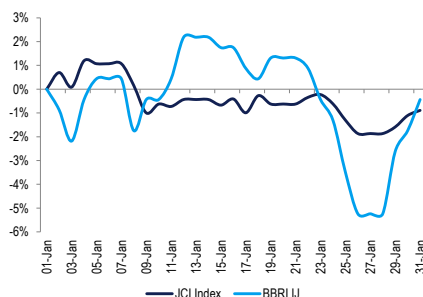


## Stock Data

Target price	Rp6,500
Prior TP	Rp6,500
Current price	Rp5,700
Upside/downside	+14.0%
Shares outstanding (mn)	151,559
Market cap (Rp bn)	863,886
Free float	46%
Avg. 6m daily T/O (Rp bn)	680

## Price Performance

	3M	6M	12M
Absolute	14.9%	0.0%	24.5%
Relative to JCI	8.2%	-4.7%	19.1%
52w low/high (Rp)	4,580 – 5,850		



## Major Shareholders

Republic of Indonesia	53.2%
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## 4Q23 results: in-line as strong PPOP was offset by provision

- FY23 net profit of Rp60.1tr (+17% yoy/+11% qoq) was in-line at 97/102% of ours/consensus. PPOP growth was robust (+17% yoy/-3% qoq).
- Loan grew by 11% yoy (+1% qoq) while NIM was relatively flattish  $\pm 10$ bp at 8%. It guides for 10-12% loan growth in FY24 and flat NIM.
- NPL saw a pick-up but LAR continue to improve and hence, it expect CoC of 2.2-2.3% in FY24F. Maintain Buy with unchanged TP of Rp6,500.

### 4Q23 results: in-line; strong PPOP was offset by provision

BBRI posted Rp60.1tr net profit in FY23 (+17% yoy/+11% qoq) which came in-line with ours/consensus at 97/102%. Robust PPOP growth (+17% yoy/-3% qoq) was supported by both NII (+8% yoy/-5% qoq) and non-II (+17% yoy/+26% qoq), while opex growth was benign (+3% yoy/+11% qoq). Provision rose by +10% yoy (-27% qoq), resulted in CoC of 2.4% in FY23F or at the upper-end of its guidance (vs. ours at 2.2%). It guides for lower CoC of 2.2-2.3% in FY24F.

### Flat NIM guidance despite lower rate expectation

NIM expanded by +10bp yoy to 7.95% (-10bp qoq) as higher asset yield by +90bp yoy (from higher yielding loan i.e. Kupedes) was offset by pick-up in CoF by +90bp yoy as its deposit growth was driven by TD (+11% yoy) vs. CASA (flat yoy). At the same time, LDR also rose by +500bp yoy (-400% qoq) to 84% in 4Q23. It expect for NIM to be flattish at 7.9-8.0% in FY24F.

### Slower micro growth but largely due to write-off

Overall loan growth grew by +11% yoy/+1% qoq or in-line with its guidance of 10-12%. This was driven by corporate (+14% yoy/-7% qoq), consumer (+13% yoy/+3% qoq) and micro segment (+11% yoy/+3% qoq). Within the micro segment, Kupedes experienced a sharp increase by +64% yoy while KUR was at -13% yoy as the KUR approval only happened in 3Q23. Write-off rose to Rp34tr (+52% yoy) where 47% was on micro. It aims for 11-12% loan growth in FY24F.

### Pick-up in NPL but overall asset quality continue to improve

NPL rose by +30bp yoy but declined by -10bp qoq to 3%. However, overall LAR continues to improve to 12.5% in 4Q23 vs. 13.8% in 3Q23 (16.5% in 4Q22). LAR coverage also rose to 54% in 4Q23 (vs. 51% in 3Q23/49% in 4Q22). It expects NPL to improve to 2.7-2.9% in FY24F.

### Maintain Buy with unchanged TP

We adjust our FY24/25F EPS by -8/-7% but maintain our TP at Rp6,500 as we use a tad lower Ke, now at 2.9x. BBRI is currently trading at 2.6x FY24F P/B (vs. 10Y avg. of 2.4x) and 12.8x FY24F P/E (vs. 10Y avg. of 14.6x). Risk is weak loan growth and further NIM compression from tight liquidity.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net interest income	124,370	135,183	146,482	160,507	175,687
PPOP	91,285	106,508	114,835	126,855	139,956
Provision charges	(26,979)	(29,679)	(29,258)	(30,787)	(32,330)
Net profit	51,170	60,100	67,677	75,999	85,169
Net profit growth	65%	17%	13%	12%	12%
P/BV (x)	2.8	2.7	2.6	2.4	2.3
Dividend yield	3.1%	5.0%	5.9%	6.7%	7.5%
ROAE	17.2%	19.3%	20.6%	21.9%	23.2%
IPS vs. consensus			101%	101%	NA

Source: Company, Indo Premier

Share price closing as of: 31 January 2024

Fig. 1: BBRI 4Q23 results summary

BBRI 4Q23 results (Rp bn)	FY23	FY22	yoy%	4Q23	4Q22	yoy%	3Q23	qoq%	IPS FY23F	% of IPS	Cons FY23F	% of Cons
Interest income	178,996	151,875	18%	47,103	36,623	29%	46,302	2%	169,473	106%		
Interest expenses	(43,813)	(27,278)	61%	(13,117)	(8,534)	54%	(10,646)	23%	(31,291)	140%		
<b>NII</b>	<b>135,183</b>	<b>124,597</b>	<b>8%</b>	<b>33,986</b>	<b>28,089</b>	<b>21%</b>	<b>35,656</b>	<b>-5%</b>	<b>138,181</b>	<b>98%</b>		
Non-interest income	48,107	41,004	17%	14,450	13,233	9%	11,482	26%	52,720	91%		
<b>Total income</b>	<b>183,290</b>	<b>165,601</b>	<b>11%</b>	<b>48,436</b>	<b>41,322</b>	<b>17%</b>	<b>47,138</b>	<b>3%</b>	<b>190,901</b>	<b>96%</b>		
Opex	(76,782)	(74,316)	3%	(21,109)	(21,440)	-2%	(19,016)	11%	(89,133)	86%		
<b>PPOP</b>	<b>106,508</b>	<b>91,285</b>	<b>17%</b>	<b>27,327</b>	<b>19,882</b>	<b>37%</b>	<b>28,122</b>	<b>-3%</b>	<b>101,768</b>	<b>105%</b>		
Provisions	(29,679)	(26,979)	10%	(6,700)	(4,414)	52%	(9,158)	-27%	(25,376)	117%		
<b>Operating profit</b>	<b>76,829</b>	<b>64,306</b>	<b>19%</b>	<b>20,627</b>	<b>15,468</b>	<b>33%</b>	<b>18,964</b>	<b>9%</b>	<b>76,391</b>	<b>101%</b>		
Non-operating	(399)	291	-237%	84	(110)	-176%	(446)	-119%	311	-128%		
<b>Pre-tax profit</b>	<b>76,430</b>	<b>64,597</b>	<b>18%</b>	<b>20,711</b>	<b>15,358</b>	<b>35%</b>	<b>18,518</b>	<b>12%</b>	<b>76,702</b>	<b>100%</b>	<b>74,000</b>	<b>103%</b>
Tax	(16,005)	(13,189)	21%	(4,500)	(3,261)	38%	(3,865)	16%	(14,514)	110%		
Minority interest	(325)	(238)	37%	(104)	(83)	26%	(82)	27%	(262)	124%		
<b>Net profit</b>	<b>60,100</b>	<b>51,170</b>	<b>17%</b>	<b>16,107</b>	<b>12,014</b>	<b>34%</b>	<b>14,571</b>	<b>11%</b>	<b>61,926</b>	<b>97%</b>	<b>58,864</b>	<b>102%</b>

Source: Company, Indo Premier

Fig. 2: BBRI 4Q23 balance sheet summary

Balance Sheet (Rp bn)	4Q23	4Q22	yoy%	3Q23	qoq%
<b>Gross loan</b>	<b>1,266,429</b>	<b>1,139,077</b>	<b>11%</b>	<b>1,250,715</b>	<b>1%</b>
Provision	(85,502)	(94,975)	-10%	(87,871)	-3%
Other IEA	524,576	526,891	0%	449,029	17%
Other assets	259,503	294,646	-12%	240,092	8%
<b>Total assets</b>	<b>1,965,007</b>	<b>1,865,639</b>	<b>5%</b>	<b>1,851,965</b>	<b>6%</b>
Demand deposits	346,124	349,756	-1%	314,710	10%
Saving deposits	527,946	522,648	1%	506,426	4%
<b>CASA</b>	<b>874,070</b>	<b>872,404</b>	<b>0%</b>	<b>821,136</b>	<b>6%</b>
Time deposits	484,259	435,481	11%	469,151	3%
<b>Deposit from customer</b>	<b>1,358,329</b>	<b>1,307,885</b>	<b>4%</b>	<b>1,290,287</b>	<b>5%</b>
Other IBL	180,023	162,817	11%	156,973	15%
Other liabilities	110,184	91,543	20%	93,171	18%
<b>Total liabilities</b>	<b>1,648,535</b>	<b>1,562,245</b>	<b>6%</b>	<b>1,540,431</b>	<b>7%</b>
<b>Equity</b>	<b>316,472</b>	<b>303,394</b>	<b>4%</b>	<b>311,534</b>	<b>2%</b>

Source: Company, Indo Premier

Fig. 3: BBRI 4Q23 key ratios

Key Ratios (%)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Asset yield (C)*	8.9	8.8	8.6	9.5	9.4	9.9	9.9	9.6	10.1	10.3	10.5	10.5
CoF (C) - Consol	2.4	2.4	2.4	2.4	2.0	1.9	1.9	2.1	2.7	2.8	2.8	3.0
NIM (C) - Bank only	7.0	7.0	6.9	6.9	6.9	7.4	7.2	6.8	6.7	6.8	7.0	6.8
NIM (C) - Consol	7.3	7.4	7.4	7.7	7.7	8.2	8.2	7.9	7.8	7.9	8.1	8.0
CAR	19.7	19.6	24.4	27.2	24.6	25.1	26.1	25.5	25.0	26.7	27.5	27.3
LDR**	87	85	83	84	87	89	89	79	85	87	88	84
Gross NPL - Bank only	3.1	3.3	3.3	3.1	3.2	3.3	3.1	2.8	3.0	3.1	3.2	3.1
Gross NPL - Consol	3.3	3.2	3.3	3.0	3.1	3.3	3.1	2.7	2.9	3.0	3.1	3.0
Special mention	4.5	5.2	4.8	3.8	5.0	5.4	5.1	3.9	5.2	5.8	5.7	4.9
Loan at risk (incl Covid)	28.8	27.3	25.6	24.1	22.6	20.8	19.3	16.5	16.4	14.9	13.8	12.5
LAR coverage	27.6	31.0	33.3	35.6	38.5	42.4	44.9	49.4	49.2	49.1	50.9	54.1
CASA ratio	59	60	60	63	64	65	65	67	65	65	64	64
Coverage ratio	255	258	260	281	286	266	279	306	282	249	229	229
Credit costs (C) - Consol	3.5	3.7	3.8	3.8	2.8	3.1	3.0	2.6	2.4	2.3	2.4	2.4
CIR	43	41	45	49	42	44	45	47	42	42	41	42

\*Reported numbers starting 4Q22

\*\*Only calculated BRI and Raya financial numbers starting 3Q21

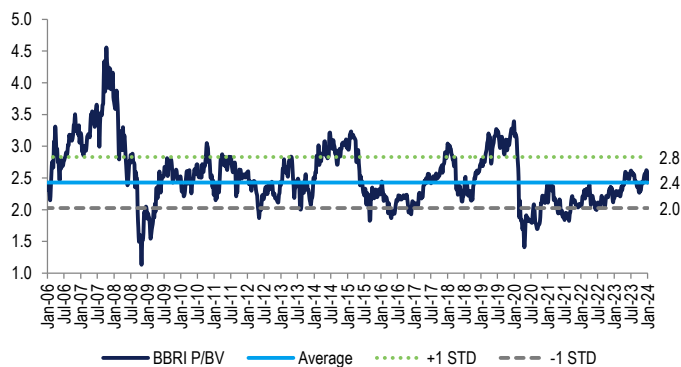
Source: Company, Indo Premier

Fig. 4: Forecast changes summary

Income statement (Rp bn)	New			Previous			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Interest income	191,672	207,131	225,248	186,432	203,814	NA	3%	2%	NA
Interest expense	(45,190)	(46,624)	(49,561)	(34,624)	(36,772)	NA	31%	27%	NA
<b>Net interest income</b>	<b>146,482</b>	<b>160,507</b>	<b>175,687</b>	<b>151,808</b>	<b>167,042</b>	<b>NA</b>	<b>-4%</b>	<b>-4%</b>	<b>NA</b>
Non-interest income	58,096	62,083	66,620	56,892	61,463	NA	2%	1%	NA
<b>Total operating income</b>	<b>204,578</b>	<b>222,591</b>	<b>242,307</b>	<b>208,699</b>	<b>228,505</b>	<b>NA</b>	<b>-2%</b>	<b>-3%</b>	<b>NA</b>
Opex	(89,744)	(95,735)	(102,351)	(93,440)	(100,743)	NA	-4%	-5%	NA
<b>PPOP</b>	<b>114,835</b>	<b>126,855</b>	<b>139,956</b>	<b>115,260</b>	<b>127,762</b>	<b>NA</b>	<b>0%</b>	<b>-1%</b>	<b>NA</b>
Provisions	(29,258)	(30,787)	(32,330)	(24,284)	(26,715)	NA	20%	15%	NA
<b>Operating profit</b>	<b>85,577</b>	<b>96,068</b>	<b>107,626</b>	<b>90,976</b>	<b>101,048</b>	<b>NA</b>	<b>-6%</b>	<b>-5%</b>	<b>NA</b>
Non-operating profit	(435)	(475)	(519)	339	370	NA	-228%	-228%	NA
<b>Pre-tax profit</b>	<b>85,142</b>	<b>95,593</b>	<b>107,108</b>	<b>91,315</b>	<b>101,417</b>	<b>NA</b>	<b>-7%</b>	<b>-6%</b>	<b>NA</b>
Income tax	(17,115)	(19,214)	(21,525)	(17,285)	(19,199)	NA	-1%	0%	NA
Minority interests	(349)	(380)	(413)	(286)	(313)	NA	22%	21%	NA
<b>Net profit</b>	<b>67,677</b>	<b>75,999</b>	<b>85,169</b>	<b>73,743</b>	<b>81,905</b>	<b>NA</b>	<b>-8%</b>	<b>-7%</b>	<b>NA</b>

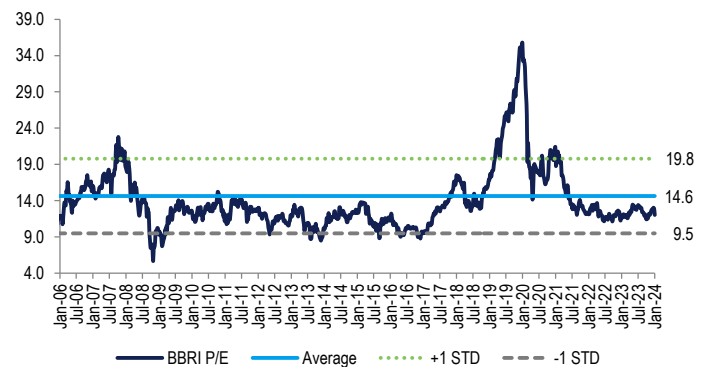
Source: Indo Premier

Fig. 5: BBRI's P/BV – now trading at 2.6x FY24F 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 12.8x FY24F P/E vs. 10-year average of 14.6x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 7: 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	9,550	10,400	4.7	9%	Buy	21.5	19.5	20.7	4.6	4.2	3.8
BBRI	5,700	6,500	2.9	14%	Buy	12.8	11.3	14.6	2.6	2.4	2.4
BMRI	6,650	8,000	2.4	20%	Buy	9.9	8.7	11.9	2.0	1.8	1.6
BBNI	5,750	6,000	1.2	4%	Buy	9.3	8.5	10.7	1.3	1.2	1.1
BBTN	1,305	1,440	0.6	10%	Hold	4.9	4.3	11.7	0.5	0.5	0.8
BRIS*	2,330	2,100	2.2	-10%	Buy	16.9	14.5	16.4	2.5	2.2	2.2

Source: Bloomberg, Company, Indo Premier

\*3Y avg

Share price closing as of: 31 January 2024

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Interest income	151,648	178,996	191,672	207,131	225,248
Interest expense	(27,278)	(43,813)	(45,190)	(46,624)	(49,561)
<b>Net interest income</b>	<b>124,370</b>	<b>135,183</b>	<b>146,482</b>	<b>160,507</b>	<b>175,687</b>
Non-interest income	49,107	55,469	58,096	62,083	66,620
<b>Total operating income</b>	<b>173,477</b>	<b>190,652</b>	<b>204,578</b>	<b>222,591</b>	<b>242,307</b>
Opex	(82,192)	(84,144)	(89,744)	(95,735)	(102,351)
<b>PPOP</b>	<b>91,285</b>	<b>106,508</b>	<b>114,835</b>	<b>126,855</b>	<b>139,956</b>
Provisions	(26,979)	(29,679)	(29,258)	(30,787)	(32,330)
<b>Operating profit</b>	<b>64,306</b>	<b>76,829</b>	<b>85,577</b>	<b>96,068</b>	<b>107,626</b>
Non-operating profit	291	(399)	(435)	(475)	(519)
<b>Pre-tax profit</b>	<b>64,597</b>	<b>76,430</b>	<b>85,142</b>	<b>95,593</b>	<b>107,108</b>
Income tax	(13,188)	(16,005)	(17,115)	(19,214)	(21,525)
Minority interest	(238)	(325)	(349)	(380)	(413)
<b>Net profit</b>	<b>51,170</b>	<b>60,100</b>	<b>67,677</b>	<b>75,999</b>	<b>85,169</b>

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash + CA with BI	178,343	136,996	138,942	150,623	162,412
Secondary reserves	473,126	473,230	449,568	431,586	410,006
Gross loans	1,089,789	1,211,421	1,332,715	1,466,139	1,612,920
Loan provisions	(89,610)	(81,018)	(77,325)	(80,192)	(81,733)
Other assets	213,991	228,232	251,056	276,161	303,777
<b>Total Assets</b>	<b>1,865,639</b>	<b>1,968,861</b>	<b>2,094,956</b>	<b>2,244,317</b>	<b>2,407,383</b>
Total deposits	1,313,208	1,364,423	1,473,577	1,604,083	1,746,166
Securities and borrowings	146,994	148,969	148,969	148,969	148,969
Other liabilities	102,042	135,143	135,143	135,143	135,143
<b>Total liabilities</b>	<b>1,562,244</b>	<b>1,648,535</b>	<b>1,757,689</b>	<b>1,888,195</b>	<b>2,030,278</b>
<b>Shareholders' equity</b>	<b>303,395</b>	<b>320,326</b>	<b>337,268</b>	<b>356,122</b>	<b>377,105</b>
<b>Total liabilities &amp; equity</b>	<b>1,865,639</b>	<b>1,968,861</b>	<b>2,094,956</b>	<b>2,244,317</b>	<b>2,407,383</b>

Growth YoY	2022A	2023A	2024F	2025F	2026F
Gross loans	8.6%	11.2%	10.0%	10.0%	10.0%
Total assets	11.2%	5.5%	6.4%	7.1%	7.3%
Total deposits	14.4%	3.9%	8.0%	8.9%	8.9%
Net interest income	9.0%	8.7%	8.4%	9.6%	9.5%
Non-interest income	16.2%	13.0%	4.7%	6.9%	7.3%
Total operating income	11.0%	9.9%	7.3%	8.8%	8.9%
Operating expense	8.3%	2.4%	6.7%	6.7%	6.9%
PPOP	13.5%	16.7%	7.8%	10.5%	10.3%
Net profit	64.7%	17.5%	12.6%	12.3%	12.1%

Key Ratios	2022A	2023A	2024F	2025F	2026F
ROAA	2.9%	3.1%	3.3%	3.5%	3.7%
ROAE	17.1%	19.4%	20.7%	22.1%	23.4%
NIM	8.1%	8.3%	8.3%	8.6%	8.8%
Credit cost	2.6%	2.6%	2.3%	2.2%	2.1%
Cost/income	47.4%	44.1%	43.9%	43.0%	42.2%
LDR	83.0%	88.8%	90.4%	91.4%	92.4%
CAR	25.5%	27.3%	26.6%	26.3%	26.0%
NPL ratio	2.8%	2.9%	2.4%	2.2%	2.1%
Provisions/NPL	289.2%	227.5%	244.8%	243.8%	238.2%

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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