

20 August 2021
 Banking, Equity

Price IDR. 5,300
 Target Price IDR. 6,230
 JKSE Index 5,992.32

Bank Negara Indonesia Tbk, Indonesia, Jakarta:BBNI, 15



Stock Code
 Bloomberg code BBNI IJ
 Market cap (IDR.bn) 103,500B
 52-Week High (IDR) 7,950
 52-Week Low (IDR) 2,970
 6-m Avg Daily. Val (IDR) 5,462
 Free Float (%) 60.00

Major Shareholders (%)
 Government RI 60.00%
 Public 40.00%

USD/IDR-YE
 2020A 14,050
 2021F (6M Avg) 14,225

Key Indicators
 Non Performing Loan (x) 3.10
 Net Interest Margin (x) 4.18

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Investment Consideration Strong profit and NIM

In 1H21. BBNI posted a net profit of Rp 5 trillion, up by 12.8% YoY. PPOP rose significantly by 24.4% YoY while there was a fairly high provision expense which increased 36.2% YoY in anticipation of high NPLs. Interest income decreased slightly in line with lower benchmark interest rates and deferred income from restructured loans. NIM remained solid at 4.9% as the Cost Of Funds decreased by 1.2% YoY due to a cut in Time Deposit rates.

Lower target loan growth

Loans grew by 4.5% YoY driven by Corporate Private up 7.9%YoY, Small (including KUR) up 20.6% YoY, and Payroll Loans up by 19.6% YoY. The laggards were Corporate SOEs which declined -8.1% YoY and medium business loans which were down by -3.3% YoY. BNI has lowered its target growth rate to 5-7% from 6-9% YoY at the end of 2021. Third party funds growth was the same as loan growth at 4.5% YoY driven by CASA with current accounts increasing by 11.7% YoY and savings accounts by 11.4% YoY. The loan to Deposit Ratio was unchanged at 87.8%.

Asset quality has improved

Non-Performing loans improved on a quarterly basis to 3.9% from 4.1% in 1Q21 and 4.3% in 4Q20. But were still higher than a year ago, 2Q20, which was 3%. Restructured loans decreased to 14% of total loans (from 15% in 1Q21), with approximately 7% in the high-risk category. LAR decreased to 25.8%. LAR coverage ratio increased to 32.9% from 30.7% in 1Q21.

Valuation: 18% Upside, Hold.

Based on our DDM Valuation, we have a target price within one year of IDR 6,230 or trading at 1.0x PBV which gives 18% potential upside, Hold..

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	55.049	60.136	64.691	61.503	64.197	72.735	77.720
Interest Expense	-21.344	-22.978	-26.391	-22.880	-23.376	-26.871	-28.792
Net Interest Income	33.705	37.158	38.299	38.623	40.820	45.863	48.928
Net Operating Income	11.507	11.613	13.712	13.413	11.515	12.078	14.539
Operating Expense	-20.863	-21.783	-23.687	-24.214	-22.424	-24.937	-29.129
PPOP	24.349	26.988	28.325	27.822	29.911	33.005	34.338
Provision Expense	-7.126	-7.388	-8.838	-22.590	-24.885	-27.643	-29.021
Operating Profit	17.223	19.599	19.487	5.231	5.027	5.361	5.317
Profit Before Tax	17.165	19.821	19.369	5.112	4.906	5.240	5.194
Tax Expense	-3.395	-4.729	-3.861	-1.791	-1.348	-1.638	-1.525
Net Profit	13.616	15.015	15.384	3.280	3.475	3.531	3.581
EPS (Rp/Share)	730,2	805,2	825,0	176,1	186,5	189,5	192,2

Chart: Gross Loan (x) YoY

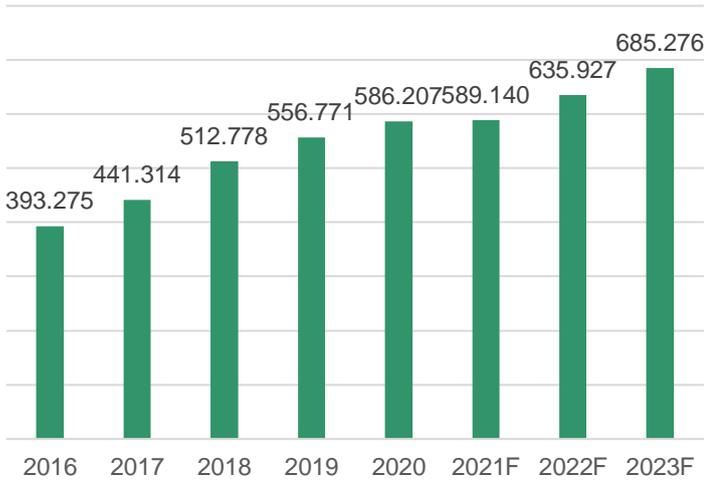


Chart: Customer Deposit (x) YoY

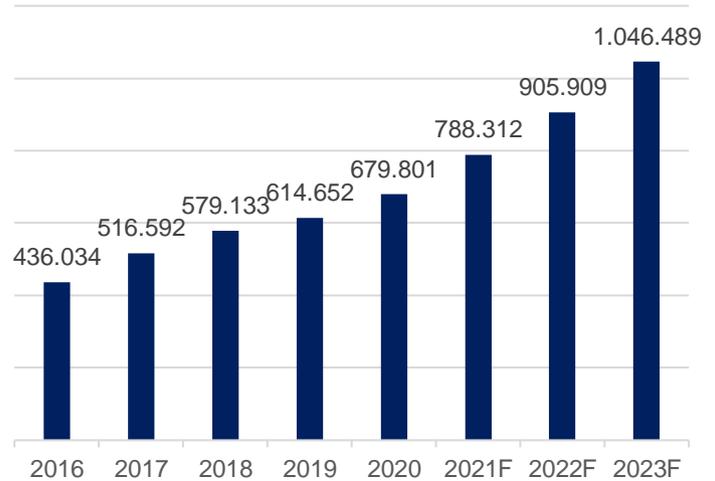


Chart: Profitability (x) YoY

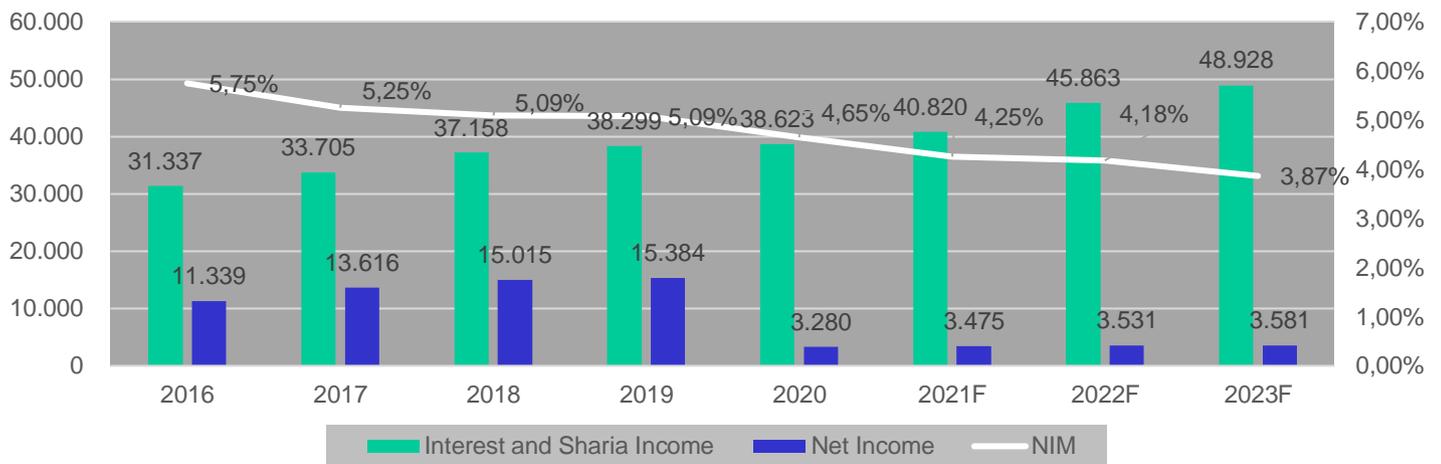


Chart: Net Interest Margin (x) YoY

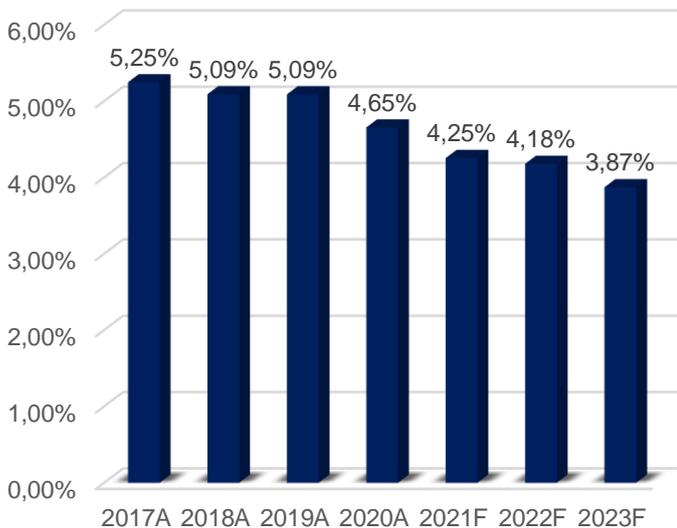


Chart: Loan to Deposit Ratio (x) YoY

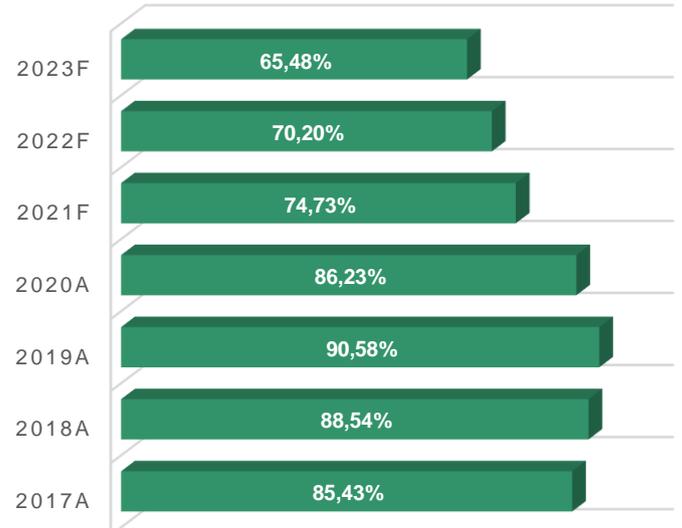


Chart: Net Income (x) QoQ

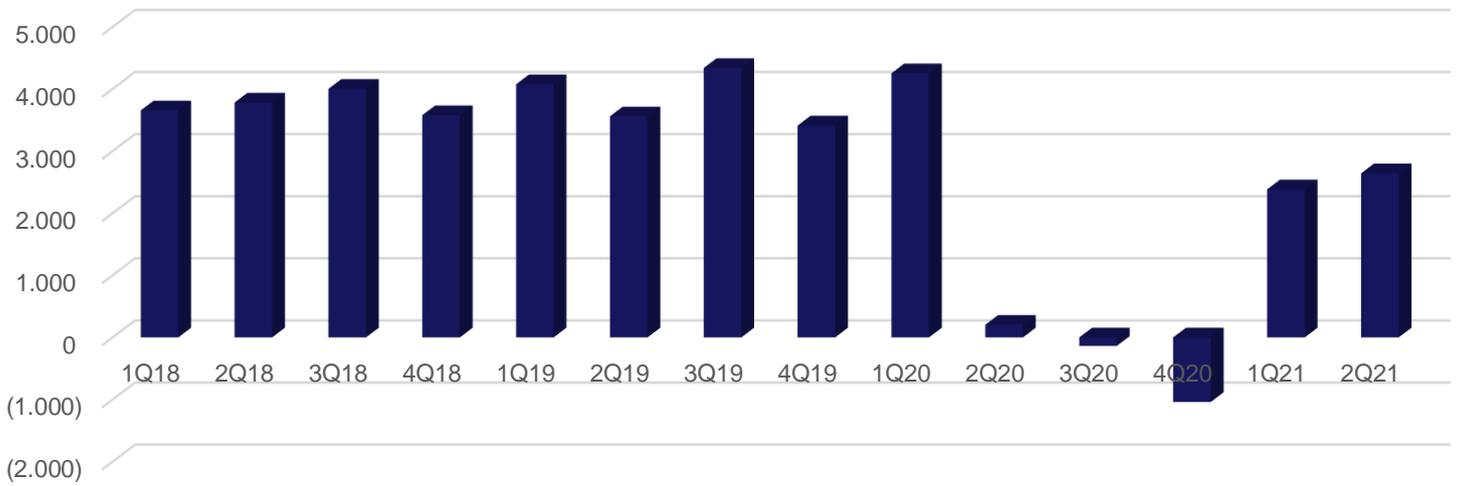


Chart: PPOP (x) QoQ

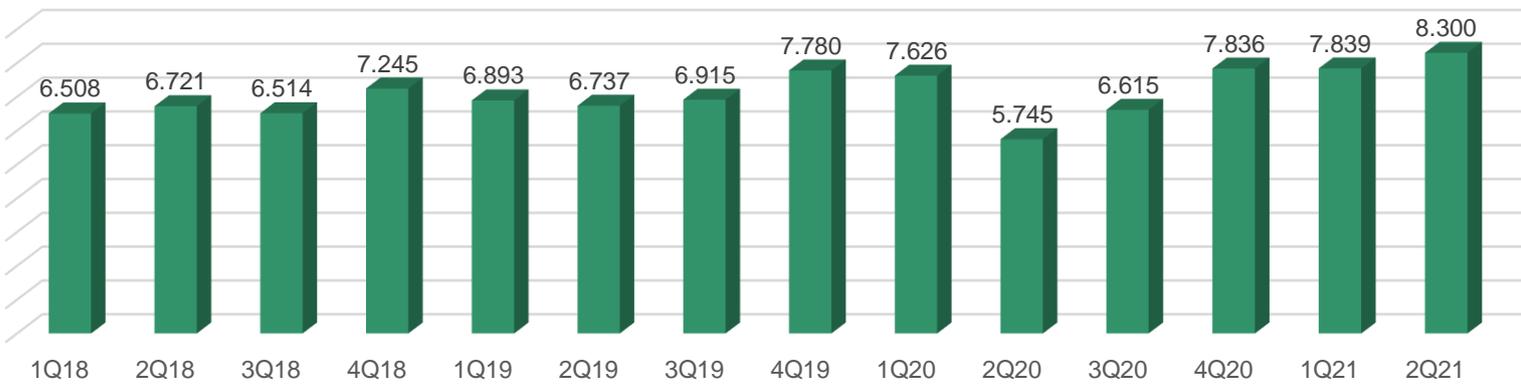
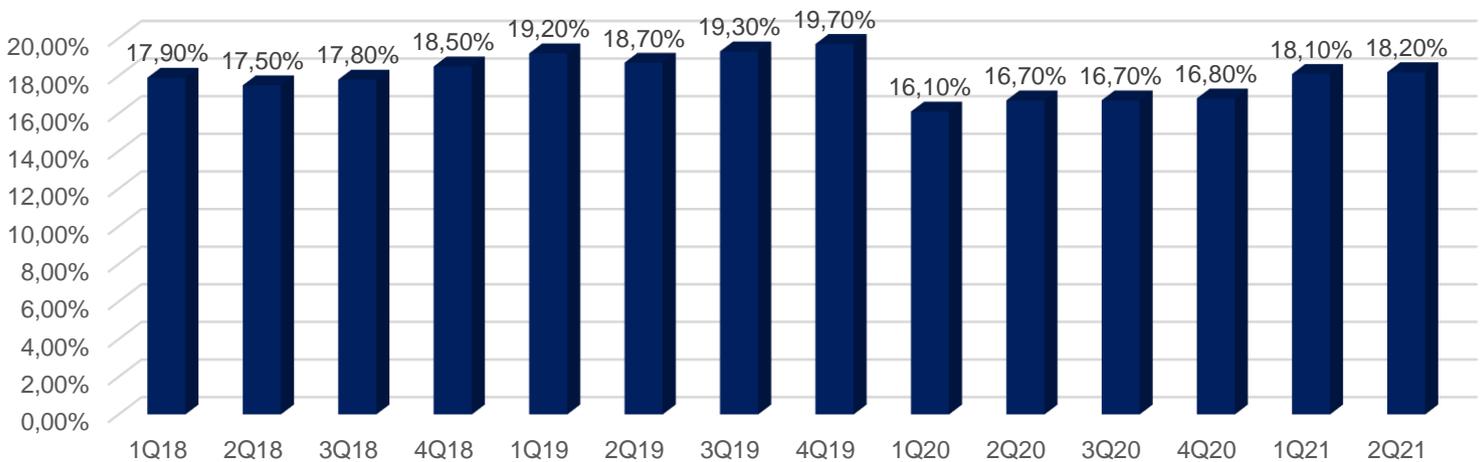


Chart: CAR (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (ldr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Cash and CA with BI	44.278	49.635	52.466	52.390	53.463	49.390	45.076
Interbank Placement	28.593	39.324	47.777	61.329	81.065	106.978	134.809
Marketable Securities	36.050	32.044	27.162	29.687	49.002	58.803	73.273
Gross Loan	441.314	512.778	556.771	586.207	589.140	635.927	685.276
Allowance for Loans	-14.524	-14.892	-16.909	-44.228	-66.240	-86.618	-112.244
Loans-net	426.790	497.887	539.862	541.979	522.901	549.309	573.032
Other Earning Asset	201.244	217.385	209.943	247.192	370.402	462.089	579.017
Non Earning Asset	37.018	43.665	43.334	49.777	56.856	64.861	74.837
Total Asset	709.330	808.572	845.605	891.337	1.003.622	1.125.648	1.271.962
Deposit:							
Current Account	143.184	169.298	207.047	227.487	272.984	325.343	388.510
Saving Account	182.439	206.166	202.417	236.881	269.601	306.140	348.051
Time Deposits	190.969	203.669	205.189	215.433	245.727	274.426	309.928
Other Interest Bearing Liabilities	38.850	58.978	39.634	43.495	46.817	50.392	54.253
Non Interest Bearing Liabilities	52.985	60.087	66.315	55.169	60.877	67.175	74.137
Total Liabilities	608.427	698.198	720.601	778.465	896.006	1.023.477	1.174.879
Total Shareholder's Equity	100.903	110.374	125.004	112.872	107.617	102.171	97.083

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Ratio Highlights

Ratio Analysis	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Profitability & Efficiency							
NIM	5,25%	5,09%	5,09%	4,65%	4,25%	4,18%	3,87%
Cost-to-Income Ratio	46,15%	44,66%	45,54%	46,53%	42,85%	43,04%	45,90%
ROE	13,81%	13,89%	12,56%	2,98%	3,31%	3,55%	3,79%
ROA	1,92%	1,86%	1,82%	0,37%	0,35%	0,31%	0,28%
ROAE		13,85%	13,23%	7,77%	3,14%	3,43%	3,67%
BOPO	52,71%	52,09%	52,60%	32,71%	27,62%	28,49%	31,33%
Cost of Credit	1,61%	1,44%	1,59%	3,85%	-4,22%	-4,35%	-4,23%
Liquidity							
LDR	85,43%	88,54%	90,58%	86,23%	74,73%	70,20%	65,48%
CASA	63,03%	64,83%	66,62%	68,31%	68,83%	69,71%	70,38%
Asset Quality							
Gross NPL	2,26%	1,89%	2,25%	4,26%	4,20%	3,10%	3,24%
Provision Coverage	148,00%	152,90%	133,50%	182,40%	156,27%	157,39%	165,35%
Capital							
CAR	19,40%	18,50%	18,50%	16,80%	17,93%	17,74%	17,49%
Growth							
Loan Growth	11,96%	15,90%	8,12%	5,58%	6,81%	7,94%	7,76%
Deposit Growth	18,48%	12,11%	6,13%	10,60%	15,96%	14,92%	15,52%
Net Income Growth	20,09%	10,27%	2,46%	-78,68%	5,93%	1,61%	1,41%

QoQ Result

Balance Sheet	2Q20	1Q21	2Q21	%QoQ	%YoY
Loan	576.776	559.332	569.735	1,86%	-1,22%
Loan Loss Reserves	-36.542	-46.232	-48.389	4,67%	32,42%
NPL	11.421	23.000	22.400	-2,61%	96,13%
Deposit					
Demand	219.719	232.346	240.854	3,66%	9,62%
Savings	213.526	201.221	209.175	3,95%	-2,04%
Time Deposit	229.294	205.407	196.545	-4,31%	-14,28%
Total Asset	880.124	862.441	875.138	1,47%	-0,57%
Shareholder Equity	109.873	115.143	116.377	1,07%	5,92%

Income Statement	2Q20	1Q21	2Q21	%QoQ	%YoY
Interest Income	15.096	13.992	13.831	-1,15%	-8,38%
Interest Expense	6.229	3.834	4.045	5,50%	-35,06%
Net Interest Income	8.867	10.157	9.786	-3,66%	10,36%
Net Operating Income	2.526	3.284	4.572	39,23%	80,99%
Operating Expense	5.648	5.602	6.058	8,15%	7,27%
PPOP	5.745	7.839	8.300	5,87%	44,46%
Provision Expense	5.196	4.812	4.974	3,37%	-4,27%
Operating Profit	549	3.027	3.326	9,86%	505,39%
Profit Before Tax	507	3.004	3.281	9,23%	546,98%
Tax Expense	269	609	637	4,61%	136,51%
Net Profit	238	2.395	2.644	10,40%	1012,20%

Ratio	2Q20	1Q21	2Q21	QoQ	YoY
Profitability & Efficiency					
NIM	4,50%	4,90%	4,80%	(0,10)	0,30
Cost of Funds	2,90%	1,70%	1,60%	(0,10)	(1,30)
Cost-to-Income Ratio	43,50%	40,60%	40,80%	0,20	(2,70)
ROE	8,70%	9,70%	10,40%	0,70	1,70
ROA	1,40%	1,50%	1,50%	-	0,10
Liquidity					
LDR	87,80%	87,20%	87,80%	0,60	-
CASA	65,20%	67,90%	69,60%	1,70	4,40
Asset Quality					
Gross NPL (Bank only)	3,00%	4,10%	3,90%	(0,20)	0,90
Coverage Ratio	214,10%	200,50%	215,30%	14,80	1,20
Capital					
CAR	16,70%	18,10%	18,20%	0,10	1,50

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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