

FY23 earnings inline vs street, above '23F KBVS

29 January 2024



BBNI IJ	BUY
Sector	Banks
Price at 26 Jan 2024 (IDR)	5,425
Price target (IDR)	5,750
Upside/Downside (%)	6.0

Stock Information

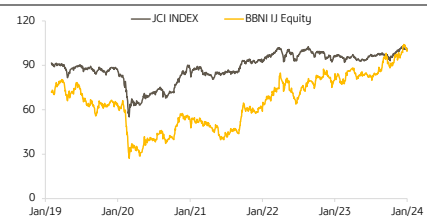
PT Bank Negara Indonesia (Persero) Tbk is a state-owned offering commercial and consumer banking services. The bank is positioned as one of 3 big SoE banks in Indonesia. Through its subsidiaries, the bank is also offering businesses in sharia banking, insurance, consumer financing and securities.

Market cap (IDR bn)	201,405
Shares outstanding (mn)	37,297
52-week range (IDR)	4,310-5,650
3M average daily vol. ('000)	48,568
3M average daily val. (IDR mn)	253,357

Shareholders (%)

Republic of Indonesia	60.0
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	0.9	11.9	13.6

BBNI's FY23 earnings (14.2% yoy) arrives within market forecast and beating our estimation at a run rate of 99% and 103%. Loan growth recorded within '23F management guidance, while TPF grew above industry with much stronger on QoQ basis backed by solid CASA growth at 12.6% qoq. Key performance metrics recorded another solid figure with NIM stood at '23F forecast and CoC came in better than management expectation. Maintain BUY BBNI with DDM TP of IDR5,750 (1.3x '24F P/B), while its currently trading at 1.2x '24F P/B, or below its +1SD historical mean.

FY23 earnings in line with street and beating our forecast

Transmission on rising benchmark rate has made BBNI's interest expenses rose 51.4% yoy and thus has impacting to flattish net interest income growth at IDR41.27 tn (-0.1% yoy), despite top line grew by 12.5% yoy to IDR61.47 tn. Yet, as a result of manageable opex and a sharp drop in provisions (20.1% yoy), BBNI managed its '23F earnings arrive at double digit growth of 14.2% yoy to IDR20.9 tn. Worth noting that we like BBNI's softening CoF transmission adjustment in a 4Q23 stand-alone which declined by 5.1% qoq. In all, FY23 earnings came in-line with consensus while beating ours (99% and 103%).

Loan grew within management expectation, while TPF surpassing industry growth

Loan grew by 7.6% yoy, arrives within management expectation, driven by lower risk segments with the highest growth recorded from consumer (personal loan) by 17.4% yoy followed by corporate private segment (+14.3% yoy). Another solid mortgage loan growth of 9.3% yoy has overall helped total consumer segment loan grew by double digit at 13.6% yoy and around 90bps higher compared to 9M23 growth at 12.7% yoy. On liabilities side, third party funds grew by 5.4% yoy and arrives above industry growth at 3.8% yoy. On quarterly basis, TPF grew higher at 8.4% qoq, mainly supported by 18.9% qoq growth in CA. We also like BBNI's TD flat growth of -0.6 qoq which has brought CASA grew by 12.6% qoq and will benefits BBNI's CoF in the following quarter.

Solid key ratios achievement

Overall key performance metrics showed stable figures, with NPL improving 70bps yoy to 2.1%. NIM at 4.60% was arrived within management '23F expectation. Likewise, for CoC which improves by 50bps to 1.4% ('23F guidance at below 1.5%). LAR including COVID also recorded another better figure, or 310bps yoy better to 12.9% which will made BBNI to continue in the well shape condition by the time relaxation fully lifted in Mar24. Noteworthy that coverage ratio remains rock-hard and strongly improves by 407bps yoy to 319%.

'24F earnings growth likely continue

'24F loan growth range guidance of 9-11% is achievable, in our view. Performance on earnings growth possibly to remain intact backed by stable NII, manageable cost to income and continuing low provisioning figure. We also expect steady soft cost of funds as a result of previous adjustment, coupled with carefully selected loan yield repricing will overall underpin '24F NIM to arrive within FY23 range.

Maintain BUY with DDM TP of IDR5,750

We will revisit our model as BBNI's share price rally of +12.6% since our last call on Nov '23 has put limited upside to our TP. Our GGM intrinsic value for BBNI pegged at 1.3x '24F P/B while its currently trading at 1.2x '24F P/B, or below its +1SD historical mean. Downside risks to our call are: 1) Slower loan growth, 2) worsening NIM and AQ, 3) higher than expected CoC, CoF, NPL 4) slowing down economic activity, worsening domestic political situation and 5) longer than expected wait and see stance which will postponed '24F better key performance metrics expectation.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Net Interest income	38,247	41,321	44,737	49,890	54,785
Non int. income	17,619	20,151	21,318	22,562	23,340
Total operating income	55,865	61,472	66,055	72,451	78,125
Pre-provision profit	31,064	34,413	36,104	41,270	43,994
Net income (IDR bn)	10,899	18,312	20,295	23,653	25,607
EPS (IDR)	292	491	544	634	687
EPS growth (%)	232.2	68.0	10.8	16.6	8.3
PER (x)	18.6	11.0	10.0	8.6	7.9
PBV (x)	1.6	1.5	1.3	1.2	1.1
Div. Yield (%)	1.3	2.3	2.5	2.9	3.2
RoE (%)	9.3	14.1	14.1	14.6	14.1

Source: Company, KBVS Research

Analyst
Akhmad Nurcahyadi
akhmad.nurcahyadi@kbvalbury.com

Exhibit 2: BBNI FY23 financial and key performance metrics results

Income Statement (IDRbn)	12M22	12M23	YoY (%)	4Q22	4Q23	YoY (%)	3Q23	QoQ	KBVS '23F	% to '23F	Cons' '23F	% to Cons'
Net interest income	41,321	41,276	-0.1	11,122	10,139	-8.8	10,535	-3.8	44,737			
Non-interest income	20,152	21,472	6.6	3,806	6,822	79.2	5,160	32.2				
Total operating income	61,473	62,748	2.1	14,928	16,961	13.6	15,695	8.1				
Operating expenses	(27,059)	(27,778)	2.7	(7,698)	(8,234)	7.0	-6,752	21.9				
Pre-provision operating profit	34,414	34,970	1.6	8,581	8,727	1.7	8,943	-2.4	36,104			
Provision expenses	(11,514)	(9,196)	-20.1	(2,586)	(2,486)	-3.9	-2,199	13.1				
Net profit	18,312	20,909	14.2	4,620	5,156	11.6	5,452	-5.4	20,295	103	21,029	99

Source : Company, KB Valbury Sekuritas

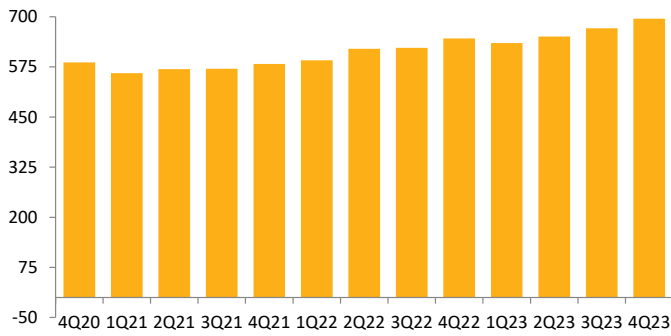
Balance Sheets (IDRbn)	12M22	12M23	YoY (%)	4Q22	4Q23	YoY (%)	3Q23	QoQ
Gross loans	646,188	695,085	7.6	646,188	695,085	7.6	671,371	3.5
Current account	314,625	345,496	9.8	314,625	345,496	9.8	290,501	18.9
Saving account	242,695	231,981	-4.4	242,695	231,981	-4.4	222,389	4.3
Time deposits	211,949	233,253	10.1	211,949	233,253	10.1	234,705	-0.6
CASA	557,320	577,478	3.6	557,320	577,478	3.6	512,890	12.6
Total Deposits	769,269	810,730	5.4	769,269	810,730	5.4	747,595	8.4
Total equity	140,198	154,733	10.4	140,198	154,733	10.4	147,218	5.1

Source : Company, KB Valbury Sekuritas

Selected Key Performance (%)	12M22	12M23	YoY (%)	4Q22	4Q23	YoY (%)	3Q23	QoQ
NIM	4.8	4.6	-0.2	4.85	4.4	-0.4	4.8	-0.4
CASA	72.4	71.2	-1.2	72.4	71.2	-1.2	68.6	2.6
CIR	42.6	42.9	0.3	46.1	47.4	1.3	41.5	5.9
CoF	1.5	2.2	0.7	1.8	2.5	0.7	2.2	0.3
ROE	14.9	15.2	0.3	14.3	14.3	0.0	15.8	-1.5
ROA	2.5	2.6	0.1	2.4	2.5	0.1	2.8	-0.3
LDR	84.2	85.8	1.6	84.2	85.8	1.6	90.1	-4.3
NPL gross	2.8	2.1	-0.7	2.8	2.1	-0.7	2.3	-0.2
NPL coverage	278.3	319	40.7	278.3	319	40.7	324.5	-5.5
CoC	1.9	1.4	-0.5	1.6	1.4	-0.2	1.3	0.1
LAR	16	12.9	-3.1	48.8	52.7	3.9	51.1	1.6

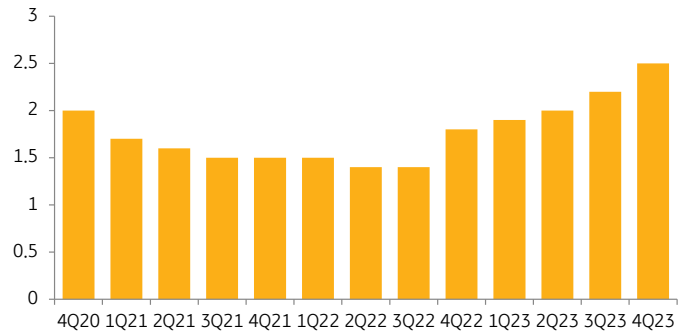
Source : Company, KB Valbury Sekuritas

Exhibit 3: Solid loan growth trajectory likely to continue



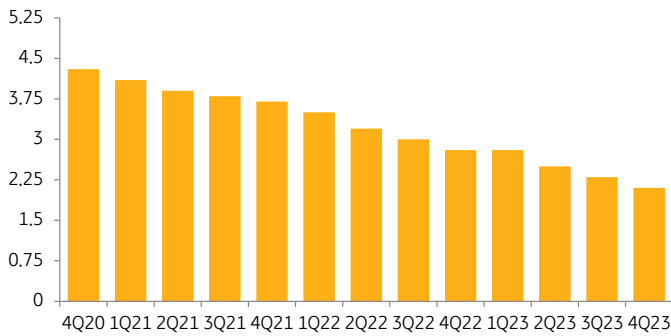
Source: Company, KBVS Research

Exhibit 4: Expecting CoF to start softened



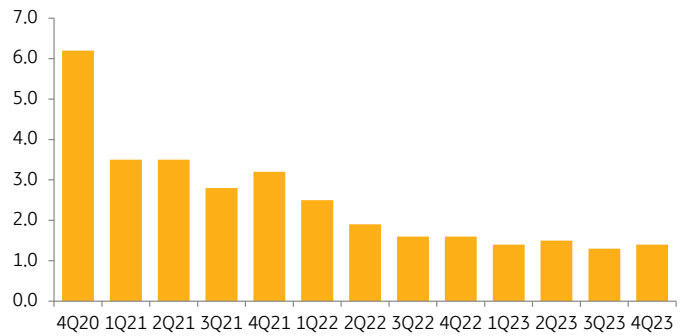
Source: Company, KBVS Research

Exhibit 5: Continuing better asset quality underpinned healthier NPL (%)...



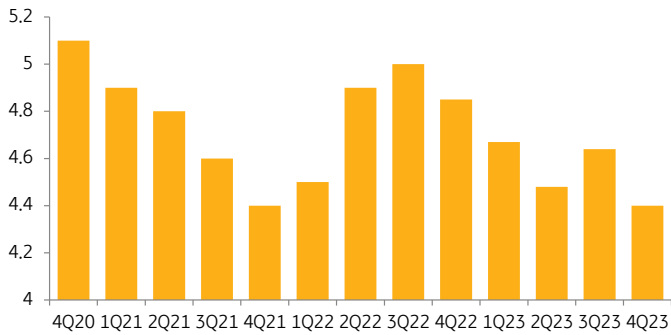
Source: Company, KBVS Research

Exhibit 6: ..while CoC improvement remain intact



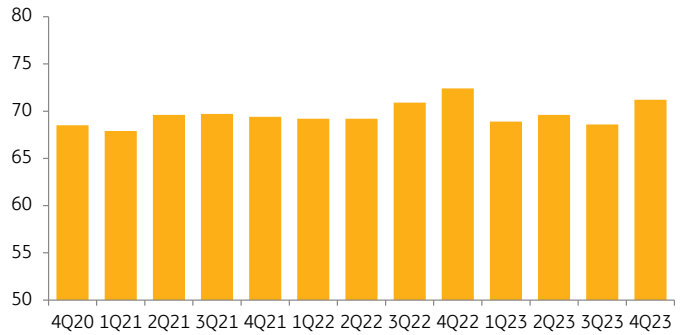
Source: Company, KBVS Research

Exhibit 7: Stronger NII and softened CoF to support better NIM (%)



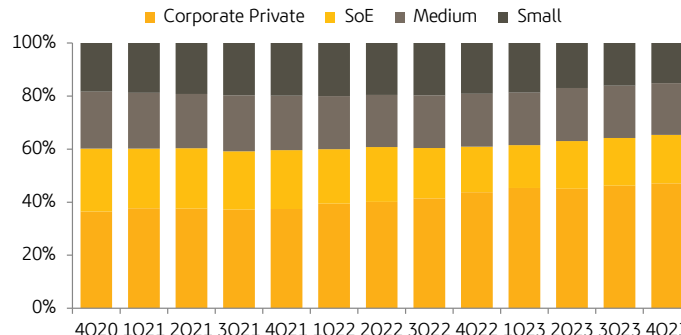
Source: Company, KBVS Research

Exhibit 8: Solid and better CASA growth to help NIM expansion (%)



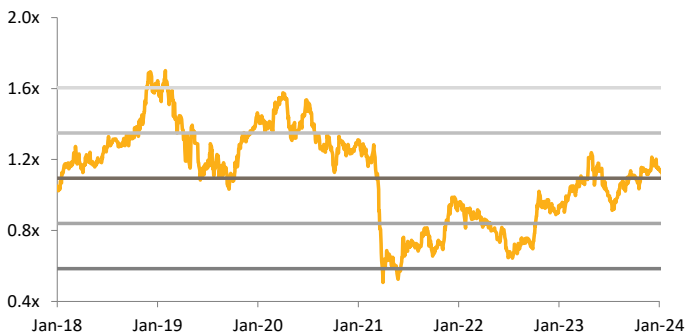
Source: Company, KBVS Research

Exhibit 9: Expecting high yield segment contribution to sustained



Source: Company, KBVS Research

Exhibit 10: Trading at 1.2x '24F P/B, or below its +1SD hist mean



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES
Exhibit 11: Profit & Loss

Year End Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Interest income	50,026	54,659	61,112	69,141	76,371
Interest expenses	-11,779	-13,338	-16,375	-19,251	-21,586
Net interest income	38,247	41,321	44,737	49,890	54,785
Non-interest income	17,619	20,151	21,318	22,562	23,340
Operating expenses	-24,801	-27,059	-29,951	-31,181	-34,131
Pre-provision operating profit	31,064	34,413	36,104	41,270	43,994
Loan loss provision	-18,297	-11,514	-10,412	-11,279	-11,531
Pretax Profit	12,551	22,687	25,603	29,841	32,306
Income Tax Expenses	-1,574	-4,205	-5,121	-5,968	-6,461
Net profit	10,899	18,312	20,295	23,653	25,607

Exhibit 12: Balance sheet

Year End Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Assets					
Cash	13,684	13,448	14,015	15,089	16,697
Current Account at BI	48,682	82,922	90,418	98,409	107,352
Interbank Loans	111,860	67,491	73,888	80,711	88,495
Govt Treas Bills & Sec	111,428	121,292	125,929	127,982	129,726
Investment Securities	25,803	28,556	41,557	45,251	49,396
Loans	532,141	595,854	653,381	725,696	812,329
Fixed Assets	26,883	26,549	26,447	26,490	26,358
Other assets	94,356	93,724	99,998	108,338	110,713
Total Asset	964,838	1,029,837	1,125,633	1,227,966	1,341,066
Liabilities					
Interbank Deposit	14,377	15,245	16,637	18,116	18,777
Customer Deposit	729,169	769,269	839,530	914,161	997,895
Debts Sec and Subordinates	51,209	57,764	63,040	68,644	72,437
Other Liabilities	43,563	47,361	49,730	50,716	54,827
Total liabilities	838,318	889,639	968,936	1,051,637	1,143,936
Equity					
Capital Stock	9,055	9,055	9,055	9,055	9,055
Additional Paid-in Capital	17,010	17,010	17,010	17,010	17,010
Retained Earnings	78,250	94,060	109,554	128,134	147,828
Other Equity	19,423	15,691	16,475	17,299	18,164
Shareholder's Equity	123,738	135,816	152,095	171,498	192,057
Non-controlling Interest	2,782	4,382	4,601	4,831	5,073
Total Equity	126,520	140,198	156,696	176,329	197,129

Exhibit 13: Key performance metrics

Year End Dec (%)	2021A	2022A	2023F	2024F	2025F
NIM (%)	4.6	4.8	4.8	4.9	5.0
LDR (%)	79.9	84.0	84.0	85.1	86.6
CASA (%)	69.4	72.4	72.7	73.0	73.2
NPL (%)	3.7	2.8	2.8	2.7	2.7
ROAE (%)	9.3	14.1	14.1	14.6	14.1
ROAA (%)	1.2	1.8	1.9	2.0	2.0
CAR (%)	17.4	17.9	18.3	19.0	19.4
BVPS (IDR)	3,318	3,641	4,078	4,598	5,149
PER (x)	18.6	11.0	10.0	8.6	7.9
PBV (x)	1.6	1.5	1.3	1.2	1.1
Div. Yield (%)	1.3	2.3	2.5	2.9	3.2

Source: Company, KBVS Research

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will be related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. +62 21 – 250 98 300
F. +62 21 – 255 33 778

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta Utara 11620
T. (021) 29451577

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T. (022) 87255800

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) – 3265918

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 5700281

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 2955788

Padang

Jl. Kampung Nias II No. 10,
Padang 25211
T. (0751) 8955747

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 623111

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T. (024) 8501122

Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0241) 16000818

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T. (061) 88816222

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 522392181

Semarang

Jl. MT Haryono 637
Semarang 50242
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 6726306