

8<sup>th</sup> February 2022  
Banking, Equity

Price IDR. 7,500  
Target Price IDR. 8,950  
JKSE Index 6,789.52

### Investment Consideration

#### Strong profit growth

Bank Negara Indonesia (BBNI) recorded a net profit of IDR 10,9 trillion, up significantly 232% YoY beating our estimate by 13%. This was mainly due to a lower effective tax rate of 12.5%. The one-off tax reversal is related to PMK No.18/2021 which means BBNI is eligible for a lower tax rate of 19% in 2022F. Net Interest Income increased to IDR 38.2 trillion up 2.9% YoY supported by a low Cost of Funds of 1.6% from 2.6% in 2020.

#### Focus on corporate, medium and payroll loans

Bank Negara Indonesia (BBNI) recorded a net profit of IDR 10,9 trillion, up significantly 232% YoY beating our estimate by 13%. This was mainly due to a lower effective tax rate of 12.5%. The one-off tax reversal is related to PMK No.18/2021 which means BBNI is eligible for a lower tax rate of 19% in 2022F. Net Interest Income increased to IDR 38.2 trillion up 2.9% YoY supported by a low Cost of Funds of 1.6% from 2.6% in 2020.

#### CASA was the main driver of deposit

Deposit growth of 15.5% YoY was driven by CASA, up 17.1% (Current Accounts +27.3% and Saving Accounts +6.3%) while Time Deposits were up 12% YoY. The CASA ratio was stable at 69.4% which resulted in a significant decrease in Cost of Fund to 1.6%. BBNI reduced time deposits to increase NIM. NIM is forecast to be in a range of 4.6%-4.8%.

#### Improved Asset Quality

In 2021, the Non Performing Loan Ratio improved to 3.7% from 4.3% in 2020 while the Special Mention Loan Ratio declined to 4.7% from 5.1% in 2020. As of Dec 2021, BBNI's restructured loans were down to IDR 72.1 trillion from IDR 78.8 trillion at the end of Sep 2021. Out of the total loans restructured, 89% were still classified in Collectibility 1, while 8.7% were classified as SMLs and 2.3% were classified as NPLs. With the improvement in Asset Quality, BBNI will adjust loan yields to several debtors with maintaining long term relationships and managing asset quality the main priority.

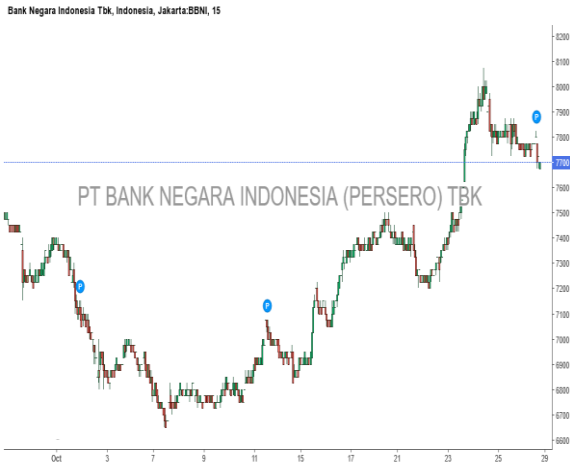
#### Bank Mayora Acquisition

The acquisition of Bank Mayora, which involves a transaction value of IDR 3.5 trillion with a valuation of 2x PBV, will complement BBNI with a digital bank subsidiary that focuses on the SME segment. With this deal BBNI will gain a new digital banking business collaboration while Mayor Bank's NPL is still below 5%.

#### Valuation: 19% Upside, Buy.

Based on our DDM Valuation, we have a target price within one year of IDR 8,950 or trading at 1.3x PBV which gives 19% potential upside, Buy.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Interest Income	55.049	60.136	64.691	61.503	55.913	65.778	88.384	107.350
Interest Expense	-21.344	-22.978	-26.391	-22.880	-16.267	-16.456	-23.848	-28.450
<b>Net Interest Income</b>	<b>33.705</b>	<b>37.158</b>	<b>38.299</b>	<b>38.623</b>	<b>39.646</b>	<b>49.322</b>	<b>64.535</b>	<b>78.899</b>
Net Operating Income	11.507	11.613	13.712	13.413	14.504	12.684	13.578	14.600
Operating Expense	-20.863	-21.783	-23.687	-24.214	-24.801	-24.296	-26.112	-28.078
<b>PPOP</b>	<b>24.349</b>	<b>26.988</b>	<b>28.325</b>	<b>27.822</b>	<b>29.349</b>	<b>37.711</b>	<b>52.002</b>	<b>65.422</b>
Provision Expense	-7.126	-7.388	-8.838	-22.590	-18.297	-17.557	-23.064	-25.412
<b>Operating Profit</b>	<b>17.223</b>	<b>19.599</b>	<b>19.487</b>	<b>5.231</b>	<b>11.052</b>	<b>20.154</b>	<b>28.938</b>	<b>40.010</b>
Profit Before Tax	17.165	19.821	19.369	5.112	10.836	19.936	28.717	39.787
Tax Expense	-3.395	-4.729	-3.861	-1.791	-1.574	-2.891	-4.168	-5.772
<b>Net Profit</b>	<b>13.616</b>	<b>15.015</b>	<b>15.384</b>	<b>3.280</b>	<b>9.183</b>	<b>16.977</b>	<b>24.442</b>	<b>33.894</b>
<b>EPS (Rp/Share)</b>	<b>730,2</b>	<b>805,2</b>	<b>825,0</b>	<b>176,1</b>	<b>492,9</b>	<b>911,2</b>	<b>1.311,8</b>	<b>1.819,1</b>



Stock Code  
Bloomberg code **BBNI IJ**  
Market cap (IDR.bn) **137,533.8B**  
52-Week High (IDR) **7,575**  
52-Week Low (IDR) **4,560**  
6-m Avg Daily. Val (IDR) **5,385**  
Free Float (%) **60%**

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

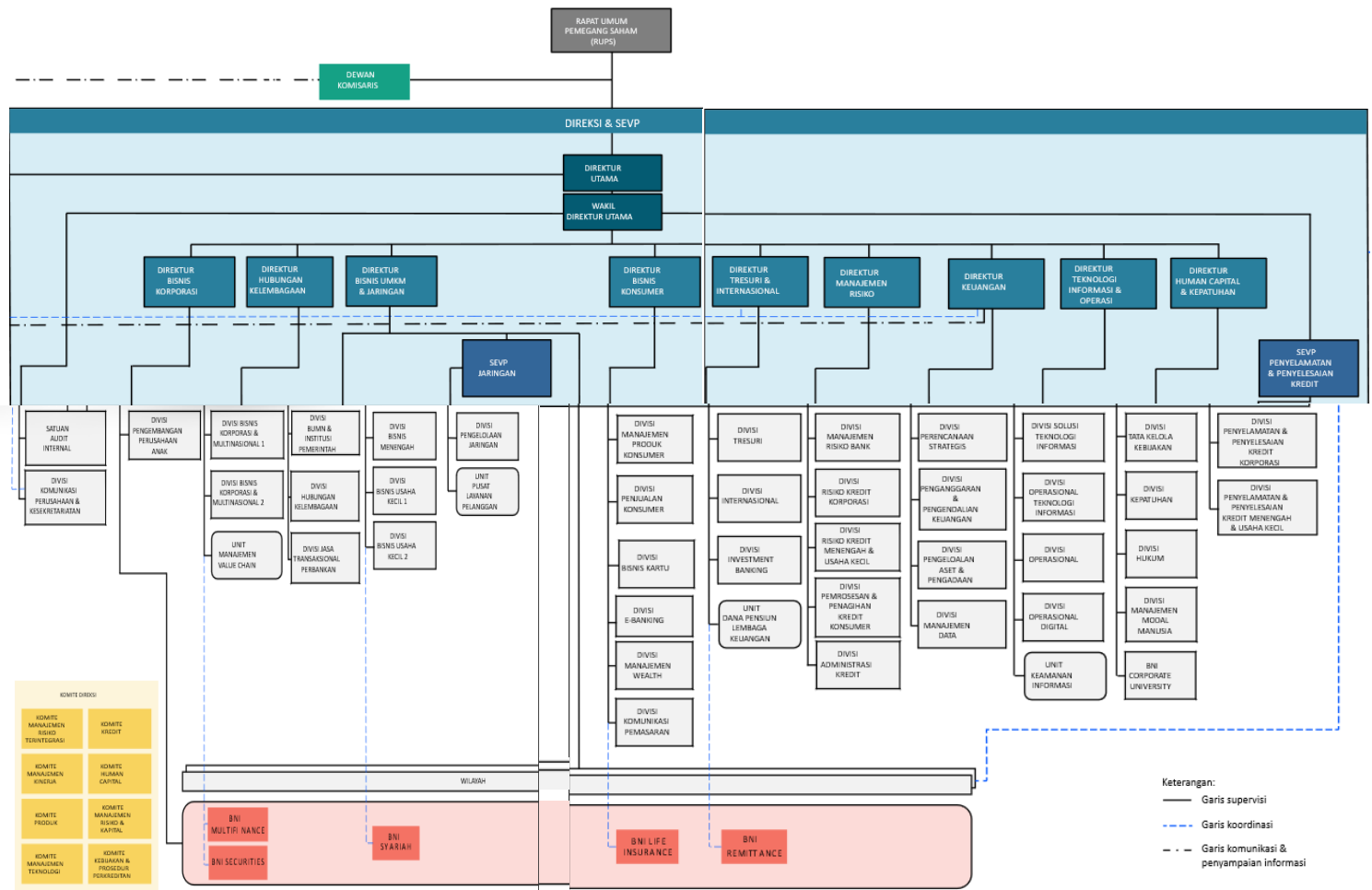
USD/IDR-YE  
2021A **14,278**  
2022F (6M Avg) **14,337**

Key Indicators  
Non Performing Loan (%) **3.10**  
Net Interest Margin (%) **5.05**

**Company Profile**

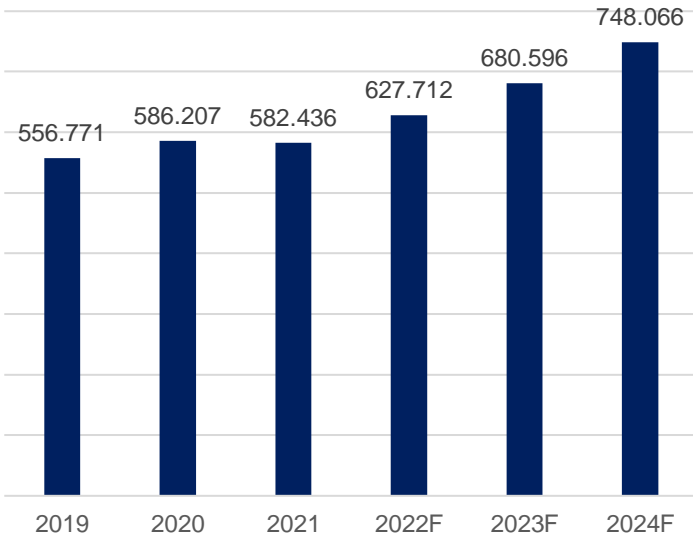
PT Bank Negara Indonesia (Persero), Tbk (hereinafter referred to as "BNI" or "Bank") was originally established in Indonesia as a central bank under the name "Bank Negara Indonesia" based on Government Regulation instead of Law No. 2 of 1946 July 5, 1946. Later, based on Law No. 17 of 1968, BNI was designated "Bank Negara Indonesia 1946", and its status became a State-Owned Commercial Bank. BNI's role as a Bank, mandated to improve the people's economy and participate in national development was confirmed by Law No. 17 of 1968 concerning Bank Negara Indonesia 1946. BNI is the first state-owned bank to become a public company after listing its shares on the Jakarta Stock Exchange and the Surabaya Stock Exchange in 1996. To strengthen its financial structure and competitiveness in the national banking industry, BNI conducted some corporate actions, including a recapitalization by the government in 1999, and later a divestment of the Government shares in 2007, and a limited public offering in 2010.

**Company Structure**

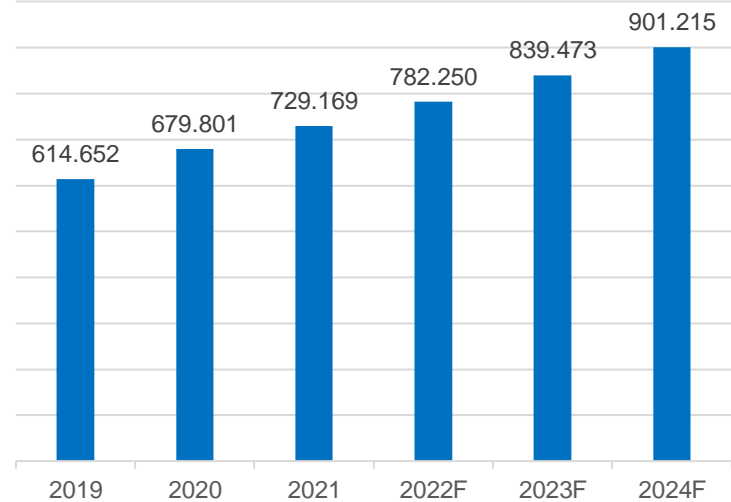


Source: Company

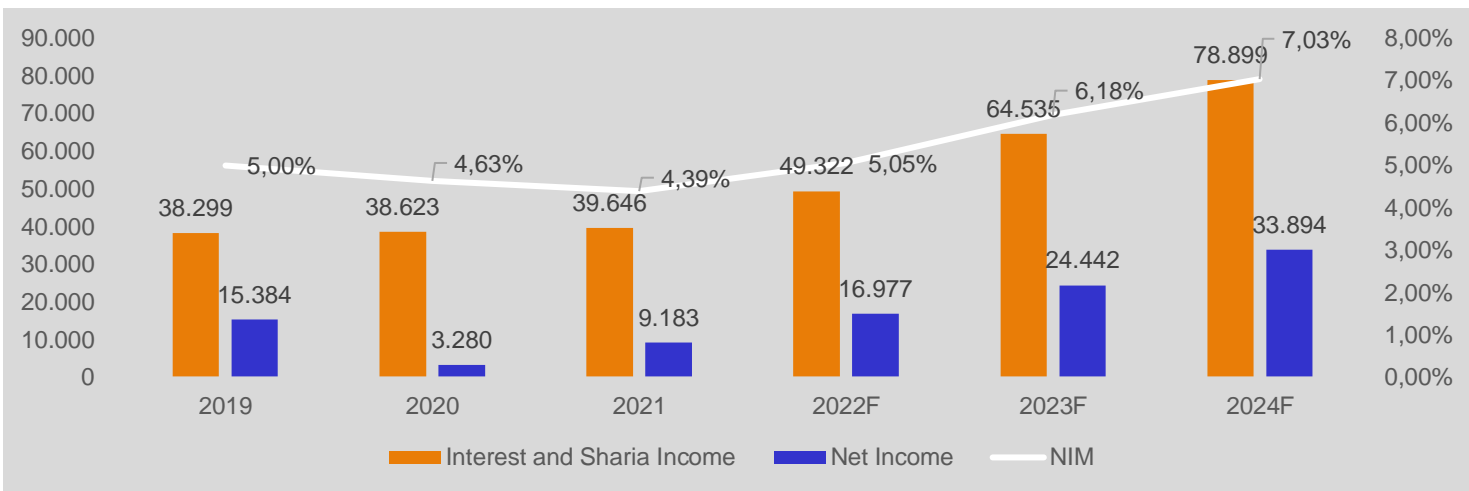
**Chart: Gross Loan (x) YoY**



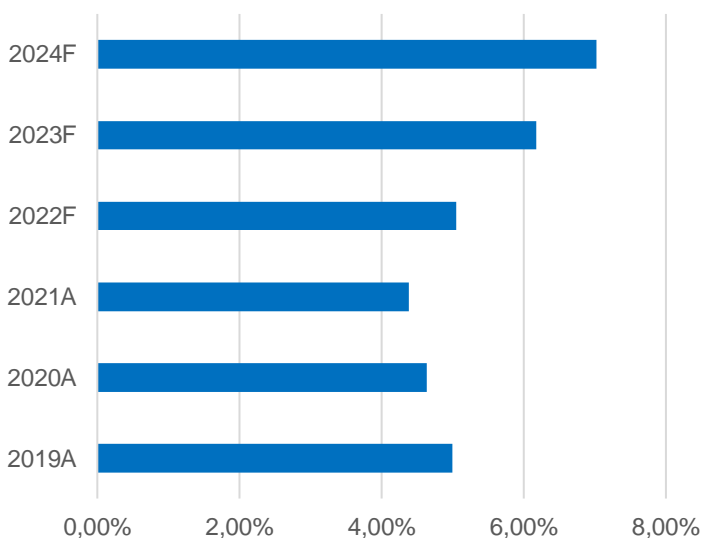
**Chart: Customer Deposit (x) YoY**



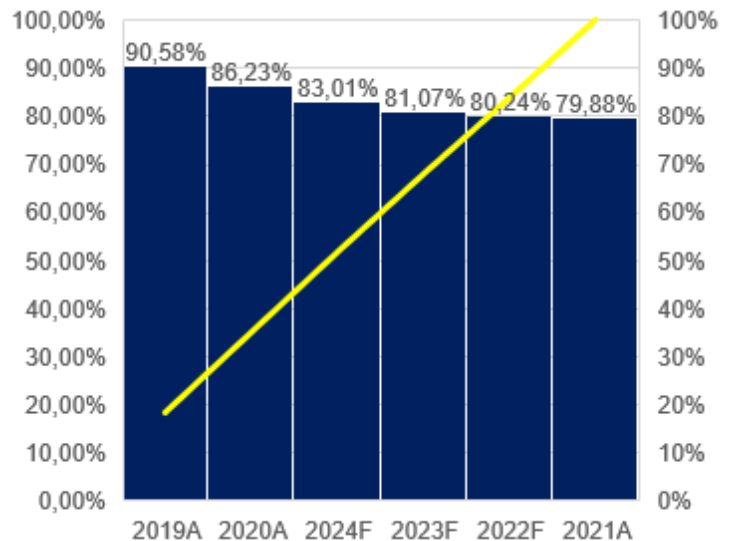
**Chart: Profitability (x) YoY**



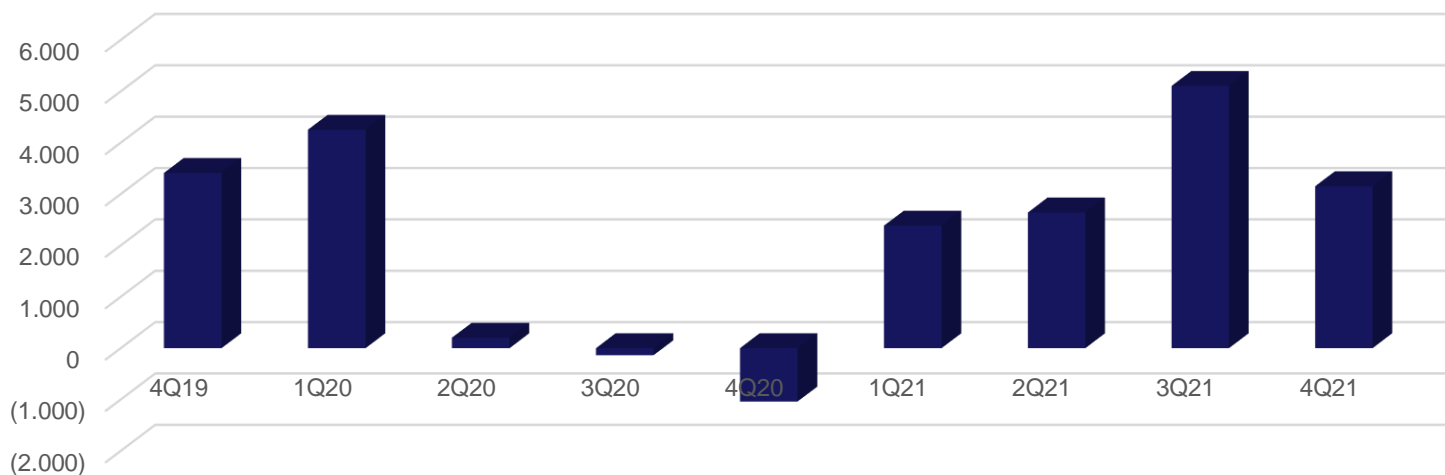
**Chart: Net Interest Margin (x) YoY**



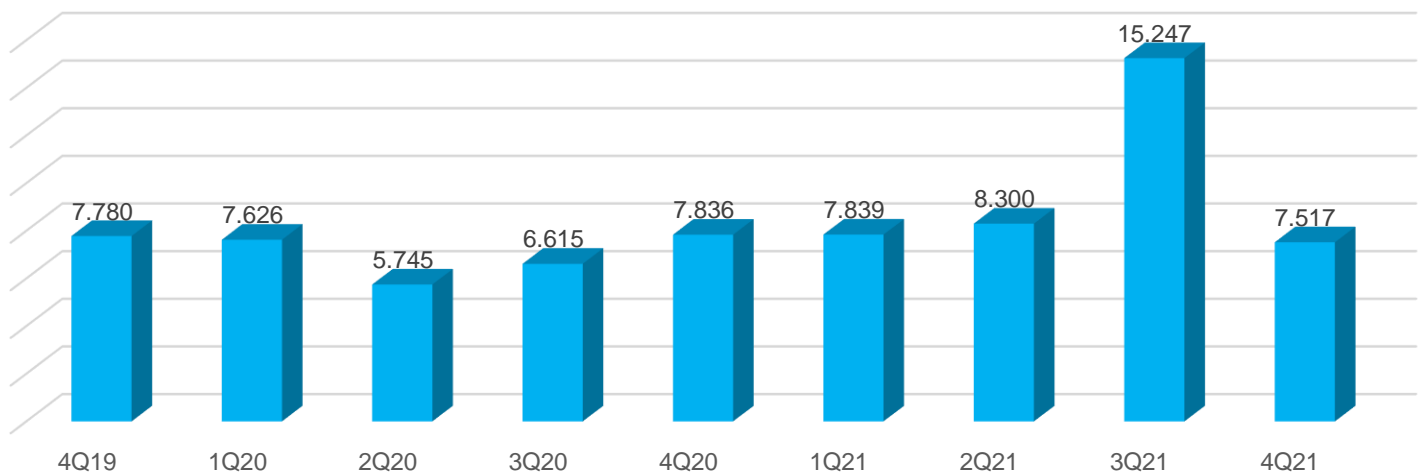
**Chart: Loan to Deposit Ratio (x) YoY**



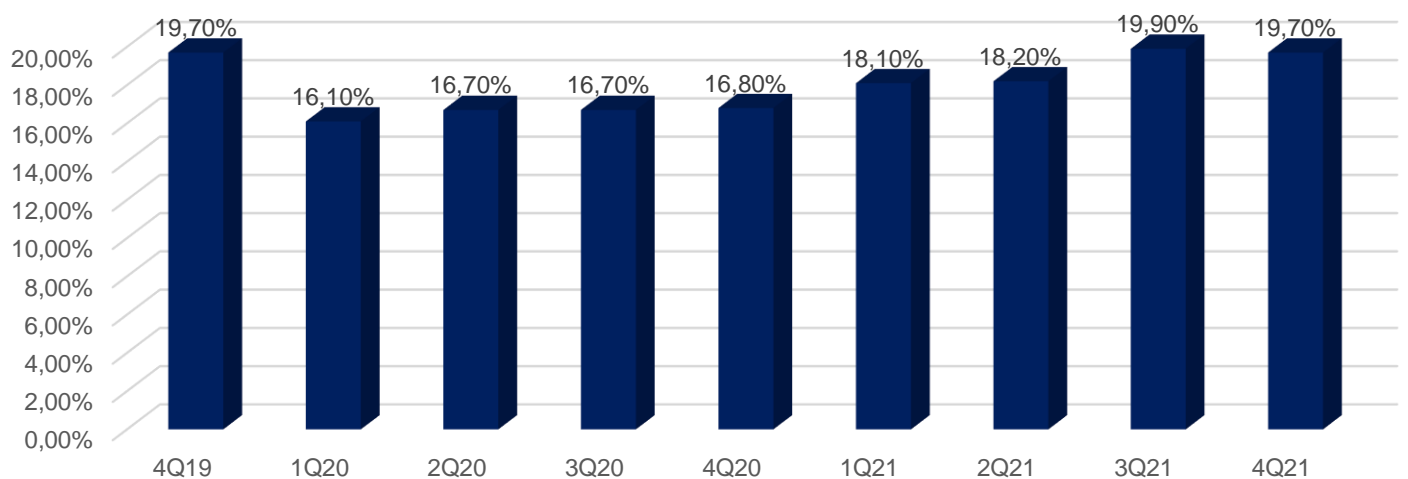
**Chart: Net Income (x) QoQ**



**Chart: PPOP (x) QoQ**



**Chart: CAR (x) QoQ**



**Balance Sheet (IDR.bn)**

Balance sheet (Idr bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Cash and CA with BI	44.278	49.635	52.466	52.390	62.366	66.404	77.028	63.201
Interbank Placement	28.593	39.324	47.777	61.329	92.290	88.510	95.790	105.012
Marketable Securities	36.050	32.044	27.162	29.687	25.803	38.258	40.027	45.005
Gross Loan	441.314	512.778	556.771	586.207	582.436	627.712	680.596	748.066
Allowance for Loans	-14.524	-14.892	-16.909	-44.228	-50.295	-58.567	-63.903	-62.154
Loans-net	426.790	497.887	539.862	541.979	532.141	569.145	616.694	685.912
Other Earning Asset	201.244	217.385	209.943	247.192	321.221	348.015	363.878	375.043
Non Earning Asset	37.018	43.665	43.334	49.777	49.110	55.484	59.513	78.618
<b>Total Asset</b>	<b>709.330</b>	<b>808.572</b>	<b>845.605</b>	<b>891.337</b>	<b>964.838</b>	<b>1.039.048</b>	<b>1.117.113</b>	<b>1.202.774</b>
Deposit:								
Current Account	143.184	169.298	207.047	227.487	281.398	314.322	350.469	397.782
Saving Account	182.439	206.166	202.417	236.881	224.670	235.903	247.698	255.129
Time Deposits	190.969	203.669	205.189	215.433	223.101	232.025	241.306	248.304
Other Interest Bearing Liabilities	38.850	58.978	39.634	43.495	64.556	69.643	75.182	80.826
Non Interest Bearing Liabilities	52.985	60.087	66.315	55.169	44.593	48.665	52.998	57.562
<b>Total Liabilities</b>	<b>608.427</b>	<b>698.198</b>	<b>720.601</b>	<b>778.465</b>	<b>838.318</b>	<b>900.558</b>	<b>967.653</b>	<b>1.039.603</b>
<b>Total Shareholder's Equity</b>	<b>100.903</b>	<b>110.374</b>	<b>125.004</b>	<b>112.872</b>	<b>126.520</b>	<b>138.490</b>	<b>149.460</b>	<b>163.171</b>

**Income Statement (IDR.bn)**

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Interest Income	55.049	60.136	64.691	61.503	55.913	65.778	88.384	107.350
Interest Expense	-21.344	-22.978	-26.391	-22.880	-16.267	-16.456	-23.848	-28.450
<b>Net Interest Income</b>	<b>33.705</b>	<b>37.158</b>	<b>38.299</b>	<b>38.623</b>	<b>39.646</b>	<b>49.322</b>	<b>64.535</b>	<b>78.899</b>
Net Operating Income	11.507	11.613	13.712	13.413	14.504	12.684	13.578	14.600
Operating Expense	-20.863	-21.783	-23.687	-24.214	-24.801	-24.296	-26.112	-28.078
<b>PPOP</b>	<b>24.349</b>	<b>26.988</b>	<b>28.325</b>	<b>27.822</b>	<b>29.349</b>	<b>37.711</b>	<b>52.002</b>	<b>65.422</b>
Provision Expense	-7.126	-7.388	-8.838	-22.590	-18.297	-17.557	-23.064	-25.412
Operating Profit	17.223	19.599	19.487	5.231	11.052	20.154	28.938	40.010
Profit Before Tax	17.165	19.821	19.369	5.112	10.836	19.936	28.717	39.787
Tax Expense	-3.395	-4.729	-3.861	-1.791	-1.574	-2.891	-4.168	-5.772
<b>Net Profit</b>	<b>13.616</b>	<b>15.015</b>	<b>15.384</b>	<b>3.280</b>	<b>9.183</b>	<b>16.977</b>	<b>24.442</b>	<b>33.894</b>
<b>EPS (Rp/Share)</b>	<b>730,2</b>	<b>805,2</b>	<b>825,0</b>	<b>176,1</b>	<b>492,9</b>	<b>911,2</b>	<b>1.311,8</b>	<b>1.819,1</b>

**Ratio Highlights**

Ratio Analysis	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F
<b>Profitability &amp; Efficiency</b>								
NIM	5,25%	5,09%	5,00%	4,63%	4,39%	5,05%	6,18%	7,03%
Cost-to-Income Ratio	46,15%	44,66%	45,54%	46,53%	45,80%	39,18%	33,43%	30,03%
ROE	13,81%	13,89%	12,56%	2,98%	7,42%	12,51%	16,66%	21,13%
ROA	1,92%	1,86%	1,82%	0,37%	0,95%	1,63%	2,19%	2,82%
ROAE		13,85%	13,23%	7,77%	5,20%	9,97%	14,59%	18,90%
BOPO	52,71%	52,09%	52,60%	32,71%	32,34%	29,56%	26,38%	25,52%
Cost of Credit	1,61%	1,44%	1,59%	3,85%	3,14%	2,80%	3,39%	3,40%
<b>Liquidity</b>								
LDR	85,43%	88,54%	90,58%	86,23%	79,88%	80,24%	81,07%	83,01%
CASA	63,03%	64,83%	66,62%	68,31%	69,40%	70,34%	71,26%	72,45%
<b>Asset Quality</b>								
Gross NPL	2,26%	1,89%	2,25%	4,26%	3,71%	3,10%	3,68%	3,38%
Provision Coverage	102,46%	100,25%	94,73%	138,52%	168,93%	170,00%	172,00%	171,00%
<b>Capital</b>								
CAR	19,40%	18,50%	18,50%	16,80%	19,70%	19,72%	19,71%	19,72%
<b>Growth</b>								
Loan Growth	11,96%	15,90%	8,12%	5,58%	5,38%	7,98%	8,42%	9,91%
Deposit Growth	18,48%	12,11%	6,13%	10,60%	7,26%	7,28%	7,32%	7,35%
Net Income Growth	20,09%	10,27%	2,46%	-78,68%	179,94%	84,87%	43,97%	38,67%

**QoQ Result**

Balance Sheet	4Q20	3Q21	4Q21	%QoQ	%YoY
Loan	586.207	570.643	582.436	2,07%	-0,64%
Loan Loss Reserves	-44.228	-49.365	-50.295	1,88%	13,72%
NPL	27.173	21.700	21.539	-0,74%	-20,73%
Deposit					
Demand	227.487	252.834	281.398	11,30%	23,70%
Savings	236.881	212.899	224.670	5,53%	-5,16%
Time Deposit	215.433	202.821	223.101	10,00%	3,56%
<b>Total Asset</b>	<b>891.337</b>	<b>919.448</b>	<b>964.838</b>	<b>4,94%</b>	<b>8,25%</b>
<b>Shareholder Equity</b>	<b>110.193</b>	<b>119.579</b>	<b>123.738</b>	<b>3,48%</b>	<b>12,29%</b>

Income Statement	4Q20	3Q21	4Q21	%QoQ	%YoY
Interest Income	16.005	29.217	14.579	-50,10%	-8,91%
Interest Expense	5.026	7.747	4.474	-42,25%	-10,97%
<b>Net Interest Income</b>	<b>10.979</b>	<b>21.470</b>	<b>10.105</b>	<b>-52,93%</b>	<b>-7,96%</b>
Net Operating Income	3.700	5.676	4.256	-25,01%	15,03%
Operating Expense	6.844	11.899	6.844	-42,48%	0,00%
<b>PPOP</b>	<b>7.836</b>	<b>15.247</b>	<b>7.517</b>	<b>-50,70%</b>	<b>-4,06%</b>
Provision Expense	8.614	8.823	4.500	-49,00%	-47,76%
<b>Operating Profit</b>	<b>-778</b>	<b>6.424</b>	<b>3.018</b>	<b>-53,03%</b>	<b>-487,85%</b>
Profit Before Tax	-824	6.356	2.914	-54,14%	-453,81%
Tax Expense	199	1.227	-290	-123,66%	-245,75%
<b>Net Profit</b>	<b>-1.023</b>	<b>5.129</b>	<b>3.205</b>	<b>-37,51%</b>	<b>-413,30%</b>

Ratio	4Q20	3Q21	4Q21	QoQ	YoY
<b>Profitability &amp; Efficiency</b>					
NIM	4,50%	4,60%	4,40%	(0,20)	(0,10)
Cost of Funds	2,60%	1,54%	1,54%	-	(1,06)
ROE	2,90%	10,70%	10,80%	0,10	7,90
ROA	0,50%	1,60%	1,20%	(0,40)	0,70
<b>Liquidity</b>					
LDR	87,30%	85,10%	79,70%	(5,40)	(7,60)
CASA	68,50%	69,70%	69,40%	(0,30)	0,90
<b>Asset Quality</b>					
Gross NPL (Bank only)	4,30%	3,80%	3,70%	(0,10)	(0,60)
Coverage Ratio	182,40%	226,80%	233,40%	6,60	51,00
<b>Capital</b>					
CAR	16,80%	19,90%	19,70%	(0,20)	2,90

**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.

**RESEARCH TEAM  
(62-21) 520-6678 ext.612**

*Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.*