

BUY | TP : IDR6,200
BBRI Stock Price Data

Last Price	:	IDR5,575
52wk High	:	IDR5,750
52wk Low	:	IDR4,260
Share Out	:	151.6bn
Market Cap	:	IDR848.8tn

BBRI Stock Price Performance

1-Day	:	-0.89%
1-Week	:	-0.45%
1-Month	:	+0.00%
3-Month	:	+2.76%
Year-to-Date	:	+14.5%

Shareholders

Govt of Indo	:	53.19%
Public	:	46.81%

PT Bank Rakyat Indonesia Tbk (BBRI IJ)
Solid Performance Supported with The Forthcoming Positive Sentiment
BBRI 1H23 Results, in Line with Consensus

BBRI 1H23 recorded a net profit of IDR29.4tn (+18.7% YoY) or IDR13.9tn (-10.2% QoQ) in 2Q23, in line with the consensus target of 50%. Despite strong growth in net profit, net interest income has stagnated at only +1.4% YoY growth, triggered by the rapid increase in interest expense with +63.7% YoY. This higher interest expense was a result of the rising cost of funds, which increased to 2.79% in 1H23 from 2.06% in 2022 (+73 bps). Concurrently, the non-interest income experienced a positive growth with +22.9% YoY, supported by a substantial increase in recovery of written-off assets (+31.9% YoY). Overall in 1H23, BBRI booked a NIM of 7.85%, aligned with the management target of 7.7%-7.9%. However, NIM has decreased by -40 bps YoY due to the slowing loan growth and the rising interest rates. We expect in the future, BBRI cost of fund and NIM will be maintained at 3%/8% respectively for FY23.

Kupedes Boosts BBRI's Loan Yield

Loan grew at +1.86% QoQ, +8.8% YoY to IDR1,202tn in 1H23, lower than the management target with an expectation of +10-12% YoY. This underperformance output was primarily driven by the slower growth in the small (+5.1% YoY) and corporate (+1% YoY) segment, which was presumed affected by the tepid economic conditions and weak export performance. Conversely, the micro-segment, as the biggest loan contributor, still maintains a positive growth trajectory with +11.4% YoY. This growth was driven by Kupedes with a growth of +43% YoY, which resulted in a better loan yield performance from 12.3% in 2022 to 12.87% in 1H23. Similar to the other banks, NPL also experienced a slightly better credit quality with an NPL of 2.95% (-31 bps YoY) and an NPL Coverage of 248.54% in 1H23. We project BBRI loan growth reached +10.2% YoY for FY23, supported by the positive sentiment from the future election period.

BBRI's Third Fund Performance Buoyed by Current Account Growth

On the funding side, BBRI's deposit grew at +9.5% YoY to IDR1,245tn, supported by the growth in the current account (+24.3% YoY). Meanwhile, the savings accounts and time deposits also recorded a positive growth with +3.3%/+8.4% YoY, respectively. Overall, CASA ratio was recorded at 65.7%, an increase of +89 bps from the previous quarter. However, this CASA ratio is lower than the 2022 CASA at 66.9%, due to the increased cash withdrawals during Ramadan. LDR was successfully maintained at the optimum level of 87.8%, an increase of 232 bps compared to 1Q23.

Maintain BUY with a higher TP of IDR6,200/share

We transferred our banking coverage from Tirta Widi Gilang to Victoria Venny. We expect BBRI's earnings to grow by double-digits in FY24, driven by the positive sentiment from the increasing liquidity flow in the SME segment during the election year. We also maintain our BUY rating with a slightly higher DDM-based TP of IDR6,200/share which implies a 1.5x FY24F P/B. Downside risks to our call include slower than expected loan growth and asset quality deterioration.


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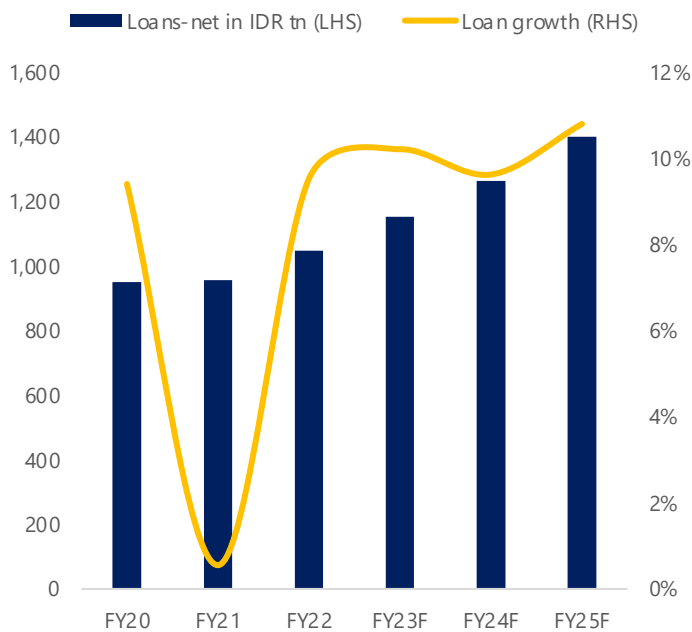
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Key Financial Highlight (IDR bn)	FY20	FY21	FY22	FY23E	FY24F
Net Interest Income	93,584	114,094	124,597	130,763	134,926
Net Profit	18,655	31,067	51,170	57,523	64,021
EPS (IDR)	123	202	339	469	522
BVS (IDR)	1,497	1,905	1,974	2,549	2,625
P/E (x)	45.5	27.6	16.5	11.9	10.7
P/B (x)	3.7	2.9	2.8	2.2	2.1
ROAE (%)	8.6	11.9	17.5	18.8	20.2
ROAA (%)	1.2	1.9	2.9	3.0	3.0

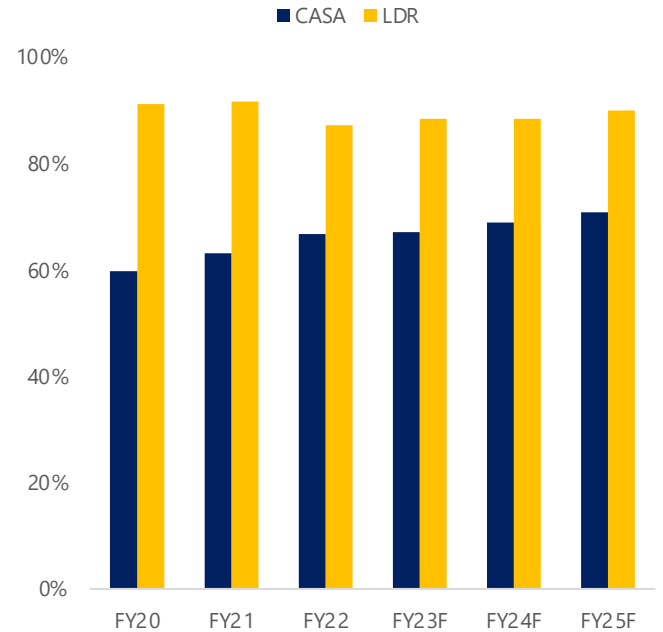
Sources : Bloomberg, MNCS Research

Exhibit 01. BBRI loan grew +8.8% YoY in 1H23



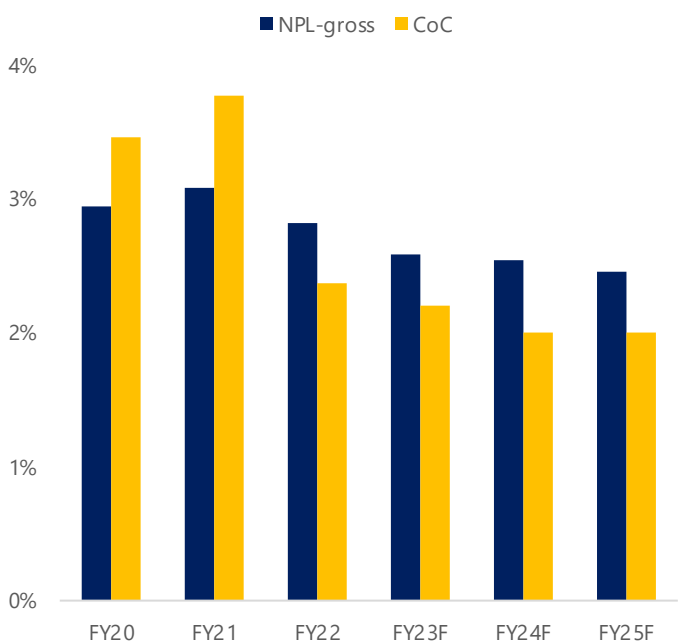
Sources : BBRI Data, MNCS Research

Exhibit 02. Ample liquidity & strong low-cost funding



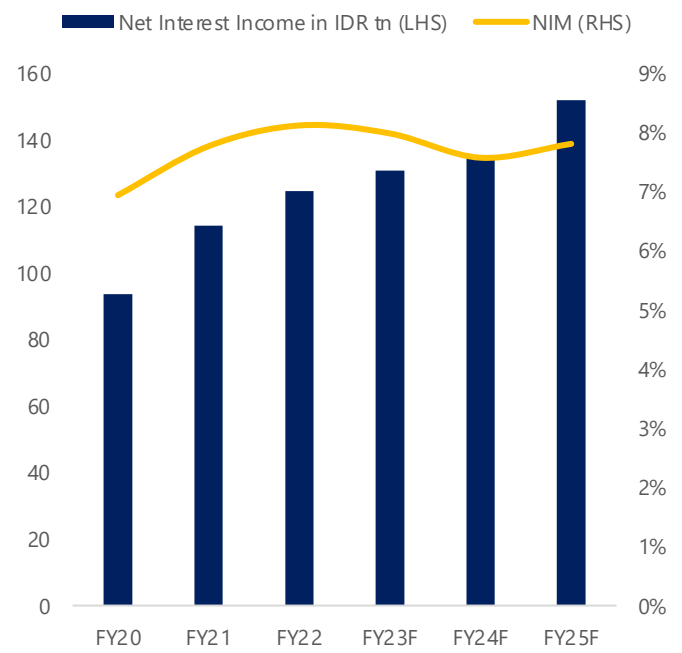
Sources : BBRI Data, MNCS Research

Exhibit 03. BBRI's NPL decline to 2.95% in 1H23



Sources : BBRI Data, MNCS Research

Exhibit 04. Net Interest Income & NIM trend



Sources : BBRI Data, MNCS Research

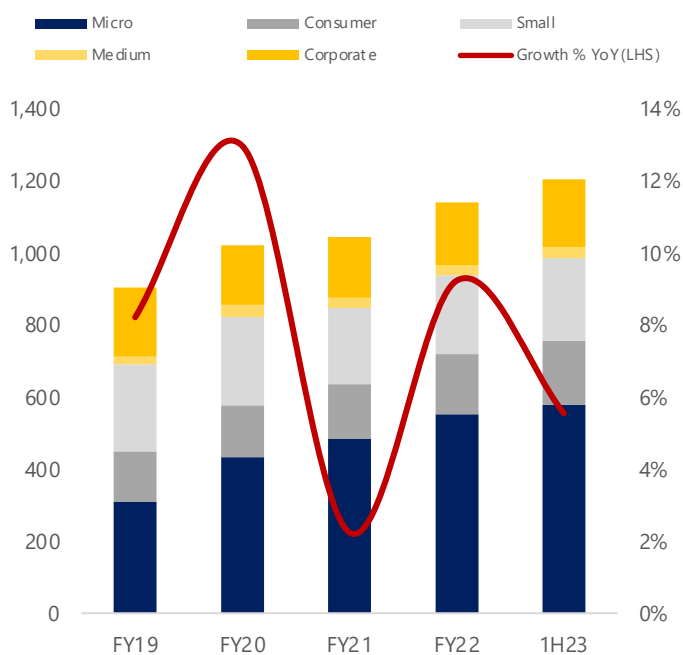
Exhibit 05. Net profit increased +10.3% YoY/ -10.2% QoQ in 2Q23

Income Statement (IDR bn)	2Q22	1Q23	2Q23	QoQ (%)	YoY (%)	1H22	1H23	YoY (%)	MNCS Est FY23	Cons Est FY23
Net interest income	34,207	32,779	32,761	-0.05%	-4.2%	64,614	65,540	1.4%		
Non-interest income	8,492	9,943	11,186	12.50%	31.7%	17,193	21,129	22.9%		
Provision expenses	9,451	5,599	8,222	46.85%	-13.0%	16,926	13,821	-18.3%		
Personnel expenses	9,454	10,685	8,176	-23.48%	-13.5%	19,025	18,861	-0.86%		
GA expenses	6,124	6,570	6,963	5.98%	13.7%	11,451	13,533	18.2%		
Other expenses	2,486	836	3,427	309.9%	37.9%	4,252	4,263	0.3%		
PPOP	25,277	25,153	25,905	2.99%	2.5%	48,071	51,058	6.2%		
Pretax profit	15,864	19,596	17,604	-10.17%	11.0%	31,224	37,200	19.1%		
Net profit	12,619	15,502	13,920	-10.21%	10.3%	24,786	29,422	18.7%	51%	50%

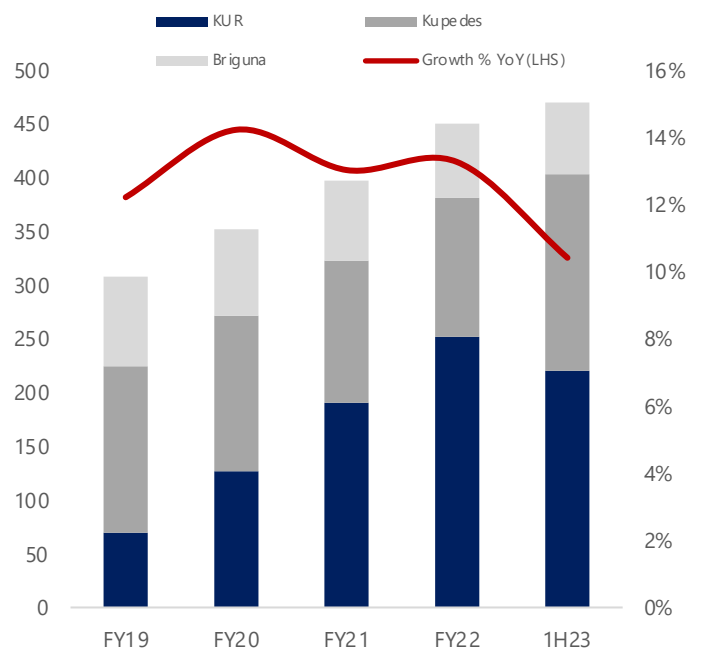
	1H22	1Q23	1H23	QoQ (%)	YoY (%)
Gross loans	1,104,785	1,180,121	1,202,129	1.86%	8.8%
Third party funds	1,136,982	1,255,453	1,245,115	-0.82%	9.5%

Key Ratio	1H22	1Q23	1H23	QoQ (bps)	YoY (bps)
NIM	8.24%	7.82%	7.85%	3	-39
ROA	3.00%	3.01%	3.23%	22	23
ROE	17.5%	17.6%	20.0%	238	253
LDR	88.5%	84.9%	87.3%	232	-119
NPL-gross	3.26%	2.67%	2.95%	28	-31

Sources : BBRI Data, MNCS Research

Exhibit 06. BBRI's Loan by Business Segment (in IDRtn)


Sources : BBRI Data, MNCS Research

Exhibit 07. BBRI's Micro Loan Outstanding (in IDRtn)


Sources : BBRI Data, MNCS Research

Exhibit 08. BBRI's Financial Projection & Key Ratio

Income Statement (IDR bn)	FY20	FY21	FY22	FY23F	FY24F	FY25F
Interest Income	135,764	143,523	151,875	176,981	183,073	206,492
Interest Expense	(42,180)	(29,429)	(27,278)	(46,218)	(48,147)	(54,599)
Net Interest Income	93,584	114,094	124,597	130,763	134,926	151,893
Opex	(67,504)	(75,918)	(82,192)	(82,844)	(83,526)	(89,345)
PPOP	65,059	80,435	91,285	99,594	107,902	124,086
Provision	(35,280)	(39,291)	(26,979)	(27,566)	(27,411)	(30,369)
Income Before Tax	29,994	40,992	64,597	72,028	80,492	93,717
Tax Expense	(8,952)	(7,836)	(13,188)	(14,237)	(16,171)	(18,676)
Net Profit	18,660	30,756	51,409	57,791	64,320	75,041

Balance Sheet (IDR bn)	FY20	FY21	FY22	FY23F	FY24F	FY25F
Securities - net	326,957	371,738	330,242	296,947	319,866	338,228
Placement with BI & other Banks	67,883	58,977	70,400	94,966	103,643	113,113
Other Earnings Assets	94,536	113,340	124,362	161,019	171,248	182,127
Loans	949,798	955,038	1,045,989	1,152,746	1,263,632	1,400,018
Total Earnings Assets	1,439,174	1,499,093	1,570,993	1,705,678	1,858,389	2,033,486
Non-earnings Assets	170,891	179,005	294,646	318,305	343,863	371,473
Total Assets	1,610,065	1,678,098	1,865,639	2,023,983	2,202,252	2,404,960
CA	192,730	220,590	349,756	356,454	419,342	489,960
SA	476,066	497,677	522,648	594,278	648,969	704,826
TD	452,126	420,476	435,481	468,152	483,120	494,943
Customer Deposits	1,120,922	1,138,743	1,307,885	1,418,884	1,551,430	1,689,728
Total Liabilities	1,380,618	1,386,311	1,562,244	1,705,358	1,874,173	2,055,310
Paid in Capital & Reserves	59,944	103,726	98,124	104,192	103,614	113,336
Retained Earnings	166,972	185,009	201,170	210,067	219,969	231,522
Shareholders Equity	226,916	288,735	299,294	314,259	323,584	344,858
Minority Interests	2,531	3,052	4,101	4,366	4,495	4,791
Total Equity	229,447	291,787	303,395	318,625	328,079	349,649
Total Liabilities & Equity	1,610,065	1,678,098	1,865,639	2,023,983	2,202,252	2,404,960

Key Ratio	FY20	FY21	FY22	FY23F	FY24F	FY25F
IEA Yields	10.1%	9.8%	9.9%	10.8%	10.3%	10.6%
CoF	3.4%	2.2%	2.0%	3.0%	2.9%	3.0%
NIM	6.9%	7.8%	8.1%	8.0%	7.6%	7.8%
CIR	50.9%	48.6%	47.4%	45.4%	43.6%	41.9%
ROAA	1.2%	1.9%	2.9%	3.0%	3.0%	3.3%
ROAE	8.6%	11.9%	17.5%	18.8%	20.2%	22.5%
LDR	91.0%	91.6%	87.1%	88.3%	88.3%	89.9%
NPL-gross	2.9%	3.1%	2.8%	2.6%	2.5%	2.5%
CoC	3.5%	3.8%	2.4%	2.2%	2.0%	2.0%

Sources : BBRI Data, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

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