

Bank Negara Indonesia Tbk (BBNI)

Asset Quality & Credit Growth Boost Performance

As of 9M 2023, BBNI posted an increase in net profit to IDR 15.753T (9M22: IDR 13.692T; +15.1% YoY and +7.3% QoQ). The increase in Net Profit in this period was supported by a +3.1% increase in Net Interest Income (NII) to IDR 31.136T YoY (QoQ +3.3%), then PPOP by 1.6% to IDR 26.242T YoY (QoQ +3.4%). The downward trend in provisioning cost continued in this period, which on a quarterly basis decreased by -24.8% YoY to IDR 6.710T in 9M23 (9M22: IDR 8.928T & QoQ: -6.9%, 2Q23 IDR 2.362T & 3Q23: IDR 2.199T). Moreover, NIM in this period YoY fell 12 Bps to 4.58% (1H22: 4.70%).

Lending Growth Begins to Rise

- For 9M23 achievements on the Loan side, BBNI recorded total loan growth of +7.8% YoY and +3.2% QoQ to IDR 671.4T (9M22: IDR 622.6T; 6M23: IDR 650.8T). In this period, the loan growth was more favorable compared to the previous period (6M23). The increase was achieved by the Business Banking Segment (QoQ +2.8%, YoY +6.2%) and the Consumer Segment, which experienced strong growth (QoQ +3.6%, YoY +12.7%). For Business Banking, loan growth was strong due to a significant increase in disbursements from Private-Corporate (+19.2% YoY, +5.4% QoQ) and Medium-Enterprise Segments with disbursements of +3.0% QoQ and +10.2% YoY. This loan disbursement growth performance realization is in line with management's Guidance range which indicates loan disbursement in FY23 (7.0-9.0%, 9M23 Result: 7.8%).
- Credit Cost achievement is still quite in line with the management guidance, as it managed to stay at <1.5% level in 9M23. Credit Cost (CoC) level has been consistently declining, with -60 Bps YoY in 9M23 to 1.4% and -20 Bps QoQ (2Q23: 1.5%, 3Q23 1.3%).
- As of 9M23, BBNI managed to record a Gross Non-Performing Loan (NPL) level at 2.3%, down 70 Bps YoY and 20 Bps QoQ (9M22: 3.0%; 2Q23: 2.5%). The Loan at Risk (LAR) level fell significantly by -490 Bps YoY and -170 Bps QoQ to 14.4% (9M23), where the LAR figure also covers the restructuring of covid loans. The NPL Coverage (LLR) increased by 53.7% YoY and 15.7% QoQ to 324.5%. This improvement in asset quality still triggered a downward trend in provisioning costs which was still sufficient to boost Net Profit from BBNI in this 9M23 period.

Stable and Healthy CASA Level

- In terms of CASA & Third Party Funds (DPK) level in 9M23, BBNI posted CASA growth of 5.6% YoY and a decline of -3.7% QoQ. The growth of CASA in 9M23 was supported by an increase in current account deposits by 13.8% YoY and -3.7% QoQ to IDR 290.5T, while Saving Account decreased by -3.5% YoY and -3.5% QoQ (9M23: IDR 222.4T). The increase in high cost of funds was due to the high-interest rate era, which pushed the growth level of time deposits up by 17.6% YoY and 0.9% QoQ to IDR 234.7T in 9M23 so that BBNI's total deposits in 9M23 still increased by +5.6% YoY and -3.7% QoQ to IDR 747.6T. The Cost of Fund level in this period was quite elevated due to this era of high-interest rates, which as of this period on a quarterly basis increased by 18Bps to 2.25% in 3Q23 (2Q23: 2.07%).

Buy Recommendation with TP at IDR 6,100 (+22.7% Upside)

- NHKS Research maintains a Buy recommendation for BBNI, with TP at IDR 6,100, reflecting a Forward P/BV of 1.4x FY23F. This recommendation is supported by stable-improving NIM, cost efficiency, and declining LAR on an annual basis. As for the risks, it includes uncertain economic conditions, NIM pressure, and intensity of competition from other competitors, especially banks in the KBMI IV category as well as loan growth expectations that are not in line with expectations.

Bank Negara Indonesia Tbk | Summary (IDR bn)

in IDR Bn	2022A	2023F	2024F	2025F
Interest Income	54,659	64,589	69,607	74,664
<i>Interest Income growth</i>	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)	491	604	684	769
<i>EPS growth</i>	68.0%	22.9%	13.4%	12.4%
BVPS (IDR)	3,759	4,073	4,365	5,502
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	10.1x	10.1x	9.9x	9.8x
P/BV	1.32x	1.50x	1.56x	1.36x
P/Op. Revenue	3.0x	3.2x	3.3x	3.4x
DPS (IDR)	196	241	291	346
<i>Dividend yield</i>	3.95%	3.96%	4.28%	4.61%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer



Company Report | November. 7, 2023

Buy

Target Price (IDR)	6,100
Consensus Price (IDR)	5,661
TP to Consensus Price	+7.7%
Potential Upside	+22.7%

Shares data

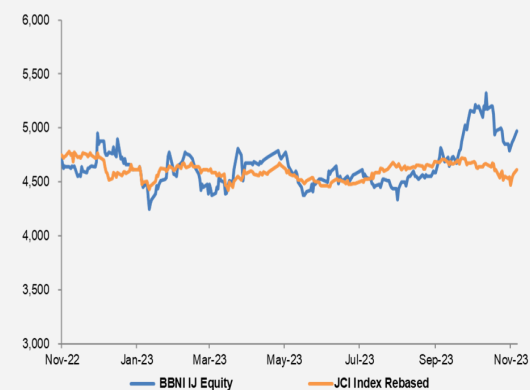
Last Price (IDR)	4,970
Price date as of	November 6, 2023
52 wk range (Hi/Lo)	5,425 / 4,212
Free float (%)	39.95
Outstanding sh.(mn)	37,297
Market Cap (IDR bn)	185,368
Market Cap (USD mn)	11,920
Avg. Trd Vol - 3M (mn)	57.10
Avg. Trd Val - 3M (bn)	276.11
Foreign Ownership	17.98%

Financial Services

Banking

Bloomberg	BBNI IJ
Reuters	BBNI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	7.8%	-4.4%	10.4%	7.2%
Rel. Ret.	7.7%	-3.9%	11.1%	10.7%

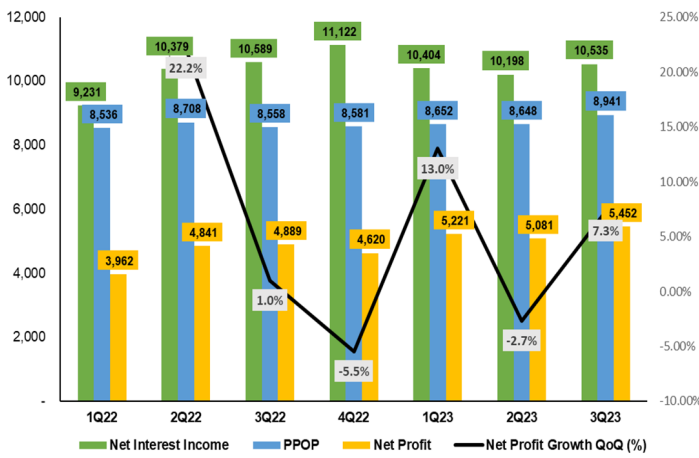
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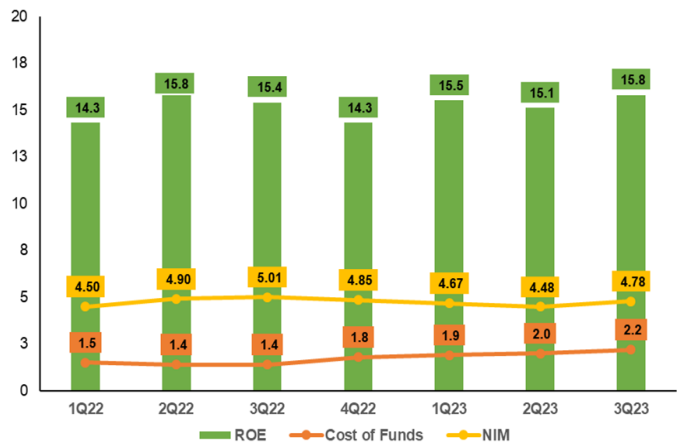
Performance Highlights

Financial Performance (IDR Billion)



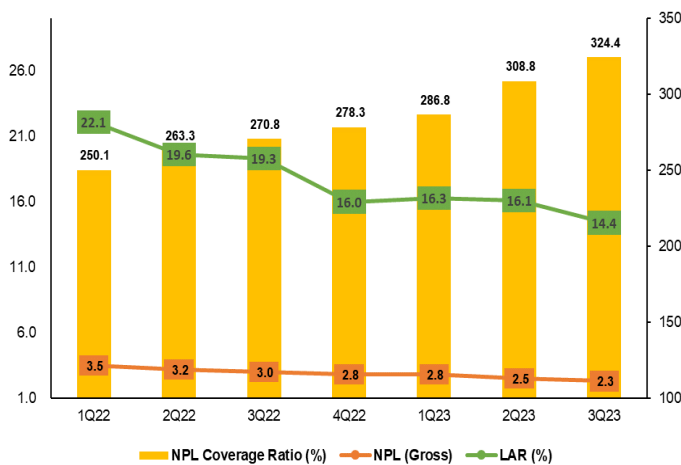
Source: Company, NHKSI Research

Profitability Ratios (%)



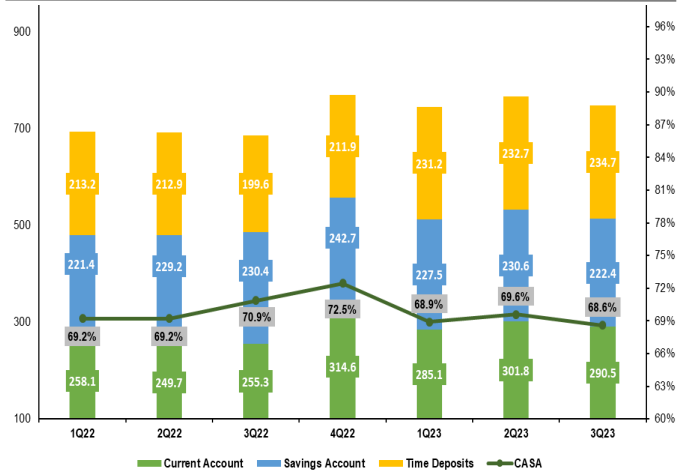
Source: Company, NHKSI Research

Asset Quality



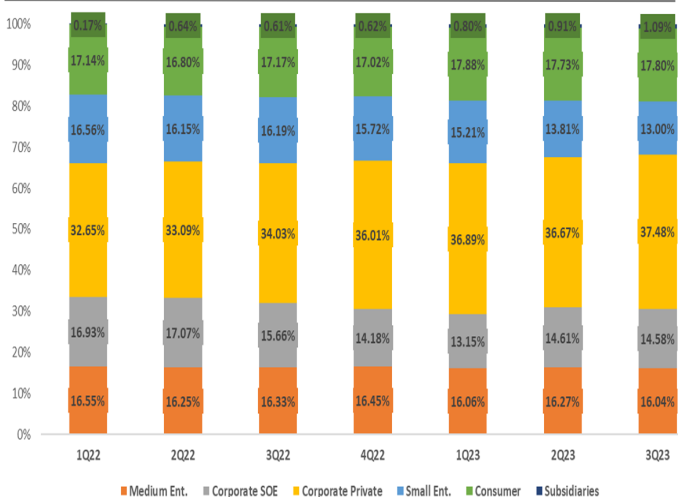
Source: Company, NHKSI Research

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					PROFITABILITY & STABILITY				
(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F		2022/12A	2023/12F	2024/12F	2025/12F
Interest Income	54,659	64,589	69,607	74,664	ROE	13.7%	15.4%	16.2%	15.6%
<i>Growth (% y/y)</i>	9.3%	18.2%	7.8%	7.3%	ROA	1.8%	2.1%	2.2%	2.2%
Interest Expenses	(13,338)	(14,612)	(15,829)	(17,272)	Non-Int. Inc. /Op. Rev	32.8%	29.7%	30.5%	30.4%
Net Interest Income	41,321	49,977	53,778	57,392	Cost/Income	44.0%	45.0%	45.1%	45.0%
<i>Net Interest Margin</i>	4.5%	5.1%	5.1%	5.0%	Cash Dividend (IDR bn)	7,325	9,004	10,848	12,908
Net Fee Income	9,738	11,159	12,570	13,149	Dividend Yield (%)	4.0%	4.0%	4.3%	4.6%
Trading Income	2,944	2,916	3,458	3,925	Payout Ratio (%)	40.0%	40.0%	42.5%	45.0%
Other Operating Income	7,469	7,000	7,532	8,039	Loan/Deposits	82.4%	81.1%	79.4%	78.5%
Operating Revenue	61,472	71,053	77,339	82,505	Loan/Assets	62.7%	61.9%	60.8%	58.9%
Operating Expenses	(27,059)	(31,961)	(34,875)	(37,131)	NPL	2.8%	2.7%	2.6%	2.4%
Pre-provisioning OP	34,413	39,092	42,464	45,374	Loan Loss Res./Loan	7.8%	7.7%	7.1%	6.6%
Provision for Impairment	(11,514)	(10,371)	(9,907)	(8,805)	CASA/Deposits	72.4%	74.2%	76.1%	77.8%
EBT	22,687	28,480	32,295	36,290	Time Deposits/Deposits	27.6%	25.8%	23.9%	22.2%
Income Tax	(4,205)	(5,696)	(6,459)	(7,258)	Par Value (IDR)	375	375	375	375
Non-controlling Interest	(170)	(273)	(310)	(348)	Total Shares (mn)	37,297	37,297	37,297	37,297
Net Profit	18,312	22,511	25,526	28,684	Share Price (IDR)	4,970	6,100	6,800	7,500
<i>Growth (% y/y)</i>	68.0%	22.9%	13.4%	12.4%	Market Cap (IDR tn)	185.4	227.5	253.6	279.7

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F		2022/12A	2023/12F	2024/12F	2025/12F
Cash	13,448	24,352	64,469	76,031	Price /Earnings	10.1x	10.1x	9.9x	9.8x
Placement in Banks	150,413	166,541	188,523	233,699	Price /Book Value	1.3x	1.5x	1.6x	1.4x
Net Loans	595,854	640,585	668,906	691,131	Price/Op. Revenue	3.0x	3.2x	3.3x	3.4x
Investment	167,087	179,572	187,379	236,710	PE/EPS Growth	0.1x	0.4x	0.7x	0.8x
Fixed Asset	26,549	28,027	28,539	29,093	EV/Operating Revenue	3.8x	3.9x	4.0x	4.2x
Other Assets	76,485	81,103	87,859	94,299	EV/PPOP	6.8x	7.1x	7.3x	7.6x
Total Assets	1,029,837	1,120,180	1,225,675	1,360,962	EV (IDR bn)	234,066	277,315	311,067	342,901
Deposits	784,514	855,643	938,269	1,020,787	Op. Rev. CAGR (3-Yr)	8.7%	11.0%	14.1%	13.9%
Debt	57,764	60,965	67,969	73,339	EPS CAGR (3-Yr)	7.7%	13.5%	98.2%	38.1%
Other liabilities	47,361	51,656	56,644	61,625	Basic EPS (IDR)	491	604	684	769
Total Liabilities	889,639	968,263	1,062,882	1,155,752	Diluted EPS (IDR)	491	604	684	769
Capital Stock & APIC	26,064	26,064	26,064	26,064	BVPS (IDR)	3,759	4,073	4,365	5,502
Retained Earnings	94,060	102,313	112,521	152,872	Op. Revenue PS (IDR)	1,648	1,905	2,074	2,212
Shareholders' Equity	140,198	151,917	162,793	205,210	DPS (IDR)	196	241	291	346

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F	By Geography	% Shareholders	%	
Operating Cash Flow	17,859	10,589	25,451	9,315	Indonesia	82.02	Republic of Indonesia	60.00
Investing Cash Flow	(23,341)	(68,477)	(64,783)	(74,801)	United States	6.79	Norges Bank	1.91
Financing Cash Flow	89,024	68,792	79,450	77,047	Luxembourg	3.34	Vanguard Group	1.74
Net Changes in Cash	83,541	10,904	40,117	11,561	Others	7.85	Others	36.35

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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