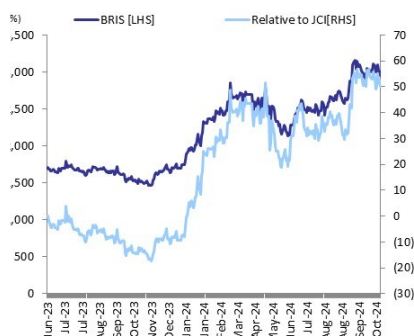


Hold

(Maintained)

Last Price (Rp)	2,950
Target Price (Rp)	3,000
Previous Target Price (Rp)	2,800
Upside/Downside	+1.7%
No. of Shares (mn)	46,129
Mkt Cap (Rpbn/US\$mn)	136,081/8,635
Avg, Daily T/O (Rpbn/US\$mn)	109.2/6.9
Free Float (%)	33.1
Major Shareholder (%)	
PT. Bank Mandiri	51.5
PT. Bank Negara Indonesia	23.2
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	148.0 170.6 195.7
Consensus	147.9 179.3 211.8
BRIDS/Cons (%)	0.0 (4.8) (7.6)

BRIS relative to JCI Index



Source: Bloomberg

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Bank Syariah Indonesia (BRIS IJ)

Robust 3Q24 performance (in line); Potential growth outlook in Sharia market remained intact

- BRIS posted 3Q24 net profit of Rp1.7tr (+2% qoq, +24% yoy, in line), supported by strong loan growth, improving NIM, and stable CoC.
- To further accelerate growth, BRIS aims to leverage its Hajj SA (deposit), gold business (loan), and bancassurance (fee-based income).
- We raised our FY24-25F net profit est. by 4-5%, resulting in higher ROE, increased FV PBV of 2.8x (from 2.6x) and a TP of Rp3,000; maintain Hold.

Robust 9M24 net profit growth driven by solid loan expansion

In 9M24, BRIS reported a robust net profit of Rp5.1tr (+22% yoy), achieving 78%/75% of our/cons. estimates (i.e., in line). This growth was driven by an 8% yoy increase in PPOP, supported by solid loan expansion (+15% yoy), which mitigated the impact of a 59bps lower NIM at 5.2%, resulting from a 43bps rise in CoF. Furthermore, a substantial 25% yoy reduction in provision expenses lowered CoC to 0.9% in 9M24 from 1.4% in 9M23, enhancing profitability.

3Q24: Steady growth with improved margin

In 3Q24, BRIS recorded a net profit of Rp1.71tr (+2% qoq, +24% yoy), aligned with our 3Q24E of Rp1.69tr. NIM improved by 29bps qoq in 3Q24, reaching 5.3%, driven by an 8bps increase in loan yields, while CoF remained steady at 2.6%. A 15bps qoq rise in opex led to a higher CIR of 50.6%, though still an improvement over 52.9% in 3Q23, reflecting continued cost efficiency. Asset quality remained solid, with CoC stable at 0.9% and NPL stable at 2.0%.

Three avenues to drive future growth

Aside from its core business in payroll, BRIS aims to drive future growth by expanding its: 1) Haj SA to improve its low-cost funding, 2) gold business to achieve higher yields and lower CoC, and 3) partnership with Prudential Syariah to improve its fee-based income. After a more aggressive approach, the monthly new Haj SA openings rose to 62k in Sep24 from 29k in FY23. Although still forming 4% of total loans, the gold business has shown good traction with 61% yoy growth as of Sep24. The partnership with Pru Syariah has provided the bank Rp86bn fee income as access fee to its 1mn customers, with potential future income from access fee and commission.

Maintain Hold rating on premium valuation, with a higher TP of Rp3,000

Despite the robust performance and growth potential in its niche market segment, we believe the upsides have been priced in its premium valuation. We raised our FY24-25F EPS est. by 4-5% to account for better-than-expected CoC. We maintain a CoE of 7.9% (inverse CoE since merger) and an LTG of 3%, but raise our FY25F ROE to 16.9%, resulting in a higher FV PBV of 2.8x (2.6x prev.) and a TP of Rp3,000. Risks to our view are higher NIM and lower CoC.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	9,396	10,214	11,538	13,149	14,920
Net profit (Rpbn)	4,260	5,704	6,826	7,871	9,028
EPS (Rp)	92.4	123.6	148.0	170.6	195.7
EPS growth (%)	25.4	33.9	19.7	15.3	14.7
BVPS (Rp)	726.3	839.8	953.0	1,066.7	1,163.8
PER (x)	31.9	23.9	19.9	17.3	15.1
PBV (x)	4.1	3.5	3.1	2.8	2.5
Dividend yield (%)	0.8	1.0	1.3	1.4	1.7
ROAE (%)	14.6	15.8	16.5	16.9	17.5

Source: BRIS, BRIDS Estimates

Exhibit 1. BRIS's 3Q24 earnings summary

BRIS - Financial (Rpbn)	3Q23	2Q24	3Q24	qoq, %	yoy, %	9M23	9M24	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	5,618	6,009	6,352	6%	13%	16,498	18,468	12%	25,476	25,602	72%	72%
Interest expense	1,519	1,934	1,975	2%	30%	4,297	5,836	36%	7,177	7,514	81%	78%
Net interest income	4,099	4,075	4,377	7%	7%	12,201	12,631	4%	18,299	18,088	69%	70%
Other operating income	1,100	1,312	1,464	12%	33%	3,073	3,981	30%	4,625		86%	n/a
Operating expenses	2,751	2,570	2,954	15%	7%	7,358	8,094	10%	11,363	10,921	71%	74%
PPOP	2,448	2,817	2,887	3%	18%	7,917	8,519	8%	11,561		74%	n/a
Provision	602	580	617	6%	2%	2,333	1,746	-25%	2,796		62%	n/a
Operating Profit	1,846	2,236	2,270	2%	23%	5,584	6,773	21%	8,765	8,941	77%	76%
Net profit	1,378	1,687	1,713	2%	24%	4,200	5,107	22%	6,586	6,815	78%	75%
Loans	231,676	257,388	267,067	4%	15%	231,676	267,067	15%	276,028		97%	n/a
Customer deposits	262,833	297,303	301,888	2%	15%	262,833	301,888	15%	330,543		91%	n/a
Key Ratio												
				qoq, bps	yoy, bps			yoy, bps				
Financing yield (%) - ann	8.5	8.2	8.3	8	(17)	8.4	8.3	(12)				
Cost of fund (%) - ann	2.3	2.6	2.6	4	29	2.2	2.6	43				
NIM (%)	5.8	5.1	5.3	29	(42)	5.8	5.2	(59)				
CIR (%) - ann	52.9	47.7	50.6	286	(235)	48.2	48.7	55				
Cost of credit (%) - ann	1.1	0.9	0.9	2	(12)	1.4	0.9	(50)				
ROE (%) - ann	15.1	16.4	16.1	(33)	100	15.8	16.6	74				
CASA ratio (%)	59.7	62.1	61.7	(35)	205							
FDR (%)	87.6	86.3	88.0	172	41							
NPF ratio (%)	2.2	2.0	2.0	(2)	(24)							

Source: Company, BRIDS Estimates

Exhibit 2. BRIS's Changes in Forecast

BRIS - Forecast Changes	2024F (Prev)	2024F (Curr)	Δ%	2025F (Prev)	2025F (Curr)	Δ%
Net Interest Income (Rpbn)	18,299	17,477	(4.49)	20,334	19,691	(3.16)
PPOP (Rpbn)	11,561	11,538	(0.20)	13,033	13,149	0.89
Net profit (Rpbn)	6,586	6,826	3.65	7,503	7,871	4.90
BVPS (Rp)	949	953	0.43	1,057	1,067	0.88
Gross Loans (Rpbn)	276,028	276,028	-	316,032	316,032	-
Customer Deposits (Rpbn)	330,543	318,038	(3.78)	376,345	362,063	(3.80)
Ratios (%)	2024F (Prev)	2024F (Curr)	Δ bps	2025F (Prev)	2025F (Curr)	Δ bps
Net Interest Margin	5.6	5.3	(25)	5.6	5.5	(18)
Gross NPL Ratio	2.0	2.0	-	1.9	1.9	-
Cost/Income Ratio	49.6	49.6	1	48.7	48.7	(2)
Cost of Credit	1.1	1.0	(13)	1.0	0.9	(13)
ROAE	16.0	16.5	54	16.2	16.9	68

Source: Company, BRIDS Estimates

Exhibit 3. BRIS's Valuation

Gordon Growth Valuation	
Parameters:	Remarks:
Cost of equity (%) - Mean	7.9 Since merger
Cost of equity (%) - SD	1.7 Since merger
SD used	-
Cost of equity (%) used	7.9
Long-term growth (%)	3.0 Long-term GDP growth
Forward ROE (%)	16.9 FY25F ROAE
Fair value P/BV (x)	2.8 (ROAE - g) / (COC - g)
BV/share (IDR)	1,067 BF FY25F Book value per share
Fair value (IDR)	3,000 Fair value P/BV multiple x BVPS

Source: Company, BRIDS Estimates

Exhibit 4. Peers Comparison

Ticker	Rec.	Target Price (Rp)	Market Cap (Rpbn)	P/E (x)		P/BV (x)		ROE FY25F
				FY24F	FY25F	FY24F	FY25F	
BBCA IJ	BUY	12,800	1,294,388	23.7	21.7	4.9	4.5	21.8%
BBRI IJ	NR	n/a	712,327	n/a	n/a	n/a	n/a	n/a
BMRI IJ	BUY	8,200	637,000	11.2	10.1	2.2	2.1	21.2%
BBNI IJ	BUY	7,600	197,676	9.1	8.1	1.2	1.1	14.3%
BRIS IJ	HOLD	3,000	136,081	19.9	17.3	3.1	2.8	16.9%
BTPS IJ	HOLD	1,200	8,320	7.9	7.6	0.9	0.8	11.1%

Source: Company, BRIDS Estimates

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



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. Sector's cost of equity band chart (5-year)



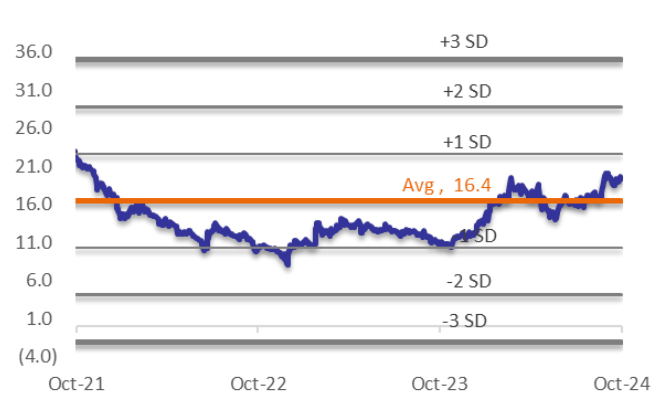
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. BRIS's PBV band chart (3-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. BRIS's PE band chart (3-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	19,623	22,252	25,048	27,790	30,608
Interest Expense	(4,032)	(5,993)	(7,571)	(8,099)	(8,790)
Net Interest Income	15,591	16,259	17,477	19,691	21,817
Non-Interest Income (NII)	3,701	4,204	5,403	5,943	6,868
Oper. Income	19,292	20,463	22,880	25,634	28,685
Oper. Expenses	(9,895)	(10,249)	(11,342)	(12,486)	(13,765)
Pre-provisions profit	9,396	10,214	11,538	13,149	14,920
Provisions & Allowances	(3,749)	(2,622)	(2,453)	(2,674)	(2,904)
Operating Profits	5,648	7,591	9,084	10,475	12,015
Non-Operating Income	9	(2)	(2)	(2)	(3)
Exceptionals	0	0	0	0	0
Pre-tax Profit	5,656	7,589	9,082	10,473	12,013
Income Tax	(1,396)	(1,885)	(2,256)	(2,602)	(2,984)
Minorities	0	0	0	0	0
Net Profit	4,260	5,704	6,826	7,871	9,028

Exhibit 10. 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	381,656	431,755	477,486
Customer Deposits	262,425	294,556	318,038	362,063	402,398
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	337,697	382,549	423,800
Share capital & Reserves	19,793	19,828	19,756	19,787	19,803
Retained Earnings	13,712	18,911	24,203	29,420	33,882
Shareholders' Funds	33,506	38,739	43,959	49,207	53,685
Minority interests	0	0	0	0	0
Total Equity & Liabilities	305,727	353,624	381,656	431,755	477,486

Exhibit 11. Key Ratios

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	7.7	7.6	7.6	7.7	7.8
Cost of funds	1.6	2.1	2.4	2.4	2.3
Interest Spread	6.1	5.5	5.2	5.4	5.5
Net Interest Margin	6.1	5.6	5.3	5.5	5.6
Cost/Income Ratio	51.3	50.1	49.6	48.7	48.0
Oper. Exp./Oper. Gross Inc.	75.8	71.3	70.2	68.9	67.9
Gross NPL Ratio	2.4	2.1	2.0	1.9	1.9
LLP/Gross NPL	183.0	193.8	199.0	202.0	207.1
Cost of Credit	2.0	1.2	1.0	0.9	0.9
Loan to Deposit Ratio	79.1	81.6	86.8	87.3	89.6
Loan to Funding Ratio	78.7	81.5	86.7	87.2	89.6
CASA Mix	61.1	60.3	62.3	62.2	62.7
ROAE	14.6	15.8	16.5	16.9	17.5
ROAA	1.5	1.7	1.9	1.9	2.0
CAR	20.4	17.3	18.0	17.9	17.9

Exhibit 12. Dupont and Growth

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Dupont					
Pre-Tax ROAA	2.0	2.3	2.5	2.6	2.6
Tax Retention rate	75.3	75.2	75.2	75.2	75.2
Post-Tax ROAA	1.5	1.7	1.9	1.9	2.0
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	9.8	9.1	8.9	8.7	8.8
ROAE	14.6	15.8	16.5	16.9	17.5
Growth (%)					
Interest income	10.2	13.4	12.6	10.9	10.1
Net Interest Income	16.1	4.3	7.5	12.7	10.8
Other Oper. Expenses	12.7	3.6	10.7	10.1	10.2
Fee Based Income	14.9	20.4	35.0	10.0	15.0
Pre-Provision Oper. Profit	22.7	8.7	13.0	14.0	13.5
Net Profit	40.7	33.9	19.7	15.3	14.7
Shareholders' Equity	33.9	15.6	13.5	11.9	9.1
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	8.0	13.9	11.2
Int. Bearing Liab.	13.4	11.5	7.5	13.8	11.2
CASA	19.2	10.5	11.6	13.6	12.2
Total Asset	15.2	15.7	7.9	13.1	10.6

Source: BRIS, BRIDS Estimates

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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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