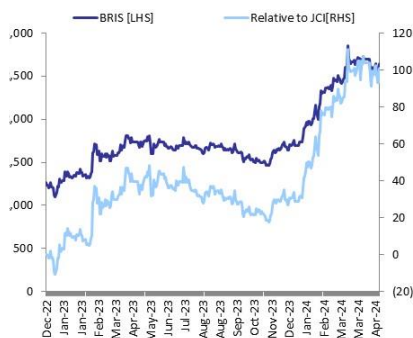


BUY

(Maintained)

Last Price (Rp)	2,640
Target Price (Rp)	2,700
Previous Target Price (Rp)	2,700
Upside/Downside	+2.3%
No. of Shares (mn)	46,129
Mkt Cap (Rpbn/US\$mn)	121,781/7,490
Avg, Daily T/O (Rpbn/US\$mn)	81.6/5.0
Free Float (%)	33.0
Major Shareholder (%)	
PT. Bank Mandiri	51.5
PT. Bank Negara Indonesia	23.2
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	142.8 162.7 186.8
Consensus	143.0 167.9 197.3
BRIDS/Cons (%)	(0.1) (3.1) (5.3)

BRIS relative to JCI Index



Source: Bloomberg

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Bank Syariah Indonesia (BRIS IJ)

In-line 1Q24 earnings: strong growth intact, driven by improving asset quality, offsetting lower NIM

- BRIS reported net profit of Rp1.7tr (+17% yoy, +14% qoq; in-line at 26% of FY24F est), supported by positive NII growth and lower provisions.
- 1Q24 financing growth of +16% yoy helped the NII growth to remain positive at 3% yoy and qoq, despite a lower NIM caused by higher CoF.
- We maintain our FY24F forecasts and valuation and retain our BUY call, noting superior earnings growth vs. its peers as the key catalyst.

Healthy NP growth on the back of declining provisions

BRIS booked 1Q24 net profit of Rp1.7tr (+17% yoy, +14% qoq), mainly driven by a 28% yoy decline in provisions and a 4% rise in PPOP, supported by a 3% and 22% yoy increase in NII and other operating income, respectively. The 1Q24 net profit is 26% of both our FY24F and the consensus, i.e., inline. Despite the 66bps lower NIM, BRIS' 1Q24 net interest income growth was supported by the growth in financing to Rp247tr (+16% yoy, +3% qoq; still inline with the management's target and our FY24F estimate of c. 15%.

Declining NIM due to the rising cost of funds

BRIS reported declining NIM to 5.3% in 1Q24 (-66bps yoy, -39bps qoq) reflecting the higher CoF of 2.6% (+61bps yoy, +37bps qoq) while the loan yield remained flattish at 8.4%. Despite the lower NIM, the bank grew its other operating income to Rp1.2tr (+22% yoy, +7% qoq), comprising c. 30% of the NII (from c. 25% in 1Q23). As BRIS is in the early stage of establishing more transactional banking, we continue to expect double digit growth in the foreseeable future.

Lower provisions reflect better asset quality

We deem the lower provisions of Rp549bn in 1Q24 (-28% yoy, but still double vs. 4Q23's low base) as justified given the NPLs decline to 2.0% from 2.1% in 4Q23 and 2.3% in 1Q23. The asset quality improvement is inline with the management's intention to keep NPLs at below 2% in FY24F. Coupled with the strong loans growth, CoC fell to 0.9% in 1Q24, down from 1.4% in 1Q23.

Maintain BUY rating on superior earnings growth vs peers as the key catalyst

We maintain our FY24F forecasts and valuation employing a GGM based model with fair value PBV of 2.6x to FY24/FY25 avg. BVPS of Rp1,023. We believe the premium valuation is justified as the bank's higher growth trajectory vs its peers remains intact. Risks to our view include slowing financing growth, higher-than-expected CoF, and deteriorating asset quality.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	9,396	10,214	11,561	13,033	14,777
Net profit (Rpbn)	4,260	5,704	6,586	7,503	8,615
EPS (Rp)	92.4	123.6	142.8	162.7	186.8
EPS growth (%)	25.4	33.9	15.5	13.9	14.8
BVPS (Rp)	726.3	839.8	959.6	1,086.3	1,210.4
PER (x)	28.6	21.4	18.5	16.2	14.1
PBV (x)	3.6	3.1	2.8	2.4	2.2
Dividend yield (%)	0.9	1.2	1.4	1.5	1.8
ROAE (%)	14.6	15.8	15.9	15.9	16.3

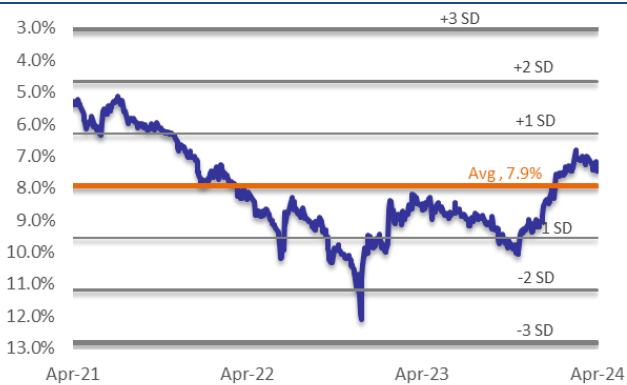
Source: BRIS, BRIDS Estimates

Exhibit 1. BRIS 1Q24 results summary

BRIS (IDR bn)	1Q23	4Q23	1Q24	y-o-y	q-o-q	3M23	3M24	y-o-y	FY24F	FY24C	A/F	A/C
Revenue from Fund Management	5,396	5,754	6,107	13%	6%	5,396	6,107	13%	25,476		24.0%	n/a
Third parties share on return	1,325	1,696	1,927	45%	14%	1,325	1,927	45%	7,177		26.8%	n/a
Net profit sharing	4,071	4,058	4,180	3%	3%	4,071	4,180	3%	18,299		22.8%	n/a
Other operating income	986	1,131	1,205	22%	7%	986	1,205	22%	4,625		26.0%	n/a
Operating expenses	2,356	2,892	2,570	9%	-11%	2,356	2,570	9%	11,363		22.6%	n/a
PPOP	2,700	2,297	2,815	4%	23%	2,700	2,815	4%	11,561		24.3%	n/a
Provision	762	290	549	-28%	90%	762	549	-28%	2,796		19.6%	n/a
Operating Profit	1,939	2,008	2,266	17%	13%	1,939	2,266	17%	8,765		25.9%	n/a
Net profit	1,458	1,504	1,707	17%	14%	1,458	1,707	17%	6,586	6,661	25.9%	25.6%
Financing	213,277	240,316	247,163	16%	3%				276,028		89.5%	n/a
Customer deposits	269,995	294,556	297,916	10%	1%				330,543		90.1%	n/a
Financing yield (%)	8.4	8.4	8.4	↔	1	↔	3	↔	8.4	8.4	↔	1
Cost of fund (%)	2.0	2.2	2.6	↘	61	↘	37	↘	2.0	2.6	↘	61
NIM (%) - ann	5.9	5.7	5.3	↘	(66)	↘	(39)	↘	5.9	5.3	↘	(66)
CIR (%) - ann	46.6	50.1	47.7	↘	113	↗	(236)	↘	46.6	47.7	↘	113
Cost of financing (%) - ann	1.4	1.2	0.9	↘	(55)	↗	(28)	↘	1.4	0.9	↘	(55)
FDR (%)	78.6	81.1	82.5	↘	393	↘	140					
NPF ratio (%)	2.3	2.1	2.0	↘	(33)	↗	(7)					

Source: Company, BRIDS Estimates

Exhibit 2. BRIS's cost of equity band chart (5-year)



Source: Company, BRIDS Estimates

Exhibit 3. Big 5 Banks' cost of equity band chart (5-year)



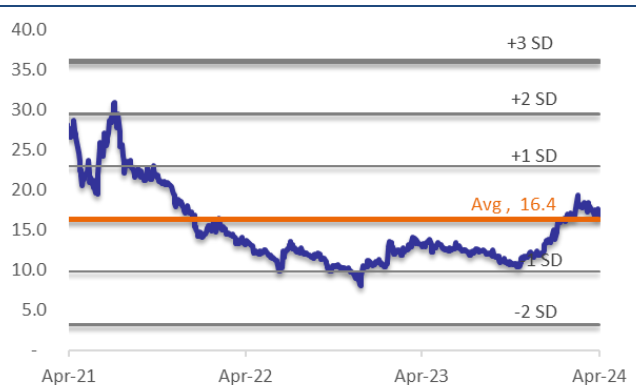
Source: Company, BRIDS Estimates

Exhibit 4. BRIS's PBV band chart (5-year)



Source: Company, BRIDS Estimates

Exhibit 5. BRIS's PE band chart (5-year)



Source: Company, BRIDS Estimates

Exhibit 6. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	19,623	22,252	25,476	28,281	31,167
Interest Expense	(4,032)	(5,993)	(7,177)	(7,948)	(8,626)
Net Interest Income	15,591	16,259	18,299	20,334	22,541
Non-Interest Income (NII)	3,701	4,204	4,625	5,087	5,884
Oper. Income	19,292	20,463	22,924	25,421	28,424
Oper. Expenses	(9,895)	(10,249)	(11,363)	(12,388)	(13,647)
Pre-provisions profit	9,396	10,214	11,561	13,033	14,777
Provisions & Allowances	(3,749)	(2,622)	(2,796)	(3,048)	(3,311)
Operating Profits	5,648	7,591	8,765	9,985	11,466
Non-Operating Income	9	(2)	(2)	(2)	(3)
Exceptionals	0	0	0	0	0
Pre-tax Profit	5,656	7,589	8,763	9,984	11,463
Income Tax	(1,396)	(1,885)	(2,177)	(2,480)	(2,848)
Minorities	0	0	0	0	0
Net Profit	4,260	5,704	6,586	7,503	8,615

Exhibit 7. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Gross Loans	207,705	240,316	276,028	316,032	360,732
Provisions	(9,198)	(9,688)	(11,016)	(12,423)	(14,248)
Net Loans	198,506	230,628	265,012	303,609	346,484
Govt. Bonds	0	0	0	0	0
Securities	57,841	71,169	64,171	57,754	41,872
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	268,499	314,216	343,067	376,776	405,721
Fixed Assets	5,655	6,481	8,316	8,994	9,717
Non-Earnings Assets	2,367	3,253	3,654	4,490	5,293
Total Assets	305,727	353,624	394,468	446,942	495,260
Customer Deposits	262,425	294,556	330,543	376,345	418,023
Banks Deposits	2,219	1,761	1,884	2,180	2,523
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	272,222	314,885	350,202	396,831	439,425
Share capital & Reserves	19,793	19,828	19,756	19,787	19,803
Retained Earnings	13,712	18,911	24,509	30,324	36,032
Shareholders' Funds	33,506	38,739	44,266	50,111	55,835
Minority interests	0	0	0	0	0
Total Equity & Liabilities	305,727	353,624	394,468	446,942	495,260

Exhibit 8. Key Ratios

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	7.7	7.6	7.8	7.9	8.0
Cost of funds	1.6	2.1	2.3	2.2	2.1
Interest Spread	6.1	5.5	5.5	5.6	5.8
Net Interest Margin	6.1	5.6	5.6	5.6	5.8
Cost/Income Ratio	51.3	50.1	49.6	48.7	48.0
Oper. Exp./Oper. Gross Inc.	75.8	71.3	70.9	70.1	69.1
Gross NPL Ratio	2.4	2.1	0.0	0.0	0.0
LLP/Gross NPL	183.0	193.8	0.0	0.0	0.0
Cost of Credit	2.0	1.2	1.1	1.0	1.0
Loan to Deposit Ratio	79.1	81.6	83.5	84.0	86.3
Loan to Funding Ratio	78.7	81.5	83.5	83.9	86.3
CASA Mix	61.1	60.3	59.9	59.8	60.4
ROAE	14.6	15.8	15.9	15.9	16.3
ROAA	1.5	1.7	1.8	1.8	1.8
CAR	20.4	17.3	18.2	18.3	18.7

Exhibit 9. Dupont and Growth

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Dupont					
Pre-Tax ROAA	2.0	2.3	2.3	2.4	2.4
Tax Retention rate	75.3	75.2	75.2	75.2	75.2
Post-Tax ROAA	1.5	1.7	1.8	1.8	1.8
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	9.8	9.1	9.0	8.9	8.9
ROAE	14.6	15.8	15.9	15.9	16.3
Growth (%)					
Interest income	10.2	13.4	14.5	11.0	10.2
Net Interest Income	16.1	4.3	12.5	11.1	10.9
Other Oper. Expenses	12.7	3.6	10.9	9.0	10.2
Fee Based Income	14.9	20.4	10.0	10.0	15.0
Pre-Provision Oper. Profit	22.7	8.7	13.2	12.7	13.4
Net Profit	40.7	33.9	15.5	13.9	14.8
Shareholders' Equity	33.9	15.6	14.3	13.2	11.4
Loan	21.3	15.7	14.9	14.5	14.1
Earnings Asset	11.5	17.0	9.2	9.8	7.7
Deposit	12.9	12.0	12.2	13.9	11.1
Int. Bearing Liab.	13.4	11.5	11.7	13.8	11.1
CASA	19.2	10.5	11.6	13.6	12.2
Total Asset	15.2	15.7	11.5	13.3	10.8

Source : BRIS, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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