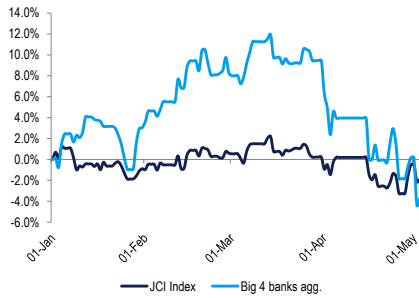


Sector Update | 03 May 2024

Sector Index Performance

	3M	6M	12M
Absolute	-7.0%	4.2%	5.6%
Relative to JCI	-6.1%	-1.5%	1.3%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
BBCA IJ	22.2	20.2	18.6
BBRI IJ	12.1	11.1	9.7
BMRI IJ	10.2	9.1	8.2
P/BV (x)			
	2024F	2025F	2026F
BBCA IJ	4.7	4.4	4.0
BBRI IJ	2.2	2.1	2.0
BMRI IJ	1.8	1.7	1.5
Div. Yield			
	2024F	2025F	2026F
BBCA IJ	2.8%	3.2%	3.5%
BBRI IJ	7.1%	7.0%	7.7%
BMRI IJ	5.8%	5.9%	6.6%

Jovent Muliadi

PT Indo Premier Sekuritas
jovent.muliadi@ipc.co.id
+62 21 5088 7168 ext. 710

Anthony

PT Indo Premier Sekuritas
anthony@ipc.co.id
+62 21 5088 7168 ext. 715

1Q24 recap: mix results; BBCA was the clear outperformer

- Aggregate big 4 banks 1Q24 net profit stood at Rp46.8tr (+4% yoy) was below estimates amid moderate PPOP growth due to CoF issue.
- This led to NIM contraction in qoq basis which resulted in lower NIM guidance (by 10-50bp lower). Only BBCA's NIM was unaffected.
- BBRI revised up its CoC guidance which we think is prudent amid cyclical weakness in micro. Maintain OW with BBCA and BMRI as our picks.

Tepid results across banks except BBCA

Aggregate big 4 banks 1Q24 net profit stood at Rp46.8tr (+4% yoy) slightly below at 23% of our/consensus FY24F estimates. PPOP saw a decent growth (+10% yoy) driven by pick-up on non-II (+12% yoy) while NII was relatively mild (+5% yoy). BBRI saw the strongest PPOP growth (+22% yoy) while BBNI was the weakest (-5% yoy) along with NII (-10% yoy). Provision rose by +32% yoy amidst deteriorating micro asset quality and partly due to frontloading. Meanwhile, the rests booked lower provision.

Lower than expected NIM for most banks; BBCA was resilient

Most banks (BBRI/BMRI/BBNI) posted qoq contraction in NIM (-20bp to -60bp qoq/-30bp to -70bp yoy) largely due to steep increase in CoF from tight liquidity condition; and came below expectations (10-50bp lower than FY24F guidance) and resulted on lower NIM guidance for BBRI and BMRI (reduced by 20-30bp). Only BBCA reported resilient NIM amid stable CoF, fig. 16. However, we think NIM may be bottomed in 1Q as liquidity has started to improve based on our channel check with the banks.

Nonetheless, loan growth remain strong

Aggregate loan growth was robust at +15% yoy (+3% qoq), particularly in corporate segment at +21% yoy (+4% qoq). BMRI led the growth at +19% yoy (+3% qoq) followed by BBCA at +17% yoy (+3% qoq) – both came ahead of its guidance. Overall deposit rose +10% yoy (+1% qoq) mainly driven by TD at +14% yoy (+4% qoq) while CASA was slower at +9% yoy (-1% qoq). LDR stood at 87% vs. 84/86% in 1Q23/4Q23.

Improving asset quality except for BBRI and BBNI

All banks saw a significant improvement in the asset quality (by 290-370bp yoy). However on qoq basis, BBRI and BBNI saw a pick-up in LAR by 20bp and 40bp respectively which underpin the CoC revision for the former (to max 3% from 2.2-2.3%), while the latter decided not to revise its CoC. BBCA continue to have the highest LAR coverage at 72% (+220bp qoq) while other banks dropped by 80-230bp qoq with BBNI was having the steepest drop.

Maintain OW with BBCA and BMRI as our top picks

Recall our note pre 1Q24 results announcement of possibly weak 1Q24 results ([link](#)), however we think at this point the SOE banks are oversold as the current drop (-22% for SOE from peak) has far exceed the past drops magnitude of 10-19% for SOE (in the last 5 years excluding Covid). We have all Buy recommendation for BBCA/BMRI/BBRI except for BBNI amid our concern on both its NIM and CoC but unchanged guidance. Upside risk is better NIM and CoC (for BBRI) as rate hike cycle usually resulted in better NIM for Indo banks. Downside risk is higher CoC.

Fig. 1: Big 4 banks 1Q24 results summary

Big 4 banks 1Q24 result (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons.
Interest income	124,527	109,761	13%	120,432	3%	494,214	25%		
Interest expenses	(35,157)	(25,034)	40%	(32,861)	7%	(119,536)	29%		
Net interest income	89,370	84,727	5%	87,572	2%	374,678	24%		
Non interest income	35,157	31,413	12%	40,758	-14%	149,555	24%		
Total income	124,528	116,140	7%	128,330	-3%	524,233	24%		
Opex	(47,495)	(45,821)	4%	(54,413)	-13%	(213,872)	22%		
PPOP	77,033	70,319	10%	73,917	4%	310,361	25%		
Provisions	(17,078)	(12,900)	32%	(10,153)	68%	(56,728)	30%		
Non-operating	(76)	111	-168%	(167)	-55%	1,287	-6%		
Pre-tax profit	59,879	57,530	4%	63,597	-6%	254,920	23%	261,504	23%
Tax	(11,544)	(11,308)	2%	(12,670)	-9%	(48,759)	24%		
Minority interests	(1,541)	(1,409)	9%	(1,449)	6%	(4,250)	36%		
Net profit	46,793	44,813	4%	49,478	-5%	201,911	23%	202,780	23%

Source: Company, Indo Premier

Fig. 2: BBKA 1Q24 results summary

BBKA 1Q24 result (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons.
Interest income	23,042	21,106	9%	22,836	1%	94,995	24%		
Interest expenses	(3,200)	(2,575)	24%	(3,375)	-5%	(12,019)	27%		
Net interest income	19,842	18,531	7%	19,462	2%	82,976	24%		
Non interest income	6,406	6,000	7%	5,640	14%	25,523	25%		
Total income	26,249	24,531	7%	25,102	5%	108,499	24%		
Opex	(9,345)	(8,951)	4%	(9,655)	-3%	(37,601)	25%		
PPOP	16,904	15,580	8%	15,447	9%	70,897	24%		
Provisions	(1,025)	(1,460)	-30%	29	-3694%	(3,361)	30%		
Non-operating	36	100	-64%	(306)	-112%				
Pre-tax profit	15,915	14,220	12%	15,170	5%	67,537	24%	66,673	24%
Tax	(3,037)	(2,687)	13%	(2,952)	3%	(12,832)	24%		
Minority interests	1	(3)	-131%	1	27%	(21)	-5%		
Net profit	12,879	11,530	12%	12,219	5%	54,684	24%	53,517	24%

Source: Company, Indo Premier

Fig. 3: BBRI 1Q24 results summary

BBRI 1Q24 result (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons.
Interest income	50,075	42,460	18%	47,103	6%	191,672	26%		
Interest expenses	(14,123)	(9,681)	46%	(13,117)	8%	(45,190)	31%		
Net interest income	35,952	32,779	10%	33,986	6%	146,482	25%		
Non interest income	13,184	10,465	26%	14,450	-9%	58,096	23%		
Total income	49,136	43,244	14%	48,436	1%	204,578	24%		
Opex	(18,389)	(18,091)	2%	(21,109)	-13%	(89,743)	20%		
PPOP	30,747	25,153	22%	27,327	13%	114,835	27%		
Provisions	(10,713)	(5,599)	91%	(6,700)	60%	(29,258)	37%		
Non-operating	(109)	42	-360%	84	-230%	(435)	25%		
Pre-tax profit	19,925	19,596	2%	20,711	-4%	85,142	23%	85,387	23%
Tax	(3,942)	(4,032)	-2%	(4,500)	-12%	(17,115)	23%		
Minority interests	(97)	(62)	56%	(104)	-7%	(348)	28%		
Net profit	15,886	15,502	2%	16,107	-1%	67,678	23%	67,142	24%

Source: Company, Indo Premier

Fig. 4: BMRI 1Q24 results summary

BMRI 1Q24 result (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons.
Interest income	35,535	31,391	13%	34,517	3%	142,782	25%		
Interest expenses	(11,349)	(8,382)	35%	(10,513)	8%	(42,538)	27%		
Net interest income	24,186	23,009	5%	24,004	1%	100,244	24%		
Non interest income	10,127	10,200	-1%	13,827	-27%	42,873	24%		
Total income	34,313	33,209	3%	37,831	-9%	143,118	24%		
Opex	(13,112)	(12,276)	7%	(15,415)	-15%	(56,963)	23%		
PPOP	21,201	20,933	1%	22,416	-5%	86,154	25%		
Provisions	(3,596)	(3,692)	-3%	(996)	261%	(14,295)	25%		
Non-operating	(3)	15	-120%	33	-109%	1,856	0%		
Pre-tax profit	17,602	17,256	2%	21,453	-18%	73,716	24%	80,106	22%
Tax	(3,481)	(3,396)	3%	(4,173)	-17%	(13,653)	25%		
Minority interests	(1,419)	(1,300)	9%	(1,284)	11%	(3,668)	39%		
Net profit	12,702	12,560	1%	15,996	-21%	56,395	23%	58,484	22%

Source: Company, Indo Premier

Fig. 5: BBNI 1Q24 results summary

BBNI 1Q24 results (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons.
Interest income	15,875	14,804	7%	15,976	-1%	64,765	25%		
Interest expenses	(6,485)	(4,396)	48%	(5,856)	11%	(19,789)	33%		
Net interest income	9,390	10,408	-10%	10,120	-7%	44,976	21%		
Non interest income	5,440	4,748	15%	6,841	-20%	23,062	24%		
Total income	14,830	15,156	-2%	16,961	-13%	68,038	22%		
Opex	(6,649)	(6,503)	2%	(8,234)	-19%	(29,564)	22%		
PPOP	8,181	8,653	-5%	8,727	-6%	38,474	21%		
Provisions	(1,744)	(2,149)	-19%	(2,486)	-30%	(9,815)	18%		
Non-operating	0	(46)	-100%	22	-100%	(134)	0%		
Pre-tax profit	6,437	6,458	0%	6,263	3%	28,526	23%	29,338	22%
Tax	(1,085)	(1,194)	-9%	(1,046)	4%	(5,159)	21%		
Minority interests	(26)	(43)	-39%	(61)	-57%	(213)	12%		
Net profit	5,326	5,221	2%	5,156	3%	23,154	23%	23,637	23%

Source: Company, Indo Premier

Fig. 6: NII summary

NII (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS
BBCA	19,842	18,531	7%	19,462	2%	82,976	24%
BBRI	35,952	32,779	10%	33,986	6%	146,482	25%
BMRI	24,186	23,009	5%	24,004	1%	100,244	24%
BBNI	9,390	10,408	-10%	10,120	-7%	44,976	21%
Total	89,370	84,727	5%	87,572	2%	374,678	24%

Source: Company, Indo Premier

Fig. 7: PPOP summary

PPOP (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS
BBCA	16,904	15,580	8%	15,447	9%	70,897	24%
BBRI	30,747	25,153	22%	27,327	13%	114,835	27%
BMRI	21,201	20,933	1%	22,416	-5%	86,154	25%
BBNI	8,181	8,653	-5%	8,727	-6%	38,474	21%
Total	77,033	70,319	10%	73,917	4%	310,361	25%

Source: Company, Indo Premier

Fig. 8: Provision summary

Net profit (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS
BBCA	12,879	11,530	12%	12,219	5%	54,684	24%
BBRI	15,886	15,502	2%	16,107	-1%	67,678	23%
BMRI	12,702	12,560	1%	15,996	-21%	56,395	23%
BBNI	5,326	5,221	2%	5,156	3%	23,154	23%
Total	46,793	44,813	4%	49,478	-5%	201,911	23%

Source: Company, Indo Premier

Fig. 9: Net profit summary

Net profit (Rp bn)	1Q24	4Q22	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons
BBCA	12,879	11,530	12%	12,219	5%	54,684	24%	53,517	24%
BBRI	15,886	15,502	2%	16,107	-1%	67,678	23%	67,142	24%
BMRI	12,702	12,560	1%	15,996	-21%	56,395	23%	58,484	22%
BBNI	5,326	5,221	2%	5,156	3%	23,154	23%	23,637	23%
Total	46,793	44,813	4%	49,478	-5%	201,911	23%	202,780	23%

Source: Company, Indo Premier

Fig. 10: Loan summary

Gross loan (Rp tr)	1Q24	1Q23	%YoY	4Q23	%QoQ
BBCA	836	714	17%	810	3%
BBRI	1,309	1,180	11%	1,266	3%
BMRI	1,435	1,205	19%	1,398	3%
BBNI	696	634	10%	695	0%
Total	4,275	3,734	15%	4,170	3%

Source: Company, Indo Premier

Fig. 11: Deposit summary

Deposits (Rp tr)	1Q24	1Q23	%YoY	4Q23	%QoQ
BBCA	1,121	1,039	8%	1,102	2%
BBRI	1,416	1,255	13%	1,358	4%
BMRI	1,572	1,391	13%	1,577	0%
BBNI	780	744	5%	811	-4%
Total	4,889	4,429	10%	4,848	1%

Source: Company, Indo Premier

Fig. 12: CA summary

CA (Rp tr)	1Q24	1Q23	%YoY	4Q23	%QoQ
BBCA	349	321	9%	349	0%
BBRI	354	310	14%	346	2%
BMRI	562	483	16%	585	-4%
BBNI	310	285	9%	345	-10%
Total	1,575	1,399	13%	1,625	-3%

Source: Company, Indo Premier

Fig. 13: SA summary

SA (Rp tr)	1Q24	1Q23	%YoY	4Q23	%QoQ
BBCA	555	523	6%	536	4%
BBRI	519	500	4%	528	-2%
BMRI	607	549	11%	587	3%
BBNI	234	227	3%	232	1%
Total	1,915	1,799	6%	1,883	2%

Source: Company, Indo Premier

Fig. 14: CASA summary

CASA (Rp tr)	1Q24	1Q23	%YoY	4Q23	%QoQ
BBCA	905	843	7%	885	2%
BBRI	873	810	8%	874	0%
BMRI	1,169	1,032	13%	1,172	0%
BBNI	544	513	6%	577	-6%
Total	3,490	3,198	9%	3,508	-1%

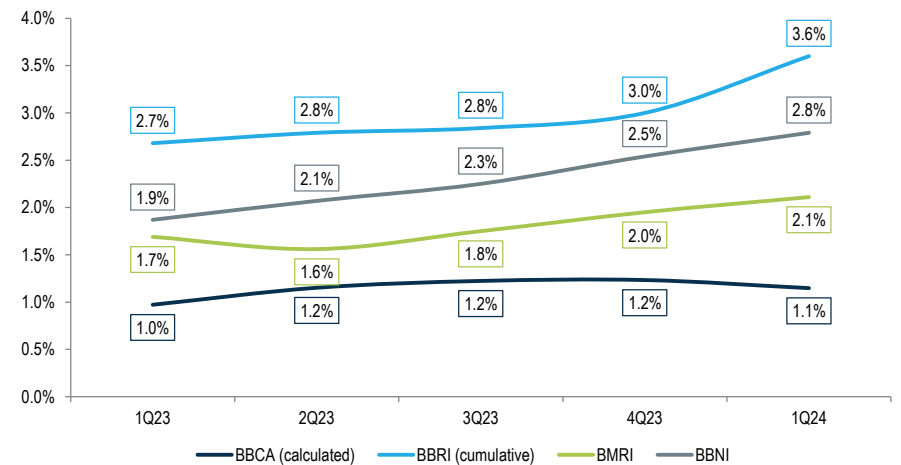
Source: Company, Indo Premier

Fig. 15: TD summary

TD (Rp tr)	1Q24	1Q23	%YoY	4Q23	%QoQ
BBCA	216	195	11%	217	0%
BBRI	543	445	22%	484	12%
BMRI	403	359	12%	405	-1%
BBNI	237	231	2%	233	1%
Total	1,399	1,231	14%	1,340	4%

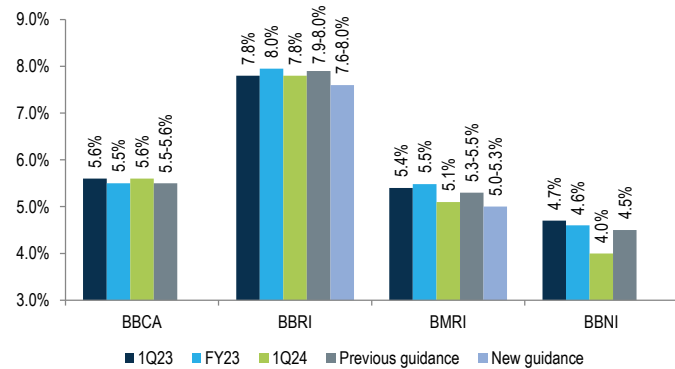
Source: Company, Indo Premier

Fig. 16: QTD deposits CoF summary



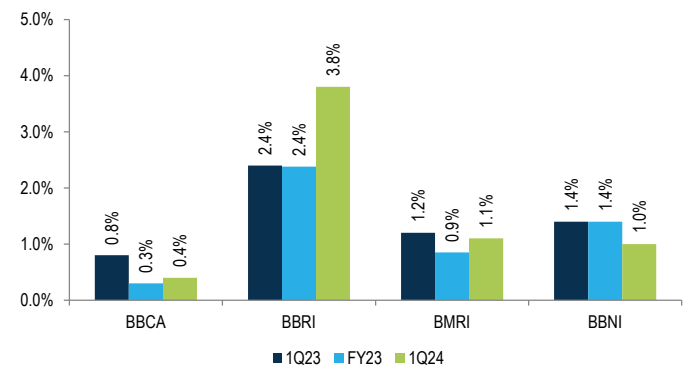
Source: Company, Indo Premier

Fig. 17: NIM summary – cumulative, reported



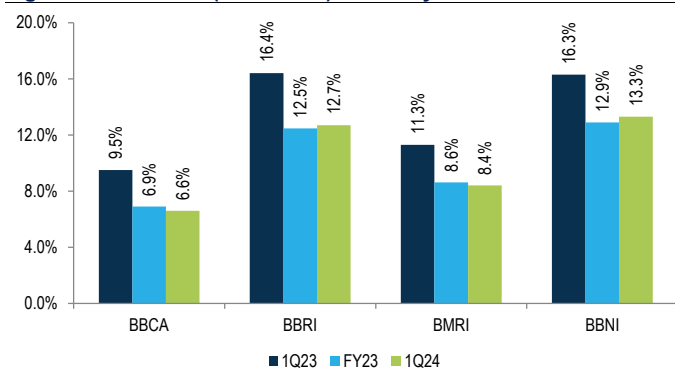
Source: Company, Indo Premier

Fig. 18: CoC summary – cumulative, reported



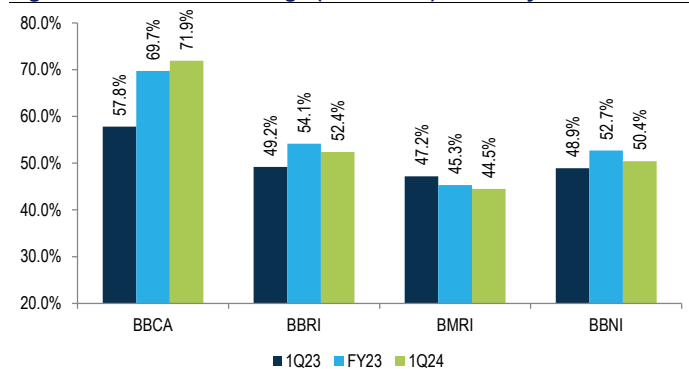
Source: Company, Indo Premier

Fig. 19: Loan at risk (incl. Covid) summary



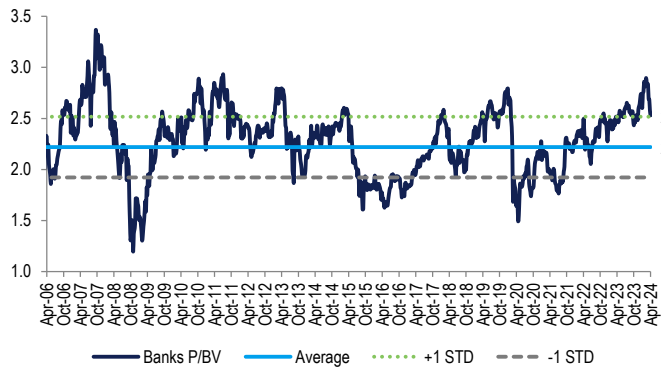
Source: Company, Indo Premier

Fig. 20: Loan at risk coverage (incl. Covid) summary



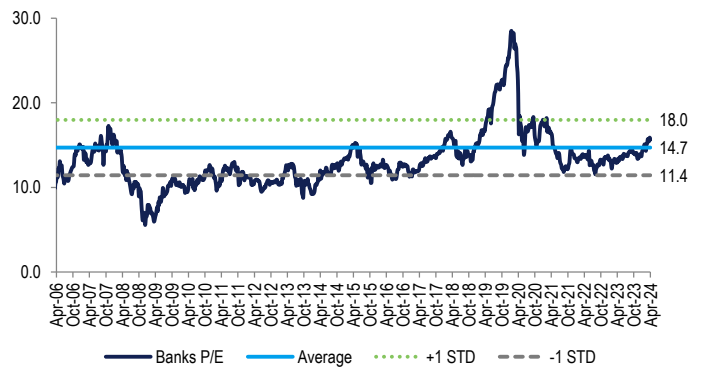
Source: Company, Indo Premier

Fig. 21: Banks' forward P/BV – now trading at 2.5x FY24F P/BV vs. 10-year average of 2.2x P/B



Source: Bloomberg, Company, Indo Premier

Fig. 22: Banks' forward P/E – now trading at 14.0x FY24F P/E vs. 10-year average of 14.7x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 23: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY24F	FY25F	10Y Avg	FY24F	FY25F	10Y Avg
BBCA	9,850	10,400	4.7	6%	Buy	22.2	20.2	20.9	4.7	4.4	3.8
BBRI	4,750	5,600	2.5	18%	Buy	12.1	11.1	14.8	2.2	2.1	2.4
BMRI	6,150	7,800	2.4	27%	Buy	10.2	9.1	11.9	1.8	1.7	1.6
BBNI	4,830	5,600	1.1	16%	Hold	8.6	7.8	10.7	1.1	1.0	1.1
BBTN	1,265	1,750	0.7	38%	Buy	4.6	4.2	7.0	0.5	0.5	0.8
BRIS*	2,630	2,600	2.4	-1%	Buy	18.1	16.3	16.0	2.8	2.4	2.2

Source: Bloomberg, Company, Indo Premier
*3Y avg

Share price closing as of: 03 May 2024

SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

- 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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