

SPEC-BUY

(Initiation)

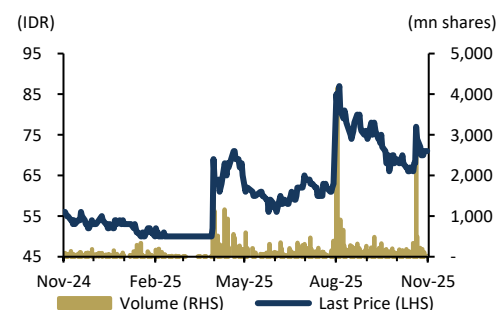
Target Price (IDR) **100**
Potential Upside (%) **42.9**

Stock Information

Last Price (IDR) 70
Market Cap. (IDR tn / USD bn) 13.3/0.8
52-Weeks High/Low (IDR) 81/50
3M Avg. Daily Value (IDR bn) 27.3
Free Float (%) 16.1
Shareholders (%):
Kookmin Bank Co. Ltd 66.9
Stic Eugene Star Holding 17.0
Public 16.1

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	31.5	1.4	14.5	31.5
JCI Return	18.8	2.1	6.6	17.8
Relative	12.6	(0.7)	7.9	13.6

Stock Price & Volumes, 12M**Company Background**

Listed on the IDX in 2006, BBKP is a commercial bank backed by KB Financial Group, with business focus on wholesale ecosystems, MSME financing, and digitally driven retail banking. The bank provides loans across the corporate, MSME, and consumer segments, while its deposit base is supported by Korean-linked partnerships, local conglomerate ecosystems, and expanding digital platforms such as NGBS and KBstar.

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Building Momentum

Shifting from remediation to disciplined, scalable growth. After successfully navigating a period of crisis, BBKP has now moved decisively from balance-sheet repair to disciplined growth, supported by strong oversight and guidance from KB Financial Group. Recent quarters have seen robust expansion in high-quality wholesale and retail lending, alongside successful launch of new digital platforms such as Next Generation Banking System (NGBS) and KBstar app, which have driven double-digit growth in CASA (39.1% YoY in 9M25) and broadened BBKP's reach across both consumer and SME segments. Strategic alliances with leading conglomerates have begun to unlock supply chain financing and dealer funding, setting the stage for more resilient, scalable business model. Operationally, efficiency initiatives and tighter risk controls are translating into improved margin and healthier asset quality.

Looking ahead: Margin recovery and asset quality improvement. BBKP is setting ambitious yet credible targets for the next phase of its turnaround. The bank is guiding for continued double-digit loan growth in 2025, supported by both corporate and MSME portfolios. By 2026, management aims to lower gross NPLs to below 7% (from 10.9% in 9M25) while lifting its CASA ratio to above 30% through digital enhancements and deeper ecosystem integration. Margin recovery is also on track, with NIM projected to climb above 3% in 2026 as the loan book shifts toward higher-yielding segments, risk-adjusted pricing improves, and CoF trends lower in line with CASA gains. Looking ahead, with expectations of firmer macro backdrop in 2026, we forecast BBKP to return to positive growth and deliver 154% YoY rebound in net profit, anchored by gradually improving NIM and sustained asset-quality normalization.

Strong growth stemming from margin recovery – SPEC-BUY with 42.9% upside.

We see meaningful upside for valuation re-rating as BBKP progresses toward sustained profitability, supported by ongoing margin normalization, healthier asset quality, and improving returns. We initiate coverage with SPEC-BUY recommendation and TP of IDR 100/share, implying 2.5x PBV, driven by catalysts such as continued asset-quality improvement, stronger digital-led CASA gains, and visible progress in core earnings. Key risks include the pace of legacy asset clean-up, potential funding-cost volatility, and broader macro uncertainties; however, we believe the risk–reward profile is increasingly attractive as the turnaround story gains traction.

Forecasts and Valuations (@ IDR 70 per share)

Y/E Dec	23A	24A	25F	26F	27F
Net interest income	809	1,153	1,197	2,205	2,685
Pre-prov. op. profit	(1,121)	(1,333)	(241)	574	922
Net profit	(6,056)	(6,329)	390	992	1,267
EPS (IDR)	(89)	(34)	2	5	7
EPS growth (%)	n.a.	n.a.	n.a.	154.4	27.7
P/E (x)	(0.8)	(2.1)	33.7	13.3	10.4
BVPS (IDR)	208.2	42.5	34.8	40.3	47.0
P/B (x)	0.3	1.6	2.0	1.7	1.5
DPS (IDR)	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend Yield (%)	n.a.	n.a.	n.a.	n.a.	n.a.
ROAA (%)	(7.2)	(7.6)	0.4	1.0	1.2
ROAE (%)	7.0	7.9	7.2	8.1	8.2

BUSINESS OVERVIEW

PT Bank KB Indonesia Tbk. (BBKP) is transforming into digitally enabled, multi-segment bank under the leadership of KB Financial Group—the largest financial institution in South Korea. Founded in 1970 and listed on the IDX since 2006, BBKP reported total assets of IDR 83.1tn and equity of IDR 8.0tn at end-2024. As part of its strategic repositioning, the bank leverages KB Group’s global network and strong Korean corporate links to expand across wholesale, retail, and MSME lending, while building digital scale through platforms such as KBstar app and Next Generation Banking System (NGBS). Recent partnerships with major conglomerates—including United Tractors, Indika Energy, and Daimler—support BBKP’s expansion into supply-chain, dealer, and ecosystem financing, strengthening its presence in high-quality, recurring loan segments. On the funding side, the bank is broadening access by deepening its deposit base, accelerating CASA growth through digital channels, and forging nationwide retail alliances such as cardless withdrawals at over 21,700 Indomaret outlets. By integrating stronger risk management, operational efficiency, and parent-backed liquidity support, BBKP is positioning itself for sustainable growth, improved asset quality, and deeper participation in Indonesia’s evolving financial landscape.

BBKP is reshaping its franchise through Korean-backed ecosystem lending, digital platform expansion, and broader retail funding access—positioning the bank for sustainable growth, improved asset quality, and stronger competitive footing

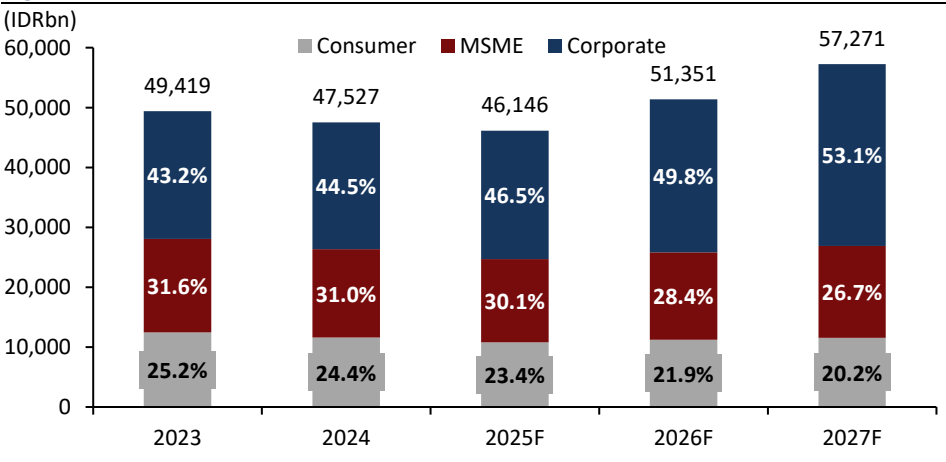
Figure 1. Company Milestones

Year	Achievements
1970	Established as Bank Umum Koperasi Indonesia (Bukopin) under cooperative legal status.
1993	Converted into a limited liability company, becoming PT Bank Bukopin.
2006	Listed on the IDX through IPO; expanded via acquisitions of Bukopin Syariah and Bukopin Finance.
2018	KB Kookmin Bank entered as a strategic shareholder with 22% ownership, marking the start of Korea–Indonesia collaboration.
2020	KB Kookmin Bank became controlling shareholder (67%) and initiated major restructuring.
2021	Adopted new brand identity PT Bank KB Indonesia Tbk.
2022	Began rollout of NGBS to modernize core systems
2024	Completed IDR 11.9tn rights issue, launched KBstar app, and rebranded as KB Bank with top-tier idAAA ratings.

Sources: Company, SSI Research

BBKP accelerated its transformation between 2020–2024 through KB Kookmin Bank’s majority acquisition, brand modernization, system upgrades, a major IDR 11.9tn capital injection, and the launch of its flagship KBstar digital platform

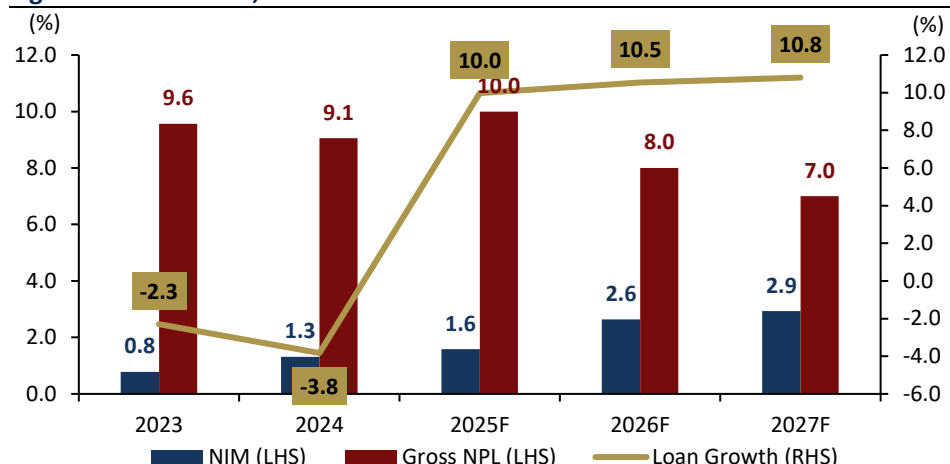
Figure 2. Loan Breakdown



Sources: Company, SSI Research

Loan composition is shifting toward corporate exposure, which is expected to reach 53% by 2027F—reflecting BBKP’s pivot toward anchor-based wholesale ecosystems and reduced reliance on smaller-ticket consumer and MSME segments

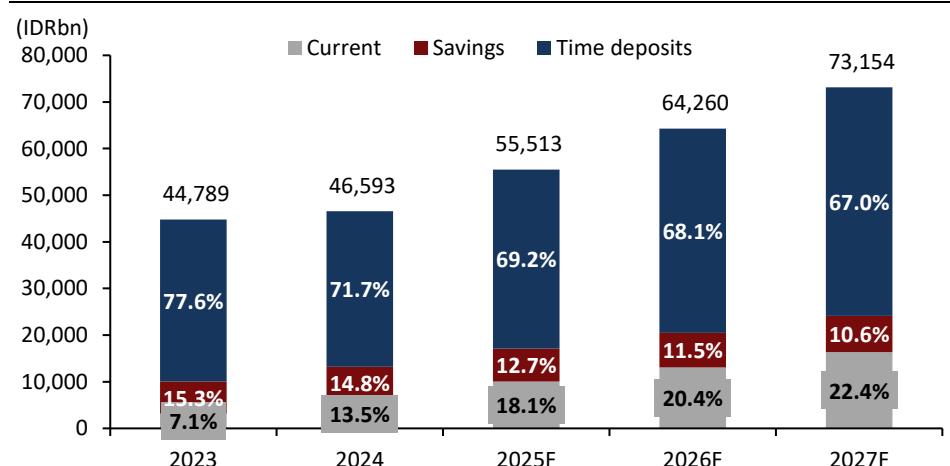
Figure 3. BBKP's NIM, NPL and Loan Growth



Sources: Company, SSI Research

Loan growth is expected to turn positive at 10% in 2025, driven by BBKP's shift from remediation to selective expansion

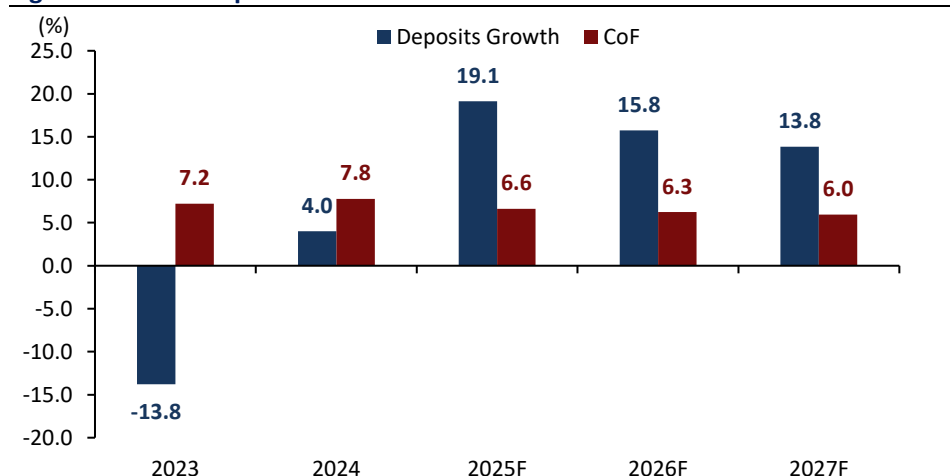
Figure 4. BBKP's Deposit Breakdown



Sources: Company, SSI Research

Deposit mix is gradually improving as current accounts rise from 7% to 22% by 2027F, reducing reliance on time deposits and reflecting BBKP's stronger digital engagement and ecosystem-led transaction flows

Figure 5. BBKP's Deposits Growth and CoF



Sources: Company, SSI Research

Deposit growth is expected to rebound to 19.1% in 2025 as BBKP's digital platforms and ecosystem alliances strengthen its funding base, allowing CoF to ease toward 6.6% and supporting the bank's margin-recovery trajectory





Figure 6. BBKP's 9M25 Results

(IDRbn)	3Q25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)	9M25/2025F
Interest Income	1,405	3.6	(3.6)	4,123	4,082	(1.0)	-
Net interest income	328	0.9	(10.1)	935	901	(3.6)	-
Total operating income	423	(7.4)	(0.2)	969	1,214	25.3	74.1
Provisions	10	(93.1)	n.a.	3,067	2	(99.9)	-
Operating profit	(115)	(9.5)	n.a.	(3,415)	(172)	n.a.	-
Net profit	(101)	n.a.	n.a.	(2,688)	289	n.a.	74.1
Key ratios (%)							
NIM	-	-	-	1.5	1.4	-	-
LDR	-	-	-	97.0	94.2	-	-
Capital Adequacy	-	-	-	20.1	16.3	-	-
Gross NPL	-	-	-	9.6	10.8	-	-
ROE	-	-	-	(5.9)	0.6	-	-


Sources: Company, SSI Research

9M25 provisions plunged 99.9% YoY and operating income rose 25% YoY reflecting early gains from cleaner books and ecosystem-led growth

Figure 7. Management Profile

Board of Commissioners		Position	Years of Experience
	Jerry Marmen brings deep expertise in governance, risk management, and compliance, built through decades of involvement in the banking and financial-services industry. He has served in senior advisory and oversight roles, including Supervisory Commissioner of Risk Management Certification Body and Strategic Advisor & Partner at Korn Ferry Indonesia. His academic and consulting background—ranging from Vice Chancellor at PERBANAS Institute to senior roles at Strategic Development Group and Risk Frontier—strengthens BBKP’s risk oversight framework.	President Commissioner	35+
	Seng Hyup Shin previously served as Finance Director of PT Bank KB Bukopin Tbk and held various senior positions at KB Financial Group, including General Manager and Senior Deputy General Manager of the Financial Planning Department. His background in corporate financial strategy and group-level planning strengthens BBKP’s governance alignment with KB Financial Group, one of Korea’s largest financial institutions.	Deputy President Commissioner	30+
	Hae Wang Lee adds multi-jurisdictional legal expertise to BBKP, gained from his roles in Indonesia and South Korea. He has served on the board of the Korean Association in Indonesia, led LEENOH Consulting Indonesia as President Director, and worked as a Foreign Lawyer at MR & Partners Law Firm Jakarta. His earlier legal career includes senior positions with APEX LLC, where he focused on cross-border legal, regulatory, and corporate matters.	Independent Commissioner	30+
	Stephen Liestyo offers broad background in retail and consumer banking. His leadership roles include President Commissioner of PT Sol Mitra Fintec and PT Primalink International, as well as Commissioner of PT BCA Finance. Previously, he served as Director of Consumer Banking at Maybank Indonesia, where he managed nationwide retail strategy and distribution.	Independent Commissioner	30+

Board of Directors		Position	Years of Experience
	Kunardy Darma Lie contributes decades of senior leadership experience in top-tier multinational banks. He has previously led institutional banking operations at DBS Indonesia, served as Chief Country Officer of Deutsche Bank Indonesia, and headed corporate and investment banking at Citi Indonesia. His strategic insight is supported by MBA from the University of Rochester, New York.	President Director	35+
	Robby Mondong offers strong leadership experience across sales, distribution, and consumer banking. Before joining BBKP, he served as Vice President Director of PT Bank KB Bukopin Indonesia Tbk. His earlier career at PT Bank CIMB Niaga Tbk included senior roles such as SEVP/EVP Head of Sales & Distribution, SVP of Sales & Distribution, and SVP of Consumer Liability Business. He holds MBA in Marketing from Woodbury University, Burbank.	Vice President Director	30+
	Dodi Widjajanto brings deep experience in regional banking leadership and wholesale banking. Before joining BBKP, he served as SOE & Wholesale Business Director at PT Bank KB Indonesia Tbk. At PT Bank Negara Indonesia (Persero) Tbk, he held several key positions including Bandung Regional Head, Palembang Regional Head, General Manager, and Deputy General Manager. He holds Master of Management from Bogor Agricultural University.	Director	25+
	Henry Sawali strengthens BBKP's risk-management capabilities through extensive experience in credit risk across corporate, commercial, and MSMEs. His career spans senior risk roles at CIMB Niaga, ANZ Indonesia, and OCBC NISP. He holds MBA from National University, San Diego.	Credit Director	20+
	Jung Ho Han has worked in strategy and financial planning roles within KB Financial Group. His previous positions include Chief Financial Officer and General Manager at KB Securities Co., Ltd., Team Leader and Associate at KB Financial Group Inc., and Associate in the Strategic Planning Department and branch network of KB Kookmin Bank. He holds a Master of Science in Management Engineering from KAIST.	Strategy Director	25+
	Jang Hyuk Im brings extensive experience in financial planning, real estate financing, and strategic management. He previously served as Director of Real Estate Finance Department 2 at KB Securities Co., Ltd., General Manager of Financial Planning at KB Financial Group, and Deputy General Manager of Strategic Planning at Hyundai Securities. He holds MBA from KAIST.	Finance Director	30+

Board of Directors (cont.)		Position	Years of Experience
	Widodo Suryadi brings extensive experience in corporate, commercial, and MSME banking. Before joining BBKP, he served as Head of Commercial Banking at PT Bank CIMB Niaga Tbk and previously held roles as Deputy Head of MSME Banking and Head of Corporate Banking 2 within the same institution. He holds an MBA from the Bandung Institute of Technology.	Director	25+

Sources: Company, SSI Research

VALUATION

Strong growth stemming from margin recovery – SPEC-BUY with 42.8% upside.

We see meaningful upside for valuation re-rating as BBKP progresses toward sustained profitability, supported by ongoing margin normalization, healthier asset quality, and improving returns. We initiate coverage with SPEC-BUY recommendation and TP of IDR 100/share, implying 2.5x PBV, driven by catalysts such as continued asset-quality improvement, stronger digital-led CASA gains, and visible progress in core earnings. Key risks include the pace of legacy asset clean-up, potential funding-cost volatility, and broader macro uncertainties; however, we believe the risk–reward profile is increasingly attractive as the turnaround story gains traction.

BBKP offers re-rating potential as margins recover and asset quality improves, with upside driven by digital-led CASA gains and strengthening core earnings, while legacy cleanup and funding costs remain key swing factors

Figure 8. Peer Comparables

Company Ticker	Rating	Market Cap. (IDR tn)	Last Price (IDR)	TP (IDR)	YTD Net Buy/(Sell) (IDR bn)	Upside Potential (%)	2026F			
							NIM (%)	EPS Growth (%)	PBV (x)	ROE (%)
BBCA	BUY	1,032	8,375	9,600	(26,691)	14.6	6.0	9.4	3.6	20.5
BBRI	BUY	600	3,960	4,400	(3,340)	11.1	7.7	10.7	1.8	19.9
BMRI	BUY	460	4,930	5,100	(16,117)	3.4	5.3	7.8	1.5	19.9
BBNI	BUY	164	4,390	4,900	(4,263)	11.6	3.9	10.2	0.9	13.0
BNLI	SPEC-BUY	122	5,000	6,200	(6)	24.0	4.2	12.2	3.9	7.9
BRIS	BUY	111	2,400	3,100	1,544	29.2	5.2	10.7	1.9	16.5
PNBN	BUY	25	1,025	1,700	(533)	65.9	4.5	10.6	0.5	8.5
ARTO	BUY	27	1,955	2,700	56	38.1	2.0	81.8	3.0	2.0
BINA	SPEC-BUY	27	4,450	7,000	(2)	57.3	2.9	107.6	7.0	6.7
BBTN	BUY	17	1,190	1,600	(134)	34.5	3.8	18.4	0.3	19.1
BBKP	SPEC-BUY	13	70	100	(10)	42.9	2.6	154.4	1.7	8.1
BCIC	SPEC-BUY	3	153	270	(1)	76.5	2.4	13.1	0.7	7.9
Sector	OVERWEIGHT	2,600			(14,191)	14.5	5.9	12.3	2.6	18.4

Sources: Company, SSI Research

BBKP's 2026F P/BV is 1.7x, below industry average of 2.6x, implying 34.6% discount

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR bn)	23A	24A	25F	26F	27F
Interest income	4,862	5,454	5,453	6,775	7,559
Interest expense	4,053	4,301	4,256	4,570	4,874
Net interest income	809	1,153	1,197	2,205	2,685
Non-interest income	617	(460)	442	516	579
Total operating income	1,426	693	1,639	2,721	3,264
Operating expenses	2,547	2,026	1,880	2,147	2,342
Pre-prov. op. profit	(1,121)	(1,333)	(241)	574	922
Provisions expense	5,538	3,453	28	128	172
Operating profit	(6,659)	(4,786)	(269)	446	750
Non-op. inc./(exp.)	(128)	(118)	756	794	833
Pre-tax profit	(6,787)	(4,904)	487	1,239	1,583
Corporate tax	(732)	1,424	97	248	317
Minorities	4	5	6	7	8
Net profit	(6,056)	(6,329)	390	992	1,267

Profitability is set to turn around from years of losses, with net profit projected to reach IDR 390bn in 2025 as provisions normalize and operating income recovers

Balance Sheet					
Y/E Dec (IDR bn)	23A	24A	25F	26F	27F
Placement with other banks	753	507	558	625	688
Loans	43,786	41,523	46,146	51,351	57,271
Marketable securities	17,536	21,767	23,073	24,919	26,414
Other int-earning assets	7,501	5,360	5,896	6,604	7,264
Financial assets impairment	3,585	2,994	2,921	2,950	3,022
Net earning assets	65,992	66,164	72,752	80,549	88,615
Fixed assets	4,647	4,777	5,732	6,879	8,255
Other assets	5,473	4,319	220	220	220
Total assets	84,307	83,075	88,789	98,583	108,776
Customer deposits	44,789	46,593	55,513	64,260	73,154
Deposits from other banks	7,887	2,881	2,910	2,939	2,968
Borrowing and sub-debts	-	-	-	1	2
Other liabilities	2,009	2,054	260	260	260
Total liabilities	70,171	75,088	82,243	91,019	99,942
Minorities	-	-	-	-	-
Equity	14,136	7,987	6,546	7,564	8,835
Total liabilities and equity	84,307	83,075	88,789	98,583	108,776

Net earning assets are expected to rise steadily as loans and securities expand, supported by stronger deposit growth and improving equity in line with profitability normalization

Key Ratios					
Y/E Dec (%)	23A	24A	25F	26F	27F
NIM	1.2	1.7	1.6	2.6	2.9
Loan-to-deposit ratio	97.8	89.1	83.1	79.9	78.3
Cost-to-income ratio	567.0	790.9	116.4	83.6	77.0
Credit cost	11.2	7.3	0.1	0.3	0.3
Gross NPL	9.6	9.1	10.0	8.0	7.0
NPL coverage	85.6	79.6	63.3	71.8	75.4
CAR	605.9	579.8	427.6	444.0	464.9
ROA	(7.2)	(7.6)	0.4	1.0	1.2
ROE	(42.8)	(79.2)	6.0	13.1	14.3

Credit cost is projected to fall to 0.1% in 2025F, supported by completed cleanup, stronger underwriting discipline, and lower new impairment formation

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