PT Bank Mandiri Tbk. (BMRI)

2Q26 : Loan Yield Pressure and Deposit Repricing Moderate NIM, While Strong Non-Interest Income Supports Earnings

BMRI delivered another solid set of results in 1H26, posting net profit of IDR 30.41T (+24.4% YoY; quarterly basis: +33.5% YoY, -2.3% QoQ; 2Q26: IDR 15.03T), supported by resilient operating performance and continued growth in Pre-Provision Operating Profit (PPOP). Although Net Interest Income (NII) continued to expand, its growth moderated in 2Q26 as loan yields contracted following the repricing of the loan portfolio—particularly in the corporate and micro & payroll segments—amid weaker credit demand. Meanwhile, the surprise Bank Indonesia rate hike also exerted pressure on funding costs through time deposit repricing, resulting in YTD NIM declining to 4.56% (1Q26: 4.70%), albeit still within management's revised guidance range. Non-interest income emerged as the key earnings cushion, growing 14.9% YoY to IDR 22.78T in 1H26 (quarterly basis: +25.1% YoY, +2.2% QoQ; 2Q26: IDR 11.51T), offsetting the moderation in NII growth. Operational efficiency remained well maintained, with operating expenses growing below operating income, allowing the Cost-to-Income Ratio (CIR) to improve to 37.9% (1Q26: 38.2%; 1H25: 44.2%), reflecting continued cost discipline. Credit costs also remained under control, with CoC at 0.61%, comfortably within management's guidance of 0.6%–0.8%, supported by healthy asset quality. Overall, BMRI's resilient operating performance continued to preserve earnings despite ongoing pressure on interest margins.

FY26 Guidance Revised: NIM Remains the Key Adjustment

- **NIM Guidance Revised Lower.** Management revised FY26 NIM guidance to 4.3%–4.5%, from the previous 4.5%–4.7%, reflecting expectations of continued pressure on loan yields amid slowing economic activity, intensifying competition, and elevated funding costs driven by deposit repricing and tighter system liquidity. Besides the impact from BRIS deconsolidation, management also expects margin pressure as asset repricing continues to outpace funding cost normalization. Meanwhile, management maintained its loan growth target at 7%–9% and CoC guidance at 0.6%–0.8%, while keeping NPL coverage above 230% to provide a comfortable buffer against potential asset quality normalization.

- **Maintaining FY26 Earnings Forecast.** We maintain our FY26 earnings forecast despite management's NIM guidance revision. As of 1H26, BMRI has achieved 51.6% of our FY26 net profit estimate (NHKSI Estimate: IDR 58.9T). Although earnings growth in 1H26 benefited from a low base in 2Q25, we believe pressure on NIM will continue to be offset by solid loan growth, resilient asset quality, disciplined operating efficiency, and sustained growth in non-interest income.

Lending Side: Quarterly Loan Growth Begins to Moderate

- Loan growth remained healthy in 2Q26 but started to moderate sequentially, with total loans reaching IDR 1,677T (+19.2% YoY; +3.92% QoQ), supported primarily by BMRI's core business banking segments, particularly corporate and commercial lending. Loan expansion remains aligned with management's strategy of prioritizing wholesale banking and ecosystem-based financing, while retail loan demand remains relatively subdued amid weaker consumer purchasing power.

- **Corporate Loans Remain the Primary Growth Driver.** Corporate loans increased 4.99% QoQ and 33.6% YoY to IDR 840T, while commercial loans grew 5.55% QoQ and 15.1% YoY to IDR 343T, highlighting continued financing demand from business customers.

- **Retail Loan Growth Remains Soft Amid Weak Consumer Demand.** Micro & payroll loans recorded modest growth of 0.15% QoQ and 1.97% YoY to IDR 198T, while consumer loans increased 3.40% QoQ and 2.48% YoY to IDR 85T. The relatively muted retail loan growth reflects BMRI's prudent underwriting approach amid a more challenging macroeconomic environment.

Funding: Deposit Repricing Following Surprise Rate Hike Drives Higher Cost of Funds

- **Tighter Liquidity Shifts Funding Mix Toward Time Deposits.** Industry liquidity tightened further in 2Q26, in line with the impact of Bank Indonesia's policy rate hike, resulting in a gradual shift in BMRI's funding mix. CASA grew only 0.41% QoQ (+5.69% YoY) to IDR 1,220T, significantly slower than time deposits, which increased 5.42% QoQ (+54.4% YoY) to IDR 543T. Consequently, the CASA ratio declined to 69.2% from 70.2% in 1Q26, reflecting a greater reliance on higher-cost funding amid intense industry-wide deposit competition.

- **Deposit Repricing Raises Cost of Funds and Weighs on NIM.** The growing share of time deposits, coupled with deposit repricing following the BI rate hike, pushed bank-only deposit CoF higher to 2.04% from 1.97% in 1Q26. Meanwhile, funding costs on low-cost deposits remained well contained, with current account CoF stable at 1.83% and savings account CoF improving to 0.30%, underscoring the resilience of BMRI's CASA franchise. Nevertheless, the increase in deposit funding costs became one of the key drivers behind the contraction in NIM to 4.56% in 1H26, alongside pressure from loan yield compression resulting from loan repricing and softer credit demand.

Asset Quality: Remains Healthy and Resilient

- **Asset Quality Remains Sound.** BMRI's asset quality remained healthy throughout 2Q26. Consolidated LAR stood at 5.83%, while gross NPL remained low at approximately 1.01%, reflecting a resilient loan portfolio despite slowing economic conditions. Asset quality improvements were supported by lower restructured loan exposure and increasingly disciplined underwriting standards. Management continues to maintain a conservative risk management approach, with NPL coverage remaining above 230%, while CoC of 0.61% remains comfortably within the 0.6%–0.8% guidance range, providing sufficient buffer against potential normalization in retail credit quality.

Maintain BUY Rating with a Lower Target Price of IDR 5,300 (27.4% Upside)

- **NHKSI Research maintains its BUY recommendation on BMRI with a lower target price of IDR 5,300, based on 1.4x FY26F P/BV, equivalent to -1 standard deviation of its three-year historical average.** Potential catalysts include stronger-than-expected loan growth and improvements in profitability metrics, particularly NIM and overall earnings generation. Although NIM is expected to remain under pressure due to loan yield compression and higher funding costs, we believe BMRI's resilient operating performance—supported by continued growth in non-interest income—will provide a meaningful earnings buffer amid challenging industry conditions. Key downside risks include macroeconomic and political uncertainties, intensifying competition within the banking sector, and weaker-than-expected loan growth and NIM performance.

PT Bank Mandiri Tbk. | Summary (IDR Billions)

In IDR Bn	2025 A	2026 F	2027 F	2028 F
Interest Income	164,412	179,178	195,258	207,410
Interest Income Growth	*8.7%*	*9.0%*	*9.0%*	*6.2%*
Operating Revenue	155,226	163,864	173,478	178,456
Net Profit	56,294	58,890	63,174	69,271
EPS (IDR)	602	630	675	741
Growth	*0.9%*	*4.6%*	*7.3%*	*9.7%*
BVPS (IDR)	3,141	3,295	3,491	3,703
Net Interest Margin	*4.9%*	*4.6%*	*4.6%*	*4.3%*
Loan / Deposits	*89.1%*	*87.2%*	*88.2%*	*89.8%*
NPL	*1.1%*	*1.2%*	*1.3%*	*1.4%*
ROE	*17.6%*	*17.5%*	*17.7%*	*18.3%*
ROA	*2.1%*	*2.0%*	*1.9%*	*1.9%*
Non.Int. Inc. / Op. Rev	*31.6%*	*31.9%*	*32.3%*	*33.4%*
P/E	6.9x	8.4x	8.4x	8.3x
P/BV	1.3x	1.6x	1.6x	1.7x
DPS (IDR)	465	481	504	540
Dividend yield	11.2%	9.1%	8.9%	8.8%

Source : Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Update Report | 28th July 2026

Buy

Target Price (IDR)	**5,300**
Consensus Price	5,263
TP to Consensus Price	+0.7%
Potential Upside	+27.4%

Shares Data

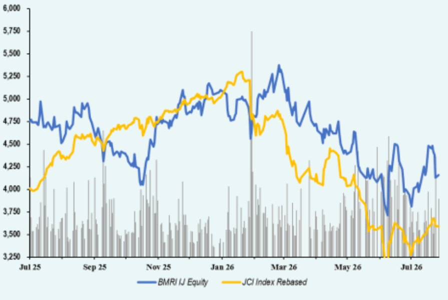
Last Price (IDR)	4,160
Price date as of	27th May 2026
52 wk range (Hi/Lo)	5,375 / 3,650
Free Float (%)	40.35
Outstanding sh (mn)	93,333
Market Cap (IDR bn)	389,200
Market Cap (USD mn)	21,519
Avg. Trd Vol – 3M (mn)	231.9
Avg. Trd Val – 3M (IDR Bn)	973.5
Foreign Ownership	27.3%

Sector
Financial

Sub-Sector
Bank

Bloomberg	BMRI IJ Equity
Reuters	BMRI JK

Shares Price Performance



	YTD	1M	3M	12M
Abs.Ret	-18.0%	+4.3%	-5.5%	-11.3%
Rel.Ret	+11.3%	-0.7%	+7.7%	+6.7%

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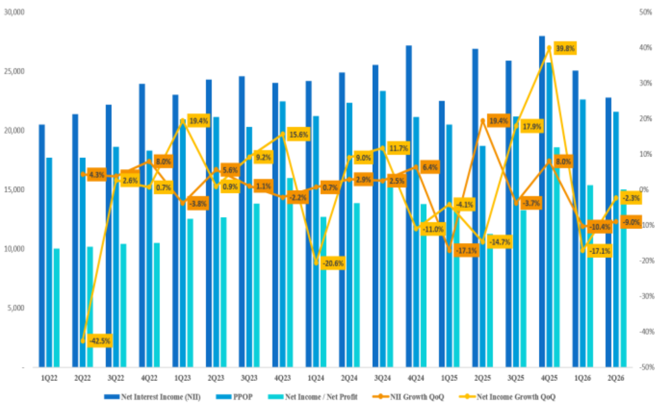
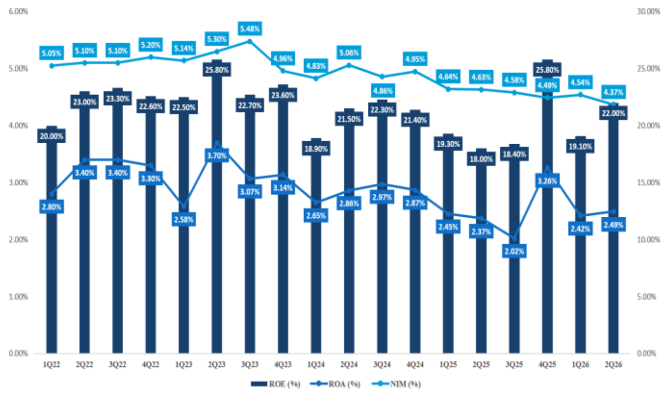
Performance Highlight For BMRI

Exhibit 1. BMRI Quarterly Financial Performance (In IDR Billion)



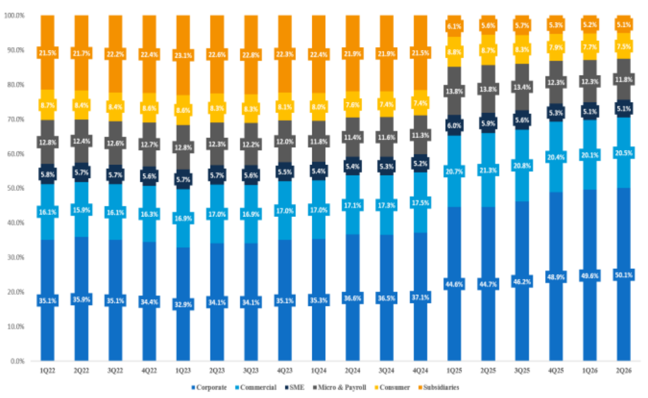
Source : BMRI, NHKSI Research

Exhibit 2. BMRI Profitability Ratio (In % - Bank Only)



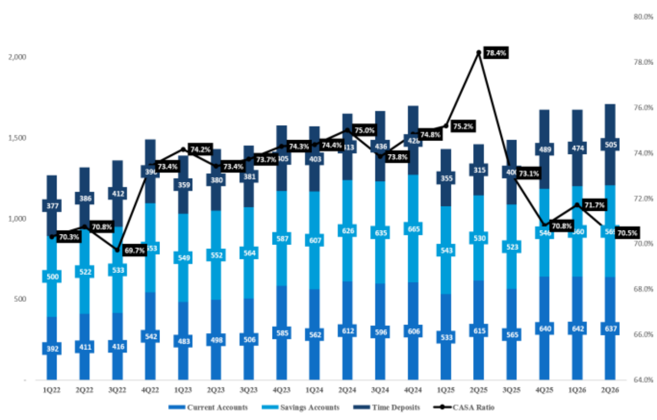
Source : BMRI, NHKSI Research

Exhibit 3. BMRI Loan Segmentation Breakdown



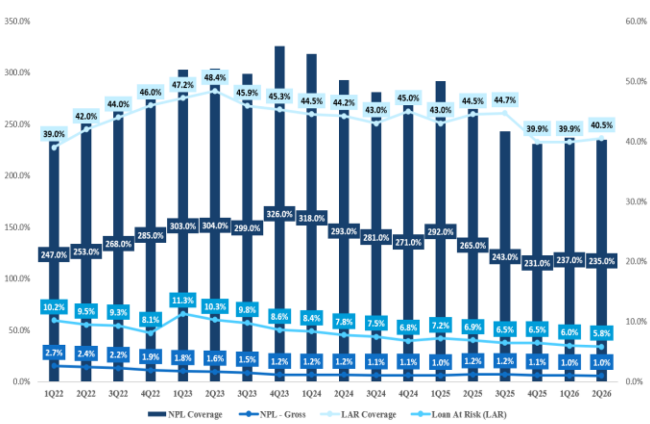
Source : BMRI, NHKSI Research

Exhibit 4. BMRI Third Party Fund Composition (IDR Tn) & CASA Ratio (In %)



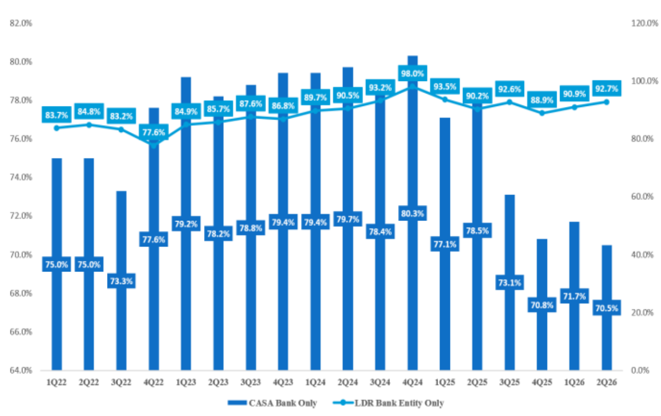
Source : BMRI, NHKSI Research

Exhibit 5. BMRI Asset Quality (In %)



Source : BMRI, NHKSI Research

Exhibit 6. CASA Ratio vs Loan to Deposit Ratio (LDR) (In % - Bank Only)

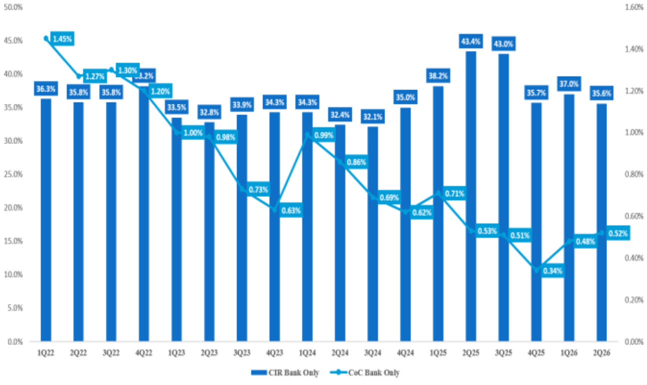


Source : BMRI, NHKSI Research

Please consider the rating criteria & important disclaimer

Performance Highlight For BMRI

Exhibit 7. BMRI CIR & CoC (In % - Bank Only)



Source : BMRI, NHKSI Research

Exhibit 8. BMRI Forward PBV | (In x – Last 3 Years)

Source : BMRI, NHKSI Research

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Summary of BMRI's Financials & Forecast

INCOME STATEMENT

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Interest Income	**164,412**	**179,178**	**195,258**	**207,410**
Growth (% y/y)	*8.7%*	*9.0%*	*9.0%*	*6.2%*
Interest Expenses	(58,202)	(67,516)	(77,845)	(88,637)
Net Interest Income (NII)	**106,210**	**111,662**	**117,413**	**118,773**
Net Interest Margin (NIM)	*4.9%*	*4.6%*	*4.6%*	*4.3%*
Net Fee Income	28,143	30,707	32,582	34,147
Trading Income	6,807	7,537	8,219	8,611
Other Operating Income	14,066	13,958	15,264	16,925
Operating Revenue	**155,226**	**163,864**	**173,478**	**178,456**
Operating Expenses	(67,584)	(72,100)	(76,330)	(71,382)
Pre-Provisioning O.P (PPOP)	**87,642**	**91,764**	**97,147**	**107,074**
Provision for Impairment	(11,331)	(11,801)	(11,245)	(13,080)
EBT	**76,418**	**80,159**	**86,091**	**94,240**
Income Tax	(15,071)	(15,834)	(17,052)	(18,623)
Non Controlling Interest	(5,052)	(5,435)	(5,865)	(6,347)
Net Profit	**56,294**	**58,890**	**63,174**	**69,271**
Growth (% y/y)	*0.9%*	*4.6%*	*7.3%*	*9.7%*

PROFITABILITY & STABILITY

	2025/12A	2026/12F	2027/12F	2028/12F
ROE	17.6%	17.5%	17.7%	18.3%
ROA	2.1%	2.0%	1.9%	1.9%
Non-Int. Inc/ Op. Rev.	31.6%	31.9%	32.3%	33.4%
Cost / Income	43.5%	44.0%	44.0%	40.0%
Cash Dividend (IDR Bn)	43,511	45,035	47,112	50,540
Dividend Yield	11.18%	9.08%	8.91%	8.79%
Dividend Payout Ratio	78.0%	80.0%	80.0%	80.0%
Loan / Deposits	89.1%	87.2%	88.2%	89.8%
Loan / Assets	67.0%	64.9%	65.7%	67.6%
NPL	1.12%	1.20%	1.29%	1.38%
Loan Loss Res. / Loan	2.6%	2.6%	2.7%	2.8%
CASA / Deposits	68.0%	68.6%	69.3%	70.0%
Time Deposits / Deposits	32.0%	31.4%	30.7%	30.0%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	93,533	93,533	93,533	93,533
Share Price (IDR)	4,160	5,300	5,650	6,150
Market Cap (IDR tn)	389.1	495.7	528.5	575.2

BALANCE SHEET

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Cash	33,857	34,149	44,924	42,082
Placement In Banks	349,685	370,250	327,049	349,726
Net Loans	1,845,767	1,976,987	2,194,911	2,463,987
Investment	423,796	539,811	642,345	666,010
Fixed Asset	72,062	78,033	86,025	95,527
Other Assets	104,782	127,450	135,884	131,011
Total Assets	**2,829,948**	**3,126,680**	**3,431,138**	**3,748,343**
Deposits	2,127,274	2,328,749	2,556,812	2,821,818
Debt	217,267	235,582	266,783	289,367
Other Liabilities	158,005	217,138	240,342	245,986
Total Liabilities	**2,502,546**	**2,781,470**	**3,063,938**	**3,357,171**
Capital Stock + APIC	29,762	29,762	29,762	29,762
Retained Earnings	223,510	233,905	249,968	268,699
Shareholders' Equity	**327,402**	**345,210**	**367,200**	**391,172**

VALUATION INDEX

	2025/12A	2026/12F	2027/12F	2028/12F
Price / Earnings	6.9x	8.4x	8.4x	8.3x
Price / Book Value	1.3x	1.6x	1.6x	1.7x
Price / Op. Revenue	2.5x	3.0x	3.0x	3.2x
PE / EPS Growth	7.5x	1.8x	1.1x	0.9x
EV / Operating Revenue	3.9x	4.5x	4.6x	4.9x
EV / PPOP	6.9x	8.0x	8.1x	8.1x
EV (IDR Billions)	606,160	734,177	791,041	867,305
Op. Rev. CAGS (3-Yr)	7.3%	5.7%	5.8%	4.8%
EPS CAGR (3-Yr)	11.0%	2.3%	4.2%	7.2%
Basic EPS (IDR)	602	630	675	741
Dilluted EPS (IDR)	602	630	675	741
BVPS (IDR)	3,141	3,295	3,491	3,703
Op. Rev. PS (IDR)	1,660	1,752	1,855	1,908
DPS (IDR)	465	481	504	540

CASH FLOW STATEMENT

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Operating Cash Flow	31,450	39,040	49,910	63,432
Investing Cash Flow	(246,725)	(290,255)	(302,215)	(318,565)
Financing Cash Flow	302,973	251,506	263,080	252,291
Net Changes in Cash	**87,698**	**292**	**10,775**	**(2,842)**

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	72.73	Danantara Indonesia	51.48
United States	10.91	INA (Indonesian SWF)	8.00
United Kingdom	2.76	BPJS Ketenagakerjaan	1.33
Others	13.60	Others	39.19

Source : BMRI, Bloomberg & NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication
2. Rating system based on a stock's potential upside from the date of publication

- Buy : Greater than 15%
- Overweight : +5% to 15%
- Hold : -5% to +5%
- Underweight : -5% to -15%
- Sell : Less than -15%

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