22 September 2025

Financial Services | Banks

Bank Mandiri (BMRI IJ)

Buy (Maintained)

Better Prospects In FY26F

Target Price (Return):	IDR5,300 (+21%)
Price (Market Cap):	IDR4,380 (USD24,625m)
ESG score:	3.3 (out of 4)
Avg Daily Turnover (IDR/USD)	787,291m/48.2m

- **Keep BUY, new IDR5,300 TP from IDR5,600, 21% upside with c.8% FY25F yield.** Bank Mandiri's 2Q25 results missed estimates on elevated opex arising from a lumpy audit adjustment, but management said this was non-recurring and FY26F CIR should improve significantly. This lends support to our forecast of a 16% YoY rebound in FY26F PATMI growth. As it is trading at 1.41x FY25F P/BV vs ROE of 17.4% and 8.5% FY25F dividend yield, a fair amount of concerns and uncertainties look to be priced in, in our view.
- **2Q25 net profit of IDR11.3trn (-15% QoQ, -19% YoY)** brought 1H25 PATMI to IDR24.5trn (-8% YoY) – missing estimates, at 44% of our and consensus FY25F earnings. The key variance was higher-than-expected opex (1H: +29% YoY) arising from an audit adjustment, but this is not expected to recur in 2026. 1H25 ROE was at 18.1% (FY24: 21.2%) while CET-1 ratio was at 18.3% (4Q24: 19.6%). The drop in 2Q25 PATMI was from higher opex (+18% QoQ, +41% YoY) as BMRI took up the 1H portion of the audit adjustment in June. The balance is to be spread out over the remaining quarters in 2H. As such, 2Q25 CIR spiked to 50.5% vs 1Q25: 41.6% (2Q24: 36.8%). Otherwise, NII was up 5% QoQ (+8% YoY) on loan growth and slight NIM expansion, aided by an adjustment to the interest rate recognition method for a mortgage product. Loan provisions were also lower with asset quality largely stable.
- **2Q25 loans expanded by 2% QoQ** or 11% YoY, with the sequential expansion led by the commercial segment (+4% QoQ, +17% YoY). Annualised loan growth, however, was 3.6%, ie trailing the earlier 10-12% guidance as BMRI kept to prioritising liability growth with 2Q25 deposit growth at +5% QoQ (+11% YoY) while annualised deposit growth was 15%. 2Q25 CASA grew 7% QoQ or 9% YoY while time deposits dipped 1% QoQ (+15% YoY). As such, group LDR dropped to 93% from 95.6% in 1Q25 (Dec 2024: 98.3%). CASA ratio improved to 74% from 72.6% in 1Q25 (Dec 2024: 74.8%).
- **Resilient asset quality.** Loans at risk (LAR) ratio improved QoQ to 6.9% (1Q25: 7.2%) but NPL ratio ticked up slightly to 1.24% from 1.17% in 1Q25. LAR coverage was at 44.5% (1Q25: 43%) while LLC stood at 246% (1Q25: 265%) – both sufficient to weather downside risks.
- **Briefing highlights.** Management revised down its FY25F guidance on loan growth to 8-10% (from 10-12%), NIM to 4.8-5% (from 5-5.2%) and credit cost to 0.8-1% (from 1-1.2%). On the audit adjustment, BMRI expects to book in the remaining costs evenly in 2H25, and does not expect this to recur next year. Hence, while FY25F CIR was guided to be c. 45%, FY26F CIR is anticipated to drop to 40-42% with absolute opex staying flat (base case). On the funds BMRI will receive from the Government's liquidity injection plan, BMRI could not share more on its impact for now, pending further details.
- **FY25-27F earnings trimmed by 10%, 7%, and 9%,** on higher opex, lower NIM assumed and non-II. TP (includes 6% ESG premium) lowered on the back of the earnings changes, ie lower ROE assumption and BVPS.

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Reported net profit (IDRb)	55,060	55,783	49,835	57,922	65,373
Net profit growth (%)	33.7	1.3	(10.7)	16.2	12.9
Recurring net profit (IDRb)	55,060	55,783	49,835	57,922	65,373
Recurring EPS (IDR)	589.94	597.68	533.95	620.60	700.44
BVPS (IDR)	2,794.89	3,040.72	3,108.60	3,355.42	3,621.44
DPS (IDR)	354.22	466.08	373.77	434.42	490.31
Recurring P/E (x)	7.42	7.33	8.20	7.06	6.25
P/B (x)	1.57	1.44	1.41	1.31	1.21
Dividend Yield (%)	8.1	10.6	8.5	9.9	11.2
Return on average equity (%)	22.4	20.5	17.4	19.2	20.1

Source: Company data, RHB

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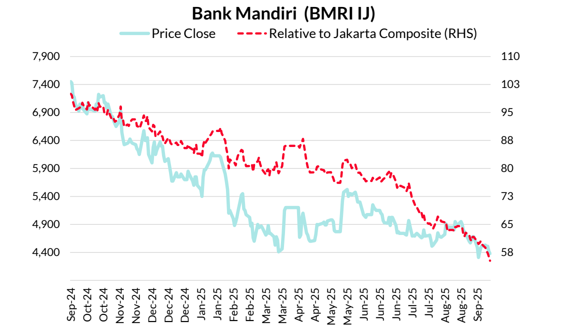
Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(23.2)	(8.8)	(11.9)	(6.4)	(40.8)
Relative	(36.9)	(11.2)	(27.4)	(34.0)	(42.6)
52-wk Price low/high (IDR)					4,310 –7,450



Source: Bloomberg

Overall ESG Score: 3.3 (out of 4)

E Score: 3.3 (EXCELLENT)
S Score: 3.3 (EXCELLENT)
G Score: 3.3 (EXCELLENT)
Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis

BMRI's total emissions (including financed emissions) increased by 7% YoY mainly due to an expanded scope, with coverage reaching 56% of the bank's total financing portfolio in 2024, or up 47% vs 2023 levels. In terms of emission intensity/bn of IDR financed, BMRI actually recorded a decrease in total financed emissions intensity to 26.4tCO2e/IDRbn from 31.83tCO2e/IDRbn.

Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1	42,698	43,077	46,741	na
Scope 2	260,082	252,636	192,853	na
Scope 3	1,007	18,070,000	19,400,000	na
Total emissions	303,787	18,365,713	19,639,594	na

Source: Company data, RHB

Latest ESG-Related Developments

Long-term 2025-2029 strategy: It has a vision of becoming Indonesia's sustainability champion for a better future.

Focus: It is committed to leading Indonesia's transition to a low carbon economy, and achieving net-zero emissions in operations by 2030.

Financed emissions: BMRI continued to expand the its Scope 3 financed emissions in 2024.

ESG Unbundled

Overall ESG Score: 3.3 (out of 4)

Last Updated: 11 Apr 2025

E Score: 3.3 (EXCELLENT)

BMRI is committed to achieving net zero emissions in its operations by 2030, and in financing by 2060. In sustainable banking, BMRI has five prioritised sectors – oil palm plantations, construction & infrastructure, energy & water, metal mining, and F&B. Total sustainable business financing stood at IDR264trn or 24% of loans (bank-only).

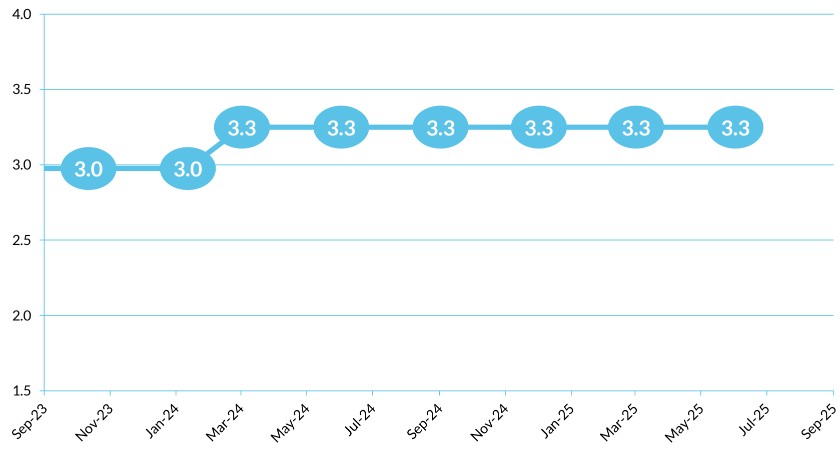
S Score: 3.3 (EXCELLENT)

The bank implemented several corporate social responsibility programmes, with a focus on community empowerment and the environment. It also developed branchless banking to introduce retail products to the underbanked, and distribute micro business credit and/or people's business credit to four commodity sectors.

G Score: 3.3 (EXCELLENT)

BMRI actively provides education related to sustainability to stakeholders. The bank's composition of board of commissioners and board of directors is in line with the recommendations of the Financial Services Authority.

ESG Rating History



Source: RHB

Financial Exhibits

Asia
Indonesia
Financial Services
Bank Mandiri
BMRI IJ
Buy

Valuation basis

GGM-derived intrinsic value with an ESG overlay. Key GGM assumptions:

i. COE of 14.2%,
ii. ROE of 19.5%, and
iii. 5.5% long-term growth.

Key drivers

Our earnings are most sensitive to changes in:

i. Net interest margin;
ii. Credit cost;
iii. Non-interest income growth.

Key risks

Downside risks include:

i. Weaker-than-expected NIMs;
ii. Sharper-than-expected deterioration in asset quality;
iii. Weaker-than-expected non-interest income.

Company Profile

Bank Mandiri is Indonesia's second-largest bank by assets. It has a diversified loan book with lending to the corporate (state-owned enterprises (SOEs) and non-SOEs), SME, retail, and micro segments. The company was established in 1998 as an effort to restructure the national banking sector, with four state-owned banks (Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia) merged into Bank Mandiri in 1999.

Financial summary (IDR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
EPS	589.94	597.68	533.95	620.60	700.44
Recurring EPS	589.94	597.68	533.95	620.60	700.44
DPS	354.22	466.08	373.77	434.42	490.31
BVPS	2,794.89	3,040.72	3,108.60	3,355.42	3,621.44

Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Recurring P/E (x)	7.42	7.33	8.20	7.06	6.25
P/B (x)	1.6	1.4	1.4	1.3	1.2
Dividend Yield (%)	8.1	10.6	8.5	9.9	11.2

Income statement (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Interest income	132,544	151,236	168,496	185,273	203,933
Interest expense	(36,658)	(49,479)	(61,257)	(65,984)	(69,915)
Net interest income	**95,887**	**101,757**	**107,239**	**119,290**	**134,019**
Non interest income	42,879	44,929	46,841	49,183	51,642
Total operating income	**138,765**	**146,686**	**154,080**	**168,473**	**185,661**
Overheads	(53,889)	(58,849)	(68,618)	(70,407)	(75,687)
Pre-provision operating profit	**84,876**	**87,838**	**85,461**	**98,066**	**109,973**
Loan impairment allowances	(10,234)	(11,778)	(17,428)	(18,993)	(20,727)
Other exceptional items	43	344	-	-	-
Pre-tax profit	**74,685**	**76,403**	**68,034**	**79,073**	**89,246**
Taxation	(14,633)	(15,238)	(13,569)	(15,771)	(17,800)
Minority interests	(4,992)	(5,382)	(4,629)	(5,381)	(6,073)
Reported net profit	**55,060**	**55,783**	**49,835**	**57,922**	**65,373**
Recurring net profit	**55,060**	**55,783**	**49,835**	**57,922**	**65,373**

Profitability ratios	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Return on average assets (%)	2.6	2.4	2.0	2.1	2.2
Return on average equity (%)	22.4	20.5	17.4	19.2	20.1
Return on IEAs (%)	7.2	7.4	7.4	7.4	7.5
Cost of funds (%)	2.1	2.6	2.9	2.8	2.7
Net interest spread (%)	5.1	4.8	4.5	4.6	4.8
Net interest margin (%)	5.2	5.0	4.7	4.8	4.9
Non-interest income / total income (%)	30.9	30.6	30.4	29.2	27.8
Cost to income ratio (%)	38.8	40.1	44.5	41.8	40.8
Credit cost (bps)	78.7	76.8	98.5	97.2	97.2

Balance sheet (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total gross loans	1,398,071	1,670,547	1,866,628	2,041,258	2,224,479
Other interest earning assets	529,272	508,809	530,605	569,124	610,767
Total gross IEAs	1,927,343	2,179,356	2,397,234	2,610,381	2,835,245
Total provisions	(55,716)	(51,932)	(53,039)	(54,086)	(57,834)
Net loans to customers	1,344,189	1,620,155	1,815,186	1,988,827	2,168,361
Total net IEAs	1,871,627	2,127,423	2,344,194	2,556,296	2,777,411
Total non-IEAs	302,593	299,800	308,908	332,963	331,625
Total assets	2,174,219	2,427,223	2,653,103	2,889,259	3,109,037
Customer deposits	1,576,950	1,698,897	1,919,754	2,130,926	2,322,710
Other interest-bearing liabilities	217,824	323,867	350,256	379,464	411,766
Total IBLs	1,794,773	2,022,764	2,270,009	2,510,390	2,734,476
Total non-IBLs	91,951	90,985	58,654	26,012	(9,198)
Total liabilities	1,886,724	2,113,749	2,328,663	2,536,402	2,725,279
Share capital	29,310	29,762	29,762	29,762	29,762
Shareholders' equity	260,853	283,796	290,131	313,168	337,997
Minority interests	26,642	29,678	34,308	39,688	45,761

Asset quality and capital	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Reported NPLs / gross cust loans (%)	1.2	1.1	1.0	1.0	1.0
Total provisions / reported NPLs (%)	343.0	301.6	299.6	292.7	285.7
CET-1 ratio (%)	20.8	19.6	18.8	18.9	19.1
Tier-1 ratio (%)	20.8	19.6	18.8	18.9	19.1
Total capital ratio (%)	22.0	20.8	20.0	20.1	20.3

Source: Company data, RHB

Results At a Glance

Figure 1: BMRI – summary of 2Q25 and 1H25 results

FYE Dec (IDRbn)	2Q24	1Q25	2Q25	QoQ	YoY	1H24	1H25	YoY	% of RHB	% of Street
Interest income	36,689	39,626	41,950	*5.9%*	*14.3%*	72,224	81,576	*12.9%*		
Interest expense	11,793	14,121	15,071	*6.7%*	*27.8%*	23,143	29,193	*26.1%*		
NII	**24,895**	**25,505**	**26,879**	***5.4%***	***8.0%***	**49,081**	**52,384**	***6.7%***		
Non-II	10,399	11,724	9,410	*-19.7%*	*-9.5%*	20,548	21,134	*2.9%*		
Total operating income	**35,295**	**37,229**	**36,289**	***-2.5%***	***2.8%***	**69,629**	**73,517**	***5.6%***		
Operating expenses	12,973	15,478	18,315	*18.3%*	*41.2%*	26,110	33,793	*29.4%*		
PPOP	**22,322**	**21,750**	**17,973**	***-17.4%***	***-19.5%***	**43,518**	**39,724**	***-8.7%***		
Provision expense	3,321	3,637	2,644	*-27.3%*	*-20.4%*	6,913	6,281	*-9.1%*		
Operating profit	**19,000**	**18,114**	**15,329**	***-15.4%***	***-19.3%***	**36,606**	**33,443**	***-8.6%***		
Net profit	**13,848**	**13,197**	**11,258**	***-14.7%***	***-18.7%***	**26,551**	**24,455**	***-7.9%***	**44%**	**44%**
Balance sheet (IDRbn)	**Jun-24**	**Mar-25**	**Jun-25**							
Loans	1,532,354	1,672,429	1,701,214	*1.7%*	*11.0%*					
Deposit	1,651,025	1,748,719	1,828,481	*4.6%*	*10.7%*					
- CASA	1,238,450	1,269,712	1,353,650	*6.6%*	*9.3%*					
- Time deposits	412,575	479,008	474,831	*-0.9%*	*15.1%*					
Ratios	**1H24**	**1Q25**	**1H25**							
ROAA (%)	2.40%	2.16%	1.98%							
ROAE (%)	20.9%	18.9%	18.1%							
NIM (%)	5.09%	4.80%	4.92%							
CoC (%)	1.0%	0.9%	0.8%							
CASA (%)	75.0%	72.6%	74.0%							
LDR (%)	92.8%	95.6%	93.0%							
CIR (%)	37.5%	41.6%	46.0%							
NPL (%)	1.16%	1.17%	1.24%							
CAR (%)	20.1%	18.5%	19.5%							
Loan loss coverage (%)	293.0%	265.0%	246.0%							

Source: Company data, RHB

Management's FY25F guidance

Figure 2: Comparison of BMRI's guidance FY25F

	FY24 achieved	1H25 achieved	FY25 guidance	Comments
Loans growth	19.5%	11.0% YoY	8 – 10% (from 10 – 12%)	1H25 annualised loan growth was 4%, prompting the downgrade in loan growth guidance. BMRI's growth strategy remains unchanged, ie it is keeping to its liability-led growth strategy and plans to leverage on its ecosystem value chain (ie SME and retail). Notwithstanding the slow start, management expects loan growth to accelerate in 2H25 thanks to stronger loan demand as government spending rises, as well as BI's series of rate cuts.
NIM	5.15%	4.92%	4.8 – 5.0% (from 5 – 5.2%)	Revised guidance takes into account the slower-than-expected NIM recovery YTD due to the tight liquidity situation and also BI rate is cut to 4.25%. At this stage, given the lack of details on the IDR55trn government liquidity injection BMRI is set to receive, management was unable to guide further how this is expected to impact its yields.
Credit cost	0.79%	0.77%	0.8 – 1.0% (from 1 – 1.2%)	Revised down to reflect sound asset quality and YTD credit cost tracking below its previous guidance.

Source: Company data, RHB

Earnings forecasts

We decrease FY25-27F PATMI by 10%, 7%, and 9% on higher opex, lower non-II and also a revision to our NIM outlook ahead – mainly to reflect management's updated guidance. There is no change to our FY25F loan growth assumption of 8.6% nor our credit cost assumption of 1%, as both are in line with the revised guidance.

Following from the earnings revisions above, we now project FY25 earnings to decline by 11% YoY due to opex outpacing revenue growth, resulting in a CIR of 44.5% (FY24: 40.1%). However, FY26F PATMI is now expected to rebound by +16% YoY as opex growth moderates to low single digit, resulting in CIR improving to 41.8%.

Figure 3: BMRI – revisions to forecasts

FYE Dec	Previous FY25F	Previous FY26F	Previous FY27F	Revised FY25F	Revised FY26F	Revised FY27F	*% Change FY25F*	*% Change FY26F*	*% Change FY27F*
(IDRbn)									
NII	108,314	120,489	135,338	107,239	119,290	134,019	-1%	-1%	-1%
Operating income	155,962	171,021	188,927	154,080	168,473	185,661	-1%	-1%	-2%
PPOP	93,288	103,960	118,513	85,461	98,066	109,973	-8%	-6%	-7%
Provision expenses	17,428	18,993	20,727	17,428	18,993	20,727	0%	0%	0%
Net profit	55,568	62,239	71,628	49,835	57,922	65,373	-10%	-7%	-9%
EPS (IDR)	595	667	767	534	621	700	-10%	-7%	-9%
EPS growth (%)	-0.4%	12.0%	15.1%	-10.7%	16.2%	12.9%			
Loans	1,814,565	1,983,988	2,161,482	1,814,565	1,983,988	2,161,482	0%	0%	0%
Loan growth (%)	8.6%	9.3%	8.9%	8.6%	9.3%	8.9%			
NIM (%)	4.76%	4.84%	4.98%	4.71%	4.80%	4.93%			
CIR (%)	40.2%	39.2%	37.3%	44.5%	41.8%	40.8%			
Credit cost (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%			
BVPS (IDR)	3,170	3,420	3,721	3,109	3,355	3,621	-2%	-2%	-3%
DPS (IDR)	417	467	537	374	434	490	-10%	-7%	-9%
ROE	19.2%	20.2%	21.5%	17.4%	19.2%	20.1%			

Source: Company data, RHB

Valuation and TP

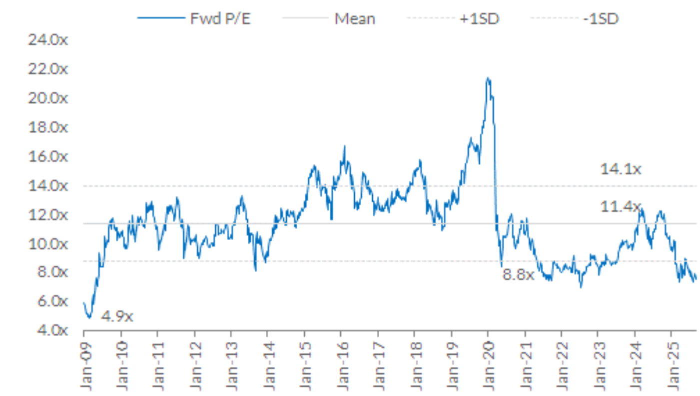
We cut our TP to IDR5,300 from IDR5,600. The earnings downgrades above have led to a lower FY25F BVPS of IDR3,109 (from IDR3,170) and ROE assumption of 19.5% (from 20%) – resulting in a lower GGM-derived P/BV of 1.61x (from 1.67x). Consequently, our intrinsic value decreases to IDR5,004 from IDR5,285. Our revised TP includes an unchanged ESG premium of 6% applied, given BMRI's ESG score of 3.3 out of 4.0, using our proprietary in-house methodology.

Figure 4: BMRI – GGM valuation with ESG overlay

Cost of equity (COE) computation:		Sustainable ROE (%)	19.5
Risk free rate (%)	6.7	COE (%)	14.2
Equity premium (%)	5.8	Long-term growth (g)	5.5
Beta (x)	1.3	Implied P/BV (x)	1.61
Cost of equity - CAPM (%)	14.2	BVPS	IDR3,109
		Intrinsic value	IDR5,004
ESG premium/(discount) (%)	6.0	ESG premium/(discount)	**IDR300**
		TP (rounded)	**IDR5,300**

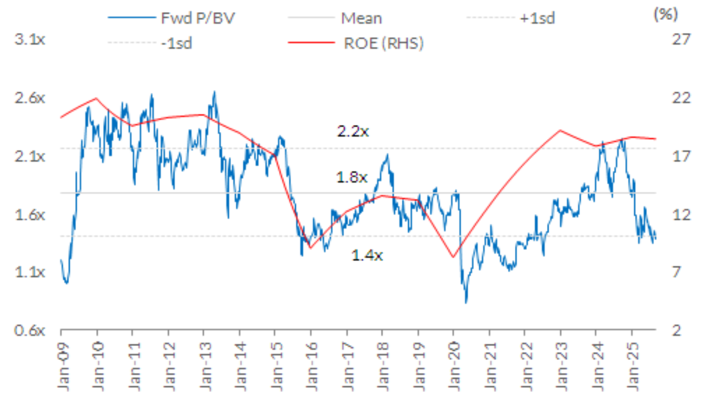
Source: Company data, RHB

Figure 5: BMRI's 12-month forward consensus P/E



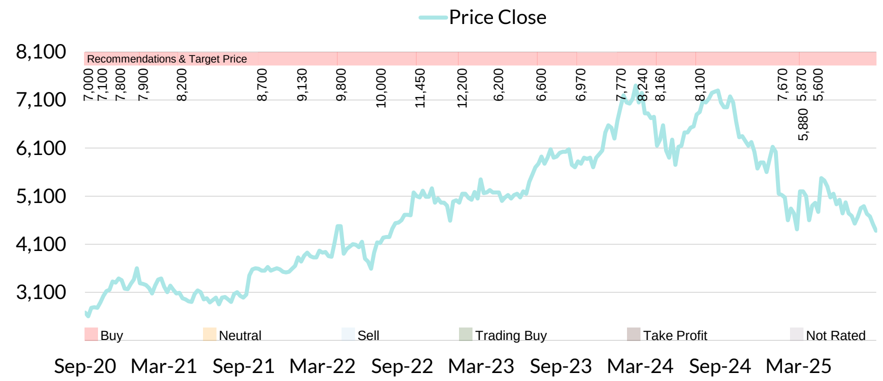
Source: Bloomberg, RHB

Figure 6: BMRI's 12-month forward consensus P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-04-30	Buy	5,600	4,890
2025-04-13	Buy	5,880	5,100
2025-03-26	Buy	5,880	5,150
2025-03-21	Buy	5,870	4,410
2025-02-05	Buy	7,670	5,525
2024-08-01	Buy	8,100	6,750
2024-05-01	Buy	8,160	6,900
2024-04-05	Buy	8,240	6,825
2024-03-21	Buy	8,240	7,050
2024-01-31	Buy	7,770	6,650
2023-10-30	Buy	6,970	5,725
2023-08-01	Buy	6,600	5,650
2023-04-25	Buy	6,200	5,175
2023-02-01	Buy	12,200	4,850
2022-10-27	Buy	11,450	5,100

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

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