

Buy

(Upgraded)

Bank Syariah Indonesia (BRIS II)

Attractive entry point into Indonesia's Sharia Growth Story

Last Price (Rp)	2,180
Target Price (Rp)	2,900
Previous Target Price (Rp)	2,900
Upside/Downside	+33.0%

No. of Shares (mn)	46,129
Mkt Cap (Rpbn/US\$mn)	100,562/6,104
Avg, Daily T/O (Rpbn/US\$mn)	80.7/4.9
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	179.0	211.7	250.6
BRIDS/Cons (%)	(4.8)	(9.2)	(12.9)

- BRIS's 20.1% share price decline YTD offers a better entry point into the bank, amid intact fundamentals.
- The bank's growth story remains intact, with above-peer loan and earnings growth and lower risk of potential government intervention.
- Upgrade rating on BRIS from Hold to Buy with an unchanged TP of Rp2,900, as the stock trades attractively below its fair value.

More attractive entry point amid the selling pressure

YTD, BRIS's share price has seen the largest decline at -20.1%, followed by BMRI (-18.9%), BBCA (-13.4%), BBRI (-10.3%), and BBNI (-6.2%). We believe this is mainly due to the foreign investors' outflows, as the bank's foreign ownership significantly rose in the past year. As of Feb25, foreign mutual fund positions in BRIS had steadily increased (+32bps yoy), in contrast to other SOE banks, which had decreased by 330bps yoy on average. By 20th Mar25, foreign investors' outflows from the bank YTD had reached Rp183bn, with Rp377bn occurring in Mar25.

BRIS: poised for strongest growth among big banks

We expect BRIS to deliver the highest loan growth at 15.0% yoy in FY25F, above our projections for BMRI (+9.7%), BBCA (+8.5%), BBNI (+7.9%), BBTN (+9.6%), and BTPS (+2.8%). This robust loan growth is anticipated to positively impact profitability. In FY25F, we forecast BRIS to sustain net profit growth of 12.2%, considerably higher than BBCA (+6.4%), BBNI (+2.6%), and BMRI (+1.1%), albeit lower than consensus estimates of +17.7%.

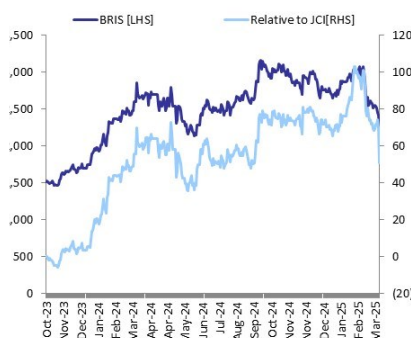
Intact growth story with less risk versus peers

BRIS'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. Furthermore, thanks to BRIS' unique business model, we believe that it has limited exposure to government programs, which could weigh on the profitability of its peers. Moreover, in terms of liquidity, BRIS's status as a Sharia bank provides ample benefits, especially due to a lower GWM requirement of 7.50% compared to conventional banks' 9.00%.

Upgrade to BUY on valuation, unchanged TP at Rp2,900

We upgrade our rating from Hold to Buy, as the stock is now attractively trading below its fair value, with strong performance and growth potential in its niche market segment. We maintain our TP at Rp2,900, based on a CoE of 8.0% (inverse CoE since the merger), LTG of 3%, and FY25F ROE of 16.5%, resulting in an FV PBV of 2.8x. Risks to our view are government intervention and foreign funds' outflows.

BRIS relative to JCI Index



Source: Bloomberg

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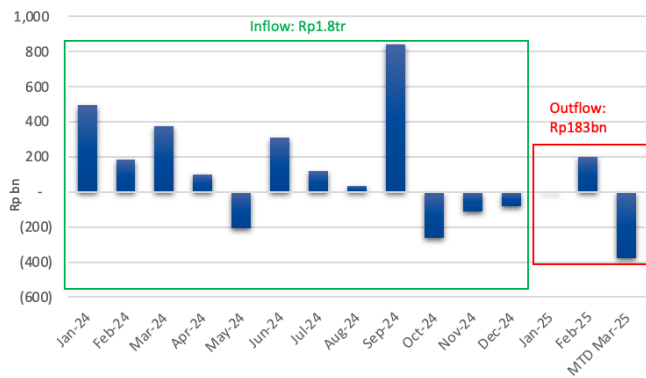
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Key Financials

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)	17.6	14.4	12.8	11.3	10.0
PBV (x)	2.6	2.2	2.0	1.8	1.7
Dividend yield (%)	0.9	1.6	2.6	4.5	6.1
ROAE (%)	15.8	16.7	16.5	16.9	17.8

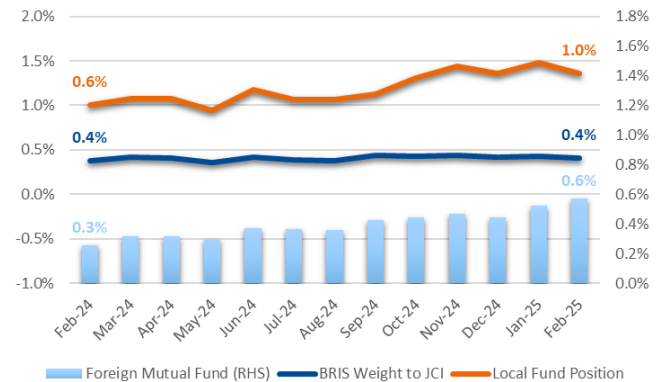
Source: BRIS, BRIDS Estimates

Exhibit 1. BRIS's historical foreign flows (monthly)



Source: IDX, BRIDS

Exhibit 2. BRIS's weighting and fund position



Source: KSEI, BRIDS

Exhibit 3. Banking sector's forecast

	Loan Growth (yoy)		Net Profit Growth (yoy)		NIM		CoC	
	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
BBCA	8.5%	8.5%	6.4%	5.3%	6.6%	6.5%	0.4%	0.4%
BMRI	9.7%	8.9%	1.1%	11.5%	4.8%	4.8%	1.0%	0.8%
BBNI	7.9%	9.6%	2.6%	4.4%	4.1%	4.1%	1.2%	1.2%
BRIS	15.0%	14.3%	12.2%	12.8%	5.3%	5.6%	0.8%	0.8%
BBTN	9.6%	10.3%	-2.4%	7.1%	2.9%	3.2%	1.0%	1.2%
BTPS	2.8%	4.7%	2.6%	12.0%	23.6%	24.2%	10.3%	10.1%

Source: Company, BRIDS Estimates

Exhibit 4. 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

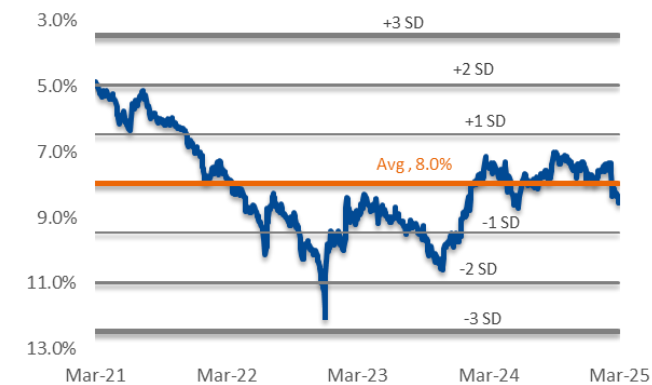
Source: Company, BRIDS Estimates

Exhibit 5. BRIS's peers comparison

Ticker	Rec.	Target Price (Rp)	Market Cap (Rpbn)	P/E (x)		P/BV (x)		ROE	
				FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
BBCA IJ	BUY	11,900	1,032,429.0	17.7	16.8	3.7	3.4	21.4%	21.0%
BBRI IJ	NR	n/a	554,705.9	n/a	n/a	n/a	n/a	n/a	n/a
BMRI IJ	BUY	5,900	431,200.0	7.6	6.9	1.4	1.3	19.1%	19.7%
BBNI IJ	BUY	5,100	152,173.0	6.9	6.6	0.9	0.8	13.1%	12.9%
BRIS IJ	BUY	2,900	100,561.8	12.8	11.3	2.0	1.8	16.5%	16.9%
BBTN IJ	BUY	1,100	11,438.1	3.9	3.6	0.3	0.3	8.7%	8.6%
BTPS IJ	BUY	1,200	6,933.3	6.4	5.7	0.7	0.6	11.3%	11.7%

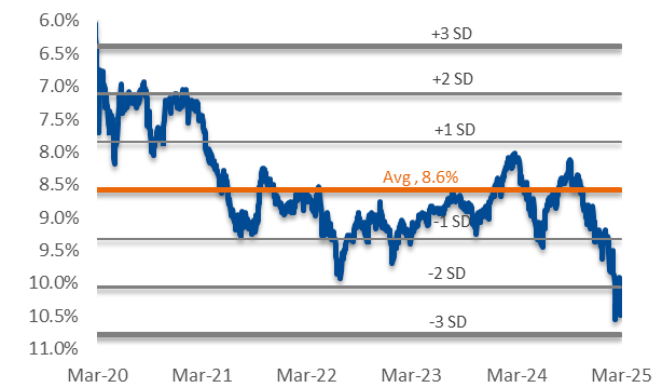
Source: Company, BRIDS Estimates

Exhibit 6. BRIS's cost of equity band chart (since merger)



Source: Company, Bloomberg, BRIDS Estimates

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



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. BRIS's P/BV band chart (since merger)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. BRIS's P/E band chart (since merger)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 10. 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 11. 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 12. 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 13. 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

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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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