

# Bank Negara Indonesia Tbk. (BBNI)

## Discover a Strong Performance Recovery in 3Q24

BBNI recorded a performance recovery in 3Q24, as it posted +3.5% profit growth to IDR 16.31 T on a year-on-year basis. Quarterly, BBNI's net profit grew +4.7% to IDR 5.62 T in 3Q24, which was driven by top line increase supported by quarterly Net Interest Income (NII) growth of +7.1% QoQ to IDR 10.37T in 3Q24 (2Q24: IDR 9.68T). On a year-on-year basis, NII still contracted -5.5% to IDR 29.44T as of 9M24 (9M23: IDR 31.16T). Non-interest income, especially recovery income and fee-based income, also boosted BBNI's performance in 3Q24. Fee based income grew +12.2% YoY to IDR 11.75T in 9M24 (QoQ basis: +4.2% QoQ, 3Q24: IDR 4T) and Recovery Income grew +31% YoY to IDR 3.89T in 9M24 (QoQ basis: +20.5% QoQ, 3Q24: IDR 1.48T). Loan repricing as well as the downward trend of CoF in the last quarter helped BBNI to print an expansive NIM again.

### Healthy & Stable Lending Growth

- As of 9M24, BBNI posted a healthy lending growth, where total loans rose +9.5% YoY and +1.1% QoQ to IDR 735 T (9M23: IDR 671 T & 6M24: IDR 727 T). Across several lending segments, there was weak quarterly and annual loan growth, particularly in the Business Banking-Medium (Enterprise and Commercial) and Small (MSME & KUR) segments. The medium segment weakened -1.3% QoQ and -5.1% YoY to IDR 96.4 T in 9M24, while the Small segment weakened -3.3% QoQ and -11.6% YoY to IDR 77.3 T as of 9M24. However, loan growth from lower risk segments, such as Corporate, grew +1.5% QoQ and +15.1% YoY to IDR 409.2 T in 9M24 from both private and state-owned corporate segments, with both sub-segments growing quarterly and annually.
- Lending in the Consumer segment also continued to grow, an increase of +14.6% YoY and +3.2% QoQ to IDR 137 T as of 9M24 (9M23: IDR 119.5T & 6M24: IDR 132.7 T). The growth of Consumer segment was driven by the growth of Mortgage (KPR) segment, which rose +2.4% QoQ and +13% YoY to IDR 63.8 T in 9M24 and personal loan segment, which grew +3.9% QoQ and +15.7% to IDR 55.9 T in 9M24.

### Changes in Third Party Fund (DPK) Composition & Better Loan Yield Drive BBNI's Expansive NIM in 3Q24

- As of 9M24, CASA (Consolidated) increased by +5.5% YoY and -0.8% QoQ to IDR 541 T. Meanwhile, high cost fund deposits decreased by -2.6% YoY and +0.8% QoQ to IDR 229 T in 9M24. Therefore, BBNI's total deposits as of 9M24 experienced +3% YoY growth and -0.3% QoQ decline to IDR 770 T. Although the deposits volume did not change significantly on a quarterly basis, the good this is, that there was a significant change in Cost of Funds on a quarterly basis. The time deposits' CoF recorded a decrease of -32 Bps QoQ to 4.81% in 3Q24 and the current accounts CoF decreased by -4 Bps QoQ to 2.44% as of 3Q24, so that the overall CoF of BBNI's deposits decreased by -13 Bps QoQ to 2.6% as of 3Q24. Moreover, loan repricing has causing loan yield to increase +26 Bps QoQ and a more expansive LDR caused 3Q24 NIM to expand +37 Bps to 4.4% as of 3Q24, although the NIM is still contracted on a year-on-year basis.

### BBNI Asset Quality: Remain Stable and Solid in 9M24

- BBNI's assets are still in a fairly good condition. The NPL (Non-Performing Loan) of BBNI stood at 2% as of 3Q24 (Stable QoQ basis: 2%, 2Q24: 2%). BBNI's NPL Coverage level was at 284.2% as of 9M24 (9M23: 324.5%). BBNI's Loan at Risk (LAR) level continued its downward trend, falling to 11.8% in 9M24 (9M23: 14.4%, 6M24: 12.3%). With such solid asset quality, the Cost of Credit (CoC) of the bank only remained stable at 1.0% as of 9M24 (9M23: 1.3% and 6M24: 1.0%). BBNI management maintains its guidance for CoC at the end of the remaining FY24, where the CoC level (Bank only) will be maintained at around 1.0%.

### Overweight Recommendation with TP at IDR 6,400 (+14.5% Upside)

- NHKS Research recommends Overweight for BBNI by raising TP level at IDR 6,400 (+14.5% Upside), reflecting Forward P/BV of 1.3x FY24F (+1.5 STD). The catalysts that can justify BBNI's price are more solid credit growth, BBNI's performance recovery that leads to a lower CoF initiative. Resulting a more stable and expansive NIM. Meanwhile, the potential downside risks include a macro situation that tends to be unstable, liquidity tightening policies and expectations of loan growth and performance that does not grow as expected.

### Bank Negara Indonesia Tbk. | Summary (IDR Bn)

	2023/12A	2024/12F	2025/1F	2026/12F
Interest Income	61,472	65,466	68,531	74,277
Interest Income growth	12.5%	6.5%	4.7%	8.4%
Operating Revenue	62,747	69,043	73,073	79,167
Net profit	20,909	24,079	26,419	29,603
EPS (IDR)	561	646	708	794
EPS growth	14.2%	15.2%	9.7%	12.1%
BVPS (IDR)	4,038	4,374	4,791	4,773
Net Interest Margin	4.6%	4.7%	4.8%	4.8%
Loan/Deposits	82.4%	84.6%	84.6%	85.2%
NPL	2.8%	1.9%	1.7%	1.6%
ROE	15.7%	15.5%	14.8%	15.1%
ROA	2.1%	2.2%	2.1%	2.2%
P/E	9.5x	9.9x	9.6x	9.4x
P/BV	1.32x	1.46x	1.42x	1.57x
P/Op. Revenue	3.2x	3.5x	3.5x	3.5x
DPS (IDR)	280	291	301	357
Dividend yield	5.24%	4.54%	4.43%	4.76%

Source: Company Data, Bloomberg, NHKSI Research



**NH KORINDO**  
SEKURITAS INDONESIA

Company Report | October 30, 2024

## Buy

Target Price (IDR)	6,400
Consensus Price (IDR)	6,441
TP to Consensus Price	-0.6%
Potential Upside	+14.0%

### Shares data

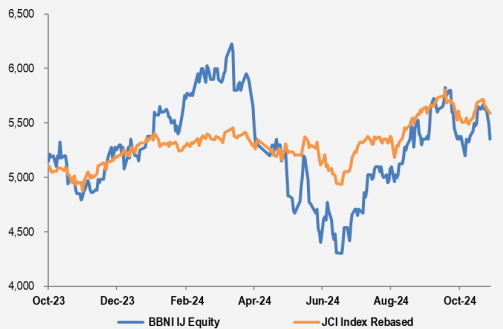
Last Price (IDR)	5,350
Price date as of	October 29, 2024
52 wk range (Hi/Lo)	6,250 / 4,260
Free float (%)	39.8
Outstanding sh.(mn)	37,297
Market Cap (IDR bn)	198,680
Market Cap (USD mn)	12,593
Avg. Trd Vol - 3M (mn)	52.38
Avg. Trd Val - 3M (bn)	284.50
Foreign Ownership	18.62%

### Financial Services

#### Banking

Bloomberg	BBNI IJ
Reuters	BBNI.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-0.5%	-1.8%	6.5%	10.3%
Rel. Ret.	-4.4%	-0.7%	2.0%	-2.3%

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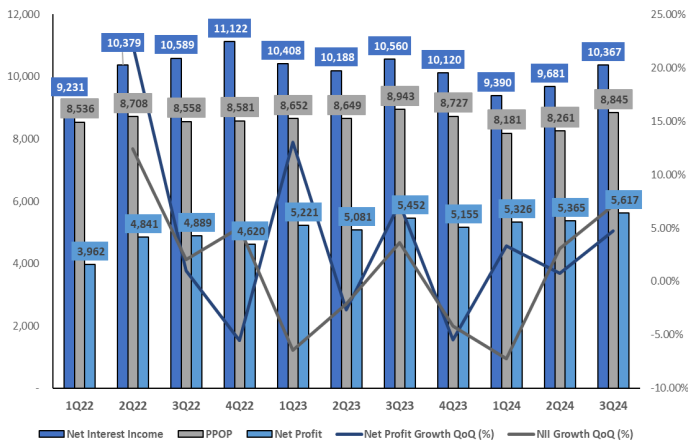
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Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

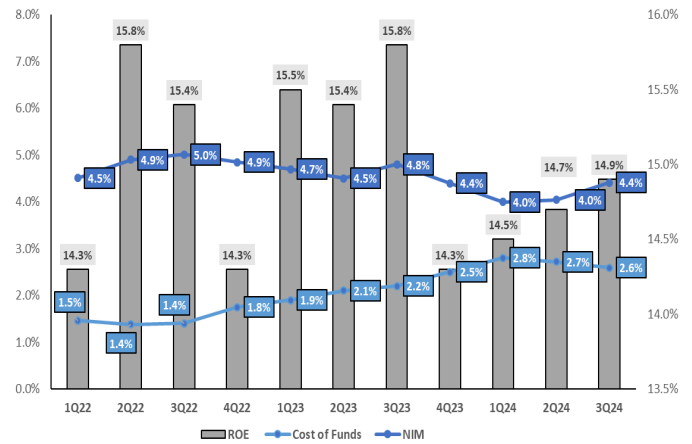
# Performance Highlight for BBNI

Fig 1. Quarterly Financial Performance (In IDR Billion)



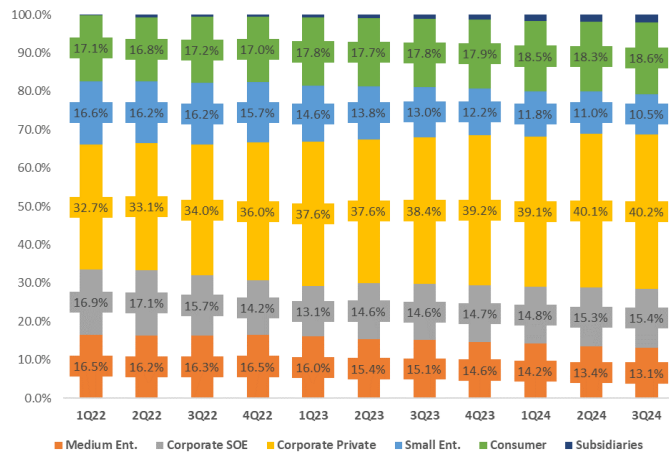
Source: Company, NHKSI Research

Fig 2. Profitability Ratios (In %)



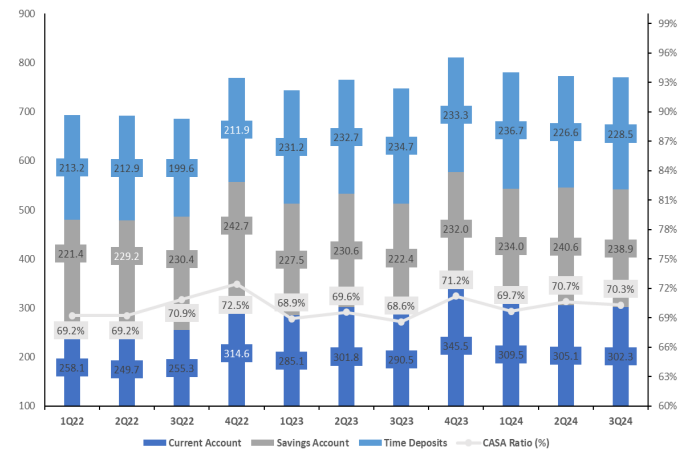
Source: Company, NHKSI Research

Fig 3. Loan Segmentation Breakdown (In %)



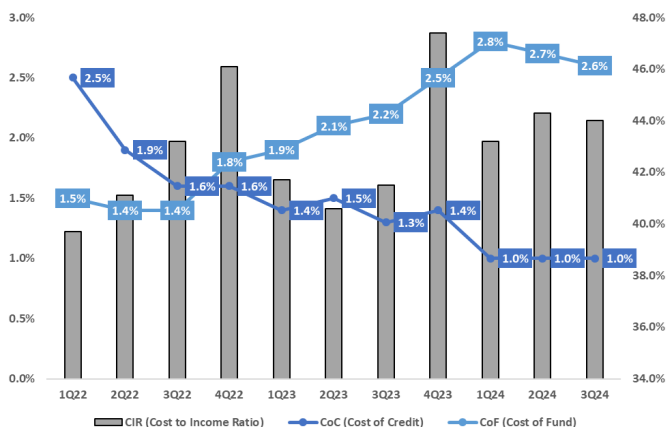
Source: Company, NHKSI Research

Fig 4. Third Party Fund Composition (IDR Tn) &amp; CASA Ratio (In %)



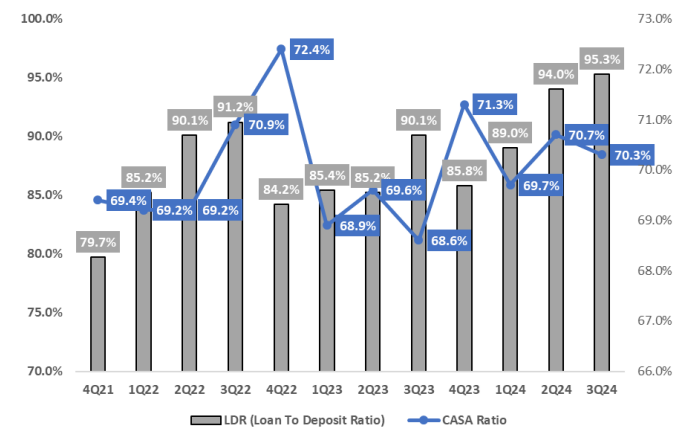
Source: Company, NHKSI Research

Fig 5. Cost of Credit (CoC), CIR (Cost To Income Ratio) &amp; CoF (Bank Only)



Source: Company, NHKSI Research

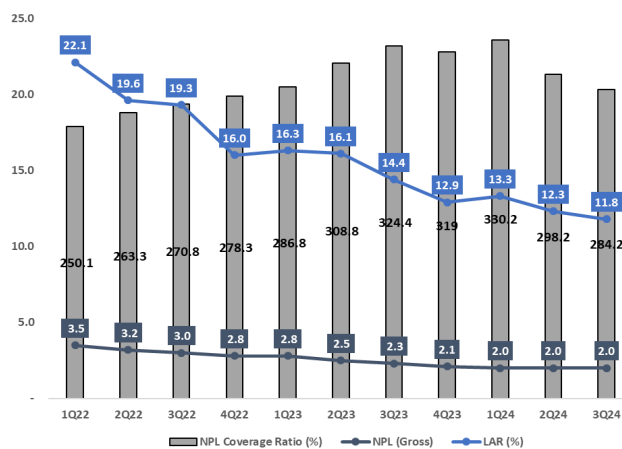
Fig 6. CASA Ratio vs Loan To Deposit (LDR) Ratio (In % &amp; Bank Only)



Source: Company, NHKSI Research

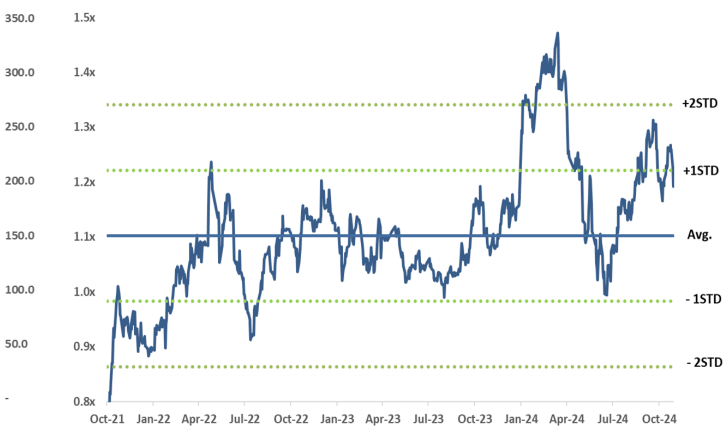
# Performance Highlight for BBNI

Fig 7. Asset Quality (In %)



Source: Company, NHKSI Research

Fig 8. BBNI F-PBV (x) | Latest 3 Years



Source: Bloomberg, NHKSI Research

## Summary of Financials

INCOME STATEMENT				
(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Interest Income	61,472	65,466	68,531	74,277
Growth (% y/y)	12.5%	6.5%	4.7%	8.4%
Interest Expenses	(20,196)	(18,539)	(19,138)	(20,855)
Net Interest Income	41,276	46,927	49,393	53,422
Net Interest Margin	4.6%	4.7%	4.7%	4.7%
Net Fee Income	10,120	10,324	10,866	11,753
Trading Income	2,272	3,220	3,209	3,359
Other Operating Income	9,079	8,571	9,605	10,632
Operating Revenue	62,747	69,043	73,073	79,167
Operating Expenses	(27,778)	(28,998)	(29,229)	(30,875)
Pre-provisioning OP	34,970	40,045	43,844	48,292
Provision for Impairment	(9,196)	(9,334)	(10,149)	(10,540)
EBT	25,640	30,464	33,425	37,454
Income Tax	(4,534)	(6,093)	(6,685)	(7,491)
Non-controlling Interest	(197)	(292)	(321)	(360)
Net Profit	20,909	24,079	26,419	29,603
Growth (% y/y)	14.2%	15.2%	9.7%	12.1%

BALANCE SHEET				
(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Cash	11,207	17,011	18,856	17,771
Placement in Banks	144,073	155,088	168,949	177,392
Net Loans	647,927	710,911	778,281	851,099
Investment	178,779	188,186	204,399	224,950
Fixed Asset	27,765	28,993	29,702	30,538
Other Assets	76,913	89,804	96,504	103,937
Total Assets	1,086,664	1,189,995	1,296,691	1,405,687
Deposits	822,624	896,366	975,624	1,055,023
Debt	52,772	61,745	67,209	72,677
Other liabilities	56,535	61,603	67,050	72,507
Total Liabilities	931,931	1,019,715	1,109,883	1,200,207
Capital Stock & APIC	26,064	26,064	26,064	26,064
Retained Earnings	107,236	120,479	135,670	151,952
Shareholders' Equity	154,733	170,280	186,808	205,480

CASH FLOW STATEMENT				
(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Operating Cash Flow	17,859	30,261	21,887	26,712
Investing Cash Flow	(23,341)	(113,119)	(84,871)	(96,734)
Financing Cash Flow	89,024	88,662	64,830	68,936
Net Changes in Cash	83,541	5,804	1,846	(1,086)

PROFITABILITY & STABILITY				
	2023/12A	2024/12F	2025/1F	2026/12F
ROE	15.7%	15.5%	14.8%	15.1%
ROA	2.1%	2.2%	2.1%	2.2%
Non-Int. Inc. /Op. Rev	34.2%	32.0%	32.4%	32.5%
Cost/Income	44.3%	42.0%	40.0%	39.0%
Cash Dividend (IDR bn)	10,455	10,835	11,228	13,321
Dividend Yield (%)	5.2%	4.5%	4.4%	4.8%
Payout Ratio (%)	50.0%	45.0%	42.5%	45.0%
Loan/Deposits	82.4%	84.6%	84.6%	85.2%
Loan/Assets	62.7%	63.7%	63.7%	63.9%
NPL	2.8%	1.9%	1.7%	1.6%
Loan Loss Res./Loan	7.8%	6.3%	5.7%	5.3%
CASA/Deposits	72.4%	72.6%	74.1%	75.2%
Time Deposits/Deposits	27.6%	27.4%	25.9%	24.8%
Par Value (IDR)	375	375	375	375
Total Shares (mn)	37,297	37,297	37,297	37,297
Share Price (IDR)	5,350	6,400	6,800	7,500
Market Cap (IDR tn)	199.5	238.7	253.6	279.7

VALUATION INDEX				
	2023/12A	2024/12F	2025/1F	2026/12F
Price /Earnings	9.5x	9.9x	9.6x	9.4x
Price /Book Value	1.3x	1.5x	1.4x	1.6x
Price/Op. Revenue	3.2x	3.5x	3.5x	3.5x
PE/EPS Growth	0.7x	0.7x	1.0x	0.8x
EV/Operating Revenue	4.0x	4.2x	4.2x	4.4x
EV/PPOP	7.1x	7.2x	7.1x	7.1x
EV (IDR bn)	248,239	289,859	310,435	345,136
Op. Rev. CAGR (3-Yr)	8.7%	9.9%	12.0%	12.3%
EPS CAGR (3-Yr)	7.7%	16.1%	100.4%	39.5%
Basic EPS (IDR)	561	646	708	794
Diluted EPS (IDR)	561	646	708	794
BVPS (IDR)	4,038	4,374	4,791	4,773
Op. Revenue PS (IDR)	1,682	1,851	1,959	2,123
DPS (IDR)	280	291	301	357

OWNERSHIP				
By Geography	% Shareholders			%
Indonesia	81.38	Republic of Indonesia		60.00
United States	7.01	Vanguard Group		1.65
Luxembourg	3.82	Blackrock Inc.		1.19
Others	7.79	Others		37.16

Source: Company Data, Bloomberg, NHKSI Research

**NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings**

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to +15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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