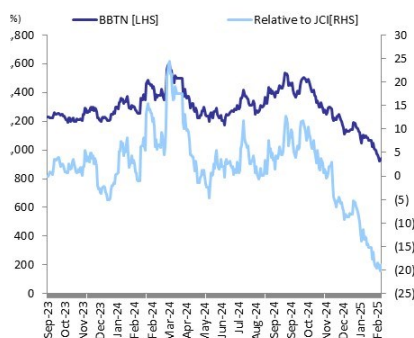


Buy

(Maintained)

Last Price (Rp)	940
Target Price (Rp)	1,100
Previous Target Price (Rp)	1,400
Upside/Downside	+17.0%
No. of Shares (mn)	10,590
Mkt Cap (Rpbn/US\$mn)	9,955/609
Avg, Daily T/O (Rpbn/US\$mn)	37.0/2.3
Free Float (%)	39.8
Major Shareholder (%)	
Government of Indonesia	60.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	209.2 224.1 249.9
Consensus	253.7 290.6 311.0
BRIDS/Cons (%)	(17.5) (22.9) (19.6)

BBTN relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Victor Stefano

(62-21) 5091 4100 ext. 3503

victor.stefano@brids.co.id

Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507

naura.muchlis@brids.co.id

Bank Tabungan Negara (BBTN IJ)

FY24 Results: missing estimates on lower NIM and persistent higher operating costs

- BBTN reported net profit of Rp3.0tr (-14% yoy) in FY24, missing our and consensus' estimate on lower NIM and higher CIR.
- BBTN's 4Q24 net profit of Rp92bn (+59% yoy, -22% qoq) was boosted by a strong recovery income, but opex remained elevated.
- We lowered our FY25-26F est. by 12-8% on higher CoC projection. Maintain Buy rating for BBTN with a lower TP of Rp1,100.

Missed FY24 NP estimate due to lower NIM and higher opex

BBTN reported a net profit of Rp3.0tr (-14% yoy) in FY24, missing our estimate (93% of FY24F) and consensus (95%). The FY24 performance was pressured by a lower NIM at 2.7% (-79bps yoy) and higher opex (+12% yoy), driving the CIR up to 64% (FY23: 52%) despite higher non-interest income. Recovery income was a bright spot, growing 40% yoy to Rp4.6tr (+18% yoy). CoC remained low at 0.6% (FY23: 1.2%), but NPL coverage weakened to 115%, with rising NPLs from mortgages, as the NPL ratio increased to 3.2% (FY23: 3.0%).

4Q24 net profit boosted by strong recover income

BBTN posted a 4Q24 net profit of Rp92bn (+59% qoq, -22% yoy), driven by strong recovery income, which surged 10x qoq to Rp795bn (+80% yoy), while opex remained high (+12% qoq, +4% yoy). Loan growth was modest at +1% qoq (+7% yoy) to Rp357tr, while deposit growth of +3% qoq (+9% yoy) lowered the LDR to 94% (3Q24: 96%). Funding costs rose in Dec24, with CoD increasing to 4.1% (Nov24: 3.9%) due to higher TD costs. A bulk asset sale of Rp1.3tr in Tranche 2 reduced the NPL ratio by 28bps, though without it, the NPL ratio would have been 3.4%.

FY25 guidance: moderate loan growth with improvement in NIM

BBTN is targeting loan growth of 7-8% (FY24: 7.3%) and expects NIM to improve to 3.2-3.4% (FY24: 2.7%). BBTN expects CoC to rise to 1.0-1.1% (FY24: 0.6%), expects NPL to fall below 3.0% (FY24: 3.2%), and CIR to improve to 52-54% (FY24: 57%). The bank plans another bulk asset sale of Rp1.1tr in FY25 and expects the Sharia bank spin-off to be fully operational by Oct25. Management also awaits clarity on the updated FLPP scheme. We lowered our FY25-26F est. by 12-8% to reflect higher CoC projections.

Maintain Buy with a lower TP of Rp1,100

We reiterate our Buy rating while lowering the TP to Rp1,100, reflecting our revised forecasts, including a change in CoC projection. This valuation, based on GGM, uses a 15.6% CoE (from 15.5% avg. prev.) and an 8.7% FY25F ROE (from 9.7% prev.), implying an FV PBV of 0.5x. Key risks to our call include BBTN's ability to increase its FLPP lending rate, mitigate CoF pressures to support NIM, and maintain loan quality amid higher loan growth.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	8,304	5,806	7,338	8,948	10,052
Net profit (Rpbn)	3,501	3,007	2,936	3,145	3,508
EPS (Rp)	284.4	214.3	209.2	224.1	249.9
EPS growth (%)	(1.1)	(24.6)	(2.4)	7.1	11.5
BVPS (Rp)	2,475.5	2,320.9	2,498.7	2,689.1	2,901.6
PER (x)	3.3	4.4	4.5	4.2	3.8
PBV (x)	0.4	0.4	0.4	0.3	0.3
Dividend yield (%)	6.1	4.6	4.5	4.8	5.3
ROAE (%)	12.4	9.5	8.7	8.6	8.9

Source: BBTN, BRIDS Estimates

Exhibit 1. BBTN's FY24 earnings summary

BBTN - Financial (Rpbn)	4Q23	3Q24	4Q24	qoq, %	yoy, %	2023	2024	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	7,416	7,398	7,178	-3%	-3%	28,281	29,542	4%	30,298	29,991	98%	99%
Interest expense	3,999	4,593	4,411	-4%	10%	14,851	18,049	22%	18,057	17,387	100%	104%
Net interest income	3,417	2,805	2,766	-1%	-19%	13,430	11,493	-14%	12,241	12,604	94%	91%
Other operating income	1,554	766	1,852	142%	19%	3,891	4,576	18%	3,445	3,957	133%	116%
Operating expenses	2,648	2,461	2,763	12%	4%	9,017	10,263	14%	10,143		101%	n/a
PPOP	2,324	1,109	1,855	67%	-20%	8,304	5,806	-30%	6,271		93%	n/a
Provision	827	380	676	78%	-18%	3,764	1,981	-47%	2,159	2,683	92%	74%
Operating Profit	1,497	730	1,179	62%	-21%	4,540	3,825	-16%	4,112	4,077	93%	94%
Net profit	1,188	581	925	59%	-22%	3,501	3,007	-14%	3,222	3,164	93%	95%
Loans	333,698	356,064	357,973	1%	7%	333,698	357,973	7%	367,723		97%	n/a
Customer deposits	349,584	370,580	381,654	3%	9%	349,584	381,654	9%	392,034	385,498	97%	99%
Key Ratio												
				qoq, bps	yoy, bps			yoy, bps				
EA yield yield (%) - ann	7.5	7.0	6.7	↓ (26)	↓ (77)	7.4	7.0	↓ (40)				
Cost of fund (%) - ann	4.1	4.4	4.2	↑ (24)	↓ 2	4.0	4.3	↓ 34				
NIM (%) - ann	3.5	2.8	2.7	↓ (5)	↓ (79)	3.5	2.7	↓ (79)				
CIR (%) - ann	53.3	68.9	59.8	↑ (910)	↓ 657	52.1	63.9	↓ 1,181				
Cost of credit (%) - ann	1.0	0.4	0.8	↓ 33	↑ (26)	1.2	0.6	↑ (64)				
ROE (%) - ann	16.0	7.4	11.5	↑ 409	↓ (451)	12.4	9.6	↓ (278)				
CASA ratio (%)	53.7	51.0	54.1	↑ 310	↑ 40							
LDR (%)	95.5	96.1	93.8	↑ (229)	↑ (166)							
NPL ratio (%)	3.0	3.2	3.2	↑ (8)	↓ 15							
LaR ratio (%)	18.9	19.3	18.2	↑ (109)	↑ (69)							

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. BBTN's Changes in Forecast

BBTN - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%
Net Interest Income (Rpbn)	14,055	12,699	(9.65)	15,362	15,274	(0.57)
PPOP (Rpbn)	7,326	7,338	0.17	7,919	8,948	12.99
Net profit (Rpbn)	3,350	2,936	(12.37)	3,449	3,145	(8.83)
BVPS (Rp)	2,570	2,499	(2.77)	2,779	2,689	(3.23)
Gross Loans (Rpbn)	415,354	392,370	(5.53)	466,122	432,723	(7.17)
Customer Deposits (Rpbn)	440,652	417,453	(5.26)	492,875	454,871	(7.71)
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	2.9	2.9	(4)	2.8	3.2	39
Gross NPL Ratio	3.0	3.2	23	3.1	3.2	6
Cost/Income Ratio	60.6	59.0	(160)	60.8	56.8	(394)
Cost of Credit	0.8	1.0	18	0.8	1.2	40
ROAE	9.7	8.7	(99)	9.2	8.6	(55)

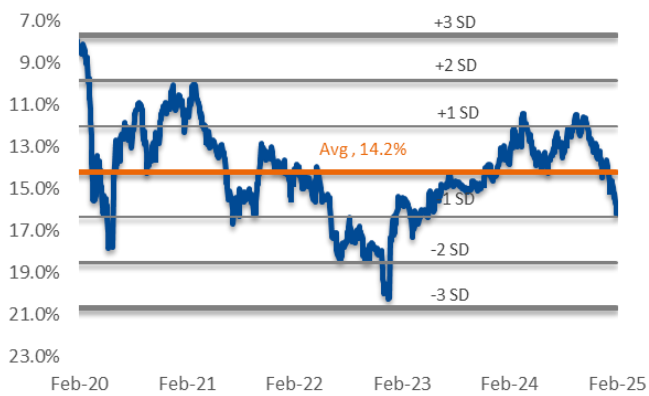
Source: Company, BRIDS Estimates

Exhibit 3. BBTN's Valuation

Gordon Growth Valuation with Inverse Cost of Equity	
Parameters:	Remarks:
Cost of equity (%) - Mean	14.6 5-Year average
Cost of equity (%) - SD	2.1 5-Year average
SD used	(0.5)
Cost of equity (%) used	15.6
Long-term growth (%)	3.0 Long-term GDP growth
Forward ROE (%)	8.7 FY25F ROAE
Fair value P/BV (x)	0.5 (ROAE - g) / (COC - g)
BV/share (IDR)	2,499 FY25F Book value per share
Fair value (IDR)	1,100 Fair value P/BV multiple x BVPS

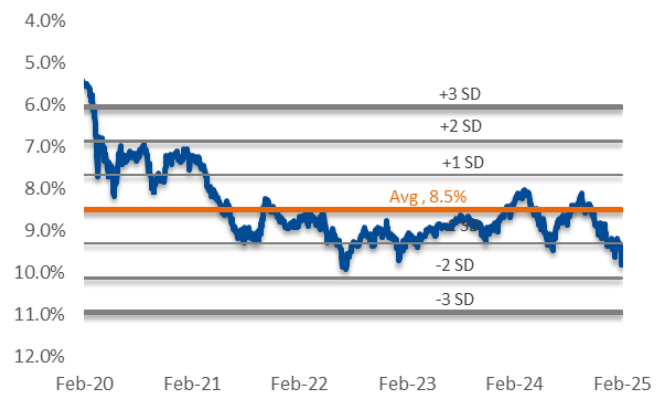
Source: Company, BRIDS Estimates

Exhibit 4. BBTN's cost of equity band chart (5-year)



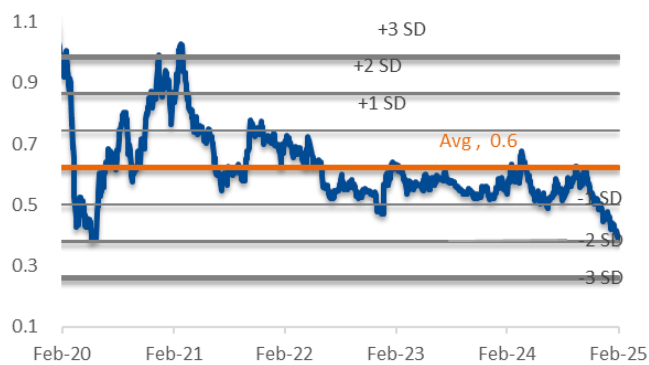
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 5. Sector's cost of equity band chart (5-year)



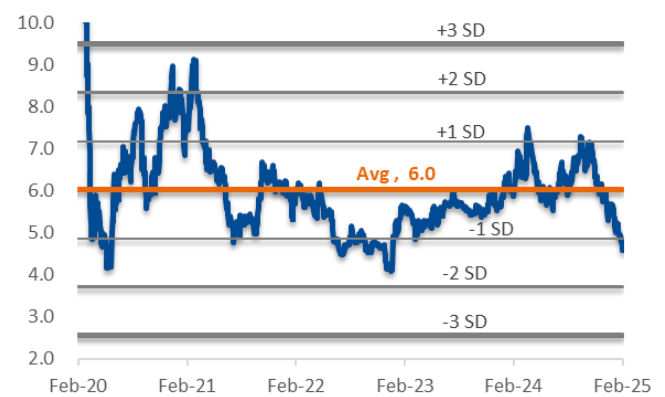
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. BBTN's P/BV band chart (5-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. BBTN's P/E band chart (5-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	28,281	29,542	33,128	36,118	39,653
Interest Expense	(14,851)	(18,049)	(20,429)	(20,844)	(22,533)
Net Interest Income	13,430	11,493	12,699	15,274	17,120
Non-Interest Income (NII)	3,341	3,564	3,889	4,145	4,390
Oper. Income	16,772	15,056	16,589	19,419	21,510
Oper. Expenses	(9,012)	(10,222)	(10,557)	(11,778)	(12,765)
Pre-provisions profit	8,304	5,806	7,338	8,948	10,052
Provisions & Allowances	(3,764)	(1,981)	(3,603)	(4,951)	(5,600)
Operating Profits	4,540	3,825	3,735	3,997	4,452
Non-Operating Income	(160)	(52)	(52)	(52)	(52)
Exceptionals	0	0	0	0	0
Pre-tax Profit	4,380	3,773	3,683	3,945	4,400
Income Tax	(879)	(766)	(747)	(800)	(893)
Minorities	0	0	0	0	0
Net Profit	3,501	3,007	2,936	3,145	3,508

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	333,698	357,973	392,370	432,723	477,790
Provisions	(15,592)	(13,057)	(15,947)	(17,725)	(20,081)
Net Loans	318,106	344,916	376,423	414,998	457,709
Govt. Bonds	35,894	35,476	35,062	34,653	34,249
Securities	5,283	25,363	24,210	24,694	25,188
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	408,191	430,640	456,538	494,738	539,209
Fixed Assets	12,954	14,060	15,796	17,580	19,412
Non-Earnings Assets	14,762	15,724	16,750	17,842	19,005
Total Assets	438,750	469,615	512,825	552,981	597,745
Customer Deposits	349,584	381,654	417,453	454,871	496,500
Banks Deposits	115	101	90	79	70
Int. Bearing Liab. - Others	4	3	0	0	0
Total Liabilities	408,271	437,043	477,758	515,240	557,024
Share capital & Reserves	13,640	13,426	13,426	13,426	13,426
Retained Earnings	16,839	19,146	21,642	24,315	27,296
Shareholders' Funds	30,479	32,572	35,067	37,740	40,722
Minority interests	0	0	0	0	0
Total Equity & Liabilities	438,750	469,615	512,825	552,981	597,745

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	7.3	7.0	7.5	7.6	7.7
Cost of funds	3.8	4.3	4.5	4.2	4.2
Interest Spread	3.4	2.7	3.0	3.4	3.4
Net Interest Margin	3.5	2.7	2.9	3.2	3.3
Cost/Income Ratio	52.0	63.8	59.0	56.8	55.9
Oper. Exp./Oper. Gross Inc.	85.9	88.8	90.3	90.4	90.2
Gross NPL Ratio	3.0	3.2	3.2	3.2	3.2
LLP/Gross NPL	155.2	115.4	127.0	129.7	133.0
Cost of Credit	1.2	0.6	1.0	1.2	1.2
Loan to Deposit Ratio	95.5	93.8	94.0	95.1	96.2
Loan to Funding Ratio	93.2	92.5	92.2	93.4	94.7
CASA Mix	53.8	54.1	54.3	54.6	54.9
ROAE	12.4	9.5	8.7	8.6	8.9
ROAA	0.8	0.7	0.6	0.6	0.6
CAR	19.7	17.7	17.4	17.1	0.0

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	1.0	0.8	0.7	0.7	0.8
Tax Retention rate	79.9	79.7	79.7	79.7	79.7
Post-Tax ROAA	0.8	0.7	0.6	0.6	0.6
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	14.9	14.4	14.5	14.6	14.7
ROAE	12.4	9.5	8.7	8.6	8.9
Growth (%)					
Interest income	9.2	4.5	12.1	9.0	9.8
Net Interest Income	(10.4)	(14.4)	10.5	20.3	12.1
Other Oper. Expenses	1.6	13.4	3.3	11.6	8.4
Fee Based Income	13.6	(2.2)	18.8	9.8	7.7
Pre-Provision Oper. Profit	6.0	(30.1)	26.4	21.9	12.3
Net Profit	15.0	(14.1)	(2.4)	7.1	11.5
Shareholders' Equity	17.6	6.9	7.7	7.6	7.9
Loan	11.9	7.3	9.6	10.3	10.4
Earnings Asset	10.8	5.5	6.0	8.4	9.0
Deposit	8.6	9.2	9.4	9.0	9.1
Int. Bearing Liab.	9.9	7.3	9.4	7.9	8.1
CASA	20.4	9.8	9.9	9.5	9.7
Total Asset	9.1	7.0	9.2	7.8	8.1

Source: BBTN, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement, Infrastructure	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Kafi Ananta Azhari	Research Associate	kafi.ananta@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrlicch Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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