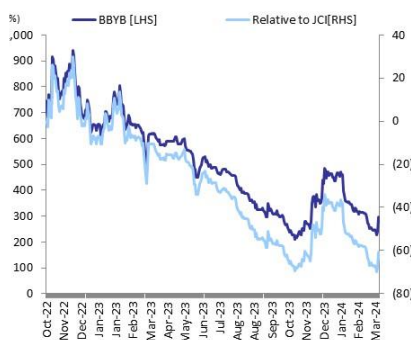


Buy

(Maintained)

Last Price (Rp)	232
Target Price (Rp)	600
Previous Target Price (Rp)	600
Upside/Downside	+158.6%
No. of Shares (mn)	9,422
Mkt Cap (Rpbn/US\$mn)	2,186/137
Avg, Daily T/O (Rpbn/US\$mn)	43.6/2.7
Free Float (%)	69.2
Major Shareholder (%)	
AKULAKU SIVRR INDONESIA	27.3
GOZCO CAPITAL	8.5
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	(9.9) 21.8 40.7
Consensus	(2.0) 18.4 29.4
BRIDS/Cons (%)	395.7 18.7 38.6

BBYB relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Victor Stefano

(62-21) 5091 4100 ext. 3503
victor.stefano@brids.co.id

Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507
naura.muchlis@brids.co.id

Bank Neo Commerce (BBYB IJ)

1Q24 earnings beat: a profitable 1Q from lower provisions, ST challenges on NIM and disbursement

- Driven by qoq lower provisions, BBYB recorded a positive 1Q24 net profit of Rp14bn, but at the expense of lower coverage.
- 1Q24 NIM fell due to lower loans and resilient deposits (hence a sharply lower LDR) due to the absence of Akulaku Finance loans disbursement.
- Maintain Buy rating with an unchanged TP of Rp600 with a low LDR and sufficient coverage to drive loans and earnings growth.

Turning profitable in 1Q24 thanks to lower provisions

BBYB recorded net profits of Rp 14.2bn in 1Q24 (vs. net losses in both 1Q23 and 4Q23). Despite the 11% qoq lower NII and 17% qoq lower PPOP, BBYB reversed 4Q23 losses to profit thanks to lower provisions (-19% qoq). The lower provisions resulted in a lower CoC of 26.0% (from 29.9%). However, NPLs coverage fell to 142% (from 155%) and LaR coverage dropped to 32% (from 36%) as the NPLs ratio increased again (after falling in 4Q23) to 3.9%.

Lower NIM caused by a lower LDR and lower EA yield

BBYB's NIM fell to 18.7% in 1Q24 from 21.0% in 4Q23 as the LDR dropped from 78% to 65%. The lower LDR resulted from a resilient deposits balance which still grew 3% qoq despite the bank maintaining its savings and deposits rates (hence flat CoF) as the bank still faces a declining loans balance (-13% qoq to Rp9.4tr) due to the absence of new disbursement through Akulaku Finance. Aside from the LDR, the lower NIM also reflects a lower blended yield, as the bank started to pursue lower yield commercial loans, but with the expectation of better assets quality and a lower CoC.

We maintain our FY24F net losses forecasts

Despite booking net profit of Rp14bn in 1Q24 (vs our FY24F net losses forecast and consensus estimate of Rp119bn and Rp24bn, respectively), we maintain our forecast as we still see ST challenges in earnings due to the limited disbursement through Akulaku Finance which inevitably will drag outstanding loan balances down. Upside to loan balances would come from the resumption in the disbursement of Akulaku Finance loans, collaboration with Lazada, and the currently low LDR (high deposits).

Maintain BUY despite the ST overhang in loans growth

We maintain our forecasts and valuation which use the 3-stage DDM. We retain our Buy rating with a TP of Rp600 (unchanged), as we see that the low LDR and resilient customer deposits should support loans growth expansion (driven by the resumption of Akulaku Finance loans and Lazada collaboration, expected by 2H24). Risks to our view include higher-than-expected NPLs and lower loan balances.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	288	2,187	1,993	2,509	2,973
Net profit (Rpbn)	(789)	(573)	(119)	263	490
EPS (Rp)	(83.8)	(47.6)	(9.9)	21.8	40.7
EPS growth (%)	(20.0)	(43.2)	(79.2)	(320.4)	86.2
BVPS (Rp)	397.4	276.0	266.1	288.0	328.6
PER (x)	(2.8)	(4.9)	(23.4)	10.6	5.7
PBV (x)	0.6	0.8	0.9	0.8	0.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	(23.8)	(16.2)	(3.7)	7.9	13.2

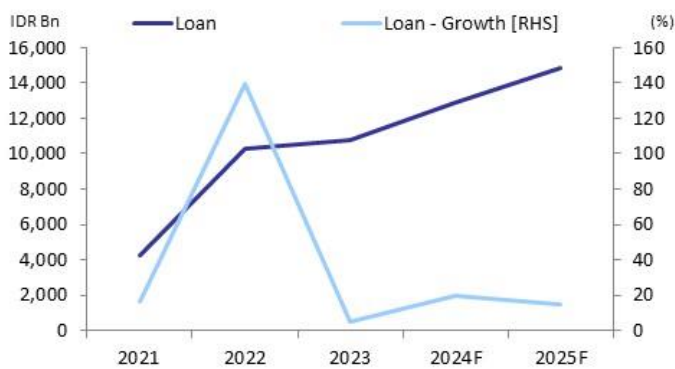
Source: BBYB, BRIDS Estimates

Exhibit 1. BBYB 1Q24 results summary

	1Q23	4Q23	1Q24	qoq, %	yoy, %	1Q23	1Q24	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	816	1,094	989	-10%	21%	816	989	21%	3,725	3,556	27%	28%
Interest expense	241	226	217	-4%	-10%	241	217	-10%	1,029	-	21%	n/a
Net interest income	575	868	772	-11%	34%	575	772	34%	2,696	-	29%	n/a
Operating expenses	234	275	261	-5%	12%	234	261	12%	1,469	-	18%	n/a
PPOP	465	805	671	-17%	44%	465	671	44%	1,993	-	34%	n/a
Provision	533	813	657	-19%	23%	533	657	23%	2,113	-	31%	n/a
Operating Profit	(68)	(7)	14	n/a	n/a	(68)	14	n/a	(120)	-	n/a	n/a
Net profit	(68)	(7)	14	n/a	n/a	(68)	14	n/a	(119)	(24)	n/a	n/a
Loans	10,909	10,783	9,396	-13%	-14%							
Customer deposits	14,751	13,872	14,346	3%	-3%							
Loan yield (%)	27.1	37.0	35.4	↓ (156)	↑ 832	27.1	35.4	↑ 832				
Cost of fund (%)	6.3	6.0	6.0	↓ (1)	↑ (27)	6.5	6.1	↓ (37)				
NIM (%)	13.8	21.0	18.7	↓ (226)	↑ 488	13.8	18.7	↑ 488				
CIR (%)	33.4	25.5	28.0	↓ 253	↓ (544)	33.4	28.0	↓ (544)				
Cost of credit (%)	20.2	29.9	26.0	↓ (385)	↑ 588	20.2	26.0	↓ 588				
LDR (%)	74.0	77.7	65.5	↑ (1,224)	↑ (846)							
NPL (%)	3.5	3.7	3.9	↓ 21	↓ 40							
LaR (%)	14.0	16.1	17.3	↓ 124	↓ 332							
NPL coverage (%)	69	155	142									
LaR coverage (%)	17	36	32									

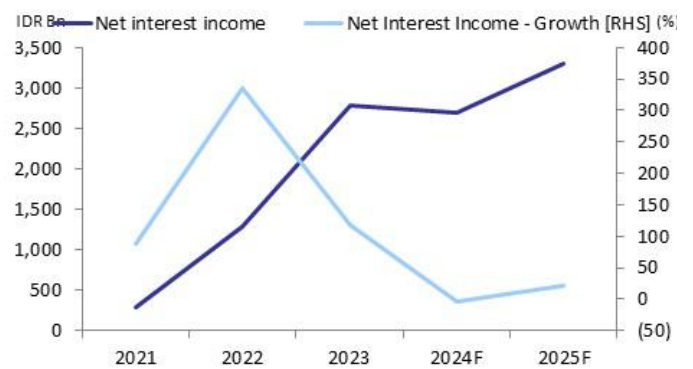
Source: Company, BRIDS Estimates

Exhibit 2. Loan and Growth



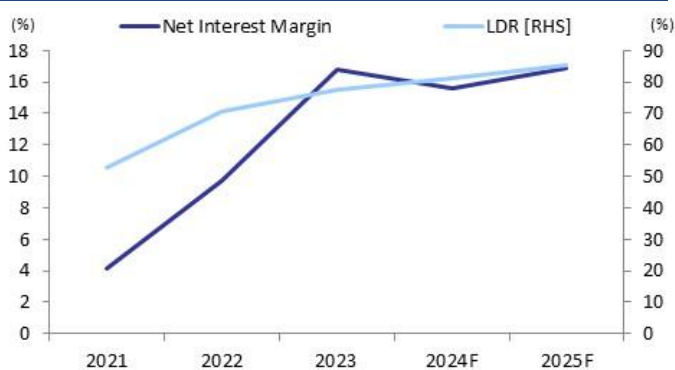
Source: Company, BRIDS Estimates

Exhibit 3. Net Interest Income and Growth



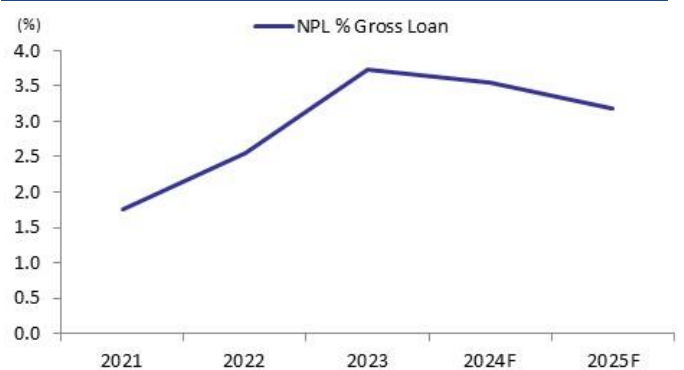
Source: Company, BRIDS Estimates

Exhibit 4. NIM and LDR



Source: Company, BRIDS Estimates

Exhibit 5. NPLs



Source: Company, BRIDS Estimates

Exhibit 6. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	1,994	3,721	3,725	4,386	5,042
Interest Expense	(713)	(945)	(1,029)	(1,086)	(1,193)
Net Interest Income	1,281	2,777	2,696	3,301	3,848
Non-Interest Income (NII)	623	763	766	846	929
Oper. Income	1,904	3,540	3,462	4,146	4,777
Oper. Expenses	(1,470)	(953)	(1,018)	(1,110)	(1,193)
Pre-provisions profit	288	2,187	1,993	2,509	2,973
Provisions & Allowances	(1,073)	(2,762)	(2,113)	(2,173)	(2,346)
Operating Profits	(785)	(575)	(120)	336	627
Non-Operating Income	(1)	1	1	1	1
Exceptionals	0	0	0	0	0
Pre-tax Profit	(786)	(574)	(119)	337	628
Income Tax	(3)	1	0	(74)	(138)
Minorities	0	0	0	0	0
Net Profit	(789)	(573)	(119)	263	490

Exhibit 7. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Gross Loans	10,244	10,783	12,909	14,817	17,316
Provisions	(211)	(625)	(645)	(711)	(851)
Net Loans	10,034	10,158	12,265	14,106	16,465
Govt. Bonds	0	0	0	0	0
Securities	3,486	3,348	3,683	4,051	4,051
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	16,943	16,199	18,429	20,600	23,095
Fixed Assets	271	306	367	385	451
Non-Earnings Assets	1,349	1,203	1,281	1,341	1,415
Total Assets	19,694	18,170	20,049	21,836	24,354
Customer Deposits	14,450	13,872	15,858	17,363	19,361
Banks Deposits	288	25	27	30	32
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	15,950	14,847	16,845	18,370	20,397
Share capital & Reserves	5,469	5,619	5,619	5,619	5,619
Retained Earnings	(1,724)	(2,296)	(2,415)	(2,152)	(1,662)
Shareholders' Funds	3,745	3,323	3,204	3,467	3,956
Minority interests	0	0	0	0	0
Total Equity & Liabilities	19,694	18,170	20,049	21,836	24,354

Exhibit 8. Key Ratios

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	15.1	22.5	21.5	22.5	23.1
Cost of funds	6.0	6.4	6.8	6.4	6.4
Interest Spread	9.1	16.1	14.7	16.1	16.7
Net Interest Margin	9.7	16.8	15.6	16.9	17.6
Cost/Income Ratio	83.6	30.3	33.8	30.7	28.6
Oper. Exp./Oper. Gross Inc.	131.8	114.1	103.0	92.9	88.3
Gross NPL Ratio	2.6	3.7	3.5	3.2	3.2
LLP/Gross NPL	80.3	155.4	140.9	150.4	154.1
Cost of Credit	14.8	26.3	17.8	15.7	14.6
Loan to Deposit Ratio	70.9	77.7	81.4	85.3	89.4
Loan to Funding Ratio	70.9	77.7	81.4	85.3	89.4
CASA Mix	28.0	28.7	29.0	29.4	29.4
ROAE	(23.8)	(16.2)	(3.7)	7.9	13.2
ROAA	(5.1)	(3.0)	(0.6)	1.3	2.1
CAR	136.3	94.3	50.3	38.2	36.3

Exhibit 9. Dupont and Growth

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Dupont					
Pre-Tax ROAA	(5.1)	(3.0)	(0.6)	1.6	2.7
Tax Retention rate	100.4	99.9	100.0	78.0	78.0
Post-Tax ROAA	(5.1)	(3.0)	(0.6)	1.3	2.1
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	4.7	5.4	5.9	6.3	6.2
ROAE	(23.8)	(16.2)	(3.7)	7.9	13.2
Growth (%)					
Interest income	209.1	86.6	0.1	17.8	14.9
Net Interest Income	334.9	116.7	(2.9)	22.4	16.6
Other Oper. Expenses	19.1	(35.2)	6.9	9.0	7.5
Fee Based Income	717.5	(25.0)	19.7	14.8	16.9
Pre-Provision Oper. Profit	(136.4)	660.2	(8.9)	25.9	18.5
Net Profit	(20.0)	(27.4)	(79.2)	(320.4)	86.2
Shareholders' Equity	29.6	(11.3)	(3.6)	8.2	14.1
Loan	139.6	5.3	19.7	14.8	16.9
Earnings Asset	79.2	(4.4)	13.8	11.8	12.1
Deposit	80.5	(5.7)	14.3	9.5	11.5
Int. Bearing Liab.	86.9	(9.1)	14.1	9.4	11.4
CASA	153.7	(3.2)	15.4	10.8	11.5
Total Asset	73.7	(7.7)	10.3	8.9	11.5

Source : BBYB, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare,w Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Christian Immanuel Sitorus	Research Associate	christian.sitorus@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrliech Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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