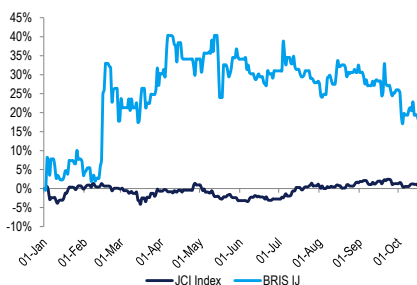


## Stock Data

Target price	Rp2,100
Prior TP	Rp2,100
Current price	Rp1,525
Upside/downside	+37.7%
Shares outstanding (mn)	46,129
Market cap (Rp bn)	70,347
Free float	10%
Avg. 6m daily T/O (Rp bn)	35

## Price Performance

	3M	6M	12M
Absolute	-10.0%	-14.6%	19.3%
Relative to JCI	-10.4%	-15.7%	18.1%
52w low/high (Rp)	1,100 – 1,810		



## Major Shareholders

PT Bank Mandiri Tbk	51.5%
PT Bank Negara Indonesia Tbk	23.2%
PT Bank Rakyat Indonesia Tbk	15.4%

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## 3Q23 preview: expect a slight beat from lower credit costs

- Overall results in 8M23 was ahead (at 69/68% of our/cons) driven by robust PPOP (+14% yoy) coupled with declining provision (-9% yoy).
- Impact from IT Incident in May23 was temporary as -9% drop in savings from Rp118tr in Apr23 to Rp107tr in May23, but has recovered since.
- We expect BRIS to book net profit of Rp4.2tr in 9M23 (77% of ours/cons estimate) from lower CoC; and slight NIM contraction amid rising CoF.

### 8M23 results: overall results was ahead from declining provision

BRIS reported net profit of Rp3.7tr (+30% yoy/+9% mom) in 8M23, exceeding our/consensus expectation at 69/68%. PPOP growth was robust at +14% yoy (+6% mom), driven by modest NII growth of +6% yoy (-5% mom) but stellar cost management (opex +1% yoy/-7% mom). Notably, provision dropped -9% yoy/-4% mom and brought 8M23 CoC to 1.5%, but still higher than its FY23F guidance 1.3-1.4%.

### Savings gradually recovering post IT incident while loan growth remain robust

Overall loans grew faster (+16% yoy/+1% mom) than deposits (+4% yoy/-1% mom). Slow deposits growth was partly due to declining CA (-7% yoy/5% mom). Meanwhile, impact from IT incident that occurred in May23 was only temporary. The incident caused a temporary drop in savings, with a decrease of -9% from Rp118tr in Apr23 to Rp107tr in May23 but has gradually recovered, reaching Rp114tr in Aug23, reflecting a +6% yoy/+1% mom increase. TD rose by +6% yoy but declined -2% mom. Hence, LDR rose to 89% in 8M23 from 79/87% in 8M22/7M23.

### 3Q23 preview: slight beat from lower credit costs

During our discussion with the management recently, it mentioned that overall performance in Sep23 was in-line with previous month with loans still grew by double digit yoy while LDR remains high at c.88%. We expect BRIS to book net profit of c.Rp4.2tr in 9M23 or at 77% of our/consensus estimate, partly driven by lower credit costs at 1.5% in 9M23 (1.6% in 1H23). Moreover, we anticipate lower NIM of 5.9% in 9M23 (vs. 6% in 1H23) due to rising CoF (2.1% in 9M23 vs. 2% in 1H23).

### Maintain Buy

We continue to like BRIS, our conversation with the bank suggests that its savings has continued to recover and may continue to accelerate towards year-end. It currently trades at 1.6x FY24F P/B vs. its 3Y avg. of 2.1x. Risks are slower than expected loan growth and deteriorating asset quality.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net interest income	13,430	15,591	16,277	18,265	20,370
Non-interest income	3,012	3,701	3,445	3,658	3,968
Total revenue	16,442	19,292	19,723	21,923	24,338
PPOP	7,659	9,396	10,463	11,963	13,446
Provision charges	(3,551)	(3,749)	(3,325)	(3,536)	(3,658)
Net profit	3,028	4,260	5,389	6,363	7,390
Net profit growth	38%	41%	26%	18%	16%
FD EPS (Rp)	66	92	117	138	160
P/BV (x)	2.8	2.1	1.8	1.6	1.4
Dividend yield	0.0%	1.1%	0.6%	1.9%	2.3%
ROAE	13.0%	14.6%	15.0%	15.5%	15.9%
IPS vs. consensus			99%	98%	96%

Source: Company, Indo Premier

Share price closing as of: 16 October 2023

Fig. 1: BRIS 8M23 results

Income Statement (Rp bn)	8M23	8M22	yoy%	Aug-23	Jul-23	mom %	IPS FY23F	% of IPS	Cons FY23F	% of Cons
Interest Income	15,094	13,211	14%	1,864	1,911	-2%	22,047	68%		
Interest Expense	(3,794)	(2,562)	48%	(517)	(499)	4%	(5,770)	66%		
<b>Net Interest Income</b>	<b>11,300</b>	<b>10,650</b>	<b>6%</b>	<b>1,346</b>	<b>1,412</b>	<b>-5%</b>	<b>16,277</b>	<b>69%</b>		
Non Interest Income	1,881	1,735	8%	304	251	21%	3,445	55%		
Gains (Loss) on Fin instrument	234	101	132%	22	25	-14%				
<b>Total Income</b>	<b>13,414</b>	<b>12,485</b>	<b>7%</b>	<b>1,672</b>	<b>1,689</b>	<b>-1%</b>	<b>19,723</b>	<b>68%</b>		
Operating Expense	(6,416)	(6,321)	1%	(864)	(925)	-7%	(9,260)	69%		
<b>PPOP</b>	<b>6,999</b>	<b>6,164</b>	<b>14%</b>	<b>808</b>	<b>764</b>	<b>6%</b>	<b>10,463</b>	<b>67%</b>		
Provisions	(2,083)	(2,292)	-9%	(193)	(201)	-4%	(3,325)	63%		
<b>Operating Income</b>	<b>4,916</b>	<b>3,872</b>	<b>27%</b>	<b>615</b>	<b>563</b>	<b>9%</b>	<b>7,137</b>	<b>69%</b>	<b>7,168</b>	<b>69%</b>
Non Operating Income (Exp)	(117)	(92)	26%	(15)	(14)	9%				
Tax Expense	(1,089)	(926)	18%	(136)	(124)	10%	(1,570)	69%		
<b>Net Income</b>	<b>3,710</b>	<b>2,854</b>	<b>30%</b>	<b>463</b>	<b>425</b>	<b>9%</b>	<b>5,389</b>	<b>69%</b>	<b>5,417</b>	<b>68%</b>

Balance Sheet (Rp bn)	8M23	8M22	yoy%	7M23	mom %
Loan	227,822	195,911	16%	225,670	1%
Deposit	256,145	247,031	4%	259,209	-1%
CASA	153,879	150,807	2%	154,587	0%
CA	39,887	43,004	-7%	41,872	-5%
SA	113,992	107,803	6%	112,714	1%
TD	102,265	96,224	6%	104,622	-2%
Equity	36,717	27,220	35%	36,406	1%

Ratios (cumulative)	8M23	8M22	yoy (bp)	7M23	mom (bp)
LDR	88.9%	79.3%	964	87.1%	188
Credit Costs	1.5%	1.9%	(46)	1.5%	(7)
Asset Yield	7.8%	7.6%	23	7.8%	3
CoF	2.2%	1.6%	57	2.2%	5
Net interest margin	5.8%	6.1%	(26)	5.9%	(0)
CASA Ratio	60.1%	61.0%	(97)	59.6%	44

Source: Company, Indo Premier

Fig. 2: BRIS 3Q23 results preview

BRIS 3Q23 result preview (Rp bn)	9M23E	9M22	%YoY	3Q23E	3Q22	%YoY	2Q23	%QoQ	IPS FY23F	% of IPS	Cons FY23F	% of Cons
Interest income	16,480	14,207	16%	5,638	4,883	15%	5,457	3%	22,047	75%		
Interest expense	(4,291)	(2,899)	48%	(1,512)	(979)	54%	(1,454)	4%	(5,770)	74%		
<b>Net interest income</b>	<b>12,190</b>	<b>11,308</b>	<b>8%</b>	<b>4,127</b>	<b>3,904</b>	<b>6%</b>	<b>4,003</b>	<b>3%</b>	<b>16,277</b>	<b>75%</b>		
Non-interest income	2,902	2,692	8%	961	991	-3%	961	0%	3,445	84%		
<b>Total income</b>	<b>15,091</b>	<b>14,000</b>	<b>8%</b>	<b>5,087</b>	<b>4,895</b>	<b>4%</b>	<b>4,964</b>	<b>2%</b>	<b>19,723</b>	<b>77%</b>		
Overhead expenses	(7,218)	(7,029)	3%	(2,683)	(2,535)	6%	(2,196)	22%	(9,260)	78%		
<b>PPOP</b>	<b>7,874</b>	<b>6,971</b>	<b>13%</b>	<b>2,405</b>	<b>2,360</b>	<b>2%</b>	<b>2,768</b>	<b>-13%</b>	<b>10,463</b>	<b>75%</b>		
Provisions	(2,343)	(2,586)	-9%	(612)	(785)	-22%	(969)	-37%	(3,325)	70%		
<b>Pre-tax profit</b>	<b>5,530</b>	<b>4,385</b>	<b>26%</b>	<b>1,792</b>	<b>1,575</b>	<b>14%</b>	<b>1,799</b>	<b>0%</b>	<b>7,137</b>	<b>77%</b>	<b>7,168</b>	<b>77%</b>
Tax	(1,356)	(1,180)	15%	(440)	(501)	-12%	(435)	1%	(1,570)	86%		
<b>Net income</b>	<b>4,174</b>	<b>3,205</b>	<b>30%</b>	<b>1,352</b>	<b>1,074</b>	<b>26%</b>	<b>1,364</b>	<b>-1%</b>	<b>5,389</b>	<b>77%</b>	<b>5,417</b>	<b>77%</b>

Balance sheet (Rp bn)	3Q23E	3Q22	%YoY	2Q23	%QoQ
<b>Gross loan</b>	<b>229,795</b>	<b>199,822</b>	<b>15%</b>	<b>221,901</b>	<b>4%</b>
Other assets	80,384	80,180	0%	91,712	-12%
<b>Total assets</b>	<b>310,179</b>	<b>280,002</b>	<b>11%</b>	<b>313,613</b>	<b>-1%</b>
CASA	155,662	149,318	4%	151,343	3%
CA	40,038	40,239	-1%	40,414	-1%
SA	115,624	109,079	6%	110,929	4%
TD	101,609	95,858	6%	101,172	0%
<b>Customer deposits</b>	<b>257,271</b>	<b>245,176</b>	<b>5%</b>	<b>252,515</b>	<b>2%</b>
Other liabilities	15,345	7,284	111%	25,195	-39%
<b>Total liabilities</b>	<b>272,616</b>	<b>252,460</b>	<b>8%</b>	<b>277,710</b>	<b>-2%</b>
<b>Total equity</b>	<b>37,564</b>	<b>27,542</b>	<b>36%</b>	<b>35,903</b>	<b>5%</b>

Key ratios	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23E
Cost of fund	2.2	2.1	2.1	2.0	1.6	1.6	1.6	1.6	2.0	2.0	2.1
NIM	6.1	6.3	6.0	6.0	6.0	6.2	6.2	6.3	6.0	6.0	5.9
FDR	77	75	74	73	74	78	81	79	79	88	89
CASA	58	55	56	58	58	59	61	62	62	60	61
CoC	2.1	2.2	2.1	2.4	1.8	2.0	1.8	2.0	1.4	1.6	1.5
CER	49	48	50	52	50	49	50	51	47	46	48

Source: Company, Indo Premier

Fig. 3: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY23F	FY24F	10Y Avg	FY23F	FY24F	10Y Avg
BBCA	9,100	10,400	4.7	14%	Buy	23.5	21.5	20.6	4.6	4.2	3.7
BBRI	5,250	6,500	2.9	24%	Buy	12.9	10.8	14.5	2.5	2.3	2.4
BMRI	6,025	7,200	2.3	20%	Buy	11.2	10.0	12.0	2.1	1.9	1.6
BBNI	5,200	5,200	1.1	0%	Buy	9.2	8.4	10.6	1.2	1.1	1.1
BBTN	1,235	1,440	0.6	17%	Hold	6.0	4.7	11.8	0.5	0.5	0.9
BRIS*	1,525	2,100	2.2	38%	Buy	13.1	11.1	15.9	1.8	1.6	2.1

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 16 October 2023

\*3Y avg

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Interest income	17,808	19,623	22,047	24,318	26,800
Interest expense	(4,379)	(4,032)	(5,770)	(6,053)	(6,430)
<b>Net interest income</b>	<b>13,430</b>	<b>15,591</b>	<b>16,277</b>	<b>18,265</b>	<b>20,370</b>
Non-interest income	3,012	3,701	3,445	3,658	3,968
<b>Total operating income</b>	<b>16,442</b>	<b>19,292</b>	<b>19,723</b>	<b>21,923</b>	<b>24,338</b>
Opex	(8,783)	(9,895)	(9,260)	(9,960)	(10,892)
<b>PPOP</b>	<b>7,659</b>	<b>9,396</b>	<b>10,463</b>	<b>11,963</b>	<b>13,446</b>
Provisions	(3,551)	(3,749)	(3,325)	(3,536)	(3,658)
<b>Operating profit</b>	<b>4,108</b>	<b>5,648</b>	<b>7,137</b>	<b>8,427</b>	<b>9,788</b>
Non-operating profit	(147)	(133)	(178)	(211)	(245)
<b>Pre-tax profit</b>	<b>3,961</b>	<b>5,515</b>	<b>6,959</b>	<b>8,217</b>	<b>9,544</b>
Income tax	(932)	(1,255)	(1,570)	(1,854)	(2,153)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>3,028</b>	<b>4,260</b>	<b>5,389</b>	<b>6,363</b>	<b>7,390</b>

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash + CA with BI	15,735	25,065	26,041	28,098	29,756
Secondary reserves	78,369	71,982	59,745	54,966	59,913
Gross loans	170,390	206,220	237,153	267,983	294,782
Loan provisions	(7,476)	(9,198)	(10,378)	(11,420)	(12,234)
Other assets	8,271	11,658	11,182	11,182	11,182
<b>Total Assets</b>	<b>265,289</b>	<b>305,727</b>	<b>323,744</b>	<b>350,809</b>	<b>383,399</b>
Total deposits	234,377	262,569	275,622	297,672	324,462
Securities and borrowings	1,536	4,710	4,710	4,710	4,710
Other liabilities	4,361	4,943	4,943	4,943	4,943
<b>Total liabilities</b>	<b>240,275</b>	<b>272,222</b>	<b>285,275</b>	<b>307,325</b>	<b>334,115</b>
<b>Shareholders' equity</b>	<b>25,014</b>	<b>33,506</b>	<b>38,468</b>	<b>43,484</b>	<b>49,283</b>
<b>Total liabilities &amp; equity</b>	<b>265,289</b>	<b>305,727</b>	<b>323,744</b>	<b>350,809</b>	<b>383,399</b>

Growth YoY	2021A	2022A	2023F	2024F	2025F
Gross loans	9.8%	21.0%	15.0%	13.0%	10.0%
Total assets	10.7%	15.2%	5.9%	8.4%	9.3%
Total deposits	11.1%	12.0%	5.0%	8.0%	9.0%
Net interest income	12.6%	16.1%	4.4%	12.2%	11.5%
Non-interest income	8.5%	22.9%	-6.9%	6.2%	8.5%
Total operating income	31.4%	37.5%	26.4%	18.1%	16.1%
Operating expense	10.4%	12.7%	-6.4%	7.6%	9.4%
PPOP	13.5%	22.7%	11.3%	14.3%	12.4%
Net profit	38.4%	40.7%	26.5%	18.1%	16.1%

Key Ratios	2021A	2022A	2023F	2024F	2025F
ROAA	1.2%	1.5%	1.7%	1.9%	2.0%
ROAE	13.0%	14.6%	15.0%	15.5%	15.9%
NIM	5.8%	6.1%	5.9%	6.1%	6.2%
Credit cost	2.2%	2.0%	1.5%	1.4%	1.3%
Cost/income	53.4%	51.3%	47.0%	45.4%	44.8%
LDR	72.7%	78.5%	86.0%	90.0%	90.9%
CAR	22.1%	20.3%	22.2%	23.0%	23.7%
NPL ratio	2.9%	2.4%	2.4%	2.3%	2.2%
Provisions/NPL	153.0%	185.1%	182.6%	188.5%	187.6%

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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