

Bank Mandiri

Strong Earnings Beat, But Capital Constraints Linger

22 April 2026

Company Overview

Bank Mandiri is one of the largest and most prominent financial institutions in Indonesia, playing a crucial role in the country's banking sector. Established in 1998, following a merger of four state-owned banks, Bank Mandiri has since become a key player in providing a wide range of financial services, including retail banking, corporate banking, treasury, and capital market services. With a vast network of branches and ATMs across the archipelago, Bank Mandiri has significantly contributed to the financial inclusion and economic development of Indonesia. The bank is known for its commitment to innovation, customer service, and social responsibility, positioning itself as a leader in the Indonesian banking industry. It is currently 52% owned by the government of Indonesia and 8% by the Indonesia Investment Authority (INA), an Indonesia sovereign wealth fund. As of 2025, Bank Mandiri has a IDR2,830tn of assets, booked IDR1,895tn of loan, and booked of IDR2,106tn of the third-party fund.

Investment Overview

Capital headwind from strong lending growth. BMRI's capital is at 19.7% on bank-only basis in 1Q26. We think given the bank ambitious loan growth aspiration, the bank is expected to lower its dividend policy. We are expecting the bank to lower its dividend policy to 30% in FY26-28F (medium term management's guidance: 55-70%). Also, on the loan growth side, we are expecting the bank to have 9-10% annual loan growth in forecasting period.

Low LLR limits risk absorption capacity. Given the bank's LLR at 2.4% in 3M26 (bank-only), it indicates limited capacity to absorb unforeseen credit weakness. Additionally, the number is relatively low compared to its fellow big banks peers where all of them have >3% of LLR ratio. While the current metric of BMRI is stable, but it reduces the bank's flexibility in navigating uncertain macroeconomic environments.

Margin pressures persist due to lower loan yield. The bank expects a lower NIM to be 4.5-4.7% in FY26F (from 4.6-4.8%) implying 20-40bps y/y moderation from FY25A as the loan yield is expected to compress. With Mandiri's exposure to corporate segment, we think it is likely for the bank to have a NIM compression.

Risks

Improving profitability due to lower funding costs and/or higher loan yield, prudent capital allocation to disburse more moderate dividend, and pristine asset quality.

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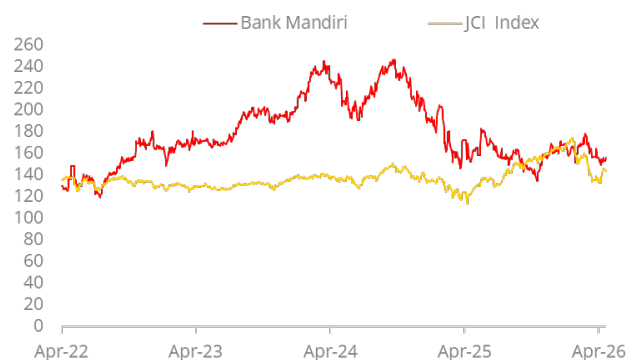
Key Financial Data

Bloomberg Ticker	BMRI JJ
Sector	Banks
Share Price (IDR)	4,700.00
DBS Rating	HOLD
12-mth Target Price (IDR)	4,700.00
Market Cap (USD bn)	25.58
Volume (mn shares)	120.07
Free float (%)	37.0
Dividend yield (%)	12.3
Fwd. P/E (x)	7.5
P/Book (x)	1.5
ROE (%)	19.5

Closing Price as of 21 April 2026

Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

Financial Summary (IDRmn)

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Net Interest Income	95,887	101,757	106,210	109,064	117,004
%y/y	9.1	6.1	4.4	2.7	7.3
Non-Interest Income	42,646	44,692	48,553	50,479	53,254
%y/y	16.0	4.8	8.6	4.0	5.5
Operating Income	138,532	146,449	154,763	159,543	170,258
%y/y	11.1	5.7	5.7	3.1	6.7
Pre-provision Profit	84,790	87,989	87,642	93,465	101,899
%y/y	17.3	3.8	(0.4)	6.6	9.0
Pre-tax Profit	74,685	76,403	76,418	78,247	81,042
%y/y	32.5	2.3	0.0	2.4	3.6
Net Profit	55,060	55,783	56,294	57,258	58,946
%y/y	33.7	1.3	0.9	1.7	2.9
Spread (%)	5.4	5.0	4.7	4.4	4.4
Net Interest Margin (%)	5.5	5.2	4.8	4.5	4.5
Cost-to-Income Ratio (%)	38.8	39.9	43.4	41.4	40.1
ROAE (%)	22.4	20.5	19.5	18.7	17.4
ROA (%)	2.9	2.7	2.3	2.2	2.1

Source: Company, DBSVI, DBS

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
PE (x)	7.8	7.7	7.7	7.5	7.3
P/B (x)	1.7	1.5	1.5	1.4	1.2
Dividend Yield (%)	5.7	7.7	12.3	7.8	4.0

Source: Company, DBSVI, DBS

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Loan-to-Deposit Ratio (%)	82.9	92.6	85.6	88.6	88.6
Net Loans / Total Assets (%)	60.1	64.8	63.7	65.5	66.1
Investment / Total Assets (%)	4.4	4.0	4.5	4.2	3.9
Cust. Dep./Int. Bear. Liab. (%)	91.5	90.0	90.6	91.0	91.5
Interbank Dep / Int. Bear. (%)	1.1	1.5	0.9	1.0	0.9
NPL / Total Gross Loans (%)	1.2	1.1	1.1	1.1	1.1
NPL / Total Assets (%)	0.7	0.7	0.7	0.7	0.7
Loan Loss Reserve Coverage (%)	329.1	273.7	235.3	232.0	231.9
Total CAR (%)	22.0	20.8	20.4	19.7	19.6
Tier-1 CAR (%)	20.8	19.6	19.3	18.5	18.5

Source: Company, DBSVI, DBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	10 Aug'25	4,670	3,900	HOLD
2	01 Dec'25	4,830	4,400	HOLD
3	05 Jan'26	5,075	4,600	HOLD

Source: DBSVI, DBS

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FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

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*Share price appreciation + dividends

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