KSI Research

BBRI Equity Update

PT Bank Rakyat Indonesia (Persero) Tbk (BBRI)

Navigating Headwinds: BBRI Maintains Resilience with Healthy Loan Growth & Dividend Potential

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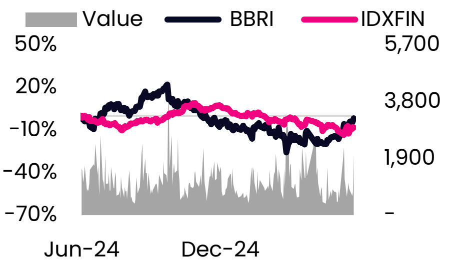
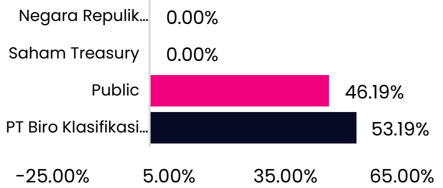
Stock Rate	**Overweight**
Industry	Neutral
Fair Value	**IDR 4,720**
vs. Last Price	8.51%
Stock Data	
Ticker Code	BBRI
Sub Sector	Banks
Sector	Financial
Market Cap (IDR.Tn)	660.79
Shares Issued (Bn)	151.56
AVG 3M Turnover (IDR Bn)	1,091

Price (IDR)

Price Performance, 1Y (%) Turnover (Bn)



Shareholders Composition



ESG Rating	**73.49**
Environmental	6
Social	9
Governance	4

Source: Bloomberg

Earnings Under Pressure Despite Revenue Growth

In 1Q25, BBRI recorded total revenue of IDR 45,388 billion, rising +5.4% QoQ and +1.4% YoY. However, interest expenses decreased slightly to IDR 13,987 billion, down -1.3% QoQ and -1.0% YoY, which contributed to a slight drop in net interest income to IDR 35,852 billion (-1.2% QoQ; +0.3% YoY). On the bottom line, BBRI's net profit stood at IDR 13,673 billion, falling -9.4% QoQ and -13.3% YoY, reflecting increasing cost pressures and higher provisioning expenses.

Robust Credit Expansion Drives Asset Growth

BBRI's outstanding loans increased to IDR 1,425 trillion, up +2.2% QoQ and +3.9% YoY, signaling resilient credit expansion amid market uncertainties. Total assets rose to IDR 2,098 trillion, posting +5.3% QoQ and +5.5% YoY growth. Third-party funds (TPF) reached IDR 1,421 trillion, supported by a strong increase in low-cost funding such as savings and current accounts. Meanwhile, shareholders' equity strengthened to IDR 306 trillion, indicating solid internal capital retention.

Margins and Efficiency Remain Key Challenges

BBRI's Net Interest Margin (NIM) declined to 7.7% in 1Q25, down from 8.00% in 1Q24 but still better than 4Q24 at 7.5%, mainly due to a higher Cost of Funds (CoF), which rose to 3.35%. On the positive side, the CASA ratio improved to 65.80%, supported by a 10.5% YoY growth in current accounts. However, operational efficiency faced pressure, with the Cost-to-Income Ratio (CIR) rising to 38.68%. Loan-to-Deposit Ratio (LDR) increased to 86.00%, while Non-Performing Loans (NPL) remained stable at 3.00%, indicating preserved asset quality amid external challenges.

Key Takeaways:

- Loan Growth: Aiming for 7–9% year-over-year (YoY) increase, focusing on consumer segments (e.g., payroll and mortgage) and small to medium enterprises (SMEs) with ticket sizes between Rp5–500 billion.
- Net Interest Margin (NIM): Projected to be within the 7.3% to 7.9% range, contingent on further interest rate cuts this year.
    - *2025F projections focus on financing portfolio optimization and digital efficiency to maintain margin at around 8.00%.*
- Non-Performing Loans (NPL): Targeted to remain below 3%, reflecting a commitment to maintaining asset quality.
- Cost-to-Income Ratio (CIR): Aimed to be maintained within the 41%–42% range, indicating operational efficiency.
- Dividend Payout Ratio: Management has guided a potential payout ratio exceeding 85%, offering an attractive dividend yield of 7.9% in 2025.

Recommendation "Overweight"

Based on blended valuation (DDM/Relative Valuation PE & PBV) and future prospects, we calculate the fair value of BBRI for a 12month target at IDR 4,720 per share. This price reflects a P/E of 11.02x and a PBV of 2.13x. The last price (IDR 4,350) is reflected to PE of 11.69x and PBV of 2.13x. Downside risks: *credit risk, liquidity risk, operational risk, and government policy (interest Rate)*

Financial Highlight

End Dec (IDR Bn)	2022	2023	2024	2025F	2026F	2027F
Op. Income	161,652	166,476	174,388	184,128	193,206	199,365
PPOP	64,306	76,829	78,578	82,967	88,023	91,826
Profit bfr Tax	64,355	76,305	77,511	82,114	87,128	90,903
Net Income	51,408	60,425	60,644	64,935	68,853	71,836
EPS (IDR Full)	339	399	400	428	454	474
DPS (IDR Full)	287	319	343	358	379	396
BVPS (IDR Full)	1,975	2,054	2,092	2,219	2,294	2,372
Dvnd Yield (%)	5.8%	5.6%	8.4%	9.5%	10.0%	10.5%
ROE (%)	17%	19%	19%	19%	20%	20%
PBV (x)	2.50x	2.79x	1.95x	1.70x	1.65x	1.59x
PER (x)	14.56x	14.36x	10.20x	8.82x	8.32x	7.98x

Source: Company and KSI Research

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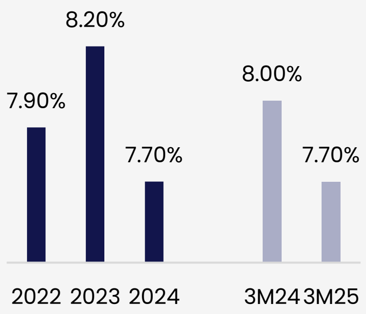
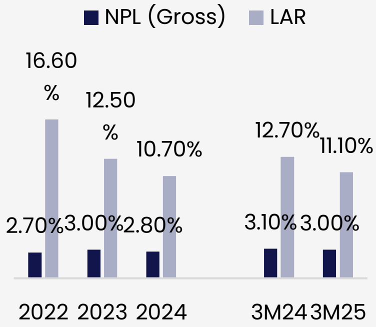
Weakening Profitability



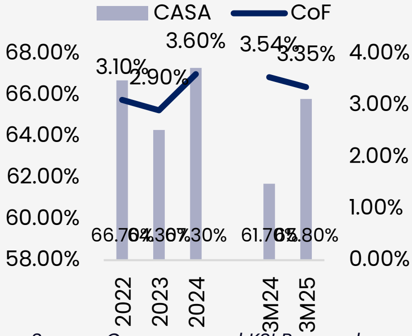
Source: Company and KSI Research

Credit Risk Has Been Improving



Source: Company and KSI Research

CASA vs CoF



Source: Company and KSI Research

Key Ratios Summary (3M2025 Update)

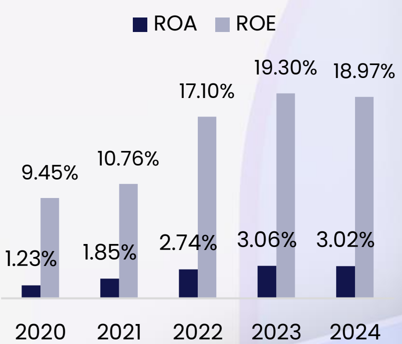
Profitability & Net Income:
NIM declined from 8.15% (FY23) to 7.74% (FY24) due to higher cost of funds (CoF: 2.91% → 3.56%), but remained competitive. In 1Q25, NIM was stable at 7.70%, a slight increase from 4Q24 (7.50%). 2025F projections focus on financing portfolio optimization and digital efficiency to maintain margin at around 8.00%.

Asset Quality & Risk:
NPLs improved from 2.95% (FY23) to 2.78% (FY24), reflecting tight risk management. In 1Q25, NPLs rose to 3.00%, indicating potential asset stress as economic conditions remain volatile. This trend needs to be watched going forward, although medium-term projections remain moderate (2.80-3.00%).

Liquidity & Funding:
LDR jumped to 99.21% (FY24) from 93.23% (FY23), indicating lending aggressiveness, supported by an increase in CASA (64.35% → 67.30%). In 1Q25, LDR rose to 86.00% (from 83.30% in 1Q24), while CASA fell slightly to 65.80%. The decline in LAR from 12.47% (FY23) to 10.70% (FY24), and to 11.10% in 1Q25 indicates that financing quality is still maintained. However, the increase in CoF from 2.75% to 3.35% needs to be anticipated through the strengthening of deposits and interest expense efficiency.

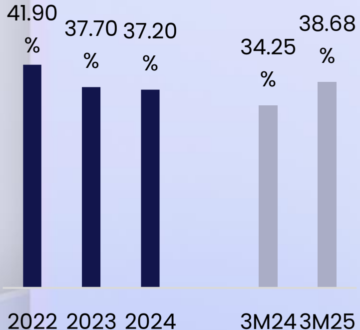
Operational Efficiency:
CIR edged down to 37.22% (FY24) from 37.74% (FY23), driven by digitization. In 1Q25, CIR rose to 38.68% (vs 4Q24: 37.26%), signaling short-term operational pressure. However, the efficiency trend is expected to continue in 2025 as digital transformation accelerates.

ROA vs ROE



Source: Company and KSI Research

CIR Trend Reverses



Source: Company and KSI Research

Financial Exhibits

Result 3M2025

IDR Bn	FY23	FY24	yoy	Quarters					KSI Forecast		
				1Q24	4Q24	1Q25	qoq	yoy	2025	2026	2027
Nim (%)	8.15%	7.74%		8.00%	7.50%	7.70%			8.00%	7.98%	8.23%
LDR (%)	93.23%	99.21%		83.30%	88.90%	86.00%			100.56%	99.18%	98.07%
NPL (%)	2.95%	2.78%		3.10%	2.80%	3.00%			2.80%	2.90%	3.00%
CIR (%)	37.74%	37.22%		34.25%	37.26%	38.68%			37.22%	37.74%	37.22%
CASA (%)	64.35%	67.30%		61.70%	67.30%	65.80%			66.95%	67.37%	67.80%
LAR (%)	12.47%	10.70%		12.70%	10.70%	11.10%			11.00%	10.50%	10.60%
CoF (%)	2.91%	3.56%		3.54%	2.75%	3.35%			3.10%	2.91%	3.56%
Revenue	**166,476**	**174,388**	**4.8%**	**44,749**	**43,050**	**45,388**	**5.4%**	**1.4%**	**184,128**	**193,206**	**199,365**
Total Interest Income	178,996	199,266	11.3%	50,075	50,474	49,838	1.3%	0.5%	210,027	202,897	209,389
Total Interest Expense	43,813	57,209	30.6%	14,123	14,173	13,987	1.3%	1.0%	60,642	46,171	48,329
Net Interest Income	**135,184**	**142,057**	**5.1%**	**35,952**	**36,301**	**35,852**	**1.2%**	**0.3%**	**149,385**	**156,726**	**161,061**
Operating profit	**76,829**	**78,578**	**2.3%**	**20,034**	**20,533**	**17,622**	**14.2%**	**12.0%**	**82,967**	**88,023**	**91,826**
Income before tax	**76,305**	**77,511**	**1.6%**	**19,924**	**19,560**	**17,383**	**11.1%**	**12.8%**	**82,114**	**87,128**	**90,903**
Tax expenses	**16,005**	**16,955**	**5.9%**	**3,942**	**4,329**	**3,578**	**17.3%**	**9.2%**	**17,223**	**18,275**	**19,067**
Net income	**60,100**	**60,155**	**0.1%**	**15,886**	**15,090**	**13,673**	**9.4%**	**13.9%**	**64,935**	**68,853**	**71,836**
EPS (Full IDR)	398.69	400.13	0.4%	105.00	100.17	91.00	9.2%	13.3%	428.44	454.30	473.98
Net Loans	**1,232,499**	**1,313,159**	**6.5%**	**1,371,541**	**1,394,222**	**1,425,001**	**2.2%**	**3.9%**	**1,339,289**	**1,382,146**	**1,430,521**
Assets	**1,965,007**	**1,992,983**	**1.4%**	**1,989,074**	**1,992,983**	**2,098,229**	**5.3%**	**5.5%**	**2,102,138**	**2,193,464**	**2,286,790**
Demand Deposits	346,124	374,554	8.2%	354,386	374,554	**391,613**	4.6%	10.5%	404,519	436,880	471,831
Interest Bearing Deposits	1,012,204	990,896	2.1%	1,061,828	990,896	1,029,987	3.9%	3.0%	1,023,575	1,057,332	1,092,202
Saving Deposits	527,946	544,427	3.1%	518,912	544,427	543,337	0.2%	4.7%	551,535	569,725	588,514
Time Deposits	484,259	446,469	7.8%	542,916	446,469	486,650	9.0%	10.4%	472,039	487,607	503,688
Total Deposits	1,358,329	1,365,450	**0.5%**	**1,416,213**	**1,365,450**	**1,421,600**	**4.1%**	**0.4%**	1,428,093	1,494,212	1,564,032
Total Liabilities	**1,648,535**	**1,669,794**	**1.3%**	**1,690,175**	**1,669,794**	**1,792,375**	**7.3%**	**6.0%**	**1,765,890**	**1,845,841**	**1,927,297**
Total Equity	**316,472**	**323,189**	**2.1%**	**298,899**	**323,189**	**305,854**	**5.4%**	**2.3%**	**336,248**	**347,624**	**359,492**
BVPS (Full IDR)	2,054.41	2,092.21	1.8%	1,943.07	2,104.85	1,988.70	5.5%	2.3%	2,218.59	2,293.65	2,371.96

Source: Company and KSI Research

Valuation for BBRI

We calculate the valuation of PT Bank Rakyat Indonesia Tbk (BBRI) with a target price of IDR 4,720 per share (based on valuation method b with DDM & PBV, which reflects a PER of 8.82X in 2025F and a PER of 8.32x in 2026F. Meanwhile, in terms of PBV, the stock reflects a PBV of 1.70x at 2025F and 1.65x at 2026F. The last price (4,350) was trading at a PE of 11.69x and PBV of 2.13x, still below the 5y avg PE & PBV (at PE 15.2x & PBV 2.8x).

DDM (IDR Bn)	2024	2025F	2026F	2027F	2028F	2029F
Dividend Per Share (Rp)	343	358	379	396	409	426
Perpetuity value (Rp)						4,160
Discount rate	16.9%	16.9%	16.9%	16.9%	16.9%	16.9%
Year	1	2	3	4	5	6
Discount factor	0.86	0.73	0.63	0.54	0.46	0.39
PV of Dividend & Terminal Value, Rp	294	262	238	212	188	1,802

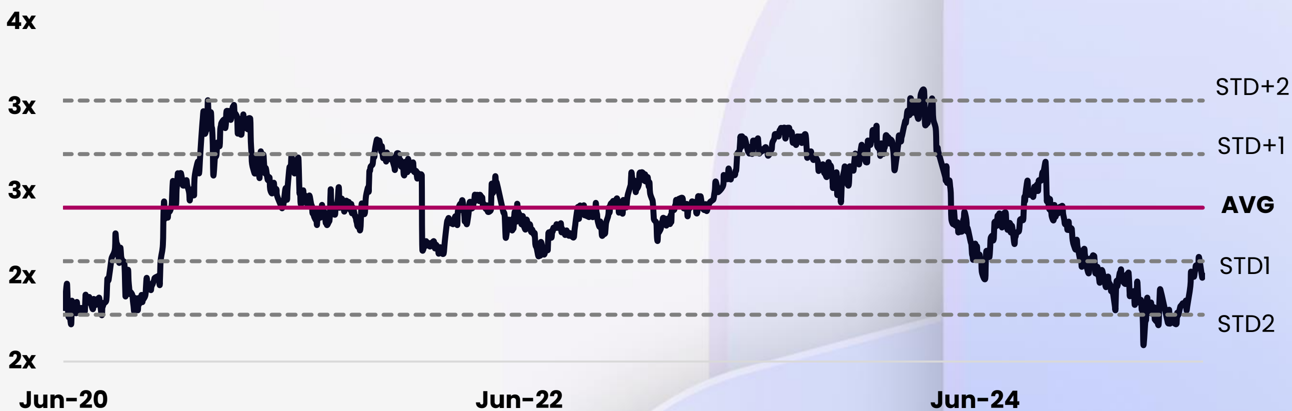
Multiple Valuation	Base Amount	Target Multiple	Value	Weight (%)	The Value of the firm
DDM	453,960	1.0	453,960	40%	181,584
PBV	336,248	2.4	806,995	30%	242,098
PE	64,935	15.0	974,018	30%	292,205
			Total Value (Bn)		715,888
			Share (Bn)		152
			Target Price (IDR)		4,720
			Current Price		4,350
			Potential Upside (%)		8.51%

Source: Company and KSI Research

Historical PBV – 5Y

Source : Bloomberg & KSI Research

Historical PE – 5Y



Source : Bloomberg & KSI Research

Financial Highlight (IDR Bn)

Income Statement	2022	2023	2024	2025F	2026F	2027F
Revenue	**161,652**	**166,476**	**174,388**	**184,128**	**193,206**	**199,365**
Total Interest Income	*151,875*	*178,996*	*199,266*	*210,027*	*202,897*	*209,389*
Total Interest Expense	*27,278*	*43,813*	*57,209*	*60,642*	*46,171*	*48,329*
Net Interest Income	***124,597***	***135,184***	***142,057***	***149,385***	***156,726***	***161,061***
Operating profit	**64,306**	**76,829**	**78,578**	**82,967**	**88,023**	**91,826**
Income before tax	**64,355**	**76,305**	**77,511**	**82,114**	**87,128**	**90,903**
Tax expenses	13,189	16,005	16,955	17,223	18,275	19,067
Net income	**51,408**	**60,425**	**60,644**	**64,935**	**68,853**	**71,836**
EPS (Full IDR)	**339**	**399**	**400.1**	**428.4**	**454**	**474**
Balance Sheet	**2022**	**2023**	**2024**	**2025F**	**2026F**	**2027F**
Cash & Cash Equivalents	178,343	133,513	118,663	37,838	39,482	41,162
Interbanking Assets	142,885	121,141	100,294	101,297	102,310	103,333
ST And LT Investments	336,749	338,515	334,751	354,836	372,578	391,207
Net Loans	1,083,418	1,232,499	1,313,159	1,339,289	1,382,146	1,430,521
Net Fixed Assets	55,216	59,678	62,478	65,968	69,220	71,427
Total Intangible Assets						
Other Assets	49,405	63,145	49,685	202,911	227,729	249,140
Total Assets	**1,865,639**	**1,965,007**	**1,992,983**	**2,102,138**	**2,193,464**	**2,286,790**
Demand Deposits	*349,756*	*346,124*	*374,554*	*404,519*	*436,880*	*471,831*
Interest Bearing Deposits	*958,128*	*1,012,204*	*990,896*	*1,023,575*	*1,057,332*	*1,092,202*
Saving Deposits	*522,648*	*527,946*	*544,427*	*551,535*	*569,725*	*588,514*
Time Deposits	*435,481*	*484,259*	*446,469*	*472,039*	*487,607*	*503,688*
Total Deposits	**1,307,884**	**1,358,329**	**1,365,450**	**1,428,093**	**1,494,212**	**1,564,032**
ST Borrowings & Repos	89,460	129,997	147,174	155,394	163,055	168,253
LT Debt	73,357	50,678	53,671	73,899	76,399	79,007
Other Liabilities	91,543	109,532	103,499	108,504	112,175	116,005
Total Liabilities	**1,562,244**	**1,648,535**	**1,669,794**	**1,765,890**	**1,845,841**	**1,927,297**
Share Capital & APIC	**83,231**	**83,486**	**83,772**	**83,458**	**83,458**	**83,458**
Common Stock	*7,578*	*7,578*	*7,578*	*7,578*	*7,578*	*7,578*
Additional Paid in Capital	*75,637*	*75,853*	*75,880*	*75,880*	*75,880*	*75,880*
Retained Earnings	201,170	213,711	218,093	228,820	240,195	252,062
Equity before Minority Interest	299,294	311,364	317,094	336,248	347,624	359,492
Total Equity	**303,395**	**316,472**	**323,189**	**336,248**	**347,624**	**359,492**
Total Liabilities & Equity	**1,865,639**	**1,965,007**	**1,992,983**	**2,102,138**	**2,193,464**	**2,286,790**
BVPS (Full IDR)	**1,975**	**2,054**	**2,092**	**2,219**	**2,294**	**2,372**
Key Ratios	**2022**	**2023**	**2024**	**2025F**	**2026F**	**2027F**
Revenue growth (%)	9.4%	3.0%	4.8%	5.6%	4.9%	3.2%
Operat profit growth (%)	56.3%	19.5%	2.3%	5.6%	6.1%	4.3%
Income b tax growth (%)	57.2%	18.6%	1.6%	5.9%	6.1%	4.3%
Net income growth (%)	55.0%	17.5%	0.4%	7.1%	6.0%	4.3%
Asset growth (%)	11.2%	5.3%	1.4%	5.5%	4.3%	4.3%
Equity growth (%)	4.0%	4.3%	2.1%	4.0%	3.4%	3.4%
NIM	*7.9%*	*8.2%*	*7.7%*	*8.0%*	*8.0%*	*8.2%*
BOPO	*69.1%*	*68.2%*	*71.9%*	*69.2%*	*71.2%*	*70.6%*
NPL (Gross)	2.7%	3.0%	2.8%	2.8%	2.9%	3.0%
Loan to Asset Ratio	*63.1%*	*67.1%*	*70.0%*	*68.3%*	*67.6%*	*67.1%*
CASA (%)	*66.7%*	*64.3%*	*67.3%*	*66.9%*	*67.4%*	*67.8%*
LAR (%)	*16.6%*	*12.5%*	*10.7%*	*11.0%*	*10.5%*	*10.6%*
LDR	*87.1%*	*93.2%*	*99.2%*	*100.6%*	*99.2%*	*98.1%*
CIR	*41.9%*	*37.7%*	*37.2%*	*37.2%*	*37.7%*	*37.2%*
CoF	*3.1%*	*2.9%*	*3.6%*	*3.1%*	*2.9%*	*3.6%*
ROA	*2.8%*	*3.1%*	*3.0%*	*3.1%*	*3.1%*	*3.1%*

Source: Company and KSI Research

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