

# Hold

## Bank Syariah Indonesia (BRIS IJ)

### Oct24 results: in line net profit driven by robust loan growth and sound asset quality

Last Price (Rp)	2,910
Target Price (Rp)	3,000
Upside/Downside	3.0%
No. of Shares (mn)	46,129
Mkt Cap (Rpbn/US\$mn)	134,236/8,458
Avg, Daily T/O (Rpbn/US\$mn)	98.2/6.2

- BRIS reported a 21% yoy growth in 10M24 net profit (in line), supported by higher PPOP (+9% yoy) and lower provisions (-25% yoy).
- In Oct24, BRIS's NIM fell mom to 5.7% from 6.1% in Sep24 due to seasonal factors and a higher CoF, though its CoC remained low at 0.8%.
- We view BRIS's Oct24 performance as neutral, with strong loan growth and stable asset quality, but a high CoF and record-high LDR.

#### Key Financials:

	2024F	2025F	2026F
EPS (Rp)	148.0	170.6	195.7
PER (x)	19.7	17.1	14.9
PBV (x)	3.1	2.7	2.5
CoE (x)	7.4	8.1	8.8
Dividend yield (%)	1.1	2.0	3.4
ROAE (%)	16.5	16.9	17.5

#### 10M24 Insights:

- **Net profit up 21% yoy:** BRIS reported a net profit of Rp5.6tr (+21% yoy), in line with our (83% of FY24F) and consensus estimates (82%).
- **Higher PPOP and lower CoC supported Net Profit growth:** BRIS posted PPOP growth of 9% yoy, supported by high loan growth (+17%) and an increase in other operating income (+36%). Provision expenses declined by 25% yoy, bringing CoC down to 0.9% (from 1.3% in 10M23).
- **Lower NIM mainly due to higher CoF:** CoF rose 38bps to 2.6% in 10M24, bringing NIM down to 5.6% (from 6.1% in 10M23).
- **Robust growth in loans and deposits:** Loans grew 17% yoy, and deposits grew 15% yoy, supporting 5% NII growth despite the lower NIM.

#### Oct24 Insights:

- **Lower mom net profit due to seasonality but higher yoy:** BRIS posted a net profit of Rp532bn in Oct24, down 16% mom from end-of-quarter seasonality, but 17% higher yoy, driven by 24% yoy higher PPOP, slightly offset by higher provision expenses.
- **Declining NIM mom due to seasonality and slightly higher CoF:** NIM stood at 5.7%, down from 6.1% in Sep24 due to seasonal factors and a lower EA yield (8.6% in Sep vs. 8.2% in Oct). CoF remained steady at 2.7% in Oct24 (+5bps mom). Compared to last Oct23, NIM was slightly higher, supported by a higher EA yield and higher LDR, which offset the increased CoF.
- **Higher opex:** Opex stood at Rp1.1tr (+7% mom, +22% yoy), resulting in a CIR of 55.7% in Oct24 (+641bps mom, -42bps yoy).
- **No issues with asset quality:** CoC remained low at 0.8% (-21bps mom, +13bps yoy).
- **Loan growth outpacing deposits mom:** Loans grew 1% mom to Rp270tr, while deposits remained flat at Rp300tr, resulting in a higher LDR of 90.2% compared to 88.5% in the previous month.

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#### Summary:

- **Overall performance:** In our view, BRIS's Oct24 performance was neutral as it continued to deliver high loan growth and maintain sound asset quality, but CoF remained elevated, and LDR reached an all-time high.
- We currently have a **Hold** rating on BRIS with a TP of Rp3,000 (based on a 3-year inverse cost of equity GGM).

**Exhibit 1. BRIS Oct24 bank only results**

BRIS - Bank Only (Rpbn)	Oct-23	Sep-24	Oct-24	mom, %	yoy, %	10M23	10M24	yoy, %	FY23	10M23/FY23	FY24F	10M24/FY24F	FY24C	10M24/FY24C
Interest income	1,920	2,338	2,254	-4%	17%	19,086	21,549	13%	23,153	82%	25,048	86%	25,469	85%
Interest expense	(536)	(667)	(681)	2%	27%	(4,833)	(6,520)	35%	(5,993)	81%	(7,571)	86%	(7,786)	84%
<b>Net interest income</b>	<b>1,384</b>	<b>1,671</b>	<b>1,573</b>	<b>-6%</b>	<b>14%</b>	<b>14,254</b>	<b>15,030</b>	<b>5%</b>	<b>17,160</b>	<b>83%</b>	<b>17,477</b>	<b>86%</b>	<b>17,683</b>	<b>85%</b>
Other operating income	244	427	422	-1%	73%	2,620	3,575	36%	3,271	80%	5,403	66%		
Operating expenses	(914)	(1,035)	(1,112)	7%	22%	(8,297)	(9,249)	11%	(10,188)	81%	(11,342)	82%	(10,960)	84%
<b>PPOP</b>	<b>714</b>	<b>1,063</b>	<b>883</b>	<b>-17%</b>	<b>24%</b>	<b>8,577</b>	<b>9,356</b>	<b>9%</b>	<b>10,243</b>	<b>84%</b>	<b>11,538</b>	<b>81%</b>		
Provision	(129)	(223)	(179)	-20%	39%	(2,409)	(1,879)	-22%	(2,652)	91%	(2,453)	77%	(2,557)	74%
Pre-tax profit	570	816	687	-16%	21%	6,020	7,282	21%	7,399	81%	9,082	80%	8,973	81%
<b>Net profit</b>	<b>455</b>	<b>633</b>	<b>532</b>	<b>-16%</b>	<b>17%</b>	<b>4,655</b>	<b>5,639</b>	<b>21%</b>	<b>5,704</b>	<b>82%</b>	<b>6,826</b>	<b>83%</b>	<b>6,879</b>	<b>82%</b>
										YTD, %				
Financing	231,402	266,462	270,238	1%	17%	231,402	270,238	17%	239,693	13%	276,028	98%		
Customer deposits	262,850	301,221	299,745	0%	14%	262,850	299,745	14%	293,776	2%	318,038	94%		
<b>Key Ratio</b>				mom, bps	yoy, bps			yoy, bps		10M24 vs FY23, bps		vs FY24F, bps		
Earning Asset yield (%) - ann	7.9	8.6	8.2	↓ (36)	↑ 38	8.2	8.1	↓ (10)	8.1	↓ (9)	7.6	↑ 44		
Cost of fund (%) - ann	2.4	2.7	2.7	→ 5	↓ 27	2.2	2.6	↓ 38	2.2	↓ 33	2.4	↓ 11		
NIM (%) - ann	5.7	6.1	5.7	↓ (39)	→ 9	6.1	5.6	↓ (47)	6.0	↓ (42)	5.3	↑ 30		
CIR (%) - ann	56.2	49.3	55.7	↓ 641	↑ (42)	49.2	49.7	↓ 54	49.9	↓ (15)	49.6	↓ 14		
Cost of credit (%) - ann	0.7	1.0	0.8	↑ (21)	↓ 13	1.3	0.9	↑ (43)	1.2	↑ (31)	1.0	→ (6)		
CASA Ratio (%)	59.6	61.7	62.6	↑ 95	↑ 301	59.6	62.6	↑ 301	60.6	↑ 208	62.3	↑ 37		
LDR (%)	88.0	88.5	90.2	↓ 170	↓ 212	88.0	90.2	↓ 212	81.6	↓ 857	86.8	↓ 337		

Source: Company, BRIDS Estimates, Bloomberg

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**INVESTMENT RATING**

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

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