

Inline 1H25, attractive valuation

1 August 2025



Melayani Dengan Setulus Hati

BBRI IJ	BUY
Sector	Banks
Price at 1 Aug 2025 (IDR)	3,740
Price target (IDR)	4,470
Upside/Downside (%)	19.5

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)	562,284
Shares outstanding (mn)	151,559
52-week range (IDR)	3,360-5,575
3M average daily vol. ('000)	205,656
3M average daily val. (IDR mn)	818,855

Shareholders (%)

Republic of Indonesia	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	1.1	(2.9)	(21.3)

BBRI 1H25 net income came inline with ours and cons. '25F expectation at 45.8%/45.0% vs 47.2%. The bank is on track to meet its '25F 7%-9% yoy loan growth guidance, bolstered by 6.0% yoy loan expansion. Amid a tighter liquidity environment, robust CASA growth of 10.6% drove overall deposit growth to 6.7%. The bank's fundamentals are strengthening, with Net Interest Margin (NIM) improving to 7.8%, surpassing its '25F management guidance (7.3%-7.7%). Risk metrics remain manageable, and our rigorous re-evaluation, employing a robust suite of methodologies including GGM, DDM, Single Stage Fair PB, and Rolling PB, reaffirms our conviction. The recent sell-off has presented a significant dislocation between price and intrinsic value, making the stock an exceptionally attractive proposition even under conservative assumptions. Maintain BUY BBRI, GGM-based TP of IDR4,470 (2.1x '25F P/B) while currently trading attractively at its -2SD of 1.7x.

Resilience amidst headwinds

A deeper analysis of BBRI's latest results reveals a compelling story of operational resilience. The bank's top-line noted a much better result, with interest income growing 6.8% yoy, a stark reversal from the previous quarter's contraction (5.4% qoq in 2Q25 vs only 2.5% qoq in 1Q25). This is driven by a stronger contribution from its subsidiaries, which now account for 12.77% of income, up from 10.27%. Despite a rising COF, partly due to Pegadaian's high loan growth, BBRI's operational efficiency is evident. The transition to a positive PPOp growth of 2.2% marks a crucial inflection point. Provisions have notably declined by 10.4% qoq, a significant reversal from the previous quarter's spike. This has softened the pressure on net income (-7.8% qoq in 2Q25 vs 9.4% qoq in 1Q25), which now aligns with both our and cons. '25F at 45.8%/45.0% vs 47.2%.

Stronger loans and deposits propel 1H25 performance

BBRI is demonstrating accelerated momentum, with loan growth reaching 6.0% yoy, a notable increase of 100bps from the prior quarter growth. This expansion was fueled by a solid 15.6% yoy surge in the corporate segment and across all loan portfolio (exc. micro). With the half-year better growth, BBRI is well-positioned to meet its 2025 guidance of 7%-9% loan growth, (surpassed our '25F loan growth for BBRI). On the deposit side, the bank successfully navigated a tighter liquidity environment to achieve a 6.7% yoy deposit growth, a significant turnaround from last quarter's flattish growth. This was powered by robust CASA growth of 10.6%, driven primarily by the retail segment and benefited from new funds on its improving merchant business.

BBRI's fundamentals strengthen: NIM expands and risk metrics improve

BBRI profitability continues to show a positive trajectory, with a better net interest margin of 7.8% (+16bps to 7.8% vs 7.7% in 1Q25). This marks a sequential improvement and surpasses the bank's own 2025 guidance range of 7.3% - 7.7%, driven by better loan yields and a stable cost of funds. We anticipate this positive trend to continue into the second half of the year, supported by a more robust funding structure. On the risk front, key metrics are showing steady improvement. The cost of credit declined to 3.4% in 1H25 vs 3.5% in 1H24 and a 20bps qoq improvement to 3.3% in 2Q25 vs 3.4% in 1Q25. Gross NPL also improved to 3.0% from 3.1% (1H24). While macroeconomic uncertainty persists, we don't foresee a significant spike in risk metrics for the rest of the year. The bank is also showing marked progress in managing its loan at risk with adequate provisioning. Furthermore, its cost-to-income ratio remains well within the 41%-43% guidance for '25F.

Reaffirmed guidance and a compelling valuation

BBRI is holding firm on its '25F guidance, projecting a healthy loan growth of 7%-9% yoy while committing to keep NPLs below 3% (a target we believe is achievable). While the CoC was a prior concern, recent progress has bolstered our confidence, making the bank's 2025 expectation of 3.0%-3.2% appear well within reach. This steady outlook underscores management's confidence in navigating the 2H25. Despite BBRI's in-line 1H25 earnings result, a prudent reassessment of our '25F model for BBRI was warranted given the lingering uncertainties heading into the second half of the year. Our rigorous re-evaluation, employing a robust suite of methodologies including GGM, DDM, Single Stage Fair PB, and Rolling PB, reaffirms our conviction. The recent sell-off has presented a significant dislocation between price and intrinsic value, making the stock an exceptionally attractive proposition even under conservative assumptions, ceteris paribus.

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 1.7x '25F P/B, or at its -2SD of 1.7x. Key downside risks to our target price include: 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 confidence. 10) weakening IDR/USD.

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

Analyst

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**Exhibit 2: BBRI 1H25 result – Selected Profit & Loss**

Income Statements (IDR bn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)	KBVS '25F	% to KBVS	Cons' '25F	% to Cons
Interest income	99,790	102,376	2.6	49,183	52,538	6.8	49,838	5.4				
Interest expenses	(28,512)	(29,102)	2.1	(14,401)	(15,115)	5.0	(13,987)	8.1				
Net interest income	71,278	73,274	2.8	34,782	37,423	7.6	35,851	4.4				
Non-interest income	25,605	27,104	5.9	12,954	12,885	(0.5)	14,590	(11.7)				
Total operating income	96,883	100,378	3.6	47,736	50,308	5.4	50,441	(0.3)				
Total operating expenses	(39,840)	(42,100)	5.7	(21,440)	(21,556)	0.5	(20,544)	4.9				
PPoP	57,043	58,278	2.2	26,296	28,752	9.3	29,897	(3.8)				
Loan loss provisions	(18,497)	(23,273)	25.8	(7,784)	(10,998)	41.3	(12,275)	(10.4)				
Net profit	29,702	26,277	(11.5)	13,816	12,603	(8.8)	13,673	(7.8)	57,337	45.8%	58,423	45.0%

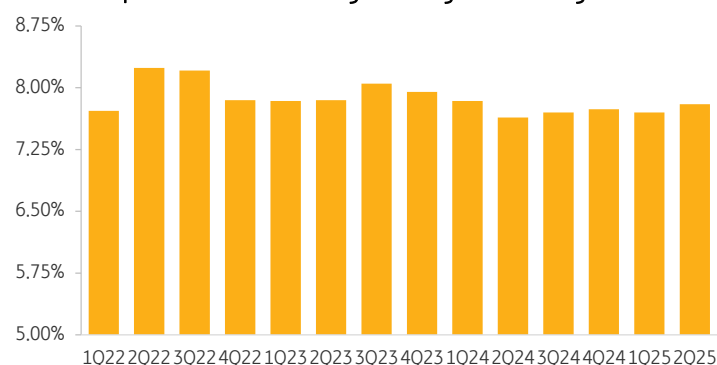
**Exhibit 3: BBRI 1H25 result – Selected Balance Sheet**

Balance Sheet (IDR bn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
Gross loans	1,336,780	1,416,619	6.0	1,336,780	1,416,619	6.0	1,373,661	3.1
Current account	356,855	414,483	16.1	356,855	414,483	16.1	391,613	5.8
Saving account	521,041	556,463	6.8	521,041	556,463	6.8	543,337	2.4
Time deposits	511,767	511,174	(0.1)	511,767	511,174	(0.1)	486,650	5.0
Total Deposits	1,389,663	1,482,120	6.7	1,389,663	1,482,120	6.7	1,421,600	4.3
CASA	877,896	970,946	10.6	877,896	970,946	10.6	934,950	3.9
Total equity	311,731	322,072	3.3	311,731	322,072	3.3	305,854	5.3

**Exhibit 4: BBRI 1H25 result – Selected Key Ratios**

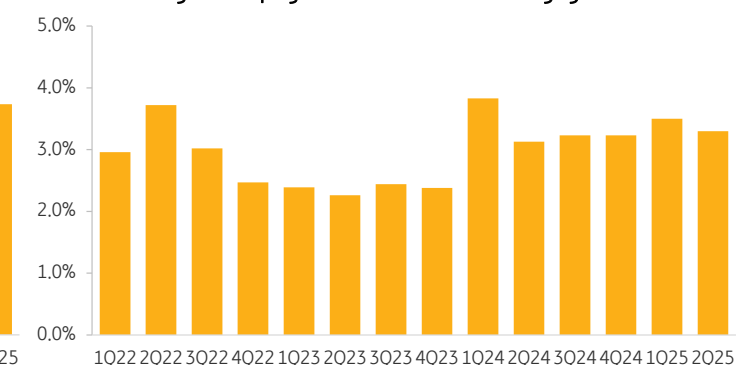
Key Metrics (%)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
NIM	7.9	7.8	(0.1)	7.9	7.8	(0.1)	7.7	0.1
Total CAR	25.1	25.0	(0.1)	25.1	25.0	(0.1)	24.0	1.0
CASA Ratio	63.2	65.5	2.3	63.2	65.5	2.3	65.8	(0.3)
CIR	41.0	41.9	0.9	41.0	41.9	0.9	40.7	1.2
Cost of Credit	3.5	3.4	(0.1)	3.5	3.4	(0.1)	3.5	(0.1)
Cost of Fund	3.6	3.6	0.0	3.6	3.6	0.0	3.5	0.1
ROA	3.0	2.6	(0.4)	3.0	2.6	(0.4)	2.7	(0.1)
ROE – Tier 1	19.2	16.6	(2.6)	19.2	16.6	(2.6)	17.2	(0.6)
LDR	96.2	85.0	(11.2)	96.2	85.0	(11.2)	86.0	(1.1)
Loan yield – Bank Only	13.1	13.0	(0.1)	13.1	13.0	(0.1)	12.9	0.1
NPL gross	3.1	3.0	(0.0)	3.1	3.0	(0.0)	3.0	0.0
NPL Coverage Ratio	211.6	188.8	(22.8)	211.6	188.8	(22.8)	200.6	(11.8)
LAR	12.0	10.8	(1.2)	12.0	10.8	(1.2)	11.1	(0.3)

**Exhibit 5: Expect better NIM on manageable EA yields & funding cost**



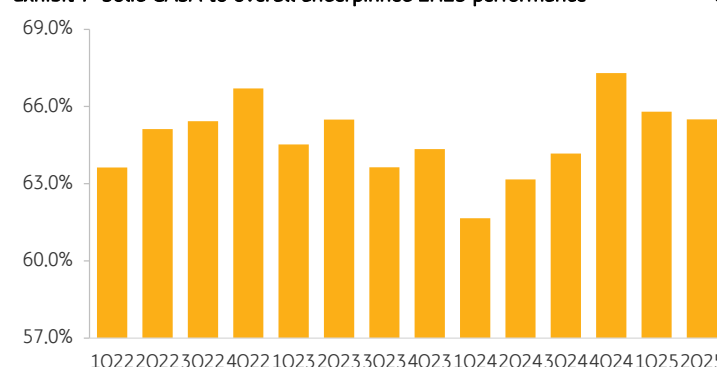
Source: Company, KBVS Research

**Exhibit 6: Softening CoC to play crucial role for '25F earnings growth**



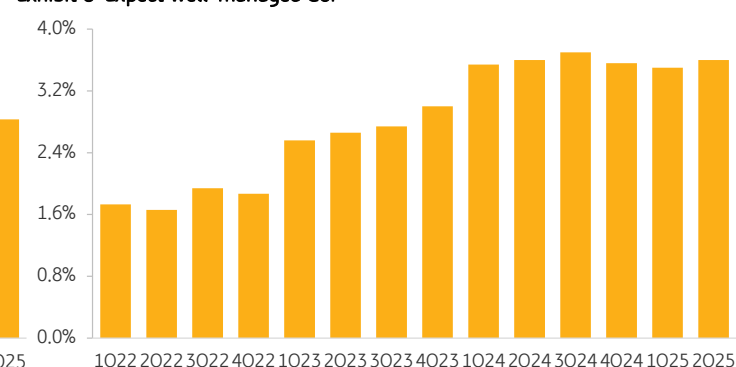
Source: Company, KBVS Research

**Exhibit 7: Solid CASA to overall underpinned 2H25 performance**



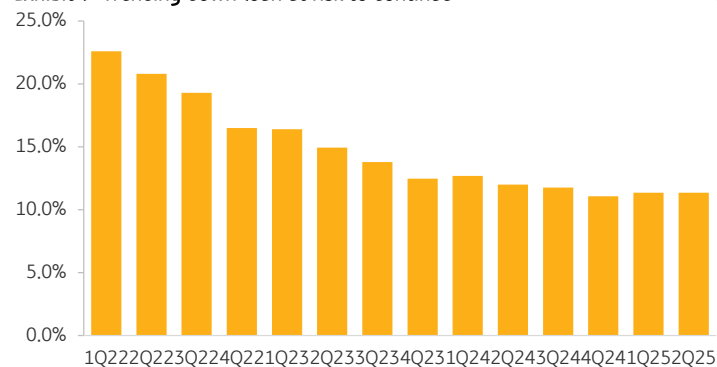
Source: Company, KBVS Research

**Exhibit 8: Expect well-managed CoF**



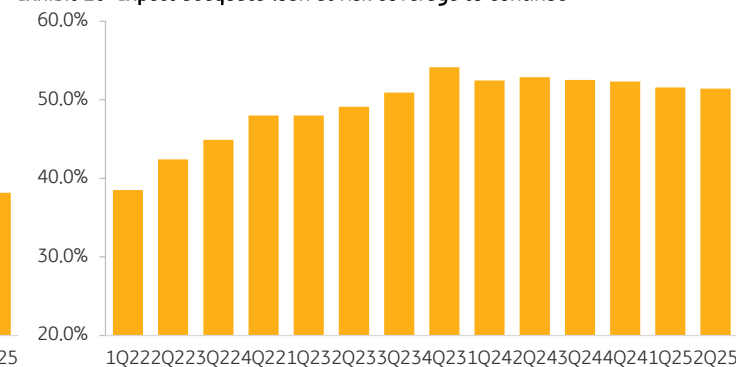
Source: Company, KBVS Research

**Exhibit 9: Trending down loan at risk to continue**



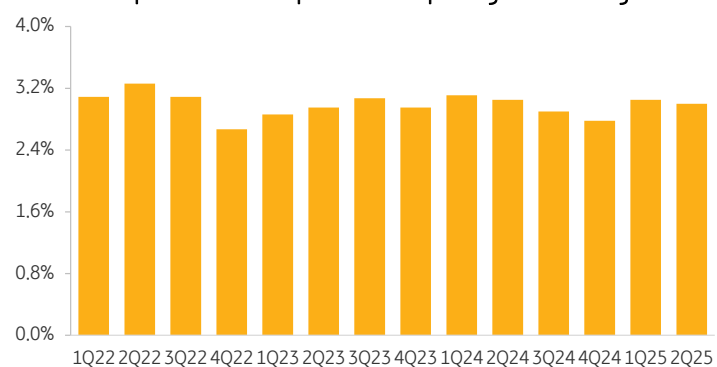
Source: Company, KBVS Research

**Exhibit 10: Expect adequate loan at risk coverage to continue**



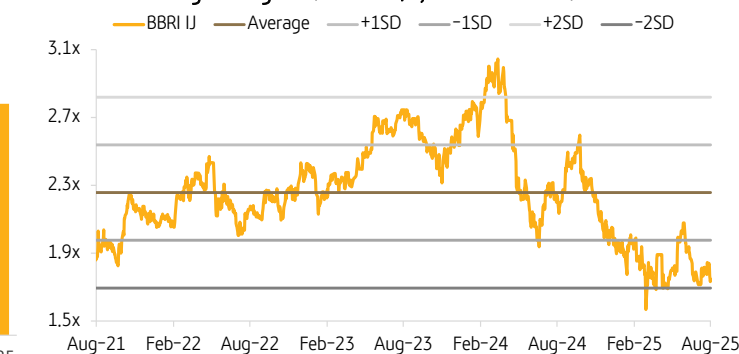
Source: Company, KBVS Research

**Exhibit 11: Expect no NPL hiccups in 2H25 on prolonged uncertainty**



Source: Company, KBVS Research

**Exhibit 12: Currently trading at 1.7x '25F P/B, at its -2SD of 1.7x**



Source: Company, Bloomberg, KBVS Research

**FINANCIAL TABLES**
**Exhibit 13: 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 14: 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 15: 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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