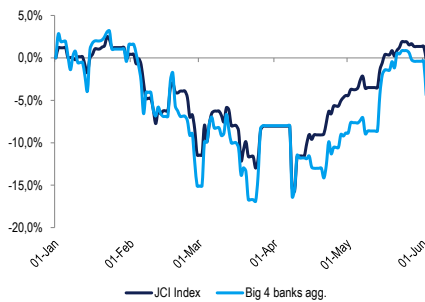


Sector Update | 2 June 2025

Sector Index Performance

	3M	6M	12M
Absolute	12.6%	-9.2%	-4.7%
Relative to JCI	-0.1%	-8.5%	-6.0%



Summary Valuation Metrics

P/E (x)	2025F	2026F	2027F
BBRI IJ	11.2	10.0	9.2
BMRI IJ	8.1	7.4	6.6
BBNI IJ	7.6	7.0	6.4
P/BV (x)	2025F	2026F	2027F
BBRI IJ	2.0	1.9	1.8
BMRI IJ	1.4	1.4	1.3
BBNI IJ	0.9	0.9	0.8
Div. Yield	2025F	2026F	2027F
BBRI IJ	8.0%	7.6%	8.5%
BMRI IJ	9.2%	7.4%	8.1%
BBNI IJ	5.3%	5.3%	5.7%

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BRIS potential divestment: a lose-lose outcome; but details remain lacking

- Local newspaper reported that Danantara plans to acquire a majority stake from BMRI, BBRI and BBNI.
- We think if this happens, all parties will be worse-off. As such, we don't expect this to materialize in ST. Scheme and timeline are also unclear.
- Maintain Overweight with BBRI and BMRI as our top picks.

Local newspaper reported that there is a plan for Danantara to take majority stake on BRIS

This means that Danantara will acquire the majority stake from BMRI, BBRI and BBNI. We don't think the deal will be on cash basis considering that majority stake of BRIS (i.e. 51%) will represent valuation of Rp65tr based on today's closing whereas Danantara's total dividend income this year shall be amounted at Rp90-100tr. There is no clarity on both scheme and timeline.

A lose-lose situation for both the parents and BRIS

We analyse the impact from both the parents (i.e. BMRI/BBRI/BBNI) and BRIS. For the parents, the impact will be simply result in loss of profit which we estimate at -7/-2/-9% for BMRI/BBRI/BBNI based on their respective stakes on BRIS (51/15/23%) and assuming these stakes will be transferred in entirety to Danantara without public re-float (current float at 10% for BRIS). However, we think the impact is even worse for BRIS: 1) it may lose all the operational support that it currently gets from the parent (BMRI) - case on point is when they got hacked in 2023 and BMRI's IT team helped to troubleshoot and build better IT security. This will also applicable to the business especially on wholesale as BRIS is relying heavily on BMRI's KYC/process/network. 2) Assuming this deal is also aiming to increase public float, we think this may actually backfiring for BRIS as it is currently trading at 2.5x FY25F P/B much higher than BMRI/BBRI at 1.6/1.9x but lower ROE of 17% in FY24 vs. BMRI/BBRI of 20/19%; this was partly due to its low free-float and concentrated ownership.

This may not materialize in the short-term given the complexity and the lack of urgency

Based on our channel check, we think that this deal may face a lot of hurdles especially in terms scheme – worth noting that CAR ratio for BMRI was already sub 19% in 1Q25 which made special dividend to be impossible. At the same time, from Danantara side, we think this may not be the priority given the urgency of other projects that has bigger multiplier effect to the economies.

Maintain Overweight with BBRI and BMRI are our picks

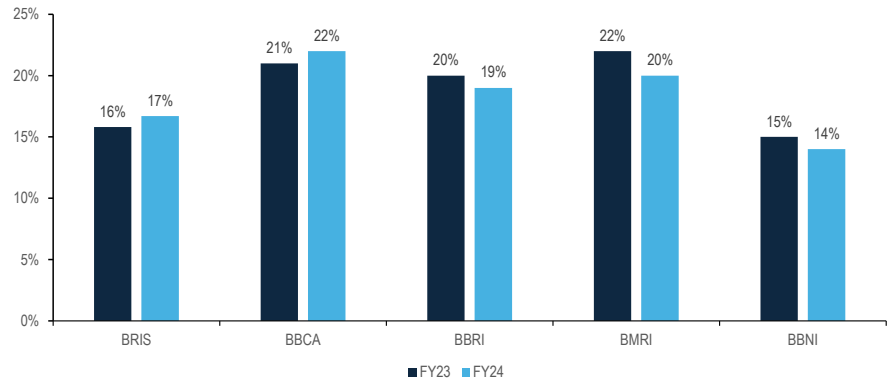
Given the drop in banks' share price today of 4-7% with BRIS leading the drop, we think that the market has partly priced-in the aforementioned scenarios. However, as we think this may not materialize in the short-term, we believe that focusing on earnings and valuation are more imperative given both PE and PB (ex-BCA) already at 9.3x and 1.6x are still below its 10Y average of 12.3x and 1.8x. We like BBRI for the turnaround potential and low foreign ownership whereas BMRI for margin improvement potential in 2H.

Fig. 1: Impact to each bank's FY25F NP post divestment – BBNI the most impacted while BBRI is the least impacted

(Rp tr)	IPS FY25F profit	Consensus FY25F profit	BRIS stake	Impact on IPS	Impact on consensus
BRIS	8,107	8,243			
BBRI	56,844	58,466	15%	2%	2%
BMRI	58,706	55,962	51%	7%	8%
BBNI	21,463	22,344	23%	9%	9%

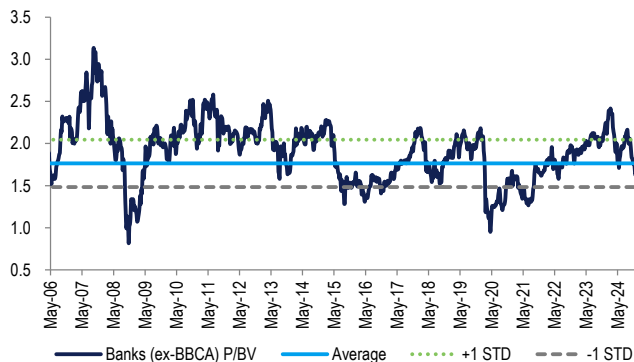
Source: Bloomberg, Indo Premier

Fig. 2: ROE – BRIS ROE is lower vs. BMRI/BBRI but valuation is higher



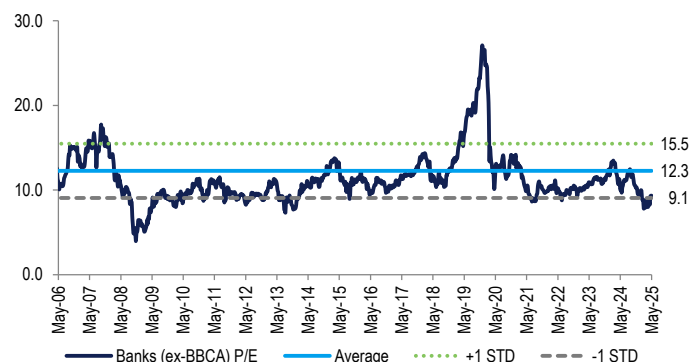
Source: Company, Indo Premier

Fig. 3: Banks (ex-BBCA) forward P/BV – now trading at 1.6x FY25F P/BV vs. 10-year average of 1.8x P/B



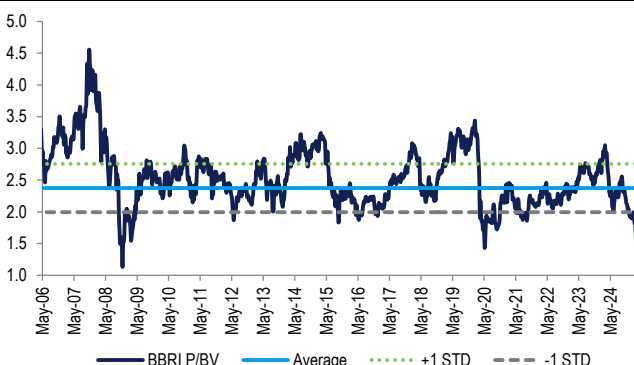
Source: Bloomberg, Company, Indo Premier

Fig. 4: Banks (ex-BBCA) forward P/E – now trading at 9.3x FY25F P/E vs. 10-year average of 12.3x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 5: BBRI forward P/BV – now trading at 2.1x FY25F P/BV vs. 10-year average of 2.4x P/B



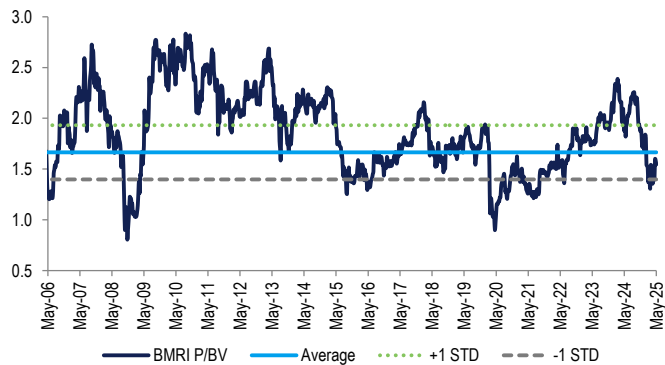
Source: Bloomberg, Company, Indo Premier

Fig. 6: BBRI forward P/E – now trading at 11.3x FY25F P/E vs. 10-year average of 14.7x P/E



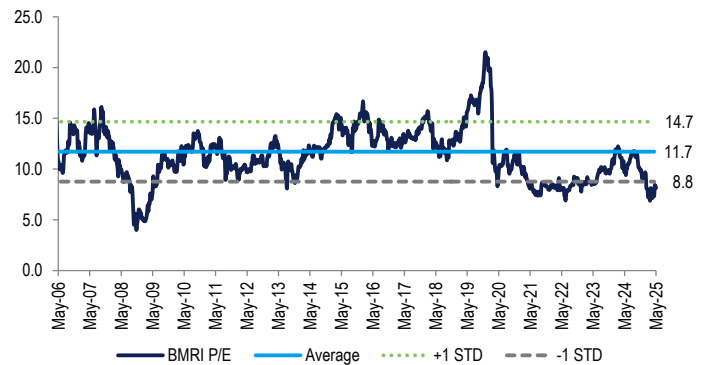
Source: Bloomberg, Company, Indo Premier

Fig. 7: BMRI forward P/BV – now trading at 1.5x FY25F P/BV vs. 10-year average of 1.7x P/B



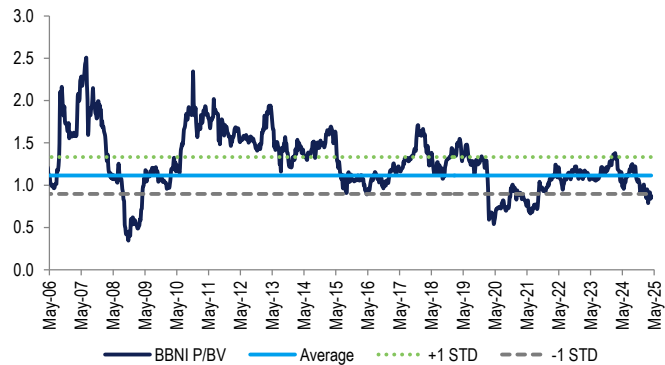
Source: Bloomberg, Company, Indo Premier

Fig. 8: BMRI forward P/E – now trading at 8.1x FY25F P/E vs. 10-year average of 11.7x P/E



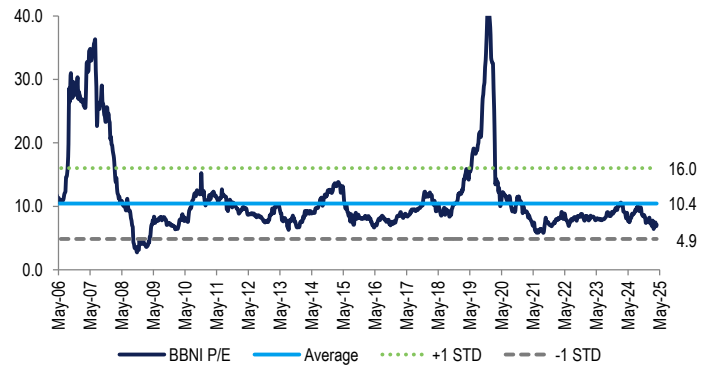
Source: Bloomberg, Company, Indo Premier

Fig. 9: BBNI forward P/BV – now trading at 0.9x FY25F P/BV vs. 10-year average of 1.1x P/B



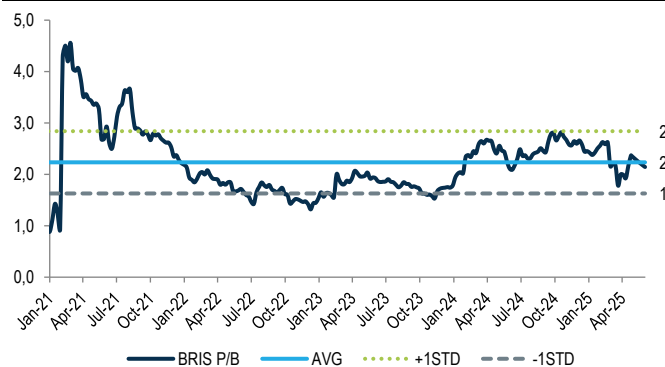
Source: Bloomberg, Company, Indo Premier

Fig. 10: BBNI forward P/E – now trading at 7.5x FY25F P/E vs. 10-year average of 10.4x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 11: BRIS forward P/BV – now trading at 2.1x FY25F P/BV vs. 10-year average of 2.2x P/B



Source: Bloomberg, Company, Indo Premier

Fig. 12: BRIS forward P/E – now trading at 14.0x FY25F P/E vs. 10-year average of 15.7x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 13: 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	9.100	10.400	4,3	14%	Buy	19,6	18,0	21,2	4,0	3,7	3,8
BBRI	4.200	4.700	2,1	12%	Buy	11,2	10,0	14,7	2,0	1,9	2,4
BMRI	5.075	7.100	2,0	40%	Buy	8,1	7,4	11,8	1,4	1,4	1,7
BBNI	4.370	4.500	0,9	3%	Hold	7,6	7,0	10,4	0,9	0,9	1,1
BBTN	1.200	1.450	0,6	21%	Buy	5,2	4,7	6,9	0,5	0,4	0,8
BRIS*	2.790	3.500	2,7	25%	Buy	15,9	14,0	15,9	2,5	2,1	2,2

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

Share price closing as of: 2 June 2025

SECTOR RATINGS

- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY 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

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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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