

1H25 earnings below expectation

29 July 2025



BBNI IJ	BUY
Sector	Banks
Price at 29 July 2025 (IDR)	4,150
Price target (IDR)	5,110
Upside/Downside (%)	23.1

Stock Information

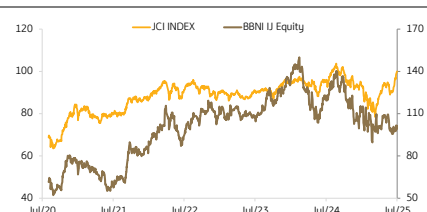
PT Bank Negara Indonesia (Persero) Tbk is a state-owned offering commercial and consumer banking services. The bank is positioned as one of 3 big SoE banks in Indonesia. Through its subsidiaries, the bank is also offering businesses in sharia banking, insurance, consumer financing and securities.

Market cap (IDR bn)	157,022
Shares outstanding (mn)	37,297
52-week range (IDR)	3,610-5,850
3M average daily vol. ('000)	55,665
3M average daily val. (IDR mn)	236,249

Shareholders (%)

Republic of Indonesia	60.0
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	0.73	0.24	17.41

BBNI's 1H25 net income missed forecasts (-5.6% yoy), driven by tighter margin and flat PPOp. Loan grew moderate (+7.1% yoy). Yet, BBNI's funding strategy shines, fueled by a successful deposit mix strategy (CASA surged 12.1% qoq, 18.7% yoy). Despite 1H25 NIM compression, BBNI shows resilient asset quality. While NIM guidance was revised down to $\geq 3.8\%$, management maintains loan growth (8-10%) and CoC ($\pm 1\%$) targets. We've revised our BBNI '25F forecasts lower to reflect weaker-than-expected 1H25 results and anticipated 2H25 headwinds. Our updated model factors in tighter margins from loan yield dilemmas offset by softer funding costs. Our re-evaluation of BBNI's valuation using multiple methodologies (GGM, DDM, Single Stage Fair PB, Rolling PB) confirms a BUY recommendation ($\geq 10\%$ upside). Even with conservative assumptions, the stock's value remains offering attractive upside due to its previous sell-off. Maintain BUY, GGM-based TP of IDR 5,110 (1.1x '25F P/B), while currently at 0.9x '25F P/B or at its -1SD of 0.9x.

1H25 net income misses estimates amidst headwinds

BBNI saw small single digit net interest income growth on continuing challenging top line and +7.6% higher funding cost amidst has been significantly declining vs last year growth of +41.5% yoy. Non-interest income downed 2.9% yoy, resulting to a flat (-1.7% yoy) PPOp of IDR16.15tn. Provisions were recorded 7.9% yoy higher impacted by the additional provisions of around IDR 267bn higher in 2Q25, bringing the 1H25 net income to IDR 10.09tn. In all, BBNI's 1H25 net income (-5.6% yoy, -12.4% qoq) came in below consensus and our '25F net profit for BBNI, at a run-rate of 43%/44% vs 48.3%.

Modest loan growth, expect strong deposit mix & CASA growth set to lift earnings

Total loans grew a modest 7.1% YoY, driven by corporate and consumer segments amid ongoing market uncertainty. BBNI's funding strategy is paying off, driving strong TPF growth (9.8% QoQ, 16.5% YoY). Critically, BBNI's deposit mix improved: high-cost TDs grew a mere 4.4% qoq, dwarfed by a 12.1% QoQ surge in CA, fueling 12.1% qoq / 18.7% yoy CASA growth. Expect better top line, continuing softer funding costs, further SRBI large maturity and stable robust CASA, could strongly help 2H25 NIM. This pivot to cheaper funding bodes well for future profitability in a tough market.

Navigates NIM pressure with resilient AQ

BBNI continues to face NIM compression, with the 1H25 NIM settling at 3.8%, a modest 20bps lower vs. 4.0% and down to 3.7% vs 3.9% in 1Q25 on quarterly basis (-10bps qoq). On the flip of coin, several constructive key metrics were also recorded. Cost to income remain manageable. LAR improvement continues, reported -1.3% yoy to 11.0% vs 12.3% in previous years. Non-performing loans also arrive at a better figure from 2.0% to 1.9% with steady low credit cost of 1.0% and came in within '25F guidance (KBVS '25F fir BBNI : (1) gross npl : 1.85% and credit cost: 1.0%). As expected, (see our previous update), BBNI revised down its NIM guidance from 4.0%-4.2% to $\geq 3.8\%$ on the back of continuing uncertainty in 2H25. Yet, management maintain loan growth and CoC guidance at 8.0%-10.0% and $\pm 1\%$, respectively.

Reaffirmed as BUY despite 1H25 miss, valuation indicates upside

We revisited our BBNI model and made some adjustment to accommodate below than expected 1H25 results and continuing 2H25 headwinds. Our new '25F forecast for BBNI were mainly based on 2 key assumptions: (1) tighter margin on dilemma loan yield and softer funding cost (2) unchanged CoC (1H25 still inline & buffer has reached 50% of our '25F) without surprising front load in 4Q25. Putting our new '25F PATMI for BBNI to 1H25 results equal to run-rate of 49.1%. Additionally, despite 1W and MTD positive capital gain (+2.5% and +3.5%), BBNI stock still noted a negative return (yet, much better than its SoE peers). Hence, we also revisited our BBNI's valuation sheet as well comparing our previous GGM method with other 3 methodology (Dividend Discount Model, Single Stage Fair PB and Rolling PB). As expected, even using very conservative assumption, the stock value amount still arrives in the BUY recommendation area ($\geq 10\%$) due to previous sell-off.

Maintain BUY, GGM TP of IDR5,110

Maintain BUY with GGM-based TP of IDR 5,110 (1.1x '25F P/B), while currently trading at 0.9x '25F P/B or at its -1SD of 0.9x. Key downside risks to our target price include: a) lower-than-expected loan growth; b) prolonged tight liquidity environment and stable attractive SRBI high yield; c) NIM stagnation d) higher-than-expected CoF and CoC; f) deteriorating asset quality; g) prolonged trade war uncertainty, mild economic activity, motionless wait & see stance, steady weakening purchasing power and household loan confidence.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net Interest income	41,276	40,480	39,419	40,944	42,897
Non int. Income	21,472	24,035	26,042	28,353	30,817
Operating income	62,747	64,515	65,461	69,297	73,714
Pre-provision operating profit	34,970	34,826	33,849	35,574	37,715
Net income	20,909	21,464	20,566	21,800	23,471
EPS (IDR)	561	575	551	584	629
EPS growth (%)	14.2	2.7	(4.2)	6.0	7.7
PER (x)	7.4	7.2	7.5	7.1	6.6
PBV (x)	1.0	1.0	0.9	0.8	0.8
Div. Yield (%)	4.7	6.8	6.9	6.6	7.0
RoE (%)	14.6	13.7	12.3	12.2	12.2

Source: Company, KBVS Research

Analyst

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Exhibit 2: 1H25 selected profit and loss

Income Statement (IDRbn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)	KBVS '25F	% to '25F KBVS	Cons' '25F	% to '25F Cons
Interest income	32,173	33,614	4.5	16,298	16,901	3.7	16,713	1.1				
Interest expenses	(13,102)	(14,098)	7.6	(6,617)	(7,220)	9.1	(6,879)	5.0				
Net interest income	19,071	19,516	2.3	9,681	9,681	0.0	9,834	(1.6)				
Non-interest income	10,924	10,607	(2.9)	5,485	5,390	(1.7)	5,217	3.3				
Total operating income	29,995	30,123	0.4	15,166	15,071	(0.6)	15,051	0.1				
Operating expenses	(13,554)	(13,964)	3.0	(6,905)	(7,225)	4.6	(6,740)	7.2				
Pre-provision operating profit	16,441	16,159	(1.7)	8,261	7,846	(5.0)	8,312	(5.6)				
Provision expenses	(3,511)	(3,787)	7.9	(1,767)	(2,027)	14.7	(1,760)	15.2				
Net profit	10,692	10,094	(5.6)	5,365	4,714	(12.1)	5,380	(12.4)	22,988	43.9	23,166	43.6

Source: Company, KBVS Research

Exhibit 3: 1H25 selected balance sheet

Balance Sheets (IDRbn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
Gross loans	726,977	778,681	7.1	726,977	778,681	7.1	765,469	1.7
Total Deposits	772,319	899,865	16.5	772,319	899,865	16.5	819,581	9.8
Current account	305,133	381,639	25.1	305,133	381,639	25.1	319,983	19.3
Saving account	240,558	265,915	10.5	240,558	265,915	10.5	257,824	3.1
Time deposits	226,628	252,311	11.3	226,628	252,311	11.3	241,774	4.4
CASA	545,691	647,554	18.7	545,691	647,554	18.7	577,807	12.1
Total equity	154,072	165,188	7.2	154,072	165,188	7.2	173,014	(4.5)

Source: Company, KBVS Research

Exhibit 4: 1H25 selected key ratio

Selected Key Perf. (%)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
NIM - bank only	4.0	3.8	(0.2)	4.0	3.7	(0.3)	3.9	(0.2)
CASA - Con	70.7	72.0	1.3	70.7	72.0	1.3	70.5	1.5
CIR	43.7	45.5	1.8	44.3	47.1	2.8	43.8	3.3
CoF - bank only	2.8	2.8	0.0	2.7	2.8	0.1	2.8	0.1
ROAE	14.6	12.8	(1.8)	14.7	12.3	(2.4)	13.3	(1.0)
ROA (Pre-tax)	2.5	2.2	(0.3)	2.4	2.1	(0.3)	2.4	(0.3)
LDR	94.0	86.2	(7.8)	94.0	86.2	(7.8)	93.1	(6.9)
Loan yield - bank only	7.5	7.3	(0.2)	7.4	7.3	(0.1)	7.4	(0.1)
NPL gross - bank only	2.0	1.9	(0.1)	2.0	1.9	(0.1)	2.0	(0.1)
NPL coverage - bank only	298.2	243.4	(54.8)	298.2	243.4	(54.8)	263.1	(19.7)
CoC	1.0	1.0	0.0	1.0	1.0	0.0	0.9	0.1
LAR	12.3	11.0	(1.3)	12.3	11.0	(1.3)	10.9	0.1

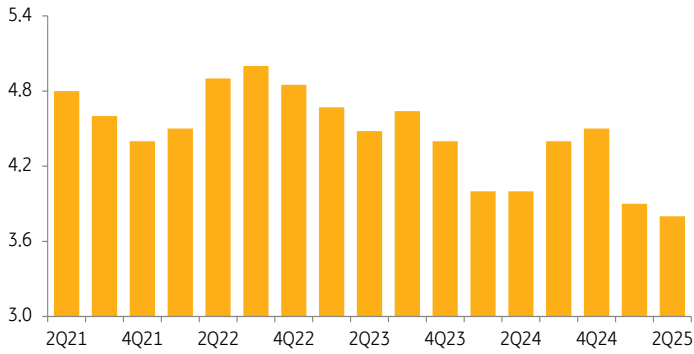
Source: Company, KBVS Research

Exhibit 5: Forecast revisions

New forecast	Original		New forecast		Variance		Street		To street	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Loan	837,817	907,209	830,204	891,543	(0.91)	(1.73)				
Total Deposits	861,222	925,270	861,222	925,270	-	-				
Interest income	70,713	75,251	66,413	70,074	(6.08)	(6.88)				
Interest expenses	(28,236)	(30,459)	(26,994)	(29,130)	(4.40)	(4.36)				
Net interest income	42,477	44,792	39,419	40,944	(7.20)	(8.59)				
Non-interest income	26,042	28,353	26,042	28,353	-	-				
Total operating income	68,519	73,145	65,461	69,297	(4.46)	(5.26)				
Operating expenses	(31,612)	(33,723)	(31,612)	(33,723)	-	-				
Pre-provision operating prc	36,907	39,421	33,849	35,574	(8.29)	(9.76)				
Loan loss provision	(7,631)	(7,799)	(7,631)	(7,799)	-	-				
Net profit	22,988	24,847	20,566	21,800	(10.54)	(12.27)	22,079	24,319	6.9%	10.4%

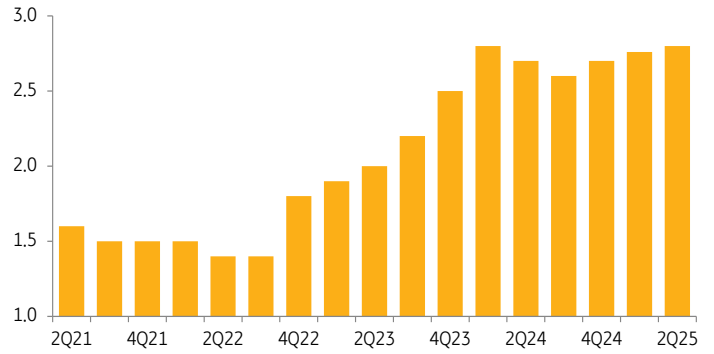
Source: Company, KBVS Research

Exhibit 6: Expect NIM to improve on slacken margin



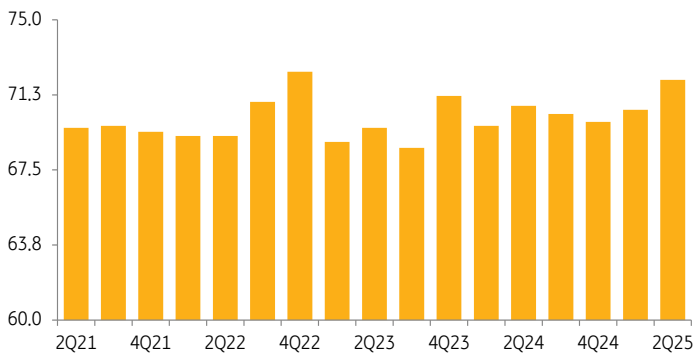
Source: Company, KBVS Research

Exhibit 7: Expect softer upcoming cost of fund on stronger deposit mix



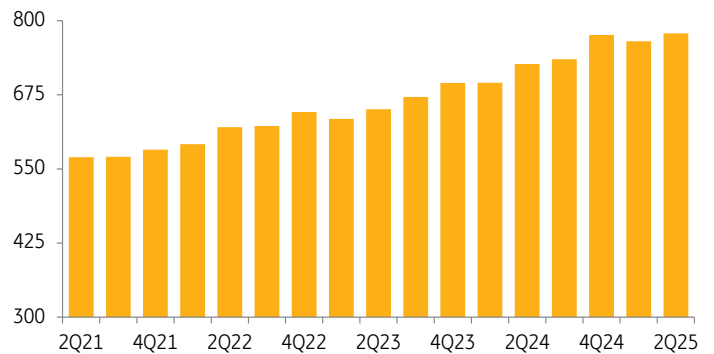
Source: Company, KBVS Research

Exhibit 8: Strengthening CASA to support 2H25 funding cost



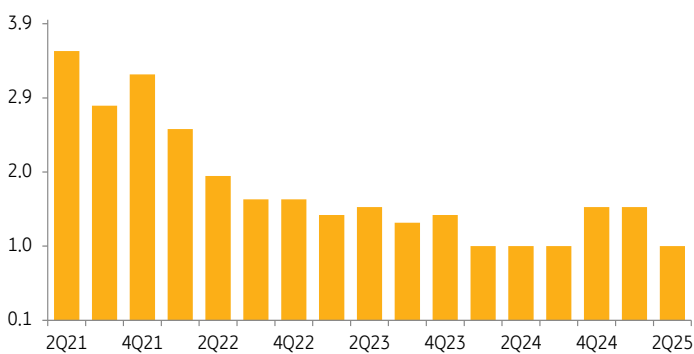
Source: Company, KBVS Research

Exhibit 9: Steady loan growth to offset loan yield dilemma



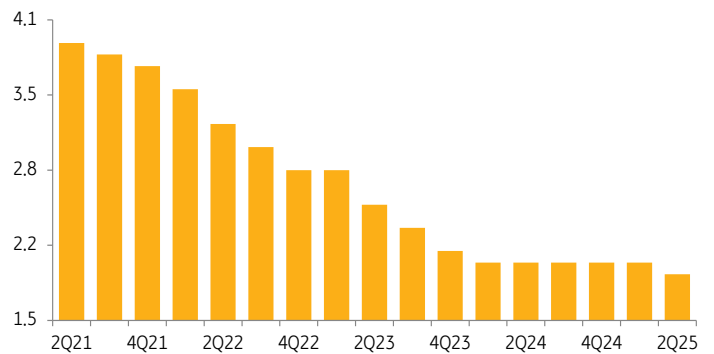
Source: Company, KBVS Research

Exhibit 10: Stable solid CoC to support PATMI growth



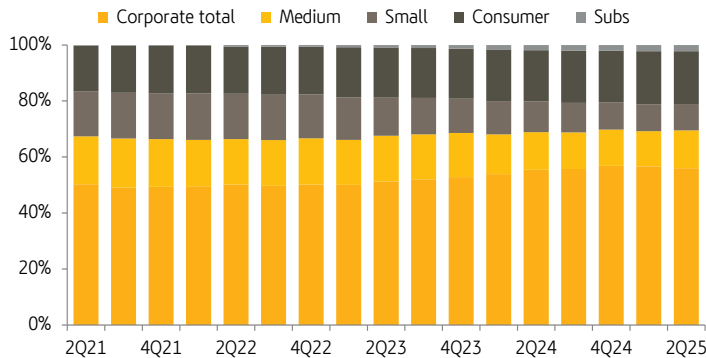
Source: Company, KBVS Research

Exhibit 11: Expect no upcoming NPL pickup



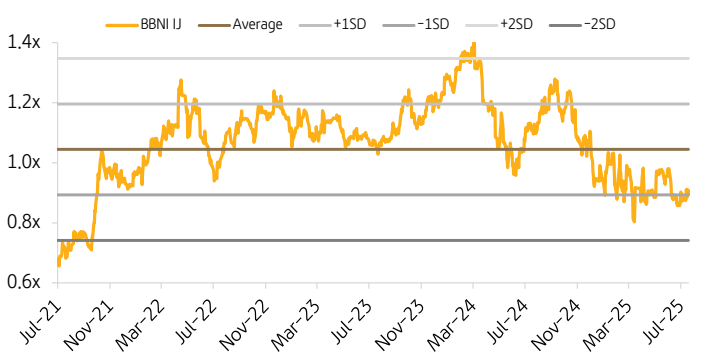
Source: Company, KBVS Research

Exhibit 12: Robust loan growth remains intact (%)



Source: Company, KBVS Research

Exhibit 13: Corporate and consumer segment to continue play crucial role (%)



Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 14: Profit & Loss

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	61,472	66,583	66,413	70,074	74,312
Interest expenses	(20,196)	(26,103)	(26,994)	(29,130)	(31,415)
Net interest income	41,276	40,480	39,419	40,944	42,897
Non-interest income	21,472	24,035	26,042	28,353	30,817
Total operating income	62,747	64,515	65,461	69,297	73,714
Operating expenses	(27,778)	(29,688)	(31,612)	(33,723)	(35,999)
Pre-provision operating profit	34,970	34,826	33,849	35,574	37,715
Loan loss provision	(9,196)	(8,211)	(7,631)	(7,799)	(8,062)
Pretax profit	25,640	26,580	25,967	27,525	29,583
Net profit	20,909	21,464	20,566	21,800	23,471

Exhibit 15: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Assets					
Cash	11,207	13,710	13,575	14,721	15,286
Current Account at BI	65,256	51,669	68,455	68,510	82,312
Interbank Loans	78,817	39,150	80,961	84,947	90,876
Govt Treas Bills & Sec	127,100	132,069	86,122	92,527	100,908
Investment Securities	37,165	48,534	41,084	47,363	53,428
Loans	647,927	737,187	793,766	855,466	930,112
Fixed Assets	27,765	30,408	33,613	37,095	40,206
Other assets	91,426	77,079	84,206	92,058	98,431
Total Asset	1,086,663	1,129,806	1,201,783	1,292,687	1,411,559
Liabilities					
Interbank Deposit	11,894	18,548	15,095	17,605	20,713
Customer Deposit	810,730	805,511	861,222	925,270	1,009,083
Debts Sec and Subordinates	52,772	73,605	79,385	83,669	90,744
Other Liabilities	56,535	64,955	68,357	75,498	87,613
Total liabilities	931,931	962,619	1,024,058	1,102,043	1,208,153
Equity					
Capital Stock	9,055	9,055	9,055	9,055	9,055
Additional Paid-in Capital	17,010	17,010	17,010	17,010	17,010
Retained Earnings	107,236	118,664	128,079	139,819	149,388
Other Equity	16,830	17,729	18,615	19,546	22,478
Shareholder's Equity	150,131	162,458	172,759	185,431	197,931
Non-controlling Interest	4,602	4,729	4,965	5,214	5,474
Total Equity	154,733	167,187	177,725	190,644	203,405

Exhibit 16: Key performance metrics

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
NIM	4.6	4.2	3.7	3.8	3.8
LDR	85.7	96.3	96.4	96.4	95.7
CASA	71.2	69.9	69.8	69.6	69.8
NPL	2.1	2.0	1.9	1.8	1.7
ROAE	14.6	13.7	12.3	12.2	12.2
ROAA	2.0	1.9	1.8	1.7	1.7
CAR	18.8	19.5	19.5	18.2	18.2
BVPS (IDR)	4,025	4,356	4,632	4,972	5,307
PER (x)	7.4	7.2	7.5	7.1	6.6
PBV (x)	1.0	1.0	0.9	0.8	0.8
Div. Yield	4.7	6.8	6.9	6.6	7.0

Source: Company, KBVS Research

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