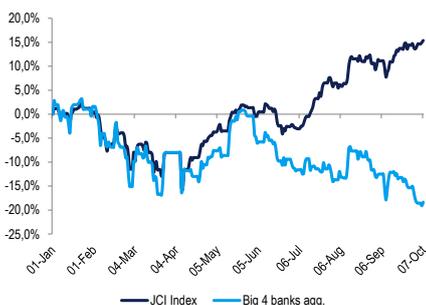


#### Sector Update | 08 October 2025

##### Sector Index Performance

	3M	6M	12M
Absolute	-7.7%	-11.3%	-27.9%
Relative to JCI	-26.1%	-36.7%	-37.9%



##### Summary Valuation Metrics

P/E (x)	2025F	2026F	2027F
BMRI IJ	7.8	6.7	5.7
BBRI IJ	9.9	8.8	8.1
BBNI IJ	7.2	6.6	6.1
P/BV (x)	2025F	2026F	2027F
BMRI IJ	1.2	1.1	1.0
BBRI IJ	1.8	1.7	1.6
BBNI IJ	0.8	0.8	0.7
Div. Yield	2025F	2026F	2027F
BMRI IJ	10.9%	7.7%	9.0%
BBRI IJ	9.1%	8.6%	9.7%
BBNI IJ	5.8%	5.5%	6.0%

#### Jovent Muliadi

PT Indo Premier Sekuritas  
[jovent.muliadi@ipc.co.id](mailto:jovent.muliadi@ipc.co.id)  
 +62 21 5088 7168 ext. 710

#### Axel Azriel

PT Indo Premier Sekuritas  
[axel.azriel@ipc.co.id](mailto:axel.azriel@ipc.co.id)  
 +62 21 5088 7168 ext. 715

## Bottoming valuation against past cycles with the exception of BBKA

- We analyse respective banks past down cycle to gauge whether current valuation has reached the trough.
- We found that all big 3 SOE banks current valuation are already similar with its respective down cycle but not for BBKA.
- While indeed that the sector is lacking catalyst right now, we believe that downside is currently limited and hence, our unchanged OW rating.

### Foreign has been aggressively selling Indo banks

YTD foreign investors have sold Rp48.7tr (1.8% against Dec24 market cap), which represents 104% of total foreign outflow in JCI; this is higher vs. last year's outflow of Rp38.1tr (1.3% against Dec23 market cap). This was largely attributed: 1) downgrade in earnings – note that IPS/consensus has revised big 4 banks' earnings by -4/-6% YTD to -3/-2% yoy for FY25F; 2) uncertainty over government's programs impact i.e. village cooperative program, housing KUR, etc. and 3) tight liquidity condition in 1H25.

### A case for multiple de-rating

Big 4 banks have dropped by -19.2% YTD (-12.8% in the past 3 years), one of the steepest de-rating since Covid with valuation currently stood at 1.8x P/B and 10x P/E vs. its 10Y average of 2.2x and 14.6x. The concern that we got from investors are mainly on the multiple de-rating thesis for the sector which made the LT average to be irrelevant. An example of this is the shift in BBRI's loan portfolio from micro to consumer which has lower yield and risk-adjusted margin (based on our calculation the ROA for consumer is 2.2% vs. micro's 2.9%). For BBKA, investors concerned that single digit earnings growth may also translate to multiple de-rating. This, combined with the fact of higher country risk premium (stands at 7.9% in Sep25 vs. average 3Y of 7.0%) suggests a de-rating thesis.

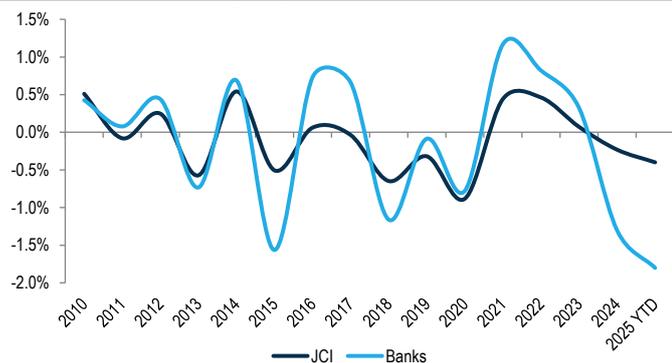
### Where do we stand against previous cycle?

We compare the current de-rating cycle with previous cycles and found that valuation has somewhat bottomed except for BBKA. For BBKA we use 2007, 2012 and 2015 of which its P/BV de-rated to 2.8x, 3x, and 2.7x respectively from 4.0x, 3.8x, and 3.9x; but still below current P/BV of 3.4x. For BBRI/BMRI/BBNI we use 2015 and 2016 period where its P/BV bottomed at 1.8x/1.3x/0.9x respectively vs. current P/BV of 1.8x/1.2x/0.8x. In terms of P/E, BBKA, BBRI, BMRI and BBNI bottomed at 12.8x, 8.8x, 11.7x and 7.1x vs. current P/E of 16.3x, 9.9x, 7.8x and 7.2x – this suggests that valuation downside is somewhat limited.

### Maintain Overweight; BBNI and BBTN are our picks

We maintain our Overweight call for the sector as we think that downside to valuation is limited; however, we also acknowledge that catalyst for the sector remains limited especially with recent noises i.e. higher US\$ time deposit rate ([link](#)), government's program such as village cooperative and housing KUR. At the same time, we expect CoF to gradually trend down in 2H25 which shall be positive to overall margin, while also expecting limited earnings revision in 3Q25 results. Our top picks stay with BBNI and BBTN given it shall be the biggest beneficiary of lower funding costs. Biggest risk at this point is worsening asset quality condition.

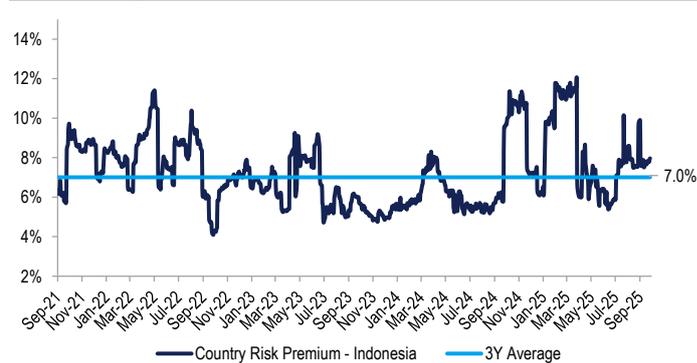
**Fig. 1: Foreign outflow as % of market cap – as of Sep25, banks outflow of -1.8% already surpassed FY24 outflow of -1.3%**



Source: Bloomberg, Indo Premier

Consist of: BBCA, BBRI, BMRI, BBNI, BBTN, BRIS, BNGA, BTPN, BTPS, MEGA

**Fig. 2: Indonesia country risk premium (CRP) – now stands at 7.9% vs. 3Y average of 7.0%**



Source: Bloomberg, Indo Premier

**Fig. 3: BBCA P/BV and P/E de-rated to 2.7x and 12.8x during previous cycles, still below current P/BV and P/E of 3.4x and 16.3x**

BBCA	Single digit net profit growth of +5.8% yoy (2007)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	16.1	12.8	-20.6%	16.3	21.3
P/BV	4.0	2.8	-28.2%	3.4	3.8
BBCA	Single digit net profit growth of +8.3% yoy (2012)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	16.6	13.5	-19.0%	16.3	21.3
P/BV	3.8	3.0	-19.4%	3.4	3.8
BBCA	Single digit net profit growth of +9.3% yoy (2015)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	19.8	14.6	-26.3%	16.3	21.3
P/BV	3.9	2.7	-29.4%	3.4	3.8
BBCA	2025 YTD: IPS/cons FY25F growth of +4.3%/+5.8% yoy				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	21.2	16.1	-24.2%	16.3	21.3
P/BV	4.4	3.4	-23.8%	3.4	3.8

Source: Bloomberg, Company, Indo Premier

**Fig. 4: BBRI P/BV and P/E de-rated to 1.8x and 8.8x during previous cycles vs. current P/BV and P/E of 1.8x and 9.9x**

BBRI	Single digit net profit growth of +4.8% yoy (2015)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	13.8	8.8	-36.1%	9.9	14.7
P/BV	3.2	1.8	-43.5%	1.8	2.4
BBRI	Single digit net profit growth of +3.1% yoy (2016)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	12.2	8.8	-28.2%	9.9	14.7
P/BV	2.5	1.9	-23.5%	1.8	2.4
BBRI	2025 YTD: IPS/cons FY25F growth of -5.5%/-5.4% yoy				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	11.3	8.8	-22.4%	9.9	14.7
P/BV	2.1	1.6	-23.7%	1.8	2.4

Source: Bloomberg, Company, Indo Premier

**Fig. 5: BMRI P/BV and P/E de-rated to 1.3x and 11.7x during previous cycles vs. current P/BV and P/E of 1.2x and 7.8x**

BMRI	Single digit net profit growth of +2.3% yoy (2015)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	15.4	11.7	-24.3%	7.8	11.7
P/BV	2.3	1.3	-45.6%	1.2	1.6
BMRI	Negative net profit growth of -32.1% yoy (2016)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	16.7	11.9	-28.8%	7.8	11.7
P/BV	1.7	1.3	-22.1%	1.2	1.6
BMRI	2025 YTD: IPS/cons FY25F growth of -8.1%/-6.4% yoy				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	11.0	7.3	-33.2%	7.8	11.7
P/BV	1.8	1.2	-30.1%	1.2	1.6

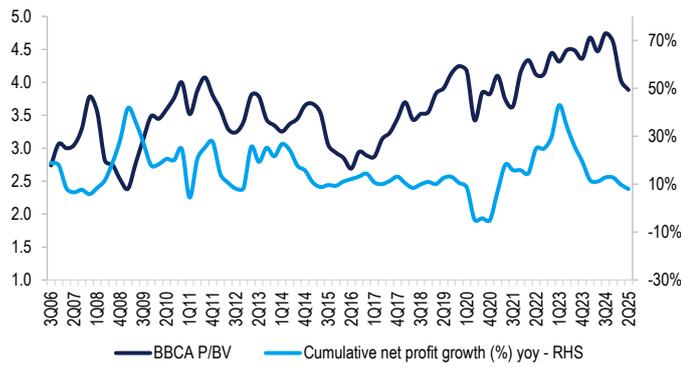
Source: Bloomberg, Company, Indo Premier

**Fig. 6: BBNI P/BV and P/E de-rated to 0.9x and 7.1x during previous cycles vs. current P/BV and P/E of 0.8x and 7.2x**

BBNI	Negative net profit growth of -53% yoy (2007)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	36.3	22.6	-37.7%	7.2	10.4
P/BV	2.5	1.6	-36.0%	0.8	1.1
BBNI	Negative net profit growth of -16% yoy (2015)				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	13.8	7.1	-48.7%	7.2	10.4
P/BV	1.7	0.9	-46.4%	0.8	1.1
BBNI	2025 YTD: IPS/cons FY25F growth of -3.8%/-1.8% yoy				
	Peak	Trough	Chg%	Current	10Y Avg
P/E	8.5	6.7	-21.9%	7.2	10.4
P/BV	1.0	0.8	-21.8%	0.8	1.1

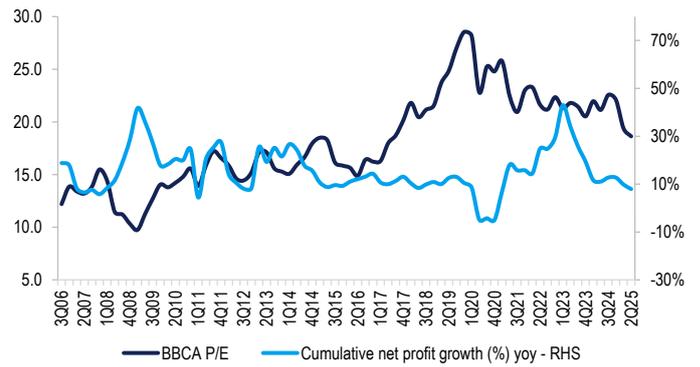
Source: Bloomberg, Company, Indo Premier

**Fig. 7: BBCA P/BV vs. cumulative net profit growth (% yoy)**



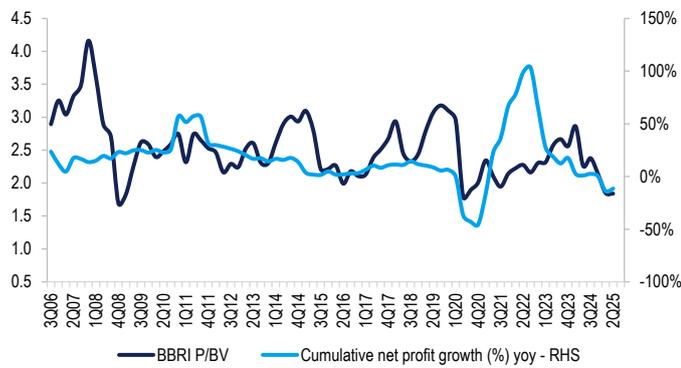
Source: Bloomberg, Company, Indo Premier

**Fig. 8: BBCA P/E vs. cumulative net profit growth (% yoy)**



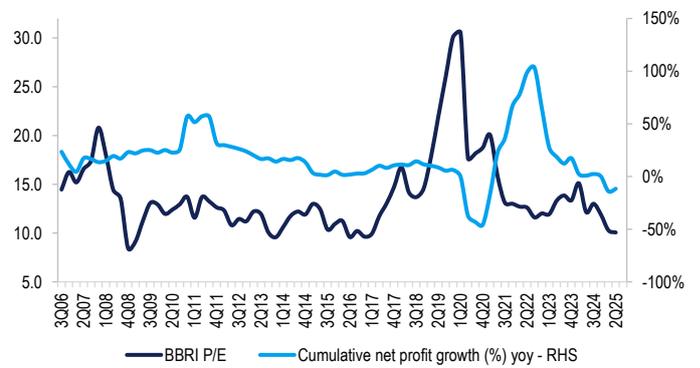
Source: Bloomberg, Company, Indo Premier

**Fig. 9: BBRI P/BV vs. cumulative net profit growth (% yoy)**



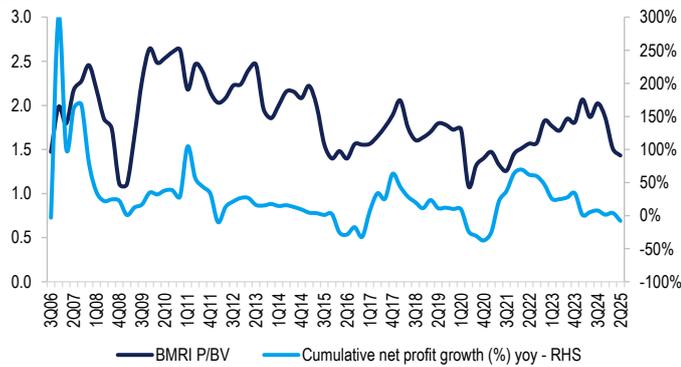
Source: Bloomberg, Company, Indo Premier

**Fig. 10: BBRI P/E vs. cumulative net profit growth (% yoy)**



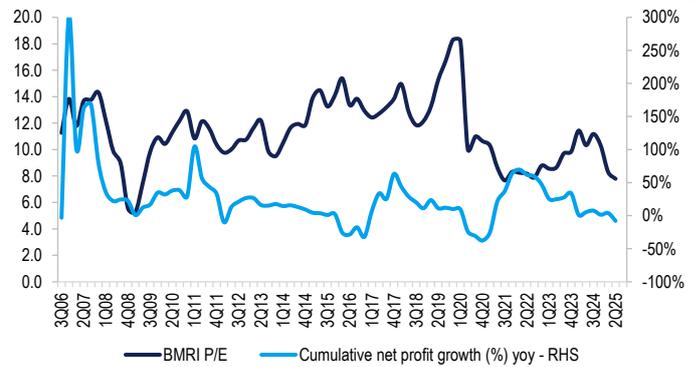
Source: Bloomberg, Company, Indo Premier

**Fig. 11: BMRI P/BV vs. cumulative net profit growth (% yoy)**



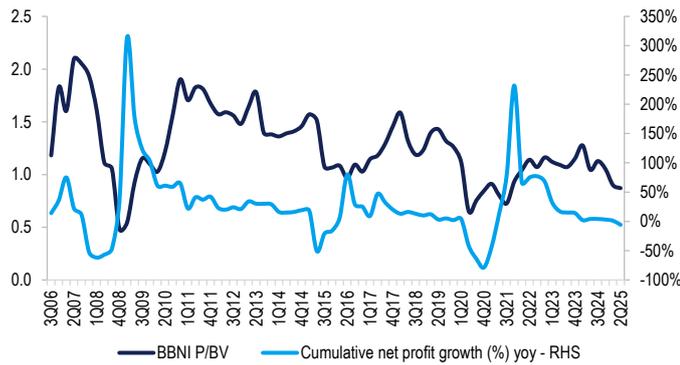
Source: Bloomberg, Company, Indo Premier

**Fig. 12: BMRI P/E vs. cumulative net profit growth (% yoy)**



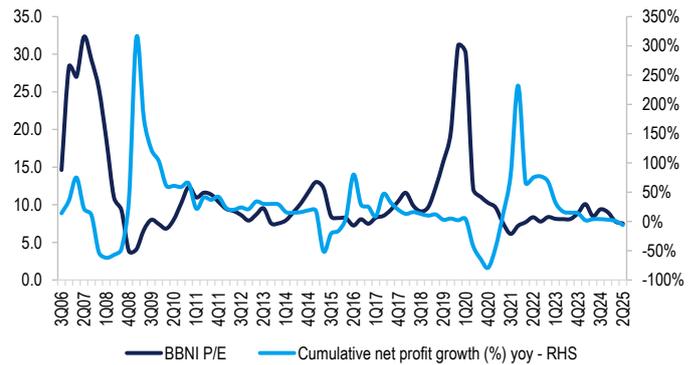
Source: Bloomberg, Company, Indo Premier

**Fig. 13: BBNI P/BV vs. cumulative net profit growth (% yoy)**



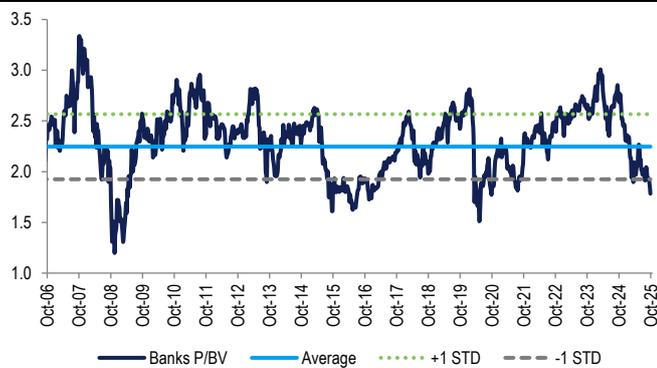
Source: Bloomberg, Company, Indo Premier

**Fig. 14: BBNI P/E vs. cumulative net profit growth (% yoy)**



Source: Bloomberg, Company, Indo Premier

**Fig. 15: Banks' forward P/BV – now trading at 1.8x FY25F P/BV vs. 10-year average of 2.2x P/B**



Source: Bloomberg, Company, Indo Premier

**Fig. 16: Banks' forward P/E – now trading at 10x FY25F P/E vs. 10-year average of 14.6x P/E**



Source: Bloomberg, Company, Indo Premier

**Fig. 17: 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	7.575	10.400	4,3	37%	Buy	16,3	15,0	21,3	3,4	3,1	3,8
BBRI	3.710	4.700	2,1	27%	Buy	9,9	8,8	14,7	1,8	1,7	2,4
BMRI	4.290	6.000	1,7	40%	Buy	7,8	6,7	11,7	1,2	1,1	1,6
BBNI	3.990	4.800	0,9	20%	Buy	7,2	6,6	10,4	0,8	0,8	1,1
BBTN	1.200	1.450	0,6	21%	Buy	5,2	4,7	6,9	0,5	0,4	0,8
BRIS*	2.600	3.500	2,7	35%	Buy	14,8	13,1	15,8	2,3	2,0	2,2

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

Share price closing as of: 07 October 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

## 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.

## DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.