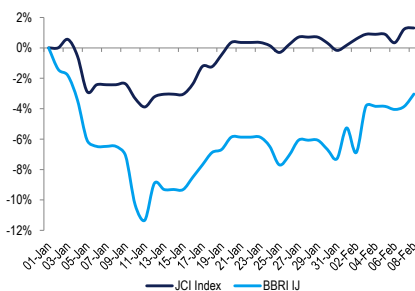


Stock Data

Target price	Rp5,700
Prior TP	Rp5,700
Current price	Rp4,790
Upside/downside	+19%
Shares outstanding (mn)	151,559
Market cap (Rp bn)	725,968
Free float	47%
Avg. 6m daily T/O (Rp bn)	725

Price Performance

	3M	6M	12M
Absolute	3.7%	8.6%	7.9%
Relative to JCI	5.2%	10.9%	5.7%
52w low/high (Rp)	4,040 – 4,980		



Major Shareholders

Republic of Indonesia	53.2%
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4Q22 results: beat but overlooked by one-off item

- BRI booked Rp51.4tr profit in FY22 (+67% yoy) and came above our and consensus estimates by 5%. Beat was due to non-II and lower CoC.
- NIM dropped to 7.9% in FY22 from 8.2% in 9M22 (7.7% in FY21) due to one-off modification loss impact from loan restructuring (c.50bp).
- CoC of 2.6%, lower than guidance 2.7-2.9% partly due to netting impact of modification loss. It guides CoC to drop to 2.2-2.4%; maintain Buy.

Beat from non-II and CoC

BRI posted Rp51.4tr of profit in FY22, up by 67% yoy (-16% qoq – drop in qoq was due to 4Q modification loss from restructuring big corporate debtors) and came above than our/consensus estimates (at 105%). Beat was coming from strong non-II (+16% yoy/+31% qoq and 11% above our estimates) due to strong fees (+12% yoy) and recovery growth (+33% yoy), along with better provision (-31% yoy/-22% qoq) which resulted in CoC of 2.6% vs. initial guidance of 2.7-2.9%.

Modification loss that arise in 4Q was one-off and bottom-line neutral

It was the only bank that posted qoq NIM drop (7.9% in FY22 vs. 8.2% in 9M22) largely due to modification loss impact (c.50bp to NIM/70bp to asset yield). This only arises in BRI due to different accounting standard with BMRI and BBNI (both also impacted by the restructuring of 2 SOEs). However, the impact of modification loss should be neutral to bottom line (lower NIM was offset by lower CoC) but in BRI case, it opts to reallocate some of the CoC.

Loan growth is slowly picking-up

Loan grew by 9% yoy (+2% qoq), the slowest vs. its peers but this was attributed to slower growth in non-micro segments (micro grew by 14% yoy) especially small (+3% yoy) and medium (-0.1% yoy) which shall improve going forward as 2022 was being used to fix the business and risk management processes. It guides for 10-12% loan growth in FY23F and in Jan despite no disbursement KUR, Kupedes outstanding loan has grown by 8% YTD which is impressive after posing 3 years of negative growth.

Biggest room to improve CoC; maintain Buy

NPL/LAR stood at 2.7/17.1% in FY22 vs. 3/24.1% in FY21 (3.1/19.3% in 9M22) while NPL/LAR coverage stood at 306/48%. CoC is also expected to trend down to 2.2-2.4% in FY23F vs. 2.6% in FY22 (indeed CoC has dropped to 1.6% in 4Q22 vs. 2.1/3.6% in 3Q/2Q22 – netting impact from modification loss in NII). We fine tune our FY23-24F EPS by 10-18% and maintain our Buy rating with BRI as we think the result was overlooked due to one-off impact and overblown concern on KUR.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net interest income	114,077	124,597	138,181	151,808	167,042
PPOP	80,435	91,285	101,785	115,290	127,792
Provision charges	(39,291)	(26,979)	(25,394)	(24,314)	(26,745)
Net profit	31,067	51,408	61,926	73,744	81,905
Net profit growth	67%	67%	20%	19%	11%
P/BV (x)	2.5	2.4	2.3	2.1	2.0
Dividend yield	0.3%	0.7%	1.2%	1.4%	1.7%
ROAE	12.6%	17.3%	19.8%	22.2%	23.2%
Forecast changes			10%	18%	NA
IPS vs. consensus			111%	118%	110%

Source: Company, Indo Premier

Share price closing as of: 08 February 2023

Fig. 1: BBRI 4Q22 results summary

BBRI 4Q22 results (Rp bn)	FY22	FY21	yoy%	4Q22	4Q21	yoy%	3Q22	qoq%	IPS FY22F	% of IPS	Cons FY22F	% of Cons
Interest income	151,875	143,523	6%	36,623	37,980	-4%	38,391	-5%	162,800	93%		
Interest expenses	(27,278)	(29,429)	-7%	(8,534)	(6,844)	25%	(6,497)	31%	(35,690)	76%		
NII	124,597	114,094	9%	28,089	31,136	-10%	31,894	-12%	127,110	98%		
Non-interest income	48,880	42,259	16%	15,407	10,880	42%	11,790	31%	43,885	111%		
Total income	173,477	156,353	11%	43,496	42,016	4%	43,684	0%	170,995	101%		
Opex	(82,192)	(75,918)	8%	(23,614)	(21,337)	11%	(20,353)	16%	(75,196)	109%		
PPOP	91,285	80,435	13%	19,882	20,679	-4%	23,331	-15%	95,799	95%		
Provisions	(26,979)	(39,291)	-31%	(4,414)	(8,006)	-45%	(5,639)	-22%	(30,559)	88%		
Operating profit	64,306	41,144	56%	15,468	12,673	22%	17,692	-13%	65,240	99%		
Non-operating	291	(152)	-291%	(110)	(208)	-47%	322	-134%	(4,009)	-7%		
Pre-tax profit	64,597	40,992	58%	15,358	12,465	23%	18,014	-15%	61,231	105%	62,796	103%
Tax	(13,189)	(7,835)	68%	(3,261)	(779)	319%	(3,579)	-9%	(12,405)	106%		
Proforma adjustment	-	(2,401)	NA	-	-	NA	-	NA	-	NA		
Net profit	51,408	30,756	67%	12,097	11,686	4%	14,435	-16%	48,826	105%	49,192	105%

Source: Company, Indo Premier

Fig. 2: BBRI 4Q22 balance sheet summary

Balance Sheet (Rp bn)	4Q22	4Q21	yoy%	3Q22	qoq%
Gross loan	1,139,077	1,042,867	9%	1,111,478	2%
Provision	(94,975)	(89,821)	6%	(98,130)	-3%
Other IEA	526,891	546,047	-4%	447,448	18%
Other assets	294,646	179,004	65%	223,808	32%
Total assets	1,865,639	1,678,098	11%	1,684,604	11%
Demand deposits	349,756	220,590	59%	245,644	42%
Saving deposits	522,648	497,677	5%	500,083	5%
CASA	872,404	718,267	21%	745,727	17%
Time deposits	435,481	420,476	4%	394,038	11%
Deposit from customer	1,307,885	1,138,743	15%	1,139,765	15%
Other IBL	162,817	167,005	-3%	158,497	3%
Other liabilities	91,543	80,563	14%	86,007	6%
Total liabilities	1,562,245	1,386,311	13%	1,384,269	13%
Equity	303,394	291,787	4%	300,335	1%

Source: Company, Indo Premier

Fig. 3: BBRI 4Q22 key ratios summary

Key Ratios (%)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Asset yield (C)	10.2	9.0	8.9	8.8	8.9	8.8	8.6	9.9	9.9	10.1	9.9	9.3
CoF (C) - Bank only	3.7	3.5	3.5	3.2	2.3	2.2	2.1	2.1	1.7	1.7	1.7	1.9
CoF (C) - Consol, restated					2.4	2.4	2.4	2.4	2.0	1.9	1.9	2.1
NIM (C) - Bank only	6.7	5.7	5.8	6.0	7.0	7.0	6.9	6.9	6.9	7.4	7.2	6.8
NIM (C) - Consol, restated					7.3	7.4	7.4	7.7	7.7	8.2	8.2	7.9
CAR	18.6	20.2	20.9	21.2	19.7	19.6	24.4	27.2	24.6	25.1	26.1	25.5
LDR*	90	86	83	84	87	85	83	84	87	89	89	79
Gross NPL - Bank only	2.8	3.0	3.0	2.9	3.1	3.3	3.3	3.1	3.2	3.3	3.1	2.8
Gross NPL - Consol, restated					3.3	3.2	3.3	3.0	3.1	3.3	3.1	2.7
Special mention	6.2	4.2	5.2	2.8	4.5	5.2	4.8	3.7	4.9	5.3	5.1	3.9
Col 1 restructured (incl Covid)	3.8	21.8	21.5	22.6	21.2	18.8	17.5	17.3	14.5	12.2	11.1	10.4
Loan at risk (incl Covid)	12.9	28.9	29.8	28.3	28.8	27.3	25.6	24.1	22.6	20.8	19.3	17.1
Loan at risk (excl Covid)	11.2	9.1	7.7	7.1	7.6	8.1	7.8	7.5	7.8	7.9	7.7	6.7
LAR coverage	48.7	20.6	21.8	25.8	27.6	31.0	33.3	35.6	38.5	42.4	44.9	48.0
CASA ratio	57	57	60	61	59	60	60	63	64	65	65	67
Coverage ratio	224	200	215	248	255	258	260	281	286	266	279	306
Credit costs (Q)	3.0	1.5	4.1	1.0	3.9	5.2	3.5	3.6	3.0	3.6	2.1	1.6
Credit costs (C), restated					3.5	3.7	3.8	3.8	3.0	3.1	3.0	2.6
CIR	44	51	51	48	43	41	45	49	45	44	45	47

*Only calculated BRI and Raya financial numbers starting 3Q21

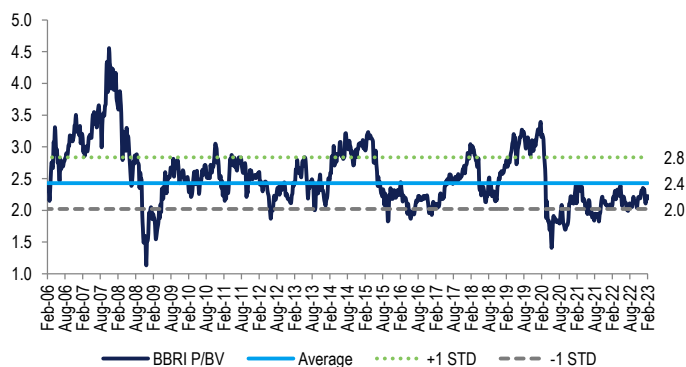
Source: Company, Indo Premier

Fig. 4: Forecast changes

Income Statement (Rp bn)	New			Previous			Changes		
	2023F	2024F	2025F	2023F	2024F	2025F	2023F	2024F	2025F
Interest income	169,473	186,432	203,814	180,164	195,461	NA	-6%	-5%	NA
Interest expense	(31,291)	(34,624)	(36,772)	(39,834)	(44,116)	NA	-21%	-22%	NA
Net interest income	138,181	151,808	167,042	140,330	151,345	NA	-2%	0%	NA
Non-interest income	52,720	56,892	61,463	47,449	51,375	NA	11%	11%	NA
Total operating income	190,901	208,699	228,505	187,779	202,720	NA	2%	3%	NA
Opex	(89,116)	(93,410)	(100,713)	(80,737)	(86,687)	NA	10%	8%	NA
PPOP	101,785	115,290	127,792	107,041	116,033	NA	-5%	-1%	NA
Provisions	(25,394)	(24,314)	(26,745)	(32,475)	(33,235)	NA	-22%	-27%	NA
Operating profit	76,391	90,976	101,048	74,566	82,798	NA	2%	10%	NA
Non-operating profit	311	339	370	(4,284)	(4,675)	NA	-107%	-107%	NA
Pre-tax profit	76,702	91,315	101,418	70,282	78,123	NA	9%	17%	NA
Income tax	(14,514)	(17,285)	(19,199)	(14,168)	(15,732)	NA	2%	10%	NA
Minority interests	(262)	(286)	(313)	(10)	(11)	NA	2518%	2502%	NA
Net profit	61,926	73,744	81,905	56,105	62,380	NA	10%	18%	NA

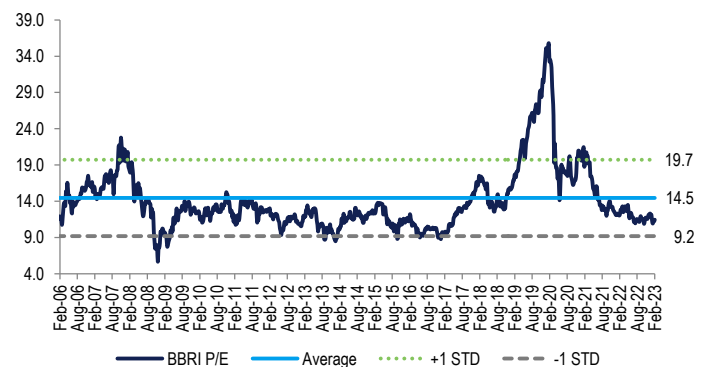
Source: Indo Premier

Fig. 5: BBRI's P/BV – now trading at 2.3x FY23F P/BV vs. 10-year average of 2.4x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 6: BBRI's P/E – now trading at 11.7x FY23F P/E vs. 10-year average of 14.5x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 7: Peers comparison

Ticker	Closing Price	Target Price	P/BV		Recommend	P/E (x)		P/BV (x)	
			multiple	Upside target (x)		FY23F	FY24F	FY23F	FY24F
BBCA	8,825	9,400	4.4	7%	Buy	22.8	20.9	4.5	4.0
BBRI	4,790	5,700	2.5	19%	Buy	11.7	9.8	2.3	2.1
BMRI	10,200	11,800	2.0	16%	Buy	9.8	8.8	1.7	1.6
BBNI	9,475	10,400	1.1	10%	Buy	8.4	7.7	1.1	1.0
BBTN	1,385	2,600	1.1	88%	Buy	4.1	3.6	0.6	0.5

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 08 February 2023

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Interest income	143,506	151,875	169,473	186,432	203,814
Interest expense	(29,429)	(27,278)	(31,291)	(34,624)	(36,772)
Net interest income	114,077	124,597	138,181	151,808	167,042
Non-interest income	42,277	48,880	52,720	56,892	61,463
Total operating income	156,354	173,477	190,901	208,699	228,505
Opex	(75,918)	(82,192)	(89,116)	(93,410)	(100,713)
PPOP	80,435	91,285	101,785	115,290	127,792
Provisions	(39,291)	(26,979)	(25,394)	(24,314)	(26,745)
Operating profit	41,145	64,306	76,391	90,976	101,048
Non-operating profit	(2,553)	291	311	339	370
Pre-tax profit	38,592	64,597	76,702	91,315	101,418
Income tax	(7,836)	(12,951)	(14,514)	(17,285)	(19,199)
Minority interest	311	(238)	(262)	(286)	(313)
Net profit	31,067	51,408	61,926	73,744	81,905

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash + CA with BI	82,727	140,282	147,607	160,270	173,491
Secondary reserves	499,666	543,013	534,013	544,693	552,864
Gross loans	1,003,576	1,089,789	1,218,727	1,340,599	1,474,659
Loan provisions	(86,245)	(89,897)	(99,395)	(104,392)	(109,888)
Other assets	178,374	191,451	210,597	231,656	254,822
Total Assets	1,678,098	1,865,639	2,011,549	2,172,827	2,345,947
Total deposits	1,148,313	1,307,688	1,435,101	1,574,986	1,728,570
Securities and borrowings	127,525	127,525	127,525	127,525	127,525
Other liabilities	110,473	127,030	127,030	127,030	127,030
Total liabilities	1,386,311	1,562,244	1,689,656	1,829,542	1,983,126
Shareholders' equity	291,787	303,395	321,892	343,285	362,822
Total liabilities & equity	1,678,098	1,865,639	2,011,549	2,172,827	2,345,947

Growth YoY	2021A	2022A	2023F	2024F	2025F
Gross loans	6.9%	8.6%	11.8%	10.0%	10.0%
Total assets	11.0%	11.2%	7.8%	8.0%	8.0%
Total deposits	1.0%	13.9%	9.7%	9.7%	9.8%
Net interest income	44.3%	9.2%	10.9%	9.9%	10.0%
Non-interest income	38.7%	15.6%	7.9%	7.9%	8.0%
Total operating income	42.7%	11.0%	10.0%	9.3%	9.5%
Operating expense	52.0%	8.3%	8.4%	4.8%	7.8%
PPOP	34.9%	13.5%	11.5%	13.3%	10.8%
Net profit	66.5%	65.5%	20.5%	19.1%	11.1%

Key Ratios	2021A	2022A	2023F	2024F	2025F
ROAA	1.9%	2.9%	3.2%	3.5%	3.6%
ROAE	13.7%	17.2%	19.7%	22.1%	23.1%
NIM	8.0%	8.0%	8.2%	8.4%	8.5%
Credit cost	4.0%	2.6%	2.2%	1.9%	1.9%
Cost/income	48.6%	47.4%	46.7%	44.8%	44.1%
LDR	87.4%	83.3%	84.9%	85.1%	85.3%
CAR	27.2%	25.5%	25.0%	24.6%	23.9%
NPL ratio	2.9%	2.8%	2.6%	2.4%	2.3%
Provisions/NPL	293.1%	294.4%	317.8%	318.9%	320.0%

Source: Company, Indo Premier

INVESTMENT 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

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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