

Bank Neo Commerce (BBYB)

Company Focus

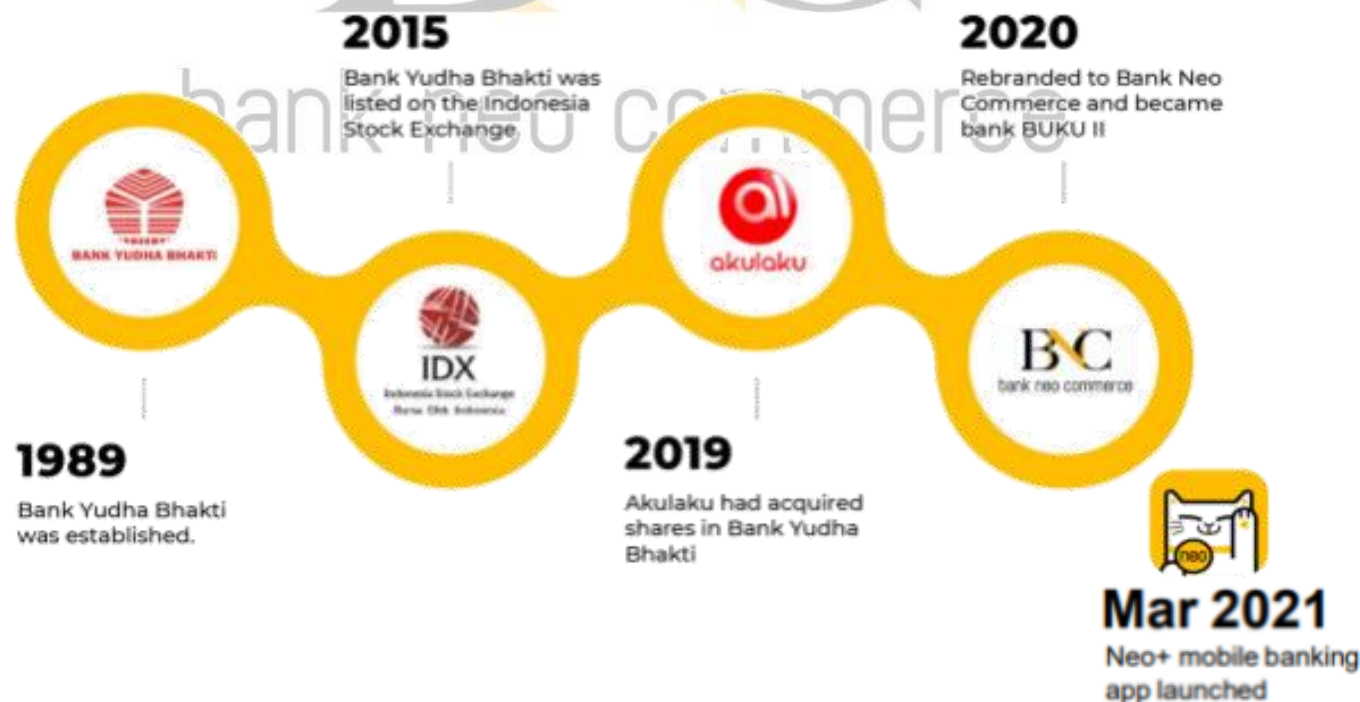
BNC

bank neo commerce

September 2021

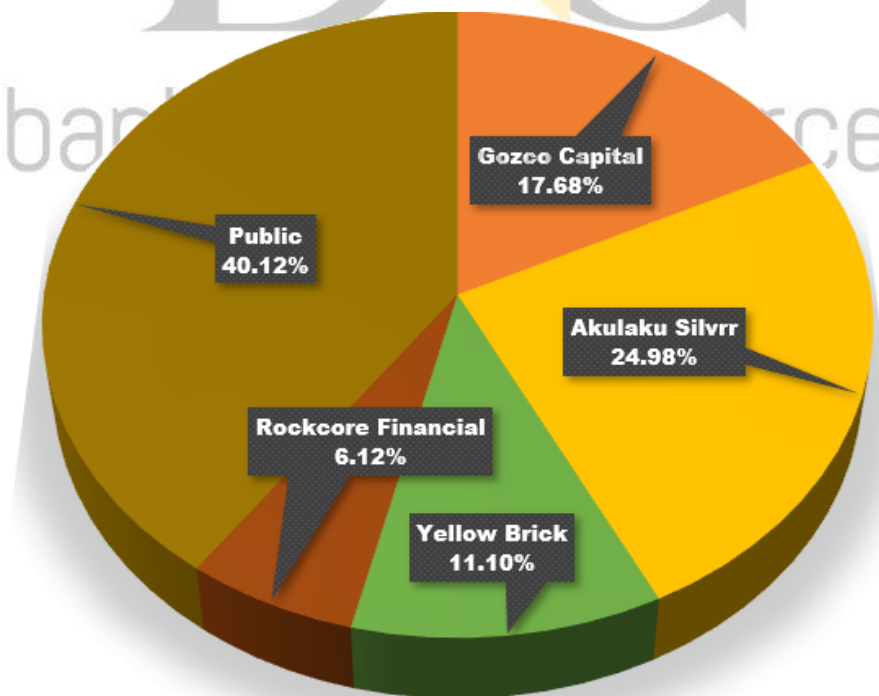
Transformation to Digital Banking

- Established in 1989 under the name Bank Yudha Bakti, the bank was primarily known to provide banking services to pensioners.
- Beginning in 2019, BBYB started to synergize with Akulaku, a leading Fintech company which also bought stakes at the bank. This also marked the first step in transformation into a digital bank.
- Rebranded to Bank Neo Commerce, the bank's main focus also shifted rapidly. With its online banking apps NEO+ launched in March 2021, BBYB now aims to serve the younger generations/millennials as a target market.



Changes in Ownership Structure

- Over the last 2 years, BBYB has undergone major changes in ownership. The two previous main shareholders, Gozco Capital and ASABRI, have gradually reduced their respective stakes. As of August 2021, ASABRI no longer hold any stakes at Bank Neo Commerce.
- The company has since announced that PT Akulaku Silvrr Indonesia (Akulaku) would become its controlling shareholder.
- In order to meet capital requirement from OJK, the bank is planning a Rights Issue which aims to raise IDR 2.5 trillion. The regulator has set a minimum capital of IDR 3 trillion by 2022.












Part of the Bigger Akulaku Group

- As a starting point, Bank Neo Commerce aims to capitalize its position as a part of the Akulaku ecosystem by synergizing within the group.
- Akulaku is a digital finance platform in Southeast Asia backed by Ant Financial. It has raised a total of \$218M in over 8 funding rounds, with estimated valuation of USD 450 million.
- Akulaku has a strong digital finance ecosystem that include: Market Place, Multifinance, Insurance Brokerage, P2P Lending (Asetku) Consumer Instalment loan (Akucicil), and Payment Solution (Akulaku Pay).



Neo+: Over 5 million Downloads since March 2021

- Bank Neo Commerce launched its digital banking called NEO+ in March 2021. To date, it has achieved over 5 million downloads from Google Playstore with 4.4 rating.
- NEO+ offers high yield deposits with Savings Accounts interest up to 6% pa and Time Deposits up to 8% pa. It also features no transfer fees for transactions through the app.
- The bank has committed to continuously improve the features and safety of its digital banking platform. To achieve this, it has announced co-operations with several of the top IT companies in the world such as: Huawei, Tencent, Qualtrics, and Sunline.

	Apps Name	Bank	Google Play Download	Rating
	Neo+	BNC	5M+	4.4
	Jenius	BTPN	5M+	4.1
	Digibank	DBS	1M+	4.3
	TMRW	UOB	500K+	4.4
	Jago	Bank Jago	500K+	4.0
	Motion Bank	MNC Bank	100K+	3.9
	Blu	BCA Digital	100K+	4.5
	Line Bank	KEB Hana	100K+	3.7
	Wokee	KB Bukopin	10K+	3.8

Creating Own Ecosystem through Multiple Partnerships

- Outside the Akulaku ecosystem, Bank Neo Commerce also builds its own network through channeling programs with several Peer to Peer (P2P) lending players in Indonesia.
- Ticket size from each channeling deal ranges between IDR 30 – 50 billions, with most of it aimed at Micro and Small Medium Enterprises (MSME) segment.
- BNC has set a total loan disbursement target of IDR 750 bn through P2P lending in 2021.

Business Loan P2P Lending Partners



Consumer Loan P2P Lending Partners



Valuation Remained Attractive with Projected Fast Growth

- BBYB is projected to a net loss in FY21, as the company is still in the early investment phase of transforming into a digital bank. We project that loan growth and interest income will accelerate rapidly next year and expect BBYB to return into profitability in 2023.
- While at current price, BBYB's P/BV seems demanding at 7.4x; this is still far below the average of publicly-listed digital banks (23.1x). Looking forward post –Rights Issue, BBYB valuation would be adjusted, with implied 2023F P/BV of 2.3x. Taking into consideration the fast growth potential with an established Akulaku ecosystem, BBYB's valuation remained very attractive.

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E	2023/12E
Interest Income	532	435	681	1,229	1,827
Net Interest Income	216	158	334	708	1,112
Pre-provisioning OP	186	43	80	307	728
Provision for Impairment	-166	-25	-195	-309	-493
Net Profit	16	16	-108	-2	154
EPS	3	3	-11	0	13

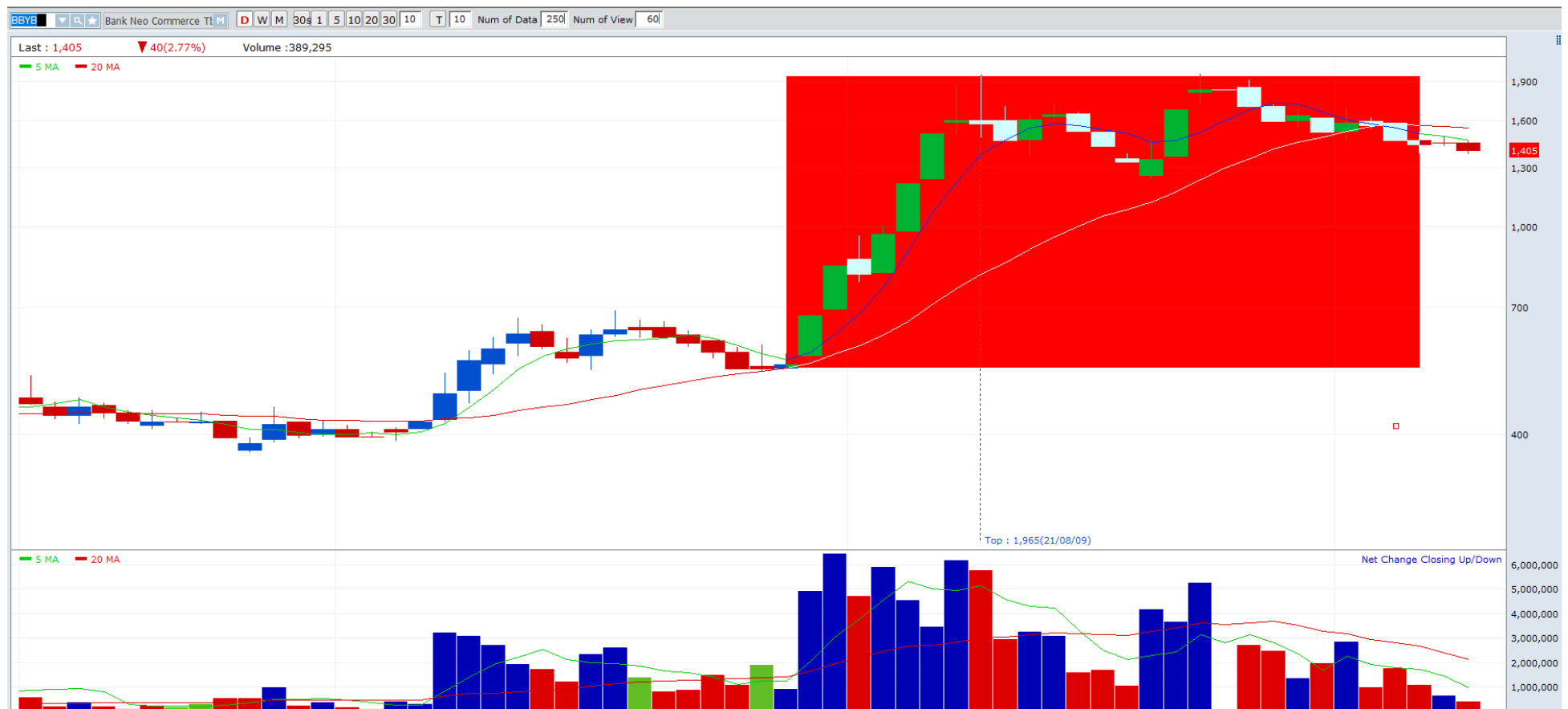
BALANCE SHEET

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E	2023/12E
Net Loans	3,661	3,563	4,726	7,456	11,164
Total Assets	5,124	5,421	9,278	14,251	19,605
Deposits	4,067	3,944	5,293	8,162	11,623
Total Liabilities	4,178	4,301	5,766	8,601	12,145
Shareholders' Equity	946	1,120	3,512	5,650	7,460

Ticker	Mkt Cap (IDR Tn)	Total Loans (IDR Tn)	Total Deposits (IDR Tn)	Tier 1 Capital (IDR Tn)	CASA (%)	NIM (%)	NPL (%)	ROE (%)	P/B (x)
BBYB	10.5	3.8	5.1	1.2	13.2	4.0	4.1	12.4	7.4
ARTO	193.6	2.2	1.7	7.9	27.2	3.3	-	3.9	23.9
BABP	9.0	7.7	9.9	1.2	18.8	3.1	5.7	0.7	5.8
AGRO	47.0	18.4	20.1	4.2	23.9	2.7	0.6	0.9	10.8
BBHI	24.8	0.9	1.9	0.3	19.8	1.7	2.8	7.9	67.4
Average	57.0	6.6	7.7	2.9	20.6	3.0	2.6	1.4	23.1

Share Price Movement forming Double Top Pattern

After a strong rally in August, BBYB stock price currently forming a double top pattern. While this may indicate an upcoming downtrend, we see that it could also provide an attractive entry point for longer-term investors as the growth story continues to play out.



Thank You



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