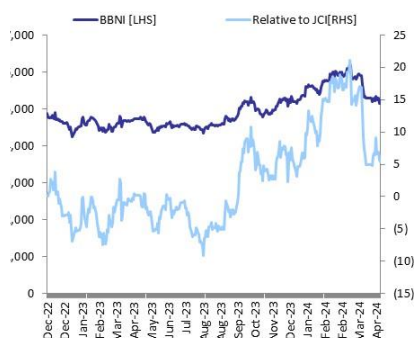


BUY

(Maintained)

Last Price (Rp)	5,225
Target Price (Rp)	6,800
Previous Target Price (Rp)	6,800
Upside/Downside	+30.1%
No. of Shares (mn)	37,297
Mkt Cap (Rpbn/US\$m)	194,878/11,989
Avg, Daily T/O (Rpbn/US\$m)	297.8/18.3
Free Float (%)	39.8
Major Shareholder (%)	
Government of Indonesia	60.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	586.8 664.1 741.3
Consensus	633.4 713.1 797.1
BRIDS/Cons (%)	(7.4) (6.9) (7.0)

BBNI relative to JCI Index



Source: Bloomberg

Bank Negara Indonesia (BBNI IJ)

1Q24: higher other operating income and lower provisions offset lower NIM from a higher CoF

- BBNI booked 1Q24 NP of Rp5.4tr (+2% yoy, +3% qoq) supported by higher other op. income and lower provisions, offsetting the lower NIM.
- To boost NIM going forward, the bank aims to reprice its loans and reduce its exposure to high-rate USD time deposits.
- Maintain Buy rating with a TP of Rp6,800 (unchanged). Key catalysts are NIM recovery and a steady CoC.

Lower NII (and NIM) caused by a higher CoF

BBNI booked 1Q24 NP of Rp5.4tr (+2% yoy, +3% qoq), in line with our forecast (at 24.3% of FY24F est) but slightly below the consensus (at 22.5%). The bank reported lower 1Q24 NII of Rp9.4tr (-10% yoy, -7% qoq) as NIM fell to 4.0% (1Q23/4Q23: 4.7/4.4%) due to an increase in the CoF to 3.2% (1Q23/4Q23: 2.3/2.6%). The higher CoF was driven by USD deposits (+40bps), while IDR deposits increased by a smaller rate (+20bps). To minimize the impact of the high USD TD rate, which could reach 6.8%, the bank has issued US\$500mn (c. Rp800tr) of bonds with a coupon of 5.3%, which is part of the US\$2bn re-tap bond.

1Q24 NP growth supported by other operating income and lower provisions

Offsetting the lower NIM, BBNI's other operating income grew to Rp5.1tn (+16% yoy), albeit still 20% lower than 4Q23's high base, while provisions fell to Rp1.7tn (-19% yoy, -30% qoq). The 1Q24 CoC of 1.0% (-34bps yoy, -45bps qoq) was supported by the release of the corporate segment provisions at -0.6% in 1Q24 (vs -0.7% in 1Q23) and a lower CoC in the consumer and small enterprise segments.

Aiming to increase NIM while maintaining a low CoC

To support earnings, BBNI will continue to maximize fee-based income and achieve a lower CoC (at c. 1%). Concurrently, to bring NIM closer to the current guidance of 4.5% vs 4.0% in 1Q24 (no new guidance yet), the bank aims to reprice its loans (c. Rp30-50tn) by 50bps in 2Q24 and lower its USD deposit rate, partly backed by the USD bond issuance and less aggressive USD loan disbursement. To maintain a low CoC, the bank aims for stricter loans disbursement to the SME segment, while continuing to maintain assets quality in the consumer and corporate segments.

Maintain Buy rating with an unchanged TP

We keep our FY24-25F forecast and valuation unchanged (CoE: 10.1%, FY14F RoE: 14%). Hence, our FV PBV is maintained at 1.5x and we keep our Buy rating on the stock. Risks to our view are a persistently high CoF, failure to reprice loans, and higher NPL.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	34,413	34,970	37,920	42,740	45,374
Net profit (Rpbn)	18,312	20,909	21,886	24,768	27,650
EPS (Rp)	491.0	560.6	586.8	664.1	741.3
EPS growth (%)	(16.0)	14.2	4.7	13.2	11.6
BVPS (Rp)	3,641.4	4,025.3	4,376.8	4,795.2	5,260.0
PER (x)	10.6	9.3	8.9	7.9	7.0
PBV (x)	1.4	1.3	1.2	1.1	1.0
Dividend yield (%)	3.8	4.3	4.5	5.1	5.7
ROAE (%)	14.1	14.6	14.0	14.5	14.7

Source: BBNI, BRIDS Estimates

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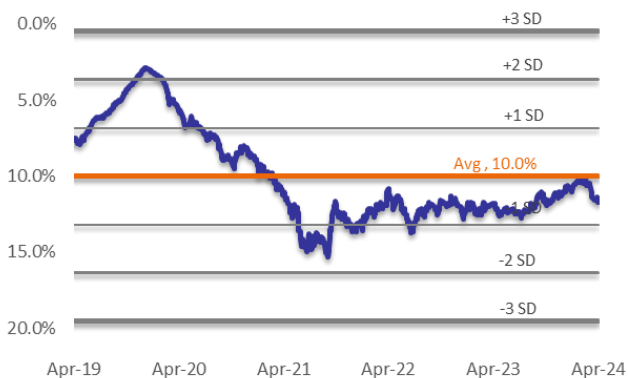
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Exhibit 1. BBNI 1Q24 results summary

BBNI (IDR bn)	1Q23	4Q23	1Q24	y-o-y	q-o-q	3M23	3M24	y-o-y	FY24F	FY24C	A/F	A/C
Interest income	14,803	15,253	15,875	7%	4%	14,803	15,875	7%	66,516	67,973	23.9%	23.4%
Interest expense	4,396	5,114	6,485	48%	27%	4,396	6,485	48%	22,259		29.1%	n/a
Net interest income	10,408	10,139	9,390	-10%	-7%	10,408	9,390	-10%	44,257		21.2%	n/a
Other operating income	4,371	6,362	5,067	16%	-20%	4,371	5,067	16%	24,227	22,884	20.9%	22.1%
Operating expenses	6,503	8,233	6,649	2%	-19%	6,503	6,649	2%	30,564		21.8%	n/a
PPOP	8,652	8,728	8,181	-5%	-6%	8,652	8,181	-5%	37,920		21.6%	n/a
Provision	2,149	2,486	1,744	-19%	-30%	2,149	1,744	-19%	10,626	8,506	16.4%	20.5%
Operating Profit	6,504	6,241	6,437	-1%	3%	6,504	6,437	-1%	27,294	30,303	23.6%	21.2%
Net profit	5,221	5,156	5,326	2%	3%	5,221	5,326	2%	21,886	23,637	24.3%	22.5%
Loans	634,326	695,085	695,162	10%	0%				758,333		91.7%	n/a
Customer deposits	765,481	822,624	793,054	4%	-4%				871,281	874,941	91.0%	90.6%
yoy, bps qoq, bps yoy, bps												
Loan yield (%) - ann	7.6	7.8	7.5	↓ (12)	↓ (29)	7.6	7.5	↓ (12)				
Cost of fund (%) - ann	2.3	2.6	3.2	↓ 94	↓ 63	2.3	3.2	↓ 94				
NIM (%) - ann	4.7	4.4	4.0	↓ (72)	↓ (46)	4.7	4.0	↓ (72)				
CIR (%) - ann	42.9	48.5	44.8	↓ 193	↓ (371)	42.9	44.8	↓ 193				
Cost of credit (%) - ann	1.3	1.5	1.0	↓ (34)	↓ (45)	1.3	1.0	↓ (34)				
LDR (%)	82.9	84.5	87.7	↓ 479	↓ 316							
NPL ratio (%)	2.8	2.1	2.0	↓ (74)	↓ (11)							
LaR ratio (%)	16.2	12.8	5.5	↓ (1,074)	↓ (735)							

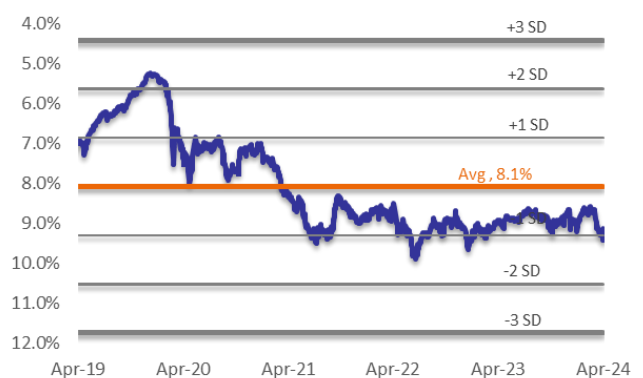
Source: Company, BRIDS Estimates

Exhibit 2. BBNI's cost of equity band chart (5-year)



Source: Company, Bloomberg, BRIDS

Exhibit 3. Big 4 Banks' cost of equity band chart (5-year)



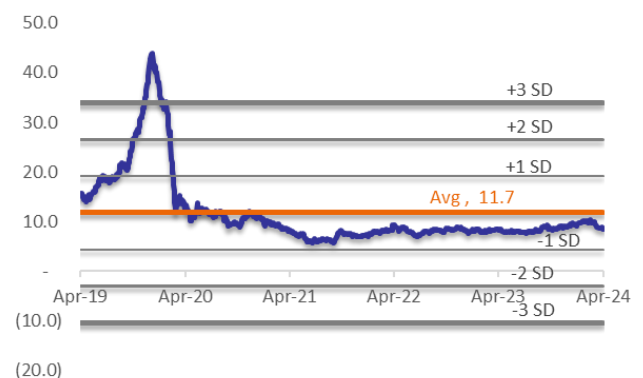
Source: Company, Bloomberg, BRIDS

Exhibit 4. BBNI's PBV band chart (5-year)



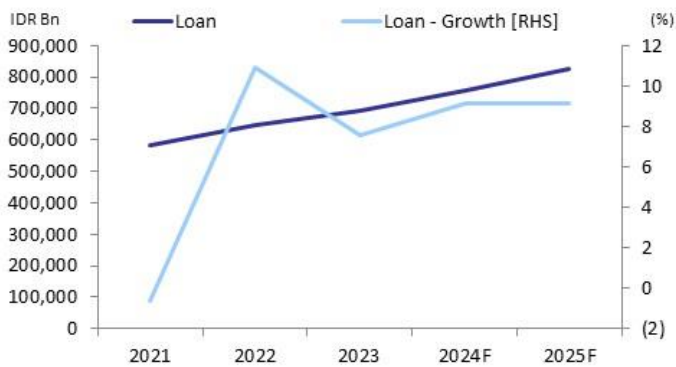
Source: Company, Bloomberg, BRIDS

Exhibit 5. BBNI's PE band chart (5-year)



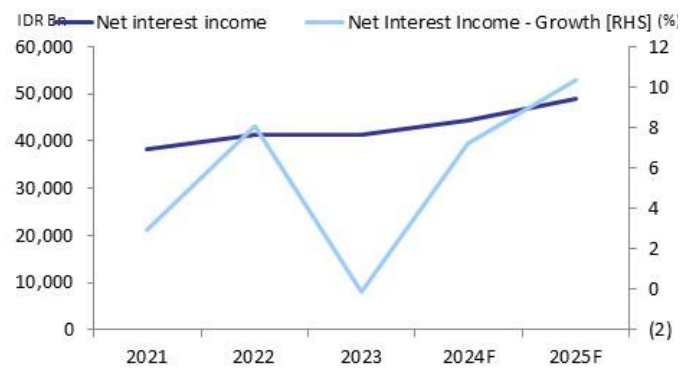
Source: Company, Bloomberg, BRIDS

Exhibit 6. Loans and Growth



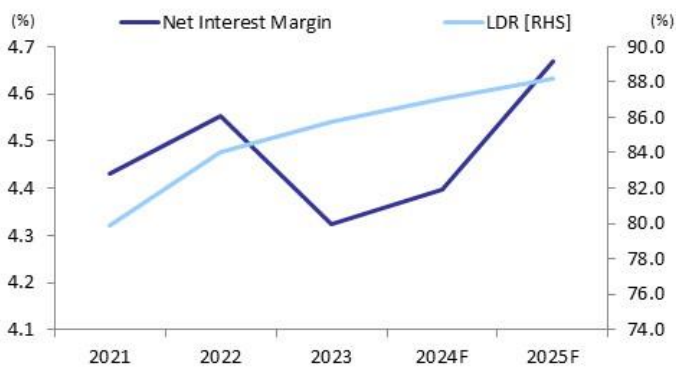
Source: Company, BRIDS Estimates

Exhibit 7. Net Interest Income and Growth



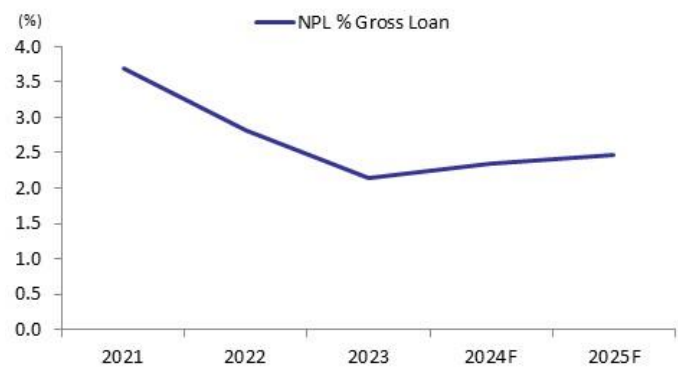
Source: Company, BRIDS Estimates

Exhibit 8. NIM and LDR



Source: Company, BRIDS Estimates

Exhibit 9. NPLs



Source: Company, BRIDS Estimates

Exhibit 10. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	54,659	61,472	66,516	68,194	71,838
Interest Expense	(13,338)	(20,196)	(22,259)	(19,349)	(20,038)
Net Interest Income	41,321	41,276	44,257	48,845	51,800
Non-Interest Income (NII)	18,804	20,218	24,227	27,694	30,627
Oper. Income	60,125	61,494	68,484	76,539	82,427
Oper. Expenses	(27,059)	(27,778)	(30,564)	(33,799)	(37,053)
Pre-provisions profit	34,413	34,970	37,920	42,740	45,374
Provisions & Allowances	(11,514)	(9,196)	(10,626)	(11,899)	(10,963)
Operating Profits	22,899	25,773	27,294	30,841	34,411
Non-Operating Income	(212)	(134)	(182)	(165)	(182)
Exceptionals	0	0	0	0	0
Pre-tax Profit	22,687	25,640	27,113	30,676	34,229
Income Tax	(4,205)	(4,534)	(5,016)	(5,675)	(6,332)
Minorities	(170)	(197)	(211)	(233)	(247)
Net Profit	18,312	20,909	21,886	24,768	27,650

Exhibit 11. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Gross Loans	646,188	695,085	758,333	827,801	890,651
Provisions	(50,334)	(47,158)	(52,874)	(57,045)	(60,979)
Net Loans	595,854	647,927	705,459	770,756	829,672
Govt. Bonds	121,291	127,099	101,685	81,352	65,086
Securities	28,556	37,165	35,474	33,876	32,367
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	920,484	989,203	1,023,212	1,069,803	1,114,170
Fixed Assets	41,755	44,688	47,519	50,854	54,383
Non-Earnings Assets	18,496	21,667	19,077	19,354	18,255
Total Assets	1,029,837	1,086,664	1,158,210	1,235,192	1,296,596
Customer Deposits	769,269	810,730	871,281	938,769	988,793
Banks Deposits	15,245	11,894	11,945	11,995	12,046
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	889,639	931,931	990,153	1,051,297	1,095,121
Share capital & Reserves	41,756	42,896	42,896	42,896	42,896
Retained Earnings	94,060	107,236	120,349	135,954	153,287
Shareholders' Funds	135,816	150,131	163,244	178,849	196,183
Minority interests	4,382	4,602	4,812	5,045	5,292
Total Equity & Liabilities	1,029,837	1,086,664	1,158,210	1,235,192	1,296,596

Exhibit 12. Key Ratios

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	6.0	6.4	6.6	6.5	6.6
Cost of funds	1.6	2.3	2.4	2.0	1.9
Interest Spread	4.4	4.1	4.2	4.5	4.6
Net Interest Margin	4.6	4.3	4.4	4.7	4.7
Cost/Income Ratio	44.0	44.3	44.6	44.2	45.0
Oper. Exp./Oper. Gross Inc.	69.4	68.9	69.9	67.8	66.4
Gross NPL Ratio	2.8	2.1	2.3	2.5	2.6
LLP/Gross NPL	277.1	317.9	298.0	279.4	265.4
Cost of Credit	1.9	1.4	1.5	1.5	1.3
Loan to Deposit Ratio	84.0	85.7	87.0	88.2	90.1
Loan to Funding Ratio	83.5	85.2	85.6	86.8	88.8
CASA Mix	71.0	70.2	68.3	69.0	71.8
ROAE	14.1	14.6	14.0	14.5	14.7
ROAA	1.8	2.0	1.9	2.1	2.2
CAR	19.4	19.3	19.5	19.3	19.4

Exhibit 13. Dupont and Growth

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Dupont					
Pre-Tax ROAA	2.3	2.4	2.4	2.6	2.7
Tax Retention rate	81.5	82.3	81.5	81.5	81.5
Post-Tax ROAA	1.9	2.0	2.0	2.1	2.2
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	7.7	7.4	7.2	7.0	6.8
ROAE	14.1	14.6	14.0	14.5	14.7
Growth (%)					
Interest income	9.3	12.5	8.2	2.5	5.3
Net Interest Income	8.0	(0.1)	7.2	10.4	6.1
Other Oper. Expenses	9.1	2.7	10.0	10.6	9.6
Fee Based Income	8.9	3.9	23.3	10.4	6.1
Pre-Provision Oper. Profit	10.8	1.6	8.4	12.7	6.2
Net Profit	68.0	14.2	4.7	13.2	11.6
Shareholders' Equity	9.8	10.5	8.7	9.6	9.7
Loan	10.9	7.6	9.1	9.2	7.6
Earnings Asset	2.9	7.5	3.4	4.6	4.1
Deposit	5.5	4.9	7.4	7.6	5.3
Int. Bearing Liab.	6.1	4.5	6.5	6.4	4.3
CASA	10.1	3.6	4.4	8.8	9.6
Total Asset	6.7	5.5	6.6	6.6	5.0

Source : BBNi, BRIDS Estimates

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INVESTMENT RATING

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

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