

1H25 earnings miss on one-time opex spike; below

24 September 2025

	
BMRI IJ	BUY
Sector	Banks
Price at 23 Sept 2025 (IDR)	4,420
Price target (IDR)	5,660
Upside/Downside (%)	28.1

Stock Information

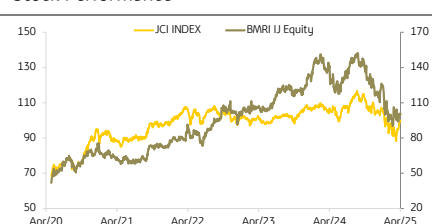
PT Bank Mandiri (Persero) Tbk (Persero) Tbk is a state-owned bank offering a range of banking products and services to its customers from individuals and SMEs to corporations. The bank is formed by a merger of four state-owned banks.

Market cap (IDR bn)	412,533
Shares outstanding (mn)	93,333
52-week range (IDR)	4,250–7,475
3M average daily vol. ('000)	173,484
3M average daily val. (IDR mn)	813,780

Shareholders (%)

Republic of Indonesia	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(9.8)	(10.4)	(40.8)

BMRI delivered a strong top-line expansion of 12.9% yoy. A major steady challenge was the pressure on funding costs, which moderated the growth of NII. The cost to income spiked, a key reason for the earnings miss resulting in a 7.9% yoy decrease in PATMI. In all, 1H25 earnings came in below ours and consensus expectation. BMRI's loan book grew by an impressive 11.0% yoy, significantly exceeding its guidance, the broader industry's growth and our '25F forecast. Despite the profitability challenges, key risk metrics remained strong. The gross NPL was well-managed at 1.08%. The CoC improved to 0.77%, a 21bps improvement from 1H24 and better than the management's guidance. BMRI adjusting its '25F guidance and we fine-tune our forecast to accommodate the one-time spike opex. Maintain BUY with GGM-based TP of IDR5,660 pegged at 1.7x '25F P/B, while currently trading at 1.3x '25F P/B or below its -1SD hist. mean.

1H25 earnings; below

BMRI continue delivered a robust top-line expansion of 12.9% yoy to IDR 81.57tn driven by double-digit loan growth, a testament to its strong operational momentum. However, burden on funding cost pressures remains and moderated the growth of NII to a more subdued 6.7% yoy. Worth noting that we still see this as an acceptable growth amid the prolonged uncertainty and as it recorded 128bps higher than the previous quarter growth. A softer non-IL growth and operating expenses spike has brought PPop noted 6.4% yoy lower to IDR 40.72tn, while higher provisions made (+5.3% yoy) has impacted 1H25 PATMI decreased by 7.9% yoy to IDR 24.5tn. In all, 1H25 earnings missed mainly on CIR spike (earnings run-rate of 43.5%/40.1%).

Robust loan growth surpasses industry, BMRI, and our '25F

Despite an environment of tepid credit expansion, BMRI's loan book swelled by an impressive 11.0% yoy, handily eclipsing both our projections (10.4% yoy) and the broader industry's (7.77% yoy). This solid growth also significantly surpasses the bank's '25 guidance of 8%-10% yoy. The corporate segment led this charge, posting a 9.82% yoy, fueled by strong demand within the transport, infrastructure and construction. Concurrently, the commercial segment registered a 17.7% yoy increase, underpinned by robust activity in the coal manufacturing, oil & gas and nickel mining. On the funding side, total TPF expanded by 10.7% yoy. However, this growth was primarily driven by higher-cost funding, which saw a considerable increase of 15.1% yoy, despite softer vs last quarter growth of 18.9% yoy. Nonetheless, the bank demonstrated adept management of its funding cost, with CASA balances growing a healthy 9.32% yoy to IDR 1,354tn and around 68bps higher vs last quarter growth of 8.6% yoy. This was largely attributable to a 9.8% yoy increase or 480bps higher vs previous quarters in the CA segment.

Solid risk metrics and cost management amidst NIM squeeze

The bank's NIM saw a slight 17bps YoY decline to 4.92%, a result of heightened deposit competition and increased funding costs. However, this figure remains within both management's and our full-year expectations. We anticipate a favorable shift in the deposit mix and stronger transactional banking to support CASA growth and help maintain the bank's NIM going forward. Operational efficiency faced headwinds as the cost-to-income ratio rose due to a sharp 34.3% yoy increase in G&A expenses and a significant 68.7% yoy spike in other expenses. This led to a 25.2% yoy jump in total operating expenses. Despite these cost pressures, BMRI's key risk metrics remain solid. The bank's gross NPL ratio is well-managed at 1.08%, far below our 2025 forecast. While NPLs ticked up in the consumer, micro, and payroll segments, they improved in the corporate and commercial sectors. A standout achievement was the cost of credit, which improved to 0.77%, a 21bps improvement from 1H24 and better than both the management's guidance and our '25 CoC for BMRI.

More conservative '25F guidance from BMRI; adjusting our '25F opex for the bank

BMRI has adjusted its '25F guidance, citing challenging market conditions: (1) loan growth: Revised to 8%-10% YoY from the previous 10%-12%, (2) NIM adjusted down to 4.8%-5.0% from 5.0%-5.2% and (3) credit cost revised to 0.8%-1.0% from 1.0%-1.2%. Despite these changes, we are maintaining our full-year 2025 forecasts for BMRI's key metrics (loan growth: 10.4% yoy, NIM: 5.0%, credit cost: 1.0%) To account for the recent spike in operating expenses, we have adjusted our forecasts for personnel, G&A, and other expenses, while keeping other P&L and balance sheet forecasts unchanged. This adjustment, along with a fine-tuning of our cost of equity assumption, has resulted in a lower valuation. Worth noting that year-to-date consensus TP has been adjusted by 27.2%, while our new GGM-based target price is just closed than half than our previous target and still slightly below consensus TP.

Maintain BUY GGM TP of IDR5,660.

Our 12M GGM-based TP of IDR5,660 is pegged at 1.7x '25F P/B, while currently the stock trades (1.3x) at below its -1SD. Key downside risks to our target price include: a) lower-than-expected loan growth; b) prolonged tight liquidity and higher SRBI high; c) NIM stagnation d) higher-than expected CoF and CoC; f) deteriorating asset quality; g) prolonged trade war uncertainty, mild economic activity, motionless wait & see stance, steady weakening purchasing power and household loan confidence. 10) weakening IDR/USD.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net Interest income	95,887	101,757	106,865	117,136	128,650
Non int. income	42,771	44,842	51,277	54,479	59,374
Income from operations	138,658	146,599	158,142	171,615	188,025
Pre-provision profit	84,790	87,988	86,962	92,071	99,209
Net income (IDR bn)	55,060	55,782	51,218	54,144	58,910
EPS (IDR)	590	598	549	580	631
EPS growth (%)	33.7	1.3	(8.2)	5.7	8.8
PER (x)	7.5	7.4	8.0	7.6	7.0
PBV (x)	1.6	1.5	1.3	1.2	1.1
Div. Yield (%)	6.0	8.0	6.8	6.2	6.4
RoE (%)	23.2	21.2	17.3	17.9	18.8

Source: Company, KBVS Research

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Exhibit 2: BMRI 1H25 results – selected profit & loss, balance sheet and key ratio

Income Statements (IDR bn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)	KBVS '25F	% to KBVS	Cons. '25F	% to Cons.
Interest income	72,224	81,577	12.9	36,689	41,951	14.3	39,626	5.9				
Interest expenses	-23,143	-29,193	26.1	-11,794	-15,072	27.8	-14,121	6.7				
Net Interest Income	49,081	52,384	6.7	24,895	26,879	8.0	25,505	5.4				
Non-interest income	20,515	20,993	2.3	10,388	9,320	-10.3	11,673	-20.2				
Total operating income	69,596	73,377	5.4	35,283	36,199	2.6	37,178	-2.6				
Total operating expenses	-26,077	-32,655	25.2	-12,965	-17,486	34.9	-15,169	15.3				
PPoP	43,519	40,722	-6.4	22,318	18,713	-16.2	22,009	-15.0				
Loan loss provisions	-6,913	-7,279	5.3	-3,317	-3,384	2.0	-3,895	-13.1				
Net profit	26,551	24,455	-7.9	13,849	11,258	-18.7	13,197	-14.7	51,218	47.7	53,368	45.8

Balance Sheet (IDR bn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
Gross loans	1,532,354	1,701,214	11.0	1,532,354	1,701,214	11.0	1,672,429	1.7
Current account	612,071	672,166	9.8	612,071	672,166	9.8	590,295	13.9
Saving account	626,379	681,484	8.8	626,379	681,484	8.8	679,417	0.3
Time deposits	412,575	474,831	15.1	412,575	474,831	15.1	479,007	-0.9
TPF (IDRbn)	1,651,025	1,828,481	10.7	1,651,025	1,828,481	10.7	1,748,719	4.6
CASA (IDRbn)	1,238,450	1,353,650	9.30	1,238,450	1,353,650	9.3	1,269,712	6.6
Total equity	254,353	266,829	4.9	254,353	266,829	4.9	254,164	5.0

Selected key ratios	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
NIM	5.1	4.9	-0.2	5.1	4.9	-0.2	4.8	0.1
CoC	1.0	0.8	-0.2	1.0	0.8	-0.2	0.9	-0.1
Cost of Fund	2.0	2.4	0.4	2.0	2.4	0.4	2.4	0.1
NPL Gross	1.0	1.1	0.1	1.0	1.1	0.1	1.0	0.1
NPL Coverage	293.0	246.0	-47.0	293.0	246.0	-47.0	265.0	-19.0
CIR	37.5	44.5	7.0	37.5	44.5	7.0	40.8	3.7
Tier 1 CAR	19.0	18.3	-0.7	19.0	18.3	-0.7	0.0	18.3
ROAA	2.4	2.0	-0.4	2.4	2.0	-0.4	2.2	-0.2
ROAE	20.9	18.1	-2.8	20.9	18.1	-2.8	18.9	-0.8
CASA Ratio	75.0	74.0	-1.0	75.0	74.0	-1.0	72.6	1.4
LDR	89.7	90.1	0.4	89.7	90.1	0.4	92.5	-2.4
Loan yield	7.8	7.8	0.0	7.8	7.8	0.0	7.6	0.1
LAR	7.8	6.9	-0.8	7.8	6.9	-0.8	7.2	-0.3

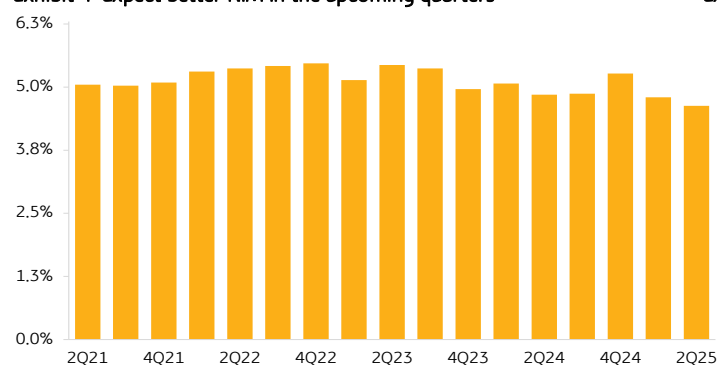
Source: Company, KBVS Research

Exhibit 3: BMRI forecast revision

	New		Old		Difference (%)		Street		Difference (%)	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Gross Loan	1,844,790	2,065,139	1,844,790	2,065,139	0.0	0.0				
Deposit	1,838,373	2,002,731	1,838,373	2,002,731	0.0	0.0				
Interest Income	166,809	184,328	166,809	184,328	0.0	0.0				
Interest Expenses	(59,944)	(67,192)	(59,944)	(67,192)	0.0	0.0				
Net Interest Income	106,865	117,136	106,865	117,136	0.0	0.0				
Non Interest Income	51,277	54,479	51,277	54,479	0.0	0.0				
Total Income	158,142	171,615	158,142	171,615	0.0	0.0				
Opex	71,180	79,543	64,280	71,040	10.7	12.0				
PPoP	86,962	92,071	93,862	100,575	-7.4	-8.5				
Provision Expenses	(16,660)	(17,597)	(16,660)	(17,597)	0.0	0.0				
Net Profit	51,218	54,144	56,221	60,298	-8.9	-10.2	53,368	56,454	-4.0	-4.1

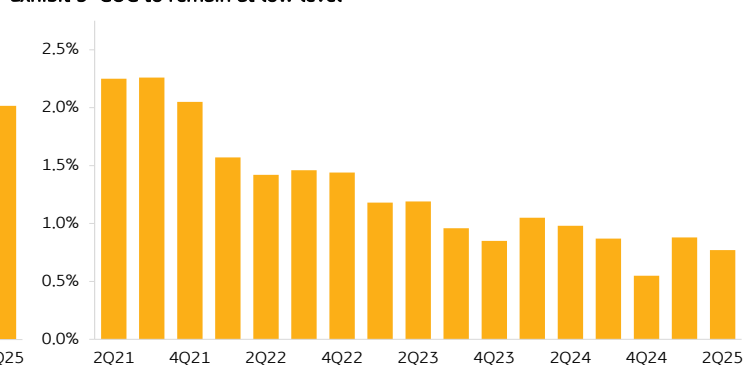
Source: Company, KBVS Research

Exhibit 4: Expect better NIM in the upcoming quarters



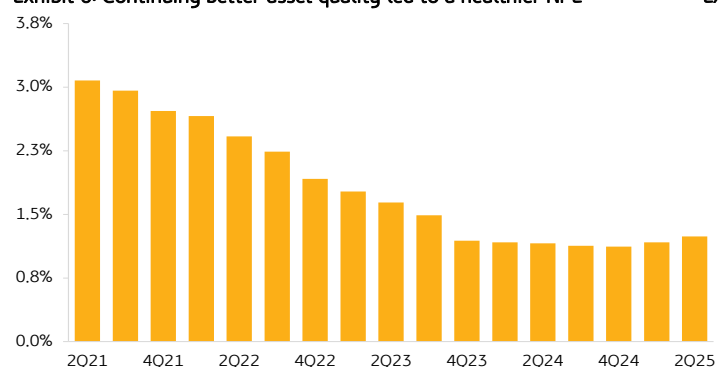
Source: Company, KBVS Research

Exhibit 5: COC to remain at low level



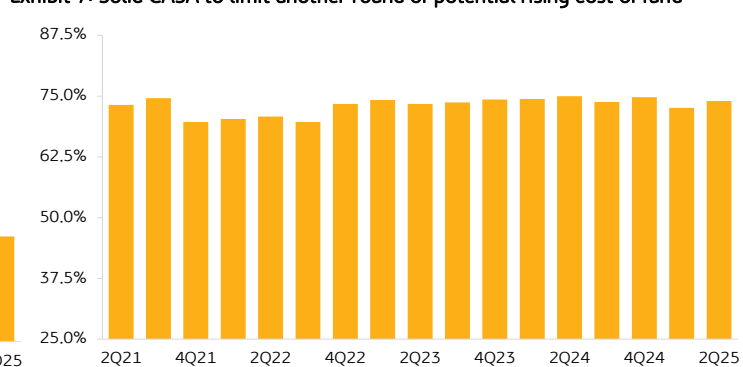
Source: Company, KBVS Research

Exhibit 6: Continuing better asset quality led to a healthier NPL



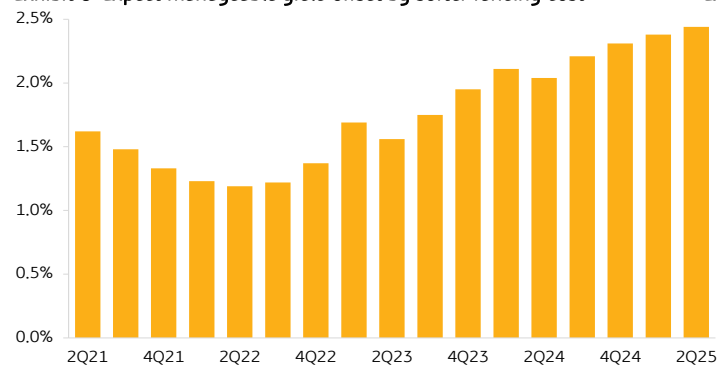
Source: Company, KBVS Research

Exhibit 7: Solid CASA to limit another round of potential rising cost of fund



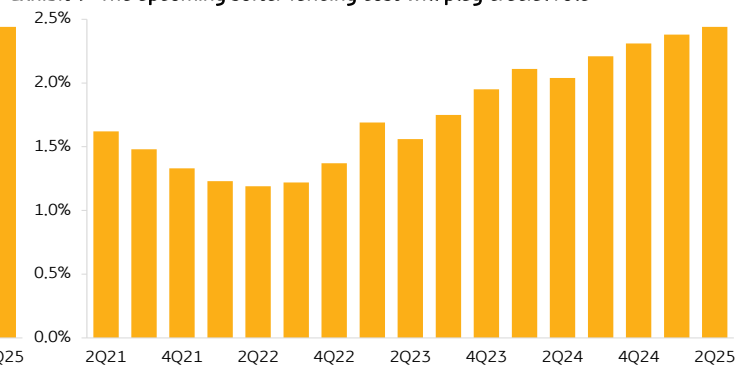
Source: Company, KBVS Research

Exhibit 8: Expect manageable yield offset by softer funding cost



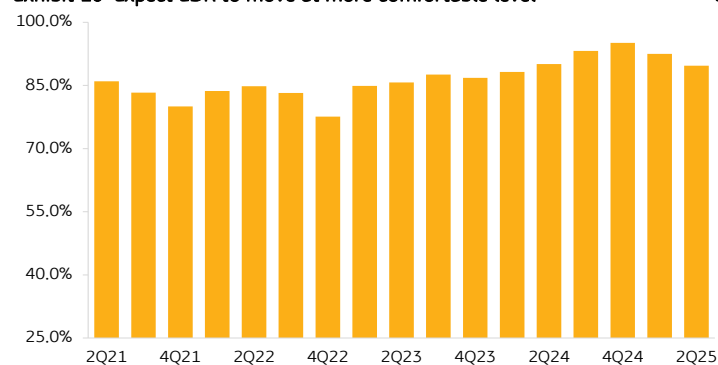
Source: Company, KBVS Research

Exhibit 9: The upcoming softer funding cost will play crucial role



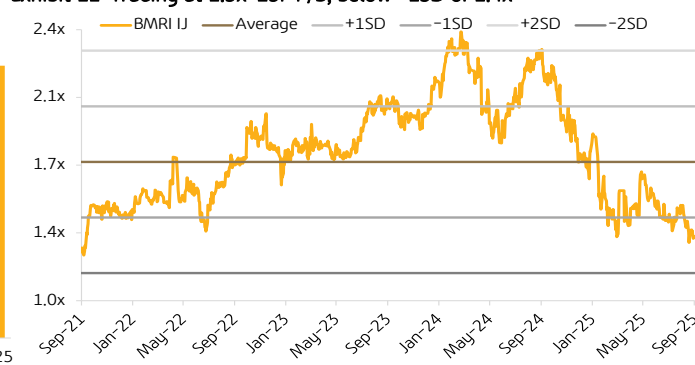
Source: Company, KBVS Research

Exhibit 10: Expect LDR to move at more comfortable level



Source: Bloomberg, KBVS Research

Exhibit 11: Trading at 1.3x '25F P/B, below -1SD of 1.4x



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES
Exhibit 12: Profit & Loss

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	132,544	151,236	166,809	184,328	201,290
Interest expenses	(36,658)	(49,479)	(59,944)	(67,192)	(72,639)
Net interest income	95,887	101,757	106,865	117,136	128,650
Non-interest income	42,771	44,842	51,277	54,479	59,374
Operating expenses	(53,867)	(58,611)	(71,180)	(79,543)	(88,815)
Pre-provision operating profit	84,790	87,988	86,962	92,071	99,209
Loan loss provision	(10,149)	(11,929)	(16,660)	(17,597)	(18,785)
Pretax Profit	74,685	76,403	70,646	74,818	80,768
Tax expenses	(14,633)	(15,238)	(14,482)	(14,913)	(15,639)
Net profit	55,060	55,782	51,218	54,144	58,910

Exhibit 12: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Assets					
Cash	26,432	31,665	35,647	37,404	39,679
Current Account at BI	108,605	105,146	113,979	129,176	137,948
Interbank Loans	110,461	109,866	73,535	80,109	87,869
Govt Treas Bills & Sec	309,183	287,273	193,029	200,273	202,100
Investment Securities	94,546	95,478	92,228	80,591	80,836
Loans	1,344,189	1,620,155	1,802,210	2,022,557	2,297,049
Fixed Assets	57,978	63,031	63,731	64,431	66,582
Other assets	122,825	114,610	124,350	116,932	113,705
Total Asset	2,174,219	2,427,223	2,498,709	2,731,474	3,025,768
Liabilities					
Interbank Deposit	18,465	27,721	23,661	27,302	31,355
Customer Deposit	1,576,950	1,698,897	1,838,373	2,002,731	2,196,735
Debts Sec and Subordinates	50,518	41,141	55,151	60,082	61,667
Other Liabilities	240,792	345,990	233,721	256,796	316,903
Total liabilities	1,886,724	2,113,749	2,150,906	2,346,910	2,606,660
Equity					
Capital Stock	11,667	11,667	11,667	11,667	11,667
Additional Paid-in Capital	17,643	18,095	18,095	18,095	18,095
Retained Earnings	197,304	220,050	248,380	280,567	310,660
Other Equity	34,239	33,984	36,366	37,363	38,404
Shareholder's Equity	260,853	283,796	314,507	347,692	378,826
Non-controlling Interest	26,642	29,678	33,296	36,872	40,282
Total Equity	287,495	313,475	347,803	384,564	419,108

Exhibit 13: Key performance metrics

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
NIM (%)	5.5	5.2	5.0	5.1	5.5
LDR (%)	88.6	98.4	95.3	90.1	89.2
CASA (%)	74.3	74.8	75.4	76.2	77.1
NPL (%)	1.2	1.2	1.2	1.0	0.9
ROAE (%)	23.2	21.2	18.8	19.4	20.3
ROAA (%)	2.6	2.4	2.3	2.3	2.3
CAR (%)	21.5	20.1	21.9	22.5	21.8
BVPS (IDR)	2,795	3,041	3,370	3,725	4,059
PER (x)	8.3	8.2	8.1	7.6	6.9
PBV (x)	1.7	1.6	1.5	1.3	1.2
Div. Yield (%)	5.4	7.2	6.1	6.2	6.4

Source: Company, KBVS Research

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