

BUY (Maintained)

Target Price (IDR)	1,600
Potential Upside (%)	15.9

Company Data

Cons. Target Price (IDR)	1,518
SSI vs. Cons (%)	105.4

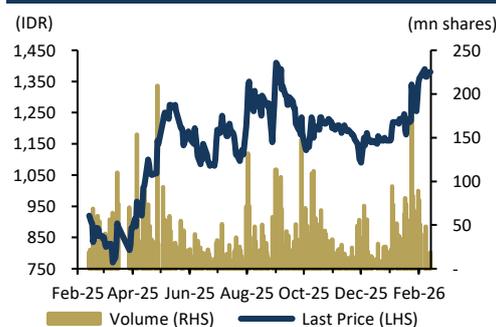
Stock Information

Last Price (IDR)	1,380
Market Cap. (IDR bn)	19,718
52-Weeks High/Low (IDR)	1,450/755
3M Avg. Daily Value (IDR bn)	48.2
Free Float (%)	39.8
Shareholders (%):	
Government	60.0
Public & Others	40.0

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	17.4	12.2	14.0	50.0
JCI Return	(3.7)	(7.0)	(2.8)	23.3
Relative	21.2	19.2	16.9	26.7

Stock Price & Volumes, 12M



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.

Prasetya Gunadi

+62 21 2854 8320

prasetya.gunadi@samuel.co.id

Brandon Boedhiman

+62 21 2854 8100

brandon.boedhiman@samuel.co.id

Cheapest in the Sector

Maintain BUY with TP of IDR 1,600 (0.43x 2026F PBV) on undemanding valuation. BBTN delivered solid 4Q25 earnings results, driven by strong sequential expansion in NII and PPOP, alongside a meaningful improvement in capital adequacy following Tier-1 issuance. Looking ahead, management guides for FY26F loan growth of 8–10% YoY (FY25: 11.9% YoY), deposit growth of 7–9% YoY (FY25: 14.6% YoY), credit cost normalization to 1.0–1.2% (FY25: ~1.6%), and NIM below elevated level (FY25: 4.2%). While part of the FY25 margin uplift was supported by one-off accounting adjustments and CASA growth remaining modest, BBTN's worse guidance heading into 2026 has us retaining lower EPS growth of just 1.4% (FY25: 16.4%). However, we maintain BUY on BBTN with unchanged TP of IDR 1,600, supported by better funding mix execution, non-housing loan expansion, stronger capital headroom and valuation that remains undemanding relative to history and peers (Figure 2).

1Q26F net profit -28.9% QoQ, -5.7% YoY on lower NIM and higher provisions. Looking ahead, we expect BBTN to book 1Q26 net profit of IDR 852bn (-28.9% QoQ, -5.7% YoY), dragged down by NIM normalization to 7-9% level, higher provisioning at the start of the year, and the absence of one-off income booked in 4Q25. In 4Q25, BBTN posted attributable net profit of IDR 1.2tn (+101% QoQ, +30% YoY), bringing FY25 earnings to IDR 3.5tn (+16.4% YoY), which came slightly higher than our (104%) and consensus (105%) estimates. The strong 4Q25 outturn was driven mainly by a sharp rebound in NII and operating leverage, with FY25 NII surging 57% YoY to IDR 18.4tn, while PPOP jumped 81% YoY to IDR 10.7tn. 4Q25 NIM improved to 4.2% (+30 bps QoQ, +130 bps YoY), supported by higher asset yields and lower cost of funds, although non-interest income declined due to weaker treasury and fee income. Provisioning rose sharply as management proactively rebuilt buffers, lifting FY25 credit cost to ~1.6%, in line with guidance.

Liquidity remains manageable, supported by improving funding mix. We expect FY26F liquidity to remain manageable (LDR: ~93%), supported by healthy deposit growth and a higher contribution from lower-cost middle-institution funding. In FY25, total deposits grew s.15% YoY to IDR 437tn, driven primarily by time deposits (+28% YoY), while CASA grew more modestly at 3% YoY, bringing the CASA ratio to 48.7%. Loan growth reached 12% YoY (+5% QoQ), exceeding management's original guidance, led by solid expansion in non-housing loans (+38% YoY), particularly corporate and commercial segments. Going forward, management remains focused gradually increasing medium term's non-housing mix toward ~30%, which should support more balanced growth and margin stability, albeit with near-term funding cost trade-offs.

Assets quality improving, with higher buffers and stronger capital position. We expect FY26F assets quality to stabilize with NPL of ~3.0%, supported by improved mortgage collection and tighter underwriting. In 4Q25, gross NPL improved to 3.1% (vs. 3.4% in 3Q25), while loan-at-risk declined to 19.4%, reflecting early benefits from the new regional cluster strategy. Importantly, NPL coverage increased to ~124%, as management front-loaded provisioning to normalize reserve buffers. Capital strengthened materially following the IDR 2tn Tier-1 issuance, lifting CAR to 20.9% (from 18.6% in 3Q25), with additional capital actions still in the pipeline. While FY25 profitability was partly boosted by accounting adjustments, the stronger balance sheet provides more credible foundation for sustainable growth into FY26.

Forecasts and Valuations (at closing price IDR 1,380 per share)

Y/E Dec	24A	25A	26F	27F	28F
Net Interest Income (IDRbn)	11,702	18,425	17,769	18,986	20,944
Pre-prov op. Profit (IDRbn)	5,806	10,674	9,291	9,715	10,807
Net Profit (IDR bn)	3,007	3,501	3,551	3,893	4,317
EPS (IDR)	284	331	336	368	408
EPS Growth (%)	(14.1)	16.4	1.4	9.6	10.9
P/E Ratio (x)	4.2	3.6	3.6	3.2	2.9
BVPS (IDR)	3,078	3,422	3,691	3,992	4,326
P/BV Ratio (x)	0.4	0.3	0.3	0.3	0.3
DPS (IDR)	57	66	67	74	82
Dividend Yield (%)	4.8	5.5	5.6	6.2	6.8
ROE (%)	9.2	9.7	9.4	9.6	9.8

Figure 1. BBTN's 4Q25 Results

(IDRbn)	4Q25	QoQ (%)	YoY (%)	12M24	12M25	YoY (%)	12M25/ 2025F	12M25/ Cons.
Interest Income	9,760	20.8	35.9	29,550	36,339	23.0	-	-
Net interest income	5,663	65.8	101.5	11,702	18,425	57.5	-	-
Total operating income	6,690	43.6	46.6	16,314	22,599	38.5	105.6	108.9
Provisions	1,694	106.8	153.6	2,023	6,170	205.0	-	-
Operating profit	1,594	116.0	33.8	3,851	4,499	16.8	-	-
Net profit	1,198	100.7	29.5	3,007	3,501	16.4	103.5	104.9
Key Ratios (%)								
NIM	-	-	-	2.9	4.2	-	-	-
LDR	-	-	-	93.8	79.0	-	-	-
Capital adequacy	-	-	-	18.5	19.0	-	-	-
Gross NPL	-	-	-	3.2	3.2	-	-	-
ROE	-	-	-	9.5	10.2	-	-	-

Sources: Company, SSI Research

Although 4Q25 provisions jumped 106.8% QoQ, earnings still rose 100.7% QoQ, supported by strong NII growth (+65.8% QoQ) and PPOP expansion (+111.2% QoQ) as NIM normalized and operating efficiencies improved

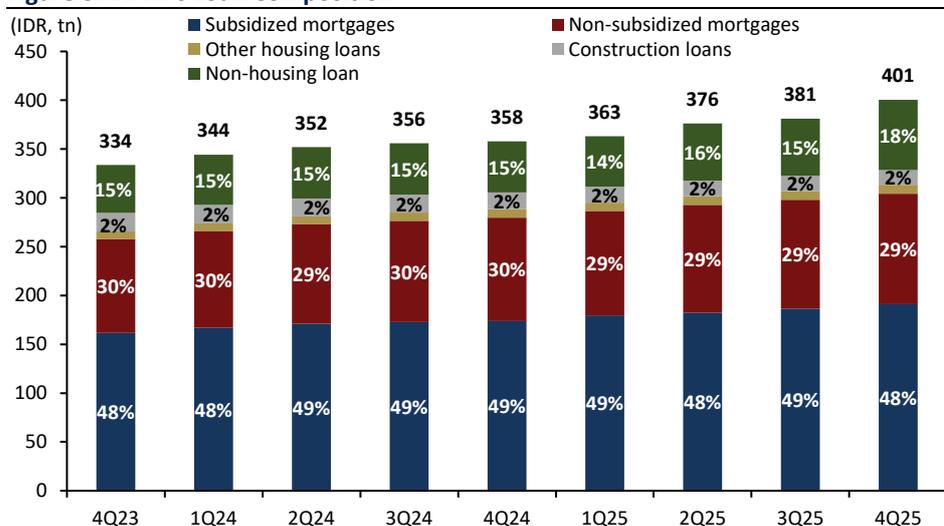
Figure 2. Peer Comparables

Company Ticker	Rating	Market Cap. (IDR tn)	Last Price (IDR)	TP (IDR)	YTD Net Buy/(Sell) Potential (IDR bn)	Upside Potential (%)	2026F			
							NIM (%)	EPS Growth (%)	PBV (x)	ROE (%)
BBCA	BUY	906	7,225	8,600	(16,205)	19.0	6.0	8.9	2.8	21.0
BBRI	BUY	599	3,870	4,400	1,076	13.7	7.7	10.7	1.8	19.9
BMRI	BUY	499	5,375	5,700	(1,362)	6.0	4.5	3.0	1.6	19.0
BBNI	BUY	168	4,450	5,300	(1,059)	19.1	3.9	3.5	0.9	13.0
BNLI	SPEC-BUY	122	4,090	6,200	(0)	51.6	4.2	12.2	3.2	7.9
BRIS	BUY	109	2,350	2,800	(358)	19.1	5.2	10.8	1.8	16.6
BINA	SPEC-BUY	28	4,700	7,000	0	48.9	2.9	107.6	7.4	6.7
ARTO	BUY	26	1,620	2,700	1	66.7	2.0	81.8	2.5	2.0
PNBN	BUY	24	1,100	1,700	(68)	54.5	4.5	10.6	0.5	8.5
BBTN	BUY	19	1,380	1,600	435	15.9	3.8	1.4	0.4	10.9
BBKP	SPEC-BUY	14	74	100	11	35.1	2.6	154.4	1.7	8.1
BCIC	SPEC-BUY	3	159	270	0	69.8	2.4	13.1	0.7	7.9
Sector	OVERWEIGHT	2,517			(5,910)	18.5	5.7	10.6	2.2	18.4

Sources: Bloomberg, SSI Research

BBTN offers 15.9% share price upside potential with a 2026F forward P/BV of 0.4x, implying an 81.8% discount to the sector average and representing the lowest P/BV within our banking coverage

Figure 3. BBTN's Loan Composition



Sources: SSI Research, Company

BBTN's loan growth reached 11.9% YoY (guidance: 7-9%) as solid mortgage demand and housing-ecosystem disbursements outweighed selective underwriting in non-housing segments

Figure 4. Earnings Revisions, 2026-27F

(IDRbn)	Old		New		Change (%)	
	2026F	2027F	2026F	2027F	2026F	2027F
Operating income	22,869	22,869	22,135	23,555	(3.2)	3.0
Operating profit	4,776	4,776	4,675	5,119	(2.1)	7.2
Net profit	3,682	3,682	3,551	3,893	(3.6)	5.7
BVPS (IDR)	3,604	3,604	3,691	3,992	2.4	10.8

Sources: SSI Research, Company

We revised our FY26F earnings modestly lower following a more conservative revenue outlook and margin normalization, partly offset by balance-sheet strengthening that lifts BVPS despite the earnings downgrade

Financial Highlights

Profit and Loss						
Y/E (IDRbn)	23A	24A	25A	26F	27F	28F
Interest income	28,271	29,550	36,339	38,933	41,700	45,404
Interest expense	14,648	17,848	17,914	21,164	22,714	24,460
Net interest income	13,624	11,702	18,425	17,769	18,986	20,944
Non interest income	3,890	4,518	4,174	4,366	4,569	4,783
Total operating income	17,513	16,220	22,599	22,135	23,555	25,727
Operating expenses	9,209	10,414	11,925	12,844	13,840	14,920
Loan loss provisions	3,764	1,981	6,176	4,615	4,596	5,138
Operating profit	4,540	3,825	4,499	4,675	5,119	5,669
Non-operating inc./(exp.)	(160)	(52)	(117)	(122)	(128)	(135)
Pre-tax profit	4,380	3,773	4,382	4,553	4,991	5,534
Corporate tax	(879)	(766)	(881)	(1,002)	(1,098)	(1,218)
Minorities	0	0	0	0	0	0
Net profit	3,501	3,007	3,501	3,551	3,893	4,317

We project BBTN's FY26 net profit to grow 1.4% YoY, as earnings normalize on a higher FY25 base, with NIM normalization offsetting steady loan growth and efficiency gains

Balance Sheet						
Y/E (IDRbn)	23A	24A	25A	26F	27F	28F
Placement with other banks	2,203	5,952	2,516	2,768	3,044	3,349
Loans	333,698	357,973	400,576	438,598	480,546	526,823
Government bonds	35,894	35,476	38,107	37,707	37,307	36,907
Other interest-bearing assets	54,557	53,882	71,040	51,460	55,188	59,226
Impairment	(15,641)	(13,063)	(15,316)	(23,996)	(28,329)	(33,207)
Net earnings assets	410,712	440,220	496,922	506,536	547,757	593,098
Cash on hand	2,127	2,106	2,155	2,263	2,376	2,494
Fixed assets	8,118	9,176	10,509	13,155	16,384	20,319
Other assets	17,792	18,113	18,208	28,531	28,761	29,025
Total assets	438,750	469,615	527,793	550,484	595,277	644,936
Customer deposits	349,933	381,667	437,398	471,512	510,725	553,237
Deposits from other banks	91	70	96	106	117	128
Borrowings & bonds	49,710	45,258	47,469	52,040	54,770	57,660
Total liabilities	408,271	437,043	491,583	511,423	553,033	599,154
Minorities	0	0	0	0	0	0
Equity	30,479	32,572	36,210	39,061	42,244	45,782
Total liabilities and equity	438,750	469,615	527,793	550,484	595,277	644,936

BBTN's FY26 loan book is projected to expand 9.5% YoY, implying a normalized growth pace driven by continued mortgage disbursements and steady expansion in housing-related corporate loans

Key Ratios (%)						
	23A	24A	25A	26F	27F	28F
ROA	0.8	0.6	0.7	0.7	0.7	0.7
ROE	11.5	9.2	9.7	9.4	9.6	9.8
NIM	3.6	2.8	4.1	3.6	3.7	3.7
COC	1.1	0.6	1.5	1.1	1.0	1.0
Loan to deposit ratio	95.4	93.8	91.6	93.0	94.1	95.2
Loan to funding ratio	83.1	83.0	82.4	83.8	85.0	86.2
Cost efficiency ratio	52.6	64.2	52.8	58.0	58.8	58.0
CIR	85.9	88.8	88.9	89.2	88.9	88.7
Gross NPL	3.0	3.2	3.2	3.1	3.1	3.1
NPL coverage	155.2	115.4	120.6	175.5	189.3	202.5
LLR to total loans	1.2	0.6	1.6	1.1	1.0	1.0
CAR-total	19.5	19.1	20.1	19.5	19.5	20.7
CAR-tier I	16.9	17.7	17.9	17.2	17.2	18.5

CoC is expected to normalize to 1.1% in 2026 (vs. 1.5% in 2025) as earlier front-loaded provisioning fades and loan growth shifts toward lower-risk mortgage and housing-ecosystem segments

Research Team			
Harry Su	Managing Director of Research	harry.su@samuel.co.id	+6221 2854 8100
Prasetya Gunadi	Head of Equity Research, Strategy, Banking	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Fithra Faisal Hastiadi, Ph.D	Senior Macro Strategist	fithra.hastiadi@samuel.co.id	+6221 2854 8100
Juan Harahap	Coal, Metals, Mining Contracting, Oil & Gas, Plantations	juan.oktavianus@samuel.co.id	+6221 2854 8392
Jonathan Guyadi	Consumer, Retail, Healthcare, Cigarettes, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8846
Ahnaf Yassar	Research Associate; Property	ahnaf.yassar@samuel.co.id	+6221 2854 8392
Ashalia Fitri Yuliana	Research Associate; Macro Economics, Coal	ashalia.fitri@samuel.co.id	+6221 2854 8389
Brandon Boedhiman	Research Associate; Banking, Strategy, Metals	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Fadhlan Banny	Research Associate; Cement, Media, Mining Contracting, Oil & Gas, Plantations, Poultry, Technology	fadhlan.banny@samuel.co.id	+6221 2854 8325
Jason Sebastian	Research Associate; Automotive, Telco, Tower	jason.sebastian@samuel.co.id	+6221 2854 8392
Kenzie Keane	Research Associate; Cigarettes, Consumer, Healthcare, Retail	kenzie.keane@samuel.co.id	+6221 2854 8325
Adolf Richardo	Research & Digital Production Editor	adolf.richardo@samuel.co.id	+6221 2864 8397

Digital Production Team			
Sylvanny Martin	Creative Production Lead & Graphic Designer	sylvanny.martin@samuel.co.id	+6221 2854 8100
M. Indra Wahyu Pratama	Video Editor & Videographer	muhammad.indra@samuel.co.id	+6221 2854 8100
M. Rifaldi	Video Editor	m.rifaldi@samuel.co.id	+6221 2854 8100
Raflyyan Rizaldy	SEO Specialist	raflyyan.rizaldy@samuel.co.id	+6221 2854 8100
Ahmad Zupri Ihsyan	Team Support	ahmad.zupri@samuel.co.id	+6221 2854 8100

Equity			
Joseph Soegandhi	Director of Equity Sales	joseph.soegandhi@samuel.co.id	+6221 2854 8872

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	anto@samuel.co.id	+6221 2854 8317
Muhamad Alfatih, CSA, CTA, CFTe	Institutional Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8139
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Damargumilang	Head of Equity Retail	atmaji.damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Denzel Obaja	Equity Retail Chartist	denzel.obaja@samuel.co.id	+6221 2854 8342
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Sylviawati	Equity Sales Support	sylviawati@samuel.co.id	+6221 2854 8113
Handa Sandiawan	Equity Sales Support	handa.sandiawan@samuel.co.id	+6221 2854 8302
Yonathan	Equity Dealer	yonathan@samuel.co.id	+6221 2854 8347
Reza Fahlevi	Equity Dealer	reza.fahlevi@samuel.co.id	+6221 2854 8359

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 2854 8104
Dina Afrilia	Fixed Income Sales	dina.afrilia@samuel.co.id	+6221 2854 8100
Muhammad Alfizar	Fixed Income Sales	muhammad.alfizar@samuel.co.id	+6221 2854 8305

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