

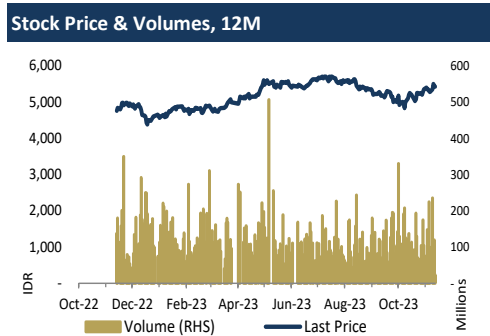
BUY (Maintain)

Target Price (IDR) **6,100**
Potential Upside (%) **12.4**

Price Comparison	
Cons. Target Price (IDR)	6,319
SSI vs. Cons. (%)	101.3

Stock Information	
Last Price (IDR)	5,425
Shares Issued (Mn)	151,559
Market Cap. (IDR Bn)	818,419
52-Weeks High/Low (IDR)	5,750/4,360
3M Avg. Daily Value (IDR Bn)	648.8
Free Float (%)	46.8
Shareholder Structure:	
Negara Republik Indonesia (%)	53.2
Public (%)	46.8

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	9.3	2.9	(0.9)	13.4
JCI Return	3.3	3.4	1.8	3.8
Relative	6.0	(0.6)	(2.7)	9.6



Company Background
PT Bank Rakyat Indonesia Tbk (BBRI) made its debut on the IDX in 2003, and now it is the company with the second-largest market cap in the IDX. BBRI's flagship segment is micro loan distribution, and its rapid growth allows BBRI to become the bank with the largest asset size in Indonesia.

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Notes from Analyst Gathering

We attended BBRI's analyst gathering, which focused on its digital initiatives in consumer banking. During the event, the bank discussed its strategies to enhance its hybrid banking model by digitizing business processes, which is expected to improve productivity. In addition, BBRI outlined its plans to improve the digital ecosystem to capitalize on new liquidity opportunities and sources of growth. Moreover, the bank is set to deepen the integration and synergy of BRIBrain across all of its apps, to enhance service efficiency and reduce processing time for loan and customer approvals.

Keeping the customer base active to lower CoF

With ~29.8mn registered users and a transaction volume of IDR 2,984tn as of Sep-23 (BBCA: 25.1mn, IDR 18,440tn; BMRI: 21.0 mn, IDR 2,400tn; BBNI: 15.6mn, IDR 874 tn), BRImo stands out as one of the most successful mobile banking super apps in Indonesia. A key tactic in achieving this goal involves the advancement of *Sabrina*, a chatbot that functions as a virtual financial advisor with capabilities in conversational banking. BBRI's plan includes the integration of a large language model (LLM) into the chatbot, enhancing its ability to interact smoothly with customers by addressing complex queries and accommodating local languages (e.g., Javanese and Balinese). As of now, without the implementation of LLM, Sabrina is already equivalent to 254 call agents, leading to an annual cost savings of approximately IDR 22 billion.

QRIS usage in Singapore

BBRI has recently rolled out a new feature enabling BRImo users to make payments to merchants in Singapore conveniently through QRIS, particularly at places where the Singapore Quick Response Code (SGQR) is available. The service offers not only user-friendly functionality but it also converts transactions based on BBRI's exchange rates to SGD. Although the impact of QRIS cross border in Singapore is still relatively small, with a total transaction value of IDR ~400 mn as of Nov 17, we see the massive potential of the service, and we expect BBRI to introduce the service to other countries when the opportunity arises. This strategic move is expected to contribute to a sustained increase in BRImo's overall transaction volume in the long term.

Improving productivity and efficiency through BRISPOT

BBRI aims to enhance productivity and efficiency by integrating BRIBrain into BRISPOT, specifically focusing on reducing processing time for loan and customer approvals. Initially developed in late 2020, BRIBrain is an AI platform designed to improve credit scoring and loan approval processes, making them faster. The integration will extend to BRISPOT, where the AI scoring system will be further refined to streamline processing times for loan approvals to under 15 minutes through an automated pre-screening and disbursement method.

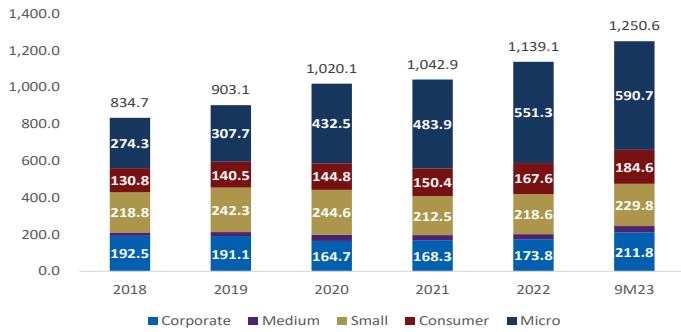
Maintain BUY, TP of IDR 6,100

We maintain our BUY rating for BBRI and our TP at IDR 6,100/share, based on a 2024F PBV of 2.8x on the back of the solid 2023F outlook. We anticipate that BBRI will book double-digit loan growth throughout 2024, supported by their strategic digital initiatives within their applications, facilitating smoother disbursement processes for loans to their customers. Downside risks: worse-than-expected economic recovery, lower-than-expected NIM and loan growth, higher cost of credit, and higher opex.

Forecast and Valuation (at closing price IDR 5,425 per share)

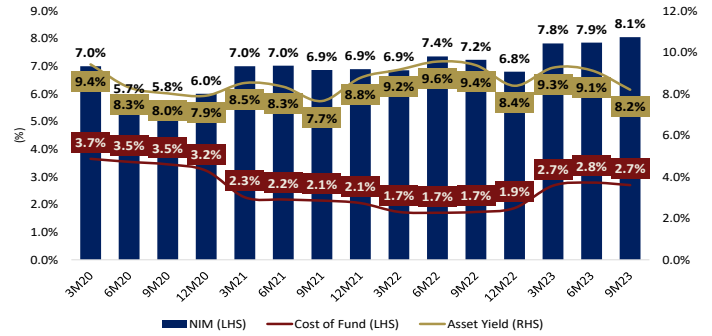
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Interest Income (IDR Bn)	114,094	124,597	135,762	147,225	161,603
Pre Provision Profit (IDR Bn)	76,987	91,694	102,842	111,823	123,604
Operating Profit (IDR Bn)	41,180	64,309	73,959	82,319	92,015
Net Profit (IDR Bn)	31,067	51,170	58,769	65,387	73,057
EPS (IDR)	238	377	433	482	538
EPS Growth (%)	57.5	58.3	14.8	11.3	11.7
P/E Ratio (x)	22.8	14.4	12.5	11.3	10.1
BVPS (IDR)	1,905	1,975	2,092	2,233	2,391
P/BV Ratio (x)	2.8	2.7	2.6	2.4	2.3

Figure 1. BBRI's loan breakdown by segment



Source: Company, SSI Research

Figure 2. BBRI's NIM and CoF



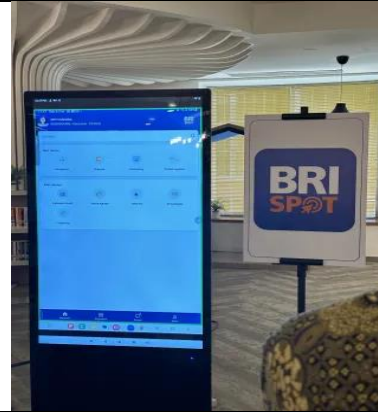
Source: Company, SSI Research

Figure 3. BRIGuna Exhibit



Source: Company, SSI Research

Figure 4. BRISPOT Exhibit



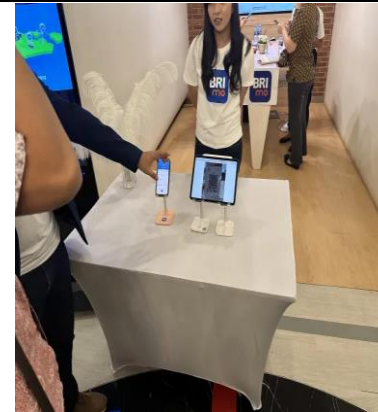
Source: Company, SSI Research

Figure 5. BRIBrain Exhibit



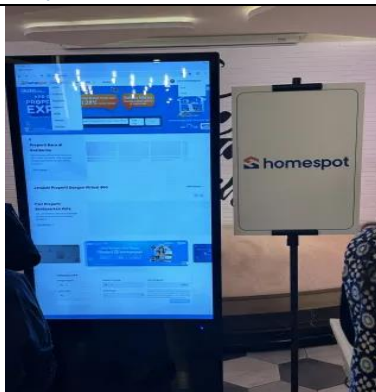
Source: Company, SSI Research

Figure 6. BBRI's QRIS Exhibit



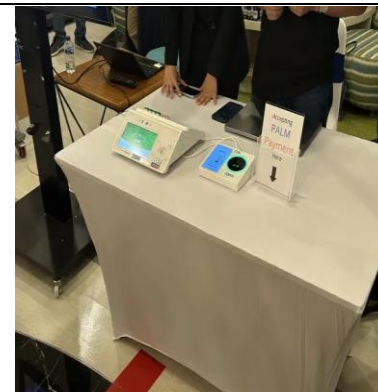
Source: Company, SSI Research

Figure 7. BBRI's Homespot Exhibit



Source: Company, SSI Research

Figure 8. BBRI's Palm Payment Prototype Exhibit



Source: Company, SSI Research

Table 1. Valuation highlights

Ticker	Recommendation	CP IDR	TP IDR	Upside (%)	P/B 24F	Net Profit		EPS Growth		ROE (%)		ROA (%)	
						23F	24F	23F	24F	23F	24F	23F	24F
BBCA	BUY	8,800	10,500	19.3	4.8	53.8	59.3	12.2	10.2	21.0	20.8	3.5	3.5
BBRI	BUY	5,425	6,100	12.4	2.8	65.4	73.1	11.3	11.7	19.9	20.8	3.3	3.3
BMRI	BUY	5,725	7,200	25.8	2.4	57.1	62.9	13.1	10.3	21.2	21.2	2.5	2.4
BBNI	BUY	5,225	5,800	11.0	1.3	23.9	26.3	13.5	10.2	15.4	15.6	2.1	2.2
BBTN	HOLD	1,265	1,300	2.8	0.4	3.5	3.9	12.5	12.9	11.6	11.9	0.8	0.8
Sector						203.7	225.6	12.2	10.6	20.3	20.5	3.1	3.2

Source: Companies, SSI Research

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