

23 January 2025

Financial Services | Banks

## Bank Negara Indonesia (BBNI IJ)

**Buy** (Maintained)

### Turning Focus To Funding Franchise; Keep BUY

- **Keep BUY, new IDR5,960 TP from IDR6,710, 24% upside with c.7% FY25F yield.** Bank Negara Indonesia's 4Q24 results are in line. For the near term, management thinks liquidity conditions could stay tight due to seasonal factors, so we tone down our expectations on NIM recovery. Looking further out, BBNI has done well to clean up its books. Also, early signs on efforts to strengthen its transactional banking and – by extension – its low-cost deposit franchise, look promising. At 1x 2025F P/BV, investors looking beyond the near-term liquidity challenges should be well rewarded, in our view.
- **4Q24 results in line**, with net profit of IDR5.2trn (-8% QoQ, flat YoY) bringing FY24 earnings to IDR21.5trn (+3% YoY), at 99% of our and 97% of consensus FY24F earnings. FY24 reported ROAE (bank only) stood at 15.8% vs 16.8% in FY23. 4Q24 PPOP rose 7% QoQ (+5% YoY), thanks mainly to the micro loans (KUR) subsidy of IDR515bn received during the quarter. Hence, group NIM was up 15bps QoQ (+17bps YoY) but would otherwise have been flat. PATMI, though, declined on top-up provisions for the SME segment. As such, group credit cost (CoC) rose to 1.4% (3Q24: 1%).
- **Loan growth momentum picked up**, with the loan base expanding by 5.6% QoQ (+11.6% YoY), in line with its 10-12% target. Private corporate (+11% QoQ, +20% YoY) and consumer (+4% QoQ, +14% YoY) loans were key drivers. Meanwhile, deposits rose 5% QoQ (flat YoY), with the QoQ growth led by both savings (+8% QoQ) and time (+6% QoQ) deposits. CASA ratio was stable QoQ at 70%, but LDR ticked up further to 96.3% vs 3Q24's 95.5%. The rise in LDR was partly due to efforts to shed costlier deposits, but BBNI sees LDR trending lower to around 94% in the medium term.
- **Asset quality stayed benign** with loans at risk (LAR) ratio lower at 10.3% (Sep 2024: 11.8%), but the NPL ratio was stable at 2% (Sep 2024: 2%). BBNI topped up provision coverage for its Stage 2 SME loans to 40% from 20%, which led to LAR coverage improving to 48.8% (3Q24: 47.4%). NPL coverage, however, dipped to 256% (3Q24: 284%) but stayed healthy. BBNI wrote off its exposure to the Sri Rejeki Isman (SRIL IJ, NR) group in 4Q24. A small part of the CoC uptick was due to BBNI making full provisions for its exposure.
- **Asset quality clean-up done, focus shifts to funding franchise.** For FY25F, it targets: i) Loan growth of 8-10%, ii) NIM of 4-4.2%, and iii) CoC of around 1%. BBNI is positive on its corporate and consumer book, while it is also looking to restart growth for the SME segment. However, management is shifting to a funding-led growth strategy by leveraging off its digital platforms – “wondr” for retail and “BNIdirect” for wholesale – to drive low cost transactional CASA deposits. In the near term, if liquidity conditions are better than expected, BBNI sees room to crank up loan growth. If liquidity conditions prove challenging, the focus will be on managing NIMs instead.
- **We trim FY25F-26F earnings by 3% and 7%** on the assumption of a more modest NIM rebound, leading to a lower ROE assumption in our GGM-derived valuation. Our TP includes a 6% ESG premium.

| Forecasts and Valuation      | Dec-23   | Dec-24   | Dec-25F  | Dec-26F  | Dec-27F  |
|------------------------------|----------|----------|----------|----------|----------|
| Reported net profit (IDRb)   | 20,909   | 21,464   | 23,459   | 25,747   | 28,110   |
| Net profit growth (%)        | 14.2     | 2.7      | 9.3      | 9.8      | 9.2      |
| Recurring net profit (IDRb)  | 20,909   | 21,464   | 23,459   | 25,747   | 28,110   |
| Recurring EPS (IDR)          | 560.62   | 575.47   | 628.98   | 690.33   | 753.68   |
| BVPS (IDR)                   | 3,964.74 | 4,295.23 | 4,596.46 | 4,940.85 | 5,314.85 |
| DPS (IDR)                    | 280.31   | 316.51   | 345.94   | 379.68   | 414.53   |
| Recurring P/E (x)            | 8.54     | 8.32     | 7.62     | 6.94     | 6.36     |
| P/B (x)                      | 1.21     | 1.12     | 1.04     | 0.97     | 0.90     |
| Dividend Yield (%)           | 5.9      | 6.6      | 7.2      | 7.9      | 8.7      |
| Return on average equity (%) | 14.9     | 13.9     | 14.1     | 14.5     | 14.7     |

Source: Company data, RHB

Target Price (Return): IDR5,960 (+24%)  
Price (Market Cap): IDR4,790 (USD10,932m)  
ESG score: 3.3 (out of 4)  
Avg Daily Turnover (IDR/USD) 227,272m/14.2m

#### Analysts

David Chong, CFA  
+603 2302 8106  
[david.chongvc@rhbgroupp.com](mailto:david.chongvc@rhbgroupp.com)

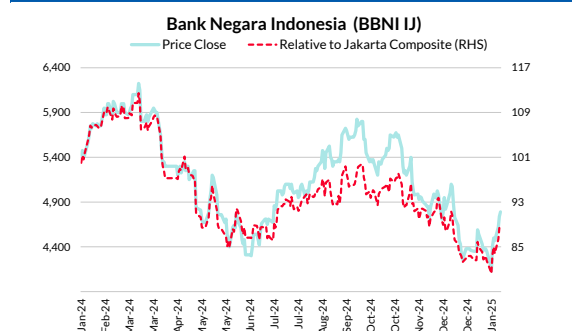


Andrey Wijaya  
+6221 5093 9846  
[andrey.wijaya@rhbgroupp.com](mailto:andrey.wijaya@rhbgroupp.com)



#### Share Performance (%)

|                            | YTD  | 1m   | 3m     | 6m    | 12m    |
|----------------------------|------|------|--------|-------|--------|
| Absolute                   | 10.1 | 12.4 | (15.2) | (6.1) | (13.3) |
| Relative                   | 7.6  | 8.5  | (8.4)  | (5.2) | (13.4) |
| 52-wk Price low/high (IDR) |      |      |        | 4,130 | –6,225 |



Source: Bloomberg

#### Overall ESG Score: 3.3 (out of 4)

##### E: GOOD

BBNI has a 5-pillar comprehensive sustainability strategy that supports the achievement of the goals of sustainable development. It targets to achieve net-zero emissions in operations by 2028 and in financing by 2060. Outstanding loans to eco-friendly business activities were at IDR68trn, ie 9.8% of total loans at end 2023.

##### S: EXCELLENT

The bank is active in its support of the Government's People's Business Credit or KUR, which forms 39% of outstanding MSME loans. BBNI believes in employee diversity, with women accounting for 52% of its total workforce and 30% of top management.

##### G: EXCELLENT

BBNI actively provides education related to sustainability and governance to stakeholders. Six out of 11 of its board of commissioners are independent commissioners.

## Financial Exhibits

|   |  |               |               |                |                |                |
|---|--|---------------|---------------|----------------|----------------|----------------|
| <b>Asia</b>   | <b>Financial summary (IDR)</b>         | <b>Dec-23</b> | <b>Dec-24</b> | <b>Dec-25F</b> | <b>Dec-26F</b> | <b>Dec-27F</b> |
| Indonesia   | EPS                                    | 560.62        | 575.47        | 628.98         | 690.33         | 753.68         |
| Financial Services  | Recurring EPS                          | 560.62        | 575.47        | 628.98         | 690.33         | 753.68         |
| <b>Bank Negara Indonesia</b>  | DPS                                    | 280.31        | 316.51        | 345.94         | 379.68         | 414.53         |
| BBNI IJ   | BVPS                                   | 3,964.74      | 4,295.23      | 4,596.46       | 4,940.85       | 5,314.85       |
| Buy   |  |               |               |                |                |                |
| <b>Valuation basis</b>  | <b>Valuation metrics</b>               | <b>Dec-23</b> | <b>Dec-24</b> | <b>Dec-25F</b> | <b>Dec-26F</b> | <b>Dec-27F</b> |
| GGM with key assumptions:   | Recurring P/E (x)                      | 8.54          | 8.32          | 7.62           | 6.94           | 6.36           |
| i. COE of 12.4%;  | P/B (x)                                | 1.2           | 1.1           | 1.0            | 1.0            | 0.9            |
| ii. ROE of 14%;   | Dividend Yield (%)                     | 5.9           | 6.6           | 7.2            | 7.9            | 8.7            |
| iii. Long-term growth of 5.5%   |  |               |               |                |                |                |
| <b>Key drivers</b>  | <b>Income statement (IDRb)</b>         | <b>Dec-23</b> | <b>Dec-24</b> | <b>Dec-25F</b> | <b>Dec-26F</b> | <b>Dec-27F</b> |
| Our forecasts are most sensitive to changes in:   | Interest income                        | 61,472        | 66,583        | 70,234         | 75,109         | 80,695         |
| i. Provision charges;   | Interest expense                       | (20,196)      | (26,103)      | (27,387)       | (28,910)       | (30,741)       |
| ii. Net interest margin;  | <b>Net interest income</b>             | <b>41,276</b> | <b>40,480</b> | <b>42,848</b>  | <b>46,199</b>  | <b>49,955</b>  |
| iii. Loan growth.   | Non interest income                    | 21,472        | 24,035        | 25,785         | 27,560         | 29,127         |
|   | <b>Total operating income</b>          | <b>62,747</b> | <b>64,515</b> | <b>68,632</b>  | <b>73,759</b>  | <b>79,082</b>  |
|   | Overheads                              | (27,611)      | (30,112)      | (31,618)       | (33,199)       | (34,859)       |
|   | <b>Pre-provision operating profit</b>  | <b>35,137</b> | <b>34,402</b> | <b>37,014</b>  | <b>40,560</b>  | <b>44,223</b>  |
|   | Loan impairment allowances             | (9,363)       | (7,787)       | (8,108)        | (8,838)        | (9,587)        |
|   | Other exceptional items                | (134)         | (35)          | (34)           | (33)           | (36)           |
|   | <b>Pre-tax profit</b>                  | <b>25,640</b> | <b>26,580</b> | <b>28,872</b>  | <b>31,689</b>  | <b>34,600</b>  |
|   | Taxation                               | (4,534)       | (4,911)       | (5,197)        | (5,704)        | (6,228)        |
|   | Minority interests                     | (197)         | (206)         | (216)          | (238)          | (261)          |
|   | <b>Reported net profit</b>             | <b>20,909</b> | <b>21,464</b> | <b>23,459</b>  | <b>25,747</b>  | <b>28,110</b>  |
|   | <b>Recurring net profit</b>            | <b>20,909</b> | <b>21,464</b> | <b>23,459</b>  | <b>25,747</b>  | <b>28,110</b>  |
| <b>Key risks</b>  | <b>Profitability ratios</b>            | <b>Dec-23</b> | <b>Dec-24</b> | <b>Dec-25F</b> | <b>Dec-26F</b> | <b>Dec-27F</b> |
| Key downside risks are:   | Return on average assets (%)           | 2.0           | 1.9           | 2.0            | 2.0            | 2.0            |
| i. Sharply higher inflation impacting loan growth and asset quality;  | Return on average equity (%)           | 14.9          | 13.9          | 14.1           | 14.5           | 14.7           |
| ii. NIM pressure stemming from competition and higher cost of funds.  | Return on IEAs (%)                     | 6.0           | 6.2           | 6.3            | 6.3            | 6.3            |
|   | Cost of funds (%)                      | 2.3           | 2.9           | 2.9            | 2.8            | 2.7            |
|   | Net interest spread (%)                | 3.6           | 3.3           | 3.4            | 3.5            | 3.5            |
|   | Net interest margin (%)                | 4.0           | 3.8           | 3.8            | 3.9            | 3.9            |
|   | Non-interest income / total income (%) | 34.2          | 37.3          | 37.6           | 37.4           | 36.8           |
|   | Cost to income ratio (%)               | 44.0          | 46.7          | 46.1           | 45.0           | 44.1           |
|   | Credit cost (bps)                      | 140           | 106           | 100            | 100            | 100            |
| <b>Company Profile</b>  | <b>Balance sheet (IDRb)</b>            | <b>Dec-23</b> | <b>Dec-24</b> | <b>Dec-25F</b> | <b>Dec-26F</b> | <b>Dec-27F</b> |
| Bank Negara Indonesia is Indonesia's fourth-largest bank by asset, and is majority-controlled by the Government. The bank has strong exposure in corporate and SME banking, particularly towards state-owned enterprise-linked infrastructure projects. | Total gross loans                      | 839,158       | 866,691       | 940,152        | 1,019,722      | 1,097,050      |
|   | Other interest earning assets          | 358,350       | 306,801       | 304,548        | 317,997        | 333,983        |
|   | Total gross IEAs                       | 1,053,435     | 1,082,673     | 1,150,248      | 1,239,810      | 1,329,542      |
|   | Total provisions                       | (48,503)      | (39,830)      | (39,709)       | (40,369)       | (40,570)       |
|   | Net loans to customers                 | 647,927       | 737,187       | 807,136        | 882,590        | 956,134        |
|   | Total net IEAs                         | 1,004,932     | 1,042,842     | 1,110,539      | 1,199,441      | 1,288,972      |
|   | Total non-IEAs                         | 81,732        | 86,963        | 106,595        | 120,901        | 135,073        |
|   | Total assets                           | 1,086,664     | 1,129,806     | 1,217,134      | 1,320,342      | 1,424,045      |
|   | Customer deposits                      | 810,730       | 805,511       | 878,007        | 957,027        | 1,033,590      |
|   | Other interest-bearing liabilities     | 78,340        | 113,976       | 113,044        | 119,404        | 127,115        |
|   | Total IBLs                             | 889,070       | 919,486       | 991,050        | 1,076,431      | 1,160,705      |
|   | Total non-IBLs                         | 42,861        | 43,133        | 47,446         | 52,190         | 57,410         |
|   | Total liabilities                      | 931,931       | 962,619       | 1,038,496      | 1,128,622      | 1,218,114      |
|   | Share capital                          | 26,325        | 26,388        | 26,388         | 26,388         | 26,388         |
|   | Shareholders' equity                   | 147,874       | 160,201       | 171,435        | 184,280        | 198,230        |
|   | Minority interests                     | 6,859         | 6,986         | 7,202          | 7,440          | 7,701          |
|   | <b>Asset quality and capital</b>       | <b>Dec-23</b> | <b>Dec-24</b> | <b>Dec-25F</b> | <b>Dec-26F</b> | <b>Dec-27F</b> |
|   | Reported NPLs / gross cust loans (%)   | 2.1           | 2.0           | 1.9            | 1.9            | 1.8            |
|   | Total provisions / reported NPLs (%)   | 296.4         | 249.0         | 283.4          | 300.6          | 313.1          |
|   | CET-1 ratio (%)                        | 20.2          | 18.9          | 19.1           | 19.3           | 19.6           |
|   | Tier-1 ratio (%)                       | 21.5          | 20.2          | 20.3           | 20.4           | 20.6           |
|   | Total capital ratio (%)                | 23.2          | 21.7          | 21.7           | 21.8           | 22.1           |

Source: Company data, RHB

## Results At a Glance

Figure 1: BBNI – summary of 4Q24 and FY24 results

| FYE Dec (IDRbn)               | 4Q23          | 3Q24          | 4Q24          | QoQ (%)        | YoY (%)        | FY23          | FY24          | YoY (%)      | % of RHB   | % of cons. |
|-------------------------------|---------------|---------------|---------------|----------------|----------------|---------------|---------------|--------------|------------|------------|
| Interest income               | 15,253        | 16,663        | 17,747        | 6.5%           | 16.3%          | 61,472        | 66,583        | 8.3%         |            |            |
| Interest expense              | 5,114         | 6,296         | 6,705         | 6.5%           | 31.1%          | 20,196        | 26,103        | 29.2%        |            |            |
| <b>Net interest income</b>    | <b>10,139</b> | <b>10,367</b> | <b>11,042</b> | <b>6.5%</b>    | <b>8.9%</b>    | <b>41,276</b> | <b>40,480</b> | <b>-1.9%</b> |            |            |
| Non-interest income           | 6,822         | 5,913         | 7,198         | 21.7%          | 5.5%           | 21,338        | 23,999        | 12.5%        |            |            |
| <b>Total operating income</b> | <b>16,961</b> | <b>16,279</b> | <b>18,240</b> | <b>12.0%</b>   | <b>7.5%</b>    | <b>62,614</b> | <b>64,479</b> | <b>3.0%</b>  |            |            |
| Operating expenses            | 8,085         | 7,526         | 8,904         | 18.3%          | 10.1%          | 27,611        | 30,112        | 9.1%         |            |            |
| <b>PPOP</b>                   | <b>8,876</b>  | <b>8,753</b>  | <b>9,335</b>  | <b>6.7%</b>    | <b>5.2%</b>    | <b>35,003</b> | <b>34,367</b> | <b>-1.8%</b> |            |            |
| Provision expense             | 2,635         | 1,786         | 2,618         | 46.6%          | -0.7%          | 9,363         | 7,787         | -16.8%       |            |            |
| <b>Operating profit</b>       | <b>6,241</b>  | <b>6,967</b>  | <b>6,718</b>  | <b>-3.6%</b>   | <b>7.6%</b>    | <b>25,640</b> | <b>26,580</b> | <b>3.7%</b>  |            |            |
| <b>Net profit</b>             | <b>5,156</b>  | <b>5,617</b>  | <b>5,155</b>  | <b>-8.2%</b>   | <b>0.0%</b>    | <b>20,909</b> | <b>21,464</b> | <b>2.7%</b>  | <b>99%</b> | <b>97%</b> |
| <b>Balance sheet (IDRbn)</b>  | <b>Dec-23</b> | <b>Sep-24</b> | <b>Dec-24</b> | <b>QoQ (%)</b> | <b>YoY (%)</b> |               |               |              |            |            |
| Loans                         | 695,085       | 735,018       | 775,872       | 5.6%           | 11.6%          |               |               |              |            |            |
| Deposit                       | 810,730       | 769,739       | 805,511       | 4.6%           | -0.6%          |               |               |              |            |            |
| - CASA                        | 577,478       | 541,194       | 563,278       | 4.1%           | -2.5%          |               |               |              |            |            |
| - Time deposits               | 233,253       | 228,545       | 242,233       | 6.0%           | 3.8%           |               |               |              |            |            |
| <b>Ratios – Bank Only</b>     | <b>FY23</b>   | <b>9M24</b>   | <b>FY24</b>   |                |                |               |               |              |            |            |
| ROAA (%)                      | 2.6%          | 2.5%          | 2.5%          |                |                |               |               |              |            |            |
| ROAE (%)                      | 16.8%         | 16.4%         | 15.8%         |                |                |               |               |              |            |            |
| NIM (%)                       | 4.58%         | 4.15%         | 4.24%         |                |                |               |               |              |            |            |
| CoC (%)                       | 1.4%          | 1.0%          | 1.1%          |                |                |               |               |              |            |            |
| CASA (%)                      | 71.2%         | 70.3%         | 69.9%         |                |                |               |               |              |            |            |
| LDR (%)                       | 85.7%         | 95.5%         | 96.3%         |                |                |               |               |              |            |            |
| CIR (%)                       | 44.1%         | 45.8%         | 46.7%         |                |                |               |               |              |            |            |
| NPL (%)                       | 2.14%         | 1.97%         | 1.97%         |                |                |               |               |              |            |            |
| CAR (%)                       | 22.0%         | 21.8%         | 21.4%         |                |                |               |               |              |            |            |
| Loan loss coverage (%)        | 319.0%        | 284.2%        | 255.8%        |                |                |               |               |              |            |            |

Source: Company data, RHB

## Management guidance and targets for FY25

Figure 2: BBNI met most of its FY24 targets; now for FY25

|                            | FY23 achieved | FY24 achieved | FY24 guidance | FY25 guidance | Comments  |
|----------------------------|---------------|---------------|---------------|---------------|---|
| Loans growth               | 7.6%          | 11.6%         | 10-12%        | 8-10%         | The corporate and consumer segments will continue to drive growth, but BBNI is placing greater emphasis on a liability-led growth strategy. If liquidity conditions pan out to be better than expected, BBNI could turn on the tap for loan growth. Conversely, should liquidity conditions stay challenging, the focus will be on managing NIMs instead.         |
| NIM<br>(bank-only)         | 4.6%          | 4.24%         | ≥4.0%         | 4.0-4.2%      | We estimate 4Q24 group NIM rose 15bps QoQ (+17bps YoY) due to the KUR subsidy. Stripping this out, we estimate NIM was flat QoQ.<br><br>BBNI plans to front-load liquidity in 1Q25. in anticipation of seasonally tighter liquidity in 1H due to dividend payments and Lebaran, among others. As such, NIM is likely to undergo some pressure during this period. |
| Credit cost<br>(bank-only) | 1.4%          | 1.1%          | c.1.0%        | c. 1.0%       | BBNI expects CoC of 1% to be a sustainable run rate in the medium term. This takes into account plans to restart growth in the SME segment, where CoC is typically around 2-3%.   |

Source: Company data, RHB

### Earnings forecasts

Our FY25-26F numbers have been updated for the full-year FY24 results, and to take into account management's targets/guidance. Consequently, we trim FY25F and FY26F net profit by 3% and 7%, mainly on lower NIM assumptions after updating for FY24 (actual) numbers, and to factor in a more modest rebound ahead – given management's outlook that 1H25 liquidity conditions could remain tight. This, however, is cushioned by revised CoC assumptions of 1% pa, from 1.1-1.15%. We have also lifted our dividend payout assumption to 55% pa from 50% pa.

On the whole, we now project FY25F earnings to rise 9% YoY, with key drivers being:

- i. 6% YoY NII growth, driven by loan volume;
- ii. A slight drop in CoC to 1%, from 1.06% in 2024.

Figure 3: BBNI – revisions to earnings forecasts

|                            | Previous<br>FY25F | Previous<br>FY26F | Previous<br>FY27F | Revised<br>FY25F | Revised<br>FY26F | Revised<br>FY27F | %<br>Change<br>FY25F | % Change<br>FY26F | %<br>Change<br>FY27F |
|----------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|----------------------|-------------------|----------------------|
| <b>FYE Dec<br/>(IDRbn)</b> |                   |                   |                   |                  |                  |                  |                      |                   |                      |
| NII                        | 44,463            | 48,824            | new               | 42,848           | 46,199           | 49,955           | -4%                  | -5%               | n.m.                 |
| Operating income           | 68,873            | 74,921            | new               | 68,632           | 73,759           | 79,082           | 0%                   | -2%               | n.m.                 |
| PPOP                       | 39,157            | 43,719            | new               | 37,014           | 40,560           | 44,223           | -5%                  | -7%               | n.m.                 |
| Provision expenses         | 9,188             | 9,580             | new               | 8,108            | 8,838            | 9,587            | -12%                 | -8%               | n.m.                 |
| Net profit                 | 24,242            | 27,628            | new               | 23,459           | 25,747           | 28,110           | -3%                  | -7%               | n.m.                 |
| EPS (IDR)                  | 650               | 741               | new               | 629              | 690              | 754              | -3%                  | -7%               | n.m.                 |
| EPS growth (%)             | 12.3%             | 14.0%             |                   | 9.3%             | 9.8%             | 9.2%             |                      |                   |                      |
| Loans                      | 833,407           | 908,413           | new               | 845,700          | 921,813          | 995,558          | 1%                   | 1%                | n.m.                 |
| Loan growth (%)            | 9.0%              | 9.0%              |                   | 9.0%             | 9.0%             | 8.0%             |                      |                   |                      |
| NIM (%)                    | 3.99%             | 4.07%             | new               | 3.95%            | 3.98%            | 4.01%            |                      |                   |                      |
| CIR (%)                    | 43.1%             | 41.6%             | new               | 46.1%            | 45.0%            | 44.1%            |                      |                   |                      |
| Credit cost (%)            | 1.15%             | 1.10%             | new               | 1.00%            | 1.00%            | 1.00%            |                      |                   |                      |
| BVPS (IDR)                 | 4,629             | 5,044             | new               | 4,596            | 4,941            | 5,315            | -1%                  | -2%               | n.m.                 |
| DPS (IDR)                  | 325               | 370               | new               | 346              | 380              | 415              | 6%                   | 3%                | n.m.                 |
| ROE                        | 14.6%             | 15.3%             | new               | 14.1%            | 14.5%            | 14.7%            | -4%                  | -5%               | n.m.                 |

Source: Company data, RHB

## Valuation and TP

We trim our TP to IDR5,960 from IDR6,710. The change reflects the update to book value, coupled with the earnings forecast revisions above, which have prompted us to revise our sustainable ROE assumption to 14% from 15%.

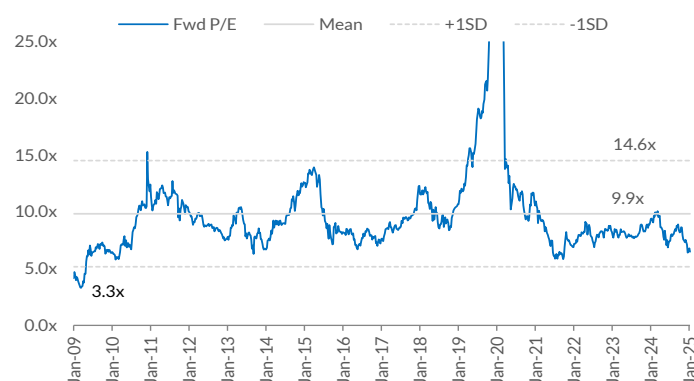
Following the above revisions, our intrinsic value is now IDR5,625 from IDR6,330 previously, based on an updated GGM-derived P/BV of 1.22x (from 1.37x) or around the long-term mean level. The TP includes an unchanged ESG premium of 6% applied, given BBNI's ESG score of 3.3 out of 4.0, using our proprietary in-house methodology.

**Figure 4: BBNI – GGM valuation with ESG overlay**

|  |      |                        |                 |
|--|------|------------------------|-----------------|
| <b>Cost of equity (COE) computation:</b> |      | Sustainable ROE (%)    | 14.0            |
| Risk free rate (%)                       | 6.7  | COE (%)                | 12.4            |
| Equity premium (%)                       | 5.0  | Long-term growth (g)   | 5.5             |
| Beta (x)                                 | 1.15 | Implied P/BV (x)       | 1.22            |
| Cost of equity - CAPM (%)                | 12.4 | BVPS – Dec '25         | IDR4,596        |
|  |      | Intrinsic value        | IDR5,625        |
| ESG premium/(discount) (%)               | 6.0  | ESG premium/(discount) | IDR337          |
|  |      | <b>TP (rounded)</b>    | <b>IDR5,960</b> |

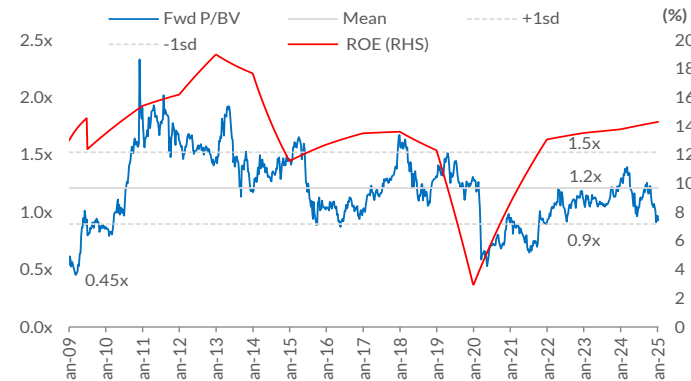
Source: Company data, RHB

**Figure 5: BBNI's 12-month forward consensus P/E**



Source: Bloomberg, RHB

**Figure 6: BBNI's 12-month forward consensus P/BV**



Source: Bloomberg, RHB

## Emissions And ESG

### Trend analysis

BBNI has upgraded its emissions data over the years, which includes adjusting the calculation methodology in terms of the classification of emission sources. Its Scope 2 emissions included electricity use in all BBNI offices from 2022 onwards.

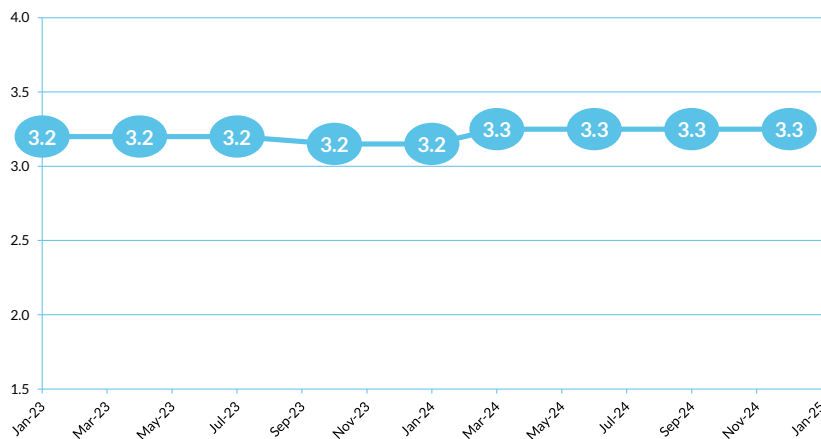
| Emissions (tCO <sub>2</sub> e) | Dec-22  | Dec-23  | Dec-24 |
|--------------------------------|---------|---------|--------|
| Scope 1                        | 122     | 18,600  | na     |
| Scope 2                        | 295,209 | 170,760 | na     |
| Scope 3                        | 2,903   | 7,180   | na     |
| Total emissions                | 298,234 | 196,540 | na     |

Source: Company data, RHB

## Latest ESG-Related Developments

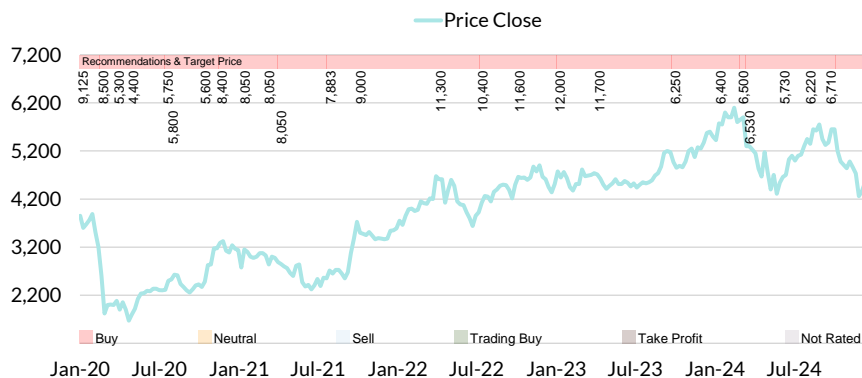
- **Net zero roadmap:** BBNI is in the process of establishing short-, mid-, and long-term net-zero emissions roadmaps as its commitment to the path towards net-zero emissions.
- **Financed emissions:** Scope 3 greenhouse gas or GHG emissions from financing activities encompass 90% of debtors from the corporate segment, and BBNI also adopts the Partnership for Carbon Accounting Financials (PCAF) method.
- **Financing sectors with high sustainability risk:** BBNI applies ESG risks assessment criteria on four sectors that have been identified as high-risk, ie oil palm plantations, mining, construction and energy.

## ESG Rating History



Source: RHB

## Recommendation Chart



Source: RHB, Bloomberg

| Date       | Recommendation | Target Price | Price |
|------------|----------------|--------------|-------|
| 2024-10-27 | Buy            | 6,710        | 5,650 |
| 2024-08-23 | Buy            | 6,220        | 5,450 |
| 2024-06-25 | Buy            | 5,730        | 4,480 |
| 2024-04-05 | Buy            | 6,530        | 5,300 |
| 2024-03-21 | Buy            | 6,500        | 5,800 |
| 2024-01-28 | Buy            | 6,400        | 5,425 |
| 2023-10-31 | Buy            | 6,250        | 4,790 |
| 2023-10-16 | Buy            | 6,250        | 5,200 |
| 2023-04-25 | Buy            | 11,700       | 4,738 |
| 2023-01-25 | Buy            | 12,000       | 4,538 |
| 2022-10-25 | Buy            | 11,600       | 4,713 |
| 2022-08-01 | Buy            | 10,400       | 3,975 |
| 2022-04-26 | Buy            | 11,300       | 4,800 |
| 2022-01-27 | Buy            | 9,000        | 3,600 |
| 2021-10-25 | Buy            | 9,000        | 3,675 |

Source: RHB, Bloomberg



## RHB Guide to Investment Ratings

|                     |  |
|---------------------|--|
| <b>Buy:</b>         | Share price may exceed 10% over the next 12 months   |
| <b>Trading Buy:</b> | Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain |
| <b>Neutral:</b>     | Share price may fall within the range of +/- 10% over the next 12 months                         |
| <b>Take Profit:</b> | Target price has been attained. Look to accumulate at lower levels                               |
| <b>Sell:</b>        | Share price may fall by more than 10% over the next 12 months                                    |
| <b>Not Rated:</b>   | Stock is not within regular research coverage  |

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#### **KUALA LUMPUR**

**RHB Investment Bank Bhd**  
Level 3A, Tower One, RHB Centre  
Jalan Tun Razak  
Kuala Lumpur 50400  
Malaysia  
Tel : +603 2302 8100  
Fax : +603 2302 8134

#### **JAKARTA**

**PT RHB Sekuritas Indonesia**  
Revenue Tower, 11th Floor, District 8 - SCBD  
Jl. Jendral Sudirman Kav 52-53  
Jakarta 12190  
Indonesia  
Tel : +6221 5093 9888  
Fax : +6221 5093 9777

#### **SINGAPORE**

**RHB Bank Berhad (Singapore branch)**  
90 Cecil Street  
#04-00 RHB Bank Building  
Singapore 069531  
Fax: +65 6509 0470