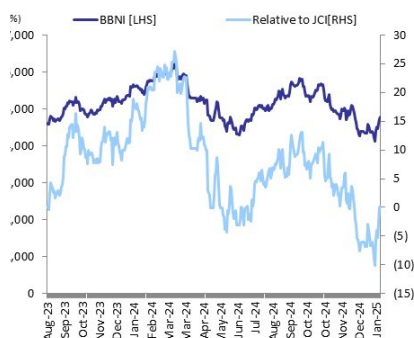


Buy

(Maintained)

Last Price (Rp)	4,790
Target Price (Rp)	5,100
Previous Target Price (Rp)	5,100
Upside/Downside	+6.5%
No. of Shares (mn)	37,297
Mkt Cap (Rpbn/US\$mn)	178,654/10,970
Avg, Daily T/O (Rpbn/US\$mn)	263.2/16.2
Free Float (%)	39.8
Major Shareholder (%)	
Government of Indonesia	60.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	590.6 616.7 634.1
Consensus	663.2 738.5 870.2
BRIDS/Cons (%)	(10.9) (16.5) (27.1)

BBNI relative to JCI Index



Source: Bloomberg

Bank Negara Indonesia (BBNI IJ)

FY24 Results: in line NP driven by loan growth and lower CoC, offsetting the lower NIM and higher CIR

- BBNI booked NP of Rp21.5tr (+3% yoy), in line with our estimate, with lower qoq 4Q24 NP driven by higher CoC and CIR, offsetting higher NIM.
- Management expects moderating loan growth of 8-10%, stable NIM of 4.0-4.2%, and improving CoC of 1.0% for FY25F.
- Maintain Buy rating for BBNI with an unchanged TP of Rp5,100 based on -0.5SD 5-year inverse CoE GGM, implying FV PBV of 1.1x.

FY24 net profit: in line with ours but slightly missing street's estimate

BBNI posted a net profit of Rp21.5tr in FY24, meeting our estimate (100%) but slightly missing consensus (97%). The bank booked loan growth of 12% but reported a 2% yoy decline in NII, as NIM fell to 4.2% (from 4.5% in FY23). CoF rose by 57bps to 2.9%, while loan yield remained flat at 7.7% due to tight liquidity and competition in lending rates. FY24 PPOP stayed flat yoy at c. Rp35tr, as 13% yoy growth in other operating income balanced a 7% yoy rise in opex. Provision expenses declined by 11% in FY24, resulting in a CoC of 1.1% (vs 1.4% in FY23), slightly above the guidance of 1.0%.

Higher NIM offset by higher CoC resulting in a qoq decline in 4Q24 net profit

BBNI reported a net profit of Rp5.2tr in 4Q24, an 8% qoq decline (flat yoy), attributed to a 17% qoq increase in opex (+6% yoy) and a jump in CoC to 1.5% (+46bps qoq, +5bps yoy). This NP decline was in-line with our expectations but contrasted with consensus' higher growth estimates. Rising CoC was driven by the write-off of Sritex (remaining exposure: Rp550bn) and a conservative accounting approach, which booked Rp515bn windfall from 4Q24 KUR subsidy as provision expenses. NIM rose to 4.5% in 4Q24 (+16bps qoq, +12bps yoy), driven by a temporary increase in loan yield to 8.0% (+26bps qoq, +22bps yoy), primarily due to a one-off effect from KUR. Excluding the one-off, core NIM stood at 4.2%.

FY25 guidance: focus on NIM over loan growth

Management expects moderating loan growth to 8-10% (FY24 11.6%), stable NIM of 4.0-4.2% (FY24 4.2%), and a lower CoC of 1.0% (FY24 1.1%). It also highlighted that CoF and liquidity remain key challenges and is eyeing lower NIM in 1H25 compared to 2H25.

Maintain Buy with an unchanged TP of Rp5,100

We maintain Buy rating with an unchanged TP of Rp5,100, implying 6.5% upside and 6.8% dividend yield. Our TP is derived from GGM with a 12.2%, -0.5SD, CoE (from 12.1% prev.) and 13.1% FY25F ROE, implying an FV PBV of 1.1x. Risks to our view include rate cuts impacting EA yield, due to the bank's floating rate loan portion, and asset quality deterioration.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	34,970	34,826	37,251	39,120	41,339
Net profit (Rpbn)	20,909	21,464	22,029	23,000	23,649
EPS (Rp)	560.6	575.5	590.6	616.7	634.1
EPS growth (%)	14.2	2.7	2.6	4.4	2.8
BVPS (Rp)	4,025.3	4,355.7	4,641.3	4,944.5	5,250.8
PER (x)	8.5	8.3	8.1	7.8	7.6
PBV (x)	1.2	1.1	1.0	1.0	0.9
Dividend yield (%)	5.9	6.6	6.8	7.1	7.3
ROAE (%)	14.6	13.7	13.1	12.9	12.4

Source: BBNI, BRIDS Estimates

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Exhibit 1. BBNI's FY24 earnings summary

BBNI - Financials (Rpbn)	4Q23	3Q24	4Q24	qoq, %	yoy, %	2023	2024	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	15,253	16,663	17,747	7%	16%	61,472	66,583	8%	64,769	66,789	103%	100%
Interest expense	5,114	6,296	6,705	6%	31%	20,196	26,103	29%	25,473	25,785	102%	101%
Net interest income	10,139	10,367	11,042	7%	9%	41,276	40,480	-2%	39,296	41,004	103%	99%
Other operating income	6,362	5,484	6,689	22%	5%	19,812	22,311	13%	21,121	22,799	106%	98%
Operating expenses	8,233	7,434	8,700	17%	6%	27,778	29,688	7%	28,353	28,789	105%	103%
PPOP	8,728	8,845	9,540	8%	9%	34,970	34,826	0%	33,353	35,015	104%	99%
Provision	2,486	1,878	2,822	50%	13%	9,196	8,211	-11%	6,985	7,658	118%	107%
Operating Profit	6,241	6,967	6,718	-4%	8%	25,773	26,616	3%	26,368	27,356	101%	97%
Net profit	5,156	5,617	5,155	-8%	0%	20,909	21,464	3%	21,416	22,085	100%	97%
Loans	695,085	735,018	775,872	6%	12%	695,085	775,872	12%	766,047	762,707	101%	102%
Customer deposits	810,730	769,739	805,511	5%	-1%	810,730	805,511	-1%	841,468	848,643	96%	95%
Key Ratio												
				qoq, bps	yoy, bps			yoy, bps				
Loan yield (%) - ann	7.8	7.7	8.0	↑ 26	↑ 22	7.7	7.7	→ (2)				
Cost of fund (%) - ann	2.4	2.9	3.0	↓ 11	↓ 61	2.4	2.9	↓ 57				
NIM (%) - ann	4.3	4.3	4.5	↑ 16	↑ 12	4.5	4.2	↓ (32)				
CIR (%) - ann	48.5	45.7	47.7	↓ 203	↓ (84)	44.3	46.0	↓ 175				
Cost of credit (%) - ann	1.4	1.0	1.5	↓ 46	↓ 5	1.4	1.1	↑ (25)				
ROE (%) - ann	14.1	14.6	12.9	↓ (175)	↓ (119)	14.8	14.0	↓ (72)				
CASA ratio (%)	71.2	70.3	69.9	↓ (38)	↓ (130)							
LDR (%)	85.7	95.5	96.3	↓ 83	↓ 1,058							
NPL ratio (%)	2.1	2.0	2.0	→ (1)	↑ (17)							
LaR ratio (%)	12.8	11.7	10.2	↑ (147)	↑ (259)							

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. BBNI's Changes in Forecast

BBNI - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	3.9	4.1	13	4.0	4.1	8
Gross NPL Ratio	2.4	2.1	(32)	2.5	2.1	(38)
Cost/Income Ratio	44.9	45.6	68	44.7	45.6	87
Cost of Credit	1.1	1.2	13	1.1	1.2	14
ROAE	13.2	13.1	(10)	13.3	12.9	(45)

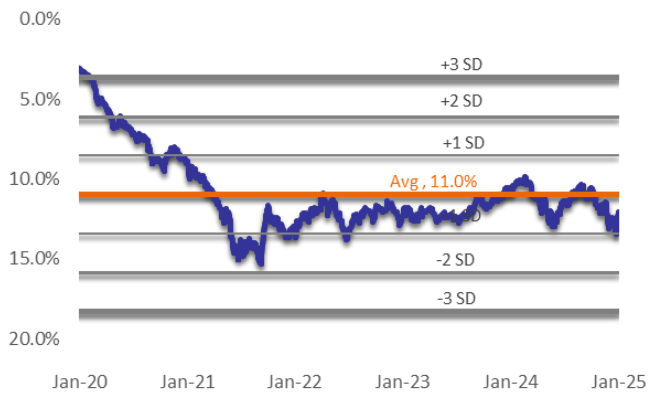
Source: Company, BRIDS Estimates

Exhibit 3. BBNI's Valuation

Gordon Growth Valuation with Inverse Cost of Equity		
Parameters:		Remarks
Cost of equity (%) - Mean	11.0	5-Year average
Cost of equity (%) - SD	2.4	5-Year average
SD used	(0.5)	
Cost of equity (%) used	12.2	
Long-term growth (%)	3.0	Long-term nominal GDP growth
Forward ROE (%)	13.1	FY25F ROAE
Fair value P/BV (x)	1.1	(ROAE - g) / (COC - g)
BV/share (IDR)	4,641	FY25F Book value per share
Fair value (IDR)	5,100	Fair value P/BV multiple x BVPS

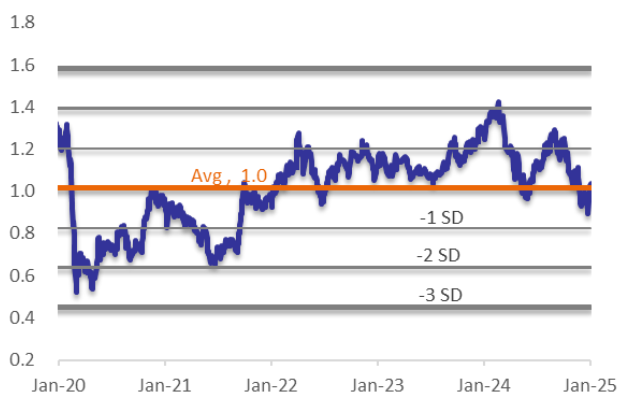
Source: Company, BRIDS Estimates

Exhibit 4. BBNI's cost of equity band chart (5-year)



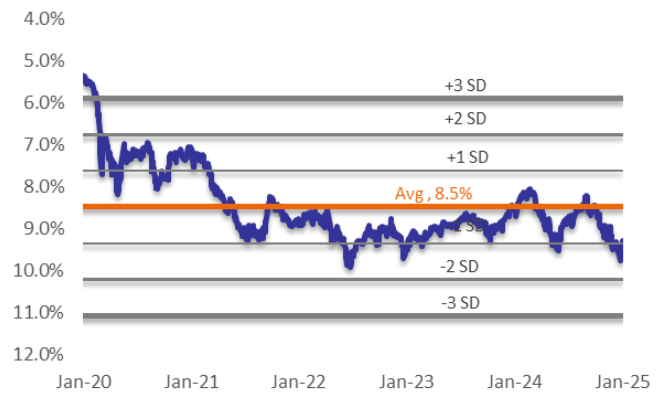
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. BBNI's P/BV band chart (5-year)



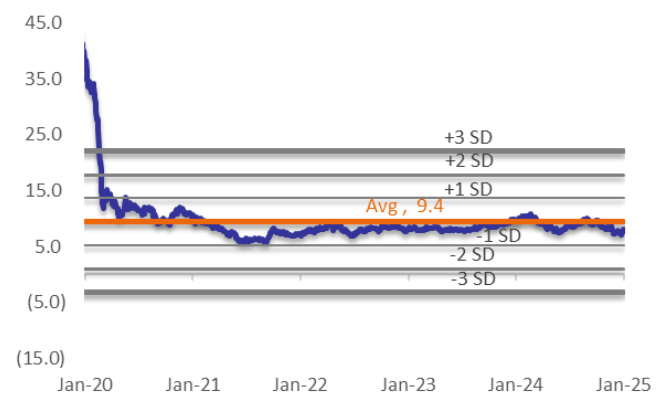
Source: Company, Bloomberg, BRIDS Estimates

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



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. BBNI's P/E band chart (5-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	61,472	66,583	69,919	73,667	79,564
Interest Expense	(20,196)	(26,103)	(27,433)	(29,351)	(33,065)
Net Interest Income	41,276	40,480	42,486	44,316	46,499
Non-Interest Income (NII)	20,218	22,121	23,970	25,554	27,181
Oper. Income	61,494	62,601	66,456	69,870	73,680
Oper. Expenses	(27,778)	(29,688)	(31,172)	(32,808)	(34,456)
Pre-provisions profit	34,970	34,826	37,251	39,120	41,339
Provisions & Allowances	(9,196)	(8,211)	(9,868)	(10,558)	(11,951)
Operating Profits	25,773	26,616	27,383	28,562	29,388
Non-Operating Income	(134)	(35)	(89)	(65)	(81)
Exceptionals	0	0	0	0	0
Pre-tax Profit	25,640	26,580	27,294	28,497	29,307
Income Tax	(4,534)	(4,911)	(5,049)	(5,272)	(5,422)
Minorities	(197)	(206)	(216)	(225)	(236)
Net Profit	20,909	21,464	22,029	23,000	23,649

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	695,085	775,872	836,906	917,117	1,038,691
Provisions	(47,158)	(38,685)	(38,351)	(38,225)	(37,176)
Net Loans	647,927	737,187	798,555	878,892	1,001,515
Govt. Bonds	127,099	132,069	101,685	81,352	65,086
Securities	37,165	48,534	46,269	44,126	42,098
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	989,203	1,034,557	1,060,431	1,117,436	1,221,205
Fixed Assets	44,688	48,816	52,629	56,871	61,597
Non-Earnings Assets	21,667	18,448	19,055	17,814	17,512
Total Assets	1,086,664	1,129,806	1,254,542	1,370,151	1,502,463
Customer Deposits	810,730	805,511	906,653	988,793	1,081,017
Banks Deposits	11,894	18,548	18,627	18,706	18,786
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	931,931	962,619	1,076,489	1,180,563	1,301,214
Share capital & Reserves	42,896	43,794	43,794	43,794	43,794
Retained Earnings	107,236	118,664	129,313	140,623	152,049
Shareholders' Funds	150,131	162,458	173,107	184,417	195,842
Minority interests	4,602	4,729	4,945	5,170	5,407
Total Equity & Liabilities	1,086,664	1,129,806	1,254,542	1,370,151	1,502,463

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	6.4	6.6	6.7	6.8	6.8
Cost of funds	2.3	2.9	2.8	2.7	2.7
Interest Spread	4.1	3.7	3.9	4.1	4.1
Net Interest Margin	4.3	4.0	4.1	4.1	4.0
Cost/Income Ratio	44.3	46.0	45.6	45.6	45.5
Oper. Exp./Oper. Gross Inc.	68.9	70.6	71.4	71.8	73.0
Gross NPL Ratio	2.1	2.0	2.1	2.1	2.1
LLP/Gross NPL	317.9	253.6	223.1	196.6	170.1
Cost of Credit	1.4	1.1	1.2	1.2	1.2
Loan to Deposit Ratio	85.7	96.3	92.3	92.8	96.1
Loan to Funding Ratio	85.2	94.8	90.4	90.9	94.4
CASA Mix	70.2	68.4	67.4	71.3	70.8
ROAE	14.6	13.7	13.1	12.9	12.4
ROAA	2.0	1.9	1.8	1.8	1.6
CAR	19.3	18.7	18.4	18.1	16.9

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	2.4	2.4	2.3	2.2	2.0
Tax Retention rate	82.3	81.5	81.5	81.5	81.5
Post-Tax ROAA	2.0	2.0	1.9	1.8	1.7
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	7.4	7.1	7.1	7.3	7.6
ROAE	14.6	13.7	13.1	12.9	12.4
Growth (%)					
Interest income	12.5	8.3	5.0	5.4	8.0
Net Interest Income	(0.1)	(1.9)	5.0	4.3	4.9
Other Oper. Expenses	2.7	6.9	5.0	5.2	5.0
Fee Based Income	3.9	1.3	10.2	4.3	4.9
Pre-Provision Oper. Profit	1.6	(0.4)	7.0	5.0	5.7
Net Profit	14.2	2.7	2.6	4.4	2.8
Shareholders' Equity	10.5	8.2	6.6	6.5	6.2
Loan	7.6	11.6	7.9	9.6	13.3
Earnings Asset	7.5	4.6	2.5	5.4	9.3
Deposit	4.9	0.2	12.3	8.9	9.2
Int. Bearing Liab.	4.5	3.4	12.3	10.0	10.5
CASA	3.6	(2.5)	10.7	15.2	8.3
Total Asset	5.5	4.0	11.0	9.2	9.7

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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