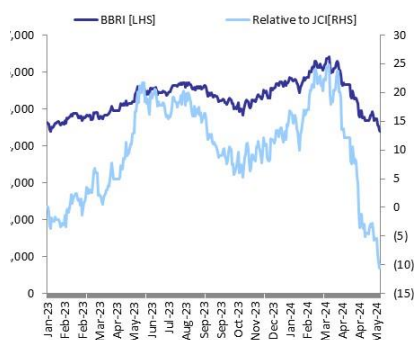


Non Rated

Last Price (Rp)	4,380
Target Price (Rp)	n/a
Previous Target Price (Rp)	n/a
Upside/Downside	n/a
No. of Shares (mn)	151,559
Mkt Cap (Rpbn/US\$mn)	663,828/40,826
Avg, Daily T/O (Rpbn/US\$mn)	1,118.2/68.8
Free Float (%)	46.3
Major Shareholder (%)	
Government of Indonesia	53.2
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	n/a n/a n/a
Consensus	415.6 466.2 515.1
BRIDS/Cons (%)	n/a n/a n/a

BBRI relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Victor Stefano

(62-21) 5091 4100 ext. 3503
victor.stefano@brids.co.id

Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507
naura.muchlis@brids.co.id

Bank Rakyat Indonesia (BBRI IJ)

4M24 earnings aided by other operating income, improving CoC should ease asset quality concerns

- BBRI reported 4M24 NP of Rp17.8tr (+4% yoy) with PPOP growth of 15% supported by higher other op. income and 12% loans growth.
- Off 1Q24's high base CoC of 3.7% (Feb24's CoC was 6.7%), BBRI's CoC improved to 3.3%. This should ease asset quality concerns.
- The bank's share price has declined by 28% since Mar24, bringing its PBV to slightly below mean and implied CoE to 11.1% (close to -2SD).

NP growth supported by PPOP partly offset by higher provisions

BBRI reported net profit of Rp4.0tr in Apr24 (-30% mom, +23% yoy), bringing its 4M24 net profit to Rp17.8tr (+4% yoy). The 4M24 net profit is 28% of the consensus FY24F, or below last year's achievement of 32%. NIM declined to 6.3% in Apr24 (-80bps mom, -86bps yoy) despite the flat mom CoF at 3.7% (-87bps yoy). In 4M24, the 97bps yoy increase in the CoF offset the 50bps increase in the EA yield, resulting in a lower NIM of 6.8% (-33bps yoy). Despite the lower NIM, NII was still 6% higher thanks to the 12% yoy loans growth.

Robust PPOP growth supported by loans growth and other income

4M24 PPOP improved 15% yoy supported by the 6% growth in NII and 27% increase in other operating income which, we believe, was driven by higher recoveries, inline with the bank's expectation to increase its write-offs and recoveries. Combined with the contained opex, which only rose by 3% yoy in 4M24, the CIR improved to 30.7% (-213bps yoy). Nonetheless, 4M24 net profit grew at a slower pace of 4% yoy due to the higher provisions (+36% yoy).

Improving CoC off a 1Q24 high base

Off Mar24's low base (CoC at 2.4%), BBRI's provisions rose 37% mom but are still 15% lower yoy. Apr24's CoC improved to 3.3% from 3.7% in 3M24 (Feb24 CoC was 6.7%), resulting in 4M24 CoC of 3.6%. Albeit improving, the CoC is still higher than the bank's FY24F CoC target of 3.0%. Nonetheless, the improving CoC trend should ease concerns on continuous asset quality deterioration.

Valuation derating has priced in the asset quality concerns

Despite the rising CoC caused by deteriorating asset quality, BBRI still delivered decent 4% yoy NP growth, supported by higher other operating income and higher loan yields. Since Mar24, BBRI's share price has declined by 28% and the valuation has de-rated to 2.0x PBV, slightly below its 5-year average of 2.1x. The implied CoE of 11.1% is approaching its -2SD of the 5-year avg. of 8.6%.

Key Financials

Year to 31 Dec	2020A	2021A	2022A	2023A
PPOP (Rpbn)	65,059	80,435	91,285	106,508
Net profit (Rpbn)	21,036	33,467	51,170	60,100
EPS (Rp)	171	220.8	337.6	396.5
EPS growth (%)	(38.8)	29.5	52.9	17.5
BVPS (Rp)	1,840	1,905.1	1,974.8	2,054.4
PER (x)	31.9	23.4	15.3	13.2
PBV (x)	3.0	2.7	2.6	2.5
Dividend yield (%)	1.4	3.4	5.5	6.5
ROAE (%)	9.7	13.0	17.4	19.7

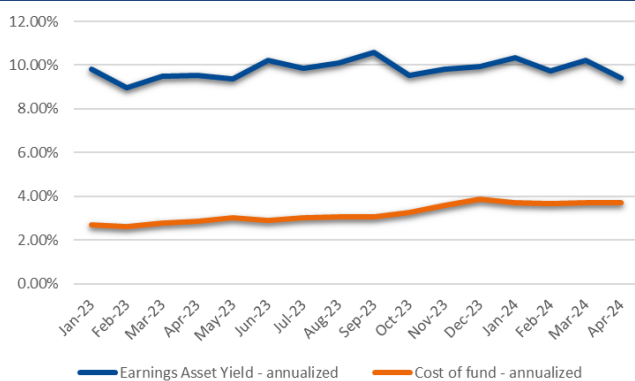
Source: BBRI, BRIDS Estimates

Exhibit 1. BBRI 4M24 results summary

BBRI - Bank Only	Apr-23	Mar-24	Apr-24	mom, %	yoy, %	4M23	4M24	yoy, %	FY23	% to FY23	FY24C	% to FY24C
Interest income	11,737	14,006	12,929	-8%	10%	46,440	54,113	17%	146,918	37%	198,789	27%
Interest expense	(2,950)	(4,321)	(4,337)	0%	47%	(11,388)	(17,110)	50%	(38,484)	44%	(52,871)	32%
Net interest income	8,787	9,685	8,592	-11%	-2%	35,052	37,003	6%	108,434	34%	145,918	25%
Other operating income	2,918	4,952	3,672	-26%	26%	12,086	15,370	27%	42,731	36%	58,062	26%
Operating expenses	(3,781)	(5,418)	(3,991)	-26%	6%	(15,461)	(16,060)	4%	(56,702)	28%	(86,804)	19%
PPOP	7,924	9,220	8,273	-10%	4%	31,677	36,312	15%	94,462	38%	117,176	31%
Provision	(3,819)	(2,366)	(3,240)	37%	-15%	(10,288)	(14,033)	36%	(26,860)	52%	(38,042)	37%
Pre-tax profit	3,969	6,972	5,032	-28%	27%	21,294	22,162	4%	67,072	33%	79,135	28%
Net profit	3,258	5,739	4,020	-30%	23%	17,054	17,819	4%	53,153	34%	63,094	28%
									YTD, %			
Loans	1,063,289	1,181,606	1,190,477	1%	12%	1,063,289	1,190,477	12%	1,146,083	4%		
Customer deposits	1,237,807	1,410,365	1,393,492	-1%	13%	1,237,807	1,393,492	13%	1,352,683	3%	1,481,727	
Key Ratio				mom, bps	yoy, bps			yoy, bps		vsFY23, bps		
Earning Asset yield (%) - ann	9.5	10.2	9.4	↓ (79)	↓ (9)	9.4	9.9	↑ 50	9.8	↓ 19		
Cost of fund (%) - ann	2.8	3.7	3.7	→ 1	↓ 87	2.7	3.7	↓ 97	3.0	↓ 66		
NIM (%) - ann	7.1	7.1	6.3	↓ (80)	↓ (86)	7.1	6.8	↓ (33)	7.2	↓ (40)		
CIR (%) - ann	32.3	37.0	32.5	↑ (447)	↓ 24	32.8	30.7	↑ (213)	37.5	↑ (684)		
Cost of credit (%) - ann	4.3	2.4	3.3	↓ 85	↑ (103)	3.0	3.6	↓ 64	2.5	↓ 115		

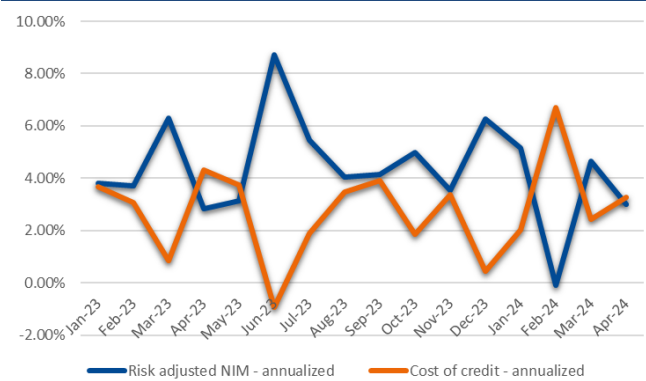
Source: Company, BRIDS Estimates

Exhibit 2. BBRI's EA yield and CoF



Source: Company, BRIDS

Exhibit 3. BBRI's Ra-NIM and CoC



Source: Company, BRIDS

Exhibit 4. BBRI's cost of equity band chart (5-year)



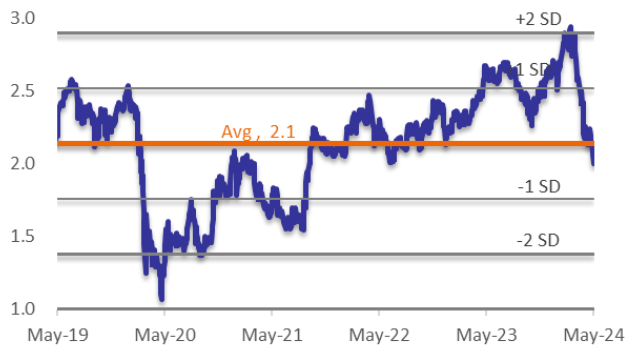
Source: Company, Bloomberg, BRIDS

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



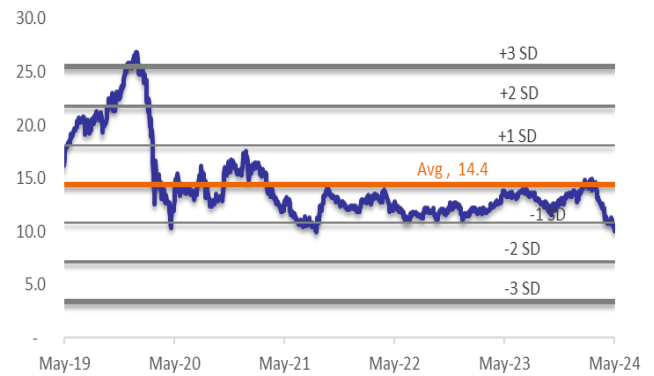
Source: Company, Bloomberg, BRIDS

Exhibit 6. BBRI's PBV band chart (5-year)



Source: Company, Bloomberg, BRIDS

Exhibit 7. BBRI's PE band chart (5-year)



Source: Company, Bloomberg, BRIDS

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2019A	2020A	2021A	2022A	2023A
Interest Income	121,756	135,765	143,523	151,875	178,996
Interest Expense	(40,049)	(42,180)	(29,429)	(27,278)	(43,813)
Net Interest Income	81,707	93,584	114,094	124,597	135,183
Non-Interest Income (NII)	27,530	35,765	38,686	47,216	45,994
Oper. Income	109,237	129,349	152,780	171,813	181,177
Oper. Expenses	(44,966)	(67,504)	(75,918)	(82,192)	(76,782)
Pre-provisions profit	66,192	65,059	80,435	91,285	106,508
Provisions & Allowances	(22,760)	(35,280)	(39,291)	(26,979)	(29,679)
Operating Profits	43,432	29,779	41,144	64,306	76,829
Non-Operating Income	(68)	215	(152)	291	(399)
Exceptionals	0	0	0	0	0
Pre-tax Profit	43,364	29,993	40,992	64,597	76,430
Income Tax	(8,950)	(8,952)	(7,836)	(13,188)	(16,005)
Minorities	(41)	(6)	311	(238)	(325)
Net Profit	34,373	21,036	33,467	51,170	60,100

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2019A	2020A	2021A	2022A	2023A
Gross Loans	877,431	943,788	994,417	1,079,275	1,197,753
Provisions	(38,364)	(66,810)	(84,834)	(88,324)	(79,924)
Net Loans	839,067	876,977	909,583	990,951	1,117,828
Govt. Bonds	1,130	0	0	0	0
Securities	195,840	326,957	371,738	330,242	331,010
Other Earnings Assets	29,125	72,821	45,455	55,038	63,099
Total Earnings Assets	1,295,503	1,504,484	1,577,855	1,652,810	1,775,453
Fixed Assets	44,076	60,885	65,038	73,951	81,464
Non-Earnings Assets	20,265	33,492	32,023	42,374	53,376
Total Assets	1,416,759	1,610,065	1,678,098	1,865,639	1,965,007
Customer Deposits	987,405	1,071,919	1,138,743	1,307,884	1,358,329
Banks Deposits	17,970	23,786	13,329	9,335	11,958
Int. Bearing Liab. - Others	33,791	49,003	0	0	0
Total Liabilities	1,207,975	1,380,598	1,386,311	1,562,244	1,648,535
Share capital & Reserves	24,762	58,642	101,967	98,124	97,652
Retained Earnings	181,561	168,274	186,768	201,170	213,711
Shareholders' Funds	206,323	226,916	288,735	299,294	311,364
Minority interests	2,461	2,551	3,052	4,101	5,109
Total Equity & Liabilities	1,416,759	1,610,065	1,678,098	1,865,639	1,965,007

Exhibit 10. Key Ratios

Year to 31 Dec	2019A	2020A	2021A	2022A	2023A
Yield on Earning Assets	9.8	9.7	9.3	9.4	10.4
Cost of funds	3.5	3.4	2.2	1.9	2.8
Interest Spread	6.3	6.3	7.1	7.5	7.6
Net Interest Margin	6.6	6.7	7.4	7.7	7.9
Cost/Income Ratio	40.5	50.9	48.6	47.4	41.9
Oper. Exp./Oper. Gross Inc.	71.3	83.0	77.9	68.0	66.2
Gross NPL Ratio	2.8	3.0	3.1	2.7	3.0
LLP/Gross NPL	156.2	236.8	277.0	306.5	226.2
Cost of Credit	2.7	3.9	4.1	2.6	2.6
Loan to Deposit Ratio	88.9	88.0	87.3	82.5	88.2
Loan to Funding Ratio	85.5	83.5	83.3	78.7	85.1
CASA Mix	57.1	58.9	62.3	66.2	63.8
ROAE	17.7	9.7	13.0	17.4	19.7
ROAA	2.5	1.4	2.0	2.9	3.1
CAR	21.1	19.3	25.3	23.3	20.1

Exhibit 11. Dupont and Growth

Year to 31 Dec	2019A	2020A	2021A	2022A	2023A
Dupont					
Pre-Tax ROAA	3.2	2.0	2.5	3.6	4.0
Tax Retention rate	79.4	70.2	80.9	79.6	79.1
Post-Tax ROAA	2.5	1.4	2.0	2.9	3.2
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	7.0	7.0	6.4	6.0	6.3
ROAE	17.7	9.7	13.0	17.4	19.7
Growth (%)					
Interest income	9.1	11.5	5.7	5.8	17.9
Net Interest Income	5.2	14.5	21.9	9.2	8.5
Other Oper. Expenses	7.1	50.1	12.5	8.3	(6.6)
Fee Based Income	20.7	11.5	5.4	10.2	10.3
Pre-Provision Oper. Profit	10.2	(1.7)	23.6	13.5	16.7
Net Profit	6.2	(38.8)	59.1	52.9	17.5
Shareholders' Equity	12.8	10.0	27.2	3.7	4.0
Loan	7.0	7.6	5.4	8.5	11.0
Earnings Asset	10.1	16.0	4.9	4.8	7.4
Deposit	8.7	9.0	5.1	14.3	4.0
Int. Bearing Liab.	8.6	13.8	(0.4)	12.7	5.1
CASA	2.9	12.4	11.3	21.5	0.2
Total Asset	9.2	13.6	4.2	11.2	5.3

Source: BBRI, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Christian Immanuel Sitorus	Research Associate	christian.sitorus@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrlicch Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

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

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.