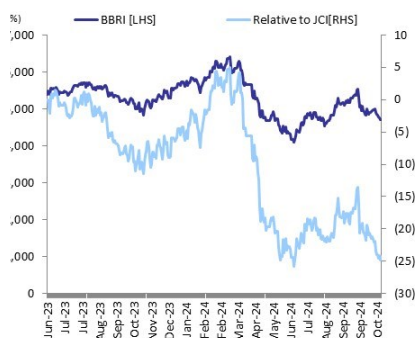


Non Rated

Last Price (Rp)	4,710
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)	713,843/45,468
Avg, Daily T/O (Rpbn/US\$mn)	1,296.4/82.6
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	400.1 441.7 499.1
BRIDS/Cons (%)	n/a n/a n/a

BBRI relative to JCI Index



Source: Bloomberg

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Bank Rakyat Indonesia (BBRI IJ)

3Q24 earnings: Strong recovery income offset the higher CoC, FY24 guidance maintained

- BBRI reported net profit of Rp15.4tr in 3Q24, bringing its 9M24 NP to Rp45.1tr (+2% yoy), in line with consensus FY24F.
- CoC rose to 3.2% in 3Q24 (2Q24: 3.1%), bringing 9M24's to 3.4%. Mgmt. maintains its FY24 target at 3.0% citing improvements in 4Q24.
- BBRI currently trades at 2.1x FY25F PBV, or at its 5-year mean, with an implied CoE of 10.7% (-1.5SD of its 5-year mean).

3Q24 net profit remained robust, despite higher CoC

BBRI reported a net profit of Rp15.4tr in 3Q24 (+11% qoq, +5% yoy), with higher NIM and a lower CIR offsetting the higher CoC. CoC increased slightly from 3.1% in 2Q24 to 3.2% in 3Q24, driven mainly by Pegadaian and PNM, while the bank-only CoC declined to 2.9%. The 9M24 net profit reached Rp45.1tr (+2% yoy), in line with consensus FY24F (74%), as NII rose 5% yoy and other operating income grew 29% yoy, offsetting the 28% yoy higher provisions.

MSME segment asset quality remained the biggest concern

BBRI's consolidated NPL improved to 2.9% in 3Q24 from 3.0% in 2Q24, though subsidiaries' NPL increased from 1.5% to 1.6% in the same period. The bank-only NPL decreased to 3.0% in 3Q24 (from 3.2% in 2Q24), driven by the corporate segment, where NPL declined from 3.1% in 2Q24 to 2.5% in 3Q24. NPL for the micro and medium segments rose to 3.0% and 1.9%, respectively, in 3Q24, from 2.9% and 1.7% in 2Q24, while the small segment's NPL decreased from 5.0% to 4.6%. Consolidated SML increased from 5.4% in 2Q24 to 5.6% in 3Q24, with subsidiaries' SML surging to 7.9% from 5.5% in the previous quarter, indicating a potential deterioration in ultra-micro quality.

Maintain FY24 guidance unchanged

BBRI maintains its FY24F CoC guidance of 3%, despite the 9M24 CoC of 3.4%. The bank believes it could achieve 3% or slightly higher CoC in FY24 considering: 1) a 10-15bps impact from modification loss, 2) a 10bps+ impact from NPL downgrades, and 3) potential macroeconomic adjustments in Nov or Dec24 that could lead to a reversal. Loans grew 1% qoq to Rp1,353tr (+8% yoy), driven by the corporate segment (+17% yoy) and consumer segment (+10% yoy), offsetting slower micro loan growth (+6% yoy). The bank expects FY24F loan growth to be at the lower end of its guidance (10-12%) or slightly below.

Trading at below -1.5SD of its 5-year historical implied CoE

BBRI trades at 2.1x PBV, which is at the 5-year mean, while the implied CoE of 10.7% is at -1.5SD of the 5-year avg. of 8.5%. BBRI ought to benefit from an interest rate cut due to its high portion of time deposits in its third-party funds, but elevated CoC and deteriorated subsidiaries' asset quality may raise concerns about the recovery in the micro and ultra-micro segments.

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)	27.6	21.3	14.0	11.9
PBV (x)	2.6	2.5	2.4	2.3
Dividend yield (%)	2.4	3.7	6.1	7.2
ROAE (%)	9.7	13.0	17.4	19.7

Source: BBRI, BRIDS Estimates

Exhibit 1. BBRI's 3Q24 earnings summary

BBRI - Financial (Rpbn)	3Q23	2Q24	3Q24	qoq, %	yoy, %	9M23	9M24	yoy, %	FY24C	A/C
Interest income	46,302	48,572	50,145	3%	8%	131,893	148,792	13%	196,408	76%
Interest expense	10,646	14,596	14,317	-2%	34%	30,696	43,036	40%	53,668	80%
Net interest income	35,656	33,977	35,827	5%	0%	101,197	105,756	5%	142,739	74%
Other operating income	11,481	13,564	16,579	22%	44%	33,656	43,327	29%	58,972	73%
Operating expenses	19,016	21,245	21,939	3%	15%	55,673	61,574	11%	85,914	72%
PPOP	28,122	26,296	30,467	16%	8%	79,180	87,510	11%	115,796	76%
Provision	9,157	7,784	10,967	41%	20%	22,979	29,464	28%	38,617	76%
Operating Profit	18,964	18,511	19,500	5%	3%	56,201	58,045	3%	77,180	75%
Net profit	14,571	13,816	15,363	11%	5%	43,993	45,065	2%	60,879	74%
Loans	1,250,715	1,336,780	1,353,356	1%	8%	1,250,715	1,353,356	8%	1,349,786	100%
Customer deposits	1,290,286	1,389,662	1,362,419	-2%	6%	1,290,286	1,362,419	6%	1,479,610	92%
Key Ratio										
				qoq, bps	yoy, bps			yoy, bps		
Loan yield (%) - ann	13.6	13.1	13.3	26	(30)	13.1	13.4	24		
Cost of fund (%) - ann	2.9	3.7	3.6	(1)	70	2.8	3.6	82		
NIM (%) - ann	8.5	7.4	7.8	41	(67)	8.0	7.7	(30)		
CIR (%) - ann	40.3	44.7	41.9	(283)	152	41.3	41.3	2		
Cost of credit (%) - ann	3.0	2.4	3.3	91	27	2.6	3.0	42		
Cost of credit on loan (%) - ann	2.8	3.1	3.2	12	42	2.4	3.4	94		
ROE (%) - ann	19.4	18.5	19.5	108	11	19.9	19.5	(42)		
CASA ratio (%)	56.3	55.3	56.3	103	(0)					
LDR (%)	96.9	96.2	99.3	314	240					
NPL ratio (%)	3.1	3.1	2.9	(15)	(19)					
LaR ratio (%)	13.9	12.0	11.7	(34)	(221)					

Source: Company, BRIDS, Bloomberg

Elevated CoC in 3Q24 contributed by subsidiaries

BBRI's CoC slightly increased to 3.4%, mainly due to frontloaded provisions from subsidiaries (PNM), keeping it above the bank's FY24 target of below 3.0%. Pegadaian and PNM had higher CoCs of 1.5% and 7.6% in 9M24, up from 0.8% and 6.1% in 1H24. Management believes PNM's CoC peaked in 3Q24 (est. 10%) with an FY24F target of 7% (est. 4Q24 around 6%). Consolidated SML increased from 5.4% in 2Q24 to 5.6% in 3Q24, with subsidiaries' SML surging to 7.9% from 5.5% in the previous quarter, indicating a potential deterioration in ultra-micro quality.

Exhibit 2. Non-performing loan by segment

Segment	9M24	9M23	1H24	2023	2022	2021	2020	2019
Micro	3.03%	2.41%	2.95%	2.47%	1.74%	1.49%	0.83%	1.18%
Consumer	2.08%	2.10%	2.13%	1.97%	1.83%	1.78%	1.49%	1.10%
Small	4.64%	4.58%	5.05%	4.88%	4.30%	4.05%	3.61%	3.17%
Medium	1.94%	2.16%	1.75%	2.56%	2.26%	3.57%	4.61%	5.38%
Corporate	2.52%	4.66%	3.07%	3.86%	4.68%	6.68%	7.57%	5.18%
Bank Only - NPL%	3.04%	3.23%	3.21%	3.12%	2.82%	3.08%	2.94%	2.62%
Subsidiaries - NPL%	1.64%	1.43%	1.49%	1.20%	1.24%	2.08%	2.49%	5.89%
Consolidated - NPL%	2.90%	3.07%	3.05%	2.95%	2.67%	3.00%	2.88%	2.80%

Source: Company

Exhibit 3. Special mention loan by segment

Segment	9M24	9M23	1H24	2023	2022	2021	2020	2019
Micro	6.82%	6.56%	6.87%	5.72%	3.95%	3.03%	2.47%	3.51%
Consumer	2.92%	3.61%	2.77%	2.84%	2.76%	2.20%	2.69%	2.52%
Small	5.89%	6.06%	5.98%	5.15%	4.30%	3.42%	3.19%	4.63%
Medium	4.18%	1.43%	2.72%	2.52%	2.55%	3.08%	3.07%	2.97%
Corporate	3.84%	4.88%	4.11%	4.67%	4.32%	6.94%	2.85%	5.04%
Bank Only - SML%	5.30%	5.53%	5.35%	4.87%	3.87%	3.70%	2.75%	3.93%
Subsidiaries - SML%	7.86%	7.27%	5.51%	4.84%	3.90%	4.68%	6.00%	4.41%
Consolidated - SML%	5.56%	5.74%	5.41%	4.90%	3.90%	3.81%	3.13%	3.97%

Source: Company

Exhibit 4. Key ratios of BRI and subsidiaries

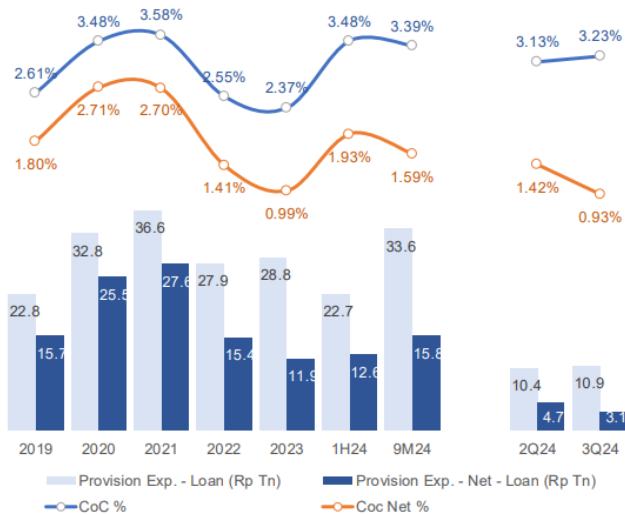
Description	BRI					Pegadaian					PNM				
	9M21*	1H23	9M23	1H24	9M24	9M21	1H23	9M23	1H24	9M24	9M21	1H23	9M23	1H24	9M24
Cost of Fund	2.1%	2.7%	2.7%	3.6%	3.6%	6.2%	5.8%	5.8%	6.1%	6.2%	8.7%	6.9%	7.0%	6.5%	6.5%
Credit Cost	3.8%	2.3%	2.5%	3.5%	3.3%	1.7%	1.7%	1.1%	0.8%	1.5%	1.3%	3.0%	3.3%	6.1%	7.6%
CIR	42.1%	39.0%	37.6%	37.5%	37.7%	63.0%	55.5%	56.1%	52.3%	50.5%	76.7%	71.0%	70.2%	60.1%	59.6%

Source: Company

Strong recovery income supporting profitability

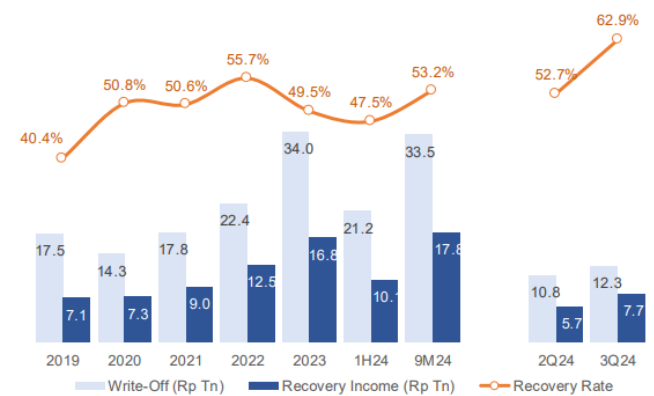
Other operating income growth was partly driven by a higher write-off and an increased recovery rate, which reached 53% in 9M24 vs. 47% in 1H24. This led to recovery income of Rp17.8tr (+63% yoy), in line with the FY24 target of Rp22-24tr.

Exhibit 5. Credit cost



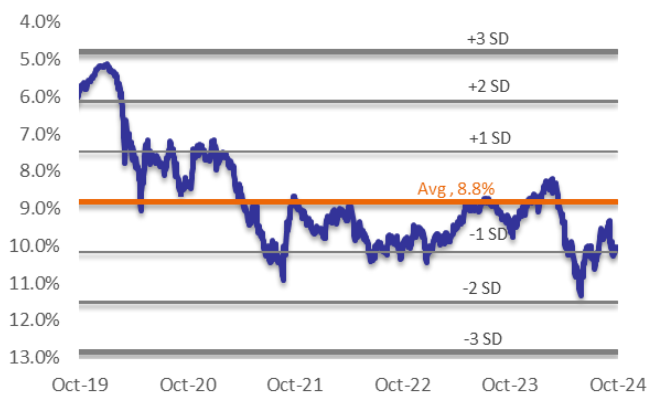
Source: Company

Exhibit 6. Write-off and recovery



Source: Company

Exhibit 7. BBRI's cost of equity band chart (5-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. Sector's cost of equity band chart (5-year)



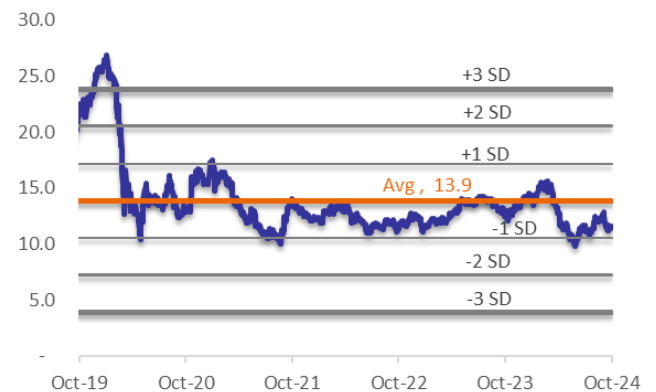
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. BBRI's PBV band chart (5-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 10. BBRI's PE band chart (5-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 11. 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 12. 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 13. 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 14. 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

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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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