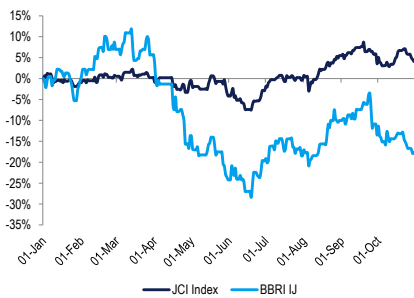


Stock Data

Target price	Rp5,800
Prior TP	Rp5,800
Current price	Rp4,710
Upside/downside	+23.1%
Shares outstanding (mn)	151,559
Market cap (Rp bn)	713,843
Free float	46%
Avg. 6m daily T/O (Rp bn)	1,189

Price Performance

	3M	6M	12M
Absolute	0.9%	-4.7%	-5.0%
Relative to JCI	-3.7%	-9.3%	-17.1%
52w low/high (Rp)	4,100 – 6,400		



Major Shareholders

Republic of Indonesia	53.2%
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3Q24 results: in-line with tangible improvement in asset quality

- 9M24 net profit of Rp45.1tr (+2% yoy), in-line at 72/74%. PPOP/NII also came in-line with ours (75/76%).
- CoC stood at 3.2% in 3Q24 vs. 3.1% in 2Q24, but note that bank-only CoC dropped to 2.9% vs. 3.2% in 2Q24; spike in PNM was temporary.
- Asset quality outlook has improved with lower sequential downgrade, on-track restructuring progress and better vintage for 2024's Kupedes. This re-affirm our cyclical not structural thesis, reiterating BRI as our top pick.

9M24 results: in-line with tangible improvement in asset quality

BBRI posted 9M24 net profit of Rp45.1tr (+2% yoy/+11% qoq), which came in-line at 72/74% of our/consensus FY24F estimates. PPOP growth remains strong (+11% yoy/+16% qoq) supported by robust non-II (+29% yoy/+22% qoq – this was driven by recovery) and NII (+5% yoy/qoq) but offset with rising opex (+11% yoy/+3% qoq). Provision rose by +28% yoy/+41% qoq translating to overall CoC of 3.4% in 9M24 vs. 3.5% in 1H24. It kept the CoC guidance unchanged at 3% for FY24 as it foresees improving downgrade rate, on-track micro restructuring progress along with the quality and better vintage quality for 2024's Kupedes; we project FY24 CoC to be 3-3.1% before improving to 2.7-2.9% in FY25F.

Improving qoq NIM

Overall NIM improved qoq to 7.7% in 9M24 vs. 7.6% in 1H24, in-line with management's FY24F target of 7.6-8% mainly due to higher LDR at 89% in 3Q24 (vs. 87% in 2Q24). Deposit grew by +6% yoy/-2% qoq supported by both CASA (+6% yoy/flat qoq) and TD (+4% yoy/-5% qoq).

Expected sluggish loan growth

Overall loan growth slowed down to +8% yoy in 3Q24, below its target of 10-12% partly due to slower micro growth (+6% yoy/+1% qoq) amid the focus on asset quality and base effect in corporate segment (+14% qoq in 3Q23 before declined -5% qoq in 4Q23). It guides for loan to be on the lower end of the guidance which still primarily driven by corporate.

Tangible improvement in asset quality

Consolidated NPL improved by -20bp yoy/qoq to 2.9% mainly from corporate segment (-214bp yoy/-55bp qoq) while micro segment was stable qoq at 3%. Worth noting that bank-only CoC continued to trend down to 2.9% in 3Q24 vs. 3.2/3.8% in 2Q/1Q24 despite minimal drop in consol level CoC of 3.2% in 3Q24 vs. 3.1/3.8% in 2Q/1Q24, this was attributed to front-loading on PNM as PNM CoC spiked to 7.6% in 9M24 vs. 6.1% in 1H24 though this shall only be temporary as it expects FY24 CoC for PNM to be at 7%. 2024's Kupedes vintage also suggest tangible improvement, suggesting improvement on its business process has started to bearing some results. At the same time, LAR now stood at 11.7% in 3Q24 vs. 13.8/12.0% in 3Q23/2Q24 with LAR coverage of 53.6% in 3Q24 vs. 50.9/53.9% in 3Q23/2Q24.

Maintain Buy amid attractive valuation and asset quality inflection

BBRI currently trades at 2.1x FY25F P/B (vs. 10Y avg. of 2.4x) and 10.3x FY25F P/E (vs. 10Y avg. of 14.7x). Note that BBRI stock price plummeted to Rp4.1-4.2k post 1Q results with the assumption that Kupedes is a structural issue with no clear recovery timeline; as such, given the tangible recovery and confirmation that this isn't structural factor, we think current price may represent the trough. Reiterating BRI as our top pick.

Fig. 1: Financial summary

In Rp bn	2022A	2023A	2024F	2025F	2026F
Net interest income	124,370	134,390	139,569	150,609	164,466
PPOP	91,285	106,508	117,274	127,238	139,923
Provision charges	(26,979)	(29,679)	(38,146)	(39,152)	(41,533)
Net profit	51,170	60,100	62,520	69,620	77,787
Net profit growth	65%	17%	4%	11%	12%
P/BV (x)	2.4	2.3	2.2	2.1	2.0
Dividend yield	3.7%	6.7%	7.2%	7.4%	8.3%
ROAE	17.5%	19.8%	19.8%	21.2%	22.5%
IPS vs. consensus			103%	103%	102%

Source: Company, Indo Premier

Share price closing as of: 30 October 2024

Fig. 2: BBRI 3Q24 results summary

BBRI 3Q24 results (Rp bn)	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	qoq%	IPS FY24F	% of IPS	Cons FY24F	% of Cons
Interest income	148,792	131,893	13%	50,145	46,302	8%	48,572	3%	186,727	80%		
Interest expenses	(43,036)	(30,696)	40%	(14,318)	(10,646)	34%	(14,595)	-2%	(47,158)	91%		
NII	105,756	101,197	5%	35,827	35,656	0%	33,977	5%	139,569	76%		
Non-interest income	43,327	33,657	29%	16,579	11,482	44%	13,564	22%	64,427	67%		
Total income	149,083	134,854	11%	52,406	47,138	11%	47,541	10%	203,996	73%		
Opex	(61,574)	(55,673)	11%	(21,939)	(19,016)	15%	(21,246)	3%	(86,722)	71%		
PPOP	87,509	79,181	11%	30,467	28,122	8%	26,295	16%	117,274	75%		
Provisions	(29,464)	(22,979)	28%	(10,967)	(9,158)	20%	(7,784)	41%	(38,146)	77%		
Operating profit	58,045	56,202	3%	19,500	18,964	3%	18,511	5%	79,129	73%		
Non-operating	(57)	(483)	-88%	39	(446)	-109%	13	200%	(435)	13%		
Pre-tax profit	57,988	55,719	4%	19,539	18,518	6%	18,524	5%	78,694	74%	76,924	75%
Tax	(12,626)	(11,505)	10%	(4,073)	(3,865)	5%	(4,611)	-12%	(15,826)	80%		
Minority interest	(297)	(221)	34%	(103)	(82)	26%	(97)	6%	(347)	85%		
Net profit	45,065	43,993	2%	15,363	14,571	5%	13,816	11%	62,520	72%	60,879	74%

Source: Company, Indo Premier

Fig. 3: BBRI 3Q24 balance sheet summary

Balance Sheet (Rp bn)	3Q24	3Q23	yoy%	2Q24	qoq%
Gross loan	1,353,356	1,250,715	8%	1,336,780	1%
Provision	(84,504)	(87,871)	-4%	(86,415)	-2%
Other IEA	476,273	449,029	6%	491,426	-3%
Other assets	216,791	240,092	-10%	235,581	-8%
Total assets	1,961,916	1,851,965	6%	1,977,371	-1%
Demand deposits	349,490	314,710	11%	356,855	-2%
Saving deposits	524,741	506,426	4%	521,041	1%
CASA	874,231	821,136	6%	877,896	0%
Time deposits	488,188	469,151	4%	511,767	-5%
Deposit from customer	1,362,419	1,290,287	6%	1,389,663	-2%
Other IBL	179,105	156,973	14%	186,567	-4%
Other liabilities	90,920	93,171	-2%	89,412	2%
Total liabilities	1,632,443	1,540,431	6%	1,665,641	-2%
Equity	329,473	311,534	6%	311,731	6%

Source: Company, Indo Premier

Fig. 4: BBRI 3Q24 key ratios

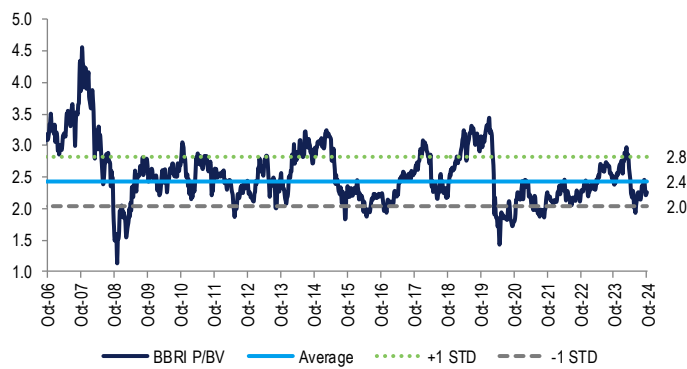
Key Ratios (%)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Asset yield (C)*	9.4	9.9	9.9	9.6	10.1	10.3	10.5	10.5	11.1	10.8	10.8
CoF (C) - Consol	2.0	1.9	1.9	2.1	2.7	2.8	2.8	3.0	3.6	3.6	3.7
NIM (C) - Bank only	6.9	7.4	7.2	6.8	6.7	6.8	7.0	6.8	6.6	6.4	6.5
NIM (C) - Consol	7.7	8.2	8.2	7.9	7.8	7.9	8.1	8.0	7.8	7.6	7.7
CAR	24.6	25.1	26.1	25.5	25.0	26.7	27.5	27.3	24.0	25.1	26.8
LDR**	87	89	89	79	85	87	88	84	83	87	89
Gross NPL - Bank only	3.2	3.3	3.1	2.8	3.0	3.1	3.2	3.1	3.3	3.2	3.0
Gross NPL - Consol	3.1	3.3	3.1	2.7	2.9	3.0	3.1	3.0	3.1	3.1	2.9
Special mention	5.0	5.4	5.1	3.9	5.2	5.8	5.7	4.9	5.7	5.4	5.6
Loan at risk (incl Covid)	22.6	20.8	19.3	16.5	16.4	14.9	13.8	12.5	12.7	12.0	11.7
LAR coverage	38.5	42.4	44.9	49.4	49.2	49.1	50.9	54.1	52.5	53.9	53.6
CASA ratio	64	65	65	67	65	65	64	64	62	63	64
Coverage ratio	286	266	279	306	282	249	229	229	214	212	215
Credit costs (C) - Consol	2.8	3.1	3.0	2.6	2.4	2.3	2.4	2.4	3.8	3.5	3.4
CIR	42	44	45	47	42	42	41	42	37	41	41

*Reported numbers starting 4Q22

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

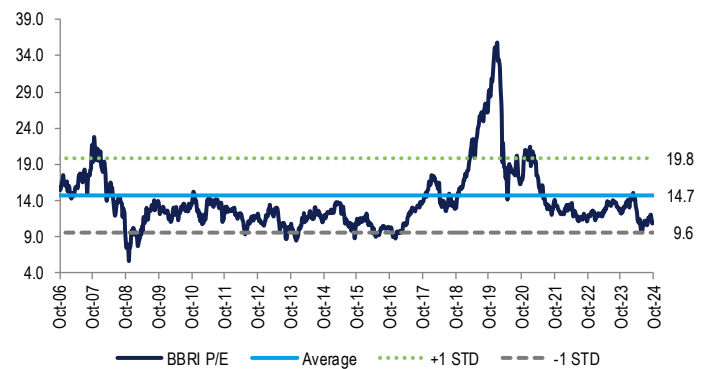
Source: Company, Indo Premier

Fig. 5: BBRI's P/BV – now trading at 2.1x FY25F 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 10.3x FY25F P/E vs. 10-year average of 14.7x 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	10,350	11,500	4.7	11%	Buy	23.3	21.2	21.1	4.9	4.5	3.8
BBRI	4,710	5,800	2.6	23%	Buy	11.4	10.3	14.7	2.2	2.1	2.4
BMRI	6,750	7,800	2.4	16%	Buy	11.2	10.0	11.9	2.2	2.0	1.7
BBNI	5,225	5,600	1.1	7%	Hold	9.3	8.4	10.7	1.2	1.1	1.1
BBTN	1,405	2,120	0.8	51%	Buy	6.4	5.4	6.9	0.6	0.5	0.8
BRIS*	2,960	3,300	2.7	11%	Buy	20.4	18.4	16.1	3.1	2.7	2.2

Source: Bloomberg, Company, Indo Premier

*3Y avg

Share price closing as of: 30 October 2024

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Interest income	151,648	178,202	186,727	198,846	214,024
Interest expense	(27,278)	(43,813)	(47,158)	(48,237)	(49,557)
Net interest income	124,370	134,390	139,569	150,609	164,466
Non-interest income	49,107	56,564	64,427	68,892	73,785
Total operating income	173,477	190,954	203,996	219,501	238,251
Opex	(82,192)	(84,446)	(86,722)	(92,263)	(98,328)
PPOP	91,285	106,508	117,274	127,238	139,923
Provisions	(26,979)	(29,679)	(38,146)	(39,152)	(41,533)
Operating profit	64,306	76,829	79,129	88,086	98,390
Non-operating profit	291	(399)	(435)	(475)	(519)
Pre-tax profit	64,597	76,430	78,694	87,611	97,871
Income tax	(13,188)	(16,005)	(15,826)	(17,617)	(19,678)
Minority interest	(238)	(325)	(347)	(374)	(406)
Net profit	51,170	60,100	62,520	69,620	77,787

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash + CA with BI	178,343	133,513	140,849	152,603	171,757
Secondary reserves	473,126	452,150	425,109	408,105	383,618
Gross loans	1,089,789	1,211,421	1,331,621	1,464,936	1,611,597
Loan provisions	(89,610)	(81,018)	(80,456)	(87,915)	(97,586)
Other assets	213,991	248,941	265,799	292,379	321,617
Total Assets	1,865,639	1,965,007	2,082,923	2,230,107	2,391,003
Total deposits	1,313,208	1,367,444	1,473,577	1,603,909	1,745,789
Securities and borrowings	146,994	151,332	151,332	151,332	151,332
Other liabilities	102,042	129,759	129,759	129,759	129,759
Total liabilities	1,562,244	1,648,535	1,754,668	1,885,001	2,026,880
Shareholders' equity	303,395	316,472	328,255	345,107	364,123
Total liabilities & equity	1,865,639	1,965,007	2,082,923	2,230,107	2,391,003

Growth YoY	2022A	2023A	2024F	2025F	2026F
Gross loans	8.6%	11.2%	9.9%	10.0%	10.0%
Total assets	11.2%	5.3%	6.0%	7.1%	7.2%
Total deposits	14.4%	4.1%	7.8%	8.8%	8.8%
Net interest income	9.0%	8.1%	3.9%	7.9%	9.2%
Non-interest income	16.2%	15.2%	13.9%	6.9%	7.1%
Total operating income	11.0%	10.1%	6.8%	7.6%	8.5%
Operating expense	8.3%	2.7%	2.7%	6.4%	6.6%
PPOP	13.5%	16.7%	10.1%	8.5%	10.0%
Net profit	64.7%	17.5%	4.0%	11.4%	11.7%

Key Ratios	2022A	2023A	2024F	2025F	2026F
ROAA	2.9%	3.1%	3.1%	3.2%	3.4%
ROAE	17.1%	19.5%	19.5%	20.8%	22.1%
NIM	8.1%	8.2%	8.0%	8.1%	8.3%
Credit cost	2.6%	2.6%	3.0%	2.8%	2.7%
Cost/income	47.4%	44.2%	42.5%	42.0%	41.3%
LDR	83.0%	88.6%	90.4%	91.3%	92.3%
CAR	25.5%	27.3%	26.3%	25.8%	25.5%
NPL ratio	2.8%	2.8%	2.8%	2.5%	2.5%
Provisions/NPL	289.2%	241.7%	215.2%	236.6%	244.1%

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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