

Overall inline 4M25 bank only earnings

10 June 2025

OVERWEIGHT
(Maintain)

TOP PICK

Company	Ticker	Rec	Share	Target
			Price (IDR)	Price (IDR)
Bank Central Asia	BBCA	Buy	9,100	12,510
Bank Mandiri	BMRI	Buy	5,250	6,240
Bank Syariah Indonesia	BRIS	Buy	2,550	3,670

Despite mix individual bank performances, our covered banks' average (bank only) earnings are aligning with the 29.3%/30.4% run-rate. Loan growth remains solid at 9.9% yoy, outperforming the industry's 8.5% yoy as of Apr25. While total TPF growth is remain in the single digits due to tight liquidity, it's supported by a better, lower-cost funding mix, with CASA up 78bps yoy. NIM are still under pressure but are within '25F guidance. The 1H25 results will be critical for validating '25F market earnings growth expectations, which will, in turn, impact valuations and boost confidence in banking stocks. The recent BI rate cut is anticipated to benefit funding costs in 1Q26 (3-6 months transmission lag). Key '25F growth: (1) transmission on previous rate cut start to take effect in CoF (2) steady solid Non-Il (3) manageable CIR (4) provisions remain at low level. Maintain OW on the banking sector, with BBKA, BMRI, and BRIS (syariah banking) as our picks.

BBKA as the champ followed by BRIS

Of the total bank under our coverage, BBKA stood in the 1st position with bank only earnings growth of 17.4% yoy in 4M period. BBRI recorded a much better provisions. Yet, softer top line and Non-Il has brought PATMI declined by 15.8% yoy. BMRI earnings was flattish at 0.8% yoy on the back of higher provision and opex. We continue to like BRIS which continue noted a much healthier growth across the board with steady solid Non-Il growth. The bank stood at the 2nd position following BBKA with 9.0% yoy PATMI growth.

Overall inline 4M25 bank only earnings with run-rate 29.3%/30.4%

4M25 results saw a mixed performance. Average bank-only (banks under our coverage) net income grew by a modest 2.3% yoy, primarily due to weak earnings from BBRI. However, funding costs showed a significant increase of 10.9% yoy. Non-interest income (Non-Il) growth averaged 9.2% yoy, with strong contributions from BBKA and BRIS offset by other banks. Operating expenses rose by an average of 11.5% yoy, driven by higher costs at several banks despite BBKA's more moderate 4.1% increase. Provisions remained favorable with an average decline of 2.1% yoy. Despite these varied results, the average earnings run-rate for 4M25 was largely in line at a run-rate of 29.3% vs 30.4% in 4M24. Key metrics such as: provisions, Non-Il and provisions also aligned with projections.

Loan growth surpassing industry, TPF remain supported by CASA

Indonesia's banking sector saw a slowdown in loan growth to 8.5% yoy in Apr25, down from 8.7% in Mar25. This moderation is attributed to dampened consumer confidence, subdued economic activity, and weakened disposable income, collectively leading to reduced buying power. Despite the industry-wide slowdown, the average loan growth for banks under our coverage remained solid at 9.9% yoy, outperforming the sector by 120bps. We anticipate that the consolidated loan growth for the first half of 2025 will continue to exceed the industry average. Bank Indonesia has adjusted its 2025 industry loan growth forecast from 11-13% to 8-11% yoy (KBVS '25F maintain '25F industry loan growth due to still inline). On the liabilities front, total deposit growth remained in the single digits due to ongoing tight liquidity. However, the 5.6% yoy total deposit growth favorably, primarily driven by a 7.2% yoy growth in CASA.

Pressure on NIM continue, risk metrics still manageable

We still like the overall achievement of banks under our coverage's key financial ratios. Amid the continuing concern over banks '25F profitability, bank only NIM in year-to-date changes were flattish, while as expected it declined slightly on year-on-year basis. CASA growth remain strong at 7.2% yoy amidst LDR recorded at higher figure of 89.4% vs 86.6% in 4M24, yet softer on YTD basis from 90.3% in 1M25. Key risk metrics remain intact, with average credit cost around 34bps lower abd flat on YoY basis. CIR also showed another improvement and we believe will continue to underpinned Ppop growth in the upcoming months, declined by 41.2% vs 41.3% and much lower vs 43.5% in the beginning of 2025.

Overall result and key metrics considerably still within '25F banks guidance

In all, most of our banks under our coverage recorded an inline 4M25 figure vs '25F management guidance. On banks '25F loan growth expectation, BBRI have the highest gap with '25F guidance. BRIS and BBNI still inline, while BBKA and BMRI recorded 4M25 loan growth far above '25F guidance. On profitability, our annualized calculation for BBKA bank only NIM in 4M25 of 5.6% is still within '25F management expectation range of 5.7-5.8%. Despite softer by 33bps, we believe the bank could maintain its NIM at '25F range target. Other banks are look weaker due to the impact of banks only figure and '25F on consolidated basis. Using the 1Q25 comparison, all banks under our coverage recorded a considerably inline profitability, with the highest GAP noted by BBNI, BMRI and BRIS. BBTN is surprisingly beating its '25F NIM of 3.4% vs 3.6%, while BBKA and BBRI reached its upper guidance.

Maintain Overweight, with BBKA, BMRI and BRIS (syariah banking) as our picks

Slight transmission on previous lower benchmark rate will play crucial role to NII growth. Non-Il and cost to income will also help the overall Ppop growth, while managing CoC to continue at low level will overall help '25F earnings (unless front load will be made). Maintain our overweight rating for the sector, with BBKA, BMRI, and BRIS as our top picks. Risks to our call: a) lower-than-expected loan growth; b) prolonged tight liquidity environment and stable attractive SRBI high yield; c) NIM stagnation d) higher-than-expected CoF and CoC; f) deteriorating asset quality; g) prolonged trade war uncertainty, mild economic activity, motionless wait & see stance, steady weakening purchasing power and household loan demand confidence.

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Figure 1: Indo banking stocks under our coverage

Ticker	Closing Price	Target Price	Market Cap	P/E		P/B		ROE		Dividend Yield	
	(IDR)	(IDR)	(IDRtn)	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
				(x)		(x)		(x)		(x)	
BBKA	9,100	12,510	1,122	19.2	17.8	3.6	3.1	25.0	25.6	3.3	3.5
BBRI	4,150	4,470	629	11.0	9.8	1.9	1.8	17.9	19.1	6.7	7.3
BMRI	5,250	6,240	490	8.7	8.1	1.6	1.4	18.8	19.4	5.7	5.7
BBNI	4,520	5,920	169	7.3	6.8	1.0	0.9	14.1	14.4	6.4	6.8
BBTN	1,190	1,530	17	4.5	4.0	0.4	0.3	8.7	8.9	4.6	4.5
BRIS	2,550	3,670	118	14.8	12.6	2.4	2.1	17.1	17.5	1.4	1.7
Average				10.9	9.8	1.8	1.6	16.9	17.5	4.7	4.9

Source : Company, KBVS research

Exhibit 2: Bank under coverage 4M25 selected Profit and Loss

Selected P&L (IDRbn)	Simple average bank under our coverage – 4M bank only result									FY 2024A	FY 2025F	To FY24 (%)	To FY25F (%)
	Jan-25	Feb-25	Mar-25	Apr-25	YoY (%)	MoM (%)	4M24	4M25	YoY (%)				
Interest income	6,811	6,558	7,249	6,928	8.4	(7.3)	26,179	27,546	7.0	94,454	103,226	29.8	29.3
Interest expense	(2,191)	(2,062)	(2,290)	(2,303)	12.1	0.8	(8,202)	(8,846)	9.1	(28,544)	(32,652)	30.4	29.9
Net interest income	4,620	4,496	4,959	4,624	8.6	(12.0)	17,977	18,699	7.1	65,910	70,574	29.9	29.8
Non Int Inc & others	1,833	1,804	1,865	1,546	5.4	(12.0)	6,831	7,048	17.3	27,144	30,056		
Total Income	6,452	6,300	6,824	6,170	7.0	(14.1)	24,807	25,747	9.0	93,054	100,630		
Opex	(2,435)	(2,337)	(2,594)	(2,367)	9.4	(7.9)	(8,651)	(9,733)	10.5	(38,588)	(41,863)		
PPOP	4,017	3,964	4,230	3,803	20.2	(17.0)	16,156	16,014	12.4	54,466	58,766	31.1	32.5
Provision	(1,306)	(875)	(453)	(895)	41.8	(17.6)	(3,749)	(3,529)	23.7	(10,704)	(12,186)	39.8	37.7
Net Profit	2,177	2,470	3,124	2,352	(6.9)	(33.5)	10,032	10,122	2.4	33,708	35,229	30.8	31.1

Source: Company, KBVS Research

Exhibit 3: Bank under coverage 4M25 selected Balance Sheet

Selected Balance Sheet (IDRbn)	Simple average bank under our coverage – 4M bank only result										YTD (%)
	Jan-25	Feb-25	Mar-25	Apr-25	Mar-24	Mar-25	YoY (%)	Apr-24	Apr-25	YoY (%)	
Total Loan	799,344	801,683	806,903	813,247	730,631	806,903	10.7	740,275	813,247	9.9	1.9
Total Assets	1,184,887	1,192,649	1,218,195	1,202,045	1,126,640	1,218,195	8.0	1,128,342	1,202,045	7.2	1.7
Total Liability	1,008,175	1,013,207	1,053,507	1,037,035	972,621	1,053,507	7.8	972,663	1,037,035	7.1	2.7
Total Equity	176,712	179,441	164,688	165,010	154,019	164,688	9.4	155,678	165,010	8.0	(4.0)
Total deposits	890,640	898,158	912,809	914,659	861,420	912,809	6.4	866,445	914,659	6.3	2.8
Demand deposits	304,255	301,162	305,362	309,893	284,700	305,362	7.3	287,408	309,893	8.6	2.5
Savings deposits	340,125	341,496	350,068	346,878	323,282	350,068	8.2	325,477	346,878	6.3	1.6
Time Deposits	246,260	255,500	257,380	257,888	253,438	257,380	4.4	253,560	257,888	4.3	4.1
CASA	644,380	642,658	655,430	656,771	607,982	655,430	7.9	612,885	656,771	7.6	2.1

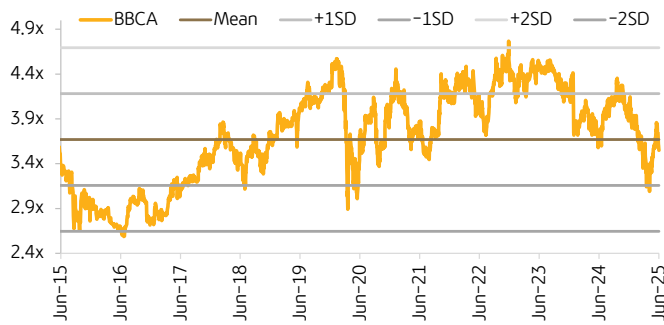
Source: Company, KBVS Research

Exhibit 4: Bank under coverage 4M25 selected key ratios

Selected ratios	Simple average bank under our coverage – 4M bank only result										YTD (%)
	1M25	2M25	3M25	4M25	3M24	3M25	YoY (%)	4M24	4M25	YoY (%)	
NIM	4.5	4.5	4.7	4.6	4.7	4.7	(0.1)	4.7	4.6	(0.0)	0.1
Cost of Deposit	2.4	2.5	2.5	2.5	2.5	2.5	0.0	2.5	2.5	0.0	0.2
Cost of credit (CoC)	1.6	1.4	1.3	1.3	1.3	1.3	(0.0)	1.3	1.3	0.0	(0.3)
CASA	68.6	67.8	68.2	68.2	67.3	68.2	0.9	67.4	68.2	0.8	(0.4)
Loan to deposits (LDR)	90.3	89.9	89.4	89.4	86.0	89.4	3.3	86.6	89.4	2.9	(0.9)
Cost to income (CIR)	43.5	43.6	40.9	41.2	40.8	40.9	0.1	41.3	41.2	(0.1)	(2.2)

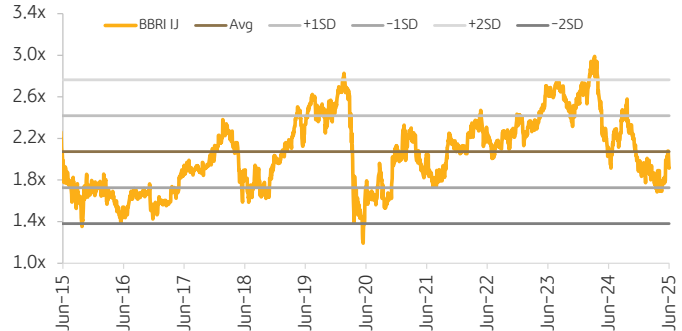
Source: Company, KBVS Research

Exhibit 5: BBKA traded at 3.5x P/B '25F, slightly above -1SD of 3.2x



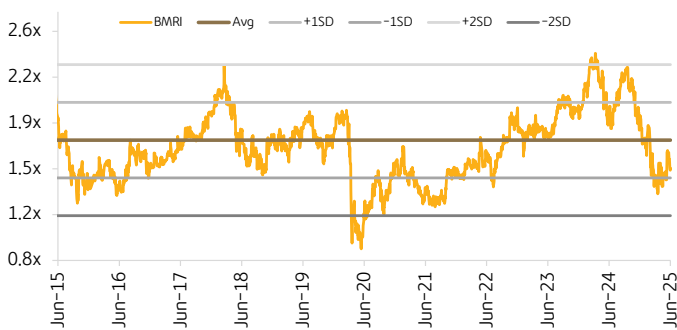
Source: Company, Bloomberg, KBVS Research

Exhibit 6: BBRI traded at 2.0x P/B '25F, slightly below avg mean of 2.1x



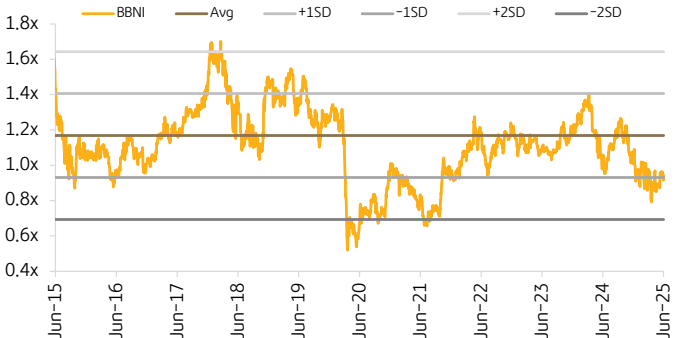
Source: Company, Bloomberg, KBVS Research

Exhibit 7: BMRI traded at 1.5x P/B '25F, slightly above its -1SD of 1.4x



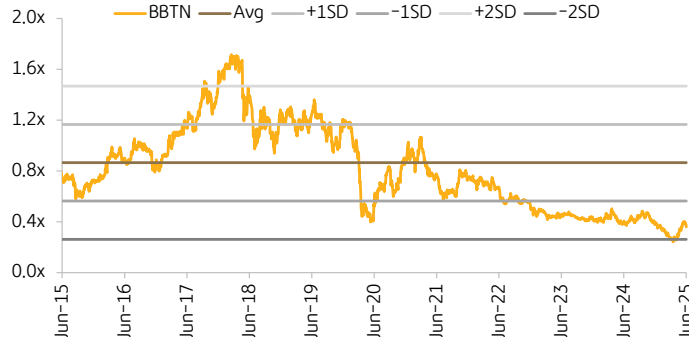
Source: Company, Bloomberg, KBVS Research

Exhibit 8: BBNI traded at 0.9x P/B '25F, at its -1SD of 0.9x



Source: Company, Bloomberg, KBVS Research

Exhibit 9: BBTN traded at 0.4x P/B '25F, slightly above -2SD of 0.3x



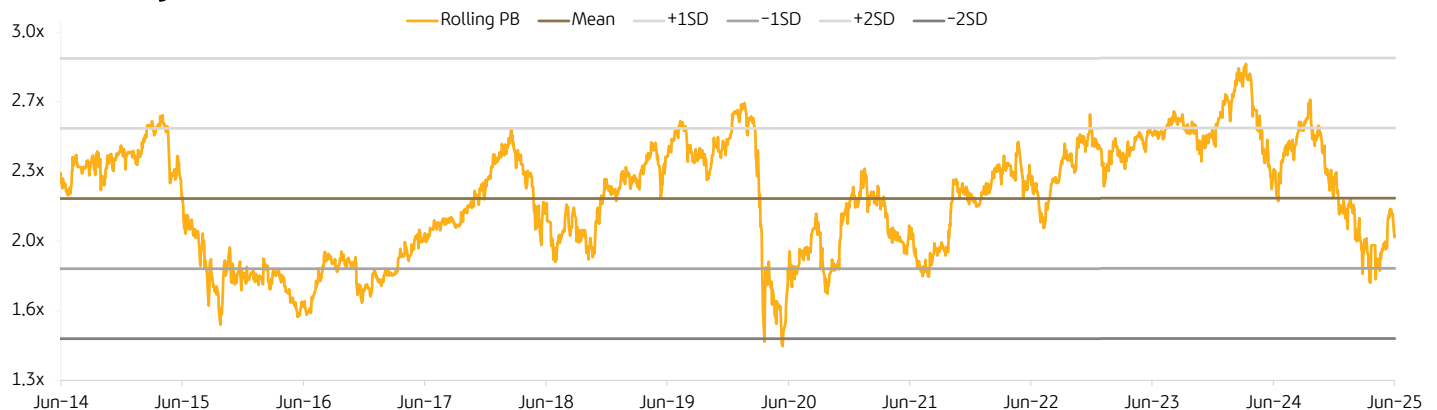
Source: Company, Bloomberg, KBVS Research

Exhibit 10: BRIS traded at 3.0x P/B '25F, below +1SD of 3.4x



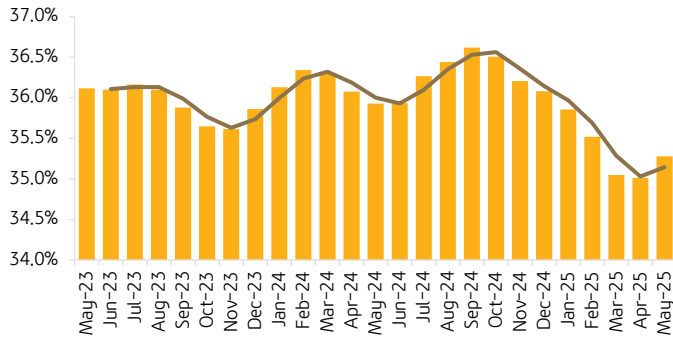
Source: Company, Bloomberg, KBVS Research

Exhibit 11: Four big banks Forward PB Band (x)



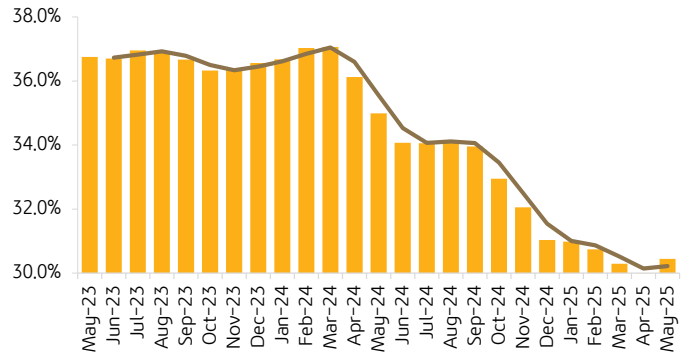
Source: Company, Bloomberg, KBVS Research

Exhibit 12: BBKA stocks foreign ownership (%)



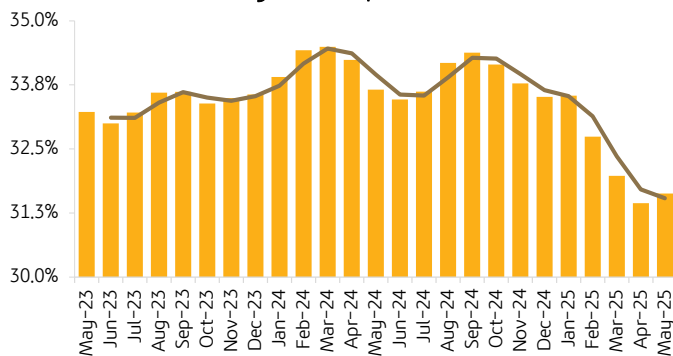
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 13: BBRI stocks foreign ownership (%)



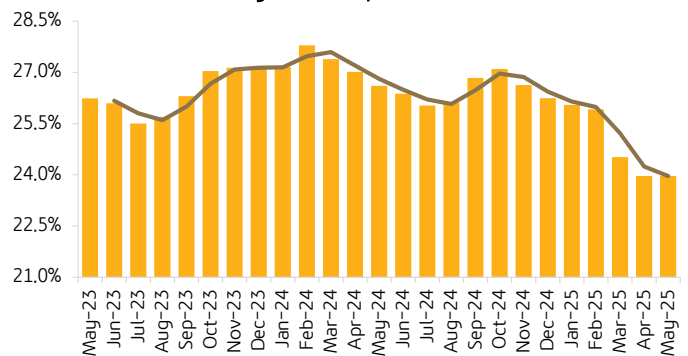
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 14: BMRI stocks foreign ownership (%)



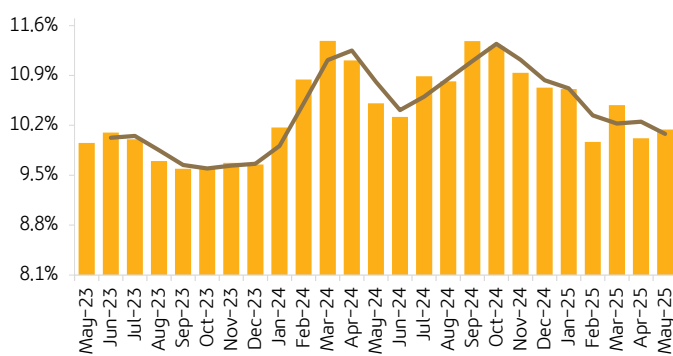
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 15: BBNI stocks foreign ownership (%)



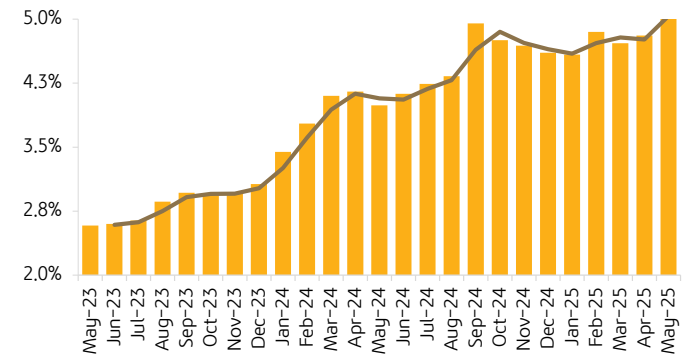
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 16: BBTN stocks foreign ownership (%)



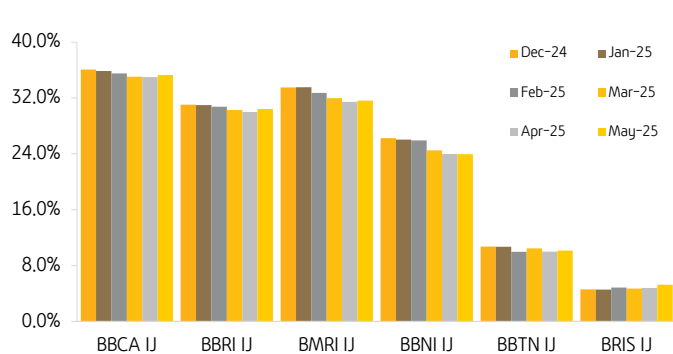
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 17: BRIS stocks foreign ownership (%)



Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 18: Bank under our coverage stocks foreign ownership (%)



Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 19: Bank under our coverage stocks foreign ownership (%)

Ticker	Mar-25	Apr-25	May-25	YTD 2024	YTD 2025	Incr / (Decr)	May-24	May-25	YoY (chg)	MoM (chg)
BBKA IJ	35.0%	35.0%	35.3%	-0.2%	-0.6%	-0.4%	35.9%	35.3%	-0.6%	0.3%
BBRI IJ	30.3%	30.0%	30.4%	-1.7%	-0.5%	1.1%	35.0%	30.4%	-4.5%	0.4%
BMRI IJ	32.0%	31.4%	31.6%	-0.2%	-1.9%	-1.7%	33.7%	31.6%	-2.0%	0.2%
BBNI IJ	24.5%	24.0%	24.0%	-0.6%	-2.1%	-1.5%	26.6%	24.0%	-2.6%	0.0%
BBTN IJ	10.5%	10.0%	10.1%	0.3%	-0.6%	-0.9%	10.5%	10.1%	-0.4%	0.1%
BRIS IJ	4.7%	4.8%	5.3%	0.5%	0.7%	0.1%	4.0%	5.3%	1.3%	0.5%
Average	22.8%	22.5%	22.8%	-0.3%	-0.8%	-0.5%	24.3%	22.8%	-1.5%	0.2%

Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

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