

Hold

(Maintained)

Bank Syariah Indonesia (BRIS IJ)

FY24 Results: Above; Solid Financing Growth and Asset Quality Offsetting the Higher Opex

Last Price (Rp)	2,880		
Target Price (Rp)	2,900		
Previous Target Price (Rp)	2,900		
Upside/Downside	+0.7%		
No. of Shares (mn)	46,129		
Mkt Cap (Rpbn/US\$mn)	132,852/8,135		
Avg, Daily T/O (Rpbn/US\$mn)	88.4/5.4		
Free Float (%)	33.1		
Major Shareholder (%)			
PT. Bank Mandiri	51.5		
PT. Bank Negara Indonesia	23.2		
EPS Consensus (Rp)			
	2025F	2026F	2027F
BRIDS	170.3	192.2	218.2
Consensus	179.8	213.7	n/a
BRIDS/Cons (%)	(5.3)	(10.1)	(10.1)

- BRIS reported a net profit of Rp7.0tr in FY24 (+23% yoy), beating our and consensus' FY24F due to lower-than-expected CoC.
- Despite the higher opex, 4Q24 net profit of Rp1.9tr (+11% qoq, +26% yoy) was supported by higher asset yields and lower CoC.
- Maintain Hold on BRIS with an unchanged TP of Rp2,900, as we believe that the robust growth has been priced into its premium valuation.

Solid NP growth driven by financing growth and lower CoC

BRIS posted Rp7.0tr (+23% yoy) in net profit, beating our estimate (at 104% of FY24 est.) and consensus (at 102%) due to lower-than-expected CoC, despite slightly weaker PPOP. Loan growth of 16% yoy compensated for a 30bps drop in NIM, resulting in 8% NII growth. NIM declined to 5.7% (FY23: 6.0%) as CoF rose 32bps to 2.5% due to tight liquidity, though EA yield remained stable at 8.1%. Asset quality remained sound with CoC dropping to 0.8% (FY23: 1.2%), NPL coverage remaining steady at 196% (FY23: 197%), and the NPL ratio improving from 2.1% in FY23 to 1.9% in FY24. However, CIR increased to 51% (FY23: 50%) as opex rose 15% yoy, driven by elevated 4Q24 expenses.

Record-high quarterly NP amid elevated opex

BRIS booked a record-high NP of Rp1.9tr (+11% qoq, +26% yoy), despite a sharp increase in opex (+18% qoq, +26% yoy). NIM improved to 6.1% (3Q24: 5.7%) due to higher loan yields (8.5%, +41bps qoq, +66bps yoy), while CoF remained stable at 2.6%. CIR reached 56% as opex rose due to the development of 1) a data center, 2) new core banking applications, and 3) ATMs. Asset quality improved, allowing a provision expense reduction (-48% qoq, -21% yoy) as NPL improved to 1.9% (3Q24: 2.0%). Hence, CoC remained low at 0.4%.

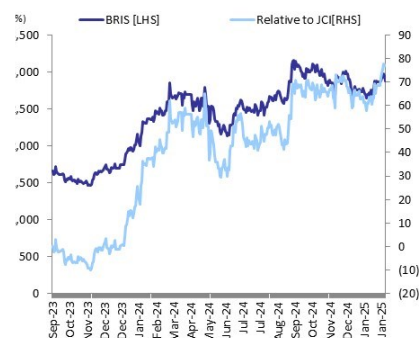
FY25F guidance: remaining optimistic on the bank's unique business model

Management is aiming for loan growth of 14-16% (FY24 15.9%), CoC below 1% (FY24 0.83%), and NIM of 5.5-5.9% (FY24 5.63%). The bank's growth drivers in FY25F are its gold business (which has a high yield and low CoC), deposit growth from its Wadiah and Haj SA, and growth in fee-based income supported by insurance fees and treasury income. We tweak our FY25-26F NP by 5-7% to cater for the better-than-expected FY24 results.

Maintain Hold with an unchanged TP of Rp2,900

Despite the growth potential in its niche market segment, we believe its robust performance has been priced into its premium valuation. We maintain our Hold rating with an unchanged TP of Rp2,900. We use a CoE of 8.0% (inverse CoE since the merger, 7.8% prev.) and an LTG of 3% but increase our FY25F ROE to 16.5% (from 16.1% prev.), resulting in a higher FV PBV of 2.8x (2.7x prev.). Risks to our view include tight liquidity affecting funding costs and a drop in asset quality.

BRIS 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

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	10,214	11,172	12,867	14,632	16,630
Net profit (Rpbn)	5,704	7,006	7,858	8,866	10,067
EPS (Rp)	123.6	151.9	170.3	192.2	218.2
EPS growth (%)	33.9	22.8	12.2	12.8	13.5
BVPS (Rp)	839.8	976.4	1,088.4	1,184.0	1,269.8
PER (x)	23.3	19.0	16.9	15.0	13.2
PBV (x)	3.4	2.9	2.6	2.4	2.3
Dividend yield (%)	0.6	1.2	2.0	3.4	4.6
ROAE (%)	15.8	16.7	16.5	16.9	17.8

Source: BRIS, BRIDS Estimates

Exhibit 1. BRIS's FY24 earnings summary

BRIS - Financial (Rpbn)	4Q23	3Q24	4Q24	qoq, %	yoy, %	2023	2024	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	5,754	6,352	6,830	8%	19%	22,252	25,298	14%	25,048	25,358	101%	100%
Interest expense	1,696	1,975	2,053	4%	21%	5,993	7,889	32%	7,742	7,491	102%	105%
Net interest income	4,058	4,377	4,778	9%	18%	16,259	17,409	7%	17,306	17,867	101%	97%
Other operating income	1,131	1,464	1,576	8%	39%	4,204	5,556	32%	5,403	4,752	103%	117%
Operating expenses	2,892	2,954	3,700	25%	28%	10,249	11,794	15%	11,263	11,009	105%	107%
PPOP	2,297	2,887	2,653	-8%	15%	10,214	11,172	9%	11,446	11,610	98%	96%
Provision	290	617	148	-76%	-49%	2,622	1,894	-28%	2,453	2,591	77%	73%
Operating Profit	2,008	2,270	2,506	10%	25%	7,591	9,278	22%	8,993	9,019	103%	103%
Net profit	1,504	1,713	1,899	11%	26%	5,704	7,006	23%	6,757	6,838	104%	102%
Loans	240,316	267,067	278,481	4%	16%	240,316	278,481	16%	276,028		101%	n/a
Customer deposits	294,556	301,888	328,132	9%	11%	294,556	328,132	11%	326,005		101%	n/a
Key Ratio				qoq, bps	yoy, bps			yoy, bps				
Financing yield (%) - ann	8.3	8.3	8.5	↑ 20	↑ 24	8.4	8.4	→ (3)				
Cost of fund (%) - ann	2.4	2.6	2.6	→ (4)	↓ 16	2.2	2.6	↓ 36				
NIM (%)	5.3	5.3	5.7	↑ 33	↑ 34	5.7	5.3	↓ (35)				
CIR (%) - ann	55.7	50.6	58.2	↓ 767	↓ 251	50.1	51.4	↓ 127				
Cost of credit (%) - ann	0.5	0.9	0.2	↑ (72)	↑ (27)	1.2	0.7	↑ (44)				
ROE (%) - ann	15.8	16.1	17.2	↑ 107	↑ 131	15.8	16.7	↑ 90				
CASA ratio (%)	60.6	61.7	60.2	↓ (157)	↓ (45)							
FDR (%)	81.1	88.0	83.8	↑ (418)	↓ 271							
NPF ratio (%)	2.1	2.0	1.9	→ (7)	↑ (18)							

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. BRIS's Changes in Forecast

BRIS - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%
Net Interest Income (Rpbn)	19,144	19,390	1.29	20,840	22,337	7.18
PPOP (Rpbn)	12,852	12,867	0.11	14,385	14,632	1.72
Net profit (Rpbn)	7,464	7,858	5.28	8,295	8,866	6.88
BVPS (Rp)	1,060	1,088	2.71	1,149	1,184	3.05
Gross Loans (Rpbn)	308,890	320,301	3.69	344,784	366,061	6.17
Customer Deposits (Rpbn)	359,429	376,386	4.72	394,034	414,401	5.17
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	5.4	5.3	(3)	5.5	5.6	15
Gross NPL Ratio	1.9	1.8	(11)	1.9	1.8	(11)
Cost/Income Ratio	48.8	49.8	103	48.1	50.3	223
Cost of Credit	1.0	0.8	(18)	1.0	0.8	(18)
ROAE	16.1	16.5	41	16.3	16.9	63

Source: Company, BRIDS Estimates

Exhibit 3. BRIS's Valuation

Gordon Growth Valuation	
Parameters:	Remarks:
Cost of equity (%) - Mean	8.0 Since merger
Cost of equity (%) - SD	1.5 Since merger
SD used	-
Cost of equity (%) used	8.0
Long-term growth (%)	3.0 Long-term GDP growth
Forward ROE (%)	16.5 FY25F ROAE
Fair value P/BV (x)	2.7
BV/share (IDR)	1,088 BF FY25F Book value per share
Fair value (IDR)	2,900 Fair value P/BV multiple x BVPS

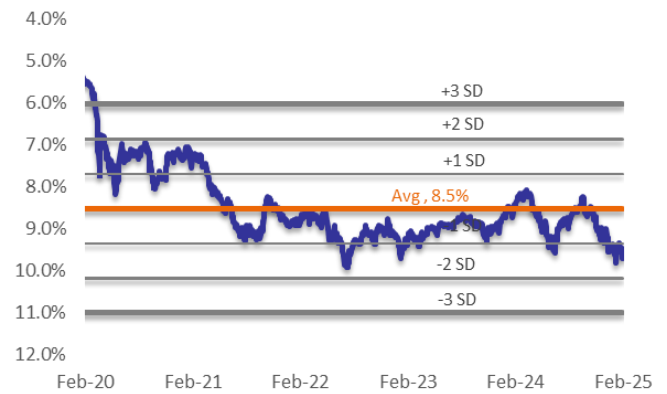
Source: Company, BRIDS Estimates

Exhibit 4. BRIS's cost of equity band chart (since merger)



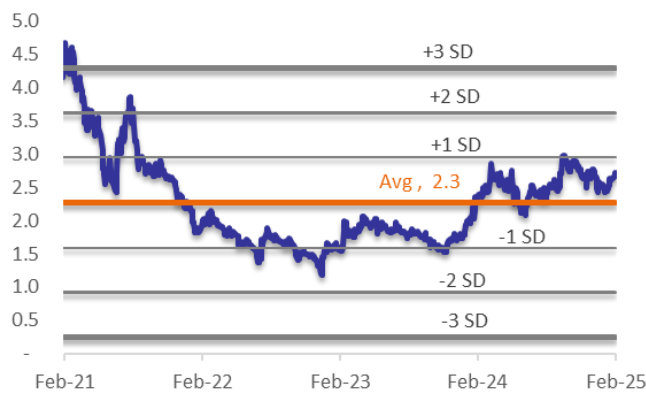
Source: Company, Bloomberg, BRIDS Estimates

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



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. BRIS's P/BV band chart (since merger)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. BRIS's P/E band chart (since merger)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	22,252	25,298	28,562	32,240	35,962
Interest Expense	(5,993)	(7,889)	(9,172)	(9,902)	(10,845)
Net Interest Income	16,259	17,409	19,390	22,337	25,117
Non-Interest Income (NII)	4,204	5,556	6,239	7,114	8,116
Oper. Income	20,463	22,966	25,630	29,451	33,233
Oper. Expenses	(10,249)	(11,794)	(12,763)	(14,819)	(16,603)
Pre-provisions profit	10,214	11,172	12,867	14,632	16,630
Provisions & Allowances	(2,622)	(1,894)	(2,460)	(2,892)	(3,295)
Operating Profits	7,591	9,278	10,407	11,740	13,335
Non-Operating Income	(2)	4	4	6	3
Exceptionals	0	0	0	0	0
Pre-tax Profit	7,589	9,282	10,411	11,747	13,338
Income Tax	(1,885)	(2,277)	(2,553)	(2,881)	(3,271)
Minorities	0	0	0	0	0
Net Profit	5,704	7,006	7,858	8,866	10,067

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	240,316	278,481	320,301	366,061	415,768
Provisions	(9,688)	(10,292)	(11,661)	(13,393)	(14,912)
Net Loans	230,628	268,190	308,640	352,668	400,856
Govt. Bonds	0	0	0	0	0
Securities	71,169	62,217	56,027	40,619	26,403
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	314,216	344,747	380,586	411,142	446,846
Fixed Assets	6,481	9,826	14,203	19,296	26,192
Non-Earnings Assets	3,253	4,228	4,863	5,909	7,002
Total Assets	353,624	408,613	462,044	506,087	553,723
Customer Deposits	294,556	328,132	376,386	414,401	456,262
Banks Deposits	1,761	4,151	4,617	5,375	6,259
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	314,885	363,572	411,836	451,470	495,147
Share capital & Reserves	19,828	19,980	19,939	19,966	19,968
Retained Earnings	18,911	25,062	30,270	34,652	38,609
Shareholders' Funds	38,739	45,042	50,209	54,617	58,576
Minority interests	0	0	0	0	0
Total Equity & Liabilities	353,624	408,613	462,044	506,087	553,723

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	7.6	7.7	7.9	8.1	8.4
Cost of funds	2.1	2.5	2.5	2.4	2.4
Interest Spread	5.5	5.2	5.3	5.7	5.9
Net Interest Margin	5.6	5.3	5.3	5.6	5.9
Cost/Income Ratio	50.1	51.4	49.8	50.3	50.0
Oper. Exp./Oper. Gross Inc.	71.3	69.9	70.1	70.2	69.7
Gross NPL Ratio	2.1	0.0	1.8	1.8	1.8
LLP/Gross NPL	193.8	0.0	198.5	203.5	203.5
Cost of Credit	1.2	0.7	0.8	0.8	0.8
Loan to Deposit Ratio	81.6	84.9	85.1	88.3	91.1
Loan to Funding Ratio	81.5	84.0	84.4	87.7	90.5
CASA Mix	60.3	59.4	59.2	59.1	59.0
ROAE	15.8	16.7	16.5	16.9	17.8
ROAA	1.7	1.8	1.8	1.8	1.9
CAR	17.3	19.8	19.4	19.1	18.7

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	2.3	2.4	2.4	2.4	2.5
Tax Retention rate	75.2	75.5	75.5	75.5	75.5
Post-Tax ROAA	1.7	1.8	1.8	1.8	1.9
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	9.1	9.1	9.1	9.2	9.4
ROAE	15.8	16.7	16.5	16.9	17.8
Growth (%)					
Interest income	13.4	13.7	12.9	12.9	11.5
Net Interest Income	4.3	7.1	11.4	15.2	12.4
Other Oper. Expenses	3.6	15.1	8.2	16.1	12.0
Fee Based Income	11.0	28.1	12.5	15.0	15.0
Pre-Provision Oper. Profit	8.7	9.4	15.2	13.7	13.7
Net Profit	33.9	22.8	12.2	12.8	13.5
Shareholders' Equity	15.6	16.3	11.5	8.8	7.2
Loan	15.7	15.9	15.0	14.3	13.6
Earnings Asset	17.0	9.7	10.4	8.0	8.7
Deposit	12.0	12.1	14.7	10.2	10.2
Int. Bearing Liab.	11.5	12.9	14.1	10.1	10.1
CASA	10.5	10.6	14.2	10.0	10.0
Total Asset	15.7	15.6	13.1	9.5	9.4

Source: BRIS, 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, Infrastructure	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
Kafi Ananta Azhari	Research Associate	kafi.azhari@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
Ehrliech 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.