

Bank Negara Indonesia Tbk (BBNI)

Healthy Growth Strong Results —The Best Is Yet To Come

BBNI has delivered a strong performance throughout 2022. BBNI posted their FY22 Net Profit of IDR 18,312 T, an increase of 68% YoY. This was also underpinned by the rise in NIM to 4.81% (FY22), which went upward by 15 Bps YoY from 4.67% (on a consolidated basis). The increase in Net Profit was also underpinned by an 8% increase in Net Interest Income (NII) to IDR 41,321 T YoY, then PPOP by 10.8% to IDR 34,413 T YoY, which the increase was driven by healthy loan growth.

Healthy Loan Growth and Decreased CKPN Supported Performance

- In terms of loans, BBNI recorded a healthy growth of 10.9% YoY and 3.8% QoQ. This healthy growth was primarily seen in lower-risk segments. The total loans disbursed in FY2022 were recorded for IDR 646.2 T (FY2021: 582.4 T). The increase in loans was supported by a significant YoY increase within the non-SOE Corporate segment (28.9%), Large Commercial sector (29.9%), KUR (19.8%), and Personal Loan (20.3%). Meanwhile, the sector that recorded a decline was the SOE sector (-14.4%). It seems that in 2023, the achievement of loan growth is indicated to be more stable with a conservative tendency.
- CASA levels are maintained at a healthy and stable level. CASA growth remained stable on a year-on-year basis at 10.1%, while CASA Ratio (Consolidated) grew 3% YoY to 72.4% in FY22. As for the Allowance for Impairment Losses (CKPN) in 2022 experienced a pretty drastic decrease at 37.1% YoY to IDR 11,414 T for FY22 (FY21: IDR 18,298 T). This 37.1% decrease in CKPN was able to boost BBNI's Net Profit growth to 68% in FY22.

Improved Asset Quality

- As of 12M22, BBNI managed to record a Gross Non-Performing Loan (NPL) level of 2.8%, a 70 bps decrease on an annual basis (12M21: 3.7%). The Loan at Risk (LAR) level dropped significantly by 730 Bps on an annual basis to 16.0% (12M22) from 23.3% (12M21), where the LAR figure also reflects the restructuring of COVID loans. NPL Coverage (LLR) increased by 44.9%, from 233.4% in FY21 to 278.3% in FY22. Level Credit Cost (CoC) declined quite drastically compared to last year, falling by 130 bps to 1.9% in FY22 (FY21: 3.3%).

BBNI Presentation and Management Outlook for 2023F

- According to management's presentation, as for the direction for 2023, it seems that the company is trying to maintain performance in which credit growth is indicated at 7.0-9.0%. For NIM this year, it is targeted to be greater than 4.7%, more than what has been targeted previously, 4.5-4.7%. For the record, BBNI's NIM in FY2022 was recorded at 4.81%, and the Credit Cost value will be optimized to be smaller than 1.5% in 2023.
- In 2023, BBNI also began to initiate preparations for the launch of its digital bank, a transformation of the results of BBNI's acquisition, namely Bank Mayora, which will later be focused on becoming one of BBNI's engines in increasing the MSME and digital segments. As for Bank Mayora's progress in the first year, there was an improvement seen in its fundamentals, with a decrease in LAR by 54 Bps YoY (FY22: 25.9%), then Credit Cost (CoC) decreased by 0.5% to 0.3% YoY in FY22, and Cost of Fund (CoF) that decreased by 0.3% to 2.6% YoY in FY22. In the next 12 months, BBNI's digital-bank preparation pipeline includes Rebranding, SME Credit Financing and Mapping, and Mobile Apps Launch. Additionally, the BoD and BoC of this digital bank are still in the process of OJK approval.

Buy Recommendation with a TP of IDR 11,800

- NHKS Research remains to give a Buy recommendation for BBNI, with TP at IDR 11,800, reflecting F P/BV of 1.45x FY23F. In our opinion, a pretty attractive catalyst for BBNI is the Buyback of IDR 905 billion aimed at Treasury Stock and the execution of BBNI's digital bank. This recommendation is supported by stable-improving NIM, CoF Third Party Funds, and declining LAR on an annual basis. The risks of this recommendation include the uncertain economic condition, NIM pressure from other competitors, and the expectation of a growth loan that does not increase.

Bank Negara Indonesia Tbk | Summary (IDR bn)

in IDR Bn	2022A	2023F	2024F	2025F
Interest Income	54,659	64,589	69,607	74,664
Interest Income growth	9.3%	18.2%	7.8%	7.3%
Operating Revenue	61,472	71,053	77,339	82,505
Net profit	18,312	22,511	25,526	28,684
EPS (IDR)	982	1,207	1,369	1,538
EPS growth	68.0%	22.9%	13.4%	12.4%
BVPS (IDR)	7,518	8,146	8,729	11,004
Net Interest Margin	4.8%	5.0%	5.1%	5.0%
Loan/Deposits	82.4%	81.1%	79.4%	78.5%
NPL	2.8%	2.7%	2.6%	2.4%
ROE	13.7%	15.4%	16.2%	15.6%
ROA	1.8%	2.1%	2.2%	2.2%
P/E	9.0x	9.8x	9.8x	9.8x
P/BV	1.17x	1.45x	1.53x	1.37x
P/Op. Revenue	2.7x	3.1x	3.2x	3.4x
DPS (IDR)	393	483	582	692
Dividend yield	4.46%	4.09%	4.35%	4.60%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer



Company Report | Mar. 17, 2023

Buy

Target Price (IDR)	11,800
Consensus Price (IDR)	11,478
TP to Consensus Price	+2.8%
Potential Upside	+34.1%

Shares data

Last Price (IDR)	8,800
Price date as of	Mar. 15, 2023
52 wk range (Hi/Lo)	9,950 / 7,150
Free float (%)	39.96
Outstanding sh.(mn)	18,649
Market Cap (IDR bn)	164,574
Market Cap (USD mn)	10,766
Avg. Trd Vol - 3M (mn)	26.23
Avg. Trd Val - 3M (bn)	238.35
Foreign Ownership	16.73%

Financial Services

Banking

Bloomberg	BBNI IJ
Reuters	BBNI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-4.1%	-6.1%	-8.3%	9.6%
Rel. Ret.	-1.1%	-2.2%	-6.7%	13.5%

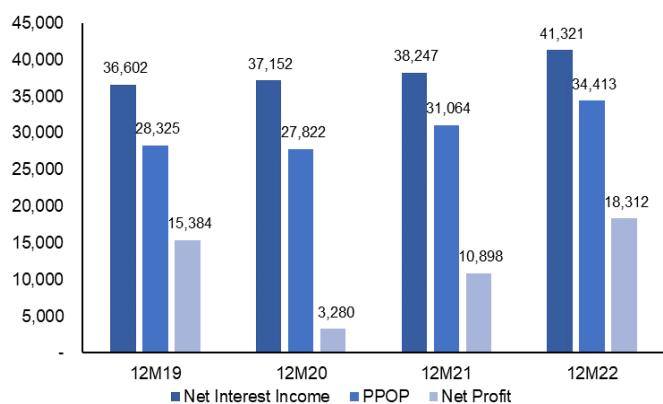
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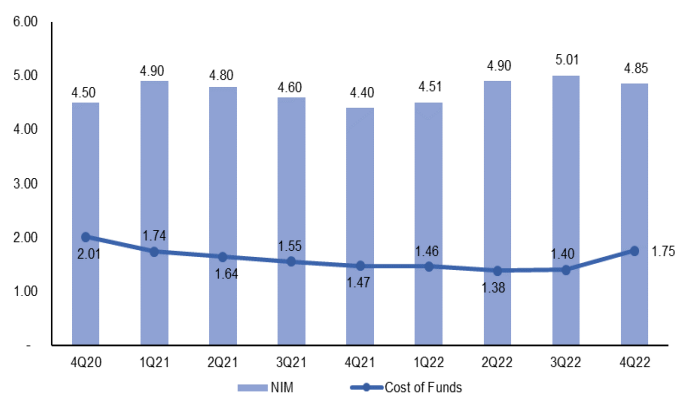
Performance Highlights

Financial Performance (IDR Billion)



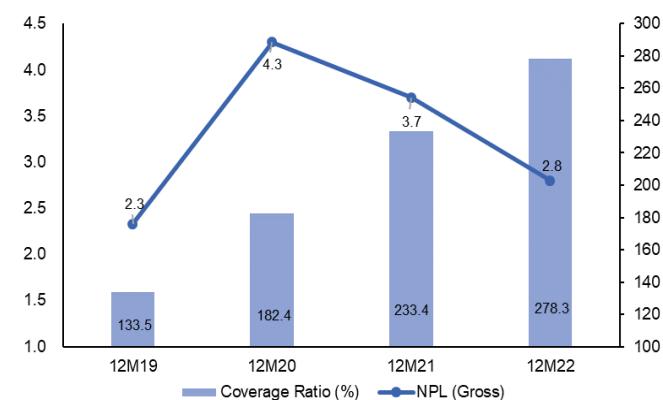
Source: Company, NHKSI Research

Profitability Ratios (%)



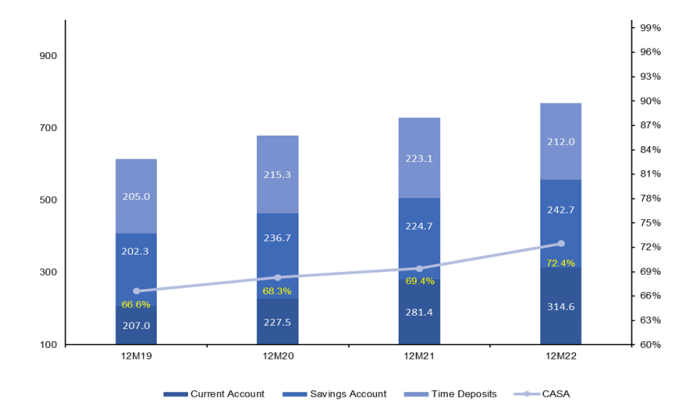
Source: Company, NHKSI Research

Asset Quality



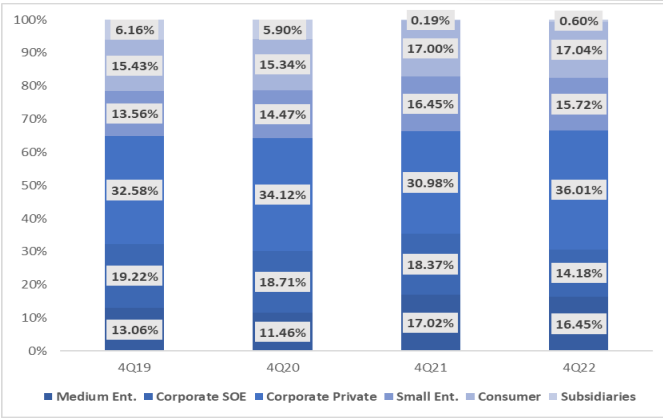
Source: Company, NHKSI Research

Third Party Fund (IDR Trn)



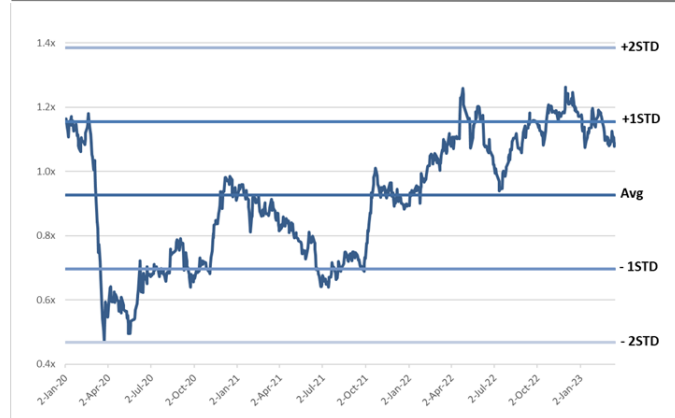
Source: Company, NHKSI Research

Loan Composition Breakdown



Source: Company, NHKSI Research

F-PBV | Last 3 Years



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Interest Income	54,659	64,589	69,607	74,664
Growth (% y/y)	9.3%	18.2%	7.8%	7.3%
Interest Expenses	(13,338)	(14,612)	(15,829)	(17,272)
Net Interest Income	41,321	49,977	53,778	57,392
Net Interest Margin	4.81%	4.98%	5.06%	5.04%
Net Fee Income	9,738	11,159	12,570	13,149
Trading Income	2,944	2,916	3,458	3,925
Other Operating Income	7,469	7,000	7,532	8,039
Operating Revenue	61,472	71,053	77,339	82,505
Operating Expenses	(27,059)	(31,961)	(34,875)	(37,131)
Pre-provisioning OP	34,413	39,092	42,464	45,374
Provision for Impairment	(11,514)	(10,371)	(9,907)	(8,805)
EBT	22,687	28,480	32,295	36,290
Income Tax	(4,205)	(5,696)	(6,459)	(7,258)
Non-controlling Interest	(170)	(273)	(310)	(348)
Net Profit	18,312	22,511	25,526	28,684
Growth (% y/y)	68.0%	22.9%	13.4%	12.4%

PROFITABILITY & STABILITY				
	2022/12F	2023/12F	2024/12F	2025/12F
ROE	13.7%	15.4%	16.2%	15.6%
ROA	1.8%	2.1%	2.2%	2.2%
Non-Int. Inc. /Op. Rev	32.8%	29.7%	30.5%	30.4%
Cost/Income	44.0%	45.0%	45.1%	45.0%
Cash Dividend (IDR bn)	7,325	9,004	10,848	12,908
Dividend Yield (%)	4.5%	4.1%	4.3%	4.6%
Payout Ratio (%)	40.0%	40.0%	42.5%	45.0%
Loan/Deposits	82.4%	81.1%	79.4%	78.5%
Loan/Assets	62.7%	61.9%	60.8%	58.9%
NPL	2.8%	2.7%	2.6%	2.4%
Loan Loss Res./Loan	7.8%	7.7%	7.1%	6.6%
CASA/Deposits	72.4%	74.2%	76.1%	77.8%
Time Deposits/Deposits	27.6%	25.8%	23.9%	22.2%
Par Value (IDR)	375	375	375	375
Total Shares (mn)	18,649	18,649	18,649	18,649
Share Price (IDR)	8,800	11,800	13,380	15,036
Market Cap (IDR tn)	164.1	220.1	249.5	280.4

BALANCE SHEET				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Cash	13,448	17,147	18,106	19,351
Placement in Banks	150,413	173,746	188,523	233,699
Net Loans	595,854	640,585	692,088	747,811
Investment	167,087	179,572	210,560	236,710
Fixed Asset	26,549	28,027	28,539	29,093
Other Assets	76,485	81,103	87,859	94,299
Total Assets	1,029,837	1,120,180	1,225,675	1,360,962
Deposits	784,514	855,643	938,269	1,020,787
Debt	57,764	60,965	67,969	73,339
Other liabilities	47,361	51,656	56,644	61,625
Total Liabilities	889,639	968,263	1,062,882	1,155,752
Capital Stock & APIC	26,064	26,064	26,064	26,064
Retained Earnings	94,060	102,313	112,521	152,872
Shareholders' Equity	140,198	151,917	162,793	205,210

VALUATION INDEX				
	2022/12F	2023/12F	2024/12F	2025/12F
Price /Earnings	9.0x	9.8x	9.8x	9.8x
Price /Book Value	1.2x	1.4x	1.5x	1.4x
Price/Op. Revenue	2.7x	3.1x	3.2x	3.4x
PE/EPS Growth	0.1x	0.4x	0.7x	0.8x
EV/Operating Revenue	3.5x	3.8x	4.0x	4.2x
EV/PPOP	6.2x	6.9x	7.2x	7.6x
EV (IDR bn)	212,806	269,855	306,973	343,569
Op. Rev. CAGR (3-Yr)	8.7%	11.0%	14.1%	13.9%
EPS CAGR (3-Yr)	7.7%	13.5%	98.2%	38.1%
Basic EPS (IDR)	982	1,207	1,369	1,538
Diluted EPS (IDR)	982	1,207	1,369	1,538
BVPS (IDR)	7,518	8,146	8,729.47	11,004
Op. Revenue PS (IDR)	3,296	3,810	4,147	4,424
DPS (IDR)	393	483	582	692

CASH FLOW STATEMENT				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Operating Cash Flow	17,859	10,589	25,451	9,315
Investing Cash Flow	(23,341)	(68,477)	(64,783)	(74,801)
Financing Cash Flow	89,024	68,792	79,450	77,047
Net Changes in Cash	83,541	10,904	40,117	11,561

OWNERSHIP			
By Geography	% Shareholders	%	
Indonesia	83.27	Republic of Indonesia	60.00
United States	6.38	Vanguard Group	1.39
Luxembourg	2.94	Norges Bank	1.39
Others	7.41	Others	37.22

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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