

Inline 1Q26 earnings on softening funding cost

5 May 2026



<b>BBRI IJ</b>	<b>BUY</b>
Sector	Banks
Price at 5 May 2026 (IDR)	3,150
Price target (IDR)	4,010
Upside/Downside (%)	27.3

**Stock Information**

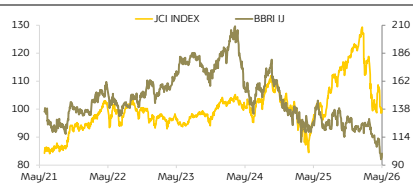
PT Bank Rakyat Indonesia (BBRI) established in 1895 is the oldest bank in Indonesia. BBRI plays an important role in developing grass root economy of Indonesia, focusing in Micro, Small and Medium Enterprises (MSMEs) segments.

Market cap (IDR bn)	460,739
Shares outstanding (mn)	151,559
52-week range (IDR)	2,980-4,450
3M average daily vol. ('000)	233,314
3M average daily val. (IDR mn)	813,421

**Shareholders (%)**

Republic of Indonesia	54.9
Public	45.1

**Stock Performance**



Source: Bloomberg

	1M	3M	12M
Performance	(5.1)	(18.2)	(18.4)

**Analyst**

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BBRI capped 1Q26 with a solid result. Robust BBRI's 1Q26 earnings (13.8% YoY) benefited by a sharp drop in funding cost and slightly softer provisions, came in line with our and consensus '26F expectation (26.2%/26.0%). Total TPF saw stronger deposit mix with CASA inflows strengthened significantly (+13.2% YoY) and overall play vital role to softening interest expenses, resulting to a healthy 1Q26 PPOp and PATMI growth. On funding front, the +13.7% YoY growth crushing industry growth achievement (9.49% YoY), management guidance (7-9% YoY) and our '26F forecast (7.2% YoY). NIM stood at 7.9% higher from 7.7% in 1Q25 amid the sector pressure, slightly beating BBRI's '26F upper guidance (7.4-7.8%), while CoC improving (-0.3% YoY) to 3.2%. Gross NPL stood at 3.0%, well managed year-on-year and slightly healthier on quarterly basis. Maintain BUY, GGM-based TP of IDR 4,010 (1.8x '26F P/B), currently traded at 1.4x '26F P/B, or slightly below -2SD.

**Solid 1Q26 earnings; inline**

BBRI's 1Q26 earnings grew by +13.8% YoY on the back of solid net interest income coupled with flattish provisions. In all, 1Q26 PATMI arrives in line with our and consensus '26F expectation at a run-rate of 26.2% and 26.0% vs 5-year historical average of 24.6%. A resilient loan growth has overall helped the bank to continue record healthy top line (+5.9% YoY) to IDR52.83 tn amidst the declining loan yield trend. On PPOp level, a well-managed operating expense has overall back up PPOp to remain grew healthy, while softer provisions adding more support to earnings to reach IDR15.63 tn (+13.8% YoY). Worth noting that despite slight pressure quarterly earnings growth (-1.5% QoQ), 1Q26 figure was significantly beating both our and consensus 1Q26F numbers.

**Solid CASA strengthened and play significant support to 1Q26 earnings**

On the funding side, total TPF grew +9.4% YoY underpinned by strong CASA growth (+13.2% YoY). We like BBRI's savings account (SA) segment solid growth of +11.5% YoY, which especially fueled by an impressive +45.5% YoY growth in affluent SA tiering, signaling a successful capture of high-net-worth liquidity (4Q25 growth: +35.1% YoY). In all, we like the significant drop in blended funding cost which overall play crucial role to 1Q26 PPOp and net income growth.

**Corporate pivot ignites growth; micro grew healthy**

BBRI delivered a robust FY25 performance, with its total loan book expanding +13.7% YoY to IDR1,526.45 tn. This result significantly outpaced both the industry March '26 loan growth, management's '26F guidance of 7-9% YoY, while also coming in ahead of our '26F loan growth for the bank. The primary catalyst for this beat was an aggressive expansion in the corporate segment which grew by +42.1% YoY, noted a significant growth improvement compared to the first quarter of last year of +13.0% YoY and accounted around +450bps higher of the total loan portfolio from 18.0% to 22.5% in 1Q26. Despite taking only a small chunk of total loan, we like commercial spike growth of +60.0% YoY, bringing the contribution to 4.2% of the total loan (+110bps). Meanwhile, micro loan continues as the backbone, forming around 45.2% of the total loan and grew stronger to +5.3% YoY vs only +1.5% YoY in 1Q25.

**NIM expanded, CoC inline; '26F guidance sound achievable**

Amid the prolonged uncertainty, the bank's NIM verified excellent resilience, coming in at 7.87%, slightly higher than '26F NIM upper guidance of 7.8% and beating our '26F conservative NIM for BBRI by +51bps. Cost to income noticeably well managed at 40.8% vs 40.0% in 1Q25 and 41.8% in 4Q25. Credit cost arrives at 3.20%, landed inline with BBRI's '26F CoC upper guidance of 3.20% and aligned with our '26F CoC expectation for BBRI at 3.17%. Gross NPL in the same period deserves an applause as it remains manageable at 3.0% and still improving vs 4Q25 at 3.1%. RoE saw an improvement from 18.4% from 17.1% in 1Q25 and remain in line with our RoE forecast for the bank. The bank expects loan growth to hover within the range of 7%-9% yoy, with continuing improving NIM also forecasted to remain manageable at a range of 7.4%-7.8%. CoC expected to arrive within 2.9%-3.2% in '26F, while cost to income is estimated to stay handy between 41%-43%.

**Maintain BUY**

Our GGM-based TP for BBRI of IDR4,010 pegged at 1.8x '26F P/B, while currently traded at 1.4x '26F P/B, or slightly below -2SD of 1.5x '26F P/B. Potential catalyst: a) higher-than-expected loan growth tied with softer loan yield pressure resulting in strong NIM expansion, b) softer-than-anticipated CoC on steady AQ improvement, c) calmer domestic and global uncertainty leading to a consumer and business confidence spike. Key downside risks to our target price include a) lower-than-expected loan growth on a wait-and-see stance, b) slower-than-anticipated benchmark rate transmission to CoF due to having priced in c) NIM stagnation triggered by a declining loan yield trend and mild loan growth, d) higher-than-expected CIR and higher CoC on front loads, g) sustained boiling global geopolitical tension uncertainty, and h) weakening IDR/USD.

**Exhibit 1: Key Statistics**

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net Interest income	142,057	150,498	159,313	169,486	181,381
Non int. income	57,811	57,378	64,572	73,100	81,927
Operating income	199,869	207,877	223,885	242,585	263,309
Pre-provision operating profit	116,752	119,430	129,189	140,870	154,212
Net income (IDR bn)	60,155	56,652	59,426	63,434	68,542
EPS (IDR)	397	374	392	419	452
EPS growth (%)	0.1	(5.8)	4.9	6.7	8.1
PER (x)	7.5	8.0	7.6	7.1	6.6
PBV (x)	1.4	1.4	1.4	1.3	1.2
Div. Yield (%)	12.3	12.3	10.0	10.5	11.2
RoE (%)	19.1	17.7	18.2	18.7	19.1

Source: Company, KBVS Research

**Exhibit 2: BBRI 1Q26 result – Selected Profit & Loss**

Income Statements (IDR bn)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)	KBVS '26F	% to KBVS	Cons' '26F	% to Cons
Interest income	49,871	52,838	5.9	49,871	52,838	5.9	52,623	0.4				
Interest expenses	(13,986)	(12,683)	(9.3)	(13,986)	(12,683)	(9.3)	(13,116)	(3.3)				
Net interest income	35,885	40,155	11.9	35,885	40,155	11.9	39,507	1.6				
Non-interest income	13,941	14,163	1.6	13,941	14,163	1.6	16,741	(15.4)				
Total opex	(19,931)	(22,135)	11.1	(19,931)	(22,135)	11.1	(23,486)	(5.8)				
PPoP	29,895	32,183	7.7	29,895	32,183	7.7	32,762	(1.8)				
Provisions	(12,275)	(12,123)	(1.2)	(12,275)	(12,123)	(1.2)	(12,585)	(3.7)				
Net profit	13,742	15,634	13.8	13,742	15,634	13.8	15,873	(1.5)	59,426	26.3	60,179	26.0

Source: Company, KBVS Research

**Exhibit 3: BBRI 1Q26 result – Selected Balance Sheet**

Balance Sheet (IDR bn)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)
Gross loans	1,373,661	1,562,451	13.7	1,373,661	1,562,451	13.7	1,521,486	2.7
Current account	391,613	452,866	15.6	391,613	452,866	15.6	448,204	1.0
Saving account	543,337	605,752	11.5	543,337	605,752	11.5	587,586	3.1
Time deposits	486,650	496,506	2.0	486,650	496,506	2.0	431,054	15.2
Total Deposits	1,421,600	1,555,124	9.4	1,421,600	1,555,124	9.4	1,466,844	6.0
CASA	934,950	1,058,618	13.2	934,950	1,058,618	13.2	1,035,790	2.2
Total equity	305,854	345,062	12.8	305,854	345,062	12.8	330,941	4.3

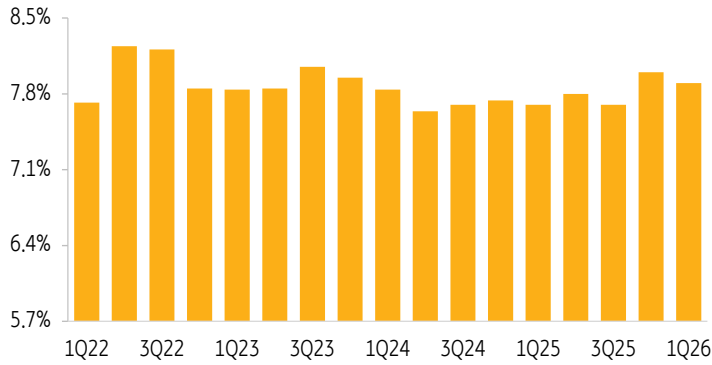
Source: Company, KBVS Research

**Exhibit 4: BBRI 1Q26 result – Selected Key Ratios**

Key Metrics (%)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)
NIM	7.7	7.9	0.2	7.7	7.9	0.2	8.0	(0.1)
Total CAR	24.0	22.9	(1.1)	24.0	22.9	(1.1)	23.7	(0.8)
CASA Ratio	65.8	68.1	2.3	65.8	68.1	2.3	70.6	(2.5)
CIR	40.0	40.8	0.8	40.0	40.8	0.8	41.8	(1.0)
NPL gross	3.0	3.0	0.0	3.0	3.0	0.0	3.0	0.0
Cost of Credit	3.5	3.2	(0.3)	3.5	3.2	(0.3)	3.6	(0.4)
ROA	2.7	2.8	0.1	2.7	2.8	0.1	3.0	(0.2)
ROE	17.1	18.4	1.3	17.1	18.4	1.3	18.7	(0.3)
Cost of Fund	3.0	2.3	(0.7)	3.0	2.3	(0.7)	2.9	(0.6)
LDR	86.3	87.2	0.9	86.3	87.2	0.9	95.0	(7.8)
Loan yield – BO	12.9	12.2	(0.7)	12.9	12.2	(0.7)	12.9	(0.7)

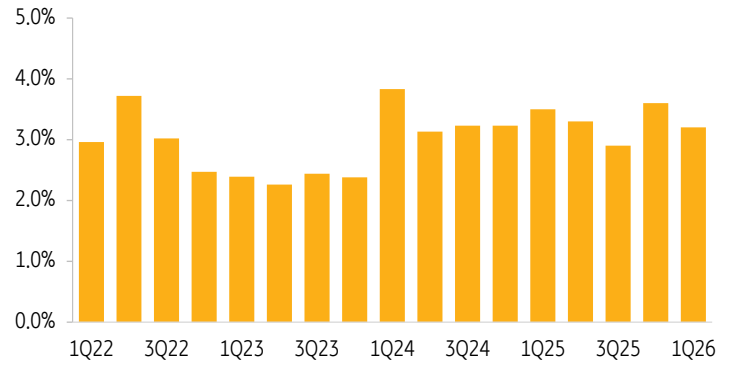
Source: Company, KBVS Research

Exhibit 5: Expect better NIM on softer funding cost and stronger volume



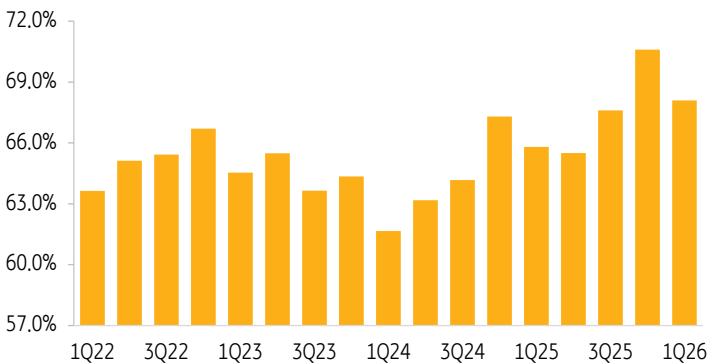
Source: Company, KBVS Research

Exhibit 6: Softening CoC to play crucial role for '26F earnings growth



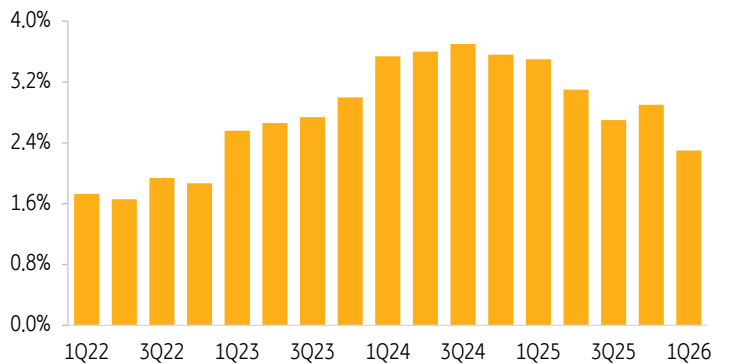
Source: Company, KBVS Research

Exhibit 7: Solid CASA to overall help NII and NIM in the upcoming quarters



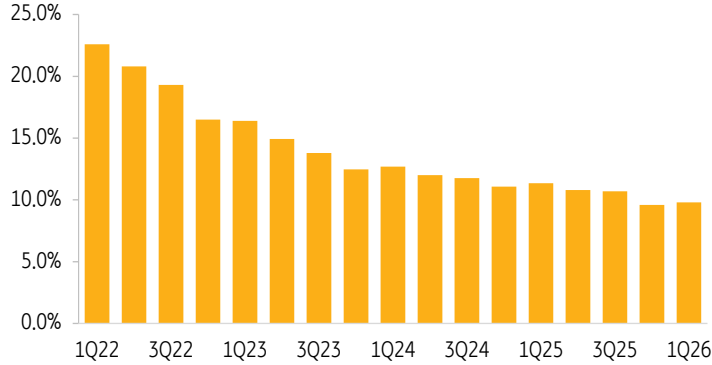
Source: Company, KBVS Research

Exhibit 8: Expect well-managed CoF



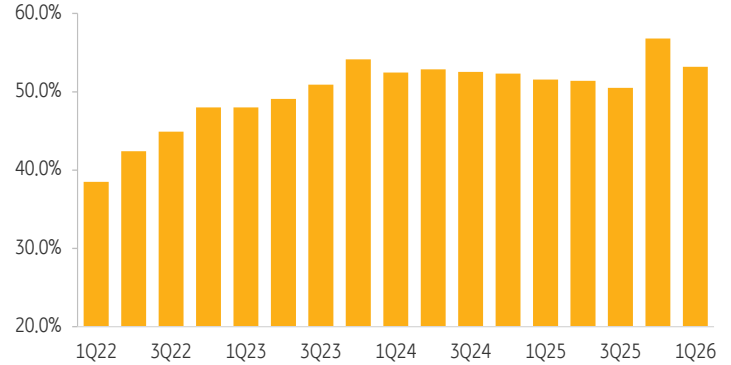
Source: Company, KBVS Research

Exhibit 9: Trending down loan at risk to continue



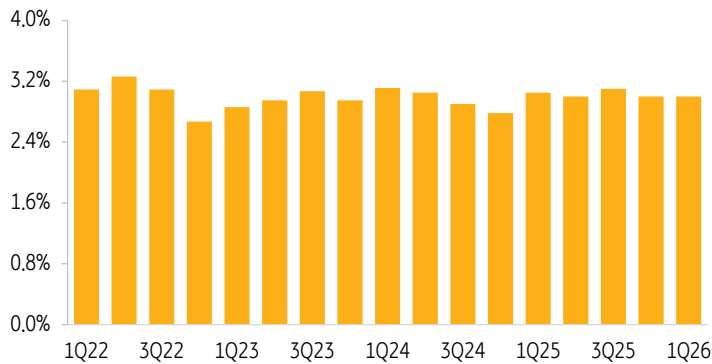
Source: Company, KBVS Research

Exhibit 10: Expect continuing adequate loan at risk coverage



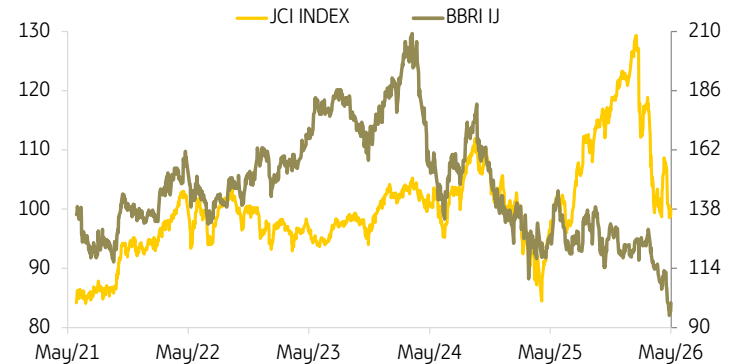
Source: Company, KBVS Research

Exhibit 11: Expect well-managed NPL



Source: Company, KBVS Research

Exhibit 12: Currently attractively traded at 1.4x '26F P/B, or slightly below -2SD



Source: Company, Bloomberg, KBVS Research

**FINANCIAL TABLES**
**Exhibit 13: Profit & Loss**

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Interest income	199,266	207,783	219,596	231,467	245,392
Interest expenses	(57,209)	(57,285)	(60,283)	(61,981)	(64,011)
<b>Net interest income</b>	<b>142,057</b>	<b>150,498</b>	<b>159,313</b>	<b>169,486</b>	<b>181,381</b>
Non-interest income	57,811	57,378	64,572	73,100	81,927
<b>Total operating income</b>	<b>199,869</b>	<b>207,877</b>	<b>223,885</b>	<b>242,585</b>	<b>263,309</b>
Operating expenses	(83,116)	(88,447)	(94,696)	(101,716)	(109,096)
<b>Pre-provision operating profit</b>	<b>116,752</b>	<b>119,430</b>	<b>129,189</b>	<b>140,870</b>	<b>154,212</b>
Loan loss provision	(38,174)	(46,182)	(48,856)	(55,148)	(64,018)
Pretax profit	77,599	72,793	79,879	85,266	89,739
<b>Net profit</b>	<b>60,155</b>	<b>56,652</b>	<b>59,426</b>	<b>63,434</b>	<b>68,542</b>

**Exhibit 14: Balance sheet**

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
<b>Assets</b>					
Cash	29,784	32,044	34,118	36,869	38,472
Current Account at BI	88,879	31,930	33,096	31,195	32,564
Interbank Loans	83,448	63,488	71,458	46,949	40,705
Govt Treas Bills & Sec	228,825	246,095	210,612	185,612	179,100
Investment Securities	114,497	126,572	127,872	129,461	105,832
Loans	1,273,577	1,438,427	1,548,179	1,663,241	1,803,339
Fixed Assets	62,478	63,294	65,192	66,170	67,163
Other assets	111,495	133,520	167,002	169,508	172,050
<b>Total Asset</b>	<b>1,992,983</b>	<b>2,135,371</b>	<b>2,257,530</b>	<b>2,329,005</b>	<b>2,439,225</b>
<b>Liabilities</b>					
Interbank Deposit	14,679	17,601	22,566	23,397	24,423
Customer Deposit	1,365,450	1,466,844	1,504,372	1,559,768	1,628,185
Debts Sec and Subordinates	32,502	40,902	54,157	42,114	29,307
Other Liabilities	257,162	279,083	340,132	347,030	380,819
<b>Total liabilities</b>	<b>1,669,794</b>	<b>1,804,430</b>	<b>1,921,227</b>	<b>1,972,309</b>	<b>2,062,734</b>
<b>Equity</b>					
Capital Stock	7,578	7,578	7,578	7,578	7,578
Additional Paid-in Capital	75,880	75,946	75,946	75,946	75,946
Retained Earnings	218,093	222,663	233,025	248,918	266,713
Other Equity	15,552	17,855	12,855	17,355	19,355
Shareholder's Equity	317,103	324,043	329,404	349,797	369,592
Non-controlling Interest	6,095	6,899	6,899	6,899	6,899
<b>Total Equity</b>	<b>323,189</b>	<b>330,941</b>	<b>336,303</b>	<b>356,696</b>	<b>376,491</b>

**Exhibit 15: Key performance metrics**

Year End Dec (%)	2024A	2025A	2026F	2027F	2028F
NIM	7.9	7.8	7.3	7.5	7.9
CASA	67.3	70.6	72.1	72.8	73.5
NPL	2.8	2.7	2.7	2.6	2.6
ROAE	19.1	17.7	18.2	18.7	19.1
ROAA	3.0	2.7	2.7	2.8	2.9
CAR	24.4	23.4	22.1	22.9	23.4
BVPS (IDR)	2,092	2,138	2,173	2,308	2,439
PER (x)	7.5	8.0	7.6	7.1	6.6
PBV (x)	1.4	1.4	1.4	1.3	1.2
Div. Yield	12.3	12.3	10.0	10.5	11.2

Source: Company, KBVS Research

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