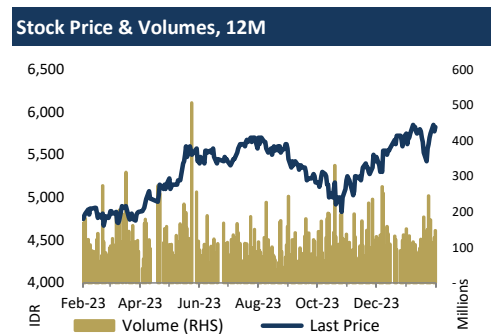


## BUY (Maintain)

Target Price (IDR)	6,800
Potential Upside (%)	16.2
Price Comparison	
Cons. Target Price (IDR)	6,575
SSI vs. Cons. (%)	103.42

Stock Information	
Last Price (IDR)	5,850
Shares Issued (Mn)	151,559
Market Cap. (IDR Bn)	886,620
52-Weeks High/Low (IDR)	5,900/4,640
3M Avg. Daily Value (IDR Bn)	696.8
Free Float (%)	46.3
Shareholder Structure:	
Negara Republik Indonesia (%)	53.2
Public (%)	46.3
Others (%)	0.5

Stock Performance					
(%)	YTD	1M	3M	12M	
Absolute	2.2	1.7	11.4	23.2	
JCI Return	(0.5)	(1.6)	5.7	4.3	
Relative	2.7	3.3	5.7	18.8	



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

**Prasetya Gunadi**  
+62 21 2854 8320  
prasetya.gunadi@samuel.co.id

**Brandon Boedhiman**  
+62 21 2854 8100  
brandon.boedhiman@samuel.co.id

## Higher earning-assets portfolio to support NIM

**Double-digit loan growth in FY24 on micro and medium segments.** BBRI booked solid loan growth in FY23 (+11.2% YoY), driven mainly by micro and medium segments. For FY24, BBRI has set a loan growth target range of +11-12% YoY (SSI:11.5%), supported by micro-segment (led by Kupedes, which grew +64% YoY in FY23). We also forecast that the growth in ultra-micro segment loans (PNM & Pegadaian) will continue to outgrow bank-only loans, and will account for more than 12% of BBRI's total loans in 2024F (9% in 2023).

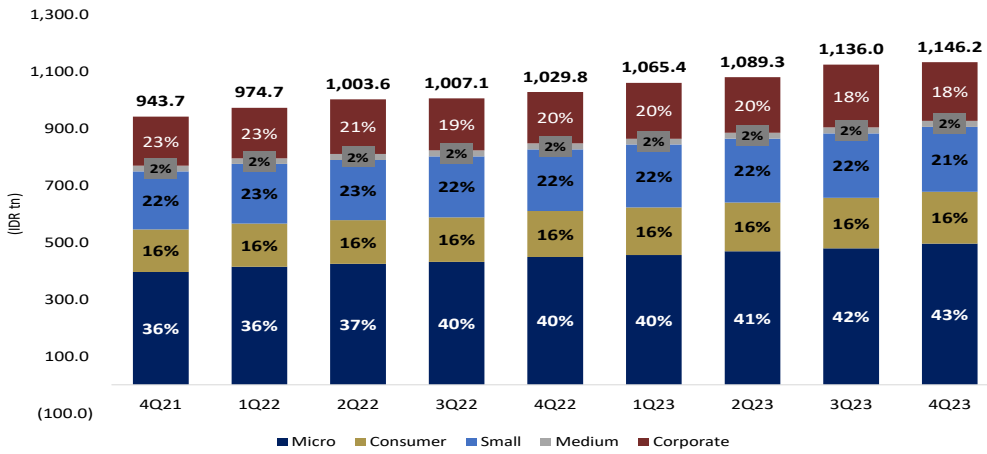
**Stable NIM despite tight liquidity on higher lending yield.** BBRI's NIM came in at 7.95% in 4Q23, down from 8.05% in previous quarter, mainly due to higher CoF. BBRI expects its FY24 CoF to remain elevated, mainly due to the need for cash for Ramadan and dividend repatriation. However, BBRI expects FY24 NIM to remain flattish at 7.9%-8.0% (SSI: 7.9%), as the increase in CoF will be offset by the increase in lending yield, supported by portfolio rebalancing (shift from KUR to Kupedes), as well as minimal modification losses in 2023.

**Continuous LAR improvement to below 10% in FY24.** On the asset quality side, LAR came in at 12.5% in Dec-23 vs. 13.9% in 3Q23 and 17.1% in Dec-22, and the bank expects its LAR to improve further and fall below 10% (SSI: 10%) with NPL ratio going down below 2.9% (SSI: 2.9%) in FY24. In line with the improvement in LAR ratio, BBRI managed to lower its cost of credit (CoC) to 2.38% in FY23 vs. 2.55% in FY23, and it projects CoC to fall below 2.3% in FY24 (SSI: 2.3%). The bank's LAR coverage came in at 54.14% in 4Q23 vs. 49.4% in 4Q22.

**Maintain BUY rating and TP of IDR 6,800 (3.1x PBV).** At this juncture, we maintain our BUY rating for BBRI and our TP at IDR 6,800/share, based on a 2024F PBV of 3.1x (sector: 2.9x), on the back of its solid capital structure. We continue to favor BBRI because we believe it will continue to book double-digit loan growth next year, aided by ultra micro-segment and Kupedes loan, which will help stabilize NIM despite some pressure in the CoF. Also, BBRI's strong CAR (27.3% in FY23) convinced us that the bank could maintain its dividend payout ratio above 85% for the next few years. Downside risks: slower-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 5,850 per share)					
Y/E Dec (IDR Bn)	21A	22A	23A	24F	25F
Net Interest Income (IDR Bn)	114,094	124,597	135,183	149,532	161,477
Pre Provision Profit (IDR Bn)	76,987	91,694	106,358	118,786	129,197
Operating Profit (IDR Bn)	41,180	64,309	76,835	88,053	97,964
Net Profit (IDR Bn)	31,067	51,170	60,100	66,654	74,146
EPS (IDR)	238	377	430	477	531
EPS Growth (%)	57.5	58.3	14.1	10.9	11.2
P/E Ratio (x)	20.1	12.7	11.1	10.0	9.0
BVPS (IDR)	1,905	1,975	2,054	2,157	2,273
P/BV Ratio (x)	2.5	2.4	2.3	2.2	2.1
DPS (IDR)	203	321	366	406	451
Dividend Yield (%)	4.2	6.7	7.6	8.5	9.4

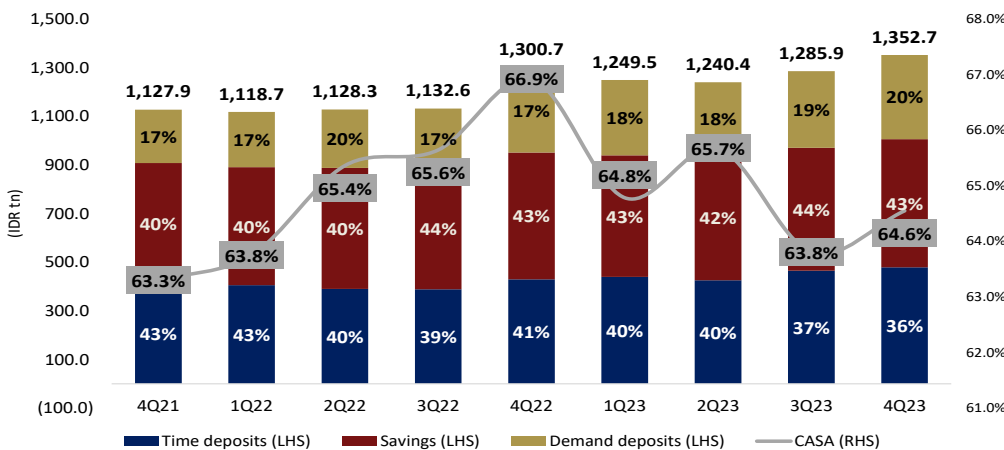
Figure 1. BBRI's loan breakdown by segment



Supported by micro and medium segments, BBRI projects to book FY24 loan growth of +11-12% YoY, in line with SSI's estimate of 11.5%

Source: Company, SSI Research

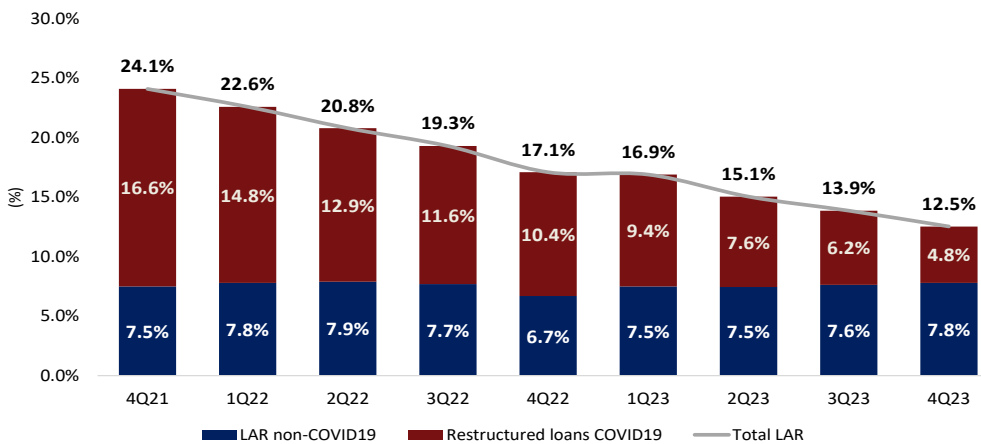
Figure 2. BBRI's TPF breakdown



FY23 CASA experienced significant growth, driven by a substantial increase in generated fee income (+52.4% YoY) from BRImo and EDC merchants

Source: Company, SSI Research

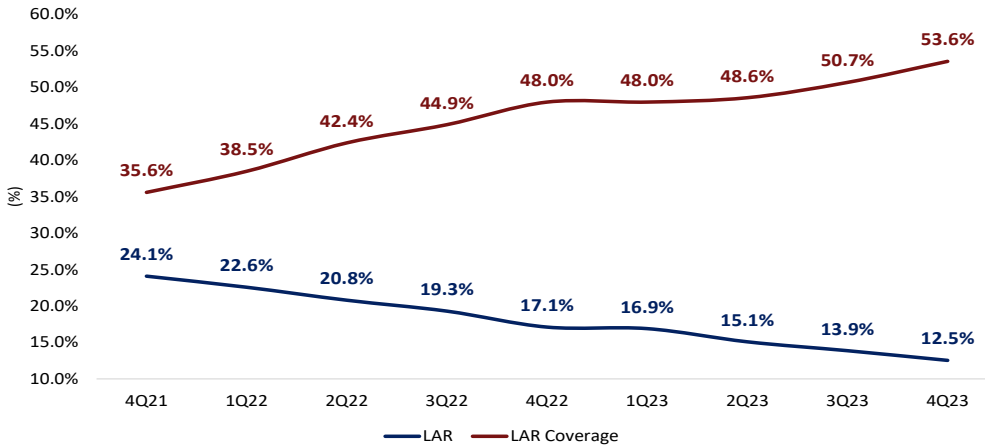
Figure 3. BBRI's restructured loans



BBRI's focus on the resolution of COVID-restructured loans, coupled with the impacts of El Nino and lower government spending, have hurt its micro and small business portfolios, leading to an upsurge in both SML and NPL

Source: Company, SSI Research

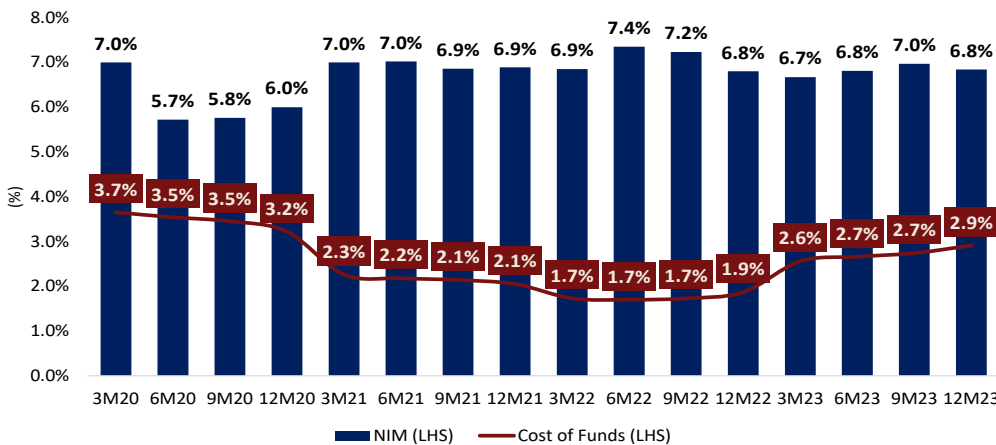
Figure 4. BBRI's LAR & LAR coverage



Despite the heightened NPL (3.0%) and SML ratios (4.9%), LAR continued to decline, resulting in increased coverage ratio

Source: Company, SSI Research

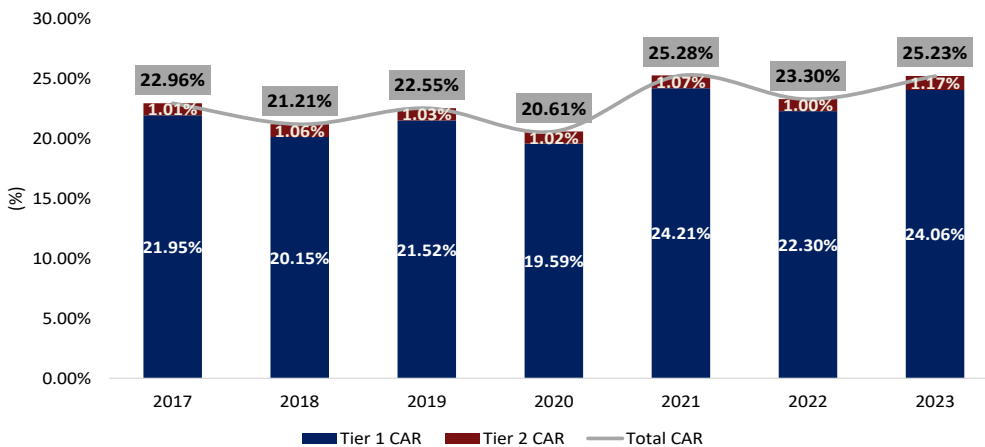
Figure 5. BBRI's NIM and COF



The increase in NIM was driven by rising earning-assets base and a shift in the mix of BBRI's micro portfolio, offsetting the impact of rising CoF

Source: Company, SSI Research

Figure 6. BBRI's CAR



CAR remains elevated as BBRI distributed an interim dividend of IDR 84/share on January 18, 2024 as part of FY23 dividend (DPO: 85%)

Source: Company, SSI Research

## Figure 7. BBRI's 4Q23 results

(IDRbn)	4Q22	3Q23	4Q23	QoQ (%)	YoY (%)	12M22	12M23	YoY (%)	12M23/ SSI	12M23/ Cons.
Interest Income	36,623	46,302	47,103	1.7	28.6	151,875	178,996	17.9		
Interest expense	8,534	10,646	13,116	23.2	53.7	27,278	43,813	60.6		
<b>Net interest income</b>	<b>28,090</b>	<b>35,656</b>	<b>33,987</b>	<b>(4.7)</b>	<b>21.0</b>	<b>124,597</b>	<b>135,183</b>	<b>8.5</b>		
Non-interest income	18,292	13,040	15,202	16.6	(16.9)	52,124	55,458	6.4		
<b>Total operating income</b>	<b>46,381</b>	<b>48,697</b>	<b>49,189</b>	<b>1.0</b>	<b>6.1</b>	<b>176,721</b>	<b>190,642</b>	<b>7.9</b>	<b>101.1</b>	<b>102.4</b>
Operating expense	28,081	27,844	14,942	(46.3)	(46.8)	84,920	84,283	(0.7)		
Impairment of fin. assets	2,758	9,219	6,286	(31.8)	127.9	27,385	29,523	7.8		
<b>Operating profit</b>	<b>15,542</b>	<b>11,633</b>	<b>27,961</b>	<b>140.4</b>	<b>79.9</b>	<b>64,416</b>	<b>76,835</b>	<b>19.3</b>		
Pretax profit	15,358	11,183	28,046	150.8	82.6	64,597	76,430	18.3		
<b>Net profit</b>	<b>11,859</b>	<b>14,792</b>	<b>15,886</b>	<b>7.4</b>	<b>34.0</b>	<b>51,170</b>	<b>60,100</b>	<b>17.5</b>	<b>101.5</b>	<b>102.1</b>
<b>Balance sheet &amp; ratio analysis</b>	<b>4Q22</b>	<b>3Q23</b>	<b>4Q23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>12M22</b>	<b>12M23</b>			
Gross loans (IDRb)	1,139,077	1,250,715	1,266,429	1.3	11.2	1,139,077	1,266,429			
Third party funding (IDRb)	1,307,884	1,290,286	1,343,221	4.1	2.7	1,307,884	1,343,221			
<b>Key ratios</b>										
Net interest margin (%)	6.8	7.0	6.8			6.8	6.8			
Cost efficiency (%)	60.5	57.2	30.4			60.5	44.2			
Cost to income (%)	71.7	80.4	55.1			71.7	67.2			
Loan/deposit (%)	87.1	96.9	94.3			87.1	94.3			
Loan/funding (%)	77.0	85.7	81.7			77.0	81.7			
Capital adequacy (%)	23.3	25.2	25.2			23.3	25.2			
Gross NPL (%)	2.8	3.2	3.1			2.8	3.1			
LLP/NPL (%)	295.6	225.7	223.7			295.6	223.7			
ROAE (%)	15.9	19.3	20.5			15.9	19.4			

BBRI's 4Q23 NII slightly fell to IDR 34tn (-4.7% QoQ, +21.0% YoY), due to an increase in CoF, which led to a drop in NIM from 7.0% in 3Q23 to 6.8% in 4Q23

Source: Company, SSI Research, Bloomberg

## Key Financial Figures

Income Statement					
Y/E (IDRbn)	21A	22A	23A	24F	25F
Interest income	143,523	151,875	178,996	197,701	211,557
Interest expense	-29,429	-27,278	-43,813	-48,169	-50,081
<b>Net interest income</b>	<b>114,094</b>	<b>124,597</b>	<b>135,183</b>	<b>149,532</b>	<b>161,477</b>
Non-interest income	41,989	50,440	53,297	56,042	59,700
<b>Total operating income</b>	<b>156,083</b>	<b>175,037</b>	<b>188,481</b>	<b>205,574</b>	<b>221,177</b>
Operating expenses	-79,097	-83,343	-82,122	-86,788	-91,979
<b>Pre-prov. op. profit</b>	<b>76,987</b>	<b>91,694</b>	<b>106,358</b>	<b>118,786</b>	<b>129,197</b>
Provisions expense	-35,806	-27,385	-29,523	-30,733	-31,233
<b>Operating profit</b>	<b>41,180</b>	<b>64,309</b>	<b>76,835</b>	<b>88,053</b>	<b>97,964</b>
Non-op. inc./ (exp.)	-188	287	-405	-393	-377
<b>Pre-tax profit</b>	<b>40,992</b>	<b>64,597</b>	<b>76,430</b>	<b>87,660</b>	<b>97,587</b>
Corporate tax	-7,836	-13,188	-16,005	-20,600	-22,933
Minorities	311	-238	-325	-406	-508
<b>Net profit</b>	<b>31,067</b>	<b>51,170</b>	<b>60,100</b>	<b>66,654</b>	<b>74,146</b>
<b>EPS (IDR)</b>	<b>238</b>	<b>377</b>	<b>430</b>	<b>477</b>	<b>531</b>

In light of its FY24 loan growth target range (+11-12% YoY), BBRI should be on target to book EPS growth of 10.9% YoY in FY24

Balance Sheet					
Y/E (IDRbn)	21A	22A	23A	24F	25F
Placement with other banks	24,301	36,701	38,638	20,241	20,782
Loans	1,039,872	1,139,077	1,266,429	1,405,983	1,568,586
Other int-earning assets	572,062	634,585	580,508	565,136	591,253
Financial assets impairment	-86,812	-94,968	-88,383	-106,116	-124,349
<b>Net earning assets</b>	<b>1,549,423</b>	<b>1,715,395</b>	<b>1,797,192</b>	<b>1,885,244</b>	<b>2,056,272</b>
Cash	26,300	27,407	31,604	34,764	38,241
Fixed assets	47,970	55,216	59,678	72,703	88,496
Other assets	54,405	67,621	76,533	81,176	86,174
<b>Total assets</b>	<b>1,678,098</b>	<b>1,865,639</b>	<b>1,965,007</b>	<b>2,073,888</b>	<b>2,269,183</b>
Customer deposits	1,139,069	1,308,340	1,358,847	1,426,696	1,546,966
Deposits from other banks	13,329	9,335	11,958	13,090	14,331
Borrowing and sub-debts	124,251	143,469	148,969	144,872	157,780
Other liabilities	109,662	101,100	128,760	156,903	199,934
<b>Total liabilities</b>	<b>1,386,311</b>	<b>1,562,244</b>	<b>1,648,535</b>	<b>1,741,562</b>	<b>1,919,011</b>
Minorities	3,052	4,101	5,109	5,393	5,749
Equity	288,735	299,294	311,364	326,932	344,423
<b>Total liabilities and equity</b>	<b>1,678,098</b>	<b>1,865,639</b>	<b>1,965,007</b>	<b>2,073,888</b>	<b>2,269,183</b>

Next year, we believe that BBRI will continue to book double-digit loan growth, aided by ultra micro segment and Kupedes loans

Ratios					
Y/E (%)	21A	22A	23A	24F	25F
ROA	1.9	2.9	3.1	3.3	3.4
ROE	12.8	17.4	19.7	20.9	22.1
NIM	7.7	7.8	7.9	8.0	8.1
Loan-to-deposit ratio	91.3	87.1	93.2	98.5	101.4
Loan-to-funding ratio	77.6	75.5	80.4	84.5	86.9
Cost efficiency ratio	51.0	48.1	44.2	42.2	41.6
CIR	78.4	69.0	67.9	65.3	63.9
Gross NPL	3.1	3.1	3.1	3.2	3.2
NPL coverage	264.9	255.4	205.0	219.5	233.1
LLR to total loans	3.6	2.5	2.5	2.3	2.1
CAR-total	27.2	25.5	27.1	24.5	24.4
CAR-tier 1	26.2	24.5	26.0	23.5	23.4

BBRI's NIM came in at 7.95% in 4Q23, down from 8.05% in previous quarter, mainly due to higher CoF

Major Assumptions					
Y/E (%)	21A	22A	23A	24F	25F
Operating profit growth	53.7	56.2	19.5	14.6	11.3
Net profit growth	57.5	58.3	14.1	10.9	11.2
Loan growth	10.6	9.5	11.2	11.0	11.6
Deposit growth	1.6	14.9	3.9	5.0	8.4
Non-int. inc./opt. inc.	26.9	28.8	28.3	27.3	27.0
Corporate tax rate	19.1	20.4	20.9	23.5	23.5
Payout ratio	65.0	85.0	85.0	85.0	85.0

*BBRI has solid capital structure, as reflected by its CAR (27.3% in FY23), which enables the bank to maintain dividend payout ratio above 85% for the next few years*

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Fithra Faisal Hastiadi, Ph.D.	Senior Economist	fithra.hastiadi@samuel.co.id	+6221 2854 8100
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement, Cigarette, Paper, Plantation, Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Consumer Staples, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolfrichardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra Samsul	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Director of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Anthony Yunus	Head of Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Sylviawati	Equity Sales Support	sylviawati@samuel.co.id	+6221 2854 8112
Handa Sandiawan	Equity Sales Support	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales Support	denzel.obaja@samuel.co.id	+6221 2854 8342
Yonathan	Dealer	yonathan@samuel.co.id	+6221 2854 8347
Michael Alexander	Dealer	michael.alexander@samuel.co.id	+6221 2854 8369
Reza Fahlevi	Dealer	reza.fahlevi@samuel.co.id	+6221 2854 8359

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 2854 8104

**DISCLAIMERS** :Analyst Certification : The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. This document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Samuel Sekuritas Indonesia.