



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51231.6	0.1	0.6	(2.9)	6.6
S&P 500	7765.4	(0.5)	1.3	1.2	13.4
FTSE 100	10441.6	(0.2)	0.1	(3.4)	5.1
AS30	8851.8	0.3	(0.0)	(2.8)	(1.9)
CSI 300	4310.3	(1.1)	(4.6)	(5.7)	(6.9)
FSSTI	5413.0	(3.5)	(4.5)	(5.5)	16.5
HSCEI	8010.6	(0.9)	(2.5)	(4.3)	(10.1)
HSI	23785.8	(1.4)	(3.4)	(6.0)	(7.2)
JCI	6031.3	(1.9)	0.4	(9.7)	(30.2)
KLCI	1601.0	(0.7)	(1.8)	(6.6)	(4.7)
KOSPI	6625.9	(2.6)	(3.1)	(4.1)	57.2
Nikkei 225	69042.1	(1.4)	0.1	6.0	37.2
SET	1570.6	(0.9)	0.4	(2.9)	24.7
TWSE	49313.4	(1.0)	2.0	6.8	70.3
BDI	2973	(0.7)	(5.3)	(17.0)	58.4
CPO (RM/mt)	4333	(0.8)	(2.6)	(7.0)	10.2
Brent Crude (US\$/bbl)	104	4.1	1.9	6.5	71.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Top Stories

Company Update | Bank Mandiri (BMRI IJ/HOLD/Rp4,000/Target: Rp4,665)

Page 2 →

- BMRI’s share-pledge clarification provides some reassurance, but undisclosed exposure limits a credit assessment. Liquidity remains tighter than headline ratios suggest, with lending growth outpacing CASA. NIM is likely to trough at 4.1% in 3Q26 (1H26: 4.37%) and an improvement depends on funding conditions, while rising credit costs could temper earnings. We maintain HOLD and lower our target price to Rp4,665, raising CoE to 14.0%, reflecting elevated global bond yields as well as funding and credit-allocation uncertainty. Earnings forecasts remain unchanged.

Technical Analysis

Kalbe Farma | KLBF IJ

Page 5 →

- Trading Buy Range: We have a technical Buy at Rp770, and take profit at Rp830.

Astra International | ASII IJ

Page 5 →

- Trading Buy Range: We have a technical Buy at Rp4,800, and take profit at Rp5,050.

Disclaimer: In Traders’ Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Bank Mandiri (BMRI IJ)

Share Pledge Clarified But Loan Details Remain Undisclosed

Highlights

- **Share-pledge clarification offers reassurance, but exposure remains undisclosed.** Additional collateral and stated LLL compliance provide comfort, while undisclosed facility size and repayment terms limit an independent credit assessment.
- **Funding pressure and rising credit costs constrain earnings upside.** Loan growth outpaces CASA, while NIM is likely to trough at 4.1% in 3Q26, with any improvement in 4Q26 dependent on liquidity conditions while CoC is moving towards the upper end of guidance of 60-80bp.
- **Maintain HOLD; lower target price to Rp4,665.** We raise CoE to 14.0% and lower our target P/B to 1.4x from 1.5x, reflecting elevated global bond yields as well as funding and credit-allocation uncertainty. Earnings forecasts remain unchanged.

Analysis

- **JARR and PGUN share pledge: Reassurance with limited disclosure.** Shareholders of Jhonlin Agro Raya (JARR) and Pradiksi Gunatama (PGUN) disclosed pledges representing 86.6% and 92.4% of the respective companies' outstanding shares to Bank Mandiri (BMRI). In its subsequent clarification, BMRI stated that the facility was extended to the group behind these companies, rather than the listed entities themselves. The pledged shares supplement other primary collateral and identified repayment sources. Management also indicated that facility pricing is meaningfully above its Jun 26 blended corporate loan yield of 5.94% and group exposure remains well within the legal lending limit (LLL). These assurances provide some comfort, but undisclosed facility size, drawn amounts, tenor and loan-to-value limit an independent credit assessment. The pledged shares' quoted market value may also differ materially from proceeds recoverable through a sale under stressed conditions.
- **Liquidity remains tighter than headline ratios suggest.** August loan growth of 17.6% yoy outpaced current account and savings account (CASA) growth of 8.2%, increasing reliance on time deposit and wholesale funding. At end-August, BMRI held Rp104t of government liquidity placement (SAL); excluding this, we estimate loan-to-deposit (LDR) at 101.0%, vs 94.4% reported. BMRI also had approximately Rp341t of repo, borrowings, interbank liabilities and securities issued, equivalent to 21% of loans. These sources provide funding flexibility but increase sensitivity to market conditions and rollover requirements. With subsequent government liquidity withdrawals in 2H26, stronger organic deposit growth or more moderate lending would help reduce replacement-funding needs.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net interest income	101,757	106,210	97,627	98,623	107,515
Non-interest income	44,842	49,016	43,786	49,551	52,484
Net profit (rep./act.)	55,783	56,188	58,495	59,444	62,847
Net profit (adj.)	55,783	56,188	58,495	59,444	62,847
EPS (Rp)	598	602	627	637	673
PE (x)	6.7	6.6	6.4	6.3	5.9
P/B (x)	1.3	1.3	1.3	1.2	1.1
Dividend yield (%)	11.7	9.0	11.7	11.8	11.9
Net int margin (%)	5.2	4.9	4.3	4.3	4.3
Cost/income (%)	40.0	43.5	41.3	42.1	42.0
Loan loss cover (%)	293.2	229.8	239.1	202.0	197.1
Consensus net profit	-	-	56,464	58,758	63,983
UOBKH/Consensus (x)	-	-	1.04	1.01	0.98

Source: BMRI, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	Rp4,000
Target Price	Rp4,665
Upside	+16.6%
Previous TP	Rp5,150

Stock Data

Sector	Financials
Bloomberg ticker	BMRI IJ
Shares issued (m)	93,333
Market cap (Rpb)	373,333.3
Market cap (US\$m)	20,839
3-mth avg daily t'over (US\$m)	31.7

Price Performance (%)

52-week high/low		Rp5,375/Rp3,650		
1mth	3mth	6mth	1yr	YTD
(8.9)	0.8	(11.3)	(6.8)	(21.6)

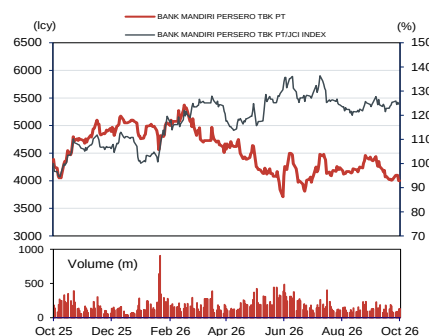
Major Shareholders (%)

Danantara	51.5
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Balance Sheet Metrics

FY26 NAV/Share (Rp)	3,191
FY26 CAR tier-1 (%)	22.3

Price Chart



Source: Bloomberg

Company Description

BMRI is a state-owned bank, a leader in wholesale segment.

- **3Q26 NIM expected to decline; subsequent improvement depends on liquidity.** Management expects NIM to fall to 4.1% in 3Q26 from 4.37% in 1H26 as funding costs remain elevated. Loan repricing could support margins in 4Q26, but improvement will depend on funding conditions, including SAL withdrawals, deposit competition and whether BI instrument maturities during September-November translate into a sustained liquidity release. The latter remains subject to rupiah conditions and BI's subsequent decisions, leaving the timing and magnitude of NIM improvement uncertain. Livin' fees from November should provide additional revenue support, although higher 4Q26 operating expenses could temper earnings growth.
- **Credit costs are moving towards the upper end of guidance.** BMRI is building provision coverage for corporate exposures, with management expecting 2026 CoC near the upper end of its 60-80bp guidance and guiding for 80-100bp in 2027. Capital remains another consideration: CET1 declined to 16.4% in 1H26, partly reflecting dividend payments. Subsequent earnings retention could support capital rebuilding, although the extent will depend on loan and risk-weighted asset growth. KopDes also remains a monitoring point. The approximately Rp11.7t instalment received on 25 September reportedly used previously drawn proceeds held in current accounts, providing a bridge ahead of fiscal settlement. This addresses the immediate missed-instalment concern, while verification progress and subsequent fiscal payments remain important to assess longer-term repayment visibility.

Valuation/Recommendation

- **Maintain HOLD with a lower target price of Rp4,665.** We raise CoE to 14.0% to reflect a higher required return amid elevated global bond yields and greater uncertainty over BMRI's funding and credit outlook. Loan growth exceeding organic CASA growth increases funding sensitivity, while higher credit costs could limit the benefit of repricing. Limited visibility on the recently clarified group facility also adds uncertainty over credit allocation, although available information does not establish an incremental credit loss. We retain our earnings forecasts but lower our justified valuation to 1.4x (previously 1.5x) to reflect the higher CoE. We arrived at 1.4x P/B with assumptions of ROE: 18.2%, COE: 14%, and terminal growth: 4%.

Earnings Revision/Risk

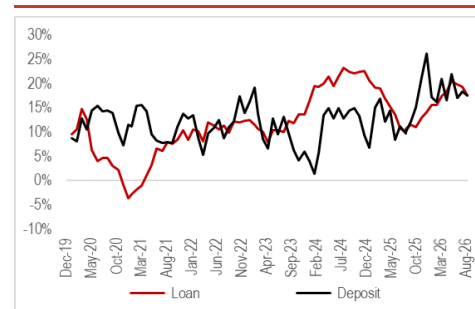
- No earnings revisions.
- **Risks** include: a) adverse macro development(s); b) rupiah instability that could impact rate cuts and SRBI issuances; c) uncertainty in geopolitical issues; d) a slowing economy, which would affect loan growth and worsen asset quality; e) NIM compression, and f) government policy uncertainties.

Key Financials

Profit & Loss (Rpt)	8M26	8M25	yoy	Aug-26	Jul-26	mom	yoy
Interest income	86.2	80.9	6.5%	11.2	11.4	-1.4%	4.5%
Interest expense	31.4	29.8	5.4%	4.7	4.7	1.2%	34.3%
Net Interest Income	54.8	51.2	7.2%	6.5	6.7	-3.2%	-9.9%
Other Opr Income	25.7	22.8	12.9%	3.4	3.2	4.2%	18.2%
Other Opr Expenses	28.9	31.9	-9.4%	3.7	3.7	0.1%	-45.5%
PPoP	51.6	42.0	22.8%	6.2	6.3	-1.2%	85.2%
Provision Expenses	5.5	4.5	23.6%	0.8	0.8	-4.1%	-246.3%
Income After Tax	37.5	30.7	22.3%	4.5	4.5	-0.6%	43.4%
Balance Sheet (Rpt)	Aug-26	Jul-26	Aug-25	Dec-25	mom	yoy	ytd
Loan	1,592	1,596	1,353	1,497	-0.2%	17.6%	6.4%
Deposit	1,687	1,684	1,435	1,675	0.2%	17.6%	0.7%
Current Account	623	618	591	640	0.9%	5.5%	-2.6%
Saving	563	567	505	546	-0.8%	11.4%	3.0%
Time Deposit	501	499	339	489	0.5%	47.8%	2.6%
CASA	1,186	1,185	1,096	1,186	0.1%	8.2%	0.0%
Ratios	Aug-26	Jul-26	Aug-25	Dec-25	mom	yoy	ytd
LDR	94.4%	94.8%	94.3%	89.4%	-0.4%	0.1%	5.0%
CASA	70.3%	70.4%	76.4%	70.8%	-0.1%	-6.1%	-0.5%
Loan/CASA	134.3%	134.7%	123.5%	126.2%	-0.4%	10.8%	8.0%

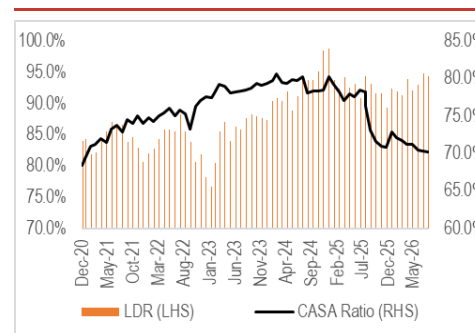
Source: BMRI, Bloomberg, UOB Kay Hian

YOY Loan And Deposit Growth



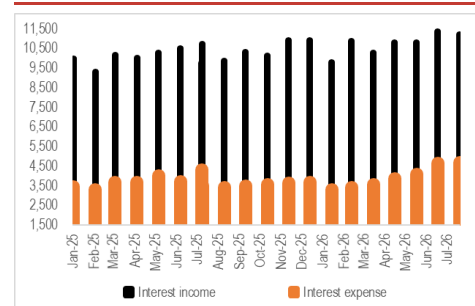
Source: BMRI

LDR And CASA Ratios Trend



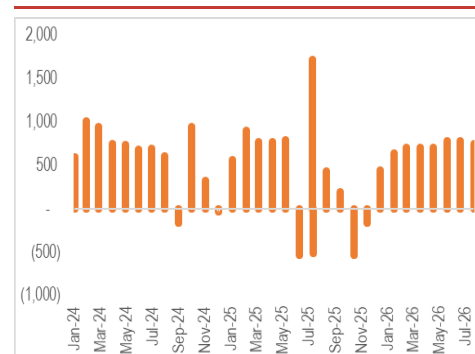
Source: BMRI

Monthly Interest Income And Expenses Trend (Rpb)



Source: BMRI

Monthly Provision Expenses Trend (Rpb)



Source: BMRI

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Interest income	164,412	150,993	155,299	169,739
Interest expense	(58,202)	(53,366)	(56,676)	(62,224)
Net interest income/(expense)	106,210	97,627	98,623	107,515
Fees & Commissions	32,790	29,089	32,469	33,781
Net Trading Income	16,226	14,698	17,082	18,703
Non-Interest Income	49,016	43,786	49,551	52,484
Total Income	155,226	141,413	148,175	159,999
Staff Costs	(26,635)	(23,173)	(24,447)	(25,914)
Other Operating Expense	(40,949)	(35,275)	(37,874)	(41,233)
Pre-Provision Profit	87,642	82,966	85,853	92,852
Loan Loss Provision	(11,331)	(11,441)	(13,945)	(17,283)
Pre-tax profit	76,343	75,968	76,942	81,346
Tax	(15,071)	(15,194)	(15,190)	(16,059)
Minorities	(5,052)	(2,279)	(2,308)	(2,440)
Net profit	56,220	58,495	59,444	62,847
Net profit (adj.)	56,220	58,495	59,444	62,847

Operating Ratios

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	19.3	19.0	18.8	18.0
Total CAR	19.9	19.6	18.8	18.0
Total Assets/Equity	9.6	8.1	8.4	8.8
Tangible Assets/Tangible Common Equity	9.9	8.3	8.6	9.0
Asset Quality				
NPL Ratio	1.1	1.1	1.1	1.1
Loan Loss Coverage	229.8	235	198	193
Loan Loss Reserve/Gross Loans	2.6	2.5	2.1	2.1
Increase in NPLs	15.1	(13.0)	9.5	9.2
Credit Cost (bp)	57	65	75	85
Liquidity				
Loan/Deposit Ratio	90.0	95.0	93.9	92.8
Liquid Assets/Short-Term Liabilities	33.2	28.8	24.5	24.6
Liquid Assets/Total Assets	25.6	22.3	19.4	19.6

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Cash With Central Bank	278,487	186,840	124,191	137,202
Govt Treasury Bills & Securities	374,348	280,260	310,477	343,004
Interbank Loans	71,227	93,420	93,143	102,901
Customer Loans	1,845,782	1,730,368	1,902,612	2,078,802
Investment Securities	45,941	40,762	45,157	49,888
Derivative Receivables	64,415	37,368	41,397	45,734
Properties & Other Fixed Assets	72,062	105,849	108,547	111,244
Other Assets	77,432	72,337	76,118	80,153
Total assets	2,829,948	2,515,561	2,715,591	2,972,622
Interbank Deposits	28,371	25,173	27,887	30,808
Customer Deposits	2,105,764	1,868,400	2,069,848	2,286,694
Debts Securities Issued	266,215	220,293	199,742	217,777
Other Liabilities	95,334	62,545	62,545	62,545
Total liabilities	2,502,546	2,183,616	2,367,587	2,605,767
Shareholders' funds	293,751	297,811	313,384	331,647
Minority interest	33,651	34,134	34,620	35,207
Total Equity & Liabilities	2,829,948	2,515,561	2,715,591	2,937,415

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	4.4	(8.1)	1.0	9.0
Fees & Commissions, yoy Chg	26.3	(11.3)	11.6	4.0
Pre-Provision Profit, yoy Chg	(0.4)	(5.3)	3.5	8.2
Net Profit, yoy Chg	0.8	4.0	1.6	5.7
Customer Loans, yoy Chg	0.8	4.0	1.6	5.7
Customer Deposits, yoy Chg	14.0	(6.3)	10.0	9.3
Profitability				
Net Interest Margin	4.9	4.3	4.3	4.3
Cost/Income Ratio	43.5	41.3	42.1	42.0
Adjusted ROA	2.1	2.2	2.3	2.2
Reported ROE	19.5	19.8	19.5	19.5
Adjusted ROE	19.5	19.8	19.5	19.5
Valuation				
P/BV	1.3	1.3	1.2	1.2
P/NTA	1.3	1.3	1.3	1.2
Adjusted P/E	6.6	6.4	6.3	5.9
Dividend Yield	9.0	11.7	11.8	11.9
Payout Ratio	60.0	75.0	73.8	70.9

Technical Analysis



Source: Tradingview



Source: Tradingview

Analyst(s)

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Kalbe Farma

KLBF IJ

Technical BUY with 7.5% potential return

Resistance: Rp2,440, Rp2,540

Support: Rp2,200, Rp2,050

Stop-loss: Rp2,260

Share price closed slightly higher and formed a neutral candlestick. Price advanced with positive momentum; hence, we see potential for more rallies ahead to challenge the resistance at Rp810 and Rp835. The RSI is sloping upwards and is back above its midline, while the MACD has just issued a bullish signal. Buy at Rp770 and take profit at Rp830.

Approximate timeframe: 2-4 weeks.

Our institutional research has a fundamental BUY and target price of Rp1,100.

Astra International

ASII IJ

Technical BUY with 5% potential return

Resistance: Rp4,990, Rp5,050

Support: Rp4,720, Rp4,510

Stop-loss: Rp4,710

Share price closed slightly higher and formed a neutral candlestick. Price advanced with better momentum and higher trading volume; hence, we see potential for more rallies to challenge the resistance at Rp4,990 and Rp5,050. The RSI is sloping upwards and is above its midline, while the MACD has just issued a bullish signal. Buy at Rp4,800 and take profit at Rp5,050.

Approximate timeframe: 2-4 weeks.

Our institutional research has a fundamental BUY and target price of Rp7,100.

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