

BUY | TP : IDR2,750
BRIS Stock Price Data

| | | |
|------------|---|------------|
| Last Price | : | IDR2,380 |
| 52wk High | : | IDR2,500 |
| 52wk Low | : | IDR1,445 |
| Share Out | : | 46.1bn |
| Market Cap | : | IDR109.8tn |

BRIS Stock Price Performance

| | | |
|--------------|---|--------|
| 1-Day | : | +4.2% |
| 1-Week | : | +4.2% |
| 1-Month | : | +22.9% |
| 3-Month | : | +69.2% |
| Year-to-Date | : | +41.9% |

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)

Paving the Path to New Heights

Foreign inflow experiences a twofold increase

BRIS's YTD 2024 performance has been impressive, with its share price rallied +42% YTD, driven by a substantial 69% increase in average transaction volume and a doubling of transaction value compared to 2023. Notably, net foreign inflow reached IDR564bn in Jan-Feb 2024 (vs IDR125bn in 4Q23), especially post the release of the strong FY23 financial report. Despite BSI's IT system breach in 2023, BRIS's performance remains solid, reflecting ongoing efforts to enhance cybersecurity. We expect strong net inflows will remain robust by solid company fundamentals and management's drive to grow market share in the sharia economy.

FY23 result snapshot

Net profit grew by 34% YoY to IDR5.7tn above consensus estimates and ROAE improved to 15.8% in FY23 as BRIS successfully delivered 16% YoY financing growth. Third party funds grew by 12.4% YoY to IDR293.8tn and CASA balance grew by 11% YoY. Asset quality also improved and leads to lower NPF at 2.1% in 4Q23 (vs 2.2% in 3Q23 and 2.3% in 4Q22). Meanwhile, cost of credit stood at 1.2% (vs 2.0% in FY22) and CIR improved to 49.9% in FY23 (vs 51.3% in FY22). BRIS maintains a competitive edge in cost management compared to its peers by leveraging its reliance on CASA with institutional deposits serving as a buffer during liquidity tightening.

Strengthen cyber security to protect ecosystem

To bolster its IT security system, BRIS is gearing up for a capital expenditure of IDR1.5tn, marking a substantial increase from previous years' budgets. This spending is primarily designated for four key areas, including security measures and infrastructure enhancements. Additionally, BSI has acquired several infrastructure stabilization devices and invested in digital business development to reinforce its mobile customer backbone, which expanded to 6.3mn users (+31% YoY) in FY23.

Management guideline for FY24E

During its analyst meeting, management set its NIM guidance to 5.50%-5.86% for FY24E. The bank remained optimistic that financing growth would achieve 15% YoY in FY24E (vs 15.7% in FY23) and third party fund to stay moderate at 8.5%-10.0% (vs 12.4% in FY23). Management also target NPF to drop below 2% in FY24 and cash coverage ~200%. Hence, the NPAT is targeted to reach IDR6.3-6.5tn in FY24E.

Maintain BUY with TP of IDR2,750/share

We maintain our BUY rating with higher GGM-TP of IDR2,750/share implying 2.9x of FY24F PBV. Strong earnings growth momentum should continue in FY24E as financing could accelerated coupled with sustain cost of fund. Nonetheless, with 15% YoY financing growth and 130bps credit costs, net profits are expected to grow by 12% YoY to IDR6.4tn. Downside risks to our call include slower than expected loan growth and asset quality deterioration.

| Key Financial Highlight (IDR bn) | FY21 | FY22 | FY23 | FY24E | FY25F |
|----------------------------------|--------|--------|--------|--------|--------|
| Net Interest Income | 13,430 | 15,591 | 16,259 | 19,105 | 19,924 |
| Net Profit | 3,028 | 4,260 | 5,704 | 6,390 | 7,037 |
| EPS (IDR) | 66 | 92 | 124 | 139 | 153 |
| BVS (IDR) | 543 | 727 | 840 | 951 | 953 |
| P/E (x) | 36.2 | 25.8 | 19.2 | 17.2 | 15.6 |
| P/B (x) | 4.4 | 3.3 | 2.8 | 2.5 | 2.5 |
| ROAE (%) | 13.0 | 14.6 | 15.8 | 15.5 | 16.0 |
| ROAA (%) | 1.2 | 1.5 | 1.7 | 1.7 | 1.7 |

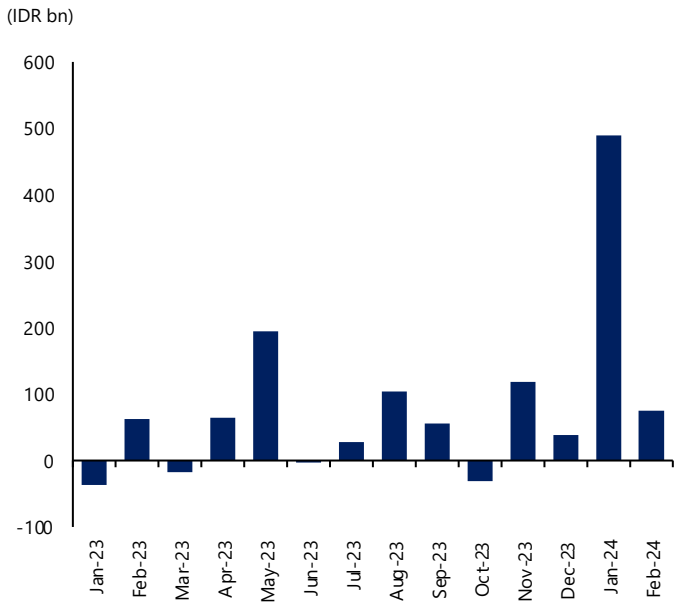
Sources : Bloomberg, MNCS Research


Research Analyst

Victoria Venny

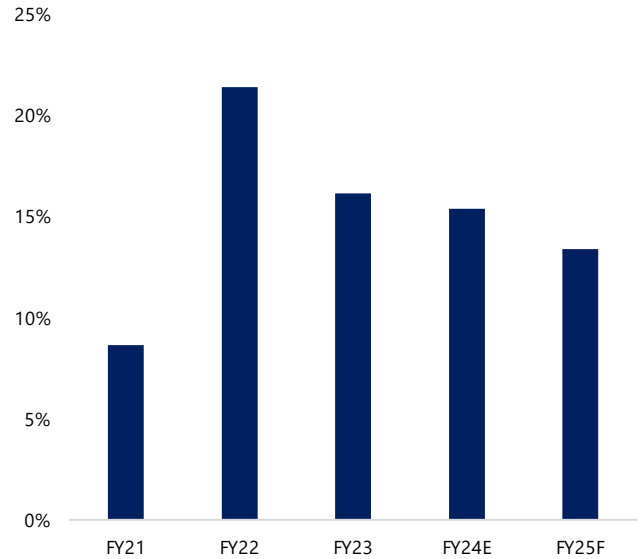
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Exhibit 01. Net foreign inflow spike in YTD Feb-24



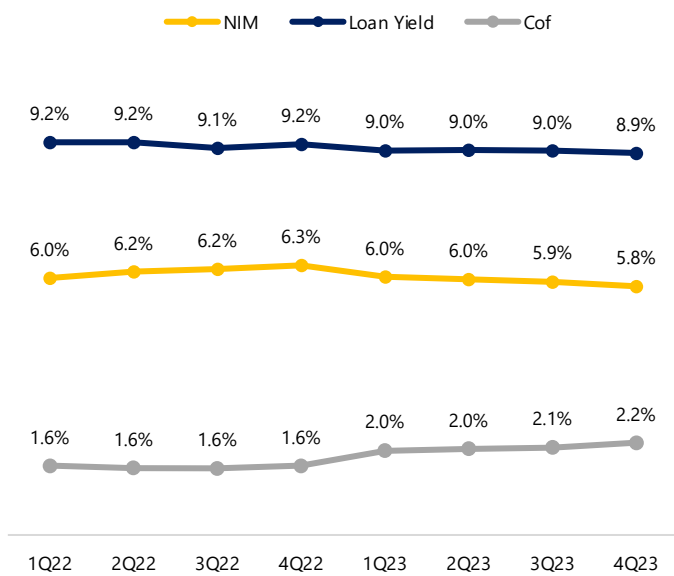
Sources : BRIS Data, MNCS Research

Exhibit 02. We expect financing to grow 15% in FY24E



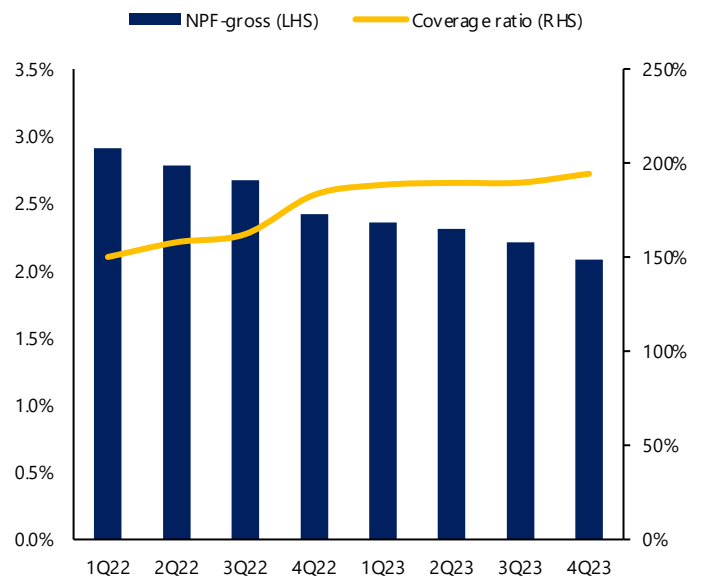
Sources : BRIS Data, MNCS Research

Exhibit 03. Maintaining financing yield & NIM



Sources : BRIS Data, MNCS Research

Exhibit 04. NPL remains stable below 2% going forward



Sources : BRIS Data, MNCS Research

Exhibit 05. BRIS's Financial Projection & Key Ratio

| Income Statement (IDR bn) | FY21 | FY22 | FY23 | FY24E | FY25F |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Interest Income | 17,808 | 19,623 | 22,252 | 24,676 | 26,661 |
| Interest Expense | (4,379) | (4,032) | (5,993) | (5,571) | (6,737) |
| Net Interest Income | 13,430 | 15,591 | 16,259 | 19,105 | 19,924 |
| Opex | (8,783) | (9,895) | (10,249) | (12,035) | (12,516) |
| PPOP | 7,659 | 9,396 | 10,214 | 12,035 | 13,027 |
| Provision | (3,551) | (3,749) | (2,622) | (3,571) | (3,738) |
| Income Before Tax | 3,961 | 5,515 | 7,399 | 8,307 | 9,129 |
| Tax | (932) | (1,255) | (1,696) | (1,916) | (2,092) |
| Net Profit | 3,028 | 4,260 | 5,704 | 6,390 | 7,037 |
| Balance Sheet (IDR bn) | FY21 | FY22 | FY23 | FY24E | FY25F |
| CA & Placement | 22,405 | 34,254 | 34,745 | 37,056 | 44,736 |
| Marketable Securities | 67,579 | 57,841 | 71,169 | 65,530 | 64,847 |
| Net Financing | 163,074 | 197,498 | 228,864 | 263,933 | 299,562 |
| Earnings Assets | 253,058 | 289,594 | 334,778 | 366,518 | 409,145 |
| Non-Earning Assets | 4,056 | 5,655 | 6,481 | 6,546 | 6,873 |
| Fixed Assets | 8,175 | 10,479 | 12,365 | 13,602 | 14,970 |
| Total Assets | 265,289 | 305,727 | 353,624 | 386,666 | 430,988 |
| Demand Deposit | 34,409 | 44,553 | 53,265 | 61,096 | 74,075 |
| Saving Deposit | 101,260 | 117,112 | 125,307 | 141,596 | 155,756 |
| Time Deposit | 98,593 | 100,760 | 115,985 | 128,315 | 144,829 |
| Customer Deposits | 234,262 | 262,425 | 294,556 | 331,007 | 374,661 |
| Other Interest Bearing | 1,652 | 4,853 | 3,172 | 4,013 | 4,433 |
| Total Interest Bearing | 235,914 | 267,278 | 297,729 | 335,020 | 379,094 |
| Non Interest Bearing | 4,361 | 4,943 | 17,156 | 7,820 | 7,973 |
| Total Liabilities | 240,275 | 272,222 | 314,885 | 342,840 | 387,067 |
| 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 |
| Shareholder's Equity | 21,743 | 25,014 | 33,506 | 38,519 | 43,945 |
| Key Ratio | FY21 | FY22 | FY23 | FY24E | FY25F |
| IEA Yields | 7.0% | 6.8% | 6.6% | 7.0% | 6.9% |
| CoF | 1.9% | 1.5% | 2.0% | 1.8% | 1.9% |
| NIM | 5.6% | 5.7% | 5.2% | 5.4% | 5.1% |
| CIR | 53.4% | 51.3% | 50.1% | 50.0% | 49.0% |
| ROAA | 1.2% | 1.5% | 1.7% | 1.7% | 1.7% |
| ROAE | 13.0% | 14.6% | 15.8% | 15.5% | 16.0% |
| FDR | 72.7% | 78.6% | 80.8% | 83.0% | 83.1% |
| NPF-gross | 2.9% | 2.4% | 2.1% | 2.0% | 1.8% |
| CoC | 2.2% | 1.9% | 1.1% | 1.3% | 1.2% |

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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