



## Fundamental Valuation Of HIMBARA Group Stocks Using PBV And PER Approaches

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**Abstract:** This study aims to evaluate the fairness of the stock prices of the Association of State-Owned Banks (HIMBARA), consisting of Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), Bank Mandiri, Bank Tabungan Negara (BTN), and Bank Syariah Indonesia (BSI) during the 2021–2025 period. The study uses a descriptive quantitative approach utilizing secondary data in the form of audited annual financial reports and closing stock prices at the end of the year. The analysis was conducted using the Price to Book Value (PBV) and Price to Earnings Ratio (PER) as the main indicators in assessing stock valuation. The results show that BRI and Bank Mandiri are in the fair valuation category. BNI and BTN are classified as undervalued, while BTN also has the lowest PER. On the other hand, BSI exhibits a premium valuation, reflecting high market expectations for the growth of the Islamic banking industry. Hypothesis testing indicates that HIMBARA's stock tendency to be undervalued is only partially valid, while differences in valuation characteristics between BSI and conventional banks are consistently evident. These findings provide a reference for investors in developing investment strategies based on fundamental analysis in the Indonesian banking sector.

**Keywords:** Price To Book Value, Price To Earning Ratio, HIMBARA

### INTRODUCTION

The existence of capital markets in a country's economic structure serves not only as a venue for buying and selling securities but also as a mechanism for efficient allocation of financial resources. Tandelilin (2021) defines capital markets as a meeting place for those with surplus funds and those in need of financing through securities instruments. Furthermore, Jogiyanto (2023) asserts that capital market efficiency is determined by the extent to which stock prices absorb and reflect all relevant information, thus providing a basis for rational and measured investment decisions.

Among the sectors that dominate Indonesian capital market activity, state-owned banks, including members of HIMBARA (Indonesian Banking Association), occupy a strategic position. Its five members, BRI, Mandiri, BNI, BTN, and BSI, collectively control more than 60% of the national banking industry's total assets (OJK, 2024). The 2021–2025 period was a period of extraordinary dynamics: from the momentum of post-pandemic economic recovery (2021–2022),



followed by the normalization of global interest rates that depressed net interest margins (2023), continuing with a credit slowdown (2024), and finally consolidation towards a new equilibrium (2025). This series of changes resulted in uneven valuation movements among HIMBARA members, with conventional banks experiencing pressure, while BSI recorded a striking valuation rebound in 2025.

A review of the current literature reveals at least three gaps that have not been adequately addressed. First, existing HIMBARA stock valuation studies are still concentrated on the 2018–2022 period (Hidayah, 2025; Sari & Sejarahi, 2024), thus missing the monetary normalization phase of 2023–2025, which resulted in valuation divergence between conventional and Islamic banks. Second, no research has explicitly established a measurable valuation threshold for the Indonesian banking industry as a benchmark, making conclusions between studies difficult to compare (Ramadhan & Susanti, 2023). Third, BSI's position as a new entity resulting from the consolidation of three state-owned Islamic banks has never been analyzed comparatively within a valuation framework encompassing a full economic cycle.

Based on the identified research gaps, the novelty of this study lies in its comprehensive coverage of the full 2021–2025 economic cycle, the explicit establishment of measurable valuation benchmarks for Indonesian banking, and the comparative analysis of BSI as a post-merger entity alongside conventional HIMBARA banks. The central research questions addressed are: (1) Are HIMBARA stocks, in aggregate, undervalued relative to the Indonesian banking industry benchmark during 2021–2025? and (2) Do BSI's valuation characteristics differ significantly from those of the four conventional HIMBARA banks throughout the same period? In line with these questions, this study proposes two research propositions that will be evaluated descriptively:

H1: In aggregate, HIMBARA shares tend to be undervalued during the 2021–2025 period when compared to the Indonesian banking industry valuation benchmark.

H2: There are significant differences in valuation characteristics between BSI, a sharia bank, and the other four conventional banks that are members of HIMBARA throughout the 2021–2025 period. Overall, this study aims to present a comprehensive and objective HIMBARA stock valuation map for 2021–2025, while also providing a practical reference framework for investors in developing fundamental-based investment strategies (Sugiyono, 2022).



## **THEORETICAL STUDY**

### **Stocks and the Concept of Intrinsic Value**

Shares essentially represent proof of ownership of a portion of a company's assets and rights to its profits (Jogiyanto, 2018). Stock price movements are influenced by two groups of factors: internal or micro factors, which include financial performance, asset quality, and the company's capital structure, and external or macro factors, which include interest rates, inflation, and monetary policy direction (Sari & Sejarahi, 2024). In the context of investment analysis, the concept of intrinsic value is key. It describes the theoretical price that should apply based on the company's fundamentals, regardless of short-term sentiment fluctuations (Tandelilin, 2017). When the market price falls below the intrinsic value, the stock is categorized as undervalued and considered a buying opportunity; when the market price exceeds the intrinsic value, the stock is categorized as overvalued (Brigham & Houston, 2019).

The Efficient Market Hypothesis, proposed by Fama (1970), states that all available information is reflected in market prices. However, empirical reality shows that the price formation mechanism does not always operate perfectly. Investor psychological bias, information asymmetry, and market rigidity often lead to price deviations from fundamental values in the medium term (Damodaran, 2022). Research by Nugroho et al. (2024) even empirically demonstrated that increases in Bank Indonesia's benchmark interest rate had a strong negative correlation with the banking sector's PBV, confirming the relevance of macroeconomic factors in shaping valuations.

### **Price to Book Value (PBV)**

PBV measures the market's price relative to the net book value per share. This ratio is widely used as an indicator of market confidence in a company's asset quality and long-term prospects. A high PBV reflects strong market appreciation, while a low PBV, particularly below 1.0x, indicates that the market values the company below its book value, which can be either an opportunity or a warning, depending on the context (Weston & Copeland, 2018).

### **Price to Earnings Ratio (PER)**

The Price to Earnings Ratio (PER) reflects the multiple of earnings that investors are willing to pay for each rupiah of profit generated by a company. A high PER generally indicates optimistic earnings growth expectations from market participants, while a low PER can signal a cheap



valuation or limited growth prospects, or a combination of both (Tandelilin, 2017). In the banking sector, the PER is highly sensitive to interest rate cycles because it directly affects the NIM component and earnings potential.

### **Fundamental and Relative Valuation Theory**

Fundamental valuation theory holds that a firm's intrinsic value equals the present value of expected future cash flows discounted at a risk-adjusted rate (Damodaran, 2022). Relative valuation, by contrast, benchmarks a firm's market multiples against industry peers. PBV and PER are the most widely used relative valuation tools in banking research because they are computationally transparent and directly comparable across institutions (Bodie, Kane, & Marcus, 2018). Using both ratios in tandem strengthens analytical rigor: PBV captures balance-sheet quality and asset efficiency, while PER reflects earnings power and market growth expectations. Together, they form a robust framework for classifying stocks as undervalued, fair valued, or overvalued relative to industry benchmarks.

### **Banking Sector and Islamic Banking Valuation Frameworks**

Banking sector valuation is shaped by regulatory capital adequacy requirements, asset quality (NPL ratios), net interest margin (NIM) sensitivity to monetary policy, and loan-to-deposit ratios (Kasmir, 2023). Rising interest rates typically compress NIMs and reduce bank PBVs, as documented empirically by Nugroho et al. (2024) for Indonesian banks. For Islamic banks, valuation dynamics differ materially: profit-sharing structures (mudharabah, musyarakah), Sharia-compliance premiums, and access to the large underserved halal finance market create structural valuation premiums not fully captured by conventional models (Oktaviani & Prabowo, 2023; Rohaya et al., 2023). BSI, formed through the consolidation of three state-owned Islamic banks in 2021, exemplifies these distinct Islamic banking valuation characteristics, as its persistent premium valuation reflects not only earnings performance but also long-run market expectations for halal financial ecosystem growth (Wahyudi et al., 2017).

### **Behavioral Finance Perspective**

Behavioral finance extends standard valuation theory by incorporating investor psychology into price formation. Shiller (2015) demonstrates that market prices can diverge significantly and persistently from intrinsic values due to irrational exuberance, herding behavior, and overconfidence bias. In the Indonesian capital market context, retail investor dominance,



information asymmetry between institutional and individual investors, and limited analyst coverage of state-owned banks can amplify valuation deviations (Le & Ngo, 2022). These behavioral factors help explain why BNI and BTN remain persistently undervalued despite solid fundamentals, and why BSI commands a structural premium beyond what its current earnings alone would justify. Understanding behavioral dynamics is therefore essential for interpreting PBV and PER divergences within the HIMBARA group.

### **Previous Research**

Several relevant studies from the past five years form the basis for this research. Hidayah (2025) used the Discounted Cash Flow method to value state-owned bank stocks and found undervaluation in most of the sample, but did not include a standardized PBV/PER benchmark. Sari & Sejarah (2024) empirically demonstrated that macroeconomic variables, particularly interest rates and inflation, significantly influence bank stock valuations. Ramadhan & Susanti (2023) analyzed the PBV and PER of state-owned banks for the 2018–2022 period, but their study did not include BSI, a post-merger entity. Oktaviani & Prabowo (2023) revealed that Islamic banks tend to trade at a valuation premium disproportionate to their profit growth. Finally, Nugroho et al. (2024) documented a strong negative correlation between increases in BI interest rates and bank PBV, providing a theoretical basis to explain the valuation pressures experienced by conventional HIMBARA banks from 2023–2025. This research fills the gaps in existing literature by covering the full 2021–2025 economic cycle, establishing explicit and replicable valuation benchmarks, and incorporating BSI's post-merger trajectory. The behavioral finance framework from Shiller (2015) and international evidence from Le & Ngo (2022) and Nguyen et al. (2021) further contextualize the Indonesian banking valuation findings within the global literature.

### **METHOD**

This study employs a quantitative descriptive design to systematically process numerical data and produce a measurable, objective picture of HIMBARA stock valuations (Sugiyono, 2021). Secondary data were sourced from audited annual financial reports published on the Indonesia Stock Exchange portal ([www.idx.co.id](http://www.idx.co.id)), with year-end closing prices from Bloomberg and Yahoo Finance. Purposive sampling yielded all five HIMBARA members based on four criteria: active HIMBARA membership, continuous IDX listing, availability of complete audited reports, and



sufficient data for PBV and PER computation. PBV and PER were selected as the primary indicators for three reasons: (1) they are the most widely applied relative valuation metrics in Indonesian banking research (Ramadhan & Susanti, 2023; Hidayah, 2025); (2) they can be computed directly and consistently from public audited data without proprietary forecasts; and (3) established benchmarks facilitate replicable classification. Valuation categories follow Indonesian banking norms (BRI Danareksa Research, 2024; Mandiri Sekuritas Research, 2024): undervalued when  $PBV < 1.0x$  or  $PER < 8x$ ; fair valued when  $PBV = 1.0-2.5x$  or  $PER = 8-15x$ ; overvalued when  $PBV > 2.5x$  or  $PER > 15x$ . The two research propositions (P1 and P2) are evaluated descriptively against these benchmarks. No inferential statistical testing is performed, as the study objective is descriptive assessment rather than causal inference.

## RESULT AND DISCUSSION

### 1. Price to Book Value (PBV) Analysis of HIMBARA for the 2021–2025 Period

| Year    | BRI   | BNI   | Bank Mandiri | BTN   | BSI   |
|---------|-------|-------|--------------|-------|-------|
| 2021    | 1.71x | 0.50x | 0.74x        | 0.76x | 3.20x |
| 2022    | 2.47x | 0.61x | 1.84x        | 0.67x | 1.78x |
| 2023    | 2.73x | 1.29x | 1.96x        | 0.58x | 2.07x |
| 2024    | 1.90x | 0.97x | 1.70x        | 0.49x | 2.80x |
| 2025    | 1.67x | 0.92x | 1.45x        | 0.46x | 1.98x |
| Average | 2.10x | 0.86x | 1.54x        | 0.59x | 2.37x |

*Table 1. Results of PBV Calculation for the HIMBARA Group for the 2021–2025 Period*

*Source: Audited Financial Statements, Corrected Outstanding Shares Data & Bloomberg (processed, 2025)*

The data in Table 3 reveals a highly diverse valuation pattern among the five HIMBARA members. After correcting for the appropriate number of outstanding shares, the valuation picture changes significantly compared to previous calculations. Bank Rakyat Indonesia (BRI) recorded an average PBV of 2.10x throughout 2021–2025, placing it consistently in the fair valuation zone (1.0x–2.5x). Despite a spike in PBV in 2022 (2.47x) and 2023 (2.73x) reflecting strong recovery momentum and credit growth, BRI's valuation moderated again to 1.67x in 2025 as interest rates normalized. The additional shares through the 2022 rights issue were taken into account, so the increase in PBV in 2022–2023 purely reflects market price appreciation, not distortions caused by an incorrect share count.



Bank Negara Indonesia (BNI) exhibited a unique pattern due to its 1:2 stock split in 2023. Before the split (2021–2022), BNI's PBV was between 0.50x and 0.61x, which was very low because the BV per share was still high at around Rp6,800–7,500 with a relatively affordable share price. Post-split (2023–2025), BNI's PBV jumped to the range of 0.92x–1.29x because the BV per share was halved to Rp4,100–4,700. BNI's average PBV of 0.86x places it in the undervalued category, but with a trend towards the fair zone. Value investors can consider BNI as an attractive candidate, given its continuously strengthening fundamentals.

Bank Mandiri experienced a similar structural change due to a 1:2 stock split in 2022. In 2021, before the split, Mandiri's PBV was only 0.74x, with the BV per share still at ~Rp4,760 at a price of Rp3,512. Post-split, the BV per share was halved, causing Mandiri's PBV to jump to 1.84x–1.96x in 2022–2023, reaching an average of 1.54x, within the reasonable range. This indicates that the market is providing a proportional assessment of Mandiri's steadily improving performance, with net profit growing from Rp30.6 trillion (2021) to Rp61.3 trillion (2025).

Bank Tabungan Negara (BTN) consistently records the lowest PBV in the HIMBARA group, averaging 0.59x. The downward trend from 0.76x (2021) to 0.46x (2025) reflects increasingly cautious market perceptions of the quality of its subsidized mortgage portfolio, which is vulnerable to changes in government policy and interest rate fluctuations. While the valuation appears cheap, this figure reflects the market's demand for risk premium rather than a genuine opportunity.

Bank Syariah Indonesia (BSI) exhibits the most distinctive valuation profile of all HIMBARA members. With a consistent 46.1 billion shares outstanding since 2021, BSI's BV per share has been relatively low (Rp542–Rp1,126 throughout the period). Therefore, despite a relatively high market price, BSI's PBV has consistently been above 1.78x. Peaks occurred in 2021 (3.20x) and 2024 (2.80x), making BSI the only HIMBARA issuer to average above the upper limit of the fair value zone ( $2.37x > 2.5x$ , almost achieved). This reflects very high market expectations for the growth of Indonesian Islamic banking, driven by the large potential of the yet-to-be-fully-penetrated halal market.

| Bank       | Average PER | Valuation Category | Implications for Investors                              |
|------------|-------------|--------------------|---|
| <b>BRI</b> | 12.97x      | Reasonable         | Solid fundamentals; premium on MSME dominance justified |



| Bank         | Average PER | Valuation Category  | Implications for Investors  |
|--------------|-------------|---------------------|---|
| BNI          | 7.15x       | Undervalued–Fair    | Value investing opportunities; PER improves after 2023 split                |
| Bank Mandiri | 8.31x       | Reasonable          | Fair valuation is consistent; suitable for moderate investors               |
| BTN          | 5.52x       | Undervalued         | Profits are relatively stable but prices are depressed; credit risk is high |
| BSI          | 17.21x      | Slightly Overvalued | The market is paying a high price for sharia growth expectations.           |

Table 2. Summary of Average PER, Valuation Category, and Investment Implications for HIMBARA 2021–2025

Source: Secondary Data Processed by the Author (2025)

### 3. Descriptive Evaluation of Research Propositions

Based on the overall results of the PBV and PER analysis using audited financial report data and the number of outstanding shares corrected for corporate actions, the two research propositions were descriptively evaluated as follows:

#### P1 Evaluation: HIMBARA stocks tend to be undervalued during 2021–2025.

P1 Partially Supported. PBV analysis shows two banks in the undervalued zone (BNI average 0.86x and BTN average 0.59x), two banks in the fair zone (BRI average 2.10x and Bank Mandiri average 1.54x), and one bank in the premium zone (BSI average 2.37x). PER analysis provides a consistent picture: BTN is consistently undervalued (average 5.52x), BNI is at the undervalued-fair boundary (average 7.15x), Bank Mandiri and BRI are in the fair zone (average 8.31x and 12.97x), while BSI falls in the slightly overvalued category (average 17.21x). Thus, P1 is supported only for BNI and BTN, not for BRI, Bank Mandiri, and BSI. P1 is partially supported based on descriptive comparison of PBV and PER values against established benchmarks.

#### P2 Evaluation: BSI valuation characteristics differ from conventional HIMBARA banks.

P2 Fully Supported. BSI consistently demonstrated higher PBV and PER than all conventional HIMBARA banks throughout 2021–2025. This difference is structural in nature: with 46.1 billion shares outstanding since 2021 and a significantly lower BV per share compared to conventional banks, the relatively high market price produces a consistently premium PBV. On the



PER side, despite BSI's rapid EPS growth, the market continues to place a high multiple on each rupiah of profit, reflecting strong investor confidence in the growth runway of the Indonesian Islamic finance segment. This valuation gap is consistent across all five years of observation and across both ratio dimensions, supporting P2 without reservation.

## CONCLUSION

Based on the results and discussion, research proposition P1 is only partially supported. Of the five HIMBARA issuers, only BNI and BTN were consistently undervalued based on both PBV and PER indicators. BRI and Bank Mandiri remained within the fair valuation zone throughout the period. BSI, in contrast, was the issuer with the highest premium valuation, reflecting very high market expectations for the growth of Indonesian Islamic banking.

Hypothesis H2 is fully supported. BSI has been shown to have a consistently different and higher valuation pattern than the four conventional HIMBARA banks. This difference is not a temporary phenomenon, but rather reflects the market's assessment of the long-term growth prospects of the sharia segment, which differs from conventional banks. Nevertheless, a positive trend is evident in 2025, with BSI's PER moderating to 13.59x in line with rapid profit growth, indicating a gradual convergence toward fundamentals-based valuations.

The practical implications for investors are that conservative investors should choose BRI, which offers a reasonable valuation with solid fundamentals and a difficult-to-compete micro-MSME credit market dominance. Moderate investors can consider Mandiri, which has consistently maintained a reasonable position with solid profit growth. Value investors seeking medium-term opportunities can consider BNI, whose PBV remains undervalued but whose fundamentals continue to strengthen following the 2023 stock split. Aggressive investors with a high risk tolerance can examine BTN, noting that the low valuation must be balanced with confidence in the successful restructuring of the mortgage portfolio. Meanwhile, investors who believe in the growth of Indonesia's Islamic financial ecosystem can maintain their position in BSI, recognizing that the existing valuation premium reflects long-term growth expectations, not solely current profit performance. Suggestions for further research include deepening the analysis using the Dividend Discount Model (DDM) or Free Cash Flow to Equity (FCFE) to triangulate intrinsic



value, and panel regression studies to statistically identify valuation determinants, including the influence of corporate actions on PBV and PER.

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