

Healthy growth from top to bottom; inline 1Q25 earnings

7 May 2025



<b>BRIS IJ</b>	
Sector	Banking
Price at 7 May 2025 (IDR)	2,900
Price target (IDR)	3,670
Upside/Downside (%)	26.6

**Stock Information**

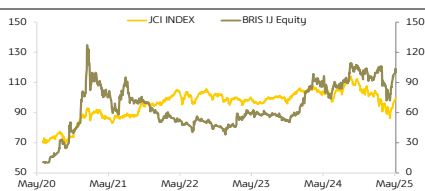
PT Bank Syariah Indonesia, Tbk. is Indonesia's largest Islamic bank. BRIS is formed by a merger of BRI syariah, BNI Syariah and Bank Syariah Mandiri. The bank offers financing in a segment of commercial, corporate, SME, Micro, consumer, pawning, and others. The bank also offers services such as credit and debit cards, phone banking, fund transfer and many more.

Market cap (IDR bn)	138,388
Shares outstanding (mn)	46,129
52-week range (IDR)	2,000 - 3,350
3M average daily vol. ('000)	41,264
3M average daily val. (IDR mn)	104,836

**Shareholders (%)**

PT Bank Mandiri	51.5
PT Bank Negara Indonesia	23.2
PT Bank Rakyat Indonesia	15.4
Public	9.9

**Stock Performance**



Source: Bloomberg

	1M	3M	12M
Performance	23.5	(4.3)	7.0

**Analyst**

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1Q25 earnings demonstrated a strong 10.1% yoy growth, fueled by healthy expansion across its revenue and profit lines. In all, 1Q25 PATMI came in-line with street expectation and our '25F PATMI for BRIS (22.3%/24.0% vs 24.4%). Notably, financing growth was robust at 16.2% yoy, exceeding both the industry average and the company's and our '25F financing forecasts for BRIS. Total TPF saw a 7.4% yoy increase, supported by a 9.3% yoy rise in soft funding costs. CASA growth of 7.6% yoy slightly outpaced TD. We believe BRIS '25F guidance is achievable and highlights the potential benefits of BRIS becoming Indonesia's first Bullion Bank, evidenced by the strong growth in its gold business (Pawning +35.7% yoy, Instalment +168.8% yoy) with further product development anticipated. Maintain BUY GGM-based TP of IDR 3,670 (pegged at 3.3x '25F P/B), currently trades at 2.6x '25F P/B or slightly above its avg. hist. mean. of 2.4x.

**1Q25 net income grew by 10.1% yoy; inline**

Amid the weakening buying power, mild economic activity and prolonged uncertainty, BRIS reported solid earnings growth of 10.1% yoy in 1Q25, driven by double digit growth from top to bottom. The mid-single digit in net margin income growth (6.7% yoy) was caused by a 20.3% yoy increase in funding cost to IDR 2.31tn. PPOP growth of 11.2% yoy was supported by other operating income massive increase of 39.3% yoy, thanks to Pawning and E-channel income strong growth of 51.7% yoy and 33.6% yoy, respectively. In all, 1Q25 PATMI came in-line with street expectation and our '25F net income for BRIS at a run-rate of 22.3%/24.0% vs 24.4%.

**Robust financing with the big boost from high yield segment**

Robust financing continues, grew by 16.2% yoy, surpassing industry, '25F guidance (14.0% yoy-16.0% yoy) and our '25F financing for BRIS of 15.0% yoy. The bank saw robust lending demand growth across all segment, with the highest growth recorded by wholesale (17.3% yoy) and followed by consumer segment (16.1% yoy). Worth to note that the bank continues enjoying massive demand high yield from its from its gold business (82% yoy with yield of 13.3%). Payroll based financing also played a key role, contributing around 21.4% of total financing with a healthy growth of 15.4% yoy and 10.1% yield.

**Amid the tight liquidity, CASA grew meaningfully by 7.6% yoy**

Amidst the prevailing tight liquidity conditions and increased competition among banks, BRIS demonstrated strong performance, achieving a 7.4% yoy yoy growth in total third-party fund. Savings accounts growth continued its domination, growing by 9.3% yoy, driven by strong growth in wadiah (16.4% yoy) and mudharabah funding (4.9% yoy). The robust growth in CASA deposits (7.6% yoy) positions BRIS favorably to maintain low funding costs in 2025.

**Well managed NIM; key metrics improvement continues**

Key performance metrics remain manageable, with NIM stood at 5.31% vs 5.38% in 1Q24 ('25F NIM range guidance of 5.50%-5.90%, while KBVs: 5.70%). Risk metrics improvement continues, with the NPF ratio declining to 1.88% from 2.01% in the same period last year and 1.90% in the 4Q24. Cost of credit continue to stay at low level from 0.88% to 0.93% in 1Q25, inline with '25F cost of credit guidance of <1%.

**'25F guidance sound achievable**

The bank forecast '25F NIM to arrive within the range of 5.50%-5.90%, while on credit cost is expected to come in below 1%. Total financing growth is estimated to hover within 14.0% yoy-16.0% yoy. Given the solid 1Q25 earnings growth, we think '25F guidance sound achievable. Potential steady financing demand on high yield segment coupled with consistent wadiah funding growth will support overall stable '25F margin. Manageable asset quality will help CoC to arrive within BRIS '25F guidance (KBVs '25F CoC for BRIS: 1.1%). Additionally, we also believe the official authorization granted by regulator to become the first Bullion Bank in Indonesia will give BRIS many benefits in the coming years.

**Maintain BUY, GGM TP of IDR3,670**

Our GGM-based TP of IDR3,670 is pegged at 3.3x '25F P/B, while currently the stock is trades at 2.6x '25F P/B or which is slightly above its historical average of 2.4x. Downside risks to our call are: 1) slower than expected optimizing targeted payroll financing; 2) lower-than-expected financing growth; 3) weaker-than-expected NIM; 4) higher than anticipated exposures to time deposits; 5) higher than expected CoC; 6) weakening shariah banking product penetration and further asset quality deterioration; 7) worse than expected global trade war impact; 8) prolonged uncertainty; 9) steady pressure on buying power; 10) persistently attractive SRBI yields; 11) weakening IDR/USD.

**Exhibit 1: Key Statistics**

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net margin income	16,259	17,409	20,002	23,584	26,676
Non int. income	4,204	5,556	6,251	6,876	7,564
Operating income	20,463	22,966	26,253	30,460	34,239
PPOP	10,214	11,172	13,136	15,527	18,152
Net income	5,704	7,006	7,819	9,389	11,054
EPS (IDR)	124	152	170	204	240
EPS growth (%)	20.6	22.8	11.6	20.1	17.7
PER (x)	24.1	19.6	17.6	14.6	12.4
PBV (x)	3.5	3.1	2.7	2.3	2.0
Div. Yield (%)	0.3	0.6	0.5	0.6	0.7
RoE (%)	16.9	17.5	16.2	16.8	18.1

Source: Company, KBVS Research

**Exhibit 2: BRIS 1Q25 selected key financial and key ratio metrics**

Profit & Loss (IDR bn)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)	KBVS '25F	% to KBVS.	Cons. '25F	% to Cons.
Margin income	6,033	6,698	11.0	6,033	6,698	11.0	6,695	0.0				
Profit sharing expenses	(1,927)	(2,318)	20.3	(1,927)	(2,318)	20.3	(2,056)	12.7				
Net margin income	4,106	4,380	6.7	4,106	4,380	6.7	4,639	(5.6)				
Other operating income	1,228	1,711	39.3	1,228	1,711	39.3	1,684	1.6				
Operating income	5,334	6,091	14.2	5,334	6,091	14.2	6,323	(3.7)				
Overhead cost	(2,519)	(2,960)	17.5	(2,519)	(2,960)	17.5	(3,664)	(19.2)				
PPOP	2,815	3,131	11.2	2,815	3,131	11.2	2,659	17.8				
Provisions	(549)	(646)	17.7	(549)	(646)	17.7	(157)	n/a				
Net profit	1,707	1,879	10.1	1,707	1,879	10.1	1,896	(0.9)	7,819	24.0	8421	22.3

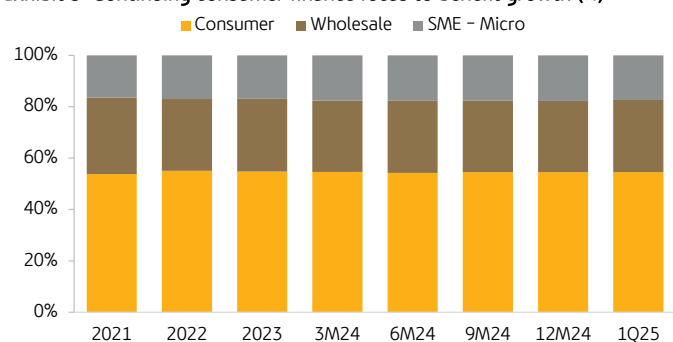
Balance Sheet (IDR bn)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
Financing	247,163	287,218	16.2	247,163	287,218	16.2	278,481	3.1
Current accounts	55,753	57,762	3.6	55,753	57,762	3.6	56,336	2.5
Saving accounts	125,202	136,898	9.3	125,202	136,898	9.3	140,534	(2.6)
Time deposits	116,384	124,684	7.1	116,384	124,684	7.1	130,584	(4.5)
TPF (IDRbn)	297,339	319,344	7.4	297,339	319,344	7.4	327,454	(2.5)
CASA (IDRbn)	180,955	194,660	7.6	180,955	194,660	7.6	196,870	(1.1)
Total equity	40,555	46,917	15.7	40,555	46,917	15.7	45,042	4.2

Key metrics	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
NIM	5.4	5.3	(0.1)	5.4	5.3	(0.1)	5.7	(0.4)
CIR	47.8	48.6	0.8	47.8	48.6	0.8	50.9	(2.3)
Loan yield	9.0	8.9	(0.2)	9.0	8.9	(0.2)	9.0	(0.1)
Cost of Fund (CoF)	2.6	2.7	0.1	2.6	2.7	0.1	2.5	0.2
ROA	2.5	2.4	(0.1)	2.5	2.4	(0.1)	2.5	(0.1)
RoE	18.3	17.6	(0.7)	18.3	17.6	(0.7)	17.8	(0.2)
NPF gross	2.0	1.9	(0.1)	2.0	1.9	(0.1)	1.9	(0.0)
NPF coverage ratio	196.6	194.7	(1.9)	196.6	194.7	(1.9)	195.0	(0.3)
CoC	0.9	0.9	0.1	0.9	0.9	0.1	0.8	0.1
Tier 1 - CAR	20.4	20.3	(0.1)	20.4	20.3	(0.1)	20.4	(0.1)
CASA	60.9	61.0	0.1	60.9	61.0	0.1	60.1	0.8
FDR	83.1	89.9	6.8	83.1	89.9	6.8	85.0	4.9

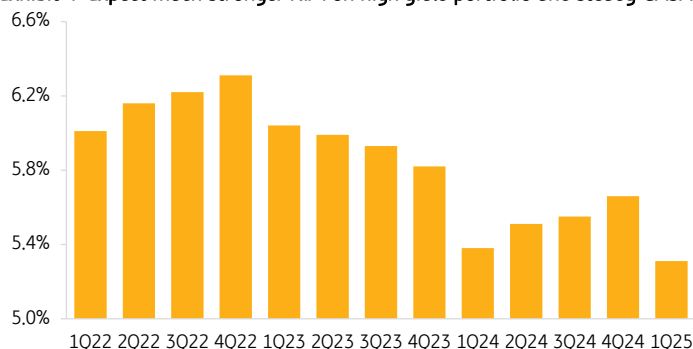
Source : Company, KBVS Research

Exhibit 3: Continuing consumer finance focus to benefit growth (%)



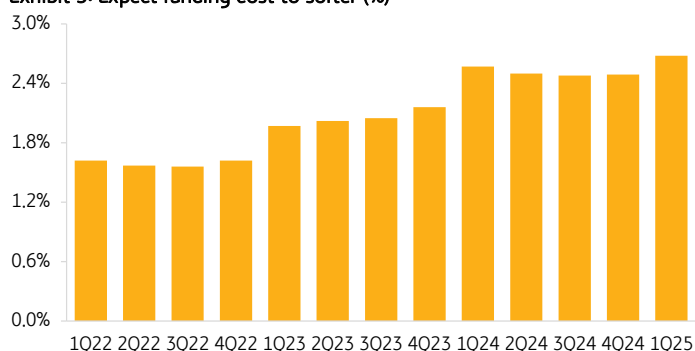
Source: Company, KBVS Research

Exhibit 4: Expect much stronger NIM on high yield portfolio and steady CASA (%)



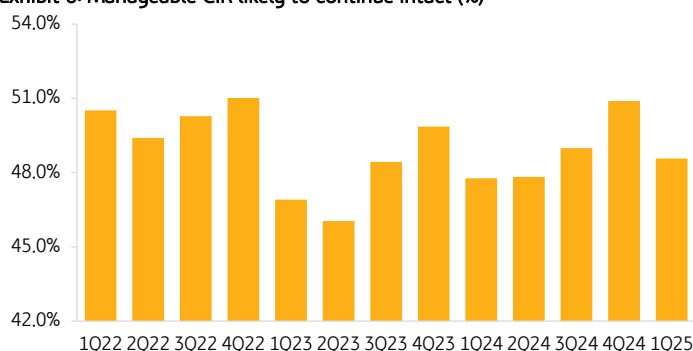
Source: Company, KBVS Research

Exhibit 5: Expect funding cost to softer (%)



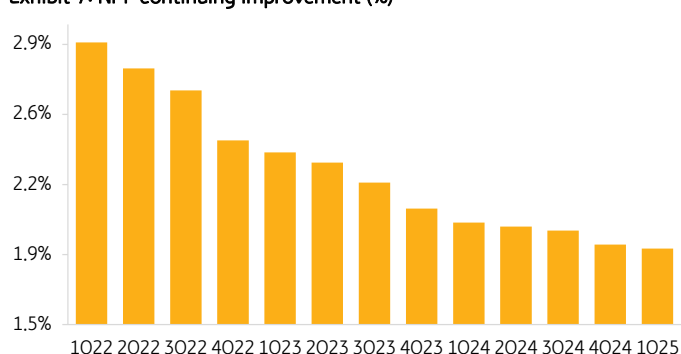
Source: Company, KBVS Research

Exhibit 6: Manageable CIR likely to continue intact (%)



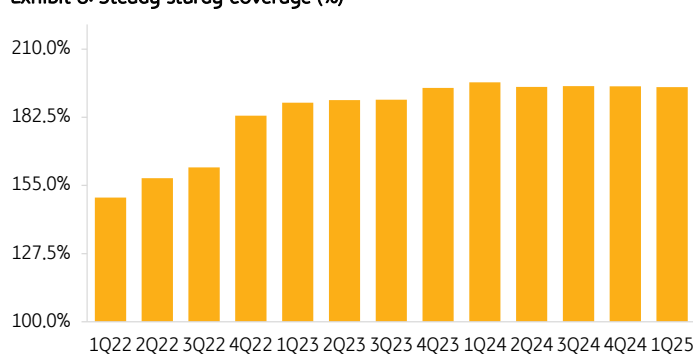
Source: Company, KBVS Research

Exhibit 7: NPF continuing improvement (%)



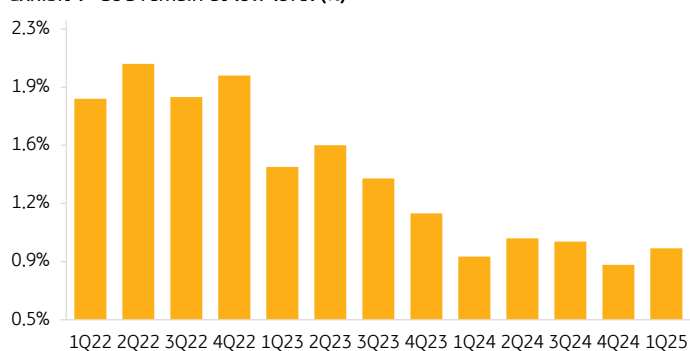
Source: Company, KBVS Research

Exhibit 8: Steady sturdy coverage (%)



Source: Company, KBVS Research

Exhibit 9: CoC remain at low level (%)



Source: Company, KBVS Research

Exhibit 10: Traded at 2.6x '25F P/B, above its avg hist. mean. of 2.4x



Source: Company, Bloomberg, KBVS Research

**FINANCIAL TABLES**
**Exhibit 11: Profit & Loss**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Margin income	22,252	25,298	28,683	32,277	36,316
Profit sharing expense	(5,993)	(7,889)	(8,680)	(8,693)	(9,640)
<b>Net margin income</b>	<b>16,259</b>	<b>17,409</b>	<b>20,002</b>	<b>23,584</b>	<b>26,676</b>
Non-interest income	4,204	5,556	6,251	6,876	7,564
Operating expenses	(10,249)	(11,794)	(13,117)	(14,933)	(16,088)
<b>Pre-provision operating profit</b>	<b>10,214</b>	<b>11,172</b>	<b>13,136</b>	<b>15,527</b>	<b>18,152</b>
Loan loss provision	(2,622)	(1,894)	(2,355)	(2,577)	(2,906)
Pretax profit	7,589	9,282	10,785	12,951	15,247
<b>Net profit</b>	<b>5,704</b>	<b>7,006</b>	<b>7,819</b>	<b>9,389</b>	<b>11,054</b>

**Exhibit 12: Balance sheet**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
<b>Assets</b>					
Cash	5,256	8,081	9,111	10,016	11,060
Current Account at BI	32,441	49,966	47,452	53,747	59,828
Interbank Loans	2,304	3,866	4,064	4,271	4,486
Marketable securities	71,169	62,217	62,217	57,202	45,489
Loan (Consolidated)	240,316	278,481	320,118	369,836	428,586
Fixed Assets	5,353	7,724	9,655	12,551	14,434
Other assets	6,473	8,570	8,348	10,859	12,491
<b>Total Asset</b>	<b>353,624</b>	<b>408,613</b>	<b>450,041</b>	<b>506,680</b>	<b>563,466</b>
<b>Liabilities</b>					
Interbank Deposit	1,761	4,151	4,420	4,727	5,084
Customer Deposit	293,776	327,454	360,827	408,697	454,939
Other Liabilities	18,568	31,288	33,328	33,453	33,802
<b>Total liabilities &amp; syirkah funds</b>	<b>314,885</b>	<b>363,572</b>	<b>398,575</b>	<b>446,877</b>	<b>493,825</b>
<b>Equity</b>					
Capital Stock	23,065	23,065	23,065	23,065	23,065
Additional Paid-in Capital	(3,929)	(3,929)	(3,929)	(3,929)	(3,929)
Retained Earnings	18,911	25,062	31,562	39,861	49,719
Other Equity	692	844	768	806	787
Shareholder's Equity	38,739	45,042	51,466	59,803	69,641
<b>Total Equity</b>	<b>38,739</b>	<b>45,042</b>	<b>51,466</b>	<b>59,803</b>	<b>69,641</b>

**Exhibit 13: Key performance metrics**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
NIM	5.8	5.5	5.7	6.0	6.1
FDR	81.8	85.0	88.7	90.5	94.2
CASA	60.6	60.1	61.3	62.5	62.7
Cost/income	50.1	51.4	50.0	49.0	47.0
NPF	2.11	2.00	1.8	1.5	1.3
ROE	16.9	17.5	16.2	16.8	14.3
ROA	2.3	2.4	2.5	2.7	2.8
CAR	21.0	19.6	20.4	21.0	22.0
BVPS (IDR)	840	976	1,116	1,296	1,510
PER (x)	24.1	19.6	17.6	14.6	12.4
PBV (x)	3.5	3.1	2.7	2.3	2.0
Div. Yield	0.3	0.6	0.5	0.6	0.7

Source: Company, KBVS Research

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