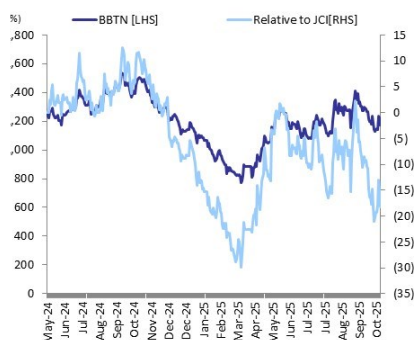


Buy

(Upgraded)

Last Price (Rp)	1,205
Target Price (Rp)	1,400
Previous Target Price (Rp)	1,400
Upside/Downside	+16.2%
No. of Shares (mn)	14,034
Mkt Cap (Rpbn/US\$mn)	16,912/1,019
Avg, Daily T/O (Rpbn/US\$mn)	46.8/2.8
Free Float (%)	39.8
Major Shareholder (%)	
Government of Indonesia	60.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	224.2 213.4 221.9
Consensus	244.4 257.7 275.1
BRIDS/Cons (%)	(8.3) (17.2) (19.3)

BBTN relative to JCI Index



Source: Bloomberg

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Bank Tabungan Negara (BBTN IJ)

3Q25 Earnings Miss Amid Higher Opex and Credit Costs; Upgrade to Buy on Valuation

- BBTN booked Rp2.3tr (+11% yoy) net profit in 9M25, below at 68%/69% of our/cons FY25F as CoC tripled offsetting the 100bps higher NIM.
- BBTN posted a weak 3Q25 result, with a net profit of Rp596bn (-26% qoq, +3% yoy), as CoC doubled yoy and quarterly opex hit record high.
- We maintain TP of Rp1,400 and upgrade rating to Buy, as the share price has dropped 7.3% since our latest rating downgrade.

9M25: Earnings boosted by NIM expansion but hit by high CoC

For 9M25, BBTN booked Rp2.3tr net profit, up 11% yoy but still below expectation at 68%/69% of our/cons FY25F. PPOP surged 83% yoy on accounting-related NIM expansion (+101bps yoy to 3.8%), while CoC tripled to 1.6%. NPL ratio rose to 3.4%, led by non-subsidized mortgages in Eastern Jakarta, though wholesale loan quality improved. Loan grew by 7% yoy, driven by corporate (+27%) and subsidized housing (+8%) segments, while deposits grew 16% yoy, supported by SAL placement. Corporate disbursement was strong at Rp18tr (+135% yoy) with near-zero NPL contribution.

3Q25: Weak quarter as higher costs offset robust yield

BBTN posted a weak 3Q25 result, with a net profit of Rp596bn (-26% qoq, +3% yoy), as strong asset yields were offset by higher CoC. NIM normalized to 3.0% from the one-off 2Q25 high, while funding cost remained elevated at 4.1% despite a modest improvement. Operating expenses rose 13% qoq and 23% yoy to Rp3.0tr, driven by higher G&A, rent, and consulting fees. CoC eased to 0.9% from the abnormally high 2Q25 level of 2.9%, as the one-off accounting impact subsided.

Outlook: NIM recovery expected but asset quality risks persist

Management expects NIM to improve in FY26F, supported by high-yield KPP loans and declining CoF. Loan growth is guided at 10–11% in FY26F, excluding ~Rp113tr KPP additions. Credit cost is projected to moderate to 1.0–1.1% in FY26F from 1.6–1.7% in FY25F. However, asset quality risks remain, particularly in non-subsidized mortgages and rapid corporate expansion. We revised our FY25/26 net profit assumptions by -7.1%/3.3% reflecting our higher NIM assumptions (+27bps/+24bps) and higher CoC (+36bps/+12bps).

Upgrade rating to Buy with an unchanged TP of Rp1,400

We upgraded our rating to Buy as the share price has declined 7.3% since our last downgrade. We maintain our TP at Rp1,400 based on GGM valuation, with 14.4% CoE (5-year mean) from 15.5% prev. and 9.3% FY25F ROE from 10.0% prev., implying an FV PBV of 0.6x. Key risks to our call are deterioration asset quality in wholesale segment and stagnated CoF.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	8,304	5,806	9,744	9,170	9,537
Net profit (Rpbn)	3,501	3,007	3,146	2,995	3,115
EPS (Rp)	284.4	214.3	224.2	213.4	221.9
EPS growth (%)	(1.1)	(24.6)	4.6	(4.8)	4.0
BVPS (Rp)	2,475.5	2,320.9	2,489.0	2,649.0	2,815.5
PER (x)	4.2	5.6	5.4	5.6	5.4
PBV (x)	0.5	0.5	0.5	0.5	0.4
Dividend yield (%)	4.7	4.4	4.7	4.4	4.6
ROAE (%)	12.4	9.5	9.3	8.3	8.1

Source: BBTN, BRIDS Estimates

Exhibit 1. BBTN's 3Q25 earnings summary

BBTN - Financial (Rpbn)	3Q24	2Q25	3Q25	qoq, %	yoy, %	9M24	9M25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	7,398	10,290	8,089	-21%	9%	22,364	26,589	19%	34,319		77%	n/a
Interest expense	4,593	4,819	4,729	-2%	3%	13,638	13,981	3%	19,142		73%	n/a
Net interest income	2,805	5,471	3,360	-39%	20%	8,726	12,608	44%	15,177	16,317	83%	77%
Other operating income	766	936	1,124	20%	47%	2,724	2,983	10%	3,092	4,151	96%	72%
Operating expenses	2,461	2,675	3,022	13%	23%	7,500	8,375	12%	10,222		82%	n/a
PPOP	1,109	3,732	1,462	-61%	32%	3,951	7,216	83%	8,937		81%	n/a
Provision	380	2,687	819	-70%	116%	1,305	4,476	243%	4,636	5,215	97%	86%
Operating Profit	730	1,045	643	-38%	-12%	2,646	2,740	4%	4,301	4,260	64%	64%
Net profit	581	803	596	-26%	3%	2,082	2,303	11%	3,387	3,339	68%	69%
Loans	356,064	376,110	381,030	1%	7%	356,064	381,030	7%	386,062		99%	n/a
Customer deposits	370,580	406,295	429,876	6%	16%	370,580	429,876	16%	417,453	413,457	103%	104%
Key Ratio												
				qoq, bps	yoy, bps			yoy, bps				
EA yield yield (%) - ann	7.0	9.2	7.1	↓ (212)	↑ 17	7.1	8.0	↑ 87				
Cost of fund (%) - ann	4.4	4.4	4.1	↑ (28)	↑ (27)	4.4	4.2	↑ (20)				
NIM (%) - ann	2.6	4.9	3.0	↓ (196)	↑ 32	2.8	3.8	↑ 101				
CIR (%) - ann	68.9	41.8	67.4	↓ 2,565	↑ (153)	65.5	53.7	↑ (1,178)				
Cost of credit (%) - ann	0.4	2.9	0.9	↑ (204)	↓ 44	0.5	1.6	↓ 111				
ROE (%) - ann	7.4	9.5	7.0	↓ (257)	↓ (41)	9.0	9.1	↑ 17				
CASA ratio (%)	51.0	49.1	47.2	↓ (190)	↓ (380)							
LDR (%)	96.1	92.6	88.6	↑ (393)	↑ (745)							
NPL ratio (%)	3.2	3.3	3.4	↓ 12	↓ 20							
LaR ratio (%)	19.3	19.2	19.8	↓ 63	↓ 49							

Source: Company, BRIDS Estimates, Bloomberg

Revised our FY25/26 earnings by -7/+3%

We revised our FY25/26 net profit assumptions by -7.1%/3.3% reflecting our higher NIM assumptions (+27bps/+24bps) and higher CoC (+36bps/+12bps). We also increased our opex assumption, but our new CIR is forecasted lower due to the higher Net Interest Income assumption.

Exhibit 2. BBTN's earnings revision summary

BBTN - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%
Net Interest Income (Rpbn)	15,177	16,185	6.6	15,088	16,090	6.6
PPOP (Rpbn)	8,937	9,744	9.0	8,516	9,170	7.7
Net profit (Rpbn)	3,387	3,146	(7.1)	2,899	2,995	3.3
BVPS (Rp)	2,502	2,489	(0.5)	2,657	2,649	(0.3)
Gross Loans (Rpbn)	386,062	386,062	0.0	423,824	423,824	0.0
Customer Deposits (Rpbn)	417,453	417,453	0.0	454,871	454,871	0.0
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	3.4	3.7	27	3.2	3.4	24
Gross NPL Ratio	3.3	3.3	4	3.3	3.3	0
Cost/Income Ratio	53.6	52.3	(134)	56.1	55.3	(76)
Cost of Credit	1.2	1.6	36	1.2	1.3	12
ROAE	10.0	9.3	(68)	8.0	8.3	31

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 3. BBTN's Valuation

Gordon Growth Valuation with Inverse Cost of Equity

Parameters:

Cost of equity (%) - Mean	14.4
Cost of equity (%) - SD	2.1
SD used	-
Cost of equity (%) used	14.4
Long-term growth (%)	3.0
Forward ROE (%)	9.3
Fair value P/BV (x)	0.6
BV/share (IDR)	2,489
Fair value (IDR)	1,400

Remarks:

5-Year average	14.4
5-Year average	2.1
	-
Long-term GDP growth	3.0
FY25F ROAE	9.3
(ROAE - g) / (COC - g)	0.6
FY25F Book value per share	2,489
Fair value P/BV multiple x BVPS	1,400

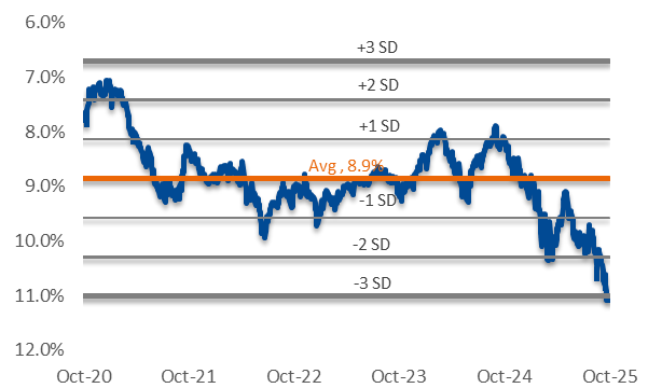
Source: Company, BRIDS Estimates

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



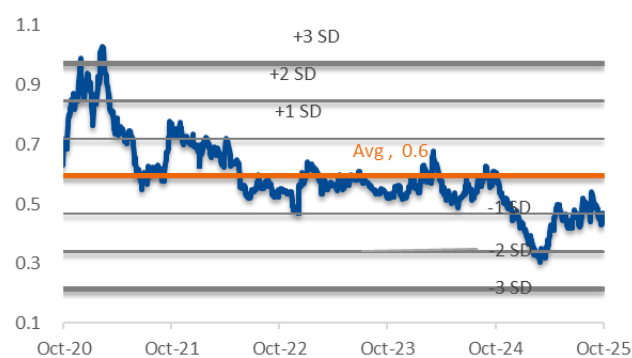
Source: Company, Bloomberg, BRIDS Estimates

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



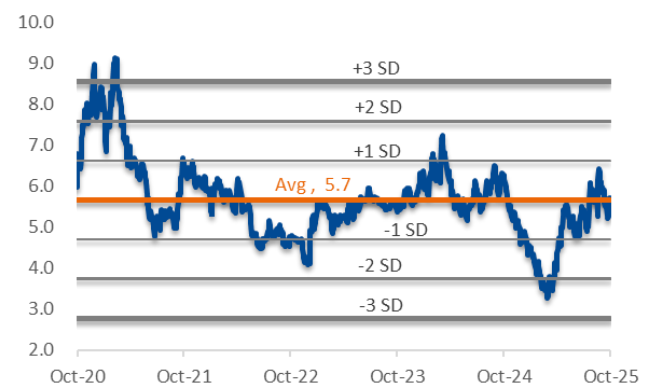
Source: Company, Bloomberg, BRIDS Estimates

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	34,626	34,917	37,253
Interest Expense	(14,851)	(18,049)	(18,442)	(18,827)	(20,379)
Net Interest Income	13,430	11,493	16,185	16,090	16,874
Non-Interest Income (NII)	3,341	3,564	3,216	3,430	3,653
Oper. Income	16,772	15,056	19,401	19,520	20,527
Oper. Expenses	(9,012)	(10,222)	(10,669)	(11,362)	(12,002)
Pre-provisions profit	8,304	5,806	9,744	9,170	9,537
Provisions & Allowances	(3,764)	(1,981)	(5,795)	(5,363)	(5,580)
Operating Profits	4,540	3,825	3,949	3,807	3,957
Non-Operating Income	(160)	(52)	(52)	(52)	(52)
Exceptionals	0	0	0	0	0
Pre-tax Profit	4,380	3,773	3,897	3,755	3,905
Income Tax	(879)	(766)	(751)	(760)	(790)
Minorities	0	0	0	0	0
Net Profit	3,501	3,007	3,146	2,995	3,115

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	333,698	357,973	386,062	423,824	463,173
Provisions	(15,592)	(13,057)	(16,045)	(17,782)	(19,993)
Net Loans	318,106	344,916	370,017	406,042	443,180
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	450,213	485,816	524,554
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	508,243	547,965	592,069
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	473,312	510,787	552,556
Share capital & Reserves	13,640	13,426	13,426	13,426	13,426
Retained Earnings	16,839	19,146	21,505	23,752	26,088
Shareholders' Funds	30,479	32,572	34,931	37,178	39,514
Minority interests	0	0	0	0	0
Total Equity & Liabilities	438,750	469,615	508,243	547,965	592,069

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	7.3	7.0	7.9	7.5	7.4
Cost of funds	3.8	4.3	4.1	3.8	3.9
Interest Spread	3.4	2.7	3.8	3.6	3.5
Net Interest Margin	3.5	2.7	3.7	3.4	3.3
Cost/Income Ratio	52.0	63.8	52.3	55.3	55.7
Oper. Exp./Oper. Gross Inc.	85.9	88.8	89.8	90.3	90.6
Gross NPL Ratio	3.0	3.2	3.3	3.3	3.3
LLP/Gross NPL	155.2	115.4	124.3	127.0	130.5
Cost of Credit	1.2	0.6	1.6	1.3	1.3
Loan to Deposit Ratio	95.5	93.8	92.5	93.2	93.3
Loan to Funding Ratio	93.2	92.5	90.7	91.5	91.8
CASA Mix	53.8	54.1	54.3	54.6	54.9
ROAE	12.4	9.5	9.3	8.3	8.1
ROAA	0.8	0.7	0.6	0.6	0.5
CAR	19.7	17.7	15.6	15.4	0.0

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	1.0	0.8	0.8	0.7	0.7
Tax Retention rate	79.9	79.7	80.7	79.8	79.8
Post-Tax ROAA	0.8	0.7	0.6	0.6	0.5
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	14.9	14.4	14.5	14.6	14.9
ROAE	12.4	9.5	9.3	8.3	8.1
Growth (%)					
Interest income	9.2	4.5	17.2	0.8	6.7
Net Interest Income	(10.4)	(14.4)	40.8	(0.6)	4.9
Other Oper. Expenses	1.6	13.4	4.4	6.5	5.6
Fee Based Income	13.6	(2.2)	2.5	9.8	9.3
Pre-Provision Oper. Profit	6.0	(30.1)	67.8	(5.9)	4.0
Net Profit	15.0	(14.1)	4.6	(4.8)	4.0
Shareholders' Equity	17.6	6.9	7.2	6.4	6.3
Loan	11.9	7.3	7.8	9.8	9.3
Earnings Asset	10.8	5.5	4.5	7.9	8.0
Deposit	8.6	9.2	9.4	9.0	9.1
Int. Bearing Liab.	9.9	7.3	8.4	7.9	8.2
CASA	20.4	9.8	9.9	9.5	9.7
Total Asset	9.1	7.0	8.2	7.8	8.0

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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