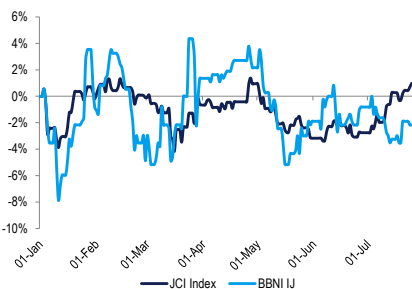


Stock Data

Target price	Rp10,400
Prior TP	Rp10,400
Current price	Rp9,025
Upside/downside	+15.2%
Shares outstanding (mn)	18,649
Market cap (Rp bn)	168,304
Free float	40%
Avg. 6m daily T/O (Rp bn)	243

Price Performance

	3M	6M	12M
Absolute	-4.7%	0.0%	18.8%
Relative to JCI	-6.2%	-0.6%	17.9%
52w low/high (Rp)	7,600 – 9,900		



Major Shareholders

Republic of Indonesia	60%
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2Q23 results: in-line profit but PPOP remained weak

- 1H23 net profit of Rp10.3tr (+17% yoy/-3% qoq) was driven by lower provision (-30% yoy/+10% qoq). PPOP remained weak (flat yoy/qoq).
- NIM dropped 20bp qoq to 4.5% from 4.7% in 1Q, hence the downward revision to NIM guidance by c.10bp to $\geq 4.6\%$ from $\geq 4.7\%$ previously.
- Loan/savings/PPOP weaker than peers growth is a concern but valuation is attractive, hence our unchanged Buy rating.

In-line results from lower provision

BBNI posted 1H23 net profit of Rp10.3tr (+17% yoy/-3% qoq), forming 49/48% of our/consensus FY23F estimates. This was mainly driven by lower provisioning (-30% yoy/+10% qoq). Meanwhile, PPOP was flat yoy/qoq as NII growth of +5% yoy (-2% qoq) was dragged down by weak non-ii of -7% yoy (flat qoq). Overall CoC stood at 1.4% in 1H23 vs. 2.2% in 1H22 (1.5% in 1Q23) still in-line with its FY23F guidance of $<1.5\%$.

Lower NIM outlook from higher CoF

Overall NIM declined to 4.5% in 2Q23 from 4.7% in 1Q23, attributed to higher time deposits CoF by +40bp qoq. It downgrades its NIM guidance to $\geq 4.6\%$ (initially at $\geq 4.7\%$) partly because uncertainty on KUR accrual. LDR was stable qoq at 85% (90% in 2Q22). Deposits grew 11% yoy (+3% qoq) mostly from CA (+21% yoy/+6% qoq) and TD (+9% yoy/+1% qoq), while savings was slow at +1% yoy/+1% qoq.

Weak loan growth but private corporate remained the bright spot

Overall loan grew by only 5% yoy (+3% qoq) driven by private corporate (+17% yoy/+2% qoq) and consumer loans (+12% yoy/+3% qoq); while medium segment was relatively flat (-1% yoy/-2% qoq). Negative growth in small segments (-1% yoy/-3% qoq) is mainly due to lower KUR disbursement as the subsidy remains unclear. It maintains loan growth guidance of 7-9% yoy in FY23F.

Marginal improvement on asset quality

NPL ratio improved to 2.5% in 2Q23 from 2.8% 1Q23 (3.2% in 2Q22), while loan-at-risk (LAR) relatively stable at 16.1% 2Q23 vs. 16.3% in 1Q23 (19.6% in 2Q22). LAR coverage stood at 47% in 2Q23, a slight dip vs. 49% in 1Q23 (42% in 2Q22) – due to sizable write-off in 2Q. It guides for LAR of 12-13% in FY23F. In terms of exposure to SOE contractors, the loans have been provisioned at 53.5% coverage (60% for WSKT and 30% for WIKA).

Weak loan/savings/PPOP growth is a concern but valuation remains undemanding

While higher dividend outlook is a bright spot, our concern lies on weaker loan/savings/PPOP growth vs. peers. For now we keep our forecasts and TP unchanged. Maintain Buy as current valuation of 1x FY24F P/B is undemanding. Upside risk is better than expected loan growth.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net interest income	38,247	41,321	41,766	43,693	46,855
PPOP	31,064	34,413	36,689	39,202	42,653
Provision charges	(18,297)	(11,514)	(10,139)	(10,333)	(11,284)
Net profit	10,899	18,312	21,119	22,986	24,996
P/BV (x)	1.3	1.2	1.1	1.0	0.9
Dividend yield	0.5%	1.6%	3.8%	4.4%	4.8%
ROAE	9.1%	13.7%	14.2%	13.9%	13.8%
IPS vs. consensus			98%	95%	92%

Source: Company, Indo Premier

Share price closing as of: 25 July 2023

Fig. 1: BBNI 2Q23 results summary

BBNI 2Q23 results summary (Rp bn)	1H23	1H22	%YoY	2Q23	2Q22	%YoY	1Q23	%QoQ	IPS FY23F	% of IPS	Cons FY23F	% of Cons
Interest Income	30,295	25,531	19%	15,276	13,357	14%	15,019	2%	56,690	53%		
Interest expenses	(9,693)	(5,921)	64%	(5,078)	(2,978)	71%	(4,615)	10%	(14,924)	65%		
Net interest income	20,602	19,610	5%	10,198	10,379	-2%	10,404	-2%	41,766	49%		
Fee based income	6,925	7,552	-8%	3,689	3,520	5%	3,236	14%				
Insurance Income	782	708	10%	405	399	2%	377	7%				
Recovery	1,783	1,906	-6%	645	798	-19%	1,138	-43%				
Non-interest income	9,490	10,166	-7%	4,739	4,717	0%	4,751	0%	21,534	44%		
Total Income	30,092	29,776	1%	14,937	15,096	-1%	15,155	-1%	63,300	48%		
Overhead Expenses	(12,792)	(12,532)	2%	(6,289)	(6,387)	-2%	(6,503)	-3%	(26,611)	48%		
Pre-provision profit	17,300	17,244	0%	8,648	8,709	-1%	8,652	0%	36,689	47%		
Loan loss provision	(4,511)	(6,403)	-30%	(2,362)	(2,803)	-16%	(2,149)	10%	(10,139)	44%		
Other income (exp)	(85)	(22)	286%	(39)	43	-191%	(46)	-15%	(212)	40%		
Pretax Profit	12,704	10,819	17%	6,247	5,949	5%	6,457	-3%	26,338	48%	26,766	47%
Tax	(2,304)	(1,947)	18%	(1,112)	(1,052)	6%	(1,193)	-7%	(5,045)	46%		
Minority interests	(98)	(69)	42%	(54)	(56)	-3%	(43)	26%	(175)	56%		
Net Profit	10,302	8,803	17%	5,081	4,841	5%	5,221	-3%	21,119	49%	21,489	48%

Source: Company, Indo Premier

Fig. 2: BBNI 2Q23 balance sheet summary

Balance sheet (Rp bn)	2Q23	2Q22	%YoY	1Q23	%QoQ
Placement with banks/BI	67,837	48,575	40%	60,099	13%
Marketable securities	32,325	27,715	17%	30,823	5%
Government bonds	121,408	114,814	6%	123,018	-1%
Gross Loan	650,770	620,423	5%	634,326	3%
Other assets	152,751	134,968	13%	164,097	-7%
Total Assets	1,025,091	946,495	8%	1,012,363	1%
Demand Deposits	301,766	249,734	21%	285,076	6%
Saving deposits	230,574	229,250	1%	227,466	1%
CASA	532,340	478,984	11%	512,542	4%
Time Deposits & CD	232,670	212,854	9%	231,187	1%
Customer deposits	765,010	691,838	11%	743,729	3%
Deposit from other banks	15,226	18,436	-17%	21,753	-30%
Securities issued	21,482	24,424	-12%	21,485	0%
Borrowings	26,081	35,626	-27%	34,597	-25%
Other liabilities&accrued	53,818	45,680	18%	45,736	18%
Total Liabilities	881,617	816,004	8%	867,300	2%
Equity	143,474	130,491	10%	145,063	-1%

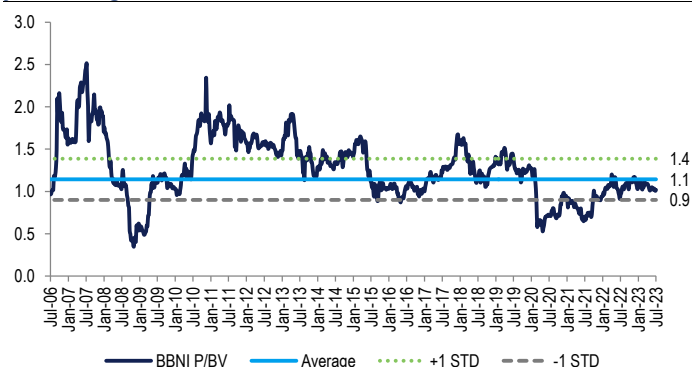
Source: Company, Indo Premier

Fig. 3: BBNI 2Q23 key ratios

Key Ratios (in %)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Loan Yield - reported (Q)	7.9	8.0	7.8	7.8	7.5	7.3	7.3	7.4	7.5	7.8	7.7	7.7
Cost of funds - reported (C)	2.9	2.6	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.5	1.9	2.0
NIM (C)	4.3	4.5	4.9	4.9	4.8	4.7	4.5	4.7	4.8	4.8	4.7	4.6
CAR	16.7	16.8	18.1	18.2	19.9	19.7	19.3	18.4	18.9	19.3	21.6	21.6
LDR	83	87	87	88	85	80	85	90	91	84	85	85
Gross NPL	3.6	4.3	4.1	3.9	3.8	3.7	3.5	3.2	3.0	2.8	2.8	2.5
Special Mention	5.8	5.1	5.6	5.9	5.5	4.7	5.0	4.6	4.3	3.5	4.4	4.4
Loan-at-risk (incl. Covid)	28.7	28.7	26.9	25.9	25.2	23.3	22.1	19.6	19.3	16.0	16.3	16.1
Credit Costs (Q)	4.6	6.2	3.5	3.5	2.8	3.2	2.5	1.9	1.6	1.6	1.4	1.5
Credit Costs (C)	3.4	4.1	3.5	3.5	3.3	3.3	2.5	2.2	2.0	1.9	1.4	1.4
Coverage Ratio	207	182	201	215	227	233	250	263	271	278	287	309
CASA Ratio	65	69	68	70	70	69	69	69	71	72	69	70
CIR	44	44	41	41	42	43	40	40	41	43	42	41

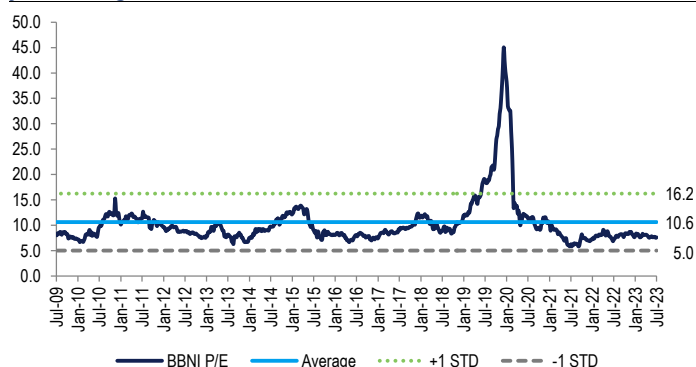
Source: Company, Indo Premier

Fig. 4: BBNI's forward P/BV – now trading at 1x FY24F P/BV vs. 10-year average of 1.1x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 5: BBNI's forward P/E – now trading at 7.3x FY24F P/E vs. 10-year average 10.6x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 6: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY23F	FY24F	10Y Avg	FY23F	FY24F	10Y Avg
BBCA	9,150	10,400	4.7	14%	Buy	23.6	21.6	20.5	4.7	4.2	3.7
BBRI	5,650	5,700	2.5	1%	Buy	13.8	11.6	14.4	2.7	2.5	2.4
BMRI	5,550	5,900	2.0	6%	Buy	10.7	9.6	12.0	1.9	1.7	1.6
BBNI	9,025	10,400	1.1	15%	Buy	8.0	7.3	10.6	1.1	1.0	1.1
BBTN	1,310	1,440	0.6	10%	Hold	6.3	5.0	11.9	0.6	0.5	0.9

Source: Company, Indo Premier

Share price closing as of: 25 July 2023

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Interest income	50,026	54,659	56,690	59,741	63,876
Interest expense	(11,779)	(13,338)	(14,924)	(16,048)	(17,021)
Net interest income	38,247	41,321	41,766	43,693	46,855
Non-interest income	17,619	20,151	21,534	23,572	25,809
Total operating income	55,865	61,472	63,300	67,265	72,664
Opex	(24,801)	(27,059)	(26,611)	(28,063)	(30,011)
PPOP	31,064	34,413	36,689	39,202	42,653
Provisions	(18,297)	(11,514)	(10,138)	(10,333)	(11,283)
Operating profit	12,767	22,899	26,551	28,870	31,370
Non-operating profit	(216)	(212)	(212)	(212)	(212)
Pre-tax profit	12,551	22,687	26,339	28,658	31,158
Income tax	(1,574)	(4,205)	(5,045)	(5,485)	(5,960)
Minority interest	(79)	(170)	(175)	(186)	(201)
Net profit	10,899	18,312	21,119	22,987	24,997

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash + CA with BI	62,366	96,370	91,477	97,251	102,199
Secondary reserves	271,102	233,969	216,612	214,446	212,301
Gross loans	582,436	646,188	705,603	770,490	841,356
Loan provisions	(50,295)	(50,334)	(51,010)	(51,748)	(52,554)
Other assets	99,228	103,643	136,776	143,367	150,322
Total Assets	964,838	1,029,837	1,099,457	1,173,806	1,253,625
Total deposits	743,546	784,514	839,343	898,097	960,964
Securities and borrowings	37,273	43,436	37,273	37,273	37,273
Other liabilities	57,499	61,689	65,825	65,825	65,825
Total liabilities	838,318	889,639	942,441	1,001,195	1,064,062
Shareholders' equity	126,520	140,198	157,016	172,611	189,563
Total liabilities & equity	964,838	1,029,837	1,099,457	1,173,806	1,253,625

Growth YoY	2021A	2022A	2023F	2024F	2025F
Gross loans	-0.6%	10.9%	9.2%	9.2%	9.2%
Total assets	8.2%	6.7%	6.8%	6.8%	6.8%
Total deposits	7.9%	5.5%	7.0%	7.0%	7.0%
Net interest income	2.9%	8.0%	1.1%	4.6%	7.2%
Non-interest income	18.4%	14.4%	6.9%	9.5%	9.5%
Total operating income	7.4%	10.0%	3.0%	6.3%	8.0%
Operating expense	2.4%	9.1%	-1.7%	5.5%	6.9%
PPOP	11.7%	10.8%	6.6%	6.8%	8.8%
Net profit	232.2%	68.0%	15.3%	8.8%	8.7%

Key Ratios	2021A	2022A	2023F	2024F	2025F
ROAA	1.2%	1.8%	2.0%	2.0%	2.1%
ROAE	9.1%	13.7%	14.1%	13.9%	13.8%
NIM	4.7%	4.5%	4.6%	4.6%	4.6%
Credit cost	3.3%	1.9%	1.5%	1.4%	1.4%
Cost/income	43.3%	44.0%	42.0%	41.7%	41.3%
LDR	79.7%	82.4%	84.1%	85.8%	87.6%
CAR	19.7%	20.6%	20.8%	21.3%	21.8%
NPL ratio	3.7%	2.8%	2.7%	2.6%	2.6%
Provisions/NPL	233.6%	277.1%	268.8%	253.5%	239.1%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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