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PT Bank Mandiri (Persero) Tbk

BMRI: Resilient 9M26 Earnings Amid Margin Pressure

9M26 PATMI rose 20.7% YoY, supported by stronger non-interest income and cost efficiency despite NIM pressure. We forecast FY26F PATMI of IDR 60.1tn and lower our 12-month TP to IDR 4,800, reflecting market uncertainty and volatility.

PERFORMANCE OVERVIEW

BMRI maintained resilient earnings momentum in 9M26 despite margin pressure *still being an issue. Operating revenue increased 9.4% YoY to IDR 106.0tn, supported by net interest income of IDR 69.8tn (+6.5% YoY) and non-interest income of IDR 35.4tn (+14.3% YoY). However, consolidated NIM eased to 4.43% from 4.56% in 1H26, due to funding costs weighing on the spreads. Operating expenses also declined 1.6% YoY to IDR 40.3tn, improving CIR to 38.0%. Consequently, PPOP rose 17.5% YoY to IDR 65.7tn, while PATMI reached IDR 45.5tn (+20.7% YoY). For 3Q26 alone, PATMI grew 13.9% YoY to IDR 15.1tn.*

On the balance sheet side, *lending growth remained concentrated in wholesale segments. Gross loans reached IDR 1,694tn (+15.4% YoY | +1.0% QoQ), led by corporate loans with IDR 836tn (+22.5% YoY) and commercial loans with IDR 352tn (+16.8% YoY). SME lending also strengthened (+11.2% YoY) to IDR 91tn, while Micro & Payroll and Consumer loans grew more moderately to IDR 200tn and IDR 127tn, respectively. On the funding side, third-party funds rose 17.5% YoY to IDR 1,805tn. CASA reached IDR 1,273tn (+16.0% YoY | +4.4% QoQ), raising its ratio to 70.6% from 69.2% in 1H26. However, bank-only deposit costs increased to 2.34% from 2.04% in 2Q26, highlighting BMRI's persistent funding pressure.*

Despite resilient earnings, *BMRI's asset quality may need closer monitoring. Gross NPL remained stable at 1.02%, while LaR increased to 6.76% from 5.83% in 1H26, mainly driven by higher performing restructured loans rather than a significant rise in NPLs. Nevertheless, CoC remained manageable at 0.63%, within management's guidance. Looking ahead, improving CASA and recurring fee income can help sustain profitability, although the elevated funding costs and rising restructured loan exposure remain key concerns. Meanwhile, uncertain market conditions and broader volatility may continue to weigh on BMRI's valuation despite its underlying earnings resilience.*

Key Takeaways

- ***9M26 Earnings Remained Resilient.*** *BMRI recorded PATMI of IDR 45.5tn (+20.7% YoY), supported by PPOP growth of 17.5%, stronger non-interest income, and disciplined operating expenses despite continued NIM pressure.*
- ***Wholesale Lending Continued to Drive Growth.*** *Gross loans reached IDR 1,694tn (+15.4% YoY), led by Corporate and Commercial lending. Meanwhile, CASA improved to 70.6%, although funding costs remained elevated.*
- ***Asset Quality Warrants Closer Monitoring.*** *LaR increased to 6.76% from 5.83% in 1H26, driven by higher performing restructured loans. However, gross NPL remained stable at 1.02%, with CoC at 0.63%.*

RECOMMENDATION:

We maintain our **"BUY"** rating on BMRI. Our valuation is derived through a blended approach, combining 40% P/BV and 60% DDM. We revise our 12-month target price to **IDR 4,800** (from IDR 5,400), implying **24.03% upside** from the last closing price of **IDR 3,870** on 27 October 2026. The revision primarily reflects a higher cost of equity amid uncertain market conditions and broader market volatility, rather than a deterioration in earnings fundamentals. Downside risks include prolonged NIM pressure, elevated funding costs, deteriorating asset quality, and continued market uncertainty.

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	93,682	106,071	115,147
Non-interest Income	42,771	44,842	49,016	48,517	50,822	55,495
PPOP	84,790	87,989	87,642	87,727	94,502	100,968
Earnings Before Tax	74,642	76,060	76,311	76,754	82,464	87,721
Net Income	55,060	55,783	56,294	60,089	64,560	68,675
EPS (IDR)	590	598	603	644	692	736
DPS (IDR)	265	354	466	467	451	450
BVPS (IDR)	2,795	3,041	3,147	3,300	3,587	3,915
Dividend Yield (%)	4.4%	6.2%	9.1%	9.7%	8.7%	7.9%
ROE (%)	20.4%	18.6%	17.6%	18.7%	19.5%	19.1%
PBV (x)	2.2x	1.9x	1.6x	1.5x	1.5x	1.5x
PER (x)	10.3x	9.5x	8.5x	7.5x	7.5x	7.7x

STOCK RATING

BUY

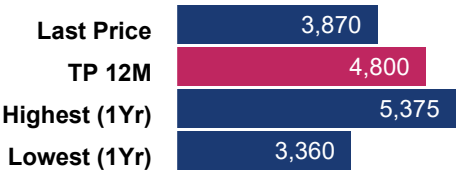
REITERATED

TP 12M (IDR)	**4,800**
vs. Last Price	**+24.03%**
Previous TP	*IDR 5,400*

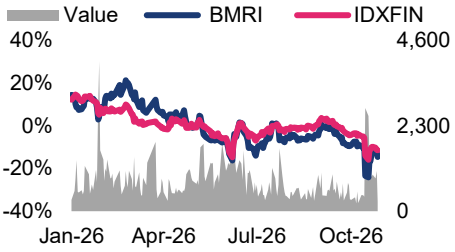


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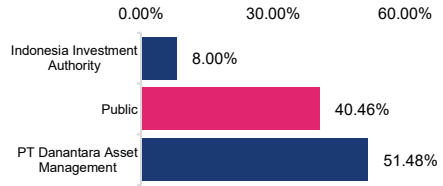
Ticker	**BMRI**
Sub-Sector	**Banks**
Last Price (IDR)	**3,870**
Market Cap (IDR Tn)	**361.20**
Shares Issued (Bn)	**93.33**
AVG 3M Turnover (IDR bn)	**626.58**



PRICE PERFORMANCE, YTD (%) TURNOVER (Bn)



SHAREHOLDER STRUCTURE



ESG Rating	6.03
Environmental	5.38
Social	7.42
Governance	4.57

Source: Bloomberg

PERFORMANCE OVERVIEW

BMRI Financial Exhibit – 3Q26

FINANCIAL STATEMENT & RATIOS - EXHIBIT

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

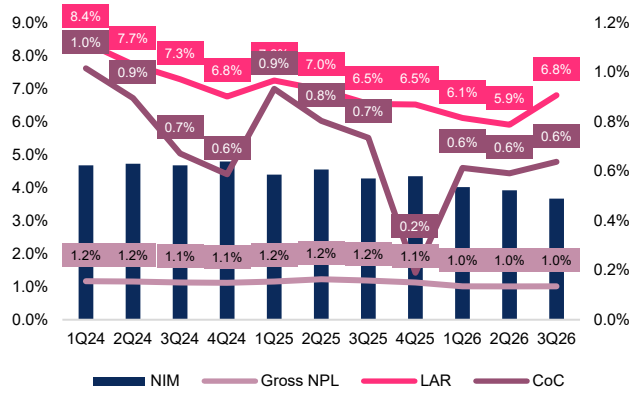
Balance Sheet	3Q25*	2Q26	3Q26	YoY	QoQ
Net Loan	1,426,943	1,637,716	1,653,346	15.9%	1.0%
Cash & Placement in Banks	205,317	268,589	257,538	25.4%	-4.1%
Investments	359,614	405,740	448,350	24.7%	10.5%
Total Assets	**2,173,642**	**2,527,568**	**2,588,298**	19.1%	2.4%
Third Party Funds	1,536,280	1,763,167	1,804,610	17.5%	2.4%
Total Liabilities	**1,883,686**	**2,234,545**	**2,285,501**	21.3%	2.3%
Total Equity	**289,956**	**293,023**	**302,797**	4.4%	3.3%
BVPS	3,017	3,049	3,150	4.4%	3.3%

Income Statement	3Q25*	2Q26	3Q26	YoY	QoQ
Net Interest Income	**21,250**	**22,790**	**21,972**	3.40%	-3.6%
Operating Revenue	**32,668**	**34,506**	**34,857**	6.7%	1.0%
Operating Expenses	13,657	12,935	13,386	-2.0%	3.5%
PPOP	**19,011**	**21,571**	**21,471**	12.9%	-0.5%
Provisions for Impairment	2,438	2,430	2,686	10.2%	10.5%
Net Income	**13,275**	**15,028**	**15,122**	13.9%	0.6%
EPS	142	161	162	13.9%	0.6%

Ratios	3Q25*	2Q26	3Q26	YoY (ppt)	QoQ (ppt)
NIM	4.78%	4.56%	4.43%	(0.35 ppt)	(0.13 ppt)
Credit Cost	0.62%	0.61%	0.63%	+0.01 ppt	+0.02 ppt
LDR	92.60%	92.70%	91.20%	(1.40 ppt)	(1.50 ppt)
CASA Ratio	71.50%	69.20%	70.60%	(0.90 ppt)	+1.40 ppt
Gross NPL	1.06%	1.01%	1.02%	(0.04 ppt)	+0.01 ppt
LAR	6.39%	5.83%	6.76%	+0.37 ppt	+0.93 ppt

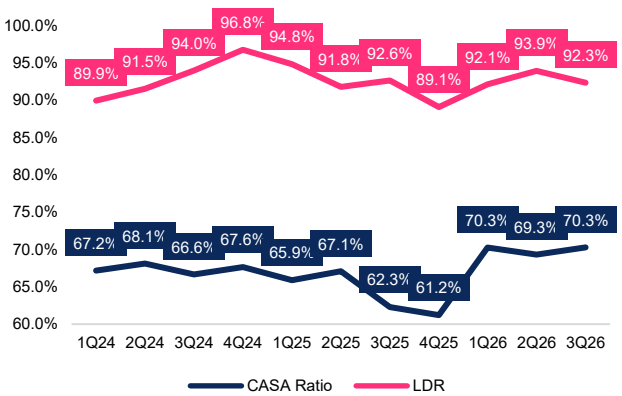
Source: Company, KSI Research, based on company financial statements

Profitability & Asset Quality



Source: Company, KSI Research

Funding & Liquidity Strength



Source: Company, KSI Research

VALUATION

TP Revised to IDR 4,800 (from IDR 5,400); Reiterated BUY

BUY TP 12M: IDR 4,800

vs. Last Price (IDR 3,870, 27 Oct 2026): +24.03% upside | Previous TP: IDR 5,400

We reiterate our **"BUY"** rating on BMRI. We derive our fair value using a blended valuation approach, assigning **60% weight to DDM and 40% weight to P/BV**. Based on this approach, we revise BMRI's **12-month target price to IDR 4,800** (from IDR 5,400), implying a potential upside of **24.03%** from its last closing price of **IDR 3,870.**

Blended Valuation	Base Amount	Target Multiple	Value (IDR Bn)	Weight (%)	Weighted Value
P/BV	307,959	1.55x	477,689	40%	191,075
DDM	430,290		430,290	60%	258,174

Total Value (Bn)	**449,250**
Share (Bn)	93.33
Intrinsic Value (IDR)	4,813
Target Price (IDR)	**4,800**
Last Price (27 Oct 26)	IDR 3,870
Potential Upside (%)	**24.03%**

HISTORICAL P/BV – 3Y



DDM ASSUMPTIONS

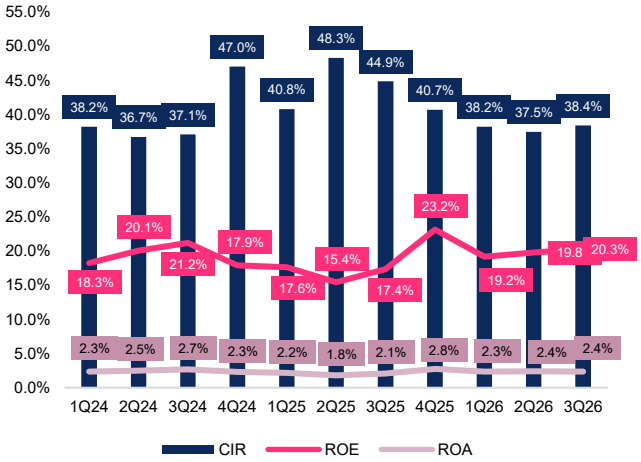
Beta (x)	0.970
Risk-Free Rate (%)	7.45
Equity Risk Premium (%)	6.56
Terminal Growth (%)	5.00
Cost of Equity (%)	13.81

Source: Company, KSI Research

FINANCIAL EXHIBITS - CHARTS

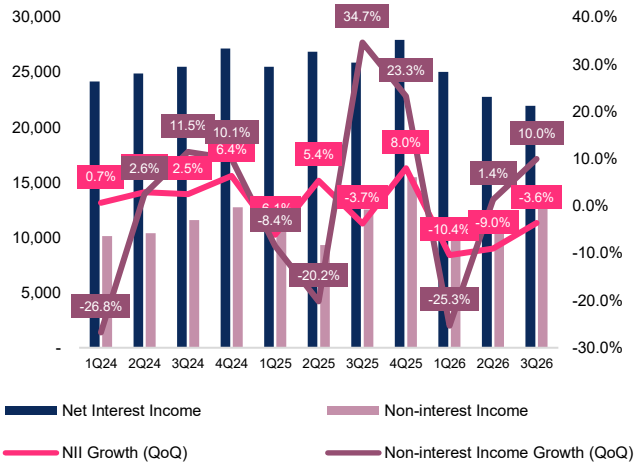
BMRI 3Q26 – Performance Highlights

Returns & Operating Efficiency



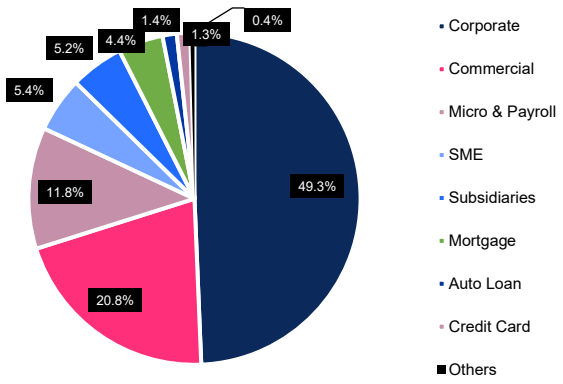
Source: Company, KSI Research

Net-Interest & Non-interest Income



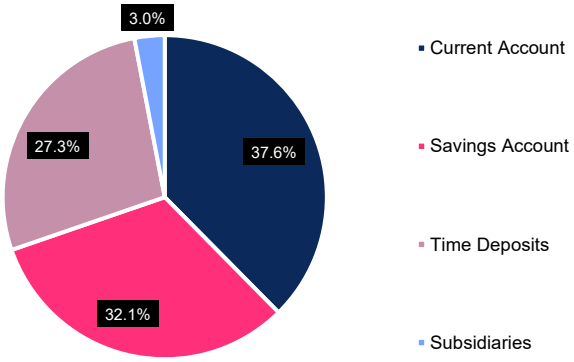
Source: Company, KSI Research

3Q26 Gross Loan Composition



Source: Company, KSI Research

3Q26 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**	**148,949**	**163,931**	**176,369**
Total Interest Expense	36,658	49,479	58,202	55,267	57,859	61,222
Net Interest Income	**95,887**	**101,757**	**106,210**	**93,682**	**106,071**	**115,147**
Operating Revenue	**138,658**	**146,599**	**155,226**	**142,199**	**156,893**	**170,642**
Operating Expense	53,867	58,610	67,584	54,472	62,391	69,673
PPOP	84,790	87,989	87,642	87,727	94,502	100,968
Provisions for Impairment	10,149	11,929	11,331	10,973	12,038	13,247
Earnings Before Tax	74,642	76,060	76,311	76,754	82,464	87,721
Tax Expenses	14,633	15,238	15,071	14,583	15,668	16,667
Non-controlling Interest	4,992	5,382	5,052	2,081	2,236	2,379
Net Income	**55,060**	**55,783**	**56,294**	**60,089**	**64,560**	**68,675**
EPS (IDR)	**590**	**598**	**603**	**644**	**692**	**736**

Balance Sheet	2023A*	2024A*	2025A*	2026F	2027F	2028F
Cash	26,432	31,665	33,857	18,867	21,756	21,382
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**	**2,600,907**	**2,825,757**	**3,085,388**
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	239,971	262,468	289,180
Other Equity	34,239	33,984	40,479	38,177	42,543	46,391
Total Equity	**287,495**	**313,475**	**327,402**	**316,833**	**343,930**	**374,680**

Key Ratios	2023A*	2024A*	2025A*	2026F	2027F	2028F
Profitability & Efficiency						
NII Growth	9.1%	6.1%	4.4%	-11.8%	13.2%	8.6%
NIM	4.8%	4.6%	4.2%	4.0%	4.1%	4.1%
CIR	38.8%	40.0%	43.5%	38.3%	39.8%	40.8%
ROE	20.4%	18.6%	17.6%	18.7%	19.5%	19.1%
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%	12.2%	12.2%	12.1%
BVPS	2,795	3,041	3,147	3,300	3,587	3,915
Asset Quality & Valuation						
Gross NPL	1.2%	1.1%	1.1%	1.0%	1.0%	1.0%
LAR	8.5%	6.8%	6.5%	6.8%	6.8%	6.7%
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	4,800	5,200	5,700
PBV	2.2x	1.9x	1.6x	1.5x	1.5x	1.5x
PER	10.3x	9.5x	8.5x	7.5x	7.5x	7.7x
Dividend Yield	4.4%	6.2%	9.1%	9.7%	8.7%	7.9%
DPR	60.0%	60.0%	78.0%	77.5%	70.0%	65.0%

Source: Company, KSI Research

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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

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