

# Bank Negara Indonesia Tbk (BBNI)

## Strong Results from Quality Asset Growth

Kicking off 2023, BBNI managed to book a pretty good performance. BBNI posted a quite brilliant net profit increase in 1Q23, with an amount of IDR 5,221T (1Q22: IDR 3,962T; + 31.8% YoY and 4Q22: IDR 4,620T; +13%). The increase in Net Profit was supported by an increase in Net Interest Income (NII) of 12.7% to IDR 10,404T YoY, then PPOP of 1.4% to IDR 8,652T YoY where the increase in results was supported by a downward trend in provisioning costs which experienced a significant decline.

### Performance is Fairly Inline with Management's Guidance

- For 1Q23 Loan performance, BBNI recorded total loan growth of 7.2% YoY and a decrease of 1.8% QoQ to IDR 634.3 T (1Q22: IDR 591.7 T; 4Q22: IDR 646.2 T). The achievement of increased growth in Corporate Private, Business Medium Enterprise, Personal Loan, and Small Business KUR supported this year-on-year loan disbursement. The loan growth is relatively in line with management's guidance for FY23, with room for growth in lending (indicative growth of 7-9%).
- Level Credit Cost (CoC) level decreased quite drastically compared to last year, down 1.1% to 1.4% in 1Q23 on a year-on-year basis (1Q22: 2.5% and 4Q22: 1.6%, down 20 bps QoQ). NIM in this period rose 17 bps to 4.67% YoY but fell 18 bps QoQ (1Q22: 4.5% & 4Q22: 4.85%). Credit cost has also been in line with management's guidance, which managed to stay at <1.5% (1Q23: 1.4%). NIM almost reached the indication of management guidance, which for FY23 is targeted at >4.7% (33 bps less); there is still room to improve the NIM margin.

### Provisioning Costs Slide Moderately Due to Improved Asset Quality and Balance Sheet

- As of 1Q23, BBNI managed to record a Gross Non-Performing Loan (NPL) level at 2.8%, down 70 bps on an annualized basis (1Q22: 3.5%; 4Q22: 2.8%). The Loan at Risk (LAR) level dropped significantly by 580 bps on an annualized basis to 16.3% (1Q23) from 22.1% (1Q22), which also includes the results of restructured loans during the Covid-19 period (increased 30 bps QoQ; 4Q22: 16.3%). NPL Coverage (LLR) progressively increased by 36.7% from 250.1% in 1Q22 to 286.8% in FY22 (4Q22: 278.3%; +8.5%). This improved asset quality triggered a decline in provisioning costs, which are on a downward trend, and immensely boosted BBNI's Earnings this quarter.

### Strengthening BBNI's Digital Ecosystem and Initiating 'hibank' Digital Bank

- Currently, BBNI has begun to pursue and strengthen its digital contribution. Currently, users registered with BNI Mobile Banking grew 24.3% YoY to 14.26 million users (1Q22: 11.47 million users). Additionally, transaction volume and frequency in BNI Mobile grew 52.7% and 52% YoY, respectively.
- As of May 25, 2023, PT Bank Mayora, as one of BBNI's subsidiaries, officially changed its name to 'hibank'. Regarding business arrangements, hibank is a digital bank transformation targeting and focusing on the MSME segment. This will positively impact BBNI to open and strengthen its exposure to the digital-MSME sector.

### Buy Recommendation with TP at IDR 12,000 (+32.6% Upside)

- NHKS Research maintains to give a Buy recommendation for BBNI, with TP at IDR 12,000, reflecting F P/BV of 1.38x FY23F. This recommendation is supported by stable—improving NIM, cost efficiency, declining LAR on an annualized basis, and execution from hibank as BBNI's digital bank. The risks include uncertain economic conditions, NIM pressure from other competitors, and the expectation of modest loan growth.

### 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	9.2x	9.8x	9.8x	9.8x
P/BV	1.20x	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	4.34%	4.09%	4.35%	4.60%

Source: Company Data, Bloomberg, NHKS Research  
Please consider the rating criteria & important disclaimer



Company Report | Mei. 31, 2023

## Buy

Target Price (IDR)	12,000
Consensus Price (IDR)	11,404
TP to Consensus Price	+5.2%
Potential Upside	+32.6%

### Shares data

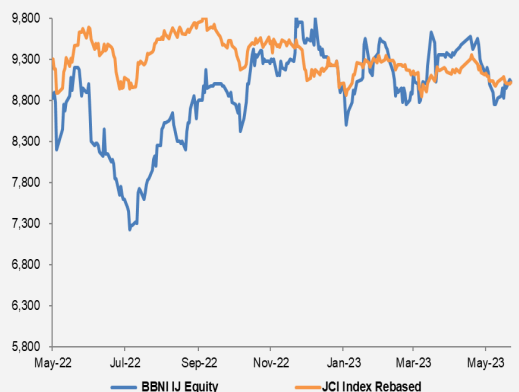
Last Price (IDR)	9,050
Price date as of	Mei. 30, 2023
52 wk range (Hi/Low)	9,950 / 7,150
Free float (%)	40.0
Outstanding sh.(mn)	18,649
Market Cap (IDR bn)	169,237
Market Cap (USD mn)	11,263
Avg. Trd Vol - 3M (mn)	31.75
Avg. Trd Val - 3M (bn)	289.07
Foreign Ownership	16.73%

### Financial Services

#### Banking

Bloomberg	BBNI IJ
Reuters	BBNI.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-1.9%	-4.0%	3.1%	-1.6%
Rel. Ret.	1.2%	0.1%	6.2%	4.1%

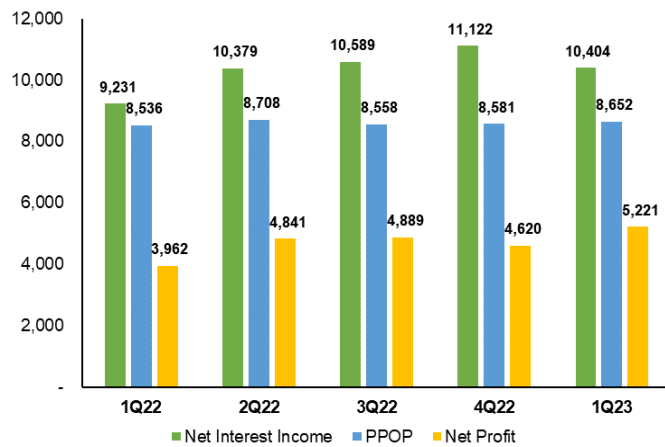
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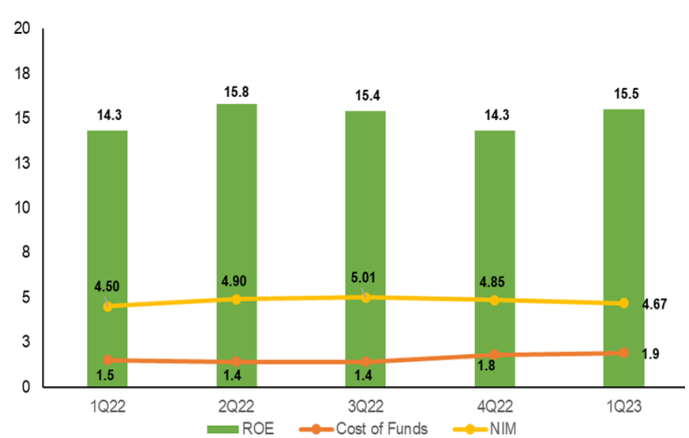
## Performance Highlights

### Financial Performance (IDR Billion)



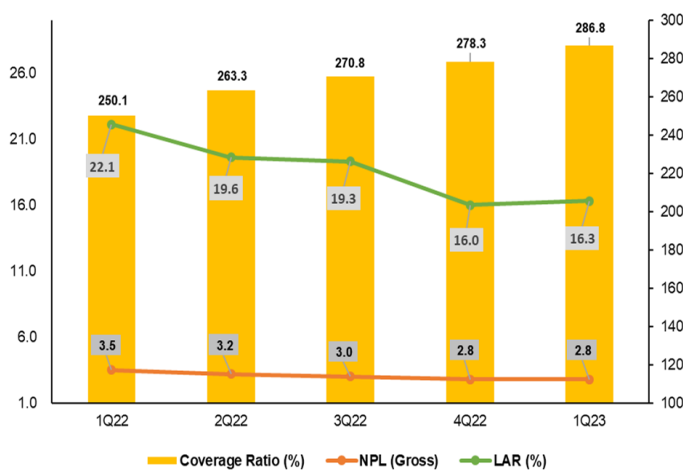
Source: Company, NHKSI Research

### Profitability Ratios (%)



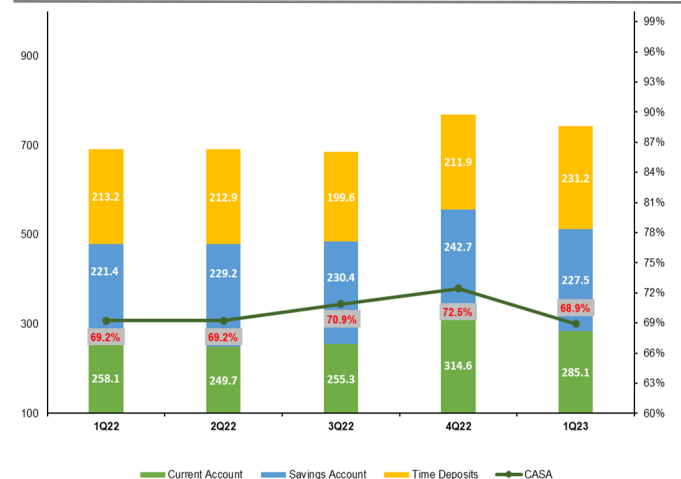
Source: Company, NHKSI Research

### Asset Quality



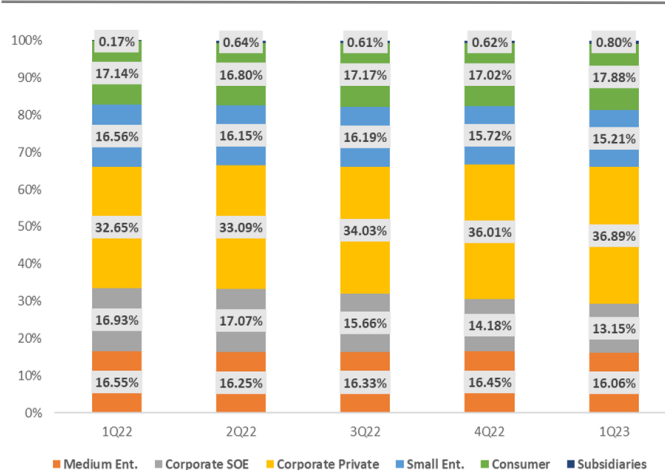
Source: Company, NHKSI Research

### Third Party Fund (IDR Trn) & CASA Ratio



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	4.5%	5.1%	5.1%	5.0%
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 (%)	4.3%	3.8%	4.0%	4.3%
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)	9,050	12,700	14,401	16,183
Market Cap (IDR tn)	168.8	236.8	268.6	301.8

BALANCE SHEET				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Cash	13,448	24,352	64,469	76,031
Placement in Banks	150,413	166,541	188,523	233,699
Net Loans	595,854	640,585	668,906	691,131
Investment	167,087	179,572	187,379	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	9.2x	10.5x	10.5x	10.5x
Price /Book Value	1.2x	1.6x	1.6x	1.5x
Price/Op. Revenue	2.7x	3.3x	3.5x	3.7x
PE/EPS Growth	0.1x	0.5x	0.8x	0.9x
EV/Operating Revenue	3.5x	4.0x	4.2x	4.4x
EV/PPOP	6.3x	7.3x	7.7x	8.0x
EV (IDR bn)	217,468	286,639	326,004	364,955
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	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	81.80	Republic of Indonesia 60.00
United States	6.76	Norges Bank 1.91
Luxembourg	3.15	Vanguard Group 1.65
Others	8.29	Others 36.44

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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