

9M25 earnings inline; robust 3Q25

28 October 2025

	
BMRI IJ	BUY
Sector	Banks
Price at 27 October 2025 (IDR)	4,470
Price target (IDR)	5,660
Upside/Downside (%)	26.6

Stock Information

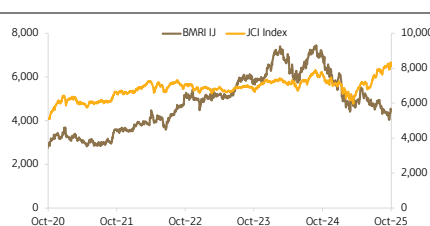
PT Bank Mandiri (Persero) Tbk (Persero) Tbk is a state-owned bank offering a range of banking products and services to its customers from individuals and SMEs to corporations. The bank is formed by a merger of four state-owned banks.

Market cap (IDR bn)	416,267
Shares outstanding (mn)	93,333
52-week range (IDR)	4,010-6,950
3M average daily vol. ('000)	165,410
3M average daily val. (IDR mn)	831,815

Shareholders (%)

Republic of Indonesia	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	1.1	(4.7)	(21.6)

9M25 earnings result highlights BMRI's resilience despite sector pressures, marked by strong top-line growth and a robust 3Q25 performance, even as it navigates challenges in operating costs and margin compression. In all, 9M25 earnings were in-line with our and cons. expectations (run-rate of 73.7%/74.4%). Loan expanded of 11.0% yoy, beating BMRI's '25F guidance, sector growth in Sept25 and our forecast. Total TPF grew 13.0% yoy, with healthy CASA growth. NIM 22bps yoy softer, though within BMRI's 25F and our estimate. Gross NPL is well-managed and the standout was the CoC, which improved significantly to 0.73% (9M24: 0.87%) and materially beat both BMRI's estimation (0.8%-1.0%) and our '25F of 1.0%. Looking ahead to 2026, key for '26F earnings performance are: (1) stronger loan volume growth to offset softer yields, (2) materialized transmission of benchmark rate cuts to support NIMs and (3) anticipated normalization of the CIR following the one-time adjustments this year. Maintain BUY with GGM-based TP of IDR5,660 (1.7 x '25F P/B), while currently trading at 1.3x '25F P/B or below its -1SD hist. mean.

9M25 earnings in line with robust 3Q25

Despite sector challenges, BMRI top-line grew (+10.5% yoy). Non-IT showed a healthy growth of 7.9% yoy (robust 3Q25). PATMI declined by 10.2% yoy, driven by the softer PPOP and higher provisions (+9.7% yoy). Despite the pressure, 9M25 earnings were in-line with our and cons. expectations (run-rate of 73.7%/74.4%). On the flip of coin, 3Q25 was robust, with earnings growth of 17.9% qoq to IDR 13.27tn. This was primarily driven by a solid Non-IT (+27.1% qoq, 8.22% yoy) and normalized operating expenses to -1.34% qoq (following a 2Q25 spike of +15.3% qoq). This resulted in strong PPOP growth of 13.2% qoq (a turnaround from -15.0% qoq in 2Q25). 3Q25 earnings of IDR 13.27tn surpassed cons. '3Q25F (IDR 12.48tn) and in line with our 3Q25F net profit expectation for BMRI of IDR 13.08tn.

Solid loan growth remains, surpasses industry, BMRI, and our '25F

BMRI reported robust loan expansion (+11.0% yoy), handily surpassing both its guidance (8%-10% yoy), industry loan growth in Sept25 despite a tepid credit environment. Worth to note that 9M25 loan growth was surpassing our '25F loan forecast for BMRI by 60bps. The Corporate segment led the charge, posting 14.9% yoy growth, while commercial segment grew by 14.4% yoy. Total third-party funds expanded 13.0 yoy, with healthy CASA growth of 5.9% yoy on saving segment growth of 7.2% yoy.

Pressure on NIM remains, yet still inline

BMRI faced expected headwinds, with NIM slightly compressed by 22bps to 4.9% (down from 5.1% in 9M24). While challenging, this figure remains within management's 4.8%-5.0% NIM for '25F and our '25F NIM for BMRI of 5.0%. The primary discomfort point was operational cost, which "hit a rough patch" as predicted. The cost-to-income climbed significantly to 44.6% (vs 37.3% in 9M24). This surge was driven by expense adjustments, including a 30.8% yoy jump in G&A and a substantial 57.5% yoy spike in other expenses, leading to a 25.3% yoy surge in total opex. Encouragingly, the opex spike saw a quarterly turnaround, declining 1.34% QoQ, suggesting a potential normalization that could continue into 4Q25, amid we still anticipate a double-digit growth in total opex for cumulative '25F period.

A well-managed NPL and impressive CoC improvement

Notwithstanding the cost headwinds and anticipated continuing margin pressure, we like BMRI's key credit quality metrics which remain robust. The bank's gross NPL ratio is well-controlled at 1.19%, perfectly in line with our '25F NPL for the bank of 1.18%. The true highlight for the quarter was the cost of credit, which improved to an impressive 0.73%. This figure represents a 14bps improvement from 0.87% in 9M24 and materially beats both BMRI's guidance (0.8-1.0%) and our '25F CoC estimate for BMRI of 1.0%.

Stronger loan, softer CoF, stabilized opex are crucial for '26F earnings growth

Despite a quarterly earnings turnaround, we have not taken this as an immediate short-term catalyst. Yet, the strong 3Q25 PATMI (+17.9% qoq) makes achieving both our and cons. '25F net income expectation for BMRI easier. The bank only needs flattish 4Q25F growth of 1.6% qoq / -2.0% yoy) to hit our conservative IDR 51.2tn '25F earnings BMRI. We will now revisit our model and shift our valuation to '26F. Key themes for 2026F include: (1) stronger loan volume growth offsetting softer yields, (2) better NIM due to a materialized expectation of benchmark rate cut transmission to funding cost, (3) a PPOP performance driven by a normalized CIR following a '25F one-time adjustment.

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)	7.6	7.5	8.1	7.7	7.1
PBV (x)	1.6	1.5	1.3	1.2	1.1
Div. Yield (%)	5.9	7.9	6.7	6.1	6.3
RoE (%)	23.2	21.2	17.3	17.9	18.8

Source: Company, KBVS Research

Analyst

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Exhibit 2: BMRI 9M25 results – selected profit & loss, balance sheet and key ratio

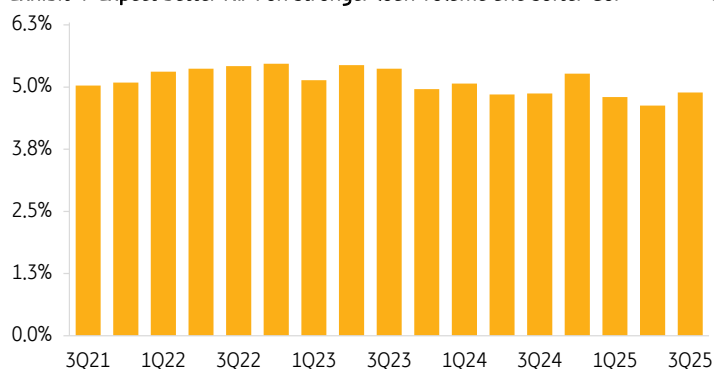
Income Statements (IDR bn)	9M24	9M25	YoY (%)	3Q24	3Q25	YoY (%)	2Q25	QoQ (%)	KBVS '25F	% to KBVS	Cons. '25F	% to Cons.
Interest income	110,636	122,297	10.5	38,412	40,720	6.0	41,951	(2.9)				
Interest expenses	(36,033)	(44,038)	22.2	(12,890)	(14,845)	15.2	(15,072)	(1.5)				
Net Interest Income	74,603	78,259	4.9	25,522	25,875	1.4	26,879	(3.7)				
Non-interest income	32,093	33,545	4.5	11,578	12,552	8.4	9,320	34.7				
Total operating expenses	(39,837)	(49,906)	25.3	(13,760)	(17,251)	25.4	(17,486)	(1.3)				
PPoP	66,859	61,898	(7.4)	23,340	21,176	(9.3)	18,713	13.2				
Loan loss provisions	(9,533)	(10,464)	9.8	(2,620)	(3,185)	21.6	(3,384)	(5.9)				
Net profit	42,017	37,730	(10.2)	15,466	13,275	(14.2)	11,258	17.9	51,218	73.7	50,696	74.4

Balance Sheet (IDR bn)	9M24	9M25	YoY (%)	3Q24	3Q25	YoY (%)	2Q25	QoQ (%)
Gross loans	1,589,835	1,764,328	11.0	1,589,835	1,764,328	11.0	1,701,214	3.7
Current account	596,388	623,725	4.6	596,388	623,725	4.6	672,166	(7.2)
Saving account	634,981	681,213	7.3	634,981	681,213	7.3	681,484	(0.0)
Time deposits	436,128	579,252	32.8	436,128	579,252	32.8	474,831	22.0
TPF (IDRbn)	1,667,497	1,884,190	13.0	1,667,497	1,884,190	13.0	1,828,481	3.0
CASA (IDRbn)	1,231,369	1,304,938	6.0	1,231,369	1,304,938	6.0	1,353,650	(3.6)
Total equity	301,337	313,838	4.1	301,337	313,838	4.1	297,917	5.3

Selected key ratios	9M24	9M25	YoY (%)	3Q24	3Q25	YoY (%)	2Q25	QoQ (%)
NIM	5.1	4.9	(0.2)	5.1	4.9	(0.2)	4.9	(0.0)
CoC	0.9	0.7	(0.1)	0.9	0.7	(0.1)	0.8	(0.0)
Cost of Fund	2.2	2.4	0.2	2.2	2.4	0.2	2.4	(0.0)
NPL Gross	1.1	1.2	0.1	1.1	1.2	0.1	1.2	(0.1)
NPL Coverage	281.0	243.0	(38.0)	281.0	243.0	(38.0)	246.0	(3.0)
CIR	37.3	44.6	7.3	37.3	44.6	7.3	44.5	0.1
Tier 1 CAR	19.5	18.9	(0.6)	19.5	18.9	(0.6)	18.3	0.6
ROAA	2.5	2.0	(0.5)	2.5	2.0	(0.5)	2.0	0.0
ROAE	21.7	18.4	(3.3)	21.7	18.4	(3.3)	18.1	0.3
CASA Ratio	73.8	69.3	(4.5)	73.8	69.3	(4.5)	74.0	(4.7)
LDR	92.1	91.0	(1.1)	92.1	91.0	(1.1)	90.1	0.9
Loan yield	7.7	7.7	(0.0)	7.7	7.7	(0.0)	7.8	(0.1)
LAR	7.3	6.5	(0.8)	7.3	6.5	(0.8)	6.9	(0.4)

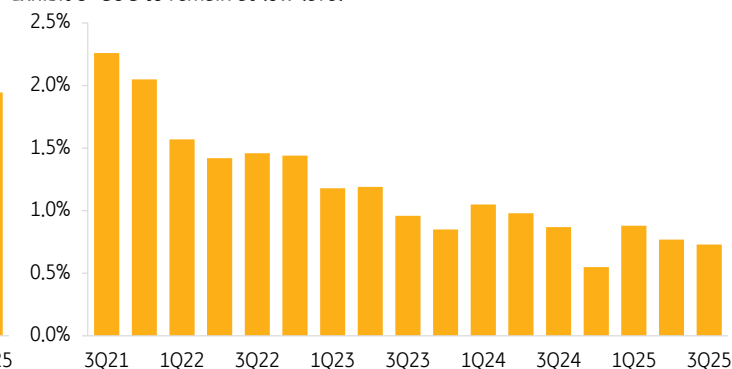
Source: Company, KBVS Research

Exhibit 4: Expect better NIM on stronger loan volume and softer CoF



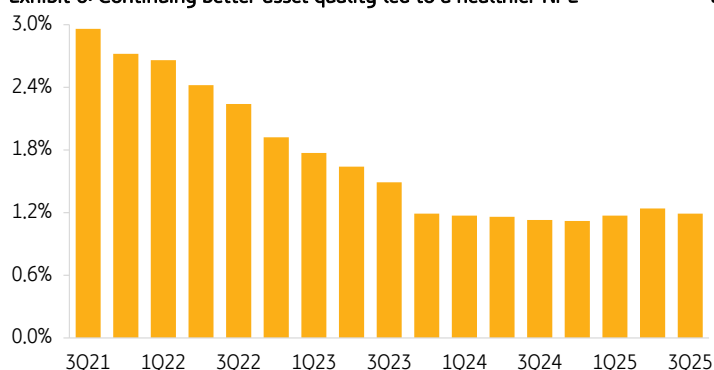
Source: Company, KBVS Research

Exhibit 5: COC to remain at low level



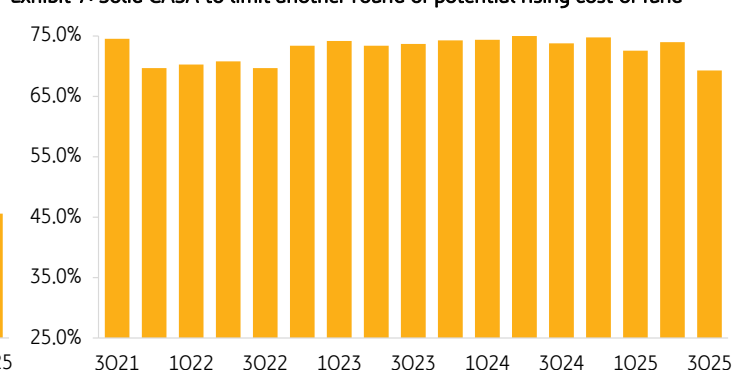
Source: Company, KBVS Research

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



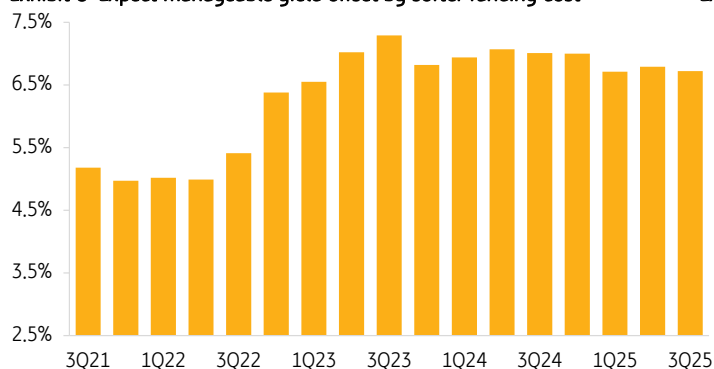
Source: Company, KBVS Research

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



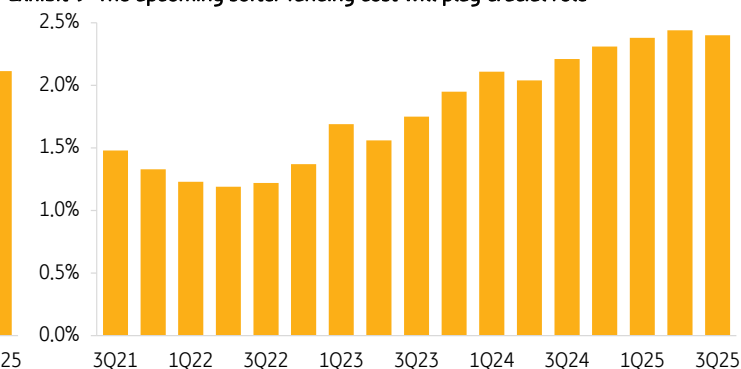
Source: Company, KBVS Research

Exhibit 8: Expect manageable yield offset by softer funding cost



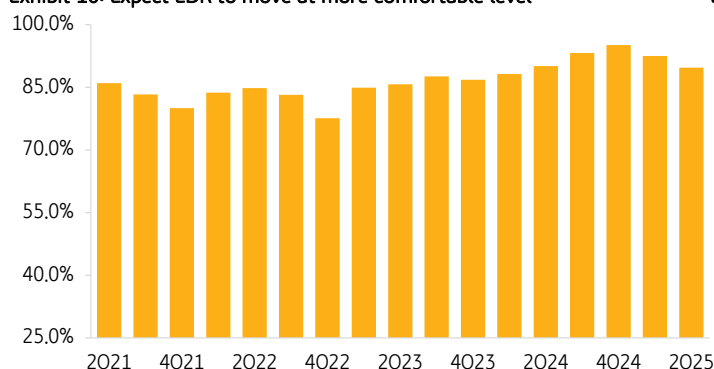
Source: Company, KBVS Research

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



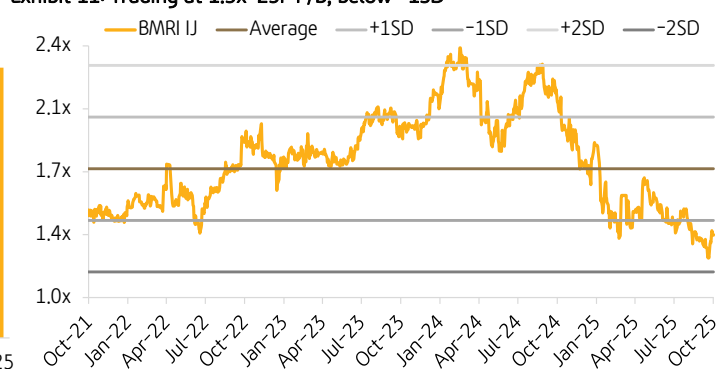
Source: Company, KBVS Research

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



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	30,645	28,749	27,355
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	2,493,707	2,722,819	3,013,444
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	243,378	271,912	298,336
Other Equity	34,239	33,984	36,366	37,363	38,404
Shareholder's Equity	260,853	283,796	309,505	339,037	366,502
Non-controlling Interest	26,642	29,678	33,296	36,872	40,282
Total Equity	287,495	313,475	342,801	375,909	406,784

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	17.3	17.9	18.8
ROAA (%)	2.6	2.4	2.1	2.1	2.1
CAR (%)	21.5	20.1	21.5	21.9	21.1
BVPS (IDR)	2,795	3,041	3,316	3,633	3,927
PER (x)	7.6	7.5	8.1	7.7	7.1
PBV (x)	1.6	1.5	1.3	1.2	1.1
Div. Yield (%)	5.9	7.9	6.7	6.1	6.3

Source: Company, KBVS Research

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