

Bank Negara Indonesia

HOLD (unchanged)

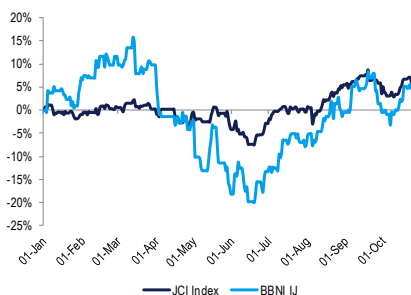
Company Update | Banks | BBNI IJ | 25 October 2024

Stock Data

Target price	Rp5,600
Prior TP	Rp5,600
Current price	Rp5,650
Upside/downside	-0.9%
Shares outstanding (mn)	37,297
Market cap (Rp bn)	210,730
Free float	40%
Avg. 6m daily T/O (Rp bn)	283

Price Performance

	3M	6M	12M
Absolute	12.4%	6.6%	15.8%
Relative to JCI	6.2%	-0.9%	1.2%
52w low/high (Rp)	4,300 – 6,225		



Major Shareholders

Republic of Indonesia	60%
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3Q24 results: in-line with sequential qoq improvement on PPOP and NIM

- BBNI's 9M24 net profit of Rp10.7tr (+4% yoy) came above ours but in-line with consensus.
- NIM was improving qoq by +40bp to 4.4% in 3Q24 on better loan yield (+30bp qoq), lower CoF (-10bp qoq) and higher LDR (+100bp qoq)
- LAR improved but coverage slightly dropped. Maintain Hold due to limited loan growth potential (elevated LDR of 95%) and LAR concern.

9M24 results: in-line as weak PPOP offset with lower CoC

BBNI posted 9M24 net profit of Rp16.3tr (+4% yoy/+5% qoq) which came above ours but in-line with consensus (at 78/74%). PPOP fell by -4% yoy (+7% qoq) as NII dropped by -6% yoy (+7% qoq) while opex rose by +7% yoy (+8% qoq). This was offset by lower provision by -20% yoy (+6% qoq) which translates to lower CoC on yoy basis at 1% in 9M24 from 1.4% in 9M23 but flattish qoq, in-line with FY24F CoC guidance of $\pm 1\%$.

Improving qoq NIM on higher loan yield and lower TD CoF

Overall NIM contracted by -40bp yoy to 4.2% in 9M24 which came in-line with its target of $\geq 4\%$. On quarterly basis NIM has improved by +40bp qoq to 4.4% in 3Q24 amid 1) higher loan yield (+30bp qoq) from loan repricing in corporate and consumer segment, 2) lower CoF (-10bp qoq) from lower TD CoF (-30bp qoq) and 3) higher LDR (+100bp qoq). Deposit grew by +3% yoy/flat qoq with CASA (+6% yoy/-1% qoq) growth outpacing TD (-3% yoy/+1% qoq).

Loan growth was driven by low risk segment

Loan growth slowed down to +9% yoy (+1% qoq) in 3Q24 from +12% yoy in 2Q24, slightly below guidance of 10-12%. Corporate (+15% yoy/+2% qoq) and consumer (+15% yoy/+3% qoq) remains the driver but dragged down by medium (-5% yoy/-1% qoq) and small (-12% yoy/-3% qoq) due to asset quality deterioration. Note that weak qoq corporate loan growth was due to FX currency translation.

LAR improved but remained elevated while coverage dropped

NPL was stable qoq at 2%, while LAR improved by -50bp qoq to 11.8% in 3Q24. However, LAR coverage slightly dropped from 50/48% in 1Q/2Q24 to 47% in 3Q24 due to write-off (Rp14.2tr in 9M24).

Maintain Hold

We maintain our Hold rating with unchanged TP as we have concern on its limited loan growth potential due to elevated LDR of 95% and asset quality (as reflected in elevated LAR). BBNI is currently trading at 1.2x FY25F P/B (vs. 10Y average of 1.1x) and 9.1x FY25F P/E (vs. 10Y average of 10.7x). Upside risk is NIM.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net interest income	41,321	41,276	39,797	44,602	47,642
PPOP	34,413	34,970	34,744	38,094	40,594
Provision charges	(11,514)	(9,196)	(8,724)	(9,526)	(9,535)
Net profit	18,312	20,909	21,005	23,079	25,108
P/BV (x)	1.5	1.4	1.3	1.2	1.1
Dividend yield	1.3%	3.5%	4.0%	4.0%	4.4%
ROAE	14.1%	14.6%	13.4%	13.6%	13.5%
IPS vs. consensus			95%	91%	88%

Source: Company, Indo Premier

Share price closing as of: 25 October 2024

Fig. 1: BBNI 3Q24 results summary

BBNI 3Q24 results summary (Rp bn)	9M24	9M23	%YoY	3Q24	3Q23	%YoY	2Q24	%QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons
Interest Income	48,836	45,495	7%	16,663	15,643	7%	16,298	2%	63,901	76%		
Interest expenses	(19,398)	(14,340)	35%	(6,296)	(5,083)	24%	(6,617)	-5%	(24,104)	80%		
Net interest income	29,438	31,155	-6%	10,367	10,560	-2%	9,681	7%	39,797	74%		
Fee based income	11,754	10,478	12%	4,001	3,546	13%	3,840	4%				
Insurance Income	1,215	1,200	1%	429	418	3%	413	4%				
Recovery	3,868	2,953	31%	1,483	1,170	27%	1,231	20%				
Non-interest income	16,837	14,631	15%	5,913	5,134	15%	5,484	8%	23,018	73%		
Total Income	46,275	45,786	1%	16,280	15,694	4%	15,165	7%	62,815	74%		
Overhead Expenses	(20,989)	(19,544)	7%	(7,435)	(6,752)	10%	(6,905)	8%	(28,071)	75%		
Pre-provision profit	25,286	26,242	-4%	8,845	8,942	-1%	8,260	7%	34,744	73%		
Loan loss provision	(5,389)	(6,710)	-20%	(1,878)	(2,199)	-15%	(1,767)	6%	(8,724)	62%		
Other income (exp)	(28)	(156)	-82%	(28)	(71)	-61%	0	NA	(134)	21%		
Pretax Profit	19,869	19,376	3%	6,939	6,672	4%	6,493	7%	25,886	77%	27,247	73%
Tax	(3,561)	(3,487)	2%	(1,323)	(1,183)	12%	(1,127)	17%	(4,880)	73%		
Net Profit	16,308	15,753	4%	5,616	5,451	3%	5,366	5%	21,005	78%	22,086	74%

Source: Company, Indo Premier

Fig. 2: BBNI 3Q24 balance sheet summary

Balance sheet (Rp bn)	3Q24	3Q23	%YoY	2Q24	%QoQ
Placement with banks/BI	15,076	21,476	-30%	19,043	-21%
Marketable securities	43,101	34,576	25%	40,433	7%
Government bonds	130,287	123,018	6%	132,496	-2%
Gross Loan	735,018	671,371	9%	726,977	1%
Other assets	144,598	158,868	-9%	153,505	-6%
Total Assets	1,068,080	1,009,309	6%	1,072,454	0%
Demand Deposits	302,260	290,501	4%	305,133	-1%
Saving deposits	238,934	222,389	7%	240,558	-1%
CASA	541,194	512,890	6%	545,691	-1%
Time Deposits & CD	228,545	234,705	-3%	226,628	1%
Customer deposits	769,739	747,595	3%	772,319	0%
Deposit from other banks	13,877	13,599	2%	18,150	-24%
Securities issued	29,144	21,875	33%	31,104	-6%
Borrowings	34,995	26,008	35%	32,736	7%
Other liabilities&accrued	58,155	53,014	10%	64,073	-9%
Total Liabilities	905,910	862,091	5%	918,382	-1%
Equity	162,170	147,218	10%	154,072	5%

Source: Company, Indo Premier

Fig. 3: BBNI 3Q24 key ratios

Key Ratios (in %)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Loan Yield - reported (Q)	7.3	7.4	7.5	7.8	7.7	7.7	7.9	7.8	7.5	7.4	7.7
Cost of funds - reported (C)	1.5	1.4	1.4	1.5	1.9	2.0	2.3	2.5	2.8	2.8	2.7
NIM (C)	4.5	4.7	4.8	4.8	4.7	4.6	4.6	4.6	4.0	4.0	4.2
CAR	19.3	18.4	18.9	19.3	21.6	21.6	21.9	22.0	20.5	20.7	21.8
LDR	85	90	91	84	85	85	90	86	89	94	95
Gross NPL	3.5	3.2	3.0	2.8	2.8	2.5	2.3	2.1	2.0	2.0	2.0
Special Mention	5.0	4.6	4.3	3.5	4.4	4.4	4.5	4.9	5.5	4.9	4.8
Loan-at-risk (incl. Covid)	22.1	19.6	19.3	16.0	16.3	16.1	14.4	12.9	13.3	12.3	11.8
Credit Costs (Q)	2.5	1.9	1.6	1.6	1.4	1.5	1.3	1.4	1.0	1.0	1.0
Credit Costs (C)	2.5	2.2	2.0	1.9	1.4	1.4	1.4	1.4	1.0	1.0	1.0
Coverage Ratio	250	263	271	278	287	309	325	319	330	298	284
CASA Ratio	69	69	71	72	69	70	69	71	70	71	70
CIR	40	40	41	43	42	41	41	43	43	44	44

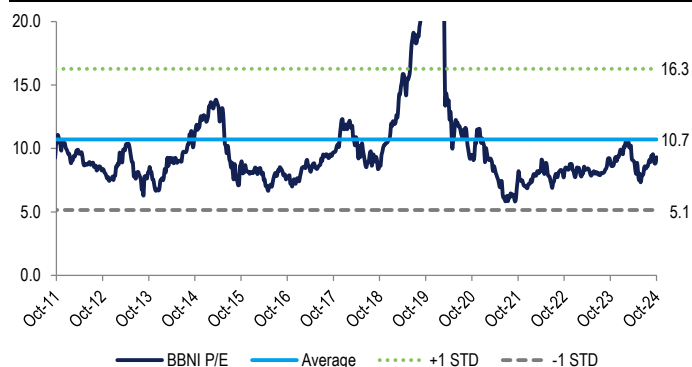
Source: Company, Indo Premier

Fig. 4: BBNI's forward P/BV – now trading at 1.2x FY25F P/BV vs. 10-year average of 1.1x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 5: BBNI's forward P/E – now trading at 9.1x FY25F P/E vs. 10-year average 10.7x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 6: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY24F	FY25F	10Y Avg	FY24F	FY25F	10Y Avg
BBCA	10,750	11,500	4.7	7%	Buy	24.2	22.0	21.1	5.0	4.7	3.8
BBRI	4,770	5,800	2.6	22%	Buy	11.6	10.4	14.7	2.3	2.1	2.4
BMRI	7,050	7,800	2.4	11%	Buy	11.7	10.4	11.9	2.3	2.1	1.7
BBNI	5,650	5,600	1.1	-1%	Hold	10.0	9.1	10.7	1.3	1.2	1.1
BBTN	1,470	2,120	0.8	44%	Buy	6.7	5.6	6.9	0.6	0.6	0.8
BRIS*	3,010	3,300	2.7	10%	Buy	20.7	18.7	16.1	3.2	2.8	2.2

Source: Bloomberg, Company, Indo Premier
*3Y avg

Share price closing as of: 25 October 2024

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Interest income	54,659	61,472	63,901	68,176	72,575
Interest expense	(13,338)	(20,196)	(24,104)	(23,575)	(24,933)
Net interest income	41,321	41,276	39,797	44,602	47,642
Non-interest income	20,151	21,472	23,018	23,372	24,830
Total operating income	61,472	62,747	62,815	67,974	72,472
Opex	(27,059)	(27,778)	(28,071)	(29,880)	(31,877)
PPOP	34,413	34,970	34,744	38,094	40,594
Provisions	(11,514)	(9,196)	(8,724)	(9,526)	(9,535)
Operating profit	22,899	25,773	26,020	28,568	31,059
Non-operating profit	(212)	(134)	(134)	(134)	(134)
Pre-tax profit	22,687	25,640	25,886	28,434	30,926
Income tax	(4,205)	(4,534)	(4,684)	(5,142)	(5,591)
Minority interest	(170)	(197)	(197)	(213)	(227)
Net profit	18,312	20,909	21,005	23,079	25,108

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash + CA with BI	96,370	76,464	80,838	85,129	90,581
Secondary reserves	233,969	257,032	246,752	236,882	227,406
Gross loans	646,188	695,085	758,967	828,732	904,921
Loan provisions	(50,334)	(47,158)	(41,343)	(37,373)	(33,039)
Other assets	103,643	105,242	108,492	113,015	117,844
Total Assets	1,029,837	1,086,664	1,153,706	1,226,385	1,307,713
Total deposits	784,514	822,624	877,025	935,027	1,000,479
Securities and borrowings	43,436	42,734	42,734	42,734	42,734
Other liabilities	61,689	66,573	66,573	66,573	66,573
Total liabilities	889,639	931,931	986,332	1,044,334	1,109,786
Shareholders' equity	140,198	154,733	167,374	182,051	197,927
Total liabilities & equity	1,029,837	1,086,664	1,153,706	1,226,385	1,307,713

Growth YoY	2022A	2023A	2024F	2025F	2026F
Gross loans	10.9%	7.6%	9.2%	9.2%	9.2%
Total assets	6.7%	5.5%	6.2%	6.3%	6.6%
Total deposits	5.5%	4.9%	6.6%	6.6%	7.0%
Net interest income	8.0%	-0.1%	-3.6%	12.1%	6.8%
Non-interest income	14.4%	6.6%	7.2%	1.5%	6.2%
Total operating income	10.0%	2.1%	0.1%	8.2%	6.6%
Operating expense	9.1%	2.7%	1.1%	6.4%	6.7%
PPOP	10.8%	1.6%	-0.6%	9.6%	6.6%
Net profit	68.0%	14.2%	0.5%	9.9%	8.8%

Key Ratios	2022A	2023A	2024F	2025F	2026F
ROAA	1.8%	2.0%	1.9%	1.9%	2.0%
ROAE	14.1%	14.6%	13.4%	13.6%	13.5%
NIM	4.8%	4.6%	4.1%	4.3%	4.3%
Credit cost	1.9%	1.4%	1.2%	1.2%	1.1%
Cost/income	44.0%	44.3%	44.7%	44.0%	44.0%
LDR	82.4%	84.5%	86.5%	88.6%	90.4%
CAR	20.6%	23.2%	22.4%	22.4%	22.6%
NPL ratio	2.8%	2.1%	2.0%	1.9%	1.8%
Provisions/NPL	277.1%	317.9%	275.8%	242.0%	205.8%

Source: Company, Indo Premier

INVESTMENT RATINGS

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

ANALYSTS CERTIFICATION

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