

Inline 5M26 Earnings: Sell-Off Shaped Fundamental Disconnects

2 July 2026



BBRI IJ	BUY
Sector	Banks
Price at 2 Jul 2026 (IDR)	2,690
Price target (IDR)	4,010
Upside/Downside (%)	49.1

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)	430,428
Shares outstanding (mn)	151,559
52-week range (IDR)	2,540-4,270
3M average daily vol. ('000)	334,515
3M average daily val. (IDR mn)	1,020,930

Shareholders (%)

Republic of Indonesia	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(11.5)	(18.9)	(26.9)

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BBRI closed 5M26 with solid bank-only earnings (+9.5% YoY), tracking in line with our (34.4%) and cons. (33.9%) '26F estimates. Total loan growth (+12.2% YoY) was higher than management's guidance, while strong growth in CASA (+17.98% YoY) contributed significantly to total TPF. While the bank-only NIM remained flattish (-10 bps), CoC improved from 3.5% to 3.3%, keeping it close to the guidance range of 2.9%-3.2%. Two consecutive months of inline results effectively secure a resilient growth floor for 1H26F, while recent BI rate hikes offer room for selective loan yield repricing. An aggressive sell-off, driven by waning foreign confidence and domestic noise, has caused BBRI's valuation to decouple from its structurally sound balance sheet. Our GGM stress test, which revealed a floor price of IDR2,670, affirmed a profound undervaluation near the YTD26 high-low of IDR2,590. Maintain BUY with a GGM-based TP of IDR 4,010 (1.8x '26F P/B). The stock is currently trading at a significant discount (1.2x FY26F P/B), slightly below -2SD level of 1.5x.

5M26 earnings: Inline results with strong momentum in May26

BBRI's 5M26 bank-only net profit reached IDR20.42 tn (+9.5% YoY), aligning with both our forecast (34.4%) and consensus (33.9%), compared to the 5-year historical average of 34.9%. Net Interest Income grew by a modest +6.6% YoY, bolstered by a sharp -14.4% YoY reduction in blended interest expenses on the back of -8.82% YoY decline in high-cost funding. Non-interest income grew by a robust +17.6% YoY, supported by higher fee-based income and increased dividends from subsidiaries, bringing the PPOP to IDR44.59 tn (+8.0% YoY). On a standalone basis, May26 net profit grew by +24.4% YoY and +12.1% MoM to IDR4.52 tn, broadly in line with our May26F forecast of IDR4.40 tn.

Robust loan growth beats '26F guidance: solid CASA underpin TPF growth

Total loans grew by +12.2% YoY to IDR1,417.19 tn, surpassing management's '26F guidance range of 7%-9% YoY. On the liabilities front, total TPF reached IDR1,546.44 tn (+8.6% YoY), underpinned by strong demand deposits (+25.2% YoY) and savings growth (+12.8% YoY). This boosted the low-cost funding portion in CASA mix to IDR1,092.27 tn (+18.0% YoY). Furthermore, the high-cost funding segment (time deposits) continued to contract (-8.8% YoY), providing a stronger deposit mix that should help reduce BBRI's funding costs and support '26F margins.

Manageable CoC and firm NIM

BBRI's 5M26 CoC improved to 3.3% (from 3.5% in 5M25), moving closer to the bank's '26F target of 2.9%-3.2%. The bank's CIR remains well-managed at 37.9%, outperforming the guided range of 41%-43%. BBRI's balance sheet remains structurally sound, with a loan-to-asset ratio of 68.4% (up from 66.7% in 5M25) and marketable securities portion at 16.0% vs 17.1% in 5M25. Despite domestic and global economic uncertainty, margin pressure remains contained; bank-only NIM compressed only marginally, from 6.4% to 6.3% (-10bps). Given that 1Q26 consolidated NIM (7.87%) hit the upper bound of management's guidance (7.4%-7.8%), we expect 1H26F consolidated NIM to remain within target. Moreover, BI's recent rate hikes offer some room for selective loan yield repricing, providing further support for '26F margin.

Steady bank-only momentum locks in resilient 1H26F growth floor

With solid bank-only earnings locked in for 4M26 and 5M26, we have a clear view of the 1H26F trajectory. Even if we assume Jun26F bank-only earnings are identical to May26 level of IDR4.52 tn, 1H26F earnings growth will remain slightly positive (+0.62% YoY). Our 1H26F bank-only net income for BBRI of IDR26.59 tn implies +7.25% YoY growth. On a consolidated basis, we project BBRI's 1H26F net income to reach IDR28.97 tn, or +10.2% YoY. It is worth noting that our 2Q26F estimate for the bank is conservative; using BBRI's 2Q26F consensus figure, 1H26 net income could record higher growth than our expectation.

Punished by noise, protected by fundamentals

YTD26 has been a remarkably punishing period for banking equities, including BBRI; the stock has plummeted -26.1% YTD and retracted -34.76% from its YTD26 high-low, weighed down by waning foreign confidence and domestic noise. Yet, this sell-off has caused BBRI's valuation to decouple from its structurally solid balance sheet. To test the intrinsic value floor, we ran a GGM stress test, adding the risk-free rate by +100 bps and the ERP by +240 bps. Even under this assumption, the model shows a bottom valuation of IDR 2,670 and still above its YTD26 high-low of IDR 2,590. This margin of safety underscores a deep fundamental undervaluation, supporting our BUY thesis.

Maintain BUY

We maintain our BUY rating with a GGM-based TP of IDR 4,010 (pegged at 1.8x FY26F P/B). The stock currently trades at a highly discounted 1.2x FY26F P/B, below its -2SD level of 1.5x. Potential catalyst: a) Higher-than-expected loan growth coupled with moderate loan yield repricing will help NIM surpass '26F guidance. b) Softer-than-anticipated CoC on steady AQ improvement will be crucial for '26F earnings. c) Stronger non-interest-income should act as vital catalyst for PPOP growth. Key downside risks include a) softer-than-anticipated loan growth with limited room for CoF adjustment and loan repricing. b) Higher-than-expected cost to income coupled with milder non-interest-income. c) Significantly higher provisions from loan yield front load and sooner-than-anticipated deterioration in SME NPL. d) Ongoing domestic noise and a struggling rupiah currency will likely keep dragging market sentiment down.

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)	6.7	7.1	6.8	6.4	5.9
PBV (x)	1.3	1.2	1.2	1.2	1.1
Div. Yield (%)	13.8	13.8	11.2	11.7	12.5
RoE (%)	19.1	17.7	18.2	18.7	19.1

Source: Company, KBVS Research

Exhibit 2: 5M26 selected profit and loss

Selected P&L (IDRbn)	5M25	5M26	YoY (%)	May-25	May-26	YoY (%)	Apr-26	May-26	MoM (%)	KBVS '26F	% to KBVS	Cons. '26F	% to Cons.
Interest income	66,814	66,769	(0.1)	13,361	13,266	(0.7)	13,624	13,266	(2.6)				
Interest expense	(21,330)	(18,263)	(14.4)	(4,510)	(4,140)	(8.2)	(3,711)	(4,140)	11.6				
Net interest income	45,485	48,506	6.6	8,851	9,126	3.1	9,913	9,126	(7.9)				
Non Int Inc & others	19,750	23,233	17.6	3,561	7,829	119.8	4,307	7,829	81.8				
Total Income	65,235	71,739	10.0	12,412	16,954	36.6	14,220	16,954	19.2				
Opex	(23,943)	(27,144)	13.4	(4,490)	(6,959)	55.0	(5,329)	(6,959)	30.6				
PPOP	41,292	44,595	8.0	7,922	9,995	26.2	8,892	9,995	12.4				
Provision	(17,730)	(19,060)	7.5	(3,377)	(4,424)	31.0	(3,799)	(4,424)	16.5				
Net Profit	18,646	20,423	9.5	3,637	4,526	24.4	4,036	4,526	12.1	59,426.0	34.4	60,179.0	33.9

Source: Company, KBVS Research

Exhibit 3: 5M26 selected balance sheet

Selected BS (IDRbn)	1M26	2M26	3M26	4M26	5M26	5M25	5M26	YoY (%)	1M26	5M26	YTD (%)
Total Loan	1,354,087	1,346,160	1,357,871	1,376,355	1,417,197	1,262,720	1,417,197	12.2	1,354,087	1,417,197	4.7
Total Assets	1,967,683	1,983,037	2,017,134	2,067,538	2,073,127	1,893,379	2,073,127	9.5	1,967,683	2,073,127	5.4
Total deposits	1,495,698	1,508,843	1,549,000	1,496,301	1,546,446	1,423,875	1,546,446	8.6	1,495,698	1,546,446	3.4
Demand deposits	458,410	428,891	454,466	455,487	484,904	387,216	484,904	25.2	458,410	484,904	5.8
Savings deposits	586,841	588,381	603,078	603,722	607,373	538,563	607,373	12.8	586,841	607,373	3.5
Time Deposits	450,446	491,570	491,456	437,091	454,168	498,096	454,168	-8.8	450,446	454,168	0.8
CASA	1,045,251	1,017,272	1,057,544	1,059,210	1,092,278	925,778	1,092,278	18.0	1,045,251	1,092,278	4.5

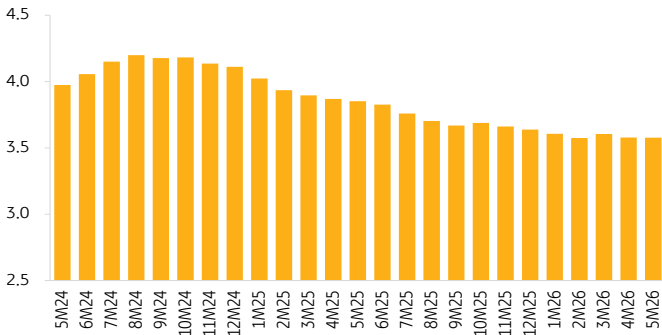
Source: Company, KBVS Research

Exhibit 4: 5M26 selected key ratios (estimation / calculation)

Selected key ratios	1M26	2M26	3M26	4M26	5M26	5M25	5M26	YoY (%)	1M26	5M26	YTD (%)
NIM	6.5	6.4	6.3	6.3	6.3	6.4	6.3	(0.1)	6.5	6.3	(0.2)
Loan yield	11.8	11.5	11.8	11.7	11.5	12.8	11.5	(1.3)	11.8	11.5	(0.3)
Cost of deposits	2.1	2.2	2.2	2.3	2.5	3.2	2.5	(0.7)	2.1	2.5	0.4
Cost of credit	3.7	3.4	3.2	3.2	3.3	3.5	3.3	(0.2)	3.7	3.3	(0.4)
CASA	69.9	67.4	68.3	70.8	70.6	65.0	70.6	5.6	69.9	70.6	0.7
Loan to deposits	90.5	89.2	87.7	92.0	91.6	88.7	91.6	3.0	90.5	91.6	1.1
Cost to income	35.3	34.5	36.6	36.8	37.8	36.7	37.8	1.1	35.3	37.8	2.5
Mkt sec to total asset	18.4	18.7	18.6	14.1	16.0	17.0	16.0	(1.1)	18.4	16.0	(2.4)
Loan to asset	68.8	67.9	67.3	66.6	68.4	66.7	68.4	1.7	68.8	68.4	(0.5)

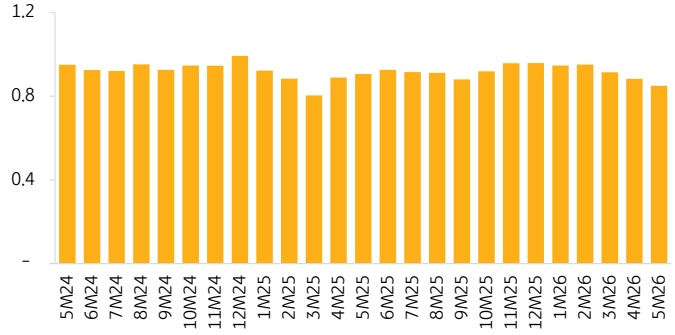
Source: Company, KBVS Research

Exhibit 5: Expect much higher NIM, despite still in line with '26F guidance



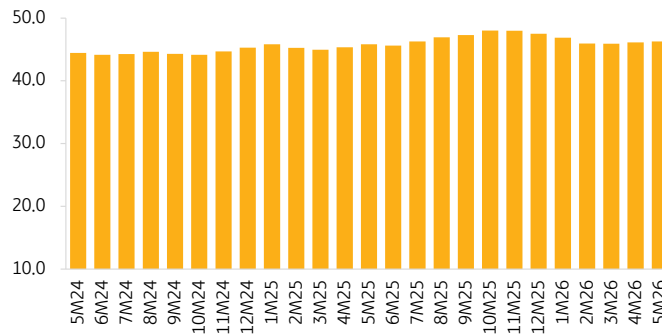
Source: Company, KBVS Research

Exhibit 6: Improving cost of credit to continue support earnings



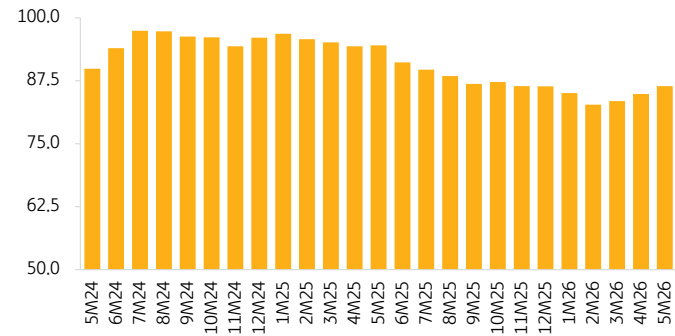
Source: Company, KBVS Research

Exhibit 7: Steady cost to income remains intact



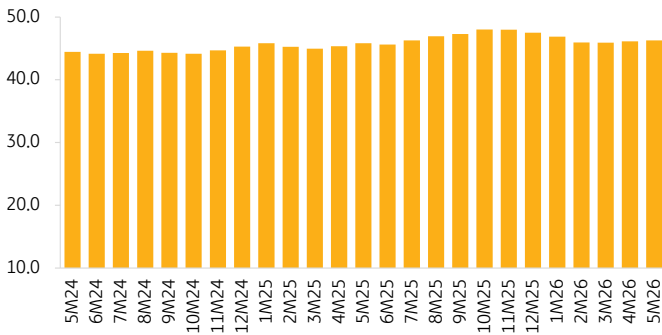
Source: Company, KBVS Research

Exhibit 8: Healthy and well managed loan to deposit



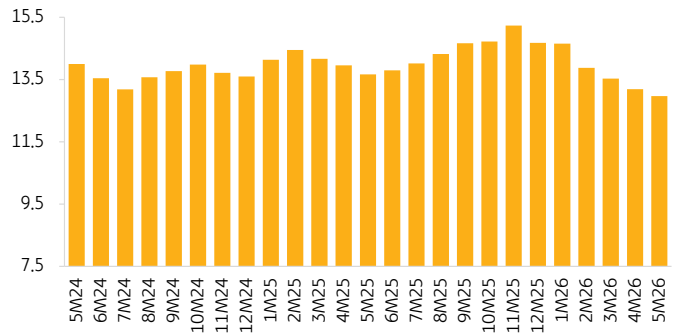
Source: Company, KBVS Research

Exhibit 9: Solid loan to asset...



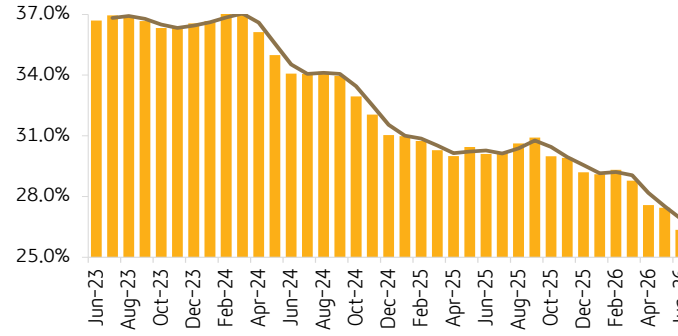
Source: Company, KBVS Research

Exhibit 10: ..coupled with marketable securities portion



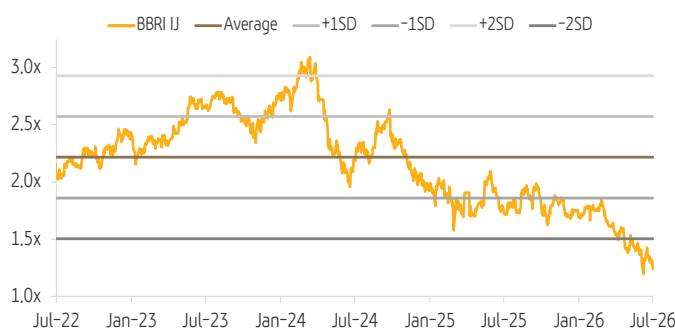
Source: Company, KBVS Research

Exhibit 11: Foreign stock ownership (%)



Source: Company, KBVS Research

Exhibit 12: Currently traded at 1.2x '26F P/E, below -2SD of 1.5x '26F P/E



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)
Net interest income	142,057	150,498	159,313	169,486	181,381
Non-interest income	57,811	57,378	64,572	73,100	81,927
Total operating income	199,869	207,877	223,885	242,585	263,309
Operating expenses	(83,116)	(88,447)	(94,696)	(101,716)	(109,096)
Pre-provision operating profit	116,752	119,430	129,189	140,870	154,212
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
Net profit	60,155	56,652	59,426	63,434	68,542

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Assets					
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
Total Asset	1,992,983	2,135,371	2,257,530	2,329,005	2,439,225
Liabilities					
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
Total liabilities	1,669,794	1,804,430	1,921,227	1,972,309	2,062,734
Equity					
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
Total Equity	323,189	330,941	336,303	356,696	376,491

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)	6.7	7.1	6.8	6.4	5.9
PBV (x)	1.3	1.2	1.2	1.2	1.1
Div. Yield	13.8	13.8	11.2	11.7	12.5

Source: Company, KBVS Research

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