

Buy

Bank Negara Indonesia (BBNI IJ)

Oct24 results: in line net profit supported by higher NIM, but partly offset by higher CoC

Last Price (Rp)	4,850
Target Price (Rp)	7,600
Upside/Downside	56.7%
No. of Shares (mn)	37,297
Mkt Cap (Rpbn/US\$m)	180,891/11,416
Avg, Daily T/O (Rpbn/US\$m)	287.3/18.2

- **Driven by lower CoC offsetting the lower NIM and higher CIR, BBNI reported net profit of Rp18.1tr (+4% yoy) in 10M24, in line.**
- **In Oct24, BBNI reported a higher NIM of 4.5% (+37bps mom) driven by higher EA yield amid the rising CoF and flattish customer deposits.**
- **We view the Oct24 results as neutral, given the high NIM was accompanied by increased CoF, LDR, and CoC.**

Key Financials:

	2024F	2025F	2026F
EPS (Rp)	560.6	581.2	652.5
PER (x)	8.4	7.5	7.0
PBV (x)	1.1	1.0	1.0
CoE (x)	12.7	14.0	14.7
Dividend yield (%)	6.0	6.7	7.1
ROAE (%)	13.9	14.5	14.3

10M24 Insight:

- **Net profit grew 4% yoy:** BBNI posted a net profit of Rp18.1tr in 10M24, growing 4% yoy and achieving 83% of our and 82% of the consensus FY24F estimate, in line with expectations.
- **Still supported by lower provision expense:** The bank recorded negative growth in NII (-5%) and PPOP (-3%), driven by a lower NIM and higher CIR. Net profit was supported by a 21% decline in provision expenses, with CoC at 1.0% in 10M24 compared to 1.4% in 10M23.
- **Lower NIM from both lower EA yield and higher CoF:** Despite a higher LDR of 96.1% (+526bps), BBNI's NIM declined to 4.2% (from 4.9% in 10M23) as EA yield dropped to 7.0% (-27bps) and CoF rose to 3.2% (+53bps).
- **Higher CIR from flattish income and increased opex:** CIR rose to 44.2% (+226bps yoy) as opex increased by 6%, while income remained flat (+1%). A 14% increase in other operating income offset a 5% decline in NII.

Oct24 Insight:

- **Strong NIM offset by higher provisions:** In Oct24, BBNI booked a net profit of Rp1.9tr (-5% mom, +14% yoy), supported by strong PPOP (+3% mom, +15% yoy) but partly offset by higher provision expenses (+41% mom, +17% yoy).
- **Higher PPOP driven by increased NIM:** NIM rose to 4.5% in Oct24 (+37bps mom, flat yoy), mainly due to a significantly higher EA yield of 7.4% (+55bps mom, +9bps yoy).
- **Rising CoF amid flat deposits:** BBNI's CoF increased by 22bps mom to 3.5% in Oct24, while deposits remained flat mom, indicating continued tight liquidity in the system.
- **CoC rose above 1.0%:** CoC increased to 1.2% in Oct24 (Sep24/Oct23: 0.8%/1.1%).
- **Loan growth of 1% with flat deposits:** BBNI reported 1% mom loan growth to Rp725tr (+9% yoy), while customer deposits remained flat mom at Rp754tr (+3% yoy), resulting in a higher LDR of 96.1%.

Summary:

- **Overall performance:** We view the Oct24 results as neutral, given the high NIM was accompanied by increased CoF, LDR, and CoC. The Oct24 trend contrasts with management's expectations of flattish yields, lower CoF, and contained CoC.
- We currently have a Buy rating on BBNI with a 5-year inverse cost of equity GGM-based TP of Rp7,600.

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Exhibit 1. BBNI Oct24 bank only results

BBNI - Bank Only (Rpbn)	Oct-23	Sep-24	Oct-24	mom, %	yoy, %	10M23	10M24	yoy, %	FY23	10M23/FY23	FY24F	10M24/FY24F	FY24C	10M24/FY24C
Interest income	5,197	5,215	5,683	9%	9%	50,765	53,364	5%	60,520	84%	63,788	84%	66,624	80%
Interest expense	(1,947)	(2,025)	(2,179)	8%	12%	(16,787)	(21,109)	26%	(19,851)	85%	(22,368)	94%		
Net interest income	3,250	3,190	3,503	10%	8%	33,978	32,255	-5%	40,670	84%	41,420	78%		
Other operating income	1,742	1,834	1,736	-5%	0%	14,996	17,121	14%	19,481	77%	24,390	70%	23,153	74%
Operating expenses	(2,394)	(2,102)	(2,238)	6%	-6%	(20,520)	(21,803)	6%	(25,636)	80%	(29,536)	74%		
PPOP	2,599	2,921	3,001	3%	15%	28,454	27,573	-3%	34,515	82%	36,274	76%		
Provision	(605)	(503)	(708)	41%	17%	(7,279)	(5,722)	-21%	(9,238)	79%	(9,252)	62%	(7,614)	75%
Pre-tax profit	1,978	2,425	2,292	-5%	16%	21,085	21,903	4%	25,256	83%	26,841	82%	27,252	80%
Net profit	1,655	1,972	1,881	-5%	14%	17,331	18,074	4%	20,784	83%	21,678	83%	22,089	82%
										YTD, %				
Loans	666,589	721,759	725,373	1%	9%	666,589	725,373	9%	687,913	5%	777,661			
Customer deposits	733,435	757,540	754,489	0%	3%	733,435	754,489	3%	801,709	-6%	871,281		856,774	
Key Ratio				mom, bps	yoy, bps			yoy, bps		10M24 vs FY23, bps		vs FY24F, bps		
Earning Asset yield (%) - ann	7.3	6.8	7.4	↑ 55	↓ 9	7.3	7.0	↓ (27)	7.2	↓ (16)	6.3	↑ 73		
Cost of fund (%) - ann	3.2	3.2	3.5	↓ 22	↓ 29	2.7	3.2	↓ 53	2.6	↓ 59	2.4	↓ 81		
NIM (%) - ann	4.6	4.2	4.5	↑ 37	↓ (1)	4.9	4.2	↓ (63)	4.8	↓ (58)	4.1	↑ 16		
CIR (%) - ann	47.9	41.8	42.7	↓ 87	↑ (523)	41.9	44.2	↓ 226	42.6	↓ 154	44.9	↑ (72)		
Cost of credit (%) - ann	1.1	0.8	1.2	↓ 33	↓ 8	1.4	1.0	↑ (38)	1.4	↑ (45)	1.3	↑ (28)		
CASA Ratio (%)	69.6	70.7	70.6	↓ (9)	↑ 102	69.6	70.6	↑ 102	71.6	↓ (97)	68.3	↑ 237		
LDR (%)	90.9	95.3	96.1	↓ 86	↓ 526	90.9	96.1	↓ 526	85.8	↓ 1,034	89.3	↓ 689		

Source: Company, BRIDS Estimates, Bloomberg

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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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