

Not Rated

Bank Rakyat Indonesia (BBRI IJ)

2Q25 Earnings Miss: Challenging Macro Continue to Weigh Amid Strong Subsidiary Performance

Last Price (Rp)	3,710
Target Price (Rp)	n/a
Previous Target Price (Rp)	n/a
Upside/Downside	n/a

No. of Shares (mn)	151,559
Mkt Cap (Rpbn/US\$mn)	562,284/34,171
Avg, Daily T/O (Rpbn/US\$mn)	1,015.3/61.7
Free Float (%)	46.3

Major Shareholder (%)	
Government of Indonesia	53.2

EPS Consensus (Rp)			
	2025F	2026F	2027F
BRIDS	n/a	n/a	n/a
Consensus	387.1	426.5	470.9
BRIDS/Cons (%)	n/a	n/a	n/a

- BBRI's 2Q25 net profit fell 8% qoq/ 9% yoy, bringing 1H25 NP to Rp26.3tr (-12% yoy), below cons est. at 45% of FY25F, on cost pressure.
- Management maintained its NIM guidance at 7.3-7.7%, loan growth at 7-9% (likely at lower end), and CoC at 3.0%-3.2% (likely at higher end).
- BBRI currently trades at 1.7x FY25C PBV, at -1SD of its 5-year mean, reflecting the challenging micro business conditions.

1H25: Earnings Miss on Provisions and Margin Pressure

BBRI posted a 12% yoy decline in 1H25 net profit to Rp26.3tr, below consensus expectation (45% of Cons FY25F), due to a 26% increase in provisions. The spike partly reflected a low base in 1H24, which included a ~Rp4.2tr one-off non-loan provision reversal tied to a construction SOE restructuring. NIM narrowed to 7.6% (from 7.8%) as loan yields dropped 27bps to 13.1%, while CoF remained contained at 3.5% (-8bps yoy). Opex rose 5.7% yoy, driven by Pegadaian and PNM, with Pegadaian's personnel expenses increasing on higher incentive and bonus payouts. Net premium income fell 70% yoy following PSAK 117 adoption, which deferred recognition and reclassified related costs.

2Q25: Margin Rebound but Profit Under Pressure

BBRI booked 2Q25 net profit of Rp12.6tr (-8% qoq, -9% yoy), weighed by a 5% rise in opex and 14% decline in other operating income. NIM rose 7bps qoq to 7.7%, supported by a 49bps higher loan yield of 13.3% from Pegadaian's contribution, SME reclassification, and a one-off gain reversal. CoC eased qoq to 3.3% (-19bps qoq, +19bps yoy), while NPL remained steady at 3.0%. However, Micro, Consumer, and Medium NPLs rose to 3.86% (+91bps), 2.25% (+12bps), and 2.54% (+79bps), respectively. CASA improved to 65.5% (+233bps yoy), though LDR fell to 95.6% as deposit growth (+4% qoq, +7% yoy) outpaced loan growth (+3% qoq, +6% yoy). Corporate and Consumer loans rose 15.6% and 9.4% yoy, respectively, while Micro loans grew just 1.6%.

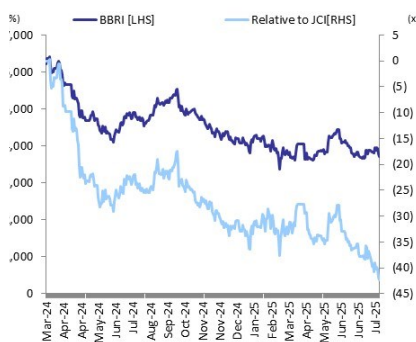
FY25 Guidance Remained Unchanged

Management maintained FY25 guidance: NIM at 7.3–7.7%, loan growth at 7–9% (likely at the lower end), CoC at 3.0–3.2% (likely at the higher end), and NPL at around 3%. BBRI'S future performance will hinge on its ability to control provisioning, defend margins, and manage funding cost amid continued liquidity and asset quality challenges.

Improving gold business but micro remains challenging

BBRI's current PBV valuation stands at 1.7x, which is at -1.0SD below its 5-year avg, driven by the challenging business conditions and uncertainties in government's program. Management remained optimistic in resolving the vintage loan but is cautious on the current economic conditions.

BBRI relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2020A	2021A	2022A	2023A	2024A
PPOP (Rpbn)	65,059	80,435	91,285	106,508	116,752
Net profit (Rpbn)	21,036	33,467	51,170	60,100	60,155
EPS (Rp)	170.5	220.8	337.6	396.5	396.9
EPS growth (%)	(38.8)	29.5	52.9	17.5	0.1
BVPS (Rp)	1,839.7	1,905.1	1,974.8	2,054.4	2,092.2
PER (x)	21.8	16.8	11.0	9.4	9.4
PBV (x)	2.0	2.0	1.9	1.8	1.8
Dividend yield (%)	2.6	4.7	7.8	8.6	9.3
ROAE (%)	9.7	13.0	17.4	19.7	19.1

Source: BBRI, BRIDS

Exhibit 1. BBRI's 2Q25 earnings summary

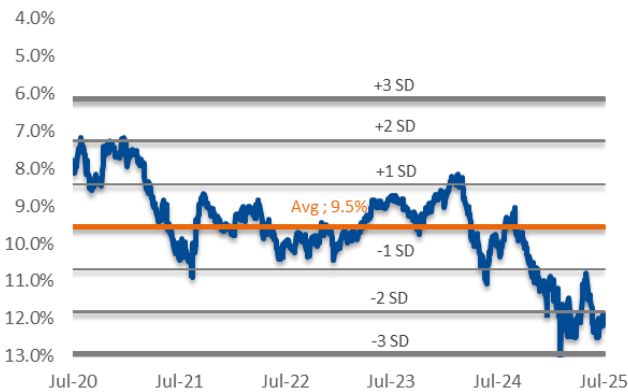
BBRI - Financial (Rpbn)	2Q24	1Q25	2Q25	qoq, %	yoy, %	1H24	1H25	yoy, %	FY25C	A/C
Interest income	49,183	49,838	52,538	5%	7%	99,790	102,376	3%	203,006	50%
Interest expense	14,401	13,987	15,115	8%	5%	28,512	29,102	2%	57,286	51%
Net interest income	34,781	35,852	37,423	4%	8%	71,278	73,275	3%	145,720	50%
Other operating income	12,954	14,589	12,515	-14%	-3%	25,605	27,104	6%	64,175	42%
Operating expenses	21,440	20,544	21,556	5%	1%	39,841	42,100	6%		n/a
PPOP	26,296	29,897	28,381	-5%	8%	57,043	58,278	2%		n/a
Provision	7,784	12,275	10,998	-10%	41%	18,497	23,273	26%	44,253	53%
Operating Profit	18,511	17,622	17,383	-1%	-6%	38,545	35,005	-9%	75,896	46%
Net profit	13,816	13,673	12,603	-8%	-9%	29,702	26,277	-12%	58,423	45%
Loans	1,336,780	1,373,661	1,416,619	3%	6%	1,336,780	1,416,619	6%	1,407,231	101%
Customer deposits	1,389,662	1,421,600	1,482,120	4%	7%	1,389,662	1,482,120	7%	1,468,216	101%

Key Ratio

				qoq, bps	yoy, bps			yoy, bps
Loan yield (%) - ann	13.1	12.9	13.3	49	25	13.3	13.1	(27)
Cost of fund (%) - ann	3.6	3.4	3.6	14	(3)	3.6	3.5	(8)
NIM (%) - ann	7.6	7.6	7.7	7	6	7.8	7.6	(20)
CIR (%) - ann	44.9	40.7	43.2	244	(175)	41.1	41.9	82
Cost of credit (%) - ann	2.4	3.6	3.2	(45)	80	2.8	3.4	53
Cost of credit on loan (%) - ann	3.1	3.5	3.3	(19)	19	3.5	3.4	(6)
ROE (%) - ann	18.5	17.7	16.4	(135)	(206)	19.6	16.9	(267)
CASA ratio (%)	63.2	65.8	65.5	(26)	234			
LDR (%)	96.2	96.6	95.6	(105)	(61)			
NPL ratio (%)	3.1	3.0	3.0	7	(1)			
LaR ratio (%)	12.0	11.1	10.8	(32)	(120)			

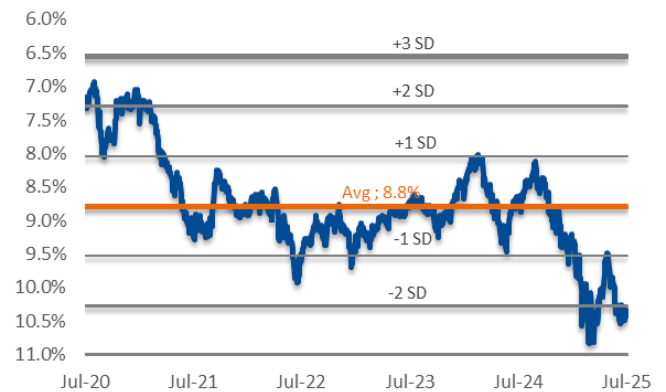
Source: Company, BRIDS, Bloomberg

Exhibit 2. BBRI's cost of equity band chart (5-year)



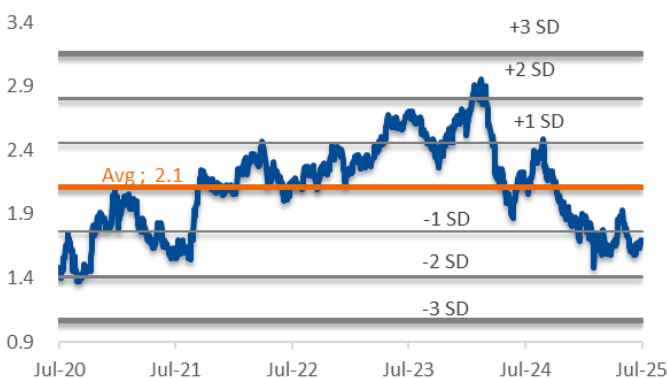
Source: Company, Bloomberg, BRIDS

Exhibit 3. Sector's cost of equity band chart (5-year)



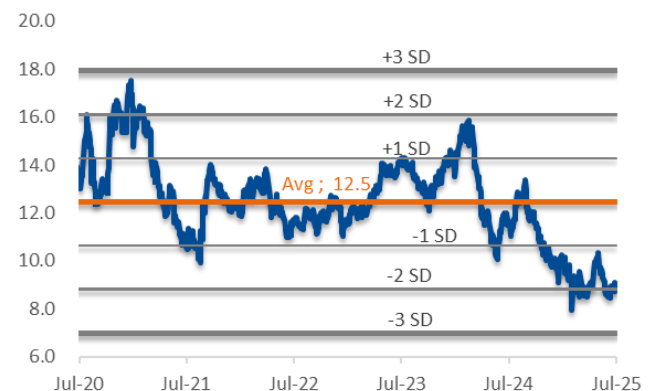
Source: Company, Bloomberg, BRIDS

Exhibit 4. BBRI's P/BV band chart (5-year)



Source: Company, Bloomberg, BRIDS

Exhibit 5. BBRI's P/E band chart (5-year)



Source: Company, Bloomberg, BRIDS

Exhibit 6. Income Statement

Year to 31 Dec (Rpbn)	2020A	2021A	2022A	2023A	2024A
Interest Income	135,765	143,523	151,875	181,215	199,266
Interest Expense	(42,180)	(29,429)	(27,278)	(43,813)	(57,209)
Net Interest Income	93,584	114,094	124,597	137,402	142,057
Non-Interest Income (NII)	35,765	38,686	47,216	43,775	55,602
Oper. Income	129,349	152,780	171,813	181,177	197,659
Oper. Expenses	(67,504)	(75,918)	(82,192)	(76,782)	(82,913)
Pre-provisions profit	65,059	80,435	91,285	106,508	116,752
Provisions & Allowances	(35,280)	(39,291)	(26,979)	(29,679)	(38,174)
Operating Profits	29,779	41,144	64,306	76,829	78,578
Non-Operating Income	215	(152)	291	(399)	(979)
Exceptionals	0	0	0	0	0
Pre-tax Profit	29,993	40,992	64,597	76,430	77,599
Income Tax	(8,952)	(7,836)	(13,188)	(16,005)	(16,955)
Minorities	(6)	311	(238)	(325)	(489)
Net Profit	21,036	33,467	51,170	60,100	60,155

Exhibit 7. Balance Sheet

Year to 31 Dec (Rpbn)	2020A	2021A	2022A	2023A	2024A
Gross Loans	943,788	994,417	1,079,275	1,212,578	1,298,318
Provisions	(66,810)	(84,834)	(88,324)	(81,924)	(76,903)
Net Loans	876,977	909,583	990,951	1,130,654	1,221,415
Govt. Bonds	0	0	0	0	0
Securities	326,957	371,738	330,242	331,010	326,477
Other Earnings Assets	72,821	45,455	55,038	50,274	52,162
Total Earnings Assets	1,504,484	1,577,855	1,652,810	1,777,688	1,827,703
Fixed Assets	60,885	65,038	73,951	81,464	88,480
Non-Earnings Assets	33,492	32,023	42,374	53,142	40,099
Total Assets	1,610,065	1,678,098	1,865,639	1,965,007	1,992,983
Customer Deposits	1,071,919	1,138,743	1,307,884	1,358,329	1,365,450
Banks Deposits	23,786	13,329	9,335	11,958	14,679
Int. Bearing Liab. - Others	49,003	0	0	0	0
Total Liabilities	1,380,598	1,386,311	1,562,244	1,648,535	1,669,794
Share capital & Reserves	58,642	101,967	98,124	97,652	99,001
Retained Earnings	168,274	186,768	201,170	213,711	218,093
Shareholders' Funds	226,916	288,735	299,294	311,364	317,094
Minority interests	2,551	3,052	4,101	5,109	6,095
Total Equity & Liabilities	1,610,065	1,678,098	1,865,639	1,965,007	1,992,983

Exhibit 8. Key Ratios

Year to 31 Dec	2020A	2021A	2022A	2023A	2024A
Yield on Earning Assets	9.7	9.3	9.4	10.6	11.1
Cost of funds	3.4	2.2	1.9	2.8	3.6
Interest Spread	6.3	7.1	7.5	7.7	7.5
Net Interest Margin	6.7	7.4	7.7	8.0	7.9
Cost/Income Ratio	50.9	48.6	47.4	41.9	41.5
Oper. Exp./Oper. Gross Inc.	83.0	77.9	68.0	66.2	69.4
Gross NPL Ratio	3.0	3.1	2.7	3.0	2.8
LLP/Gross NPL	236.8	277.0	306.5	223.6	208.9
Cost of Credit	3.9	4.1	2.6	2.6	3.0
Loan to Deposit Ratio	88.0	87.3	82.5	89.3	95.1
Loan to Funding Ratio	83.5	83.3	78.7	86.1	92.9
CASA Mix	58.9	62.3	66.2	63.8	66.6
ROAE	9.7	13.0	17.4	19.7	19.1
ROAA	1.4	2.0	2.9	3.1	3.0
CAR	19.3	25.3	23.3	20.2	18.3

Exhibit 9. Dupont and Growth

Year to 31 Dec	2020A	2021A	2022A	2023A	2024A
Dupont					
Pre-Tax ROAA	2.0	2.5	3.6	4.0	3.9
Tax Retention rate	70.2	80.9	79.6	79.1	78.2
Post-Tax ROAA	1.4	2.0	2.9	3.2	3.1
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	7.0	6.4	6.0	6.3	6.3
ROAE	9.7	13.0	17.4	19.7	19.1
Growth (%)					
Interest income	11.5	5.7	5.8	19.3	10.0
Net Interest Income	14.5	21.9	9.2	10.3	3.4
Other Oper. Expenses	50.1	12.5	8.3	(6.6)	8.0
Fee Based Income	11.5	5.4	10.2	(1.5)	10.6
Pre-Provision Oper. Profit	(1.7)	23.6	13.5	16.7	9.6
Net Profit	(38.8)	59.1	52.9	17.5	0.1
Shareholders' Equity	10.0	27.2	3.7	4.0	1.8
Loan	7.6	5.4	8.5	12.4	7.1
Earnings Asset	16.0	4.9	4.8	7.6	2.8
Deposit	9.0	5.1	14.3	4.0	0.7
Int. Bearing Liab.	13.8	(0.4)	12.7	5.1	2.2
CASA	12.4	11.3	21.5	0.2	5.1
Total Asset	13.6	4.2	11.2	5.3	1.4

Source: BBRI, BRIDS

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INVESTMENT RATING

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

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