



Melayani Dengan Setulus Hati

**BUY**

**Target Price : IDR5,500**

## Stock Data

Current Price	: IDR4,480
52Wk Range (H-L)	: IDR3,570-4,732
Share Outstanding	: 151.56 bn
Free Float	: 46.81%
Mkt Capitalization (IDR Tn)	: 678.99

## Major Shareholders

Government	: 53.73%
INA	: 3.66%
Public	: 42.61%

## PT Bank Rakyat Indonesia Tbk (BBRI IJ)

Banking Sector

### Ready to Leapfrog with Ultra Micro Ecosystem

#### FY21 Result : Well Above Guidance

- BBRI's consolidated net profit jumped +64.8% YoY to IDR30.76tn in FY21. This achieved 110% from our estimate.
- BBRI's bank only bottom line recorded earnings of IDR32.2tn. The group consolidated attributable net profit was dragged down by loss booking entity of Bank Raya (AGRO IJ) on the back of loan clean up during hybrid bank transformation agenda.
- Strong top line has boosted earnings with NII grew by +21.9% YoY driven by rising loan yield (+50bps YoY) amid significant drop in CoF (-110bps YoY).
- CASA composition strengthened to 63.1% in FY21 (vs 60.8% in FY20) on the back of growth in CA (+15.4% YoY) and SA (+5.9% YoY) while TD declined by -1.4% YoY.
- Rising loan yield was supported by higher micro-loan segment both individually and on a group basis.
- BBRI's bank only micro loan segment accounted for 42.1% from outstanding loan in FY21 (vs 39.9% in FY20). Meanwhile micro loan composition in consolidated basis was recorded at 46.4% from outstanding loan in FY21 (vs 42.4% in FY20).
- BBRI's bank only NIM rose +90bps YoY to 6.9% in FY21 (vs 6% in FY20) and slightly above management guidance of 6.7%.
- The jump in NII also offset OPEX growth (+18.1%) as a result of one off employee benefits including pension fund and severance payment.
- BBRI loan grew +2.2% YoY (consolidated) and +7.2% YoY (bank only). BBRI's bank only loan expanded above management guidance 6-7% for FY21 and higher than its industry growth of 5.2% YoY on the back of strong growth in micro business segment (+13.0% YoY).
- BBRI's group NPL stood at 3% (+12bps YoY) in FY21. Credit cost grew +40bps YoY to 3.8% with coverage ratio of 278.1%.

#### ESG Focus : The Highest SFP among Peers

- In FY21, BBRI's sustainable business activities loan portfolio has grown +12.2% YoY to IDR617.8tn or equivalent to 65.5% total loan. It was also the highest among peers.
- BBRI's sustainable financing and ESG initiative hit some milestone in FY21 including : 1) establishment of ESG desk and Committee.
- Going forward BBRI will focus to strengthen its commitment in ESG by designing ESG roadmap, ESG integrated KPI as well as sectoral loan policies based on ESG risk mitigation.

#### Outlook & Recommendation : Maintain BUY Rating with Upgraded TP : IDR5,500

We see BBRI's positive outlook on the back of several key catalysts. The establishment of UMI holding will help BBRI to focus on high yielding micro-business which management aspire micro loan composition to reach 55% total loan. We projected BBRI's loan can reach 11% (management upper target) in FY22F with strong disbursement to micro loan segment due to higher KUR quota (>30% YoY). We believe with BBRI's NIM could reach 8% should it focus on low cost funding and seeking higher yielding asset amid rising interest rate probability. In addition, positive earning outlook was also driven by potential improving asset quality and AGRO loan clean up has been accomplished in FY21 and will not continue in FY22. We maintain BUY rating with higher upgraded TP : IDR5,500 translating to 2.1x PBV FY22F. Risk to our call include : 1) slower loan growth; 2) deteriorating asset quality due to prolonging Covid-19 and 3) slower execution of Hybrid bank business model for its subsidiary.

#### Key Financial Highlight

Financial Performance	FY20	FY21	FY22F	FY23F
Net Interest Income (IDR bn)	93,584	114,094	125,980	148,594
Net Profit (IDR bn)	18,660	30,756	46,209	63,763
EPS (IDR)	123	203	305	421
PER (X)	36.4	22.1	14.7	10.6
BVS (IDR)	1,514	1,925	2,104	2,365
PBV (X)	3.0	2.3	2.1	1.9
ROAE (%)	8.5%	11.8%	15.1%	18.8%
ROAA (%)	1.2%	1.9%	2.7%	3.4%

Sources : Bloomberg, MNCS

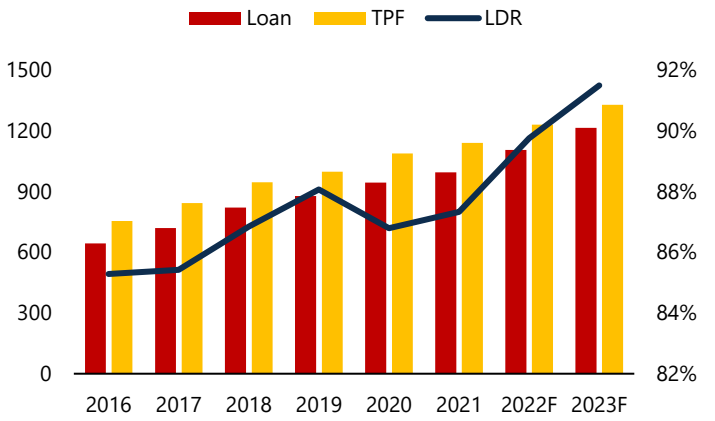


**Research Analyst**

Tirta Citradi

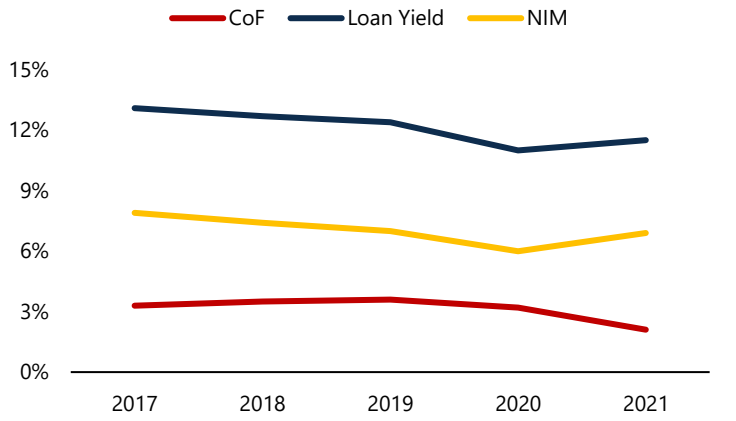
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Exhibit 01. BBRI Loans & TPF (IDR tn) and LDR (%)



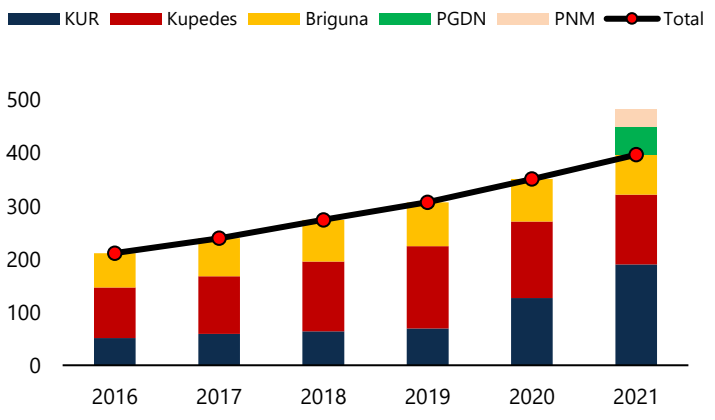
Sources : BBRI Financial Statement, MNCS

Exhibit 02. BBRI Loan Yield, CoF and NIM



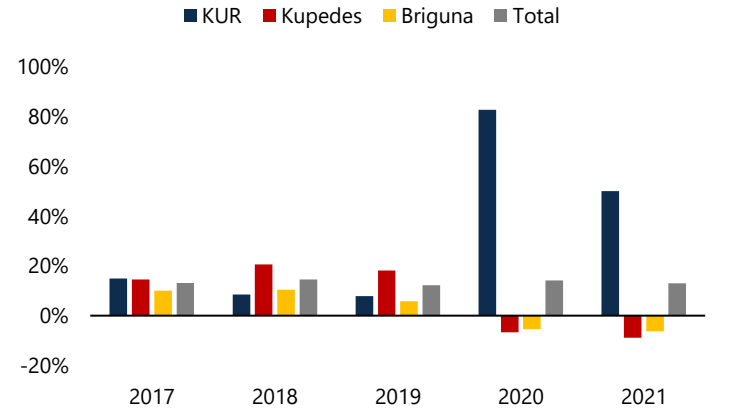
Sources : BBRI Financial Statement, MNCS

Exhibit 03. BBRI Micro Loan Breakdown by Segment Value (IDR tn)



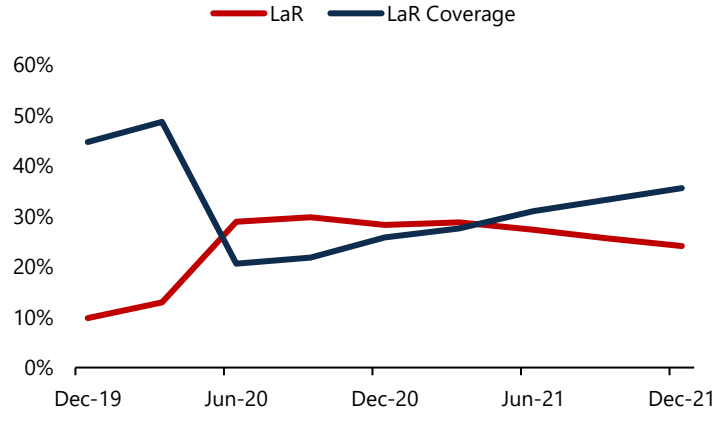
Sources : BBRI Financial Statement, MNCS

Exhibit 04. BBRI Micro Loan Breakdown by Segment Growth (YoY)



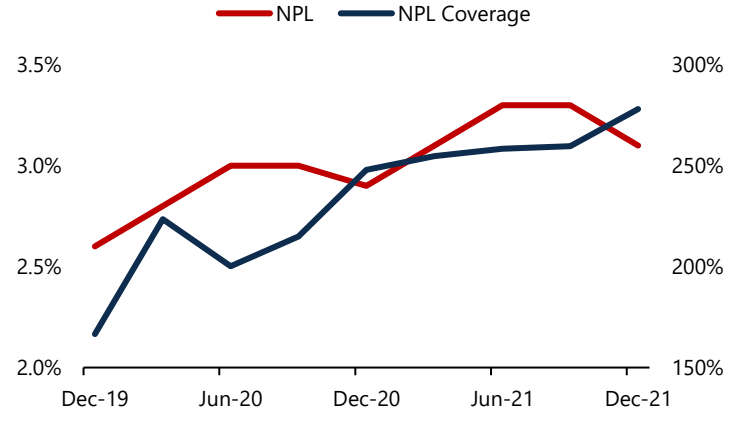
Sources : BBRI Financial Statement, MNCS

Exhibit 05. BBRI LaR and Coverage



Sources : BBRI Financial Statement, MNCS

Exhibit 06. BBRI NPL & Coverage



Sources : BBRI Financial Statement, MNCS

## Exhibit 10. BBRI Financial Projection

Income Statement (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Interest Income	121,756	135,765	143,523	164,249	193,408
Interest Expense	(40,049)	(42,180)	(29,429)	(38,269)	(44,815)
<b>Net Interest Income</b>	<b>81,707</b>	<b>93,584</b>	<b>114,094</b>	<b>125,980</b>	<b>148,594</b>
Non Interest Income	29,450	38,978	42,259	46,272	50,013
<b>Operating Income</b>	<b>111,157</b>	<b>132,563</b>	<b>156,353</b>	<b>172,252</b>	<b>198,607</b>
Operating Expense	(44,966)	(67,504)	(75,918)	(80,473)	(87,716)
<b>PPOP</b>	<b>66,192</b>	<b>65,059</b>	<b>80,435</b>	<b>91,778</b>	<b>110,891</b>
Provision Expense	(22,760)	(35,280)	(39,291)	(30,906)	(27,926)
<b>Pre-Tax Profit</b>	<b>43,364</b>	<b>29,993</b>	<b>40,992</b>	<b>60,912</b>	<b>83,012</b>
Tax	(8,950)	(8,952)	(7,836)	(12,182)	(16,602)
<b>Attributable Net Profit</b>	<b>34,373</b>	<b>18,660</b>	<b>30,756</b>	<b>46,209</b>	<b>63,763</b>
Balance Sheet (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Cash	30,219	32,275	26,300	28,162	30,414
CA with BI	71,416	51,531	56,427	79,940	86,266
Placement with BI and Banks	10,238	12,172	14,036	13,104	13,570
Securities & Government Bonds	196,970	326,957	371,738	371,738	356,811
<b>Loans</b>	<b>839,067</b>	<b>876,977</b>	<b>909,583</b>	<b>1,012,601</b>	<b>1,120,798</b>
<b>Total Earning Assets, net</b>	<b>1,330,301</b>	<b>1,490,705</b>	<b>1,555,520</b>	<b>1,670,741</b>	<b>1,787,056</b>
<b>Total Assets</b>	<b>1,416,759</b>	<b>1,610,065</b>	<b>1,678,098</b>	<b>1,796,883</b>	<b>1,940,599</b>
Current Account	170,847	191,106	220,590	245,969	265,433
Saving Account	412,307	469,919	497,677	541,131	583,953
Time Deposits	413,234	426,400	420,476	442,743	477,780
<b>Third Party Fund</b>	<b>996,388</b>	<b>1,087,425</b>	<b>1,138,743</b>	<b>1,229,843</b>	<b>1,327,166</b>
<b>Interest Bearing Liabilities</b>	<b>1,144,799</b>	<b>1,290,301</b>	<b>1,315,502</b>	<b>1,407,157</b>	<b>1,509,884</b>
<b>Total Liabilities</b>	<b>1,207,975</b>	<b>1,380,598</b>	<b>1,386,311</b>	<b>1,477,967</b>	<b>1,582,109</b>
<b>Shareholder Equity</b>	<b>208,784</b>	<b>229,467</b>	<b>291,787</b>	<b>318,917</b>	<b>358,490</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,416,759</b>	<b>1,610,065</b>	<b>1,678,098</b>	<b>1,796,883</b>	<b>1,940,599</b>
Financial Ratio	FY19	FY20	FY21	FY22F	FY23F
CoF	3.68%	3.11%	2.05%	2.15%	2.37%
NIM	6.64%	4.73%	4.81%	5.09%	5.21%
CIR	40.82%	48.38%	45.50%	44.01%	43.51%
BOPO	71.76%	81.68%	72.00%	65.98%	63.77%
ROAA	2.53%	1.17%	1.72%	2.10%	2.31%
ROAE	17.45%	8.08%	13.13%	16.16%	17.18%
ROE	16.46%	8.16%	12.62%	15.28%	16.19%
LDR	86.05%	94.66%	92.02%	92.27%	94.88%

Sources : BBRI Financial Statement, MNCS

### MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

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