KIWOOM SEKURITAS INDONESIA

Published 30 July 2026

PT Bank Mandiri (Persero) Tbk

BMRI: Solid 1H26 Earnings Offset Margin Pressure

1H26 PATMI rose 24.4% YoY, supported by strong PPOP and non-interest income despite continued NIM pressure. We forecast FY26F PATMI of IDR 60.1tn and set our 12-month TP at IDR 5,400, implying 32.03% upside

STOCK RATING

BUY

REITERATED

TP 12M (IDR)	**5,400**
vs. Last Price	**+32.03%**
Previous TP	*IDR 6,250*

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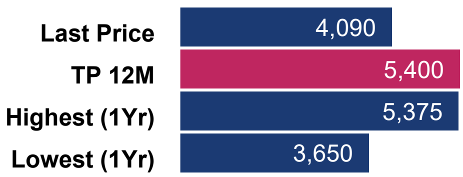
Ticker	**BMRI**
Sub-Sector	**Banks**
Last Price (IDR)	**4,090**
Market Cap (IDR Tn)	**381.73**
Shares Issued (Bn)	**93.33**
AVG 3M Turnover (IDR bn)	**950.86**



PERFORMANCE OVERVIEW

BMRI delivered a solid 1H26 performance despite continued pressure on its net interest margin. *Operating revenue reached IDR 70.7tn (+10.8% YoY), supported by resilient net interest income and stronger non-interest income of IDR 22.8tn (+14.9% YoY), with recurring fees rising +24.0% YoY. However, consolidated NIM declined to 4.56%, reflecting lower loan yields and higher funding costs. Cost discipline helped offset the pressure, as operating expenses fell -1.4% YoY and CIR improved to 37.9%. As a result, PPOP grew by +19.9% YoY to IDR 43.8tn, while lower provisions boosted net profit to IDR 30.4tn (+24.4% YoY).*

On the balance sheet, loan growth remained healthy and continued to be driven by the wholesale segment. *Total loans reached IDR 1,677tn (+19.2% YoY | +3.9% QoQ), supported by continued business demand. Corporate loans led the growth, rising +33.6% YoY and +5.0% QoQ to IDR 840tn, followed by commercial loans (+15.1% YoY | +5.6% QoQ) to IDR 343tn. Retail lending remained softer, with Micro & Payroll loans broadly stable at IDR 198tn and Consumer loans rising more moderately to around IDR 125tn. On the funding side, CASA remained solid at IDR 1,220tn (+5.7% YoY | +0.4% QoQ), although stronger time-deposit growth lowered the CASA ratio to 69.2%. Total customer deposits reached IDR 1,763tn, while LDR remained manageable at 92.3%.*

Despite ongoing NIM pressure, *BMRI's core fundamentals remain intact. Its strong CASA base, disciplined cost structure, and wholesale-led lending strategy should continue to support profitability, even as funding costs remain elevated. Asset quality also remained healthy, with gross NPL at 1.01%, LAR at 5.83%, and CoC at 0.61%, indicating that credit risks are still well contained. For BMRI, upside could come if funding costs begin to normalize, recurring fee income remains strong, and loan growth reaches the upper end of management's guidance.*

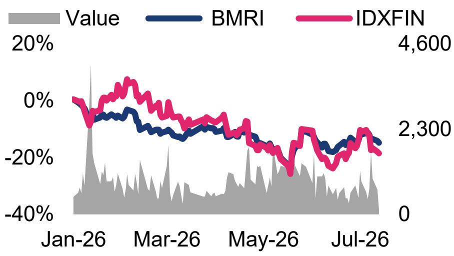
Key Takeaways

- ***1H26 Earnings Remained Strong.*** *BMRI booked net profit attributable to owners of IDR 30.4tn (+24.4% YoY), supported by PPOP growth of +19.9%, stronger non-interest income, and disciplined expense management.*
- ***Wholesale Loans Drove Growth, but pressured Yields.*** *Total loans reached IDR 1,677tn (+19.2% YoY | +3.9% QoQ), led by Corporate and Commercial lending. However, the wholesale-heavy mix burdens loan yields and NIM.*
- ***Funding Costs Remain the Key Pressure Point.*** *CASA remained solid at 69.2%, but faster time-deposit growth and deposit repricing pushed funding costs higher, contributing to the decline in consolidated NIM to 4.56%.*

Recommendation:

We maintain our **"BUY"** rating on BMRI. Our valuation is derived through a blended valuation approach, combining P/BV and DDM. We determine a 12-month target price of **IDR 5,400**, implying a **32.03% upside potential** from the last close of IDR 4,090. At our target price, BMRI would trade at a **2026F P/BV of 1.5x**, above its 3-year STD-1 P/BV level of 1.35x. *Downside risks include prolonged NIM pressure, tighter liquidity, weaker loan growth, and deteriorating retail asset quality.*

PRICE PERFORMANCE, YTD (%) TURNOVER (Bn)

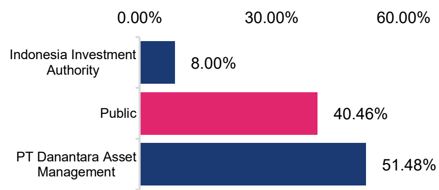


FINANCIAL HIGHLIGHTS

*Source: Company, KSI Research, *2023A-2025A Incl. BSI, onwards excludes BSI*

End Dec (IDR Bn)	2023A*	2024A*	2025A*	2026F	2027F	2028F
Net Interest Income	95,887	101,757	106,210	101,845	110,194	121,895
Non-interest Income	42,771	44,842	49,016	47,654	50,479	55,888
PPOP	84,790	87,989	87,642	89,929	96,631	104,448
Earnings Before Tax	74,642	76,060	76,311	78,815	84,369	90,797
Net Income	55,060	55,783	56,294	60,114	64,350	69,252
EPS (IDR)	590	598	603	644	689	742
DPS (IDR)	265	354	466	362	386	414
BVPS (IDR)	3,080	3,359	3,508	3,500	3,863	4,253
Dividend Yield (%)	2.8%	3.7%	5.8%	6.7%	4.4%	4.4%
ROE (%)	20.4%	18.6%	17.6%	18.4%	18.7%	18.3%
PBV (x)	3.1x	2.9x	2.3x	1.5x	1.5x	1.5x
PER (x)	15.9x	16.2x	13.4x	8.4x	12.6x	12.6x

SHAREHOLDER STRUCTURE



ESG Rating	**6.30**
Environmental	5.38
Social	7.50
Governance	5.35

Source: Bloomberg

PERFORMANCE OVERVIEW

BMRI Financial Exhibit – 2Q26

FINANCIAL STATEMENT & RATIOS - EXHIBIT

*Expressed in IDR Bn, *Pro-forma Figure Excl. BSI*

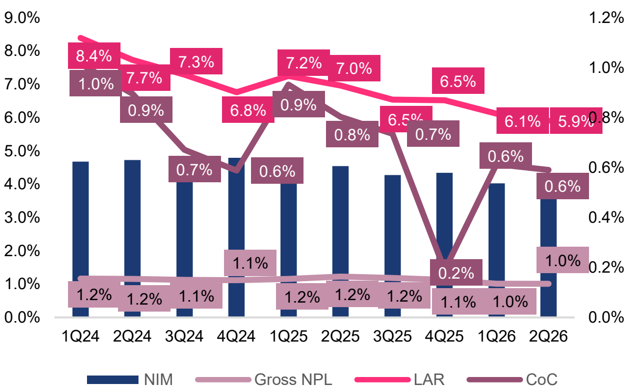
Balance Sheet	***2Q25****	***1Q26***	***2Q26***	***YoY***	***QoQ***
Net Loan	*1,370,835*	*1,575,350*	*1,637,716*	*19.5%*	*4.0%*
Cash & Placement in Banks	*240,388*	*258,507*	*268,589*	*11.7%*	*3.9%*
Investments	*351,525*	*393,203*	*405,740*	*15.4%*	*3.2%*
Total Assets	***2,140,397***	***2,432,621***	***2,527,568***	*18.1%*	*3.9%*
Third Party Funds	*1,506,120*	*1,730,303*	*1,763,167*	*17.1%*	*1.9%*
Total Liabilities	***1,865,373***	***2,118,669***	***2,234,545***	*19.8%*	*5.5%*
Total Equity	***275,024***	***313,952***	***293,023***	*6.5%*	*-6.7%*
BVPS	*2,947*	*3,364*	*3,140*	*6.5%*	*-6.7%*

Income Statement	***2Q25****	***1Q26***	***2Q26***	***YoY***	***QoQ***
Net Interest Income	***26,879***	***25,050***	***22,790***	*-15.21%*	*-9.0%*
Operating Revenue	***36,199***	***36,604***	***34,506***	*-4.7%*	*-5.7%*
Operating Expenses	*17,486*	*13,992*	*12,935*	*-26.0%*	*-7.5%*
PPOP	***18,713***	***22,613***	***21,571***	*15.3%*	*-4.6%*
Provisions for Impairment	*3,384*	*2,691*	*2,430*	*-28.2%*	*-9.7%*
Net Income	***11,258***	***15,384***	***15,028***	*33.5%*	*-2.3%*
EPS	*121*	*165*	*161*	*33.5%*	*-2.3%*

Ratios	***2Q25****	***1Q26***	***2Q26***	***YoY***	***QoQ***
NIM	*4.5%*	*4.0%*	*3.9%*	*-0.6ppt*	*-0.1ppt*
Credit Cost	*0.81%*	*0.59%*	*0.56%*	*-0.25ppt*	*-0.03ppt*
LDR	*91.8%*	*92.1%*	*93.9%*	*+2.1ppt*	*+1.8ppt*
CASA Ratio	*67.1%*	*70.3%*	*69.3%*	*+2.2ppt*	*-1.0ppt*
Gross NPL	*1.2%*	*1.0%*	*1.0%*	*-0.2ppt*	*+0.0ppt*
LAR	*7.0%*	*6.1%*	*5.9%*	*-1.1ppt*	*-0.2ppt*

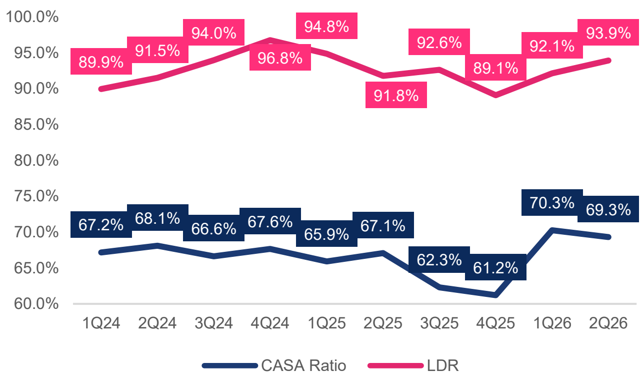
Source: Company, KSI Research, based on company financial statements

Profitability & Asset Quality



Source: Company, KSI Research

Funding & Liquidity Strength



Source: Company, KSI Research

VALUATION

TP Updated to IDR5,400 (from IDR6,250); Reiterated BUY

BUY TP 12M: IDR 5,400

vs. Last Price (IDR4,090, 29 Jul 2026): +32.03% upside | Previous TP: IDR6,250

We maintain our **"BUY"** rating for BMRI. We derived our fair value estimate using a blended valuation approach, assigning **60% weight to P/BV and 40% weight to DDM.** From this approach, we have set BMRI's 12-month target price at IDR 5,400, offering a potential upside of **32.03%** from its last closing price of **IDR 4,090 as of 29 July 26.**

Blended Valuation	Base Amount	Target Multiple	Value (IDR Bn)	Weight (%)	The Value of the firm
P/BV	326,709	1.35x	440,087	60%	264,052
DDM	595,513		595,513	40%	238,205

Total Value (Bn)	**502,257**
Share (Bn)	93.33
Intrinsic Value (IDR)	5,381
Target Price (IDR)	**5,400**
Last Price (28 Jul 26)	IDR 4,090
Potential Upside (%)	**32.03%**

HISTORICAL P/BV – 3Y

Source: Company, KSI Research

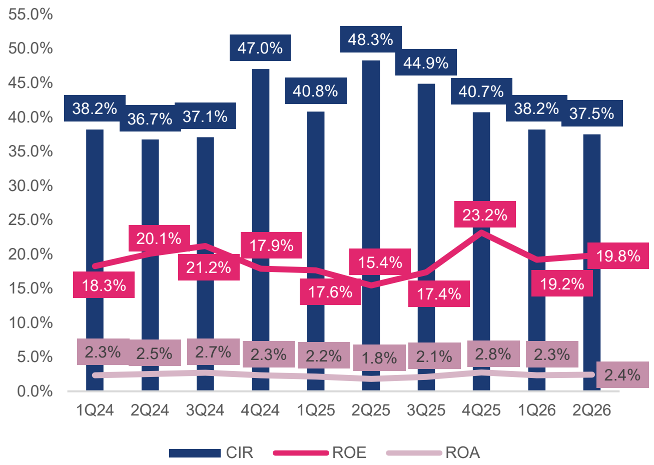
DDM ASSUMPTIONS

Beta (x)	**0.60**
Risk-Free Rate (%)	**6.85**
Equity Risk Premium (%)	**6.69**
Terminal Growth (%)	**5.00**
Cost of Equity (%)	**10.86**

FINANCIAL EXHIBITS - CHARTS

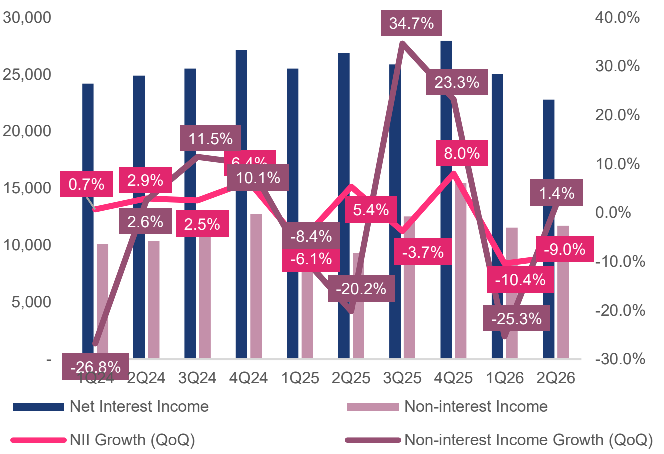
BMRI 2Q26 – Performance Highlights

Returns & Operating Efficiency



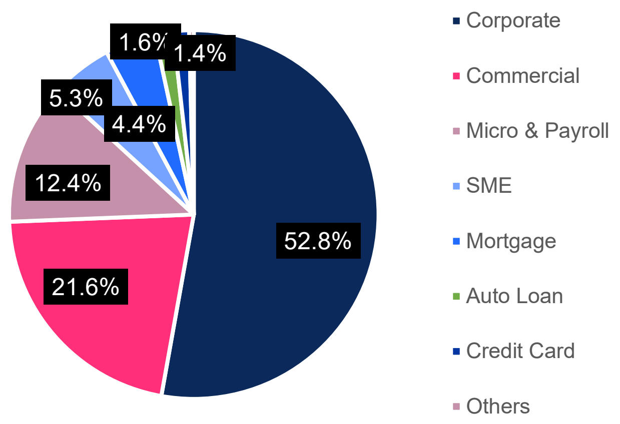
Source: Company, KSI Research

Net-Interest & Non-interest Income



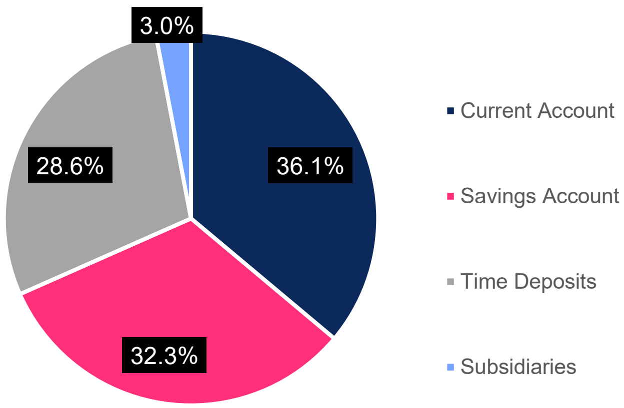
Source: Company, KSI Research

2Q26 Gross Loan Composition



Source: Company, KSI Research

2Q26 Third-Party-Funds Breakdown



Source: Company, KSI Research

FINANCIAL HIGHLIGHTS (IDR Bn)

Annual Financial Statements & Key Ratios

FINANCIAL STATEMENT & RATIOS - OVERVIEW

*Expressed in IDR Bn, *2023A-2025A Incl. BSI, onwards excludes BSI*

Income Statement	2023A*	2024A*	2025A*	2026F	2027F	2028F
Total Interest Income	**132,544**	**151,236**	**164,412**	**155,086**	**167,001**	**181,458**
Total Interest Expense	36,658	49,479	58,202	53,241	56,807	59,563
Net Interest Income	**95,887**	**101,757**	**106,210**	**101,845**	**110,194**	**121,895**
Operating Revenue	**138,658**	**146,599**	**155,226**	**149,500**	**160,673**	**177,783**
Operating Expense	53,867	58,610	67,584	59,571	64,042	73,335
PPOP	84,790	87,989	87,642	89,929	96,631	104,448
Provisions for Impairment	10,149	11,929	11,331	11,113	12,262	13,651
Earnings Before Tax	74,642	76,060	76,311	78,815	84,369	90,797
Tax Expenses	14,633	15,238	15,071	15,763	16,874	18,159
Non-controlling Interest	4,992	5,382	5,052	2,939	3,146	3,386
Net Income	**55,060**	**55,783**	**56,294**	**60,114**	**64,350**	**69,252**
EPS (IDR)	**590**	**598**	**603**	**644**	**689**	**742**

Balance Sheet	2023A*	2024A*	2025A*	2026F	2027F	2028F
Cash	26,432	31,665	33,857	28,743	38,349	43,693
Placement in Banks	219,066	215,012	349,685	269,227	275,139	294,655
Net Loan	1,344,189	1,620,155	1,845,767	1,677,664	1,861,428	2,076,152
Investments	426,422	391,041	421,449	413,921	439,306	458,967
Fixed Assets	57,978	63,031	72,062	61,339	64,602	68,241
Total Assets	**2,174,219**	**2,427,223**	**2,829,948**	**2,610,783**	**2,842,350**	**3,107,700**
Deposits	1,595,415	1,726,618	2,127,274	1,840,645	2,020,283	2,222,309
Debt	182,508	279,717	257,223	310,240	325,443	346,174
Other Liabilities	108,801	107,414	118,049	133,190	136,101	142,226
Total Liabilities	**1,886,724**	**2,113,749**	**2,502,546**	**2,284,074**	**2,481,828**	**2,710,708**
Capital Stock + APIC	29,310	29,762	29,762	29,811	29,811	29,811
Retained Earnings	197,304	220,050	223,510	249,847	278,128	308,770
Other Equity	34,239	33,984	40,479	38,177	42,543	46,391
Total Equity	**287,495**	**313,475**	**327,402**	**326,709**	**360,523**	**396,991**

Key Ratios	2023A*	2024A*	2025A*	2026F	2027F	2028F
Profitability & Efficiency						
NII Growth	9.1%	6.1%	4.4%	-4.1%	8.2%	10.6%
NIM	4.8%	4.6%	4.2%	4.3%	4.3%	4.3%
CIR	38.8%	40.0%	43.5%	39.8%	39.9%	41.2%
ROE	20.4%	18.6%	17.6%	18.4%	18.7%	18.3%
ROA	2.6%	2.4%	2.1%	2.2%	2.4%	2.3%
Liquidity & Capital						
CASA	67.4%	67.6%	61.2%	69.5%	70.0%	70.4%
LDR	87.6%	96.8%	89.1%	93.4%	94.5%	95.9%
Equity / Assets	13.2%	12.9%	11.6%	12.5%	12.7%	12.8%
BVPS	3,080	3,359	3,508	3,500	3,863	4,253
Asset Quality & Valuation						
Gross NPL	1.2%	1.1%	1.1%	1.0%	1.0%	1.0%
LAR	8.5%	6.8%	6.5%	5.9%	5.9%	5.9%
Credit Cost	0.8%	0.8%	0.6%	0.6%	0.7%	0.7%
NPL Coverage	326.6%	270.8%	231.0%	236.4%	250.2%	253.2%
Share Price	6,050	5,700	5,100	5,400	5,975	6,575
PBV	2.0x	1.7x	1.5x	1.5x	1.5x	1.5x
PER	10.3x	9.5x	8.5x	8.4x	8.7x	8.9x
Dividend Yield	4.4%	6.2%	9.1%	6.7%	6.5%	6.3%
DPR	60.0%	60.0%	78.0%	60.0%	60.0%	60.0%

Source: Company, KSI Research

DISCLOSURES

Rating Guide, Disclaimer & Contact

KIWOOM SEKURITAS GUIDE TO SECTOR / STOCK RATINGS

SECTOR / INDUSTRY

OVERWEIGHT	Sector & Industry outlook has potential and good condition
NEUTRAL	Sector & Industry outlook stable or tends to be stagnant
UNDERWEIGHT	Sector & Industry outlook has challenges and bad condition

STOCK

BUY	Performance > +15% over the next 12 months (ex-dividend)
TRADING BUY	Performance +5% to +15%, minor to medium term
HOLD	Performance -10% to +15% over the next 12 months (ex-dividend)
SELL	Performance < -15% over the next 12 months (ex-dividend)
TRADING SELL	Performance -5% to -15%, minor to medium term
NOT RATED	Stock not within regular research coverage

A NOTE ON METHODOLOGY

This update anchors 1H26 actual results to BMRI's 2Q26 financial statements, earnings presentation, and management guidance, and reconciles them against KSI's house model. FY26F–28F forecasts are prepared on a pro-forma basis excluding Bank Syariah Indonesia following its deconsolidation in February 2026, while historical figures are shown on a reported basis unless stated otherwise. Loan growth is projected by business segment, while net interest income is derived from average earning assets, loan yields, funding mix, and deposit costs. Non-interest income incorporates recurring fees, treasury income, recoveries, and associate contributions. Credit costs are linked to average loans and asset-quality assumptions. The target price is based on a blended 60% P/BV and 40% DDM valuation, using market data as of 29 July 2026.

DISCLAIMER

OTHER DISCLOSURES

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