

Bank Rakyat Indonesia Tbk (BBRI)

Supported by Lower Cost of Fund

Until 3Q21, BBRI booked a consolidated loan growth of 9.74% YoY to IDR1,026 trillion. This figure was supported by the Micro, Small and Medium Enterprises (MSME) that grew 12.5% YoY to IDR848.6 trillion. The increase boosted BBRI's MSME portion to 82.67% of total loan, while corporate loans were booked at IDR177.84 trillion.

Cost of Fund Down to 2.14%

- Meanwhile, non-performing loan (NPL) increased slightly to 3.29% from 3.02%. NPL coverage jumped to 259.70% amid lower loan restructuring.
- BBRI's DPK was recorded at IDR 1,135.3 trillion in 9M21, supported by the low cost of fund ratio in CASA which was 59.6%.
- Annual increase in CASA ratio by 58 bps resulted in the decline of CoF to 2.14%.
- The growth pushed BBRI's assets up 11.87% YoY to IDR1,619.7 trillion.
- On the liquidity side, LDR was recorded at 83.27% with Capital Adequacy Ratio (CAR) at 24.54%.

Maintains Overweight with TP of IDR 4,800

- We maintain Overweight rating with target price at IDR4,800/share.
- Our TP reflects forward PBV FY21/22 of 2.2x/2.1x. Some factors in our consideration are: government support for the recovery of MSMEs, lower CoF that boosts the improvement of NIM, and high liquidity as a capital for loan expansion in 2022.
- We are still observing the progress of synergy with Pegadaian and Permodalan Nasional Madani (PNM), and the domestic economy that has not fully recovered.
- BBRI's management has loan growth target of 6%-7% in 2021; with NPL maintained at 3.3%-3.5%. From the profitability side, NIM is targeted at around 6.7%.

Bank Rakyat Indonesia Tbk | Summary (IDR bn)

	2020/12A	2021/12E	2022/12E	2023/12E
Interest Income	116,933	125,566	131,119	137,877
<i>Interest Income growth</i>	-4.0%	7.4%	4.4%	5.2%
Operating Revenue	109,555	126,513	130,886	138,708
Net profit	18,655	28,238	35,289	43,082
EPS (IDR)	123	187	233	285
<i>EPS growth</i>	-45.7%	51.4%	25.0%	22.1%
BVPS (IDR)	1,321	1,887	1,990	2,133
Net Interest Margin	5.8%	6.4%	6.2%	6.3%
Loan/Deposits	84.0%	87.6%	88.3%	89.1%
NPL	2.9%	3.6%	3.3%	3.4%
ROE	9.1%	11.6%	12.0%	13.8%
ROA	1.3%	1.8%	2.1%	2.5%
Non-Int. Inc. /Op. Rev	27.7%	25.4%	26.5%	26.0%
P/E	33.0x	25.7x	20.6x	16.9x
P/BV	3.1x	2.5x	2.4x	2.3x
DPS (IDR)	136	80	117	149
<i>Dividend yield</i>	3.4%	1.7%	2.4%	3.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Report | Nov. 26, 2021

Overweight

Target Price (IDR)	4,800
Consensus Price (IDR)	4,832
TP to Consensus Price	-0.7%
vs. Last Price	+13.7%

Shares data

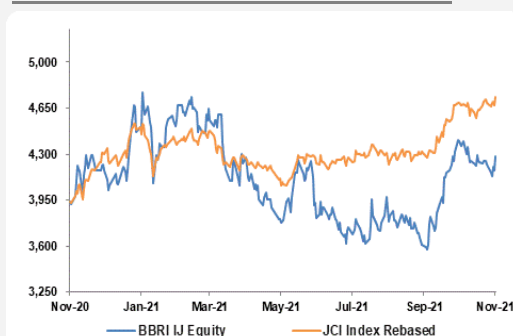
Last Price (IDR)	4,220
Price date as of	Nov. 25, 2021
52 wk range (Hi/Lo)	4,829 / 3,500
Free float (%)	43.1
Outstanding sh. (mn)	151,277
Market Cap (IDR bn)	638,388
Market Cap (USD mn)	44,677
Avg. Trd Vol - 3M (mn)	205.23
Avg. Trd Val - 3M (bn)	813.41
Foreign Ownership	23.3%

Finance

Bank

Bloomberg	BBRI IJ
Reuters	BBRI.JK

Share Price Performance



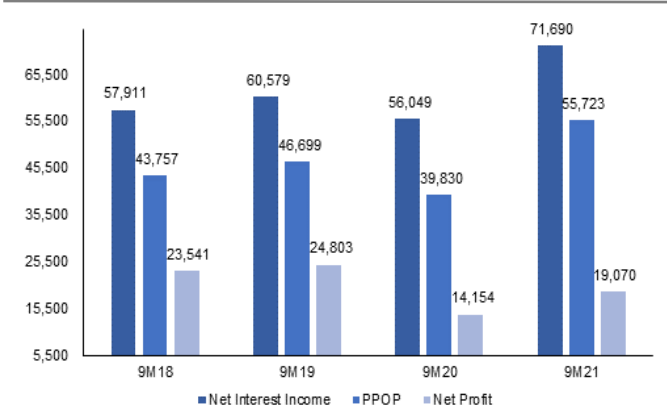
	YTD	1M	3M	12M
Abs. Ret.	5.2%	-2.7%	13.1%	8.6%
Rel. Ret.	-7.2%	-3.7%	0.9%	-11.5%

Arief Machrus

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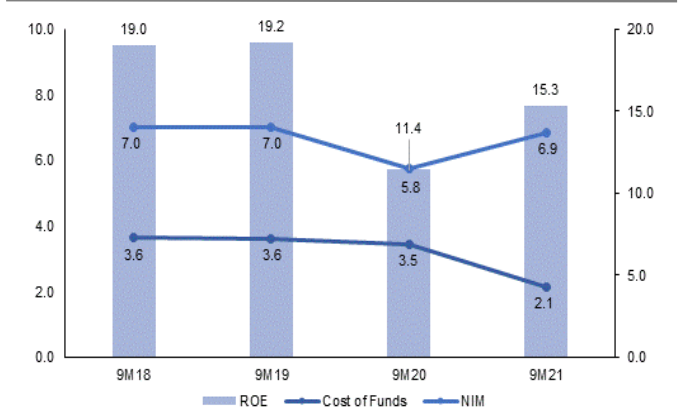
Performance Highlights

Financial Performance (IDR Bn)



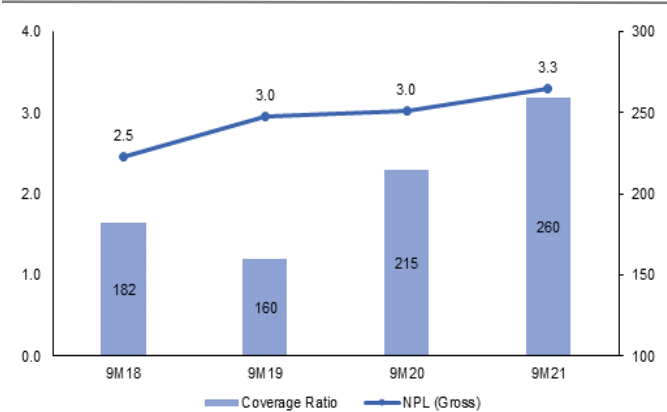
Source: Company, NHKSI Research

Profitability Ratios (%)



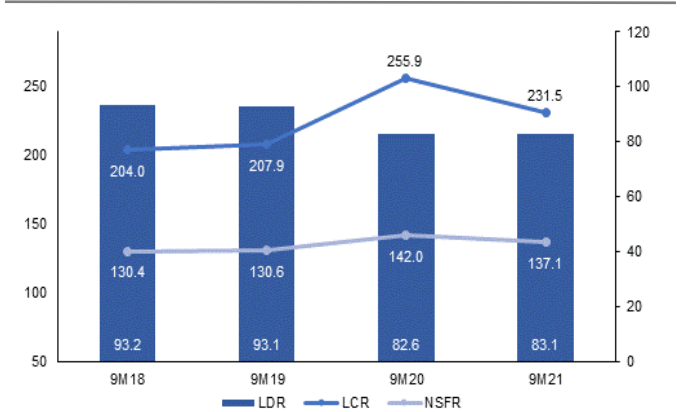
Source: Company, NHKSI Research

Asset Quality (%)



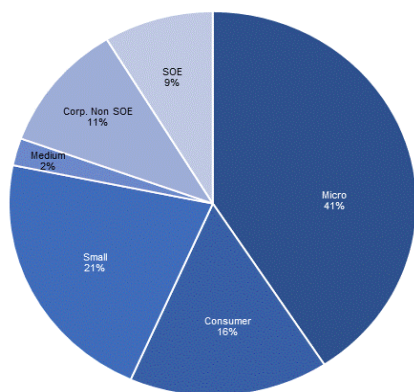
Source: Company, NHKSI Research

Liquidity (%)



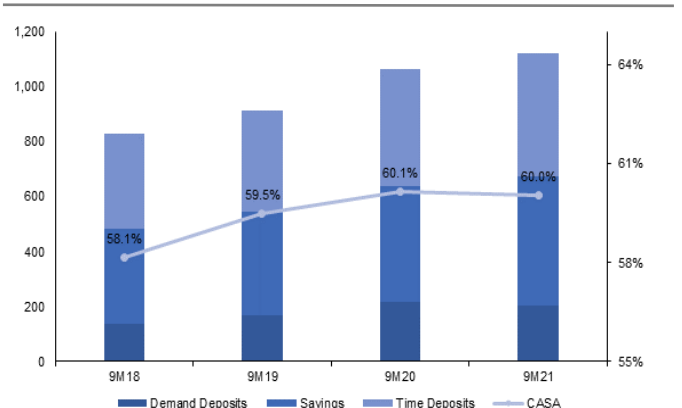
Source: Company, NHKSI Research

Loan Composition by Segment



Source: Company, NHKSI Research

Third Party Funds Composition (IDR Trn)



Source: Company, NHKSI Research

A Glance at BBRI

High Market Capitalisation in ASEAN



Banking in Indonesia, with its characteristics of higher loan interest rate compared to the competitors, made the industry an alluring investment in ASEAN. BBRI is a state-owned commercial bank with the biggest asset that focuses on loans for MSMEs in Indonesia. The total loan distributed by BBRI means it has a relatively high capitalization in the domestic market and ASEAN. This achievement boosted BBRI's market capitalization to be higher than BMRI on the national scale, or higher than OCBC Singapore.

ASEAN Banking Sector

Company	Ticker	Market Cap (USD Mn)	Total Assets (USD Mn)	Net Interest Margin (LTM) (%)	ROE (%)	P/E (x)	P/B (x)	Dividend Yield LTM (%)
INDONESIA								
Bank Rakyat Indonesia Tbk	BBRI IJ	45,667	108,568	5.7	10.1	22.5	1.9	2.2
Bank Negara Indonesia Tbk	BBNI IJ	9,284	64,010	5.5	5.8	19.6	1.1	0.6
Bank Central Asia Tbk	BBCA IJ	64,626	77,240	5.4	16.4	30.3	4.6	1.4
Bank Mandiri Tbk	BMRI IJ	23,479	102,645	5.1	10.5	17.3	1.8	3.1
SINGAPORE								
DBS Group Holdings Ltd	DBS SP	60,426	491,893	1.4	10.8	13.4	1.4	2.7
United Overseas Bank Ltd	UOB SP	33,295	326,810	1.6	8.5	13.7	1.1	3.7
Oversea-Chinese Banking Corp.	OCBC SP	39,917	394,608	1.6	8.7	12.4	1.0	3.4
MALAYSIA								
CIMB Group Holdings Bhd	CIMB MK	12,729	149,821	2.2	6.9	13.3	0.9	2.9
THAILAND								
Bangkok Bank Public Co. Ltd	BBL TB	7,038	127,453	1.6	4.9	10.4	0.5	2.8
Siam Commercial Bank Pub Co.	SCB TB	12,519	109,298	2.7	7.9	12.8	1.0	3.0

Source: Bloomberg

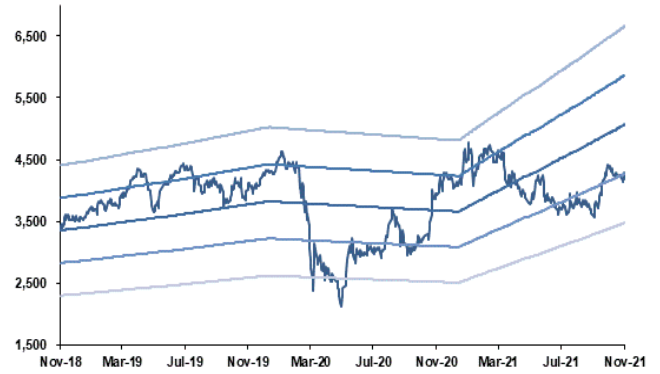
Multiple Valuation

Forward P/B Band | Last 3 years



Source: NHKSI Research, Bloomberg

Dynamic Forward P/B Band | Last 3 years



Source: NHKSI Research, Bloomberg

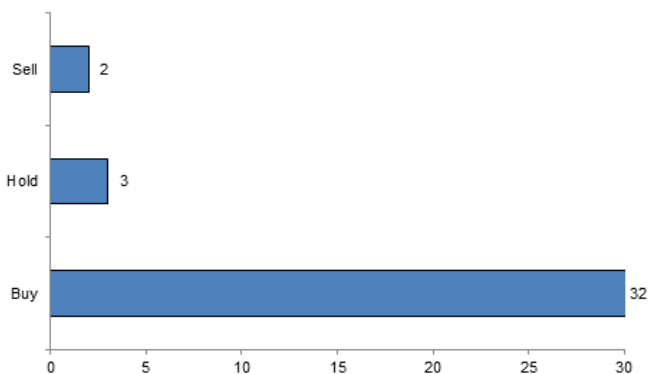
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
06/19/2020	Hold	3,010	3,100	3,180	-2.9%	-5.3%
09/11/2020	Buy	4,000	3,250	3,838	+23.0%	+4.2%
11/27/2020	Overweight	4,500	4,270	4,394	+5.4%	+2.4%
03/05/2021	Overweight	5,100	4,760	5,135	+7.1%	-0.7%
11/26/2021	Overweight	4,800	4,220	4,832	+13.7%	-0.7%

Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Interest Income	116,933	125,566	131,119	137,877
Growth (% y/y)	-4.0%	7.4%	4.4%	5.2%
Interest Expenses	(37,723)	(31,134)	(34,979)	(35,174)
Net Interest Income	79,210	94,432	96,140	102,703
Net Interest Margin	5.8%	6.4%	6.2%	6.3%
Net Fee Income	15,123	15,355	16,994	17,427
Trading Income	4,461	5,361	5,436	5,819
Other Operating Income	10,762	11,365	12,316	12,759
Operating Revenue	109,555	126,513	130,886	138,708
Operating Expenses	(50,007)	(53,015)	(57,296)	(59,423)
Pre-provisioning OP	59,549	73,497	73,591	79,285
Provision for Impairment	(32,775)	(34,621)	(24,014)	(19,389)
EBT	26,725	38,815	49,515	59,830
Income Tax	(8,064)	(11,189)	(14,607)	(17,448)
Non-controlling Interest	(6)	611	381	700
Net Profit	18,655	28,238	35,289	43,082
Growth (% y/y)	-45.7%	51.4%	25.0%	22.1%

PROFITABILITY & STABILITY				
	2020/12A	2021/12F	2022/12F	2023/12F
ROE	9.1%	11.6%	12.0%	13.8%
ROA	1.3%	1.8%	2.1%	2.5%
Non-Int. Inc. /Op. Rev	27.7%	25.4%	26.5%	26.0%
Cost/Income	45.6%	41.9%	43.8%	42.8%
Cash Dividend (IDR bn)	20,624	12,126	17,648	22,497
Dividend Yield (%)	3.4%	1.7%	2.4%	3.1%
Payout Ratio (%)	110.6%	42.9%	50.0%	52.2%
Loan/Deposits	84.0%	87.6%	88.3%	89.1%
Loan/Assets	62.3%	62.3%	62.2%	62.8%
NPL	2.9%	3.6%	3.3%	3.4%
Loan Loss Res./Loan	7.1%	8.7%	9.9%	11.2%
CASA/Deposits	59.7%	59.9%	59.0%	58.6%
Time Deposits/Deposits	40.3%	40.1%	41.0%	41.4%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	151,277	151,277	151,277	151,277
Share Price (IDR)	4,068	4,800	4,800	4,800
Market Cap (IDR tn)	615.4	726.1	726.1	726.1

BALANCE SHEET				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Cash	32,162	37,761	56,081	56,080
Placement in Banks	127,113	150,810	148,574	161,605
Net Loans	875,166	930,491	943,175	991,953
Investment	375,575	382,394	398,703	419,490
Fixed Asset	32,185	52,237	60,104	62,675
Other Assets	69,604	79,444	79,739	85,913
Total Assets	1,511,805	1,633,137	1,686,375	1,777,715
Deposits	1,121,102	1,161,561	1,188,945	1,251,442
Debt	136,188	116,164	131,666	131,870
Other liabilities	54,603	69,999	64,778	71,800
Total Liabilities	1,311,893	1,347,725	1,385,390	1,455,111
Capital Stock & APIC	9,579	75,746	75,746	75,746
Retained Earnings	166,972	182,171	199,812	220,397
Shareholders' Equity	199,912	285,412	300,985	322,604

VALUATION INDEX				
	2020/12A	2021/12F	2022/12F	2023/12F
Price /Earnings	33.0x	25.7x	20.6x	16.9x
Price /Book Value	3.1x	2.5x	2.4x	2.3x
Price/Op. Revenue	5.6x	5.7x	5.5x	5.2x
PE/EPS Growth	-0.7x	0.5x	0.8x	0.8x
EV/Operating Revenue	6.6x	6.4x	6.1x	5.8x
EV/PPOP	12.1x	11.0x	10.9x	10.2x
EV (IDR bn)	721,955	807,640	804,536	804,884
Op. Rev. CAGR (3-Yr)	5.8%	7.4%	5.6%	8.2%
EPS CAGR (3-Yr)	-13.7%	-4.4%	0.9%	32.2%
Basic EPS (IDR)	123	187	233	285
Diluted EPS (IDR)	123	187	233	285
BVPS (IDR)	1,321	1,887	1,990	2,133
Op. Revenue PS (IDR)	724	836	865	917
DPS (IDR)	136	80	117	149

CASH FLOW STATEMENT				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Operating Cash Flow	2,492	30,691	59,291	64,395
Investing Cash Flow	(157,533)	(36,937)	(64,141)	(110,707)
Financing Cash Flow	85,740	20,130	23,170	41,237
Net Changes in Cash	(69,300)	13,884	18,320	(5,075)

OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	76.7	Republic of Indonesia 56.8
United States	10.8	JP Morgan Chase 1.9
Luxembourg	4.1	Vanguard Group 1.5
Others	8.4	Others 39.9

Source: NHKSI Research, Bloomberg

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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