

Investment Consideration

Net Income Growth of 15% YoY

In 9M-2023, BBNI generated IDR 15.75 trillion in net income, a 15.05% YoY growth compared to 9M-2022. Despite this, the Q3 NIM ratio experienced a YoY decline of 23 bps to 4.78%, attributed to a surge in interest expenses of 71.08% YoY. However, thanks to other operating income items, such as income from investments in associates (which grew by 22.98% YoY to IDR 0.96 trillion) and a significant decrease in provision expenses by 24.84%, the overall performance remained strong. We forecast that BBNI will continue to gain more profit for FY23, with an expected growth of 17.59% YoY, reaching IDR 21.53 trillion.

Loan Growth Stronger than 1H-2023

As of September 2023, BBNI recorded IDR 671.37 billion for its consolidated loan portfolio, a 7.83% increase compared to 9M-2023, with the growth being 2.94% higher than 1H-2023. Three out of four segments had robust growth, except for the Small loans segment, which experienced a -13.39% YoY decrease. Corporate loans not only emerged as the largest segment but also had the fastest growth, increasing by 12.96% YoY, while other segments such as Consumer and Medium grew by 11.79% and 5.905%, respectively. From an economic sector perspective, Manufacturing became the top contributor, accounting for 24.6% of total loans. In terms of growth, Electricity, Gas & Water experienced the highest annual growth, with a substantial increase of 31.8% YoY. Our forecast is that BBNI will continue its credit expansion, with an anticipated growth of 6.44% as of December 31, 2023.

Improved Asset Quality

BBNI's Bank-Only NPL ratio improved by 70 basis points YoY to 2.30% as of September 2023. The corporate segment, the healthiest and best-performing, decreased by 1.30% YoY to 1.00%. Conversely, the Medium segment, the worst-performing, showed the largest improvement, with the NPL ratio decreasing by 1.50% to 5.40%. Consumer and Small segments had NPL Ratios of 2.00% and 3.90%, respectively. BBNI aims for a further 56-basis points YoY improvement, targeting a NPL ratio of 2.24% by December 31, 2023.

ESG Initiatives

BBNI is strongly committed to ESG implementation in its business, evident in its sustainability portfolio, particularly its bank-only sustainable loans, constituting 27% of the total, reaching IDR 178.9 trillion as of September 2023. The largest share goes to the Socioeconomic Advancement and Empowerment Loans, amounting to IDR 118.3 trillion or 66.13% of the total. BBNI further advanced its sustainability agenda by disbursing a total of USD 314 million through Sustainability Linked Loans to Poultry & Agri-Food Manufactures, Cement, and Steel Manufactures, to reduce water pollution and CO2 emissions.

Valuation: 25% Upside, Buy.

Based on our Multi-Stage DDM valuation, we have set a one-year target price of IDR 6,350, implying a PBV multiple of 1.51x and a potential upside of 25%. Therefore, we recommend a "Buy."

Financial Highlight	2020A	2021A	2022A	2023F
NIM	4.50%	4.67%	4.81%	4.60%
ROA	0.50%	1.40%	2.50%	2.63%
EPS	176.06	585.31	982.49	1,155.52
Gross NPL	4.30%	3.70%	2.80%	2.24%
CAR	17.05%	20.74%	20.57%	23.09%

December 8th, 2023
 Banking, Equity

Price IDR 5,075
 Target Price IDR 6,350
 JKSE Index IDR 7,159.60



Stock Code
 Bloomberg code BBNI IJ
 Market Cap (IDR Bn) 189,284
 52-Week High (IDR) 5,425
 52-Week Low (IDR) 4,212.5
 6-m Avg Daily. Val (IDR) 7,709
 Free Float (%) 39.485

Major Shareholders (%)
 Government RI 60.00
 Public 40.00

USD/IDR-YE
 2022A 14,871.00
 2023F 15,078.58

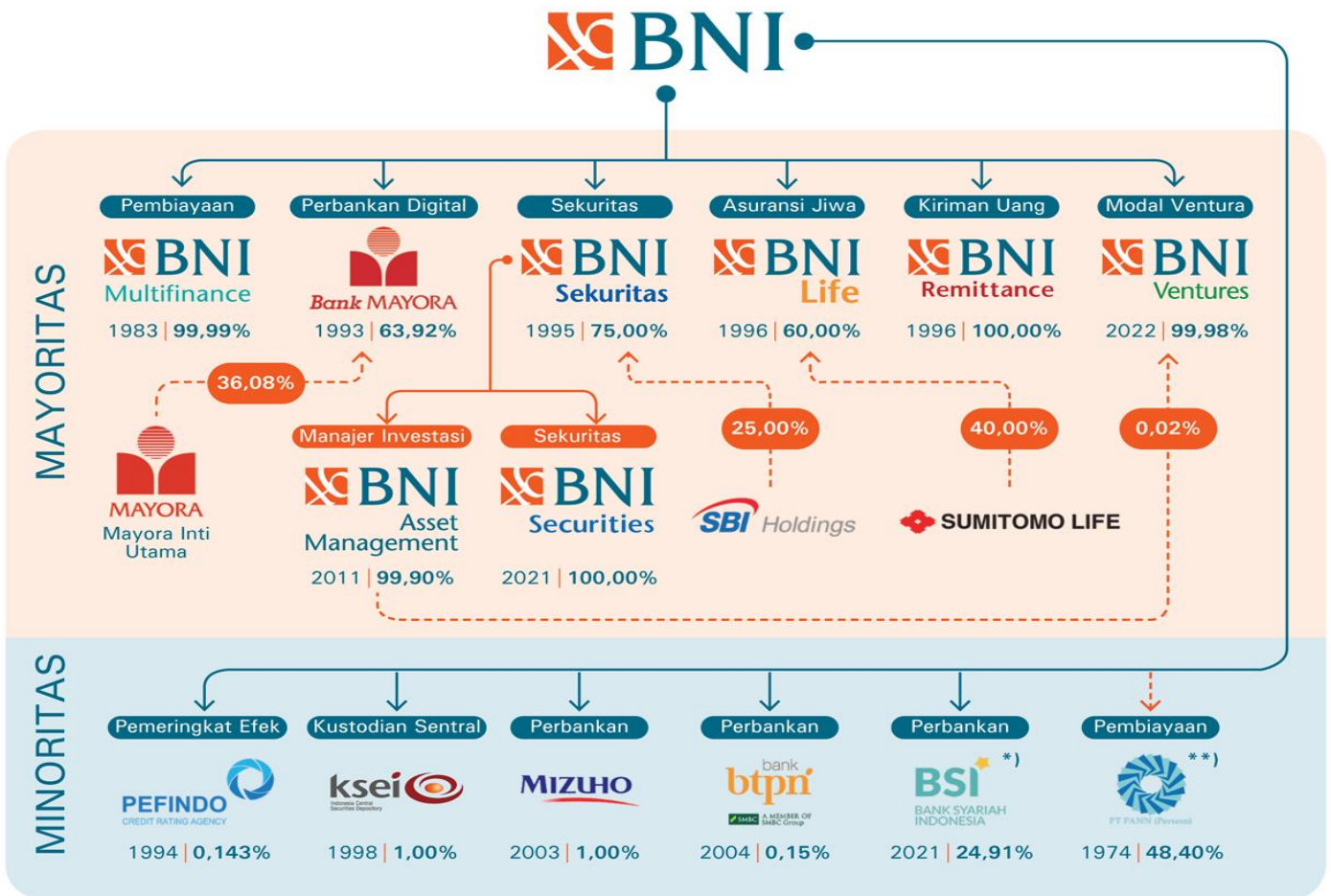
Key Indicators
 Non-Performing Loan(%) 2.24
 Net Interest Margin(%) 4.60

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Company Profile

PT Bank Negara Indonesia (Persero), Tbk, initially founded as the central bank in 1946, transitioned to a State-Owned Commercial Bank in 1968. In 1992, it became a Limited Liability Company (Persero), and in 1996, it became the first State-Owned Enterprise to go public. Over the years, BNI underwent strategic actions like recapitalization, share divestment, and a public offering. Adapting to legal requirements in 2008 and 2015, BNI's Articles of Association were adjusted. Currently, the Indonesian government owns 60% of BNI, with the remaining 40% held by the public. BNI ranks as the fourth-largest national bank in Indonesia, offering diverse financial services through subsidiaries such as BNI Multifinance, BNI Sekuritas, BNI Life Insurance, BNI Ventures, BNI Remittance, and hibank. Providing deposit and loan services to various segments, BNI caters to customers from childhood to retirement.

BNI Group Structure and Subsidiaries Companies



*) Pada tahun 2021, Bank BNI Syariah resmi merger dengan 2 Bank Syariah lainnya menjadi Bank Syariah Indonesia
 **) Penyertaan pada PT PANN (Persero) oleh BNI berupa Penyertaan Sementara

Chart: Gross Loan YoY

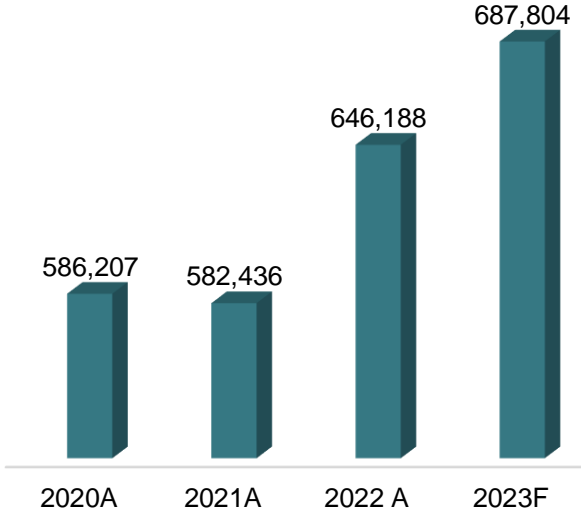


Chart: NPL Ratio (%) YoY

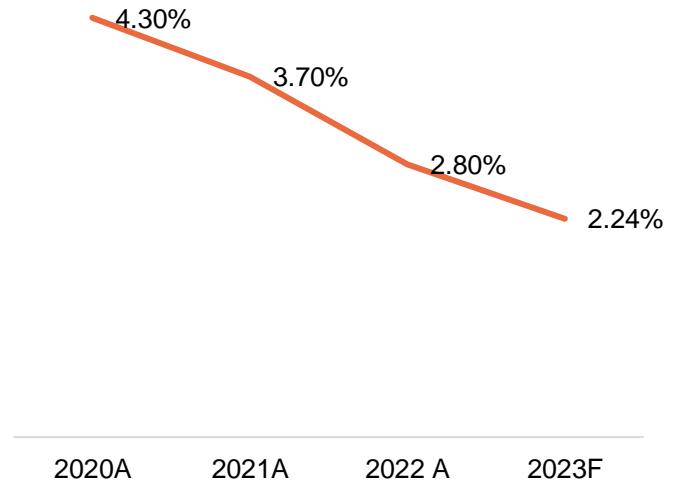


Chart: Profitability YoY

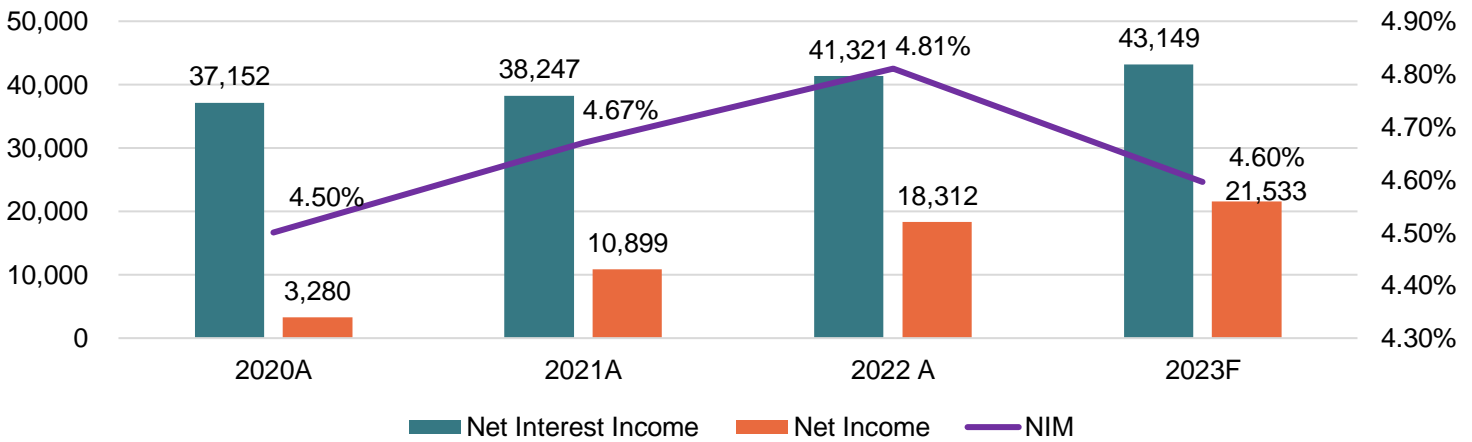


Chart: CASA Ratio (%) YoY

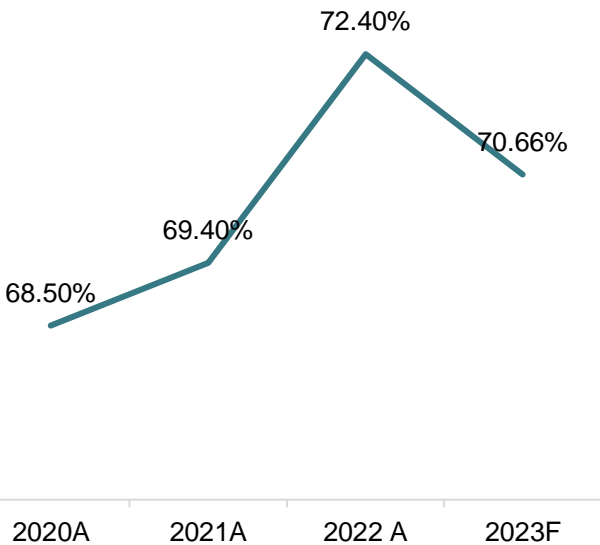


Chart: CAR (%) YoY

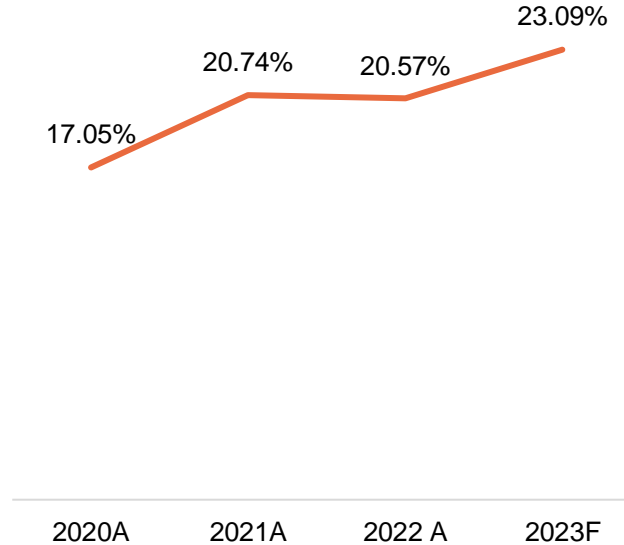


Chart: Net Income (IDR Bn) QoQ

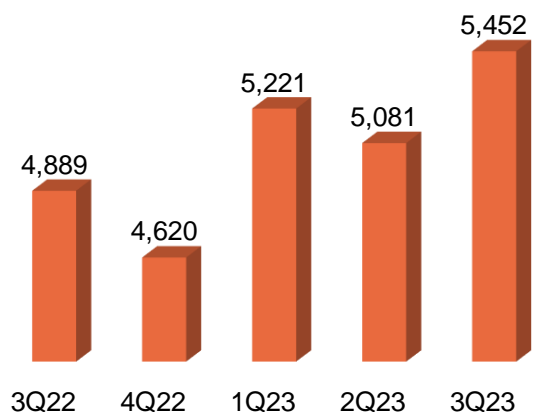


Chart: Gross Loan (IDR Bn) QoQ

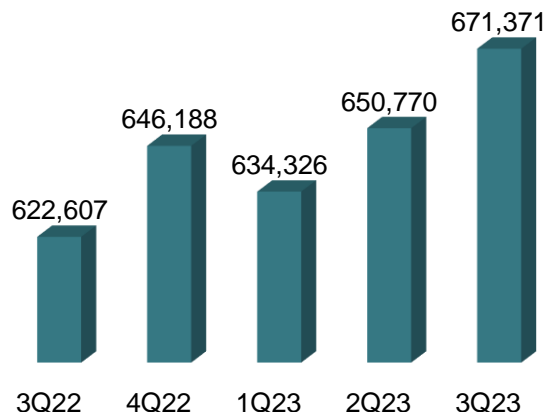


Chart: NPL Ratio (%) QoQ

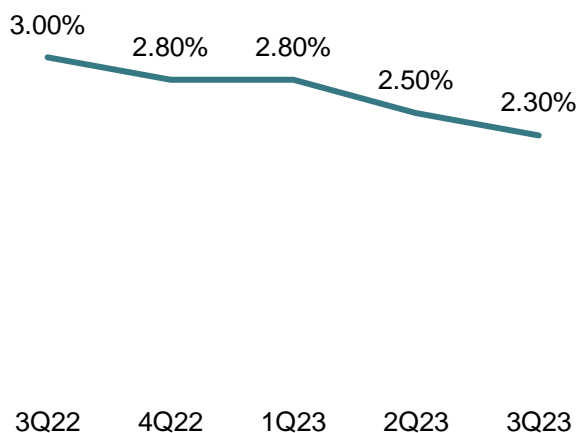
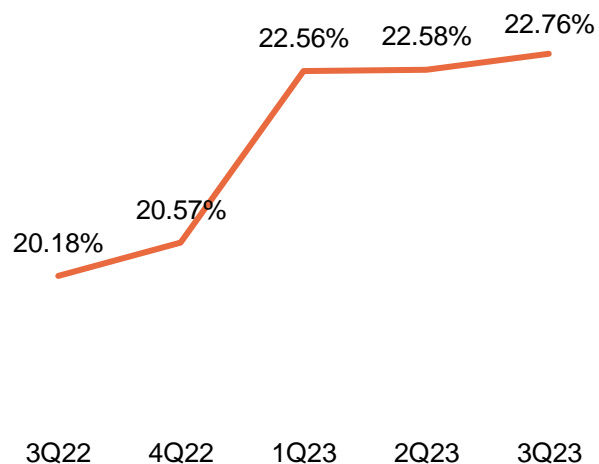


Chart: CAR (%) QoQ



Balance Sheet (IDR.bn)

Balance sheet (IDR Bn)	2020A	2021A	2022A	2023F
Cash and CA with BI	52,390	62,366	96,370	82,767
Interbank Placement	61,329	92,290	51,569	26,550
Marketable Securities	29,687	25,803	28,556	34,756
Gross Loan	586,207	582,436	646,188	687,804
Allowance for Loans	(44,228)	(50,295)	(50,334)	(50,285)
Loans-net	541,979	532,141	595,854	637,519
Other Earning Asset	247,192	321,221	284,953	257,277
Non-Earning Asset	49,777	49,110	52,659	54,156
Total Asset	891,337	964,838	1,029,837	1,031,719
Deposit:				
Current Account	227,487	281,398	314,625	303,468
Saving Account	236,881	224,670	242,695	230,822
Time Deposits	215,433	223,101	211,949	221,804
Other Interest-Bearing Liabilities	43,495	64,556	70,254	77,987
Non-Interest-Bearing Liabilities	55,169	44,593	50,116	40,465
Total Liabilities	778,465	838,318	889,639	874,546
Total Shareholder's Equity	112,872	126,520	140,198	157,173

Income Statement (IDR.bn)

Income Statement (IDR Bn)	2020A	2021A	2022A	2023F
Interest Income	56,173	50,026	54,659	62,794
Interest Expense	(19,021)	(11,779)	(13,338)	(19,646)
Net Interest Income	37,152	38,247	41,321	43,149
Other Operating Income	14,884	17,619	20,151	19,745
Operating Income	52,036	55,865	61,472	62,894
Operating Expense	(24,214)	(24,801)	(27,059)	(26,803)
PPOP	27,822	31,064	34,413	36,091
Provision Expense	(22,590)	(18,297)	(11,514)	(9,104)
Operating Profit	5,231	12,767	22,899	26,986
Non-Operating Income	(119)	(216)	(212)	(210)
Profit Before Tax	5,112	12,551	22,687	26,776
Tax Expense	(1,791)	(1,574)	(4,205)	(5,355)
Earning After Tax	3,321	10,977	18,482	21,421
Income for The Year Attributable to - NCI	41	79	170	(112)
Net Income	3,280	10,899	18,312	21,533
EPS (Rp/Share)	176.06	585.31	982.49	1,155.52

Ratio Highlights

Ratio Analysis	2020A	2021A	2022A	2023F
Profitability & Efficiency				
NIM	4.50%	4.67%	4.81%	4.60%
Cost-to-Income Ratio	44.20%	43.30%	42.60%	42.62%
ROE	2.60%	9.40%	14.90%	14.53%
ROA	0.50%	1.40%	2.50%	2.63%
BOPO	93.30%	81.20%	68.60%	67.31%
Cost of Credit	4.10%	3.30%	1.90%	1.32%
Liquidity				
LDR	87.30%	79.70%	84.20%	90.97%
CASA (Consolidated)	68.50%	69.40%	72.40%	70.66%
Asset Quality				
Gross NPL	4.30%	3.70%	2.80%	2.24%
Provision Coverage	182.40%	233.40%	278.30%	327.39%
Capital				
CAR (Consolidated)	17.05%	20.74%	20.57%	23.09%
Growth				
Consolidated Loan Growth	5.29%	-0.64%	10.95%	6.44%
Deposit Growth	10.60%	7.26%	5.50%	-1.71%
Net Income Growth	-78.68%	232.23%	68.02%	17.59%

QoQ Result

Balance Sheet	3Q22	4Q22	1Q23	2Q23	3Q23	%QoQ	%YoY
Loan	622,607	646,188	634,326	650,770	671,371	3.17%	7.83%
Loan Loss Reserves	(51,172)	(50,334)	(50,212)	(49,024)	(49,159)	0.28%	-3.93%
NPL	18,785	18,025	17,330	15,614	15,106	-3.26%	-19.59%
Deposit							
Demand	255,256	314,625	285,076	301,766	290,501	-3.73%	13.81%
Savings	230,420	242,695	227,466	230,574	222,389	-3.55%	-3.49%
Time Deposit	199,559	211,949	231,187	232,670	234,705	0.87%	17.61%
Total Asset	943,608	1,029,837	1,012,363	1,025,091	1,009,309	-1.54%	6.96%
Shareholder Equity	129,739	135,816	140,710	139,002	142,782	2.72%	10.05%
Income Statement	3Q22	4Q22	1Q23	2Q23	3Q23	%QoQ	%YoY
Interest Income	13,740	15,388	15,019	15,275	15,924	4.25%	15.90%
Interest Expense	(3,150)	(4,267)	(4,615)	(5,078)	(5,389)	6.13%	71.08%
Net Interest Income	10,589	11,122	10,404	10,197	10,535	3.31%	-0.52%
Other Operating Income	4,827	5,159	4,751	4,740	5,159	8.84%	6.89%
Operating Expense	(6,829)	(7,698)	(6,503)	(6,289)	(6,752)	7.36%	-1.12%
PPOP	8,587	8,582	8,652	8,648	8,941	3.39%	4.13%
Provision Expense	(2,525)	(2,586)	(2,149)	(2,362)	(2,199)	-6.91%	-12.92%
Operating Profit	6,062	5,996	6,504	6,286	6,742	7.26%	11.23%
Non-Operating Income	(96)	(94)	(46)	(39)	(70)	80.76%	-26.65%
Profit Before Tax	5,966	5,902	6,457	6,247	6,672	6.80%	11.84%
Tax Expense	(1,036)	(1,222)	(1,194)	(1,111)	(1,182)	6.40%	14.13%
Earning After Tax	4,930	4,680	5,264	5,136	5,490	6.89%	11.35%
Income for The Year Attributable to - NCI	41	60	43	54	38	-30.15%	-6.82%
Net Income	4,889	4,620	5,221	5,081	5,452	7.29%	11.51%
EPS (Rp/Share)	262	248	280	273	292	7.26%	11.46%
Ratio	3Q22	4Q22	1Q23	2Q23	3Q23	%QoQ	%YoY
Profitability & Efficiency							
NIM	5.01%	4.85%	4.67%	4.58%	4.78%	0.30	(0.23)
Cost of Funds	1.40%	1.80%	1.90%	2.00%	2.20%	0.20	0.80
ROA	2.48%	2.46%	2.67%	2.59%	2.80%	0.40	0.20
ROE	15.40%	14.30%	15.50%	15.10%	15.80%	0.70	0.40
Liquidity							
LDR	91.20%	84.20%	85.40%	85.21%	90.05%	4.84	(1.15)
CASA (Consolidated)	70.90%	72.40%	68.90%	69.60%	68.60%	(1.00)	(2.30)
Asset Quality							
Gross NPL	3.00%	2.80%	2.80%	2.50%	2.30%	(0.20)	(0.70)
Coverage Ratio	270.80%	278.30%	286.80%	308.80%	324.50%	15.70	53.70
Capital							
CAR (Consolidated)	18.90%	19.30%	21.60%	22.58%	22.76%	0.18	2.58

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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