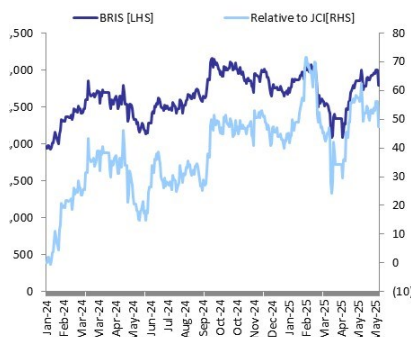


Hold

(Maintained)

Last Price (Rp)	2,790
Target Price (Rp)	2,900
Previous Target Price (Rp)	2,900
Upside/Downside	+3.9%
No. of Shares (mn)	46,129
Mkt Cap (Rpbn/US\$mn)	128,701/7,921
Avg. Daily T/O (Rpbn/US\$mn)	90.3/5.6
Free Float (%)	9.8
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	179.4 212.5 250.2
BRIDS/Cons (%)	(5.0) (9.6) (12.8)

BRIS relative to JCI Index



Source: Bloomberg

Bank Syariah Indonesia (BRIS IJ)

Potential implications of ownership change

- BRIS share price tanked by 7% coinciding with the news that Danantara will take direct control of BRIS, making it a legitimate SOE bank.
- We believe the negative impact from losing synergy with BMRI will be limited and there is possibility of higher free float for BRIS.
- However, we maintain our Hold rating on BRIS on valuation and earnings risk. We maintain our TP at Rp2,900, implying FV PBV of 2.8x.

Potential to become a new SOE bank

BRIS share price dropped 7% on June 2, 2025, driven by market sell-off (big 4 banks dropped 2.7–5.6%) and coinciding with the news that Danantara will take direct control of BRIS, making it a legitimate SOE bank. While the former is somewhat justified given the weak monthly numbers, we believe the latter is rather excessive. For BRIS, the potential spin-off is unlikely to result in significant incremental costs, as the bank already operates with its own infrastructure, independent of BMRI. However, separation could eliminate existing group-level synergies such as syndication loans.

Potential impact on BMRI as the controlling shareholder

As the major shareholder of BRIS, BMRI would no longer consolidate BRIS's assets, liabilities, revenue, and profit. BRIS would instead become an associated company (if <50% stake retained), or completely outside the BMRI group (if 100% sold). If fully sold, BMRI would see its assets and liabilities drop by c. 16%, while net profit would decrease by 7.3% based on the 1Q25 results. However, BMRI would likely book a one-time gain on BRIS disposal depending on the selling price. We estimate a potential gain of Rp42tr if sold at the current market price (75% of our FY25F NP). Assuming the gains are distributed as special dividends, with the latest 78% payout ratio, this will translate to a 6.9% dividend yield for investors. However, potential risks arise as to whether BRIS can be divested at the current market price given its relatively expensive valuations.

Potential higher liquidity but positive impact is unwarranted

Assuming Danantara will not acquire the whole 90% from the SOE banks, this could potentially lead to higher free float for BRIS, which in theory will be positive for the share price. This has been true in the past two years with unique business models and strong growth outlooks compared to its peers. As growth moderated, valuations have become lofty, and with potential street's earnings downgrade, there is no warranty that the higher free float can translate to more demand from investors.

Maintain HOLD on valuation, unchanged TP at Rp2,900

Given the relatively Neutral impact if the divestment happens, we maintain our HOLD call with TP at Rp2,900 based on a FV PBV of 2.8x. Risks to our view are improving CoF and better-than-expected earnings growth.

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)	22.6	18.4	16.4	14.5	12.8
PBV (x)	3.3	2.9	2.6	2.4	2.2
Dividend yield (%)	0.7	1.2	2.1	3.5	4.7
ROAE (%)	15.8	16.7	16.5	16.9	17.8

Source: BRIS, BRIDS Estimates

BRI Danareksa Sekuritas Analysts

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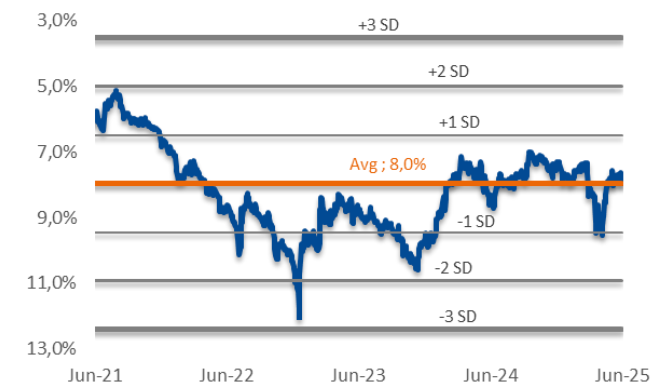
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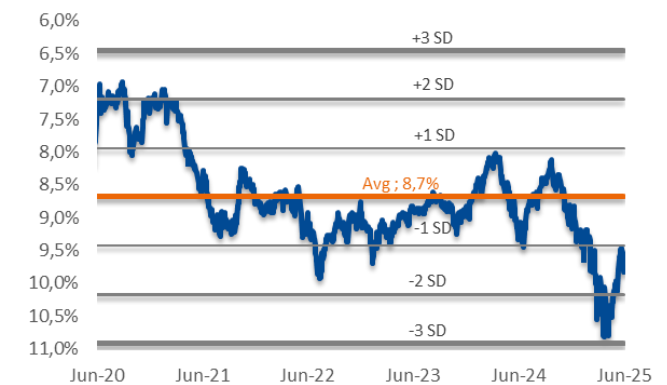
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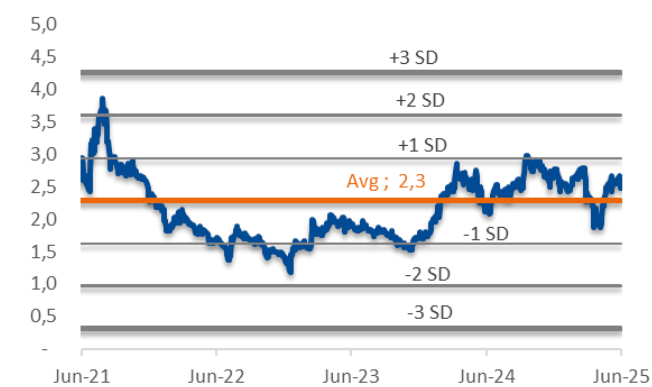
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Exhibit 1. BRIS's cost of equity band chart (since merger)


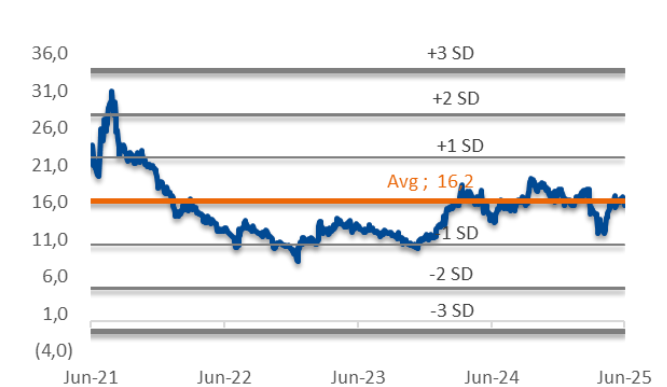
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 2. Sector's cost of equity band chart (5-year)


Source: Company, Bloomberg, BRIDS Estimates

Exhibit 3. BRIS's P/BV band chart (since merger)


Source: Company, Bloomberg, BRIDS Estimates

Exhibit 4. BRIS's P/E band chart (since merger)


Source: Company, Bloomberg, BRIDS Estimates

Exhibit 5. 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 6. 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 7. 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 8. 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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