

Investment Consideration

Net Income Growth of 14% YoY

In 2023, BBNI grew its net income attributable to the parent by 14.18% year-on-year, reaching IDR 20.91 trillion. This achievement was boosted by a notable growth of unrealized gains, which increased by 373.19% year-on-year. Additionally, BRIS, as an associate entity, contributed to the bank's income, generating IDR 1.33 trillion, a 22.60% increase from the previous year. However, on the other hand, the NIM ratio (bank-only) decreased by 23 basis points year-on-year to 4.58% due to a surge in bank-only interest expense by 51.58% year-on-year and a lower-risk loan portfolio. We forecast that in 2024, BBNI will continue to grow its profit by another 16.72% year-on-year to IDR 24.405 trillion, with the NIM ratio reaching 4.60%.

Loan Growth Weaker than 2022

As of December 2023, BBNI's consolidated loan portfolio was IDR 695.08 trillion. It only grew by 7.57% year-on-year compared to 2022 growth of almost 11%. This was due to a significant decrease in the Small loan segment by -16% year-on-year. Based on economic sectors, Manufacturing remained the top contributor, accounting for 25.1%, while Electricity, Gas & Water experienced the highest growth with an increase of 20.1% year-on-year. We forecast that in 2024, BBNI will continue to expand its consolidated loan portfolio by another 9.92% year-on-year, in line with its guidance, which aspires to growth within a range of 9%-11%.

Improved Asset Quality

As of December 2023, BBNI's NPL ratio stood at a level of 2.12%, experiencing a significant improvement of 69 basis points compared to last year. The Corporate segment emerged as the healthiest and the best performer, with the NPL ratio decreasing by 120 basis points year-on-year to 0.90%. However, despite this achievement, there's one segment, small, whose quality deteriorated, increasing by 100 basis points to 3.50%. We forecast that BBNI will continue to maintain its financial health by decreasing its NPL ratio to a level of 1.94% in December 2024.

ESG Initiatives

BBNI is strongly committed to implementing ESG practices in its business, as evidenced by its sustainability portfolio, particularly its bank-only sustainable loans, which constitute 26% of the total, reaching IDR 181.1 trillion. Further evidence can be seen in its CPO debtors, of which 70% are already certified by RSPO and/or ISPO, while the remainder are still in the process of certification. This compares to last year when only 52% were certified. Additionally, according to the IDX website, BBNI's ESG score stood at 21.35 as of December 20th, 2023, ranking 19th among 79 public companies.

Valuation: 22% Upside, Buy.

Based on our Multi-Stage DDM valuation, we have set a one-year target price of IDR 7,300, implying a PBV multiple of 1.59x and a potential upside of 22%. Therefore, we recommend a "Buy."

Financial Highlight	2021A	2022A	2023A	2024F
Net Income (IDR Bn)	10,899	18,312	20,909	24,405
NIM	4.67%	4.81%	4.58%	4.60%
Pre-Tax ROAA	1.40%	2.50%	2.60%	2.72%
EPS	585.31	982.49	561.23	655.04
Gross NPL	3.70%	2.80%	2.10%	1.94%
CAR (Consolidated)	20.74%	20.57%	23.22%	24.17%

February 16th, 2024
 Banking, Equity

Price **IDR 6,000**
 Target Price **IDR 7,300**
 JKSE Index **IDR 7,335.54**



Stock Code
Bloomberg code **BBNI IJ**
Market Cap (IDR Bn) **223,783.9**
52-Week High (IDR) **6,225**
52-Week Low (IDR) **4,313**
6-M Avg-Daily Val (IDR) **6,452**
Free Float (%) **39.85**

Major Shareholders (%)
RI Government **60.45**
LLC **4.48**
Foreign Investment Entities **27.16**
BOC&BOD **0.04**
Public **7.87**

USD/IDR-YE
2023A **15,439.00**
2024F (APBN 2024) **15,000.00**

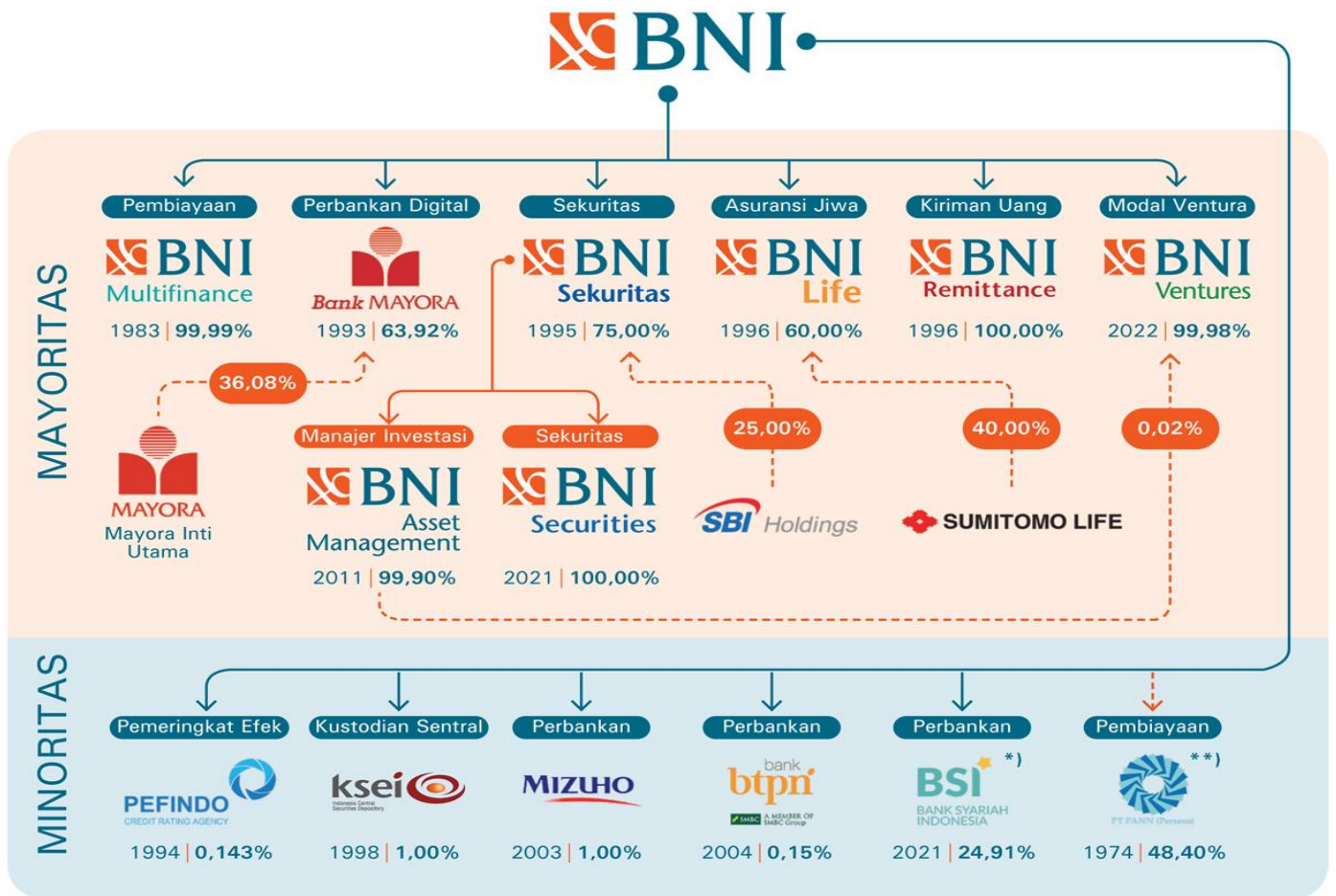
Key Indicators
Non-Performing Loan(%) **1.94**
Net Interest Margin(%) **4.60**

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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

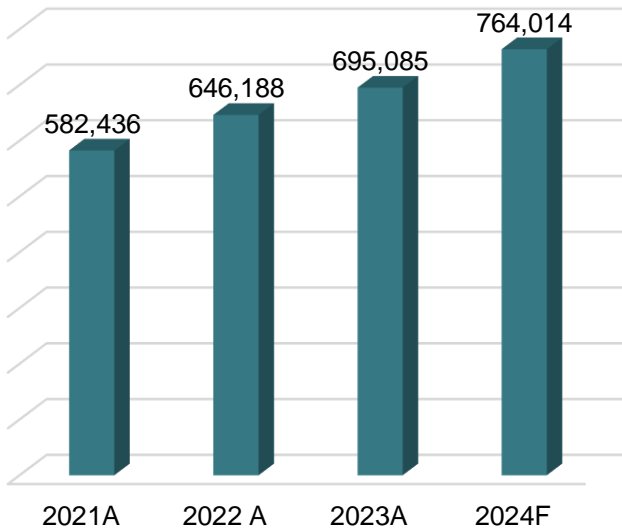


Chart: NPL Ratio (%) YoY

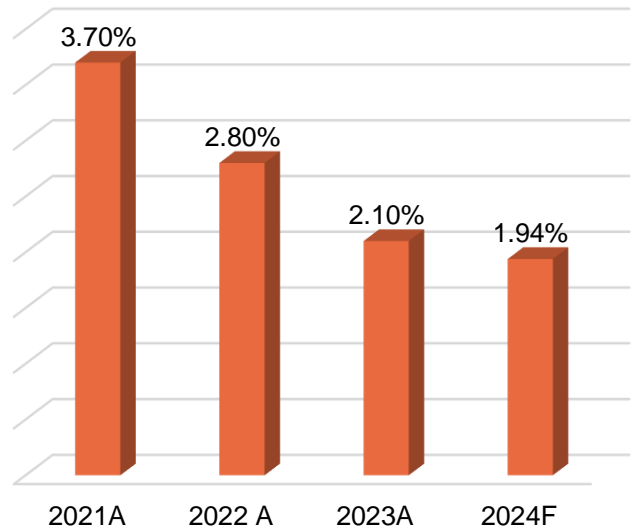


Chart: Profitability YoY

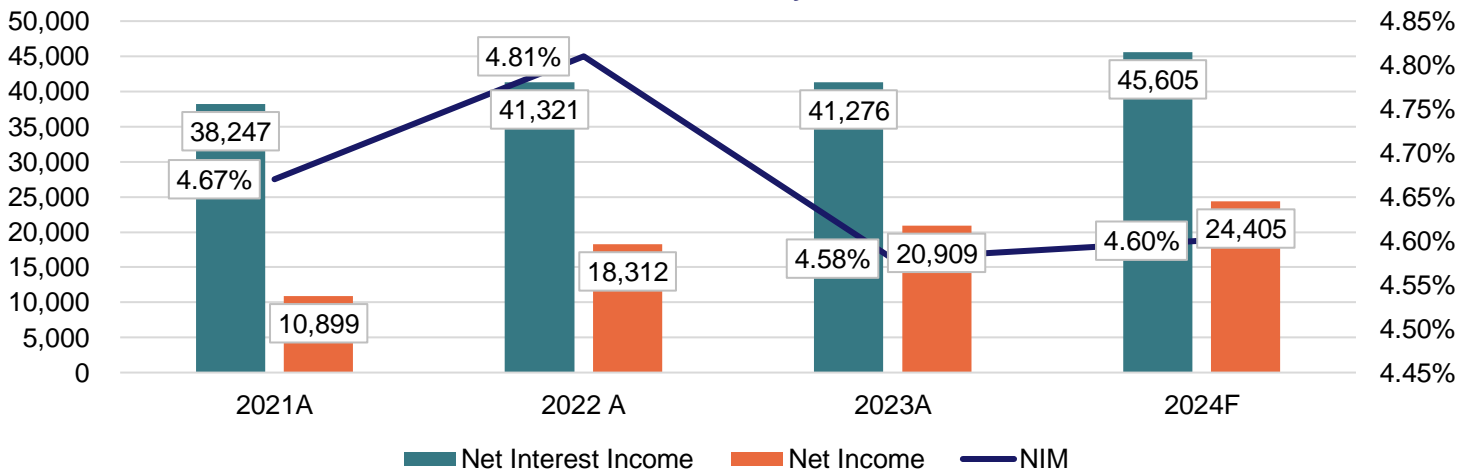


Chart: CASA Ratio (%) YoY

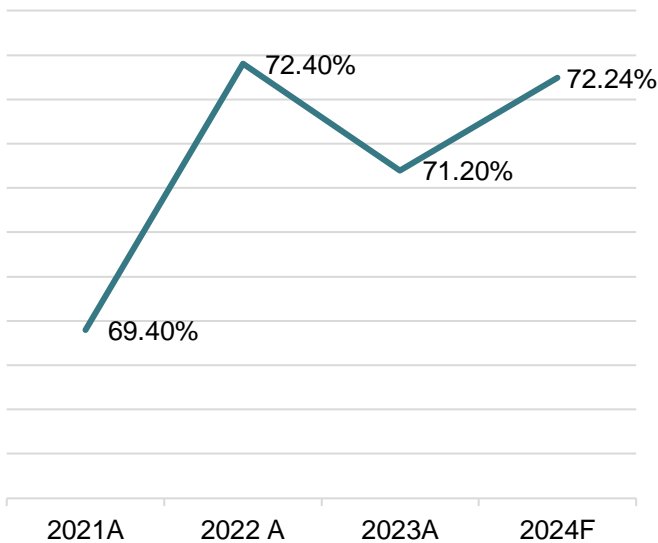


Chart: CAR (%) YoY

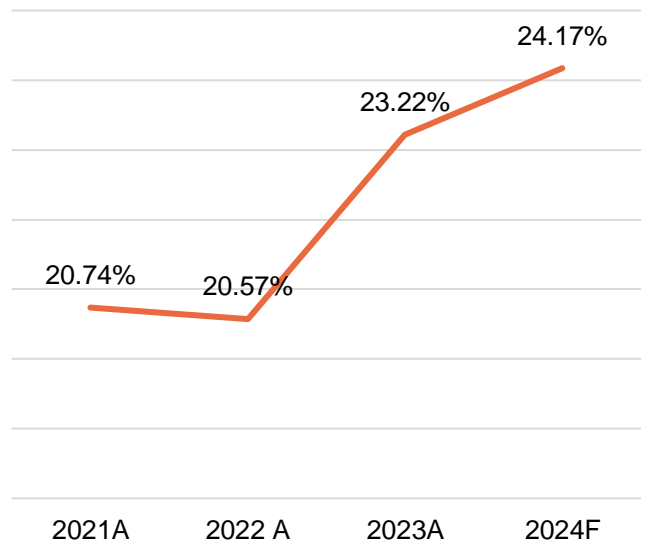


Chart: Net Income (IDR Bn) QoQ

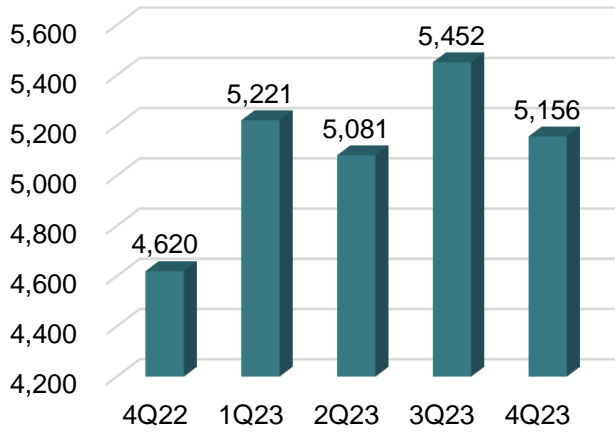


Chart: Gross Loan (IDR Bn) QoQ

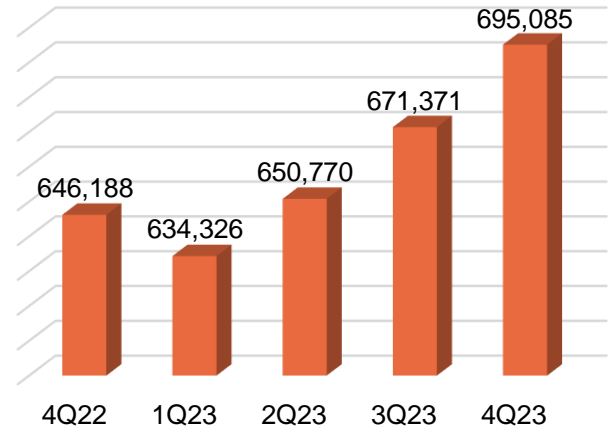


Chart: NPL Ratio (%) QoQ

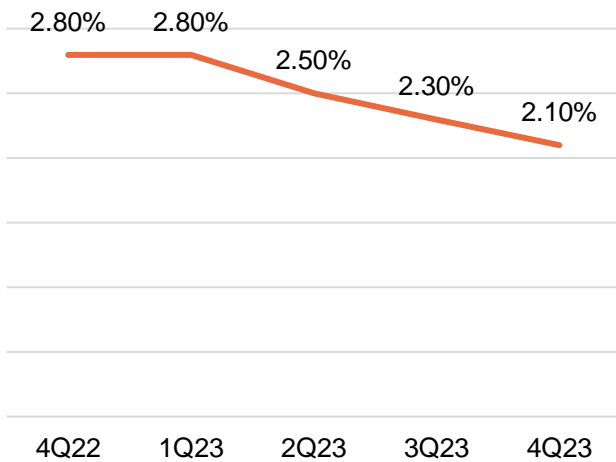
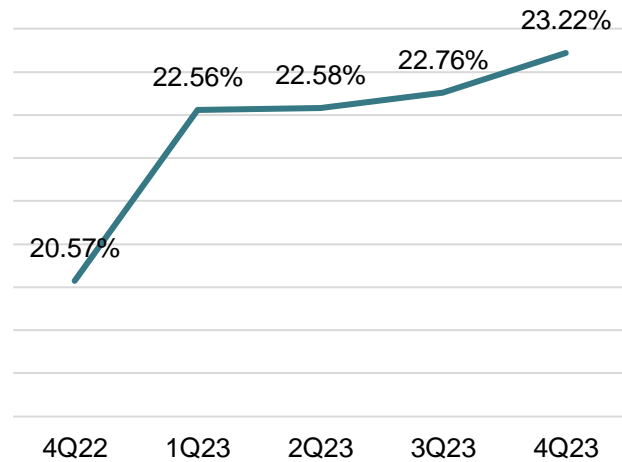


Chart: CAR (%) QoQ



Balance Sheet (IDR.bn)

Balance sheet (IDR Bn)	2021A	2022A	2023A	2024F
Cash and CA with BI	62,366	96,370	76,464	94,823
Interbank Placement	92,290	51,569	43,794	47,931
Marketable Securities	25,803	28,556	37,165	34,777
Gross Loan	582,436	646,188	695,085	764,014
Allowance for Loans	(50,295)	(50,334)	(47,158)	(46,573)
Loans-net	532,141	595,854	647,927	717,440
Other Earning Asset	321,221	284,953	305,965	271,538
Non-Earning Asset	49,110	52,659	56,309	59,340
Total Asset	964,838	1,029,837	1,086,664	1,143,142
Deposit:				
Current Account	281,398	314,625	345,496	384,268
Saving Account	224,670	242,695	231,981	230,380
Time Deposits	223,101	211,949	233,253	236,189
Other Interest-Bearing Liabilities	64,556	70,254	76,614	74,787
Non-Interest-Bearing Liabilities	44,593	50,116	44,587	46,793
Total Liabilities	838,318	889,639	931,931	972,417
Total Shareholder's Equity	126,520	140,198	154,733	170,725

Income Statement (IDR.bn)

Income Statement (IDR Bn)	2020A	2021A	2023A	2024F
Interest Income	56,173	50,026	61,472	69,816
Interest Expense	(19,021)	(11,779)	(20,196)	(24,211)
Net Interest Income	37,152	38,247	41,276	45,605
Other Operating Income	14,884	17,619	21,472	23,367
Operating Income	52,036	55,865	62,747	68,972
Operating Expense	(24,214)	(24,801)	(27,778)	(29,544)
PPOP	27,822	31,064	34,970	39,429
Provision Expense	(22,590)	(18,297)	(9,196)	(8,946)
Operating Profit	5,231	12,767	25,773	30,482
Non-Operating Income	(119)	(216)	(134)	(132)
Profit Before Tax	5,112	12,551	25,640	30,350
Tax Expense	(1,791)	(1,574)	(4,534)	(6,070)
Earning After Tax	3,321	10,977	21,106	24,280
Income for The Year Attributable to - NCI	41	79	197	(125)
Net Income	3,280	10,899	20,909	24,405
EPS (Rp/Share)	176.06	585.31	561.23	655.04

Ratio Highlights

Ratio Analysis	2020A	2021A	2023A	2024F
Profitability & Efficiency				
NIM	4.67%	4.81%	4.58%	4.60%
Cost-to-Income Ratio	43.30%	42.60%	42.90%	42.83%
ROAE	9.40%	14.90%	15.20%	15.00%
Pre-Tax ROAA	1.40%	2.50%	2.60%	2.72%
BOPO	81.20%	68.60%	68.40%	67.29%
Cost of Credit	3.30%	1.90%	1.40%	1.17%
Liquidity				
LDR	79.70%	84.20%	85.80%	88.14%
CASA (Consolidated)	69.40%	72.40%	71.20%	72.24%
Asset Quality				
Gross NPL	3.70%	2.80%	2.10%	1.94%
Provision Coverage	233.40%	278.30%	319.00%	309.05%
Capital				
CAR (Consolidated)	20.74%	20.57%	23.22%	24.17%
Growth				
Consolidated Loan Growth	-0.64%	10.95%	7.57%	9.92%
Deposit Growth	7.26%	5.50%	5.39%	4.95%
Net Income Growth	232.23%	68.02%	14.18%	16.72%

QoQ Result

Balance Sheet	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Loan	646,188	634,326	650,770	671,371	695,085	3.53%	7.57%
Loan Loss Reserves	(50,334)	(50,212)	(49,024)	(49,159)	(47,158)	-4.07%	-6.31%
NPL	18,025	17,330	15,614	15,106	14,529	-3.82%	-19.40%
Deposit							
Demand	314,625	285,076	301,766	290,501	345,496	18.93%	9.81%
Savings	242,695	227,466	230,574	222,389	231,981	4.31%	-4.41%
Time Deposit	211,949	231,187	232,670	234,705	233,253	-0.62%	10.05%
Total Asset	1,029,837	1,012,363	1,025,091	1,009,309	1,086,664	7.66%	5.52%
Shareholder Equity	135,816	140,710	139,002	142,782	150,131	5.15%	10.54%
Income Statement	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Interest Income	15,388	15,019	15,275	15,924	15,253	-4.21%	-0.88%
Interest Expense	(4,267)	(4,615)	(5,078)	(5,389)	(5,114)	-5.11%	19.86%
Net Interest Income	11,122	10,404	10,197	10,535	10,139	-3.75%	-8.83%
Other Operating Income	5,159	4,751	4,740	5,159	6,822	32.24%	32.25%
Operating Expense	(7,698)	(6,503)	(6,289)	(6,752)	(8,233)	21.94%	6.96%
PPOP	8,582	8,652	8,648	8,941	8,728	-2.39%	1.70%
Provision Expense	(2,586)	(2,149)	(2,362)	(2,199)	(2,486)	13.07%	-3.84%
Operating Profit	5,996	6,504	6,286	6,742	6,241	-7.43%	4.09%
Non-Operating Income	(94)	(46)	(39)	(70)	22	-131.28%	-123.38%
Profit Before Tax	5,902	6,457	6,247	6,672	6,263	-6.12%	6.12%
Tax Expense	(1,222)	(1,194)	(1,111)	(1,182)	(1,046)	-11.53%	-14.42%
Earning After Tax	4,680	5,264	5,136	5,490	5,217	-4.96%	11.49%
Income for The Year Attributable to - NCI	60	43	54	38	61	60.64%	1.91%
Net Income	4,620	5,221	5,081	5,452	5,156	-5.42%	11.61%
EPS (Rp/Share)	248	280	273	292	138	-52.67%	-44.17%
Ratio	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.85%	4.70%	4.50%	4.80%	4.40%	(0.40)	(0.45)
Cost of Funds	1.80%	1.90%	2.10%	2.20%	2.50%	0.30	0.70
Pre-Tax ROAA	2.40%	2.70%	2.40%	2.80%	2.50%	(0.30)	0.10
ROE	14.30%	15.50%	15.10%	15.80%	14.30%	(1.50)	-
Liquidity							
LDR	84.20%	85.40%	85.20%	90.10%	85.80%	(4.30)	1.60
CASA (Consolidated)	72.40%	68.90%	69.60%	68.60%	71.20%	2.60	(1.20)
Asset Quality							
Gross NPL	2.80%	2.80%	2.50%	2.30%	2.10%	(0.20)	(0.70)
Coverage Ratio	278.30%	286.80%	308.80%	324.50%	319.00%	(5.50)	40.70
Capital							
CAR (Consolidated)	20.57%	22.56%	22.58%	22.76%	23.22%	0.46	2.65

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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