

BMRI : Sustaining growth momentum amid challenging operating environment

Company Focus

Wednesday, April 22, 2026

We maintain a constructive but selective stance on PT Bank Mandiri Tbk (BMRI), as the bank transitions into a more balanced growth phase amid moderating credit demand and margin normalization pressures. While system liquidity remains supportive, credit expansion is becoming more measured, particularly in retail and SME segments, as both borrowers and banks adopt a more cautious stance in a volatile environment.

BMRI's loan growth in 2026 is estimated at around 7% to 9%, supported primarily by wholesale and corporate segments, while retail growth remained subdued at 1.8% YoY, reflecting softer consumer demand and tighter underwriting standards. This indicating a clear shift toward quality driven expansion rather than volume acceleration. Corporate and wholesale lending should remain the key growth drivers, supported by infrastructure-related activities and stable business demand, while retail recovery is likely to remain gradual as households continue to prioritize balance sheet repair.

On margins, BMRI continues to demonstrate resilience despite normalization pressures. FY25 NIM came in at 4.89%, within guidance, supported by declining cost of funds which offset loan yield compression. However, looking ahead, management guides NIM at around 4.6% to 4.8% in 2026, implying a moderate compression as competitive lending dynamics persist and rate cuts begin to flow through asset yields. While this suggests limited near-term margin upside, BMRI's ability to actively manage funding costs and optimize asset mix should help contain the downside.

Funding remains a key stabilizer. Deposit growth remains solid, with CASA continuing to contribute meaningfully, supporting cost of funds discipline (2.2%-2.3%). The bank's strong transactional franchise and diversified deposit base provide flexibility in navigating tighter liquidity conditions, while also cushioning margin volatility in a slowing credit environment.

Earnings remain resilient, supported by strong operating momentum. PPOP continues to expand, driven by both interest income and fee based income, while cost efficiency remains manageable despite elevated operating expenses in FY25. Although margin compression and normalization in credit costs may weigh on earnings growth in the near term, BMRI's solid pre provision earnings capacity provides a buffer to absorb cyclical pressures.

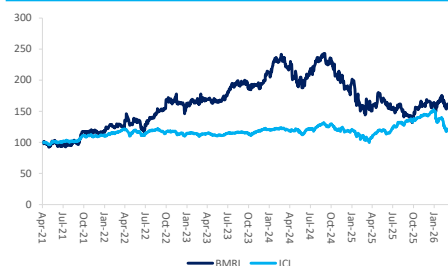
Asset quality continues to improve and remains a key strength. Cost of credit declined to 0.58% in FY25, below guidance, reflecting improving borrower quality and effective risk management. For 2026, management guides CoC at 0.6% to 0.8%, indicating a normalization phase rather than deterioration. Meanwhile, LaR and NPL metrics continue to trend favorably, supported by strong coverage ratios (above 230%), suggesting limited downside risk from asset quality despite a softer macro backdrop.

Valuation. We revise our valuation to reflect a more normalized growth trajectory and margin outlook, anchoring BMRI at its historical average PBV of 1.9x forward PBV, in line with a more mature earnings cycle and reduced ROE expansion potential we use blended GGM for the adjustment. This adjustment incorporates slower loan growth (7% to 9%), moderate NIM compression (4.6% to 4.8%), and a normalized credit cost environment. Accordingly, we derive a revised target price of **Rp5,800 (from Rp6,300 previously)**. While near-term earnings growth may moderate, valuation appears increasingly attractive at current levels, supported by solid fundamentals and improving asset quality visibility. **Risk to our call:** Key downside risks include: (1) sharper-than-expected margin compression due to faster loan yield repricing or rising funding competition; (2) weaker credit demand, particularly if corporate expansion slows alongside global economic uncertainty; (3) asset quality deterioration in SME and retail segments as normalization progresses; and (4) external volatility, including global rate movements and capital flow reversals, which may pressure valuation multiples despite stable domestic fundamentals.

Buy

Current Price (IDR) (21/4)	4,700
Target price (IDR)	5,800
Upside/Downside (%)	23%
52 Week High (IDR)	5,575
52 Week Low (IDR)	4,010
Major Shareholders:	
Danantara Asset Management	51.48%
Public	39.84%

Stock Price Movement



Source: Bloomberg, Shinhan Sekuritas Indonesia

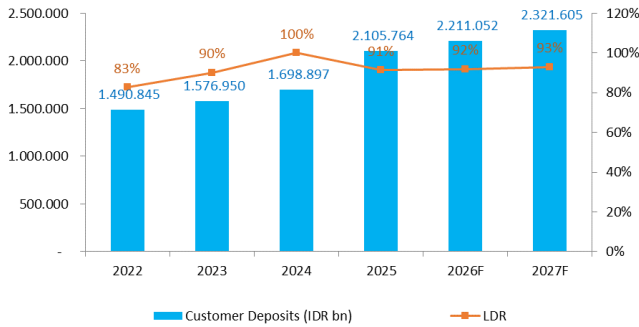
Year	NP (%)	EPS (Rp)	BVPS (Rp)	PER (x)	PBR (x)	ROAE (%)	CAR (%)
2023	60.052	643	3.080	17,4	3,6	22%	22,0%
2024	61.165	655	1.679	8,5	3,3	20%	20,8%
2025	61.346	657	1.754	7,8	2,9	19%	20,4%
2026F	58.817	630	1.785	8,1	2,9	18%	20,5%
2027F	55.955	600	1.813	8,3	2,8	17%	19,8%

Helmi Therik, FRM
+6221 80869900
 helmi@shinhan.com

PT Bank Mandiri Tbk (BMRI)

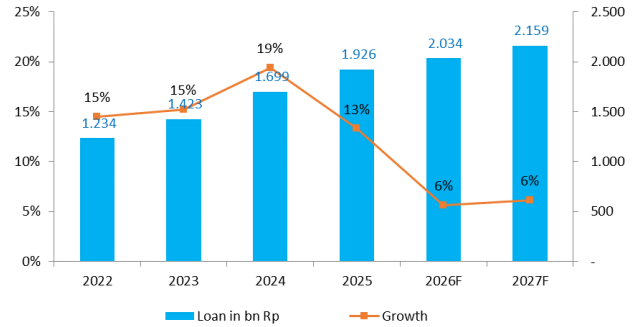
Company Focus

Customer Deposit and LDR



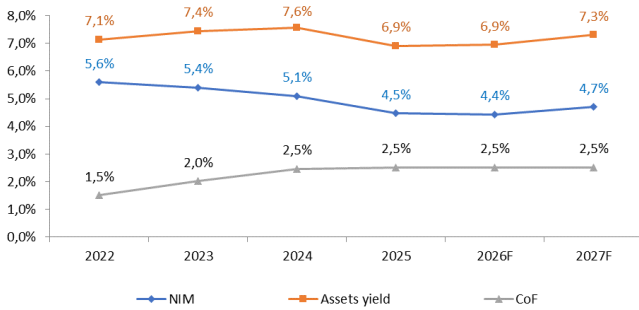
Source: Company, Shinhan Sekuritas Indonesia

Loan growth



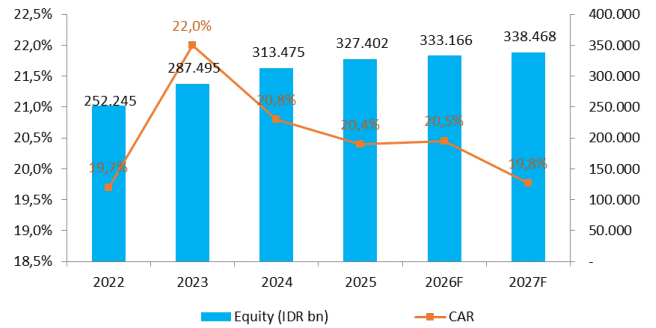
Source: Company, Shinhan Sekuritas Indonesia

NIM and CoF



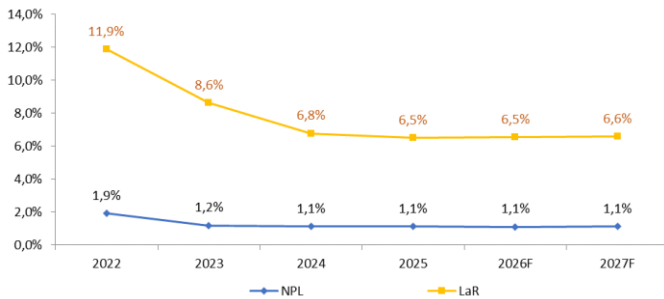
Source: Company, Shinhan Sekuritas Indonesia

Equity and CAR



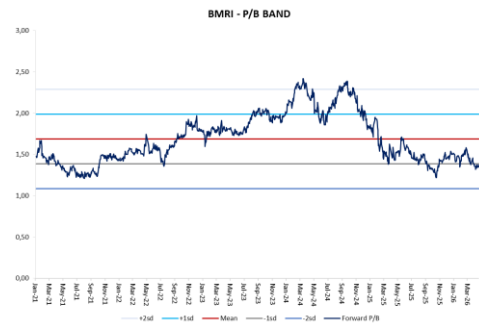
Source: Company, Shinhan Sekuritas Indonesia

NPL and Loan at Risk



Source: Company, Shinhan Sekuritas Indonesia

Forward P/B Band



Source: Company, Shinhan Sekuritas Indonesia

PT Bank Mandiri Tbk (BMRI)

Company Focus

Balance Sheet

Year-end 31 Dec (Rp bn)	2023	2024	2025	2026F	2027F
Cash	135.037	136.811	272.147	540.614	517.243
Interbanking Assets	133.154	118.156	115.299	121.064	127.117
Short-Term & LT. Investments	405.556	384.721	419.481	121.064	127.117
Loan - gross	1.422.621	1.699.098	1.925.625	2.034.168	2.159.093
Allowance for Losses	53.882	50.392	49.218	50.848	45.717
Net Loans	1.368.739	1.648.706	1.876.406	1.983.320	2.113.375
Net Fixed Assets	57.978	63.031	72.062	83.912	95.969
Other Assets	73.755	75.798	74.553	105.541	106.031
Total Assets	2.174.219	2.427.223	2.829.948	2.955.514	3.086.853
Customer Deposits	1.576.950	1.698.897	2.105.764	2.211.052	2.321.605
ST Borrowings & Repos	127.941	228.036	169.718	169.718	169.718
Long-Term Borrowings	74.028	81.018	113.044	118.696	124.631
Other Liabilities	107.806	105.797	114.020	122.881	132.431
Total Liabilities	1.886.724	2.113.749	2.502.546	2.622.348	2.748.385
Minority Interest	26.642	29.678	33.651	33.651	33.651
Shareholders' Equity	287.495	313.475	327.402	333.166	338.468
Total Liabilities & Equity	2.174.219	2.427.223	2.829.948	2.955.514	3.086.853

Source: Company, Shinhan Sekuritas

Income Statement

Year-end 31 Dec (Rp bn)	2023	2024	2025	2026F	2027F
Interest Income	133.480	152.125	165.246	179.043	189.432
Interest Expense	36.658	49.479	58.202	64.615	67.714
Net Interest Income	96.822	102.646	107.044	114.429	121.718
Other Operating Income	29.544	34.756	38.313	41.423	43.495
Net Revenue	126.366	137.401	145.357	155.852	165.212
Provision for loan losses	-1.174	2.708	503	8.668	17.837
Net Revenue after provision	127.540	134.693	144.853	147.184	147.375
Non interest expense	52.898	58.401	68.292	74.169	77.877
Operating Income	74.642	76.292	76.561	73.015	69.498
Net Non-Operating Losses (Gains)	43	344	107	134	92
Income before tax	74.685	76.636	76.668	73.149	69.590
Tax	14.633	15.470	15.322	14.332	13.635
Net Income	60.052	61.165	61.346	58.817	55.955

Source: Company, Shinhan Sekuritas Indonesia

Key Ratio

Year-end 31 Dec (%)	2023	2024	2025	2026F	2027F
Growth					
Assets	9%	12%	17%	4%	4%
Loans	15%	19%	13%	6%	6%
Customer Deposits	6%	8%	24%	5%	5%
Net Interest Income	9%	6%	4%	7%	6%
PPOP	14%	8%	-2%	6%	7%
Net Income	34%	2%	0%	-4%	-5%
Profitability					
Asset Yield	7%	8%	7%	7%	7%
Cost of Fund	2%	2%	3%	3%	3%
Net Interest Margin	5%	5%	4%	4%	5%
ROAA	3%	3%	2%	2%	2%
ROAE	22%	20%	19%	18%	17%
Operational Efficiency Ratio (OER)	54%	59%	62%	67%	70%
CIR	42%	43%	47%	48%	47%
Liquidity					
LDR	90%	100%	91%	92%	93%
CASA Ratio	74%	75%	68%	68%	68%
Capital					
CAR-Bank Only	22%	21%	20%	20%	20%
Assets Quality					
NPL	1,2%	1,1%	1,1%	1,1%	1,1%
NPL Coverage Ratio	326%	271%	231%	225%	189%

Source: Company, Shinhan Sekuritas Indonesia

Dupont (as % of average assets)	2023	2024	2025	2026F	2027F
Net Interest Income	5%	4%	4%	4%	4%
Net Revenue	6%	6%	6%	5%	5%
Net Revenue after provision	6%	6%	6%	5%	5%
Operating Income	4%	3%	3%	3%	2%
Net Income	3%	3%	2%	2%	2%
ROAA	3%	3%	2%	2%	2%
multiplier	8	8	8	9	9
ROAE	22%	20%	19%	18%	17%

Source: Company, Shinhan Sekuritas Indonesia



Research Team		
Helmi Therik, FRM	Head of Research	helmi@shinhan.com
Billy Ibrahim Djaya	Research Analyst	billy.ibrahim@shinhan.com
Muhammad Adra Wijasena	Fixed Income Analyst	adra.wijasena@shinhan.com

Office
<p>PT. Shinhan Sekuritas Indonesia Member of Indonesia Stock Exchange</p>
<p>Head Office : Equity Tower Floor. 50 Sudirman Central Business District Lot 9 Jl. Jend. Sudirman Kav. 52-53 Senayan Jakarta 12920 Indonesia Telp.: (+62-21) 80869900 Fax : (+62-21) 22057925</p>

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