

Bank Negara Indonesia Tbk (BBNI)

Supported by Higher CASA Ratio

BBNI booked a net profit of IDR 7.7 trillion throughout 9M21, or 79.4% of our estimates of IDR 9.7 trillion. The performance was supported by a decline in interest expense and NPL. LAR ratio fell as domestic economy recovers, resulting in BBNI was able to control NPL ratio for the rest of the year. NHKSI Research maintains BUY recommendation by raising our TP to IDR 9,000/share.

10 Bps Quarterly CASA Increase

- The increase of Current Account and Saving Account (CASA) successfully maintain the interest expense of BBNI, with CASA ratio increasing by 10 Bps compared to the previous quarter. CASA portion that reached 69.7% of total Third Party Fund (TPF).
- BBNI's CASA amounted to IDR 465.7 trillion in 3Q21, growing 8% YoY compared to the same period last year at IDR 431.3 trillion.
- CASA growth surpassed TPF, which grew 1.4% YoY from IDR 659.5 trillion to IDR 668.6 trillion in 9M21.
- The Company's ability in gaining low-cost funds boosted the Pre-Provision Operating Profit (PPOP) to grow 21% YoY, increasing Net Interest Margin (NIM) up by 50 Bps per year.

Lower Risk Segment Supports BBNI Loans

- Despite weighing down margin, we still see BBNI's loan focus on the lower risk segment in a positive light. Up until 9M21, payroll-based loans grew significantly by 17.5% YoY or 4.3% QoQ.
- While other lower risk segments, consumer loan, grew 9.9% YoY. Overall, BBNI loans grew 3.7% YoY boosted by a jump in business and loan application as PPKM eases.
- BBNI loans reached IDR 569.7 trillion until 3Q21 from IDR 550 trillion in 3Q20.
- NPL and Credit Restructuring were on a downward trend. Specifically, BBNI successfully maintained asset quality, booking Non-Performing Loan (NPL) at 3.8% as of 3Q21. This figure fell 50 bps from its highest position at 4.3% in 4Q20. Meanwhile, credit restructuring was down to IDR 78.8 trillion in 3Q21 from IDR 102.4 trillion in 4Q20.

Maintain BUY, Upgrades TP to IDR 9,000

- We maintain our BUY recommendation for BBNI while raising our Target Price to IDR 9,000/share.
- The maintained asset quality and lower credit restructuring, along with growth in lower risk segment credit are positive sentiments for BBNI.
- Our target price implies PBV FY21/22 of 1.4x/1.2x, with a potential upside of 29.5% from last price.
- Risk factors to our target price include: 1) Increase in credit restructuring; 2) High provision costs; 3) Competition with other BUKU IV banks to disburse loans.

Bank Negara Indonesia Tbk | Summary (IDR bn)

in IDR bn	2020	2021F	2022F	2023F
Interest Income	56,173	57,655	65,668	74,008
<i>Interest Income growth</i>	-4.0%	2.6%	13.9%	12.7%
Operating Revenue	52,036	61,955	66,732	73,340
Net profit	3,280	9,669	15,532	16,516
EPS (IDR)	176	519	833	886
<i>EPS growth</i>	-78.7%	194.8%	60.6%	6.3%
BVPS (IDR)	6,053	6,640	7,381	8,121
Net Interest Margin	4.5%	5.0%	5.2%	5.5%
Loan/Deposits	85.1%	87.8%	88.0%	87.3%
NPL	4.2%	3.1%	1.8%	1.8%
ROE	2.8%	8.2%	11.9%	11.4%
ROA	0.4%	1.1%	1.6%	1.6%
P/E	35.1x	17.4x	10.8x	10.2x
P/BV	1.0x	1.4x	1.2x	1.1x
P/Op. Revenue	2.2x	2.7x	2.5x	2.3x
DPS (IDR)	206	44	88	141
<i>Dividend yield</i>	3.3%	0.5%	1.0%	1.6%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | 8 November 2021

BUY

Target Price (IDR)	9,000
Consensus Price (IDR)	8,306
TP to Consensus Price	+8.4%
Potential Upside	+29.5%

Shares data

Last Price (IDR)	6,950
Price date as of	Nov. 5, 2021
52 wk range (Hi/Low)	7,575 / 4,560
Free float (%)	40.0
Outstanding sh.(mn)	18,649
Market Cap (IDR bn)	129,608
Market Cap (USD mn)	9,048
Avg. Trd Vol - 3M (mn)	34.8
Avg. Trd Val - 3M (bn)	214.2
Foreign Ownership	85.6%

Financial Services

Banking

Bloomberg	BBNI IJ
Reuters	BBNI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	10.9%	28.0%	42.1%	47.0%
Rel. Ret.	1.3%	22.8%	34.6%	18.9%

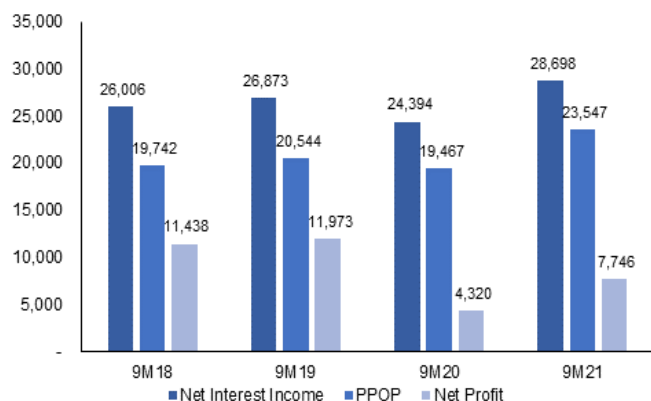
Arief Machrus

(021) 5088 9127

Arief.machrus@nhsec.co.id

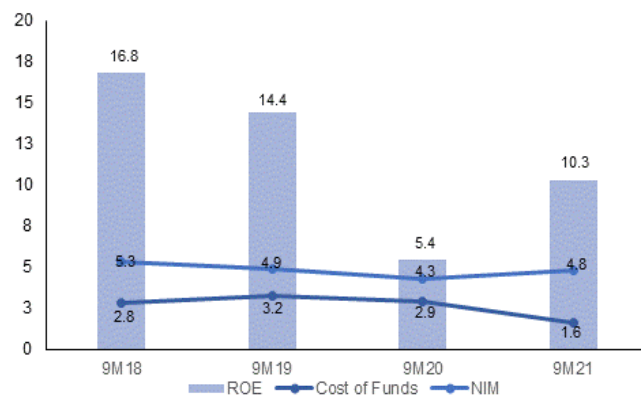
Performance Highlights

Financial Performance (IDR Billion)



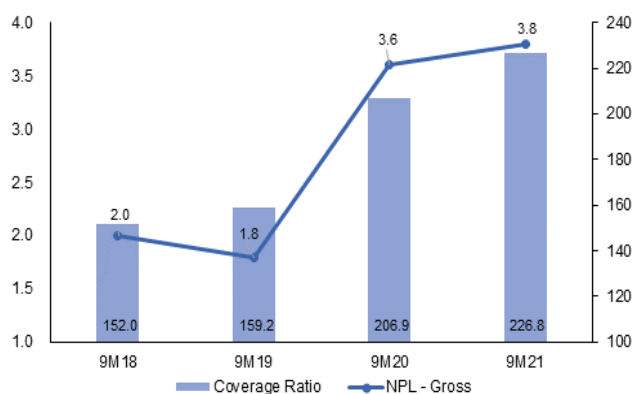
Source: Company, NHKSI Research

Profitability Ratios (%)



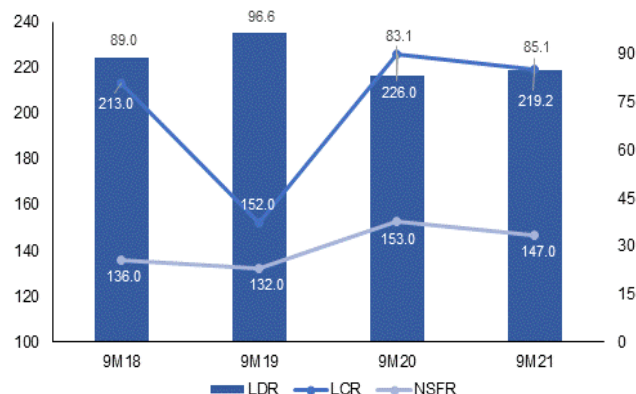
Source: Company, NHKSI Research

Asset Quality (%)



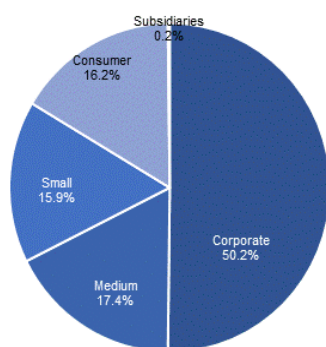
Source: Company, NHKSI Research

Liquidity (%)



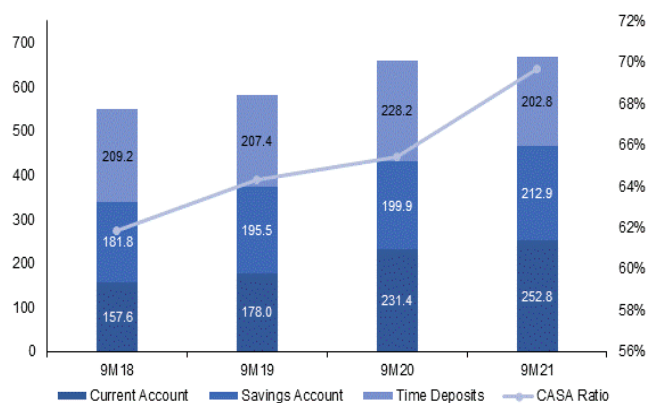
Source: Company, NHKSI Research

Loan Composition by Segment (%)



Source: Company, NHKSI Research

Third Party Funds Composition (IDR Tn)



Source: Company, NHKSI Research

Company Overview



PT. Bank Negara Indonesia (Persero), Tbk was established on July 5, 1946 as a central bank under the name "Bank Negara Indonesia" based on Government Regulation in Lieu of Law No. 2 of 1946. BBNI is the first SOE (State-Owned Enterprise) bank to become a public company after listing its shares on the Jakarta Stock Exchange and the Surabaya Stock Exchange in 1996.

As much as 60% of BBNI's shares are owned by the Government of the Republic of Indonesia, while the remaining 40% is owned by the public, both individuals and institutions, domestic and foreign. The Company has several subsidiaries that provide integrated financial services, namely BNI Syariah Bank, BNI Multifinance, BNI Sekuritas, BNI Life Insurance, and BNI Remittance.

BBNI offers deposit services and loan facilities for the corporate, medium and small segments. Currently, BBNI is one of the largest banks in Indonesia, which included in the BUKU IV bank category (banks with a minimum core capital of IDR 30 trillion).

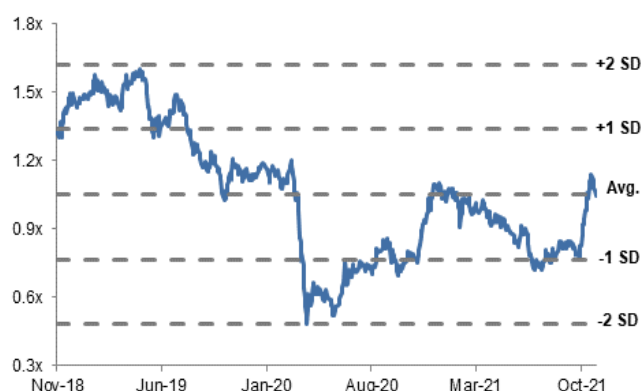
ASEAN Banking Peers

Company	Ticker	Market Cap (USD Mn)	Total Assets (USD Mn)	Net Interest Margin (LTM) (%)	ROE (%)	P/E (x)	P/B (x)	Dividend Yield LTM (%)
INDONESIA								
Bank Negara Indonesia Tbk	BBNI IJ	9,284	64,010	5.5	5.8	19.6	1.1	0.6
Bank Central Asia Tbk	BBCA IJ	64,626	77,240	5.4	16.4	30.3	4.6	1.4
Bank Mandiri Tbk	BMRI IJ	23,479	102,645	5.1	10.5	17.3	1.8	3.1
Bank Rakyat Indonesia Tbk	BBRI IJ	45,667	108,568	5.7	10.1	22.5	1.9	2.2
SINGAPORE								
DBS Group Holdings Ltd	DBS SP	60,426	491,893	1.4	10.8	13.4	1.4	2.7
United Overseas Bank Ltd	UOB SP	33,295	326,810	1.6	8.5	13.7	1.1	3.7
Oversea-Chinese Banking Corp.	OCBC SP	39,917	394,608	1.6	8.7	12.4	1.0	3.4
MALAYSIA								
CIMB Group Holdings Bhd	CIMB MK	12,729	149,821	2.2	6.9	13.3	0.9	2.9
THAILAND								
Bangkok Bank Public Co. Ltd	BBL TB	7,038	127,453	1.6	4.9	10.4	0.5	2.8
Siam Commercial Bank Pub Co.	SCB TB	12,519	109,298	2.7	7.9	12.8	1.0	3.0

Source: Bloomberg

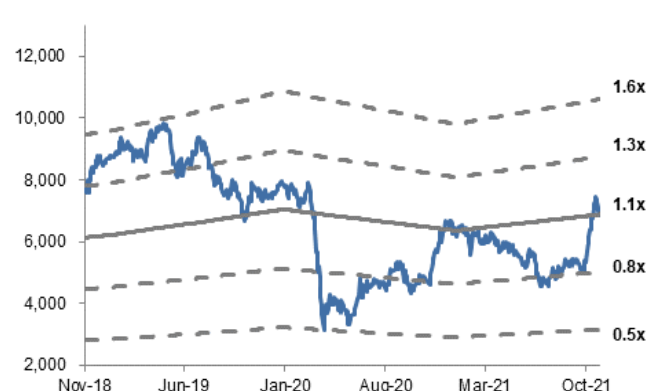
Multiple Valuation

Blended Forward P/E Band | Last 3 years



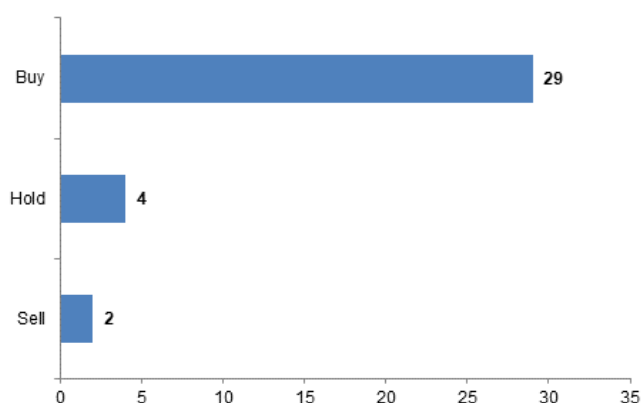
Source: NHKSI Research

P/BV Band | Last 3 years



Source: NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	Potential Upside	vs Consensus
13/11/2020	Overweight	6,000	5,650	5,732	+6.2%	+4.7%
10/02/2021	Buy	7,950	6,225	7,112	+27.7%	+11.8%
23/09/2021	Buy	6,050	5,150	7,180	+17.5%	-15.7%
8/11/2021	Buy	9,000	6,950	8,306	+29.5%	8.4%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Interest Income	56,173	57,655	65,668	74,008
Growth (% y/y)	-4.0%	2.6%	13.9%	12.7%
Interest Expenses	(19,021)	(14,515)	(18,822)	(22,298)
Net Interest Income	37,152	43,141	46,847	51,709
Net Interest Margin	4.5%	5.0%	5.2%	5.5%
Net Fee Income	8,309	10,180	11,055	11,884
Trading Income	2,544	3,958	3,753	4,143
Other Operating Income	4,031	4,676	5,077	5,604
Operating Revenue	52,036	61,955	66,732	73,340
Operating Expenses	(24,214)	(26,533)	(28,695)	(32,357)
Pre-provisioning OP	27,822	35,421	38,037	40,982
Provision for Impairment	(22,590)	(22,688)	(18,680)	(19,350)
EBT	5,112	12,560	19,171	21,432
Income Tax	(1,791)	(2,858)	(3,451)	(4,715)
Non-controlling Interest	(41)	(32)	(189)	(201)
Net Profit	3,280	9,669	15,532	16,516
Growth (% y/y)	-78.7%	194.8%	60.6%	6.3%

PROFITABILITY & STABILITY				
	2020/12A	2021/12F	2022/12F	2023/12F
ROE	2.8%	8.2%	11.9%	11.4%
ROA	0.4%	1.1%	1.6%	1.6%
Non-Int. Inc. /Op. Rev	28.6%	30.4%	29.8%	29.5%
Cost/Income	46.5%	42.8%	43.0%	44.1%
Cash Dividend (IDR bn)	3,846	820	1,636	2,628
Dividend Yield (%)	3.3%	0.5%	1.0%	1.6%
Payout Ratio (%)	117.2%	8.5%	10.5%	15.9%
Loan/Deposits	85.1%	87.8%	88.0%	87.3%
Loan/Assets	65.8%	66.1%	66.0%	65.4%
NPL	4.2%	3.1%	1.8%	1.8%
Loan Loss Res./Loan	7.5%	7.7%	8.2%	7.7%
CASA/Deposits	68.3%	70.2%	71.7%	73.1%
Time Deposits/Deposits	31.7%	29.8%	28.3%	26.9%
Par Value (IDR)	375	375	375	375
Total Shares (mn)	18,649	18,649	18,649	18,649
Share Price (IDR)	6,175	9,000	9,000	9,000
Market Cap (IDR tn)	115.2	167.8	167.8	167.8

BALANCE SHEET				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Cash	17,324	24,404	32,398	48,812
Placement in Banks	112,503	113,716	126,913	123,319
Net Loans	541,979	571,303	594,588	626,417
Investment	129,825	136,348	134,076	139,868
Fixed Asset	27,362	25,116	29,301	32,731
Other Assets	62,344	65,521	63,946	66,563
Total Assets	891,337	936,408	981,222	1,037,710
Deposits	688,824	705,277	735,813	777,967
Debt	47,199	59,843	62,434	66,011
Other liabilities	42,442	47,460	45,337	42,293
Total Liabilities	778,465	812,579	843,584	886,271
Capital Stock & APIC	23,623	26,065	26,065	26,065
Retained Earnings	66,981	77,100	90,996	104,883
Shareholders' Equity	112,872	123,829	137,638	151,440

VALUATION INDEX				
	2020/12A	2021/12F	2022/12F	2023/12F
Price /Earnings	35.1x	17.4x	10.8x	10.2x
Price /Book Value	1.0x	1.4x	1.2x	1.1x
Price/Op. Revenue	2.2x	2.7x	2.5x	2.3x
PE/EPS Growth	-0.4x	0.1x	0.2x	1.6x
EV/Operating Revenue	2.8x	3.3x	3.1x	2.6x
EV/PPOP	5.3x	5.8x	5.5x	4.6x
EV (IDR bn)	147,710	205,870	208,461	187,458
Op. Rev. CAGR (3-Yr)	4.8%	9.0%	8.7%	12.1%
EPS CAGR (3-Yr)	-37.8%	-12.9%	0.3%	71.4%
Basic EPS (IDR)	176	519	833	886
Diluted EPS (IDR)	176	519	833	886
BVPS (IDR)	6,053	6,640	7,381	8,121
Op. Revenue PS (IDR)	2,790	3,322	3,578	3,933
DPS (IDR)	206	44	88	141

CASH FLOW STATEMENT				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Operating Cash Flow	49,825	16,644	8,247	16,460
Investing Cash Flow	(50,341)	(39,947)	(31,658)	(43,063)
Financing Cash Flow	45,639	26,671	31,405	43,016
Net Changes in Cash	45,123	3,368	7,994	16,414

OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	85.6	Republic of Indonesia 60.0
United States	4.8	Government Pension F 1.4
Luxembourg	3.0	Vanguard Group 1.3
Others	6.6	Others 37.3

Source: Company Data, Bloomberg, NHHKI Research

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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia