

Flat 5M25 earnings, yet strong in May25; in line

30 June 2025



BMRI IJ	BUY
Sector	Banks
Price at 26 June 2024 (IDR)	5,052
Price target (IDR)	6,240
Upside/Downside (%)	24.2

Stock Information

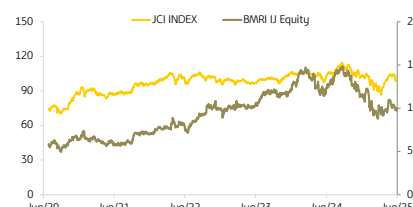
PT Bank Mandiri (Persero) Tbk (Persero) Tbk is a state-owned bank offering a range of banking products and services to its customers from individuals and SMEs to corporations. The bank is formed by a merger of four state-owned banks.

Market cap (IDR bn)	455,466
Shares outstanding (mn)	93,333
52-week range (IDR)	4,250-7,550
3M average daily vol. ('000)	200,780
3M average daily val. (IDR mn)	1,004,307

Shareholders (%)

Republic of Indonesia	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(5.2)	(3.4)	(18.3)

While May25's standalone PATMI showed a strong 29.9% yoy surge, the overall ytd growth remained relatively flat at 0.1% yoy. Yet, the 5M25 earnings run rate is still in line at 35.0%/32.2% (cons) vs. 35.5%. The bank is demonstrating robust loan growth, surpassing both industry averages and management guidance, with a 13.2% yoy increase (KBVS '25F: 10.4% yoy). Despite strong deposit growth (8.5% yoy) outperforming the industry, it has been driven by higher funding costs, leading to a 332bps decline in CASA. This indicates that tighter liquidity and rising funding costs will continue to be key challenges, potentially limiting NIM improvement. We expect to see more bonding growth between loans and CASA expansion materialize in the upcoming months. We believe stable low credit costs and manageable CIR, fueled by solid non-IL growth, to act as major catalysts, supporting overall growth. Maintain BUY GGM-based TP IDR 6,240 (1.9x '25F P/B), while currently at 1.5x '25F P/B, slightly above its -1SD of 1.4x.

Funding costs and CIR efficiency weigh on 5M25 Earnings

BMRI's 5M25 earnings (IDR19.65tn) were nearly flat (0.1% YoY), primarily due to a significant 29.9% yoy surge in funding costs and a substantial increase in CIR. This occurred despite robust top-line growth of 12.3% yoy (IDR49.89tn) and solid Non-IL growth of 13.0% yoy (IDR13.23tn). Consequently, PPOP edged down 1.0% YoY to IDR27.93tn. On a monthly stand-alone basis, net profit showed strong momentum, rising 25.6% mom. This was driven by a solid 16.3% MoM increase in Non-IL, coupled with lower CIR, manageable funding costs, and mild credit costs. Overall, despite the modest bottom line growth, BMRI's 5M25 PATMI remains in line, achieving a run-rate of 35.0% (KBVs) and 32.2% (cons) versus 35.5%.

Outperforms in loan growth; faces funding pressure

BMRI's robust loan book expanded 13.2% yoy in May25, surpassing both industry averages and management's 10-12% target, as well as our 10.4% projection. However, this impressive asset growth was not mirrored on the liabilities side. Despite exceeding industry deposit growth, BMRI's total TPF grew a more modest 8.5% yoy, primarily fueled by a 20.3% yoy surge in high-cost funding. This shift pressured CASA growth, which slowed to 5.6% yoy to IDR1,092.3tn (-119bps ytd), or -31bps mom, 163bps ytd and -218bps yoy to 77.6% compared to 78.0% (Apr25) and 79.3% in Jan25 and 79.8% in May24.

NIM under pressure as funding costs bite

NIM continued its decline, reaching approximately 4.5% in 5M25. This represents a 44bps contraction from 4.9% in 5M24 (3M25: 4.63%). While management forecasts a 2025 NIM range of 5.0%-5.2%, the persistent elevation of funding costs poses a significant challenge to achieving this target. The LDR surged to 93.1% in May25, a 417 bps increase yoy from 88.9% (+62bps mom and -65bps ytd). A sustained improvement in deposit mix, specifically an accelerated increase in the CASA portion, will be critical for a more favorable NIM trajectory in the coming months. We anticipate a closer bonding between loan and CASA growth in the near term to mitigate further NIM erosion.

Cautiously optimistic '25F Outlook

Notwithstanding flat May25 earnings, BMRI is poised for inline results in both its Jun25 bank-only and 1H25 consolidated reports, under the assumption of no negative surprises in key ratios. Our internal scenario analysis for the bank suggests that even with a -2.5% YoY growth in 1H25 bank-only earnings (to IDR4.89tn), the overall run rate remains in line at 48% (3yr average: 49%). At the consolidated level, our earnings forecast suggests a 47% run rate, consistent with the 3-year historical average of 48%. Given this backdrop and assuming all other factors remain constant, we maintain our 25F earnings forecast for BMRI, which underpins a fair value of IDR 6,240.

Growth levers in a constrained environment

The current landscape of constrained liquidity and intense loan demand competition presents challenges for loan yield expansion. However, we expect the benefits of earlier rate cuts to transmit to funding costs sooner than the 2026 impact of the May25 RDG. This accelerated transmission should enhance NII. Coupled with anticipated resilient Non-IL, controlled cost to income, and moderating credit costs, these factors will serve as key catalysts for 2025 growth.

Maintain BUY GGM TP of IDR6,240.

Our GGM TP of IDR6,240 is pegged at 1.9x '25F P/B while currently trading at 1.5x '24F P/B or slightly above its -1SD of 1.4x. Downside risks to our call are: 1) slower loan growth; 2) worsening NIM and AQ; 3) higher than expected CoC, CoF, and NPL. 4) mild economic activity, 5) uninterrupted weakening rupiah currency, 7) worsening Middle East tension; and 8) prolonged uncertainty to jeopardize growth confidence.

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	93,862	100,575	109,302
Net income (IDR bn)	55,060	55,782	56,221	60,298	66,271
EPS (IDR)	590	598	602	646	710
EPS growth (%)	33.7	1.3	0.8	7.3	9.9
PER (x)	8.5	8.4	8.3	7.8	7.1
PBV (x)	1.8	1.7	1.5	1.3	1.2
Div. Yield (%)	5.3	7.0	5.9	6.0	6.2
ROAE (%)	23.2	21.2	18.8	19.4	20.3

Source: Company, KBVS Research

Analyst

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Exhibit 2: Cumulative and monthly stand-alone bank only selected profit and loss

Selected P&L (IDRbn)	5M24	5M25	YoY (%)	May-24	May-25	YoY (%)	MoM (%)	KBVS '25F	% to KBVS	Cons. '25F	% to Cons
Interest income	44,432	49,895	12.3	9,301	10,305	10.8	2.5				
Interest expense	(14,013)	(18,198)	29.9	(2,956)	(4,024)	36.1	8.9				
Net interest income	30,419	31,698	4.2	6,345	6,281	(1.0)	(1.2)				
Non Int Inc & others	11,707	13,232	13.0	2,702	2,878	6.5	16.3				
Opex	(13,913)	(16,998)	22.2	(2,804)	(2,982)	6.4	(20.1)				
PPOP	28,213	27,931	(1.0)	6,243	6,177	(1.1)	21.1				
Provision	(4,053)	(3,816)	(5.9)	(744)	(799)	7.3	3.8				
Net Profit	19,630	19,655	0.1	4,557	4,465	(2.0)	25.6	56,221	35.0	61,002	32.2

Source: Company, KBVS Research

Exhibit 3: Cumulative and monthly stand-alone bank only selected profit and loss

Selected P&L (IDRbn) monthly stand-alone	Jan-25	Feb-25	Mar-25	Apr-25	May-25	May-24	May-25	YoY (%)	MoM (%)
Interest income	10,000	9,332	10,206	10,051	10,305	9,301	10,305	10.8	2.5
Interest expense	(3,456)	(3,324)	(3,699)	(3,694)	(4,024)	(2,956)	(4,024)	36.1	8.9
Net interest income	6,545	6,008	6,506	6,358	6,281	6,345	6,281	(1.0)	(1.2)
Non Int Inc & others	2,548	2,419	2,914	2,474	2,878	2,702	2,878	6.5	16.3
Opex	(3,571)	(3,061)	(3,655)	(3,730)	(2,982)	(2,804)	(2,982)	6.4	(20.1)
PPOP	5,522	5,366	5,765	5,101	6,177	6,243	6,177	(1.1)	21.1
Provision	(568)	(906)	(773)	(770)	(799)	(744)	(799)	7.3	3.8
Net Profit	4,005	3,583	4,046	3,555	4,465	4,557	4,465	(2.0)	25.6

Source: Company, KBVS Research

Exhibit 4: Cumulative and monthly stand-alone selected balance sheet

Selected Balance Sheet (IDRbn)	5M24	5M25	YoY (%)	May-24	May-25	YoY (%)	Jan-25	May-25	Ytd (%)
Total Loan	1,152,538	1,309,682	13.6	1,152,538	1,309,682	13.6	1,307,185	1,309,682	0.2
Total deposits	1,296,107	1,406,802	8.5	1,296,107	1,406,802	8.5	1,394,402	1,406,802	0.9
Demand deposits	560,284	580,626	3.6	560,284	580,626	3.6	588,706	580,626	(1.4)
Savings deposits	474,357	511,673	7.9	474,357	511,673	7.9	516,708	511,673	(1.0)
Time Deposits	261,466	314,502	20.3	261,466	314,502	20.3	288,988	314,502	8.8
CASA	1,034,641	1,092,300	5.6	1,034,641	1,092,300	5.6	1,105,414	1,092,300	(1.2)

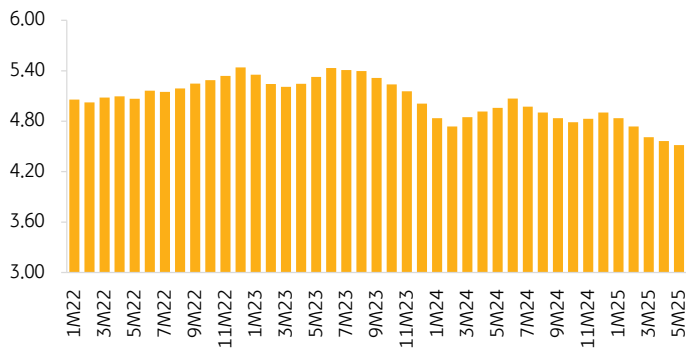
Source: Company, KBVS Research

Exhibit 5: Cumulative selected key ratio

Selected key ratios	1M25	2M25	3M25	4M25	5M25	5M24	5M25	YoY (%)	MoM (%)	Ytd (%)
NIM	4.8	4.7	4.6	4.6	4.5	5.0	4.5	(0.4)	(0.0)	(0.3)
Loan yield	7.8	7.8	7.7	7.7	7.6	7.8	7.6	(0.2)	(0.0)	(0.2)
Cost of Deposit	2.4	2.4	2.5	2.5	2.5	2.0	2.5	0.5	0.0	0.1
Cost of credit	0.8	0.9	0.9	0.9	0.9	1.1	0.9	(0.2)	(0.0)	0.0
CASA	79.3	78.2	77.1	78.0	77.6	79.8	77.6	(2.2)	(0.3)	(1.6)
Loan to deposits	93.7	92.5	94.2	92.5	93.1	88.9	93.1	4.2	0.6	(0.6)
Cost to income	39	38	38.2	39	38	33.0	38	5	(1.3)	-1.437

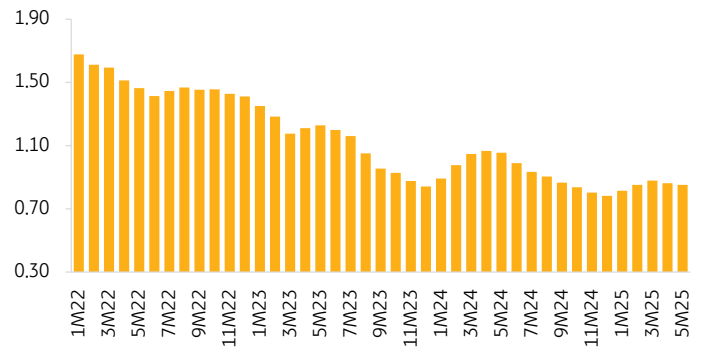
Source: Company, KBVS Research

Exhibit 6: Expect NIM to arrive better in the following quarters



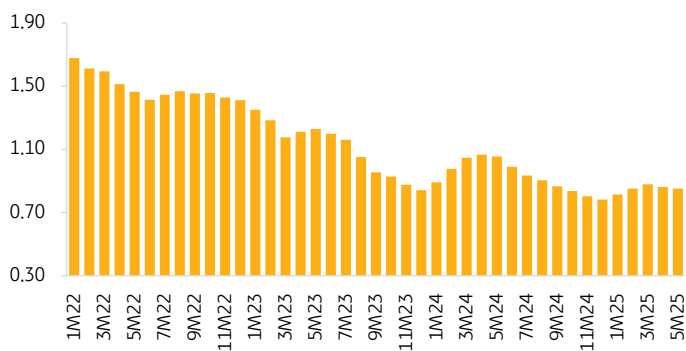
Source: Company, KBVS Research

Exhibit 7: COC to remain at low level



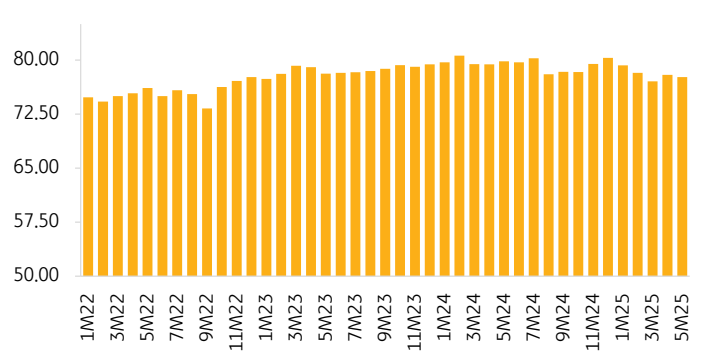
Source: Company, KBVS Research

Exhibit 8: Continuing better AQ lead to a healthier NPL



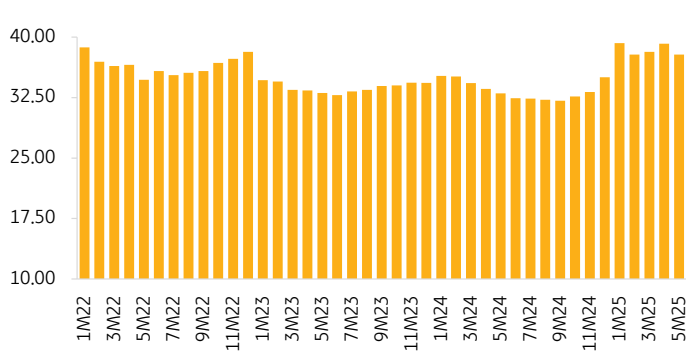
Source: Company, KBVS Research

Exhibit 9: Expect stronger CASA portion



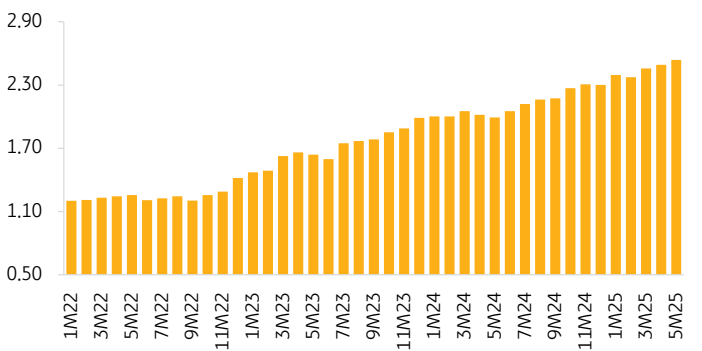
Source: Company, KBVS Research

Exhibit 10: Expect softer cost to income in the upcoming months



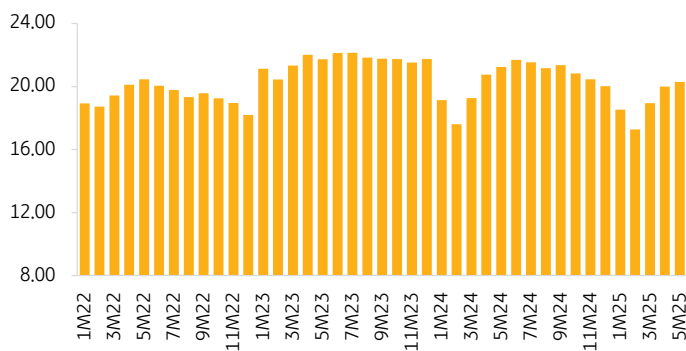
Source: Company, KBVS Research

Exhibit 11: Expect rate cut transmission to funding cost sooner materialize



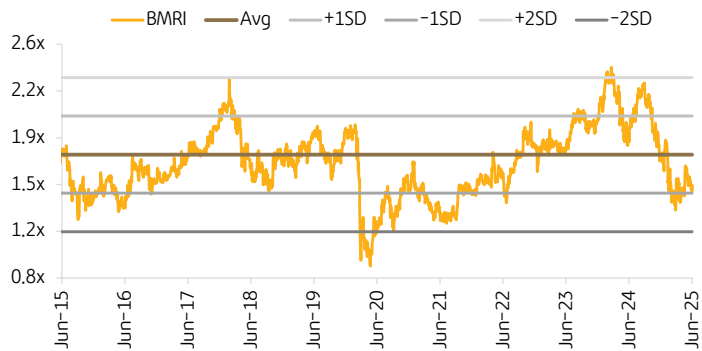
Source: Company, KBVS Research

Exhibit 12: Steady RoE improvement to underpinned valuation



Source: Company, KBVS Research

Exhibit 13: Currently trading at 1.5x '25F P/B, slightly above its -1SD of 1.4x.



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 14: 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)	(64,280)	(71,040)	(78,723)
Pre-provision operating profit	84,790	87,988	93,862	100,575	109,302
Loan loss provision	(10,149)	(11,929)	(16,660)	(17,597)	(18,785)
Pretax Profit	74,685	76,403	77,546	83,322	90,860
Income Tax Expenses	(14,633)	(15,238)	(15,897)	(16,608)	(17,593)
Net profit	55,060	55,782	56,221	60,298	66,271

Exhibit 15: 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 16: 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)	8.5	8.4	8.3	7.8	7.1
PBV (x)	1.8	1.7	1.5	1.3	1.2
Div. Yield (%)	5.3	7.0	5.9	6.0	6.2

Source: Company, KBVS Research

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