

Bank Negara Indonesia Tbk (BBNI)

Strong FY21 Results, PPOP at a Record High

BBNI an impressive financial performance in FY21, highlighted by Net Income more than tripled to IDR 10.9 Tn and PPOP recorded at an all-time high of IDR 31.1 Tn (+14.8% YoY). Moreover, Cost of Funds managed to decrease significantly by 100 bps to 1.6%; with NIM improved to 4.7% (vs 4.5% in FY20). The company also entering the digital bank landscape, with the acquisition and planned transformation of Bank Mayora.

Lower Cost of Funds, Net Income Tripled

- For FY21, BBNI booked Net Interest Income of IDR 38.2 Tn (+12.4%yoy); with loan growth achieved at 5.3%. Meanwhile Non-Interest Income also grew by 12.8% to IDR 13.6 Tn.
- Income growth across the board led to PPOP booked at a record high of IDR 31.1 Tn (up 14.8% vs IDR 27.1 Tn in FY20). Simultaneously, provision expense managed to go down by 17% to IDR 18.3 Tn, which resulted in FY21 Net Income of IDR 10.9 Tn (+232.2% yoy).
- BBNI also managed to lower its Cost of Funds by 100bps to 1.6%. Moreover, NIM also improved to 4.7% (vs 4.5% at the end of 2020).
- In terms of asset quality, BBNI's gross NPL also improved significantly to 3.7% (from 4.3% in FY21); with Covid-19 Restructured Loan continued to trend down to IDR 72.1 Tn.

Growth from Lower Risk Segments

- Corporate segment still the biggest contributor in loans; which made up nearly half (49.4%) of BBNI's total loan composition. The rest of the loans were divided almost equally amongst other segments: Medium (17%), Small (16.4%), and Consumer (17%).
- BBNI's prudent credit policy continued to payoff, with biggest loan growth came from Lower Risk Segments; such as: Private Corporates (+7.6% yoy), Large Commercial (+10.4% yoy), Government Subsidized Loan /KUR (+35%), and Payroll Loan (+18.3%).
- From funding side, total Third Party Funds went up 15.5% to IDR 729.2 Tn; with both CASA (+17.1%) and Time Deposits (+12%) recorded double digit growth. This resulted in CASA ratio of 69.4% (vs 68.5% in FY20).

Inorganic Expansion Through Bank Mayora Acquisition

- BBNI has announced its plan to acquire majority stakes of Bank Mayora, which will be transformed into a digital bank. The deal will be worth around IDR 3.5 Tn; which valued Mayora at 2x P/BV. Moreover, BBNI also aiming to partner up with Sea Group (parent company of Shopee), in order to develop this digital bank as part of a bigger ecosystem.

Maintain BUY call with TP at IDR 9,000

- We continue our BUY call for BBNI, with an unchanged target price of IDR 9,000/share. Our TP implies FY22 P/BV of 1.2 x, with an upside potential of 20.0%. As BBNI continues to have the lowest valuation among other biggest banks, its strong financial performance coupled with sound digital initiatives; make it one of our top picks in 2022.

Bank Negara Indonesia Tbk | Summary (IDR bn)

in IDR bn	2021	2022F	2023F	2024F
Interest Income	50,026	66,107	72,862	85,960
<i>Interest Income growth</i>	-10.9%	32.1%	10.2%	18.0%
Operating Revenue	55,865	67,614	76,072	86,523
Net profit	10,899	15,430	19,014	23,214
EPS (IDR)	584	827	1,020	1,245
<i>EPS growth</i>	232.2%	41.6%	23.2%	22.1%
BVPS (IDR)	6,784	7,575	8,541	9,723
Net Interest Margin	4.4%	5.0%	5.1%	5.3%
Loan/Deposits	78.3%	82.0%	80.0%	80.9%
NPL	3.7%	3.9%	3.8%	3.9%
ROE	9.1%	11.5%	12.7%	13.6%
ROA	1.2%	1.5%	1.7%	1.9%
P/E	11.6x	10.9x	8.8x	7.2x
P/BV	1.0x	1.2x	1.1x	0.9x
P/Op. Revenue	2.3x	2.5x	2.2x	1.9x
DPS (IDR)	44	46	57	70
<i>Dividend yield</i>	0.7%	0.5%	0.6%	0.8%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | January 31, 2022

BUY

Target Price (IDR)	9,000
Consensus Price (IDR)	8,414
TP to Consensus Price	+7.0%
Potential Upside	+20.0%

Shares data

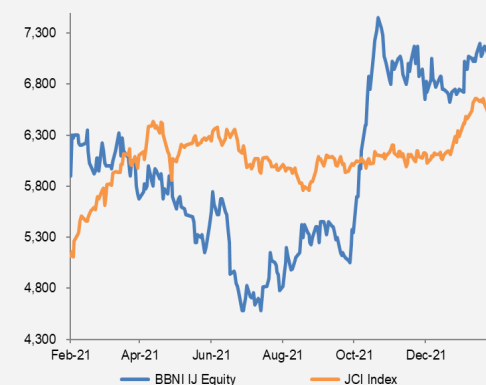
Last Price (IDR)	7,500
Price date as of	Jan. 28, 2022
52 wk range (Hi/Low)	7,575 / 4,560
Free float (%)	40.0
Outstanding sh.(mn)	18,649
Market Cap (IDR bn)	138,932
Market Cap (USD mn)	9,652
Avg. Trd Vol - 3M (mn)	28.2
Avg. Trd Val - 3M (bn)	196.5
Foreign Ownership	14.5%

Financial Services

Banking

Bloomberg	BBNI IJ
Reuters	BBNI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	5.6%	5.6%	-2.1%	17.3%
Rel. Ret.	5.3%	5.2%	-1.2%	9.8%

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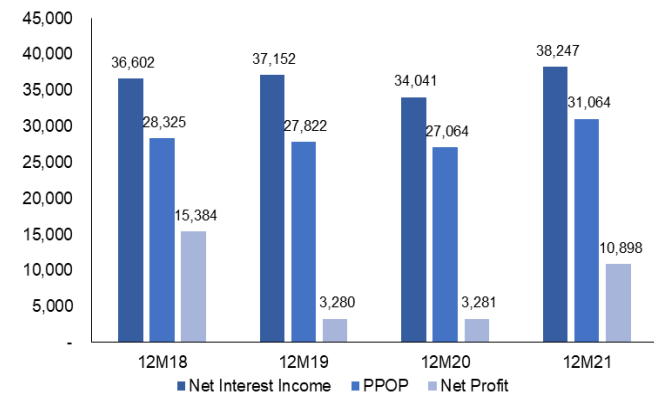
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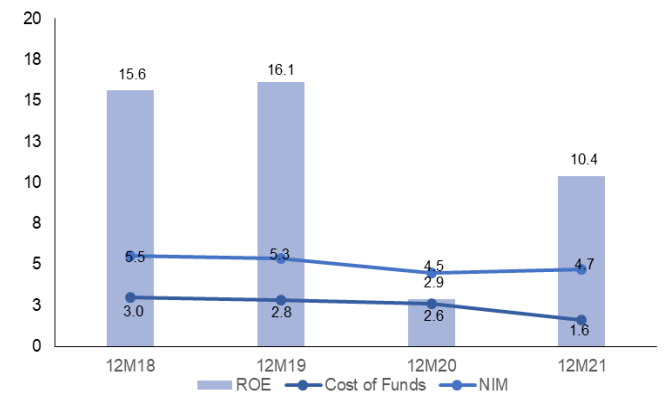
Performance Highlights

Financial Performance (IDR Billion)



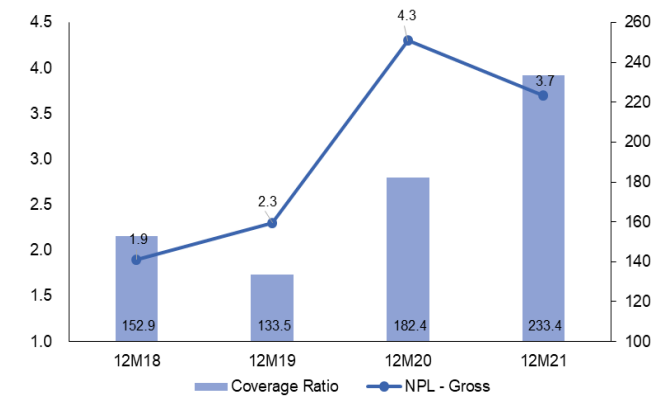
Source: Company, NHKSI Research

Profitability Ratios (%)



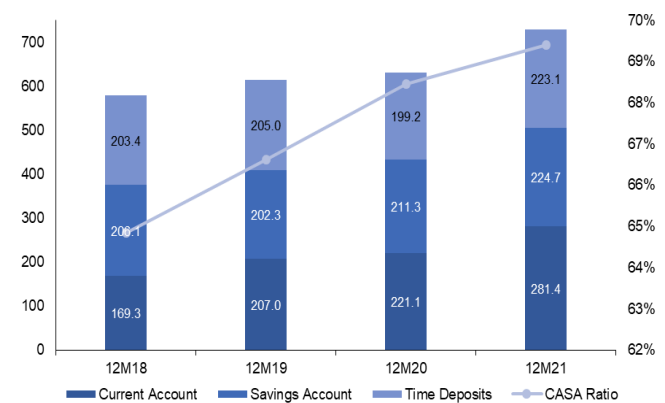
Source: Company, NHKSI Research

Asset Quality (%)



Source: Company, NHKSI Research

Third Party Fund (IDR Trn)



Source: Company, NHKSI Research

P/E



Source: Company, NHKSI Research

P/B



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Interest Income	50,026	66,107	72,862	85,960
Growth (% y/y)	-10.9%	32.1%	10.2%	18.0%
Interest Expenses	(11,779)	(19,317)	(20,462)	(26,222)
Net Interest Income	38,247	46,790	52,400	59,738
Net Interest Margin	4.4%	5.0%	5.1%	5.3%
Net Fee Income	8,943	10,941	12,253	13,766
Trading Income	3,043	2,993	3,703	4,222
Other Operating Income	5,632	6,890	7,716	8,796
Operating Revenue	55,865	67,614	76,072	86,523
Operating Expenses	(24,801)	(29,074)	(32,711)	(38,271)
Pre-provisioning OP	31,064	38,540	43,361	48,252
Provision for Impairment	(18,297)	(19,226)	(19,590)	(17,793)
EBT	12,551	19,045	23,469	30,123
Income Tax	(1,574)	(3,428)	(4,224)	(6,627)
Non-controlling Interest	(79)	(187)	(231)	(282)
Net Profit	10,899	15,430	19,014	23,214
Growth (% y/y)	232.2%	41.6%	23.2%	22.1%

PROFITABILITY & STABILITY

	2021/12A	2022/12F	2023/12F	2024/12F
ROE	9.1%	11.5%	12.7%	13.6%
ROA	1.2%	1.5%	1.7%	1.9%
Non-Int. Inc. /Op. Rev	31.5%	30.8%	31.1%	31.0%
Cost/Income	44.4%	43.0%	43.0%	44.2%
Cash Dividend (IDR bn)	820	864	1,065	1,300
Dividend Yield (%)	0.7%	0.5%	0.6%	0.8%
Payout Ratio (%)	7.5%	5.6%	5.6%	5.6%
Loan/Deposits	78.3%	82.0%	80.0%	80.9%
Loan/Assets	60.4%	62.9%	61.2%	61.6%
NPL	3.7%	3.9%	3.8%	3.9%
Loan Loss Res./Loan	8.6%	7.7%	7.1%	6.2%
CASA/Deposits	69.4%	70.9%	72.4%	73.9%
Time Deposits/Deposits	30.6%	29.1%	27.6%	26.1%
Par Value (IDR)	375	375	375	375
Total Shares (mn)	18,649	18,649	18,649	18,649
Share Price (IDR)	6,750	9,000	9,000	9,000
Market Cap (IDR tn)	125.9	167.8	167.8	167.8

BALANCE SHEET

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Cash	13,684	18,896	22,324	27,460
Placement in Banks	160,542	155,806	181,793	194,424
Net Loans	532,141	615,234	663,336	746,875
Investment	160,072	165,610	186,988	203,409
Fixed Asset	26,883	27,192	27,171	27,503
Other Assets	71,515	76,090	84,299	92,206
Total Assets	964,838	1,058,828	1,165,913	1,291,878
Deposits	743,546	812,863	892,303	984,136
Debt	51,209	55,841	61,376	67,650
Other liabilities	43,563	48,854	52,953	58,776
Total Liabilities	838,318	917,558	1,006,633	1,110,561
Capital Stock & APIC	26,065	26,065	26,065	26,065
Retained Earnings	78,250	92,816	110,765	132,679
Shareholders' Equity	126,520	141,270	159,280	181,317

VALUATION INDEX

	2021/12A	2022/12F	2023/12F	2024/12F
Price /Earnings	11.6x	10.9x	8.8x	7.2x
Price /Book Value	1.0x	1.2x	1.1x	0.9x
Price/Op. Revenue	2.3x	2.5x	2.2x	1.9x
PE/EPS Growth	0.0x	0.3x	0.4x	0.3x
EV/Operating Revenue	3.0x	3.1x	2.8x	2.4x
EV/PPOP	5.3x	5.4x	4.8x	4.4x
EV (IDR bn)	166,186	207,666	209,875	211,115
Op. Rev. CAGR (3-Yr)	5.3%	9.1%	13.5%	15.7%
EPS CAGR (3-Yr)	-9.4%	0.1%	79.6%	28.7%
Basic EPS (IDR)	584	827	1,020	1,245
Diluted EPS (IDR)	584	827	1,020	1,245
BVPS (IDR)	6,784	7,575	8,541	9,723
Op. Revenue PS (IDR)	2,996	3,626	4,079	4,640
DPS (IDR)	44	46	57	70

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Operating Cash Flow	17,859	23,523	(10,142)	9,101
Investing Cash Flow	(23,341)	(91,579)	(70,401)	(100,894)
Financing Cash Flow	89,024	73,269	83,972	96,929
Net Changes in Cash	83,541	5,213	3,428	5,135

OWNERSHIP

By Geography	% Shareholders		%
Indonesia	85.5	Republic of Indonesia	60.0
United States	4.9	Vanguard Group	1.5
Luxembourg	2.9	Norges Bank	1.4
Others	6.7	Others	37.3

Source: Company Data, Bloomberg, NHKSI 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%

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