

BMRI

PT Bank Mandiri (Persero) Tbk.

The Worst Might Be Over

- **BMRI reported net interest income of Rp 106.8 trillion (+2.4% YoY) in 2025. While net income reported at Rp 56.2 trillion (+0.9% YoY).**
- **Livin' by Mandiri, recorded 37.2 million users in 2025, up from 29.3 million in 2024, and contributed Rp 3.1 trillion in fee income (+19.4% YoY).**
- **BMRI's average monthly profit rise significantly in 4Q25 to Rp 5.5 trillion, improving from an average of Rp 3.9 trillion recorded in 3Q25.**
- **We initiate a BUY recommendation on BMRI with a 12-month target price of Rp 6,100 per share.**

Holistic Wholesale Banking Business

BMRI continues to demonstrate a well-diversified lending strategy, with 57% of its 2025 loan book concentrated in the wholesale segment, consisting of 40% corporate and 17% commercial loans, while MSME and payroll-related financing make up 17% of total exposure. Composition highlights BMRI's approach in maintaining stability through established corporate relationships, while selectively expanding into higher-growth retail and MSME segments to enhance overall portfolio returns and risk diversification. On the digital front, the bank's ecosystem continues to gain traction, led by Livin' by Mandiri, which recorded 37.2 million users in 2025, up from 29.3 million in 2024, and contributed Rp 3.1 trillion in fee income (+19.4% YoY).

Tight Liquidity Environment is Over, For Now

BMRI continues to navigate a tighter liquidity environment, as reflected in its Loan-to-Deposit Ratio (LDR) increasing from 74.1% in 2021 to around 92–95% in 2025, driven by higher funding costs following the 2022–2023 rate hikes and a more aggressive loan expansion strategy to sustain growth. However, we expect margin pressure to gradually ease supported by recent rate cuts and government liquidity measures, with NIM stabilizing at 4.5–4.8% over the next three years. Despite these headwinds, BMRI maintains strong asset quality with NPL ratio at 1.0–1.2% and Loan-at-Risk (LaR) at around 3.6–3.8% (excluding restructured loans), which supports a manageable Cost of Credit of 0.4–0.8% and is expected to increase to 0.6–0.8% in 2026, while NPL coverage above 200% provides a solid buffer against potential deterioration.

Stabilizing Operating Expense Expected To Boost Profit in 2026

In 2025, BMRI's total operating expenses reached Rp 67.5 trillion (+15.3% YoY) from Rp 58.6 trillion in 2024. This significant increase was driven primarily by bonus expense which topped Rp 3.9 trillion (+65.2% YoY) rising from Rp 2.3 trillion in 2024. Marketing and promotional spending also surged to Rp 4.6 trillion (+70.3% YoY) jump from Rp 2.7 trillion in 2024, reflecting intensified growth initiatives. Other operating expenses experienced a concerning escalation as well, reaching Rp 10.5 trillion (+30.0% YoY) from Rp 8.1 trillion previously. These combined pressures pushed total operating expenses up by more than +15% within a year, far outpacing BMRI's net interest income growth of only +2.3%. The positive takeaway is that most of these cost increases are considered one-off hike, and operating expenses are expected to normalize or even decline heading into 2026.

Fundamental Turnaround Drives Valuation

We initiate a BUY recommendation on BMRI with a 12-month target price of Rp 6,100 per share, implying an upside potential of 33.9% and reflecting a 2026F forward P/E of 9.41x, which is below the stock's 5-year historical average P/E of 12.2x. At the current price of Rp 4,510, BMRI offers an attractive dividend yield of approximately 10.7%, significantly above Indonesia's 10-year government bond yield of 6.4%, reinforcing the stock's appeal from an income perspective. Fundamentally, we believe BMRI has reached its earnings trough and is entering an operational recovery phase. This is supported by Indonesia's improving banking landscape, where declining policy rates and government-driven liquidity injections are expected to accelerate the normalization of funding costs.

Key Ratio Highlights

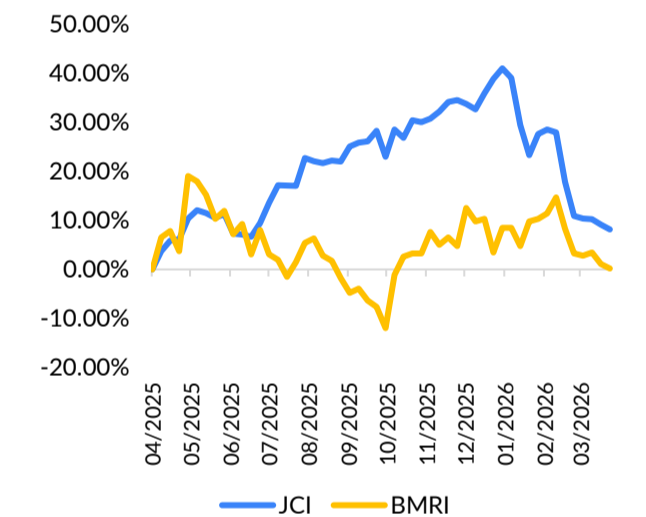
Key Ratios (%)	2024	2025	2026F	2027F	2028F
Net Interest Margin	5.1%	4.7%	4.7%	4.6%	4.7%
Cost of Fund	2.6%	2.7%	2.7%	2.9%	2.8%
Cost of Credit	0.6%	0.4%	0.7%	0.6%	0.6%
NPL	1.1%	1.1%	1.1%	1.1%	1.1%
LAR (-Restru)	4.2%	3.8%	3.8%	3.8%	3.8%
LDR	92.6%	85.5%	95.0%	95.0%	95.0%
CASA Ratio	79.4%	70.9%	70.0%	75.0%	76.0%
DPR	60.0%	78.0%	80.0%	80.0%	75.0%
ROE	20.5%	19.5%	20.0%	20.5%	21.6%

BUY

Stock Information (as of April 7, 2026)

Last Price (Rp)	4,510
Target Price (Rp)	6,100
Potential Upside	35.3%
Market Cap (Rp tn)	425.9
52 Week Range (Rp)	5,575-4,010
Free Float (%)	39.99
Share Out. (bn)	93.33
Beta	1.08

1-Year Stock Performance Comparison vs JCI



Shareholders

BMRI's Shareholders	%
PT Danantara Asset Management	52.00
Indonesia Investment Authority	8.00
Public	39.99

Company Description

BMRI's Company Profile

PT Bank Mandiri (Persero) Tbk is a leading Indonesian bank that provides a wide range of financial products and services for individuals and businesses across Indonesia and several international markets. Its offerings include savings and current accounts, various loan types, digital banking, insurance, investment, and wealth management services. Founded in 1998 and headquartered in Jakarta, the bank operates extensive domestic and overseas branch networks along with comprehensive ATM and e-banking facilities.

Analyst

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COMPANY PROFILE

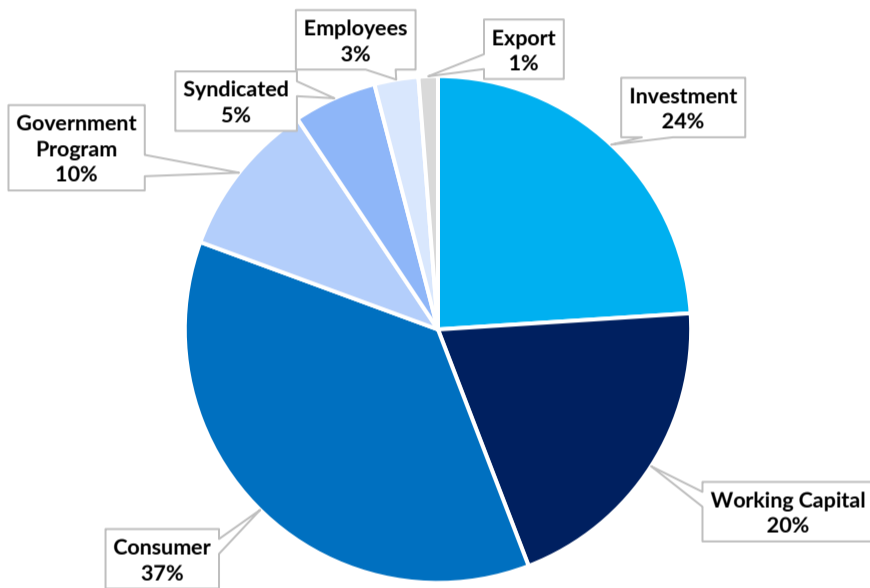
BMRI's Diverse Lending Portfolio

BMRI has long been recognized as one of Indonesia's largest corporate banks since its establishment in 1998. As of 2025, 57% of the bank's total lending is directed to large corporate clients, split into 40% corporate loans and 17% commercial loans, while lending to MSMEs and payroll clients accounts for only 17% of the total portfolio. By loan purpose, 24% of outstanding credit is allocated for investment and 20% for working capital, reflecting the bank's support for business expansion and operational needs. Consumer lending remains significant as well, comprising 37% of total loans, primarily driven by its subsidiary Bank Syariah Indonesia (BRIS). The bank's portfolio composition demonstrates a deliberate strategy to balance high-quality corporate lending with selective growth in the retail and MSME segments. While corporate loans provide stability and long-term relationships with established clients, the expansion into consumer and MSME financing offers higher growth potential, particularly as digital channels like Livin' by Mandiri and Livin' Merchant drive broader customer engagement. This mix also allows BMRI to manage risk effectively, with diversified exposure across sectors, loan purposes, and client types, positioning the bank to sustain growth even amid sector-wide liquidity challenges and rising operational costs.

App User Growth and Digitalization Drive Fee Income

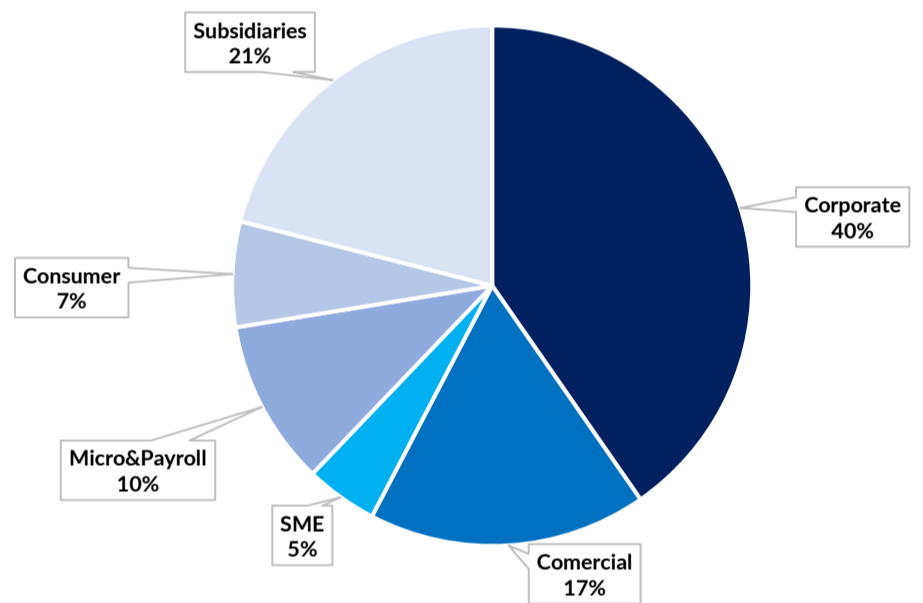
BMRI has long invested in developing its mobile banking platform, Livin' by Mandiri, which has become one of the largest and most trusted apps in Indonesia. The app now supports investment services and integrates directly with Growin by Mandiri Sekuritas. As of 2025, Livin' has reached 37.2 million users, up from 29.3 million in 2024, generating fee income of Rp 3.1 trillion (+19.4% YoY) from Rp 2.6 trillion in the previous year. To further capitalize on digital growth, BMRI is expanding Livin' Merchant, an application tailored for MSME merchants to enhance operational efficiency. Over the past 18 months, transaction value through the app has grown 4.7x, with transaction volume increasing 5.3x, positioning Livin' Merchant as a significant growth driver for the bank's fee income in the coming years. This expansion reflects BMRI's strategic push to leverage digitalization as a core engine for sustainable revenue growth beyond traditional lending.

Figure 1. BMRI's Loan Composition By Type FY25



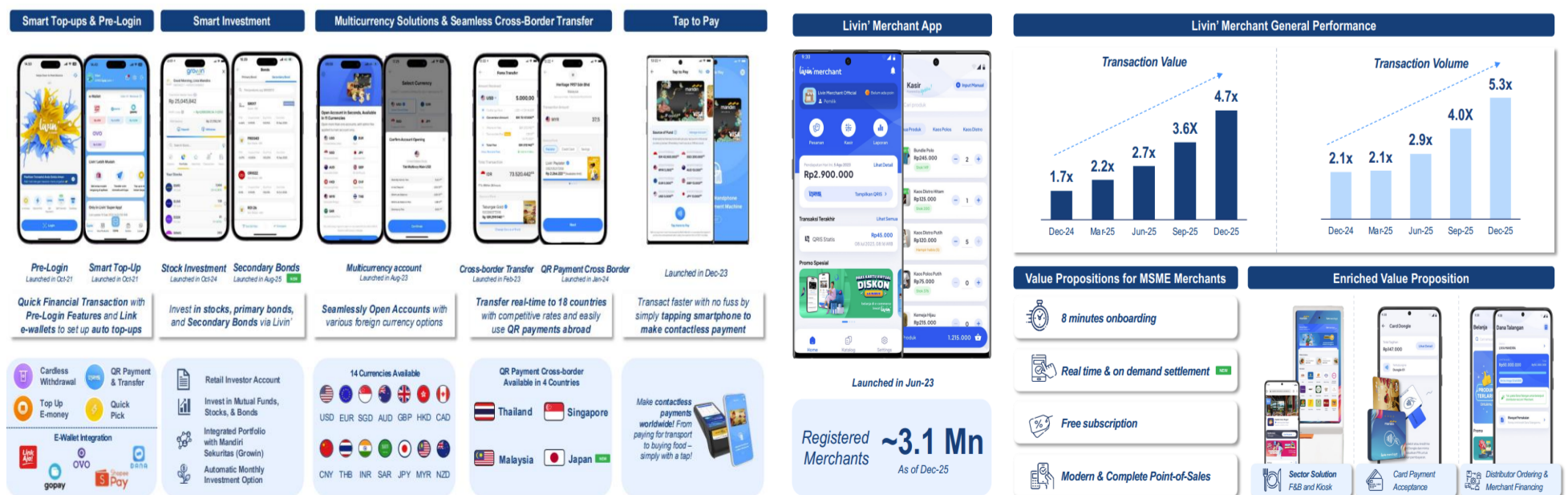
Source: Company, Ajaib Research

Figure 2. BMRI's Loan Composition By Segment FY25



Source: Company, Ajaib Research

Figure 3. Livin' App Development



Source: Company

MANAGEMENT OVERVIEW

New Board of Directors and Commissioners Signal Strategic Shift

The management restructuring at BMRI following the establishment of Danantara in early 2025 marks a significant strategic move by the government to enhance efficiency across state owned enterprises, including the reduction of the number of commissioners from 10 to 7 in line with President Prabowo Subianto’s directive. During the Extraordinary General Meeting on 4 August 2025, the company officially dismissed Darmawan Junaidi from his position as President Director and appointed Riduan, formerly the Deputy President Director, as his successor. This leadership transition was accompanied by the elevation of Henry Panjaitan to Deputy President Director and the addition of two new members to the Board of Directors, namely Timothy Utama as Director of Operations and Sunarto Xie as Director of Information Technology, reflecting the bank’s strategic emphasis on operational efficiency and digital transformation. On the supervisory side, BMRI further strengthened its governance structure by appointing Zulkifli Zaini as a new Independent Commissioner, reinforcing oversight quality as the company aligns with Danantara’s broader consolidation agenda.

Danantara Plans to Eliminate Commissioners’ Bonuses and Tantiem

In parallel with its structural streamlining, Danantara is also initiating cost efficiency measures across all state-owned enterprises following President Prabowo’s directive, including a plan to abolish bonuses and tantiem for commissioners in all BUMN, BMRI included. Directors will shift to a fully performance-based compensation framework, a move that has gained public attention after BMRI’s management significantly raised salaries, bonuses, and tantiem in 2024 despite stagnant performance. The total bonus and tantiem expense for directors and commissioners rose from Rp 1.09 trillion in 2023 to Rp 1.66 trillion (+52% YoY) in 2024, while profit grew only 3%, at a time when the bank faced elevated operating costs and limited room for cost of fund reductions. As of 3Q25, reported bonus and tantiem expenses dropped sharply to Rp 300 billion for the first nine months, although the figure remains provisional and subject to ongoing discussions between Danantara and the company as part of the broader compensation reform initiative. In the FY25 report, BMRI did not state the bonus and tantiem for the Directors and Commissioners.

Figure 4. BMRI’s New Board Members

Board of Directors (1/2)

 <p>RIDUAN PRESIDENT DIRECTOR*</p> <p>Experience</p> <ul style="list-style-type: none"> • 2025 Vice President Director PT Bank Mandiri (Persero), Tbk • 2024-2025 Corporate Banking Director PT Bank Mandiri (Persero), Tbk • 2019-2024 Commercial Banking Director of PT Bank Mandiri (Persero), Tbk • 2017-2019 SEVP Middle Corporate of PT Bank Mandiri (Persero), Tbk 	 <p>HENRY PANJAITAN VICE PRESIDENT DIRECTOR*</p> <p>Experience</p> <ul style="list-style-type: none"> • Director of PT Jaminan Kredit Indonesia’s Guarantee Business • Director Retail Banking of PT Bank Negara Indonesia (Persero), Tbk 	 <p>TIMOTHY UTAMA OPERATION DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> • 2021-2025 Director Information Technology of PT Bank Mandiri (Persero), Tbk • 2016-2021 Managing Director of Citibank • 2012-2015 Chief Operations & Technology Officer of Singapore Exchange
 <p>EKA FITRIA COMPLIANCE & HUMAN CAPITAL DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> • 2023-2025 Director Treasury & International of PT Bank Mandiri (Persero), Tbk • 2021-2022 Group Head International Banking & Financial Institution of PT Bank Mandiri (Persero), Tbk 	 <p>DANIS SUBYANTORO RISK MANAGEMENT DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> • 2024 to date Director of Risk Management of PT Bank Mandiri (Persero), Tbk • 2021-2024 SEVP Internal Audit of PT Bank Mandiri (Persero), Tbk • 2020-2021 SEVP Wholesale Risk of PT Bank Mandiri (Persero), Tbk 	 <p>TOTOK PRIAMBODO COMMERCIAL BANKING DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> • 2024 to date Director Commercial Banking of PT Bank Mandiri (Persero), Tbk • 2020-2023 SEVP Commercial Banking of PT Bank Mandiri (Persero), Tbk • 2018-2020 Group Head Commercial Banking of PT Bank Mandiri (Persero), Tbk



*) Effective after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority (Otoritas Jasa Keuangan)



Source: Company

MANAGEMENT OVERVIEW

Figure 5. BMRI's New Board Members (Continuation)

Board of Directors (2/2)

 <p>MOCHAMAD RIZALDI CORPORATE BANKING DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> 2024 SEVP Corporate Banking of PT Bank Mandiri (Persero), Tbk. 2024 Commissioner of PT Mandiri Sekuritas 2021 SEVP Special Asset Management of PT Bank Mandiri (Persero), Tbk. 	 <p>SAPTARI CONSUMER BANKING DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> 2024 SEVP Micro & Consumer Finance of PT Bank Mandiri (Persero), Tbk. 2024 Commissioner of PT Mandiri Tunas Finance 2022 Group Head Commercial Banking 1 of PT Bank Mandiri (Persero), Tbk. 	 <p>ARI RIZALDI TREASURY & INTERNATIONAL BANKING DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> 2024 Director Treasury & International Banking PT Bank Syariah Indonesia, Tbk. 2020 Group Head Treasury of PT Bank Mandiri (Persero), Tbk.
 <p>NOVITA WIDYA ANGGRAINI FINANCIAL & STRATEGY DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> 2020 Director Finance of PT Bank Negara Indonesia (Persero), Tbk. 2020 Group Head Strategy & Performance Management of PT Bank Mandiri (Persero), Tbk. 2017 Group Head Accounting of PT Bank Mandiri (Persero), Tbk. 	 <p>JAN WINSTON TAMBUNAN NETWORK & RETAIL BANKING DIRECTOR</p> <p>Experience</p> <ul style="list-style-type: none"> 2023 Regional CEO Area IV / Jakarta 2 of PT Bank Mandiri (Persero), Tbk. 2021 Regional CEO Area IX / Kalimantan of PT Bank Mandiri (Persero), Tbk. 	 <p>SUNARTO INFORMATION TECHNOLOGY DIRECTOR*</p> <p>Experience</p> <ul style="list-style-type: none"> SEVP Digital Banking of PT Bank Mandiri (Persero), Tbk. Group Head Digital Banking Product of PT Bank Mandiri (Persero), Tbk.



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Board of Commissioners

 <p>KUSWIYOTO PRESIDENT COMMISSIONER</p> <p>Experience</p> <ul style="list-style-type: none"> 2019 President Director of PT Pegadaian 2017 Director Consumer Banking of PT Bank Rakyat Indonesia (Persero), Tbk. 	 <p>ZAINUDIN AMALI DEPUTY PRESIDENT COMMISSIONER</p> <p>Experience</p> <ul style="list-style-type: none"> 2024 to date Vice President Commissioner of PT Bank Mandiri (Persero), Tbk. 2019-2023 Minister of Youth & Sports 2014-2019 Chairman of Commission II of The House of Representatives of the Republic of Indonesia 	 <p>MUHAMMAD YUSUF ATEH COMMISSIONER</p> <p>Experience</p> <ul style="list-style-type: none"> 2021 to date Commissioner of PT Bank Mandiri (Persero), Tbk. 2020 Head of Indonesia's National Government Internal Auditor 2013-2020 Deputy of Ministry of State Apparatus Utilization and Bureaucratic Reform 	
 <p>YULIOT COMMISSIONER*</p> <p>Experience</p> <ul style="list-style-type: none"> 2025 Deputy Minister of Energy & Mineral Resources 2024 Vice Minister of Investment / Vice President of BKPM 2023 Deputy for Investment Implementation Control of BKPM 	 <p>MIA AMIATI INDEPENDENT COMMISSIONER</p> <p>Experience</p> <ul style="list-style-type: none"> 2022 Head of the East Java High Prosecutor's Office 2021 Director of Strategic Development Security of Indonesia's Attorney General's Office for Intelligence 	 <p>LUKY ALFIRMAN COMMISSIONER*</p> <p>Experience</p> <ul style="list-style-type: none"> 2022 General Directorate of Fiscal Balance of Indonesia's Ministry of Finance 2019 to date Commissioner of Lembaga Penjamin Simpanan 2017 General Directorate of Budget Financing & Risk Management of Indonesia's Ministry of Finance 	 <p>ZULKIFLI ZAINI INDEPENDENT COMMISSIONER*</p> <p>Experience</p> <ul style="list-style-type: none"> 2021-2025 President Commissioner and Independent Commissioner of PT Perkebunan Nasional III (Persero) 2019-2021 President Director of PT Perusahaan Listrik Negara (Persero) 2017-2019 Commissioner of PT Bank Permata, Tbk.



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Source: Company

LOAN AND FUNDING

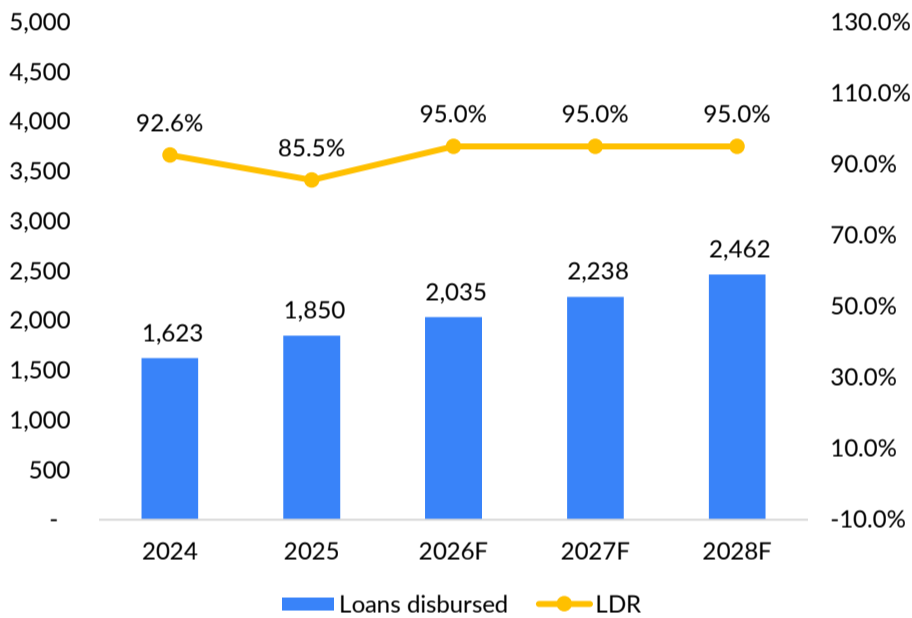
Liquidity Drives Margin Compression

BMRI has been facing a tightening liquidity environment over the past year, reflected in its rising Loan-to-Deposit Ratio (LDR) from 74.1% in 2021 to 92–95% in 2025. This development is partly driven by higher funding costs following the rate hikes in 2022–2023, which pushed the bank to accelerate loan disbursement to sustain revenue growth. BMRI's Cost of Funds increased from 1.6% in 2022 to 2.6–2.8% in 2025 due to a shift in third-party funds composition from savings accounts toward time deposits, with CASA ratio declining from 79.4% in 2024 to around 71–73% in 2025. Meanwhile, asset yields have not expanded meaningfully amid intense competition in the corporate lending segment, leading to a compression in Net Interest Margin (NIM) from 5.5% in 2022 to 4.6–4.8% in 2025. However, we expect this pressure to gradually ease as recent interest rate cuts begin to flow through and the liquidity incentive from government, allowing BMRI's funding costs to stabilize and potentially improve in 2026 with NIM stabilizing at 4.5-4.8% through the next 3 years.

Strong Credit Quality Supports Low Provisioning Expense

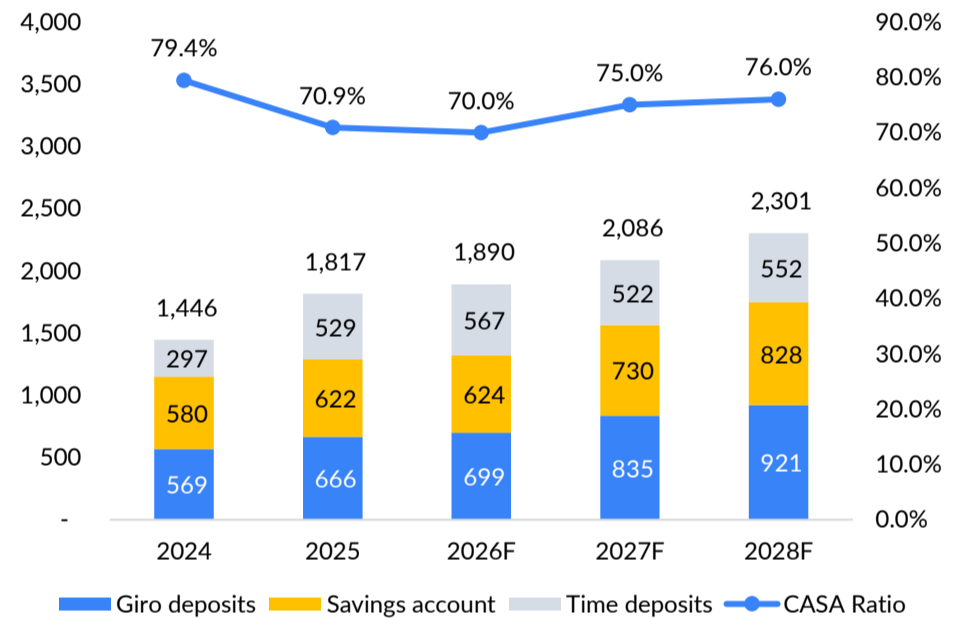
Despite pressures from higher funding costs, BMRI continues to demonstrate strong credit quality. Even amid a broader economic slowdown that typically coincides with rising default rates, the bank's NPL ratio remains stable at a low 1.0–1.2%. BMRI also maintains one of the lowest Loan-at-Risk (LaR) levels among major banks, at around 3.6-3.8% (excluding restructured loans) and we expect the numbers to go lower in the next years. This solid credit performance supports a benign provisioning burden, keeping Cost of Credit in the 0.4-0.8% range, management guides for an increase toward 0.6-0.8% in 2026. With NPL coverage remaining comfortably above 200%, we see limited risk of a material increase in provisioning requirements going forward. The bank's conservative underwriting standards, strengthened risk management framework, and well-diversified loan portfolio further reinforce the resilience of its asset quality. Additionally, early-warning systems and proactive restructuring efforts have helped BMRI mitigate potential slippages, particularly in cyclical corporate sectors. We believe BMRI is structurally well-positioned to maintain superior credit metrics relative to peers, supporting stable earnings visibility despite a challenging macro backdrop.

Figure 6. BMRI's Consolidated Loans Outstanding (Rp Trillion)



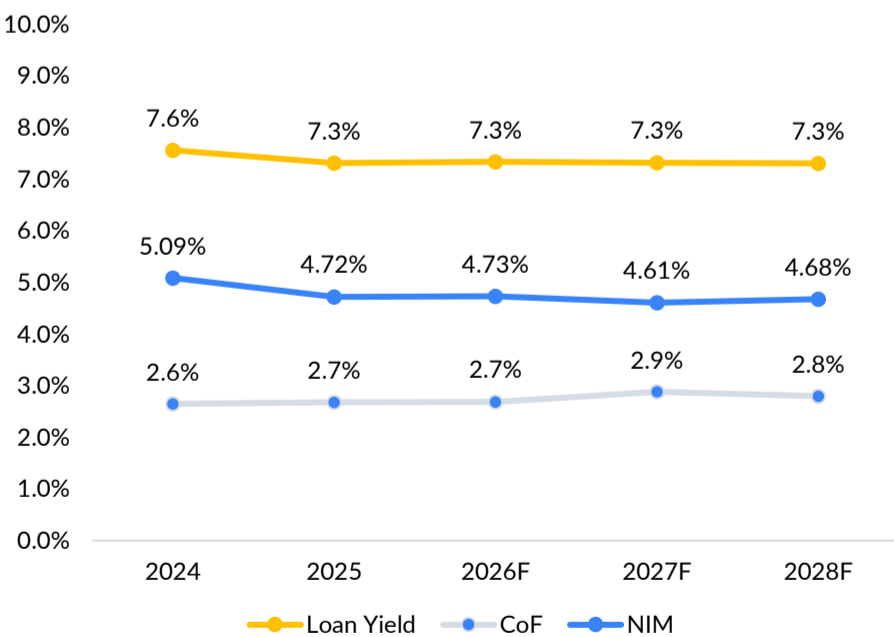
Source: Company, Ajaib Research

Figure 7. BMRI Consolidated Third-Party Fund Breakdown (Rp Trillion)



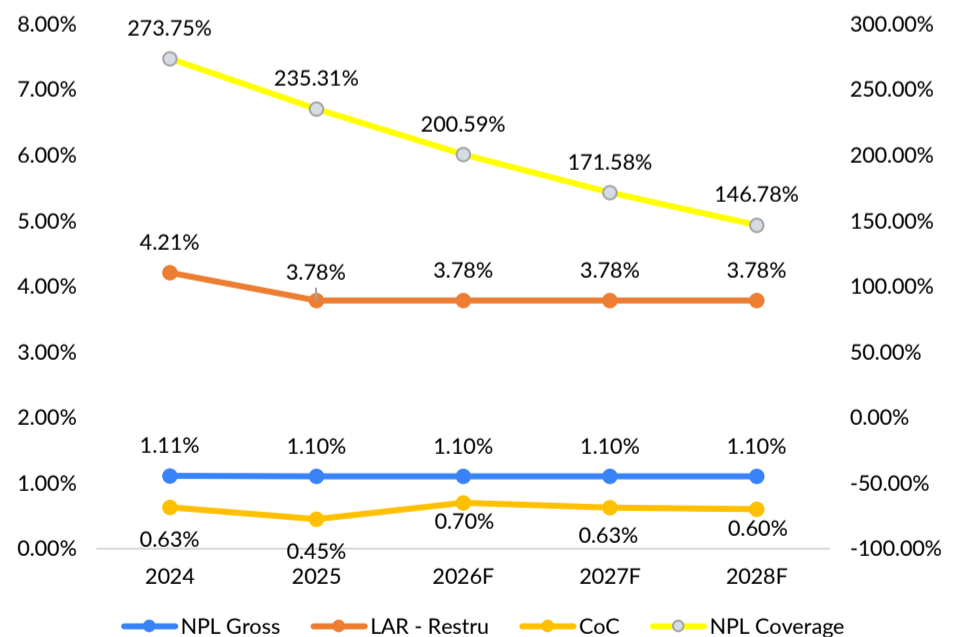
Source: Company, Ajaib Research

Figure 8. BMRI's Consolidated Net Interest Margin



Source: Company, Ajaib Research

Figure 9. BMRI's Consolidated Loan Quality Overview



Source: Company, Ajaib Research

REVENUE AND COST BREAKDOWN

Non-Interest Income Becomes the Backbone of Revenue

BMRI's success in strengthening its digital platform has begun to bear fruit, as the bank delivers solid non-interest income growth despite pressures on its topline performance. In 2025, BMRI generated Rp 27.5 trillion (17.5% YoY) in fee-based income, representing spectacular growth. Total non-interest income reached Rp 48.0 trillion (+13.8% YoY) from Rp 42.2 trillion in 2024. However, the bank continues to invest heavily in application development and customer service enhancements, which is reflected in its rising operating costs. Going forward, BMRI is likely to rely more heavily on non-interest income as a key driver of overall revenue growth.

Special-Rate Deposits Drive Higher Funding Costs

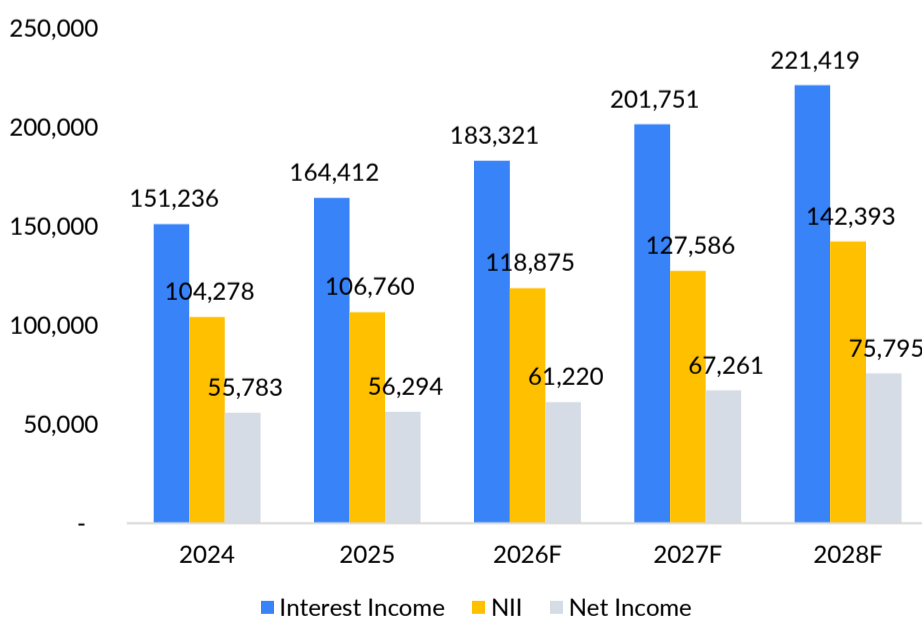
The primary factor behind the significant increase in BMRI's interest expense is the use of special-rate deposits for large corporate clients. As a wholesale-focused bank serving many major corporations with substantial deposit balances, BMRI often offers higher rates of 6–7%, compared to the standard deposit rate of around 4.5% and a blended time-deposit rate of roughly 5%. This pricing strategy has been necessary to retain key corporate relationships amid an increasingly competitive funding landscape, especially during a period of tight system liquidity. As of September 2025, approximately 45% of BMRI's time deposits fall into the special-rate category, reflecting the bank's heavy reliance on high-cost deposits to secure stable liquidity. However, the bank reduce this proportion to around 30% by year-end, following guidance from Indonesia's Minister of Finance, Mr. Purbaya. This adjustment is expected to gradually ease funding cost pressures, although the transition may require BMRI to rebalance its deposit mix and strengthen CASA acquisition strategies. Over the medium term, a lower reliance on special-rate deposits should improve the bank's overall funding profile, improving margin stability and reducing earnings volatility.

Table 1. BMRI's Interest Income & Expense Breakdown (Rp Bio)

Interest Income Breakdown					
	2024	2025	2026F	2027F	2028F
Loans	100,107	109,869	123,531	135,390	148,386
Government bonds	15,186	14,146	15,062	16,735	18,250
Consumer financing income	7,093	6,625	6,786	7,261	7,770
Marketable securities	2,419	3,501	4,014	4,226	4,644
Placements with BI and other banks	3,507	3,916	3,870	4,572	4,915
Others	1,326	1,592	1,990	2,159	2,321
Sharia income	21,597	24,763	28,068	31,407	35,133
Total	151,236	164,412	183,321	201,751	221,419
Interest Expense Breakdown					
	2024	2025	2026F	2027F	2028F
Time deposits	12,921	17,501	21,920	24,768	24,431
Saving deposits	2,309	2,193	2,803	3,047	3,507
Demand deposits	14,780	15,934	15,704	20,709	23,693
Fund borrowings	6,438	8,100	8,677	9,024	9,385
Debt securities issued	1,925	2,225	2,792	2,903	3,020
Subordinated loans and marketable securities	1	9	9	9	10
Repo	3,215	3,104	2,160	2,246	2,336
Sharia expenses	7,889	9,136	10,948	12,042	13,247
Total	36,558	40,701	43,093	49,981	55,197

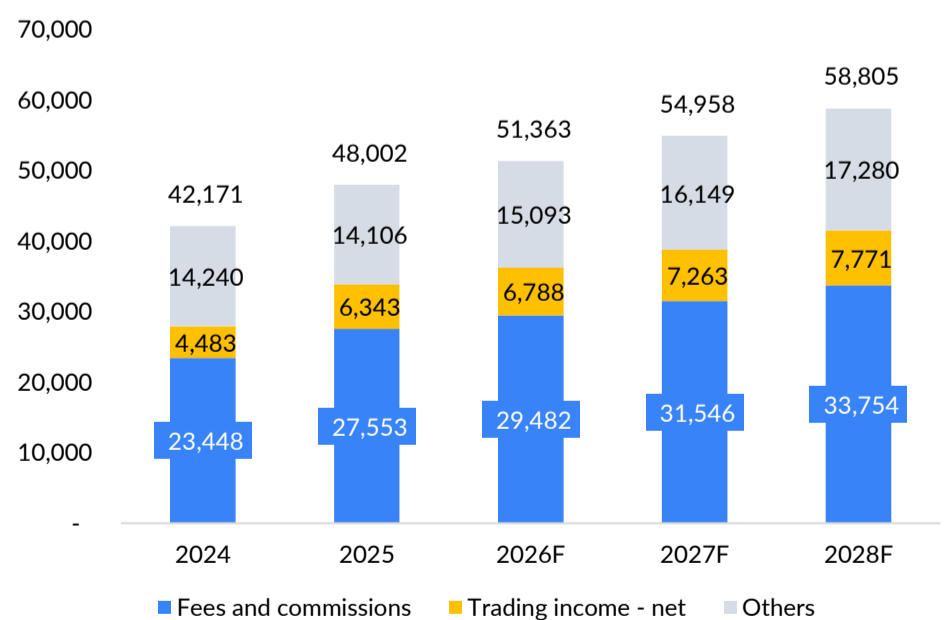
Source: Company, Ajaib Research

Figure 10. BMRI's Income Statement Summary (Rp Bio)



Source: Company, Ajaib Research

Figure 11. BMRI Non-Interest Income Breakdown (Rp Bio)



Source: Company, Ajaib Research

MONTHLY PERFORMANCE (Bank Only)

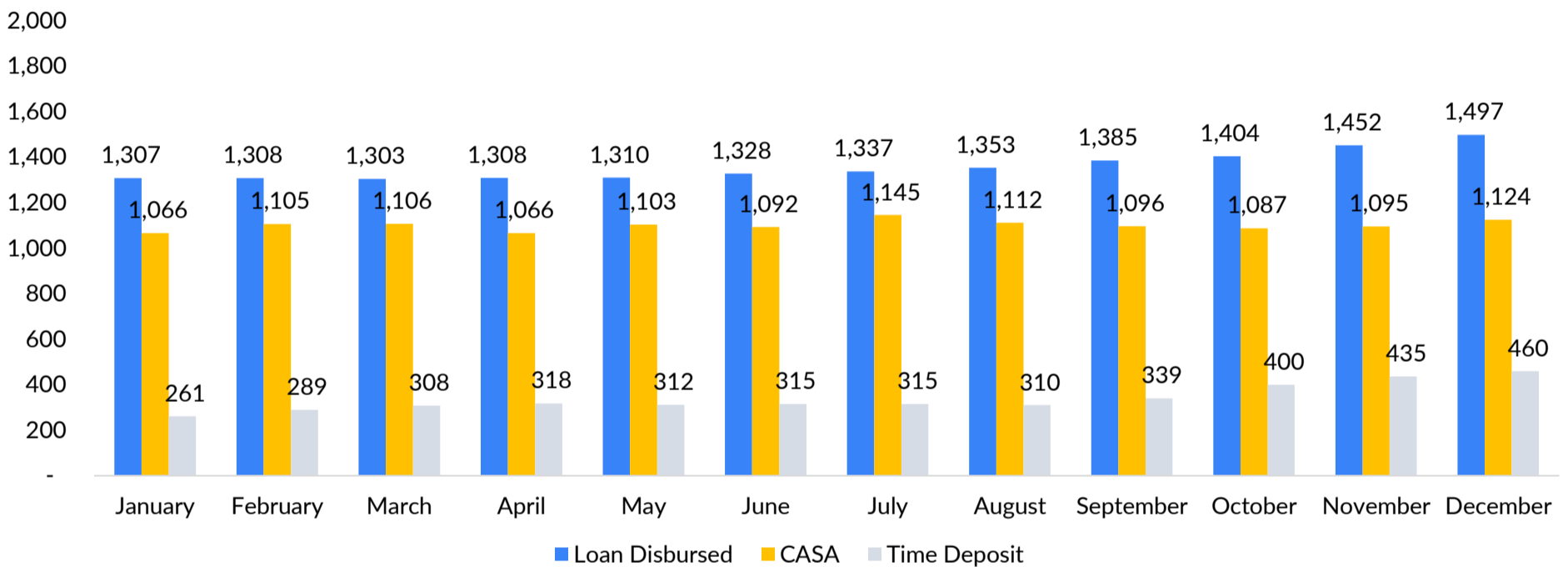
Government-Driven Liquidity Injection Supports Loan and Deposit Growth

The liquidity injection provided by the government at the end of September significantly boosted BMRI's time deposits, which rose to Rp 460 trillion at the end of 2025 from Rp 339 trillion September. Importantly, these government-related deposits carry a relatively low interest rate of around 3-4%, well below BMRI's current blended time-deposit rate of above 4.5%. The rate has room to decline further, as its pricing mechanism is set at 80% of Bank Indonesia's policy rate, which is currently trending downward following BI's aggressive rate-cut cycle. This lower-cost liquidity is expected to materially ease BMRI's funding pressure and support ongoing margin stabilization. On the loan side, BMRI has successfully deployed more than 90% of the government's liquidity injection into the market, which should lift topline performance in 2026. Total loans increased to Rp 1,497.0 trillion as of 2025, up from Rp 1,307.0 trillion in January, reflecting the gradual improvement in credit demand and BMRI's strong execution in credit distribution. This additional loan growth not only strengthens revenue visibility but also provides a near-term catalyst for earnings momentum heading into year-end.

Monthly Profit Improves Throughout 4Q25

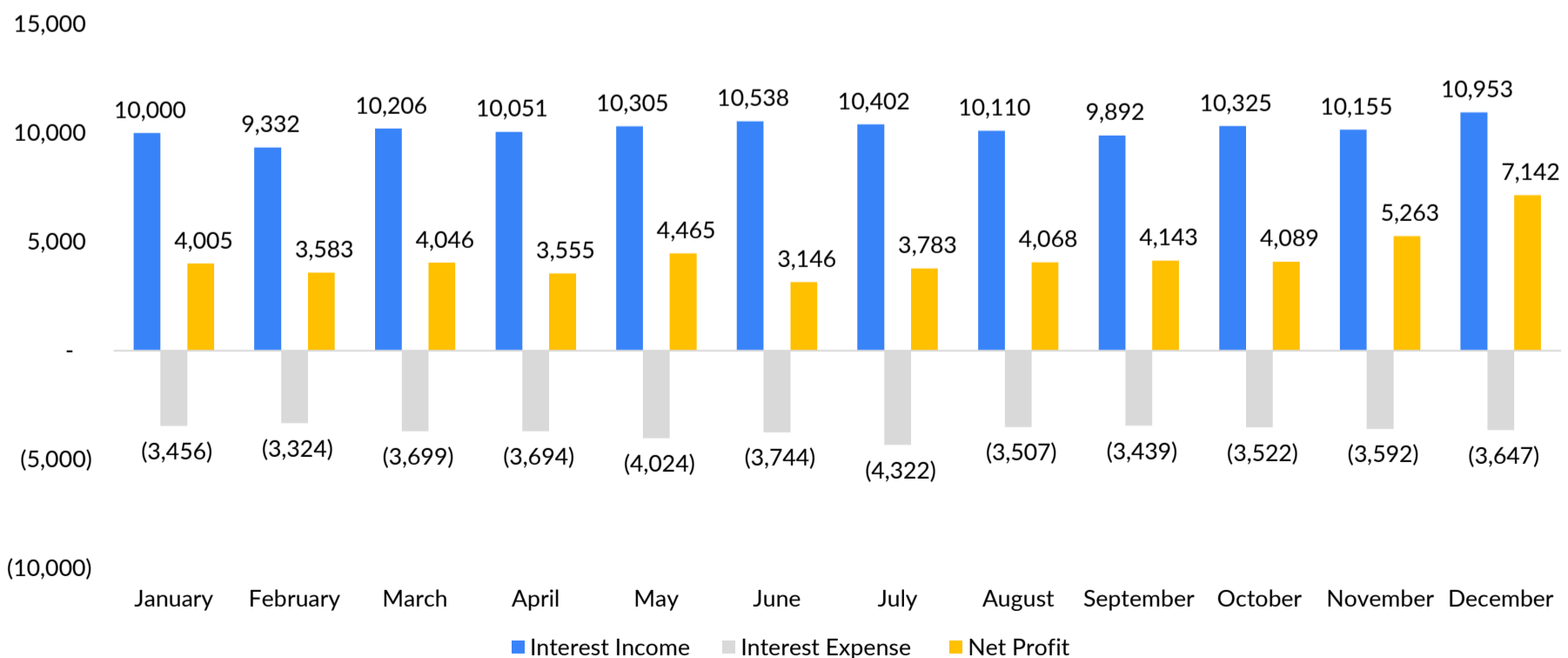
BMRI's monthly profit average rise significantly in 4Q25 to Rp 5.5 trillion, improving from an average of Rp 3.9 trillion recorded in 3Q25. While interest income remained relatively stable, the improvement in 3Q25 performance was mainly driven by a reduction in funding costs, with average quarterly interest expense declining to Rp 3.6 trillion from Rp 3.8 trillion in 3Q25. Operating expenses also trended lower on a quarterly basis, providing additional support to earnings, also in 4Q25 BMRI receive a lot of recovery from provisioning (CKPN). We expect BMRI's performance in 2026 to remain broadly similar to 4Q25, which is a constructive indicator for near-term profitability. If provisioning expenses do not rise significantly, we see limited downside risk to earnings, particularly given the clearer trajectory of declining funding costs following the government's directive to reduce deposit rates. With operating expenses showing early signs of stabilization and cost of funds continuing to improve, BMRI is positioned to deliver a more resilient earnings profile into 2026.

Figure 12. BMRI's Monthly Loan Data 2025 (Rp Trillion)



Source: Company, Ajaib Research

Figure 13. BMRI's Monthly Income Statement 2025 (Rp Bio)



Source: Company, Ajaib Research

VALUATION

Fundamental Turnaround Drives Valuation

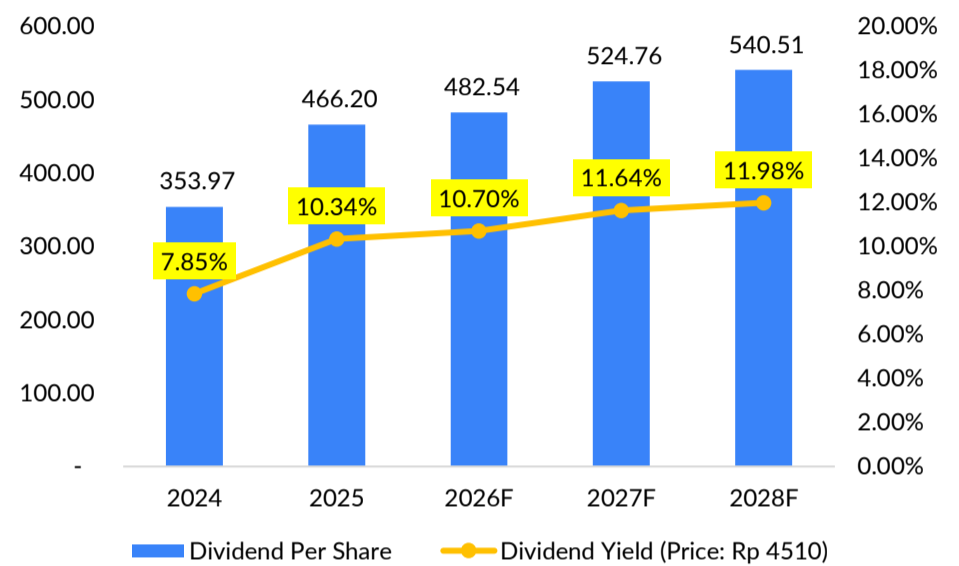
We initiate a BUY recommendation on BMRI with a 12-month target price of Rp 6,100 per share, implying an upside potential of 33.9% and reflecting a 2026F forward P/E of 9.41x, which is below the stock's 5-year historical average P/E of 12.2x. Our valuation is derived primarily using a multi-stage Dividend Discount Model (DDM), incorporating projected dividend flows over the next ten years discounted back to present value. Key assumptions include a cost of equity of 12.45% and a Dividend Payout Ratio (DPR) of 80%, supported by the Danantara initiative that encourages higher dividend distribution among state-owned banks. At the current price of Rp 4,510, BMRI offers an attractive dividend yield of approximately 10.7%, significantly above Indonesia's 10-year government bond yield of 6.4%, reinforcing the stock's appeal from an income perspective. Fundamentally, we believe BMRI has reached its earnings trough and is entering an operational recovery phase. This is supported by Indonesia's improving banking landscape, where declining policy rates and government-driven liquidity injections are expected to accelerate the normalization of funding costs. Additionally, the surge in operating expenses observed in 2025 is largely one-off, with a reversion expected in 2026. While we anticipate provisions to edge higher in 2026 as the bank restructures legacy NPLs, the overall direction points toward a sustained recovery trajectory.

Table 2. Key Assumption For Valuation

Key Assumption	Value
Risk-Free Rate	6.35%
Risk Premium	5.65%
Beta	1.08
Cost of Equity	12.45%
Dividend Payout Ratio	80%
Perpetual Growth	2.00%
Target Price	Rp 6,100
Current Price	Rp 4,510
Potential Upside	35.3%

Source: Bloomberg, Ajaib Research

Figure 14. BMRI's Dividend Yield (Rp/Share)



Source: Bloomberg, Ajaib Research

Table 3. Peers Comparison Banking Sector (Data as of April 7, 2026)

Ticker	Market Cap (IDR Trillion)	Forward PE 2026F	Forward PE 2027F	EPS Consensus 2026F	EPS Consensus 2027F	Div Yield 2026F	ROE 2026F	ROE 2027F	Forward PB 2026F
BMRI.IJ	420.93	7.36	6.84	624.96	658.89	9.09	18.70	18.75	1.33
BBRI.IJ	489.53	8.14	7.56	404.88	427.43	10.72	18.27	18.99	1.47
BBCA.IJ	801.28	13.04	12.01	509.87	541.11	5.24	20.88	21.03	2.63
BBNI.IJ	130.91	6.04	5.51	595.89	637.30	10.52	12.38	12.78	0.73
BRIS.IJ	95.94	11.24	9.75	192.56	213.23	1.85	15.54	15.81	1.60
BBTN.IJ	17.75	4.60	4.31	280.03	293.80	4.78	9.70	9.58	0.45
BNGA.IJ	44.55	6.18	5.78	295.13	309.84	8.49	12.10	12.06	0.74
AVERAGE		8.08	7.39	414.76	440.23	7.24	15.37	15.57	1.28

Source: Bloomberg, Ajaib Research

Financial Statement

Income Statement (Rp bn)	2024	2025	2026F	2027F	2028F
Interest Income & Sharia Income	151,236	164,412	183,321	201,751	221,419
Interest Income & Sharia Expenses	(49,479)	(58,202)	(65,013)	(74,749)	(79,628)
Net Interest Income	101,757	106,210	118,308	127,002	141,791
Net Premium Income	2,521	550	567	584	601
Net Interest & Premium Income	104,278	106,760	118,875	127,586	142,393
Operating Expense	(58,610)	(67,584)	(68,936)	(73,072)	(78,918)
Non-Interest Income	42,171	48,002	51,363	54,958	58,805
Pre-Provision Operating Profit	87,838	87,178	101,302	109,472	122,280
Impairment Loss	(11,812)	(10,359)	(16,150)	(15,746)	(16,419)
Other Impairment	33	(508)	398	253	(29)
Operating Profit	76,060	76,311	85,549	93,979	105,831
Non-Operating Income/Expense	344	107	176	167	199
Tax Expense	(15,238)	(15,071)	(18,719)	(20,573)	(23,181)
Net Profit	61,165	61,346	67,006	73,573	82,849
Non-Controlling Interest	5,382	5,052	5,323	5,849	6,591
Net Profit to Owner	55,783	56,294	61,220	67,261	75,795
EPS (Rp)	598	603	656	721	812

Cashflow Statement (Rp bn)	2024	2025	2026F	2027F	2028F
Net Profit	55,783	56,294	61,220	67,261	75,795
Placement to Banks	4,053	4,053	4,053	4,053	4,053
Securities Issued	31,380	(32,497)	(44,295)	(45,611)	(40,120)
Loans and financing	(173,368)	(246,885)	(180,930)	(198,905)	(218,898)
Deposits from customers	121,845	406,943	102,493	227,709	250,073
Cash from operations	39,693	187,907	(57,461)	54,506	70,902
Fixed assets	(5,053)	(9,031)	(1,441)	(1,470)	(1,499)
Other Assets	(7,573)	59	(1,369)	(1,396)	(1,424)
Deposits from other banks	9,358	(6,287)	415	423	432
Liabilities to unit-linked policyholders	(1,182)	9,838	757	772	788
Others Liabilities	(206)	797	1,604	1,636	1,669
Cashflow from Investing	(4,656)	(4,625)	(34)	(34)	(35)
Dividend	(33,036)	(43,511)	(45,035)	(48,976)	(50,446)
Others	3,233	10,468	5,323	5,849	6,591
Cash from financing	(29,803)	(33,042)	(39,712)	(43,127)	(43,855)
Change	5,233	11,516	(41,507)	14,527	(108)
Beginning	26,432	31,665	43,181	1,675	16,202
Ending	31,665	43,181	1,675	16,202	16,094

Source: Company, Ajaib Research

Balance Sheet (Rp bn)	2024	2025	2026F	2027F	2028F
Cash	31,665	33,857	1,675	16,202	16,094
Placement w/ BI and others	215,014	349,685	289,932	282,697	305,765
Receiveable	37,834	38,702	39,476	40,266	41,071
Marketable securities	95,478	124,728	127,721	138,080	153,964
Government bonds	287,273	292,818	321,948	361,102	383,807
Repo	8,290	3,904	15,463	10,936	11,829
Total loans and sharia financing	1,573,862	1,801,934	1,989,924	2,196,082	2,422,428
Consumer financing	40,639	39,814	42,601	45,583	48,773
Net investment finance leases	5,654	4,019	4,300	4,601	4,923
Fixed assets	63,031	72,062	73,504	74,974	76,473
Other Assets	68,484	68,426	69,794	71,190	72,614
Total Assets	2,427,223	2,829,948	2,976,338	3,241,713	3,537,742
Total deposits	1,473,278	1,837,653	1,911,598	2,107,872	2,323,333
Securities under repo	90,256	39,956	41,554	43,216	44,945
Debt securities issued	41,141	62,205	64,693	67,281	69,972
Fund borrowings	147,916	154,672	160,859	167,294	173,985
Temporary Syirkah Funds	253,340	289,621	318,583	350,441	385,485
Other liabilities	107,817	118,439	120,815	123,240	125,713
Total Liabilities	2,113,749	2,502,546	2,618,104	2,859,344	3,123,434
Share capital	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 (Deficit)	220,050	223,510	249,018	267,304	292,653
Others Equity	34,436	40,479	40,479	40,479	40,479
Owners Equity	283,796	293,751	319,259	337,545	362,894
Minority Equity	29,678	33,651	38,975	44,824	51,414
Total Equity	313,475	327,402	358,234	382,368	414,308

Key Ratios (%)	2024	2025	2026F	2027F	2028F
Net Interest Margin	5.1%	4.7%	4.7%	4.6%	4.7%
Cost of Fund	2.6%	2.7%	2.7%	2.9%	2.8%
Cost of Credit	0.6%	0.4%	0.7%	0.6%	0.6%
NPL	1.1%	1.1%	1.1%	1.1%	1.1%
LAR (-Restru)	4.2%	3.8%	3.8%	3.8%	3.8%
LDR	92.6%	85.5%	95.0%	95.0%	95.0%
CASA Ratio	79.4%	70.9%	70.0%	75.0%	76.0%
DPR	60.0%	78.0%	80.0%	80.0%	75.0%
ROE	20.5%	19.5%	20.0%	20.5%	21.6%

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < 0% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”

Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:

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