

Investment Consideration

Stagnant PATMI Growth

In the first nine months of 2024, BBNI's Profit After Tax and Minority Interest (PATMI) demonstrated limited growth, rising just 3.52% YoY to IDR 16.308 trillion. This modest increase was largely attributed to a 28.71% YoY surge in Interest Expense, which countered the 5.66% YoY rise in Interest Income, resulting in a 5.45% YoY decline in Net Interest Income. However, Other Operating Income increased by 14.93% YoY, supporting overall performance. The highest boost came from Unrealized Gains on Financial Assets at FVTPL, which soared 75.28% YoY. Additionally, provisions and non-loan transaction commissions were key contributors to Other Operating Income, collectively amounting to IDR 7.47 trillion. We project BBNI's PATMI to reach IDR 21.61 trillion by year-end 2024, reflecting a 3.35% increase from 2023.

Credit Expansion Remains Solid and Aligned with ESG Commitment

As of September 2024, BBNI's consolidated loan portfolio expanded by 9.48% YoY to IDR 735.02 trillion, slightly under the revised target range of 10-12% YoY. This underperformance was driven by contractions in the Small and Medium segments, which shrank 11.66% and 5.12% YoY, respectively, as BBNI focused on enhancing loan quality within the SME category, where non-performing loans (NPLs) remain elevated. In contrast, the Corporate and Commercial segments exhibited robust growth of 15.11% and 14.64% YoY, respectively. The green portfolio grew by 17% YoY to IDR 70.9 trillion, driven by sustainable investments in natural resources and land use, which surged 48.6% YoY. Overall, BBNI's sustainable loans amounted to IDR 187.6 trillion, representing 26% of bank-only loans and reinforcing its ESG commitment. By December 31, 2024, we expect the consolidated loan portfolio to grow by 9.16% YoY, reaching IDR 758.72 trillion.

Improved NPL Ratio

As of September 2024, BBNI's bank-only gross NPL ratio improved to 2%, a 30-bps decrease YoY, although it remained steady from the previous quarter. The Corporate segment continued to be the strongest, with an NPL ratio of just 1%. Meanwhile, the Medium segment recorded notable progress, with its NPL ratio dropping by 1.1% YoY to 4.6%. We anticipate further improvement, with the gross NPL ratio expected to decline by 24 bps to 1.86% by December 2024.

Strong CASA Ratio Boosted by 'wondr'

BBNI's CASA ratio stood at 70.30% as of September 2024, reflecting a robust 170-bps increase YoY, although it dipped slightly by 40 bps QoQ. This improvement was driven by a 7.44% YoY increase in savings accounts, supported by the success of BBNI's mobile banking platform, "wondr," which contributed around 70% of retail savings. We project the CASA ratio to reach 70.31% by December 31, 2024.

Valuation: 15% Upside, Buy.

Utilizing a multi-stage Dividend Discount Model (DDM), we have updated our one-year target price to IDR 5,975, reflecting a PBV multiple of 1.32x and offering a 15% upside potential. Consequently, we recommend a Buy.

Financial Highlight	2021A	2022A	2023A	2024F
Net Income (IDR Bn)	10,899	18,312	20,909	21,610
NIM	4.67%	4.81%	4.58%	4.01%
Pre-Tax ROAA	1.40%	2.50%	2.60%	2.44%
EPS	585.31	982.49	561.23	579.55
Gross NPL	3.70%	2.80%	2.10%	1.86%
CAR (Consolidated)	20.74%	20.57%	23.22%	22.20%

November 1st, 2024
 Banking, Equity

Price **IDR 5,200**
 Target Price **IDR 5,975**
 JKSE Index **IDR 7,505.26**



Stock Code **BBNI IJ**
 Bloomberg code **BBNI IJ**
 Market Cap (IDR Bn) **193,946.0**
 52-Week High (IDR) **6,250**
 52-Week Low (IDR) **4,260**
 Free Float (%) **40.3**

Major Shareholders (%)
 RI Government **60.00**
 Public inc. BOD and BOC **40.00**

USD/IDR-YE
 2023A **15,439**
 2024F **15,688**

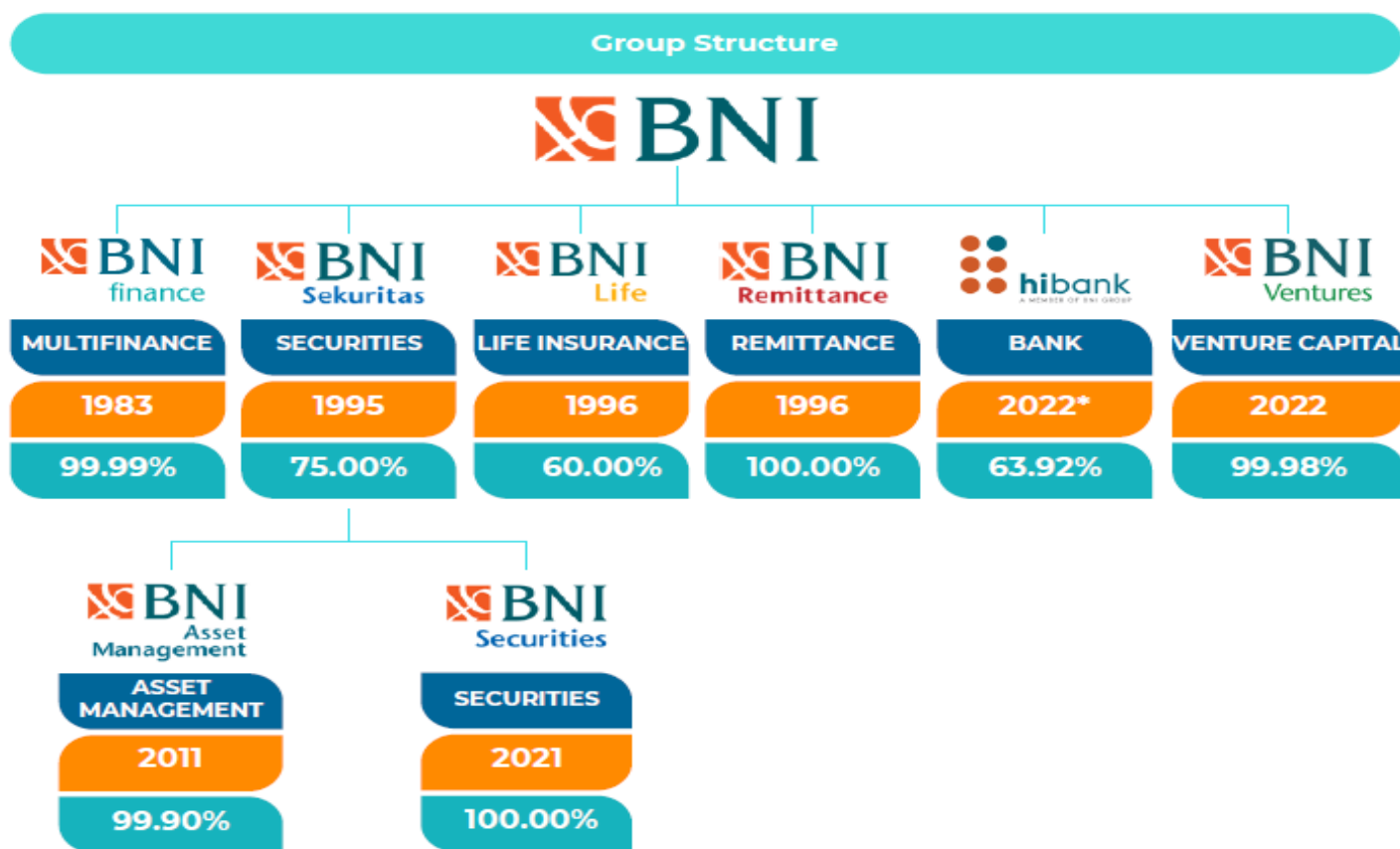
Key Indicators
 Non-Performing Loan(%) **1.86**
 Net Interest Margin(%) **4.01**

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Company Profile

PT Bank Negara Indonesia (Persero), Tbk (BNI), founded in 1946 as Indonesia’s central bank, transitioned into a state-owned commercial bank in 1968. In 1992, it became a limited liability company (Persero) and, by 1996, the first state-owned enterprise to list publicly. Over the years, BNI has undergone significant transformations, including recapitalization and share divestments. Regulatory updates in 2008 and 2015 led to changes in the Articles of Association. Currently, the Indonesian government holds a 60% stake, with 40% owned by the public. As Indonesia’s fourth-largest bank, BNI provides diverse financial services through subsidiaries like BNI Multifinance, BNI Sekuritas, BNI Life Insurance, BNI Ventures, BNI Remittance, and hibank, serving customers of all ages, from childhood through retirement

BNI Group Structure and Subsidiaries Companies



■ Year of establishment ■ Shares ownership

Note: as of February 2021, the financial summary (report) is excluded BNI Syariah as a consolidated calculation.
* Year of acquisition

Source: Company

Chart: Gross Loan YoY

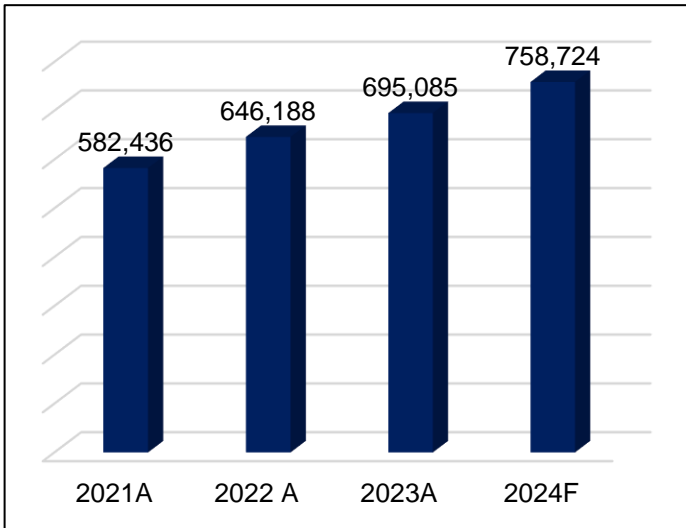


Chart: NPL Ratio (%) YoY

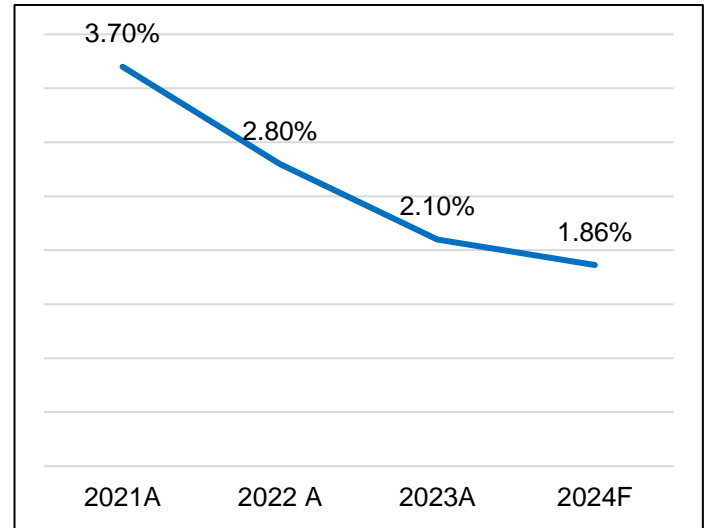


Chart: Profitability YoY

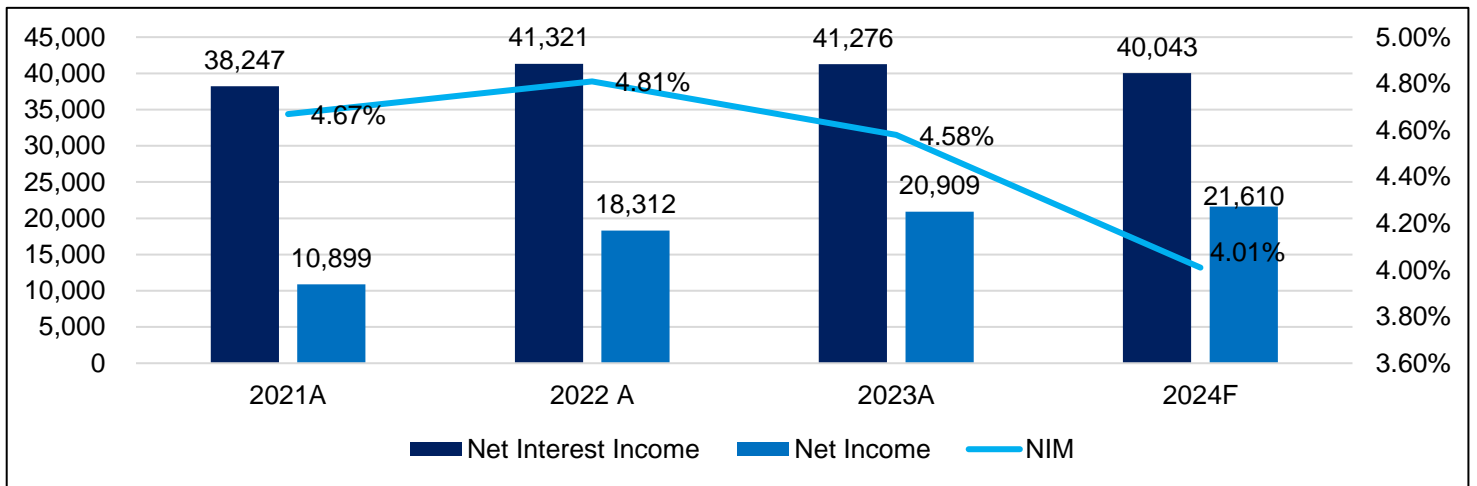


Chart: CASA Ratio (%) YoY

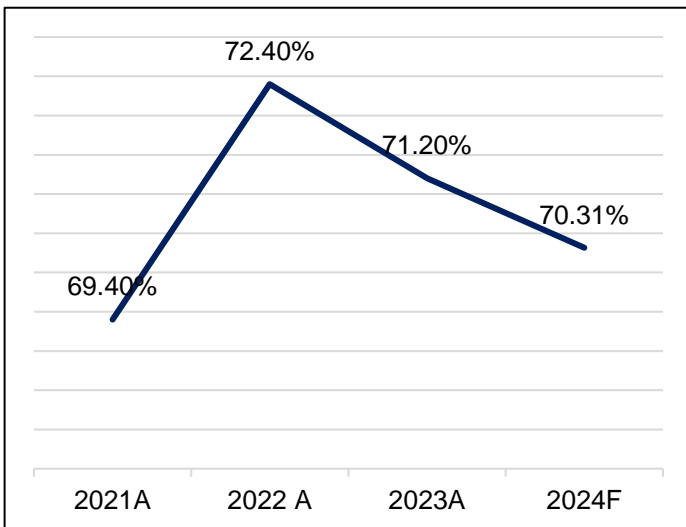


Chart: CAR (%) YoY

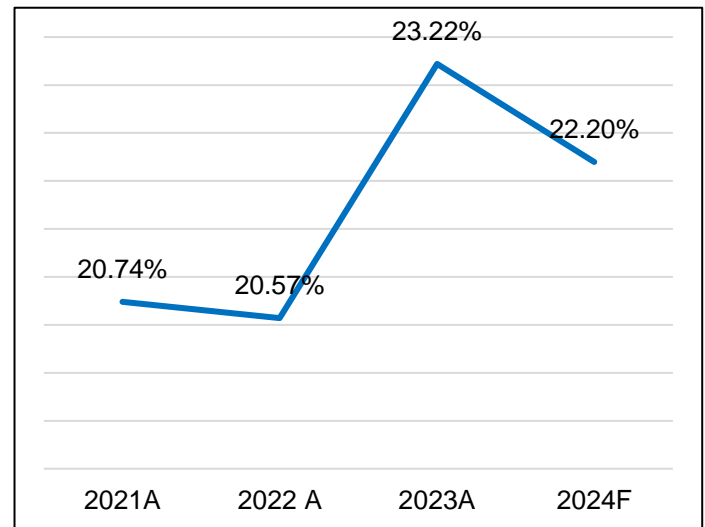


Chart: Net Income (IDR Bn) QoQ

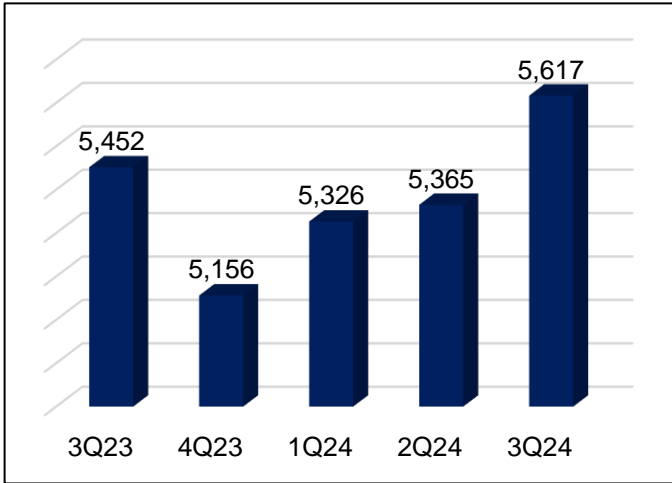


Chart: Gross Loan (IDR Bn) QoQ

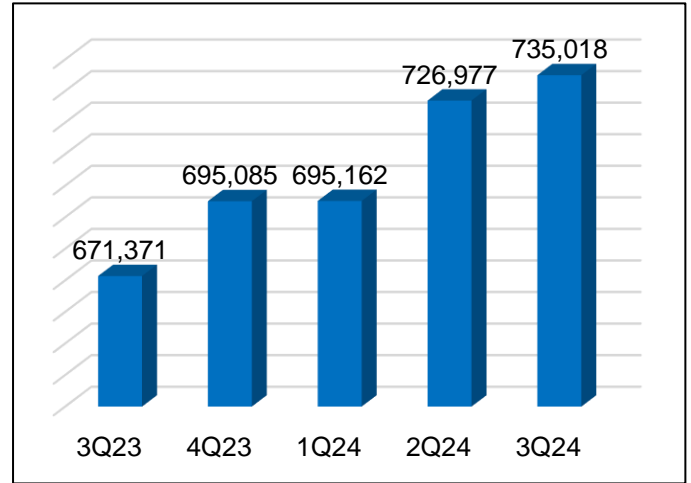


Chart: NPL Ratio (%) QoQ

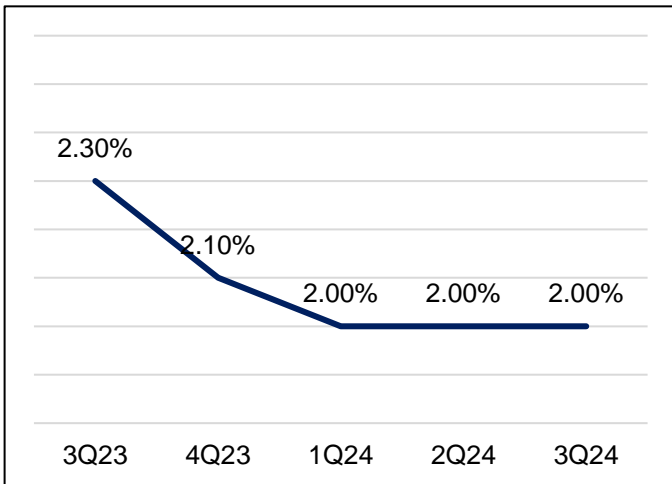
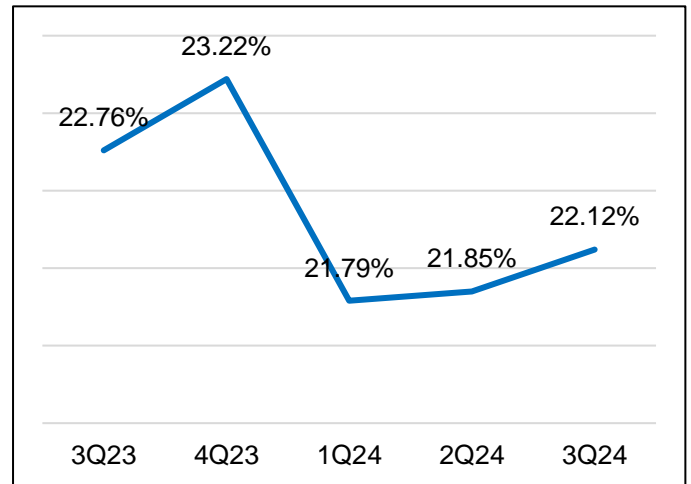


Chart: CAR (%) QoQ



Statements of Financial Position (IDR Bn)

Balance sheet (IDR Bn)	2021A	2022A	2023A	2024F
Cash and CA with BI	62,366	96,370	76,464	57,587
Interbank Placement	92,290	51,569	43,794	20,178
Marketable Securities	25,803	28,556	37,165	35,695
Gross Loan	582,436	646,188	695,085	758,724
Allowance for Loans	(50,295)	(50,334)	(47,158)	(45,303)
Loans-net	532,141	595,854	647,927	713,421
Other Earning Asset	321,221	284,953	305,965	250,732
Non-Earning Asset	49,110	52,659	56,309	59,296
Total Asset	964,838	1,029,837	1,086,664	1,081,035
Deposit:				
Current Account	281,398	314,625	345,496	304,074
Saving Account	224,670	242,695	231,981	240,094
Time Deposits	223,101	211,949	233,253	229,736
Other Interest-Bearing Liabilities	64,556	70,254	76,614	84,920
Non-Interest-Bearing Liabilities	44,593	50,116	44,587	54,029
Total Liabilities	838,318	889,639	931,931	912,852
Total Shareholder's Equity	126,520	140,198	154,733	168,183

Statements of Profit or Loss (IDR Bn)

Income Statement (IDR Bn)	2020A	2021A	2023A	2024F
Interest Income	56,173	50,026	61,472	65,369
Interest Expense	(19,021)	(11,779)	(20,196)	(25,326)
Net Interest Income	37,152	38,247	41,276	40,043
Other Operating Income	14,884	17,619	21,472	22,577
Operating Income	52,036	55,865	62,747	62,620
Operating Expense	(24,214)	(24,801)	(27,778)	(28,239)
PPOP	27,822	31,064	34,970	34,380
Provision Expense	(22,590)	(18,297)	(9,196)	(7,876)
Operating Profit	5,231	12,767	25,773	26,504
Non-Operating Income	(119)	(216)	(134)	(34)
Profit Before Tax	5,112	12,551	25,640	26,471
Tax Expense	(1,791)	(1,574)	(4,534)	(4,686)
Earning After Tax	3,321	10,977	21,106	21,784
Income for The Year Attributable to - NCI	41	79	197	175
Net Income	3,280	10,899	20,909	21,610
EPS (Rp/Share)	176.06	585.31	561.23	579.55

Ratio Highlights

Ratio Analysis	2020A	2021A	2023A	2024F
Profitability & Efficiency				
NIM	4.67%	4.81%	4.58%	4.01%
Cost-to-Income Ratio	43.30%	42.60%	42.90%	45.10%
ROAE	9.40%	14.90%	15.20%	13.38%
Pre-Tax ROAA	1.40%	2.50%	2.60%	2.44%
BOPO	81.20%	68.60%	68.40%	69.86%
Cost of Credit	3.30%	1.90%	1.40%	1.04%
Liquidity				
LDR	79.70%	84.20%	85.80%	95.71%
CASA (Consolidated)	69.40%	72.40%	71.20%	70.31%
Asset Quality				
Gross NPL	3.70%	2.80%	2.10%	1.86%
Provision Coverage	233.40%	278.30%	319.00%	318.53%
Capital				
CAR (Consolidated)	20.74%	20.57%	23.22%	22.20%
Growth				
Consolidated Loan Growth	-0.64%	10.95%	7.57%	9.16%
Deposit Growth	7.26%	5.50%	5.39%	-4.54%
Net Income Growth	232.23%	68.02%	14.18%	3.35%

QoQ Result

Balance Sheet	3Q23	4Q23	1Q24	2Q24	3Q24	%QoQ	%YoY
Loan	671,371	695,085	695,162	726,977	735,018	1.11%	9.48%
Loan Loss Reserves	(49,159)	(47,158)	(46,336)	(42,503)	(40,820)	-3.96%	-16.96%
NPL	15,106	14,529	14,048	14,302	14,042	-1.81%	-7.30%
Deposit							
Demand	290,501	345,496	309,546	305,133	302,260	-0.94%	4.05%
Savings	222,389	231,981	233,958	240,558	238,934	-0.68%	7.44%
Time Deposit	234,705	233,253	236,726	226,628	228,545	0.85%	-2.62%
Total Asset	1,009,309	1,086,664	1,066,715	1,072,454	1,068,080	-0.41%	5.82%
Shareholder Equity	142,782	150,131	145,085	149,470	157,396	5.30%	10.24%
Income Statement	3Q23	4Q23	1Q24	2Q24	3Q24	%QoQ	%YoY
Interest Income	15,924	15,253	15,875	16,298	16,663	2.24%	4.64%
Interest Expense	(5,389)	(5,114)	(6,485)	(6,617)	(6,296)	-4.85%	16.83%
Net Interest Income	10,535	10,139	9,390	9,681	10,367	7.08%	-1.60%
Other Operating Income	5,159	6,822	5,440	5,485	5,913	7.80%	14.61%
Operating Expense	(6,752)	(8,233)	(6,649)	(6,905)	(7,434)	7.67%	10.10%
PPOP	8,941	8,728	8,181	8,261	8,845	7.06%	-1.08%
Provision Expense	(2,199)	(2,486)	(1,744)	(1,767)	(1,878)	6.29%	-14.60%
Operating Profit	6,742	6,241	6,437	6,494	6,967	7.27%	3.33%
Non-Operating Income	(70)	22	0	(0)	(33)	-15036.87%	53.33%
Profit Before Tax	6,672	6,263	6,437	6,494	6,934	6.77%	3.93%
Tax Expense	(1,182)	(1,046)	(1,085)	(1,083)	(1,264)	16.74%	6.92%
Earning After Tax	5,490	5,217	5,353	5,411	5,670	4.78%	3.28%
Income for The Year Attributable to - NCI	38	61	26	46	53	14.90%	39.14%
Net Income	5,452	5,156	5,326	5,365	5,617	4.69%	3.03%
EPS (Rp/Share)	292	138	143	144	151	4.68%	-48.49%
Ratio	3Q23	4Q23	1Q24	2Q24	3Q24	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.80%	4.40%	4.00%	4.00%	4.40%	0.40	(0.40)
Cost of Funds	2.20%	2.50%	2.80%	2.70%	2.60%	(0.10)	0.40
Pre-Tax ROAA	2.80%	2.50%	2.50%	2.40%	2.70%	0.30	(0.10)
ROE	15.80%	14.30%	14.50%	14.70%	14.90%	0.20	(0.90)
Liquidity							
LDR	90.10%	85.80%	89.00%	94.00%	95.30%	1.30	5.20
CASA (Consolidated)	68.60%	71.20%	69.70%	70.70%	70.30%	(0.40)	1.70
Asset Quality							
Gross NPL	2.30%	2.10%	2.00%	2.00%	2.00%	-	(0.30)
Coverage Ratio	324.50%	319.00%	330.20%	298.20%	284.20%	(14.00)	(40.30)
Capital							
CAR (Consolidated)	22.76%	23.22%	21.79%	21.85%	22.12%	0.27	(0.64)

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 12.5% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 6.25%-12.49%.

Sell: a recommendation to close out a long position in a security with upside potential below 6.25% or negative.

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