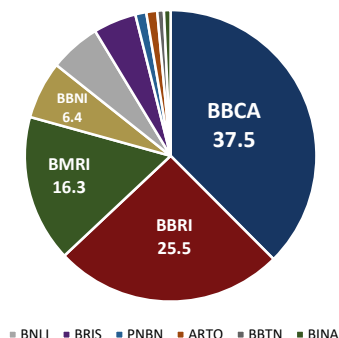


NEUTRAL (from Underweight)

Stock Recommendations

Ticker	Rating	Price (IDR)	TP (IDR)	Upside (%)
BBCA	BUY	7,800	9,600	23.1
BBRI	BUY	4,240	5,000	17.9
BMRI	BUY	4,400	5,100	15.9
BBNI	BUY	4,270	5,200	21.8
BNLI	S-BUY	4,030	4,500	11.7
BRIS	BUY	2,610	3,100	18.8
PNBN	BUY	1,130	1,700	50.4
BBTN	BUY	1,335	1,600	19.9
BINA	S-BUY	4,500	7,000	55.6

Sector Weighting, by Market Cap (%)



Boosting Banking Liquidity

Liquidity injection to SOE banks and potential share price support from Danantara.

The Indonesian government's IDR 200tn liquidity injection is aimed at stabilizing the banking system and improving credit distribution, with a particular focus on state-owned banks that are key players in channeling credit to the real economy. Funds will be sourced from the Ministry of Finance's special account at Bank Indonesia and distributed across five SOE banks: BRI, Mandiri, and BNI (each IDR 55tn), BTN (IDR 25tn), and BSI (IDR 10tn), in an effort to lower Loan-to-Deposit Ratios (LDR) and ease funding constraints, providing these banks greater headroom to expand lending. Notably, the government has stipulated that these funds must support loans rather than bond purchases, reinforcing SOE banks' commitment to stimulating productive credit growth. The degree of effectiveness, however, will depend on quality of loan deployment and sectoral distribution, particularly toward MSMEs and priority sectors. Separately, our conversation with Danantara also reveals potential future share price support, particularly given that the SOE banks' share prices have come down by an average of 16.8% since 2024 (Figure 6).

Positive impact on cost of funds and lending capacity, but not without risks. The liquidity placement comes with 3.8% deposit rate (around 80% of BI's 7-day reverse repo rate of 4.75% after the latest 25bps cut), making it slightly concessional. For SOE banks, this could reduce average term deposit costs by ~15bps, though overall cost of funds may rise ~3bps. The relief is most meaningful for banks relying heavily on expensive time deposits (i.e. BBNI, BBRI, and BBTN) since the liquidity placement will allow more efficient deposit repricing. Sector-wide, LDR is expected to improve ~420bps to 92.6% (on average), providing balance sheet space for loan growth. Still, the measure has limitations: the six-month tenor (extendable) and weak loan appetite from corporates and households may keep near-term credit expansions to remain muted. Moreover, if loan disbursement lags, banks may end up absorbing higher interest expenses from the deposit placement, which could pressure NIMs. Also, if banks are encouraged to push lending aggressively, especially to MSME segment where growth momentum has slowed, there could be considerable credit quality deterioration, raising risks of higher NPLs and margin compression over time.

Short-to-medium term catalysts have us upgrading to sector NEUTRAL. BI's recent rate cut by 50bps in the past month and this liquidity relief acts as short-to-medium term catalysts for loan growth, particularly in corporate and SME segments where lower lending rates could unlock refinancing demand. However, structural headwinds from weak credit demand, cautious borrower sentiment and potential increased provisions ahead remain unresolved. Since the longer-term benefits depend heavily on fiscal programs that can drive investments and consumption, we only upgrade to NEUTRAL on the banking sector for now, particularly as positives from liquidity support are balanced by risks toward NIMs and assets quality. Within the sector, BBCA remains our top pick, supported by its low CoC of 0.5% (Sector: 1.6%), leading CASA franchise, and highest ROE of 25.2% (Sector: 18.4%).

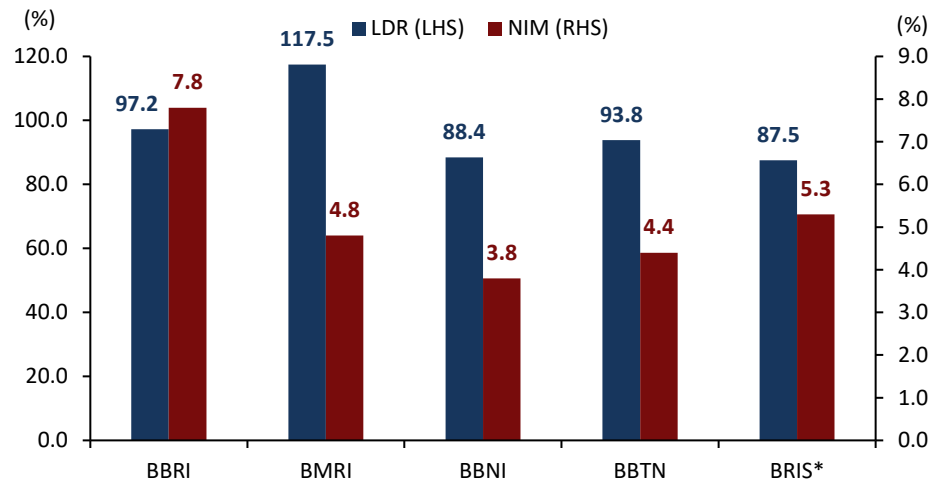
Figure 1. Impact of Liquidity Placement on SOE Banks

Bank	LDR		TD rate		CoF	
	Pre Placement (%)	Post Placement (%)	Pre Placement (%)	Post Placement (%)	Pre Placement (%)	Post Placement (%)
BBRI	97.2	93.7	5.6	5.4	2.9	2.9
BMRI	117.5	113.1	4.3	4.2	3.0	3.0
BBNI	88.4	83.2	5.1	4.9	2.6	2.7
BBTN	93.8	88.3	5.2	5.0	3.9	3.9
BRIS	87.5	84.9	5.2	5.1	2.5	2.6
Average	96.9	92.6	5.1	4.9	3.0	3.0

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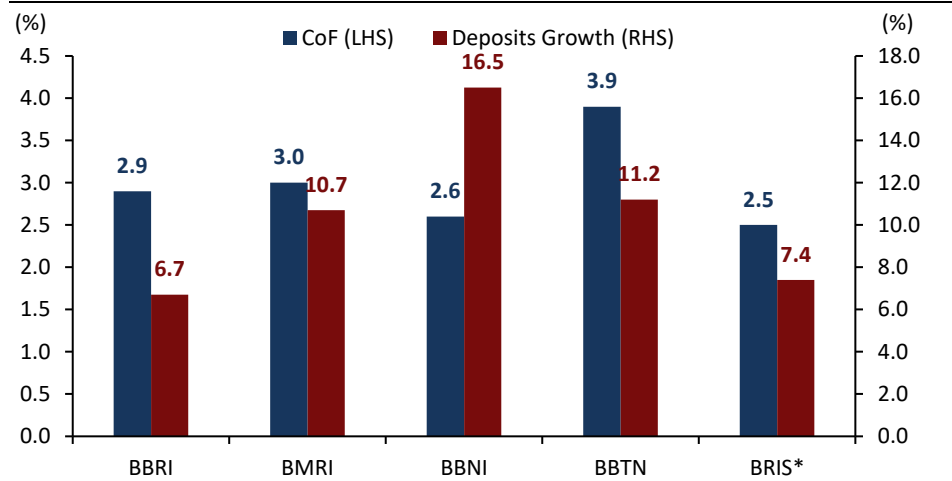
Figure 2. 1H25 SOE Banks' LDR & NIM



Sources: Company, SSI Research
(*Note: 1Q25 numbers used)

BMRI's high LDR of 117.5% positions it as the largest liquidity beneficiary from SAL injection, while BBRI 7.8% NIM ensures margin resilience even if loan repricing is delayed

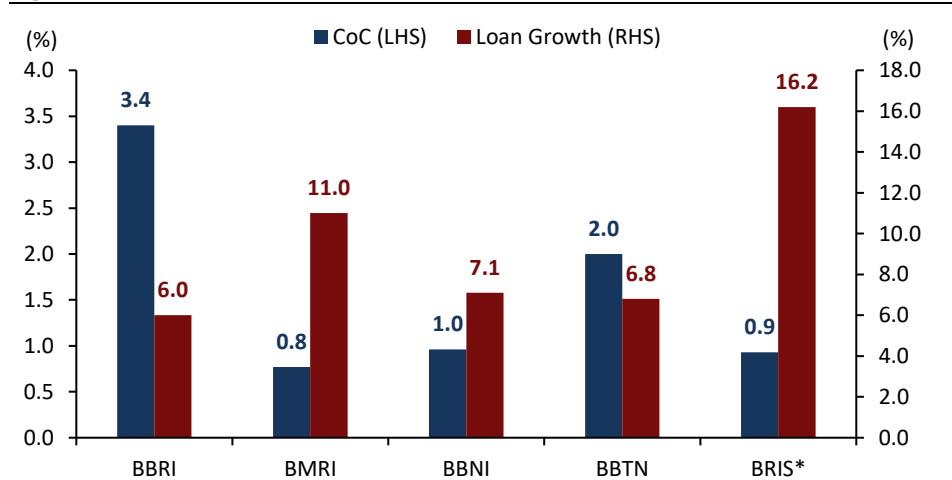
Figure 3. 1H25 SOE Banks' CoF & Deposits Growth



Sources: Company, SSI Research
(*Note: 1Q25 numbers used)

BBTN, with the highest CoF of 3.9%, stands to benefit most from the concessional 3.8% funding, while BBNI's 16.5% deposit growth already provides solid cushion for its funding base

Figure 4. 1H25 SOE Banks' CoC & Loan Growth



Sources: Company, SSI Research
(*Note: 1Q25 numbers used)

BBRI's 3.4% CoC underscores micro-level risks constraining credit upside, while BMRI and BRIS can leverage SAL injection and rate cut to sustain 16% loan growth

Figure 5. Banks Peer Comparables

Company Ticker	Rating	Market Cap. (IDR tn)	Last Price (IDR)	TP (IDR)	YTD Net Buy/(Sell) (IDR bn)	Upside Potential (%)	2026F			
							NIM (%)	EPS Growth (%)	PBV (x)	ROE (%)
BBCA	BUY	962	7,800	9,600	(28,566)	23.1	6.0	4.4	3.2	20.5
BBRI	BUY	643	4,240	5,000	460	17.9	7.7	(0.5)	1.7	19.9
BMRI	BUY	411	4,400	5,100	(16,770)	15.9	5.3	4.4	1.3	19.9
BBNI	BUY	159	4,270	5,200	(3,787)	21.8	3.9	(1.7)	0.9	13.0
BNLI	SPEC-BUY	122	4,030	4,500	(1)	11.7	4.2	12.2	2.6	7.9
BRIS	BUY	120	2,610	3,100	1,470	18.8	5.4	15.8	1.9	18.2
PNBN	BUY	30	1,130	1,700	(372)	50.4	4.5	10.6	0.5	8.5
BBTN	BUY	19	1,335	1,600	(134)	19.9	3.8	15.0	0.4	10.9
BINA	SPEC-BUY	19	4,500	7,000	(2)	55.6	2.9	107.6	7.0	6.7
Sector	NEUTRAL	2,513			(13,596)	20.0	6.0	5.2	2.3	18.4

Sources: Company, SSI Research

BRIS is one of two banks under our coverage to record net foreign inflows, while peers continued to experience outflows

Figure 6. Banks Share Price Performances

Company Ticker	Price (IDR)	1M (%)	3M (%)	6M (%)	YTD (%)	2024 (%)	2023 (%)
BBCA	7,800	(8.2)	(11.1)	(6.3)	(19.4)	2.9	9.9
BBRI	4,240	5.0	11.6	14.3	3.9	(28.7)	15.9
BMRI	4,400	(8.3)	(11.5)	(6.0)	(22.8)	(5.8)	21.9
BBNI	4,270	(1.4)	3.4	2.4	(1.8)	(19.1)	16.5
BNLI	4,030	30.0	61.2	65.8	326.5	2.7	(9.4)
BRIS	2,610	(5.4)	3.6	7.9	(4.4)	56.9	34.9
PNBN	1,130	(0.9)	(3.8)	(18.1)	(39.2)	53.7	(21.4)
BBTN	1,335	6.4	16.6	60.8	17.1	(8.8)	(7.4)
BINA	4,500	2.3	3.4	6.4	7.4	2.4	2.5
Sector		(1.8)	0.9	4.8	7.8	(4.9)	13.2
Sector (Excluding BNLI)		(3.5)	(2.6)	1.1	(10.6)	(5.1)	13.8
JCI Index		2.4	15.5	27.6	13.7	(2.7)	6.2

Sources: Company, SSI Research

All of the big four banks' share prices have come down by ~20% since 2024

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