

Bank Rakyat Indonesia Tbk (BBRI) CASA Terjaga

Company Report | Jun 21, 2019

Hold

| | |
|--------------------------|--------------|
| Dec 2019 TP (IDR) | 4,950 |
| Consensus Price (IDR) | 4,566 |
| TP to Consensus Price | +8.4% |
| vs. Last Price | +13.5% |

Shares data

| | |
|------------------------|---------------|
| Last Price (IDR) | 4,360 |
| Price date as of | Jun 21, 2019 |
| 52 wk range (Hi/Lo) | 4,460 / 2,720 |
| Free float (%) | 43.2 |
| Outstanding sh.(mn) | 123,346 |
| Market Cap (IDR bn) | 540,254 |
| Market Cap (USD mn) | 27,512 |
| Avg. Trd Vol - 3M (mn) | 117.43 |
| Avg. Trd Val - 3M (bn) | 406.28 |
| Foreign Ownership | 25.2% |

Finance

| | |
|-------------|----------------|
| Bank | BBRI IJ |
| Bloomberg | BBRI IJ |
| Reuters | BBRI.IK |

Kinerja Mumpuni

PT Bank Rakyat Indonesia (Persero) BBRI pada 1Q19 membukukan *net interest income* (NII) Rp19,4 triliun lebih tinggi dibandingkan Rp18,6 triliun pada 1Q18. Kenaikan NII mengindikasikan kemampuannya mengakselerasi pertumbuhan kredit di tengah suku bunga acuan saat ini. Kombinasi rendahnya beban provisi disertai pertumbuhan tipis NII 4,2% mendorong kenaikan laba bersih. Kami mengamati BBRI mampu mengantisipasi kenaikan suku bunga acuan sebanyak 175 bps selama 2018.

Pertumbuhan Kredit Segmen BUMN

Segmen Usaha Mikro, Kecil, dan Menengah (UMKM), dan Badan Usaha Milik Negara (BUMN) merupakan penyumbang terbesar pertumbuhan kredit BBRI. Sebagai catatan penting, kredit BBRI tumbuh 12,4% YoY menjadi Rp819,6 triliun pada 1Q19, selain itu kualitas aset segmen UMKM tetap terjaga yang ditandai dengan penurunan *non performing loan* (NPL) dari 2,39% pada 1Q18 menjadi 2,31% pada 1Q19.

Performa Yahud KUR

Kami menetapkan target harga Rp4.950 untuk Desember 2019 seiring solidnya pertumbuhan Kredit Usaha Rakyat (KUR) dan Kredit Umum Pedesaan (Kupedes) di tengah terjaganya ekonomi domestik. Di sisi lain, melesatnya *fee based income*, efisiensi, dan rasio *current account and saving account* (CASA) mengerek *net interest margin* (NIM). Rasio CASA 1Q19 terjaga di level 57,85%, 24 bps lebih tinggi dibanding 1Q18. Sementara itu, dana pihak ketiga, yaitu giro, tabungan, dan deposito masing-masing tumbuh 24,1%, 10,0%, dan 12,8%.

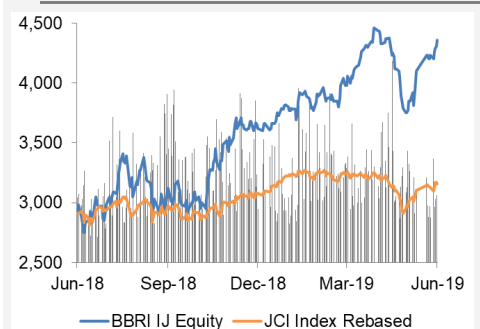
Bank Rakyat Indonesia Tbk | Summary (IDR bn)

| | 2017 | 2018 | 2019F | 2020F |
|-------------------------------|---------|---------|---------|---------|
| Interest Income | 102,899 | 111,583 | 128,752 | 149,929 |
| <i>Interest Income growth</i> | 8.6% | 8.4% | 15.1% | 16.4% |
| Operating Revenue | 92,482 | 101,400 | 112,614 | 131,670 |
| Net profit | 28,997 | 32,519 | 36,566 | 43,388 |
| EPS (IDR) | 235 | 264 | 296 | 352 |
| <i>EPS growth</i> | 10.7% | 12.1% | 12.4% | 18.7% |
| BVPS (IDR) | 1,357 | 1,495 | 1,673 | 1,892 |
| Net Interest Margin | 7.6% | 7.4% | 7.5% | 7.6% |
| Loan/Deposits | 87.8% | 89.3% | 93.8% | 94.9% |
| NPL | 2.2% | 2.3% | 2.2% | 2.2% |
| ROE | 18.5% | 18.5% | 18.7% | 19.7% |
| ROA | 2.7% | 2.8% | 2.8% | 2.8% |
| P/E | 15.5x | 13.9x | 16.7x | 14.1x |
| P/BV | 2.7x | 2.4x | 3.0x | 2.6x |
| P/Op. Revenue | 4.9x | 4.5x | 5.4x | 4.6x |
| DPS (IDR) | 106 | 119 | 133 | 158 |
| <i>Dividend yield</i> | 2.9% | 3.2% | 2.7% | 3.2% |

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Share Price Performance



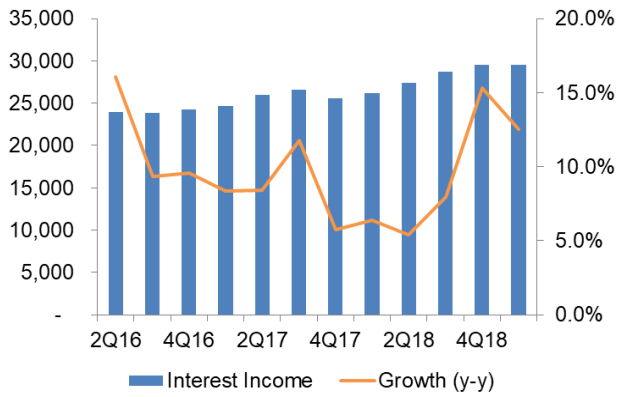
| | YTD | 1M | 3M | 12M |
|-----------|-------|-------|-------|-------|
| Abs. Ret. | 19.1% | 16.3% | 9.5% | 49.8% |
| Rel. Ret. | 17.2% | 10.1% | 12.4% | 41.4% |

Arief Machrus

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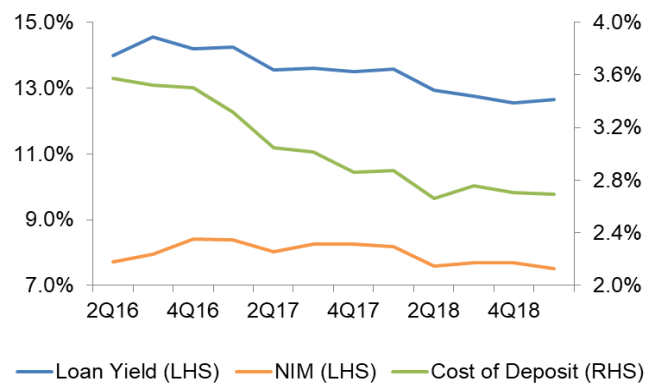
Performance Highlights

Interest Income (IDR bn) | 2Q16 - 1Q19



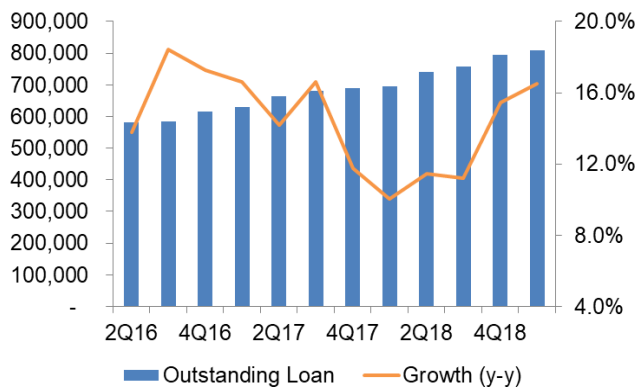
Source: Company, NHKS Research

Loan Yield, Cost of Deposit, Net Interest Margin (NIM)



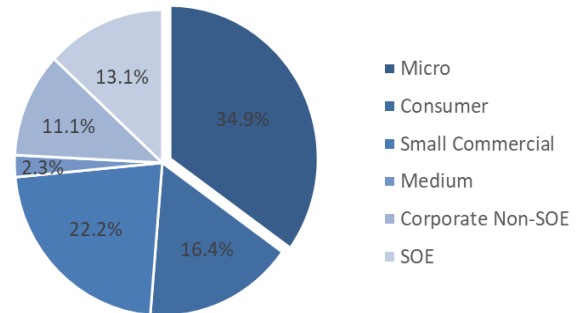
Source: Company, NHKS Research

Outstanding Loan (IDR bn) | 2Q16 - 1Q19



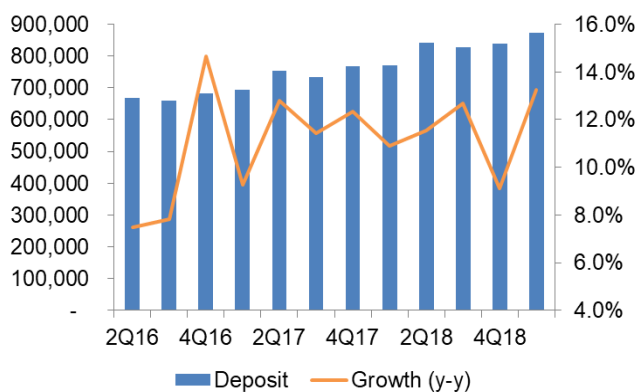
Source: Company, NHKS Research

Loan Composition



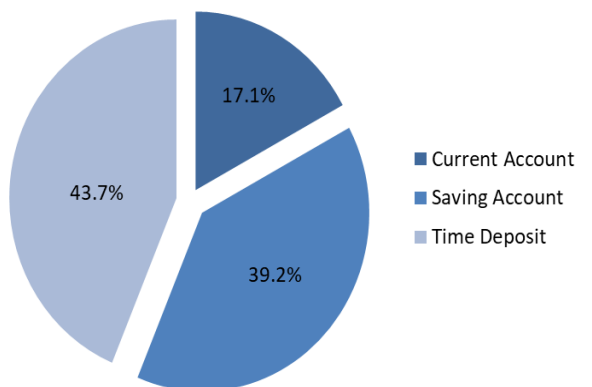
Source: Company, NHKS Research

Deposit (IDR bn) | 2Q16 - 1Q19



Source: Company, NHKS Research

Deposit Composition



Source: Company, NHKS Research

1Q19 Review (IDR Bn)

| | 1Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 | | | | | 2Q19E |
|---------------------|---------|---------|---------|---------|----------|----------|--------|-------|----------|----------|
| | | | | | Actual | Estimate | y-y | q-q | Surprise | |
| Interest Income | 26,231 | 27,413 | 28,750 | 29,513 | 29,524 | 28,189 | 12.6% | 0.0% | 4.7% | 31,112 |
| Interest Expense | (7,609) | (7,790) | (9,091) | (8,873) | (10,114) | (8,104) | 32.9% | 14.0% | 24.8% | (10,417) |
| Net Interest Income | 18,621 | 19,623 | 19,660 | 20,640 | 19,410 | 20,085 | 4.2% | -6.0% | -3.4% | 20,644 |
| Operating Rev. | 23,840 | 25,017 | 25,822 | 26,720 | 25,055 | 25,319 | 5.1% | -6.2% | -1.0% | 26,322 |
| PPOP | 14,512 | 14,327 | 14,570 | 15,062 | 14,946 | 14,496 | 3.0% | -0.8% | 3.1% | 15,609 |
| Loan Loss Provision | (5,382) | (4,991) | (3,142) | (3,022) | (4,787) | (4,812) | -11.1% | 58.4% | -0.5% | (5,240) |
| Net Profit | 7,401 | 7,485 | 8,585 | 9,048 | 8,196 | 7,765 | 10.7% | -9.4% | 5.5% | 9,050 |

Source: Bloomberg, NHKS Research

Earnings Revision (IDR Bn)

| | | 2018A | 2019F | 2020F |
|---------------------|----------|----------|----------|----------|
| Interest Income | Revised | 111,583 | 128,752 | 149,929 |
| | Previous | 113,843 | 130,114 | 149,929 |
| | Change | -2.0% | -1.0% | 0.0% |
| Interest Expenses | Revised | (33,917) | (38,994) | (44,764) |
| | Previous | (31,589) | (35,795) | (44,764) |
| | Change | 7.4% | 8.9% | 0.0% |
| Net Interest Income | Revised | 77,666 | 89,758 | 105,165 |
| | Previous | 82,254 | 94,319 | 44,857 |
| | Change | -5.6% | -4.8% | 134.4% |
| Operating Revenue | Revised | 101,400 | 112,614 | 131,670 |
| | Previous | 105,447 | 121,282 | 131,670 |
| | Change | -3.8% | -7.1% | 0.0% |
| Pre-Provisioning OP | Revised | 58,472 | 65,225 | 76,095 |
| | Previous | 61,221 | 70,485 | 76,095 |
| | Change | -4.5% | -7.5% | 0.0% |
| Loan Loss Provision | Revised | (17,792) | (18,161) | (20,194) |
| | Previous | (17,592) | (19,043) | (20,194) |
| | Change | 1.1% | -4.6% | 0.0% |
| Net Profit | Revised | 32,519 | 36,566 | 43,388 |
| | Previous | 32,976 | 39,022 | 43,388 |
| | Change | -1.4% | -6.3% | 0.0% |

Source: NHKS Research

Sekilas Tentang BBRI

Perbankan Indonesia dengan karakteristik tawaran tingkat bunga kredit yang lebih tinggi dibanding kompetitornya menjadikan industri tersebut investasi memikat di negara kawasan ASEAN. Meski dihadang tantangan suku bunga acuan 6% sebagian besar bank di Indonesia cukup tangguh mempertahankan NIM dibandingkan kompetitornya.

Kapitalisasi Pasar Besar di ASEAN

BBRI sebagai bank komersial milik pemerintah dengan aset terbesar di Indonesia berfokus pada kredit UMKM dan mendistribusikan sekitar 15% dari total kredit di Indonesia. Sementara itu, BBRI melalui segmen UMKM mendistribusikan hampir 32% dari total kredit nasional. Besarnya jumlah total kredit yang didistribusikan oleh BBRI menjadikannya bank dengan kapitalisasi pasar domestik dan ASEAN yang relatif besar.

Pada Jumat (21/06/2019) BBRI ditutup di level Rp 4.360 setelah sebelumnya sempat menyentuh level tertinggi Rp4.460 pada pertengahan April 2019. Pencapaian ini mendorong kapitalisasi pasar BBRI, di skala nasional, lampau BMRI sedangkan di skala ASEAN sukses lampau OCBC Singapura. Sebagai catatan, BBRI telah mencatatkan kenaikan lebih dari 19% sejak awal 2019.

ASEAN Banking Sector

| Company | Market Cap (USD mn) | Asset (USD mn) | Int. Income LTM (USD mn) | Net Profit LTM (USD mn) | Net Profit Growth LTM | Net Margin | ROE LTM | P/E LTM | P/BV |
|--------------------------|---------------------|----------------|--------------------------|-------------------------|-----------------------|------------|---------|---------|------|
| BBRI | 38,006 | 89,894 | 7,229 | 2,304 | 11.3% | 7.5% | 18.8% | 16.1x | 2.8x |
| BBCA | 51,095 | 57,170 | 3,617 | 1,837 | 10.8% | 6.0% | 17.9% | 27.4x | 4.6x |
| BMRI | 26,219 | 83,333 | 5,300 | 1,836 | 17.7% | 5.3% | 15.0% | 14.1x | 2.0x |
| BBNI | 11,663 | 56,046 | 3,517 | 1,074 | 10.0% | 5.3% | 14.7% | 10.7x | 1.5x |
| BBTN | 1,945 | 21,240 | 1,641 | 198 | -8.7% | 4.2% | 12.3% | 9.7x | 1.1x |
| Singapore | | | | | | | | | |
| DBS | 48,084 | 404,073 | 7,604 | 4,210 | 23.3% | 1.9% | 11.5% | 11.4x | 1.3x |
| UOB | 31,626 | 284,734 | 8,090 | 3,006 | 14.6% | 1.9% | 11.4% | 10.5x | 1.2x |
| OCBC | 35,845 | 343,025 | 8,259 | 3,395 | 7.4% | 1.8% | 11.1% | 10.4x | 1.1x |
| Malaysia | | | | | | | | | |
| CIMB | 12,619 | 129,194 | 4,628 | 1,342 | 18.9% | 2.4% | 11.0% | 9.3x | 1.0x |
| Malayan Banking | 24,178 | 195,208 | 4,529 | 1,975 | 4.7% | 2.3% | 10.6% | 12.2x | 1.3x |
| Hong Leong | 5,131 | 56,880 | 1,223 | 467 | 11.3% | 1.4% | 10.4% | 11.2x | 1.1x |
| Thailand | | | | | | | | | |
| Bangkok Bank | 12,317 | 96,410 | 3,191 | 1,094 | 4.9% | 2.4% | 8.5% | 10.7x | 0.9x |
| Siam Commercial | 15,122 | 98,594 | 3,738 | 1,171 | -11.1% | 3.3% | 9.9% | 12.3x | 1.2x |
| Bank of Ayudhya | 9,266 | 67,237 | 3,310 | 969 | 31.8% | 3.7% | 12.9% | 9.1x | 1.1x |
| Philippine | | | | | | | | | |
| BDO Unibank (Philippine) | 12,079 | 57,704 | 2,394 | 692 | 30.2% | 4.3% | 11.7% | 17.1x | 1.9x |
| Metropolitan Bank | 5,571 | 42,839 | 1,651 | 433 | 23.7% | 4.7% | 9.2% | 12.4x | 1.0x |
| Philippine Island Bank | 6,921 | 39,813 | 1,458 | 445 | 5.1% | 3.3% | 10.5% | 15.6x | 1.4x |

Source: Bloomberg

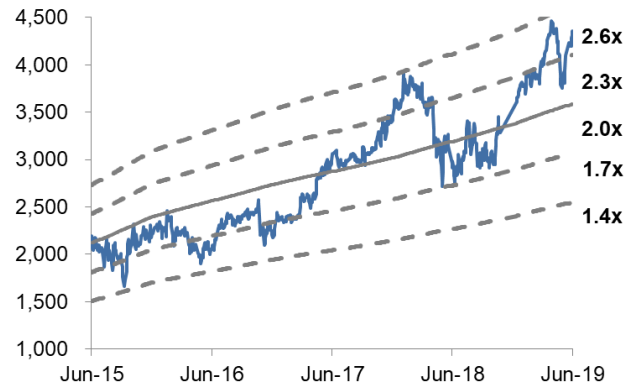
Multiple Valuation

Forward P/B Band | Last 4 years



Source: NHKS Research

Dynamic Forward P/B Band | Last 4 years



Source: NHKS Research

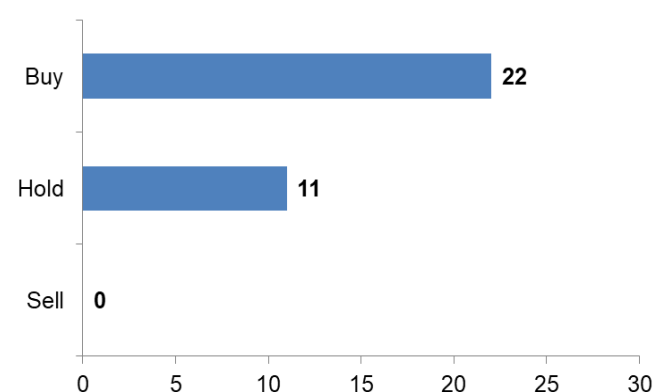
Rating and Target Price Update

Target Price Revision

| Date | Rating | Target Price | Last Price | Consensus | vs Last Price | vs Consensus |
|------------|--------|------------------|------------|-----------|---------------|--------------|
| 02/08/2018 | Buy | 4,700 (Dec 2018) | 3,680 | 3,899 | +27.7% | +20.6% |
| 05/22/2018 | Buy | 3,510 (Dec 2018) | 2,760 | 3,820 | +27.2% | -8.1% |
| 08/15/2018 | Buy | 3,930 (Dec 2018) | 3,140 | 3,728 | +25.2% | +5.4% |
| 11/13/2018 | Buy | 4,370 (Dec 2019) | 3,280 | 3,787 | +33.2% | +15.4% |
| 06/28/2019 | Buy | 4,950 (Dec 2019) | 4,360 | 4,566 | +13.5% | +8.4% |

Source: NHKS Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS Research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT

| (IDR bn) | 2017/12A | 2018/12A | 2019/12F | 2020/12E |
|--------------------------|----------------|----------------|----------------|----------------|
| Interest Income | 102,899 | 111,583 | 128,752 | 149,929 |
| Growth (% y/y) | 8.6% | 8.4% | 15.1% | 16.4% |
| Interest Expenses | (29,894) | (33,917) | (38,994) | (44,764) |
| Net Interest Income | 73,005 | 77,666 | 89,758 | 105,165 |
| Net Interest Margin | 7.6% | 7.4% | 7.5% | 7.6% |
| Net Fee Income | 10,442 | 12,018 | 12,084 | 14,159 |
| Trading Income | 1,020 | 2,535 | 1,795 | 1,653 |
| Other Operating Income | 8,015 | 8,587 | 8,976 | 10,694 |
| Operating Revenue | 92,482 | 101,400 | 112,614 | 131,670 |
| Operating Expenses | (38,681) | (41,990) | (47,388) | (55,575) |
| Pre-provisioning OP | 53,801 | 58,472 | 65,225 | 76,095 |
| Provision for Impairment | (16,995) | (17,792) | (18,161) | (20,194) |
| EBT | 37,022 | 41,753 | 47,238 | 56,051 |
| Income Tax | (7,978) | (9,335) | (10,543) | (12,510) |
| Non-controlling Interest | (48) | (115) | (129) | (153) |
| Net Profit | 28,997 | 32,519 | 36,566 | 43,388 |
| Growth (% y/y) | 10.7% | 12.1% | 12.4% | 18.7% |

BALANCE SHEET

| (IDR bn) | 2017/12A | 2018/12A | 2019/12F | 2020/12E |
|-----------------------------|------------------|------------------|------------------|------------------|
| Cash | 24,798 | 27,421 | 26,005 | 25,824 |
| Placement in Banks | 119,187 | 115,840 | 136,588 | 160,054 |
| Net Loans | 709,232 | 819,678 | 969,261 | 1,138,029 |
| Investment | 208,321 | 187,584 | 200,208 | 211,617 |
| Fixed Asset | 24,746 | 26,184 | 28,021 | 30,302 |
| Other Assets | 39,964 | 62,548 | 62,080 | 75,389 |
| Total Assets | 1,127,447 | 1,296,898 | 1,422,163 | 1,641,215 |
| Deposits | 841,656 | 944,269 | 1,072,832 | 1,242,752 |
| Debt | 78,739 | 86,497 | 94,543 | 114,046 |
| Other liabilities | 38,505 | 45,172 | 48,409 | 51,105 |
| Total Liabilities | 958,901 | 1,111,622 | 1,215,784 | 1,407,902 |
| Capital Stock & APIC | 8,941 | 8,941 | 8,941 | 8,941 |
| Retained Earnings | 143,828 | 163,299 | 185,231 | 212,164 |
| Shareholders' Equity | 167,347 | 184,447 | 206,380 | 233,313 |

PROFITABILITY & STABILITY

| | 2017/12A | 2018/12A | 2019/12F | 2020/12E |
|------------------------|----------|----------|----------|----------|
| ROE | 18.5% | 18.5% | 18.7% | 19.7% |
| ROA | 2.7% | 2.8% | 2.8% | 2.8% |
| Non-Int. Inc. /Op. Rev | 21.1% | 22.8% | 20.3% | 20.1% |
| Cost/Income | 41.8% | 41.4% | 42.1% | 42.2% |
| Cash Dividend (IDR bn) | 13,048 | 14,634 | 16,455 | 19,525 |
| Dividend Yield (%) | 2.9% | 3.2% | 2.7% | 3.2% |
| Payout Ratio (%) | 45.0% | 45.0% | 45.0% | 45.0% |
| Loan/Deposits | 87.8% | 92.9% | 93.8% | 94.9% |
| Loan/Assets | 65.6% | 65.8% | 70.8% | 71.9% |
| NPL | 2.1% | 2.3% | 2.2% | 2.2% |
| Loan Loss Res./Loan | 4.1% | 4.0% | 3.7% | 3.5% |
| CASA/Deposits | 59.0% | 58.4% | 59.0% | 59.3% |
| Time Deposits/Deposits | 41.0% | 41.6% | 41.0% | 40.7% |
| Par Value (IDR) | 250 | 250 | 250 | 250 |
| Total Shares (mn) | 123,346 | 123,346 | 123,346 | 123,346 |
| Share Price (IDR) | 3,640 | 3,660 | 4,950 | 4,950 |
| Market Cap (IDR tn) | 449.0 | 451.4 | 610.6 | 610.6 |

VALUATION INDEX

| | 2017/12A | 2018/12A | 2019/12F | 2020/12E |
|----------------------|----------|----------|----------|----------|
| Price /Earnings | 15.5x | 13.9x | 16.7x | 14.1x |
| Price /Book Value | 2.7x | 2.4x | 3.0x | 2.6x |
| Price/Op. Revenue | 4.9x | 4.5x | 5.4x | 4.6x |
| PE/EPS Growth | 1.4x | 1.1x | 1.3x | 0.8x |
| EV/Operating Revenue | 5.4x | 5.1x | 6.0x | 5.3x |
| EV/PPOP | 9.4x | 8.8x | 10.4x | 9.2x |
| EV (IDR bn) | 503,520 | 516,175 | 681,198 | 700,882 |
| Op. Rev. CAGR (3-Yr) | 15.0% | 12.8% | 10.0% | 12.5% |
| EPS CAGR (3-Yr) | 6.2% | 8.6% | 11.8% | 14.4% |
| Basic EPS (IDR) | 235 | 264 | 296 | 352 |
| Diluted EPS (IDR) | 235 | 264 | 296 | 352 |
| BVPS (IDR) | 1,357 | 1,495 | 1,673 | 1,892 |
| Op. Revenue PS (IDR) | 750 | 822 | 913 | 1,067 |
| DPS (IDR) | 106 | 119 | 133 | 158 |

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