

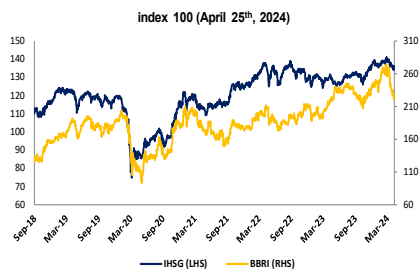
Monday, May 6<sup>th</sup>, 2024

**Buy**

Price (Apr 26 <sup>th</sup> , 24)	4830
Target Price	6165
Potential Upside	27.63%
Market Cap	724.7 T
Number of Share	150.04 B
52w Lo/Hi	4830 / 6400

Source : IDX | Phintraco Sekuritas Research  
| as of Apr 25<sup>th</sup>, 2024

**IHSG vs BBRI**



Source : IDX

<b>Shareholder</b>	<b>%</b>
Negara Republik Indonesia	53.19
Public <5%	46.33

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

**EPS Consensus vs Forecast**

	AT	Consensus*	%Diff
2024F	473	437	8.21
2025F	532	494	7.59

Source : \*marketscreener | as of Apr 26<sup>th</sup>, 2024

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**PT Rakyat Indonesia (Persero) Tbk**

(BBRI.JK / BBRI.IJ)

**Strong Financial, Amidst Declining Asset Quality**

**BBRI recorded a net profit of IDR 15.89 trillion, rose 2.5% yoy in 3M24.** This result grew in line with our FY24F estimate (25%). Interest Income grew 17.9% yoy, followed by Net Interest Income, which rose 9.7% yoy to IDR 35.95 trillion in 3M24. However, this was followed by an increase in provision expense of 91.4% yoy or 59.9% qoq in 3M24, thereby suppressing BBRI's net profit growth. On the other hand, BBRI managed to maintain operating expenses of IDR 35.75 trillion (-12.9% qoq or +1.7% yoy).

**BBRI revised its FY24F Cost of Credit (CoC) guidance, which was better than the 3M24 realization.** BBRI recorded an increase in CoC in 3M24 in line with food inflation, which caused a rise in NPL in one of BBRI's most significant revenue contributors, namely micro and small loans. In 3M24, CoC increased 144bps yoy to 3.83%, while the write-off budget increased to IDR 9.68 billion compared to IDR 8.67 billion in 4M24. With FY24F CoC guidance of <3% and BBRI having a solid capital adequacy ratio (23.97%), we see potential for asset quality improvement in 6M24.

**The Allowance for Impairment Losses (CKPN) increase is still lower than in the last two years.** CKPN increased 2% QoQ to IDR 79.84 trillion in 3M24. This increase is a form of anticipation of an increase in BBRI's non-performing loans, which increased to IDR 88.29 trillion (+18.78% qoq) in 3M24. So, these reserves can cover 90.42% of BBRI's total non-performing loans. Historically, when there was an increase in interest rates and inflation, the number of BBRI non-performing loans increased. Still, in 3M24, the amount of CKPN was lower than in the previous period of increase (table 1). Meanwhile, the value of write-offs increased by 12% QoQ to IDR 9.7 trillion.

**Current Account Savings Account (CASA) grew 7.8% yoy in 3M24.** BBRI recorded total third-party funds of IDR 1,416 trillion (+12.8% yoy) in 3M24. Meanwhile, BBRI's CASA was recorded at IDR 873 billion (+7.8% yoy) even though the CASA ratio decreased by 2.9% yoy to 61.86% in 3M24. The decline in the CASA ratio was in line with the distribution of dividends and the month of Ramadan. Even though it experienced a decrease in 3M24, the CASA ratio was still higher than the pre-covid level.

**BBRI has consistently recorded credit growth in the last six years.** In 3M24, BBRI credit grew 11% yoy to IDR 1.182 trillion. This growth was supported by corporate loans (+16% yoy) and consumer loans (+11% yoy), respectively contributing 19.3% and 15.8% to BBRI's revenue. These results were also accompanied by growth in microloans (+10% yoy), the main contributor to BBRI's income. BBRI also maintained the credit growth trend over the last six months (figure 5). For FY24F, BBRI is targeting credit growth of 10%-12%, which aligns with BBRI's efforts to improve asset quality to remain within management targets.

**Using the Discounted Cash Flow method with a Required Return of 6.89% and Terminal Growth of 4.72%, we estimate BBRI's fair value at 6,165 (14.64x expected P/E FY24F).** Considering BBRI's fair price, we maintain a buy rating for BBRI with a lower target than before and a potential upside of 27.63%.

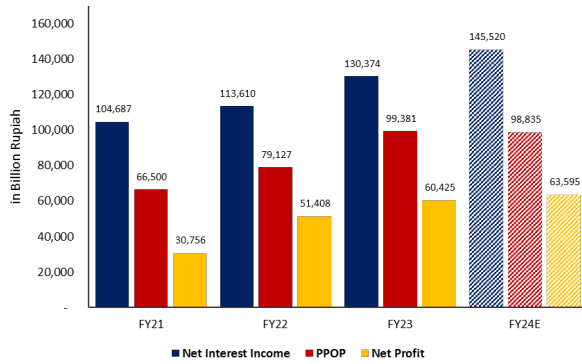
## Performance Highlight

Table 1. Provision Performance (Bank Only)

PT Bank Rakyat Indonesia (Persero)									
(in Trillion Rupiah)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>Loan (SML-Bad)</b>	56.14	62.84	61.87	53.27	71.75	74.11	79.20	74.33	88.29
		12%	-2%	-14%	35%	3%	7%	-6%	19%
<b>Write off</b>		9.44	16.07	22.06	4.53	22.06	25.21	33.88	9.68
		58%	15%	-10%	-24%	287%	-82%	175%	12%
<b>Provision</b>		91.14	89.51	86.99	88.86	81.99	81.79	78.49	79.84
		5%	-2%	-3%	2%	-8%	0%	-4%	2%
<b>Coverage</b>	155%	145%	145%	163%	124%	111%	103%	106%	90%

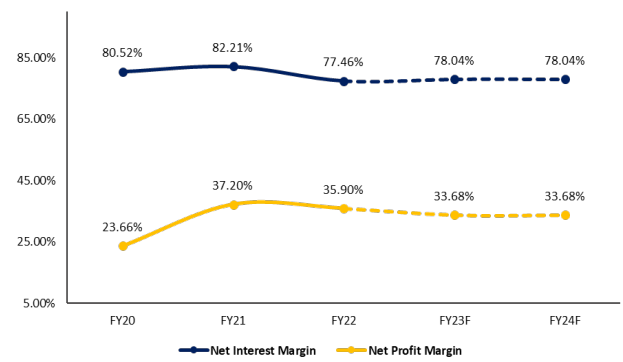
Source : Company | Phintraco Sekuritas Research

Figure 1. Financial Performance



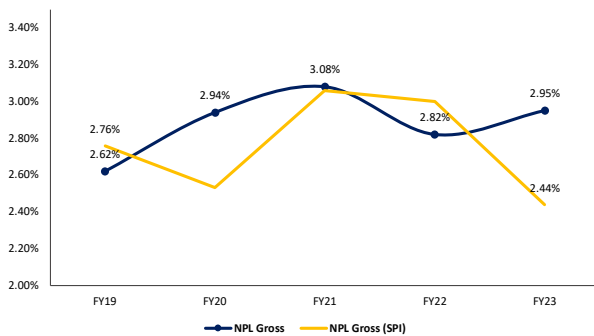
Source : Company | Phintraco Sekuritas Research

Figure 2. Profitability Ratios



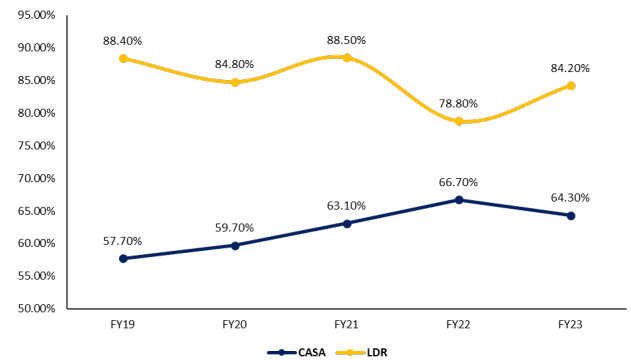
Source : Company | Phintraco Sekuritas Research

Figure 3. Asset Quality



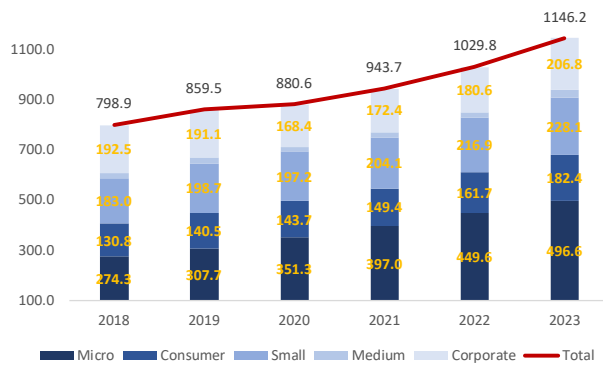
Source : Company | Phintraco Sekuritas Research

Figure 4. Liquidity Ratios



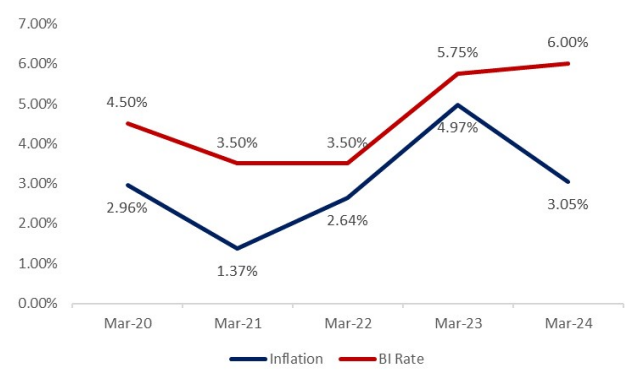
Source : Company | Phintraco Sekuritas Research

Figure 5. Loan Portfolio (In Rp trillion)



Source : Company | Phintraco Sekuritas Research

Figure 6. Inflation & BI Rate (yoy %)



Source : Bank Indonesia | Phintraco Sekuritas Research

## Key Financial Figures

(in Billion Rupiah)						
INCOME STATEMENT	FY21	FY22	FY23	3M24	FY24E	FY25F
Interest Income	130,013	138,195	168,313	44,301	186,476	209,670
Interest Expense	(25,327)	(24,585)	(37,939)	(12,103)	(40,956)	(46,050)
<b>Net Interest Income</b>	<b>104,687</b>	<b>113,610</b>	<b>130,374</b>	<b>32,198</b>	<b>145,520</b>	<b>163,620</b>
NIM	80.52%	82.21%	77.46%	72.68%	78.04%	78.04%
PPOP	66,500	79,127	99,381	27,724	98,835	111,128
Provision	(35,806)	(27,385)	(29,523)	(12,007)	(37,533)	(42,201)
<b>EBITDA</b>	<b>30,584</b>	<b>53,409</b>	<b>72,908</b>	<b>16,805</b>	<b>72,492</b>	<b>81,509</b>
EBITDA Margin	23.52%	38.65%	43.32%	37.93%	38.87%	38.87%
EBIT	30,693	51,742	69,858	15,717	61,302	68,927
EBIT Margin	23.61%	37.44%	41.50%	35.48%	37.33%	37.33%
Profit Before Tax	38,591	64,597	76,430	19,925	80,431	90,435
EBT Margin	29.68%	46.74%	45.41%	44.98%	43.13%	43.13%
<b>Net Profit After Tax</b>	<b>30,756</b>	<b>51,408</b>	<b>60,425</b>	<b>15,983</b>	<b>63,595</b>	<b>71,505</b>
NPM	23.66%	37.20%	35.90%	36.08%	33.68%	33.68%

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)						
BALANCE SHEET	FY21	FY22	FY23	3M24	FY24E	FY25F
<b>Asset</b>						
Cash & Marketable Securities	275,604	233,851	253,285	286,532	286,550	258,905
Loans	954,988	1,045,989	1,180,927	1,221,575	1,306,499	1,445,422
Current Accounts	129,439	242,805	189,454	154,358	239,392	269,168
Total Current Assets	1,501,733	1,680,118	1,788,694	1,813,241	2,011,337	2,174,643
Fixed Assets	47,860	55,216	59,678	59,432	59,568	66,972
Investments	128,505	130,305	116,635	116,402	126,943	142,732
Total Non Current Assets	176,365	185,521	176,313	175,834	186,511	209,709
<b>Total Asset</b>	<b>1,678,098</b>	<b>1,865,639</b>	<b>1,965,007</b>	<b>1,989,074</b>	<b>2,197,847</b>	<b>2,384,351</b>
<b>Liabilities</b>						
Portion of Long Term Debt	71,221	58,016	88,158	92,862	89,671	100,824
Deposits	1,152,073	1,317,219	1,370,287	1,423,862	1,578,216	1,700,696
Total Current Liabilities	1,303,857	1,466,777	1,568,628	1,612,326	1,767,294	1,913,291
Long-Term Debt	82,454	95,467	79,907	77,849	106,106	119,303
Total Non Current Liabilities	82,454	95,467	79,907	77,849	106,106	119,303
<b>Total Liabilities</b>	<b>1,386,311</b>	<b>1,562,244</b>	<b>1,648,535</b>	<b>1,690,175</b>	<b>1,873,399</b>	<b>2,032,594</b>
Equity	291,787	303,395	316,472	298,899	324,448	351,757

Source : Company | AT Research

(in Billion Rupiah)						
CASH FLOW	FY21	FY22	FY23	3M24	FY24E	FY25F
<b>Cash Flow from Operating</b>						
Net Income	31,067	51,170	60,100	15,886	63,558	71,464
Depreciation & Amortization	110	1,557	3,051	1,088	191	2,733
Working Capital	5,781	(35,352)	(17,825)	52,963	5,273	(52,715)
Others	(2,490)	(8,661)	391	(5,268)	2,502	(3,392)
<b>Net-CFFO</b>	<b>34,468</b>	<b>8,714</b>	<b>45,716</b>	<b>64,669</b>	<b>71,524</b>	<b>18,091</b>
<b>Cash Flow from Investing</b>						
CAPEX	(4,154)	(8,913)	(7,513)	(842)	(80)	(10,142)
Others	(31,198)	(1,801)	13,671	233	(10,308)	(15,789)
<b>Net-CFFI</b>	<b>(35,352)</b>	<b>(10,713)</b>	<b>6,158</b>	<b>(609)</b>	<b>(10,388)</b>	<b>(25,932)</b>
<b>Cash Flow from Financing</b>						
Ch. in Lt liab.	(18,190)	(193)	14,582	2,646	27,712	24,351
Ch. in other non-current liab.	-	-	-	-	-	-
Equity	31,253	(39,562)	(47,023)	(33,458)	(55,583)	(44,155)
<b>Net-CFFF</b>	<b>13,063</b>	<b>(39,754)</b>	<b>(32,441)</b>	<b>(30,812)</b>	<b>(27,871)</b>	<b>(19,804)</b>
<b>NET CASH FLOW</b>	<b>12,179</b>	<b>(41,753)</b>	<b>19,434</b>	<b>33,248</b>	<b>33,265</b>	<b>(27,645)</b>

Source : Company | Phintraco Sekuritas Research

RATIOS	FY21	FY22	FY23	3M24	FY24E	FY25F
<b>Profitability Ratio (%)</b>						
NIM	80.52%	82.21%	77.46%	72.68%	78.04%	78.04%
OPM (EBITDA Margin)	23.52%	38.65%	43.32%	37.93%	38.87%	38.87%
NPM	23.66%	37.20%	35.90%	36.08%	33.68%	33.68%
ROA	1.83%	2.76%	3.08%	3.21%	2.89%	3.00%
ROE	10.54%	16.94%	19.09%	21.39%	19.60%	20.33%
<b>Banking Ratio</b>						
CASA to Third Party Funds	63.10%	66.70%	64.30%	61.70%	63.95%	63.95%
BOPO	74.30%	64.20%	64.35%	68.64%	67.87%	67.87%
LDR	88.50%	78.80%	84.20%	83.30%	83.70%	83.70%
CAR	27.16%	25.51%	27.27%	23.97%	25.98%	25.98%
NPL Gross	3.08%	2.82%	2.95%	3.11%	2.99%	2.99%
<b>Price Ratio</b>						
Share Price (IDR)	4,110	4,490	5,434	5,774	5,837	5,837
Average Share Price (IDR)	3,859	4,458	4,878	6,050	6,272	6,272
Outstanding Shares (in Billion)	152	151	151	151	151	151
EPS (IDR)	203	340	400	106	473	532
BVPS (IDR)	1,925	2,008	2,095	1,979	2,328	2,532
RPS (IDR)	858	915	1,114	293	1,388	1,561
PER(X)	20.25	13.19	13.59	54.58	12.33	10.97
PBV(X)	2.13	2.24	2.59	2.92	2.51	2.31
P/R(X)	4.79	4.91	4.88	19.69	4.21	3.74
EV/EBITDA	202.95	340.29	399.98	105.80	473.32	532.20
<b>Dividends</b>						
DPS	174	231	319	-	-	-
DPR	85.86%	67.95%	79.75%	0.00%	0.00%	0.00%
Div. Yield	4.18%	5.63%	7.10%	0.00%	0.00%	0.00%

Source : Company | Phintraco Sekuritas Research

### BANKING RATIOS GUIDANCE

CAR	>8%
LDR	78%~92%

Source : Bank Indonesia | Phintraco Sekuritas Research

### BBI P/B Band (5 Years)



Source : IDX | 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 &amp; Amortization</i>
EBIT	: <i>Earning Before Interes &amp; 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>



# PHINTRACO SEKURITAS

## 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"

**PHINTRACO SEKURITAS**

**Kantor Cabang & Mitra GI BEI**



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