

Inline FY24 earnings

14 February 2025



BBRI IJ	BUY
Sector	Banks
Price at 14 February 2025 (IDR)	3,860
Price target (IDR)	5,390
Upside/Downside (%)	39.6

Stock Information

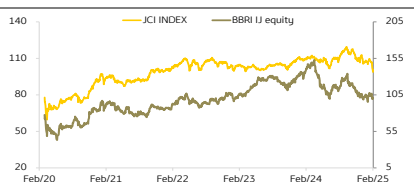
PT Bank Rakyat Indonesia (BRI) established in 1895 is the oldest bank in Indonesia. BRI plays an important role in developing grass root economy of Indonesia, focusing in Micro, Small and Medium Enterprises (MSMEs) segments.

Market cap (IDR bn)	610,783
Shares outstanding (mn)	151,559
52-week range (IDR)	3,800-6,450
3M average daily vol. ('000)	249,499
3M average daily val. (IDR mn)	1,049,884

Shareholders (%)

Republic of Indonesia	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	3.6	(12.9)	(33.5)

Analyst

Akhmad Nurcahyadi
akhmad.nurcahyadi@kbvalbury.com

BRI delivered 10.0% YoY revenue growth despite a challenging year marked by elevated funding costs. While NII growth was constrained by these costs, strong fee income and recovery drove 9.6% YoY PPOp growth. Higher provisions led to flat YoY earnings, as anticipated. In all, FY24 net income arrives in line with ours (100%) and street expectation (99%). Key 2025 growth drivers include: (a) improved micro segment loan growth with higher graduation rates (b) stronger deposit growth (c) softening funding costs (d) well-controlled AQ. Robust fees and commissions, further recovery, and manageable costs will also contribute. We adjust our RR and MRP assumption, resulting TP to IDR 5,390 (9.6% lower) reflecting recent stock pressure. This aligns with consensus revisions (down 20.5%). Our TP is pegged at 2.5x '25F P/B, while currently trading at 1.8x '25F P/B, or slightly above its -1SD.

Inline FY24 earnings

BRI defied expectations by delivering 10% YoY revenue growth to IDR199.26tn despite a challenging macro environment and persistent high-interest rates. While net interest income growth moderated to 3.4% yoy due to rising deposit costs, net non-interest income including Gold surged 24.8% YoY, supported by a softer CIR of 41.6%. This, combined with strong fee income, drove 9.6% yoy PPOp growth to IDR116.75tn. FY24 net income aligned with our and consensus expectations (100%/99%). 4Q24 PATMI of IDR 15.1tn was also in line with our forecast of IDR15.2tn

Sufficient loan growth as stronger prudent approach take place

BRI achieved 7.0% yoy growth in total loans and financing to IDR 1,354.6tn in FY24. While consumer lending maintained a steady pace at 10% YoY, corporate lending experienced a significant acceleration to 23.6% yoy in FY24 from 16.9% yoy in the previous quarter. Despite the moderation in year-to-date loan growth, BRI's prudent approach to lending, prioritizing asset quality amidst rising credit cost concerns, is commendable

Expect better TPF growth

On the liabilities side, the prevailing liquidity constraints resulted in modest growth in total third-party funds (TPF) at 0.5% yoy and 0.2% qoq. Notably, total deposits demonstrated resilience, driven by 8.2% yoy growth in current accounts (CA) and a concurrent decline of 7.8% yoy in high-cost deposits. This shift towards a more stable and lower-cost deposit base, coupled with the anticipated continued decline in the cost of funds (CoF), positions the bank favorably for potential better margin in the current year

NIM in line with guidance, CoC a tick missed (3.23% vs 3.20%)

On key financial ratios, CASA ratio reached a YTD high of 67.3%, a substantial 295 basis points increase from the previous year (3Q24 CASA: 64.2%). Profitability metrics, while mirroring industry trends and the average of large banks, saw a slight moderation in NIM to 7.74%, a 5bps decline from 4Q24. Nevertheless, this remains comfortably within management's 2024 guidance range of 7.6%-8.0% and aligns with our projected NIM of 7.8% (as detailed in our December 2024 report). Regarding key risk metrics, the FY24 non-performing loan of 2.78% outperformed our forecast of 2.91% and remained within management's guidance of below 3%. Cost of credit at 3.23% a tick missed vs BRI's '24F upper guidance of 3.2% and our '24F credit cost for BRI of 3.05%. Additionally cost-to-income of 41.59% also fell within management's guidance range of 41%-42%.

'25F guidance and key growth

The bank anticipates 2025 loan growth to range between 7% and 9% year-over-year, driven by robust micro-segment lending demand. Net interest margin is projected to fall within the 7.3% to 7.7% range, contingent on further interest rate cuts this year. Non-performing loans are targeted to remain below 3%, while the cost of credit is estimated to be between 3.0% and 3.2%. Furthermore, the cost-to-income ratio will be maintained within the 41% to 43% range. Key drivers for stronger 2025 PATMI growth will be better micro-segment lending demand coupled with much higher deposit growth and softer funding costs. The implementation of rigorous credit approval processes and a reduced focus on high-risk loan products are poised to enhance the quality of new loans and contribute to overall asset quality improvement. Additionally, a potential decline in the SRBI yield could stimulate deposit pressure in the banking sector, leading to better yoy liquidity in '25F.

Adjusting our RR and MRP assumptions and maintained Rf rate

Despite noting a 3.6% 1M return, BRI's stock experienced significant downward pressure with a 1YR return of close to -30% and YTD -2.2%. In response to this market performance, while maintaining our Rf rate, we are adjusting the RR and MRP assumptions, resulting in a new GGM-based TP of IDR 5,390 (-9.6%). Worth noting is that BRI's consensus target price has noted a substantial downward revision from IDR 6,790 to IDR 5,395 (-20.5%). Our new GGM TP is around +5.7% above the lowest TP, -20.7% below the highest TP, and 0.09% below consensus TP (IDR 5,395). Of the total 36 ratings, 32 recommend BUY with 3 HOLDS and 1 SELLS.

Maintain BUY GGM-TP of IDR5,390.

Our GGM-based TP for BRI of IDR5,390 pegged at 2.5x '25F P/B while currently trading at 1.8x '25F P/B, or slightly above its -1SD of 1.7x. Downside risks to our call are: 1) muted loan growth 2) worsening SMEs industry and AQ deterioration, 3) higher than expected CoC, NPL and CoF, 4) continued higher for longer and global uncertainty sustained, 5) prolonged tight liquidity and high SRBI yield.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net Interest income	137,402	142,057	153,199	165,996	181,542
Non int. income	45,888	57,811	67,901	77,477	89,805
Operating income	183,290	199,869	221,100	243,473	271,347
Pre-provision operating profit	106,508	116,752	130,148	142,757	158,662
Net income (IDR bn)	60,100	60,155	63,275	68,632	76,642
EPS (IDR)	397	397	417	453	506
EPS growth (%)	17.5	0.1	5.2	8.5	11.7
PER (x)	10.1	10.1	9.6	8.8	7.9
PBV (x)	1.9	1.9	1.8	1.7	1.6
Div. Yield (%)	7.9	9.2	7.0	8.4	9.1
RoE (%)	17.4	19.7	19.1	19.5	20.1

Source: Company, KBVS Research

Exhibit 2: BBRI FY24 result – Selected Profit & Loss

Income Statements (IDR bn)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)	KBVS '24F	% to KBVS	Cons' '24F	% to Cons
Interest income	181,215	199,266	10.0	49,322	48,629	(1.4)	50,847	(4.4)				
Interest expenses	(43,813)	(57,209)	30.6	(13,117)	(14,173)	8.1	(14,318)	(1.0)				
Net interest income	137,402	142,057	3.4	36,205	34,456	(4.8)	36,529	(5.7)				
Non-interest income	45,888	57,811	26.0	12,232	16,330	33.5	16,579	(1.5)				
Total operating income	183,290	199,868	9.0	48,437	50,786	4.8	53,108	(4.4)				
Total operating expenses	(76,782)	(83,116)	8.2	(21,110)	(21,543)	2.1	(21,939)	(1.8)				
PPoP	106,508	116,752	9.6	27,328	29,243	7.0	30,467	(4.0)				
Loan loss provisions	(29,679)	(38,174)	28.6	(6,700)	(8,710)	30.0	(10,967)	(20.6)				
Net profit	60,100	60,155	0.1	16,107	15,090	(6.3)	15,363	(1.8)	60,350	99.7%	61,053	98.5%

Source : Company, KB Valbury Sekuritas

Exhibit 3: BBRI FY24 result – Selected Balance Sheet

Balance Sheet (IDR bn)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)
Gross loans	1,266,429	1,354,641	7.0	1,266,429	1,354,641	7.0	1,353,356	0.1
Current account	346,124	374,554	8.2	346,124	374,554	8.2	349,490	7.2
Saving account	527,946	544,427	3.1	527,946	544,427	3.1	524,741	3.8
Time deposits	484,259	446,469	(7.8)	484,259	446,469	(7.8)	488,188	(8.5)
Total Deposits	1,358,329	1,365,450	0.5	1,358,329	1,365,450	0.5	1,362,419	0.2
CASA	874,070	918,981	5.1	874,070	918,981	5.1	874,231	5.1
Total equity	316,472	323,189	2.1	316,472	323,189	2.1	329,473	(1.9)

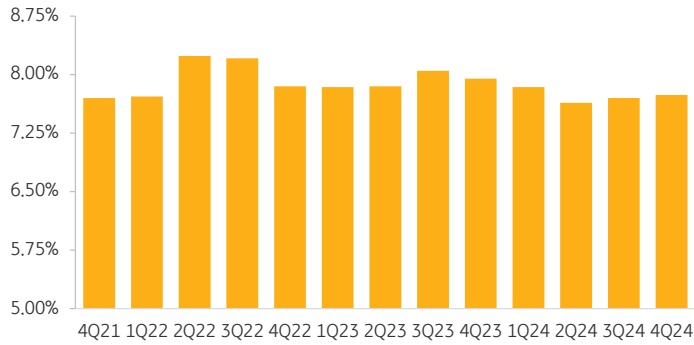
Source : Company, KB Valbury Sekuritas

Exhibit 4: BBRI FY24 result – Selected Key Ratios

Key Metrics (%)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)
NIM	8.2	7.7	(0.4)	8.3	7.4	(0.8)	8.0	(0.6)
Total CAR	27.3	26.6	(0.6)	27.3	26.6	(0.6)	26.8	(0.1)
CASA Ratio	64.4	67.3	3.0	64.4	67.3	3.0	64.2	3.1
CIR	41.9	41.6	(0.3)	43.6	42.4	(1.2)	41.9	0.6
NPL gross	3.0	2.8	(0.2)	3.0	2.8	(0.2)	2.9	(0.1)
Cost of Credit	2.4	3.2	0.9	2.2	2.8	0.6	3.2	(0.5)
Cost of Fund	3.1	3.7	0.6	3.1	3.7	0.6	3.7	0.0
ROA	3.3	3.1	(0.2)	3.4	3.1	(0.3)	3.2	(0.1)
ROE	19.8	19.0	(0.8)	20.4	18.5	(2.0)	19.2	(0.7)
Loan yield	13.1	13.2	0.1	13.1	13.2	0.1	13.3	(0.1)
NPL Coverage Ratio	229.1	215.0	(14.1)	229.1	215.0	(14.1)	215.4	(0.4)
LAR	12.5	10.7	(1.8)	12.5	10.7	(1.8)	11.7	(1.0)

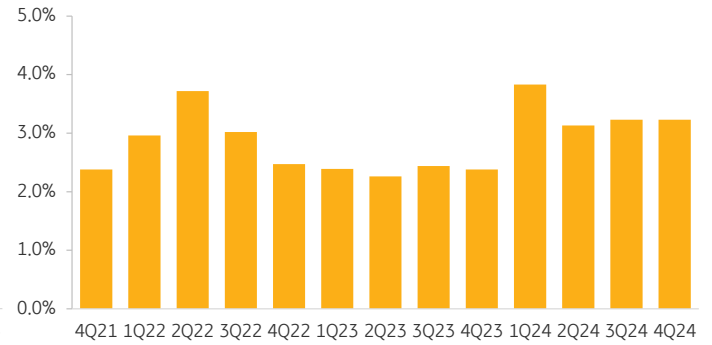
Source : Company, KBVS Research

Exhibit 5: Expect better NIM on manageable earnings asset yields



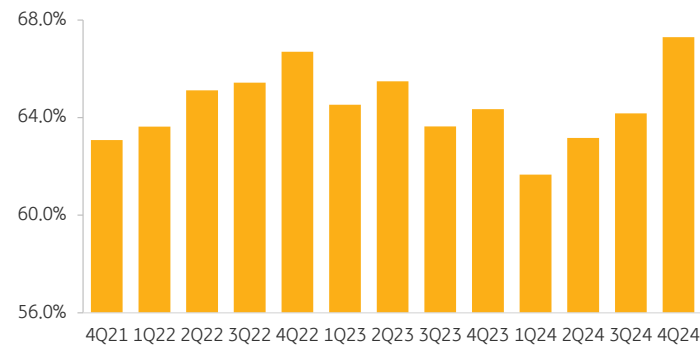
Source: Company, KBVS Research

Exhibit 6: Softening CoC to play crucial role for '25F earnings growth



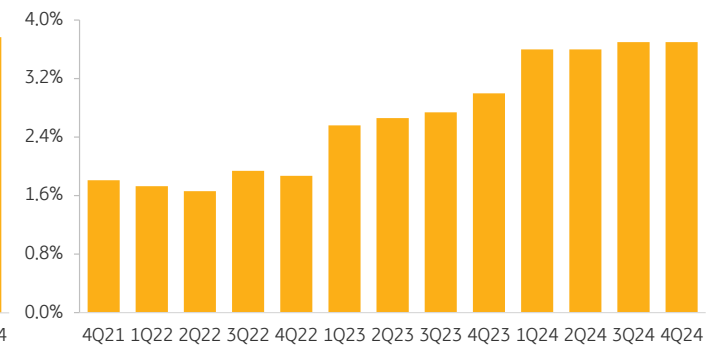
Source: Company, KBVS Research

Exhibit 7: Solid CASA could continue



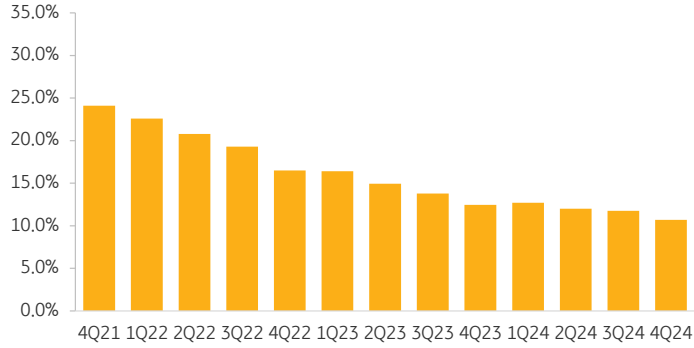
Source: Company, KBVS Research

Exhibit 8: Expect well-managed CoF on continuing eye catching SRBI yield



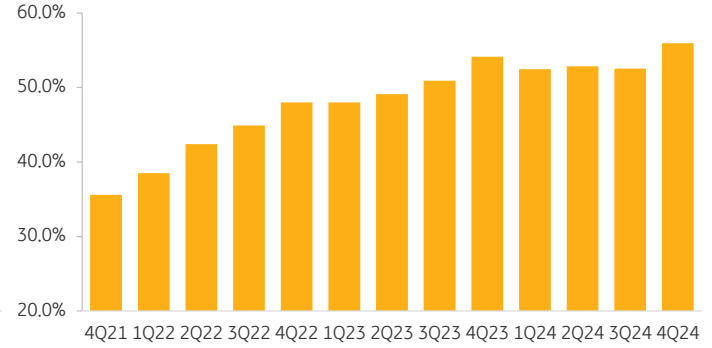
Source: Company, KBVS Research

Exhibit 9: Trending down loan at risk to continue



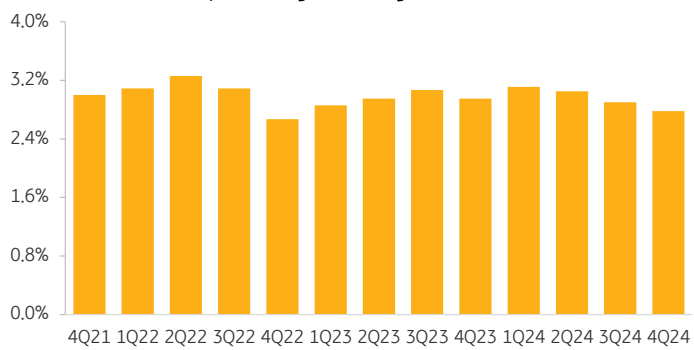
Source: Company, KBVS Research

Exhibit 10: LAR coverage remain solid



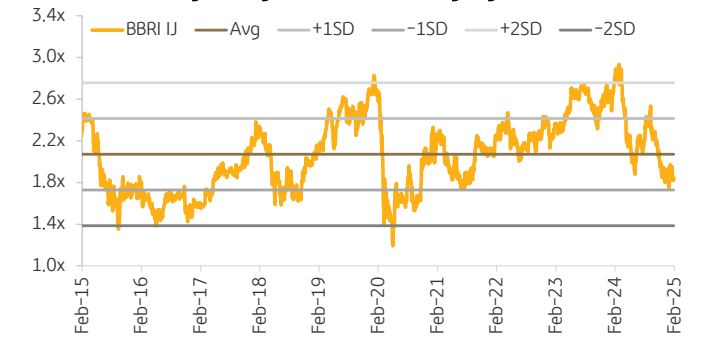
Source: Company, KBVS Research

Exhibit 11: Softer non performing loan likely to continue



Source: Company, KBVS Research

Exhibit 12: Currently trading at 1.8x '25F P/B, slightly above -1SD of 1.7x



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES
Exhibit 13: Profit & Loss

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	181,215	199,266	220,468	246,788	276,016
Interest expenses	(43,813)	(57,209)	(67,269)	(80,793)	(94,475)
Net interest income	137,402	142,057	153,199	165,996	181,542
Non-interest income	45,888	57,811	67,901	77,477	89,805
Total operating income	183,290	199,869	221,100	243,473	271,347
Operating expenses	(76,782)	(83,116)	(90,951)	(100,716)	(112,686)
Pre-provision operating profit	106,508	116,752	130,148	142,757	158,662
Loan loss provision	(29,679)	(38,174)	(43,627)	(49,035)	(54,173)
Pretax profit	76,430	77,599	85,053	92,253	103,020
Net profit	60,100	60,155	63,275	68,632	76,642

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Assets					
Cash	31,604	29,784	30,473	31,280	32,107
Current Account at BI	101,909	88,879	90,257	92,377	88,167
Interbank Loans	87,545	83,448	84,742	79,636	73,472
Govt Treas Bills & Sec	238,102	228,825	194,128	182,366	174,864
Investment Securities	126,503	114,497	133,393	114,103	103,816
Loans	1,180,927	1,273,577	1,375,894	1,482,362	1,606,484
Fixed Assets	59,678	62,478	65,409	68,478	71,691
Other assets	138,738	111,495	99,145	89,221	79,835
Total Asset	1,965,007	1,992,983	2,073,442	2,139,823	2,230,435
Liabilities					
Interbank Deposit	11,958	14,679	20,799	21,288	22,042
Customer Deposit	1,358,329	1,365,450	1,386,627	1,419,191	1,469,444
Debts Sec and Subordinates	49,638	32,502	50,612	45,414	44,083
Other Liabilities	228,610	257,162	278,815	295,440	316,585
Total liabilities	1,648,535	1,669,794	1,736,854	1,781,334	1,852,154
Equity					
Capital Stock	7,578	7,578	7,578	7,578	7,578
Additional Paid-in Capital	75,853	75,880	75,880	75,880	75,880
Retained Earnings	213,711	218,093	239,260	257,272	279,008
Other Equity	14,220	15,552	7,776	11,664	9,720
Shareholder's Equity	311,363	317,103	330,494	352,394	372,186
Non-controlling Interest	5,109	6,095	6,095	6,095	6,095
Total Equity	316,472	323,189	336,589	358,489	378,281

Exhibit 15: Key performance metrics

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
NIM	8.2	7.7	7.52	7.7	8.0
CASA	64.3	67.3	68.61	70.1	70.8
NPL	3.0	2.8	2.73	2.7	2.6
ROAE	19.7	19.1	19.54	20.1	21.2
ROAA	3.1	3.0	3.11	3.3	3.5
CAR	25.2	24.4	24.46	25.3	25.6
BVPS (IDR)	2,054	2,092	2,180.63	2,325	2,456
PER (x)	10.1	10.1	9.56	8.8	7.9
PBV (x)	1.9	1.9	1.83	1.7	1.6
Div. Yield	7.9	9.2	6.96	8.4	9.1
Cost to income	41.9	41.6	41.14	41.4	41.5

Source: Company, KBVS Research

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. (021) 25098300
F. (021) 25098400

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Boulevard Barat Raya Blok A1 No. 10
Jakarta Utara 14240
T. (021) 29451577

Jakarta – Puri Indah

Rukan Grand Aries Niage Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung

Jl. Abdul Rivei No. 1A, Kel. Pasirkaliki,
Kec. Cicendo Bandung 40171
T. (022) 3003133

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) 3265918

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 2005050

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 21008080

Padang

Jl. Proklamasi No. 60A
Padang Timur 25121
T. (0751) 8688080

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 8099090

Semarang

Jl. Gajahmada 25A,
Kecamatan Semarang Tengah,
Kelurahan Kembang Sari 50241
T. (024) 40098080

Makassar

Komplek Ruko Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0411) 6000818

Medan

Komplek Golden Trade Center
Jl. Jenderal Gatot Subroto No. 18-19
Medan 20112
T. (061) 50339090

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Pontianak

Jl. Prof. M Yamin No. 14
Kota Baru, Pontianak Selatan
Kalimantan Barat 78116
T. (0561) 8069000

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J1 A/18, Gengklareng
Jakarta Barat 11820
T. (021) 52392181

Tangerang

Ruko Aniva Junction Blok D No. 32
Gading Serpong, Tangerang,
Banten 15334
T. (021) 55292147

Semarang

Jl. Jati Raya No. D6,
Srandol Wetan, Banyuwani,
Semarang 50265
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 5199090

Jambi

Jl. Orang Kayo Hitam No. 48 B
Jambi Timur 36123
T. (0741) 5068535