

Bank Rakyat Indonesia

BUY (unchanged)

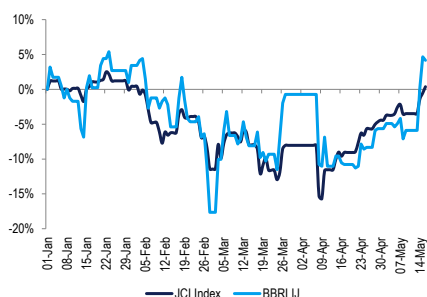
Company Update | Banks | BBRI IJ | 19 May 2025

Stock Data

Target price	Rp4,700
Prior TP	Rp4,700
Current price	Rp4,250
Upside/downside	+10.6%
Shares outstanding (mn)	151,559
Market cap (Rp bn)	664,126
Free float	46%
Avg. 6m daily T/O (Rp bn)	1,196

Price Performance

	3M	6M	12M
Absolute	6.5%	-5.6%	-12.2%
Relative to JCI	-0.9%	-4.1%	-10.3%
52w low/high (Rp)	3,360 – 5,525		



Major Shareholders

Republic of Indonesia	53.2%
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Low expectation along with turnaround story suggest ample re-rating potential

- We recently hosted BRI CEO to discuss his vision and plan for the next 5 years. We came back upbeat with the overall strategy and execution.
- Absence of kitchen sinking and on-track micro downgrade suggests there won't be guidance change and thus, limited earnings downside.
- Much lower foreign positioning vs. other banks also suggests ample upside for re-rating from this point. BBRI is our top pick along with BMRI.

Consumer and upper middle will be the next focus; revamping the funding franchise is long overdue

We recently hosted BRI's new CEO to discuss his vision and plan for the next 5 years. Consumer (payroll and mortgage) and SME (especially upper middle) will be the main focus with the aim to increase the consumer portfolio to 20% by 2027 from 15% in 2024. This is imperative as it will complement its plan to revamp BRI's funding franchise – note that BRI's savings CAGR FY21-24 of 3% is the lowest vs. big bank peers at 5-11%, while its CASA ratio also among the lowest at 66% (vs. 71-82% for its peers). This was being reinforced with heavier KPI on funding at 50% vs. 10-15% previously. Concurrently, micro loan contribution will be maintained at 40% whereas corporate and commercial SME at 20% each.

Digital innovation and network consolidation are imperative

The revamp in funding franchise shall be achieved through: 1) network consolidation – previously branches will report to different director which caused priority bias i.e. branches under SME director only focuses on SME lending. Going forward, BRI will implement a similar approach to BMRI where there will be regional CEOs and directly report to network & funding director and CEO to ensure KPI consistency. Concurrently, the number of active EDC/BRILink agent also remained subpar (at 30-40% active rate) which can be improved further. 2) Digital innovation – consistent with what the CEO did during its tenure in BSI (developing super app BYOND), he thinks that the revamp in BRIMo is long overdue (UI/UX and features) while other banks have invested heavily on mobile super app (Livin/Wondr).

Unchanged overall guidance with possible upside in recovery

During our meeting, he also reiterated that there will not be any kitchen sinking as current downgrades in micro is still within CoC guidance of 3-3.2%. At the same time, he expects NIM to gradually improve in 2H along with pick-up in recovery income (current target of Rp23-25tr in FY25F vs. Rp25.4tr in FY24, 1Q25 at Rp5tr) amid shorter working days during Eid at end of March.

BBRI is our top pick amid low foreign ownership and rate cut potential

Given that foreign holding has dropped from 18.8% peak in FY23 to only 13.2% in Apr25 (UW vs. MSCI weighting of 15.9%), we think that BRI has the biggest upside potential shall investors are well informed by the new CEO's vision. Worth noting that the CEO was able to turnaround the image and performance of BSI within shorter timeframe and lesser infrastructure; we are even more upbeat given that BRI have all the infrastructure needed i.e. branches, digital platform, products and workforce. Initial concern on lower NIM amid consumer focus is also unfounded as consumer loan will have much lower CoC and bigger cross-selling potential i.e. CASA, insurance, etc. At 2x P/B and 11.3x P/E vs. its 10Y average of 2.4x and 14.7x, we think valuation is still attractive especially with rate cut potential.

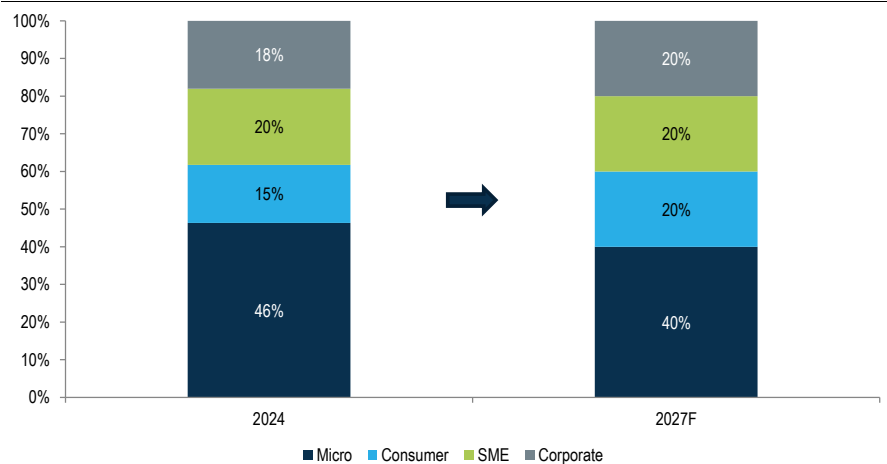
Fig. 1: Financial summary

In 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)	2.1	2.0	2.0	1.9	1.8
Dividend yield	7.4%	8.7%	7.9%	7.5%	8.4%
ROAE	19.8%	19.3%	17.9%	19.5%	20.1%
IPS vs. consensus			97%	99%	97%

Source: Company, Indo Premier

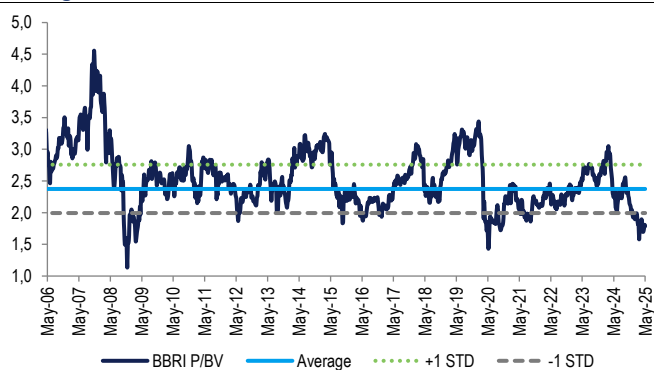
Share price closing as of: 16 May 2025

Fig. 2: BBRI loan mix profile



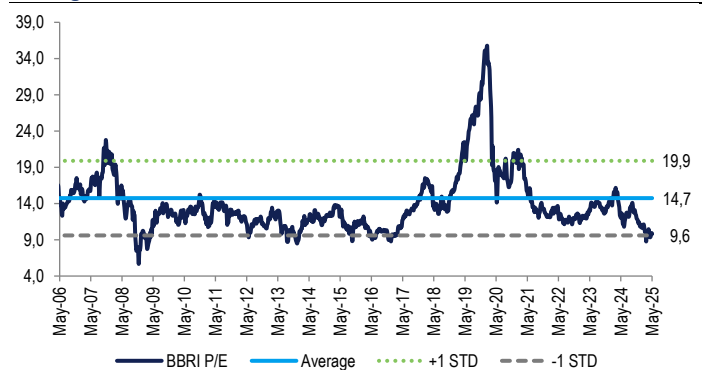
Source: Company, Indo Premier

Fig. 3: BBRI's P/BV – now trading at 2.0x FY25F P/BV vs. 10-year average of 2.4x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 4: BBRI's P/E – now trading at 11.3x FY25F P/E vs. 10-year average of 14.7x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 5: 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	9.300	10.400	4,3	12%	Buy	20,0	18,4	21,2	4,1	3,8	3,8
BBRI	4.250	4.700	2,1	11%	Buy	11,3	10,1	14,7	2,0	1,9	2,4
BMRI	5.475	7.100	2,0	30%	Buy	8,7	8,0	11,8	1,5	1,5	1,7
BBNI	4.500	4.500	0,9	0%	Hold	7,8	7,2	10,4	1,0	0,9	1,1
BBTN	1.250	1.450	0,6	16%	Buy	5,4	4,9	6,9	0,5	0,5	0,8
BRIS*	2.870	3.500	2,7	22%	Buy	16,3	14,4	15,9	2,5	2,2	2,2

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

Share price closing as of: 16 May 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)
Net interest income	136,376	141,139	144,919	155,718	166,412
Non-interest income	54,578	76,016	66,980	71,407	76,407
Total operating income	190,954	217,155	211,899	227,125	242,818
Opex	(84,446)	(100,402)	(97,091)	(102,841)	(107,653)
PPOP	106,508	116,752	114,807	124,284	135,166
Provisions	(29,679)	(38,174)	(41,820)	(42,332)	(46,570)
Operating profit	76,829	78,578	72,988	81,953	88,596
Non-operating profit	(399)	(979)	(1,068)	(1,166)	(1,272)
Pre-tax profit	76,430	77,599	71,920	80,787	87,324
Income tax	(16,005)	(16,955)	(14,598)	(16,391)	(17,719)
Minority interest	(325)	(489)	(477)	(511)	(547)
Net profit	60,100	60,155	56,845	63,885	69,058

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
Total Assets	1,965,007	1,992,983	2,095,167	2,238,429	2,392,020
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
Total liabilities	1,648,535	1,669,794	1,765,788	1,892,971	2,031,260
Shareholders' equity	316,472	323,189	329,379	345,458	360,760
Total liabilities & equity	1,965,007	1,992,983	2,095,167	2,238,429	2,392,020

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

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