

Weak 1Q25 PATMI on higher provisions and soft top line

9 May 2025



<b>BBRI IJ</b>	<b>BUY</b>
Sector	Banks
Price at 9 May 2025 (IDR)	3,840
Price target (IDR)	4,470
Upside/Downside (%)	16.4

**Stock Information**

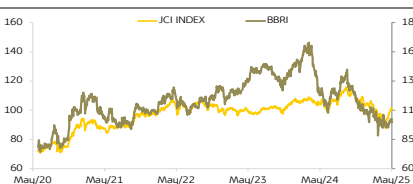
PT Bank Rakyat Indonesia (BBRI) established in 1895 is the oldest bank in Indonesia. BBRI plays an important role in developing grass root economy of Indonesia, focusing in Micro, Small and Medium Enterprises (MSMEs) segments.

Market cap (IDR bn)	574,409
Shares outstanding (mn)	151,559
52-week range (IDR)	3,360-5,575
3M average daily vol. ('000)	314,921
3M average daily val. (IDR mn)	1,190,303

**Shareholders (%)**

Republic of Indonesia	54.9
Public	45.1

**Stock Performance**



Source: Bloomberg

	1M	3M	12M
Performance	5.0	(5.5)	(18.6)

**Analyst**

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BBRI posted poor earnings result in 1Q25 (-13.9%) arrive below consensus expectation and our '25F of BBRI PATMI with a run-rate of 21.6%/21.0% vs 25.2%. Loan growth of 5% yoy came in below '25F management guidance (7-9% yoy) and our '25F loan growth for BBRI (7.1% yoy). We expect the improving deposit mix to continue (TD -10.4% and CASA +7.1% yoy). As expected, pressure on NIM continue recorded at 7.7% vs 8.0% in 1Q24. Yet it expanded on quarterly basis by 0.2% qoq and still within guidance of 7.3%-7.7%. We like the risk metrics achievement with NPL stood at 2.9% aligned with BBRI's '25F of below 3%. CoC at 3.53% was around 30bps yoy better, despite still above '25F of 3.0%-3/2%. We revisit our model to accommodate below than-expected result and the previous banking stock sell-off. Maintain BUY with GGM-based TP of 4,470, pegged at 2.1x '25F P/B, while currently trading at 1.8x '25F P/B, or slightly above its -1SD of 1.7x.

**Weak 1Q25 earnings; below than expected**

BBRI poor 1Q25 result (PATMI -13.9% yoy), driven by -1.5% yoy growth in top line and higher operating expenses as well as a sharp increase in provisions (14.6% yoy). On quarterly basis PATMI was -9.4% qoq supported by positive net interest income growth 4.1% qoq vs yearly basis of -1.7% yoy. Softened operating expenses (-4.6% qoq) also overall brought PPOp growth came in a positive figure at 2.2% qoq vs yearly basis of -2.8% yoy. In all, 1Q25 PATMI of IDR13.67tn came in below street estimates and our '25F of BBRI net income with a run-rate of 21.0%/21.6% vs 25.2%.

**Loan growth around 200bps below '25F low range guidance**

BBRI achieved 5.0% yoy growth in total loans and financing to IDR 1,373.6tn in 1Q25, below BBRI's '25F loan range guidance of 7% yoy-9% yoy and our '25F estimation for BBRI loan growth of 5.8% yoy. Micro loan continues under pressure, noted a soft growth of 1.5% yoy with small segment only inched up by 0.8% yoy. Medium loan portfolio saw as the highest growth of 21.1% yoy, while corporate 13.0% yoy and together contributed to total loan around 173bps higher to 21.4%. Consumer segment also significantly supported total loan, with a contribution of around 15.4% to total loa and grew by 8.8% yoy.

**Flattish deposit growth, yet TD sharply declined by 10.4% yoy**

On liabilities side, flattish TPF (0.4% yoy) was mainly caused by a sharp decline in high funding cost (TD) of 10.4% yoy. Worth to note that solid CA growth of 10.5% yoy brought CASA recorded 7.1% yoy higher. Despite the mild growth, we like the TPF composition improvement and expect BBRI's funding cost growth to stay low. On this backdrop we might witness a much softer deposit cost and thus will positively impacting earnings growth in the coming quarters. Worth to note that the declining time deposit (bank only level) was mostly came from retail and wholesale-based segment.

**NIM and NPL aligned with guidance, CoC improves 30bps yoy**

On key financial ratios, as expected NIM pressures continue intact, around 40bps lower to 7.7% vs 8.0% in 1Q24. Yet, it remains within '25F BBRI's management guidance for NIM range between 7%-9% (KBVs '25F NIM for BBRI: 7.2%). On deposit mix side, we like CASA improvement by 4.1% to 65.8% compared to 61.7% in 1Q24. Cost to income recorded at 40.7% vs 37.4% in 1Q24 (-1.7% qoq, 3.3% yoy). On key risk metrics, NPL stood at 2.9% and came in aligned with '25F expectation of <3%. Credit cost also recorded a progress, improves by 30bps from 3.8% to 3.5% in 1Q25 (BBRI '25F guidance: 3.0%-3.2%).

**Unchanged '25F guidance**

BBRI kept its '25 guidance. The bank anticipates loan growth to range between 7%-9% yoy, while our new forecast on '25F loan growth for BBRI is more conservative at 5.8% yoy due to continuing pressure on SME segment and softened buying power (consumer segment). We also anticipated a softer confidence from corporate segment due to prolonged impact from trade war. Non-performing loans are targeted to remain below 3% and we believe sound achievable. Our main concern remain on BBRI's CoC. The bank estimated credit cost to be between 3.0% and 3.2% (KBVs '25F CoC for BBRI: 3.2%). Seeing the 1Q25 CoC improvement and the continuing overall manageable AQ, we are more optimistic that the target is likely to be achieved.

**Revisited our BBRI model and made some adjustment**

We revisited our BBRI model to accommodate below than-expected result and the previous banking stock massive sell-off. We believe pressure on SME will continue coupled with softened buying power amid steady uncertainty and prolonged wait and see stance. Despite several negotiation has taken place, we think confidence on new loan booking from corporate likely would not changes much, as lesser impact from trade war seems still doubtful. We adjusting assumptions on: (1) loan yield (2) funding cost (3) Rf and EMR (4) RR (5) normalized RoE. Our new GGM TP of IDR 4,470 (around 6.5% below ANR TP) now look more acceptable at 2.1x '25F P/B, at its avg. hist. mean. vs previously of 2.5x P/B (above its avg. hist. mean. of 2.1x).

**Maintain BUY GGM-TP of IDR4,470.**

Our GGM-based TP for BBRI of IDR4,470 pegged at 2.1x '25F P/B while currently trading at 1.8x '25F P/B, or slightly above its -1SD of 1.7x. Downside risks to our call are: 1) muted loan growth 2) worsening SMEs industry and AQ deterioration, 3) higher than expected CoC, NPL and CoF, 4) continued softened buying power and mild economic activity, 5) prolonged uncertainty.

**Exhibit 1: Key Statistics**

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net Interest income	137,402	142,057	145,916	153,285	166,255
Non int. income	45,888	57,811	69,582	82,742	96,214
Operating income	183,290	199,869	215,498	236,027	262,469
Pre-provision operating profit	106,508	116,752	124,935	136,111	149,597
Net income (IDR bn)	60,100	60,155	57,337	63,958	69,309
EPS (IDR)	397	397	378	422	457
EPS growth (%)	17.5	0.1	(4.7)	11.5	8.4
PER (x)	9.6	9.5	10.0	9.0	8.3
PBV (x)	1.8	1.8	1.8	1.7	1.6
Div. Yield (%)	8.3	9.7	7.3	8.0	8.9
RoE (%)	17.4	19.7	19.1	17.9	19.1

Source: Company, KBVS Research

**Exhibit 2: BBRI 1Q25 result – Selected Profit & Loss**

Income Statements (IDR bn)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)	KBVS '25F	% to KBVS	Cons' '25F	% to Cons
Interest income	50,607	49,838	(1.5)	50,607	49,838	(1.5)	48,629	2.5				
Interest expenses	(14,123)	(13,987)	(1.0)	(14,123)	(13,987)	(1.0)	(14,173)	(1.3)				
Net interest income	36,484	35,851	(1.7)	36,484	35,851	(1.7)	34,456	4.0				
Non-interest income	12,651	14,590	15.3	12,651	14,590	15.3	16,330	(10.7)				
Total operating income	49,135	50,441	2.7	49,135	50,441	2.7	50,786	(0.7)				
Total operating expenses	(18,389)	(20,544)	11.7	(18,389)	(20,544)	11.7	(21,543)	(4.6)				
PPoP	30,746	29,897	(2.8)	30,746	29,897	(2.8)	29,243	2.2				
Loan loss provisions	(10,713)	(12,275)	14.6	(10,713)	(12,275)	14.6	(8,710)	40.9				
Net profit	15,886	13,673	(13.9)	15,886	13,673	(13.9)	15,090	(9.4)	63,275	21.6	65,041	21.0

**Exhibit 3: BBRI 1Q25 result – Selected Balance Sheet**

Balance Sheet (IDR bn)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
Gross loans	1,308,651	1,373,661	5.0	1,308,651	1,373,661	5.0	1,308,651	5.0
Current account	354,386	391,613	10.5	354,386	391,613	10.5	354,386	10.5
Saving account	518,912	543,337	4.7	518,912	543,337	4.7	518,912	4.7
Time deposits	542,916	486,650	(10.4)	542,916	486,650	(10.4)	542,916	(10.4)
Total Deposits	1,416,214	1,421,600	0.4	1,416,214	1,421,600	0.4	1,416,214	0.4
CASA	873,298	934,950	7.1	873,298	934,950	7.1	873,298	7.1
Total equity	298,898	305,854	2.3	298,898	305,854	2.3	298,898	2.3

Source : Company, KB Valbury Sekuritas

**Exhibit 4: BBRI 1Q25 result – Selected Key Ratios**

Key Metrics (%)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
NIM	8.0	7.7	(0.3)	8.0	7.7	(0.3)	7.5	0.2
Total CAR	24.0	24.0	0.0	24.0	24.0	0.0	26.6	(2.6)
CASA Ratio	61.7	65.8	4.1	61.7	65.8	4.1	67.3	(1.5)
CIR	37.4	40.7	3.3	37.4	40.7	3.3	42.4	(1.7)
NPL gross	3.1	3.0	(0.1)	3.1	3.0	(0.1)	2.8	0.2
Cost of Credit	3.8	3.5	(0.3)	3.8	3.5	(0.3)	2.8	0.7
Cost of Fund	3.6	3.5	(0.1)	3.6	3.5	(0.1)	3.6	(0.1)
ROA	3.2	2.7	(0.5)	3.2	2.7	(0.5)	3.1	(0.4)
ROE	20.2	17.2	(3.0)	20.2	17.2	(3.0)	18.5	(1.3)
Loan yield	13.6	12.9	(0.7)	13.6	12.9	(0.7)	13.2	(0.3)
NPL Coverage Ratio	214.3	200.6	-14	214.3	200.6	(13.7)	215.0	(14.4)
LAR	12.7	11.1	(1.6)	12.7	11.1	(1.6)	10.7	0.4

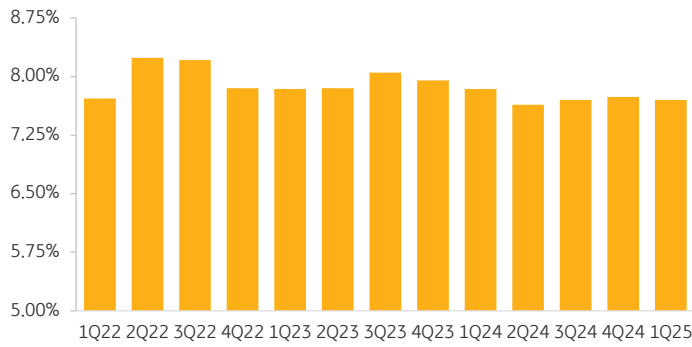
Source : Company, KBVS Research

**Exhibit 5: BBRI Forecast Revisions**

Revisions	New		Original		Diff.		Street		Diff. to street	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Loan	1,432,599	1,542,655	1,450,785	1,562,338	-1.3%	-1.3%				
Deposit	1,386,627	1,419,191	1,386,627	1,419,191	0.0%	0.0%				
Interest income	215,258	235,711	220,468	246,788	-2.4%	-4.5%				
Interest expenses	(69,342)	(82,426)	(67,269)	(80,793)	3.1%	2.0%				
Net interest income	145,916	153,285	153,199	165,996	-4.8%	-7.7%				
Non-interest income	69,582	82,742	67,901	77,477	2.5%	6.8%				
Total operating income	215,498	236,027	221,100	243,473	-2.5%	-3.1%				
Operating expenses	(90,563)	(99,916)	(90,951)	(100,716)	-0.4%	-0.8%				
Pre-provision operating prof	124,935	136,111	130,148	142,757	-4.0%	-4.7%				
Loan loss provision	(46,396)	(48,673)	(43,627)	(49,035)	6.3%	-0.7%				
Net profit	57,337	63,958	63,275	68,632	-9.4%	-6.8%	58,398	64,599	98.2%	99.0%

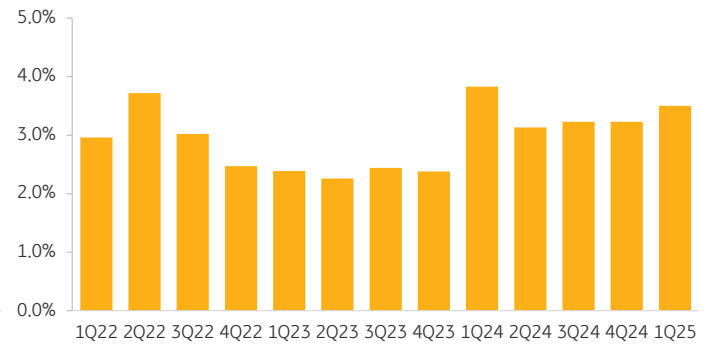
Source : Company, KB Valbury Sekuritas

Exhibit 6: Expect better NIM on manageable earnings yields & CoF



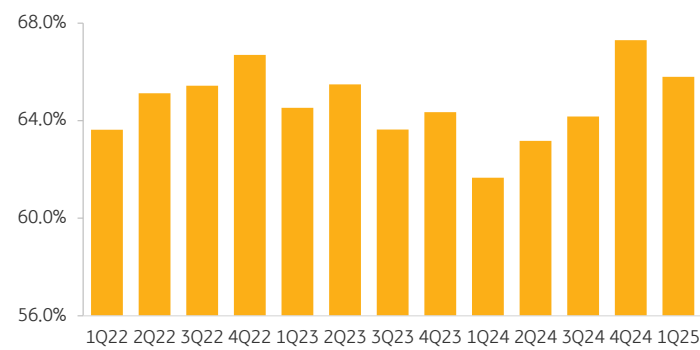
Source: Company, KBVS Research

Exhibit 7: Softening CoC to play crucial role for '25F earnings growth



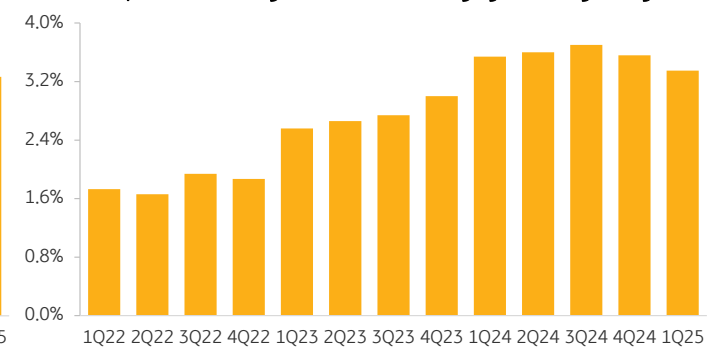
Source: Company, KBVS Research

Exhibit 8: Solid CASA could continue



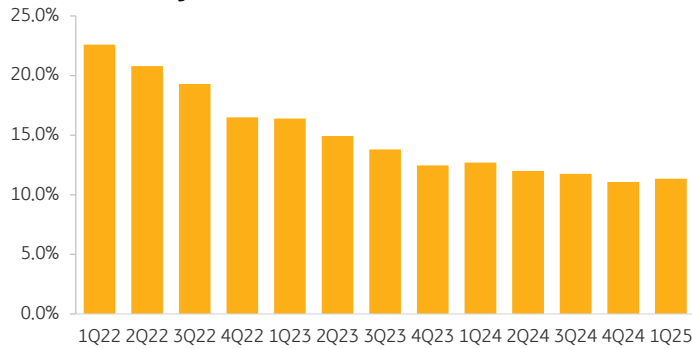
Source: Company, KBVS Research

Exhibit 9: Expect well-managed CoF on continuing eye catching SRBI yield



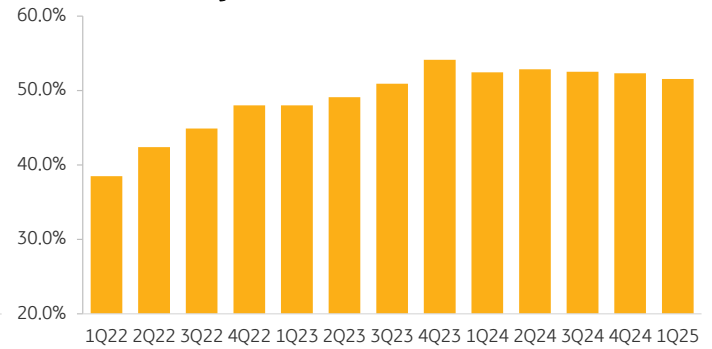
Source: Company, KBVS Research

Exhibit 10: Trending down loan at risk to continue



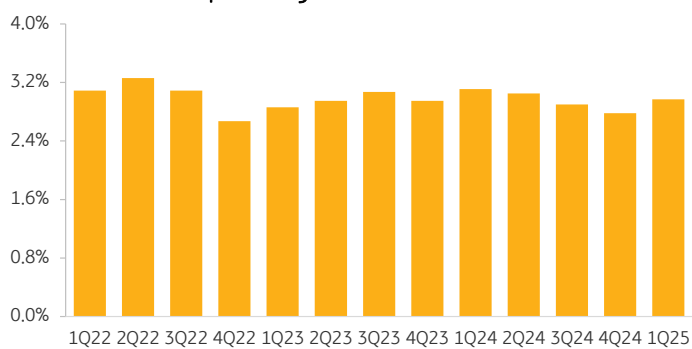
Source: Company, KBVS Research

Exhibit 11: LAR coverage remains solid



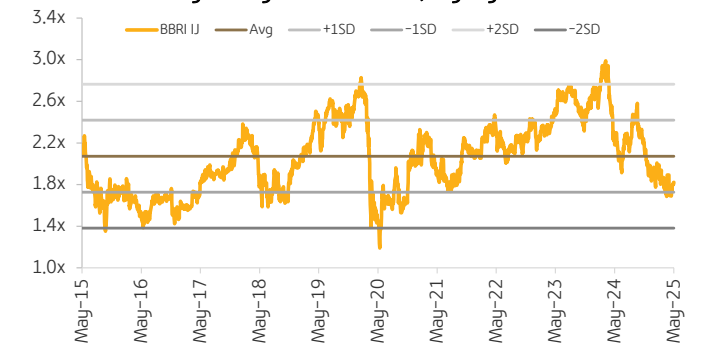
Source: Company, KBVS Research

Exhibit 12: Softer non performing loan could continue



Source: Company, KBVS Research

Exhibit 13: Currently trading at 1.8x '25F P/B, slightly above -1SD of 1.7x



Source: Company, Bloomberg, KBVS Research

**FINANCIAL TABLES**
**Exhibit 14: Profit & Loss**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	181,215	199,266	215,258	235,711	259,621
Interest expenses	(43,813)	(57,209)	(69,342)	(82,426)	(93,366)
<b>Net interest income</b>	<b>137,402</b>	<b>142,057</b>	<b>145,916</b>	<b>153,285</b>	<b>166,255</b>
Non-interest income	45,888	57,811	69,582	82,742	96,214
<b>Total operating income</b>	<b>183,290</b>	<b>199,869</b>	<b>215,498</b>	<b>236,027</b>	<b>262,469</b>
Operating expenses	(76,782)	(83,116)	(90,563)	(99,916)	(112,872)
<b>Pre-provision operating profit</b>	<b>106,508</b>	<b>116,752</b>	<b>124,935</b>	<b>136,111</b>	<b>149,597</b>
Loan loss provision	(29,679)	(38,174)	(46,396)	(48,673)	(54,966)
Pretax profit	76,430	77,599	77,071	85,970	93,163
<b>Net profit</b>	<b>60,100</b>	<b>60,155</b>	<b>57,337</b>	<b>63,958</b>	<b>69,309</b>

**Exhibit 15: Balance sheet**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
<b>Assets</b>					
Cash	31,604	29,784	30,734	31,779	33,603
Current Account at BI	101,909	88,879	90,257	92,377	88,167
Interbank Loans	87,545	83,448	84,742	79,636	73,472
Govt Treas Bills & Sec	238,102	228,825	194,128	182,366	174,864
Investment Securities	126,503	114,497	133,393	114,103	103,816
Loans	1,180,927	1,273,577	1,354,940	1,460,273	1,581,546
Fixed Assets	59,678	62,478	69,975	74,174	77,883
Other assets	138,738	111,495	109,334	99,253	87,629
<b>Total Asset</b>	<b>1,965,007</b>	<b>1,992,983</b>	<b>2,067,504</b>	<b>2,133,960</b>	<b>2,220,979</b>
<b>Liabilities</b>					
Interbank Deposit	11,958	14,679	20,799	21,288	22,042
Customer Deposit	1,358,329	1,365,450	1,386,627	1,419,191	1,469,444
Debts Sec and Subordinates	49,638	32,502	50,612	45,414	44,083
Other Liabilities	228,610	257,162	278,815	295,440	316,585
<b>Total liabilities</b>	<b>1,648,535</b>	<b>1,669,794</b>	<b>1,736,854</b>	<b>1,781,334</b>	<b>1,852,154</b>
<b>Equity</b>					
Capital Stock	7,578	7,578	7,578	7,578	7,578
Additional Paid-in Capital	75,853	75,880	75,880	75,880	75,880
Retained Earnings	213,711	218,093	233,321	251,409	269,552
Other Equity	14,220	15,552	7,776	11,664	9,720
Shareholder's Equity	311,363	317,103	324,555	346,531	362,730
Non-controlling Interest	5,109	6,095	6,095	6,095	6,095
<b>Total Equity</b>	<b>316,472</b>	<b>323,189</b>	<b>330,651</b>	<b>352,627</b>	<b>368,825</b>

**Exhibit 16: Key performance metrics**

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
NIM	8.2	7.7	7.16	7.1	7.3
CASA	64.3	67.3	68.61	70.1	70.8
NPL	3.0	2.8	2.73	2.7	2.6
ROAE	19.7	19.1	17.87	19.1	19.5
ROAA	3.1	3.0	2.82	3.0	3.2
CAR	25.2	24.4	24.09	24.9	25.1
BVPS (IDR)	2,054	2,092	2,141.45	2,286	2,393
PER (x)	9.6	9.5	10.02	9.0	8.3
PBV (x)	1.8	1.8	1.77	1.7	1.6
Div. Yield	8.3	9.7	7.33	8.0	8.9

Source: Company, KBVS Research

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