

28 July 2025

Financial Services | Banks

Bank Negara Indonesia (BBNI IJ)

Buy (Maintained)

NIM Dampener From Liquidity Build Up; Keep BUY

- **Stay BUY, with new IDR4,700 TP from IDR4,770, 15% upside with c.9% yield.** 2Q25 results missed expectations as Bank Negara Indonesia's strategy to ensure sufficient liquidity amidst a challenging macroeconomic environment led to a sharp build up in deposits during the quarter (negative for NIM), while non-II was also lower than expected. Now that the liquidity build up looks largely done, focus can turn to loans growth ahead. Also, early signs suggest an improving liquidity environment ahead. Maintain BUY as its valuation (0.92x P/BV) and dividend yield look attractive.
- **2Q25 net profit of IDR4.7trn (-12% QoQ and YoY)** was a miss, with 1H25 net profit of IDR10.1trn (-6% YoY) making up 45-46% of our and consensus FY25F. The main deviation was the weaker-than-expected operating income. 1H25 reported ROAE (bank only) stood at 14.2% (FY24: 15.8%). 2Q25 NII eased 2% QoQ (flat YoY) due to NIM pressure (-20bps QoQ, -30bps YoY at bank level) as deposits growth (+10% QoQ; +17% YoY) outpaced that of loans (+2% QoQ; +7% YoY). That said, with bank-only LDR now at a very comfortable 86.5% (1Q25: 93.4%; 2Q24: 94.1%), BBNI is poised to accelerate loans growth in 2H. Loan provision charges were also higher QoQ and YoY, although 1H25 CoC of 1% is within guidance.
- **Corporate and consumer drove loans growth**, rising 10-11% YoY but loans to medium and small businesses were impacted by the rebalancing of loan mix. On an annualised basis, loans were flat. Meanwhile, deposit growth was led by CASA (+12% QoQ; +19% YoY) – thanks to its digital strategy, while time deposits increased by 4% QoQ (+11% YoY). As such, CASA ratio ticked higher to 72% (1Q25 and 2Q24: 70.5-71%). Interestingly, BBNI's absolute CASA growth was sufficient to fund its loans expansion and now that its liquidity build up looks largely done, we think the bank can start to turn its attention to loans growth in 2H25.
- **Asset quality holding up.** Loans at risk and gross NPL ratios were stable at 11% (1Q25: 10.9%; 2Q24: 12.3%) and 1.9% (1Q25: 2%; 2Q24: 2%). LAR and NPL coverage, though, declined to 43% (1Q25: 47%; 2Q24: 48%) and 243% (1Q25: 263%; 2Q24: 298%) following continued write-offs, especially for pre-2022 origination loans. While its consumer NPL (mortgage and auto) has ticked up – mainly from smaller ticket size loans, it is not overly concerned. Asset quality for business banking remains stable.
- **Other highlights.** BBNI toned down FY25 NIM guidance to ≥3.8% from 4-4.2%, which implies stable to slightly better 2H25 NIM. Loan and CoC targets, however, were retained. Looking ahead, BBNI pointed to early signs of easing liquidity tightness such as: i) 1-year SRBI yield is down 161bps YTD vs BI rate cut of 75bps while the interbank rate is c.42bps lower than the BI rate (similar level at start of the year), ii) outstanding SRBI is falling, and iii) government spending picked up in June. These are positive for NIMs ahead.
- **FY25F-27F earnings cut by 7% pa** mainly on lower NII. After a roll forward in valuation, we derive a revised IDR4,700 TP (includes 6% ESG premium).

Target Price (Return): IDR4,700 (+15%)
 Price (Market Cap): IDR4,090 (USD9,347m)
 ESG score: 3.3 (out of 4)
 Avg Daily Turnover (IDR/USD) 211,585m/12.9m

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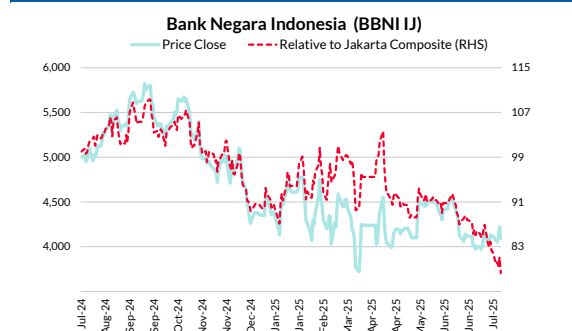


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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(6.0)	(0.5)	(2.6)	(11.3)	(18.6)
Relative	(12.5)	(10.9)	(15.5)	(16.6)	(22.8)
52-wk Price low/high (IDR)				3,720	–5,825



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Reported net profit (IDRb)	20,909	21,464	20,302	22,585	25,116
Net profit growth (%)	14.2	2.7	(5.4)	11.3	11.2
Recurring net profit (IDRb)	20,909	21,464	20,302	22,585	25,116
Recurring EPS (IDR)	560.62	575.47	544.32	605.55	673.39
BVPS (IDR)	3,964.74	4,295.23	4,454.41	4,706.16	4,985.94
DPS (IDR)	280.18	374.02	353.81	393.61	437.71
Recurring P/E (x)	7.30	7.11	7.51	6.75	6.07
P/B (x)	1.03	0.95	0.92	0.87	0.82
Dividend Yield (%)	6.9	9.1	8.7	9.6	10.7
Return on average equity (%)	14.9	13.9	12.4	13.2	13.9

Source: Company data, RHB

Overall ESG Score: 3.3 (out of 4)

E Score: 2.8 (GOOD)

S Score: 3.8 (EXCELLENT)

G Score: 3.8 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis	Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
BBNI has made improvements in 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.	Scope 1	122	18,600	17,362	na
	Scope 2	295,209	170,760	169,180	na
	Scope 3	2,903	7,180	7,212	na
	Total emissions	298,234	196,540	193,753	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: BBNI adopts the Partnership for Carbon Accounting Financials (PCAF) method for its Scope 3 GHG emissions, where in 2024, GHG emissions from financing covered 70% of the corporate, enterprise, commercial and retail productive loan portfolio (2023: 68%).

Financing sectors with high sustainability risk: BBNI applies ESG risks assessment criteria on four sectors that have been identified as high ESG risk, ie oil palm plantations, mining, construction and energy.

ESG Unbundled

Overall ESG Score: 3.3 (out of 4)

Last Updated: 28 April 2025

E Score: 2.8 (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. Its green portfolio reached IDR73bn at end-2024, exceeding the IDR71trn target for 2024.

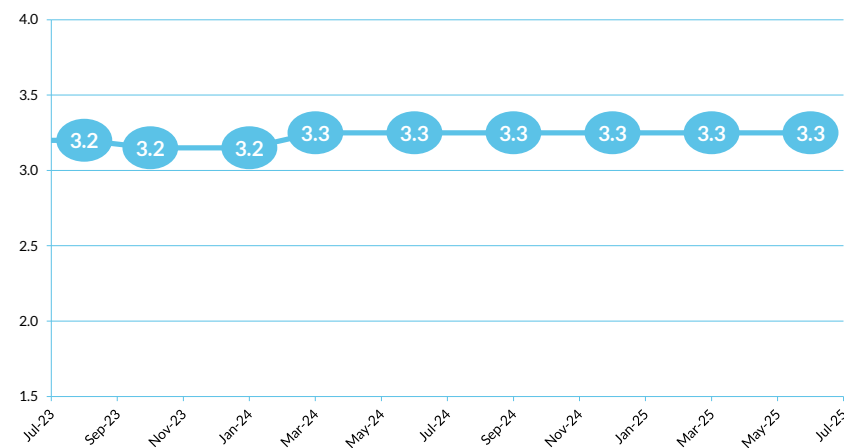
S Score: 3.8 (EXCELLENT)

The bank is active in its support of the Government’s People’s Business Credit or KUR, which forms 28% of outstanding MSME loans. The bank believes in employee diversity, with women accounting for 52% of its total workforce and 31% holding managerial positions and above.

G Score: 3.8 (EXCELLENT)

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

ESG Rating History



Source: RHB

Financial Exhibits

Asia	Financial summary (IDR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Indonesia	EPS	560.62	575.47	544.32	605.55	673.39
Financial Services	Recurring EPS	560.62	575.47	544.32	605.55	673.39
Bank Negara Indonesia	DPS	280.18	374.02	353.81	393.61	437.71
BBNI IJ	BVPS	3,964.74	4,295.23	4,454.41	4,706.16	4,985.94
Buy						
Valuation basis	Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
GGM with key assumptions:	Recurring P/E (x)	7.30	7.11	7.51	6.75	6.07
i. COE of 14%;	P/B (x)	1.0	1.0	0.9	0.9	0.8
ii. ROE of 13.5%;	Dividend Yield (%)	6.9	9.1	8.7	9.6	10.7
iii. Long term growth of 5.5%.						
Key drivers	Income statement (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Our forecasts are most sensitive to changes in:	Interest income	61,472	66,583	69,149	73,616	79,084
i. Provision charges;	Interest expense	(20,196)	(26,103)	(29,343)	(30,451)	(31,916)
ii. Net interest margin;	Net interest income	41,276	40,480	39,806	43,164	47,168
iii. Loans growth.	Non interest income	21,472	24,035	24,937	26,658	28,174
	Total operating income	62,747	64,515	64,743	69,822	75,342
	Overheads	(27,611)	(30,112)	(31,618)	(33,199)	(34,859)
	Pre-provision operating profit	35,137	34,402	33,125	36,623	40,483
	Loan impairment allowances	(9,363)	(7,787)	(8,069)	(8,756)	(9,499)
	Other exceptional items	(134)	(35)	(34)	(33)	(36)
	Pre-tax profit	25,640	26,580	25,021	27,833	30,948
	Taxation	(4,534)	(4,911)	(4,504)	(5,010)	(5,571)
	Minority interests	(197)	(206)	(216)	(238)	(261)
	Reported net profit	20,909	21,464	20,302	22,585	25,116
	Recurring net profit	20,909	21,464	20,302	22,585	25,116
Key risks	Profitability ratios	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Key downside risks are:	Return on average assets (%)	2.0	1.9	1.7	1.7	1.8
i. Sharply higher inflation impacting loan growth and asset quality;	Return on average equity (%)	14.9	13.9	12.4	13.2	13.9
ii. NIM pressure from competition and higher cost of funds.	Return on IEAs (%)	6.0	6.2	6.2	6.2	6.2
	Cost of funds (%)	2.3	2.9	3.0	2.8	2.7
	Net interest spread (%)	3.6	3.3	3.2	3.4	3.5
	Net interest margin (%)	4.0	3.8	3.6	3.6	3.7
	Non-interest income / total income (%)	34.2	37.3	38.5	38.2	37.4
	Cost to income ratio (%)	44.0	46.7	48.8	47.5	46.3
	Credit cost (bps)	140	106	100	100	100
Company Profile	Balance sheet (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
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 SOE-linked infra projects.	Total gross loans	839,158	866,691	932,393	1,011,265	1,087,917
	Other interest earning assets	358,350	306,801	304,548	317,997	333,983
	Total gross IEAs	1,053,435	1,082,673	1,142,489	1,231,353	1,320,408
	Total provisions	(48,503)	(39,830)	(39,356)	(40,009)	(40,208)
	Net loans to customers	647,927	737,187	799,731	874,493	947,362
	Total net IEAs	1,004,932	1,042,842	1,103,134	1,191,344	1,280,200
	Total non-IEAs	81,732	86,963	157,033	172,925	188,473
	Total assets	1,086,664	1,129,806	1,260,167	1,364,269	1,468,673
	Customer deposits	810,730	805,511	926,337	1,009,708	1,090,484
	Other interest-bearing liabilities	78,340	113,976	113,044	119,404	127,115
	Total IBLs	889,070	919,486	1,039,381	1,129,112	1,217,600
	Total non-IBLs	42,861	43,133	47,446	52,190	57,410
	Total liabilities	931,931	962,619	1,086,827	1,181,302	1,275,009
	Share capital	26,325	26,388	26,388	26,388	26,388
	Shareholders' equity	147,874	160,201	166,138	175,527	185,962
	Minority interests	6,859	6,986	7,202	7,440	7,701
	Asset quality and capital	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Reported NPLs / gross cust loans (%)	2.1	2.0	1.9	1.9	1.8
	Total provisions / reported NPLs (%)	323.1	249.3	240.0	230.0	220.0
	CET-1 ratio (%)	20.2	18.9	18.2	18.0	18.1
	Tier-1 ratio (%)	21.5	20.2	19.4	19.2	19.1
	Total capital ratio (%)	23.2	21.7	20.9	20.6	20.7

Source: Company data, RHB

Results At a Glance

Figure 1: BBNI – summary of 2Q25 and 1HFY25 results

FYE Dec (IDRbn)	2Q24	1Q25	2Q25	QoQ (%)	YoY (%)	1H24	1H25	YoY (%)	% of RHB	% of cons.
Interest income	16,298	16,713	16,901	1.1%	3.7%	32,173	33,614	4.5%		
Interest expense	6,617	6,879	7,220	5.0%	9.1%	13,102	14,098	7.6%		
Net interest income	9,681	9,834	9,681	-1.6%	0.0%	19,072	19,516	2.3%		
Non-interest income	5,485	5,414	5,192	-4.1%	-5.3%	10,924	10,607	-2.9%		
Total operating income	15,166	15,249	14,874	-2.5%	-1.9%	29,996	30,123	0.4%		
Operating expenses	7,015	7,104	6,933	-2.4%	-1.2%	13,682	14,037	2.6%		
PPOP	8,151	8,144	7,941	-2.5%	-2.6%	16,314	16,086	-1.4%		
Provision expense	1,656	1,593	2,122	33.3%	28.1%	3,383	3,715	9.8%		
Operating profit	6,494	6,552	5,819	-11.2%	-10.4%	12,931	12,371	-4.3%		
Net profit	5,365	5,380	4,714	-12.4%	-12.1%	10,692	10,094	-5.6%	46%	45%
Balance sheet (IDRbn)	Jun-24	Mar-25	Jun-25	QoQ (%)	YoY (%)					
Loans	726,977	765,469	778,681	1.7%	7.1%					
Deposit	772,319	819,580	899,865	9.8%	16.5%					
- CASA	545,691	577,807	647,554	12.1%	18.7%					
- Time deposits	226,628	241,774	252,311	4.4%	11.3%					
Ratios – Bank Only	1H24	1Q25	1H25							
ROAA (%)	2.5%	2.4%	2.2%							
ROAE (%)	16.3%	14.7%	14.2%							
NIM (%)	4.00%	3.94%	3.83%							
CoC (%)	1.0%	0.9%	1.0%							
CASA (%)	70.7%	70.5%	72.0%							
LDR (%)	94.1%	93.4%	86.5%							
CIR (%)	45.6%	46.6%	46.6%							
NPL (%)	2.00%	1.96%	1.95%							
CAR (%)	20.7%	22.3%	21.1%							
Loan loss coverage (%)	298.2%	263.1%	243.4%							

Source: Company data, RHB

Management guidance and targets for FY25

Figure 2: BBNI lowered FY25 NIM guidance

	FY24 achieved	1H25 achieved	FY25 guidance	Comments
Loans growth	11.6%	7.1%	8 - 10%	The corporate and consumer segments continue to drive growth, while in recent quarters, growth from higher yielding, non-KUR SME has picked up. BBNI continues to place emphasis on a liability-led growth strategy. Given the front-loading of liquidity build up, annualised loans growth should improve in 2H25
NIM (bank-only)	4.24%	3.83%	≥3.8% (from 4.0 - 4.2%)	Impacted by BBNI's stance on liquidity and correspondingly, the need to pay up for higher cost deposits like time deposits. Overall cost of deposits in 2Q25 was 2.85%, up from 2.75% in 1Q25 and 2.72% in 2Q24 Downgrade to NIM guidance as YTD achievement was trailing guidance. Management guided for stable to slight improvement in 2H25 NIM
Credit cost (bank-only)	1.1%	0.96%	c. 1.0%	BBNI expects CoC of 1% to be a sustainable run rate in the medium term. This takes into account plans to grow the SME segment, where CoC is typically around 2-3%

Source: Company data, RHB

Earnings forecasts

We trim our FY25F-27F PATMI by 7%, 7%, and 7% as we lower our FY25F-27F NIM by 10-11bps pa to reflect the lower LDR level (c. 90% vs <95% previously) now projected and lower non-II given the softness in 1H25.

Our FY25F-27F DPS, however, remains relatively unchanged as we raise our dividend payout assumption to 65% pa from 60% pa previously. This is on the back of management's guidance to retain 2024's payout level of 65%.

Overall, we now project FY25 PATMI to fall by 5% YoY as the cut to operating income means CIR is projected to rise to 48.8% from 46.7% in 2024, coupled with higher absolute loan provision charges (2025F CoC of 1% is down slightly from 1.1% in 2024). We expect NIM pressure to ease ahead and operating income growth to resume, leading to a 11% YoY rise in FY26F PATMI.

Figure 3: BBNI – revisions to earnings forecasts

FYE Dec (IDRbn)	Previous FY25F	Previous FY26F	Previous FY27F	Revised FY25F	Revised FY26F	Revised FY27F	% Change FY25F	% Change FY26F	% Change FY27F
NII	40,957	44,426	48,489	39,806	43,164	47,168	-3%	-3%	-3%
Operating income	66,742	71,986	77,616	64,743	69,822	75,342	-3%	-3%	-3%
PPOP	35,124	38,787	42,757	33,125	36,623	40,483	-6%	-6%	-5%
Provision expenses	8,069	8,756	9,499	8,069	8,756	9,499	0%	0%	0%
Net profit	21,941	24,360	26,981	20,302	22,585	25,116	-7%	-7%	-7%
EPS (IDR)	588	653	723	544	606	673	-7%	-7%	-7%
EPS growth (%)	2.2%	11.0%	10.8%	-5.4%	11.3%	11.2%			
Loans	837,942	913,356	986,425	837,942	913,356	986,425	0%	0%	0%
Loan growth (%)	8.0%	9.0%	8.0%	8.0%	9.0%	8.0%			
NIM (%)	3.79%	3.86%	3.92%	3.68%	3.75%	3.82%			
CIR (%)	47.4%	46.1%	44.9%	48.8%	47.5%	46.3%			
Credit cost (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%			
BVPS (IDR)	4,498	4,799	5,130	4,454	4,706	4,986	-1%	-2%	-3%
DPS (IDR)	353	392	434	354	394	438	0%	0%	1%
ROE	13.4%	14.1%	14.6%	12.4%	13.2%	13.9%			

Source: Company data, RHB

28 July 2025

Financial Services | Banks

Valuation and TP

We tweak down our TP to IDR4,700 from IDR4,770. This is on the back of a combination of: i) The earnings revisions above, which have led to a lower ROE assumption of 13.5% (from 14%), and ii) roll forward in valuation to 2026F. As such, our GGM-derived P/BV falls to 0.94x from 1x, close to the -1SD level, resulting in a revised intrinsic value of IDR4,431 (IDR4,500 previously).

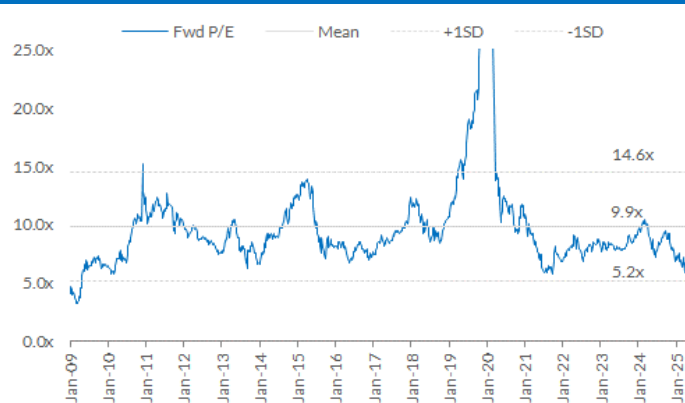
The TP includes an unchanged ESG premium of 6%, given BBNI's ESG score of 3.3 out of 4.0, based on our proprietary in-house methodology.

Figure 4: BBNI – GGM valuation with ESG overlay

Cost of equity (COE) computation:		Sustainable ROE (%)	13.5
Risk free rate (%)	6.7	COE (%)	14.0
Equity premium (%)	7.3	Long-term growth (g)	5.5
Beta (x)	1.0	Implied P/BV (x)	0.94
Cost of equity - CAPM (%)	14.0	BVPS – Dec 2026	IDR4,706
		Intrinsic value	IDR4,431
ESG premium/(discount) (%)	6.0	ESG premium/(discount)	IDR266
		TP (rounded)	IDR4,700

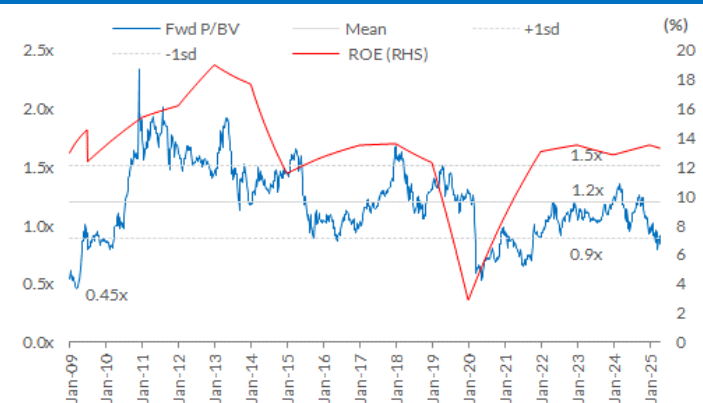
Source: Company data, RHB

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



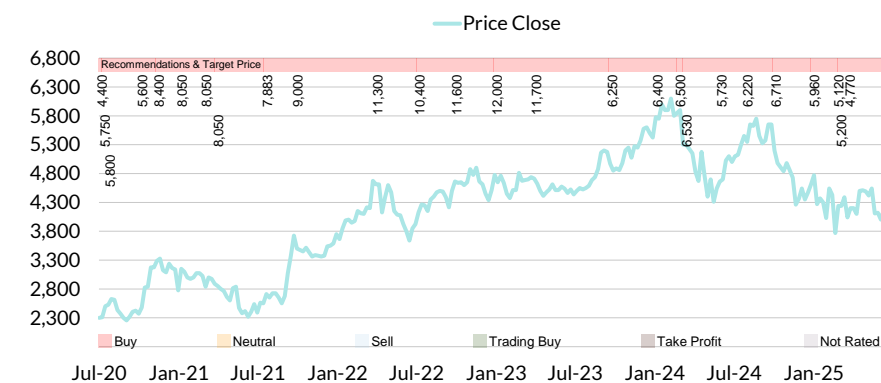
Source: Bloomberg, RHB

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



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-04-29	Buy	4,770	4,140
2025-03-27	Buy	5,200	4,240
2025-03-21	Buy	5,120	3,770
2025-01-23	Buy	5,960	4,650
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

Source: RHB, Bloomberg

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Buy:	Share price may exceed 10% over the next 12 months
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Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
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Not Rated:	Stock is not within regular research coverage

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