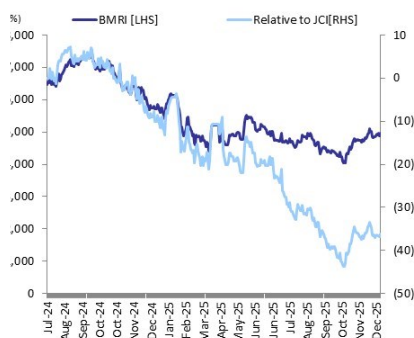


Buy

(Maintained)

Last Price (Rp)	4,970
Target Price (Rp)	5,500
Previous Target Price (Rp)	5,000
Upside/Downside	+10.7%
No. of Shares (mn)	93,333
Mkt Cap (Rpbn/US\$mn)	463,867/27,801
Avg, Daily T/O (Rpbn/US\$mn)	731.7/43.9
Free Float (%)	39.2
Major Shareholder (%)	
Government of Indonesia	52.0
INA	8.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	531.1 560.7 598.9
Consensus	543.9 591.7 649.9
BRIDS/Cons (%)	(2.4) (5.2) (7.8)

BMRI relative to JCI Index



Source: Bloomberg

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Bank Mandiri (BMRI IJ)

FY26 Outlook: Cautious on NIM amid Higher Volume but Lower Opex Provide Buffer for Earnings

- We expect BMRI FY26 net profit to rebound by 5.6% yoy to Rp52.3tr from its FY25F low base, driven by higher loan growth and lower opex.
- Wholesale loans will remain the growth engine while intensified competition will pose risk on NIM amid potentially lower CoF.
- We adjusted our FY25/26F net profit est. by -1.9/+0.2% and maintain Buy rating with a higher GGM-based TP of Rp5,500.

Earnings to rebound from FY25's low base

We expect BMRI to book net profit of Rp52.3tr in FY26F (+5.6% yoy) after FY25F's soft NP of Rp49.6tr (-11% yoy). The net profit growth driver is the higher loan growth of 12% yoy, offsetting the 26bps decrease in NIM as competition in the wholesale segment will remain intense in FY26F, and CIR normalization post high base expenses in FY25F. We expect 7% yoy lower opex for FY26F due to the absence of one-off expenses in FY25F, pushing CIR down to 41.9% in FY26F (FY25F: 46.5%).

Wholesale loans to continue drive growth

The bank expects loan growth to stay wholesale-driven in FY26F, while retail momentum should gradually recover as consumer confidence strengthens. In its base-case scenario, the bank aims to keep its yoy FY26F NIM steady at 4.8-5.0%, with potentially lower earning asset yield to be offset by lower cost of funds. BMRI remains confident in its corporate segment asset quality, noting that most of the growth comes from big corporate names, investment loan, and the export-oriented sector.

FY25/26F estimates tweaked by -1.9/+0.2%

We lowered our FY25F earnings by 1.9%, taking into account lower NIM and higher opex, partly offset by lower cost of credit. Our FY26F earnings remain broadly unchanged (+0.2% vs. prev est.) as the downward revisions on NIM and higher CoC were offset by the lower CIR, as we now expect 7% yoy lower opex growth for FY26F (from flat prev.).

Maintain Buy with a higher TP of Rp5,500

We roll forward our valuation to FY26F with ROE of 16.6%, revised CoE of 11.6% (5-year avg.) from 12.2% (-0.5SD) prev. as we see the high opex period is behind us. We maintain our Buy rating with a higher TP of Rp5,500, implying a FV PBV of 1.6x. Risks to our view include possible asset quality deterioration and elevated opex.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	84,790	87,989	80,310	90,364	102,584
Net profit (Rpbn)	55,060	55,783	49,570	52,331	55,898
EPS (Rp)	589.9	597.7	531.1	560.7	598.9
EPS growth (%)	33.7	1.3	(11.1)	5.6	6.8
BVPS (Rp)	2,794.9	3,040.7	3,253.1	3,477.4	3,717.0
PER (x)	8.4	8.3	9.4	8.9	8.3
PBV (x)	1.8	1.6	1.5	1.4	1.3
Dividend yield (%)	7.1	7.2	6.4	6.8	7.2
ROAE (%)	22.4	20.5	16.9	16.7	16.6

Source: BMRI, BRIDS Estimates

Exhibit 1. BMRI's Changes in Forecast

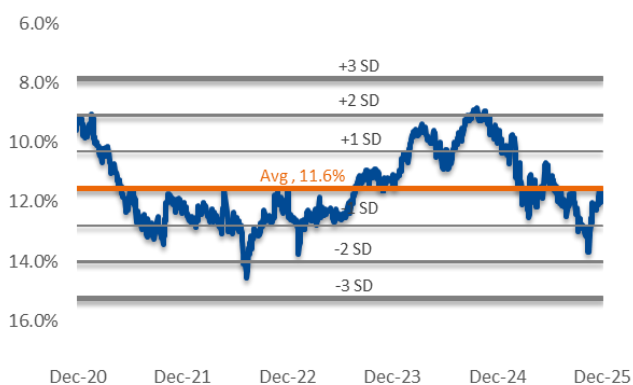
BMRI - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%	2027F (Prev)	2027F (Curr)	Δ%
Net Interest Income (Rpbn)	106,534	104,905	(1.53)	111,001	108,270	(2.46)	124,028	121,275	(2.22)
PPOP (Rpbn)	83,574	80,310	(3.90)	90,040	90,364	0.36	102,130	102,584	0.45
Net profit (Rpbn)	50,528	49,570	(1.90)	52,209	52,331	0.23	59,304	55,898	(5.74)
BVPS (Rp)	3,257	3,253	(0.13)	3,481	3,477	(0.10)	3,735	3,717	(0.49)
Gross Loans (Rpbn)	1,780,153	1,780,153	-	1,995,804	1,995,804	-	2,143,634	2,143,634	-
Customer Deposits (Rpbn)	1,921,192	1,928,843	0.40	2,144,089	2,152,252	0.38	2,294,977	2,303,513	0.37
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps	2027F (Prev)	2027F (Curr)	Δ bps
Net Interest Margin	4.7	4.6	(11)	4.5	4.3	(21)	4.7	4.5	(26)
Gross NPL Ratio	1.4	1.1	(26)	1.2	1.2	(1)	1.2	1.1	(8)
Cost/Income Ratio	45.1	46.6	144	43.3	41.9	(143)	41.8	40.4	(140)
Cost of Credit	0.8	0.8	(5)	0.9	1.0	8	1.0	1.3	29
ROAE	17.2	16.9	(31)	16.6	16.7	6	17.6	16.6	(96)

Source: Company, BRIDS Estimates

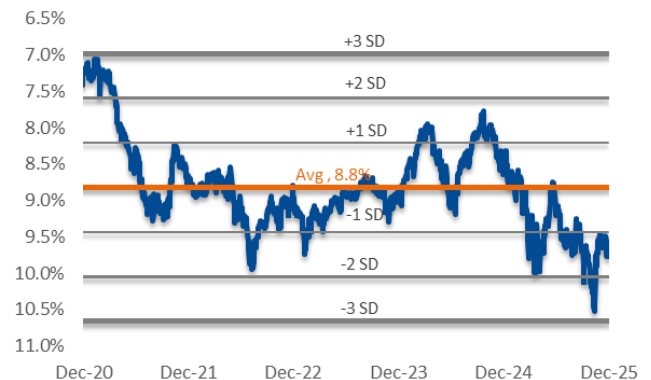
Exhibit 2. BMRI's Valuation
Gordon Growth Valuation with Inverse Cost of Equity

Parameters:	Comment:
Cost of equity (%)	11.6 5-Year average
Cost of equity (%) - SD	1.2 5-Year average
SD used	-
Cost of equity (%) used	11.6
Long-term growth (%)	3.0 Long-term nominal GDP growth
Forward ROE (%)	16.7 FY26F ROAE
Fair value P/BV (x)	1.6 (ROAE - g) / (COC - g)
BV/share (IDR)	3,477 FY26F Book value per share
Fair value (IDR)	5,500 Fair value P/BV multiple x BVPS

Source: Company, BRIDS Estimates

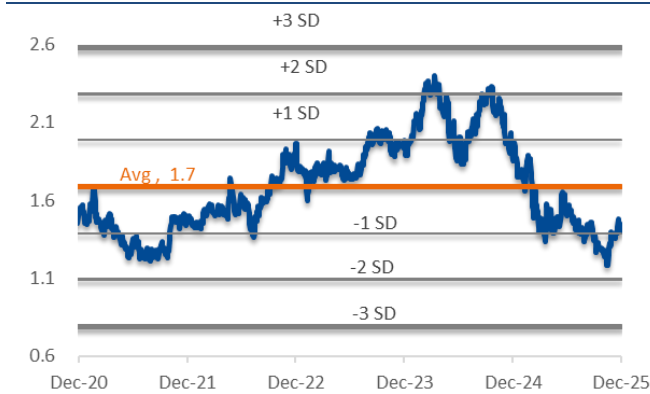
Exhibit 3. BMRI's cost of equity band chart (5-year)


Source: Company, Bloomberg, BRIDS Estimates

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


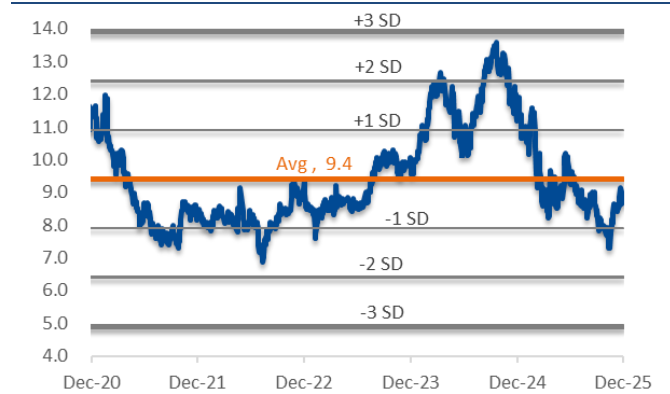
Source: Company, Bloomberg, BRIDS Estimates

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



Source: Company, Bloomberg, BRIDS Estimates

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



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	132,544	151,236	163,599	170,135	185,747
Interest Expense	(36,658)	(49,479)	(58,694)	(61,865)	(64,471)
Net Interest Income	95,887	101,757	104,905	108,270	121,275
Non-Interest Income (NII)	39,172	40,209	41,248	42,890	46,731
Oper. Income	135,059	141,965	146,153	151,161	168,007
Oper. Expenses	(53,867)	(58,610)	(69,959)	(65,171)	(69,668)
Pre-provisions profit	84,790	87,989	80,310	90,364	102,584
Provisions & Allowances	(10,149)	(11,929)	(12,843)	(19,259)	(26,294)
Operating Profits	74,642	76,060	67,467	71,105	76,291
Non-Operating Income	43	344	344	344	344
Exceptionals	0	0	0	0	0
Pre-tax Profit	74,685	76,403	67,811	71,449	76,635
Income Tax	(14,633)	(15,238)	(13,525)	(14,250)	(15,284)
Minorities	(4,992)	(5,382)	(4,717)	(4,868)	(5,453)
Net Profit	55,060	55,783	49,570	52,331	55,898

Exhibit 8. 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)	(43,301)	(40,397)	(42,384)
Net Loans	1,306,734	1,573,862	1,736,852	1,955,407	2,101,250
Govt. Bonds	309,183	287,273	293,899	305,609	317,914
Securities	94,546	95,478	100,252	104,458	108,858
Other Earnings Assets	37,456	46,293	45,147	52,159	56,550
Total Earnings Assets	1,975,387	2,216,011	2,383,474	2,630,557	2,803,558
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	2,708,838	2,986,763	3,168,342
Customer Deposits	1,577,730	1,699,575	1,928,843	2,152,252	2,303,513
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	2,370,819	2,622,944	2,776,711
Share capital & Reserves	63,549	63,746	63,746	63,746	63,746
Retained Earnings	197,304	220,050	239,878	260,811	283,170
Shareholders' Funds	260,853	283,796	303,624	324,557	346,916
Minority interests	26,642	29,678	34,395	39,263	44,715
Total Equity & Liabilities	2,174,219	2,427,223	2,708,838	2,986,763	3,168,342

Exhibit 9. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	7.0	7.2	7.1	6.8	6.8
Cost of funds	2.1	2.6	2.7	2.6	2.5
Interest Spread	4.9	4.6	4.4	4.2	4.4
Net Interest Margin	5.1	4.9	4.6	4.3	4.5
Cost/Income Ratio	38.8	40.0	46.6	41.9	40.4
Oper. Exp./Oper. Gross Inc.	57.4	61.2	67.7	67.3	67.8
Gross NPL Ratio	1.2	1.1	1.1	1.2	1.1
LLP/Gross NPL	329.1	273.7	219.0	169.7	174.2
Cost of Credit	0.8	0.8	0.8	1.0	1.3
Loan to Deposit Ratio	86.2	95.5	92.3	92.7	93.1
Loan to Funding Ratio	83.5	93.2	88.4	89.2	89.8
CASA Mix	66.5	66.5	63.8	63.5	64.2
ROAE	22.4	20.5	16.9	16.7	16.6
ROAA	2.6	2.4	1.9	1.8	1.8
CAR	18.6	17.2	17.1	15.8	0.0

Exhibit 10. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	3.6	3.3	2.6	2.5	2.5
Tax Retention rate	80.4	80.1	80.1	80.1	80.1
Post-Tax ROAA	2.9	2.7	2.1	2.0	2.0
Goodwil, Assoc& Min	0.2	0.2	0.2	0.2	0.2
Leverage	8.5	8.4	8.7	9.1	9.2
ROAE	22.4	20.5	16.9	16.7	16.6
Growth (%)					
Interest income	17.9	14.1	8.2	4.0	9.2
Net Interest Income	9.1	6.1	3.1	3.2	12.0
Other Oper. Expenses	1.1	8.8	19.4	(6.8)	6.9
Fee Based Income	4.7	16.6	(9.7)	3.2	12.0
Pre-Provision Oper. Profit	17.3	3.8	(8.7)	12.5	13.5
Net Profit	33.7	1.3	(11.1)	5.6	6.8
Shareholders' Equity	13.6	8.8	7.0	6.9	6.9
Loan	16.0	19.4	9.7	12.1	7.4
Earnings Asset	8.9	12.2	7.6	10.4	6.6
Deposit	5.9	8.2	13.4	11.5	7.0
Int. Bearing Liab.	8.5	12.7	12.5	10.9	6.1
CASA	6.2	8.2	8.7	10.9	8.2
Total Asset	9.1	11.6	11.6	10.3	6.1

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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