

Bank Mandiri (BMRI IJ)

FUNDAMENTAL VIEW ¹

As of 27 Dec 2024

- Bank Mandiri (Mandiri) is the largest state-owned bank in Indonesia with 60% government ownership. We therefore expect a very high likelihood of government support in times of need.
- Mandiri's strength had been its large corporate loan portfolio, which has allowed the bank to book lower credit costs compared to its peers over the pandemic. Mandiri is well capitalised, in line with the other Indonesian banks that have relatively high CET1 ratios in the region.

RISKS & CATALYSTS

As of 02 Dec 2024

- Funding cost pressure has put pressure on margins, but the general liquidity environment saw an improvement in Q3 as easing pressure on the IDR from rate cuts in the US reduced Bank Indonesia's (BI) money market interventions. A Trump 2.0 administration however would likely constrain the path of future rate cuts and BI easing.
- Indonesia's growth is projected at a reasonable ~5% in 2024-2025, and could pickup over the medium term under the Prabowo administration which should support steady asset quality and robust loan growth. We are however cautious of higher dividend payouts under the new government to fund its more aggressive fiscal policies.
- Asset quality has trended better than peers due to its loan book and growth focus being predominantly on large corporates, and capital is solid with a >19% CET1 ratio.

CREDIT QUALITY SCORE (CQS)²

As of 11 Feb 2025

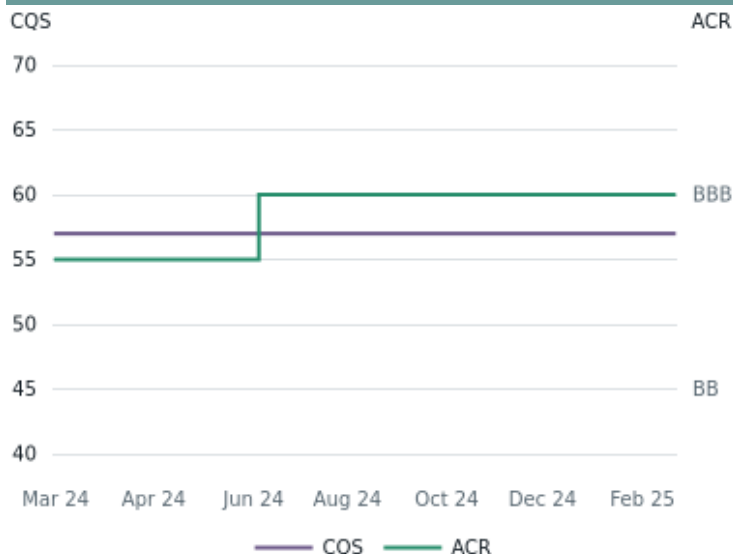
CURRENT CQS

57

CQS OUTLOOK ³

NEGATIVE STABLE POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)⁴ VS CQS



KEY METRICS

As of 02 Dec 2024

IDR BN	FY20	FY21	FY22	FY23	9M24
PPP ROA	3.4%	3.5%	3.9%	4.1%	4.0%
ROA	1.2%	1.7%	2.2%	2.6%	2.5%
ROE	8.5%	14.2%	19.0%	22.4%	21.0%
Equity/Assets	12.3%	11.9%	11.5%	12.0%	11.7%
CET1 Ratio	18.4%	18.4%	18.6%	20.8%	19.5%
NPL Ratio	3.09%	2.72%	1.92%	1.19%	1.13%
Provisions/Average Loans	2.73%	1.98%	1.41%	0.79%	0.84%
LDR	83%	81%	80%	87%	93%

BUSINESS DESCRIPTION

As of 02 Dec 2024

- Bank Mandiri was established as a result of the mergers of four state-owned banks, Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia, in the late 1990s. The bank was first listed in Indonesia Stock Exchange in 2003.
- The Indonesian government holds a 60% stake in the bank, foreign investors with 34.4% and domestic investors with another 5.6%, as of September 2024.
- Corporates accounted for 37% of total loans, consumer for 7%, micro for 12%, SME for 5%, commercial for 17% and subsidiaries 22% at end-September 2024.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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