

## Investment Consideration

### BBNI's Modest Net Income Growth Amid Rising Expenses

In the first half of 2024, BBNI's net income attributable to the parent entity grew by 3.78% YoY, reaching IDR 10.69 trillion. This limited growth was largely due to a 35.17% YoY increase in interest and shariah expenses, which caused the bank-only net interest margin (NIM) to drop from 4.6% in the same period of 2023 to 4%. Despite this, the bank-maintained growth in net income, supported by a 15.10% YoY increase in other operating income, including a 78.98% YoY rise in unrealized gains or losses on fair value through profit or loss (FVTPL). Provision expenses also decreased by 22.17% YoY. Looking ahead, we forecast a 6.84% YoY increase in net income attributable to the parent entity by the end of 2024, reaching IDR 22.34 trillion.

### Loan Growth Nearing Target

As of June 2024, BBNI's consolidated loans grew by 11.71% YoY, nearly exceeding the bank's 2024 target of 9-11%. This growth was driven by lower-risk segments such as corporate, which surged by 18.73% YoY, and the consumer segment, which grew by 14.99% YoY, bolstered by a 17% YoY rise in personal loans. Additionally, BBNI strategically adjusted its SME segment, reducing its expansion by 11.2% YoY to focus on quality, given that 12% of SME loans are categorized as high-risk with adequate provisions. By the end of 2024, we expect BBNI's credit portfolio to grow by 10.47% YoY, with corporate loans rising by 17.97% YoY.

### Improved NPL Ratio

BBNI's bank-only non-performing loan (NPL) ratio improved significantly as of June 2024, dropping by 50 basis points YoY to 2%. The corporate segment saw the strongest growth and the healthiest loan quality, with an NPL ratio of 1%, a 20-bps improvement YoY. The medium segment performed best, with its NPL ratio falling by 1.10% YoY to 4.90%, driven by the bank's reduced exposure to high-risk SME loans. We forecast the bank-only NPL ratio to remain stable at around 2.02% by the end of 2024.

### Advances in the super app sector with Wondr

BBNI introduced its new mobile banking app, Wondr, designed to help customers manage their finances and achieve financial goals. The app focuses on three main areas: transactions, insights, and growth, and includes features such as time deposits in various currencies, mutual funds, and personal finance management tools. Since its launch, BBNI Mobile Banking has remained popular, with transaction volumes exceeding IDR 360 trillion as of Q2 2024. Registered users grew by 17.8% YoY, reaching 17.6 million, while usage frequency increased by 48.9% YoY.

### Valuation: 21% Upside, Buy.

Using a multi-stage dividend discount model (DDM), we have revised our one-year target price to IDR 6,500, which implies a price-to-book value (PBV) multiple of 1.37x and offers a potential upside of 21%. As such, we recommend a Buy.

Financial Highlight	2021A	2022A	2023A	2024F
Net Income (IDR Bn)	10,899	18,312	20,909	22,340
NIM	4.67%	4.81%	4.58%	4.08%
Pre-Tax ROAA	1.40%	2.50%	2.60%	2.42%
EPS	585.31	982.49	561.23	599.22
Gross NPL	3.70%	2.80%	2.10%	2.02%
CAR (Consolidated)	20.74%	20.57%	23.22%	21.67%

September 30<sup>th</sup>, 2024  
Banking, Equity

Price IDR 5,350  
Target Price IDR 6,500  
JKSE Index IDR 7,527.93



Stock Code BBNI IJ  
Bloomberg code BBNI IJ  
Market Cap (IDR Bn) 199,540.6  
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 15,061

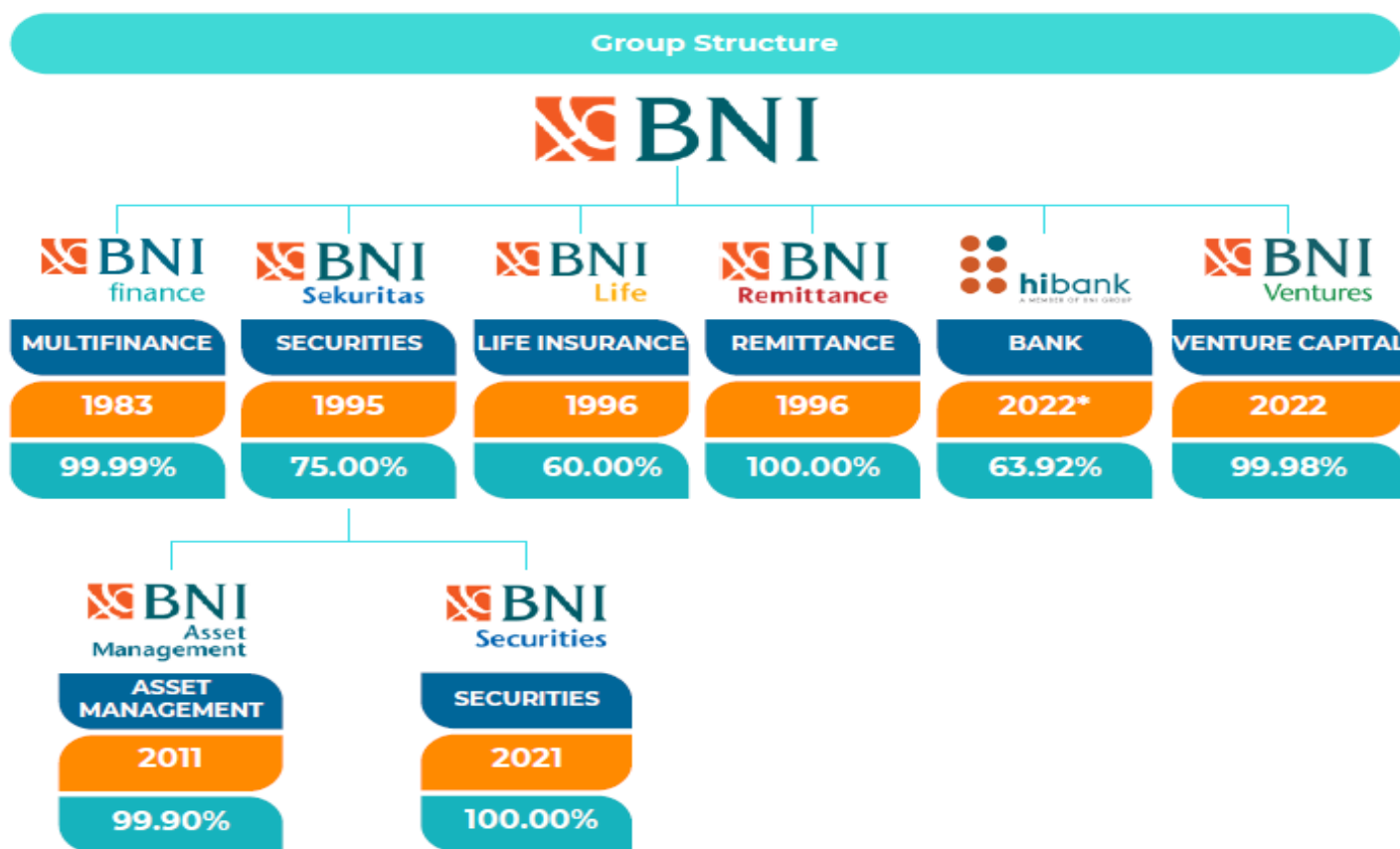
Key Indicators  
Non-Performing Loan(%) 2.02  
Net Interest Margin(%) 4.08

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Company Profile

PT Bank Negara Indonesia (Persero), Tbk (BNI) was originally established as Indonesia’s central bank in 1946 but transitioned into a state-owned commercial bank in 1968. BNI became a limited liability company (Persero) in 1992 and, in 1996, became the first state-owned enterprise to go public. Over the years, BNI has undergone several strategic transformations, including recapitalization, share divestments, and public offerings. Following regulatory changes in 2008 and 2015, BNI’s Articles of Association were updated. Currently, the Indonesian government holds a 60% ownership stake, with the remaining 40% owned by the public. BNI is Indonesia’s fourth-largest bank, offering a wide range of financial services through subsidiaries such as BNI Multifinance, BNI Sekuritas, BNI Life Insurance, BNI Ventures, BNI Remittance, and hibank. The bank provides various deposit and loan services, catering to customers from all age groups, from childhood through retirement.

BNI Group Structure and Subsidiaries Companies

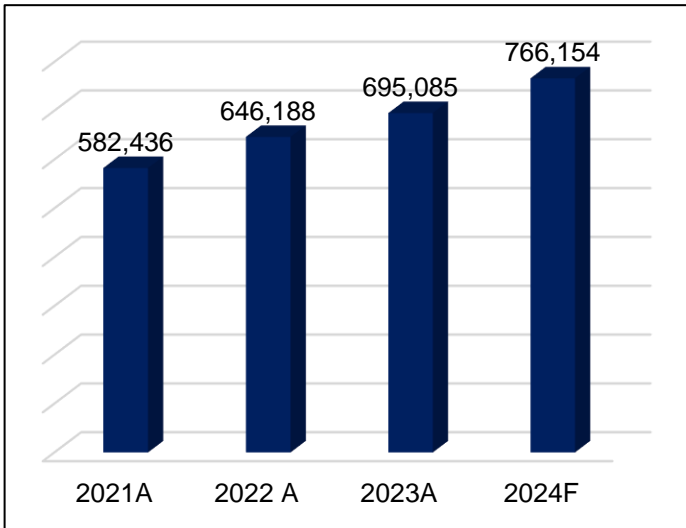


■ Year of establishment ■ Shares ownership

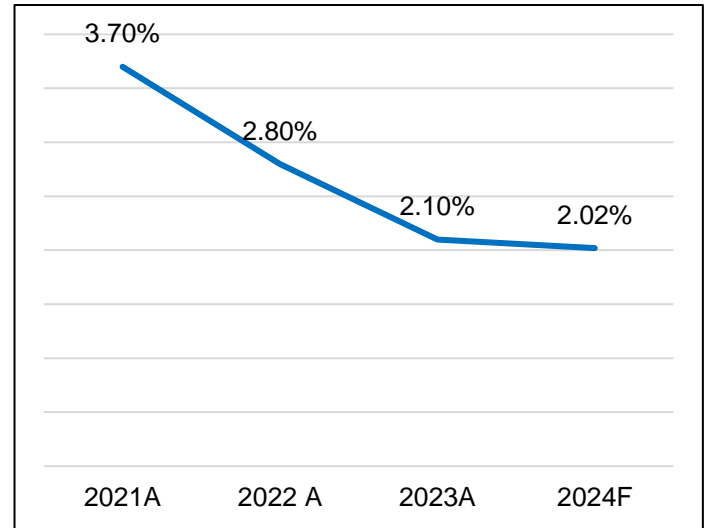
Note: as of February 2021, the financial summary (report) is excluded BNI Syariah as a consolidated calculation.  
\* Year of acquisition

Source: Company

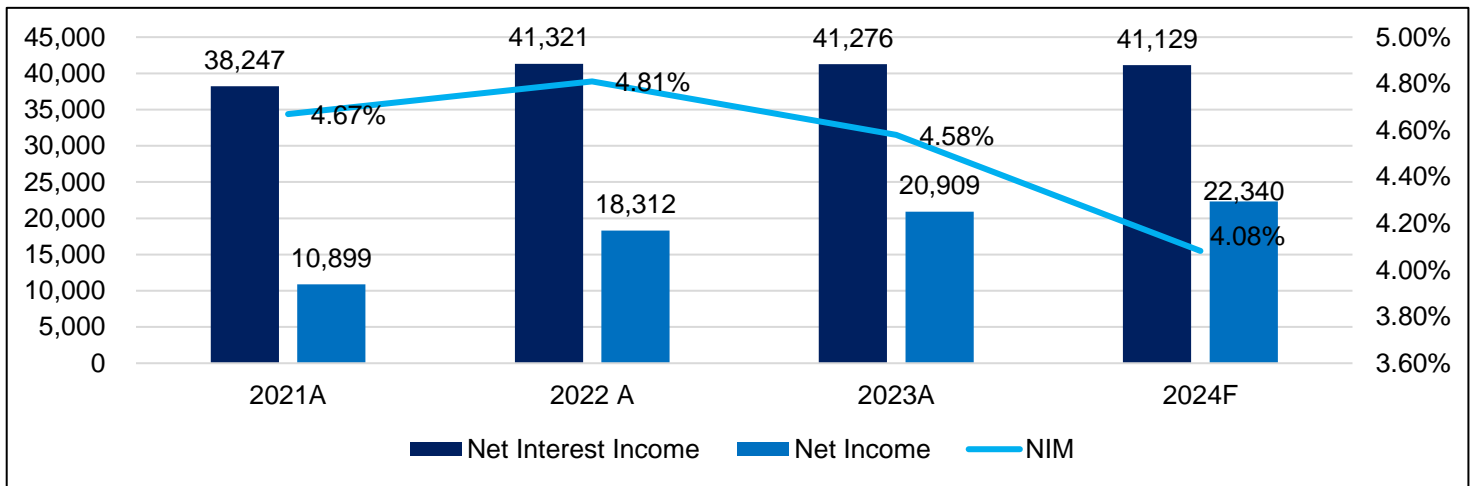
**Chart: Gross Loan YoY**



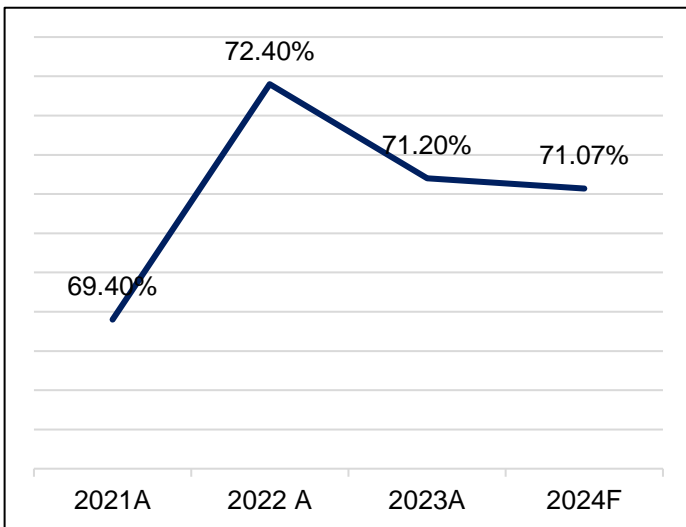
**Chart: NPL Ratio (%) YoY**



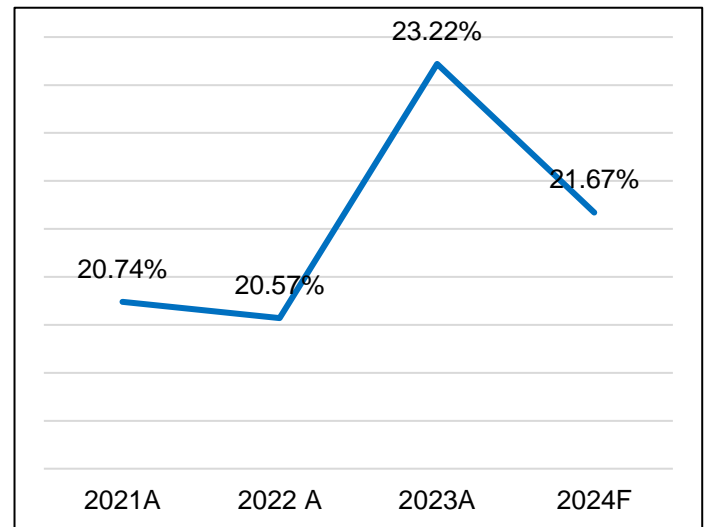
**Chart: Profitability YoY**



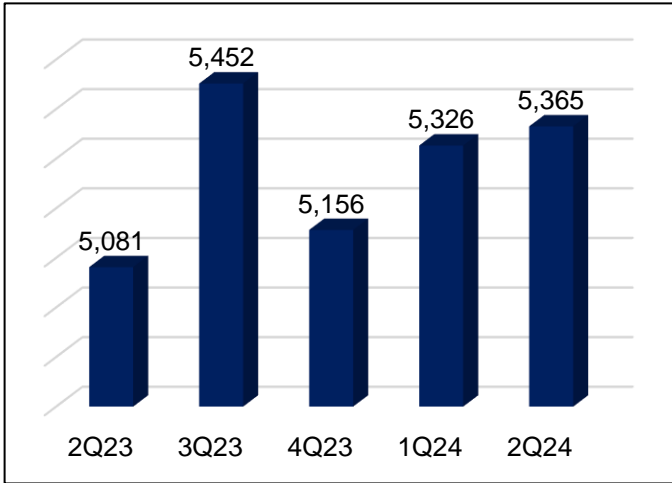
**Chart: CASA Ratio (%) YoY**



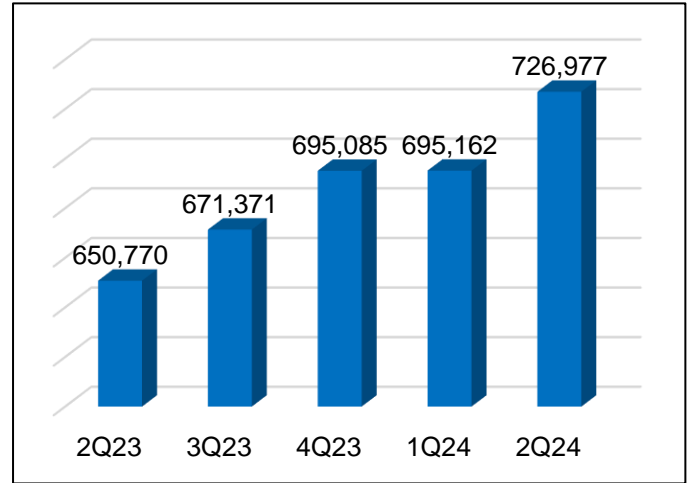
**Chart: CAR (%) YoY**



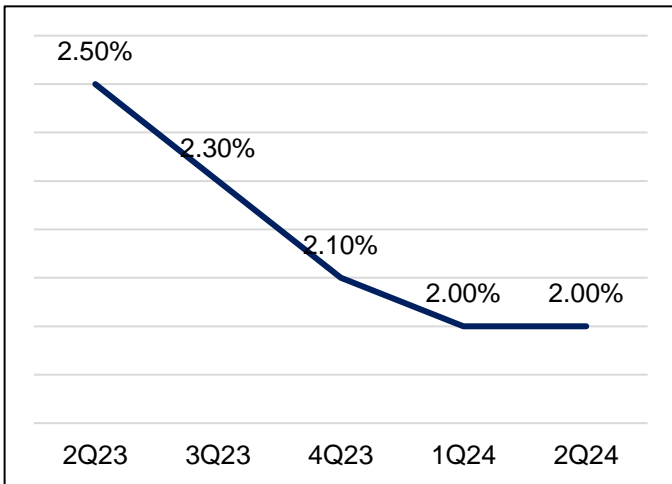
**Chart: Net Income (IDR Bn) QoQ**



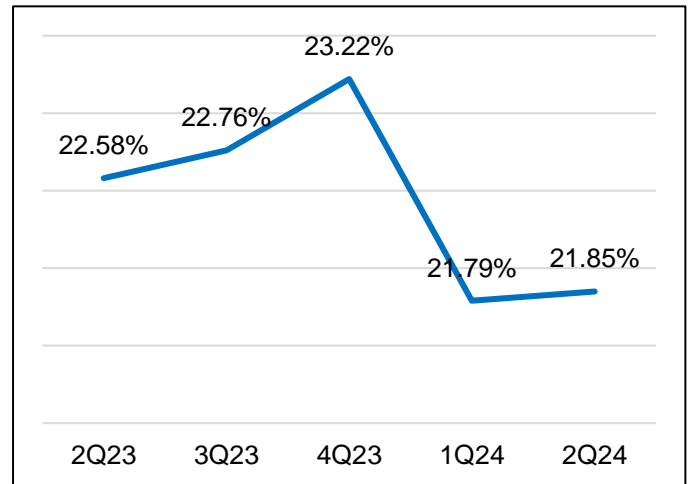
**Chart: Gross Loan (IDR Bn) QoQ**



**Chart: NPL Ratio (%) QoQ**



**Chart: CAR (%) QoQ**



**Statements of Financial Position (IDR Bn)**

<b>Balance sheet (IDR Bn)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</b>
Cash and CA with BI	62,366	96,370	76,464	78,018
Interbank Placement	92,290	51,569	43,794	31,509
Marketable Securities	25,803	28,556	37,165	32,632
Gross Loan	582,436	646,188	695,085	766,154
Allowance for Loans	(50,295)	(50,334)	(47,158)	(44,997)
Loans-net	532,141	595,854	647,927	721,157
Other Earning Asset	321,221	284,953	305,965	263,262
Non-Earning Asset	49,110	52,659	56,309	60,157
<b>Total Asset</b>	<b>964,838</b>	<b>1,029,837</b>	<b>1,086,664</b>	<b>1,122,594</b>
Deposit:				
Current Account	281,398	314,625	345,496	319,602
Saving Account	224,670	242,695	231,981	244,875
Time Deposits	223,101	211,949	233,253	229,791
Other Interest-Bearing Liabilities	64,556	70,254	76,614	99,374
Non-Interest-Bearing Liabilities	44,593	50,116	44,587	52,290
<b>Total Liabilities</b>	<b>838,318</b>	<b>889,639</b>	<b>931,931</b>	<b>945,932</b>
<b>Total Shareholder's Equity</b>	<b>126,520</b>	<b>140,198</b>	<b>154,733</b>	<b>176,662</b>

**Statements of Profit or Loss (IDR Bn)**

<b>Income Statement (IDR Bn)</b>	<b>2020A</b>	<b>2021A</b>	<b>2023A</b>	<b>2024F</b>
Interest Income	56,173	50,026	61,472	64,840
Interest Expense	(19,021)	(11,779)	(20,196)	(23,711)
<b>Net Interest Income</b>	<b>37,152</b>	<b>38,247</b>	<b>41,276</b>	<b>41,129</b>
Other Operating Income	14,884	17,619	21,472	22,283
<b>Operating Income</b>	<b>52,036</b>	<b>55,865</b>	<b>62,747</b>	<b>63,412</b>
Operating Expense	(24,214)	(24,801)	(27,778)	(28,297)
<b>PPOP</b>	<b>27,822</b>	<b>31,064</b>	<b>34,970</b>	<b>35,115</b>
Provision Expense	(22,590)	(18,297)	(9,196)	(8,276)
<b>Operating Profit</b>	<b>5,231</b>	<b>12,767</b>	<b>25,773</b>	<b>26,839</b>
Non-Operating Income	(119)	(216)	(134)	(57)
<b>Profit Before Tax</b>	<b>5,112</b>	<b>12,551</b>	<b>25,640</b>	<b>26,782</b>
Tax Expense	(1,791)	(1,574)	(4,534)	(4,271)
<b>Earning After Tax</b>	<b>3,321</b>	<b>10,977</b>	<b>21,106</b>	<b>22,511</b>
Income for The Year Attributable to - NCI	41	79	197	171
<b>Net Income</b>	<b>3,280</b>	<b>10,899</b>	<b>20,909</b>	<b>22,340</b>
<b>EPS (Rp/Share)</b>	<b>176.06</b>	<b>585.31</b>	<b>561.23</b>	<b>599.22</b>

**Ratio Highlights**

Ratio Analysis	2020A	2021A	2023A	2024F
<b>Profitability &amp; Efficiency</b>				
NIM	4.67%	4.81%	4.58%	4.08%
Cost-to-Income Ratio	43.30%	42.60%	42.90%	44.62%
ROAE	9.40%	14.90%	15.20%	13.48%
Pre-Tax ROAA	1.40%	2.50%	2.60%	2.42%
BOPO	81.20%	68.60%	68.40%	69.19%
Cost of Credit	3.30%	1.90%	1.40%	1.08%
<b>Liquidity</b>				
LDR	79.70%	84.20%	85.80%	94.39%
CASA (Consolidated)	69.40%	72.40%	71.20%	71.07%
<b>Asset Quality</b>				
Gross NPL	3.70%	2.80%	2.10%	2.02%
Provision Coverage	233.40%	278.30%	319.00%	299.50%
<b>Capital</b>				
CAR (Consolidated)	20.74%	20.57%	23.22%	21.67%
<b>Growth</b>				
Consolidated Loan Growth	-0.64%	10.95%	7.57%	10.22%
Deposit Growth	7.26%	5.50%	5.39%	-2.03%
Net Income Growth	232.23%	68.02%	14.18%	6.84%

**QoQ Result**

Balance Sheet	2Q23	3Q23	4Q23	1Q24	2Q24	%QoQ	%YoY
Loan	650,770	671,371	695,085	695,162	726,977	4.58%	11.71%
Loan Loss Reserves	(49,024)	(49,159)	(47,158)	(46,336)	(42,503)	-8.27%	-13.30%
NPL	15,614	15,106	14,529	14,048	14,302	1.80%	-7.76%
Deposit							
Demand	301,766	290,501	345,496	309,546	305,133	-1.43%	1.12%
Savings	230,574	222,389	231,981	233,958	240,558	2.82%	4.33%
Time Deposit	232,670	234,705	233,253	236,726	226,628	-4.27%	-2.60%
Total Asset	1,025,091	1,009,309	1,086,664	1,066,715	1,072,454	0.54%	4.62%
Shareholder Equity	139,002	142,782	150,131	145,085	149,470	3.02%	7.53%
Income Statement	2Q23	3Q23	4Q23	1Q24	2Q24	%QoQ	%YoY
Interest Income	15,275	15,924	15,253	15,875	16,298	2.67%	6.70%
Interest Expense	(5,078)	(5,389)	(5,114)	(6,485)	(6,617)	2.04%	30.31%
<b>Net Interest Income</b>	<b>10,197</b>	<b>10,535</b>	<b>10,139</b>	<b>9,390</b>	<b>9,681</b>	<b>3.10%</b>	<b>-5.06%</b>
Other Operating Income	4,740	5,159	6,822	5,440	5,485	0.82%	15.70%
Operating Expense	(6,289)	(6,752)	(8,233)	(6,649)	(6,905)	3.84%	9.78%
<b>PPOP</b>	<b>8,648</b>	<b>8,941</b>	<b>8,728</b>	<b>8,181</b>	<b>8,261</b>	<b>0.98%</b>	<b>-4.47%</b>
Provision Expense	(2,362)	(2,199)	(2,486)	(1,744)	(1,767)	1.33%	-25.20%
<b>Operating Profit</b>	<b>6,286</b>	<b>6,742</b>	<b>6,241</b>	<b>6,437</b>	<b>6,494</b>	<b>0.89%</b>	<b>3.32%</b>
Non-Operating Income	(39)	(70)	22	0	(0)	-165.56%	-99.44%
<b>Profit Before Tax</b>	<b>6,247</b>	<b>6,672</b>	<b>6,263</b>	<b>6,437</b>	<b>6,494</b>	<b>0.88%</b>	<b>3.96%</b>
Tax Expense	(1,111)	(1,182)	(1,046)	(1,085)	(1,083)	-0.18%	-2.56%
<b>Earning After Tax</b>	<b>5,136</b>	<b>5,490</b>	<b>5,217</b>	<b>5,353</b>	<b>5,411</b>	<b>1.10%</b>	<b>5.37%</b>
Income for The Year Attributable to - NCI	54	38	61	26	46	76.31%	-15.41%
<b>Net Income</b>	<b>5,081</b>	<b>5,452</b>	<b>5,156</b>	<b>5,326</b>	<b>5,365</b>	<b>0.73%</b>	<b>5.59%</b>
<b>EPS (Rp/Share)</b>	<b>273</b>	<b>292</b>	<b>138</b>	<b>143</b>	<b>144</b>	<b>0.69%</b>	<b>-47.21%</b>
Ratio	2Q23	3Q23	4Q23	1Q24	2Q24	%QoQ	%YoY
<b>Profitability &amp; Efficiency</b>							
<b>NIM</b>	<b>4.50%</b>	<b>4.80%</b>	<b>4.40%</b>	<b>4.00%</b>	<b>4.00%</b>	-	<b>(0.50)</b>
<b>Cost of Funds</b>	<b>2.10%</b>	<b>2.20%</b>	<b>2.50%</b>	<b>2.80%</b>	<b>2.70%</b>	<b>(0.10)</b>	<b>0.60</b>
<b>Pre-Tax ROAA</b>	<b>2.40%</b>	<b>2.80%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.40%</b>	<b>(0.10)</b>	-
<b>ROE</b>	<b>15.10%</b>	<b>15.80%</b>	<b>14.30%</b>	<b>14.50%</b>	<b>14.70%</b>	<b>0.20</b>	<b>(0.40)</b>
<b>Liquidity</b>							
<b>LDR</b>	<b>85.20%</b>	<b>90.10%</b>	<b>85.80%</b>	<b>89.00%</b>	<b>94.00%</b>	<b>5.00</b>	<b>8.80</b>
<b>CASA (Consolidated)</b>	<b>69.60%</b>	<b>68.60%</b>	<b>71.20%</b>	<b>69.70%</b>	<b>70.70%</b>	<b>1.00</b>	<b>1.10</b>
<b>Asset Quality</b>							
<b>Gross NPL</b>	<b>2.50%</b>	<b>2.30%</b>	<b>2.10%</b>	<b>2.00%</b>	<b>2.00%</b>	-	<b>(0.50)</b>
<b>Coverage Ratio</b>	<b>308.80%</b>	<b>324.50%</b>	<b>319.00%</b>	<b>330.20%</b>	<b>298.20%</b>	<b>(32.00)</b>	<b>(10.60)</b>
<b>Capital</b>							
<b>CAR (Consolidated)</b>	<b>22.58%</b>	<b>22.76%</b>	<b>23.22%</b>	<b>21.79%</b>	<b>21.85%</b>	<b>0.06</b>	<b>(0.73)</b>

**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.

**RESEARCH TEAM**  
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