BINA ARTHA SEKURITAS

Equity Research

PT Bank Rakyat Indonesia (Persero),Tbk

BUY

March 5th, 2025
Banking, Equity

Price	IDR 3,840
Target Price	IDR 4,850
JKSE Index	IDR 6,531.40

Stock Code	
Bloomberg code	BBRI IJ
Market Cap (IDR Bn)	581.987
52-Week High (IDR)	6,450
52-Week Low (IDR)	3,360
Free Float (%)	46.64

Major Shareholders (%)	
Government RI	53.19
Others	46.81

USD/IDR (JISDOR)	
2024A	16,157
2025F	16,228

Key Indicators (%)	
Gross NPL (Consol)	2.72
Net Interest Margin	8.24

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Investment Considerations

Stagnant Earnings Growth Due to Rising Costs and Provisions

BBRI's 2024 earnings remained stagnant, with profit attributable to the parent entity (PATMI) growing by only 0.09% YoY to IDR 60.15 trillion. This limited growth was primarily due to a 30.58% YoY surge in interest expenses, which offset the 9.96% YoY increase in interest income. As a result, the Net Interest Margin (NIM) declined by 41 bps to 7.74%, though it remained within the bank's guidance. However, a 195.10% YoY increase in net foreign exchange gains helped BBRI avoid negative growth. BBRI's bank-only financial report for 1M-2025 revealed a net profit of IDR 2 trillion, reflecting a 58.35% YoY decline. This was driven by a 9.2% YoY drop in net interest income and a 340.6% surge in provision expenses, mainly due to additional management overlays as part of a long-term risk management strategy. We forecast BBRI's PATMI to reach IDR 64.13 trillion in 2025, reflecting a 6.60% YoY growth.

Loan Growth in 2024: Corporate Strength Offsets Micro Loan Weakness

BBRI's consolidated loan portfolio grew by 6.97% YoY to IDR 1,354.64 trillion as of December 2024, slightly below its 7%-9% target range. The shortfall was due to a 1.09% YoY decline in micro loans, despite strong corporate loan growth of 22.68% YoY. In sustainable financing, total loans reached IDR 785.26 trillion, accounting for 57.97% of total loans. The Sustainable Management of Living Natural Resources & Land Use segment was the largest contributor, with IDR 64.68 trillion in green loans. For 1M-2025, bank-only loan growth stood at 4.61% YoY. We forecast BBRI's consolidated loan portfolio to reach IDR 1,456.05 trillion by December 2025, reflecting a 7.49% YoY increase.

CASA Growth Offsets Weak Deposit Growth

Despite weak deposit growth, BBRI's CASA growth helped offset the decline. Total third-party funds increased by just 0.52% YoY, mainly due to a 7.80% drop in time deposits, while CASA deposits grew by 5.14%. This shift toward lower-cost funding led to a 295-bps increase in the CASA ratio to 67.30%. We forecast third-party funds to grow by 7.19% YoY by December 2025, with the CASA ratio rising to 67.49%.

Asset Quality Shows Gradual Improvement

Asset quality improved slightly in 2024, with BBRI's gross NPL ratio standing at 2.78%. Consumer loans had the lowest NPL ratio at 1.97%, while corporate loans showed the most improvement, with NPLs declining by 126 bps YoY to 2.60%. However, micro loans deteriorated, with the NPL ratio rising from 2.47% to 2.85%. We forecast BBRI's gross NPL ratio to improve further to 2.71% by year-end 2025.

Valuation: 26%, Upside, Buy Recommendation

Using a Dividend Discount Model (DDM) valuation, we revise our one-year target price to IDR 4,850, implying a 2.13x PBV valuation and a 26% upside potential. We maintain a Buy recommendation for BBRI.

Financial Highlight	2022 A	2023 A	2024 A	2025 F
Total Consolidated Loan	1,139,077	1,266,429	1,354,641	1,456,051
Net Interest Income (IDR bn)	124,597	137,402	142,057	150,678
Net Income Attributable to Parent (IDR Bn)	51,170	60,100	60,155	64,127
NIM Ratio	7.85%	8.15%	7.74%	8.24%
EPS (IDR/Share)	338.01	398.33	399.08	427.56

Company Profile

PT Bank Rakyat Indonesia (Persero) Tbk (BRI) commenced operations on December 18, 1968. Its legal status transitioned to a limited liability corporation (Persero) on April 29, 1992, under Government Regulation No. 21 of 1992. Operating in the banking sector, BRI is committed to optimizing its resources to deliver high-quality and competitive services, enhancing shareholder value, and driving sustainable growth.

Company Group Structure (As of December 2024)

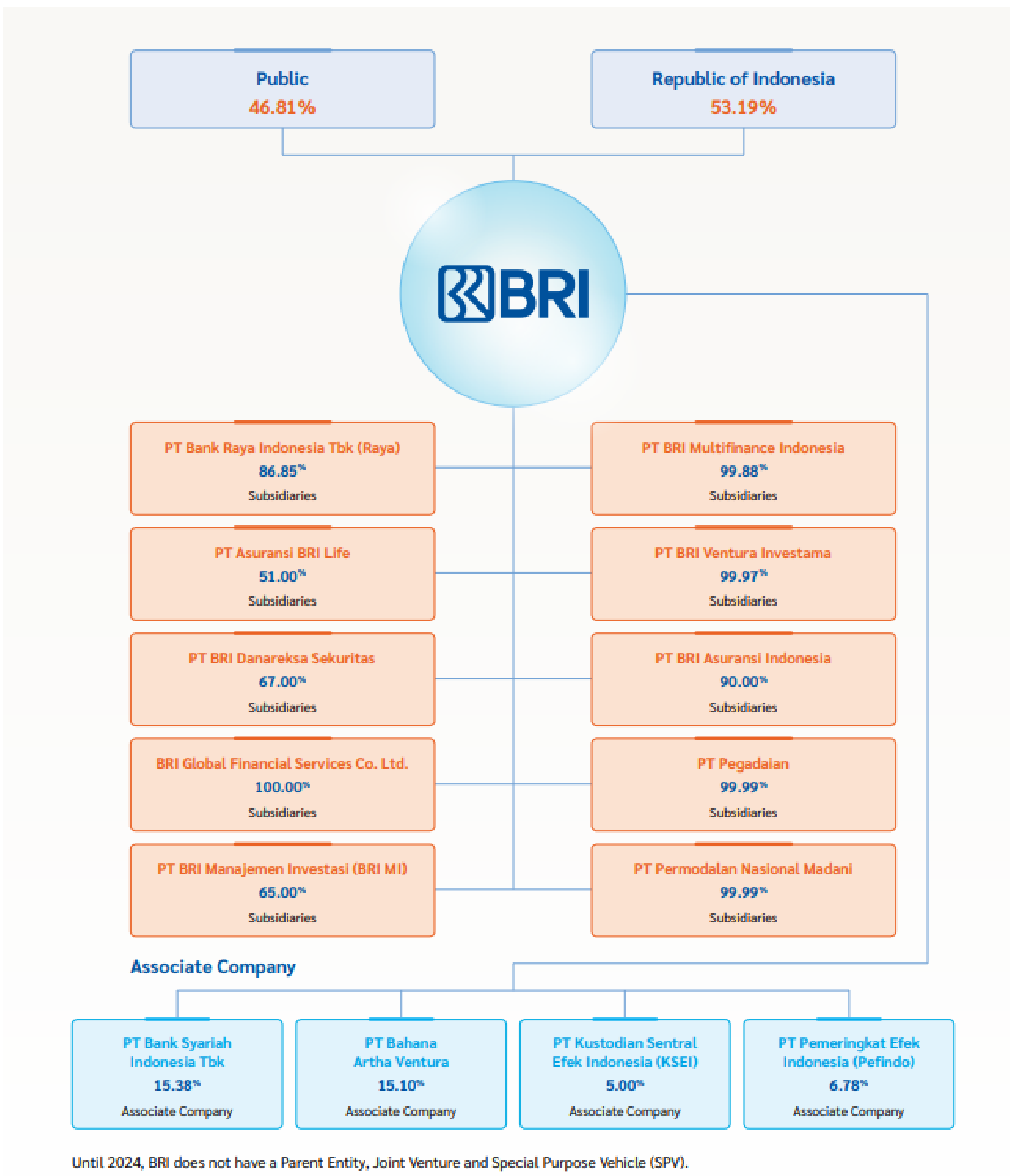


Chart: Gross Loan (In IDR Bn) YoY

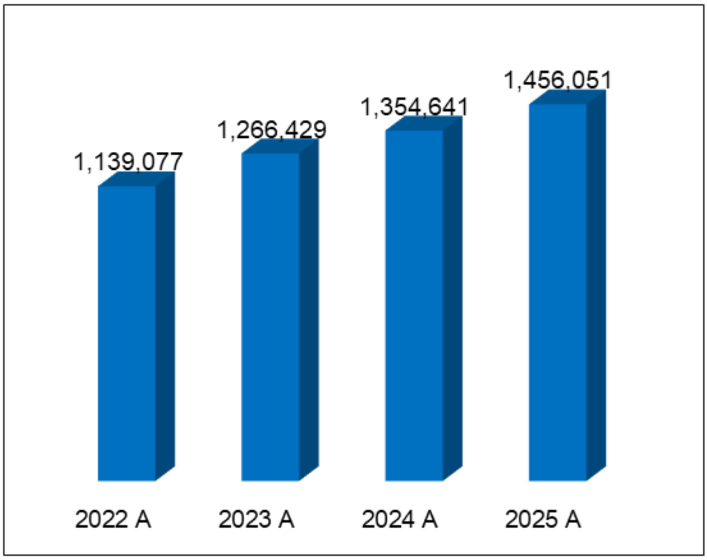


Chart: Customer Deposit (In IDR Bn) YoY

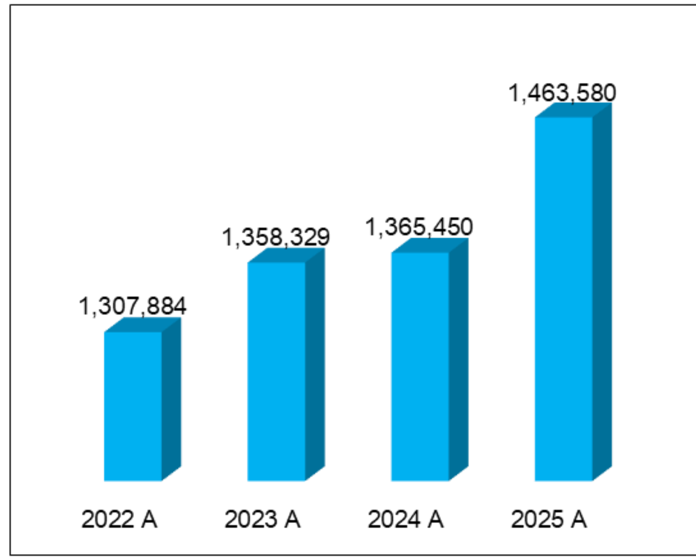


Chart: Profitability Ratio (IDRBn & %) YoY

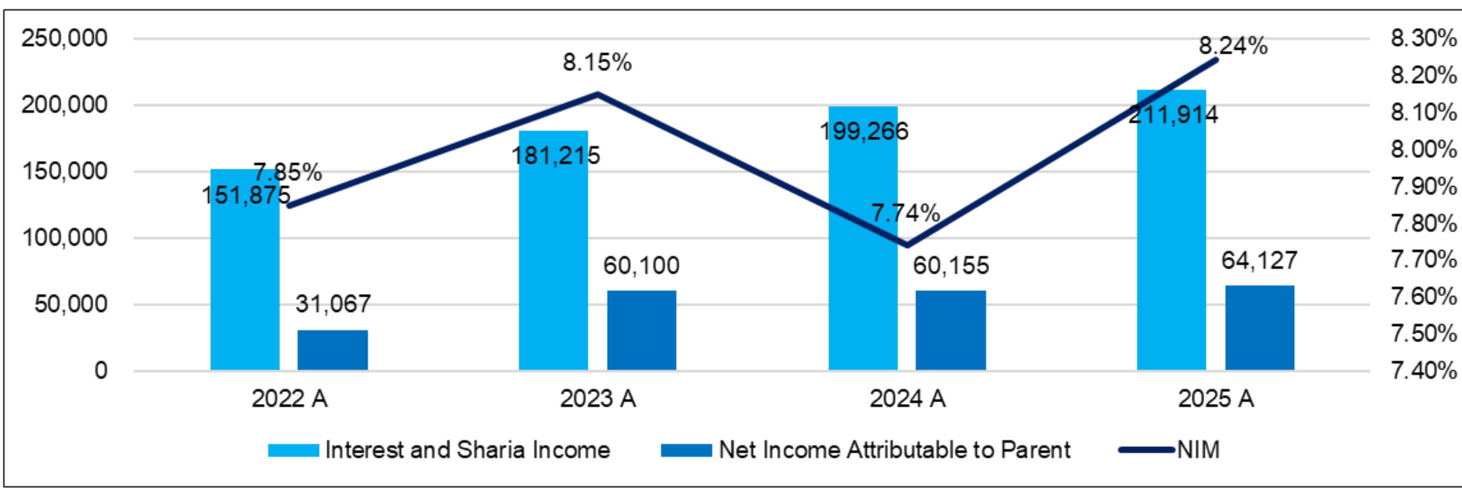


Chart: Gross Non-Performing Loan Ratio (%) YoY

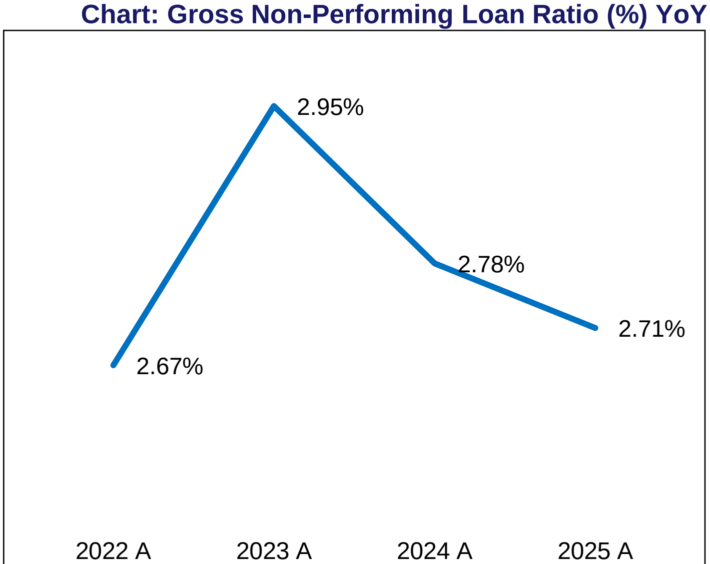


Chart: Capital Adequacy Ratio (%) YoY

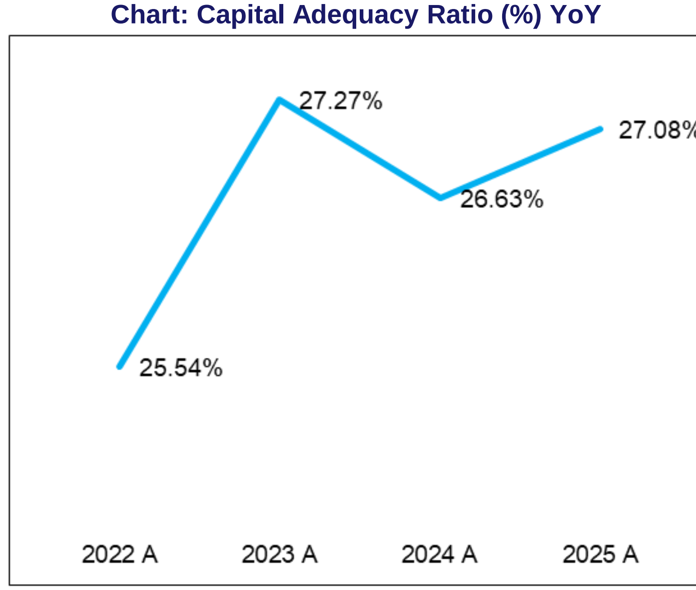


Chart: Gross Loan (In IDR Bn) QoQ

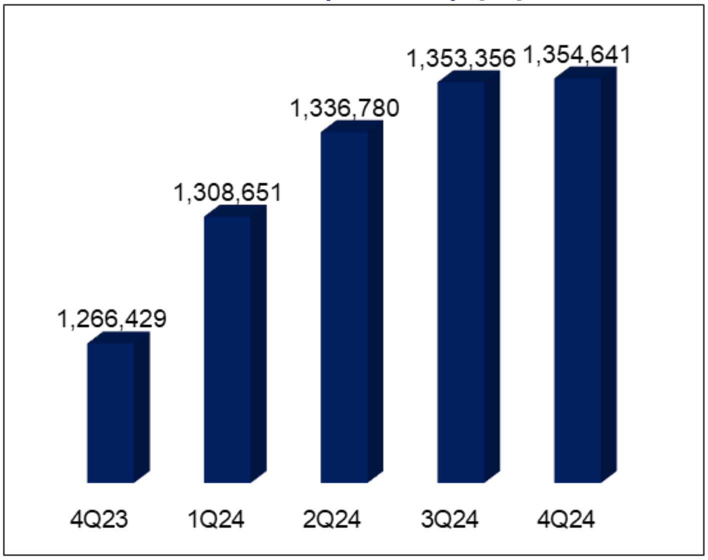


Chart: Customer Deposit (In IDR Bn) QoQ

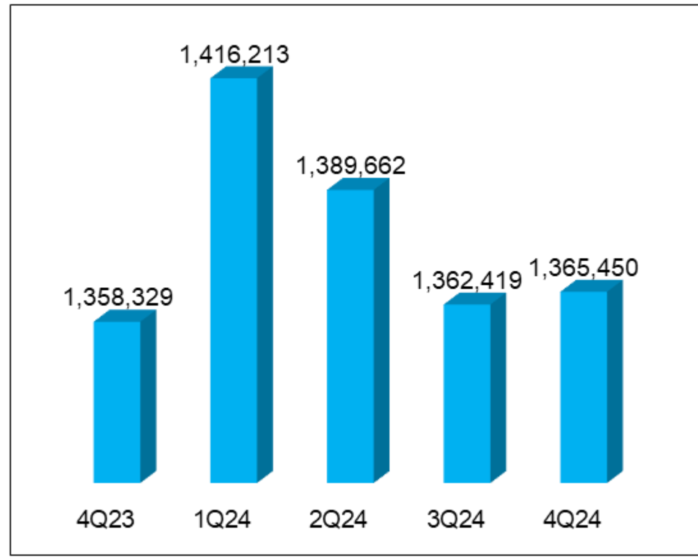


Chart: Gross Non-Performing Loan (%) QoQ

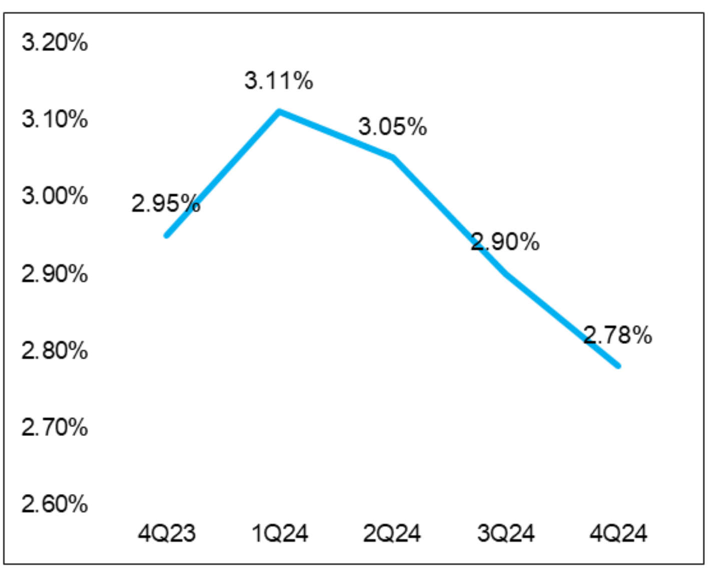
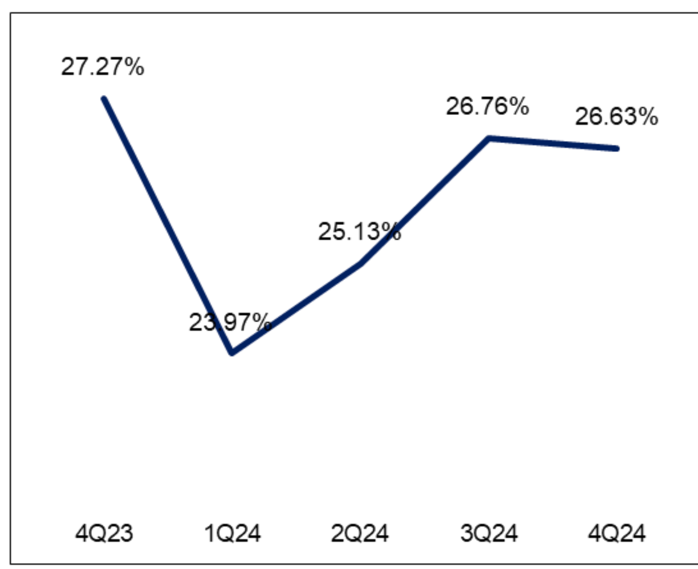


Chart: CAR (%) QoQ



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in IDR Bn)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in IDR Bn)	2022 A	2023 A	2024 A	2025 F
Cash and CA with BI	178,343	133,513	118,663	108,554
Interbank Placement	70,400	65,223	57,874	57,410
Marketable Securities	330,242	331,010	326,477	343,866
Gross Loans	1,139,077	1,266,429	1,354,641	1,456,051
Provision	(93,088)	(85,502)	(81,064)	(99,100)
Net Loan	1,045,989	1,180,927	1,273,577	1,356,950
Other Earning Asset	525,004	522,141	485,299	545,734
Non-Earning Asset	116,303	128,425	115,444	136,264
Total Assets	**1,865,639**	**1,965,007**	**1,992,983**	**2,147,502**
Deposit:				
Current Account	349,756	346,124	374,554	419,270
Saving Account	522,648	527,946	544,427	568,449
Time Deposit	435,481	484,259	446,469	475,861
Other-Interest-Bearing Liabilities	184,114	203,082	221,534	254,946
Non-Interest-Bearing Liabilities	70,246	87,124	82,811	87,512
Total Liabilities	**1,562,244**	**1,648,535**	**1,669,794**	**1,806,038**
Total Shareholder's Equity	**303,395**	**316,472**	**323,189**	**341,463**

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (In IDR Bn)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (In IDR Bn)	2022 A	2023 A	2024 A	2025 F
Interest Income	151,875	181,215	199,266	211,914
Interest Expense	(27,278)	(43,813)	(57,209)	(61,236)
Net Interest Income	**124,597**	**137,402**	**142,057**	**150,678**
Fee&Other Operating Income - Net	48,880	45,888	57,811	58,841
Gross Operating Income	**173,477**	**183,290**	**199,869**	**209,519**
Other Operating Expense	(82,192)	(76,782)	(83,116)	(83,615)
Pre-Provision Operating Profit	**91,285**	**106,508**	**116,752**	**125,904**
Provision Expense	(26,979)	(29,679)	(38,174)	(42,536)
Operating Income	**64,306**	**76,829**	**78,578**	**83,368**
Non-Operating Income	291	(399)	(979)	(135)
Earning Before Tax	**64,597**	**76,430**	**77,599**	**83,233**
Tax Expense	(13,188)	(16,005)	(16,955)	(18,332)
Earning After Tax	**51,408**	**60,425**	**60,644**	**64,901**
Pro Forma Net Income Arising From Acquisition Transaction With Entities Under Common Control	0	0	0	0
Net Income	**51,408**	**60,425**	**60,644**	**64,901**
Income for The Year Attributable to - NCI	238	325	489	774
Total Net Income Attributable to Parent	**51,170**	**60,100**	**60,155**	**64,127**
EPS (Rp/Share)	**338.01**	**398.33**	**399.08**	**427.56**

Ratio Highlights

Ratio Analysis (Consolidated)	2022 A	2023 A	2024 A	2025 F
Profitability & Efficiency				
NIM	7.85%	8.15%	7.74%	8.24%
Cost-to-Income Ratio	47.38%	41.89%	41.59%	39.91%
ROE	17.63%	19.80%	19.01%	18.78%
ROA	3.01%	3.30%	3.06%	2.99%
BOPO	69.10%	68.21%	71.94%	69.21%
Cost of Fund	2.06%	2.91%	3.56%	3.77%
Liquidity				
LDR	87.09%	93.23%	99.21%	99.49%
CASA	66.70%	64.35%	67.30%	67.49%
Asset Quality				
Gross NPL	2.67%	2.95%	2.78%	2.71%
Gross NPL (Bank Only)	2.82%	3.12%	2.93%	2.72%
Provision Coverage	305.73%	229.09%	215.01%	251.12%
Capital				
CAR	25.54%	27.27%	26.63%	27.08%
Growth				
Loan Growth	9.23%	11.18%	6.97%	7.49%
Deposit Growth	14.85%	3.86%	0.52%	7.19%
Net Income Growth	64.71%	17.45%	0.09%	6.60%

Source: Binaartha & Company

QoQ Results

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in IDR Bn)	4Q23	1Q24	2Q24	3Q24	4Q24	%QoQ	%YoY
Loan	1,266,429	1,308,651	1,336,780	1,353,356	1,354,641	0.09%	6.97%
Loan Loss Reserves	(85,502)	(87,076)	(86,415)	(84,504)	(81,064)	-4.07%	-5.19%
NPL	37,243	40,459	40,678	39,238	37,692	-3.94%	1.21%
Deposit							
Demand	346,124	354,386	356,855	349,490	374,554	7.17%	8.21%
Savings	527,946	518,912	521,041	524,741	544,427	3.75%	3.12%
Time Deposit	484,259	542,916	511,767	488,188	446,469	-8.55%	-7.80%
Total Asset	1,965,007	1,989,074	1,977,371	1,961,916	1,992,983	1.58%	1.42%
Shareholder Equity	311,364	292,997	305,897	323,379	317,094	-1.94%	1.84%

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (In IDR Bn)	4Q23	1Q24	2Q24	3Q24	4Q24	%QoQ	%YoY
Interest Income	49,321	50,075	48,572	50,145	50,474	0.66%	2.34%
Interest Expense	(13,116)	(14,123)	(14,596)	(14,317)	(14,173)	-1.01%	8.06%
Net Interest Income	**36,205**	**35,952**	**33,977**	**35,827**	**36,301**	**1.32%**	**0.26%**
Fee&Other Operating Income - Net	12,232	13,184	13,564	16,579	14,484	-12.63%	18.41%
Gross Operating Income	**48,437**	**49,136**	**47,541**	**52,406**	**50,785**	**-3.09%**	**4.85%**
Other Operating Expense	(21,110)	(18,389)	(21,245)	(21,939)	(21,543)	-1.81%	2.05%
Pre-Provision Operating Profit	**27,328**	**30,747**	**26,296**	**30,467**	**29,243**	**-4.02%**	**7.01%**
Provision Expense	(6,700)	(10,713)	(7,784)	(10,967)	(8,710)	-20.58%	29.99%
Net Operating Income	**20,628**	**20,034**	**18,511**	**19,500**	**20,533**	**5.29%**	**-0.46%**
Non-Operating Income	84	(109)	13	39	(922)	-2493.73%	-1202.18%
Earning Before Tax	20,711	19,925	18,525	19,539	19,611	0.37%	-5.31%
Tax Expense	(4,500)	(3,942)	(4,611)	(4,073)	(4,329)	6.31%	-3.79%
Net Income	**16,211**	**15,983**	**13,914**	**15,466**	**15,281**	**-1.20%**	**-5.74%**
Income for The Year Attributable to - NCI	104	97	97	103	191	85.07%	83.55%
Total Net Income Attributable to Parent	**16,107**	**15,886**	**13,816**	**15,363**	**15,090**	**-1.78%**	**-6.31%**
EPS (Rp/Share)	**106.75**	**105.35**	**91.63**	**101.90**	**100.11**	**-1.76%**	**-6.22%**

Ratio (Consolidated)	FY-23	1Q24	1H-24	9M-24	FY-24	%QoQ	%YoY
Profitability & Efficiency							
NIM	**8.15%**	**7.84%**	**7.64%**	**7.70%**	**7.74%**	**0.04**	**(0.41)**
ROE	**19.80%**	**20.22%**	**19.23%**	**19.21%**	**19.01%**	**(0.20)**	**(0.79)**
ROA	**3.30%**	**3.21%**	**3.01%**	**3.06%**	**3.06%**	**0.00**	**(0.24)**
Cost of Fund	**3.10%**	**3.60%**	**3.60%**	**3.70%**	**3.70%**	**0.00**	**0.60**
Liquidity							
LDR	**84.22%**	**83.30%**	**86.59%**	**89.18%**	**88.85%**	**(0.33)**	**4.63**
CASA	**64.35%**	**61.66%**	**63.17%**	**64.17%**	**67.30%**	**3.13**	**2.95**
Asset Quality							
Gross NPL	**2.95%**	**3.11%**	**3.05%**	**2.90%**	**2.78%**	**(0.12)**	**(0.17)**
Gross NPL (Bank only)	**3.12%**	**3.27%**	**3.21%**	**3.04%**	**2.93%**	**(0.11)**	**(0.19)**
NPL Coverage Ratio	**229.09%**	**214.26%**	**211.60%**	**215.44%**	**215.01%**	**(0.43)**	**(14.08)**
Capital							
CAR	**27.27%**	**23.97%**	**25.13%**	**26.76%**	**26.63%**	**(0.13)**	**(0.64)**

Stock Ratings:
Buy: a recommendation to purchase the security with upside potential of 11.50% or greater
Hold: a recommendation to neither buy nor sell a security with upside potential of 5.75%-11.49%.
Sell: a recommendation to close out a long position in a security with upside potential below 5.75% or negative

RESEARCH TEAM
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