

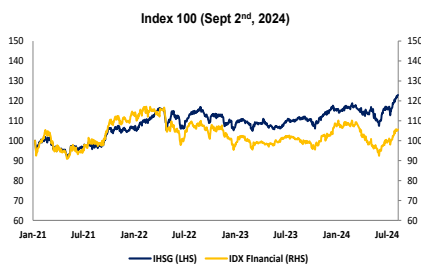


Overweight

Index (Sep 2 nd , 24)	1481
Number of companies	47
Market Cap	3,582 T
52w Lo/Hi	1296/1483
6 Months Changes	-0.96%
YTD Changes	+1.53%

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

IHSG vs IDX Finacial



Source : IDX

Stock	Fair Value	Potential Upside
BBCA	10,950	+6.57%
BBNI	6,800	+27.10%
BBRI	6165	+19.13%
BMRI	8171	+13.49%
BBTN	1807	+29.53%
BRIS	2970	+13.79%

as of Sept 2nd, 2024

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Financial Sector: Banking

Maintaining Solid Performance in High Interest Rate Conditions

Term Deposit (TD) rates of banks in coverage are relatively well maintained.

High interest rate conditions can cause high-interest burdens for banks and decrease credit demand from the public. However, in 6M24, the TD rate remained stable with double-digit credit growth. BBCA led the value of the TD Rate by recording a decrease in the TD Rate, which was 3.2% in 6M24 Vs. 3.4% in FY23, followed by BBNI, which had a TD Rate of 5.1% in 6M24 Vs. 4.7% in FY23, but still lower than the pre-covid level (figure 1). Regarding credit distribution, BMRI led credit growth in 6M24 with a growth of 20.4% yoy, followed by BRIS at 15.8% yoy and BBCA at 15.5% yoy (figure 2).

Loans and third-party funds growth in Indonesia have been on an upward trend since 2023,

and based on data from the Indonesian Banking Statistics (SPI) released by the OJK, banking loan growth in Indonesia continued to grow in double digits throughout 2024. Banking loans grew by 13.90% yoy in 6M24. This growth was also higher than the growth in 6M23, which was 6.54% yoy. Similar to credit distribution, Third Party Funds (TPF) collected by banks grew by 8.45% yoy in 6M24. The TPF grew higher than the growth in 6M23, although not higher than in 9M20 (Covid).

Non-Performing Loans (NPL) fell 172 bps ytd to 2.23% in June. This achievement occurred despite several global central banks implementing tight monetary policies. In addition, banking NPLs in Indonesia have remained downward since their highest level of 3.38% in June 2021. Regarding liquidity, the banking loan-to-deposit ratio (LDR) grew to 85.73% yoy in 6M24. The four SPI data reflect the condition of the Indonesian banking sector, which is still solid.

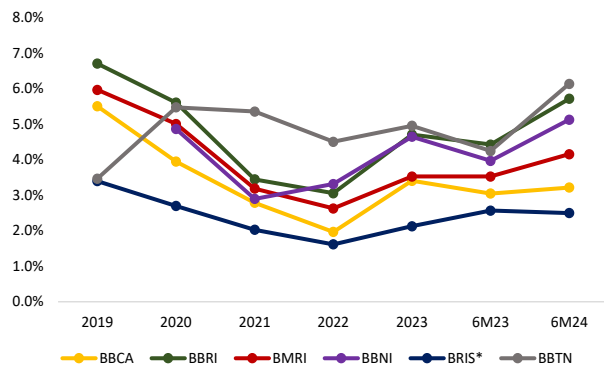
Rupiah depreciation can be a risk for banking. The weak rupiah exchange rate can cause NPLs in foreign currency loans, and people can sell their foreign currency holdings. The rupiah has depreciated significantly since the beginning of 2024. From its highest level, the rupiah exchange rate depreciated 6.92% ytd on June 21, 2024. However, along with the optimism of the Fed Funds Rate cut in September, the rupiah has appreciated again so that the rupiah only depreciated less than 1% to IDR15,520/USD on September 2. Banks in coverage with the highest portion of credit distribution in foreign currency in 6M24 were BBNI (21.29%), BMRI (21.29%), and BRIS (18.17%).

The 6M24 performance of banks in our coverage mostly reached 50% of our FY24 estimate.

BMRI led the achievement by posting a net profit of IDR60.17 trillion in 6M24 (60% FY24E), with Interest Income of IDR62.97 trillion in 6M24 (+3.75% yoy). BBCA followed by posting a net profit of IDR26.88 trillion (50% FY24E), with Interest Income of IDR62.97 trillion in 6M24 (+6.9% yoy), and Net Interest Margin grew 10 bps to 5.7% in 6M24.

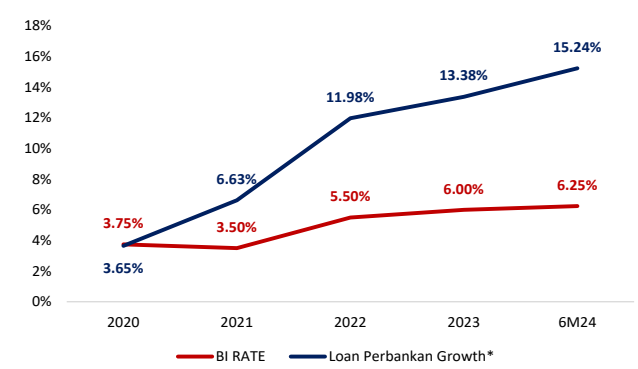
With the various catalysts above, as well as the performance of each issuer in the banking sector, we make our **top picks BMRI** with a potential fair value of IDR 8,171 ([full report](#)) > **BBCA** with a potential fair value of IDR 10,950 ([full report](#)) > **BBRI** with a potential fair value of IDR 6,165 ([full report](#)) > **BBNI** with a potential fair value of IDR 6,800 ([full report](#)) > **BRIS** with a potential fair value of IDR 2,970 ([full report](#)) > **BBTN** with a potential fair value of IDR 1,807 ([full report](#)).

Figure 1. TD rate Bank-Bank in Coverage



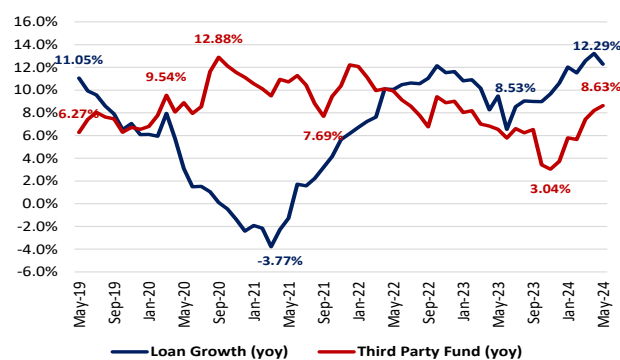
Source : Company | Phintraco Sekuritas Research

Figure 2. Bank Loan Growth Vs. BI rate



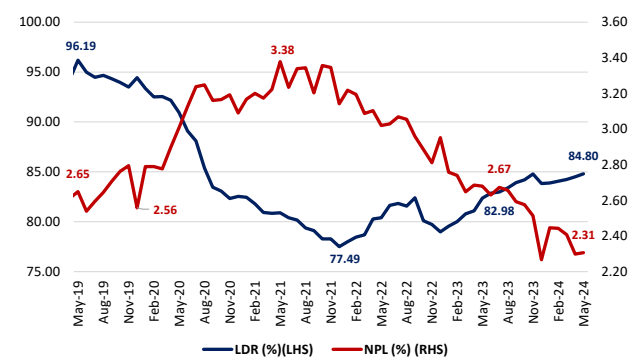
Source : Company | Phintraco Sekuritas Research | *Weighted Average Market Cap.

Figure 3. SPI LDR & NPL



Source : OJK | Phintraco Sekuritas Research

Figure 4. Loan & Third Party Fund Growth

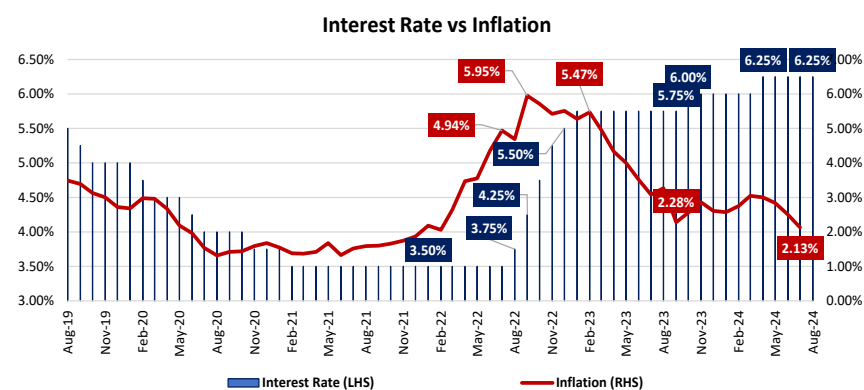


Source : OJK | Phintraco Sekuritas Research

BI Rate has the potential to fall in The BI Rate has the potential to decrease in the fourth quarter of 2024

BI rate has been maintained at a high level of 6.25% since the increase in April 2024 due to the weakening of the Rupiah exchange rate and fluctuations in global economic conditions. Until August 2024, BI will maintain the BI rate while considering global dynamics. However, the Rupiah exchange rate in recent months has appreciated significantly, along with the weakening of the US dollar due to expectations of a Fed rate cut, increasing geopolitical risks related to the US Presidential Election, and declining bond yields.

Figure 5. Interest Rate Vs Inflation



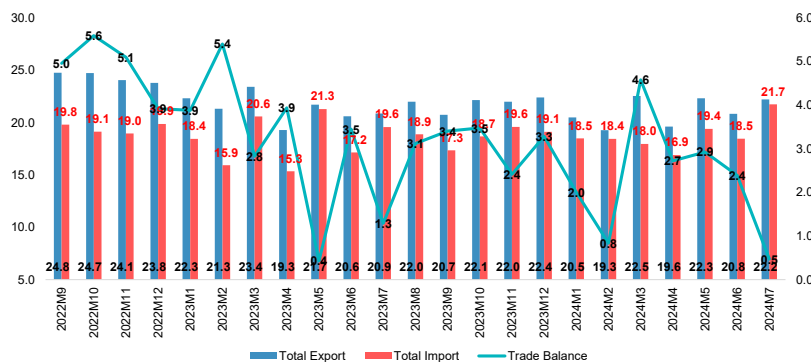
Source : BI | Phintraco Sekuritas Research

The RDG-BI (21/8) BI indicated the BI rate cut at the earliest in the fourth quarter of 2024. During the third quarter, BI will strengthen the rupiah exchange rate to ensure economic stability, as reflected in low inflation, a controlled fiscal deficit, and exchange rate stability. Meanwhile, for the Fed rate, BI projects that the Fed will cut interest rates twice by 25 basis points (bps) starting in September 2024, with the possibility of further cuts at the end of the year.

Indonesia's Trade Balance Surplus Maintained in the Last Three Years

From 2024 until July 2024, Indonesia's Trade Balance (BOP) has always posted a surplus. In July 2024, the BOP posted a surplus of US\$0.47 billion. This achievement is the lowest surplus in 2024 due to the increase in import value compared to export growth. Exports grew 6.04% year over year, while imports rose 11.07% year over year.

Figure 6. Indonesia Export - Import and Trade Balance (US\$ billion)



Source : BPS | Phintraco Sekuritas Research

Export growth was driven by the mining sector, which recorded growth of 13.51% mom and increased exports to the United States, India, and the Philippines. Meanwhile, the increase in non-oil and gas exports was supported by increased copper ore and concentrates exports, with the main destinations being countries such as Japan, China, and India. Exports to China increased by 3.42% MoM, to the United States by 9.33% MoM, and to Japan by 4.36% mom. On the other hand, imports from China significantly contributed to the trade deficit, mainly of machinery and mechanical equipment, electrical machinery and equipment, and vehicles and their parts.

Rupiah Exchange Rate Appreciation Has Potential to Continue Until End of 2024

Rupiah Exchange Rate DepreciationThe Rupiah has depreciated significantly since the beginning of 2024 but began to moderate in the second week of August. The Rupiah exchange rate was IDR15,755/USD on August 16, 2024, from IDR15,425/USD at the end of 2023. So the Rupiah exchange rate has depreciated 2.14% ytd. This achievement is also very far from the assumption in the 2024 State Budget of IDR15,000/USD. The depreciation was caused by factors such as: 1. Inflation in the United States remains high, so the Fed must maintain high interest rates for longer. So that the US Yield with more limited risk becomes more attractive; 2. Indonesia's increasingly small trade balance surplus impacts the decline in US dollar income.

Figure 7. Kurs USD/IDR



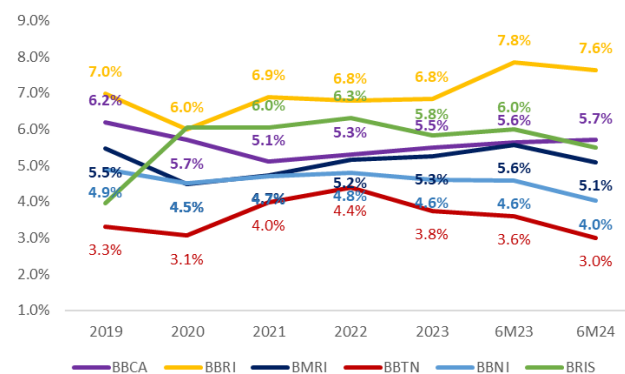
Source : Yahoo Finance | Phintraco Sekuritas Research

So, After the Inflation trend began to decline in 7M24, market expectations of a Fed Funds Rate cut in September re-emerged, putting pressure on US yields. In addition, concerns about a recession in the US also contributed to the strengthening of the US dollar.

Indonesian Banking Net Interest Margin Remains High Amid High Interest Rates

The bank's Net Interest Margin (NIM) in our coverage is stable despite being hit by negative sentiment. For example, during the COVID-19 pandemic, it tended to be persistent; the NIM of the big four banks did not experience a decline of more than 100 bps. BBNI (-40 bps) and BBKA (-50 bps) recorded the lowest NIM decline in FY20. Meanwhile, BBRI and BMRI's NIM still recorded an annual and quarterly increase. In addition, the NIM of banks in Indonesia is still higher than in other Asian countries (Latest data 2023). BBRI has consistently had the highest NIM compared to its peers in the last 5 years. Meanwhile, BBKA led NIM growth in 6M24. BBKA's NIM grew 10 bps yoy and 20 bps ytd to 5.7% in 6M24. NIM growth also occurred in BBRI, which recorded 80 bps ytd growth, although it fell 20 bps yoy to 7.6% in 6M24.

Figure 8. Net Interest Margin

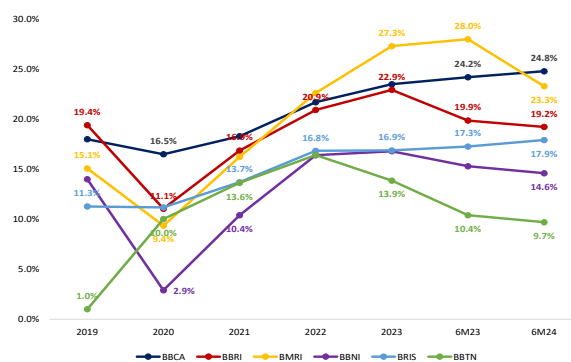


Source : Company | Phintraco Sekuritas Research

Return on Equity (ROE) growth in the last 5 years remains high

BBKA, BRIS, and BMRI have consistently recorded growth in Return on Equity in the last five years. BMRI has the highest average ROE growth of 1.5%, followed by BRIS at 1.3% and BBKA at 1.2%. Maintaining the growth of profits and credit distributed by banks can maintain the growth of banking ROE. Meanwhile, BBKA still has the highest ROE in 6M24, with 24.8%, followed by BMRI at 23.3% and BBRI at 19.2%.

Figure 9. Return on Equity



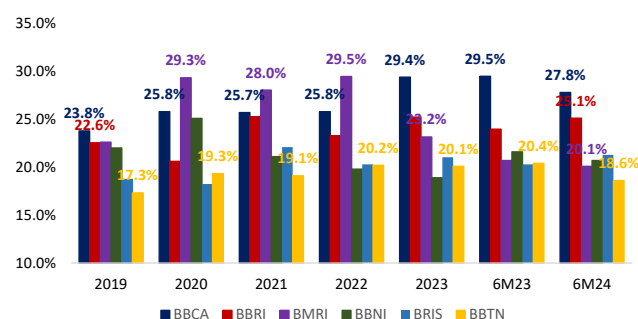
Source : Company | Phintraco Sekuritas Research

BRIS became the bank with the highest ROE growth in 6M24. BRIS's ROE grew 70 bps to 17.9% in 6M24 compared to 16.9% in 6M23. Then BBKA became the bank with the second highest ROE growth with an ROE of 24.8%, growing 60 bps yoy in 6M24.

Banking capital adequacy in Indonesia

Bank Indonesia has set a safe limit for the Capital Adequacy Ratio (CAR) of banking in Indonesia at 7.999% based on Bank Indonesia Regulation Number: 6/10/PBI/2004. All banks in our coverage currently have CARs much higher than the minimum limit. This ratio indicates the condition of Indonesian banking capital resilience amidst various damaging factors. The highest CAR in 6M24 was held by BBKA, with a CAR of 27.8%, followed by BBRI, with 25.1%, and BRIS, 21.3%. In the last five years, BMRI has had the highest CAR volatility, followed by BBRI, which also tends to have a fluctuating CAR.

Figure 10. Capital Adequacy Ratio (CAR)



Source : Company | Phintraco Sekuritas Research

Financial Summary

(in Billion Rupiah)

Financial Performance		FY21	FY22	FY23	6M24	FY24F	FY25F
Interest Income	BBCA	43,730	46,838	54,999	30,764	65,835	71,760
	BBNI	49,828	52,901	58,697	30,013	67,193	73,322
	BBRI	130,013	138,195	168,313	88,049	186,476	209,670
	BMRI	91,660	100,200	116,854	62,963	141,001	151,060
	BBTN	23,294	23,015	23,636	13,690	30,487	33,045
	BRIS	10,184	11,355	12,628	6,556	17,481	19,479
Interest Expense	BBCA	(7,623)	(6,065)	(9,897)	(4,952)	(12,229)	(13,330)
	BBNI	(14,928)	(15,396)	(21,651)	(13,209)	(19,843)	(21,653)
	BBRI	(25,327)	(24,585)	(37,939)	(24,310)	(40,956)	(46,050)
	BMRI	(33,256)	(30,579)	(41,146)	(19,383)	(52,483)	(56,227)
	BBTN	(13,017)	(10,040)	(8,889)	(7,964)	(13,572)	(14,710)
	BRIS	(4,311)	(3,953)	(5,853)	(3,764)	(8,434)	(9,398)
Provision Expense	BBCA	(9,324)	(4,527)	(2,263)	(1,406)	(4,419)	(4,817)
	BBNI	(18,297)	(11,514)	(9,196)	(3,511)	(10,001)	(10,913)
	BBRI	(35,806)	(27,385)	(29,523)	(21,346)	(37,533)	(42,201)
	BMRI	(278)	(282)	(11,153)	(7,001)	(2,488)	(2,666)
	BBTN	(2,258)	(3,627)	(4,017)	(928)	(4,009)	(4,345)
	BRIS	(3,639)	(3,749)	(2,622)	(2,622)	(1,833)	(1,282)
Net Income	BBCA	31,440	40,756	48,658	26,877	54,713	59,637
	BBNI	10,977	18,482	21,106	10,764	24,357	26,579
	BBRI	30,756	51,408	60,425	29,896	63,595	71,505
	BMRI	28,028	41,171	55,060	33,620	56,159	60,165
	BBTN	1,602	2,376	3,045	1,502	3,989	4,323
	BRIS	3,028	4,260	5,704	3,395	7,301	8,135
Loan	BBCA	597,670	669,204	767,601	806,055	842,018	923,649
	BBNI	532,141	595,854	647,927	684,473	706,240	769,802
	BBRI	954,988	1,045,989	1,180,927	1,250,365	1,306,499	1,445,422
	BMRI	976,269	1,131,135	1,338,770	1,475,138	1,512,810	1,649,814
	BBTN	247,053	260,400	282,607	337,104	346,736	377,942
	BRIS	55,495	67,453	85,588	98,492	98,426	113,190
Third Party Fund	BBCA	978,624	1,038,388	1,100,838	1,121,815	1,194,476	1,296,080
	BBNI	743,546	784,514	822,624	790,469	893,015	969,430
	BBRI	1,152,073	1,317,219	1,370,287	1,398,584	1,578,216	1,700,696
	BMRI	1,304,987	1,506,626	1,595,415	1,674,452	1,705,358	1,905,678
	BBTN	259,180	273,255	297,236	338,271	351,286	382,533
	BRIS	57,364	68,231	69,635	71,988	87,740	104,362
Equity	BBCA	202,849	221,182	242,538	240,861	274,506	304,501
	BBNI	126,520	140,198	154,733	154,072	140,016	154,153
	BBRI	291,787	303,395	316,472	311,731	324,448	351,757
	BMRI	204,700	222,111	252,245	282,333	318,906	347,954
	BBTN	19,988	21,407	25,909	31,033	26,640	30,476
	BRIS	25,014	33,506	38,739	41,671	25,697	26,447

Source : Company | Phintraco Sekuritas Research

Financial Summary

Financial Ratio		FY21	FY22	FY23	6M23	6M24
CAR	BBCA	24.27%	23.00%	28.30%	29.50%	27.80%
	BBNI	19.70%	19.30%	22.00%	21.60%	20.70%
	BBRI	25.28%	23.30%	25.23%	23.97%	25.13%
	BMRI	28.04%	29.47%	23.16%	20.70%	20.10%
	BBTN	19.10%	20.20%	20.10%	20.40%	18.60%
	BRIS	22.09%	20.29%	21.04%	20.29%	21.28%
NIM	BBCA	5.10%	5.30%	5.50%	5.64%	5.70%
	BBNI	4.67%	4.81%	4.60%	4.60%	4.00%
	BBRI	6.89%	6.80%	6.84%	7.84%	7.64%
	BMRI	4.73%	5.16%	5.25%	5.56%	5.09%
	BBTN	3.99%	4.40%	3.75%	3.60%	3.00%
	BRIS	6.04%	6.31%	5.82%	6.00%	5.50%
ROE	BBCA	18.30%	21.70%	23.50%	24.20%	24.80%
	BBNI	9.40%	14.90%	15.20%	15.30%	14.60%
	BBRI	16.87%	20.93%	22.94%	19.87%	19.23%
	BMRI	16.24%	22.62%	27.31%	28.00%	23.30%
	BBTN	13.64%	16.42%	13.86%	10.40%	9.70%
	BRIS	13.71%	16.84%	16.88%	17.27%	17.92%
LDR	BBCA	62.00%	65.20%	70.20%	65.70%	72.70%
	BBNI	79.70%	84.20%	85.80%	85.20%	94.00%
	BBRI	88.51%	78.82%	84.22%	83.28%	86.59%
	BMRI	79.00%	78.30%	85.80%	86.20%	89.90%
	BBTN	92.90%	92.70%	95.40%	98.20%	96.40%
	BRIS	73.39%	79.37%	81.73%	87.80%	86.68%
NPL Gross	BBCA	2.20%	1.70%	1.90%	1.90%	2.20%
	BBNI	3.70%	2.80%	2.10%	2.50%	2.00%
	BBRI	3.00%	2.67%	2.95%	2.95%	3.05%
	BMRI	2.72%	1.92%	1.19%	1.64%	1.16%
	BBTN	3.70%	3.40%	3.00%	3.10%	3.10%
	BRIS	2.93%	2.42%	2.08%	2.31%	1.99%
CASA	BBCA	78.60%	81.60%	80.30%	81.50%	82.20%
	BBNI	69.40%	72.40%	71.20%	69.60%	70.70%
	BBRI	63.08%	66.92%	64.55%	65.49%	63.17%
	BMRI	69.70%	73.40%	74.30%	73.40%	75.00%
	BBTN	44.30%	48.50%	53.70%	54.20%	51.80%
	BRIS	57.91%	61.57%	60.57%	59.93%	62.05%

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 Sectors :

Overweight : The sector is expected to do better than the market.

Equal Weight : The sector is expected to do an average performance compared to the market.

Underweight : The sector is expected to do worse than the market.

PHINTRACO SEKURITAS

Kantor Cabang & Mitra GI BEI



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