Buy

(Maintained)

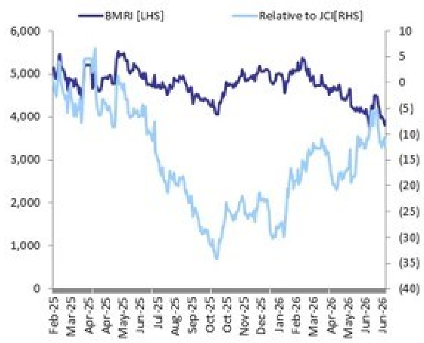
Tactical (3M): **N**

Last Price (Rp)	4,380
Target Price (Rp)	6,200
Previous TP (Rp)	*6,200*
Upside/Downside	+31.9%
No. of Shares (mn)	93,333
Mkt Cap (Rpbn/US$mn)	408,800/22,819
Avg, Daily T/O (Rpbn/US$mn)	925.8/51.7
Free Float (%)	39.8
Major Shareholder (%)	
Government of Indonesia	**52.0**
INA	**8.0**

EPS Consensus (Rp)

	2026F	2027F	2028F
BRIDS	614.7	656.6	699.7
Consensus	614.7	653.4	746.9
BRIDS/Cons (%)	**0.0**	**0.5**	**6.3**

BMRI relative to JCI Index



Source: Bloomberg

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Bank Mandiri (BMRI IJ)

2Q26 Earnings: Beat; Lower CoC Offset NIM Compression

- **BMRI posted 2Q26 net profit of Rp15.0tr (-2% qoq, +33% yoy) bringing 1H26 to Rp30.4tr (+24% yoy).**
- **Management lowered FY26 NIM guidance to 4.3-4.5% (from 4.5-4.7%) while maintaining CoC, loan growth, and CIR guidance.**
- **As pressure on NIM continue and opex normalizes in 2H26, we keep our forecasts and TP unchanged and maintain Buy rating.**

Robust bottom line amid compressed NIM

BMRI posted a net profit of Rp15.0tr in 2Q26 (-2% qoq, +33% yoy), supported by strong fee-based income, lower opex, and lower provision expenses, more than offsetting NIM compression. This brings 1H26 net profit to Rp30.4tr (+24% yoy), forming 53% of both ours and consensus FY26F estimates, slightly ahead of expectations. Bank-only NIM declined 23bps qoq to 4.21%, driven by a 20bps drop in loan yields and a 12bps increase in CoF. Management attributed the yield pressure to a newly disbursed related-party corporate loans, which carry yields around 120bps below the normal corporate portfolio. Non-interest income grew 33% yoy, supported by both recurring and non-recurring income.

Solid loan growth with stable CoC driven by wholesale asset quality

Despite a 19% loan growth, provision expenses declined 2% qoq, keeping CoC at around 60bps. NPL remained stable at 0.98%, while LaR improved to 5.83% (-19bps qoq). Loan growth remained wholesale-driven, with related-party loans growing 13% YTD and non-related corporate loans accelerating to 4% YTD from 0.6% in 1Q26. While corporate and commercial asset quality continued to improve, SME, micro & payroll, and consumer segments deteriorated further during the quarter.

Lowering NIM guidance, keeping others intact

CoC remained at around 60bps, within the 60–80bps guidance range, supported by resilient overall asset quality. Management maintained FY26 guidance for loan growth (7–9%), CoC (0.6–0.8%), and CIR (40–41%), but revised down NIM guidance again to 4.3–4.5% (from 4.5–4.7%), reflecting the prolonged pressure on loan yields, with consolidated NIM also expected to decline to 4.56% (-32bps yoy). Management expects NIM to bottom in 3Q26 before gradually recovering.

Maintain BUY with TP of Rp6,200

We maintain our Buy rating with an unchanged forecast and TP of Rp6,200 based on 5-year inverse CoE of 11.6% and LTG of 3%. Our TP implies an FV PBV of 1.8x. Risks to our view are prolonged high oil price affecting NIM and asset quality**. Tactical (3M) view: N.** Despite robust 2Q26 results, the stock might see high volatility driven by policies uncertainties and NIM compression in 3Q26.

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
PPOP (Rpbn)	87,989	87,642	93,079	104,587	111,809
Net profit (Rpbn)	55,783	56,294	57,374	61,281	65,308
EPS (Rp)	597.7	603.1	614.7	656.6	699.7
EPS growth (%)	1.3	0.9	1.9	6.8	6.6
BVPS (Rp)	3,040.7	3,147.3	3,393.2	3,655.8	3,935.7
PER (x)	7.9	7.8	7.6	7.2	6.7
PBV (x)	1.5	1.5	1.4	1.3	1.2
Dividend yield (%)	7.6	7.7	7.8	8.4	8.9
ROAE (%)	20.5	19.5	18.8	18.6	18.4

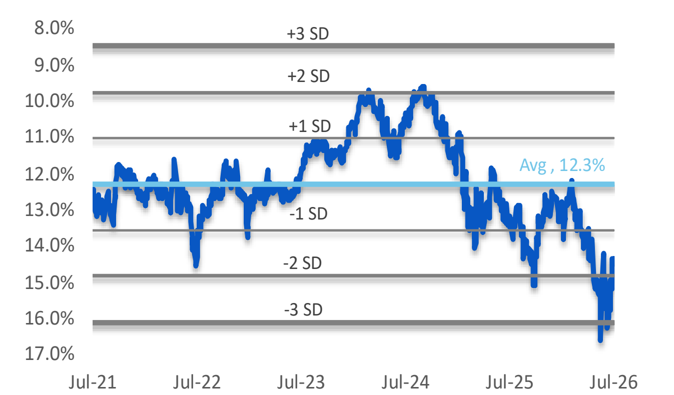
Source: BMRI, BRIDS Estimates

Exhibit 1. BMRI 2Q26 Results

Financial (Rpbn) - Presentation	2Q25	1Q26	2Q26	qoq, %	yoy, %	1H25	1H26	yoy, %	FY26F	FY26C	A/F	A/C
Interest income	34,550	37,375	35,520	-5%	3%	69,642	72,895	5%	172,006		42%	n/a
Interest expense	12,785	12,325	12,731	3%	0%	25,367	25,056	-1%	61,679		41%	n/a
Net interest income	21,765	25,050	22,789	-9%	5%	44,275	47,839	8%	110,326	107,144	43%	45%
Other operating income	8,835	11,555	11,716	1%	33%	19,887	23,271	17%	44,148	48,600	53%	48%
Operating expenses	14,234	13,992	12,934	-8%	-9%	27,313	26,926	-1%	68,291		39%	n/a
PPOP	16,366	22,613	21,571	-5%	32%	36,849	44,184	20%	93,079		47%	n/a
Provision	2,484	2,691	2,430	-10%	-2%	5,852	5,121	-12%	15,179	13,821	34%	37%
Operating Profit	13,882	19,922	19,141	-4%	38%	30,997	39,063	26%	77,899	77,334	50%	51%
Net profit	11,258	15,384	15,028	-2%	33%	24,455	30,412	24%	57,374	57,382	53%	53%
Loans	1,411,630	1,614,150	1,677,449	4%	19%	1,411,630	1,677,449	19%	1,996,929	1,842,692	84%	91%
Customer deposits	1,506,120	1,730,303	1,763,167	2%	17%	1,506,120	1,763,167	17%	2,169,381	2,080,179	81%	85%
Key Ratio				qoq, bps	yoy, bps			yoy, bps				
Loan yield (%) - bank only	7.9	7.1	6.9	(20)	(95)	7.8	7.0	(74)				
CoF deposit (%) - bank only	2.5	2.0	2.0	7	(47)	2.4	2.0	(43)				
NIM (%) - bank only	4.6	4.5	4.2	(33)	(41)	4.6	4.4	(26)				
Ratio (Consolidated) - Est.												
CIR (%) - ann	49.4	38.2	37.6	(60)	(1,180)	44.2	37.9	(630)				
Cost of credit (%) - ann	0.5	0.6	0.6	6	15	0.7	0.6	(5)				
ROE (%) - ann	17.1	20.4	21.4	100	430	18.0	20.9	290				
CASA ratio (%)	76.6	70.2	69.2	(100)	(740)	76.6	69.2	(740)				
LDR (%) - bank entity	90.1	90.4	92.3	190	220	90.1	92.3	220				
NPL ratio (%)	1.1	1.0	1.0	(1)	(9)	1.1	1.0	(9)				
LaR ratio (%)	6.9	6.0	5.8	(19)	(109)	6.9	5.8	(109)				

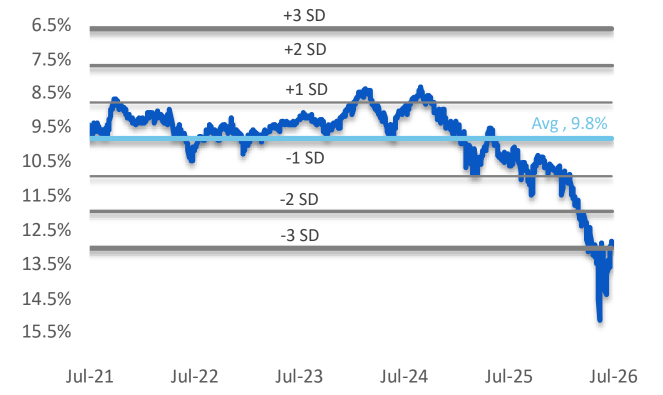
Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. BMRI's Cost of Equity Band Chart (5-year)



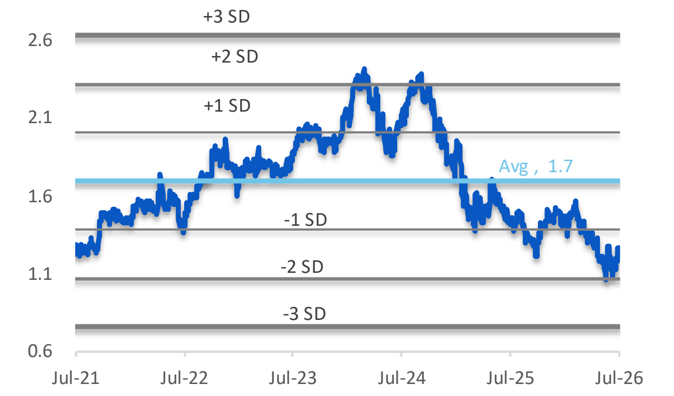
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 3. Sector's Cost of Equity Band Chart (5-year)



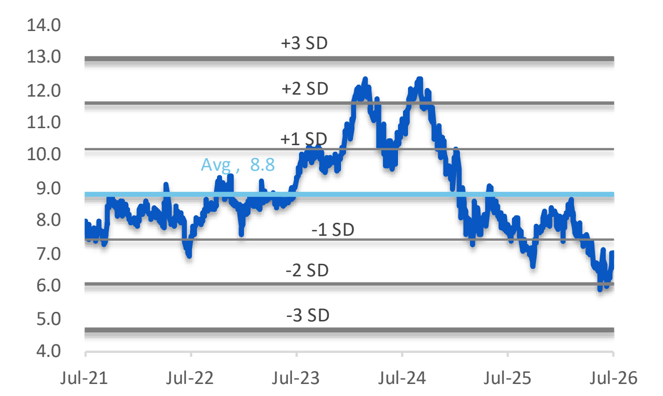
Source: Company, Bloomberg, BRIDS Estimates

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)	2024A	2025A	2026F	2027F	2028F
Interest Income	151,236	164,412	172,006	183,019	194,826
Interest Expense	(49,479)	(58,202)	(61,679)	(61,177)	(65,436)
Net Interest Income	**101,757**	**106,210**	**110,326**	**121,842**	**129,390**
Non-Interest Income (NII)	40,209	42,209	44,148	47,950	50,735
Oper. Income	**141,965**	**148,419**	**154,474**	**169,793**	**180,126**
Oper. Expenses	(58,610)	(67,584)	(68,291)	(72,868)	(76,391)
Pre-provisions profit	**87,989**	**87,642**	**93,079**	**104,587**	**111,809**
Provisions & Allowances	(11,929)	(11,331)	(15,179)	(21,138)	(22,896)
Operating Profits	**76,060**	**76,311**	**77,899**	**83,449**	**88,912**
Non-Operating Income	344	107	107	107	107
Exceptionals	0	0	0	0	0
Pre-tax Profit	**76,403**	**76,418**	**78,006**	**83,556**	**89,019**
Income Tax	(15,238)	(15,071)	(15,385)	(16,479)	(17,557)
Minorities	(5,382)	(5,052)	(5,248)	(5,796)	(6,155)
Net Profit	**55,783**	**56,294**	**57,374**	**61,281**	**65,308**

Exhibit 7. Balance Sheet

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Gross Loans	1,623,217	1,849,968	1,996,929	2,144,806	2,277,700
Provisions	(49,355)	(48,034)	(44,868)	(46,732)	(49,544)
Net Loans	**1,573,862**	**1,801,934**	**1,952,061**	**2,098,074**	**2,228,155**
Govt. Bonds	287,273	292,818	304,464	316,702	329,562
Securities	95,478	124,728	129,988	135,491	141,249
Other Earnings Assets	46,293	43,832	50,079	54,371	59,019
Total Earnings Assets	**2,216,011**	**2,472,625**	**2,648,592**	**2,819,234**	**2,980,019**
Fixed Assets	90,459	103,150	109,048	115,311	121,906
Non-Earnings Assets	49,954	54,148	49,341	50,671	51,386
Total Assets	**2,427,223**	**2,829,948**	**3,081,091**	**3,299,703**	**3,560,627**
Customer Deposits	1,699,575	2,106,518	2,169,381	2,360,131	2,569,651
Banks Deposits	27,043	20,756	22,208	23,763	25,426
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	**2,113,749**	**2,502,546**	**2,725,492**	**2,913,795**	**3,142,442**
Share capital & Reserves	63,746	70,241	70,241	70,241	70,241
Retained Earnings	220,050	223,510	246,459	270,972	297,095
Shareholders' Funds	**283,796**	**293,751**	**316,700**	**341,212**	**367,336**
Minority interests	29,678	33,651	38,899	44,695	50,850
Total Equity & Liabilities	**2,427,223**	**2,829,948**	**3,081,091**	**3,299,703**	**3,560,627**

Exhibit 8. Key Ratios

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Yield on Earning Assets	7.2	7.0	6.7	6.7	6.7
Cost of funds	2.6	2.6	2.5	2.2	2.2
Interest Spread	4.6	4.4	4.3	4.4	4.5
Net Interest Margin	4.9	4.5	4.3	4.5	4.5
Cost/Income Ratio	40.0	43.5	42.3	41.1	40.6
Oper. Exp./Oper. Gross Inc.	61.2	64.2	65.1	65.0	64.9
Gross NPL Ratio	1.1	1.1	1.2	1.1	1.1
LLP/Gross NPL	273.7	235.3	188.8	192.0	190.1
Cost of Credit	0.8	0.7	0.8	1.0	1.0
Loan to Deposit Ratio	95.5	87.8	92.1	90.9	88.6
Loan to Funding Ratio	93.2	85.3	84.7	84.2	82.6
CASA Mix	66.5	60.5	63.2	62.9	62.5
ROAE	20.5	19.5	18.8	18.6	18.4
ROAA	2.4	2.1	1.9	1.9	1.9
CAR	17.2	16.1	15.5	15.0	15.0

Exhibit 9. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Dupont					
Pre-Tax ROAA	3.3	2.9	2.6	2.6	2.6
Tax Retention rate	80.1	80.3	80.3	80.3	80.3
Post-Tax ROAA	2.7	2.3	2.1	2.1	2.1
Goodwil, Assoc& Min	0.2	0.2	0.2	0.2	0.2
Leverage	8.4	9.1	9.7	9.7	9.7
ROAE	20.5	19.5	18.8	18.6	18.4
Growth (%)					
Interest income	14.1	8.7	4.6	6.4	6.5
Net Interest Income	6.1	4.4	3.9	10.4	6.2
Other Oper. Expenses	8.8	15.3	1.0	6.7	4.8
Fee Based Income	16.6	8.2	4.4	10.4	6.2
Pre-Provision Oper. Profit	3.8	(0.4)	6.2	12.4	6.9
Net Profit	1.3	0.9	1.9	6.8	6.6
Shareholders' Equity	8.8	3.5	7.8	7.7	7.7
Loan	19.4	14.0	7.9	7.4	6.2
Earnings Asset	12.2	11.6	7.1	6.4	5.7
Deposit	8.2	23.2	3.0	8.8	8.9
Int. Bearing Liab.	12.7	18.5	9.4	7.1	8.0
CASA	8.2	12.1	7.5	8.2	8.3
Total Asset	11.6	16.6	8.9	7.1	7.9

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