

Buy

Bank Negara Indonesia (BBNI IJ)

Nov24 bank-only results: stable growth amid margin pressure

Last Price (Rp)	4,260
Target Price (Rp)	7,600
Upside/Downside	+78.4%
No. of Shares (mn)	37,297
Mkt Cap (Rpbn/US\$mn)	158,887/9,811
Avg, Daily T/O (Rpbn/US\$mn)	275.7/17.0

Key Financials:

	2024F	2025F	2026F
EPS (Rp)	581.2	652.5	693.9
PER (x)	7.3	6.5	6.1
PBV (x)	1.0	0.9	0.8
CoE (x)	14.1	15.6	16.4
Dividend yield (%)	6.8	7.7	8.1
ROAE (%)	13.9	14.5	14.3

- Nov24 net profit (-8% mom) was dragged down by softer NIM and higher opex, despite improved CoF amid rising deposits.
- BBNI booked a net profit of Rp19.8tr (in line) in 11M24, supported by reduced provisions, offsetting the decline in NIM and the rise in CIR.
- We deem BBNI's Nov24 performance as neutral, with lower NIM from EA yield seasonality and encouraging CoF improvement.

11M24 Insights:

- **Net profit up 4%:** BBNI recorded a net profit of Rp19.8tr in 11M24, reflecting a 4% yoy increase and achieving 91% of our FY24 estimate and 90% of the consensus projection, consistent with last year's 91% achievement.
- **Supported by lower provision expenses:** Despite declines in NII (-4%) and PPOP (-2%), driven by a reduced NIM and higher CIR, net profit benefited from a 19% reduction in provision expenses, with CoC at 1.0% in 11M24 compared to 1.3% in 11M23.
- **Decline in NIM due to lower EA yield and higher CoF:** NIM decreased to 4.2% (from 4.8% in 11M23) as EA yield dropped to 7.0% (-26bps), and CoF rose to 3.2% (+47bps), despite a higher LDR of 94.4% (+338bps yoy).
- **Higher CIR driven by flat income and rising opex:** CIR increased to 44.7% (+247bps yoy) as opex rose by 8%, while total income grew modestly by 2%.

Nov24 Insights:

- **Net profit decline mom due to higher opex:** In Nov24, BBNI posted a net profit of Rp1.7tr, down 8% mom from Oct24's high base due to soft NIM and higher opex.
- **NIM softened after a strong Oct24:** NIM decreased to 4.3% in Nov24 (-25bps mom, flat yoy), primarily due to a notable drop in EA yield to 7.0% (-42bps mom, -14bps yoy), which we attributed to typical monthly seasonality.
- **Improved CoF amid rising deposits:** CoF decreased to 3.2% (-21bps mom), while deposits grew by 4% mom (approximately Rp30tr). Loan growth of 2% mom led to a lower LDR of 94.4% in Nov24, down from 96.1% in Oct24.
- **CoC remained stable above 1.0%:** CoC stood at 1.1% in Nov24, remaining relatively unchanged both mom and yoy.

Summary:

- **Overall performance:** We consider BBNI's Nov24 performance as neutral. The lower NIM was attributable to EA yield seasonality, while the positive trend in CoF was encouraging. CoC remained elevated but aligned with the FY24 target, in our view.
- 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 Nov24 bank-only results

BBNI - Bank Only (Rpbn)	Nov-23	Oct-24	Nov-24	mom, %	yoy, %	11M23	11M24	yoy, %	FY23	11M23/FY23	FY24F	11M24/FY24F	FY24C	11M24/FY24C
Interest income	5,090	5,683	5,442	-4%	7%	55,855	58,806	5%	60,520	92%	63,788	92%	66,837	88%
Interest expense	(2,020)	(2,179)	(2,081)	-5%	3%	(18,808)	(23,190)	23%	(19,851)	95%	(22,368)	104%		
Net interest income	3,070	3,503	3,361	-4%	9%	37,048	35,615	-4%	40,670	91%	41,420	86%		
Other operating income	1,753	1,736	2,098	21%	20%	16,749	19,219	15%	19,481	86%	24,390	79%	22,964	84%
Operating expenses	(2,205)	(2,238)	(2,714)	21%	23%	(22,725)	(24,518)	8%	(25,636)	89%	(29,536)	83%		
PPOP	2,618	3,001	2,744	-9%	5%	31,072	30,317	-2%	34,515	90%	36,274	84%		
Provision	(614)	(708)	(693)	-2%	13%	(7,893)	(6,415)	-19%	(9,238)	85%	(9,252)	69%	(7,738)	83%
Pre-tax profit	2,018	2,292	2,066	-10%	2%	23,104	23,968	4%	25,256	91%	26,841	89%	27,189	88%
Net profit	1,712	1,881	1,738	-8%	2%	19,043	19,812	4%	20,784	92%	21,678	91%	22,120	90%
							91%			YTD, %				
Loans	666,499	725,373	739,539	2%	11%	666,499	739,539	11%	687,913	8%	777,661	95%		
Customer deposits	732,595	754,489	783,790	4%	7%	732,595	783,790	7%	801,709	-2%	871,281	90%	856,146	92%
Key Ratio				mom, bps	yoy, bps			yoy, bps		11M24 vs FY23, bps		vs FY24F, bps		
Earning Asset yield (%) - ann	7.1	7.4	6.952	↓ (42)	↓ (14)	7.3	7.0	↓ (26)	7.2	↓ (17)	6.3	↑ 72		
Cost of fund (%) - ann	3.3	3.5	3.2	↑ (21)	↓ (6)	2.7	3.2	↓ 47	2.6	↓ 58	2.4	↓ 80		
NIM (%) - ann	4.3	4.5	4.3	↓ (25)	↓ 2	4.8	4.2	↓ (58)	4.8	↓ (58)	4.1	↑ 16		
CIR (%) - ann	45.7	42.7	49.7	↓ 701	↓ 401	42.2	44.7	↓ 247	42.6	↓ 209	44.9	↑ (17)		
Cost of credit (%) - ann	1.1	1.2	1.1	↓ (4)	↓ 3	1.3	1.0	↓ (35)	1.4	↓ (44)	1.3	↓ (26)		
CASA Ratio (%)	68.7	70.6	71.4	↑ 73	↑ 263	68.7	71.4	↑ 263	71.6	↓ (24)	68.3	↑ 310		
LDR (%)	91.0	96.1	94.4	↓ (179)	↓ 338	91.0	94.4	↓ 338	85.8	↓ 855	89.3	↓ 510		

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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