



BUY

Target Price : IDR8,500

Stock Data

Current Price	: IDR7,500
52Wk Range (H-L)	: IDR4,580-7,500
Share Outstanding	: 18.5 bn
Free Float	: 39.39%
Mkt Capitalization (IDR Tn)	: 139.86

Major Shareholders

Government	: 60.61%
Public	: 39.39%

PT Bank Negara Indonesia Tbk (BBNI IJ)

Banking Sector

Come Back Stronger

FY21 Result : Strong Bottom Line & Improving Asset Quality

- BBNI booked consolidated net profit attributable to shareholder of IDR10.89tn (+232% YoY) throughout FY21.
- Solid earnings came from significantly lower provisioning expense (-17% YoY) due to front loading strategy during Covid-19.
- Furthermore, the decline in interest expense (-35% YoY) and rising non-interest income (+13% YoY) also supported company's top line.
- CASA grew +17% YoY outperforming TD growth of +12% YoY helped lower CoF to 1.6% (-100 bps YoY).
- Non-interest income rose by +13% YoY on the back of solid growth on e-channel, trade finance, securities trading and syndication.
- Loan expanded 5.3% YoY in line with industry performance primarily attributable to : 1) private corporate segment (+8% YoY); 2) large commercial segment (+10% YoY) and 3) Govt subsidized KUR (+35% YoY).
- Blended loan yield dropped to 7.25% (-76 bps YoY) amid low interest rate environment. However strengthening CASA structure has boosted net interest income causing NIM to increased 20 bps to 4.7% in FY21 (vs 4.5% in FY20).
- Despite the increase in loan disbursement, BBNI still have ample liquidity with LDR stood at 79.7% primarily driven by higher TPF.
- Asset quality improved with gross NPL declined 60 bps to 3.7% in FY21 (vs 4.3% in FY20) in line with lowering restructured loan.
- As of Dec-21, total Covid-19 restructured loan stood at IDR72.13tn (vs IDR102.39tn in Dec-20), implying a decrease of 29.55% YoY. While at the same time LaR decreased from 28% in Dec-20 to 23.3% in Dec-21.

One Step Closer to Having Digital Bank

- BBNI announced its plan to acquire majority stake in Bank Mayora with the transaction value amounting at IDR3.5tn (2x PBV) to establish digital bank as part of its inorganic growth digital strategy.
- We believe that by acquiring large stake in Bank Mayora, BBNI could further boost its growth through leveraging Mayora ecosystem that currently has vast ecosystem both in modern and traditional retail outlets across Indonesia.
- It is worth noted that BBNI could serve more domestic SME customers and increasing its fee based income once its acquisition is executed and the new digital bank is established.

ESG Focus : Affirming A Rating

- BBNI total green portfolio amounting to IDR172.4 tn or equivalent to 29.6% of bank only total loan comprised of : 1) socioeconomic empowerment segment (IDR117tn); 2) sustainable environment (IDR14tn); 3) renewable energy (IDR9.5tn); 4) pollution prevention (IDR5.1tn) and 5) sustainable water & wastewater management (IDR26.8tn).
- BBNI set a strict policy on its loan disbursement in CPO and coal sectors by requiring debtor to demonstrate sustainable environment operation (having at least Blue PROPER rating from KLHK and RSPO/ISPO certificate for CPO sector).
- As of Nov-22, BBNI successfully obtained A-rating from MSCI ESG Rating, the highest among peers.

Outlook & Recommendation : Maintain BUY Rating with Upgraded TP : IDR8,500

We believe BBNI's loan could grow 10% in FY22F. In addition, we believe BI's policy to increase IDR statutory reserves will translate into slightly higher CoF in FY22F, but we are optimistic that BBNI could maintain NIM at 4.7%. We maintain BUY rating for BBNI with upgraded TP : IDR8,500 from our previous TP : IDR7,800 based on our DDM valuation, implying 1.05x forward PBV FY22F. Risk to our call include : 1) slower than expected loan growth; 2) deteriorating asset quality due to rising Covid-19 cases and 3) slower execution of digital bank.

Key Financial Highlight

Financial Performance	FY20	FY21	FY22F	FY23F
Net Interest Income (IDR bn)	56,173	50,026	57,107	63,191
Net Profit (IDR bn)	3,280	10,899	13,789	19,392
EPS (IDR)	176	584	739	1,040
PER (X)	42.64	12.83	10.14	7.21
BVS (IDR)	6,053	6,784	7,116	7,813
PBV (X)	1.24	1.11	1.05	0.96
ROAE (%)	2.76	9.11	10.64	13.93
ROAA (%)	0.38	1.17	1.39	1.82

Sources : Bloomberg, MNCS

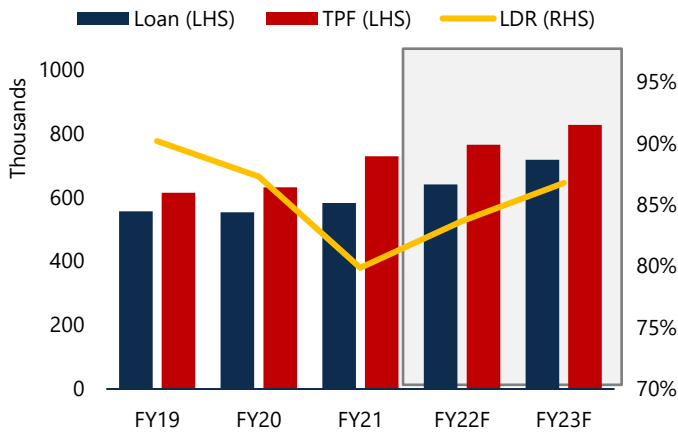


Research Analyst

Tirta Citradi

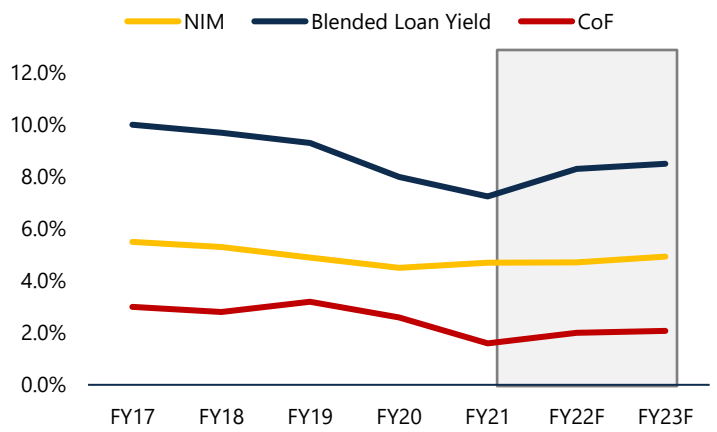
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Exhibit 01. BBNI Loans & TPF (IDR bn) and LDR (%)



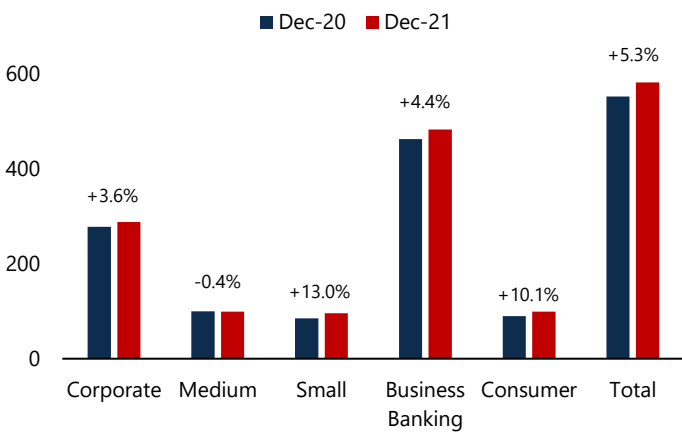
Sources : BBNI Financial Statement, MNCS

Exhibit 02. BBNI Loan Yield, CoF and NIM



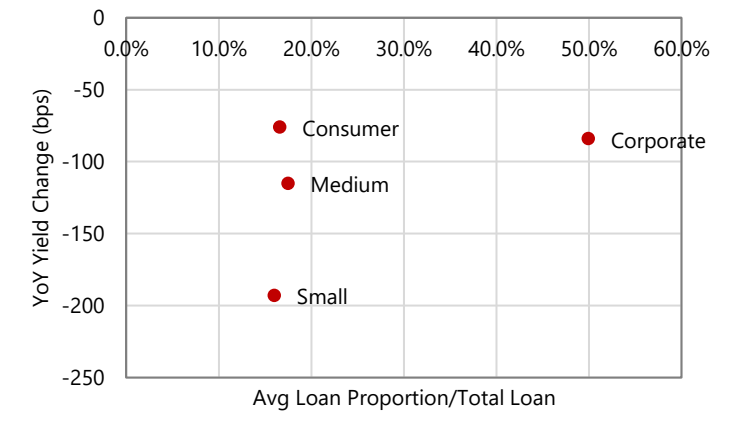
Sources : BBNI Financial Statement, MNCS

Exhibit 03. BBNI Loan Breakdown by Segment (IDR bn) & YoY Growth



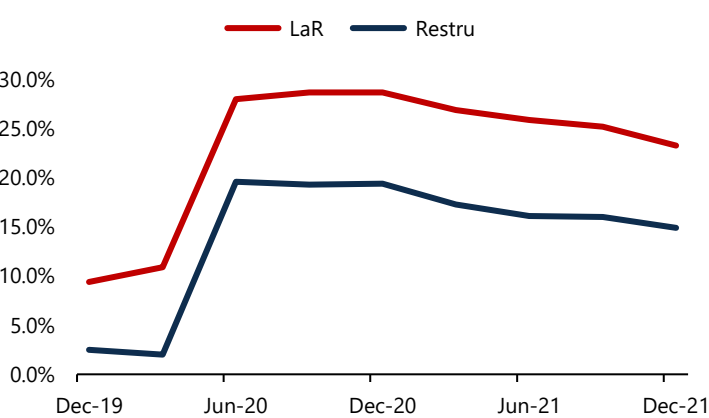
Sources : BBNI Financial Statement, MNCS

Exhibit 04. BBNI Loan Composition (%) vs Yield Change (bps)



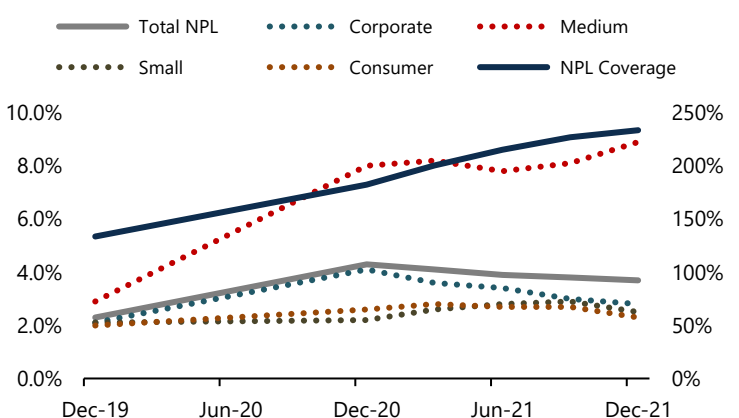
Sources : BBNI Financial Statement, MNCS

Exhibit 05. BBNI Restructured Loan and LaR (%)



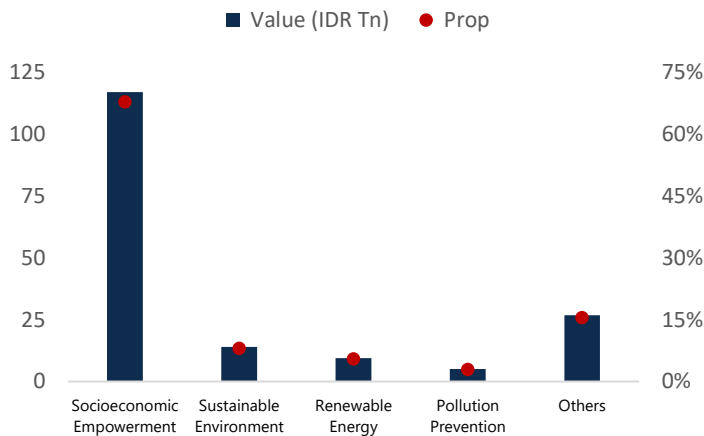
Sources : BBNI Financial Statement, MNCS

Exhibit 06. BBNI NPL Breakdown (LHS) & Coverage Ratio (RHS)



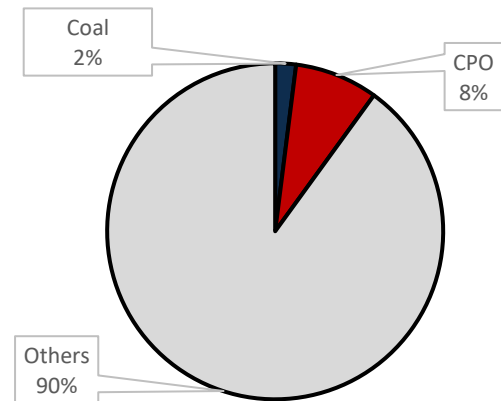
Sources : BBNI Financial Statement, MNCS

Exhibit 07. BBNI ESG Loan Portfolio Breakdown



Sources : BBNI Data, MNCS

Exhibit 08. BBNI Exposure to Coal & CPO Industry (% Loan Bank Only)



Sources : BBNI Data, MNCS

Exhibit 09. Bank Mayora Financial Performance

Financial Performance	Unit	FY16	FY17	FY18	FY19	FY20	9M21	CAGR
Income Statement								
Interest Income	IDR Bn	503	498	503	526	542	372	1.9%
Interest Expense	IDR Bn	234	221	217	252	264	172	3.1%
Net Interest Income	IDR Bn	269	277	286	274	278	200	0.8%
Attributable Net Profit	IDR Bn	56	34	32	11	12	33	-32.5%
Balance Sheet								
Loan	IDR Bn	3,379	3,895	4,009	4,253	4,306	3,787	6.2%
Third Party Fund	IDR Bn	4,008	4,615	4,651	5,379	6,399	7,348	12.4%
Profitability								
NIM	%	4.5	5.4	5.2	4.8	3.9	3.3	
ROA	%	1.4	0.8	0.7	0.3	0.2	0.5	
ROE	%	5.5	3.2	2.9	1.0	1.1	3.6	
Asset Quality								
NPL	%	2.5	3.0	2.7	3.7	3.2	3.2	
Liquidity								
LDR	%	84.3	84.4	86.2	79.1	67.3	51.5	
Capital								
CAR	%	27.7	25.0	23.7	21.5	25.2	30.1	

Sources : OJK, MNCS

Exhibit 10. BBNi Financial Projection

Income Statement (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Interest Income	58,532	56,173	50,026	57,107	63,191
Interest Expense	(21,930)	(19,021)	(11,779)	(15,576)	(17,189)
Net Interest Income	36,602	37,152	38,247	41,531	46,002
Non Interest Income	15,409	11,864	13,639	13,114	14,093
Operating Income	52,012	52,036	55,865	60,605	67,001
Operating Expense	(23,687)	(24,214)	(24,801)	(26,349)	(27,529)
PPOP	28,325	27,822	31,064	34,255	39,472
Provision Expense	(8,838)	(22,590)	(18,297)	(15,553)	(13,220)
Pre-Tax Profit	19,369	5,112	12,551	18,552	26,091
Tax	(3,861)	(1,791)	(1,574)	(4,638)	(6,523)
Attributable Net Profit	15,384	3,280	10,899	13,789	19,392

Balance Sheet (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Cash	15,362	13,684	17,324	17,516	19,052
CA with BI	37,104	35,066	48,682	49,766	53,754
Placement with BI and Banks	47,777	61,329	92,290	96,905	101,750
Securities & Government Bonds	108,476	120,606	137,481	107,380	85,904
Loans	556,771	586,207	582,436	640,680	717,561
Total Earning Assets, net	749,394	819,049	893,356	930,473	1,001,905
Total Assets	845,605	891,337	964,838	1,020,844	1,110,421
Current Account	207,035	223,862	281,398	270,615	296,835
Saving Account	202,266	224,288	224,670	248,943	267,763
Time Deposits	205,010	215,281	223,101	246,069	262,393
Third Party Fund	614,311	663,432	729,169	765,627	826,991
Interest Bearing Liabilities	693,845	728,508	802,281	846,769	917,216
Total Liabilities	720,601	778,466	838,318	888,143	964,717
Shareholder Equity	125,004	112,872	126,520	132,701	145,704
Total Liabilities & Equity	845,605	891,337	964,838	1,020,844	1,110,421

Financial Ratio	FY19	FY20	FY21	FY22F	FY23F
CoF	3.4%	2.6%	1.6%	2.0%	2.1%
NIM	5.1%	4.5%	4.7%	4.7%	4.9%
CIR	44.1%	44.2%	43.3%	42.5%	40.2%
BOPO	73.6%	96.7%	86.2%	81.9%	75.0%
ROAA	1.9%	0.4%	1.2%	1.4%	1.8%
ROAE	13.3%	2.8%	9.1%	10.6%	13.9%
ROE	12.3%	2.9%	10.4%	10.4%	13.3%
LDR	90.2%	87.3%	79.9%	83.7%	86.8%
NPL, gross	2.3%	4.3%	3.7%	3.4%	3.2%
CoC	1.3%	4.1%	3.3%	2.4%	1.8%

Sources : BBNi Financial Statement, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

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