

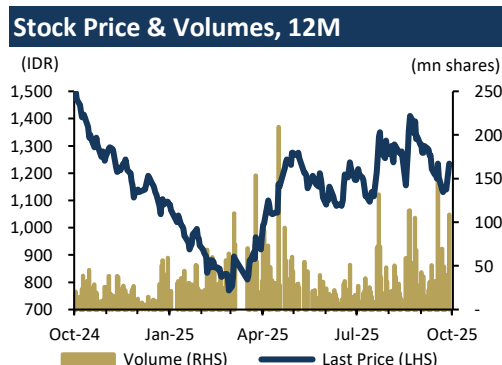
BUY (Maintained)

Target Price (IDR)	1,600
Potential Upside (%)	33.9

Company Data	
Cons. Target Price (IDR)	1,335
SSI vs. Cons (%)	119.9

Stock Information	
Last Price (IDR)	1,195
Market Cap. (IDR bn)	14,034
52-Weeks High/Low (IDR)	1,505/755
3M Avg. Daily Value (IDR bn)	30.9
Free Float (%)	39.8
Shareholders (%):	
Government	60.0
Public & Others	40.0

Stock Performance					
(%)	YTD	1M	3M	12M	
Absolute	4.8	(0.3)	(5.5)	(12.3)	
JCI Return	16.9	1.6	10.6	6.0	
Relative	(12.1)	(1.9)	(16.0)	(18.3)	



Company Background

PT Bank Tabungan Negara, Indonesia's leading mortgage bank with a legacy spanning over 125 years, holds the nation's largest housing loan portfolio. BBTN plays a key role in government housing programs by financing affordable, eco-friendly homes for underserved and informal communities through integrated digital ecosystem.

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Better Results to Come on Lower Rates

3Q25 Net profit -25.6% QoQ, +2.9% YoY; NIM down to 3.9% (2Q25: 4.4%). In 3Q25, BBTN posted consolidated net profit of IDR 597 bn (-25.6% QoQ, +2.9% YoY), bringing 9M25 earnings to IDR 2.3tn (+10.6% YoY), in-line with our forecast (74.1% of FY25F target) but below consensus (69.0%). The bank's performance was largely driven by strong 43.5% YoY increase in net interest income (NII) to IDR 12.7 tn, supported by 7% YoY loan growth—driven by 8.0% YoY rise in subsidized mortgages (IDR 186.6 tn) and robust 10.7% YoY expansion in non-housing loans, with corporate loans up 27.5% YoY. Liquidity improved significantly, as reflected in the drop in LDR to 88.6% (the lowest in three years) on the back of IDR 25 tn Ministry of Finance fund injection (6.2% of DPK) in mid-September. The slip in NIM to 3.9% is primarily due to normalization following one-off technical boost from accounting adjustment in 2Q25. While gross NPL held steady at 3.4%, LAR improved from 20.2% in 2Q25 to 18.6%, signaling early recovery in assets quality and aligning with lower cost of credit at 1.6% (2Q25: 2.0%).

Housing KUR should help unlock growth. BBTN remains the key SOE bank driving government-backed mortgage and housing finance programs. Momentum in Housing KUR (KPP) scheme accelerated in October with BTN securing IDR 7.5 tn quota for both supply and demand sides (full disbursement is expected by year-end) and management mapping IDR 9.5 tn in allocation for 2025. Subsidized mortgage income remains well supported by resilient BTN House Price Index (HPI), led by type-45 houses at +4.6% YoY. On the digital front, the balé by BTN app, launched in February 2025, has reached 3.2 mn users (+68.2% YoY) with 1.1 bn transactions worth IDR 72 tn, while user deposits rose +22.1% YoY to IDR 21.4 tn, reinforcing BBTN's low-cost retail funding base.

2025: Stable guidance; positive outlook for 2026. Management maintained its FY25 loan growth guidance at 8–10%, supported by continued momentum in KPP and FLPP programs, while deposit growth is expected to slightly outpace loans at 9–10% YoY. The 4Q disbursement pipeline (IDR 20–22 tn) should lift full-year loan growth above 8%. Despite persistent competition and relatively high CoC of 1.6% YTD (FY25 guidance: ~1.5%), NPL management remains a key focus with gross NPL steady at 3.4% in Sep-25 and a target of <3.1% by year-end. Looking ahead to 2026, management guides for stronger loan growth of 10–11% supported by CoC normalization to 1.0–1.1% as assets quality improves. NIM is expected to expand, driven by higher proportion of KUR housing loans, robust KPP quota pipeline, and digital banking initiatives, reinforcing the bank's medium-term growth trajectory.

Retain BUY on NIM improvement due to lower rates; IDR 1,600 TP (33.9% upside). We maintain our BUY rating on BBTN with 12-month TP of IDR 1,600, implying 2026F PBV of 0.45x. Our positive view is backed by expectations of continued NIM improvement in 4Q25, supported by lower CoF following Bank Indonesia's 100 bps rate cut and easing SRBI yields. Loan growth is also poised to accelerate, driven by the rollout of Housing KUR program and sustained FLPP quota (2026: 350k units), which could offer attractive mortgage yields of up to 6%. While structural challenges in asset quality and funding mix remain, we believe the worst has passed, with the current policy environment offering more upside than risk. Key catalysts include faster FLPP disbursement, successful KUR execution, and continued CASA recovery, which together support BBTN's return to stronger profitability trajectory.

Forecasts and Valuations (at closing price IDR 1,195 per share)

Y/E Dec	23A	24A	25F	26F	27F
Net Interest Income (IDRbn)	13,624	11,702	16,854	18,483	20,121
Pre-prov op. Profit (IDRbn)	8,304	5,806	10,071	11,013	11,900
Net Profit (IDR bn)	3,501	3,007	3,109	3,682	3,941
EPS (IDR)	331	284	294	348	372
EPS Growth (%)	15.0	(14.1)	3.4	18.4	7.0
P/E Ratio (x)	3.7	4.4	4.1	3.4	3.2
BVPS (IDR)	2,880	3,078	3,315	3,604	3,907
P/BV Ratio (x)	0.4	0.4	0.4	0.3	0.3
DPS (IDR)	66	57	59	70	74
Dividend Yield (%)	5.3	4.6	4.9	5.8	6.2
ROE (%)	11.5	9.2	9.2	10.1	9.9

Figure 1. BBTN's 3Q25 Results

(IDRbn)	3Q25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)	9M25/ 2025F	9M25/ Cons.
Interest Income	8,078	(21.5)	9.3	22,366	26,579	18.8	-	-
Net interest income	3,415	(38.7)	19.2	8,891	12,762	43.5	-	-
Total operating income	4,659	(27.6)	25.4	11,751	15,909	35.4	75.5	76.7
Provisions	819	(69.4)	116.1	1,355	4,476	230.3	-	-
Operating profit	738	(27.7)	0.7	2,660	2,905	9.2	-	-
Net profit	597	(25.6)	2.9	2,082	2,303	10.6	74.1	69.0
Key Ratios (%)								
NIM	-	-	-	2.9	3.9	-	-	-
LDR	-	-	-	96.0	88.6	-	-	-
Capital adequacy	-	-	-	18.7	18.6	-	-	-
Gross NPL	-	-	-	3.2	3.4	-	-	-
ROE	-	-	-	9.1	9.2	-	-	-

Sources: Company, SSI Research

Although 9M25 net profit rose nearly 11% YoY to IDR 2.3tn, QoQ earnings dipped 26% on higher provisions of IDR 819bn (-69% QoQ, +116% YoY), offsetting stronger NII growth (+19% YoY) and improved CIR (-1,210bps YoY to 48%)

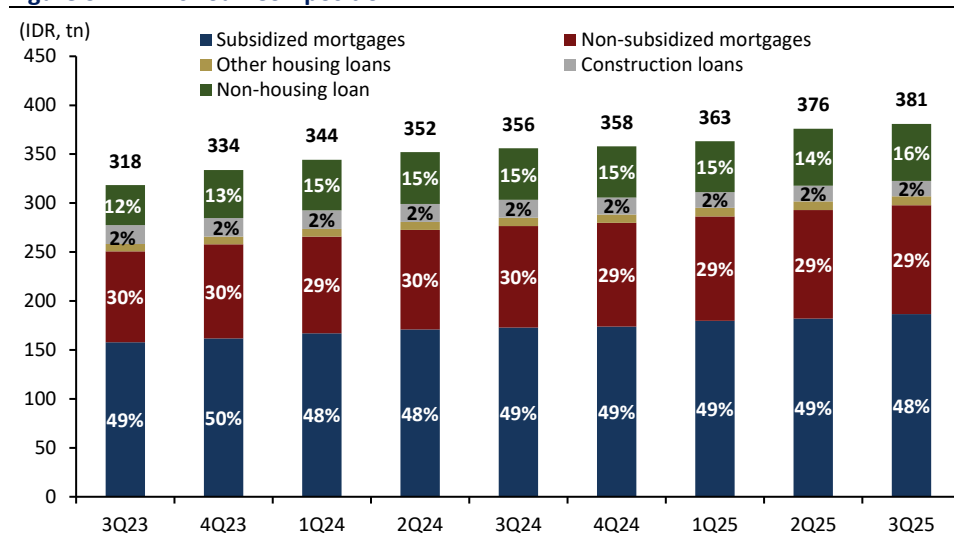
Figure 2. Peer Comparables

Company Ticker	Rating	Market Cap. (IDR tn)	Last Price (IDR)	TP (IDR)	YTD Net Buy/(Sell) (IDR bn)	Upside Potential (%)	NIM (%)	EPS Growth (%)	PBV (x)	ROE (%)
BBCA	BUY	1,026	8,325	9,600	(32,386)	15.3	6.0	9.4	3.5	20.5
BBRI	BUY	579	3,820	4,400	(4,177)	15.2	7.7	10.7	1.8	19.9
BMRI	BUY	413	4,430	5,100	(18,587)	15.1	5.3	7.8	1.3	19.9
BBNI	BUY	158	4,240	4,900	(4,723)	15.6	3.9	10.2	0.9	13.0
BNLI	SPEC-BUY	122	5,625	6,200	(5)	10.2	4.2	12.2	4.4	7.9
BRIS	BUY	122	2,640	3,100	1,601	17.4	5.4	15.8	2.0	18.2
PNBN	BUY	29	1,015	1,700	(453)	67.5	4.5	10.6	0.5	8.5
BBTN	BUY	17	1,195	1,600	(164)	33.9	3.8	18.4	0.3	10.9
BINA	SPEC-BUY	17	4,500	7,000	(2)	55.6	2.9	107.6	7.1	6.7
BCIC	SPEC-BUY	17	162	270	(1)	66.7	2.4	13.1	0.7	7.9
Sector	NEUTRAL	2,528			(16,930)	16.1	6.0	11.2	2.6	18.3

Sources: Bloomberg, SSI Research

BBTN recorded foreign net sell of IDR 164 bn, the lowest among state-owned banks; we derived our target price after taking BBNI's fair P/BV at 0.8x and applying 40% small-cap discount for BBTN resulting in implied 2025F P/BV of 0.5x

Figure 3. BBTN's Loan Composition



Sources: SSI Research, Company

BBTN's loan growth reached 7.0% YoY (guidance: 8–10%) as tighter underwriting for non-subsidized mortgages and softer housing demand offset substantial rise in corporate disbursements

Financial Highlights

Profit and Loss						
Y/E (IDRbn)	22A	23A	24A	25F	26F	27F
Interest income	25,888	28,271	29,550	35,804	39,036	43,136
Interest expense	10,740	14,648	17,848	18,950	20,553	23,016
Net interest income	15,148	13,624	11,702	16,854	18,483	20,121
Non interest income	2,091	3,890	4,518	4,217	4,386	4,562
Total operating income	17,239	17,513	16,220	21,071	22,869	24,683
Operating expenses	9,406	9,209	10,414	11,000	11,855	12,783
Loan loss provisions	4,018	3,764	1,981	6,031	6,237	6,789
Operating profit	3,815	4,540	3,825	4,040	4,776	5,111
Non-operating inc./(exp.)	61	(160)	(52)	(54)	(56)	(59)
Pre-tax profit	3,876	4,380	3,773	3,986	4,720	5,052
Corporate tax	(831)	(879)	(766)	(877)	(1,038)	(1,112)
Minorities	0	0	0	0	0	0
Net profit	3,045	3,501	3,007	3,109	3,682	3,941

We project BBTN's FY25 net profit to grow +3.4% YoY, backed by NIM improvement

Balance Sheet						
Y/E (IDRbn)	22A	23A	24A	25F	26F	27F
Placement with other banks	1,872	2,203	5,952	6,547	7,202	7,922
Loans	298,282	333,698	357,973	386,607	423,412	464,043
Government bonds	51,965	35,894	35,476	35,076	34,676	34,276
Other interest-bearing assets	41,571	54,557	53,882	61,685	75,636	108,870
Impairment	(15,679)	(15,641)	(13,063)	(20,512)	(26,492)	(33,028)
Net earnings assets	378,011	410,712	440,220	469,403	514,434	582,083
Cash on hand	1,662	2,127	2,106	2,211	2,321	2,438
Fixed assets	6,354	8,118	9,176	11,500	14,337	17,795
Other assets	16,122	17,792	18,113	27,231	27,266	27,306
Total assets	402,148	438,750	469,615	510,344	558,358	629,621
Customer deposits	321,937	349,933	381,667	421,710	470,055	524,430
Deposits from other banks	136	91	70	77	85	93
Borrowings & bonds	42,631	49,710	45,258	47,204	49,600	52,136
Total liabilities	376,239	408,271	437,043	475,265	520,219	588,278
Minorities	0	0	0	0	0	0
Equity	25,909	30,479	32,572	35,079	38,139	41,344
Total liabilities and equity	402,148	438,750	469,615	510,344	558,358	629,621

BBTN's FY25 loan book is projected to expand 8% YoY, primarily supported by subsidized mortgage disbursements

Key Ratios (%)						
	22A	23A	24A	25F	26F	27F
ROA	0.8	0.8	0.6	0.6	0.7	0.7
ROE	11.8	11.5	9.2	9.2	10.1	9.9
NIM	4.3	3.6	2.8	3.8	3.8	3.7
COC	1.3	1.1	0.6	1.6	1.5	1.5
Loan to deposit ratio	92.7	95.4	93.8	91.7	90.1	88.5
Loan to funding ratio	81.7	83.1	83.0	82.4	81.5	80.5
Cost efficiency ratio	54.6	52.6	64.2	52.2	51.8	51.8
CIR	86.4	85.9	88.8	89.9	89.0	89.3
Gross NPL	3.4	3.0	3.2	2.6	2.6	2.6
NPL coverage	155.5	155.2	115.4	199.2	235.6	268.6
LLR to total loans	1.4	1.2	0.6	1.6	1.5	1.5
CAR-total	21.0	19.5	19.1	18.7	18.9	19.0
CAR-tier I	17.0	16.9	17.7	17.2	17.3	17.5

Cost of Credit (CoC) is forecasted to rise to 1.5% in 2025F (vs. 0.6% in 2024)

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