

Bank Rakyat Indonesia

BUY (unchanged)

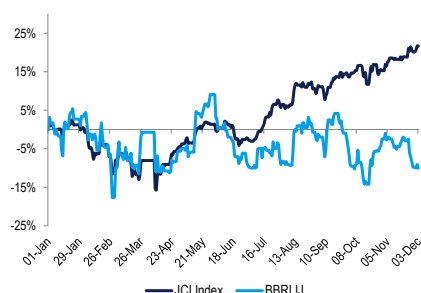
Company Update | Banks | BBRI IJ | 04 December 2025

Stock Data

Target price	Rp4,700
Prior TP	Rp4,700
Current price	Rp3,660
Upside/downside	+28.4%
Shares outstanding (mn)	151,559
Market cap (Rp bn)	556,222
Free float	46%
Avg. 6m daily T/O (Rp bn)	850

Price Performance

	3M	6M	12M
Absolute	-7.3%	-12.6%	-13.4%
Relative to JCI	-17.7%	-34.9%	-33.1%
52w low/high (Rp)	3,360 – 4,450		



Major Shareholders

Republic of Indonesia	53.2%
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Relaxation in KUR scheme may be accretive; caveat is the quota

- Government plans to relax 2026 KUR criteria: 1) no cap on the cycle (previously up to 4x) & 2) no step up interest (up to 9% previously).
- While in hindsight this may look negative for Kupedes (cannibalization), we think this is positive for asset quality and RoRWA/ROE.
- We maintain Buy for BBRI as we think that valuation of 1.7x/8.7x FY26 P/B and P/E shall represent the trough for the stock.

KUR relaxation for 2026

According to Government press release, there will be some relaxation on 2026 KUR: 1) no cap on the cycle (previously KUR is up to 4x cycle for productive and 2x cycle for non-productive i.e. trading) and 2) no step up interest (flat at 6%) – previously KUR interest rate will go up to 7/8/9% for 2nd/3rd/4th cycle respectively. However, we are currently unclear whether this relaxation shall be applicable to all KUR or only for productive KUR (60% of total KUR).

The pessimist will argue that this shall made Kupedes irrelevant

The main concern from this relaxation is that there will be no KUR graduation going forward, which also implies that Kupedes will only be disbursed when the KUR quota runs out. Looking back in 2023, when there is a delay in KUR disbursement (starting in 3Q23) and tightening (cap on max 4 cycle along with step up interest), there was a drop in 2mn KUR customers (to 8.8mn in 2023 from 10.9mn in 2022) and was migrated to Kupedes. This was the start of the current BRI's asset quality problem, in our view. As such, we firmly believe that KUR and Kupedes micro customers are inherently different in repayment capability; and as such, the two products shall be able to coexist with the caveat that the KUR budget doesn't go up significantly (relatively flat yoy growth for KUR ex housing in 2026).

KUR has proven to have better asset quality compared to Kupedes

KUR current gross CoC (excluding recovery from insurance) stood at 3.6% in 9M25 (3.4/3.9% in FY24/9M24), much better than Kupedes gross CoC of 6.8% in 9M25 (6.6/6% in FY24/9M24). This shall offset the differences in effective yield i.e. 18-19% for Kupedes vs. 16% for KUR. Our calculation suggests that KUR's ROA/ROE stood at 2.9%/48% whereas Kupedes's ROA/ROE stood at 4%/32% (fig. 8) - higher KUR ROE is due to lower RWA density. In sum, we believe that growth in KUR for the next 2-3 years is positive given the slower growth in Kupedes from asset quality issue.

Maintain Buy amid bottoming valuation

BBRI currently trades at 1.7x FY26 P/B and 8.7x P/E (vs. 10Y average of P/B of 2.4x and P/E of 14.7x) which we think may have hit the trough especially with minimal earnings revision. Biggest pushback that we receive is that the bank should trade at lower multiple as micro proportion will continue to decline (to 43-45% in 5 years from 47% average in 2022-2024) and replaced by consumer/corporate with lower ROA/ROE; we believe this partly has been priced-in as current valuation has hit -1 s.d. of its 10Y mean. Catalysts for the stock is pick-up in overall low-end purchasing power which shall help both micro loan growth and asset quality. Risks are lower margin from drop in loan yield and sticky CoF; along with worsening asset quality.

Fig. 1: Financial summary

In Rp bn	2023A	2024A	2025F	2026F	2027F
Net interest income	134,390	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)	1.8	1.8	1.7	1.7	1.6
Dividend yield	8.6%	10.1%	9.2%	8.7%	9.8%
ROAE	19.8%	19.3%	17.9%	19.5%	20.1%
IPS vs. consensus			100%	102%	100%

Source: Company, Indo Premier

Share price closing as of: 03 December 2025

KUR relaxation for 2026: no cycle limit with flat interest rate

According to the latest Government press release, there will be some relaxations for 2026 KUR:

1) No cap on the cycle (previously KUR was limited to 4x cycles for productive sectors, i.e. agribusiness, livestock, fishery, and plantation and 2x cycles for non-productive sectors i.e. trading); and

2) No step-up interest (flat at 6%) – previously the KUR interest rate will rise to 7/8/9% for the 2nd/3rd/4th cycle, respectively.

However, it remains unclear whether these relaxations will apply to all KUR or only to productive KUR (60% of total KUR). The adjustment will be effective by next year, with the quota for FY26 KUR set at Rp320tn (up +Rp20tn from Rp300tn in FY25 – this includes KUR housing).

KUR micro quota is allocated at Rp233tn in FY26 (vs. Rp209tn in FY25), while KUR retail quota is reduced to Rp51tn in FY26 (vs. Rp74tn in FY25), with the remaining portion directed to the new KUR housing program at Rp36tn in FY26 (vs. Rp17tn in FY25).

Fig. 2: The previous KUR regulation, introduced in 2023, set the step-up lending rate by up to 9% with the maximum of 4x cycles

Previous KUR regulation in 2023 - 2025:

1. Borrowers must have never had a commercial loan

2. Restrictions on receiving KUR:

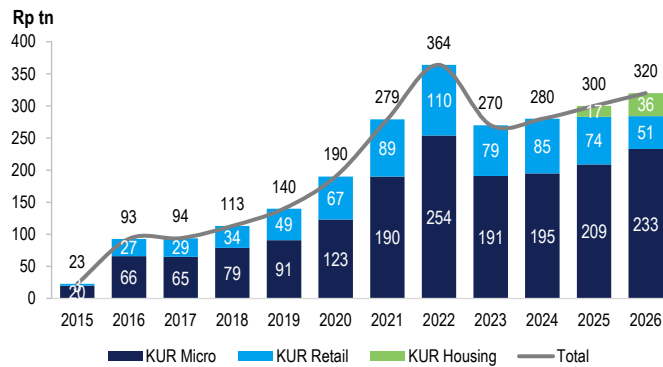
- a) Priority Sectors (Agribusiness, Livestock, Fishery, and Plantation):
 - KUR terms of max 4x (KUR facility is renew able up to 3x); or
 - Micro/ Small KUR: Max loan ceiling accumulation of Rp400mn/Rp500mn, respectively
- b) Other Sectors:
 - KUR terms of max 2x (KUR facility is renew able once); or
 - Micro/ Small KUR: Max loan ceiling accumulation of Rp200 Mn/ Rp500mn, respectively

3. Lending rate charged to borrowers:

- a) KUR Super Micro: 3%
- b) KUR Small and Micro: Step-up lending rate
 - Initial financing: 6%
 - 1st refinancing: 7%
 - 2nd refinancing: 8%
 - 3rd refinancing: 9%

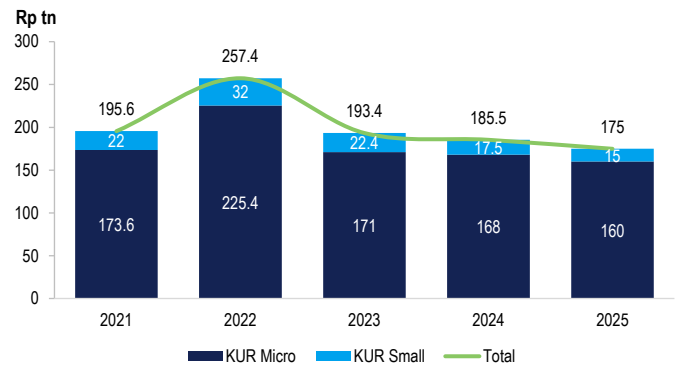
Source: Company, Indo Premier

Fig. 3: National KUR quota is Rp320tn in FY26 vs. Rp300tn in FY25



Source: Coordinating Ministry of Economy, Indo Premier

Fig. 4: BBRI's KUR quota is Rp175tn in FY25 vs. 185.5tn in FY24



Source: Company, Indo Premier

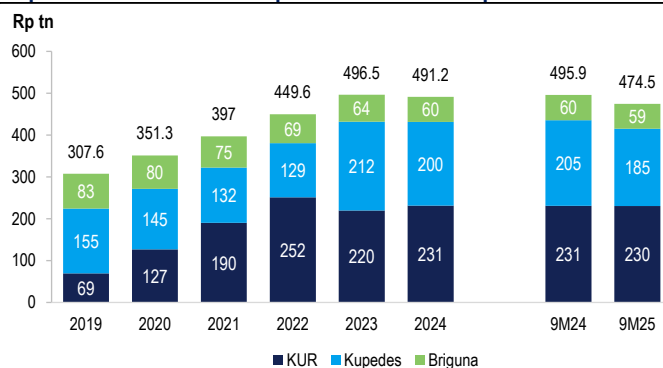
The pessimist will argue that this shall made Kupedes irrelevant

The main concern regarding this relaxation is the absence of KUR graduation going forward, which implies that Kupedes will only be disbursed once the KUR quota runs out. Looking back at 2023, when there was a delay in KUR disbursement (starting in 3Q23) and tightening measures (cap on max 4 cycles along with step-up interest), around 2mn KUR customers dropped (from 10.9mn in 2022 to 8.8mn in 2023) and migrated to Kupedes, which customers increased to 4.7mn in 2023 (from 2.8mn in 2022).

The customer migration coincided with the surge in Kupedes loan outstanding, which sharply rose by +64.3% yoy to Rp212.3tn in FY23 (from Rp129.2tn in FY22). Meanwhile, KUR loan outstanding declined by -12.6% yoy to Rp219.9tn in FY23 (from Rp251.5tn in FY22). Currently, Kupedes proportion to BBRI's micro loan stood at 38.9% in 9M25 (vs. 28.7% before the tightening in FY22). This marked the beginning of BRI's current asset quality issue, in our view.

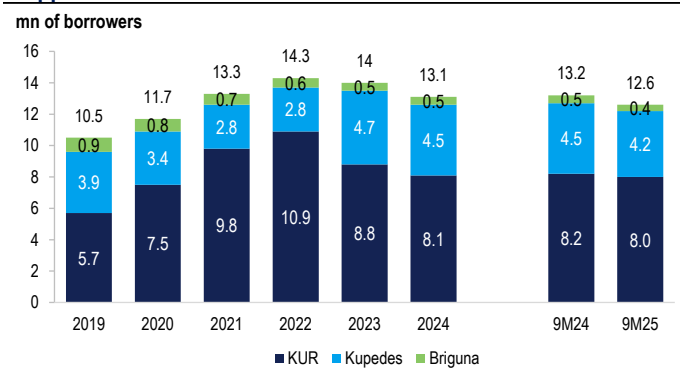
We firmly believe that KUR and Kupedes micro customers are inherently different in repayment capability; therefore, both products should coexist with the caveat that the KUR budget does not increase significantly (flat yoy growth ex housing).

Fig. 5: BBRI's micro loan outstanding – after the KUR tightening, Kupedes loan OS rose to Rp212tn in FY23 vs. Rp129tn in FY22



Source: Company, Indo Premier

Fig. 6: BBRI's micro loan number of borrowers – KUR customers dropped to 8.8mn in FY23 vs. 10.9mn in FY22



Source: Company, Indo Premier

Fig. 7: Kupedes and KUR asset quality & CoC comparison – KUR's CoC stood at 3.6% in 9M25 vs. Kupedes's CoC of 6.8%

Kupedes	2021	2022	2023	2024	9M24	9M25
NPL	2.7%	4.2%	3.0%	4.3%	4.5%	6.8%
LAR	41.1%	27.9%	14.4%	17.7%	18.7%	21.4%
CoC	2.3%	2.1%	5.8%	6.6%	6.0%	6.8%
KUR	2021	2022	2023	2024	9M24	9M25
NPL	1.0%	0.9%	2.4%	2.1%	2.3%	2.3%
LAR	9.8%	8.1%	10.0%	7.2%	8.3%	7.4%
CoC	4.3%	2.9%	4.4%	3.4%	3.9%	3.6%

Source: Company, Indo Premier

KUR has proven to have better asset quality compared to Kupedes

KUR current gross CoC (excluding recovery from insurance) stood at 3.6% in 9M25 (3.4/3.9% in FY24/9M24), which is much better than Kupedes CoC of 6.8% in 9M25 (6.6/6% in FY24/9M24). Concurrently, KUR current NPL was recorded at 2.3% in 9M25 (2.1%/2.3% in FY24/9M24), which is significantly lower than Kupedes NPL of 6.8% in 9M25 (4.3%/4.5% in 2024/9M24).

The difference in CoC should offset the effective yield gap (18-19% for Kupedes vs. 14.25% for KUR). Our calculation indicates that KUR's ROA/ROE stood at 2.9%/48% whereas Kupedes's ROA/ROE stood at 4%/32% – higher KUR ROE is driven by lower RWA density (36.5% vs. Kupedes's 75%). In sum, we expect KUR growth to remain positive in the next 2-3 years given slower growth in Kupedes from lingering asset quality issues.

Fig. 8: Kupedes and KUR calculation – our calculation suggests KUR's ROA/ROE stood at 2.9%/48% vs. Kupedes's ROA/ROE of 4%/32%

Micro loan simulation	Kupedes (old micro)	KUR (with 6% interest rate) - 2020
Interest rate on borrow er	18.0%	6.0%
Subsidy for BBRI	0.0%	10.0%
Total interest rate	18.0%	16.0%
Insurance premium	0.0%	1.75%
Effective yield	18.0%	14.25%
CoF	3.6%	3.6%
Opex	6.0%	6.0%
Net CoC (after recovery/insurance)	3.4%	1.1%
Total cost	13.0%	10.7%
Pre tax RoA	5.0%	3.6%
RoA	4.0%	2.9%
RoRWA	5.3%	7.9%
RoE	32.3%	47.8%

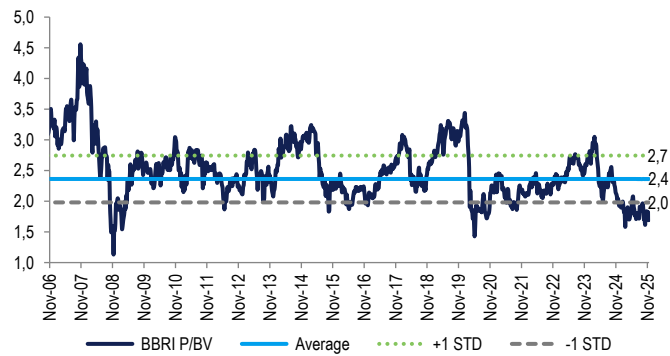
Source: Company, Indo Premier

Net CoC is under assumption 50% recovery rate for Kupedes and 70% insurance for KUR

KUR has 36.5% RWA vs. Kupedes's 75% - this result in higher RoRWA/ROE for KUR

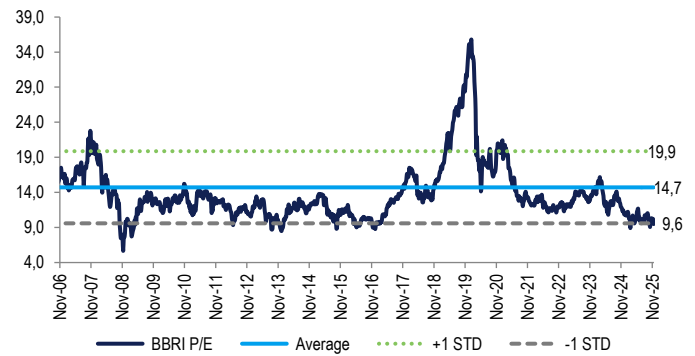
ROE is calculated using 6.1x leverage assumption

Fig. 9: BBRI's P/BV – now trading at 1.7x FY26F P/BV vs. 10-year average of 2.4x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 10: BBRI's P/E – now trading at 8.7x FY26F P/E vs. 10-year average of 14.7x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 11: 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	8.300	10.400	4,3	25%	Buy	17,9	16,4	21,3	3,7	3,4	3,8
BBRI	3.660	4.700	2,1	28%	Buy	9,8	8,7	14,7	1,7	1,7	2,4
BMRI	4.880	6.000	1,7	23%	Buy	8,9	7,6	11,7	1,4	1,3	1,6
BBNI	4.260	4.800	0,9	13%	Buy	7,7	7,1	10,4	0,9	0,8	1,1
BBTN	1.180	1.450	0,6	23%	Buy	5,1	4,7	6,9	0,5	0,4	0,8
BRIS*	2.340	2.700	2,1	15%	Buy	14,4	12,8	16,0	2,1	1,8	2,2

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

Share price closing as of: 03 December 2025

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Interest income	178,202	198,348	203,437	217,259	231,624
Interest expense	(43,813)	(57,209)	(58,519)	(61,541)	(65,212)
Net interest income	134,390	141,139	144,919	155,718	166,412
Non-interest income	54,564	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	1,211,421	1,348,207	1,439,774	1,583,914	1,742,483
Loan provisions	(81,018)	(80,898)	(78,276)	(84,830)	(92,039)
Other assets	248,941	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%	11.3%	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%	5.0%	2.7%	7.5%	6.9%
Non-interest income	15.2%	34.4%	-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	8.2%	8.2%	8.1%	8.2%	8.2%
Credit cost	2.6%	3.0%	3.0%	2.8%	2.8%
Cost/income	44.2%	46.2%	45.8%	45.3%	44.3%
LDR	88.6%	98.3%	98.1%	99.3%	100.6%
CAR	27.3%	26.6%	25.0%	24.6%	24.0%
NPL ratio	2.8%	2.4%	2.3%	2.2%	2.2%
Provisions/NPL	241.7%	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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