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Company – Results | Indonesia

Tuesday, 01 September 2026

Bank Rakyat Indonesia (BBRI IJ)

2Q26: Pegadaian Cushions Mix Shift; Reinvestment Returns Key

Highlights

- **Results in line, supported by stronger operating performances.** 1H26 net profit rose 17.5% yoy to Rp31.2t, meeting expectations, as solid PPOP growth and a lower 3.08% credit cost offset continued to pressure bank-only loan yields.
- **Pegadaian cushioned pressure from the changing bank-only loan mix.** Consolidated NIM remained resilient at 7.7%, around 130bp above bank-only NIM of 6.4%, reflecting the contribution from Pegadaian and PNM. Pegadaian more than offset the contraction in bank-only micro. However, corporate and commercial lending accounted for around 69% of incremental loans.
- **Maintain HOLD with a lower target price of Rp3,690.** Funding remains a key watchpoint as deposits lag asset growth amid tighter liquidity, while the lower DPR to 70% range in 2026 then to 50-60% trades off near-term dividend support for capital preservation.

2Q26 Results

Year end 31 Dec (Rpb)	2Q26	qoq (%)	yoy (%)	1H26	yoy (%)
Profit & Loss					
Interest Income	55,085	4.3	4.8	107,923	5.4
Interest Expenses	14,710	16.0	-2.7	27,393	-5.9
Net Interest Income	40,375	0.5	8.0	80,530	9.9
Non-Interest Income	13,405	-5.4	7.1	27,568	1.7
Total Income	53,780	-1.0	7.7	108,098	7.7
Operating Expenses	20,252	-8.5	-8.7	42,387	0.7
PPOP	33,528	4.2	18.1	65,711	12.8
Provision Expenses	13,409	10.6	21.9	25,532	9.7
Net Profit	15,372	-0.8	22.0	30,865	17.5

Source: BBRI, UOB Kay Hian

Analysis

- **2Q26 net profit was flat qoq, but jumped 21.6% yoy.** Bank Rakyat Indonesia (BBRI) booked 2Q26 net profit of Rp15.5t, relatively flat qoq but surging 21.6% yoy, bringing 1H26 profit to Rp31.2t (+17.5% yoy). 1H26 net profit is in line with our and market expectations, accounting for 52% and 52% of our and market 2026 forecasts respectively. Pre-provision operating profit (PPOP) rose 18.1% yoy in 2Q26, supported by an 8.6% net interest income (NII) growth and an 8.7% decline in opex. 1H26 provision expenses rose 9.7% yoy, with credit cost improving to 3.08% in 1H26 from 3.35% in 1H25.
- **Resilient NIM, standing at 7.7%, subsidiaries provide a meaningful lift.** Consolidated NIM stood at 7.7% in 1H26, vs 6.4% at bank-only, implying an approximately 130bp uplift from subsidiaries, particularly higher-yielding businesses (Pegadaian and PNM). At the bank-only level, lower cost of funds of 2.4% from 2.9% in 2025, cushioned the decline in loan yield. NIM resilience therefore reflects both lower funding and the growing subsidiary mix; the underlying bank-only portfolio remains pressured by the shift towards lower-yielding corporate loans and the contraction in Kupedes.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net interest income	142,057	150,498	161,016	170,209	179,988
Non-Interest Income	57,811	57,378	54,941	55,919	55,024
Net profit (rep./act.)	60,155	56,652	59,770	64,353	65,878
Net profit (adj.)	60,155	56,652	59,770	64,353	65,878
EPS (Rp)	397	374	394	425	435
PE (x)	8.2	8.7	8.2	7.6	7.5
P/B (x)	1.5	1.5	1.4	1.3	1.2
Dividend yield (%)	10.4	9.8	8.5	7.2	7.4
Net int margin (%)	7.7	7.8	7.8	7.7	7.7
Cost/income Ratio (%)	41.6	42.5	42.7	42.6	43.2
Loan loss cover (%)	215.0	174.0	180.1	199.5	219.8
Consensus net profit	-	-	58,482	62,525	69,342
UOBKH/Consensus (x)	-	-	1.02	1.03	0.95

Source: BBRI, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	Rp3,240
Target Price	Rp3,690
Upside	+13.9%
Previous TP	Rp4,250

Stock Data

Sector	Financials
Bloomberg ticker	BBRI IJ
Shares issued (m)	151,559
Market cap (Rpb)	491,051
Market cap (US$m)	27,708.6
3-mth avg daily t'over (US$m)	46.4

Price Performance (%)

52-week high/low				Rp4,270/Rp2,540
1mth	3mth	6mth	1yr	YTD
6.6	9.8	(17.1)	(20.0)	(11.5)

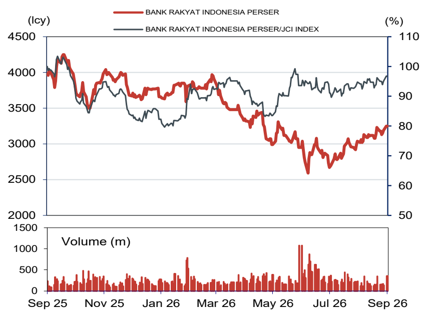
Major Shareholders (%)

Danantara	52.66

Balance Sheet Metrics

FY26 NAV/Share (Rp)	2,273
FY26 Net Debt/Share (Rp)	20.9

Price Chart



Source: Bloomberg

Company Description

Bank Rakyat Indonesia is a state-owned bank and the biggest micro lender in Indonesia

- **Loans grew 16.2% yoy, wholesale loans did most of the heavy lifting.** The strong loan growth was predominantly driven by corporate and commercial loans, with corporate and commercial accounting for around 69% of the Rp229t increase. Corporate loans now represent 24.9% of the portfolio, up from 19.7% in 2025 while micro's share declined to 43.4%. Most of the corporate loans were disbursed to SOEs as short-term loans. Management raised its 2026 loan growth guidance to 8-10% from 7-9%.
- **Pegadaian is important to the consolidated story.** Its financing jumped 52.8% yoy to Rp155.1t, contributing Rp53.6t, more than the entire Rp42.9t increase in group micro financing, and offsetting the Rp11.5t contraction in bank-only micro loans. Pegadaian has matched Kupedes in scale and is increasingly offsetting weakness in the traditional micro portfolio. Pawn and gold-instalment financing grew 62.3%, while net gold-sales revenue surged 145% to Rp2.1t. Pegadaian also maintained a relatively low credit cost of 1.5%, supported by its collateralised lending model, vs 3.2% for its micro loans.
- **Funding quality improved, although deposit growth continued to lag asset deployment.** Current account and savings account (CASA) grew 10.1% yoy, led by a 13.4% growth in non-wholesale CASA and 11.3% savings growth, while time deposits were broadly flat, lowering bank-only cost of funds to 2.4% from 2.9% in 2025. Corporate ecosystems are starting to provide some offset, with Qlola transaction value rising 59.5% and operating accounts equivalent to around 50% of associated wholesale loans. However, total deposits went up only 6.7% against a 16.2% loan growth. Sequentially, other interest-bearing liabilities expanded 63.7% yoy to Rp337t, lifting loan-to-deposit ratio (LDR) to 91.3%.
- **Micro is stabilising, but legacy cleanup continues.** Asset quality improved, with consolidated NPL/special mention loans declining to 2.90%/3.74% from 3.04%/5.15% in 1H25, lowering credit cost to 3.08% from 3.35%. Newer Kupedes vintages also showed lower delinquency formation, although legacy cleanup continues, with around Rp5.5t of write-offs expected from the 2023-24 cohorts in 2H26. The improvement was not entirely operational, as a loss given default-model adjustment under POJK 11 reduced KUR credit cost, while micro and commercial NPL remained elevated at 4.11%/4.37%. Agrinas (Kopdes) is the key tail risk: failure of its Sep 26 repayment could add around Rp10t or 70bp to bank-only credit cost.

Valuation/Recommendation

- **Maintain HOLD with a lower target price of Rp3,690.** We arrive at 1.63x fair P/B using the Gordon Growth Model (ROE at 18% (previously: 19%), growth at 5%, and cost of equity at 13.0%). BBRI's earnings outlook is improving, supported by easing credit costs and Pegadaian's growing contribution. Pegadaian has matched Kupedes in financing scale and is increasingly offsetting weakness in the traditional micro portfolio, although the sustainability of its recent performance remains to be tested in a lower-gold-price environment. Meanwhile, bank-only micro remains weak and corporate lending continues to drive most incremental growth.
- While early growth in corporate current accounts and Qlola fee income is encouraging, we believe more time is needed to assess whether these relationship benefits can sufficiently offset lower lending yields and support group returns. Management expects the 2026 DPR to decline to the 70% range before gradually normalising to 50-60%, subject to shareholder approval. The DPR reduces near-term dividend support but allows BBRI to preserve capital and sustain growth; whether this creates value will depend on its ability to maintain a high double-digit ROE despite the shift toward lower-yielding corporate assets. We therefore maintain HOLD.

Earnings Revision/Risk

- No change in our earnings estimates.
- **Risks** include: Agrinas is the key near-term risk as it has Rp55t exposure with only 1.3% coverage and expects Rp9t principal plus Rp2t interest repayment in Sep 26. A failed payment could add around Rp10t or 70bp to bank-only credit cost and reduce CAR by around 100bp. Other risks include renewed micro deterioration, weaker gold prices, further corporate yield dilution, funding growth lagging loan expansion and faster-than-expected dividend-payout normalisation.

1H26: Key Metrics

Key Metrics (%)	1H26	yoy	1Q26	qtd	ytd
Loan (Rpt)	1,646	16.2%	1,562	5.3%	8.2%
Deposit (Rpt)	1,581	6.7%	1,563	1.1%	7.8%
LDR*	91.3%	6.3%	87.7%	3.6%	5.9%
CASA Ratio	67.8%	2.3%	68.1%	-0.3%	-2.8%
NIM	7.7%	-0.1%	7.9%	-0.2%	-0.1%
CIR	39.2%	-2.7%	40.8%	-1.6%	-3.3%
Cost of Fund*	2.4%	-0.6%	2.3%	0.1%	-1.0%
NPL Ratio	3.2%	0.2%	3.0%	0.1%	0.1%
NPL Cov Ratio	180.3%	-8.6%	179.5%	0.8%	2.2%
Credit Cost	3.1%	-0.3%	3.2%	-0.1%	-0.2%
CAR	21.5%	-3.5%	22.9%	-1.4%	-2.0%
ROE	18.8%	2.2%	18.4%	0.4%	1.4%
ROA	2.7%	0.1%	2.8%	-0.1%	0.0%

**Presented in Bank-only*

Source: BBRI, UOB Kay Hian

Loan Growth And Breakdown

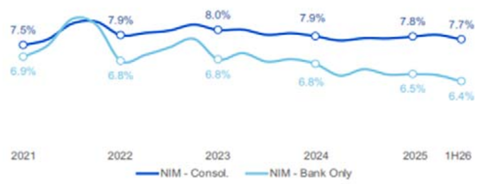
(Rpt)	Jun-26	ytd	yoy	% of loan
Micro	713.0	4.4%	6.4%	43.4
Consumer	236.9	3.5%	8.9%	14.4
SME	212.2	3.0%	4.1%	12.9
Commercial	72.2	18.2%	58.1%	4.4
Corporate	410.1	19.7%	47.1%	24.9
Total	1,644.4	8.1%	16.2%	100.0
Micro				
KUR	293.4	8.7%	10.2%	17.8
Kupedes	153.5	-12.6%	-20.4%	9.3
Briguna	59.6	-0.3%	1.0%	3.6
Total	506.5	0.2%	-2.2%	30.8
Pegadaian	155.1	23.1%	52.8%	9.4
PNM	51.4	2.2%	1.6%	3.1

Source: BBRI, UOB Kay Hian

Lending Yield And Cost Of Fund Trend

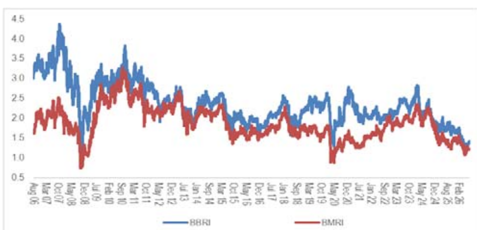
Source: BBRI, UOB Kay Hian

NIM Bank Only Vs. Consolidated



Source: BBRI, UOB Kay Hian

BBRI And BMRI's Forward P/B



Source: Bloomberg

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Interest income	207,783	216,823	229,724	237,964
Interest expense	(57,285)	(55,807)	(59,514)	(57,975)
Net interest income/(expense)	150,498	161,016	170,209	179,988
Fees & Commissions	23,846	25,468	27,065	28,668
Net Trading Income	33,532	29,472	28,854	26,356
Non-Interest Income	57,378	54,941	55,919	55,024
Total Income	207,877	215,957	226,128	235,013
Staff Costs	(42,114)	(44,220)	(46,431)	(48,752)
Other Operating Expense	(46,333)	(48,061)	(49,854)	(52,845)
Pre-Provision Profit	119,430	123,676	129,844	133,416
Loan Loss Provision	(46,182)	(47,536)	(47,865)	(49,495)
Pre-tax profit	72,793	76,140	81,979	83,921
Tax	(15,660)	(16,370)	(17,625)	(18,043)
Net profit	56,652	59,770	64,353	65,878
Net profit (adj.)	56,652	59,770	64,353	65,878

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Cash With Central Bank	31,930	80,459	86,554	93,188
Interbank Loans	55,169	60,663	67,571	68,788
Customer Loans	1,521,486	1,647,585	1,771,345	1,894,947
Investment Securities	391,645	406,086	410,578	375,994
Derivative Receivables	12,333	12,703	13,084	13,477
Properties & Other Fixed Assets	94,045	98,748	103,685	108,869
Other Assets	41,097	43,754	38,476	25,591
Total assets	2,135,371	2,337,295	2,478,208	2,567,378
Interbank Deposits	17,649	17,649	17,649	17,649
Customer Deposits	1,467,458	1,591,534	1,713,425	1,846,116
Debts Securities Issued	212,686	266,319	241,870	152,743
Other Liabilities	106,636	109,702	120,672	132,739
Total liabilities	1,804,430	1,985,203	2,093,616	2,149,246
Shareholders' funds	324,034	344,493	376,234	408,938
Minority interest	6,908	7,598	8,358	9,194
Total Equity & Liabilities	2,135,371	2,337,295	2,478,208	2,567,378

Operating Ratios

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	22.6	20.9	20.0	20.3
Total CAR	23.6	21.8	20.8	21.1
Total Assets/Equity	6.6	6.8	6.6	6.3
Tangible Assets/Tangible Common Equity	6.6	6.8	6.6	6.3
Asset Quality				
NPL Ratio	3.1	3.0	2.9	3.0
Loan Loss Coverage	174.0	180.1	199.5	219.8
Loan Loss Reserve/Gross Loans	5.3	5.4	5.8	6.6
Increase in NPLs	23.6	5.6	4.2	10.3
Credit Cost (bp)	321	300	280	270
Liquidity				
Loan/Deposit Ratio	91.7	90.3	89.4	87.8
Liquid Assets/Short-Term Liabilities	5.9	8.8	8.9	8.7
Liquid Assets/Total Assets	4.1	6.0	6.2	6.3

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	5.9	7.0	5.7	5.7
Fees & Commissions, yoy Chg	12.6	6.8	6.3	5.9
Pre-Provision Profit, yoy Chg	2.3	3.6	5.0	2.8
Net Profit, yoy Chg	(5.8)	5.5	7.7	2.4
Customer Loans, yoy Chg	(5.8)	5.5	7.7	2.4
Customer Deposits, yoy Chg	12.3	8.3	7.5	7.0
Profitability				
Net Interest Margin	7.8	7.8	7.7	7.7
Cost/Income Ratio	42.5	42.7	42.6	43.2
Adjusted ROA	2.7	2.7	2.7	2.6
Reported ROE	17.7	17.9	17.9	16.8
Adjusted ROE	17.7	17.9	17.9	16.8
Valuation				
P/BV	1.5	1.4	1.3	1.2
P/NTA	1.5	1.4	1.3	1.2
Adjusted P/E	8.7	8.2	7.6	7.5
Dividend Yield	9.8	8.5	7.2	7.4
Payout Ratio	85.0	70.0	55.0	55.0