

Bank Negara Indonesia (BBNI IJ)

FUNDAMENTAL VIEW ¹

As of 17 Jun 2025

- Bank Negara Indonesia (BNI) is the fourth largest commercial bank in Indonesia by assets.
- The bank is majority-owned by the Indonesian government (60%) and receives strong state support in the form of well-established relationships with SOEs, an area that the bank heavily loans to.
- BNI's asset quality has shown a steady improvement after COVID headwinds in Indonesia, mainly driven by its corporate loan book. It has de-risked its loan portfolio by focusing growth on top tier private corporates.

RISKS & CATALYSTS

As of 17 Jun 2025

- Funding cost pressure from the tight liquidity environment remains a headwind, so NIM and loan growth will hence be a challenge this year.
- While Indonesia's growth is projected at a reasonable ~5% in 2025 and could pickup over the medium term under the Prabowo administration, shifting macro sentiment towards Indonesia over growth slowdown, weak state finances and policy uncertainty under the Prabowo administration could weigh on spreads.
- We see governance risks as increased with the move of SOE banks including BNI to Danantara; we expect the payout of higher dividends to fund policies of the current administration. However, we are comfortable with the CET1 ratio dropping over time to the 14-16% range of other APAC banks.
- Asset quality has trended better than peers due to its loan book and growth focus being predominantly on large corporates and safer retail. We see the probability of more state directed lending to projects that may not be the most commercially viable, but the effects would take a few years to play out.

CREDIT QUALITY SCORE (CQS) ²

As of 27 Jun 2025

CURRENT CQS

55

CQS OUTLOOK ³

NO OUTLOOK

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 17 Jun 2025

IDR BN	FY21	FY22	FY23	FY24	1Q25
PPP ROA	3.35%	3.42%	3.32%	3.10%	2.86%
ROA	1.2%	1.8%	2.0%	1.9%	1.9%
ROE	9.9%	15.0%	15.2%	13.9%	13.2%
Equity/Assets	12.07%	12.32%	13.61%	14.18%	14.48%
CET1 Ratio	17.4%	17.5%	20.2%	18.9%	19.7%
NPL Ratio	3.70%	2.81%	2.14%	1.97%	1.96%
Provisions/Average Loans	3.23%	1.83%	1.41%	1.08%	0.84%
LDR	79.9%	84.0%	85.7%	96.3%	93.4%

BUSINESS DESCRIPTION

As of 17 Jun 2025

- Bank Negara Indonesia was founded in 1946, initially as a central bank, before becoming a commercial bank in 1968. It is now the 4th largest commercial bank in Indonesia by assets.
- The bank is majority-owned by the state (60%) and focuses its lending toward SOEs and domestic corporates.
- BNI's loan book is split 57% corporates, 22% small and medium enterprises and 19% retail, with the remaining coming from its subsidiaries at March 2025.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

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