

**BUY | TP : IDR2,100**
**BRIS Stock Price Data**

Last Price	:	IDR1,620
52wk High	:	IDR1,820
52wk Low	:	IDR1,095
Share Out	:	46.1bn
Market Cap	:	IDR74.5tn

**BRIS Stock Price Performance**

1-Day	:	+0.93%
1-Week	:	-5.54%
1-Month	:	-3.86%
3-Month	:	-1.22%
Year-to-Date	:	25.58%

**Shareholders**

PT Bank Mandiri (Persero) Tbk	:	51.5%
PT Bank Negara Indonesia (Persero) Tbk	:	23.2%
PT Bank Rakyat Indonesia (Persero) Tbk	:	15.4%
Public	:	9.9%

**PT Bank Syariah Indonesia Tbk (BRIS IJ)**
**Robust Financing Growth in the Consumer Segment**
**Profitability remains intact**

BRIS has announced its impressive 1H23 financial results, demonstrating substantial growth in net profit. Net profit stood at IDR1.4 tn in 2Q23 (-6.4% QoQ, +19.3% YoY) bringing 1H23 net profit to IDR2.8 tn (+32.4% YoY), slightly above of our FY23E & consensus estimates. PPOP grew 19% YoY to IDR5.4 tn in 1H23, propelled by both higher net interest income and non-interest income. Net interest income slipped by -1.4% QoQ (+4.7% YoY) to IDR4.2 tn in 2Q23 due to slightly higher CoF. However, 1H23 net interest income stood at IDR8.5 tn (+8% YoY), supported by strong loan growth.

**Loans continued to expand**

Loans grew by 16% YoY (+4% QoQ) to IDR221 tn in 1H23. Notably, MSME segment comprised 19% of total loans slightly down from 20% in the previous quarters. We expect that loans from the consumer segment will continue to remain robust, considering BRIS has already successfully entered the captive market of payroll-based and pension financing catering both ASN & SOE employees. We expect loans to grow +12.3% FY22-25F CAGR largely driven by consumer's segment. Meanwhile, we also note strong CASA balance (+4% YoY) to support higher loan growth. NIM slightly declined to 5.6% in 1H23 (vs 5.9% in 1H22), primarily due to higher CoF (+45bps). Meanwhile, BRIS experienced better credit quality with an NPL of 2.3% in 2Q23 (vs 2.8% in 2Q22) and an NPL Coverage of 190% in 1H23.

**Strategic placement to boost free float and attract foreign investors**

There is a strategic intention for BRI to conduct a placement with the goal of enhancing the current free float, which stands at a mere 9.91%. This move is aimed at achieving a public portion similar to that of major banks, reaching around 40%. Currently, BRI holds 15.38% of shares, while BNI holds 23.2%. It is anticipated that BRI might divest its entire stake in BSI, whereas BNI might opt to divest only a partial portion. Efforts are underway to attract strategic investors, including those from foreign nations, with a current focus on potential investors from the UAE. With a market cap of IDR74 tn (2x PBV; 15%-17% ROE), BRIS falls below the big-4 banks but surpasses the typical mid-sized conventional bank, yet we view it as an attractive prospect at this valuation.

**Maintain BUY with a higher TP of IDR2,100/share**

We transfer our banking coverage from Tirta Widi Gilang to Victoria Venny. We maintain our BUY rating with higher GGM-TP of IDR2,100/share implying 2.2x of FY24F PBV (7.0% of COE). Management FY23F guidance: 1) 13%-15% of loan growth; 2) 7%-9% of TPF; 3) 5.7%-6.0% of NIM; 4) 2.1%-2.3% of NPL ratio; 5) IDR5-5.5 tn of NPAT. Downside risks to our call include slower than expected loan growth and asset quality deterioration.



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Key Financial Highlight (IDR bn)	FY20	FY21	FY22	FY23E	FY24F
Net Interest Income	11,925	13,430	15,591	17,405	19,633
Net Profit	2,188	3,028	4,260	5,465	6,235
EPS (IDR)	47	66	92	119	135
BVS (IDR)	472	543	727	836	953
P/E (x)	34.1	24.7	17.5	13.7	12.0
P/B (x)	3.4	3.0	2.2	1.9	1.7
ROAE (%)	10.7	13.0	14.6	15.2	15.1
ROAA (%)	1.0	1.2	1.5	1.7	1.8

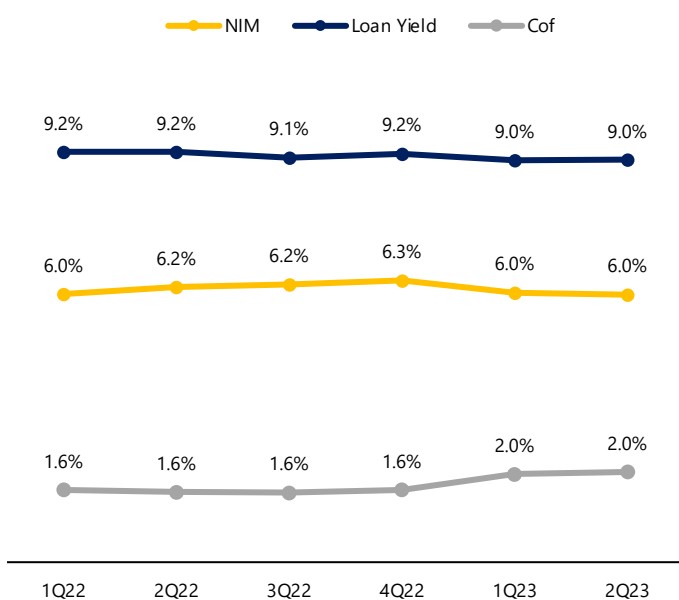
Sources : Bloomberg, MNCS Research

### Exhibit 01. Net profit increased 32% YoY in 1H23, beating the consensus FY estimate

Income Statement (IDR bn)	2Q22	1Q23	2Q23	QoQ	YoY	1H22	1H23	YoY	MNCS Est	Cons Est	% MNCS FY23F	% Cons. FY23F
Net interest income	4,063	4,294	4,246	-1%	5%	7,881	8,541	8%				
Non-interest income	675	769	743	-3%	10%	1,307	1,513	16%				
Operating income	4,739	5,064	4,990	-1%	5%	9,188	10,053	9%				
PPOP	2,431	2,689	2,738	2%	13%	4,610	5,469	19%				
Pretax Profit	1,461	1,892	1,758	-7%	20%	2,833	3,744	32%				
Net profit	1,144	1,458	1,364	-6%	19%	2,131	2,822	32%	5,465	5,384	52%	52%
Gross Loans		212,669		4%		190,761	221,297	16%				
Third Party Funds		269,258		-6%		244,664	252,516	3%				
Key ratio	2Q22	1Q23	2Q23	1H22	2H23							
NIM	6.0%	5.7%	5.5%	5.9%	5.6%							
ROE	17.4%	17.0%	15.4%	16.5%	16.2%							
LDR	78.0%	79.0%	87.6%	78.0%	87.6%							
NPL-gross	2.8%	2.4%	2.3%	2.8%	2.3%							
CoC	2.0%	1.4%	1.7%	2.0%	1.6%							

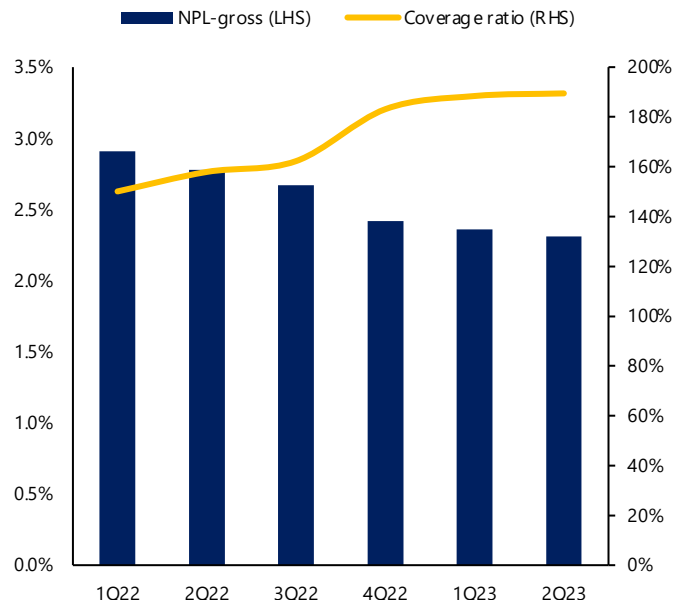
Sources : BRIS Data, MNCS Research

### Exhibit 02. Maintaining financing yield & NIM



Sources : BRIS Data, MNCS Research

### Exhibit 03. NPL remains stable below 3% going forward



Sources : BRIS Data, MNCS Research

**Exhibit 04. BRIS's Financial Projection & Key Ratio**

<b>Income Statement (IDR bn)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23F</b>	<b>FY24F</b>
Interest Income	16,930	17,808	19,623	22,409	24,871
Interest Expense	(5,004)	(4,379)	(4,032)	(5,004)	(5,238)
<b>Net Interest Income</b>	<b>11,925</b>	<b>13,430</b>	<b>15,591</b>	<b>17,405</b>	<b>19,633</b>
Opex	(7,955)	(8,783)	(9,895)	(10,765)	(12,215)
<b>PPOP</b>	<b>6,747</b>	<b>7,659</b>	<b>9,396</b>	<b>10,765</b>	<b>12,215</b>
Provision	(3,620)	(3,551)	(3,749)	(3,557)	(3,978)
Income Before Tax	3,005	3,961	5,515	7,074	8,099
Tax	(818)	(932)	(1,255)	(1,609)	(1,864)
<b>Net Profit</b>	<b>2,188</b>	<b>3,028</b>	<b>4,260</b>	<b>5,465</b>	<b>6,235</b>
<b>Balance Sheet (IDR bn)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23F</b>	<b>FY24F</b>
CA & Placement	30,224	22,405	34,254	34,802	35,939
Marketable Securities	49,106	67,579	57,841	58,175	61,199
Net Financing	149,431	163,074	197,498	227,886	254,905
<b>Earnings Assets</b>	<b>228,761</b>	<b>253,058</b>	<b>289,594</b>	<b>320,863</b>	<b>352,043</b>
Non-Earning Assets	7,424	8,175	10,479	12,485	14,312
Fixed Assets	3,397	4,056	5,655	5,937	6,234
<b>Total Assets</b>	<b>239,582</b>	<b>265,289</b>	<b>305,727</b>	<b>339,285</b>	<b>372,590</b>
Demand Deposit	36,170	34,372	44,521	50,022	56,162
Saving Deposit	88,066	100,696	116,484	134,653	150,811
Time Deposit	85,669	98,184	100,486	107,814	112,772
<b>Customer Deposits</b>	<b>209,905</b>	<b>233,252</b>	<b>261,491</b>	<b>292,488</b>	<b>319,746</b>
Other Interest Bearing	2,477	1,652	4,853	3,665	4,259
<b>Total Interest Bearing</b>	<b>212,382</b>	<b>234,904</b>	<b>266,344</b>	<b>296,154</b>	<b>324,005</b>
Non Interest Bearing	5,456	5,371	5,877	4,613	4,639
<b>Total Liabilities</b>	<b>217,838</b>	<b>240,275</b>	<b>272,222</b>	<b>300,767</b>	<b>328,644</b>
Paid & Add Capital	14,046	14,198	19,136	19,136	19,136
Retained Earnings & Others	7,698	10,816	14,370	19,383	24,810
<b>Shareholder's Equity</b>	<b>21,743</b>	<b>25,014</b>	<b>33,506</b>	<b>38,519</b>	<b>43,945</b>
<b>Key Ratio</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23F</b>	<b>FY24F</b>
IEA Yields	7.4%	7.0%	6.8%	7.0%	7.1%
CoF	2.4%	1.9%	1.5%	1.7%	1.6%
NIM	6.0%	5.8%	6.1%	6.1%	6.2%
CIR	54.1%	53.4%	51.3%	50.0%	50.0%
ROAA	1.0%	1.2%	1.5%	1.7%	1.8%
ROAE	10.7%	13.0%	14.6%	15.2%	15.1%
LDR	74.6%	73.4%	79.4%	81.7%	83.5%
NPL-gross	2.8%	2.9%	2.4%	2.2%	2.0%
CoC	2.3%	2.1%	1.8%	1.5%	1.5%

Sources : BRIS 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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