

## BUY (Maintained)

Target Price (IDR)	5,700
Potential Upside (%)	13.4

## Calmer Growth Outlook

**Retain BUY with TP of IDR 5,700 (1.7x 2026F PBV) on lower CoC.** Underpinned by disciplined funding and risk management, BMRI continues to execute well across its wholesale, corporate, and transaction banking franchise. Looking ahead, management guides for 2026F loan growth of 7–9%, NIM of 4.6–4.8%, and credit cost of 0.6–0.8%, versus FY25 loan growth of 13.4% YoY, NIM at 4.9%, and credit cost at 58 bps. While margin pressure and credit cost normalization remain near-term headwinds, these are partly offset by Mandiri's scale, diversified income base, and solid liquidity position. Thus, we maintain BUY on BMRI with TP of IDR 5,700, implying 1.7x 2026F PBV, supported by sustainable ROE in the high-teens, coupled with the bank's delivery of higher-than-expected FY25 earnings, supported by sharply lower provisioning and solid loan growth.

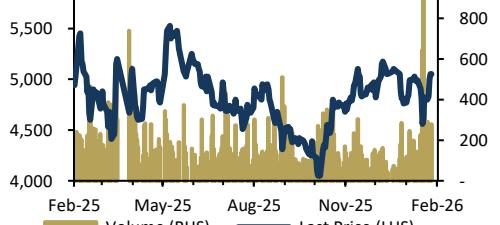
**1Q26 results expectations: Net profit -25.0% QoQ, +5.5% YoY.** Looking ahead, we expect BMRI to book 1Q26 net profit of IDR 13.9tn (-25% QoQ, +5.5% YoY). In 4Q25, BMRI posted consolidated net profit of IDR 18.6 tn (+39.8% QoQ, +34.9% YoY), bringing FY25 earnings to IDR 56.3 tn (+0.9% YoY), which came above our expectation (111.6% of FY25F) and consensus (109.7%). The strong quarterly performance was driven mainly by lower provisioning, while FY25 NII rose 4.4% YoY to IDR 106.2 tn and PPOP was broadly flat YoY at IDR 87.6 tn, reflecting resilient core profitability amid margin pressure. In 4Q25, NIM remained stable at 4.9%, as declining loan yields were largely offset by improving cost of funds, while non-interest income jumped 23.6% QoQ to IDR 15.2 tn, supported by stronger fees and treasury income.

**Liquidity remains manageable into FY26 despite CASA normalization.** We expect 2026F liquidity conditions to remain adequate (LDR: 89.6%), supported by Mandiri's broad funding franchise. In FY25, total deposits expanded 23.9% YoY to IDR 2,106 tn, driven mainly by time deposits, while CASA grew 12.6% YoY to IDR 1,431 tn, bringing the CASA ratio to 68.0%. Loan growth remained strong at 13.4% YoY (+7.4% QoQ), led by wholesale and corporate segments, while retail lending stayed selective. Despite the lower CASA ratio, funding costs improved, with deposit cost of funds declining to 2.3%, helping to stabilize margins. Transaction banking and digital activity continue to support operating efficiencies and fee generation, reinforcing funding flexibility into FY26.

**Assets quality remains healthy, with ample buffers.** Going forward, we expect 2026F assets quality to remain broadly stable (FY26F NPL: 0.8%). In 4Q25, BMRI's NPL ratio stood at 0.96%, while loan-at-risk improved to 6.51%, supported by effective risk management and write-offs. NPL coverage remained strong at 231%, providing solid buffer. FY25 credit cost came in at 58 bps, below management guidance, benefiting from write-backs and lower NPL formation. However, management has guided for normalization in credit costs to 0.6–0.8% in FY26. Looking ahead, capital remains solid, with total CAR at 20.4%, providing sufficient headroom to support growth.

## Forecasts and Valuations (at closing price IDR 5,025 per share)

Y/E Dec	23A	24A	25A	26F	27F
Net Interest Income (IDRbn)	95,887	101,757	106,210	113,609	124,424
Pre-prov op. Profit (IDRbn)	84,876	87,838	86,411	94,837	106,737
Net Profit (IDR bn)	55,060	55,783	56,294	58,001	62,521
EPS (IDR)	590	598	603	621	670
EPS Growth (%)	(33.1)	1.3	0.9	3.0	7.8
P/E Ratio (x)	8.5	8.4	8.3	8.1	7.5
BVPS (IDR)	2,795	3,041	3,147	3,407	3,704
P/BV Ratio (x)	1.8	1.7	1.6	1.5	1.4
DPS (IDR)	354	359	362	373	402
Dividend Yield (%)	7.0	7.1	7.2	7.4	8.0
ROE (%)	22.4	20.5	19.5	19.0	18.8



## Company Background

Established in 1998 and listed in 2003, PT Bank Mandiri Tbk is Indonesia's largest bank by consolidated assets value of IDR 2,829.9tn (USD 169.4bn) in 2025. Its loan portfolio is primarily composed of corporate loans (40.3%), followed by commercial (17.3%) and microloans (16.8%).

Prasetya Gunadi  
 +62 21 2854 8320  
[prasetya.gunadi@samuel.co.id](mailto:prasetya.gunadi@samuel.co.id)

Brandon Boedhiman  
 +62 21 2854 8100  
[brandan.boedhiman@samuel.co.id](mailto:brandan.boedhiman@samuel.co.id)

**Figure 1. BMRI's 4Q25 Results**

(IDRbn)	QoQ		YoY		YoY (%)	12M25/2025F	12M25/cons
	4Q25	(%)	(%)	12M24	12M25		
Net interest income	27,951	8.0	2.9	101,757	106,210	4.4	-
Non-interest income	15,561	23.2	21.8	44,929	49,323	9.8	-
<b>Total operating income</b>	<b>43,512</b>	<b>13.0</b>	<b>9.0</b>	<b>146,686</b>	<b>155,533</b>	<b>6.0</b>	<b>101.3</b>
Provisions	928	(67.9)	(60.1)	11,778	10,100	(14.2)	-
<b>Operating profit</b>	<b>24,877</b>	<b>38.3</b>	<b>32.8</b>	<b>76,060</b>	<b>76,311</b>	<b>0.3</b>	-
<b>Net profit</b>	<b>18,564</b>	<b>39.8</b>	<b>34.9</b>	<b>55,783</b>	<b>56,294</b>	<b>0.9</b>	<b>111.6</b>
<b>Key ratios (%)</b>							
Net interest margin	-	-	-	4.9	4.6	-	-
Loan/deposit	-	-	-	98.0	89.8	-	-
Capital adequacy	-	-	-	20.1	19.4	-	-
Gross NPL	-	-	-	1.0	1.0	-	-
ROAE	-	-	-	20.5	19.5	-	-

4Q25 non-interest income grew 21.8% YoY, supported by 48.1% YoY jump in loan & deposit related fees

Sources: Company, SSI Research

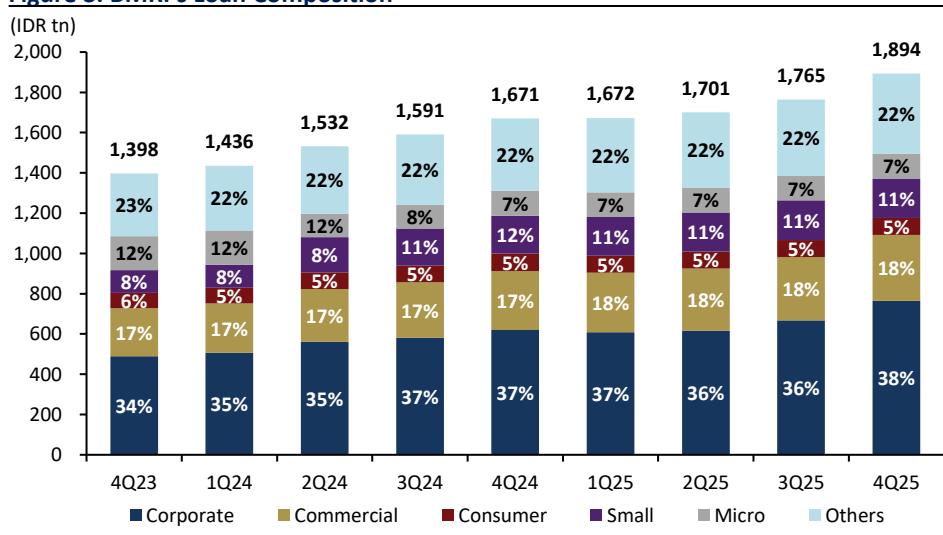
**Figure 2. Peer Comparables**

Company Ticker	Rating	Market Cap. (IDR tn)	Last Price (IDR)	TP (IDR)	YTD Net Buy/(Sell) (IDR bn)	Upside Potential (%)	2026F			
							NIM (%)	EPS Growth (%)	PBV (x)	ROE (%)
BBCA	BUY	912	7,450	8,600	(13,359)	15.4	6.0	8.9	2.9	21.0
BBRI	BUY	571	3,800	4,400	109	15.8	7.7	10.7	1.8	19.9
<b>BMRI</b>	<b>BUY</b>	<b>469</b>	<b>5,025</b>	<b>5,700</b>	<b>(3,181)</b>	<b>13.4</b>	<b>4.5</b>	<b>3.0</b>	<b>1.5</b>	<b>19.0</b>
BBNI	BUY	167	4,480	5,300	(1,044)	18.3	3.9	3.5	0.9	13.0
BNLI	SPEC-BUY	122	4,040	6,200	(0)	53.5	4.2	12.2	3.2	7.9
BRIS	BUY	110	2,400	3,100	(373)	29.2	5.2	10.7	1.9	16.5
BINA	SPEC-BUY	28	4,680	7,000	0	49.6	2.9	107.6	7.4	6.7
ARTO	BUY	26	1,730	2,700	8	56.1	2.0	81.8	2.7	2.0
PNBN	BUY	24	1,065	1,700	(68)	59.6	4.5	10.6	0.5	8.5
BBTN	BUY	19	1,345	1,600	300	19.0	3.8	18.4	0.4	19.1
BBKP	SPEC-BUY	14	75	100	17	33.3	2.6	154.4	1.7	8.1
BCIC	SPEC-BUY	3	155	270	1	74.2	2.4	13.1	0.7	7.9
<b>Sector</b>	<b>OVERWEIGHT</b>	<b>2,465</b>			<b>(5,585)</b>	<b>19.8</b>	<b>5.7</b>	<b>10.8</b>	<b>2.2</b>	<b>18.4</b>

At current levels, BMRI provides 13% share price upside potential, supported by 2026F forward P/BV of 1.5x, reflecting 32% discount relative to the sector

Sources: Company, SSI Research

**Figure 3. BMRI's Loan Composition**



Retail loan growth was modest at +1.84% YoY, dragged by declines in Auto (-15.7% YoY) and SME (-2.1% YoY) segments

Sources: Company, SSI Research

## Financial Highlights

Profit and Loss						
Y/E (IDRbn)	22A	23A	24A	25A	26F	27F
Interest income	112,382	132,544	151,236	164,412	172,949	188,215
Interest expense	24,479	36,658	49,479	58,202	59,340	63,791
<b>Net interest income</b>	<b>87,903</b>	<b>95,887</b>	<b>101,757</b>	<b>106,210</b>	<b>113,609</b>	<b>124,424</b>
Non-interest income	37,779	42,879	44,929	49,323	53,854	58,812
<b>Total operating income</b>	<b>125,682</b>	<b>138,765</b>	<b>146,686</b>	<b>155,533</b>	<b>167,463</b>	<b>183,236</b>
Operating expenses	53,673	53,889	58,849	69,122	72,626	76,499
Loan loss provisions	15,841	10,234	11,778	10,100	13,762	19,344
<b>Operating profit</b>	<b>56,168</b>	<b>74,642</b>	<b>76,060</b>	<b>76,311</b>	<b>81,076</b>	<b>87,393</b>
Non-operating inc./exp.)	210	43	344	107	118	129
<b>Pre-tax profit</b>	<b>56,378</b>	<b>74,685</b>	<b>76,403</b>	<b>76,418</b>	<b>81,193</b>	<b>87,522</b>
Corporate tax	(11,425)	(14,633)	(15,238)	(15,071)	(17,457)	(18,817)
Minorities	(3,782)	(4,992)	(5,382)	(5,052)	(5,736)	(6,183)
<b>Net profit</b>	<b>41,171</b>	<b>55,060</b>	<b>55,783</b>	<b>56,294</b>	<b>58,001</b>	<b>62,521</b>

2026F NII is expected to grow 7.0%, driven by the shift toward higher-yielding loan disbursement

Balance Sheet						
Y/E (IDRbn)	22A	23A	24A	25A	26F	27F
Placement with other banks	66,552	53,872	60,324	71,227	78,354	86,195
Loans	1,196,358	1,392,582	1,664,790	1,891,085	2,041,015	2,257,911
Government bonds	329,212	309,183	287,273	292,818	289,818	286,818
Other interest-bearing assets	291,672	298,694	274,358	421,353	460,321	511,656
Impairment	(67,163)	(55,716)	(51,932)	(50,749)	(52,376)	(60,974)
Net earnings assets	<b>1,816,631</b>	<b>1,998,615</b>	<b>2,234,813</b>	<b>2,625,734</b>	<b>2,817,132</b>	<b>3,081,606</b>
Cash on hand	27,213	26,432	31,665	33,857	38,936	44,776
Fixed assets	56,541	57,978	63,031	72,062	82,872	95,302
Other assets	92,160	91,195	97,714	98,294	121,344	149,929
<b>Total assets</b>	<b>1,992,545</b>	<b>2,174,219</b>	<b>2,427,223</b>	<b>2,829,948</b>	<b>3,060,284</b>	<b>3,371,613</b>
Customer deposits	1,492,599	1,578,818	1,700,876	2,107,984	2,278,759	2,463,843
Deposits from other banks	15,781	18,464	27,720	21,509	24,735	28,445
Borrowings & bonds	148,385	200,710	297,497	273,077	292,920	316,126
<b>Total liabilities</b>	<b>1,740,299</b>	<b>1,886,724</b>	<b>2,113,749</b>	<b>2,502,546</b>	<b>2,705,216</b>	<b>2,985,114</b>
Minorities	22,567	26,642	29,678	33,651	37,093	40,803
Equity	229,679	260,853	283,796	293,751	317,975	345,696
<b>Total liabilities and equity</b>	<b>1,992,545</b>	<b>2,174,219</b>	<b>2,427,223</b>	<b>2,829,948</b>	<b>3,060,284</b>	<b>3,371,613</b>

BMRI's 2026F loan growth is expected to moderate to 7.9% (12M25: 13.4%) amid continued intense competition coupled with weakness in auto, SME, and payroll segments

Key Ratios (%)						
	22A	23A	24A	25A	26F	27F
ROA	2.2	2.6	2.4	2.1	2.0	1.9
ROE	19.0	22.4	20.5	19.5	19.0	18.8
NIM	5.5	5.5	5.3	4.7	4.5	4.6
Loan to deposit ratio	80.2	88.3	98.0	89.8	89.6	91.6
Loan to funding ratio	72.2	77.5	82.2	78.7	78.6	80.4
Loan growth	14.4	16.4	19.5	13.6	7.9	10.6
Cost efficiency ratio	42.7	38.8	40.1	44.4	43.4	41.7
CIR	62.6	57.5	61.2	64.3	64.3	64.6
Gross NPL	1.9	1.0	1.0	1.0	0.8	0.8
NPL coverage	290.6	379.3	312.1	271.1	309.1	325.3
LLR to total loans	1.4	0.8	0.8	0.6	0.7	0.9
CAR-total	19.6	21.9	18.3	18.6	16.4	17.7
CAR-tier I	18.6	20.7	17.5	17.4	16.8	18.1

In 2026F, consolidated NIM is projected to decline to 4.5% (2025: 4.7%), pressured by rising funding costs despite some improvement in liquidity

#### Research Team

Harry Su	Managing Director of Research	harry.su@samuel.co.id	+6221 2854 8100
Prasetya Gunadi	Head of Equity Research, Strategy, Banking	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Fithra Faisal Hastiadi, Ph.D	Senior Macro Strategist	fithra.hastiadi@samuel.co.id	+6221 2854 8100
Juan Harahap	Coal, Metals, Mining Contracting, Oil & Gas, Plantations	juan.oktavianus@samuel.co.id	+6221 2854 8392
Jonathan Guyadi	Consumer, Retail, Healthcare, Cigarettes, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8846
Ahnaf Yassar	Research Associate; Property	ahnaf.yassar@samuel.co.id	+6221 2854 8392
Ashalia Fitri Yuliana	Research Associate; Macro Economics, Coal	ashalia.fitri@samuel.co.id	+6221 2854 8389
Brandon Boedhiman	Research Associate; Banking, Strategy, Metals	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Fadhlans Banny	Research Associate; Cement, Media, Mining Contracting, Oil & Gas, Plantations, Poultry, Technology	fadhlans.banny@samuel.co.id	+6221 2854 8325
Jason Sebastian	Research Associate; Automotive, Telco, Tower	jason.sebastian@samuel.co.id	+6221 2854 8392
Kenzie Keane	Research Associate; Cigarettes, Consumer, Healthcare, Retail	kenzie.keane@samuel.co.id	+6221 2854 8325
Adolf Ricardo	Research & Digital Production Editor	adolf.ricardo@samuel.co.id	+6221 2864 8397

#### Digital Production Team

Sylvanny Martin	Creative Production Lead & Graphic Designer	sylvanny.martin@samuel.co.id	+6221 2854 8100
M. Indra Wahyu Pratama	Video Editor & Videographer	muhhammad.indra@samuel.co.id	+6221 2854 8100
M. Rifaldi	Video Editor	m.rifaldi@samuel.co.id	+6221 2854 8100
Raflyyan Rizaldy	SEO Specialist	raflyyan.rizaldy@samuel.co.id	+6221 2854 8100
Ahmad Zupri Ihsyan	Team Support	ahmad.zupri@samuel.co.id	+6221 2854 8100

#### Equity

Joseph Soegandhi	Director of Equity Sales	joseph.soegandhi@samuel.co.id	+6221 2854 8872
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#### Equity Institutional Team

Widya Meidrianto	Head of Institutional Equity Sales	anto@samuel.co.id	+6221 2854 8317
Muhamad Alfatih, CSA, CTA, CFTe	Institutional Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8139
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

#### Equity Retail Team

Damargumilang	Head of Equity Retail	atmaji.damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Denzel Obaja	Equity Retail Chartist	denzel.obaja@samuel.co.id	+6221 2854 8342
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Sylviawati	Equity Sales Support	sviliawati@samuel.co.id	+6221 2854 8113
Handa Sandiawan	Equity Sales Support	handa.sandiawan@samuel.co.id	+6221 2854 8302
Yonathan	Equity Dealer	yonathan@samuel.co.id	+6221 2854 8347
Reza Fahlevi	Equity Dealer	reza.fahlevi@samuel.co.id	+6221 2854 8359

#### Fixed Income Sales Team

R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 2854 8104
Dina Afrilia	Fixed Income Sales	dina.afrilia@samuel.co.id	+6221 2854 8100
Muhammad Alfizar	Fixed Income Sales	muhammad.alfizar@samuel.co.id	+6221 2854 8305

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