

Bank Negara Indonesia Tbk (BBNI)

Tantangan Perlambatan Pertumbuhan

Ulasan Kinerja 4Q17

BBNI mencetak *interest income* sebesar Rp12,8 triliun (+8,0% y-y) dan *net interest income* sebesar Rp8,4 triliun (+3,8% y-y). **Penurunan *loan yield* dan stabilnya *cost of deposit*** merupakan faktor pemicu perlambatan pertumbuhan yang terjadi sejak 3Q17. Bahkan, BBNI juga mencetak penurunan laba bersih sebesar 4,5% y-y menjadi Rp3,5 triliun yang terutama dipicu oleh kenaikan beban provisi sebesar 32%.

Perlambatan Pertumbuhan Kredit di Segmen Korporasi BUMN

Pada 2017, BBNI mencetak **pertumbuhan kredit sebesar 12,2%** menjadi Rp441,3 triliun. Pertumbuhan ini jauh lebih tinggi dibandingkan pertumbuhan industri, tetapi **melambat dibandingkan pertumbuhan sebesar 20,6% pada 2016**. Perlambatan terjadi terutama di **segmen korporasi BUMN yang hanya tumbuh 7,7%** di tengah mulai beralihnya fokus perusahaan BUMN untuk mencari pendanaan non-perbankan.

Tekanan Margin

BBNI mendapatkan tantangan dalam hal menjaga kestabilan *net interest margin*. **Pada 3Q17 dan 4Q17, BBNI mencatatkan NIM masing-masing sebesar 5,6% dan 5,4%**, yang lebih rendah dibandingkan konsistensi pencapaian di atas 6,0% periode-periode sebelumnya. Penurunan NIM disebabkan kenaikan deposit di tengah perlambatan pertumbuhan kredit sehingga **rasio *loan-to-deposit* (LDR) turun ke posisi 83,5%**, yang berada di bawah rata-rata sebesar 87,6% pada 2014-2016.

Target Harga Rp10.825

Kami menggunakan asumsi *forward P/B* sebesar 1,6x (2SD di atas rata-rata 4 tahun terakhir) sebagai basis metode valuasi. Target harga ini mengimplikasikan P/B 2018E sebesar 1,8x (vs 1,6x saat ini).

Bank Negara Indonesia, Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Interest Income	43,768	48,178	54,186	59,594
<i>growth</i>	18.6%	10.1%	12.5%	10.0%
Operating Revenue	41,299	45,212	51,370	57,108
Net profit	11,339	13,616	15,483	17,328
EPS (IDR)	608	730	830	929
<i>EPS growth</i>	25.1%	20.1%	13.7%	11.9%
BVPS (IDR)	4,786	5,411	5,902	6,581
Net Interest Margin	6.0%	5.4%	5.3%	5.3%
Loan/Deposits	88.2%	83.5%	84.0%	85.0%
NPL	3.0%	2.3%	2.2%	2.2%
ROE	13.5%	14.3%	14.7%	14.9%
ROA	2.0%	2.1%	2.1%	2.1%
ROIC	14.8%	14.0%	14.3%	14.4%
P/E	9.1x	13.6x	11.5x	10.3x
P/BV	1.2x	1.8x	1.6x	1.4x
DPS (IDR)	213	256	291	325
<i>Dividend yield</i>	3.9%	2.6%	3.1%	3.4%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Company Report | Feb 14, 2018

Hold

Dec 2018 TP (IDR)	10,825
Consensus Price (IDR)	9,765
TP to Consensus Price vs. Last Price	+10.9%
	+13.6%

Shares data

Last Price (IDR)	9,525
Price date as of	Feb 12, 2018
52 wk range (Hi/Lo)	10,000 / 6,075
Free float (%)	40.9
Outstanding sh.(mn)	18,649
Market Cap (IDR bn)	177,628
Market Cap (USD mn)	13,232
Avg. Trd Vol - 3M (mn)	21.99
Avg. Trd Val - 3M (bn)	202.46
Foreign Ownership	22.8%

Finance

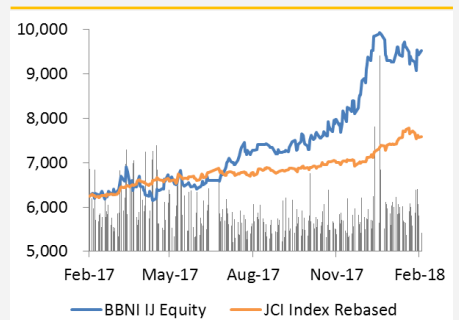
Bank

Bloomberg	BBNI.IJ
Reuters	BBNI.JK

Raphon Prima

+62 21 797 6202, ext:214
raphon@nhsec.co.id

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-3.8%	2.7%	19.4%	52.4%
Rel. Ret.	-6.4%	0.3%	11.1%	31.0%

Sekilas tentang BBNi

BBNi merupakan **bank terbesar keempat di Indonesia** setelah BBRI, BMRI dan BBKA dan menguasai 9,2% pangsa pasar kredit di Indonesia. Fokus dari penyaluran kreditnya adalah segmen korporasi yang menyumbangkan 50% dari total kredit.

BBNi sebagai bank milik pemerintah memiliki eksposur penyaluran kredit yang cukup signifikan, yakni 20% dari total kredit kepada **debitur yang memiliki keterkaitan dengan pemerintah**, seperti perusahaan BUMN. Gencarnya pembangunan infrastruktur oleh pemerintahan Joko Widodo telah memberikan dampak terhadap penyaluran kredit di segmen korporasi BUMN yang tumbuh 23,1% dan 35,8% pada 2015 dan 2016.

Daya Saing Perbankan Indonesia di ASEAN

Industri perbankan di Indonesia menjadi prioritas investasi utama di ASEAN. **Suku bunga kredit yang lebih tinggi** dibandingkan dengan bank lain di ASEAN merupakan faktor utama keunggulan industri perbankan di Indonesia.

Bank di Indonesia masih **mampu mempertahankan NIM di atas 5%** meskipun sedang menghadapi tekanan penurunan suku bunga acuan oleh bank sentral. Keunggulan NIM ini mampu ditranslasikan menjadi ROE yang lebih tinggi.

Bank di Indonesia mampu mencetak **pertumbuhan laba bersih di kisaran 10%-20%** yang mampu disaingi oleh beberapa bank di Malaysia dan Singapura, seperti OCBC, CIMB dan Malayan Banking. Namun, tiga bank tersebut memiliki aset yang jauh lebih besar dibandingkan dengan aset bank di Indonesia.

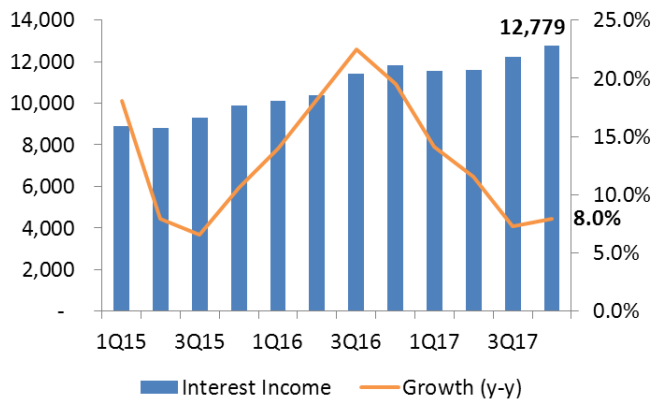
ASEAN Banks

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit Growth	Net Interest Margin	ROE	P/E	P/BV	Dividend Yield
BBNi	13,232	52,203	20.1%	5.4%	14.3%	11.5x	1.6x	3.1%
BBRI	34,645	82,886	10.7%	7.6%	18.5%	13.6x	2.4x	2.9%
BMRI	28,234	82,772	49.5%	5.5%	13.0%	18.8x	2.3x	1.6%
BBKA	42,806	49,981	12.9%	6.7%	18.9%	26.1x	4.6x	0.9%
Singapore								
DBS	54,794	387,334	3.1%	1.8%	9.5%	16.4x	1.5x	2.2%
UOB	33,059	235,020	9.5%	1.8%	10.2%	13.1x	1.3x	2.6%
OCBC	39,019	340,370	19.4%	1.7%	10.7%	12.7x	1.4x	2.9%
Malaysia								
CIMB	16,371	108,261	20.8%	2.6%	9.3%	14.5x	1.3x	3.6%
Malayan Banking	27,891	164,020	28.4%	1.9%	11.2%	13.3x	1.5x	5.4%
Hong Leong	5,382	50,939	16.0%	1.6%	9.6%	13.2x	1.2x	2.1%
Thailand								
Bangkok Bank	12,505	94,446	3.8%	2.4%	8.5%	11.9x	1.0x	3.2%
Siam Commercial	16,089	92,841	-9.4%	3.0%	12.4%	11.7x	1.4x	3.7%
Bank of Ayudhya	10,644	64,128	8.4%	3.8%	10.7%	14.4x	1.5x	1.9%
Philippine								
BDO Unibank	12,839	46,868	1.6%	3.9%	10.8%	23.1x	2.3x	0.8%
Metropolitan Bank	5,924	37,818	4.2%	3.9%	9.1%	16.5x	1.5x	1.0%
Philippine Island Bank	8,980	34,788	-0.2%	3.6%	12.6%	21.5x	2.6x	1.5%

Source: Bloomberg, NHKS research

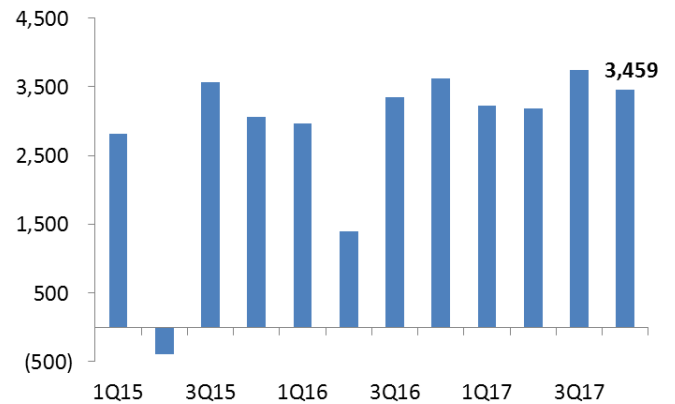
Performance Highlights

Interest Income (IDR bn) | 1Q15 - 4Q17



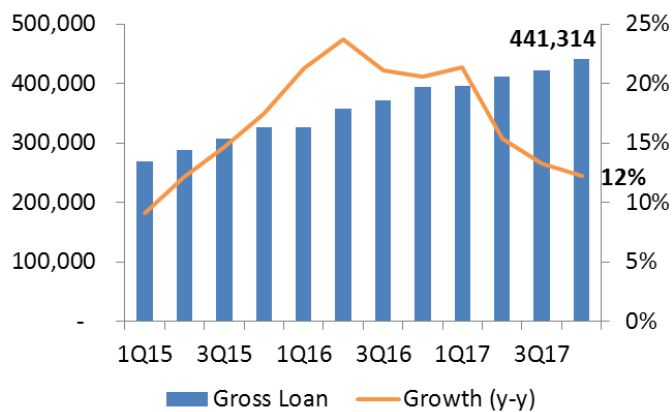
Source: Company, NHKS research

Net Profit (IDR bn) | 1Q15 - 4Q17



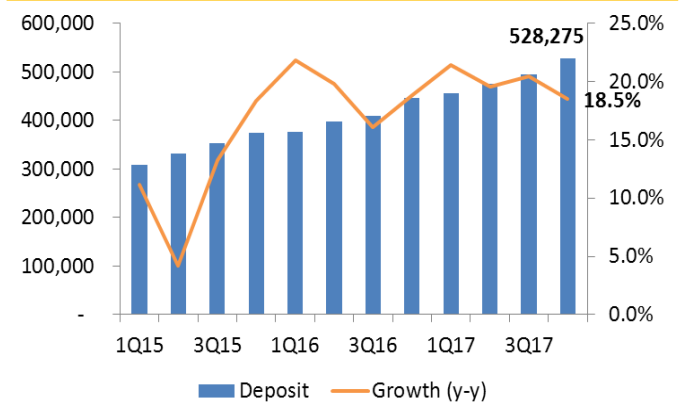
Source: Company, NHKS research

Gross Loan (IDR bn) | 1Q15 - 4Q17



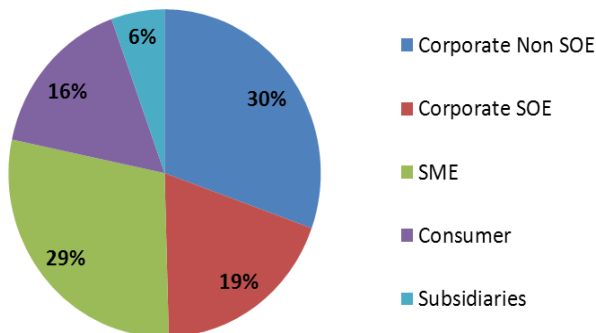
Source: Company, NHKS research

Deposit (IDR bn) | 1Q15 - 2Q17



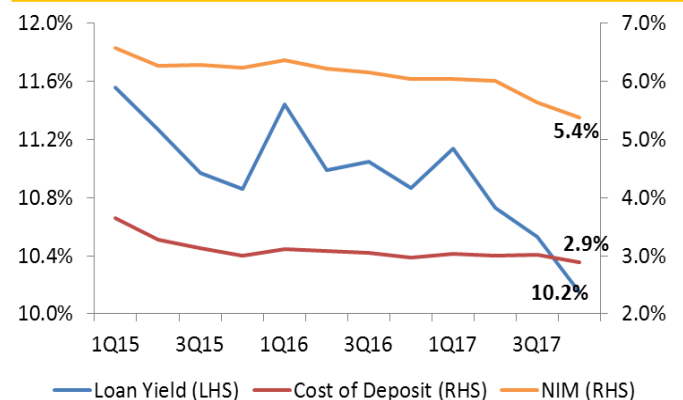
Source: Company, NHKS research

Loan Composition



Source: Company, NHKS research

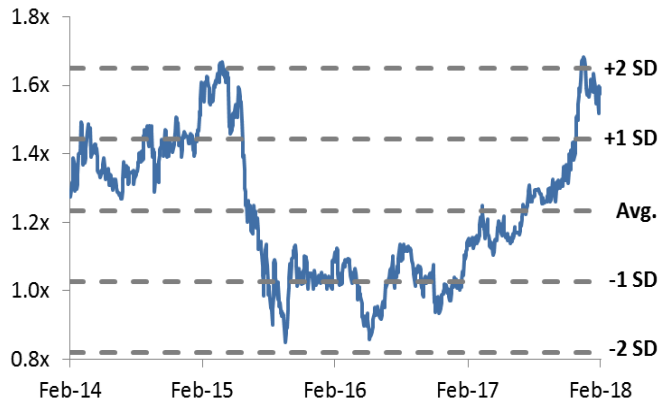
Loan Yield, Cost of Deposit, NIM | 1Q15 - 4Q17



Source: Company, NHKS research

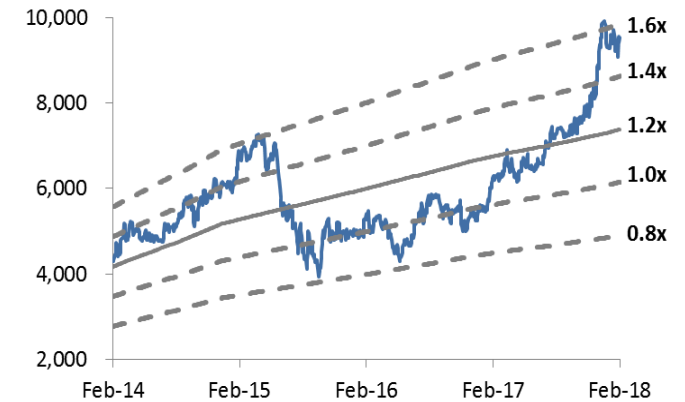
Multiple Valuation

Forward P/B band | Last 4 years



Source: NHKS research

Dynamic Forward P/B band | Last 4 years



Source: NHKS research

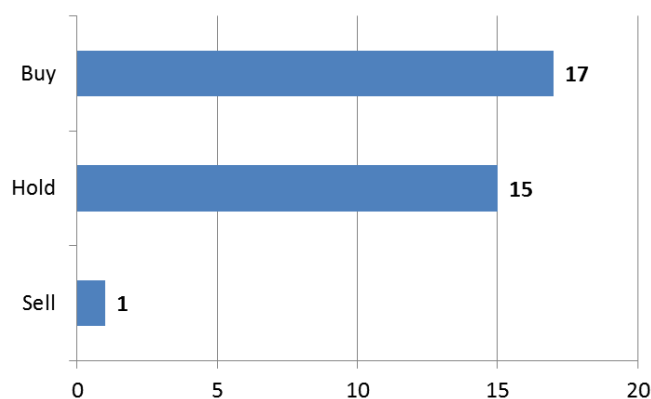
Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
11/17/2017	Buy	9,550 (Dec 2018)	7,675	8,169	+24.4%	+16.9%
02/14/2018	Hold	10,825 (Dec 2018)	9,525	9,765	+13.6%	+10.9%

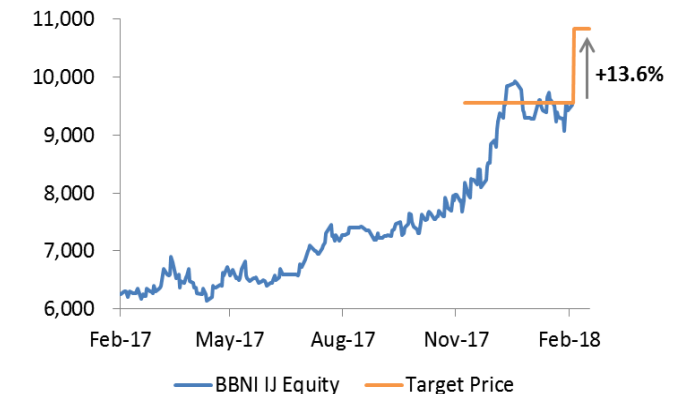
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

- Period: End of year target price
- Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

BBNI Summary		
Last Price (IDR)	February 12, 2018	9,525
Target Price (IDR)	Dec 2018	10,825
Analyst: Raphon Prima	Rating:	Hold

INCOME STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Interest Income	43,768	48,178	54,186	59,594
Growth (% y/y)	18.6%	10.1%	12.5%	10.0%
Interest Expenses	(13,773)	(16,240)	(18,074)	(19,641)
Net Interest Income	29,995	31,938	36,112	39,953
Net Interest Margin	6.0%	5.4%	5.3%	5.3%
Net Fee Income	6,473	7,314	8,270	9,150
Trading Income	1,288	1,590	2,046	2,538
Other Operating Income	3,544	4,370	4,941	5,467
Operating Revenue	41,299	45,212	51,370	57,108
Operating Expenses	(19,217)	(20,863)	(23,705)	(26,353)
Pre-provisioning OP (PPOP)	22,082	24,349	27,665	30,755
Provision for Impairment	(7,853)	(7,126)	(8,081)	(8,839)
EBT	14,303	17,165	19,519	21,844
Income Tax	(2,893)	(3,395)	(3,860)	(4,320)
Non-controlling Interest	(71)	(154)	(175)	(196)
Net Profit	11,339	13,616	15,483	17,328
Growth (% y/y)	25.1%	20.1%	13.7%	11.9%

BALANCE SHEET

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	11,168	11,578	14,259	10,478
Placement in Banks	70,107	82,629	92,730	103,887
Net Loans	376,595	426,790	479,544	537,341
Investment	88,493	117,292	121,291	135,770
Fixed Asset	21,972	22,805	24,414	25,558
Other Assets	34,698	48,237	54,081	60,530
Total Assets	603,032	709,330	786,319	873,563
Deposits	445,769	528,275	589,328	652,926
Borrowing	40,193	48,204	51,290	58,425
Other liabilities	27,816	31,948	35,640	39,486
Total Liabilities	513,778	608,427	676,258	750,837
Capital Stock	9,055	9,055	9,055	9,055
Retained Earnings	50,798	60,314	71,031	82,939
Shareholders' Equity	89,254	100,903	110,061	122,727

CASH FLOW STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	11,339	13,616	15,483	17,328
Deprec & Provision	7,415	6,454	2,429	3,171
Chg. In Working Capital	(1,325)	(4,103)	(12,340)	(13,862)
CFO	17,429	15,967	5,573	6,637
Net Changes in Loan	(63,523)	(64,270)	(53,954)	(59,594)
CFI	(92,923)	(87,544)	(60,705)	(76,488)
Dividends Paid	(2,267)	(3,969)	(4,766)	(5,419)
Net Changes in Deposit	61,516	80,558	61,053	63,598
CCF	70,153	85,174	57,814	66,070
Net Changes in Cash	(5,341)	13,597	2,681	(3,781)

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	77.3	Republic of Indonesia 58.8
United States	8.7	Blackrock 3.1
Luxembourg	3.8	Vanguard 2.0
United Kingdom	2.7	Prudential 1.3

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	13.5%	14.3%	14.7%	14.9%
ROA	2.0%	2.1%	2.1%	2.1%
ROIC	14.8%	14.0%	14.3%	14.4%
Operating ROA	7.4%	6.9%	6.9%	6.9%
Pre-Provision ROA	4.0%	3.7%	3.7%	3.7%
Non-Interest Income/Op. Rev	27.4%	29.4%	29.7%	30.0%
Cost/Income	46.5%	46.1%	46.1%	46.1%
Cash Dividend (IDR bn)	3,969	4,766	5,419	6,065
Dividend Yield (%)	3.9%	2.6%	3.1%	3.4%
Payout Ratio (%)	35.0%	35.0%	35.0%	35.0%
Equity/Assets	14.8%	14.2%	14.0%	14.0%
Loan/Deposits	88.2%	83.5%	84.0%	85.0%
Loan/Assets	65.2%	62.2%	63.0%	63.5%
NPL	3.0%	2.3%	2.2%	2.2%
Loan Loss Reserves/Loans	4.2%	3.3%	3.2%	3.2%
Deposits/Liabilities	86.8%	86.8%	87.1%	87.0%
CASA/Deposits	64.6%	63.1%	64.6%	65.8%
Time Deposits/Deposits	35.4%	36.9%	35.4%	34.2%
Par Value (IDR)	375	375	375	375
Total Shares (mn)	18,649	18,649	18,649	18,649
Share Price (IDR)	5,525	9,928	9,525	9,525
Market Cap (IDR tn)	103.0	184.6	177.6	177.6

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	9.1x	13.6x	11.5x	10.3x
Price /Book Value	1.2x	1.8x	1.6x	1.4x
Price/Op. Revenue	2.5x	4.1x	3.5x	3.1x
PE/EPS Growth	0.4x	0.7x	0.8x	0.9x
EV/Operating Revenue	3.2x	4.9x	4.2x	4.0x
EV/PPOP	6.1x	9.2x	7.9x	7.4x
EV (IDR bn)	134,155	223,559	217,185	228,315
Op. Revenue CAGR (3-Yr)	14.6%	12.5%	13.4%	11.4%
EPS CAGR (3-Yr)	7.8%	8.1%	19.5%	15.2%
Basic EPS (IDR)	608	730	830	929
Diluted EPS (IDR)	608	730	830	929
BVPS (IDR)	4,786	5,411	5,902	6,581
Op. Revenue PS (IDR)	2,215	2,424	2,755	3,062
DPS (IDR)	213	256	291	325

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	17,616	19,534	22,194	24,673
+Depr./Amor.	7,415	6,454	2,429	3,171
-Chg. in Loan	(63,523)	(64,270)	(53,954)	(59,594)
-Incr. (Decr.) in Working Cap.	(1,325)	(4,103)	(12,340)	(13,862)
(Unlevered) FCFF	(39,816)	(42,386)	(41,671)	(45,612)
WACC				
Cost of Debt (Tax Adj.)	9.5%	7.3%	7.8%	8.1%
Cost of Equity (COE)	10.4%	11.6%	12.9%	13.1%
WACC (%)	10.2%	10.7%	11.8%	11.9%
RIM				
Spread (FROE-COE) (%)	4.0%	3.7%	2.4%	2.6%
Residual Income (IDR bn)	3,162	3,272	2,449	2,857
Equity Charge	8,177	10,345	13,034	14,470
EVA				
Invested Capital (IDR bn)	108,328	129,447	149,108	161,352
ROIC-WACC (%)	6.1%	4.4%	3.1%	3.4%
EVA (IDR bn)	6,617	5,682	4,649	5,490

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entity of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information here is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, respective employees, and agents disclaim any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents liable for errors, omissions, misstatements, negligence, inaccuracy arising herefrom.

All rights reserved by PT NH Korindo Securities Indonesia