.6	17.2	17.2	16.0	0.0

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	3.6	3.3	2.7	2.6	2.7
Tax Retention rate	80.4	80.1	80.1	80.1	80.1
Post-Tax ROAA	2.9	2.7	2.2	2.0	2.1
Goodwil, Assoc& Min	0.2	0.2	0.2	0.2	0.2
Leverage	8.5	8.4	8.7	9.0	9.1
ROAE	22.4	20.5	17.2	16.6	17.6
Growth (%)					
Interest income	17.9	14.1	8.0	4.7	9.2
Net Interest Income	9.1	6.1	4.7	4.2	11.7
Other Oper. Expenses	1.1	8.8	17.2	0.2	6.8
Fee Based Income	4.7	16.6	(8.3)	4.2	11.7
Pre-Provision Oper. Profit	17.3	3.8	(5.0)	7.7	13.4
Net Profit	33.7	1.3	(9.4)	3.3	13.6
Shareholders' Equity	13.6	8.8	7.1	6.9	7.3
Loan	16.0	19.4	9.7	12.1	7.4
Earnings Asset	8.9	12.2	6.0	8.9	5.3
Deposit	5.9	8.2	12.9	11.5	7.0
Int. Bearing Liab.	8.5	12.7	12.2	10.9	6.1
CASA	6.2	8.2	8.7	10.9	8.2
Total Asset	9.1	11.6	11.3	10.3	6.2

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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