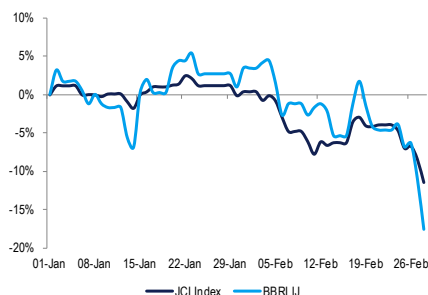


Stock Data

Target price	Rp4,700
Prior TP	Rp4,700
Current price	Rp3,360
Upside/downside	+39.9%
Shares outstanding (mn)	151,559
Market cap (Rp bn)	509,238
Free float	46%
Avg. 6m daily T/O (Rp bn)	1,070

Price Performance

	3M	6M	12M
Absolute	-22.4%	-34.4%	-45.1%
Relative to JCI	-9.5%	-16.6%	-30.9%
52w low/high (Rp)	3,360 – 6,400		



Major Shareholders

Republic of Indonesia	53.2%
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## Appalling Jan25 result but the worst may be behind us; upgrade to Buy

- Jan25 results came as a surprise with NP came at -58% yoy as provision rose by 341% to Rp5.6tr. NII also contracted by -9% yoy.
- Increase in provision is due to management overlay and shall subside in the coming months. It kept overall CoC guidance unchanged.
- We have downgraded our earnings way earlier than consensus (link) and we think that with this Jan25 result, earnings expectation has been toned down significantly. We kept our estimates but upgrade to Buy.

### Jan25: a shock therapy from steep increase in provision

BBRI just published its Jan25 results with earnings dropped to 58% yoy to mere Rp2tr amid steep increase in provision of 341% to Rp5.6tr. This translated to 5.7% CoC, far above 3-3.2% FY guidance. At the same time, PPOP increased +6% yoy from lower opex (-9% yoy) but was offset with weak NII (-9% yoy) which was attributed to: 1) reclassification of supply chain financing from fee-based income to NII and 2) one-off interest income amounting Rp691bn in Jan24 (high base effect).

### What has caused provision to spike?

Our conversation with management suggested that provision without management overlay was at Rp2tr (2% CoC). The additional Rp3.5tr of provision is attributed to management overlay/discretion amid: 1) increase in coverage for 2023's Kupedes restructured loan from c.30-35% to c.35-40% and this rule was being revised only in Dec24; 2) ramp-up in provision is necessary to speed-up the write-off process (delaying write-off will result in elevated NPL ratio which shall cause the model to calculate even bigger provision in the subsequent months) – this is imperative as many investors don't understand the needs of early write-off. Jan25 write-off stood at Rp3.5tr and ahead of Rp38-39tr FY budget implying lower CoC/write-off ahead.

### What will be the direction for CoC in the subsequent months?

Management kept its CoC target of 3-3.2% and we concur with them. It expects CoC to be at 4-4.5% range in 2M25 and <4% in 1Q25. Separately, net downgrade in Jan25 was at Rp5.6tr vs. Jan24 Rp6tr. Net downgrade in Feb25 will be <Rp4tr and will subside to Rp3-3.3tr level per month subsequently.

### Upgrade to Buy as we think the worst is behind us

We have downgraded our earnings and recommendation way earlier than consensus (link), even currently our FY25 earnings is still 8% below consensus. Today's knee jerk reaction is expected, and we think the worst may be behind us. This prompted us to upgrade our recommendation to Buy as valuation of 9x P/E and 1.6x P/B is really attractive (vs. 10Y average of 14.6x P/E and 2.4x P/B). Risk to our call is only currency at this point.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net interest income	136,376	141,139	144,919	155,718	166,412
PPOP	106,508	116,752	114,807	124,284	135,166
Provision charges	(29,679)	(38,174)	(41,820)	(42,332)	(46,570)
Net profit	60,100	60,155	56,845	63,885	69,058
Net profit growth	17%	0%	-6%	12%	8%
P/BV (x)	1.6	1.6	1.6	1.5	1.5
Dividend yield	9.3%	10.9%	10.0%	9.5%	10.7%
ROAE	19.8%	19.3%	17.9%	19.5%	20.1%
IPS vs. consensus			92%	94%	92%

Source: Company, Indo Premier

Share price closing as of: 28 February 2025

Fig. 1: BBRI Jan25 results summary

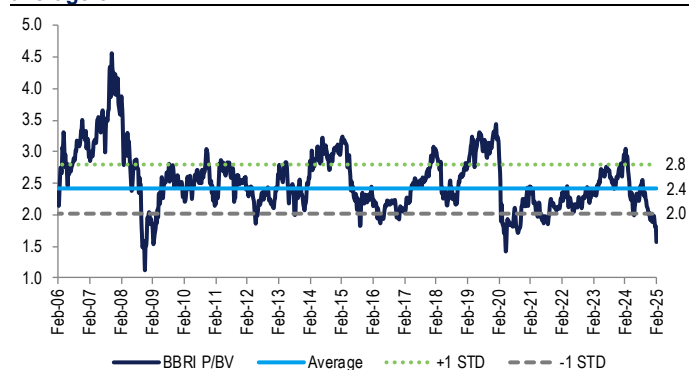
Income Statement (Rp bn)	Jan-25	Jan-24	%YoY	Dec-24	%MoM	IPS FY25F	% of IPS	Cons FY25F	% of Cons
Interest Income	12,995	14,030	-7%	11,999	8%	203,437	6%		
Interest Expense	(4,074)	(4,203)	-3%	(4,099)	-1%	(58,519)	7%		
<b>Net Interest Income</b>	<b>8,921</b>	<b>9,827</b>	<b>-9%</b>	<b>7,900</b>	<b>13%</b>	<b>144,918</b>	<b>6%</b>		
Non Interest Income	4,106	3,208	28%	5,206	-21%	66,980	6%		
<b>Total Income</b>	<b>13,027</b>	<b>13,035</b>	<b>0%</b>	<b>13,106</b>	<b>-1%</b>	<b>211,898</b>	<b>6%</b>		
Operating Expense	(4,775)	(5,276)	-9%	(4,672)	2%	(97,091)	5%		
<b>PPOP</b>	<b>8,252</b>	<b>7,759</b>	<b>6%</b>	<b>8,434</b>	<b>-2%</b>	<b>114,807</b>	<b>7%</b>		
Provisions	(5,627)	(1,277)	341%	(1,137)	395%	(41,820)	13%		
<b>Operating Income</b>	<b>2,625</b>	<b>6,482</b>	<b>-60%</b>	<b>7,297</b>	<b>-64%</b>	<b>72,987</b>	<b>4%</b>	<b>77,223</b>	<b>3%</b>
Non Operating Inc. (Exp.)	(3)	(231)	-99%	(1,025)	-100%	(1,068)	0%		
Tax Expense	(613)	(1,428)	-57%	(1,434)	-57%	(15,075)	4%		
<b>Net Income</b>	<b>2,009</b>	<b>4,822</b>	<b>-58%</b>	<b>4,837</b>	<b>-58%</b>	<b>56,844</b>	<b>4%</b>	<b>61,856</b>	<b>3%</b>

Balance Sheet (Rp bn)	Jan-25	Jan-24	%YoY	Dec-24	%MoM
Loan	1,209,516	1,156,216	5%	1,215,847	-1%
Deposit	1,360,170	1,381,850	-2%	1,360,134	0%
CASA	898,663	853,315	5%	918,573	-2%
CA	366,816	336,955	9%	375,906	-2%
SA	531,847	516,360	3%	542,667	-2%
TD	461,507	528,535	-13%	441,561	5%

Key Ratios	Jan-25	Jan-24	YoY (bp)	Dec-24	MoM (bp)
LDR	88.9%	83.7%	525	89.4%	(47)
Credit Costs	5.7%	1.3%	443	1.1%	462
Asset Yield	9.1%	10.4%	(130)	8.5%	60
CoF	3.3%	3.6%	(28)	3.4%	(4)
Net Interest Margin	6.2%	7.3%	(104)	5.6%	65
CASA Ratio	66.1%	61.8%	432	67.5%	(147)

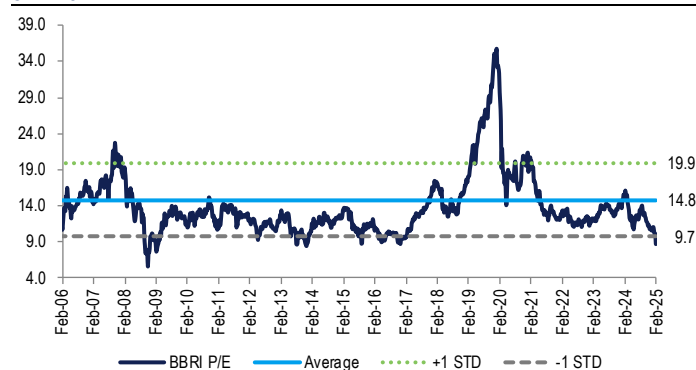
Source: Company, Indo Premier

Fig. 2: BBRI's P/BV – now trading at 1.6x FY25F P/BV vs. 10-year average of 2.4x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 3: BBRI's P/E – now trading at 9x FY25F P/E vs. 10-year average of 14.6x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 4: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY25F	FY26F	10Y Avg	FY25F	FY26F	10Y Avg
BBCA	8,425	10,400	4.3	23%	Hold	18.2	16.7	21.2	3.7	3.4	3.8
BBRI	3,360	4,700	2.1	40%	Buy	9.0	8.0	14.6	1.6	1.5	2.4
BMFI	4,600	7,100	2.0	54%	Buy	7.3	6.7	11.8	1.3	1.2	1.7
BBNI	4,030	5,000	1.0	24%	Hold	7.0	6.4	10.6	0.9	0.8	1.1
BBTN	835	1,450	0.6	74%	Buy	3.6	3.3	6.9	0.3	0.3	0.8
BRIS*	2,500	3,500	2.7	40%	Buy	14.2	12.6	16.0	2.2	1.9	2.2

Source: Bloomberg, Company, Indo Premier  
\*4Y avg

Share price closing as of: 28 February 2025

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Interest income	180,188	198,348	203,437	217,259	231,624
Interest expense	(43,813)	(57,209)	(58,519)	(61,541)	(65,212)
<b>Net interest income</b>	<b>136,376</b>	<b>141,139</b>	<b>144,919</b>	<b>155,718</b>	<b>166,412</b>
Non-interest income	54,578	76,016	66,980	71,407	76,407
<b>Total operating income</b>	<b>190,954</b>	<b>217,155</b>	<b>211,899</b>	<b>227,125</b>	<b>242,818</b>
Opex	(84,446)	(100,402)	(97,091)	(102,841)	(107,653)
<b>PPOP</b>	<b>106,508</b>	<b>116,752</b>	<b>114,807</b>	<b>124,284</b>	<b>135,166</b>
Provisions	(29,679)	(38,174)	(41,820)	(42,332)	(46,570)
<b>Operating profit</b>	<b>76,829</b>	<b>78,578</b>	<b>72,988</b>	<b>81,953</b>	<b>88,596</b>
Non-operating profit	(399)	(979)	(1,068)	(1,166)	(1,272)
<b>Pre-tax profit</b>	<b>76,430</b>	<b>77,599</b>	<b>71,920</b>	<b>80,787</b>	<b>87,324</b>
Income tax	(16,005)	(16,955)	(14,598)	(16,391)	(17,719)
Minority interest	(325)	(489)	(477)	(511)	(547)
<b>Net profit</b>	<b>60,100</b>	<b>60,155</b>	<b>56,845</b>	<b>63,885</b>	<b>69,058</b>

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash + CA with BI	133,513	118,663	125,986	133,639	142,856
Secondary reserves	452,150	426,771	418,302	397,387	369,570
Gross loans	1,258,516	1,348,207	1,439,774	1,583,914	1,742,483
Loan provisions	(85,287)	(80,898)	(78,276)	(84,830)	(92,039)
Other assets	206,115	180,241	189,381	208,319	229,151
<b>Total Assets</b>	<b>1,965,007</b>	<b>1,992,983</b>	<b>2,095,167</b>	<b>2,238,429</b>	<b>2,392,020</b>
Total deposits	1,367,444	1,371,332	1,467,325	1,594,508	1,732,797
Securities and borrowings	151,332	169,180	169,180	169,180	169,180
Other liabilities	129,759	129,283	129,283	129,283	129,283
<b>Total liabilities</b>	<b>1,648,535</b>	<b>1,669,794</b>	<b>1,765,788</b>	<b>1,892,971</b>	<b>2,031,260</b>
<b>Shareholders' equity</b>	<b>316,472</b>	<b>323,189</b>	<b>329,379</b>	<b>345,458</b>	<b>360,760</b>
<b>Total liabilities &amp; equity</b>	<b>1,965,007</b>	<b>1,992,983</b>	<b>2,095,167</b>	<b>2,238,429</b>	<b>2,392,020</b>

Growth YoY	2023A	2024A	2025F	2026F	2027F
Gross loans	11.2%	7.1%	6.8%	10.0%	10.0%
Total assets	5.3%	1.4%	5.1%	6.8%	6.9%
Total deposits	4.1%	0.3%	7.0%	8.7%	8.7%
Net interest income	8.1%	3.5%	2.7%	7.5%	6.9%
Non-interest income	15.2%	39.3%	-11.9%	6.6%	7.0%
Total operating income	10.1%	13.7%	-2.4%	7.2%	6.9%
Operating expense	2.7%	18.9%	-3.3%	5.9%	4.7%
PPOP	16.7%	9.6%	-1.7%	8.3%	8.8%
Net profit	17.5%	0.1%	-5.5%	12.4%	8.1%

Key Ratios	2023A	2024A	2025F	2026F	2027F
ROAA	3.1%	3.0%	2.8%	2.9%	3.0%
ROAE	19.5%	19.1%	17.7%	19.3%	19.9%
NIM	8.4%	8.2%	8.1%	8.2%	8.2%
Credit cost	2.5%	2.9%	3.0%	2.8%	2.8%
Cost/income	44.2%	46.2%	45.8%	45.3%	44.3%
LDR	92.0%	98.3%	98.1%	99.3%	100.6%
CAR	27.3%	26.6%	25.0%	24.6%	24.0%
NPL ratio	2.7%	2.4%	2.3%	2.2%	2.2%
Provisions/NPL	254.4%	254.4%	237.0%	238.4%	239.7%

Source: Company, Indo Premier

## INVESTMENT RATINGS

BUY	:	Expected total return of 10% or more within a 12-month period
HOLD	:	Expected total return between -10% and 10% within a 12-month period
SELL	:	Expected total return of -10% or worse within a 12-month period

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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