

Bank Rakyat Indonesia Tbk (BBRI)

CASA Growth Boosts Profitability

BBRI booked 1Q22 net profit of IDR 10.90 trillion (bank-only), jumping 63.4% YoY compared to 1Q21. Net Interest Income grew 10.1% YoY to IDR 25.08 trillion, as Interest Expense fell 16.9% YoY. Micro segment continued to be the driver, as it went up 15.4%. In 2022, BBRI sets credit growth target at 9%-11%, with NIM maintained at 7.6%-7.8%.

Lower Interest Expense

- BBRI recorded stronger 1Q22 performance, marked by Net Interest Income which jumped 10.1% to IDR25.08 trillion. This was supported by much lower interest expense of IDR 5.12 trillion (-16.9% YoY vs IDR 6.17 trillion in 1Q21).
- PPOP successfully went up by 10.0% YoY to IDR 20.29 trillion, with Operating Cost (+0.4%) relatively maintained in comparison with revenue. Meanwhile, BBRI also managed to cut Provision Cost by 30.9% to IDR 6.69 trillion (Vs. 1Q21 IDR9.68 trillion).
- Thus, the bank's net profit jumped to IDR 10.90 trillion (+63.4% YoY). Meanwhile, consolidated net profit also soared to IDR 12.22 trillion (+78.1% YoY).

Double Digit Growth of Micro Loans

- Total Credit grew 8.7% to IDR 974.8 trillion; with the Micro segment booking double digit growth (15.4% YoY), while other segments recorded single digit growth. In more detail, micro loans contributed 42.6% to BBRI's total loan in 1Q22.
- Meanwhile, BBRI also successfully maintained asset quality, with gross NPL flat at 3.15%; compared to 1Q21 (3.12%). However, we see that this is slightly higher compared to FY21 which booked 3.08%.
- On the funding side, CASA ratio also improved to 63.7% (vs. 59.4% in 1Q21). This is the result of growth in Demand Deposits (+31.7%) and Savings (+9.9%), while Time Deposits was down 3.1%.

Overweight Recommendation with TP Increased to IDR 5,500

- We maintain Overweight recommendation for BBRI, with the target price increased to IDR 5,500. Our TP reflects a 22F P/BV of 2.7x, around the 3-year average.
- As a group, BBRI targets loan growth of 9%-11% in 2022. We see the main risk of this target is the rate hike that is predicted to occur this year, which could hamper loan growth.

Bank Rakyat Indonesia Tbk | Summary (IDR bn)

	2021/12A	2022/12E	2023/12E	2024/12E
Interest Income	143,523	144,526	157,479	162,887
<i>Interest Income growth</i>	22.7%	0.7%	9.0%	3.4%
Operating Revenue	156,353	157,627	174,075	180,819
Net profit	32,846	34,216	40,291	43,219
EPS (IDR)	217	226	266	286
<i>EPS growth</i>	76.1%	4.2%	17.8%	7.3%
BVPS (IDR)	1,929	2,027	2,149	2,266
Net Interest Margin	7.6%	7.0%	7.4%	7.3%
Loan/Deposits	91.6%	91.2%	91.7%	91.2%
NPL	3.1%	3.0%	3.0%	3.0%
ROE	13.4%	11.4%	12.8%	12.9%
ROA	2.1%	2.0%	2.2%	2.3%
Non-Int. Inc. /Op. Rev	27.0%	28.4%	27.7%	28.0%
P/E	18.7x	24.3x	24.3x	24.3x
P/BV	2.1x	2.7x	3.0x	3.1x
DPS (IDR)	80	128	144	168
<i>Dividend yield</i>	2.0%	2.3%	2.2%	2.4%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Overweight

Target Price (IDR)	5,500
Consensus Price (IDR)	5,230
TP to Consensus Price	+5.1%
Potential Upside	+11.3%

Shares data

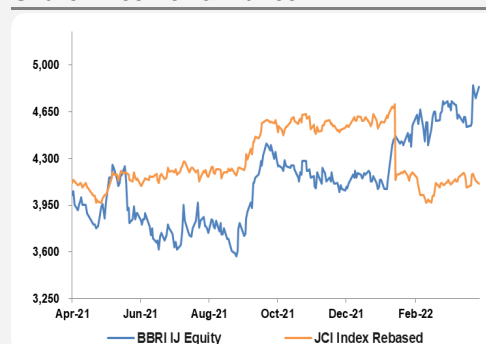
Last Price (IDR)	4,940
Price date as of	Apr. 26, 2022
52 wk range (Hi/Lo)	4,761 / 3,500
Free float (%)	46.8
Outstanding sh.(mn)	151,559
Market Cap (IDR bn)	677,469
Market Cap (USD mn)	47,227
Avg. Trd Vol - 3M (mn)	126.93
Avg. Trd Val - 3M (bn)	531.64
Foreign Ownership	25.5%

Finance

Bank

Bloomberg	BBRI IJ
Reuters	BBRI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	17.8%	2.8%	18.9%	16.7%
Rel. Ret.	27.0%	2.5%	28.0%	17.5%

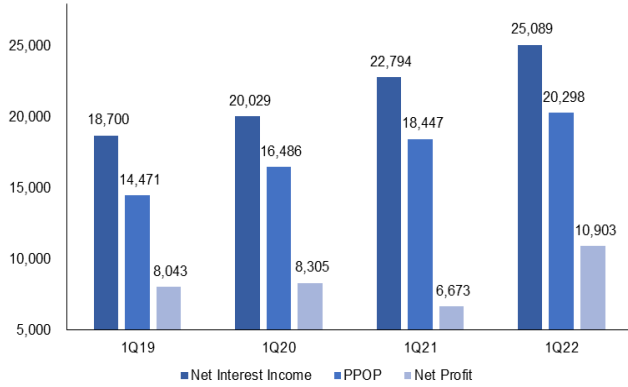
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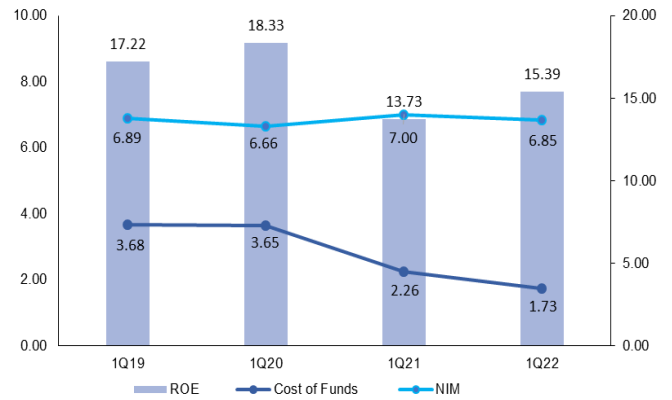
Performance Highlights

Financial Performance (IDR Bn)



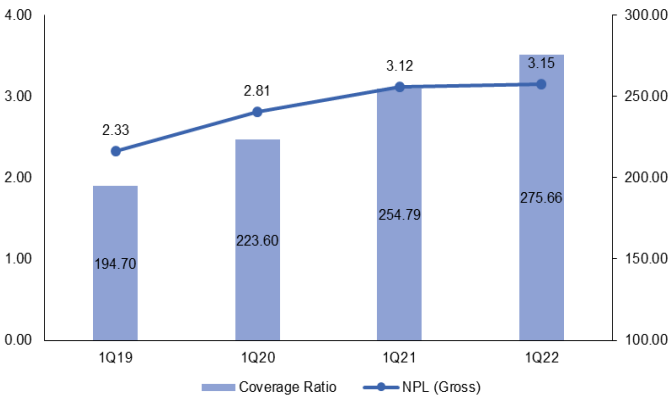
Source: Company, NHKSI Research

Profitability Ratios (%)



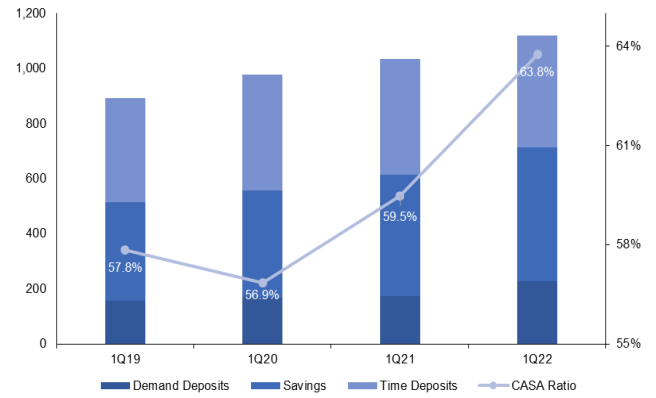
Source: Company, NHKSI Research

Asset Quality (%)



Source: Company, NHKSI Research

Third Party Funds Composition (IDR Trn)



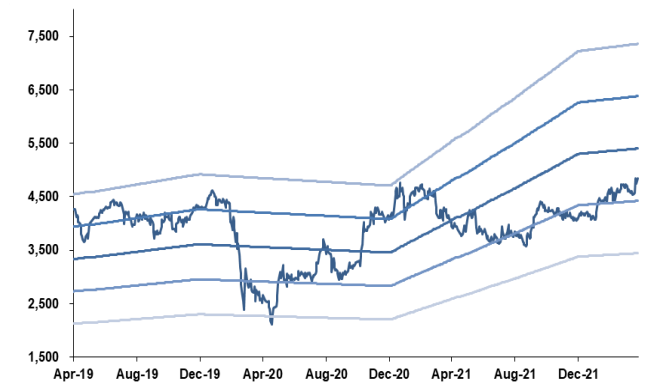
Source: Company, NHKSI Research

Forward P/B Band | Last 3 Years



Source: Company, NHKSI Research

Dynamic Forward P/B Band | Last 3 Years



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F		2021/12A	2022/12F	2023/12F	2024/12F
Interest Income	143,523	144,526	157,479	162,887	ROE	13.4%	11.4%	12.8%	12.9%
<i>Growth (% y/y)</i>	22.7%	0.7%	9.0%	3.4%	ROA	2.1%	2.0%	2.2%	2.3%
Interest Expenses	(29,429)	(31,618)	(31,632)	(32,768)	Non-Int. Inc. /Op. Rev	27.0%	28.4%	27.7%	28.0%
Net Interest Income	114,094	112,908	125,847	130,119	Cost/Income	48.7%	47.2%	47.9%	47.5%
<i>Net Interest Margin</i>	7.6%	7.0%	7.4%	7.3%	Cash Dividend (IDR bn)	12,126	19,417	21,813	25,434
Net Fee Income	17,062	19,221	20,121	21,477	Dividend Yield (%)	2.0%	2.3%	2.2%	2.4%
Trading Income	5,286	5,795	6,145	6,516	Payout Ratio (%)	36.9%	56.7%	54.1%	58.8%
Other Operating Income	19,910	19,703	21,961	22,707	Loan/Deposits	91.6%	91.2%	91.7%	91.2%
Operating Revenue	156,353	157,627	174,075	180,819	Loan/Assets	62.1%	63.0%	62.7%	62.7%
Operating Expenses	(76,081)	(74,325)	(83,393)	(85,942)	NPL	3.1%	3.0%	3.0%	3.0%
Pre-provisioning OP	80,272	83,302	90,682	94,877	Loan Loss Res./Loan	8.4%	9.3%	10.7%	11.9%
Provision for Impairment	(39,128)	(39,467)	(39,657)	(39,837)	CASA/Deposits	63.1%	65.6%	68.5%	71.0%
EBT	40,992	43,722	50,877	54,898	Time Deposits/Deposits	36.9%	34.4%	31.5%	29.0%
Income Tax	(7,836)	(9,182)	(10,205)	(11,270)	Par Value (IDR)	250	250	250	250
Non-controlling Interest	(311)	(324)	(381)	(409)	Total Shares (mn)	151,277	151,277	151,277	151,277
Net Profit	32,846	34,216	40,291	43,219	Share Price (IDR)	4,068	5,500	6,476	6,947
<i>Growth (% y/y)</i>	76.1%	4.2%	17.8%	7.3%	Market Cap (IDR tn)	615.4	832.0	979.7	1,050.9

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F		2021/12A	2022/12F	2023/12F	2024/12F
Cash	26,300	34,956	45,455	56,344	Price /Earnings	18.7x	24.3x	24.3x	24.3x
Placement in Banks	129,439	142,806	147,069	156,569	Price /Book Value	2.1x	2.7x	3.0x	3.1x
Net Loans	955,038	993,174	1,029,809	1,070,374	Price/Op. Revenue	3.9x	5.3x	5.6x	5.8x
Investment	432,725	432,735	458,068	480,491	PE/EPS Growth	0.2x	5.8x	1.4x	3.3x
Fixed Asset	47,970	60,140	75,299	88,388	EV/Operating Revenue	4.9x	6.1x	6.4x	6.5x
Other Assets	86,626	86,521	93,665	97,262	EV/PPOP	9.5x	11.6x	12.3x	12.5x
Total Assets	1,678,098	1,750,331	1,849,364	1,949,428	EV (IDR bn)	759,151	962,257	1,114,801	1,181,391
Deposits	1,138,743	1,209,376	1,264,350	1,339,154	Op. Rev. CAGR (3-Yr)	19.1%	15.6%	16.1%	18.2%
Debt	167,005	162,137	177,467	183,751	EPS CAGR (3-Yr)	4.2%	1.9%	5.4%	32.3%
Other liabilities	80,563	72,231	82,482	83,672	Basic EPS (IDR)	217	226	266	286
Total Liabilities	1,386,311	1,443,745	1,524,299	1,606,578	Diluted EPS (IDR)	217	226	266	286
Capital Stock & APIC	83,821	83,821	83,821	83,821	BVPS (IDR)	1,929	2,027	2,149	2,266
Retained Earnings	185,009	199,809	218,287	236,072	Op. Revenue PS (IDR)	1,034	1,042	1,151	1,195
Shareholders' Equity	291,787	306,587	325,065	342,850	DPS (IDR)	80	128	144	168

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F	By Geography	% Shareholders	%	
Operating Cash Flow	67,742	33,184	60,503	54,209	Indonesia	74.5	Republic of Indonesia	53.2
Investing Cash Flow	(115,614)	(70,876)	(98,493)	(98,973)	United States	11.8	JP Morgan Chase	2.2
Financing Cash Flow	30,009	46,349	48,491	55,655	Luxembourg	4.6	Vanguard Group	1.7
Net Changes in Cash	(17,863)	8,657	10,500	10,891	Others	9.1	Others	43.0

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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