

# Neutral

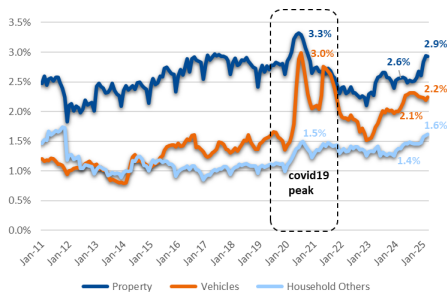
(Maintained)

## Sector's PBV multiple valuation

Stock	P/BV (x) 2025F	P/BV (5-year) mean	StDev	Curr. to StDev
BBCA	3.8	4.2	0.3	(1.32)
BBRI*	1.7	2.1	0.4	(1.04)
BMRI	1.5	1.7	0.3	(0.65)
BBNI	0.9	1.0	0.2	(0.80)
BRIS*	2.3	2.3	0.7	0.09
BBTN	0.4	0.6	0.1	(1.36)
BTPS*	1.0	1.1	0.4	(0.37)

\*Note: BBRI: cons numbers, BRIS: avg. since merger, BTPS: avg. 2-year

## Industry's household NPLs



Source: Company, Bloomberg, BRIDS  
Estimates

## BRI Danareksa Sekuritas Analysts

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# Banks

## Deteriorating Household Loans' Asset Quality

- Based on the OJK data, we see deteriorating asset quality across all segments, i.e., property, vehicle, and other household loans.
- Breaching its all-time high NPL ratio, the weaknesses observed in the apartment segment reaffirm our concern about asset quality in 2025.
- Maintain Neutral rating on the sector with BBCA as our top pick, followed by BTPS, on their earnings momentum and lesser ownership.

## Rising consumer NPLs, no ST panacea in sight

Overall household loans experienced a decline in asset quality, with NPL rising to 2.1% as of Mar25 from 1.8% in Mar24. The worsening asset quality was observed across all segments, i.e., property, vehicle, and other household loans, with NPL rising by 36bps, 18bps, and 25bps to 2.9%, 2.2%, and 1.6%, respectively. Although current NPL levels for property and vehicle loans remain below the 2020 pandemic peak, the upward trend is worrisome given the continued lack of clear signs of recovery. Moreover, the NPL for other household loans has exceeded its Covid19 peak, with a consistent uptrend since early 2024.

## Rising NPLs amid sluggish mortgage growth

Mortgage accounted for more than a third of household loans, and its NPL ratio recently ticked up to 2.9% as of Mar25. We think the combination of slowing loan expansion and rising NPLs for mortgages is a concerning signal, as it suggests that asset quality is deteriorating despite banks already being cautious with lending. Aside from shophouses, the NPL ratios of both landed houses and apartments have also been in an uptrend since 2022. We see the rising NPL ratio in the landed house segment (more than 90% contribution to mortgages) as alarming as it approaches its historical pre-Covid level.

## Middle consumer segment asset quality concerns arising

Apartment's NPL ratio reached its all-time high in Mar25 at 3.2%, above covid19's 2.9%. We note that in the past two peak NPLs, i.e., 2017 and 2020, they were preceded by higher mortgage disbursements, i.e., more than 80% in 2013 and more than 30% in 2018. In contrast, YTD all-time high NPL ratio was only preceded by low-teens mortgage growth in 2022. In our view, this reaffirms the likelihood of a trickle-up effect from deteriorating asset quality in the micro segment to the middle segment throughout 2025.

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

We continue to favor BBCA and BTPS, on the back of 1) higher earnings growth, 2) reasonable valuations, 3) less potential involvement in government programs, and 4) less crowded local positions. We maintain a Neutral rating as we continue to see high domestic and global macro uncertainties. Key risks to our view include stronger Rupiah, higher-than-expected liquidity, and stronger asset quality.

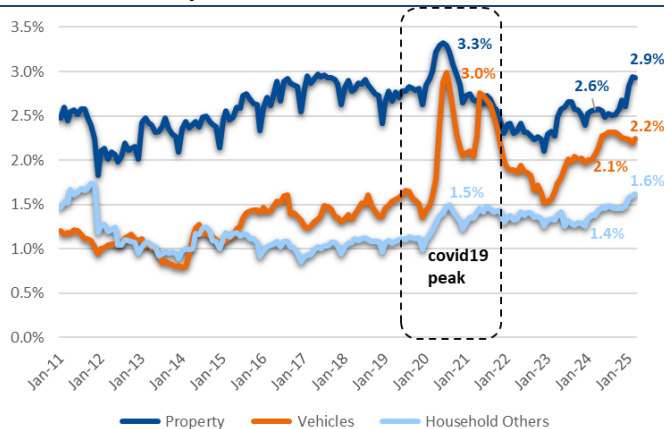
Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2025F
					2025F	2026F	2025F	2026F	
Bank Central Asia	BBCA IJ	BUY	11,900	1,060,165.9	18.2	17.3	3.8	3.5	21.4
Bank Rakyat Indonesia	BBRI IJ	Non-Rated	n/a	569,861.8	n/a	n/a	n/a	n/a	n/a
Bank Mandiri	BMRI IJ	BUY	5,900	455,466.7	8.1	7.2	1.5	1.4	19.1
Bank Negara Indonesia	BBNI IJ	BUY	5,100	153,291.9	7.0	6.7	0.9	0.8	13.1
Bank Syariah Indonesia	BRIS IJ	HOLD	2,900	117,629.6	15.0	13.3	2.3	2.2	16.5
Bank Tabungan Negara	BBTN IJ	BUY	1,400	15,437.9	4.6	4.4	0.4	0.4	9.8
Bank BTPN Syariah	BTPS IJ	BUY	1,500	9,745.2	8.1	7.3	1.0	0.9	12.3

## Deteriorating Household Loans' Asset Quality

### Rising consumer NPL, no ST panacea in sight

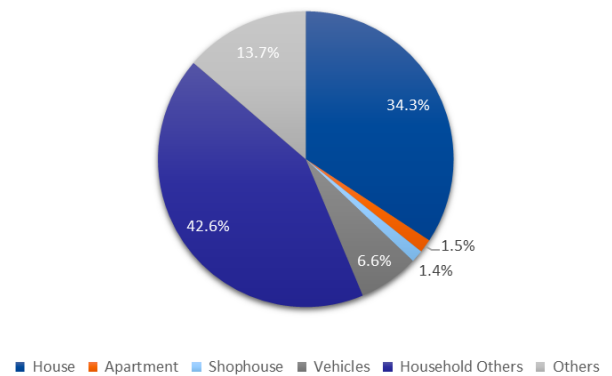
Overall household loans experienced a decline in asset quality, with NPL rising to 2.1% as of Mar25 from 1.8% in Mar24. The worsening asset quality was observed across all segments, i.e., property, vehicle, and other household loans, with NPL rising by 36bps, 18bps, and 25bps to 2.9%, 2.2%, and 1.6%, respectively. Although current NPL levels for property and vehicle loans remain below the 2020 pandemic peak, the upward trend is worrisome given the continued lack of clear signs of recovery. Moreover, the NPL for other household loans has exceeded its Covid19 peak, with a consistent uptrend since early 2024.

Exhibit 1. Industry's household NPL ratios



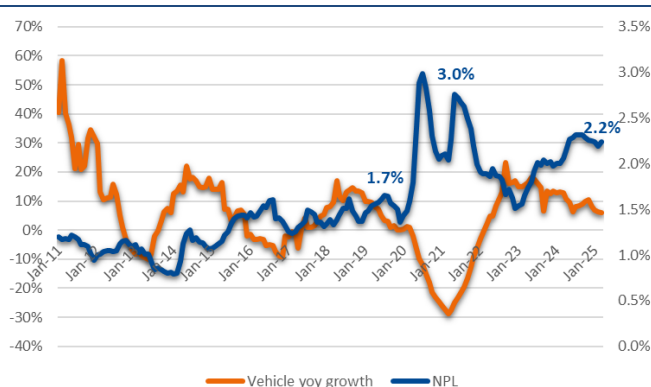
Source: OJK, BRIDS

Exhibit 2. Component of household loan (as of Mar25)



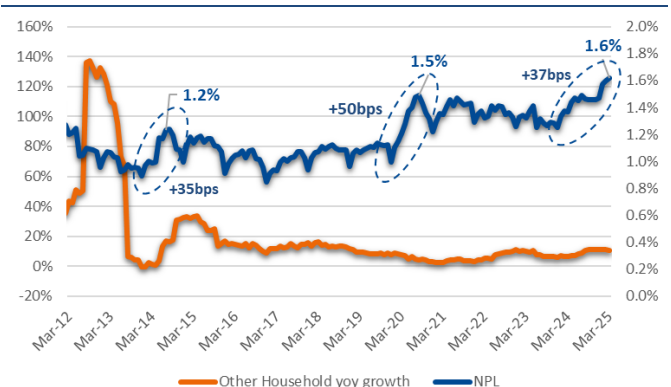
Source: OJK, BRIDS

Exhibit 3. Industry's vehicle NPL ratios



Source: OJK, BRIDS

Exhibit 4. Industry's other household NPL ratios



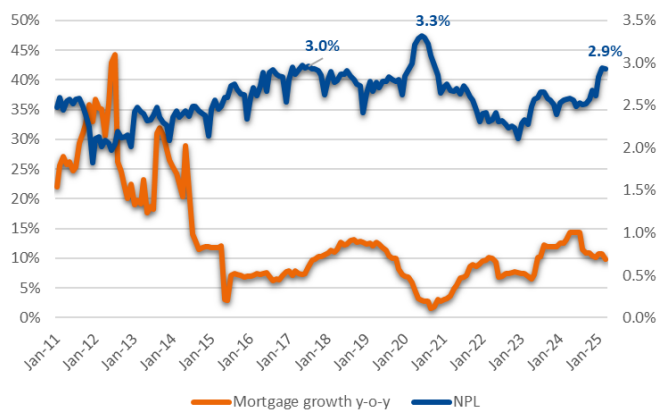
Source: OJK, BRIDS

### Rising NPLs amid sluggish mortgage growth

Mortgage loan growth experienced strong volatility and high growth rates during 2011-2012, before entering a prolonged period of deceleration. From 2015 onwards, mortgage growth stabilized at much lower levels. In contrast, the NPL ratio has remained relatively stable over the years, with several peaks. The NPL ratio peaked at 3.3% in early 2020, likely reflecting stress during the pandemic, but trended downward until the end of 2022.

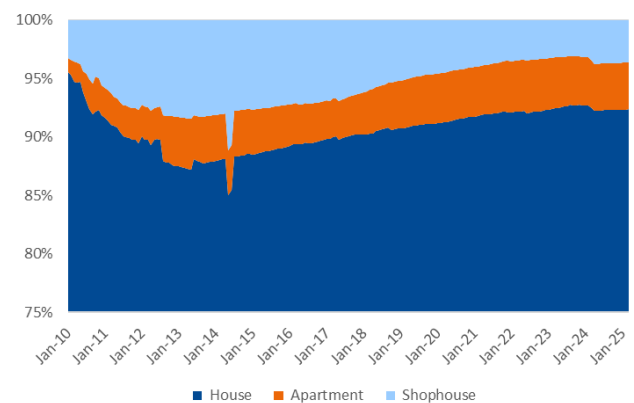
Mortgage accounted for more than a third of household loans, and its NPL ratio recently ticked up to 2.9% as of Mar25. We think the combination of slowing loan expansion and rising NPLs for mortgages is a concerning signal, as it suggests that asset quality is deteriorating despite banks already being cautious with lending. Aside from shophouses, the NPL ratios of both landed houses and apartments have also been in an uptrend since 2022. We see the rising NPL ratio in the landed house segment (more than 90% contribution to mortgages) as alarming as it approaches its historical pre-Covid level.

**Exhibit 5. Industry's property loan growth and NPL**



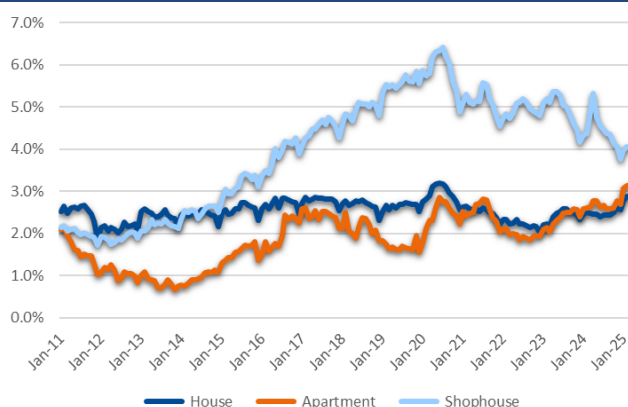
Source: OJK, BRIDS

**Exhibit 6. Industry's property loan by type**



Source: OJK, BRIDS

**Exhibit 7. Industry's property loan NPLs by type**



Source: OJK, BRIDS

**Exhibit 8. Industry's landed house NPL ratios**



Source: OJK, BRIDS

Exhibit 9. Industry's apartment NPL ratios



Source: OJK, BRIDS

Exhibit 10. Industry's shophouse NPL ratios

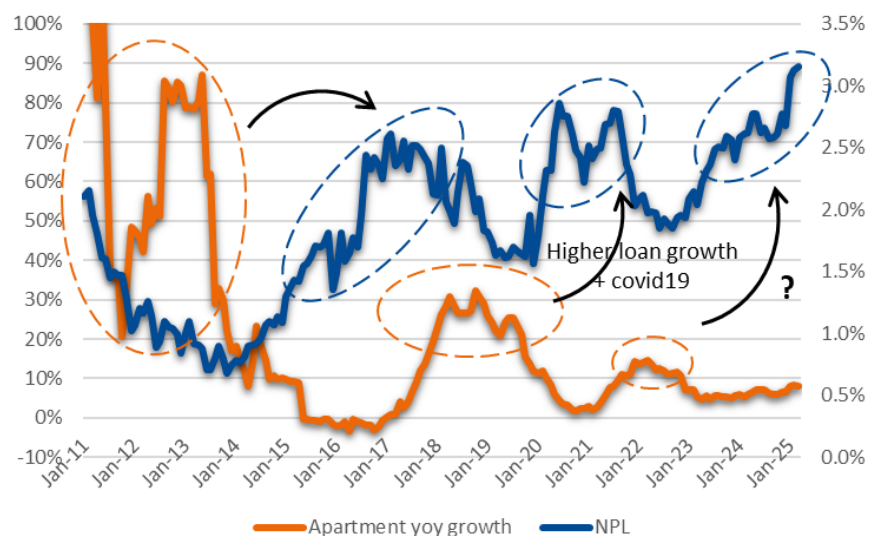


Source: OJK, BRIDS

### Middle consumer asset quality concerns arise

Apartment's NPL ratio reached its all-time high in Mar25 at 3.2%, above covid19's 2.9%. We note that in the past two peak NPLs, i.e., 2017 and 2020, they were preceded by higher mortgage disbursements, i.e., more than 80% in 2013 and more than 30% in 2018. In contrast, YTD all-time high NPL ratio was only preceded by low-teens mortgage growth in 2022. In our view, this reaffirms the likelihood of a trickle-up effect from deteriorating asset quality in the micro segment to the middle segment throughout 2025.

Exhibit 11. Sector's apartment loan growth and NPLs

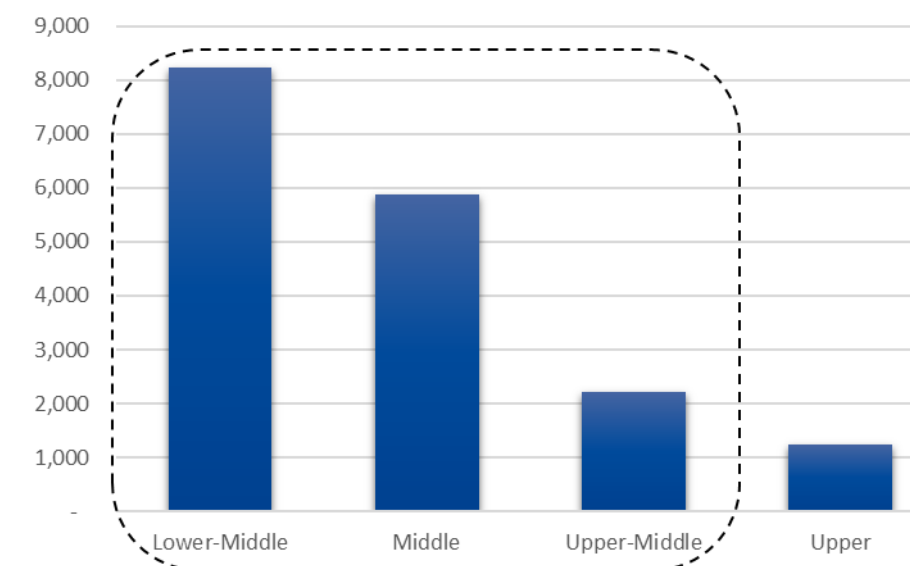


Source: OJK, BRIDS

**Exhibit 12. Newly completed apartments during 2Q-4Q 2022**

Property	District	Segment	Approx. Units
Loftvilles City (Aegyo & Buchida)	Tangerang	Lower-Middle	1563
Osaka Riverview (Asahikawa)	Tangerang	Lower-Middle	1376
Meikarta - District 1 (Maison)	Bekasi	Lower-Middle	408
Nuansa Pndok Kelapa (Swasana)	East Jakarta	Lower-Middle	1118
Tokyo Riverside (Edogawa, Fuji)	Tangerang	Lower-Middle	3548
Cordova Riverview Edupartment (Tower C)	Bogor	Lower-Middle	204
Raibow Springs CondoVillas - Orange (12,15)	Tangerang	Middle	40
Pacific Garden Styles (Tower B)	Tangerang	Middle	1058
Raibow Springs CondoVillas - Orange (10,11)	Tangerang	Middle	20
Carstensz	Tangerang	Middle	1344
Tamansari Bintaro Mansion	Tangerang	Middle	460
BSD Sky House (Duxton, Claymore, Bristol)	Tangerang	Middle	1288
Mahata Margonda (Tower 1 & 2)	Depok	Middle	924
Aspena Residence	Tangerang	Middle	748
Menara Jakarta (Azure, Equinox)	North Jakarta	Upper-Middle	1252
Fatmawati City Center (Corona Park Suite)	South Jakarta	Upper-Middle	600
Southgate (Altuera)	South Jakarta	Upper-Middle	357
Southgate (Prime)	South Jakarta	Upper	189
Arumaya Residence (Tower 1)	South Jakarta	Upper	299
57 Promenade (City, Sky)	Central Jakarta	Upper	496
St. Regus Residence	South Jakarta	Upper	164
The Stature	Central Jakarta	Upper	96

Source: Cushman & Wakefield

**Exhibit 13. Approx. units of newly completed apartment by segment (2Q-4Q22)**


Source: Cushman & Wakefield, BRIDS

Exhibit 14. PBV multiple valuation as of 24 Jun25

Stock	P/BV (x) 2025F	P/BV (5-year) mean	StDev	Curr. to StDev
BBCA	3.8	4.2	0.3	(1.32)
BBRI*	1.7	2.1	0.4	(1.04)
BMRI	1.5	1.7	0.3	(0.65)
BBNI	0.9	1.0	0.2	(0.80)
BRIS*	2.3	2.3	0.7	0.09
BBTN	0.4	0.6	0.1	(1.36)
BTPS*	1.0	1.1	0.4	(0.37)

\*Note: BBRI: cons numbers, BRIS: avg. since merger, BTPS: avg. 2-year

Source: Bloomberg, Companies, BRIDS

Exhibit 15. Local fund positioning as of May25

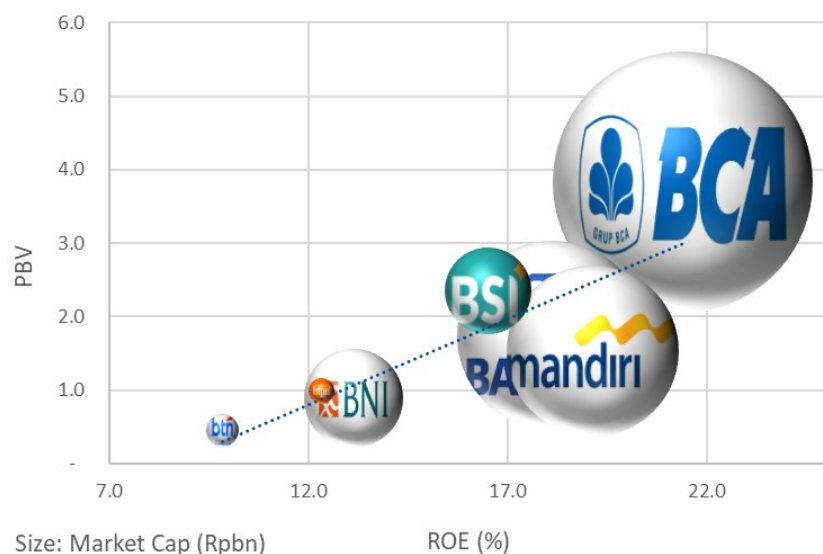
Stock	Weight to JCI	Local fund weight	Local fund position
BBCA	9.0%	9.0%	-0.02%
BBRI	9.5%	9.7%	0.15%
BMRI	6.5%	8.9%	2.31%
BBNI	2.3%	3.9%	1.59%
BRIS	0.4%	1.4%	1.01%
BBTN	0.2%	0.9%	0.62%
BTPS	0.1%	0.1%	-0.03%

Source: KSEI, BRIDS

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

We continue to favor BBCA and BTPS, on the back of 1) higher earnings growth, 2) reasonable valuations, 3) less potential involvement in government programs, and 4) less crowded local positions. We maintain a Neutral rating as we continue to see high domestic and global macro uncertainties. Key risks to our view include stronger Rupiah, higher-than-expected liquidity, and stronger asset quality.

Exhibit 16. Sector's FY25F PBV-ROE Matrix



Source: Bloomberg, BRIDS Estimates

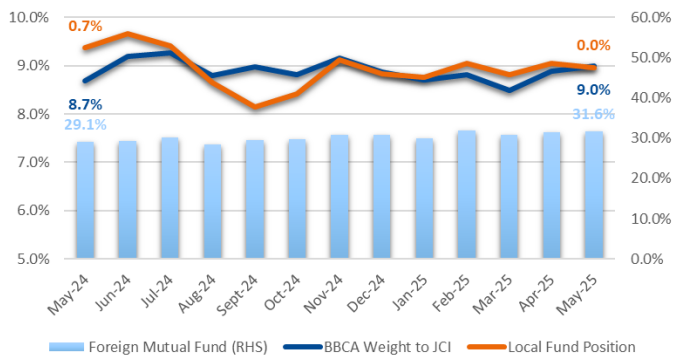
Exhibit 17. Banking sector's foreign flow as of 23 Jun25

Ticker	2023	2024	1Q25	Apr-25	May-25	MTD Jun-25	YTD
BBRI	5,834	(37,692)	(3,002)	(2,336)	3,989	(2,532)	(3,881)
BBCA	746	841	(10,319)	(688)	1,371	(3,130)	(12,766)
BMRI	463	(1,420)	(5,913)	(3,689)	741	(782)	(9,642)
BBNI	3,530	(914)	(2,367)	(1,142)	97	182	(3,230)
BRIS	645	1,797	(187)	171	818	62	864
BBTN	(219)	272	(38)	(79)	(25)	2	(140)
BTPS	(1,065)	(579)	6	91	95	20	213
<b>Total</b>	<b>9,934</b>	<b>(37,694)</b>	<b>(21,820)</b>	<b>(7,672)</b>	<b>7,087</b>	<b>(6,178)</b>	<b>(28,583)</b>

Source: Bloomberg, IDX, BRIDS

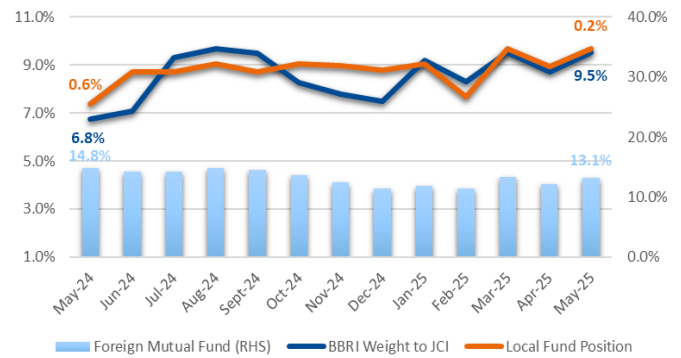


**Exhibit 18. BBKA's weighting and fund position**



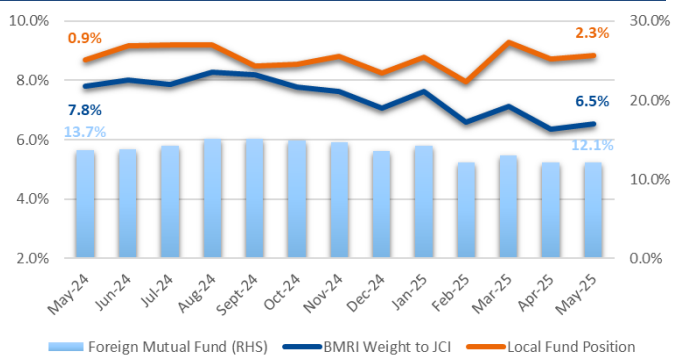
Source: KSEI, BRIDS

**Exhibit 19. BBRI's weighting and fund position**



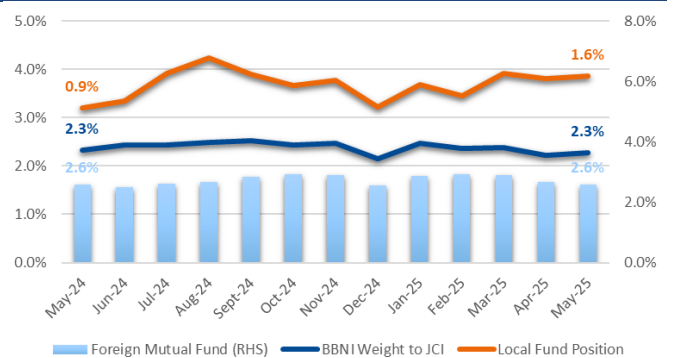
Source: KSEI, BRIDS

**Exhibit 20. BMRI's weighting and fund position**



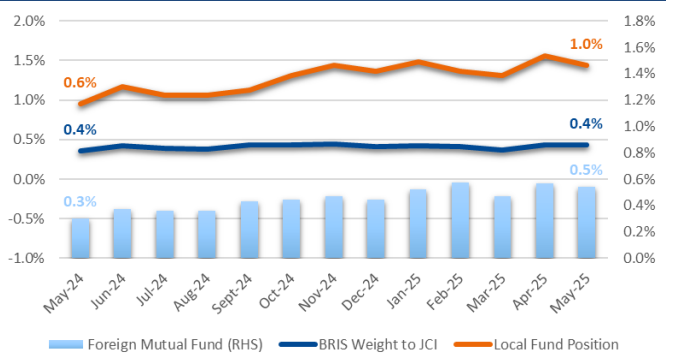
Source: KSEI, BRIDS

**Exhibit 21. BBNI's weighting and fund position**



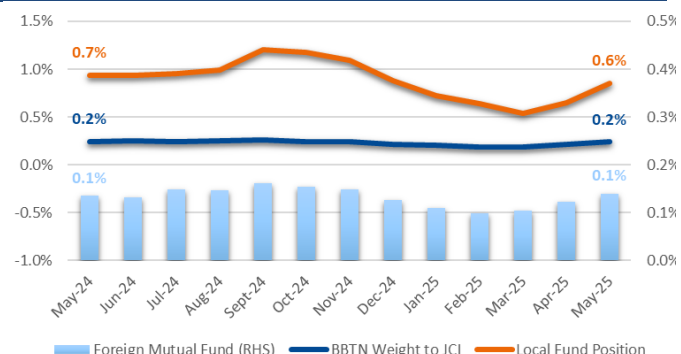
Source: KSEI, BRIDS

**Exhibit 22. BRIS's weighting and fund position**



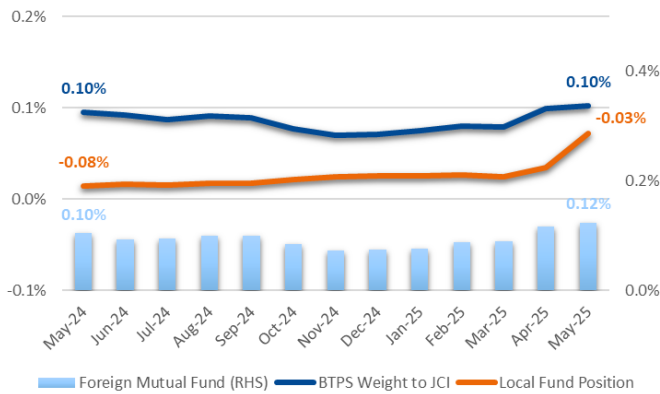
Source: KSEI, BRIDS

**Exhibit 23. BBTN's weighting and fund position**



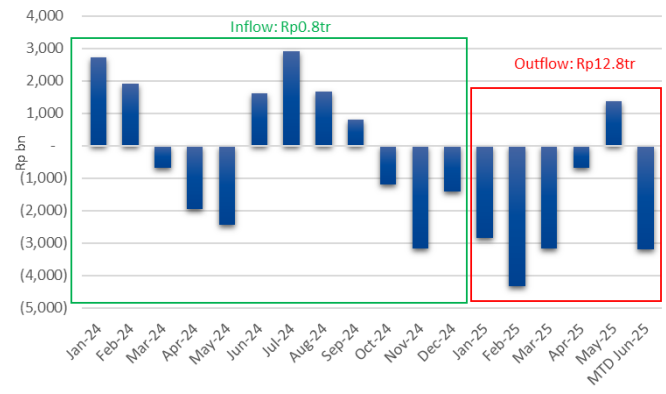
Source: KSEI, BRIDS

**Exhibit 24. BTPS's weighting and fund position**



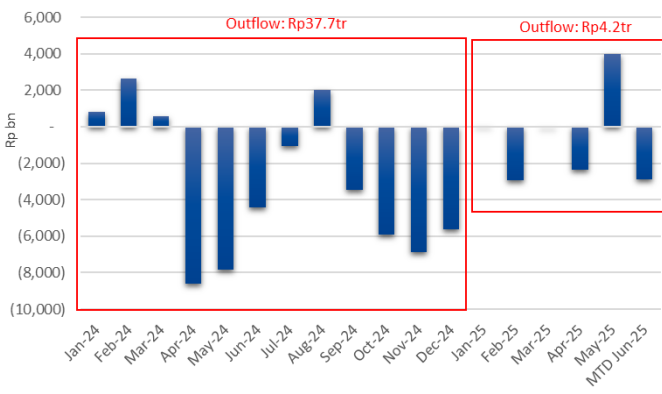
Source: KSEI, BRIDS

**Exhibit 25. BBKA's historical foreign flows (as of 24 Jun25)**



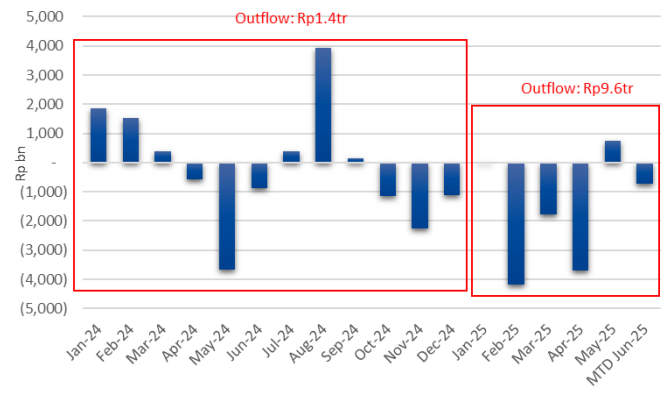
Source: IDX, BRIDS

**Exhibit 26. BBRI's historical foreign flows (as of 24 Jun25)**



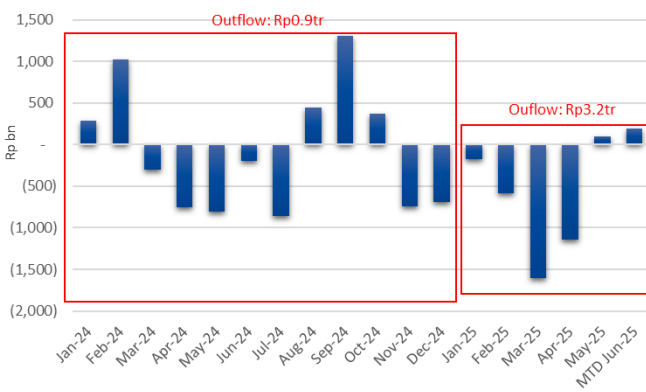
Source: IDX, BRIDS

**Exhibit 27. BMRI's historical foreign flows (as of 24 Jun25)**



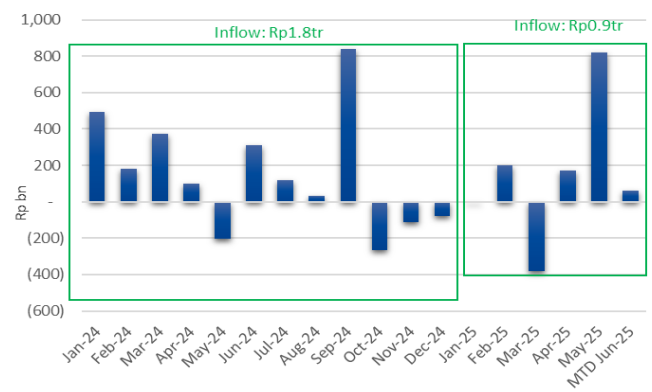
Source: IDX, BRIDS

**Exhibit 28. BBNI's historical foreign flows (as of 24 Jun25)**



Source: IDX, BRIDS

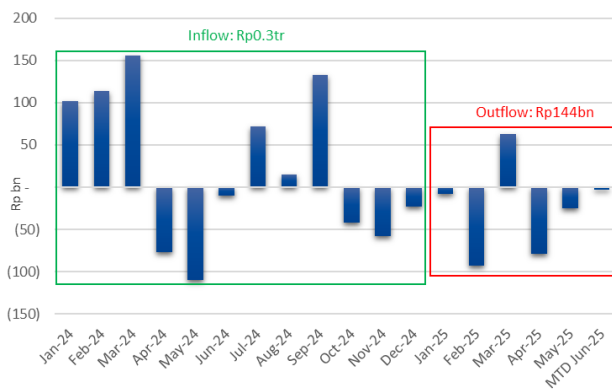
**Exhibit 29. BRIS's historical foreign flows (as of 24 Jun25)**



Source: IDX, BRIDS

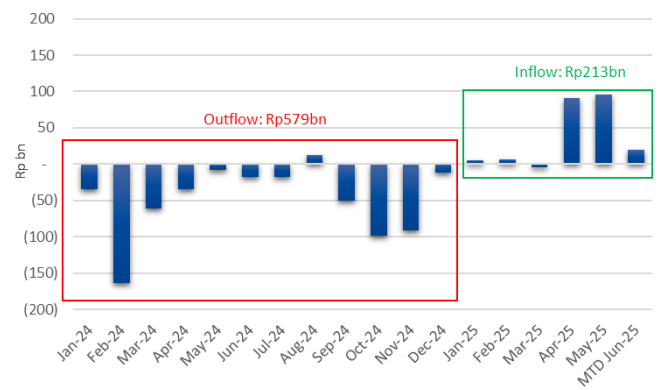


**Exhibit 30. BBTN's historical foreign flows (as of 24 Jun25)**



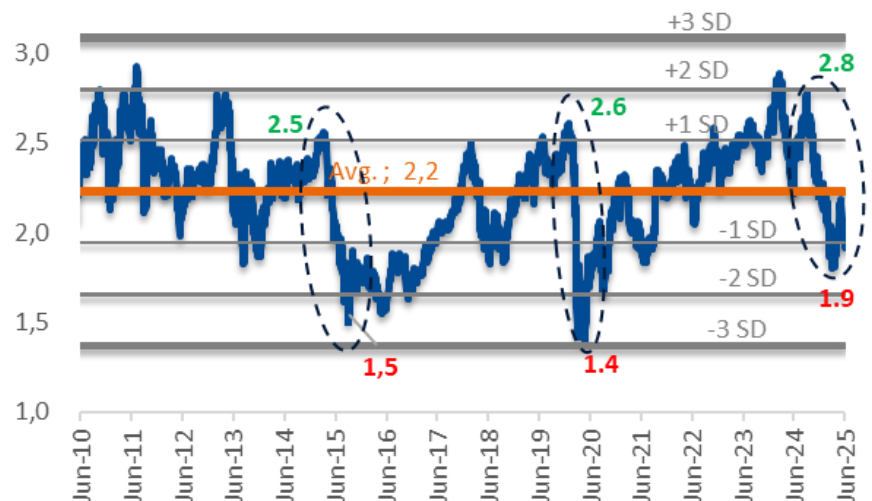
Source: IDX, BRIDS

**Exhibit 31. BTPS's historical foreign flows (as of 24 Jun25)**



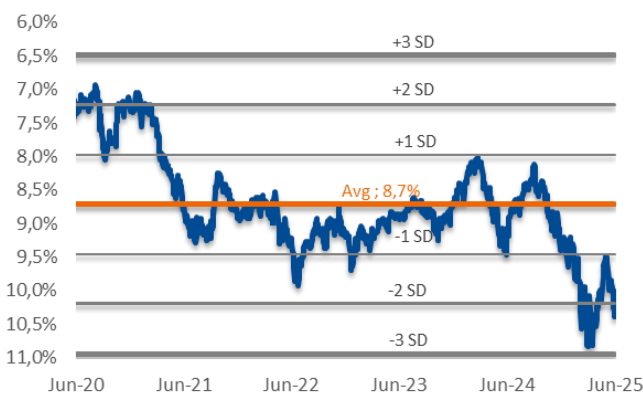
Source: IDX, BRIDS

**Exhibit 32. Sector's blended forward 12-month PBV ratio**



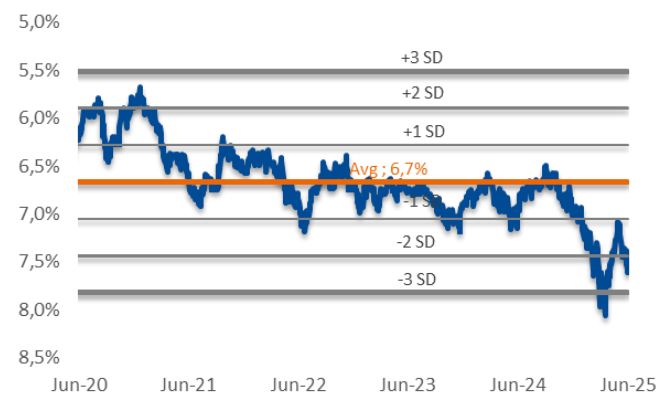
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 33. Sector's cost of equity band chart (5-year)**



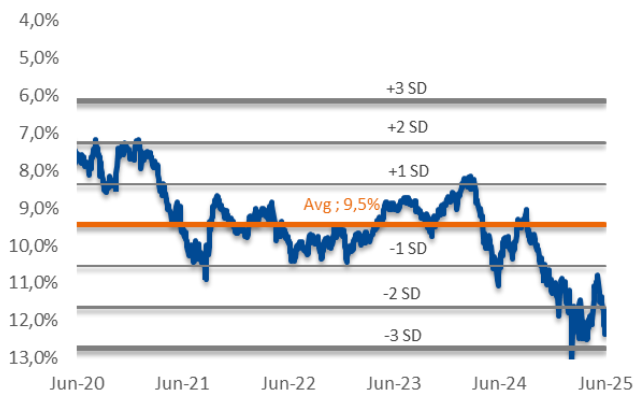
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 34. BBKA's cost of equity band chart (5-year)**



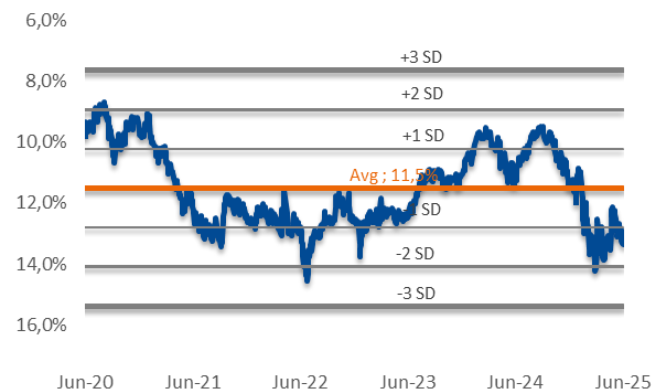
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 35. BBRI's cost of equity band chart (5-year)**



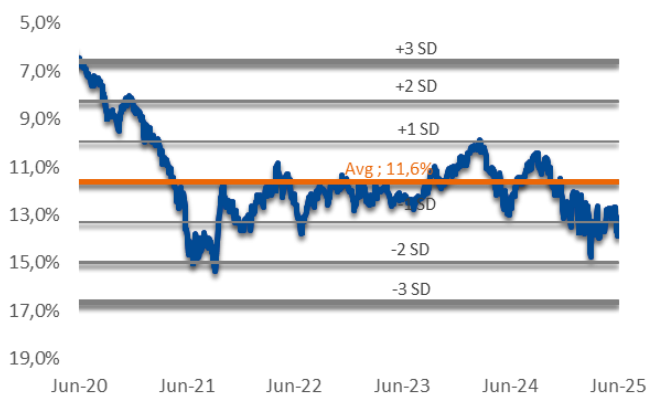
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 36. BMRI's cost of equity band chart (5-year)**



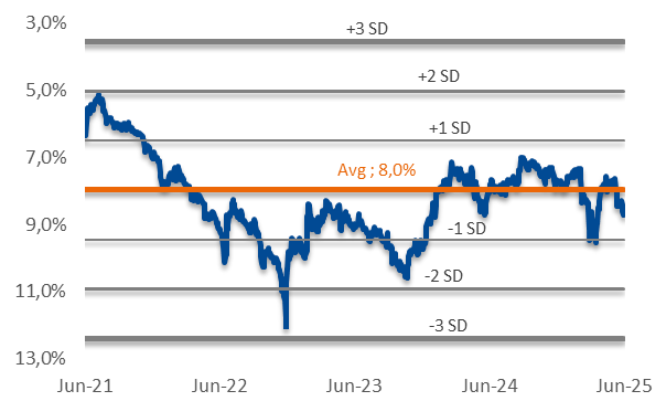
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 37. BBNI's cost of equity band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 38. BRIS's cost of equity band chart (since merger)**



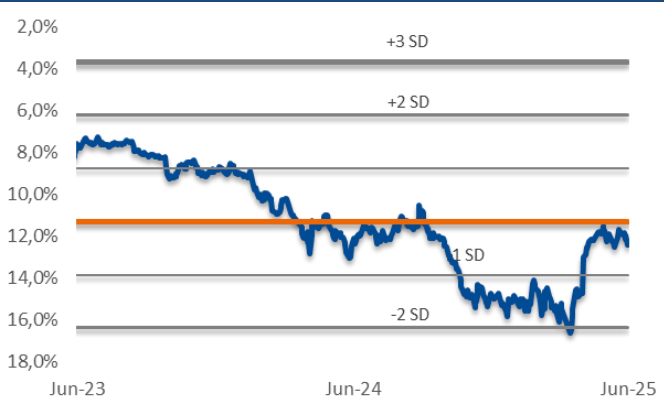
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 39. BBTN's cost of equity band chart (5-year)**



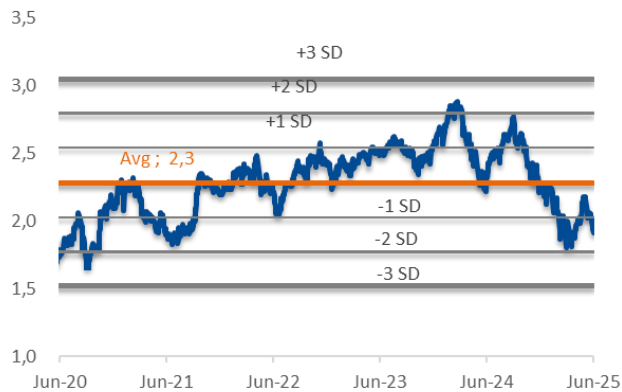
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 40. BTPS's cost of equity band chart (2-year)**



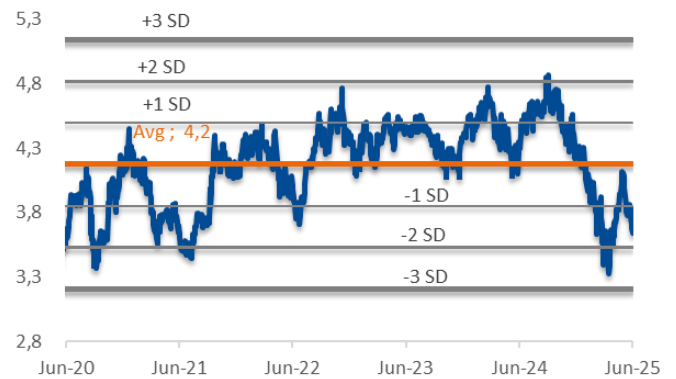
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 41. Sector's P/BV band chart (5-year)**



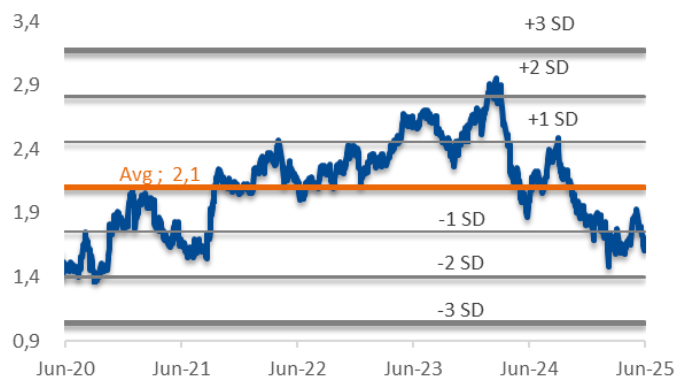
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 42. BBKA's P/BV band chart (5-year)**



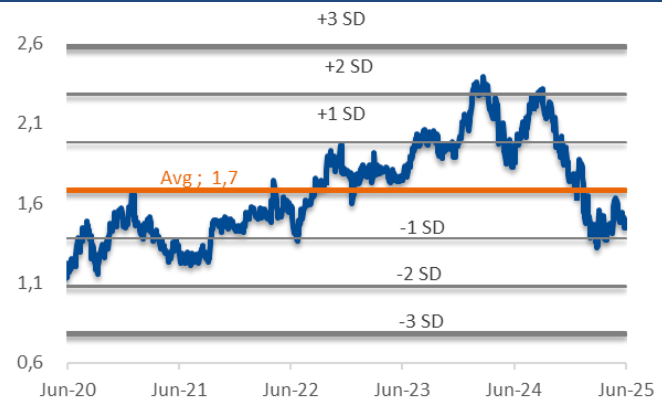
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 43. BBRI's P/BV band chart (5-year)**



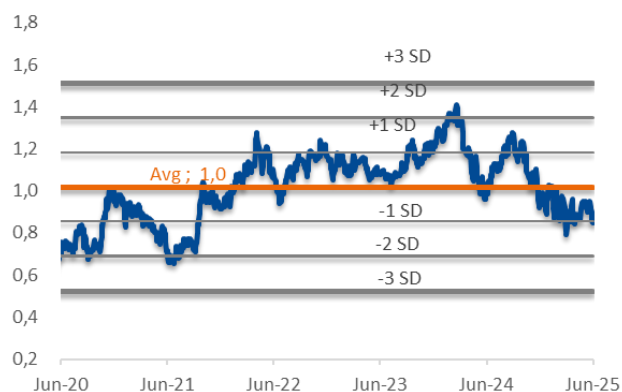
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 44. BMRI's P/BV band chart (5-year)**



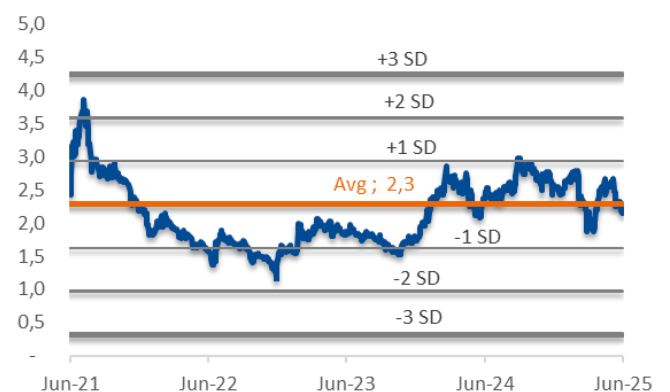
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 45. BBNI's P/BV band chart (5-year)**



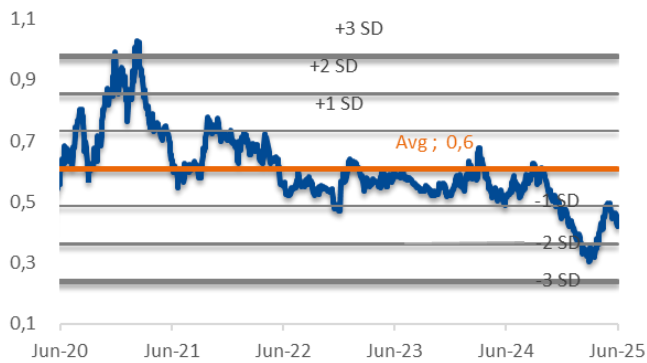
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 46. BRIS's P/BV band chart (since merger)**



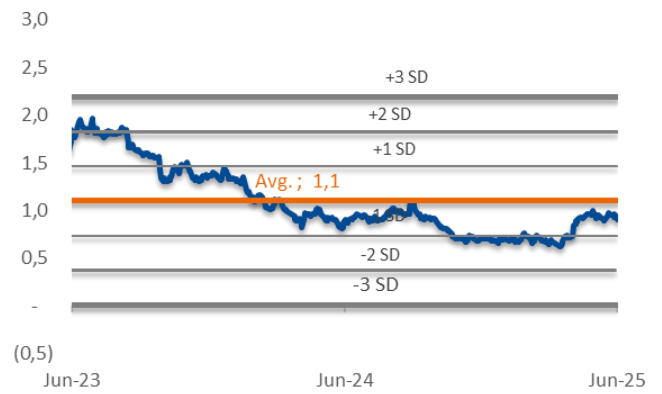
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 47. BBTN's P/BV band chart (5-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 48. BTPS's P/BV band chart (2-year)



Source: Company, Bloomberg, BRIDS Estimates

**BRI Danareksa Equity Research Team**

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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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