

**BUY | TP : IDR6,000**
**BBNI Stock Price Data**

Last Price	:	IDR5,375
52wk High	:	IDR6,250
52wk Low	:	IDR4,260
Share Out	:	37.3 bn
Market Cap	:	IDR200.4 tn

**BBNI Stock Price Performance**

1-Day	:	-0.47%
1-Week	:	-0.93%
1-Month	:	+4.41%
3-Month	:	+14.76%
Year-to-Date	:	-0.93%

**Shareholders**

Govt of Indo	:	60.00%
Public	:	40.00%

**PT Bank Negara Indonesia Tbk (BBNI IJ)**
**BBNI's Mixed Bag, a Tale of Two Halves**
**Profit Growth Outweighed by Margin Pressure**

Bank-only net profit stood at IDR12.5tn in 7M24 (+3.2% YoY), accounting for 58% of our FY24E estimates, mostly in-line. This net profit growth was primarily driven by lower credit cost and strong non-interest income, which more than offset the higher interest expense. While the bank's overall profitability was satisfactory, net interest income declined (-8.1% YoY), and opex increased (+6.3% YoY) in 7M24. Provisioning costs were lower, leading to a slight improvement in CoC. NIM stood at 4.6% in Jul-24, the highest monthly NIM YTD recorded. However, it is important to note that NIM has declining to 4.0% (-56bps YoY) in 1H24 previously, remaining stable on a QoQ basis, primarily due to the rising CoF to 2.8% (+79bps YoY) in 1H24 and slightly lower loan yield (10-20bps in the corporate segment). Third party funds grew by +2.4% YoY in 7M24 with CASA grew by +2.2% YoY, while TD experiencing a rise of 3.1% YoY. Management revise its NIM guidance for FY24E to  $\geq 4\%$  YoY (vs the initial guidance of  $\geq 4.5\%$ ).

**Upgraded Loan Growth Guidance**

Loans grew by +11.1% YoY in 7M24, exceeding management guidance. This robust growth has prompted an upward revision of FY24F loan growth guidance to 10%-12%, up from 9-11%, driven by strong growth in corporate and consumer segment, offset SME weakness. The corporate segment led the growth, rising +19% YoY/+8% QoQ in 1H24, followed by consumer segment at +15% YoY/+4% QoQ. In contrast, the SME segment slowed due to asset quality challenges. To address SME performance, BBNI has implemented several measures and continues to be selective in loan approvals, including a focus on smaller ticket sizes and improved credit scoring. Sectoral wise, it is maintaining a cautious approach to lending in certain sectors, such as textiles, commercial real estate, and commodities, while strategically expanding its presence in the renewables sector.

**Asset Quality Improves Further in 2Q24**

Asset quality continued to improve in 2Q24. LAR stood at 12.3% in 1H24, down from 16.1% in 1H23. When examining the LAR by segment, improvements are evident across all categories, with particularly notable progress in the medium segment. For SMEs, while the overall LAR has improved, there has been a shift from current loans to SMLs and ultimately to NPLs, as indicated by a slight increase in the SML ratio. NPL decline by -6bps QoQ/-47bps in 2Q24. NPL coverage ratio stood at 298.2%. CoC revised from <1.4% to 1.0% in FY24E, indicating optimism about future asset quality.

**Wondr's Ambitious Launch: 2 mn Users in Sep-24, Powered by Cutting-Edge Tech**

Wondr's ambitious launch, developed in just one year through strong collaboration between IT and digital teams, has quickly made an impact with 1.2mn users in the first month and 2mn in Sep-24 with a 65% active user rate—double that of the previous app. Future enhancements and new features can be added quickly, and the app's robust capabilities in transaction ease, financial insights, and growth planning, including exclusive investment options, are expected to drive long-term fee income growth. The USD100mn investment in Wondr, coupled with strategic plans for a wholesale launch to optimize CoF and integrate comprehensive financial services, positions BNI as a pioneer in transaction banking.

**Valuation & Recommendation: BUY with TP of IDR6,000**

Upgrade to BUY from HOLD for BBNI with higher TP of IDR6,000 which implied 1.3x PBV FY25E. We anticipate continued improvements in CoF and robust loan demand, particularly from corporate and consumer segments. While NIM growth may stabilize in 2H24, we expect further loan disbursements in sectors such as telecommunications, manufacturing, and energy.

Key Financial Highlight (IDR bn)	FY21	FY22	FY23	FY24E	FY25E
Net Interest Income	38,247	41,321	41,276	41,405	44,262
Net Profit	10,899	18,312	20,909	21,404	23,786
EPS (IDR)	584	495	561	574	638
BVS (IDR)	6,635	3,671	4,025	4,309	4,660
P/E (x)	9.1	10.8	9.5	9.3	8.4
P/B (x)	0.8	1.5	1.3	1.2	1.1
ROAE (%)	9.3	14.1	14.6	13.8	14.2
ROAA (%)	1.2	1.8	2.0	1.9	2.0

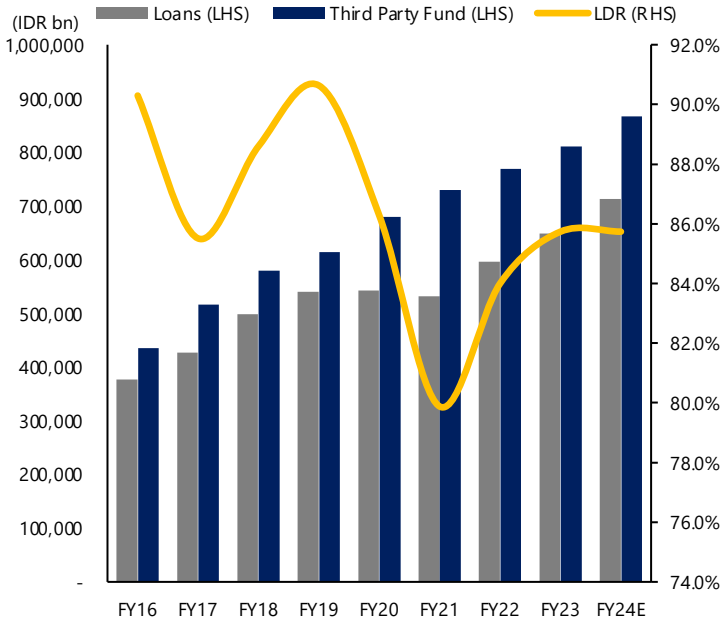
Sources : Bloomberg, MNCS Research


**Research Analyst**

Victoria Venny

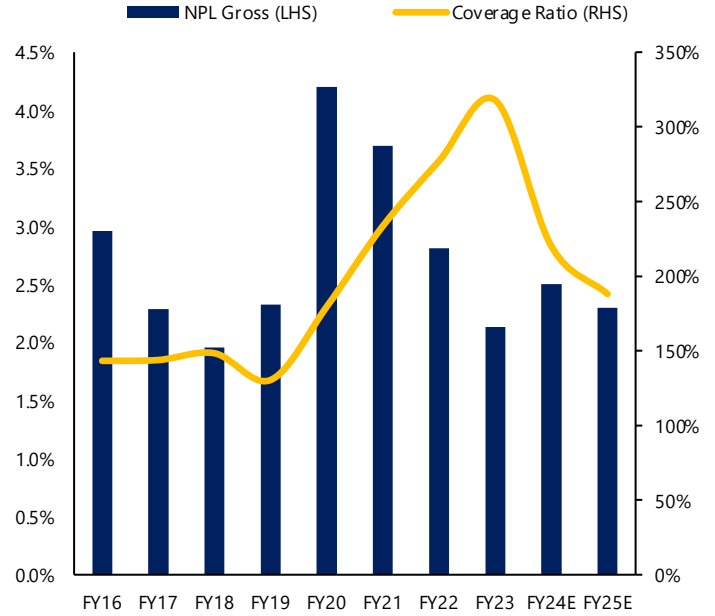
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**Exhibit 01. We expect loan to grow 10% YoY in FY24E**



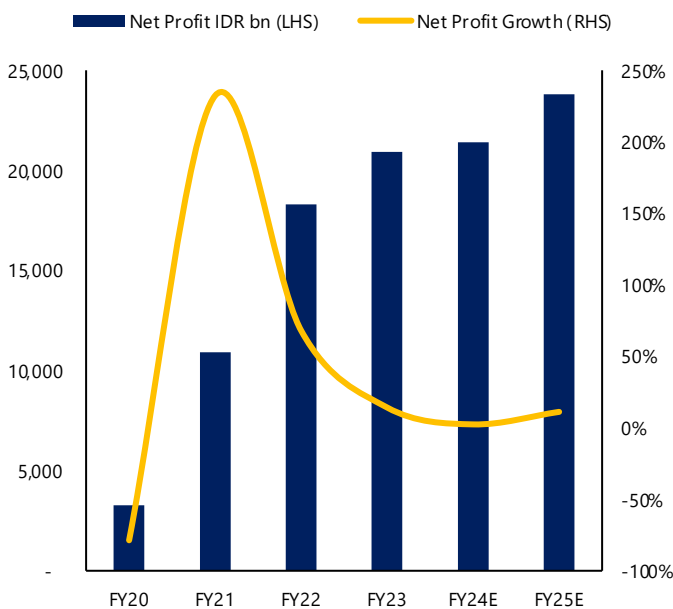
Sources : BBNI Data, MNCS Research

**Exhibit 02. NPL remains stable below 3% going forward**



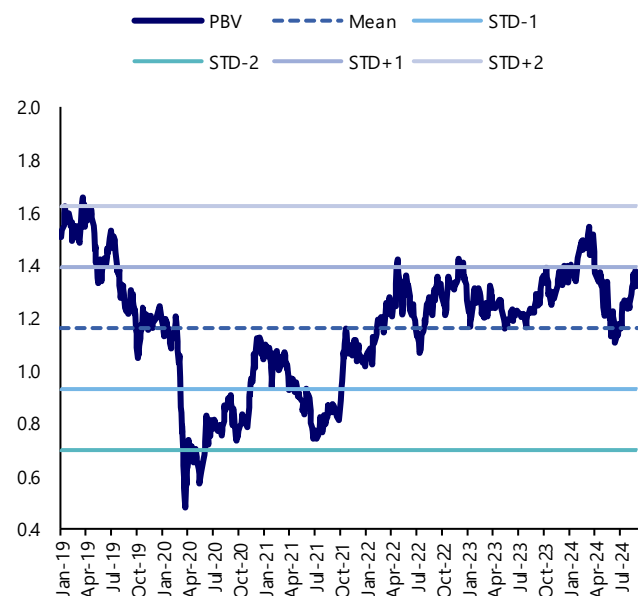
Sources : BBNI Data, MNCS Research

**Exhibit 03. Rising CoF put pressure on NIM, leading to flat NP**



Sources : BBNI Data, MNCS Research

**Exhibit 04. BBNI currently trade at +1STD PBV 5-years**



Sources : Bloomberg Data, MNCS Research

**Exhibit 05. BBNI's Financial Projection & Key Ratio**

<b>Income Statement (IDR bn)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
Interest Income	50,026	54,659	61,472	65,491	69,772
Interest Expense	11,779	13,338	20,196	24,086	25,510
<b>Net Interest Income</b>	<b>38,247</b>	<b>41,321</b>	<b>41,276</b>	<b>41,405</b>	<b>44,262</b>
Opex	24,801	27,059	27,778	28,484	29,282
<b>PPOP</b>	<b>31,064</b>	<b>34,413</b>	<b>34,970</b>	<b>35,404</b>	<b>38,257</b>
Provision	(18,297)	(11,514)	(9,196)	(8,737)	(8,649)
Income Before Tax	12,551	22,687	25,640	26,668	29,608
Tax	(1,574)	(4,205)	(4,534)	(5,067)	(5,626)
<b>Net Profit</b>	<b>10,899</b>	<b>18,312</b>	<b>20,909</b>	<b>21,404</b>	<b>23,786</b>
<b>Balance Sheet (IDR bn)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
Securities - net	26,053	28,803	37,165	37,165	37,165
Placement with BI & other Banks	160,543	150,413	144,073	148,137	153,129
Other Earnings Assets	41,430	40,935	37,650	34,628	31,848
<b>Loans</b>	<b>582,436</b>	<b>646,188</b>	<b>695,085</b>	<b>754,167</b>	<b>825,813</b>
Total Earnings Assets	822,663	854,128	928,657	996,471	1,077,486
Non Earnings Assets	52,926	53,790	53,779	50,213	44,708
<b>Total Assets</b>	<b>964,838</b>	<b>1,029,837</b>	<b>1,086,664</b>	<b>1,158,097</b>	<b>1,239,780</b>
CA	281,398	314,625	345,496	366,226	388,199
SA	224,670	242,695	231,981	243,581	258,195
TD	223,101	211,949	233,253	256,697	282,499
Customer Deposits	729,169	769,269	810,730	866,504	928,894
<b>Total Liabilities</b>	<b>838,318</b>	<b>889,639</b>	<b>931,931</b>	<b>992,729</b>	<b>1,061,305</b>
Paid in Capital & Reserves	45,488	41,756	42,896	41,513	41,513
Retained Earnings	75,472	91,281	104,457	116,452	129,536
Minority Interests	2,782	4,382	4,602	4,625	4,648
<b>Total Equity</b>	<b>126,520</b>	<b>140,198</b>	<b>154,733</b>	<b>165,368</b>	<b>178,474</b>
<b>Total Liabilities &amp; Equity</b>	<b>964,838</b>	<b>1,029,837</b>	<b>1,086,664</b>	<b>1,158,097</b>	<b>1,239,780</b>
<b>Key Ratio</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
IEA Yields	6.2%	6.5%	6.9%	6.8%	6.7%
CoF	1.6%	1.6%	2.3%	2.3%	2.3%
NIM	4.7%	4.8%	4.6%	4.3%	4.4%
CIR	43.3%	42.9%	43.1%	43.0%	41.7%
ROAA	2.3%	2.0%	2.2%	2.1%	2.2%
ROAE	9.3%	14.1%	14.6%	13.8%	14.2%
LDR	79.6%	83.5%	85.2%	85.2%	85.2%
NPL-gross	3.7%	2.8%	2.1%	2.5%	2.3%
CoC	3.1%	1.8%	1.3%	1.2%	1.0%

Sources : BBNI Data, MNCS Research

### MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
  - **SELL** : Share price may fall by more than 10% over the next 12 months
  - **Not Rated** : Stock is not within regular research coverage

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