

Investment Consideration

Net Income grew +68%

In 2022, Bank Negara Indonesia (BBNI) reported a net income of IDR 18.31 trillion, a significant increase of 68.02% YoY from IDR 10.90 trillion in 2021. The growth was driven by operating income, such as income from investment in associates, which grew by 55.09% YoY, and income from syndication, which grew by 100.60% YoY. BBNI's net interest income also grew, by 5.23% YoY. The highest contributors were loans and government bonds, accounting for 84.34% and 9.84% respectively, while the highest growth was seen in other interest income and placement from other banks and Bank Indonesia, which grew by 473.89% and 130.29% respectively. We forecast that BBNI will continue to improve its performance, growing its net income by 32.34% YoY from IDR 18.31 trillion in FY22 to IDR 24.24 in FY23.

Strong Loan Growth

As of December 2022, BBNI recorded a strong consolidated loan growth of 10.95% YoY. All four segments served by BBNI showed positive loan growth, with the fastest growth seen in corporate lending, which grew by 12.84% YoY, boosted by loans from private companies, which showed the highest growth at 28.9% YoY. The other segments, such as consumer, medium, and small loans, grew by 11.21%, 7.27%, and 6.05% respectively. We project that BBNI will grow its consolidated gross loans by 12.23% YoY in FY22.

Improved Asset Quality

As of 2022, BBNI improved its asset quality, with the bank-only NPL ratio declining by 90 basis points to 2.80% compared to the previous year. Consumer loans had the lowest NPL ratio at 1.70%, down 59 basis points from FY21. The NPL ratios for corporate, small, and medium loans were 2.10%, 2.50%, and 6.40% respectively. We forecast that BBNI will further improve its bank-only NPL ratio to 2.24% in FY22.

Valuation: 20% Upside, Buy.

Based on our DDM valuation, we have a one-year target price of IDR 11,420, which means trading at a PBV multiple of 1.7X. With 20% potential upside, we recommend a "Buy" rating.

Income Statement (IDR Bn)	2020A	2021A	2022A	2023F
Interest Income	56,173	50,026	54,659	63,758
Interest Expense	(19,021)	(11,779)	(13,338)	(15,534)
Net Interest Income	37,152	38,247	41,321	48,224
Other Operating Income	18,743	22,106	24,821	28,105
Operating Expense	(28,073)	(29,289)	(31,729)	(36,107)
PPOP	27,822	31,064	34,413	40,221
Provision Expense	(22,590)	(18,297)	(11,514)	(8,001)
Operating Profit	5,231	12,767	22,899	32,220
Non Operating Income	(119)	(216)	(212)	217
Profit Before Tax	5,112	12,551	22,687	32,437
Tax Expense	(1,791)	(1,574)	(4,205)	(8,109)
Earning After Tax	3,321	10,977	18,482	24,328
Income for The Year				
Attributable to - NCI	41	79	170	93
Net Income	3,280	10,899	18,312	24,235
EPS (Rp/Share)	176	585	983	1,301

February 10th, 2023
 Banking, Equity

Price IDR 9,525
 Target Price IDR 11,420
 JKSE Index 6,880.33



Stock Code
 Bloomberg code BBNI IJ
 Market Cap (IDR bn) 176,230 B
 52-Week High (IDR) 9,950
 52-Week Low (IDR) 7,150
 6-m Avg Daily. Val (IDR) 9,039
 Free Float (%) 40

Major Shareholders (%)
 Government RI 60.00
 Public 40.00

USD/IDR-YE
 2022A 14,875.95
 2023F (6M Avg) 15,295.30

Key Indicators
 Non-Performing Loan (%) 2.24
 Net Interest Margin (%) 4.84

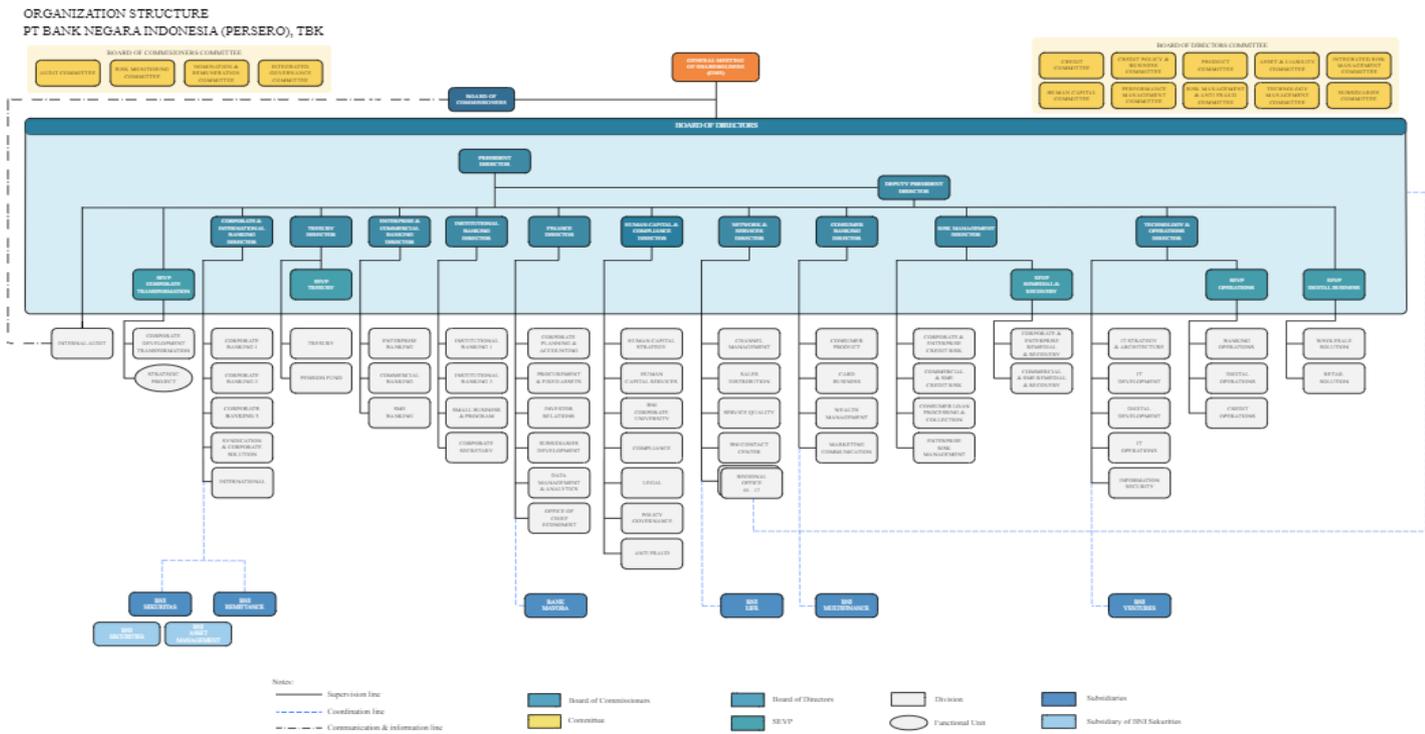
Company Profile

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.

Currently, the Government of the Republic of Indonesia owns 60% of BNI shares, while public individuals and institutions, both domestic and foreign, own the remaining 40%. BNI is now the 4th largest national Bank in Indonesia, based on total assets, total loans and total third-party funds. To provide financial services in an integrated manner, BNI is supported by a number of subsidiaries, namely Bank BNI Syariah, BNI Multifinance, BNI Sekuritas, BNI Life Insurance, BNI Ventures, BNI Remittance and Bank Mayora.

BNI offers deposit and loan facilities for the corporate, medium, and small business segments.

Company Profile



Source: Company

Chart: Gross Loan YoY

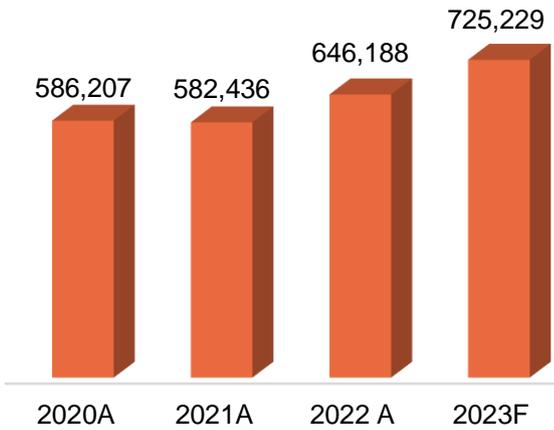


Chart: NPL Ratio (%) YoY

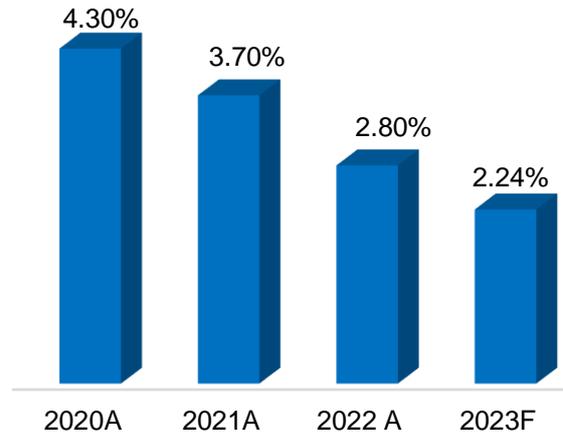


Chart: Profitability YoY

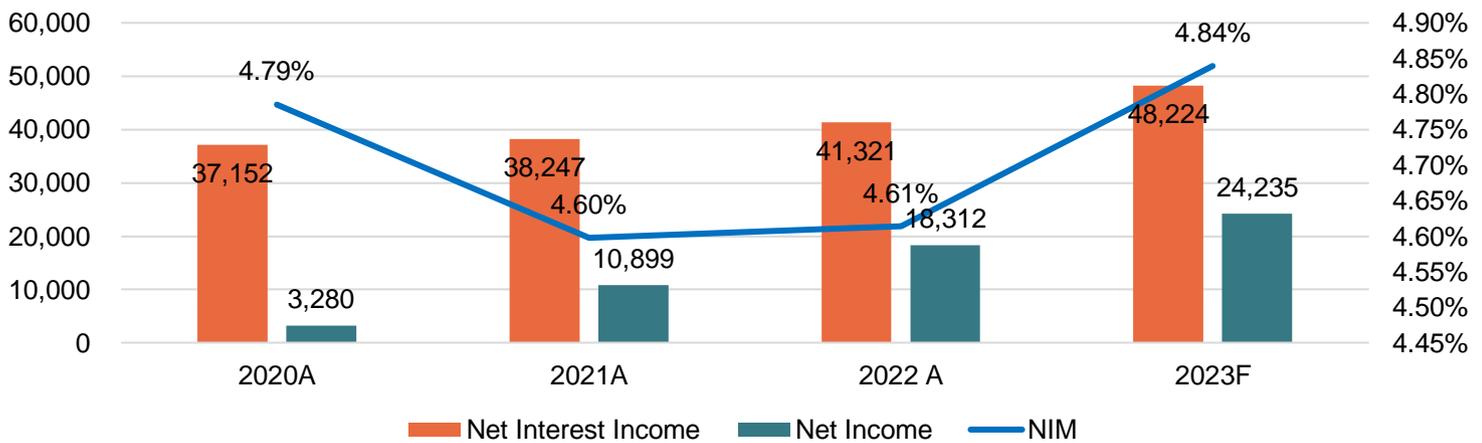


Chart: CASA Ratio (%) YoY

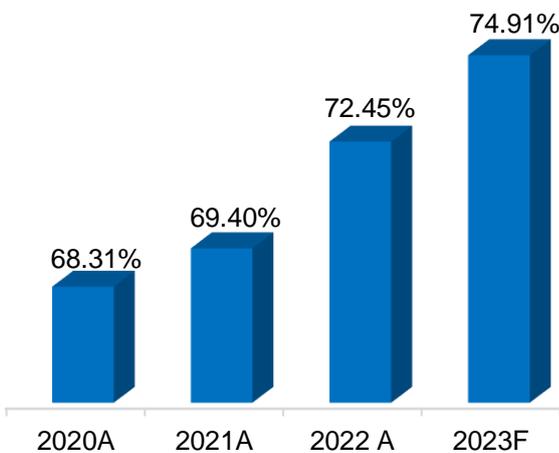


Chart: CAR (%) YoY

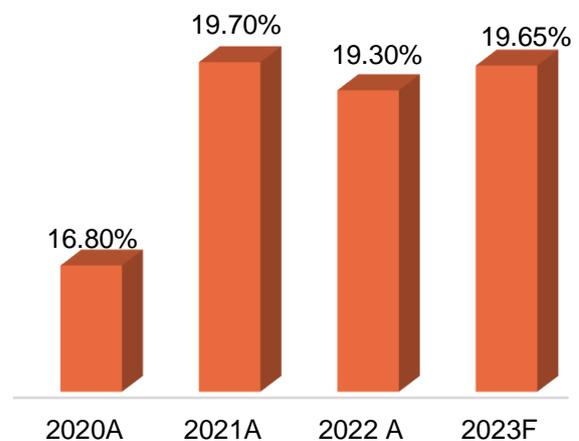


Chart: Net Income (IDR Bn) QoQ

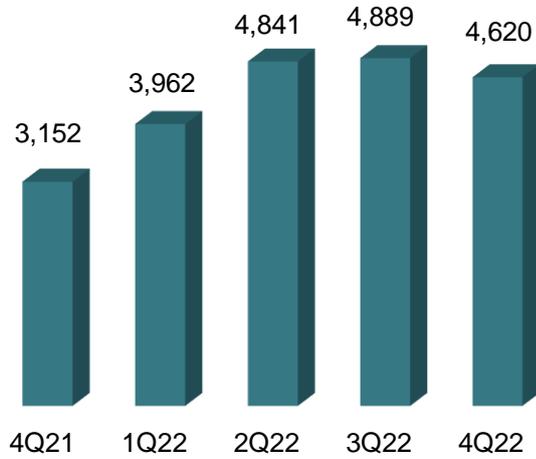


Chart: Gross Loan (IDR Bn) QoQ

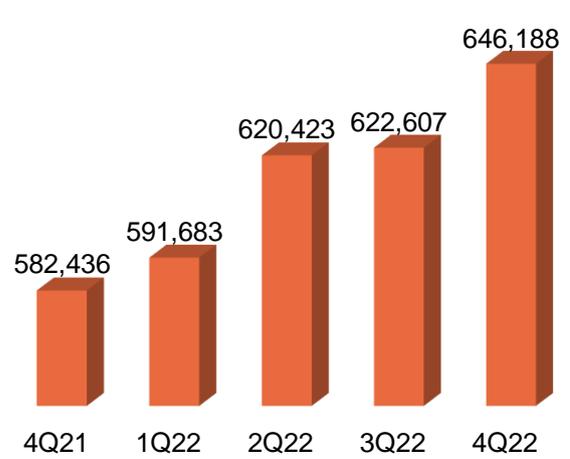


Chart: NPL Ratio (%) QoQ

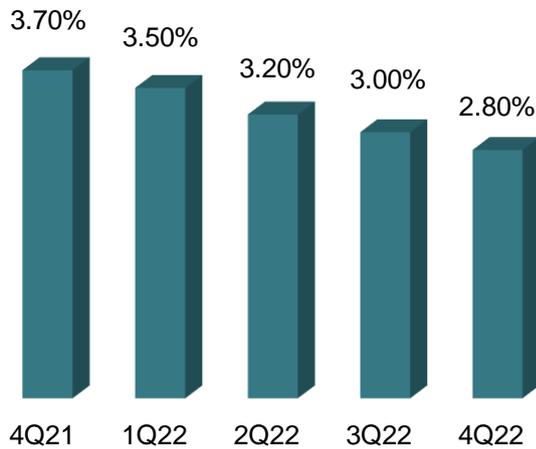
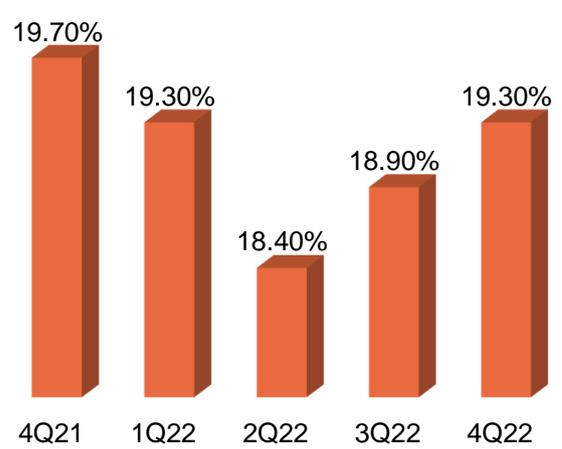


Chart: CAR (%) QoQ



Balance Sheet (IDR.bn)

Balance sheet (IDR Bn)	2020A	2021A	2022A	2023F
Cash and CA with BI	52,390	62,366	96,370	99,719
Interbank Placement	61,329	92,290	51,569	98,918
Marketable Securities	29,687	25,803	28,556	37,616
Gross Loan	586,207	582,436	646,188	720,391
Allowance for Loans	(44,228)	(50,295)	(50,334)	(49,085)
Loans-net	541,979	532,141	595,854	671,306
Other Earning Asset	247,192	321,221	284,953	342,173
Non Earning Asset	49,777	49,110	52,659	62,637
Total Asset	891,337	964,838	1,029,837	1,175,835

Deposit:

Current Account	227,487	281,398	314,625	366,811
Saving Account	236,881	224,670	242,695	300,787
Time Deposits	215,433	223,101	211,949	223,571
Other Interest Bearing Liabilities	43,495	64,556	70,254	69,852
Non Interest Bearing Liabilities	55,169	44,593	50,116	48,331
Total Liabilities	778,465	838,318	889,639	1,009,351
Total Shareholder's Equity	112,872	126,520	140,198	166,484

Income Statement (IDR.bn)

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Ratio Highlights

Ratio Analysis (Consolidated)	2020A	2021A	2022A	2023F
Profitability & Efficiency				
NIM	4.79%	4.60%	4.61%	4.84%
Cost-to-Income Ratio	50.22%	48.53%	47.97%	47.31%
ROE	2.91%	8.61%	13.06%	14.56%
ROA	0.37%	1.13%	1.78%	2.06%
ROAE	7.61%	5.76%	10.84%	13.81%
BOPO	93.02%	82.30%	71.19%	64.93%
Cost of Credit	3.85%	3.14%	1.78%	1.11%
Liquidity				
LDR	86.23%	79.88%	84.00%	80.84%
CASA	68.31%	69.40%	72.45%	74.91%
Asset Quality				
Gross NPL (Bank Only)	4.30%	3.70%	2.80%	2.24%
Provision Coverage	132.62%	168.95%	201.34%	212.06%
Capital				
CAR	16.80%	19.70%	19.30%	19.65%
Growth				
Consolidated Loan Growth	5.29%	-0.64%	10.95%	12.23%
Deposit Growth	10.60%	7.26%	5.50%	15.85%
Net Income Growth	-78.68%	232.23%	68.02%	32.34%

QoQ Result

Balance Sheet	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Loan	582,436	591,683	620,423	622,607	646,188	3.79%	10.95%
Loan Loss Reserves	(50,295)	(51,248)	(51,427)	(51,172)	(50,334)	-1.64%	0.08%
NPL	21,516	20,431	19,519	18,785	18,025	-4.05%	-16.22%
Deposit							
Demand	281,398	258,135	249,734	255,256	314,625	23.26%	11.81%
Savings	224,670	221,404	229,250	230,420	242,695	5.33%	8.02%
Time Deposit	223,101	213,202	212,854	199,559	211,949	6.21%	-5.00%
Total Asset	964,838	931,983	946,495	943,608	1,029,837	9.14%	6.74%
Shareholder Equity	123,738	125,835	126,243	129,739	135,816	4.68%	9.76%

Income Statement	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Interest Income	12,503	12,174	13,356	13,740	15,388	12.00%	23.08%
Interest Expense	(2,954)	(2,943)	(2,978)	(3,150)	(4,267)	35.45%	44.41%
Net Interest Income	9,549	9,231	10,378	10,589	11,122	5.03%	16.47%
Other Operating Income	6,332	6,788	5,677	6,080	6,276	3.22%	-0.89%
Operating Expense	(8,364)	(7,483)	(7,349)	(8,082)	(8,815)	9.07%	5.40%
PPOP	7,517	8,536	8,707	8,587	8,582	-0.06%	14.16%
Provision Expense	(4,500)	(3,600)	(2,803)	(2,525)	(2,586)	2.40%	-42.54%
Operating Profit	3,018	4,937	5,904	6,062	5,996	-1.08%	98.72%
Non Operating Income	(103)	(65)	43	(96)	(94)	-1.86%	-8.70%
Profit Before Tax	2,914	4,871	5,947	5,966	5,902	-1.07%	102.52%
Tax Expense	290	(896)	(1,051)	(1,036)	(1,222)	17.99%	-521.07%
Earning After Tax	3,205	3,975	4,897	4,930	4,680	-5.07%	46.03%
Income for The Year Attributable to - NCI	52	13	56	41	60	46.87%	14.30%
Net Income	3,152	3,962	4,841	4,889	4,620	-5.51%	46.56%
EPS (Rp/Share)	169	213	260	262	248	-5.52%	46.42%

Ratio (Bank Only)	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.40%	4.50%	4.90%	5.01%	4.85%	(0.16)	0.45
Cost of Funds	1.50%	1.50%	1.40%	1.40%	1.80%	0.40	0.30
ROA	1.43%	2.29%	2.44%	2.48%	2.46%	(0.02)	1.03
ROE	10.42%	15.23%	16.31%	16.56%	16.39%	(0.17)	5.97
Liquidity							
LDR	79.70%	85.20%	90.10%	91.20%	84.20%	(7.00)	4.50
CASA	69.40%	69.20%	69.20%	70.90%	72.40%	1.50	3.00
Asset Quality							
Gross NPL (Bank Only)	3.70%	3.50%	3.20%	3.00%	2.80%	(0.20)	(0.90)
Coverage Ratio	233.40%	250.10%	263.30%	270.80%	278.30%	7.50	44.90
Capital							
CAR	19.70%	19.30%	18.40%	18.90%	19.30%	0.40	(0.40)

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
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