

Overall inline 2M25 bank only earnings

8 April 2025

OVERWEIGHT
(Maintain)

TOP PICK

Company	Ticker	Rec	Share Price (IDR)	Target Price (IDR)
Bank Central Asia	BBCA	Buy	8,500	12,510
Bank Mandiri	BMRI	Buy	5,200	8,180
Bank Syariah Indonesia	BRIS	Buy	2,340	3,670

As expected, the average bank under our coverage reported a muted PATMI growth in 2M25. Yet, it grew very strong on Feb 25 by 14.8% yoy and 21.5% mom. In all, the 2M25 bank only PATMI result arrived in line with our expectation at a run rate of 14.3%/14.0%. 1Q25 consolidated earnings will play a crucial role in assessing the run-rate FY25F achievement. Loan growth continues to be solid, while total deposit growth continues to be underpinned by higher CASA. On key ratio, LDR stood at 88.9% vs. 89.3% on Jan 25 with a better CASA ratio of 71.4% vs. 70.6%. NIM slightly declined (0.1% yoy) from 5.0% to 4.9% on Feb 25. CoF is considerably manageable, standing at 2.2% vs. 2.2% (+0.06% yoy), while improving CoC remains intact at 1.5% vs. 1.7% in Jan 25. Maintain an overweight stance on the banking sector, with BBCA, BMRI, and BRIS (syariah banking) as our top picks.

Soft 2M25 net income growth, yet solid in the Feb25 period

The average banks under our coverage reported an average net profit of 3.0% yoy in the period of 2M25, while in February, the stand-alone PATMI grew by 14.8% yoy and 21.5% mom. Net interest income growth of 3.9% yoy was still getting pressured by interest expenses (8.6% yoy). Net income growth achievements were mainly helped by non-interest income and others. Additionally, slight growth in provisions of 1.9% yoy (2M25) and a sharp drop of 27.0% yoy (-15.7% mom) also have helped both the 2M25 and Feb25 PATMI growth. In all, the 2M25 bank only PATMI result (ex-BBTN) still arrived in line with our FY25F for banks under our coverage at a run rate of 14.3% vs. 14.0% in the same period last year.

Inline run rate 2M25, BRIS in the first position in PATMI growth

BBCA reported PATMI growth of 8.4% yoy, helped by soft interest expenses growth, manageable operating expenses, and provisions, with an inline run rate of 15.3%/15.1%. BBRI continues to note weak growth in 2M25 (-18.0% yoy), yet very strong achievement in Feb25 stand-alone growth of 42.1% yoy and 129.0% mom driven mainly by a sharp drop in provision (run rate: 13.5%/12.8%). Amidst higher cost of funds, BMRI booked a 6.0% YoY higher net income, backed by 13.6% yoy growth in non-interest income and an 8.4% yoy decline in provision (run-rate: 13.5%/12.8%). BBNi recorded a similar result with an 8.3% year-on-year higher net profit driven by a 19.7% yoy lower provision, an 11.2% yoy higher non-interest income, and manageable interest expenses of 4.2% yoy (run-rate: 14.3%/14.2%). Lastly, we also like BRIS (our top picks) 2M25 net profit growth achievement of 10.1% yoy, supported by 7.7% yoy and 46.1% yoy growth in net interest income and non-interest income.

Steady, solid loan growth and deposit growth remain driven by CASA

Banking sector total loans grew by 10.3% yoy, slightly higher than 10.2% yoy in the previous month. Investment loans grew by 14.6% yoy, while working capital and consumption loans grew by 7.6% yoy and 10.31% yoy, respectively. Our bank under coverage (ex-BBTN) noted an average total loan growth of 13.0% yoy and still above the OJK (9-11% yoy) and our 25F expectation of 9-10% yoy (BI: 11-13% yoy). Total deposits grew by 6.3% yoy, driven by 7.6% yoy growth in CASA. We like the overall loan growth achievement and expect to sustain it in the remaining months of this year. We also expect total deposit growth will continue to be driven by CASA growth (TD 2M25: 4.8% yoy).

Inline NIM, LDR, and CASA with much better CoC

We still like the overall achievement of banks under our coverage's key financial ratios, despite the uninterrupted global uncertainty and various domestic catalysts and drawbacks. CASA ratio noted 182 bps higher with loan to deposit standing at 88.9% vs. 89.3% in Jan 25. Continuing NIM pressure seems acceptable (-0.1% yoy, from 5.0% to 4.9%). On the other hand, the average CoF banks under our coverage only posted a soft increase of 0.06% yoy and 0.02% mom. Additionally, we expect cost of credit to remain manageable and overall will become the main catalyst for PATMI growth in the remaining period of 25F (CoC slightly declines 0.1% yoy and 0.3% mom, respectively).

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

We believe 1Q25 consolidated net income will become a crucial key to assess the FY25F achievement. The latest stock drop has made several banks under our coverage valuation stood slightly below its -1SD historical mean. While waiting for 1Q25 result, we Maintain our OW rating for the sector, with BBCA, BMRI, and BRIS as our top picks. Risks to our call: a) lower-than-expected loan growth; b) prolonged tight liquidity environment due to stable SRBI high yield; c) NIM stagnation d) higher-than-expected CoF and provisions; e) insignificant impact of soft benchmark rate cuts; f) deteriorating asset quality; g) continuing global uncertainty; h) worsening Middle East tension and global uncertainty; i) softened domestic economic activity and lower corporate as well as household loan demand confidence.

Analyst(s)
Akhmad Nurcahyadi
akhmad.nurcahyadi@kbvalbury.com

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)	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
BBCA	8,500	12,510	1,048	19.3	17.6	3.8	3.3	20.9	21.5	3.3	3.7
BBRI	4,050	5,390	614	10.4	9.6	1.8	1.8	18.2	18.7	7.8	7.7
BMRI	5,200	8,180	485	8.7	8.6	1.7	1.5	22.3	21.5	6.8	5.7
BBNI	4,240	6,300	158	7.2	6.6	0.9	0.9	13.9	14.1	4.0	4.2
BBTN	885	1,530	12	2.7	2.7	0.3	0.3	11.1	10.4	7.2	7.3
BRIS	2,340	3,670	108	15.4	13.8	2.4	2.1	16.9	17.1	0.8	0.6
Average				10.6	9.8	1.8	1.6	17.2	17.2	5.0	4.9

Source : Company, KBVS research

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

Selected P&L (IDRbn)	Average - Ex BBTN								To FY24 (%)	To FY25F (%)
	Feb-24	Jan-25	Feb-25	YoY (%)	MoM (%)	2M24	2M25	YoY (%)		
Interest income	7,098	7,701	7,382	5.1	(5.1)	14,548	15,083	5.7	13.8	13.7
Interest expense	(2,075)	(2,328)	(2,196)	9.0	(6.2)	(4,265)	(4,524)	8.6	14.0	14.2
Net interest income	5,023	5,373	5,186	3.2	(4.4)	10,284	10,559	3.9	13.7	13.5
Non Int Inc & others	1,776	2,130	2,099	23.6	0.6	3,609	4,229	20.8	11.2	12.3
Total Income	6,800	7,503	7,285	7.8	(3.1)	13,893	14,788	7.9	13.0	13.1
Opex	(2,021)	(2,773)	(2,623)	30.5	(2.7)	(4,555)	(5,396)	16.5	11.9	12.3
PPOP	4,779	4,730	4,662	2.1	(2.1)	9,338	9,392	4.0	13.8	13.7
Provision	(1,722)	(1,502)	(995)	(27.0)	(15.7)	(2,439)	(2,497)	1.9	18.0	14.9
Net Profit	2,494	2,592	2,934	14.8	21.5	5,518	5,526	3.0	14.0	14.3

Source: Company, KBVS Research

Exhibit 3: Bank under coverage 2M25 selected Balance Sheet

Selected Balance Sheet (IDRbn)	Average - Ex BBTN				
	2M24	1M25	2M25	YoY (%)	MoM (%)
Total Loan (IDRbn)	792,466	887,815	890,149	13.0	0.3
Total Assets	1,251,785	1,331,060	1,338,235	7.9	0.2
Total Liability	1,049,266	1,117,994	1,122,244	8.0	0.0
Total Equity	196,491	205,499	208,737	8.4	1.5
Total deposits	946,163	993,874	1,001,384	6.3	0.5
Demand deposits	309,367	334,566	331,842	7.3	0.0
Savings deposits	372,023	399,752	401,510	8.6	0.0
Time Deposits	264,774	259,556	268,032	4.8	2.3
CASA	681,390	734,318	733,352	7.6	(0.2)

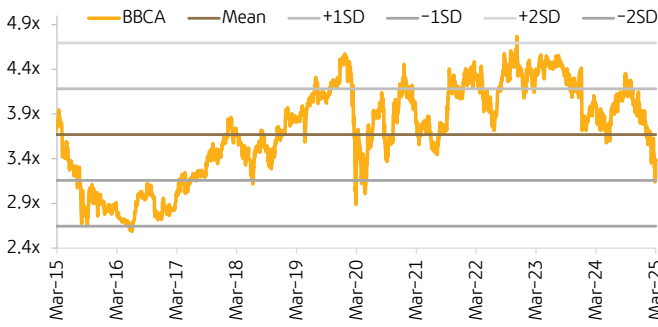
Source: Company, KBVS Research

Exhibit 4: Bank under coverage 2M25 selected key ratios

Selected Key Financial Ratio (%)	Average - Ex BBTN							
	1M24	2M24	1M25	2M25	2M24	2M25	YoY (%)	MoM (%)
Net interest margin	5.1	5.0	5.0	4.9	5.0	4.9	(0.1)	(0.1)
Cost of fund	2.1	2.2	2.2	2.2	2.2	2.2	0.06	0.02
Cost of credit	1.0	1.5	1.7	1.5	1.5	1.5	(0.08)	(0.3)
CASA (IDRbn)	683,219	681,390	734,318	733,352	681,390	733,352	7.58	(0.2)
CASA (% to total)	70.9	70.6	71.9	71.4	70.6	71.4	0.82	(0.5)
Loan to deposits	83.4	83.8	89.3	88.9	83.8	88.9	5.08	(0.4)
Cost to income	38.6	37.0	39.7	39.5	37.0	39.5	2.48	(0.2)

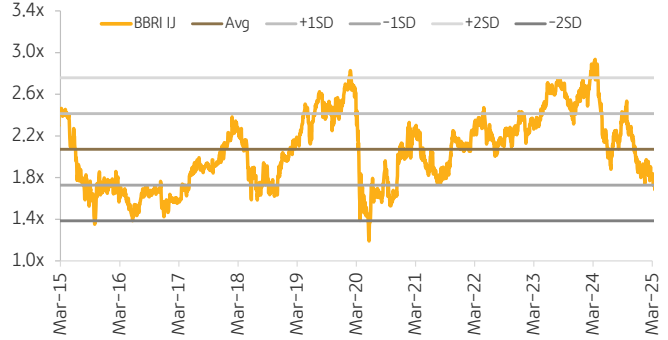
Source: Company, KBVS Research

Exhibit 5: BBCA traded at 3.4x P/B '25F, slightly above -1SD of 3.2x



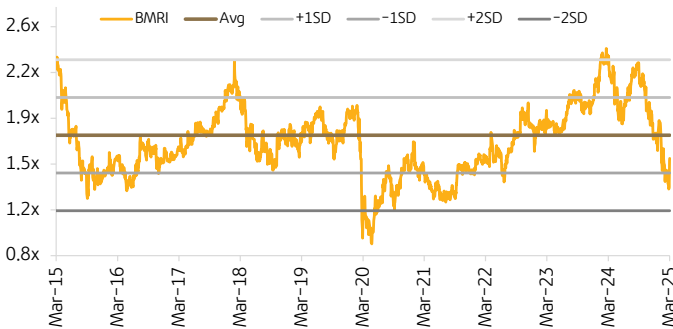
Source: Company, Bloomberg, KBVS Research

Exhibit 6: BBRI traded at 1.9x P/B '25F, slightly above its -1SD of 1.7x



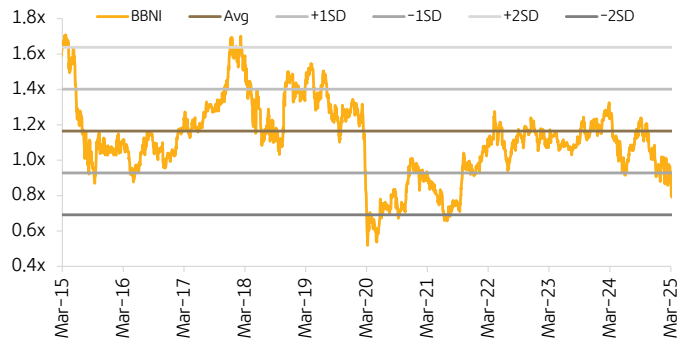
Source: Company, Bloomberg, KBVS Research

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



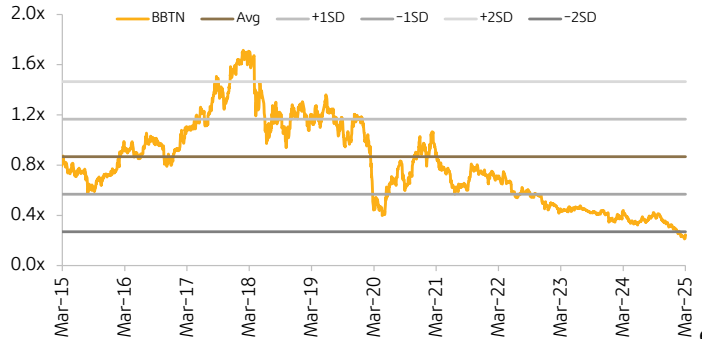
Source: Company, Bloomberg, KBVS Research

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 0.2x P/B '25F, below its -2SD of 0.3x



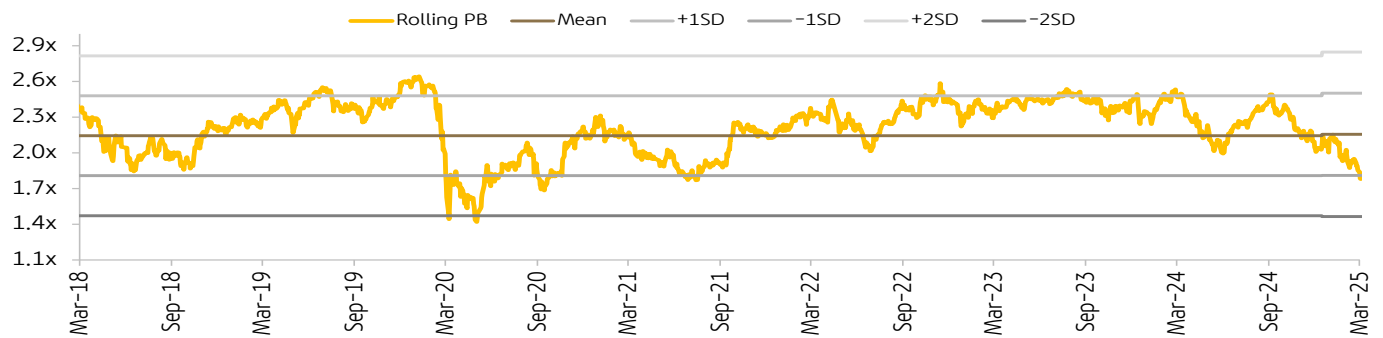
Source: Company, Bloomberg, KBVS Research

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



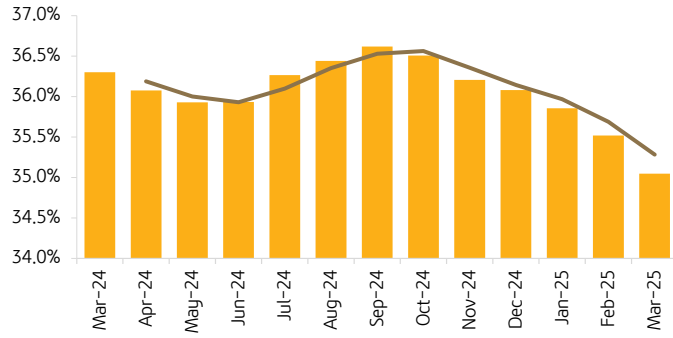
Source: Company, Bloomberg, KBVS Research

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



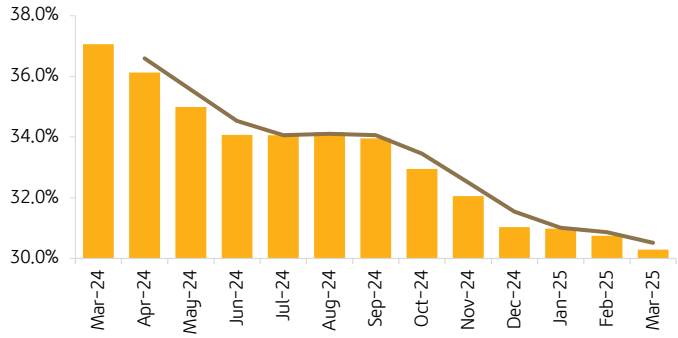
Source: Company, Bloomberg, KBVS Research

Exhibit 12: BBKA stocks foreign ownership (%)



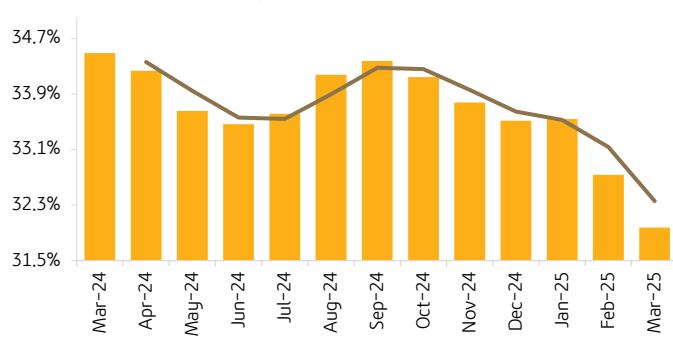
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 13: BBRI stocks foreign ownership (%)



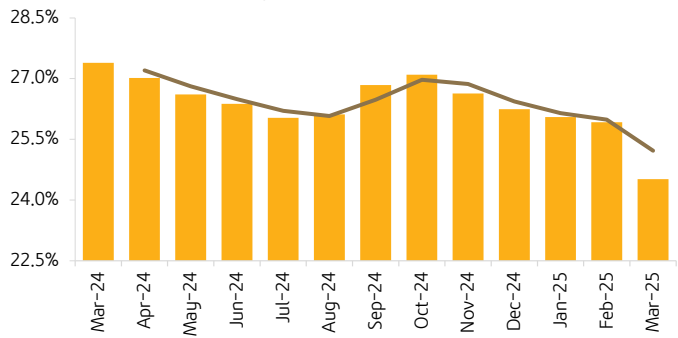
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 14: BMRI stocks foreign ownership (%)



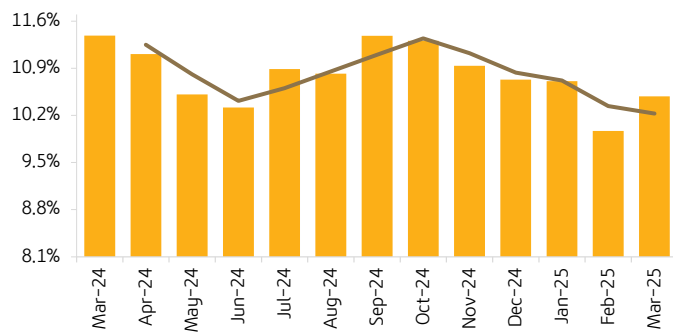
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 15: BBNI stocks foreign ownership (%)



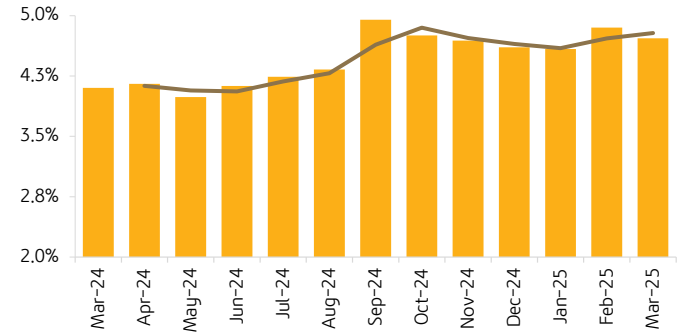
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

Exhibit 16: BBTN stocks foreign ownership (%)



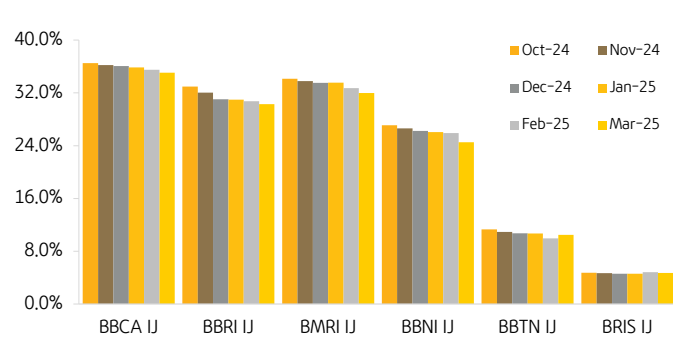
Source: The Indonesia Central Securities Depository (KSEI), KBVS Research

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	Jan-25	Feb-25	Mar-25	YTD 2024	YTD 2025	Incr / (Decr)	Mar-24	Mar-25	YoY (chg)	MoM (chg)
BBKA IJ	35.9%	35.5%	35.0%	0.2%	-0.8%	-1.0%	36.3%	35.0%	-1.3%	-0.5%
BBRI IJ	31.0%	30.7%	30.3%	0.4%	-0.7%	-1.1%	37.1%	30.3%	-6.8%	-0.5%
BMRI IJ	33.5%	32.7%	32.0%	0.6%	-1.6%	-2.1%	34.5%	32.0%	-2.5%	-0.8%
BBNI IJ	26.1%	25.9%	24.5%	0.2%	-1.5%	-1.8%	27.4%	24.5%	-2.9%	-1.4%
BBTN IJ	10.7%	10.0%	10.5%	1.2%	-0.2%	-1.4%	11.4%	10.5%	-0.9%	0.5%
BRIS IJ	4.6%	4.9%	4.7%	0.7%	0.1%	-0.5%	4.1%	4.7%	0.6%	-0.1%
Average	23.6%	23.3%	22.8%	0.5%	-0.8%	-1.3%	25.1%	22.8%	-2.3%	-0.5%

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

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KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. +62 21 – 250 98 300
F. +62 21 – 255 33 778

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10,
Jakarta Utara 11620
T. (021) 29451577

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T. (022) 87255800

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) – 3265918

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukamto
Palembang 30114
T. (0711) 5700281

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 2955788

Padang

Jl. Kampung Nias II No. 10,
Padang 25211
T. (0751) 8955747

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 623111

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T. (024) 8501122

Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0241) 16000818

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T. (061) 88816222

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 522392181

Semarang

Jl. MT Haryono 637
Semarang 50242
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 6726306