

In line FY25 earnings

3 March 2026



<b>BBRI IJ</b>	<b>BUY</b>
Sector	Banks
Price at 2 March 2026 (IDR)	3,820
Price target (IDR)	4,470
Upside/Downside (%)	17.0

**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)	578,955
Shares outstanding (mn)	151,559
52-week range (IDR)	3,290-4,450
3M average daily vol. ('000)	236,727
3M average daily val. (IDR mn)	888,675

**Shareholders (%)**

Republic of Indonesia	54.9
Public	45.1

**Stock Performance**



Source: Bloomberg

	1M	3M	12M
Performance	1.1	4.9	4.6

**Analyst**

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BBRI FY25 earnings weakened by -5.5% yoy, yet made a meaningful improvement on a quarterly basis (+9.5% qoq). In all, FY25 earnings came in line with our and cons. forecast (98.8%/97.0%). Total loan beating industry, our '25F forecast, and management guidance. Yearly NIM was well managed and expanded 30bps qoq to 8.0% 4Q25 vs 7.7% (3Q25), beating '25F guidance and our '25F NIM for BBRI. The bank expects the '26F total loan to hover within the range of 7-9% yoy (KBVS '26F: 7.7% yoy prior to BBRI's FY25 earnings released). Better NIM level is also anticipated at a range of 7.4%-7.8%, with a better CoC (2.9%-3.2%) and manageable CIR (41%-43%). AQ structural improvement and better activity in the micro and SME segments are the major keys. Meanwhile, we expect stronger '26F loan growth and more materialized softer funding costs as the two vital catalysts for better '26F NIM. We will revisit our BBRI '26F model following the audited FY25 released. Maintain BUY BBRI, GGM-based TP of IDR 4,470 (2.0x '26F P/B), currently at 1.7x '26F P/B, or slightly below -1SD.

**Inline FY25 earnings; yet below consensus**

Even with the banking sector feeling the squeeze last year, BBRI is holding its ground. Earnings growth might look a bit soft on the surface, but when we look at the YoY numbers, the bank has actually made a solid step up from the last cumulative quarter period. The top line grew 4.3% yoy to IDR 207.78tn, while NII was 5.5% yoy higher to IDR 150.49tn. Operating expenses still well-managed, coming in at IDR 88.44tn (+7.7% yoy). The PPOp grew flat by +2.6% yoy to IDR 119.42tn. We like the bank's effort to consistently build up enough provision to counter potential risk in the following period. In all, BBRI's 12M25 earnings came in line with our '25F PATMI for the bank and below cons. expectation at a run-rate of 98.8% (KBVS '25F) and 97.0%.

**Expect 4Q25 turnaround as early signal for steady recovery**

BBRI pulled off a notable operational shift in the 4Q25. After a period of relative stagnation, the bank's sequential growth took off, fueled by a spike number in other operating income (non-interest income) and disciplined cost management. This jumped a massive +26.5% qoq, rising from IDR 12,986tn to IDR 16,427tn. While some of this appears to be a technical adjustment, the impact on the bottom line was very real. The bank kept a tight grip on the wallet, with operating expenses growing only +2.7% qoq to IDR 23.48tn. Thanks to that income boost and low-cost growth, PPOp climbed +15.4% qoq, reaching IDR 32.76tn. Despite the strong operational performance, BBRI didn't just let the profits flow through. They chose to play it safe by hiking provisions by 21.9% qoq. This aggressive move to build a safety net is why earnings grew by a "high single-digit" 9.5% qoq (reaching IDR 15.87tn) rather than hitting double digits.

**Robust loan tied with solid CASA**

Total loan book grew by 12.3% yoy from IDR 1,354.64tn to IDR 1,521.48 in FY25 surpassing industry figure and our '25F loan growth for BBRI as well as management guidance of 7%-9%, thanks to robust corporate (+40.2% yoy) and commercial (+56.5% yoy), amid continuing pressure on its micro and SME segment. Worth noting that corporate and commercial growth were driven mainly by manufacturing, agribusiness, construction and trading, hotel & restaurant sector. We also like BBRI's consumer loan portfolio which also plays vital role in the overall growth (9.4% yoy). On the liabilities side, total third-party funds grew by 7.4% yoy to IDR1,466.84tn, driven by double-digit CASA growth of 12.7% yoy to IDR 1,035.79tn, thanks to strong CA segment growth of 19.7% yoy and affluent balance of SA tiering industry growth of +35.1% yoy, bringing the total SA segment grew by 7.9% yoy to IDR 587,586tn.

**Expect NIM expansion to continue with milder CoC**

Amid the sector pressure throughout 2025, the bank's NIM verified excellent resilience, coming in at 7.8% and significantly improving from 7.7% (3Q25) to 8.0% in 4Q25, surpassing '25F NIM range guidance of 7.3-7.7% and around 60-80bps beating our '25F NIM for the bank. Cost to income considerably well managed at 42.5% vs 41.6% in FY24 and noted a meaningful improvement by 2.8% qoq from 44.6% (3Q25) to 41.8% (4Q25). CoC arrive at 3.3%, or 10bps above '25F upper guidance of 3.0-3.2%. Yet, beating our '25F CoC for BBRI by 10bps.

**'26F guidance sound achievable**

We will revisit our BBRI '26F model post the released of its FY25 audited numbers. The bank expects to witness loan growth to hover within the range of 7%-9% yoy, with continuing improving NIM also anticipated at a range of 7.4%-7.8%. CoC also forecasted to improve slightly from 3.0%-3.2% in '25F to 2.9%-3.2% in '26F, while cost to income is estimated to remain manageable at a range of 41%-43%. Our latest '26F key risk metrics for BBRI (prior the FY25) results suggest that BBRI loan growth could reach 7.7% yoy with expansion NIM to continue intact and CoC could arrive at 3.4%, a gap of around 20bps than BBRI '26F guidance.

**Maintain BUY GGM-TP of IDR4,470.**

Our GGM-based TP for BBRI of IDR4,470 pegged at 2.0x '26F P/B, while currently traded at 1.7x '26F P/B, or slightly below -1SD. Key downside risks include: (i) weaker-than-expected loan growth, particularly driven by higher-than-anticipated CoC and a prolonged cautious domestic business outlook; (ii) slower-than-expected easing in CoF; (iii) faster-than-expected downward adjustment in loan yields; (iv) stagnant NIM; and (v) potential IDR depreciation against the USD amid heightened global geopolitical uncertainty. Potential upside catalysts comprise: (i) a faster transmission of BI rate cuts into lower funding costs and CoC, alongside expectations of further BI rate reductions; and (ii) the government's 3mnhousing program, which could support mortgage demand and loan growth.

**Exhibit 1: Key Statistics**

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net Interest income	137,402	142,057	145,916	153,285	166,255
Non int. income	45,888	57,811	69,582	82,742	96,214
Operating income	183,290	199,869	215,498	236,027	262,469
Pre-provision operating profit	106,508	116,752	124,935	136,111	149,597
Net income (IDR bn)	60,100	60,155	57,337	63,958	69,309
EPS (IDR)	397	397	378	422	457
EPS growth (%)	17.5	0.1	(4.7)	11.5	8.4
PER (x)	10.0	10.0	10.5	9.4	8.7
PBV (x)	1.9	1.9	1.9	1.7	1.7
Div. Yield (%)	7.9	9.2	7.0	7.6	8.5
RoE (%)	19.7	19.1	17.9	19.1	19.5

Source: Company, KBVS Research

Exhibit 2: BBRI FY25 result – Selected Profit & Loss, Balance Sheet and Key Ratios

Income Statements (IDR)	12M24	12M25	YoY (%)	4Q24	4Q25	YoY (%)	3Q25	QoQ (%)	KBVS '25F	% to KBVS	Cons' '25F	% to Cons
Interest income	199,266	207,783	4.3	48,629	52,623	8.2	52,784	(0.3)				
Interest expenses	(56,608)	(57,285)	1.2	(13,832)	(13,116)	(5.2)	(15,067)	(12.9)				
Net interest income	142,658	150,498	5.5	34,797	39,507	13.5	37,717	4.7				
Non-interest income	55,819	57,378	2.8	14,337	16,741	16.8	13,533	23.7				
Total opr. income	198,477	207,876	4.7	49,134	56,248	14.5	51,250	9.8				
Total opex	(82,100)	(88,447)	7.7	(20,266)	(23,486)	15.9	(22,861)	2.7				
PPoP	116,377	119,429	2.6	28,868	32,762	13.5	28,389	15.4				
Loan loss provisions	(38,161)	(46,182)	21.0	(8,697)	(12,585)	44.7	(10,324)	21.9				
Net profit	60,306	56,652	(6.1)	15,241	15,873	4.1	14,502	9.5	57,337	98.8%	58,423	97.0%

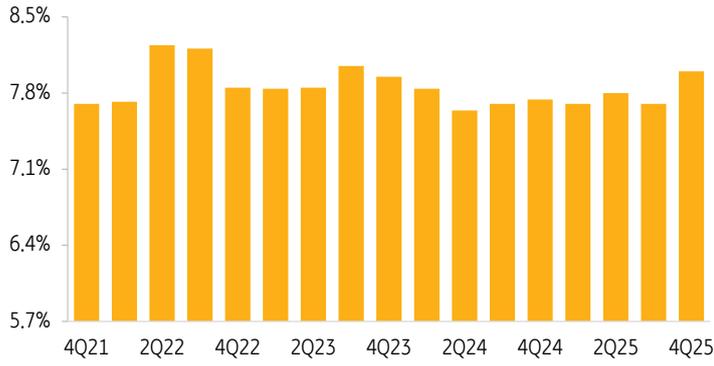
Balance Sheet (IDR bn)	12M24	12M25	YoY (%)	4Q24	4Q25	YoY (%)	3Q25	QoQ (%)
Gross loans	1,354,641	1,521,486	12.3	1,354,641	1,521,486	12.3	1,438,109	5.8
Current account	374,554	448,204	19.7	374,554	448,204	19.7	435,071	3.0
Saving account	544,427	587,586	7.9	544,427	587,586	7.9	562,551	4.5
Time deposits	446,469	431,054	(3.5)	446,469	431,054	(3.5)	477,161	(9.7)
Total Deposits	1,365,450	1,466,844	7.4	1,365,450	1,466,844	7.4	1,474,783	(0.5)
CASA	918,981	1,035,790	12.7	918,981	1,035,790	12.7	997,622	3.8
Total equity	323,315	330,941	2.4	323,315	330,941	2.4	337,898	(2.1)

Key Metrics (%)	12M24	12M25	YoY (%)	4Q24	4Q25	YoY (%)	3Q25	QoQ (%)
NIM	7.9	7.8	(0.1)	7.4	8.0	0.6	7.7	0.3
Total CAR	26.6	23.7	(2.9)	26.6	23.7	(2.9)	25.4	(1.7)
CASA Ratio	67.3	70.6	3.3	67.3	70.6	3.3	67.6	3.0
CIR	41.6	42.5	0.9	42.4	41.8	(0.6)	44.6	(2.8)
NPL gross	2.8	3.1	0.3	2.8	3.0	0.2	3.1	(0.1)
Cost of Credit	3.2	3.3	0.1	2.8	3.6	0.8	2.9	0.7
ROA	3.1	2.7	(0.4)	3.1	3.0	(0.1)	2.8	0.2
ROE – Tier 1	18.9	17.4	(1.5)	18.5	18.7	0.3	17.7	1.0
Cost of Fund	3.1	2.9	(0.2)	3.1	2.9	(0.2)	2.8	0.1
LDR	92.4	95.0	2.6	88.9	95.0	6.2	97.5	(2.5)
Loan yield – BO	13.3	12.9	(0.4)	13.2	12.9	(0.3)	13.0	(0.1)

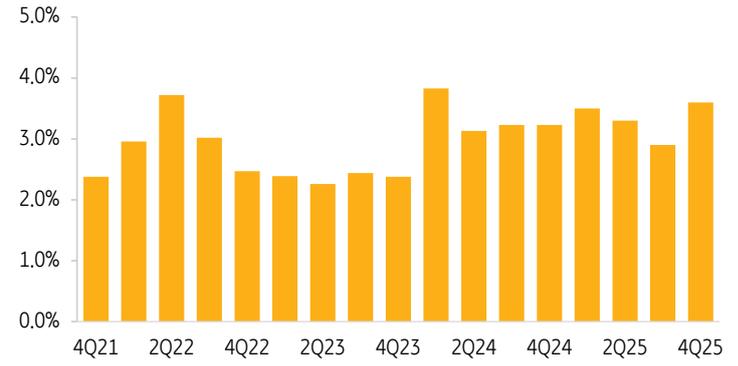
Source: Company, KBVS Research

Exhibit 3: Expect better NIM on softer funding cost and stronger volume



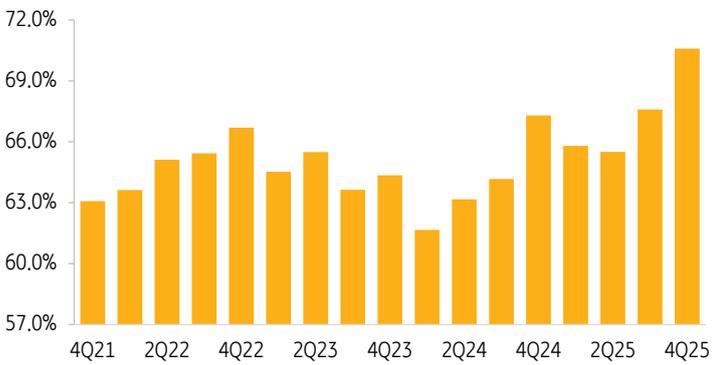
Source: Company, KBVS Research

Exhibit 4: Softening CoC to play crucial role for '26F earnings growth



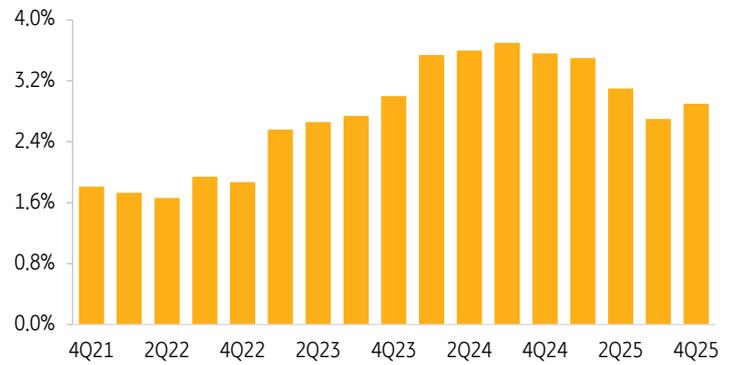
Source: Company, KBVS Research

Exhibit 5: Solid CASA to overall help NII and NIM in the upcoming quarters



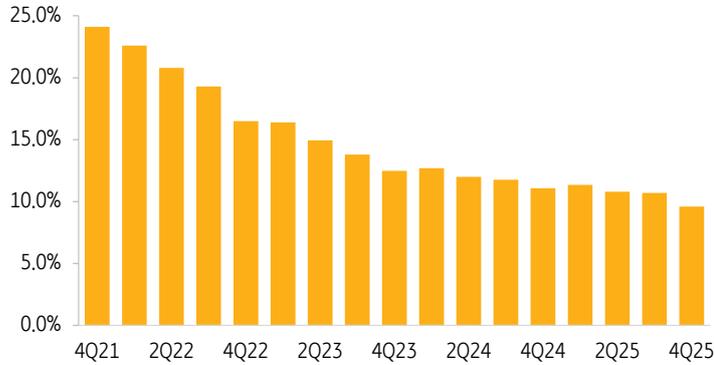
Source: Company, KBVS Research

Exhibit 6: Expect well-managed CoF



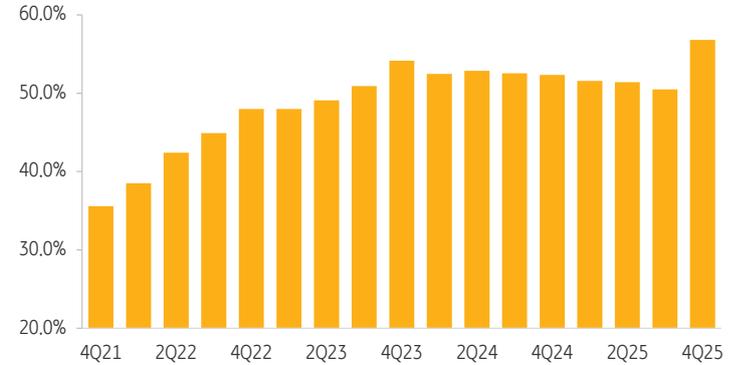
Source: Company, KBVS Research

Exhibit 7: Trending down loan at risk to continue



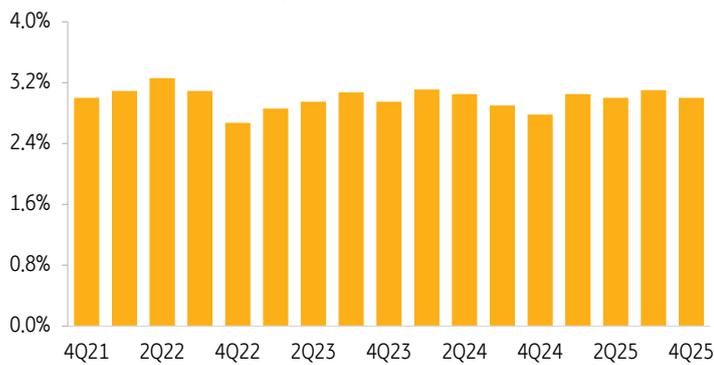
Source: Company, KBVS Research

Exhibit 8: Expect continuing adequate loan at risk coverage



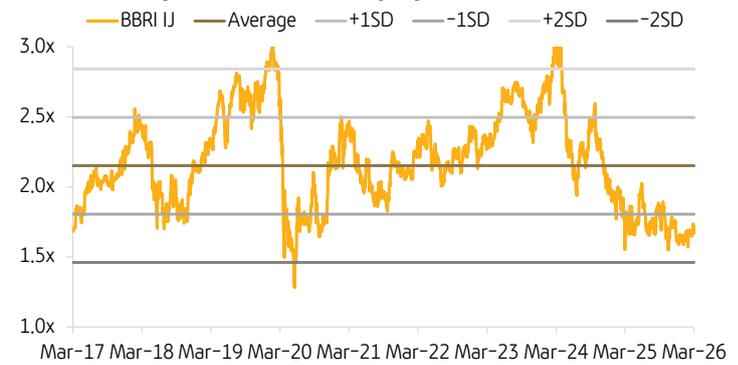
Source: Company, KBVS Research

Exhibit 9: Expect no NPL hiccups



Source: Company, KBVS Research

Exhibit 10: Currently at 1.7x '26F P/B, or slightly below -1SD of 1.8x '26F P/B



Source: Company, Bloomberg, KBVS Research

**FINANCIAL TABLES**
**Exhibit 11: Profit & Loss**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	181,215	199,266	215,258	235,711	259,621
Interest expenses	(43,813)	(57,209)	(69,342)	(82,426)	(93,366)
<b>Net interest income</b>	<b>137,402</b>	<b>142,057</b>	<b>145,916</b>	<b>153,285</b>	<b>166,255</b>
Non-interest income	45,888	57,811	69,582	82,742	96,214
<b>Total operating income</b>	<b>183,290</b>	<b>199,869</b>	<b>215,498</b>	<b>236,027</b>	<b>262,469</b>
Operating expenses	(76,782)	(83,116)	(90,563)	(99,916)	(112,872)
<b>Pre-provision operating profit</b>	<b>106,508</b>	<b>116,752</b>	<b>124,935</b>	<b>136,111</b>	<b>149,597</b>
Loan loss provision	(29,679)	(38,174)	(46,396)	(48,673)	(54,966)
Pretax profit	76,430	77,599	77,071	85,970	93,163
<b>Net profit</b>	<b>60,100</b>	<b>60,155</b>	<b>57,337</b>	<b>63,958</b>	<b>69,309</b>

**Exhibit 12: Balance sheet**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
<b>Assets</b>					
Cash	31,604	29,784	30,734	31,779	33,603
Current Account at BI	101,909	88,879	90,257	92,377	88,167
Interbank Loans	87,545	83,448	84,742	79,636	73,472
Govt Treas Bills & Sec	238,102	228,825	194,128	182,366	174,864
Investment Securities	126,503	114,497	133,393	114,103	103,816
Loans	1,180,927	1,273,577	1,354,940	1,460,273	1,581,546
Fixed Assets	59,678	62,478	69,975	74,174	77,883
Other assets	138,738	111,495	109,334	99,253	87,629
<b>Total Asset</b>	<b>1,965,007</b>	<b>1,992,983</b>	<b>2,067,504</b>	<b>2,133,960</b>	<b>2,220,979</b>
<b>Liabilities</b>					
Interbank Deposit	11,958	14,679	20,799	21,288	22,042
Customer Deposit	1,358,329	1,365,450	1,386,627	1,419,191	1,469,444
Debts Sec and Subordinates	49,638	32,502	50,612	45,414	44,083
Other Liabilities	228,610	257,162	278,815	295,440	316,585
<b>Total liabilities</b>	<b>1,648,535</b>	<b>1,669,794</b>	<b>1,736,854</b>	<b>1,781,334</b>	<b>1,852,154</b>
<b>Equity</b>					
Capital Stock	7,578	7,578	7,578	7,578	7,578
Additional Paid-in Capital	75,853	75,880	75,880	75,880	75,880
Retained Earnings	213,711	218,093	233,321	251,409	269,552
Other Equity	14,220	15,552	7,776	11,664	9,720
Shareholder's Equity	311,363	317,103	324,555	346,531	362,730
Non-controlling Interest	5,109	6,095	6,095	6,095	6,095
<b>Total Equity</b>	<b>316,472</b>	<b>323,189</b>	<b>330,651</b>	<b>352,627</b>	<b>368,825</b>

**Exhibit 13: Key performance metrics**

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
NIM	8.2	7.7	7.2	7.2	7.3
CASA	64.3	67.3	68.6	70.1	70.8
NPL	3.0	2.8	2.7	2.7	2.6
ROAE	19.7	19.1	17.8	19.1	19.5
ROAA	3.1	3.0	2.8	3.0	3.2
CAR	25.2	24.4	24.0	24.9	25.1
BVPS (IDR)	2,054	2,092	2,141	2,286	2,393
PER (x)	10.0	10.0	10.5	9.4	8.7
PBV (x)	1.9	1.9	1.8	1.7	1.7
Div. Yield	7.9	9.2	6.9	7.6	8.5

Source: Company, KBVS Research

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