

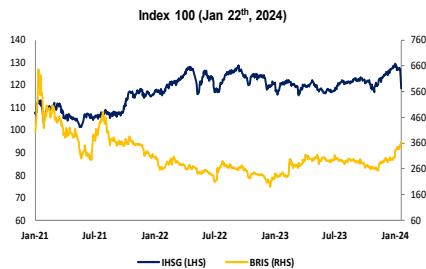
Tuesday, February 13th, 2024

Buy

Price (Feb 2 nd , 24)	2320
Target Price	2970
Potential Upside	28.00%
Market Cap	105.94 T
Number of Share	45.66 B
52w Lo/Hi	1315 / 2330

Source : IDX | Phintraco Sekuritas Research
as of Nov 2nd, 2024

IHSG vs BRIS



Source : IDX

Shareholder	%
Bank Mandiri (Persero) Tbk	51.47
Bank Negara Indonesia (Persero) Tbk	24.24
Bank Rakyat Indonesia (Persero) Tbk	17.25
Public	9.87
Others	0.04

Source : Company | as of fin. statement Q3-23

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	160	139	+15.22%
2025F	178	166	+7.39%

Source : *marketscreener | as of Feb 2nd, 2024

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PT Bank Syariah Indonesia Tbk

(BRIS.JK / BRIS.IJ)

Gross NPF is Targeted Improved Below 2% in 2024

BRIS's net profit grew 33.88% yoy to IDR 5.7 trillion in FY23. Net Margin Income of IDR 16.17 trillion grew (+3.89% yoy) in 2023. Pre Provision Operating Profit (PPOP) grew (+8.70% yoy) to IDR 10.21 trillion in the same period. Besides that, recorded provision expenses in FY23 at IDR 2.62 trillion decreased -30.04% yoy from IDR 3.75 trillion in FY23. So BRIS can optimize net profit in FY23.

BRIS recorded financing growth of (+15.70% yoy) to IDR 240.32 trillion in FY23. This growth was supported by growth in consumer financing (+15.66% yoy), which contributed 54.32% to total financing in FY23. In terms of liquidity, the Financing to Deposit ratio (FDR) reached 81.73% in FY23 and consistently recorded an increase during the year (2021-2023). This growth in financing was also accompanied by improvements in asset quality, which fell 34 bps to 2.08% in FY23 from 2.42% in FY22. The gross NPF of 2.08% is also the second lowest gross NPF value compared to peers.

Consistent record growth in Return on Equity (ROE) and Return on Assets (ROA) in the last three years. BRIS recorded an ROE of 16.88% ytd in FY23 compared to (16.84% ytd in FY22 and 13.71% ytd in FY21). Meanwhile, ROA was recorded at 2.35% ytd in FY23 compared to (1.98% ytd in FY22 and 1.61% ytd in FY21). In line with this, the Cost of Capital also recorded a decline of -83 bps to 1.14% in FY23.

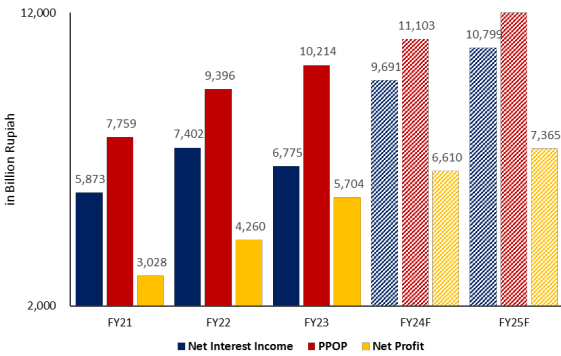
The potential for growth of sharia banking in Indonesia. Asia Pacific has a market share of around 20.7% in global Sharia banking. Indonesia contributed about 13% of this amount and was also the second highest contributing country after Malaysia (62.7%). In terms of population, Indonesia is the country with the largest Muslim population in the world, namely 87% of the total population in Indonesia. So, with Indonesia's high level of ecosystem, there is still room for the growth of Sharia banking in Indonesia.

BRIS targets the amount of fee based income to be equivalent to peers. As of December 2023, BRIS has a fee-based ratio of 15.80% vs. peers' 21.06%-24.21%. Besides that, for 2024, BRIS will increase the infrastructure and IT security system budget to reduce the cash outflow that historically occurs every weekend. As of December 2023, BRIS only has 2.66% of the total number of ATMs in Indonesia and still needs an Electronic Data Capture (EDC) machine. Meanwhile, the need for cashless payments increases at the weekend. However, as of December 2023, BRIS has obtained permission to own an EDC machine. With these efforts, the CASA ratio is hoped to be maintained at >60%. From the financing side, BRIS will optimize salary and pension financing opportunities to encourage financing growth in FY24.

Using the Discounted Cash Flow method with a Required Return of 12.45% and Terminal Growth of 6.39%, we estimate the fair value of BRIS at 2,970 (20.72x expected P/E). Considering BRIS's fair price and relative valuation, around 1.99x 5-year Mean P/B, we give a buy rating for BRIS with a potential upside of 28.00%.

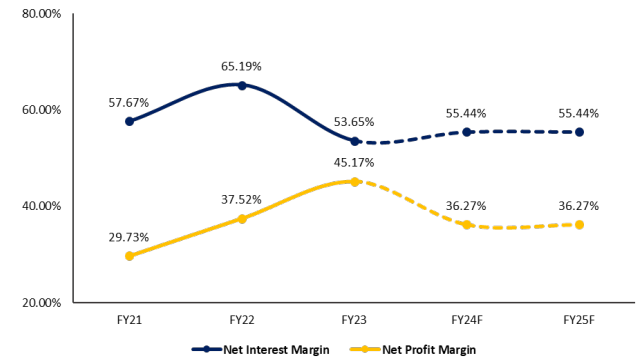
Performance Highlight

Figure 1. Financial Performance



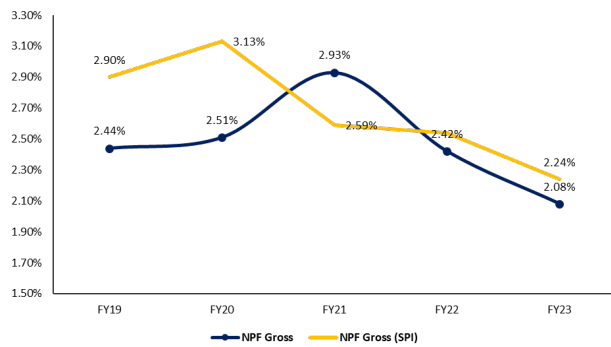
Source : Company | Phintraco Sekuritas Research

Figure 2. Profitability Ratios



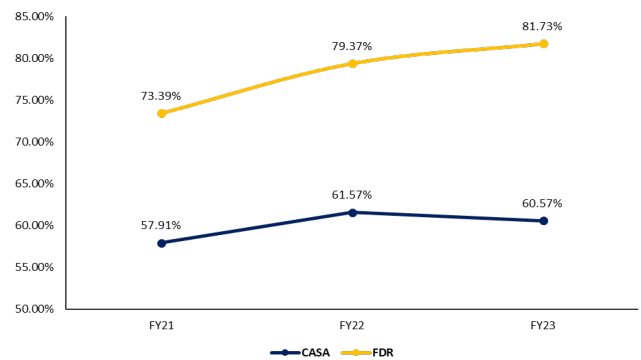
Source : Company | Phintraco Sekuritas Research

Figure 3. Asset Quality



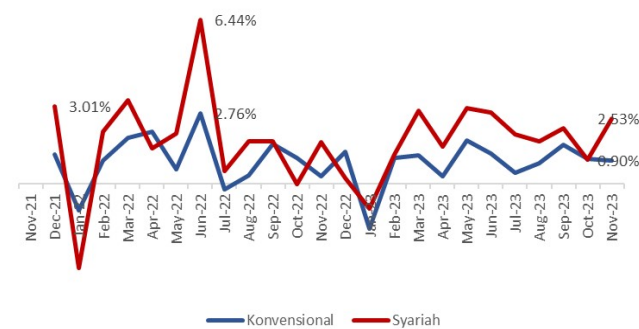
Source : Company | Phintraco Sekuritas Research

Figure 4. Liquidity Ratios



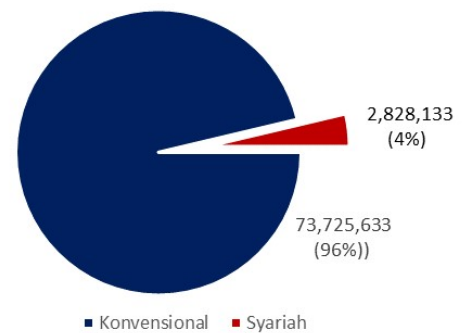
Source : Company | Phintraco Sekuritas Research

Figure 5. Banking Credit Growth in Indonesia



Source : OJK | Phintraco Sekuritas Research

Figure 6. Portion of Banking Credit Distribution Jan-Nov 2023



Source : OJK | Phintraco Sekuritas Research

Key Financial Figures

(in Billion Rupiah)													
INCOME STATEMENT	FY20	FY21	FY22	2023	FY24E	FY25F	RATIOS	FY20	FY21	FY22	2023	FY24E	FY25F
Interest Income	9,126	10,184	11,355	12,628	17,481	19,479	Profitability Ratio (%)						
Interest Expense	(4,946)	(4,311)	(3,953)	(5,853)	(7,790)	(8,680)	<i>NIM</i>	45.81%	57.67%	65.19%	53.65%	55.44%	55.44%
Net Interest Income	4,181	5,873	7,402	6,775	9,691	10,799	<i>OPM (EBITDA Margin)</i>	-50.39%	-11.59%	-45.43%	-14.99%	-14.18%	-14.18%
<i>NIM</i>	<i>45.81%</i>	<i>57.67%</i>	<i>65.19%</i>	<i>53.65%</i>	<i>55.44%</i>	<i>55.44%</i>	<i>NPM</i>	23.97%	29.73%	37.52%	45.17%	36.27%	36.27%
PPOP	(998)	7,759	9,396	10,214	11,103	12,070	<i>ROA</i>	0.91%	1.14%	1.39%	1.61%	1.88%	1.82%
<i>Provision</i>	(3,620)	(3,639)	(3,749)	(2,622)	(1,833)	(1,282)	<i>ROE</i>	10.06%	12.11%	12.71%	14.72%	25.72%	27.85%
Profit Before Tax	3,005	3,961	5,515	7,399	8,932	9,953	Banking Ratio						
<i>EBT Margin</i>	<i>32.93%</i>	<i>38.89%</i>	<i>48.57%</i>	<i>58.60%</i>	<i>51.10%</i>	<i>51.10%</i>	<i>BOPO</i>	84.61%	80.46%	75.88%	71.27%	78.06%	78.06%
Net Profit After Tax	2,188	3,028	4,260	5,704	6,610	7,365	<i>LFR</i>	80.99%	73.39%	79.37%	81.73%	78.87%	78.87%
<i>NPM</i>	<i>23.97%</i>	<i>29.73%</i>	<i>37.52%</i>	<i>45.17%</i>	<i>36.27%</i>	<i>36.27%</i>	<i>CAR</i>	33.67%	22.09%	20.29%	21.04%	24.27%	24.27%

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)													
BALANCE SHEET	FY20	FY21	FY22	2023	FY24E	FY25F	Price Ratio	FY20	FY21	FY22	2023	FY24E	FY25F
Asset							<i>Share Price (IDR)</i>	2,211	1,749	1,283	1,740	1,740	1,740
Cash & Marketable Securities	46,102	60,704	25,414	39,558	34,518	60,506	<i>Average Share Price (IDR)</i>	643	2,265	1,470	1,605	1,606	1,606
Loans	53,495	55,495	67,453	85,588	98,426	113,190	<i>Outstanding Shares (in Billion)</i>	46	46	46	46	46	46
Current Accounts	30,224	22,405	34,254	34,745	28,919	32,225	<i>EPS (IDR)</i>	47	66	92	124	160	178
Total Current Assets	228,491	249,336	261,209	308,086	313,455	361,058	<i>BVPS (IDR)</i>	471	542	726	840	573	591
Fixed Assets	3,397	4,056	5,655	5,353	8,532	9,507	<i>RPS (IDR)</i>	198	221	246	274	422	471
Investments	6,184	10,995	37,379	36,867	27,447	30,584	<i>PER(X)</i>	46.61	26.64	13.89	14.07	10.90	9.78
Total Non Current Assets	11,091	15,953	44,518	45,538	38,690	43,113	<i>PBV(X)</i>	4.69	3.23	1.77	2.07	3.03	2.94
Total Asset	239,582	265,289	305,727	353,624	352,145	404,171	<i>P/R(X)</i>	11.17	7.92	5.21	6.36	4.12	3.70
Liabilities							<i>EV/EBITDA</i>	47.42	65.65	92.35	123.65	159.67	177.92
Portion of Long Term Debt	-	-	-	-	-	-	Dividends						
Deposits	61,210	57,364	68,231	69,635	92,404	109,909	<i>DPS</i>	-	18	9	-	-	-
Total Current Liabilities	66,040	61,886	73,656	87,223	98,683	116,905	<i>DPR</i>	0.00%	28.04%	10.00%	0.00%	0.00%	0.00%
Long-Term Debt	1,375	1,375	1,375	200	1,907	2,125	<i>Div. Yield</i>	0.00%	0.83%	0.53%	0.00%	0.00%	0.00%
Total Non Current Liabilities	1,375	1,375	1,375	200	1,907	2,125							
Total Liabilities	67,415	63,261	75,031	87,423	100,589	119,030							
Equity	21,743	25,014	33,506	38,739	25,697	26,447							

Source : Company | AT Research

(in Billion Rupiah)						
CASH FLOW	FY20	FY21	FY22	2023	FY24E	FY25F
Cash Flow from Operating						
Net Income	2,188	3,028	4,260	4,200	6,610	7,365
Depreciation & Amortization	1,376	196	489	433	419	315
Working Capital	(95,392)	(10,260)	(34,822)	(7,552)	461	(3,268)
Others	(2,065)	(138)	(572)	(1,456)	590	(124)
Net-CFFO	(93,893)	(7,173)	(30,644)	(4,375)	8,079	4,287
Cash Flow from Investing						
CAPEX	(4,549)	(855)	(2,088)	(379)	(3,597)	(1,290)
Others	(5,239)	(4,811)	(26,383)	736	9,420	(3,138)
Net-CFFI	(9,700)	(5,058)	(29,054)	(251)	6,429	(4,738)
Cash Flow from Financing						
Ch. in Lt liab.	375	-	-	-	1,707	218
Ch. in other non-current liab.	-	-	-	-	-	-
Equity	14,467	243	4,231	(528)	(19,652)	(6,615)
Net-CFFF	140,110	26,833	24,409	1,991	(19,549)	26,438
NET CASH FLOW	36,517	14,601	(35,290)	(2,635)	(5,040)	25,988

Source : Company | Phintraco Sekuritas Research

BANKING RATIOS GUIDANCE

CAR	>8%
LDR	78%~92%

Source : Bank Indonesia | Phintraco Sekuritas Research

BRIS P/B Band (5 Years)



Source : Company | Phintraco Sekuritas Research

Glossarium

CFFO	: <i>Cash Flow from Operating</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFF	: <i>Cash Flow from Financing</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBIT	: <i>Earning Before Interes & Tax</i>
EBT	: <i>Earning Before Tax</i>
OPM	: <i>Operating Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>
EPS	: <i>Earning per Share</i>
BVPS	: <i>Book Value per Share</i>
RPS	: <i>Revenue per Share</i>
PER	: <i>Price to Earning Ratio</i>
PBV	: <i>Price to Book Value</i>
P / R	: <i>Price to Revenue Ratio</i>
DPS	: <i>Dividend per Share</i>
DPR	: <i>Dividend Payout Ratio</i>
EV	: <i>Enterprise Value</i>
OJK	: <i>Otoritas Jasa Keuangan</i>
COF	: <i>Cost of Fund</i>
BOPO	: <i>Biaya Operasi Pendapatan Operasi</i>
DPK	: <i>Dana Pihak Ketiga</i>
CAR	: <i>Capital Adequacy Ratio</i>
CASA	: <i>Current Account Saving Account</i>
LDR	: <i>Loan to Deposit Ratio</i>
LFR	: <i>Loan to Financing Ratio</i>
NIM	: <i>Net Interest Margin</i>
NPL	: <i>Non Performing Loan</i>
PPOP	: <i>Pre-Provision Operating Profit</i>



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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