INDOPREMIER

Bank Rakyat Indonesia

BUY *(unchanged)*

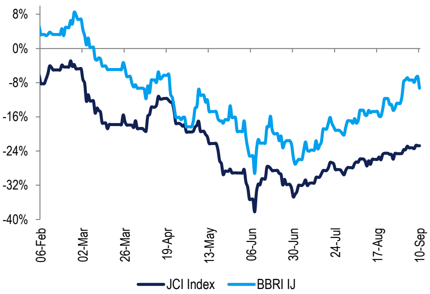
Company Update | Banks | BBRI IJ | 11 September 2026

Stock Data

Target price	**Rp4,600**
Prior TP	*Rp4,600*
Current price	Rp3,320
Upside/downside	*+38.6%*
Shares outstanding (mn)	151,559
Market cap (Rp bn)	503,176
Free float	45%
Avg. 6m daily T/O (Rp bn)	795

Price Performance

	3M	6M	12M
Absolute	15.3%	-7.3%	-14.4%
Relative to JCI	2.1%	2.4%	-1.2%
52w low/high (Rp)		2,590 – 4,250	



Major Shareholders

Republic of Indonesia	53.2%

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Turnaround in micro asset quality

- We recently met with BRI's risk director to discuss its overall asset quality. Vintage and net downgrade for Kupedes has improved.
- It expects overall FY26F CoC to be at lower end of guidance (<3%) vs. 3.1% in 1H26. It also expects FY27 CoC to be 15-25bp lower than FY26.
- Given the positive trend on asset quality, we expect Kupedes to start growing again next year. BRI is our top pick.

Change in Kupedes's business process has started to bear fruits

Our biggesst question was whether the improvement in Kupedes due to better business process or improving economic condition. The answer was the former as since 2023 there were multiple changes/improvement that have been implemented: 1) previously micro risk was under micro director not risk director; this has been changed in 2024. 2) Deterioration in asset quality was easily masked by paying-off existing loan, then the same customer can apply for new loan again; this has been changed which now only allow one loan account/customer. 3) Change in KPI for micro loan officer; before 2024, the bonus is contingent to volume target, now the main determinant for bonus was 6 months on book loan quality (with >1% SML threshold) and 4) lastly, the addition of field collection officer of 4,400 people (16% addition from 26-27k mantri) which specifically handles collection – this is important, as before the collection was handled by mantri/micro loan officer.

Both vintage to SML and net micro downgrade to NPL have improved

The changes in business process has resulted in both better vintage (downgrade to SML) and net micro downgrade. 6MoB vintage analysis downgrade to SML for 2025 Kupedes disbursement has fallen to average of 3.4% vs. 5% for 2024 disbursement and 6.3% for 2023 disbursement. Whereas net micro downgrade to NPL has fallen to Rp1.7tr/month in 2Q26 vs. Rp1.9tr in 1Q26 and peak of Rp3.5tr in 1Q25. It expects downgrade to fall to Rp1.5tr in 3Q. At the same time, PNM CoC has fallen to 3.6% in 1H26 from 6-7% in FY24-25. In sum, it expects FY26F CoC to be at the lower end of guidance (<3%) vs. 3.1% in 1H26. For FY27F, assuming there is no further deterioration in macro, overall CoC is expected to improve by 15-25bp.

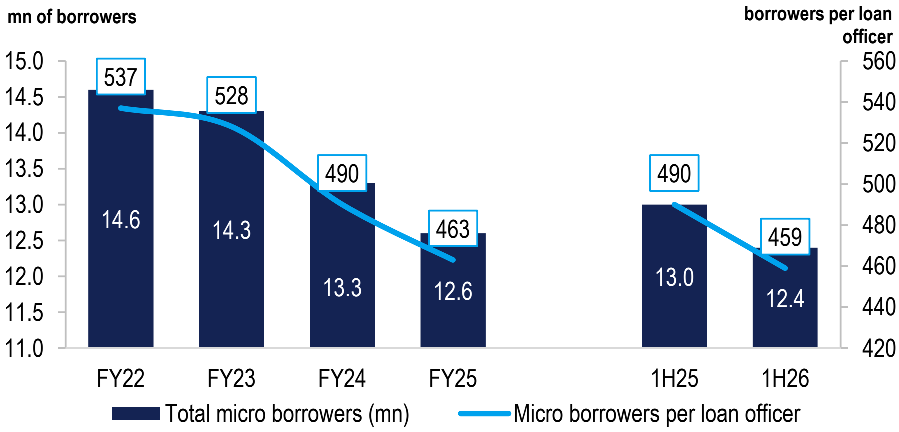
Stabilizing asset quality will allow Kupedes to start growing again next year; BRI is our top pick

After posting 3 years of negative growth (FY23-1H26 Kupedes CAGR of -12%), we expect Kupedes to grow again next year at mid-single digit. This shall also alleviate the concern on NIM/ROE compression from expansion in corporate (corporate FY23-1H26 CAGR of +34%) – note that most of its expansion in corporate loan is short-term in nature. Valuation also remains attractive at 1.5x P/B and 8.4x P/E vs. its 10Y average of 2.3x and 14.1x. Whereas foreign fund ownership has fallen to 13% in Aug26 from 18-19% in FY21-23 (fig. 10).

Financial Summary (Rp bn)	2024A	2025A	2026F	2027F	2028F
Net interest income	141,740	148,402	163,102	173,624	184,024
PPOP	116,377	119,430	127,348	136,818	145,033
Provision charges	(38,161)	(46,182)	(50,612)	(51,695)	(51,652)
Net profit	59,945	56,652	59,610	66,160	72,601
P/BV (x)	1.6	1.6	1.5	1.5	1.4
Dividend yield	11.1%	10.3%	10.4%	10.9%	12.1%
ROAE	19.2%	17.7%	18.1%	19.4%	20.4%
IPS vs. consensus			101%	104%	103%

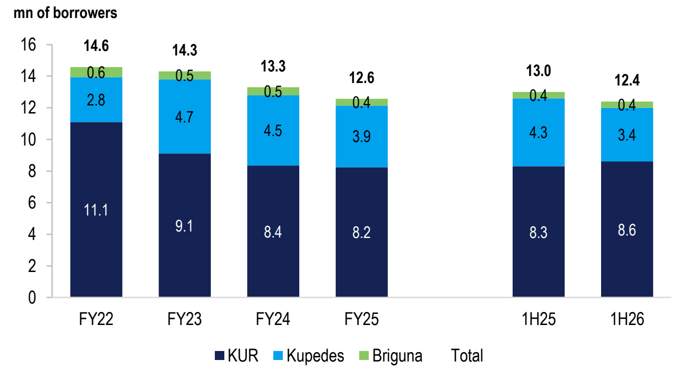
Source: Company, Indo Premier *Share price closing as of: 10 September 2026*

Fig. 1: 12.4mn micro borrowers handled by 27k loan officers in 1H26



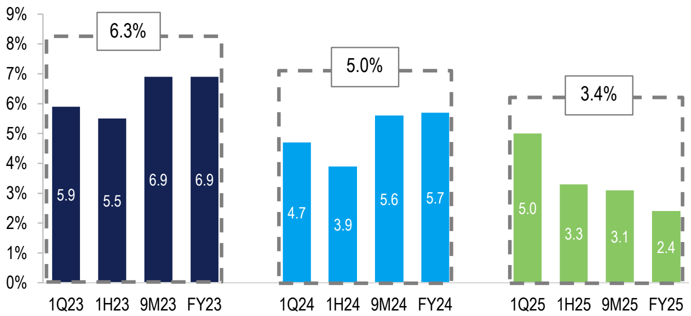
Source: Bloomberg, Indo Premier

Fig. 2: Micro loan borrowers by product



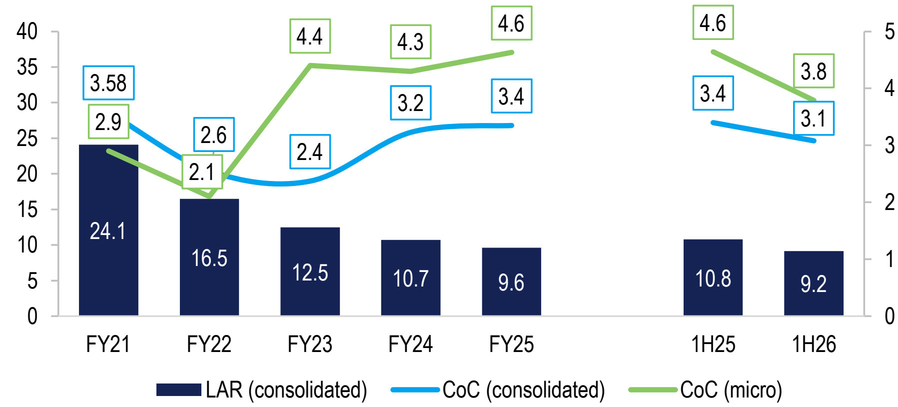
Source: Company, Indo Premier

Fig. 3: 6MoB vintage trend: average downgrade to SML for Kupedes



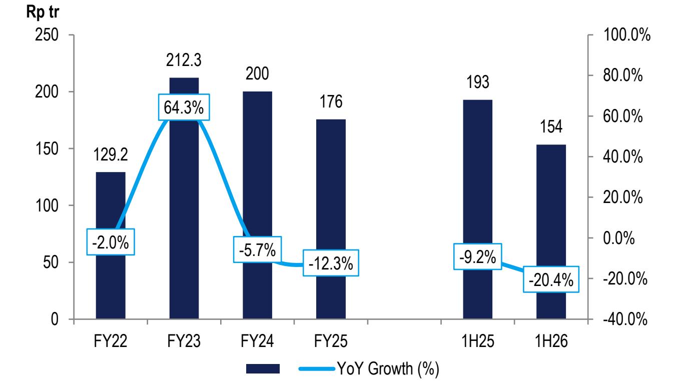
Source: Company, Indo Premier

Fig. 4: LAR and CoC trend



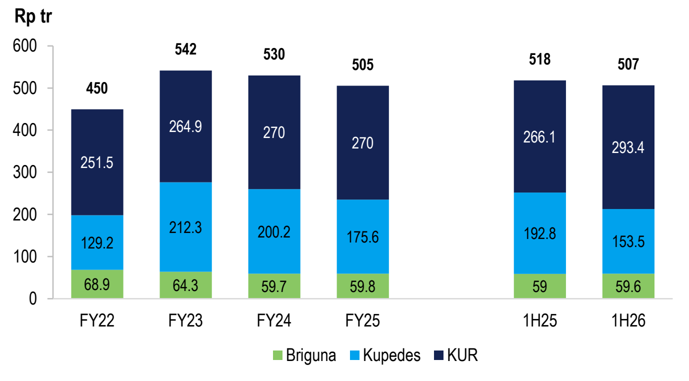
Source: Bloomberg, Indo Premier

Fig. 5: Kupedes loan outstanding has declined since 2024



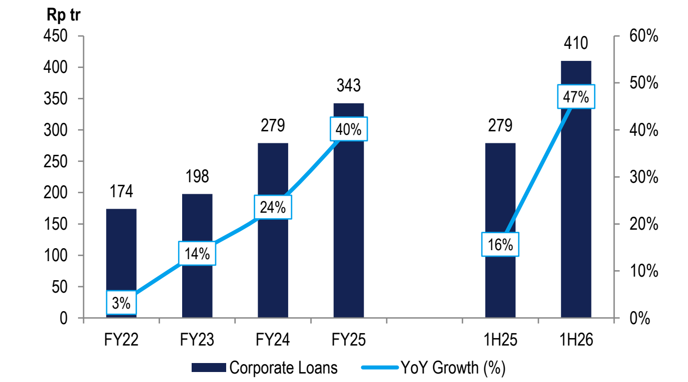
Source: Company, Indo Premier

Fig. 6: BBRI's micro loan outstanding by product



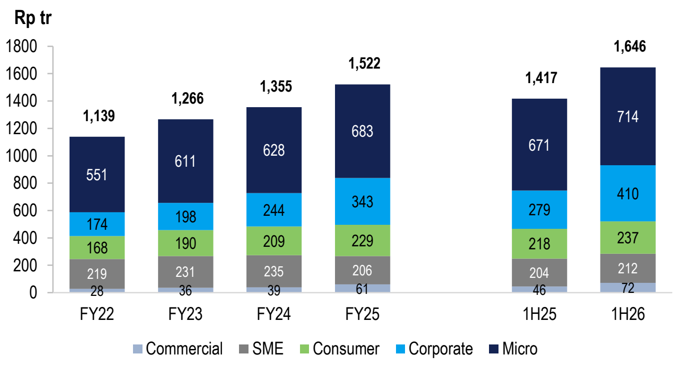
Source: Company, Indo Premier

Fig. 7: BBRI's corporate loan growth (yoy)



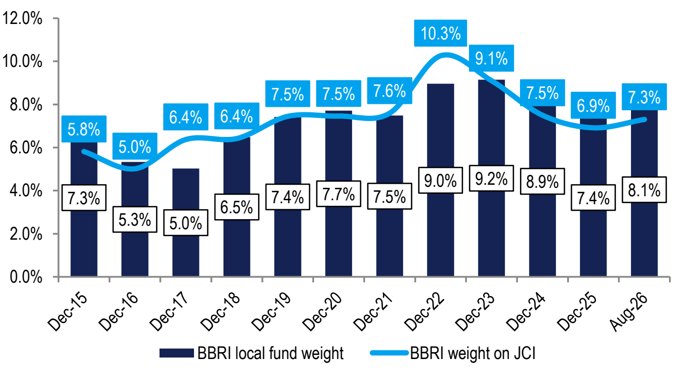
Source: Company, Indo Premier

Fig. 8: BBRI's loan portfolio by segment



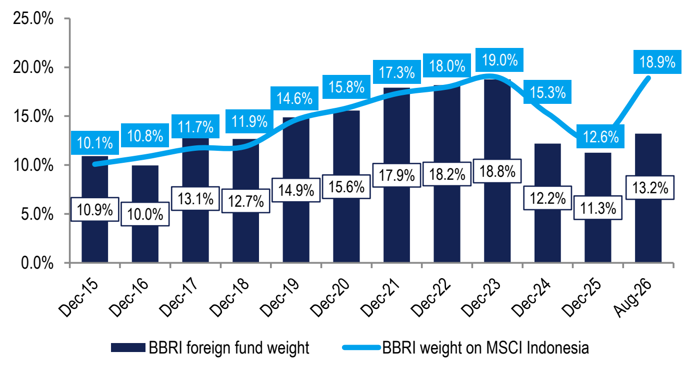
Source: Company, Indo Premier

Fig. 9: BBRI's local fund weight vs. JCI



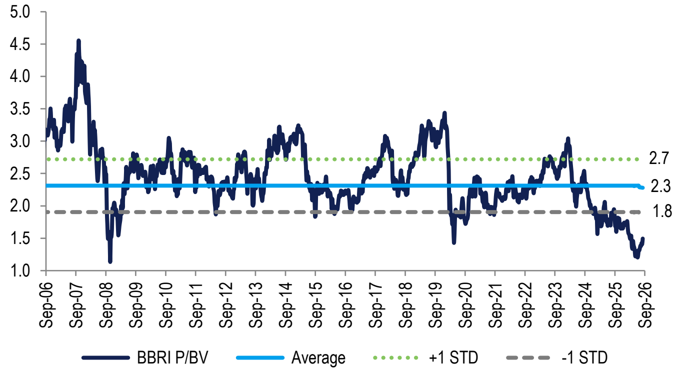
Source: Bloomberg, KSEI, Indo Premier

Fig. 10: BBRI's foreign fund weight vs. MSCI



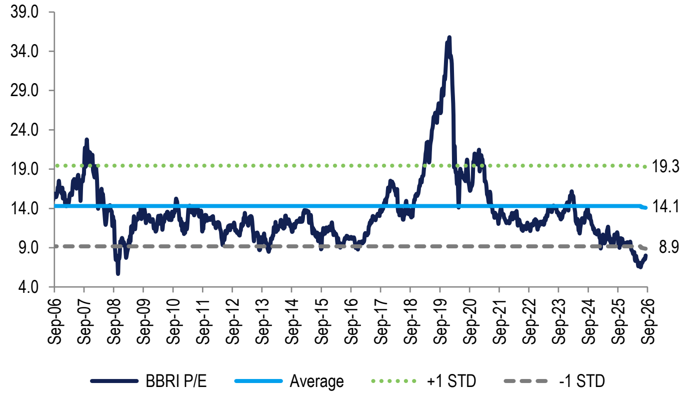
Source: Bloomberg, MSCI, Indo Premier

Fig. 11: BBRI's P/BV – now trading at 1.5x FY26F P/BV vs. 10-year average of 2.3x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 12: BBRI's P/E – now trading at 8.4x FY22F P/E vs. 10-year average of 14.1x 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)		
						FY26F	FY27F	10Y Avg	FY26F	FY27F	10Y Avg
BBCA	6,425	8,700	3.7	35%	Buy	13.0	11.9	20.6	2.7	2.5	3.7
BBRI	3,320	4,600	2.3	39%	Buy	8.4	7.6	14.1	1.5	1.5	2.3
BMRI	4,370	6,400	1.7	46%	Buy	6.8	6.1	11.2	1.2	1.1	1.6
BBNI	3,800	5,200	1.0	37%	Buy	6.7	6.1	10.1	0.8	0.7	1.1
BBTN	1,210	1,900	0.7	57%	Buy	4.2	3.6	6.6	0.4	0.4	0.8
BRIS*	1,755	2,900	2.2	65%	Buy	9.4	8.1	15.2	1.4	1.2	2.1

Source: Bloomberg, Company, Indo Premier *Share price closing as of: 10 September 2026*
**4Y avg*

Income Statement (Rp bn)	2024A	2025A	2026F	2027F	2028F
Interest income	198,348	205,687	224,086	238,585	252,332
Interest expense	(56,608)	(57,285)	(60,984)	(64,961)	(68,308)
Net interest income	**141,740**	**148,402**	**163,102**	**173,624**	**184,024**
Non-interest income	56,534	59,475	60,044	62,538	66,317
Total operating income	**198,274**	**207,877**	**223,146**	**236,162**	**250,341**
Opex	(81,897)	(88,447)	(95,798)	(99,344)	(105,308)
PPOP	**116,377**	**119,430**	**127,348**	**136,818**	**145,033**
Provisions	(38,161)	(46,182)	(50,612)	(51,695)	(51,652)
Operating profit	**78,216**	**73,248**	**76,736**	**85,123**	**93,381**
Non-operating profit	(964)	(455)	(497)	(542)	(591)
Pre-tax profit	**77,252**	**72,793**	**76,240**	**84,582**	**92,789**
Income tax	(16,946)	(15,660)	(16,115)	(17,876)	(19,610)
Minority interest	(362)	(480)	(515)	(545)	(578)
Net profit	**59,945**	**56,652**	**59,610**	**66,160**	**72,601**

Balance Sheet (Rp bn)	2024A	2025A	2026F	2027F	2028F
Cash + CA with BI	118,663	63,974	65,665	71,121	72,560
Secondary reserves	426,771	436,156	423,171	410,476	394,057
Gross loans	1,348,207	1,517,080	1,652,030	1,800,713	1,962,777
Loan provisions	(80,898)	(82,894)	(90,301)	(113,147)	(133,152)
Other assets	179,444	201,055	211,442	232,587	255,845
Total Assets	**1,992,187**	**2,135,371**	**2,262,007**	**2,401,749**	**2,552,087**
Total deposits	1,371,332	1,475,012	1,590,688	1,715,455	1,850,029
Securities and borrowings	169,180	179,521	179,521	179,521	179,521
Other liabilities	128,360	149,897	149,897	149,897	149,897
Total liabilities	1,668,872	1,804,430	1,920,105	2,044,872	2,179,446
Shareholders' equity	323,315	330,941	341,902	356,877	372,641
Total liabilities & equity	**1,992,187**	**2,135,371**	**2,262,007**	**2,401,749**	**2,552,087**

Growth YoY	2024A	2025A	2026F	2027F	2028F
Gross loans	11.3%	12.5%	8.9%	9.0%	9.0%
Total assets	1.4%	7.2%	5.9%	6.2%	6.3%
Total deposits	0.3%	7.6%	7.8%	7.8%	7.8%
Net interest income	5.5%	4.7%	9.9%	6.5%	6.0%
Non-interest income	-0.1%	5.2%	1.0%	4.2%	6.0%
Total operating income	3.8%	4.8%	7.3%	5.8%	6.0%
Operating expense	-3.0%	8.0%	8.3%	3.7%	6.0%
PPOP	9.3%	2.6%	6.6%	7.4%	6.0%
Net profit	-0.3%	-5.5%	5.2%	11.0%	9.7%

Key Ratios	2024A	2025A	2026F	2027F	2028F
ROAA	3.0%	2.7%	2.7%	2.8%	2.9%
ROAE	19.0%	17.5%	17.9%	19.1%	20.1%
NIM	8.2%	8.0%	8.2%	8.2%	8.2%
Credit cost	3.0%	3.2%	3.2%	3.0%	2.7%
Cost/income	41.3%	42.5%	42.9%	42.1%	42.1%
LDR	98.3%	102.9%	103.9%	105.0%	106.1%
CAR	26.6%	23.5%	23.9%	23.4%	22.9%
NPL ratio	2.7%	3.0%	3.1%	3.2%	3.3%
Provisions/NPL	223.5%	184.4%	174.5%	195.6%	206.5%

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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