

Hold

(Downgraded)

Bank Neo Commerce (BBYB IJ)

3Q25 Earnings Beat; Lower-than-expected Cost of Credits Offset Loan Book Contraction

Last Price (Rp)	390
Target Price (Rp)	400
Previous Target Price (Rp)	400
Upside/Downside	+2.6%
No. of Shares (mn)	13,350
Mkt Cap (Rpbn/US\$mn)	3,674/220
Avg, Daily T/O (Rpbn/US\$mn)	33.3/2.0
Free Float (%)	65.6
Major Shareholder (%)	
AKULAKU SIVRR INDONESIA	27.3
GOZCO CAPITAL	8.9
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	46.1 53.3 73.6
Consensus	n.a n.a n.a
BRIDS/Cons (%)	n.a n.a n.a

- **BBYB 3Q25 solid net profit of Rp188bn (+62% qoq) were driven by lower CoC of 13.2%, bringing 9M25 to Rp464bn, exceeding our FY25 est.**
- **Managements expect above-industry loan growth for FY26F driven by its digital lending and cautious stance in its commercial loans.**
- **We downgraded our rating to Hold with an unchanged TP of Rp400, as share prices have rallied 79% YTD and earnings growth will normalize.**

9M25: Lower-than-expected CoC drove earnings

In 9M25, BBYB booked Rp464bn net profit (vs. Rp4bn in 9M24), exceeding our FY25 forecast on the back of a sharp CoC improvement to 15.8% (-848bps yoy). Despite the profitability gains, PPOP fell 18% yoy to Rp1.4tr as both NII and fee income declined. NIM compressed 115bps yoy to 15.0% as loans contracted 19% yoy, lowering LDR to 55%. While CIR edged up to 31.6%, opex efficiency remained intact, and asset quality improvements are expected to support earnings stability going forward despite soft loan growth.

3Q25: CoC driven earnings offsetting the loan contraction

BBYB delivered a solid 3Q25 performance with net profit reaching Rp188bn (+62% qoq), supported by a significantly lower CoC of 13.2% (-427bps qoq) that offset weaker PPOP (-6% qoq). NIM fell 110bps qoq to 14.1% as LDR declined to 55% following a 7% qoq drop in loan balance, while deposits grew modestly by 2% qoq. Rising opex (+13% qoq) led to a higher CIR of 35% as income remained muted. Asset quality improved, with NPL ratio down 18bps qoq to 2.9% and coverage up to 237%, while write-off ratio eased to 3.3% though LaR rose slightly to 11.5%.

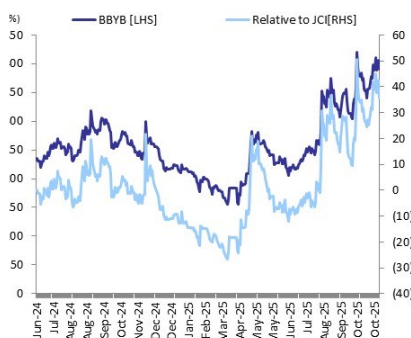
Loan contraction bottoming with digital lending driven growth for FY26F

BBYB aims to stabilize NIM within the 14-15% range and maintain NPL below 3.5%, supported by enhanced underwriting and risk controls. Near-term loan balance will likely be maintained through end-2025, with growth resuming in FY26 at 12-15% yoy alongside new product launches in BNPL and digital lending.

Downgrade to Hold with an unchanged TP of Rp400

The strong earnings have driven share price to rally 79% YTD. We downgrade our rating to Hold with an unchanged TP of Rp400 based on 3-stage DDM as we see earnings growth momentum to moderate. We revised our 25/26/27F estimates by +63%/+37%/+66%, incorporating lower CoC but also lower loan growth. The downside risks to our view are higher delinquency risk, especially in the wholesale segment, and continuous loan book contraction and upside risk to our view is strong loan book expansion with steady asset quality.

BBYB relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	2,187	2,352	1,896	2,059	2,518
Net profit (Rpbn)	(573)	20	615	712	982
EPS (Rp)	(47.6)	1.5	46.1	53.3	73.6
EPS growth (%)	(43.2)	(103.1)	2,994.9	15.7	38.0
BVPS (Rp)	276.0	266.8	312.9	366.2	439.8
PER (x)	(8.2)	261.8	8.5	7.3	5.3
PBV (x)	1.4	1.5	1.2	1.1	0.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	(16.2)	0.6	15.9	15.7	18.3

Source: BBYB, BRIDS Estimates

Exhibit 1. BBYB's 3Q25 earnings summary

BBYB - Financials (Rpbn)	3Q24	2Q25	3Q25	qoq, %	yoy, %	9M24	9M25	yoy, %	FY25F	A/F
Interest income	802	789	777	-1%	-3%	2,680	2,377	-11%	3,101	77%
Interest expense	223	197	199	1%	-11%	667	589	-12%	780	75%
Net interest income	579	592	579	-2%	0%	2,013	1,788	-11%	2,320	77%
Other operating income	144	97	107	11%	-26%	462	309	-33%	407	76%
Operating expenses	235	213	240	13%	2%	722	662	-8%	823	80%
PPOP	489	477	446	-6%	-9%	1,753	1,434	-18%	1,904	75%
Provision	479	363	258	-29%	-46%	1,749	973	-44%	1,527	64%
Operating Profit	10	114	188	65%	1769%	4	462	11802%	376	123%
Net profit	10	116	188	62%	1739%	4	464	11320%	376	123%
Loans	9,261	8,087	7,490	-7%	-19%	9,261	7,490	-19%	8,513	88%
Customer deposits	14,142	13,334	13,619	2%	-4%	14,142	13,619	-4%	12,995	105%
				qoq, bps	yoy, bps			yoy, bps		
Loan yield (%)	29.7	32.2	33.3	↑ 107	↑ 360	32.5	32.6	↑ 13		
Cost of fund (%)	6.2	5.8	5.9	↓ 8	↑ (27)	6.2	5.8	↑ (39)		
NIM (%)	13.9	15.2	14.1	↓ (110)	↑ 18	16.2	15.0	↓ (115)		
CIR (%)	32.4	30.8	35.0	↓ 415	↓ 255	29.2	31.6	↓ 242		
Cost of credit (%)	21.0	17.5	13.2	↑ (427)	↑ (771)	24.3	15.8	↑ (848)		
Write offs/loan (%)	4.0	4.3	3.3	↓ (98)	↓ (66)	24.5	17.1	↓ (747)		
ROE (%) - ann	1.1	12.2	18.7	↑ 656	↑ 1,760	0.2	16.2	↑ 1,600		
CASA ratio (%)	27.6	30.1	28.4	↓ (168)	↑ 83					
LDR (%)	65.5	60.6	55.0	↑ (565)	↑ (1,049)					
NPL (%)	3.7	3.1	2.9	↑ (18)	↑ (80)					
LaR (%)	14.4	10.9	11.5	↓ 65	↑ (293)					
NPL coverage (%)	156.5	221.9	237.4							
LaR coverage (%)	40.3	63.3	60.3							

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. BBYB Forecast Revision Summary

BBYB - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%	2027F (Prev)	2027F (Curr)	Δ%
Net Interest Income (Rpbn)	2,320	2,356	1.6	2,235	2,528	13.1	2,540	3,024	19.1
PPOP (Rpbn)	1,904	1,896	(0.4)	1,813	2,059	13.6	2,093	2,518	20.3
Net profit (Rpbn)	376	615	63.5	519	712	37.3	593	982	65.6
BVPS (Rp)	295	313	6.1	334	366	9.7	378	440	16.3
Gross Loans (Rpbn)	8,513	7,460	(12.4)	9,411	8,359	(11.2)	11,583	9,763	(15.7)
Customer Deposits (Rpbn)	12,995	12,995	-	13,682	12,663	(7.4)	16,038	14,086	(12.2)
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps	2027F (Prev)	2027F (Curr)	Δ bps
Net Interest Margin	15.5	15.0	(50)	15.5	15.4	(5)	16.1	16.8	65
Gross NPL Ratio	3.0	3.0	-	3.0	3.0	-	3.0	3.0	-
Cost/Income Ratio	30.2	31.9	167	30.6	31.6	102	29.0	29.6	56
Cost of Credit	17.6	15.7	(189)	12.8	17.0	421	12.7	16.9	425
ROAE	10.0	15.9	586	12.4	15.7	336	12.5	18.3	578

Source: Company, BRIDS Estimates

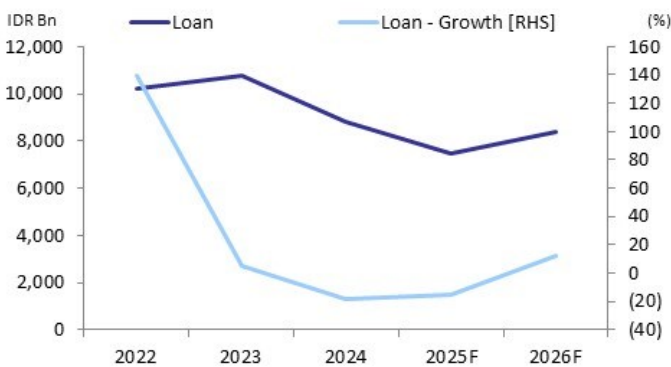
Exhibit 3. BBYB's Valuation

Phase	High-growth	Transitory	Mature
Risk free rate (Rf)	6.0%	6.0%	6.0%
Market return rate (Rm)	12.6%	11.3%	10.0%
Beta (β)	1.50	1.25	1.00
Risk premium (Rm-Rf)	6.6%	5.3%	4.0%
Ke = Rf+β(Rm-Rf)	15.8%	12.6%	10.0%
Return on equity		16.0%	18.7%
Growth rate	n/a	13.7%	8.0%
Expected dividend payout ratio	0.0%	33.3%	57.1%

Forecast year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Equity book value/share	307	397	276	267	313	366	440	509	573	642	713	784	852
Return on equity	-34.1%	-21.1%	-17.2%	0.6%	14.7%	14.6%	16.7%	14.9%	13.9%	15.0%	16.1%	17.3%	18.7%
Earnings per share	-104.7	-83.8	-47.6	1.5	46.1	53.3	73.6	75.9	79.8	96.3	114.5	135.4	159.0
growth		-20%	-43%	-103%	2995%	16%	38%	3%	5%	21%	19%	18%	17%
Payout ratio	0%	0%	0%	0%	0%	0%	0%	9.5%	19.0%	28.6%	38.1%	47.6%	57%
Dividend per share	-	-	-	-	-	-	-	7.2	15.2	27.5	43.6	64.5	90.8
Cost of equity		15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	14.9%	13.9%	12.9%	11.9%	11.0%	10.0%
Cumulative cost of equity				1.000	0.863	0.745	0.643	0.560	0.492	0.435	0.389	0.351	0.319
Present value	-	-	-	-	-	-	-	4.05	7.47	11.98	16.96	22.60	28.94
TP	IDR 400												

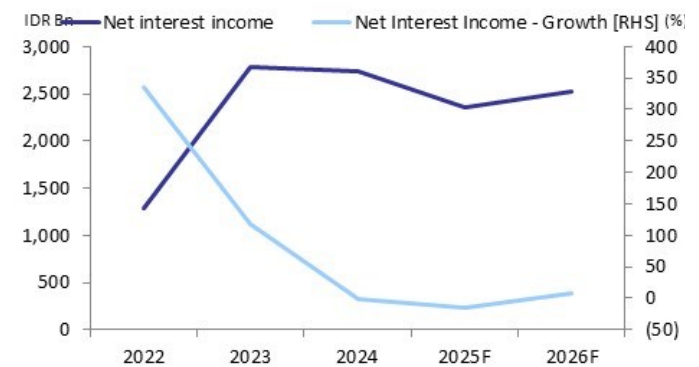
Source: Company, BRIDS Estimates

Exhibit 4. Loans and Growth



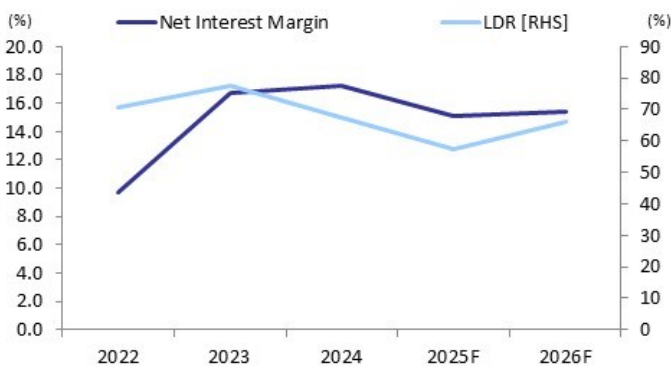
Source: Company, BRIDS Estimates

Exhibit 5. Net Interest Income and Growth



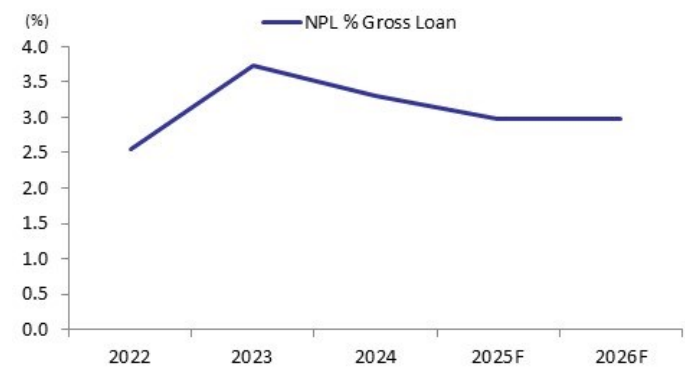
Source: Company, BRIDS Estimates

Exhibit 6. NIM and LDR



Source: Company, BRIDS Estimates

Exhibit 7. NPLs



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	3,721	3,607	3,137	3,256	3,763
Interest Expense	(945)	(871)	(780)	(728)	(739)
Net Interest Income	2,777	2,736	2,356	2,528	3,024
Non-Interest Income (NII)	763	586	426	483	550
Oper. Income	3,540	3,322	2,782	3,011	3,574
Oper. Expenses	(1,353)	(970)	(886)	(952)	(1,057)
Pre-provisions profit	2,187	2,352	1,896	2,059	2,518
Provisions & Allowances	(2,762)	(2,323)	(1,281)	(1,347)	(1,535)
Operating Profits	(575)	28	615	712	982
Non-Operating Income	1	(10)	0	0	0
Exceptionals	0	0	0	0	0
Pre-tax Profit	(574)	19	615	712	982
Income Tax	1	1	0	0	0
Minorities	0	0	0	0	0
Net Profit	(573)	20	615	712	982

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	10,783	8,822	7,460	8,359	9,763
Provisions	(625)	(635)	(841)	(1,006)	(1,257)
Net Loans	10,158	8,187	6,618	7,353	8,506
Govt. Bonds	0	0	0	0	0
Securities	3,348	4,682	6,321	6,953	7,648
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	16,199	15,619	15,708	17,070	19,017
Fixed Assets	306	271	285	287	295
Non-Earnings Assets	1,203	911	960	1,012	1,066
Total Assets	18,170	17,409	17,983	18,361	20,780
Customer Deposits	13,872	13,064	12,995	12,663	14,086
Banks Deposits	25	129	142	149	157
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	14,847	13,847	13,805	13,472	14,908
Share capital & Reserves	5,619	5,838	5,838	5,838	5,838
Retained Earnings	(2,296)	(2,276)	(1,660)	(948)	34
Shareholders' Funds	3,323	3,562	4,177	4,889	5,872
Minority interests	0	0	0	0	0
Total Equity & Liabilities	18,170	17,409	17,983	18,361	20,780

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	22.5	22.7	20.0	19.9	20.9
Cost of funds	6.5	6.4	5.9	5.6	5.5
Interest Spread	16.0	16.2	14.1	14.3	15.4
Net Interest Margin	16.8	17.2	15.0	15.4	16.8
Cost/Income Ratio	38.2	29.2	31.9	31.6	29.6
Oper. Exp./Oper. Gross Inc.	112.8	99.3	82.7	81.0	77.2
Gross NPL Ratio	3.7	3.3	3.0	3.0	3.0
LLP/Gross NPL	155.4	218.1	379.6	405.2	433.3
Cost of Credit	26.3	23.7	15.7	17.0	16.9
Loan to Deposit Ratio	77.7	67.5	57.4	66.0	69.3
Loan to Funding Ratio	77.7	67.5	57.4	66.0	69.3
CASA Mix	28.7	27.4	27.0	28.7	29.3
ROAE	(16.2)	0.6	15.9	15.7	18.3
ROAA	(3.0)	0.1	3.5	3.9	5.0
CAR	110.0	38.0	34.4	38.0	45.4

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	(3.0)	0.1	3.5	3.9	5.0
Tax Retention rate	99.9	106.4	100.0	100.0	100.0
Post-Tax ROAA	(3.0)	0.1	3.5	3.9	5.0
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	5.4	5.2	4.6	4.0	3.6
ROAE	(16.2)	0.6	15.9	15.7	18.3
Growth (%)					
Interest income	86.6	(3.1)	(13.0)	3.8	15.6
Net Interest Income	116.7	(1.5)	(13.9)	7.3	19.6
Other Oper. Expenses	(16.3)	(28.3)	(8.7)	7.4	11.0
Fee Based Income	(25.0)	(95.7)	(15.4)	12.1	16.8
Pre-Provision Oper. Profit	660.2	7.5	(19.4)	8.6	22.3
Net Profit	(27.4)	(103.5)	2,994.9	15.7	38.0
Shareholders' Equity	(11.3)	7.2	17.3	17.0	20.1
Loan	5.3	(18.2)	(15.4)	12.1	16.8
Earnings Asset	(4.4)	(3.6)	0.6	8.7	11.4
Deposit	(5.7)	(5.1)	(0.4)	(2.5)	11.2
Int. Bearing Liab.	(9.3)	(5.1)	(0.4)	(2.5)	11.2
CASA	(3.2)	(9.6)	(1.6)	3.4	13.6
Total Asset	(7.7)	(4.2)	3.3	2.1	13.2

Source: BBYB, BRIDS Estimates

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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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