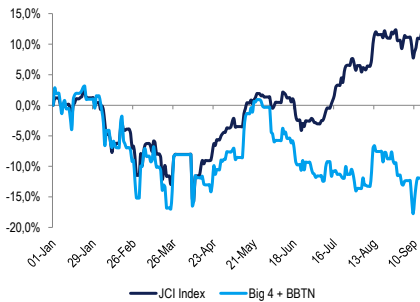


Sector Index Performance

	3M	6M	12M
Absolute	-6,8%	-1,9%	-25,8%
Relative to JCI	-17,5%	-23,7%	-27,4%



Summary Valuation Metrics

	2025F	2026F	2027F
P/E (x)			
BMRI IJ	8.3	7.0	6.0
BBRI IJ	11.0	9.8	9.1
BBNI IJ	8.0	7.3	6.7
P/BV (x)			
BMRI IJ	1.3	1.2	1.1
BBRI IJ	2.0	1.9	1.8
BBNI IJ	0.9	0.9	0.8
Div. Yield			
BMRI IJ	10.3%	7.3%	8.5%
BBRI IJ	8.1%	7.7%	8.7%
BBNI IJ	5.2%	5.0%	5.5%

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Liquidity injection: a quick win but not a silver bullet as demand remain weak

- The new Minister of Finance through PMK No.276/2025 will disburse Rp200tr to 5 SOE banks. With big 3 SOE gets equal Rp55tr placement.
- While this shall reduce the LDR for each bank by 270-550bp, the caveat is the placement is short in duration and the pricing is almost equal to TD.
- Expect a short-term negative interest carry amid lump-sum placement while the disbursement is gradual due to weak loan demand condition.

Details on Rp200tr liquidity placement

The new Minister of Finance through PMK no. 276/2025 will disburse Rp200tr to 5 SOE banks in order to stimulate the economy. The big 3 SOE banks shall get Rp55tr each while BBTN/BRIS shall get Rp25/10tr respectively. The placement will be in the form of deposit on call (can be called anytime) and the interest for this placement is at 80.5% of BI rate or at c.4%. Tenor is 6 months but can be extendable. The MoF placement is solely intended for loan disbursement (not for placement to BI/government bond).

The placement is a quick win but definitely not a silver bullet

Given the current pace of M2 at 6.5%, we believe that the pace of government spending/private loan growth have been slower than expected. At the same time, government money at the BI reached Rp450.5tr (-10% yoy/-9% YTD) which can be utilized to stimulate the economy. Recent news also suggested that the money can be utilized to support Government's program i.e. village cooperative (KDMP) and is allowed to have lower CoF of 2% instead of 4%.

The short tenor and lump-sum disbursement may adversely impact banks' PnL in the short-run

As the placement tenor is only for 6 months (although can be extendable), this may create a maturity mismatch for the bank especially for banks like BBRI and BBTN as micro in general is 3-5 years in tenor (KDMP can be up to 6 years) while mortgage is 20+ years in tenor. We expect the bank to utilize this for short-term loan (c.6% interest rate) but with limited margin (blended TD cost at BMRI/BBNI stood at 4.2%/5%). Moreover, given that the placement is on lump-sum basis, we expect the bank to book a short-term negative interest carry at around -20bp for this placement (not on overall NIM) for this year as the placement may be bigger than disbursement given the slow loan demand environment (all SOE banks aiming for single digit loan growth) – note that big SOE banks disburse Rp15-20tr/month vs. lump-sum placement of Rp55tr.

Maintain Overweight rating amid valuation reason with BBNI and BBTN as our picks

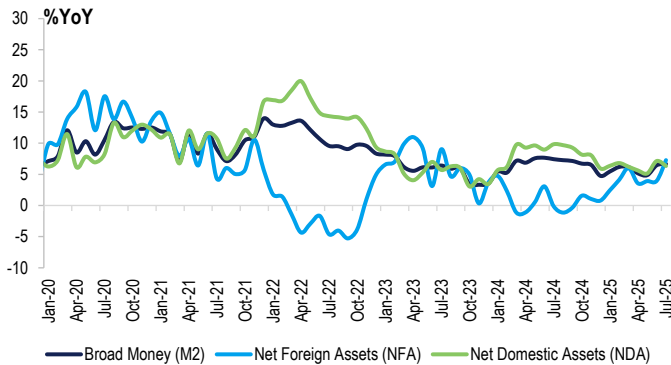
We maintain our Overweight rating for the sector with BBNI and BBTN as our top picks – we expect the former to benefit in terms of growth amid having better liquidity position in 1H25 (LDR of 86%) while the latter shall benefit from higher FLPP interest rate and KUR housing program, both shall be accretive to BBTN's blended asset yield. Both banks also trade at very attractive valuation of 0.9x P/B & 8.0x P/E for BBNI (vs. 10Y average of 1.1x P/B & 10.4x P/E); and 0.6x P/B & 6.0x P/E for BBTN (vs. 10Y average of 0.8x P/B & 6.9x P/E). Risks are worsening asset quality and elevated CoF.

Fig. 1: Simulation of the Rp200tr MoF injection – BBNI and BBTN experienced the biggest LDR reduction of 510-550bp

7M25 (bank-only)	BBRI	BMRI	BBNI	BBTN	BRIS
Loans (Rp tr)	1,267.1	1,336.0	763.7	376.9	294.9
Deposits (Rp tr)	1,457.0	1,421.4	880.7	400.8	327.7
Current LDR	87.0%	94.0%	86.7%	94.0%	90.0%
MoF placement (Rp tr)	55	55	55	25	10
Deposits after MoF placement (Rp tr)	1,512.0	1,476.4	935.7	425.8	337.7
LDR after placement	83.8%	90.5%	81.6%	88.5%	87.3%
<i>Changes in LDR</i>	<i>-3.2%</i>	<i>-3.5%</i>	<i>-5.1%</i>	<i>-5.5%</i>	<i>-2.7%</i>

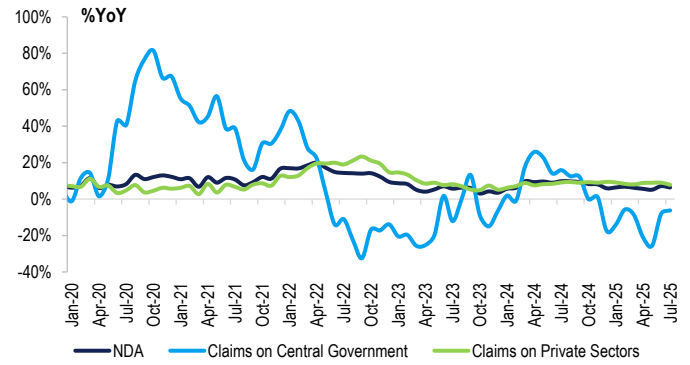
Source: Ministry of Finance, Company, Indo Premier

Fig. 2: Money supply, net foreign assets (NFA), and net domestic assets (NDA) trend – M2 grew at 6.5% in Jul25 vs. 6.7% avg in FY24



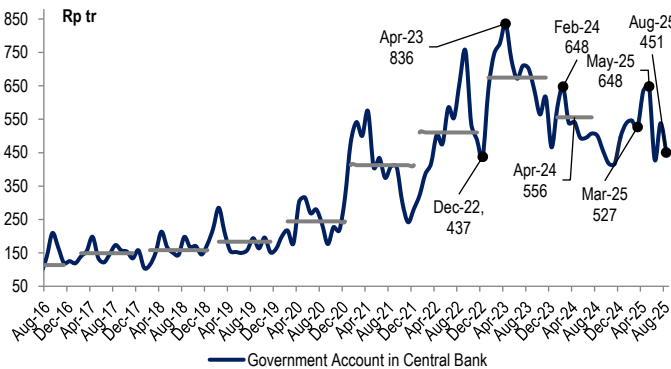
Source: Bank Indonesia, Indo Premier

Fig. 3: Net domestic assets (NDA) trend – claims on central government experienced negative growth since 2H24



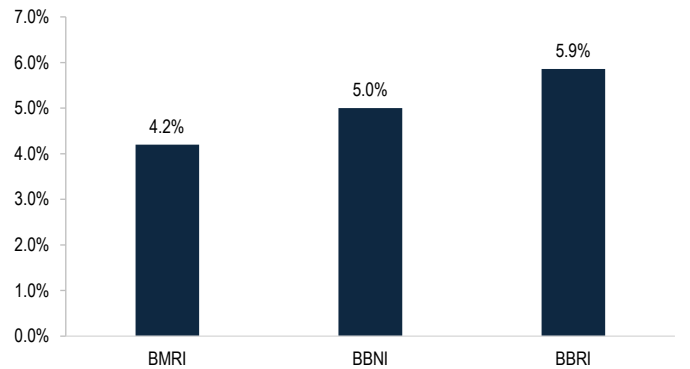
Source: Bank Indonesia, Indo Premier

Fig. 4: Government account in central bank – now at Rp451tr in Aug25 vs. peak level of Rp836tr in Apr23



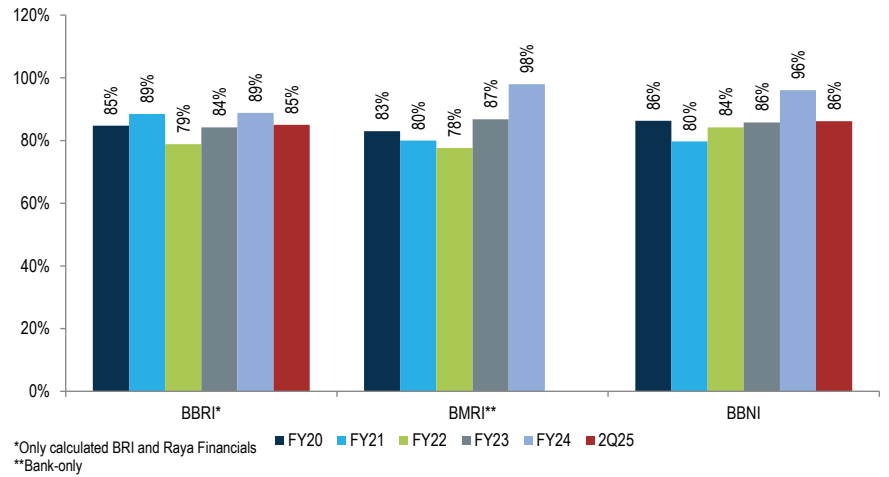
Source: Bank Indonesia, Indo Premier

Fig. 5: Big three SoE banks time deposit cost – BBRI have the highest TD cost of 5.9%



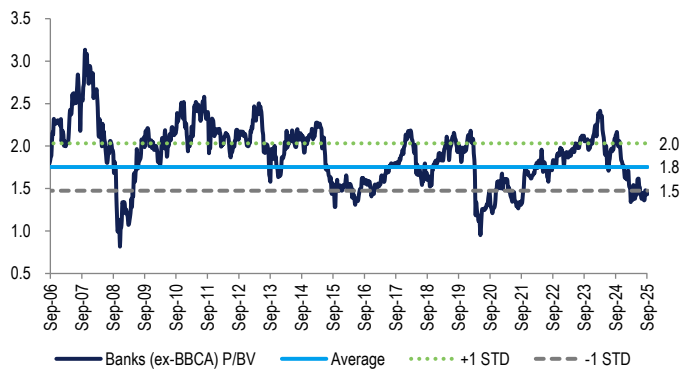
Source: Company, Indo Premier

Fig. 6: Big three SoE banks LDR trend – BBNI LDR improved the most at 86% in 2Q25 vs. 96% in FY24



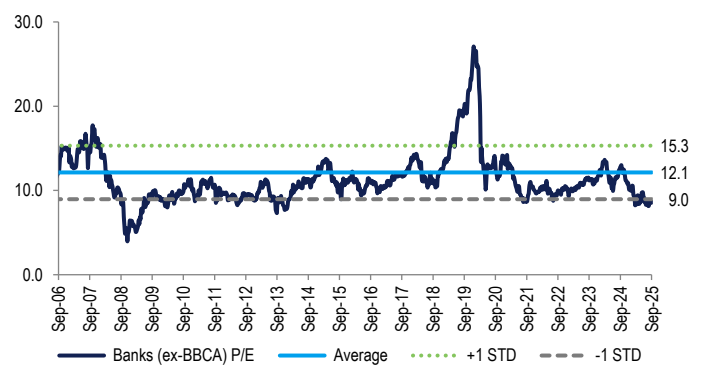
Source: Company, Indo Premier

Fig. 7: Banks' (ex-BBCA) forward P/BV – now trading at 1.4x FY25F P/BV vs. 10-year average of 1.8x P/B



Source: Bloomberg, Company, Indo Premier

Fig. 8: Banks' (ex- BBCA) forward P/E – now trading at 8.6x FY25F P/E vs. 10-year average of 12.1x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 9: 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	8,025	10,400	4.3	30%	Buy	17.3	15.9	21.3	3.6	3.3	3.8
BBRI	4,140	4,700	2.1	14%	Buy	11.0	9.8	14.7	2.0	1.9	2.4
BMRI	4,530	6,000	1.7	32%	Buy	8.3	7.0	11.7	1.3	1.2	1.6
BBNI	4,410	4,800	0.9	9%	Buy	8.0	7.3	10.4	0.9	0.9	1.1
BBTN	1,390	1,450	0.6	4%	Buy	6.0	5.5	6.9	0.6	0.5	0.8
BRIS*	2,680	3,500	2.7	31%	Buy	15.2	13.5	15.9	2.4	2.1	2.2

Source: Bloomberg, Company, Indo Premier
*3Y avg

Share price closing as of: 15 September 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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