

## Bank Negara Indonesia (BBNI)

## FY22 likely beats expectation

6 January 2023



BBNI IJ	BUY
Sector	Banks
Price at 4 January 2023 (IDR)	9,000
Price target (IDR)	10,600
Upside/Downside (%)	17.8

## Stock Information

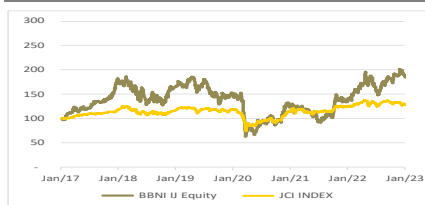
PT Bank Negara Indonesia (Persero) Tbk is a state-owned offering commercial and consumer banking services. The bank is positioned as one of 3 big SoE banks in Indonesia. Through its subsidiaries, the bank is also offering businesses in sharia banking, insurance, consumer financing and securities.

Market cap (IDR bn)	167,838
Shares outstanding (mn)	18,648
52-week range (Rp)	6,775-9,950
3M average daily vol. ('000)	23,781
3M average daily val. (IDRmn)	220,547

## Shareholders (%)

Republic of Indonesia	60.0
Norges Bank	1.39

## Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	(7.7)	1.7	29.5

## Analyst(s)

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**FY22 net profit should surpassing KBVS' and consensus' '22F expectations while soften '23F earnings and loan growth are acceptable in our view, as post covid recovery momentum has made high-base net profit in 2022. Transmission of rising policy rate to loan yield and CoF will play important role in '23F, aside from continuing provisions improvement which become the growth cushion. We might see a slight NIM contraction, yet asset quality should remain manageable. Maintain BUY, with target price of IDR10,600 (1.4x 2022F P/B).**

## Strong earnings continue in 11M22

BBNI continue to record strong monthly result throughout 2022. In 11M22 BBNI booked IDR37.2 tn net interest income or up 7.5% yoy. Provision expenses continue to improve and make substantial impact to the bank only net profit growth which surged 78.8% yoy to IDR17.03 tn. With such achievement and the upcoming Dec '22 steady earnings growth, we believe FY22 net profit figures will surpassing KBVS' and consensus' expectations. In Nov '22 stand alone, net interest income grew strongly at 12.87% yoy and improving provisions by 36.2% yoy has lifted net profit to IDR1.54 tn or 42.5% higher yoy. Meanwhile, the 3.8% mom slips in net profit as a result of 34.6% mom higher provisions sounds acceptable as the bank taking the advantage on strong growth momentum to front-loading provision.

## Soften yet reasonable growth in 2023F

Slower net profit growth in 2023F seems reasonable as headwinds from macro uncertainty and higher interest rate could impacting loan demand appetite, especially from the consumer loan segment. However, a double-digit growth achievement in 2023F net profit still deserves two thumbs up in our view on top of high-based net profit post covid recovery momentum. (FY21 +232% yoy and '22F at 58.0% yoy). Our conservative 2023F net profit for BBNI at 16.0% yoy (consensus at 26.1% yoy) will be driven by 10% and 16% yoy growth in PPOP and operating profit, respectively. Manageable asset quality and recent front-loading provisions, which resulting to provision improvement, will also underpin overall earnings growth in 2023F.

## Solid loan and liquidity outlook

In Nov '22, loan growth arrived at 10.1% yoy or within '22F management guidance range of 7.0%-10.0%. The growth remains underpin from low-risk segment. Corporate segments saw 24.9% yoy growth, while enterprise, KUR and payroll segment at 20.5% yoy, 20.9% yoy and 16.6% yoy, respectively. We expect '23F loan to grow at 9.0% yoy or at upper range of management's guidance of 7.0%-9.0% yoy. On liquidity side, solid growth across deposits segments remain persists with demand deposits booked the highest growth at 16.2% yoy and saving deposits grew by 6.0% yoy. This has made CASA continue solid which arrived at 70.1% or grew by 11.5% yoy.

## Persistency solid asset quality metrics

On key performance indicators, NIM stood at 4.8% amid higher loan yield and at the upper-range of management's forecast (4.6%-4.8%) and around 30bp above our '22F figures. Cost of Fund (CoF) which has bottoming in 3Q22, has started to increase and reached 1.53%. Improving asset quality metrics continue in place, with NPL ratio at 3.0%, LAR including Covid at 18.4% (3Q22 at 19.3%), robust LAR and NPL coverage at 45% and 2.8x. Our '23F NIM for BBNI is at 4.7%, largely aligned with BBNI's '23F upper-range target.

## Maintain BUY with target price of IDR10,600

Our target price is based on Gordon Growth Model-derived fair P/B of 1.4x. BBNI is currently trading at 1.2x '23F P/B, or at its 10-year historical mean. Risks to our call are: a) lower-than-expected loan growth, NIM and loan yield, b) higher than expected credit cost and c) higher inflation, slowing economic activity and d) deteriorating asset quality.

## Key Statistics

Year-end Dec	2020A	2021A	2022F	2023F	2024F
Net interest income	37,152	38,247	40,314	45,329	48,820
Non-interest income	14,884	17,619	18,671	19,794	20,992
Total operating income	52,036	55,865	58,985	65,123	69,813
Pre-provision operating profit	27,822	31,064	34,566	38,018	42,436
Net profit	3,280	10,899	17,216	19,965	23,541
EPS (IDR)	176	584	923	1,071	1,262
EPS growth (%)	(78.7)	232.2	58.0	16.0	17.9
PER (x)	51.2	15.4	9.7	8.4	7.1
PBV (x)	1.5	1.4	1.2	1.1	1.0
Div. Yield (%)	0.2	1.6	2.6	3.0	3.5
ROE (%)	2.8	9.3	13.1	13.6	14.3

Source: Company, KB Valbury Sekuritas

# Bank Negara Indonesia (BBNI)

Exhibit 1: BBNI's Financial Overview

Profit & Loss Statement							
Monthly (IDR bn)	10M21	11M21	10M22	11M22	10M22	11M22	
					YoY (%)	YoY (%)	
Interest income	41,199	45,316	43,817	48,777	6.4	7.6	
Interest expense	(9,669)	(10,637)	(10,107)	(11,515)	4.5	8.2	
Net interest income	31,530	34,678	33,710	37,262	6.9	7.5	
Non Int Inc & others	12,997	14,394	15,084	16,608	16.1	15.4	
Total Income	44,528	49,072	48,793	53,870	9.6	9.8	
Opex	(18,901)	(20,979)	(20,475)	(22,908)	8.3	9.2	
PPOP	25,627	28,093	28,318	30,962	10.5	10.2	
Provision	(15,095)	(16,154)	(9,386)	(10,062)	(37.8)	(37.7)	
Operating income	10,532	11,939	18,932	20,901	79.8	75.1	
Others income (exp)	(40)	(43)	(75)	(91)	88.4	113.5	
PBT	10,492	11,896	18,857	20,809	79.7	74.9	
Tax	(2,046)	(2,368)	(3,368)	(3,776)	64.6	59.5	
Net Profit	8,445	9,528	15,490	17,033	83.4	78.8	
<b>Loans and Deposits (IDRbn)</b>							
Total Loan	563,403	568,607	620,836	625,912	10.2	10.1	
Total TPF	664,841	682,176	750,717	743,091	12.9	8.9	
Demand deposits	243,112	250,086	305,795	290,699	25.8	16.2	
Savings deposits	212,641	216,906	226,935	229,857	6.7	6.0	
Time deposits	209,088	215,184	217,987	222,536	4.3	3.4	
<b>Key Financial Metrics</b>							
NIM	5.1	4.8	5.2	4.8	0.1	0.0	
Asset yield - blended (%)	6.64	6.23	6.72	6.29	0.1	0.1	
Cost of fund (%)	1.54	1.52	1.46	1.53	(0.1)	0.0	
Cost of credit (%)	3.22	3.10	1.81	1.75	(1.4)	(1.3)	
CASA (IDRbn)	455,753	466,992	532,729	520,556	76,976	53,564	
CASA ratio (%)	68.55	68.46	70.96	70.05	2.4	1.6	
LDR (%)	84.74	83.35	82.70	84.23	(2.0)	0.9	

Source: Company

Exhibit 2: Currently trading at 1.2x '23F P/B, at its 10-year historical mean



Source: Company, KB Valbury Sekuritas

## Bank Negara Indonesia (BBNI)

## FINANCIAL TABLES

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (IDR bn)	2020A	2021A	2022F	2023F	2024F
Interest income	56,173	50,026	52,673	60,662	64,985
Interest expenses	-19,021	-11,779	-12,360	-15,333	-16,164
Net interest income	37,152	38,247	40,314	45,329	48,820
Non-interest income	14,884	17,619	18,671	19,794	20,992
Total operating income	52,036	55,865	58,985	65,123	69,813
Operating expenses	-24,214	-24,801	-24,419	-27,105	-27,376
Pre-provision operating profit	27,822	31,064	34,566	38,018	42,436
Loan loss provision	-22,590	-18,297	-12,719	-12,691	-12,528
Pretax profit	5,112	12,551	21,789	25,269	29,794
Tax Expenses	-1,791	-1,574	-4,358	-5,054	-5,959
Minorities interest	-41	-79	-215	-250	-295
Net profit	3,280	10,899	17,216	19,965	23,541

Source: Company, KB Valbury Sekuritas

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (IDR bn)	2020A	2021A	2022F	2023F	2024F
<b>Assets</b>					
Cash	17,324	13,684	14,379	15,031	16,423
Current Account BI	35,066	48,682	53,274	58,104	63,375
Interbank	77,437	111,860	122,214	133,540	145,922
Marketable Securities	29,687	25,803	28,134	42,949	46,854
Gov Bond	90,659	111,428	123,283	130,147	132,515
Loan	541,979	532,141	579,000	633,213	701,178
Fixed assets	27,362	26,883	29,518	32,046	34,775
Other assets	71,824	94,356	99,123	102,241	112,418
Total Asset	891,337	964,838	1,048,926	1,147,270	1,253,459
<b>Liabilities</b>					
Interbank Deposit	9,372	14,377	10,971	11,968	13,056
Deposit from customer	679,452	729,169	795,377	867,647	946,537
Debts Sec and Subordinates	47,199	51,209	55,252	60,273	65,753
Other Liabilities	42,442	43,563	45,902	49,131	50,088
Total liabilities	778,465	838,318	907,502	989,018	1,075,434
<b>Equity</b>					
Capital Stock	9,055	9,055	9,055	9,055	9,055
Additional Paid-in Capital	14,568	17,010	17,010	17,010	17,010
Retained Earnings	66,981	78,250	92,045	107,706	126,255
Other Equity	19,589	19,423	20,394	21,414	22,485
Shareholder's Equity	110,193	123,738	138,504	155,185	174,805
Non-controlling Interest	2,680	2,782	2,921	3,067	3,220
Total Equity	112,872	126,520	141,425	158,251	178,025

Source: Company, KB Valbury Sekuritas

## RATIO ANALYSIS

Year End Dec	2020A	2021A	2022F	2023F	2024F
NIM (%)	4.8	4.6	4.5	4.7	4.6
LDR (%)	86.3	79.9	79.5	79.5	80.3
CASA (%)	68.3	69.4	69.7	70.0	70.3
NPL (%)	4.2	3.7	2.8	2.8	2.8
ROAE (%)	2.8	9.3	13.1	13.6	14.3
ROAA (%)	0.4	1.2	1.7	1.8	2.0
CAR (%)	16.8	17.4	17.9	18.4	18.9
BVPS (IDR)	5,909	6,635	7,427	8,321	9,374
PER (x)	51.2	15.4	9.7	8.4	7.1
PBV (x)	1.5	1.4	1.2	1.1	1.0
Div. Yield (%)	0.2	1.6	2.6	3.0	3.5

Source: Company, KB Valbury Sekuritas

## Bank Negara Indonesia (BBNI)

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