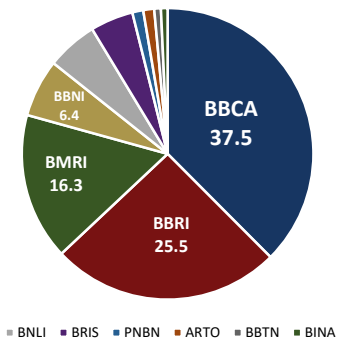


NEUTRAL (from Overweight)

Stock Recommendations

Ticker	Rating	Price (IDR)	TP (IDR)	Upside (%)
BBCA	BUY	5,825	6,400	9.9
BBRI	BUY	2,850	3,500	22.8
BMRI	BUY	4,250	6,000	41.2
BBNI	BUY	3,500	4,700	34.3
BRIS	BUY	1,795	2,200	22.6
BBTN	BUY	1,185	1,500	26.6

Sector Weighting, by Market Cap (%)



Bad for Banks: IDR Weakness & Higher Rates

Rupiah depreciation + rising rates = lower aggregate earnings growth of 1.8% YoY.

The Indonesian banking sector operating backdrop has deteriorated sharply since 1Q26. The local currency has slumped to its worst level at IDR 18,178/USD (8 June 2026), down ~9% Ytd, mainly pressured by our twin deficits (budget and B-o-P). To defend the currency, BI has reversed last year’s easing cycle, raising its policy rate twice thus far: 50bps (May BoG Meeting) and 25bps (unscheduled surprised hike on 9-June) to 5.50%. This higher-rate, weaker-currency environment is undoubtedly negative for banks for three main reasons: 1) potentially lifting CoF — particularly for names reliant on expensive time deposits — 2) keeping NIM under pressure as deposit repricing outpaces asset repricing, and 3) raising asset-quality risk as borrowing costs climb amid current soft purchasing power. Weaker IDR also feeds into imported inflation, reinforcing higher-for-longer rate stance, prolonging margin squeeze. That said, on the back of elevated funding costs, sustained NIM pressure, and higher provisions, we have decreased our FY26F aggregate YoY earnings growth for banks under our coverage to +1.8% from +4.6% previously.

Big-4 banks’ 4M26 results: still at elevated level with net profit growth of +8% YoY.

Aggregate Big-4 net profit reached IDR 62.1tn in 4M26 (+8% YoY), hitting 37% of our revised full-year forecast, compared to 30% average for 4M in the past four years. In 4M26, combined NIM already compressed -18bps YoY to 5.1% as -46bps decline in asset yield outweighed -31bps improvement in CoF, while aggregate loans grew +14% YoY against deposits of +13% YoY, still lifting the Big 4 LDR to 89% — the highest in 11 months. Asset quality had remained resilient, with most of the earnings beats driven by lower credit costs. However, looking ahead we expect net profit growth to decelerate from +7.5% YoY in 4M26 to +1.8% by year end, dragged down mainly by lower NIM and higher CoC. In 4M26, BBKA and BBRI suffered from softer NII which we expect to persist ahead. At the pre-provision level, we expect aggregate PPOP to grow +5%, compared to +7% YoY in 4M26, driven by BMRI (+14% YoY) and BBNI (+12% YoY) on strong balance sheet expansion.

Cut sector rating to NEUTRAL; BMRI as top pick with highest upside (TP: IDR 6,000).

In-line with our cut in earnings growth for the banks, we downgrade the sector rating to NEUTRAL. While we expect 4M26 results to be overstated relative to the rest of the year, valuations are currently undemanding, as most of our covered banks trade near or below -2 standard deviations on PBV. We therefore balance attractive valuations against the risk of further NIM compression and rising credit costs. Within the sector, BMRI remains our top pick (TP: IDR 6,000) and has the highest upside potential of 41%, underpinned by sector-leading earnings and PPOP growth (+19% / +14% YoY in 4M26), robust loan expansion (+18% YoY), and credit costs still running below management guidance, leaving room for more positive surprise. Its scale and CASA-supported funding base also position it relatively well to absorb elevated funding costs. Key upside risks to our call are stronger-than-expected economic growth, rupiah recovery, lower interest rate environment, and improving NIMs, loan growth, as well as credit costs; key downside risks are IDR depreciation, persistent rate hikes, weaker-than-expected NIMs, deteriorating assets quality, and persistent foreign outflows.

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Figure 1. Banks Peer Comparables

Company Ticker	Rating	Market	Last	TP	YTD	Upside	2026F				
		Cap.	Price				Net Buy/(Sell)	Potential	NIM	EPS Growth	PBV
		(IDR tn)	(IDR)	(IDR)	(IDR bn)	(%)	(%)	(%)	(x)	(%)	(%)
BBCA	BUY	718	5,825	6,400	(32,443)	9.9	5.3	1.2	2.3	19.7	4.3
BBRI	BUY	432	2,850	3,500	(9,682)	22.8	7.5	2.1	1.3	17.6	11.9
BMRI	BUY	397	4,250	6,000	(10,899)	41.2	4.5	3.0	1.2	19.0	8.8
BBNI	BUY	131	3,500	4,700	(2,745)	34.3	3.2	(0.5)	0.7	11.3	7.7
BRIS	BUY	83	1,795	2,200	(708)	22.6	4.9	2.8	1.4	15.5	1.9
BBTN	BUY	17	1,185	1,500	341	26.6	3.6	1.4	0.3	9.4	5.7
NEUTRAL		1,777			(56,136)	22.5	5.5	1.8	1.7	18.1	7.3

Sources: Company, SSI Research

BMRI records the highest EPS growth with ROE still above sector average and PBV discount at 25%

Figure 2. Banks Share Price Performances

Company Ticker	Price (IDR)	1M (%)	3M (%)	6M (%)	YTD (%)	2025 (%)	2024 (%)
BBCA	5,825	-14.7	-28.5	-38.9	-37.2	-16.5	2.9
BBRI	2,850	-13.0	-26.9	-24.9	-25.1	-10.3	-28.7
BMRI	4,250	-14.5	-25.1	-21.6	-24.7	-10.5	-5.8
BBNI	3,500	-18.1	-25.0	-25.2	-26.5	0.5	-19.1
BRIS	1,795	-3.0	-21.2	-24.2	-20.9	-18.3	56.9
BBTN	1,185	-16.5	-13.3	-2.1	-3.0	3.1	-8.8
Sector		-13.9	-26.6	-29.3	-29.4	-12.2	-6.2
JCI Index		-19.7	-26.2	-35.8	-35.3	22.1	-2.7

Sources: Company, SSI Research

All of the big four banks' share prices have come down by ~30% since 2025

Figure 3. Banks Valation Metrics

Ticker		BBCA	BBRI	BMRI	BBNI	BRIS	BBTN	Sector	Big 4	Non big 4
Rating		BUY	BUY	BUY	BUY	BUY	BUY		NEUTRAL	
Target price	(IDR)	6,400	3,500	6,000	4,700	2,200	1,500			
Target PBV	(x)	2.5	1.6	1.8	1.0	1.7	0.4	2.0	2.0	1.5
Share price	(IDR)	5,825	2,850	4,250	3,500	1,795	1,185			
Up(down)side	(%)	9.9	22.8	41.2	34.3	22.6	26.6			
Total mkt cap.	(IDRtn)	718	432	397	131	83	17	1,777	1,677	99
BVPS (IDR)	2026F	2,511	2,202	3,407	4,860	1,268	3,691	17,938	12,979	4,959
EPS (IDR)	2026F	467	399	621	535	169	336	2,527	2,023	504
DPS (IDR)	2026F	250	339	373	269	34	67	1,332	1,231	101
PBV (x)	2026F	2.3	1.3	1.2	0.7	1.4	0.3	1.7	1.7	1.2
PE (x)	2026F	12.5	7.1	6.8	6.5	10.6	3.5	9.3	9.3	9.5
Yield (%)	2026F	4.3	11.9	8.8	7.7	1.9	5.7	7.3	7.6	2.5
PPOP	2023	62.6	106.4	84.9	35.0	13.9	8.3	311.0	288.8	22.3
(IDRtn)	2024	70.1	120.3	87.8	34.8	13.9	5.8	332.9	313.1	19.8
	2025F	75.7	119.4	86.4	34.1	13.9	10.7	340.2	315.6	24.6
	2026F	77.4	126.1	94.8	34.3	13.9	9.3	355.9	332.7	23.2
	2027F	83.9	136.4	106.7	38.6	13.9	9.7	389.3	365.7	23.7
Net profit	2023	48.6	60.1	55.1	20.9	5.7	3.5	193.9	184.7	9.2
(IDRtn)	2024	54.8	60.2	55.8	21.5	7.0	3.0	202.3	192.2	10.0
	2025F	57.5	56.7	56.3	20.0	7.6	3.5	201.6	190.5	11.1
	2026F	58.2	57.8	58.0	19.9	7.8	3.6	205.3	194.0	11.3
	2027F	63.0	62.2	62.5	22.0	8.3	3.9	221.9	209.7	12.2
PPOP growth	2023	18.9	16.0	17.9	1.6	8.6	6.0	16.0	16.5	8.1
(%)	2024	12.1	13.1	3.5	(0.4)	9.9	(30.1)	9.0	9.4	3.4
	2025F	7.9	(0.8)	(1.6)	(2.0)	10.6	83.9	3.7	2.5	22.6
	2026F	2.3	5.6	9.8	0.5	12.0	(13.0)	5.0	4.8	7.9
	2027F	8.4	8.2	12.5	12.6	15.0	4.6	9.9	9.6	13.3
Net profit growth	2023	19.4	17.5	33.7	14.2	33.9	15.0	22.4	21.8	30.8
(%)	2024	12.7	0.1	1.3	2.7	22.8	(14.1)	6.5	5.8	16.8
	2025F	4.9	(5.8)	0.9	(6.6)	8.0	16.4	0.7	0.1	9.4
	2026F	1.2	2.1	3.0	(0.5)	2.8	1.4	1.8	1.7	2.6
	2027F	8.2	7.5	7.8	10.3	6.5	9.6	8.0	8.1	7.0
Loan growth	2023	13.9	11.2	16.4	7.6	15.7	11.9	13.4	13.3	15.1
(%)	2024	13.8	7.0	19.5	11.6	15.9	7.3	13.2	13.1	14.5
	2025F	7.7	12.3	13.6	15.9	14.5	11.9	11.2	11.0	14.1
	2026F	10.8	8.7	7.9	9.1	15.1	9.5	9.7	9.4	14.1
	2027F	10.8	9.1	10.6	9.6	16.2	9.6	10.5	10.2	15.1
Deposit growth	2023	6.0	3.9	5.8	6.5	12.1	8.7	5.8	5.4	11.5
(%)	2024	2.9	0.5	7.7	(1.7)	8.7	9.1	3.4	3.0	8.8
	2025F	10.2	7.4	23.9	29.2	9.2	14.6	13.9	14.2	10.1
	2026F	7.1	4.7	8.1	7.8	8.5	7.8	6.8	6.7	8.4
	2027F	7.2	4.7	8.1	7.8	8.1	8.3	6.9	6.8	8.2

Ticker		BBCA	BBRI	BMRI	BBNI	BRIS	BBTN	Sector	Big 4	Non big 4
Rating		BUY	BUY	BUY	BUY	BUY	BUY		NEUTRAL	
LDR (%)	2023	73.5	93.2	88.3	84.5	81.6	95.4	83.3	83.2	83.9
	2024	81.2	99.2	98.0	94.2	84.9	93.8	90.8	91.1	86.3
	2025F	79.4	103.7	89.8	85.5	83.6	91.6	88.7	89.0	84.9
	2026F	82.2	107.7	89.6	86.5	88.7	93.0	91.1	91.2	89.4
	2027F	84.9	112.2	91.6	87.9	95.3	94.1	94.3	94.2	95.1
NIM (%)	2023	5.7	7.9	5.5	4.6	5.3	3.6	6.1	6.1	5.0
	2024	5.8	7.6	5.3	4.2	5.0	2.8	6.0	6.1	4.7
	2025F	5.5	7.6	4.7	3.6	5.0	4.1	5.7	5.8	4.9
	2026F	5.3	7.5	4.5	3.2	4.9	3.6	5.5	5.5	4.7
	2027F	5.4	7.5	4.6	3.3	4.9	3.7	5.5	5.6	4.7
Non-int inc. growth (%)	2023	9.0	5.7	13.5	6.6	10.9	86.0	9.8	9.0	23.2
	2024	5.1	36.8	4.8	11.9	33.8	16.2	15.3	14.3	30.9
	2025F	2.6	61.4	9.8	2.5	19.9	(7.6)	20.1	20.4	15.4
	2026F	5.6	7.7	9.2	8.2	14.8	4.6	7.6	7.2	13.2
	2027F	5.8	6.0	9.2	8.3	7.4	4.6	6.9	6.9	7.0
Non-int inc. to total inc. (%)	2023	24.1	28.3	30.9	34.2	16.0	22.2	27.0	27.6	17.0
	2024	23.3	33.9	30.6	37.3	19.1	27.9	28.5	29.0	20.5
	2025F	23.1	43.9	31.7	37.9	20.1	18.5	31.2	32.0	19.9
	2026F	23.8	44.4	32.2	39.6	21.0	19.7	31.9	32.6	20.8
	2027F	23.4	43.9	32.1	38.9	20.3	19.4	31.5	32.3	20.1
Cost to income (%)	2023	46.0	67.9	57.5	44.3	50.0	85.9	54.6	54.5	55.9
	2024	43.3	72.3	61.2	46.0	51.4	88.8	55.8	55.7	57.5
	2025F	42.6	77.9	64.3	47.5	52.6	88.9	57.8	57.8	58.6
	2026F	43.5	77.7	64.3	49.1	51.6	89.2	58.1	58.2	57.8
	2027F	43.0	77.7	64.6	48.0	50.0	88.9	57.9	58.0	56.4
Credit cost (%)	2023	0.3	2.5	0.8	1.4	1.5	1.2	1.1	1.1	1.4
	2024	0.2	3.2	0.8	1.1	0.7	0.6	1.2	1.2	0.7
	2025F	0.4	3.2	0.6	1.1	0.8	1.6	1.2	1.3	0.9
	2026F	0.4	3.1	0.7	1.0	0.9	1.1	1.2	1.3	0.9
	2027F	0.4	3.1	0.9	1.1	1.1	1.0	1.3	1.3	1.1
NPL ratio (%)	2023	1.9	3.1	1.0	2.1	2.1	3.0	2.0	2.0	2.2
	2024	1.8	2.9	1.0	2.0	1.9	3.2	1.9	1.9	2.1
	2025F	1.7	3.3	1.0	1.9	1.8	3.2	2.0	2.0	2.0
	2026F	1.6	3.2	0.8	2.0	1.8	3.1	1.9	1.9	2.0
	2027F	1.6	3.0	0.8	1.9	1.8	3.1	1.8	1.8	2.0

Ticker		BBCA	BBRI	BMRI	BBNI	BRIS	BBTN	Sector	Big 4	Non big 4
Rating		BUY	BUY	BUY	BUY	BUY	BUY		NEUTRAL	
ROA (%)	2023	3.6	3.1	2.6	2.0	2.4	0.8	3.0	3.1	2.1
	2024	3.8	3.0	2.4	1.9	1.7	0.6	3.0	3.1	1.5
	2025F	3.8	2.7	2.1	1.6	1.7	0.7	2.9	2.9	1.5
	2026F	3.6	2.6	2.0	1.4	1.5	0.7	2.7	2.8	1.4
	2027F	3.7	2.6	1.9	1.4	1.4	0.7	2.7	2.8	1.3
ROE (%)	2023	21.0	19.7	22.4	14.6	16.9	11.5	20.2	20.5	16.0
	2024	21.7	19.1	20.5	13.7	17.9	9.2	19.9	20.1	16.5
	2025F	21.1	17.7	19.5	12.0	16.7	9.7	18.9	19.1	15.5
	2026F	19.7	17.6	19.0	11.3	15.5	9.4	18.1	18.3	14.5
	2027F	19.4	18.3	18.8	11.8	14.7	9.6	18.1	18.4	13.9
CAR (%)	2023	26.8	27.1	21.9	23.5	21.0	19.5	25.2	25.5	20.8
	2024	26.4	26.6	18.3	23.5	21.4	19.1	24.1	24.3	21.0
	2025F	27.4	23.5	18.6	21.2	22.0	20.1	23.6	23.8	21.7
	2026F	27.5	23.6	16.4	21.0	22.5	19.5	23.2	23.3	22.0
	2027F	28.2	22.8	17.7	20.6	22.8	19.5	23.6	23.7	22.2
Tier 1 (%)	2023	25.8	26.0	20.7	21.4	19.9	16.9	24.0	24.3	19.4
	2024	25.4	25.5	17.5	21.5	20.3	17.7	23.1	23.3	19.9
	2025F	26.4	22.4	17.4	19.3	20.9	17.9	22.5	22.6	20.4
	2026F	26.4	22.6	16.8	19.1	21.4	17.2	22.4	22.5	20.7
	2027F	27.2	21.9	18.1	18.7	21.7	17.2	22.8	22.9	21.0

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