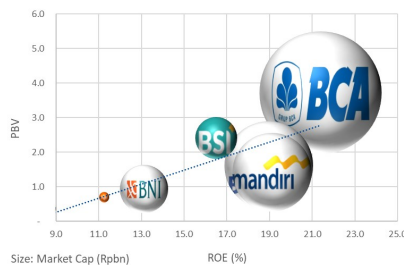


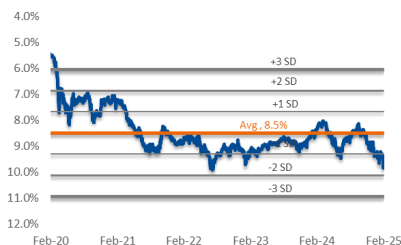
# Neutral

(Maintained)

## Sector's FY25F PBV-ROE matrix



## Sector's implied cost of equity



Source: Company, Bloomberg, BRIDS Estimates

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# Banks

## Potentially less-than-anticipated liquidity boost from the revised DHE policy

- Given the more relaxed structure vs the previous DHE policy, the impact on USD supply may be lower than initially expected.
- BMRI has the highest loan portion from the mining sector, which indicates it could benefit more from the revisions.
- Maintain Neutral rating on the sector with BBKA as our top pick, followed by BTPS and BRIS given their better liquidity and NPL outlooks.

## New regulation regarding DHE

The government issued Government Regulation No. 8 of 2025 to revise Regulation No. 36 of 2023 to enhance the management of export proceeds (Devisa Hasil Ekspor/DHE) from natural resources. In the new regulation, exporters must retain 100% of DHE for 12 months in Indonesia's financial system for mining (excluding oil & gas), plantations, forestry, and fisheries. For oil and gas mining, the retention requirement is 30% for 3 months. These requirements will be deducted if the DHE are used for: 1) conversion to Rupiah, 2) payment in foreign currency for government-related obligations, 3) payment of dividends in foreign currency, 4) working capital in foreign currency, and 5) repayment of forex loans.

## Uncertainties regarding the net impact

Given the more relaxed structure compared to the previous policy, the impact from the latest DHE policy on USD supply may be lower than initially expected, despite the extended holding period from 3 to 12 months and the retention requirement increasing from 30% to 100%. BI and the banks have yet to give detailed impact from the revisions as these depend on the exporters' behaviors. However, we believe the agriculture-related sector could use the exemption more as most of the costs are mostly Rupiah-denominated, compared to the mining-related.

## Potential impact on SOE banks

As of FY24, the SOE banks have similar exposure from the current implementation of DHE regulations with 2.5-2.7% of their TPFs are DHE-related. We note that BBRI has the highest loan portion from the agriculture sector, while BMRI has the highest loan portion from the mining sector, which indicates the latter could benefit more from the revisions. BBNI also stands to benefit more as it has the least agriculture loans and the second highest mining loans.

## Maintain Neutral, with BBKA remaining as our top pick

We continue to favor BBKA, BTPS, and BRIS, despite their outperformance over peers, due to their higher liquidity and stronger asset quality outlooks. We expect AGMs and 1Q25 results in Mar-Apr25 to remain overhang in the short term, in addition to domestic and global macro uncertainties. Key risks to our view include stronger Rupiah, liquidity, and asset quality.

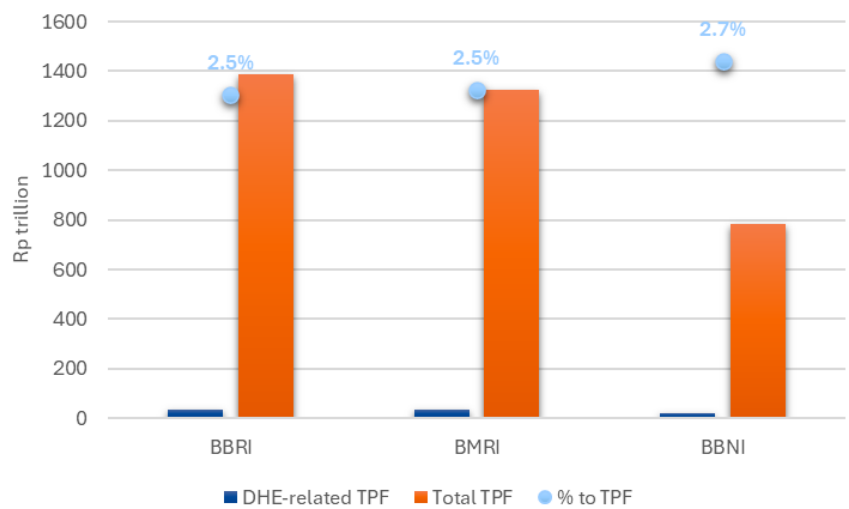
Company	Ticker	Rec	Target Price	Market Cap.	P/E (x)		P/BV (x)		ROE (%)
			(Rp)	(RpBn)	2025F	2026F	2025F	2026F	2025F
Bank Central Asia	BBKA IJ	BUY	11,900	1,050,920.2	18.0	17.1	3.7	3.5	21.4%
Bank Rakyat Indonesia	BBRI IJ	Non-Rated	n/a	550,159.2	n/a	n/a	n/a	n/a	n/a
Bank Mandiri	BMRI IJ	BUY	5,900	434,933.3	7.7	6.9	1.4	1.3	19.1%
Bank Negara Indonesia	BBNI IJ	BUY	5,100	161,870.3	7.3	7.0	0.9	0.9	13.1%
Bank Syariah Indonesia	BRIS IJ	HOLD	2,900	121,320.0	15.4	13.7	2.4	2.2	16.5%
Bank Tabungan Negara	BBTN IJ	BUY	1,100	12,560.8	4.3	4.0	0.4	0.3	8.7%
Bank BTPN Syariah	BTPS IJ	BUY	1,200	7,048.9	6.5	5.8	0.7	0.7	11.3%

## Potentially less-than-anticipated liquidity boost

### Potential impact on SOE banks

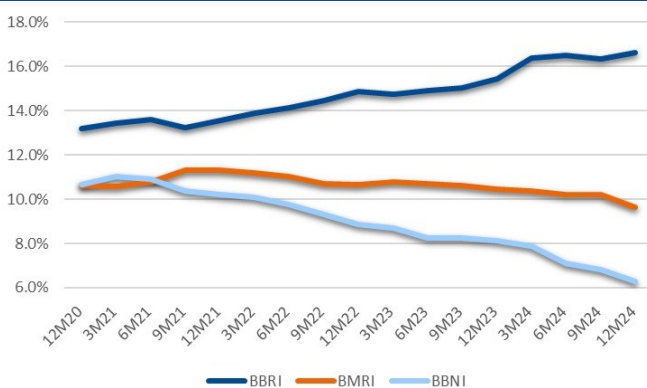
As of FY24, the SOE banks have similar exposure from the current implementation of DHE regulations based on Government Regulation No. 36 of 2023. The SOE banks have 2.5-2.7% of their TPFs coming from DHE-related deposits. We note that BBRI has the highest loan portion from the agriculture sector, while BMRI has the highest loan portion from the mining sector, which indicates the latter could benefit more from the revisions. BBNi also stands to benefit more as it has the least agriculture loans and the second highest mining loans.

**Exhibit 1. Contribution of DHE to third party fund**



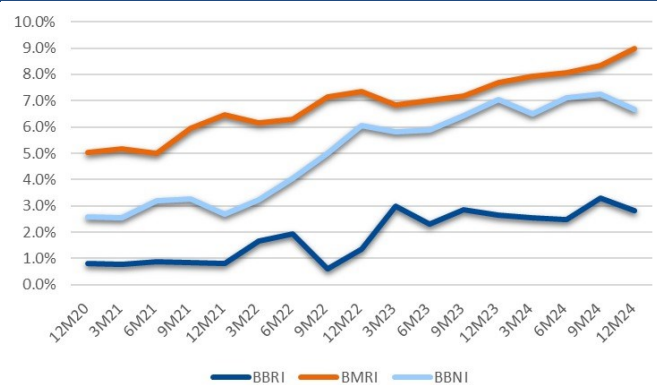
Source: Companies, BRIDS

**Exhibit 2. Loan contribution to agriculture sector**



Source: Companies, BRIDS

**Exhibit 3. Loan contribution to mining sector**



Source: Companies, BRIDS

### Government Regulation No. 8 of 2025

Government Regulation No. 8 of 2025 revises Regulation No. 36 of 2023 to enhance the management of export proceeds (Devisa Hasil Ekspor/DHE) from natural resources. The goal is to strengthen economic resilience, ensure optimal revenue utilization, and adjust retention and placement rules.

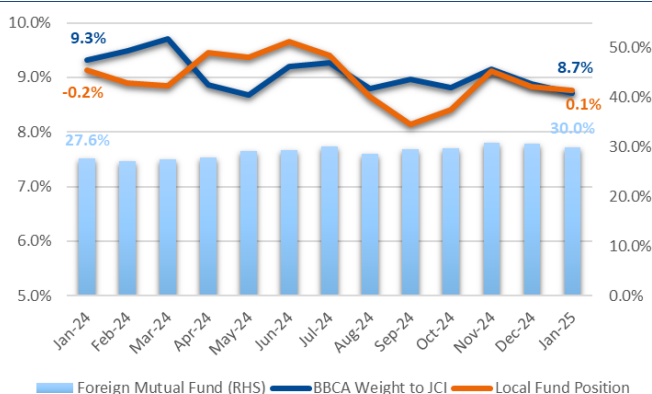
Exporters must retain 100% of DHE for 12 months in Indonesia's financial system for mining (excluding oil & gas), plantations, forestry, and fisheries. For oil and gas mining, the retention requirement is 30% for 3 months. DHE must be placed in special accounts at Indonesia Eximbank or authorized foreign exchange banks and can be invested in banking or financial instruments issued by Bank Indonesia. Funds in these instruments cannot be withdrawn before maturity.

DHE may be used for:

- Conversion to Rupiah at a Bank that Conducts Business Activities in the Same Foreign Currency, referring to the regulations of Bank Indonesia;
- Payment in foreign currency for tax obligations, non-tax state revenue, and other obligations to the government in accordance with the provisions of the applicable laws and regulations;
- Payment of dividends in foreign currency;
- Payment for the procurement of goods and services in foreign currency in the form of raw materials, auxiliary materials, or capital goods that are not available, partially available, or available but not meeting the specified standards in the country; and/or
- Repayment of loans for the procurement of goods and capital with foreign currency.

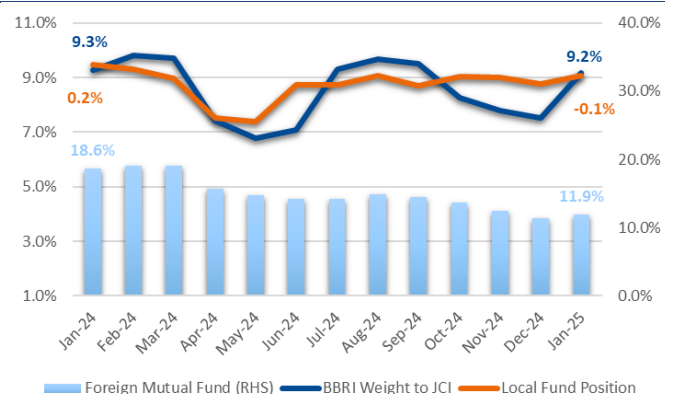
The new rules apply to DHE received after March 1, 2025, including export declarations issued before this date. Exporters under ongoing supervision for previous regulations are considered compliant. This amendment ensures that more export proceeds remain in Indonesia, supporting economic stability and sustainable growth.

**Exhibit 4. BBKA's weighting and fund position**



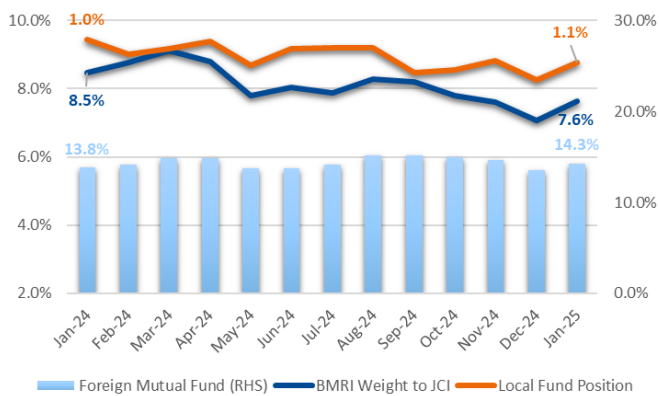
Source: KSEI, BRIDS

**Exhibit 5. BBRI's weighting and fund position**



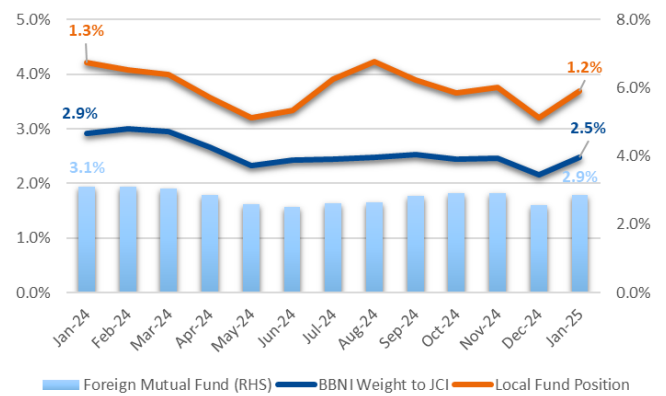
Source: KSEI, BRIDS

**Exhibit 6. BMRI's weighting and fund position**



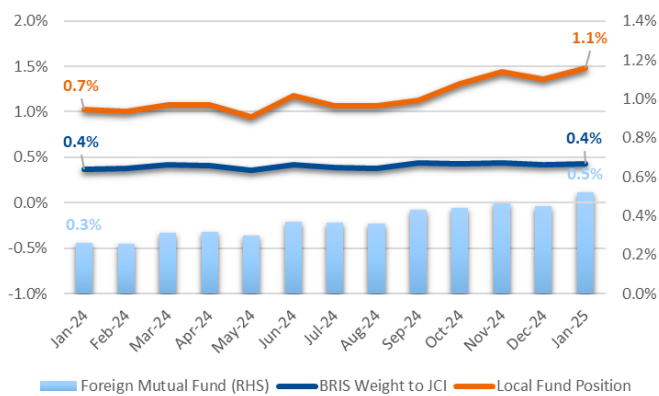
Source: KSEI, BRIDS

**Exhibit 7. BBNI's weighting and fund position**



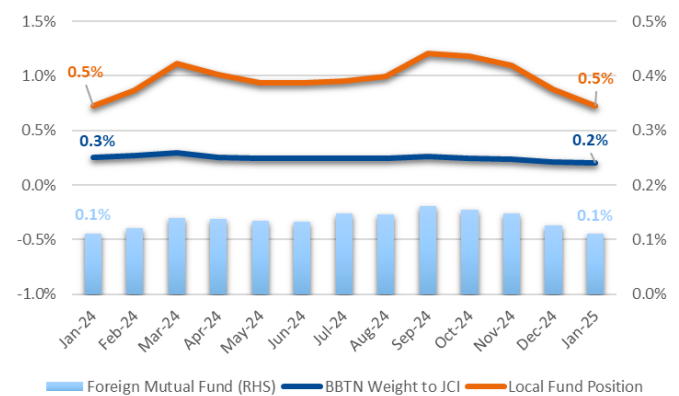
Source: KSEI, BRIDS

**Exhibit 8. BRIS's weighting and fund position**



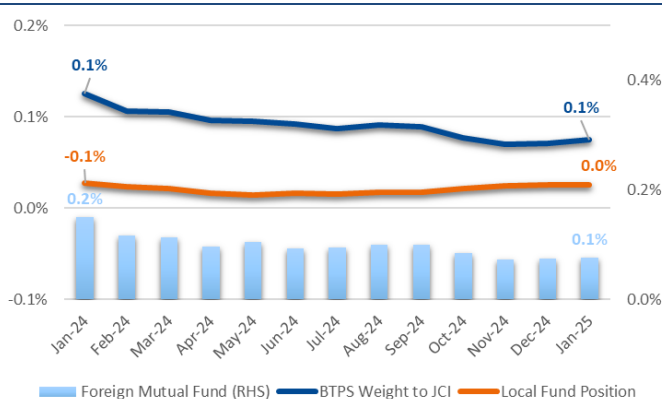
Source: KSEI, BRIDS

**Exhibit 9. BBTN's weighting and fund position**



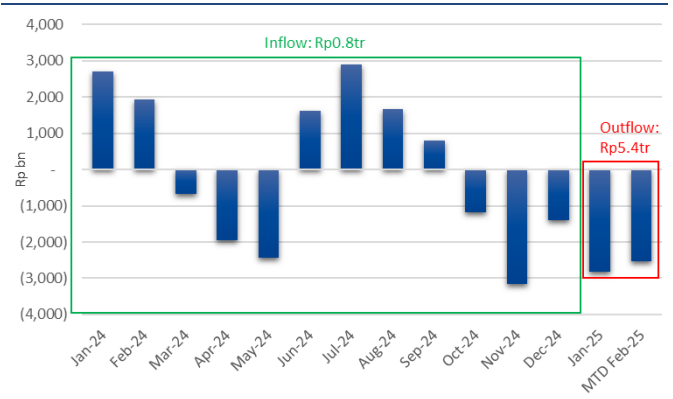
Source: KSEI, BRIDS

**Exhibit 10. BTPS's weighting and fund position**



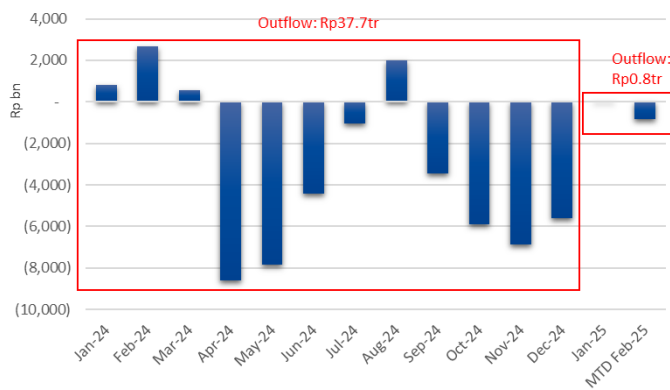
Source: KSEI, BRIDS

**Exhibit 11. BBKA's historical foreign flows (as of 21 Feb25)**



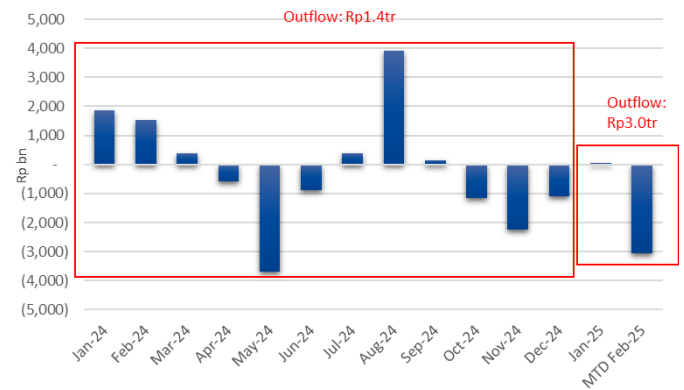
Source: IDX, BRIDS

**Exhibit 12. BBRI's historical foreign flows (as of 21 Feb25)**



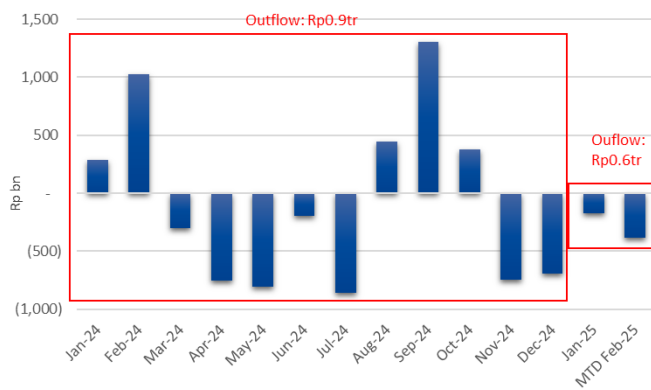
Source: IDX, BRIDS

**Exhibit 13. BMRI's historical foreign flows (as of 21 Feb25)**



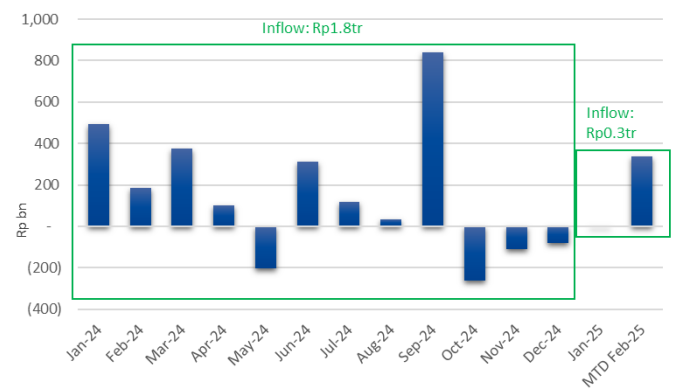
Source: IDX, BRIDS

**Exhibit 14. BBNI's historical foreign flows (as of 21 Feb25)**



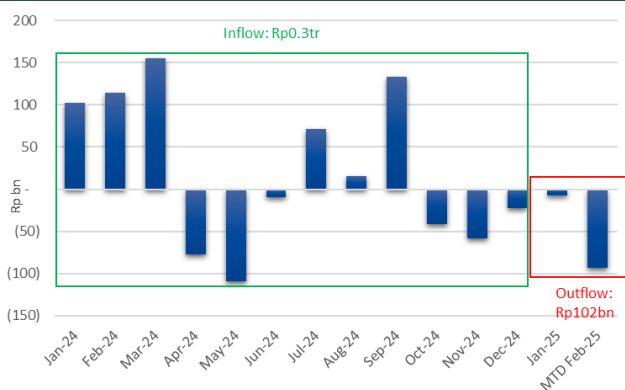
Source: IDX, BRIDS

**Exhibit 15. BRIS's historical foreign flows (as of 21 Feb25)**



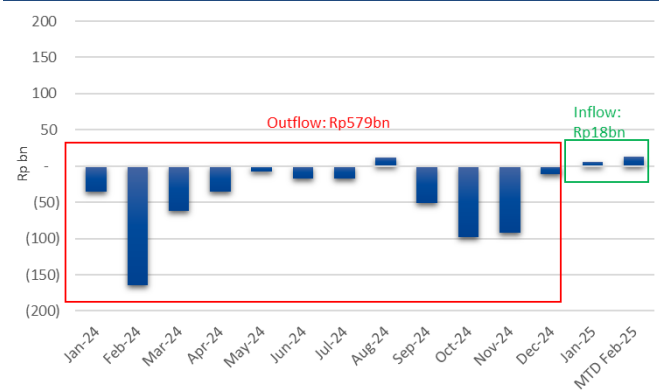
Source: IDX, BRIDS

**Exhibit 16. BBTN's historical foreign flows (as of 21 Feb25)**



Source: IDX, BRIDS

**Exhibit 17. BTPS's historical foreign flows (as of 21 Feb25)**

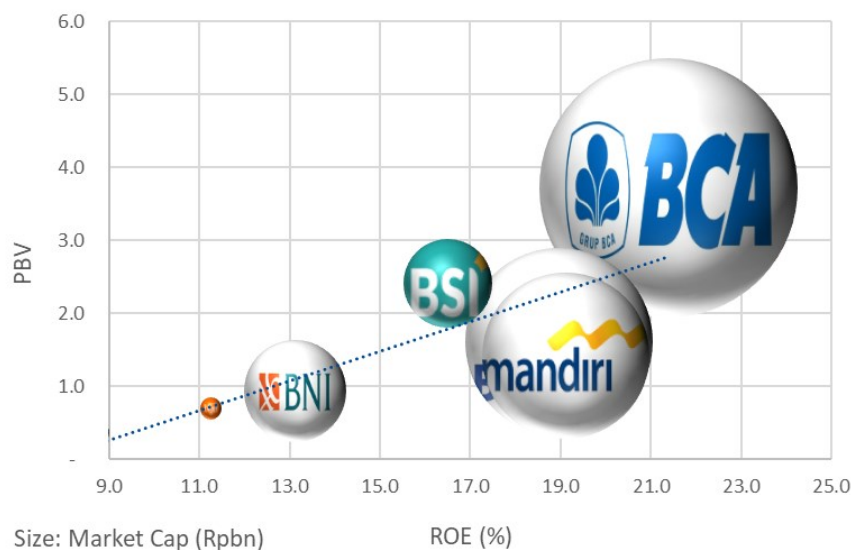


Source: IDX, BRIDS

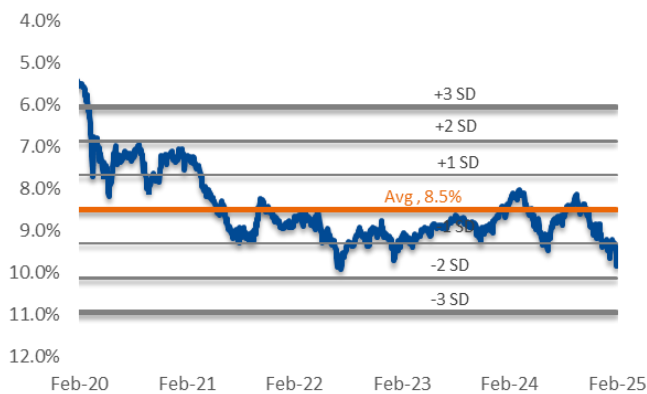
### Maintain Neutral, with BBCA remaining as our top pick

Despite outperforming peers, we continue to favor BBCA, BTPS, and BRIS due to their higher liquidity and stronger asset quality outlooks. We expect AGMs and 1Q25 results in Mar-Apr25 to remain overhang in the short term, in addition to domestic and global macro uncertainties. Key risks to our view include a stronger-than-expected Rupiah, liquidity, and asset quality.

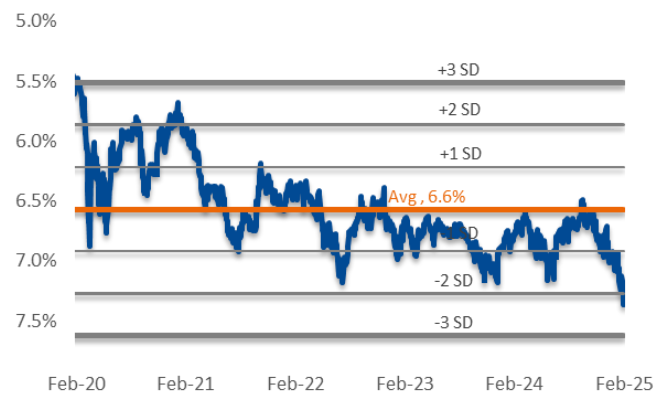
**Exhibit 18. Sector's FY25F PBV-ROE Matrix**



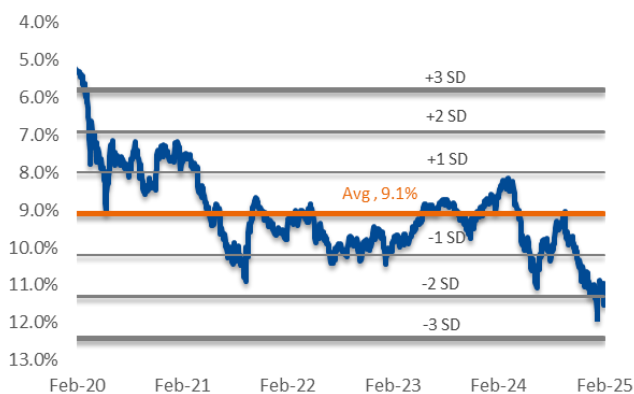
Source: Bloomberg, BRIDS Estimates

**Exhibit 19. Sector's cost of equity band chart (5-year)**


Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 20. BBKA's cost of equity band chart (5-year)**


Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 21. BBRI's cost of equity band chart (5-year)**


Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 22. BMRI's cost of equity band chart (5-year)**


Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 23. BBNI's cost of equity band chart (5-year)**


Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 24. BRIS's cost of equity band chart (since merger)**

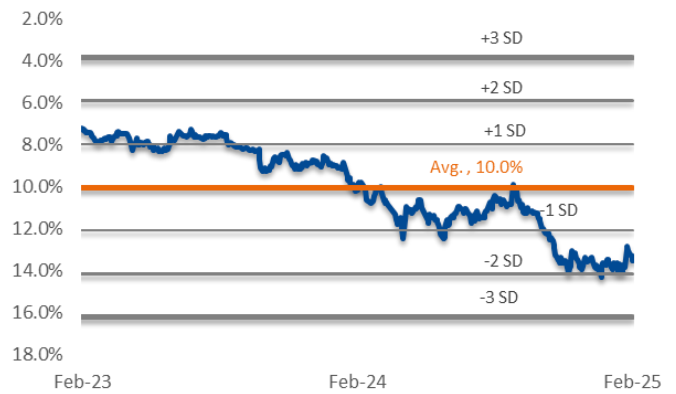

Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 25. BBTN's cost of equity band chart (5-year)**



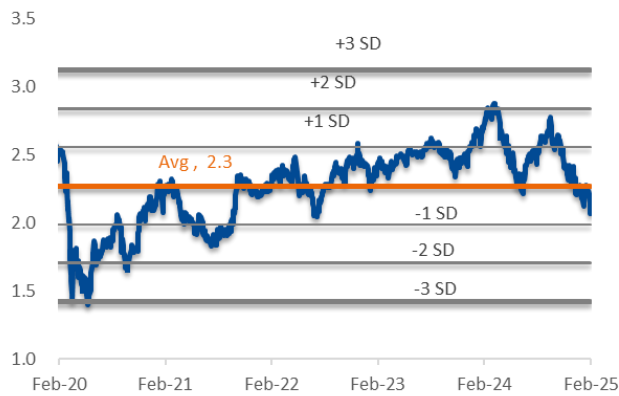
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 26. BTPS's cost of equity band chart (2-year)**



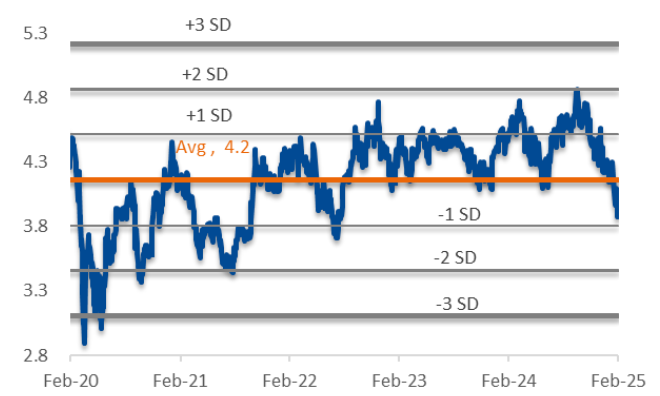
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 27. Sector's P/BV band chart (5-year)**



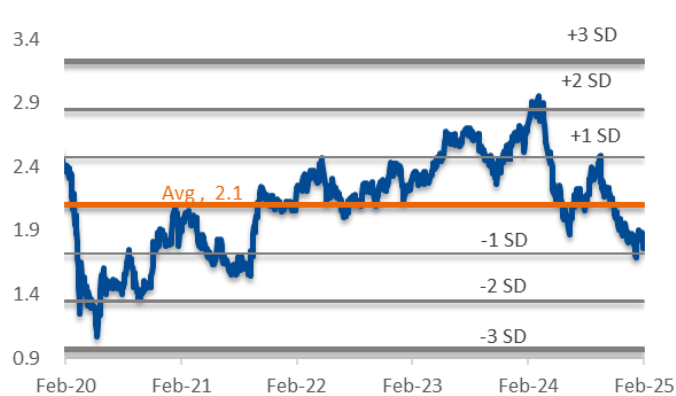
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 28. BBKA's P/BV band chart (5-year)**



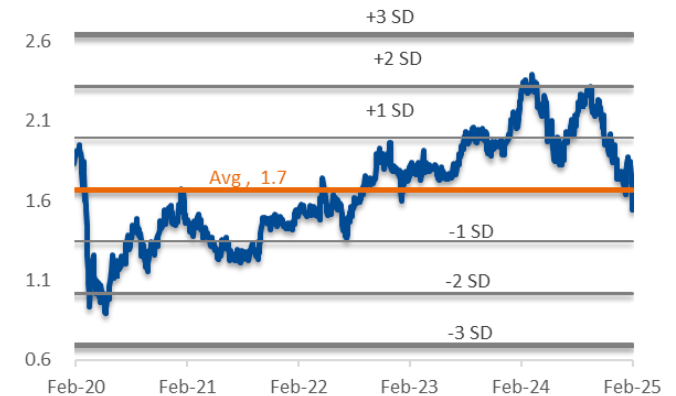
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 29. BBRI's P/BV band chart (5-year)**



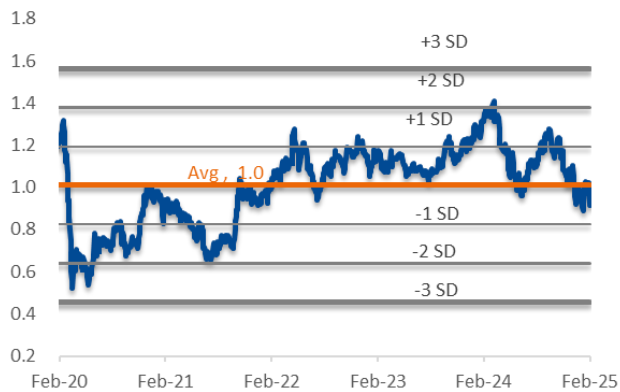
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 30. BMRI's P/BV band chart (5-year)**



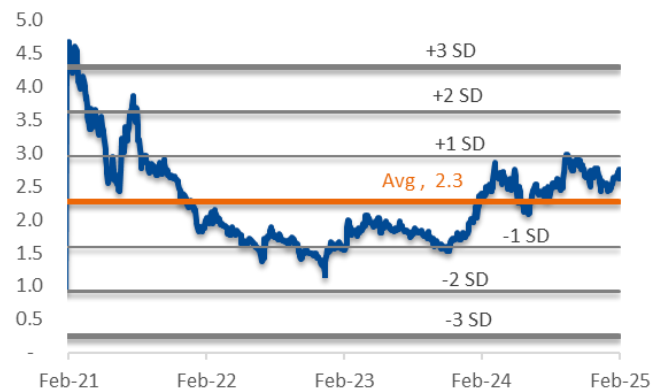
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 31. BBNI's P/BV band chart (5-year)**



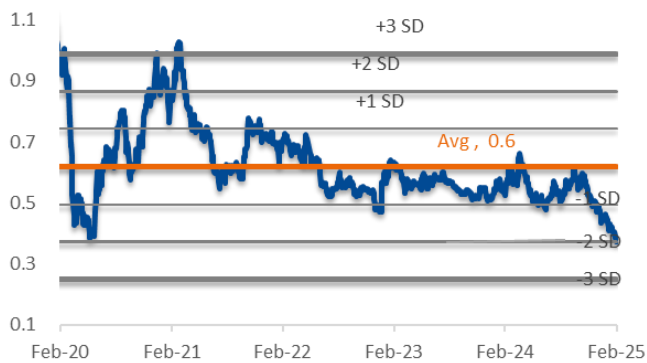
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 32. BRIS's P/BV band chart (since merger)**



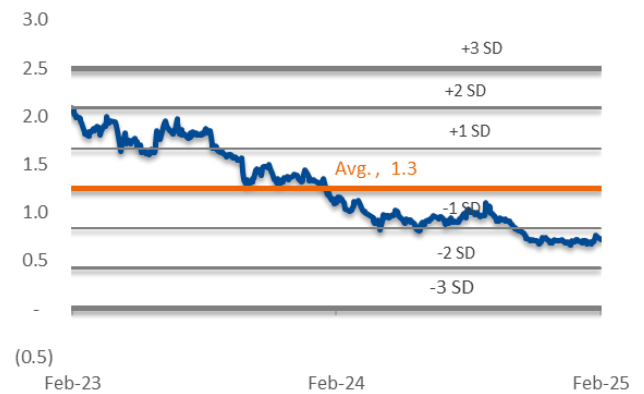
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 33. BBTN's P/BV band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 34. BTPS's P/BV band chart (2-year)**



Source: Company, Bloomberg, BRIDS Estimates

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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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