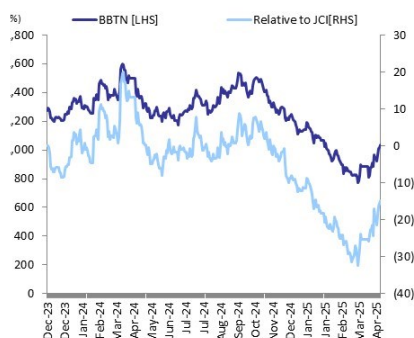


Buy

(Maintained)

Last Price (Rp)	940
Target Price (Rp)	1,400
Previous Target Price (Rp)	1,100
Upside/Downside	+35.3%
No. of Shares (mn)	10,590
Mkt Cap (Rpbn/US\$mn)	10,961/651
Avg, Daily T/O (Rpbn/US\$mn)	32.6/1.9
Free Float (%)	39.8
Major Shareholder (%)	
Government of Indonesia	60.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	237.3 251.7 267.3
Consensus	224.6 271.6 276.8
BRIDS/Cons (%)	5.6 (7.3) (3.5)

BBTN relative to JCI Index



Source: Bloomberg

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Bank Tabungan Negara (BBTN IJ)

1Q25 Results: One-off Earnings Remedy from Changes in Accounting Treatment

- BBTN reported a robust 1Q25 net profit of Rp904bn, forming 31% of our and 29% of consensus' FY25F earnings driven by accounting changes.
- NPL ratio continued to rise to 3.3%, with coverage dropping to 105%, as the non-subsidised mortgage NPL rose to 4.9% in 1Q25.
- Maintain BUY with a higher TP of Rp1,400, reflecting higher ROE due to the accounting changes.

Strong 1Q25 net profit boosted by new accounting treatment

BBTN reported a robust net profit of Rp904bn (+5% yoy) in 1Q25, forming 31%/29% of our/cons estimates (above), while only recording Rp252bn in 2M25. The profit boost was largely driven by a change in accounting standards for tiered mortgage rates, allowing BBTN to recognize higher interest income earlier. According to the management, the bank has ~Rp30tr in such loans, which contribute to ~Rp700bn in interest income in 1Q25 and ~Rp2-3tr for FY25F. NIM improved to 3.6%, supported by the new accounting treatment and slightly reduced cost of deposits (4.05%) due to a lower contribution from large institutional clients and fewer working days.

NPL trending higher but more room for higher CoC

Loan growth of 5% yoy was mainly driven by mortgages and corporate lending but lagged deposit growth (8% yoy), causing LDR to dip to 94%. Asset quality slightly deteriorated with NPL rising to 3.3%, particularly from non-subsidized mortgages (from 3.7% in 4Q24 to 4.9% in 1Q25), though offset somewhat by improved non-housing NPLs. NPL coverage dropped to 105%, but management expects it to climb to 135% by year-end. Furthermore, despite the gain, the change in accounting treatment allowed CoC to increase to 1.1%, still within the management's FY25 target range of 1.0–1.1%.

Unchanged fundamentals but one-time remedy for earnings

The change in accounting treatment does not affect business operations and cashflow. Nonetheless, earlier recognition of higher interest rate changes will result in higher earnings and hence earnings growth during the year it occurs, because there is no restatement in the previous year and comparable treatment in the following year.

Maintain Buy with a higher TP of Rp1,400

We reiterate our Buy rating while raising the TP to Rp1,400, reflecting our revised forecasts. Our GGM-based valuation now assumes 15.5% CoE (from 15.6% avg. prev.) and a 9.8% FY25F ROE (from 8.7% prev.), translating to FV PBV of 0.5x. Key risks to our call include BBTN's ability to mitigate CoF pressures to support NIM, and loan quality deterioration.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	8,304	5,806	8,027	9,166	9,876
Net profit (Rpbn)	3,501	3,007	3,330	3,533	3,751
EPS (Rp)	284.4	214.3	237.3	251.7	267.3
EPS growth (%)	(1.1)	(24.6)	10.7	6.1	6.2
BVPS (Rp)	2,475.5	2,320.9	2,498.8	2,687.6	2,888.1
PER (x)	3.6	4.8	4.4	4.1	3.9
PBV (x)	0.4	0.4	0.4	0.4	0.4
Dividend yield (%)	5.5	5.2	5.7	6.1	6.5
ROAE (%)	12.4	9.5	9.8	9.7	9.6

Source: BBTN, BRIDS Estimates

Exhibit 1. BBTN's 1Q25 earnings summary

BBTN - Financial (Rpbn)	1Q24	4Q24	1Q25	qoq, %	yoy, %	1Q24	1Q25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	7,690	7,178	8,210	14%	7%	7,690	8,210	7%	33,128		25%	n/a
Interest expense	4,494	4,411	4,433	0%	-1%	4,494	4,433	-1%	20,429		22%	n/a
Net interest income	3,196	2,766	3,777	37%	18%	3,196	3,777	18%	12,699	12,942	30%	29%
Other operating income	967	1,852	923	-50%	-4%	967	923	-4%	3,889	4,733	24%	20%
Operating expenses	2,394	2,763	2,678	-3%	12%	2,394	2,678	12%	10,557		25%	n/a
PPOP	1,768	1,855	2,023	9%	14%	1,768	2,023	14%	7,338		28%	n/a
Provision	616	676	971	44%	58%	616	971	58%	3,603	3,277	27%	30%
Operating Profit	1,152	1,179	1,052	-11%	-9%	1,152	1,052	-9%	3,735	3,796	28%	28%
Net profit	860	925	904	-2%	5%	860	904	5%	2,936	3,119	31%	29%
Loans	344,244	357,973	363,112	1%	5%	344,244	363,112	5%	392,370	385,479	93%	94%
Customer deposits	357,142	381,654	384,381	1%	8%	357,142	384,381	8%	417,453	411,334	92%	93%
Key Ratio												
				qoq, bps	yoy, bps			yoy, bps				
EA yield yield (%) - ann	7.4	6.7	7.6	87	12	7.4	7.6	12				
Cost of fund (%) - ann	4.4	4.2	4.1	(3)	(28)	4.4	4.1	(28)				
NIM (%) - ann	3.1	2.7	3.5	75	39	3.1	3.5	39				
CIR (%) - ann	57.5	59.8	57.0	(286)	(55)	57.5	57.0	(55)				
Cost of credit (%) - ann	0.7	0.8	1.1	32	35	0.7	1.1	35				
ROE (%) - ann	11.3	11.5	10.9	(52)	(34)	11.3	10.9	(34)				
CASA ratio (%)	49.9	54.1	51.1	(300)	120							
LDR (%)	96.4	93.8	94.5	67	(192)							
NPL ratio (%)	3.0	3.2	3.3	13	29							
LaR ratio (%)	19.3	18.2	19.6	137	24							

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)	12,699	13,885	9.34	15,274	15,791	3.38
PPOP (Rpbn)	7,338	8,027	9.38	8,948	9,166	2.44
Net profit (Rpbn)	2,936	3,330	13.42	3,145	3,533	12.34
BVPS (Rp)	2,478	2,499	0.85	2,646	2,688	1.58
Gross Loans (Rpbn)	392,370	389,119	(0.83)	432,723	425,161	(1.75)
Customer Deposits (Rpbn)	417,453	417,453	-	454,871	454,871	-
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	2.9	3.1	28	3.2	3.4	15
Gross NPL Ratio	3.2	3.2	0	3.2	3.2	(0)
Cost/Income Ratio	59.0	57.6	(143)	56.8	56.5	(36)
Cost of Credit	1.0	1.0	6	1.2	1.2	(5)
ROAE	8.7	9.8	113	8.7	9.7	96

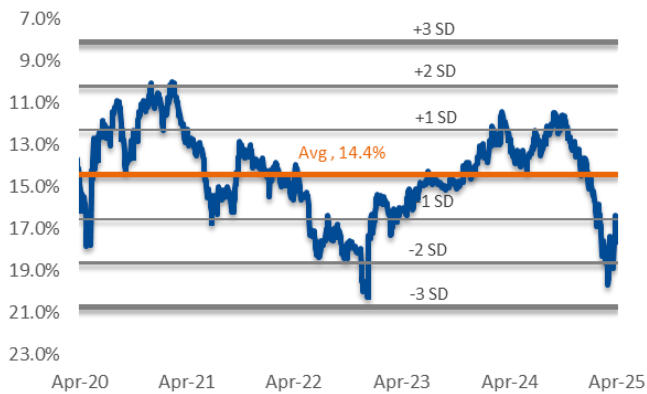
Source: Company, BRIDS Estimates

Exhibit 3. BBTN's Valuation

Gordon Growth Valuation with Inverse Cost of Equity	
Parameters:	Remarks:
Cost of equity (%) - Mean	14.4 5-Year average
Cost of equity (%) - SD	2.1 5-Year average
SD used	(0.5)
Cost of equity (%) used	15.5
Long-term growth (%)	3.0 Long-term GDP growth
Forward ROE (%)	9.8 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)	1,400 Fair value P/BV multiple x BVPS

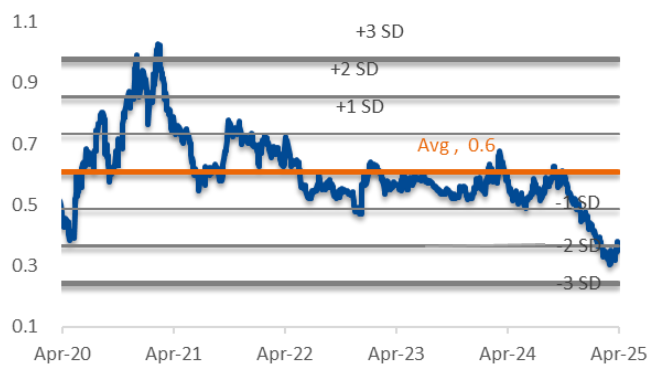
Source: Company, BRIDS Estimates

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



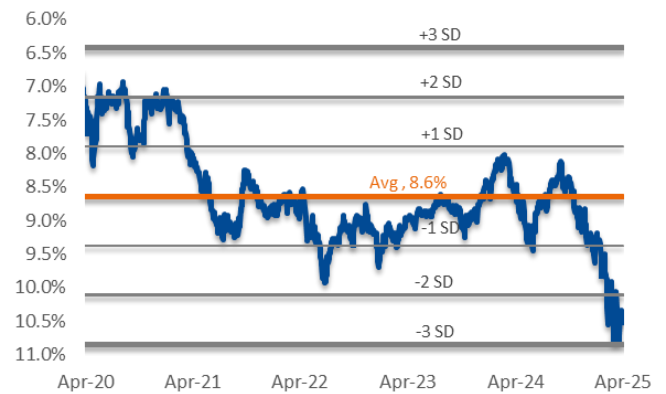
Source: Company, Bloomberg, BRIDS Estimates

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



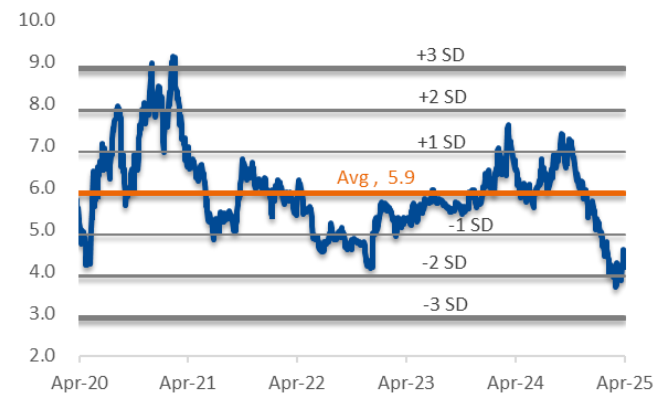
Source: Company, Bloomberg, BRIDS Estimates

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



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 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	33,327	35,616	38,465
Interest Expense	(14,851)	(18,049)	(19,442)	(19,825)	(21,415)
Net Interest Income	13,430	11,493	13,885	15,791	17,050
Non-Interest Income (NII)	3,341	3,564	3,723	3,957	4,207
Oper. Income	16,772	15,056	17,608	19,748	21,258
Oper. Expenses	(9,012)	(10,222)	(10,889)	(11,888)	(12,688)
Pre-provisions profit	8,304	5,806	8,027	9,166	9,876
Provisions & Allowances	(3,764)	(1,981)	(3,797)	(4,682)	(5,118)
Operating Profits	4,540	3,825	4,229	4,484	4,758
Non-Operating Income	(160)	(52)	(52)	(52)	(52)
Exceptionals	0	0	0	0	0
Pre-tax Profit	4,380	3,773	4,177	4,432	4,706
Income Tax	(879)	(766)	(848)	(899)	(955)
Minorities	0	0	0	0	0
Net Profit	3,501	3,007	3,330	3,533	3,751

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	333,698	357,973	389,119	425,161	464,982
Provisions	(15,592)	(13,057)	(15,856)	(17,501)	(19,676)
Net Loans	318,106	344,916	373,263	407,660	445,306
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	453,278	487,157	526,368
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	512,819	552,939	597,522
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	477,749	515,220	556,990
Share capital & Reserves	13,640	13,426	13,426	13,426	13,426
Retained Earnings	16,839	19,146	21,643	24,293	27,107
Shareholders' Funds	30,479	32,572	35,069	37,719	40,532
Minority interests	0	0	0	0	0
Total Equity & Liabilities	438,750	469,615	512,819	552,939	597,522

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	7.6
Cost of funds	3.8	4.3	4.3	4.0	4.0
Interest Spread	3.4	2.7	3.3	3.6	3.6
Net Interest Margin	3.5	2.7	3.1	3.4	3.4
Cost/Income Ratio	52.0	63.8	57.6	56.5	56.2
Oper. Exp./Oper. Gross Inc.	85.9	88.8	89.0	89.0	89.2
Gross NPL Ratio	3.0	3.2	3.2	3.2	3.2
LLP/Gross NPL	155.2	115.4	127.3	130.3	133.9
Cost of Credit	1.2	0.6	1.0	1.2	1.2
Loan to Deposit Ratio	95.5	93.8	93.2	93.5	93.7
Loan to Funding Ratio	93.2	92.5	91.4	91.8	92.1
CASA Mix	53.8	54.1	54.3	54.6	54.9
ROAE	12.4	9.5	9.8	9.7	9.6
ROAA	0.8	0.7	0.7	0.7	0.7
CAR	19.7	17.7	17.4	17.2	0.0

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	1.0	0.8	0.9	0.8	0.8
Tax Retention rate	79.9	79.7	79.7	79.7	79.7
Post-Tax ROAA	0.8	0.7	0.7	0.7	0.7
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	9.8	9.7	9.6
Growth (%)					
Interest income	9.2	4.5	12.8	6.9	8.0
Net Interest Income	(10.4)	(14.4)	20.8	13.7	8.0
Other Oper. Expenses	1.6	13.4	6.5	9.2	6.7
Fee Based Income	13.6	(2.2)	3.3	9.3	9.4
Pre-Provision Oper. Profit	6.0	(30.1)	38.2	14.2	7.7
Net Profit	15.0	(14.1)	10.7	6.1	6.2
Shareholders' Equity	17.6	6.9	7.7	7.6	7.5
Loan	11.9	7.3	8.7	9.3	9.4
Earnings Asset	10.8	5.5	5.3	7.5	8.0
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

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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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